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Local Consumer Commerce

September 2017



DATA THROUGH
SEPT 2017 **↑4.4%**

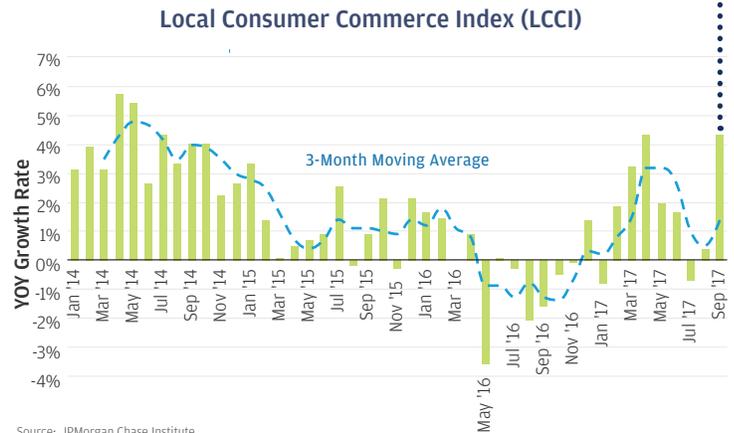
Highlights across all 14 metro areas

Local Consumer Commerce grew by 4.4 percent between September 2016 and September 2017. This high growth was primarily driven by material increases in consumer spending, but also due to the presence of an additional weekend day in September 2017 relative to September 2016. Of the 14 metro areas we track, only the Miami metro area registered a decline in spending. Consumer spending at local merchants contributed to growth regardless of income quintile for the first time since May 2017. Spending on durable goods contributed 0.3 percentage points to growth in September 2017, the first positive growth contribution for this product type since May 2017.

Local spending in the Houston metropolitan grew 9.3 percent year-over-year in September 2017, the month following severe flooding due to Hurricane Harvey. Following widespread property damage, spending on durable and non-durable goods at Houston area merchants contributed 4.7 and 2.7 percentage points to growth, respectively.

Meanwhile, local spending in the Miami metro region declined by 3.7 percent year-over-year in September 2017 following the early September landfall of Hurricane Irma.

Starting with the August 2017 refresh, 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.



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.

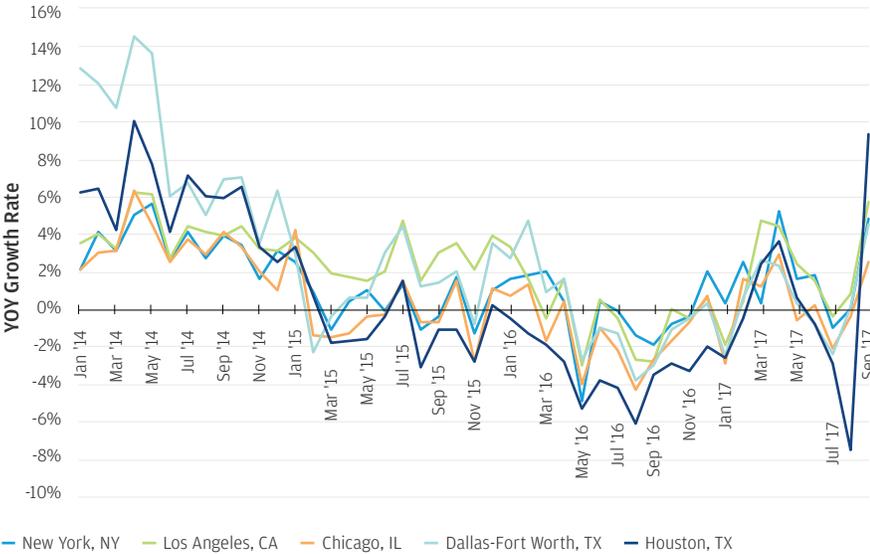
Our sample. The LCCI measures everyday spending across 14 metro areas: Atlanta, Chicago, Columbus, Dallas-Fort Worth, Denver, Detroit, Houston, Miami, Los Angeles, New York, Phoenix, Portland (OR), San Diego, and San Francisco. Our portfolio of metro areas mirrors the geographic and economic diversity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



