VISA

May 2026

Visa Business and Economic Insights

U.S. Regional Economic Outlook

Key Points:

- Gas price surge shifts spending away from discretionary spend categories
- High costs and low job growth set to weigh on consumer spending in the Midwest
- Economic growth in the Northeast and West poised to outperform the nation

Surging gas prices shift spending, slow regional growth

U.S. gas prices surged 46 percent from January to April of this year due to the conflict in the Middle East, pushing households to spend more on fuel and pull back on discretionary purchases—particularly in the South and West. As fuel prices have increased, Visa's Spending Momentum Index (SMI) indicates that consumers are spending much more on gas and less on other categories (Fig. 1).

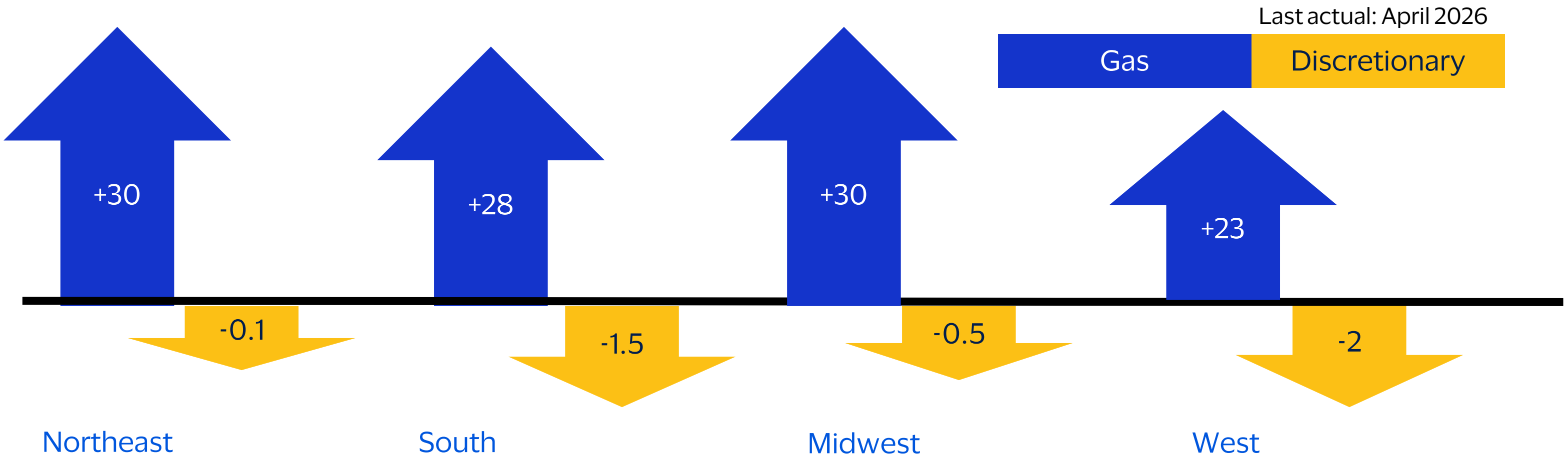
Looking ahead, we anticipate the conflict to last until early summer. A more protracted conflict will likely keep oil prices and inflation elevated for longer, according to our forecasts, and in turn lead the Federal Reserve to forgo rate cuts this year.

Given that both the South and West tend to have higher debt-to-income (DTI) ratios than other regions,[1] we expect higher price growth and a lack of interest rate relief to disproportionately impact their economic, consumer spending and employment growth. Additionally, restrictive immigration policy is expected to have an outsized impact on employment and consumer spending growth in these regions, which saw the highest share of new immigrants from 2021-2024.[2]

While the Northeast and Midwest have relatively lower DTI ratios,[3] higher energy and borrowing costs will likely drag on economic and consumer spending growth. Gas spending momentum has risen the most in these two regions, signaling that consumer budgets are being stretched thinner. The Midwest is likely to be hit particularly hard in the coming months, as the manufacturing sector continues to shed jobs and the region is unlikely to reap the same magnitude of tax refund benefits as the Northeast and West.

