

**Problem 1.** Consider the following pretend accounting totals about the United States:

GNE	EX	IM	NFIA	NUT	KA	<i>I</i>
22,150	2,500	3,125	300	−250	0	600

- (a) Was GDP higher or lower than GNE? Interpret.
- (b) Was GNI higher or lower than GDP? Interpret.
- (c) Was the US a net giver or receiver of unilateral transfers?
- (d) Find the current account, CA.
- (e) Find the financial account, FA.
- (f) Find national saving.

**Problem 2.** Determine how the following scenarios affect the US balance of payments.

- (a) An Apple salesman in Japan sells an iPad to a local resident for yen worth \$500.
- (b) The central bank of China purchases \$1 million dollars of export earnings from a firm that has sold \$1 million of toys to the United States, and the Chinese central bank holds these dollars as reserves.
- (c) The US trades \$200 worth of almond butter to Australia for \$200 worth of Vegemite.
- (d) The US central bank sells \$500 million worth of US Treasury bonds to a British financial firm in exchange for pound sterling foreign reserves.
- (e) George, a US citizen, makes a \$5000 donation to a charity that will send medical relief to a country suffering a natural disaster.