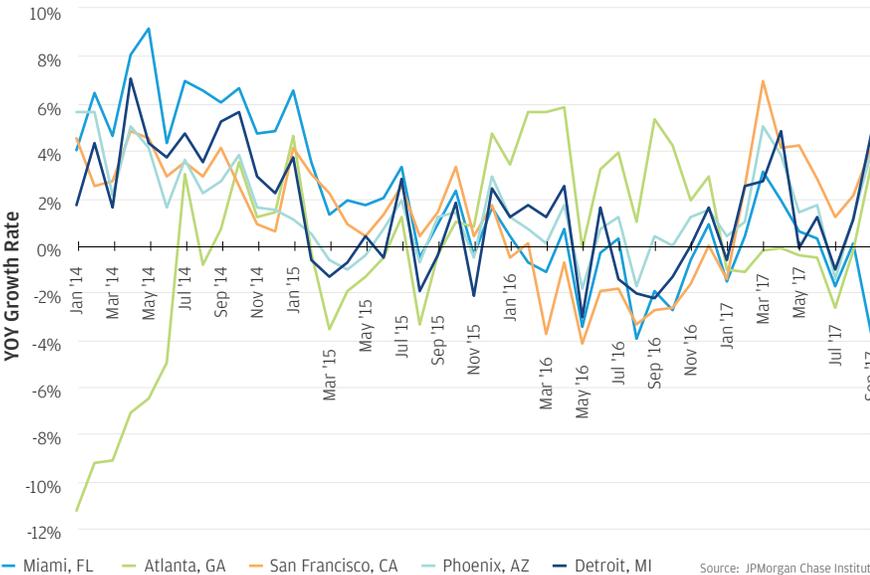
Houston: Spending at Houston merchants grew by 9.3 percent year-over-year in September 2017. This is a sharp increase from the 7.5 percent decline registered in August 2017, the same month that Hurricane Harvey made landfall and damaged infrastructure across the Houston metro area.

Chicago: Following two months of year-over-year spending declines, local spending at Chicago merchants grew 2.6 percent year-over-year in September 2017.

On average, local spending in large metro areas grew by 5.4 percent year-over-year in September 2017, and they all saw higher growth in September than August.

Source: JPMorgan Chase Institute

Mid-Sized Metro Areas



Miami: Following disruption to infrastructure in the wake of Hurricane Irma, local spending in the Miami metro area declined by 3.7 percent year-over-year in September 2017.

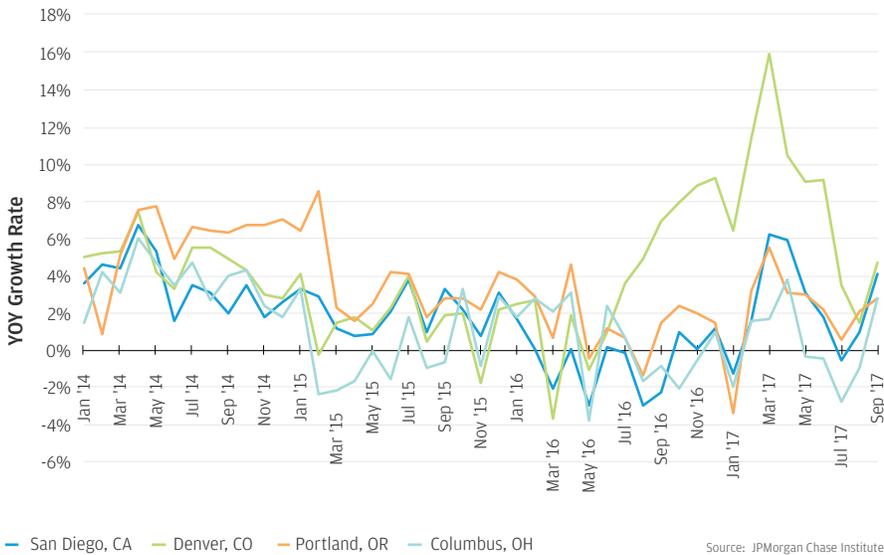
Atlanta: Spending at Atlanta metro area merchants grew by 3.4 percent year-over-year in September 2017, the first positive growth experienced by the metro area in 2017.

