

# Local Consumer Commerce

## July 2018

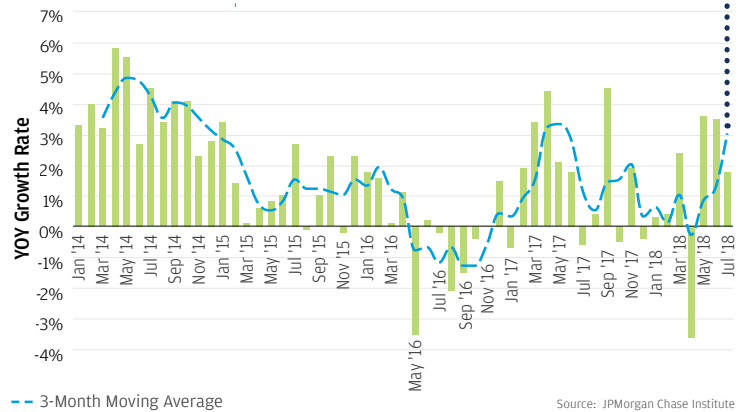
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DATA THROUGH  
JUL 2018 **↑ 1.8%**

### Highlights across all 14 metro areas

Local Consumer Commerce increased by 1.8 percent in July 2018. While growth is down from 3.4 percent in June 2018, all the metro areas tracked by the LCCI<sup>1</sup> posted positive growth for the third consecutive month. Since May 2018, the LCCI has seen widespread positive growth contributions across demographic, geographic, and firmographic segments. This is a notable difference from prior months in the series, where certain segments consistently subtracted from growth. In July 2018, consumers under the age of 35 accounted for 1.4 percentage points of the overall growth rate. For the second month in a row, spending on fuel made the largest contribution of any product type, contributing 1.3 percentage points to overall growth. Since January 2015, growth contributions from spending at merchants in the same region as the consumer's residence has been the most volatile series among consumer residence segments.



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 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.

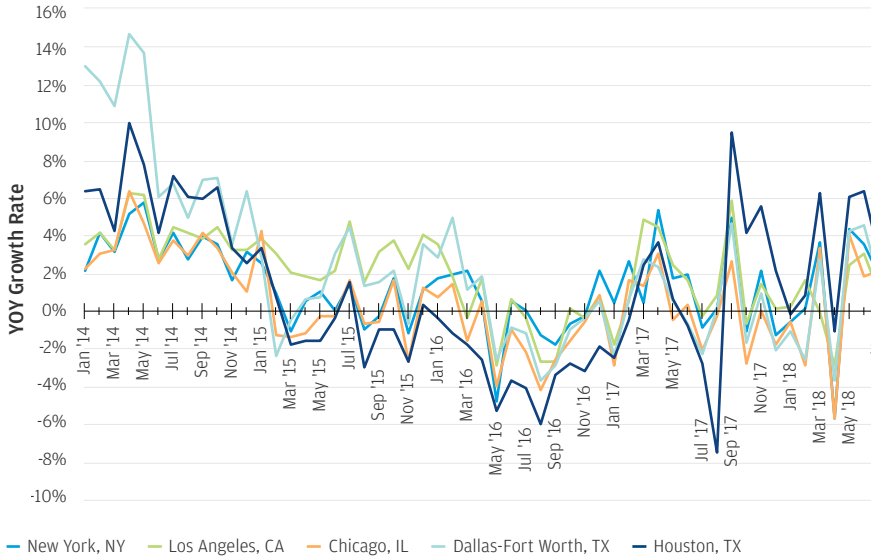
**Our sample.** The LCCI measures everyday spending across 14 metro areas: Atlanta, Chicago, Columbus, Dallas- Ft. Worth, Denver, Detroit, Houston, Miami, Los Angeles, New York, Phoenix, Portland (OR), San Diego, and San Francisco. Our portfolio of metro areas mirrors the geographic and economic diversity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



