RELEASE DATE
FEB 2017

Click here to download the data

Local Consumer Commerce

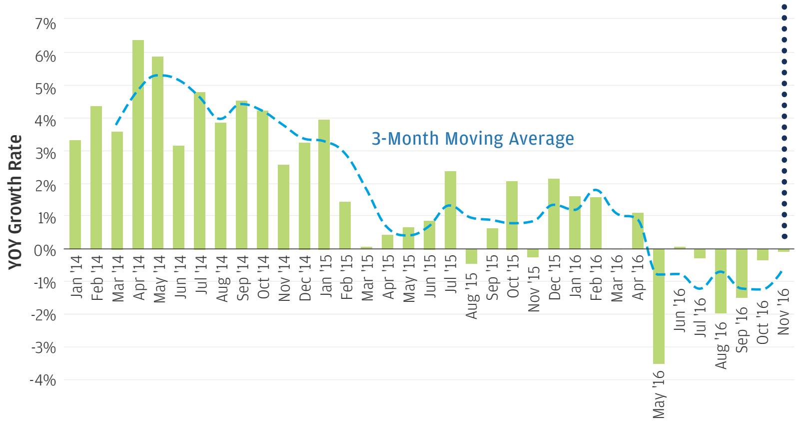
NOVEMBER 2016

DATA THROUGH
NOV 2016 -0.1%

Growth across all 15 cities

Local Consumer Commerce declined slightly in November, falling 0.1 percent between November 2015 and November 2016. This marks the fifth consecutive month of spending contractions, but the magnitude of these contractions has fallen continually since August. Nine of our 15 cities had higher growth rates in November compared to October. Small business growth contributions rebounded significantly to contribute 0.9 percentage points in November, but were negated by a 0.9 percentage point contraction in mid-sized business growth in that same month. Fuel spending contributed 0.1 percentage points to growth, breaking a trend of negative growth contributions in virtually every month since October 2014.

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 US cities.

A unique lens. The LCCI is constructed from over 18 billion de-identified credit and debit card transactions from over 58 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.

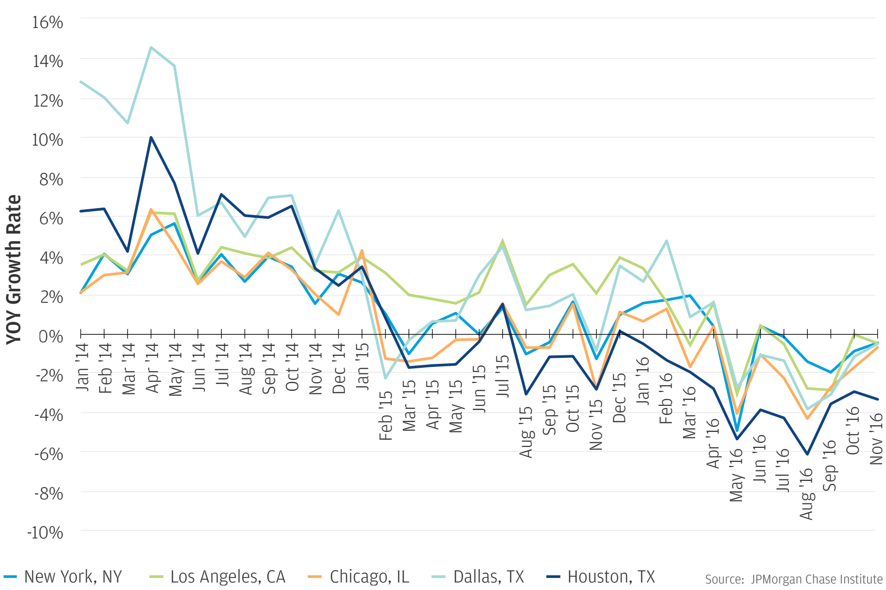
Our sample. The LCCI measures everyday spending across 15 cities: Atlanta, Chicago, Columbus, Dallas, Denver, Detroit, Houston, Miami, Los Angeles, New York, Phoenix, Portland (OR), San Diego, San Francisco, and Seattle. Our portfolio of cities mirrors the geographic and economic diversity of larger 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.

