

Economy

Regional Roundup: Westward momentum

30 April 2026

Key takeaways

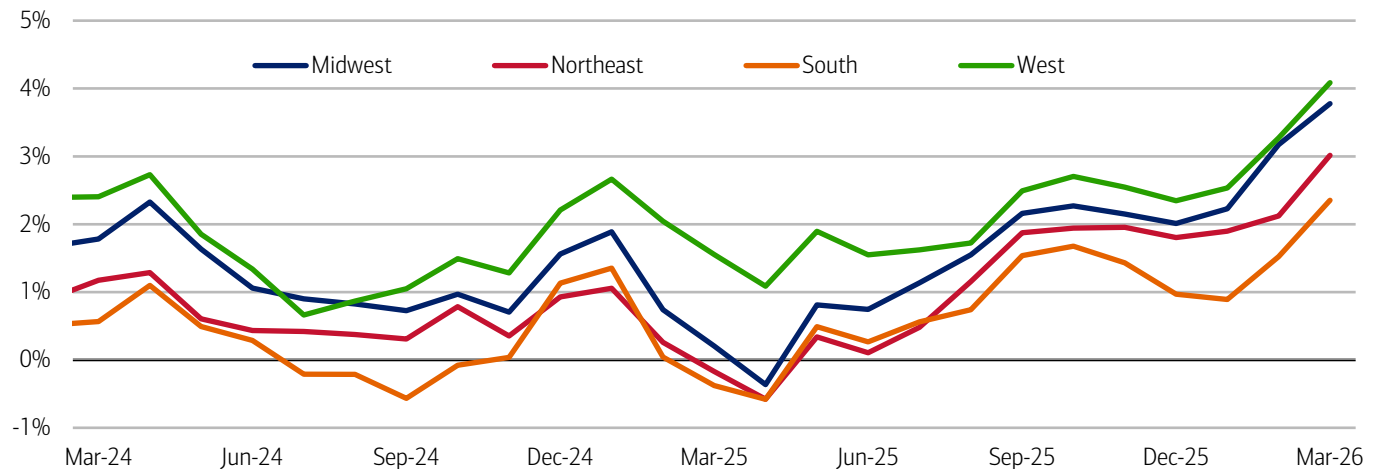
- Consumer spending in the West has outpaced the rest of the US for an extended period, according to Bank of America credit and debit card data, and the gap has widened again into early 2026. Importantly, that strength isn't limited to higher-income households: the West shows the smallest gap between higher- and lower-income spending growth, suggesting a more broadly supported consumer rather than a top-heavy rebound.
- While the Northeast leads on headline wage growth, those gains are increasingly concentrated among higher-income households, according to Bank of America deposit account data. In fact, wage growth turned negative for both lower- and middle-income households in the region in March, while the Midwest and the West have seen the least exaggerated differences in the "K-shaped" recovery.
- Critically, wage growth has its limits. It helps those who have jobs, but its impact may be somewhat muted in the West, particularly in California, where unemployment rose sharply in the past three years. However, in Bank of America data, there's good news: small businesses' payments to hiring firms point to early signs of a potential labor market recovery. Yet, much of the state's projected employment gains are concentrated in a few sectors, potentially limiting the scope of any rebound.

The West is a consistent leader in spending strength

While all regions posted positive year-over-year (YoY) spending growth in March, the West has consistently outperformed since mid-2024, maintaining a small lead over the Midwest and other regions on a three-month moving-average basis, according to Bank of America aggregated credit and debit card data (Exhibit 1).

