

Local Commerce

August 2018

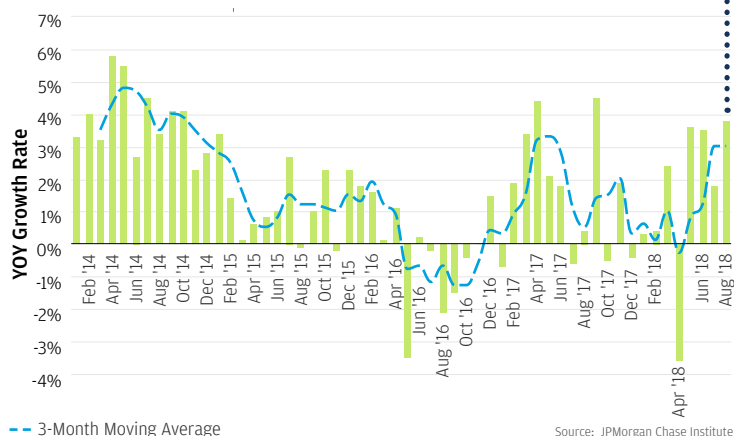
[Click here to download the data](#)



DATA THROUGH
AUG 2018 **↑ 3.8%**

Highlights across all 14 metro areas

The Local Commerce Index (LCI) increased by 3.8 percent in August 2018. For the third consecutive month, all metro areas tracked by the LCI posted positive growth. In addition to positive growth across metro areas, the LCI continues to see widespread, positive growth contributions across demographic, geographic, and firmographic segments. This is a striking trend that has characterized LCI growth since May 2018. It is important to note that there was one more Friday in August 2018 than August 2017. As prior research done by the Institute demonstrates, consumer spending tends to be higher on Fridays and Saturdays.¹ This structural tendency can impact year-over-year growth rates if comparison months have different numbers of Fridays and Saturdays. Another noteworthy feature of this month's data is the jump in Houston's growth rate from 3.0 percent in July 2018 to 13.4% in August 2018. This can be partially explained by the fact that during the comparison month of August 2017, Houston was experiencing a contraction in consumer spending associated with Hurricane Harvey.



About the Local Commerce Index

A note on naming conventions. Prior to August 2018, this index was named the Local Consumer Commerce Index (LCCI). The name was changed to the Local Commerce Index (LCI) to account for multiple views of local commerce.

A measure of consumer spending. The Local Commerce Index (LCI) is a measure of the monthly year-over-year growth rate of everyday debit and credit card spending at merchants in 14 US metro areas.

A unique lens. The LCI 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 Local Commerce Index captures actual transactions, instead of self-reported measures of how consumers think they spend. The Local Commerce Index'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.

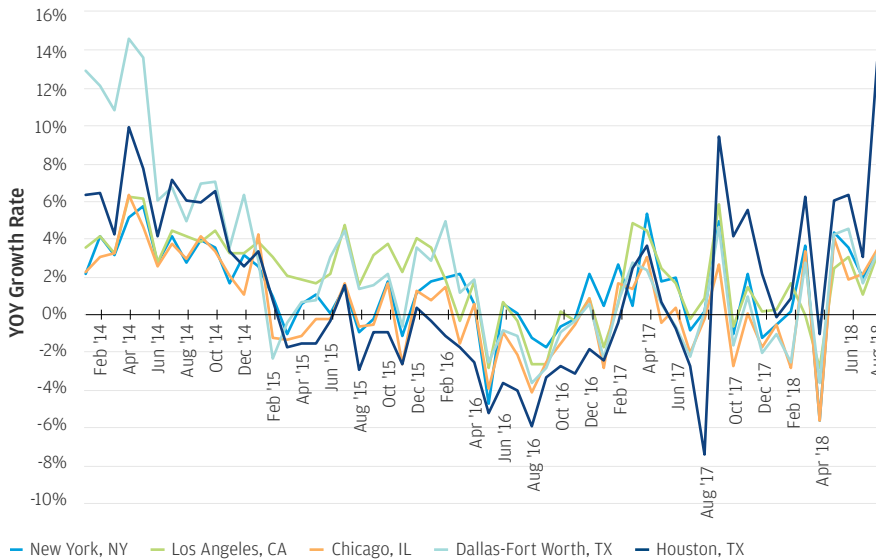
Our sample. The Local Commerce Index measures everyday spending across 14 metro areas: Atlanta, Chicago, Columbus, Dallas-Ft. Worth, Denver, Detroit, Houston, Miami, Los Angeles, New York, Phoenix, Portland (OR), San Diego, and San Francisco. Our portfolio of metro areas mirrors the geographic and economic diversity of larger metropolitan areas in the United States and accounts for 30 percent of retail sales nationwide.

