

# Local Consumer Commerce

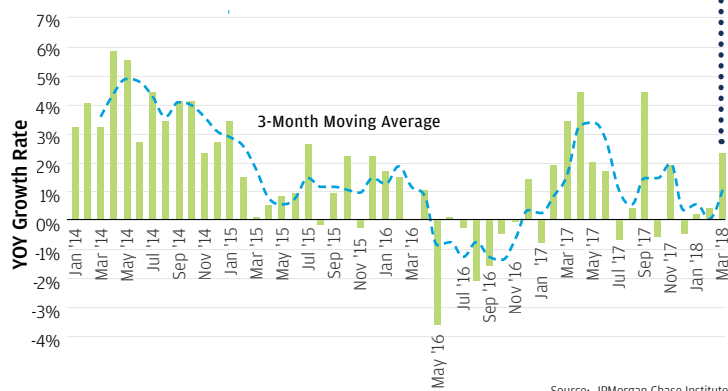
## March 2018



DATA THROUGH **MAR 2018** **↑ 2.3%**

### Highlights across all 14 metro areas

Local Consumer Commerce increased by 2.3 percent year-over-year in March 2018, a 1.9 percentage point increase from the 0.4 percent increase in spending registered in February 2018. Of the 14 metro areas we track, 12 posted positive year-over-year growth rates, and only 2 experienced declines in spending.<sup>1</sup> Spending by consumers in the top income quintile contributed 0.1 percentage points to overall growth, continuing a trend over the past year of consumers in this group dragging down spending growth less than they did in 2016. Consumers under the age of 35 contributed 1.9 percentage points to the 2.3 percent year-over-year growth. Houston's growth rate continues to be volatile, with the metro area posting a 6.1% increase in March.



### 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 14 US metro areas.

**A unique lens.** The LCCI is constructed from over 24 billion anonymized credit and debit card transactions from over 64 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.

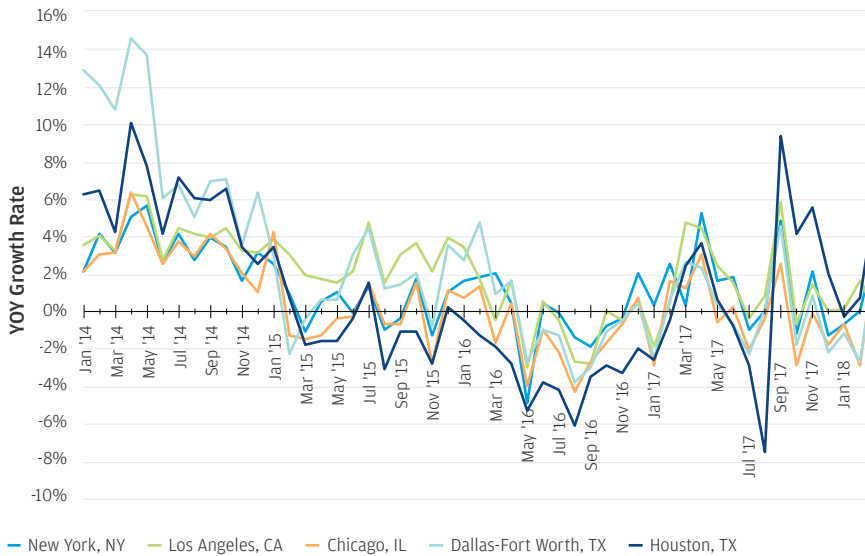
**Our sample.** The LCCI measures everyday spending across 14 metro areas: Atlanta, Chicago, Columbus, Dallas-Fort Worth, Denver, Detroit, Houston, Miami, Los Angeles, New York, Phoenix, Portland (OR), San Diego, and San Francisco. Our portfolio of metro areas mirrors the geographic and economic diversity of larger metropolitan areas in the United States and accounts for 30 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



