

International transactions for the United States are reported by the Bureau of Economic Analysis. Transactions for the calendar year 2004 are shown in the table above, though I have deleted much of the detail and the summary information.

**Table 1. U.S. International Transactions** [Millions of dollars]

(Credits +; debits -)	2004
<b>Exports of goods and services and income payments</b>	
Goods, balance of payments basis	807,536
Services	343,912
Income receipts	
Income receipts on U.S.-owned assets abroad	376,489
Compensation of employees	3,038
<b>Imports of goods and services and income payments</b>	
Goods, balance of payments basis	-1,472,926
Services	-296,105
Income payments	
Income payments on foreign-owned assets in the United States	-340,255
Compensation of employees	-8,833
<b>Unilateral current transfers, net</b>	<b>-80,930</b>
<b>Capital account transactions, net</b>	<b>-1,648</b>
<b>U.S.-owned assets abroad, net (increase/financial outflow (-))</b>	
U.S. official reserve assets, net	2,805
U.S. Government assets, other than official reserve assets, net	1,215
U.S. private assets, net	-859,529
<b>Foreign-owned assets in the United States, net (increase/financial inflow (+))</b>	
Foreign official reserve assets in the United States, net	394,710
Other foreign assets in the United States, net	1,045,395

1. Calculate the following amounts:
  - (a) the balance on goods (i.e., the merchandise trade balance)
  - (b) the balance on current account
  - (c) the balance on the financial account
  - (d) the statistical discrepancy
  - (e) the “balance of payments” under the old system of accounts
  
2. Give a clear example for each of the following types of transactions:
  - (a) a credit in income receipts on U.S.-owned assets abroad
  - (b) a credit in compensation of employees
  - (c) a debit in unilateral current transfers
  - (d) a debit in U.S. private assets
  - (e) a credit in other foreign assets in the U.S.
  
3. Looking at the official reserve transactions:
  - (a) Did the U.S. Federal Reserve Bank buy or sell foreign currency assets?
  - (b) Did foreign central banks buy or sell dollar assets?
  - (c) What would have happened to E (i.e., the inverse of the value of the dollar) had these official reserve transactions not taken place?
  - (d) What does this tell you about the purpose of these official reserve transactions?
  - (e) What should this intervention have done to the money supply in foreign countries?

FYI, these numbers come from <http://www.bea.gov>, international transactions:  
 Table 1. U.S. International Transactions for 2004 [Millions of dollars] (Credits +; debits -)

Current account

1	Exports of goods and services and income receipts	1,530,975
2	Exports of goods and services	1,151,448
3	Goods, balance of payments basis <sup>2</sup>	807,536
4	Services <sup>3</sup> 343,912	
5	Transfers under U.S. military agency sales contracts <sup>4</sup>	14,814
6	Travel	74,481
7	Passenger fares	18,858
8	Other transportation	36,862
9	Royalties and license fees <sup>5</sup>	52,643
10	Other private services <sup>5</sup>	145,433
11	U.S. Government miscellaneous services	821
12	Income receipts	379,527
13	Income receipts on U.S.-owned assets abroad	376,489
14	Direct investment receipts	233,067
15	Other private receipts	140,424
16	U.S. Government receipts	2,998
17	Compensation of employees	3,038
18	Imports of goods and services and income payments	-2,118,119
19	Imports of goods and services	-1,769,031
20	Goods, balance of payments basis <sup>2</sup>	-1,472,926
21	Services <sup>3</sup>	-296,105
22	Direct defense expenditures	-29,299
23	Travel	-65,635
24	Passenger fares	-23,701
25	Other transportation	-54,169
26	Royalties and license fees <sup>5</sup>	-23,901
27	Other private services <sup>5</sup>	-95,666
28	U.S. Government miscellaneous services	-3,734
29	Income payments	-349,088
30	Income payments on foreign-owned assets in the United States	-340,255
31	Direct investment payments	-105,146
32	Other private payments	-145,370
33	U.S. Government payments	-89,739
34	Compensation of employees	-8,833
35	Unilateral current transfers, net	-80,930
36	U.S. Government grants <sup>4</sup>	-23,317
37	U.S. Government pensions and other transfers	-6,264
38	Private remittances and other transfers <sup>6</sup>	-51,349

Capital and financial account

Capital account		
39	Capital account transactions, net	-1,648
Financial account		
40	U.S.-owned assets abroad, net (increase/financial outflow (-))	-855,509
41	U.S. official reserve assets, net	2,805
42	Gold <sup>7</sup> .....	
43	Special drawing rights	-398
44	Reserve position in the International Monetary Fund	3,826
45	Foreign currencies	-623
46	U.S. Government assets, other than official reserve assets, net	1,215
47	U.S. credits and other long-term assets	-3,044
48	Repayments on U.S. credits and other long-term assets <sup>8</sup>	4,221
49	U.S. foreign currency holdings and U.S. short-term assets, net	38
50	U.S. private assets, net	-859,529
51	Direct investment	-252,012
52	Foreign securities	-102,383
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-149,001
54	U.S. claims reported by U.S. banks, not included elsewhere	-356,133
55	Foreign-owned assets in the United States, net (increase/financial inflow (+))	1,440,105
56	Foreign official assets in the United States, net	394,710
57	U.S. Government securities	311,133
58	U.S. Treasury securities <sup>9</sup>	272,648
59	Other <sup>10</sup>	38,485
60	Other U.S. Government liabilities <sup>11</sup>	488
61	U.S. liabilities reported by U.S. banks, not included elsewhere	70,329
62	Other foreign official assets <sup>12</sup>	12,760
63	Other foreign assets in the United States, net	1,045,395
64	Direct investment	106,832
65	U.S. Treasury securities	106,958
66	U.S. securities other than U.S. Treasury securities	369,793
67	U.S. currency	14,827
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	124,358
69	U.S. liabilities reported by U.S. banks, not included elsewhere	322,627
70	Statistical discrepancy (sum of above items with sign reversed)	85,126
70a	Of which: Seasonal adjustment discrepancy	.....

Memoranda:

71	Balance on goods (lines 3 and 20)	-665,390
72	Balance on services (lines 4 and 21)	47,807
73	Balance on goods and services (lines 2 and 19)	-617,583
74	Balance on income (lines 12 and 29)	30,439
75	Unilateral current transfers, net (line 35)	-80,930
76	Balance on current account (lines 1, 18, and 35 or lines 73, 74, and 75) <sup>13</sup>	-668,074