



Consumer Health Check

Spending shakes off the cold, enters 2026 on firm footing

- **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 **Generative AI** subscriptions up 150% YoY



Average **consumer checking and savings balances** increased by 1.3% YoY

Table 1: Total card spending, year-over-year (YoY) growth, 3M moving average

Indicator	Jun '25	Jul '25	Aug '25	Sep '25	Oct '25	Nov '25	Dec '25	Jan '26
Total Card Spend	2.0%	2.4%	2.9%	3.5%	3.6%	3.0%	2.5%	2.2%
Lower Income Card Spend	-0.2%	0.3%	1.2%	2.0%	2.3%	2.1%	1.8%	1.8%
Middle Income Card Spend	2.8%	3.1%	3.6%	4.2%	4.5%	3.9%	3.4%	3.0%
Higher Income Card Spend	4.6%	4.9%	5.2%	5.7%	5.7%	4.9%	4.1%	3.5%

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



Consumer spending growth remains strong in 2026 but down from peaks

PNC aggregated card data show total spending up **2.2% YoY on a 3-month moving average** in January. Growth has cooled from the strongest readings in 2025, but it remains **above the pace seen in 2023–24**, consistent with consumption continuing to provide meaningful support to overall growth. On a **monthly YoY basis**, spending rose **3.1%** in January, following two softer months.

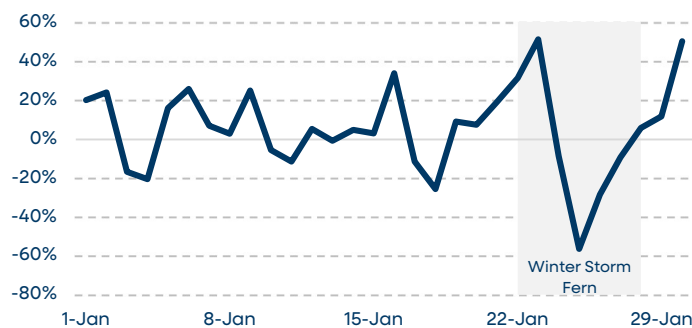
Figure 1: YoY percent change in card spend (3M MA)



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

Weather likely added volatility and **held down late-month spending**: households pulled purchases forward ahead of **Winter Storm Fern** (especially food and grocery), but activity softened during the storm amid closures and travel constraints before normalizing as conditions improved – suggesting **January spending would likely have been higher without Fern**.

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

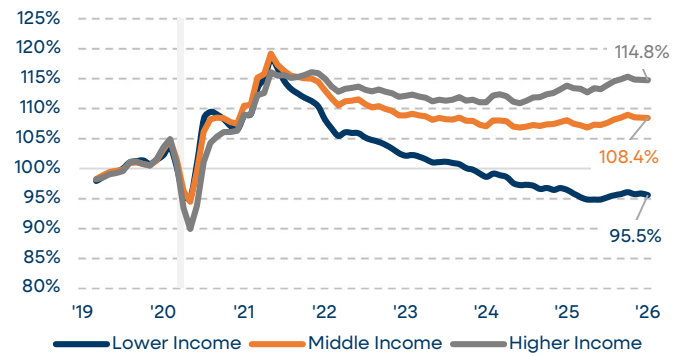


Source: PNC internal data

K-shaped spending pattern clear across consumers

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

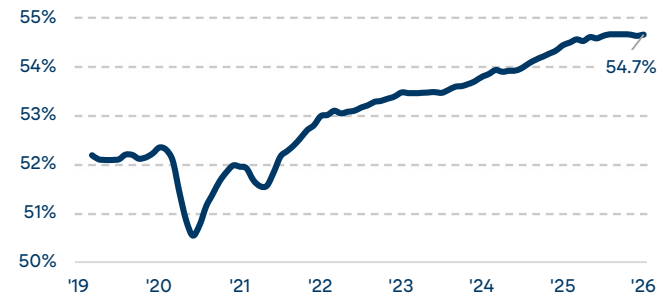
Figure 3: Real aggregate card spend by income as a percentage of 2019 levels (3M MA)



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

Consistent with that split, the **top third of earners now account for 55% of total card spending**, and their share has **steadily increased** over time – highlighting that aggregate spending growth is being driven disproportionately by more affluent consumers.

