

MARKETS

# America's Consumer Divide Is Growing

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Much has been written about the K-shaped economy in the past few years, in which the wealthiest households—the 'top' of the K—keep heading higher, in contrast to everyone else. However, the spike in gas prices since the beginning of the Iran war in late February appears to have exacerbated and accelerated the trend. While poorer consumers struggle to budget for higher energy prices, their higher-income peers feel bolstered by stock market gains.

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So far, the most well-heeled Americans have continued to spend, to the point that they are able to offset the pullback from nearly everyone else. That may seem like a precarious position for an economy that relies on consumer spending for two-thirds of its gross domestic product, but wealthier households have been [driving spending growth for several years now](#) and show no signs of slowing—yet.