Problem 1. Suppose the United States in 2019 has the following annual data in billions of USD:

GNE	EX	IM	$NFIA$	NUT
22,150	2,500	3,125	300	-250

Answer some things.

(a) Compute GDP, GNI, and GNDI.

(b) Was GDP higher or lower than GNE? Interpret.

(c) Was GNI higher or lower than GDP? Interpret.

(d) Was the US a net giver or receiver of unilateral transfers?

(e) Find the current account, CA.

Problem 2. Here, have some balance of payments problems.

(a) How should the sale by the U.S. central bank of $500 million of its holdings of U.S. Treasury bonds to a British financial firm be entered into the U.S. balance of payments, regardless of how the central bank pays for the bonds?

(b) How should a California computer manufacturer's purchase of a $50 hard disk from a Malaysian company affect the U.S. BOP, regardless of how the manufacturer pays for the hard disk? Give two possible ways that manufacturer could pay for the hard disk.

(c) What is the effect on the U.S. balance of payments of the central bank of China purchasing $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.

Problem 3. Consider the following things about the country of Nilfgaard, currency *floren*:

- Domestic investment I is 400 floren; domestic investment earned 15 floren in capital gains.
- Nilfgaard purchased 160 floren worth of foreign assets and sold 120 floren worth of domestic assets to foreigners.
- Valuation effects total 5 floren in capital gains.
- The capital account is zero.

Answer some more things.

(a) What is the change in external wealth?

(b) What is the current account?

(c) What is the total change in wealth?

(d) What is the amount of domestic savings?

(e) Suppose all foreign assets and liabilities are denominated in foreign currency. Would an appreciation in the floren increase or decrease the value of their foreign assets and liabilities?