1. (i) (10%) A rational speculator could be expected to buy a put option in the Canadian Dollar if she faces harm if the Canadian Dollar were 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 Mexican Peso if he faces harm if the Mexican Peso were 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 buy a call option in the Swedish Krona if he 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 write a put option in the Canadian Dollar if she faces harm if the US dollar were to _________________ against the Canadian Dollar.
   a. appreciate
   b. depreciate
   c. neither of the other choices is correct.

2. Suppose that you take a long position in March Japanese Yen futures contracts at 9:57 AM on Feb 10 and exit your position at 12:43 PM on Feb 17. 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>Feb 10</td>
<td>9:57 AM</td>
<td>0.007608 $\text{Japanese Yen}$</td>
</tr>
<tr>
<td>Feb 10</td>
<td>settle</td>
<td>0.007576 $\text{Japanese Yen}$</td>
</tr>
<tr>
<td>Feb 11</td>
<td>settle</td>
<td>0.007543 $\text{Japanese Yen}$</td>
</tr>
<tr>
<td>Feb 14</td>
<td>settle</td>
<td>0.007498 $\text{Japanese Yen}$</td>
</tr>
<tr>
<td>Feb 15</td>
<td>settle</td>
<td>0.007522 $\text{Japanese Yen}$</td>
</tr>
<tr>
<td>Feb 16</td>
<td>settle</td>
<td>0.007555 $\text{Japanese Yen}$</td>
</tr>
<tr>
<td>Feb 17</td>
<td>12:43 PM</td>
<td>0.007513 $\text{Japanese Yen}$</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 sell it? (±0.25)

(v) (10%) What is the value of the contract when you buy 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)