

Consumer Health Check: February 2026

Spending shakes off the cold, enters 2026 on firm footing

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Summary

- **Consumer spending started the year with momentum.** Aggregate card spend rose 2.2% year-over-year in January – slower than last summer’s pace but partly weighted down by disruptions from **Winter Storm Fern**
- **But the consumer is increasingly split, and spending is “K-shaped.”** Higher-income households are driving an increasing share of spending, while inflation-adjusted spending by lower-income households has now slipped below pre-pandemic levels.
- **Generative AI has quickly become a new spending category.** Consumer outlays on AI subscriptions have jumped **150%** from last January, with adoption rates more than **doubling** across all generational cohorts
- **The K-Shaped consumer story is also apparent in household balance sheets.** Inflation-adjusted checking and savings balances for higher-income households remain 54% above pre-pandemic levels and are rising, while lower-income balances have largely reverted to pre-pandemic norms.
- **Income growth rebounded in January, but labor-market softening persists.** Direct deposit income growth picked up to 3.4% in January, but we’re still seeing a slow, gradual trend upward in unemployment payments.

Key Facts



Card spending up 2.2% YoY in January...



... despite disruptions from **Winter Storm Fern**



Spending on **Gen AI subscriptions up 150% YoY**

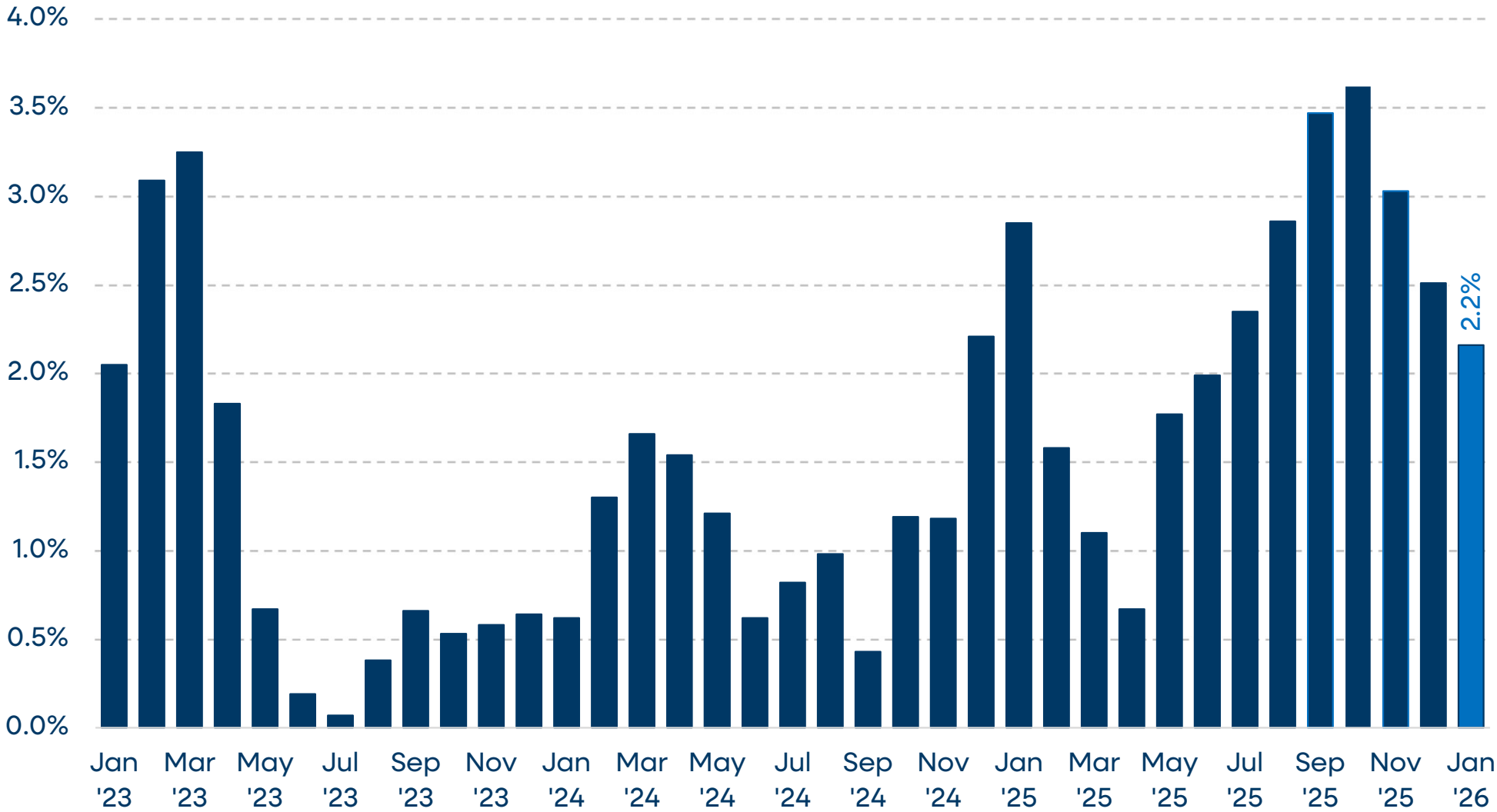


Average consumer checking and savings balances increased by 1.3% YoY

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Total card spending down from summer peaks but still strong...

Figure 1: YoY percent change in aggregate card spend (3M MA)

