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27 July 2026 | 6:30PM EDT

US Consumer Dashboard: July 2026 – Resilient Spending, Weak Cashflow

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- **Spending:** Spending has remained reasonably resilient, with real PCE growing at a healthy 2.1% year-over-year but a softer 1.3% six-month annualized pace through May. The June retail sales report was also strong, as headline retail sales increased by 0.2% and core retail sales increased by 0.5% in nominal and 0.6% in real terms. We attribute much of the recent resilience in spending to an outsized boost from OBBBA-related tax cuts and estimate mid-term election-related spending by nonprofits (which is counted in the official PCE spending data; nonprofit spending has outpaced other categories over the last year) is boosting year-over-year growth by 0.2pp. We expect that spending headwinds from higher inflation will slow spending growth for the rest of the year. We therefore forecast only a 1.5% pace of annualized real spending growth in 2026H2 and 1.5% in 2026 on a Q4/Q4 basis (vs. 1.6% consensus).
- **Employment:** The labor market has stabilized. Employment increased by 57k in June, and while the three-month average of payroll growth (+111k) remains strong, our estimate of the underlying pace of job growth (+73k) is only slightly above the breakeven pace of job growth. In addition, the unemployment rate ticked down by 0.1pp to 4.2% in June, although we expect this decline to reverse in coming months given that it was driven by an unusual decline in labor force participation among workers aged 25-34. We expect job growth will average 43k/month through end-2026, slightly below our 50k/month breakeven forecast, leading the unemployment rate to edge up to 4.4% by year end.
- **Income:** Real disposable income is weak, with growth flat on a year-over-year basis and down 0.6% on a 6-month annualized basis through May. While the boost from higher tax refunds and lower tax payments from the OBBBA appears to have provided a $140bn boost to household income during the 2026 tax-filing season, we expect that higher energy prices will erode household spending power for the rest of the year, particularly for lower-income households that spend a larger share of their budget on energy. As a result, we forecast only 1.0% real income growth in 2026 on a Q4/Q4 basis (with just 0.4% real income growth for the bottom income quintile) and see an even more challenging outlook for cashflow (adjusted for the timing of OBBBA-related boosts to tax refunds and reductions in tax payments) in 2026H2.
- **Wealth:** Household balance sheets are still strong, and the net worth-to-disposable personal income ratio remains near its all-time high. The

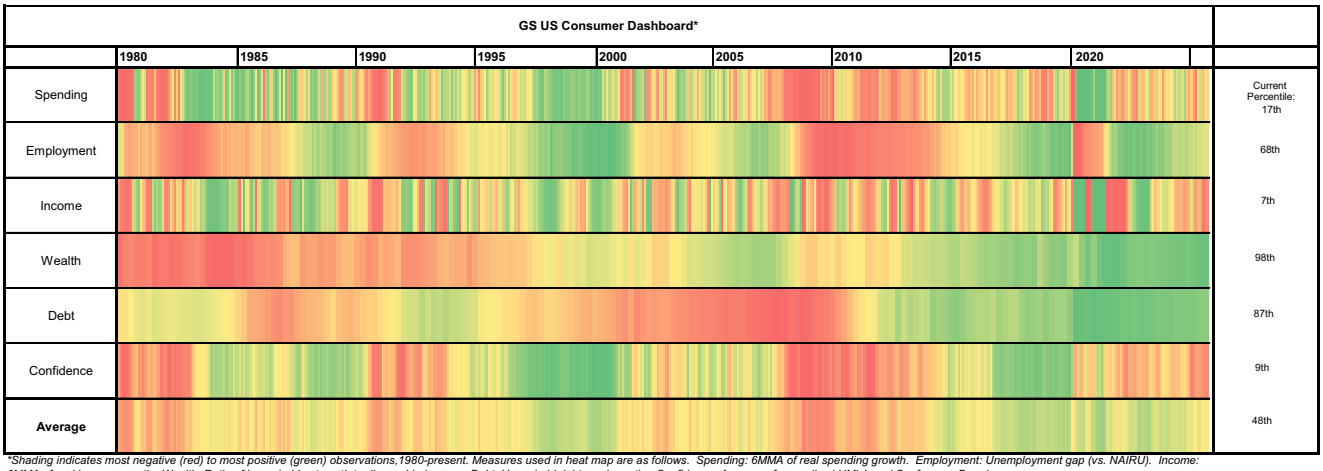
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saving rate remained at 3.0% in May, and we forecast an increase to 3.5% by end-2026 and 4.1% by end-2027 on the back of a stronger precautionary saving motive.

