RELEASE DATE
Dec 2017

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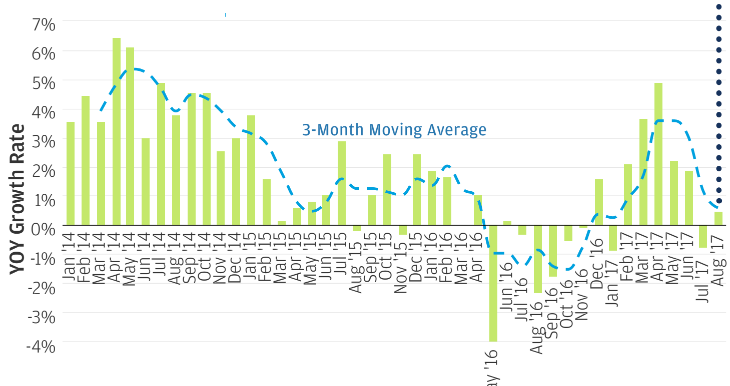
Local Consumer Commerce

August 2017

DATA THROUGH
AUG 2017 ↑0.4%

Highlights across all 14 metro areas

Local Consumer Commerce Index (LCCI)



Source: JPMorgan Chase Institute

Local Consumer Commerce grew by 0.4 percent between August 2016 and August 2017, rebounding from the downturn in year-over-year spending experienced in July 2017. Of the 14 cities we now track, 9 experienced positive growth in year-over-year spending. Millennials and lower income consumers continued to make strong contributions to growth, with consumers under 35 contributing 1.5 percentage points to growth and consumers in the bottom income quintile contributing 0.6 percentage points to growth. For the second month in a row, spending at small businesses was the only business size to contribute to growth.

In late August, the Houston metro area experienced severe flooding and infrastructure damage following Hurricane Harvey. Local consumer commerce in the Houston metro area was 7.5 percent lower in August 2017 than August 2016. Spending in Houston declined substantively across all product types, except for fuel, which added 0.2 percentage points to overall growth. In the coming months, the Institute will use its unique lens on the financial activity of consumers and businesses to examine the impact of Harvey on the metro region in greater detail.

Starting with the August 2017 refresh, 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.

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.

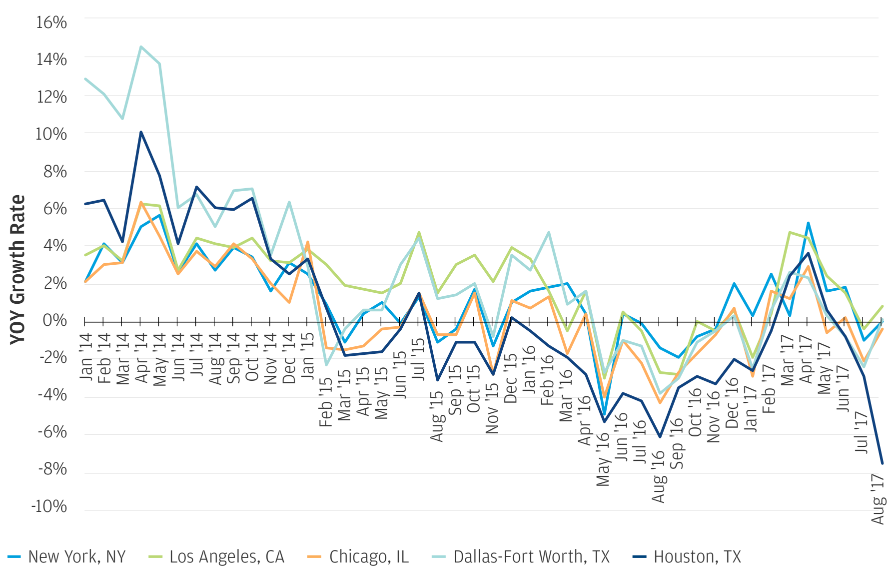
A unique lens. The LCCI is constructed from over 22 billion anonymized credit and debit card transactions from over 64 million Chase customers. Unlike many existing sources of data on consumer spending, the LCCI captures actual transactions, instead of self-reported measures of how consumers think they 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 theeveryday economic health of consumers, businesses, and the places they care about.

