RELEASE DATE
OCT 2018

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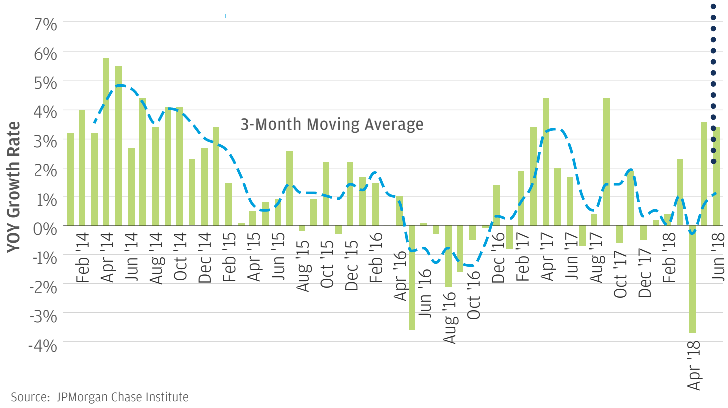
Local Consumer Commerce

June 2018

DATA THROUGH
JUN 2018 ↑3.4%

Highlights across all 14 metro areas

Local Consumer Commerce increased by 3.4 percent year-over-year in June 2018, a 0.2 percentage point decrease from the 3.6 percent growth rate registered in May 2018. The widespread growth seen in May 2018 continued in June. With the exception of consumers over 65, growth contributions from all segments of age, income, residency, product type, and business size were positive for the second consecutive month. Likewise, all 14 metro areas tracked by the LCCI registered positive growth.[1] Houston had the highest growth rate, with spending at local merchants increasing by 6.2 percent year-over-year. Consumers under the age of 35 continue to make positive contributions to growth, accounting for 2 percentage points of the 3.4 percent growth in June.



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.

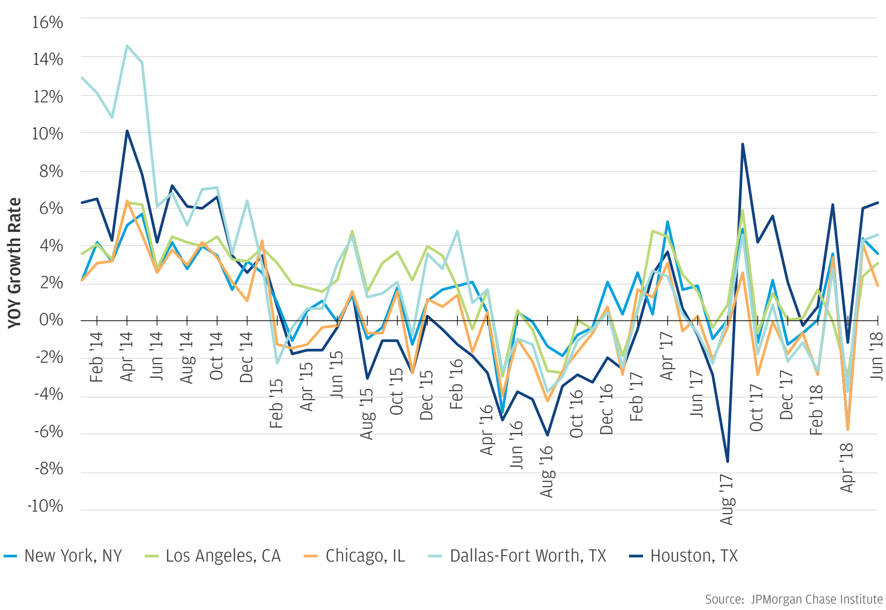
A unique lens. The LCCI is constructed from over 24 billion anonymized credit and debit card transactions from over 64 million Chase customers. Unlike many existing sources of data on consumer spending, the LCCI captures actual transactions, instead of self-reported measures of how consumers think they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

