Consumer Health Check

The K-Shaped Economy Narrows

- **Consumer spending accelerated again in June, with card spending up 6.2% year-over-year (5.4% excluding gas).** Lower gasoline prices, World Cup-related spending, and the timing shift of Prime Day boosted non-gas spending in June, even if some of those factors are likely to reverse in the coming months.

- **Spending in 2026 has been supported by improving labor market trends, positive wealth effects, and larger income tax refunds earlier in the spring**. Though the boost from larger tax refunds is fading, stronger direct deposit trends and increased transfers from brokerage accounts are all helping to maintain household spending patterns despite higher inflation.

- **One of the most encouraging developments in 2026 has been the narrowing of the post-pandemic "K-shaped" economy**. The gap between lower- and upper-income spending narrowed further in June, with lower-income households showing the strongest improvement in spending trends since 2021.

- **Importantly, stronger spending among lower-income households has not been accompanied by a meaningful deterioration in balance-sheet health.** Cash balances and savings buffers have remained broadly stable, suggesting households have not had to materially draw down savings to support spending.

- **However, households are increasingly relying on credit cards to help support spending in 2026, with balances rising faster than inflation across all income cohorts.** Despite that increase, average inflation-adjusted balances per active account remain low by historical standards, and there is little evidence that households are falling behind on their credit card payments.

- **Record-high household wealth continues to support spending**. Households are increasingly transferring funds from brokerage accounts into checking accounts, with the wealth effect strongest among older and higher-income households

Table 1: Summary

Indicator	Dec '25	Jan '26	Feb '26	Mar '26	Apr '26	May '26	Jun '26
Total Card Spend (YoY)	3.7%	3.4%	4.1%	4.8%	5.4%	5.7%	6.2%
Total Card Spend Ex Gas (YoY)	4.1%	3.8%	4.6%	5.0%	5.2%	5.0%	5.4%
Avg. Saving/Checking Bal (YoY)	1.8%	2.1%	2.8%	2.9%	3.5%	3.9%	3.7%

Source: PNC internal data
Note: Growth in total card spend is computed as a year-over-year percentage change (YoY) in the three-month moving average (3M MA) of the level value. Growth in avg. saving/checking balances computed as a year-over-year percentage change (YoY) of the level of average values. Please see appendix for more detail on the underlying methodologies and disclosures.

KEY FACTS

Total spending up 6.2% YoY, a 4-year high

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

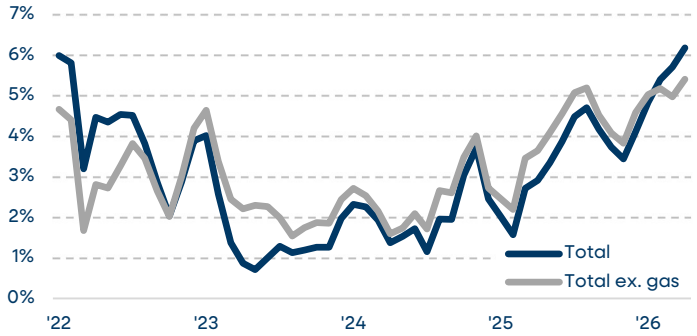
Average **checking and savings balances** are up 3.7% YoY

Credit card balances up 8.9% YoY per active account

Spending strong again in June...

Consumer spending accelerated again in June, with total combined debit and credit card spending near four-year highs and outpacing inflation. Daily spending data suggest that the boost from lower gasoline prices accumulated through the month, helping support a modest acceleration in discretionary spending. World Cup-related spending contributed to the strength, while Prime Day's shift into June this year from July last year provided an additional (though temporary) lift that will likely reverse next month.

