BANK OF AMERICA INSTITUTE

Bank of America

Institute Insights

30 August 2026

This week, we're channeling a few themes Dolly Parton knew a thing or two about: home, hard work, entrepreneurship, travel and reinvention.

More people are finding that home is where the heart is. Bank of America account data shows the decline in movers continued in Q2 2026 across income groups and generations, with lower-income households and Millennials seeing the sharpest pullbacks. While longer-distance relocations have fallen more sharply overall, same-city moves slowed even faster in Q2. Those who do move continue to favor smaller cities, particularly in the Midwest. Meanwhile, some homeowners are choosing renovation over relocation, with home equity line of credit (HELOC)-supported projects potentially broadening spending growth at home improvement retailers. Read publication: On the move: Renovation over relocation?

Small businesses are working 9 to 5, and then some. Our alternative hiring indicator rose 21% year-over-year in July, according to Bank of America small business payments data. Hiring strength has coincided with improving profitability, with profits reaching their highest level this year and transportation and manufacturing among the strongest-performing industries. With small businesses humming along, spending increased as well. Travel-related transaction volumes rose only modestly in July, but total travel spending increased substantially, likely reflecting higher prices and bigger or longer trips than a year ago. Read publication: Small Business Checkpoint: A summer rebound.

When it comes to dining out, consumers are serving up plenty of ambition. Bank of America card data shows restaurant spending and transaction growth have strengthened in 2026. Some food spending appears to be shifting from grocery stores to restaurants, helped by easing restaurant inflation, trade-offs in the grocery aisle and faster after-tax wage growth than a year ago. The recovery is being led by younger and lower-income consumers, according to Bank of America internal data. Consumers are also favoring local dining, with spending growth strongest at independent, regional and other non-chain restaurants. Read publication: Restaurants: What's cooking in consumer spending?

The road to a new vehicle may be winding, but demand continues to move forward. Despite a slight pullback in July, new vehicle sales remain above the 2025 average, even with higher gas prices. Improved fuel efficiency and the historically loose relationship between gas prices and vehicle purchases likely help explain this resilience. Demand has also been supported by higher-income households, which account for a disproportionate share of new and used vehicle purchases. The recent convergence in credit and debit card spending trends could eventually support broader auto demand. However, affordability remains a challenge: almost 20% of lower- and middle-income households pay more than $1,000 per month in auto payments. Read publication: Autos: In gear, but the "K" is still in the headlights.

The next chapter of AI is beginning to take shape. Infrastructure investment still has plenty of runway, but as the industry matures, physical constraints may play a larger role in determining how quickly it can expand. Capital is still available for AI-related projects, though investors are becoming more selective, putting greater focus on project economics, monetization strategies and clear evidence of future returns. In the end, the long-term success of the AI buildout will depend less on how much money is spent and more on whether that spending delivers productivity gains and lasting economic value. After all, it takes more than a big debut to become a classic. Read publication: Can the AI buildout keep building?

Contributors

Liz Everett Krisberg

Head of Bank of America Institute

David Michael Tinsley

Senior Economist, Bank of America Institute

Disclosures