

# Local Consumer Commerce

## April 2017

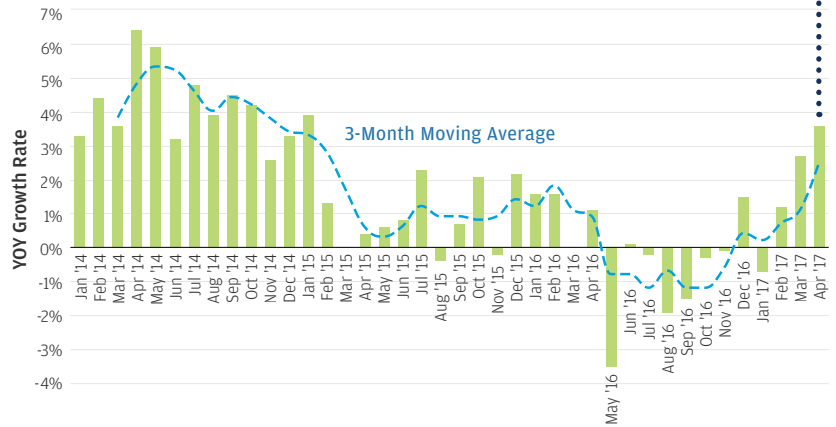


DATA THROUGH APR 2017 **↑3.6%**

### Highlights across all 15 cities

Local Consumer Commerce grew 3.6 percent year over year between April 2016 and April 2017. Out of our 15 cities, only Atlanta and Seattle experienced negative growth rates. Consumers 65 and older did not subtract from growth in April 2017, the first time this has occurred since September 2014. For the third month in a row, all consumers regardless of income quintile contributed to growth. Spending on non-durable goods contributed 1.2 percentage points to growth this month, the largest growth contribution of all product types and a significant bump from the 0.3 percentage point subtraction from growth experienced in March 2017.

Local Consumer Commerce Index (LCCI)



Source: JPMorgan Chase Institute

### About the Local Consumer Commerce Index

**A measure of consumer spending.** The LCCI is a measure of the monthly year-over-year growth rate of everyday debit and credit card spending across 15 U.S. cities.

**A unique lens.** The LCCI is constructed from over 19 billion anonymized credit and debit card transactions from over 59 million Chase customers. Unlike many existing sources of data on consumer spending, the LCCI captures actual transactions, instead of self-reported measures of how consumers think they spend. The LCCI's geographically specific data provide a granular and timely view of how cities and their surrounding metro areas are faring on a monthly basis. The index also captures economic activity in consumer facing retail and services sectors that previously have not been well understood by other data sources. These include activities in sectors such as food trucks, new businesses, and personal services.

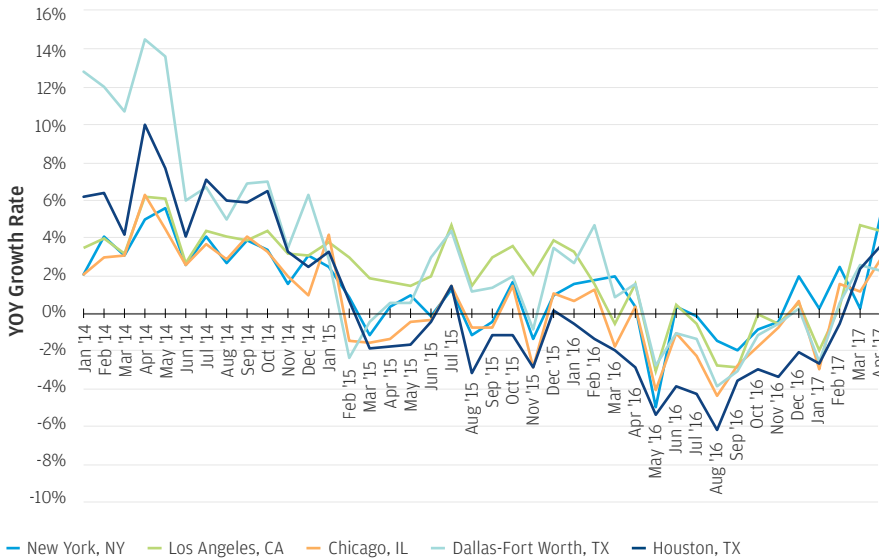
**Our sample.** The LCCI measures everyday spending across 15 cities: Atlanta, Chicago, Columbus, Dallas-Fort Worth, Denver, Detroit, Houston, Miami, Los Angeles, New York, Phoenix, Portland (OR), San Diego, San Francisco, and Seattle. Our portfolio of cities mirrors the geographic and economic diversity of larger metropolitan areas in the United States and accounts for 32 percent of retail sales nationwide.

