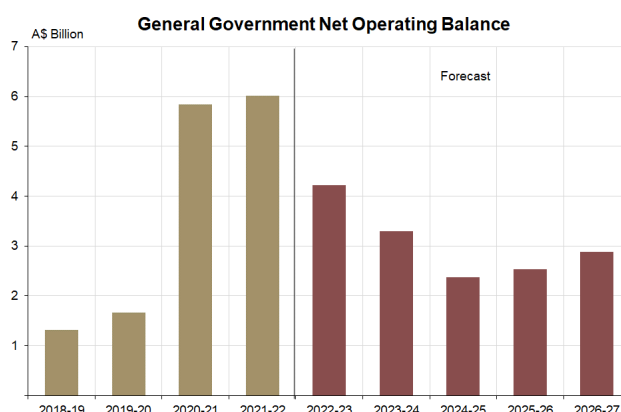
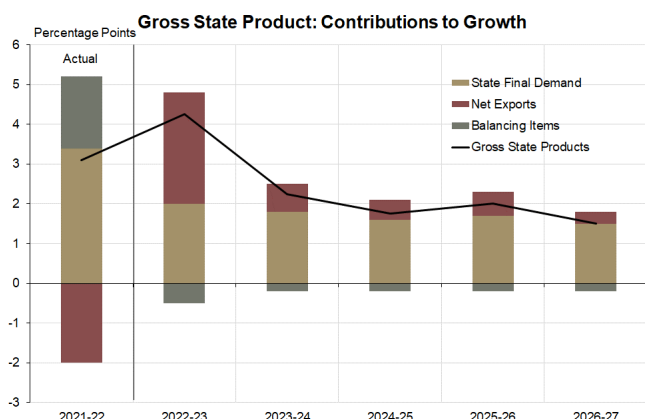


### THIS MONTH'S WESTERN AUSTRALIAN DATA HIGHLIGHTS

- The Western Australian wage price index rose 1.1% (unadjusted) in Q1 to be up 4.1% YoY.
- The Western Australian seasonally adjusted unemployment rate increased 0.2ppts to 3.6% in April.
- The CoreLogic home value index for Perth rose 1.3% in May, to be up 2.0% YoY.
- Western Australian mining capital investment spending fell 7.5% in Q1 (unadjusted) following a 12.5% rise in Q4.

### WESTERN AUSTRALIAN STATE BUDGET 2023-24

- Despite global economic headwinds and the impact of higher interest rates, estimated Western Australian economic growth has been revised up to 4.25% in 2022-23, the strongest growth in nine years. The increase was supported by a lift in exports across a range of mining commodities, along with agricultural exports following a record harvest.
- The State's strong growth came despite capacity constraints impacting current investment activity. Houses under construction are taking longer to complete due to labour shortages in finishing trades, while some major business investments are proceeding more slowly than expected, as a result of equipment delays and labour shortages.
- Real gross state product growth is expected to ease to 2.25% in 2023-24, primarily due to an easing in household spending growth due to rising mortgage rates and elevated prices.
- The State is projected to achieve a sixth consecutive general government operating surplus of A\$3.3 billion in 2023-24, down from an estimated A\$4.2 billion surplus in 2022-23. Operating surpluses are expected to be maintained over the forward estimates.
- A record A\$39 billion public sector investment in infrastructure is planned over the next four years, with general government operating surpluses providing an important source of non-debt funding.
- The State's net debt level is forecast to fall for a fourth consecutive year in 2022-23 to A\$27.9 billion, almost A\$16 billion lower than projected when the Government came to office. Net debt is projected to increase to A\$35.9 billion, or just 9.7% of gross state product, by 30 June 2027. The forecasts are consistent with the Budget's conservative iron ore price assumptions and record Asset Investment Program. This remains a much flatter net debt profile than other jurisdictions.



Australian Interest Rates (%)			FX and Equities	
RBA Cash Rate Target**	4.10	(↑25 pt)	AUD/USD	0.6500 (↓0.02 pt)
90-Day Bank Bills	3.98	(↑30 pt)	AUD/JPY	90.62 (↑1.9 pt)
3-year Australian Government Bond	3.38	(↑34 pt)		
10-year Australian Government Bond	3.60	(↑22 pt)	ASX200	7091 (↓87 pt)

\*All figures, except for the cash rate, are as at the end of May. Figures in brackets represent the monthly change.

