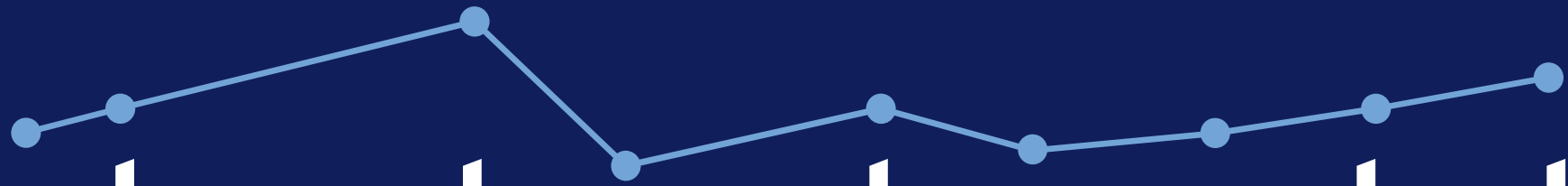

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What do we mean by K-shaped economy?

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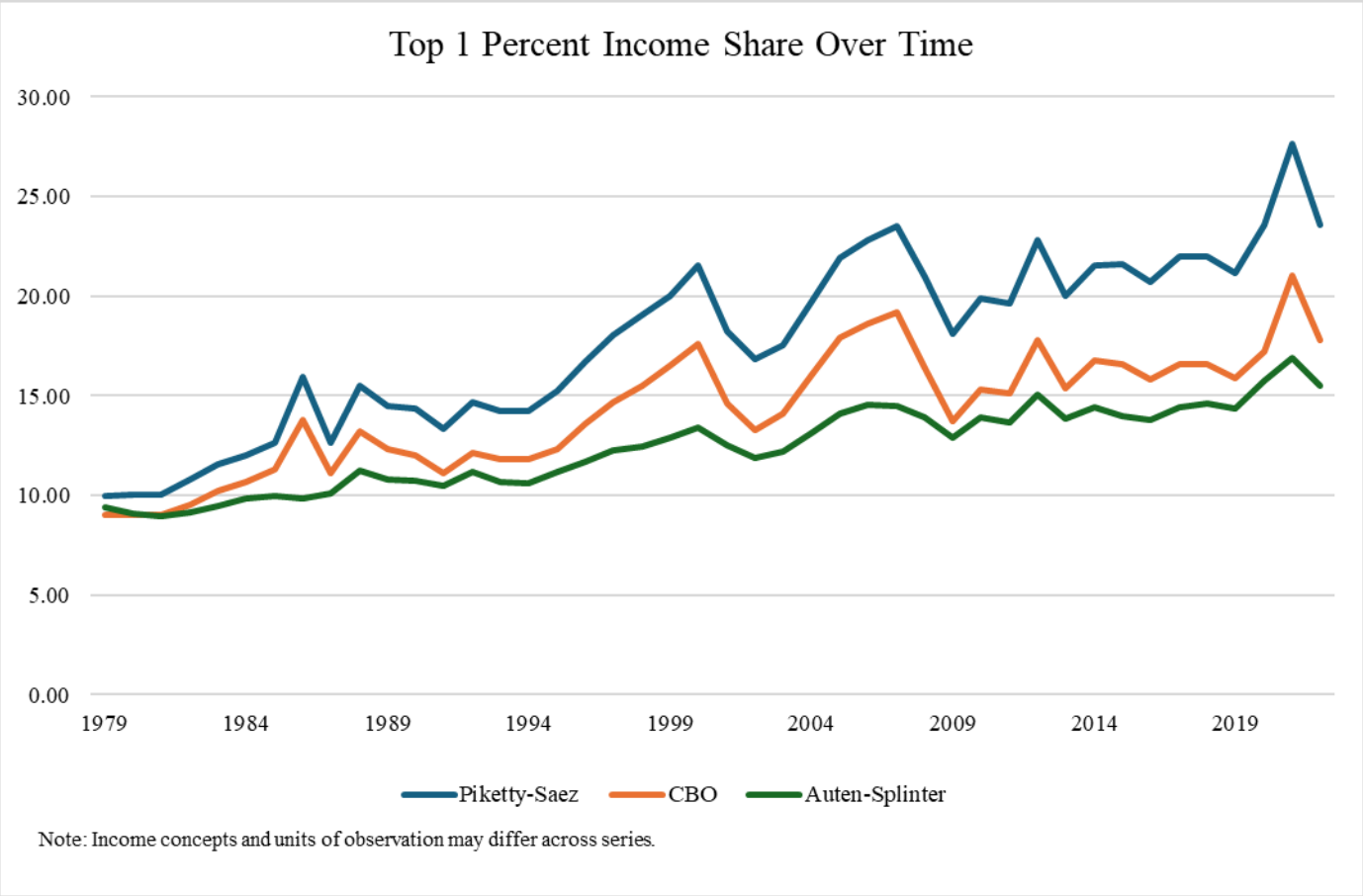
What Time Period? What Concept?



