The Market Pulse Index Report

1H 2025

Introducing the **Market Pulse Index**

Consumer finances are dynamic and interconnected — each aspect having an impact on the others.

To represent this constantly evolving landscape, Equifax has created a proprietary index that represents a holistic view of U.S. consumer financial capabilities. The **Market Pulse Index** distills and measures key consumer financial data points: *credit, debt, income, capacity and assets*.

Many measures of U.S. consumer finances: one insightful number. Offering a full-spectrum, multidimensional view into consumer finances, the Index is designed to highlight how key financial components interact and evolve over time and changing economic circumstances.

The impact of the Market Pulse Index is demonstrated by comparing it to key indicators and population segments. It serves as a key indicator of the state of overall U.S. consumer finances.

The Market Pulse Index was built using AI/ML methods leveraging proprietary Equifax wealth and asset data along with data from the Equifax credit file and VantageScore 4.0. It distills key financial data points of US consumers into one descriptive benchmark. The Index finds the strongest patterns and reduces the noise, thus serving as a signal for clarity, not prediction.

Market Pulse Index
June '25

61.4

−1.1%
since June '21

Inside the Index

A multidimensional view of the financial state of US consumers

Range: 1-100

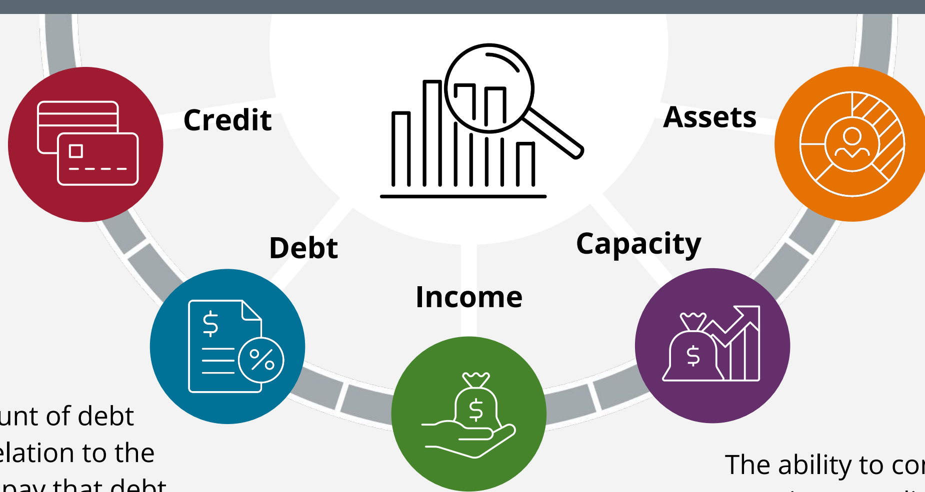
Frequency: Quarterly

Average Index value since inception: 61.85

Timing: Tracking since mid-2021

Data types: credit, debt, income, capacity, assets

Dimensions of the Index



The ability to obtain and manage credit based on historic credit usage and performance

The amount of debt held in relation to the ability to pay that debt

Personal income from employment and other sources such as interest, investments, gifts, etc.

The ability to continue meeting spending and debt obligation needs during periods of financial stress

The existence of savings and other wealth that can be used to meet discretionary and non-discretionary spending needs or debt obligations, if needed

Correlation with economic indicators

Starting in 2021, the Index initially rose despite inflation as personal income was also increasing, highlighting that the immediate impact of inflation is often delayed, with a lag before consumers feel the negative effects.