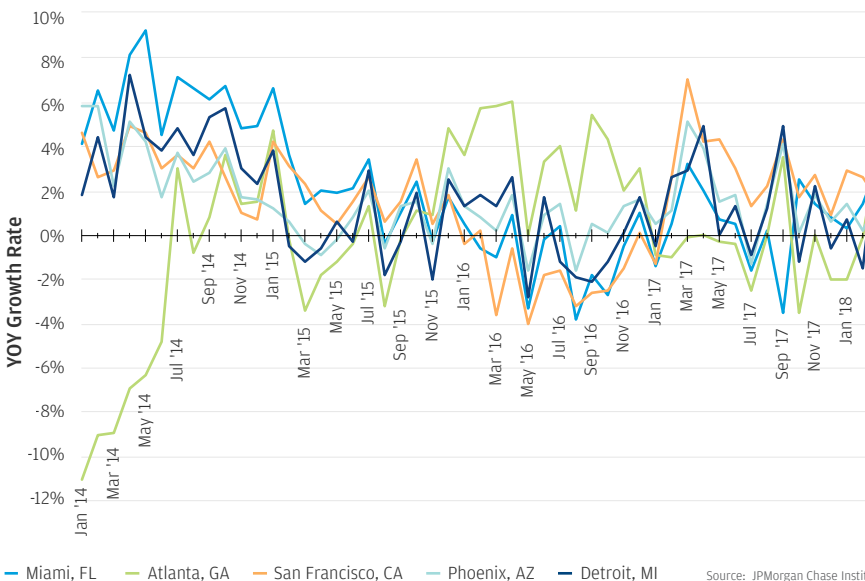
**Houston:** Local spending at Houston area merchants grew 6.1 percent year-over-year in March 2018, the highest growth rate among the large metro areas.

**Los Angeles:** Los Angeles was the only metro area in this group which posted negative growth, with a 0.1 percent decline.

The unweighted average in year-over-year local spending growth across the large metro areas was an increase of 3.1 percent in March 2018.

Source: JPMorgan Chase Institute

## Mid-Sized Metro Areas



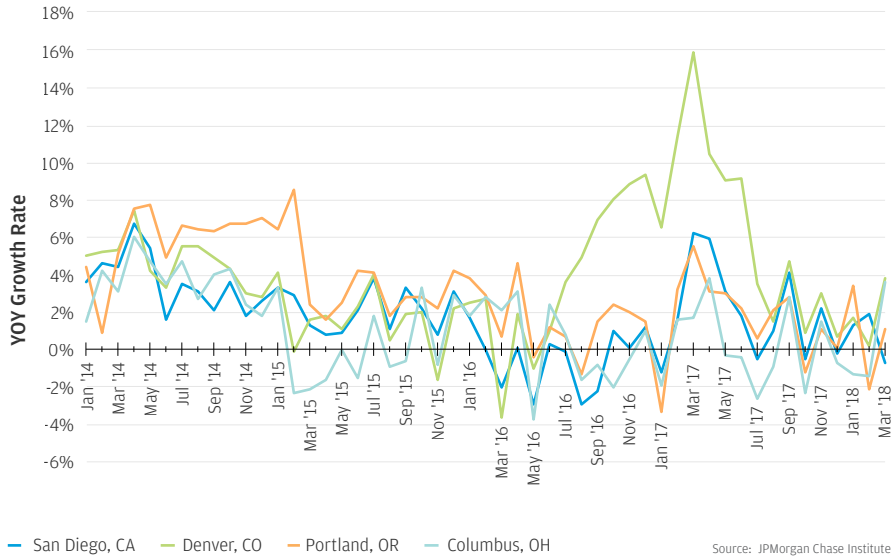
**Detroit:** Spending at Detroit merchants grew by 4.3 percent year-over-year in March 2018, the highest growth rate among the mid-sized metro areas.

**Atlanta:** Atlanta posted the second highest year-over-year growth rate among mid-sized metro areas, with 4.2 percent.

The unweighted average in year-over-year local spending growth across the mid-sized metro areas was an increase of 2.9 percent in March 2018.

