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# Local Consumer Commerce

## October 2017



DATA THROUGH  
OCT 2017

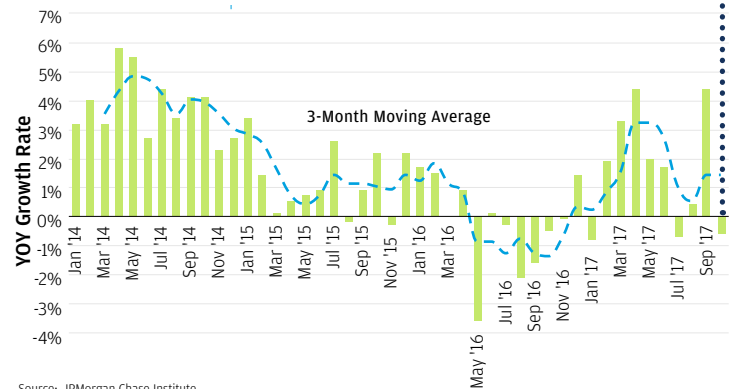
↓ -0.6%

### Highlights across all 14 metro areas

Local Consumer Commerce declined by 0.6 percent between October 2016 and October 2017, the first negative year-over-year growth rate for this series since July 2017. This spending decline was driven by decreases in spending across different merchant and consumer groups in addition to the absence of a weekend day in comparison to October 2016. Of the 14 metro areas we track only 4 experienced positive year-over-year growth in October 2017. In a reversion to earlier trends, younger and lower income consumers contributed to growth, while older and higher income consumers subtracted from it.

Local spending at Miami area merchants grew by 2.4 percent between October 2016 and October 2017, the month following Hurricane Irma.<sup>1</sup>

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 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.

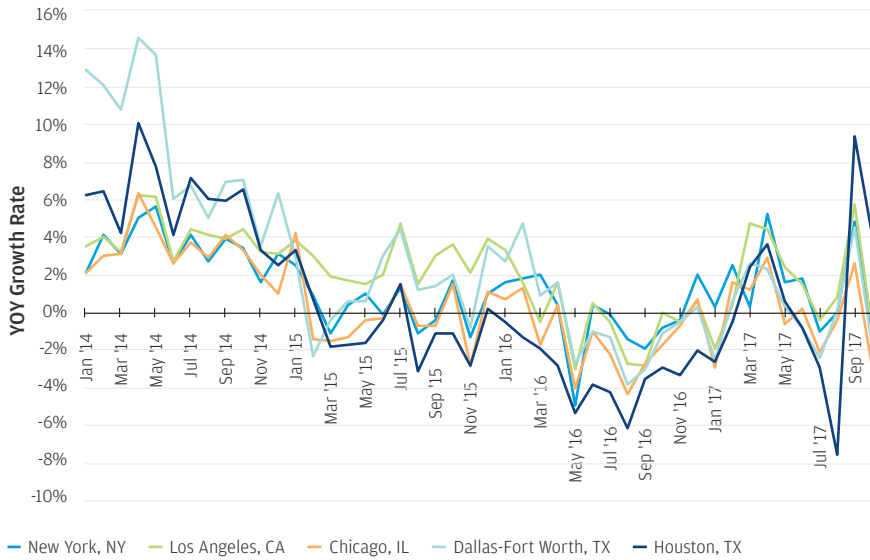
**Our sample.** The LCCI measures everyday spending across 14 metro areas: Atlanta, Chicago, Columbus, Dallas-Fort Worth, Denver, Detroit, Houston, Miami, Los Angeles, New York, Phoenix, Portland (OR), San Diego, and San Francisco. Our portfolio of metro areas mirrors the geographic and economic diversity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



