

Special Edition: Economic Insight
A Fuller Look at Consumption

September 2025



STIFEL

Executive Summary

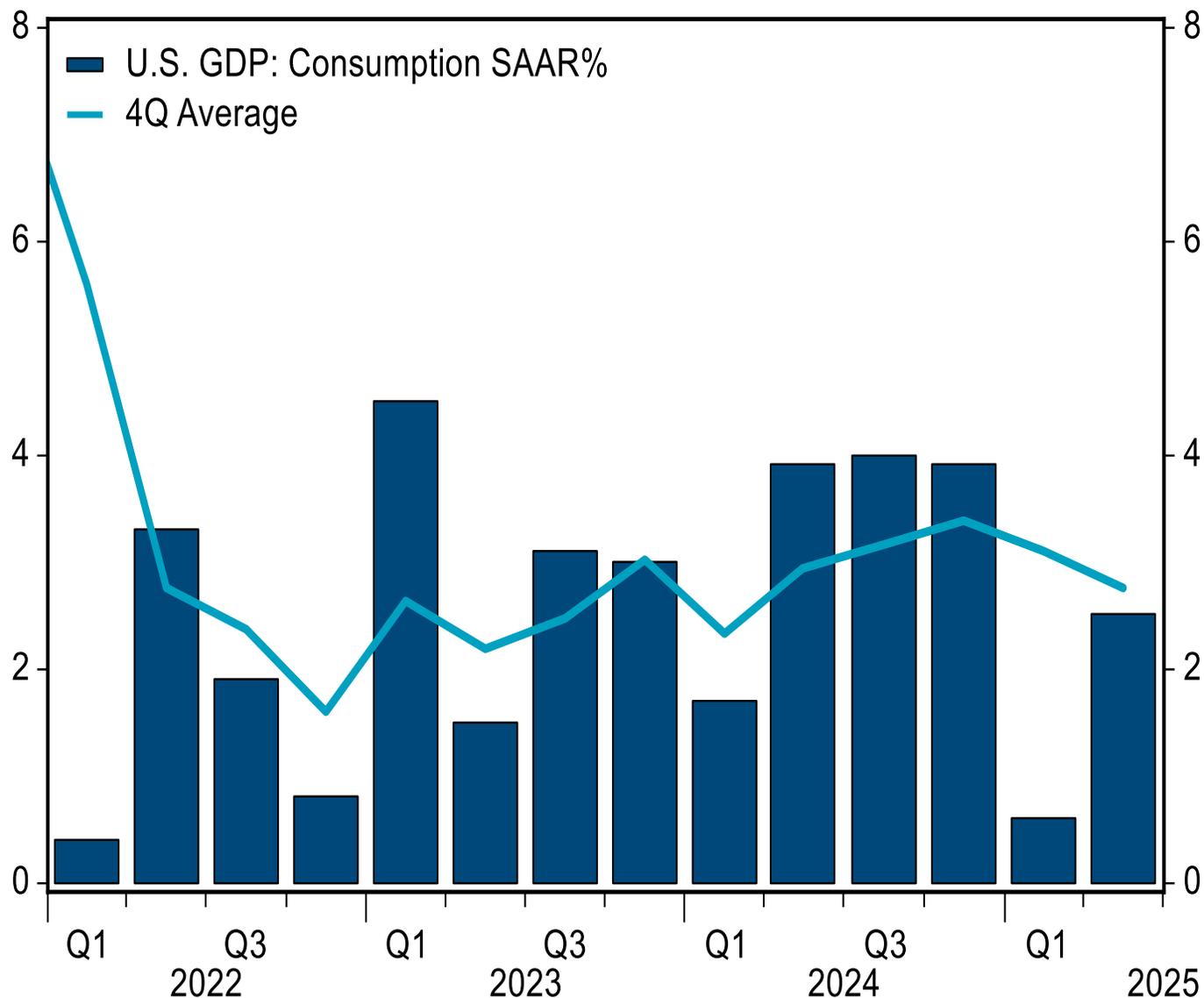
Despite a decline in confidence and challenging conditions, the U.S. consumer has proven surprisingly resilient. While spending on goods and services continues, the pace of spending has slowed amid heightened uncertainty surrounding changed fiscal policy and the outlook for the economy. Furthermore, elevated inflation continues to complicate the picture, with consumers getting less for each dollar spent.

This week, we take a closer look at the consumer as well as alternative measures of consumption.

