

## BofA on USA

## February: tepid retail sales and a modest DOGE drag

**Modest gains in February**

BAC card spending per HH was up 0.3% m/m in February on a SA basis. We expect the Census Bureau's February retail sales ex-autos figure to come in flat, and the core control group (retail sales ex autos, gas, building materials and restaurants) to rise 0.2% (Exhibit 1).

**Seasonal factors: nothing to see here**

We do not expect seasonal factors (SFs) to distort the signal from the BAC card data in February. The Census Bureau's projected retail sales ex-autos SF for February 2025 is very similar to its SF for February 2023, which was the last time February had 28 days. The same is true for the retail sales ex-autos SFs in the BAC card data (Exhibit 8).

**Travel spending slowdown**

Airline spending was the weakest category in the BAC card data in Jan-Feb (Exhibit 9). Lodging was also soft. This is consistent with data from the TSA, which show that airport traffic has been very similar to 2024 levels since the start of the year. This lack of growth is a concern, though we'd note that 2024 was a very strong year for air travel spending. One caveat is that the data in coming weeks will be impacted by the fact that Easter fell early in 2024 (Mar 31) and will arrive late this year (Apr 20).

**DC doldrums: DOGE or weather?**

DOGE continues to capture headlines. This month we look into the impact of the recently announced DOGE-driven federal job cuts on BAC card spending data in the Washington DC MSA (which includes Maryland and Virginia). To isolate the impact of job cuts, we control for colder-than-usual weather in February in the DC metro area by also looking at average spending in six major east coast cities (Boston, New York City, Philadelphia, Baltimore, Charlotte and Atlanta) that also experienced winter snowstorms.

**DOGE cuts appear to be weighing on spending in DC...**

On both a y/y and m/m basis, BAC total card spending growth in the DC MSA was much weaker in Feb '25 than Nov '24. We compare spending to Nov '24 because the Nov '24 data were not impacted by extreme weather or policy changes (Exhibit 10 & Exhibit 11).

**...Which is now much weaker than in comparable metros**

Feb card spending growth was also substantially weaker in the DC MSA than in the other east coast cities on average. This also suggests that the DC slowdown was likely related to DOGE cuts. Note that the cuts appear to have affected discretionary spending such as restaurants, but not necessity spending such as groceries (Exhibit 12 - Exhibit 15).

**But the impact remains localized...for now**

Having said that, the DC metro area only accounts for about 3% of the BAC card data sample. Total card spending growth is holding up for now, indicating that the impact of the DOGE cuts has been localized so far. We will continue to monitor these data going forward to assess whether the drag is growing over time.

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HH: household

m/m: month-over-month

SA: Seasonally Adjusted

DOGE: Department of Government Efficiency

MSA: Metropolitan Statistical Area

TSA: Transportation Security Administration

y/y: year-over-year

# The month of February

## Exhibit 1: We expect a modest retail sales report for February, with retail sales ex-autos coming in flat

BofA forecast and Bloomberg consensus for February Census Bureau retail sales (%m/m, SA)

% m/m	BofA forecast	Bloomberg consensus
Retail sales	0.3%	0.8%
ex-autos	0.0%	0.4%
ex-autos and gas	0.0%	0.5%
Core control	0.2%	0.5%

**Source:** BAC internal data. The core control group is retail sales ex autos, gas, building supplies and restaurants.

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## Exhibit 2: Card spending was soft in many categories in February, particularly airlines

Aggregated monthly BAC card spending per HH by major category (%m/m, SA)

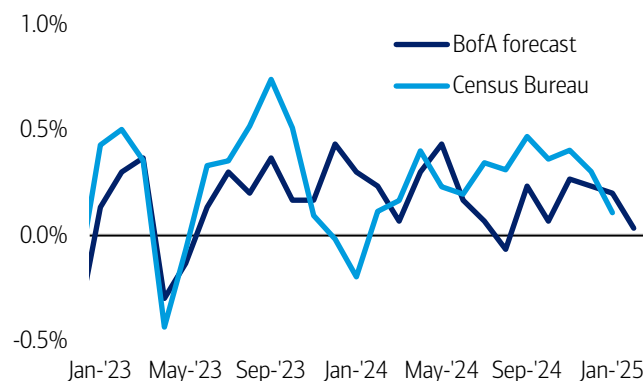
	Feb-25	Jan-25	Dec-24	Nov-24	Oct-24	Sep-24
Gas	-0.3%	-0.7%	2.8%	1.4%	-1.2%	-0.1%
Furniture	-1.2%	-2.2%	-0.1%	1.2%	0.5%	0.2%
Home improvement	-1.8%	-0.7%	-0.3%	-0.9%	0.2%	0.5%
Clothing	0.0%	-8.4%	8.3%	0.2%	-1.6%	1.5%
Grocery	-0.1%	0.4%	0.6%	-0.7%	0.3%	0.7%
General Merchandise	0.0%	0.4%	2.3%	-1.5%	0.1%	2.1%
Department Store	0.3%	-3.9%	6.1%	-1.7%	-1.9%	1.4%
Restaurants	-0.5%	-1.8%	1.0%	0.3%	0.0%	0.7%
Lodging	-1.5%	-1.3%	-0.1%	0.2%	0.7%	1.0%
Airlines	-7.2%	-1.9%	0.6%	4.1%	-2.7%	-1.0%
Total online retail (card not present)	0.8%	0.9%	-1.2%	1.2%	-0.3%	0.3%

**Source:** BAC internal data. Card not present is largely online but could include purchases made over the phone. Gas includes convenience store purchases as well. The Department Store and General Merchandise series have been restated to remove a large merchant. This has no impact on total retail spending.

