

Local Commerce

November 2018

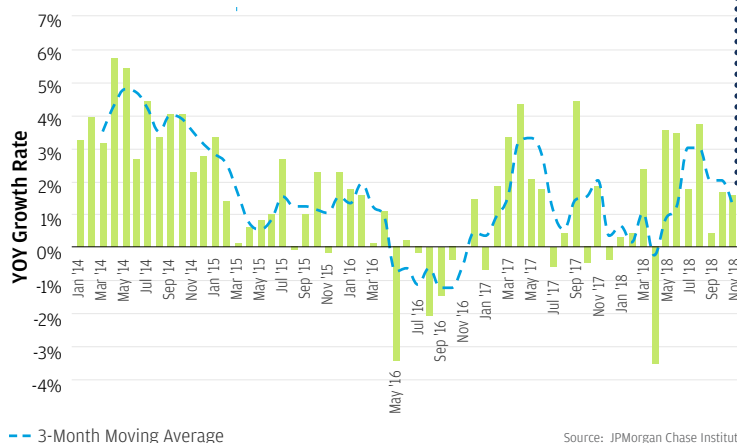
[Click here to download the data](#)



DATA THROUGH
NOV 2018 **↑ 1.6%**

Highlights across all 14 metro areas

The Local Commerce Index increased 1.6 percent in November 2018, including an extra Friday in November 2018 over the prior year. For more information on how these types of day-of-week effects are manifested in year-over-year growth rates, see our previous report, [Big Spend on the Weekend](#). Breaking a trend seen in recent months, spending on fuel was not the dominant contributor to growth among product types. Instead, spending at restaurants contributed the most of any product type, representing 0.6 percentage points of total growth. Consumers aged 55 and older continue to drag growth, subtracting 0.6 percentage points in November 2018, but to a lesser extent than the period prior to May 2018. There was widespread positive growth among metro areas tracked by the LCI, however, the unweighted average growth rate among larger metro areas in November 2018 was only 1.2 percent, compared to 2.4 and 2.5 percent among mid-sized and smaller metro areas respectively.



About the Local Commerce Index

A note on naming conventions. Prior to August 2018, this index was named the Local Consumer Commerce Index (LCCI). The name was changed to the Local Commerce Index (LCI) to account for multiple views of local commerce.

A measure of consumer spending. The Local Commerce Index (LCI) is a measure of the monthly year-over-year growth rate of everyday debit and credit card spending at merchants in 14 US metro areas.

A unique lens. The LCI 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 Local Commerce Index captures actual transactions, instead of self-reported measures of how consumers think they spend. The Local Commerce Index'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.

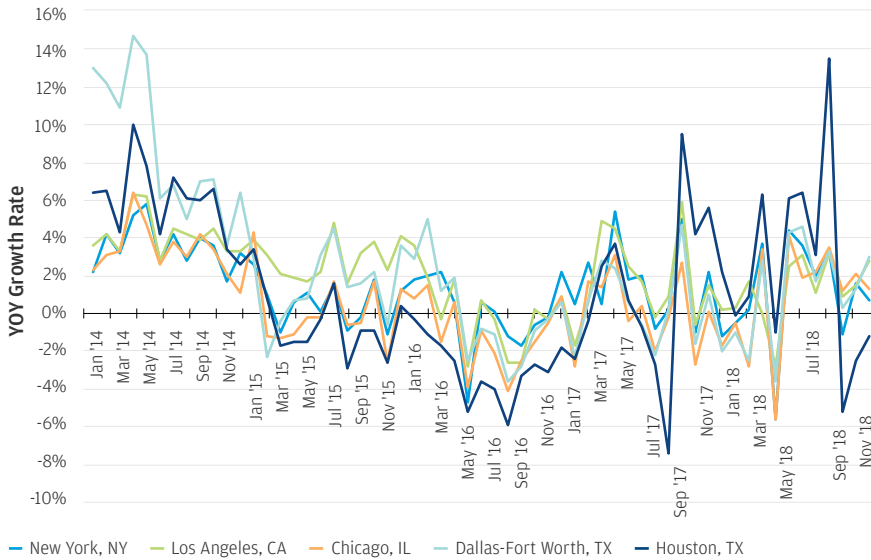
Our sample. The Local Commerce Index measures everyday spending across 14 metro areas: Atlanta, Chicago, Columbus, Dallas-Ft. Worth, Denver, Detroit, Houston, Miami, Los Angeles, New York, Phoenix, Portland (OR), San Diego, and San Francisco. Our portfolio of metro areas mirrors the geographic and economic diversity of larger metropolitan areas in the United States and accounts for 30 percent of retail sales nationwide.

