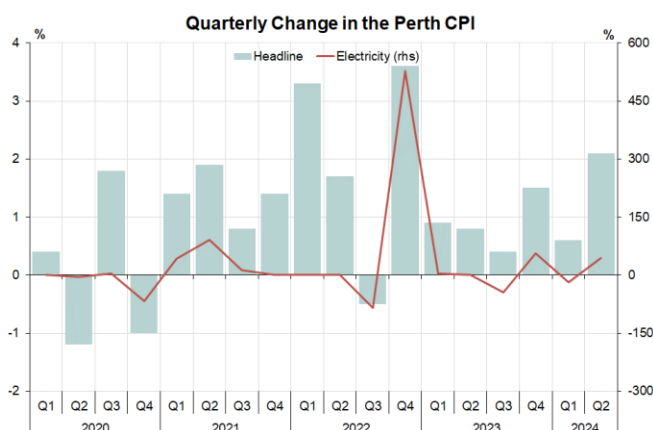


THIS MONTH'S WESTERN AUSTRALIAN DATA HIGHLIGHTS

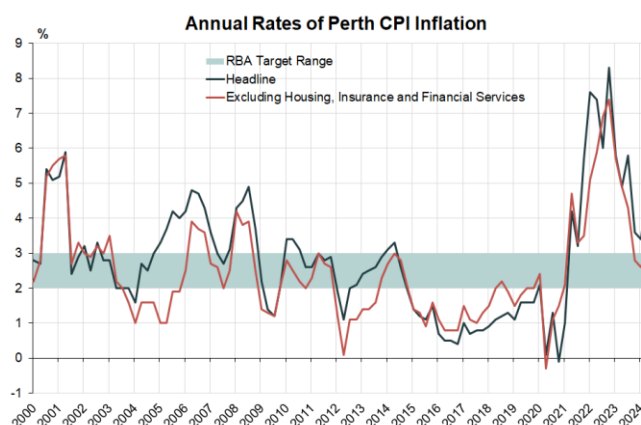
- Western Australia was the only state to see a rise in retail sales volumes in Q2, of 0.9%.
- The Perth CPI rose by 2.1% in Q2, taking the annual rate of consumer price inflation to 4.6%.
- WA employment rose 5.0% YoY to June and the unemployment rate was 3.8%, the best result nationwide.
- According to CoreLogic, Perth home prices rose by another 2.0% in July, the most of all capital cities.

PERTH Q2 CONSUMER PRICE INDEX

- The Perth CPI increased by 2.1% in Q2 2024, taking the annual rate of consumer price inflation to 4.6%.
- The main reason behind the increase in the Perth CPI in Q2 was a rise in out-of-pocket expenses for electricity after the State and Commonwealth energy relief measures were used up by Western Australian households. This resulted in a 44.1% surge in electricity expenses in Q2, which followed an 18.1% drop in the previous quarter.
- The on-off nature of household electricity credits has been causing some quarter-to-quarter volatility in Perth consumer price inflation for the past few years. Despite this volatility, inflation overall is trending downwards.
- The bounce in out-of-pocket expenses for electricity was the major reason behind a strong 6.2% gain in housing costs in Q2. However, there was also a solid 4.9% gain in costs for the purchase of new dwellings by owner occupiers and a further 2.8% pick-up in rents. Excluding the housing category, the Perth CPI would have risen by 1.1% QoQ and 3.3% YoY.
- Outside of housing, food and non-alcoholic beverages (+1.6% QoQ and 3.2% YoY) was the most significant contributor to the rise in consumer prices in Q2, particularly fruit and vegetables (+9.5% QoQ and +6.2% YoY) amid challenging growing conditions. Insurance costs climbed by another 3.5% in the quarter, to be 18.1% up YoY.
- The annual Perth inflation rate excluding housing, insurance and financial services increased to 3.0%, while inflation excluding volatile items rose to 4.5%, slightly less than the headline.
- The Q2 bounce in the Perth CPI was temporary, similarly to the previous spikes caused by the expiration of household electricity credits. Inflation rates are set to decline in the second half of the year, helped by easing demand pressure, as Western Australian state final demand is forecast to moderate, as well as by the new round of State and Commonwealth electricity rebates.



