



Consumer Health Check

No Stopping for Gas Yet

- **Gas prices have surged since the U.S. conflict with Iran began, but broader consumer spending has remained resilient.** Average gasoline spending per household rose roughly 24% year-over-year in the final week of March, yet there is little evidence of a broader spending slowdown so far.
- Despite higher gas outlays, households have not materially pulled back elsewhere. **Total consumer spending accelerated in March, rising 4.6% year-over-year.** That is near the fastest pace of spending growth since 2022.
- **For now, the fiscal boost from the One Big Beautiful Bill Act appears to be more than offsetting the blow from higher gas prices.** Tax refunds are up more than 10% per household relative to last year and lower withholding taxes are boosting take home pay. These income gains have prevented households from needing to draw down savings to sustain spending.
- **That support is likely to ease if gas prices remain elevated.** Household balance sheets remain solid but less robust than during the 2022 gas price spike when excess savings and income growth were stronger. This is particularly true for lower-income households, whose savings buffers have declined more sharply.
- **Unemployment payments in PNC data continue to edge higher, though the pace of increase is slowing.** The average duration of unemployment is unchanged over the past year.

Table 1: Summary

Indicator	Aug '25	Sep '25	Oct '25	Nov '25	Dec '25	Jan '26	Feb '26	Mar '26
Total Card Spend (YoY)	3.8%	4.4%	4.6%	4.1%	3.6%	3.3%	4.0%	4.6%
Avg. Weekly Income (YoY)	2.6%	2.6%	2.6%	2.7%	2.5%	2.9%	2.9%	3.4%
Avg. Saving/Checking Bal. (YoY)	2.0%	1.8%	2.0%	1.7%	1.7%	2.0%	2.7%	2.7%

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 average weekly income is computed as a year-over-year percentage change (YoY) in the three-month moving average (3M MA) of the seasonally-adjusted (SA) level of average values. 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



Gas spending up 24% YoY heading into April



Total spending up 4.6% YoY, near 4-year high



Average **tax refunds** up over 10% in 2026, helping offset higher gas prices



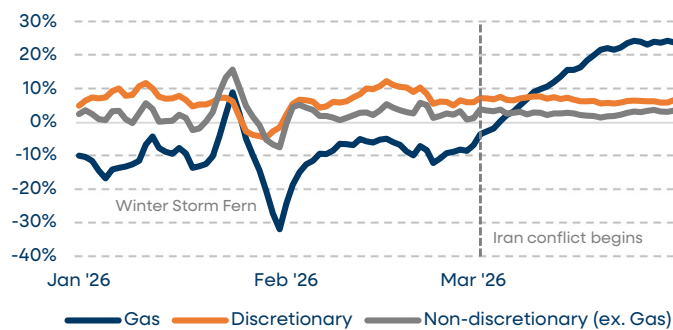
Average **checking and savings balances** are up **2.7% YoY**



Consumer spending is proving resilient to higher gas prices so far

Gas prices have surged since the U.S. conflict with Iran began, but the impact has not yet translated into a broader slowdown in consumer spending. Spending on gasoline has jumped sharply, with average gas spending per household up roughly 24% in the final week of March compared with a year earlier.

Figure 1: Daily YoY card spending on gas vs. non-gas categories



Source: PNC internal data
Note: 7-day moving average of each component.

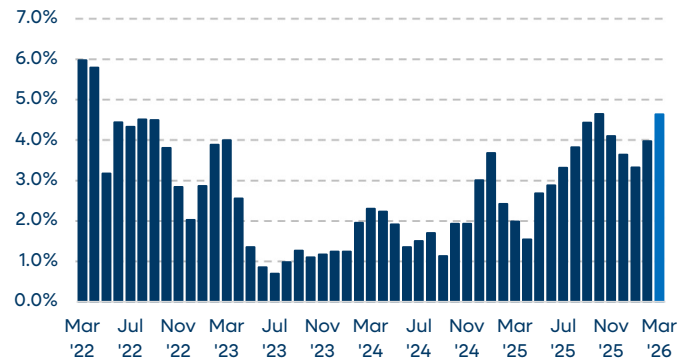
Higher gasoline prices effectively act as a tax on households, as fuel spending is largely non-discretionary and many workers must continue to drive to get to their jobs. Unlike other categories of consumption, households have limited ability to adjust gasoline usage in the near term, meaning higher prices directly reduce disposable income available for other spending.

