RELEASE DATE
MAR 2017

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# Local Consumer Commerce

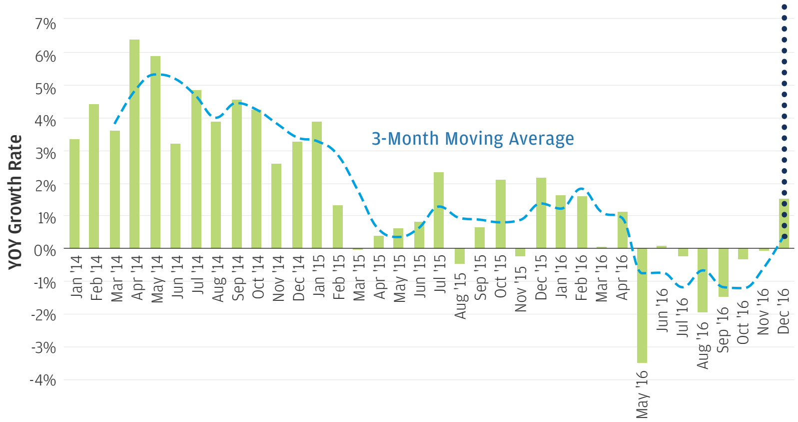
## DECEMBER 2016

DATA THROUGH
DEC 2016 ↑ 1.5%

## Growth across all 15 cities

Local Consumer Commerce grew 1.5 percent between December 2015 and December 2016, ending a period of sustained declines that began in July 2016. Out of the 15 cities we track, 14 had better year-over-year growth rates in December 2016 compared to November 2016, and only Houston experienced negative growth. For the first time since February 2016, the drag on growth from consumers in the top income quintile was offset by growth contributions of consumers in the bottom income quintile. Consumers between the ages of 35 and 54 jointly made their first positive growth contribution since April 2016. Non-durable spending rebounded significantly relative to November, contributing 1.2 percentage points to overall growth.

**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.

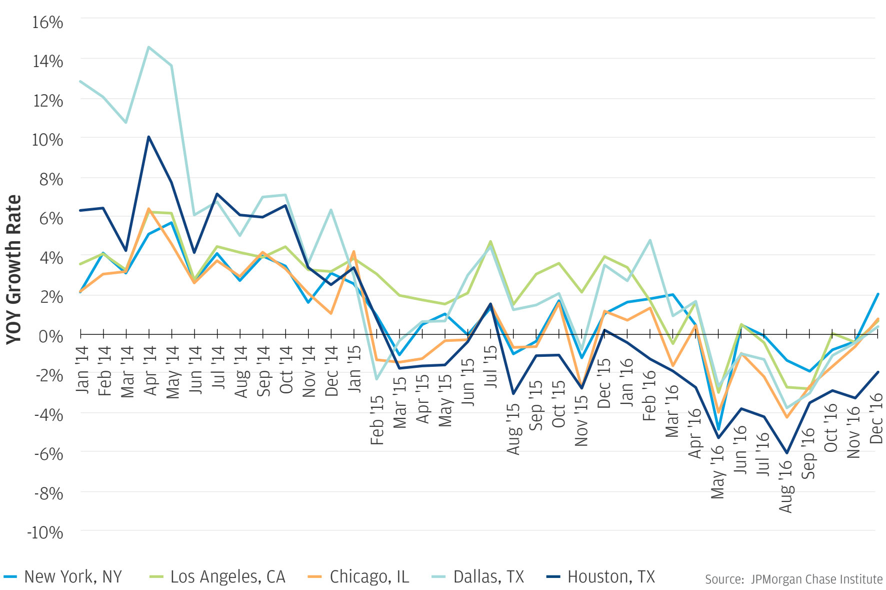
**A unique lens.** The LCCI is constructed from over 18 billion de-identified credit and debit card transactions from over 58 million Chase customers. Unlike many existing sources of data on consumer spending, the LCCI captures actual transactions, instead of self-reported measures of how consumers think 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.

