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Economics

Consumer Checkpoint: Buying ahead, easing or doing fine?

10 April 2025

Key takeaways

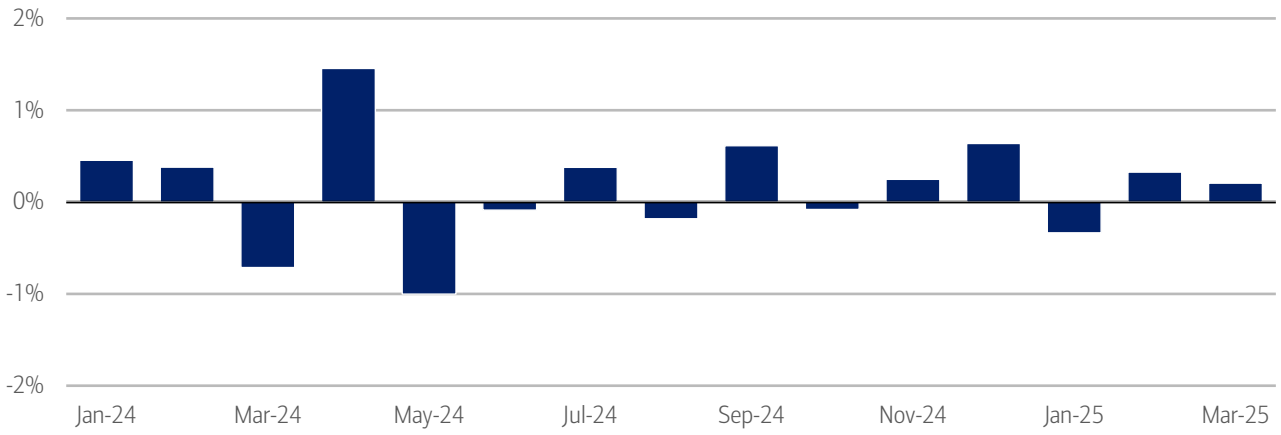
- March card spending per household was up 1.1% year-over-year (YoY), according to Bank of America aggregated credit and debit card data. Seasonally-adjusted card spending per household rose 0.2% month-over-month (MoM).
- Higher-income households continued to show relatively stronger spending growth than lower-income households, which is consistent with their stronger after-tax wages and salaries growth. Tax refunds are slightly higher than last year, but currently skew a little toward lower- and middle-income households.
- The import content of consumer goods and services is substantial, raising the risk of price rises from higher tariffs. In Bank of America data we find some evidence that consumers were buying durables ahead of the introduction of tariffs. The evidence is strongest in autos sales.
- Services spending has been the mainstay of the strong overall consumer spending story in recent years. However, Bank of America card data indicates that "nice-to-have" discretionary services spending eased in March, while more inflation-driven spending on necessities such as insurance, rent and utilities continues to rise.

Consumer Checkpoint is a regular publication from Bank of America Institute. It aims to provide a holistic and real-time estimate of US consumers' spending and their financial well-being, leveraging the depth and breadth of Bank of America proprietary data. Such data is not intended to be reflective or indicative of, and should not be relied upon as, the results of operations, financial conditions or performance of Bank of America.

Consumers across most of US are still spending

Credit and debit card spending per household increased 1.1% year-over-year (YoY) in March after a decline of 2.3% YoY in February, according to Bank of America aggregated card data. Seasonally adjusted (SA) spending per household rose 0.2% month-over-month (MoM), following the 0.3% MoM rise in February (Exhibit 1).

Exhibit 1: Consumers continued to show forward momentum, with spending up 0.2% MoM in March following a 0.3% MoM rise in February
Total credit and debit card spending growth per household, based on Bank of America card data (monthly, MoM%, seasonally adjusted (SA))



Source: Bank of America internal data

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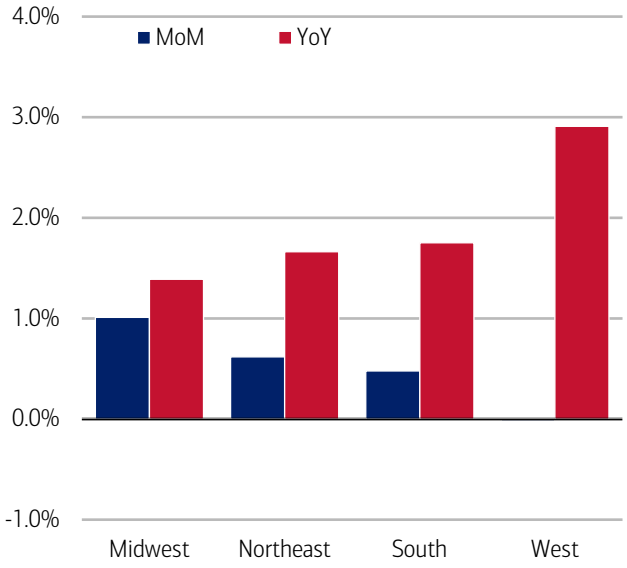
Looking across the US Census regions, spending continued to grow MoM across most of the US in March (Exhibit 2). Spending growth was strongest MoM in the Midwest, up around 1%, while spending growth was nearly flat in the West, possibly reflecting a slowdown in rebuilding efforts due to wildfires in Los Angeles in January (read more about this topic in the February Consumer

Checkpoint). In DC, spending growth rebounded MoM in March, but the level of spending in the Washington, DC-Arlington-Alexandria metropolitan statistical area (MSA) was still lower than other cities relative to six months prior (Exhibit 3).

