Consumer Health Check

A slower (but steady) end to summer

- **Total card spend in August cooled to its slowest pace in 2026 after accelerating through the first half of the year.** However, much of the slowdown was concentrated in the last week of the month and appears to be largely a Labor Day calendar impact that should reverse in September.
- **Spending received a boost in the first half of the year from the larger tax refunds under the One Big Beautiful Bill Act (OBBBA), and that impulse is now largely behind us.** However, card spend still appears very healthy, with YoY growth in the 4% to 5% range, but down slightly from ~6% earlier in the year.
- **The K-shaped spending gap continued to narrow in August,** as lower-income spending growth all but closed the gap with upper-income households. This has been the most encouraging development of 2026, though it remains an open question on how durable this trend will be in the months ahead.
- **Household balance sheets are holding up in 2026**. Average checking and savings balances are up nearly 4% year-over-year, although much of that growth is skewed towards upper-income households. The share of households living "paycheck-to-paycheck" is roughly steady near 58%.
- **Employment trends, as measured by direct deposit payments, have moderated from the much-improved pace at the start of the year**. Median wage growth, meanwhile, has run around 3% in recent months, roughly in line with official measures but barely ahead of inflation.
- **Travel spending has improved in recent months, and we see evidence of consumers "trading up,"** with stronger growth for non-budget hotels and airlines than for their budget counterparts. Additionally, households are turning more toward experiences like cruises and packaged travel, both of which sit well above pre-pandemic levels.

Table 1: Summary

Indicator	Feb '26	Mar '26	Apr '26	May '26	Jun '26	Jul '26	Aug '26
Total Card Spend (YoY)	5.3%	4.9%	6.2%	6.3%	6.5%	6.1%	3.4%
Total Card Spend Ex Gas (YoY)	5.8%	4.5%	5.5%	5.1%	6.0%	5.6%	2.8%
Avg. Saving/Checking Bal (YoY)	2.9%	3.0%	3.6%	4.0%	3.8%	3.9%	3.8%

Source: PNC internal data

Note: Growth in total card spend is the year-over-year percentage change (YoY) of the level value. Growth in avg. saving/checking balances is the year-over-year percentage change (YoY) of the level of average values. Please see appendix for more details and disclosures.

KEY FACTS

Total spending up 3.4% YoY

Gap between **lower- and upper-income** spending closed

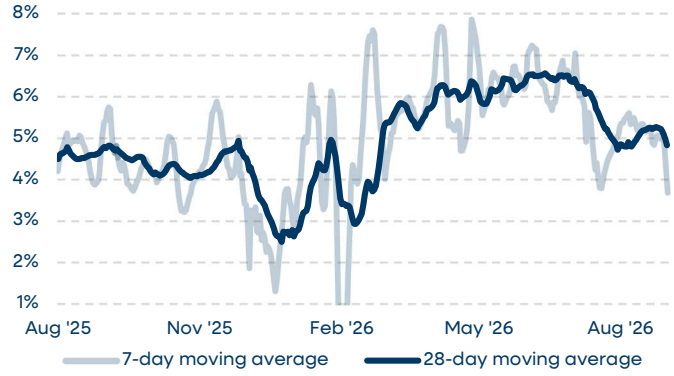
Average **checking and savings balances** are up 3.8% YoY

Travel spending picked up in the summer months

Spending ends the summer on a weaker (but still healthy) note

Total credit and debit card spending slowed in August after accelerating through the first half of the year. Much of that slowdown came in the final week of the month, however, which is very likely tied to the timing of Labor Day this year versus last. Last year, Labor Day fell on September 1st, so much of the holiday spending landed in the final weekend of August. With Labor Day falling on September 7th this year, that same boost shifts fully into September. Outside of the Labor Day impact, it appears that spending is still holding up in the 4% to 5% range, which is still healthy but a step down from the low-6% pace earlier in the year.