A powerful tool. The Local Commerce Index 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



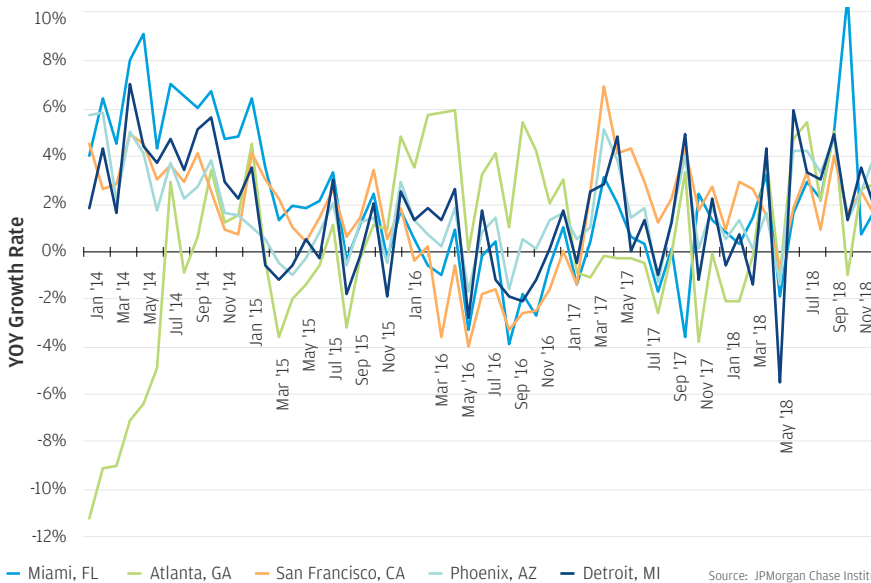
Houston: Spending at Houston-area merchants decreased by 1.3 percent year-over-year in November 2018 - the lowest growth rate among larger metro areas tracked by the LCI, the third consecutive month for which this has been the case.

Dallas: For the first time in the past twelve months, Dallas has posted the highest growth rate among larger metro areas, with spending at metro-area merchants increasing 2.9 percent year-over-year.

The unweighted average in year-over-year spending growth across the large metro areas was an increase of 1.2 percent year-over-year in November 2018.

Source: JPMorgan Chase Institute

Mid-Sized Metro Areas



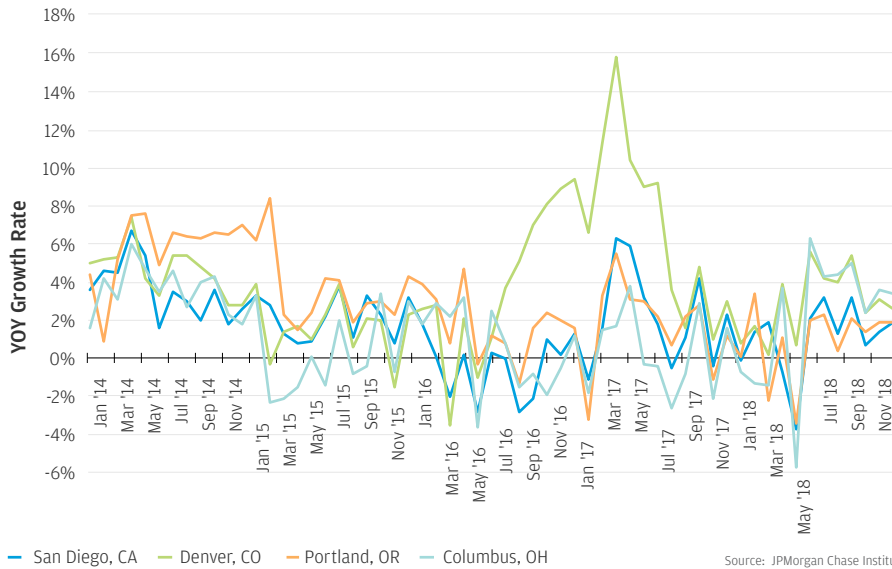
Phoenix: Among the mid-sized metro areas tracked by the LCI, Phoenix posted the highest growth rate, with spending increasing 4 percent year-over-year.

