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CME Group

Trading the Oil and Gas Transition

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As with all investments, your capital is at risk



GFM
ASSET MANAGEMENT

Trading the Transition

Strategies on Micro Oil & Gas futures & options

by Tariq Dennison

16 November 2023

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About Tariq Dennison

- Independent Advisor on IBKR Platform
 -  GFM Asset Management LLC
 -  GFM Group Limited
 -  Dennison Wealth
- Market Experience Since 1998
 - Firms: Bear Stearns, J.P Morgan, CIBC, Société Générale (HK)
 - Cities: SF, NY, Toronto, London, Hong Kong, Singapore, and now Zürich
 - Instruments: stocks, bonds, ETFs, swaps, futures & options
- Author of “Invest Outside the Box”, “10 Ways To Invest”, over 200 articles & masters courses, frequent guest on CNBC Asia.



Outline

- Why care about oil & gas
- What are oil & gas
- When and where forecasters expect the energy transition to take place
- Who the main drivers of supply and demand are
- How to trade these markets:
 - Micro and full-sized crude oil
 - Micro and full-sized natural gas

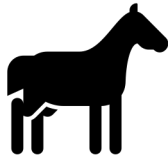
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What we did before fossil fuels

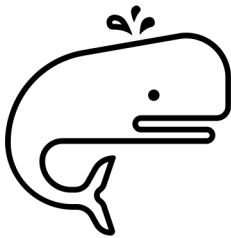
For energy:



Wood burning

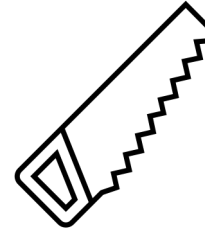


Horse power

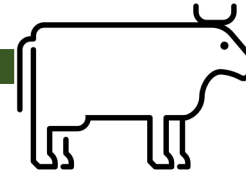


Whale oil

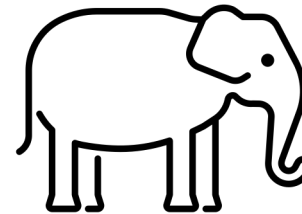
For materials:



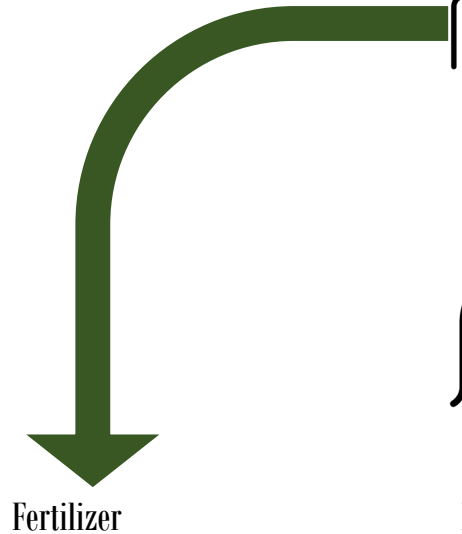
Wood (worked by hand)



Leather



Ivory



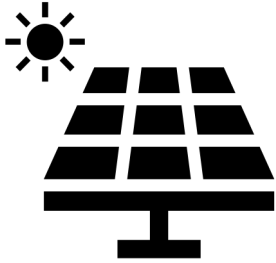
Fertilizer

Image source: MS Office Stock Image Icons

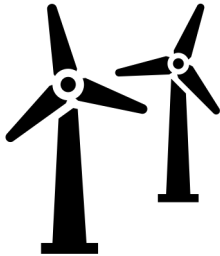
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What we might do “after fossil fuels”

For energy:



Solar

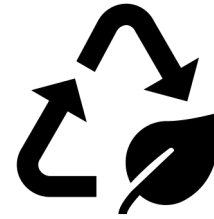


Wind



Batteries (metals)

For materials:



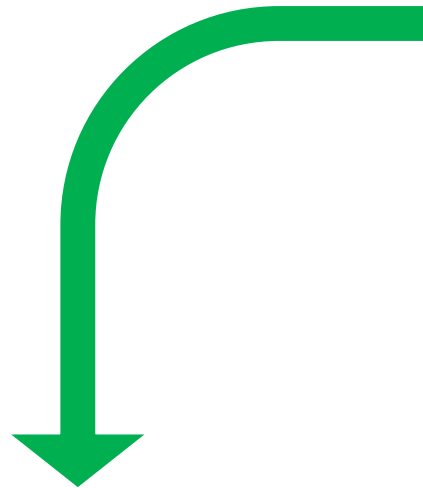
Recycled petroplastics?



Bioplastics?



Asteroid mining?



Bio fertilizer?

Image source: MS Office Stock Image Icons

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What is crude oil?

- Black **liquid** made of **long-chain** hydrocarbons
- Liquid = easy to transport and use
- Long chain = high carbon output per unit of energy
- Abundant in some places, not others
- Used not only to make fuel, but plastics & materials

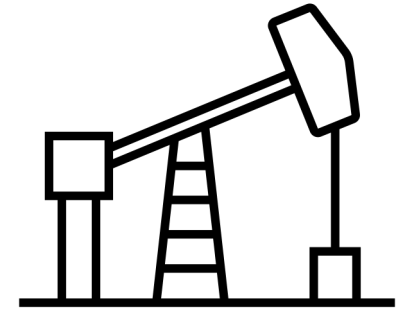
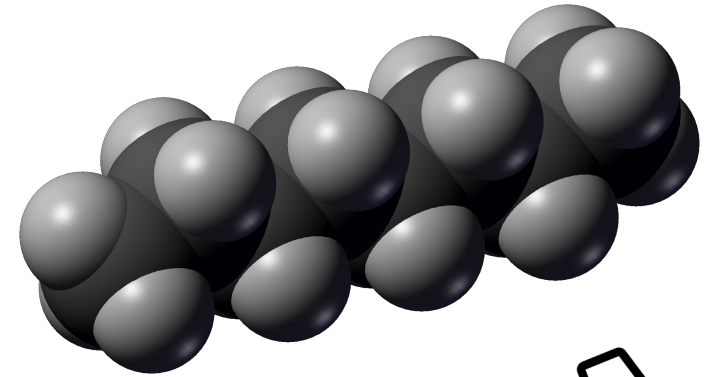
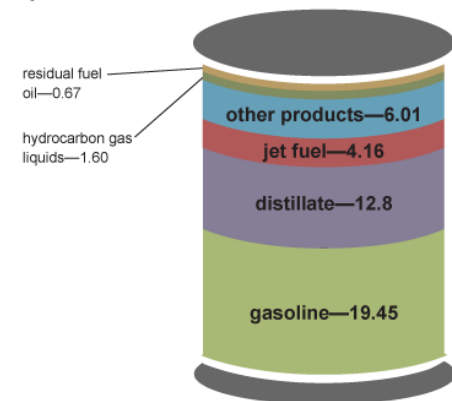


Image source: MS Office Stock Image Icons, Wikipedia, <https://www.eia.gov/energyexplained/oil-and-petroleum-products/refining-crude-oil.php>

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Petroleum products made from a barrel of crude oil, 2022
gallons



Data source: U.S. Energy Information Administration, *Petroleum Supply Monthly*, March 2023, preliminary data
Note: A 42-gallon (U.S.) barrel of crude oil yields about 45 gallons of petroleum products because of refinery processing gain. The sum of the product amounts in the image may not equal 45 because of independent rounding.

What is natural gas?

- Mostly methane (CH₄), a clear, light gas
- VERY difficult to store and **transport**
- Less carbon per unit of energy, 2nd to hydrogen (H₂)
- Often, but not only, found where oil is found
- Flaring often cheaper than selling
- Also essential to fertilizer production (➔ Food!)