# Spending by Metro Area

## Largest Metro Areas

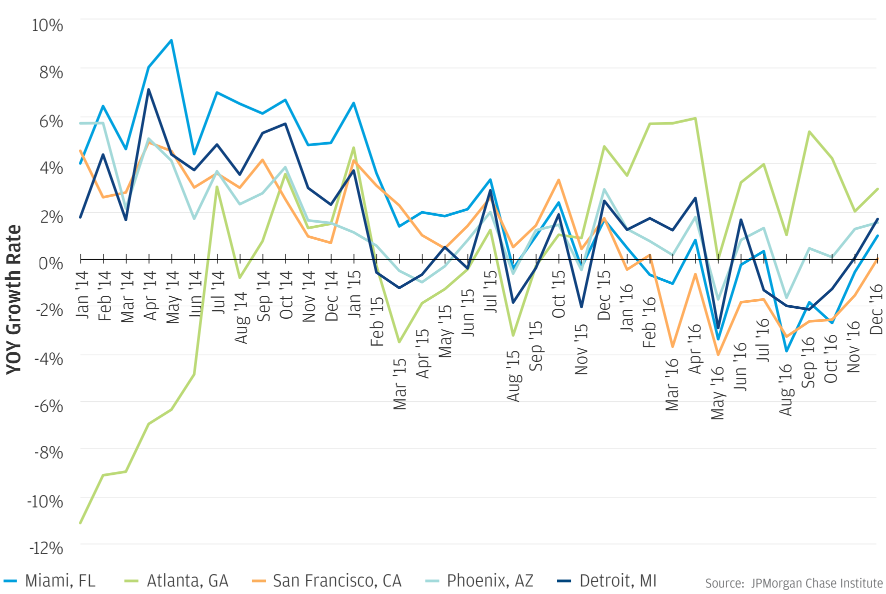



**New York:** New York grew at 2 percent in December 2016, the fastest of any large LCCI city.

**Houston:** Houston was the only large LCCI city in December 2016 to not register a positive growth rate. Regardless, the 2 percent contraction is the smallest contraction for Houston since March 2016.

The average growth rate for the large LCCI cities was 0.3 percent in December 2016, breaking a trend of negative average growth rates for this group that started in May 2016.

## Mid-Sized Metro Areas

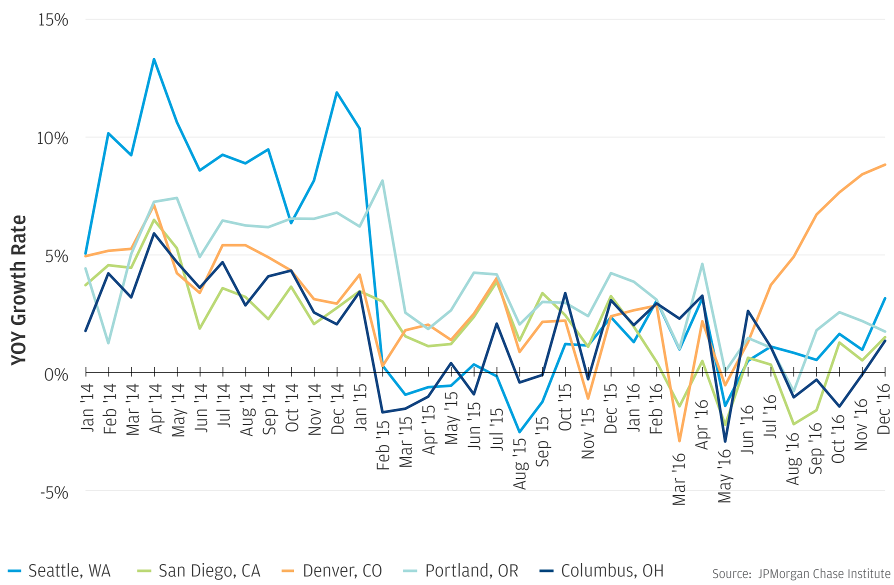



**San Francisco:** San Francisco experienced flat growth in December 2016, the first non-negative growth rate for the city since February 2016.

**Atlanta:** At 2.9 percent, Atlanta had the largest growth rate out of all the mid-sized LCCI cities.

The average growth rate for the mid-sized LCCI cities was 1.4 percent in December 2016.

