

The State of the US Consumer

Spending is holding up. The foundation underneath it is narrowing, and the split between asset owners and wage earners is now the story.

The consumer is spending, but the foundation is narrowing

+2.6%

Real consumer spending, year over year. Demand is holding.

-0.7%

Real hourly wages: pay up 3.0%, prices up 3.7%.

4.1%

Saving rate, against a 7.3% average in 2019.

+72%

Household net worth since Dec 2019. Real wages: +3%.

The trade is dispersion, not a recession call: balance-sheet strength at the top is funding spending while wage earners save less and borrow at 21%.

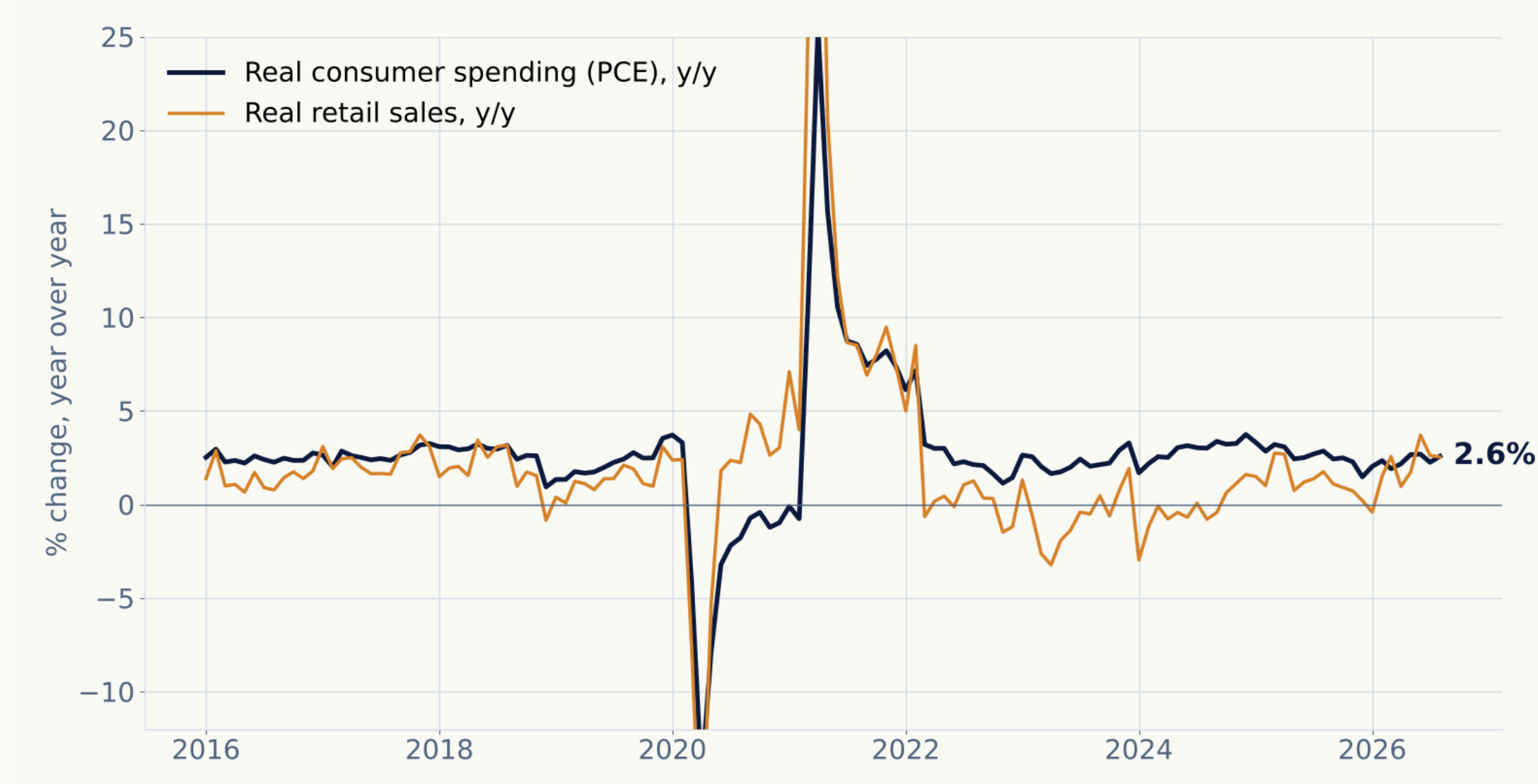
Spending is holding up across goods and services

+2.6% real spending (PCE) y/y;
+2.5% real retail sales.

+5.4% nominal retail sales, ahead of
the NRF's 4.4% full-year forecast.

Services are **68.9%** of spending and
rising 5.9% y/y; durables up 7.4%.

