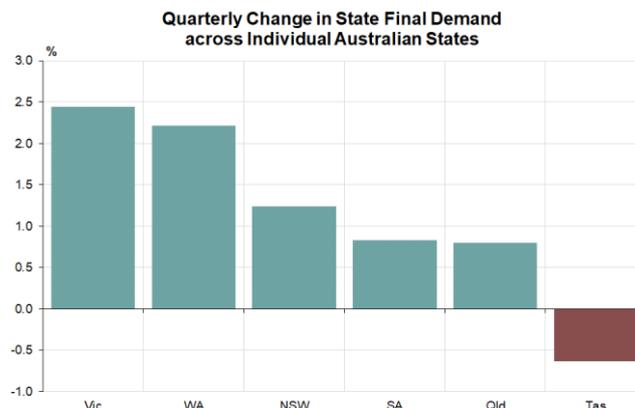
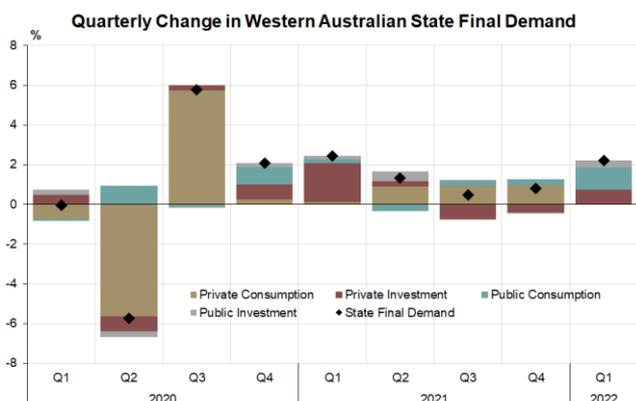


THIS MONTH'S WESTERN AUSTRALIAN DATA HIGHLIGHTS

- The S&P Global Ratings has upgraded Western Australia's long-term credit rating to 'AAA' from 'AA+' previously.
- Western Australian employment rose by 4.8k in May and the unemployment rate was 3.1%, the lowest of all states.
- Western Australian retail trade rose by 0.2% in May, to be up by 9.7% through the year.
- According to the CoreLogic, Perth house prices rose by 0.4% in June, which compares to a 0.8% fall nationwide.

WESTERN AUSTRALIAN STATE FINAL DEMAND Q1 2022

- Western Australian state final demand rose by another 2.2% in Q1, which followed a 0.8% rise in the previous quarter. This was the second largest gain of all states after Victoria, which continued to recover from the Q3 2021 COVID lockdowns.
- The strong economic and fiscal performance of the State were the main reason behind the recent upgrade of Western Australia's long-term credit rating by the S&P Global Ratings, to 'AAA' from 'AA+' previously.
- Private business fixed capital investment rose 3.9%, contributing 0.7ppts to Q1 growth amid a 14.8% increase in spending on machinery and equipment. Public sector investment increased 8.3%, adding 0.4ppts to Q1 growth, driven by solid increases across federal, state and local government spending.
- Public consumption spending rose 5.3%, adding 1.1ppts to growth, driven by health related spending by state, local and national governments in response to the Omicron outbreak as the hard border restrictions were lifted in early March.
- Household consumption was virtually unchanged in Q1, following solid increases since mid-2020. However, results were mixed across the spending categories.
- There was a strong rise in the purchase of new cars (+16.5%), transport services (+10.4%), health care spending (+3.7%) as well as electricity, gas and other fuel consumption (+4.8%).
- These increases were offset by weaker spending in hotels, cafes and restaurants (-4.6%), furnishings and household equipment (-4.5%), clothing and footwear (-3.7%), operation of vehicles (-2.5%). This pattern is typical of households restricting their activity during a COVID-19 outbreak, which Western Australia experienced in Q1.



Australian Interest Rates (%)			FX and Equities	
RBA Cash Rate Target	0.85	(↑50 pt)	AUD/USD	0.6901 (↓272 pt)
90-Day Bank Bills	1.81	(↑59 pt)	AUD/JPY	93.72 (↑1.4 pt)
3-year Australian Government Bond	3.28	(↑30 pt)		
10-year Australian Government Bond	3.69	(↑34 pt)	ASX200	6568 (↓643 pt)

