RELEASE DATE
JUN 2018

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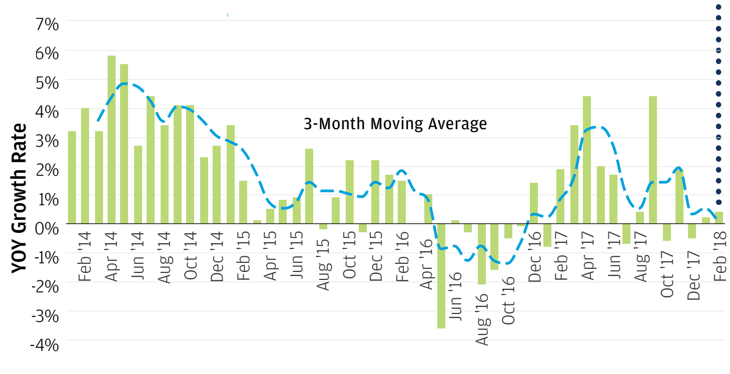
Local Consumer Commerce

February 2018

DATA THROUGH
FEB 2018 ↑0.4%

Highlights across all 14 metro areas

Local Consumer Commerce grew by 0.4 percent year-over-year in February 2018, a 0.2 percentage point increase from the 0.2 percent increase in spending registered in January 2018. Of the 14 metro areas we track, six posted positive year-over-year growth rates, six experienced declines in spending, and two remained flat.[1] Younger and lower income consumers continued to contribute to growth, with older and higher income consumers continuing to subtract from it. Consumers' spending at merchants in their same neighborhood made a strong contribution to year-over-year growth in February 2018, contributing 0.6 percentage points to growth.



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.

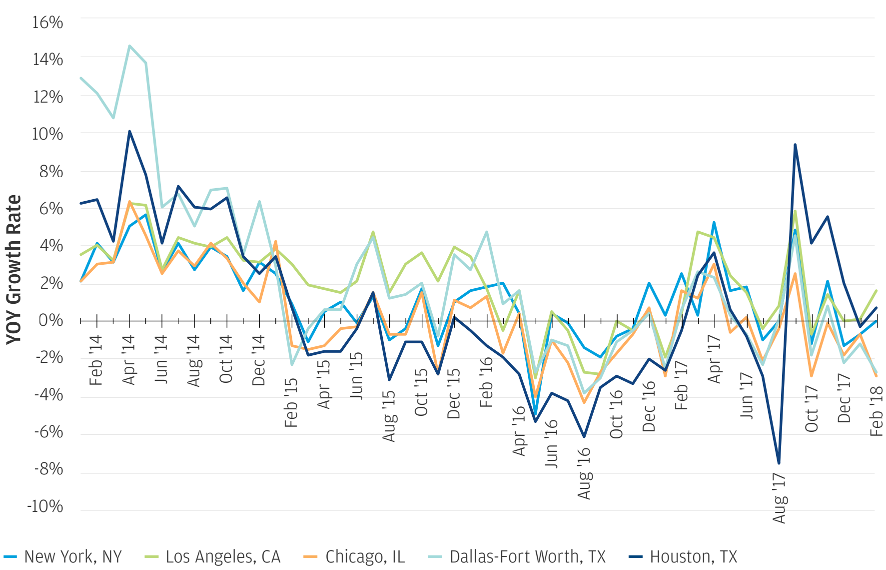
A unique lens. The LCCI is constructed from over 24 billion anonymized credit and debit card transactions from over 64 million Chase customers. Unlike many existing sources of data on consumer spending, the LCCI captures actual transactions, instead of self-reported measures of how consumers think they 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



