

Local market reflects calm in Europe

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AAP

Australian bond futures prices were a slightly weaker on Friday as continuing good news from Europe calmed the local market.

FIIG Securities strategy and market development director Stephen Nash said the signs from Europe over the past two months were encouraging.

Overnight France and Spain were able to tap investors for money despite last week's credit rating downgrade.

Dr Nash said the bond auctions had been very successful and were reflective of the general calm in the debt zone.

European Central Bank president Mario Draghi was reported as saying the Eurozone's debt problems would likely improve in 2012, adding to the growing sense that Europe's debt crisis is easing.

"It seems to have been a very successful operation and it has calmed markets in the last two months," Dr Nash said adding that the change in atmosphere was putting a renewed focus on the US.

Fortunately, Wall Street opened 2012 on the front-foot as banks report strong earnings and the weekly jobless claims drop.

"Jobless claims numbers were very impressive however I think policy-makers are focusing on the housing market as the major stumbling block," Dr Nash said.

At 1630 AEDT on Friday, the March 10-year bond futures contract was trading at 96.115 (implying a yield of 3.885 per cent), down from 96.200 (implying a yield of 3.800 per cent) on Thursday.

The March three-year bond futures contract was at 96.770 (3.230 per cent), down from 96.840 (3.160 per cent).