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## Exhibit 3: If our forecast of a flat retail sales ex-autos print in February is correct, the three-month average growth rate would decline

Retail sales ex-autos: Census Bureau vs. BofA forecasts (%m/m, SA, 3-month moving average (ma))

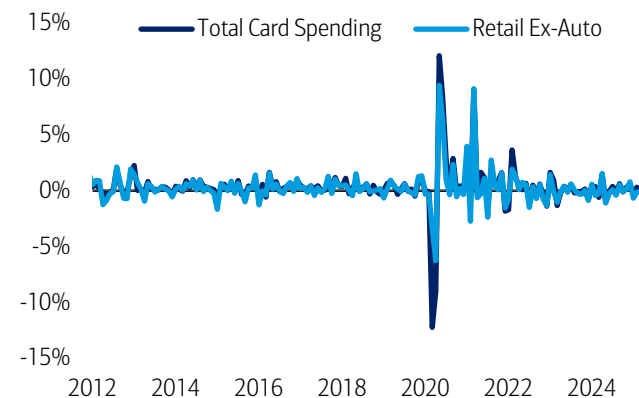


**Source:** BAC internal data, BofA Global Research estimates, Census Bureau

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## Exhibit 4: Total card spending per HH was up 0.3% m/m in February on a SA basis

BAC aggregated monthly card spending per HH (%m/m, SA)

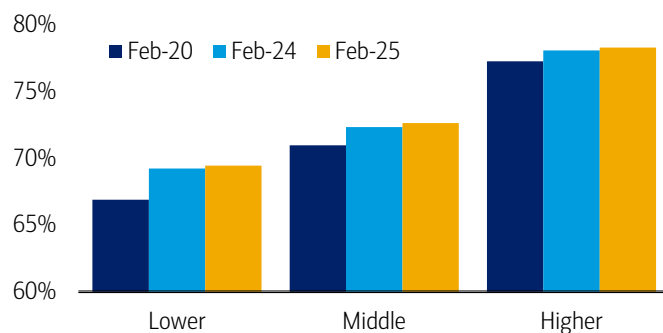


**Source:** BAC internal data

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## Exhibit 5: Discretionary spending was 69% of total spending for the lower-income cohort in Feb 2025, compared to 67% in Feb 2020

Share of discretionary spending in total spending per HH by income (%)

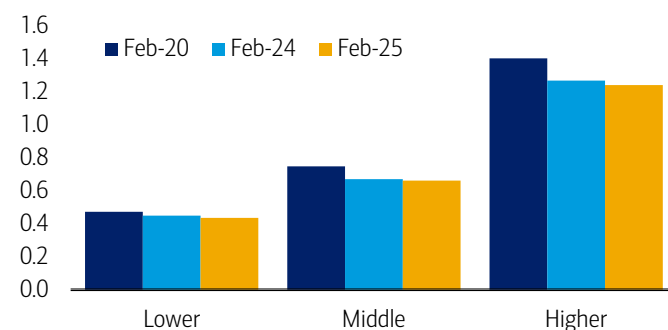


**Source:** BAC internal data. Discretionary spending is total spending ex gas, groceries and utilities. We exclude 2021-23 to simplify the chart.

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## Exhibit 6: In Feb 2025, BAC credit card spending was less than half of debit card spending for the lower-income cohort

Ratio of credit card spending per HH to debit card spending per HH by income group



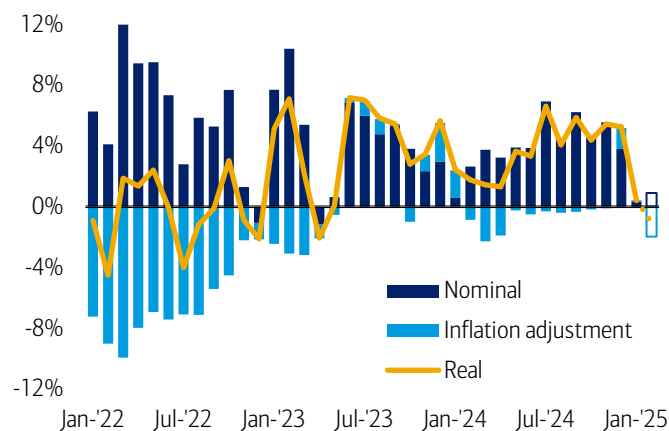
**Source:** BAC internal data. We exclude 2021-23 to simplify the chart.

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### Exhibit 7: Real core control retail sales were up 0.4% annualized from Oct 2024 to Jan 2025

Core control retail sales (3 month annualized % change)

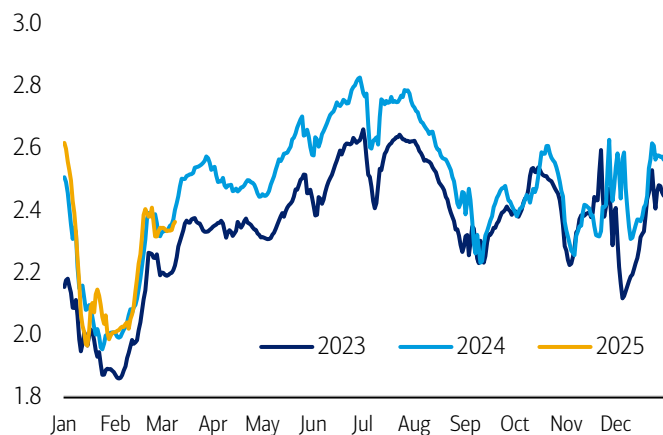


**Source:** BAC internal data, Bureau of Economic Analysis, Census Bureau, Haver Analytics. The inflation adjustment uses a price index reported by Haver Analytics. It converts nominal spending into real spending, so it is negative when inflation is positive and vice versa. BofA projections for February are represented by the dotted line and clear boxes above. We assume nominal core control retail sales are in line with our forecasts, and inflation is the same as it was in January.

