

Local Consumer Commerce

May 2017

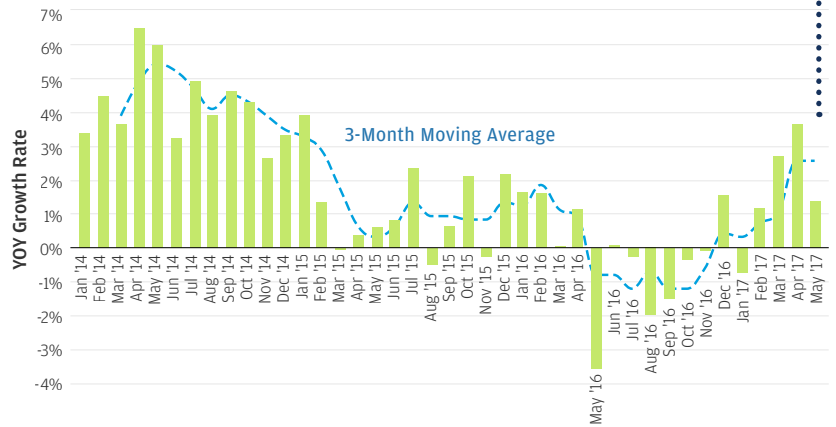


DATA THROUGH
MAY 2017 **↑1.4%**

Highlights across all 15 cities

Local Consumer Commerce grew 1.4 percent year-over-year between May 2016 and May 2017. Of the 15 cities we track, five experienced declines in growth. High income consumers continued to contribute to growth, with consumers in the top quintiles contributing 0.3 percentage points to growth. Consumers 55 and older jointly subtracted 0.6 percentage points from growth. Mid-sized businesses subtracted 0.2 percentage points from growth, the first decline in growth for any business size since January 2017. Spending on non-durable goods subtracted 0.2 percentage points from growth.

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.

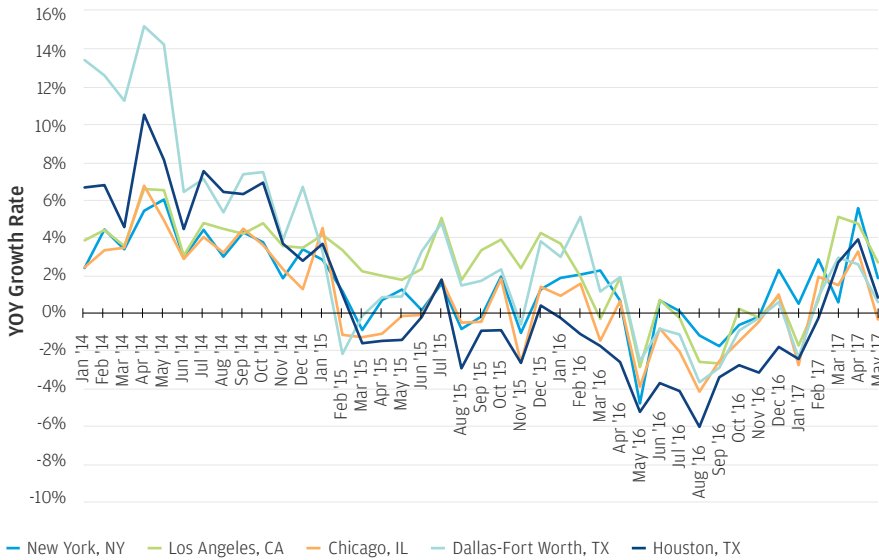
Our sample. The LCCI measures everyday spending across 15 cities: Atlanta, Chicago, Columbus, Dallas-Fort Worth, Denver, Detroit, Houston, Miami, Los Angeles, New York, Phoenix, Portland (OR), San Diego, San Francisco, and Seattle. Our portfolio of cities mirrors the geographic and economic diversity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