Detroit: Local spending in Detroit grew by 4.7 percent year-over-year in September 2017, the largest growth rate among the mid-sized metro areas.

On average, local spending among the mid-sized metro areas grew by 2.5 percent year-over-year in September 2017. All metro areas except for Miami saw positive growth in that month.

Source: JPMorgan Chase Institute

Smaller Metro Areas



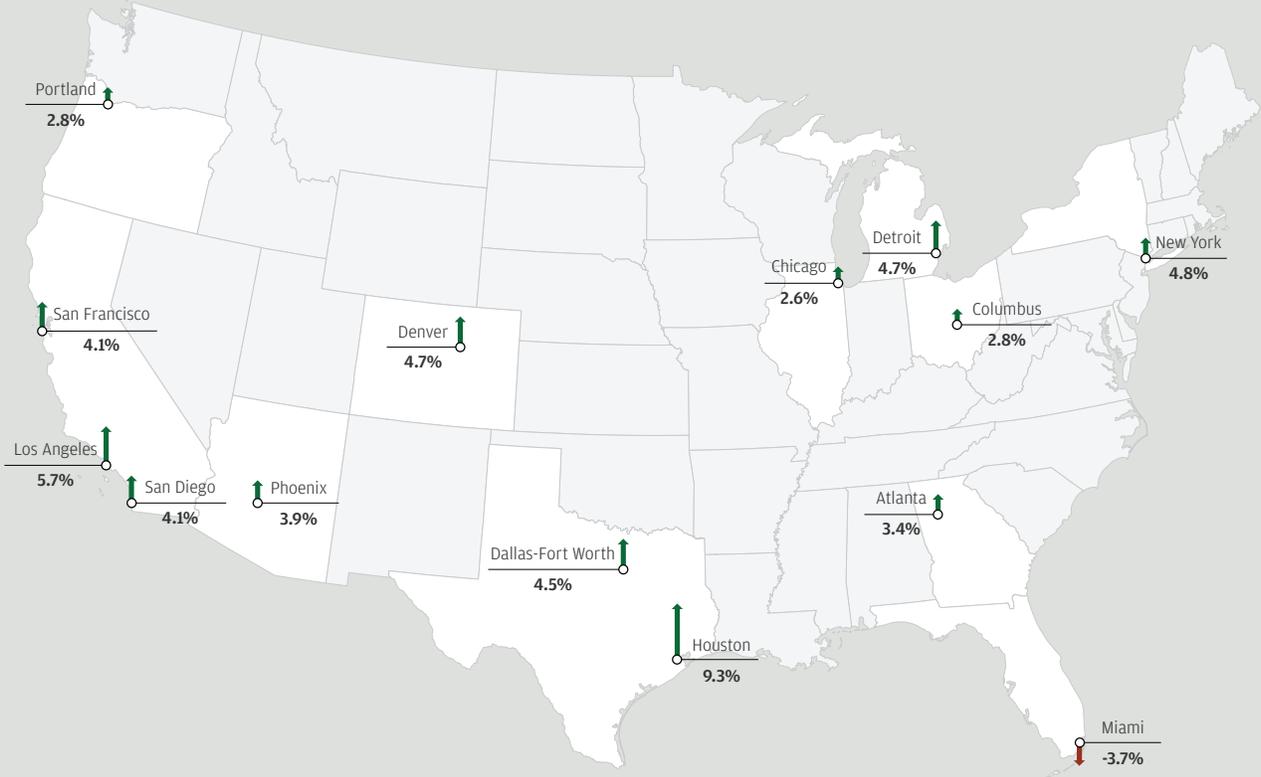
Denver: Local spending in Denver grew by 4.7 percent year-over-year in September 2017, the highest growth rate among the small metro areas.