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### Exhibit 9: Air travel has flatlined this year on a y/y basis

Airport traffic (mn passengers, 7-day moving average)

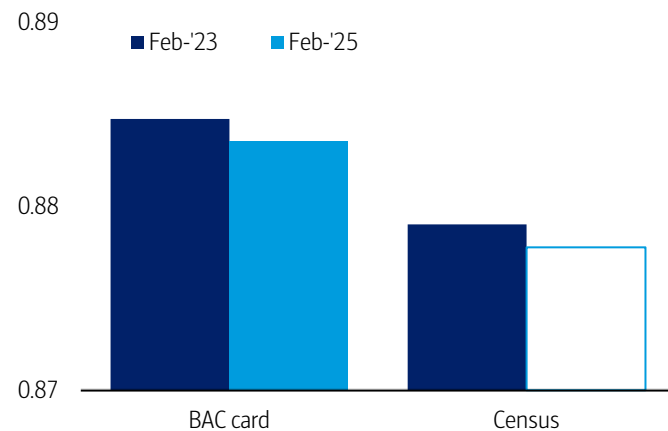


**Source:** TSA

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### Exhibit 8: For retail sales ex-autos in February, both the SF in the BAC card data and the Census Bureau's projected SF similar to their Feb 2023 levels

Seasonal factors for ex-auto retail sales for the month of February, 2023 vs. 2025



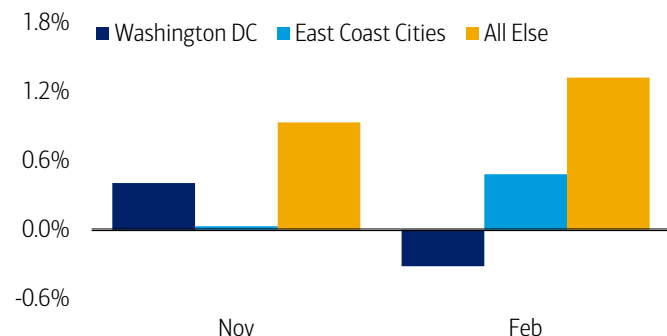
**Source:** BAC internal data, Census Bureau. Note: seasonal factors = NSA data / SA data. We estimate the Census' SF for retail sales ex-autos in February 2025 (represented by the clear box above) based on its projections of the SFs for headline retail sales and motor vehicles & parts. We compare SFs to February 2023 because last February's SFs were impacted by the extra leap year day in the month.

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# DOGE deep dive

**Exhibit 10: Y/y total card spending growth in the Washington DC MSA was much weaker in Feb 2025 (-0.3%) than Nov 2024 (+0.4%), where there was no extreme weather/policy impact**

BAC aggregated monthly total card spending per HH (% y/y, SA)

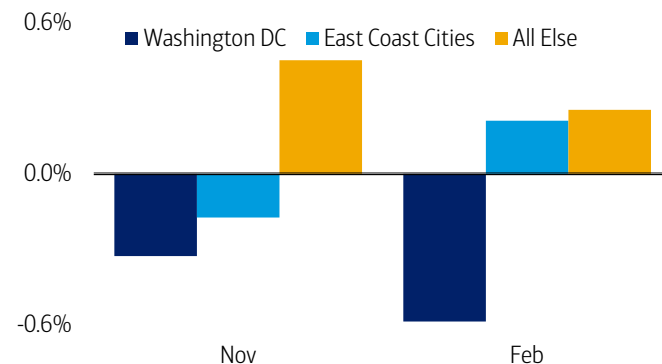


Source: BAC internal data, Note: East coast cities include Boston, New York City, Philadelphia, Baltimore, Charlotte and Atlanta

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**Exhibit 11: M/m Feb total card spending growth was substantially weaker in the DC MSA (-0.6%) than the other east coast cities (+0.2%)**

BAC aggregated monthly total card spending per HH (% m/m, SA)

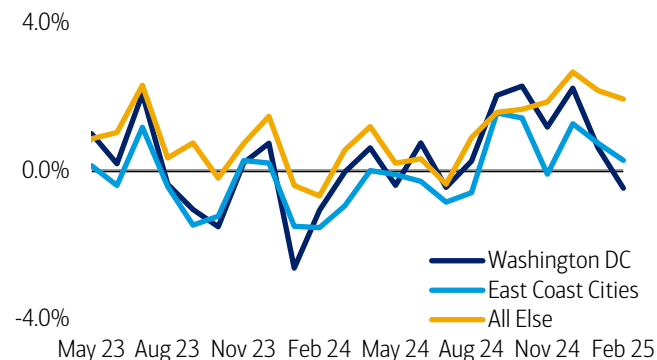


Source: BAC internal data, Note: East coast cities include Boston, New York City, Philadelphia, Baltimore, Charlotte and Atlanta

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**Exhibit 12: Y/y Feb discretionary spending growth was also substantially weaker in the DC MSA (-0.5%) than other east coast cities**

BAC aggregated monthly discretionary spending per HH (% y/y, SA)

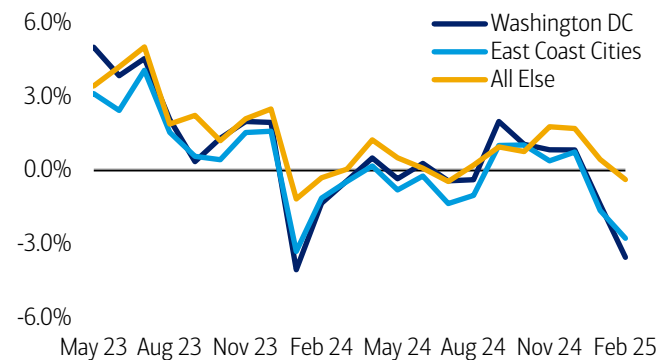


Source: BAC internal data, Note: East coast cities include Boston, NYC, Philadelphia, Baltimore, Charlotte and Atlanta. Discretionary spending is total spending ex gas, groceries and utilities.

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**Exhibit 13: Within discretionary, y/y Feb restaurant spending growth was slightly weaker in the DC MSA (-3.5%) than other east coast cities**

BAC aggregated monthly restaurant spending per HH (% y/y, SA)

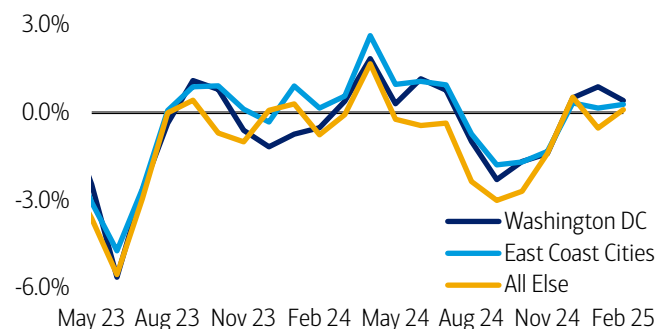


Source: BAC internal data, Note: East coast cities include Boston, New York City, Philadelphia, Baltimore, Charlotte and Atlanta.