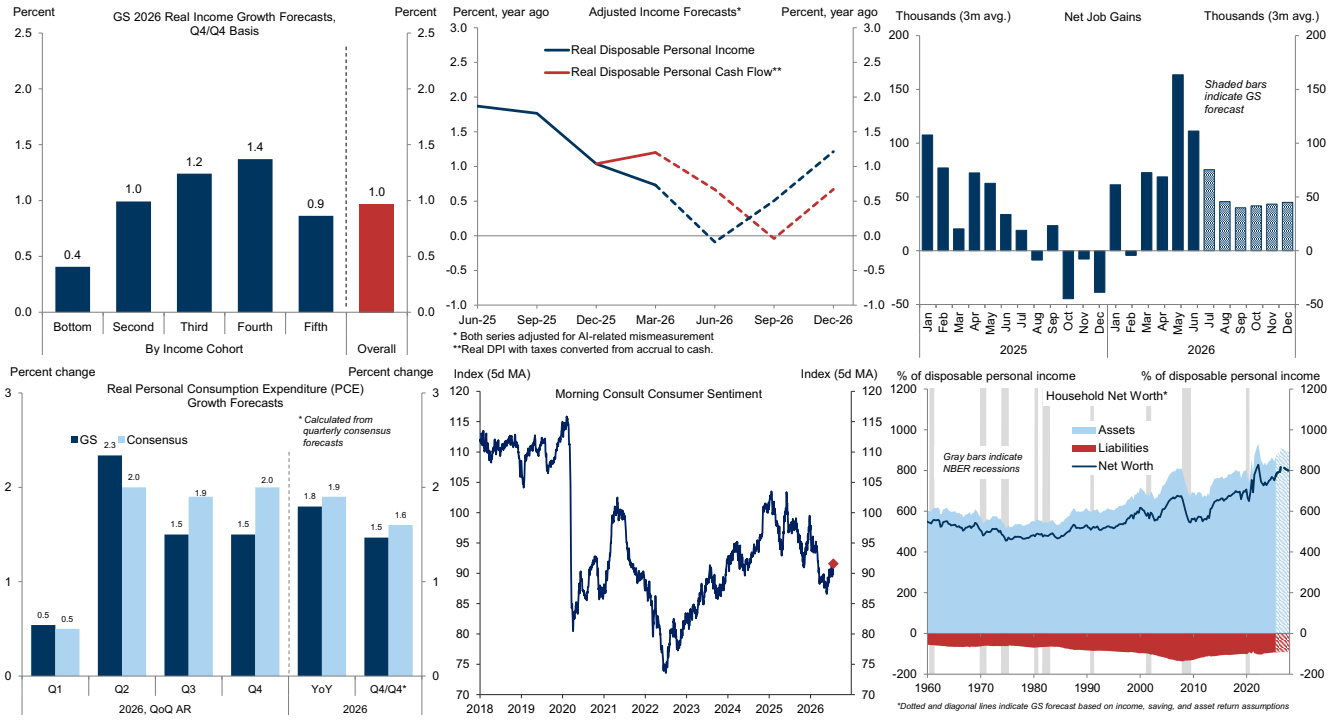
- **Debt:** Consumer credit growth ticked down by 0.2pp to 2.4% on a year-over-year basis and by 0.1pp to 2.8% on a 6-month annualized basis in May, although home equity loan growth picked up (+6.6% 12-week annualized average through July 15th). Household leverage and debt servicing costs remain low, but 90+ day credit card and subprime auto loan delinquencies remain elevated relative to historical levels.
- **Consumer Confidence:** The UMich consumer sentiment rose by 4.9pt to 54.4 in July, while the Conference Board's consumer confidence index increased by 0.6pt to 91.2 in June. More timely measures of consumer sentiment, including the daily consumer sentiment measure from Morning Consult and our GS Social Media Economic Sentiment Index, point to improvement in recent weeks (even after the recent reescalation in geopolitical tensions).