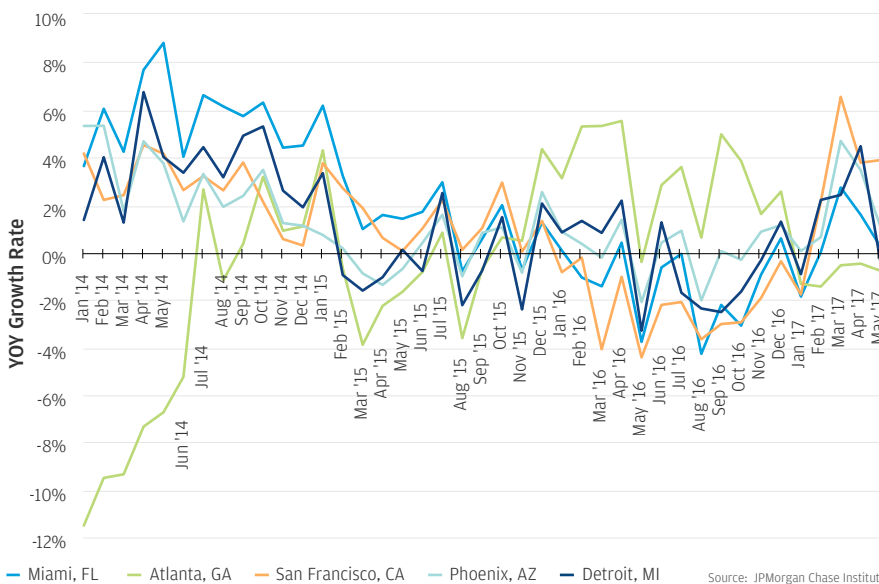
Source: JPMorgan Chase Institute

Los Angeles: Spending in Los Angeles grew by 2.4 percent between May 2016 and May 2017, the fastest growth rate among the large cities.

Chicago: Chicago experienced a 0.6 percent year-over-year growth decline in May 2017, the only large city to experience a growth decline in that month.

On average, local spending among large cities increased by 0.9 percent between May 2016 and May 2017. Every large city had a slower year-over-year growth rate in May 2017 compared to April 2017.

Mid-Sized Metro Areas



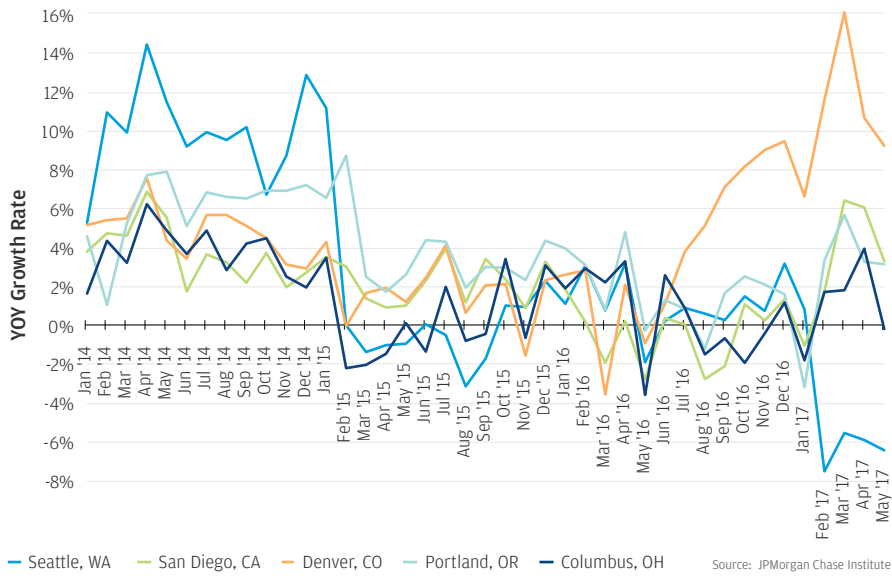
Source: JPMorgan Chase Institute

San Francisco: San Francisco registered a year-over-year growth rate of 4.2 percent in May 2017, the fastest growth rate among the mid-sized cities. San Francisco is the only city with a larger growth rate in May 2017 compared to April 2017.