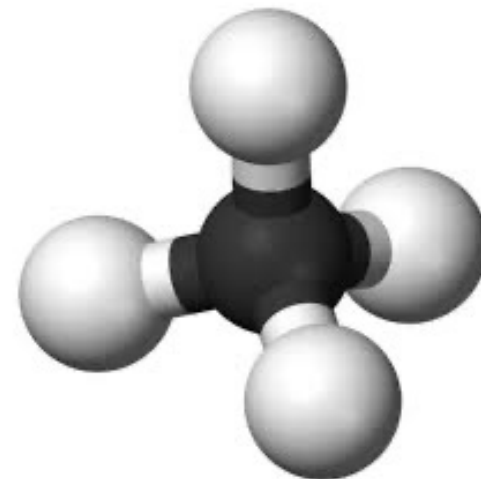


Image source: <https://oceanexplorer.noaa.gov/explorations/10chile/background/methane/methane.html> , <https://www.worldbank.org/en/programs/gasflaringreduction/gas-flaring-explained>

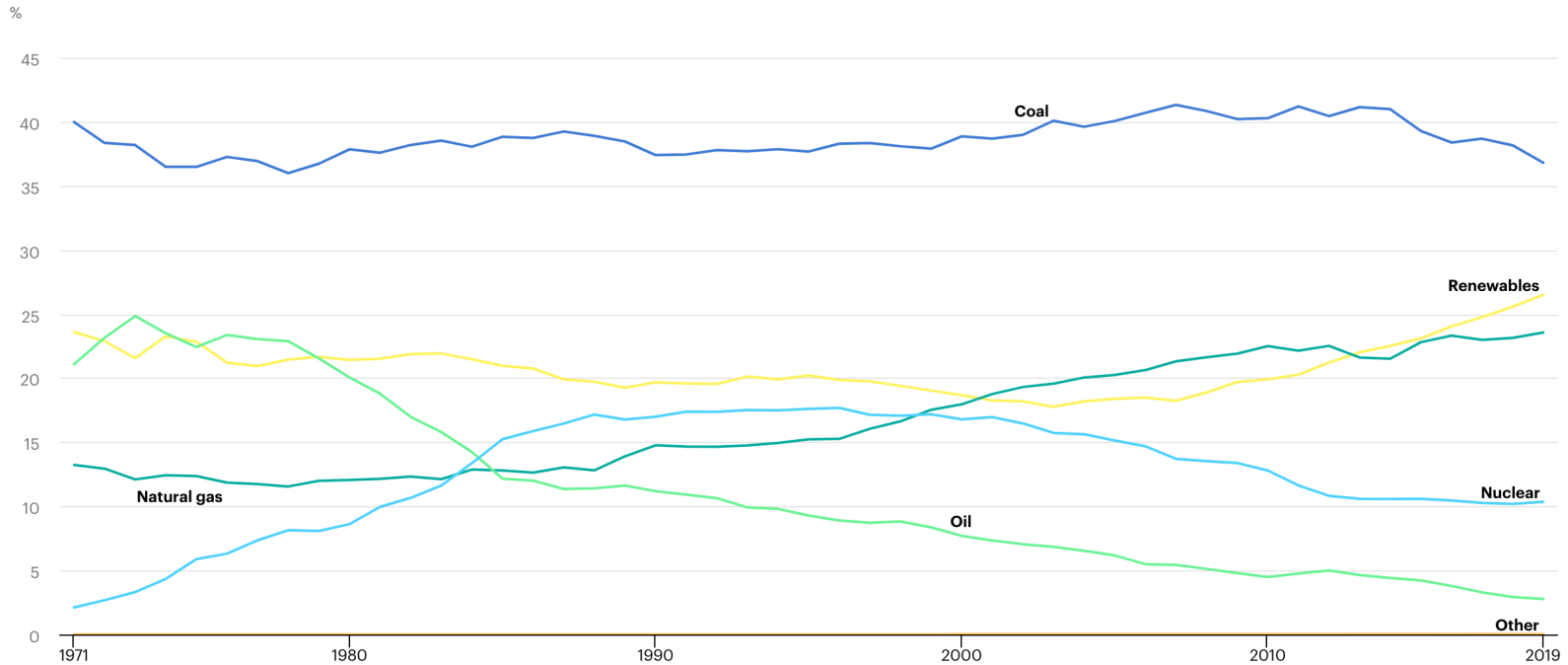
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Transition, what transition?

Main trend is the world getting less “oily” and more “gassy”, most else is secondary

World electricity generation mix by fuel, 1971-2019

Open ↗



IEA. Licence: CC BY 4.0

● Nuclear ● Coal ● Oil ● Natural gas ● Renewables ● Other

Source: <https://www.iea.org/reports/world-energy-balances-overview/world>

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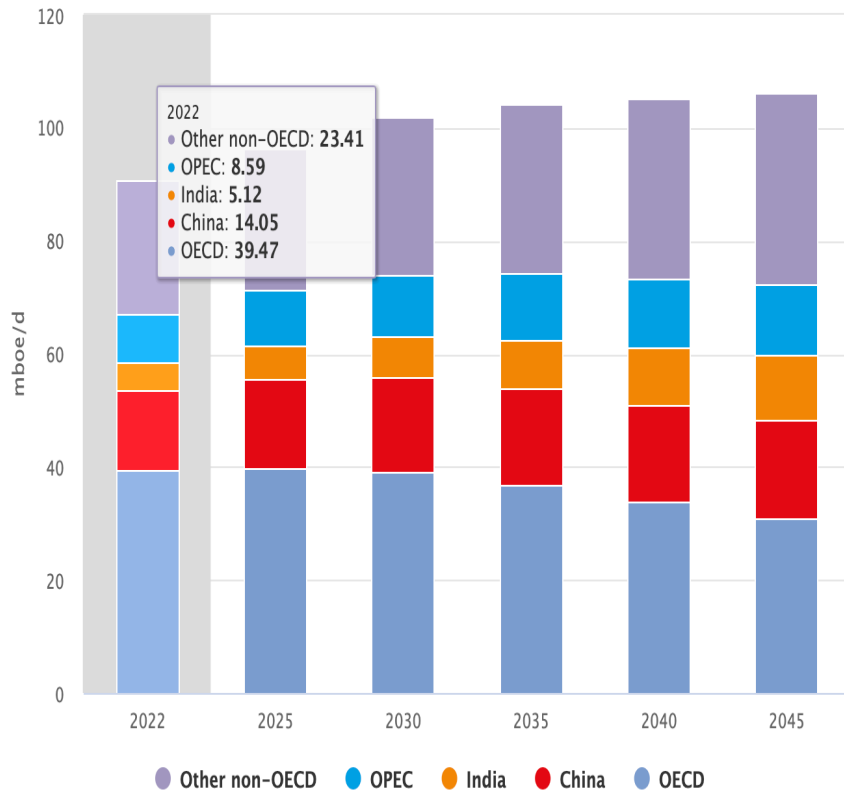
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Oil growth slowing in EM, negative in OECD

