



Consumer Health Check

Spending on cruise control

- **Consumer spending continues to remain surprisingly resilient to higher gas prices**, with total card spend increasing 5.6% year-over-year in May, a four-year high. Spending has increased in each month since the start of the Iran conflict, defying early concerns that higher gas prices would crowd out other purchases. Even outside of gas, spending has shown no signs of slowing.
- **Three main factors** help explain the resilience in consumer spending: **larger tax refunds** are still providing a cushion, labor market and **direct deposit trends** have improved, and some households have been drawing on **accumulated wealth gains**.
- **While tax refunds have provided a meaningful offset thus far, it will only be a temporary boost.** Higher gas prices are leading households to spend down those funds more rapidly than in previous years, particularly for lower-income households.
- More so than higher tax refunds, **households are benefiting from stronger labor market conditions**. The share of households receiving regular direct deposit payments has risen markedly over the past few months while fewer households are receiving unemployment payments. This is an important development, as it is a more durable source of support than the higher tax refunds earlier in the year.
- There is also evidence that households are smoothing the shock from higher gas prices by **leaning into their wealth gains**. Net outflows to brokerages have slowed in 2026, reflecting a combination of some households monetizing equity gains and others contributing at a more measured pace.
- While the K-shaped dynamic persists, **lower-income spending has improved meaningfully in 2026, narrowing the gap with higher-income households** to its tightest level since 2022.

Table 1: Summary

Indicator	Oct '25	Dec '25	Jan '26	Feb '26	Mar '26	Apr '26	May '26
Total Card Spend (YoY)	4.7%	3.7%	3.4%	4.1%	4.8%	5.3%	5.6%
Total Card Spend Ex Gas (YoY)	4.5%	4.1%	3.8%	4.6%	5.0%	5.1%	4.9%
Avg. Saving/Checking Bal (YoY)	2.0%	1.8%	2.0%	2.8%	2.9%	3.5%	3.9%

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



Gas spending up 40%
YoY in early June



Total spending up 5.6%
YoY, a 4-year high



Gap between lower- and upper-income spending narrowing



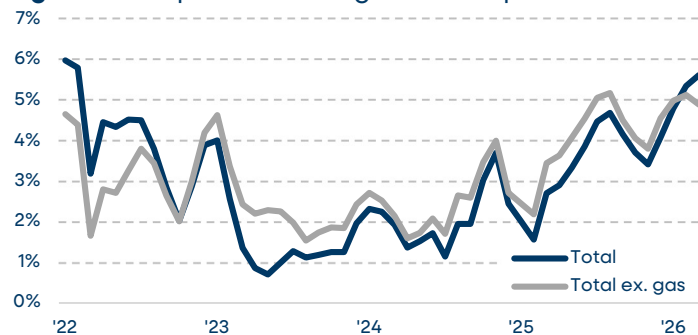
Average checking and savings balances are up 3.9% YoY



Spending firm, balance sheets strong despite higher gas prices

According to PNC card data, consumer spending accelerated again in May, increasing 5.6% YoY, the fastest pace since 2022. While some of the headline strength reflects a roughly 40% YoY increase in gas spending, overall spending has for now defied earlier concerns that higher gas prices would crowd out other purchases. Total spending excluding gasoline stations increased 4.9% YoY in May, and discretionary spending has broadly maintained its pace since the start of the year. The improvement has also outpaced inflation, suggesting that real, inflation-adjusted spending is holding up.

