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

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. In which of the above accounts would the following transactions be recorded, and would they be credits or debits?
   (a) an American firm purchases a shipment of clothing from China
   (b) a Japanese tourist buys an airline ticket on United Airlines
   (c) a German investor buys $1,000,000 worth of U.S. government bonds
   (d) a German investor cashes in his $1,000,000 worth of U.S. government bonds, plus $50,000 in interest
   (e) the People’s Bank of China purchases $10 billion in U.S. government bonds

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) How did these official reserve transactions affect the direct foreign exchange rate E (i.e., the inverse of the value of the dollar)?
   (d) What was the purpose of these official reserve transactions?
   (e) How did this intervention affect the money supply in foreign countries?