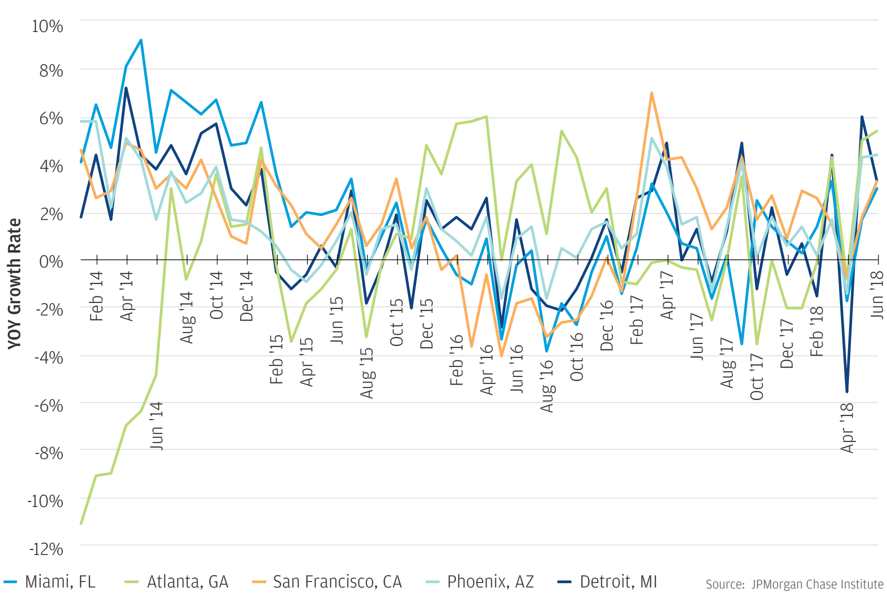


Houston: Spending at Houston-area merchants increased by 6.2 percent year-over-year in June 2018. This is Houston's second highest year-over-year growth rate since January 2015.

Chicago: All the large metro areas we track posted positive growth rates, but Chicago's was the lowest at 1.8 percent. In terms of Chicago's growth rates over the series however, 1.8 percent represents their sixth highest growth rate since January 2015.

The unweighted average in year-over-year local spending growth across the large metro areas was an increase of 3.8 percent in June 2018.

Mid-Sized Metro Areas

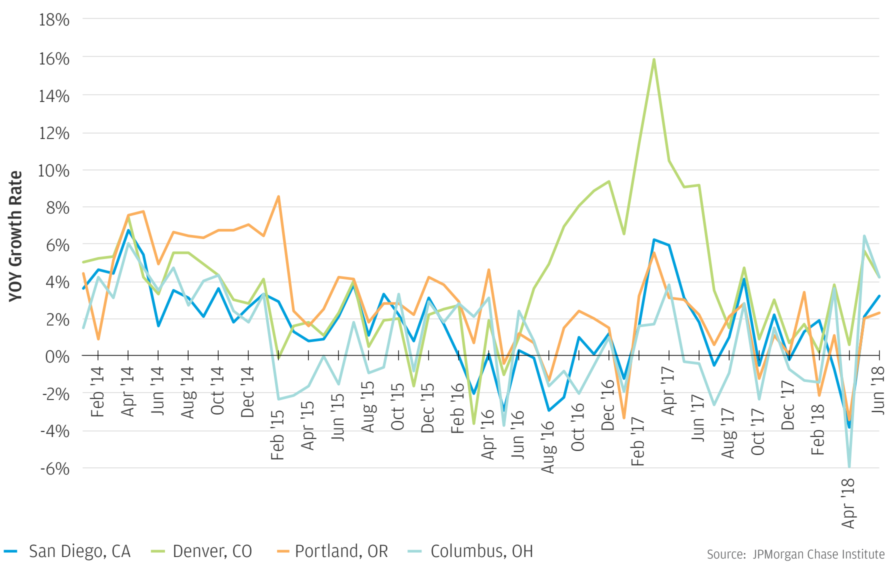


Atlanta: Spending at local merchants in Atlanta increased by 5.3 percent year-over-year in June 2018.

Detroit: June spending at local merchants increased 3.2 percent year-over-year. This was the largest percentage point change from May 2018 among mid-size metro areas. Among mid-sized metro areas, Detroit has seen the most volatile spending growth in the past year.

