

Month	Settle	10/30/2017	Strip Avg.
Dec-17	2.966	Nov17-Mar18	3.059
Jan-18	3.100	Apr18-Oct18	2.935
Feb-18	3.103	Nov18-Mar19	3.150
Mar-18	3.066	Apr19-Oct19	2.785
Apr-18	2.908		
May-18	2.893	Nov17-Oct18	2.980
Jun-18	2.924	Calendar 2018	2.999
Jul-18	2.955	Calendar 2019	2.913
Aug-18	2.959	Calendar 2020	2.871
Sep-18	2.942	Calendar 2021	2.882
Oct-18	2.965	Calendar 2022	2.909
Nov-18	3.020	Calendar 2023	2.966



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NEXT DAY GAS PRICES (ICE weighted average):

TETCO M2 (rec)	1.5883	Henry Hub	2.8706	Dom-SP	1.5248
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ICE BASIS FUTURES PRICES:

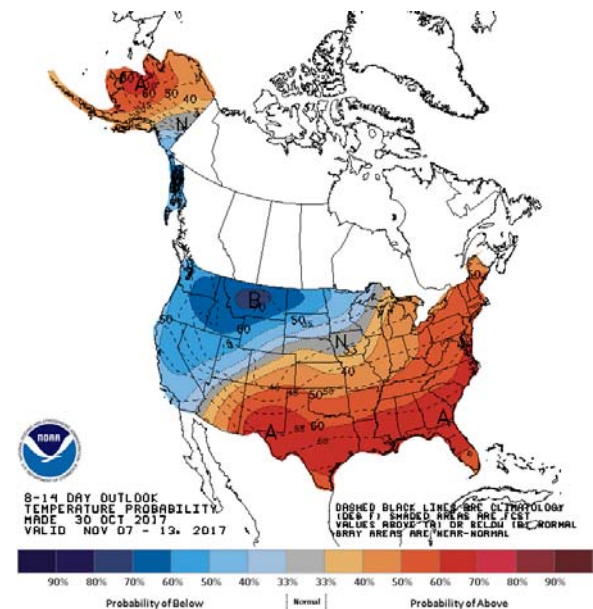
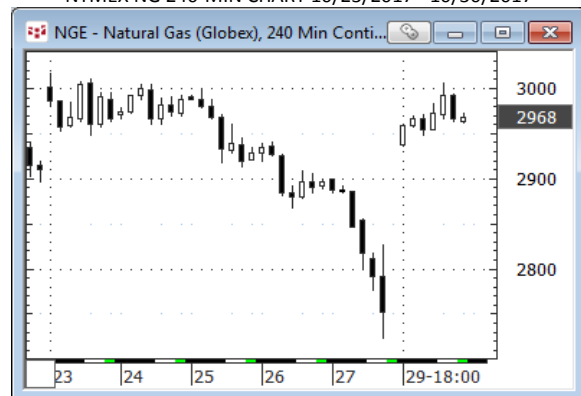
Tetco M2 Basis	10/30/2017	Dominion-South Basis	
Dec-17	-0.5150	Dec-17	-0.5475
Jan-18	-0.3975	Jan-18	-0.4750
Dec17-Mar18	-0.4263	Dec17-Mar18	-0.4831
Apr18-Oct18	-0.6196	Apr18-Oct18	-0.5939
Dec17-Nov18	-0.5490	Dec17-Nov18	-0.5548
Calendar 2018	-0.5475	Calendar 2018	-0.5498
Calendar 2019	-0.5485	Calendar 2019	-0.5406
Calendar 2020	-0.5671	Calendar 2020	-0.5656
Calendar 2021	-0.5877	Calendar 2021	-0.5804
Calendar 2022	-0.5954	Calendar 2022	-0.5658

As of Week Ending:	10/20/2017	Build/(Draw)
Current Storage	3,710 Bcf	+64 Bcf
		Surplus/(Deficit)
Last Year Storage	3,899 Bcf	(189) Bcf
5-Year Avg. Storage	3,756 Bcf	(46) Bcf

Market Commentary: Last week was a tough one for natural gas producers and market participants who find themselves bullish on natural gas, as growing supply continues to overwhelm the market, and demand-inducing weather continues to be kept at bay. With the month of October all but behind us, it is far too late for the market to be content with the deep reds seen on the 8 to 14 day forecast map from NOAA included below. The deep blues seen out west are a welcome sight, but they are impacting a smaller geographical footprint, and a much smaller area in terms of population density, so a push East would likely be needed to get the collective juices of the market flowing back in a bullish trajectory. Last week saw things start out with a slight uptick, opening above 3.00 for the then prompt Nov17 contract, which saw heavy selling pressure take hold over the subsequent few days and eventually bottom out in the low 2.70's into Friday's contract termination event. Basis was similarly in sell mode early on as the week unfolded, trading down to -1.20 and remaining there for the final few days of the week. Last Monday the combination of the Nov17 Nymex contract and Nov17 Dominion South Point basis contract were indicating a likely DTI index near 2.10, and by Friday's settle we were instead looking at a DTI index more than 50 cents below that, with estimates now suggesting a likely DTI index either side of the 1.55 level for the month. After Friday's ugly finish for Nov, Dec assumed prompt status at a higher level, which accounts for the gap up on the 4-hour candlestick continuation chart below. Friday's markedly weak finish would generally portend more anticipated weakness to come,

but today instead saw the bleeding stop and some slight price improvement as the day progressed, with a break above 3.00 ultimately proven to be a head-fake by the market, and we finished slightly ahead of unchanged for the day. While the lack of weather and growth in output are being blamed for the current price washout, justifiably so, it should again be noted that the market appears to be writing off the chances for cold weather to meaningfully impact demand long before extreme cold would typically be expected. We should have experienced more cold weather than we have to-date, there is no question, but it is probably too soon to conclude that this is how the entire winter is going to unfold. LNG demand from the Sabine Pass project has been substantial and has hovered near 2 Bcf/day at times, and the next project slated to come online is nearing its in-service date now as well. While the demand impact will not be as great, given that this project has less capacity at 0.7 Bcf/day, the Cove Point LNG facility in Maryland (another former regasification terminal that sat idle and was subsequently converted to become a liquefaction facility for LNG exports) will help move abundant Marcellus NG production out of the bottlenecked Northeast region, and owner Dominion now says that the project is "essentially complete" and that they expect the project to begin service next month. That demand will serve as an outlet for constrained production and will be a welcome addition to producers in the area, but with Marcellus production north of 20 Bcf/day and growing, it will not solve all of the region's oversupply problems.

NYMEX NG 240-MIN CHART 10/23/2017 - 10/30/2017



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