

# Local Consumer Commerce

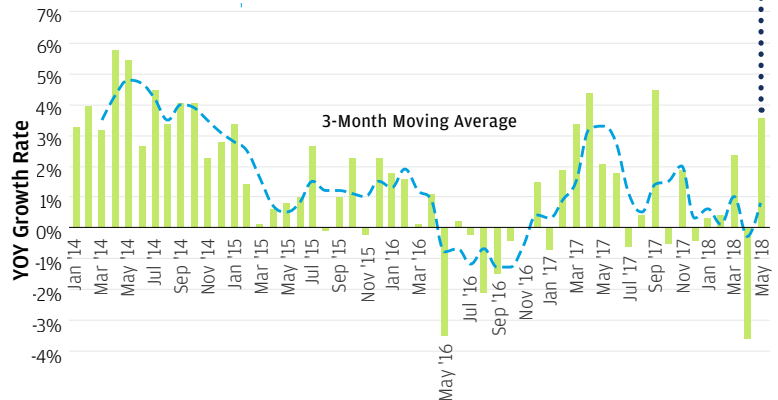
## May 2018



DATA THROUGH  
May 2018 **↑3.6%**

### Highlights across all 14 metro areas

Local Consumer Commerce increased by 3.6 percent year-over-year in May 2018, a 7.2 percentage point swing from the 3.6 percent decrease in spending registered in April 2018. All 14 metro areas we track<sup>1</sup> posted positive growth rates. The top three metro areas by growth rate this month were Columbus (6.3%), Houston (6.0%), and Detroit (5.9%). For the first time since April 2017, all age segments and income quintiles made positive contributions to growth. Consumers under the age of 35 contributed 2.0 percentage points to year-over-year growth. Consumers aged 55 and older and consumers in the top income quintile, who have tended to subtract from growth in the LCCI series, made small positive contributions to growth in May 2018 (both groups contributing 0.3 percentage points).



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.

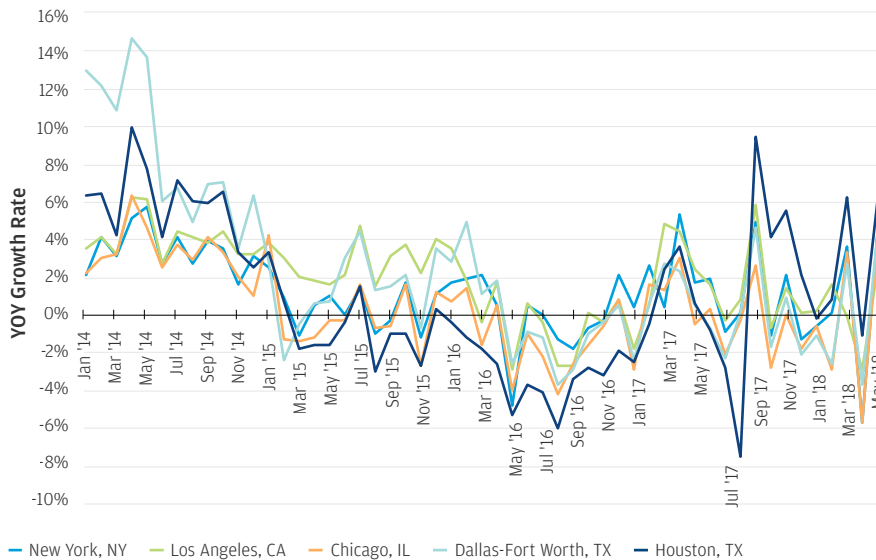
**A unique lens.** The LCCI is constructed from over 24 billion anonymized credit and debit card transactions from over 64 million Chase customers. Unlike many existing sources of data on consumer spending, the LCCI captures actual transactions, instead of self-reported measures of how consumers think 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 Growth Rates by Metro Area

