

# Local Consumer Commerce

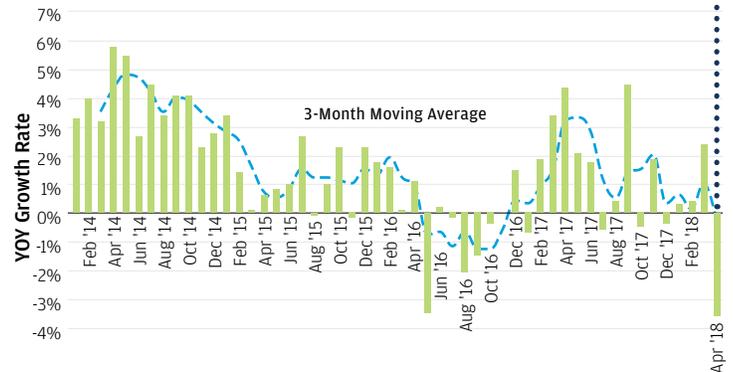
## April 2018



DATA THROUGH  
APR 2018 **↓3.6%**

### Highlights across all 14 metro areas

Local Consumer Commerce declined by 3.6 percent year-over-year in April 2018, a 5.9 percentage point decrease from the 2.3 percent increase in spending registered in March 2018. This represents the single biggest drop in the series. Part of this decline might be explained by “day of week” effects on spending. Previous Institute research has demonstrated that consumer spending is significantly higher on Fridays and Saturdays than other days of the week. Importantly for this year-over-year growth index, April 2018 had four Saturdays, while April 2017 had five. Of the 14 metro areas we track,<sup>1</sup> only Denver posted a positive year-over-year growth rate (0.7%). Spending on non-durable goods subtracted 3.3 percentage points from growth, the largest negative contribution of any product type. Consumers under the age of 35 contributed 0.8 percentage points to year-over-year growth. All other age groups registered negative growth contributions to year-over-year growth. Similarly, growth contributions for all income quintiles and business sizes were either flat or negative during this period.



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.

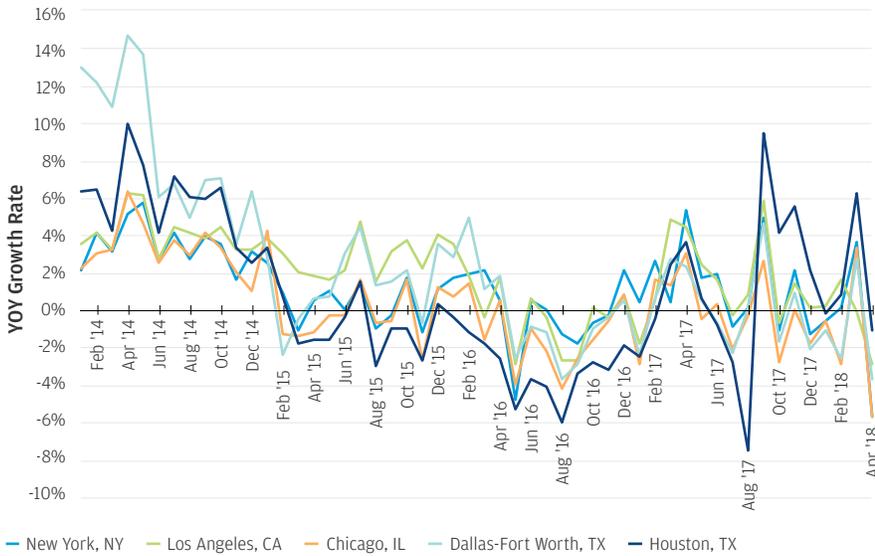
**Our sample.** The LCCI measures everyday spending across 14 metro areas: Atlanta, Chicago, Columbus, Dallas-Fort Worth, Denver, Detroit, Houston, Miami, Los Angeles, New York, Phoenix, Portland (OR), San Diego, and San Francisco. Our portfolio of metro areas mirrors the geographic and economic diversity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

