

## Economy

## Regional Roundup: Coast-to-coast growth

29 October 2026

## Key takeaways

- Bank of America aggregated credit and debit card spending per household is growing at healthy rates across the country. Discretionary spending growth has improved markedly relative to the last two years. While the West has led recently and the South has lagged somewhat, no region appears to be experiencing a meaningful consumer slowdown.
- The South has seen softer discretionary retail spending, particularly in home-related durable goods categories. However, the region continues to post the strongest after-tax wage growth and has been the largest contributor to growth in new business applications nationwide.
- Business formation is occurring across a wide range of industries, with professional services, retail, healthcare, construction and hospitality all accounting for meaningful shares of new business applications. While entrepreneurial activity is broad-based across industries nationwide, industry revenue mixes vary considerably by region.

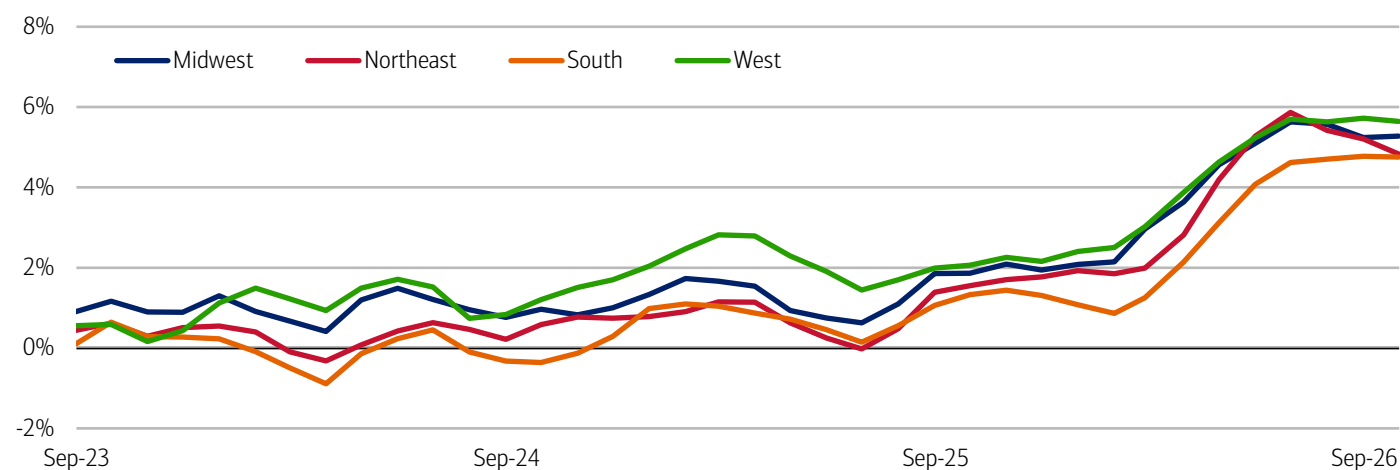
## Spending growth is solid across all regions

Spending growth was strongest in the West in September, while spending growth lagged in the Northeast and South, though not by much. Total credit and debit card spending per household increased around 5.6% year-over-year (YoY) in the West, outpacing other regions by less than a percentage point, according to Bank of America aggregated card data (Exhibit 1). All regions also experienced major improvements in spending growth compared to last year, increasing by over three percentage points in every region.

Spending growth in the Northeast peaked at around 6% YoY in June but remained a solid 4.8% YoY in September. The slowest growth was in the South, though spending was still up nearly 4.8% YoY.

**Exhibit 1: Spending growth has mostly improved since the start of the year across all regions**

Total card spending per household by US Census region (three-month moving average, YoY%)



