

Natural Gas Intercommodity Spread Leg Assignment

The following example shows the procedure for spread leg assignment for the Natural Gas intercommodity spread.

1. CME Globex anchors the Leg1 price assignment (nearby month) based on the most recent Exchange Best.
2. If the floating leg has the more recent Exchange Best then it will be the anchor.
3. CME Globex calculates the price of the floating leg based on the anchor leg price and the spread execution price.

Example: Henry Hub Natural Gas Futures: Henry Hub Natural Gas Last Day Financial Future (NG:HH)

- The NGJ6-HHJ6 inter-commodity spread traded at a price of .00025
- The NGJ6 outright most recent Exchange Best was 1.960
- CME Globex assigns the HHJ6 leg price as follows:

NG leg (1.960) - Spread (.00025) = 1.95975 (HH leg assignment)