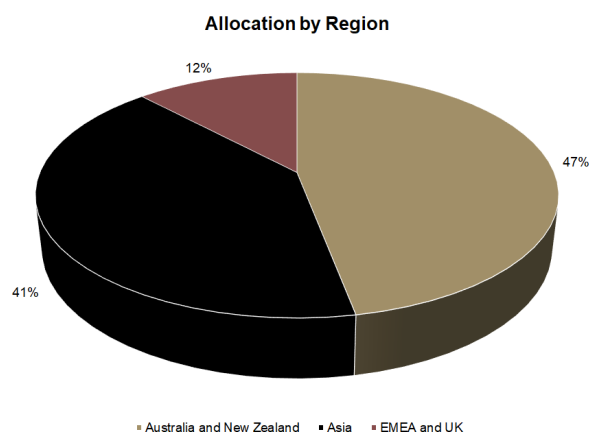
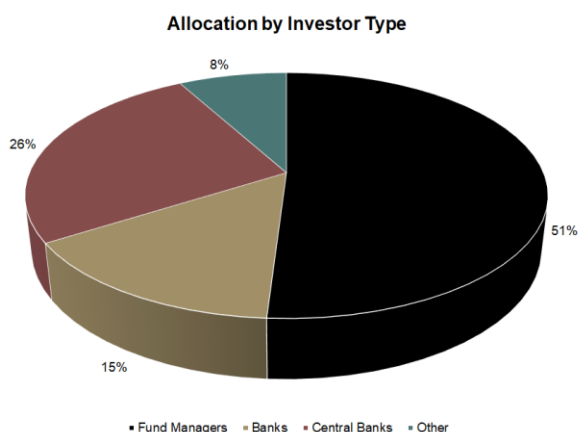


Western Australian Data Highlights

- The RBA has cut its cash rate target by another 25bps to 3.85% in May.
- Employment rose by 3.3% over the year to April in Western Australia, by far the most of all the states.
- Western Australian retail trade picked up by 6.1% YoY, which was also the strongest increase nationwide.
- Perth home prices rose by 0.7% in May, while WA dwelling approvals increased by 9.6% in April.
- On 13 May 2025, WATC issued A\$2.0b of green bond maturing on 24 October 2035.

2035 WATC Green Bond

- On 13 May 2025, WATC priced a new A\$2.0b 4.75% green bond maturing on 24 October 2035.
- The proceeds from the issuance will be allocated to eligible expenditure supporting the transition to a low carbon economy.
- The green bond's project pool includes projects such as electrified public rail expansion within METRONET, an electric bus fleet, wind farms, large scale battery storage systems and energy efficiency infrastructure. More information on the project pool can be found in the WATC Investor Information Pack – March 2025.
- The 2035 WATC bond issuance was the largest WATC primary syndicated issue on record. Demand was well in excess, at A\$5.5b, with A\$2.5b in domestic bids and A\$3.0b in offshore bids.
- Investors were attracted by WATC's top 'triple-A' rating and the high-quality green bond asset pool. Additionally, demand was supported by improving global market sentiment following the 'Liberation Day' shock, as the outsized US tariffs on imports from China were scaled back just a day before the issuance.
- At the end of the day, 51% of funds were allocated to fund managers, while 15% were channelled to banks. There was a strong participation from central banks from central banks, which constituted 26% of investors.
- 53% of the allocation was to offshore investor, the largest share for any semi-government issuance on record. 41% of investors came from the UK and EMEA region (Europe, Middle East and Africa), while a further 12% were from Asia, mainly Hong Kong and Singapore.



Source: WATC

Australian Interest Rates (%)			FX and Equities		
RBA Cash Rate Target	3.85	(↓25 pt)	AUD/USD	0.6431	(↑0.5%)
90-Day Bank Bills	3.73	(↓15 pt)	AUD/JPY	92.66	(↑1.2%)
3-year Australian Government Bond	3.33	(↑1 pt)			
10-year Australian Government Bond	4.26	(↑9 pt)	ASX200	8435	(↑308 pt)

Market Summary

- The RBA cut its interest rates by 25bps in May, including the cash rate target to 3.85%.
- The cash rate cut translated into slight declines at the front end of the Australian sovereign and WATC yield curves in May. However, there were increases for longer maturities driven by global factors, particularly concerns over the state of US public finances and receding expectations for fed funds rate cuts. These concerns saw yields spike mid-month, before easing towards the end of May. Spreads between WATC and Commonwealth bond yields narrowed or remained little changed compared to late April.
- The Australian dollar appreciated by 1.2% against the Japanese yen in May, while strengthening by 0.5% versus the US dollar. This appreciation reflected the weakness of both currencies during the month, though in the case of the Japanese yen it followed significant depreciation to two-year lows early during the month. The AUD/USD hovered around its 2025 highs throughout May, but remained quite weak by historical standards.
- The Australian equity market increased for the second month in a row, supported by a return of optimism onto global markets, as the current US administration backtracked from the outsized tariffs against China, averting escalation of the global trade war.

WATC Benchmark Bond Yields				
Maturity	Yield 30/5/2025 (%)		Spread to AGS 30/5/2025	
21 October 2026	3.35	(↓3 pt)	0 pt	(↓5 pt)
21 October 2027	3.38	(↓1 pt)	+8 pt	(↓1 pt)
20 July 2028	3.50	(↑1 pt)	+16 pt	(↓1 pt)
24 July 2029	3.69	(↑1 pt)	+25 pt	(↑1 pt)
22 October 2030	3.92	(↑2 pt)	+30 pt	(↑2 pt)
22 October 2031	4.13	(↑1 pt)	+33 pt	(0 pt)
21 July 2032	4.30	(↑2 pt)	+39 pt	(↑1 pt)
20 July 2033*	4.47	(↑3 pt)	+43 pt	(↓4 pt)
24 October 2034	4.73	(↑5 pt)	+58 pt	(↓4 pt)
24 October 2035*	4.82	(-)	+54 pt	(-)
23 July 2041	5.21	(↑9 pt)	+63 pt	(↓1 pt)

*Green bonds.