Atlanta: Continuing the trend of growth declines that started in January 2017, spending in Atlanta declined by 0.4 percent between May 2016 and May 2017. This was the lowest growth rate among the mid-sized cities in that month.

On average, local spending among mid-sized cities grew by 1.1 percent between May 2016 and May 2017.

Smaller Metro Areas

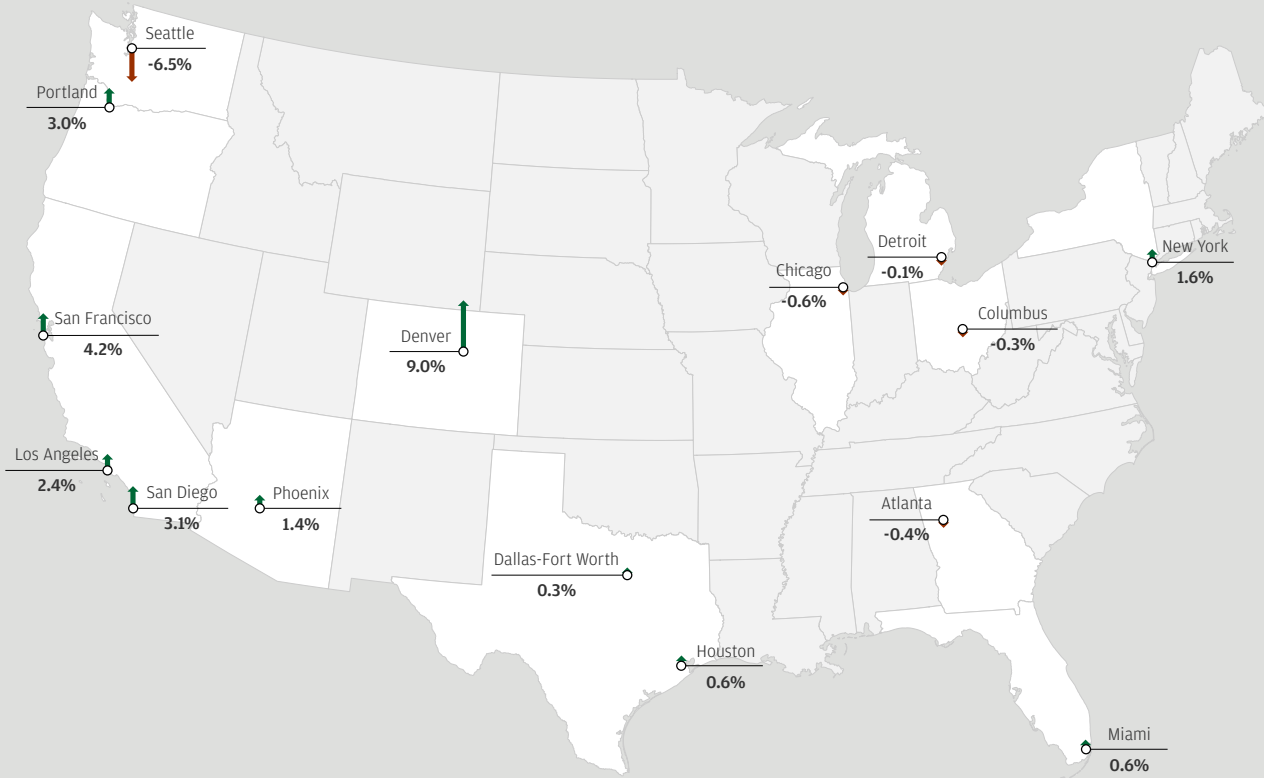


Denver: At 9 percent, Denver had the fastest year-over-year growth rate of all the LCC cities in May 2017.

Seattle: Spending in Seattle declined by 6.5 percent between May 2016 and May 2017, continuing the trend of declining growth that started in February 2017.