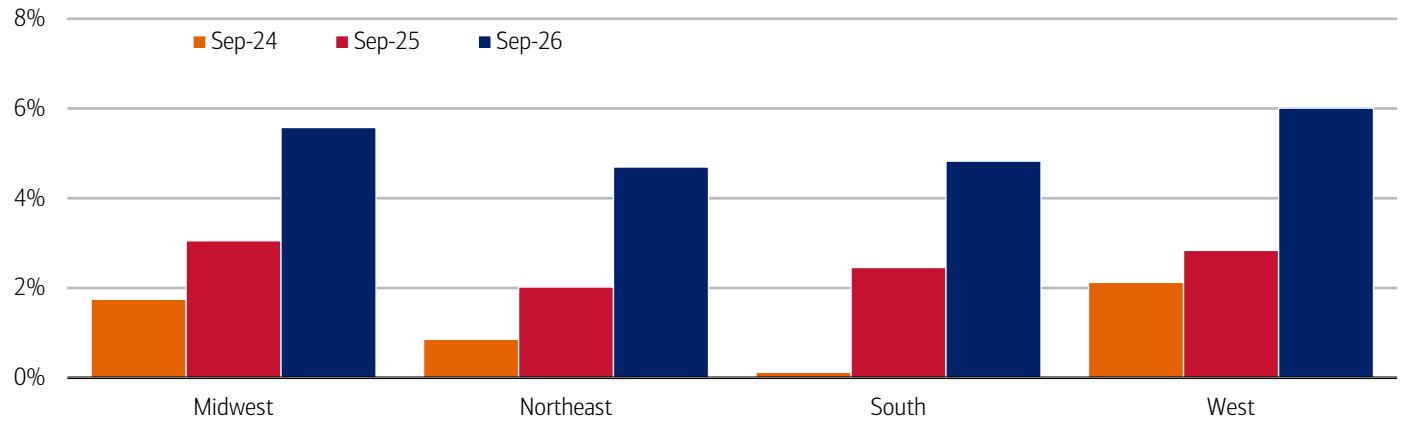
Source: Bank of America internal data

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Discretionary spending growth was also somewhat weaker in the Northeast and South than in the Midwest and West (Exhibit 2). However, these two regions have also seen the most improvement in “nice-to-have” spending over the past two years. And here spending was also up around 4.8% YoY in both regions, still a very healthy rate of growth.

## Exhibit 2: Discretionary spending growth has improved across all regions compared to the past two years

Discretionary card spending per household by US Census region (three-month moving average, YoY%)



Source: Bank of America internal data

Note: Discretionary spending is all card spending minus gas, groceries and utilities.

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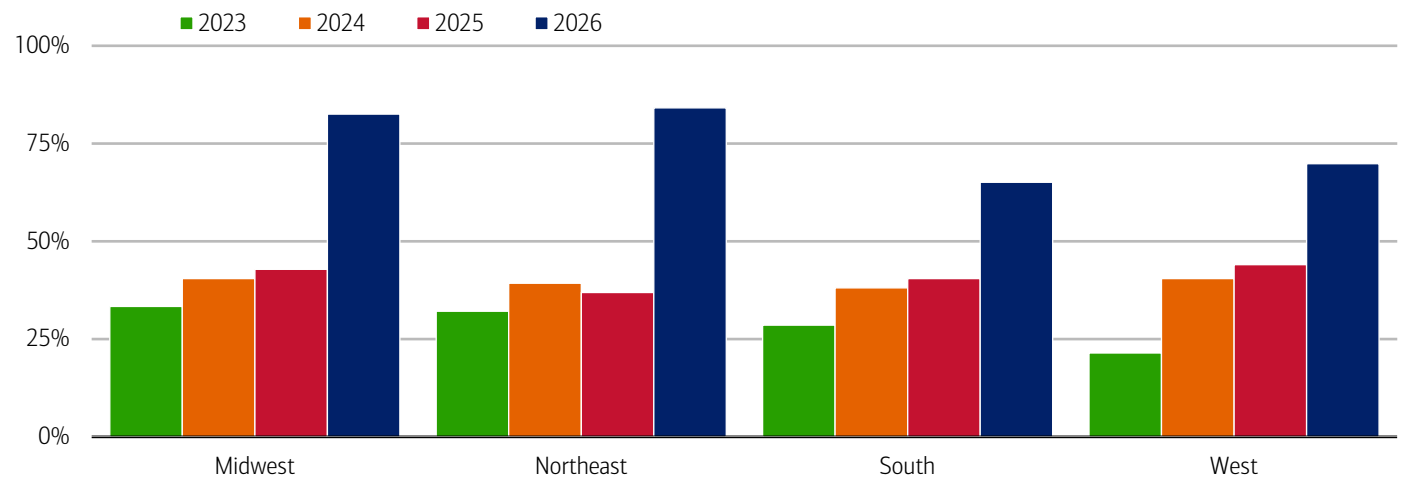
## Durables spending is weighing on discretionary retail spending in the South

One of the key themes from September in the overall spending data was a broadening in spending growth, particularly in “more discretionary” retail categories like clothing, electronics, building materials and non-store/miscellaneous retailers (read more in [Consumer Checkpoint: Strength in numbers](#)). Bank of America card data shows that this improvement is occurring across all regions.