## Largest Metro Areas



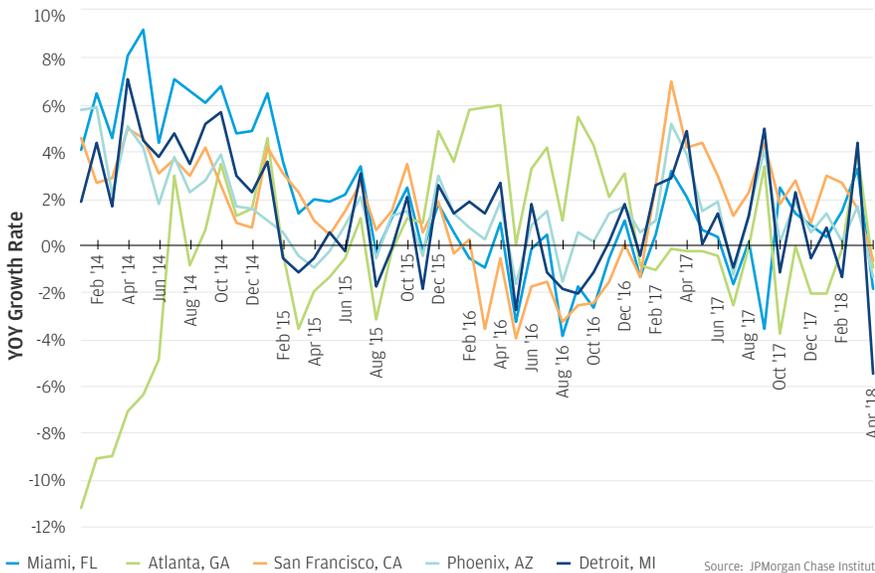
**New York and Chicago:** Local spending at Chicago and New York City area merchants declined 5.7 percent year-over-year in April 2018, tied for the lowest growth rate among large metro areas.

**Houston:** Houston had the highest growth rate among large metro areas, but still experienced a decline of 1.1 percent.

The unweighted average in year-over-year local spending growth across the large metro areas was a decline of 3.8 percent in April 2018.

Source: JPMorgan Chase Institute

## Mid-Sized Metro Areas



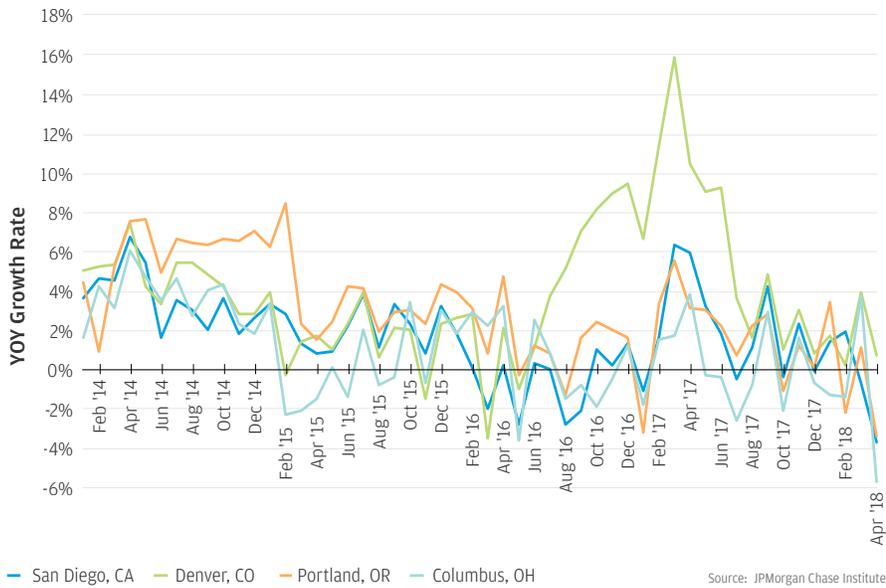
**Detroit:** Spending at Detroit merchants declined by 5.5 percent year-over-year in April 2018, the lowest growth rate among the mid-sized metro areas.

**San Francisco:** April spending at local merchants among mid-sized cities declined the least in San Francisco, which posted a year-over-year decline of -0.1 percent.

The unweighted average in year-over-year local spending growth across the mid-sized metro areas was a decrease of 2.1 percent in April 2018.