A powerful tool. The Local Commerce Index 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



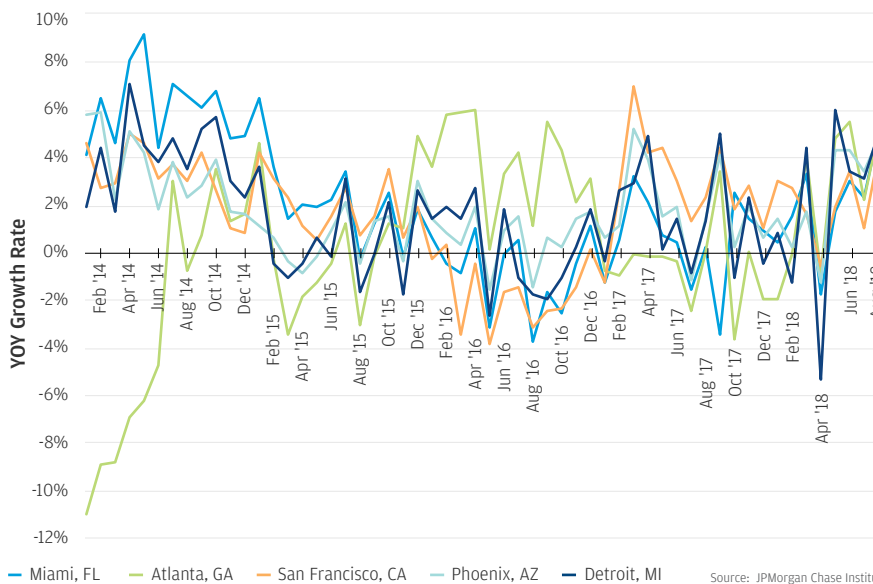
Source: JPMorgan Chase Institute

Houston: Local spending at Houston-area merchants increased by 13.4 percent in August 2018. It is important to note that part of this precipitous year-over-year growth rate can be explained by the fact that August 2018 spending is being compared to August 2017 spending, which took a hit in the wake of Hurricane Harvey.²

Los Angeles: All the large metro areas we track posted growth rates above 3.0 percent, but Los Angeles' was the lowest at 3.1 percent. However, Los Angeles' growth rate is up from 1.0 percent growth in July 2018.

The unweighted average in year-over-year local spending growth across the large metro areas was an increase of 5.2 percent in August 2018.

