

Exchange Rates

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Expeditions

Trade & Economics

Expedition 6: Up or Down—What's in an Exchange Rate?

1. Use the following link to determine the exchange rate today between the US dollar and Japanese yen. Today's exchange rate is _____ yen for one dollar.

[Yahoo Currency Exchange](#) Track currency exchanges for the Japanese Yen and US Dollar.

2. Using today's exchange rate, calculate the cost in US dollars of the following items in Japan:

- A. Movie ticket to "Titanic": 1,500 yen = _____ dollars
- B. Honda Accord: 1,684,000 = _____ dollars
- C. Soft drink: 110 yen = _____ dollars
- D. Music CD: 2800 yen = _____ dollars

If the value of the yen went up, would the items cost more or less in US dollars?

3. OK, now you're ready to trade some dollars for yen. You'll start with \$500 US dollars. If you converted \$50 per day from dollars to yen over the ten-day period described below, how many yen would you have at the end of ten days? At the final exchange rate of 109 yen per dollar, how many dollars would you have if you converted your yen back to dollars?

Day 1 exchange rate: 144 yen per dollar

Day 2 exchange rate: 128 yen per dollar

Day 3 exchange rate: 137 yen per dollar

Day 4 exchange rate: 144 yen per dollar

Day 5 exchange rate: 134 yen per dollar

Day 6 exchange rate: 126 yen per dollar

Day 7 exchange rate: 110 yen per dollar

Day 8 exchange rate: 102 yen per dollar

Day 9 exchange rate: 94 yen per dollar

Day 10 exchange rate: 108 yen per dollar

4. Now graph the exchange rate. Make the "x" axis Day 1 through 10 and the "y" axis the rate of exchange in yen. What general trend do you see in your graph? Did the value of the dollar generally increase or decrease during this period? (By the way, the data on your graph depicts the average annual exchange rate from 1987 to 1996.)

5. When the US dollar drops in value, what can be expected to happen to US exports? Why?

6. When the Japanese yen gains in value, what can be expected to happen to Japanese imports? Why?

View this online at: <https://nautilus.org/pegasus/exchange-rates/>

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