JPMorgan Chase & Co.
INSTITUTE

Spending by Metro Area

Largest Metro Areas

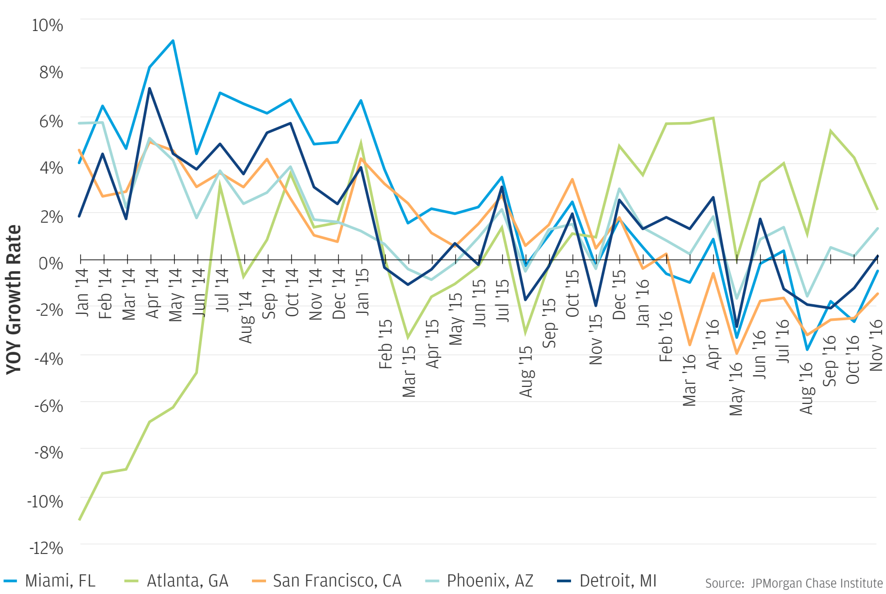


New York: At -0.4 percent, New York had the smallest contraction in year-over-year growth across the large-sized LCCI cities.

Houston: Houston registered a 3.3 percent decline in November 2016—a smaller contraction compared to the 6.1 percent drop in August 2016, but a larger contraction in comparison to the 2.9 percent drop in October 2016.

The average growth rate across large-sized LCCI cities was -1.1 percent. This is an improvement from the -1.3 percent average growth rate recorded in October 2016, despite two of the large-sized cities having lower growth rates in November compared to October and every city registering a contraction in growth.

Mid-Sized Metro Areas

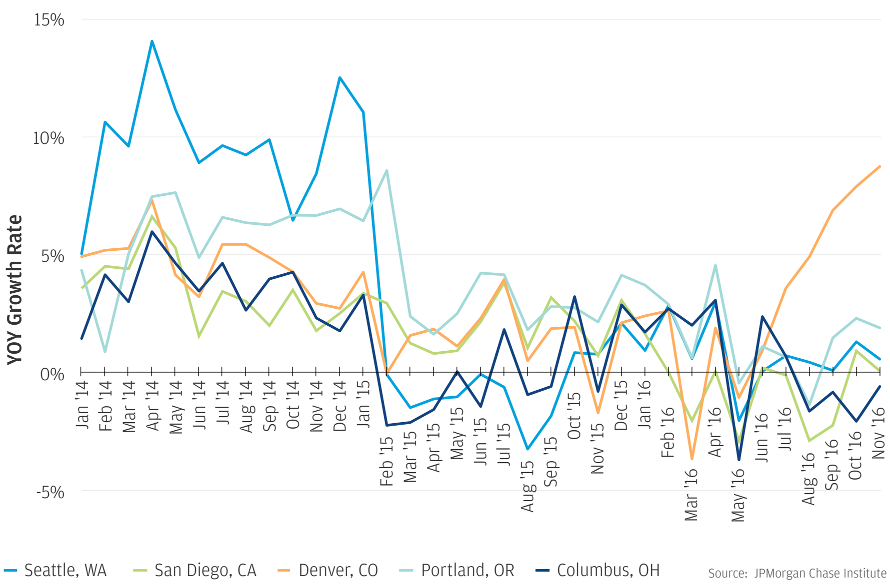


Atlanta: Growth in local spending continued to cool off in Atlanta at 2 percent in November 2016, down from 4.2 percent in October 2016 and 5.3 percent in September 2016.