Spending by Metro Area

Largest Metro Areas



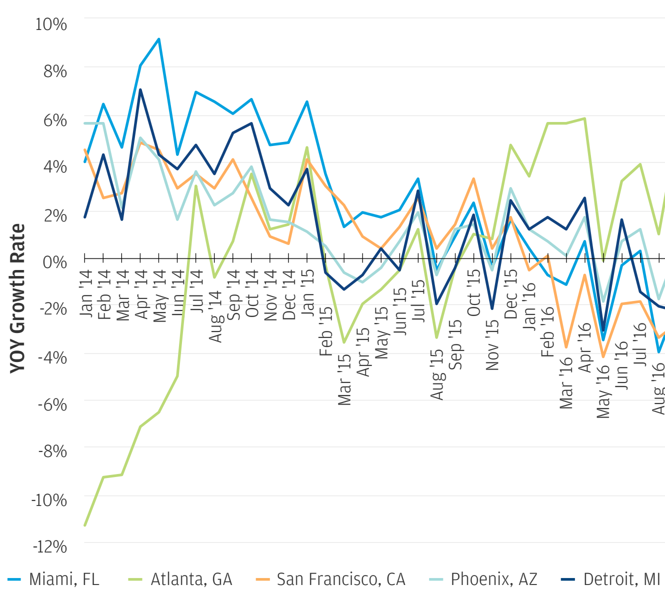
Source: JPMorgan Chase Institute

Los Angeles: Spending in Los Angeles grew by 0.8 percent year-over-year in August 2017, the highest growth rate among the large metro areas.

Houston: Following severe flooding in the wake of Hurricane Harvey, year-over-year spending declined by 7.5 percent in the Houston metro area, the largest growth decline among the large metro areas.

On average, local spending among the large sized metro-areas declined by 1.4 percent year-over-year in August 2017. However, all large metro areas except for Houston saw higher growth in August relative to July.

Mid-Sized Metro Areas



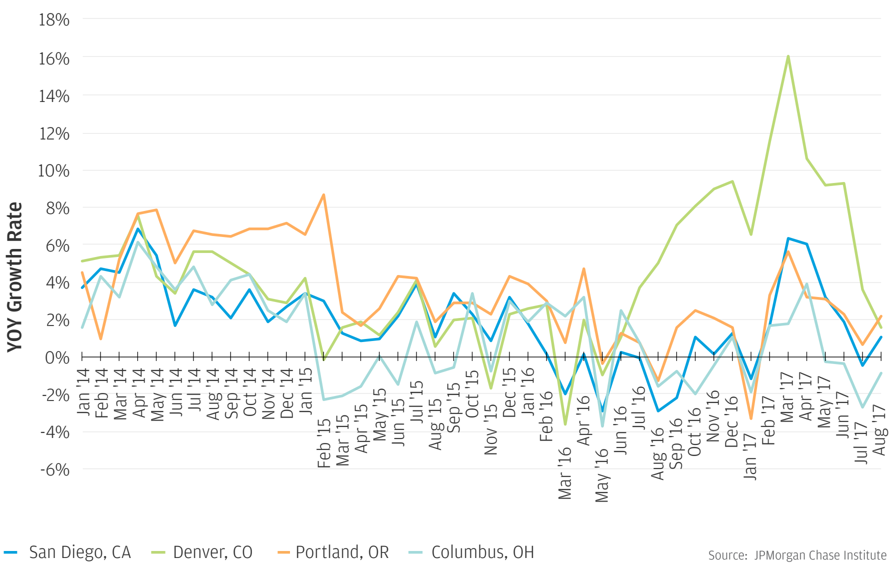
Source: JPMorgan Chase Institute

San Francisco: Spending in San Francisco grew by 2.1 percent year-over-year in August 2017, the highest growth rate among the mid-sized metro areas

Atlanta: Atlanta experienced a spending decline of 0.2 percent between August 2016 and August 2017, and was the only mid-sized metro area to experience a spending decline in August 2017.