**A powerful tool.** The LCCI is a powerful tool for city development officials, businesses and investors, and statistical agencies to better understand the everyday economic health of consumers, businesses, and the places they care about.



# Spending by Metro Area

## Largest Metro Areas



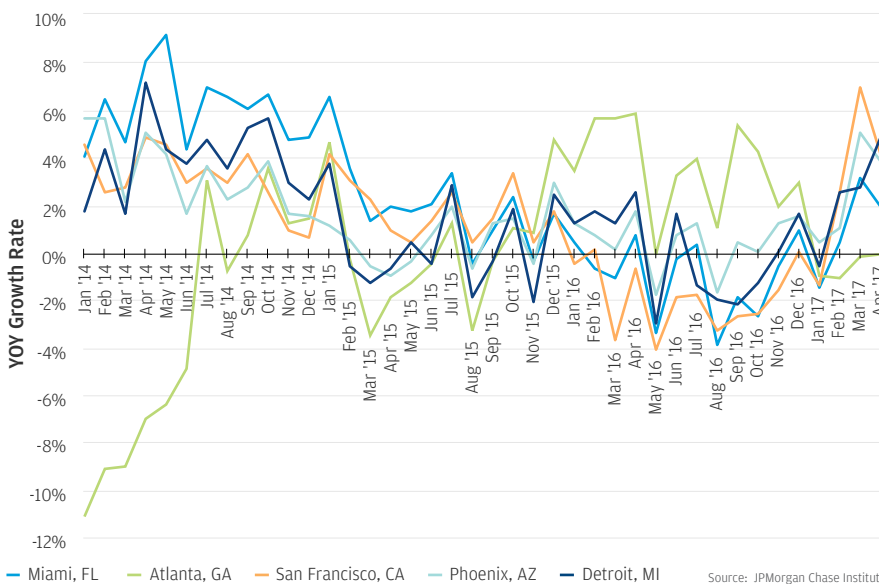
**New York:** New York grew the fastest of the large cities in April 2017, registering a 5.2 percent growth rate. This is the highest growth rate for New York since the 5.6 percent growth rate in May 2014.

**Dallas:** Dallas registered a growth rate of 2.3 percent in April 2017, the lowest among the large LCC cities.

On average, local spending among large cities increased by 3.7 percent in April 2017, a significant increase from the 2.2 percent average growth rate registered in March 2017.

Source: JPMorgan Chase Institute

## Mid-Sized Metro Areas



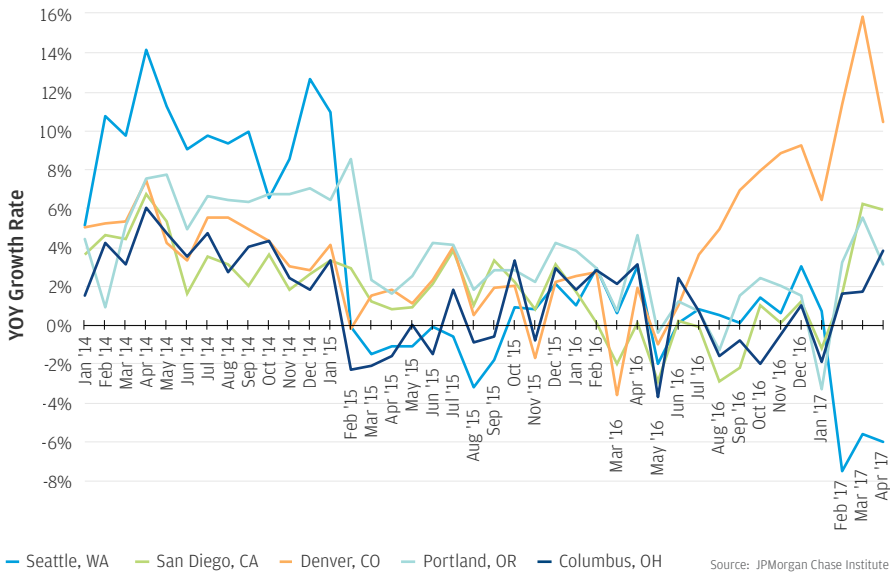
**Detroit:** Detroit grew at 4.8 percent in April 2017, a significant increase from the 2.7 percent growth it experienced in March 2017. This is the highest growth rate among the mid-sized cities in April 2017.