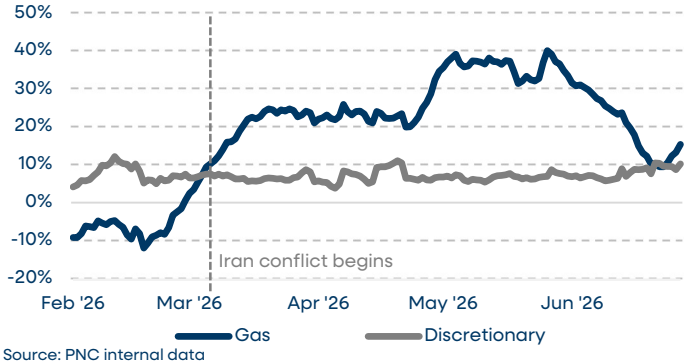
Figure 1: YoY percentage change in card spend



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 level value.

Figure 2: Daily YoY percentage change in card spending on gas vs. discretionary categories



Source: PNC internal data

Note: 7-day moving average of each component.

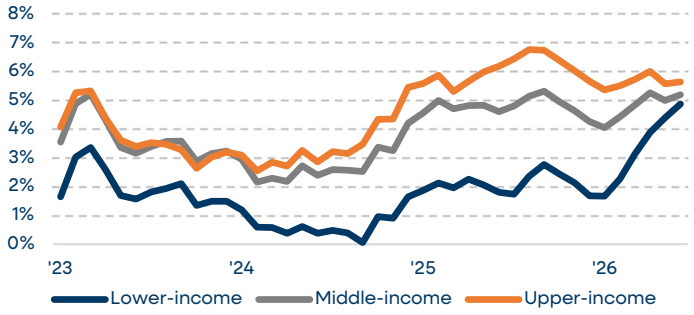
The improvement in spending growth this year reflects both temporary and more durable forces. Larger tax refunds earlier this spring helped cushion the impact of higher gasoline prices, although that support now appears to be fading. A more durable source of improvement has been the labor market, as evidenced by stronger direct deposit trends and fewer households receiving unemployment payments. We also continue to see evidence of positive wealth effects, with households increasingly using transfers from brokerage accounts to support consumption while maintaining relatively stable cash balances.

Importantly, the recent acceleration in spending has not been confined to higher-income households. Much of the improvement in 2026 has come from lower-income consumers, a trend we explore in the next section.

...and continues to broaden to lower-income households

The most encouraging aspect of recent spending trends has been the improvement in the overall breadth of spending across households. This "K-shaped" pattern of consumer spending has been a key feature of the data for the last several years, as elevated inflation and slower job growth weighed disproportionately on lower-income households.

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

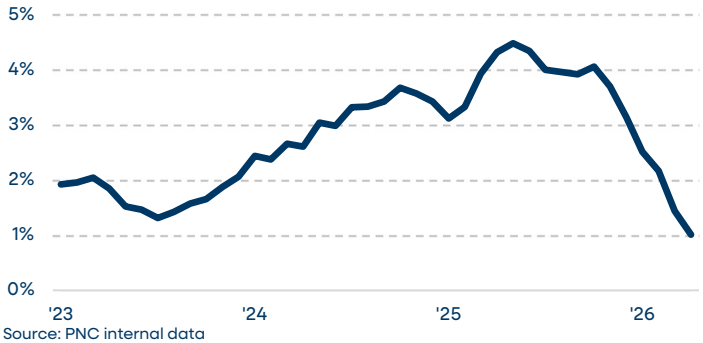


Source: PNC internal data

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

The gap between lower-income and upper-income spending continued to close in June, narrowing by the most since 2021. Even more encouraging, lower-income households have not yet had to dip materially into their cash savings buffers to maintain this improved spending pattern. Average checking and savings balances for lower-income households have remained relatively stable, even after adjusting for inflation.

