Economy

Regional Roundup: Shifts in spending

30 July 2026

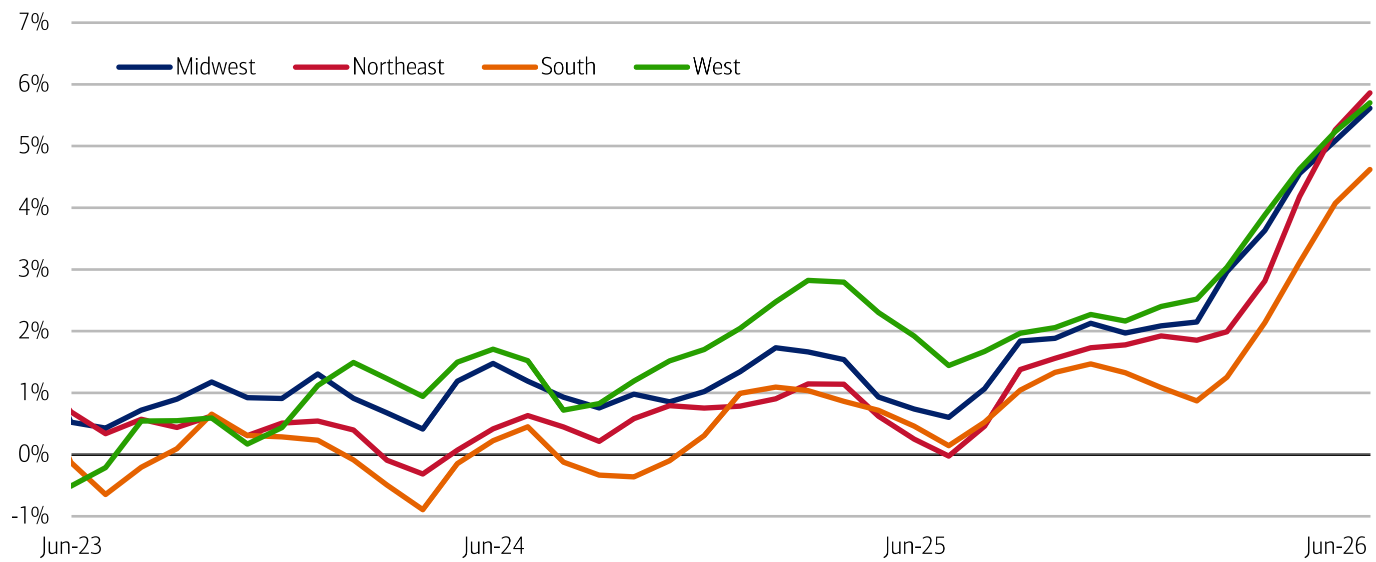
Key takeaways

- The Northeast overtook the West as the fastest-growing region for consumer spending in June, largely because of strong spending growth for groceries, gasoline and utilities. By contrast, discretionary spending growth outpaced necessity spending in the West and South, highlighting regional differences in how consumers are allocating their budgets.
- While gasoline spending rose across all regions, grocery spending growth was positive only in the Northeast and declined in the South, potentially reflecting trade-offs households are making to manage higher fuel costs. Even so, gasoline, grocery and housing expenses as a share of income have generally remained stable or declined over the past year across most regions.
- Looking ahead, regional spending trends are likely to remain closely tied to labor market conditions. While the Northeast led on spending growth in June, recent labor market data suggests the South could narrow the gap if increased job switching translates into stronger earnings growth.

The Northeast takes the top spot in spending

According to Bank of America aggregated credit and debit card data, spending growth was healthy and continued to improve across all regions in June (Exhibit 1). The South lagged all other regions by about a percentage point, and the Northeast took the top spot from the West (which grew spending at a similar level to the Midwest).

