

Consumers Aren't Showing Signs of Stress, Banks Say

Credit and debit card spending have ticked up despite inflation worries

BY BEN GLICKMAN AND ALEXANDER SAEEDY

Americans say they are getting worried about the economy and inflation, but banks say they aren't acting like it yet.

Bank of America and **Citigroup** said Tuesday consumer spending ticked higher in the first quarter when concerns about tariffs and the economy began to bubble up. **JPMorgan Chase** said last week that credit- and debit-card spending rose.

Executives also said spending has largely held up in the weeks after the quarter ended, even after President Trump sharply escalated his tariff threats on "Liberation Day." JPMorgan noted some of that might have been people making purchases in advance of price increases from tariffs.

"This is consumers continuing to spend, and that is ultimately the basis of the U.S. economy," said Alastair Borthwick, Bank of America's chief financial officer, on a call with reporters Tuesday. "The signals at this point from the consumer are that the U.S. economy still remains in good shape."

Worries about a recession and higher prices have intensified in recent weeks after Trump's tariffs set off sharp swings in markets. A closely watched gauge last week showed consumer sentiment took a nosedive in April.

Wall Street executives have been warning that Trump's actions could push the economy into a downturn. The S&P 500 had already slid by the end of the first quarter, with uncertainty over Trump's next moves hanging over markets.

It is too early to draw too many conclusions from the recent spending, bankers warned. But for now, banks haven't signaled any serious distress among consumers or moved to rapidly build up defenses for potential loan losses.

Bank of America said that credit- and debit-card spending rose 4% from a year earlier and that the portion of loan holders late on their payments fell slightly from the previous quarter. JPMorgan Chase reported a 7% increase in credit- and debit-card

spending from a year earlier, though it said people were carrying higher credit-card balances.

Among corporate clients, banks flagged more pronounced signs of a pullback.

"Everyone is prepping for more headwinds," said Mark Mason, chief financial officer of Citigroup, on a call with reporters. "Some companies are bolstering already strong balance sheets. Others are accelerating imports to stockpile inventory."

Corporate mergers and acquisitions have also been put on ice amid the volatility, and borrowing through the capital markets remains challenging for many companies.

"The best thing that can happen is obviously clarity and reduced uncertainty as quickly as possible, and when that happens, we do believe that we're going to see an active environment," Mason said.

Citigroup said there will also be opportunities to help clients navigate changes in global trade. "Cross-border trade flows will change," Citigroup Chief Executive Jane Fraser said on a call with analysts. "We'll be in the middle of facilitating that. We expect to be very busy there."

For the first quarter, Bank of America and Citigroup joined other big banks in reporting higher profits that topped analyst expectations.