Figure 4: Difference in card spend growth between upper- and lower-income households

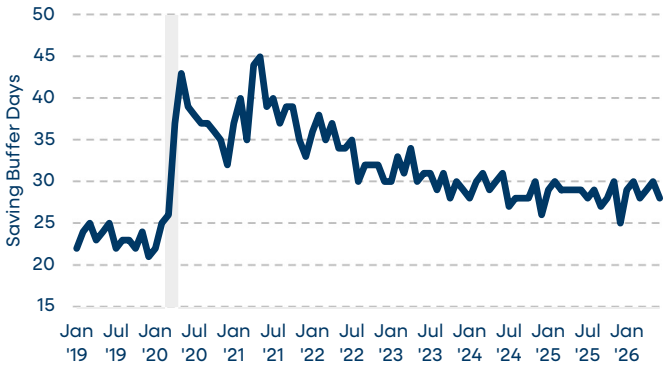


Source: PNC internal data

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.

Additionally, PNC's Cash Savings Buffers Index, which measures how many days consumers could maintain their spending if their income suddenly stopped, has remained broadly stable since the start of the year. To date, lower-income households haven't had to run down their cash savings buffers.

Figure 5: Median days of household savings buffers for lower-income households



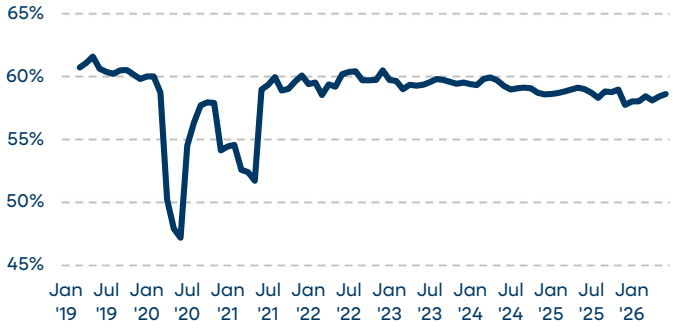
Source: PNC internal data

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

Consistent with the improvement in spending and liquidity metrics, the share of lower-income households living paycheck-to-paycheck has generally trended lower in 2026. Figure 6 measures the percentage of households in our sample that see outflows at least 90% of their inflows within any given month (see appendix for more details).

Overall, we've been encouraged by the improvement in lower-income spending trends, though the durability of that improvement remains an open question. Tax refunds were an important contributor to the recent strengthening, and there is some evidence that lower-income households are increasingly turning to credit cards to help support spending.

Figure 6: Percent of households living "paycheck-to-paycheck"



Source: PNC internal data

Note: Chart shows the fraction of households that spend 90% or more of their monthly inflows; reported as the three-month moving average of the seasonally adjusted level value.

At the same time, we find little evidence that households are funding stronger spending through a meaningful deterioration in their balance sheets. Cash balances and savings buffers have remained relatively stable, and as discussed in the next section, overall credit card balances remain low by historical standards with little evidence that households are falling behind on their monthly obligations.

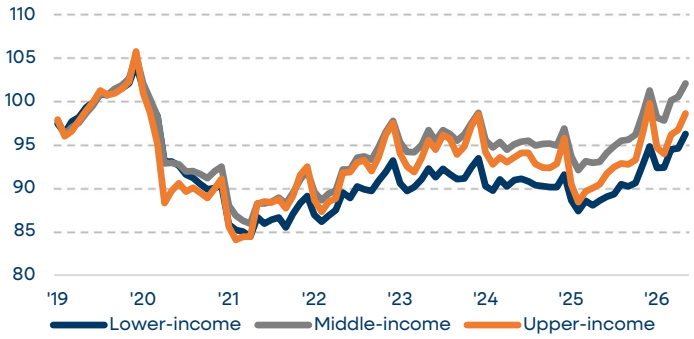
Credit card balances are increasing but limited signs of stress yet

What about credit card debt? The story is more mixed. To start, credit card balances have been increasing faster than inflation across all income cohorts in 2026, indicating that more households are using debt to help finance spending. However, the starting point matters. Based on a fixed cohort of credit card accounts observed from 2019 to present, balances have only recently moved above pre-pandemic levels and remain well below those levels after adjusting for inflation. Credit card utilization rates also remain below pre-pandemic norms.

