Eurodollar Calendar Spread Options Final Settlement Example:

CME Group
A CME/Chicago Board of Trade Company

How to determine ED CSO final settlement price:

front leg = 2:00 settlement price

back leg = front leg – strike price

Normal Upward Sloping Yield Curve:

EDZ8-EDZ9 Spread
EDZ8 = 96.855
EDZ9 = 95.890
EDZ8-EDZ9 Spread = 96.5 ticks

Long Position in SP1 Z8 90 Call	***Long Position in SP1 Z8 100 Put***
Call is in-the-money and automatically exercised Long EDZ8: 96.855 Short EDZ9: 95.955	Put is in-the-money and automatically exercised Short EDZ8: 96.855 Long EDZ9: 95.855
ED Z8 2:00 p.m. Settlement Price: **96.855** Front leg = 96.855 Back leg = 96.855 – 0.90 = 95.955	EDZ8 2:00 p.m. Settlement Price: **96.855** Front leg: 96.855 Back leg = 96.855 – 1.00 = 95.855

Flat to Slightly Inverted Yield Curve:

EDZ8-EDZ9 Spread
EDZ8 = 96.855
EDZ9 = 96.920
EDZ8-EDZ9 Spread = negative 6.5 ticks

Long Position in SP1 Z8 Minus 10 Call	***Long Position in SP1 Z8 Zero Put***
Call is in-the-money and automatically exercised Long EDZ8: 96.855 Short EDZ9: 96.955	Put is in-the-money and automatically exercised Short EDZ8: 96.855 Long EDZ9: 96.955
EDZ8 2:00 p.m. Settlement Price: **96.855** Front leg = 96.855 Back leg = 96.855 – (- 0.10) = 96.955	EDZ8 2:00 p.m. Settlement Price: **96.885** Front leg = 96.885 Back leg = 96.855 – 0.00 = 96.885