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**Exhibit 14: Y/y Feb necessity spending growth was slightly higher in the DC MSA (+0.4%) than other east coast cities (+0.3%)**

BAC aggregated monthly necessary spending per HH (% y/y, SA)

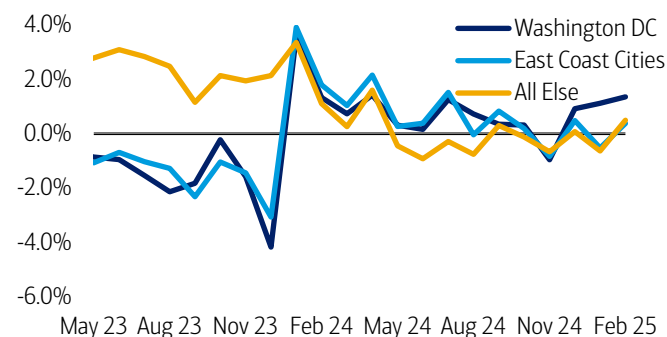


Source: BAC internal data, Note: East coast cities include Boston, NYC, Philadelphia, Baltimore, Charlotte and Atlanta. Necessity spending includes spending on gas, groceries and utilities.

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**Exhibit 15: Within necessity spending, y/y Feb grocery spending growth was also higher in DC MSA (+1.4%) than other east coast cities**

BAC aggregated monthly grocery spending per HH (% y/y, SA)



Source: BAC internal data, Note: East coast cities include Boston, New York City, Philadelphia, Baltimore, Charlotte and Atlanta

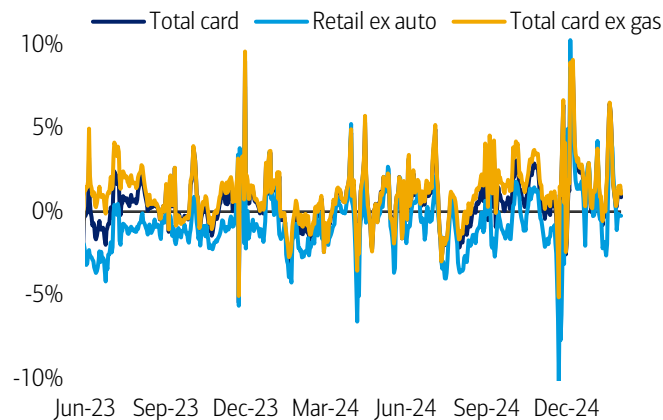
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# The big picture

## Exhibit 16: Total card spending was up 2.0% y/y in the week ending Mar 8

Total card, retail ex auto and total card ex gas spending, per HH, based on BAC aggregated card data (y/y %change of the 7-day ma of spending levels)

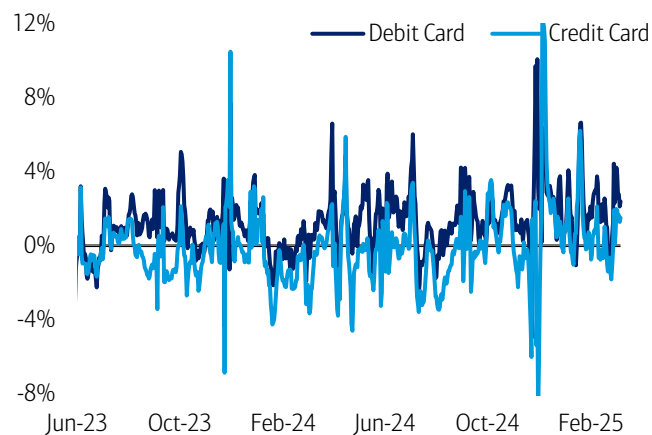


Source: BAC internal data

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## Exhibit 17: Y/y debit card spending growth (+2.4%) outpaced credit card spending growth (+1.5%) in the week ending Mar 8

Total credit card and total debit card spending, per HH, based on BAC aggregated card data (y/y %change of the 7-day ma of spending levels)

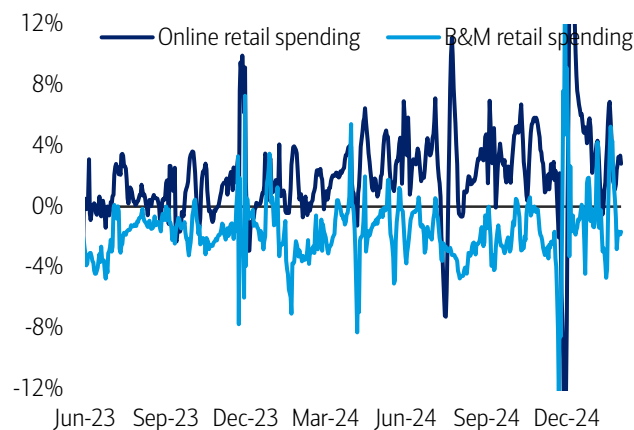


Source: BAC internal data

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## Exhibit 18: Online retail spending was up 3.6% y/y in the week ending Mar 8, while B&M retail spending growth was down 1.4% y/y

Online (card not present) and B&M retail spending, per HH, based on BAC aggregated card data (y/y %change of 7-day ma of spending levels)



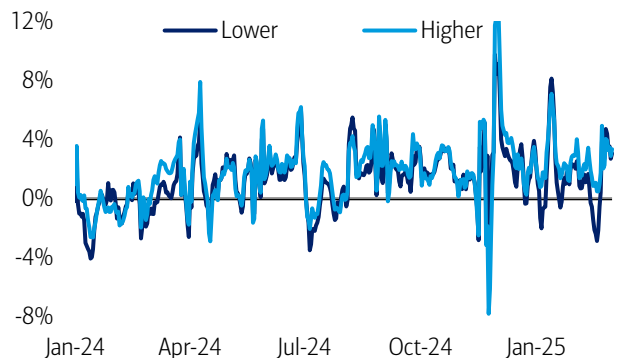
Source: BAC internal data. Note: B&M retail means retail purchases at the store. Card not present is largely online but could include purchases made over the phone.