However, the South lags, though this is mostly due to declines in spending on home-related durables in, for instance, home improvement stores and at furniture retailers. In our view, this could reflect some slowdown in domestic migration to the Sun Belt and a corresponding easing in home/moving-related spending (read more in [On the move: Renovation over relocation?](#))

## Exhibit 3: The Midwest and Northeast have seen a higher share of discretionary retail categories with spending growth when compared to the South and West

Diffusion index across “more discretionary” retail categories by spending across US Census regions (monthly, %)



Source: Bank of America internal data

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## The South leads in after-tax wage and business application growth

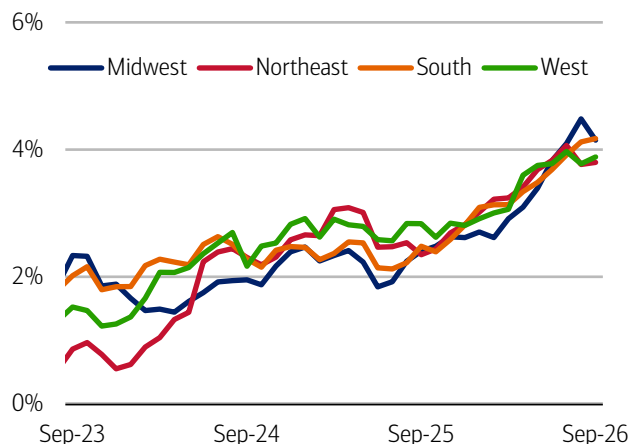
One reason we are not overly concerned about consumer spending in the South is the strength of after-tax wage growth in the region. Bank of America deposit data suggests that after-tax wage growth was strongest there, though only by a slim margin, up nearly 4.2% YoY, just ahead of households in the Midwest, and outpacing the West and Northeast by less than half a percentage point (Exhibit 4).

Beyond wage income, business ownership offers another potential channel for wealth accumulation. The South has been the primary contributor to overall US growth in new business applications so far in 2026, according to US Census Bureau data (Exhibit 5).

While historically only a small share of these applications is likely to become a business employing workers, this surge in applications points to a potential pipeline of entrepreneurial activity. For businesses that become established and profitable, ownership can provide a pathway to wealth through retained earnings and the accumulation of business equity. Still, the extent of that opportunity depends on businesses' survival, profitability and financing needs (read more in [Business Checkpoint: Looking into logistics](#)).

#### Exhibit 4: After-tax wages are accelerating across all regions, though growth was strongest in the South and Midwest

After-tax wage and salary growth by US Census region (three-month moving average, YoY%, seasonally adjusted (SA))

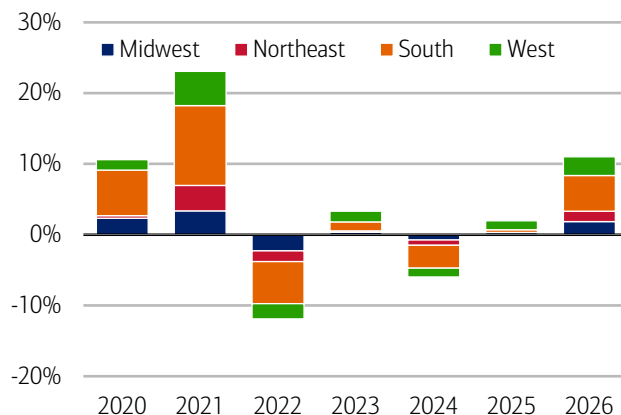


Source: Bank of America internal data

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#### Exhibit 5: Nationwide business formation growth was driven primarily by new business applications from the South in 2026