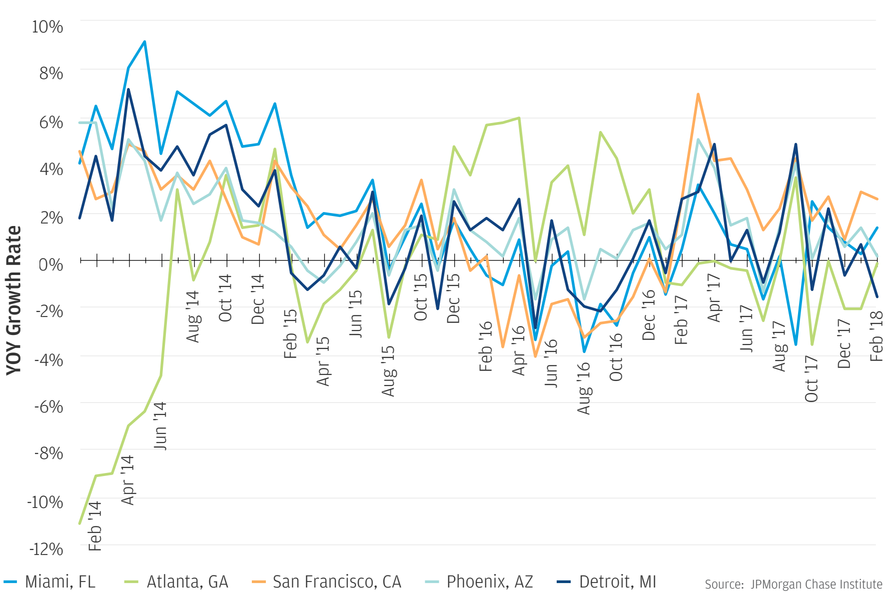
Source: JPMorgan Chase Institute

Los Angeles: Local spending at Los Angeles area merchants grew 1.6 percent year-over-year in February 2018, the highest growth rate among the large metro areas.

Chicago: Chicago experienced the largest decline in year-over-year growth, with a 2.9 percent decline. Chicago has posted negative growth rates for the fifth consecutive month.

The year-over-year unweighted average in local spending growth across the large metro areas declined 0.7 percent in February 2018.

Mid-Sized Metro Areas



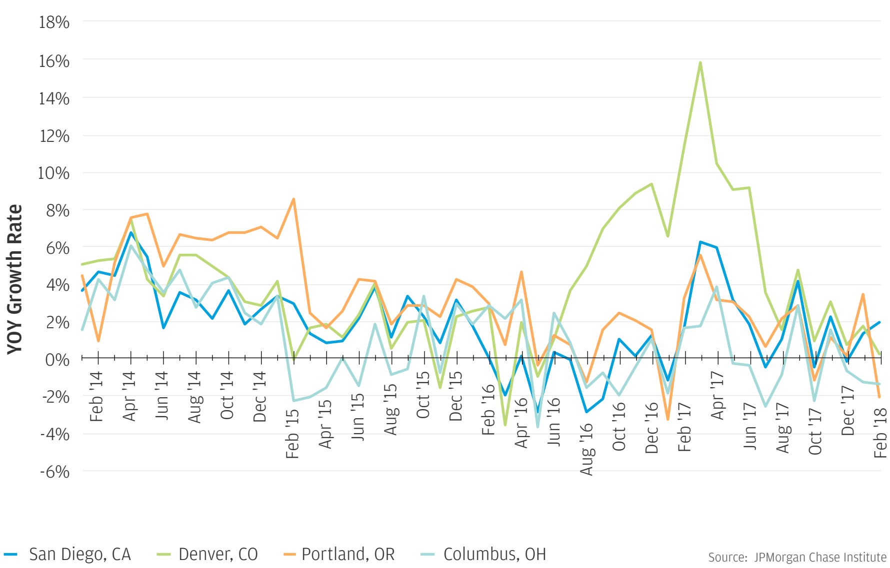
Source: JPMorgan Chase Institute

San Francisco: Local spending at San Francisco merchants grew by 2.6 percent year-over-year in February 2018, the highest growth rate among the mid-sized metro areas.

Detroit: Local spending in the Detroit metro area declined 1.6 percent year-over-year in February 2018, the lowest growth rate among the mid-sized metro areas.

The year-over-year unweighted average in local spending growth across the mid-sized metro areas grew 0.4 percent in February 2018.

