**Exchange Rates**

Reading an exchange rate table:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **US Dollar $1 =** | **Mexican Peso $1MP =** | **EURO €1 =** | **Chinese Yuan ¥1 =** |
| **US Dollar $** | $1 | $0.077 | $1.36 | $0.16 |
| **Mexican Peso $MP** | $13.06MP | $1MP | $17.71MP | $2.10MP |
| **EURO €** | 0.74€ | 0.056€ | 1€ | 0.12€ |
| **Chinese Yuan ¥** | 6.23¥ | 0.48¥ | 8.45¥ | 1¥ |

*Always read* ***down*** *the list. Example: $1 = $13.06MP or .74€ or 6.23¥*

This means if I take **$1** to Mexico and trade for pesos, I will get 13.06 pesos in exchange. If I take $1 to China and trade for Yuan I will get 6.23 yuan in exchange.

If someone from China takes **1¥** to Europe and trades for Euros they will only get 0.12€ in return. Since they don’t get a whole Euro this means the Yuan is the weaker currency.

*If a currency is* ***strong****, when they give 1 of theirs, they will get* ***MORE THAN*** *1 in return.*

*If a currency is* ***weak****, when they give 1 of theirs, they will get* ***LESS THAN*** *1 in return.*

A currency can **appreciate** which means it gets stronger compared to other currencies.

-good for domestic consumers (they can buy more foreign goods (foreign goods are now cheaper) = imports rise)

-bad for domestic producers (foreign consumers will not buy as much = exports fall)

A currency can **depreciate** which means it gets weaker compared to other currencies.

-good for domestic producers (foreign consumers will buy more = exports rise)

-bad for domestic producers (they can’t but as many foreign goods (too expensive) = imports fall)

**EX:** Minji travels from China to Spain. She brings 1000¥ with her. How many Euros will she get in exchange? \_\_\_\_\_\_\_\_\_\_\_\_