Exhibit 1: Total spending growth was similar across all regions except the South, which lagged behind
Total credit and debit card spending per household by region (three-month moving average, monthly, year-over-year (YoY)%, seasonally adjusted (SA))



Source: Bank of America internal data

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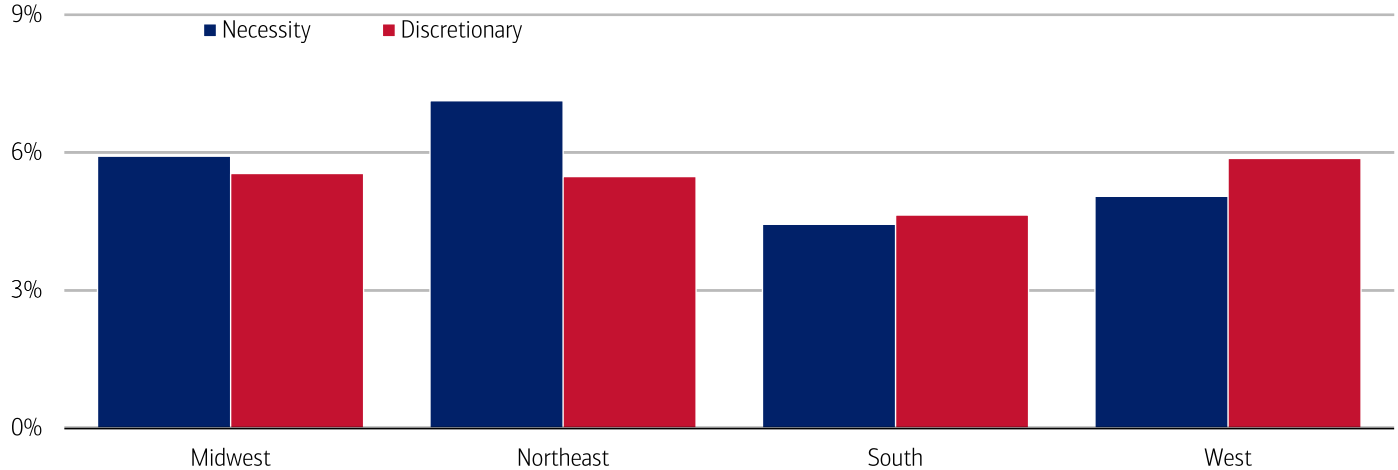
The Northeast's ranking is mostly due to necessity spending

Comparing different types of spending growth, discretionary spending outpaced necessity spending growth in the West and South. Conversely, it's clear that the Northeast took the top spot overall because of increased spending on necessities (e.g., gasoline, groceries and utilities) rather than on "nice to haves" like travel and electronics (Exhibit 2).

Exhibit 2: The gap between necessity and discretionary spending growth is smallest in the South

Discretionary versus necessity card spending per household by region (three-month moving average to June 2026, monthly, YoY%, SA)



Source: Bank of America internal data

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

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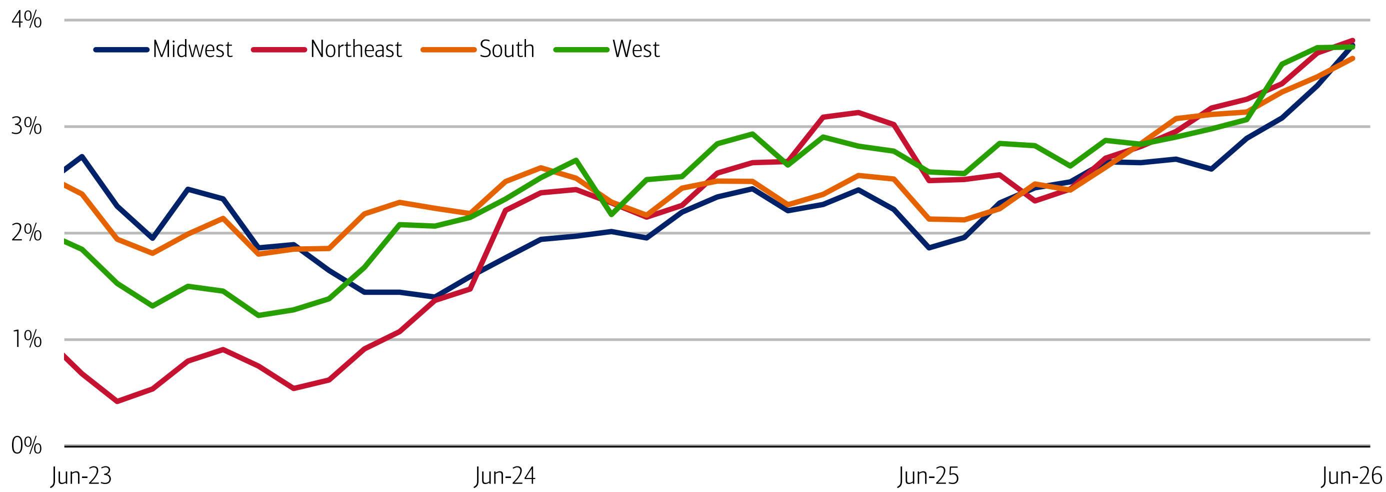
The Northeast leads in wage growth and gasoline and grocery spending increases

