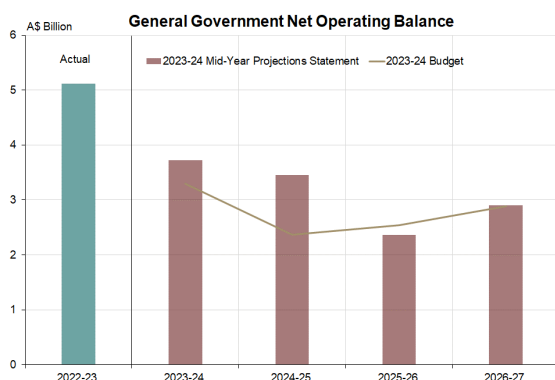


THIS MONTH'S WESTERN AUSTRALIAN DATA HIGHLIGHTS

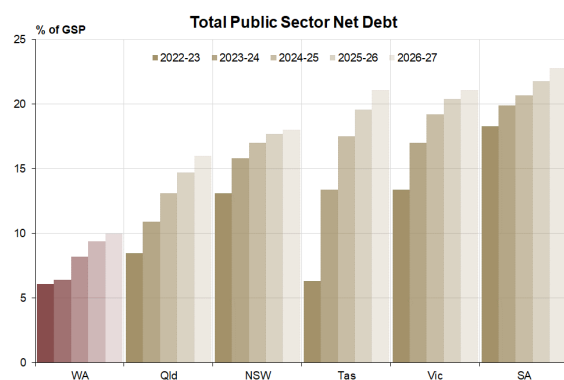
- Western Australian state final demand rose by 2.4% in Q3, to be up 5.5% through the year.
- The 2023-24 Mid-Year Financial Projections Statement forecasts a Western Australian general government net operating balance of A\$3.7b in 2023-24.
- Western Australian employment rose by 12.7k in November, while the unemployment rate declined to 3.7%.
- The home value index for Perth increased 1.5% in December to be up 15.2% from a year earlier.

WESTERN AUSTRALIAN 2023-24 MID-YEAR FINANCIAL PROJECTIONS STATEMENT

- The Western Australian economy continues to perform strongly despite the challenging global environment, with real Gross State Product (GSP) expanding 3.5% in 2022-23, the strongest growth in nine years.
- Growth was driven by the strong domestic economy, with real State Final Demand (SFD) rising 3.8% in 2022-23. Real SFD growth is expected to accelerate to 4.5% in 2023-24, up from the 3% growth forecast in the Budget.
- The increase in domestic activity is expected to be broad-based. Aggregate household spending is forecast to remain robust, supported by strong population growth, robust employment, elevated incomes and rising house prices. Business investment growth is projected to accelerate, driven by spending on resource projects, while dwelling construction is expected to pick-up as the large pipeline of new homes are completed, and population growth drives additional demand. Government spending on infrastructure will continue to support economic activity.
- The labour forecasts have also been upgraded since the Budget, with employment forecast to rise 2.5% in 2023-24 against the 1.0% Budget forecast and the projected average unemployment rate revised down to 3.75% from 4.0%, up from 3.5% in 2022-23.
- Merchandise exports increased 4.7% to a record high in 2022-23, mainly due to a lift in exports of iron ore, LNG, lithium, and wheat. However, goods exports are forecast to decline 0.5% in 2023-24, primarily due to a weather induced drop in grain production and a small decline in LNG shipments.
- Stronger domestic economic conditions, combined with an elevated iron ore price, have resulted in a stronger revenue outlook relative to the Budget, with a A\$3.7 billion net operating surplus now forecast for 2023-24, up from A\$3.3 billion forecast at Budget. Operating surpluses are also forecast over the three outyears.
- Total public sector net debt is now forecast to decline to A\$27.2 billion (6.4% of GSP) at 30 June 2024, from the A\$29.4 billion (7.7% of GSP) Budget estimate. Net debt is forecast to increase to A\$38.1 billion by 30 June 2027 (10% of GSP), driven by spending on infrastructure. This remains low relative to the other states.



Source: WA Treasury.



New South Wales, Queensland and South Australia only publish estimates for the non-financial public sector.