Percentage point contribution to overall new business application YoY growth by US Census region (yearly, percentage points, SA)



Source: US Census Bureau

Note: 2026 is YTD through September

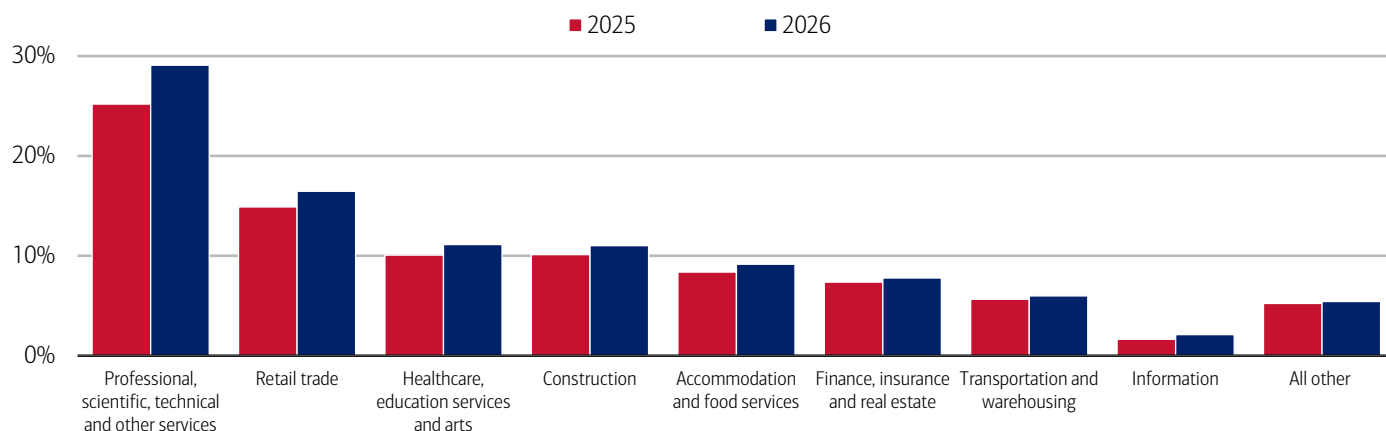
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## Business application growth is widespread across regions and industries

Looking at 2026 business applications by industry, entrepreneurial activity spans multiple industry groupings (Exhibit 6). Professional, scientific, technical and other services account for the largest share, followed by retail trade and the grouping comprising healthcare, education services and the arts. Additionally, businesses provide a significant source of income for US households. In fact, business revenues accounted for nearly 14% of total pre-tax income, according to the US Census' 2025 Survey of Consumer Finances.

#### Exhibit 6: Professional, scientific, technical and other services industries comprise a significant share of business formation

Share of new business applications by industry groupings (annual, 2026 year-to-date, %)



Source: US Census Bureau

Note: All other includes manufacturing, mining, utilities, wholesale trade, management of companies and enterprises as well as agriculture.