Fig. 1: Fuel spending is displacing other spending

January to April change in SMI by category and region (NSA, Index)



Sources: Visa Business and Economic Insights and Visa Spending Momentum Index (SMI)

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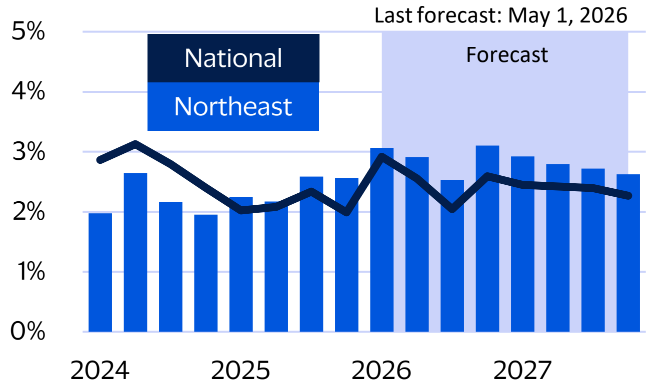
Northeast Regional Economic Forecast

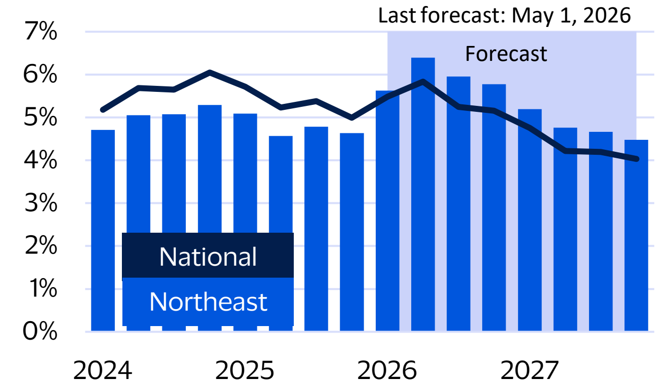
Northeast growth to hold up despite recent headwinds

Fig. 2: Real gross domestic product (GDP)
(Seasonally adjusted, year-over-year percent change)



Sources: Visa Business and Economic Insights and U.S. Department of Commerce

Fig. 3: Nominal personal consumption expenditures
(Seasonally adjusted, year-over-year percent change)



Sources: Visa Business and Economic Insights and U.S. Department of Commerce

Our updated forecasts continue to show the Northeast as a relative outperformer in 2026, but headwinds have emerged. Higher energy costs will likely translate into slower real spending growth this year, leading us to downwardly revise our real GDP growth forecast for 2026. Consumer confidence is also expected to remain subdued this year, consistent with a strong-spending/soft-sentiment mix tied to policy-driven income effects and higher household cost pressures.

State and Local Taxes (SALT) cap relief is still expected to boost after-tax incomes in high-income states such as New York, New Jersey, Massachusetts and Connecticut, supporting stronger consumer spending in the first half of the year. However, this tailwind is now partially offset by higher energy costs. The sharp rise in gas spending early in 2026 suggests some displacement away from discretionary categories, even in more affluent households.

State-level developments continue to provide important offsets to broader structural headwinds. In New York, Micron's $100 billion semiconductor megafab broke ground in January 2026, marking one of the largest manufacturing investments in U.S. history and supporting a multiyear construction and supply-chain cycle tied to AI-related demand.[4]

Energy and grid investment is also rising in importance. Massachusetts' Vineyard Wind 1 completed construction in March 2026.[5] This development has a projected 800-MW capability, and is intended to support specialized construction, port activity, and supply-chain services.

Pennsylvania continues to stand out as a key growth node within the Northeast, benefitting from a surge in AI and infrastructure investment. Amazon announced plans to invest at least $20 billion in cloud computing and data center campuses across the state as part of a broader pipeline involving tens of billions of dollars in AI, energy and digital infrastructure projects.[6] These developments are supporting near-term construction activity and longer-term growth in high-value services, though rising electricity demand and infrastructure constraints present emerging headwinds.

Overall, the Northeast outlook remains characterized by a front-loaded boost to spending, followed by slowing momentum later in 2026 as demographic constraints, elevated energy costs and higher interest rates weigh on growth—even as large-scale investment in semiconductors and AI infrastructure provides targeted support in key states.

