RELEASE DATE
JUNE 2017

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Local Consumer Commerce

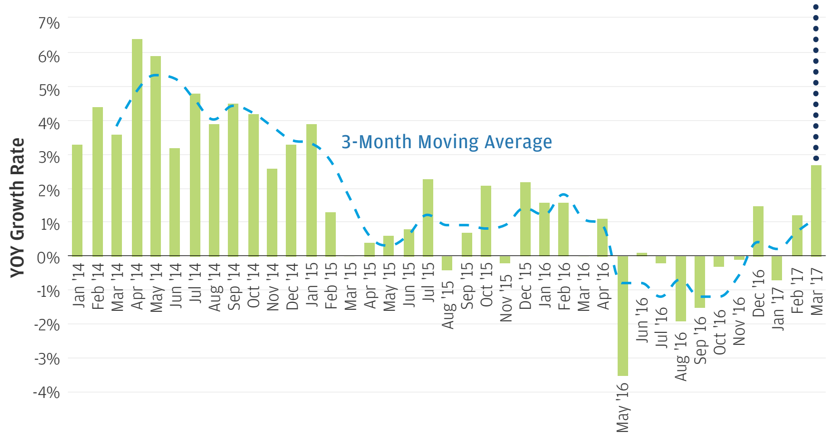
March 2017

DATA THROUGH
MAR 2017 ↑2.7%

Highlights across all 15 cities

Local Consumer Commerce grew 2.7 percent year over year between March 2016 and March 2017. Out of our 15 cities, only Atlanta and Seattle experienced negative growth rates. For the first time since January 2015, consumers between the ages of 55 and 64 made a positive contribution to growth of 0.1 percentage points. With the exception of non-durables, all product types had non-negative growth contributions in March 2017. In March 2017, growth contributions were positive regardless of business size or merchant location relative to the consumer.

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 theeveryday economic health of consumers, businesses, and the places they care about.

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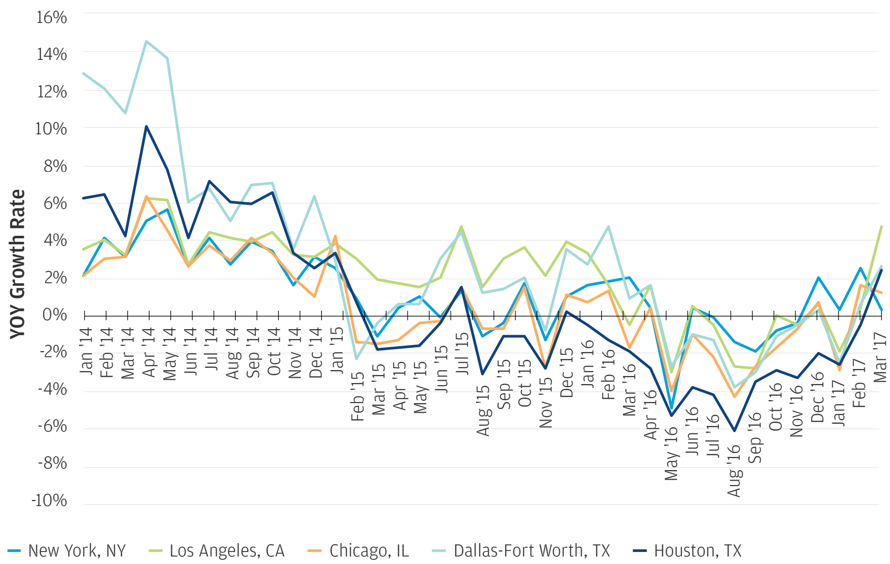
Spending by Metro Area

