Special Edition: Economic Insight

Consumers Remain Resilient but Challenges Remain

July 2026

STIFEL

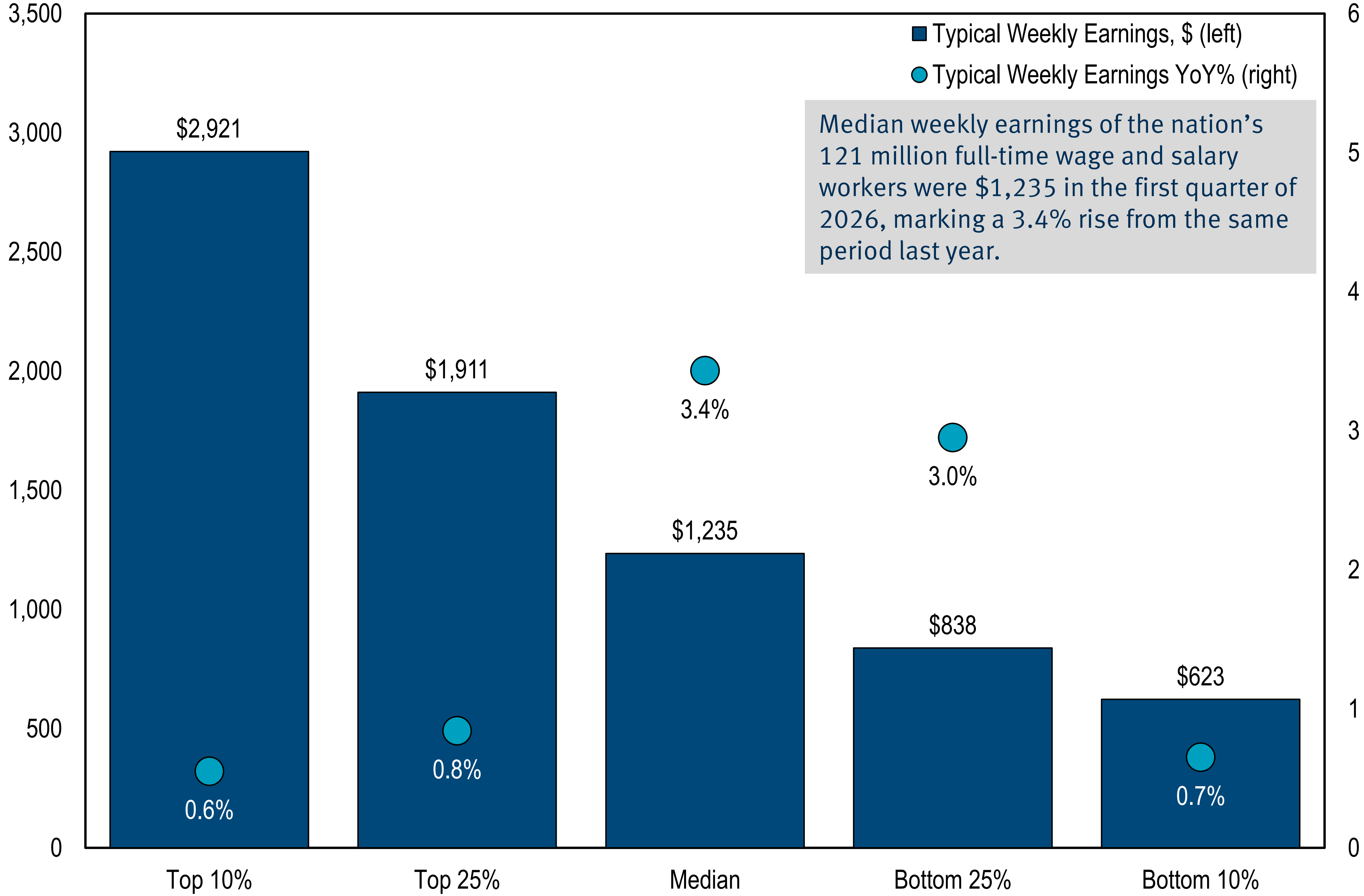
Executive Summary

The U.S. consumer continues to be resilient despite uncertainty and challenges in the economy. This is due, in good part, to *decent* labor market conditions.

The consumer, however, is not on unshakable footing as falling household savings may eventually become a drag on spending. *"Buy Now, Pay Later"* payment options and other inorganic factors, such as 401(k) hardship withdrawals and intergenerational wealth transfers, are deflecting some of those headwinds for now, but eventually rising household debt could pose problems for consumers.

Accelerating inflation is also complicating the picture for consumers as it undermines real wage growth. This erodes purchasing power, which simply means consumers are getting less for every dollar they spend.