Widespread positive growth: In November 2018, all the mid-sized metro areas tracked by the LCI saw increases in year-over-year spending greater than 1 percent (Miami - 1.7 percent, Atlanta - 2.8 percent, San Francisco - 1.5 percent, Phoenix - 4.0 percent, and Detroit - 1.8 percent).

The unweighted average in year-over-year local spending growth across the mid-sized metro areas was an increase of 2.4 percent in November 2018.

Source: JPMorgan Chase Institute

Smaller Metro Areas



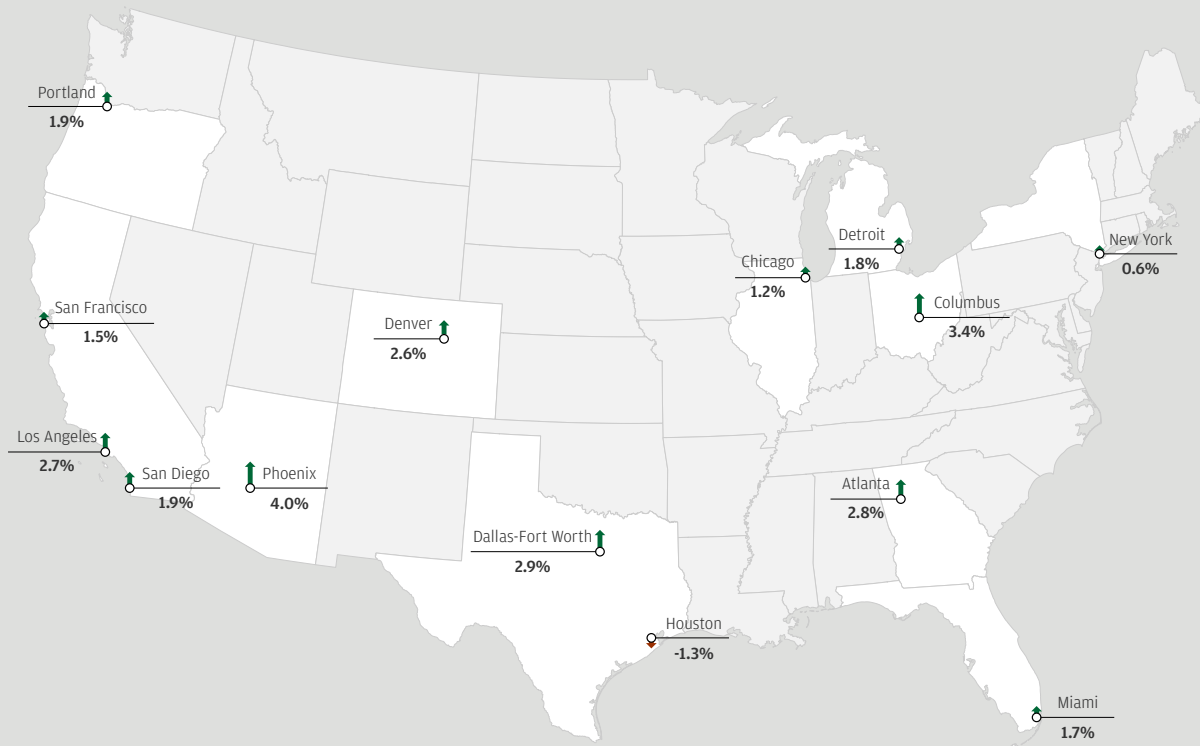
Columbus: For the third consecutive month, Columbus posted the highest growth rate among smaller metro areas tracked by the LCI with spending increasing 3.4 percent year-over-year.