Largest Metro Areas



Source: JPMorgan Chase Institute

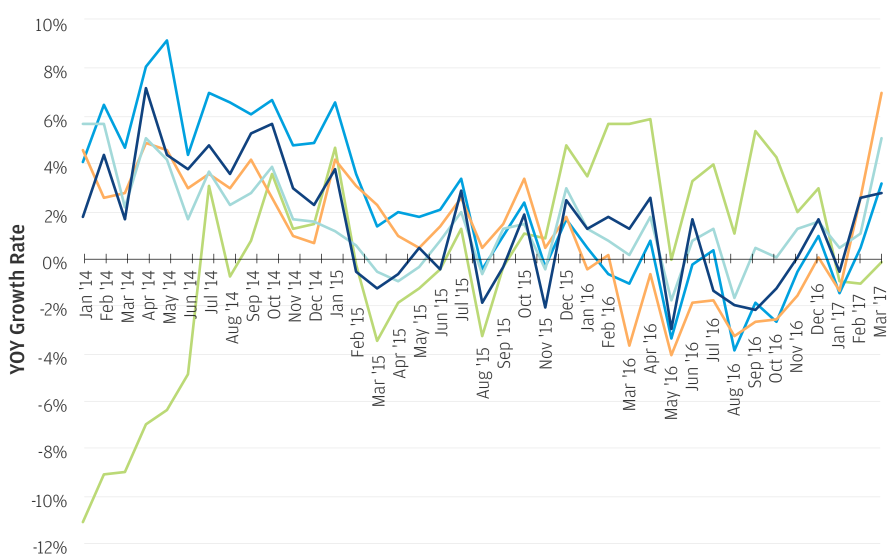
Los Angeles: Los Angeles grew the fastest of all large cities, growing at 4.7 percent, which is the largest growth rate for this city since July 2015.

New York: New York grew at 0.3 percent in March 2017, the lowest growth rate among large cities in that month.

Every large city registered a positive growth rate in March 2017. There has been noticeable upward movement of growth rates among large cities since July 2016.

On average, local spending in large cities increased by 2.2 percent in March 2017.

Mid-Sized Metro Areas



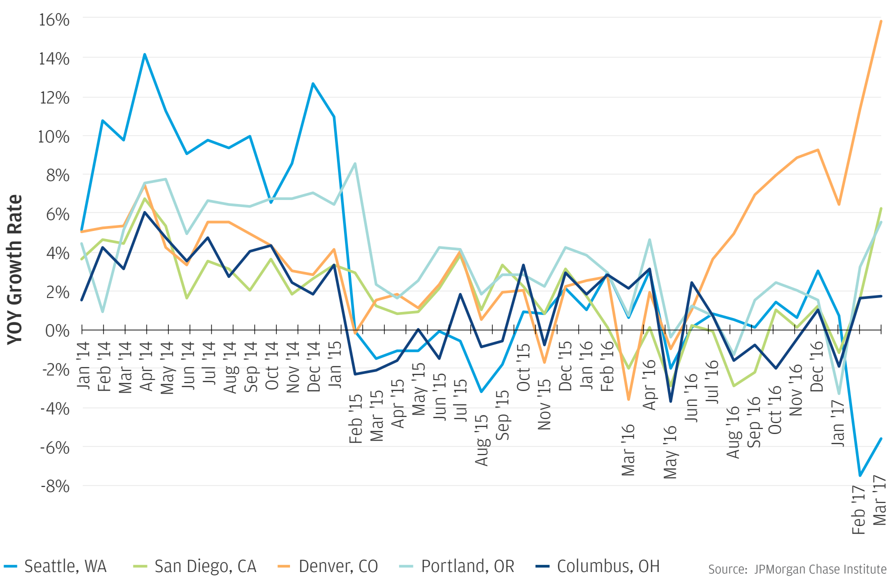
Source: JPMorgan Chase Institute

Atlanta: Atlanta had the lowest growth rate of all mid-sized cities, registering a decline of 0.2 percent in March 2017.

San Francisco: San Francisco grew the fastest of the mid-sized cities in March 2017, growing at 6.9 percent.

On average, local spending growth among mid-sized cities increased by 3.5 percent in March 2017.

