

# Spending Momentum Index

Australia



## Australian consumer spending shows tepid recovery in March

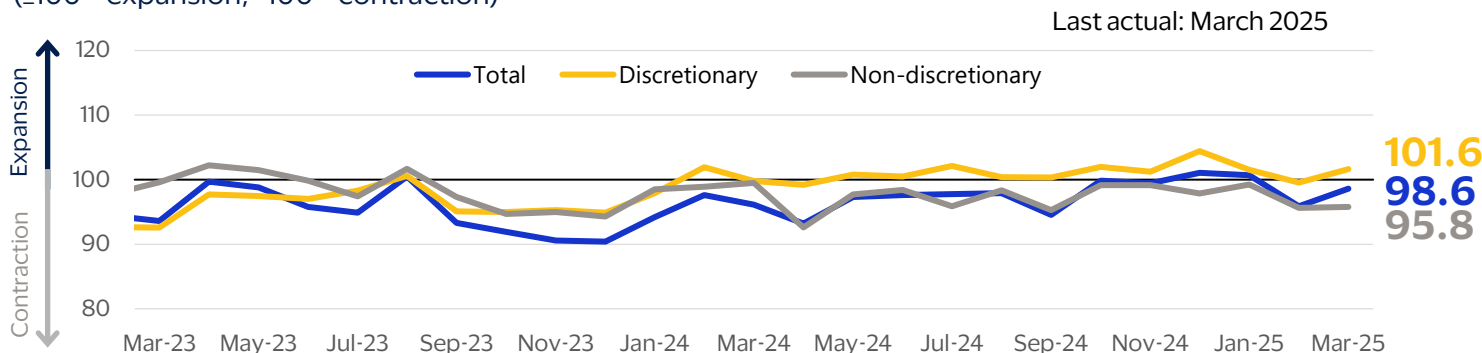
The Visa Spending Momentum Index (SMI) gained 2.7 points in March to reach 98.6, ending two straight months of decline but still indicating contraction. Spending momentum was strongest in the Australian Capital Territory at 100.6. While momentum in other states and territories remained below 100, their Q1 averages stayed at or above 2024 levels. Furthermore, the effects of ex-Tropical Cyclone Alfred proved to be transient; Queensland weathered the storm well, posting a 1.6-point increase for March.

The improvement in consumer spending activity was broad-based, with all four SMI segments (discretionary, non-discretionary, fuel and restaurant) rising in March. Discretionary spending momentum led with a reading of 101.6, while the other segments showed marginal improvements but remained below 100. South Australia and Tasmania registered the largest discretionary SMI gains as consumers increased spending on non-essentials such as travel. Meanwhile, the restaurant SMI improved discernibly in Victoria, which recorded the strongest monthly gain since January 2023. This rise was consistent with a 14 percent YoY increase in OpenTable seated diners at restaurants, slightly above the national average.

Ongoing improvements in real disposable income growth as well as the recently announced six-month extension of electricity rebates should still support household consumption in the near term. Already, spending on non-essentials such as dining out is showing encouraging signs of recovery and has yet to be impacted by increased market volatility.

### Spending Momentum Index\*

(≥100 = expansion, <100 = contraction)



\* The discretionary and non-discretionary categories exclude restaurant and gas spending; both restaurant and gas are included in the total SMI. See additional definitions of spending categories on page 2. Source: Visa Business and Economic Insights. The Visa Australia SMI measures the current month relative to the same month last year. Both national and regional readings of the index are based on year-over-year changes in consumer spending with Visa bankcards.

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**March SMI at a glance**
**Latest index reading**
**Nationwide momentum:**

Change from previous month

Total

**+2.7**

Discretionary

**+2.1**

Non-discretionary

**+0.1**
**VISA**

Visa Public



## Spending Categories\*:

**Discretionary** (airlines, lodging, auto rental, appliance retail, computer retail, fashion retail, florist, general department store, home goods retail, leisure goods retail, luxury goods retail, repurposed goods retail, sporting goods retail, attractions & amusements, duty free, entertainment, gambling, marina services, sport & recreation, transportation, travel agencies, construction services, electric goods repair, home repair services, personal services, professional services, spa/beauty services, telecommunication, charity, direct marketing, membership clubs).

**Non-discretionary** (medical/health services, pharmacy, food retail, supermarkets, postal/courier, utilities, education, tolls/fees, wholesale).

## Methodology

The Visa Spending Momentum Index (SMI) measures the breadth of year-over-year change in household spending within an economy, including the share of households with increased spending compared with those where spending was stable or declined. The index is generated using proprietary techniques that extract economic signals from business-related noise inherent in VisaNet transaction data, such as portfolio flips, routing changes, or evolving acceptance across geographies or merchant segments. Regional and national aggregates are population-weighted averages.

The resulting sample data is then aggregated using a diffusion index framework in which index values are scored from 0 to 200. Values above 100 indicate broad-based net acceleration in economic momentum. Values below 100 indicate contraction on an annual basis. To ensure compliance with Visa's confidentiality obligations and with applicable laws, any market or competitor data that does not meet Visa Inc.'s minimum benchmarking requirements will not be shared.

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\*The discretionary and non-discretionary categories exclude restaurant and fuel spending; both restaurant and fuel are included in the total SMI.



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