On average, local spending in mid-sized metro areas grew by 0.9 percent year-over-year in August 2017, and they all saw higher year-over-year growth in August relative to July.

Smaller Metro Areas



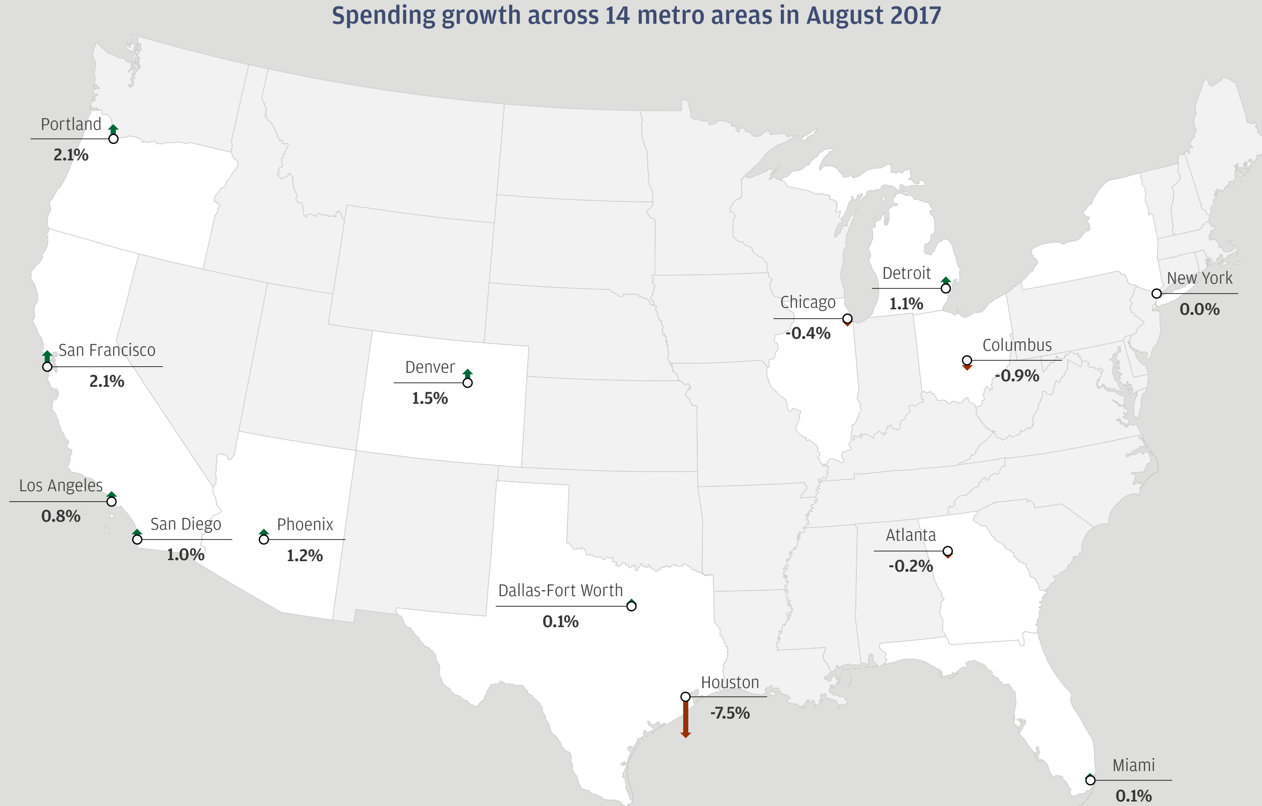
Source: JPMorgan Chase Institute

Portland: Local spending in Portland grew by 2.1 percent between August 2016 and August 2017, the highest growth rate among the small LCC metro areas.

Columbus: Columbus experienced a year-over-year spending decline of 0.9 percent in August 2017, the lowest growth rate among the small LCC metro areas.