Smaller Metro Areas



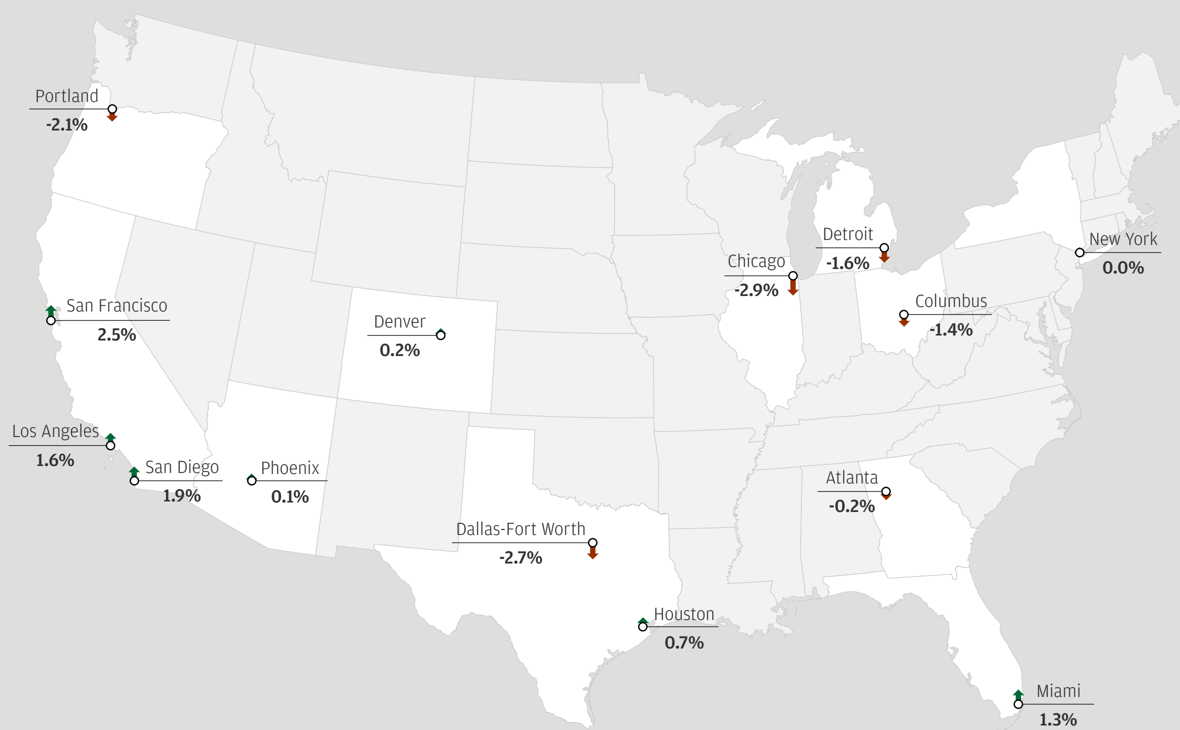
Source: JPMorgan Chase Institute

San Diego: Local spending grew by 1.9 percent year-over-year in San Diego in February 2018, the highest growth rate among the small metro areas.

Portland: After posting the highest growth rate among small metro areas in January 2018, spending at Portland area merchants declined 2.2 percent year-over-year in February 2018, the lowest growth rate among the small metro areas.

