

Currency



The system of money a country uses.



Australia





Germany





Japan



Scotland





Singapore





Switzerland



Egypt





Buying Rate

The rate at which a currency exchange buys money from customers



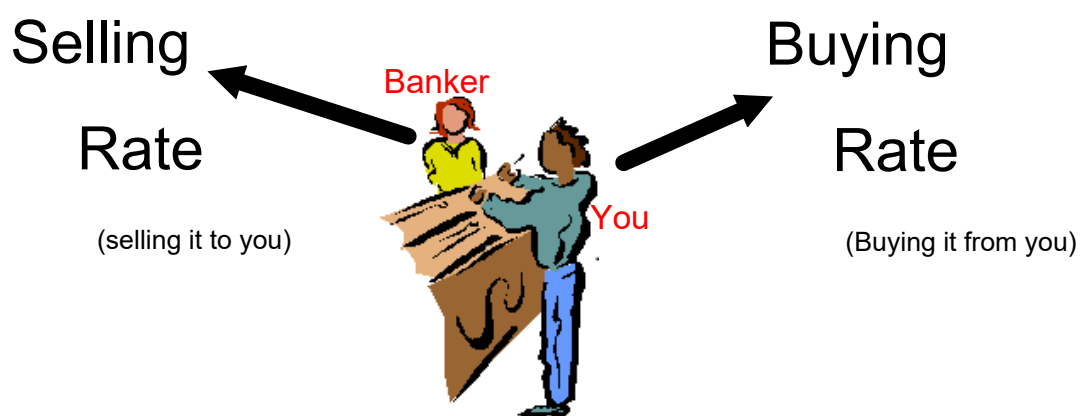
It's all about the foreign currency!!



Selling Rate

The rate at which a currency exchange sells money to its customers





Who has the foreign currency????

Exchange Rate

The price of one country's currency in terms of another nation's currency.



<http://www.xe.com/currency/cad-canadian-dollar>



On a specific date, the selling rate for the Danish krone compared to the Canadian dollar is 0.221778. (1 Krone = \$0.221778) How many kroner will you receive for \$500.00 CAD?



1. Let $x = ?$ *Kroner*
2. Set up ratio (words)
3. Set up proportion
4. Solve

$$\frac{1 \text{ Kroner}}{0.221778 \text{ Cdn}} = \frac{x \text{ Kroner}}{500 \text{ Cdn}}$$

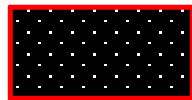
$$x = \frac{500 \times 1}{0.221778} \Rightarrow x = 2254.51$$

On a specific date, the selling rate for the Danish krone compared to the Canadian dollar is 0.221778. (1 Krone = \$0.221778) How many kroner will you receive for \$500.00 CAD?

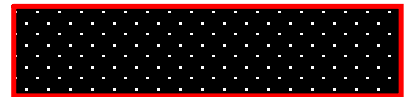


Let x = the number of kroner you will receive for \$500

1. Let x = ?
2. Set up ratio (words)
3. Set up proportion
4. Solve



$$\frac{1.00}{0.221778} = \frac{x}{500.00}$$



$$0.221778x = 500.00$$



$$x = 2254.50675901$$



$$x = 2254.51$$



You will receive 2254.51 kroner for 500 Canadian dollars.



On a specific date, the selling rate for the Danish krone compared to the Canadian dollar is 0.221778. (1 Krone = \$0.221778) How many kroner will you receive for \$500.00 CAD?