Exhibit 1: Total spending growth was strongest in the West in March, followed closely by the Midwest

Total credit and debit card spending per household by region (three-month moving average, monthly, YoY%)



Source: Bank of America internal data

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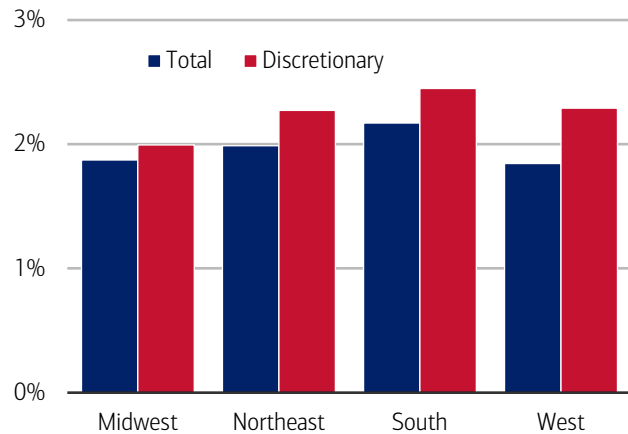
Signs of a "K" smallest in the West

The West's spending strength also appears more evenly distributed across income groups than in other regions. In March, the gap between higher- and lower-income spending growth was smallest in the West for total spending. However, it is larger for discretionary spending growth, although even here the divergence is still fairly even compared to other regions (Exhibit 2).

What might be benefiting those out west? One important factor may be more muted pressure from energy prices (gasoline, natural gas, etc.) in the West. In fact, over the 12 months to March, energy prices rose most sharply in the Northeast and South, while increases were smaller in the Midwest and West (Exhibit 3). This trend should disproportionately benefit lower-income earners (read more in [Consumer Checkpoint: The madness of March](#)).

Exhibit 2: The difference between higher-income and lower-income spending growth in March was greatest in the South and smallest in the West

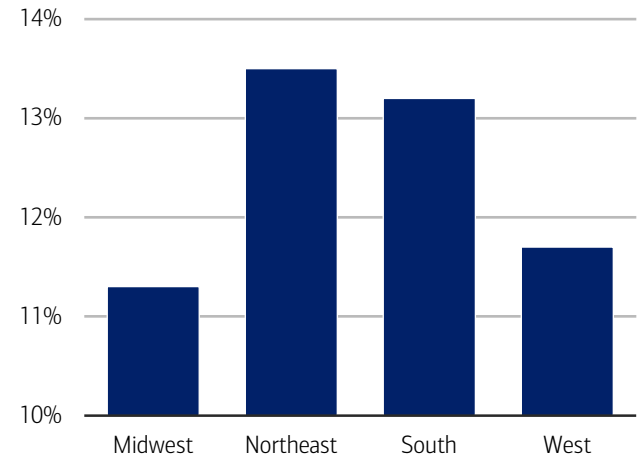
Difference between higher- and lower-income total and discretionary spending growth by region in March (percentage point, %)



Source: Bank of America internal data
 Note: Discretionary includes all spending ex gas, utilities and groceries.
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Exhibit 3: Energy costs increased the most in the Northeast and the South

Energy consumer price index by region for the 12 months ending in March (percent change, %)



Source: Bureau of Labor Statistics
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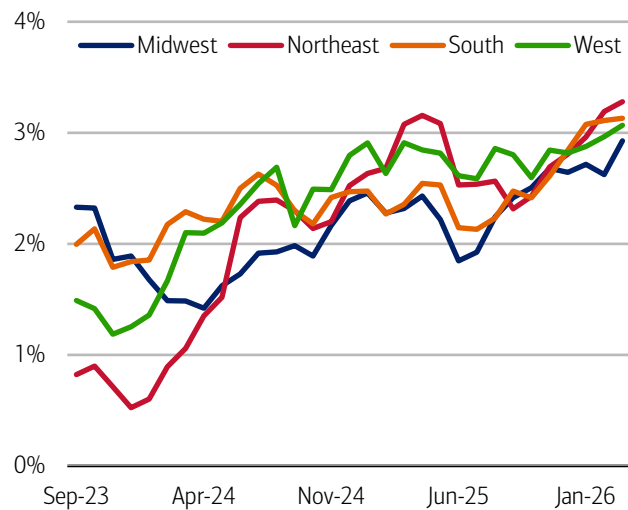
Wage growth in the Northeast turned negative for lower- and middle-income households

Another factor benefiting westerners may be wage gains. Although the region’s wage growth lagged the South and Northeast in March, Western wage growth has been relatively strong compared with other regions over much of the last three years (Exhibit 4).