Columbus: Following four months of year-over-year declines in spending, local spending at Columbus merchants grew by 2.8 percent in September 2017.

On average, local spending among the small metro areas grew by 3.6 percent in September 2017.

Source: JPMorgan Chase Institute

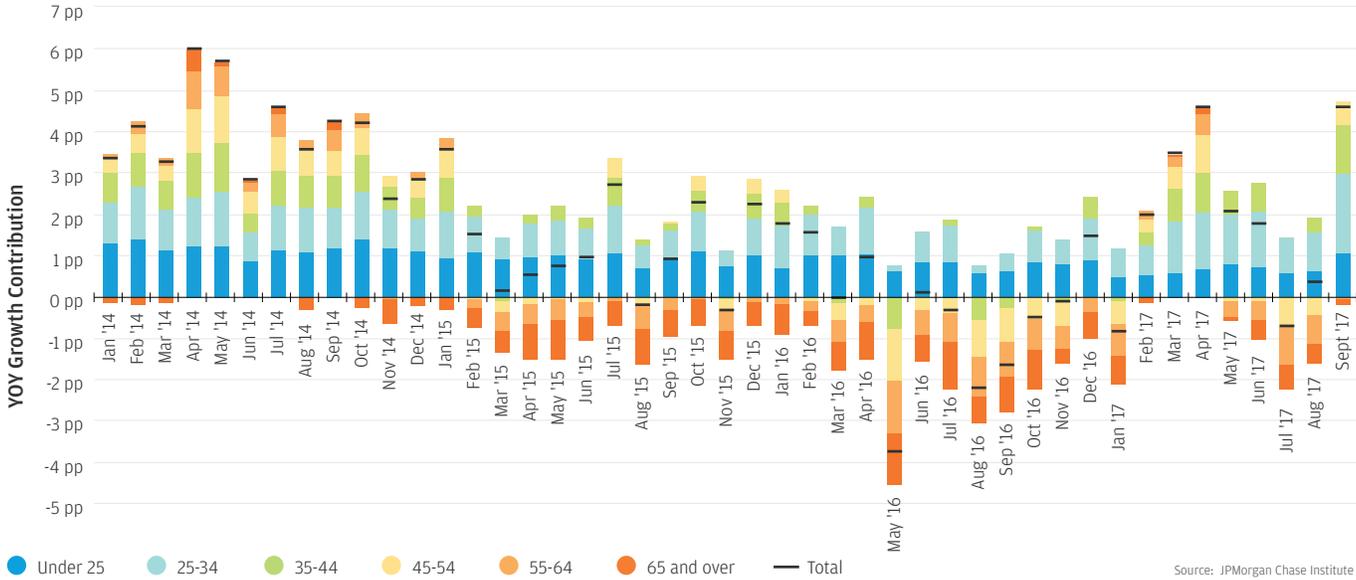
Spending growth across 14 metro areas in September 2017