**No recession signal in the spending
data yet.**



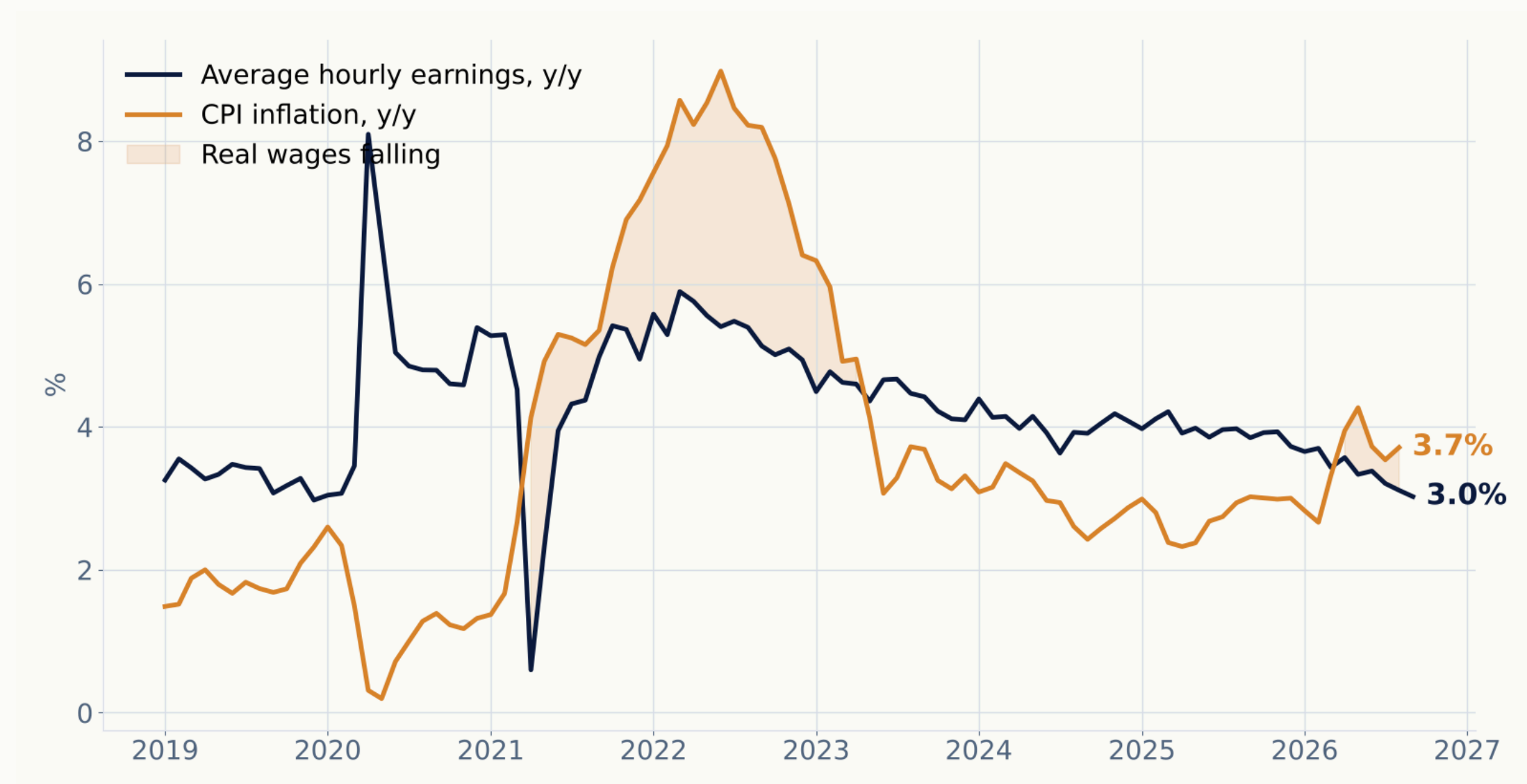
Income growth is losing the race against inflation

CPI **+3.7%** vs hourly earnings **+3.0%**:
real wages **-0.7%**.

Real disposable income **+1.3%** y/y.

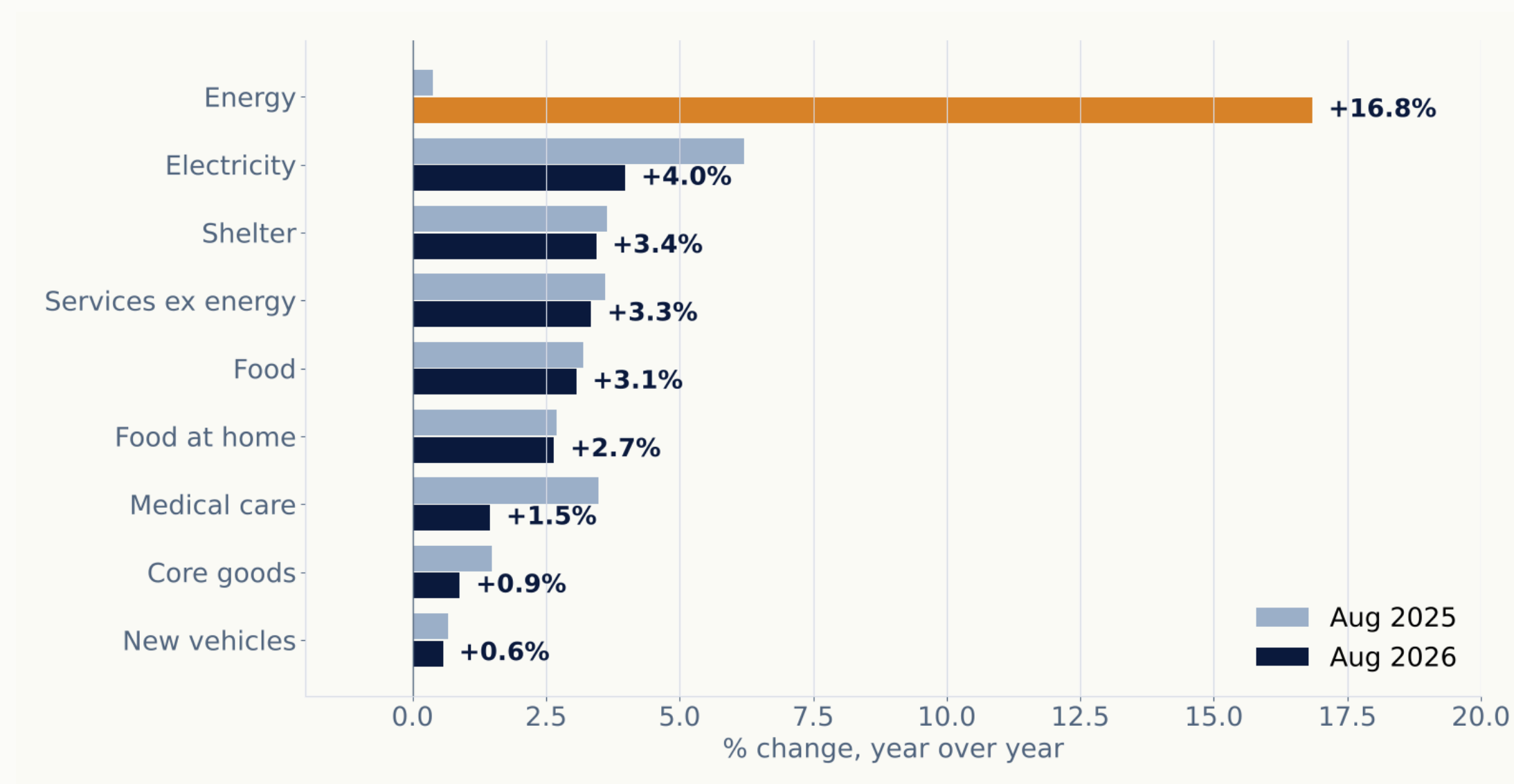
Real income excluding transfers
+0.8%: private earning power is
stalling.

