

Month	Settle	2/5/2016	Strip Avg,
Mar-16	2.063	Mar16-May16	2.134
Apr-16	2.137	Apr16 - Oct16	2.289
May-16	2.202	Nov16 - Mar17	2.718
Jun-16	2.260	Apr17-Oct17	2.680
Jul-16	2.323		
Aug-16	2.352	Mar16-Feb17	2.408
Sep-16	2.359	Calendar 2017	2.744
Oct-16	2.393	Calendar 2018	2.850
Nov-16	2.490	Calendar 2019	2.932
Dec-16	2.690	Calendar 2020	3.040
Jan-17	2.815	Calendar 2021	3.169
Feb-17	2.814	Calendar 2022	3.290

**ICE NEXT DAY GAS PRICES:**

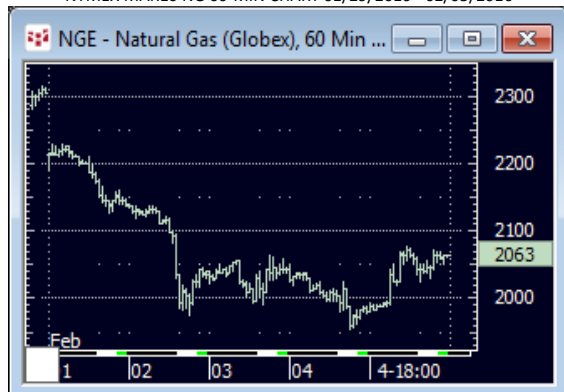
Transco Z5 non-WGL	2.1806	TCO	1.9812	Dominion-South	1.3092
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**ICE BASIS FUTURES PRICES:**

TCO Basis	2/5/2016	Dominion-South Basis	
Mar-16	-0.1250	Mar-16	-0.7525
Mar16-May16	-0.1100	Mar16-May16	-0.8183
Apr16-Oct16	-0.1450	Apr16-Oct16	-0.9657
Nov16-Mar17	-0.1410	Nov16-Mar17	-0.8665
Mar16-Feb17	-0.1427	Mar16-Feb17	-0.9156
Calendar 2017	-0.1888	Calendar 2017	-0.8204
Calendar 2018	-0.2490	Calendar 2018	-0.6467
Calendar 2019	-0.2319	Calendar 2019	-0.5931
Calendar 2020	-0.2360	Calendar 2020	-0.5669
Calendar 2021	-0.2302	Calendar 2021	-0.5383
Calendar 2022	-0.2263	Calendar 2022	-0.5179
Calendar 2023	-0.2392	Calendar 2023	-0.5054

**Market Commentary:** While last week saw the market finish on a high note, this week has failed to produce the follow-through that market bulls would like to have seen, as prices instead gapped lower on Sunday's Globex open to kick off the trading week, and prices declined from there and have not yet returned to the 2.20 area since breaking lower on Monday morning. Prices initially found support in the low teens midday on Monday, but after a short-lived bounce of a few pennies, the market resumed its downtrend into Tuesday morning and made quick work of the drop from 2.10 to down below 2.00. From there we moved back up toward 2.05 by Tuesday's close, and spent most of Wednesday and Wednesday night chopping in the 2.00 - 2.05 area ahead of yesterday's storage report. The EIA reported that storage was down 152 Bcf for the week, roughly in-line with consensus, and there was very little initial reaction, although ultimately prices moved lower with a brief trip down toward 1.95 into yesterday's close, before eventually settling slightly above there. Overnight last night the market made a more significant move however, in response to a cool down in the temperature outlook, with colder air now expected across Eastern regions over the 6 to 10 day period (see graphic from NOAA), and that shift helped spur some short-covering and a move up toward 2.08 in early trading this AM. From that point things were very quiet, only briefly breaking below 2.03 on the open and again at midday, and we also never took out the 5 AM high, so we saw a tight range of a nickel or so over the duration of today's regular session. The other graphic in the right hand column comes from the EIA and gives a further

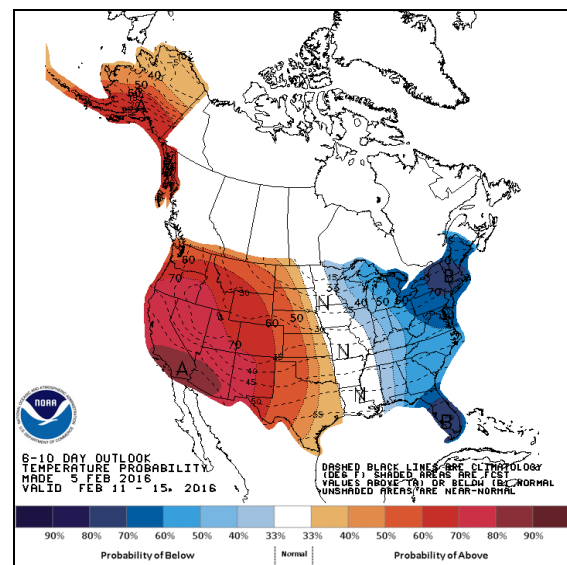
NYMEX MAR16 NG 60-MIN CHART 01/29/2016 - 02/05/2016



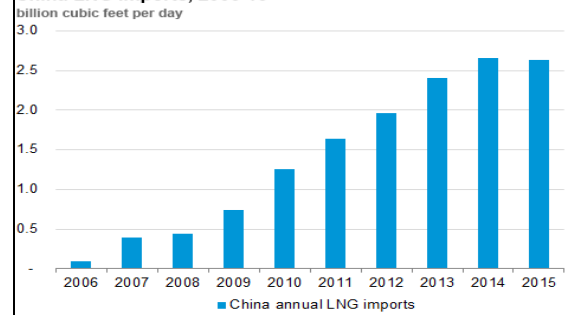
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As of Week Ending:	1/29/2016	Build/(Draw)
Current Storage	2,934 Bcf	(152) Bcf
		Surplus/(Deficit)
Last Year Storage	2,444 Bcf	490 Bcf
5-Year Avg. Storage	2,489 Bcf	445 Bcf

visual on one factor influencing the global LNG market, and that is the 1.1% year over year decline in demand seen by China, which also happens to be the first time that metric has not shown growth since China first began importing gas in the form of LNG back in 2006. China is still only the third largest consumer of LNG, coming in behind two other Asian countries, Japan, and then South Korea, but the decline in demand is notable in a market that is poised to see a whole slate of supply come online over the coming years. While China has 13 import facilities with aggregate capacity to import 5.4 Bcf/day currently, and several more under construction, some are sitting idly by, or have not been connected to domestic pipeline networks in order to serve customers, as long-term contracts signed when oil prices were above \$100 no longer make economic sense when compared with spot cargo prices or comparatively cheaper LPG prices (propane), which many of them are able to burn as a cheaper alternative.



China LNG imports, 2006-15



Source: China Customs export-import trade statistics, IHS.  
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