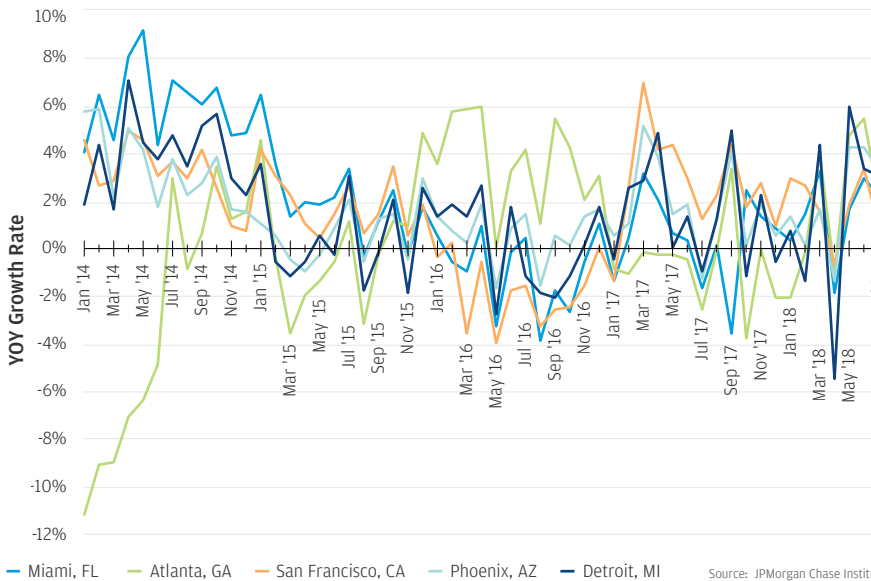
**Houston:** Local spending at Houston-area merchants increased by 3.0 percent year-over-year in July 2018. This was the highest growth rate among large metro areas, but down from the 6.2 percent growth seen in Houston in June 2018.

**Los Angeles:** All the large metro areas we track posted positive growth rates, but Los Angeles' was the lowest at 1.0 percent. This is down from 3.0 percent growth in June 2018.

The unweighted average in year-over-year local spending growth across the large metro areas was an increase of 1.9 percent in July 2018.

Source: JPMorgan Chase Institute

## Mid-Sized Metro Areas



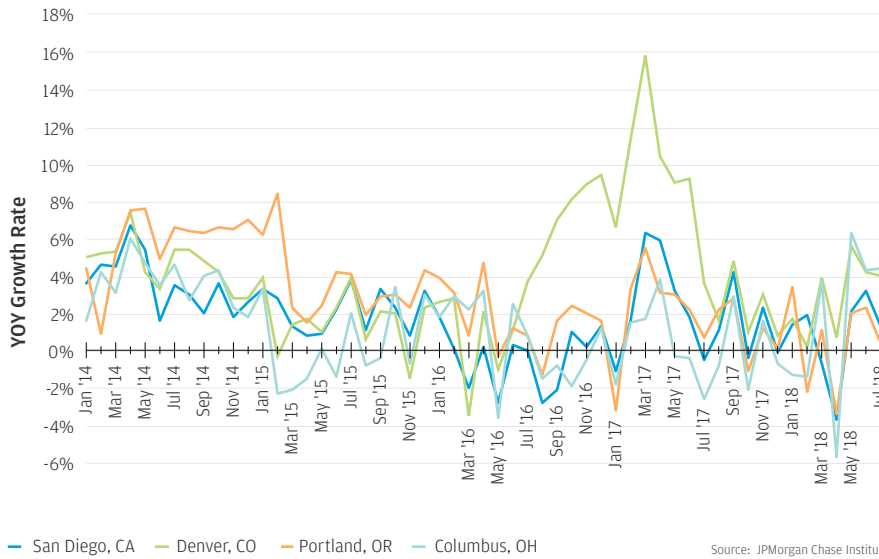
**Phoenix:** Spending at local merchants in Phoenix increased by 3.3 percent year-over-year in July 2018. This was the largest growth rate among mid-sized metro areas.

**San Francisco:** July spending at local merchants increased 0.9 percent year-over-year. This represents a 2.4 percentage point decline from the 3.3 percent growth in June 2018.

The unweighted average in year-over-year local spending growth across the mid-sized metro areas was an increase of 2.3 percent.