The unweighted average in year-over-year local spending growth across the mid-sized metro areas was an increase of 3.8 percent.

Smaller Metro Areas

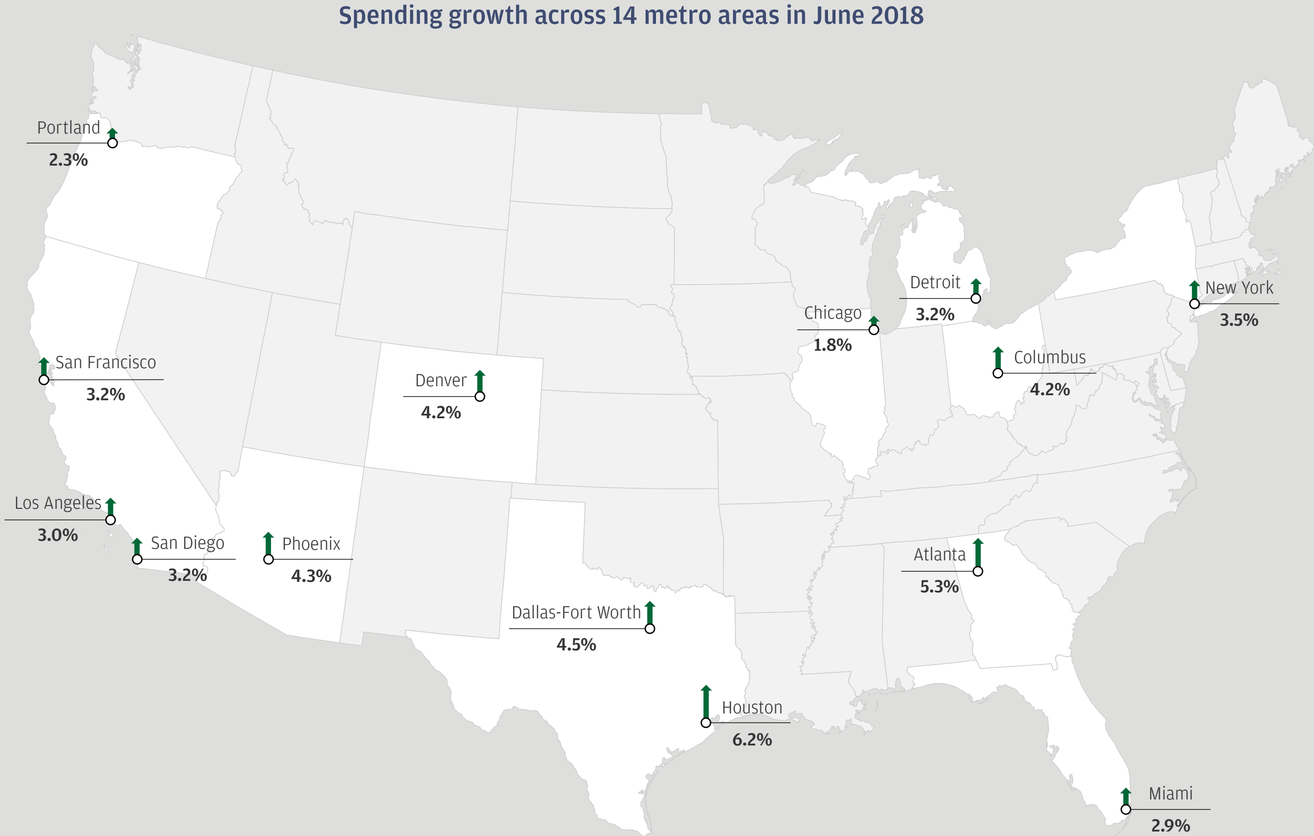


Columbus: After posting its highest growth rate since January 2015 in May 2018, Columbus posted its second highest growth rate, with spending at local merchants increasing 4.2 percent year-over-year in June 2018.

Portland: Portland had the lowest growth rate among smaller metro areas, but still registered a 2.3 percent increase in spending at local merchants year-over-year in June 2018.