U.S. Consumer Spending Positive, but Modest

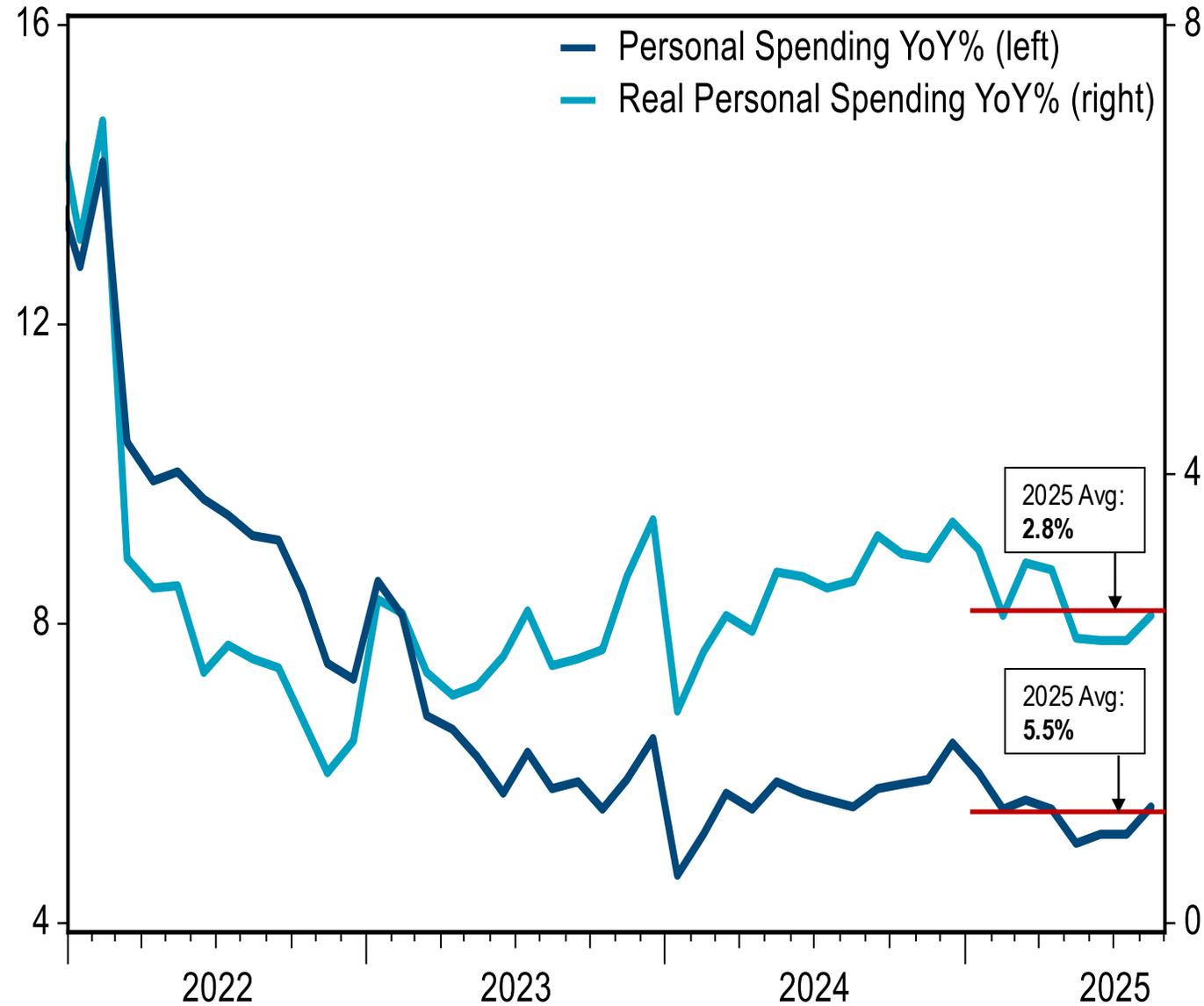
Consumer spending remains the backbone of the U.S. economy, accounting for roughly 70% of GDP. According to the Bureau of Economic Analysis (BEA), consumer spending increased 2.5% in the second quarter following a minimal 0.6% rise in Q1, the weakest pace since Q1 2022. Since the start of the year, consumption has averaged 1.6%, a deceleration from 3.4% and 3.0% in 2024 and 2023, respectively.

In the second quarter, goods consumption rose 2.2%, while consumption on services increased 2.6%, an improvement from a 0.2% and 0.8% increase, respectively, in the first quarter.



Source: Bureau of Economic Analysis/Haver Analytics

Personal Spending Down From Peak, but Still Positive



Source: Bureau of Economic Analysis/Haver Analytics

Additionally, according to monthly BEA data, personal spending rose 0.6% in August, the largest gain since March. Year-over-year, spending rose 5.6% in the second month of Q3, following a 5.2% rise the month prior and marking the largest annual gain in five months.

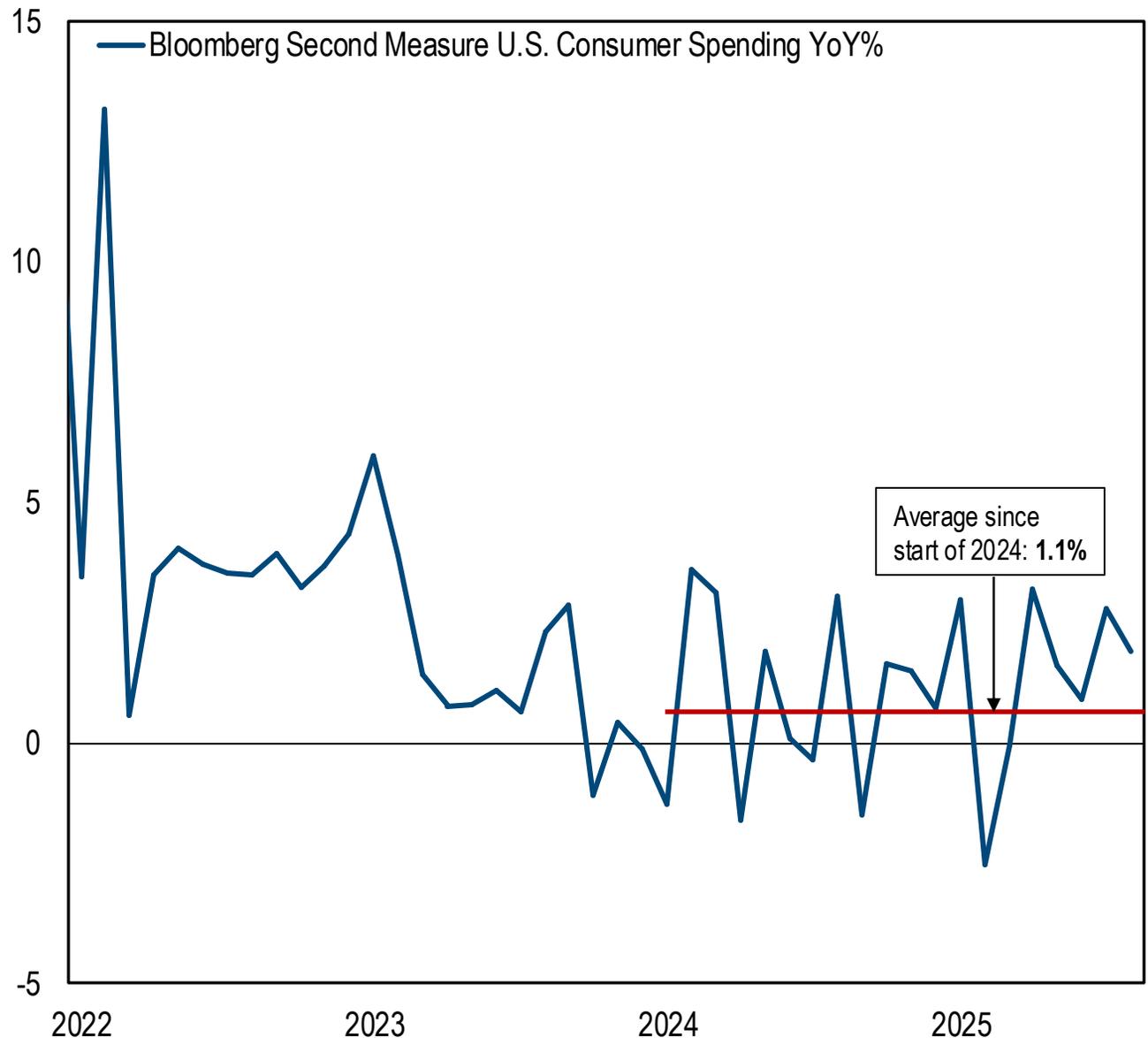
Adjusting for inflation, spending more clearly rose at a modest pace, up 0.4% in August and 2.7% on an annual basis, marking a four-month high.

