



All Posts


business

Grocery Industry Trends

Latino Economic Trends

marketing research

More ▾

 Diana Sheehan · 2 days ago · 9 min read

The K-Shaped Economy Has a Latino Face. The Data Proves It.

-6.4pp

Drop in Latino forward financial optimism, Dec '25 → Mar '26

89%

of Latino consumers report price-related stress

63%

of Latino households carry food insecurity anxiety

On April 30, 2026, the Bureau of Economic Analysis dropped a number that made headlines across every major financial outlet: the U.S. economy grew at a 2.0% annualized rate in Q1 2026. Federal Reserve Chairman Jerome Powell called growth "really solid across our economy." Wall Street exhaled. Economists nodded.

And yet, over the same time period, the data from our 2026 US Diverse Consumer Pulse Study, a nationally representative tracking study of diverse American consumers fielded across multiple waves, tells a completely different story. One that doesn't show up in any GDP press release.

This post is about that gap. Not as an academic exercise, but as a question that should matter to every brand, policy maker, and executive who believes that economic indicators are a proxy for how Americans are actually living.

For, Latino consumers in the United States, the distance between what the indicators say and what consumers are experiencing is not just large but actively widening. The K-shaped economy was supposed to be a COVID-era phenomenon, but our data reinforces it never left.

Two Concepts. One Reality. One Community Caught in the Middle.

Let's start with a clear-eyed look at what GDP captures. The Q1 2026 growth figure was driven primarily by investment in AI infrastructure and data centers, a rebound in government spending following a shutdown, and a pickup in exports. Consumer spending contributed, but economists noted it "decelerated" compared to prior periods, and the Washington Post described consumers as showing "signs of fatigue amid rising prices."

Even more telling: the PCE price index, the Fed's preferred inflation measure, jumped to 4.5% in Q1, a significant acceleration from 2.9% in Q4 2025, according to the U.S. Bureau of Economic Analysis. The economy grew. Prices

We use cookies on our website to see how you interact with it. By accepting, you agree to our use of such cookies. [Privacy Policy](#)

Settings

Accept



Economists have a phrase for this disconnect: the bifurcated economy: aggregate indicators look healthy at the top level while the lived experience underneath is uneven. RBC Chief Economist Frances Donald used exactly that language in her April 2026 U.S. outlook. But there's a more precise and more damning term that gained currency during the COVID recovery: the K-shaped economy.

The K-shape describes what happens when aggregate growth masks active divergence, where one segment of the population recovers and climbs while another simultaneously falls further behind. It's not just two tracks coexisting. It's two tracks moving in *opposite directions* at the same time. The top arm of the K goes up. The bottom arm goes down. And the headline GDP number reflects only the average of both arms, completely obscuring the direction of travel for the people in each one.

Bifurcated is an observation. K-shaped is a diagnosis. And the 2026 US Diverse Consumer Pulse Study data makes the case that the K-shaped economy is not over, but simply shifted to a new axis.

The Data That Proves the K-Shaped Economy

In March, the 2026 US Diverse Consumer Pulse Study tracked consumer sentiment across both Latino (n=618) and non-Latino (n=800) households, with a prior wave fielded in December 2025 (Latino n=594; Non-Latino n=744). The longitudinal design allows us to see not just where consumers stand today, but where they are heading. That direction is what makes this a K-shaped story, not merely a gap story.

Consider what happened in a single quarter:

Latino forward financial optimism	▼ -6.4pp
Non-Latino forward financial optimism	▲ +0.8pp
Latino cost-of-living: extremely concerned	▲ +3.6pp → crossed 50%
Non-Latino cost-of-living: extremely concerned	▼ -0.3pp
Latino unemployment anxiety	▲ +3.1pp
Non-Latino unemployment anxiety	▼ -1.3pp

That is not a snapshot of inequality. That is two groups moving in opposite directions simultaneously. That is the definition of a K.

© 2026 PDG Insights

We use cookies on our website to see how you interact with it. By accepting, you agree to our use of such cookies. [Privacy Policy](#)

The Optimism Gap Is Closing, But in the Wrong Direction

In December 2025, Latino consumers were notably *more optimistic* about their financial future than non-Latinos. 59% of Latino respondents said they expected their household financial situation to improve over the next six months, versus 47% of non-Latino respondents, a 12-point advantage.

