

Month	Settle	8/8/2016	Strip Avg,
Sep-16	2.748	Sep16-Nov16	2.823
Oct-16	2.779	Nov16-Mar17	3.205
Nov-16	2.943	Apr17-Oct17	3.050
Dec-16	3.191	Nov17-Mar18	3.269
Jan-17	3.317		
Feb-17	3.309	Sep16-Aug17	3.063
Mar-17	3.266	Calendar 2017	3.137
Apr-17	3.029	Calendar 2018	3.008
May-17	3.003	Calendar 2019	3.003
Jun-17	3.035	Calendar 2020	3.069
Jul-17	3.065	Calendar 2021	3.187
Aug-17	3.075	Calendar 2022	3.356

NEXT DAY GAS PRICES:

TETCO M2 (rec)	1.2666	Henry Hub	2.8266	Dom-SP	1.2680
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ICE BASIS FUTURES PRICES:

Tetco M2 Basis	8/8/2016	Dominion-South Basis	
Sep-16	-1.5450	Sep-16	-1.5200
Oct-16	-1.5200	Oct-16	-1.5000
Sep16-Nov16	-1.5325	Sep16-Nov16	-1.5100
Nov16-Mar17	-1.0930	Nov16-Mar17	-1.1320
Sep16-Aug17	-1.1538	Sep16-Aug17	-1.1575
Calendar 2017	-1.0240	Calendar 2017	-1.0340
Calendar 2018	-0.7508	Calendar 2018	-0.7577
Calendar 2019	-0.6475	Calendar 2019	-0.6554
Calendar 2020	-0.5454	Calendar 2020	-0.5838
Calendar 2021	-0.4942	Calendar 2021	-0.5435
Calendar 2022	-0.4525	Calendar 2022	-0.5115
Calendar 2023	-0.4023	Calendar 2023	-0.4708

Market Commentary: Following the big run-up for the natural gas market following the weekly storage report released ten days ago, last week saw more subdued price action as the market appeared to take a breather and then attempt to consolidate around the new highs. Last week began with an open in the mid-2.80's on Sunday before selling pressure increased on Monday, and we saw prices come under pressure throughout most of Monday and Tuesday, before buyers stepped back in early last Wednesday morning and sent prices surging from the low 2.70's up into the upper 2.80's by late in the morning. From there prices consolidated in the mid-2.80's ahead of last Thursday's weekly storage report, which the news wire surveys had pegged for a build of 1 or 2 Bcf, but the traded ICE market to bet on weekly storage reports was pointing to a slight draw. When the -6 Bcf withdrawal hit the wires at 10:30, the initial reaction was quite muted, particularly for a rare event that last occurred in the summer injection season 10 years ago. But markets operate on consensus expectations, and this was already priced into the market, so when the data hit the wires the market reacted with a collective yawn. After a failed attempt to rally was capped in the upper 2.80's, we eventually began to drift lower and the market posted a flat close before sellers reemerged on Friday and the market finished down 6 cents to 2.77. Last night's weekly Globex open saw the market gap down just barely into the 2.75 area, and we got down to just above 2.70 support this morning before making a late push back into the mid-2.70's into today's close, but it was a quiet finish to a quiet day on the whole. The rarity of last Thursday's storage report reflecting a withdrawal from storage during the summer injection season is highlighted in the first

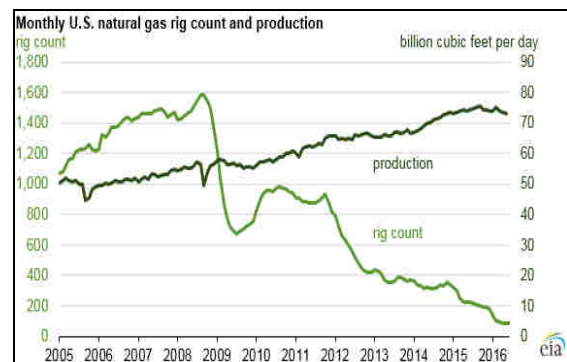
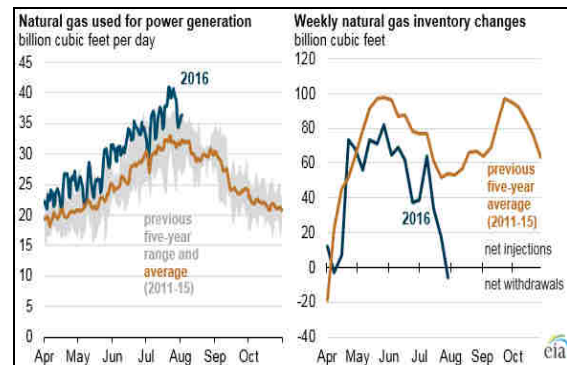
NYMEX SEP16 NG 60-MIN CHART 07/29/2016 - 08/08/2016



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As of Week Ending:	7/29/2016	Build/(Draw)
Current Storage	3,288 Bcf	(6) Bcf
		Surplus/(Deficit)
Last Year Storage	2,899 Bcf	389 Bcf
5-Year Avg. Storage	2,824 Bcf	464 Bcf

graphic below from the EIA. The left side illustrates the tremendous role that utilities have played this year in helping to bring the market back into balance, with demand from the power stack having topped out above 40 Bcf/day in recent weeks, before moderating just slightly recently, and the fact that demand has consistently outpaced the highs from the previous 5 year range, and has remained well above the average all season, are also apparent. The right part of the graphic shows the 5-year average pace of weekly storage injections (in orange), which is overlaid by this year's pace of injections (in blue), and while it is normal for injections to slow in the peak of summer heat, the shift toward a weekly withdrawal for last week's report jumps out as the dominant feature there. The final graphic gives a visual on the increasingly disconnected relationship between the natural gas rig count and dry-gas production, with official rig count numbers continuing to show very few rigs out there looking for gas, and yet production continues to hover not far off of record highs. The greatly increased efficiency of the remaining working rig fleet is staggering, particularly given the counterintuitive nature of the respective trajectory of those two metrics, and if more rigs started to get put back to work it makes one wonder where production might be capable of heading.



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