

# Local Consumer Commerce

## February 2017

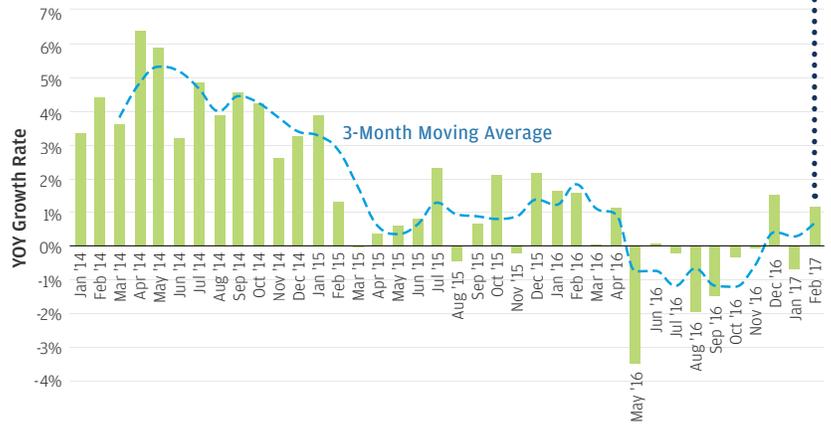


**DATA THROUGH  
FEB 2017** **↑ 1.2%**

### Highlights across all 15 cities

Local Consumer Commerce grew 1.2 percent year-over-year between February 2016 and February 2017. Of our 15 cities, only three experienced negative growth rates. For the first time since January 2015, consumers in the highest income quintile made a positive contribution to overall growth, and consumers between the ages of 55 and 64 did not subtract from it. February marks the first month since October 2015 that saw positive growth contributions from small, mid-sized, and large businesses.

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 U.S. cities.

**A unique lens.** The LCCI is constructed from over 19 billion anonymized credit and debit card transactions from over 59 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.

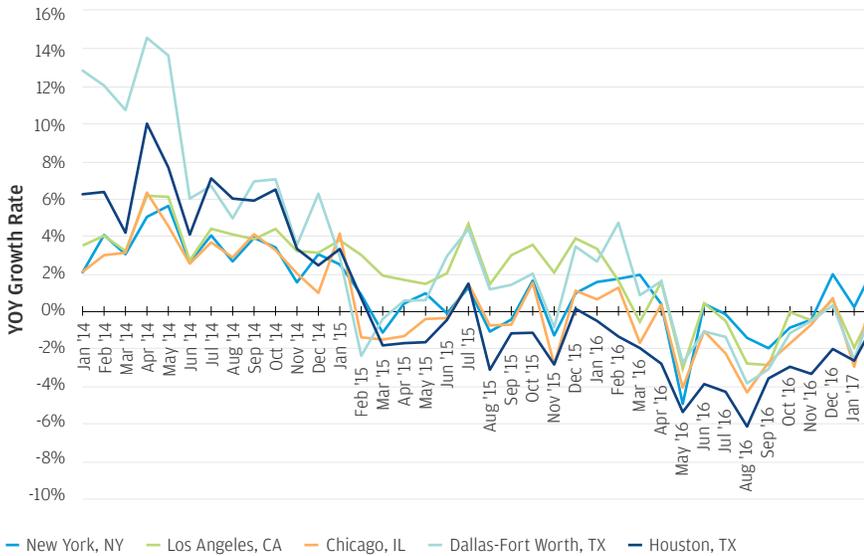
**Our sample.** The LCCI measures everyday spending across 15 cities: Atlanta, Chicago, Columbus, Dallas-Fort Worth, Denver, Detroit, Houston, Miami, Los Angeles, New York, Phoenix, Portland (OR), San Diego, San Francisco, and Seattle. Our portfolio of cities mirrors the geographic and economic diversity 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