Detroit: Detroit experienced flat growth in November 2016, breaking a trend of declines in growth that started in July 2016.

The average growth rate across the mid-sized cities was 0.2 percent; this is the first positive average growth rate for the mid-sized cities since July 2016.

Smaller Metro Areas

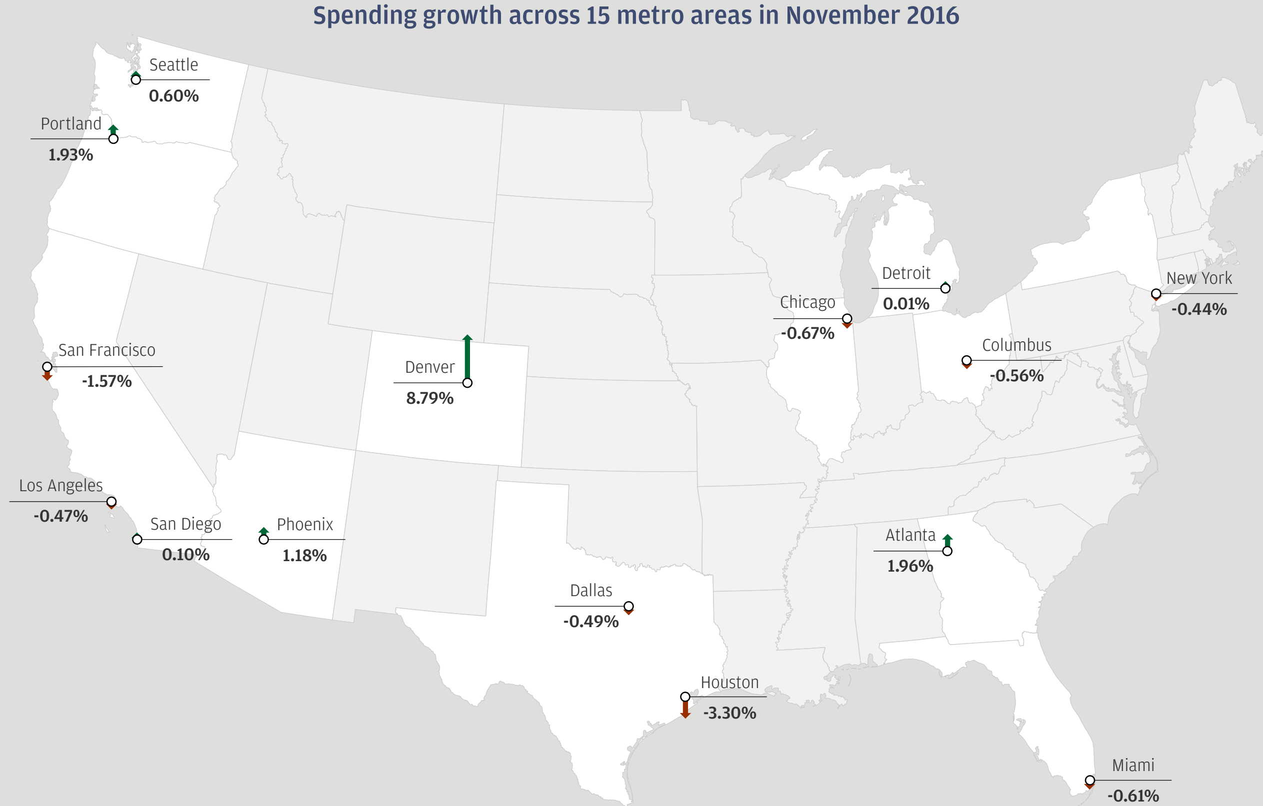


Denver: Denver continued to grow rapidly at 8.8 percent in November 2016; Denver has registered continually higher growth rates since June 2016.

Columbus: Columbus experienced a contraction of 0.6 percent in November 2016, and was the only small city to register a negative contribution to growth for the second month in a row.

