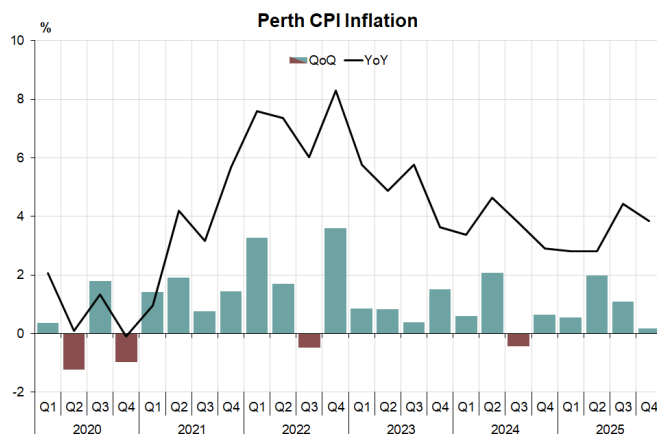


Western Australian Data Highlights

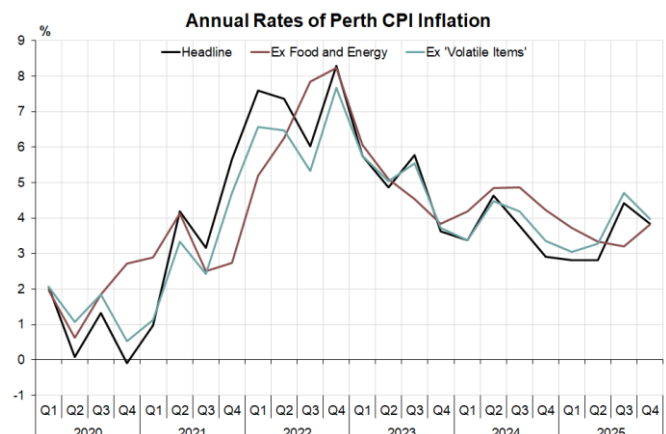
- The RBA has increased the cash rate target by 25 basis points to 3.85% in early February.
- The Perth CPI increased by 0.2% in Q4, the least of all capital cities, to be up by 3.9% through the year.
- Western Australian employment surged by 26.2k in December, while the unemployment rate declined to 3.9%.
- Perth home prices rose by 2.0% in January, which followed a 1.9% decline in dwelling approvals in December.

Perth CPI – Q4 and December 2025

- In Q4, the Australian Bureau of Statistics (ABS) increased the frequency of full CPI publications, which will now be released on a monthly basis. However, the ABS will continue to provide headline quarterly figures for at least 6 quarters, including for the capital cities.
- According to the recent CPI update, the Perth CPI rose by 0.2% in Q4, to be up by 3.9% through the year. The quarterly gain was the smallest of all Australian capital cities, which was mainly due to a drop in out-of-pocket electricity expenses resulting from another round of energy bill relief measures in October and November.
- At the same time, the energy bill relief was somewhat smaller than a year ago, which kept the annual rate of CPI inflation elevated, albeit lower than the 4.5% registered in Q3.
- The monthly CPI figures suggest that, in December, the Perth CPI picked up by 0.7% MoM and 4.4% YoY. The monthly gain was also the smallest of all capital cities. However, the annual rate was slightly higher than the 3.8% nationwide, which was also due to the timing of energy bill relief measures in Western Australia.
- Higher costs of energy compared to a year before, along with a 6.2% YoY rise in rents and 5.1% YoY pick-up in new dwelling costs, resulted in an 8.6% YoY increase in housing costs in December. There was also a solid 5.7% YoY rise in alcohol and tobacco, as well as a 5.6% YoY gain in education. The smallest annual rise in prices was recorded for communication (1.1% YoY).
- The annual rate of CPI inflation excluding food and energy, which is a measure of underlying inflation that excludes among others electricity costs, picked up only 0.2ppts to 3.9% in December, and averaged at 3.8% in Q4. The other measure of annual underlying inflation, which excludes volatile items but not electricity, was 4.5% in December and 4.0% in Q4 (compared to 2.9% in November and 4.7% in Q3).



Source: ABS



Australian Interest Rates (%)			FX and Equities		
RBA Cash Rate Target	3.60	(0 pt)	AUD/USD	0.6964	(↑4.4%)
90-Day Bank Bills	3.84	(↑10 pt)	AUD/JPY	107.76	(↑3.1%)
3-year Australian Government Bond	4.27	(↑13 pt)			
10-year Australian Government Bond	4.81	(↑7 pt)	ASX200	8869	(↑155 pt)

The cut-off date for the table is 30 January 2026.

Market Summary

- At its meeting on 3 February, the RBA Monetary Policy Board increased the cash rate target rate by 25 basis points to 3.85%, as expected.
- Australian Government bond yields picked up quite sharply in January, reflecting intensification in cash rate hike expectations following a solid set of domestic economic data for December, which confirmed that inflation remains above the RBA's target range and labour market conditions remain solid.
- WATC bond yields also rose in January, though only for short- to mid-term maturities, while longer-term yields were little changed. The spread between WATC and Commonwealth bond yields narrowed slightly in January and remained low compared to peers.
- The Australian dollar appreciated sharply against both the US dollar (4.4%) and Japanese yen (3.1%). The AUD/USD temporarily climbed above US\$0.70 for the first time since 2022, but fell below that mark towards the end of the month. The AUD/JPY peaked at just 0.7% below the multi-decade high from mid-2024. The rise in both exchange rates reflected not just the strength of the AUD, but also the weakness of the USD and JPY.
- The Australian ASX 200 rose by 1.8% in January, the second monthly gain in a row, outperforming the US market thanks to strong gains in energy and materials supported by the rise in some global commodity prices.

WATC Benchmark Bond Yields				
Maturity	Yield 30/1/2026		Spread to AGS 30/1/2026	
21 October 2026	4.08	(↑16 pt)	0 pt	(↓2 pt)
21 October 2027	4.28	(↑15 pt)	+8 pt	(0 pt)
20 July 2028	4.34	(↑10 pt)	+14 pt	(0 pt)
24 July 2029	4.45	(↑7 pt)	+18 pt	(↓3 pt)
22 October 2030	4.59	(↑5 pt)	+21 pt	(↓1 pt)
22 October 2031	4.70	(↑3 pt)	+22 pt	(↓2 pt)
21 July 2032	4.78	(↑2 pt)	+26 pt	(↓2 pt)
20 July 2033	4.90	(0 pt)	+31 pt	(↓4 pt)
24 October 2034	5.12	(0 pt)	+38 pt	(↓3 pt)
24 October 2035	5.16	(↓2 pt)	+35 pt	(↓5 pt)
21 October 2037	5.37	(↓5 pt)	+50 pt	(↓1 pt)
23 July 2041	5.65	(0 pt)	+55 pt	(↓1 pt)