Mid-Sized Metro Areas



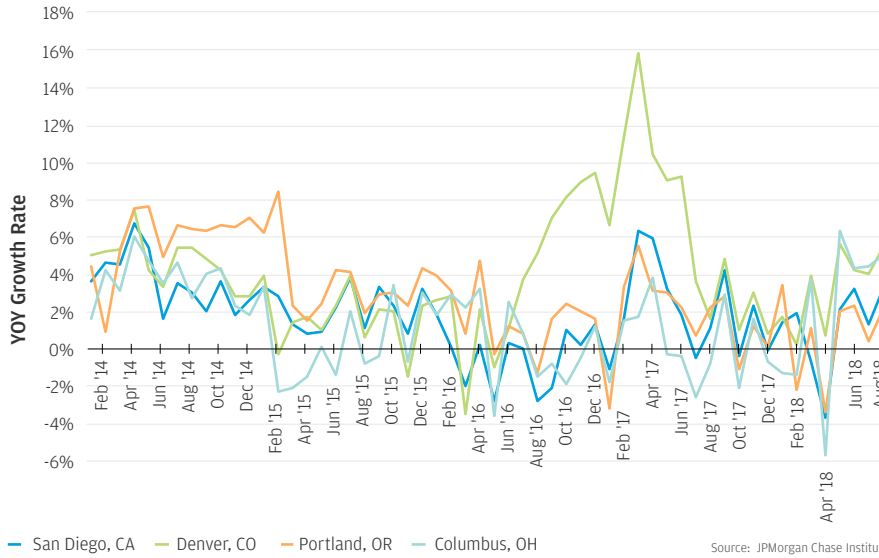
Source: JPMorgan Chase Institute

Miami and Atlanta: Spending at local merchants in Miami and Atlanta increased by 5.0 percent year-over-year in August 2018. This was the largest growth rate among mid-sized metro areas.

Convergent growth rates: Spending at local merchants in mid-sized metro areas was notably similar in August 2018. Miami (5.0 percent), Atlanta (5.0 percent), Detroit (4.9 percent), Phoenix (4.7 percent), and San Francisco (4.0 percent) all posted growth rates between 4.0 and 5.0 percent.

The unweighted average in year-over-year local spending growth across the mid-sized metro areas was an increase of 4.7 percent.