July 2026 - Resilient Spending, Weak Cashflow

Exhibit 1: Our US Consumer Dashboard Points To Weak Income Growth and Consumer Confidence but Strong Balance Sheets



*Shading indicates most negative (red) to most positive (green) observations,1980-present. Measures used in heat map are as follows. Spending: 6MMA of real spending growth. Employment: Unemployment gap (vs. NAIRU). Income: 6MMA of real income growth. Wealth: Ratio of household net worth to disposable income. Debt: Household debt service ratio. Confidence: Average of normalized UMich and Conference Board measures.

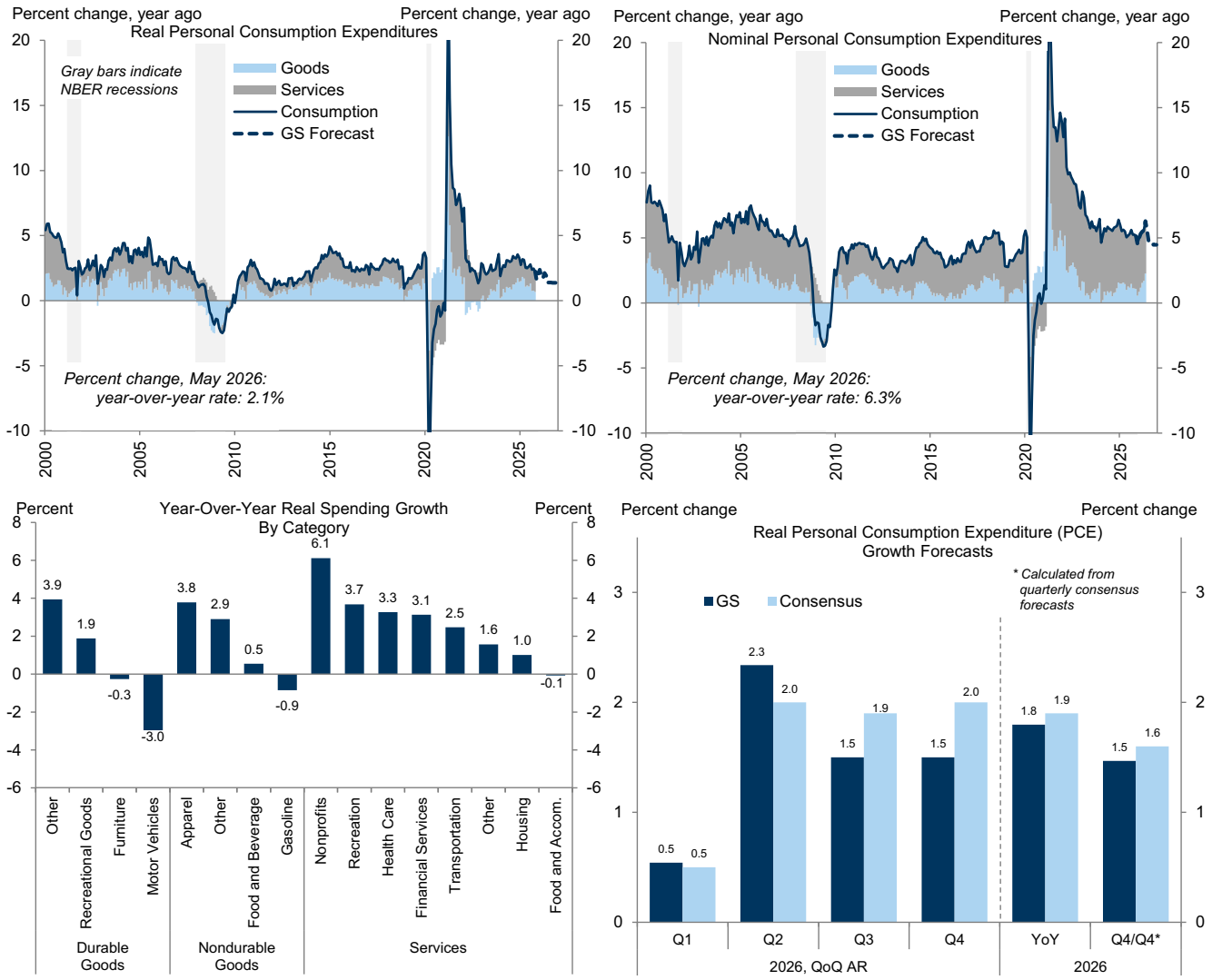


Source: Bureau of Economic Analysis, US Bureau of Labor Statistics, Federal Reserve Board, University of Michigan, The Conference Board, US Federal Reserve Bank, Goldman Sachs Global Investment Research, IRS, Morning Consult