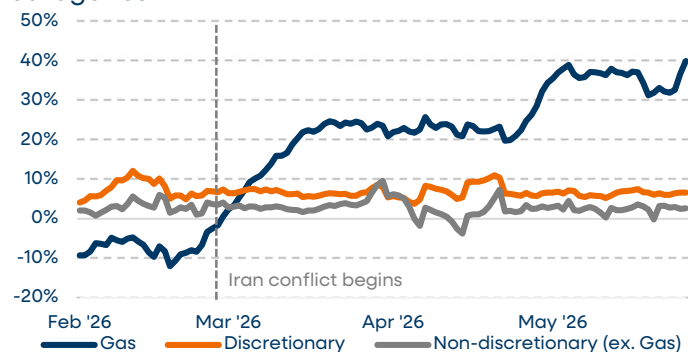
Figure 1: YoY percent change in card spend



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 card spending on gas vs. non-gas categories



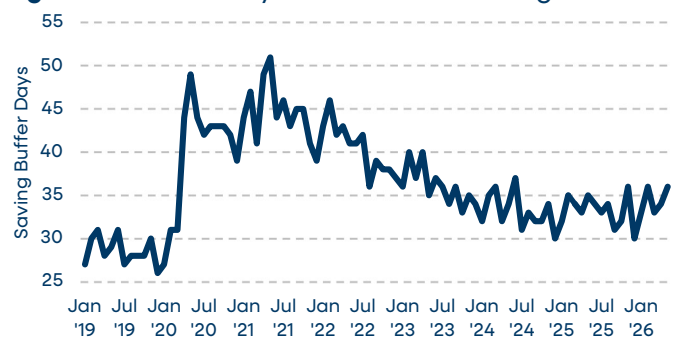
Source: PNC internal data

Note: 7-day moving average of each component.

Unlike the gas price shock in 2022, consumers have not had to dip materially into savings to sustain spending. PNC's Cash Savings Buffer Index, which measures the median number of days households can maintain spending using checking and savings

balances, has remained stable in 2026 at slightly above pre-pandemic levels.

Figure 3: Median days of household savings buffers

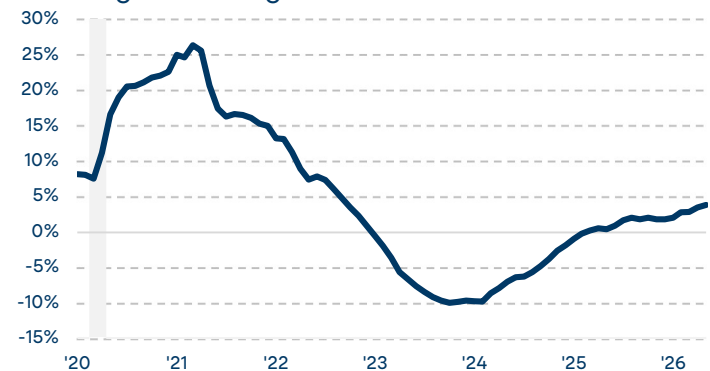


Source: PNC internal data

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

Overall checking and savings balances continue to trend upward, increasing 3.9% YoY. While lower-income households' inflation-adjusted balances have come down considerably in recent years, they have largely stabilized. In contrast, middle- and upper-income households' balances remain meaningfully above pre-pandemic trends.

Figure 4: YoY growth rate of average consumer checking and savings balances



Source: PNC internal data

Three main factors explain the resilience in consumer spending

We have to admit that household balance sheets and card spending have held up better than expected, even with more than a 40% increase in gas spending. In PNC's internal data, three factors seem to be doing most of the work in helping households absorb the shock without materially drawing down savings

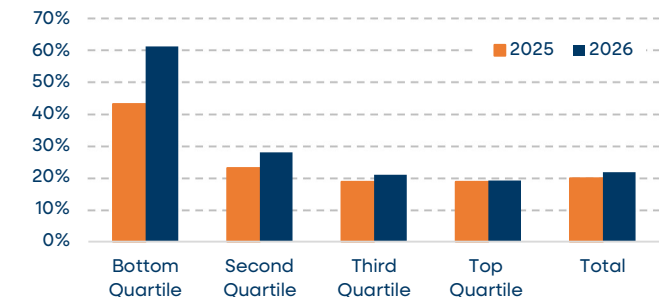


buffers: larger tax refunds are still providing a cushion, labor market and direct deposit trends have firmed, and some households are tapping into earlier wealth gains, as evidenced through increased net inflows from brokerages.