Additionally, looking at wage growth by income suggests less of a gap between income groups in the West (Exhibit 5).

Exhibit 4: In March, wage growth was up 3.3% YoY in the Northeast

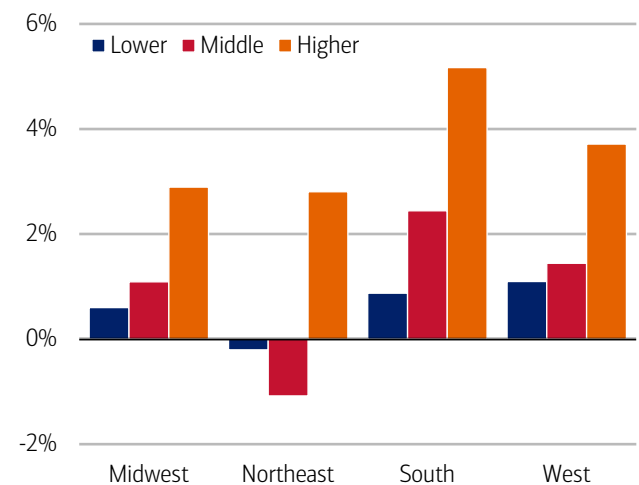
Wage growth by region (YoY%, seasonally adjusted (SA), six-month moving average)



Source: Bank of America internal data
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Exhibit 5: The “K” within wage growth was strongest in the South, but in the Northeast, both lower- and middle-income households’ wage growth turned negative

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



Source: Bank of America internal data
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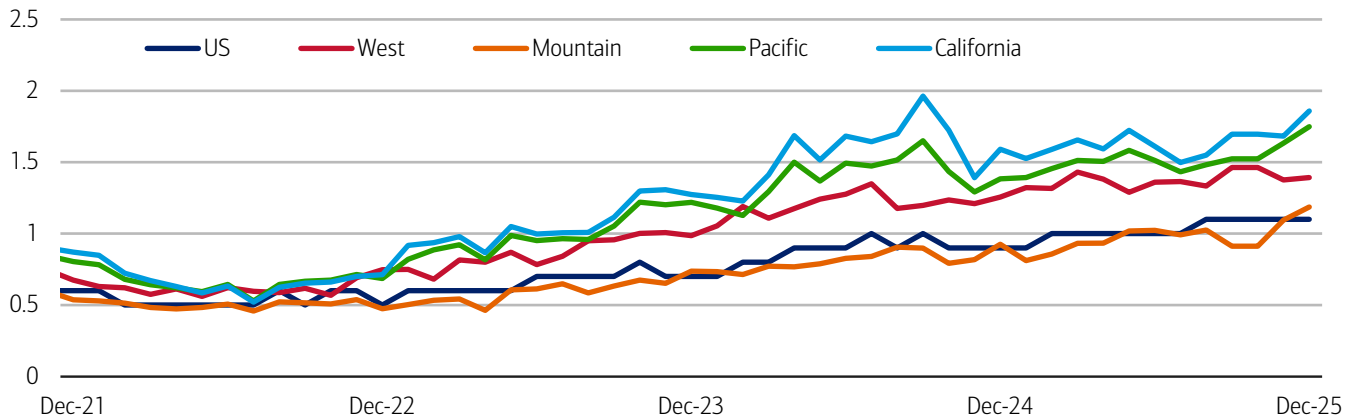
Early signs of a positive labor market reversal in the West

Importantly, our wage data only covers those who are employed. And crucially, the labor market in the West saw more deterioration than many other regions in the US over the past few years. In fact, in December 2025, there were nearly two unemployed persons for every open job in California, while the ratio was closer to 1.4 overall in the West (Exhibit 6). This stands in stark contrast to the summer of 2022, when there were nearly two open jobs for every unemployed person across the region.