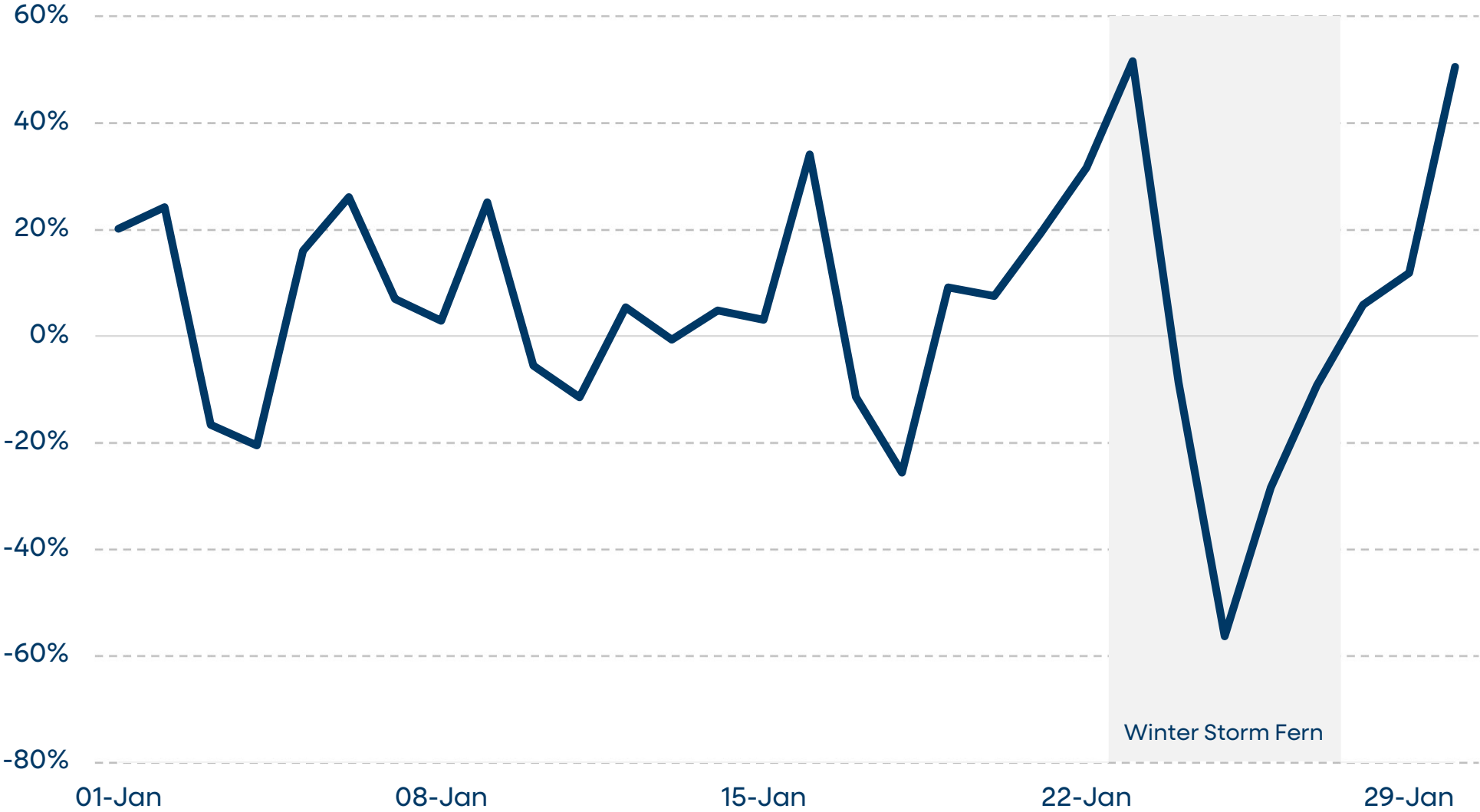


Source: PNC internal data; 3-month moving average (3M MA)

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... despite disruptions from Winter Storm Fern

Figure 2: YoY percent change in daily spending in January 2026

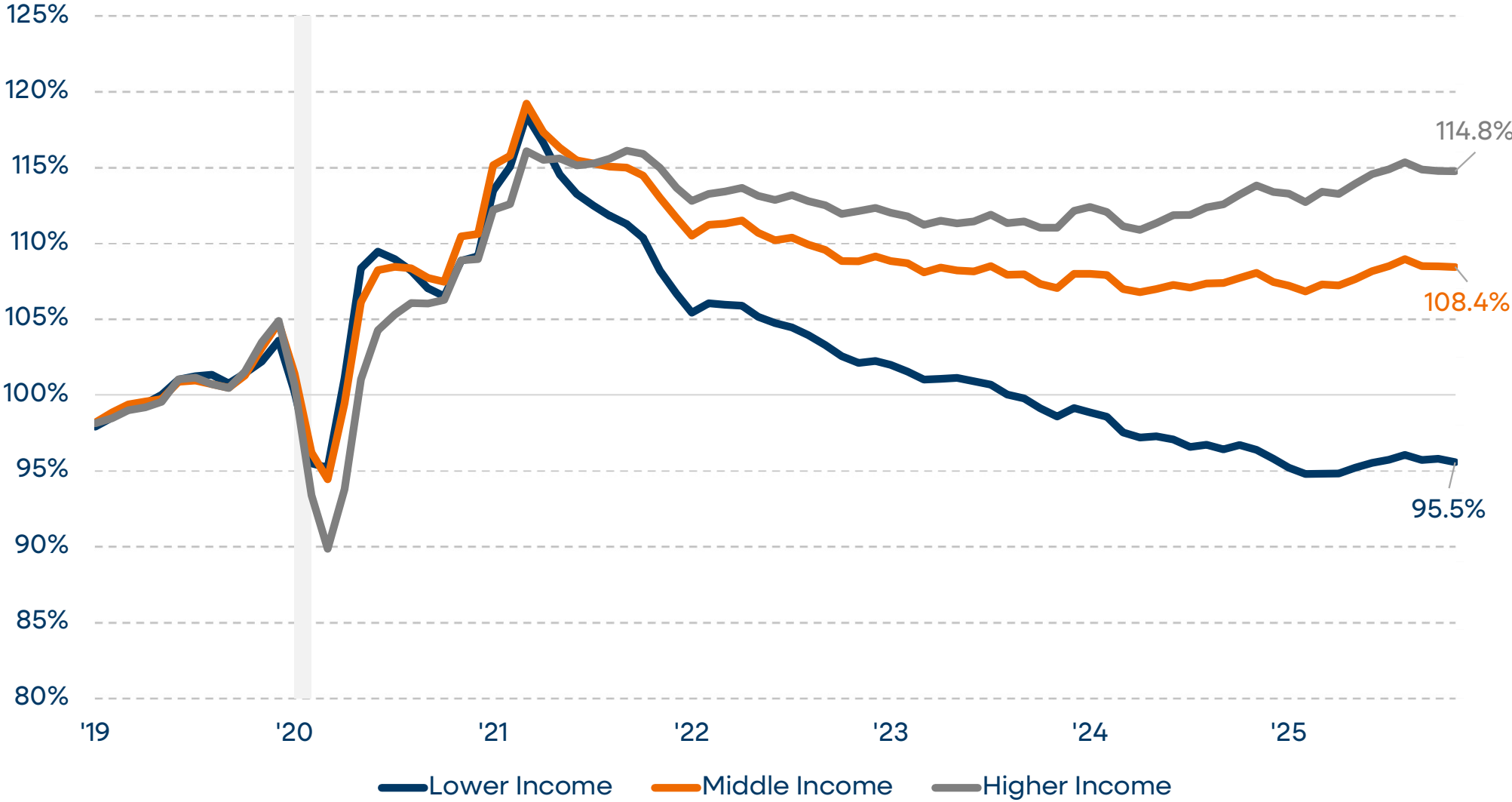


Source: PNC internal data

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Adjusted for inflation, lower-income spending below pre-pandemic levels

Figure 3: Real aggregate card spend by income as a percentage of 2019 levels (3M MA)