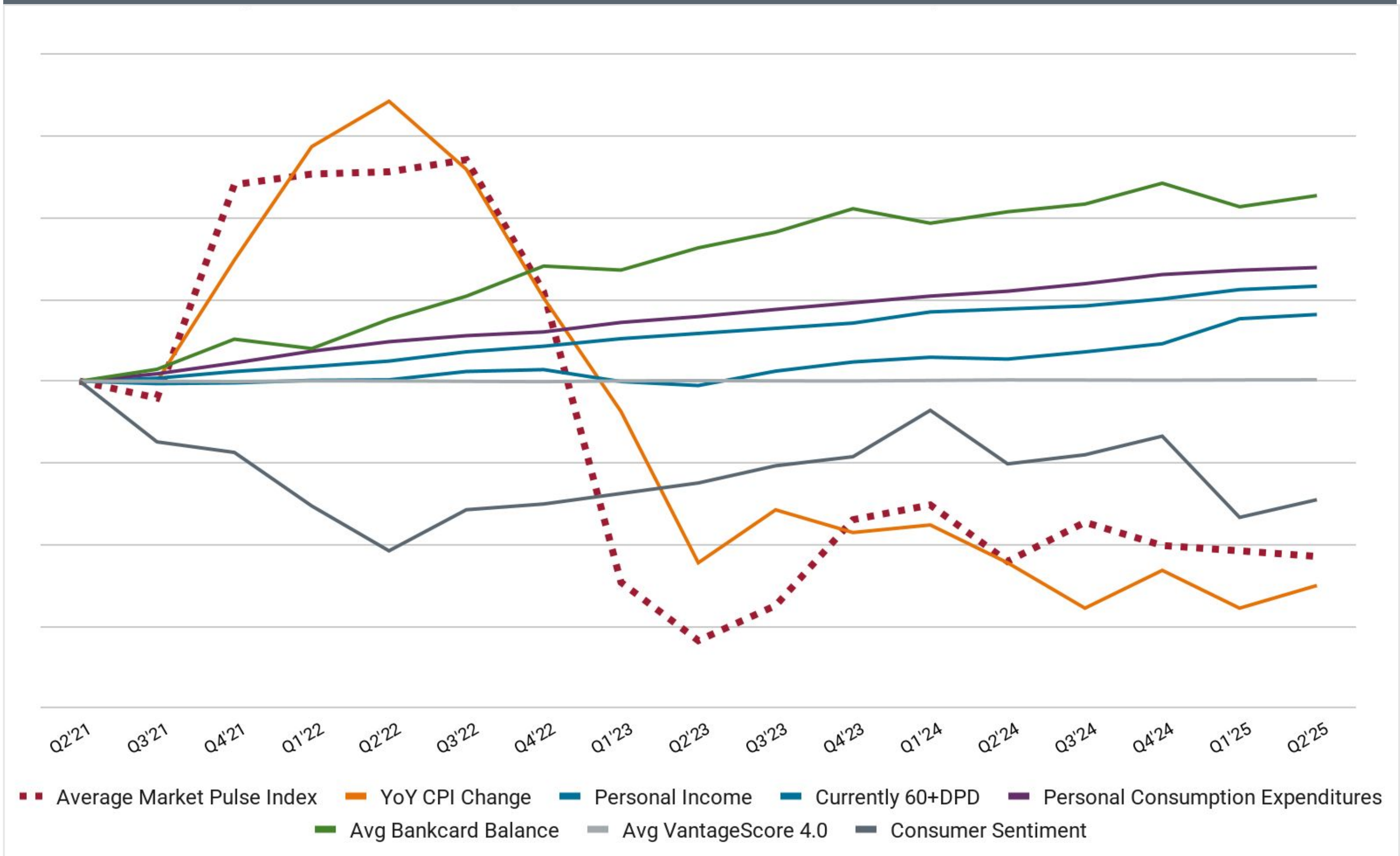
As inflation continued to rise, however, the Index leveled off and then started to decline. This shift was driven by negative factors like rising bank card balances and increased consumer spending on the same goods due to higher prices. This shows how the Index reflects the cumulative impact of both positive (income) and negative (debt) financial factors.

After the rate of inflation slowed down, the Index stabilized at a lower level — highlighting that while prices may no longer be increasing as rapidly, they remain high, and the negative effects on the state of consumer finances persist.