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# Income-based trends

## Exhibit 19: Y/y spending growth ex groceries & gas was 3.4% for higher income HHs & 3.1% for lower income in the week ending Mar 8

Total spending ex groceries and gas, per HH by income group, based on aggregated BAC card data (y/y % change of the 7-day moving average of spending levels)

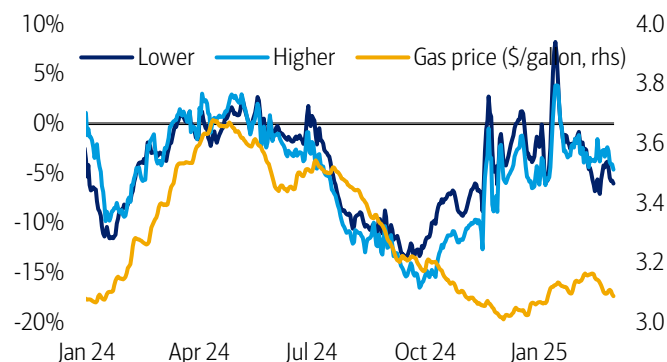


Source: BAC internal data

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## Exhibit 20: Y/y gas spending growth was negative for lower- and higher-income HHs in the week ending Mar 8 due to lower gas prices

Gas spending per HH by income group vs. retail gas price per gallon (y/y % change of the 7-day ma of spending levels)

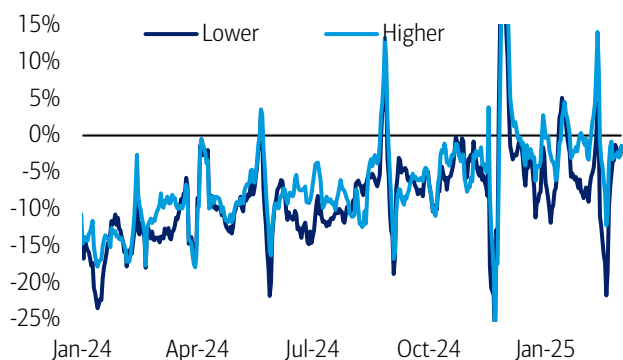


Source: BAC internal data, Bloomberg, American Automobile Association. Note: Gas includes some convenience store purchases at gas stations

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## Exhibit 21: Furniture spending growth was about -1.5% y/y for lower and higher-income HHs in the week ending Mar 8

Furniture spending per HH by income group (y/y % change of the 7-day ma of spending levels)

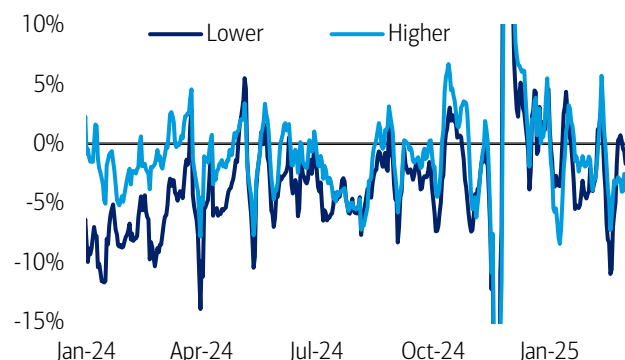


Source: BAC internal data.

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## Exhibit 22: Clothing spending growth was -2.6% y/y for higher-income HHs in the week ending Mar 8

Clothing spending per HH by income group (y/y % change of the 7-day ma of spending levels)

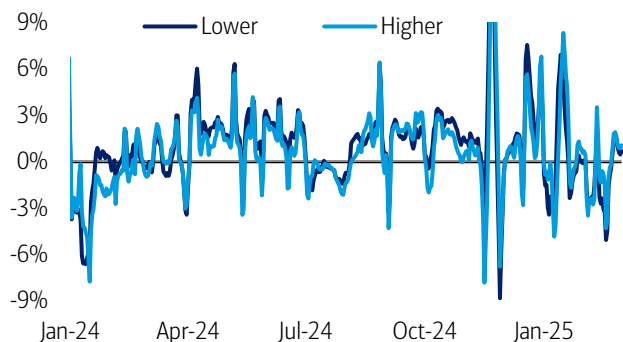


Source: BAC internal data

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## Exhibit 23: Y/y restaurant spending growth was around 1.0% for higher and lower income HHs in the week ending Mar 8

Restaurant spending per HH by income group (y/y % change of the 7-day ma of spending levels)

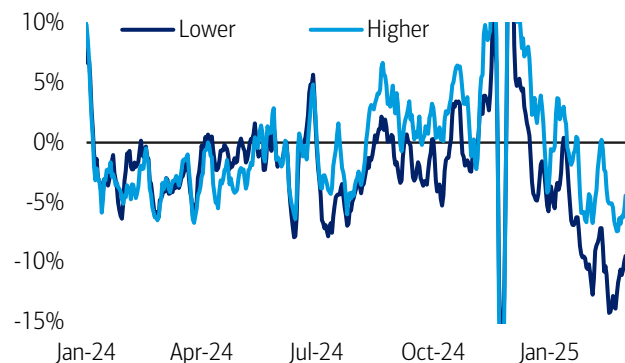


Source: BAC internal data

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## Exhibit 24: Y/y higher income (-4.4%) airline spending growth outpaced lower income (-9.5%) in the week ending Mar 8

Airline spending per HH by income group (y/y % change of the 7-day ma of spending levels)

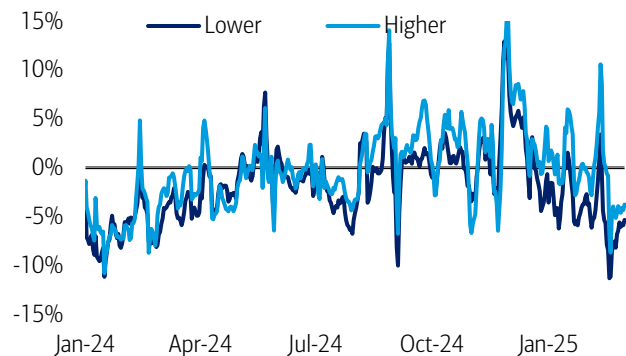


Source: BAC internal data

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**Exhibit 25: Y/y lodging spending growth was negative for both lower and higher income HHs in the week ending Mar 8**