In our view, however, the West may be well-positioned for recovery. Whether that occurs depends on the labor supply and demand picture. While labor demand might outstrip supply in some parts of the country, the West stands out for its ample labor supply following an employment downturn over the past four years.

Exhibit 6: California has about 1.9 unemployed workers for every open job

Ratio of the number of unemployed persons compared to job openings (monthly, ratio, SA)



Source: Haver Analytics

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The West sees signs of green shoots for small business hiring and short-term investment

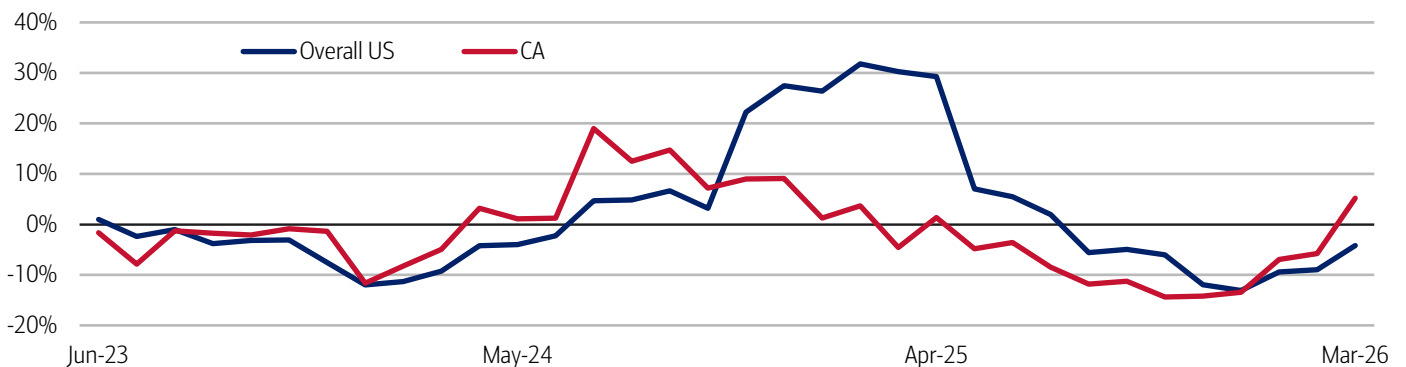
Bank of America small business data shows solid YoY hiring growth in California over the past few months, even as hiring declines in much of the rest of the country (Exhibit 7). However, this data is preliminary, and some of the apparent strength may reflect increased contract or temporary hiring rather than permanent job creation, suggesting that firms remain cautious about adding workers.

It's important to note that California plays an outsized role in the West. According to the Bureau of Economic Analysis, its economy accounts for 13.8% of US GDP – more than any other state – making California's job market a strong barometer for the region's overall health.

Furthermore, with major events such as the Super Bowl and other large-scale international sporting events on the horizon, we may see short-term investment and jobs gains in the region (read more in [On the ball: How football fuels local spending](#)). Plus, Bank of America data suggests Gen Z and Millennials are flocking to multiple metro areas in the West, likely in pursuit of economic opportunities (read more on this in April's [Who's still on the move?](#)). In our view, this may further support steady and broad-based wage growth in addition to more resilient consumer spending despite the slight decline over the past year.