Source: JPMorgan Chase Institute

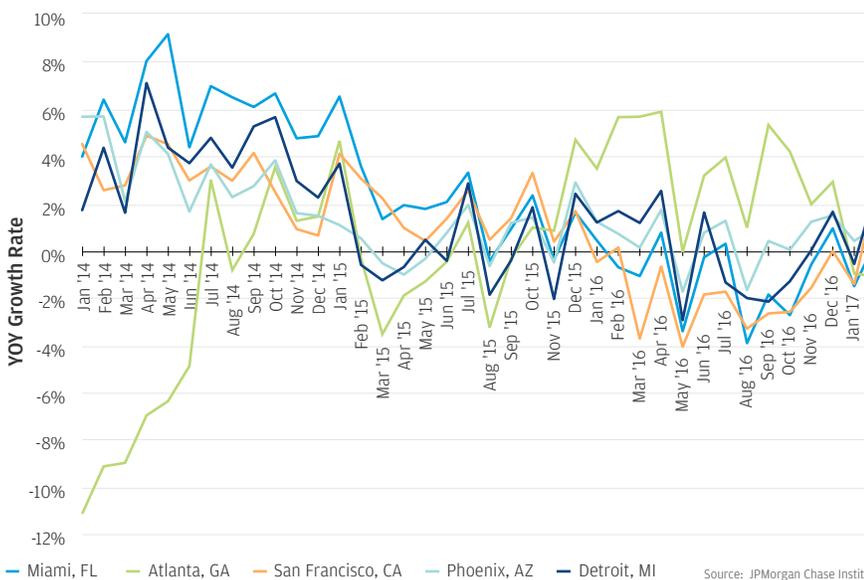
**New York:** New York grew the fastest of all large cities, growing at 2.5 percent in February, a significant jump from the 0.3 percent growth it experienced in January 2017.

**Houston:** Houston was the only large LCC city to experience a decline in growth. However, the 0.5 percent decline it experienced in February is the smallest decline it has experienced since January 2016.

**Chicago:** Chicago bounced back from a decline in growth of 2.9 percent in January 2017 to a positive growth rate of 1.6 percent in February 2017.

On average, local spending in large cities increased by 0.9 percent between February 2016 and February 2017. This is a significant uptick from the decline of 1.9 percent experienced in January 2017.

## Mid-Sized Metro Areas



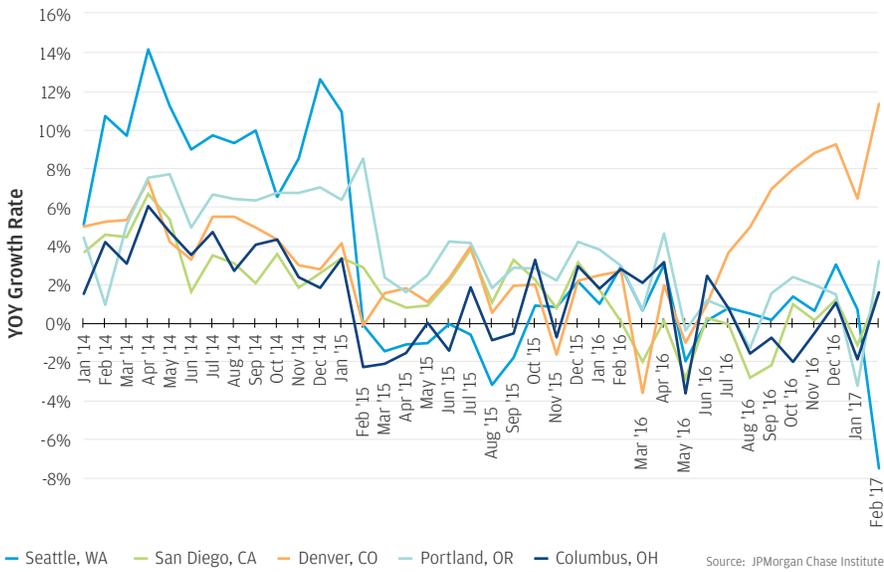
Source: JPMorgan Chase Institute

**Atlanta:** Atlanta experienced the lowest growth rate among mid-sized cities, registering a 1.1 percent decline in growth in February 2017.

**Detroit and San Francisco:** Both Detroit and San Francisco rebounded from negative growth rates in January 2017 to experience the highest growth rates among mid-sized cities at 2.5 percent apiece.

On average, local spending in mid-sized cities increased by 1 percent between February 2016 and February 2017.

