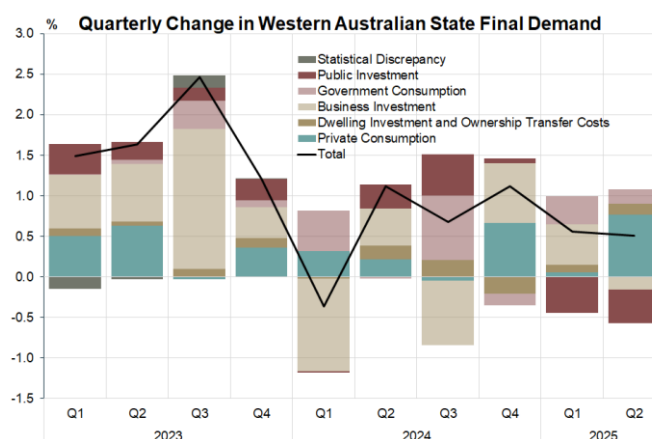
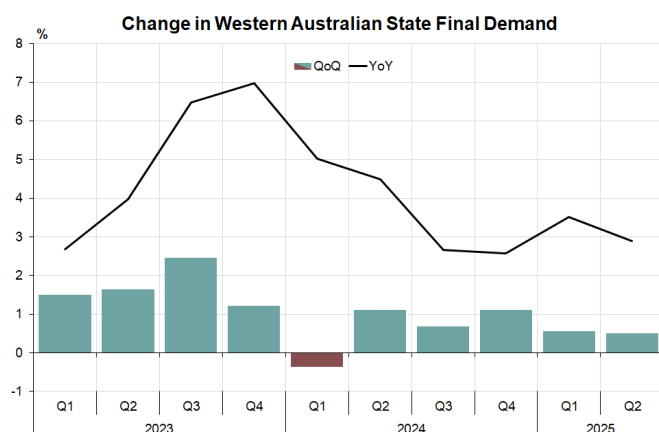


Western Australian Data Highlights

- The [RBA Monetary Policy Board](#) cut the cash rate target by 25bps to 3.60% in August.
- Western Australian [state final demand](#) rose by 0.5% in Q2, to be up by 2.9% YoY.
- The [wage price index](#) rose by 0.8% in Q2 in Western Australia, to be up by 3.7% YoY, the most of all states.
- Western Australian [employment](#) rose by 2.8k in July, while the unemployment rate was still low at 4.2%.
- Perth home prices increased by 1.1% in August, which followed an 11.8% surge in [dwelling approvals](#) in July.

Q2 2025 State Final Demand

- Western Australian state final demand rose by 0.5% in Q2, to be up by 2.9% YoY.
- The strongest contribution to quarterly state final demand growth came from a 1.6% rise in private consumption, adding 0.8ppts. Almost half of the quarterly gain in private consumption in Q2 resulted from a 50.3% surge in electricity, gas and other fuel amid higher out-of-pocket expenses for electricity after households had largely used up the state and Commonwealth energy bill relief measures.
- Most other consumption spending categories added little to growth in Q2, while cigarettes and tobacco slightly detracted from private consumption growth.
- Private investment growth was mixed in Q2. Dwelling investment and property transfer costs rose by 2.5% in Q2, contributing 0.1ppts to growth. This was more than offset by a 0.8% decline in business investment, which detracted 0.2ppts from growth.
- Within the public sector, government consumption added 0.2ppts to state final demand growth in Q2, with a 0.9% gain driven by higher national spending (+2.6%). Public investment, in turn, dropped by 7.6% and detracted 0.4ppts from state final demand growth.
- Private consumption was also the strongest contributor to the annual growth rate, being responsible for over a half of the through-the-year rise in state final demand in Q2, with a 3.0% rise. Rents as well as recreation and holiday travel added around 1/3 to the rise in private consumption in annual terms, while contribution was quite evenly distributed across the remainder of the spending categories.
- Government consumption was the second largest contributor to annual growth in state final demand in Q2 (+1.2ppts; +5.9% YoY). Contributions from dwelling investment and ownership transfer costs (+0.2ppts; 4.4%YoY) and business investment (+0.3ppts; +1.5% YoY) were more measured. Public investment detracted 0.3ppts from annual state final demand growth, with a 5.5% fall.



Australian Interest Rates (%)			FX and Equities		
RBA Cash Rate Target	3.60	(↓25 pt)	AUD/USD	0.6540	(↑1.8%)
90-Day Bank Bills	3.57	(↓11 pt)	AUD/JPY	96.19	(↓0.7%)
3-year Australian Government Bond	3.40	(↓2 pt)			
10-year Australian Government Bond	4.27	(↑1 pt)	ASX200	8973	(↑230 pt)

Market Summary

- As expected, the [RBA Monetary Policy Board](#) reduced its cash rate target range by 25bps to 3.60% in August, and signalled further monetary policy easing ahead, with the pace remaining data-dependent. The next 25bps cash rate cut is fully priced in for November, with the market pricing in less than a 20% probability of such a move in September.
- As a result of the cash rate cut, Commonwealth bond yields declined slightly at the front end of the yield curve in August. Long-term yields fell early in the month, but rose again later in August, partly reflecting conditions in global markets. The increase appears to have been driven by Europe, where budget uncertainty drove bond yields higher in several countries.
- The [Australian dollar](#) appreciated by 1.8% against the weaker US dollar in August. The US currency was also dragged down by concerns over the state of US institutions and its fiscal policy outlook, coupled with the intensification of fed funds rate cut expectations. At the same time, the AUD depreciated by 0.7% against the Japanese yen and was almost in the middle of G10 currency ladder for August.
- The Australian ASX 200 increased by 2.6% in August, reaching a fresh record high on 21 August, before easing. This was the fourth consecutive monthly gain and the strongest performance in three months.

WATC Benchmark Bond Yields				
Maturity	Yield 29/8/2024		Spread to AGS 29/8/2024	
21 October 2026	3.40	(-)	0 pt	(-)
21 October 2027	3.42	(↓3 pt)	+8 pt	(↓1 pt)
20 July 2028	3.55	(↓2 pt)	+18 pt	(↓1 pt)
24 July 2029	3.72	(-)	+28 pt	(↑3 pt)
22 October 2030	3.91	(↓1 pt)	+27 pt	(↑2 pt)
22 October 2031	4.10	(↓1 pt)	+30 pt	(↑3 pt)
21 July 2032	4.27	(-)	+39 pt	(↑2 pt)
20 July 2033	4.45	(↑1 pt)	+45 pt	(↑4 pt)
24 October 2034	4.70	(↑2 pt)	+50 pt	(↑1 pt)
24 October 2035	4.82	(-)	+50 pt	(↑2 pt)
23 July 2041	5.28	(↑1 pt)	+68 pt	(↑1 pt)