Source: JPMorgan Chase Institute

### Smaller Metro Areas

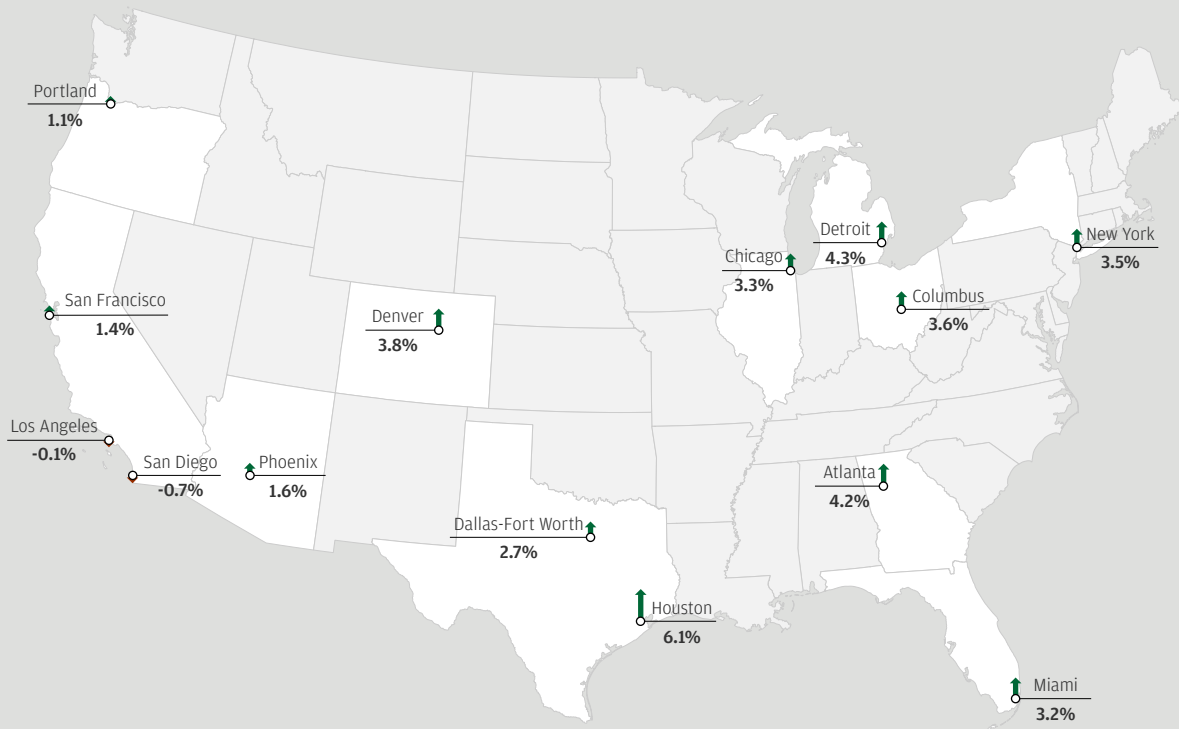


**Denver:** Local spending grew by 3.8 percent year-over-year in Denver in March 2018, the highest growth rate among the small metro areas.

**San Diego:** After posting the highest growth rate among small metro areas in February 2018, spending at San Diego area merchants declined 0.7 percent year-over-year in March 2018, the lowest growth rate among the small metro areas.

The unweighted average in year-over-year local spending growth across the mid-sized metro areas was an increase of 2.0 percent in March 2018.