Another reason for the gap between regions might be the labor market – but more specifically, people's take-home pay. After-tax wage growth has been more muted in the South, according to Bank of America deposit data (Exhibit 3). In fact, the South had the slowest wage growth of all regions in June, though by a small margin. The Northeast, by contrast, had the strongest after-tax wage growth, just edging out the Midwest and West.

Exhibit 3: After-tax wage growth was solid across all regions in June, but lagged slightly in the South

Wage growth by region (YoY%, SA, six-month moving average)



Source: Bank of America internal data

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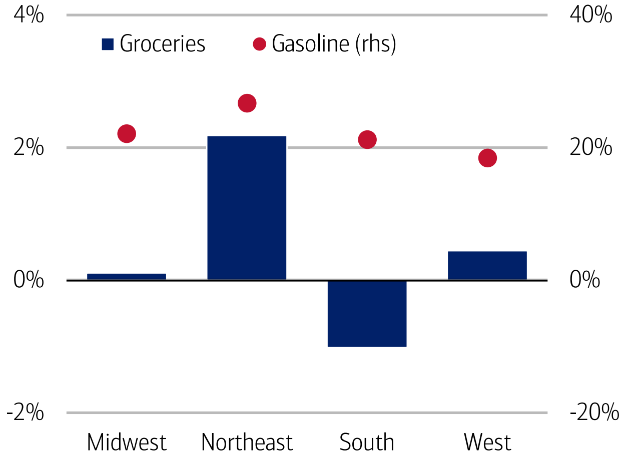
The Northeast was the only region to increase grocery spending in June

Notably, while gasoline spending grew significantly in all regions, the Northeast was the only region where grocery spending growth was also positive (Exhibit 4). Spending was flat in most other regions, while grocery spending in the South decreased by 1% YoY, according to Bank of America card data.

In our view, it's likely that consumers across most of the US are making trade-offs, choosing to spend less at the grocery store because of higher prices at the pump. One way people can make trade-offs is to do more of their shopping at value or discount grocery stores (read more in our publication: The rise in value). Even so, Bank of America card data suggests this trend varies by region. For example, the South has the largest share of grocery spending at value grocers (Exhibit 5). Meanwhile, the Midwest and Northeast have the lowest share – though it's possible people in these regions are moving more of their food spending to big box stores or are purchasing less expensive store brands or private labels.

Exhibit 4: Gasoline and groceries spending growth was strongest in the Northeast

Per household spending on gasoline (June 2026, YoY%) and groceries (June 2026, YoY%, right-hand side (rhs))



Source: Bank of America internal data

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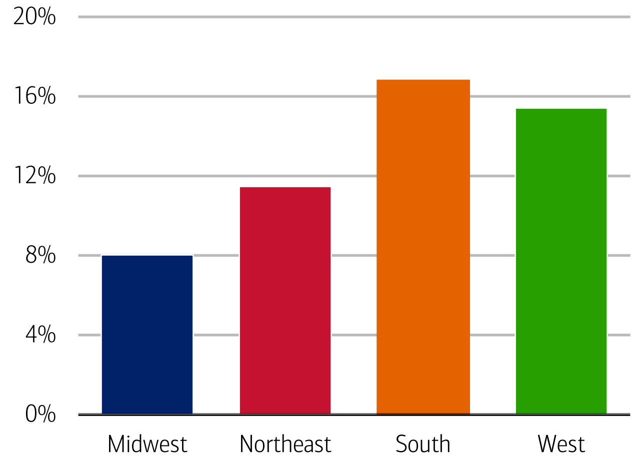
Exhibit 5: The South had the highest share of grocery spending at value grocers, while the Northeast had one of the lowest