On average, local spending among small cities grew by 1.7 percent between May 2016 and May 2017.

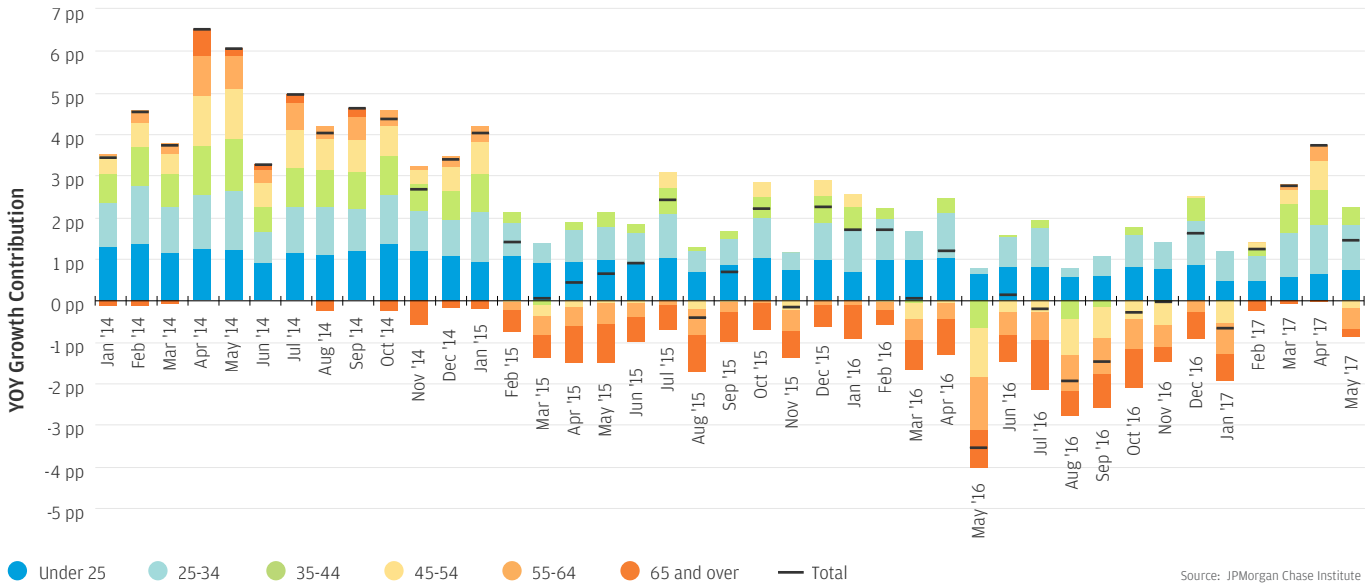
Year-over-year spending growth across 15 metro areas in May 2017