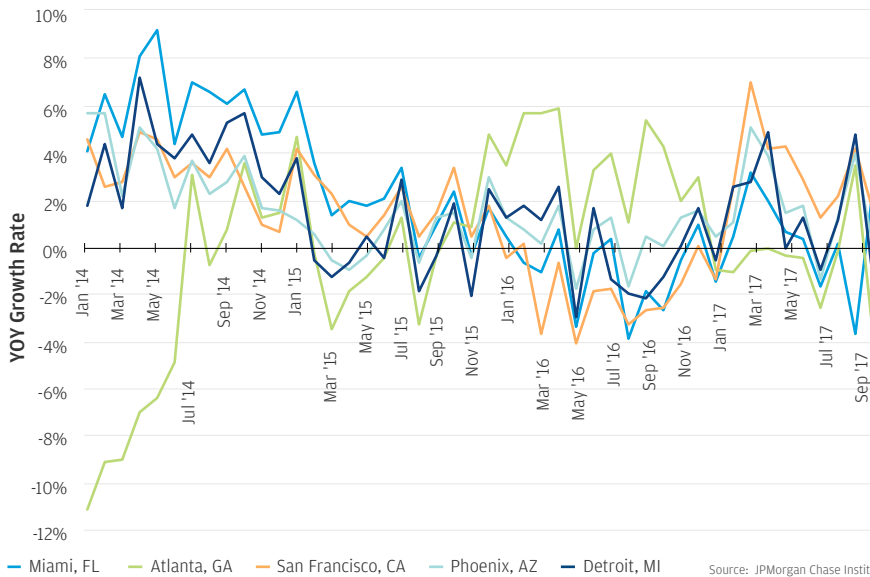
**Houston:** Spending at Houston merchants grew by 4.1 percent year-over-year in October 2017, cooling off from the 9.3 percent growth registered in October (the month following Hurricane Harvey.) Houston was the only large metro area to experience growth in October 2017.

**New York:** New York experienced a spending decline of 1.2 percent year-over-year in October 2017, a sharp drop from the 4.8 percent growth registered in September 2017.

On average, local spending among large metro areas declined by 0.5 percent year-over year in October 2017.

Source: JPMorgan Chase Institute

## Mid-Sized Metro Areas



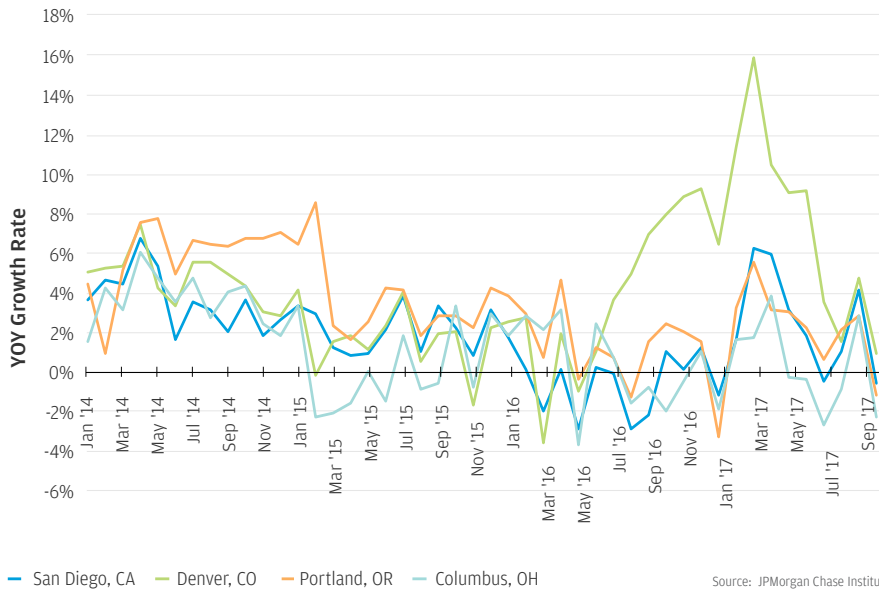
**Miami:** Following the disruption of Hurricane Irma, local spending in Miami grew by 2.4 percent year-over-year in October 2017.