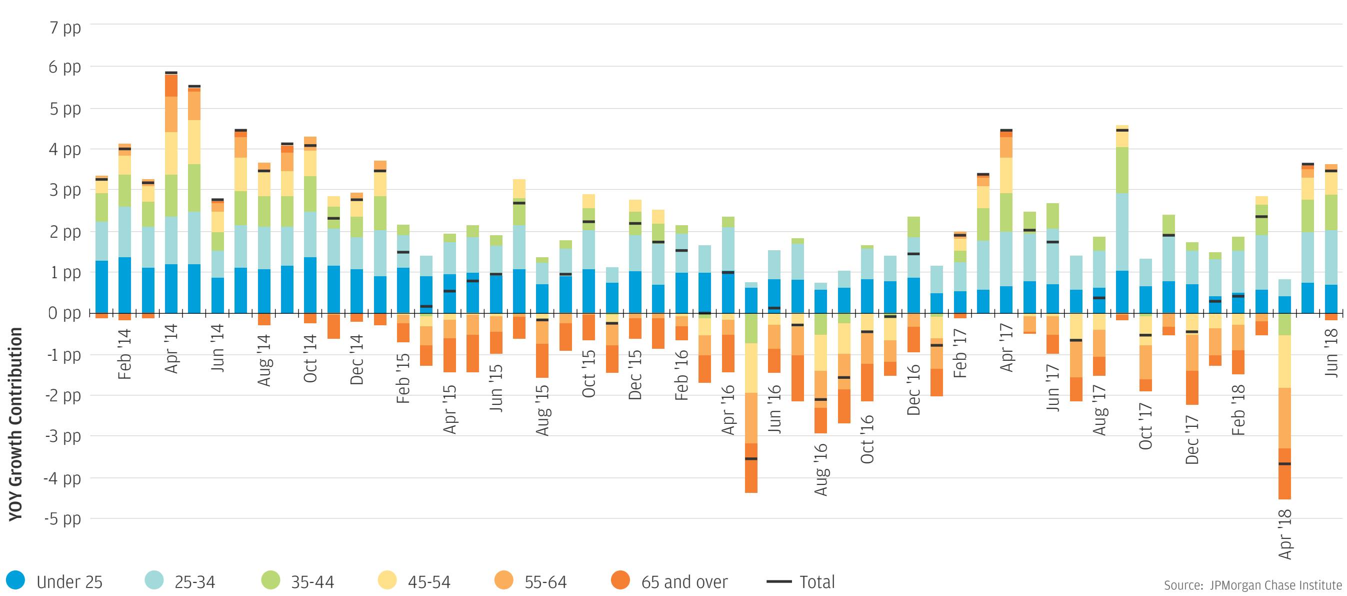
The unweighted average in year-over-year local spending growth across the mid-sized metro areas was an increase of 3.5 percent in June 2018.