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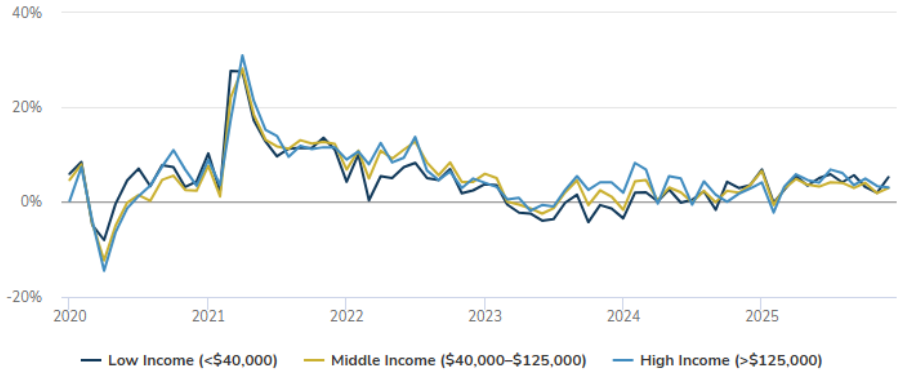
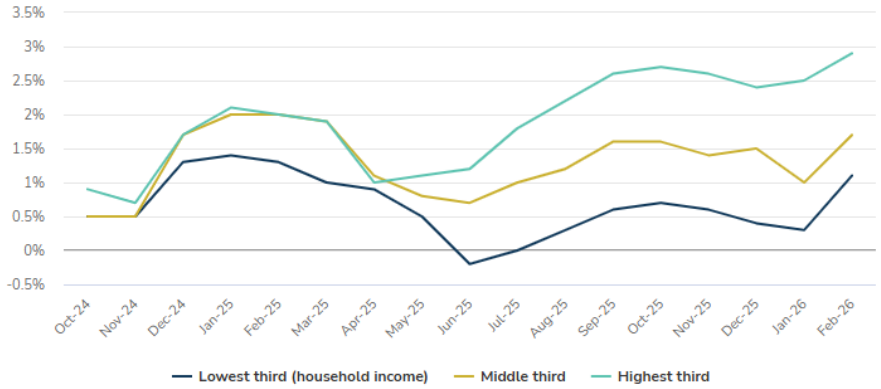
What Time Period? What Concept?

Retail spending by household income, year-over-year growth (New York Fed)



Note: Retail spending excludes autos.
Source: Economic Heterogeneity Indicators, Federal Reserve Bank of New York.

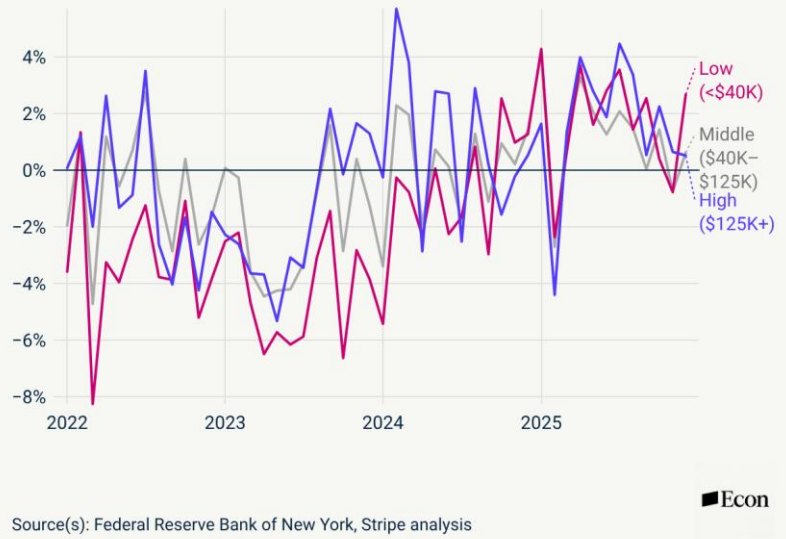
Year-over-year spending growth by income, credit and debit card (Bank of America)



Note: Three-month moving average, seasonally adjusted. Data points were estimated in a small number of cases where Bank of America's reports did not state exact numbers.
Source: Bank of America Institute.