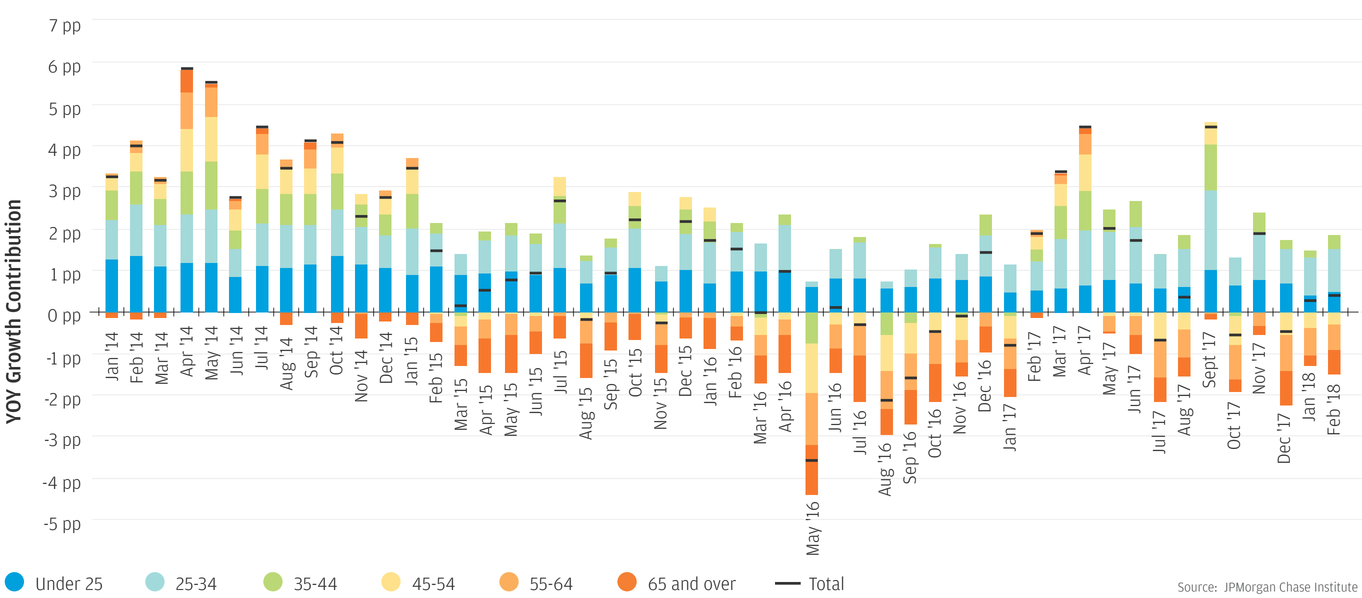
The year-over-year unweighted average in local spending growth across the mid-sized metro areas declined 0.4 percent in February 2018.

