

Name: _____

1. What does the bank buying rate and the bank selling rate mean? Which is always higher?

Bank buying rate is the price
the bank will pay for foreign money

Selling rate is the amount they will sell
to you for

Selling rate is always higher

2. The bank buying rate for pesos 0.0834, the selling rate is 0.1084. If I am making a trip to Mexico and need 8000 pesos for my expenses, how much will this cost me in Canadian dollars?

$$\frac{1 \text{ Peso}}{\$0.1084} = \frac{8000 \text{ Pesos}}{x}$$

$\$867.20$

3. Fred has returned from Switzerland with 500 Swiss francs, he brings them to the bank and exchanges them for \$493.70. What exchange rate did the bank use?

$$\frac{1 \text{ Swiss}}{\$x} = \frac{500}{493.70}$$

0.9874

4. I have an important business meeting in China, so I convert \$2000 into Chinese yuan. At the last minute my meeting is moved to Norway so I sell my yuan back to the bank.

- a) How many Canadian dollars will I get if the bank buying rate for yuan is 0.1271, the bank selling rate for yuan is 0.1626

$$\frac{1 \text{ Yuan}}{\$ 0.1626} = \frac{x \text{ yuan}}{2000}$$

$$\frac{1 \text{ yuan}}{0.1271} = \frac{12300.12 \text{ yuan}}{x}$$

1563.35

- b) I use this money to buy Norwegian krone, how many will I get if the bank buying rate for krone is 0.194863 and the bank selling rate for krone is 0.205863.

$$\frac{1 \text{ Krone}}{\$ 0.205863} = \frac{x \text{ Krone}}{1563.35}$$

7594.13

5. Emily is buying a vintage VJ Quinn bicycle from England for £499. The bank buying rate for British Pounds is \$1.5430 and the bank selling rate is \$1.5496. It costs £75 to ship the bicycle to Canada, and there is a 13% import tax (which applies to both the shipping cost and the purchase price), what will be the total price Emily pays to get her bicycle in Canadian Dollars?

total cost

$$\begin{array}{r} 499 \\ + 75 \\ \hline 574 \\ + 74.62 \\ \hline \pounds 648.62 \end{array}$$

$$\begin{array}{r} \times \quad 13 \\ 574 \quad \frac{\quad}{100} \\ \hline 74.62 \end{array} \leftarrow \text{tax}$$

$$\frac{1 \text{ pound}}{\$ 1.5496} = \frac{648.62 \text{ pounds}}{\$ x}$$

selling rate

\$1005.16