By March 2026, that gap had nearly vanished, not because non-Latinos became more optimistic, but because Latino optimism dropped sharply, falling roughly 6 points to 53%. At the same time, the share of Latino respondents expecting things to get *worse* jumped from 11% to 15%, a 4-point deterioration in a single quarter, confirmed as statistically significant.

While this article focuses on Latino consumers, the pulse study showed something slightly different among over 400 Black/AA consumers surveyed in each wave. In December 2025, these consumers showed optimism on track with Latino consumers at 58%; however, Black/AA consumers retained that higher optimism in March 2026 (57%), suggesting that other factors, possibly tied to the economic impact of immigration enforcement, disproportionately impacted the Latino community.

Latino consumers entered 2026 as the most optimistic diverse consumer group. They are exiting Q1 as the more anxious one. This is vital for brands, retailers, companies to understand given the long-term growth potential of Latino consumers in the US.

Financial Comfort: A Diverging Recovery

When asked to describe their current household financial situation, 36% of Latino respondents in March 2026 reported being financially comfortable and able to save regularly, a gain of less than one point from December's 35%. Among non-Latinos, that same figure improved by 3 points over the same period. Whatever tailwinds exist in the Q1 2026 data are reaching non-Latino households at nearly three times the pace.

Price Stress: Already at the Ceiling, Still Rising

Nearly 89% of Latino respondents in March 2026 reported that rising prices had been stressful, up slightly from December. The number is so high that meaningful movement is almost impossible. Latino consumers have been at or near this ceiling for multiple consecutive waves. However, US companies need to understand that non-Latino price stress is also rising, up 2 pts since December overall, but up by over 3 pts for non-Latinos finding price increases very or moderately stressful.

Food Insecurity: A Majority Experience

The one area where Latino consumers showed more relative improvement was food insecurity anxiety. In December 2025, 65% of Latino respondents reported worrying that they would run out of food before having money to buy more. By March 2026, that figure had declined to 62%. However, Latino consumers are significantly more likely to live with these concerns versus non-Latinos.

Note, 63% is a majority of Latino households carrying food insecurity anxiety. The comparable non-Latino figure is 50%, which is also alarming, but 13 points lower. Neither figure belongs in an economy the headline GDP number describes as 'solid'.

Between December 2025 and March 2026, every tracked economic concern worsened among Latino respondents.

Among non-Latinos, most were flat or declining.

- Unemployment and job availability: up 3.1 points to 37.2% – the fastest-moving variable in the entire dataset
- Overall cost of living: up 3.6 points, crossing 50% for the first time
- Rising inflation and prices: up 2.3 points to 50.4%
- Healthcare costs: up 2.1 points to 42.6%
- Trade policies including tariffs: up 1.6 points to 37.6%

Every one of these is a kitchen-table concern: personal, immediate, and compounding simultaneously.

The Indicator Problem Is Structural, Not Accidental

This divergence between macroeconomic indicators and lived consumer experience is not a bug. It's a feature of how our measurement systems were designed. GDP was first developed in the 1930s and 1940s as a wartime planning tool, a way to measure national productive capacity, not human wellbeing. Consumer confidence indices typically survey cross-sections that skew toward those with stable housing, bank accounts, and discretionary income. The PCE and CPI are averages. Averages, by definition, obscure the experiences of those at the extremes.

The Latino consumer population in the United States is 62 million strong and growing. According to Numerator's research, Latino households now represent 15% of all U.S. consumer spending, the highest share among non-White ethnic groups. Yet Numerator's own data showed that Latino spending per household growth plummeted from 3.2% in 2024 to just 0.8% in 2025. That is the steepest decline among all ethnic groups tracked and under-performing versus the broader economy.

When a population that represents 15% of consumer spending is experiencing this degree of financial anxiety, and when that anxiety is measurably worsening quarter over quarter while other groups hold steady or improve, that is not a gap. That is a K. And the GDP cannot see it.

The Latino Consumer's Resilience Is Being Misread

Here is where the nuance matters. Latino consumers have not given up. Even as their optimism about the future declined in Q1 2026, more than half still anticipated household improvement over the next six months. That forward orientation, in the face of documented financial stress, food insecurity anxiety, and compounding economic concerns, is not naivety. It is a defining characteristic of a community that has historically navigated economic adversity through communal strength, entrepreneurial hustle, and long-term orientation.

But the trend line is telling us something: resilience is not infinite, and it is being tested. The quarter-over-quarter deterioration in forward optimism, the acceleration of unemployment anxiety, the crossing of the 50% threshold on cost-of-living concern. This is not noise. These are signals. And brands and policymakers who mistake current resilience for contentment are making a critical error that will be costly to correct later.