Looking to the start of the year, spending has remained positive, up an average 5.5% on an annual basis and rising 2.8% when adjusting for inflation.

Bloomberg's Consumption Index Indicates a Slightly Less Robust Consumer

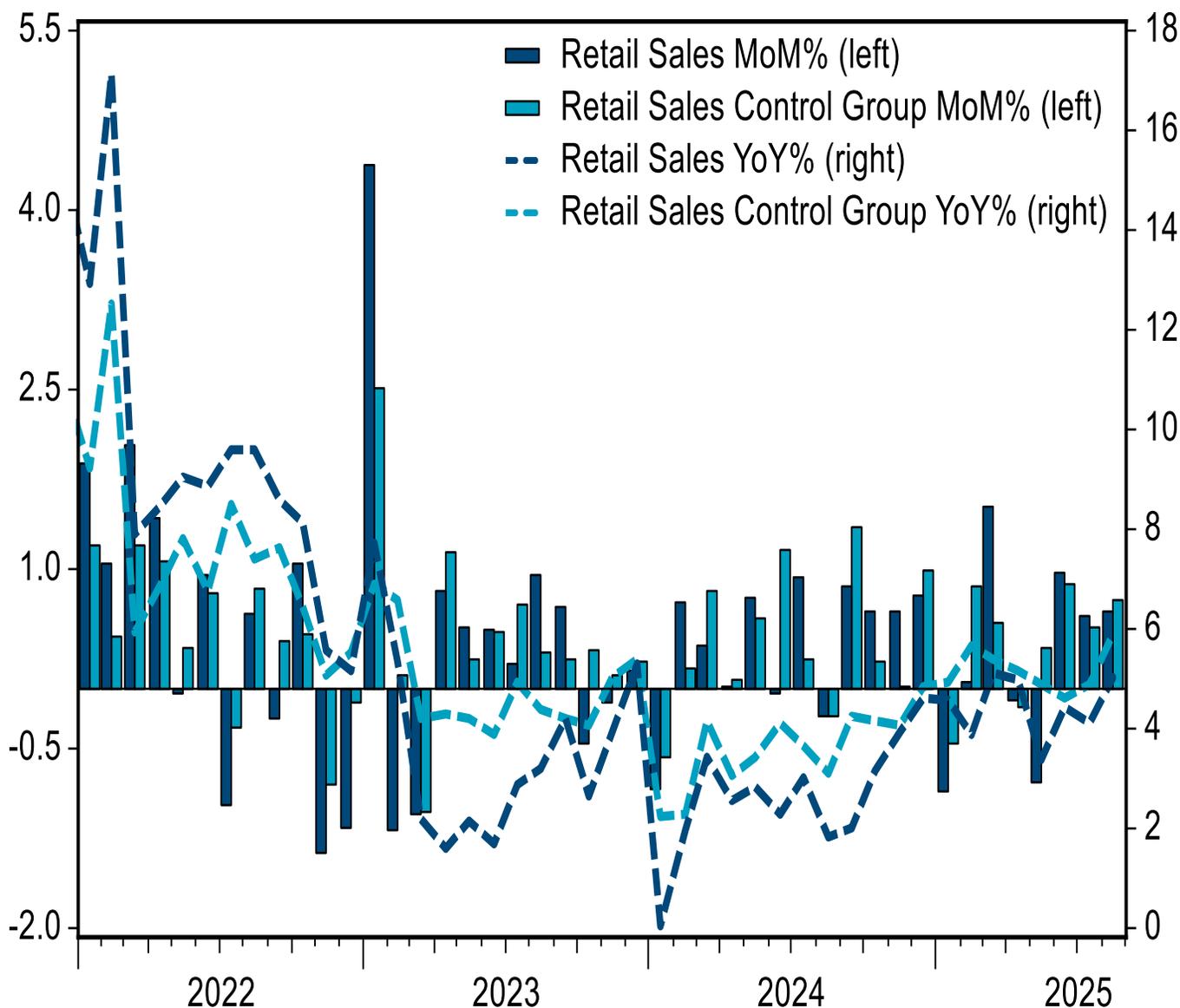
According to Bloomberg's Second Measure Consumer Spending Index (SMCSI), which is computed using credit and debit card transaction data from over 20 million consumers, consumer spending remains volatile and modest. The latest SMCSI read showed consumer spending rose 1.9% annually in August, the weakest pace in two months and a bit less robust than the figures from the BEA. Smoothing out the monthly volatility, however, consumption has averaged 1.1% since the start of 2024.

