

Unit 1

1.5 Currency Exchange Rate

David Guenther

Preamble

Objective

10.10: Apply proportional reasoning to solve problems involving unit pricing and currency exchange. [CN, ME, PS, R, T]

- Convert between Canadian currency and foreign currencies, such as Mexican or American currencies, using formulas, charts, or tables, and explain how to know if the solution is reasonable
- Develop using proportional reasoning and mental mathematics strategies, explain, and apply strategies for estimating the cost of items or services in Canadian currency while in a foreign country or when making purchases via the Internet, and explain why this may be important.

Definitions

buying rate: the rate at which you buy foreign money **currency:** what a country uses to buy and sell **exchange rate:** How much money in your native currency system is worth in a foreign one **selling rate:** the rate at which you sell your own money

Start

Intro

Countries don't all use the same cash system. A country's cash system is usually determined by varying circumstances. It has a lot to do with supply and demand, and you will probably cover that later in your intellectual career. Suffice to

say right now is that something that is some amount of money in one currency should be a similar amount after a currency exchange in another currency.

World Traveler

My parents have lived most of their married life overseas, and as such, we had to deal with foreign money.

My parents spent about 10 years in Far East Russia. During that time we were being supported by family and friends back here in Canada, but we needed to use Rubles to buy items in the stores.

- <http://www.xe.com/> - Currency Exchange
- <http://www.numbeo.com/common/> - Cost of living

So lets say my parents calculate what they need per month:

- 52,500.00 RUB for an apartment
- 8,606.25 RUB for utilities
- 800.00 RUB for transportation
- 2000.00 RUB for food
- 4000.00 RUB for clothing
- 4000.00 RUB for leisure

Total: 71906.25 RUB

So then, how much money do they need to raise per month to be on the mission field?

Assuming 1 RUB = 0.0315038 CAD, they would need to raise 2,265.32 CAD per month.

What we did here is such: we took the exchange rate,

1 RUB = 0.0315038 CAD, and then we multiplied 71906.25 by that number.

If you work it out in multiplication, it may make more sense.

$$\frac{0.0315}{1RUB} \times \frac{71906.25}{1}$$

We can use this format for all currency conversions

Example 1

How much will you have if you travel? (your choice of country?)

Example 2

Where do you want to live?

Assignment

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End activity

Find another place you want to live, and see how much it will cost to live there on your own