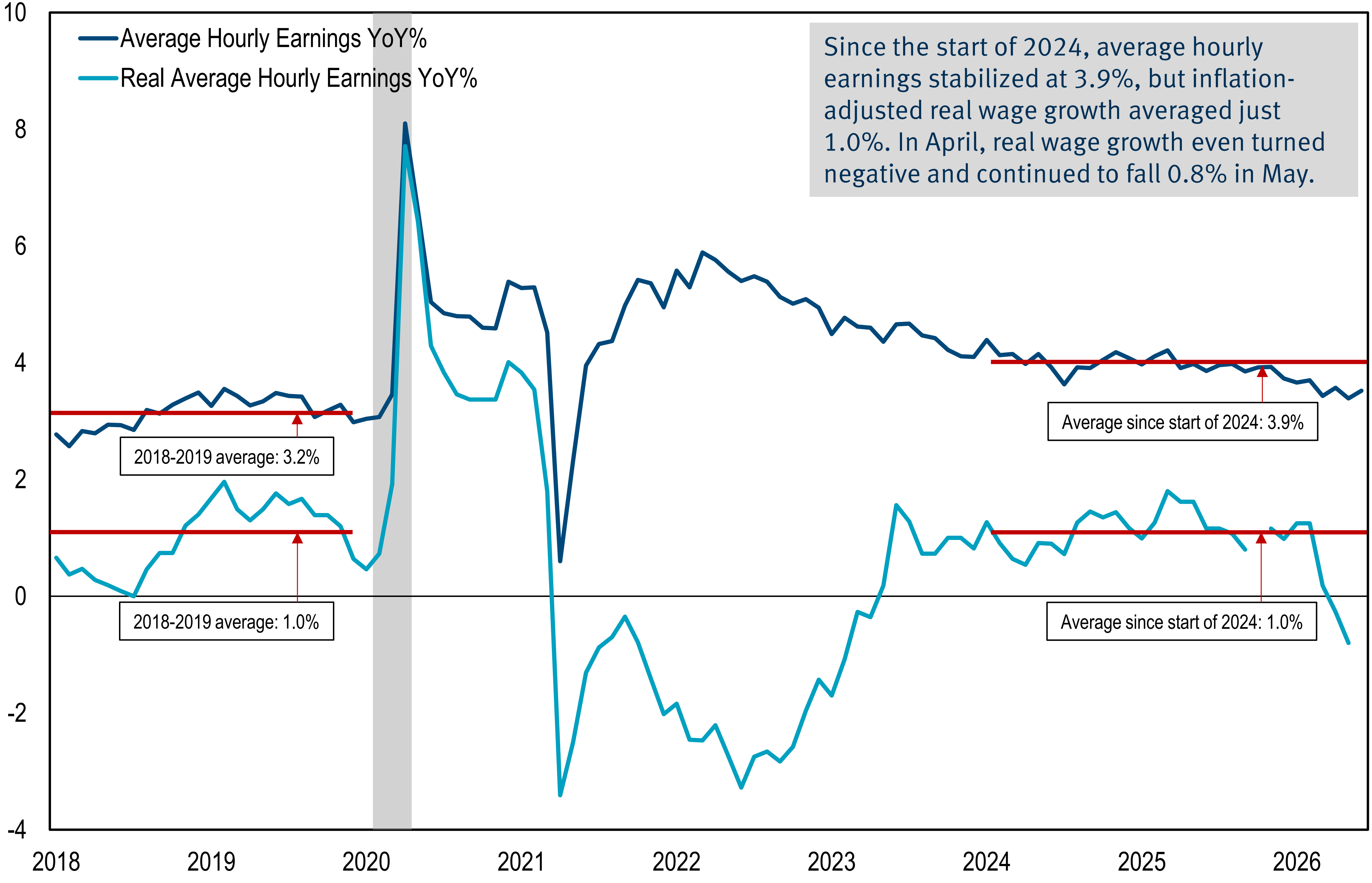
Support for Consumers: Wages



Median weekly earnings of the nation's 121 million full-time wage and salary workers were $1,235 in the first quarter of 2026, marking a 3.4% rise from the same period last year.

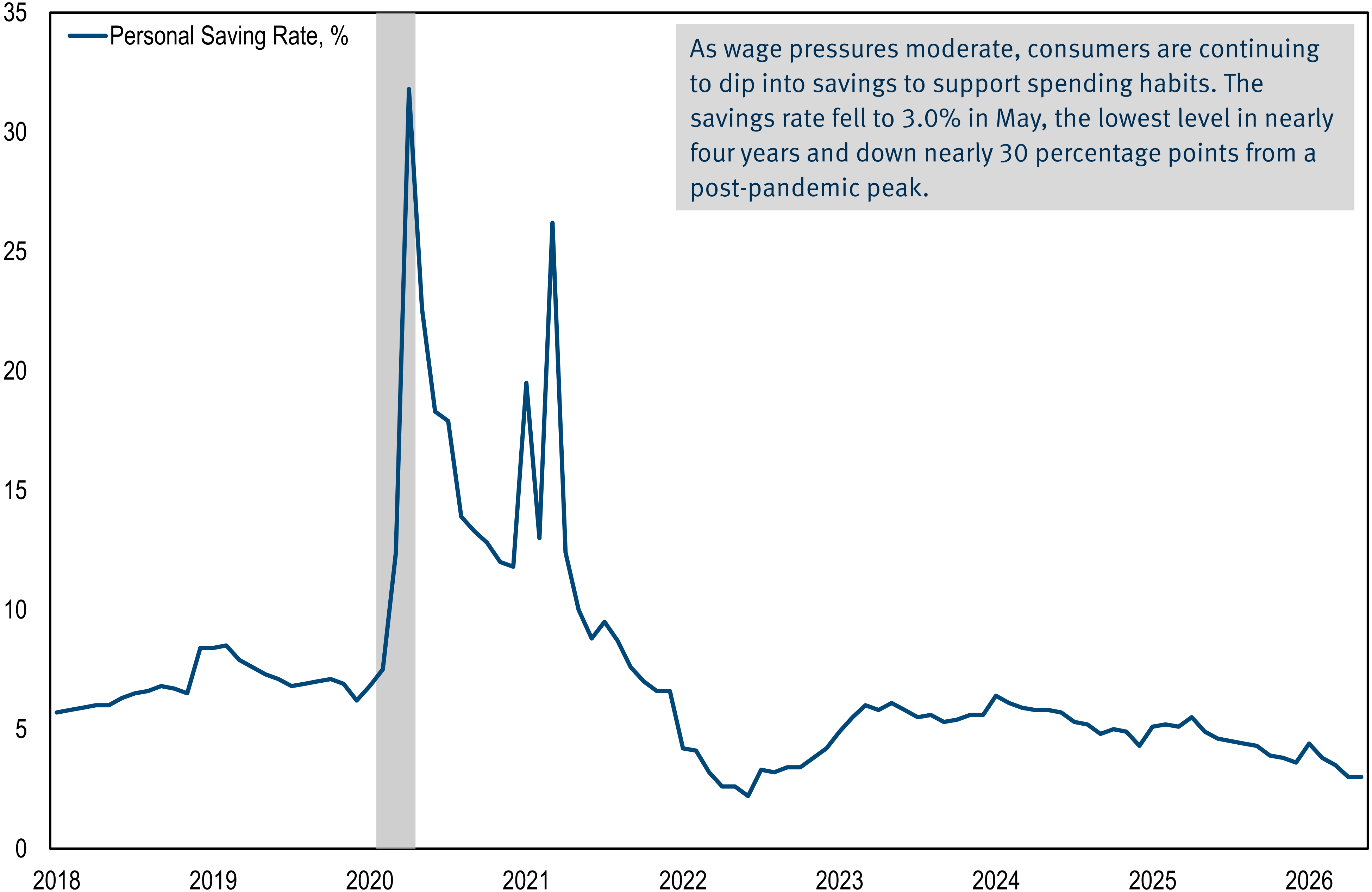
Source: Bureau of Labor Statistics/Haver Analytics