Widespread positive growth: Each of the smaller metro areas posted a growth rate above 1.8 percent in November 2018 (Columbus - 3.4, Denver - 2.6, San Diego - 1.9, Portland - 1.9).

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

Source: JPMorgan Chase Institute

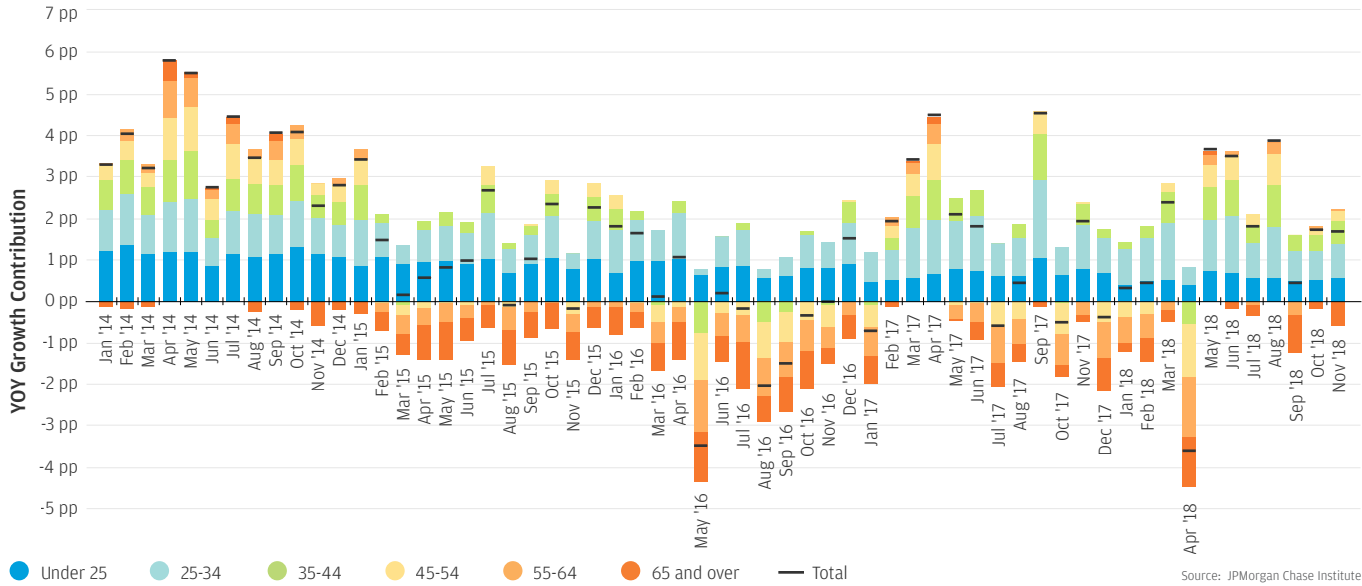
Spending growth across 14 metro areas in November 2018