### Smaller Metro Areas

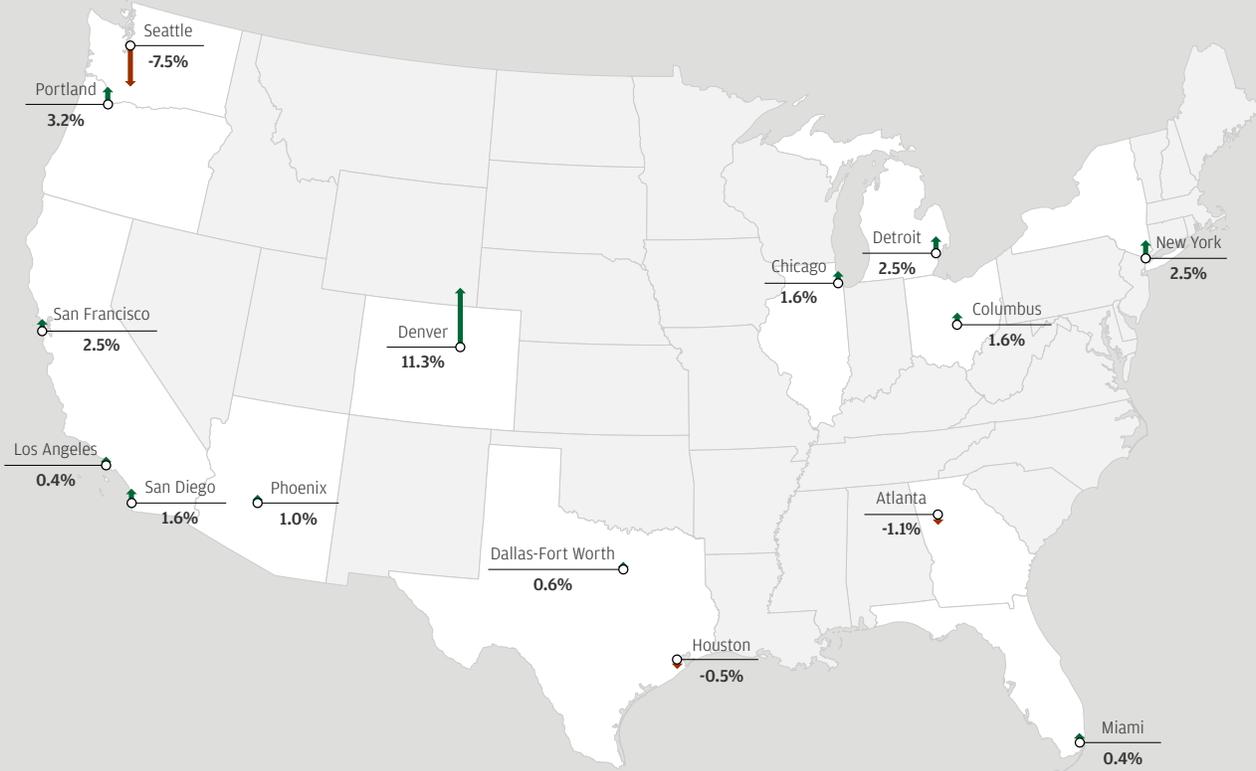


**Denver:** Local spending in Denver grew 11.3 percent between February 2016 and February 2017, the fastest growth rate of the small LCC cities, and the fastest growth rate overall.

**Seattle:** Seattle experienced a 7.5 percent decline in year-over-year growth in February 2017, the largest decline among all LCC cities.

On average, local spending in small cities grew by 2 percent between February 2016 and February 2017.