Growth in real retail spending excluding autos, by income

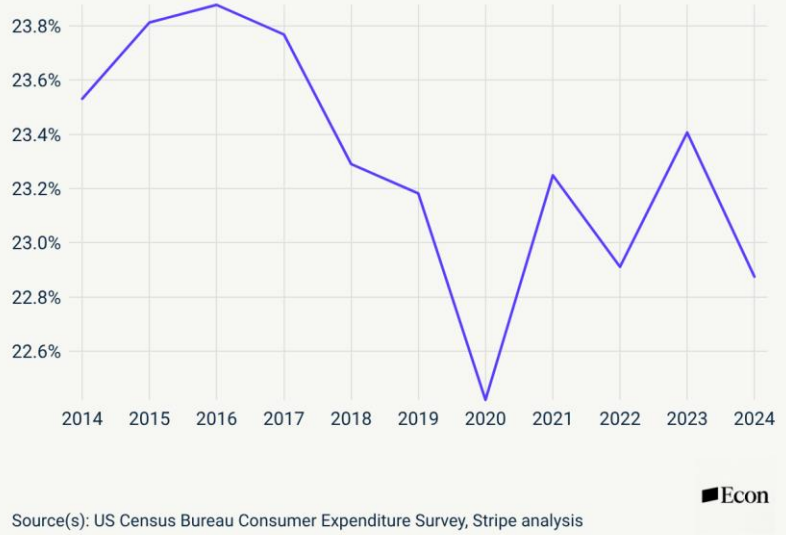
Percent, year over year



Source(s): Federal Reserve Bank of New York, Stripe analysis

Share of total expenditures by top 10% of households by income

Percent



Source(s): US Census Bureau Consumer Expenditure Survey, Stripe analysis

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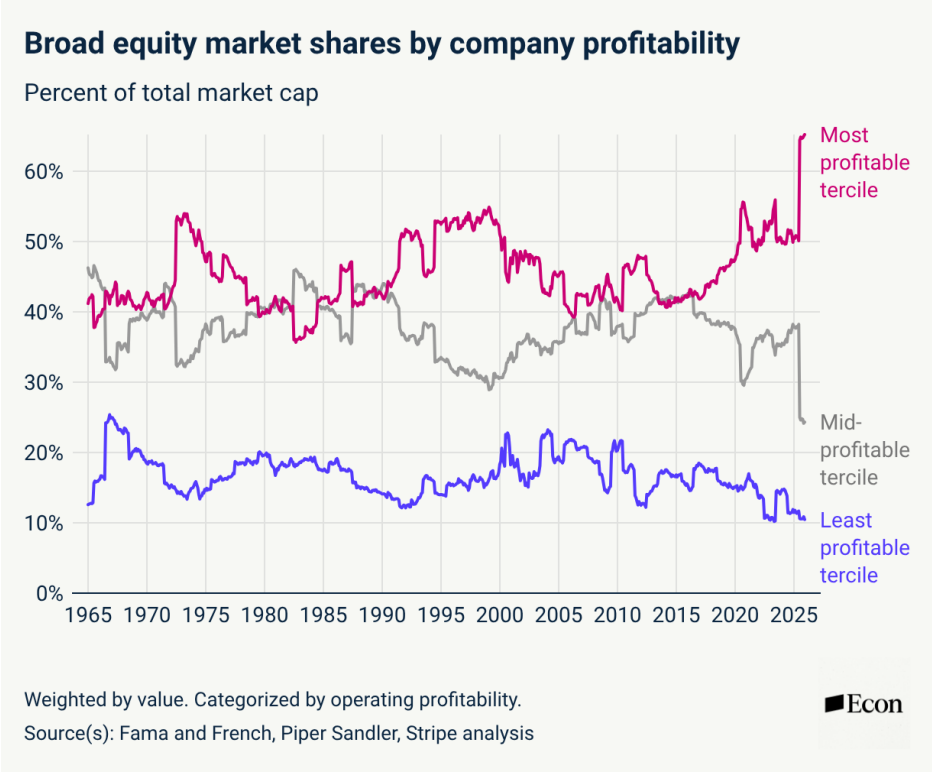
So Why Are We Talking About K-Shaped Now?