**Atlanta:** Atlanta is the only mid-sized city to have experienced a year-over-year spending decline in April 2017, dropping 0.1 percent.

On average, local spending among mid-sized cities increased by 2.9 percent in April 2017.

Source: JPMorgan Chase Institute

### Smaller Metro Areas

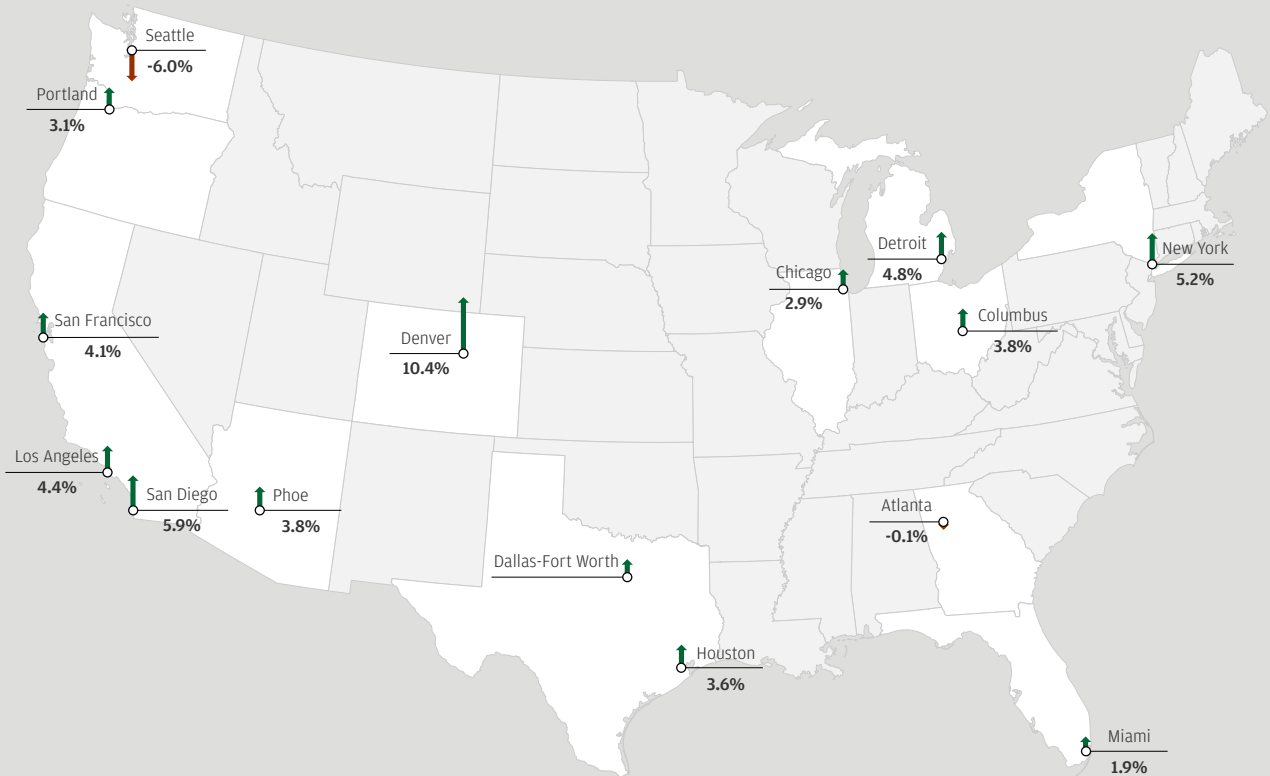


**Denver:** Denver grew at 10.4 percent in April 2017, cooling off from the record high 15.8 percent growth rate registered in March 2017.

**Seattle:** Spending in Seattle dropped by 6 percent in April 2017, continuing the series of growth declines that started in February 2017.

On average, local spending among small cities increased by 3.4 percent in April 2017.