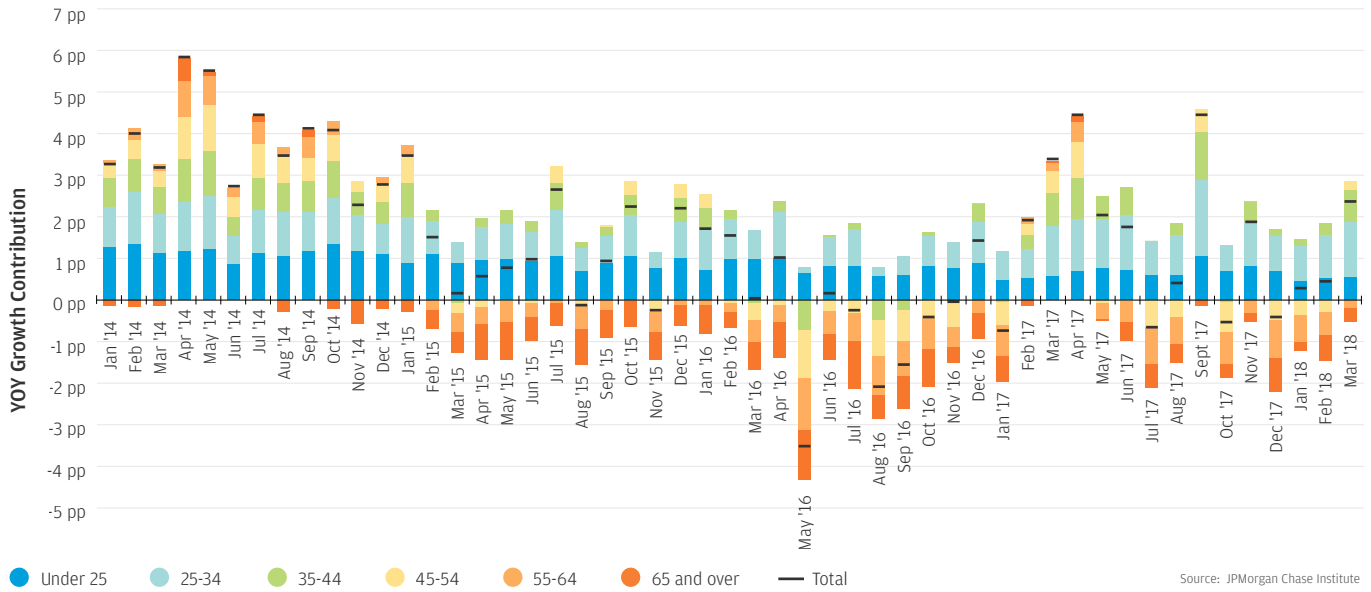
### Spending growth across 14 metro areas in March 2018