Exhibit 2: Spending continued to grow MoM across most of the US, but flattened in the West in March

Total credit and debit card spending per household by census region (March 2025, SA, MoM% and YoY%)



Source: Bank of America internal data

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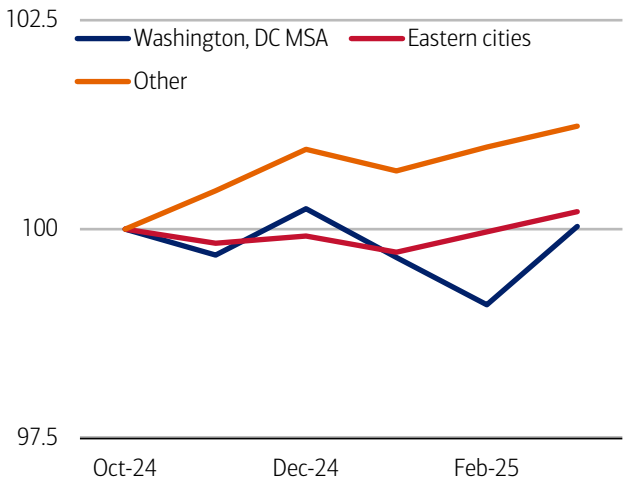
Exhibit 3: Spending in the Washington, DC MSA bounced back in March, though remains lower than other cities relative to October 2024

Aggregated credit and debit card spending growth per household for Washington DC and select eastern MSAs (monthly, SA, index, October 2024=100)



Source: Bank of America internal data. Note: Eastern cities include Boston, NYC, Philadelphia, Charlotte, Atlanta, Baltimore MSAs. 'Other' includes all other US spending.

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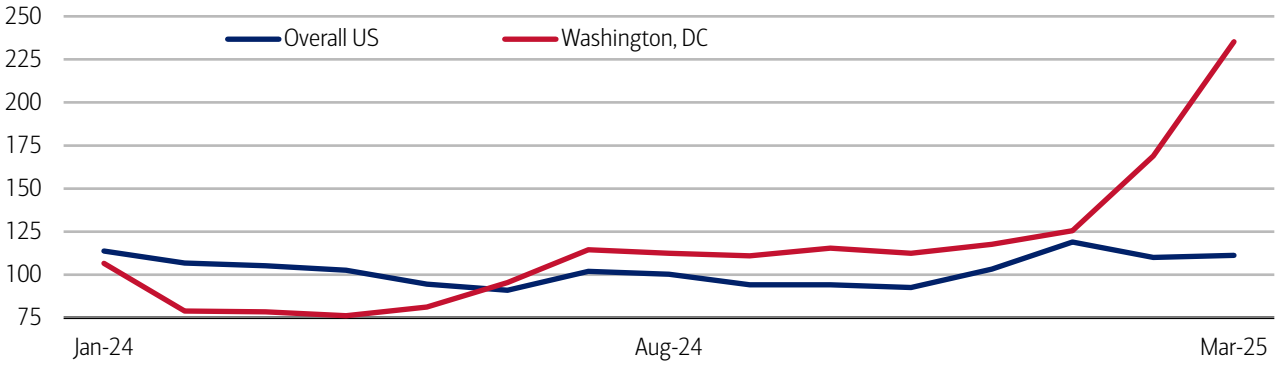
The muted spending growth in DC came as the number of households receiving unemployment income in Bank of America deposit accounts in this city increased by 135% in March compared to the 2024 average (Exhibit 4). But it's important to note that the 2024 levels of households receiving unemployment payments started from a very low point and a strong recent jobs report suggests the overall US labor market remains in good shape.

So, while attempts to reduce the size of the federal workforce may be contributing to some slowing of consumer spending in Washington, DC, the rise in unemployment in March was flat MoM for the overall United States. We would continue to characterize the US consumer as having some underlying forward momentum as of March.