The Index is a comprehensive measure that reflects the interplay of multiple economic factors, not just a single variable.

Equifax Market Pulse Index and macroeconomic trends

VantageScore 4.0 | CPI | Delinquencies | Bankcard balances | Consumption | Income | Sentiment

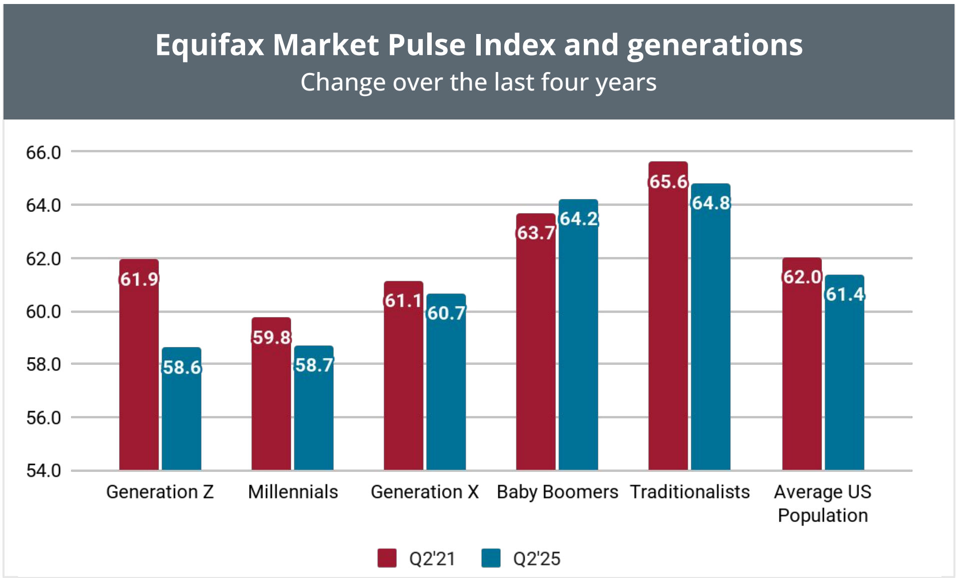


Sources:
Personal Income: US Bureau of Economic Analysis via FRED®
CPI: US Bureau of Labor Statistics
Consumer Sentiment: University of Michigan
Personal Consumption Expenditures: US Bureau of Economic Analysis via FRED
All other measurements: Equifax, Inc.
Chart data is indexed as of Q2'21 and not to scale.

Generational differences apparent in the Market Pulse Index

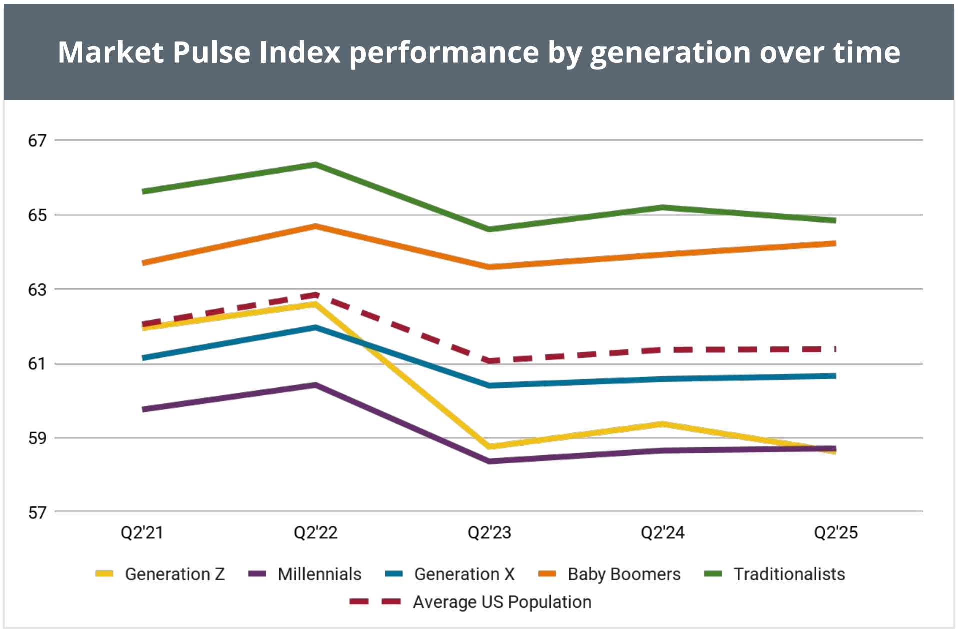
While older generations maintained a steady Market Pulse Index value, younger generations experienced a lowering of their average Index, underscoring the importance of resource accumulation in long-term financial strength.