**Spending is being funded by saving
less, not earning more.**



Source: FinzData (BLS average hourly earnings and CPI, BEA personal income). Data through Aug-Sep 2026.

Inflation: an energy shock on top of a cooling core



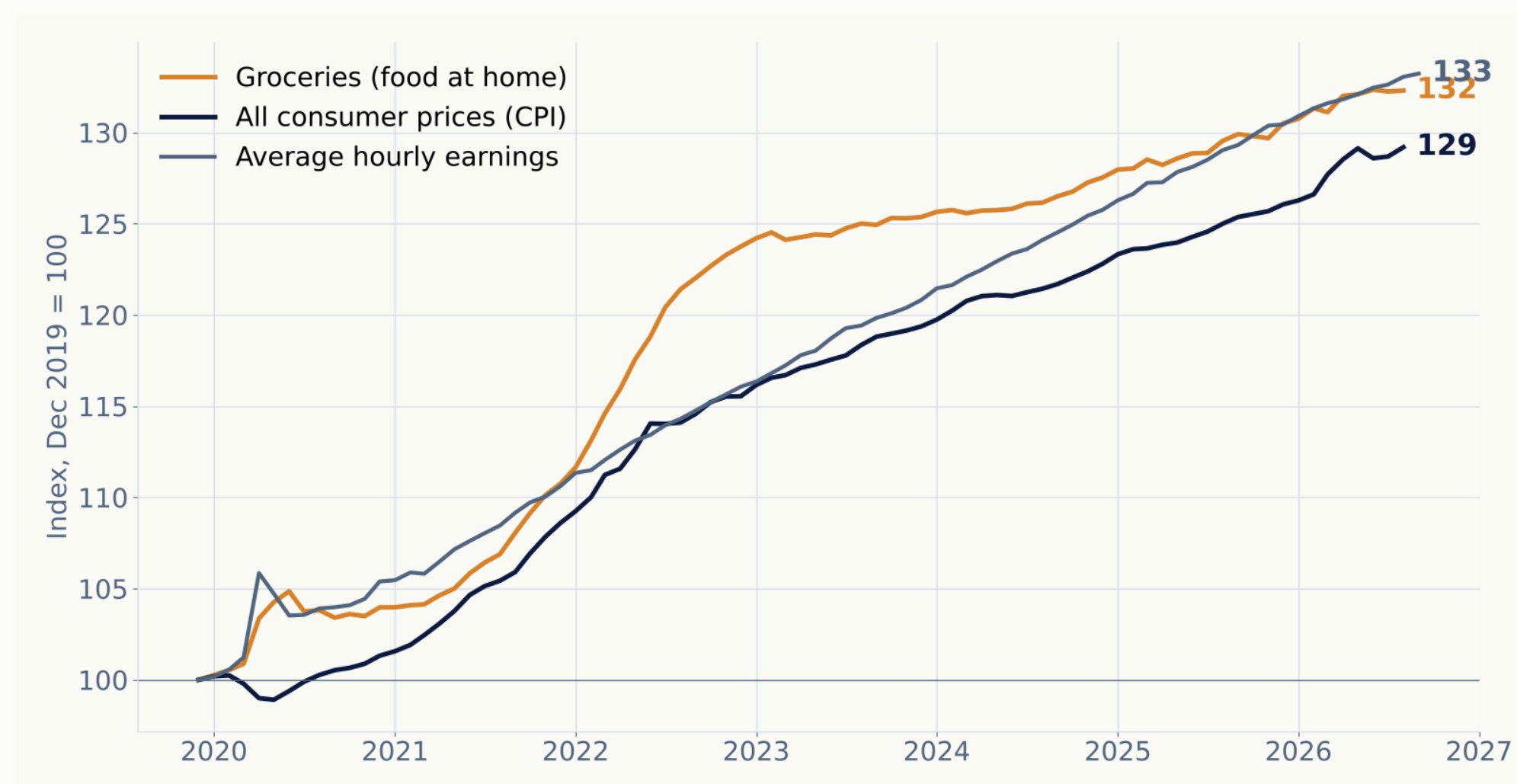
Headline CPI **3.7%**, up from 2.9% a year ago. Energy is **+16.8%**.

Core CPI **2.8%**, down from 3.1%; the last three months ran at a **2.0%** annual pace.

Shelter **3.4%** and services **3.3%** are easing; goods are near flat.

The underlying trend is improving. The pain is at the pump and on the power bill.

The consequence: prices are 29% higher, and they are not coming back down



+32%

Groceries since Dec 2019; wages +33%

\$4.35

Average gallon of gas,
5 Oct

4.0%

Households expect;
markets price 2.3%
(5-yr breakeven)

~0%

Real fed funds: 3.75%
policy rate vs 3.7%
CPI

Wages have caught up with the price level on average, but every trip to the pump or the grocery store reminds people of the gap. That is why sentiment is near record lows.