Spending growth across 14 metro areas in June 2018

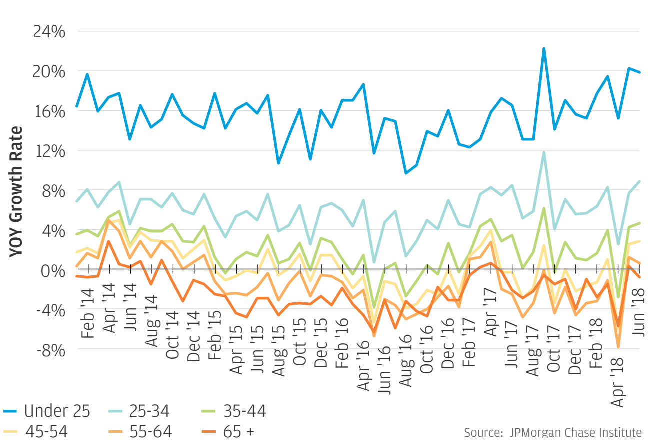


Spending by Age

Growth Contributions by Age Group



Growth Rates by Age Group

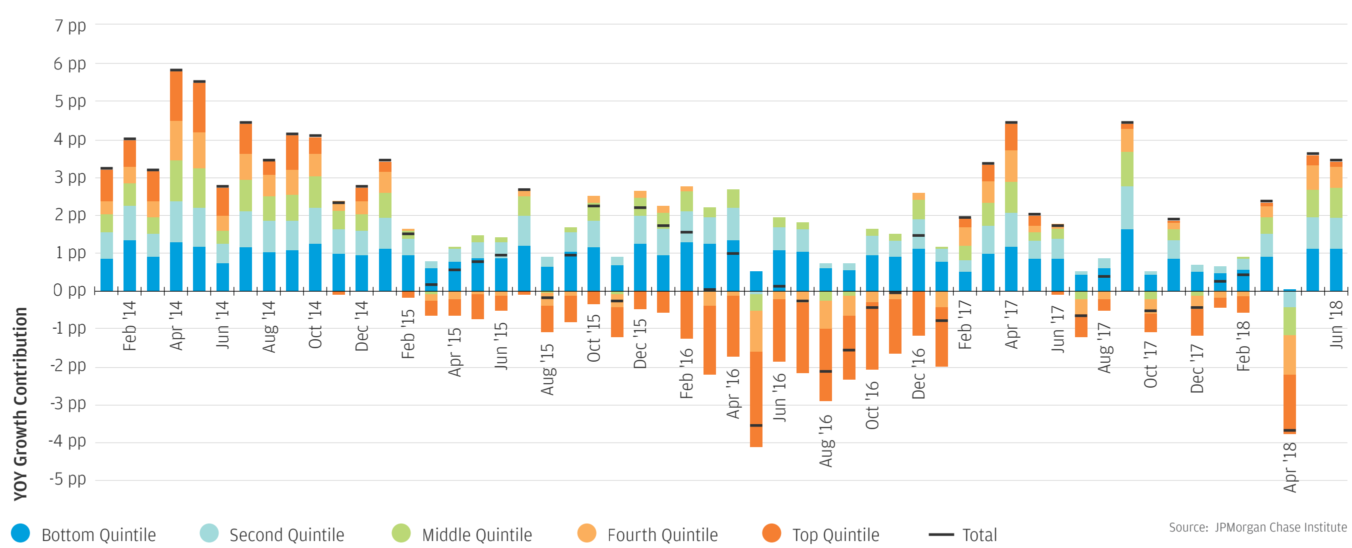


Millennials: Consumers under 35 contributed 2 percentage points to year-over-year growth in June 2018, with consumers under 25 contributing 0.7 percentage points to growth and consumers between 25 and 34 contributing 1.3 percentage points.

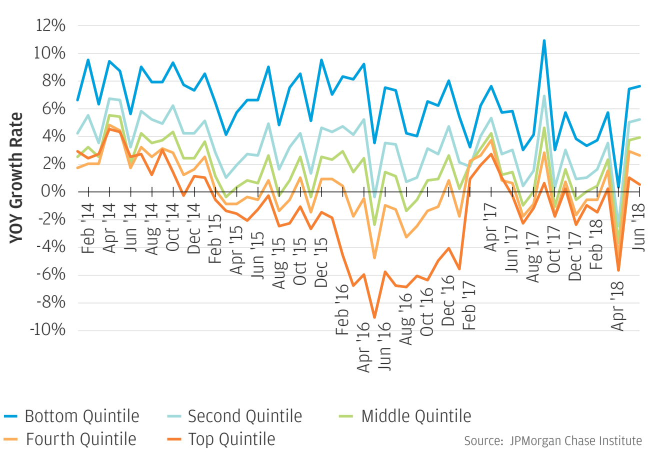
Older Consumers: Contributions from consumers 55 and over subtracted 0.1 percentage points from growth in June 2018, with consumers between 55 and 64 contributing 0.1 percentage points to growth and consumers 65 and over subtracting 0.2 percentage points from growth.

