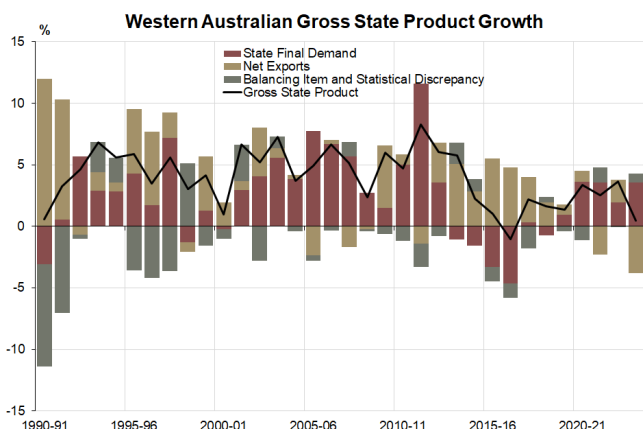


Western Australian Data Highlights

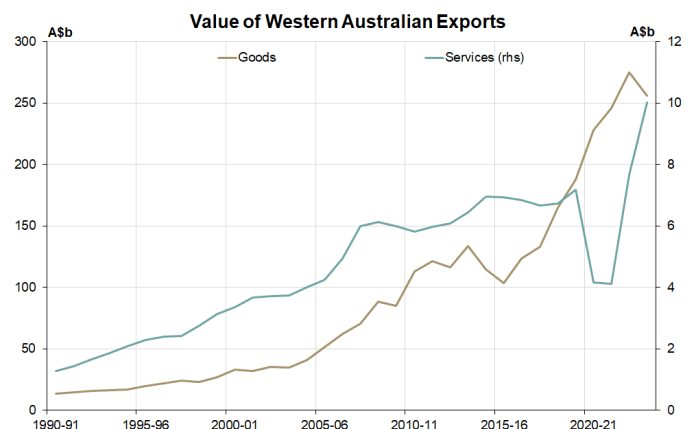
- [The RBA](#) reduced the cash rate target by 25bps to 4.10% in February.
- The Western Australian [wage price index](#) rose by 0.7% QoQ and 3.3% YoY in Q4 2024.
- Western Australian [employment](#) rose by 4.2% over the year to January, with the unemployment rate at 3.6%.
- WA [retail sales](#) picked up by 0.4% in January, to be up by 5.5% through the year, most of all states.
- According to CoreLogic, Perth home prices picked up by another 0.3% in February, to be 14.3% up YoY.

Western Australian Trade Profile

- Western Australia has an export-oriented economy, with net exports of goods and services accounting for 42.5% of the State's gross state product in 2023-24. Western Australia is the largest exporting state or territory in Australia, accounting for 45.3% of the value of Australia's merchandise exports in 2024.
- That said, the role of domestic economy has increased since the start of the COVID-19 pandemic, with state final demand being the major source of gross state product growth since 2019-20.
- Western Australia's main exports are minerals (iron ore, gold, and lithium), energy (liquefied natural gas), and agricultural food (wheat, canola seeds, and barley). However, the value of merchandise exports declined by 6.8% in 2023-24, with a 3.6% decline in volumes following a strong 2022-23 financial year.
- At the same time, Western Australian trade in services is expanding rapidly thanks to development of the State's international education and tourism sectors, which helped services exports reach a record high last financial year, following 30.7% and 26.4% gains, respectively.
- Most of Western Australia's major trading partners are in Asia, with a leading role of China, followed by Japan and South Korea. Western Australia's largest trading partners outside of Asia are the United States, the United Kingdom, and Germany.
- China is Western Australia's largest export market for iron ore, lithium, non-monetary gold, and wheat. However, it is also the fourth largest market for international visitors, after the United Kingdom, Singapore, and New Zealand, and the third largest market for international students, after India and Bhutan.
- Japan is Western Australia's second largest trading partner and the largest market for Western Australian petroleum (mainly LNG). It also accounts for almost half of intensive English language course enrolments. South Korea is the third largest trading partner, being the most important destination for Western Australian gold ore.
- The United States accounts for a marginal share of Western Australia's merchandise exports, with the dominant exports being non-monetary gold and coin gold as well as petroleum. It also accounts for a small share of visitors and a fraction of international students. However, it is the second most important source of Western Australian imports, mainly machinery and transport equipment as well as non-monetary gold.



Source: Australian Bureau of Statistics.



Australian Interest Rates (%)			FX and Equities		
RBA Cash Rate Target	4.10	(↓25 pt)	AUD/USD	0.6209	(↓0.1%)
90-Day Bank Bills	4.12	(↓13 pt)	AUD/JPY	93.52	(↓3%)
3-year Australian Government Bond	3.74	(↓8 pt)			
10-year Australian Government Bond	4.29	(↓14 pt)	ASX200	8172	(↓360 pt)

Market Summary

- The RBA cut its interest rates by 25bps in February, taking the cash rate target to 4.10%, but did not provide any guidance regarding further monetary policy easing.
- Australian government bond yields declined in February, following their global equivalents, as fed funds rate expectations were brought forward following a set of disappointing economic data from the US. The lack of guidance regarding the further cash rate cuts from the RBA limited the scale of decline in domestic yields.
- The Australian dollar was little changed against the US dollar in February but depreciated sharply versus the stronger Japanese yen, which benefited from expectations for further monetary policy tightening by the Bank of Japan. The Australian dollar was adversely affected by weak global market sentiment and concerns over the impact of trade restrictions on the global and Chinese economies, which were also reflected in lower commodity prices.
- The Australian equity market dropped by 4.2% in February, which was the strongest monthly loss since September 2022. This strong decline was despite the ASX 200 reaching a record high on 14 February.

WATC Benchmark Bond Yields				
Maturity	Yield 28/2/2025		Spread to AGS 28/2/2025	
21 October 2026	3.87	(↓5 pt)	+9 pt	(↑2 pt)
21 October 2027	3.87	(↓8 pt)	+15 pt	(↓1 pt)
20 July 2028	3.96	(↓8 pt)	+22 pt	(↑2 pt)
24 July 2029	4.08	(↓11 pt)	+27 pt	(↓2 pt)
22 October 2030	4.25	(↓11 pt)	+32 pt	(↑1 pt)
22 October 2031	4.41	(↓14 pt)	+37 pt	(↓1 pt)
21 July 2032	4.52	(↓15 pt)	+41 pt	(↓1 pt)
20 July 2033	4.64	(↓16 pt)	+45 pt	(↓2 pt)
24 October 2034	4.84	(↓18 pt)	+57 pt	(↓7 pt)
23 July 2041	5.19	(↓16 pt)	+63 pt	(0 pt)

*Green bond.