Share of grocery spending at value grocers (June 2026, %)



Source: Bank of America internal data

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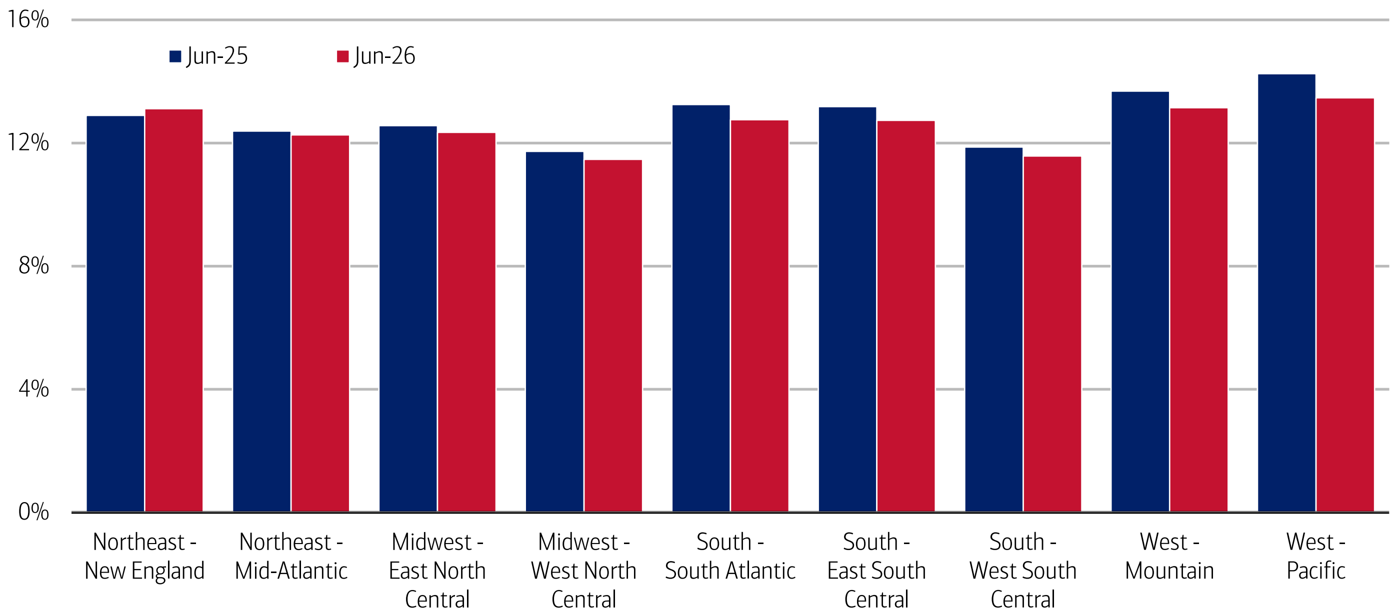
All regions have mostly kept price hikes in gas and groceries at bay

It seems these trade-offs have allowed consumers to keep gasoline and grocery spending, as a share of their income, constant over the past year. New England, located in the Northeast, was the only Census division that saw an increase in the share of grocery and gasoline spending in June, at less than a percentage point (Exhibit 6).

Exhibit 6: Gasoline and grocery spending as a share of income has actually decreased everywhere but in New England over the past year

Median gas and grocery spending as a share of median income by US Census Division (monthly, %)