## Largest Metro Areas



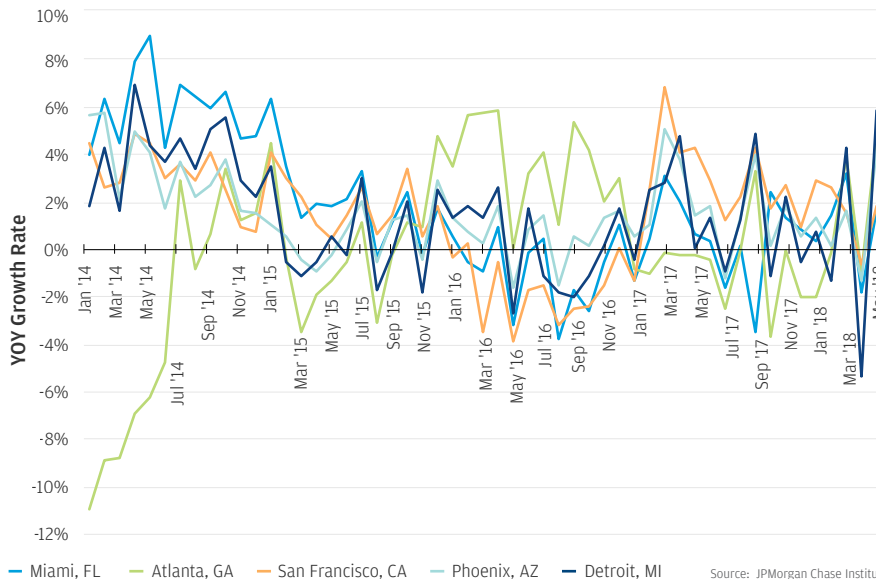
**Los Angeles:** Local spending at Los Angeles area merchants increased by 2.4 percent, the lowest among large cities. Despite being the lowest among large cities, this is Los Angeles' highest growth rate since September 2017.

**Houston:** Houston had the highest growth rate among large metro areas, with a growth rate of 6.0 percent.

The unweighted average in year-over-year local spending growth across the large metro areas was an increase of 4.2 percent in May 2018.

Source: JPMorgan Chase Institute

## Mid-Sized Metro Areas



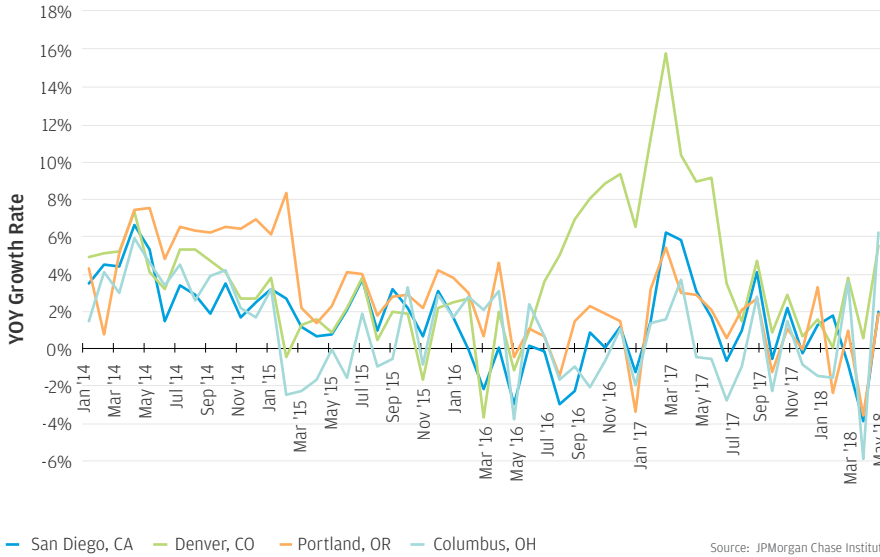
**Miami:** Spending at local merchants in Miami grew by 1.6 percent in May 2018, the lowest growth rate among the mid-sized metro areas.

**Detroit:** May spending at local merchants among mid-sized cities grew the most in Detroit, which posted a year-over-year increase of 5.9 percent.

