

## 11.14: Problems

### ? Problem 11.14.1

We are considering the purchase of some parts from a German manufacturer. The German manufacturer wants us to pay 2,000,000 Euros. If the current exchange rate is 0.7347 Euros/\$, how much will the parts cost in dollars?

#### Answer

$$(2,000,000 \text{ Euros})(\$1/0.7347 \text{ Euros}) = \$2,722,199.54$$

### ? Problem 11.14.2

Our sales staff has reached an agreement to sell our product to a large customer in Argentina. Normally the product sells for \$455 per 25 units. How much must we charge in Argentina Pesos in order to get the same price? Assume that the exchange rate is 3.0875 Pesos/\$?

#### Answer

$$(\$455)(3.0875 \text{ Pesos}/\$) = 1404.81 \text{ pesos}$$

### ? Problem 11.14.3

Today the exchange rate is 1.1304 Canadian Dollars per US\$. Last year, the exchange rate was 1.0422 Canadian Dollars per US\$. Has the US\$ strengthened or weakened relative to the Canadian Dollar over the last year?

#### Answer

Last year, \$1 could buy 1.0422 Canadian Dollars. Now, \$1 can buy 1.1304 Canadian Dollars. Since each \$1 is buying more Canadian Dollars, then the US \$ has gotten stronger relative to the Canadian Dollar.

### ? Problem 11.14.4

Today the exchange rate is \$0.0308 per Thai Baht. Last year the exchange rate was \$0.0267 per Thai Baht. Has the US\$ strengthened or weakened relative to the Thai Baht over the last year?

#### Answer

Last year, 1 baht could buy \$0.0267. Now, 1 baht can buy \$0.0308. Since each baht is buying more dollars, the Thai baht is stronger relative to the US dollar  $\Rightarrow$  the US dollar is weaker relative to the Thai baht.

### ? Problem 11.14.5

We know that the Japanese Yen/US \$ exchange rate is 118.43 yen/\$. Also, the Mexican Peso/US\$ exchange rate is 10.998 pesos/\$. What is the yen/peso exchange rate? What is the peso/yen exchange rate?

#### Answer

$$(118.43 \text{ yen}/\$)(\$1/10.998 \text{ pesos}) = 10.768 \text{ yen/peso}$$

$$(10.998 \text{ pesos}/\$)(\$1/118.43 \text{ yen}) = 0.0929 \text{ peso/yen}$$