1. (i) (10%) A rational speculator could be expected to write a put option in the South African Rand if he expects the South African Rand to ____________ against the US dollar.
   a. appreciate
   b. depreciate
   c. neither of the other choices is correct.

(ii) (10%) A rational hedger could be expected to take a long futures position in the Japanese Yen if she faces harm if the US dollar were to ____________ against the Japanese Yen.
   a. appreciate
   b. depreciate
   c. neither of the other choices is correct.

(iii) (10%) A rational hedger could be expected to buy a put option 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.

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

2. Suppose that you take a short position in June Canadian Dollar futures contracts at 1:52 PM on May 11 and exit your position at 10:12 AM on May 18. 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>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 11</td>
<td>1:52 PM</td>
<td>$0.6277</td>
</tr>
<tr>
<td>May 11</td>
<td>settle</td>
<td>$0.6288</td>
</tr>
<tr>
<td>May 12</td>
<td>settle</td>
<td>$0.6299</td>
</tr>
<tr>
<td>May 13</td>
<td>settle</td>
<td>$0.6289</td>
</tr>
<tr>
<td>May 16</td>
<td>settle</td>
<td>$0.6275</td>
</tr>
<tr>
<td>May 17</td>
<td>settle</td>
<td>$0.6259</td>
</tr>
<tr>
<td>May 18</td>
<td>10:12 AM</td>
<td>$0.6244</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)