Meanwhile, gas growth is projected to remain strong, at least according to OPEC

Figure 2.5

Oil demand by region, 2022-2045

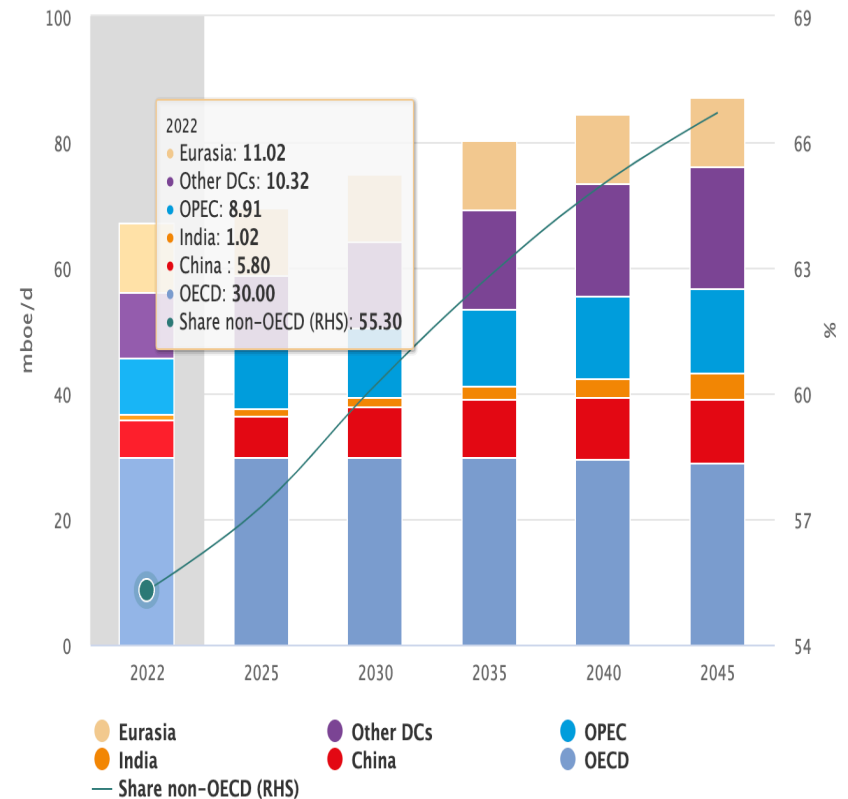


Source: OPEC

Source: <https://wo.opec.org/chapter.php?chapterNr=1767&chartID=5663>

Figure 2.9

Natural gas demand by region, 2022-2045



Source: OPEC

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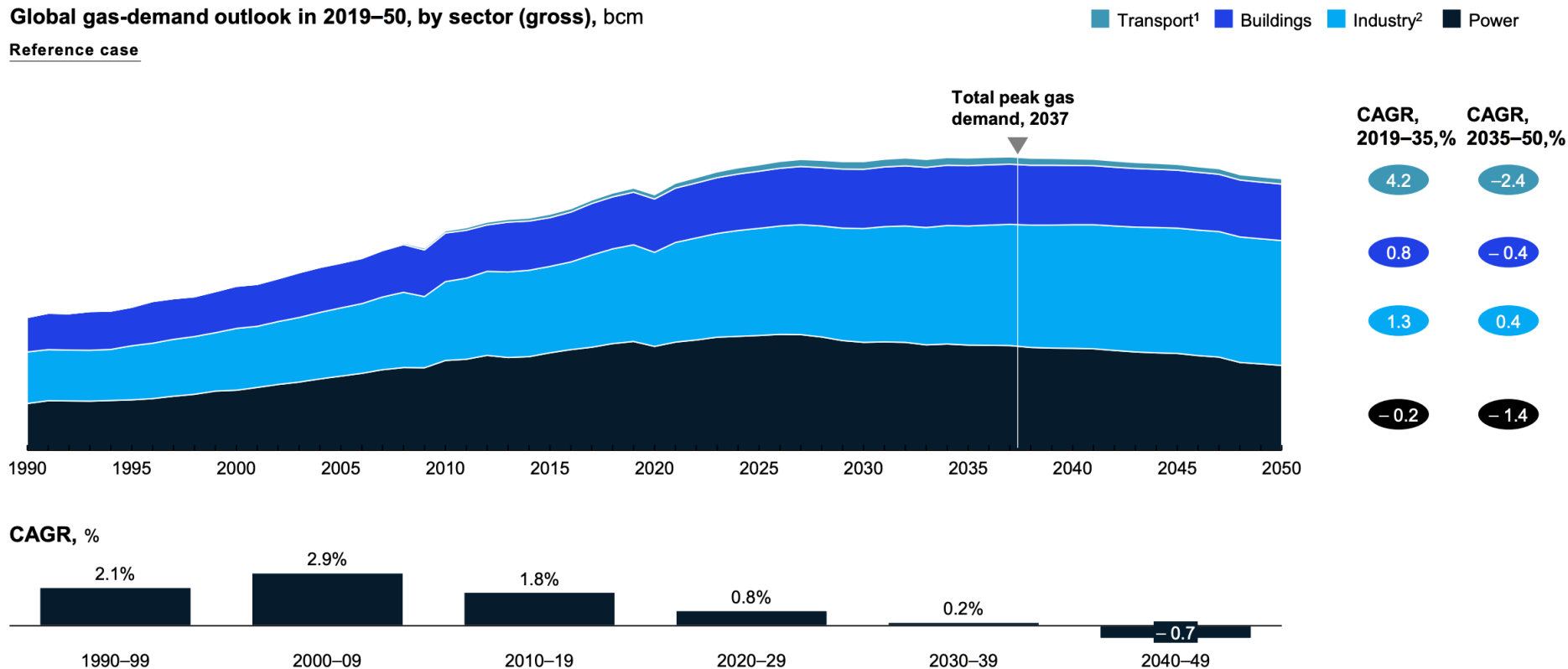
There is a substantial risk of loss in trading futures and options. Past performance is not indicative of future results.

McKinsey's Conservative Projection: Peak Gas Demand 2037

This of course is just on the demand side, which depends on many supply variables as well

Global gas-demand outlook in 2019–50, by sector (gross), bcm

Reference case



1. Does not include gas use for pipeline transport (approximately 75 bcm in 2019).

2. Includes "other" energy sector.

Source: *Global Energy Perspective 2021*, December 2020, Energy Insights by McKinsey

McKinsey & Company

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Source: https://www.mckinsey.com/~media/mckinsey/industries/oil%20and%20gas/our%20insights/global%20gas%20outlook%20to%202050/global%20gas%20outlook%202050_final.pdf

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The Supply Side: OECD* vs OPEC* vs BRIC

Note this is crude — the US is a net exporter of refined & LNG

Crude oil – imports

Crude oil – imports is the total amount of crude oil imported, in barrels per day (bbl/day).







216 Results

[Clear Filters](#)

Filter Categories

All

DOWNLOAD DATA

Rank	Country		bbl/day
1	<u>United States</u>		7,969,000
2	<u>China</u>		6,710,000
3	<u>India</u>		4,057,000
4	<u>Japan</u>		3,208,000
5	<u>Korea, South</u>		3,057,000
6	<u>Germany</u>		1,836,000
7	<u>Italy</u>		1,341,000
8	<u>Spain</u>		1,325,000

Crude oil – exports

Crude oil – exports is the total amount of crude oil exported, in barrels per day (bbl/day).








216 Results

[Clear Filters](#)

Filter Categories

All

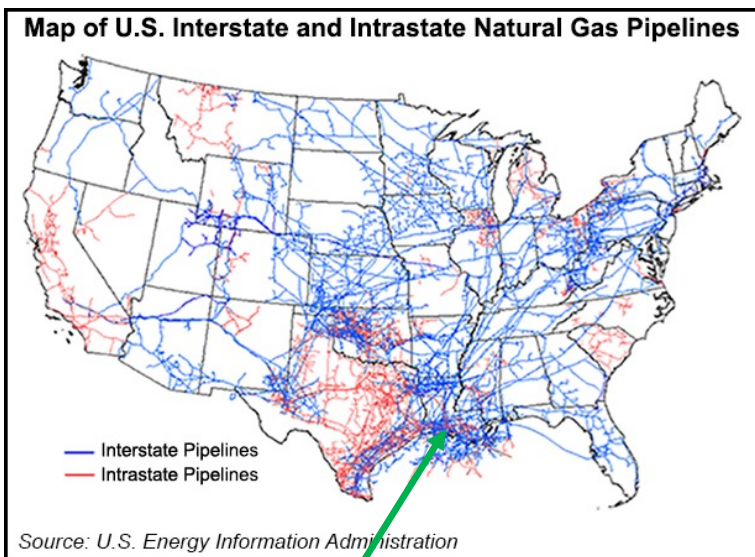
DOWNLOAD DATA

Rank	Country		bbl/day
1	<u>Saudi Arabia</u>		7,341,000
2	<u>Russia</u>		4,921,000
3	<u>Iraq</u>		3,092,000
4	<u>Canada</u>		2,818,000
5	<u>United Arab Emirates</u>		2,552,000
6	<u>Nigeria</u>		2,096,000
7	<u>Angola</u>		1,782,000
8	<u>Venezuela</u>		1,656,000

Source: <https://www.eia.gov/the-world-factbook/countries/> <https://www.eia.gov/tools/faqs/faq.php?id=709&t=6>

