

Month	Settle	1/6/2017	Strip Avg,
Feb-17	3.285	Feb17-Apr17	3.276
Mar-17	3.288	Apr17-Oct17	3.300
Apr-17	3.256	Nov17-Mar18	3.475
May-17	3.261	Apr18-Oct18	2.876
Jun-17	3.295		
Jul-17	3.327	Feb17-Jan18	3.342
Aug-17	3.326	Calendar 2018	3.053
Sep-17	3.308	Calendar 2019	2.876
Oct-17	3.326	Calendar 2020	2.881
Nov-17	3.371	Calendar 2021	2.901
Dec-17	3.485	Calendar 2022	2.932
Jan-18	3.572	Calendar 2023	3.016

**NEXT DAY GAS PRICES:**

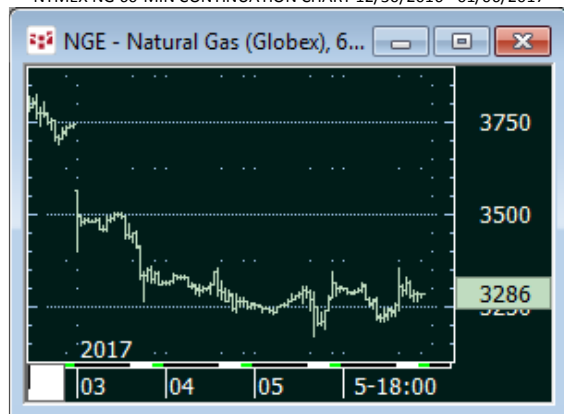
TETCO M2 (rec)	3.1195	Henry Hub	3.3261	Dom-SP	3.0398
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**ICE BASIS FUTURES PRICES:**

Tetco M2 Basis	1/6/2017	Dominion-South Basis	
Feb-17	-0.4400	Feb-17	-0.5125
Mar-17	-0.6700	Mar-17	-0.6825
Feb17-Apr17	-0.6625	Feb17-Apr17	-0.6825
Apr17-Oct17	-1.2386	Apr17-Oct17	-1.2196
Nov17-Mar18	-0.9700	Nov17-Mar18	-1.0190
Feb17-Jan18	-1.0696	Feb17-Jan18	-1.0740
Calendar 2018	-0.8458	Calendar 2018	-0.8623
Calendar 2019	-0.6610	Calendar 2019	-0.6625
Calendar 2020	-0.6194	Calendar 2020	-0.6254
Calendar 2021	-0.5219	Calendar 2021	-0.5713

**Market Commentary:** The cold air that was responsible for sending the NG market to 2-year highs has since lost its mojo for the time being, and instead of pushing East to major population centers, it has instead given way to milder temps toward the middle of the month. Things kicked off with a sharp gap lower on the charts this past Monday evening, as the weather outlook had moderated and weak speculative length was pushed out of the market rather aggressively. Tuesday was the first trading day of 2017, and it kicked off with a loud bang as prompt Feb futures dropped more than 10% from the final trading day of 2016 last Friday, and it is not every day that you see the market post a decline of 40 cents. The one-day decline was the largest since February of 2014, so it had been nearly three years since we had seen such a drop, and that one occurred when we were coming down from north of 6.00, which marked the highest print since the bloodbath began for NG producers back in 2009. We opened for the week with a big gap down into the mid 3.50's, and that proved to be the high print for the week, with prices failing to hold above 3.50 on Tuesday morning, and we fell steadily from there, with an eventual low of 3.26 seen before prices staged a bit of a relief rally back into the low 3.30's. That's as much ground to the upside as the bulls have been able to garner in recent days though, and we are finishing up nearly 50 cents lower than where things

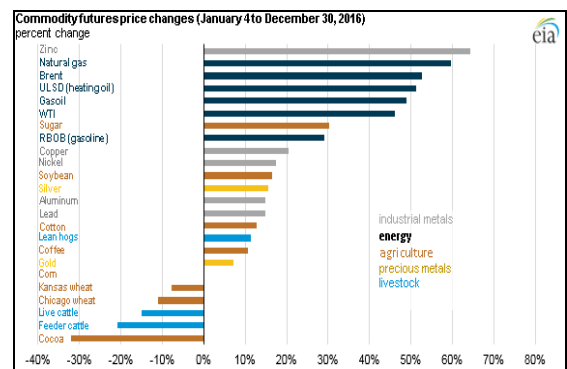
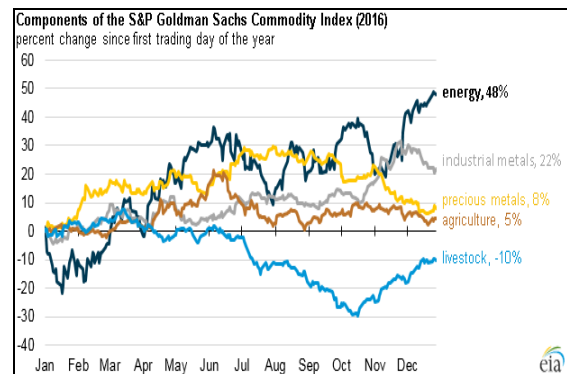
**NYMEX NG 60-MIN CONTINUATION CHART 12/30/2016 - 01/06/2017**



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As of Week Ending:	12/30/2016	Build/(Draw)
Current Storage	3,311 Bcf	(49) Bcf
		Surplus/(Deficit)
Last Year Storage	3,675 Bcf	(364) Bcf
5-Year Avg. Storage	3,332 Bcf	(21) Bcf

finished a week ago. That 2016 finished up so strongly for NG prices is reflected in the two below graphics from the EIA. The first plots the yearly performance for various components of the Goldman Sachs Commodity Index (GSCI) for 2016, with energy being the best performing sector in the space with a 48% yearly jump, while livestock prices fared the worst and posted a decline of 10% from 2015. The final graphic plots the relative performance of specific markets for the year, and natural gas claimed second-place with a nearly 60% year over year jump, trailing only zinc which was up around 65%. Natural gas was bid up in short-order on the anticipation of hefty demand stemming from extreme cold weather, but as quickly as we ran up, we have now given a lot back. Should the outlook revert to much below normal temps in the weeks ahead, the ability of the NG market to quickly re-inject premium should be kept in mind, as there is relatively little standing in the way of a retest of the recent highs should demand expectations warrant it.



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