**Atlanta:** Local commerce at Atlanta merchants declined by 3.7 percent year-over-year in October 2017, the lowest growth rate among the mid-sized cities.

On average, local spending among the mid-sized metro areas declined by 0.2 percent year-over-year in October 2017.

Source: JPMorgan Chase Institute

### Smaller Metro Areas



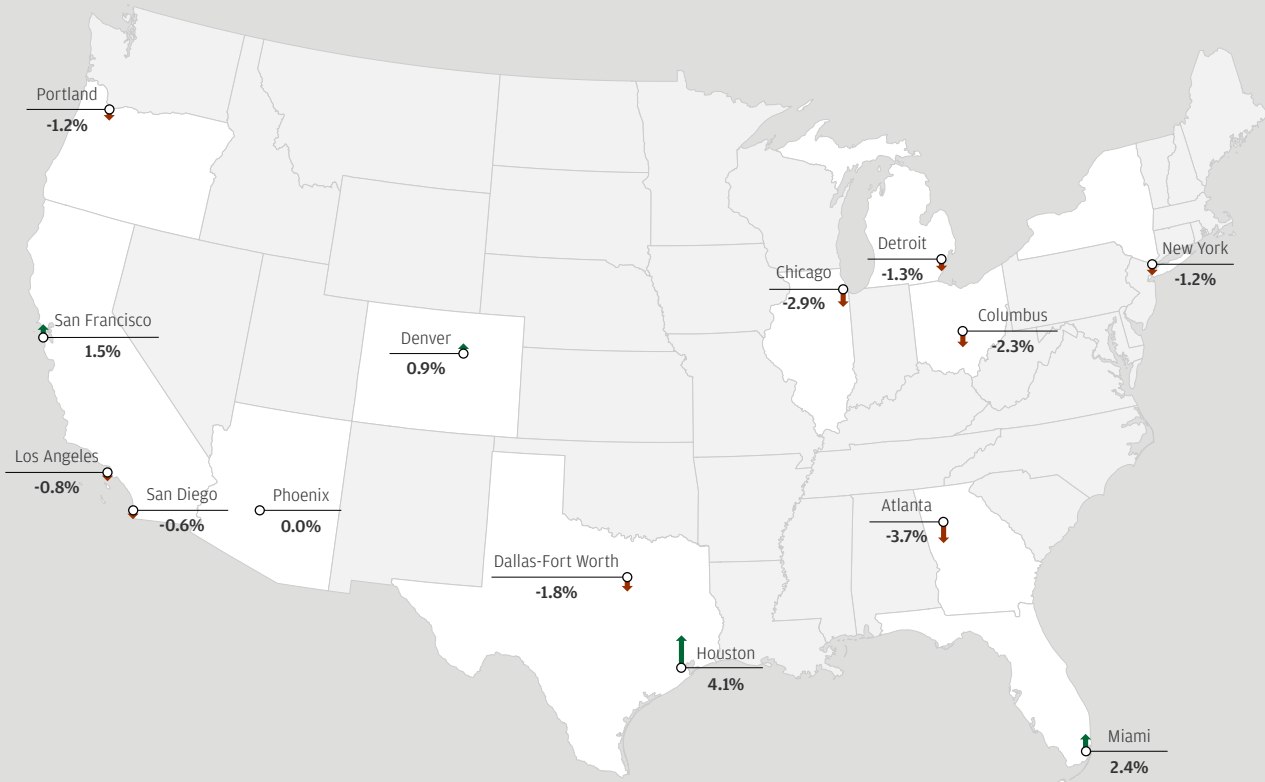
**Denver:** Local spending in Denver grew by 0.9 percent year-over-year in October 2017, the highest growth rate among the small metro areas.

**Columbus:** Local spending in Columbus declined by 2.3 percent year-over-year in October 2017, the lowest growth rate among the small metro areas.

On average, local spending among the small metro areas declined by 0.8 percent year-over-year in October 2017.

