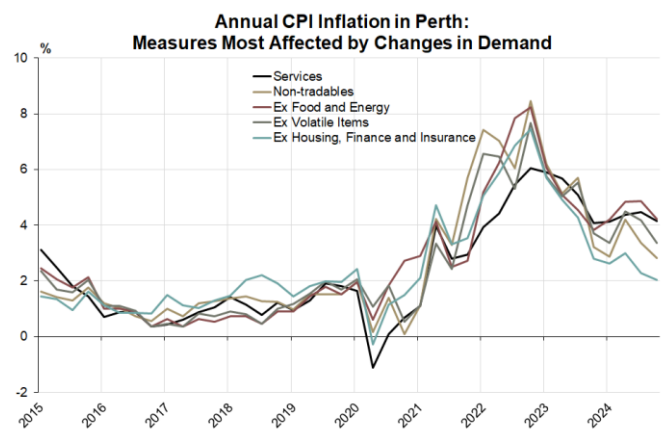
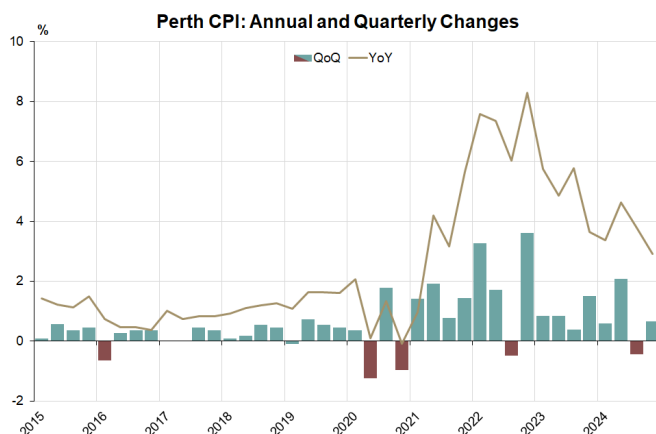


Western Australian Data Highlights

- Perth CPI increased by 0.7% in Q4, to be up 2.9% through the year.
- Western Australian employment rose by 9.7k in December, while the unemployment rate remained at 3.3%.
- Western Australian retail trade increased by 0.2% in December, taking the annual growth rate to 6.3%.
- According to CoreLogic, Perth home prices rose by 0.4% in January, to be up by 17.1% through the year.

Perth CPI – Q4 2024

- Perth CPI rose by 0.7% in Q4 2024, but the annual rate of consumer price inflation dropped 0.9ppts to 2.9%, which is the lowest level since Q1 2021.
- The single largest positive contributor to a rise in Perth CPI in Q4 was a 49.5% surge in electricity prices, given larger out-of-pocket expenses of households after they had largely used up the first instalment of the WA State Government's household electricity credit.
- Other major positive movers were domestic holiday travel and accommodation (+4.4%), tobacco (+6.1%), rents (+1.3%), and new dwelling purchase by owner occupiers (+0.6%). This was partly offset by lower prices of automotive fuel (-3.8%), childcare (-5.2%), household textiles (-5.7%) and fruit (-2.9%).
- Despite the quarterly increase, household electricity expenses remained 22.9% lower than a year ago. Automotive fuel prices saw a sharp fall of 9.4% YoY. However, the biggest contributor to easing Perth CPI inflation was a slowdown in the annual inflation rate of new dwelling purchase costs to 13.6% YoY from 19.1% in Q3. Annual inflation decelerated in most categories, except for an increase in annual food price inflation, which was the most notable exception, while the annual pace of rent inflation edged up by 0.1ppts to 10.1%.
- Goods price inflation eased by 1.2ppts to 2.0% YoY, while annual services price inflation slowed by 0.3ppts to a still elevated 4.1%. The annual rate of core inflation, excluding food and energy, declined by 0.6ppts to 4.2%.
- Progress on disinflation is clear if volatile or interest-rate sensitive items are excluded. Core inflation, excluding volatile items, reached an equal 3.5-year low of 3.4%, while inflation excluding the costs of housing, finance and insurance fell to 2.0%, the lowest in four years.



Australian Interest Rates (%)			FX and Equities		
RBA Cash Rate Target	4.35	(0 pt)	AUD/USD	0.6218	(↑0.5%)
90-Day Bank Bills	4.25	(↓17 pt)	AUD/JPY	96.40	(↓0.9%)
3-year Australian Government Bond	3.82	(0 pt)			
10-year Australian Government Bond	4.43	(↑7 pt)	ASX200	8532	(↑373 pt)

Market Summary

- Expectations for an RBA cash rate cut in February intensified, with the probability of a 25bps reduction rising from 70% on 31 December 2024 to 93% on 31 January 2025.
- Australian Government bond yields jumped to two-month highs in mid-January, after a better-than-expected US employment report pushed global yields higher. However, bond yields dropped back in the second half of the month, following news of a decline in US core inflation in December, and fell again after easing Australian inflation opened the way for an RBA interest rate cut in February. Australian long-term bond yields edged up on the last day of the month, with the 10-year yield closing January a little higher than where they started.
- The Australian equity market, similar to its global peers, started 2025 in a positive fashion, supported by optimism about the stimulatory effects of some Trump policies on the US economy and expected monetary easing at home. The ASX 200 rose by 4.6% in January and closed the month at a new record high.
- A depreciation of the US dollar in the second half of the month, coupled with global market optimism, translated into a 0.5% increase in the AUD/USD. However, the Australian dollar depreciated by 0.9% against the stronger Japanese yen, which was supported by the tightening of monetary policy in Japan.

WATC Benchmark Bond Yields				
Maturity	Yield 31/1/2025		Spread to AGS 31/1/2025	
	21 October 2026	3.91	(↓4 pt)	+7 pt
21 October 2027	3.96	(↓2 pt)	+16 pt	(↑3 pt)
20 July 2028	4.04	(↓4 pt)	+20 pt	(↓4 pt)
24 July 2029	4.19	(0 pt)	+29 pt	(↓2 pt)
22 October 2030	4.36	(↑1 pt)	+31 pt	(↓1 pt)
22 October 2031	4.56	(↑3 pt)	+38 pt	(↑1 pt)
21 July 2032	4.67	(↑4 pt)	+42 pt	(↑1 pt)
20 July 2033*	4.80	(↑6 pt)	+47 pt	(↑2 pt)
24 October 2034	5.02	(↑9 pt)	+63 pt	(↑4 pt)
23 July 2041	5.35	(↑12 pt)	+63 pt	(↑5 pt)