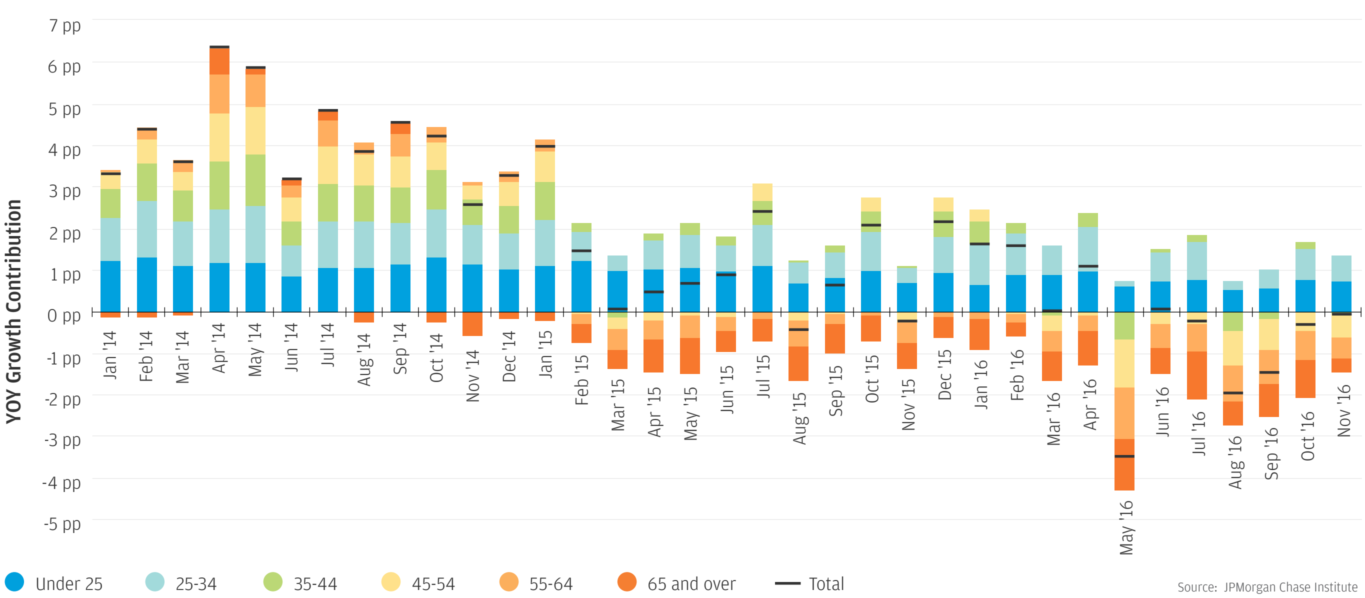
Small cities continued to lead the pack as a unit with a 2.2 percent average growth rate in November 2016; in fact, small cities have led the pack as a group since April 2016.

