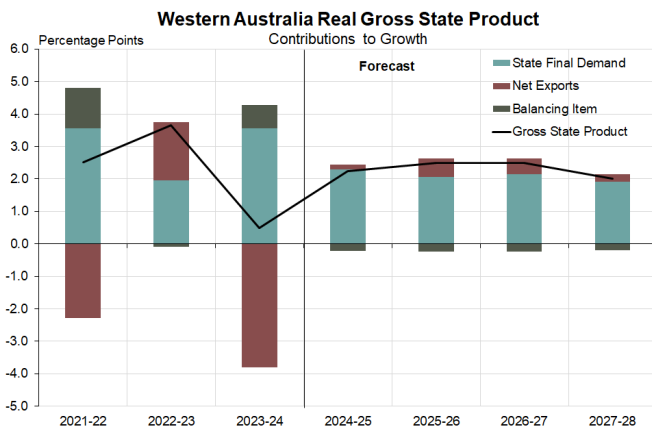


Western Australian Data Highlights

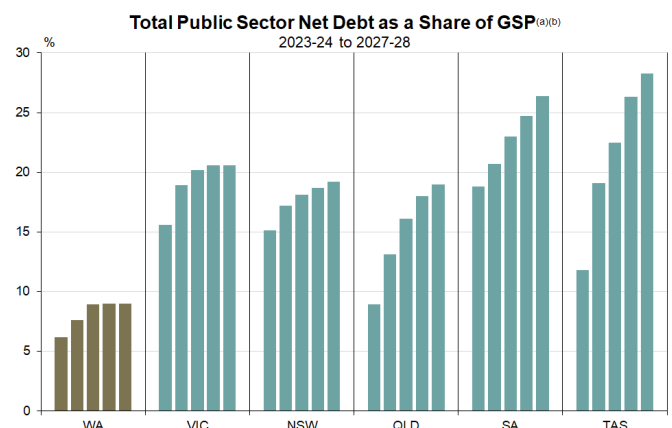
- Western Australian real state final demand rose a seasonally adjusted 0.7% in Q3 to be up 2.5% YoY.
- Employment increased a seasonally adjusted 15.3k in Western Australia in November and the unemployment rate fell to 3.3%.
- Western Australia accounted for 44% of Australia's total merchandise exports in October.
- Perth home prices rose 0.7% in December, to be up 19.1% YoY.

2024-25 Western Australian Government Mid-Year Financial Projections Statement

- The Western Australian economy continues to outperform the rest of the nation and perform more strongly than expected at the time of the 2024-25 Budget release. The State's domestic economy grew by 5.7% in 2023-24, more than double the growth in the national economy, while the State's unemployment rate remains at historically low levels.
- The State's domestic economy has grown by 23.8% since December 2019 to the September quarter 2024, significantly outpacing the nation, which grew by 14.8% over this period.
- Growth in the domestic economy has been underpinned by the private sector, with robust business investment and resilient household consumption. Dwelling investment is also accelerating, with the number of completions in 2023-24 the highest since 2018.
- The strong economic conditions have flowed through to the State's financial position with a general government operating surplus of \$3.1 billion now forecast for 2024-25 (up from \$2.6 billion at Budget), with surpluses in the range of \$2.5 billion to \$2.7 billion forecast across the outyears (broadly consistent with the 2024-25 Budget).
- Total public sector net debt is now projected to be \$32.4 billion at 30 June 2025, down \$289 million on the Budget forecast. At just 7.6% of Gross State Product, this is by far the lowest level of net debt in the nation. Western Australia remains the only State or Territory with a triple-A credit rating from both Moody's Ratings and S&P Global.



Source: Treasury WA.



- (a) Source: Data for Western Australia, New South Wales, Victoria and South Australia sourced from Mid-year Reviews. Data for Queensland and Tasmania sourced from 2024-25 Budgets.
- (b) Where available, net debt projections reflect the total public sector. However, New South Wales, Queensland and South Australia only publish total non-financial public sector estimates (i.e. forecasts for these jurisdictions exclude the impact of public financial corporations).

Australian Interest Rates (%)			FX and Equities		
RBA Cash Rate Target	4.35	(0 pt)	AUD/USD	0.6188	(↓5%)
90-Day Bank Bills	4.42	(↓1 pt)	AUD/JPY	97.29	(↓0.2%)
3-year Australian Government Bond	3.82	(↓9 pt)			
10-year Australian Government Bond	4.36	(↑2 pt)	ASX200	8159	(↓277 pt)

Market Summary

- As expected, the RBA Board left its cash rate target unchanged at 4.35% in December, although its media statement was decidedly less hawkish than previously.
- Australian bond yields fell along with global yields early in December, hitting two-month lows after the RBA Board conveyed a more dovish message following its December meeting. A rise in global yields helped push Aussie bond yields higher again over the second half of the month.
- The Australian dollar fell to an 11-week low against the Japanese yen early in December but soon recovered to be only slightly lower over the month. The Aussie fell against the US dollar for the third month in a row in December, closing at its lowest level since the pandemic selloff in early 2020. Trade in the AUD/USD was heavily influenced by central bank communication. The RBA Board kept the cash rate unchanged in December but took a surprisingly dovish turn in its post-meeting media statement and Board meeting minutes, acknowledging that some of the upside risks to inflation appear to have eased and downside risks to activity have strengthened. In the US, the Fed cut the fed funds rate as expected but FOMC participants revised their 2025 inflation and interest rate projections higher.

The ASX 200 hit a record high in early December before slipping as Chinese economic data signalled ongoing soft growth for Australia's biggest trading partner. The ASX 200 closed at a three-month low on 20 December, following the US market lower after the US interest rate setting body, the FOMC, revised up their interest rate projections for 2025. A recovery late in the month saw the market regain some of its earlier losses.

WATC Benchmark Bond Yields				
Maturity	Yield 31/12/2024		Spread to AGS 31/12/2024	
21 October 2026	3.95	(↓19 pt)	+6 pt	(↓8 pt)
21 October 2027	3.97	(↓15 pt)	+14 pt	(↓6 pt)
20 July 2028	4.07	(↓12 pt)	+24 pt	(↓3 pt)
24 July 2029	4.19	(↓10 pt)	+31 pt	(↓3 pt)
22 October 2030	4.35	(↓8 pt)	+32 pt	(↓5 pt)
22 October 2031	4.52	(↓6 pt)	+37 pt	(↓6 pt)
21 July 2032	4.63	(↓3 pt)	+41 pt	(↓4 pt)
20 July 2033*	4.73	(↓2 pt)	+45 pt	(↓2 pt)
24 October 2034	4.93	(0 pt)	+59 pt	(↓3 pt)
23 July 2041	5.23	(↓2 pt)	+59 pt	(↓1 pt)

*Green bond.