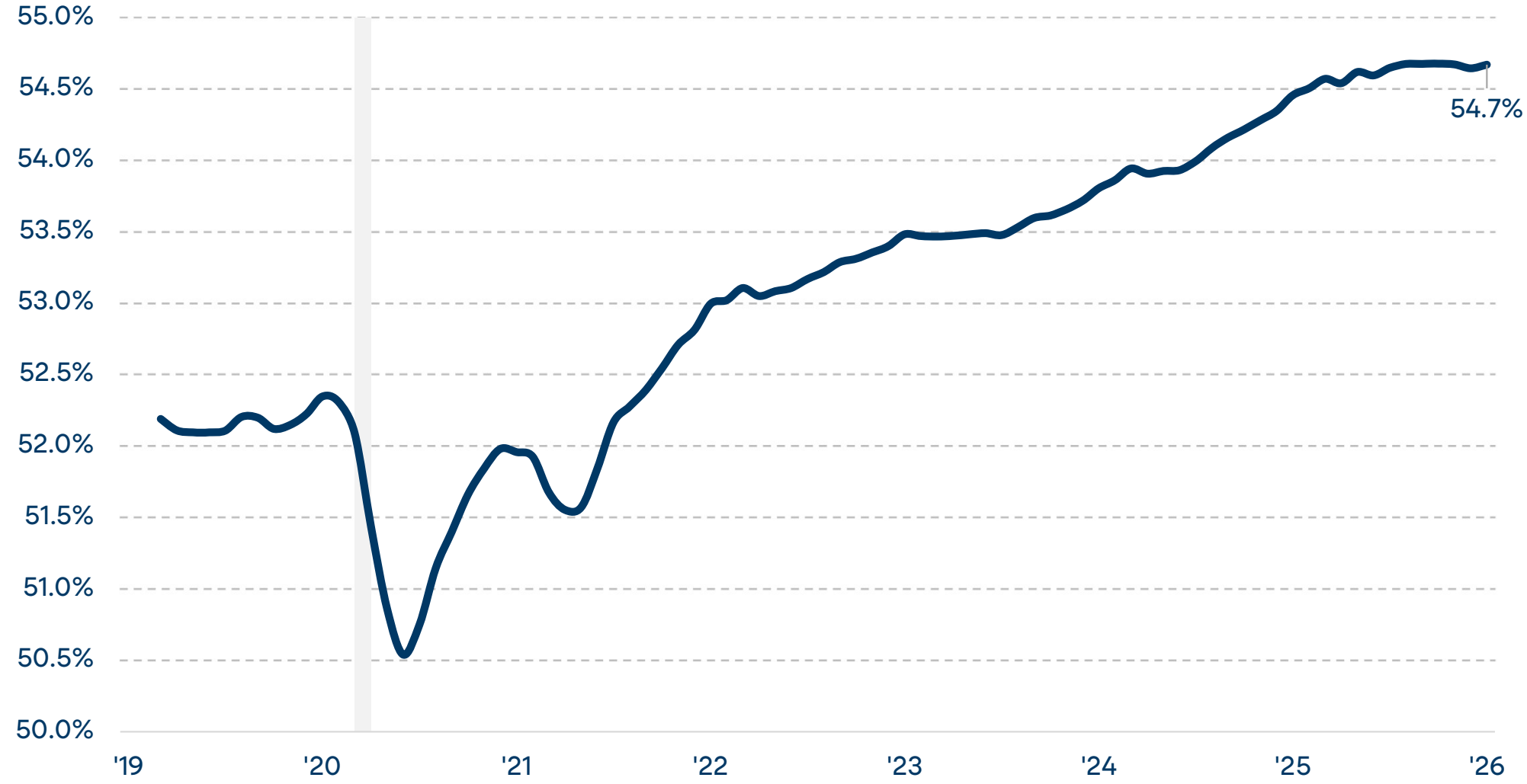


Source: PNC internal data; seasonally adjusted (SA) by PNC; deflated using total consumer price index, 3-month moving average (3M MA)

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Top third of earners responsible for over half of spending

Figure 4: Percent of real aggregate card spending by top third of income earners (3M MA)

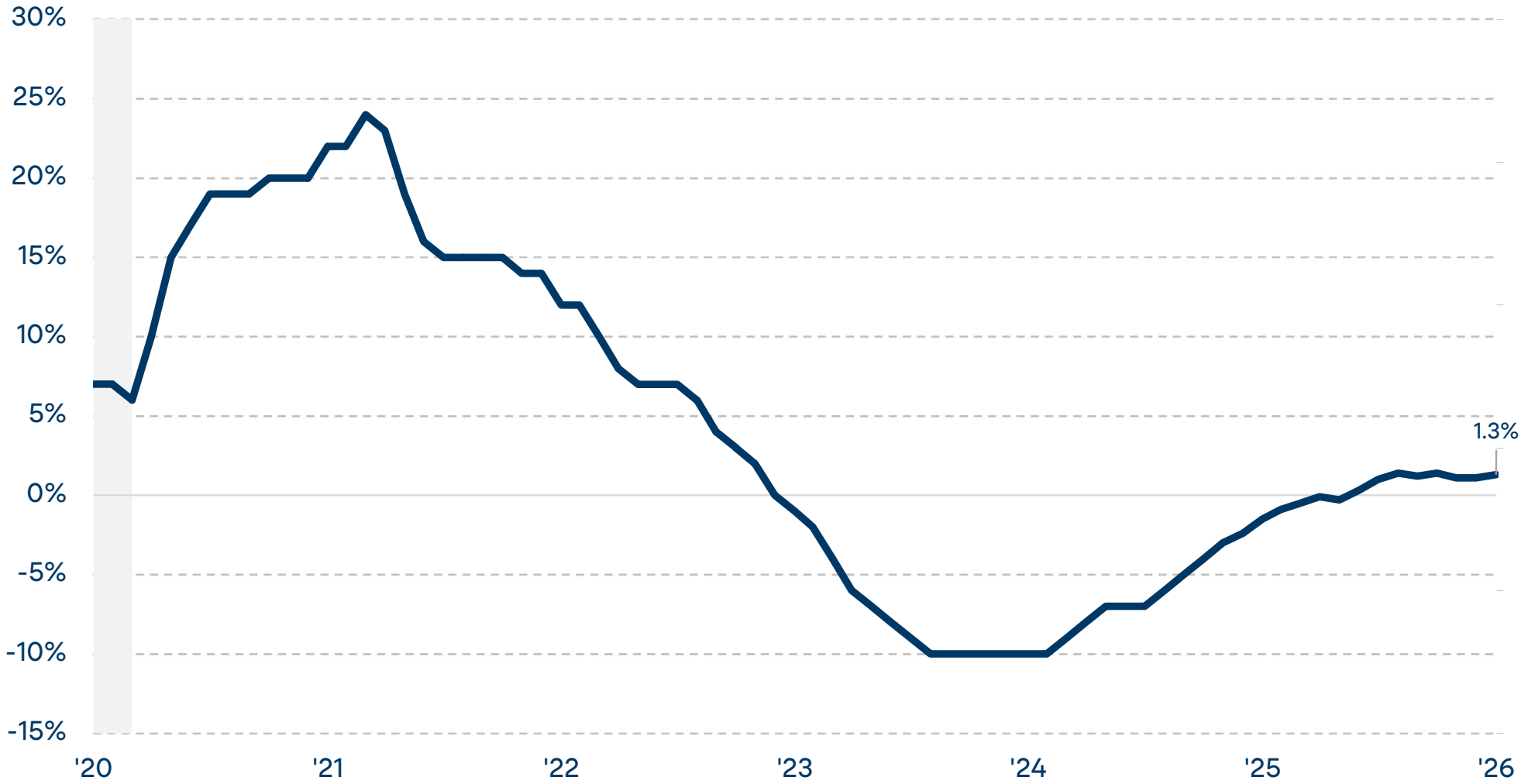


Source: PNC internal data; seasonally adjusted (SA) by PNC; deflated using total consumer price index, 3-month moving average (3M MA)

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Total checking and saving account balances still increasing modestly...