Source: JPMorgan Chase Institute

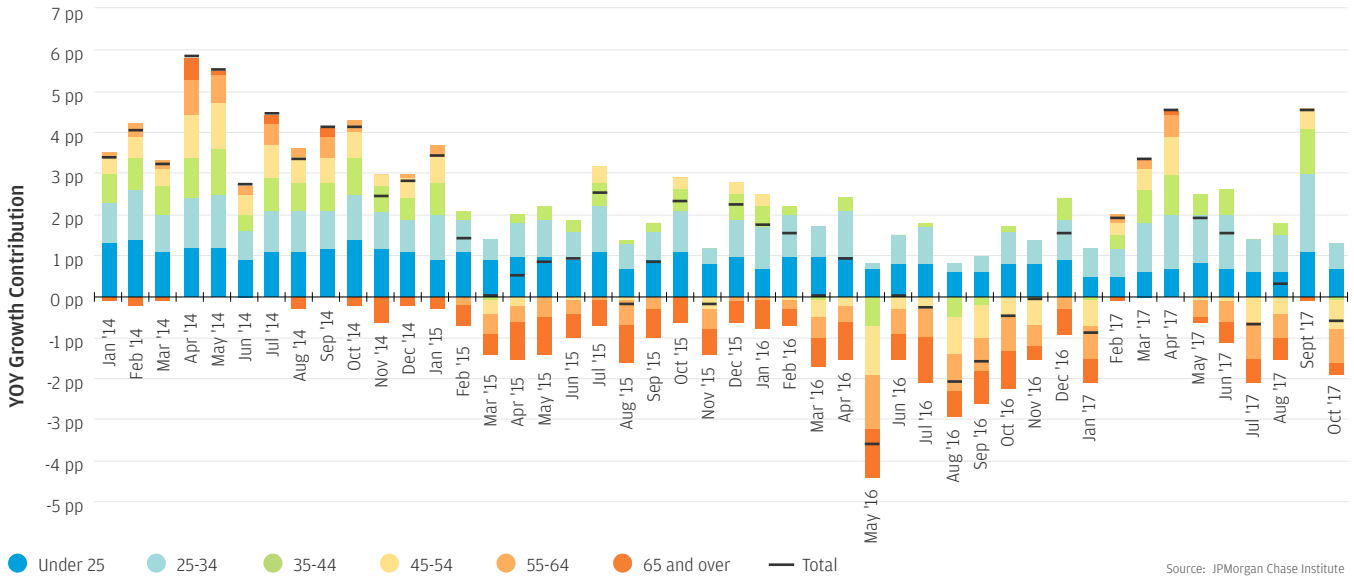
### Spending growth across 14 metro areas in October 2017