Exhibit 4: Over 135% more households in DC received unemployment payments in March compared to the 2024 average

Households receiving unemployment payments by select states and DC (monthly, index 2024 average = 100)



Source: Bank of America internal data. Note: Washington, DC refers to the geographic city, not the MSA

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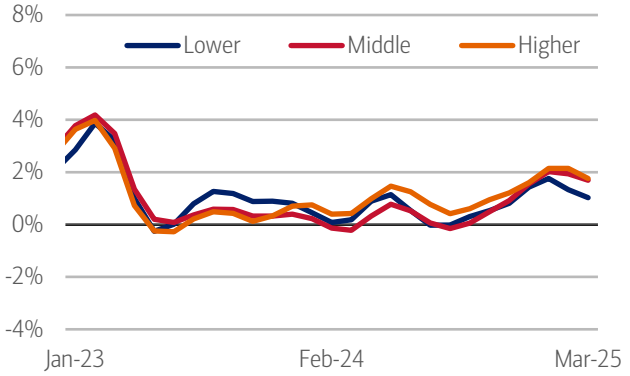
Lower-income households showing slowing wage growth

Looking at spending by income, we see a consistent trend: higher-income households show no clear sign yet of easing their spending. The top third of households by income (which accounts for over half of overall US consumer spending according to

Bureau of Economic Analysis data) have largely had higher card spending growth than middle- or lower-income peers for more than a year (Exhibit 5).

In our view, that's likely because those at the top of the income scale have seen stronger relative after-tax wage and salary growth. In fact, their growth accelerated over 2024 and into 2025 after a period of weakness in 2023. However, the pace of growth for higher-income households broke a four-month acceleration streak in March 2025, with after-tax wage and salary growth for this cohort up 2.6% YoY in March versus 3.6% in February. And, notably, after-tax wage growth for lower-income households was just 1.4% YoY, the lowest rate of wage growth since April 2017, according to Bank of America deposit data (Exhibit 6).

Exhibit 5: Spending growth among middle- and higher-income households has been stronger than lower-income counterparts
Total credit and debit card spending per household, according to Bank of America card data, by household income terciles (3-month moving average, YoY%, SA)



Source: Bank of America internal data

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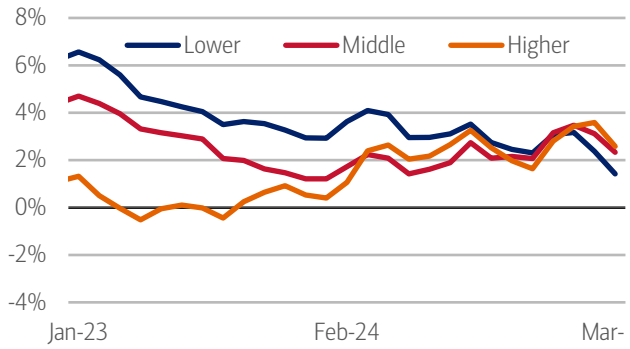
Exhibit 6: Wage growth for higher-income households eased back to 2.6% YoY in March, while it slowed for lower-income households to 1.4% YoY
After-tax wage and salary growth by household income terciles, based on Bank of America aggregated consumer deposit data (3-month moving average, YoY%, SA)



Source: Bank of America internal data

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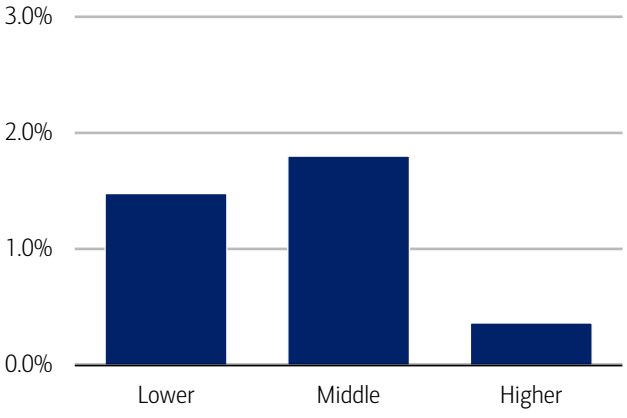
As we move further into the tax season, returns continued to help buoy consumers, though somewhat more so for lower- and middle-income households. Over the 2025 tax filing season, average federal and state tax refund payments into Bank of America deposit accounts for households at the lower-end of the income distribution were up around 1.5% YoY as of April 4, with increases of about 1.8% YoY for those earning middle-incomes and 0.4% YoY for higher-income households (Exhibit 7). However, particularly for the highest earners, the impact of recent declines in global equity markets may prove more consequential to their spending (Exhibit 8).

Exhibit 7: Lower- and middle-income households saw larger gains in their tax returns than their higher-income counterparts
Average tax refund per household through April 4, 2025 (refunds include both federal and state refunds, %YoY)



Source: Bank of America internal data.