What This Means for Brands and Decision-Makers

If you're a brand that serves Latino consumers, and if you operate in U.S. food, health, retail, financial services, housing, or consumer goods, the implications of this trend data are clear.

We use cookies on our website to see how you interact with it. By accepting, you agree to our use of such cookies. [Privacy Policy](#)

The shift in Latino consumer sentiment documented between December 2025 and March 2026 is a leading indicator.

Brands that invest now in genuine relevance, value positioning, and community trust will be positioned to capture loyalty as conditions evolve. Brands that wait for the trend to stabilize will find the relationship harder to build.

2 Price Is Not Just a Sensitivity - It Is a Stress Signal

When 89% of your Latino consumers report price-related stress, discounts and value messaging are not merely smart marketing. They are a fundamental signal of respect. Brands that respond with transparency, accessible pricing, and honest value will build equity. Brands that ignore it will lose ground to channels and competitors who see the consumer more clearly.

3 Unemployment Anxiety Is the Underreported Story

The 3-point spike in Latino unemployment concern is the fastest-moving variable in the entire dataset, and it is moving in the opposite direction to non-Latino sentiment, which declined slightly. For brands in financial services, employment platforms, workforce development, insurance, and any category tied to income stability, this is a critical signal.

4 Healthcare Anxiety Is a Brand Opportunity Hiding in Plain Sight

Healthcare cost concern ranked in the top three among Latino respondents and is rising. Brands in health, wellness, insurance, and adjacent categories have an opportunity to serve this community in a moment of real need, but only with genuine cultural fluency, in-language engagement, and community-level trust.

5 Forward-Looking Optimism Is Still a Partnership Signal

Despite the deterioration, more than half of Latino respondents still anticipate household improvement. That optimism is an invitation to invest. Brands that show up with authentic, long-term commitment to this community, not campaign-by-campaign, but structurally, will be positioned to grow with a consumer segment that remains central to the American economy's next chapter.

The Measurement Gap Has a Cost

Economic indicators don't just reflect reality but shape it. When GDP grows at 2% and policymakers read that as evidence the economy is working, they are less likely to prioritize interventions that would actually reach the communities experiencing the most strain. When average consumer confidence figures mask the deterioration of confidence among specific demographic groups, brands de-prioritize the investment those communities need precisely when they need it most.

The measurement gap is not neutral. It systematically under-represents the experiences of diverse consumers, including Latino consumers. The challenge is the economic narrative drives decision-making at every level.

The 2026 US Diverse Consumer Pulse Study is doing something important: it is creating a measured, longitudinal record of what diverse consumers in America are actually experiencing. Not an aggregate. Not an average. A specific, tracked, real voice: one that can be compared across waves to reveal not just a snapshot, but a direction of travel.

That voice is saying: the numbers don't reflect our reality. And right now, the trend is moving the wrong way. The question is who's listening.

The U.S. economy grew at 2.0% in Q1 2026. The PCE inflation index rose 4.5%. The Fed called growth "solid." And in the same quarter, Latino consumer optimism about the future fell nearly 6.5 points, unemployment anxiety spiked 3 points, cost-of-living concern crossed 50% for the first time, and forward price anxiety continued to rise, all while comparable non-Latino metrics held flat or improved.

These are not contradictions. They are proof of a K-shaped economy that never ended, one that our dominant indicators were never designed to see, and a community absorbing the consequences in real time while the headline numbers look the other way.

The K-shaped economy was supposed to be a COVID-era phenomenon. The 2026 US Consumer Pulse Study suggests it has not corrected. It has simply shifted to a new axis.

GDP grows at 2%. The Fed calls it solid. And Latino consumers end Q1 2026 more anxious, more stressed, and more financially pressured than they were 90 days earlier, while the rest of the measured economy moves in the opposite direction.

That is the definition of a K.

Until we build better measurement, more representative narratives, and more specific strategies that reflect the reality of diverse consumer communities, the GDP will keep telling one story. And the people living inside that economy will keep experiencing another.



PDG Insights

Marketing Research and Retail Strategy Consulting

Located in: Evanston, IL

Email info@pdginsights.com

[Privacy Policy](#)

[Terms of Use](#)

© 2023 by PDG Insights LLC. Proudly created with [Wix.com](https://www.wix.com)

We use cookies on our website to see how you interact with it. By accepting, you agree to our use of such cookies. [Privacy Policy](#)