Source: JPMorgan Chase Institute

### Smaller Metro Areas

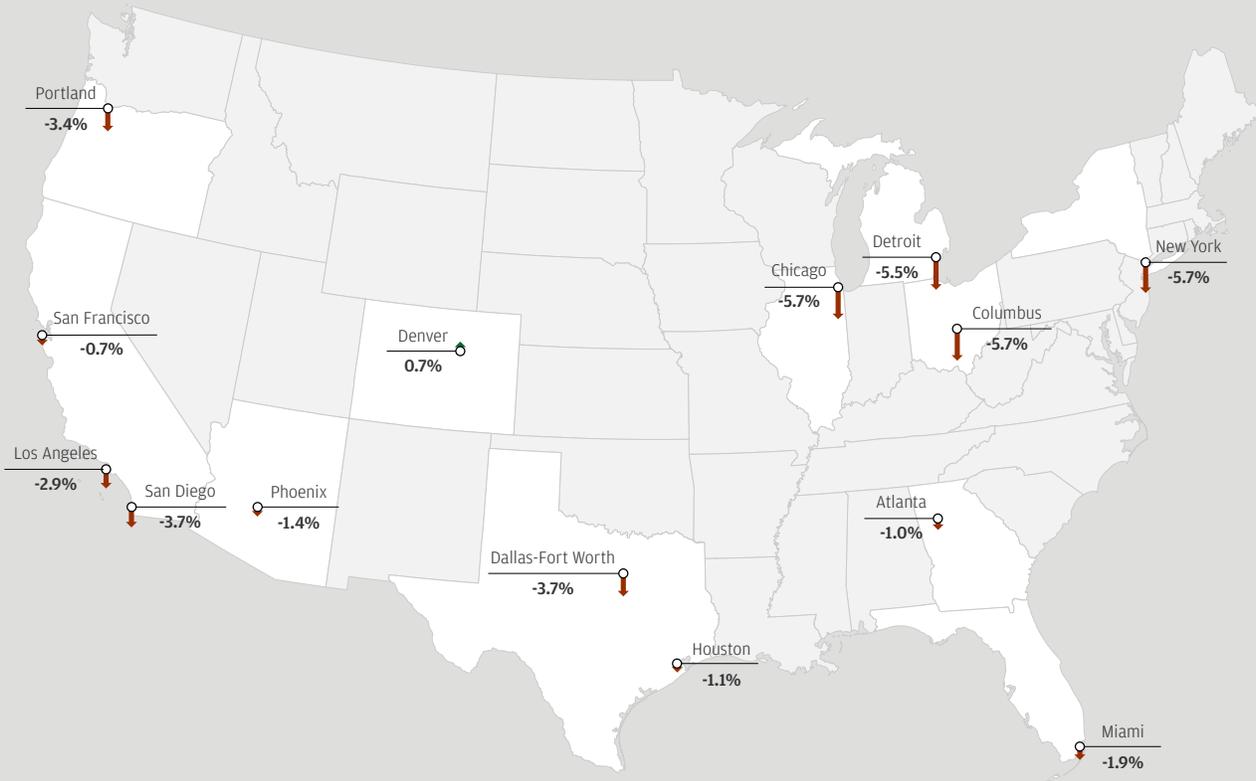


**Denver:** Local spending grew by 0.7 percent year-over-year in Denver in April 2018, the highest growth rate among the small metro areas, and the only positive growth among all metro areas.

**Columbus:** Columbus saw a decline of 5.7% in year-over-year local consumer spending, the lowest growth rate among the small metro areas.

The unweighted average in year-over-year local spending growth across the mid-sized metro areas was decline of 3.0 percent in April 2018.

