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

(ii) (10%) A rational hedger could be expected to write a call option in the Russian Ruble if he faces harm if the US dollar were to ____________ against the Russian Ruble.
   a. appreciate
   b. depreciate
   c. neither of the other choices is correct.

(iii) (10%) A rational speculator could be expected to buy a put option in the Norwegian Krone if he expects the Norwegian Krone to ____________ against the US dollar.
   a. appreciate
   b. depreciate
   c. neither of the other choices is correct.

(iv) (10%) A rational hedger could be expected to take a short futures position in the EuroFX if she expects the US dollar to ____________ against the EuroFX.
   a. appreciate
   b. depreciate
   c. neither of the other choices is correct.

2. Suppose that you take a long position in June New Zealand Dollar futures contracts at 10:03 AM on May 18 and exit your position at 2:34 PM on May 25. Suppose the following table gives relevant market prices while you hold the contract. Ignore trading fees and commissions.

<table>
<thead>
<tr>
<th>May 18</th>
<th>10:03 AM</th>
<th>0.4364 $\text{NewZealandDollar}</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 18</td>
<td>settle</td>
<td>0.4384 $\text{NewZealandDollar}$</td>
</tr>
<tr>
<td>May 19</td>
<td>settle</td>
<td>0.4363 $\text{NewZealandDollar}$</td>
</tr>
<tr>
<td>May 22</td>
<td>settle</td>
<td>0.434 $\text{NewZealandDollar}$</td>
</tr>
<tr>
<td>May 23</td>
<td>settle</td>
<td>0.4315 $\text{NewZealandDollar}$</td>
</tr>
<tr>
<td>May 24</td>
<td>settle</td>
<td>0.4290 $\text{NewZealandDollar}$</td>
</tr>
<tr>
<td>May 25</td>
<td>2:34 PM</td>
<td>0.4275 $\text{NewZealandDollar}$</td>
</tr>
</tbody>
</table>

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

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

(iii) (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)

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

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

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