Currency in Motion

Read exchange-rate data as a buyer and a traveler.

SS24.E.11b "Locate and utilize current economic data to demonstrate how changes in exchange rates impact the purchasing power of individuals and businesses."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline where the passage tells you how to find and check a current exchange rate. Circle the rate labels in the table, then number the two steps used to calculate purchasing power.

What Can a Dollar Buy?

1. A Chicago bicycle shop orders lights from a factory in Europe. Its costs depend on exchange rates, but a number without its currency pair, direction, and observation date is easy to misuse. For a current comparison, consult a dated series such as the Federal Reserve's H.10 release. Check the date of its latest observation before calling a quote current.

2. The table contains invented practice rates, not today's quotes. Each cell shows the U.S. dollars needed to buy one unit of the named currency. Imagine that the shop pays one supplier in euros and another in Canadian dollars. A price in foreign currency stays fixed for this exercise. Only its U.S. dollar cost changes.

PRACTICE EXCHANGE RATES, INVENTED DATA

Currency	Day 1: U.S. dollars per unit	Day 2: U.S. dollars per unit
Euro	$1.10	$1.25
Canadian dollar	$0.75	$0.70

3. To compare purchasing power, first multiply a foreign-currency price by the matching dollars-per-unit rate on each date. Then compare the two dollar costs. A higher cost means the same U.S. budget buys fewer imported goods. Reverse the calculation for a traveler: divide a dollar budget by the rate to find how much foreign currency it buys. Card fees could change the final amount.

2 ANSWER WITH EVIDENCE

Use the passage

1. The shop owes its European supplier €240. What is the dollar cost on each day, and how does the change affect the shop?

2. The shop owes its Canadian supplier 400 Canadian dollars. What is the dollar cost on each day, and which day gives the shop more purchasing power?

3. A traveler has $150 to exchange for Canadian dollars. About how many Canadian dollars can the traveler buy on each day?

4. With a $500 budget for European goods, about how many euros can a buyer afford on each day? Explain the change.

3 YOUR TURN

Your own words

Find the latest available U.S.-dollars-per-British-pound quote and an earlier dated quote in the Federal Reserve's H.10 exchange-rate data. Record both dates and rates, then calculate how the change affects the dollar cost of a £200 order and explain what it means for the buyer.

ANSWER KEY

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GRADE 12 · SS24.E.11b

PART 1 · READ AND MARK

Underline where the passage tells you how to find and check a current exchange rate. Circle the rate labels in the table, then number the two steps used to calculate purchasing power. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	The shop owes its European supplier €240. What is the dollar cost on each day, and how does the change affect the shop?	**The cost rises from $264 on Day 1 to $300 on Day 2, an increase of $36.**
2	The shop owes its Canadian supplier 400 Canadian dollars. What is the dollar cost on each day, and which day gives the shop more purchasing power?	**The cost falls from $300 on Day 1 to $280 on Day 2. The shop has more purchasing power on Day 2.**
3	A traveler has $150 to exchange for Canadian dollars. About how many Canadian dollars can the traveler buy on each day?	**The traveler can buy 200 Canadian dollars on Day 1 and about 214.29 Canadian dollars on Day 2.**
4	With a $500 budget for European goods, about how many euros can a buyer afford on each day? Explain the change.	**The buyer can afford about €454.55 on Day 1 and €400 on Day 2. The dollar buys fewer euros on Day 2.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

Illustrative calculation, not a current-data finding: If an earlier H.10 quote were $1.25 per pound and the latest were $1.30 per pound, a £200 order would rise from $250 to $260. The buyer would need $10 more for the same order. A completed response must replace these sample rates with two dated H.10 observations.

The table is invented practice data. For Part 3, require two actual observation dates and matching U.S.-dollars-per-pound rates from H.10; the sample shows the calculation method only.