

exercise 1-428-703
March 31, 2008

Understanding Exchange Rates Quiz (E)

Question 1

Your friend is visiting you in Texas from Canada for a couple of weeks. You plan to show your friend around town and take him to Mexico for a weekend. When you pick him up at the airport, you note the following exchange rates:

- 10.718 MXN/USD
 - 1.004 USD/CAD
- A. On your trip to Mexico, your friend decides that he wants to exchange Canadian dollars directly into Mexican pesos. What is the CAD/MXN exchange rate?
- a. 10.760
 - b. 0.0937
 - c. 10.675
 - d. 0.0929
- B. If the US dollar appreciates by 12% against the Mexican peso, what would the new MXN/CAD exchange rate be?
- a. 9.569
 - b. 12.052
 - c. 0.1061
 - d. 0.1041
- C. Given Part B, what would the CAD/MXN exchange rate be?
- a. 9.569
 - b. 12.052
 - c. 0.1061
 - d. 0.0830



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