## Smaller Metro Areas



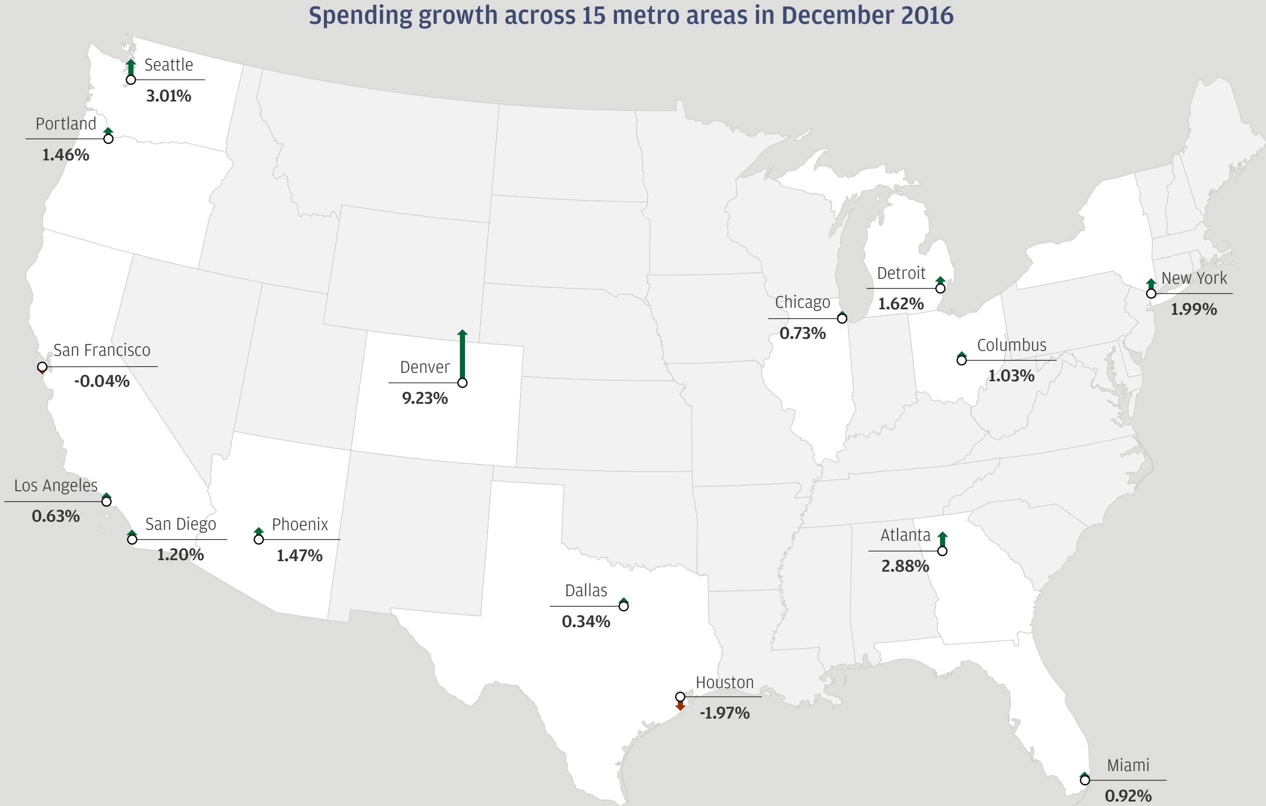

Source: JPMorgan Chase Institute

**Columbus:** At 1 percent, Columbus had the lowest growth rate out of all the small LCCI cities in December 2016; this 1 percent growth is the first positive growth rate for the city since July 2016.

**Denver:** Denver closed 2016 out with a growth rate of 9.2 percent in December. Note that Denver has had the highest growth rate of all the LCCI cities since August 2016.