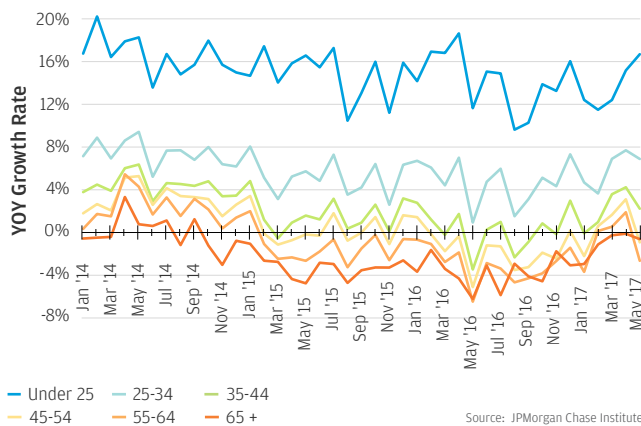
Spending by Age

Growth Contributions by Age Group



Source: JPMorgan Chase Institute

Growth Rates by Age Group



Source: JPMorgan Chase Institute

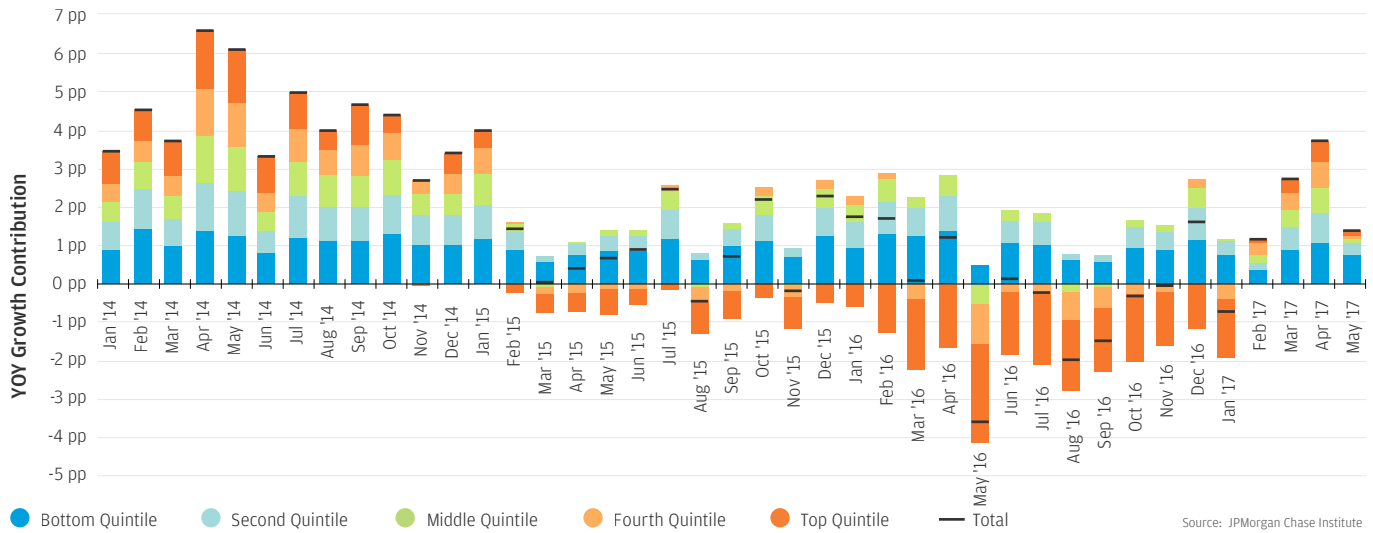
Millennials: Consumers under 35 contributed 1.8 percentage points to year-over-year growth in May 2017, with consumers under 25 contributing 0.7 percentage points to growth and consumers between 25 and 34 contributing 1.1 percentage points to growth.

Baby Boomers: Consumers between the ages of 55 and 64 broke their three month streak of non-negative contributions to year-over-year growth, subtracting 0.5 percentage points from growth in May 2017. Similarly, consumers 65 and older subtracted 0.1 percentage points from growth in May 2017.