Figure 5: YoY growth rate of average consumer check and savings balances

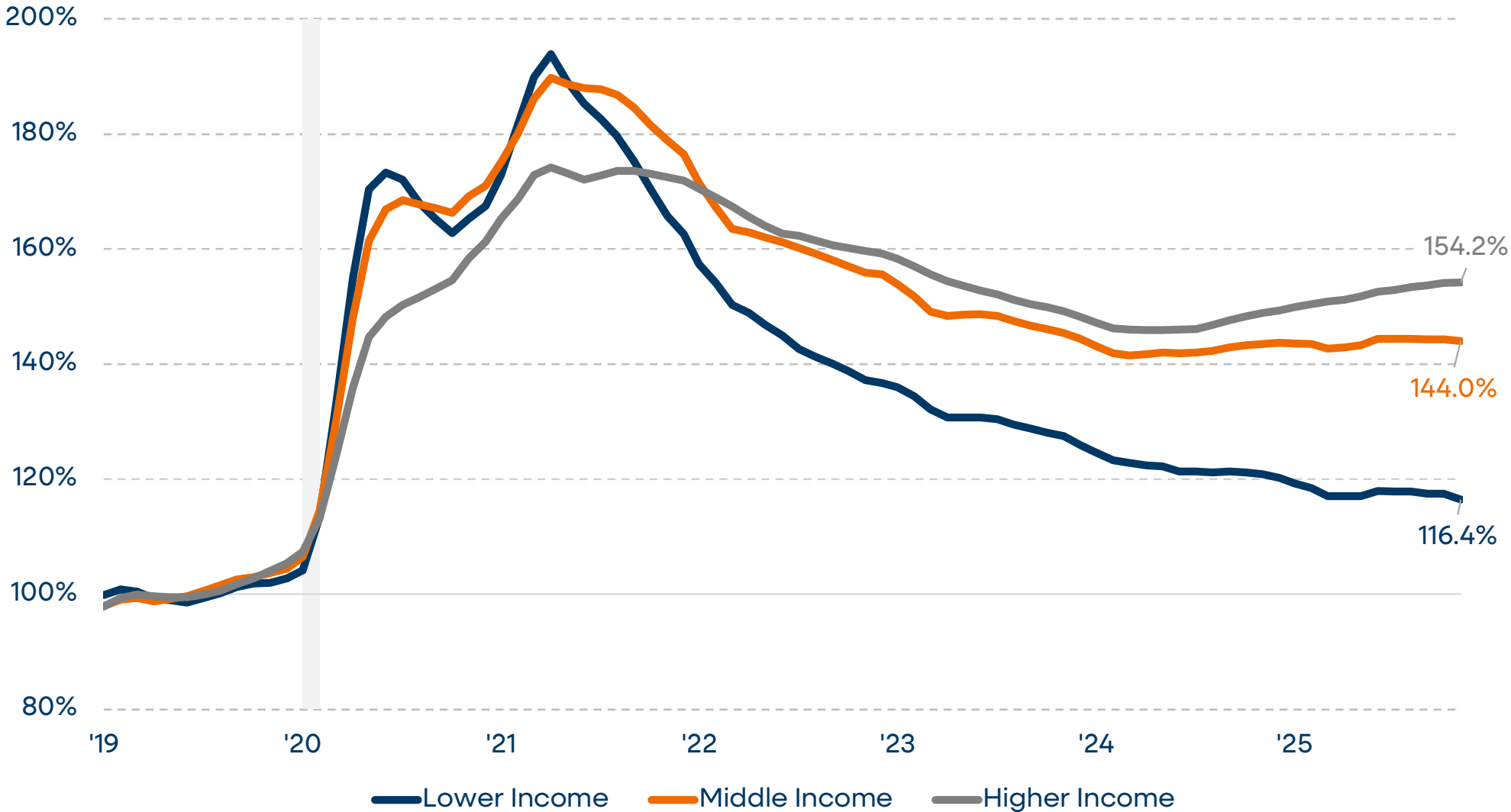


Sources: PNC internal data

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... however this is driven mostly from higher- and upper-income households

Figure 6: Median inflation-adjusted checking and savings deposit balances as a percentage of 2019 levels (3M MA)

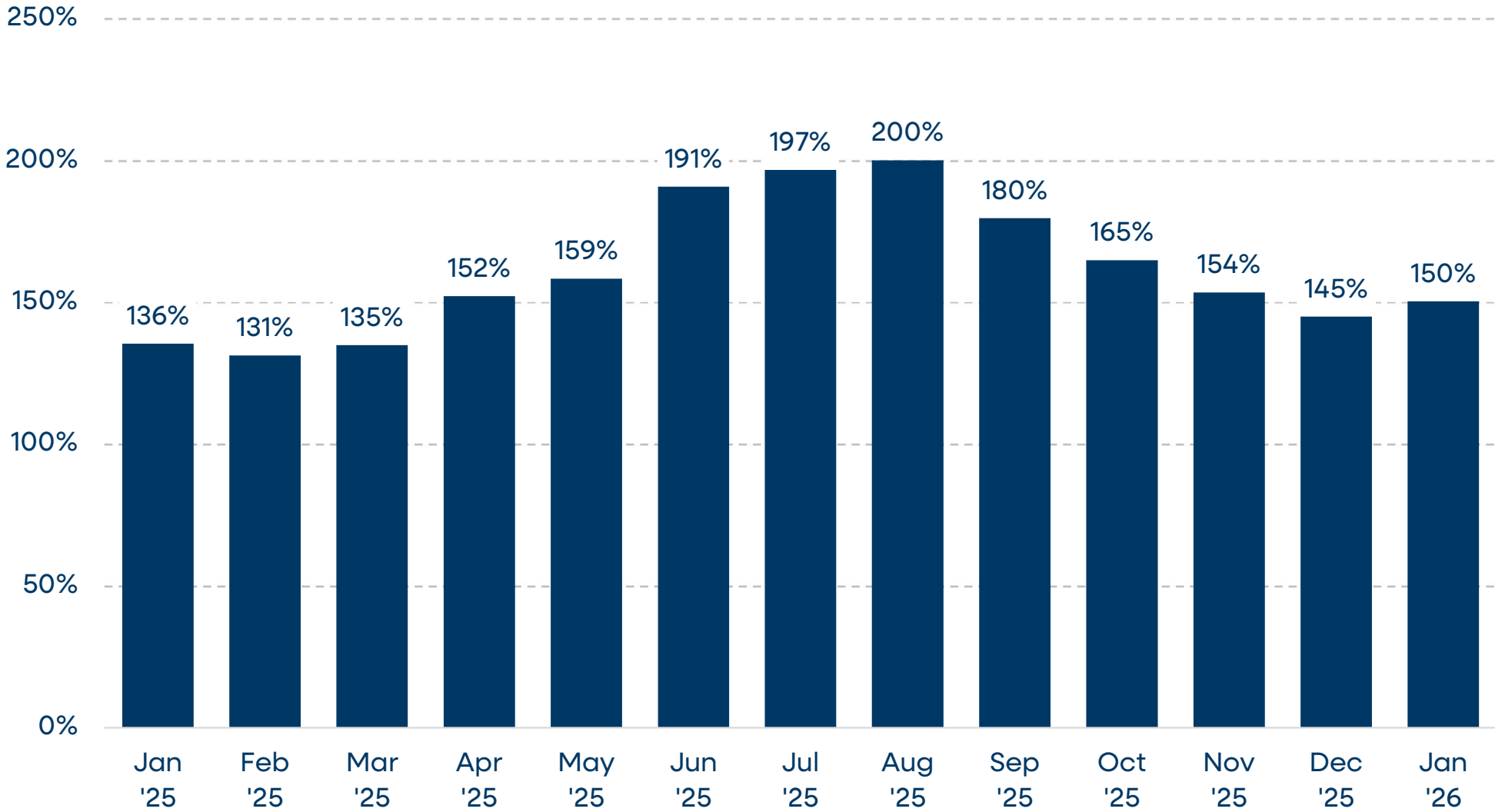


Source: PNC internal data; seasonally adjusted (SA) by PNC; deflated using total consumer price index, 3-month moving average (3M MA)

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Spending on generative AI (Gen AI) subscriptions is surging...