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The Geography of Gas



Henry Hub,
Louisiana

EUROPE'S GAS PIPELINE TIES TO RUSSIA

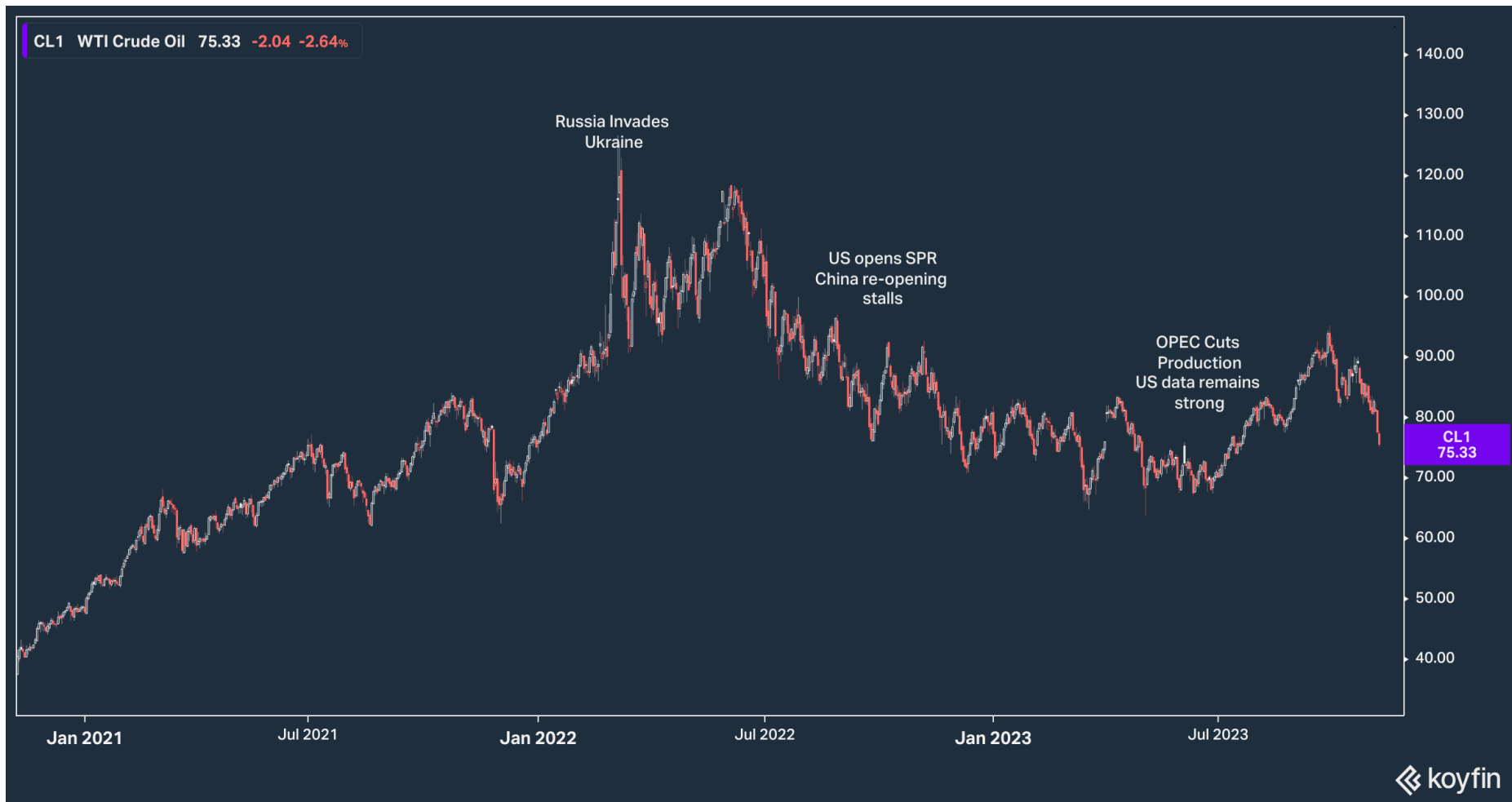


Source: <https://www.naturalgasintel.com/ingaa-touts-more-efforts-to-slash-natural-gas-pipeline-storage-emissions/> <https://cameronlng.com/lng-facility/lng-and-liquefaction/>
<https://www.quora.com/Why-would-you-think-that-U-S-opposition-to-the-natural-gas-pipeline-from-Russia-to-Germany-is-justified>

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Quick view on 3 years of oil prices ...



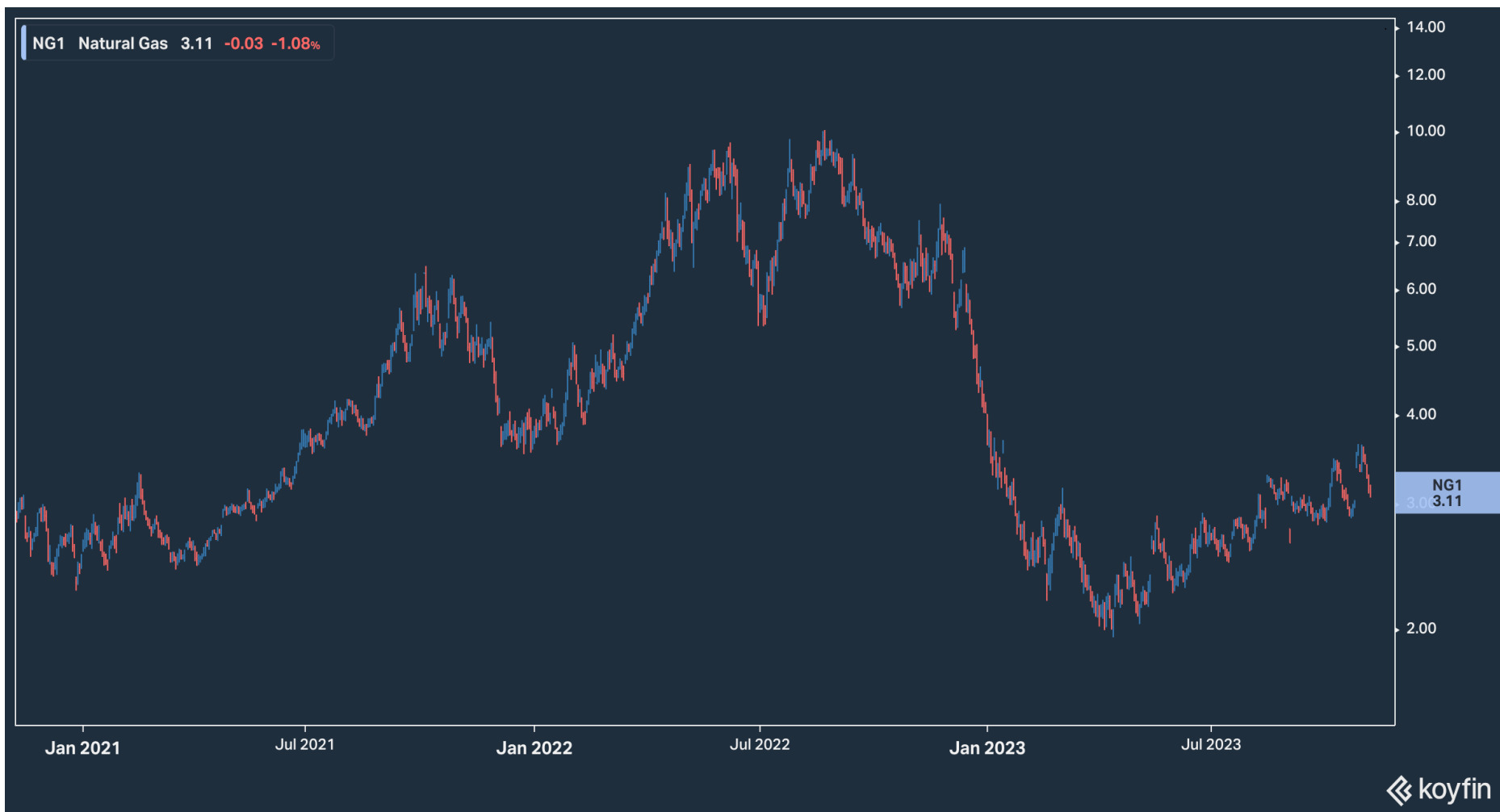
Source: Koyfin

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... versus the range of nat gas prices ...