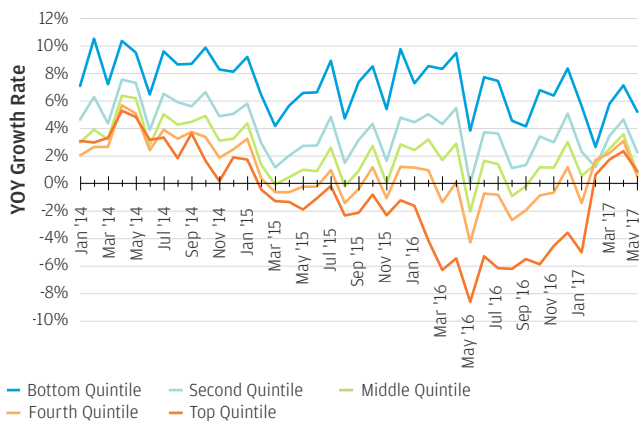
Spending by Income

Growth Contributions by Income Quintile



Source: JPMorgan Chase Institute

Growth Rates by Income Quintile



Source: JPMorgan Chase Institute

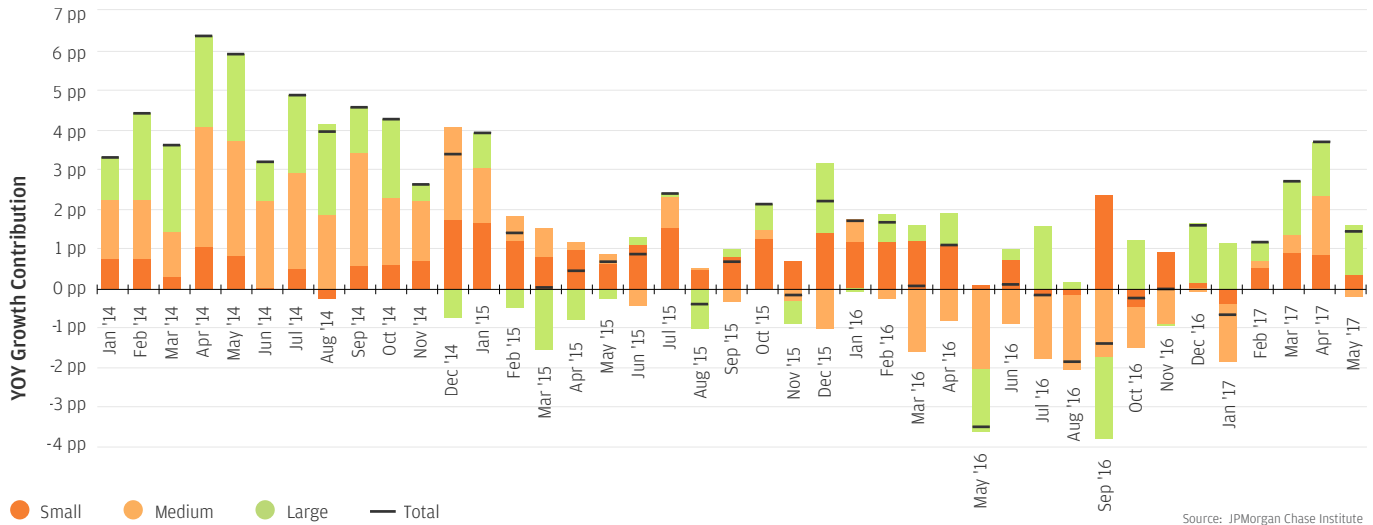
Low Income Consumers: Consumers in the bottom income quintile contributed 0.7 percentage points to year-over-year growth in May 2017.

High Income Consumers: Consumers in the top two income quintiles contributed 0.3 percentage points to year-over-year growth, with consumers in the fourth quintile contributing 0.1 percentage points to growth and consumers in the top quintile contributing 0.2 percentage points to growth.



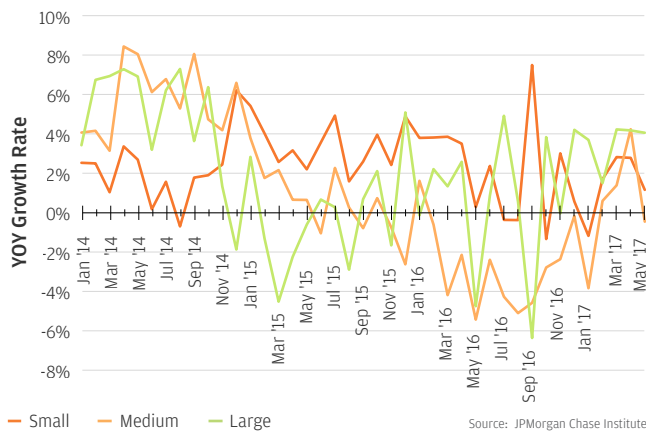
Spending by Size of Business

Growth Contributions by Size of Business



Source: JPMorgan Chase Institute

Growth Rates by Size of Business



Source: JPMorgan Chase Institute

Small Businesses: Small businesses contributed 0.4 percentage points to year-over-year growth in May 2017.