Figure 7: YoY percent change in household spending on Gen AI subscriptions

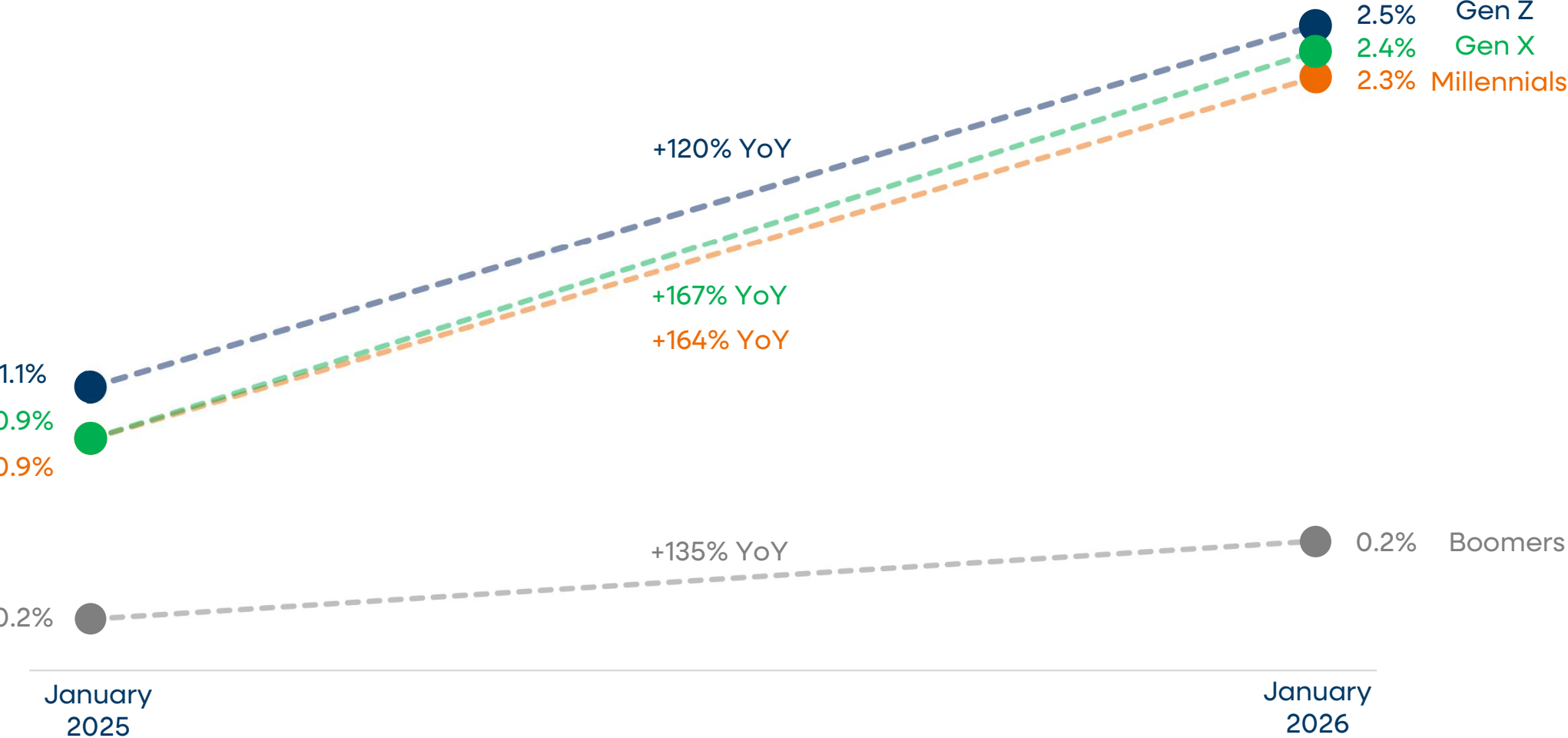


Sources: PNC internal data

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... and broadening across generational cohorts ...