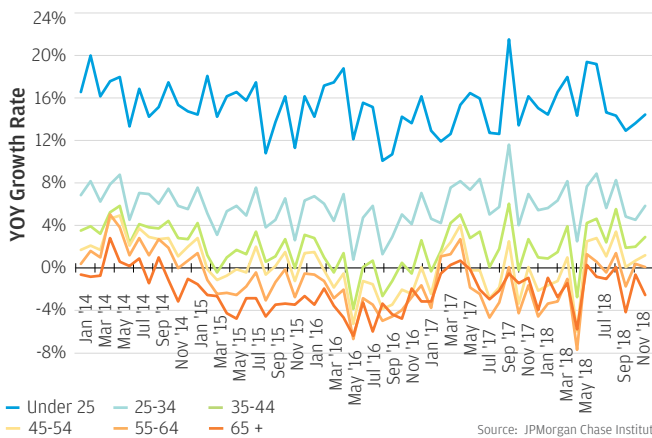
Spending by Age

Growth Contributions by Age Group



Source: JPMorgan Chase Institute

Growth Rates by Age Group



Source: JPMorgan Chase Institute

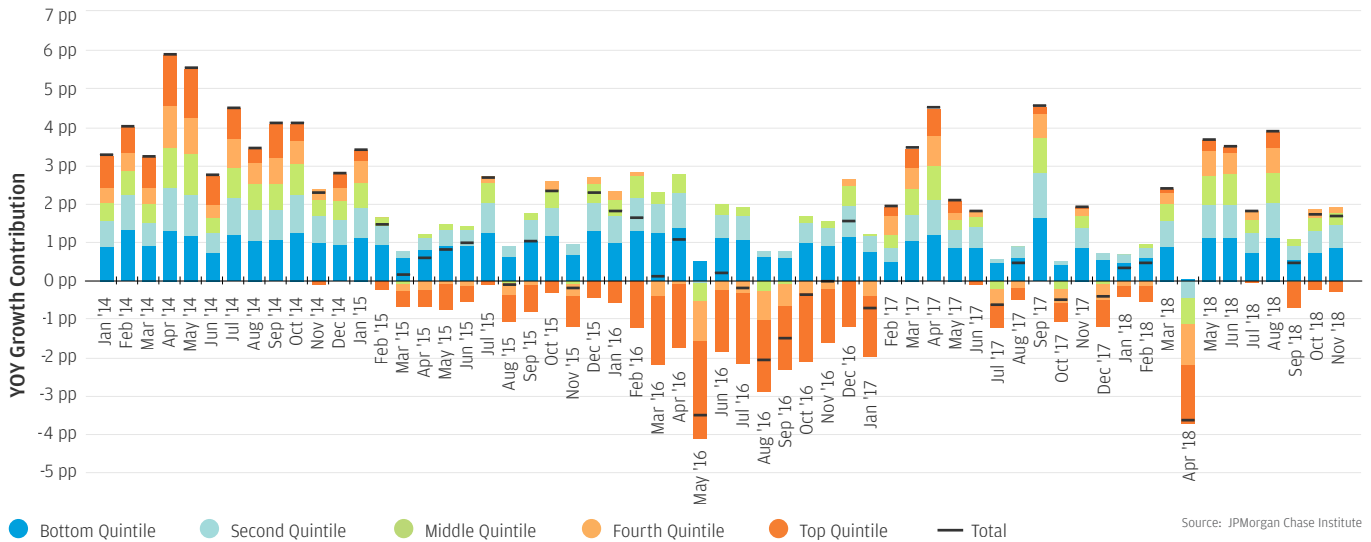
Millennials: Consumers under 35 contributed 1.4 percentage points to growth in November 2018, with consumers under 25 contributing 0.6 percentage points to growth and consumers between 25 and 34 contributing 0.8 percentage points.

Older Consumers: Contributions from consumers 55 and over subtracted 0.6 percentage points from growth in November 2018, with contributions from consumers between 55 and 64 remaining flat and contributions from consumers between 55 and 64+ subtracting 0.6 percentage points.