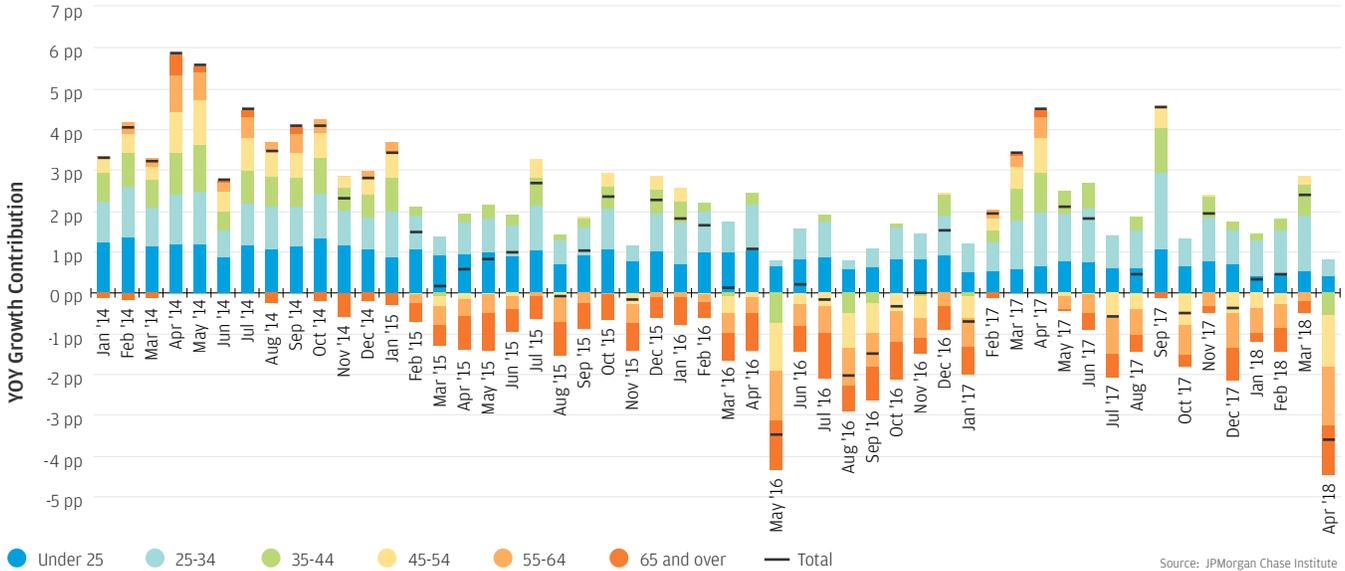
### Spending growth across 14 metro areas in April 2018





