What is Shorting?

[Questions]

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1. Shorting is a way of making money when the price of assets...
    a. Increase
    b. Decrease

2. Shorting involves...
    a. Selling an asset you do not own and then buying it back when the price is lower.
    b. Buying an asset and then selling it when the price is greater than the purchase price.

3. SuperStore Inc.'s current stock price of $105.36 is forecasted to either increase to $118.49 or decrease to $98.93 in approximately 6 months' time. Assuming the data is reliable...
    a. Shorting the stock is unquestionably the most optimal investment strategy.
    b. Shorting the stock is unquestionably the least optimal investment strategy.
    c. Shorting the stock is less optimal relative to going long in the stock.
    d. Shorting the stock is more optimal relative to going long in the stock.

4. Calculate the profit of a short that involved borrowing and selling 100 shares of BitDesk Plc for $56.93 and buying them back for $52.83. Assume the trade took place over 1 month, and the monthly borrowing interest rate is 0.5%, and monthly savings rate is 0.2%. Round off your final answer to 2 decimal places.
    a. $410
    b. $381.54
    c. $392.92
    d. $394.15
    e. $373.59

5. What is the profit or loss of a short that involved borrowing and selling 1,000 shares of LotDesk Plc for £9.47 and buying them back for £17.39 owing to the broker requiring the position to be closed. Assume each trade incurs a cost of £20. For simplicity, assume there is no interest payable nor receivable. Round off your final answer to 2 decimal places.
    a. - £7,920
    b. - £7,960
    c. £7,920
    d. £7,960