MARKET UPDATE

# Monthly Market Highlights

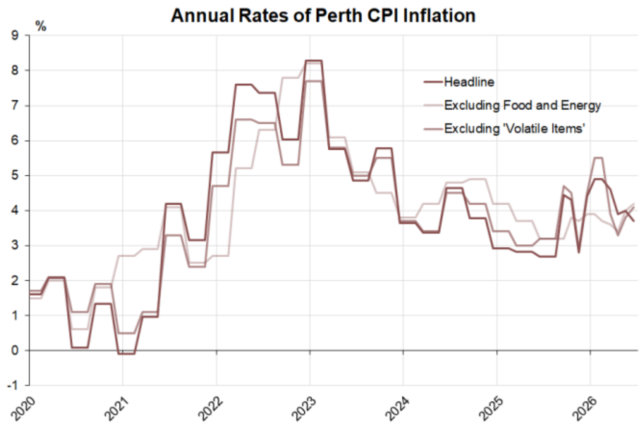
JULY 2026

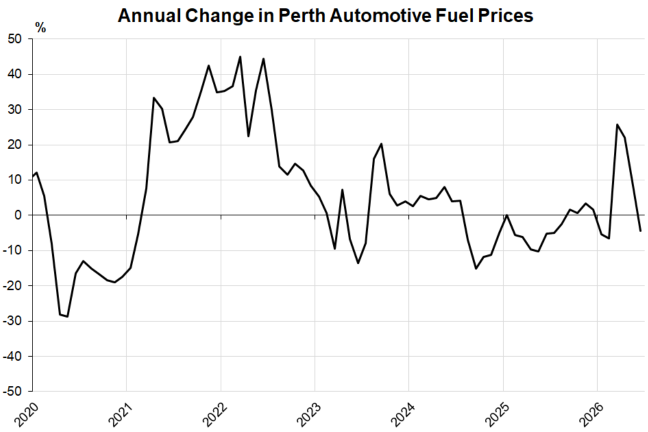
## Western Australian Data Highlights

- The annual rate of Perth CPI inflation declined to 3.7% in June, to be the lowest since late 2025.
- Western Australian employment rose by 17.2k in June, while the unemployment rate fell to 4.2%.
- Dwelling approvals in Western Australia bounced by 10.7% in June, to be up by 23.9% through the year.
- According to Cotality, Perth home prices ticked up by 0.1% in July, taking the annual rate of growth to 20.5%.

## June 2026 Perth Consumer Price Index

- The Perth CPI declined by 0.2% in June, lowering the annual headline inflation rate by 0.3ppts to 3.7%. This was the lowest annual rate since late 2025 and well below its 2022 peak.
- The decline in annual inflation mainly reflected slower growth in transport costs. Automotive fuel prices fell by 4.4% YoY, following the fuel excise cut and a temporary decline in global oil prices before the recent re-escalation of the US-Iran war. Urban transport fares were also down 12.6% over the year due to carryover effects from the introduction of the single fare system in Perth.
- Housing inflation was little changed at 5.7% YoY in June. New dwelling purchase costs rose by a strong 8.4% over the year, while annual rent growth held at 5.3%. Utility costs increased by 3.2% YoY, unchanged from May and well below the double-digit rates recorded earlier this year due to base effects from energy bill relief measures.
- At the same time, inflation accelerated for food (+0.3ppts to 3.5%), clothing and footwear (+1.1ppts to 5.4%), communication (+0.2ppts to 2.1%), and recreation and culture (+0.2ppts to 4.5%).
- The rise in international transport costs partly reflected faster growth in international holiday travel and accommodation prices after declines in previous months, when disruptions to air travel from the US-Iran war eased. This was offset by slower growth in domestic travel costs, which nevertheless remained elevated at 7.7% YoY.
- In contrast to headline inflation, underlying measures increased slightly in June. Consumer prices excluding food and energy rose by 4.2% YoY, the highest rate in the short history of the monthly series. Annual inflation excluding volatile items, such as fruit, vegetables, and automotive fuel, rose to a four-month high of 4.1%.
- Across the analytical series, the decline in inflation reflected slower services price growth (-0.7ppts to 3.0%), partly offset by faster goods price growth (+0.3ppts to 4.6%). Prices of discretionary items rose by 3.9% over the year to June, while prices of essential items increased by 3.5%. Both were the strongest gains recorded in the monthly CPI series, which began in April 2025.




*Source: Australian Bureau of Statistics*

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| Australian Interest Rates (%) | | | FX and Equities | | |
|---|---|---|---|---|---|
| **RBA Cash Rate Target** | 4.35 | (0 pt) | AUD/USD | 0.7019 | (↑1.4%) |
| **90-Day Bank Bills** | 4.50 | (↑4 pt) | AUD/JPY | 110.39 | (↓1.9%) |
| **3-year Australian Government Bond** | 4.49 | (↑13 pt) | | | |
| **10-year Australian Government Bond** | 4.93 | (↑20 pt) | ASX200 | 8977 | (↑198 pt) |

## Market Summary

- Australian Government bond yields picked up in July, reflecting a return of concerns over inflation and monetary policy tightening, both at home and abroad. These fresh concerns were caused by a rebound in global oil prices after the re-escalation of the US-Iran war, the renewed closure of the Strait of Hormuz, and disruptions to other important oil shipping routes. Strong domestic employment data for June temporarily added to RBA cash rate hike expectations, before they were wound back towards the end of July after domestic inflation figures surprised to the downside.
- WATC spreads against Commonwealth bond yields were little changed in July, but remained lower than those of other states.
- The rise in cash rate hike expectations and some commodity prices supported the Australian dollar, which appreciated by 1.4% against the greenback, though with a lot of volatility throughout the month. The AUD/JPY is down by 1.9% for July, though this was solely due to a drop after a probable foreign exchange intervention by the Japanese Ministry of Finance at the end of the month.
- The ASX 200 rose by 2.3% in July, supported by strong gains in energy and financials. This was the fourth consecutive monthly gain in the Aussie benchmark equity index.

| WATC Benchmark Bond Yields | | | | |
|---|---|---|---|---|
| **Maturity** | **Yield 31/7/2026** | | **Spread to AGS 31/7/2026** | |
| 21 October 2027 | 4.65 | (↓8 pt) | +8 pt | (↓1 pt) |
| 20 July 2028 | 4.67 | (↓10 pt) | +15 pt | (↓2 pt) |
| 24 July 2029 | 4.70 | (↓13 pt) | +21 pt | (↓2 pt) |
| 22 October 2030 | 4.78 | (↓12 pt) | +25 pt | (↓1 pt) |
| 22 October 2031 | 4.89 | (↓13 pt) | +30 pt | (↓2 pt) |
| 21 July 2032 | 4.97 | (↓13 pt) | +33 pt | (0 pt) |
| 20 July 2033* | 5.08 | (↓12 pt) | +38 pt | (↑1 pt) |
| 24 October 2034 | 5.26 | (↓12 pt) | +41 pt | (↓1 pt) |
| 24 October 2035* | 5.33 | (↓12 pt) | +42 pt | (↓2 pt) |
| 21 October 2037 | 5.56 | (↓11 pt) | +58 pt | (↑1 pt) |
| 24 October 2039* | 5.51 | (0 pt) | +60 pt | (0 pt) |
| 23 July 2041 | 5.79 | (↓8 pt) | +63 pt | (↓1 pt) |

*Green bond