The unweighted average in year-over-year local spending growth across the mid-sized metro areas was an increase of 3.6 percent in May 2018.

Source: JPMorgan Chase Institute

### Smaller Metro Areas

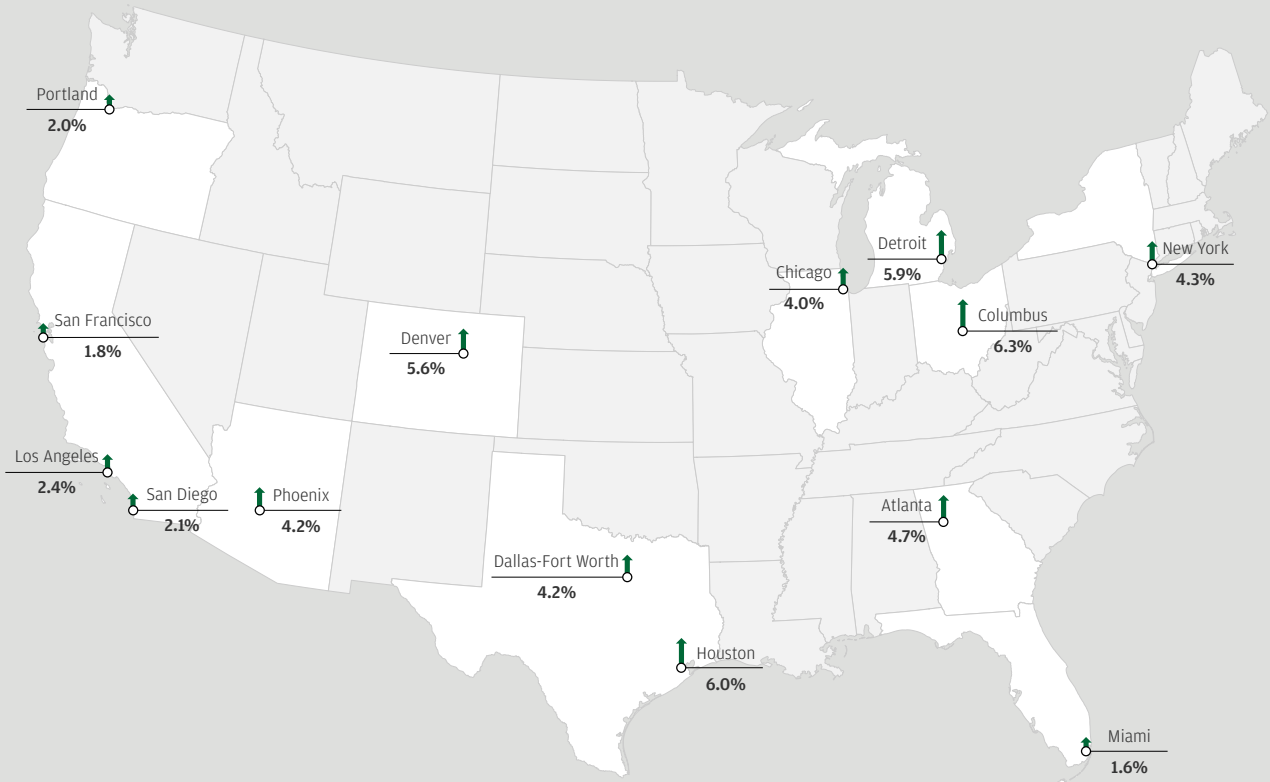


**San Diego:** Local spending grew by 2.1 percent year-over-year in San Diego in May 2018, the lowest growth rate among the small metro areas. It is, however, San Diego's third-highest growth rate since May 2017.

**Columbus:** After posting the lowest growth rate among the small metro areas in April 2018, Columbus saw a 6.3 percent increase in year-over-year local consumer spending.

The unweighted average in year-over-year local spending growth across the mid-sized metro areas was an increase of 4.0 percent.

