

# Spending Momentum Index



Australia

## Restaurants and service stations bear the brunt of cautious Australian consumers

The Visa Australia Spending Momentum Index (SMI) dipped by 1.5 points in March to 96.1, as February's bump from a leap-year effect and a few large events faded. The share of Australian cardholders who decreased their spending rose by 0.8 percentage points. Nonetheless, the overall SMI topped its average reading for the past 12 months, which suggests that the decline in spending has bottomed out. Notably, restaurants and service stations bore the brunt of the consumer pullback: excluding these two categories, people are spending virtually the same as they did a year ago.

Despite price increases, fuel spend also fell markedly: households are feeling the pinch and cutting back on using their cars. By contrast, non-discretionary spend, which continued to show an ongoing, if slow, recovery, ticked upwards by 0.5 points to 99.5, supporting spending momentum. Restaurant spending momentum also rose, aligned with data from OpenTable showing an increase in the number of seated diners, but not enough to keep the index out of contractionary territory (below the 100 mark). The high cost of living is still weighing on restaurant spend for most consumers. Capital cities showed a north-south divide, with spending momentum strongest in Sydney and Brisbane, and weakest in Hobart and Melbourne. Hobart faced a particularly sharp decline in the SMI, with discretionary spend down significantly. Melbourne residents cut back the most on fuel spend.

The Reserve Bank of Australia is expecting a moderate recovery in consumer spending through the middle of 2024, but at this stage evidence of this is not yet apparent in Visa's short-term spending indicators.

18 April 2024

March SMI at a glance

Latest index reading

**Nationwide momentum:**  
Change from previous month

Total

**-1.5**

Discretionary

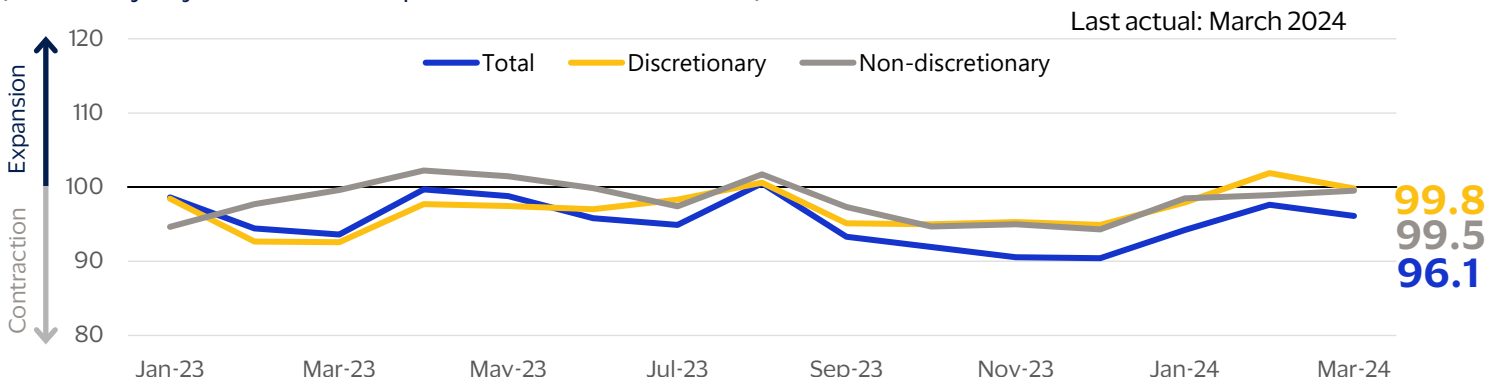
**-2.1**

Non-discretionary

**+0.5**

### 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.





# 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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