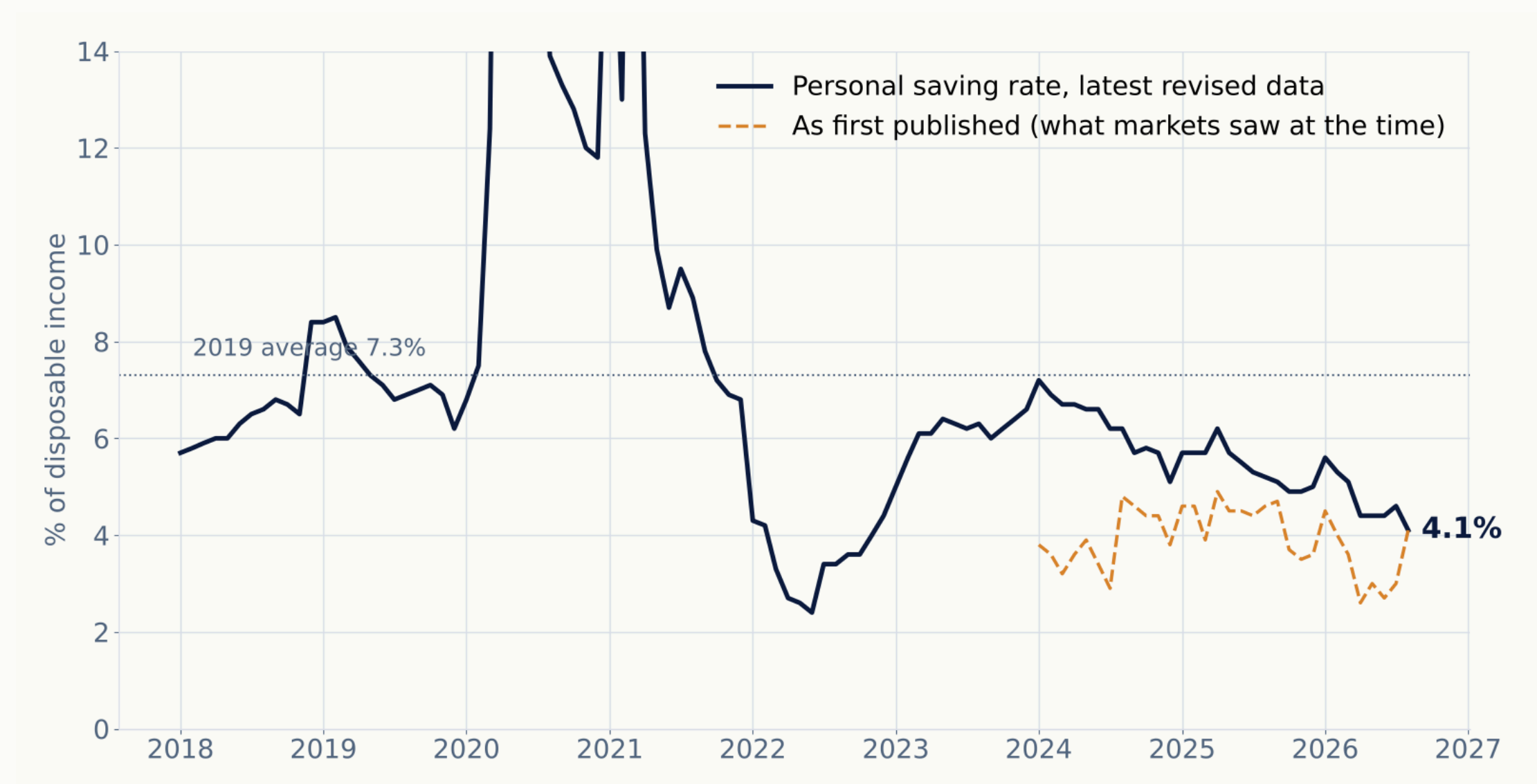
The savings cushion is thin, and the first print was thinner

Saving rate **4.1%** vs a **7.3%** average in 2019.

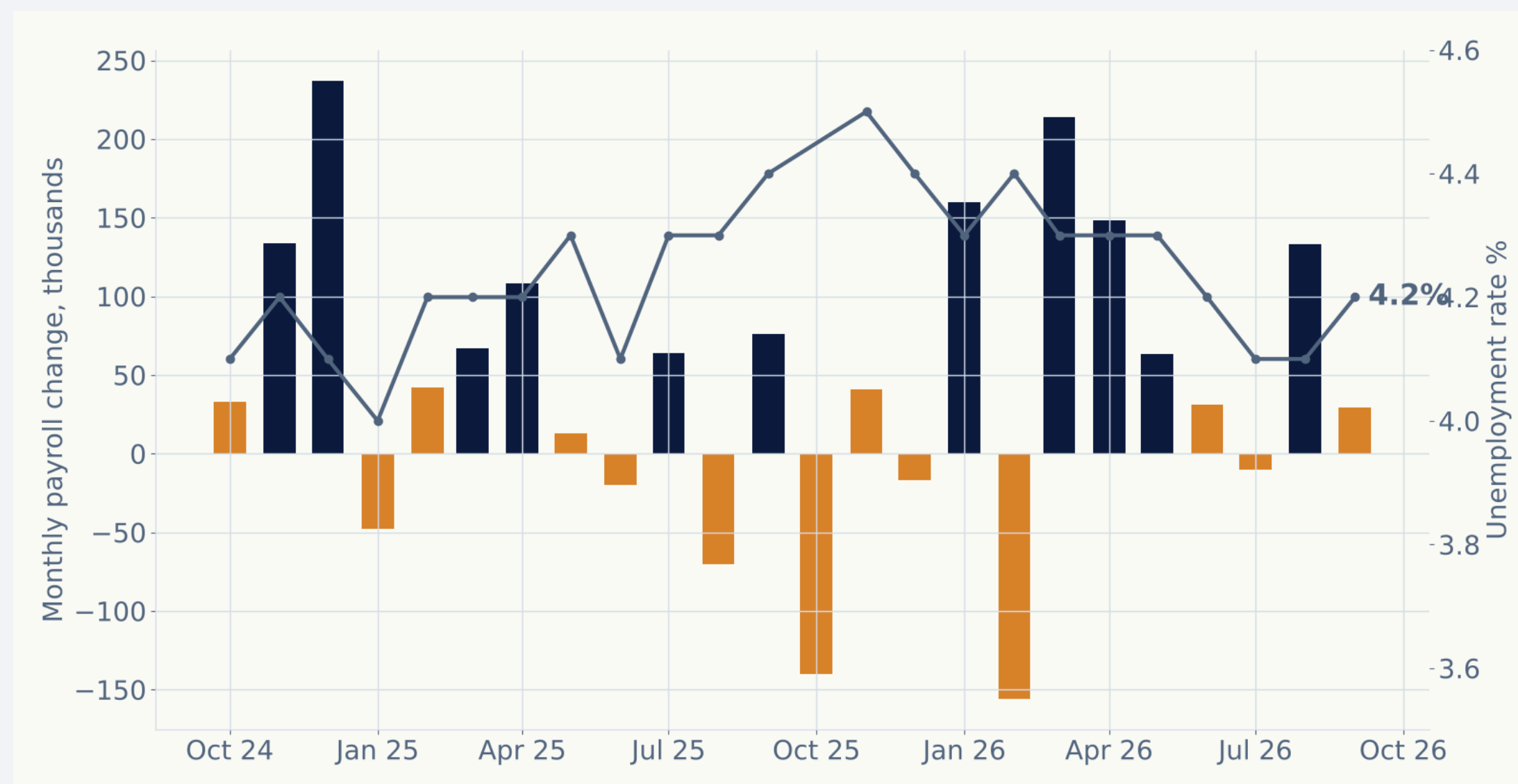
July was first printed at **3.0%**, then revised to **4.6%** on 30 Sep.