Higher tax returns have provided an important, but fading, cushion

The first factor is the fiscal impulse from the One Big Beautiful Bill Act (OBBBA), which boosted average tax refunds and lowered payroll withholding, supporting take-home pay.

Figure 5: Percent of tax returns **spent** after 60 days from receipt by quartile of size of return



Source: PNC internal data

Notes: The chart shows the boost to spending per household following receipt of a tax refund, measured as the difference in spending 60 days after receipt vs. 60 days prior.

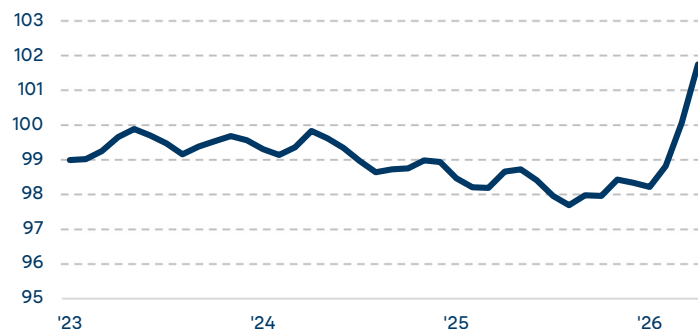
While higher refunds have meaningfully offset the rise in gas prices, that support is starting to fade. PNC data show households are spending down refunds more quickly than in prior years, with higher gas outlays accounting for much of the difference. The effect is especially pronounced for households in the bottom quartile by refund size, which have drawn down more than 60% of their refunds in 2026 versus 43% at the same point last year.

Labor market trends are firming, providing more durable support

The second factor is the clear firming we've seen in labor market data. In PNC data, there has been a notable increase in the number of households receiving direct deposit payments in recent months, consistent with Bureau of Labor Statistics (BLS) evidence that job growth has picked up meaningfully this spring.



Figure 6: Index of households receiving regular direct deposit payments (2019 average = 100)

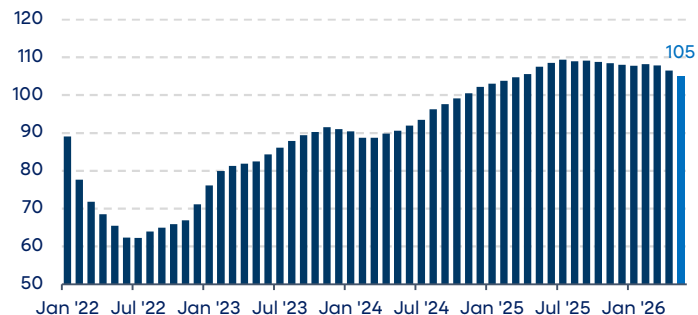


Source: PNC internal data

Note: Computed as the 3-month moving average of the ratio of households receiving regular direct deposit payments, then indexed so the 2019 average equals 100.

At the same time, the number of households receiving unemployment insurance payments in the 4 million-household cohort PNC tracks is now declining on a year-over-year basis for the first time since 2022. In other words, job growth is strengthening and unemployment is edging lower. As a result, the increase in aggregate direct-deposit income flowing into PNC accounts has more than offset the added burden from higher gas prices so far.

Figure 7: Proportion of households receiving unemployment benefits (2019 = 100)



Source: PNC internal data

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

Wealth effects are helping to smooth spending

Households have also leaned on accumulated wealth gains to smooth consumption through higher gas prices and broader inflation pressures. This has shown up in two ways in internal PNC data: some households have increased transfers from brokerage accounts



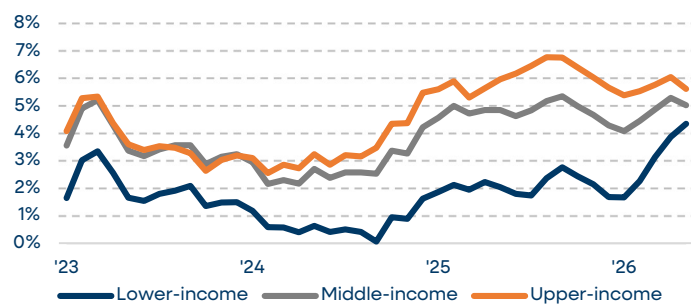
into checking, while others have slowed transfers out of checking into investment accounts.