Source: JPMorgan Chase Institute

### Smaller Metro Areas



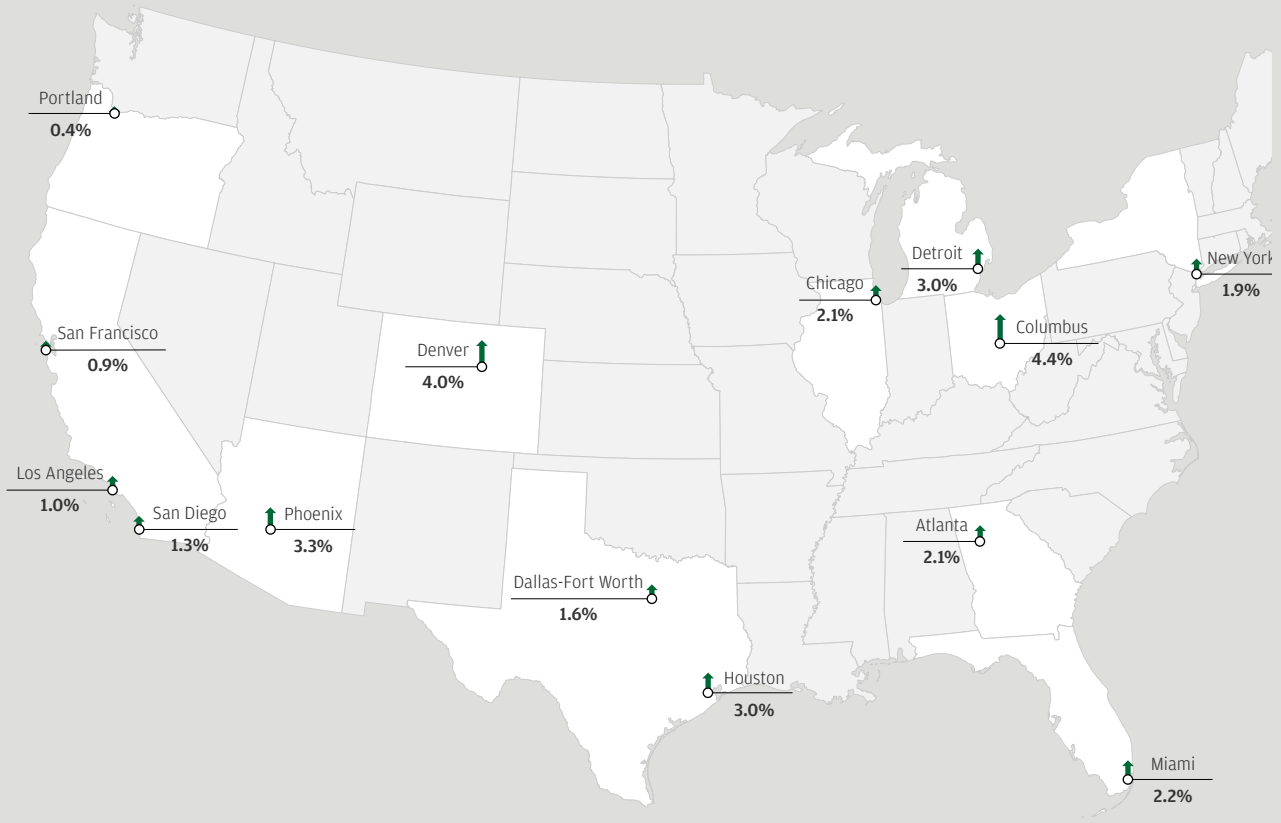
**Columbus:** For the third consecutive month, Columbus posted the highest growth rate among smaller metro areas, with spending at local merchants increasing 4.4 percent.

**Portland:** For the third consecutive month, Portland had the lowest growth rate among smaller metro areas, with spending at local merchants increasing by 0.4 percent.

The unweighted average in year-over-year local spending growth across the mid-sized metro areas was an increase of 2.5 percent in July 2018.