The average U.S. population's Index value decreased by 1% over the last four years, Generation Z's value decreased by over 5%, further highlighting the challenges they face in building financial stability.



The Market Pulse Index measures the variance within and across different financial dimensions, and a lower magnitude of change in financial status is typical for those with a longer financial history.

- All generations experienced a decrease in the Index from 2022 to 2023, followed by a slight recovery or stabilization in 2024
- Traditionalists consistently show the highest average Index number (65.32) over the last four years, while Millennials consistently show the lowest average Index number (59.18)
- Generation Z saw the most significant YoY decrease, with a -6.13% change from 2022 to 2023
- Baby Boomers showed consistent positive growth in 2024 (0.53%) and 2025 (0.48%), after a dip in 2023

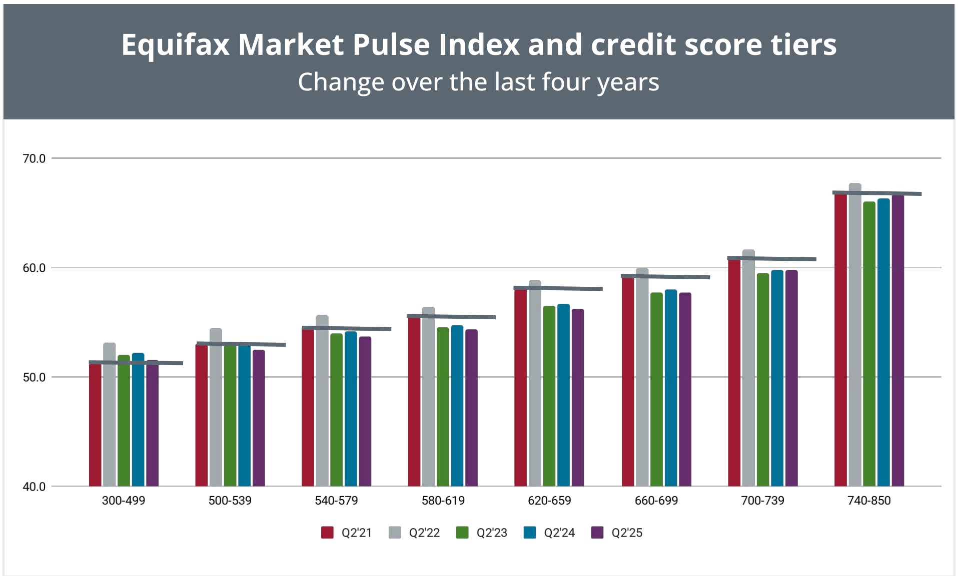


Credit insights from the Index

All credit classes have experienced an eroding effect in the Market Pulse Index since 2021, with less impact on lower credit tiers. The COVID-19 pandemic led to a temporary financial improvement for many, especially those in lower credit and income tiers, due to reduced spending and stimulus checks used to pay off debt.