Wages Positive, but *Real* Wage Growth Falls as Price Growth Outpaces Nominal Pay Raises



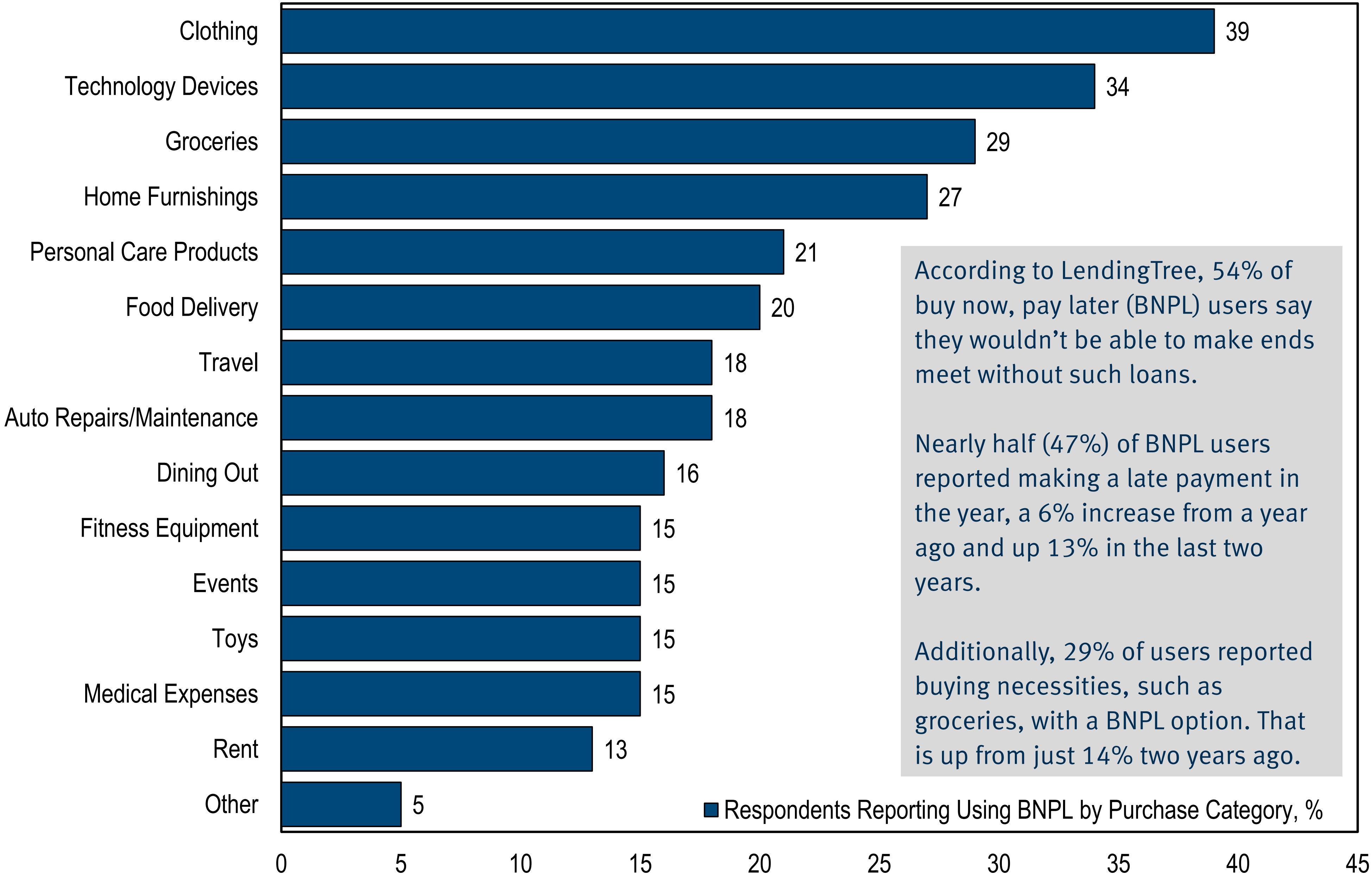
Source: Bureau of Labor Statistics/Haver Analytics

Support for Consumers: Savings



Source: Bureau of Economic Analysis/Haver Analytics

Support for Consumers: Buy Now, Pay Later Loans



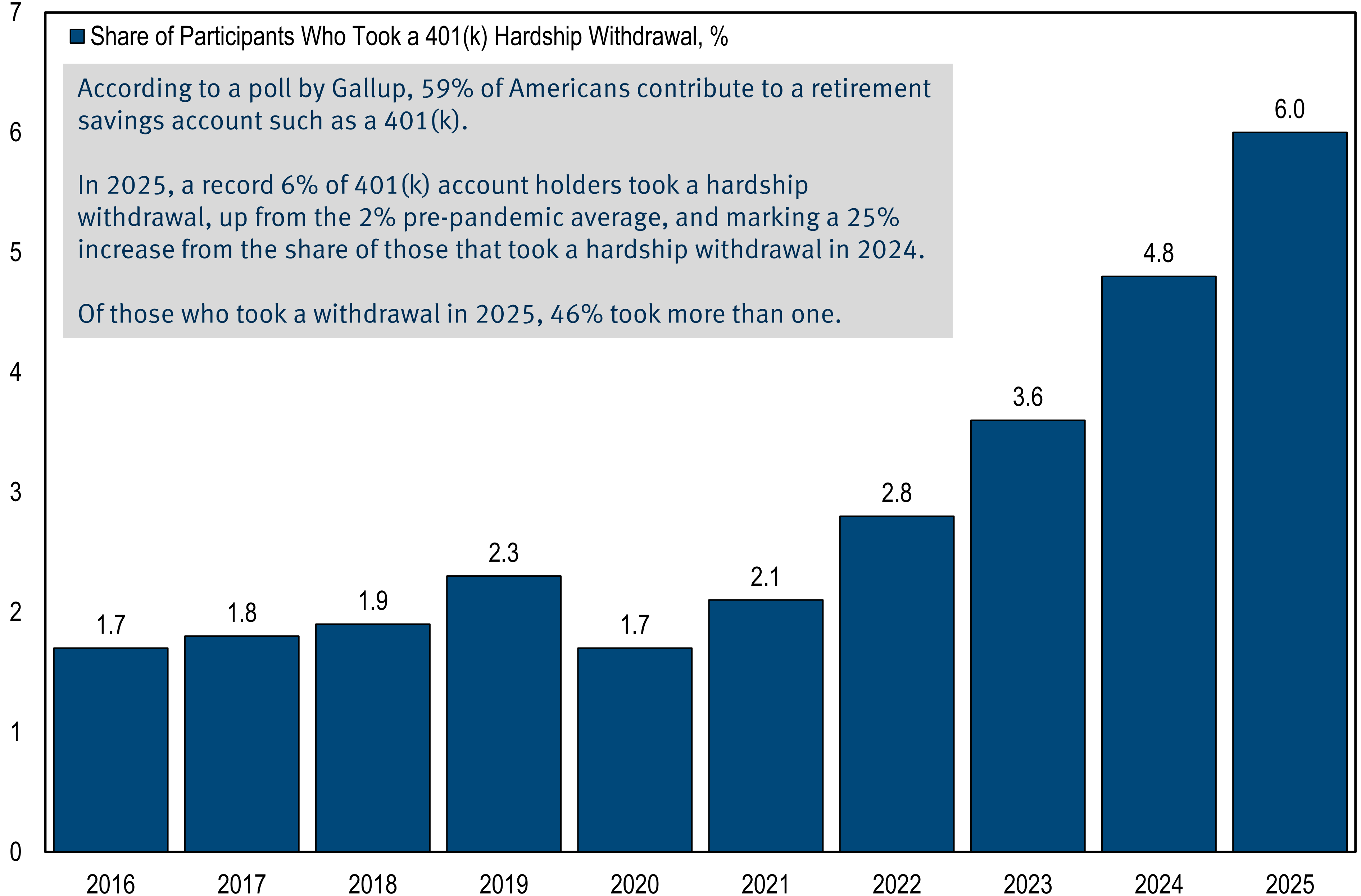
According to LendingTree, 54% of buy now, pay later (BNPL) users say they wouldn't be able to make ends meet without such loans.

