

Name _____

Economics
Unit 8 – The Global Economy
Working with Foreign Exchange Rates

Assignment: Using the historical exchange rates for a variety of currencies to the U.S. dollar, complete the assigned questions.

The following table shows exchange rates among the American dollar, the Japanese yen, the Canadian dollar, and the British pound from 2006 to the present.

Year	Japanese yen per U.S. dollar	Canadian dollar per U.S. dollar	British pound per U.S. dollar
2006	116.293	1.13	0.543
2008	103.42	1.07	0.545
2010	87.785	1.03	0.647
2012	79.543	1.00	0.632

(Source: Historical annual averages researched on the www.oanda.com currency exchange Web site)

1. It is 2006. Sara is watching her favorite DVD movie, wearing her favorite sweatshirt, and eating a sandwich. She paid \$15.98 for the video, \$30 for the sweatshirt, and \$1.99 for the sandwich.
 - a. What were Sara's total expenditures (how much did she spend) for the three items?
 - b. How many yen would a Japanese tourist have exchanged to purchase the same items?
 - c. How many Canadian dollars would a Canadian tourist have exchanged?
 - d. How many pounds would a British tourist have exchanged?

2. It is now 2012, and the prices of the three goods have not changed in the United States.
 - a. What are the new prices in Japanese yen (total only)?
 - b. What are the new prices in Canadian dollars (total only)?
 - c. What are the new prices in British pounds (total only)?

3. Describe what happened to the amounts the tourists would spend in 2012 compared with the amounts they spent in 2006 in each of the foreign currencies.

4. According to the figures in the table, what has happened to the U.S. dollar (gained value or lost value) compared to the:
 - Japanese yen
 - Canadian dollar
 - British pound