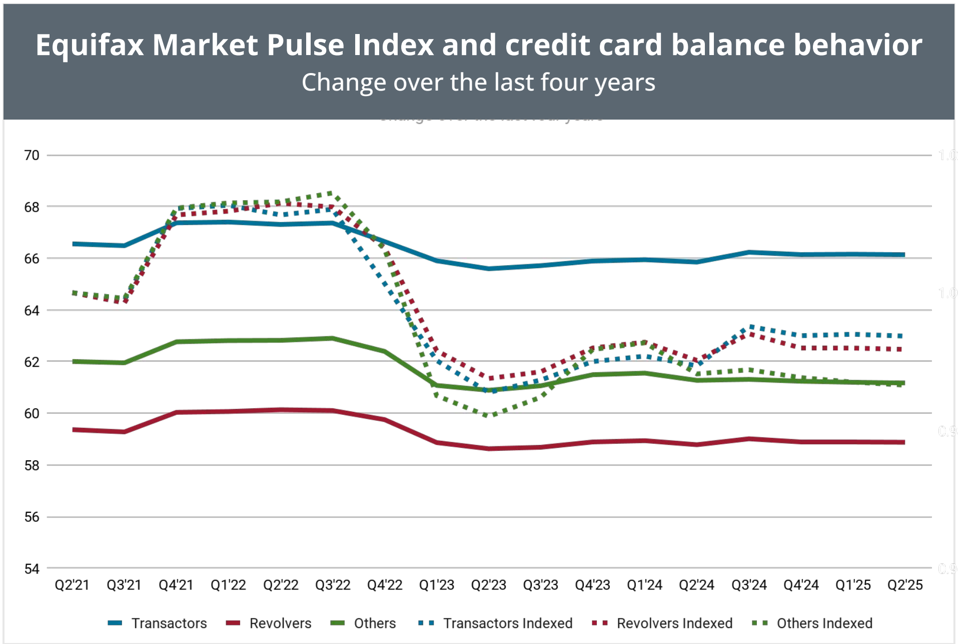
The lowest and highest credit tiers have nearly returned to their levels of 2021 but how they've returned is different. All tiers increased in 2022. The lower tiers maintained the gains longer but are falling in '25. The upper tier fell initially but has been moving upward since '23.

In contrast, middle credit tiers (580-739) experienced a sharper decline, falling over 3% in 2023, followed by a modest ~1% recovery by 2025. This pattern reflects a K-shaped economic recovery, where different segments of the economy recover at vastly different rates.



Credit card balance behavior

While transactors *(who pay off credit card balances in full monthly)* generally have a higher Market Pulse Index average than revolvers *(who carry a credit card balance monthly)*, the indexed chart indicates that both populations have tracked similarly to the overall population shifts over the past four years. This is notable because transactors typically fare better than revolvers during inflationary periods.



Indexed values are plotted on a second axis not shown on this chart.

Definitions

Transactors: Consumers that pay off credit card balances in full every single month.

Revolvers: Consumers that carry a credit card balance every month.

Other: Consumers for whom a single payment pattern cannot be defined.

Student loan impacts on the Index

Student loan holders began struggling even before repayments resumed

Populations with student loans generally have a lower Market Pulse Index than those without. However in 2021 and 2022, both populations followed similar performance trends. In mid-2023, student loan holders began faring proportionally worse, before student loan deferments officially ended in September 2023. This indicates that other factors likely contributed to the decline in the Index for those with student loans.

Generation Z with student loans facing the biggest challenges

When looking at generational Index performance for student loan holders, Generation Z was most impacted, experiencing a 4.8% drop from 2021 to 2025. This group experienced a significant dip in their Index value between 2022 and 2023 (6.6%), more so than other generations, and have yet to recover to pre-inflation levels.