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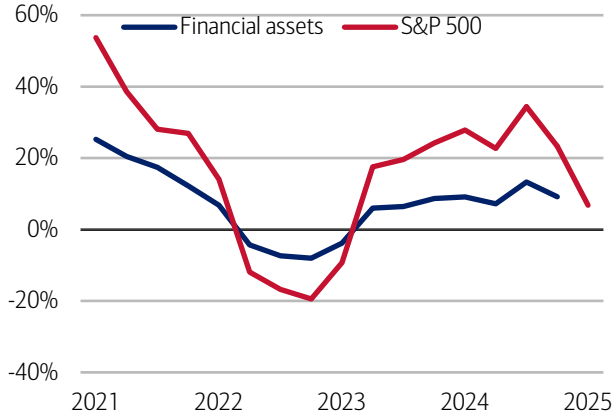
Exhibit 8: Household financial assets rose 9% YoY in Q4 2024, but YoY growth in the S&P 500 fell sharply in Q1 2025
Total financial assets of the household sector and the S&P 500 index (quarterly, % YoY)



Source: Board of Governors of the Federal Reserve System

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Consumers and tariffs: A complex picture

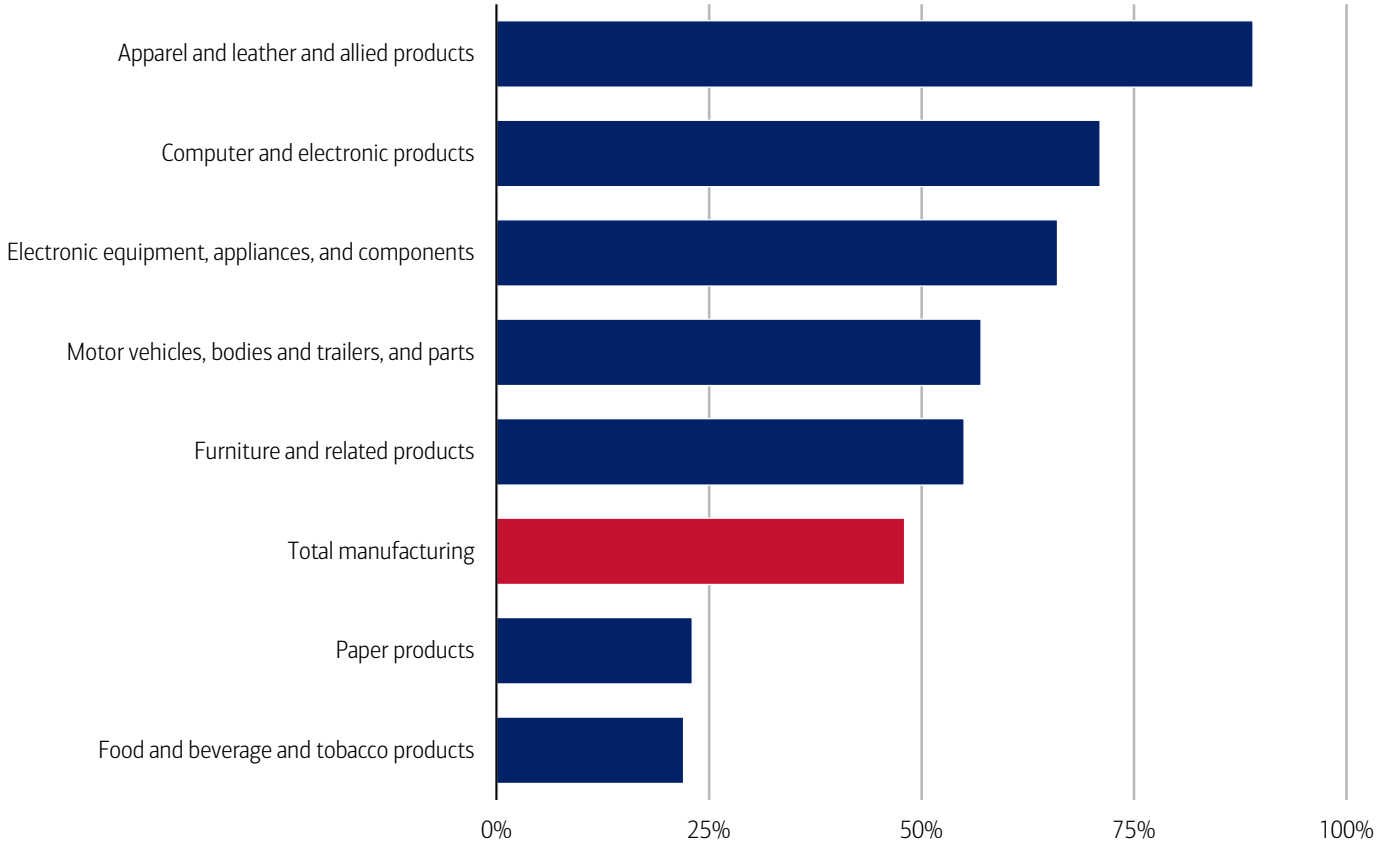
Recent US tariff announcements on a significant portion of imports may imply that consumers will face higher prices for some goods and services. On April 3, BofA Global Research estimated that if tariffs were to remain at then current levels, US inflation (consumer price index inflation was up 3.1% YoY in February) could increase between 1 and 1.5 percentage points over time as their impact filters through.