Together, these flows have helped keep checking and savings balances relatively stable, even after accounting for inflation.

Lower-income spending is catching up

One of the most interesting developments in 2026 has been the improvement in spending and balance sheet trends among lower-income households. While a gap with higher-income households remains, it has narrowed by the most in three years, reversing a steady widening that persisted through late 2025.

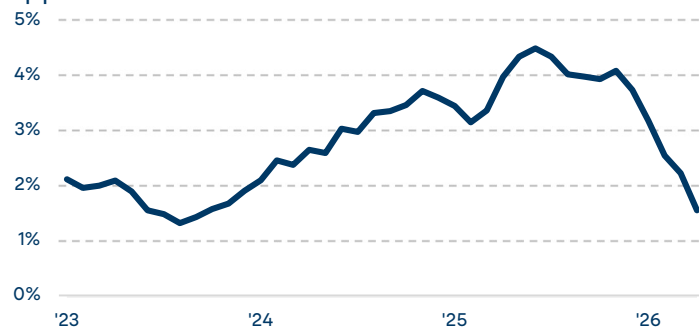
Figure 8: YoY percent change in card spend ex. gas by income tertile



Source: PNC internal data

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

Figure 9: Difference in card spend growth between upper- and lower-income households



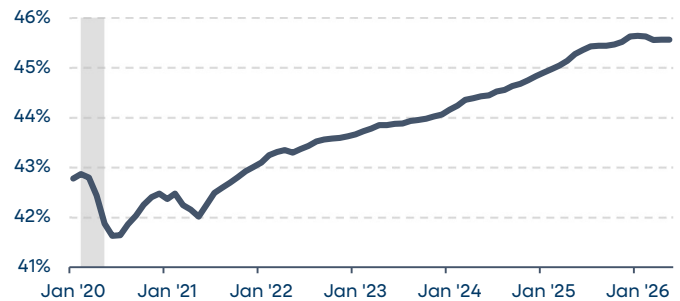
Source: PNC internal data

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

The data suggest lower-income households are benefiting from both higher tax refunds and a firmer labor market backdrop. Importantly, we're not seeing signs that these households are leaning more heavily on credit. Credit card balances have remained

relatively stable, and if anything, minimum payment rates have improved in recent months rather than deteriorating.

Figure 10: High-income spending as a percentage of total spending



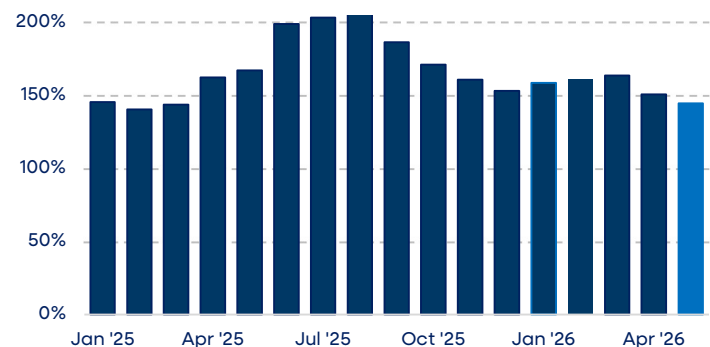
Source: PNC internal data

Note: Three-month moving average (3M MA) of the seasonally adjusted (SA) share shown.

Gen AI subscriptions continue to grow, led by higher income households

Gen AI subscriptions continue to grow rapidly, though the category remains concentrated among higher-income households. The share of PNC households paying for a Gen AI subscription reached 2.2% in May, and household adoption remains well above year-ago levels. The intensity of use is strengthening as well. Average spending per subscribing household has risen from around the price of a basic plan two years ago (about \$22) to roughly \$31 currently. This likely reflects more households holding multiple subscriptions, upgrading to premium plans, or purchasing additional tokens directly.

