



Market Commentary
April 2026

English Version

The Consumer (in)discretion

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The Consumer (in)discretion

Despite widespread concerns about inflation and the economy, actual consumer behavior shows continued willingness to spend on discretionary and “wellness” categories, highlighting a gap between stated intentions to cut back and real purchasing decisions.

Consumption has been supported by tax refunds and easy access to credit, including credit cards and “buy now, pay later” options, but rising late payments, higher energy prices, and a cooling labor market point to growing pressures on household finances.

Long-term trends favor sectors tied to experiences, convenience, and health, with commercial real estate adapting toward experience-driven formats, healthcare shifting toward cost-sensitive wellness solutions like GLP-1 drugs, and younger consumers - especially Gen Z - emerging as a structurally higher-spending force.

It has been long said that the American economy relies more on the health of its consumers than on other factors. However, since the start of the Covid-19 pandemic, the U.S. consumer has seen a shift in its spending trends: its pent-up savings have been allocated towards services instead of goods, with a stark intention to make up for the time of lockdown. However, as those trends have begun to shift once again, we wanted to examine more closely what has been driving U.S. consumption, what current consumer trends suggest, and what new shifts are emerging from them.

A shift in the consumption engine

When looking at the consumer trends of the last five years – namely the period right out of the pandemic – a stark contrast emerges between household consumption of goods and services. **Within the personal consumption expenditure component of GDP, services have surpassed goods in terms of contribution to GDP in 16 of the last 18 quarters.** When looking at both categories from the perspective of the Personal Consumption Expenditure – PCE – index, the consumption of non-durable goods has been decreasing

since its peak around 2022, now being fully replaced by services in terms of contributions to the PCE. As can be seen in graph 1, core services accounted for 1.773pp of February’s PCE print, in contrast to the 0.193 of core goods.

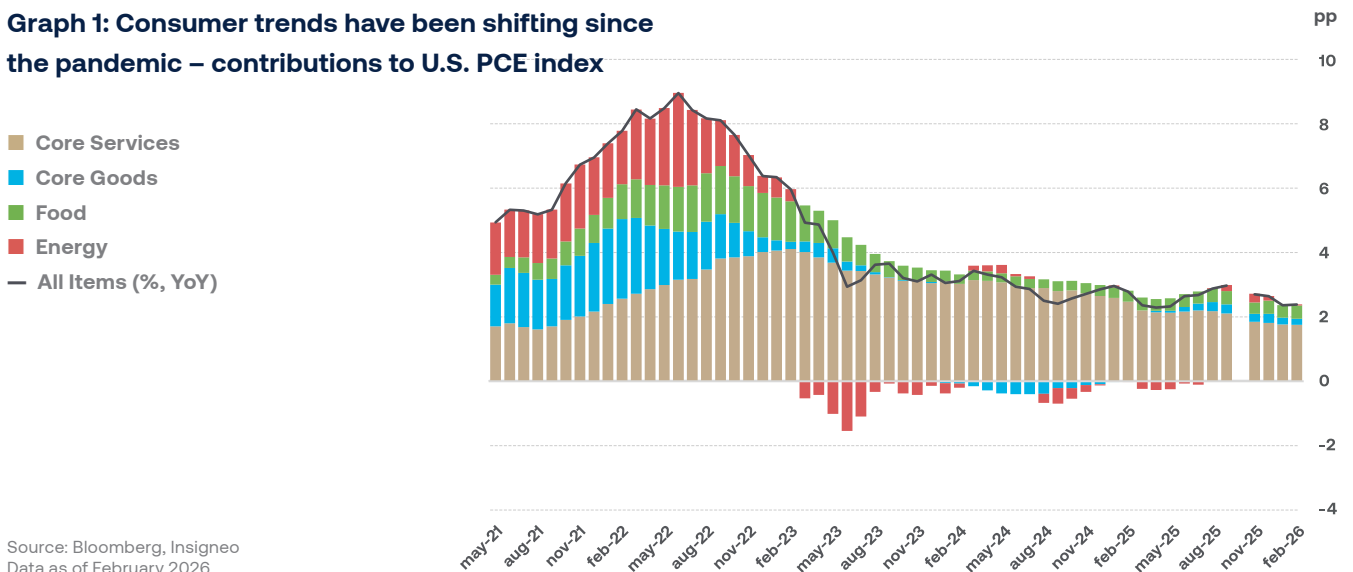
Furthermore, the strong momentum in personal consumption expenditures could gain further support from higher refunds stemming from the approval of the One Big Beautiful Bill. This tax season, refunds are expected to boost real disposable personal income during 1Q26. However, it is worth noting that a relevant part of the spending performed by the U.S. consumer was propelled by the excess savings it

gathered during the pandemic, and those savings are starting to look depleted. According to data from BCA Research, the U.S. personal savings rate as a percent of disposable income is currently far below its 2019 average (4.5% vs 7.3%).

