

# 1.5 Currency Exchange Rates

## Guided Notes

Buying Rate the rate a bank pays to change foreign money to CAD

Currency the system of money a country uses

Exchange Rate the price of 1 country's money compared to another country

Selling Rate the rate a bank pays to change CAD to foreign money

\*Round to nearest hundredth

## Examples:

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

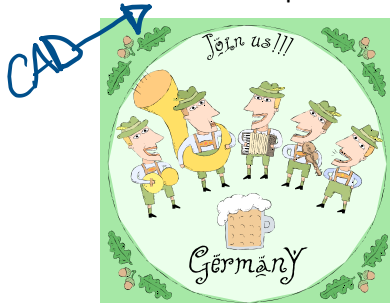
1 krone =  $\frac{1}{0.221778}$  CAD

$$\frac{1 \text{ k}}{0.221778 \text{ CAD}} = \frac{x}{500}$$

$$x = 2254.51 \text{ Kroners}$$



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? The selling rate for the euro is 1.644814 compared to the Canadian dollar.



$$\frac{\text{€} 1}{\$ 1.644814} = \frac{x}{1200}$$

$$x = \text{€} 729.57$$

Anne 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 Anne receive for \$400.00 CAD?

$$\frac{1 \text{ franc}}{1.0501} = \frac{x}{400}$$

$$x = 380.92 \text{ francs}$$

- b. If Anne sold them back to the bank, how much would she receive?

$$\frac{1 \text{ franc}}{1.0213} = \frac{380.92}{x}$$

$$x = \$389.03$$

- c. What would her net loss be?

$$400 - 389.03 = \$10.97$$

↑  
how banks make money!