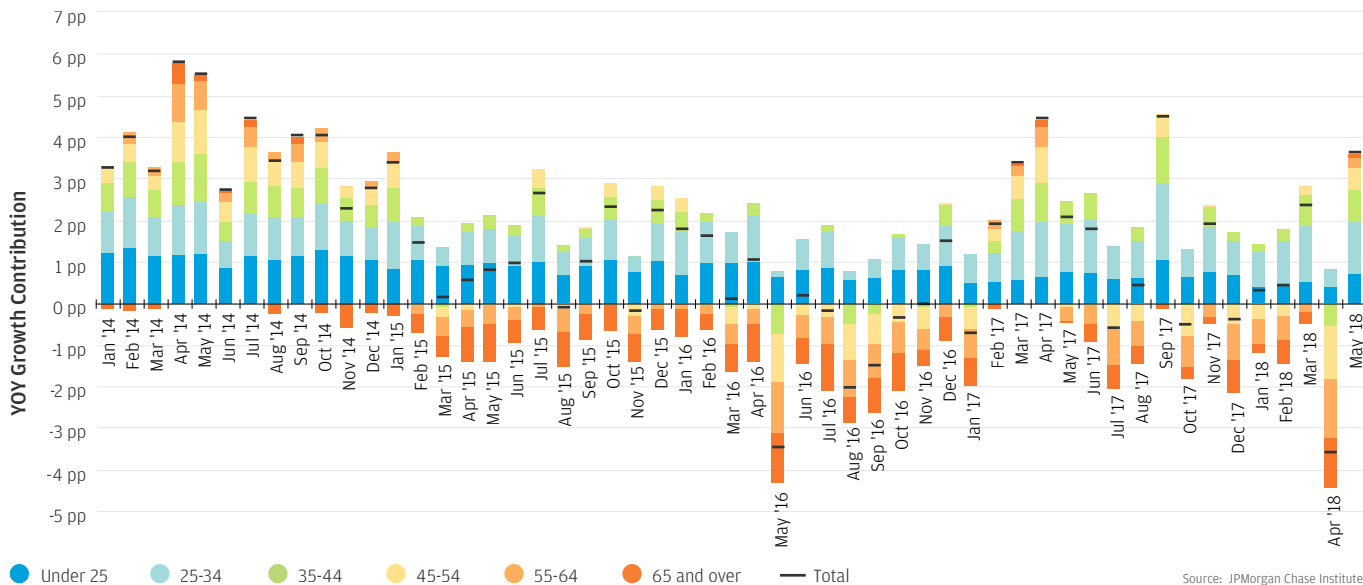
### Spending growth across 14 metro areas in May 2018