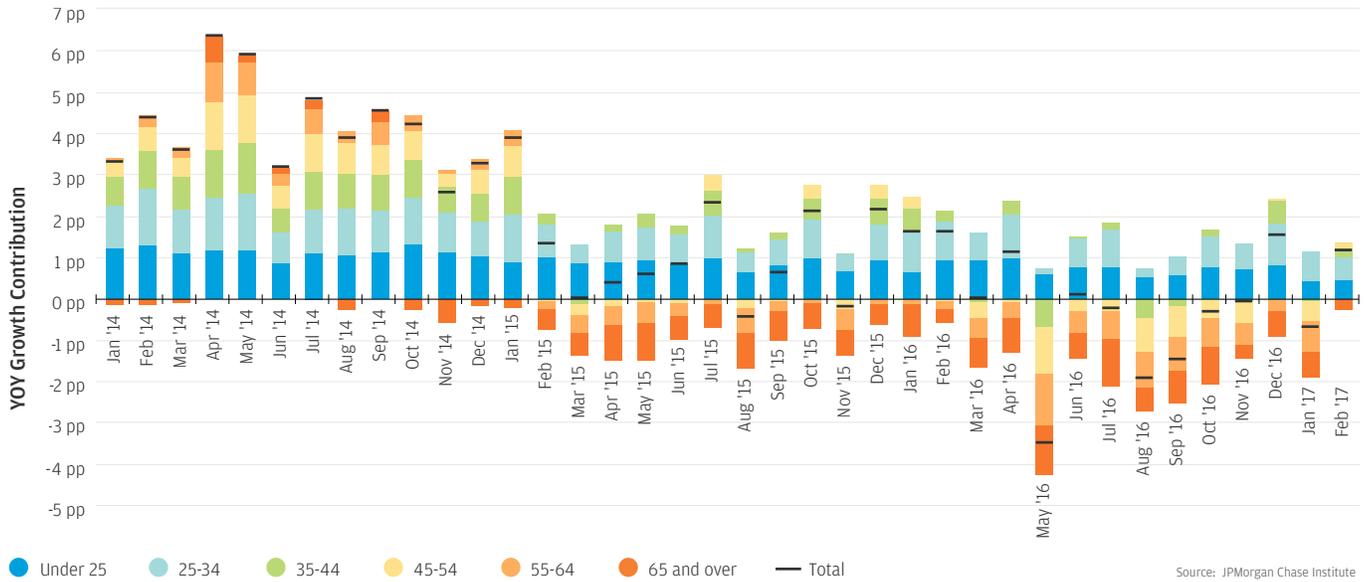
### Spending growth across 15 metro areas in February 2017





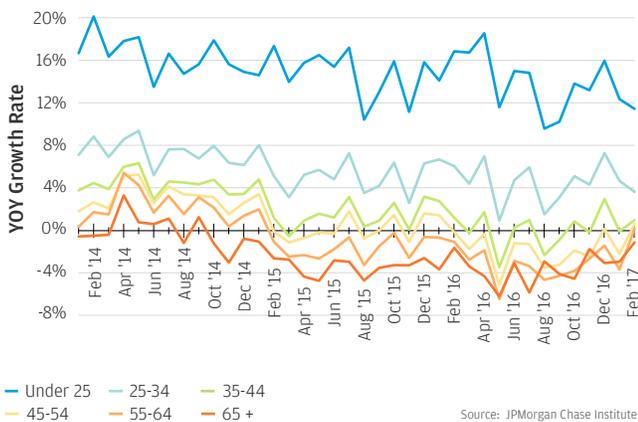
# Spending by Age

Growth Contributions by Age Group



Source: JPMorgan Chase Institute

Growth Rates by Age Group



Source: JPMorgan Chase Institute

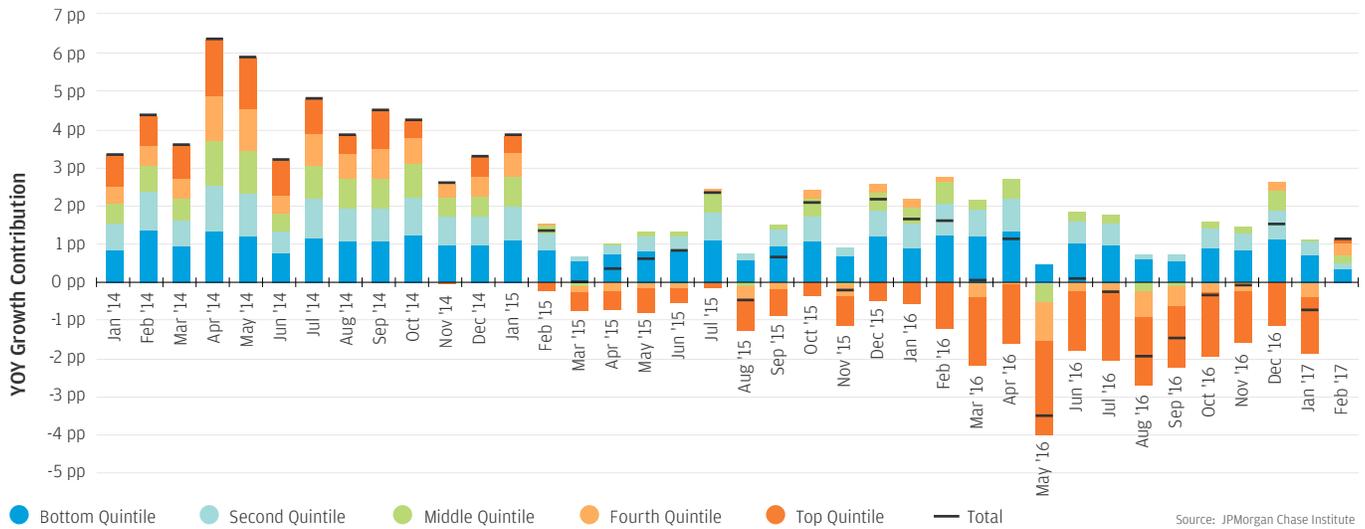
**Millennials:** Consumers under 35 contributed 1.1 percentage points to growth in February 2017, with consumers under 25 contributing 0.5 percentage points and consumers between 25 and 34 contributing 0.6 percentage points.