Lodging spending per HH by income group (y/y % change of the 7-day ma of spending levels)

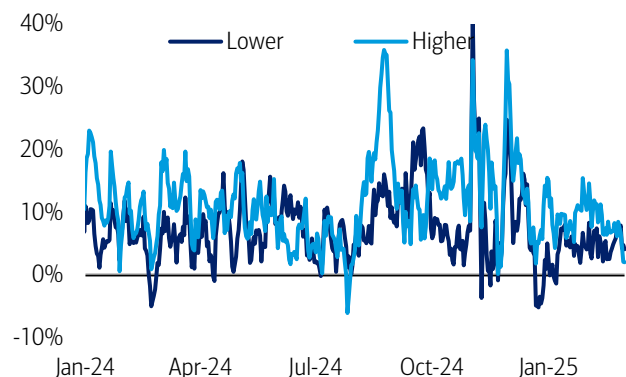


Source: BAC internal data

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**Exhibit 27: Y/y lower income cruise spending growth (4.1%) outpaced higher income spending growth (2.1%) in the week ending Mar 8**

Cruise spending per HH by income group (y/y % change of the 7-day ma of spending levels)

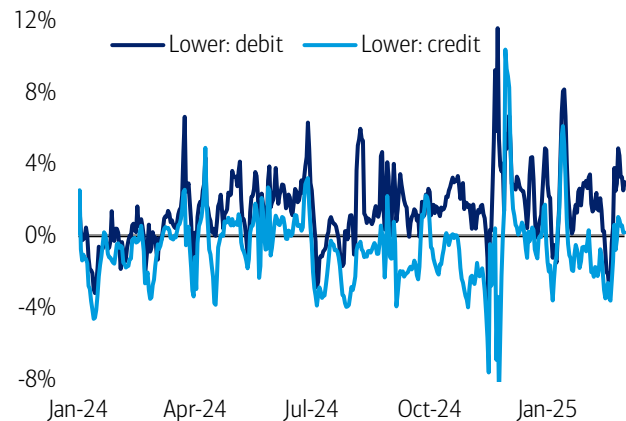


Source: BAC internal data

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**Exhibit 29: Y/y lower income debit card spending growth (3.0%) outpaced credit card spending (0.2%) in the week ending Mar 8**

Total credit card and total debit card spending per HH for lower-income group (y/y % change of the 7-day ma of spending levels)

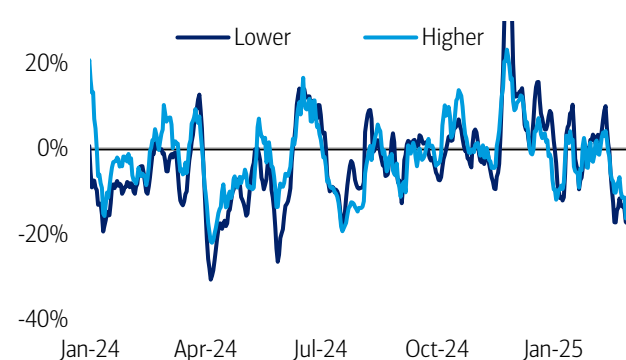


Source: BAC internal data

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**Exhibit 26: Y/y higher income (-9.6%) entertainment spending growth outpaced lower income (-14.4%) in the week ending Mar 8**

Entertainment spending per HH by income group (y/y % change of the 7-day ma of spending levels)

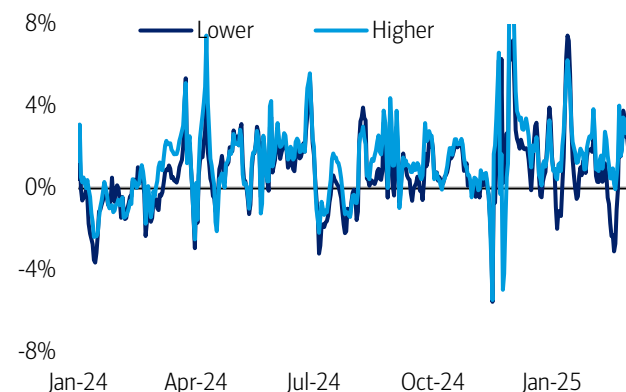


Source: BAC internal data

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**Exhibit 28: Y/y higher income total card spending growth (2.8%) slightly outpaced lower income (2.2%) in the week ending Mar 8**

Total card spending per HH by income group (y/y % change of the 7-day ma of spending levels)

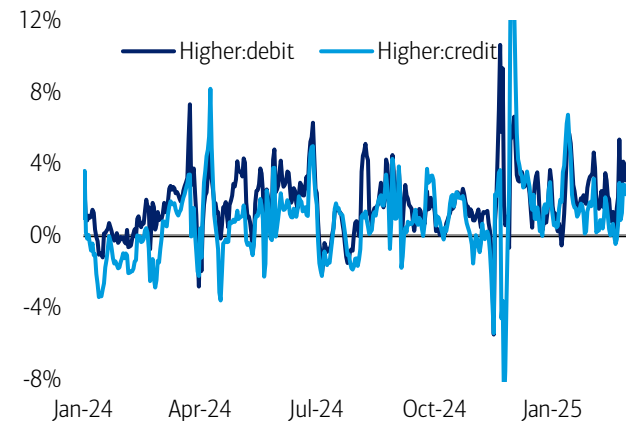


Source: BAC internal data

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**Exhibit 30: Y/y higher income debit card spending growth (3.3%) slightly outpaced credit card spending (2.3%) in the week ending Mar 8**

Total credit card and total debit card spending per HH for higher-income group (y/y % change of the 7-day ma of spending levels)



