

1 **Q. Reference pages 22-25: financial and capital market conditions: Is Mr. Macdonald**  
2 **aware of the state of capital inflows into Canada as one of the few AAA rated**  
3 **countries left now that both France and the US have been downgraded by S&P?**  
4 **Would Mr. MacDonald agree that higher bond prices and lower yields can be a**  
5 **function of the decreased supply of AAA government debt as well as increased**  
6 **demand?**

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8 **A.** Mr. MacDonald confirms that he is aware. Mr. MacDonald agrees that higher bond  
9 prices and lower yields can be a function of the decreased supply of AAA government  
10 debt as well as increased demand.