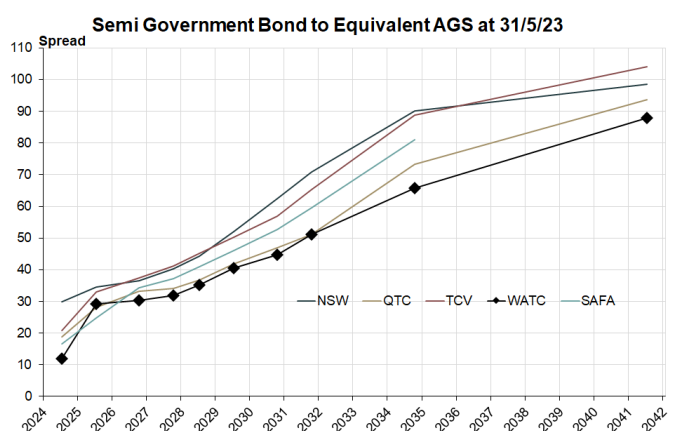
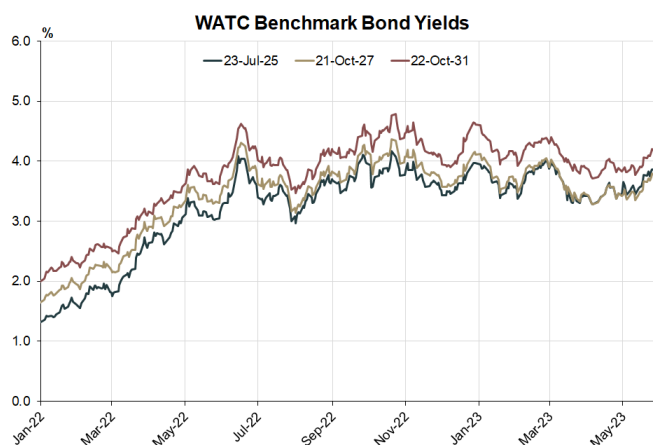
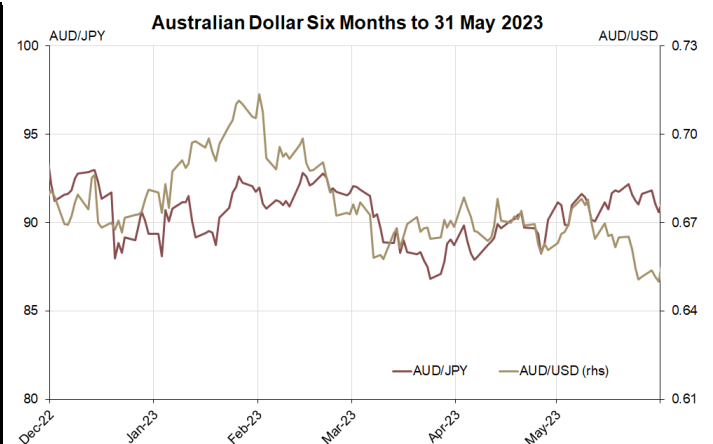
\*\*RBA cash rate changed 6 June.

### MARKET SUMMARY

- The RBA increased its cash rate target by 25bps to 4.10% on 6 June.
- Australian money market interest rates rose following the surprise RBA interest rate hike in early May. The sharp rise in bond yields occurred in the second half of May, with Aussie yields following US yields higher as traders unwound market pricing for US interest rate cuts later in the year.
- The Australian dollar was one of the strongest members of the G10 currency basket in May but was mixed against the big four currencies, appreciating against the euro and Japanese yen but slipping against the US dollar and British pound. The Aussie dollar rose to a three-month close of day high of ¥92.20 on 22 May, before sliding late in the month.
- The Australian equity market fell 3.0% in May, with most major industry sectors declining. Consumer, financial and mining sector shares saw the biggest falls, while the information technology index had a substantial increase.

WATC Benchmark Bond Yields			
Maturity	Yield 31/05/2023	Spread to AGS 31/05/2023	
16 October 2023	3.97 (↑28 pt)	+18 pt	(↓12 pt)
23 July 2024	3.93 (↑36 pt)	+12 pt	(↓14 pt)
23 July 2025	3.81 (↑35 pt)	+29 pt	(↓10 pt)
21 October 2026	3.70 (↑27 pt)	+30 pt	(↓7 pt)
21 October 2027	3.73 (↑26 pt)	+32 pt	(↓3 pt)
20 July 2028	3.77 (↑26 pt)	+35 pt	(↓1 pt)
24 July 2029	3.87 (↑25 pt)	+41 pt	(↑1 pt)
22 October 2030	3.99 (↑21 pt)	+45 pt	(↓1 pt)
22 October 2031	4.10 (↑20 pt)	+51 pt	(↓1 pt)
24 October 2034	4.38 (↑20 pt)	+66 pt	(0 pt)
23 July 2041	4.93 (↑34 pt)	+88 pt	(↑2 pt)

\*Spreads are to nearest Commonwealth Bond.



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