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Month	Settle	4/10/2018	Strip Avg.
May-18	2.656	May18-Oct18	2.735
Jun-18	2.694	Nov18-Mar19	2.952
Jul-18	2.747	Apr19-Oct19	2.673
Aug-18	2.770	Nov19-Mar20	2.907
Sep-18	2.763	Apr20-Oct20	2.666
Oct-18	2.777	May18-Apr19 (1-yr)	2.819
Nov-18	2.827	Calendar 2019	2.779
Dec-18	2.960	Calendar 2020	2.766
Jan-19	3.047	Calendar 2021	2.800
Feb-19	3.015	Calendar 2022	2.853
Mar-19	2.911	Calendar 2023	2.907
Apr-19	2.656	Calendar 2024	2.960

**ICE BASIS FUTURES PRICES:**

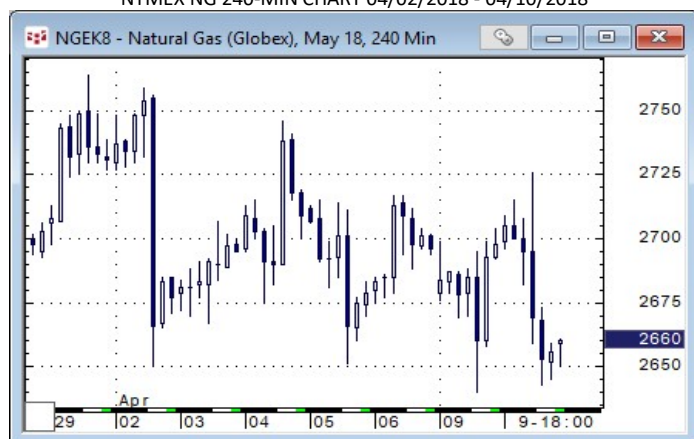
Tetco M2 Basis	4/10/2018	Dominion-South Basis	
May-18	-0.5900	May-18	-0.5675
Jun-18	-0.6775	Jun-18	-0.6475
May18-Oct18	-0.7108	May18-Oct18	-0.6842
Nov18-Mar19	-0.4615	Nov18-Mar19	-0.5055
Apr19-Oct19	-0.6654	Apr19-Oct19	-0.6325
May18-Apr19 (1-yr)	-0.5896	May18-Apr19 (1-yr)	-0.5917
Calendar 2019	-0.5840	Calendar 2019	-0.5815
Calendar 2020	-0.5944	Calendar 2020	-0.5879
Calendar 2021	-0.6415	Calendar 2021	-0.6235

**TODAY'S GAS DAILY CASH MARKET PRICES (for GD10):**

TRAN Z6 NY	3.210	Henry Hub	2.715	Dom-South	2.490
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**Market Commentary:** Temperatures have remained below normal in northern regions and have continued to bolster nighttime heating demand, as some areas are still seeing occasional snowfall on an intermittent basis. Those conditions have helped to prolong the heating season a bit longer than usual for those used to cold weather, and have kept storage facilities in withdrawal mode (on an aggregate basis), as two more reports are expected to show small pulls from storage facilities, with 30 Bcf or so expected to come out of the ground before we start seeing net injections for the country as a whole. The late season cold has done little to help drive the futures market, which remains in a tight trading range, although cash markets have shown a greater degree of volatility. In futures, selling pressure has been more noticeable, but bears have not made much progress in knocking things down, with yesterday's 2.640 low the lowest we have seen this month, and the high has only been 2.764. Last year saw a new high in gross withdrawals for 2017 at just under 91 Bcf/day (although dry-gas output actually fell just shy of the average level for 2015), but 2018 should smash all records regardless. The forward curve continues to reflect complacency with respect to NG prices, with calendar strips through 2024 remaining below the 3.00 level, and even the Cal30 strip that is 12 years away is only showing a settle of 3.35.

**NYMEX NG 240-MIN CHART 04/02/2018 - 04/10/2018**



CQG Inc. © 2018 Tue Apr 10 2018 17:45:35, CQG 19.3.8025 Alpha

As of Week Ending:	3/30/2018	Build/(Draw)
Current Storage	1,354 Bcf	(29)* Bcf
		Surplus/(Deficit)
Last Year Storage	2,051 Bcf	(697) Bcf
5-Year Average	1,701 Bcf	(347) Bcf

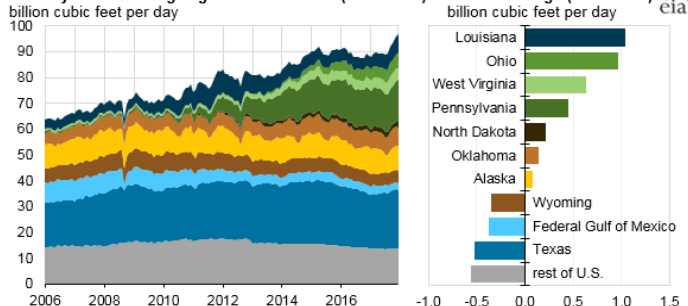
\* Reported storage withdrawal of 29 Bcf included a 9 Bcf reclassification from working gas to base gas in the South Central nonsalt region, which resulted in an implied flow of -20 Bcf from working gas storage

After factoring expected inflation into that figure, we are left with very low future expectations around natural gas prices, even as demand continues to grow and the US market transitions into a major LNG export player. The first graphic below helps to illustrate some of that growth, with the top dark blue line plotting pipeline exports (to Canada, and increasingly to Mexico to feed their growing appetite for natural gas in power generation), and the light blue line beneath it plots growth in exports of LNG, which are just starting to make a significant dent. The final graphic helps provide a visual of where production growth is coming from, with PA taking a back seat to fellow Marcellus/Utica producers in OH and WV, and surprisingly the Haynesville has come back in a big way and LA saw the greatest annual growth in NG production of any state last year, while TX saw output contract but remained the top producing state. As always, the path of NG prices will be dependent on what summer weather holds and how the S&D balance evolves as the season unfolds, but until the storage picture looks less uncertain, I would not expect prices to tumble below recent lows in the 2.50's.

**Monthly U.S. natural gas exports (2006-2017)**



**Monthly U.S. natural gas gross withdrawals (2006-2017)**



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