Exhibit 7: In California, small businesses' payments growth to hiring firms has outpaced the overall US average since the start of 2026

Small business payments to hiring firms per client (monthly, six-month moving average, YoY%)



Source: Bank of America internal data

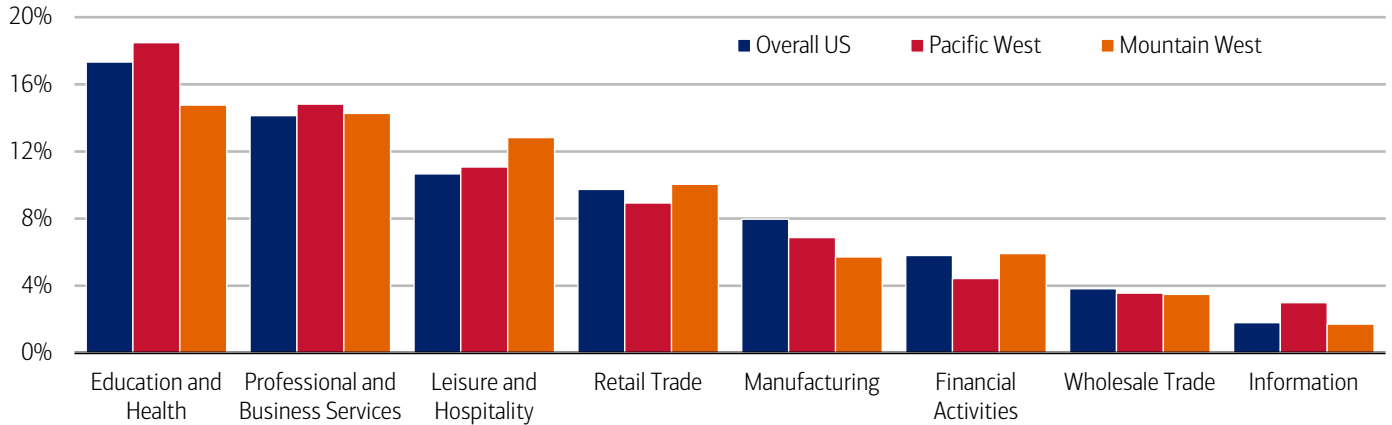
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Where does the West still shine?

Looking across industries provides clues about job growth. The Pacific West region, for example, has a higher share of workers in education and health services compared to the Mountain West and overall US (Exhibit 8). This is followed by professional and business services and leisure and hospitality, though the region's share of those jobs more mirrors that of the national level.

Exhibit 8: Education and health, information and professional and business services have greater shares of employment in the Pacific West

Share of employees by industry employment for the overall US compared to the Pacific and Mountain West divisions (rolling 12-month average through February 2026, %)



