

Month	Settle	8/3/2017	Strip Avg.
Sep-17	2.800	Sep17-Dec17	2.917
Oct-17	2.844	Nov17-Mar18	3.102
Nov-17	2.933	Apr18-Oct18	2.848
Dec-17	3.092	Nov18-Mar19	3.059
Jan-18	3.183		
Feb-18	3.172	Sep17-Aug18	2.948
Mar-18	3.130	Calendar 2018	2.950
Apr-18	2.835	Calendar 2019	2.844
May-18	2.813	Calendar 2020	2.797
Jun-18	2.838	Calendar 2021	2.807
Jul-18	2.863	Calendar 2022	2.838
Aug-18	2.868	Calendar 2023	2.882

NEXT DAY GAS PRICES (ICE weighted average):

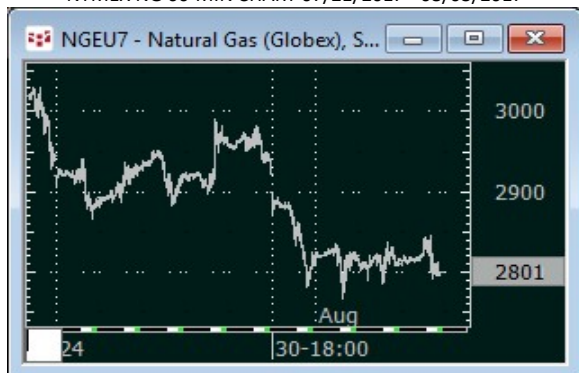
TETCO M2 (rec)	1.6551	Henry Hub	2.7768	Dom-South	1.7005
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ICE BASIS FUTURES PRICES:

Tetco M2 Basis	8/3/2017	Dominion-South Basis	
Sep-17	-1.3025	Sep-17	-1.2800
Oct-17	-1.1425	Oct-17	-1.1275
Sep17-Dec17	-0.9238	Sep17-Dec17	-0.9194
Nov17-Mar18	-0.4615	Nov17-Mar18	-0.4940
Sep17-Aug18	-0.6079	Sep17-Aug18	-0.6129
Calendar 2018	-0.4740	Calendar 2018	-0.4790
Calendar 2019	-0.4885	Calendar 2019	-0.4977
Calendar 2020	-0.5479	Calendar 2020	-0.5419

Market Commentary: Weather patterns have not been favorable for natural gas bulls in recent weeks, with the current outlook for temperatures seeming to suggest that the peak of this summer's cooling demand may already be behind us. Power burns have fallen off significantly since two weeks ago when we saw a string of days where electricity generators burned more than 41 Bcf/day of natural gas, but the highest demand day still fell shy of last August's record power burn above 43 Bcf, and last year saw a greater number of days where we breached 40 Bcf/day than has been seen this cooling season to-date. Given the 6 to 10 day outlook from the Macquarie weather team (below), it seems unlikely that a major heat wave unfolds that has the ability to stem the bearish tide of sentiment and get bulls back in control, but it's worth keeping in mind that things tends to look the most bleak on market lows, and bull markets are borne out of bad news. Weather conditions can change rapidly and in brutal fashion, but right now the trend has been toward more mild conditions, and that has bears smiling and bulls on the defensive for the moment. It was just a few months ago that things were looking decidedly more bullish and there were still concerns about the market's ability to increase supply, so sentiment can certainly shift very quickly. Price action in recent weeks has been bearish on net, but has generally been rather quiet and emblematic of the doldrum-like conditions that often prevail during the summer months. After finishing to the downside two weeks ago with a move into the low 2.90's, last week saw things open up just a bit below there, taking

NYMEX NG 60-MIN CHART 07/21/2017 - 08/03/2017

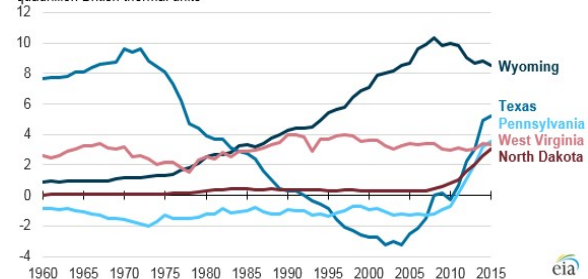


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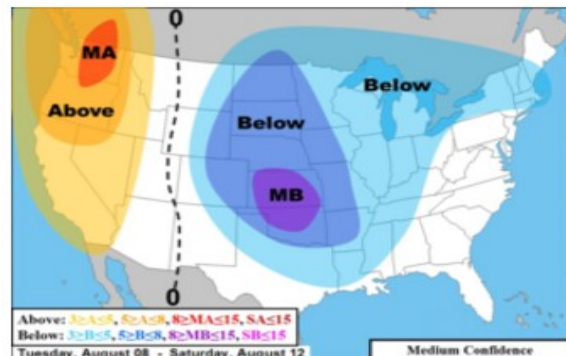
As of Week Ending:	7/28/2017	Build/(Draw)
Current Storage	3,010 Bcf	+20 Bcf
		Surplus/(Deficit)
Last Year Storage	3,289 Bcf	(279) Bcf
5-Year Avg. Storage	2,923 Bcf	87 Bcf

a foray down into the upper 2.80's initially, before finding support and bouncing back into the mid 2.90's. It was a quiet week though, with last Thursday's bullish +17 Bcf build helping to inject some (short-term) enthusiasm into the market on last week's settlement day, which was a welcome development for producers and saw the terminating Aug17 contract bounce up toward 3.00 into the close, with a final print of 2.969. Friday saw subdued action and some light selling to finish out the week, which worked out well for those sellers, as we gapped down on the open for this week this past Sunday, and we have never been back to that 2.90 level since then. The 60-minute chart from CQG is compressed to include both of the past two weeks' price action, but the subdued nature of this week's NG market is quite apparent, with 2.80 acting as a magnet in recent days and we find ourselves there at the time of writing as the market awaits its next cue. The below graphic from the EIA plots the energy supply/demand balance for select US states going back 50 years, and Pennsylvania came in at the #3 spot recently, trailing only Wyoming with its coal reserves (comprising 40% of US coal production in 2015), and Texas, which is both the top energy producer and also the top consumer.

Net energy supply in selected states, 1960-2015
 quadrillion British thermal units



6-10 day weather pattern



Source: Macquarie Weather Newsletter for Thursday, Aug-3-2017

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