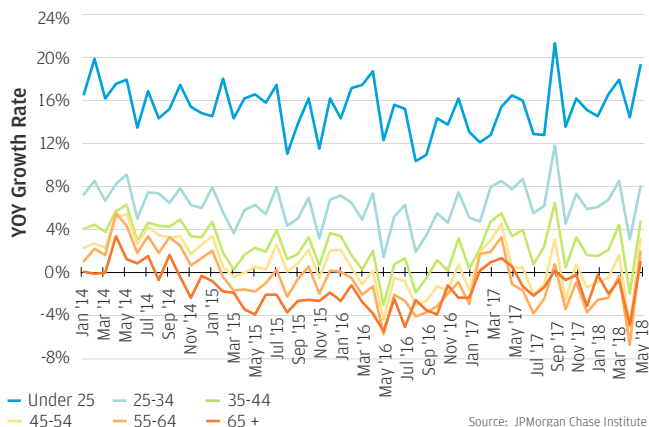
# Spending by Age

Growth Contributions by Age Group



Source: JPMorgan Chase Institute

Growth Rates by Age Group



Source: JPMorgan Chase Institute

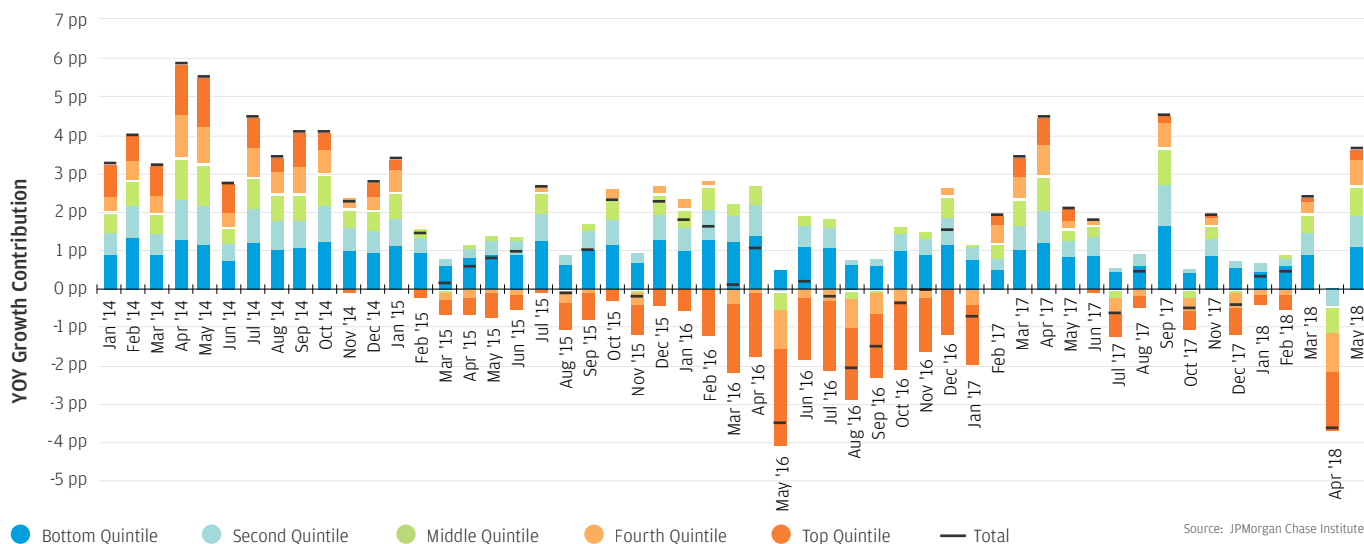
**Millennials:** Consumers under 35 contributed 2.0 percentage points to year-over-year growth in May 2018, with consumers under 25 contributing 0.8 percentage points to growth and consumers between 25 and 34 contributing 1.2 percentage points to growth.

**Older Consumers:** Consumers 55 and over contributed 0.3 percentage points to year-over-year growth in May 2018, with consumers between 55 and 64 contributing 0.3 percentage points to growth and contributions from consumers 65 and over remaining flat.