**Baby Boomers:** Consumers 65 and older continued to be a drag on growth in February 2017. However, the 0.2 percentage point subtraction from growth is the smallest since January 2015 for this group. The flat growth contribution from consumers between 55 and 64 in February 2017 marks the end of a streak of negative growth that began in February 2015.



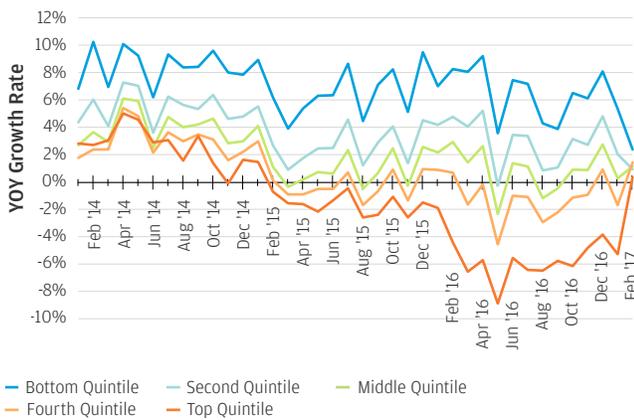
# Spending by Income

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 0.4 percentage points to growth in February 2017.

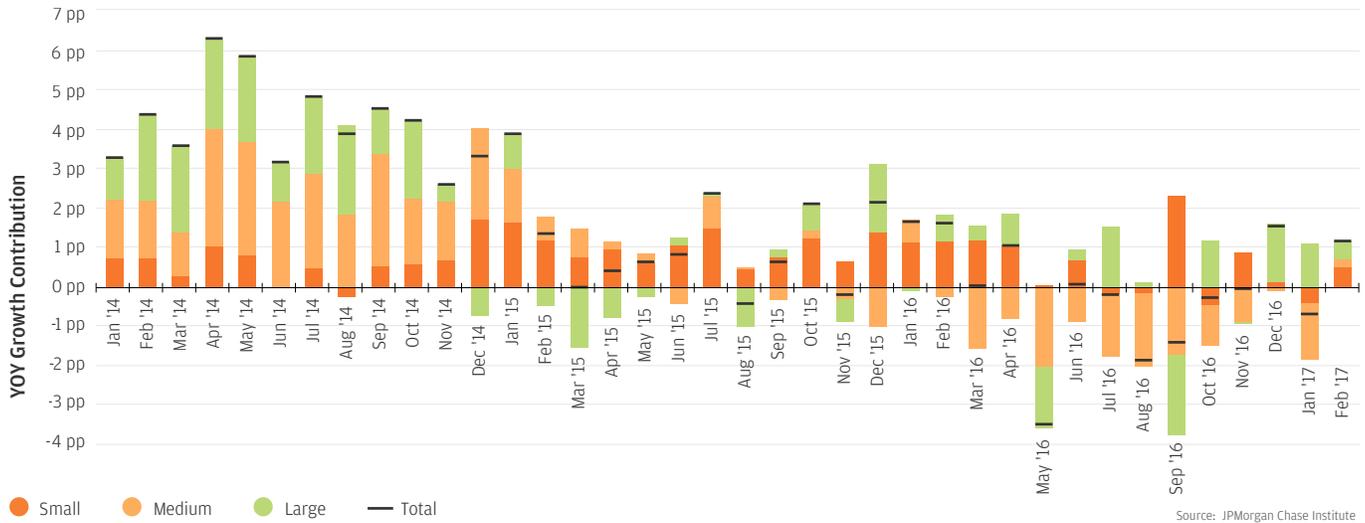
**High Income Consumers:** Consumers in the highest income quintile contributed 0.1 percentage points to growth in February 2017. This is the first positive growth contribution for this group since January 2015.