Spending growth across 14 metro areas in February 2018



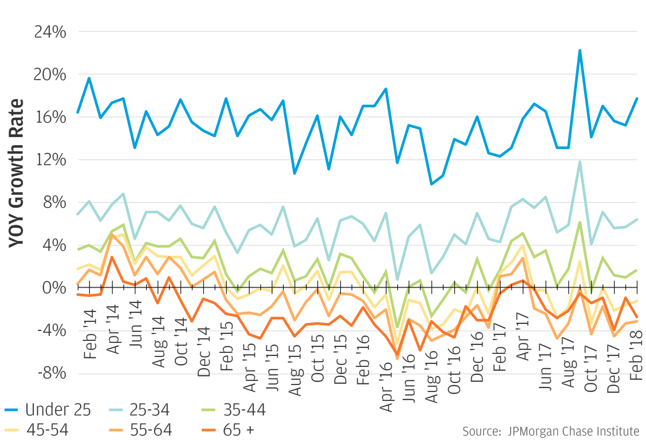
Spending by Age

Growth Contributions by Age Group



Source: JPMorgan Chase Institute

Growth Rates by Age Group



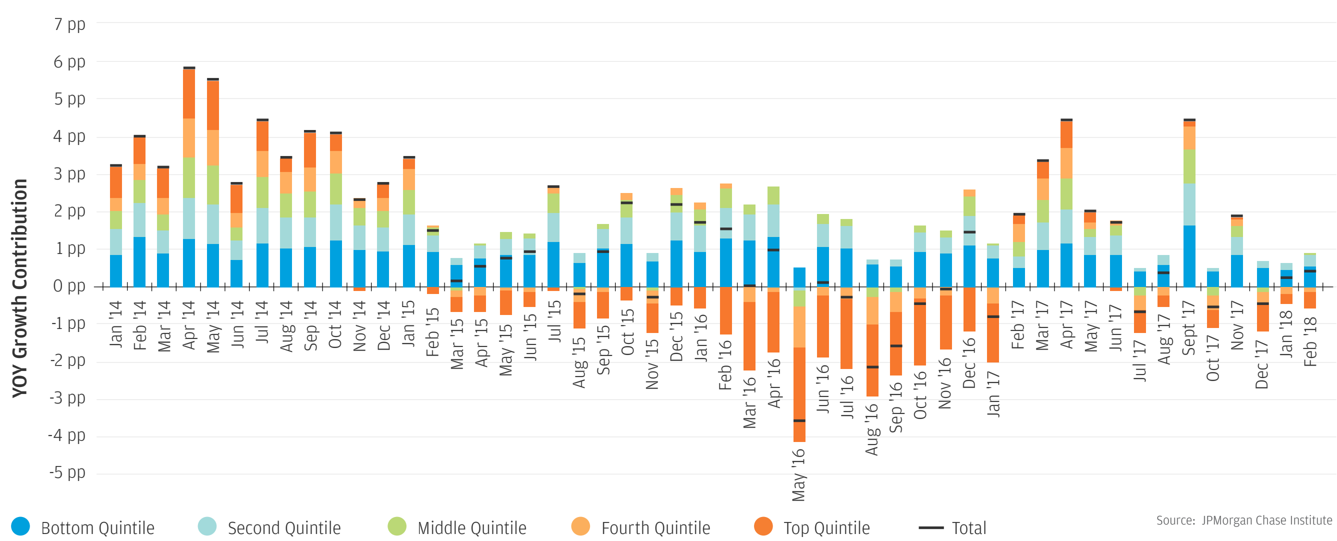
Source: JPMorgan Chase Institute

Millennials: Consumers under 35 contributed 1.6 percentage points to year-over-year growth in February 2018, with consumers under 25 contributing 0.5 percentage points to growth and consumers between 25 and 34 contributing 1 percentage point to growth.

Older Consumers: Consumers 55 and over subtracted 1.2 percentage points from year-over-year growth in February 2018, with consumers between 55 and 64 subtracting 0.6 percentage points from growth and consumers 65 and over subtracting 0.6 percentage points from growth.