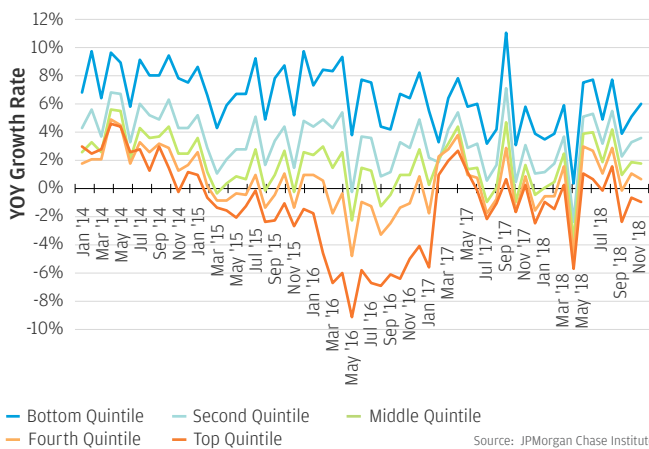
Spending by Income

Growth Contributions by Income Quintile



Source: JPMorgan Chase Institute

Growth Rates by Income Quintile



Source: JPMorgan Chase Institute

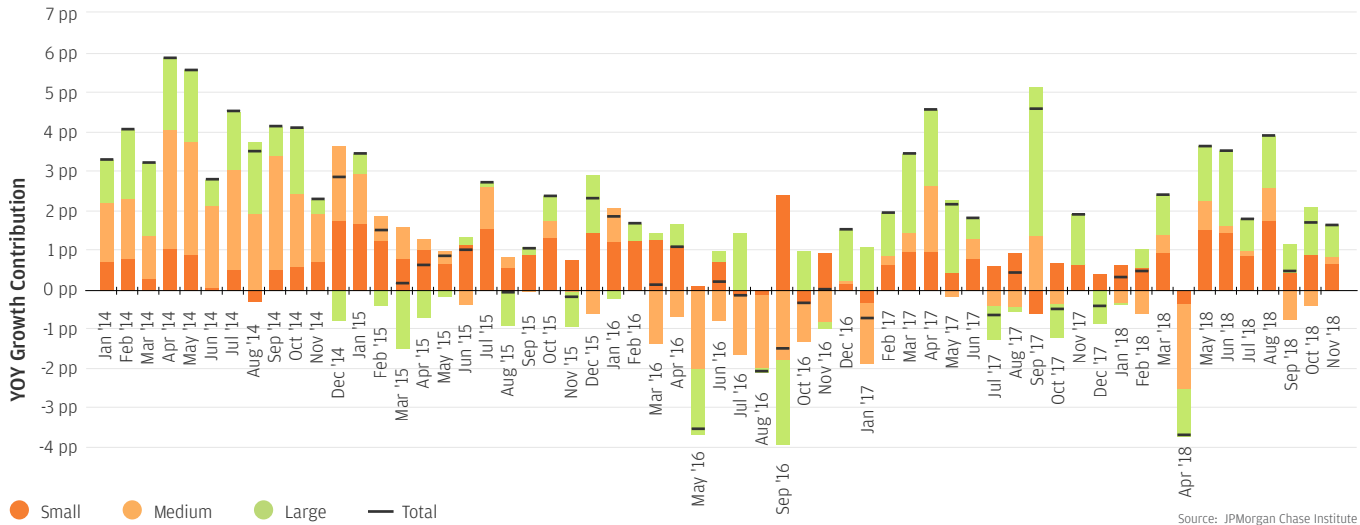
Low Income Consumers: Spending by consumers in the bottom income quintile contributed 0.9 percentage points to year-over-year growth in November 2018.

High Income Consumers: Spending by consumers in the top income quintile subtracted 0.3 percentage points from growth.



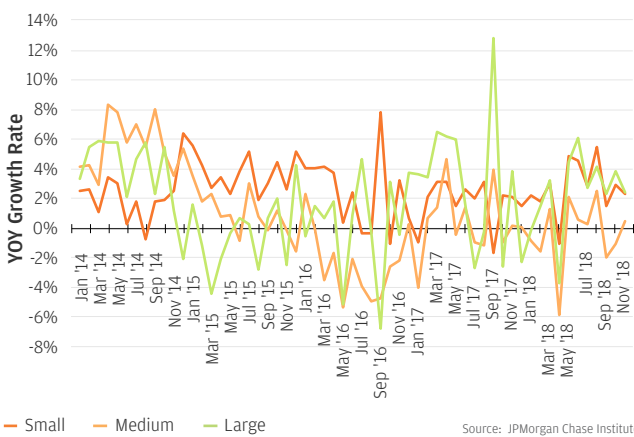
Spending by Size of Business

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 0.7 percentage points to year-over-year growth in November 2018.