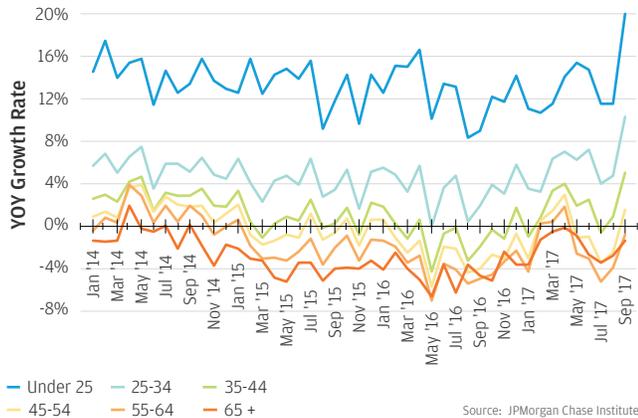
Spending by Age

Growth Contributions by Age Group



Source: JPMorgan Chase Institute

Growth Rates by Age Group



Source: JPMorgan Chase Institute

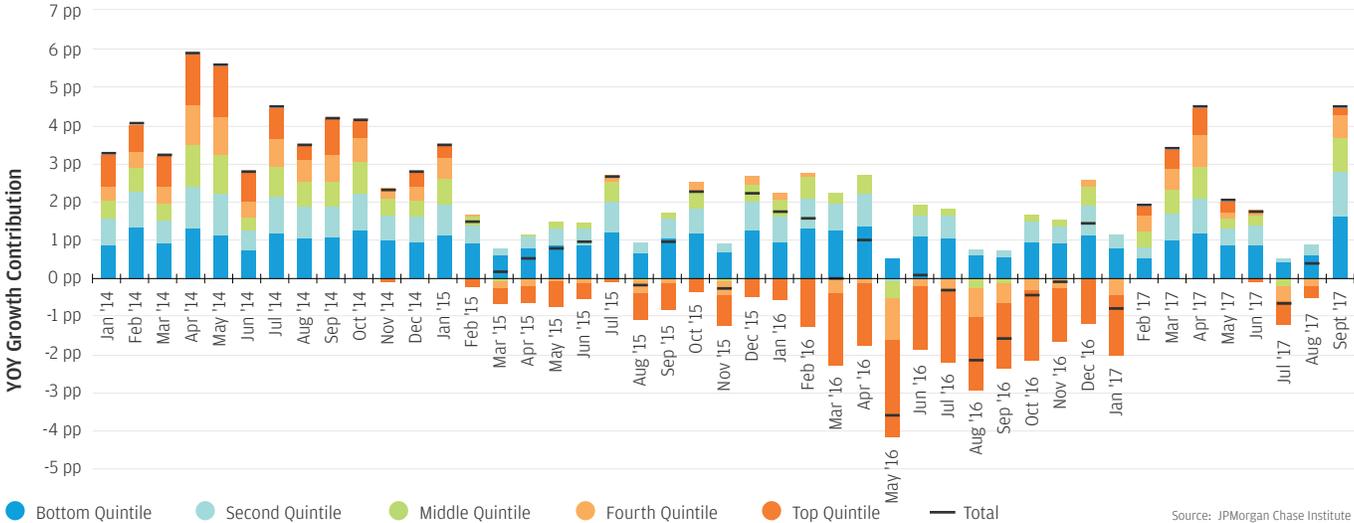
Millennials: Consumers under 35 contributed 3 percentage points to year-over-year growth in September 2017, with consumers under 25 contributing 1.1 percentage points to growth and consumers between 25 and 34 contributing 1.9 percentage points to growth.

Older Consumers: Consumers between 55 and 64 did not subtract from year-over-year growth in September 2017, while consumers 65 and older subtracted 0.1 percentage points from year-over-year growth in that same month.



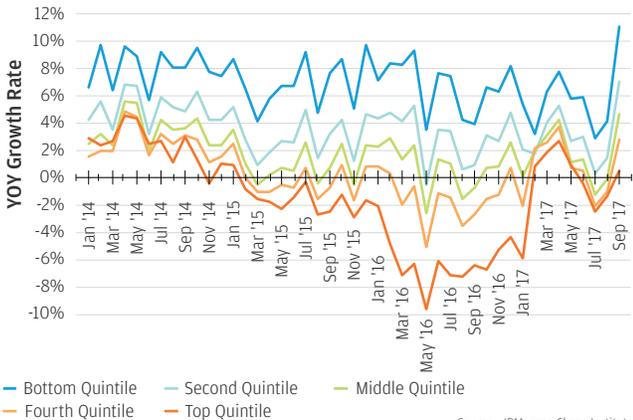
Spending by Income

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 1.6 percentage points to year-over-year growth in September 2017, the largest growth contribution among all income quintiles.