Figure 1: YoY percent change in daily card spending

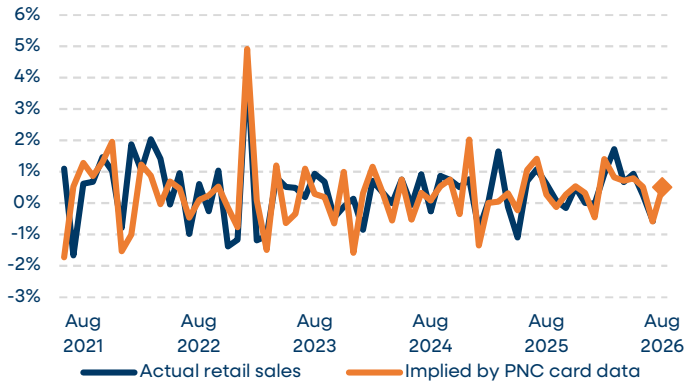


Sources: PNC internal data
Note: Growth in card spend is computed as the year-over-year percent change. Additional moving averages applied for smoothness shown above.

Still, it's possible that we look back at June as the high-water mark for spending growth this year, as the boost from the larger tax refunds under the OBBBA is now largely behind us. As shown in Figure 1, spending got a clear lift beginning in the spring, when those larger refunds started hitting consumer bank accounts, and has since faded back toward last year's pace over the summer months.

Despite slower card spend, the Census Bureau's official retail sales print should show a rebound in August when it's released on September 16th. The July print was artificially weighed down by a large Prime Day falling in June instead of July this year, and the seasonal factors should be particularly favorable in August given this year's Labor Day timing.

Figure 2: Estimate of Retail Sales using PNC card data, month-over-month percent change

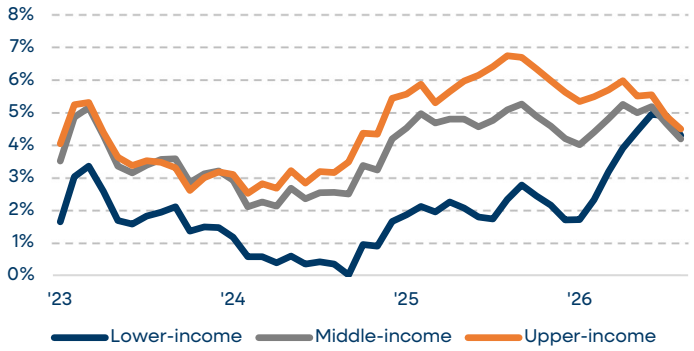


Source: PNC internal data
Note: Chart shows actual retail sales (blue) vs. what is implied using PNC card data (orange).

"K-shaped economy" narrative continued to narrow in August

One of the most encouraging developments this year has been the marked improvement in the spending patterns of lower-income households. The gap between lower- and upper-income spending growth has narrowed steadily through the first eight months of the year, effectively closing in August. That is a notable shift from the prior three years, when nearly all of the growth in aggregate card spending was being driven by middle- and upper-income households.

Figure 3: YoY percentage change in card spend ex. gas by income

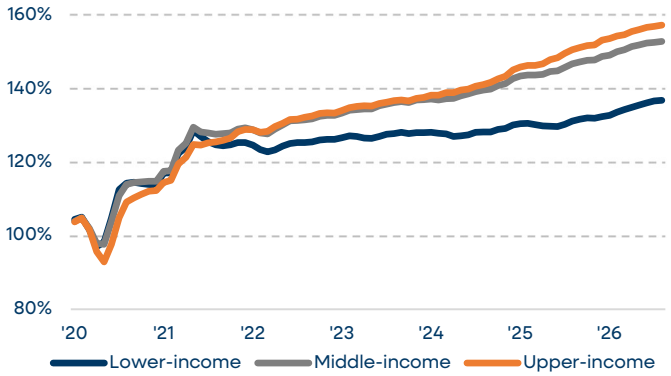


Source: PNC internal data
Note: Growth in card spend is computed as a year-over-year percentage change in the three-month moving average of the seasonally adjusted level value.