Another factor that has underpinned strong consumption in the years since the pandemic has been U.S. consumer’s ability to access credit, whether through credit cards or through newer “buy now, pay later” (BNPL) financing mechanisms. According to a recent study run by the Richmond Fed, the BNPL purchase volume in 2025 was roughly USD 70bn, which is still small when compared to the USD 6.3tn recorded in credit card purchase volume that same year. However, there are some initial signs that late payment and delinquency behavior among BNPL users have increased since 2023. To that point, a LendingTree survey from 2025 reported that 41% of BNPL users made at least one late payment in the past year, up from 34% a year earlier. Even if the survey stated that there is no direct evidence of rising aggregate BNPL charge-off rates to date, continued monitoring is warranted.

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Graph 1: Consumer trends have been shifting since the pandemic – contributions to U.S. PCE index



Source: Bloomberg, Insigneo
Data as of February 2026

Furthermore, it is important to note that any additional cushion to consumer savings from the previously discussed tax relief measures could be partially offset by higher gasoline prices stemming from the Iran conflict. **The U.S. consumer is entering this oil shock price with depleted savings and a more reduced capacity to endure the current market disruption, which in turn may lead to a shift in consumption preferences to allocate a higher share of the budget to account for non-discretionary energy expenses.** According to Wells Fargo, the situation would be more challenging for the U.S. consumer if energy prices remain elevated for a long time, since energy inflation could offset meaningful portions of real income growth – even more so when the labor market is starting to cool, and excess savings have been consumed almost entirely.

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Lastly, all factors mentioned above are expected to dent consumer confidence in the future, even if the latest figures have not penciled in a deterioration yet. March’s print of the Conference Board consumer confidence stood at 91.8, higher than the 87.9 expected by the market; still, some other measures within the report – such as inflation expectations – are starting to reflect the effects of rising costs from tariffs. To that extent, consumers’ average 12-month inflation expectations increased from 5.5% to 6.2%, while the median rose from 4.5% to 5.2%.

With that in mind, let us explore the consumer trends that we have identified.

Year 6 A.C. (After Covid-19)

Have you seen headlines about a U.S. recession, a weakening job market, and ongoing wars, and then walked into a packed restaurant and wondered how it makes sense? The answer lies in how consumer behavior reset after the pandemic. **COVID accelerated nearly a decade of digital adoption in less than a year and reinforced a “life is now” mindset that did not exist before.** As a result, consumers are increasingly willing to pay for experiences rather than just goods, reshaping the winners and losers in all kinds of industries, going from real estate to healthcare and technology. While consumers claim they intend to save more and cut spending in certain categories, actual behavior shows the opposite. Spending on experiences and services continues to rise, with the “splurge” category taking a larger share of income. As shown in Graph 2, there is a clear disconnect between what consumers say and how they actually behave. Despite being the category where consumers expect to cut back the most, splurging, which includes jewelry, flights, furniture, and other nonessential goods, has actually seen the strongest consumption growth. We can call this category “wellness”, and that’s where consumers are paying the most.

At the same time, daily life has evolved meaningfully, with individuals spending more time alone and online, the three additional hours of free time gained compared to 2019 are increasingly allocated to solo activities such as shopping, fitness, and social media. Remote work and the expansion of e-commerce have reshaped how time is used, reinforcing a “bring it to me” mindset and raising expectations around speed, convenience, and on-demand services.

While these affect every generation, their impact is likely to be larger among Gen Z, which, according to

Graph 2: Consumption Growth vs Future Net Purchase Intent, % (n=4,000)

Category		Year-over-year real consumption growth, Q3 2024	Future net purchase intent, Q2 2024
Economizing	Nonalcoholic beverages	-1	-8
	Quick-service restaurants	0	-23
	Out-of-home entertainment	0	-19
	Vehicles	0	-15
	Grocery (center store / shelf stable)	0	5
	Grocery (meat and dairy)	0	7
	Grocery (fresh produce)	0	15
Maintaining	Pet food and supplies	1	8
	Apparel	2	-22
	Sit-down restaurants	2	-20
	Home improvement	2	-8
	Over-the-counter medicine and vitamins	2	-3
Splurging	Personal-care products	3	-1
	Cosmetics	3	-15
	Sporting equipment	4	-14
	Household supplies	5	0
	Furniture	5	-32
	Jewelry	5	-31
	Hotels	5	-24
	Electronics	6	-26
	Home decor	8	-35
	Flights	8	-13

Source: McKinsey ConsumerWise Global Sentiment Surveys, 2025

McKinsey & Company, is on track to becoming the largest and wealthiest group in history. By 2025, Gen Z household income had already surpassed that of Baby Boomers by roughly 50%, while their spending was expanding at nearly twice the pace. Looking ahead, by 2035, this generation is expected to add close to USD 8.9tn to the global economy, driven not only by rising income levels but also by a structurally higher propensity to spend and a greater willingness to use debt. With this in mind, let's explore some sectors being reshaped by the new consumer trends.

