

25 points

Econ 463 Quiz 1 Key

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

points  
each

- (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.

2 points  
each

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

point  
each