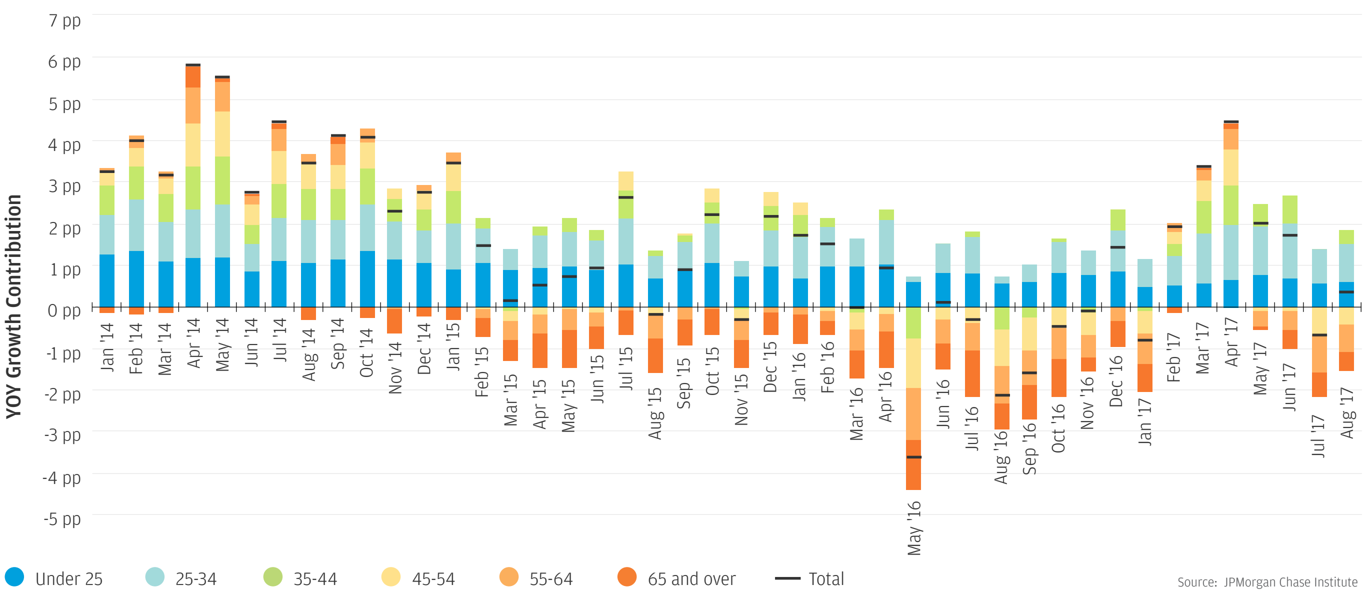
On average, local spending in the smaller metro areas grew by 0.9 percent year-over-year in August 2017.