Source: BAC internal data

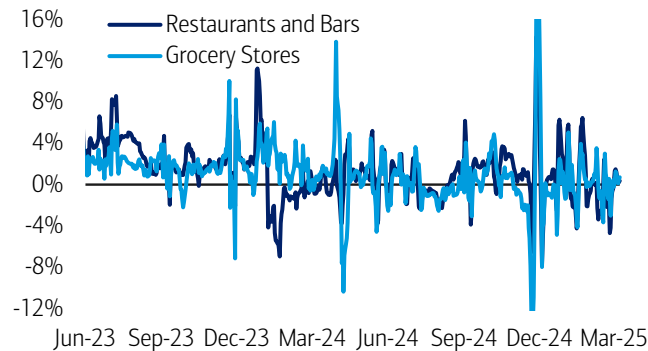
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## Sector trends

### Exhibit 31: Y/y spending growth at restaurants and grocery stores was 0.4% and 0.7%, respectively, in the week ending Mar 8

Spending per HH at restaurants and bars and grocery stores, based on BAC aggregated card data (y/y % change of the 7-day ma of spending levels)

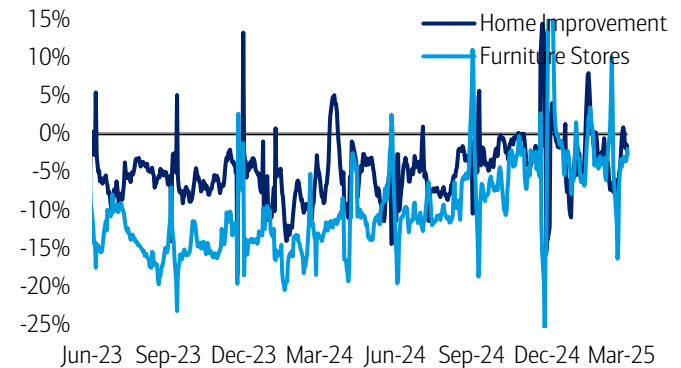


Source: BAC internal data

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### Exhibit 32: Y/y home improvement and furniture spending growth was -2.7% and -2.0%, respectively, in the week ending Mar 8

Spending per HH at home improvement and furniture stores, based on BAC aggregated card data (y/y % change of the 7-day ma of spending levels)

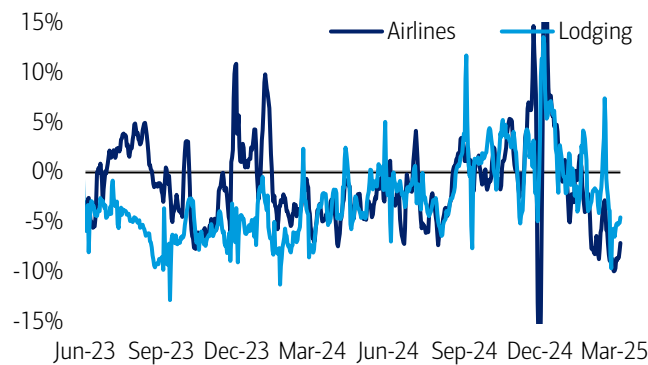


Source: BAC internal data

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### Exhibit 33: Y/y airlines and lodging spending growth was -7.1% and -4.5%, respectively, in the week ending Mar 8

Spending per HH on airlines and lodging, based on BAC aggregated card data, (y/y % change of the 7-day ma of spending levels)

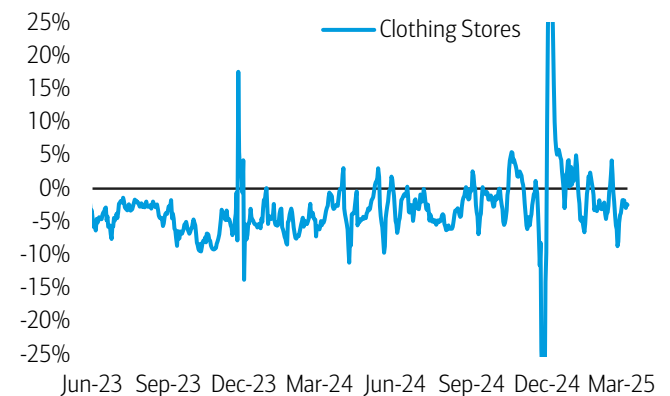


Source: BAC internal data

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### Exhibit 34: Y/y clothing spending growth was -2.5% in the week ending Mar 8

Spending per HH at clothing stores, based on BAC aggregated card data (y/y % change of the 7-day ma of spending levels)

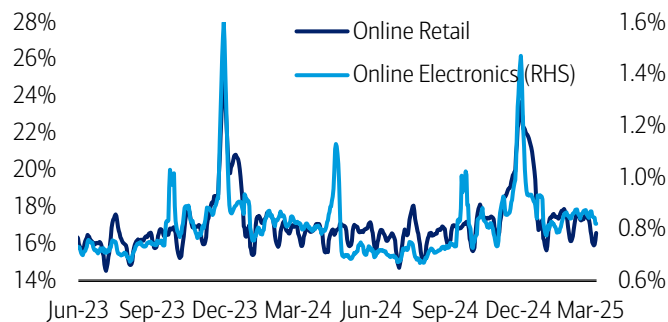


Source: BAC internal data

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### Exhibit 35: The shares of online retail spending and online electronics were 16.6% and 0.8%, respectively, in the week ending Mar 8

Online retail and online electronic (card not present) spending per HH as a share of total card spending (% , 7-day moving average)

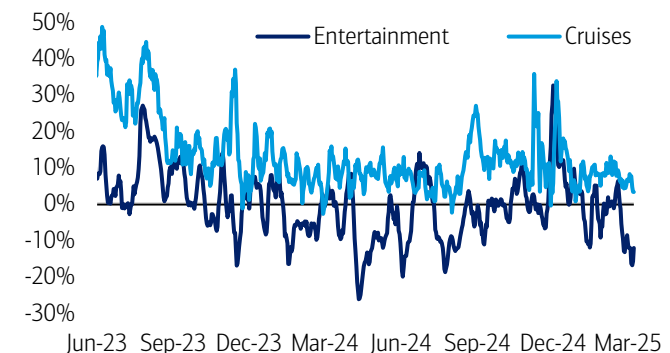


Source: BAC internal data

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### Exhibit 36: Y/y entertainment and cruise spending growth was -12.0% and +3.4%, respectively, in the week ending Mar 8