Spending growth across 15 metro areas in November 2016



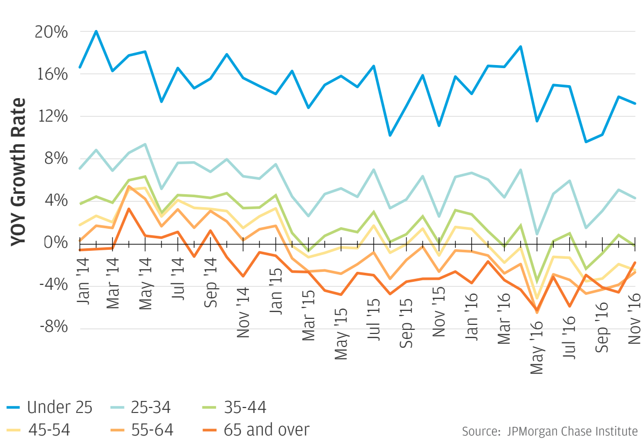
Spending by Age

Growth Contributions by Age Group



Source: JPMorgan Chase Institute

Growth Rates by Age Group



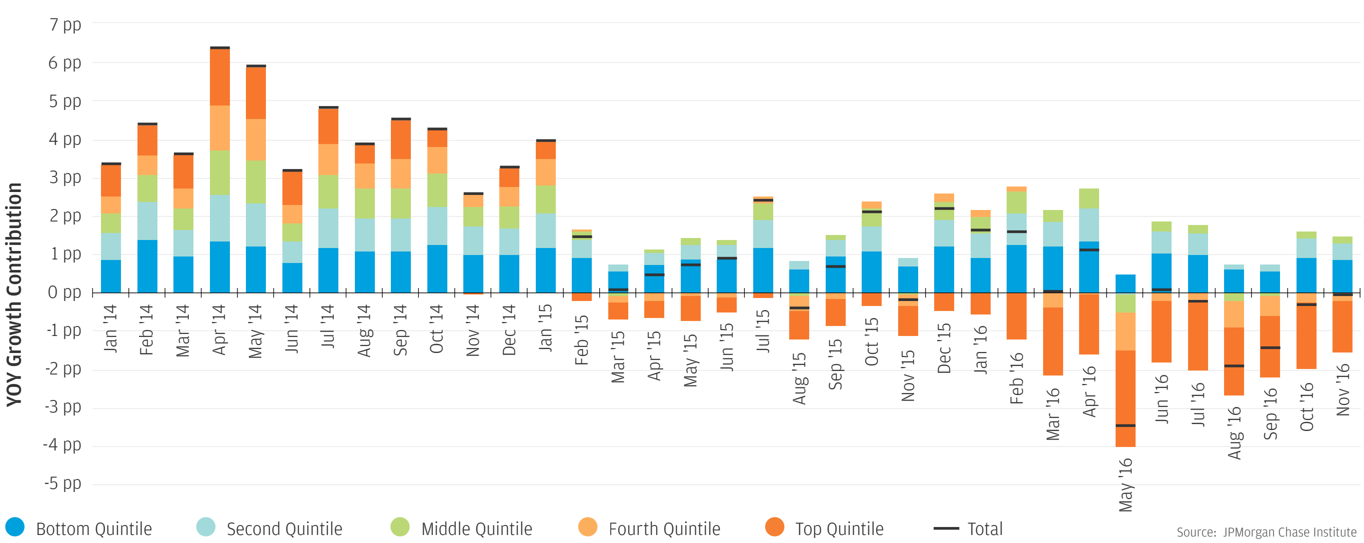
Source: JPMorgan Chase Institute

Millennials: Consumers under 35 continued to make positive contributions to growth in November 2016, albeit at a slightly cooler pace in comparison to October 2016 - consumers under 25 and those between 25 and 34 contributed 0.7 and 0.6 percentage points to growth, respectively.

Baby Boomers: Consumers between 55 and 64 and those 65 and older subtracted 0.5 and 0.3 percentage points from growth, respectively. These drops in growth, however, are the smallest contractions since April 2016 for consumers 55 through 64 and February 2016 for consumers 65 and up.

