

# Spending Momentum Index

Australia



## Australian consumer spending stays on firm footing

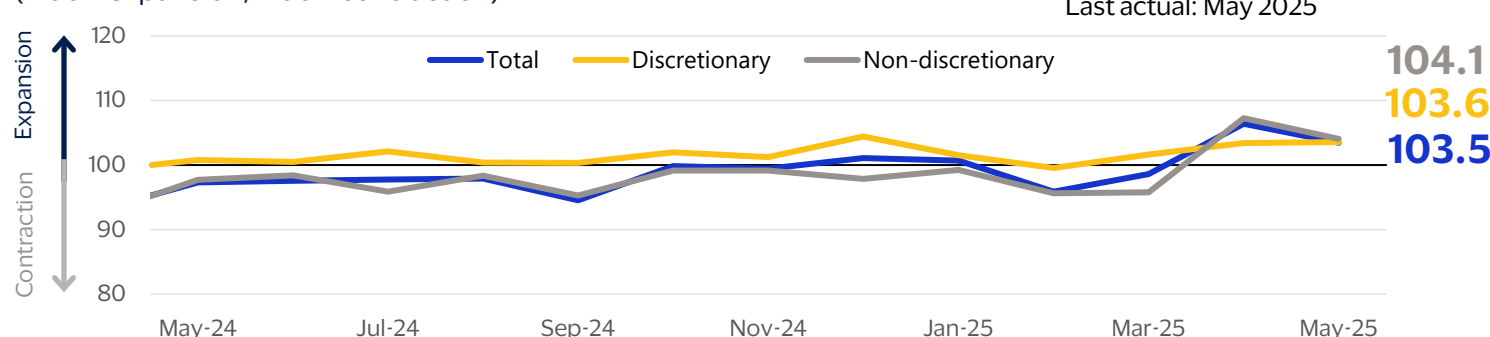
The Visa Australia Spending Momentum Index (SMI) dropped 2.9 points in May to a still-strong 103.5. Despite the slight moderation, all states and territories remained above the expansionary 100 mark, with the Australian Capital Territory leading with 104.7. The strong SMI outturns in April and May averaged 104.9—well above the Q1 average of 98.4—and could portend firmer household consumption growth in Q2 following the recently released lacklustre Q1 gross domestic product (GDP) print.

After public holidays helped spur the non-discretionary SMI to a 52-month high in April, the non-discretionary SMI declined 3.2 points in May. This reflects both a return to normal following the previous month's stockpiling as well as caution among consumers, who are increasingly turning to cheaper home-brand products in supermarkets. South Australia and New South Wales registered the largest moderation but remained above 100. While the restaurant SMI slid by 0.3 points, it is stabilising at a level in line with the period prior to the weather- and holiday-related distortions of the preceding two months. Meanwhile, fuel spending fell sharply, especially in Tasmania. The decline in the fuel SMI aligns with a roughly 11 percent YoY decrease in average petrol prices nationwide. In comparison, the discretionary SMI rose 0.1 point, with Tasmania posting the largest monthly gain, suggesting consumers redirected fuel savings to discretionary spending. Similar trends held in other states.

While consumer confidence readings have stalled in the face of tariff-related uncertainty, domestic fundamentals like disposable household income and employment ultimately drive spending. Stable household income and labour market data, combined with recent strong SMI readings, indicate spending momentum is reasserting itself in Australia.

### Spending Momentum Index\*

(≥100 = expansion, <100 = contraction)



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**May SMI at a glance**
**Latest index reading**
**Nationwide momentum:**
*Change from previous month*

Total

**-2.9**

Discretionary

**+0.1**

Non-discretionary

**-3.2**

Last actual: May 2025

\* 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.

**VISA**



## 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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