

Local Consumer Commerce

July 2017

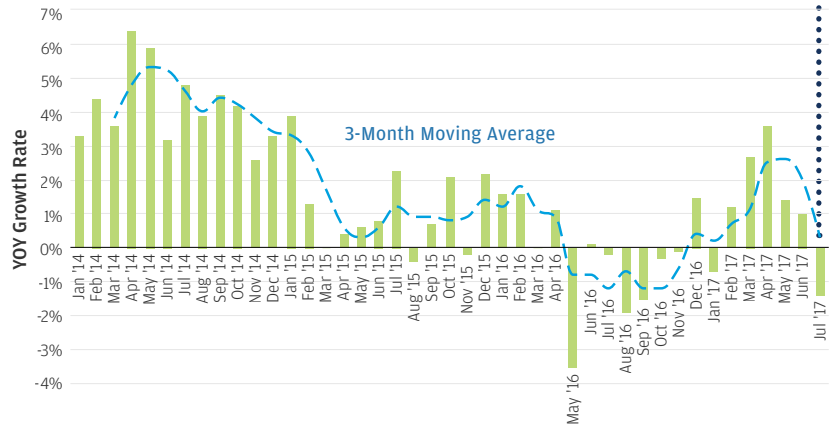


DATA THROUGH
JUL 2017 **↓ -1.4%**

Highlights across all 15 metro areas

Local Consumer Commerce declined by 1.4 percent between July 2016 and July 2017, ending a streak of positive year-over-year growth rates that began in February 2017. Out of the 15 metro areas we track, only 3 had positive year-over-year growth rates. Spending by consumers under 35 made positive contributions to growth, which were outweighed by subtractions from growth due to reductions in spending by consumers 35 and older. Similarly, spending at small businesses made positive contributions to growth, which were more than negated by spending reductions at mid-sized and large businesses.

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. metro areas.

A unique lens. The LCCI is constructed from over 20 billion anonymized credit and debit card transactions from over 60 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.

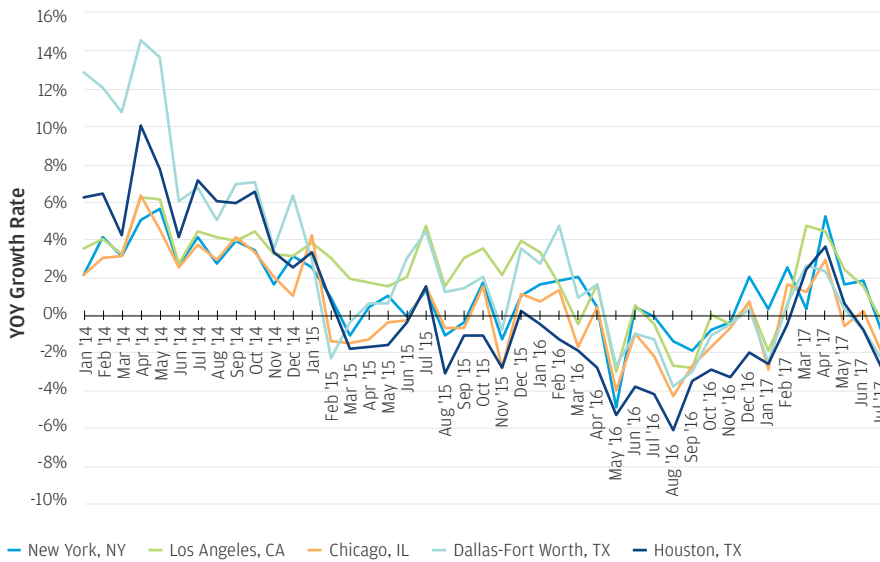
Our sample. The LCCI measures everyday spending across 15 metro areas: Atlanta, Chicago, Columbus, Dallas-Fort Worth, Denver, Detroit, Houston, Miami, Los Angeles, New York, Phoenix, Portland (OR), San Diego, San Francisco, and Seattle. Our portfolio of metro areas mirrors the geographic and economic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