Nearly half (47%) of BNPL users reported making a late payment in the year, a 6% increase from a year ago and up 13% in the last two years.

Additionally, 29% of users reported buying necessities, such as groceries, with a BNPL option. That is up from just 14% two years ago.

Source: LendingTree

Support for Consumers: 401(k) Hardship Withdrawals



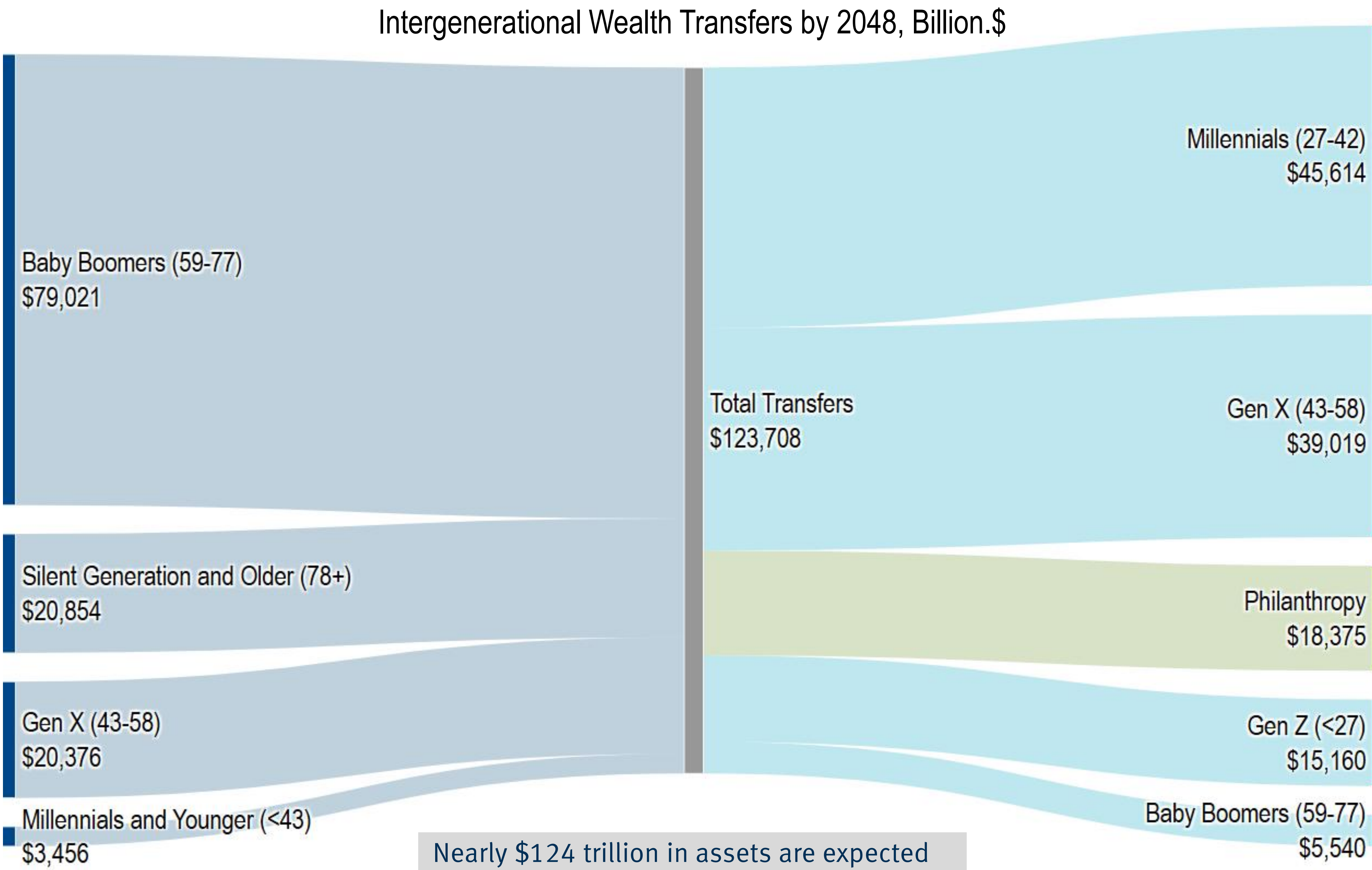
According to a poll by Gallup, 59% of Americans contribute to a retirement savings account such as a 401(k).

