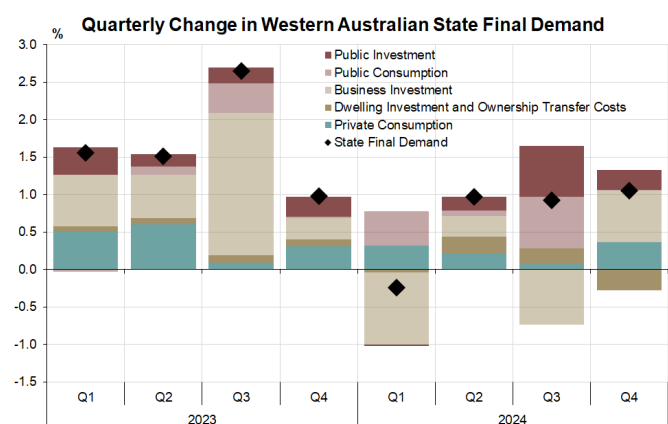
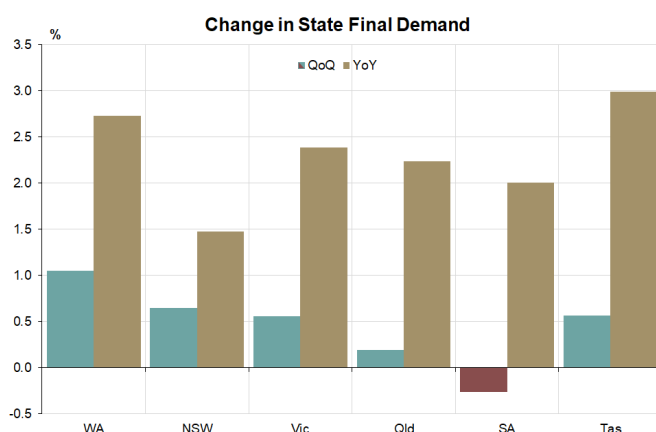


Western Australian Data Highlights

- Western Australian state final demand rose by 1.1% in Q4, to be up by 2.7% through the year.
- Western Australian employment picked up by 5.1k in February, while the unemployment rate declined to 3.4%.
- Western Australian retail trade increased by 0.8% in February, to be up by 6.2% YoY, the most of all states.
- According to CoreLogic, Perth home prices ticked up by 0.2% in March, but remained 11.9% up YoY.

Q4 2024 State Final Demand

- Western Australian state final demand rose by 1.1% in Q4 2024, to be up 2.7% through the year. These increases were the largest of all Australian states.
- The strongest 0.7ppts contribution to quarterly state final demand growth came from a 3.6% rise in business investment, driven by higher non-dwelling construction (+2.9%) and spending for machinery and equipment (+4.0%). The rise in non-dwelling construction was particularly supported by a 4.9% increase in new engineering investment.
- The second largest contributor to growth was private consumption, which added 0.4ppts thanks to a 0.7% gain. The rise was partly driven by a 18.7% surge in spending for electricity, gas, and other fuel due to higher out-of-pocket spending for electricity bills after households partially used the first instalment of their 2024-25 electricity bill credits. However, most household spending categories saw an increase in Q4, with notable exceptions being cigarettes and tobacco (-7.0%), communications (-1.2%), and recreation and culture (-0.6%).
- Public investment added 0.3ppts to growth, rising by 4.4% in Q4, amid increased infrastructural spending. Spending by private corporations as well as state and local government rose by 9.8% each, but this was partly offset by a 10.4% drop in Commonwealth government investment.
- General government consumption was flat in Q4, following six consecutive quarterly increases. A 0.8% gain in Commonwealth government spending was entirely offset by a 0.4% fall in state and local government expenditure.
- Dwelling investment (-4.8%) and ownership transfer costs (-4.9%) were the only major spending categories that registered a decline in Q4. However, both categories remained higher than a year ago, with dwelling investment rising 1.6% YoY and ownership transfer costs up 3.7% YoY.



Australian Interest Rates (%)			FX and Equities		
RBA Cash Rate Target	4.10	(0 pt)	AUD/USD	0.6247	(↑0.6%)
90-Day Bank Bills	4.13	(↑1 pt)	AUD/JPY	93.68	(↑0.2%)
3-year Australian Government Bond	3.70	(↓4 pt)			
10-year Australian Government Bond	4.38	(↑9 pt)	ASX200	7843	(↓329 pt)

Market Summary

- As expected, the RBA Monetary Policy Board left the cash rate target unchanged at its inaugural two-day meeting on 31 March and 1 April, and remained cautious about the prospects of further rate cuts.
- The Australian sovereign yield curve steepened in March. The intensification of cash rate cut expectations after downside surprises to employment and inflation figures for February drove yields lower at the front end. At the same time, fears about the inflationary impacts of tariffs, coupled with debt concerns after easing in fiscal rules to allow for higher military spending in Europe, sent long-term yields higher globally and in Australia. Spreads between WATC and Commonwealth bond yields narrowed across the yield curve.
- The Australian dollar appreciated slightly against the weaker greenback and Japanese yen in March, but saw significant depreciation versus the euro and British pound. The AUD/USD movements this month were again shaped to a large degree by US tariff announcements from the Trump administration and the first pieces of evidence that the protectionist policies are gradually translating into weaker economic data. Domestic factors played a more significant role in the second half of the month, following the release of disappointing employment figures mid-month, which was followed by the downside surprise to the February CPI indicator towards the end of March, with both releases led to intensification of RBA cash rate cut expectations.
- The Australian equity market saw the second monthly loss in a row in March, dragged down by concerns over the impacts of the tariff policies on the global and Australian economy. The decline of 4.0% was roughly similar to that observed in February (4.2%).

WATC Benchmark Bond Yields				
Maturity	Yield 30/3/2025		Spread to AGS 30/3/2025	
21 October 2026	3.75	(↓12 pt)	+1 pt	(↓8 pt)
21 October 2027	3.80	(↓8 pt)	+9 pt	(↓6 pt)
20 July 2028	3.88	(↓7 pt)	+15 pt	(↓7 pt)
24 July 2029	4.05	(↓3 pt)	+24 pt	(↓3 pt)
22 October 2030	4.23	(↓2 pt)	+28 pt	(↓4 pt)
22 October 2031	4.43	(↑1 pt)	+33 pt	(↓4 pt)
21 July 2032	4.58	(↑6 pt)	+38 pt	(↓3 pt)
20 July 2033	4.71	(↑7 pt)	+47 pt	(↑2 pt)
24 October 2034	4.95	(↑11 pt)	+60 pt	(↑3 pt)
23 July 2041	5.30	(↑11 pt)	+59 pt	(↓4 pt)