Northeast	2025				2026				Actual		Forecast	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2024	2025	2026	2027
Gross Domestic Product (YoY% Change)	2.2	2.2	2.6	2.6	3.1	2.9	2.5	3.1	2.2	2.4	2.9	2.8
Nominal Personal Consumption (YoY% Change)	5.1	4.6	4.8	4.6	5.6	6.4	6.0	5.8	5.0	4.5	5.0	4.8
Consumer Confidence Index	90.9	91.1	91.0	90.2	84.2	88.3	95.3	98.6	103.1	90.8	91.6	106.1
Employment (YoY% Change)	0.9	0.5	0.2	0.1	0.1	0.4	0.5	0.5	1.1	0.4	0.4	0.3

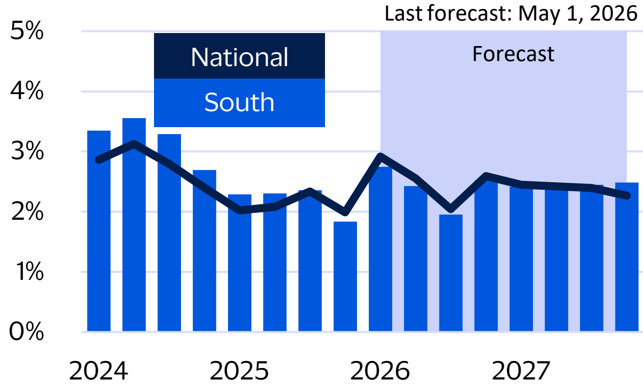
Forecast as of: May 1, 2026

Sources: Visa Business and Economic Insights, U.S. Department of Commerce, The Conference Board and U.S. Department of Labor

South Regional Economic Forecast

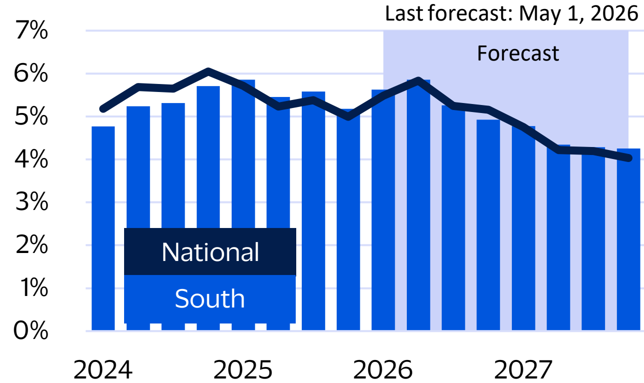
Migration slowdown set to constrain growth in the South this year

Fig. 4: Real gross domestic product (GDP)
(Seasonally adjusted, year-over-year percent change)



Sources: Visa Business and Economic Insights and U.S. Department of Commerce

Fig. 5: Nominal personal consumption expenditures
(Seasonally adjusted, year-over-year percent change)



Sources: Visa Business and Economic Insights and U.S. Department of Commerce

Our updated forecast for the South reflects a region dealing with higher costs and a smaller workforce than in previous years. Real GDP growth has been downwardly revised, as the region transitions from a migration-led expansion to one increasingly shaped by capital investment, infrastructure demand, and cost pressures.

A key shift in 2026 is the cooling of the migration boom that defined the region's post-pandemic strength. In Florida, population growth has slowed sharply as affordability pressures rise and both domestic and international migration moderate.[7] Net domestic migration has fallen significantly from its earlier peak, and recent estimates show the pace of inflows has normalized. This shift is important because population inflows had been a primary driver of housing demand, labor force growth and consumption across much of the region. While large states like Florida are seeing slower net inflows, the Carolinas continue to post some of the fastest growth rates in the country. This divergence is likely to lead to more variation in housing demand, labor market tightness and consumer spending performance across the South.

At the same time, the composition of growth is shifting toward large-scale industrial and digital infrastructure investment, particularly in Texas and the Southeast. Texas is emerging as one of the largest data center markets globally, driven by AI-related demand, abundant land and access to energy resources.[8] This expansion is already pushing power demand sharply higher, prompting accelerated investment in generation and grid capacity. This is expected to support construction, utilities and capital spending in the coming years.

Similar dynamics are playing out across the broader Southeast manufacturing corridor. In Georgia, Hyundai's EV Metaplant is ramping up production and expanding, supporting thousands of jobs and reinforcing the region's position as a hub for advanced manufacturing.[9] These types of projects are helping offset slower population-driven growth by anchoring longer-term investment cycles and supplier ecosystems across multiple states.