Smaller Metro Areas

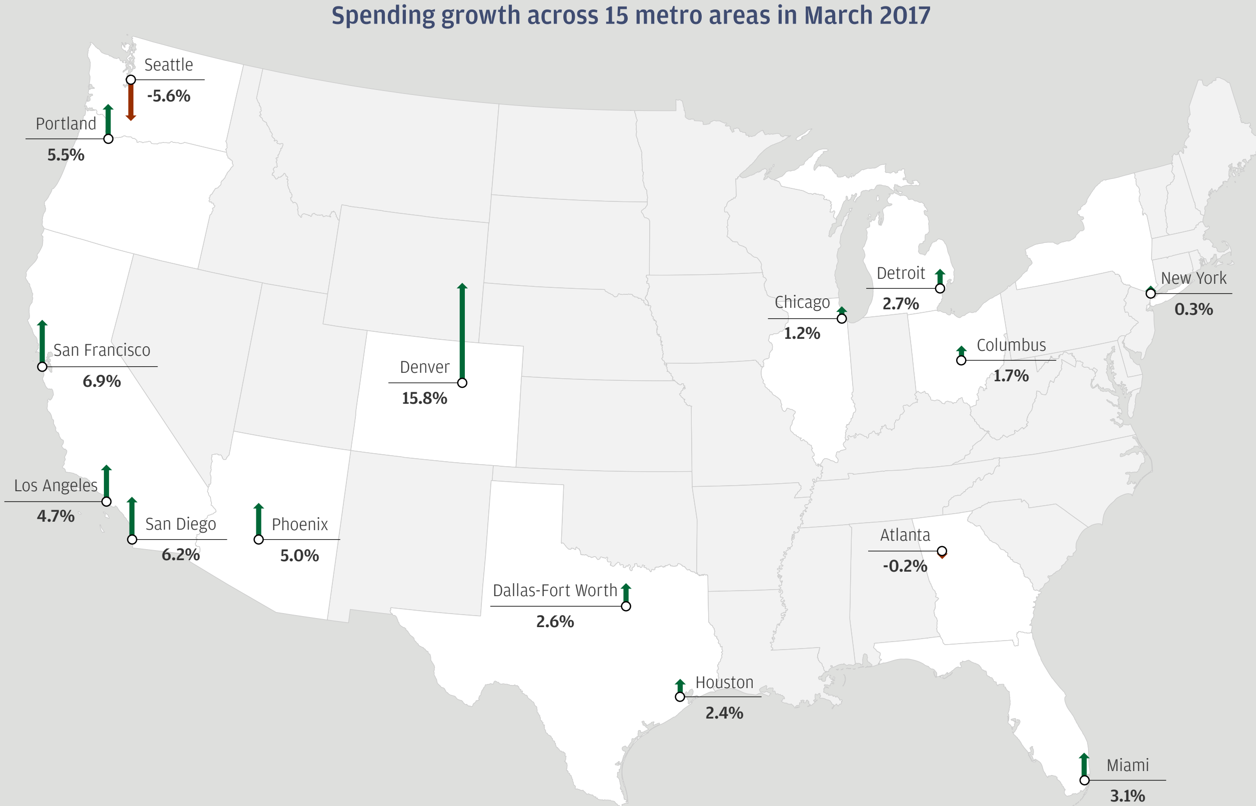


Denver: Denver grew at 15.8 percent in March 2017, the fastest growth across all 15 LCC cities.

Seattle: Seattle experienced a 5.6 percent decline in growth in March 2017, the lowest growth rate among the small cities.