Appendix

Spending

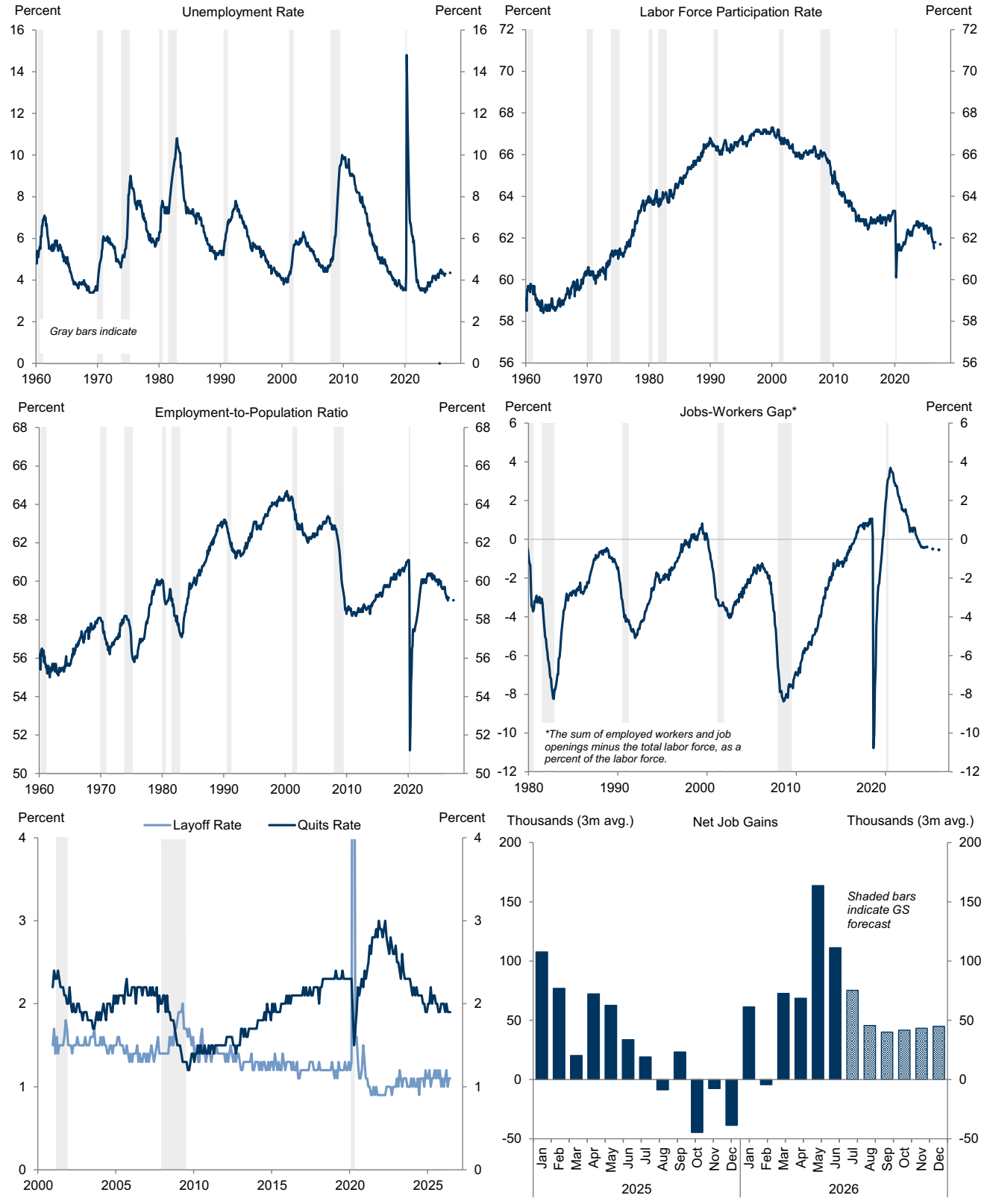
Exhibit 2: We Expect Softer Spending Growth in 2026H2 Despite H1 Resilience; Midterm Election Spending by Nonprofits (Which Is Counted in the Offical PCE Data) Has Accelerated and Is Boosting Real Consumption Growth By 0.2pp