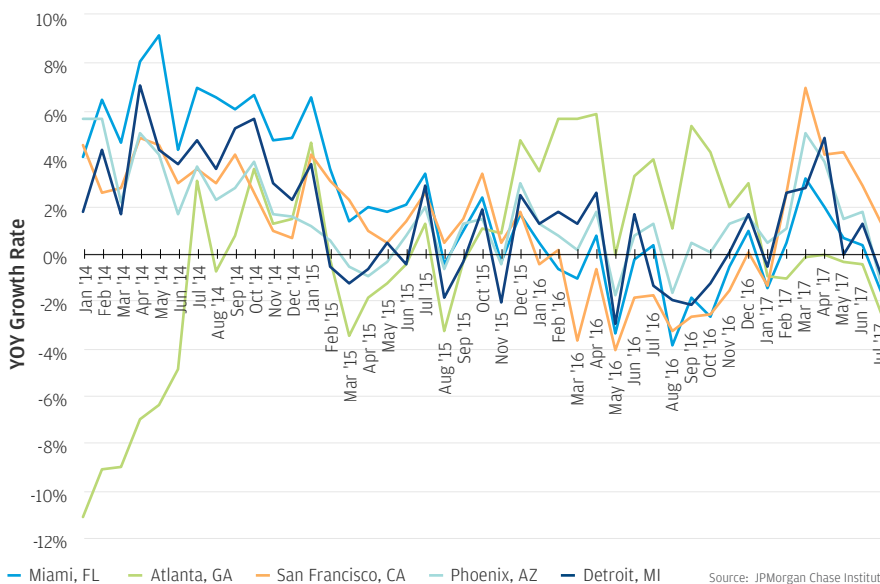
Los Angeles: Spending in Los Angeles declined by 0.4 percent between July 2016 and July 2017, the smallest decline among the large cities.

New York: New York City registered a year-over-year decline in spending of 1.0 percent in July 2017. This is the first negative growth rate for New York City in 2017.

Houston: Houston experienced a spending decline of 2.9 percent between July 2016 and July 2017, the biggest decline among the large cities.

On average, local spending among large cities declined by 1.8 percent year-over-year in July 2017.

Mid-Sized Metro Areas



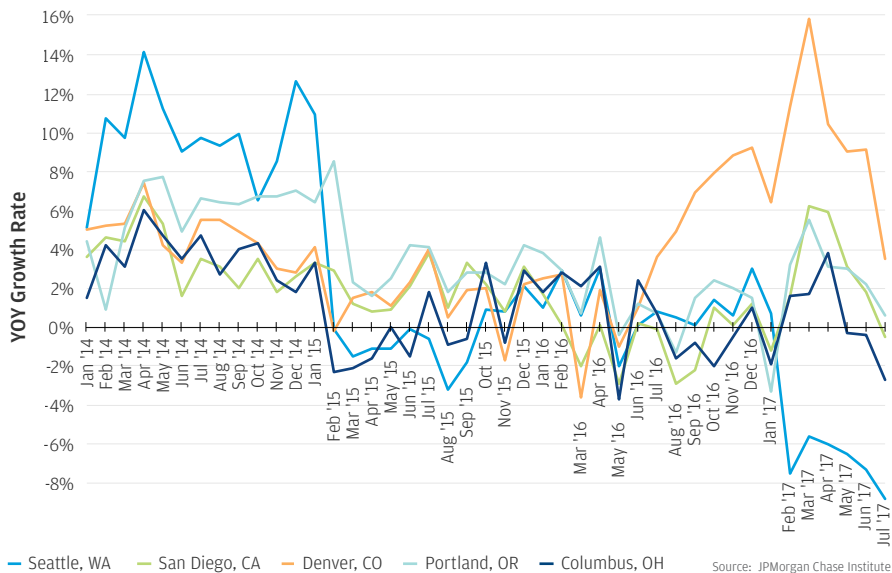
Source: JPMorgan Chase Institute

San Francisco: Spending in San Francisco grew by 1.2 percent year-over-year in July 2017. San Francisco is the only mid-sized city to register a positive growth rate.

