

Aust bonds still weak after Fed minutes

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AAP

The Australian bond market was slightly softer amid expectations the US Federal Reserve will end its economic stimulus program.

At 1630 AEST on Thursday, the June 10-year bond futures contract was trading at 94.650 (implying a yield of 5.350 per cent), down slightly from 94.655 (5.345 per cent) on Wednesday.

The June three-year bond futures contract was at 94.960 (5.040 per cent), down from 94.990 (5.010 per cent).

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Early on Thursday morning AEST, the US Federal Reserve released the minutes of its April policy meeting that showed there was discussion about ending its \$US600 billion (\$A565.18 billion) economic stimulus program but gave no indication of a time table.

Members of the Federal Open Market Committee arm of the Fed said they anticipated that higher inflation levels "would be transitory".

RBC Capital Markets senior economist Su-Lin Ong said the Australian bond market had recovered a little but there was little to guide it during the local session.

"Not a lot has happened really, it's traded in a very tight range, she said.

Ms Ong said the main focus for bond markets on Thursday night would be European sovereign debt worries and when the US Federal Reserve would end its economic stimulus program.

"Economic data is important but it is taking a little bit of a back seat and there is no significant data until the latter part of next week when we get Capex (capital expenditure data)," she said.