Source: Bureau of Economic Analysis, US Bureau of Labor Statistics, Goldman Sachs Global Investment Research, US Federal Reserve Bank

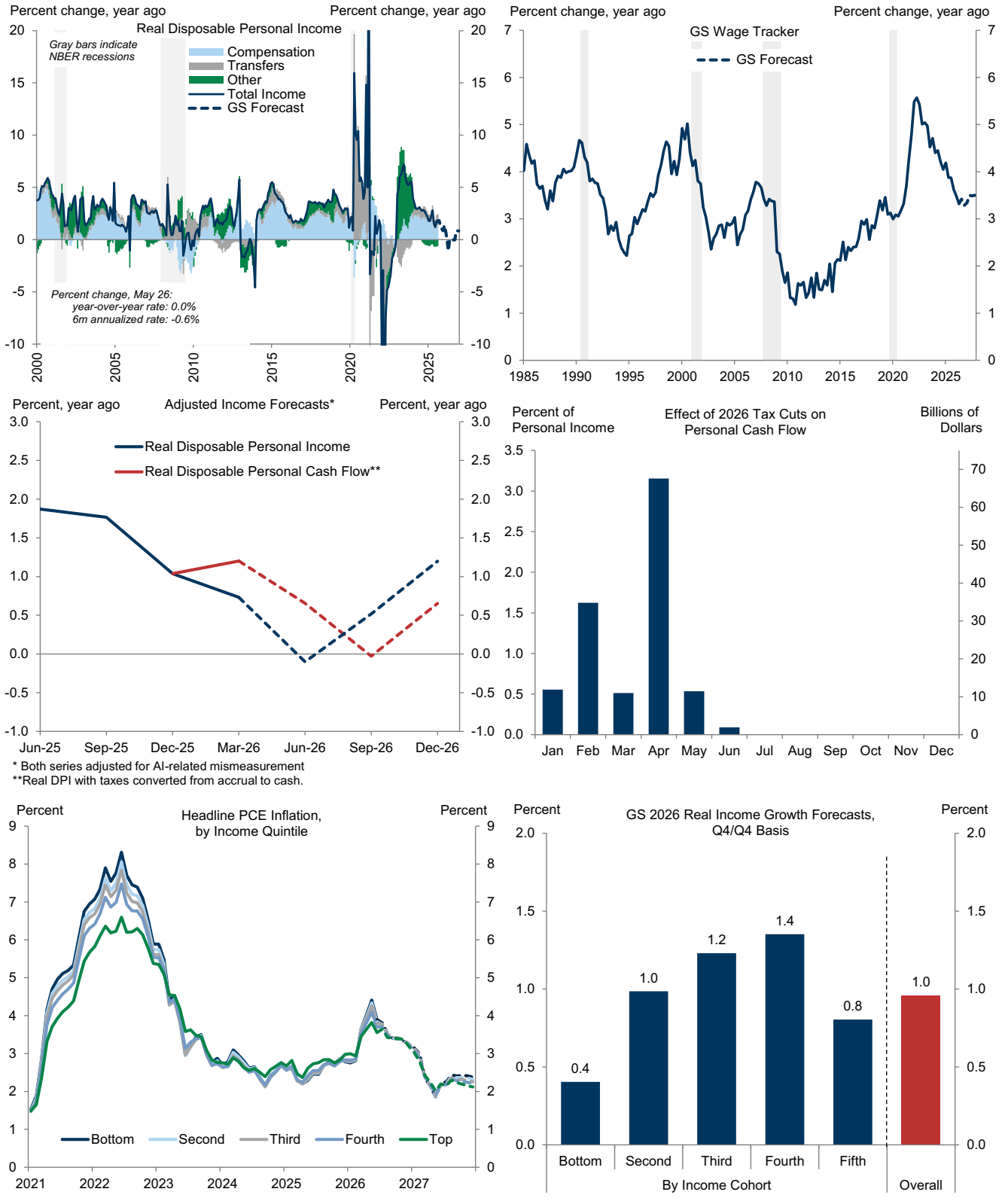
Labor Market

Exhibit 3: The Labor Market Has Stabilized



Source: Bureau of Economic Analysis, US Bureau of Labor Statistics, Goldman Sachs Global Investment Research