Atlanta: Atlanta experienced a year-over-year spending decline of 2.6 percent in July 2017, the biggest decline among the mid-sized cities.

On average, local spending among mid-sized cities declined by 1.1 percent year-over-year in July 2017.

Smaller Metro Areas

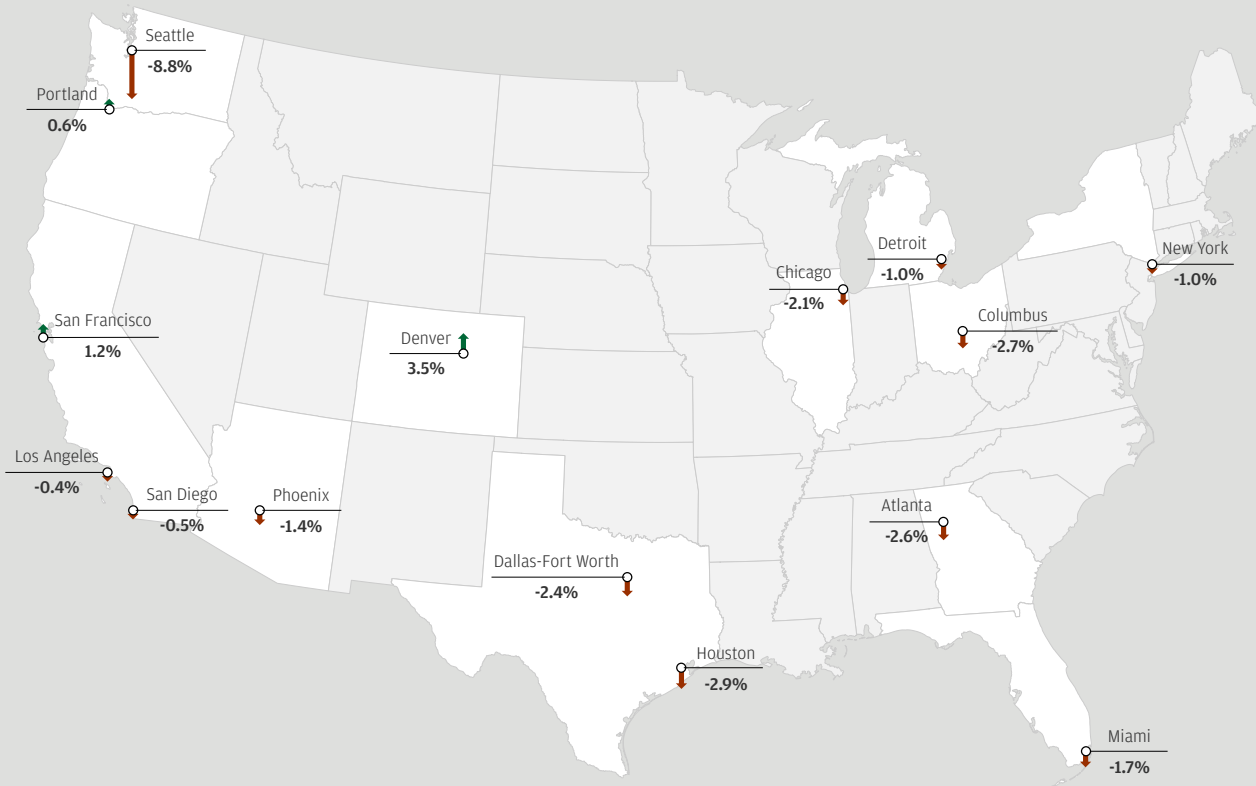


Seattle: Spending in Seattle declined by 8.8 percent year-over-year in July 2017, the biggest decline among the small cities, and the biggest decline across all of the LCC cities.