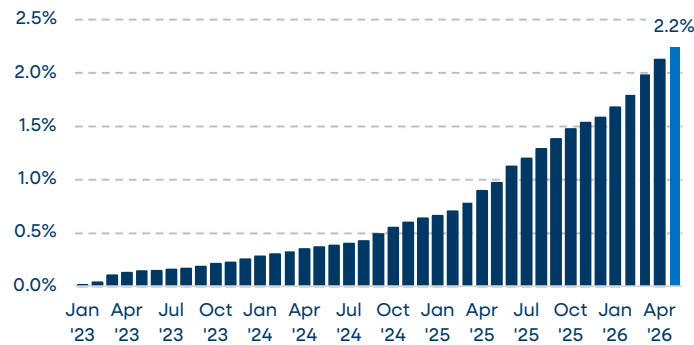
Figure 11: YoY growth in households with Gen AI subscriptions



Source: PNC internal data

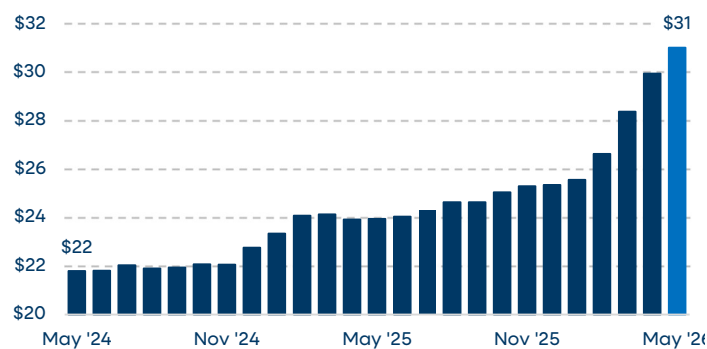


Figure 12: Share of households paying for Gen AI subscriptions



Source: PNC internal data

Figure 13: Average monthly spend on GenAI subscriptions among subscribers



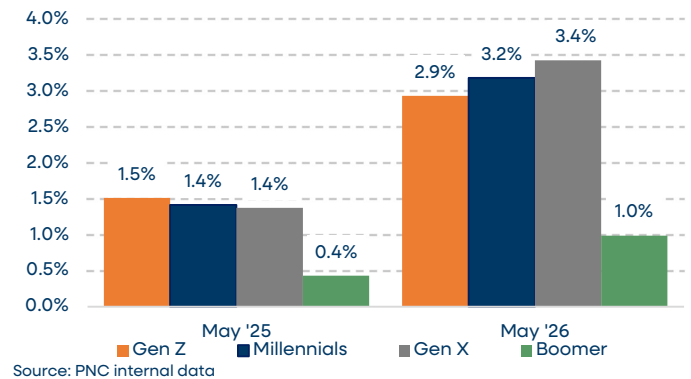
Source: PNC internal data

Adoption is becoming more widespread across age cohorts, although it still lags among the oldest PNC households. Gen Z, Millennials, and Gen X all have subscription rates near 3% to 3.5%, while Boomers remain lower at roughly 1%. Gen Z, Millennials, and Gen X are likely more exposed to Gen AI through school or work and may feel a stronger pull to open their own accounts. Older households generally have more disposable income for these purchases. However, Boomers are also much more likely to be retired and may view Gen AI subscriptions as less essential.

The split by income is much sharper. More than 4% of higher-income households now pay for Gen AI subscriptions, compared with about 2% of middle-income households and less than 1% of lower-income households. Subscription growth among higher-income households has also been more pronounced. This may largely reflect the greater disposable income available to these households, but it could also be related to greater AI exposure at work or stronger

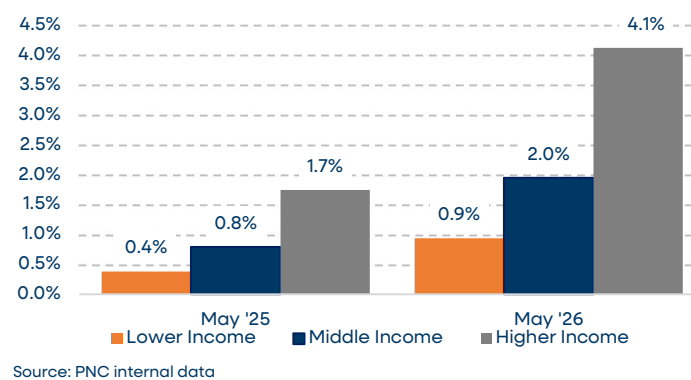
interest in chatbots associated with higher levels of educational attainment.

