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Institute Insights

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This week's Institute Insights offers a collection of economic perspectives spanning consumer spending, labor market trends, the FIFA World Cup 2026™, Gen Z, regional dynamics and SME exporters.

The latest chapter in consumer spending tells a story of moderation, not weakness. Bank of America internal data shows total card spending growth eased to 5.0% year-over-year (YoY) in July as temporary boosts from online promotion timing and the FIFA World Cup 2026™ faded. Another plot twist: spending growth is no longer "K-shaped". Importantly, the gap closed because lower-income households' spending growth accelerated to 5.4% YoY. Lower-income households have also turned the page on slower wage gains, with after-tax wage growth accelerating to 5.2% YoY in July and surpassing higher-income households for the first time since December 2024. Meanwhile, consumer financial health remains resilient, with more households paying credit card balances in full and little evidence of increased reliance on savings. Read publications: Consumer Checkpoint: The great convergence and The Institute Employment Report: July 2026.

One of the summer's standout spending stories came from the World Cup. Bank of America card data shows spending in host cities increased roughly 5% YoY during the tournament, driven by out-of-town visitors whose spending jumped more than 17%. Restaurants, bars and hotels benefited from the influx of fans, with Kansas City leading spending gains. Gen Z helped fuel some of that momentum and, despite having the lowest savings-to-spending ratio of any generation, continued to show resilience. In June, their spending also strengthened across beauty, jewelry, coffee and travel, highlighting a focus on experiences and "little treats." Read publications**:** On the ball: World Cup 2026 final score and The Gen Z reality check.

Regional spending trends are writing different narratives across the country. According to Bank of America card data, the Northeast overtook the West as the fastest-growing region for spending in June, driven largely by stronger growth in groceries, gasoline and utilities. In contrast, discretionary spending outpaced necessity spending in the West and South, underscoring differences in household priorities. Despite higher fuel costs, spending on gasoline, groceries and housing as a share of income has generally remained stable or declined across most regions, except in the Northeast and New England. Read publication: Regional Roundup: Shifts in spending.

Small and medium-sized enterprise (SME) exporters play an outsized role in US trade. About 270,000 SMEs exported goods in 2023, accounting for roughly one-third of total US goods exports. Bank of America foreign exchange transaction data suggests net dollar inflows for SME exporters have risen significantly over the past two years, particularly in information and manufacturing. Read publication: SME exports: Destinations, dollars and opportunities.

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Disclosures