First prints have run well below the revised data for two years.

Backtests on revised data see a consumer markets never saw.



The labor market is cooling, not collapsing



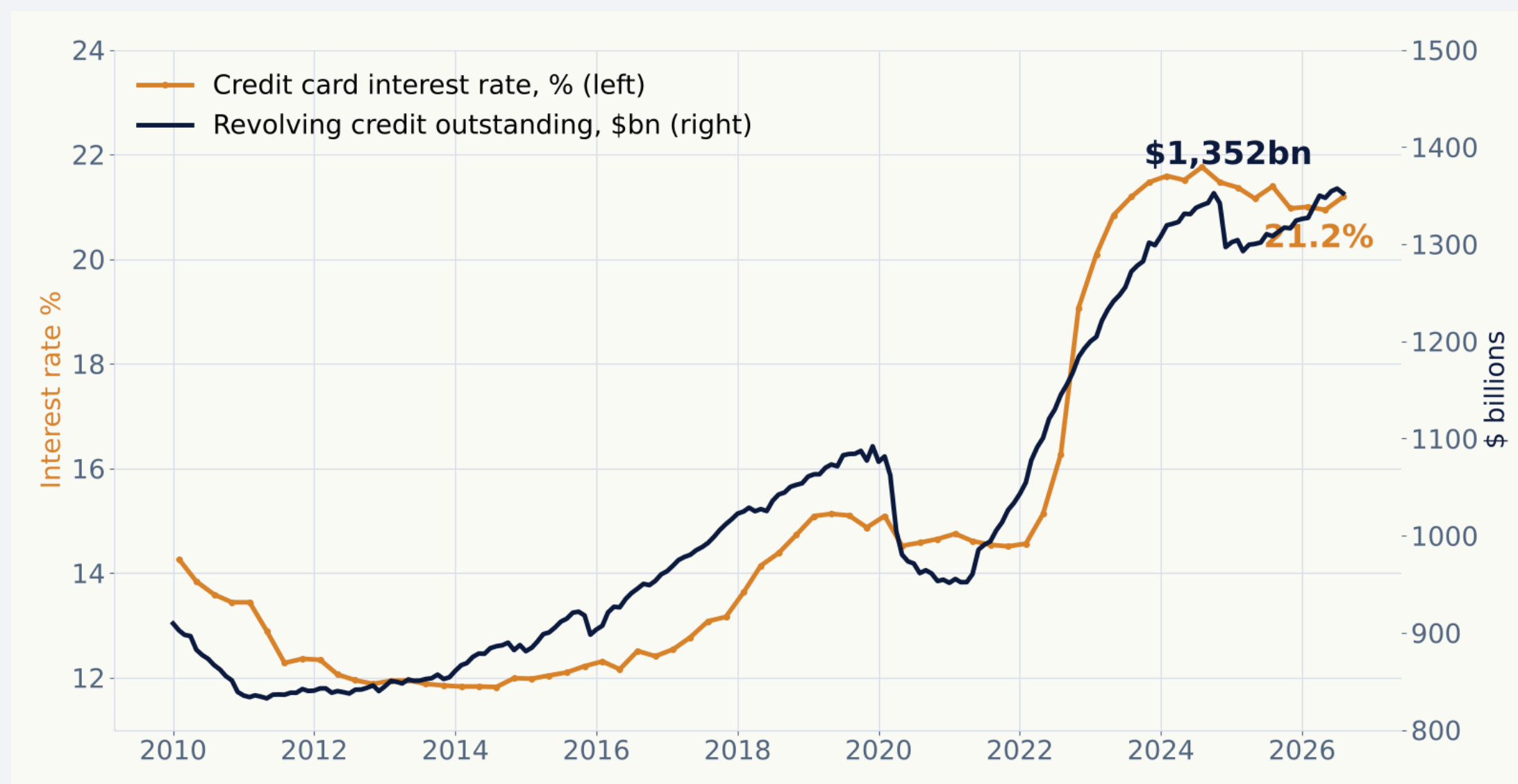
Payrolls averaging **51k** a month over the last three months.

Unemployment **4.2%**, just 0.1pt above its 12-month low.

Claims low at **198k**; quits rate **1.9%** vs 2.3% in 2019.

Low hiring, low firing: income risk skews to the downside.