Indeed, many consumer products will likely see some impact from the change in trade policy, either because the goods are imported (directly) or some parts of them are during manufacturing (indirectly). Research from the US Department of Commerce found that at least 48% of all manufactured goods purchased in America were reliant on direct or indirect imports.

Exhibit 9 shows that clothing, computers, electronics, and appliances rely heavily on imported materials or components. At the same time, some categories like services may also be reliant on imports, largely because items used to carry out these services (such as computers, electrical products, or electrical equipment) may be imported or have imported parts.

Exhibit 9: Clothing, computers, electronics, and appliances lead the list of manufactured goods that Americans purchased in 2023 that were most reliant on imports

Direct and indirect imports as a percentage share of gross domestic purchases (2023, %)



Source: US Department of Commerce

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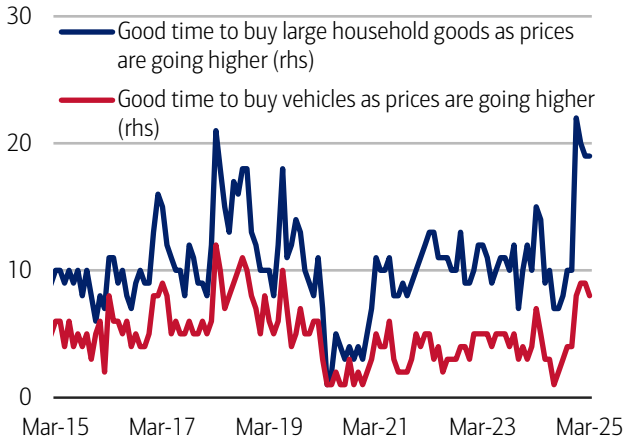
Consumers are adjusting their spending in order to get ahead of potential price increases

Faced with the prospect of higher prices, are consumers 'buying ahead' to beat tariff impacts?

Looking at large household durables (washing machines, refrigerators etc.), the University of Michigan March 2025 Survey of Consumers continues to suggest that some consumers do think it is a "good time to buy large household goods (or vehicles) as prices are going higher." This survey response remains close to its highest point in 10 years (Exhibit 10).

Exhibit 10: There's been some rise in the share of consumers who think it is a good time to buy vehicles and household goods because prices are heading higher
University of Michigan survey question* (% answering 'yes')



Source: Haver analytics*Note: Survey question is whether it is a good time to buy large household goods/vehicles because they think prices are going higher.

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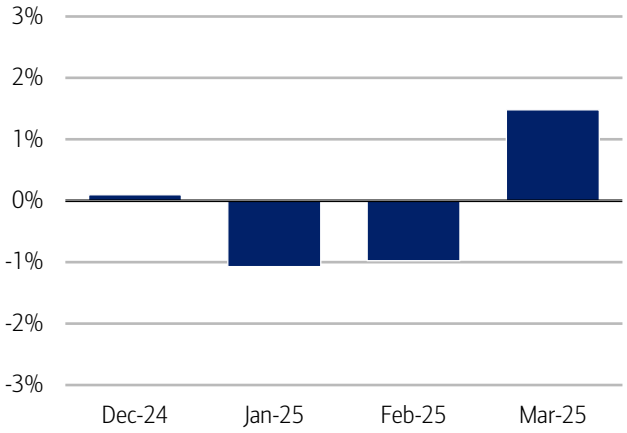
Exhibit 11: Spending on durables rose sharply in March, following declines in January and February
Spending per household on durables, based on Bank of America card data (monthly, MoM%, SA)



Source: Bank of America internal data. Note: Durables proxy is based on furniture, building materials, electronics, and auto parts.