Source: Bank of America internal data

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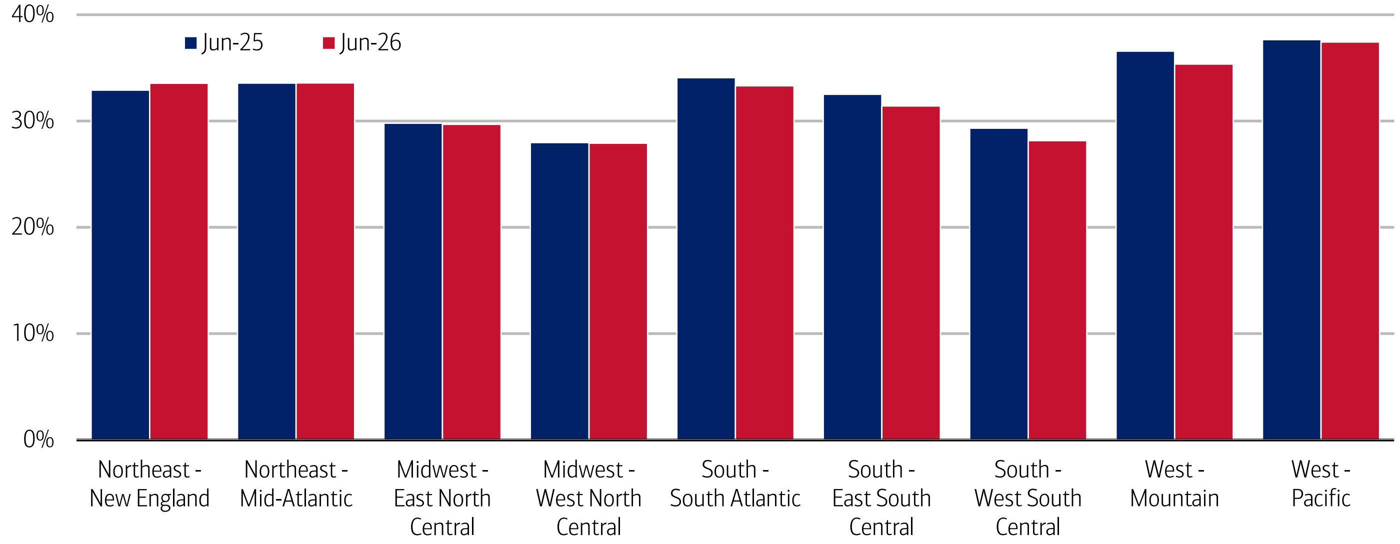
The pattern is the same when examining rent as a share of income, increasing to 34% in New England in June 2026, up slightly from 33% in the previous year, according to Bank of America payments data (Exhibit 7). The proportion declined, however, in all other Census regions. In our view, this is critically important for consumer health, as housing is often the largest expense of any household budget, according to the latest Consumer Expenditure Survey data from the Bureau of Economic Analysis.

Exhibit 7: Rent as a share of income has also decreased in most divisions except the Northeast
Median rent payments as a share of median income by US Census Division (monthly, %)



Source: Bank of America internal data

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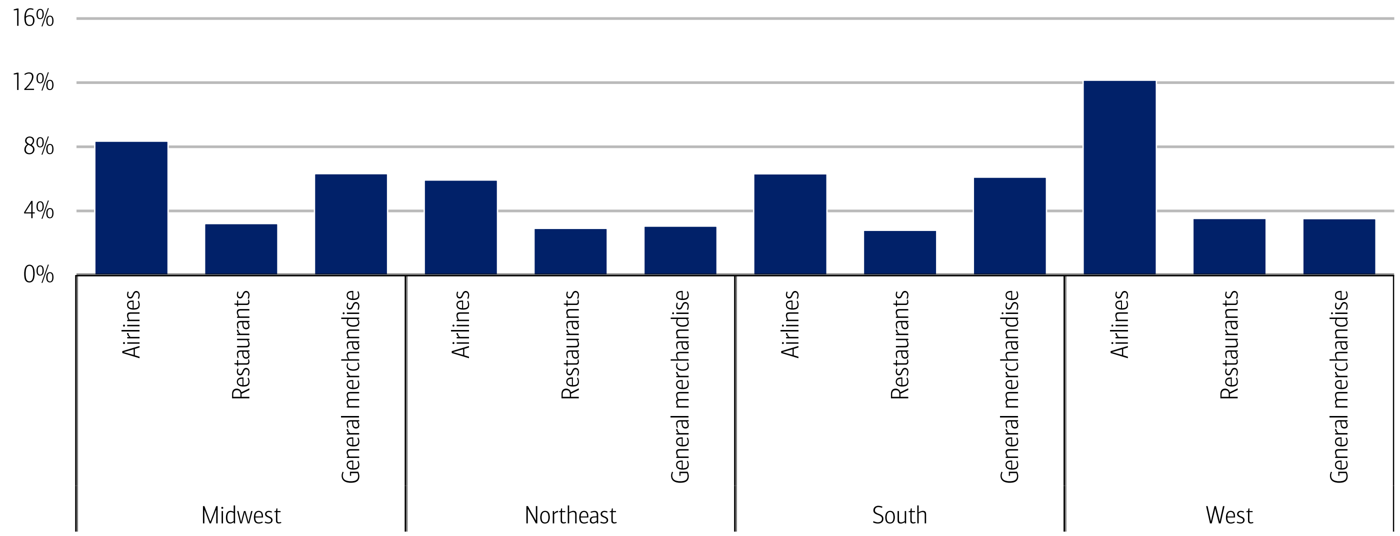
Even though the share of income spent on necessities increased only slightly in the Northeast, Bank of America card data shows that spending growth across major discretionary categories (e.g., airlines, restaurants, general merchandise) is more muted in the region (Exhibit 8).