Every income group registered a positive contribution to growth in February 2017, which is the first time this has occurred since January 2015.



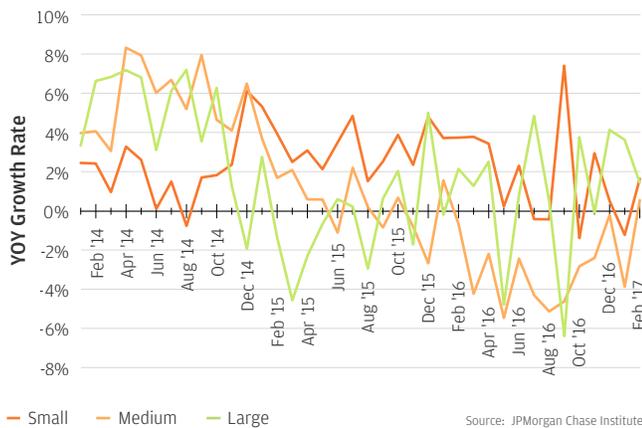
# Spending by Size of Business

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 0.5 percentage points to growth in February 2017.

**Mid-Sized Businesses:** Mid-sized businesses contributed 0.2 percentage points to growth in February 2017, the first positive contribution since January 2016.

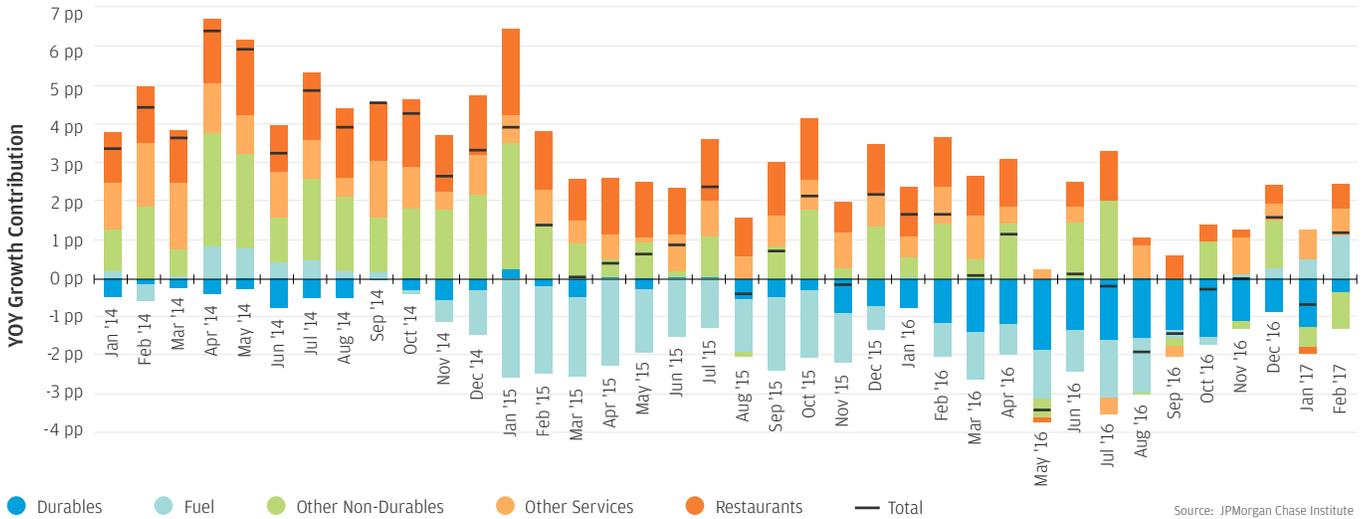
**Large Businesses:** Large businesses contributed 0.5 percentage points to growth in February 2017.

February 2017 marks the first month since October 2015 with positive growth contributions from small, mid-sized, and large businesses.