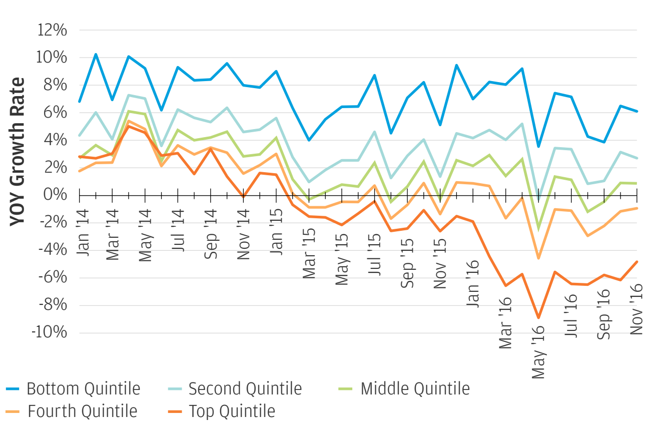
Spending by Income

Growth Contributions by Income Quintile



Source: JPMorgan Chase Institute

Growth Rates by Income Quintile



Source: JPMorgan Chase Institute

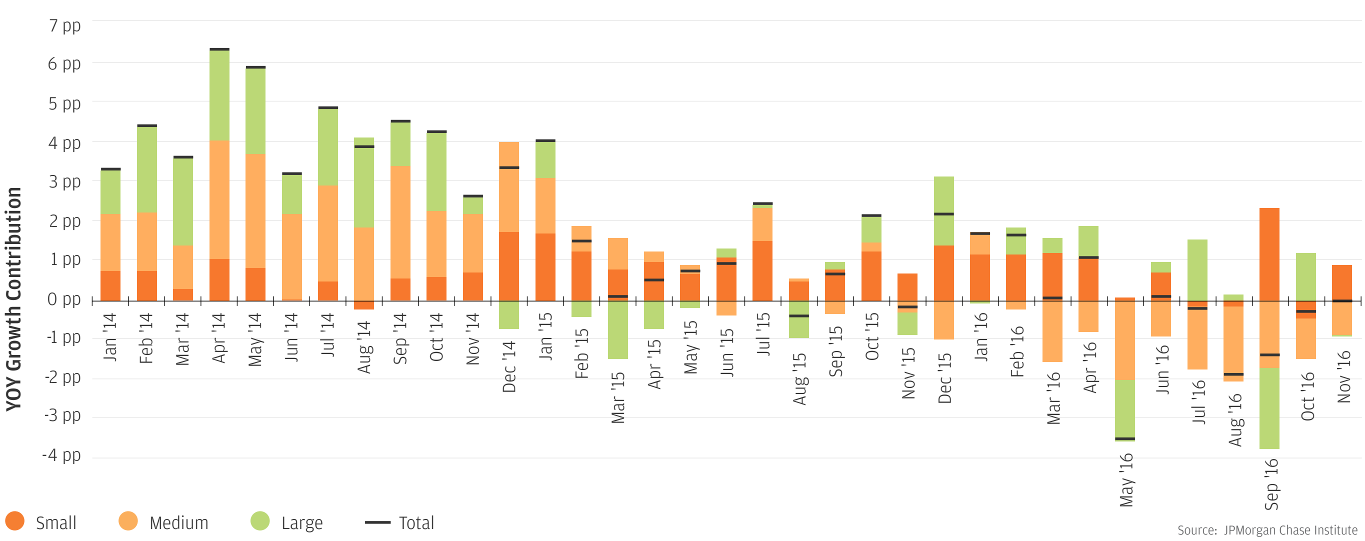
Low Income Consumers: Consumers in the bottom income quintile continued to contribute the most to growth of all income groups, as they have consistently since July 2014, contributing 0.9 percentage points to growth in November 2016.

High Income Consumers: In contrast, consumers in the top income quintile continued to be a drag on growth, as they have been since February 2015, subtracting 1.3 percentage points from growth in November 2016.

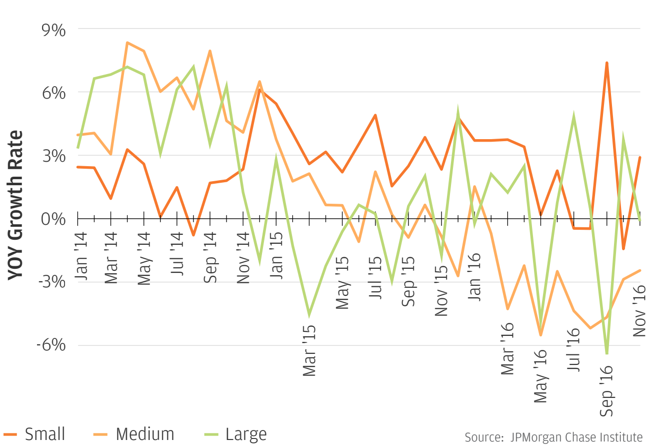
November 2016 is the second month in a row in which the positive growth contributions of consumers in the bottom three income quintiles were overshadowed by continued drags on growth by consumers in the top two income quintiles.