Figure 8: % of Households with Gen AI subscriptions

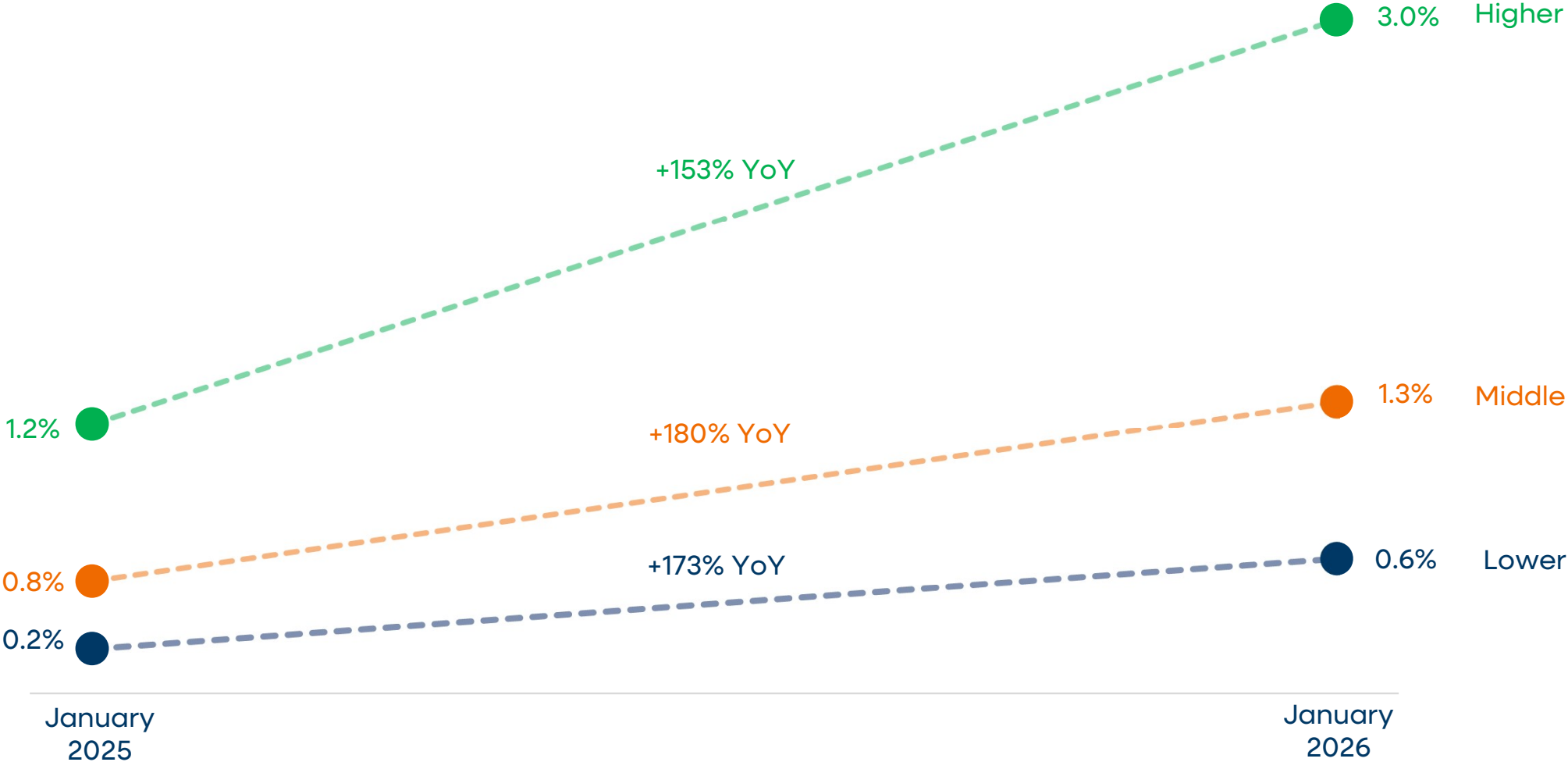


Source: PNC internal data; YoY growth rates show the % change in the % of households with Gen AI subscriptions versus one year earlier

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... but mostly concentrated in higher-income households

Figure 9: % of Households with Gen AI subscriptions

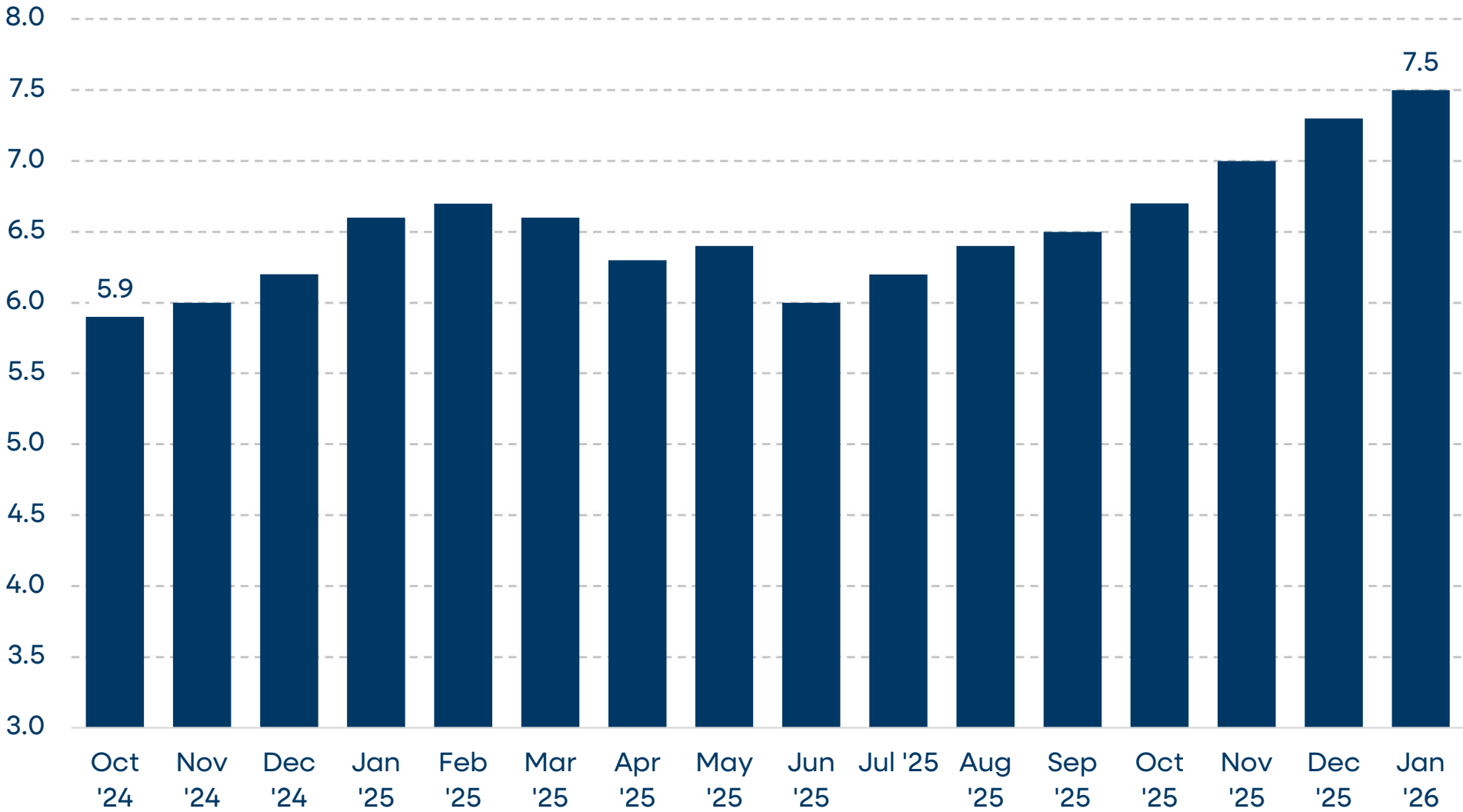


Source: PNC internal data; YoY growth rates show the % change in the % of households with Gen AI subscriptions versus one year earlier

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Not just a fad, Gen AI users are holding on to their subscriptions for longer