According to the report, the pace of transaction growth slowed from 1.2% to 0.7% in 2025, signaling fewer overall purchases by consumers. On the other hand, the average transaction value has grown 0.6% so far in 2025 following a 0.3% contraction in 2024.



Source: Bloomberg

Retail Sales Volatile With Broader Momentum Modest but Positive



Source: Census Bureau/Haver Analytics

Monthly retail sales data, according to the U.S. Census Bureau, also point to a resilient consumer, with sales rising 0.6% in August, well surpassing the 0.2% gain expected. Year-over-year, retail sales climbed 5.0% in August, the strongest pace in four months.

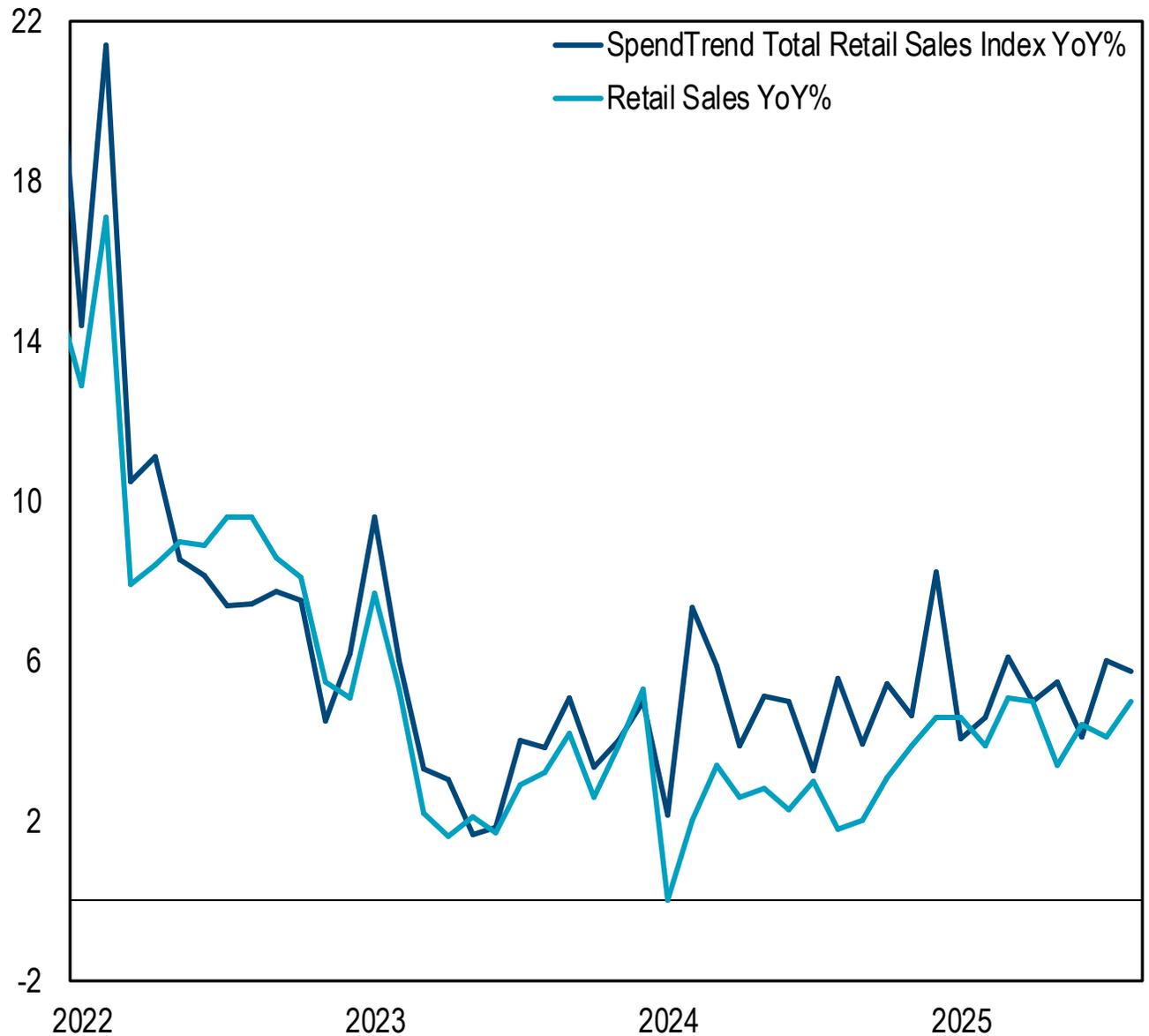
Excluding food, autos, building materials, and gasoline station sales, control group sales – which feed directly into the GDP calculation – increased 0.7% in August following a 0.5% gain the month prior. Over the past 12 months, control group sales rose 5.9%, marking the largest annual increase since February 2023.

Following the latest sales data, the Atlanta Fed boosted its Q3 forecast from 3.1% to 3.4%, but has since lowered it to 3.3%, albeit still in line with the rise in the second quarter.

