

Month	Settle	8/11/2017	Strip Avg.
Sep-17	2.983	Sep17-Dec17	3.066
Oct-17	3.009	Nov17-Mar18	3.225
Nov-17	3.068	Apr18-Oct18	2.904
Dec-17	3.205	Nov18-Mar19	3.096
Jan-18	3.307		
Feb-18	3.297	Sep17-Aug18	3.052
Mar-18	3.246	Calendar 2018	3.020
Apr-18	2.903	Calendar 2019	2.853
May-18	2.869	Calendar 2020	2.797
Jun-18	2.894	Calendar 2021	2.802
Jul-18	2.920	Calendar 2022	2.834
Aug-18	2.924	Calendar 2023	2.876



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NEXT DAY GAS PRICES (ICE weighted average):

TETCO M2 (rec)	1.5201	Henry Hub	2.9146	Dom-South	1.6140
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ICE BASIS FUTURES PRICES:

Tetco M2 Basis	8/11/2017	Dominion-South Basis	
Sep-17	-1.0925	Sep-17	-1.0650
Oct-17	-0.8500	Oct-17	-0.8350
Sep17-Dec17	-0.7356	Sep17-Dec17	-0.7313
Nov17-Mar18	-0.3965	Nov17-Mar18	-0.4300
Sep17-Aug18	-0.5181	Sep17-Aug18	-0.5231
Calendar 2018	-0.4398	Calendar 2018	-0.4394
Calendar 2019	-0.4683	Calendar 2019	-0.4738
Calendar 2020	-0.5302	Calendar 2020	-0.5275

Market Commentary: Natural gas bears have relinquished control of the market to the bulls this week, with several days of consolidation around the 2.80 mark ultimately yielding a snap back higher that got underway on Wednesday, and was built upon yesterday in the wake of the weekly storage report. Price action had been lackluster last week, with attempts to break down stalling above 2.75, and the upside was capped below 2.85 following the move down on Sunday night that we never looked back from. This week the market opened up slightly lower, but only traded below 2.77 very briefly, and it has been all upside from there. Monday was not a big day for the market with only a brief peek above 2.80, and Tuesday saw another punch above that got a penny or two higher before failing and backing down into the high 2.70's once more. It was not until Wednesday that buyers managed to finally get something going, with a jump up to the 2.90 level. That capped the upside on the first test, with prices consolidating in the high 2.80's before finally breaking above 2.90 just prior to yesterday's weekly storage report. That's where things were when yesterday's report hit, which saw an increase of just 28 Bcf into storage facilities. That was much less than consensus for a build in the mid-to-high 30's, and was good for a 10 cent pop, with prices shooting up to just below 3.00, and we have remained there since. Today saw a very tight range of 3.1 cents, which is the tightest in recent memory, as the market frustrated both bulls and bears alike. Fridays in August are notoriously slow for the markets, and today's action in natural gas was case in point. The graphics from the EIA show supply/demand trends in natural gas, with supply up both week over week and also

NYMEX NG 60-MIN CHART 08/03/2017 - 08/11/2017



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Fri Aug 11 2017 15:09:42, CQG 18.6.8049

As of Week Ending:	8/4/2017	Build/(Draw)
Current Storage	3,038 Bcf	+28 Bcf
Last Year Storage	3,313 Bcf	Surplus/(Deficit) (275) Bcf
5-Year Avg. Storage	2,977 Bcf	61 Bcf

year over year, with dry-gas production exceeding 73 Bcf/day, according to data they cite as coming from OPIS Point Logic, and that is up almost 2 Bcf/day from this time last year. Canadian imports are down slightly, but that is largely a function of the fact that we are producing enough of what we need here ourselves now, with total supply up in comparison to both last week and last year. The final graphic plots the supply/demand balance for US natural gas over the past year, with supply plotted in orange representing a fairly flat profile over the calendar year, while demand (plotted in blue) is much more cyclical and unpredictable due to its variability being largely a function of weather. The graphic also does a good job of illustrating just how important winter weather is to the market. To be sure, summer heat does have the ability to generate spikes in demand that limit the pace of injections somewhat (and very occasionally results in small summertime storage withdrawals), and that can certainly affect the S&D balance and create significant shifts in sentiment, but it is winter weather that is the main driver of aggregate demand, and a warm winter is much more bearish in its impact on price than a cool summer is capable of, and vice versa.

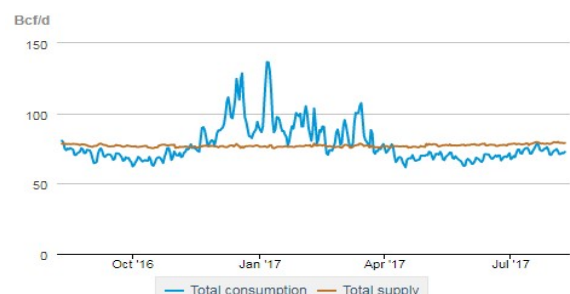
U.S. natural gas supply - Gas Week: (8/3/17 - 8/9/17)

	Average daily values (Bcf/d):		
	this week	last week	last year
Marketed production	82.5	82.0	80.0
Dry production	73.2	72.8	71.3
Net Canada imports	5.9	6.0	6.4
LNG pipeline deliveries	0.3	0.3	0.2
Total supply	79.1	78.8	78.0

Source: OPIS PointLogic Energy, an IHS Company

Note: LNG pipeline deliveries represent gas sendout from LNG import terminals.

Total supply/demand balance (last 365 days)



Source: OPIS PointLogic Energy, an IHS Company

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