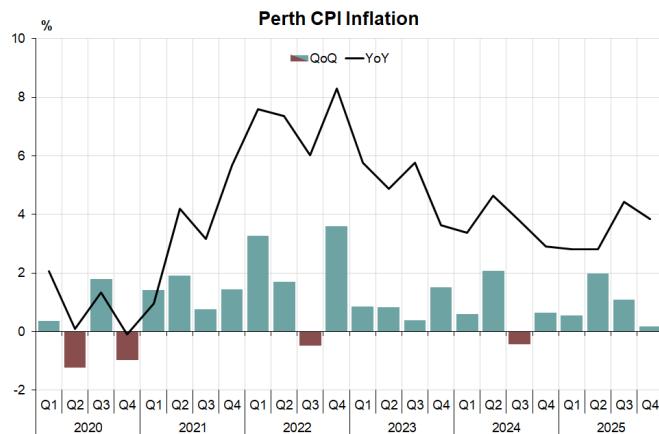


Western Australian Data Highlights

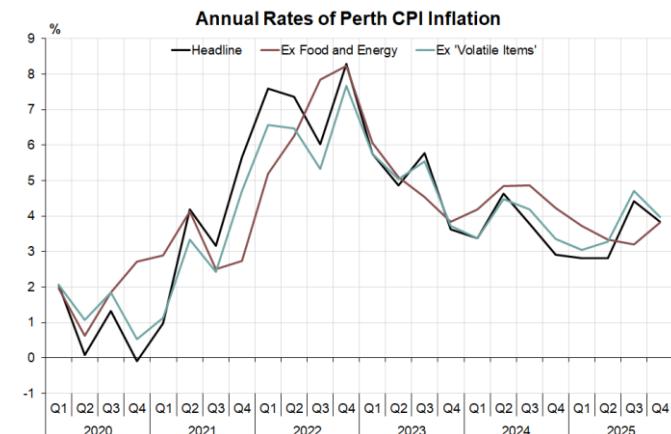
- The RBA has increased the cash rate target by 25 basis points to 3.85% in early February.
- The Perth CPI increased by 0.2% in Q4, the least of all capital cities, to be up by 3.9% through the year.
- Western Australian employment surged by 26.2k in December, while the unemployment rate declined to 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 0.2pp 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) |