Card balances are growing into a 21% interest rate



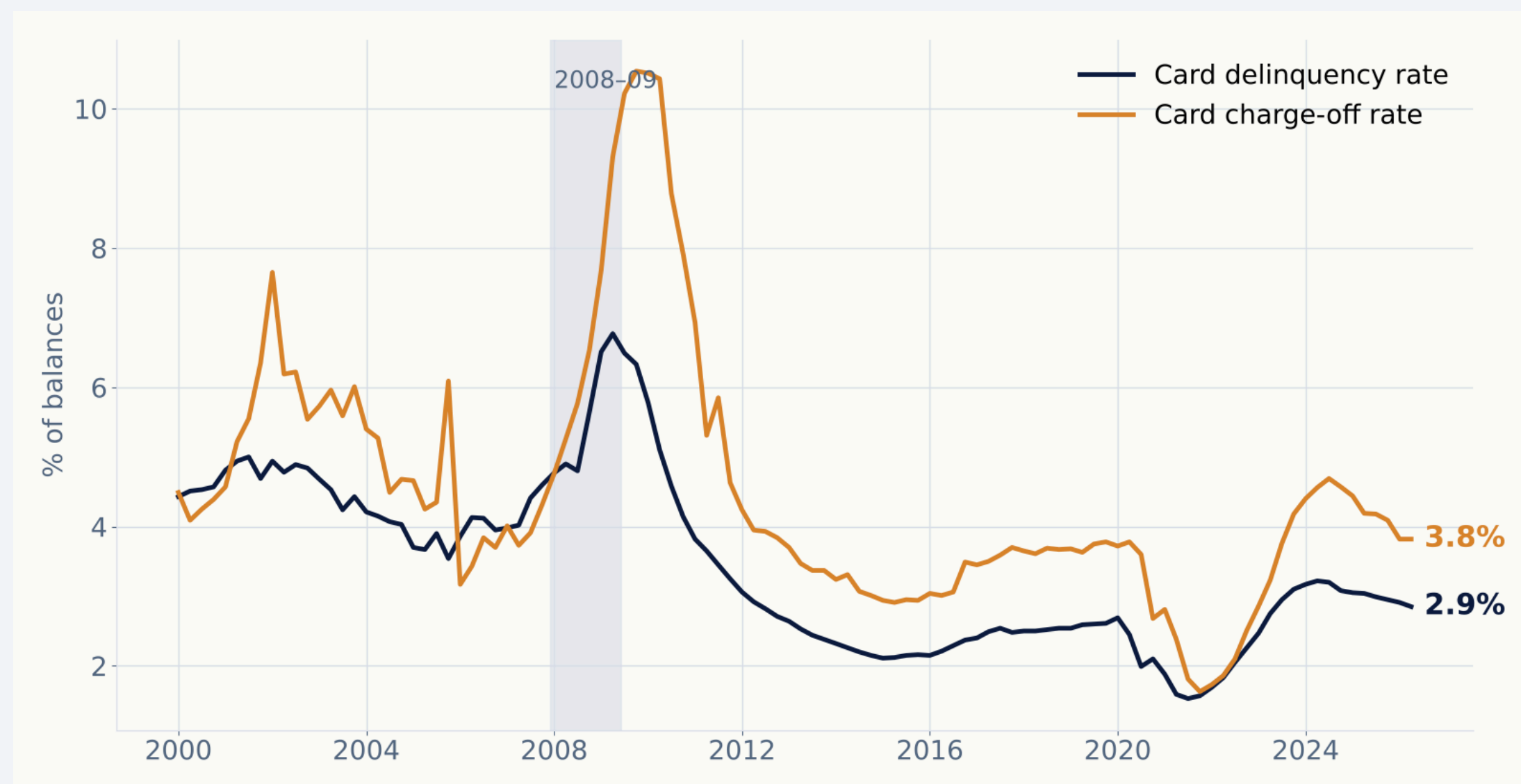
Revolving credit **\$1,352bn**, up 3.4% y/y and **24%** above Dec 2019.

Average card rate **21.2%** vs 15.1% in 2019.

Carrying a balance costs about **40%** more per dollar than before the pandemic.

Interest is crowding out discretionary spend for revolvers.