Consistent with balances remaining low in inflation-adjusted terms, we see little evidence that account holders are beginning to struggle with their credit

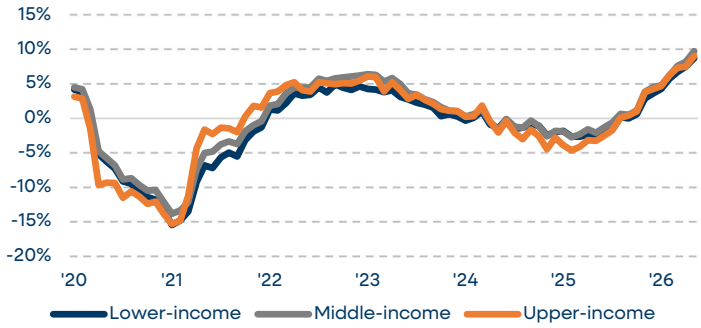
card obligations. On that front, the data remains encouraging.

Figure 7: Credit card balance per active account, 2019 = 100



Source: PNC internal data
Note: Chart shows the average credit card balance per active account by income tercile, adjusted so that the 2019 average equals 100

Figure 8: YoY percentage change in credit card balances per active account by income tercile

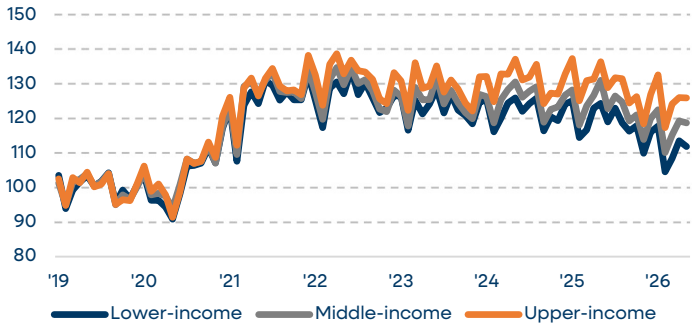


Source: PNC internal data
Note: Chart shows the YoY growth rate of credit card balances per active account, averaged over each income tercile

One useful measure is the overall payment rate, which captures the share of outstanding credit card balances paid off each month. Payment rates have come down modestly in 2026 across all income cohorts but continue to remain above pre-pandemic levels. This is broadly consistent with household cash balances, which remain higher than 2019 levels even after adjusting for inflation.

Though it is clear that the K-shaped pattern in spending has improved in 2026, the same cannot be said for all credit metrics. Payment rates for lower-income households have declined somewhat more than for middle- and upper-income households, suggesting a modest softening in repayment behavior. Even so, the broader picture remains relatively encouraging. Credit card balances per account are still below pre-pandemic levels for lower-income households after adjusting for inflation, and overall payment rates remain above pre-pandemic norms. Any deterioration to date appears relatively limited and does not yet point to a meaningful increase in financial stress.

Figure 9: Index of credit card balances paid off each month, 2019 = 100



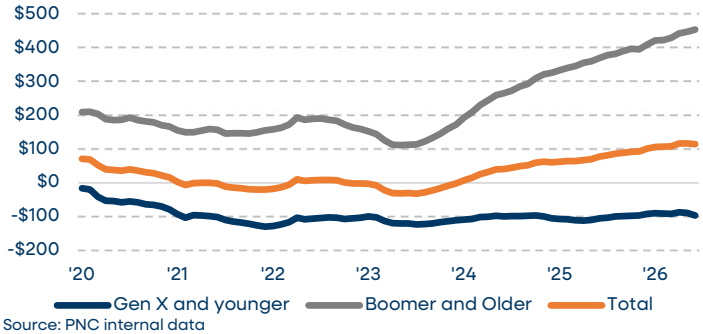
Source: PNC internal data
Note: Chart shows the proportion of outstanding credit card balances that are being paid off each month per active account

So where does this leave us? The data suggests consumers are making greater use of credit than they were a year ago, but not yet in a way that points to meaningful financial stress or broader balance-sheet deterioration. Credit card balances are rising, but they are doing so from a historically low starting point. Utilization rates remain low and payment rates are still above pre-pandemic levels. Taken together, the data suggests that consumers are increasingly using credit to support spending, but are generally maintaining the ability to manage those obligations.

