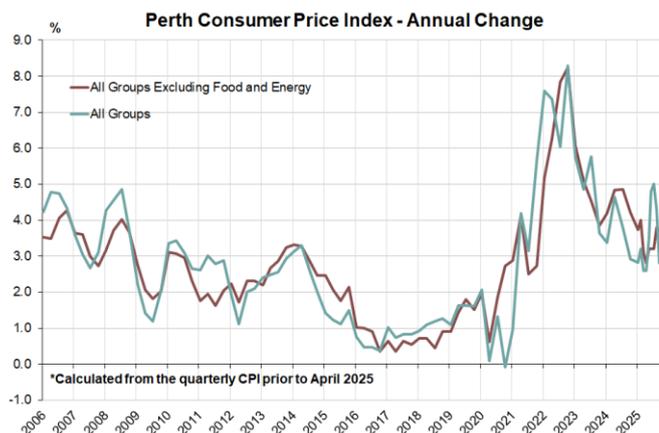


Western Australian Data Highlights

- The RBA increased the cash rate target by 25 basis points to 3.85% in February.
- The Perth CPI increased by 0.3% in January, to be up by 4.9% through the year.
- Western Australian employment edged down by 1.3k in January, but the unemployment rate was the lowest in the nation, at just 3.4%.
- The Western Australian wage price index rose by 0.8% in Q4 2025 (unadjusted), to be up 4.1% year-on-year.

Perth CPI – January 2026 and Wage Price Index Q4 2025

- Australia's CPI increased 0.4% in January (unadjusted), with the annual rate of inflation steady at 3.8%. Trimmed mean inflation increased to a seasonally adjusted 0.3% in January from 0.2% in December, pushing the annual rate up 0.1ppts to 3.4%.
- The increase fuelled expectations for an RBA cash rate hike in May.
- The Perth CPI rose 0.3% in January (unadjusted), with a 30.1% increase in out-of-pocket electricity costs being the largest contributor, as energy bill relief rebates had been used up in previous months. A 2.7% rise in healthcare costs was the next largest contributor to inflation in the month. A 16.8% decline in the cost of international holiday travel and accommodation was the biggest drag on the index in January.
- Electricity costs added 1.6 percentage points to the annual increase in the Perth CPI, with costs rising 250.3% over the year, driven by base effects due to the timing of electricity subsidies. The other major contributors were a 5.9% increase in dwelling purchase costs to owner-occupiers, a 2.9% rise in food and non-alcoholic beverages, a 5.0% rise in alcohol and tobacco, and a 3.8% rise in healthcare costs.
- Annual core inflation excluding food and energy was steady at 3.9%, while CPI inflation excluding housing slowed to 3.0% from 3.4% in December.
- The Western Australian wage price index increased 0.8% in Q4 2025 (unadjusted) pushing the annual pace of wage inflation to 4.1%, well above the annual national increase of 3.4%.
- Western Australian average weekly full-time adult earnings were A\$2,193 in November 2025, 7.0% above the national average of A\$2,051.



Source: ABS

Australian Interest Rates (%)			FX and Equities		
RBA Cash Rate Target	3.85	(↑25 pt)	AUD/USD	0.7118	(↑2.2%)
90-Day Bank Bills	3.99	(↑15 pt)	AUD/JPY	111.07	(↑3.1%)
3-year Australian Government Bond	4.22	(↓5 pt)			
10-year Australian Government Bond	4.65	(↓16 pt)	ASX200	9199	(↑329 pt)

The cut-off date for the table is 27 February 2026. The changes are for the month of February 2026.

Market Summary

- As expected, the RBA Monetary Policy Board increased the cash rate target rate by 25 basis points to 3.85% at its meeting on 3 February. The RBA revised its inflation forecasts upwards and is now projecting underlying inflation to remain above the 2-3% target band until the first half of 2027. This suggests that a further cash rate increase is likely.
- In early February Australian bond yields rose to the highest levels since 2023, as the RBA raised the cash rate and signalled that at least one further cash rate increase is likely. However, Australian yields followed US Treasury yields lower over the rest of February to end the month lower than where they started.
- The increase in the cash rate and expectations for at least one more interest rate rise from the RBA saw the yield curve flatten. The spread between the 10-year and 3-year Commonwealth bond yields fell to the lowest level since December 2024.
- The Australian dollar continued to appreciate in February, boosted by expectations for further cash rate increases by the RBA, and was the strongest member of the G10 trading currencies. The AUD/USD rose for the third month in a row, climbing to its highest levels since early 2023, despite the US Dollar Index also rising during the month. A wider spread between Australian and Japanese interest rates has helped push the AUD/JPY exchange rate to its highest levels since 1990.
- The Australian ASX 200 rose for the third month in a row, posting its strongest monthly increase since May 2025 to close the month at a record high.

WATC Benchmark Bond Yields				
Maturity	Yield 27/2/2026		Spread to AGS 27/2/2026	
21 October 2027	4.29	(↑1 pt)	+13 pt	(↑6 pt)
20 July 2028	4.34	(-)	+16 pt	(↑2 pt)
24 July 2029	4.42	(↓2 pt)	+22 pt	(↑3 pt)
22 October 2030	4.53	(↓6 pt)	+26 pt	(↑4 pt)
22 October 2031	4.62	(↓7 pt)	+28 pt	(↑6 pt)
21 July 2032	4.69	(↓8 pt)	+33 pt	(↑7 pt)
20 July 2033	4.80	(↓10 pt)	+37 pt	(↑6 pt)
24 October 2034	5.00	(↓12 pt)	+44 pt	(↑6 pt)
24 October 2035	5.05	(↓11 pt)	+43 pt	(↑8 pt)
21 October 2037	5.26	(↓11 pt)	+58 pt	(↑8 pt)
23 July 2041	5.50	(↓14 pt)	+67 pt	(↑12 pt)