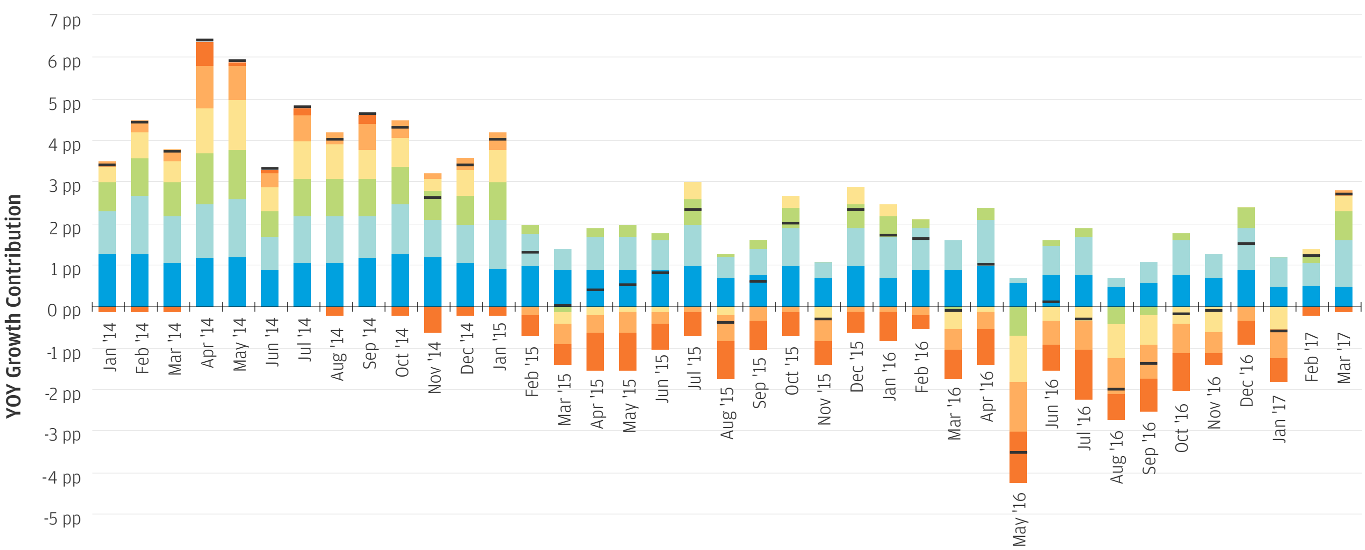
On average, local spending at small cities grew by 4.7 percent in March 2017.