Commercial experiences while going offline

On the real estate side, shopping malls are a pretty good reflection of how consumer behavior is shifting. What used to look like a dying format is resurging from the ashes, partly driven by growing tech fatigue and a renewed interest in in-person experiences. Younger consumers, especially teens, are "mall-maxxing" their time, turning malls into social hang-outs rather than just shopping destinations. The contrast is sharp: between 2017 and 2022, roughly 40 malls were closing every year in the U.S according to Capital One Shopping, and in 2022 alone, two million square feet, or the equivalent of almost 35 football fields of mall space was destroyed.

But momentum has improved more recently, with better foot traffic, stronger tenant sales, and occupancy

The largest shopping mall operator in the U.S., had a credit rating upgrade last year from S&P on the back of higher occupancy rates and record sales per square foot.

stabilizing. As an example, Simon Property Group, the largest shopping mall operator in the U.S., had a credit rating upgrade last year from S&P on the back of higher occupancy rates and record sales per square foot. Shopping malls are just one example of how commercial landlords are adapting to shifting consumer trends and behaviors. The broader commercial real estate space is finding its footing again, but not by going back to the old model. Instead, the recovery is taking shape through new formats that prioritize experience, flexibility, and mixed use over traditional single purpose assets.

Healthcare as an economic decision

On the healthcare side, while artificial intelligence has dominated recent headlines, the progress made by pharmaceutical companies in obesity control drugs (GLP1s) has been equally significant. This year marked a major inflection point for both Novo Nordisk (NVO) and Eli Lilly (LLY) with the FDA approval of oral doses of Wegovy and Foundayo. These new oral treatments target patients with lower BMIs, who are also needle-phobic, and cost-sensitive. Because these therapies are less invasive and more affordable, they are being rapidly adopted by cost-sensitive patients, who save an average of USD 50 per month compared with injectable versions. Although oral formulations are somewhat less effective, their popularity highlights that price sensitivity matters, even in healthcare.

While intuition might suggest that beer, fast-food, or snack producers could benefit from more accessible obesity treatments, the reality is different. Major companies such as Coca-Cola (KO) and PepsiCo (PEP) are already reshaping their strategies to align with evolving consumer habits, introducing smaller pack sizes, simplifying ingredient lists, and rebranding major products. These treatments have revealed

an important dynamic: **consumers must make trade-offs**. If they are already investing in expensive GLP1 therapies, they are less willing to undermine those efforts with unhealthy food or snacks.

With GLP1 adoption continuing to surge, and having already more than doubled by 2025, PwC now estimates that about 20% of U.S. households include at least one user of these treatments. In addition, EY-Parthenon estimates that related diet changes could eliminate up to USD 12bn in snack sales over the next decade. While companies are facing the challenges related to these treatments, the U.S. government has been putting more pressure with its Make America Healthy Again (MAHA) program. MAHA is reinforcing the shift to new consuming trends by prioritizing minimally processed foods and imposing sanctions to reduce the use of additives, petroleum-based dyes, added sugars, and artificial ingredients. **Together, economics, pharmacology, and regulation are steering consumers**

toward healthier, simpler foods, leaving brands to adapt quickly to a market where wellness, transparency, and ingredient minimalism increasingly define demand.

The post pandemic consumer is rewriting the rules. Experiences beat possessions, convenience beats routine, and wellness has become a dominant economic force, even if the macroeconomic backdrop continues to present challenges to a still-resilient consumer. With Gen Z's spending power rising and regulation pushing cleaner choices, the winning categories will be the ones that adapt fast, simplify boldly, and meet consumers where their new priorities actually live.



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House Views Matrix

Global Asset Allocation	TACTICAL (UP TO 3 MONTHS)	CYCLICAL (UP TO 12 MONTHS)
	Equities	NEUTRAL
Fixed Income	OVERWEIGHT	NEUTRAL
Cash	OVERWEIGHT	NEUTRAL
US Equities¹	OVERWEIGHT	NEUTRAL
European Equities	UNDERWEIGHT	OVERWEIGHT
Japanese Equities	NEUTRAL	OVERWEIGHT
Emerging Market Equities	UNDERWEIGHT	OVERWEIGHT
Chinese Equities	UNDERWEIGHT	OVERWEIGHT
US Treasuries²	NEUTRAL	NEUTRAL
Investment Grade Fixed Income	NEUTRAL	NEUTRAL
High Yield Fixed Income	NEUTRAL	NEUTRAL
Emerging Market Sovereign	NEUTRAL	OVERWEIGHT
US Dollar	OVERWEIGHT	UNDERWEIGHT
Energy³	OVERWEIGHT	UNDERWEIGHT
Precious Metals	OVERWEIGHT	OVERWEIGHT

¹ Relative to global equities in USD

² Relative to aggregate fixed income markets in USD

³ Relative to an overall commodity allocation

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