That said, while growth rates have converged across the income distribution, the levels of spending remain very uneven. Total card spending by lower-income

households is still only 35% above pre-pandemic levels, compared with 55% for upper-income households. In other words, a roughly 20-percentage-point gap relative to pre-pandemic trends remains, and it is unlikely to close much in the near term even given the improvements we've seen this year.

Figure 4: Total card spend ex. gas by income, '19 = 100



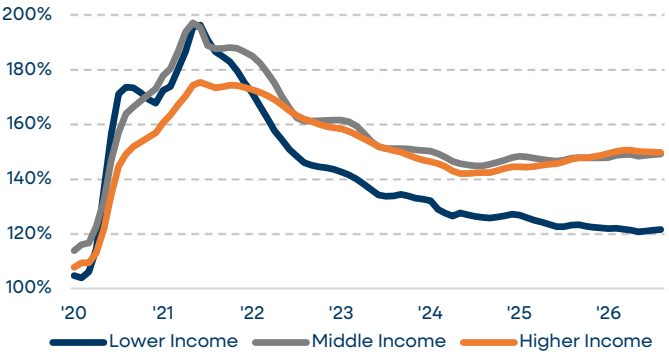
Source: PNC internal data
Note: Card spend excluding gas is shown as a three-month moving average of the seasonally adjusted level value, indexed so that the 2019 monthly average equals 100.

Whether the recent improvement in lower-income spending can be sustained remains an open question. We see two main drivers behind it. The first is the larger tax refunds under the OBBBA, along with the lower payroll withholding that took effect at the start of the year. Together, these put more money in lower-income households' pockets this spring, helping to cushion higher gas prices and sustain spending. The second — and hopefully more durable — factor is the improvement in the labor market, particularly at the lower end of the income distribution. With the boost from tax refunds now behind us and the labor market cooling somewhat from its spring pace, the coming months will test whether this progress holds.

Consumer balance sheets are healthier than given credit for

Checking and savings balances have risen alongside spending in 2026, up about 4% in August from a year earlier, more than keeping pace with inflation. While overall balances have come down from their pandemic-era highs, they remain substantially above pre-pandemic levels even after adjusting for inflation.

Figure 5: Median inflation-adjusted checking and savings deposit balances as a % of '19 levels (3M MA)

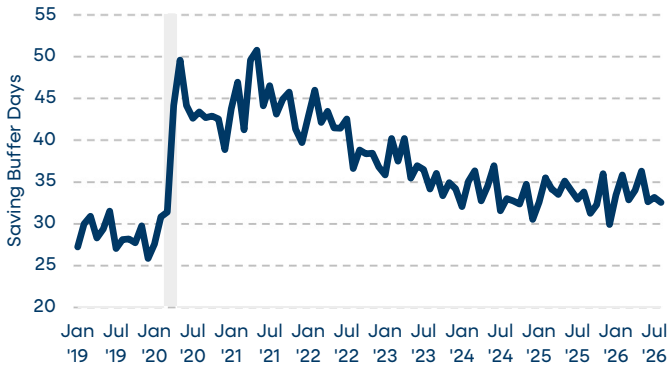


Source: PNC internal data
Note: Chart shows data seasonally adjusted by PNC and deflated using total consumer price index, 3-month moving average (3M MA).

If there is a clear K-shaped pattern left in the data, we see it in checking and savings balances. Inflation-adjusted median balances for middle- and upper-income households remain more than 50% above pre-pandemic levels, versus roughly 20% for lower-income households. That is a healthier level than many would have guessed, but it also shows how the recent stretch of high inflation, high interest rates, and stretched affordability has weighed disproportionately on lower-income households.

The overall health of household balance sheets shows up in other measures as well. PNC's Cash Savings Buffer Index — which estimates the median number of days a household could maintain spending if its income suddenly stopped — has likewise come down in recent years but has stabilized at a level above what was normal before 2020.