Spending growth across 14 metro areas in August 2017



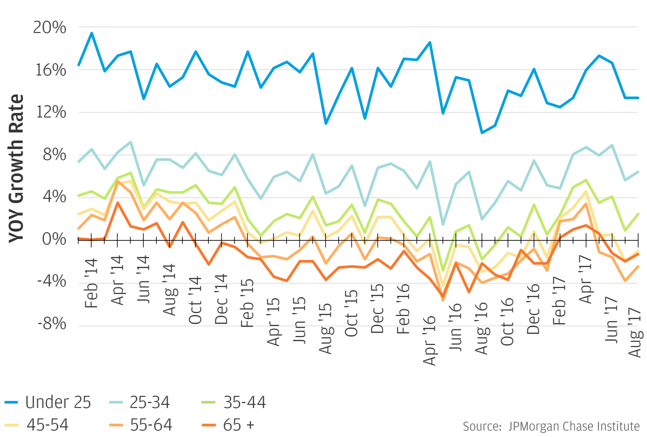
Spending by Age

Growth Contributions by Age Group



Source: JPMorgan Chase Institute

Growth Rates by Age Group



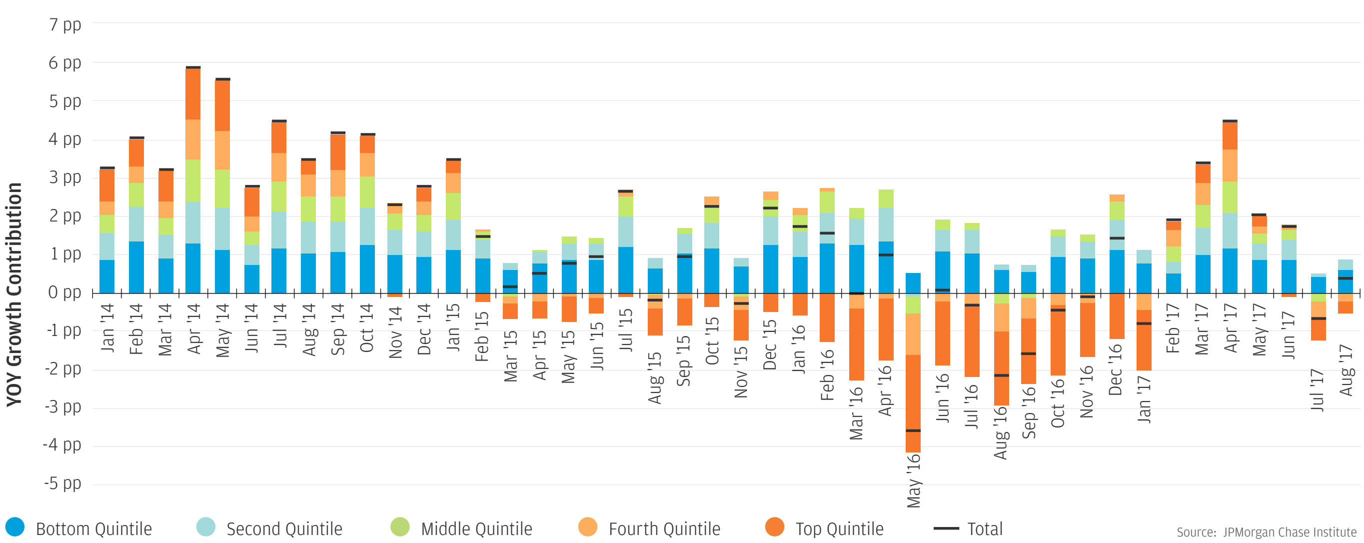
Source: JPMorgan Chase Institute

Millennials: Consumers under 35 contributed 1.5 percentage points to year-over-year growth in August 2017, with consumers under 25 contributing 0.6 percentage points to growth and consumers between 25 and 34 contributing 0.9 percentage points to growth.

Older Consumers: Consumers 55 and over subtracted 1.1 percentage points from year-over-year growth in August 2017, with consumers between the ages of 55 and 64 subtracting 0.6 percentage points from growth and consumers 65 and over subtracting 0.5 percentage points from growth.