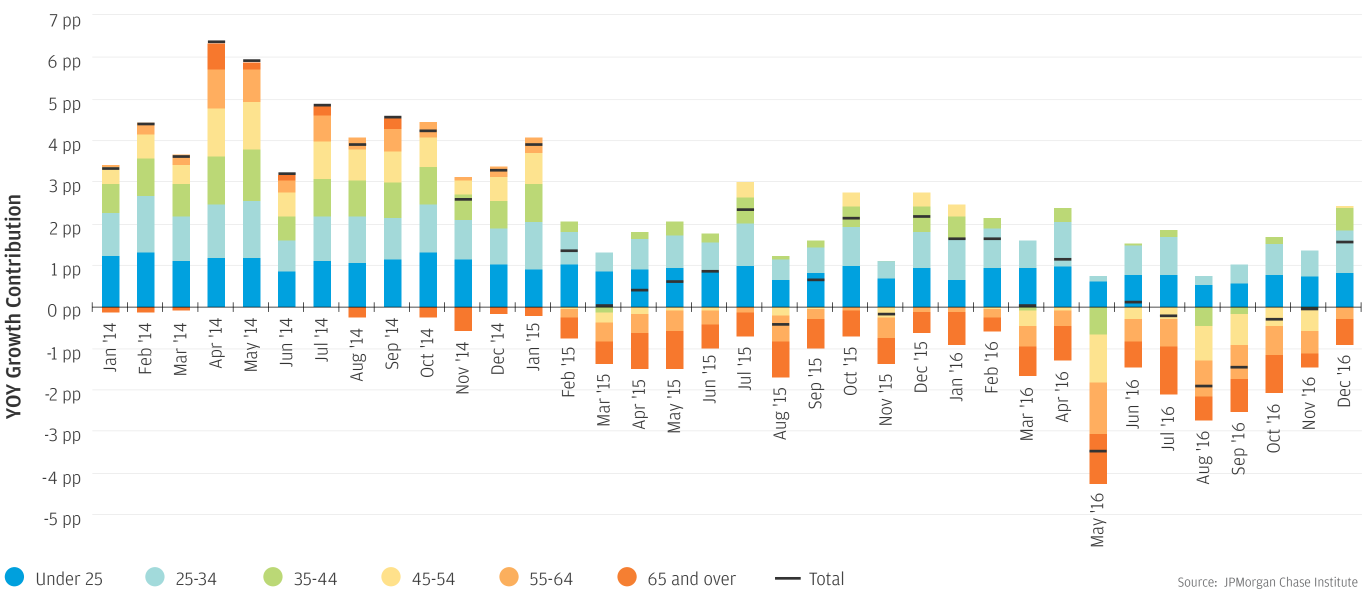
The average growth rate for the small LCCI cities in December 2016 was 3.2 percent.

