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Economy

The Institute Employment Report: November 2025

05 December 2025

Key takeaways

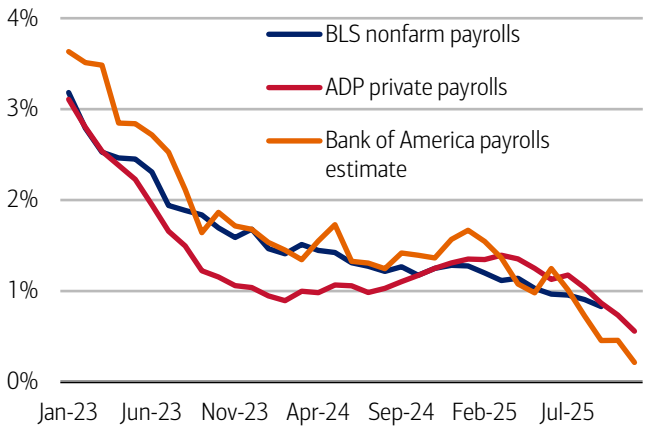
- An estimate of payrolls based on Bank of America internal data shows year-over-year (YoY) payroll growth decelerated to 0.2% in November, easing from the 0.5% YoY growth in September and October. But the growth in the number of households receiving unemployment benefits remained around 10% YoY in November, suggesting in our view that the labor market remains in a "low-hire, low-fire" mode.
- After-tax wage and salary growth rose across income cohorts in November, with higher-income households at 4.0% YoY, middle-income at 2.3% YoY, and lower-income at just 1.4% YoY.
- It appears that the easing in lower-income households' wage growth may have leveled off, but a large gap between lower-income households' wage growth and higher-income households' wage growth remains.

Low-hire, low-fire continues

What can Bank of America internal data tell us about the state of the labor market in November? Our data suggests payroll growth slowed in November, though remained positive year-over-year (YoY). Combined with no acceleration in the rise in unemployment payments into Bank of America customer accounts, the data suggests we remain in “low-hire, low-fire” mode, in our view.

We use Bank of America internal deposit data to estimate a payrolls series by looking at how the number of customer accounts receiving a paycheck is changing (see methodology). This data can be fairly noisy, partly due to seasonal variation. It is also possible that the government shutdown impacted the number of paychecks in November, but most federal employees did receive back-pay once the shutdown ended mid-month, so we think the impact should be small.

Exhibit 1: An estimate of payrolls from Bank of America internal data suggests November saw some deceleration in YoY jobs growth
Payroll estimates from Bank of America internal data (three-month moving average, % YoY), the Bureau of Labor Statistics (BLS) and Automatic Data Processing (ADP) (monthly, YoY)



Source: Bank of America internal data, Haver Analytics
BLS and ADP data are seasonally adjusted, Bank of America data is not seasonally adjusted.
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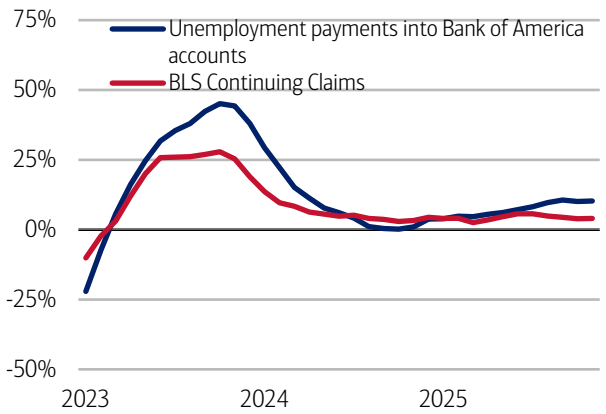
Exhibit 2: Unemployment payments into Bank of America customer accounts rose around 10% YoY in November, similar to September and October
Number of households receiving unemployment payments (three-month moving average, YoY%, not seasonally adjusted (NSA)) and Continuing claims (three-month moving average, YoY%, seasonally adjusted (SA))



Source: Bank of America internal data, Bloomberg
November continuing claims YoY data is average for weeks through November 21, 2025.
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Looking at a three-month moving average, Exhibit 1 suggests that the year-over-year (YoY) growth in our payrolls measure declined to 0.2% YoY in November, a deceleration in the growth rate from around 0.5% YoY October and September.

