

Introductory Macroeconomics

In-Tutorial #11
Week Starting 24th May 2021

Questions.

1. Consider the following balance of payments data for Australia.

Item	Balance
Exports of goods and services	30000
Imports of goods and services	29000
Net income	-3500
Net current transfers	-1200
Net capital transfers	300
Net acquisition of non-financial assets	0
Foreign investment in Australia	43000
Foreign investment abroad	39600

Based on the information in the table, compute the balance of the capital account and the balance of the current account.

2. According to the required reading “Unpacking the Trade Deficit”, the trade deficit in the US is not so severe as we think. Why does the author think so? Did Mr. Trump’s increased tariff on imports of Chinese goods help to reduce the trade deficits in the US?