Exhibit 8: Spending growth on airlines, restaurants and general merchandise was more muted in the Northeast than in any other region
Card spending growth across select discretionary categories for each US Census Region (three-month moving average to June 2026, YoY%)



Source: Bank of America internal data

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Labor market conditions vary across regions

Regional spending trends are likely to remain closely tied to labor market conditions. While the Northeast currently leads on both spending and wage growth, Bank of America data suggests the South could narrow the gap if increased job switching translates into stronger earnings growth (Exhibit 9).

A recent rise in job changes in the South could be particularly important given that the region has recently lagged others in both spending and wage growth. Historically, workers who change employers tend to receive larger pay increases than those who remain in place (for more on this topic, read our publication: [Should I stay or should I go? The pay tradeoff]). Notably, despite the Northeast lagging other regions in the rate of job switchers, those who are switching jobs in the region have seen the strongest gains in Q2 2026 (Exhibit 10).

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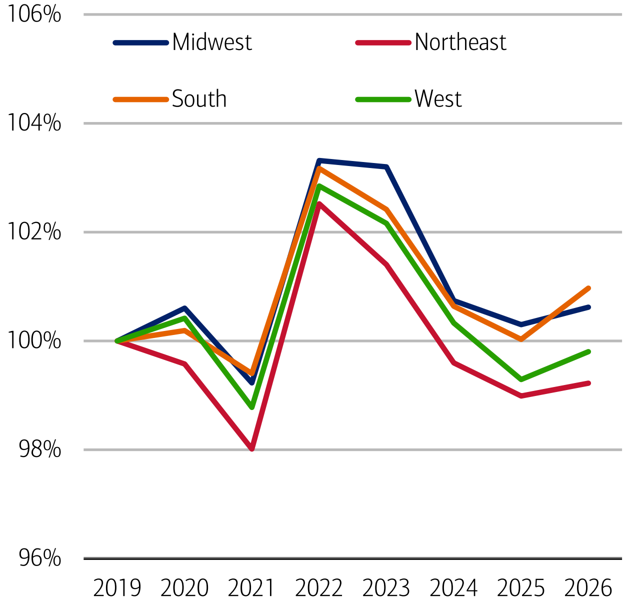
Exhibit 9: There has been an uptick in job switching in the South
Job switching by region (Q2 of every year, %)



Source: Bank of America internal data

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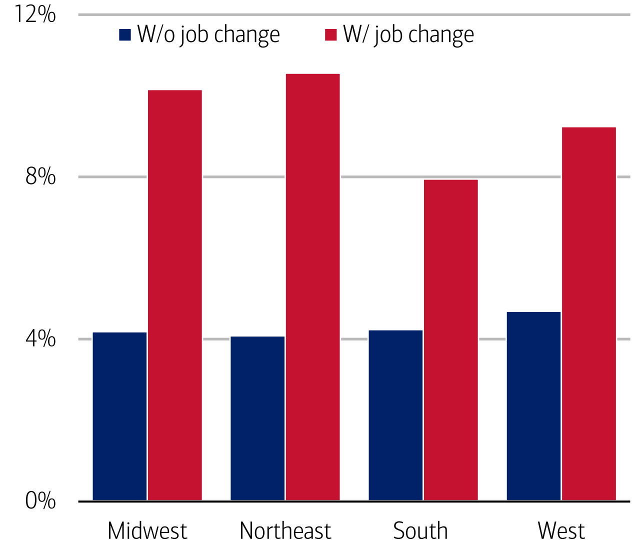
Exhibit 10: Those who have changed jobs in the Northeast saw the highest wage growth in Q2
Median after-tax wage growth for those with stayed with their employer versus those who changed employers (Q2 of every year, YoY%)



