# Balance of Payments Transactions

## For each of the following transactions, identify it as a capital inflow or capital outflow in the United States Balance of Payments capital or financial account.

**United States Balance of Payments**

|  |  |  |
| --- | --- | --- |
| **Transaction** | **Inflow/ Outflow** | **Current/ Financial** |
| An American college student decides to spend a year studying (and paying tuition) at a university in Australia |  |  |
| A German telecommunications firm purchases microprocessors from an American firm |  |  |
| An American bank purchases shares of stock in Japanese firms traded on the Tokyo stock exchange |  |  |
| An American worker sends money to her family in Central Africa every month |  |  |
| Walmart, an American company, earns profit from its stores in Europe |  |  |
| The U.S. exports cars to be sold in Canada |  |  |
| A Brazilian company buys an apartment building in Boston |  |  |
| The central bank of China purchases a U.S. Treasury Bond |  |  |
| The U.S. imports oil from Venezuela |  |  |
| Pepsi buys a factory in Mexico |  |  |
| A businessman is paid dividends on stock from a foreign corporation that he owns |  |  |
| Honda, a Japanese company, produces and sells cars in the Midwest and other regions of the United States |  |  |

# Balance of Payments Transactions Answer Key

## For each of the following transactions, identify it as a capital inflow or capital outflow in the United States Balance of Payments capital or financial account.

**United States Balance of Payments**

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| --- | --- | --- |
| **Transaction** | **Inflow/ Outflow** | **Current/ Financial** |
| An American college student decides to spend a year studying (and paying tuition) at a university in Australia | *Outflow* | *Current* |
| A German telecommunications firm purchases microprocessors from an American firm | *Inflow* | *Current* |
| An American bank purchases shares of stock in Japanese firms traded on the Tokyo stock exchange | *Outflow* | *Financial* |
| An American worker sends money to her family in Central Africa every month | *Outflow* | *Current* |
| Walmart, an American company, earns profit from stores in Europe | *Inflow* | *Current* |
| The U.S. exports cars to be sold in Canada | *Inflow* | *Current* |
| A Brazilian company buys an apartment building in Boston | *Inflow* | *Financial* |
| The central bank of China purchases a U.S. Treasury Bond | *Inflow* | *Financial* |
| The U.S. imports oil from Venezuela | *Outflow* | *Current* |
| Pepsi buys a factory in Mexico | *Outflow* | *Financial* |
| A businessman is paid dividends on stock from a foreign corporation that he owns | *Inflow* | *Current* |
| Honda, a Japanese company, produces and sells cars in the Midwest and other regions of the United States | *Outflow* | *Current* |