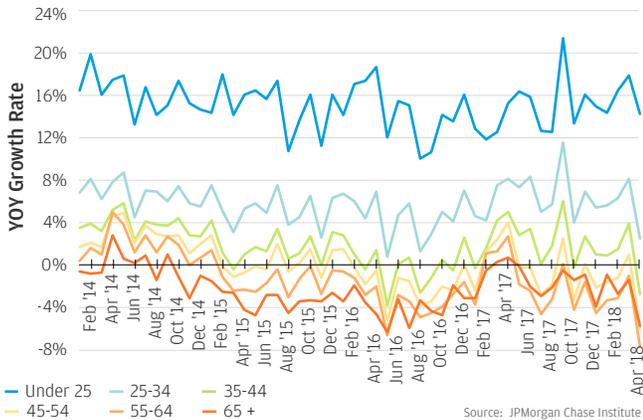
# Spending by Age

Growth Contributions by Age Group



Source: JPMorgan Chase Institute

Growth Rates by Age Group



Source: JPMorgan Chase Institute

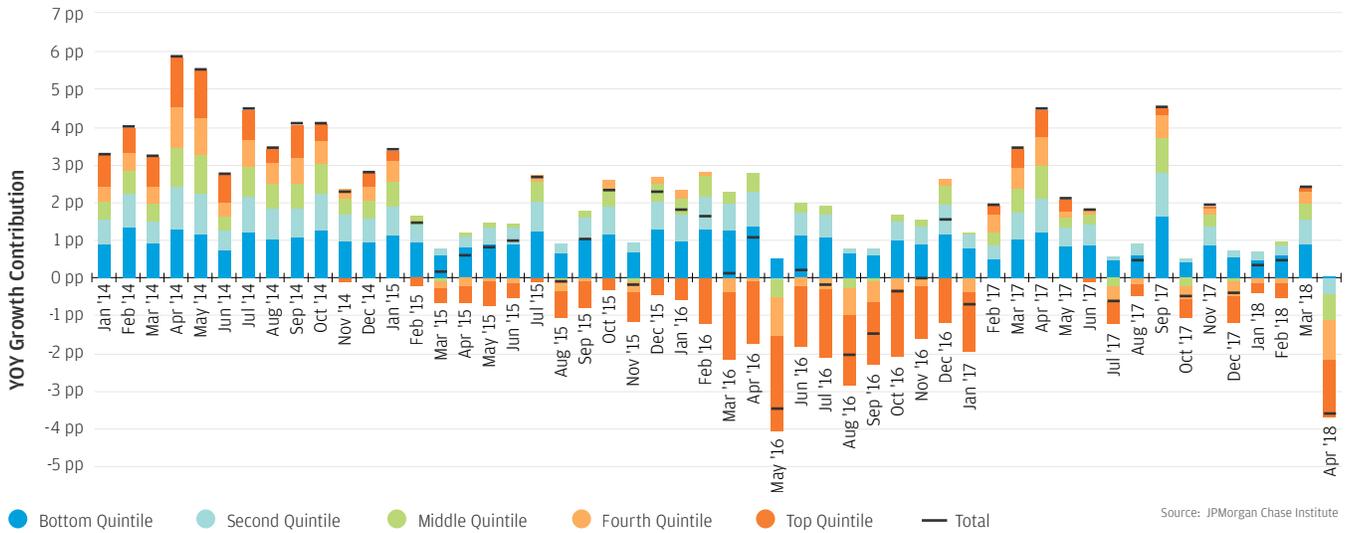
**Millennials:** Consumers under 35 contributed 0.8 percentage points to year-over-year growth in April 2018, with consumers under 25 contributing 0.4 percentage points to growth and consumers between 25 and 34 contributing 0.4 percentage points to growth.

**Older Consumers:** Consumers 55 and over subtracted 2.6 percentage points from year-over-year growth in April 2018, with consumers between 55 and 64 subtracting 1.4 percentage points from growth and consumers 65 and over subtracting 1.2 percentage points from growth.