Spending per HH on entertainment and cruises, based on BAC aggregated card data (y/y % change of the 7-day ma of spending levels)



Source: BAC internal data

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**Exhibit 37: Total card spending per HH was up 2.0% y/y in the week ending Mar 8**

Aggregated daily card spending growth per HH by major category, February 23-March 8 (y/y % change of the 7-day ma of spending levels)

	3/8	3/7	3/6	3/5	3/4	3/3	3/2	3/1	2/28	2/27	2/26	2/25	2/24	2/23
<b>Total card spending</b>	2.0%	1.8%	2.3%	2.3%	3.1%	3.3%	1.7%	1.4%	3.4%	0.6%	-0.2%	-1.3%	-1.3%	-0.5%
<b>Retail ex-autos</b>	-0.1%	-0.1%	-0.3%	-0.2%	0.6%	0.8%	0.3%	-0.3%	-0.2%	-0.8%	-1.5%	-3.6%	-3.5%	-1.5%
Airlines	-7.1%	-7.9%	-8.6%	-8.6%	-8.9%	-8.7%	-9.6%	-9.9%	-9.9%	-9.7%	-8.7%	-8.8%	-8.9%	-8.9%
Lodging	-4.5%	-5.1%	-5.0%	-5.3%	-5.1%	-5.3%	-5.8%	-6.5%	-5.7%	-5.7%	-6.3%	-9.6%	-8.5%	-3.9%
Entertainment	-12.0%	-15.7%	-16.8%	-16.3%	-12.1%	-12.0%	-12.0%	-11.1%	-8.5%	-10.0%	-10.9%	-13.2%	-12.9%	-9.4%
Restaurants & bars	0.4%	0.2%	0.3%	0.6%	1.2%	1.5%	1.3%	0.4%	-0.4%	-0.7%	-1.4%	-4.2%	-4.7%	-2.4%
Transit	5.9%	6.0%	5.7%	6.2%	6.0%	4.8%	3.9%	3.2%	2.5%	0.9%	-0.8%	0.1%	-0.8%	-1.9%
Gas	-5.7%	-5.2%	-5.2%	-4.9%	-3.9%	-3.3%	-3.5%	-4.1%	-3.6%	-4.0%	-4.4%	-5.5%	-4.9%	-3.7%
Clothing	-2.5%	-2.3%	-2.9%	-2.7%	-1.8%	-1.9%	-1.8%	-2.8%	-3.7%	-4.0%	-5.2%	-8.0%	-8.7%	-6.2%
Furniture	-2.0%	-3.2%	-3.6%	-3.2%	-3.0%	-3.1%	-3.8%	-4.3%	-3.3%	-4.6%	-6.6%	-14.2%	-16.3%	-11.7%
Department store	-2.2%	-3.5%	-3.6%	-3.6%	-2.7%	-2.0%	-1.5%	-2.3%	-2.0%	-1.8%	-2.0%	-6.2%	-6.5%	-3.4%
Home improvement	-2.7%	-1.4%	-1.9%	-1.8%	0.1%	0.9%	0.3%	-0.7%	-2.6%	-4.3%	-5.1%	-7.0%	-7.8%	-6.9%
Online electronics	4.7%	4.4%	8.4%	7.3%	7.1%	7.1%	8.0%	6.7%	9.0%	2.7%	2.5%	1.2%	0.6%	2.4%
Grocery	0.7%	0.5%	0.1%	0.2%	1.0%	1.3%	0.4%	-0.2%	0.4%	-0.3%	-1.2%	-3.0%	-1.6%	0.5%
General Merchandise	1.7%	2.1%	2.0%	2.0%	3.1%	3.4%	3.4%	2.9%	1.8%	1.8%	1.5%	-1.6%	-1.4%	1.1%
Total B&M retail	-1.4%	-1.2%	-1.3%	-1.1%	-0.1%	0.3%	0.0%	-0.9%	-1.4%	-2.0%	-2.7%	-5.6%	-5.6%	-3.0%
Total online retail	3.6%	3.2%	2.7%	2.5%	2.7%	2.2%	1.7%	1.6%	3.4%	2.5%	1.9%	1.5%	1.8%	2.1%
Total card debit	2.4%	2.1%	2.8%	2.8%	3.9%	4.2%	2.6%	2.3%	4.4%	1.2%	0.5%	-1.0%	-1.3%	-0.4%
Total card credit	1.5%	1.3%	1.6%	1.5%	1.9%	2.0%	0.5%	0.1%	1.9%	-0.2%	-1.2%	-1.8%	-1.4%	-0.6%

**Source:** BAC internal data. Note: The 1-yr % change shows the change between the current date at the head of the table column and its comparable date a year ago. Total card spending includes total BAC card activity, which captures retail sales and services that are paid with cards. Does not include ACH payments. B&M (Brick & Mortar) retail means retail purchases at the store. Online electronics and total online retail correspond to purchases in which the card was not present. These are largely online purchases but could include purchases made over the phone. Gas includes some convenience store purchases at gas stations.

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## Methodology explained

Readers should be aware that although the BAC datasets utilized in our analysis represent a significant number of data points, they nevertheless present a degree of selection bias, including but not limited to income levels and geographies. In addition, the data is limited to debit and credit cards and does not include other payment methods such as cash or checks.

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BAC data used in this report include spending from active US households (HHs) only. Spending from corporate cards are excluded.

Our methodology for calculating the growth rates for daily data: we calculate the %y/y growth rate by matching calendar days (Jan 1 2025 is matched to Jan 1 2024). The % change is calculated based on the 7-day moving average of spending levels.

Unless otherwise noted, the monthly subsector data are adjusted to control for seasonality and other factors.

Lower, middle and higher household income cuts in Bank of America credit and debit card spending per household, and consumer deposit account data are based on quantitative estimates of each households’ income. These quantitative estimates are bucketed according to terciles, with a third of households placed in each tercile periodically.

The lowest tercile represents “lower income”, the middle tercile represents “middle income” and the highest tercile “higher income”. The income thresholds between these terciles will move over time, reflecting any number of factors that impact income, including general wage inflation, changes in social security payments and individual households’ income. The income and tercile in which a household is categorized are periodically re-assessed.



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