Exhibit 4: We Forecast Only 1% Real income Growth in 2026 Due to Energy Price Headwinds, With Particularly Weak Cashflow Growth (Adjusted for Timing of OBBBA Tax Cuts) in 2026H2

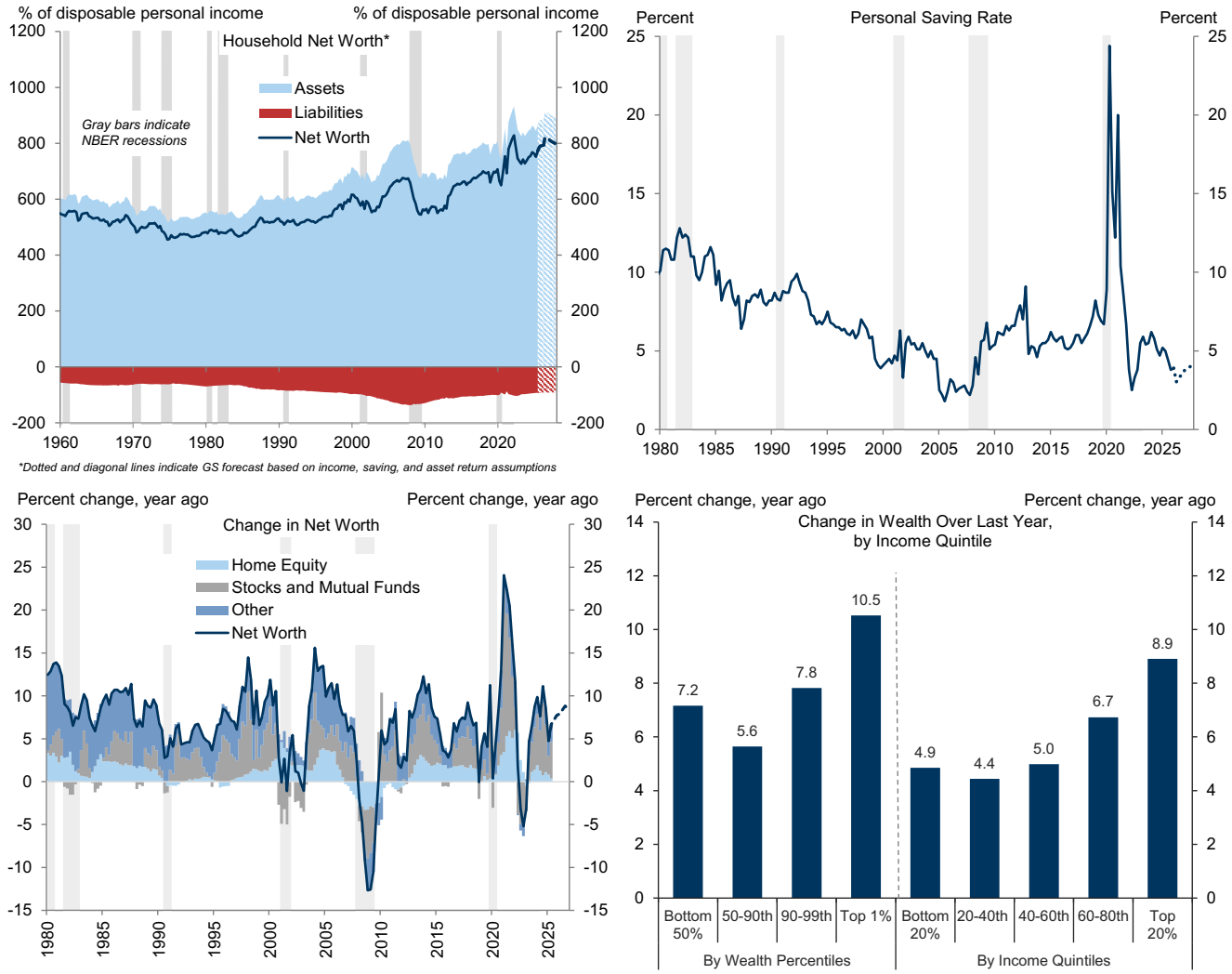


* Both series adjusted for AI-related mismeasurement
**Real DPI with taxes converted from accrual to cash.