Source: JPMorgan Chase Institute

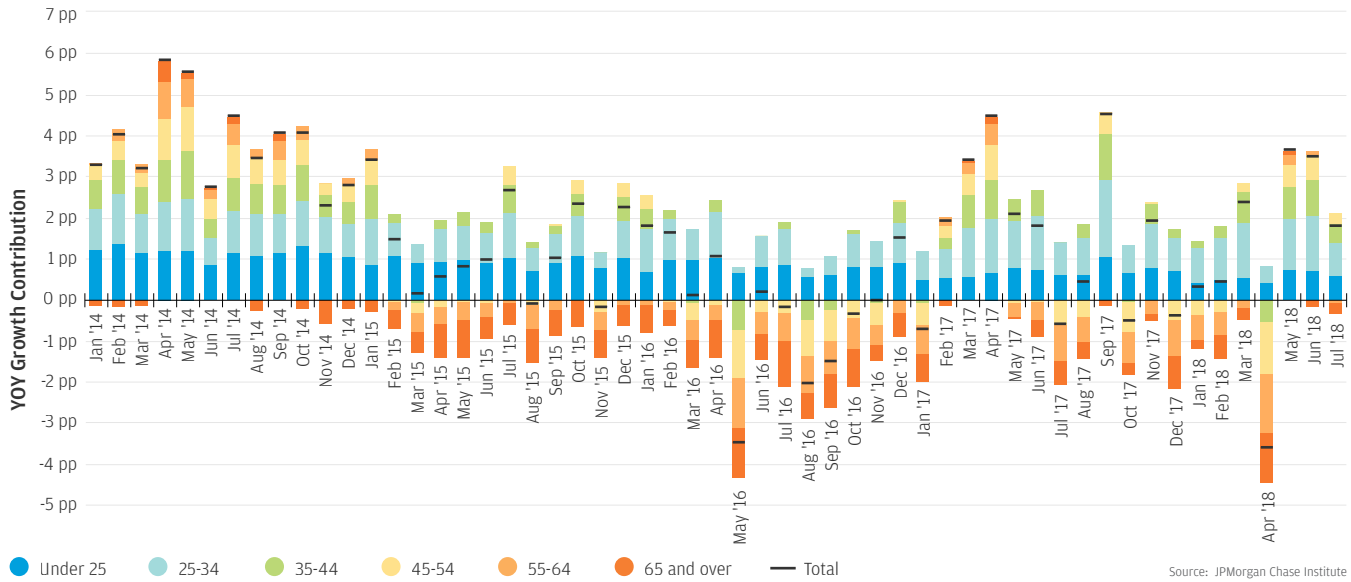
### Spending growth across 14 metro areas in July 2018