Denver: Denver registered a year-over-year growth rate of 3.5 percent in July 2017, the highest growth rate of all small cities.

On average, local spending among small cities declined by 1.6 percent year-over-year in July 2017.

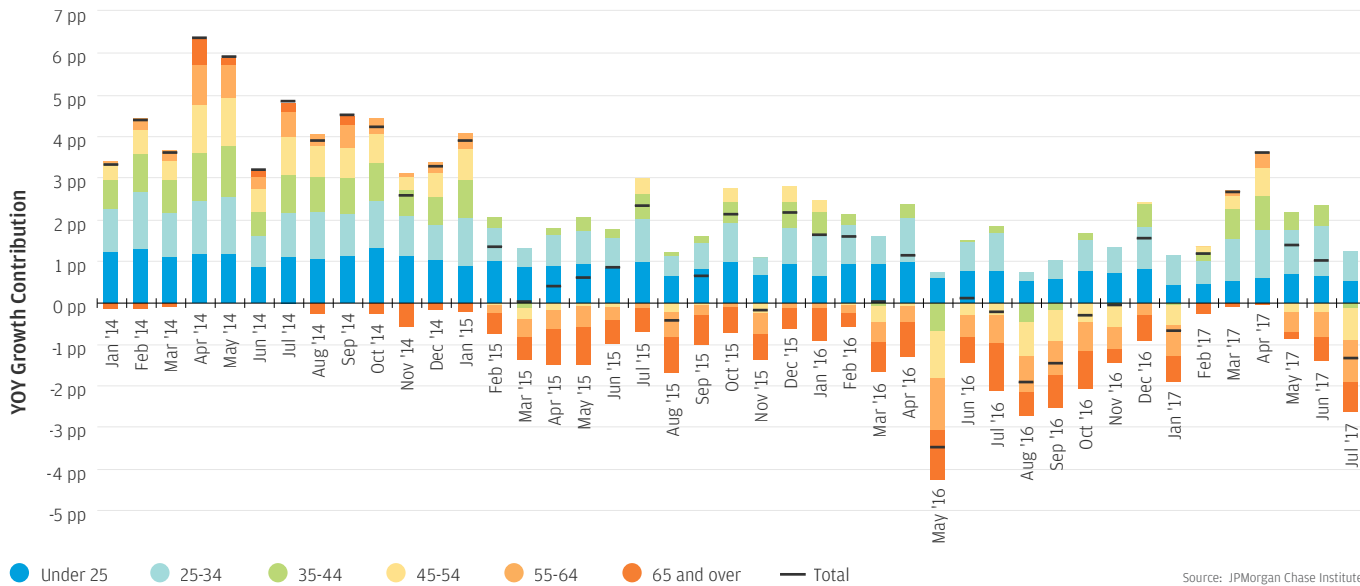
Spending growth across 15 metro areas in July 2017