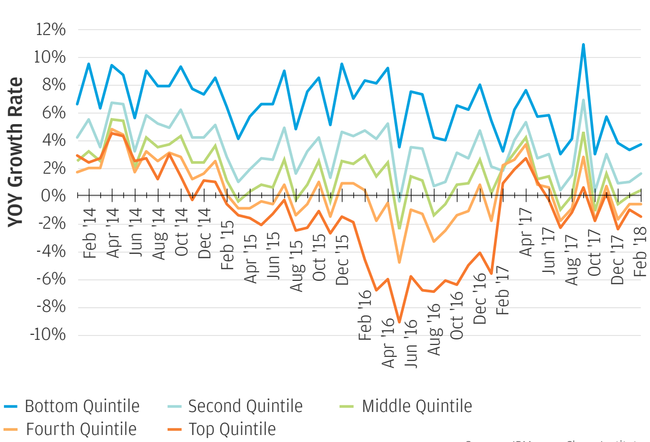
Spending by Income

Growth Contributions by Income Quintile



Source: JPMorgan Chase Institute

Growth Rates by Income Quintile



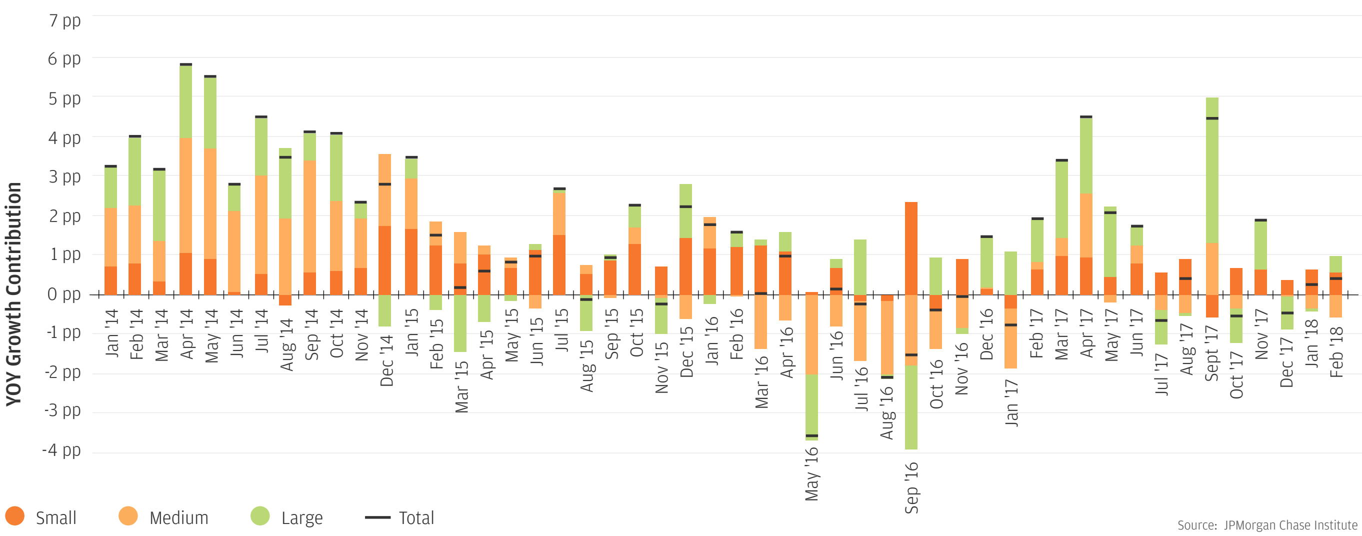
Source: JPMorgan Chase Institute

Low Income Consumers: Consumers in the bottom income quintile contributed 0.6 percentage points to year-over-year growth in February 2018, the largest growth contribution among all income quintiles.

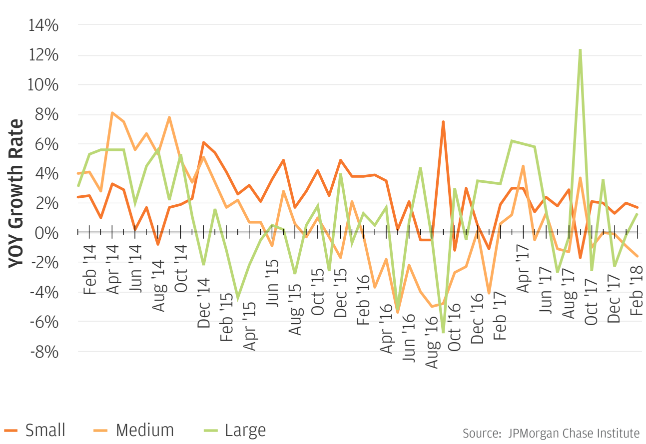
High Income Consumers: Consumers in the top income quintile subtracted 0.4 percentage points from year-over-year growth in February 2018.

