

# Bonds up as traders wait on Fed meeting

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## **AAP**

The Australian bond market ended firmer on Tuesday as traders waited on the US Federal Reserve's December monetary policy announcement.

At 1630 AEDT on the ASX 24, the December 10-year bond futures contract was at 94.355 (implying a yield of 5.645 per cent), up from Monday's close of 94.305 (5.695 per cent).

The December three-year bond futures contract was at 94.775 (5.225 per cent), up from 94.735 (5.265 per cent).

FIIG Securities associated director Andrew Hicks said investors showed caution on Tuesday as they digested last week's local and offshore economic data.

"The data generally has been a little bit better in the US and the markets have reacted to that," Mr Hicks said.

"But the interesting thing is that the data here (in Australia) has been a bit more mixed and that's adding to the conundrum."

On Wednesday morning (AEDT), the US Federal Reserve will announce the outcome of its December monetary policy.

Mr Hicks said traders would be paying close attention to the language used by the Fed in the announcement.

"It's definitely something that the market always looks out for.

"There's no hint of any rate changes but the rhetoric they use will be key," he said.

Australian December 2010 three-year and 10-year bond futures contracts expire on Wednesday.