Overall, the South in 2026 is no longer defined by rapid population inflows. Instead, growth is increasingly shaped by the interaction between large-scale capital investment and emerging constraints such as energy capacity, infrastructure needs and cost pressures. While these forces should continue to support solid regional growth, they also point to a more moderate and uneven expansion over the remainder of the year.

South	2025				2026				Actual		Forecast	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2024	2025	2026	2027
Gross Domestic Product (YoY% Change)	2.3	2.3	2.4	1.8	2.7	2.4	2.0	2.5	3.2	2.2	2.4	2.4
Nominal Personal Consumption (YoY% Change)	5.9	5.5	5.6	5.2	5.6	5.9	5.3	4.9	5.3	4.3	5.3	4.4
Consumer Confidence Index	106.8	100.7	105.9	100.3	94.4	89.3	96.4	99.7	105.5	103.4	95.0	107.3
Employment (YoY% Change)	0.9	0.7	0.4	0.0	0.1	0.1	0.3	0.5	1.5	0.5	0.2	0.4

Forecast as of: May 1, 2026

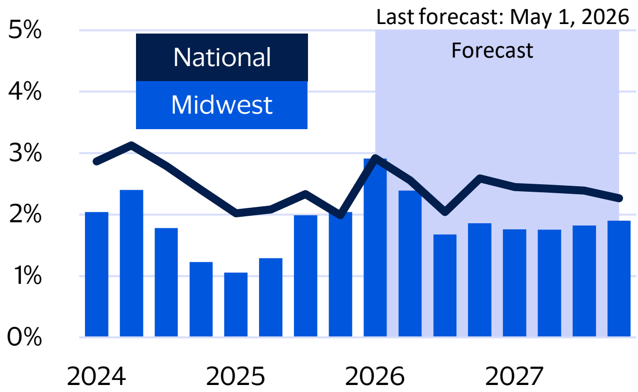
Sources: Visa Business and Economic Insights , U.S. Department of Commerce, The Conference Board and U.S. Department of Labor

Midwest Regional Economic Forecast

The heartland holds steady as manufacturing drags

Fig. 6: Real gross domestic product (GDP)

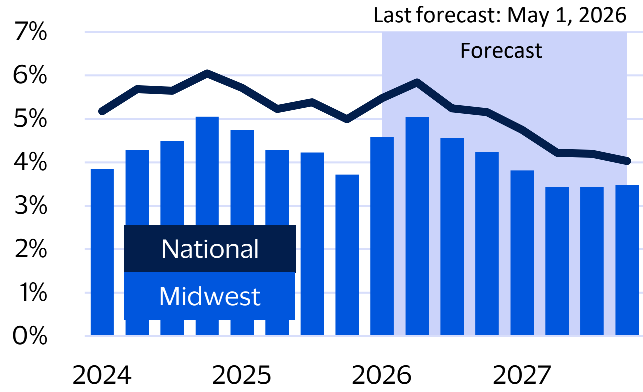
(Seasonally adjusted, year-over-year percent change)



Sources: Visa Business and Economic Insights and U.S. Department of Commerce

Fig. 7: Nominal personal consumption expenditures

(Seasonally adjusted, year-over-year percent change)



Sources: Visa Business and Economic Insights and U.S. Department of Commerce

The Midwest economy held its own at the end of 2025, growing 2 percent year-over-year in the fourth quarter, unchanged from the previous quarter. We expect growth to accelerate this year before mildly downshifting in 2027.

Minnesota and Indiana are carrying much of the Midwest's growth burden, and it's no coincidence that both states are also leading the region in healthcare employment growth and investment. Minnesota alone added more than 7,000 healthcare workers in the first quarter of 2026, while Indiana added nearly 4,000. With billions of dollars being invested in hospital expansion, biotech, and pharmaceuticals, these states are poised to continue outperforming the region in employment, consumer spending, and overall growth.

But healthcare tailwinds aren't limited to the region's outperformers. The sector has been a bulwark for average and even underperforming states. In Ohio, for example, healthcare accounted for more than one-quarter of the state's job growth in the first quarter of 2026. Even in states like Michigan, where payrolls have recently declined, healthcare employment is helping offset job losses elsewhere.

