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New year, new insights. This week, as we kick off 2026, we discuss how consumers fueled holiday shopping; the latest labor market trends; which New Year's resolutions stick; and a reminder of what themes shaped 2025.

After a year of tightening belts, bargain hunting, and selective splurges, consumers rang out 2025 more cautious than carefree. But still, card spending per household accelerated to up 1.8% year-over-year (YoY) in December. However, the "K-shape" held, with higher-income spending up 2.4% YoY versus up only 0.4% for lower-income households. Holiday shoppers stretched their dollars by buying more smaller-ticket items, boosting transaction counts while pulling back on pricier categories like airlines and durables. Looking ahead, a projected $65 billion boost to tax refunds could give discretionary spending a spring lift in 2026, including for hard-pressed lower-income households, where refunds pack the biggest punch relative to monthly budgets. Read publication: Consumer Checkpoint: Choppy start, solid finish.

With 2025 in the rearview mirror, the labor market ended the year showing hints of a second wind rather than a stumble. Payroll growth ticked back up to 0.6% YoY in December from 0.2% in November, while the growth in unemployment payments held steady at roughly 10% YoY, consistent with a cooling but stable "low-hire, low-fire" environment. Wage growth softened late in the year, with middle-income households slowing to 1.5% YoY and higher-income households to 3.0%. All told, though, jobs growth looks like it may have found a floor, even as slower wage gains introduce some caution around consumer momentum heading into 2026. Read publication: The Institute Employment Report: December 2025.

Time for a reality check on those New Year's resolutions. Do intentions to travel more, adopt healthier habits or improve finances actually turn into transactions? Our data found that travel ambitions softened in 2025, with a smaller share of households going far from home compared to 2023–24. Meanwhile, health goals held strong: gym memberships outpaced liquor stores and interest in non-alcoholic drinks and mocktails kept climbing. On money matters, most households held the line: deposits slipped slightly compared to last year, especially for lower-income groups, but savings remained well above 2019 levels. Plus, the majority of consumers still pay off their credit card balances in full, despite some early signs of stress at the margin. Read publication: Resolute resolutions?

And in case you're still "circling back" to emails from the last two weeks, we highlighted the five key themes that shaped 2025. Consumer spending proved more resilient than expected, but that strength was eclipsed by a "K-shaped" recovery, with higher-income households pulling further ahead while lower-income households lagged. Housing remained a pain point, as mortgage payments rose about 6% YoY even as rent growth finally flattened and even turned negative in several Sunbelt metros, giving renters some breathing room. On another front, small business hiring cooled without collapsing, and AI moved from buzzword to backbone, contributing up to 1.3 percentage points to gross domestic product growth and spreading beyond big firms into everyday business operations. Read publication: Five themes from '25.

Contributors

Liz Everett Krisberg

Head of Bank of America Institute

David Michael Tinsley

Senior Economist, Bank of America Institute

Disclosures