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



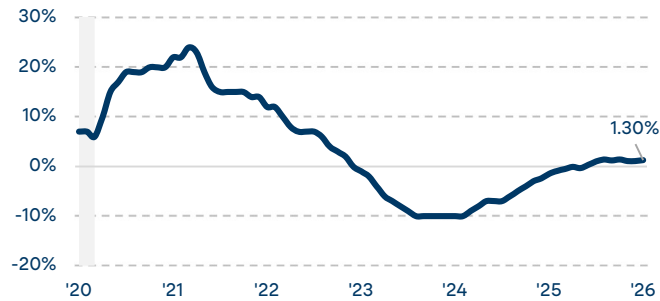
Source: PNC internal data; seasonally adjusted (SA) by PNC; deflated using total consumer price index, 3-month moving average (3M MA)

On the balance-sheet side, average checking and savings balances have continued to inch higher for the overall sample, extending the modest recovery that began over the summer. However, that average is being lifted by stronger outcomes among



higher-income households: **median balances have declined about 1% YoY over the past two months**, underscoring that the typical household has not seen the same improvement.

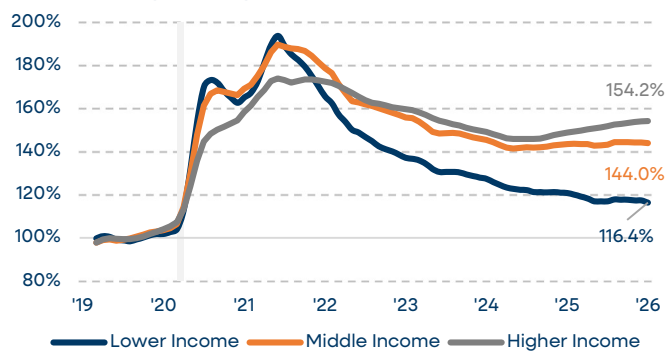
Figure 5: YoY growth rate of average consumer checking and savings balances



Source: PNC internal data

This divergence is clearer across terciles. **Lower-income balances have declined**, reflecting tighter budgets, partial drawdowns to cover essential expenses, and limited ability to rebuild savings amid persistently high inflation. By contrast, middle- and higher-income households have maintained ample buffers, with balances still well above **pre-pandemic, inflation-adjusted** levels. Even so, **middle-income balances have largely flatlined since 2024**, while **higher-income balances have continued to grow**.

Figure 6: Median real deposit balances as a percent of 2019 levels (3M MA)



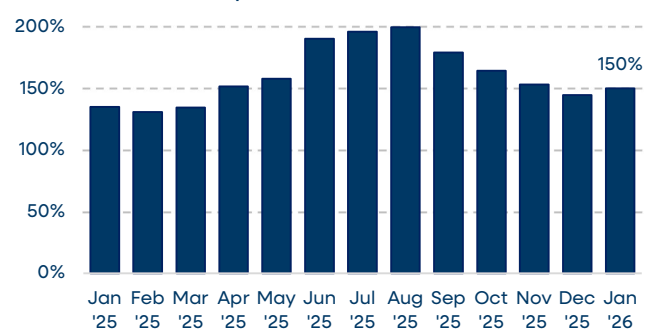
Source: PNC internal data; seasonally adjusted (SA) by PNC; deflated using total consumer price index, 3-month moving average (3M MA)

These asymmetric buffers help explain the spending split: households with more savings can absorb shocks (e.g., car repairs, healthcare copays) without cutting back sharply, while those with thinner cushions are more selective – paring back discretionary purchases and leaning more on promotions and substitutions to stay within fixed budgets.

