1. (i) (10%) A rational hedger could be expected to buy a put option in the Russian Ruble if she expects the Russian Ruble 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 short futures position 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.

(iii) (10%) A rational speculator could be expected to take a short 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.

(iv) (10%) A rational hedger could be expected to write a call option in the EuroFX if he faces harm if the US dollar were 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 December Canadian Dollar futures contracts at 2:45 PM on Nov 27 and exit your position at 11:39 AM on Dec 4. 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>Nov 27</td>
<td>2:45 PM</td>
<td>0.6273</td>
</tr>
<tr>
<td>Nov 27</td>
<td>settle</td>
<td>0.6258</td>
</tr>
<tr>
<td>Nov 28</td>
<td>settle</td>
<td>0.6241</td>
</tr>
<tr>
<td>Nov 29</td>
<td>settle</td>
<td>0.6228</td>
</tr>
<tr>
<td>Nov 30</td>
<td>settle</td>
<td>0.6208</td>
</tr>
<tr>
<td>Dec 1</td>
<td>settle</td>
<td>0.6227</td>
</tr>
<tr>
<td>Dec 4</td>
<td>11:39 AM</td>
<td>0.6242</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)