Figure 10: Consecutive months of monthly Gen AI subscriptions

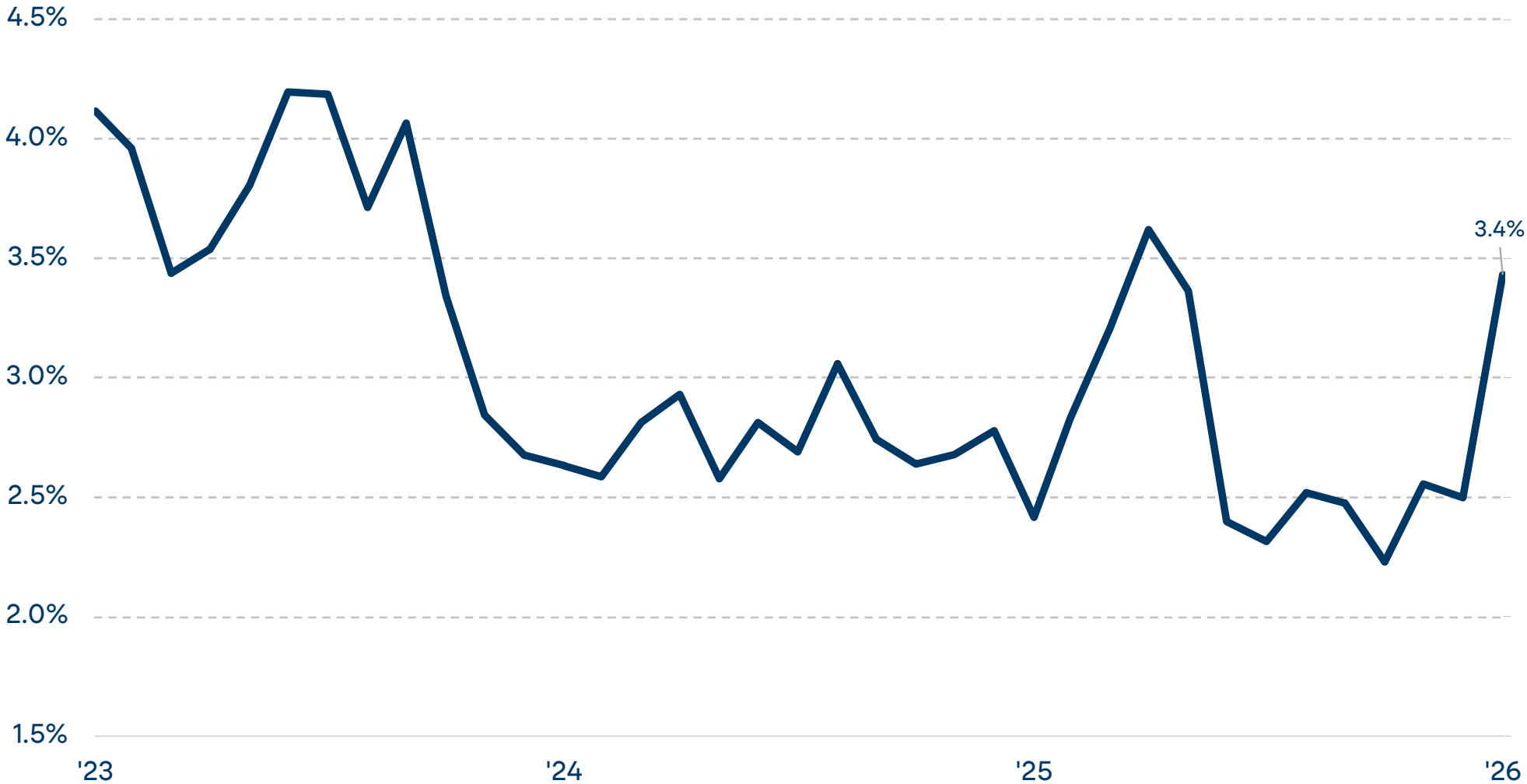


Source: PNC internal data

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Income growth appears to have rebounded to start 2026

Figure 11: Average weekly payroll income growth (YoY, 3MMA, SA)

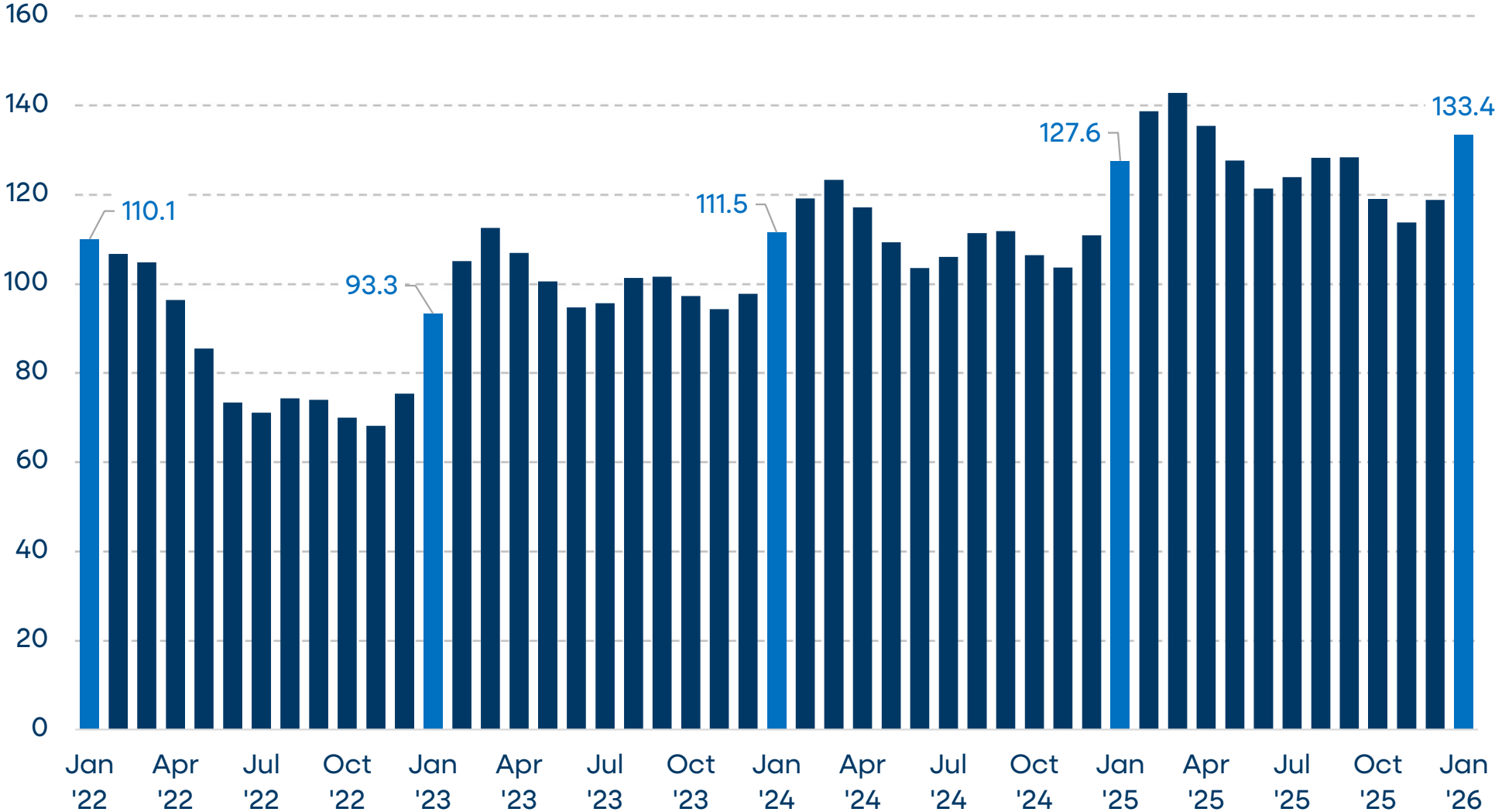


Source: PNC internal data; seasonally adjusted (SA) by PNC; 3-month moving average (3M MA)

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Steady rise in the number of households receiving unemployment...