GenAI adoption still accelerating at a rapid pace

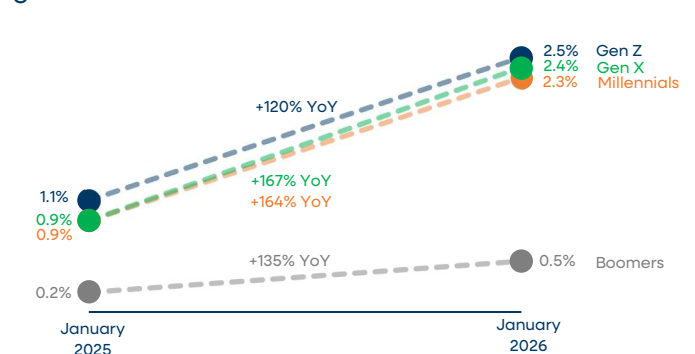
One of the most notable emerging trends in PNC credit and debit card spending is the rapid growth in **Generative AI (Gen AI) subscription** spending. Household spending on these services has surged and remains in **triple-digit territory**, posting **150% growth in January**. Across generations, the **share of households with Gen AI subscriptions** appears to be converging across cohorts, with **Boomers** remaining the clear exception.

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



Source: PNC internal data

Figure 8: % of households with Gen AI subscriptions by generation

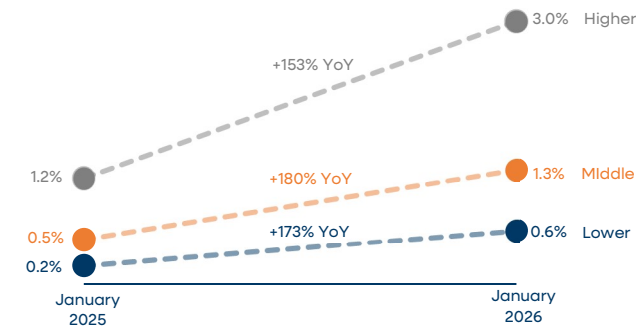


Source: PNC internal data; YoY growth rates show the % change in the % of households with Gen AI subscriptions versus one year earlier

That convergence is less evident when we **break results out by income tercile**. Gen AI spending remains concentrated among **higher-income households**, and the gap versus lower- and middle-income households continues to widen – even as adoption and spending rise across the distribution.



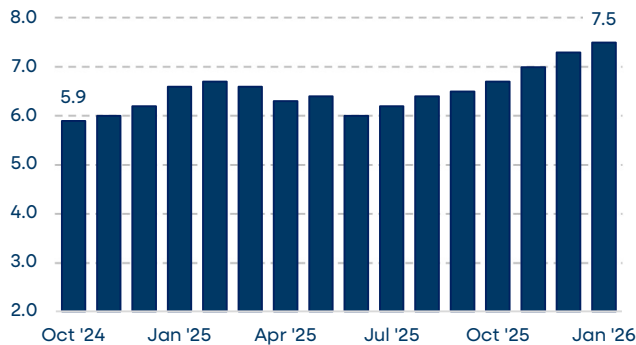
Figure 9: % of households with Gen AI subscriptions by income tercile



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

Gen AI users also appear to be keeping their subscriptions for longer. On average, households with Gen AI subscriptions have maintained them for **7.5 consecutive months**, up from **4.4 months** at the start of 2024.