## Spending growth across 15 metro areas in December 2016



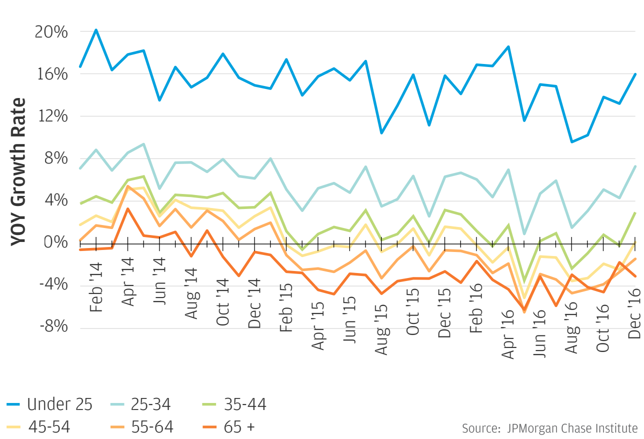
# Spending by Age

## Growth Contributions by Age Group




Source: JPMorgan Chase Institute

## Growth Rates by Age Group




Source: JPMorgan Chase Institute

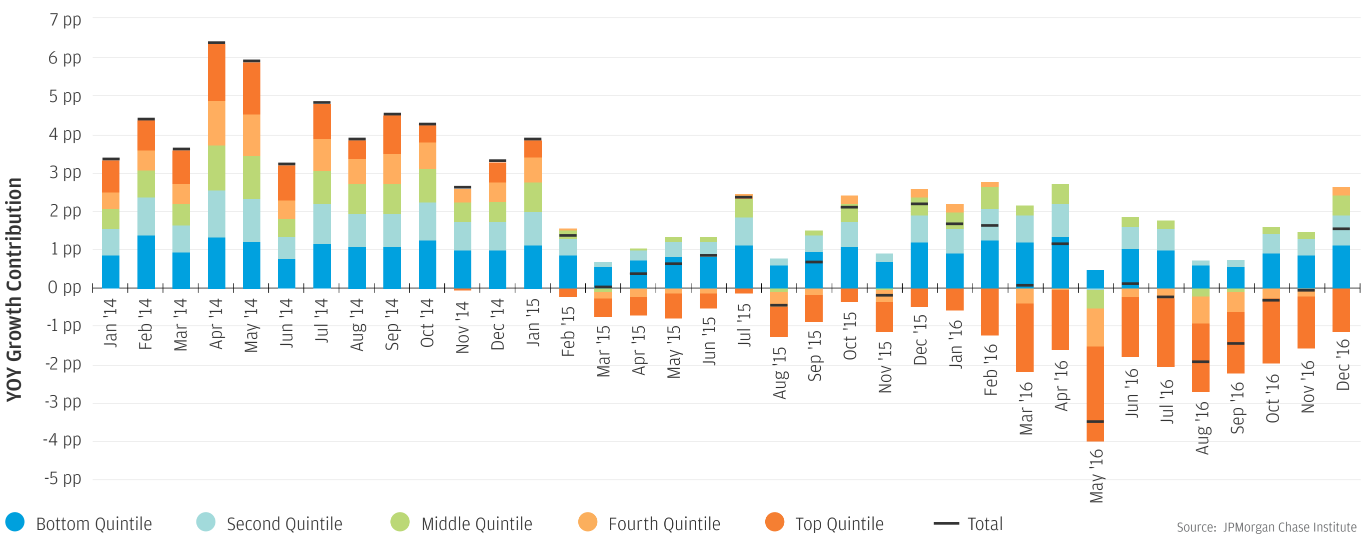
**Millennials:** Consumers under 35 made a contribution of 1.9 percentage points in December 2016, with consumers under 25 and consumers between 25 and 34 contributing 0.9 and 1 percentage points, respectively.

**Generation X:** Consumers between 35 and 54 collectively made a positive contribution to growth for the first time since April 2016. Consumers between 35 and 44 added 0.5 percentage points, and consumers between 45 and 54 had flat growth.

**Baby Boomers:** Consumers between 55 and 64 and 65 and up continued to be a drag on growth in December 2016, subtracting 0.3 and 0.6 percentage points from growth. Consumers over 65 are the only group that experienced a lower growth rate in December than November.