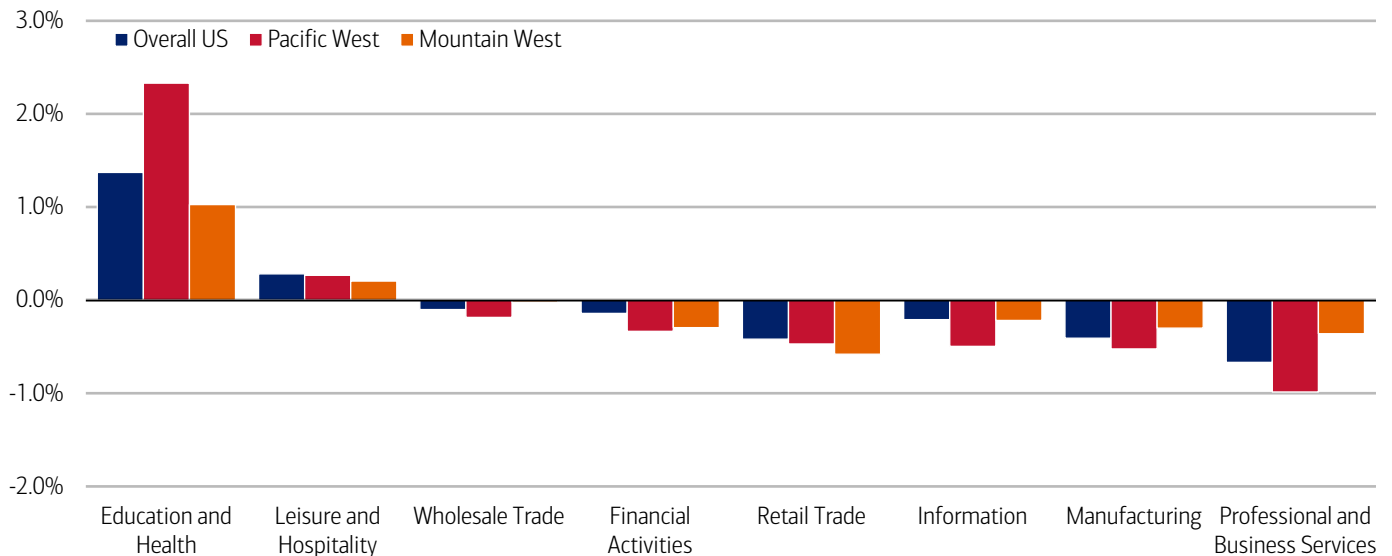
Source: Haver Analytics

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Perhaps the biggest labor trend has been growth in education and health jobs over the past four years, while most other industries have declined. Here, the Pacific division is a notable standout: with outsized gains for workers in this sector compared to the overall US, along with steeper declines in other higher paying industries including finance, information (tech) and professional and business services (Exhibit 9). In our view, this suggests that employment is becoming increasingly concentrated in healthcare and education services.

Exhibit 9: Employment gains in education and health have offset broad-based declines in most industries in the Pacific region in the past four years

Change in the share of employees by industry employment for the overall US compared to the Pacific and Mountain West divisions (rolling 12-month average through February 2026 minus full year 2022, %)



Source: Haver Analytics

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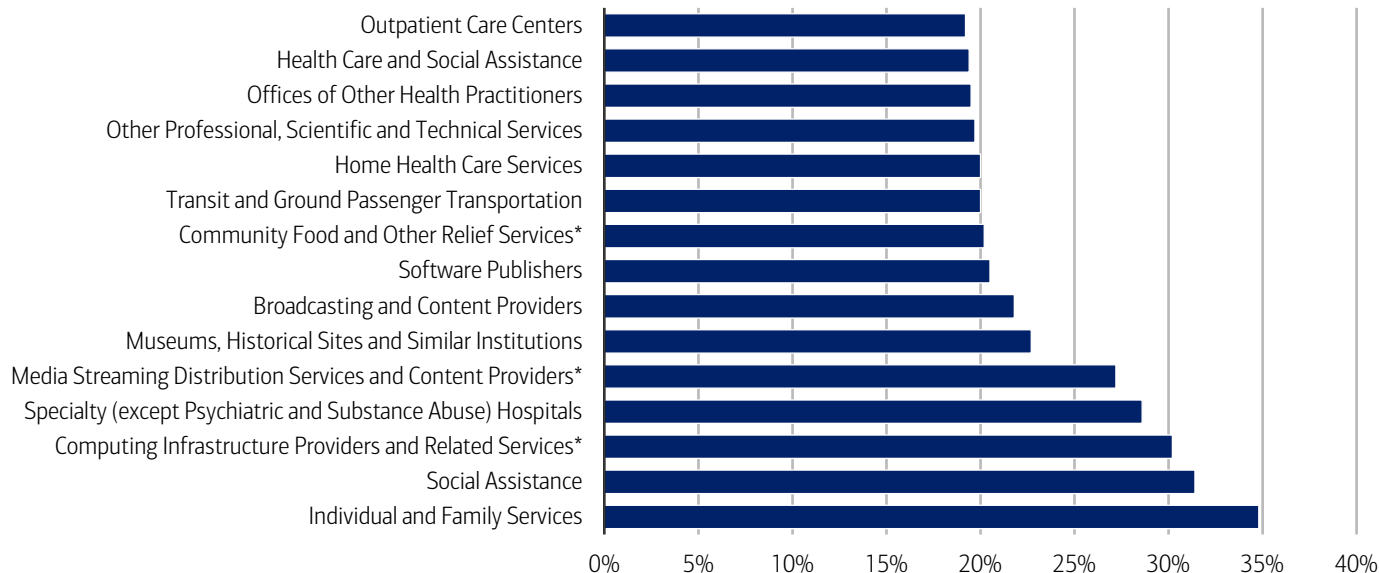
A tech hub or a healthcare hot spot?