Stock Market vs. Labor Market



Oracle Lays Off Workers Amid Heavy AI Investment

Mar 12, 2026

Atlassian to Lay Off About 1,600 Employees as Company Shifts Toward AI

Atlassian will lay off 1,600 employees worldwide as the software firm restructures operations

Read more →

Feb 27, 2026

Block Plans 4,000 Job Cuts as CEO Jack Dorsey Says Firms Are 'Late' on AI

According to Jack Dorsey, the decision was made to execute one large workforce reduction rather than several incremental layoffs.

Read more →

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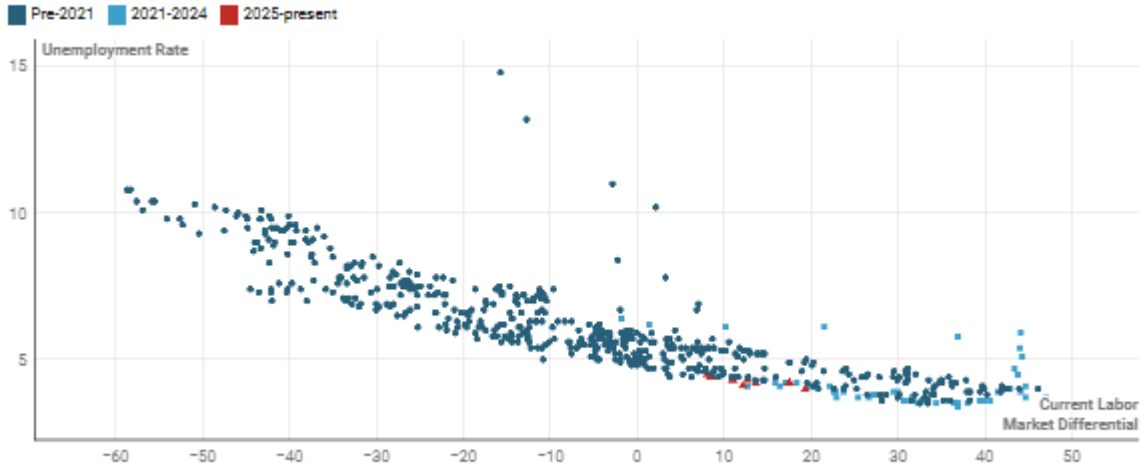
How Are People Feeling?

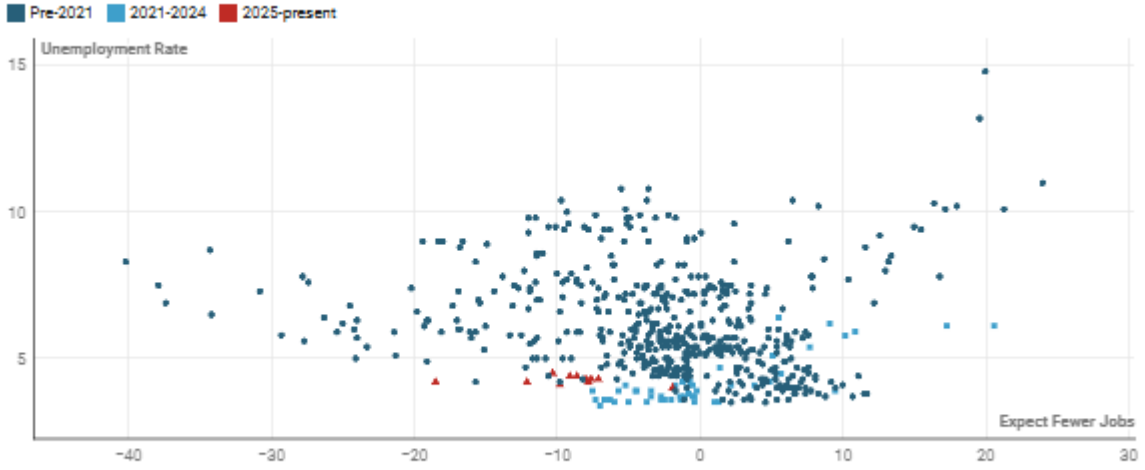
Figure 1. Unemployment Rate vs. Current Labor Market Differential



1978 to present.