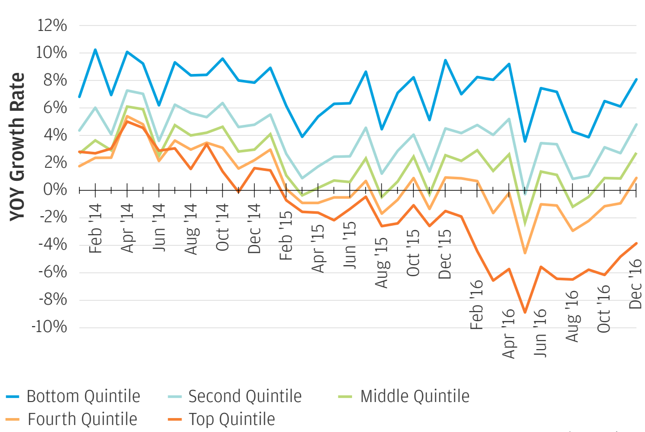
# Spending by Income

## Growth Contributions by Income Quintile




Source: JPMorgan Chase Institute

## Growth Rates by Income Quintile




Source: JPMorgan Chase Institute

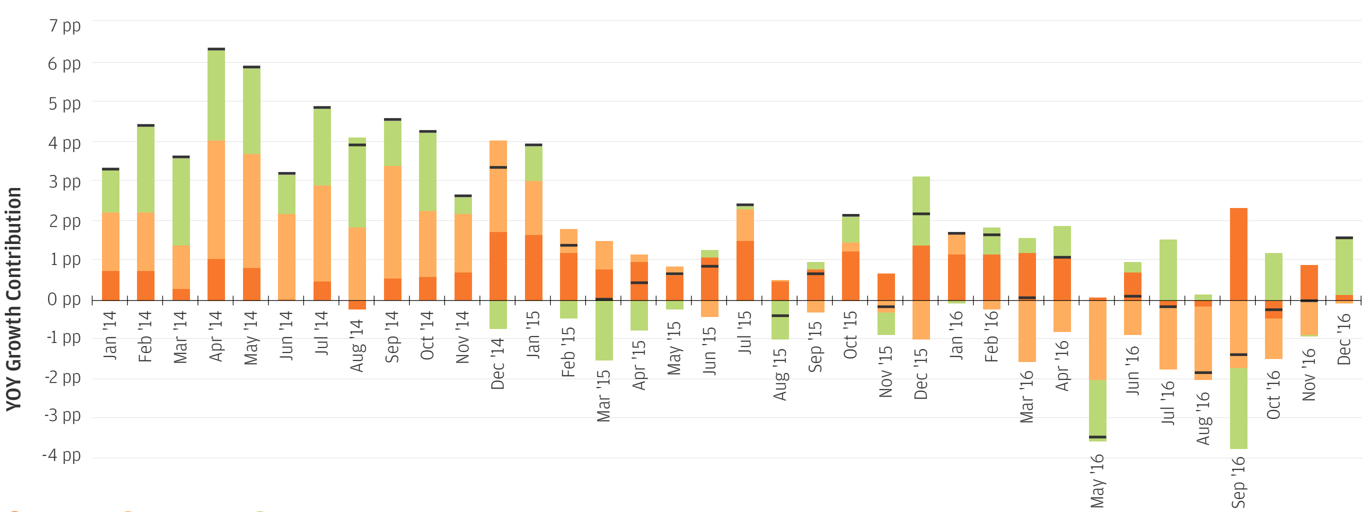
**Low Income Consumers:** Consumers in the bottom income quintile closed out 2016 by continuing their trend of strong contributions to growth, contributing 1.1 percentage points to growth in December 2016.

**High Income Consumers:** By contrast, consumers in the top income quintile closed out 2016 by subtracting 1.1 percentage points from growth in December, continuing a trend of negative contributions to growth.

December 2016 marks the first month since February 2016 that the growth subtractions of the highest income quintile were offset by the growth contributions of the lowest income quintile.

