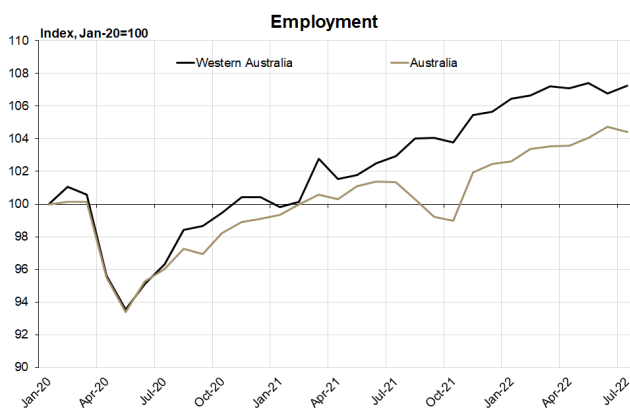


THIS MONTH'S WESTERN AUSTRALIAN DATA HIGHLIGHTS

- Western Australian employment rose by 6.4k in July, while the unemployment rate declined to 3.2%.
- July also saw a 1.6% rise in Western Australian retail sales, which took the annual increase to 10.5%.
- Western Australia's wage price index rose by 0.8% in Q2, to be 2.7% up through the year.
- The CoreLogic hedonic home value index declined by 0.2% in August but remained 4.9% higher than a year ago.

WESTERN AUSTRALIAN LABOUR MARKET JULY 2022

- The Western Australian labour market has outperformed most of the other state labour markets through the pandemic, with an 8.2% gain in employment since December 2019.
- The strength of Western Australian labour market continued in July, which was the only mainland state to record an increase in employment during the month.
- The Western Australian unemployment rate declined 0.2ppts to 3.2% in July, below the national unemployment rate of 3.4%. The State participation rate rose 0.1ppt to 69.4%, the highest of all the states. Western Australia also boasted the highest state employment to population ratio of 67.2%, well above the national average of 64.2%.
- Western Australia was also one of just two states to see an increase in hours worked in the month. This was reflected in a further decline in the underemployment rate, to just 5.4%, also the lowest level of all states and a decade low.
- Despite a slight decline in job vacancies in July, the demand for labour remains strong. Internet job vacancies have doubled since December 2019, which compares to a 76.8% gain nationwide. The number of vacancies per unemployed person is just 0.7. Although slightly down from the peak of 0.8 in April 2022, it points to the tightest labour market in well over a decade.
- The tightness in the labour market has not yet been reflected in a broad acceleration in wage pressures. The Western Australian wage price index rose by 0.8% QoQ in Q2, which is more than in other states, but is up a moderate 2.7% through the year. The rise in wages was driven by the private sector, which saw an increase of 1.0% QoQ and 3.0% YoY.



Australian Interest Rates (%)			FX and Equities	
RBA Cash Rate Target	1.85	(↑50 pt)	AUD/USD	0.6839 (↓146 pt)
90-Day Bank Bills	2.48	(↑31 pt)	AUD/JPY	95.07 (↑2 pt)
3-year Australian Government Bond	3.30	(↑57 pt)		
10-year Australian Government Bond	3.62	(↑54 pt)	ASX200	6987 (↑42 pt)