Credit stress is normalizing, not breaking



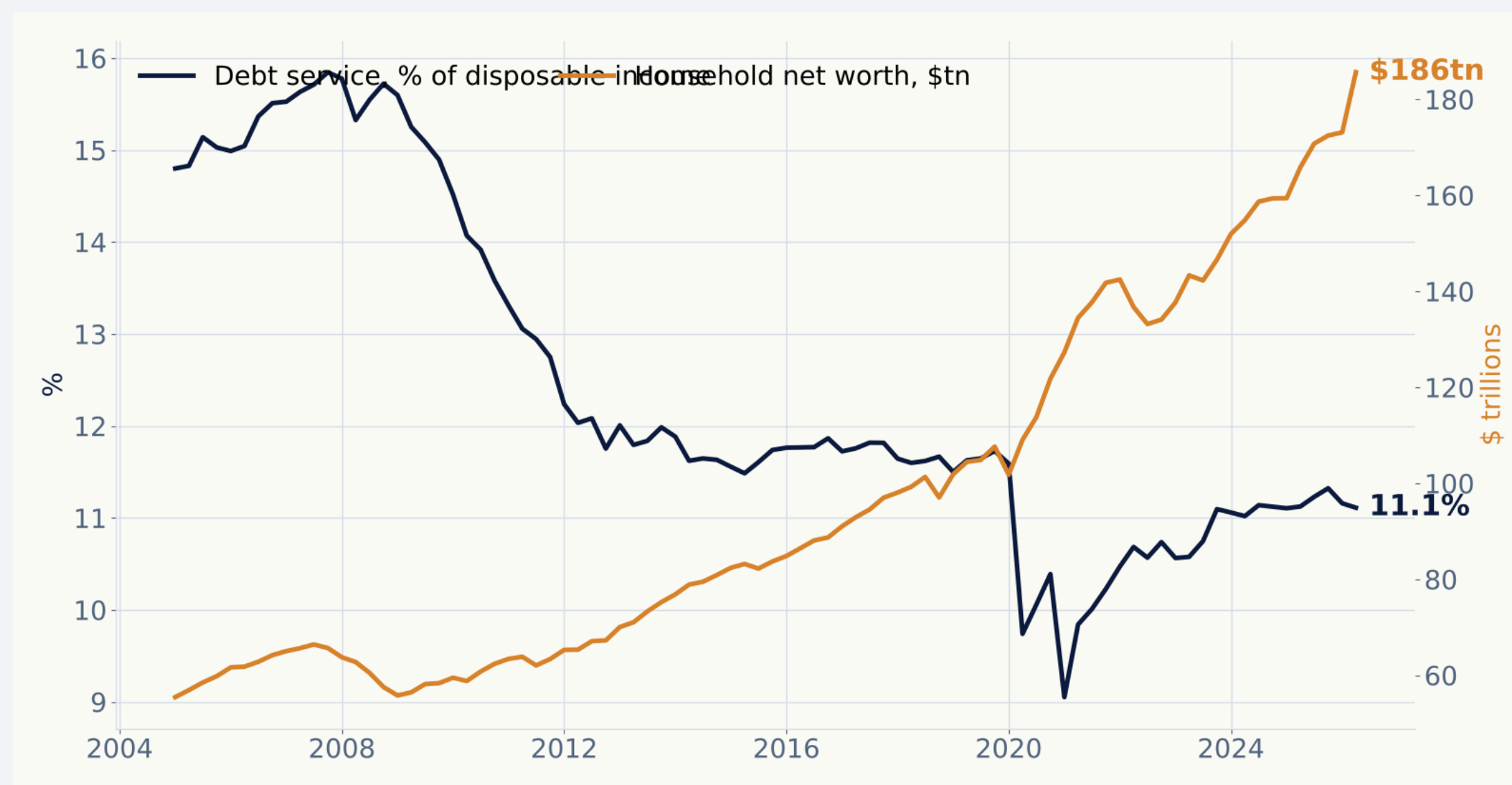
Card delinquencies **2.85%** in Q2 vs 2.58% in 2019.

Charge-offs **3.82%** vs 3.71% in 2019: back to normal.

Both far below the 2009 peaks; stress sits at the margin.

A late-cycle normalization, not a 2008-style impairment.

Balance sheets are strong in aggregate, and that is the point



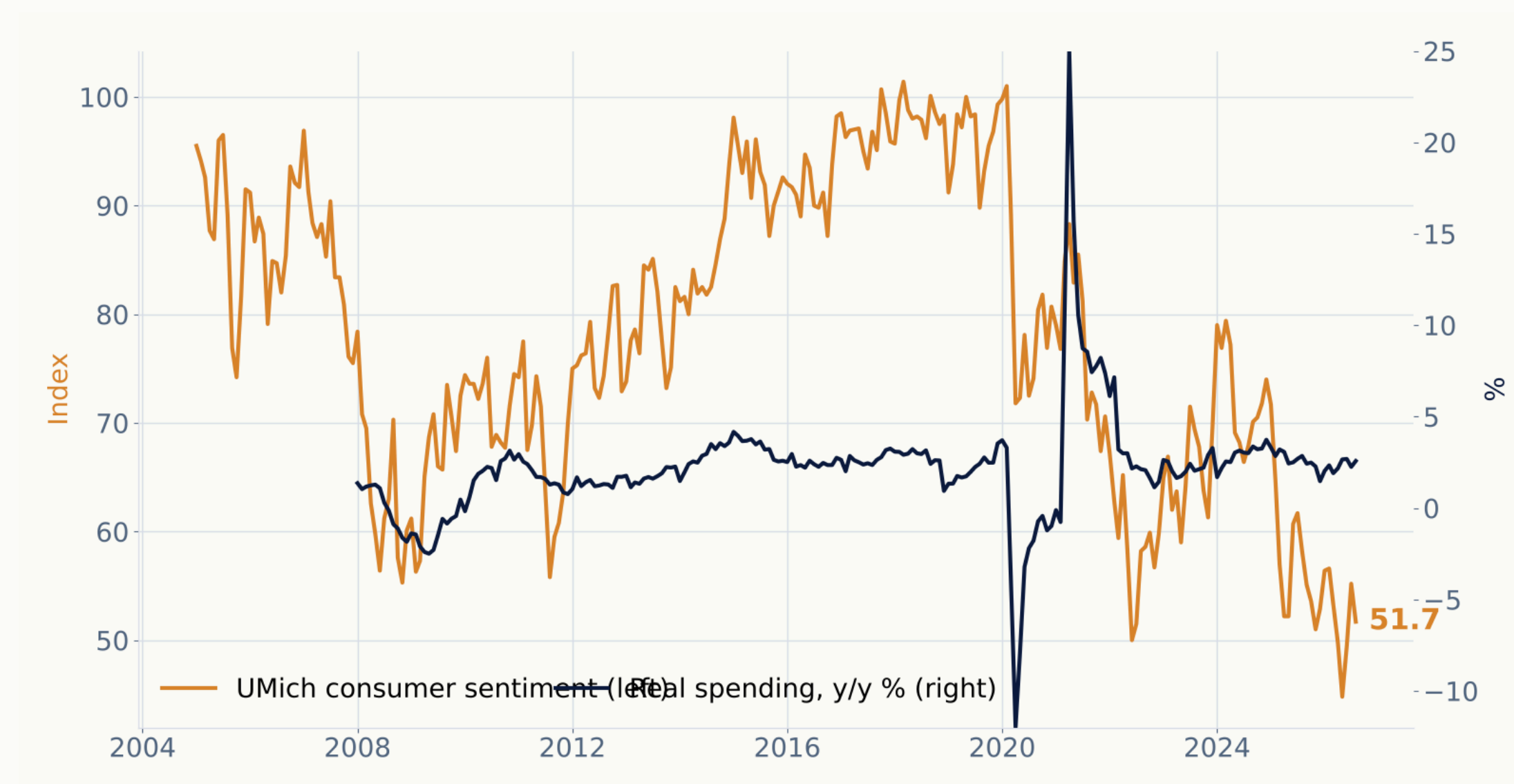
Net worth **\$185.7tn**, up 11.9% y/y.

