PRACTICAL AND FINANCIAL LITERACY

Exchange Rates

Difficulty level: Intermediate

Practical and Financial Literacy

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Overview of the concept

This is how you work out what your money is worth in another currency. On a trip you need to know how many euros your dollars buy, and an online order in another currency has a real cost in dollars once the exchange is done. The rate changes daily, so the same item can cost more or less from one week to the next. Knowing the rate tells you what you are really paying before you buy.



Rule

Exchange rates: to change money into another currency, multiply the amount by the exchange rate, making sure the rate is written in the right direction so the currency you start with cancels out.

So $100 CAD at 0.75 USD per CAD is 100 × 0.75 = $75 USD.

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Worked examples

EXAMPLE 1

Q $100 CAD at 0.75 USD per CAD. How many USD?

SOLUTION

This is a currency conversion, and the rate tells you what 1 CAD buys: 0.75 USD.

Going from the “1” currency, multiply by the rate: 100 × 0.75

That is $75 USD

EXAMPLE 2

Q $80 USD at 1.35 CAD per USD. How many CAD?

SOLUTION

The rate tells you what 1 USD buys: 1.35 CAD.

Again you are going from the “1” currency, so multiply: 80 × 1.35

That is $108 CAD

Practice questions

1 **$200 CAD at 0.75 USD per CAD. How many USD?**

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2 **$50 USD at 1.35 CAD per USD. How many CAD?**

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3 **The exchange rate is £1 = €1.16. Change €250 into pounds, to the nearest penny.**

A £205.52

B £215.52

C £290.00

D £225.52

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4 **$45 USD is exchanged for 12,600 PKR. What is the exchange rate in PKR per USD?**

- A 45 PKR per USD
- B 280 PKR per USD
- C 12,600 PKR per USD
- D 280 USD per PKR

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5 **A computer costs $815 in the USA and £615 in the UK. At £1 = $1.35, where is the computer cheaper, and by how much in USD?**

- A UK, by $15.25
- B USA, by $30.25
- C USA, by $15.25
- D UK, by $30.25

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6

You change $100 CAD and get $72 USD after fees. What was the effective rate?

A 0.72 USD per CAD

B 1.39 USD per CAD

C 0.72 CAD per USD

D 0.28 USD per CAD

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If 1 CAD buys more USD than before, has the CAD strengthened or weakened?

A Strengthened

B Weakened

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8 An exchange bureau charges 2% commission on £500 changed at £1 = €1.18. How many euros do you get?

- A €568.20
- B €590.00
- C €578.20
- D €580.00

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9 $1 USD = ¥115 JPY. How many yen do you get for $200?

- A ¥2,300
- B ¥230,000
- C ¥11,500
- D ¥23,000

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10

A shop prices an item at $40 USD. At 1.35 CAD per USD, about how many CAD is that?

A About $40 CAD

B About $30 CAD

C About $108 CAD

D About $54 CAD

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ANSWER KEY

1. $150 USD

2. $67.50 CAD

3. £215.52

4. 280 PKR per USD

5. USA, by $15.25

6. 0.72 USD per CAD

7. Strengthened

8. €578.20

9. ¥23,000

10. About $54 CAD

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