Despite the increase in spending on gas, there is little evidence so far that households have pulled back on other categories of spending. In fact, total consumer spending increased in March relative to February, growing 4.6% year-over-year, near the fastest pace since 2022. Discretionary categories such as travel and entertainment have shown little pullback in overall spending in response to higher gas prices thus far.

Even so, higher gas prices are reshaping the composition of household spending, even if the overall level of spending has not declined. Gasoline has taken a larger share of total consumer outlays, crowding out some categories at the margin as

households rebalance within an expanding spending pie. Over the past month, households have spent less proportionately on services and food/beverage stores while gasoline and a handful of good-related categories have gained share.

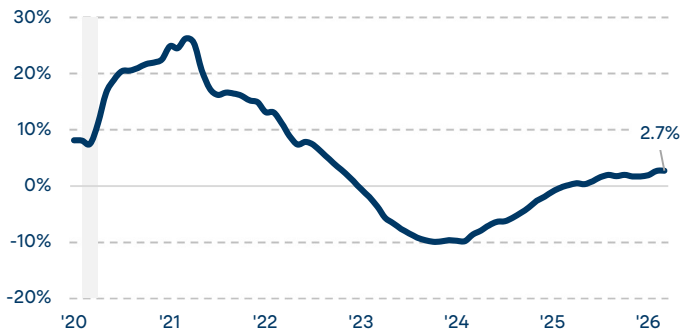
Figure 2: YoY percent change in card spend



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

This resilience is also evident in household balance sheets. Average checking and savings account balances increased by 2.7% year-over-year in March, indicating that households are not simply dipping into savings to sustain spending. Higher fuel costs have not yet materially strained household liquidity, which has steadily improved since the beginning of 2025.

Figure 3: YoY growth rate of average consumer checking and savings balances

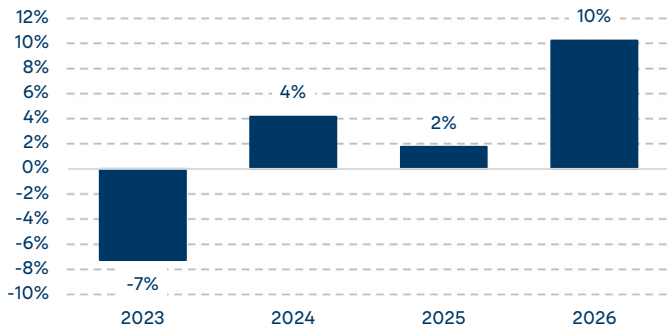


Source: PNC internal data

A key offset is coming from stronger cash inflows tied to the One Big Beautiful Bill Act (OBBBA). The fiscal impulse from OBBBA is more than offsetting the drag from higher gasoline prices thus far. Average tax refunds are running about 10% higher than last year in internal PNC data, helping to cushion the impact of higher fuel costs.



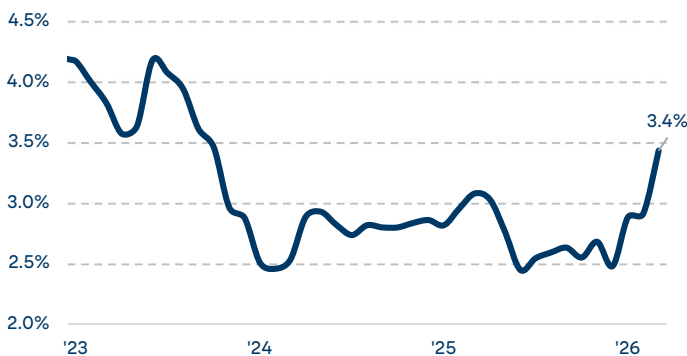
Figure 4: YoY percentage change in average tax refunds through March



Source: PNC internal data

Additionally, weekly direct deposit amounts have increased since the start of the year, reflecting lower withholding taxes and larger bonus payments. Together, these income tailwinds are helping households absorb the oil price shock – at least for now. To date, average tax refunds are coming in \$219 higher than last year, and weekly take-home pay has increased by \$65. That is more than offsetting any drag on spending from higher gas prices.