Source: ABS



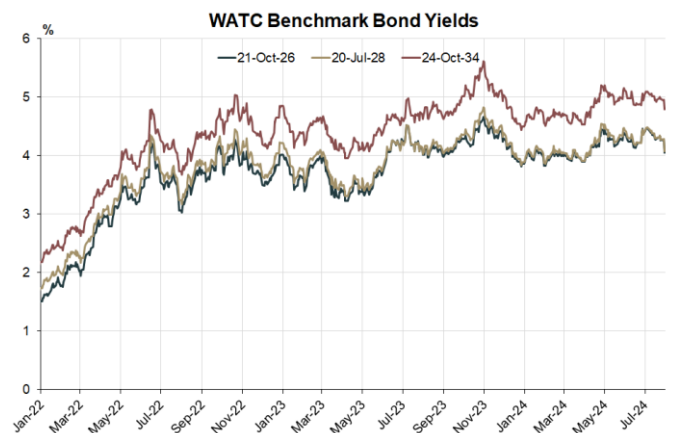
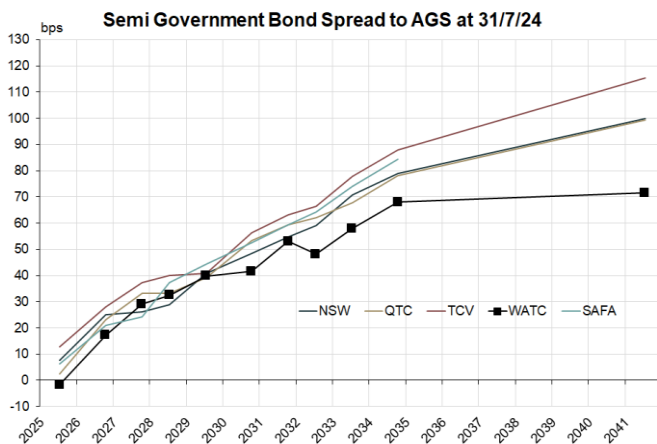
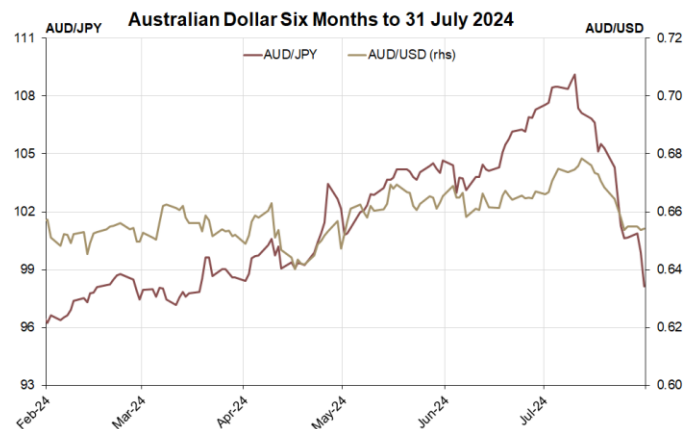
Australian Interest Rates (%)			FX and Equities	
RBA Cash Rate Target	4.35	(0 pt)	AUD/USD	0.6542 (↓1.9%)
90-Day Bank Bills	4.49	(↑4 pt)	AUD/JPY	98.12 (↓8.6%)
3-year Australian Government Bond	3.76	(↓32 pt)		
10-year Australian Government Bond	4.12	(↓20 pt)	ASX200	8092 (↑325 pt)

MARKET SUMMARY

- There was no RBA monetary policy meeting in July.
- Yields were in a downtrend through most of July, reflecting rising expectations for fed funds rate cuts and the associated decline in the benchmark US Treasury yields. However, a decline in cash rate expectations following a downside surprise to the Australian trimmed mean CPI, which is RBA's favoured underlying inflation gauge, triggered a further drop in Commonwealth and WATC yields at the end of the month.
- The Australian dollar depreciated against the US dollar and Japanese yen in July. The scale of depreciation was significantly larger for the AUD/JPY, which dropped by 8.6% over the month, mainly reflecting the strength of the Japanese currency ahead of the expected further unwinding of the Bank of Japan's ultra-expansionary monetary policy. Part of the Australian dollar's underperformance during the month was due to ongoing concerns over the Chinese economic outlook and the associated decline in commodity prices.
- The Australian equity market benefitted from the global equity rally in July and received a further boost following the Australian CPI at the end of the month, to finish 4.2% higher and at a fresh record high.

WATC Benchmark Bond Yields			
Maturity	Yield 31/7/2024	Spread to AGS 31/7/2024	
23 July 2025	4.20 (↓23 pt)	-2 pt (↓2 pt)	
21 October 2026	4.05 (↓31 pt)	+17 pt (↓1 pt)	
21 October 2027	4.03 (↓31 pt)	+29 pt (↑2 pt)	
20 July 2028	4.08 (↓28 pt)	+33 pt (↑3 pt)	
24 July 2029	4.18 (↓25 pt)	+40 pt (↑4 pt)	
22 October 2030	4.33 (↓22 pt)	+42 pt (↑2 pt)	
22 October 2031	4.47 (↓19 pt)	+53 pt (↑3 pt)	
21 July 2032	4.54 (↓18 pt)	+48 pt (↓2 pt)	
20 July 2033*	4.63 (↓17 pt)	+58 pt (↑4 pt)	
24 October 2034	4.79 (↓15 pt)	+68 pt (↑3 pt)	
23 July 2041	5.20 (↓11 pt)	+71 pt (↑4 pt)	

Spreads are to nearest Commonwealth Bond. * Green bond.



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