

Futures Trade Opportunity

By:
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Market: Natural Gas

Futures Spread Opportunity: Buy December '20 Natural Gas (NG) / Sell September '20 Natural Gas (NG) at the current market price on or before June 17, 2020.

Specifics...

Gross profit target is 100 points per spread.

Risk 32 points per spread.

Point value = \$10

Max hold time is until July 9, 2020.

Current margin requirement for this trade is \$688 per spread.

[P/L example, assuming total commission & trade fees of \$20 / round turn, this trade would yield a net profit of \$960 per spread if the trade is liquidated at the profit target. If the trade is liquidated at the risk target, the total loss would be \$360 per spread*]



Figure 1: Natural Gas Futures Spread Chart

Analysis...

Fundamentally, this is a seasonal / cyclical trade that has been profitable 14 of the last 15 years. As the summer cooling season begins, hot-weather distributors will begin to aggressively liquidate their stocks even as cold-weather distributors continue to accumulate for winter. Technically, the spread chart has been trending upwards. This trade looks to take advantage of the current trend.

If have any questions or need assistance with this trade recommendation, please feel free to contact me by phone or email.

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* Required disclaimer:

There is a risk of loss in futures trading. Past performance is not necessarily indicative of future results. Seasonal trades track historical price cycles and have the benefit of hindsight. There is no guarantee that any seasonal trade will follow the same cycle as in previous years and as such, there is no guarantee of profit. The use of a stop loss order may not necessarily limit your loss to the intended amount.

You should carefully consider whether such trading is suitable for you in light of your circumstances and financial resources.

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