In 2025, a record 6% of 401(k) account holders took a hardship withdrawal, up from the 2% pre-pandemic average, and marking a 25% increase from the share of those that took a hardship withdrawal in 2024.

Of those who took a withdrawal in 2025, 46% took more than one.

Source: Vanguard

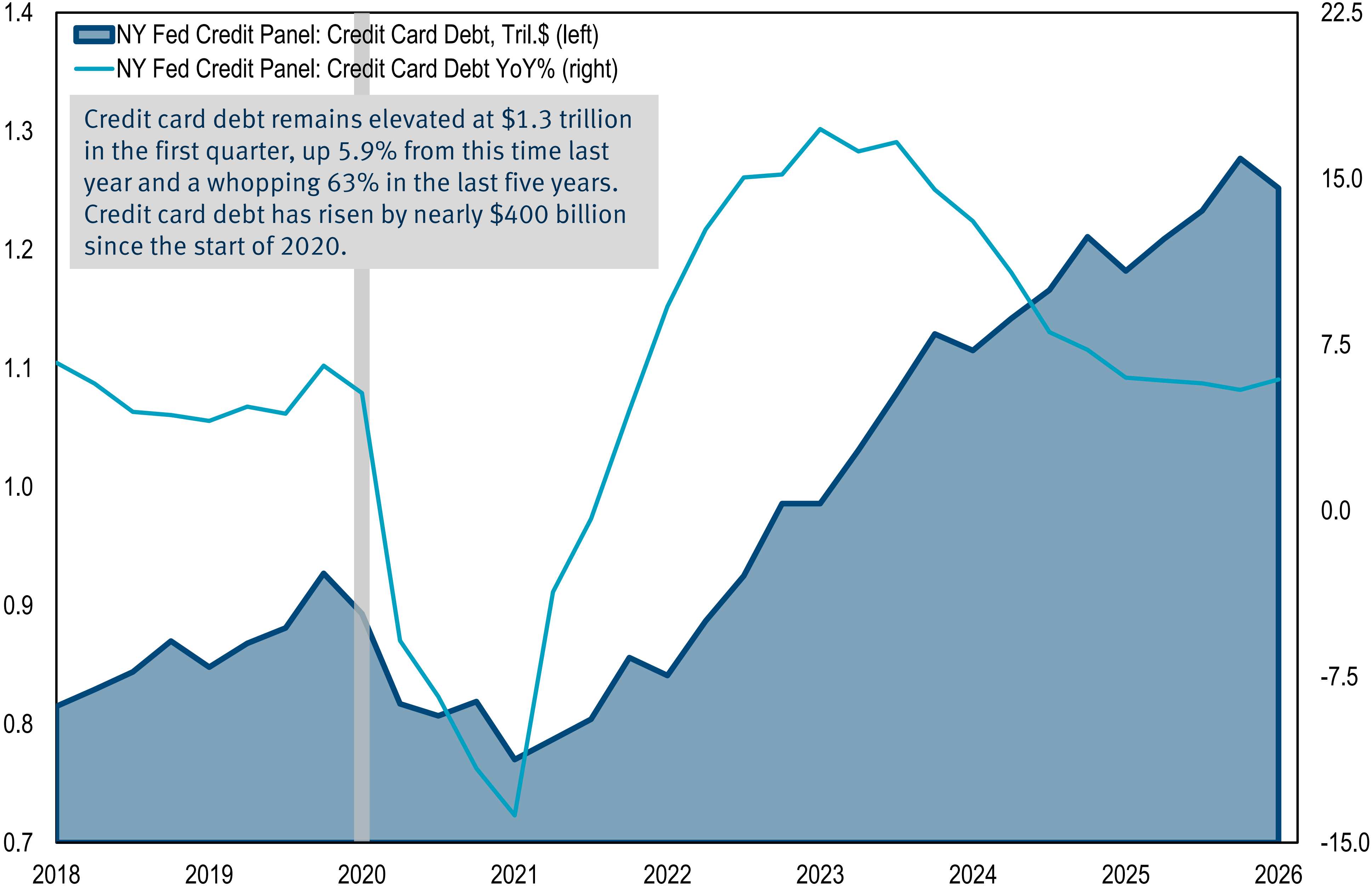
Support for Consumers: Household Wealth Transfers



Source: Cerulli Associates

Nearly $124 trillion in assets are expected to change hands by 2048 primarily from the Baby Boomer generation to the Millennial generation.