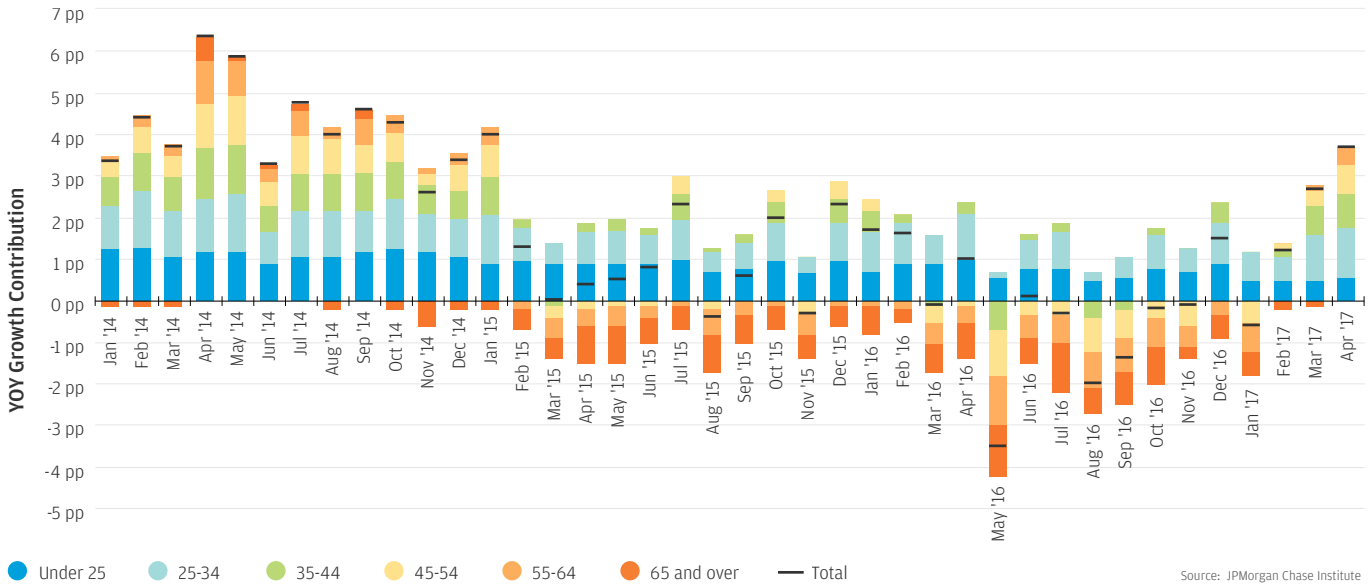
### Spending growth across 15 metro areas in April 2017