Source: Koyfin

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... and how a leading ETF has done by comparison



Source: Koyfin

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Now, onto trading crude oil on TWS:

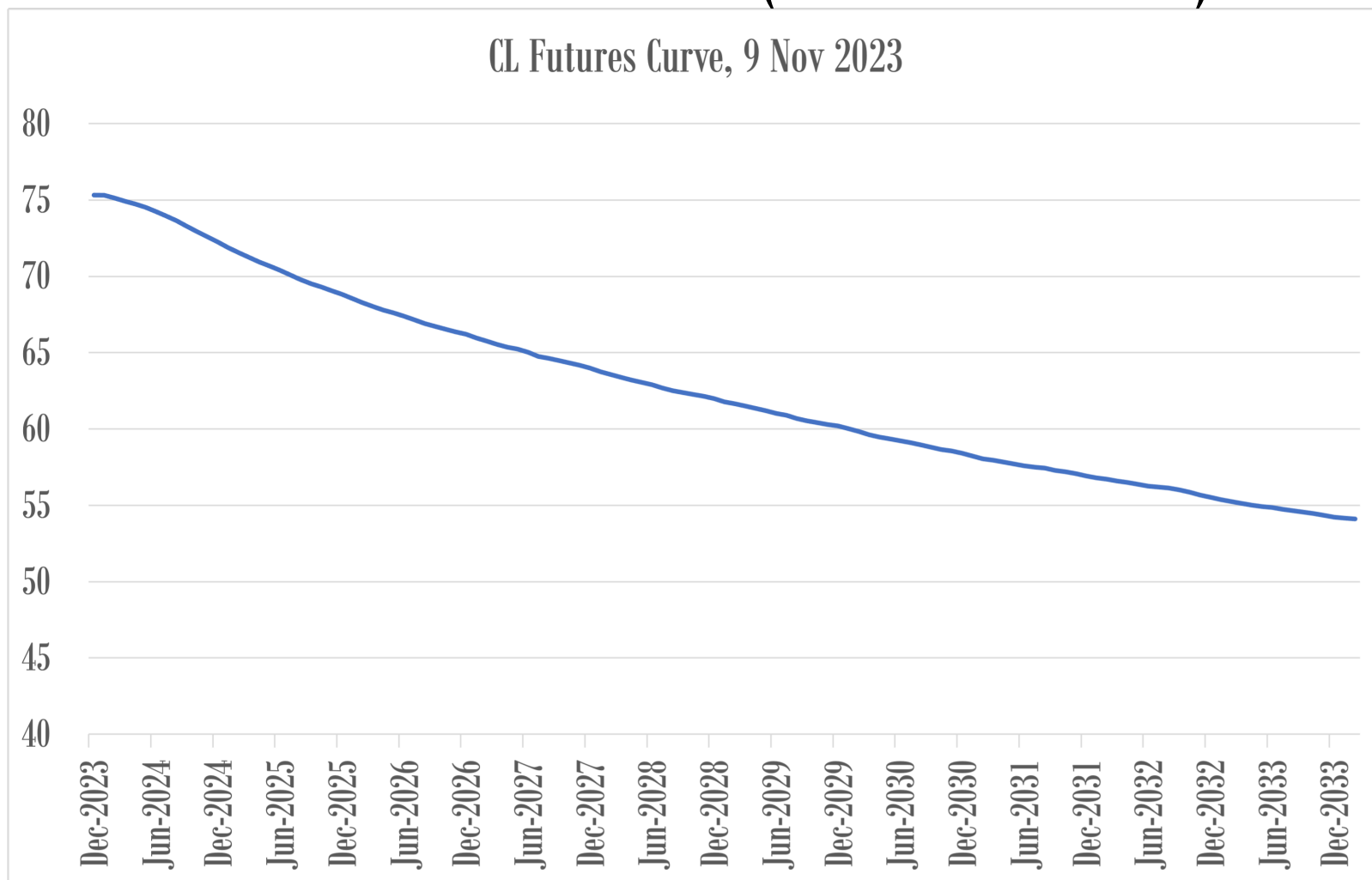
	LAST	FUT OI	CHANGE			LAST	FUT OI	CHANGE	
MCL Dec'23 @NYMEX	♦ 76.35	33.8K	+1.02	1.35%	CL Dec'23 @NYMEX	♦ 76.36	250K	+1.03	1.37%
MCL Jan'24 @NYMEX	♦ 76.29	5.62K	+0.98	1.30%	CL Jan'24 @NYMEX	♦ 76.28	265K	+0.97	1.29%
MCL May'24 @NYMEX	♦ 75.04	67	+0.52	0.70%	CL Feb'24 @NYMEX	♦ 76.05	123K	+0.93	1.24%
MCL Apr'24 @NYMEX	♦ 75.54	226	+0.80	1.07%	CL Mar'24 @NYMEX	♦ 75.81	110K	+0.88	1.17%
MCL Feb'24 @NYMEX	♦ 76.05	1.52K	+0.93	1.24%	CL Apr'24 @NYMEX	♦ 75.52	68.1K	+0.78	1.04%
MCL Mar'24 @NYMEX	♦ 75.87	705	+0.94	1.25%	CL May'24 @NYMEX	♦ 75.30	46.8K	+0.78	1.05%
MCL Dec'24 @NYMEX	♦ 72.88	276	+0.64	0.89%	CL Jun'24 @NYMEX	♦ 74.90	153K	+0.65	0.88%
MCL Sep'24 @NYMEX	♦ 73.55	9	+0.27	0.37%	CL Jul'24 @NYMEX	♦ 74.64	37.6K	+0.68	0.92%
MCL Jun'24 @NYMEX	♦ 75.00	92	+0.75	1.01%	CL Aug'24 @NYMEX	♦ 74.30	40.4K	+0.67	0.91%
MCL Jul'24 @NYMEX	♦ c73.96	43			CL Sep'24 @NYMEX	♦ 73.78	62.9K	+0.50	0.68%
MCL Aug'24 @NYMEX	♦ 73.70	7	+0.07	0.10%	CL Oct'24 @NYMEX	♦ 73.36	33.4K	+0.44	0.60%
MCL Oct'24 @NYMEX	♦ c72.92	9			CL Nov'24 @NYMEX	♦ 73.14	33.5K	+0.57	0.79%
MCL Nov'24 @NYMEX	♦ c72.57	2			CL Dec'24 @NYMEX	♦ 72.76	156K	+0.52	0.72%
MCL Jan'25 @NYMEX	♦ c71.88	3			CL Jan'25 @NYMEX	♦ 72.39	23.7K	+0.51	0.71%
MCL Feb'25 @NYMEX	♦ c71.55				CL Feb'25 @NYMEX	♦ c71.55	13.7K		
MCL Mar'25 @NYMEX	♦ c71.24				CL Mar'25 @NYMEX	♦ 71.42	17.1K	+0.18	0.25%
MCL Apr'25 @NYMEX	♦ c70.94				CL Apr'25 @NYMEX	♦ c70.94	7.38K		
MCL May'25 @NYMEX	♦ c70.67				CL May'25 @NYMEX	♦ c70.67	6.73K		
MCL Jun'25 @NYMEX	♦ 70.66	21	+0.27	0.38%	CL Jun'25 @NYMEX	♦ 70.91	50.2K	+0.52	0.74%
MCL Jul'25 @NYMEX	♦ c70.08				CL Jul'25 @NYMEX	♦ c70.08	9.06K		
MCL Aug'25 @NYMEX	♦ c69.80				CL Aug'25 @NYMEX	♦ 70.00	6.28K	+0.20	0.29%
MCL Sep'25 @NYMEX	♦ c69.53				CL Sep'25 @NYMEX	♦ c69.53	10.3K		
MCL Oct'25 @NYMEX	♦ c69.29				CL Oct'25 @NYMEX	♦ c69.29	4.04K		
MCL Nov'25 @NYMEX	♦ c69.06				CL Nov'25 @NYMEX	♦ c69.06	3.90K		
MCL Dec'25 @NYMEX	♦ c68.82	5			CL Dec'25 @NYMEX	♦ 69.26	58.6K	+0.44	0.64%

Source: IBKR TWS, 9 Nov 2023, 3:45pm CET

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Oil's current term structure (backwardation)



Source: <https://www.cmegroup.com/markets/energy/crude-oil/light-sweet-crude.quotes.html#venue=globex>

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Description of micro vs full-sized crude oil future

Stock Description	
Micro WTI Crude Oil	
Security Type	FUT
Underlying	MCL IND
Contract Month	DEC24
Currency	USD
Multiplier	100
Exchange	NYMEX
Trading Class	MCL
Symbol	MCLZ4
Product Type	Energy
Settlement Method	Cash
Trading Hours	Please Wait. Loading...