Figure 5: YoY growth rate of average weekly payroll income



Source: PNC internal data

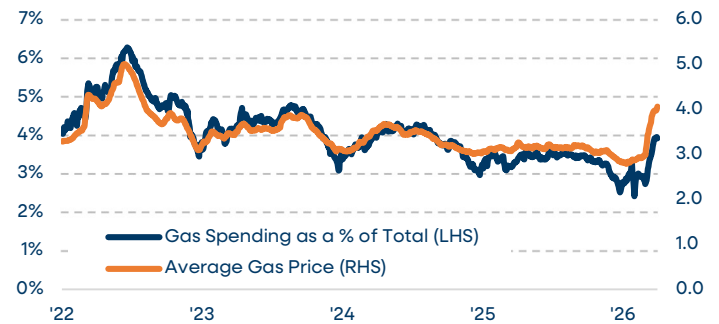
Note: Computed as a year-over-year percentage change in the three-month moving average of the seasonally-adjusted level of average values.

What We Learned from the 2022 Gas Price Shock

The most recent parallel to today’s environment is the 2022 oil price shock. As oil prices surged in early-to-mid 2022, gasoline spending rose sharply and gasoline took a meaningfully larger share of total consumer outlays. Importantly, overall spending excluding gas

continued to grow during this period, indicating that higher fuel costs did not immediately derail consumer demand.

Figure 6: Gas spending as a share of total spending vs. average retail gas prices

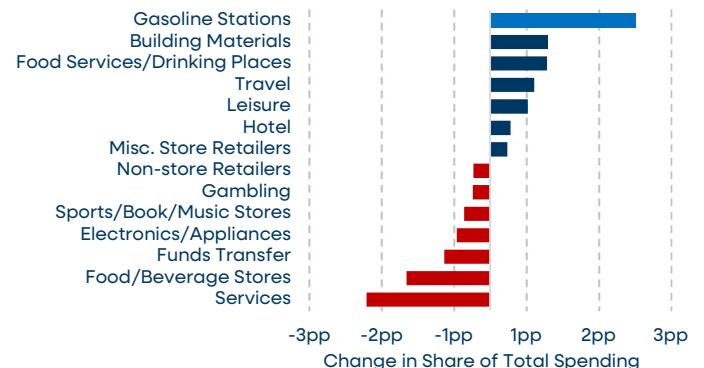


Sources: AAA, PNC internal data

Note: Gas/total seasonally adjusted for day-of-month effects and smoothed using a 7-day moving average.

Instead, the adjustment largely took the form of a rebalancing of spending shares. Gasoline’s rising share came primarily at the expense of services, food and beverage stores, funds transfers, and several goods-oriented categories. In many cases, these categories still grew in dollar terms, but more slowly than gasoline, resulting in share losses rather than outright declines. At the same time, as the country reopened following pandemic lockdowns, consumers were also eager to spend, helping several reopening-related categories – including travel, leisure, and food services – gain share.

Figure 7: Shifts in the shares of total spending between January 2022 and June 2022



Source: PNC internal data

As oil prices retreated later in 2022, gasoline spending and its share of total outlays fell back, with spending gradually rotating toward retail and, eventually, back

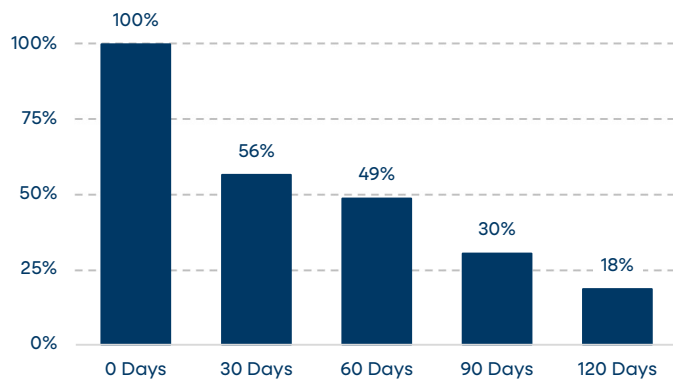


into services and discretionary categories by early 2023. Overall, the 2022 episode suggests that elevated gas prices initially reshuffled household budgets rather than triggering immediate spending cutbacks.

