



# Exchange rates

- The value of the New Zealand dollar changes with time.
- Its value also changes in relation to other currencies.
- Changes in its value are important when calculating the cost of overseas goods or travel.
- You can use the same method as in proportion calculations.

Exchange rates used in the examples and exercises:

$$\begin{aligned} \$NZ1 &= \text{€}0.65 \text{ (euro)} \\ \$NZ1 &= \text{£}0.49 \text{ (pounds sterling)} \\ \$NZ1 &= \text{\$US}0.74 \text{ (US dollar)} \end{aligned}$$

**Example 1:** Michelle takes \$3000 spending money with her to the United States. How many \$US is that worth?

$$\begin{aligned} \$NZ1 &= \text{\$US}0.74 \\ \therefore \$NZ3000 &= \text{\$US}0.74 \times \frac{3000}{1} \\ &= \text{\$US}2220 \end{aligned}$$

**Example 2:** Ali returns to New Zealand with €8500 earned while working in the Netherlands. How many \$NZ will he get when he banks it?

$$\begin{aligned} \text{€}0.65 &= \$NZ1 \\ \therefore \text{€}8500 &= \$NZ1 \times \frac{8500}{0.65} \\ &= \$NZ13\,076.92 \end{aligned}$$

Solve the following exchange rate problems.

1 Convert \$NZ2500 to €.

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2 Convert \$NZ2500 to \$US.

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3 Convert \$NZ2500 to £.

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4 Convert €150 to \$NZ.

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5 Convert \$US600 to \$NZ.

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6 Convert £15 to \$NZ.

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