Source: Bank of America internal data

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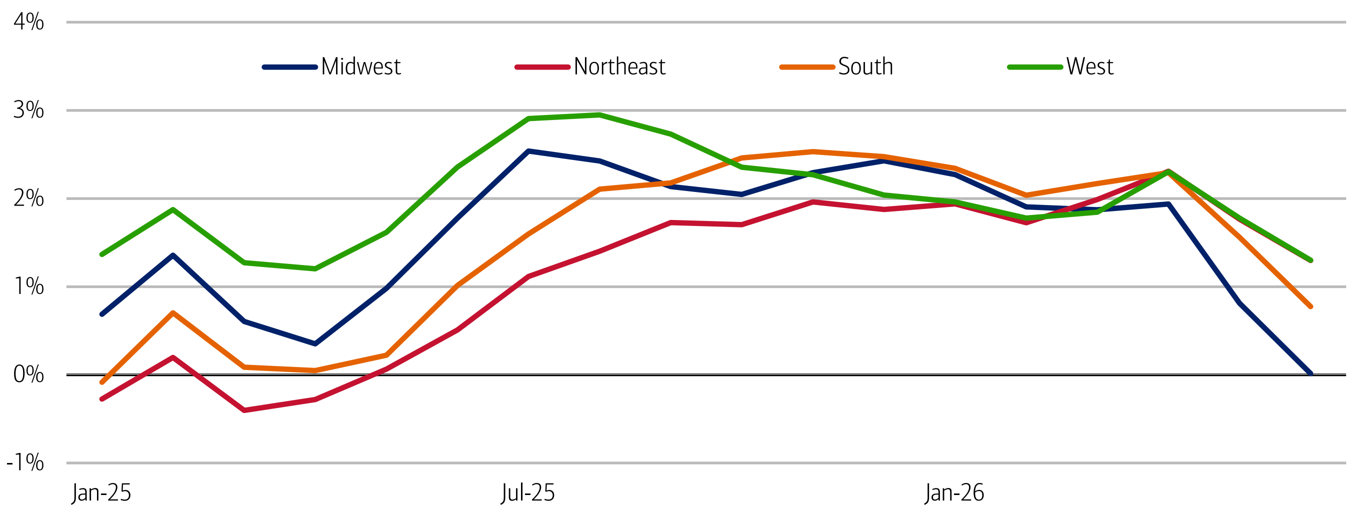
At the same time, the labor market remains broadly supportive across the country. While spending growth has recently outpaced wage growth (read more in our publication: [Consumer Checkpoint: Consumers hit the back of the net]), wage gains remain positive across all regions, and differences across income groups have narrowed.

In the Midwest, for example, higher- and lower-income households experienced nearly identical wage growth in June (Exhibit 11). Though spending growth, wage growth and labor market dynamics vary across regions, Bank of America card data suggests consumers nationwide have generally continued to support spending, while stopping essential expenses such as housing, groceries and gasoline from taking up a meaningfully larger share of income.

Exhibit 11: In June, there was no difference between lower- and higher-income wage growth in the Midwest
After-tax wage and salary growth by region (percent difference between higher- and lower-income, monthly, three-month moving average)



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 alternative hiring indicator consists of payments from Bank of America small business clients to small business-focused hiring firms which include both direct deposits through Automated Clearing House (ACH) and payments via credit and debit cards.

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

We consider a measure of services necessity spending that includes but is not limited to childcare, rent, insurance, 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.

Major grocery categories include sugar and sweets, juices and other non-alcoholic beverages, bakery products, processed fruits and vegetables, fresh fruit and vegetables, coffee and tea, fats and oils, milk, cereal and cereal products, other, cheese, and meats, poultry and fish, Other includes soups, snacks, frozen and freeze-dried prepared foods, and spices, seasonings, and condiments.

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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