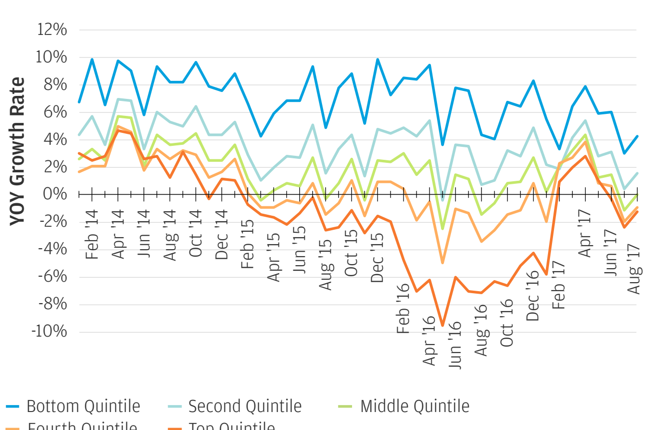
Spending by Income

Growth Contributions by Income Quintile



Source: JPMorgan Chase Institute

Growth Rates by Income Quintile



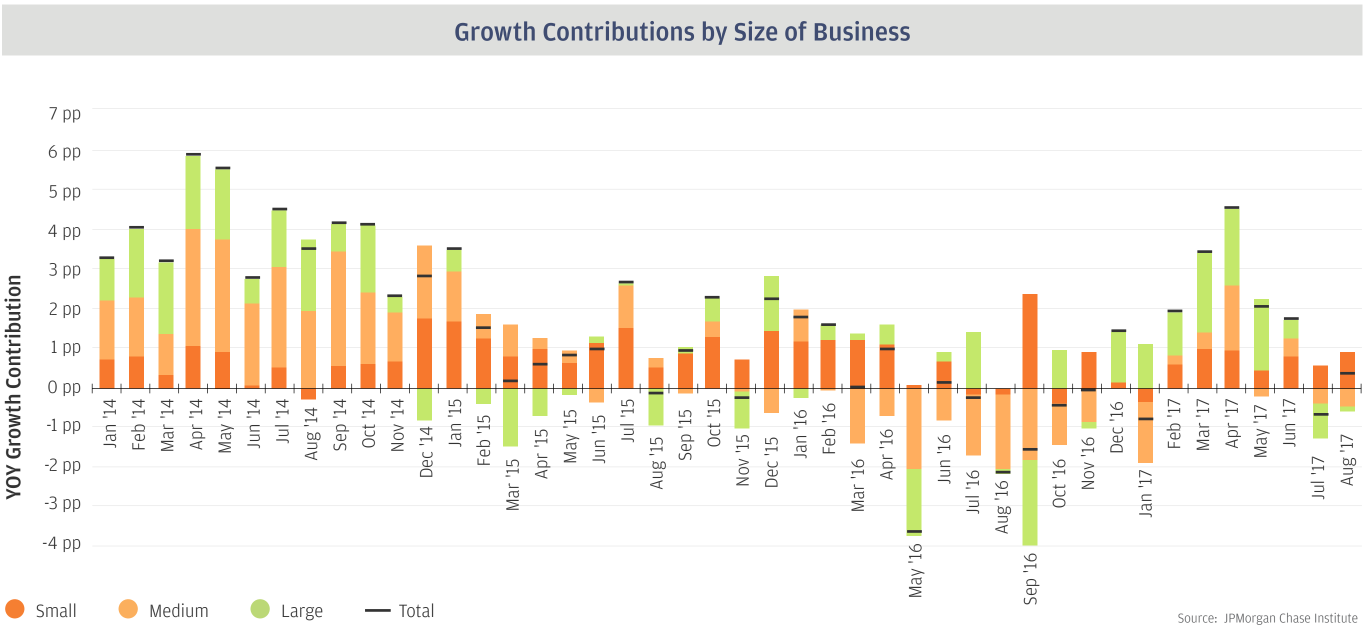
Source: JPMorgan Chase Institute

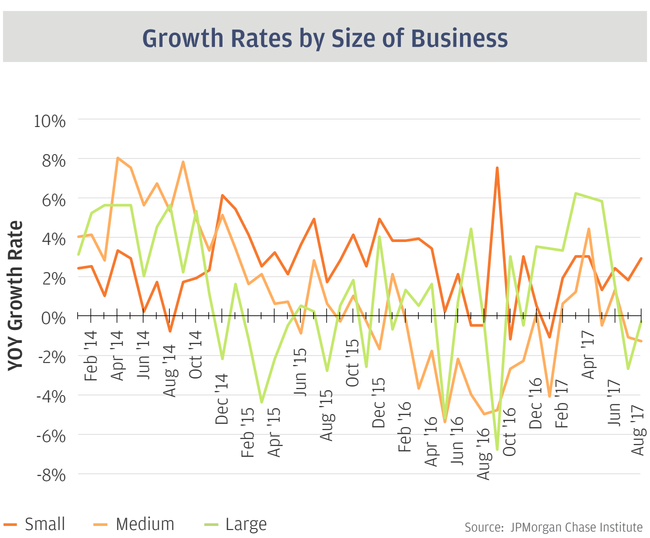
Low Income Consumers: Consumers in the bottom income quintile contributed 0.6 percentage points to year-over-year growth in August 2017, the largest growth contribution among all income quintiles.

High Income Consumers: Consumers in the top income quintile subtracted 0.3 percentage points from year-over-year growth in August 2017, the largest subtraction from growth among all income quintiles.