Stock Description	
Light Sweet Crude Oil	
Security Type	FUT
Underlying	CL IND
Contract Month	DEC24
Currency	USD
Multiplier	1000
Exchange	NYMEX
Trading Class	CL
Symbol	CLZ4
Product Type	Energy
Settlement Method	Physical Delivery
Physical Delivery	Not permitted at Interactive Brokers
Trading Hours	Please Wait. Loading...
Margin Information	
Margin Requirements Per Contract More	
Initial	12896.65 USD
Maintenance	9553.05 USD

Financial Instrument Info	Description
Financial Instrument Display Mode	Details
Change Tax Lots	Show Margin Impact

Source: Source: IBKR TWS, 9 Nov 2023, 3:52pm CET

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The fine print on the MCL contract

MICRO WTI CRUDE OIL FUTURES - CONTRACT SPECS

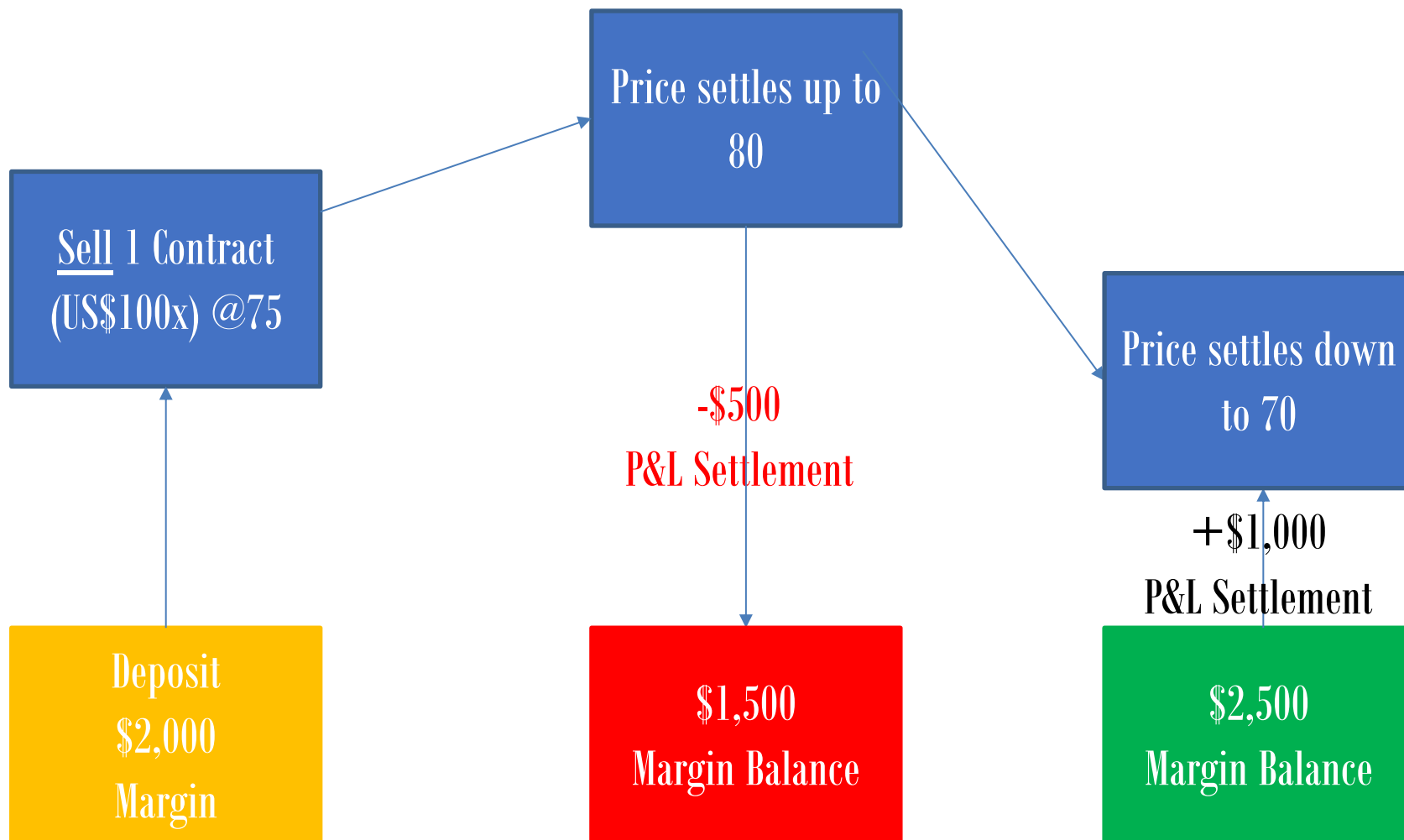
CONTRACT UNIT	100 barrels
PRICE QUOTATION	U.S. dollars and cents per barrel
TRADING HOURS	CME Globex: Sunday 5:00 p.m. - Friday - 4:00 p.m. CT with a 60-minute break each day beginning at 4:00 p.m. CT CME ClearPort: Sunday 5:00 p.m. - Friday 4:00 p.m. CT with no reporting Monday - Thursday from 4:00 p.m. - 5:00 p.m. CT
MINIMUM PRICE FLUCTUATION	0.01 per barrel = \$1.00
PRODUCT CODE	CME Globex: MCL CME ClearPort: MCL Clearing: MCL TAS: MCT
LISTED CONTRACTS	Monthly contracts listed for the current year and the next 3 calendar years. List monthly contracts for a new calendar year following the termination of trading in the December contract of the current year.
SETTLEMENT METHOD	Financially Settled
FLOATING PRICE	The Floating Price for each contract month will be equal to the Light Sweet Crude Oil Futures contract final settlement price for the corresponding contract month on the last trading day for the Micro WTI Crude Oil Futures contract month.
TERMINATION OF TRADING	Trading terminates 1 business day before the corresponding CL contract month or 4 business days before the 25th calendar of the month prior to the contract month. If the 25th calendar day is not a business day, trading terminates 5 business days before the 25th calendar day of the month prior to the contract month.

Source: <https://www.cmegroup.com/markets/energy/crude-oil/micro-wti-crude-oil.contractSpecs.html>

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Sample MCL short trade P&L



Source: Author's illustration

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Sample MCL buy order confirmation

Order Confirmation

Micro WTI Crude Oil

Financial Instrument	Ticker Action	Bid	Ask	Last
MCL Dec'24 @NYMEX	↻ Snapshot	72.00	73.50	72.88

Order Description

BUY 1

Order Type LMT	Routing NYMEX	Time in Force DAY
Limit Price 70.00	Clearing IBKR	

Messages

Amount	Balances (in USD)
Amount 7,000 USD	Current 18,350
Commission (est.) 0.77 USD	Change -0.77
Total 7,000.77 USD	Post-trade* 18,350
	Equity with Loan 18,350
	Initial Margin 14,478
	Change 1,290
	Post-trade* 15,767
	Maintenance Margin 14,478
	Change 955
	Post-trade* 15,433
	Position 0
	Change 1
	Post-trade* 1

*This is a current projection and is subject to change.
[Margin Requirements Per Contract](#)

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Source: IBKR TWS, 9 Nov 2023, 4:00pm CET

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Options on MCL futures

MCL Mar'24 @NYMEX PUT/CALLs (Side by Side) 75.65 +0.72 (+0.96%)

JAN'24 / FEB'24 MCO 100 69 DAYS
 FEB'24 / MAR'24 MCO 100 97 DAYS
 MAR'24 / APR'24 MCO 100 127 DAYS

TABBED VIEW PUT/CALL All STRIKES NYMEX TRADING CLASS 100

IV: 35.0%

CALLS										PUTS									
OPTN...	IMPL...	VOLU...	BD SZ	BID x ASK	DELTA	IMPL...	ASK SZ	STRIKE	OPTN...	IMPL...	VOLU...	BD SZ	BID x ASK	DELTA	IMPL...	ASK SZ			
	N/A		32	7.02 x 7.11			32	72.5		N/A		27	4.02 x 4.09			37			
	N/A		32	6.87 x 6.96			22	72.75		N/A		26	4.12 x 4.19			36			
	N/A		32	6.73 x 6.81			22	73	1	N/A		26	4.18 x 4.30			26			
	N/A		33	6.58 x 6.67			33	73.25		N/A		26	4.32 x 4.40			36			
	N/A		33	6.44 x 6.53			33	73.5		N/A		26	4.43 x 4.50			36			
	N/A		33	6.30 x 6.39			33	73.75		N/A		26	4.52 x 4.60			26			
	N/A		33	6.17 x 6.25			23	74	2	N/A		25	4.60 x 4.73			25			
	N/A		33	6.03 x 6.12			23	74.25		N/A		25	4.75 x 4.83			35			
1	N/A		34	5.90 x 5.98			24	74.5		N/A		25	4.86 x 4.94			35			
	N/A		24	5.77 x 5.85			24	74.75		N/A		25	4.98 x 5.06			35			
	N/A		22	5.64 x 5.72			22	75	2	N/A		23	5.10 x 5.17			33			
	N/A		34	5.51 x 5.59			24	75.25		N/A		24	5.21 x 5.29			34			
	N/A	2	34	5.38 x 5.46			24	75.5		N/A		24	5.33 x 5.41			34			
	N/A		35	5.26 x 5.34			25	75.75		N/A		24	5.45 x 5.54			34			
	N/A		25	5.14 x 5.22			25	76	2	N/A		24	5.58 x 5.66			34			
	N/A		25	5.02 x 5.10			25	76.25		N/A		23	5.70 x 5.79			33			
	N/A		35	4.90 x 4.98			25	76.5		N/A		23	5.83 x 5.91			33			
	N/A		35	4.78 x 4.86			25	76.75		N/A		23	5.96 x 6.05			33			
1	N/A		26	4.66 x 4.79			26	77	2	N/A		23	6.09 x 6.18			33			
	N/A		36	4.55 x 4.63			26	77.25		N/A		32	6.22 x 6.31			32			
	N/A		26	4.45 x 4.52			26	77.5		N/A		22	6.36 x 6.45			32			
	N/A		26	4.34 x 4.41			26	77.75		N/A		22	6.50 x 6.59			32			
	N/A		26	4.22 x 4.35			26	78		N/A		22	6.64 x 6.73			32			
	N/A		26	4.13 x 4.20			26	78.25		N/A		21	6.78 x 6.87			31			
	N/A		27	4.02 x 4.10			27	78.5		N/A		21	6.92 x 7.01			31			