Smaller Metro Areas

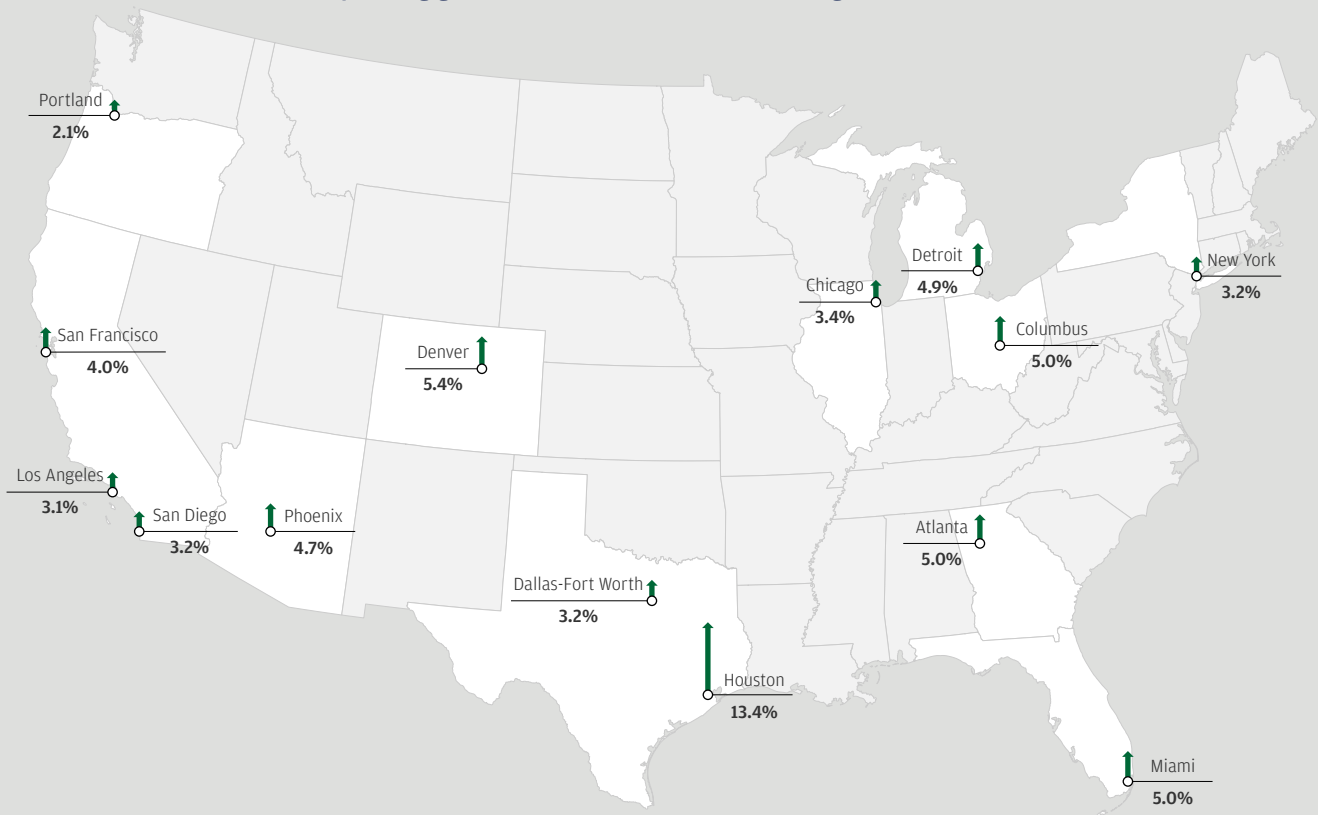


Denver: Spending at local merchants in the Denver metro area grew by 5.4 percent year-over-year in August 2018. This was the largest growth rate among the smaller metro areas tracked by the Local Commerce Index.

Portland: For the fourth consecutive month, Portland had the lowest growth rate among smaller metro areas, with spending at local merchants increasing by 2.1 percent. This is up from 0.4 percent growth in July 2018.

The unweighted average in year-over-year local spending growth across the mid-sized metro areas was an increase of 3.9 percent in August 2018.

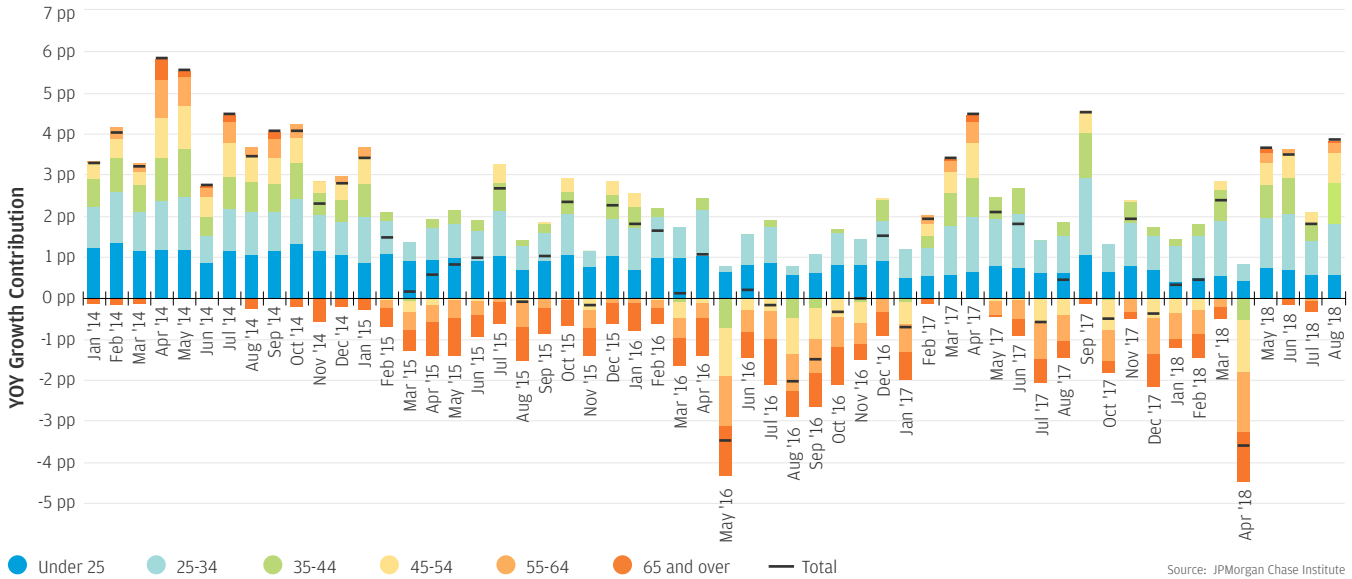
Spending growth across 14 metro areas in August 2018