Spending by Size of Business

Growth Contributions by Size of Business



Growth Rates by Size of Business

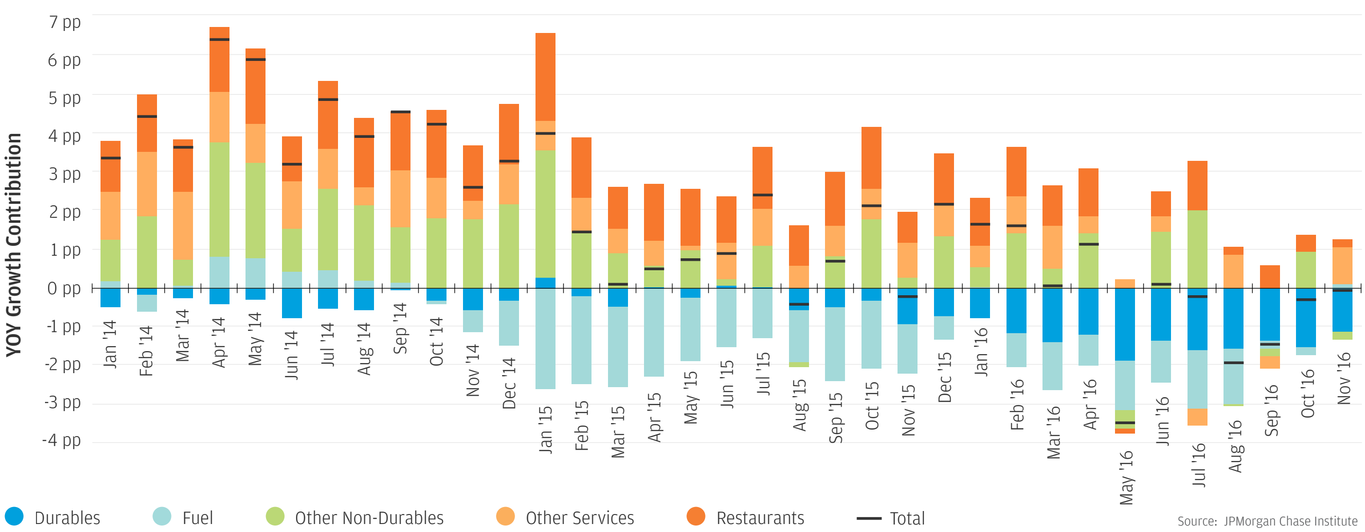


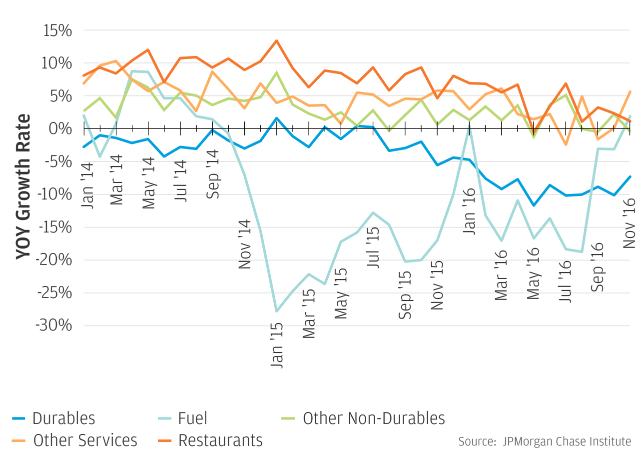
Small Businesses: Small business growth recovered significantly in November 2016, bouncing back from a 0.5 percentage point drag in October to a positive 0.9 percentage point contribution in November.

Mid-Sized Businesses: Mid-sized businesses, however, subtracted 0.9 percentage points from growth in November 2016, cancelling out the growth contributions of small businesses in that month.

Large Businesses: Large business growth contributions fell in November 2016, contributing nothing to growth.