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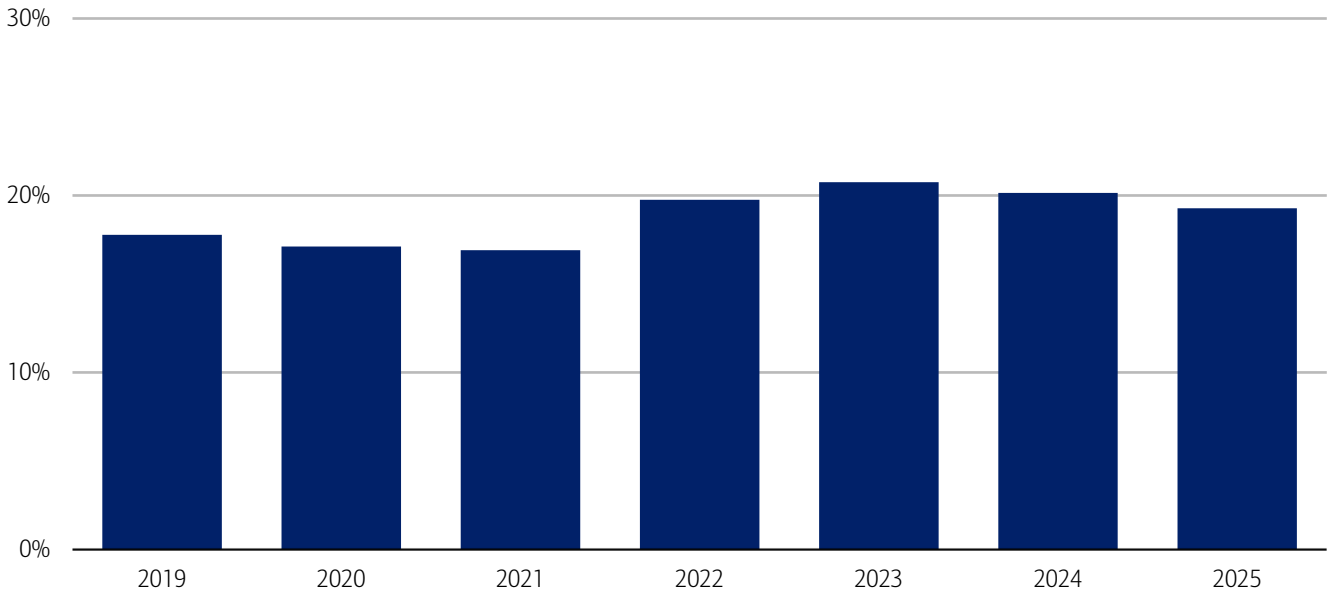
Additionally, our proxy for durables spending using Bank of America credit and debit card spending data, which includes auto parts, furniture, electronics, and building materials, increased 1.5% MoM in March after two months of declines (Exhibit 11).

However, within durables we find little evidence that consumers have increased their share of card spending on larger big-ticket items (where the most savings from avoiding tariffs may be) to get ahead of potential price increases. Although it's possible that consumers are simply spending more on smaller *and* larger ticket durables. Exhibit 12 shows the share of high value durables transactions (see Methodology for details) declined in March for the past two years.

Exhibit 12: March 2025 did not see a rise in high-value* durables transactions, and has declined since 2023
Share of 'high-value' transactions in overall durables transactions in Bank of America card data (March for successive years, %)



Source: Bank of America internal data. *See Methodology.

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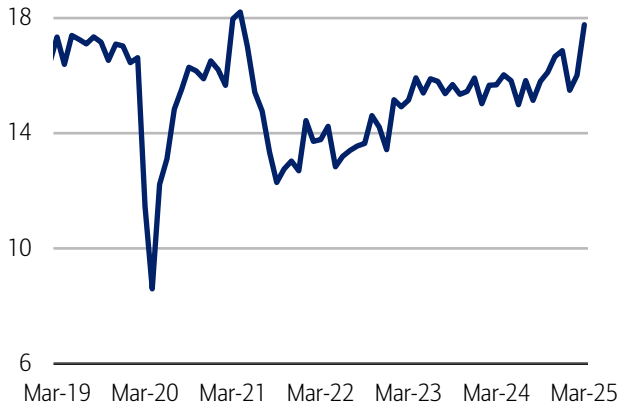
One category where buying ahead is clear appears to be vehicles. Car and truck sales surged in March (Exhibit 13). And using Bank of America internal data on consumer vehicle loan (CVL) applications, we see that there was a surge in loan applications at the end of March following the March 26 announcement that tariffs on vehicle and vehicle parts will go into effect April 2. In fact, vehicle loan applications were up 23% YoY for the period between March 27-April 1 (Exhibit 14).

Exhibit 13: Lightweight vehicle sales rose sharply in March
Lightweight (cars and trucks) sales (monthly, SAAR)



Source: Bureau of Economic Analysis

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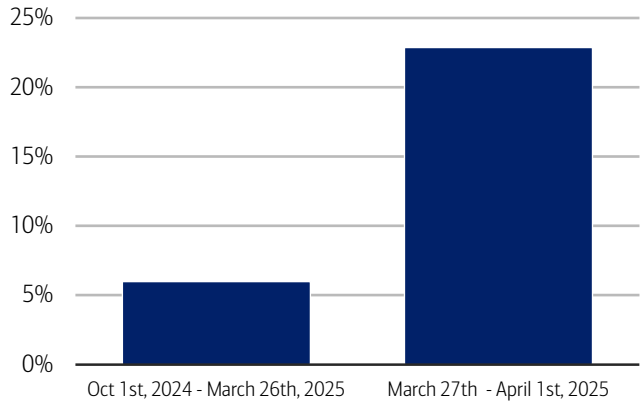
Exhibit 14: CVL applications surged at the end of March in response to potential tariffs on imported automobiles and automobile parts
Average daily consumer vehicle loan applications for different time periods (daily, YoY%)