Figure 14: Share of households paying for Gen AI subscriptions by generation



Source: PNC internal data

Figure 15: Share of households paying for Gen AI subscriptions by income tercile



Source: PNC internal data



Key Charts and Figures:

Table 2: Card spend by category, YoY percent change

Indicator	Aug '25	Sep '25	Oct '25	Nov '25	Dec '25	Jan '26	Feb '26	Mar '26	Apr '26	May '26
Key Aggregates										
Total Spending	4.6%	4.1%	5.3%	3.1%	2.9%	4.4%	5.2%	4.8%	6.0%	6.0%
Total (Ex. Gas Stations)	5.3%	4.5%	5.9%	3.4%	3.2%	5.1%	5.7%	4.4%	5.4%	4.8%
Sector Level										
Auto	4.9%	7.9%	4.9%	1.8%	6.2%	4.6%	7.7%	6.1%	7.3%	3.2%
Restaurants and Bars	4.5%	1.1%	3.4%	1.1%	-0.3%	3.3%	3.7%	0.2%	2.8%	3.2%
Food/Beverage Stores	2.4%	-1.4%	1.3%	0.2%	-0.3%	2.8%	0.2%	-1.0%	-0.4%	0.8%
Gambling	31.9%	25.6%	23.7%	20.3%	17.9%	16.1%	12.3%	13.2%	17.2%	17.4%
Gas and Service Stations*	-5.4%	-1.5%	-3.1%	-1.5%	-3.7%	-6.2%	-3.4%	11.7%	16.7%	24.7%
Hotels	0.3%	-3.2%	0.5%	-0.5%	-2.5%	0.2%	2.2%	-0.1%	3.3%	0.8%
Leisure	0.6%	-0.9%	-0.2%	-1.4%	-3.4%	4.0%	4.9%	2.6%	5.4%	4.1%
Services	4.8%	7.2%	6.5%	1.5%	5.0%	4.1%	6.2%	6.5%	6.4%	4.8%
Travel	2.0%	2.5%	2.9%	-0.4%	1.9%	3.2%	7.5%	6.6%	6.7%	6.1%
Retail – Building/Garden/Supplies	1.9%	-2.0%	-4.6%	-3.2%	-5.3%	0.4%	-3.2%	-1.0%	5.7%	-0.5%
Retail – Clothing Accessories	3.6%	-2.2%	1.0%	2.9%	-1.3%	1.8%	4.4%	0.6%	1.7%	0.3%
Retail – Electronics and Appliances	17.8%	14.0%	18.0%	12.4%	6.9%	11.0%	11.1%	8.8%	7.2%	10.4%
Retail – Furniture and Home Furnishings	3.8%	-0.7%	2.3%	-0.7%	-2.3%	3.4%	3.9%	-0.6%	2.0%	5.6%
Retail – General Merchandise Stores	6.0%	2.0%	4.6%	3.2%	0.8%	3.1%	3.6%	2.8%	4.5%	6.8%
Retail – Health and Personal Care	-6.8%	-4.8%	-6.9%	-8.4%	-5.5%	-1.3%	1.3%	4.7%	1.9%	2.7%
Retail – Misc. Store Retailers**	6.0%	7.4%	8.1%	10.4%	6.4%	8.8%	9.7%	6.6%	7.0%	6.0%
Retail – Non-Store Retailers	-5.3%	-5.5%	-4.0%	-5.7%	-5.7%	-4.8%	-2.1%	-5.3%	-5.0%	-4.9%

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.

* '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.
- 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.