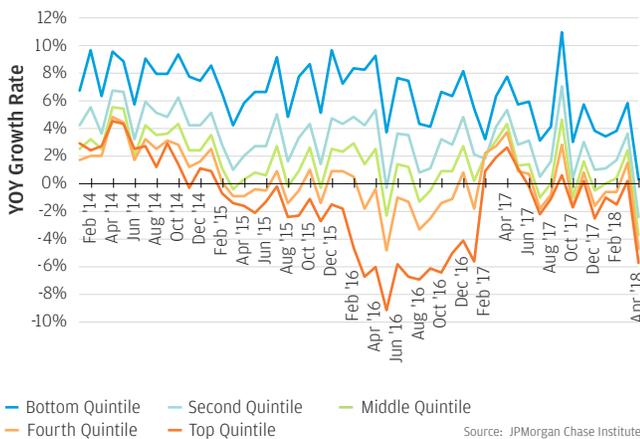
# Spending by Income

Growth Contributions by Income Quintile



Source: JPMorgan Chase Institute

Growth Rates by Income Quintile



Source: JPMorgan Chase Institute

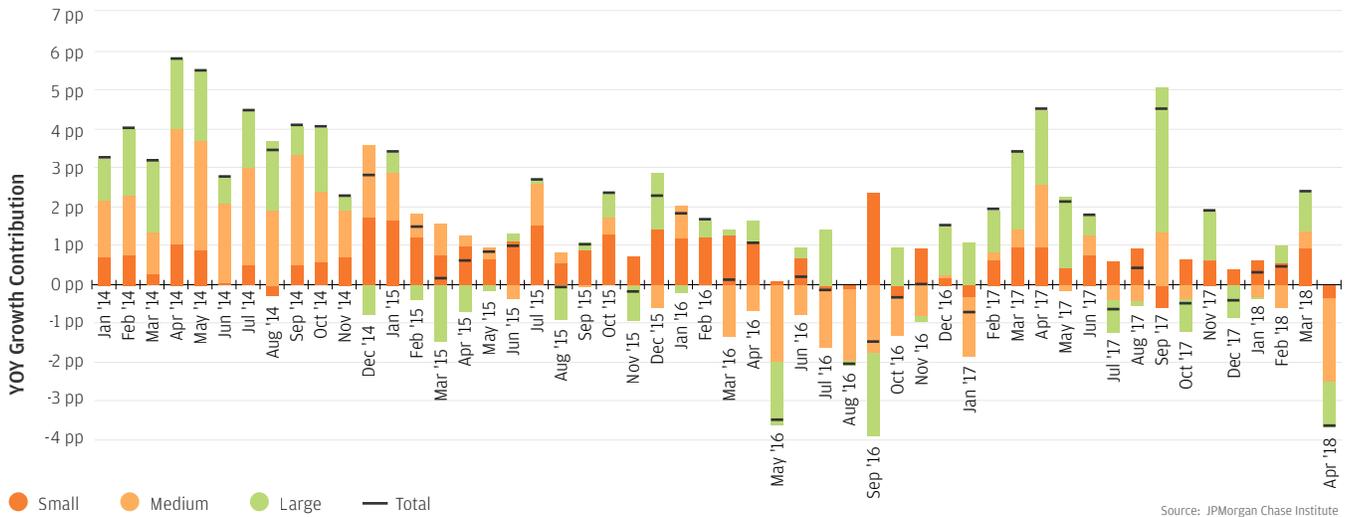
**Low Income Consumers:** Contributions from consumers in the bottom income quintile remained flat in April 2018, the only non-negative contribution among all income quintiles.

**High Income Consumers:** Consumers in the top income quintile subtracted 1.5 percentage points from year-over-year growth in April 2018.