Looking Ahead: Why the Risk to Spending Is Higher Than in 2022

While it is encouraging that consumer spending has continued to hold up into April despite higher gas prices, this resilience may prove temporary if fuel costs continue to rise. Higher tax refunds are currently helping to cushion the blow, but these are one-time payments. PNC’s analysis of last year’s tax return data suggests that the majority of tax refunds are spent within two months of receipt.

Figure 8: Percent of tax refund remaining after X days from receipt



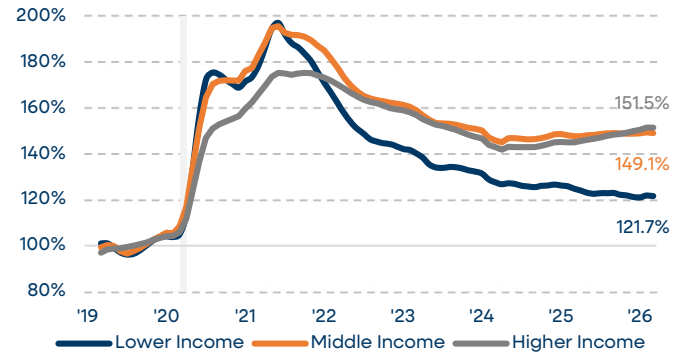
Source: PNC internal data

Critically, the economic backdrop today differs meaningfully from 2022. During the earlier gas price shock, households were still drawing on elevated excess savings accumulated during the pandemic. Internal PNC data show that average checking and savings account balances were roughly 75% above pre-pandemic norms at the start of 2022, compared with closer to 47% today. While that’s still a healthy buffer by historical standards, it’s still weaker than it has been, particularly for lower-income households.

In addition, trend spending growth, job growth, and income gains were stronger heading into the 2022 shock, providing households with a larger buffer to

absorb higher energy costs without adjusting spending behavior.

Figure 9: Median real deposit balances (% 2019 avg.)



Source: PNC internal data

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

As a result, while near-term spending resilience echoes the 2022 experience so far, the margin for error appears smaller today. Absent continued income support or a reversal in gas prices, the drag from higher fuel costs is more likely to translate into slower discretionary spending growth in the months ahead.

Job market softening continues at a slower pace

PNC internal data suggest that household job prospects are still deteriorating, but more gradually than before. In line with national trends, the share of households receiving unemployment benefits remains above its pre-pandemic baseline and continues to edge higher, though the pace of increase appears to have slowed. That would be a welcome development as households and the broader economy absorb the oil price shock.

The duration of unemployment benefit receipt also appears to be leveling out, though it remains elevated relative to pre-pandemic norms. With labor market churn still low and layoffs limited, slower hiring has softened conditions by lengthening job search times. Recent PNC internal data suggest that labor market deterioration may be moderating, though it is too early to say conditions are improving.



