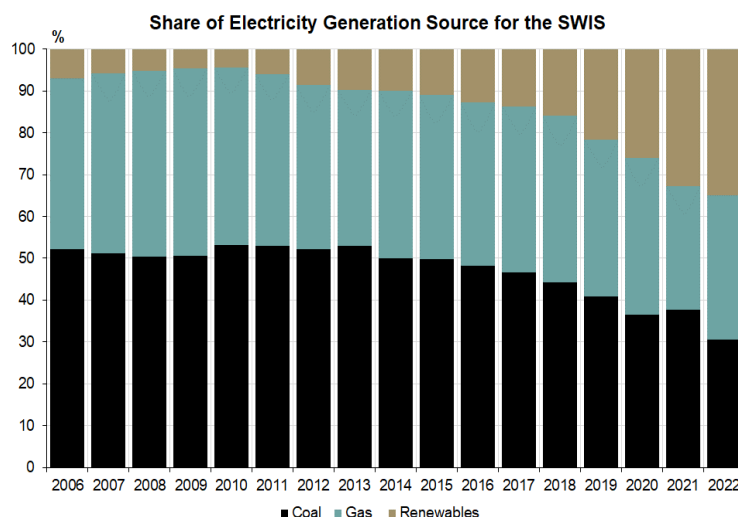


THIS MONTH'S WESTERN AUSTRALIAN DATA HIGHLIGHTS

- Western Australia's retail sales fell a seasonally adjusted 4.7% in December but were up 5.9% YoY.
- The Western Australian unemployment rate was unchanged at 3.5% in December.
- The CoreLogic Perth home value index fell 0.3% in January but was up 2.7% from a year earlier.
- Perth CPI rose by 3.6% in Q4, driven by the impacts of unwinding of WA electricity credit, and was 8.3% up YoY.

DECARBONISATION OF WESTERN AUSTRALIA AND ENERGY SECURITY

- Western Australia has one of the most unique energy systems in the world. The energy grids are isolated from the rest of the country and the State is rich in natural resources such as sun, wind, natural gas and battery minerals crucial for renewable energy transformation. This presents a lot of opportunities for the State Government's Energy Transformation Strategy, which aims to reduce the reliance on fossil fuels in Western Australia's electricity supply.
- Over the past decade, the share of renewables in the average electricity generation of the South West Interconnected System (SWIS), which serves most of the State's population, has increased from below 10% in 2012 to 35% in 2022. At the same time, the share of coal has declined from 52% in 2012 to 31% in 2022.
- The steady growth in the share of renewables in electricity generation is due to a rapid rise in popularity of solar panels and wind generation output more than doubling over the past four years.
- The Western Australian Government has committed to retiring all State-owned coal-fired power generation by 2030, with the first of the closures occurring in October 2022. The retirement of coal-powered generators will result in a 40% reduction in emissions, which will help achieve the target of an 80% reduction in emissions by 2030. To replace the retiring coal-fired power stations, the Government has announced an estimated A\$3.8b investment in new energy infrastructure, including new wind developments.
- The Western Australian Government's Domestic Gas Policy reserves the equivalent of 15% of liquefied natural gas production in the state to secure long-term energy needs. By ensuring that LNG exporters make gas available to the domestic market, Western Australia has been able to maintain the lowest gas prices in the OECD and avoid direct impact from supply shortages. In addition, thanks to greater control over the input prices, household electricity prices have remained stable in Western Australia relative to other Australian jurisdictions.



Source: WA Government Department of Mines, Regulation and Safety

Australian Interest Rates (%)			FX and Equities		
RBA Cash Rate Target	3.10	(0 pt)	AUD/USD	0.7054	(↑241 pt)
90-Day Bank Bills	3.37	(↑11 pt)	AUD/JPY	91.75	(↑2.4 pt)
3-year Australian Government Bond	3.16	(↓35 pt)			
10-year Australian Government Bond	3.56	(↓48 pt)	ASX200	7477	(↑438 pt)