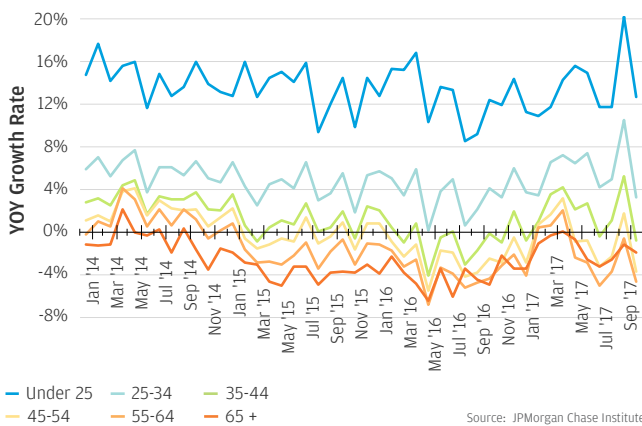
# Spending by Age

Growth Contributions by Age Group



Source: JPMorgan Chase Institute

Growth Rates by Age Group



Source: JPMorgan Chase Institute

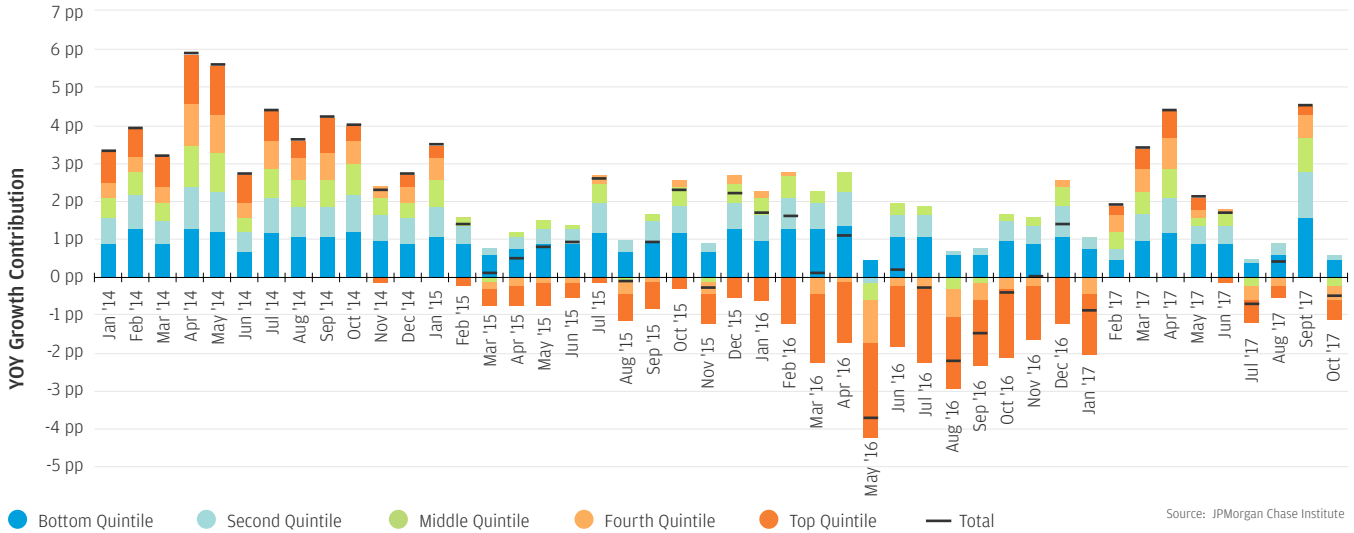
**Millennials:** Consumers under 35 contributed 1.3 percentage points to year-over-year growth in October 2017, with consumers under 25 contributing 0.7 percentage points to growth and consumers between 25 and 34 contributing 0.6 percentage points to growth. Moreover, consumers under 35 were the only age group to contribute to growth in that month.

**Older Consumers:** Consumers 55 and older subtracted 1.1 percentage points from year-over-year growth in October 2017, with consumers between 55 and 64 subtracting 0.8 percentage points from growth and consumers 65 and older subtracting 0.3 percentage points from growth.



