

Build Your Skills

1. You would choose the bank selling rate to buy these currencies.

- a) 1.644 814
- b) 0.133 451
- c) 0.019 360

2. You would choose the bank buying rate to sell these currencies.

- a) 0.009 295
- b) 0.950 964
- c) 1.004 350

3. Use bank buying rates because the bank is buying the currency from you.

- a) $4500.00 \text{ pesos} \times 0.083\,443 = \375.49 CAD
- b) $\$25\,000.00 \text{ Hong Kong} \times 0.128\,451 = \3211.28 CAD
- c) $2200.00 \text{ euros} \times 1.580\,814 = \3477.79 CAD
- d) $8545.00 \text{ Scottish pounds} \times 1.996\,146 = \$17\,057.07 \text{ CAD}$

4. Use the bank sell rate because the bank is selling the currency to you.

$$\frac{\$1200.00 \text{ CAD}}{1.644\,814} = \text{€}729.57$$

Megan will have €729.57 in the local currency for her expenses in Germany.

5. Use the bank selling rate because the bank is selling these currencies to you.

- a) $\frac{\$650.00 \text{ CAD}}{1.644\,814} = 395.18 \text{ euros}$
- b) $\frac{\$650.00 \text{ CAD}}{1.017\,007} = 639.13 \text{ euros}$
- c) $\frac{\$650.00 \text{ CAD}}{0.175\,558} = 3702.48 \text{ euros}$
- d) $3702.00 \text{ kroner} \times 0.165\,558 = \612.98 CAD

She receives a lower amount back because bank buy and sell rates are different—the banks build in a profit margin for exchanging money.

6. Chris is buying these currencies so he will pay the bank selling rate.

Pebble Beach:

$$\$5000.00 \times 1.038\,650 = \$5193.25 \text{ CAD}$$

St. Andrew's:

$$£8500.00 \times 2.060\,146 = \$17\,511.24 \text{ CAD}$$

Spring City Golf & Lake Resort:

$$¥26\,600.00 \times 0.162\,600 = \$4325.16 \text{ CAD}$$

SAFRA Resort & Country Club:

$$S\$15\,000.00 \times 0.762\,280 = \$11\,434.20 \text{ CAD}$$

Leopoldsdorf:

$$€4000.00 \times 1.644\,814 = \$6579.26 \text{ CAD}$$

Golf vacation

<i>Country</i>	<i>Golf course</i>	<i>Estimated funds needed</i>	<i>Estimated funds needed in \$CAD</i>
United States	Pebble Beach	US\$5000.00	\$5193.25
Scotland	St. Andrew's	£8500.00	\$17 511.24
China	Spring City Golf & Lake Resort	¥26 600.00	\$4325.16
Singapore	SAFRA Resort & Country Club	S\$15 000.00	\$11 434.20
Austria	Leopoldsdorf	€4000.00	\$6579.26

Extend Your Thinking

7. a) The answer to this question will depend on when the conversion website was accessed.

$$\$8.95 \text{ CAD} = \text{US}\$8.73$$

$$(\text{rate: } 1 \text{ CAD} = 0.975 \text{ 229 USD})$$

$$\$8.95 \text{ CAD} = \text{A}\$9.39$$

$$(\text{rate: } 1 \text{ CAD} = 1.049 \text{ 05 AUD})$$

b) Use the bank buy rates for this question because you will be selling the vinegar abroad and thus receiving US or Australian dollars, which you will then convert to Canadian dollars.

US:

$$\$8.95 + \$1.00 = \$9.95$$

$$\$9.95 / 1.004 \text{ 350} = \text{US}\$9.91$$

Australia:

$$\$8.95 + \$2.00 = \$10.95$$

$$\$10.95 / 0.950 \text{ 964} = \text{A}\$11.51$$

You would have to set the US price at \$9.91 and the Australian price at \$11.51.