

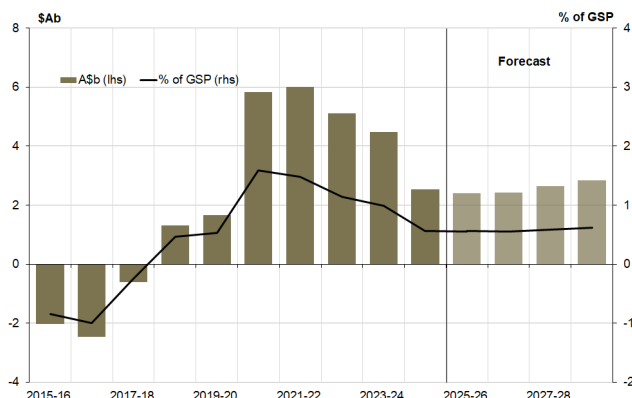
Western Australian Data Highlights

- A softer-than-expected Australian [CPI indicator](#) for May increased the chance of an RBA cash rate cut on 8 July.
- [Employment](#) rose by 16.5k in May in Western Australia and the unemployment rate fell to 3.9%.
- Western Australian [real state final demand](#) rose 0.2% in Q1 2025 to be up 3.6% YoY.
- Perth home prices rose by 0.8% in June to be up 7.0% YoY.

Western Australian State Budget 2025-26

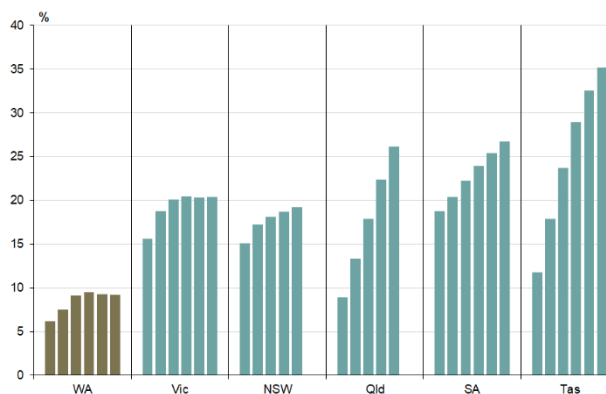
- The [2025-26 State Budget](#) was released on 19 June, with the general government operating surplus estimated at A\$2.5 billion in 2024-25. This was the seventh consecutive operating surplus, with a further operating surplus of \$2.4 billion forecast for 2025-26. Operating surpluses are also projected over the remainder of the forward estimates period.
- The State's projected level of net debt remains affordable with total public sector net debt projected to be just 9.2% of Gross State Product in 2028-29 – far lower than any other State and the Commonwealth.
- The Government's strong financial position is the outcome of a strong State economy and elevated commodity prices.
- Western Australia's economic outlook remains positive, despite global trade and geopolitical tensions, The domestic economy (as measured by State Final Demand) is estimated to have expanded 3.25% in 2024-25. Growth is expected to ease to 2.5% in 2025-26 and remain relatively steady over the forward estimates.
- Real Gross State Product increased an estimated 0.5% in 2024-25 as export volumes eased but remained near record highs. Growth is expected to accelerate to 2.5% in 2025-26 as new iron ore and lithium projects come online and remain between 2% and 3% per annum across the forecast period.

General Government Operating Balance



Source: Treasury WA

Public Sector Net Debt as a Share of GSP
2024-25 to 2028-29



Australian Interest Rates (%)			FX and Equities		
RBA Cash Rate Target	3.85	(0 pt)	AUD/USD	0.6581	(↑2.3%)
90-Day Bank Bills	3.60	(↓12 pt)	AUD/JPY	94.79	(↑2.3%)
3-year Australian Government Bond	3.26	(↓7 pt)			
10-year Australian Government Bond	4.16	(↓10 pt)	ASX200	8542	(↑108 pt)

Market Summary

- There was no RBA monetary policy meeting in June, however, the softer-than-expected monthly CPI indicator for May saw an increase in market pricing for a July cash rate cut.
- Bond yields fell in June, reaching the lowest levels since early April when traders scrambled for safe-haven assets after the US President announced sweeping tariffs on the US trading partners. The falling yields at the short end of the yield curve were largely driven by rising expectations for RBA interest rate cuts following the release of a weaker than expected Q1 GDP report and a soft monthly CPI indicator. Yields at the longer end of the yield curve came under additional pressure from the fall in global yields amid escalation of the conflict in the Middle East.
- The Australian dollar was one of the strongest members of the G10 currency basket, posting its biggest monthly increase against the Japanese yen since June 2024. The AUD also climbed sharply against the US dollar with the US dollar index falling for the sixth month in a row to close June at its lowest level in over three years.
- The Australian equity market gained for the third month in a row. The ASX 200 closed at an all-time high on 11 June however, the market declined along with share markets across much of the world as tension between Israel and Iran progressed to war. The market stabilised and regained some of its losses toward the end of June following news of a ceasefire, and the ASX 200 closed the month just 0.6% below its record high.

WATC Benchmark Bond Yields				
Maturity	Yield 30/6/2025 (%)		Spread to AGS 30/6/2025	
21 October 2026	3.26	(↓9 pt)	0 pt	(↓4 pt)
21 October 2027	3.33	(↓5 pt)	+10 pt	(↑1 pt)
20 July 2028	3.45	(↓5 pt)	+18 pt	(↑2 pt)
24 July 2029	3.64	(↓6 pt)	+27 pt	(↑2 pt)
22 October 2030	3.86	(↓7 pt)	+30 pt	(-)
22 October 2031	4.05	(↓7 pt)	+33 pt	(↓1 pt)
21 July 2032	4.22	(↓8 pt)	+42 pt	(↑4 pt)
20 July 2033*	4.39	(↓7 pt)	+47 pt	(↑4 pt)
24 October 2034	4.66	(↓7 pt)	+55 pt	(↓3 pt)
24 October 2035*	4.76	(↓6 pt)	+56 pt	(↑2 pt)
23 July 2041	5.19	(↓2 pt)	+74 pt	(↑11 pt)

*Green bonds.