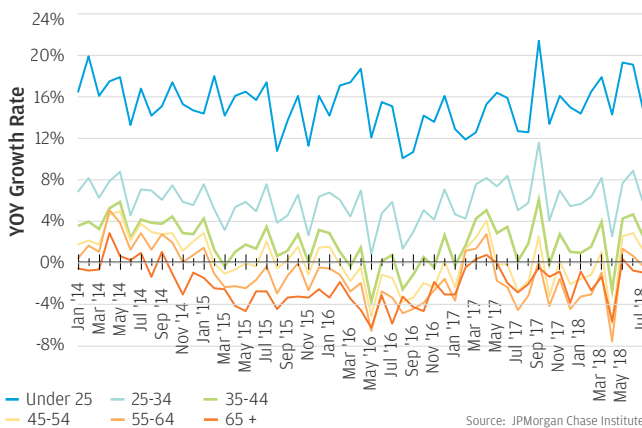
# Spending by Age

Growth Contributions by Age Group



Source: JPMorgan Chase Institute

Growth Rates by Age Group



Source: JPMorgan Chase Institute

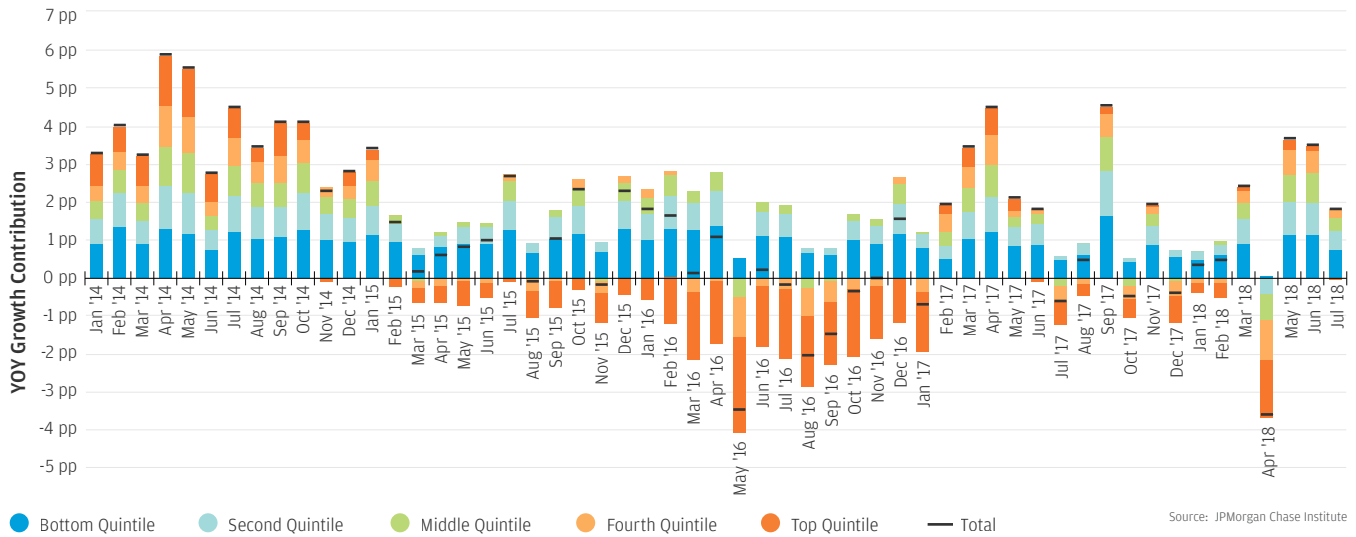
**Millennials:** Consumers under 35 contributed 1.4 points to year-over-year growth in July 2018, with consumers under 25 contributing 0.6 percentage points to growth and consumers between 25 and 34 contributing 0.8 percentage points.

**Older Consumers:** Consumers 55 and over subtracted 0.3 percentage points from growth in July 2018, with contributions from consumers between 55 and 64 subtracting 0.1 percentage points from growth and contributions from consumers 65 and over subtracting 0.2 percentage points from growth.