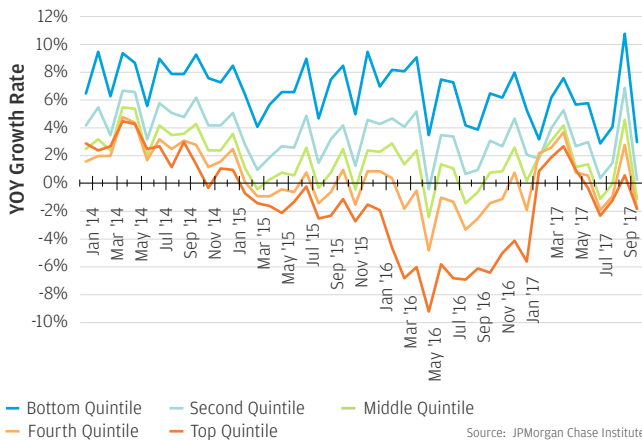
# Spending by Income

Growth Contributions by Income Quintile



Source: JPMorgan Chase Institute

Growth Rates by Income Quintile



Source: JPMorgan Chase Institute

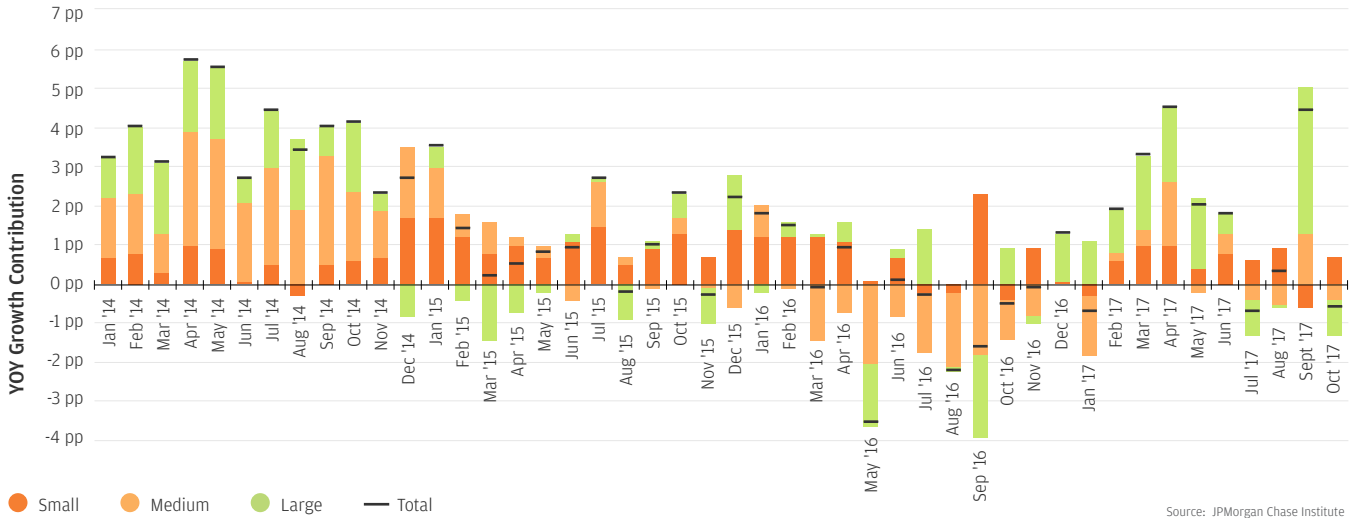
**Low Income Consumers:** Consumers in the bottom income quintile contributed 0.5 percentage points to year-over-year growth in October 2017, the largest growth contribution among all income quintiles.

**High Income Consumers:** Consumers in the top income quintile subtracted 0.5 percentage points from year-over-year growth in October 2017.



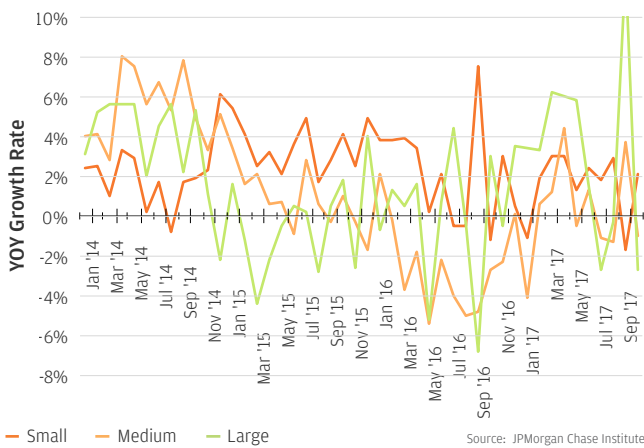
# Spending by Size of Business

Growth Contributions by Size of Business



Source: JPMorgan Chase Institute

Growth Rates by Size of Business



Source: JPMorgan Chase Institute

**Small Businesses:** Small businesses reverted to contributing to year-over-year growth in October 2017 following subtractions from growth in September 2017, contributing 0.7 percentage points to growth.

