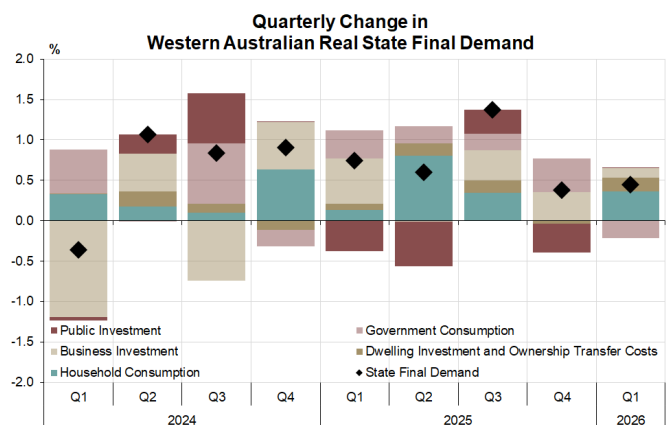
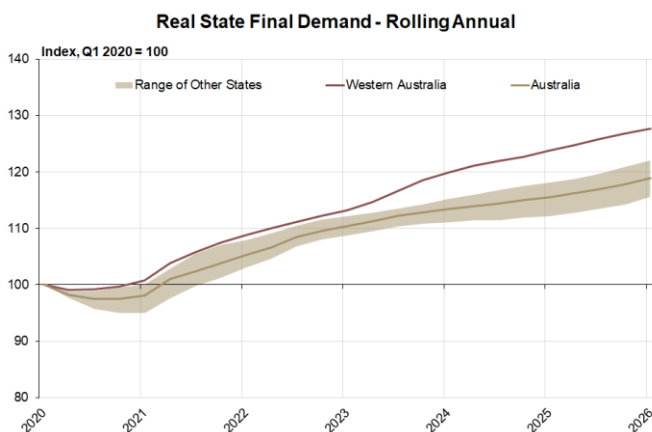


Western Australian Data Highlights

- The [RBA Monetary Policy Board](#) left the cash rate target unchanged at 4.35% at its meeting in June.
- Western Australian [state final demand](#) rose by 0.5% in Q1, to be up by 2.8% YoY.
- The annual rate of [Perth CPI inflation](#) ticked up to 4.0% in May, to be in line with the national level.
- Western Australian [employment](#) rose by 0.8% YoY in May, while the unemployment rate stood at 4.6%.
- The Cotality Perth home value index increased 0.7% in June to be up 23.9% YoY.

Q1 2026 State Final Demand

- Western Australian state final demand rose by 0.5% in Q1, to be up by 2.8% through the year, roughly in line with Australian domestic demand growth of 2.9% YoY.
- Household consumption, dwelling investment and business investment all contributed to quarterly growth in Q1, while government consumption detracted from growth and public investment was neutral.
- The largest positive contribution of 0.4ppts came from household consumption, which saw a 0.7% gain in Q1. However, most of the increase came from a 24.8% surge in electricity, due to higher out-of-pocket expenses of households, which had used up the energy bill relief measures offered by Commonwealth and State governments in the previous quarters. Outside of electricity, household spending was concentrated in essential categories, with discretionary spending being largely flat.
- Dwelling investment was the second largest contributor to quarterly growth in Western Australian state final demand in Q1 (+4.9%; +0.2ppts), reflecting ongoing robust activity in the housing market despite the RBA resuming tightening of its monetary policy. Dwelling investment in Western Australia has been on an uninterrupted rise since late 2024.
- Business investment picked up by another 0.6% in Q1, slightly less than in previous quarters, with a 2.4% rise in non-dwelling construction partly offset by a similar decline in machinery and equipment.
- The 0.2% uptick in public sector investment reflected a 7.7% increase in government investment being almost entirely offset by an 8.1% fall in public corporations from elevated levels in the previous year. Government consumption eased by 1.0% after four quarters of sustained gains.
- Despite the recent moderation in growth over the past two quarters, Western Australia continues to outperform other states and Australia as a whole in terms of growth over recent years. Since Q1 2020, Western Australian state final demand has risen by a 27.7%, compared to 18.9% growth in Australia's domestic demand.



Australian Interest Rates (%)			FX and Equities		
RBA Cash Rate Target	4.35	(0 pt)	AUD/USD	0.6919	(↓3.7%)
90-Day Bank Bills	4.46	(↑1 pt)	AUD/JPY	112.48	(↓1.7%)
3-year Australian Government Bond	4.37	(↓11 pt)			
10-year Australian Government Bond	4.72	(↓11 pt)	ASX200	8779	(↑47 pt)

Market Summary

- The RBA Monetary Policy Board left the cash rate target unchanged at 4.35% at its June meeting but remains concerned about inflation and said it will increase the cash rate further if required.
- Australian Government bond yields fell amid further declines in expectations for RBA cash rate increases and lower yields across most advanced economies. As at month-end, traders were pricing in less than a 50% chance of another RBA cash rate increase. Australian Government bond yields fell to their lowest levels since early March, partly driven by declines in US Treasury yields, which reached eight-week lows before bouncing at the end of the month.
- The Australian dollar depreciated against all the major currencies in June, posting its biggest losses against the US dollar, with the AUD/USD recording its biggest fall since December 2024 and reaching its lowest levels since early April. The decline was driven by a narrower spread between Australian and US interest rates as well as the fall in commodity prices. The Australian dollar also declined against the Japanese yen, with the exchange rate declining the most since April 2025 and falling to eight-week lows before bouncing on the last day of June.
- The Australian equity market increased for the third month in a row in June, with the ASX 200 gaining 0.5% over the month, but it underperformed US equities and most of the major markets in the Europe and the Asia-Pacific region.

WATC Benchmark Bond Yields				
Maturity	Yield 30/6/2026		Spread to AGS 30/6/2026	
21 October 2027	4.58	(↓8 pt)	+9 pt	(↓1 pt)
20 July 2028	4.57	(↓10 pt)	+13 pt	(↓2 pt)
24 July 2029	4.57	(↓13 pt)	+20 pt	(↓2 pt)
22 October 2030	4.65	(↓12 pt)	+27 pt	(↓1 pt)
22 October 2031	4.73	(↓13 pt)	+30 pt	(↓2 pt)
21 July 2032	4.80	(↓13 pt)	+32 pt	(↓0 pt)
20 July 2033*	4.89	(↓12 pt)	+36 pt	(↑1 pt)
24 October 2034	5.08	(↓12 pt)	+42 pt	(↓1 pt)
24 October 2035*	5.14	(↓12 pt)	+42 pt	(↓2 pt)
21 October 2037	5.36	(↓11 pt)	+58 pt	(↑1 pt)
24 October 2039*	5.51	(0 pt)	+62 pt	(-)
23 July 2041	5.65	(↓8 pt)	+66 pt	(↓1 pt)

*Green bond