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

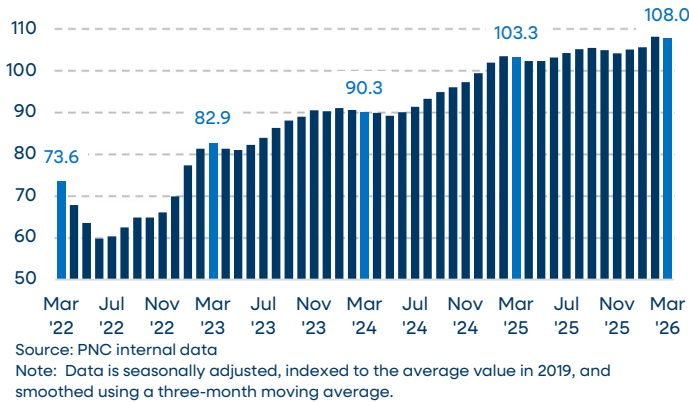
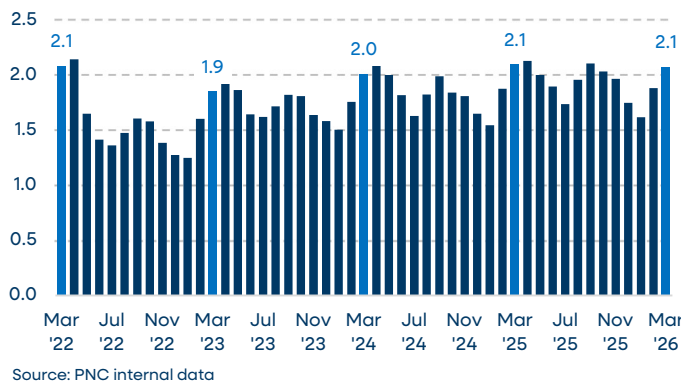


Figure 11: Average consecutive months of receiving unemployment payments



Gen AI subscriptions keep gaining steam

Gen AI is still working its way into more household budgets. Since these tools went mainstream in 2023, the share of PNC households paying for a Gen AI subscription has climbed sharply, reaching 2% by early 2026. Adoption appears to have received an added lift over the holidays as consumers used these tools to create and share content online, and that momentum has carried into 2026. Year-over-year growth has eased from its peak, but it remains exceptionally strong.

It is also becoming clearer that this is more than a curiosity-driven trend. Gen AI subscriptions are getting stickier, with households staying subscribed for longer than they were a year ago. That suggests many users are finding ongoing value in these services

rather than simply trying them out for a month or two. With household penetration still low, there is still plenty of room for Gen AI subscriptions to continue expanding.

Figure 12: Year-over-year growth in households with Gen AI subscriptions

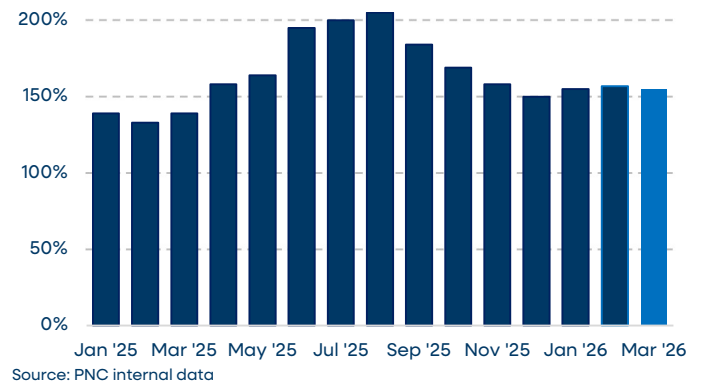


Figure 13: Share of households paying for Gen AI subscriptions

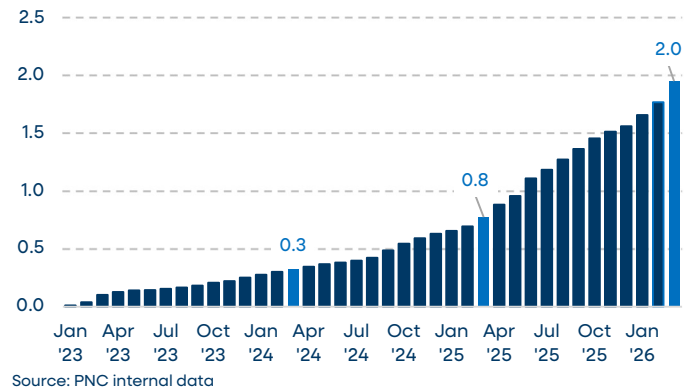
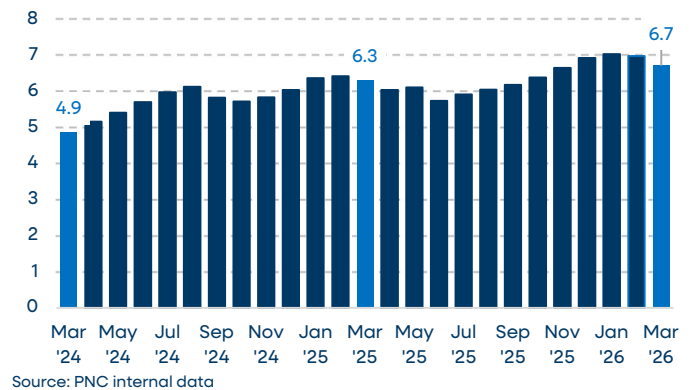