Despite strong year-over-year spending growth across the income spectrum in the earlier half of 2017, we notice a reversion to the spending growth patterns observed in 2015 through 2016, where lower income consumers contribute to growth while higher income consumers subtract from it.

Spending by Size of Business





Small Businesses: Spending at small businesses contributed 0.9 percentage points to year-over-year growth in August 2017.

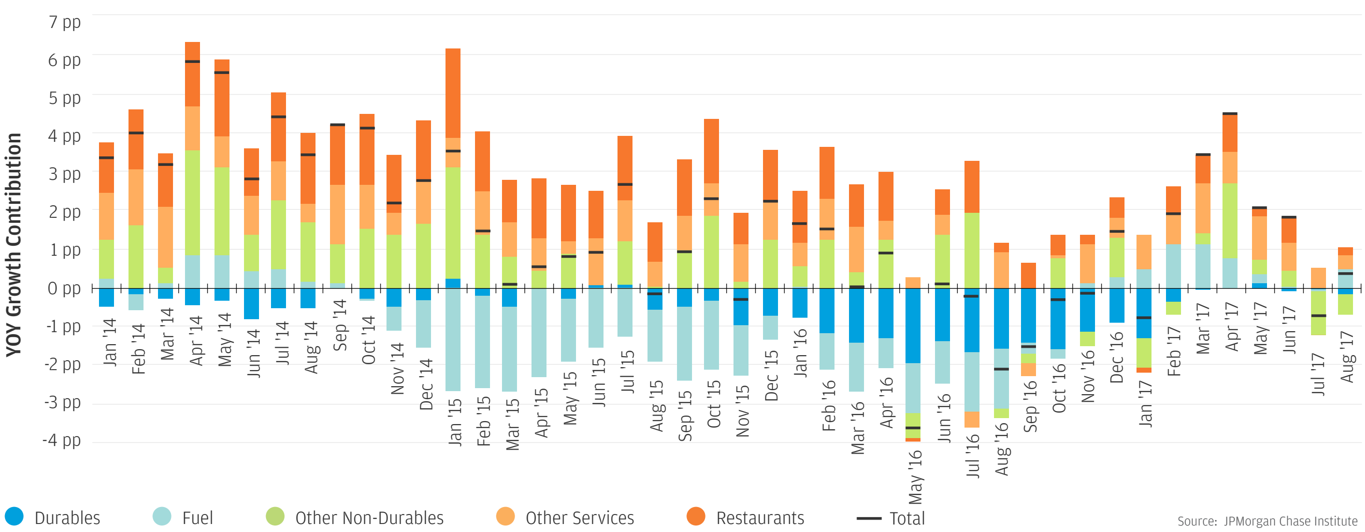
For the second month in a row, small businesses were the only business size to contribute to year-over-year growth.

Mid-Sized Businesses: Mid-sized businesses subtracted 0.5 percentage points from year-over-year growth in August 2017.

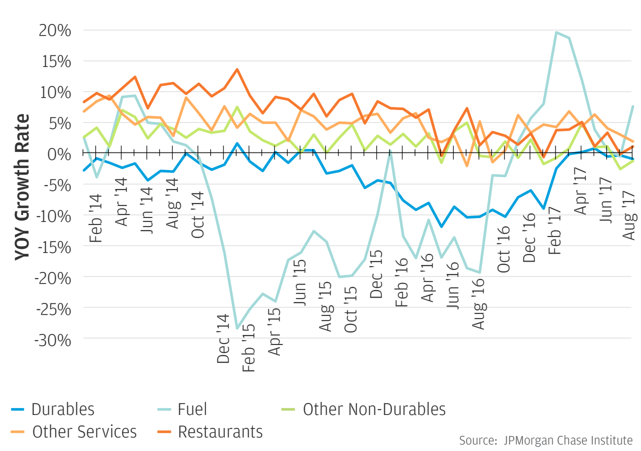
Large Businesses: Large businesses subtracted 0.1 percentage points from year-over-year growth in August 2017.

