# Consumer Health Check

## Sleighing it or skating on thin ice? A tale of two consumers.

- **Total credit and debit card spend rose 3.0% year-over-year (YoY) in November**, per PNC aggregated data – a slight deceleration from recent months but still near this year's peak. Since early 2025, **discretionary categories**, especially travel and entertainment, **have softened, offset by firmer nondiscretionary outlays** and emerging trends like online **gambling and digital goods**.

- **The strength in spending is uneven**: spending for **lower-income households has fallen below pre-pandemic averages** while higher-income spending remains comfortably above. **Inflation** and **slower income growth** continue to **disproportionately strain lower-income households.**

- **This divergence is also evident in household balance sheets**. While **aggregate balances remain healthy**, that strength is heavily concentrated among top earners. After adjusting for inflation, deposit balances for the **top third of households remain 54% above pre-pandemic levels**, compared with just **15% for the bottom third.**

- **Black Friday/Cyber Monday spending growth softened versus 2024** amid earlier promotions and longer digital deal windows. Higher-income households posted moderate gains, middle-income held roughly flat, and lower-income declined – **mirroring the K-shaped dynamic across total and holiday-specific items**

**Table 1**: Total Card Spending, Year-over-year (YoY) growth, 3M moving average

| Indicator | Apr '25 | May '25 | Jun '25 | Jul '25 | Aug '25 | Sep '25 | Oct '25 | Nov '25 |
|---|---|---|---|---|---|---|---|---|
| Total Card Spend | 0.7% | 1.8% | 2.0% | 2.4% | 2.9% | 3.5% | 3.6% | 3.0% |
| Lower Income Card Spend | -1.4% | -0.7% | -0.2% | 0.3% | 1.2% | 2.0% | 2.3% | 2.1% |
| Middle Income Card Spend | 1.6% | 2.6% | 2.8% | 3.1% | 3.7% | 4.3% | 4.5% | 3.9% |
| Upper Income Card Spend | 3.3% | 4.5% | 4.6% | 4.9% | 5.2% | 5.7% | 5.7% | 4.9% |

Source: PNC internal data; Lower/middle/upper income thresholds determined by income tertiles

## KEY FACTS

**Card spending** up 3.0% YoY in November

**Deposit balances increased by 1.0%**, driven by high-income households

Households receiving **unemployment increased modestly**

**Holiday spending** somewhat muted relative to last year

# Strong but unequal spending this holiday season

**Total card spending rose a robust 3.0% year-over-year in November**, according to PNC aggregated card data. While this marks a **slight deceleration** from prior months, it remains **near the high end of the past year's range**. The underlying spending mix remains similar: since early 2025 we've observed a **pullback in discretionary categories** – notably **travel and entertainment** – **more than offset** by firmer **nondiscretionary outlays and emerging spend** in areas such as **online gambling** and **digital goods.**

**Figure 1**: YoY percent change in card spend (3M moving average)
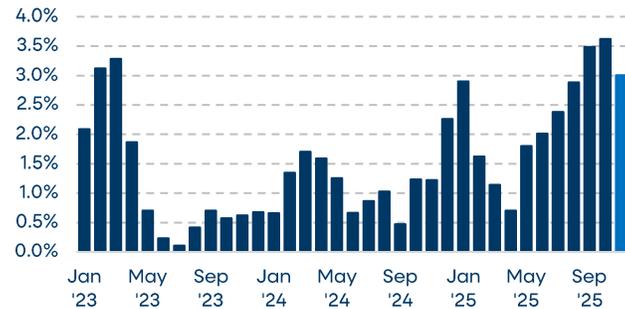


Sources: PNC internal data

This strength is not shared evenly across income tiers. **After adjusting for inflation, lower-income household spending has fallen below pre-pandemic levels**, while middle- and **upper-income households** continue to post **exceptionally strong growth**, a pattern that persisted into late-2025.

