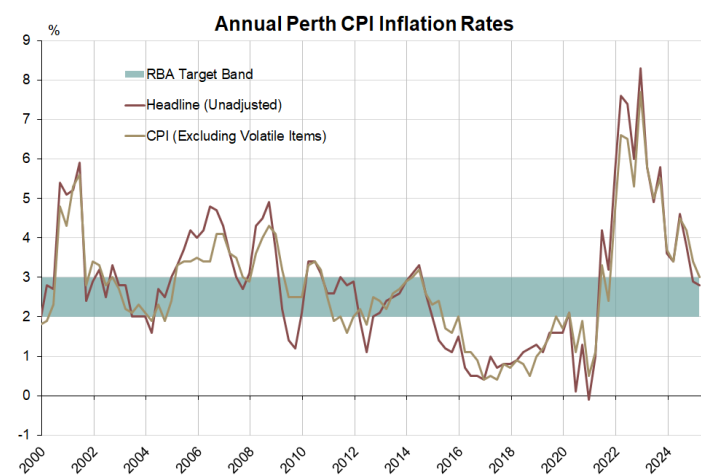


Western Australian Data Highlights

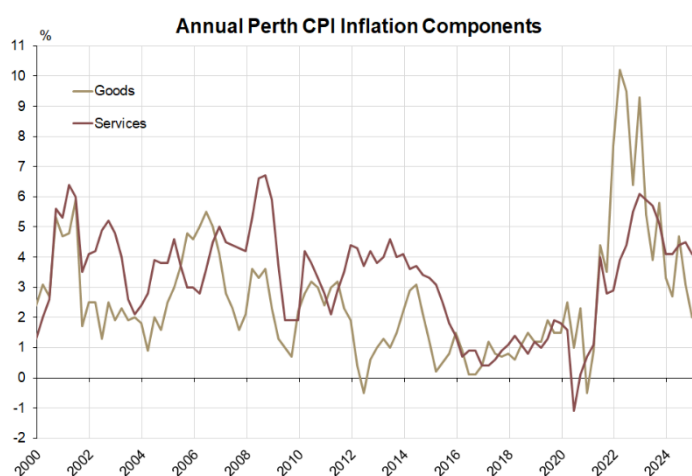
- The Perth CPI increased 0.5% in Q1 2025, with annual inflation easing 0.1ppts to 2.8%.
- Western Australia's employment rate of 3.6% remained the lowest among the Australian states in March.
- Retail sales volumes rose 0.6% in Western Australia in Q1.
- Western Australia was responsible for 48% of total Australian merchandise exports in March.

Q1 2025 Consumer Price Index

- The Perth CPI rose 0.5% in Q1 2025, following a 0.7% increase in Q4 2024, with the annual inflation rate falling 0.1ppts to 2.8%.
- The major contributors to the quarterly increase in the CPI were a 5.5% seasonal increase in the cost of education, which added 0.25 percentage points to the headline, followed by a 3.0% increase in medical and hospital services prices (+0.18ppts) and 3.4% rise in the average price of automobile fuel (+0.13ppts).
- The major offsets were a 27.6% quarterly fall in out-of-pocket electricity expenses due to the roll out of the second instalment of the State Government's Household Electricity Credit, which cut 0.43ppts from headline inflation, and a 7.1% drop in the cost of international holiday travel and accommodation (-0.22ppts).
- The strong increases in health and education services helped push the services index up 1.1% in the quarter, although the annual rate of services price inflation eased 0.1ppts to 4.0%, its lowest level since March 2022. Goods prices were up 0.2% in the quarter, with the annual rate falling to a four-year low of 1.9%.
- The CPI excluding volatile items (fruit and vegetables, and auto fuel), a measure of core inflation, rose 0.4% in the quarter, with the annual rate falling 0.4ppts to a 3½-year low of 3.0%.



Source: Australian Bureau of Statistics



Australian Interest Rates (%)			FX and Equities		
RBA Cash Rate Target	4.10	(0 pt)	AUD/USD	0.6402	(↑2.5%)
90-Day Bank Bills	3.87	(↓25 pt)	AUD/JPY	91.59	(↓2.2%)
3-year Australian Government Bond	3.32	(↓38 pt)			
10-year Australian Government Bond	4.16	(↓22 pt)	ASX200	8126	(↑283 pt)

Market Summary

- Australian headline inflation was steady at 2.4% in Q1, and underlying inflation fell 0.4ppts to 2.9%. With both major inflation indicators in the 2-3% target band, the RBA Monetary Policy Board is likely to cut the cash rate target by a further 25 basis points to 3.85% following its meeting on 19-20 May.
- Australian bond yields fell sharply, and the yield curve steepened in April, as traders increased their pricing for RBA interest rate cuts this year and global bond yields fell. The increase in cash rate cut expectations was driven by the rise in uncertainty amid US tariff increases and consolidated by news that Australian underlying inflation fell into the RBA's 2-3% to the target range in Q1. The cash rate futures market is pricing in 116 basis points of cuts in 2025, up from 76bps at the end of March.
- The Australian dollar had a volatile month, falling to a five-year low as US President Donald Trump escalated his trade war, only to recover as Trump delayed his reciprocal tariffs by 90 days and instead imposed a 10% levy for most countries, while trade deals are negotiated. The AUD/USD hit its highest level since December last year on 28 April, before easing slightly at the end of the month. The Australian dollar fell to a two-year low of ¥87.15 against the Japanese yen early in April. Despite recovering most of its losses over the remainder of April, it posted its fifth monthly loss of the past six against the yen.
- The Australian equity market slumped early in the month during the general global market selloff but rebounded along with equities elsewhere, to close April at its highest level in almost two months.

WATC Benchmark Bond Yields				
Maturity	Yield 30/4/2025		Spread to AGS 30/4/2025	
21 October 2026	3.39	(↓36 pt)	+5 pt	(↑4 pt)
21 October 2027	3.39	(↓41 pt)	+9 pt	(-)
20 July 2028	3.49	(↓40 pt)	+17 pt	(↑1 pt)
24 July 2029	3.68	(↓37 pt)	+24 pt	(-)
22 October 2030	3.91	(↓33 pt)	+28 pt	(-)
22 October 2031	4.12	(↓30 pt)	+33 pt	(-)
21 July 2032	4.28	(↓30 pt)	+38 pt	(-)
20 July 2033	4.44	(↓28 pt)	+47 pt	(-)
24 October 2034	4.68	(↓27 pt)	+62 pt	(↑2 pt)
23 July 2041	5.12	(↓19 pt)	+63 pt	(↑4 pt)