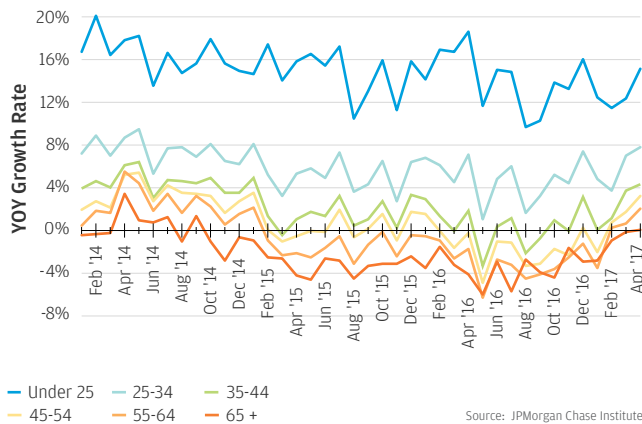
# Spending by Age

Growth Contributions by Age Group



Source: JPMorgan Chase Institute

Growth Rates by Age Group



Source: JPMorgan Chase Institute

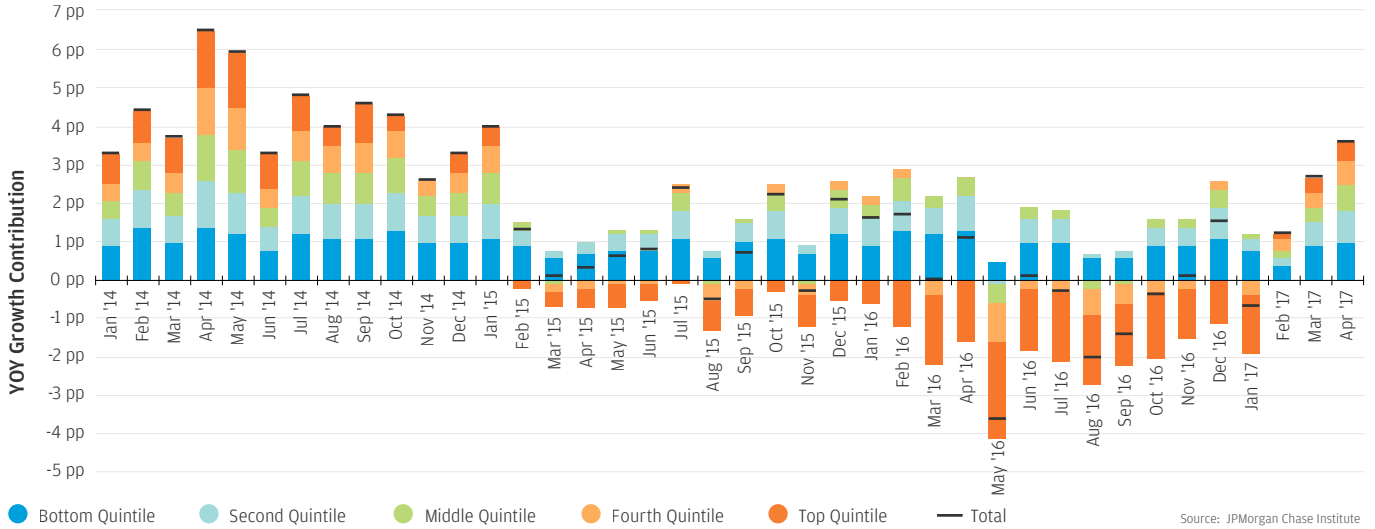
**Millennials:** Consumers under 35 contributed 1.8 percentage points to growth in April 2017, with consumers under 25 contributing 0.6 percentage points to growth, and consumers between 25 and 34 contributing 1.2 percentage points to growth.

**Baby Boomers:** Consumers between the ages of 55 and 64 contributed 0.4 percentage points to growth in April 2017, the largest contribution for this group since January 2015. Consumers 65 and older did not subtract from growth in April 2017, the first time this has occurred since September 2014.



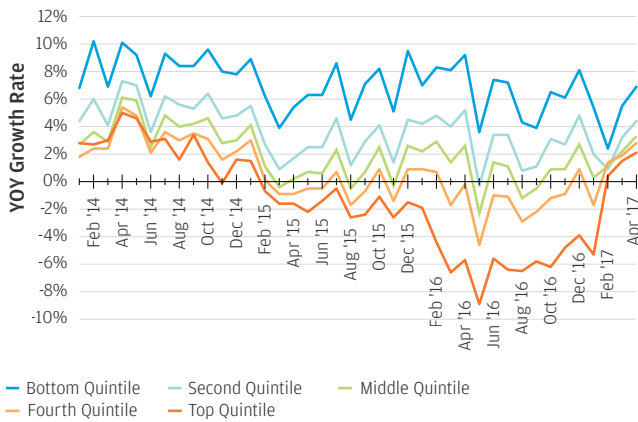
# Spending by Income

Growth Contributions by Income Quintile



Source: JPMorgan Chase Institute

Growth Rates by Income Quintile



Source: JPMorgan Chase Institute

**Low Income Consumers:** Consumers in the bottom income quintile contributed 1 percentage point to growth in April 2017.