Spending by Income

Growth Contributions by Income Quintile



Growth Rates by Income Quintile

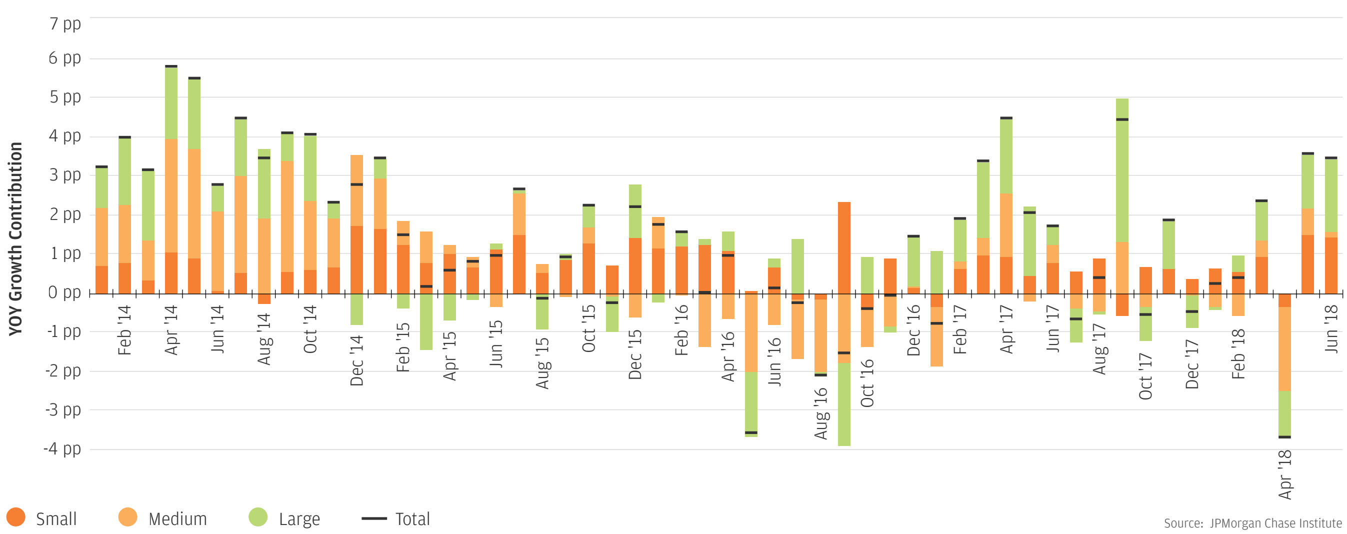


Low Income Consumers: Consumers in the bottom income quintile contributed 1.1 percentage points to year-over-year growth in June 2018.

High Income Consumers: Consumers in the top income quintile contributed 0.1 percentage points to growth in June 2018.