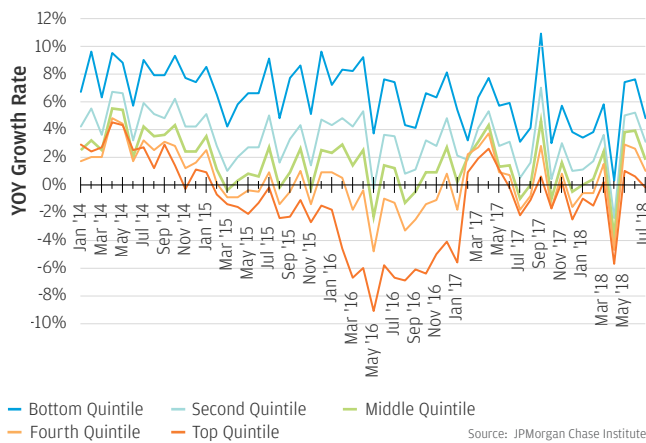
# Spending by Income

Growth Contributions by Income Quintile



Source: JPMorgan Chase Institute

Growth Rates by Income Quintile



Source: JPMorgan Chase Institute

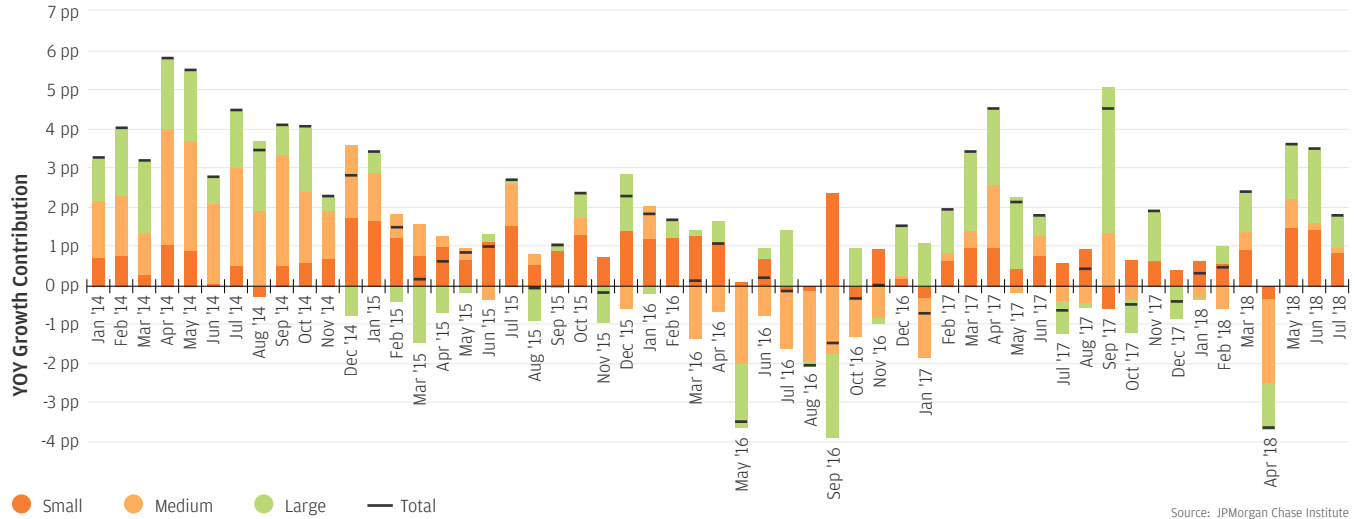
**Low Income Consumers:** Consumers in the bottom income quintile contributed 0.7 percentage points to year-over-year growth in July 2018.

**High Income Consumers:** Consumers in the top income quintile subtracted 0.1 percentage points from growth in July 2018.



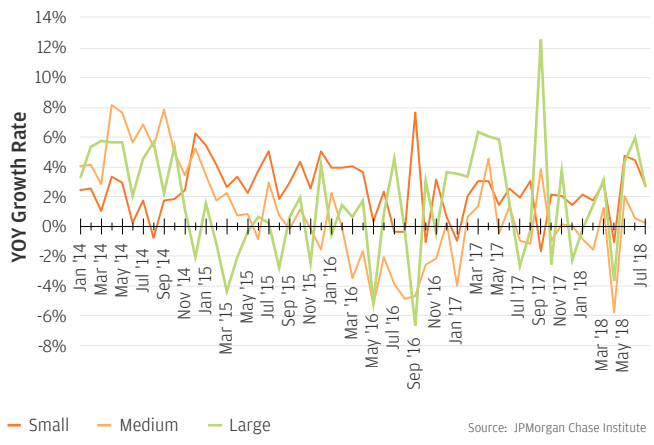
# Spending by Size of Business

Growth Contributions by Size of Business



Source: JPMorgan Chase Institute

Growth Rates by Size of Business



Source: JPMorgan Chase Institute

**Small Businesses:** Spending at small businesses contributed 0.9 percentage points to year-over-year growth in July 2018.

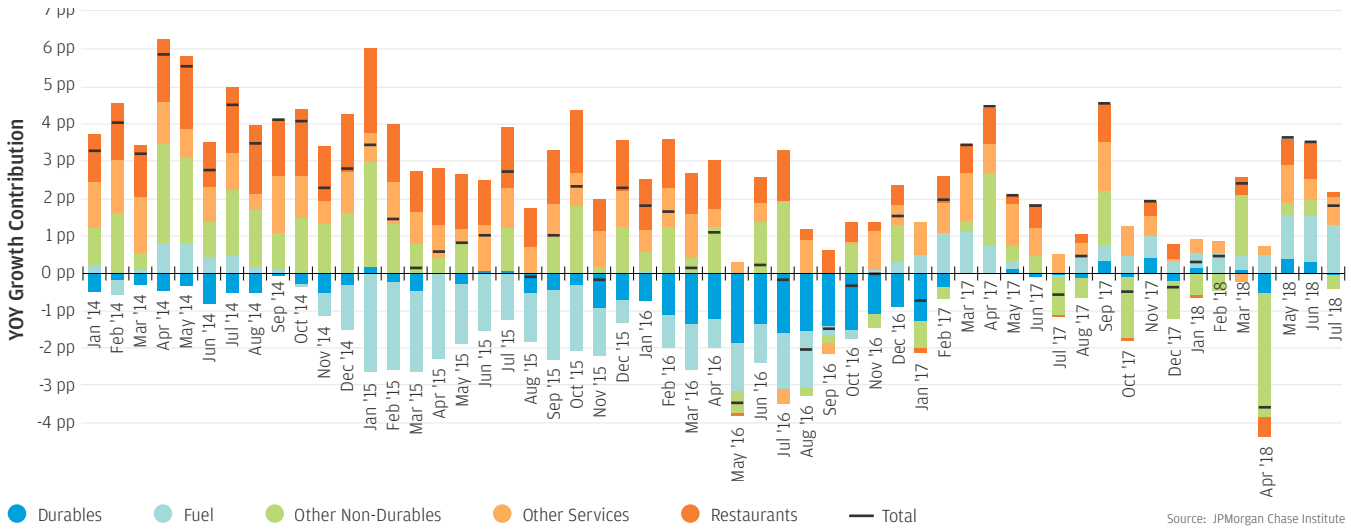
**Mid-sized Businesses:** Spending at mid-sized businesses contributed 0.1 percentage points to growth in July 2018.