SpendTrend Data Indicates Stronger Retail Sales Spending, Above Census Bureau

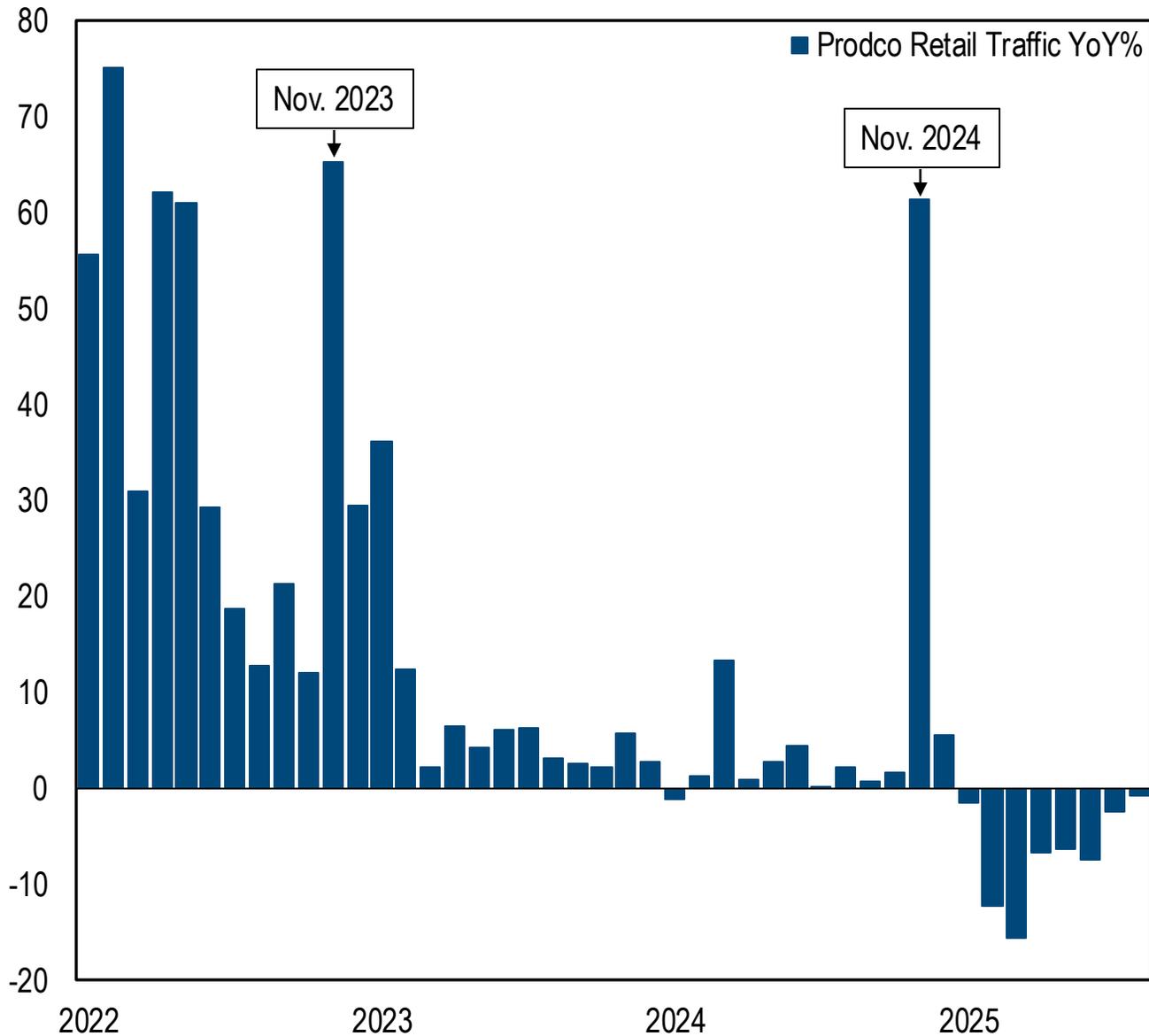
According to First Data's SpendTrend Index, which measures retail sales spending data from more than 4 million merchant locations by analyzing card-based transaction data, retail spending remains solid, although posting somewhat of a loss of momentum from a recent peak in December. In August, sales rose 5.7% year-over-year, ticking down from 6.0% the month prior and marking a two-month low. Since the start of the year, spending has averaged 5.1%, on par with a 5.0% pace in 2024.

The annual data from the SpendTrend Index, furthermore, has averaged 1.7 percentage points higher than the Census Bureau's data since 2024.



Source: First Data/Census Bureau

Retail Foot Traffic Still Down, but Recovering from Earlier Slump



Source: Prodcó/Bloomberg

Following an average 9.7% slump at the start of the year, foot traffic in retail stores has slowly improved, according to the Prodcó's Retail Traffic Index, which analyzes shoppers' foot traffic in retail stores using camera tracking and artificial intelligence algorithms.

According to the Index, foot traffic declined 0.8% in August on an annual basis, the eighth consecutive drop, albeit marking the smallest annual decline since December, suggesting that consumers – while still cautious – are forging ahead with spending at stores and retailers during the back-to-school shopping season.