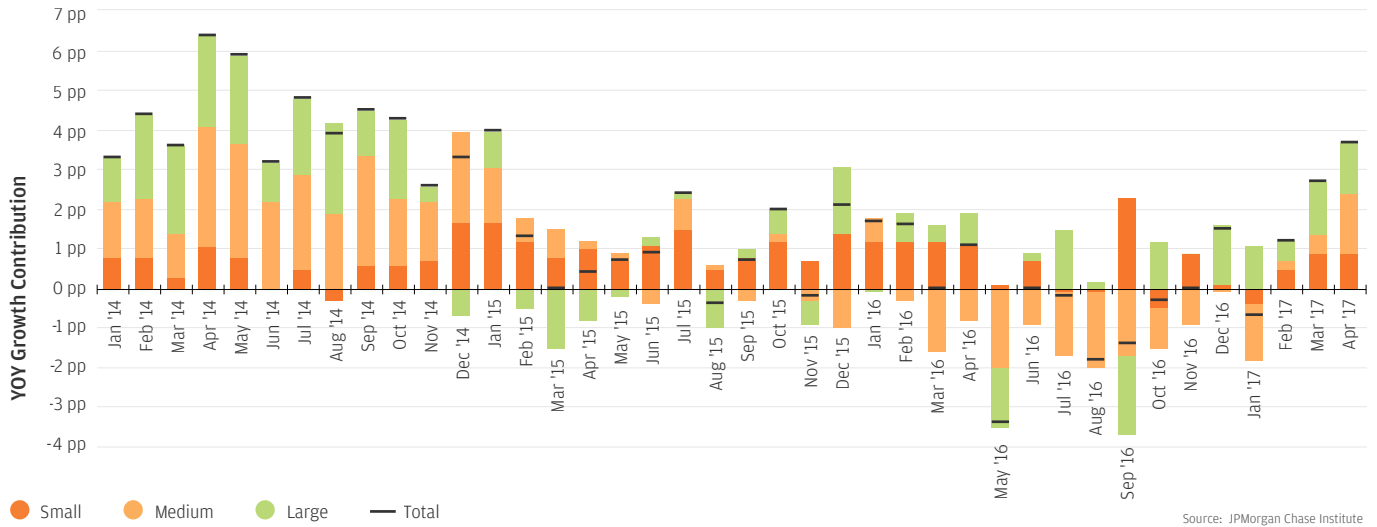
**High Income Consumers:** Consumers in the top income quintile contributed 0.5 percentage points to growth in April 2017, continuing their trend breaking positive contributions to growth that began in February 2017.

All income quintiles contributed to growth for the third month in a row.



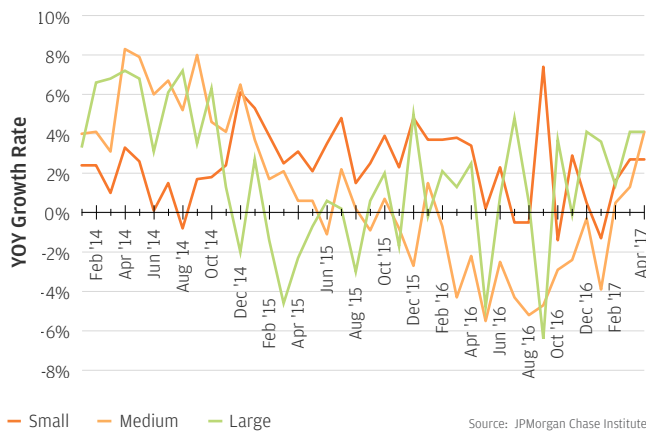
# Spending by Size of Business

Growth Contributions by Size of Business



Source: JPMorgan Chase Institute

Growth Rates by Size of Business



Source: JPMorgan Chase Institute

**Small Businesses:** Small businesses contributed 0.9 percentage points to growth in April 2017.

**Mid-Sized Businesses:** Medium businesses contributed 1.5 percentage points to growth in April 2017, a significant increase from the 0.5 percentage point contribution in March 2017.