Chart: The Budget Lab - Source: Bureau of Labor Statistics, Conference Board, Budget Lab Calculations. - Created with Datawrapper

Figure 2. Unemployment Rate vs. Future Labor Market Differential



1978 to present.

Chart: The Budget Lab - Source: Bureau of Labor Statistics, Conference Board, Budget Lab Calculations. - Created with Datawrapper

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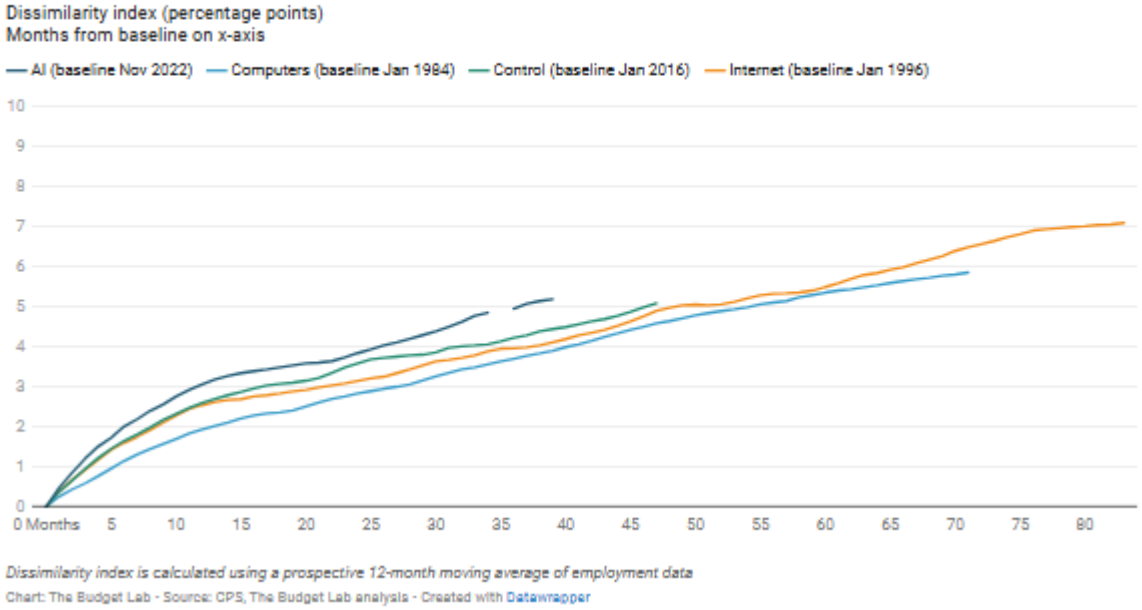
So What Do We Know About AI & The Labor Market?

No Sign Yet!

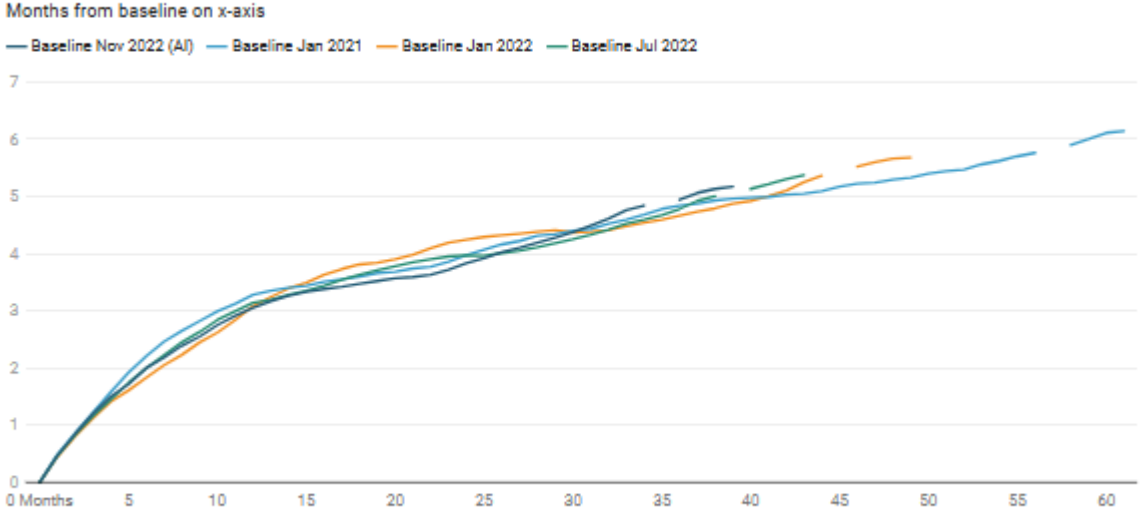
Figure 1. Changes in the Occupational Mix Over Different Periods of Technological Change



