

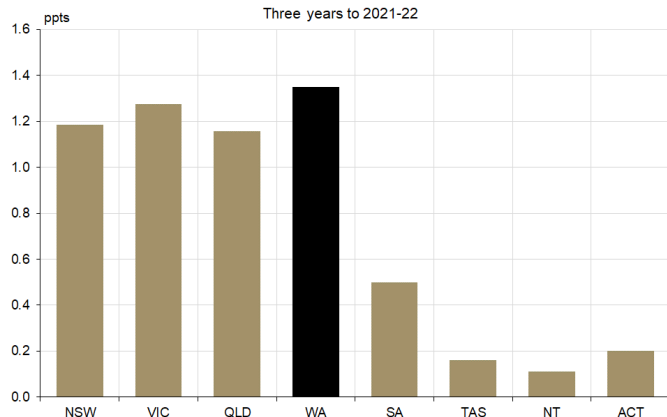
THIS MONTH'S WESTERN AUSTRALIAN DATA HIGHLIGHTS

- Western Australia's real state final demand increased 0.6% in Q3 2022 to be up 3.3% YoY.
- The Western Australian unemployment rate was steady at 3.5% in November.
- The CoreLogic Perth home value index rose 0.1% in December to be up 3.6% up through the year.
- The value of Western Australian merchandise goods exports was A\$69.3b in the three months to October.

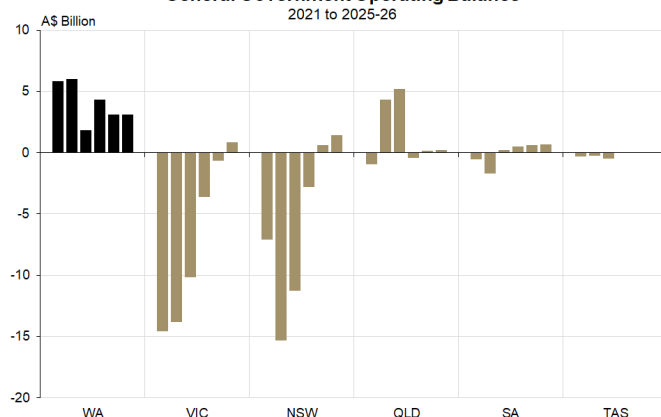
WESTERN AUSTRALIAN MID-YEAR FINANCIAL PROJECTIONS STATEMENT 2022-23

- The Western Australian economy has continued to perform well despite a sharp slowdown in global economic growth over the course of 2022. Gross State Product is now forecast to expand 3% in 2022-23 (up from the 2% growth forecast at Budget-time), following 3.1% growth in 2021-22.
- Real State Final Demand is forecast to grow by 4.5% in 2022-23 (following growth of 5.5% in 2021-22), underpinned by strong household consumption and rebounding business investment.
- Western Australia's economy has done the bulk of the heavy lifting in Australia since the onset of COVID-19, accounting for 23% of national economic growth over this period – more than double the State's population share, and the largest contribution of all jurisdictions.
- A general government operating surplus of \$1.8 billion is now forecast for 2022-23, slightly higher than the \$1.6 billion surplus forecast in the 2022-23 Budget, but significantly lower than the \$6 billion surplus outcome recorded in 2021-22. Consistent with the 2022-23 Budget, operating surpluses are also forecast across the remainder of the forward estimates period.
- The Government has committed to repaying an additional \$400 million of Consolidated Account borrowings as part of this Mid-year Review, building on the \$1.2 billion in debt repayment included in the 2022-23 Budget.
- Total public sector net debt at 30 June 2026 is now projected to be \$32.2 billion, \$1.7 billion lower than forecast at Budget-time. This represents a modest 8.7% share of the State's economy, down from the 9.5% forecast at Budget.

Contribution to Australian GDP Growth
 Three years to 2021-22



General Government Operating Balance
 2021 to 2025-26



Australian Interest Rates (%)			FX and Equities	
RBA Cash Rate Target	3.10	(↑25 pt)	AUD/USD	0.6813 (↑27 pt)
90-Day Bank Bills	3.26	(↑21 pt)	AUD/JPY	89.35 (↓4.4 pt)
3-year Australian Government Bond	3.51	(↑35 pt)		
10-year Australian Government Bond	4.04	(↑50 pt)	ASX200	7039 (↓245 pt)