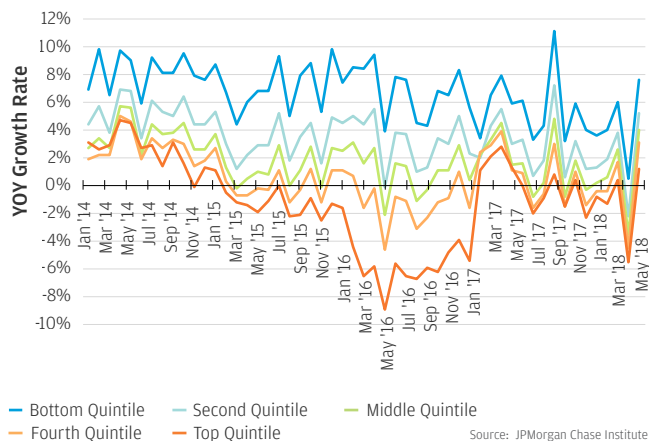
# Spending by Income

Growth Contributions by Income Quintile



Source: JPMorgan Chase Institute

Growth Rates by Income Quintile



Source: JPMorgan Chase Institute

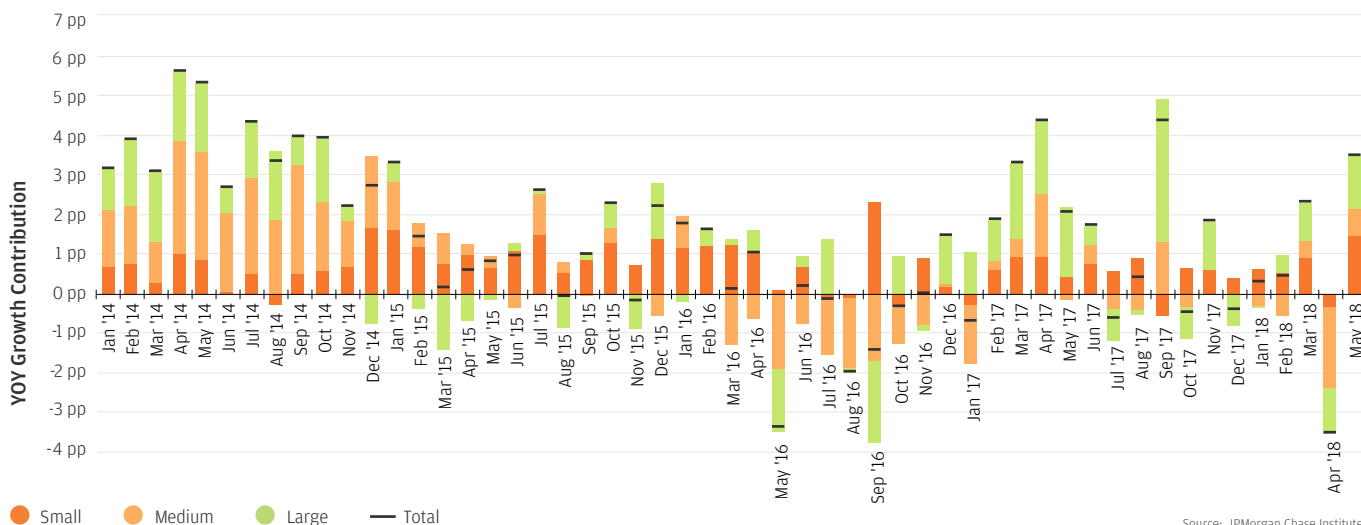
**Low Income Consumers:** Spending by consumers in the bottom income quintile contributed 1.2 percentage points to year-over-year growth in May 2018.

**High Income Consumers:** Consumers in the top income quintile contributed 0.3 percentage points to year-over-year growth in May 2018.



