1. (i) (10%) A rational hedger could be expected to buy a put option in the Australian Dollar if he expects the Australian Dollar to ____________________ against the US dollar.
   a. appreciate
   b. depreciate
   c. neither of the other choices is correct.

(ii) (10%) A rational speculator could be expected to take a long futures position in the New Zealand Dollar if she expects the New Zealand Dollar to ____________________ against the US dollar.
   a. appreciate
   b. depreciate
   c. neither of the other choices is correct.

(iii) (10%) A rational speculator could be expected to write a put option in the Swedish Krona if she expects the US dollar to ____________________ against the Swedish Krona.
   a. appreciate
   b. depreciate
   c. neither of the other choices is correct.

(iv) (10%) A rational hedger could be expected to take a long futures position in the Norwegian Krone if he faces harm if the Norwegian Krone were to ____________________ against the US dollar.
   a. appreciate
   b. depreciate
   c. neither of the other choices is correct.

2. Suppose that you take a long position in March Russian Ruble futures contracts at 2:02 PM on Feb 20 and exit your position at 2:09 PM on Feb 27. Suppose the following table gives relevant market prices while you hold the contract. Ignore trading fees and commissions.

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Settle Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb 20</td>
<td>2:02 PM</td>
<td>0.0319 $\text{Ruble}^8$</td>
</tr>
<tr>
<td>Feb 20</td>
<td>settle</td>
<td>0.0322 $\text{Ruble}^8$</td>
</tr>
<tr>
<td>Feb 21</td>
<td>settle</td>
<td>0.03193 $\text{Ruble}^8$</td>
</tr>
<tr>
<td>Feb 22</td>
<td>settle</td>
<td>0.03169 $\text{Ruble}^8$</td>
</tr>
<tr>
<td>Feb 23</td>
<td>settle</td>
<td>0.03149 $\text{Ruble}^8$</td>
</tr>
<tr>
<td>Feb 26</td>
<td>settle</td>
<td>0.03184 $\text{Ruble}^8$</td>
</tr>
<tr>
<td>Feb 27</td>
<td>2:09 PM</td>
<td>0.03212 $\text{Ruble}^8$</td>
</tr>
</tbody>
</table>

(i) (10%) What is the total amount of money that the exchange sends you? (±0.25)

(ii) (10%) What is the total amount of money that you send the exchange? (±0.25)

(iii) (10%) Based on your cash flow, how much did you make holding this position (show losses as a negative number)? (±0.5)

(iv) (10%) What is the value of the contract when you buy it? (±0.25)

(v) (10%) What is the value of the contract when you sell it? (±0.25)

(vi) (10%) Based on the changing value of the contract how much did you make holding this position (show losses as a negative number)? (±0.5)