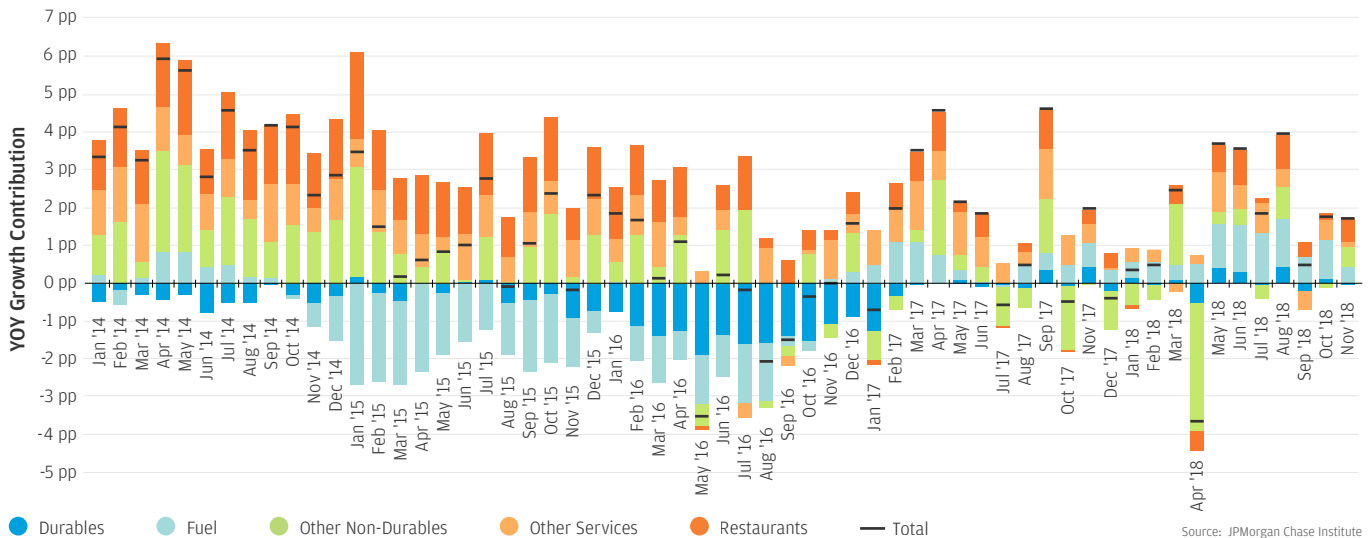
Mid-sized Businesses: Spending at mid-sized businesses contributed 0.1 percentage point to growth in November 2018.

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



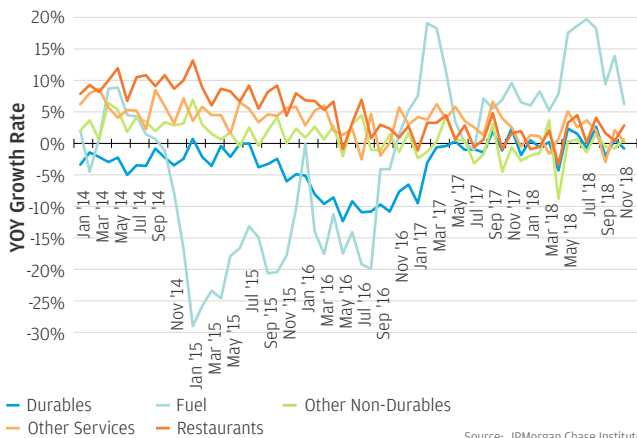
Spending by Product Type

Growth Contributions by Product Type



Source: JPMorgan Chase Institute

Growth Rates by Product Type



Source: JPMorgan Chase Institute

Fuel: Spending on fuel contributed 0.4 percentage points to year-over-year growth in November 2018.