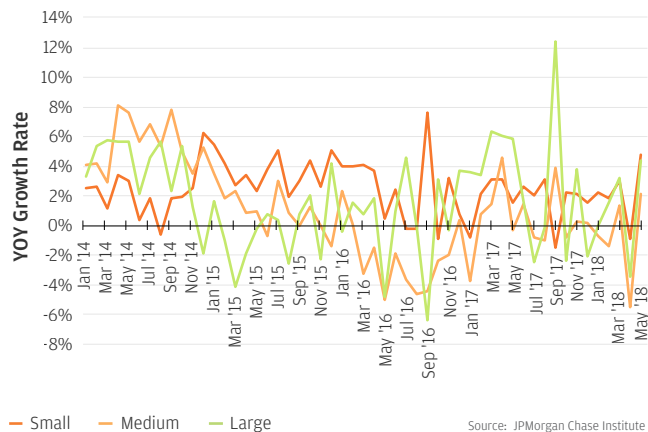
# Spending by Size of Business

Growth Contributions by Size of Business



Source: JPMorgan Chase Institute

Growth Rates by Size of Business



Source: JPMorgan Chase Institute

**Small Businesses:** Small businesses contributed 1.5 percentage points to year-over-year growth in May 2018.

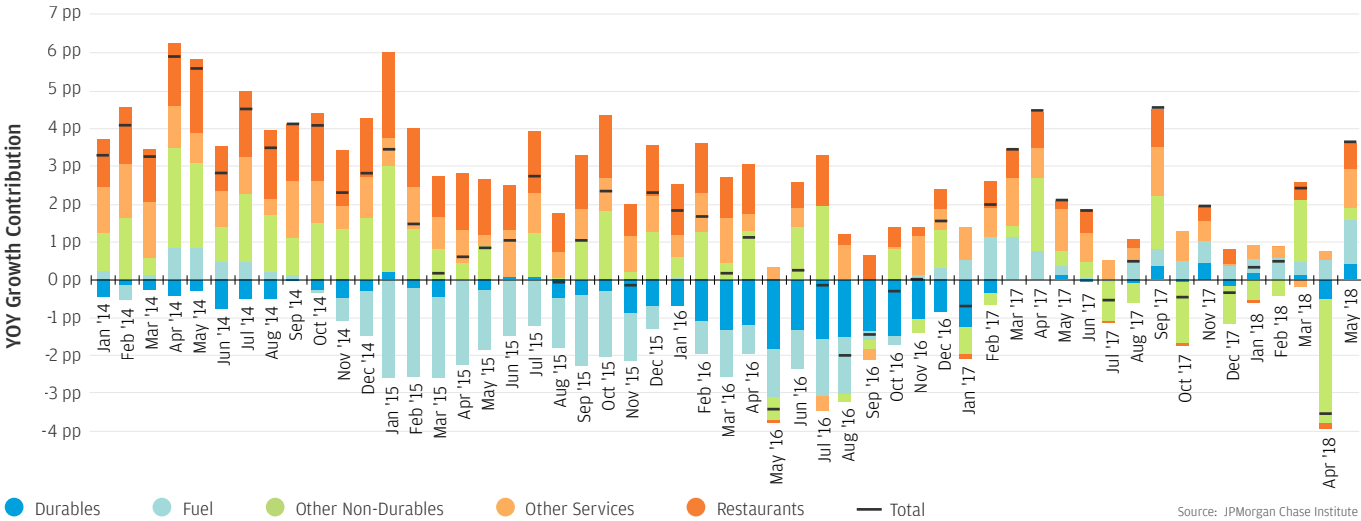
**Mid-sized Businesses:** Mid-sized businesses contributed 0.7 percentage points to year-over-year growth in May 2018.

**Large Businesses:** Large businesses contributed 1.4 percentage points to year-over-year growth in May 2018.



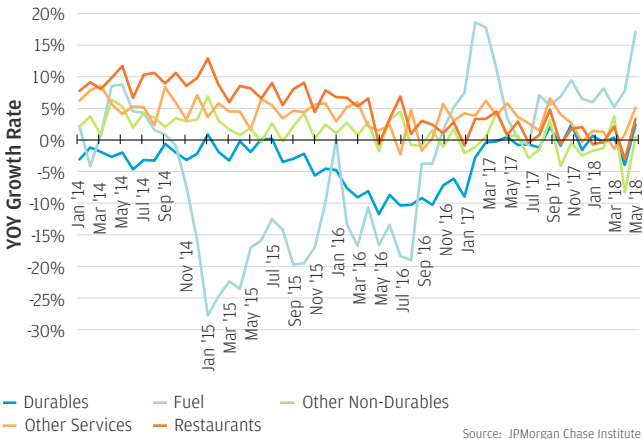
# Spending by Product Type

Growth Contributions by Product Type



Source: JPMorgan Chase Institute

Growth Rates by Product Type



Source: JPMorgan Chase Institute

**Fuel:** Spending on fuel contributed 1.2 percentage points to year-over-year growth in May 2018. In April 2018, fuel contributed 0.5 percentage points to year-over-year growth.