Source: Bureau of Economic Analysis, Goldman Sachs Global Investment Research

Wealth/Balance Sheets

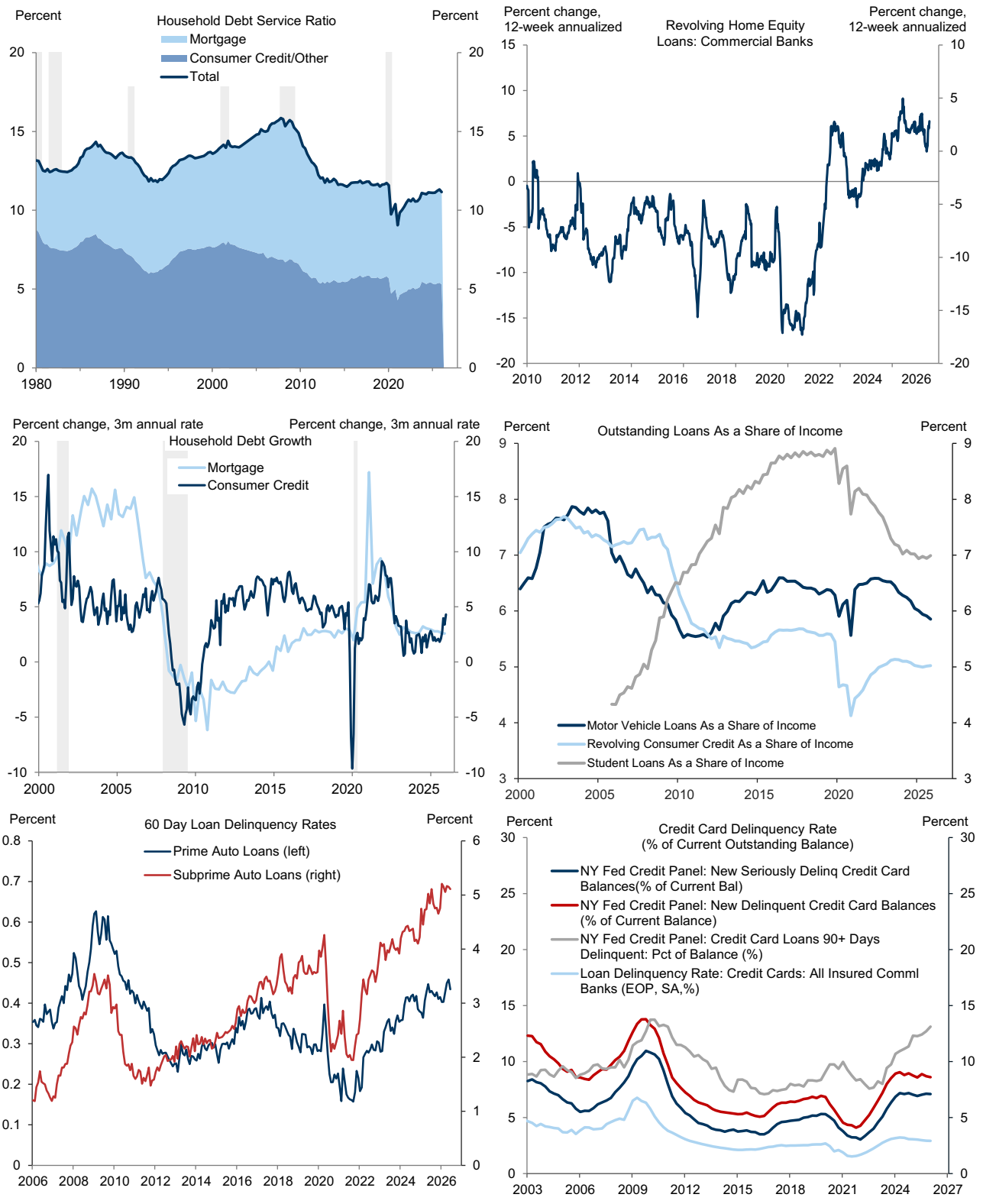
Exhibit 5: Household Balance Sheets Are Very Strong



Source: Bureau of Economic Analysis, US Bureau of Labor Statistics, Federal Reserve Board, Goldman Sachs Global Investment Research