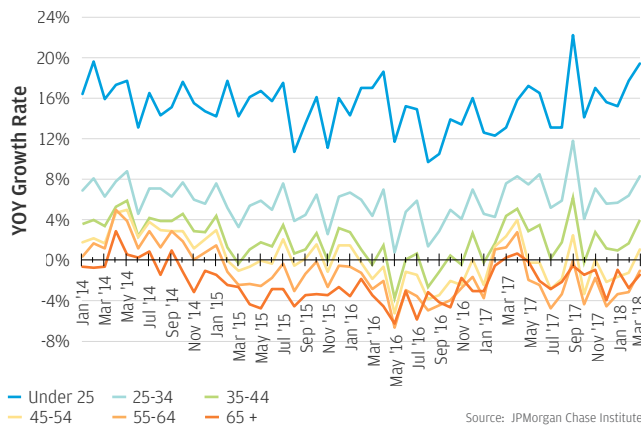
# Spending by Age

Growth Contributions by Age Group



Source: JPMorgan Chase Institute

Growth Rates by Age Group



Source: JPMorgan Chase Institute

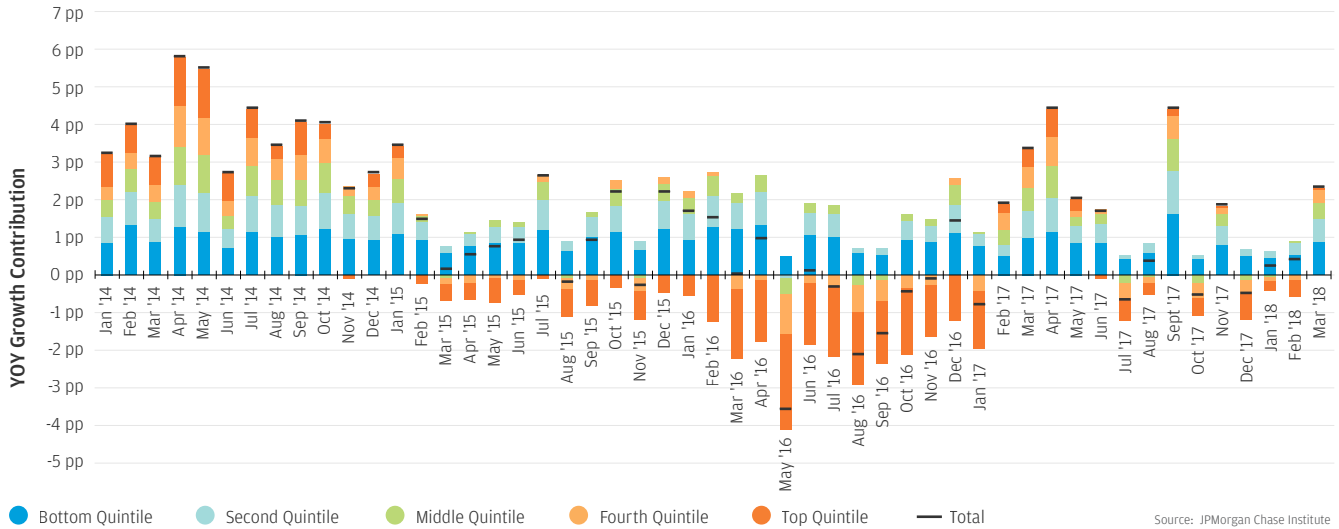
**Millennials:** Consumers under 35 contributed 1.9 percentage points to year-over-year growth in March 2018, with consumers under 25 contributing 0.6 percentage points to growth and consumers between 25 and 34 contributing 1.3 percentage points to growth.

**Older Consumers:** Consumers 55 and over subtracted 0.5 percentage points from year-over-year growth in March 2018, with consumers between 55 and 64 subtracting 0.2 percentage points from growth and consumers 65 and over subtracting 0.3 percentage points from growth.



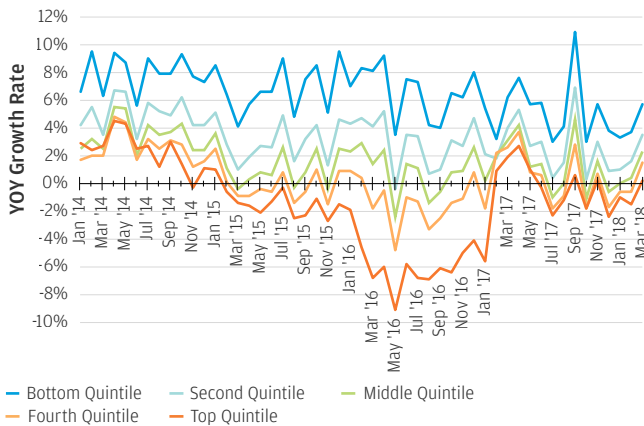
# Spending by Income

Growth Contributions by Income Quintile



Source: JPMorgan Chase Institute

Growth Rates by Income Quintile



Source: JPMorgan Chase Institute

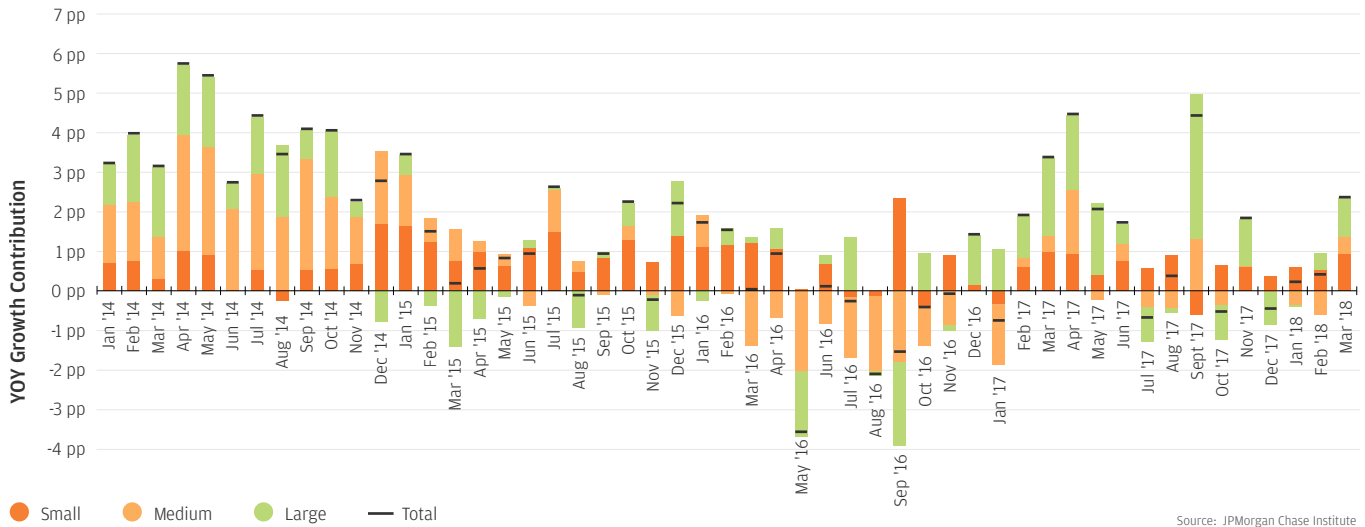
**Low Income Consumers:** Consumers in the bottom income quintile contributed 0.9 percentage points to year-over-year growth in March 2018, the largest growth contribution among all income quintiles.