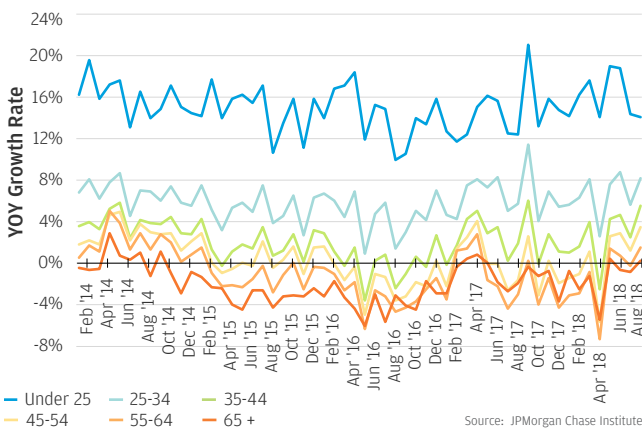
Spending by Age

Growth Contributions by Age Group



Source: JPMorgan Chase Institute

Growth Rates by Age Group



Source: JPMorgan Chase Institute

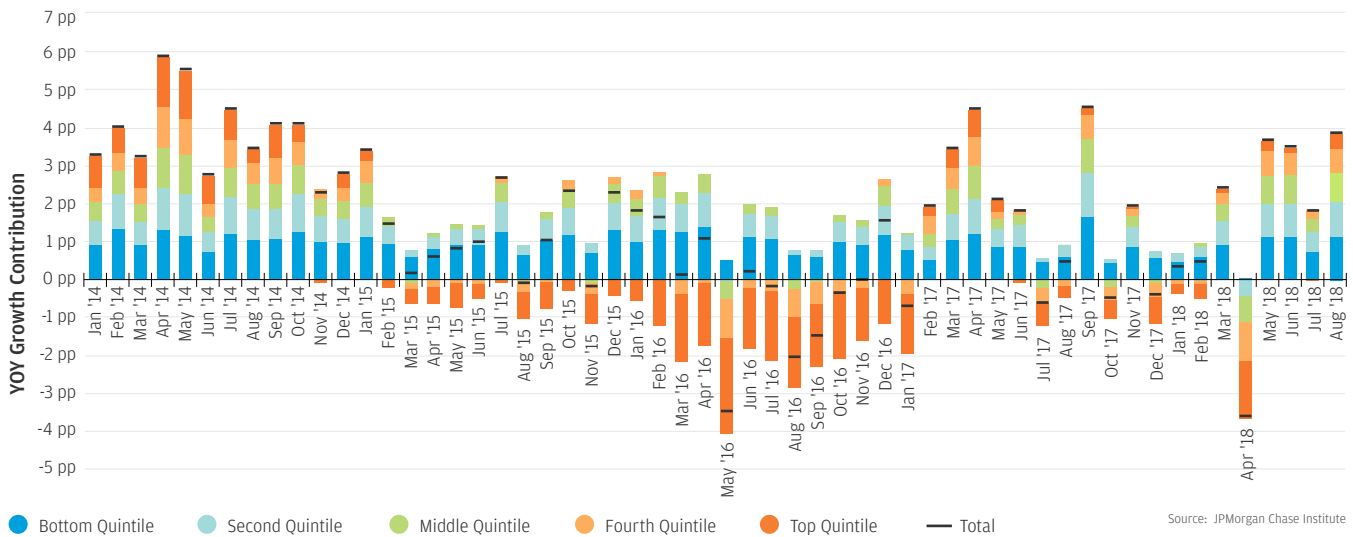
Millennials: Consumers under 35 contributed 1.8 points to year-over-year growth in August 2018, with consumers under 25 contributing 0.6 percentage points to growth and consumers between 25 and 34 contributing 1.2 percentage points.