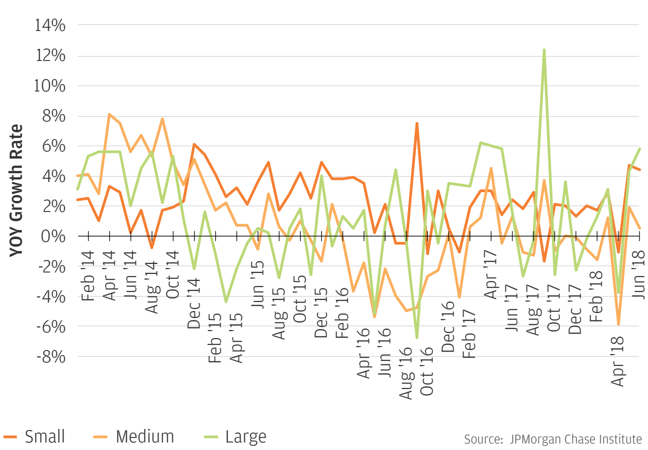
Spending by Size of Business

Growth Contributions by Size of Business



Source: JPMorgan Chase Institute

Growth Rates by Size of Business



Source: JPMorgan Chase Institute

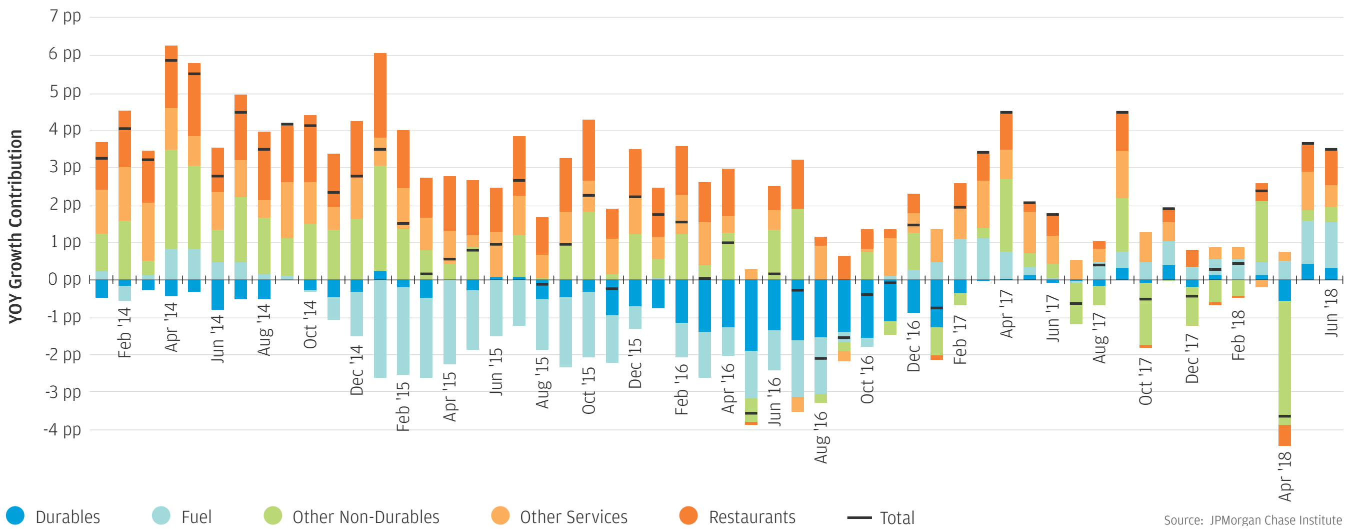
Small Businesses: Spending at small businesses contributed 1.4 percentage points to year-over-year growth in June 2018.

Mid-sized Businesses: Spending at mid-sized businesses contributed 0.2 percentage points to growth in June 2018.

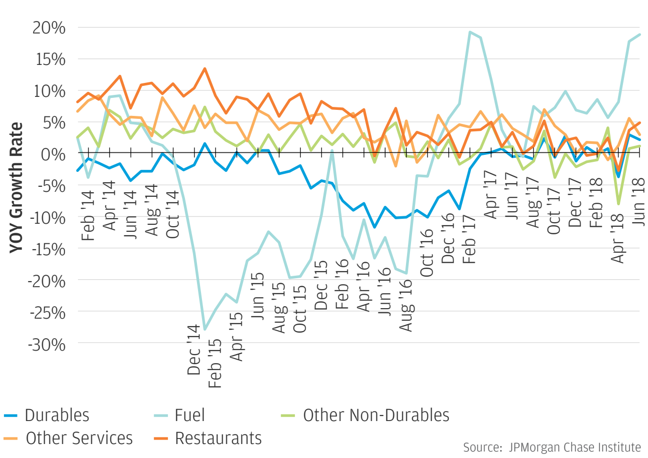
Large Businesses: Spending at large businesses contributed 1.8 percentage points to growth in June 2018.