Student loan holders

Market Pulse Index change over the past four years

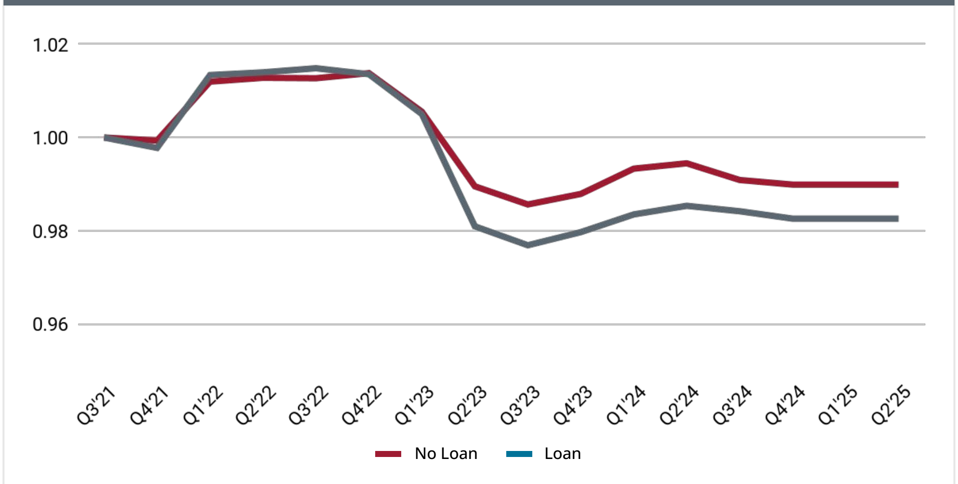
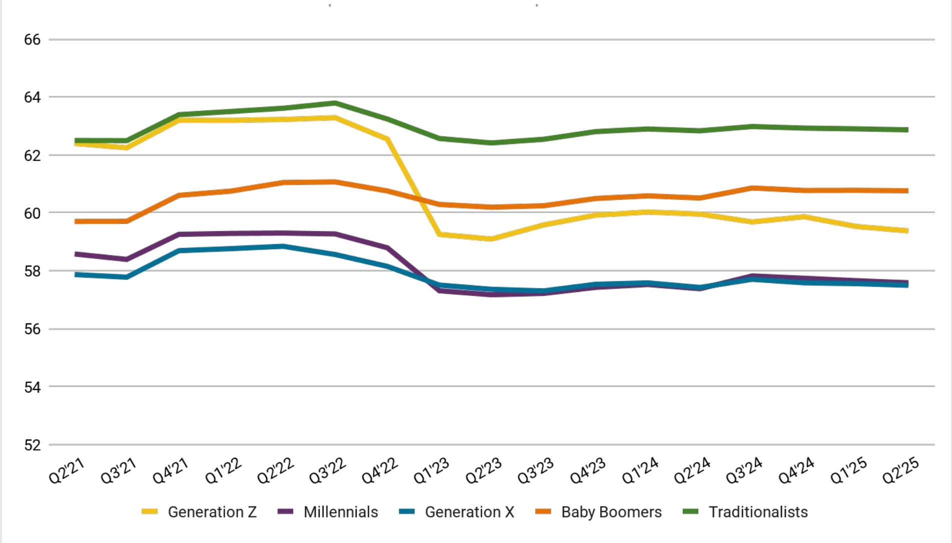


Chart data indexed as of Q2'21.

Student loan by generation

Equifax Market Pulse Index performance



1H’25 Index Insights

Leveraging the power of the Equifax Cloud™ and proprietary Equifax data and expertise, the 1H’25 Market Pulse Index of 61.4 indicates:

- The K-shaped recovery after the COVID-19 pandemic hit lower and middle-credit tiers especially hard, while some other groups fared better
- Younger generations, particularly Generation Z, are facing significant financial challenges. This is especially true for student loan holders in this group, even before loan payments resumed.

What does this mean for lenders and retailers?

In a K-shaped economy, targeted strategies are essential. The growing gap between financially secure and financially vulnerable groups means institutions must adopt more nuanced approaches such as:

- Personalized campaigns based on age, income and debt profiles
- Flexible repayment plans for borrowers under financial stress
- Proactive financial education, especially targeting younger audiences who are managing debt and an uncertain job market

The Market Pulse Index explores broad trends and specific experiences of distinct segments of the US population.

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