Wealth effects continue to be an important support for households

Wealth effects are also providing an important tailwind for households. Net inflows from brokerage accounts have been trending higher in recent years as households monetize a portion of the substantial gains generated by the post-pandemic rise in equity prices. This trend is particularly evident among older and higher-income households, which hold a disproportionate share of financial assets and are accounting for a growing share of the population as more households enter retirement.

Figure 10: Net monthly inflows from brokerages into checking accounts per household

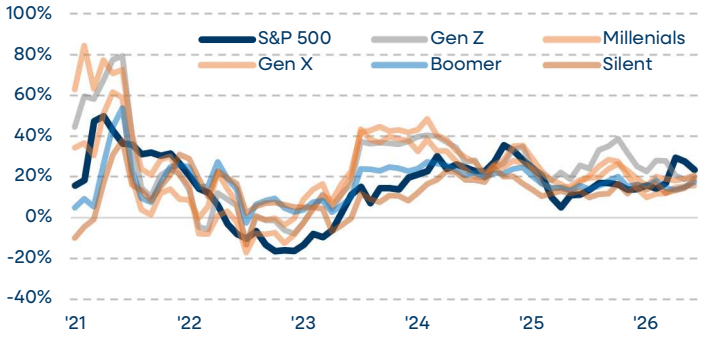


Source: PNC internal data
Note: Chart shows the average monthly net inflows from brokerages into our cohort's checking balances by broad generation category (twelve-month moving average)

The relationship between brokerage flows and financial markets is quite clear. When equity prices are rising, households tend to transfer more funds from brokerage accounts into checking and savings accounts; when markets weaken, those inflows typically slow. The strong performance of the stock market in 2026 has been accompanied by a comparable increase in brokerage-related inflows, providing an additional source of support for both household balance sheets and consumer spending.

For many households, particularly those with significant financial assets, gains in equity markets have provided a buffer that has helped sustain spending while maintaining relatively stable cash balances.

Figure 11: YoY percentage change in gross inflows from brokerages vs. S&P 500 gains by generation



Source: PNC internal data
Note: Chart shows YoY growth rates of gross inflows from brokerages into checking accounts versus YoY growth rate of S&P 500

Positive consumer trends in the first half of 2026

Consumer spending remained surprisingly resilient through the first half of 2026, supported by a combination of stronger labor market conditions, positive wealth effects, and, earlier in the year, larger tax refunds. While some of those supports are beginning to fade, overall spending growth remains healthy and continues to outpace inflation. Perhaps most encouragingly, the recent improvement has become increasingly broad-based, with lower-income households accounting for a growing share of the acceleration in spending.

There are signs that households are relying somewhat more on credit cards to help support spending, but the broader picture remains consistent with a healthy consumer. Credit card balances are rising from historically low levels, utilization rates remain subdued, and measures of payment behavior show little evidence of widespread financial stress. Taken together, the data suggest that consumers are increasingly drawing on a wider range of resources, including labor income, accumulated wealth, and credit, to support spending, but are generally doing so without a meaningful deterioration in their balance sheets.

