

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

1) (15 points each) For each of the following events, fill in the entries for the double entry bookkeeping. Briefly explain how you got each entry. Determine what happens to the net exports, current account, and the capital financial account. Briefly state how you reached each conclusion. Use separate paragraphs for A, B, etc..

- A) I once bought a compact disk directly from a Japanese person for \$30.
- B) You sell \$1000 of BP (British Petroleum) to a Brit.
- C) I pay \$120 to a German company to host my webpage.
- D) An American company sells water bottles worth \$5000 to a Canadian company.
- E) A Chinese person buys shares of Amazon.com worth \$8000.
- F) You buy \$500 worth of German bonds.

2) (10 points) Give an example of an *increase in US owned assets abroad*. Is that a positive or negative entry for our KFA? Explain your logic.