

Spending Momentum Index



Australia

Australian consumer spending holds onto gains, starts 2025 in expansion territory

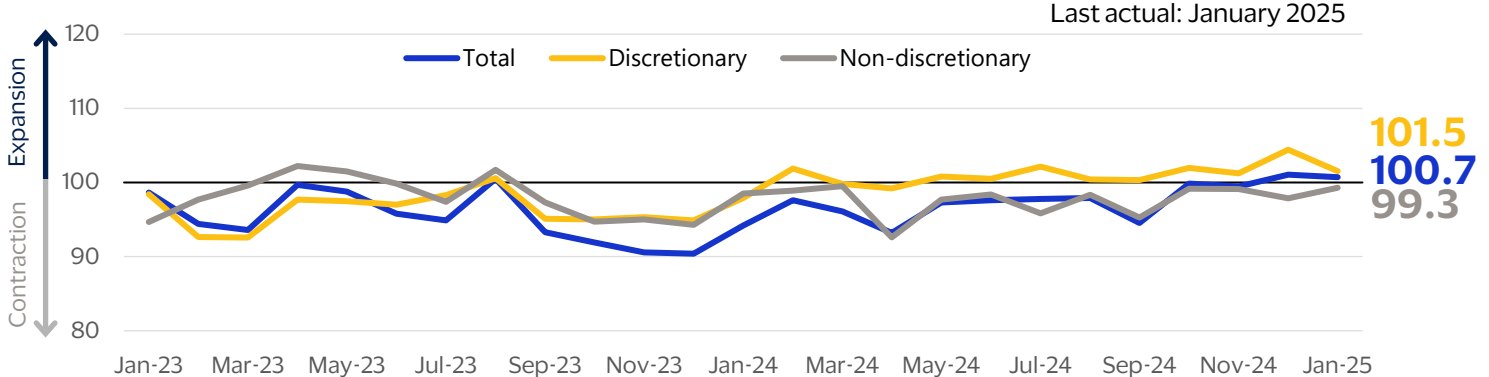
After a weak year overall for Australian consumer spending, Visa’s Australia Spending Momentum Index (SMI) remained in expansion territory at 100.7 in January. The reading’s relative consistency with the previous month, which included strong holiday sales, bodes well for a sustained recovery. Spending momentum improved in all states and territories except for the Australian Capital Territory. While Victoria and Queensland were the only two states with readings below 100, their first readings for 2025 were above their 2024 averages and are on track to hit the 100 mark.

Following the holiday shopping season, the discretionary SMI fell 2.9 points to a still-solid 101.5 in January. The index stayed above 100 for the ninth consecutive month, indicating strength in spending momentum on non-essentials, such as travel. The index for all states and territories remained at healthy levels, with Queensland having the strongest reading. At the same time, restaurant spending momentum saw a decline, led by the Northern Territory and South Australia. By contrast, the non-discretionary index inched up 1.4 points to 99.3, with the strongest improvement in two states that experienced weak consumer spending in 2024: Tasmania and South Australia.

With inflation slowing, consumer spending is expected to be resilient, with geopolitics and the pace of interest rate cuts two major risk factors to watch.

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.

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January SMI at a glance

Latest index reading

Nationwide momentum:

Change from previous month

Total

-0.4

Discretionary

-2.9

Non-discretionary

+1.4





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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