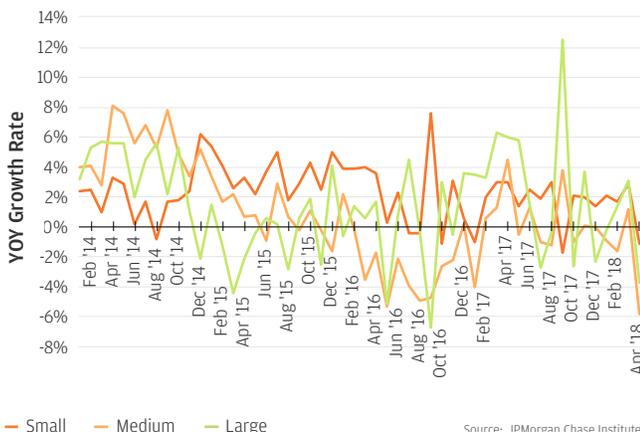
# Spending by Size of Business

Growth Contributions by Size of Business



Source: JPMorgan Chase Institute

Growth Rates by Size of Business



Source: JPMorgan Chase Institute

**Small Businesses:** Small businesses subtracted 0.4 percentage points from year-over-year growth in April 2018.

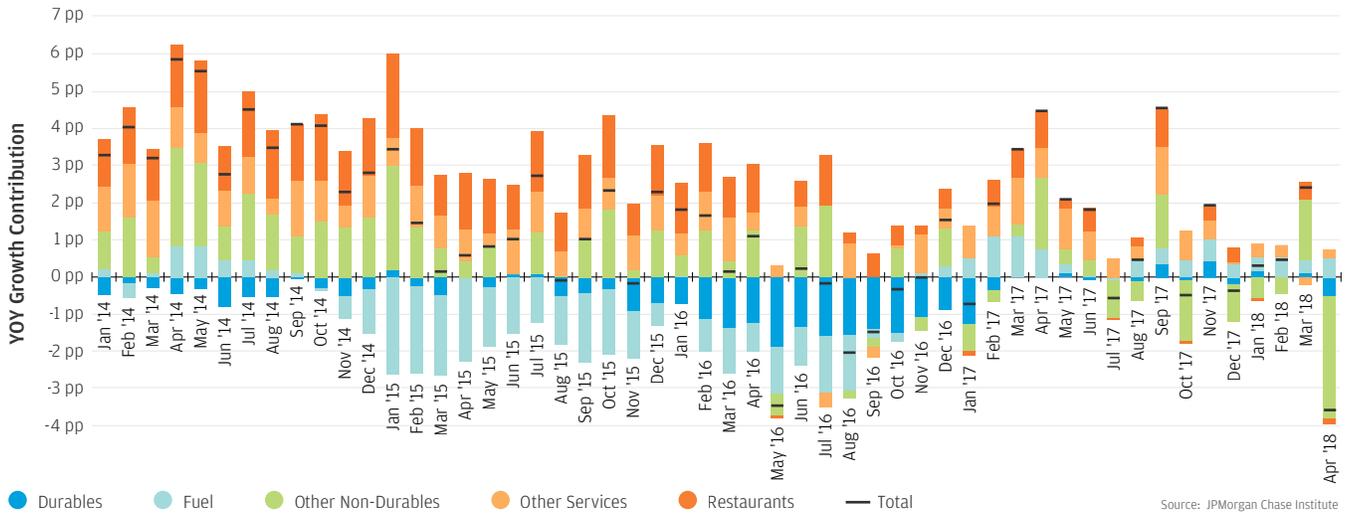
**Mid-sized Businesses:** Mid-sized businesses subtracted 2.1 percentage points from year-over-year growth in April 2018.

**Large Businesses:** Large businesses subtracted 1.1 percentage points from year-over-year growth in April 2018.



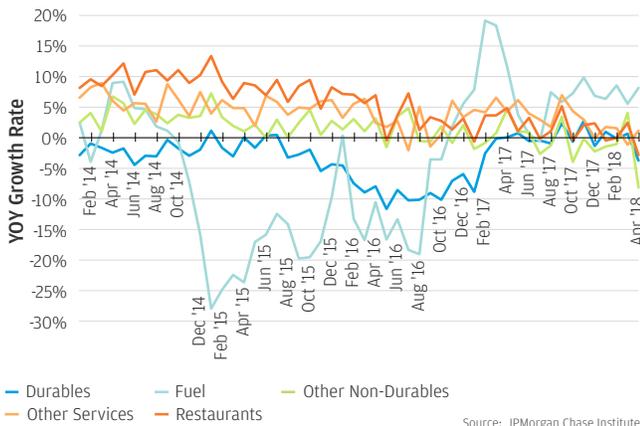
# Spending by Product Type

Growth Contributions by Product Type



Source: JPMorgan Chase Institute

Growth Rates by Product Type



Source: JPMorgan Chase Institute

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

**Non-Durables:** Spending on non-durable goods subtracted 3.3 percentage points from year-over-year growth in April 2018, the largest subtraction of any product type.

**Restaurants:** Spending on restaurants subtracted 0.5 percentage points from year-over-year growth in April 2018.



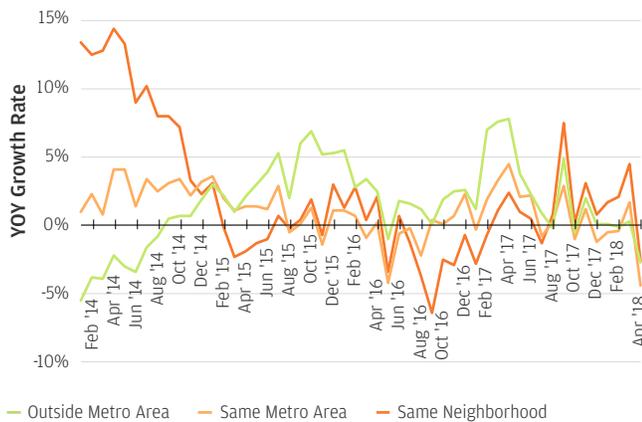
# Spending by Consumer Residence

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 subtracted 0.7 percentage points from year-over-year growth in April 2018

**Same Metro Area:** Spending by consumers in the same metro area as the merchant (but not the same neighborhood) subtracted 2.5 percentage points from year-over-year growth in April 2018.

**Outside Metro Area:** Spending by consumers who reside in a different metro area than the merchant subtracted 0.4 percentage points from year-over-year growth in April 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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