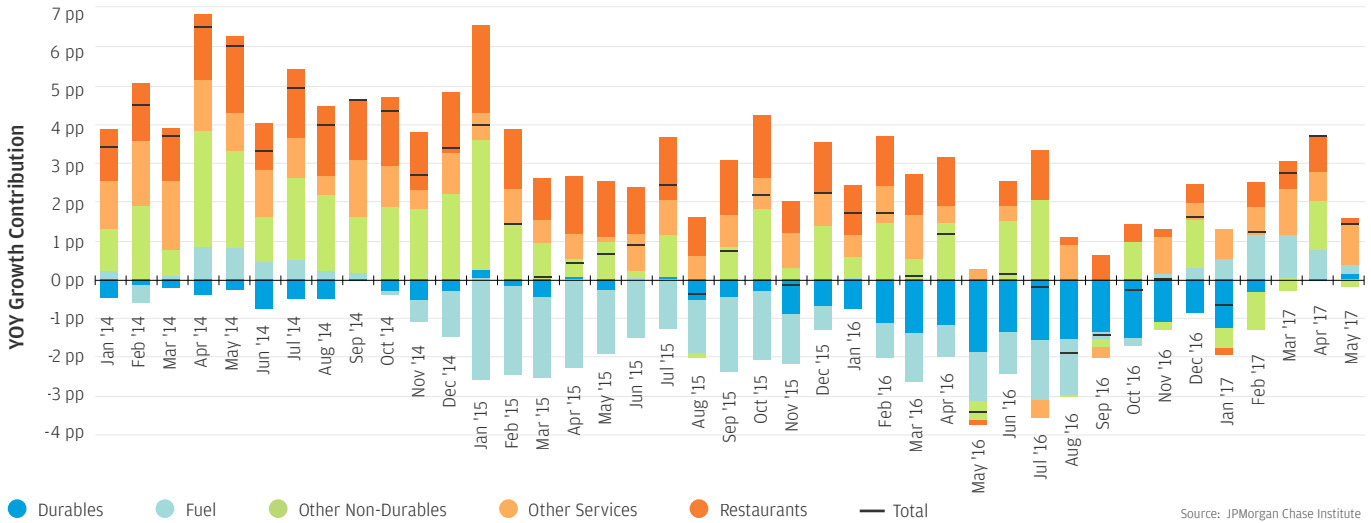
Mid-Sized Businesses: Mid-sized businesses subtracted 0.2 percentage points from year-over-year growth in May 2017. This is the first decline in growth for businesses of any size since January 2017.

Large Businesses: Large Businesses contributed 1.2 percentage points to year-over-year growth in May 2017.



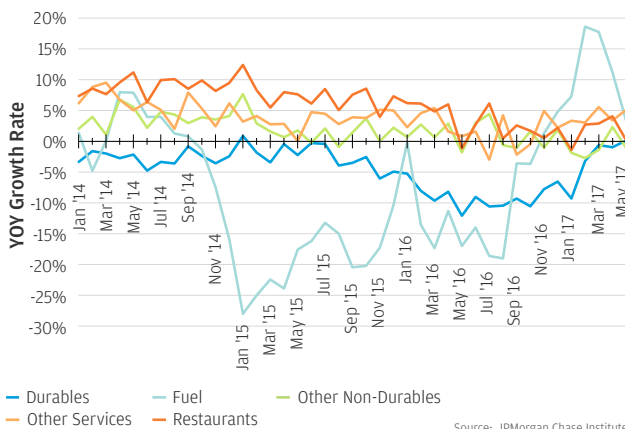
Spending by Product Type

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 1 percentage point to year-over-year growth in May 2017, the largest growth contribution of all product types in May 2017.

