25 points

Econ 463 Quiz 1 Key

(1) (a) -230.6  
   (b) -239.9  
   (c) +240.5  
   (d) +64.0  
   (e) -81.8

(2) (a) debit - imports of goods 
   (b) credit - export of service 
   (c) credit - financial account (other foreign assets in U.S.) 
   (d) debit - financial account (same) for principal plus a debit in income payments for interest 
   (e) credit - foreign official reserve assets in U.S.

(3) (a) Fed sold forex reserves - a small amount ($1 billion) 
   (b) FCB's bought dollar reserve assets 
   (c) These decreased E (increased value of dollar) 
   (d) FCB's probably wanted to prevent dollar from depreciating esp. People's Bank of China 
   (e) This should have increased foreign money supply.