

1 **Q. Evidence of Ms. McShane, capital market conditions, Page 23-36: Ms. McShane**
2 **discusses the problems that hit the capital markets in the Summer of 2011. How**
3 **much weight would she place on the wrangling in the US Congress to increase the**
4 **debt ceiling limit, which while ultimately successful seems to have been the major**
5 **factor in the downgrade of the US by S&P in August 2011.**
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7 A. It undoubtedly played a material role, as did the reassessment of the prospects for global
8 economic growth and heightened worries over debt sustainability in the euro area.
9 However, it should be noted that following the S&P downgrade in August 2011, yields
10 on U.S. Treasury bonds actually fell, indicating that U.S. Treasuries continued to be
11 viewed as a safe haven.