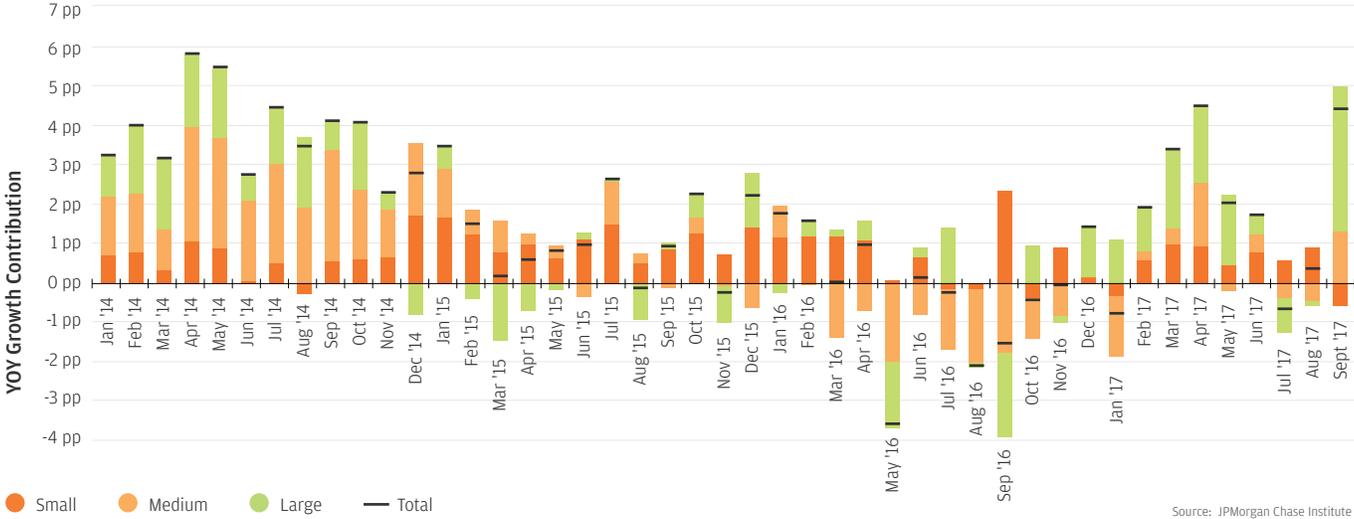
High Income Consumers: Consumers in the top income quintile contributed 0.2 percentage points to year-over-year growth in September 2017, the first positive growth contribution for this group since May 2017.

September 2017 is the first month since May 2017 in which all income quintiles contributed to year-over-year growth.



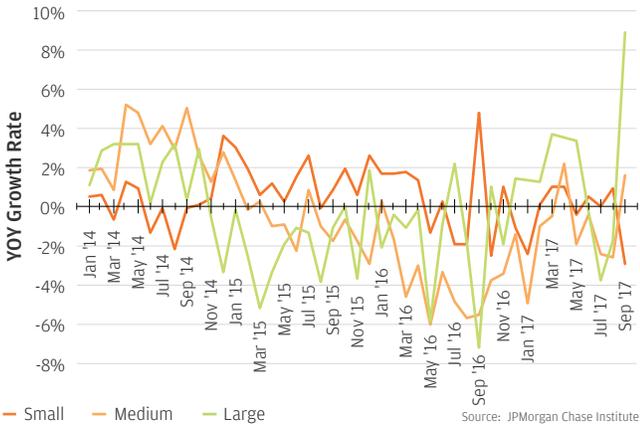
Spending by Size of Business

Growth Contributions by Size of Business



Source: JPMorgan Chase Institute

Growth Rates by Size of Business



Source: JPMorgan Chase Institute

Small Businesses: In a reversal of earlier trends, spending at small businesses subtracted 0.6 percentage points from year-over-year growth in September 2017. Small businesses were the only business size to subtract from growth.

