|  |  |  |
| --- | --- | --- |
|  | **Bid** | **Ask** |
| **ZAR/£** | 14.2 | 14.52 |
| **ZAR/$** | 10.38 | 10.56 |
| **$/£** | 1.33 | 1.34 |

Consider the above exchange rates:

a) Do the above exchange rates present an arbitrage opportunity? Explain?

b) Calculate the arbitrage profit assuming an initial investment amount of ZAR 1 million?