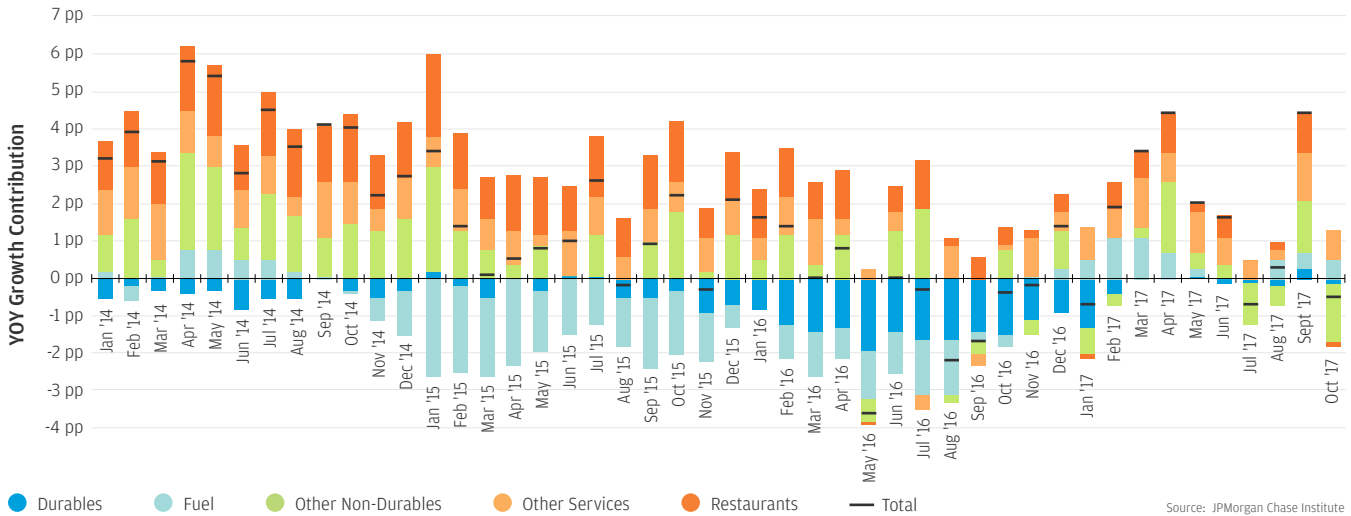
**Mid-Sized Businesses:** Mid-sized businesses subtracted 0.4 percentage points from year-over-year growth in October 2017.