Dissimilarity index is calculated using a prospective 12-month moving average of employment data

Chart: The Budget Lab - Source: CPS, The Budget Lab analysis - Created with Datawrapper

Figure 2. Changes in the Occupational Mix From Recent Baselines



Dissimilarity index is calculated using a 12-month moving average of employment data

Chart: The Budget Lab - Source: CPS, The Budget Lab analysis - Created with Datawrapper

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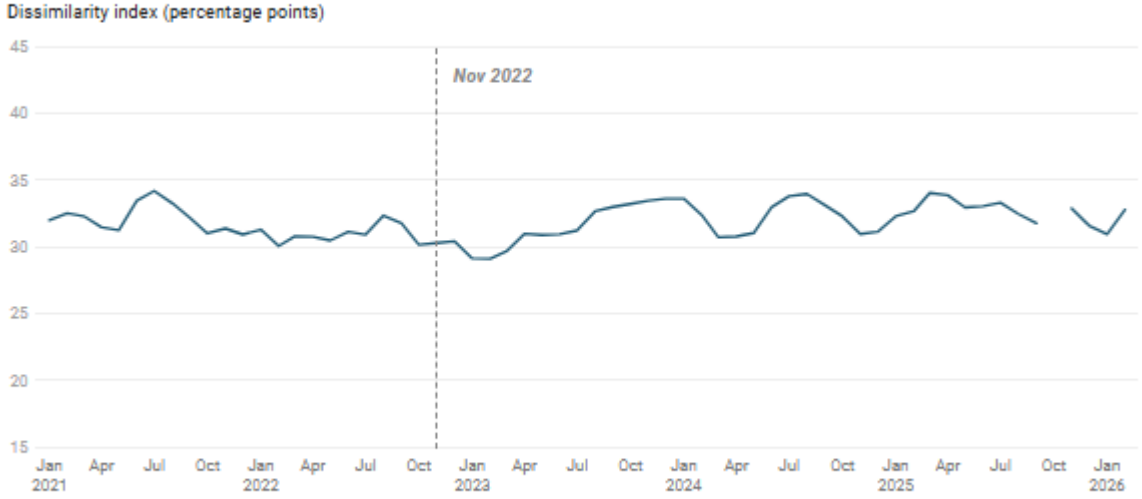
No Sign Yet!

Figure 9. Recent Dissimilarity in the Occupational Mix Between Recent College Graduates (Ages 20-24) and Older College Graduates (Ages 25-34)



Dissimilarity index calculated using a 3-month moving average of employment data

Chart: The Budget Lab · Source: CPS, The Budget Lab Analysis · Created with Datawrapper

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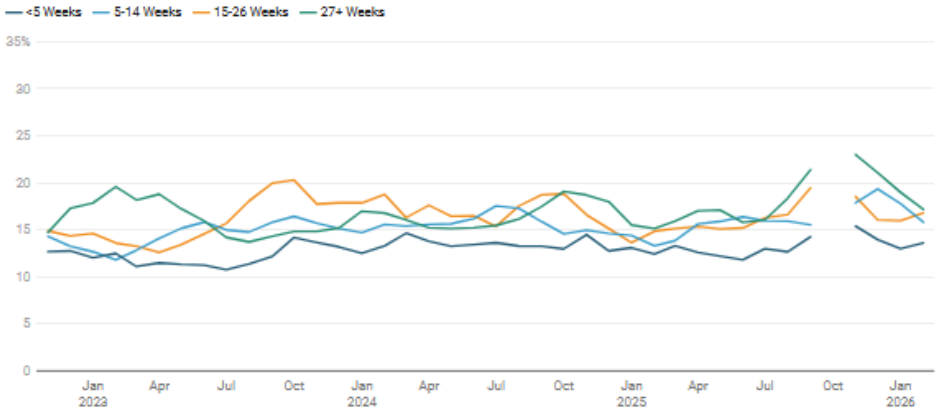
No Sign Yet!

