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Short Answer Questions

(a) A. higher

Because If yield curve is downward sloping, That mean short-term bill will have higher interest rate than the long-term bill. Normally T-bill futures contracts price move in inverse proportion to interest rate or yield. So farthest futures contracts will have higher rates than the near by contracts.

(b) A. rise

Put option mean you want to sell the asset at a strike price at a certain time. In order to make a high profit, you will expect the price of an asset to be decreased and earn the different with a strike price. Since Bond price is inversely proportional to interest rates. So you should expect interest rates to rise up to make bond price fall