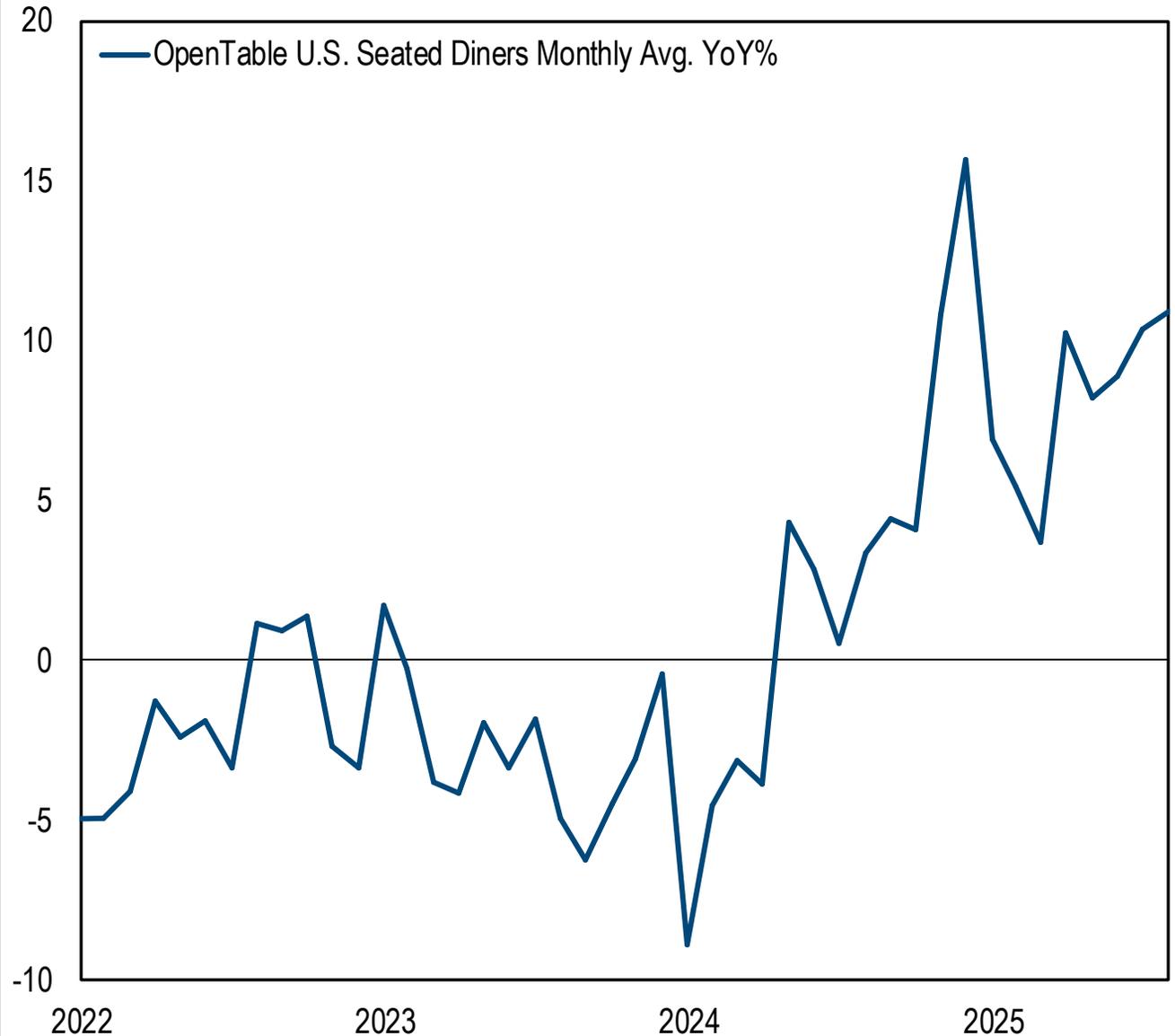
Sales at Restaurants Climb More Recently

According to OpenTable's measure of restaurant trends using online reservations, the number of seated diners increased 10.9% in August from this time last year, marking the largest annual increase since December 2024.

Since the start of the year, the number of consumers dining out has risen an average 8.1% on an annual basis, well above the 2.1% in 2024 and an even larger recovery from an outright decline of 2.7% in 2023.

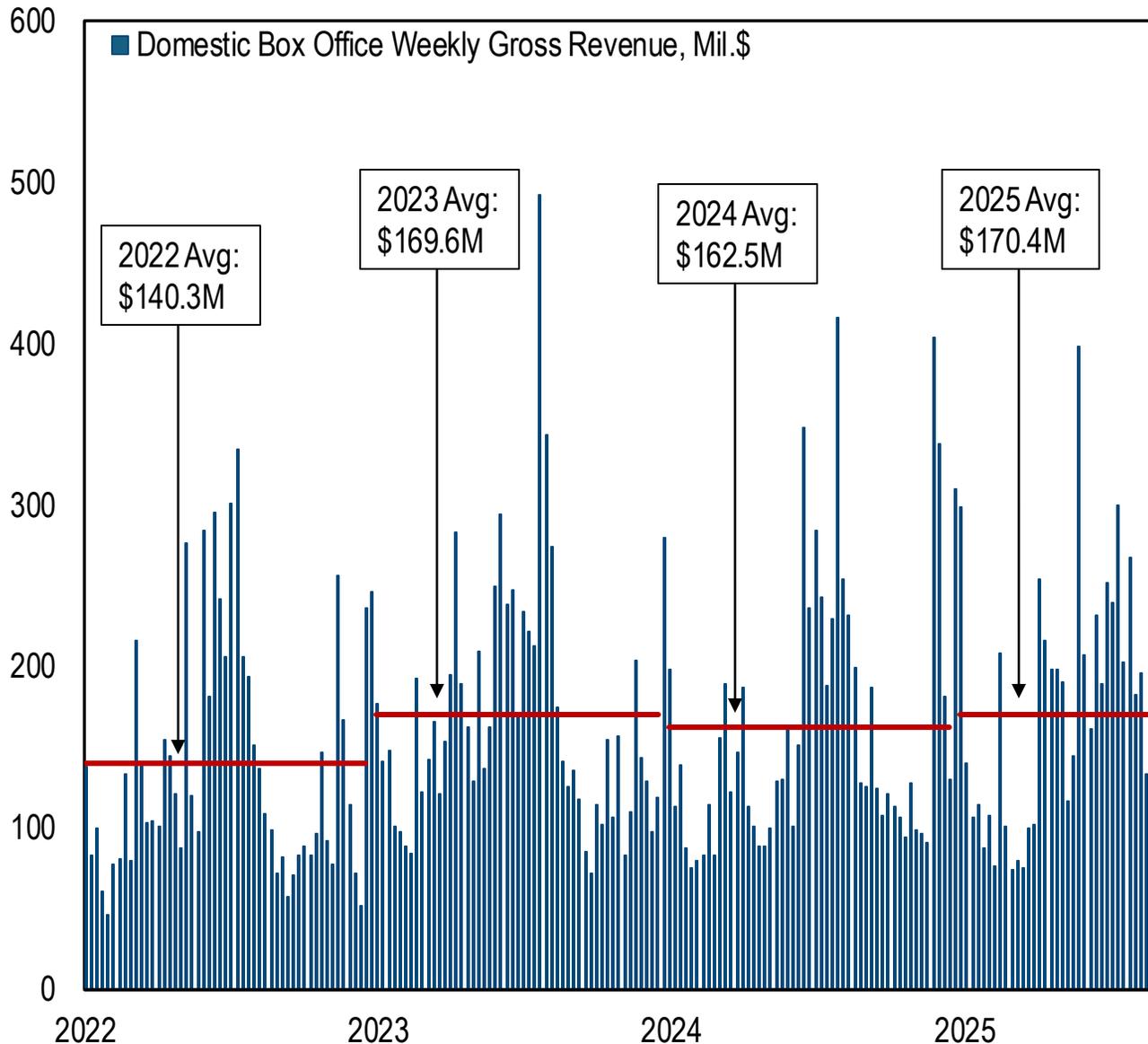
Additionally, when adjusting for inflation, spending at restaurants and bars rose 3.5% annually in August, compared to a modest 0.2% gain in grocery purchases, a potential indication of the divergence of the U.S. consumer with lower-income consumers pulling back on spending, while higher earners continue to spend on services, such as dining out.