Spending by Size of Business

Growth Contributions by Size of Business



Growth Rates by Size of Business



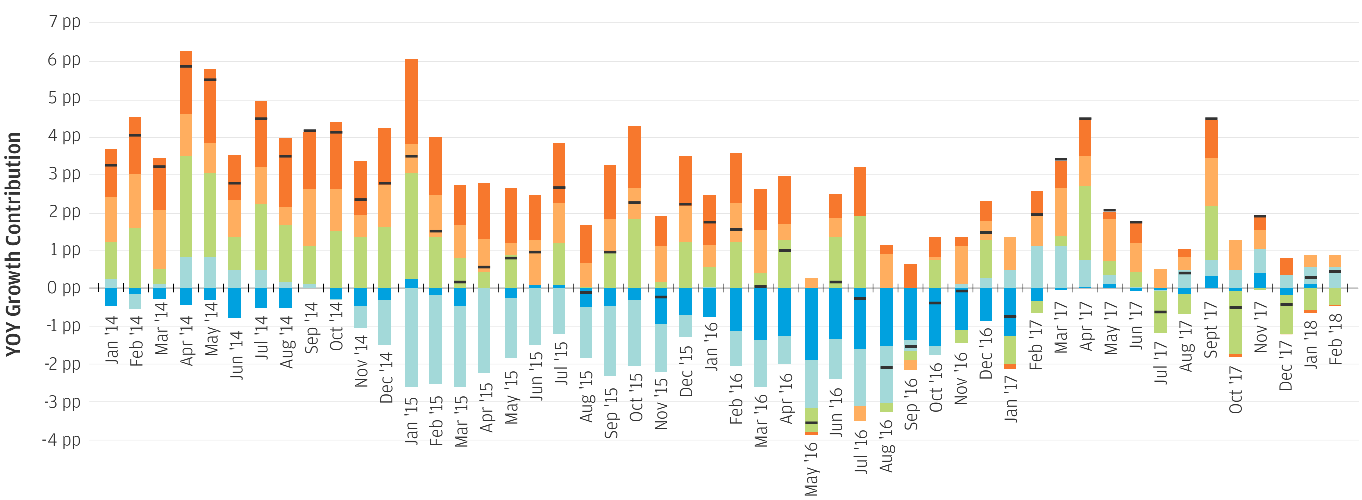
Small Businesses: Small businesses contributed 0.5 percentage points to year-over-year growth in February 2018.

Mid-sized Businesses: Mid-sized businesses subtracted 0.6 percentage points from year-over-year growth in January 2018.

Large Businesses: Large businesses contributed 0.4 percentage points from year-over-year growth in January 2018.

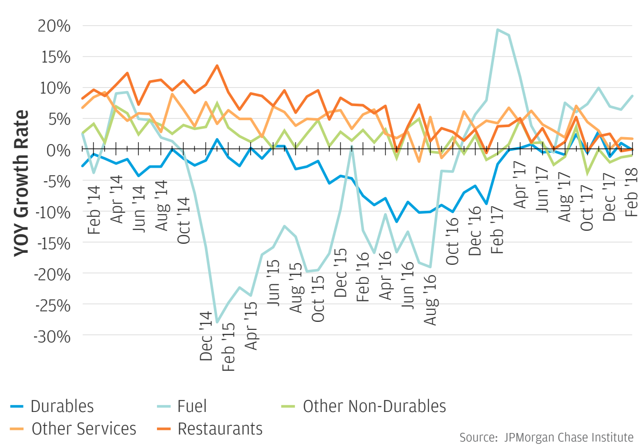
Spending by Product Type

Growth Contributions by Product Type



Source: JPMorgan Chase Institute

Growth Rates by Product Type



Source: JPMorgan Chase Institute

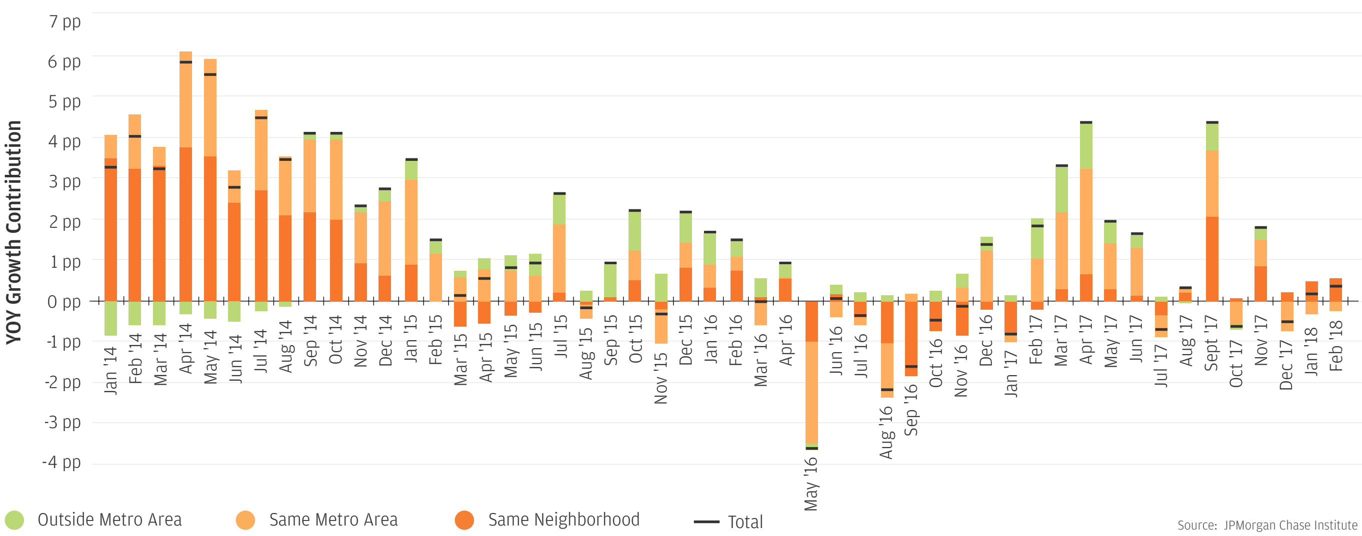
Other Services: Spending on other services contributed 0.3 percentage points to growth in February 2018.