**Figure 2**: Aggregate card spend by income as a % of 2019 levels, adjusted for inflation
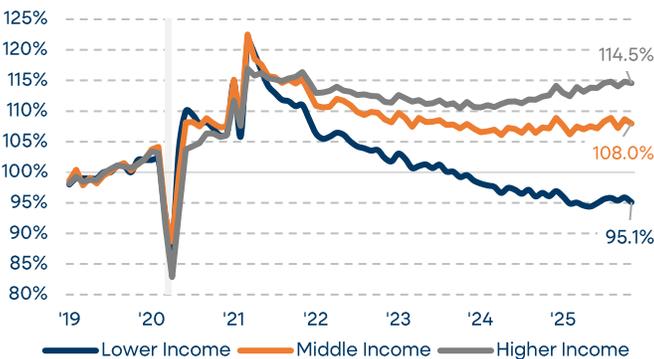


Sources: PNC internal data, seasonally adjusted by PNC, deflated using total CPI

Although lower-income spending growth has picked up in 2025, it remains significantly below spending growth of higher-income households and below the rate of inflation.

**Figure 3**: YoY percent change in aggregate card spend by income (3M moving average)
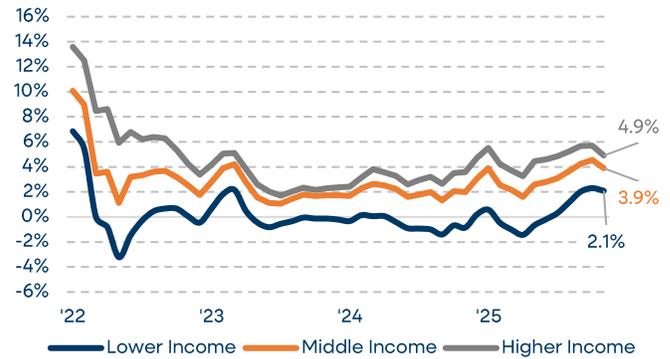


Sources: PNC internal data

**The share of aggregate card spending by higher-income households has steadily increased.** PNC internal data shows the top third of earners now account for 55% of total spending in late-2025. This trend highlights how overall spending growth is being driven more by affluent consumers.

**Figure 4**: Percent of aggregate card spending by top third of income earners
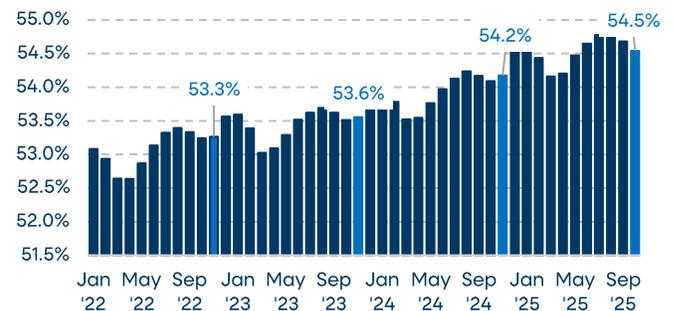


Sources: PNC internal data

# Black Friday & Cyber Monday: Muted growth and a split pattern

Relative to last year, **Black Friday and Cyber Monday growth** in PNC internal data was **softer**, reflecting **pull-forward** of shopping into early November and a consumer increasingly focused on **price comparisons** and **digital deals** spread over longer windows.

Crucially, we saw the **same K-shape** within the promotional week: **higher-income households posted moderate gains** versus 2024, **middle-income households were roughly flat**, and **lower-income households declined**.

This pattern was apparent both in *total* spending over the Black Friday and Cyber Monday stretch, as well as more specifically on holiday specific items, or items that typically see accelerated spending at this time of year.