Support for Consumers: Credit Cards



Source: FRBNY/Equifax/Haver Analytics

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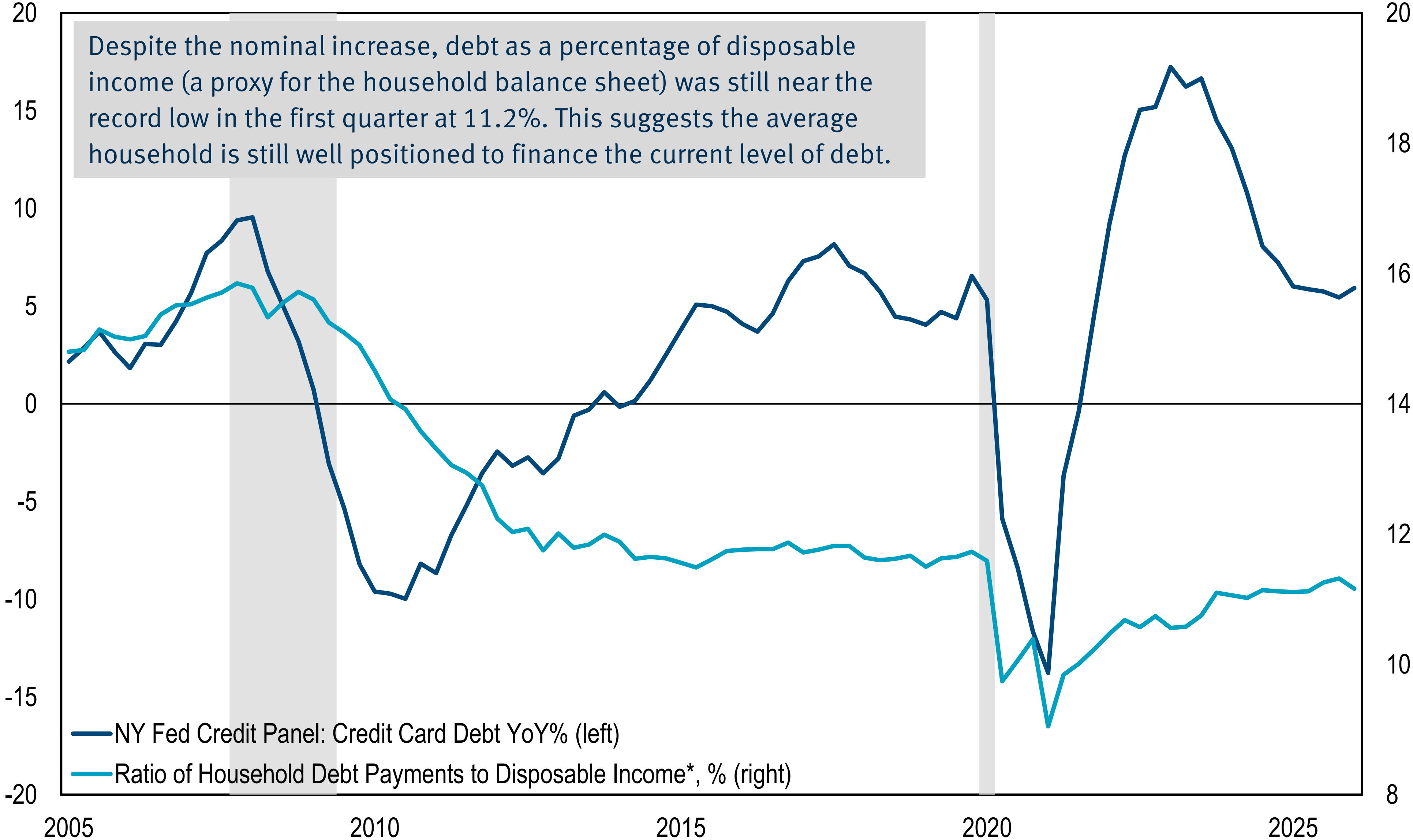
Household Balance Sheets Still Have Room to Grow



Source: FRBNY/Equifax/Haver Analytics

* Debt payments consist of the estimated required payments on outstanding mortgage and consumer debt.

** New delinquent credit card balances (30+ days) as a percent of the current balance rose from 8.8% Q1 ’25 to 8.9% by Q3 ’25. In Q4 ‘25, however, new delinquent credit card balances fell to 8.7%.

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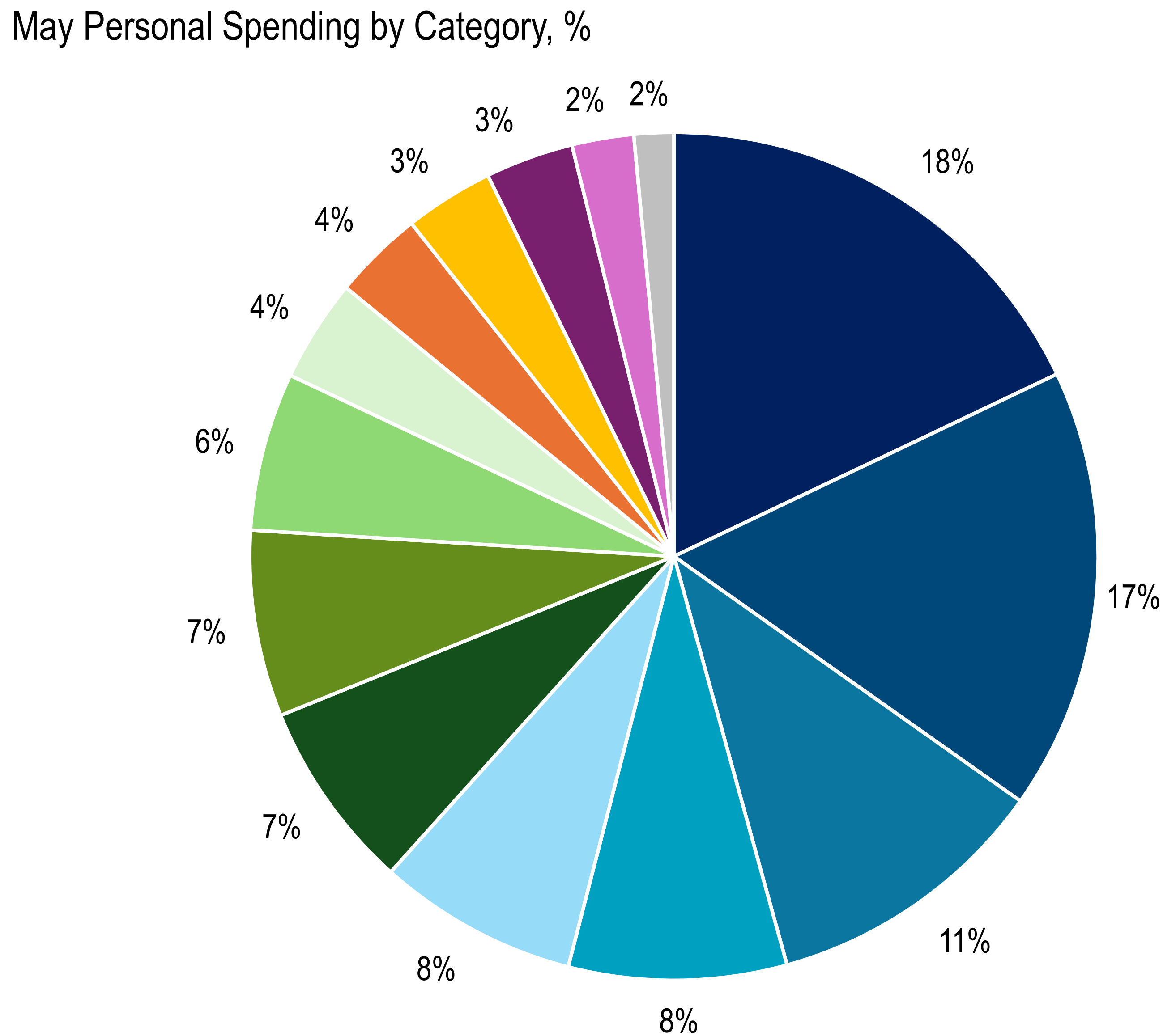
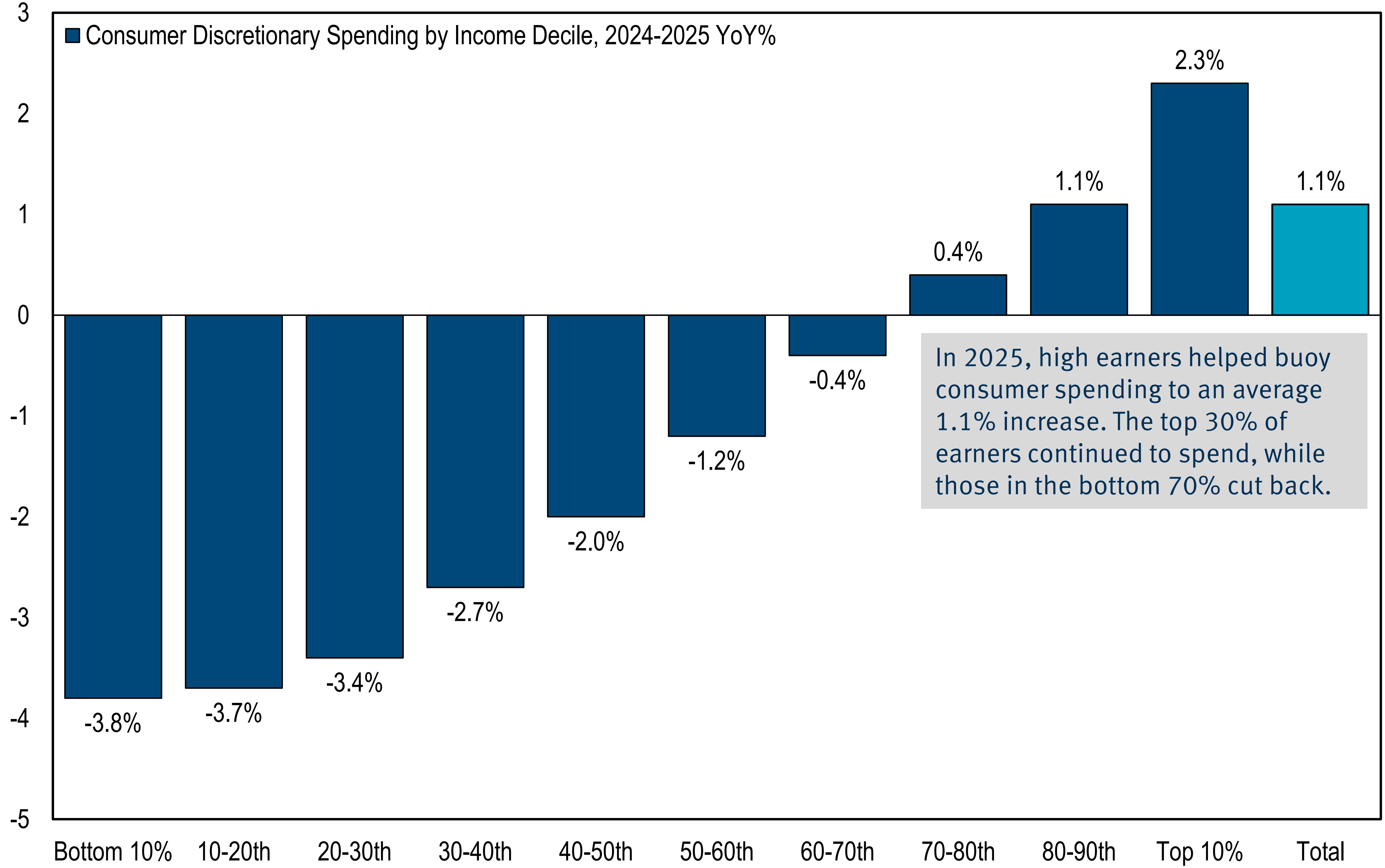
Potential Challenges: Consumer Spending Concentrated in Housing and Healthcare