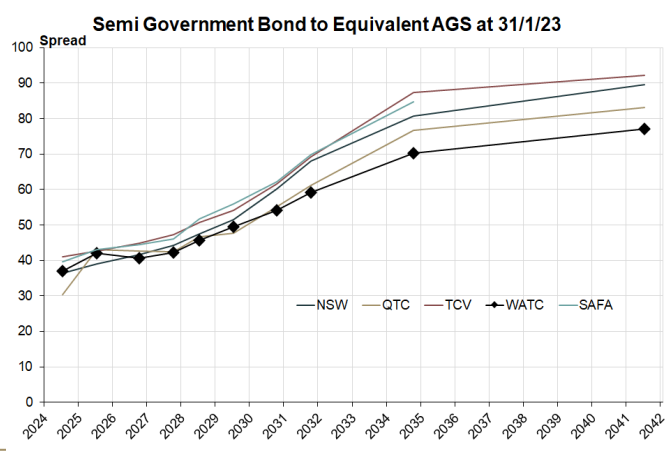
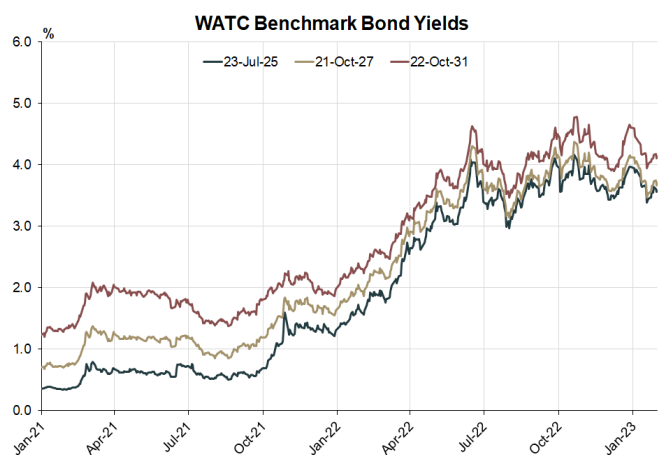
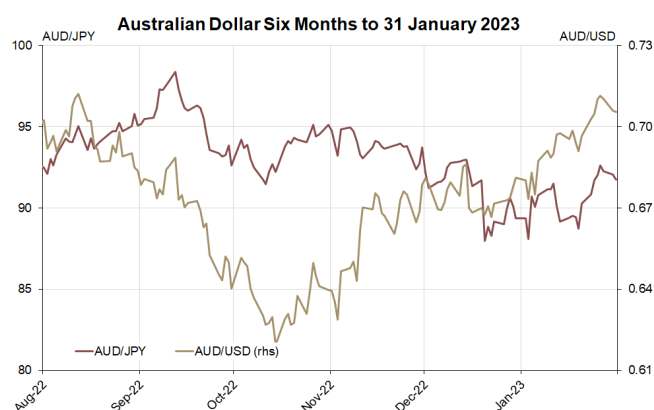
*As at end of October. Figures in brackets represent the monthly change.

MARKET SUMMARY

- The cash rate target remains at 3.10%, as there was no RBA Board meeting in January. The futures market is currently pricing in a 77% probability of a 25-basis-point increase in the cash rate at the February Board meeting.
- Australian bond yields fell sharply in January, following global yields lower, as softer-than-expected inflation in the US took some of the heat out of expectations for Fed interest rate increases in 2023. Australian yields hit their lows after news of an unexpected decline in Aussie employment in November. However, yields rose again towards the end of the month, following the release of the stronger-than-expected Q4 CPI report.
- The Australian dollar climbed through most of January after a choppy start, to be the strongest member of the G10 currency basket over the course of the month. The Aussie picked up sharply against the Japanese yen after the Bank of Japan Policy Board surprised traders by keeping its monetary policy settings unchanged at its January meeting. The Aussie dollar posted its third monthly increase in a row against the greenback, rising above USD0.70 for the first time since August last year.
- Australian equities rebounded strongly in January after falling in December. The ASX 200 added 6.2% in the month, to be sitting at its highest levels since April last year.

WATC Benchmark Bond Yields		
Maturity	Yield 31/1/2023	Spread to AGS 31/1/2023
16 October 2023	3.59 (↓1 pt)	+39 pt (-)
23 July 2024	3.59 (↓27 pt)	+37 pt (↓13 pt)
23 July 2025	3.57 (↓41 pt)	+42 pt (↓6 pt)
21 October 2026	3.59 (↓43 pt)	+41 pt (↓6 pt)
21 October 2027	3.66 (↓46 pt)	+42 pt (-)
20 July 2028	3.73 (↓49 pt)	+46 pt (↓4 pt)
24 July 2029	3.85 (↓50 pt)	+49 pt (↓3 pt)
22 October 2030	4.00 (↓50 pt)	+54 pt (↑2 pt)
22 October 2031	4.11 (↓50 pt)	+59 pt (↓3 pt)
24 October 2034	4.37 (↓46 pt)	+70 pt (↓5 pt)
23 July 2041	4.71 (↓43 pt)	+77 pt (↓6 pt)

*Spreads are to nearest Commonwealth Bond.



Any opinions, judgments, conclusions, forecasts, predictions or estimations contained in this advice are made in reliance on information provided to Western Australian Treasury Corporation which Western Australian Treasury Corporation believes to be reliable. Western Australian Treasury Corporation, however, cannot guarantee the accuracy of that information. Thus, any recommendations are made in good faith but are provided only to assist you with any decisions which you make. These recommendations are not intended to be a substitute for professional advice on a particular matter. Before accepting or rejecting those recommendations you must discuss your particular needs and circumstances with Western Australian Treasury Corporation.