Older Consumers: Consumers 55 and over contributed 0.3 percentage points to growth in August 2018, with contributions from consumers between 55 and 64 contributing 0.3 percentage points to growth and contributions from consumers 65 remaining flat.



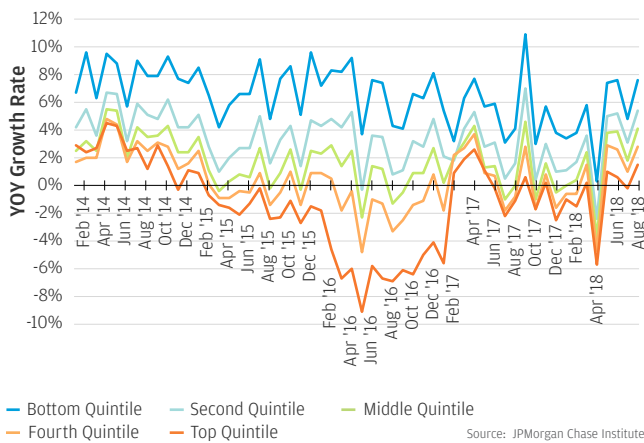
Spending by Income

Growth Contributions by Income Quintile



Source: JPMorgan Chase Institute

Growth Rates by Income Quintile



Source: JPMorgan Chase Institute

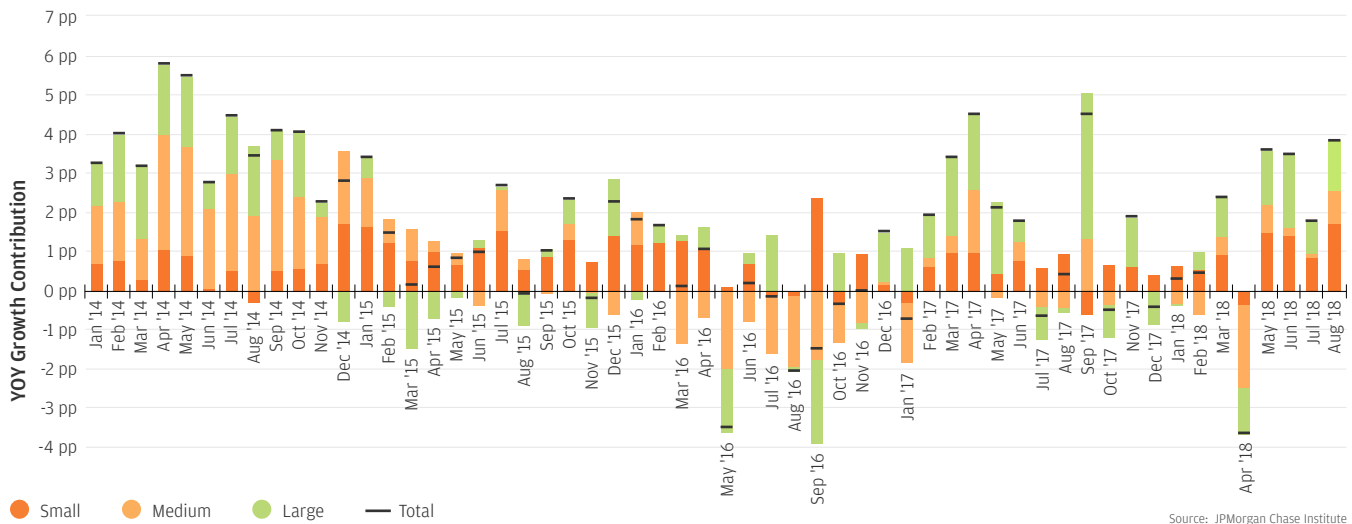
Low Income Consumers: Spending by consumers in the bottom income quintile contributed 1.1 percentage points to year-over-year growth in August 2018.