Factor label method

$$\begin{array}{l} 500 \text{ Cdn} \times \frac{1 \text{ Kroner}}{0.221778 \text{ Cdn}} \\ = 2254.51 \text{ Kroner} \end{array}$$

On the same day as the previous example, the buying rate for krone was 0.210778. If, after purchasing your krone, you decided not to go to Denmark and sold the krone back to the bank, how much would you lose? 2254.51 kroner

Method 2:

$$2254.51 \cancel{\text{Kroner}} \times \frac{0.210778 \text{ Dkr}}{1 \cancel{\text{Kroner}}} = 475.20$$

$$500 - 475.20 = \textcircled{24.80} \text{ \$ you lost}$$

Method 1

$$\frac{1 \text{ K}}{0.210778 \text{ C}} = \frac{2254.51}{X}$$

$$X = 475.20$$

$$500 - 475.20 = 24.80$$

FIGURE 1.2 DISCUSS... Rates in Can. Dollars

Exchange Rates Compared to the Canadian Dollar

[Bank BUYS your foreign money]

[Bank SELLS you foreign money]

Bank buying rate	Country	Currency units	Bank selling rate
0.950964	Australia	dollar	1.006964
1.580814	Austria	euro	1.644814
1.580814	Belgium	euro	1.644814
0.534900	Brazil	real	0.697000
0.127100	China	yuan	0.162600
0.210778	Denmark	kroner	0.221778
1.996146	England	pound	2.060146
0.159300	Egypt	pound	0.217300
1.580814	European Community	euro	1.644814
1.580814	Finland	euro	1.644814
1.580814	France	euro	1.644814
1.580814	Germany	euro	1.644814
1.580814	Greece	euro	1.644814
0.128451	Hong Kong	dollar	0.133451
1.580814	Italy	euro	1.644814
0.009295	Japan	yen	0.009855
0.012510	Kenya	shilling	0.017300
0.083443	Mexico	peso	0.108443
1.580814	Netherlands	euro	1.644814
0.748264	New Zealand	dollar	0.798264
1.996146	N. Ireland	pound	2.060146
0.194863	Norway	kroner	0.205863
0.012360	Pakistan	rupee	0.019360
1.580814	Portugal	euro	1.644814
1.580814	Republic of Ireland	euro	1.644814
1.996146	Scotland	pound	2.060146
0.737280	Singapore	dollar	0.762280
1.580814	Spain	euro	1.644814
0.165558	Sweden	krona	0.175558
0.982007	Switzerland	franc	1.017007
0.026550	Thailand	baht	0.035120
1.004350	United States	dollar	1.038650



* Rates as of October 24, 2008



Use the table on page 45
to answer the following questions.

This activity requires a later version of
SMART Notebook software.

Calculate the amount of money you would receive in Canadian dollars if you took 4500 shillings to the bank.



Arnold is making a movie in Thailand, his travel allowance is \$3000. How much money will he have in the local currency for his expenses in Thailand.





Use the table on page 45 to answer the following questions.

Calculate the amount of money you would receive in Canadian dollars if you sold 4500 shillings to the bank.

Method 1

(5m)

$$\frac{1 \text{ Shilling}}{0.012510 \text{ Cdn}} \times \frac{4500 \text{ Shilling}}{x}$$

$$x = 4500 \times 0.012510$$

$$x = \$6.30$$



Method 2

$$4500 \text{ Shillings} \times \frac{\$0.012510}{1 \text{ Shilling}}$$

$$= \$6.30$$



Use the table on page 45 to answer the following questions.

Arnold is making a movie in Thailand, his travel allowance is \$3000. How much money will he have in the local currency for his expenses in Thailand.

Method 1

$$\frac{1 \text{ baht}}{0.035120 \text{ Cdn}} = \frac{x}{3000 \text{ Cdn}}$$

$$x = \frac{3000 \times 1}{0.035120}$$

$$x = 85421.41 \text{ bahts}$$

Method 2

$$3000 \times \frac{1 \text{ bahts}}{0.035120 \text{ (Cdn)}}$$

$$= 85421.41 \text{ bahts}$$

On the same day as the previous example, the buying rate for kroner was 0.210778. If, after purchasing your kroner, you decided not to go to Denmark and sold the kroner back to the bank, how much would you lose?