Non-Durables: Spending on non-durable goods subtracted 0.4 percentage point from year-over-year growth in February 2018, the largest subtraction of any product type.

Restaurants: Contributions to year-over-year growth rate from spending on restaurants remained flat in February 2018.

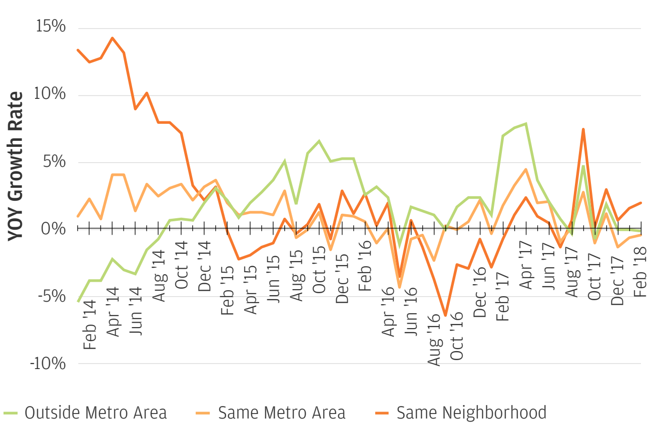
Spending by Consumer Residence

Growth Contributions by Consumer Residence



Source: JPMorgan Chase Institute

Growth Rates by Consumer Residence



Source: JPMorgan Chase Institute

Same Neighborhood: Spending from consumers who reside in the same neighborhood as the merchant contributed 0.6 percentage points to year-over-year growth in February 2018.

Same Metro Area: Spending by consumers in the same metro area as the merchant (but not the same neighborhood) subtracted 0.2 percentage points from year-over-year growth in January 2018.

Outside Metro Area: For the third month in a row, contributions from consumers outside of the metro area remained flat in February 2018.

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.

Acknowledgements

We thank our research analysts, Bryan Kim and James Duguid, for their hard work and contributions to this research.

This effort would not have been possible without the critical support of our partners from the JPMorgan Chase Consumer & Community Bank and Corporate Data & Analytics Solutions teams of data experts, including Gaby Marano, Ram Mohanraj, Stella Ng, Steve Farrell, Michael Harasimowicz, and Bill Bowlsbey, and JPMorgan Chase Institute team members including Caitlin Legacki, Courtney Hacker, and Gena Stern.

We would like to acknowledge Jamie Dimon, CEO of JPMorgan Chase & Co., for his vision and leadership in establishing the Institute and enabling the ongoing research agenda. Along with support from across the firm—notably from Peter Scher, Max Neukirchen, Patrik Ringstroem, Joyce Chang, Lori Beer, and Judy Miller—the Institute has had the resources and support to pioneer a new approach to contribute to global economic analysis and insight.

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.