

HENRY HUB NATURAL GAS FACTSHEET

What Is Henry Hub Natural Gas?

- ❖ Natural gas is the cleanest burning fossil fuel traditionally used as a source of energy for heating and cooking and electricity generation. In modern days, it has been used as a fuel for vehicles, chemical feedstock in the manufacture sector.
- ❖ Natural Gas Henry Hub is a distribution hub on the natural gas pipeline system. The pipeline interchange transports gas from across the US Gulf Coast through a header system operated by Sabine Pipe Line.
- ❖ Henry Hub is the standard delivery point for NYMEX natural gas futures contracts in the US. Natural Gas Henry Hub is often used as a primary financial hedging tool.

Key Features of Henry Hub Natural Gas Contract:

- ❖ 3rd largest physical commodity futures contract in the world by volume
- ❖ An independent stand-alone commodity
- ❖ Widely used as a national benchmark price for natural gas, which continues to grow as a global and U.S. energy source
- ❖ Demand increases during warmer period as more electricity is generated for cooling in the U.S.

Key Statistics:

- ❖ Average daily volume (2019): ~408k contracts traded daily
- ❖ Average open interest: > 1.27 million contracts
- ❖ Average daily trading range (2019): ~ \$0.09 (90 ticks)

Key Data:

- ❖ U.S. EIA Natural Gas Stocks Change (every Thursday)
- ❖ U.S. API weekly inventory and refinery reports (every Wednesday)
- ❖ U.S. GDP reports and relevant economic indicators



DO YOU KNOW?

The first gas pipelines were built in China in 500 BC. The lines, made out of bamboo, moved gas which was used to make evaporated salt brine.

Contract Specifications (Source: CME Group website)

Product	Henry Hub Natural Gas
Product Symbol	NG
Contract Multiplier	10,000 MMBtu
Minimum price Fluctuation	\$0.001
Value per Tick	\$10.00
Settlement	Physical Delivery
Trading Hours (Malaysian Time)	0600 – 0500 (Daylight Saving Time) 0700 – 0600 (Non-DST)

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