

Exchange Rate

Chris Kubik.

Name of Course	Introduction to Organizations
Course Level	First Year College Students
Possible subject Areas	Business, International Studies, Foreign Language, Economics
Quantitative concepts/skills that students will develop	Percents Ratios Change over time Conversion Graphing Proportions
Overview	Students will select (or be assigned) a country to review for the semester. The student will be evaluating a number of items for that country (demographics, politics, economic information, and so forth). This assignment focuses on understanding currency exchange rates and the impact of time on the values of the exchange relationships.
Background	<p>Currency exchange rates play a significant role for businesses that do any business internationally (which arguably all businesses do). To highlight the impact of how currency rates may impact the profitability / stability of an organization, this activity is utilized.</p> <p>Below are a number of sites to find the daily currency exchange rates on the open markets. These values are typically for trades of \$1 million or more.</p> <p>http://online.wsj.com/mdc/public/page/mdc_currencies.html?mod=mdc_topnav_2_3000 http://www.ft.com/markets/currencies http://moneycentral.msn.com/investor/market/ExchangeRates.aspx http://finance.yahoo.com/currency?u www.x-rates.com www.oanda.com www.exchange-rates.org</p>

Measurable outcomes or learning goals	Understand balance of trade, deficits, surpluses Understand currency exchange rates and their effect on trade Provide an appreciation for one risk involved in international business
--	---

MAIN ACTIVITY

Procedure

Students will select (or be assigned) a country to research as part of a multi-part assignment for this class. The component for this QL objective deals with currency exchange rates. During the first or second week of the semester, students will identify the current currency exchange rate for the currency of their country against the U.S. dollar (please note that countries that peg their currencies to the U.S. dollar should not be used for this exercise). To do this, students will select one of the websites listed above (or another site as appropriate) and write the exchange rate down (on paper or in Excel).

Students will review this currency exchange rate on a weekly basis (every Monday or every Wednesday for example) for the remainder of the semester.

During the semester, the concepts of international trade, balance of payments, comparative and absolute advantages, inflation, and so forth will be discussed at the overview level as part of the general content for the course.

Students will be expected to determine what has happened to the value of the currency of their selected country in relation to the U.S. dollar.

Students should be able to analyze if, as consumers in the U.S., based on the relative currency value change, we should expect to pay more or less for goods imported from the country they have chosen. In addition, they should be able to quantify this change. Students should also be able to reverse the assumption and critically evaluate the effect of the currency value changes on the country they chose (instead of simply looking at what happens to U.S. citizens).

Students will be required to find one of the primary products the U.S. imports from the country they have selected and discuss with the class what we might expect for this product (new competition, price changes, etc.) - and if the product is a raw material, students should be able to conceptualize the products that use the raw material and draw conclusions about those products as well.

Example using the Swedish Krona compared to the U.S. dollar:

Week	In U.S. \$	Per U.S. \$
1	0.1424	7.022
2	0.1422	7.032
3	0.142	7.042
4	0.1431	6.988
5	0.1429	6.998
6	0.1418	7.052
7	0.1414	7.072
8	0.141	7.092
9	0.1434	6.974
10	0.1432	6.983
11	0.1425	7.018
12	0.1441	6.940
13	0.1456	6.868
14	0.1479	6.761
15	0.1494	6.693

Instructors may find the available PowerPoint presentation as a useful tool to facilitate the basic concepts discussed above. The material could be used as a simple lecture pedagogy supplement, or could also be used to encourage student participation in determining the solutions. The presentation is set up to allow for use in either case...the “answers” to the questions embedded in the presentation appear after an additional “click” of the PowerPoint. In this way, facilitators may choose to simply state the question, allow students to think about a solution and then move directly to working through the solution. Alternatively, the question may remain by itself on the screen for a length of time as students “work” the problem in class, after which the facilitator may show the solution to the problem.

Describe how you plan to assess the effectiveness of this module

Based on results of the pre/post test. An indicator of effectiveness will be an overall improved mean score of 15 percent (one and a half additional questions correct on the pre/post test).