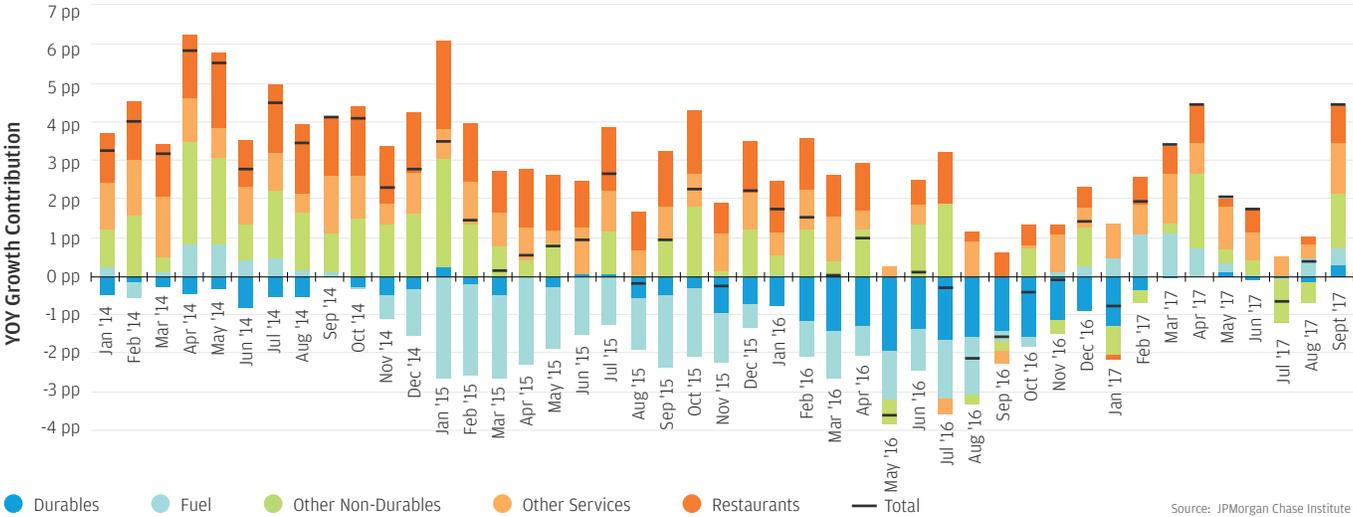
Mid-Sized Businesses: Mid-sized businesses contributed 1.3 percentage points to year-over-year growth in September 2017. This is the first positive growth contribution for mid-sized businesses since June 2017.

Large Businesses: Large businesses contributed 3.7 percentage points to year-over-year growth in September 2017, the largest growth contribution of any business size in that month.



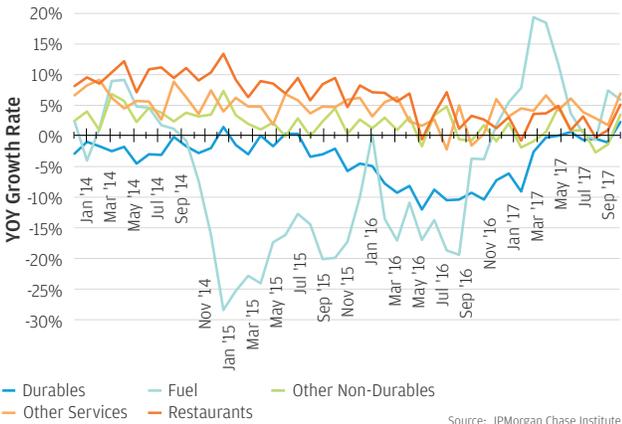
Spending by Product Type

Growth Contributions by Product Type



Source: JPMorgan Chase Institute

Growth Rates by Product Type



Source: JPMorgan Chase Institute

Durables: For the first time since May 2017, spending on durable goods contributed 0.3 percentage points to year-over-year growth in September 2017.

Non-durables: Spending on non-durable goods contributed 1.4 percentage points to year-over-year growth in September 2017, the largest growth contribution of any product type in that month.

Other Services: Spending on other services contributed 1.3 percentage points to year-over-year growth in September 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 from consumers that reside in the same neighborhood as the merchant contributed 2.1 percentage points to growth in September 2017.

Same Metro Area: Spending by consumers in the same metro area as the merchant (but not the same neighborhood) contributed 1.6 percentage points to growth in September 2017.

Outside Metro Area: Out of metro area spend contributed 0.7 percentage points to year-over-year growth in September 2017.

Measuring Local Consumer Commerce

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.

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