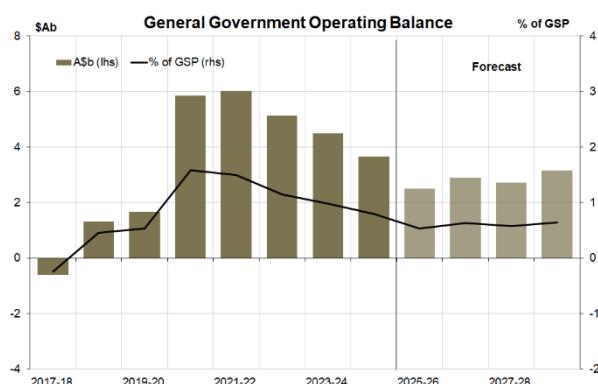
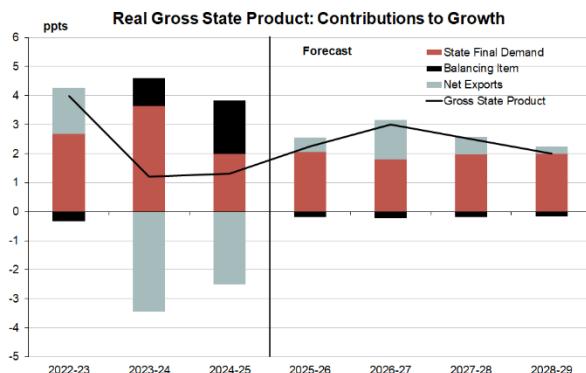


Western Australian Data Highlights

- Real state final demand rose 1.0% in Q3 2025, to be up 3.1% from a year earlier.
- Western Australian employment fell 3.6k in November, while the trend unemployment rate was steady at 4.4%.
- Household spending rose 1.1% in Western Australia in October and was 8.2% higher in year-ended terms.
- Western Australia exported A\$58.7 billion worth of merchandise goods in the three months to October, accounting for 45% of total Australian exports over that period.

2025-26 Western Australian Government Mid-Year Financial Projections Statement

- Western Australia's domestic economy (as measured by State Final Demand) remains strong, growing by 3% in the year to September 2025, continuing to outpace the national growth rate. Growth has been underpinned by the strongest household consumption of any State, the highest level of dwelling investment in seven years, and sustained high levels of business investment.
- Over the past five years, the State's domestic economy has expanded by 26.7%, the highest rate of any State or Territory.
- Gross State Product (GSP) grew by 1.3% in 2024-25 and is forecast to strengthen to 2.25% in 2025-26, following weather-related disruptions to iron ore and lithium exports, and other commodity specific factors. GSP growth is projected to average 2.5% per year over the outyears of the forecast period.
- Careful financial management has ensured that the State's finances remain in a strong position, with an eighth consecutive general government operating surplus of \$2.5 billion forecast for 2025-26. Operating surpluses ranging from \$2.7 billion to \$3.1 billion are projected across the outyears.
- The State Government invests in infrastructure for the rapidly growing population, with Asset Investment Program spending totalling \$41.8 billion over the next four years (up \$3.8 billion from the 2025-26 Budget).
- Total public sector net debt at 30 June 2026 is now forecast to be \$35.7 billion, down \$3.3 billion from the level projected at the time of the Budget. At just 7.6% of GSP, this level of net debt remains the lowest in the nation.
- Western Australia remains the only Australian State or Territory with a triple-A credit rating from both Moody's Investors Service and S&P Global.



Source: DTF

Australian Interest Rates (%)			FX and Equities		
RBA Cash Rate Target	3.60	(0 pt)	AUD/USD	0.6673	(↑1.9%)
90-Day Bank Bills	3.74	(↑7 pt)	AUD/JPY	104.55	(↑2.2%)
3-year Australian Government Bond	4.14	(↑26 pt)			
10-year Australian Government Bond	4.74	(↑23 pt)	ASX200	8714	(↑100 pt)

Market Summary

- The RBA Monetary Policy Board kept the cash rate target unchanged at 3.60% following the December meeting but signalled that the next move in the cash rate is most likely to be up. Traders are currently pricing in a 40% chance of a cash rate increase at the next RBA policy meeting in early February.
- Australian Government bond yields rose further in December, and the curve flattened slightly as expectations continued to build for RBA cash rate increases in 2026. The three-year Commonwealth bond yield climbed to its highest level in over a year after the RBA meeting, before easing later in the month. The 10-year yield rose to a two-year high before also easing a little.
- The Australian dollar appreciated against all the major currencies in December and rose to a one-year high against the US dollar, with the greenback weakening as traders continued to price in further Fed interest rate cuts in 2026. The Australian dollar was also up sharply against the Japanese yen, reaching its highest level against the yen since July 2024.
- The ASX 200 bounced in December, rising 1.2% after slumping 3.0% in November. The increase was led by the mining and financial sectors, which more than offset declines across most of the remaining industry categories.

WATC Benchmark Bond Yields				
Maturity	Yield 31/12/2025		Spread to AGS 31/12/2025	
21 October 2026	3.92	(↑20 pt)	(0 pt)	(↓2 pt)
21 October 2027	4.13	(↑24 pt)	+8 pt	(0 pt)
20 July 2028	4.24	(↑24 pt)	+16 pt	(0 pt)
24 July 2029	4.38	(↑23 pt)	+21 pt	(↓3 pt)
22 October 2030	4.54	(↑22 pt)	+25 pt	(↓1 pt)
22 October 2031	4.67	(↑22 pt)	+27 pt	(↓2 pt)
21 July 2032	4.76	(↑20 pt)	+31 pt	(↓2 pt)
20 July 2033	4.90	(↑19 pt)	+36 pt	(↓4 pt)
24 October 2034	5.12	(↑19 pt)	+44 pt	(↓3 pt)
24 October 2035	5.18	(↑19 pt)	+43 pt	(↓5 pt)
21 October 2037	5.42	(↑19 pt)	+60 pt	(↓1 pt)
23 July 2041	5.65	(↑19 pt)	+63 pt	(↓1 pt)

