

Spending Momentum Index



Australia

Solid start to end-of-year holiday spending in November

Visa's Australia Spending Momentum Index (SMI) fell by 0.4 points to 99.5 in November, a slight reversal from the improvement in the previous month. Spending momentum accelerated in half of all states and territories, led by South Australia, while decelerating in the other half, with Victoria down the most.

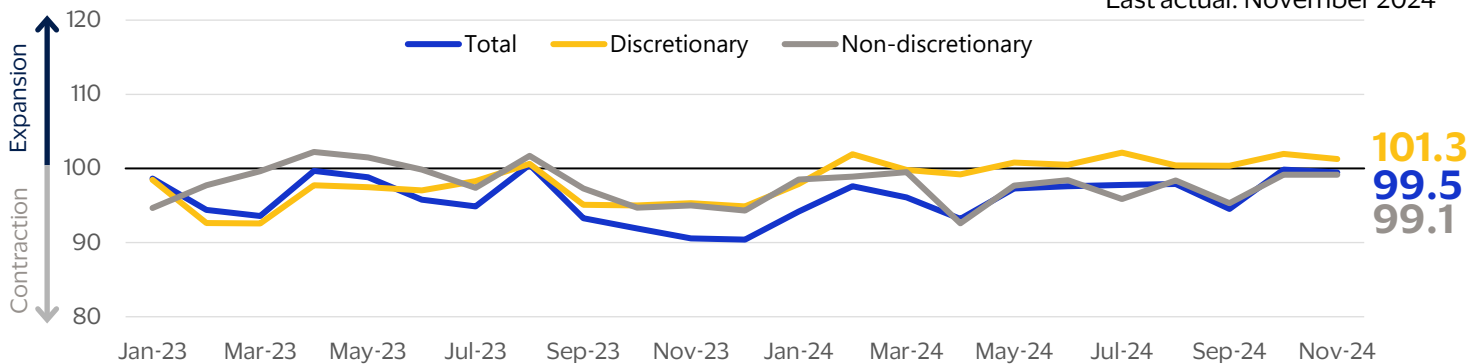
Still, discretionary spending remained higher than 12 months ago, even if its upward momentum weakened a little from October. For all states and regions, the discretionary SMI was close to or above 100 in November. This marks a solid start to the holiday shopping season, especially considering that Black Friday sales tend to extend into December and Cyber Monday fell in December this year instead of November.

After a year of lacklustre restaurant spending momentum, the hospitality sector posted its strongest monthly improvement yet in 2024, though spending is still down from last year. All states and territories saw an improvement in the restaurant segment, with more consumers dining out. This could be attributed to falling inflation as well as a robust labour market boosting consumer sentiment.

These encouraging signs set the stage for Australia's SMI to rise to its first overall expansionary reading (i.e., above 100) since August 2023 in the final month of the year.

Spending Momentum Index

(Seasonally adjusted, * ≥100 = expansion, <100 = contraction)



*The discretionary and non-discretionary categories exclude restaurant and fuel spending; both restaurant and fuel are included in the total SMI. See additional definitions of spending categories on page 3. Source: Visa Business and Economic Insights. The Visa Australia SMI measures the current month relative to the same month last year. The national readings of the index are based on year-over-year (YoY) changes in consumer spending with Visa bankcards.

December 2024

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November SMI at a glance

Latest index reading

Nationwide momentum:

Change from previous month

Total

-0.4

Discretionary

-0.7

Non-discretionary

0.0

Last actual: November 2024





About the Visa Australia Spending Momentum Index

First released in August 2021, the Visa SMI is an economic indicator to gauge the health of consumer spending. The Visa SMI delivers insight into what drives upturns and downturns in spending by measuring the breadth of the momentum supporting these trends.

Currently available in eight countries (Australia, Brazil, Canada, Ireland, Italy, United Arab Emirates, the United Kingdom and the United States), the SMI provides a consistent method across countries to measure global spending trends.



A sample pulled from the Visa network

The SMI leverages the power of the Visa network utilising a sample of depersonalised and aggregated spending data from Visa-branded credit and debit credentials. This makes it a timelier read on consumer spending compared to other consumer spending measures (e.g. retail sales and personal consumption expenditures).



Tracks upturns and downturns in consumer spending

The resulting sample data is then aggregated using a diffusion index framework where index values are scored from 0 to 200. When the Visa SMI rises above 100, the consumer spending momentum is strengthening and when it falls below 100, the spending momentum is weakening as fewer consumers are spending more relative to the previous year.



A better way to track the economic recovery

SMI has correlation with key macroeconomic indicators, including retail sales, unemployment and household income. The SMI does not take into account the volume of payments nor does it rely on all Visa credentials, and therefore does not reflect Visa's operational or financial performance. The SMI can assess the variation in spend down to a geographic (national, state, city and county) and industry vertical level.



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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