U.S. Economic Conditions

July 2026

U.S. TRAVEL ASSOCIATION

Compare to
Previous Year

Insights

Headline inflation slowed to 3.4% in July from 3.5% the month prior as energy prices eased; however, price pressures could linger. Oil prices remain volatile amid Middle East tensions, while an AI-driven memory chip shortage is starting to push up electronics prices.

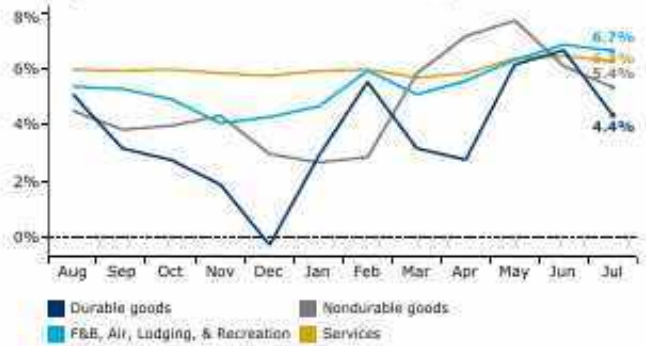
High prices continue to widen the divide between high- and low-income consumers. Tech stocks led a powerful market rally this year, lifting prices to new highs and boosting stock portfolios of upper-middle-income and wealthy households. This cohort has been a driving force behind consumer spending via the wealth effect. On the other hand, most households rely on income growth to finance spending. The modest slowdown in inflation last month is welcome, but price levels continue to erode purchasing power for the households that depend on paychecks.

Payroll employment fell in July, but the drop was driven by a seasonal 50,000 decline in local government education jobs that should be reversed by fall. The low-hire, low-fire labor market isn't generating wage gains that would support stronger spending growth, keeping the spending outlook reliant on the stock market's staying power. In the same vein, weak wage growth isn't an inflationary risk.

The relatively stable job market and rising household wealth suggest consumers remain on solid footing overall. Consumer spending is expected to grow at a 1.7% annualized pace in Q3.

Consumer Spending

% change relative to same month vs. Previous Year, prior 12-month trend



Source: BEA

Consumer Confidence & Sentiment Index

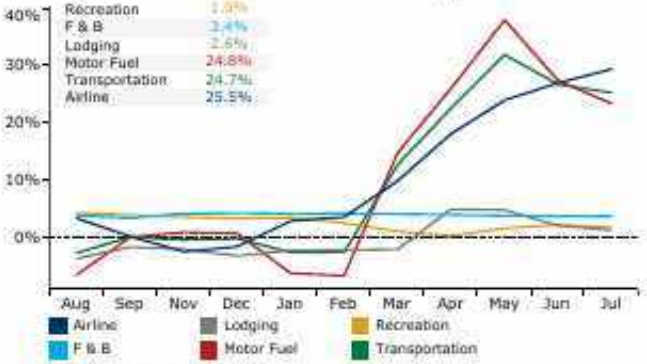
Index, 1985=100, prior 5-years



Source: Conference Board and University of Michigan

Travel Price Index, Major Components

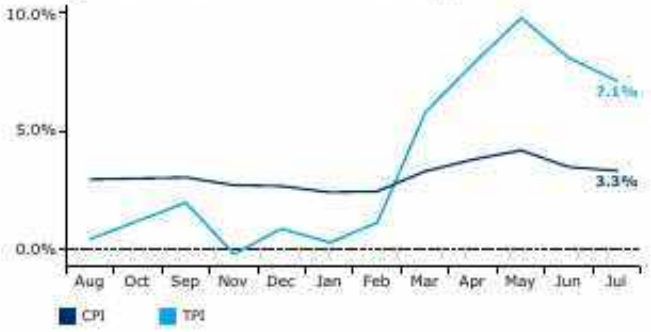
% change relative to same month vs. Previous Year, prior 12-month trend



Source: Tourism Economics

Travel (TPI) and Consumer (CPI) Price Indices

% change relative to same month vs. Previous Year, prior 12-months



Source: BLS (CPI); and Tourism Economics (TPI)

SYMPHONY TOURISM ECONOMICS