

## Macro Roundup Article

**Headline:** [Not Such A Cruel Summer](#)

**Article Link:** <https://business.bofa.com/content/dam/flagship/bank-of-america-institute/economic-insights/consumer-checkpoint-september-2023.pdf>

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Publication	Bank of America
Publication Date	September 29, 2023

**Tweet:** Bank of America transaction data suggests that consumer spending is broadly stable; faster wage growth for lower-income households helps offset pressure from higher credit card balances.

**Summary:** While stimulus was an important factor in limiting credit card-financed spending earlier in the pandemic, in recent times the strength of the labor market and the associated wage gains are likely a major reason why consumers have not had to resort to hitting their credit cards harder. Exhibit 7 shows that according to Bank of America internal data, average credit card balances have risen over the last few years, after a dip in 2020. The latest reading through August 2023 suggests that for middle- and higher-income households, credit card balances are at levels equivalent to that in 2019. However, card balances for lower-income households have seen a steeper rise and have exceeded their pre-pandemic range. The good news is that lower-income households continue to see faster wage growth, as suggested by Exhibit 8, which helps offset some of the pressure that the group is facing from higher card balances. Related: The Pandemic Has Broken a Closely Followed Survey of Sentiment and What Has Policy Tightening Accomplished So Far? and The Q4 Pothole: Student Loans, Shutdown, and Strikes

**Primary Topic:** Business Cycle

**Topics:** Business Cycle, GDP, Other Source, Wages/Income, Workforce

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