1.5 Currency Exchange Rates

Vocabulary: Use the textbook and write the definitions below.

Currency: _____

_____

Exchange rate: _____

_____

Selling rate: _____

_____

Buying rate: _____

_____

Connect:

Different countries use different __monetary__ units and/or different __currencies__.

It is important when travelling to consider __exchange rates__, or the value of one

monetary unit compared to another.

Examples:

1. Tosh purchased $500.00 CAD worth of parts from Hungary for use in his garage. If the exchange rate is one Canadian dollar to 180.0779 Hungarian forints (Ft), how many forints will you receive for $500.00 CAD?
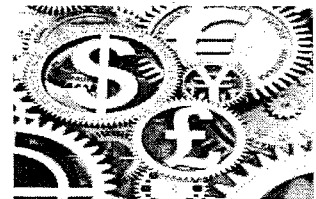
$$(500)(1) \quad \frac{x \; Ft}{\$500.00\,CAD} = \frac{180.0779\;Ft}{x\,CAD} \quad (x)(500)$$

Decide at start of question, which unit goes on top and which goes on the bottom.

$$x = 90038.95 \; Ft$$

2. One Thai baht is worth 0.023541 if a Canadian dollar. How many bahts would a tourist in Thailand receive for $200.00 CAD?

$$(0.023541)(200) \quad \frac{1 \; baht}{0.023541} = \frac{x \; baht}{200 \; CAD} \quad (200)(0.023541)$$

$$\frac{200}{0.023541} = \frac{0.023541 \, x}{0.023541}$$

$$8495.8158 \; baht = x$$

3. Nate works for an automotive parts distributor and visits Switzerland to source new products. On a given day, the bank selling rate of the Swiss franc compared to the Canadian dollar is 1.0501 and the buying rate is 1.0213.

   a. How many Swiss francs would Nate receive for $400.00 CAD?

the bank is "selling" money

$$(1)(x)\ \frac{400\ CAD}{x\ \ sf} = \frac{1.0501\ CAD}{1\ \ sf}\ (x)(1)$$

$$\frac{400}{1.0501} = \frac{1.0501\,x}{1.0501} \qquad x = 380.92\ sf$$

   b. If Nate sold them back to the bank, how much would he receive?
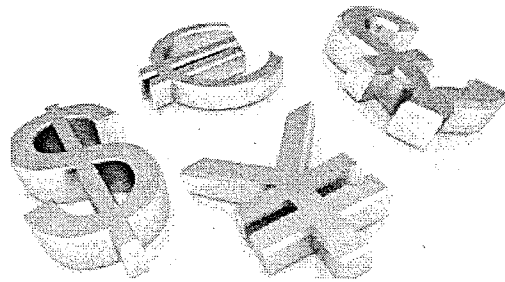
the bank is "buying" money

$$(1.0213)(x)\ \frac{380.92\ sf}{x\ CAD} = \frac{1}{1.0213}\ sf\ (x)(1.0213)$$

$$389.03 = x$$

   c. What would his net loss be?

$$400 - 389.03 = \$10.97$$

Nate would lose $10.97

Assignment: 'Practice' below and Textbook p47 #1-5

Practice:

1. Using the following exchange rates, calculate how much foreign currency you would receive for $200.00 CAD.

   a. $1.00 CAD is worth 1.72904 Brazilian reals.

$$\frac{200\ CAD}{x} = \frac{1\ CAD}{1.72904\ Br}$$

   b. $1.00 CAD is worth 8.71137 Moroccan dirhams.

$$\frac{200\ CAD}{x} = \frac{1\ CAD}{8.71137\ Br}$$

   c. $1.00 CAD is worth 7.72277 Ukrainian hryvnia.

$$\frac{200\ CAD}{x} =$$

   d. $1.00 CAD is worth 3.19889 Polish zloty.