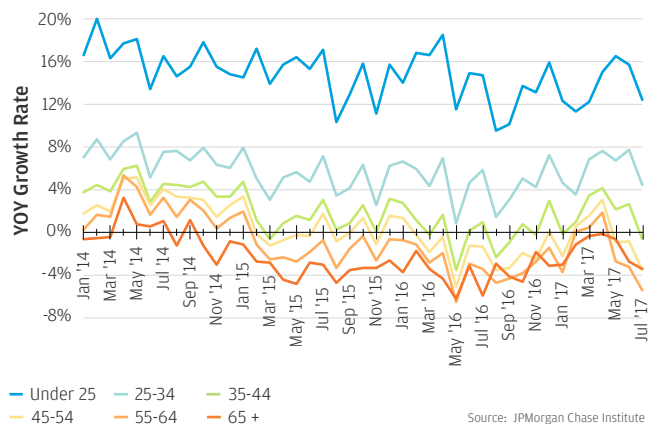
Spending by Age

Growth Contributions by Age Group



Source: JPMorgan Chase Institute

Growth Rates by Age Group



Source: JPMorgan Chase Institute

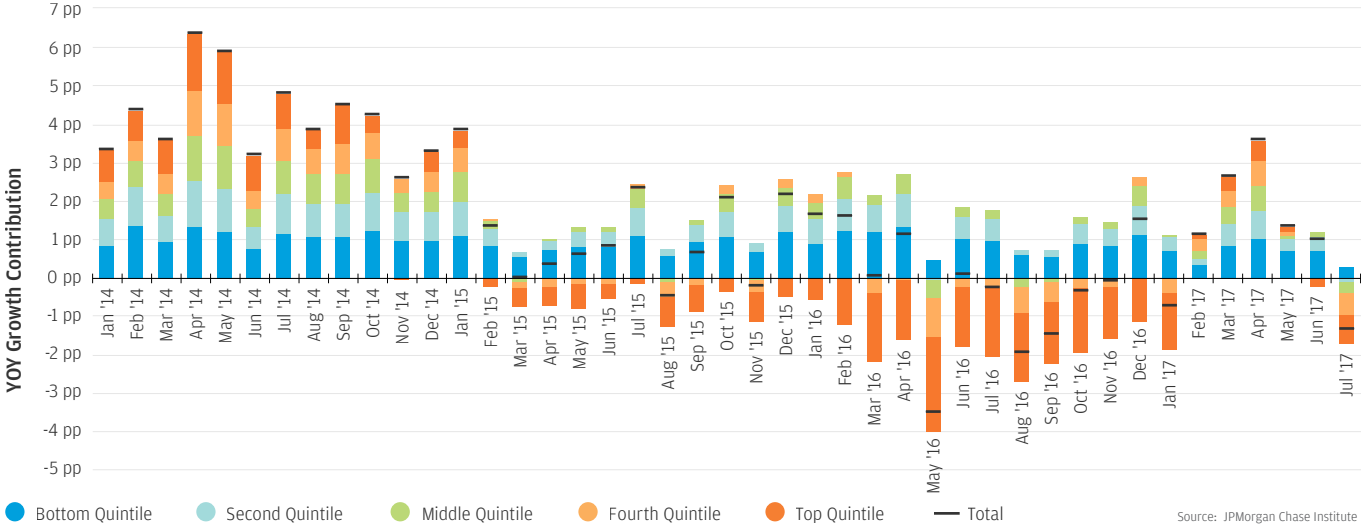
Millennials: Consumers under 35 contributed 1.3 percentage points to year-over-year growth in July 2017, with consumers under 25 contributing 0.6 percentage points to growth, and consumers between 25 and 34 contributing 0.7 percentage points to growth.

Older Consumers: Consumers 55 and over subtracted 1.7 percentage points from growth between July 2016 and July 2017, with consumers between 55 and 64 subtracting 1 percentage point from growth and consumers 65 and over subtracting 0.7 percentage points from growth.