Figure 14: Average consecutive months paying for Gen AI subscriptions





Key Charts and Figures:

Table 2: Card spend by category, YoY percent change

Indicator	Jun '25	Jul '25	Aug '25	Sep '25	Oct '25	Nov '25	Dec '25	Jan '26	Feb '26	Mar '26
Key Aggregates										
Total Spending	2.3%	4.6%	4.6%	4.1%	5.2%	3.0%	2.8%	4.3%	5.1%	4.6%
Sector Level										
Food Services/Drinking Places	0.8%	3.8%	4.4%	1.0%	3.4%	1.0%	-0.4%	3.2%	3.5%	0.0%
Food/Beverage Stores	-1.9%	0.6%	2.3%	-1.4%	1.3%	0.2%	-0.4%	2.6%	0.1%	-1.2%
Gambling	24.2%	28.9%	32.1%	25.7%	23.9%	20.5%	18.0%	16.2%	12.3%	12.9%
Gasoline Stations	-7.8%	-7.1%	-5.5%	-1.6%	-3.2%	-1.6%	-3.8%	-6.3%	-3.5%	11.5%
Hotel	-3.2%	-1.4%	0.2%	-3.2%	0.5%	-0.5%	-2.6%	0.1%	2.1%	-0.5%
Leisure	-3.4%	-0.7%	0.6%	-0.9%	-0.2%	-1.5%	-3.4%	4.0%	4.8%	2.4%
Motor Vehicles and Parts Dealers	6.2%	9.0%	4.8%	7.9%	4.8%	1.8%	6.1%	4.5%	7.5%	5.9%
Retail – Building/Garden/Supplies	-2.0%	1.6%	1.8%	-2.0%	-4.7%	-3.3%	-5.4%	0.3%	-3.4%	-1.2%
Retail – Clothing/Accessories	-1.9%	2.1%	3.5%	-2.3%	0.9%	2.8%	-1.3%	1.7%	4.2%	0.4%
Retail – Electronics/Appliances	18.5%	18.5%	17.8%	13.9%	18.0%	12.3%	6.8%	10.9%	10.9%	8.6%
Retail – Furniture/Furnishings	-0.2%	0.4%	3.8%	-0.7%	2.2%	-0.8%	-2.4%	3.2%	3.8%	-0.7%
Retail – General Merchandise Stores	4.0%	8.3%	6.0%	2.0%	4.6%	3.1%	0.7%	3.0%	3.4%	2.5%
Retail – Health/Personal Care	-2.7%	-4.7%	-6.9%	-4.9%	-7.0%	-8.5%	-5.6%	-1.5%	1.1%	4.4%
Retail – Misc	3.8%	6.8%	3.6%	3.4%	6.9%	4.9%	1.7%	9.6%	38.7%	28.7%
Retail – Non-Store Retailers	-4.6%	-4.3%	-5.3%	-5.6%	-4.1%	-5.9%	-5.8%	-5.0%	-2.2%	-5.7%
Retail – Sports/Books/Hobbies	5.0%	5.3%	8.2%	11.4%	9.0%	15.3%	10.0%	7.8%	-18.5%	-14.3%
Services	5.6%	6.7%	4.8%	7.1%	6.4%	1.4%	4.9%	4.0%	6.1%	6.3%
Travel	-0.7%	2.0%	2.0%	2.4%	2.9%	-0.5%	1.8%	3.1%	7.4%	6.3%

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.



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, and tax refund trends are based on ACH and other electronic payment methods classified using proprietary methods.
- 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

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