Spending growth across 15 metro areas in March 2017



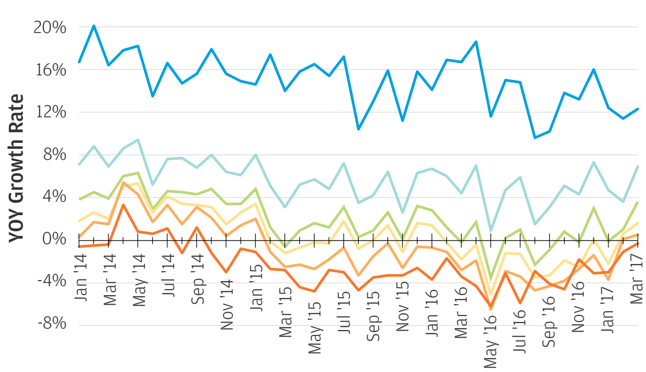
Spending by Age

Growth Contributions by Age Group



Source: JPMorgan Chase Institute

Growth Rates by Age Group



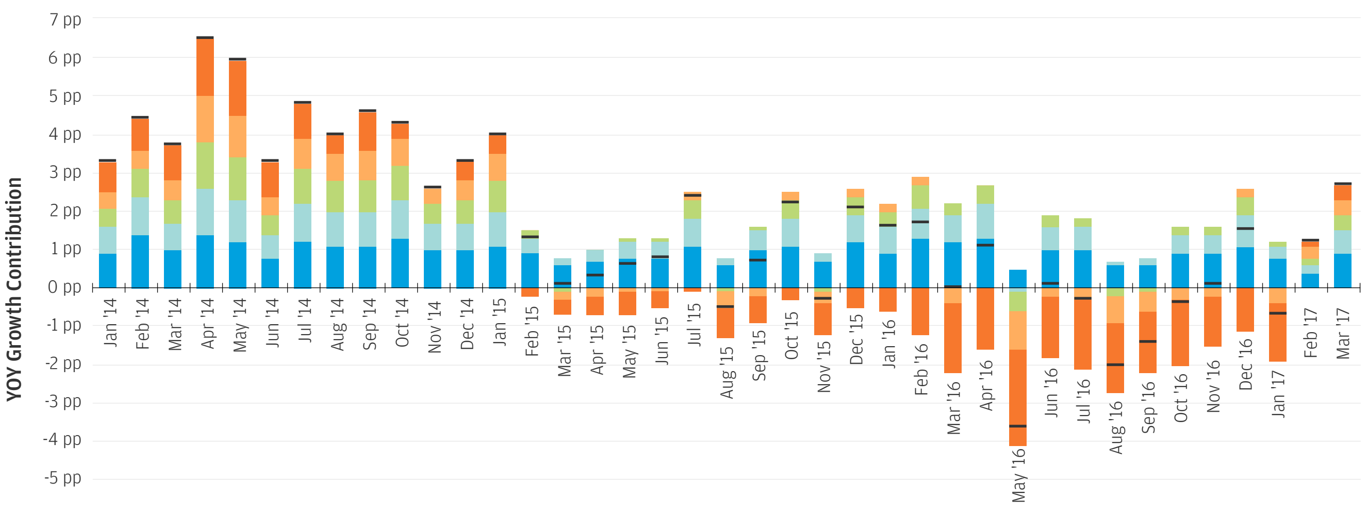
Source: JPMorgan Chase Institute

Millennials: Consumers under 35 contributed 1.6 percentage points to growth in March 2017, with consumers under 25 contributing 0.5 percentage points to growth and consumers between 25 and 34 contributing 1.1 percentage points to growth.

Baby Boomers: For the first time since January 2015, consumers between the ages of 55 and 64 made a positive contribution to growth, contributing 0.1 percentage points. Consumers 65 and older continued to be a drag on growth, subtracting 0.1 percentage points from growth in March 2017.