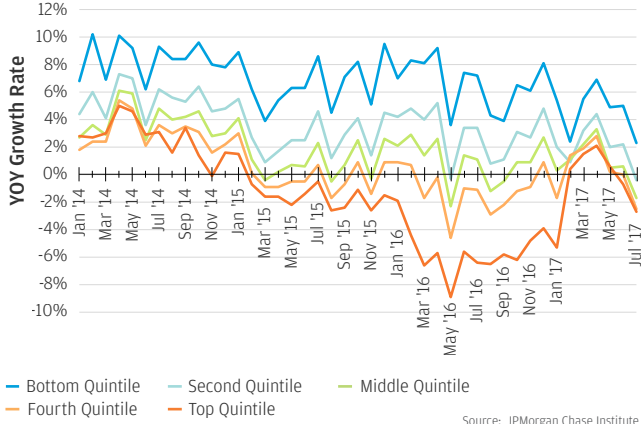
Spending by Income

Growth Contributions by Income Quintile



Source: JPMorgan Chase Institute

Growth Rates by Income Quintile



Source: JPMorgan Chase Institute

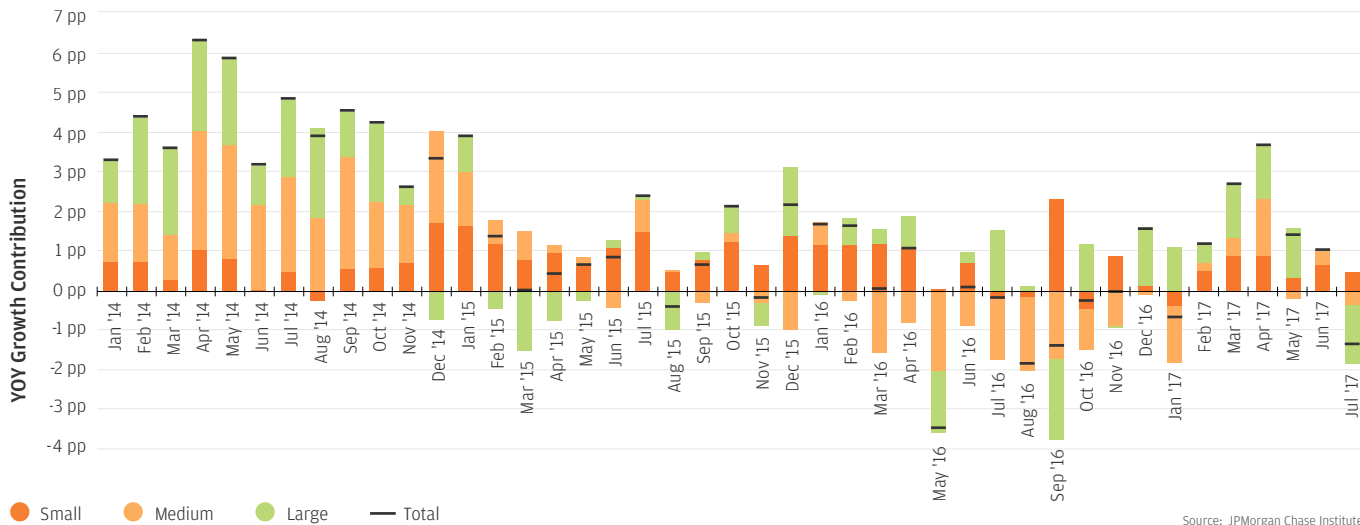
Low Income Consumers: Consumers in the bottom income quintile contributed 0.3 percentage points to year-over-year growth in July 2017, and were the only income quintile to contribute to growth in that month.

High Income Consumers: Reductions in spending by consumers in the top income quintile subtracted 0.7 percentage points from growth between July 2016 and July 2017.



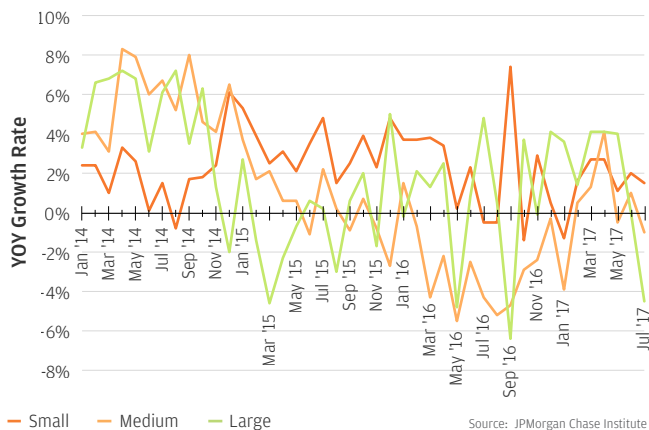
Spending by Size of Business

Growth Contributions by Size of Business



Source: JPMorgan Chase Institute

Growth Rates by Size of Business



Source: JPMorgan Chase Institute

Small Businesses: Small businesses contributed 0.5 percentage points to year-over-year growth in July 2017.

