

International transactions for the United States are reported by the Bureau of Economic Analysis. Credit (+) and debit (-) transactions for the third quarter of 2006, in billions of dollars, are shown in the table below, though I have deleted much of the detail and the summary information.

Exports of goods and services and income receipts	
Goods, balance of payments basis/2/	254.3
Services/3/	106.8
Income receipts	160.1
Imports of goods and services and income payments	
Goods, balance of payments basis/2/	-484.9
Services/3/	-89.6
Income payments	-165.1
Unilateral current transfers, net	-21.5
Capital account transactions, net	-0.6
Change in U.S.-owned assets abroad, net	
U.S. official reserve assets, net	1.0
U.S. Government assets, other than official reserve assets, net	0.3
U.S. private assets, net	-229.2
Change in foreign-owned assets in the United States, net	
Foreign official reserve assets in the United States, net	80.8
Other foreign assets in the United States, net	323.6

- Calculate the following amounts:
 - the balance on goods (i.e., the merchandise trade balance)
 - the balance on current account
 - the balance on the financial account
 - the statistical discrepancy
 - the “balance of payments” under the old system of accounts
- In which of the above accounts would the following transactions be recorded, and would they be credits or debits?
 - an American firm purchases a shipment of clothing from China
 - a Japanese tourist buys an airline ticket on United Airlines
 - a German investor buys \$1,000,000 worth of U.S. government bonds
 - a German investor cashes in his \$1,000,000 worth of U.S. government bonds, plus \$50,000 in interest
 - the People’s Bank of China purchases \$10 billion in U.S. government bonds
- Looking at the official reserve transactions:
 - Did the U.S. Federal Reserve Bank buy or sell foreign currency assets?
 - Did foreign central banks buy or sell dollar assets?
 - How did these official reserve transactions affect the direct foreign exchange rate E (i.e., the inverse of the value of the dollar)?
 - What was the purpose of these official reserve transactions?
 - How did this intervention affect the money supply in foreign countries?