Figure 10: Consecutive months of monthly Gen AI subscriptions

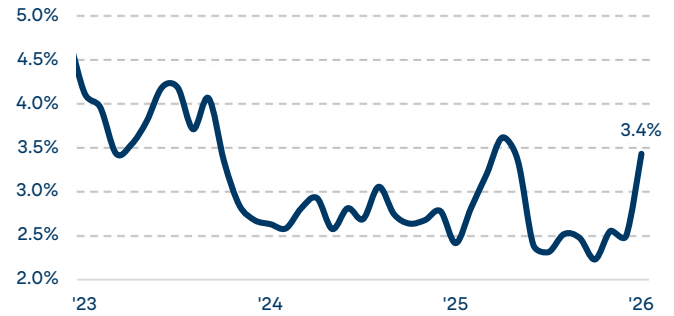


Source: PNC internal data

Income growth picks up after a period of decline; but so does unemployment

After slowing for several months, household income growth for those receiving direct deposits into PNC accounts picked up to 3.4%, even after stripping out the impact of inflation. This is a welcome sign. Income growth has slowed considerably along with job growth over the past two years. If sustained, this would be promising for continued spending growth in 2026. If not sustained, we would expect spending growth to slow towards income growth in the months to come.

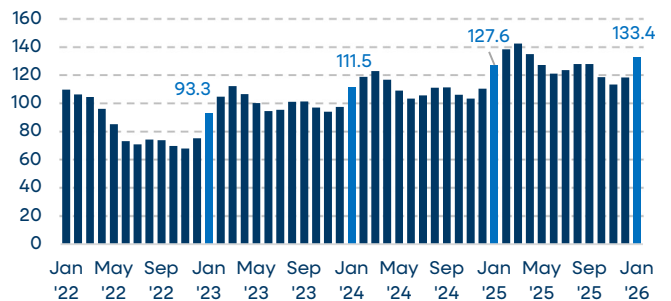
Figure 11: Average weekly payroll income growth (YoY, 3M MA, SA)



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

At the same time, PNC deposit data show a steady rise in the number of households receiving unemployment payments – a continued signal of modest labor market softening. This increase is consistent with historical seasonal patterns and may in part reflect post-holiday layoffs and separations following seasonal hiring; **severe weather (including Winter Storm Fern) may also have introduced short-term noise in late-month activity.**

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



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

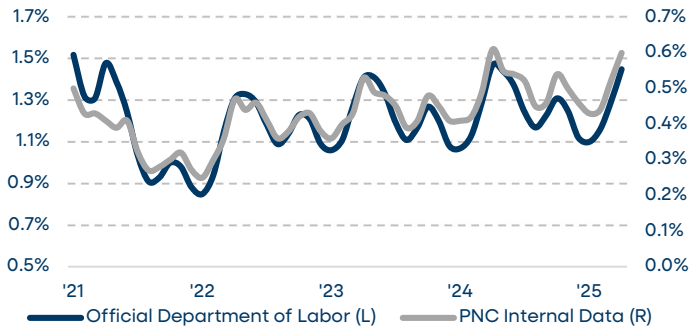
While layoffs nationwide remain low by historical standards, the pace of hiring has slowed, and unemployed individuals appear to be finding it more difficult to secure new jobs. Trends in PNC data are also consistent with official Department of Labor measures, including insured jobless claims and the insured unemployment rate.

Individuals are also remaining unemployed for longer. In **January**, the average household receiving unemployment payments in PNC deposit data had been receiving them for **1.7 months**, up from a low of



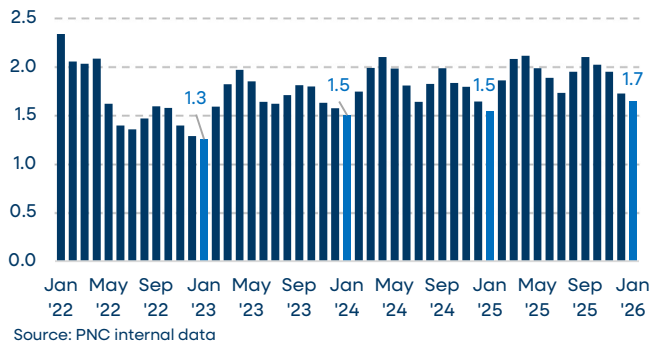
1.3 months for the same period in **2023**. It is important to note that while unemployment payments are rising, **only a very small number** of PNC customers receive unemployment payments.