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Source: IBKR TWS, 9 Nov 2023, 4:05pm CET

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Sample MCL buy order confirmation

DESCRIPTION File Configure

Stock Description

Micro WTI Crude Oil

Product **MCL**

Security Type **Future Options**

Underlying **MCLH4 FEB 16 '24 FUT**

Contract Month **MAR24**

Strike **75**

Right **Put**

Currency **USD**

Multiplier **100**

Exchange **NYMEX**

Symbol **MCOH4 P7500**

Trading Class **MCO**

Product Type **Energy**

Settlement **Cash**

Method

Exercise Style **European**

Trading Hours **Please Wait. Loading...**

Order Confirmation

Quote Panel

Financial Instrument	Ticker Action	Bid	Ask	Last
MCL FOP (MCO) Mar'24 75 PUT...	Snapshot	5.10	5.18	c5.51

Order Description

BUY 1

Order Type LMT Routing NYMEX Time in Force DAY

Limit Price 5.00 Clearing IBKR

Messages

Amount	Balances (in USD)			
Amount	Current	Change	Post-trade*	
Amount	500 USD			
Commission (est.)	1.02 USD			
Total	501.02 USD			
	Equity with Loan	18,347	-6	18,342
	Initial Margin	14,463	495	14,958
	Maintenance Margin	14,463	400	14,863
	Position	0	1	1

Performance Profile

*This is a current projection and is subject to change.
[Margin Requirements Per Contract](#)

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Source: IBKR TWS, 9 Nov 2023, 4:00pm CET

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A brief outline of option strategies

- Buy call option: loss limited to premium, unlimited upside
- Buy put option: loss limited to premium, max upside = \$100 x strike
- Sell put option: gain limited to premium, max downside = \$100 x strike
- Sell call option: gain limited to premium, unlimited downside
- Countless ways to combine these, deserving of another webinar...

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Natural gas on TWS

DESCRIPTION	
Security Type	FUT
Underlying	NG IND
Contract Month	DEC26
Currency	USD
Multiplier	10000
Exchange	NYMEX
Trading Class	NG
Symbol	NGZ26
Product Type	Energy
Settlement Method	Physical Delivery
Physical Delivery	Not permitted at Interactive Brokers
Trading Hours	Please Wait. Loading...

	LAST	FUT OI	CHANGE	
NG Dec'23 @NYMEX	3.054	156K	-0.052	-1.67%
NG Jan'24 @NYMEX	3.335	234K	-0.054	-1.59%
NG Feb'24 @NYMEX	3.292	72.9K	-0.046	-1.38%
NG Mar'24 @NYMEX	3.086	168K	-0.050	-1.59%
NG Apr'24 @NYMEX	2.977	99.0K	-0.052	-1.72%
NG May'24 @NYMEX	3.037	75.5K	-0.052	-1.68%
NG Jun'24 @NYMEX	3.163	22.4K	-0.053	-1.65%
NG Jul'24 @NYMEX	3.291	42.7K	-0.055	-1.64%
NG Aug'24 @NYMEX	3.335	18.6K	-0.053	-1.56%
NG Sep'24 @NYMEX	3.318	27.7K	-0.053	-1.57%
NG Oct'24 @NYMEX	3.400	63.5K	-0.050	-1.45%
NG Nov'24 @NYMEX	3.779	16.1K	-0.037	-0.97%
NG Dec'24 @NYMEX	4.246	25.0K	-0.033	-0.77%
NG Jan'25 @NYMEX	4.535	46.4K	-0.026	-0.57%
NG Feb'25 @NYMEX	4.434	10.6K	-0.029	-0.65%
NG Mar'25 @NYMEX	4.065	27.2K	-0.019	-0.47%
NG Apr'25 @NYMEX	3.675	33.3K	-0.033	-0.89%
NG May'25 @NYMEX	3.682	18.5K	-0.017	-0.46%
NG Jun'25 @NYMEX	c3.826	6.33K		
NG Jul'25 @NYMEX	c3.955	12.9K		
NG Aug'25 @NYMEX	3.974	3.83K	-0.021	-0.53%
NG Sep'25 @NYMEX	c3.976	4.67K		
NG Oct'25 @NYMEX	4.025	12.9K	-0.023	-0.57%
NG Nov'25 @NYMEX	c4.384	2.71K		
NG Dec'25 @NYMEX	c4.803	4.19K		
NG Jan'26 @NYMEX	c5.088	21.4K		
NG Feb'26 @NYMEX	c4.875	1.96K		
NG Mar'26 @NYMEX	c4.260	2.45K		
NG Apr'26 @NYMEX	3.650	2.89K	-0.010	-0.27%
NG May'26 @NYMEX	c3.635	1.12K		
NG Jun'26 @NYMEX	c3.765	738		
NG Jul'26 @NYMEX	c3.900	735		
NG Aug'26 @NYMEX	c3.936	956		
NG Sep'26 @NYMEX	c3.908	968		
NG Oct'26 @NYMEX	c3.980	2.34K		
NG Nov'26 @NYMEX	c4.325	727		

Source: IBKR TWS, 9 Nov 2023, 4:20pm CET

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CME's Recently Launched Micro-gas contracts

	NEW MICRO HENRY HUB NATURAL GAS FUTURES	E-MINI HENRY HUB NATURAL GAS FUTURES	NEW MICRO HENRY HUB NATURAL GAS MONTHLY OPTIONS	NEW MICRO HENRY HUB NATURAL GAS FRIDAY WEEKLY OPTIONS	HENRY HUB NATURAL GAS FUTURES
CONTRACT SIZE	1,000 MMBtu	2,500 MMBtu	1,000 MMBtu	1,000 MMBtu	10,000 MMBtu
RATIO TO STANDARD CONTRACT	10:1	4:1	10:1	10:1	1
MINIMUM TICK INCREMENT	\$0.001 per MMBtu	\$0.005 per MMBtu	\$0.001 per MMBtu	\$0.001 per MMBtu	\$0.001 per MMBtu
DOLLAR VALUE OF ONE TICK	\$1 per contract	\$12.50 per contract	\$1 per contract	\$1 per contract	\$10 per contract
PRODUCT CODE	MNG	QG	MNO	MN1; MN2; MN3; MN4; MN5	NG
SETTLEMENT TYPE	Financial	Financial	Financial	Financial	Physical
	Trading terminates one (1) business day prior to the expiration of the corresponding contract month of the Henry Hub Natural Gas Futures contract (NG).	Trading shall cease on the business day immediately preceding the last day of trading in the current delivery month of the Henry Hub Natural Gas Futures contract (NG).	Trading terminates on the second business day immediately preceding the expiration of the underlying Micro Henry Hub Natural Gas Futures contract (MNG).	Trading terminates on Friday of the contract week. If Friday is not a business day trading terminates on the prior business day.	Trading terminates on the 3rd last business day of the month prior to the contract month.