Source: Bank of America internal data

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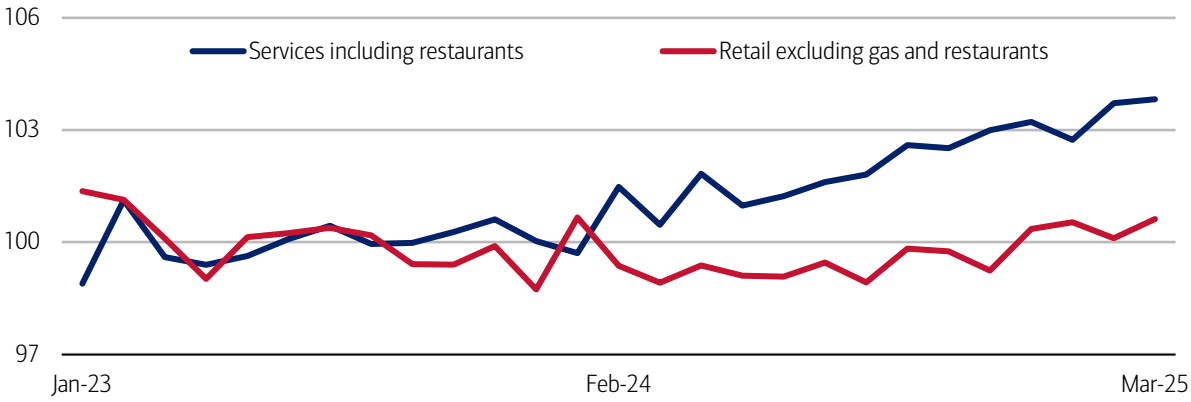
But are consumers easing back on "nice-to-have" services?

If there is buying of durables and vehicles ahead of tariffs, this may be temporary, leading to a drop back in spending in these categories in due course. Were this to happen, the underlying momentum in consumer spending would likely become more dependent on services spending rather than goods.

Over the last few years, services spending has been the driving force of overall consumer spending, while retail spending has tended to move sideways (Exhibit 15). Within total card spending, retail spending (ex-gas and restaurants) increased 0.5% MoM in March, while overall spending on services increased by 0.1% – continuing this story, although at a measured pace.

Exhibit 15: Overall services and retail saw improvement on a MoM basis
Spending per household by category, based on Bank of America card data (monthly, index 2023 = 100, seasonally adjusted (SA))



Source: Bank of America internal data

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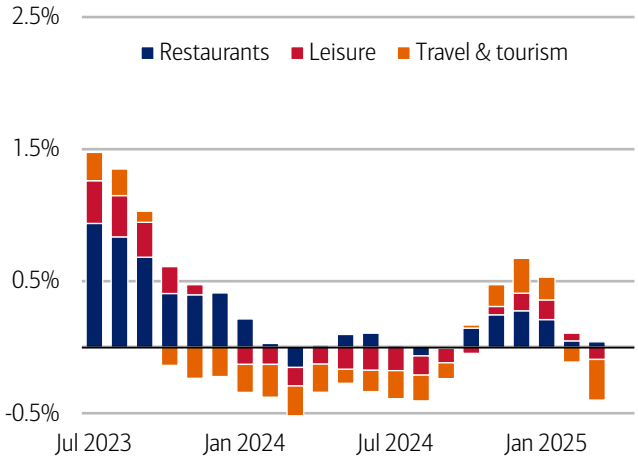
But faced with rising economic uncertainty, are consumers starting to prune their services outlays?

Services spending is comprised of both "nice-to-have" discretionary choices – such as dining out, going to the movies or traveling – and "must-have" nondiscretionary expenses such as rent, utilities, and insurance. Looking at Bank of America card data, it appears that consumers are easing up on "nice to have" spending by pulling back across restaurant, travel/tourism and leisure spending in February and March (Exhibit 16). By contrast, these categories had strong growth in the fourth quarter of 2024.

Exhibit 16: Discretionary services spending appears to be contributing negatively to services growth

Contribution to YoY services growth by discretionary services category (3-month moving average, percentage points)



Source: Bank of America internal data

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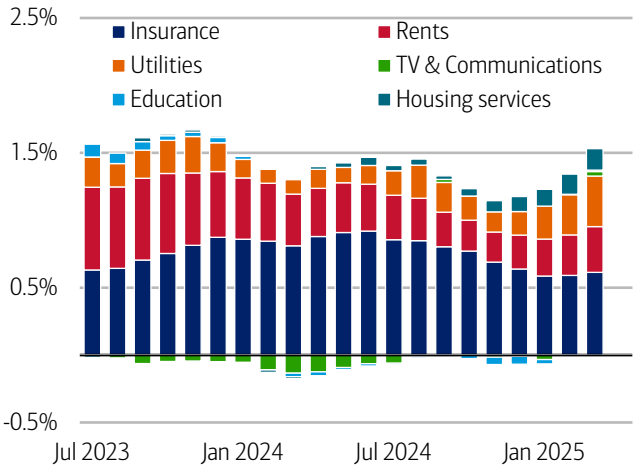
Exhibit 17: Insurance, rent, and utilities have consistently driven nondiscretionary services spending growth over the past two years