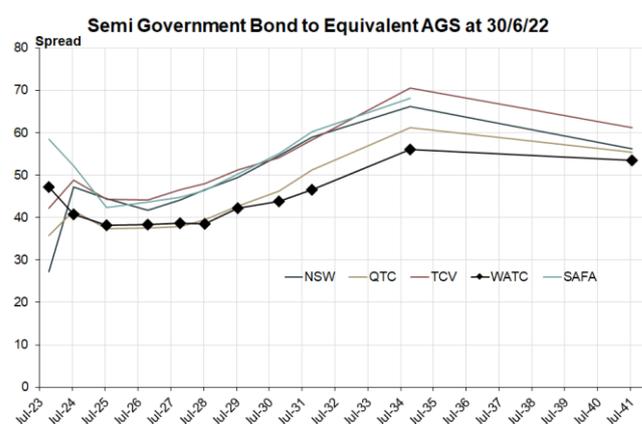
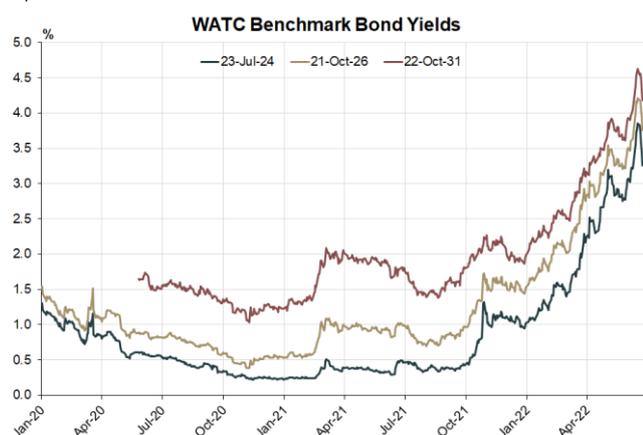
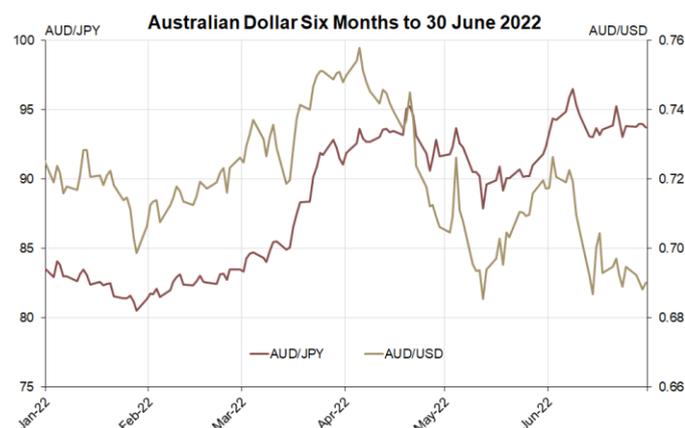
\*As at end of the month. Figures in brackets represent the monthly change.

### MARKET SUMMARY

- At its meeting on 5 July, the RBA Board increased its interest rates by another 50bps, taking the cash rate to 1.35%. This followed a 50bps hike in the previous month.
- Australian bond yields continued to climb until mid-June, with 3-year Commonwealth bond yields reaching the highest level since September 2011 and 10-year yields climbing to fresh 8-year highs. Yields fell back in the second half of the month, as global market sentiment deteriorated, however, this only partly offset the earlier increases.
- The Australian dollar depreciated against the stronger greenback in June amid the global market sell-off and lower commodity prices, as concerns grew over a possible global recession. The pace of depreciation was particularly strong in the first half of June and the Aussie stabilised later in the month.
- Australian equities fell in June along with markets elsewhere, with the ASX 200 losing 8.9% in the month to be 10.2% lower over the 2021-22 financial year.

WATC Benchmark Bond Yields		
Maturity	Yield 30/06/2022	Spread to AGS 30/06/2022
16 October 2023	3.02 (↑39 pt)	+47 pt (↑12 pt)
23 July 2024	3.24 (↑35 pt)	+41 pt (↑12 pt)
23 July 2025	3.60 (↑45 pt)	+38 pt (↑14 pt)
21 October 2026	3.75 (↑42 pt)	+38 pt (↑11 pt)
21 October 2027	3.84 (↑42 pt)	+39 pt (↑11 pt)
20 July 2028	3.89 (↑41 pt)	+38 pt (↑10 pt)
24 July 2029	4.00 (↑42 pt)	+42 pt (↑10 pt)
22 October 2030	4.11 (↑42 pt)	+44 pt (↑8 pt)
22 October 2031	4.18 (↑43 pt)	+47 pt (↑10 pt)
24 October 2034	4.39 (↑44 pt)	+56 pt (↑12 pt)
23 July 2041	4.42 (↑30 pt)	+54 pt (↑12 pt)

\*Spreads are to nearest Commonwealth Bond.



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