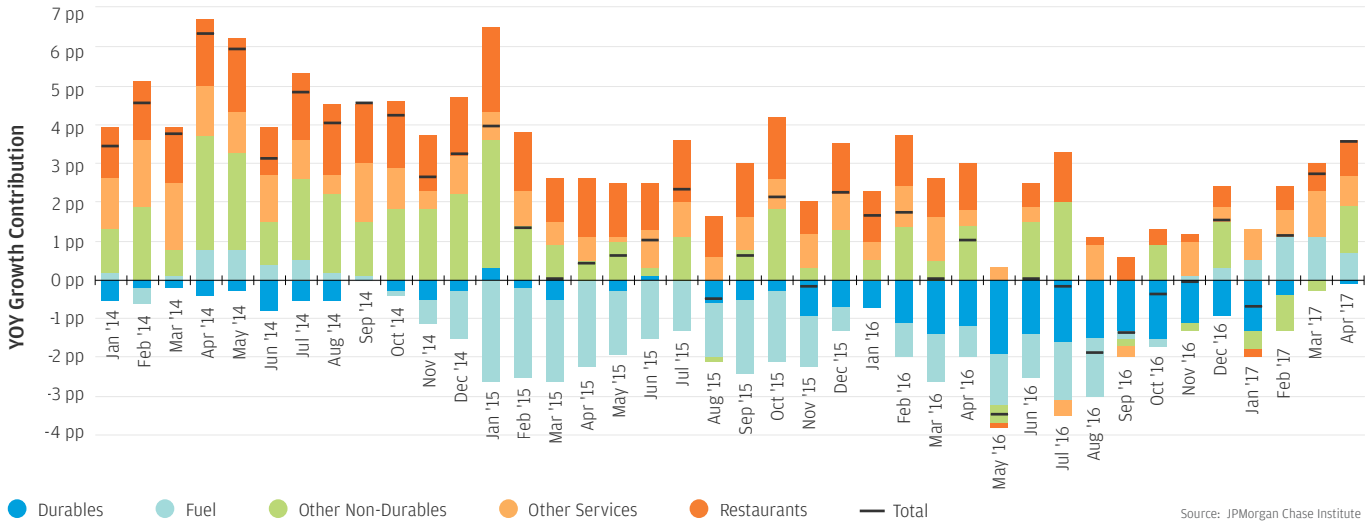
**Large Businesses:** Large businesses contributed 1.3 percentage points to growth in April 2017.

All businesses regardless of size contributed to growth in April 2017, the third month in a row this has occurred.



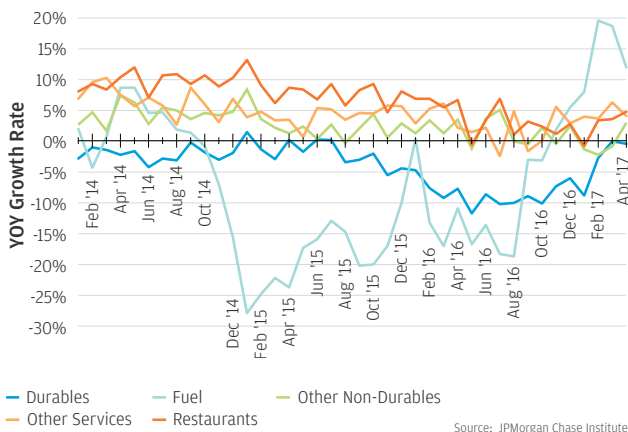
# Spending by Product Type

Growth Contributions by Product Type



Source: JPMorgan Chase Institute

Growth Rates by Product Type



Source: JPMorgan Chase Institute

**Durables:** Spending on durable goods subtracted 0.1 percentage points from growth in April 2017.

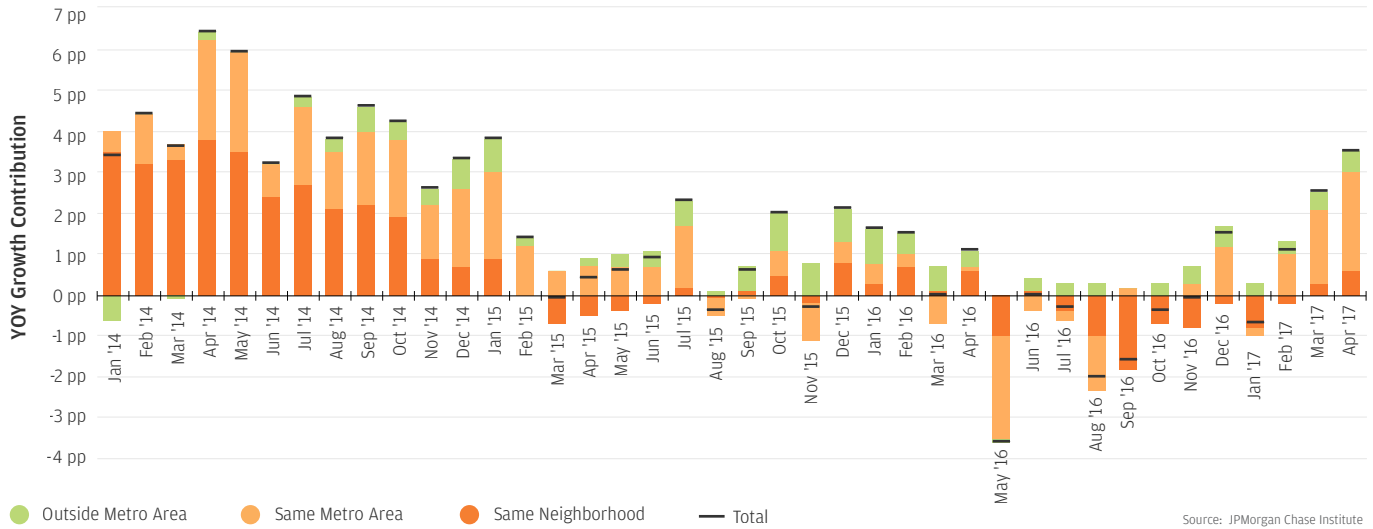
**Fuel:** Growth contributions from fuel spending cooled off slightly from the 1.1 percentage point growth contributions in February and March 2017, contributing 0.7 percentage points to growth in April 2017.