Spending by Product Type

Growth Contributions by Product Type



Growth Rates by Product Type



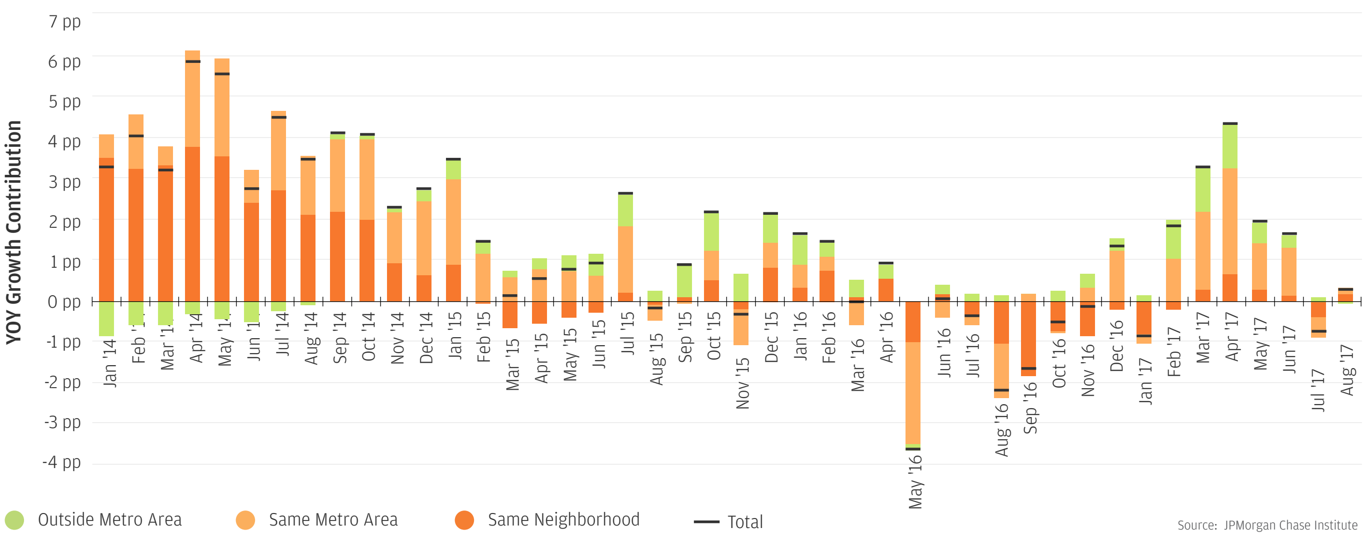
Fuel: Spending on fuel contributed 0.5 percentage points to growth between August 2016 and August 2017.

Non-durables: Spending on non-durable goods subtracted 0.5 percentage points from year-over-year growth in August 2017.

Other Services: Spending on other services contributed 0.3 percentage points to year-over-year growth in August 2017.

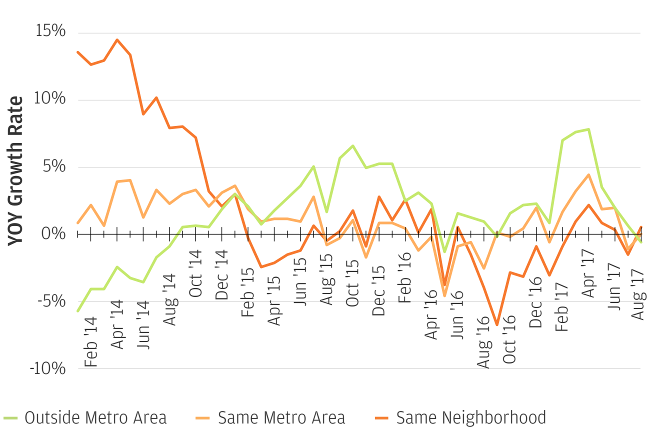
Spending by Consumer Residence

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 0.2 percentage points to year-over-year growth in August 2017.

Same Metro Area: Spending by consumers in the same metro area as the merchant (but not the same neighborhood) contributed 0.1 percentage points to growth in August 2017.

Outside Metro Area: Out of metro area spend subtracted 0.1 percentage points from year-over-year growth in August 2017.

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, 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.