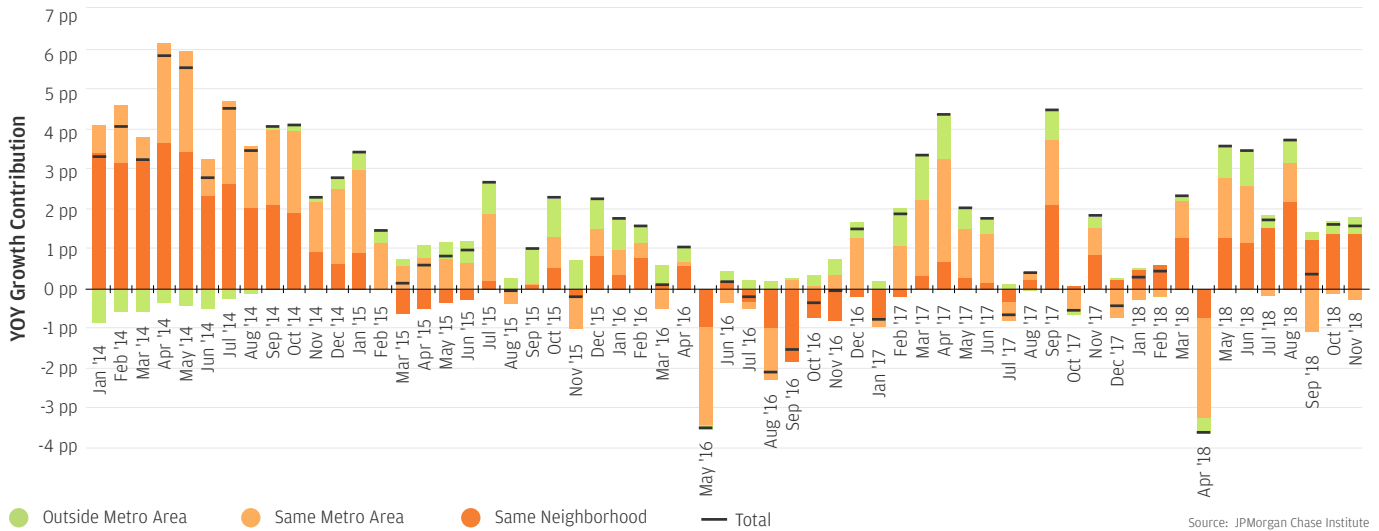
Restaurants: Spending at restaurants contributed 0.6 percentage points to growth in November 2018.

Durables: Contributions to growth from spending on durable goods remained flat in November 2018, the lowest contribution of any product type.

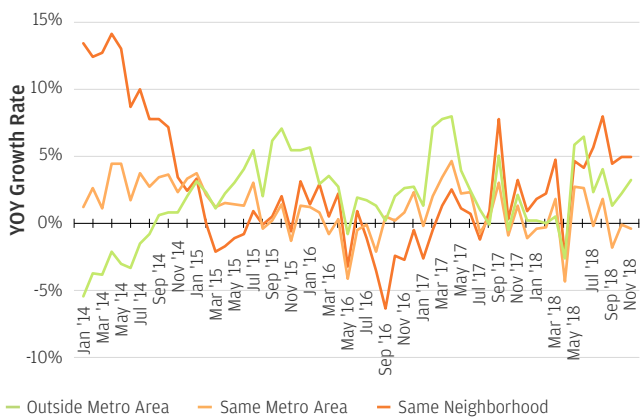


Spending by Consumer Residence

Growth Contributions by Consumer Residence



Growth Rates by Consumer Residence



Same Neighborhood: Spending by consumers who reside in the same neighborhood as the merchant contributed 1.4 percentage points to year-over-year growth.

Same Metro Area: The contribution to year-over-year growth by spending by consumers in the same metro area as the merchant (but not the same neighborhood) remained subtracted 0.2 percentage points from growth in November 2018.

Outside Metro Area: Spending by consumers who reside in a different metro area than the merchant contributed 0.4 percentage points to growth in November 2018.

Measuring Local Commerce

Local commerce is the everyday spending of individuals on goods and services that impacts a local community. We observe local 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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