

Bonds end weaker

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The Australian bond market was weaker, snapping a two-day rally that was sparked by sovereign debt worries in Europe and the US.

At 1700 AEST on Wednesday, the June 10-year bond futures contract was trading at 94.465 (implying a yield of 5.535 per cent), down from 94.495 (5.505 per cent) on Tuesday.

The June three-year bond futures contract was at 94.870 (5.130 per cent), down from 94.920 (5.080 per cent) previously.

The Australian bond market rallied on Tuesday after Standard & Poor's Ratings Service lowered its long-term outlook for the United States' sovereign debt to "Negative" from "Stable" due to risks from the country's growing deficit.

There were also worries about Greece after its central bank head called for faster structural reforms to keep up with the country's debt obligations.

FIGG Securities associated director Andrew Hicks said on Wednesday that bond prices were over-extended after the past few days.

"It technically got a little bit over-extended as we approached the top of the recent trading ranges," he said.

"I'd probably describe it as more of a technical correction than anything else."

Mr Hicks said a focus for the market on Wednesday night (AEST) would be the release of sales of existing US homes for March.

"You've also got initial jobless claims and US (February) house prices, but things will be pretty quiet heading into the extended long weekend," he said.

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