Nonetheless, manufacturing remains the primary factor limiting the region's growth, particularly in states with an overreliance on the sector, such as Michigan, Wisconsin, Ohio, and even Indiana. Input costs were already high in the wake of tariffs and other trade disruptions, even before the recent surge in oil and gasoline prices. Add in elevated borrowing costs, and the operating environment has become increasingly challenging for many producers.

The region's agricultural sector is also under increasing duress. China's continued pullback in U.S. soybean exports is driving down prices and hurting row-crop producers in top soybean-producing states like Illinois and Iowa. Fertilizer prices have also risen sharply since the conflict with Iran began. Iran was a major exporter of nitrogen fertilizer, and the contested Strait of Hormuz is a crucial shipping route for global seaborne fertilizer trade. While strong demand and historically low herd counts are driving record prices for cattle ranchers, Midwest row-crop producers are reeling from higher input costs and weakening export prices.

Looking ahead, we expect the Midwest to lag the nation, as agricultural headwinds and manufacturing woes continue to hold back growth, even as pockets of strength in healthcare, biotech, and advanced manufacturing take root.

Midwest

	2025				2026				Actual		Forecast	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2024	2025	2026	2027
Gross Domestic Product (YoY% Change)	1.1	1.3	2.0	2.0	2.9	2.4	1.7	1.9	1.9	1.6	2.2	1.8
Nominal Personal Consumption (YoY% Change)	4.7	4.3	4.2	3.7	4.6	5.0	4.6	4.2	4.4	3.5	4.4	3.5
Consumer Confidence Index	104.6	95.9	98.5	88.1	94.7	89.2	96.2	99.6	105.4	96.7	94.9	107.1
Employment (YoY% Change)	0.3	0.2	0.1	-0.3	0.0	-0.1	-0.1	0.0	0.7	0.1	-0.1	0.0

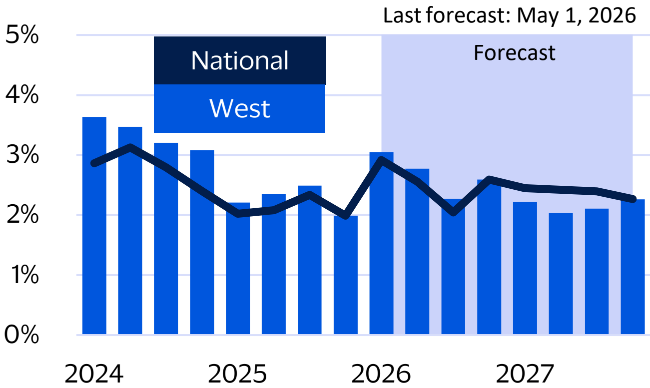
Forecast as of: May 1, 2026

Sources: Visa Business and Economic Insights, U.S. Department of Commerce, The Conference Board and U.S. Department of Labor

West Regional Economic Forecast

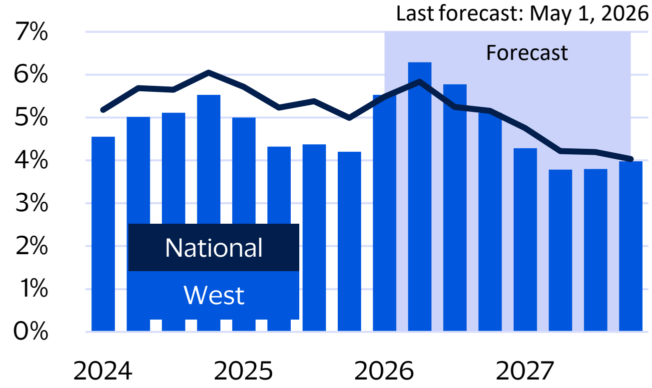
Growth shifts from momentum to moderation in the West

Fig. 8: Real gross domestic product (GDP)
(Seasonally adjusted, year-over-year percent change)



Sources: Visa Business and Economic Insights and U.S. Department of Commerce

Fig. 9: Nominal personal consumption expenditures
(Seasonally adjusted, year-over-year percent change)



Sources: Visa Business and Economic Insights and U.S. Department of Commerce

The West's economy slowed toward the end of 2025, with regional GDP growth easing from 2.5 percent year over year in the third quarter to 2 percent in the fourth. States across the region face uneven job growth, mixed demographic trends, softer tourism, and higher energy costs. While AI-related investment should keep growth near the top of regional rankings in 2026—second only to the Northeast—these headwinds are expected to intensify. As a result, growth in the West is projected to fall behind both the Northeast and the South by 2027.