HOMEWORK: Page 47 #1 - 5

1.5 Build Your Skills Detailed Solutions.pdf



FIGURE 1.2**Exchange Rates Compared to the Canadian Dollar**

<i>Bank buying rate</i>	<i>Country</i>	<i>Currency units</i>	<i>Bank selling rate</i>
0.950964	Australia	dollar	1.006964
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0.165558	Sweden	krona	0.175558
0.982007	Switzerland	franc	1.017007
0.026550	Thailand	baht	0.035120
1.004350	United States	dollar	1.038650

* Rates as of October 24, 2008

BUILD YOUR SKILLS

Use the table on p. 45 to answer the following questions.

1. What would the cost be, in Canadian dollars, to buy the following currencies from a bank?
 - a) euro 1 euro = \$1.644814
 - b) Hong Kong dollar 1 dollar = \$0.133451
 - c) Pakistan rupee 1 rupee = \$0.01936

2. If you had the following foreign currencies, what rate would you use when a bank is buying the currency from you?
 - a) Japanese yen 1 yen = \$0.09295
 - b) Australian dollar 1 dollar = \$0.950964
 - c) United States dollar 1 dollar = \$1.0043

3. Calculate the amount of money you would receive in Canadian dollars if you sold the following currencies to a bank.
 - a) 4500.00 pesos \$375.49
 - b) 25 000.00 Hong Kong dollars \$3211.28
 - c) 2200.00 euros \$3477.79
 - d) 8545.00 Scottish pounds \$17 057.07

4. Megan is attending a three-day trade fair in Germany. Her travel allowance is \$1200.00 CAD. How much money will she have in the local currency for her expenses in Germany? 729.57 eur

5. Opal is planning a trip to Europe. She wishes to buy \$650.00 Canadian dollars' worth of each of the following currencies. How much of each currency will she have?
 - a) euro 395.18 eur
 - b) Swiss francs 639.13 francs
 - c) Swedish kronor 3702.48
 - d) If Opal cancels her trip to Sweden and changes the kronor back into Canadian dollars, how much will she receive? Why does she receive a lower amount back in Canadian dollars than she initially paid? \$612.98



Switzerland still uses francs rather than euros.

$$\$650 \times \frac{1 \text{ eur}}{\$1.644814}$$

12)

$$\begin{array}{l} \text{mark up} \quad 30\% = 100\% + 30\% \\ \quad \quad \quad \times 1.30 \end{array}$$

$$\begin{array}{l} \text{mark up} \quad 125\% = 100\% + 125\% \\ \quad \quad \quad \times 2.25 \end{array}$$

6. Chris is planning a golfing trip. He plans to golf at five highly rated international golf courses. He estimates how much money he will need in each of the different currencies. For each of the countries that he will visit, calculate how much he will need in Canadian dollars (CAD). What is the total amount of Canadian money he needs?

GOLF VACATION			
Country	Golf course	Estimated funds needed	Estimated funds needed in \$CAD
United States	Pebble Beach	US\$5000.00	
Scotland	St. Andrew's	£8500.00	
China	Spring City Golf & Lake Resort	¥26 600.00	
Singapore	SAFRA Resort & Country Club	S\$15 000.00	
Austria	Leopoldsdorf	€4000.00	

Extend your thinking

- T** 7. Your company produces a line of herbal vinegars. In Canada, you sell each bottle of vinegar for \$8.95 before taxes. Your company is planning to expand and sell its products in the United States and Australia.



1 a variety of
g apple cider,
eberry.

- What would the equivalent price be for the bottle of vinegar in US and Australian dollars? Use www.rbcroyalbank.com or a similar site to calculate your conversion.
- The costs of shipping and exporting are \$1.00/bottle to the United States and \$2.00/bottle to Australia. How much will the retail price be in the US and Australia if you incorporate shipping costs and set the price so that the income per bottle is equal to the Canadian income of \$8.95 per bottle before taxes?

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