Using China to explain Exchange Rates

Intro Activity (5 minutes) Display Five American dollars, 21 Chinese Yuan and 100 New Taiwanese Dollars. Ask the students which one they think is worth more? Why?

Students may write their response or discuss with teammates.

Inform the students that the $5 are worth more (21 Yuan = $3.38, 100NT = $3.15)

Ask the students, how can that bee if the face value is more? You may discuss this concept for a few minutes.

Vocabulary (5 minutes) Inform the students that will do a visual vocabulary on “Exchange Rates”. Ask the students if any of them are familiar with the concept. Try to create a definition based on what they know. Possible answer “The price of one currency compared to a different countries currency”. Ask them if they can think of any visual that demonstrates this and draw it next to the definition. (Example: Draw one dollar with two arrows that demonstrate exchange and on the other side a different countries currency but in a different amount)

First Activity (10 minutes) Provide the students with the “Currency Exchange Chart”. Students are to look at the different values of each currency as compared to the U.S. dollar. Explain to students that comparing currencies to the dollar is a very common way to figure out the value of a currency. Have the students rank the value from one to sixteen (1= most value, 16 = least value).

Ask students if they see anything unusual? What are their thoughts on the US’s spot on the list?

Second Activity (10 Minutes) Pass out “Effects on Exchange Rates.” Read the directions with the class and explain that a there are numerous issues that affect exchange rates and value of money. They are to look at the scenarios predict if it will increase or decrease the value of the US dollar. They are to provide a rationale for their guess. Review if time permits.

Final Activity/ Homework (20 minutes) Pass out article “ What is Currency Manipulation?” Inform students that in some cases, governments decide to change the value of their money. This is known as Devaluation (reducing the value of your currency) and Revaluation (increasing the value of your currency). You many add these to your vocabulary if time permits. Have the students read about how China is devaluing their currency. Before they read, they are to predict three possible reasons why a government would want their money to have less value. As they read, they are to list advantages and disadvantages to a country devaluing their currency.