

Introduction

- Function and purpose of futures markets
- Contract specifications for natural gas
- Trading margins, open interest, and volume
- Types of futures orders

The Basis Concept

- Definition and terminology
- Basis factors
- Perfect & imperfect hedges

The Physical Market

- Who the players are and what roles they serve
- Major trading points
- How the trading indices are set
- Buying and selling Index-related gas
- Sources of information
- Transportation and Distribution
- Hub Services

Basis Charting

- Relationships between cash markets and futures prices
- Seasonal price patterns
- Anticipating basis changes

Futures Spreads

- Historical relationships
- Contango and backwardation

Derivatives

- Structuring, offering, and hedging NYMEX-related physical transactions

Basis Trading

- Buying basis, selling basis, & spreading
- Offering marketing alternatives

Swaps

- NYMEX only
- Basis swaps
- Index swaps

Producer & User Hedging

- Separating futures risk and basis risk
- Measuring pricing performance
- Buying price “insurance”

Position Balancing

- Developing a hedge position report

- Quantifying futures and spread risk
- Basis position analysis

Options

- Contract specs and terminology
- Option pricing
- Setting price caps, floors, and collars

Introduction to FASB Statement No. 133

- Guiding Principles of the Rule
- Hedge Accounting definition and election

Managing Risk Management

- Keys to successful risk management
- Avoiding trading disasters

Summary