**Non-Durables:** Spending on non-durable goods contributed 1.2 percentage points to growth in April 2017, a significant bump from the 0.3 percentage point drag on growth in March 2017.



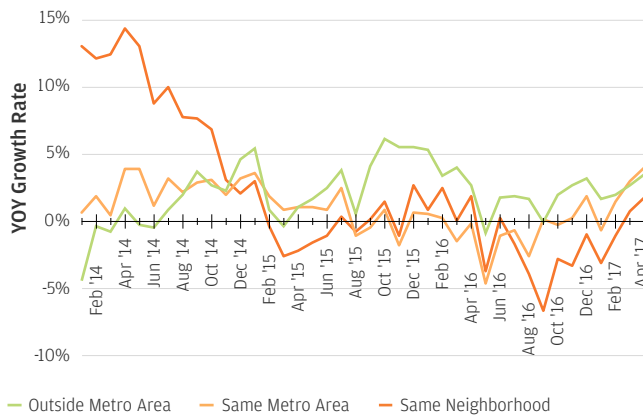
# Spending by Consumer Residence

Growth Contributions by Consumer Residence



Source: JPMorgan Chase Institute

Growth Rates by Consumer Residence



Source: JPMorgan Chase Institute

**Same Neighborhood:** Spending from consumers that reside in the same neighborhood as the merchant contributed 0.6 percentage points to growth in April 2017.

**Same Metro Area:** Spending by consumers in the same metro area as the merchant (but not the same neighborhood) contributed 2.4 percentage points to growth in April 2017.

**Outside Metro Area:** Spending by consumers outside of the metro area contributed 0.5 percentage points to growth in April 2017.



# Measuring Local Consumer Commerce

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Local consumer commerce is the everyday spending of individuals on goods and services that impacts a local community. We observe local consumer commerce through the credit- and debit-card transactions of JPMorgan Chase customers for which we can establish a geographic location. This approach shares some conceptual similarities with other established measures (for example, the U.S. Census Bureau Monthly Retail Trade Survey and the U.S. Census Bureau Quarterly Services Survey), but differs in several significant ways.

In particular, our card-based perspective captures another important sector of commerce: spending at non-employer businesses, new businesses, and other small businesses that are often difficult to reach through establishment surveys. Moreover, in addition to restaurant spending observed by other data sources, our approach captures spending on a wide range of individual consumption-oriented services, including the barber and beauty shops, doctors and dentists,<sup>1</sup> hotels, gyms, and local transportation providers that play a significant role in local economies.

Our card-based approach offers a detailed view of the types of products consumers purchase. However, this view does not capture spending by consumers through cash, checks, electronic transfers, or purchase orders. Importantly, the extent to which consumers use credit and debit cards to purchase services and goods varies significantly across product categories. In particular, differences in payment methods by product type lead us to a different perspective on the consumption of durable goods.

We classify firms as small, medium, or large based on market share calculated from transaction data and external Census and Small Business Administration (SBA) data. Firms with more than 8 percent market share are classified as large, and firms that qualify for SBA loans are classified as small. All other firms are considered medium.

For additional details on the construction of the data asset, see the online methodological appendix. The website also contains all of the data presented in this update, including the growth rate, share of spend, and growth contribution for each metro area by consumer age, income quintile, consumer residence relative to the business, product type, and business size.

## Endnotes

1 We observe the out-of-pocket card-based spending of consumers at healthcare providers.

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