

Bank of America

Institute Insights

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Grab a mug and settle in. This week, we're sharing our piping hot perspectives on regional economies, small business health, and agentic AI in the workplace.

According to our latest Regional Roundup, while consumer spending is heating up nationwide, spending growth in the South was up only 0.9% year-over-year (YoY) in August – more of a slow drip than a strong pour. One possible explanation? The region's decelerating after-tax wage growth, which barely hit 2% YoY, compared to over 3% in other regions. Additionally, because the Southeast holds a quarter of all US leisure and hospitality jobs, this year's lighter summer tourism season didn't help either. The volume of overseas visitors (excluding Mexico and Canada) was down 3% YoY, and domestic tourism was soft too. Meanwhile, a recent increase in discretionary spending driven by higher- and middle-income households could provide the energy boost the South's tourism sector needs. Read publication: [Regional Roundup: Upswing in spending eludes the South](#).

In August, small business profitability growth ticked up 0.5% YoY, holding steady from the prior month. This aligned with August's National Federation of Independent Business report, where stronger sales expectations and improved earnings provided solid ground for a modest increase in business optimism. But tariffs could cause profitability and hiring to lose steam. Small business payments to hiring firms dropped over 6% in August from the 2024 average, suggesting some sectors may be switching to decaf. But not everyone: construction and manufacturing firms increased their payments to hiring firms by more than 31%. Additionally, spending on tech services remains a capex favorite, while spending on business travel weakened. Read publication: [Small Business Checkpoint: Staying the course](#).

Lastly, we spill the beans on how agentic AI is brewing a workplace revolution. Very few companies utilize autonomous, action-taking AI systems currently, but the buzz is growing. In fact, by the end of 2025, it's predicted that half of all businesses will leverage task-specific AI agents. However, some firms aren't quite running on all cylinders just yet, and according to the [2025 Workplace Benefits Report](#), smaller companies in particular are racing to keep pace with larger firms. But technology continues to evolve rapidly, making it challenging to predict the exact pace and magnitude of AI agent adoption. Read publication: [On the clock: Agentic AI in the workplace](#).

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