Figure 12: Households receiving unemployment payments as an index of 2019 levels (3M MA)



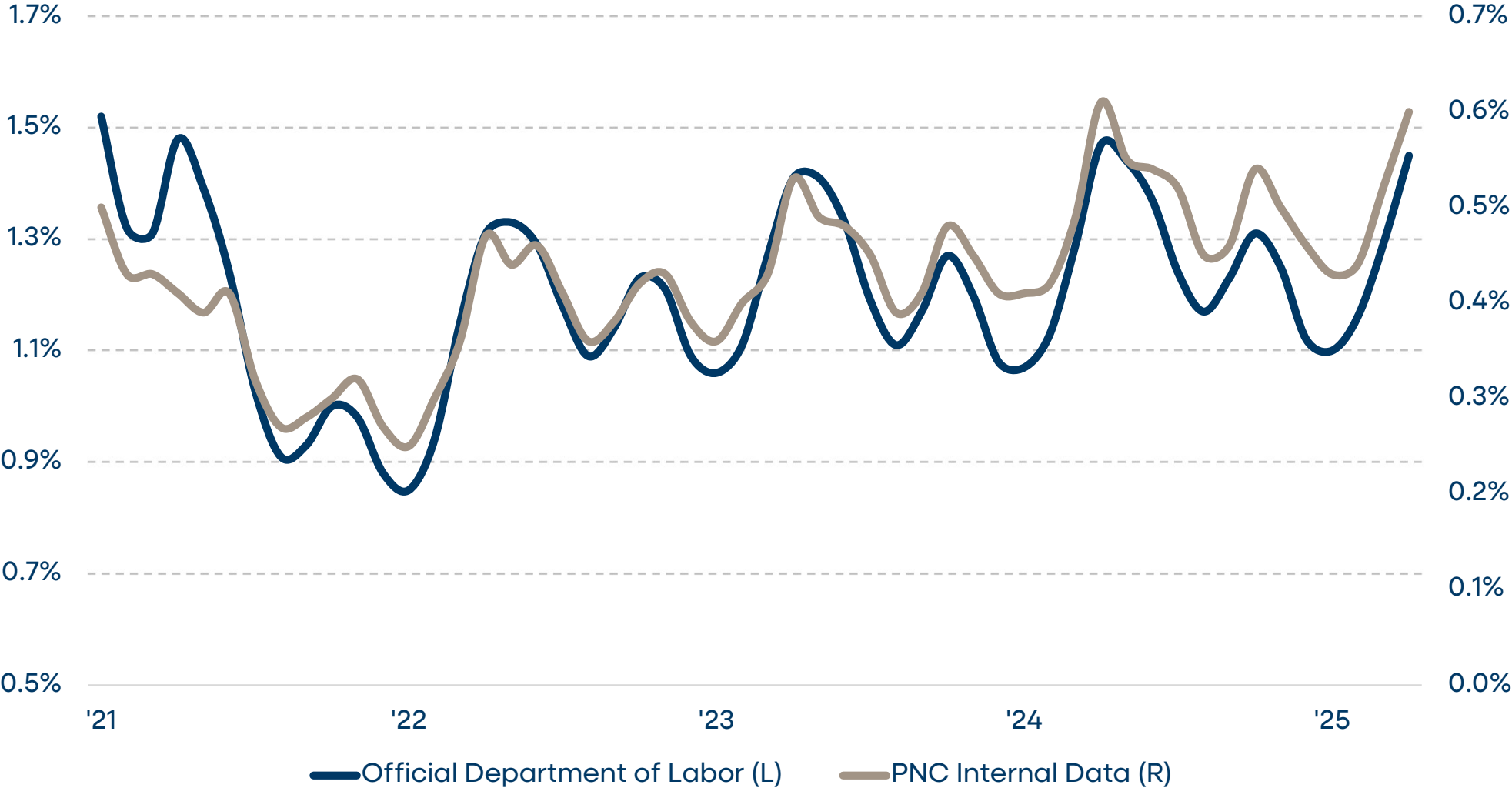
Source: PNC internal data



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... tracking overall trends at the national level

Figure 13: Insured unemployment rate: PNC Internal data vs. official Department of Labor data

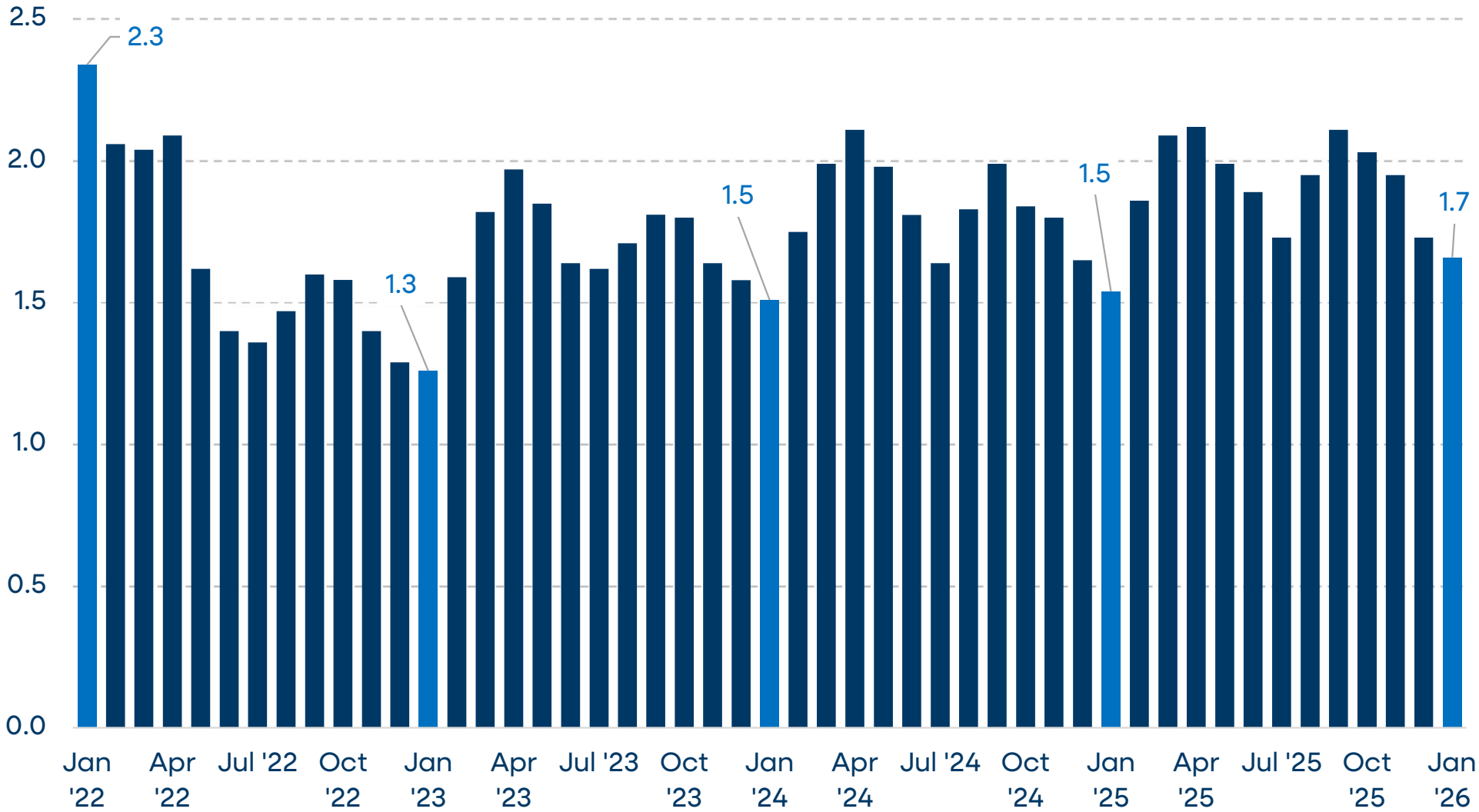


Source: PNC internal data, Department of Labor

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People are remaining unemployed for longer periods of time

Figure 14: Average consecutive months of receiving unemployment payments



Source: PNC internal data

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Disclaimers and Methodology

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.*
- 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.*
- 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 households 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.*

Disclosures

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