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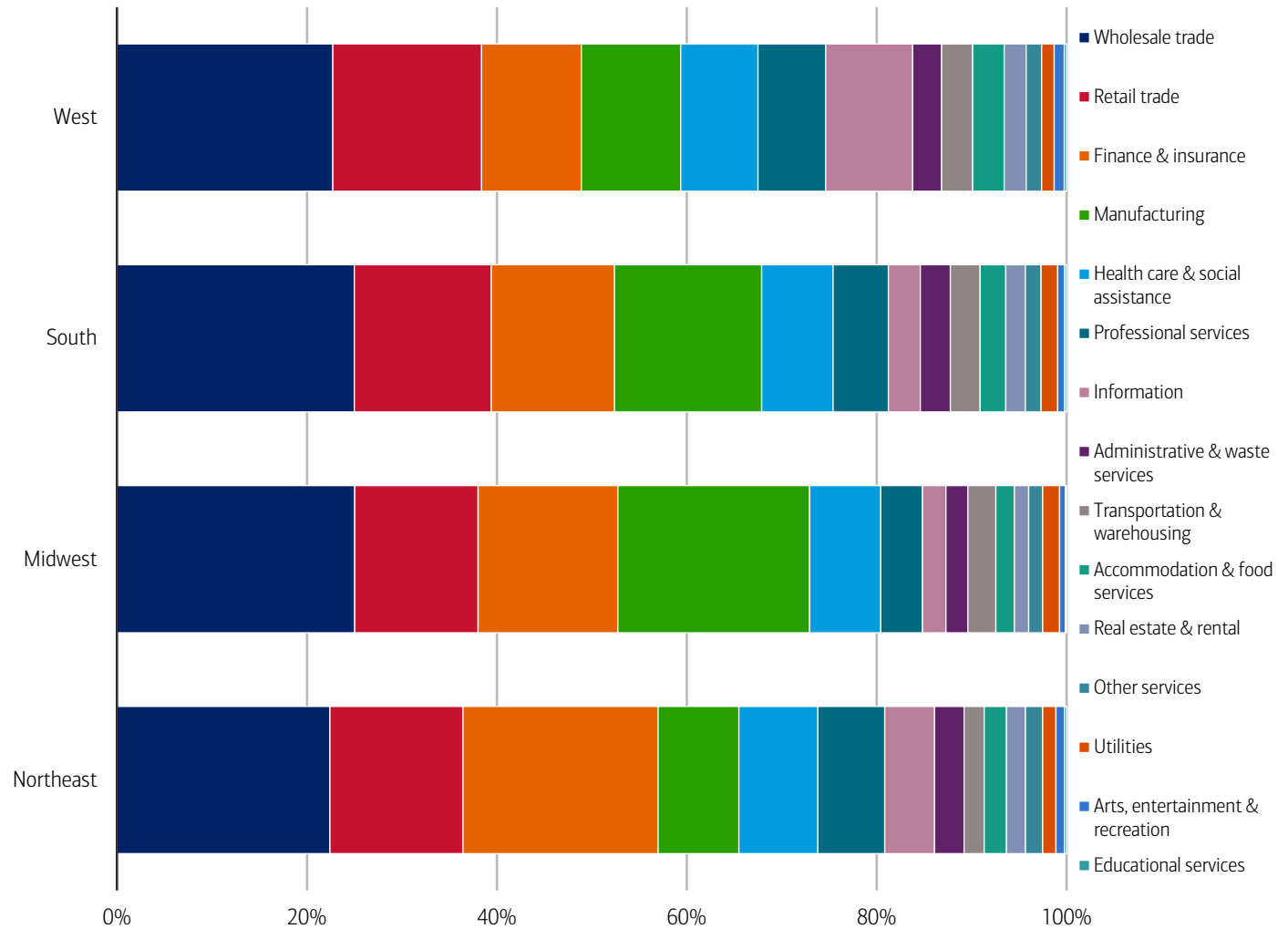
Combined, this suggests that potential pathways to business ownership extend not only across various households (read more on generational shifts in entrepreneurship in July’s [A new generation of business formation](#)) but also across many industries, rather than a single sector.

While business applications show the breadth of prospective entrepreneurial activity nationwide, the industry composition of existing business revenue offers a regional lens on business activity. Exhibit 7 shows how revenue was distributed across industries within regions according to the 2024 Annual Integrated Economic Survey from the US Census Bureau, highlighting the extent to which regional economies are concentrated in particular sectors.

Although wholesale trade was the sector with the largest share of revenue in each region in the US, there is notable variance in economic activity from business revenues across the country. For example, finance and insurance accounted for more than 20% of revenue in the Northeast, whereas it’s about half that in the West. Also, manufacturing was only 8.5% of revenue in the Northeast, and more than 20% in the Midwest. Overall, the data shows a dynamic national business landscape, with broad entrepreneurial activity but distinct regional differences in the industries generating revenue.

**Exhibit 7: Wholesale trade was the sector with the largest share of revenue in each region in the US**

Share of revenue by industry by region in 2024 (%)



Source: US Census Bureau  
Note: "Revenue" represents "Sales, Value of Shipments, or Revenue" in the source 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 includes 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.

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 is 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. Value grocers is defined using a combination of MCC code and proprietary methods.

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: Gen Z, born after 1995; Younger Millennials: born between 1989-1995; Older Millennials: born between 1978-1988; Gen Xers: born between 1965-1977; Baby Boomer: 1946-1964; 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.

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

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# Disclosures

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