

Spending Momentum Index

Australia



Australian consumer spending momentum reaches 47-mo. high thanks to April holidays

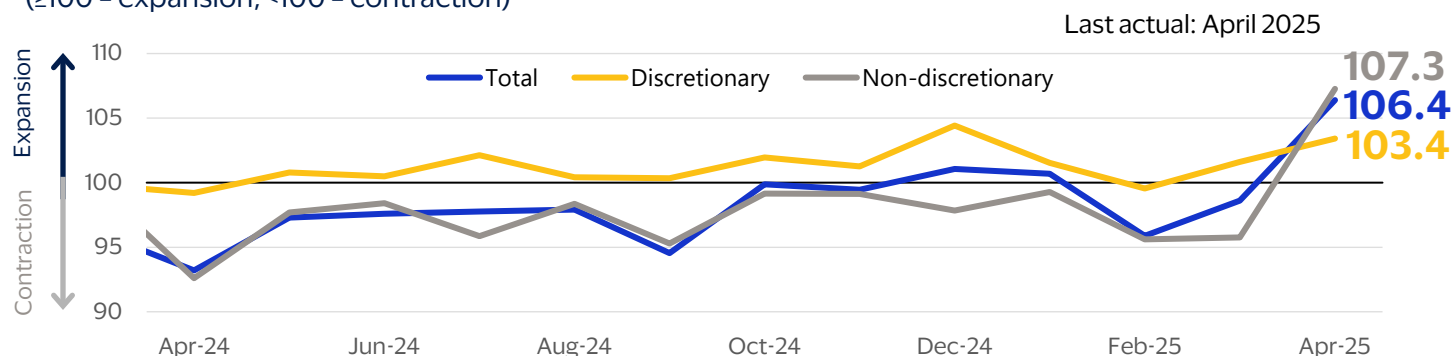
The Visa Australia Spending Momentum Index (SMI) jumped a remarkable 7.8 points in April to 106.4, reaching above 100 in all states and territories for the first time since May 2021. The strong performance was partly linked to April public holidays, which occurred in unusually close succession this year. Spending on pharmacy items, groceries and other supplies likely rose in preparation for the holiday, followed by increased leisure spending on car rentals and travel services as consumers took advantage of the extended break.

All four SMI segments (discretionary, non-discretionary, fuel and restaurant) rose in April, indicating a broad-based improvement in consumer spending activity. The non-discretionary SMI grew by 11.5 points to 107.3, surpassing all other spending categories. New South Wales registered the largest monthly SMI gain. Gains in both the New South Wales and Queensland SMIs indicate a return to normalcy after the effects of ex-Tropical Cyclone Alfred in early March. Rising spending momentum in these areas likely also reflects increased expenditures related to replacing spoiled food and repairing damage, including insurance-funded purchases from department stores and other retailers. Meanwhile, Queensland's restaurant SMI experienced its largest monthly increase since January 2023, yet remained below 100, similar to the national restaurant SMI.

While the strong April SMI readings provide reasons for optimism, business confidence is weakening and job ads remain below their 2024 average—two indications of a potential loss of momentum in the labor market that could weigh on consumer spending as external headwinds build.

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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April SMI at a glance

Latest index reading

Nationwide momentum:

Change from previous month

Total

+7.8

Discretionary

+1.8

Non-discretionary

+11.5





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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