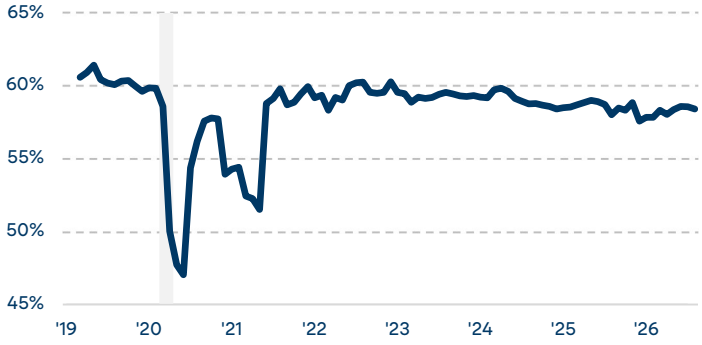
Figure 6: Median days of household savings buffers



Source: PNC internal data
Note: Chart shows the number of days households can maintain current spending using existing cash balances if no new income comes in.

The share of households in our sample living "paycheck-to-paycheck" tells a similar story: it sits below its pre-2020 norm and has changed little over the past year.

Figure 7: Percent of households living "paycheck-to-paycheck"

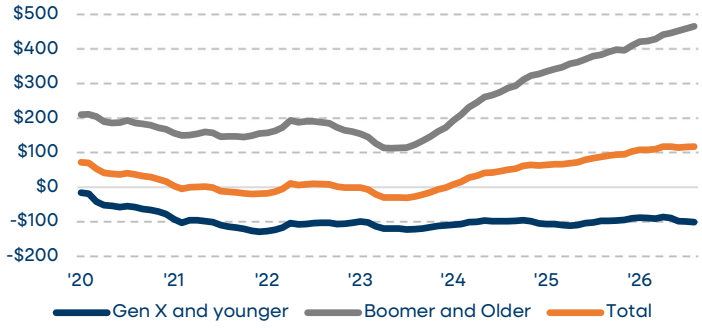


Source: PNC internal data

Note: Chart shows the 3M MA of the fraction of households whose monthly outflows exceed 90% of their monthly inflow within any given month.

Lastly, it's also clear that households have increasingly been drawing on substantial wealth gains to support spending. Net inflows from brokerage accounts into PNC checking accounts have risen considerably over the past few years, particularly among older generations approaching retirement age.

Figure 8: Net monthly inflows from brokerages into checking accounts per household



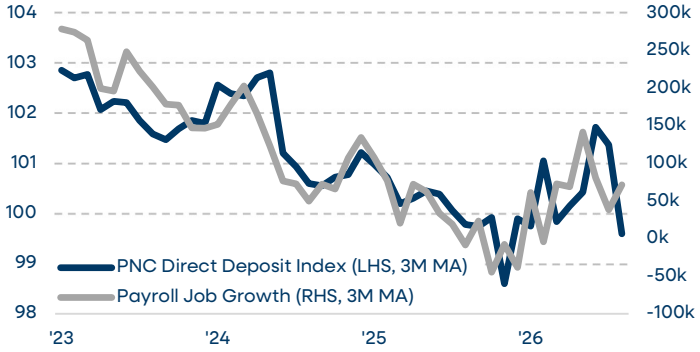
Source: PNC internal data

Note: Chart shows the average monthly net inflows from brokerages into our cohort's checking balances by broad generation category (twelve-month moving average)

Job trends improved vs. '25, fewer receiving unemployment payments

The share of households receiving regular direct deposit payments in our sample improved markedly earlier in 2026. As shown in Figure 9, this has been a generally reliable proxy for nonfarm payroll growth, showing the same re-acceleration in the spring and the modest pullback in more recent months.

Figure 9: PNC Direct Deposit Index vs. monthly payroll job growth

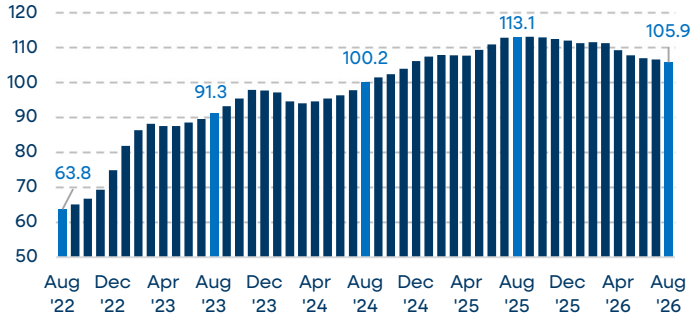


Source: PNC internal data, BLS

Note: PNC Direct Deposit Index measures the fraction of households in our sample receiving a regular direct deposit payment, indexed so that 2019 = 100

