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Institute Insights

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This Thanksgiving season, we've prepared our latest spread of economic insights – and the menu is full. The main course is a consumer health update, with sides that include analyses on paycheck-to-paycheck trends, retiree spending, childcare costs, and stablecoins.

Let's start with a double helping of consumer data. In October, total Bank of America credit and debit card spending per household increased 2.4% year-over-year (YoY) – the strongest annual growth since early 2024. Seasonally adjusted spending rose 0.3% month-over-month (MoM), the fifth consecutive month of gains. However, consumers might be paying *more* for *less*. While spending growth increased, retail transaction volumes have been declining since January, likely reflecting price increases, rather than higher consumption. Read publication: Consumer Checkpoint: Holiday prep or schlep?

Looking to the labor market, our data suggests it is cooling, but not collapsing. The number of households receiving income – our estimate of payrolls – increased by 0.5% YoY again in October. And all income groups saw wage gains; however, the gap between higher-income (3.7%) and lower-income (1.0%) wage growth is now the biggest it's been since our series began in 2016. Read publication: The Institute Employment Report: October 2025.

While consumers' overall financial position is resilient, some are navigating this holiday season with leaner budgets. According to Bank of America data, nearly a quarter of all households live paycheck to paycheck. While this share has increased YoY, the pace of growth has simmered, and is nearly three times lower than 2024 levels. Notably, though, the number of lower-income households living paycheck to paycheck continues to expand, while growth among higher- and middle-income households has been flat. Read publication: Paycheck to paycheck: Slowing but growing.

Older generations – particularly Baby Boomers and Traditionalists – have a strong spending appetite – outpacing overall households in card spending growth since 2022. In January 2023, the cost-of-living-adjustment (COLA) to Social Security retirement benefits outpaced wage growth, causing spending momentum to heat up. In contrast, the recently announced 2026 COLA – at 2.8% – aligns more closely with current wage growth. Will this push consumer spending momentum to the back burner? Positive wealth effects could help older generations avoid trimming their budgets. Read publication: Paychecks to pensions: The evolution of retiree spending.

Let's talk turkey about the rising cost of childcare. In September, childcare expenses grew 5.2% YoY – 1.5 times faster than overall inflation. But across the country, the cost of childcare varies, with regions like New England and parts of the Midwest seeing the biggest expense increases. Could these costs be piling too high on parents' plates? It appears that some (especially women) are leaving the workforce or reducing their hours to care for their children. Read publication: The many costs of childcare.

Finally, we recently carved out answers to six frequently asked questions on stablecoins – a type of cryptocurrency that's claiming a small sliver of the economic pie. Unlike other cryptocurrencies, they are designed to be stable in value and are commonly rooted 1:1 with an underlying fiat currency (i.e., the US dollar). From global transfers to everyday purchases, stablecoins can offer efficiency and cost-effectiveness. Yet, risks like irreversible transactions and de-pegging can shake their stability. Read publication: Crypto goes steady: Stablecoins.

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