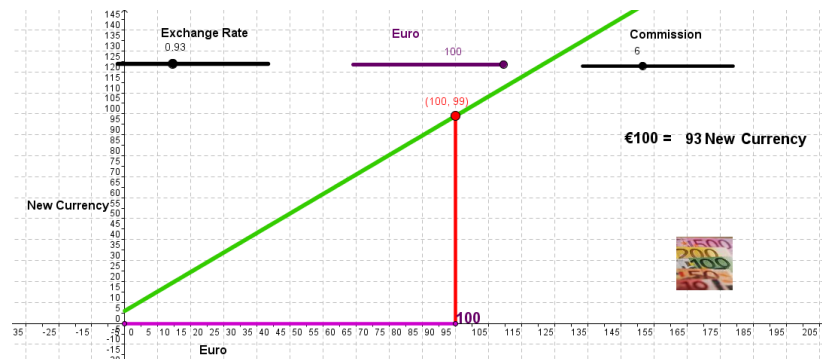


## Student Activity: To investigate exchange rates

Use in connection with the interactive file, 'Exchange Rate', on the Student's CD.



- Convert €29 to USA dollars, if the exchange rate is €1=\$1.05 and the bank is charging commission of €4 per transaction. Show your calculations.

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- Which of the following is the better exchange rate if you were converting €120 to USA dollars and explain your choice?

Bank A charges commission at €2.50 per transaction and an exchange rate of €1 = \$1.02.

Bank B charges no commission and an exchange rate of €1 = \$1.10.

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- Bank C gives foreign exchange to students without commission. How much in euro, will Joseph who is a university student have to pay in Bank C in order to get \$125, provided the exchange rate on the day is €1=\$1.2? Show your calculations.

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- The exchange rate changes from €1 = \$1.2 to €1 = \$1.3. Will a customer who is converting €100 to dollars receive more or less dollars and by how much? Show your calculations.

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- Convert \$100 to euro given that the current exchange rate is €1 = \$1.24. Assume no commission is charged. Show your calculations.

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6. A camera costs £150 in England and the exchange rate is €1= £0.82 plus the bank charges commission per transaction of €3. What will the camera cost in euro?

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7. An American tourist is coming to Ireland and wishes to have €145 spending money while in Ireland. How many American dollars will they need to exchange to euro given \$1=€0.77? Show your calculations.

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8. An Irish firm is selling goods in the UK that normally sell at €30 in Ireland. Ignoring the extra transport costs, what will they need to charge in sterling if the current exchange rate is €1=£0.90. Show your calculations.

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9. Is it cheaper to holiday in America if the exchange rate is €1 = \$1.34 or €1 = \$0.89? Explain your reason.

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10. An Irish firm, exporting goods to the UK, normally charge £5 per item for the goods in the UK. If the exchange rate changes from €1=£1.20 to €1=£0.80, is this better or worse for the Irish firm? Show your calculations and explain your reasoning.

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11. Eve returns from Switzerland with 65 Swiss francs. She changes the francs back to euro, at a rate of €1=1.40 francs. How much does she get back? Show your calculations.

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12. A certain bank advertises the sale of international drafts as follows:  
**Less than €600:** 3.5% of the required amount subject to a minimum charge of €3 and maximum charge of €6.35 per draft  
**€600 and over:** 0.75% of the required amount subject to a minimum charge of €6.35 and maximum charge of €25 per draft

Complete the following table:

Value of draft required	Charge
€50	
€100	
€400	
€600	
€700	
€30,000	
€40,000	

13. A tourist visiting Switzerland judges the cost of living in Switzerland in relation to Ireland on the price of a particular item. The exchange rate is €1=1.35 Swiss Francs (CHF). The item costs €50 in Ireland and costs 65 CHF in Switzerland. Should the tourist decide that Switzerland is more expensive or cheaper than Ireland? Show your calculation and explain your reasoning.

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14. An item costs 4950 South African rand and the exchange rate between euro and the South African rand is one rand equals €0.11. How much would you expect to pay for this item in Ireland assuming the cost of the living in the two countries was the same? Show your calculations.

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15. A bank charges €3551.36 for 8000 Brazilian Real. What is the exchange rate between euro and the Brazilian Real? Show your calculations.

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16. A DVD is selling for €30.00 in Ireland and the same DVD is selling for \$35 in the USA. The exchange rate is \$1.00=€ 0.63. Is there a price difference between the two countries and if so state the percentage difference, correct to one decimal place, in the price in Ireland to that in the USA? Show your calculations.

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