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2 **Q. Reference: Page 60, Lines 2-5**
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4 **"The important point to note is that bonds issued by the Government of Canada are**
5 **many times more liquid than either bonds issued by the major provinces or corporate**
6 **bonds. Even here the Bank of Canada has taken serious efforts to create liquidity in the**
7 **major "benchmark" bonds by buying "off the run" relatively illiquid bonds and**
8 **issuing more liquid benchmark bonds."**
9

10 **Please explain what impact a lack of liquidity in the major benchmark bonds would**
11 **have on the price of those bonds.**
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14 **A. A lack of liquidity, all else constant, would increase their yields.**
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