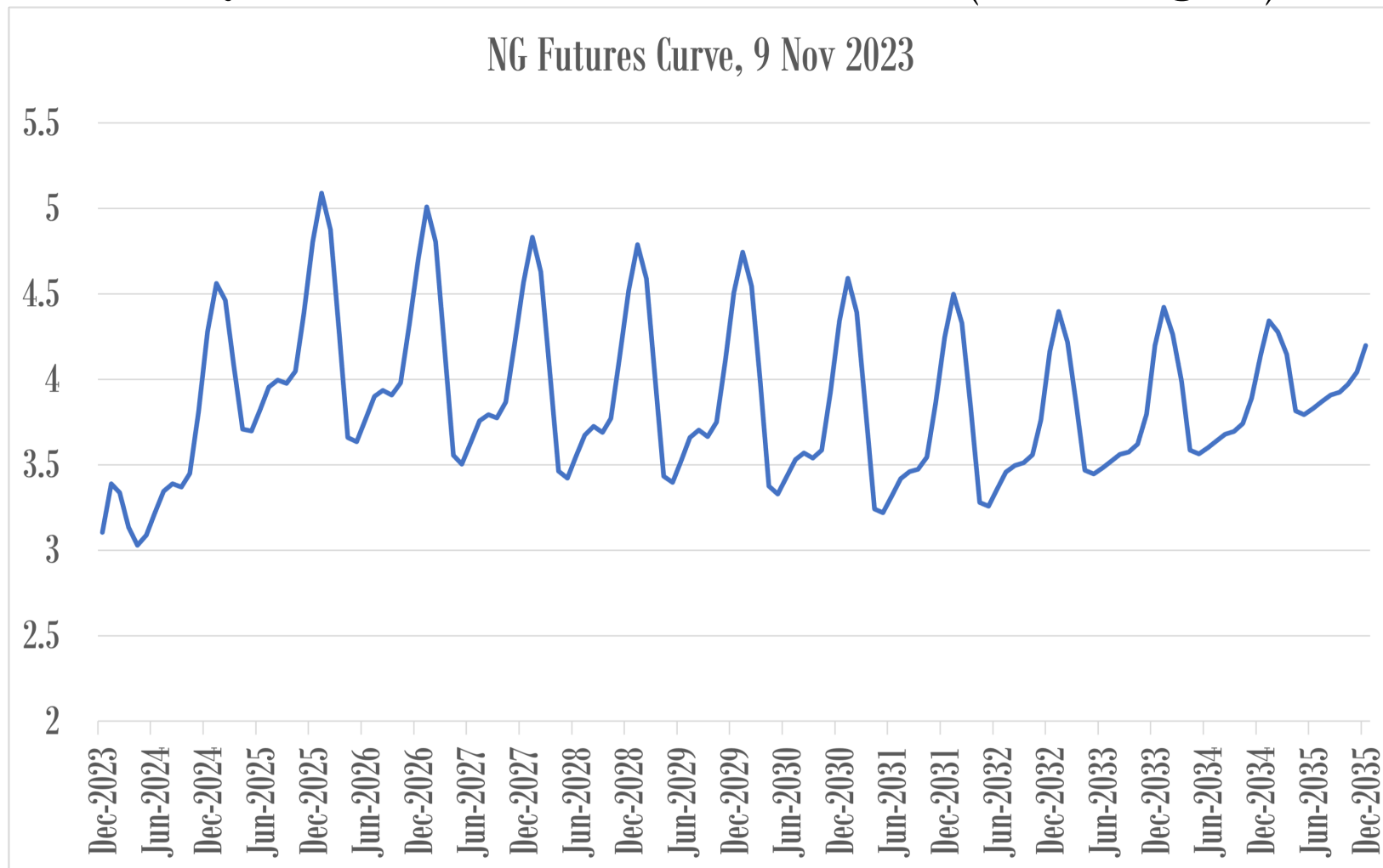
MONTH	VOLUME									OPEN INTEREST		
	VENUE DETAIL				TRADE TYPE DETAIL					DELIVERIES	AT CLOSE	CHANGE
	GLOBEX	OPEN OUTCRY	PNT CLEARPORT	TOTAL VOLUME	BLOCK TRADES	EFP	EFR	EFS	TAS			
DEC 2023	5,795	0	0	5,795	0	0	0	0	0	0	12,114	-1,517
JAN 2024	2,675	0	0	2,675	0	0	0	0	0	0	1,354	+199
FEB 2024	4	0	0	4	0	0	0	0	0	0	10,084	+4
MAR 2024	0	0	0	0	0	0	0	0	0	0	40	0

Source: CME

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Gas's very different term structure (contango?)



Source: <https://www.cmegroup.com/markets/energy/natural-gas/natural-gas.quotes.html#venue=globex>

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Options on full-sized NG futures

NG Feb'24 @NYMEX PUT/CALLs (Side by Side) 3.292 -0.046 (-1.38%)

DEC ON / JAN'24 ON 10000 47 DAYS | JAN'24 / FEB'24 LNE 10000 78 DAYS | JAN'24 ON / FEB'24 ON 10000 78 DAYS | MORE

TABBED VIEW PUT/CALL All STRIKES NYMEX TRADING CLASS 10000

CALLS										PUTS												
OPTN...	IMPL...	VOLU...	BD	SZ	BID x	ASK	DELTA	IMPL...	ASK	SZ	STRIKE	OPTN...	IMPL...	VOLU...	BD	SZ	BID x	ASK	DELTA	IMPL...	ASK	SZ
1.01K	N/A		169		0.689	0.701				54	2.75	8.46K	N/A	13	327		0.158	0.163				301
	N/A		173		0.657	0.668				10	2.8	14	N/A	1	82		0.176	0.181				365
187	N/A		10		0.627	0.638				58	2.85		N/A		64		0.195	0.199				119
18	N/A		202		0.596	0.608				15	2.9	102	N/A		271		0.214	0.219				95
13	N/A		12		0.569	0.580				82	2.95	12	N/A	1	60		0.236	0.240				100
2.15K	N/A		99		0.542	0.553				155	3		N/A	1	284		0.257	0.263				101
22	N/A		91		0.517	0.527				157	3.05		N/A		146		0.281	0.287				117
64	N/A		181		0.491	0.502				108	3.1		N/A		238		0.305	0.312				147
	N/A		111		0.477	0.488				159	3.13		N/A		129		0.321	0.327				67
	N/A		107		0.468	0.479				172	3.15		N/A		68		0.332	0.338				109
	N/A		90		0.447	0.456				109	3.2	481	N/A		144		0.358	0.365				104
785	N/A		229		0.425	0.435				189	3.25		N/A		171		0.386	0.393				94
	N/A		101		0.405	0.414				120	3.3		N/A		15		0.415	0.422				82
1	N/A		99		0.386	0.395				180	3.35		N/A		15		0.445	0.453				120
	N/A		105		0.371	0.380				253	3.39		N/A		155		0.470	0.478				199
50	N/A		65		0.368	0.376				237	3.4		N/A		14		0.476	0.484				115
2	N/A		61		0.351	0.359				247	3.45		N/A		14		0.508	0.516				110
	N/A	2	115		0.334	0.342				246	3.5		N/A		261		0.540	0.550				299
391	N/A		61		0.319	0.326				182	3.55	272	N/A		212		0.573	0.584				199
330	N/A		67		0.304	0.311				182	3.6	326	N/A		121		0.608	0.619				204
151	N/A		111		0.290	0.297				235	3.65	44	N/A		202		0.643	0.654				187
212	N/A		107		0.277	0.283				110	3.7	134	N/A		1		0.680	0.689				87
3.16K	N/A		149		0.264	0.271				162	3.75	1.48K	N/A		121		0.716	0.727				174
344	N/A		127		0.252	0.259				134	3.8	209	N/A		1		0.754	0.765				335
117	N/A		120		0.241	0.247				112	3.85	101	N/A		1		0.792	0.802				85

IV: 68.9%

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How to rapidly lose a lot of money in gas futures

thehedgefundjournal.com/amaranth-advisors/



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On 21 September 2006, Amaranth Advisors, the \$9.5 billion hedge fund, announced that it had lost almost 65% of its assets on a bet on the natural gas market. The biggest energy trading disaster happened through what some have called a series of classic rogue trading mistakes and a complete breakdown in risk control. After an intense period trying to salvage what they could for investors, on Friday 6th October, news started filtering out that Amaranth Advisors was going to shut down leading to hundreds of job losses. According to reports, Amaranth has been forced to sell, at a loss, its energy book to JP Morgan Chase and Citadel.

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Questions?

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On SeekingAlpha “The Expat Portfolio”

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<https://gfmasset.com>