Looking ahead, California's employment growth is projected to be even more weighted toward health-related and social services industries. According to the Bureau of Labor Statistics (BLS), health services account for a majority of the top 15 fastest-growing industries over the next decade, with several categories expected to expand by 20%-35% (Exhibit 10). And it's

possible that the further advent of AI technologies may alter some of the positive projections in computing and data, which account for most of the rest of the list.

Exhibit 10: Health services comprise a majority of the top 15 industry employment projections for California

2023-2033 industry employment projections for California (% change)



Source: Bureau of Labor Statistics

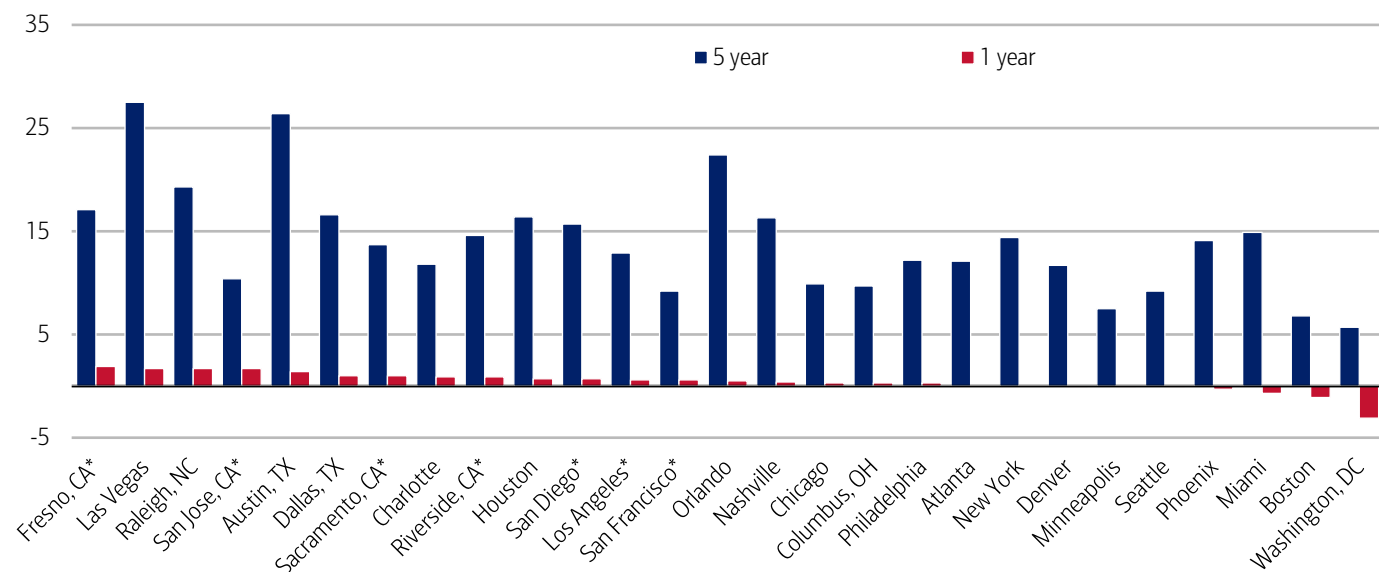
*Note: Occupation descriptions were shorted for clarity. The full descriptions are as follows: Community Food and Housing and Emergency and Other Relief Services; Media Streaming Distribution Services, Social Networks and Other Media Networks and Content Providers; Computing Infrastructure Providers, Data Processing, Web Hosting and Related Services.