Debt

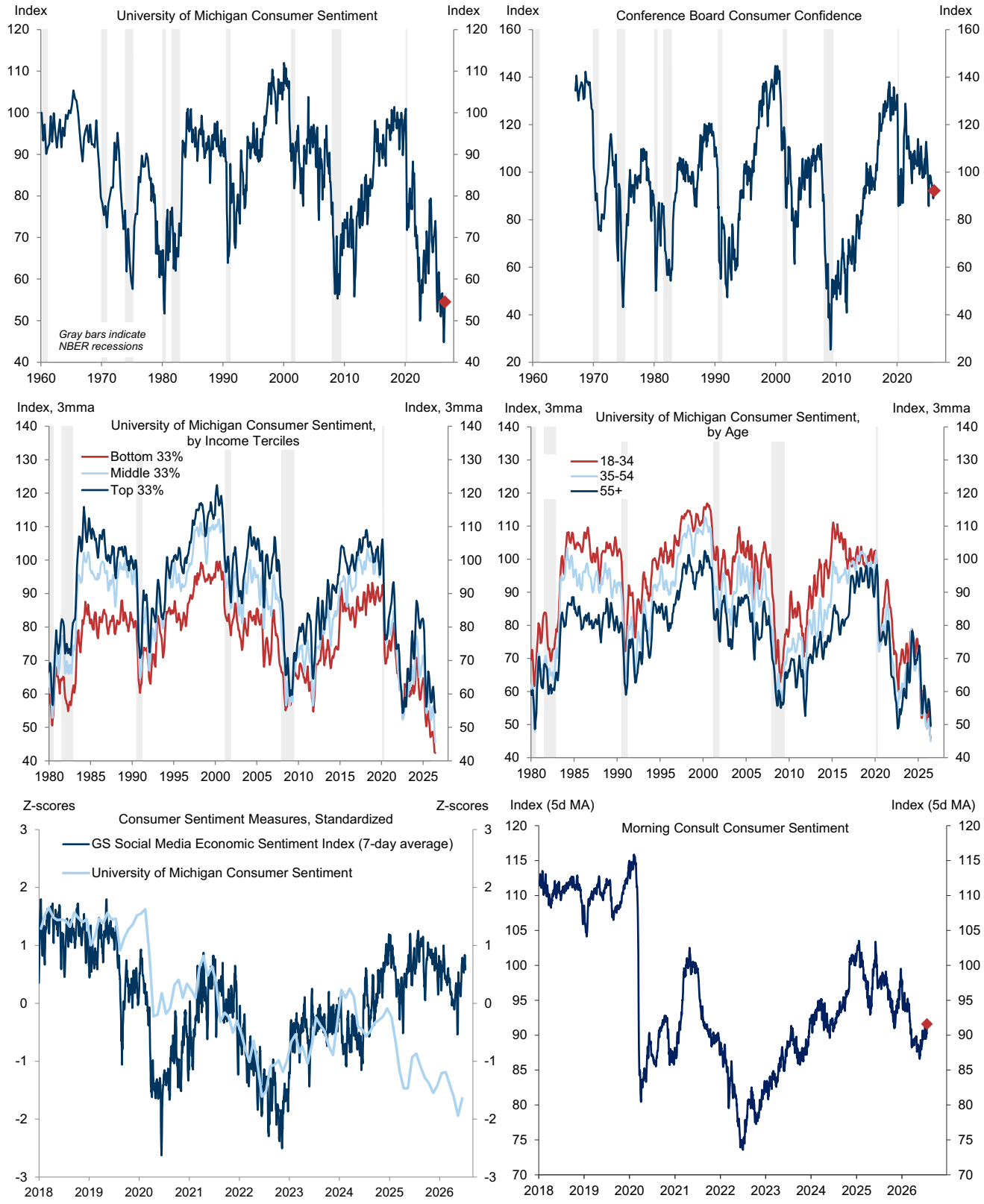
Exhibit 6: Overall Debt Levels Are Benign and Credit Growth Is Weak, but Credit Card and Subprime Auto Loan Delinquencies Remain Elevated



Source: Federal Reserve Board, US Federal Reserve Bank, Goldman Sachs Global Investment Research

Consumer Confidence and Sentiment

Exhibit 7: Consumer Sentiment Has Improved Slightly Following Its Sharp Pullback Following the Start of the War in Iran



Source: University of Michigan, The Conference Board, Goldman Sachs Global Investment Research

27 July 2026

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