The AI boom is supporting growth in the region's major tech hubs, but heavy capital spending is prompting firms to cut costs elsewhere, raising uncertainty about longer-term impacts. For example, two of Washington's largest tech firms announced sizable headcount reductions this year, and tech employment there has been essentially flat since 2024. In contrast, manufacturing employment—particularly in transportation equipment and advanced manufacturing—has risen alongside improved demand and a temporary easing of trade tensions with China.

Similar uncertainty surrounds California's tech sector, which continues to adjust after post-pandemic overhiring. Tech employment in the state remains below pre-pandemic averages. For now, healthcare and AI-related hiring are supporting job growth, but California is likely to lag in 2027 as AI investment reshapes, rather than expands, tech employment.

Tourism-dependent states were already seeing slower travel demand before the surge in fuel prices and now face an even weaker outlook. Visitor numbers for Las Vegas declined last year for the first time since the pandemic, and higher airfares and gasoline prices point to continued softness in 2026. Still, strong migration and population growth should offset some of these pressures. Nevada, for instance, is benefiting from robust nonresidential investment, particularly in data centers and logistics, while Hawaii's reliance on tourism and ongoing population losses will keep it underperforming.

Arizona, Utah, and Idaho remain key growth engines, supported by strong migration that is boosting population, investment, and high-wage job creation. These states will underpin regional growth in 2026, but over the longer term the West is expected to underperform the U.S. economy due to tech sector restructuring, higher energy and financing costs, and persistent affordability constraints in coastal markets.

West	2025				2026				Actual		Forecast	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2024	2025	2026	2027
Gross Domestic Product (YoY% Change)	2.2	2.3	2.5	2.0	3.0	2.8	2.3	2.6	3.3	2.3	2.7	2.2
Nominal Personal Consumption (YoY% Change)	5.0	4.3	4.4	4.2	5.5	6.3	5.8	5.1	5.1	4.0	5.1	4.0
Consumer Confidence Index	94.6	86.6	87.3	87.0	83.8	86.9	93.8	97.0	102.9	88.8	90.4	104.4
Employment (YoY% Change)	0.4	0.6	0.3	0.1	0.5	0.5	0.6	0.6	1.1	0.3	0.5	0.1

Forecast as of: May 1, 2026

Sources: Visa Business and Economic Insights , U.S. Department of Commerce, The Conference Board and U.S. Department of Labor

Footnotes

1. Visa Business and Economic Insights and The U.S. Department of Commerce
2. Visa Business and Economic Insights and The Federal Reserve Board
3. Visa Business and Economic Insights and The Federal Reserve Board
4. Visa Business and Economic Insights and Office of the Governor of New York, From Promise to Progress: Governor Hochul Celebrates Groundbreaking of Micron’s Semiconductor Manufacturing Facility in Central New York, January 16, 2026
5. Visa Business and Economic Insights and WBUR, Vineyard Wind, country's first large-scale offshore wind project, finishes construction, March 14, 2026
6. Visa Business and Economic Insights and The Associated Press, Amazon to spend $20B on data centers in Pennsylvania, including one next to a nuclear power plant, June 9, 2025
7. Visa Business and Economic Insights and Axios, Florida migration boom fades as rising costs push residents out, April 30, 2026
8. Visa Business and Economic Insights and Texas Tribune, Texas forecast to be top market for data centers in two years, increasing grid demand, January 20, 2026
9. Visa Business and Economic Insights and CBT News, Inside Hyundai’s $7.6 billion EV power play: A first look at the MetaPlant America Revolution, May 14, 2026

Accessibility Notes

Fig. 1: A grouped bar chart showing the change in Visa's Spending Momentum Index (SMI) by category and region from January to April, with blue upward arrows for gas spending momentum and yellow downward arrows for discretionary spending momentum across the Northeast, South, Midwest, and West. In the Northeast, gas spending momentum rises by about 30 index points while discretionary spending momentum is nearly flat at roughly negative 0.1. In the South, gas spending momentum increases by about 28 points and discretionary spending momentum declines by about 1.5 points. In the Midwest, gas spending momentum increases by about 30 points while discretionary spending momentum falls by about 0.5 points. In the West, discretionary spending momentum shows the largest decline on the chart at about negative 2 points, while gas spending momentum increases by 23 points. Overall, all regions show higher gas spending alongside lower discretionary spending over the period.