**Figure 5**: Annual growth in spending on holiday items over the Black Friday/Cyber Monday Weekend



Sources: PNC internal data
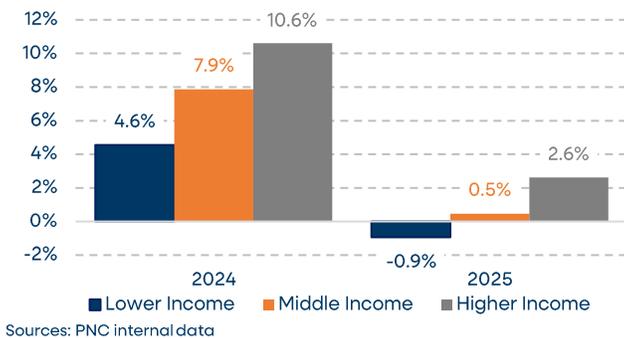
## Cash buffers dwindling for lower-income households, robust for others
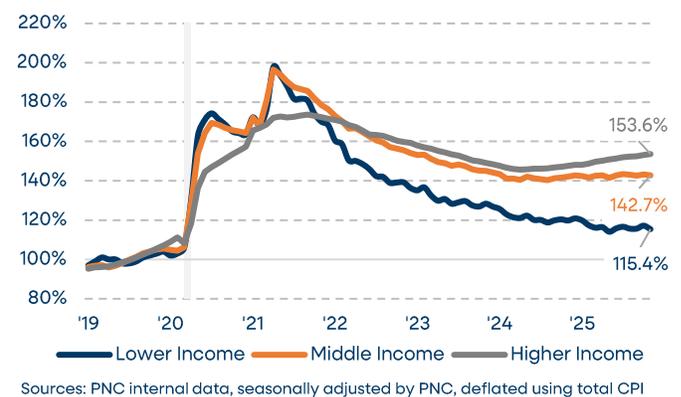
On the balance-sheet side, **median checking and savings balances** continue to **inch higher** for the overall cohort, extending a trend of modest recovery that began over the summer. **However, this headline conceals divergence**: **lower-income households' balances have drifted down**, reflecting tighter budgets, partial drawdowns for essential expenses, and limited capacity to rebuild savings amid persistently high inflation. By contrast, **middle- and higher-income households maintain ample buffers**, with balances still **well above pre-pandemic, inflation-adjusted levels**.

These **asymmetric buffers** help explain the **spending split**: households with more savings can **absorb shocks** (e.g., car repairs, healthcare co-pays) without cutting back sharply on spending; those with thinner cushions are **more selective**, diluting discretionary outlays and relying on **promotions** and **substitutions** to stay within fixed budgets.

**Figure 6**: YoY growth rate of average deposit balances



Sources: PNC internal data

**Figure 7**: Median inflation-adjusted checking and savings deposit balances as a % of 2019 levels



Sources: PNC internal data, seasonally adjusted by PNC, deflated using total CPI

## Unemployment payments gradually increasing

**Looking at PNC deposit data, we continue to see a steady – but gradual – rise in the number of households receiving unemployment payments.** While layoffs nationwide remain low from a historical context, the pace of hiring has slowed considerably, and individuals who become unemployed are finding it increasingly difficult to find new jobs. Although official statistics were paused during the government shutdown, **PNC's internal data indicated a modest improvement in unemployment payments**, which closely mirror national trends.

**Figure 8**: Households receiving unemployment payments (3M MA, 2019 Average = 100)
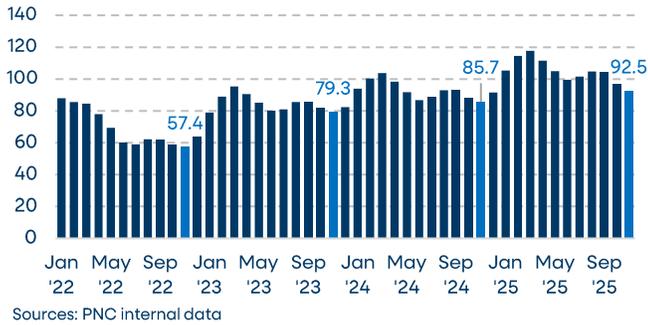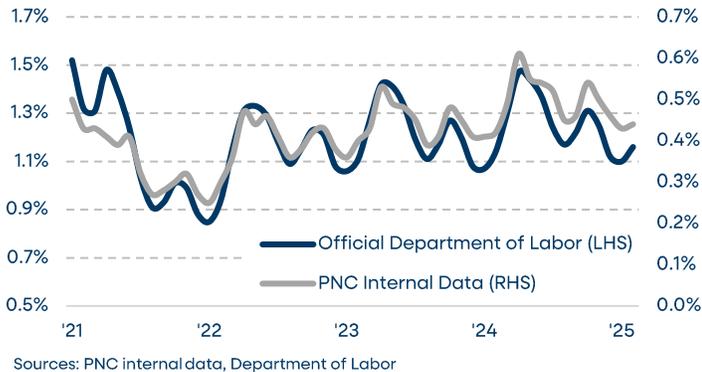


Sources: PNC internal data

**Figure 9**: Insured unemployment rate: PNC internal data vs. official Department of Labor data



Sources: PNC internal data, Department of Labor

**Individuals are also remaining unemployed for longer durations.** In November, the average household receiving unemployment payments in PNC deposit data had been receiving them for 2.0 months. This is up from a low of 1.4 months in 2022.