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While some of the state’s largest metro areas have posted more moderate job growth over the past five years compared to other major cities across the US, San Jose saw the third largest increase as of January 2026, up 1.7% YoY, according to data from the Bureau of Labor Statistics (Exhibit 11). Meanwhile, San Francisco saw a respectable 0.6% YoY increase, firmly in the top half of the fastest growing major metro areas by employment growth in the US.

Exhibit 11: Several cities in California continued to experience job gains in January, and a majority of metros in the US are seeing employment growth on a one- and five-year basis

Percent change in employment for metropolitan areas with a Census 2020 population of one million or more, from January 2026, not seasonally adjusted (%)



Source: Haver Analytics

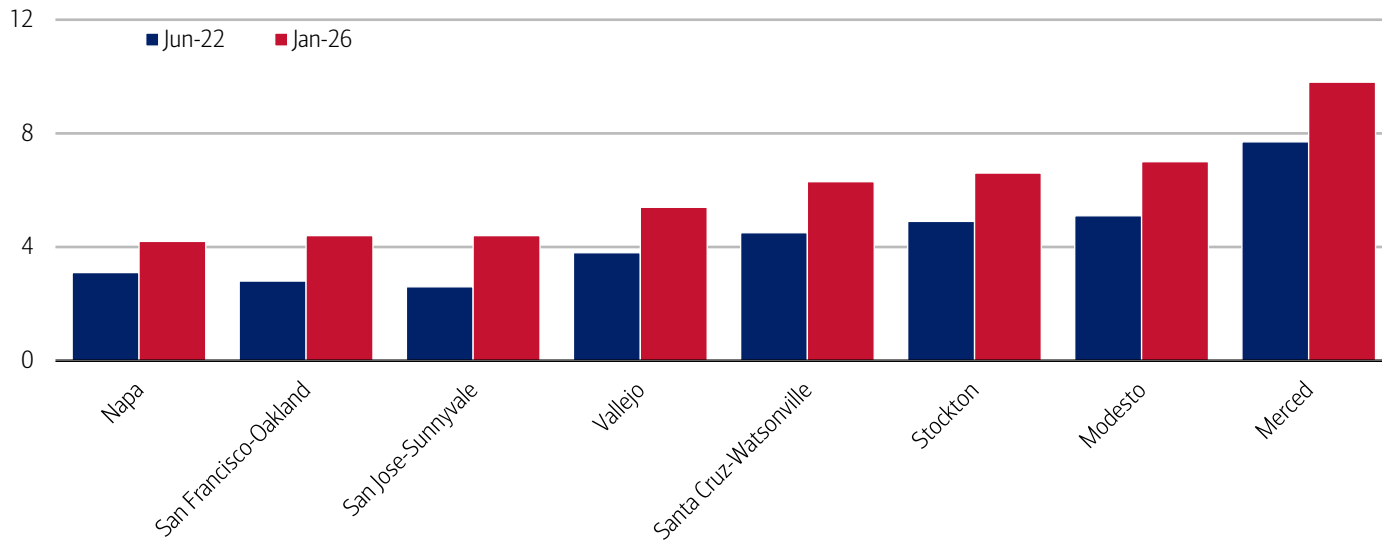
* Denotes a metro in California.

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Despite these recent gains in portions of the Bay Area, the unemployment rate remains uneven in certain parts of the larger combined statistical area¹. For example, Vallejo, Santa Cruz, Stockton, Modesto and Merced still have unemployment rates well above the national average (Exhibit 12). Looking ahead, while employment conditions may improve across Silicon Valley, these divergences suggest that the larger area’s labor market issues may take slightly longer to resolve as job gains may not be evenly distributed across the region, in our view.

Exhibit 12: Merced has double the unemployment rate of the San Francisco and San Jose metro areas

Unemployment rates for Silicon Valley (monthly, %)



Source: Haver Analytics

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¹ US Census. (2026, February 27). *Metropolitan and Micropolitan Statistical Area Glossary*. US Census Bureau.

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.

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:

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.

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

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