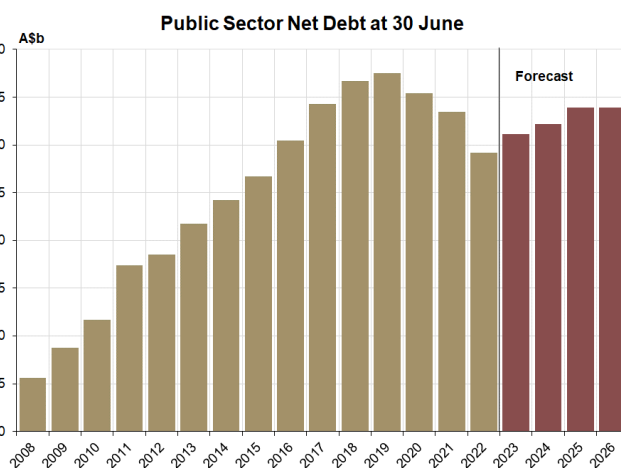
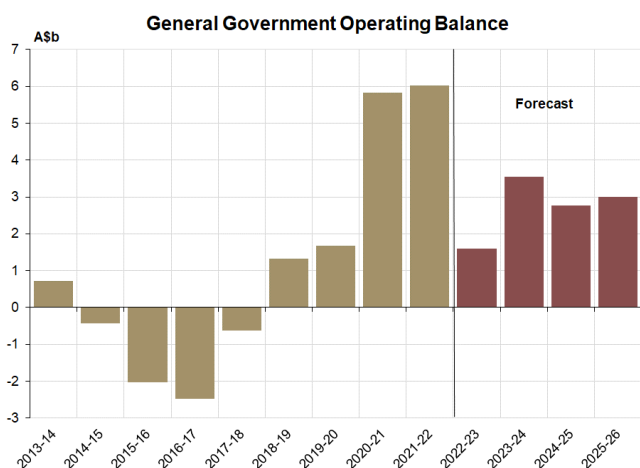


THIS MONTH'S WESTERN AUSTRALIAN DATA HIGHLIGHTS

- The RBA Board raised the cash rate target by 50 basis points to 2.35% at its September meeting.
- Western Australian real state final demand rose 0.1% in Q2 to be up 3.3% YoY.
- Employment rose 0.9k in Western Australia in August, with the unemployment rate falling to 3.1%.
- The Western Australian regional home value index increased by 0.3% in September, to be up 6.9% YoY.
- Dwelling approvals rose 13.6% in Western Australia in August.

WESTERN AUSTRALIAN ANNUAL REPORT ON STATE FINANCES 2021-22

- The general government sector realised an operating surplus of \$6 billion in 2021-22. This record outcome is \$344 million higher than the \$5.7 billion surplus estimated in the recent 2022-23 Budget, and reflects the combination of:
 - a \$576 million lower than forecast recurrent expenditure outcome, largely due to COVID-related disruptions and delays, and
 - a \$232 million lower than expected revenue outcome, mainly due to lower than forecast royalty collections and Commonwealth grants.
- The operating surplus provides an important non-debt source of funding for the Asset Investment Program, which totalled \$7.2 billion in 2021-22 (\$201 million higher than estimated in the 2022-23 Budget). This is the highest level of infrastructure spending since 2012-13.
- Total public sector net debt was \$29.2 billion at 30 June 2022, \$743 million lower than expected in the recent Budget. This outcome is \$4.3 billion lower than the level at 30 June 2021, and represents the third consecutive year of declining net debt.
- The State's consistently strong financial outcomes have been recognised by S&P Global Ratings, which upgraded the State's credit rating to triple-A ('stable' outlook) in June 2022.



Australian Interest Rates (%)			FX and Equities	
RBA Cash Rate Target	2.35	(↑50 pt)	AUD/USD	0.6402 (↓437 pt)
90-Day Bank Bills	3.11	(↑63 pt)	AUD/JPY	92.63 (↓2.4 pt)
3-year Australian Government Bond	3.63	(↑34 pt)		
10-year Australian Government Bond	3.96	(↑34 pt)	ASX200	6474 (↓513 pt)