According to the Consumer Price Index (CPI), prices for groceries have risen 29.1% since the start of 2020, compared to a 33.1% gain in dining out costs.



Source: OpenTable/Bloomberg

Box Office Revenues Relatively Steady Since 2023



Source: Boxoffice Media/Bloomberg

Often a bellwether for discretionary spending momentum, box office spending totaled \$159.0 million in the week ending September 12, a four-week high, according to Boxoffice Media, a global technology and data provider for the film industry.

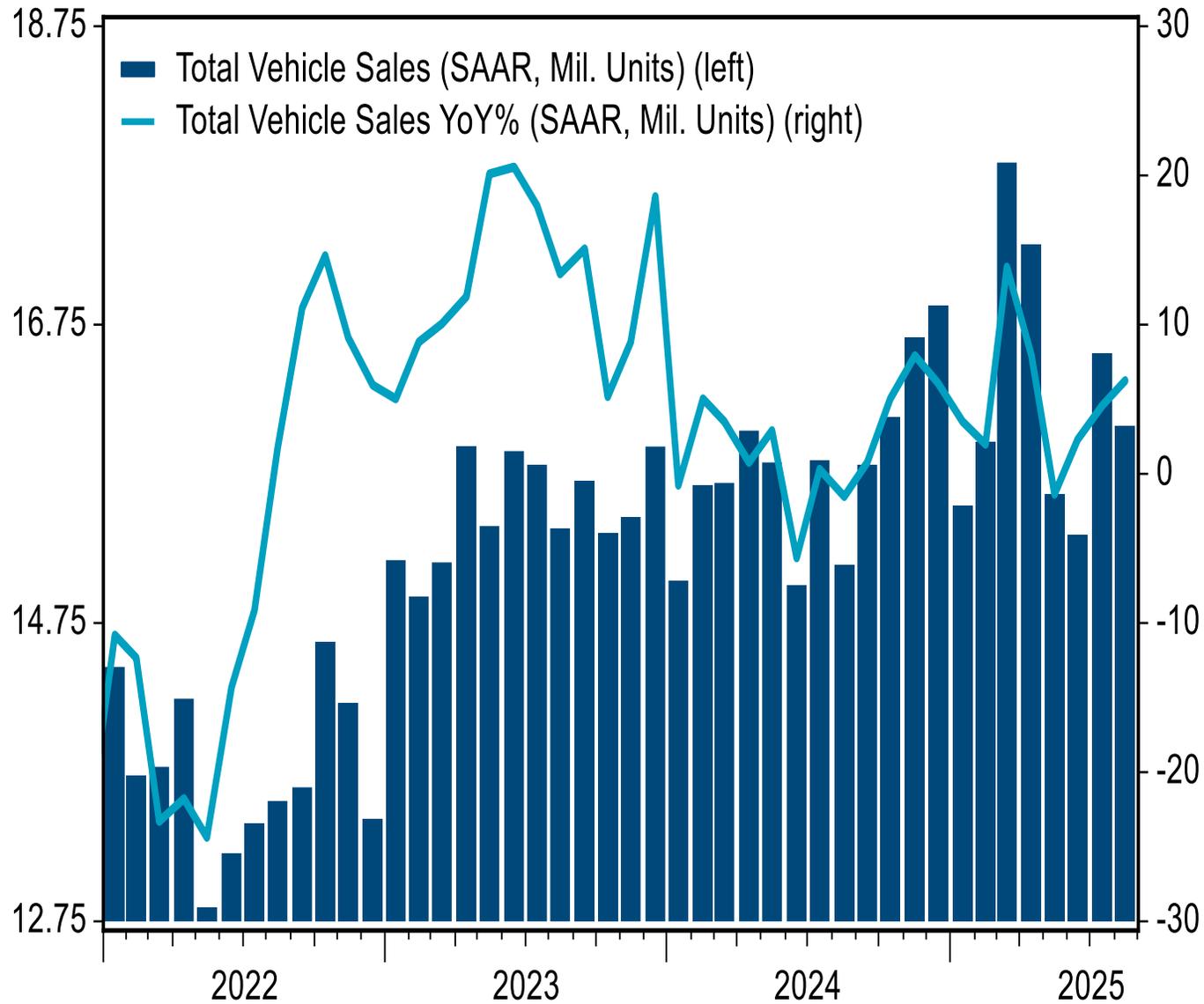
Consumer spending on movie theaters has averaged \$170.4 million per week in 2025 so far, a 4.9% increase from the \$162.5 million weekly average in 2024, but only 0.5% above the \$169.6 million average weekly revenue in 2023.