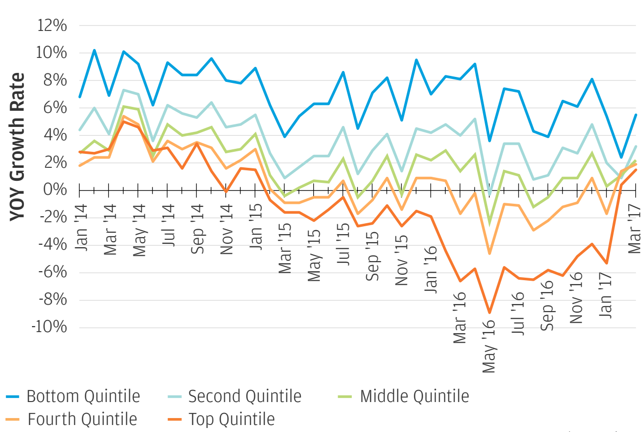
Spending by Income

Growth Contributions by Income Quintile



Source: JPMorgan Chase Institute

Growth Rates by Income Quintile



Source: JPMorgan Chase Institute

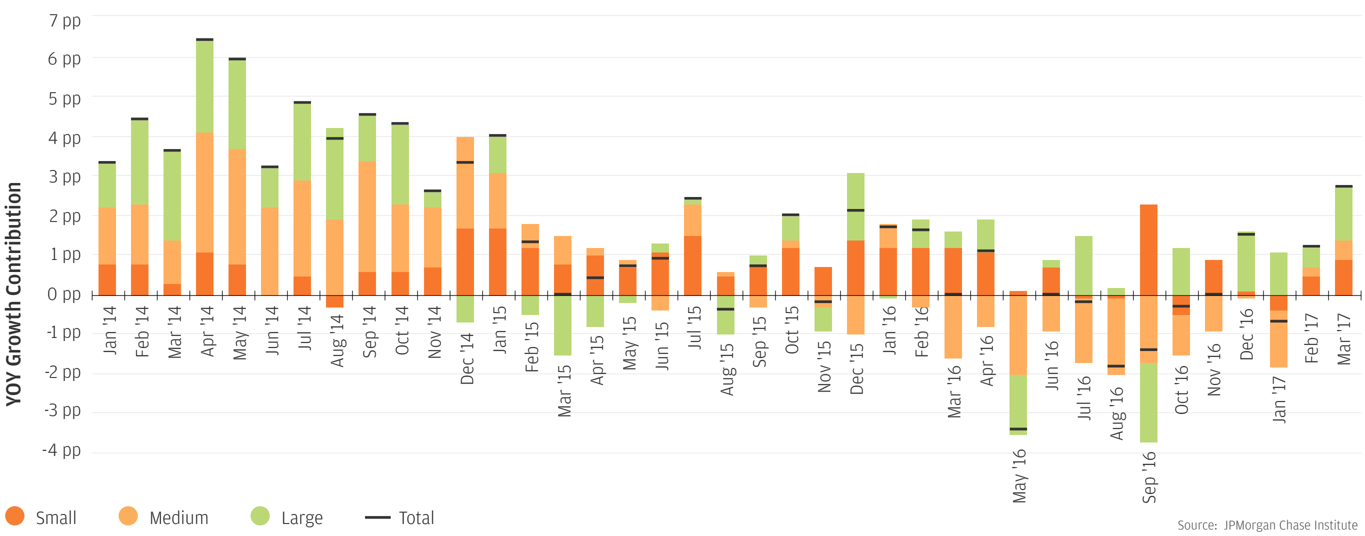
Low Income Consumers: Consumers in the bottom income quintile contributed 0.9 percentage points to growth, the largest growth contribution amongst all the income quintiles.

High Income Consumers: Consumers in the top income quintile contributed 0.4 percentage points to growth, continuing the trend breaking 0.1 percentage point growth contribution that occurred in February 2017.

Every income quintile had larger growth contributions in March 2017 compared to February 2017.