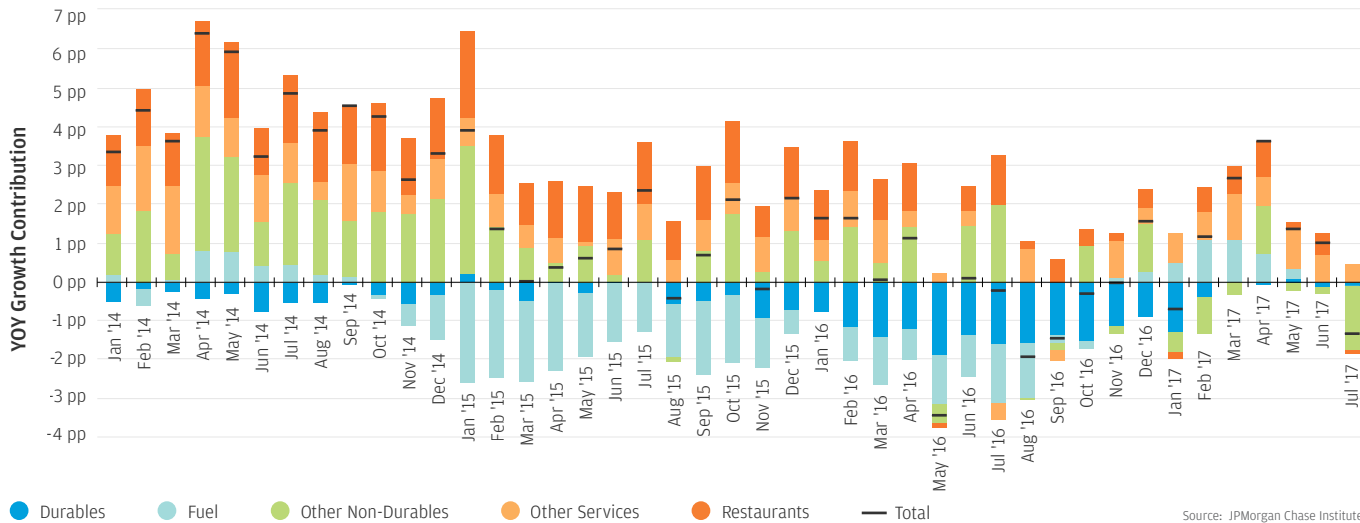
Mid-Sized Businesses: Mid-sized businesses subtracted 0.3 percentage points from year-over-year growth in July 2017.

Large Businesses: Large businesses subtracted 1.5 percentage points from year-over-year growth in July 2017.



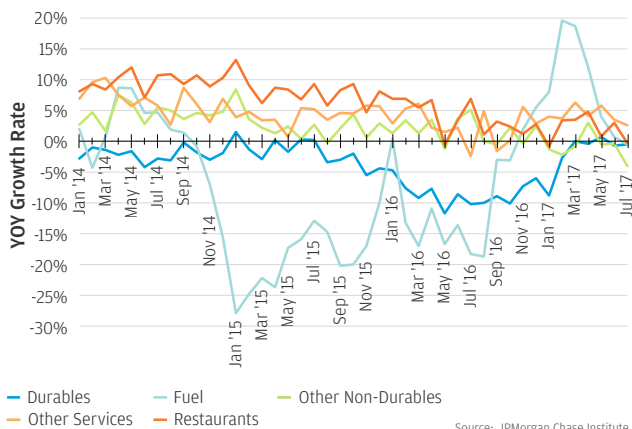
Spending by Product Type

Growth Contributions by Product Type



Source: JPMorgan Chase Institute

Growth Rates by Product Type



Source: JPMorgan Chase Institute

Fuel: Spending on fuel contributed nothing to growth between July 2016 and July 2017, the first non-positive growth contribution for this product type since October 2016.