At the same time, the number of households receiving unemployment insurance payments has trended lower than a year ago, again broadly in line with national statistics. Together, stronger job growth and fewer households on unemployment have supported higher aggregate payroll income and, in turn, spending. Median wage growth has run around 2.8% year-over-year in recent months.

Figure 10: Proportion of households receiving unemployment benefits (2019 = 100)



Source: PNC internal data

Note: Data is seasonally adjusted, indexed to the average value in 2019, and smoothed using a three-month moving average.

Travel spending improving, consumers "trading up"

Travel has emerged as one of the strongest growing sectors of discretionary spend in recent months, even

if some of that is coming from price increases rather than volumes. Growth has picked up across all income groups, including lower-income households, fitting the broader theme of a narrowing spending gap across the income distribution.

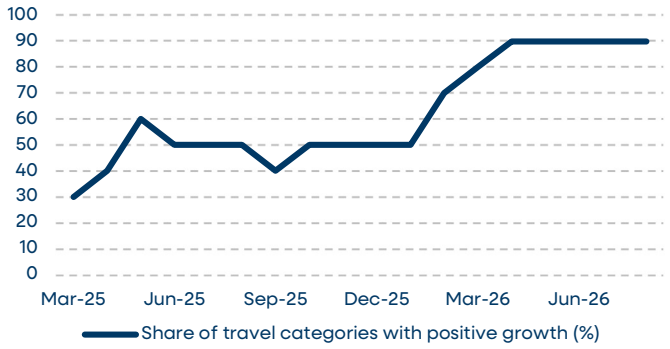
It also appears that consumers are "trading up" with their travel spend, spending disproportionately on luxury hotels and non-budget airlines. Non-budget hotels and full-service airlines have posted stronger increases than their budget and low-cost counterparts, with spending at budget and economy hotels outright declining.

Figure 11: Average travel ticket growth by tier and income

Income Tercile	Airfares - Budget	Airfares Non-budget	Hotels - Budget	Hotels Non-budget
Lower	12.6%	17.0%	2.1%	-2.0%
Middle	9.1%	19.5%	1.5%	2.0%
Upper	7.4%	18.9%	-0.2%	1.9%

Source: PNC internal data
Note: Heatmap shows the year-over-year percentage change in three-month spend per transaction.

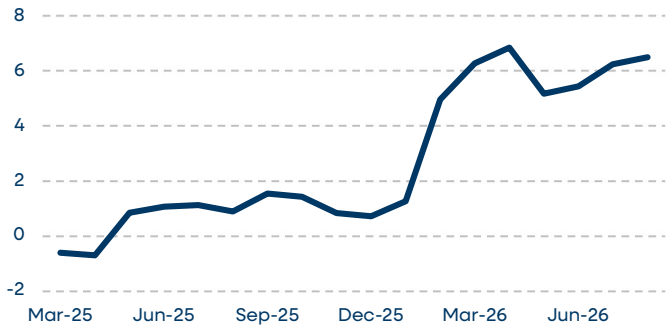
Figure 12: Travel growth has broadened since the start of the year



Source: PNC internal data
Note: Graph shows the share of travel categories exhibiting positive growth. Growth computed as the year-over-year change of the three-moving average of the level value.

Cruises and travel agencies are also seeing a resurgence in demand, a sign consumers want packaged and planned trips. Taken together, this leads us to believe consumers are still prioritizing experiences and remain willing to spend up to get them.