Figure 12. Proportion of Workers with the Highest Exposure to AI by Duration of Unemployment

Percent
Three-month moving average.



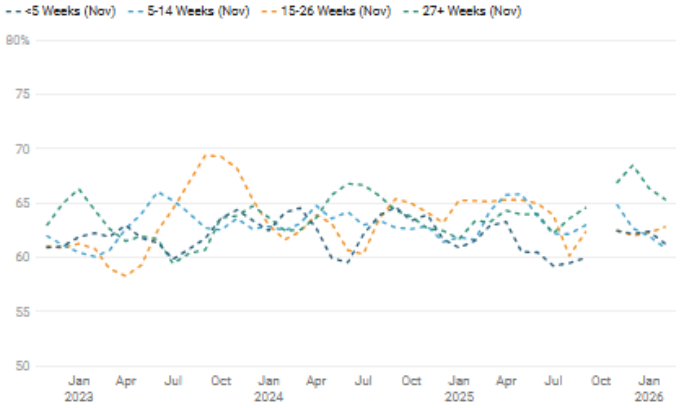
Highest exposure corresponds to the top quintile.

Chart: The Budget Lab - Source: CPS, Eloundou et al. (2023), The Budget Lab analysis - Created with Datawrapper

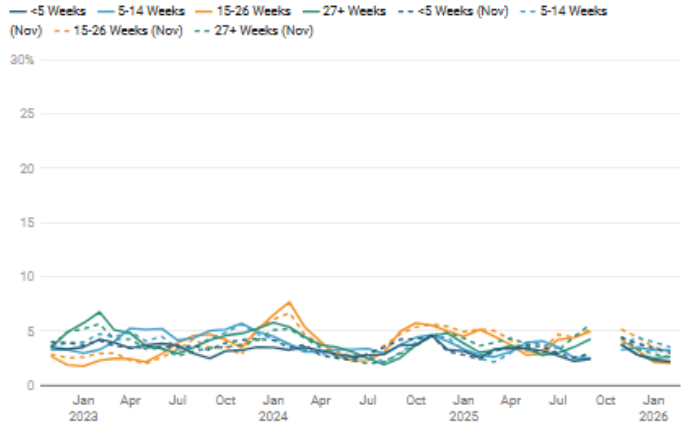
Figure 16. Proportion of Workers in Occupations Automated by AI by Duration of Unemployment

Percent
Three-month moving average

Panel A. Observed tasks only



Panel B. Missing tasks coded as zeros



Occupations are considered automated if more than half of AI usage indicates task automation.

Chart: The Budget Lab - Source: CPS, Anthropic, The Budget Lab analysis - Created with Datawrapper

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…but what do we actually know?

Figure 1. Occupation Score Variance vs. Exposure

Line shows univariate relationship β = 0.0547
Multivariate β = 0.0617 (controlling for % women, log salary, major occupation)

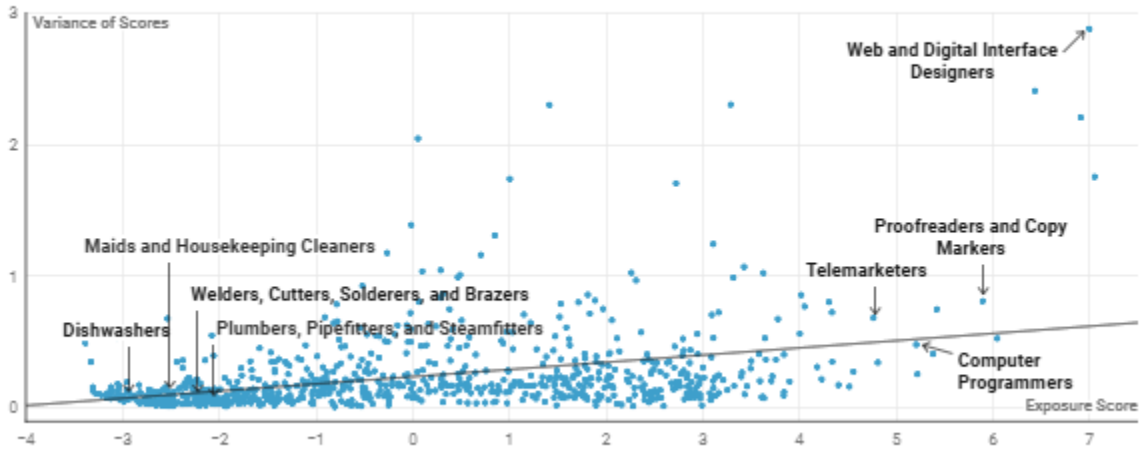

Chart: The Budget Lab · Source: Felten et al. (2021), Eloundou et al. (2024), Elsfeldt et al. (2023), Tomlinson et al. (2025). Budget Lab Analysis · Created with Datawrapper

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…but what do we actually know?