**High Income Consumers:** Consumers in the top income quintile contributed 0.1 percentage points to year-over-year growth in March 2018. Throughout the LCCI’s series, this group has tended to subtract from, rather than contribute to, growth. However, contributions of this group have tended to drag overall growth less in the past year than during 2016, by either making negative contributions of a smaller magnitude or making positive contributions.



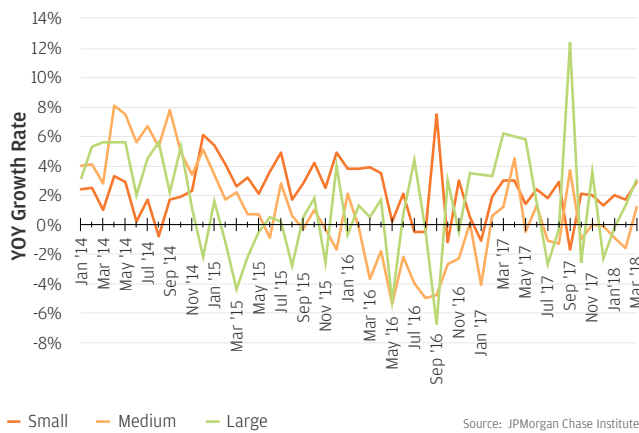
# Spending by Size of Business

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 year-over-year growth in March 2018.

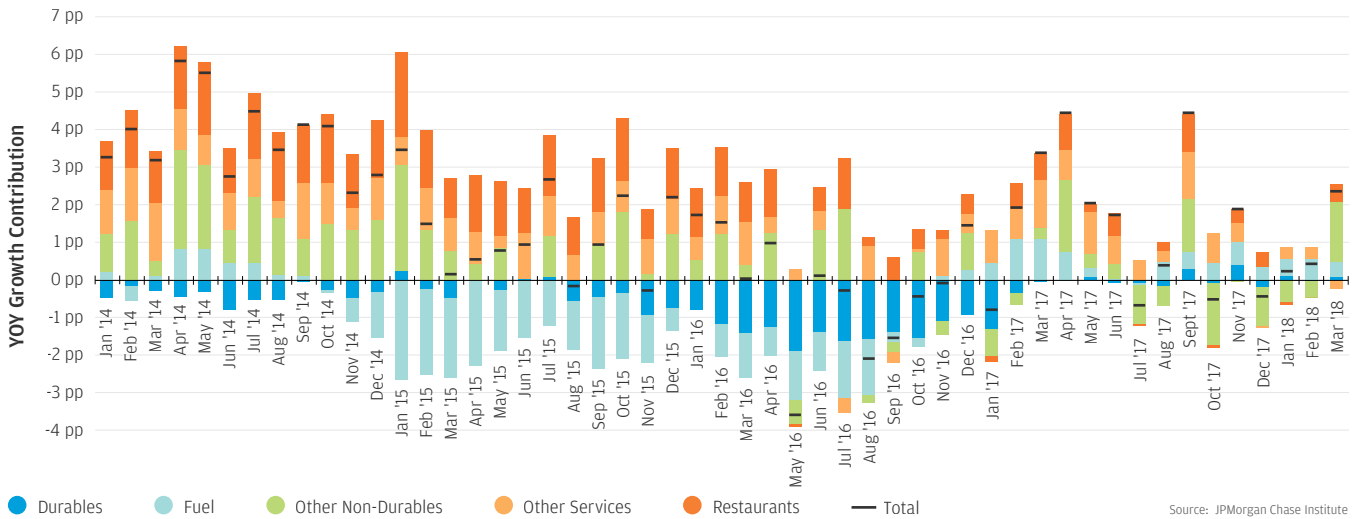
**Mid-sized Businesses:** Mid-sized businesses contributed 0.4 percentage points to year-over-year growth in March 2018.