Spending by Product Type

Growth Contributions by Product Type



Growth Rates by Product Type



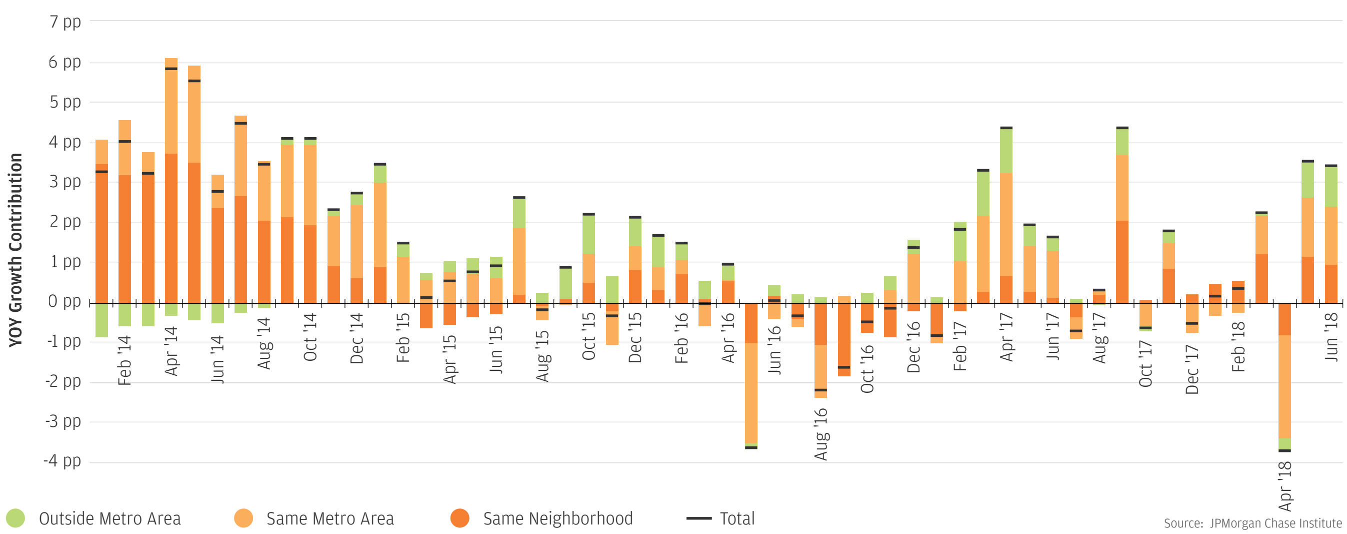
Fuel: Spending on fuel contributed 1.2 percentage points to year-over-year growth in June 2018. This was the largest contribution to growth of any product type.

Non-Durables: Spending on non-durable goods contributed 0.4 percentage points to growth in June 2018.

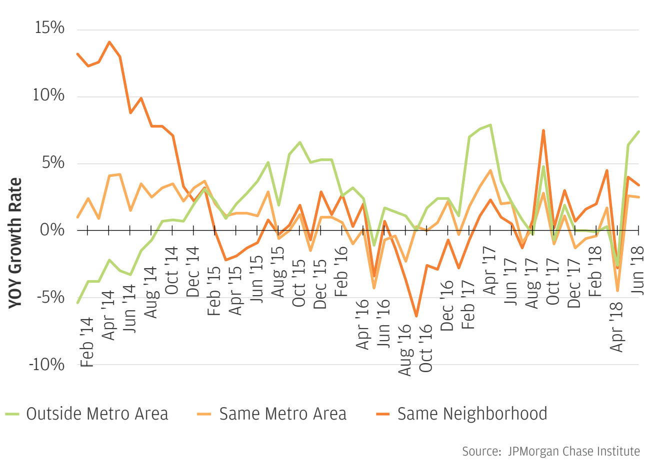
Durables: Spending on durable good contributed 0.3 percentage points to year-over-year growth in June 2018, the smallest contribution to growth of any product type.

Spending by Consumer Residence

Growth Contributions by Consumer Residence



Growth Rates by Consumer Residence



Same Neighborhood: Spending by consumers who reside in the same neighborhood as the merchant contributed 1.0 percentage point to year-over-year growth.

Same Metro Area: Spending by consumers in the same metro area as the merchant (but not the same neighborhood) contributed 1.4 percentage points to growth.

Outside Metro Area: Spending by consumers who reside in a different metro area than the merchant contributed 1.0 percentage point to growth in June 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

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This effort would not have been possible without the critical support of the JPMorgan Chase Intelligent Solutions team of data experts, including Gaby Marano, 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.