Figure 13: Travel-agency spending growth has surged



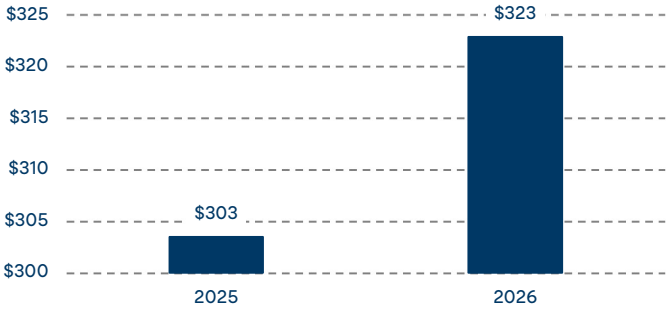
Source: PNC internal data
Note: Graph shows the year-over-year change in the three-month moving average of the level value.

Back-to-school spending held up well this year

Back-to-school spending was solid this season, up more than 6% year-over-year and nearly 8% on a per-household basis once we account for a calendar shift for Prime Day. Underlying demand was clearly healthy.

The growth was broad across income groups, though the gap in how much households spend remains wide. Higher-income families spent more than twice what lower-income families did on back-to-school shopping.

Figure 14: Back-to-school spending per household

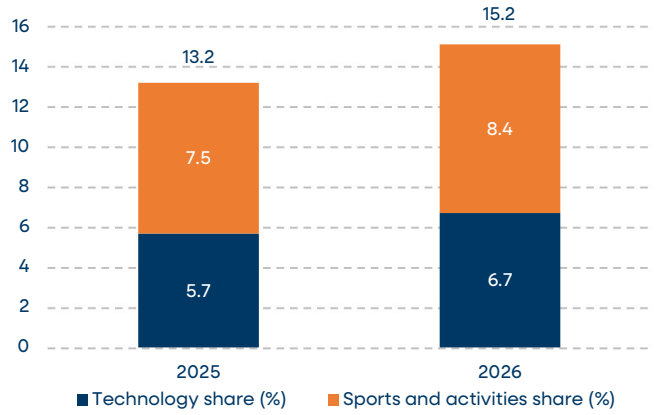


Source: PNC internal data
Note: Graph reports average back-to-school spending in July and August by household, excluding Amazon purchaases to control for Prime Day falling in June instead of July this year.

Where families spent is the more interesting part. Technology and activities led the way, up 15% and 9% respectively; they were also the only two categories where households spent more than a year ago. Spending on the basics like clothing and school supplies was roughly flat. Parents increasingly appear

to be putting their back-to-school dollars toward devices and their kids' activities rather than just the usual notebooks and backpacks.

Figure 15: Technology and activities are driving stronger back-to-school spending



Source: PNC internal data
Note: Graph shows the combined share of back-to-school spending in July and August due to spending on technology and sports and activitives.

Key Charts and Figures:

Table 2: Card spend by category, YoY percent change

Indicator	Nov '25	Dec '25	Jan '26	Feb '26	Mar '26	Apr '26	May '26	Jun '26	Jul '26	Aug '26
Key Aggregates										
Total Spending	3.1%	2.9%	4.5%	5.3%	4.9%	6.2%	6.3%	6.5%	6.1%	3.4%
Total (Ex. Gas Stations)	3.4%	3.3%	5.2%	5.8%	4.5%	5.5%	5.1%	6.0%	5.6%	2.8%
Sector Level										
Auto	1.9%	6.3%	4.8%	7.7%	6.3%	7.4%	3.5%	6.7%	5.1%	4.0%
Restaurants and Bars	1.1%	-0.1%	3.4%	3.9%	0.3%	3.0%	3.4%	1.3%	3.5%	-0.1%
Food/Beverage Stores	0.3%	-0.2%	2.9%	0.4%	-0.9%	-0.2%	1.0%	-1.5%	0.3%	-3.8%
Gambling	20.1%	17.8%	16.3%	12.4%	13.1%	17.6%	17.9%	22.7%	26.6%	11.1%
Gas and Service Stations*	-1.5%	-3.6%	-6.1%	-3.2%	11.9%	17.0%	25.1%	14.3%	13.7%	12.6%
Hotels	-0.5%	-2.5%	0.2%	2.3%	-0.0%	3.4%	1.3%	-1.0%	2.6%	0.3%
Leisure	-1.3%	-3.4%	4.1%	5.0%	2.7%	5.5%	4.3%	4.8%	3.4%	2.5%
Services	1.6%	5.1%	4.2%	6.4%	6.7%	6.6%	5.0%	8.1%	8.1%	6.1%
Travel	-0.4%	1.9%	3.3%	7.5%	6.7%	6.8%	6.4%	7.3%	7.5%	5.8%
Retail – Building/Garden/Supplies	-3.2%	-5.2%	0.5%	-3.1%	-0.8%	5.9%	-0.3%	2.1%	1.6%	-1.3%
Retail – Clothing Accessories	3.0%	-1.2%	1.9%	4.5%	0.7%	1.9%	0.6%	1.1%	3.3%	-1.2%
Retail – Electronics and Appliances	12.5%	6.9%	11.4%	11.1%	9.0%	7.2%	10.5%	11.6%	10.9%	11.1%
Retail – Furniture and Home Furnishings	-0.6%	-2.2%	3.6%	3.9%	-0.6%	2.2%	6.0%	4.5%	3.8%	-0.1%
Retail – General Merchandise Stores	3.9%	2.1%	4.6%	4.5%	3.6%	4.8%	7.4%	5.9%	7.2%	6.0%
Retail – Health and Personal Care	-8.3%	-5.5%	-1.3%	1.3%	4.8%	2.0%	2.9%	5.7%	6.8%	6.1%
Retail – Misc. Store Retailers**	6.1%	4.1%	9.9%	9.5%	6.9%	8.9%	7.4%	9.1%	10.8%	5.3%
Retail – Non-Store Retailers	12.7%	6.2%	3.0%	7.1%	3.6%	3.1%	3.2%	13.0%	-9.9%	0.2%

Source: PNC Internal data

Note: Table reports year-over-year percent change in total card spending by category (aggregate) not per-household spending. 'Funds transfer' and 'Other' categories omitted. Unlike table 1, this table does not use a 3-month moving average, so the numbers may differ slightly.

* 'Gas & Service Stations reflects total card spend at gas station merchants, capturing fuel purchases alongside convenience retail and ancillary auto-related spending.

** 'Retail – Misc. Store Retailers' includes spending on 'Sports/Books/Hobby/Music.'

Methodology

The data is based on aggregated and anonymized selections of PNC data. The data may have a degree of selection bias due to selected populations and data availability.

- *Card spend trends are based on aggregated debit card and credit card transaction data for a fixed cohort of Retail customers. Spending is categorized using standard Merchant Category Codes (MCC) defined by financial services companies. Spending data may also be grouped using other proprietary methods.*
    - *Gasoline spend is limited to purchases made via automated fuel dispensers, "at the pump" card transactions.*
- *Balance data is aggregated for a fixed cohort of households that had a consumer deposit account (checking, savings, and/or certificate of deposit) for all months from January 2019 through the current month shown.*
- *Consumer payroll, unemployment, tax refund, and brokerage flows are based on ACH and other electronic payment methods classified using proprietary methods.*
- *Lower-, middle-, and higher-income views are based on estimated household income, calculated using the most recent 12 months of credit transactions into consumer deposit accounts. Households are divided into terciles: the bottom third is classified as lower income, the middle third as middle income, and the top third as higher income. Income terciles are updated periodically.*
- *Savings buffer days measure the number of days a household could maintain its current spending using existing checking and savings balances if no new income were received.*
- *Our paycheck-to-paycheck metric measures the ratio of non-savings-related outflows from consumer deposit accounts to total inflows into those same accounts. Households with monthly outflows equal to or greater than 90% of inflows are categorized as living paycheck-to-paycheck.*
- *Credit card balance and payment rate data are based on a fixed cohort of credit card accounts from 2019 to present and do not represent PNC's overall credit card portfolio.*
- *Refer to the notes beneath the charts and tables for further details about the data presentation. Occasionally, a 3-month moving average is employed to ensure smoother results.*

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