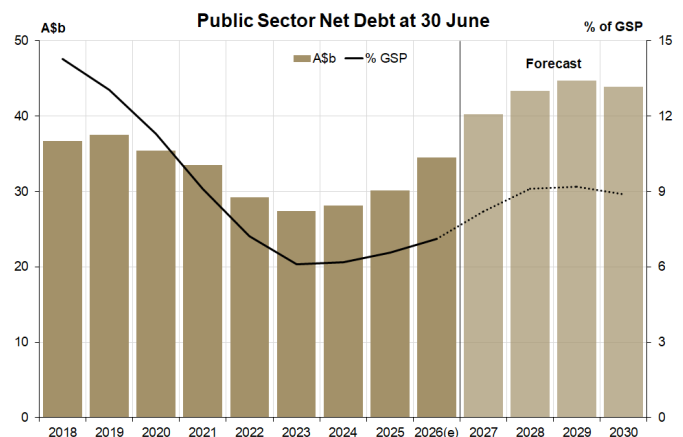
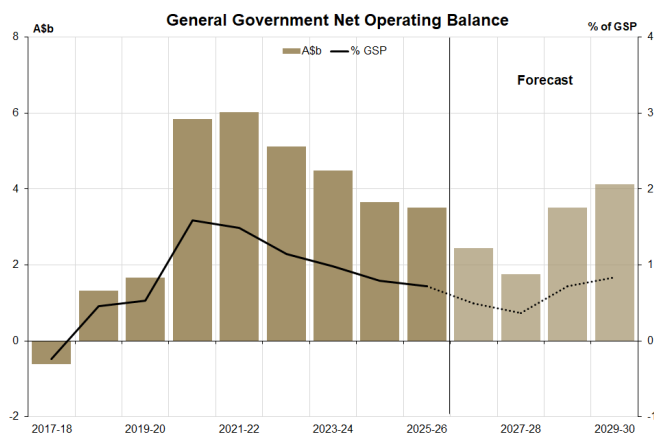


## Western Australian Data Highlights

- The RBA increased the cash rate target by another 25 basis points to 4.35% in May.
- The [Western Australian Budget for 2026-27](#) confirmed the strong fiscal position of the State.
- The annual rate of [Perth CPI inflation](#) dropped by 0.7 percentage points to 3.9% in April.
- Western Australian [employment](#) rose by 13.0k in April, while the unemployment rate declined to 4.1%.
- [Annual wages growth](#) in Western Australia slowed to 3.6% in Q1.
- Perth home prices picked up by another 1.6% in May, while [dwelling approvals](#) fell 7.4% in April.

## Western Australia State Budget 2026-27

- The Western Australian 2026–27 State Budget was developed in an environment of heightened uncertainty, reflecting a sharp rise in geopolitical risks driven by the Middle East conflict.
- Despite these challenging conditions, the Western Australian economy maintains its solid performance. Gross State Product (GSP) growth is estimated at 3.25% in 2025–26, driven by a strong domestic economy and higher exports. GSP is projected to grow by 2.00–2.25% over the forecast period, as growth in the domestic economy remains solid and the resources sector continues to focus on sustaining high rates of production.
- The domestic economy, measured by state final demand (SFD), is estimated to grow by 3.5% in 2025–26, underpinned by private demand, including a significant lift in business investment, the strongest growth in dwelling investment since 2013–14, and solid household consumption. SFD growth is forecast at 2.25%– 2.75% across the forecast period ending in mid-2030.
- Western Australian Government finances remain strong. The general government operating surplus for 2025–26 is estimated at A\$3.5b (0.7% of GSP), compared to the forecast of A\$2.5b (0.5% of GSP) in the December 2025 Mid-year Review. The surplus is forecast to be A\$2.4b (0.5% of GSP) in 2026–27, which would be the ninth consecutive budget surplus, with further surpluses projected across the forecast period.
- Total public sector net debt is projected to be A\$34.5b (7.1% of GSP) at 30 June 2026, down A\$1.2b from the December 2025 Mid-year Review forecast. Net debt is forecast to be A\$40.3b (8.2% of GSP) at 30 June 2027, and to remain below 10% of GSP across the forecast period.



Source: Department of Treasury and Finance

Australian Interest Rates (%)			FX and Equities		
RBA Cash Rate Target	4.35	(↑25 pt)	AUD/USD	0.7185	(↓0.2%)
90-Day Bank Bills	4.46	(↑8 pt)	AUD/JPY	114.44	(↑1.5%)
3-year Australian Government Bond	4.48	(↓29 pt)			
10-year Australian Government Bond	4.83	(↓23 pt)	ASX200	8732	(↑66 pt)

## Market Summary

- The RBA Monetary Policy Board increased its cash rate target by 25bps in May, taking it to the previous tightening cycle high of 4.35%.
- However, Australian Commonwealth bond yields fell in May, reflecting a decline in cash rate expectations ahead following a downside surprise in inflation figures and disappointing labour force survey results for April. The decline was slightly smaller for the longer end of the yield curve, reflecting ongoing concerns over the impacts of the US-Iran war on global oil prices, inflation and the monetary policy outlook.
- WATC yields followed Commonwealth bond yields lower, with spreads little changed for most maturities.
- The Australian dollar depreciated by 0.2% against the US dollar in May, but appreciated by 1.5% against the Japanese yen. The AUD was quite volatile during the month, especially against the USD. The AUD/USD climbed to a four-year high in mid-May, supported by expectations of more monetary policy tightening ahead and a renewed rise in oil and gas prices. However, as these factors eased, this pushed the AUD lower again later in the month.
- The Australian equity market increased for the second month in a row, but with a lot of intra-month volatility, to be 5.1% off its record high from early March.

WATC Benchmark Bond Yields				
Maturity	Yield 29/5/2026		Spread to AGS 29/5/2026	
21 October 2027	4.66	(↓19 pt)	+10 pt	(↑2 pt)
20 July 2028	4.67	(↓26 pt)	+15 pt	(↓1 pt)
24 July 2029	4.69	(↓29 pt)	+22 pt	(↓1 pt)
22 October 2030	4.77	(↓30 pt)	+28 pt	(0 pt)
22 October 2031	4.86	(↓27 pt)	+32 pt	(↑3 pt)
21 July 2032	4.92	(↓27 pt)	+33 pt	(0 pt)
20 July 2033	5.01	(↓26 pt)	+35 pt	(↓1 pt)
24 October 2034	5.19	(↓26 pt)	+43 pt	(↓3 pt)
24 October 2035	5.26	(↓23 pt)	+44 pt	(↓2 pt)
21 October 2037	5.47	(↓22 pt)	+56 pt	(↓1 pt)
24 October 2039	5.80	(0 pt)	+62 pt	(0 pt)
23 July 2041	5.73	(↓19 pt)	+66 pt	(↑5 pt)