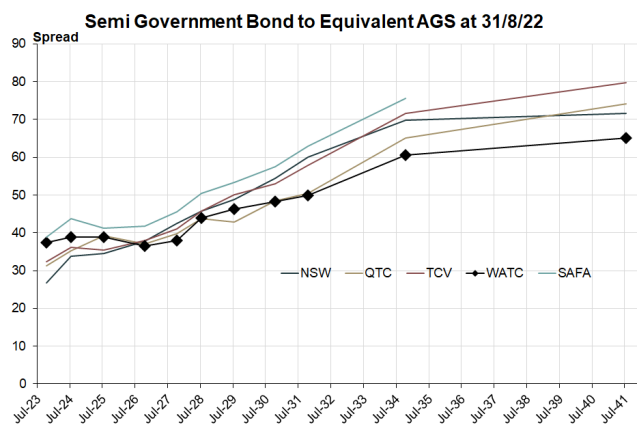
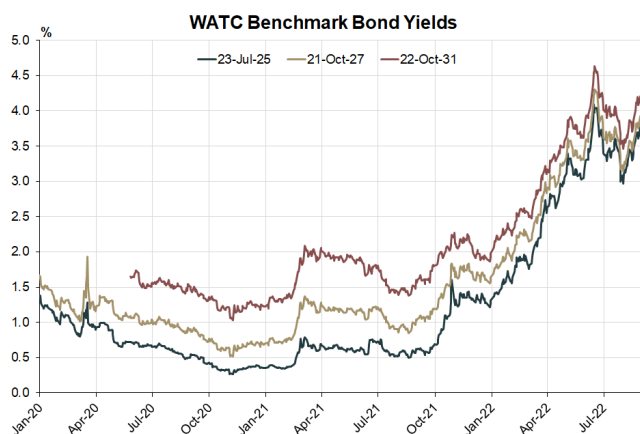
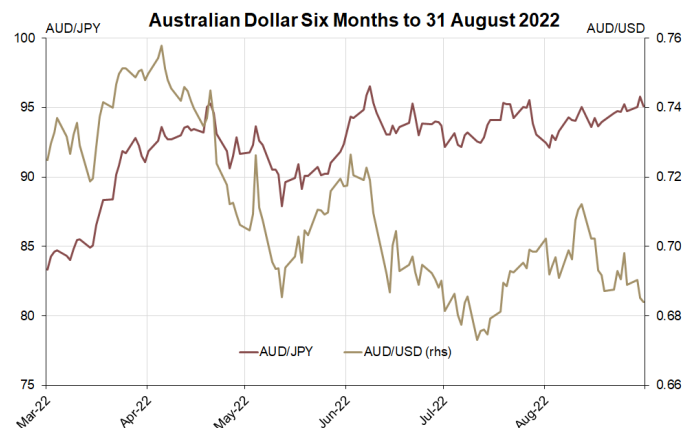
*As at end of the month. Figures in brackets represent the monthly change.

MARKET SUMMARY

- Australian bond yields rose in August, in concert with their global equivalents. The rise was driven by expectations for higher central bank interest rates, including for RBA cash rate hikes.
- The futures market is currently pricing in a 3.20% cash rate by the end of 2022, slightly more than the 2.96% expected at the end of July. The peak of the tightening cycle is now expected at 3.85% in mid-2023, against the 3.20% anticipated a month ago.
- The Australian dollar depreciated against the stronger greenback in August, after a strong start to the month. However, it was stable versus the Japanese yen and has been trading in a relatively narrow range of between ¥92.15 and ¥96.54 since the start of June.
- Australian equities rose by 0.6%, which compares with declines in the US and Europe. The rise was supported by higher prices for gas and coal, as well as positive earnings and domestic economic data.

WATC Benchmark Bond Yields			
Maturity	Yield 31/08/2022	Spread to AGS 31/08/2022	
16 October 2023	3.19 (↑33 pt)	+37 pt	(↓10 pt)
23 July 2024	3.47 (↑65 pt)	+39 pt	(↑13 pt)
23 July 2025	3.63 (↑63 pt)	+39 pt	(↑9 pt)
21 October 2026	3.71 (↑63 pt)	+37 pt	(↑7 pt)
21 October 2027	3.77 (↑60 pt)	+38 pt	(↑5 pt)
20 July 2028	3.85 (↑60 pt)	+44 pt	(↑6 pt)
24 July 2029	3.95 (↑61 pt)	+46 pt	(↑7 pt)
22 October 2030	4.05 (↑60 pt)	+48 pt	(↑7 pt)
22 October 2031	4.10 (↑57 pt)	+50 pt	(↑5 pt)
24 October 2034	4.35 (↑58 pt)	+61 pt	(↑5 pt)
23 July 2041	4.56 (↑57 pt)	+65 pt	(↑12 pt)

*Spreads are to nearest Commonwealth Bond.



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