Both housing and healthcare costs are up an average 41% in just the last five years.



Source: Bureau of Economic Analysis/Bloomberg
Note: Other services includes professional, personal care, social, and household maintenance services; other durables include household furnishings and recreational vehicles; other nondurables include clothing, recreational products, and household supplies

Potential Challenges: Lower Income Groups Still Stretched Thin



Source: National Retail Federation

Note: Data is calculated using consumer credit and debit card spending

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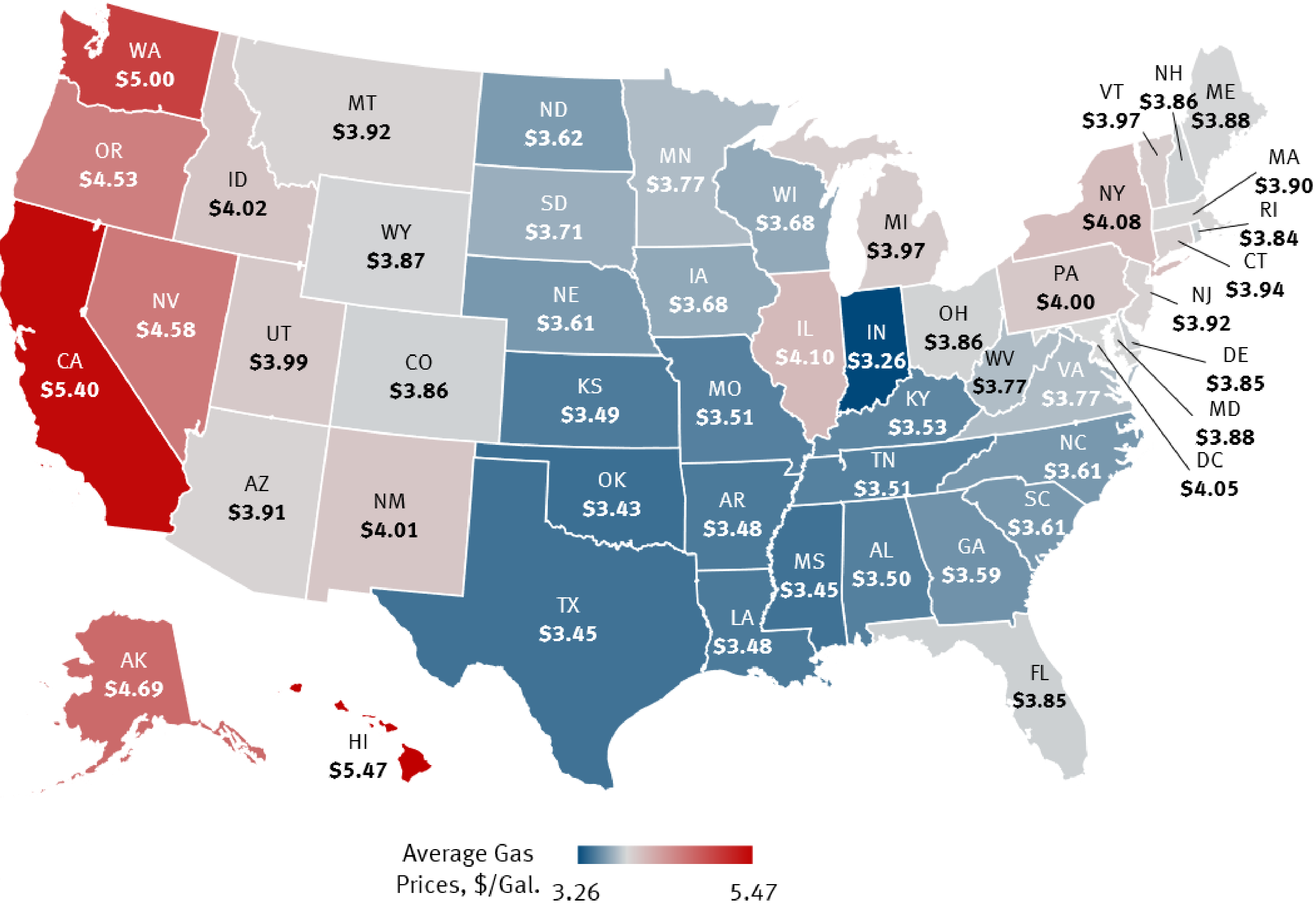
Potential Challenges: Domestic Gas Prices Remain Elevated