**Large Businesses:** Large businesses subtracted 0.9 percentage points from year-over-year growth in October 2017.



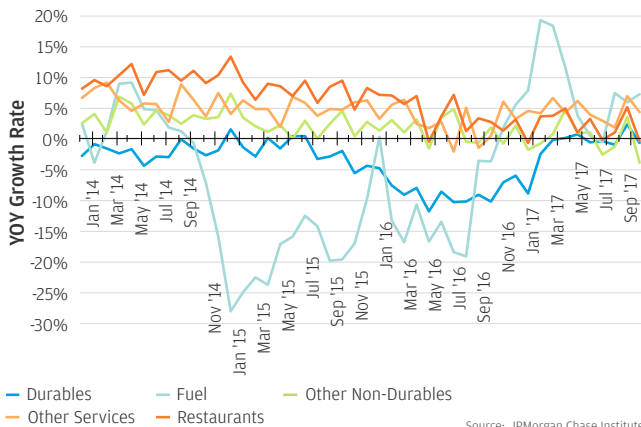
# Spending by Product Type

Growth Contributions by Product Type



Source: JPMorgan Chase Institute

Growth Rates by Product Type



Source: JPMorgan Chase Institute

**Durables:** Durable goods subtracted 0.1 percentage point from year-over-year growth in October 2017.

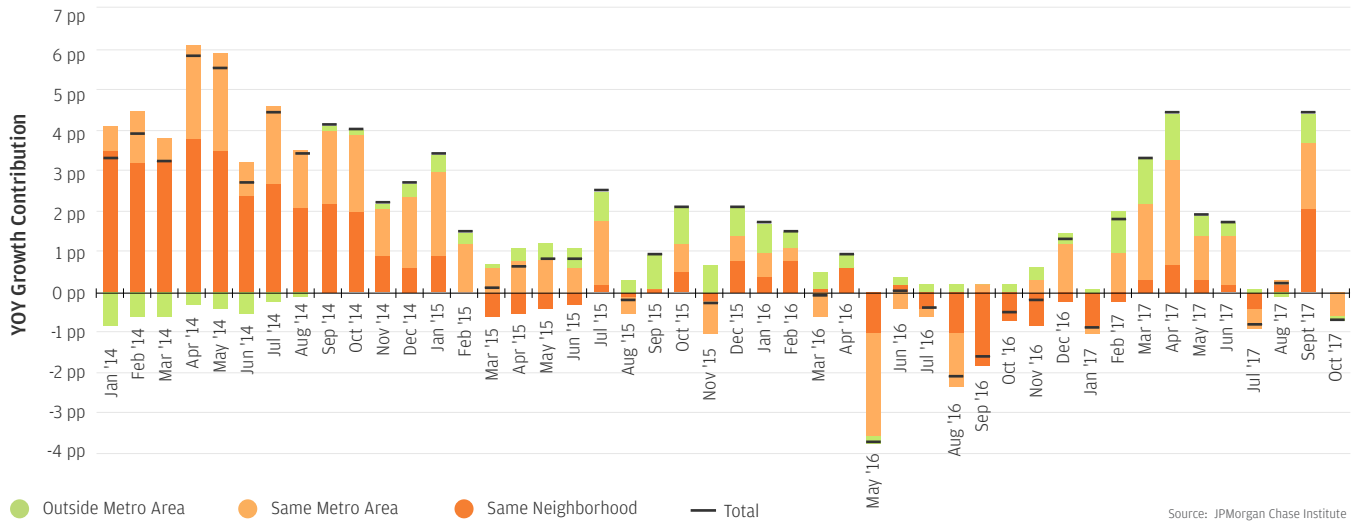
**Non-durables:** Spending on non-durable goods subtracted 1.6 percentage points from year-over-year growth in October 2017, the largest growth subtraction of any product type in that month.

**Other Services:** Spending on other services contributed 0.8 percentage points to year-over-year growth in October 2017, the largest growth contribution of any product type.

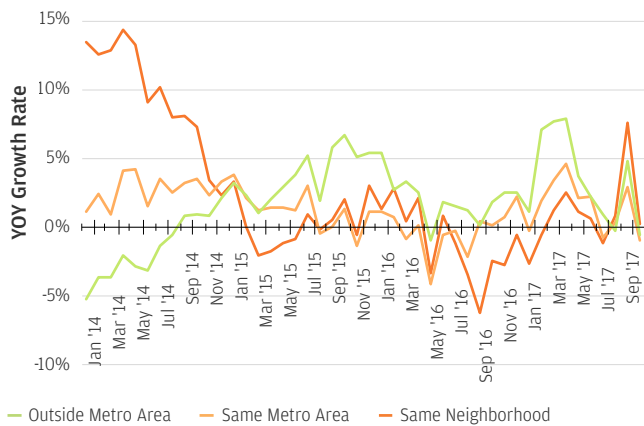


# Spending by Consumer Residence

Growth Contributions by Consumer Residence



Growth Rates by Consumer Residence



**Same Neighborhood:** Spending from consumers who live in the same neighborhood as the merchant remained flat in October 2017.

**Same Metro Area:** Spending by consumers in the same metro area as the merchant (but not the same neighborhood) subtracted 0.6 percentage points from growth in October 2017.

**Outside Metro Area:** Out of metro area spend subtracted 0.1 percentage points from year-over-year growth in October 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, 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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