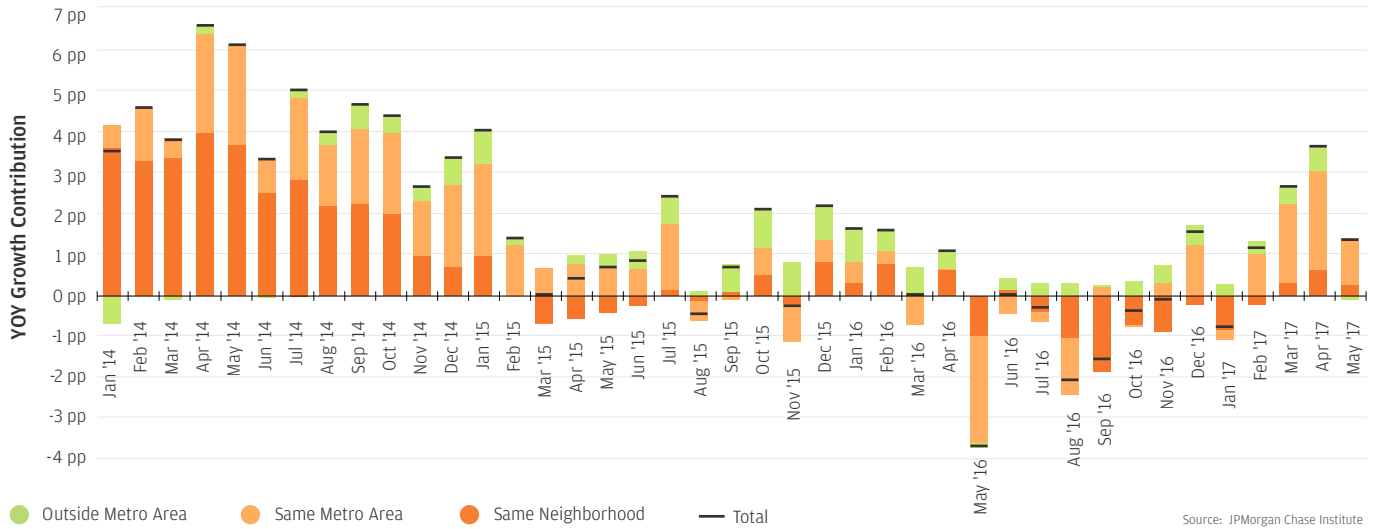
Non-Durables: Spending on non-durable goods subtracted 0.2 percentage points from year-over-year growth in May 2017. Non-durables were the only product type to subtract from growth in May 2017.

Durables: Durable goods contributed 0.1 percentage points to year-over-year growth in May 2017.



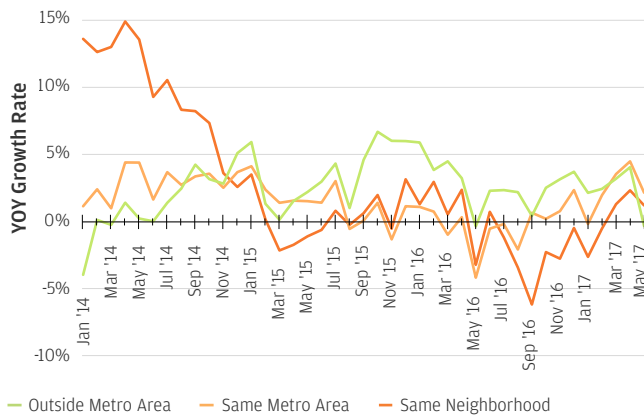
Spending by Consumer Residence

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 0.3 percentage points to year-over-year growth in May 2017.

Same Metro Area: Spending by consumers in the same metro area as the merchant (but not the same neighborhood) contributed 1.1 percentage points to year-over-year growth in May 2017.

Outside Metro Area: Out of metro area spend subtracted 0.1 percentage points from year-over-year growth in May 2017. This is the first decline in growth among such merchants since May 2016.

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,¹ 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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