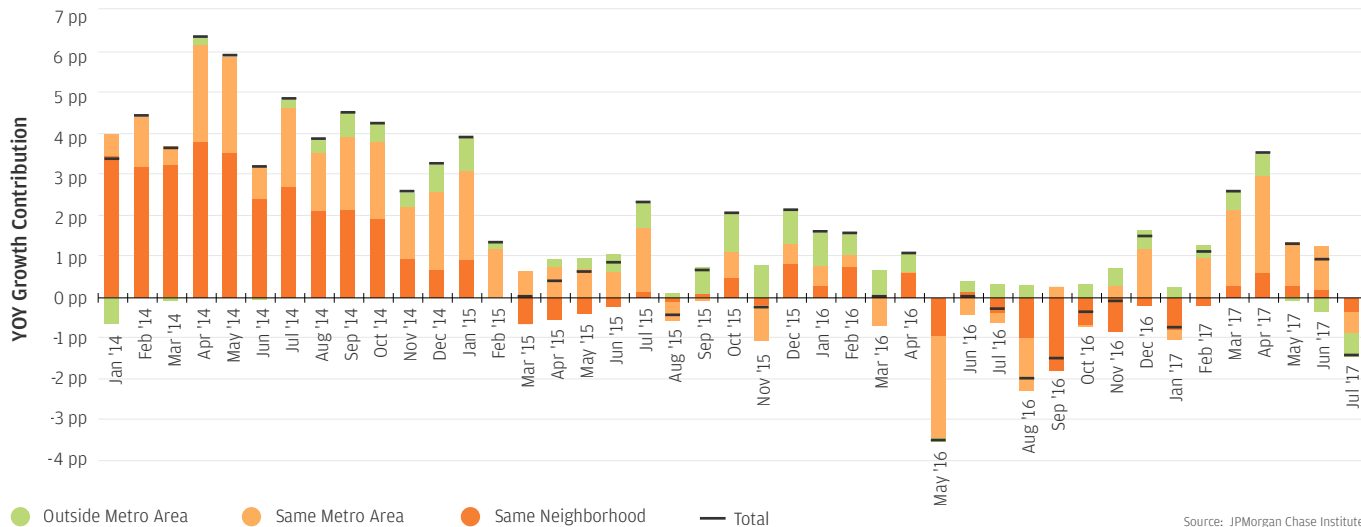
Non-durables: Spending on non-durable goods subtracted 1.7 percentage points from year-over-year growth in July 2017.

Other Services: Spending on other services contributed 0.5 percentage points to year-over-year growth in July 2017, the only positive growth contribution among all product types in that month.



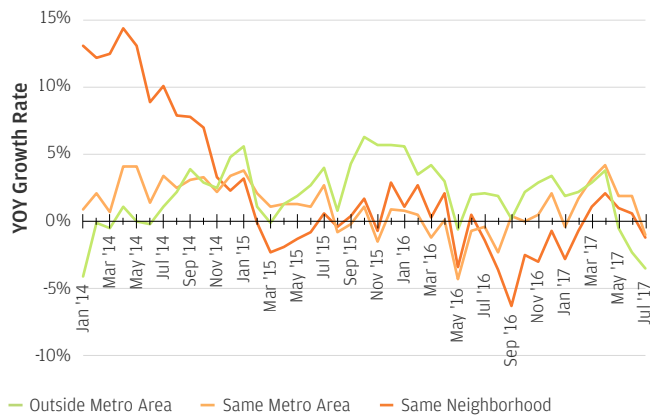
Spending by Consumer Residence

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 subtracted 0.3 percentage points from year-over-year growth in July 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 year-over-year growth in July 2017.

Outside Metro Area: Out of metro area spend subtracted 0.5 percentage points from year-over-year growth in July 2017.

Year-over-year spending declined regardless of consumer location relative to the merchant in July 2017.

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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