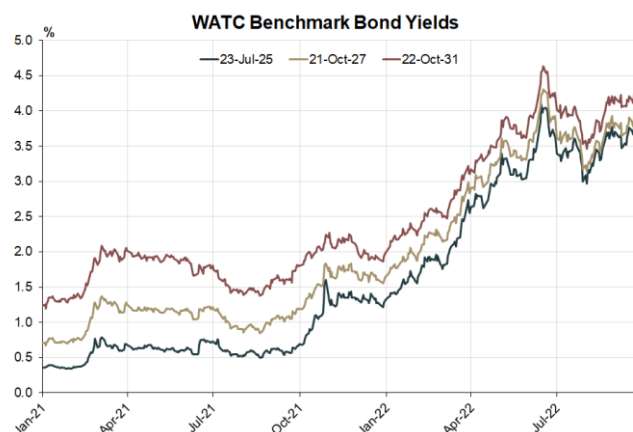
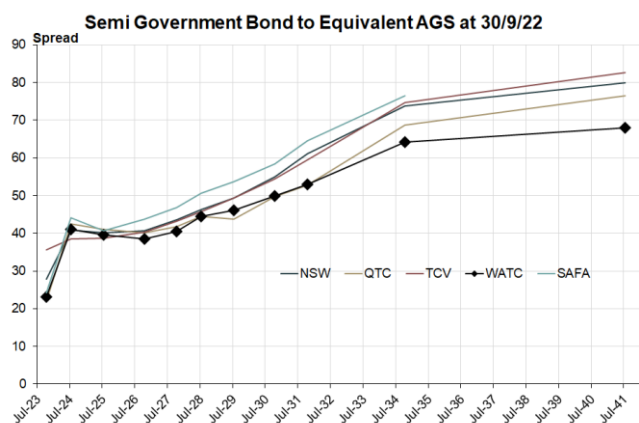
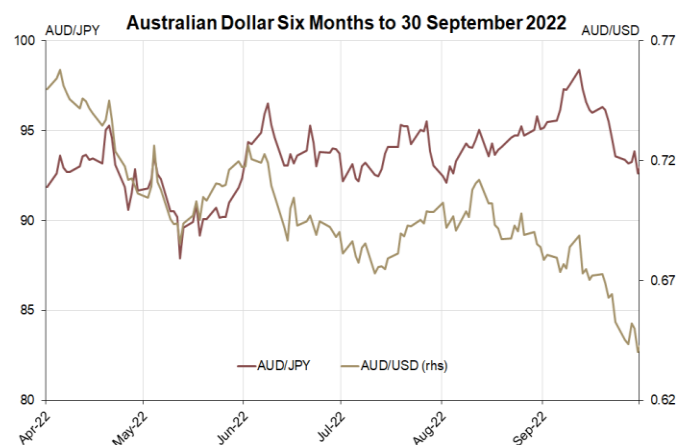
*As at the end of September. Figures in brackets represent the monthly change.

MARKET SUMMARY

- The RBA Board raised the cash rate target by 50 basis points to 2.35% at its September meeting (followed by a further 25 basis points increase to 2.60% at its meeting on 4 October).
- As of 5 October, the futures market is pricing in a 2.90% cash rate by the end of 2022 and a peak in the tightening cycle of 3.50% to be reached in mid-2023.
- September was a volatile month for the global bond market, with Aussie yields following global bond yields higher. Almost all the rise occurred late in the month in the aftermath of the FOMC meeting, which saw Fed officials revise their expectations for the terminal fed funds rate higher, and in response to a sharp rise in UK gilt yields following the announcement of the UK government's fiscal easing package.
- The AUD fell against all the big four currencies and was one of the weakest members of the G10 currency basket. The Aussie peaked at a near eight-year high of ¥98.39 on 12 September but slipped over the remainder of September, to end the month at close to a two-month low against the yen.
- Australian equities fell 7.3% in September, joining the global sell-off that saw the Nikkei 225 drop 7.7% and the S&P 500 lose 9.3%.

WATC Benchmark Bond Yields		
Maturity	Yield 30/09/2022	Spread to AGS 30/09/2022
16 October 2023	3.48 (↑29 pt)	+23 pt (↓14 pt)
23 July 2024	3.86 (↑39 pt)	+41 pt (↑2 pt)
23 July 2025	3.98 (↑34 pt)	+40 pt (↑1 pt)
21 October 2026	4.10 (↑39 pt)	+39 pt (↑2 pt)
21 October 2027	4.17 (↑41 pt)	+41 pt (↑2 pt)
20 July 2028	4.24 (↑39 pt)	+44 pt (↑1 pt)
24 July 2029	4.32 (↑38 pt)	+46 pt (-)
22 October 2030	4.44 (↑40 pt)	+50 pt (↑2 pt)
22 October 2031	4.51 (↑41 pt)	+53 pt (↑3 pt)
24 October 2034	4.74 (↑39 pt)	+64 pt (↑4 pt)
23 July 2041	4.88 (↑33 pt)	+68 pt (↑3 pt)

*Spreads are to nearest Commonwealth Bond.



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