It is important to note that while unemployment payments are increasing, only a very small number of PNC customers receive unemployment payments.

**Figure 10**: Average consecutive months of receiving unemployment payments



Sources: PNC internal data

## After the shutdown: spending normalized among affected workers

October's **government shutdown** provided a vivid – and temporary – demonstration of how income interruptions translate into **immediate spending restraint**. Our October report showed **impacted federal workers cut spending by roughly 2.6%** YoY, while non-impacted peers increased spending by about 7%, highlighting the **uneven strain** within the public-sector labor force.

**Figure 11**: YoY Spending Growth of Federal Workers



Sources: PNC internal data
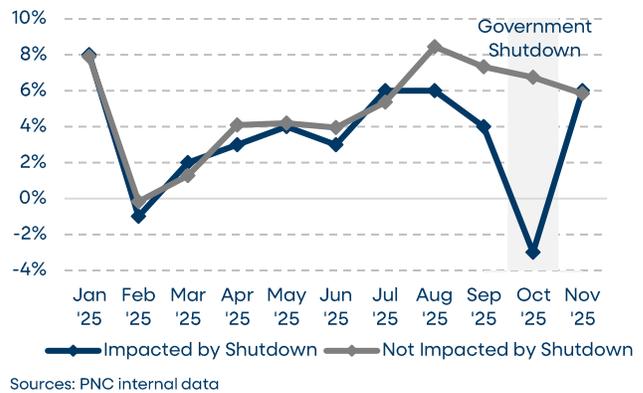
During the government shutdown, impacted federal employees tapped credit cards to smooth consumption. After the shutdown ended and these workers received a one-time payment for backpay, they aggressively paid down elevated balances.

**Figure 12**: Ratio of credit card payments by federal employees impacted and not impacted by shutdown



Sources: PNC internal data
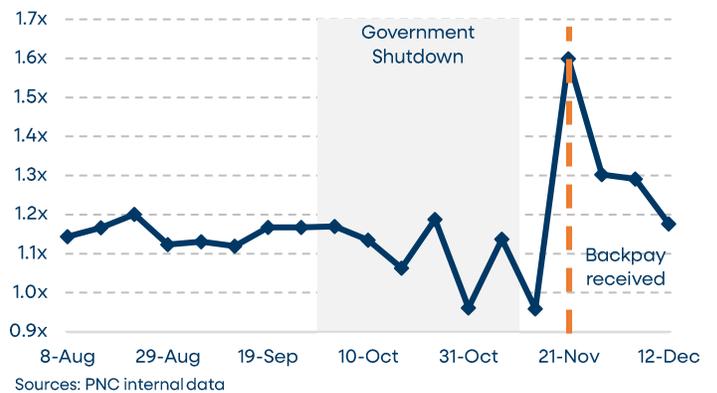
# Key Charts and Figures:

**Table 2**: Card Spend by Category, YoY % Change

| Indicator | Feb '25 | Mar '25 | Apr '25 | May '25 | Jun '25 | Jul '25 | Aug '25 | Sep '25 | Oct '25 | Nov '25 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Key Aggregates** | | | | | | | | | | |
| Total Spending | -0.1% | 2.0% | 3.5% | 3.2% | 2.2% | 4.5% | 4.1% | 3.7% | 4.7% | 2.0% |
| Total Spending ex. Gas | 0.5% | 2.8% | 4.4% | 4.2% | 2.9% | 5.4% | 4.8% | 4.0% | 5.3% | 2.3% |
| **Sector Level** | | | | | | | | | | |
| Auto | -3.1% | 5.7% | 4.8% | 1.7% | 3.8% | 7.6% | 2.9% | 6.5% | 2.3% | 0.1% |
| Digital Goods | 19.9% | 26.8% | 29.9% | 29.8% | 28.1% | 27.0% | 26.8% | 20.4% | 23.2% | 19.7% |
| Education/Govt | -0.1% | 4.9% | 2.6% | 1.4% | 3.8% | 3.0% | -0.5% | 3.7% | 2.8% | -0.4% |
| Entertainment | -4.2% | -4.9% | 2.1% | 0.4% | -5.3% | -3.3% | -2.2% | -3.3% | -2.9% | -4.2% |
| Food/Drinks | -3.5% | -2.4% | 2.3% | 1.8% | -0.9% | 1.7% | 2.6% | -1.0% | 1.4% | -0.6% |
| Fuel | -7.9% | -9.7% | -8.6% | -10.0% | -7.9% | -7.2% | -5.9% | -1.8% | -3.6% | -2.6% |
| Funds Transfer | 11.9% | 9.0% | 11.8% | 14.4% | 10.6% | 16.3% | 14.2% | 15.4% | 19.3% | 9.0% |
| Gambling | 31.0% | 22.7% | 27.3% | 31.5% | 26.6% | 30.4% | 32.0% | 25.0% | 23.5% | 19.8% |
| Healthcare | 0.7% | 8.8% | 7.3% | 3.6% | 8.4% | 7.2% | 2.4% | 9.4% | 4.8% | 1.1% |
| Other | -35.2% | -26.5% | -74.4% | -1.8% | 7.0% | 19.7% | 28.6% | 37.0% | 111.0% | 73.6% |
| Retail – Building/Garden/Supplies | -7.3% | 2.1% | -1.2% | -2.1% | -1.1% | 1.9% | 0.8% | -0.5% | -2.1% | -2.9% |
| Retail – Clothing/Accessories | -5.8% | -2.1% | 1.2% | -1.6% | -1.7% | 2.6% | 2.2% | -1.6% | 1.2% | 1.2% |
| Retail – Electronics | -1.4% | 4.6% | 6.3% | 3.4% | 6.6% | 7.7% | 5.9% | 2.1% | 1.8% | -15.0% |
| Retail – General | 4.4% | 6.9% | 10.2% | 6.9% | 4.8% | 9.0% | 5.4% | 2.4% | 5.2% | 3.4% |
| Retail – Health/Care | -1.9% | -1.4% | 2.0% | -0.1% | -1.4% | -0.9% | -1.9% | -1.9% | -2.8% | -4.0% |
| Retail – Sports/Books/Hobbies | -4.6% | -1.6% | 2.5% | 2.0% | 3.9% | 4.7% | 7.0% | 9.9% | 8.4% | 12.6% |
| Services – Business | -0.3% | 4.0% | 2.7% | 1.9% | 3.6% | 0.8% | -7.5% | -4.8% | -6.9% | -11.4% |
| Services – Professional Svcs. | 6.4% | 7.2% | 7.2% | 9.0% | 8.2% | 9.7% | 10.2% | 9.5% | 15.8% | 6.5% |
| Services – Retail | -3.8% | -0.5% | 2.1% | 0.3% | 0.3% | 4.4% | 1.6% | 4.6% | 4.3% | 1.3% |
| Travel | -4.5% | -0.5% | -0.8% | -1.2% | -1.9% | 0.3% | 1.0% | -0.1% | 1.2% | -1.6% |
| Utilities/Telecom/Insurance/Cable | 3.5% | 7.5% | 5.6% | 5.0% | 2.7% | 4.1% | 3.0% | 4.3% | 3.3% | -0.2% |

*Table shows growth in total spending per category, not per household spending*
*Source: PNC Internal data*

## 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 cohort of Retail customers with at least 1 transaction each month. Spending is categorized using standard Merchant Category Codes (MCC) defined by financial services companies.  Spending data may also be grouped using other proprietary methods.
- 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 and unemployment trends are based on ACH and other electronic payment methods classified using proprietary methods.
- Government workers are identified via recurring ACH direct deposit activity.
- Lower-, middle-, and higher-income views of spending and balance trends are based on estimated household income.  These estimates are based on the most recent 12 months of credit transactions into consumer deposit accounts. The household are divided into terciles.  The bottom third are classified as "lower income"; the middle tercile as "middle income"; and the top third as "higher income". These terciles are updated periodically.
- Holiday items are merchant categories that typically have 20% or more of their total annual spend during November and December.

## 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.

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