Debt service **11.1%** of income, below 2019 (11.6%) and far under 2007 (15.7%).

Home prices up just **1.9%** y/y: the housing wealth tailwind is fading.

Solvency is not the risk. Distribution is.

Consumers say they feel awful, and keep spending anyway



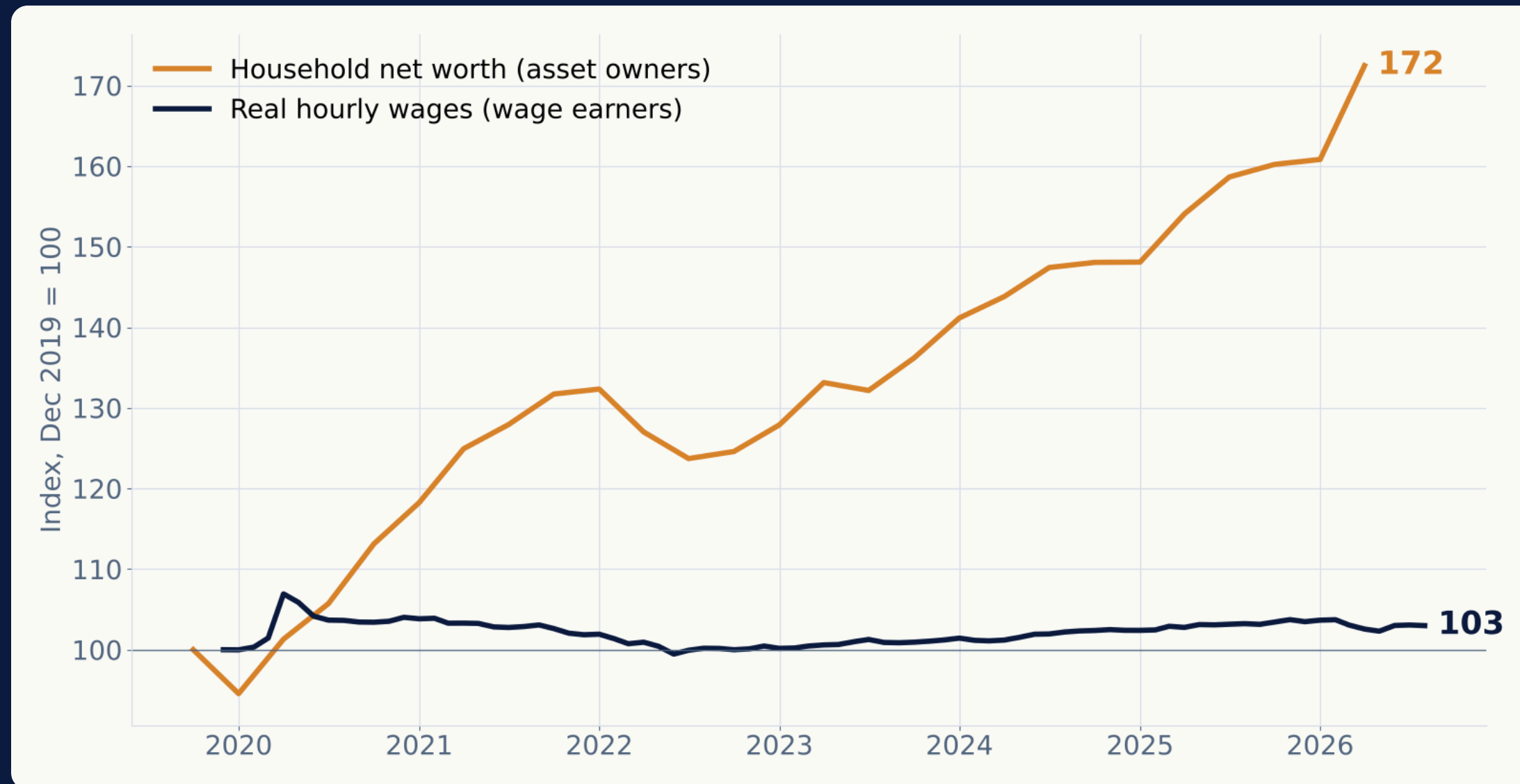
Michigan sentiment **51.7** in August vs a 96.0 average in 2019.

Near the June 2022 low of **50.0**; one-year inflation expectations **4.0%**.

Real spending still up **2.6%**: mood and behavior have decoupled.

Surveys are a poor timing tool. Trust the hard data.

The K-shape: asset owners fund the spending, wage earners fall behind



Since Dec 2019, household net worth is up **72%**.

Real hourly wages are up **3%**.

The top of the K buys services and durables; the bottom saves 4% and borrows at 21%.

The high-income consumer is the safer exposure.

Position for dispersion, and watch the labor market for the break

What would change the view

- Payrolls turning negative for two months, or claims above 250k
- Saving rate below 3.5% on the first print
- Card delinquencies above 3.2% in Q3
- Equity drawdown hitting the wealth effect at the top of the K

Market read-through

- Premium and services demand looks steadier than low-end discretionary
- Card lenders: rising interest income, slowly drifting losses
- Fed funds 3.75% and high-yield spreads 3.15% price a soft landing
- Rates stay hostage to the monthly jobs print

BUILT ON FINZDATA

FinzData

Every chart in this deck is one API call

Prices back to 2000 with the delisted names still in them, fundamentals, institutional positioning, sentiment, volatility, credit spreads and liquidity, all kept exactly as they were known on each date. One API, your Python code, and AI assistants like ChatGPT, Claude and Cursor.

```
import finzdata as yf · c = yf.Client()  
c.macro("PSAVERT", as_of="2026-08-29") # saving rate as markets saw it
```

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