

Month	Settle	2/3/2017	Strip Avg,
Mar-17	3.063	Mar17-May17	3.113
Apr-17	3.116	Apr17-Oct17	3.215
May-17	3.159	Nov17-Mar18	3.454
Jun-17	3.209	Apr18-Oct18	2.892
Jul-17	3.253		
Aug-17	3.260	Mar17-Feb18	3.283
Sep-17	3.242	Calendar 2018	3.063
Oct-17	3.263	Calendar 2019	2.858
Nov-17	3.320	Calendar 2020	2.855
Dec-17	3.452	Calendar 2021	2.863
Jan-18	3.543	Calendar 2022	2.872
Feb-18	3.517	Calendar 2023	2.901

NEXT DAY GAS PRICES:

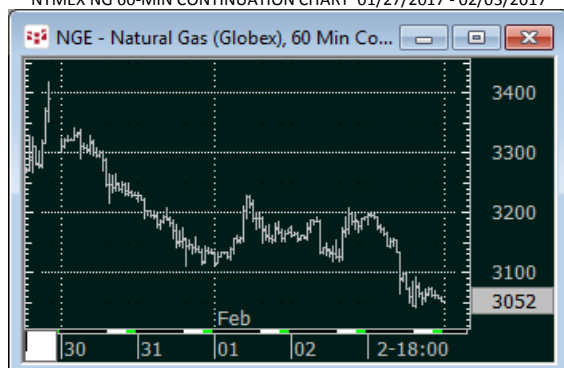
TETCO M2 (rec)	2.7182	Henry Hub	3.0006	Dom-SP	2.6927
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ICE BASIS FUTURES PRICES:

Tetco M2 Basis	2/3/2017	Dominion-South Basis	
Mar-17	-0.4600	Mar-17	-0.4600
Apr-17	-0.6225	Apr-17	-0.6075
Mar17-May17	-0.6375	Mar17-May17	-0.6233
Apr17-Oct17	-0.9950	Apr17-Oct17	-0.9729
Nov17-Mar18	-0.8180	Nov17-Mar18	-0.8545
Mar17-Feb18	-0.8933	Mar17-Feb18	-0.8929
Calendar 2018	-0.6929	Calendar 2018	-0.7048
Calendar 2019	-0.6010	Calendar 2019	-0.6094
Calendar 2020	-0.6060	Calendar 2020	-0.6098
Calendar 2021	-0.5556	Calendar 2021	-0.5827
Calendar 2022	-0.5394	Calendar 2022	-0.5548

Market Commentary: The extreme cold in December set things on a bullish path for the first part of winter, but as we have moved into the new year and much more moderate conditions have prevailed, the market seems to have lost its mojo and the bears seem to have regained control in the short term. Last week finished up decently well with the rally into the close for the Feb17 contract that went off the board last Friday, but this week began on more fragile footing with a gap down on the charts as the market opened up around 3.30 on Sunday, which was down several cents, and it has been downhill from there as the week has progressed. Monday saw prices move down toward 3.20, then Tuesday we broke lower and ended up bottoming out just above 3.10, then spent the next several days chopping between the 3.10 and 3.20 areas, before the low was eventually breached last night and we got as low as 3.042 today which is the lowest print since November when we were on our way up. The tightness of the S&D balance continues to help buoy a market that is otherwise beleaguered by a concerning lack of demand during what should be one of the coldest months of the year. Heating demand during the cold months continues to dwarf summer cooling loads, so this lack of HDD's over the month of Jan, and expectations for the first few weeks of Feb are quite bearish developments, but with production staying stubbornly close to 70 Bcf/d for dry-gas output, the market still needs to see signs of that starting

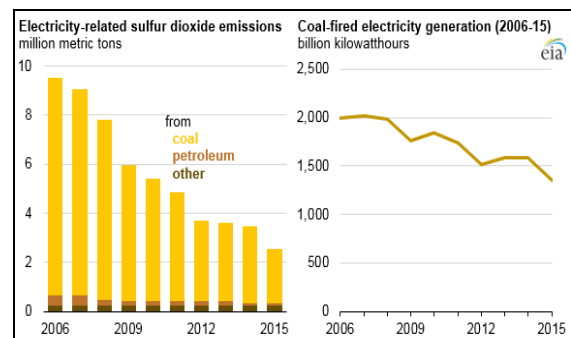
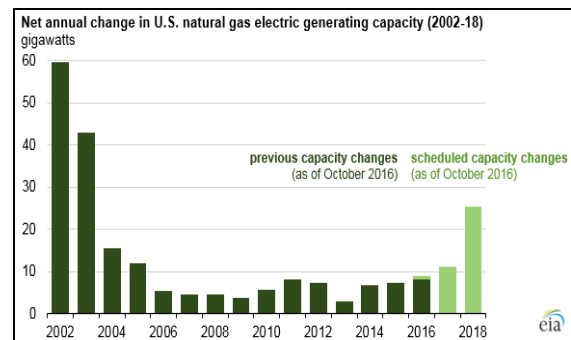
NYMEX NG 60-MIN CONTINUATION CHART 01/27/2017 - 02/03/2017



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As of Week Ending:	1/27/2017	Build/(Draw)
Current Storage	2,711 Bcf	(87) Bcf
		Surplus/(Deficit)
Last Year Storage	2,977 Bcf	(266) Bcf
5-Year Avg. Storage	2,652 Bcf	59 Bcf

to tick meaningfully higher before the bears area able pull the rug out from under the bulls and see if they can manage to knock prices down back into the 2's. Growth in power generation demand has been a major contribution to current demand, and after the pace of gas-fired capacity additions slowed in recent years, expectations are now for that growth rate to tick up again in the next few years as plans announced by the utility sector come to fruition, which is depicted by the light green bars in the below graphic from the EIA. The final graphic plots the pace of reduction in Sulfur Oxide (SO2) emissions from power generation, which is presented next to a line graph that plots the reduction in coal-fired power generation over the past decade, and it is apparent that the reduction in SO2 has far outpaced the decline in coal-fired generation. That was partly fueled by the fact that natural gas gained market share, as the dirtiest coal-fired facilities were shuttered, and as utility operators implemented additional measures aimed at reducing emission of remaining plants, such as by installing flue gas desulfurization (FGD) systems, commonly referred to as "scrubbers". King Coal may be losing the throne to NG.



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