Monthly Market Highlights

AUGUST 2026

Western Australian Data Highlights

- Western Australian employment fell by 23.9k in July, while the unemployment edged up to 4.4%.
- The Perth CPI rose by 1.1% in July, to be up 3.8% YoY.
- Western Australian real state final demand rose by 1.0% in Q2, to be up by 3.6% YoY.
- The Cotality Perth home value index fell by 0.8% in August, with annual growth easing to 15.6%.

Q2 2026 Western Australian State Final Demand

- Western Australian real state final demand rose by 1.0% in seasonally adjusted terms in Q2 2026, lifting annual growth to 3.6%, up from 3.0% in the year to Q1. This was well ahead of national demand growth of 0.3% in the quarter and 3.1% over the year.

Quarterly Growth

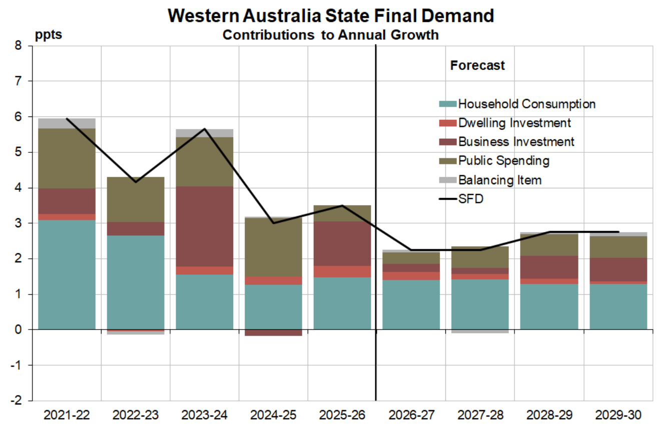
- Private sector demand increased by 1.0% in Q2, contributing 0.8 percentage points to headline growth.
- Household consumption was the largest contributor, rising by 1.0% over the quarter and adding 0.5 percentage points to growth in the quarter.
- An 18.1% rise in household vehicle purchases was the largest driver of household consumption growth. The sharp increase was likely partly supported by stronger purchases of electric and hybrid vehicles, which rose across Australia to account for almost half of new car sales during the quarter, amid higher fuel costs.
- Private business investment rose by 1.8% in Q2, its fourth consecutive quarterly increase, contributing 0.4 percentage points to growth. Private dwelling investment fell by 1.0%, after rising to a nine-year high in Q1.
- Public sector final demand increased by 1.1% in Q2, adding 0.3 percentage points to headline growth. A 1.6% rise in government consumption spending was partly offset by a 1.3% fall in public investment.

2025-26 Annual Growth

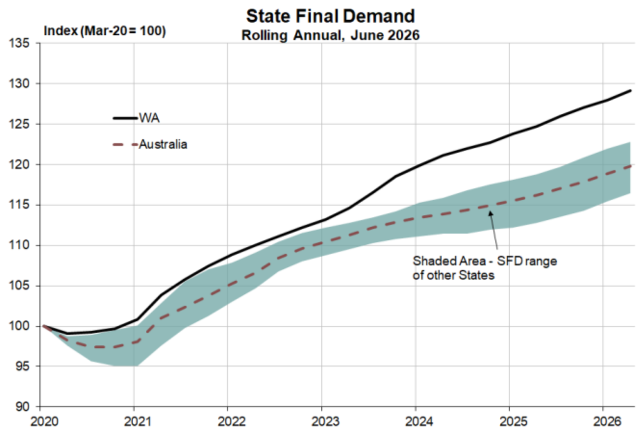
- Western Australian real state final demand increased by 3.5% in the 2025-26 financial year.
- Private final demand rose by 4.1%, with a 3.0% increase in household consumption, 6.5% rise in private business investment and 9.2% surge in dwelling investment all making solid contributions.
- Public sector demand increased by 1.7% over the year, as a 3.9% rise in government consumption was partly offset by a 6.3% fall in public sector investment, following a 10.4% surge in 2024-25.

Outperformance

- Western Australia remains an outperformer among the Australian states, with real state final demand up by 29% in rolling annual terms between March 2020 and June 2026, compared with 20% growth in national domestic demand over the same period.



Source: Australian Bureau of Statistics (ABS) / WA Department of Treasury and Finance



Source: ABS

MARKET UPDATE

Monthly Market Highlights

AUGUST 2026

Australian Interest Rates (%)			FX and Equities		
RBA Cash Rate Target	4.35	(0 pt)	AUD/USD	0.7167	(↑2.1%)
90-Day Bank Bills	4.55	(↑5 pt)	AUD/JPY	114.49	(↑3.7%)
3-year Australian Government Bond	4.66	(↑17 pt)			
10-year Australian Government Bond	5.09	(↑17 pt)	ASX200	9076	(↑99 pt)

Market Summary

- The RBA Monetary Policy Board left the cash rate target unchanged at its August meeting, but reiterated that it would raise interest rates further if required, to return inflation sustainably to target.
- Australian Government bond yields rose in August, as higher-than-expected July inflation lifted expectations of another RBA cash rate increase. Traders are currently pricing around a 50% chance of a 25 basis point increase at the next RBA meeting on 28-29 September, with a further rate rise fully priced by year-end.
- The rise in rate hike expectations lifted the Australian dollar to a three-month high of US$0.7194, before broad US dollar strength late in the month saw AUD/USD edge lower. The Australian dollar also rose against the Japanese yen, peaking at ¥114.74, its highest level since 2 June, before easing in late August.
- The ASX 200 recorded its fifth consecutive monthly gain in August, rising 1.1%, led by metals and mining, followed by healthcare.

WATC Benchmark Bond Yields				
Maturity	**Yield 31/8/2026**		**Spread to AGS 31/8/2026**	
21 October 2027	4.79	(↑14 pt)	+7 pt	(↓1 pt)
20 July 2028	4.83	(↑16 pt)	+13 pt	(↓2 pt)
24 July 2029	4.85	(↑15 pt)	+20 pt	(↓1 pt)
22 October 2030	4.93	(↑15 pt)	+24 pt	(↓1 pt)
22 October 2031	5.02	(↑13 pt)	+29 pt	(↓1 pt)
21 July 2032	5.09	(↑12 pt)	+30 pt	(↓3 pt)
20 July 2033*	5.19	(↑11 pt)	+33 pt	(↓5 pt)
24 October 2034	5.36	(↑10 pt)	+36 pt	(↓5 pt)
24 October 2035*	5.43	(↑10 pt)	+37 pt	(↓5 pt)
21 October 2037	5.66	(↑10 pt)	+54 pt	(↓4 pt)
24 October 2039*	5.81	(↑10 pt)	+59 pt	(↓1 pt)
23 July 2041	5.90	(↑11 pt)	+61 pt	(↓2 pt)

*Green bond