High Income Consumers: Spending by consumers in the top income quintile contributed 0.4 percentage points to growth.



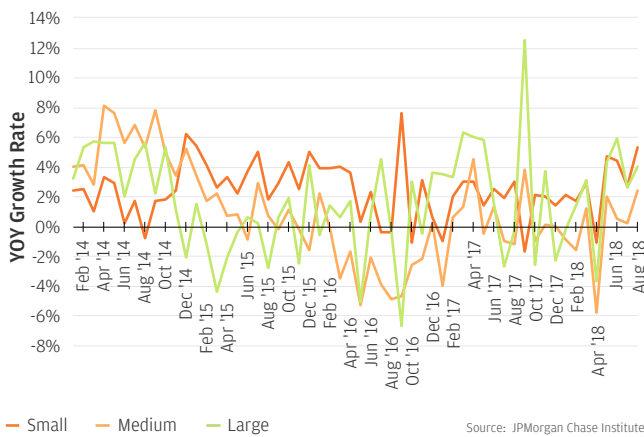
Spending by Size of Business

Growth Contributions by Size of Business



Source: JPMorgan Chase Institute

Growth Rates by Size of Business



Source: JPMorgan Chase Institute

Small Businesses: Spending at small businesses contributed 1.7 percentage points to year-over-year growth in August 2018.

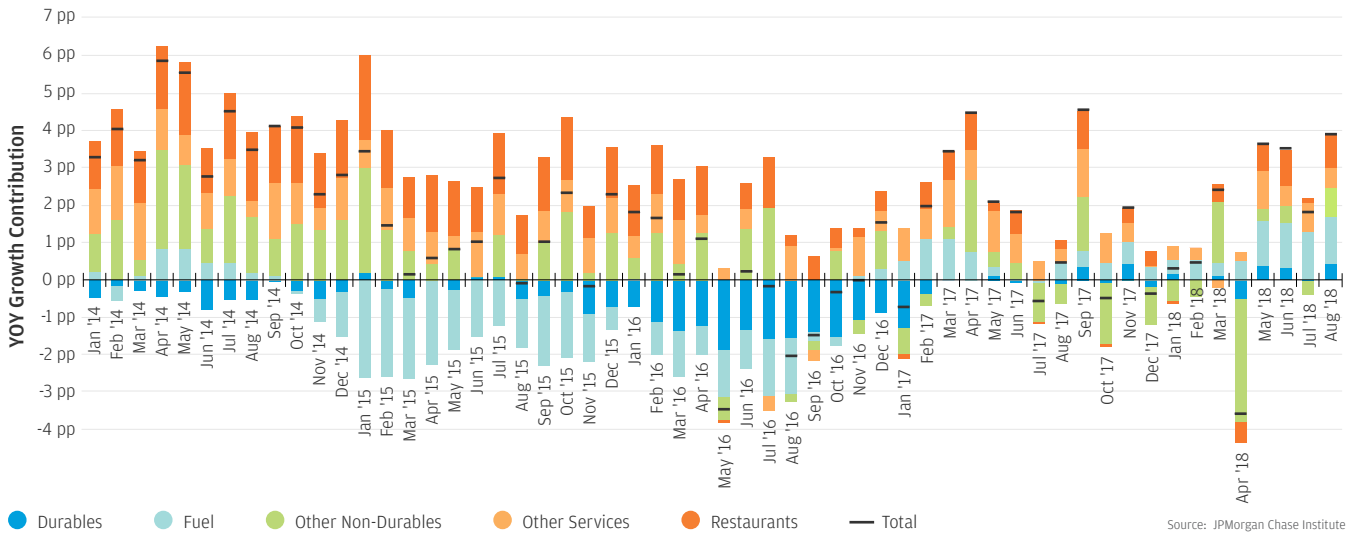
Mid-sized Businesses: Spending at mid-sized businesses contributed 0.8 percentage points to growth in August 2018.