Figure 3. Variance and Exposure by Salary Quintile

Panel A. Average Variance by Salary Quintile

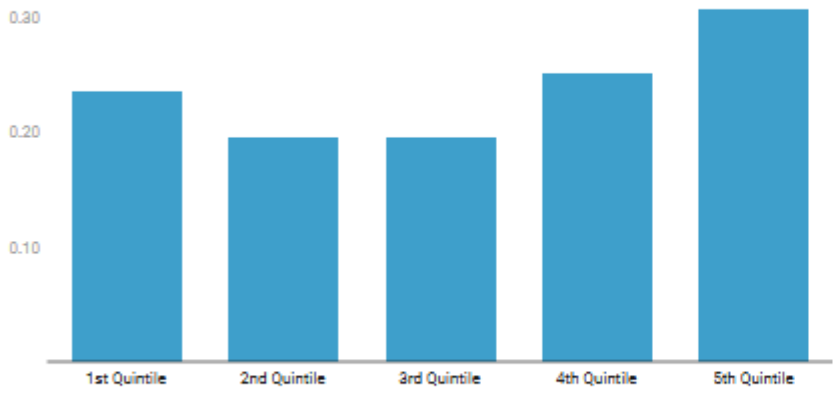

Chart: The Budget Lab - Source: Felten et al. (2021), Eloundou et al. (2024), Elafeldt et al. (2023), Tomlinson et al. (2025).
Budget Lab Analysis - Created with Datawrapper

Panel B. Average PCA-Weighted Score by Salary Quintile

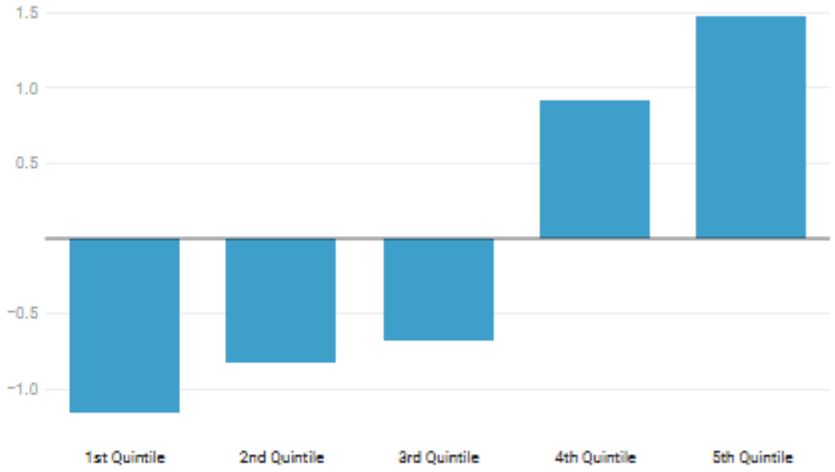

Chart: The Budget Lab - Source: Felten et al. (2021), Eloundou et al. (2024), Elafeldt et al. (2023), Tomlinson et al. (2025).
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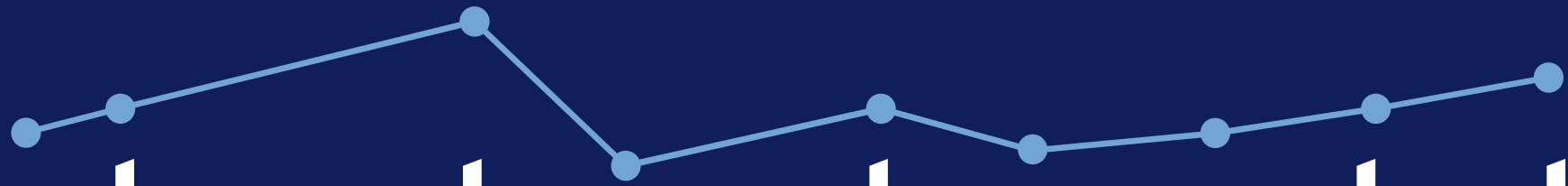

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