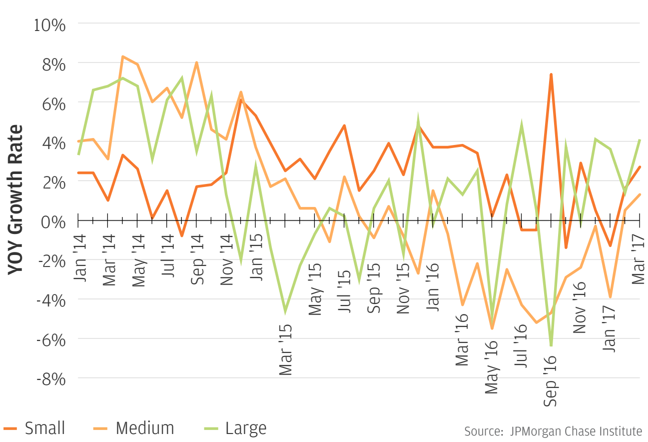
Spending by Size of Business

Growth Contributions by Size of Business



Source: JPMorgan Chase Institute

Growth Rates by Size of Business



Source: JPMorgan Chase Institute

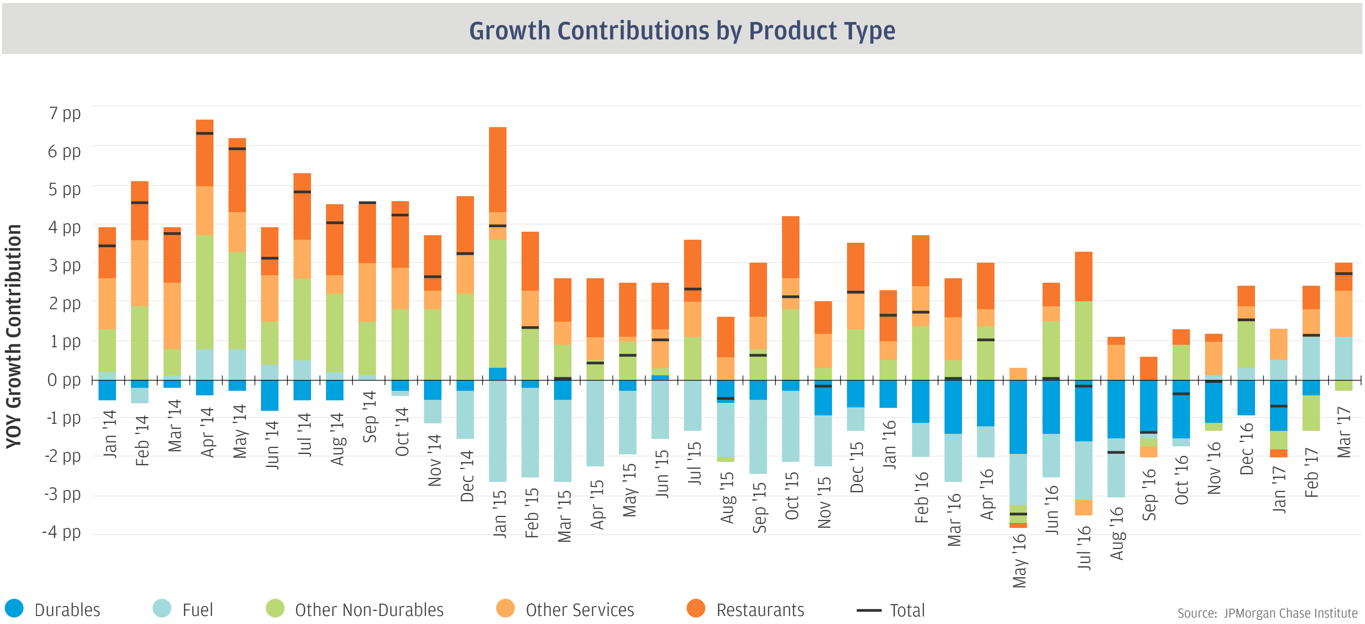
Small Businesses: Small businesses contributed 0.9 percentage points to growth in March 2017.

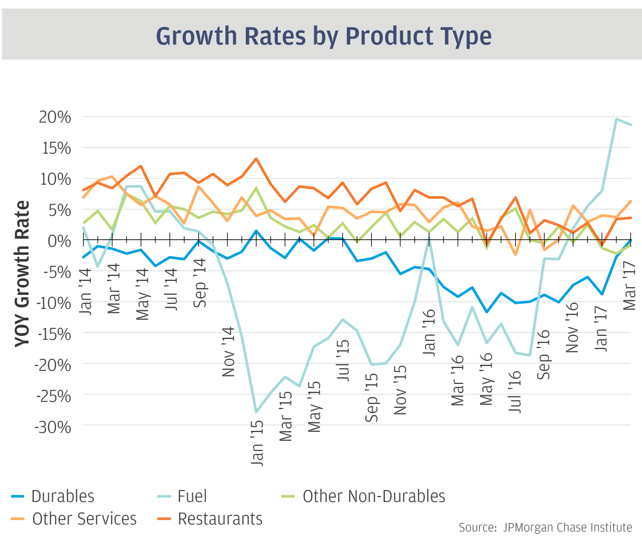
Mid-Sized Businesses: Medium businesses contributed 0.5 percentage points to growth in March 2017.

Large Businesses: Large business growth contributions grew from a 0.5 percentage point contribution in February 2017 to a 1.3 percentage point growth contribution in March 2017.

All business sizes made positive contributions to growth in March 2017.

Spending by Product Type





Durables: Durable goods spending did not contribute to growth in March 2017, the first non-negative growth contribution for this product type since July 2015.