Exhibit 2 shows that in November the growth in unemployment payments into Bank of America customer accounts remained around 10% YoY, a similar rate of growth to September and October. While the YoY growth in this data is higher than that in the Bureau of Labor Statistics (BLS) continuing claims data, the overall impression is that there has not been a marked pickup in the rise in unemployment.

Overall, the picture of slowing jobs growth and fairly static growth in unemployment payments in our data is consistent with a view of a labor market in "low-hire, low-fire" mode. BofA Global Research has also discussed how slowing labor supply is one reason behind declining jobs growth, rather than it being largely driven on the demand side, which is also consistent with this pattern.

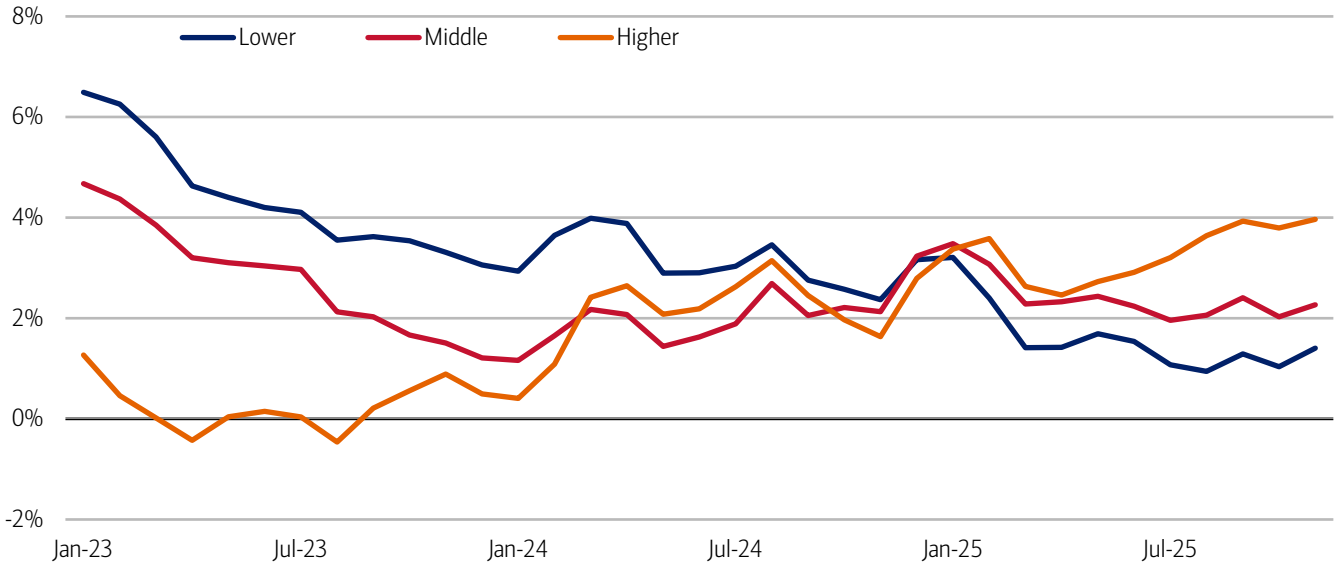
Lower-income wage growth stabilizes, but a big divergence remains

Looking at pay growth, Bank of America deposit data showed higher-income households' after-tax wage and salary growth rising to 4.0% YoY in November, the highest rate of growth since October 2021. There were also rises in growth for middle-income households, to 2.3% YoY, and for lower-income households, to 1.4% YoY.