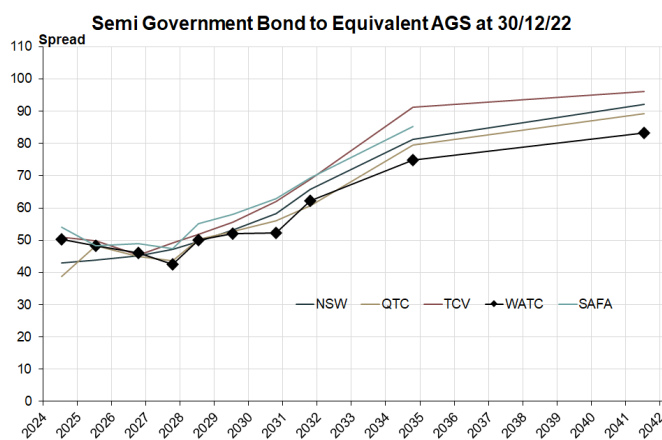
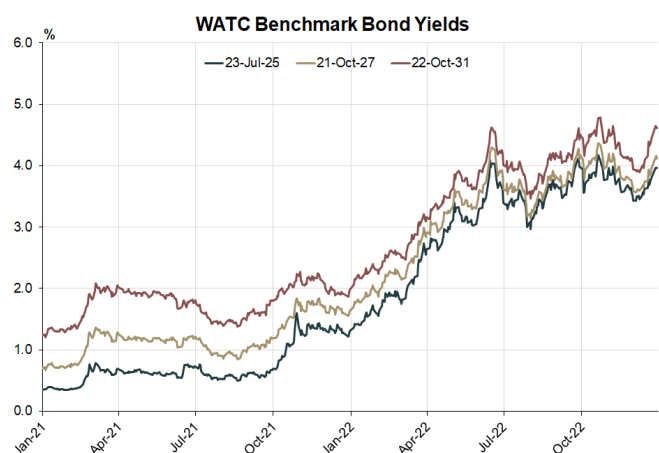
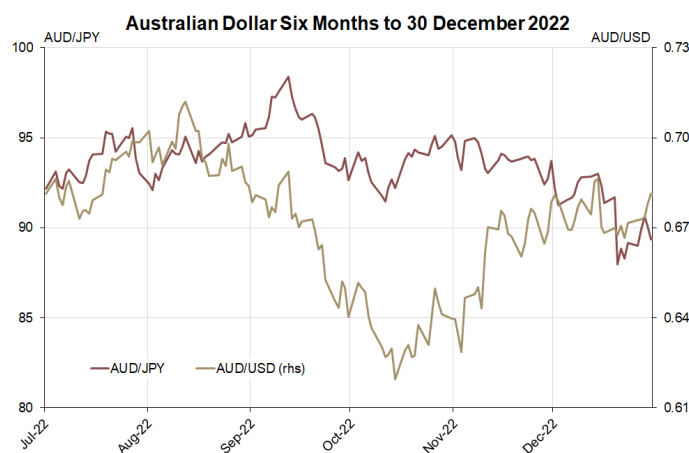
*As at end of October. Figures in brackets represent the monthly change.

MARKET SUMMARY

- The RBA Board raised the cash rate target by a further 25 basis points to 3.10% in December and signalled there are further interest rate hikes to come, though it is not on a pre-set path.
- Australian bond yields began the month at their lowest levels since August, however, yields rose sharply in the second half of the month. The increase in Australian bond yields began following the release of strong Aussie employment numbers and was given added impetus by the general rise in global yields.
- The Australian dollar posted its second monthly gain in a row against the greenback in December. However, the AUD fell 4.6% versus the yen, amid further strong appreciation of the Japanese currency following the Bank of Japan's decision to increase the cap on the 10-year Japanese government bond yield to 0.50% from 0.25%, as part of its yield curve control framework.
- Australian equities fell for the first time in three months. Slipping 3.4% as global markets sold off.

WATC Benchmark Bond Yields		
Maturity	Yield 30/12/2022	Spread to AGS 30/12/2022
16 October 2023	3.60 (↑24 pt)	+39 pt (↑10 pt)
23 July 2024	3.86 (↑36 pt)	+50 pt (↑8 pt)
23 July 2025	3.97 (↑42 pt)	+48 pt (↑7 pt)
21 October 2026	4.02 (↑41 pt)	+46 pt (↑6 pt)
21 October 2027	4.12 (↑40 pt)	+43 pt (↑1 pt)
20 July 2028	4.22 (↑41 pt)	+50 pt (↑3 pt)
24 July 2029	4.35 (↑45 pt)	+52 pt (↑4 pt)
22 October 2030	4.50 (↑48 pt)	+52 pt (↑1 pt)
22 October 2031	4.61 (↑50 pt)	+62 pt (↑7 pt)
24 October 2034	4.83 (↑47 pt)	+75 pt (↑8 pt)
23 July 2041	5.14 (↑42 pt)	+83 pt (↑13 pt)

*Spreads are to nearest Commonwealth Bond.



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