Fig. 2: A line chart with bars showing real GDP growth for the Northeast compared with the national average from 2024 through 2027. The horizontal axis shows quarterly dates from early 2024 to late 2027. The vertical axis shows percent change. The Northeast series starts just under 2 percent in early 2024, rises to around 2.6 percent in mid-2024, dips near 2 percent late in 2024, then increases to just above 3 percent in early 2026 before easing gradually to the mid-2 percent range by 2027. The national series follows a similar pattern but remains slightly above or below the Northeast at different points over time.

Fig. 3: A line chart with bars showing nominal personal consumption expenditure growth for the Northeast and the nation from 2024 to 2027. The horizontal axis shows quarterly dates, and the vertical axis shows percent change. The Northeast series begins near 4.7 percent in early 2024, rises above 5 percent through late 2024, dips slightly in 2025, then peaks above 6 percent in mid-2026 before trending downward toward the mid-4 percent range by 2027. The national series follows a similar shape with slightly different levels across quarters.

Fig. 4: A line chart with bars showing real GDP growth for the South and the national average from 2024 through 2027. The horizontal axis shows quarterly dates, and the vertical axis shows percent change. The South series starts near 3.3 percent in early 2024, rises above 5 percent by late 2024, then gradually declines through 2025 and 2026, ending near the mid-4 percent range by 2027. The national series tracks alongside with its own fluctuations over the same period.

Fig. 5: A line chart with bars showing nominal personal consumption expenditure growth for the South compared with the national average from 2024 to 2027. The horizontal axis shows quarterly dates, and the vertical axis shows percent change. The South series begins slightly above 3 percent in early 2024, declines toward around 2 percent by late 2024, rises again in 2026 to just under 3 percent, and then fluctuates around the mid-2 percent range through 2027. The national series shows a similar pattern with different magnitudes.

Fig. 6: A line chart with bars showing real GDP growth for the Midwest and the national average from 2024 through 2027. The horizontal axis displays quarterly dates, and the vertical axis shows percent change. The Midwest series begins near 3.9 percent in early 2024, peaks above 5 percent in late 2024, then declines through 2025 and 2026 to around 4 percent, and continues edging lower toward the mid-3 percent range by 2027. The national series follows a comparable trajectory with slightly higher or lower values at different points.

Fig. 7: A line chart with bars showing nominal personal consumption expenditure growth for the Midwest and the nation from 2024 to 2027. The horizontal axis shows quarterly dates, and the vertical axis shows percent change. The Midwest series starts near 2 percent in early 2024, dips below 1.5 percent by late 2024, rises to nearly 3 percent in early 2026, and then trends downward toward just under 2 percent by 2027. The national series remains slightly above the Midwest at most points.

Fig. 8: A line chart with bars showing real GDP growth for the West compared with the national average from 2024 through 2027. The horizontal axis displays quarterly dates, and the vertical axis shows percent change. The West series begins near 4.6 percent in early 2024, rises above 5.5 percent by late 2024, then declines through 2025 and 2026, reaching the low-4 percent range by 2027. The national series shows a similar but slightly different pattern over the same period.

Fig. 9: A line chart with bars showing nominal personal consumption expenditure growth for the West and the national average from 2024 to 2027. The horizontal axis shows quarterly dates, and the vertical axis shows percent change. The West series starts around 3.6 percent in early 2024, declines steadily through 2025 to near 2 percent, rises modestly in early 2026, and then fluctuates slightly above 2 percent through 2027. The national series remains close to but generally above the West series across the timeline.

Forward-Looking Statements

This report may contain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are generally identified by words such as "outlook," "forecast," "projected," "could," "expects," "will" and other similar expressions. Examples of such forward-looking statements include, but are not limited to, statements we make about Visa's business, economic outlooks, population expansion and analyses. All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict. We describe risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, any of these forward-looking statements in our filings with the SEC. Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise.

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