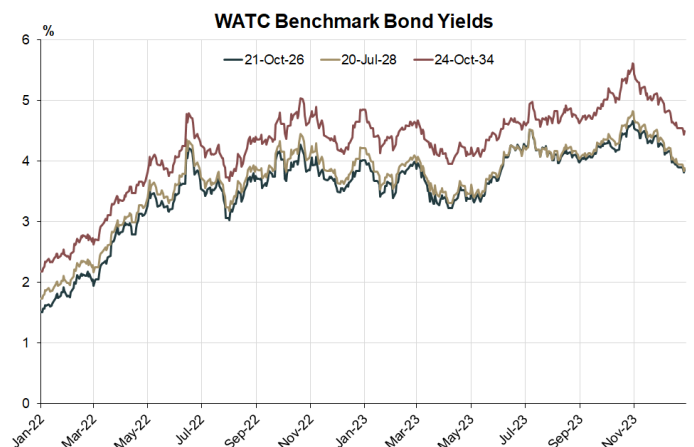
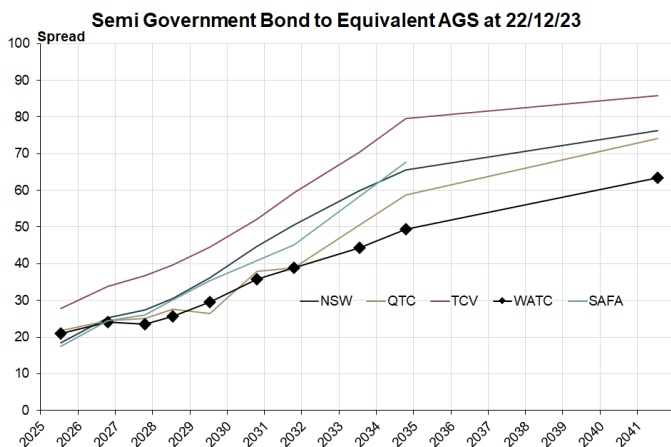
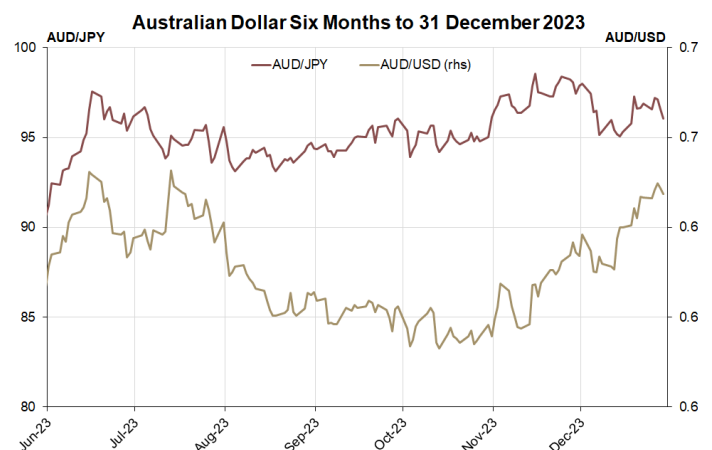
Australian Interest Rates (%)			FX and Equities	
RBA Cash Rate Target	4.35	(0 pt)	AUD/USD	0.6812 (↑3.1%)
90-Day Bank Bills	4.36	(↓1 pt)	AUD/JPY	96.06 (↓1.9%)
3-year Australian Government Bond	3.61	(↓41 pt)		
10-year Australian Government Bond	3.96	(↓46 pt)	ASX200	7591 (↑503 pt)

MARKET SUMMARY

- As expected, the RBA kept the cash rate target unchanged at 4.35% in December.
- Australian government bond yields fell sharply along with global yields for the second month in a row as expectations for central bank interest rate cuts in 2024 continued to build. Domestically, expectations turned from pricing in a further RBA interest rate increase in 2024 to traders pricing in a 25-basis point interest rate cut in the first half of the year.
- The Australian dollar weakened against the stronger Japanese yen in December, its first monthly decline in four months. However, the Aussie strengthened against the US dollar, rising above US\$0.68 for the first time since July as traders moved to price in a series of interest rate cuts in the US over the next six months.
- The Australian equity market outperformed global markets, with the ASX 200 climbing over 7% in the month, the biggest monthly gain since November 2020. All the major industry sectors posted solid gains, with resources among the strongest performers.

WATC Benchmark Bond Yields		
Maturity	Yield 31/12/2023	Spread to AGS 31/12/2023
23 July 2024	4.20 (↓17 pt)	+13 pt (↑5 pt)
23 July 2025	4.01 (↓34 pt)	+21 pt (↑4 pt)
21 October 2026	3.86 (↓39 pt)	+24 pt (0 pt)
21 October 2027	3.85 (↓43 pt)	+24 pt (↓1 pt)
20 July 2028	3.88 (↓45 pt)	+26 pt (↓1 pt)
24 July 2029	3.99 (↓45 pt)	+30 pt (↓1 pt)
22 October 2030	4.14 (↓46 pt)	+36 pt (↓1 pt)
22 October 2031	4.24 (↓48 pt)	+39 pt (↓2 pt)
20 July 2033*	4.34 (↓49 pt)	+44 pt (↓3 pt)
24 October 2034	4.49 (↓48 pt)	+49 pt (↓3 pt)
23 July 2041	4.96 (↓42 pt)	+63 pt (↓4 pt)

Spreads are to nearest Commonwealth Bond. * Green bond.



Any opinions, judgments, conclusions, forecasts, predictions or estimations contained in this advice are made in reliance on information provided to Western Australian Treasury Corporation which Western Australian Treasury Corporation believes to be reliable. Western Australian Treasury Corporation, however, cannot guarantee the accuracy of that information. Thus, any recommendations are made in good faith but are provided only to assist you with any decisions which you make. These recommendations are not intended to be a substitute for professional advice on a particular matter. Before accepting or rejecting those recommendations you must discuss your particular needs and circumstances with Western Australian Treasury Corporation.