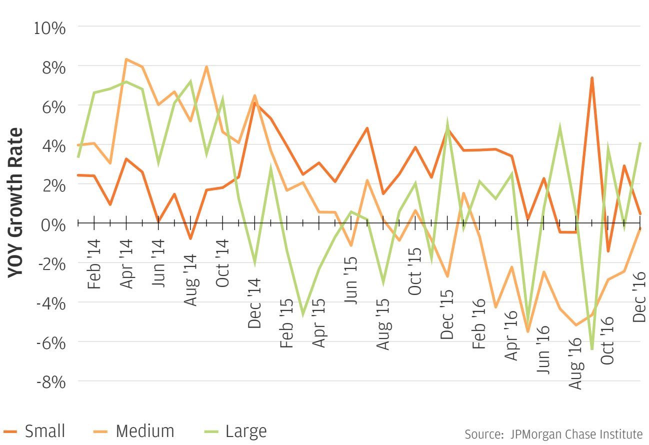
# Spending by Size of Business

## Growth Contributions by Size of Business




Source: JPMorgan Chase Institute

## Growth Rates by Size of Business




Source: JPMorgan Chase Institute

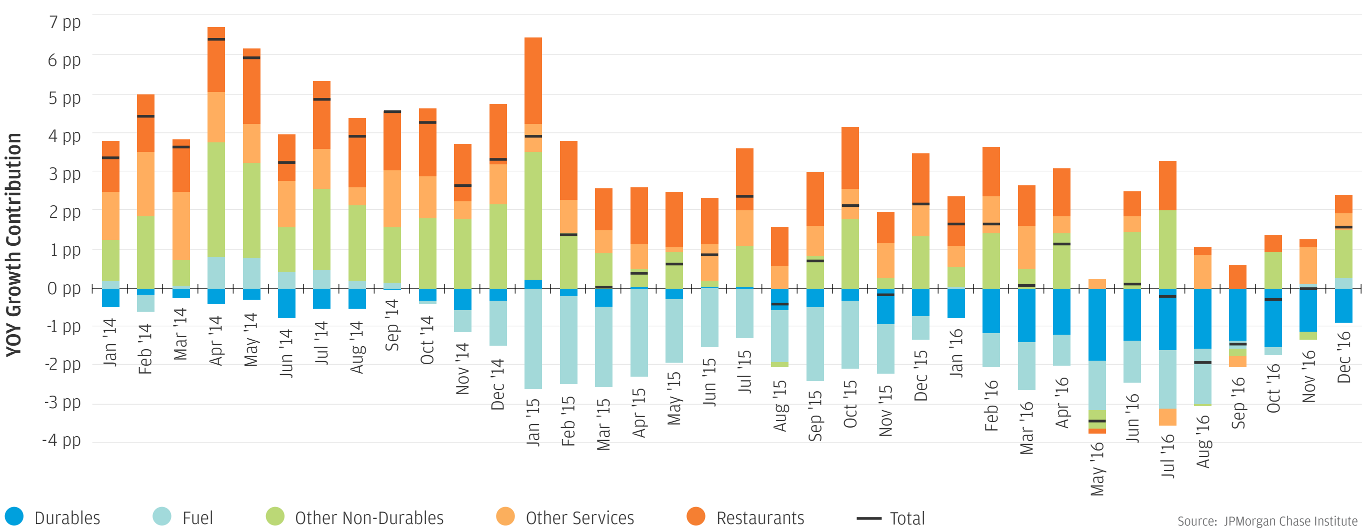
**Small Businesses:** Contributions from small businesses cooled slightly, falling from a 0.9 percentage point contribution in November 2016 to 0.1 percentage point contribution in December 2016.

**Mid-Sized Businesses:** The contributions of small businesses were counterbalanced by an equal 0.1 percentage point subtraction from growth by mid-sized businesses in December 2016.

**Large Businesses:** Large businesses contributed 1.5 percentage points to growth in December 2016, the largest contribution of any business size in that month.