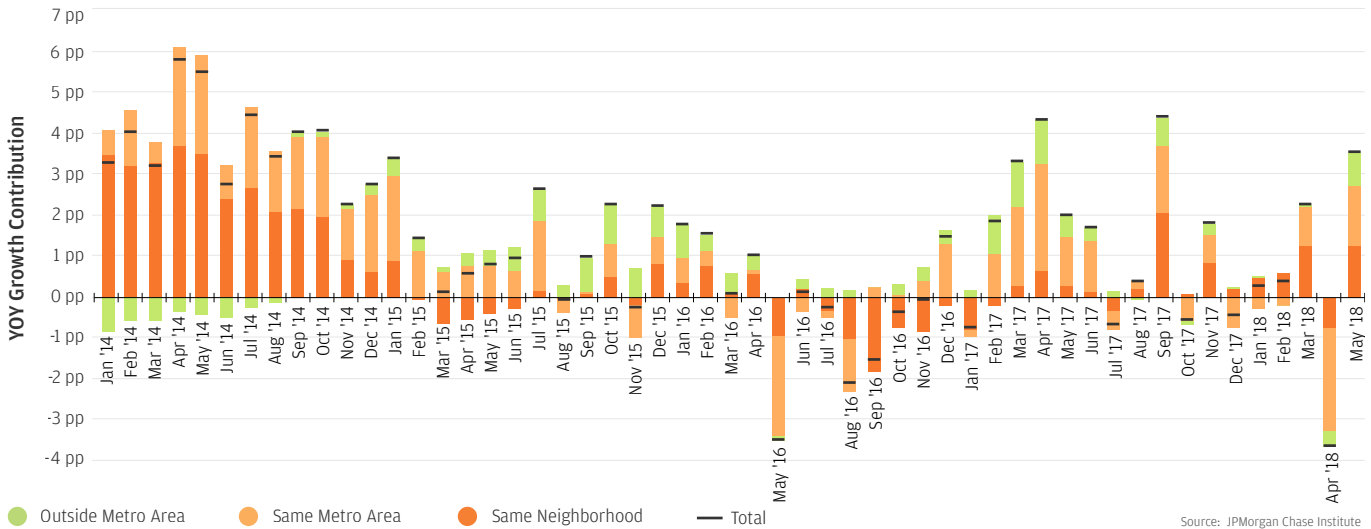
**Non-Durables:** Spending on non-durable goods made the smallest contribution of any product type to year-over-year growth in May 2018, contributing 0.3 percentage points.

**Other Services:** Spending on services contributed 1.0 percentage point to year-over-year growth in May 2018.



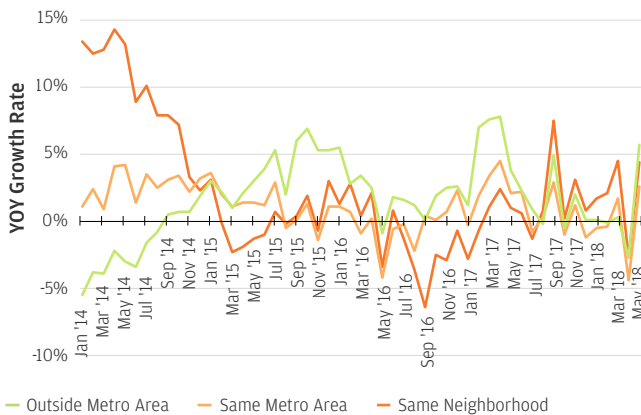
# Spending by Consumer Residence

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 1.3 percentage points to year-over-year growth in May 2018.

**Same Metro Area:** Spending by consumers in the same metro area as the merchant (but not the same neighborhood) contributed 1.5 percentage points to year-over-year growth in May 2018.

**Outside Metro Area:** Spending by consumers who reside in a different metro area than the merchant contributed 0.8 percentage points to year-over-year growth in May 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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We thank our research analysts, Bryan Kim and James Duguid, for their hard work and contributions to this research.

This effort would not have been possible without the critical support of the JPMorgan Chase Intelligent Solutions team of data experts, including Gaby Marano, Stella Ng, Steve Farrell, Michael Harasimowicz, and Bill Bowsbey, and JPMorgan Chase Institute team members including Caitlin Legacki, Courtney Hacker, and Gena Stern.

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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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