State Gas Price Averages as of July 10, 2026

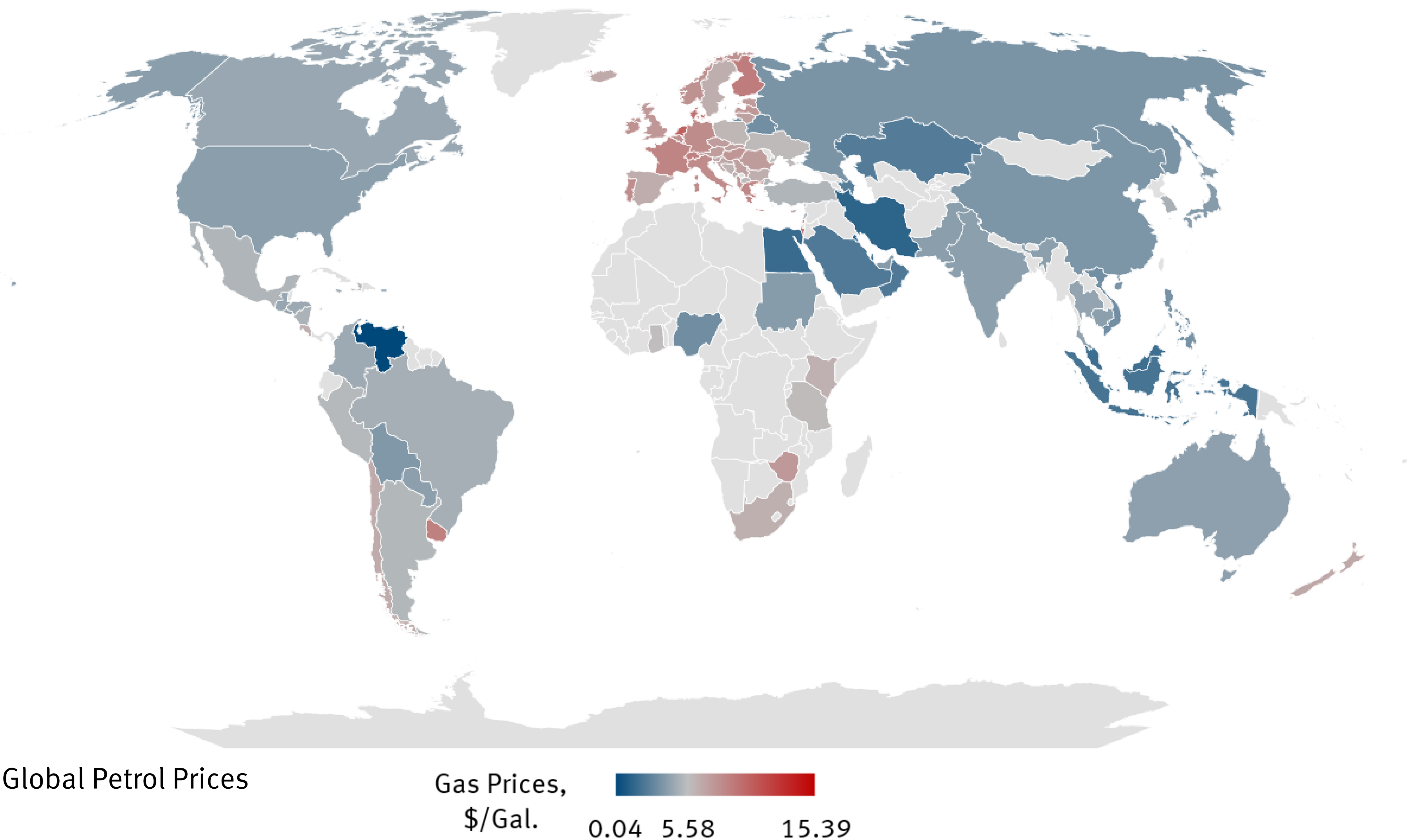


Source: AAA

Since the start of the Iranian conflict, the national gas price has risen 30% to $3.88 a gallon with states such as California and Hawaii still experiencing gas prices above $5 a gallon.

Potential Challenges: Global Gas Prices Remain Elevated

World Gas Price Averages as of June 2026



Source: Global Petrol Prices

Global gas prices are elevated at $5.58 per gallon as of June. The highest national prices are in Hong Kong at $15.39 per gallon, followed by Singapore at $12.85 per gallon and the Netherlands at $10.46 per gallon.

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