Spending by Product Type





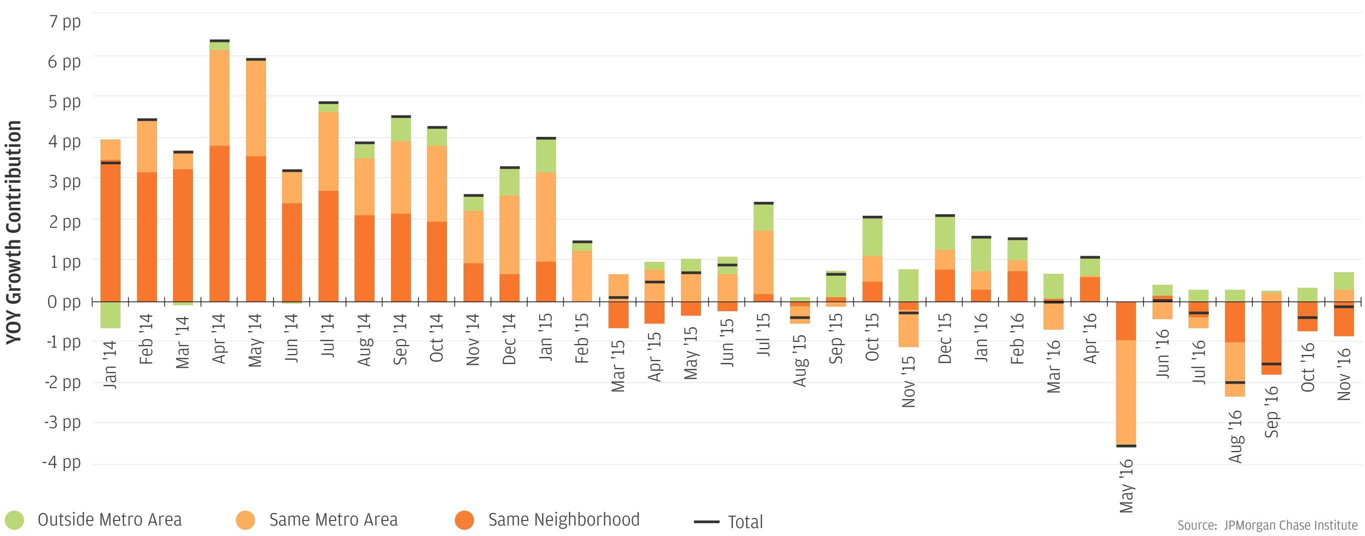
Other Services: Other services contributed 0.9 percentage points to growth in November 2016, the largest contribution across all product types in that month.

Fuel: Fuel spending contributed 0.1 percentage points to growth in November 2016, breaking a trend of negative growth contributions in virtually every month since October 2014.

Durables: Durables spending subtracted 1.1 percentage points from growth, the largest detraction of any product type in November 2016. Durables have been a consistent drag on growth since August 2015.

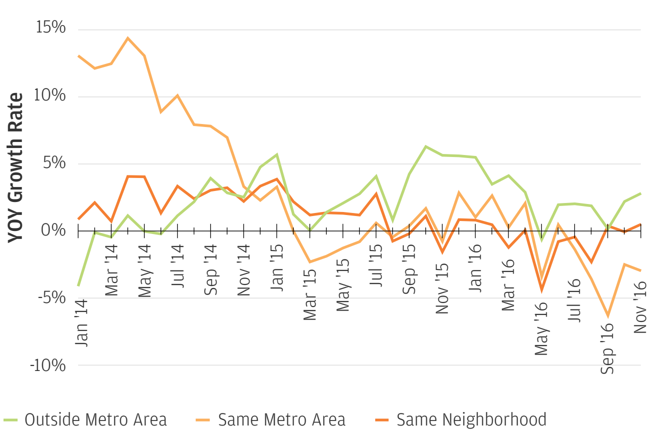
Spending by Consumer Residence

Growth Contributions by Consumer Residence



Source: JPMorgan Chase Institute

Growth Rates by Consumer Residence



Source: JPMorgan Chase Institute

Same Neighborhood: Spending by consumers that reside in the same neighborhood as the merchant subtracted 0.8 percentage points from growth in November 2016.

Same Metro Area: Spending by consumers in the same metro area as the merchant (but not the same neighborhood) grew from a flat growth contribution in October 2016 to a positive growth contribution of 0.3 percentage points in November 2016.

Outside Metro Area: Out of metro area spend contributed 0.4 percentage points to growth in November 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.