

Month	Settle	7/1/2016	Strip Avg,
Aug-16	2.987	Aug16-Oct16	2.994
Sep-16	2.981	Nov16-Mar17	3.378
Oct-16	3.013	Apr17-Oct17	3.112
Nov-16	3.142	Nov17-Mar18	3.322
Dec-16	3.365		
Jan-17	3.492	Aug16-Jul17	3.189
Feb-17	3.475	Calendar 2017	3.222
Mar-17	3.415	Calendar 2018	3.049
Apr-17	3.110	Calendar 2019	3.019
May-17	3.071	Calendar 2020	3.063
Jun-17	3.096	Calendar 2021	3.192
Jul-17	3.123	Calendar 2022	3.354

**NEXT DAY GAS PRICES:**

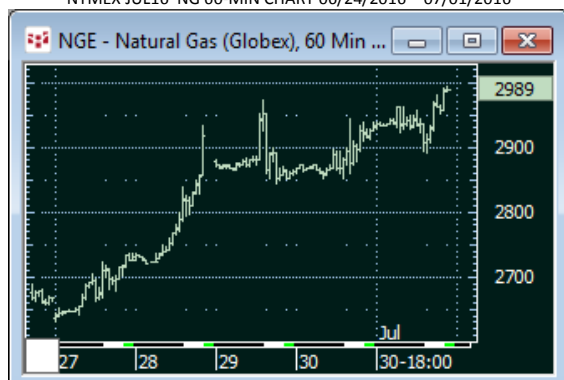
TETCO M2 (rec)	1.3882	Henry Hub	2.8757	Dom-SP	1.4215
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**ICE BASIS FUTURES PRICES:**

Tetco M2 Basis	7/1/2016	Dominion-South Basis	
Jul-16	-0.9750	Jul-16	-0.9400
Aug-16	-1.2625	Aug-16	-1.2575
Jul16-Oct16	-1.1913	Jul16-Oct16	-1.1744
Nov16-Mar17	-0.8350	Nov16-Mar17	-0.8740
Jul16-Jun17	-0.9463	Jul16-Jun17	-0.9535
Calendar 2017	-0.8179	Calendar 2017	-0.8292
Calendar 2018	-0.6473	Calendar 2018	-0.6596
Calendar 2019	-0.5777	Calendar 2019	-0.5825
Calendar 2020	-0.4867	Calendar 2020	-0.5163

**Market Commentary:** Favorable weather conditions and a declining production profile continue to work in tandem as factors supportive of natural gas prices, which have continued their recent ascent with new vigor. We are finishing out the week at our highest level since last May when prices briefly broke up to 3.10 from the low 2.40's, and that was also a quick move that seemed to thumb its nose at weak fundamentals in similar fashion to the current rally. The current rally does have the backdrop of declining production though, which had been a factor that had been missing in prior rallies of recent years past, as well as supportive weather conditions. After opening down a penny or two on Sunday night, the then-prompt Jul contract chopped in the mid 2.60's (which would prove to be the low for the week), before buyers stepped back in to send prices steadily higher, and the Jul contract finished up with a bang on Tuesday with a 2.917 settle that marks the highest monthly settle since last January. Coal prices are not showing similar strength, but coal's role in power generation in the US is also diminishing as older plants retire and are increasingly replaced by gas-fired units, so the extent to which a 50% month-over-month increase in the price of gas causes demand to fall off will be an unknown that will be paid close attention to as we move forward. Yesterday's weekly storage report once again came in well below last year and the 5-year average as we track toward a likely finish within 100 Bcf or so either side of the 4 Tcf mark in November, with current projections for a finish just shy of that high water mark area from last year. Should demand fall off either due to weather-related factors or to utilities exhibiting greater price elasticity, the effect on the market would likely be substantial if the outlook suddenly shifts toward a 4.1 Tcf or greater storage peak heading into winter. Conversely, if weather holds up demand, and/or supply continues to dwindle and does not tick back higher in response to higher prices, and should projections for storage heading into

NYMEX JUL16 NG 60-MIN CHART 06/24/2016 - 07/01/2016

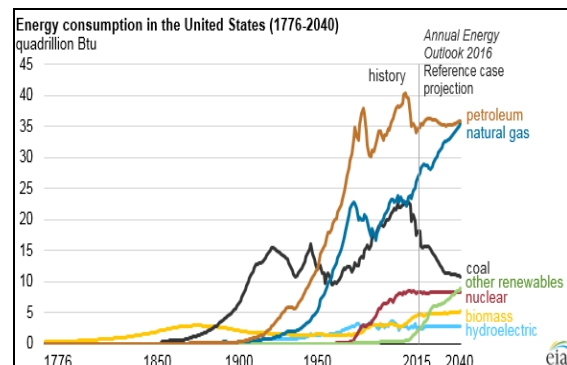
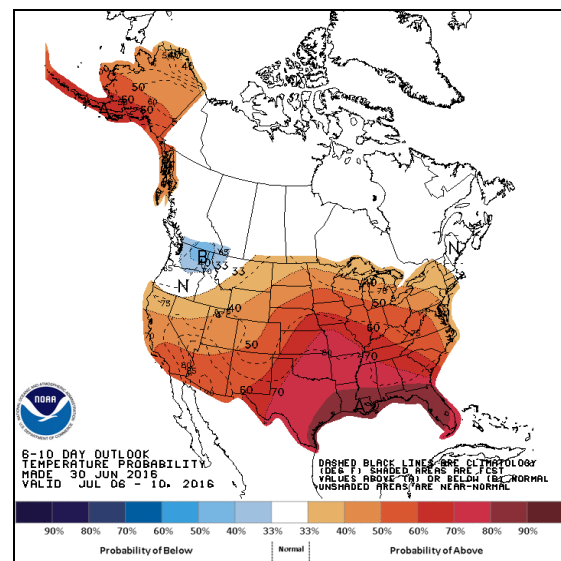


Snyder Brothers Inc., Gas Marketing  
 1 Glade Park East, P.O. Box 1022  
 Kittanning, PA 16201  
 Ph: 724-548-8101  
 Fax 724-545-8243  
[www.snyderbrothersinc.com](http://www.snyderbrothersinc.com)

As of Week Ending:	6/24/2016	Build/(Draw)
Current Storage	3,140 Bcf	+37* Bcf
		Surplus/(Deficit)
Last Year Storage	2,558 Bcf	582 Bcf
5-Year Avg. Storage	2,503 Bcf	637 Bcf

\* 37 Bcf injection includes a 5 Bcf reclassification from working gas to base gas in the West, which results in an implied flow into storage of +42 Bcf

winter start to get pared down closer to 3.8 or 3.9 Tcf, you could see another strong leg higher as utility and industrial buyers scramble to secure sufficient supply heading into unknown winter weather. The below 6 to 10 day outlook from NOAA shows continued above-normal temps for most of the country, with the most extreme anomalies along our southern borders. The final graphic from the EIA depicts the consumption of various energy commodities going back to the USA gaining independence in 1776. NG in blue has come a long way in the past 50 years or so, and is pulling away from coal now (which is plotted in black on its way down), and NG is set to catch up with oil by 2040 in terms of total BTUs consumed in the United States. Renewables in green are growing, but even two decades out they will have barely caught up with nuclear in red, which will still be shy of coal's dwindling but still significant projected market share.



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