Contribution to YoY services growth by nondiscretionary services category (3-month moving average, percentage points)



Source: Bank of America internal data

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Some of the weakness in discretionary services spending likely reflects weather-related disruptions at the start of this year. But the sharp drop in consumer sentiment along with rising cost of living pressures may also be a factor. Reflecting these cost pressures, nondiscretionary services spending growth continues to rise (Exhibit 17). Importantly, much of this spending is partly a function of rising prices – insurance, rents and utilities are all seeing price growth above the overall US CPI inflation rate. So, while the nondiscretionary part of services spending may well persist, this itself might chip further away at discretionary spending.

Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Any payments data represents aggregated spend from US Retail, Preferred, Small Business and Wealth Management clients with a deposit account or credit card. Aggregated spend include total credit card, debit card, ACH, wires, bill pay, business/peer-to-peer, cash, and checks.

Any **Small Business** payments data represents aggregate spend from Small Business clients with a deposit account or a Small Business credit card. Payroll payments data include channels such as ACH (automated clearing house), bill pay, checks and wire. Bank of America per Small Business client data represents activity spending from active Small Business clients with a deposit account or a Small Business credit card and at least one transaction in each month. Small businesses in this report include business clients within Bank of America and generally defined as under $5mm in annual sales revenue.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

The differences between the total and per household card spending growth rate (if discussed) can be explained by the following reasons:

1. Overall total card spending growth is partially boosted by the growth in the number of active cardholders in our sample. This could be due to an increasing customer base or inactive customers using their cards more frequently.

2. Per household card spending growth only looks at households that complete at least five transactions with Bank of America cards in the month. Per household spending growth isolates impacts from a changing sample size, which could be unrelated to underlying economic momentum, and potential spending volatility from less active users.

3. Overall total card spending includes small business card spending while per household card spending does not.

4. Differences due to using processing dates (total card spending) versus transaction date (per household card spending).

5. Other differences including household formations due to young adults moving in and out of their parent's houses during COVID.

Any household consumer deposit data based on Bank of America internal data is derived by anonymizing and aggregating data from Bank of America consumer deposit accounts in the US and analyzing that data at a highly aggregated level. Whenever median household savings and checking balances are quoted, the data is based on a fixed cohort of households that had a consumer deposit account (checking and/or savings account) for all months from January 2019 through the most current month of data shown.

Bank of America aggregated credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards are excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

We consider a measure of services necessity spending that includes but is not limited to childcare, rent, insurance, insurance, public transportation, and tax payments. Discretionary services includes but is not limited to charitable donations, leisure travel, entertainment, and professional/consumer services. Holiday spending is defined as items in which spending in the November-December period is usually at least 20% of total annual spending on the category.

For analysis looking at higher value transactions (including durables), we consider a value per transaction threshold estimated with reference to the top 30% of transactions by value in 2024. The share of higher value transactions is then the number of transactions above this threshold as a percentage of total transactions over time.

Lower, middle and higher household income cuts in Bank of America credit and debit card spending per household, and consumer deposit account data are based on quantitative estimates of each households' income. These quantitative estimates are bucketed according to terciles, with a third of households placed in each tercile periodically. The lowest tercile represents 'lower income', the middle tercile represents 'middle income' and the highest tercile 'higher income'. The income thresholds between these terciles will move over time, reflecting any number of factors that impact income, including general wage inflation,

changes in social security payments and individual households' income. The income and tercile in which a household is categorised are periodically re-assessed.

Major grocery categories include sugar and sweets, juices and other non-alcoholic beverages, bakery products, processed fruits and vegetables, fresh fruit and vegetables, coffee and tea, fats and oils, milk, cereal and cereal products, other, cheese, and meats, poultry and fish, Other includes soups, snacks, frozen and freeze-dried prepared foods, and spices, seasonings, and condiments.

Generations, if discussed, are defined as follows:

1. Gen Z, born after 1995
2. Younger Millennials: born between 1989-1995
3. Older Millennials: born between 1978-1988
4. Gen Xers: born between 1965-1977
5. Baby Boomer: 1946-1964
6. Traditionalists: pre-1946

Any reference to card spending per household on gasoline includes all purchases at gasoline stations and might include purchases of non-gas items.

Additional information about the methodology used to aggregate the data is available upon request.

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