Key Charts and Figures:

Table 2: Card spend by category, YoY percent change

Indicator	Sep '25	Oct '25	Nov '25	Dec '25	Jan '26	Feb '26	Mar '26	Apr '26	May '26	Jun '26
Key Aggregates										
Total Spending	4.1%	5.3%	3.1%	2.9%	4.4%	5.2%	4.8%	6.1%	6.2%	6.3%
Total (Ex. Gas Stations)	4.5%	5.9%	3.4%	3.3%	5.1%	5.8%	4.4%	5.4%	5.0%	5.8%
Sector Level										
Auto	7.9%	4.9%	1.9%	6.3%	4.7%	7.7%	6.2%	7.4%	3.4%	6.5%
Restaurants and Bars	1.1%	3.5%	1.1%	-0.2%	3.3%	3.8%	0.2%	2.9%	3.3%	1.1%
Food/Beverage Stores	-1.4%	1.4%	0.3%	-0.3%	2.8%	0.3%	-1.0%	-0.3%	0.9%	-1.6%
Gambling	25.4%	23.6%	20.1%	17.9%	16.1%	12.4%	13.1%	17.2%	17.6%	22.4%
Gas and Service Stations*	-1.5%	-3.1%	-1.5%	-3.6%	-6.1%	-3.3%	11.8%	16.8%	24.9%	14.0%
Hotels	-3.2%	0.5%	-0.4%	-2.5%	0.1%	2.3%	-0.1%	3.3%	1.1%	-1.3%
Leisure	-0.9%	-0.2%	-1.3%	-3.4%	4.1%	5.0%	2.6%	5.4%	4.2%	4.7%
Services	7.2%	6.5%	1.5%	5.0%	4.1%	6.3%	6.6%	6.5%	4.9%	7.9%
Travel	2.5%	2.9%	-0.4%	1.9%	3.2%	7.5%	6.7%	6.7%	6.3%	7.1%
Retail – Building/Garden/Supplies	-1.9%	-4.6%	-3.1%	-5.2%	0.5%	-3.1%	-0.9%	5.8%	-0.4%	1.7%
Retail – Clothing Accessories	-2.2%	1.0%	2.9%	-1.2%	1.8%	4.4%	0.6%	1.8%	0.4%	0.9%
Retail – Electronics and Appliances	14.0%	18.0%	12.4%	6.9%	11.0%	11.1%	8.9%	7.3%	10.5%	11.4%
Retail – Furniture and Home Furnishings	-0.7%	2.4%	-0.7%	-2.3%	3.5%	3.8%	-0.5%	2.1%	5.8%	4.4%
Retail – General Merchandise Stores	2.1%	4.7%	3.2%	0.8%	3.1%	3.6%	2.8%	4.5%	7.1%	5.7%
Retail – Health and Personal Care	-4.8%	-6.9%	-8.3%	-5.5%	-1.3%	1.4%	4.8%	2.0%	2.9%	5.5%
Retail – Misc. Store Retailers**	7.4%	8.1%	10.4%	6.5%	8.8%	9.8%	6.7%	7.1%	6.2%	11.5%
Retail – Non-Store Retailers	-5.5%	-4.0%	-5.7%	-5.6%	-4.8%	-2.1%	-5.3%	-4.9%	-4.7%	-3.5%

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.*
- *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.*

Disclosures

The material presented and the views expressed herein are of a general nature and does not constitute the provision of investment or economic advice to any person, or a recommendation of any particular securities, financial instruments, strategies or banking services. Opinions and forecasts expressed herein are subject to change without notice. Relevant information was obtained from sources deemed reliable. Such information is not guaranteed as to its accuracy. You should seek the advice of an investment professional to tailor a financial plan to your needs. To the extent that these materials reference PNC data, such materials are not intended to be reflective or indicative of, and should not be relied upon as, the results of operations, financial condition or performance of PNC.

Forward-looking statements are necessarily subject to numerous assumptions, risks and uncertainties, which change over time. Future events or circumstances may change our outlook and may also affect the nature of the assumptions, risks and uncertainties to which our forward-looking statements are subject. Forward-looking statements speak only as of the date made. We do not assume any duty and do not undertake any obligation to update forward-looking statements. Actual results or future events could differ, possibly materially, from those anticipated in forward-looking statements, as well as from historical performance. As a result, we caution against placing undue reliance on any forward-looking statements.

"PNC" is a registered mark of The PNC Financial Services Group, Inc.

© 2026 The PNC Financial Services Group, Inc. All rights reserved.