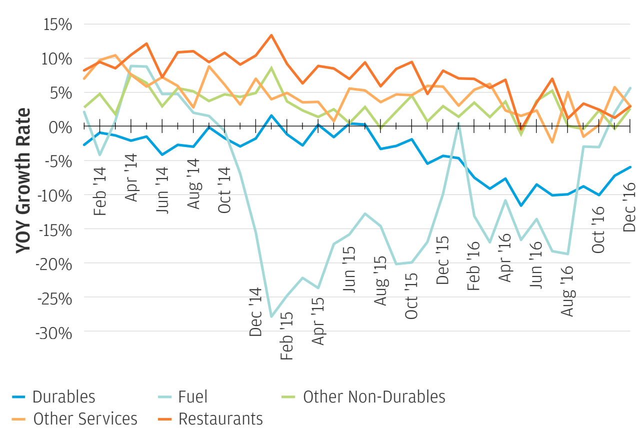
# Spending by Product Type

## Growth Contributions by Product Type




Source: JPMorgan Chase Institute

## Growth Rates by Product Type




Source: JPMorgan Chase Institute

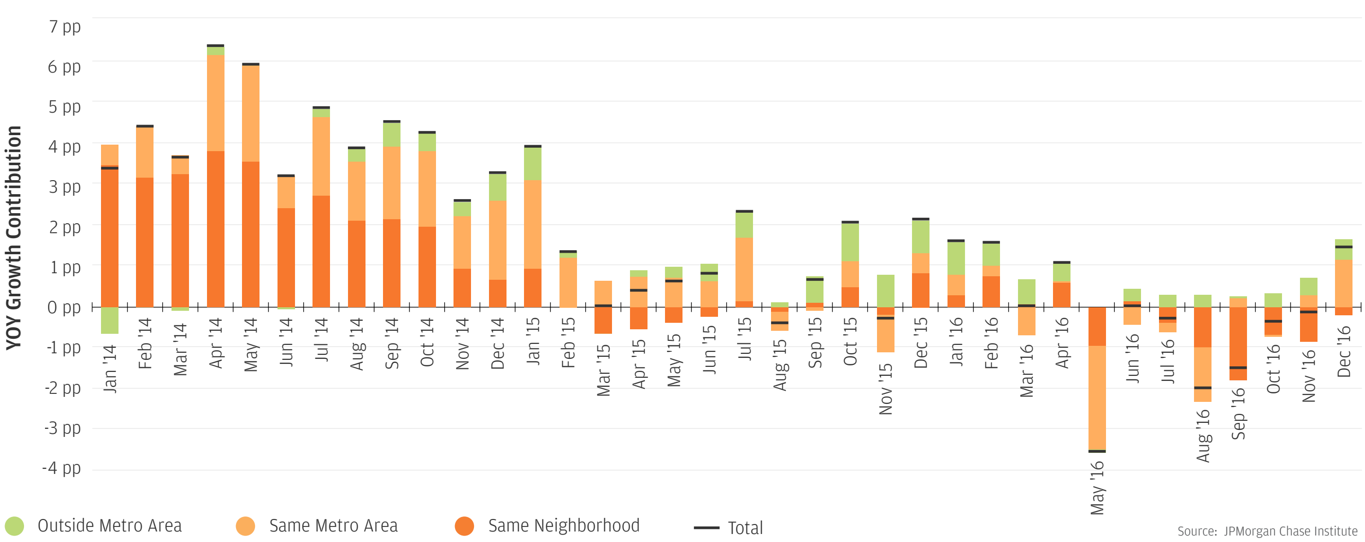
**Durables:** Spending on durable goods at the close of 2016 fell by 0.9 percentage points year-over-year. Note that durables have consistently been a drag on growth for the entirety of 2016, with an average drag of 1.3 percentage points over this period.

**Fuel:** Fuel spending contributed 0.3 percentage points to growth in December 2016, picking up from the 0.1 percentage point contribution in November 2016 that broke a series of declines in virtually every month since October 2014.

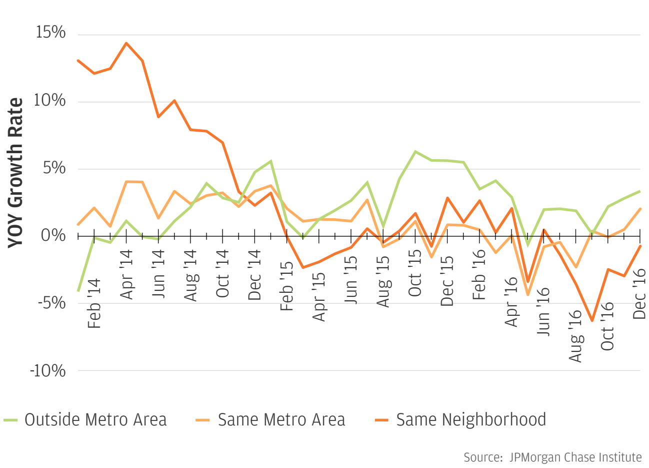
**Non-Durables:** Non-durable spending contributed 1.2 percentage points to growth in December 2016, bouncing back from the subtraction of 0.2 percentage points in November 2016.

# Spending by Consumer Residence

### Growth Contributions by Consumer Residence




### Growth Rates by Consumer Residence




**Same Neighborhood:** Spending from customers from the same neighborhood as the merchant subtracted 0.2 percentage points from overall growth in December 2016.

**Same Metro Area:** Spending by consumers in the same metro area as the merchant (but not the same neighborhood) contributed 1.2 percentage points to growth in December 2016, a significant uptick relative to the contribution of 0.3 percentage points in November.

**Outside Metro Area:** Out of metro area spend contributed 0.5 percentage points to growth in December 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] 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.