

- 1 **Q.** **Reference: *Fair Return for Newfoundland Power (NP)*, Evidence of**
2 **Laurence D. Booth, September 28, 2021, page 33, line 12, to page 36, line 2.**
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4 **In Dr. Booth’s view, have there been any changes in “the money market”**
5 **since 2012, or have conditions remained exactly the same over that period?**
6 **Please explain.**
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9 **A.** Capital (money) markets are always changing, they always have and they
10 always will but certain things are a constant. For example, the volatility of the
11 equity market has been remarkably constant, so while the causes change the
12 reaction by investors is consistent as one generation replaces another and reacts
13 in a similar way.

14 The main changes have been in the bond and not the equity market due to
15 changes in monetary policy and the massive intervention by central banks
16 where they now own 25% of the global bond market or about US\$25 trillion.
17 Obviously, that amount of buying ripples through and affects most components
18 of the capital market. However, it is not expected that all market rates would
19 move in tandem with the long Canada yield and they have not.