**Large Businesses:** Large businesses contributed 1.0 percentage point to year-over-year growth in March 2018.

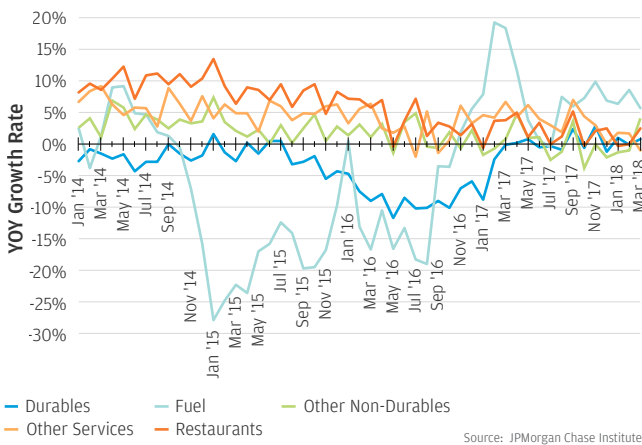


# Spending by Product Type

Growth Contributions by Product Type



Growth Rates by Product Type



**Other Services:** Spending on other services subtracted 0.2 percentage points from year-over-year growth in March 2018.

**Non-Durables:** Spending on non-durable goods contributed 1.6 percentage points to year-over-year growth in March 2018, the largest contribution of any product type.

**Restaurants:** Spending on restaurants contributed 0.5 percentage points to year-over-year growth in March 2018.

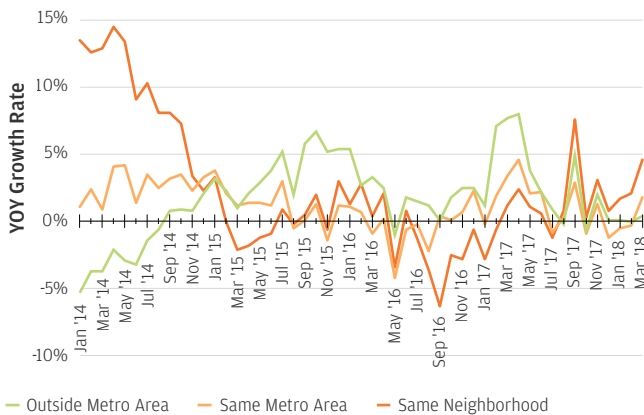


# Spending by Consumer Residence

Growth Contributions by Consumer Residence



Growth Rates by Consumer Residence



**Same Neighborhood:** Spending from consumers who reside in the same neighborhood as the merchant contributed 1.3 percentage points to year-over-year growth in March 2018.

**Same Metro Area:** Spending by consumers in the same metro area as the merchant (but not the same neighborhood) contributed 1.0 percentage points to year-over-year growth in March 2018.

**Outside Metro Area:** For the fourth month in a row, contributions from consumers outside of the metro area remained flat.



# 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, 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.

# Acknowledgements

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We thank our research analysts, Bryan Kim and James Duguid, for their hard work and contributions to this research.

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## Endnotes

- 1 Starting in August 2017, the Local Consumer Commerce Index readjusted its geographic scope to 14 metro areas, omitting Seattle. This decision was driven by a desire to streamline our lens to focus on local transactions, and due to merchant-specific transaction data changes.

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