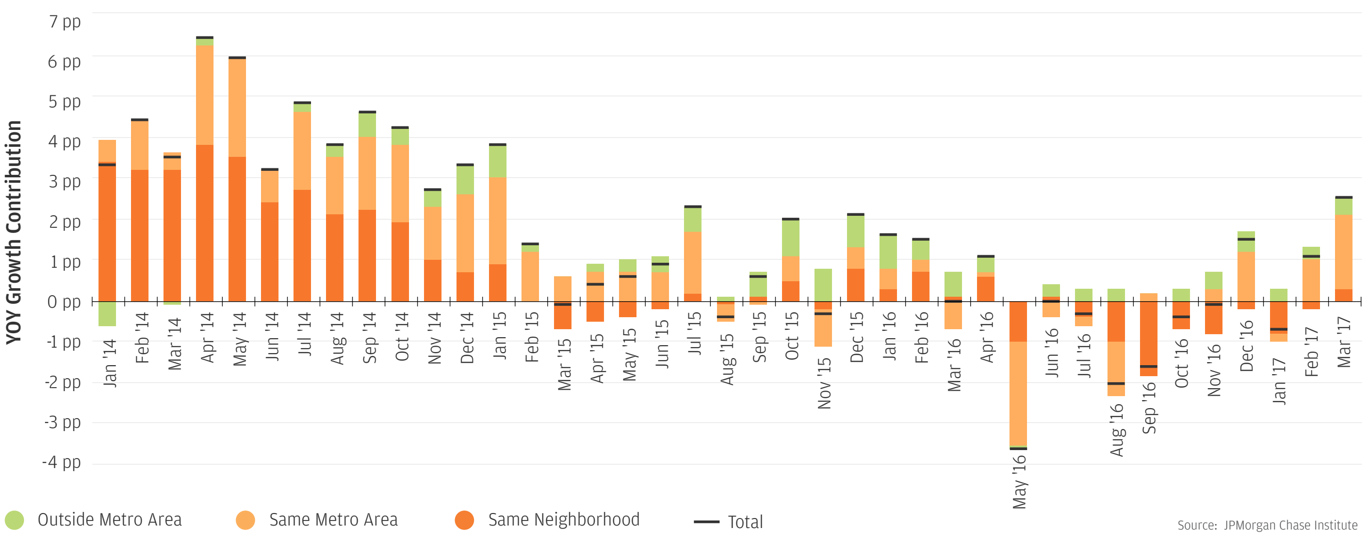
Other Services: Other services spending contributed 1.2 percentage points to growth in March 2017, the largest growth contribution among all the product types.

Fuel: Spending on fuel contributed 1.1 percentage points to growth in March 2017; moreover, fuel spending has sustained higher than trend growth rates since November 2016.

All product types with the exception of non-durables had non-negative growth contributions in March 2017.

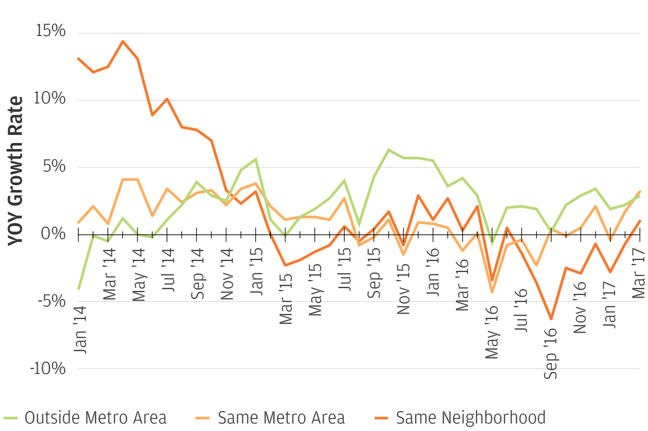
Spending by Consumer Residence

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 0.3 percentage points to growth in March 2017, the first positive contribution for these consumers since June 2016.

Same Metro Area: Spending by consumers in the same metro area as the merchant (but not the same neighborhood) contributed 1.8 percentage points to growth in March 2017.

Outside Metro Area: Out of metro area spend contributed 0.4 percentage points in March 2017.

Consumer spending contributed to growth regardless of location in March 2017, the first time this has occurred since April 2016.

Measuring Local Consumer Commerce

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,[1] 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.