Large Businesses: Spending at large businesses contributed 1.3 percentage points to growth in August 2018.



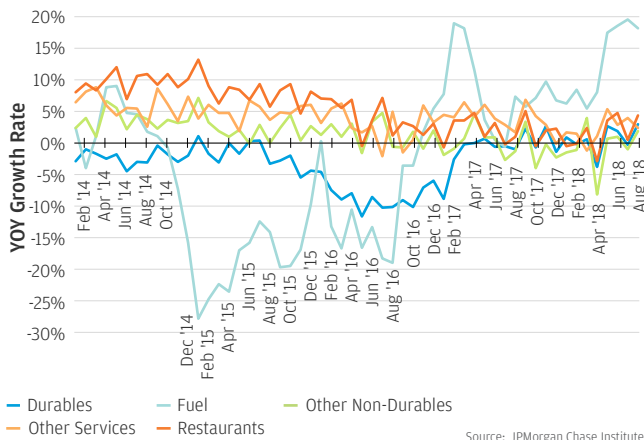
Spending by Product Type

Growth Contributions by Product Type



Source: JPMorgan Chase Institute

Growth Rates by Product Type



Source: JPMorgan Chase Institute

Fuel: Spending on fuel contributed 1.3 percentage points to year-over-year growth in August 2018. For the third consecutive month, spending on fuel made the largest contribution to growth of any product type.

Non-Durables: Spending on non-durable goods contributed 0.8 percentage points to growth in August 2018.

Durables: Contributions to spending growth from all product types were positive in August 2018. However, spending on durable goods made the lowest contribution of any product type, contributing 0.5 percentage points to growth in August 2018.



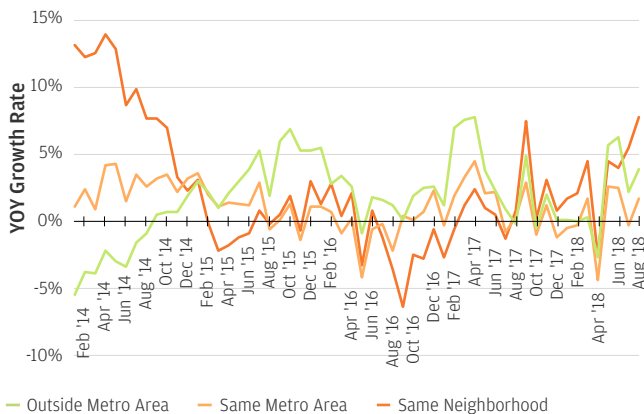
Spending by Consumer Residence

Growth Contributions by Consumer Residence



Source: JPMorgan Chase Institute

Growth Rates by Consumer Residence



Source: JPMorgan Chase Institute

Same Neighborhood: Spending by consumers who reside in the same neighborhood as the merchant contributed 2.2 percentage points 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 1.0 percentage point to year-over-year growth in August 2018.

Outside Metro Area: Spending by consumers who reside in a different metro area than the merchant contributed 0.6 percentage points to growth in August 2018.

Measuring Local Commerce

Local commerce is the everyday spending of individuals on goods and services that impacts a local community. We observe local 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 For more information see [Big Spend on the Weekend](#)
- 2 For more information see [Local Consumer Commerce in the Wake of a Hurricane](#)

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