

Month	Settle	6/2/2017	Strip Avg,
Jul-17	2.999	Jul17-Oct17	3.031
Aug-17	3.041	Nov17-Mar18	3.262
Sep-17	3.030	Apr18-Oct18	2.886
Oct-17	3.053	Nov18-Mar19	3.109
Nov-17	3.122		
Dec-17	3.260	Jul17-Jun18	3.085
Jan-18	3.343	Calendar 2018	3.016
Feb-18	3.325	Calendar 2019	2.862
Mar-18	3.261	Calendar 2020	2.839
Apr-18	2.878	Calendar 2021	2.865
May-18	2.838	Calendar 2022	2.907
Jun-18	2.870	Calendar 2023	2.975

**NEXT DAY GAS PRICES (ICE weighted average):**

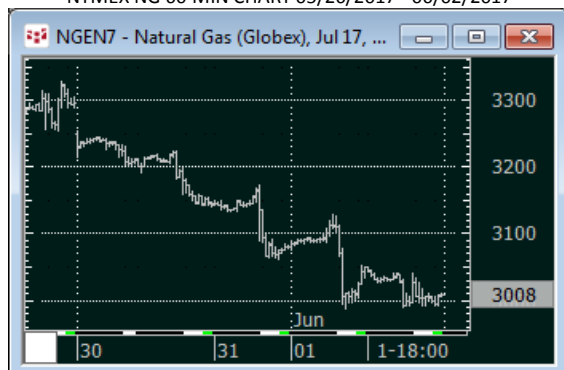
TETCO M2 (rec)	1.8106	Henry Hub	2.8318	Dom-South	1.9031
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**ICE BASIS FUTURES PRICES:**

Tetco M2 Basis	6/2/2017	Dominion-South Basis	
Jul-17	-0.8525	Jul-17	-0.8250
Aug-17	-0.8350	Aug-17	-0.8275
Jul17-Oct17	-0.8419	Jul17-Oct17	-0.8106
Nov17-Mar18	-0.4360	Nov17-Mar18	-0.4795
Jul17-Jun18	-0.5783	Jul17-Jun18	-0.5910
Calendar 2018	-0.4567	Calendar 2018	-0.4700
Calendar 2019	-0.5038	Calendar 2019	-0.5138
Calendar 2020	-0.5590	Calendar 2020	-0.5663

**Market Commentary:** After the Jun17 contract concluded its trading life last Friday, the July contract assumed prompt status and the current week began with a slight gap down on the charts, with prices opening in the low 3.20's. That was flat to where the June contract had settled, but was down from the 3.30 level where Jul17 had closed on Friday, and it was all downhill from there price-wise as sellers maintained their influence. The below chart plots the fluctuations for the Jul contract, which is pretty textbook downside price action, with a series of lower lows and lower highs on the subsequent rally attempt, ultimately culminating in a breach of the 3.00 level yesterday following a bearish storage report that was good for the first 2-handle seen since March when we were on our way back up from the 2.50's. After a weak attempt at a rally yesterday afternoon petered out around 3.05, sellers again exerted their resolve in pressing the market lower, with today seeing a 2.999 settle for the day and week. Yesterday's weekly storage report from the EIA once again came in bearish to expectations, with the agency reporting a +81 Bcf injection for the week, which included a 5 Bcf reclassification, resulting in an implied flow to working gas stocks of +85 Bcf, which was a big miss from market consensus in the low 70's, and provided additional ammunition for market bears to fire with. So far the 3.00 psychological support level has largely held, but the market's ability to hold up despite weather that does not offer much hope for a spike in demand will begin to wane as we move farther into June and then July, if widespread heat does not emerge to spark cooling loads

**NYMEX NG 60-MIN CHART 05/26/2017 - 06/02/2017**

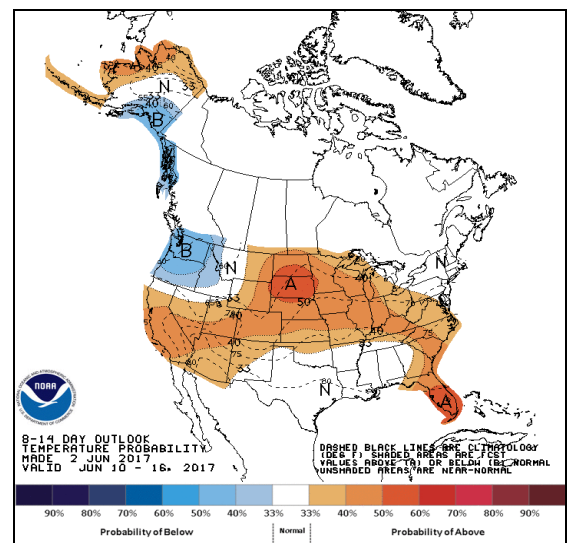


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As of Week Ending:	5/26/2017	Build/(Draw)
Current Storage	2,525 Bcf	+81* Bcf
		Surplus/(Deficit)
Last Year Storage	2,895 Bcf	(370) Bcf
5-Year Avg. Storage	2,300 Bcf	225 Bcf

\* The reported injection of +81 Bcf includes a reclassification of 4 Bcf from working gas to base gas in the Mountain region, resulting in an implied flow of +85 Bcf to working gas stocks

and create some degree of uncertainty. Northeast prices have collapsed of late, with prices for the weekend dropping back to a 1-handle across the entire region. The below chart from ICE plots next day gas prices at the liquid Dominion-South hub, which had remained in the 2.35 - 2.85 range for most of the past couple of months until just a few days ago when selling momentum picked up. The 8 to 14 day outlook from NOAA offers some glimmers of hope for the bulls, but regardless of that, the forecast beyond that will be key. At this point in the season both sides should be cautious, as weather can still easily make or break the season at this stage.



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