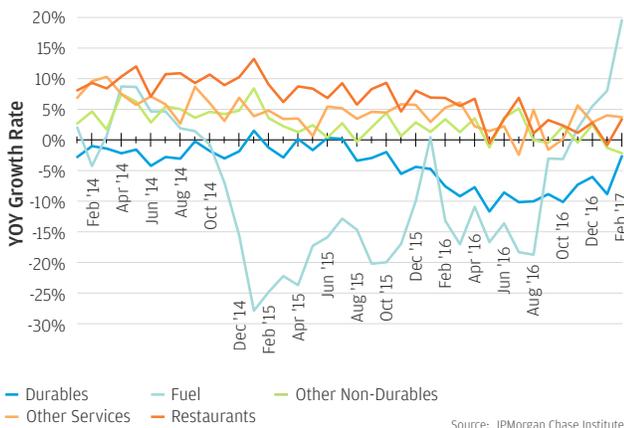
# Spending by Product Type

Growth Contributions by Product Type



Source: JPMorgan Chase Institute

Growth Rates by Product Type



Source: JPMorgan Chase Institute

**Durables:** Durables continued to be a drag on growth, subtracting 0.4 percentage points from growth in February 2017.

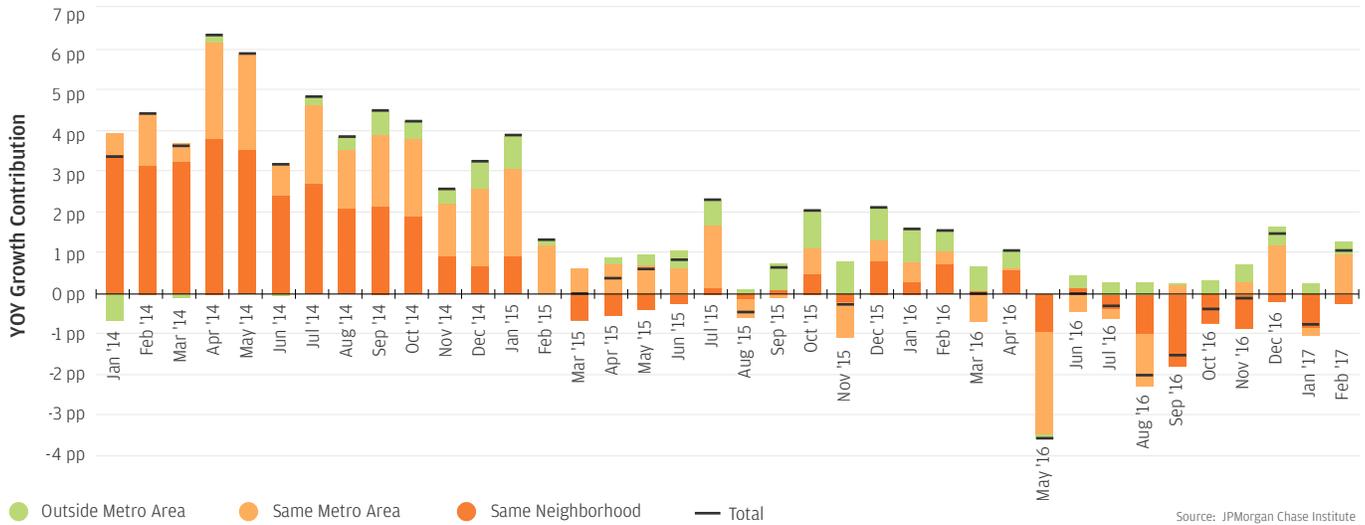
**Fuel:** Fuel spending continued its trend of positive growth that started in November 2016, contributing 1.1 percentage points to growth in February 2017.

**Restaurants:** Following the rare decline experienced in January 2017, restaurant spending picked back up to contribute 0.6 percentage points to growth in February 2017.



# 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 that reside in the same neighborhood as the merchant subtracted 0.2 percentage points from growth in February 2017.

**Same Metro Area:** Spending by consumers in the same metro area as the merchant (but not the same neighborhood) contributed 1 percentage point to growth in February 2017.

**Outside Metro Area:** Spending by consumers that do not live in the same metro area as the merchant contributed 0.3 percentage points to growth in February 2017.

# 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,<sup>1</sup> 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.

## Endnotes

1 We observe the out-of-pocket card-based spending of consumers at healthcare providers.

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