Vehicle Sales Rise Despite Tariff Uncertainty

Total vehicle sales, according to Wards Automotive, fell 2.9% to 16.07 million in August, a two-month low. Over the past 12 months, however, vehicle sales rose 6.2%, marking the largest annual increase in four months.

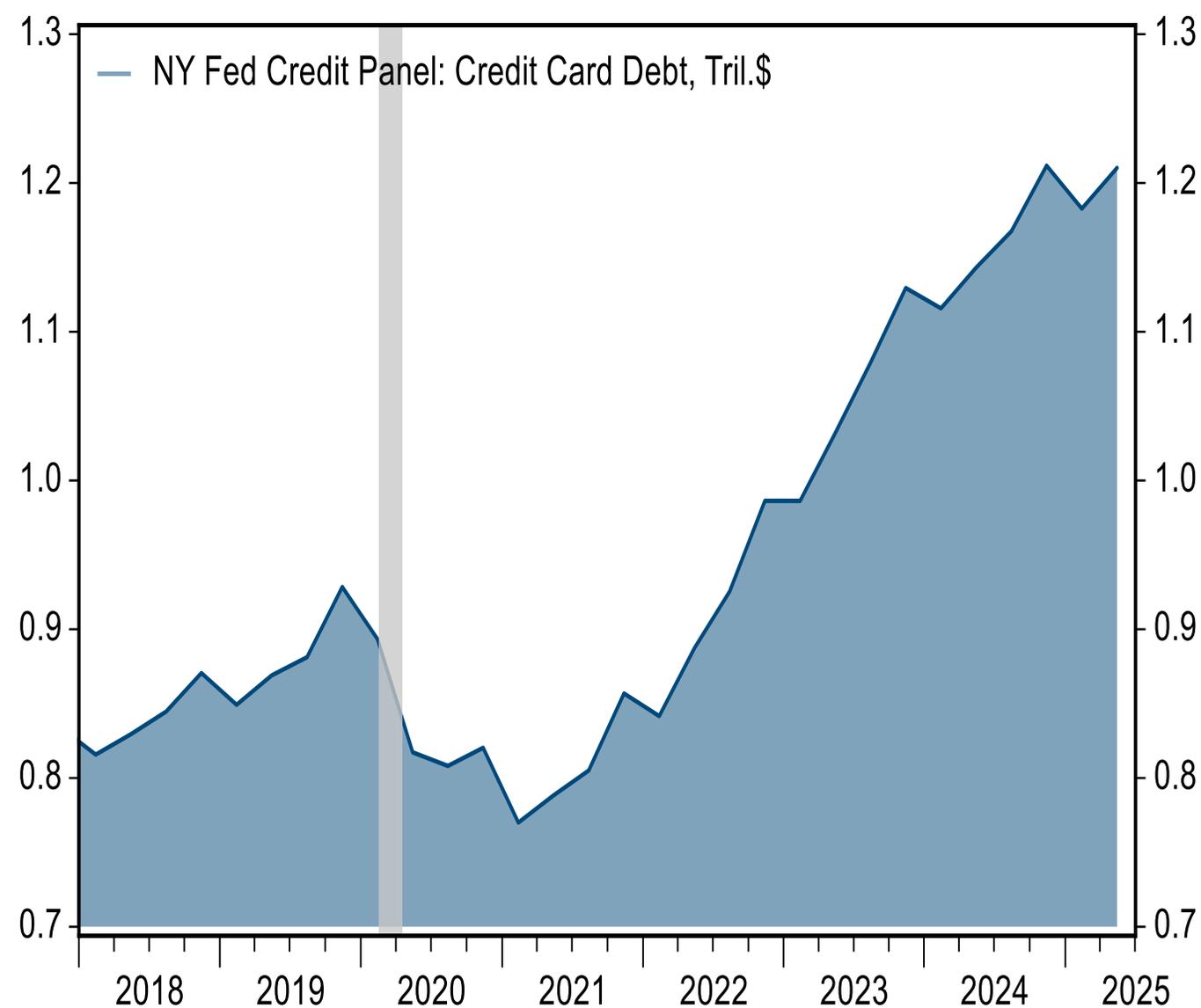
Ahead of planned levies on automobiles, vehicle sales surged nearly 14% on an annual basis in March. However, by April, the pace slowed to a 7.8% annual rise before declining 1.4% in May.

Since the start of the year, vehicle sales have averaged 16.3 million, marking a 500,000 gain from the 15.80 million average in 2024.



Source: Bureau of Economic Analysis/Haver Analytics

Consumers Turning to Credit Cards with Credit Card Debt at an All-Time High



Source: FRBNY Consumer Credit Panel/Equifax/Haver Analytics

While continuing to rely on more organic factors such as savings and wage growth, consumers have also increased reliance on less organic factors such as credit cards to supplement current pending patterns.

According to the Federal Reserve Bank of New York, credit card balances rose \$27 billion to \$1.21 trillion in the second quarter, matching the all-time high recorded in Q4 2024.

Share of Credit Card Debt by Age	
18-29 years old	\$80B
30-39 years old	\$220B
40-49 years old	\$280B
50-59 years old	\$270B
60-69 years old	\$210B
70+ years old	\$150B

Source: NY Fed Consumer Credit Panel

Note: Data as of 2Q 2025

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