U.S. Economic Conditions

August 2026

U.S. TRAVEL ASSOCIATION

Compare to
Previous Year

Insights

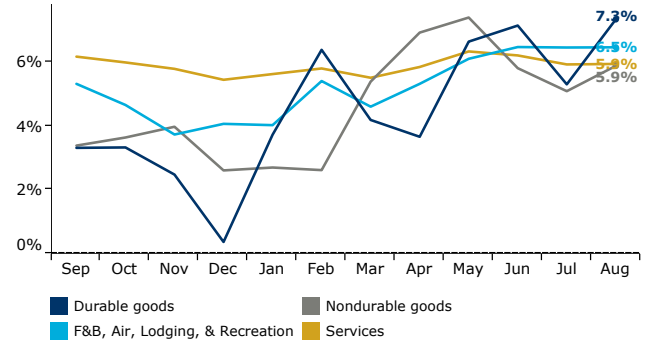
Rising gas prices, broader inflation, and renewed tariff threats weigh on households' outlook, contributing to a fall in sentiment in August. The decline was concentrated among lower- and middle-income consumers, while sentiment among the top third of earners actually improved, underscoring a two-track economy. Nevertheless, spending data has been resilient despite the sentiment slide. Headline retail sales grew faster than expected in August, though part of the gain reflected higher prices at the pump and a rebound in non-store sales, following a shifted Amazon Prime Day. Broad-based gains were witnessed in food services, electronics, and recreation.

A growing wealth divide explains some of the gap between sentiment and spending. Household financial wealth jumped to a record 280% of annual income—meaning financial assets are now worth nearly three times annual household income in aggregate—with most of those gains concentrated among the top 20% of earners. Wealthier households therefore have more of a financial cushion to keep spending, even as lower- and middle-income households face depleted savings, rising loan delinquencies, and higher gasoline costs.

The Federal Reserve raised rates 25 basis points on September 18, its first hike in three years, and signaled at least one more by December. Higher borrowing costs on credit cards, auto loans, and mortgages will further strain some household budgets. Wage growth is also decelerating, and with inflation running above target, lower- and middle-income workers are being squeezed.

Consumer Spending

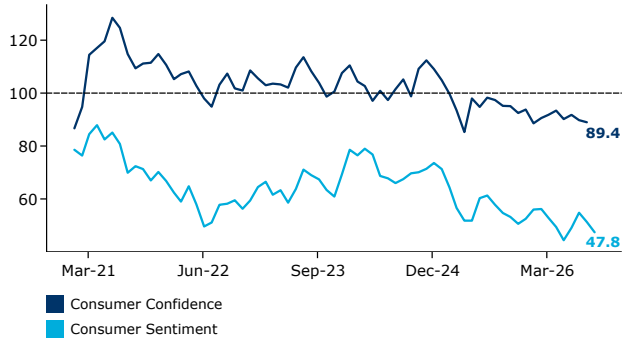
% change relative to same month vs. Previous Year, prior 12-month trend



Source: BEA

Consumer Confidence & Sentiment Index

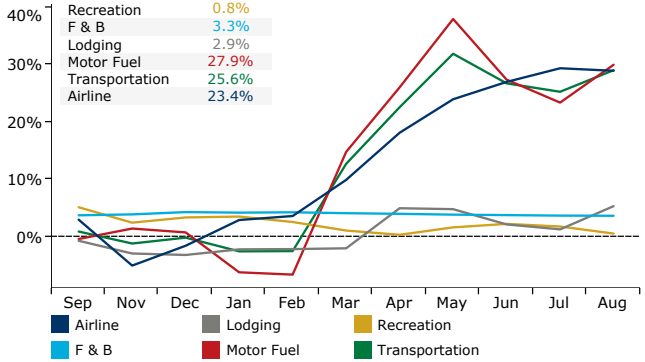
Index, 1985=100, prior 5-years



Source: Conference Board and University of Michigan

Travel Price Index, Major Components

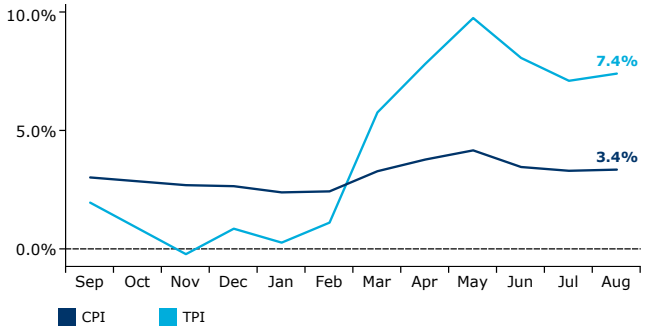
% change relative to same month vs. Previous Year, prior 12-month trend



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