Pulling back, it appears possible that the deceleration in lower-income households' wage growth that occurred over the spring and summer has now leveled out. Despite this, the gap between the after-tax wage and salary growth of higher-income households and that of lower-income households remains large, at 2.6 percentage points (pp) in November.

Exhibit 3: In November, lower-income households' after-tax wage growth rose to 1.4% YoY, while higher-income households' wage growth was 4.0% YoY

After-tax wage and salary growth by household income terciles, based on Bank of America aggregated consumer deposit data (3-month moving average, YoY%, SA)



Source: Bank of America internal data

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Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Any payments data represents aggregated spend from US Retail, Preferred, Small Business and Wealth Management clients with a deposit account or credit card. Aggregated spend include total credit card, debit card, ACH, wires, bill pay, business/peer-to-peer, cash, and checks.

Any **Small Business** payments data represents aggregate spend from Small Business clients with a deposit account or a Small Business credit card. Payroll payments data include channels such as ACH (automated clearing house), bill pay, checks and wire. Bank of America per Small Business client data represents activity spending from active Small Business clients with a deposit account or a Small Business credit card and at least one transaction in each month. Small businesses in this report include business clients within Bank of America and generally defined as under $5mm in annual sales revenue.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

The differences between the total and per household card spending growth rate (if discussed) can be explained by the following reasons:

1. Overall total card spending growth is partially boosted by the growth in the number of active cardholders in our sample. This could be due to an increasing customer base or inactive customers using their cards more frequently.

2. Per household card spending growth only looks at households that complete at least five transactions with Bank of America cards in the month. Per household spending growth isolates impacts from a changing sample size, which could be unrelated to underlying economic momentum, and potential spending volatility from less active users.

3. Overall total card spending includes small business card spending while per household card spending does not.

4. Differences due to using processing dates (total card spending) versus transaction date (per household card spending).

5. Other differences including household formations due to young adults moving in and out of their parent's houses during COVID.

Any household consumer deposit data based on Bank of America internal data is derived by anonymizing and aggregating data from Bank of America consumer deposit accounts in the US and analyzing that data at a highly aggregated level. Whenever median household savings and checking balances are quoted, the data is based on a fixed cohort of households that had a consumer deposit account (checking and/or savings account) for all months from January 2019 through the most current month of data shown.

Bank of America aggregated credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards are excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

We consider a measure of services necessity spending that includes but is not limited to childcare, rent, insurance, public transportation, and tax payments. Discretionary services includes but is not limited to charitable donations, leisure travel, entertainment, and professional/consumer services. Holiday spending is defined as items in which spending in the November-December period is usually at least 20% of total annual spending on the category.

For analysis looking at higher value transactions (including durables), we consider a value per transaction threshold estimated with reference to the top 30% of transactions by value in 2024. The share of higher value transactions is then the number of transactions above this threshold as a percentage of total transactions over time.

Lower, middle and higher household income cuts in Bank of America credit and debit card spending per household, and consumer deposit account data are based on quantitative estimates of each households' income. These quantitative estimates are bucketed according to terciles, with a third of households placed in each tercile periodically. The lowest tercile represents 'lower income', the middle tercile represents 'middle income' and the highest tercile 'higher income'. The income thresholds between these terciles will move over time, reflecting any number of factors that impact income, including general wage inflation,

changes in social security payments and individual households' income. The income and tercile in which a household is categorised are periodically re-assessed.

Generations, if discussed, are defined as follows:

1. Gen Z, born after 1995
2. Younger Millennials: born between 1989-1995
3. Older Millennials: born between 1978-1988
4. Gen Xers: born between 1965-1977
5. Baby Boomer: 1946-1964
6. Traditionalists: pre-1946

Any reference to card spending per household on gasoline includes all purchases at gasoline stations and might include purchases of non-gas items.

Estimate of payrolls growth from Bank of America internal data is based on the change in customer accounts receiving a paycheck in the month. An adjustment is made for the difference between overall population growth and customer account growth.

Additional information about the methodology used to aggregate the data is available upon request.

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Disclosures

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