**Large Businesses:** Spending at large businesses contributed 0.8 percentage points to growth in July 2018.



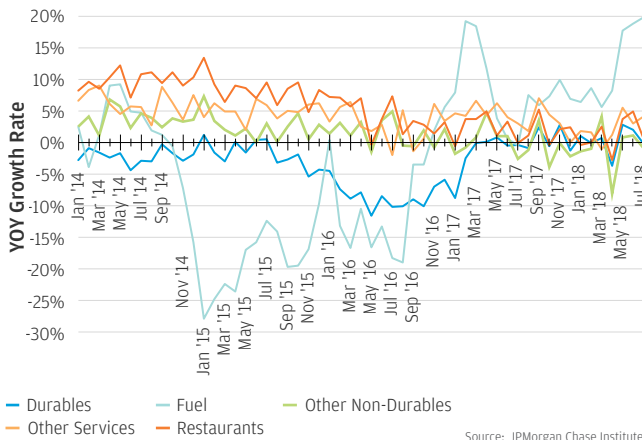
# Spending by Product Type

Growth Contributions by Product Type



Source: JPMorgan Chase Institute

Growth Rates by Product Type



Source: JPMorgan Chase Institute

**Fuel:** Spending on fuel contributed 1.3 percentage points to year-over-year growth in July 2018. For the second consecutive month, spending on fuel made the largest contribution to growth of any product type.

**Non-Durables:** Spending on non-durable goods subtracted 0.4 percentage points to growth in July 2018. This was the only negative contribution from any product type.

**Durables:** Contributions to spending growth from spending on durable goods remained flat in July 2018.



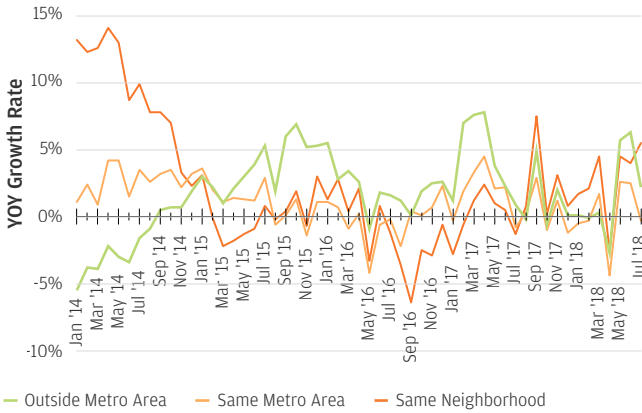
# Spending by Consumer Residence

Growth Contributions by Consumer Residence



Source: JPMorgan Chase Institute

Growth Rates by Consumer Residence



Source: JPMorgan Chase Institute

**Same Neighborhood:** Spending by consumers who reside in the same neighborhood as the merchant contributed 1.5 percentage points to year-over-year growth.

**Same Metro Area:** Spending by consumers in the same metro area as the merchant (but not the same neighborhood) subtracted 0.2 percentage points from year-over-year growth.

**Outside Metro Area:** Spending by consumers who reside in a different metro area than the merchant contributed 0.3 percentage points to growth in July 2018.



# 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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## 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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