1a. The dollar depreciated relative to each of the currencies except for Switzerland, where it appreciated.

b. In 2013, \( E_{\text{peso/baht}} = \frac{E_{\text{baht}}}{E_{\text{peso}}} = 0.0316 / 0.0692 = 0.4566 \)

c. In 2013, \( E_{\text{franc/pound}} = \frac{E_{\text{pound}}}{E_{\text{franc}}} = 1.545 / 1.059 = 1.459 \)
   In 2014, \( E_{\text{franc/pound}} = \frac{E_{\text{pound}}}{E_{\text{franc}}} = 1.604 / 1.028 = 1.560 \)
   Since it takes more francs to buy a pound in 2011, the franc depreciated relative to the pound.

d. According to the question, we can set up the following equation:
   \( (E_{\text{S/CS}}^{14} - E_{\text{S/CS}}^{13}) / E_{\text{S/CS}}^{13} = 0.06 \)
   Use 0.971 for \( E_{\text{S/CS}}^{13} \) in the equation, and solve for \( E_{\text{S/CS}}^{14} = 1.0293 \).
   The U.S. dollar depreciated.

2a. Keeping your money in the US for the two years yields a gross return of \( $10,000 \times (1.04)^2 = $10,816 \).
   Putting your money in the Peruvian bond yields a gross return of \( $10,000 \times (1.10)^2 \times 3.52 \times (1/4.78) = $8910.46 \). Thus you should keep your money in the US because the expected depreciation of the New Sol more than cancels out the higher interest rate in Peru.

b. Again you should keep your money in the US. Using a similar method to that in part a, we see that in the US, the gross bank account return is approximately \( $10,000 \times (1.055)^{5/12} = $10,225.59 \), while the return on the Euro account is only about \( $10,000 \times 1.065^{5/12} \times 0.90/0.98 = $9,427.84 \).

3a. Rearranging the uncovered interest rate parity condition to solve for the current spot rate reveals that
   \[ E_{R/S} = \frac{E_{R/S}}{i_{SA} - i_{US} + 1} \]
   Plugging in the values given in the problem gives that the equilibrium exchange rate is 6.17 rand per dollar.

b. Replacing the expected spot rate with 6.25 rand per dollar and plugging into the same formula gives the current equilibrium exchange rate as 6.37 rand per dollar. The rand is worth less than in part (a). The logic is that an expected capital loss in the value of a rand lowers the overall expected return on holding rands over time; as people try to get rid of rands today the current value of the rand falls (rise in \( E_{R/S} \)).

c. Together covered and uncovered interest rate parity imply that the forward exchange rate equals the expected future spot rate. Thus with the expected future spot exchange rate of 6.25 rand per dollar, the forward exchange rate should be 6.25 rand per dollar. This answer could also be obtained by solving the covered interest rate parity condition for the forward exchange rate.