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



Source: PNC internal data, Department of Labor
* Share of workers covered by unemployment insurance receiving benefits.

Figure 14: Average consecutive months of receiving unemployment payments



Source: PNC internal data



Key Charts and Figures:

Table 2: Card spend by category, YoY percent change

Indicator	Apr '25	May '25	Jun '25	Jul '25	Aug '25	Sep '25	Oct '25	Nov '25	Dec '25	Jan '26
Key Aggregates										
Total Spending	2.6%	2.1%	1.4%	3.7%	3.6%	3.2%	4.1%	1.8%	1.7%	3.1%
Sector Level										
Food Services/Drinking Places	1.1%	3.2%	-0.1%	2.9%	3.4%	0.1%	2.3%	-0.2%	-1.5%	1.9%
Food/Beverage Stores	2.2%	-1.0%	-2.8%	-0.2%	1.4%	-2.3%	0.3%	-0.8%	-1.3%	1.6%
Funds Transfer	7.9%	10.9%	7.5%	12.7%	11.1%	12.2%	16.1%	7.2%	9.1%	9.9%
Gambling	24.6%	28.6%	23.0%	25.7%	29.0%	23.1%	21.6%	18.0%	15.5%	14.6%
Gasoline Stations	-9.5%	-11.0%	-8.7%	-7.9%	-6.4%	-2.6%	-4.2%	-2.7%	-4.7%	-7.3%
Hotel	-2.5%	-3.1%	-4.1%	-2.3%	-0.7%	-3.6%	0.1%	-0.5%	-2.9%	-1.4%
Leisure	2.4%	0.4%	-4.6%	-1.7%	-0.4%	-2.0%	-1.5%	-2.6%	-4.8%	2.5%
Motor Vehicles and Parts Dealers	5.2%	2.5%	5.1%	7.9%	4.3%	7.6%	3.6%	0.6%	4.4%	3.1%
Other	-69.9%	-9.5%	2.9%	12.3%	22.9%	33.9%	116.5%	73.1%	107.9%	78.4%
Retail – Building/Garden/Supplies	-4.6%	-2.9%	-2.8%	0.9%	1.4%	-2.0%	-5.2%	-3.9%	-5.6%	-0.1%
Retail – Clothing/Accessories	-0.4%	-3.8%	-2.6%	1.4%	2.7%	-3.0%	-0.2%	1.4%	-2.7%	0.2%
Retail – Electronics/Appliances	19.7%	18.7%	17.2%	17.2%	16.7%	13.2%	16.4%	10.9%	5.7%	9.7%
Retail – Furniture/Furnishings	0.8%	-1.0%	-0.8%	0.7%	3.1%	-0.5%	2.2%	-2.1%	-3.1%	4.0%
Retail – General Merchandise Stores	8.2%	4.2%	2.9%	7.2%	4.7%	0.9%	3.1%	1.6%	-0.8%	1.2%
Retail – Health/Personal Care	1.5%	-4.6%	-4.0%	-5.9%	-8.2%	-6.0%	-8.5%	-10.2%	-7.2%	-2.8%
Retail – Misc	6.8%	5.5%	3.0%	6.0%	2.8%	2.9%	6.0%	3.9%	0.7%	8.3%
Retail – Non-Store Retailers	-7.1%	-7.3%	-5.6%	-5.4%	-6.1%	-6.1%	-5.2%	-6.7%	-6.4%	-6.2%
Retail – Sports/Books/Hobbies	2.5%	1.5%	3.8%	4.3%	7.0%	10.0%	7.7%	14.0%	8.7%	6.4%
Services	5.2%	3.8%	4.9%	5.9%	3.9%	6.3%	5.4%	0.4%	3.9%	2.8%
Travel	-0.6%	-1.6%	-1.5%	1.0%	1.4%	2.0%	2.0%	-1.3%	1.2%	1.9%

Table reports year-over-year percent change in total card spending by category (aggregate) 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 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.

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