

Understanding Exchange Rates

Name: _____ Date: _____

Part 1: Calculating Exchange Rates

Directions: Go to <https://www.xe.com/currencytables/> to calculate exchange rates and complete the following chart. You will need to find the current exchange rates for the Euro, Canadian Dollar, Egyptian Pound, Russian Ruble, South African Rand, and Swiss Franc. For example, suppose the table indicates that the price of a U.S. Dollar, in terms of the Euro is .70; therefore, \$1 = \$.70 Euros, and 1 Euro = \$1.43. You can then use that information to answer other questions in the exercise.

1 Euro =	\$ _____	-	\$1 = _____	Euros
1 Canadian Dollar =	\$ _____	-	\$1 = _____	Canadian Dollars
1 Egyptian Pound =	\$ _____	-	\$1 = _____	Egyptian Pounds
1 Russian Ruble =	\$ _____	-	\$1 = _____	Russian Rubles
1 South African Rand =	\$ _____	-	\$1 = _____	South African Rands
1 Swiss Franc =	\$ _____	-	\$1 = _____	Swiss Francs

- How much does it cost in US Dollars to buy one South African Rand?

- How much does it cost in Russian Rubles to buy one US Dollar?

- Suppose you want to buy a sculpture, and the price is 2000 Egyptian Pounds. How much would the sculpture cost in US Dollars?

- Suppose you want to buy a watch, and the price is 50 Swiss Francs. How much would the watch cost in US Dollars?

Part 2: Analyzing Exchange Rates Trends

Directions: The top ten trading partners for the United States include Canada, China, France, Germany, India, Italy, Japan, Mexico, South Korea and United Kingdom (in alphabetical order, not order of trade). Go to <http://fxtop.com/en/historical-exchange-rates.php> and locate the average historical exchange rate data for the country you selected in comparison to the U.S. for the past ten years. Graph the changes in exchange rates over this period of time. Briefly explain the possible outcomes of the changes for U.S. companies trading with the selected country or for U.S. consumers purchasing their products. For example, did exchange rates increase or decrease significantly in the last ten years — or did they stay relatively stable? What do you think happened to prices of the goods we purchased from that country during the last ten years? Would we tend to buy more if exchange rates increase or decrease? If so, which years might indicate an increase or decrease in purchases?