



NATURAL GAS MARKET UPDATE
October 26, 2018

Snyder Brothers Inc., Gas Marketing
1 Glade Park East, P.O. Box 1022
Kittanning, PA 16201
Ph: 724-548-8101
Fax 724-545-8243
www.snyderbrothersinc.com

NYMEX HENRY HUB SETTLEMENT PRICES:

10/26/18	Settle	Season		Year	
Nov18	3.185	Nov18-Mar19	3.174	Cal 19	2.830
Dec18	3.225	Apr19-Oct19	2.691	Cal 20	2.664
Jan19	3.290	Nov19-Mar20	2.885	Cal 21	2.596
Feb19	3.208	Apr20-Oct20	2.550	Cal 22	2.603
Mar19	2.964	Nov20-Mar21	2.754	Cal 23	2.650
Apr19	2.676	Apr21-Oct21	2.494	Cal 24	2.732
May19	2.647	Nov21-Mar22	2.730	Cal 25	2.833
Jun19	2.675	Apr22-Oct22	2.506	Cal 26	2.940
Jul19	2.711	Nov22-Mar23	2.755	Cal 27	3.027

DOMINION-SOUTH FIXED-PRICE MARKETS (NYMEX/HENRY+ ICE DOM-SOUTH BASIS):

Nov-18	2.790	Nov18-Mar19	2.786
Dec-18	2.835	Apr19-Oct19	2.149
Jan-19	2.885	Nov19-Mar20	2.450
Feb-19	2.828	Apr20-Oct20	1.967
Mar-19	2.592	Nov20-Mar21	2.321
Apr-19	2.304	Nov18-Oct19 (1-yr)	2.414
May-19	2.192	Calendar 2019	2.346
Jun-19	2.198	Calendar 2020	2.144
Jul-19	2.204	Calendar 2021	2.021
Aug-19	2.158	Calendar 2022	1.916
Sep-19	1.990	Calendar 2023	1.954
Oct-19	1.998	Calendar 2024	2.050
Nov-19	2.310	Calendar 2025	2.168
Dec-19	2.500	Calendar 2026	2.271
Jan-20	2.583	Calendar 2027	2.358

GAS DAILY CASH MARKET PRICES (for GD26):

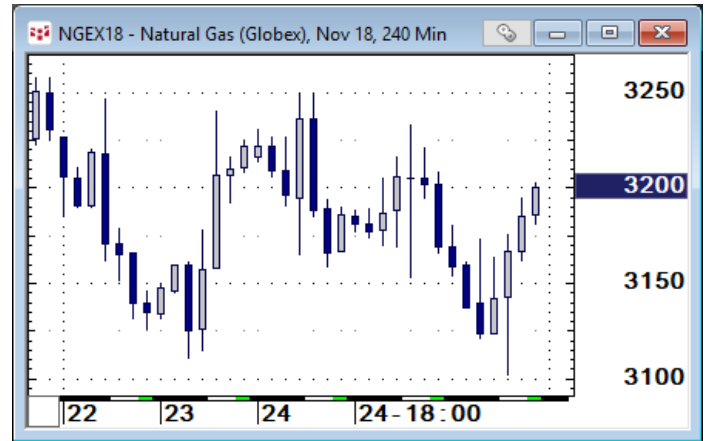
Columbia Gas Transmission (TCO)	3.150
Dominion South Point	3.035
Henry Hub	3.315
Socal, citygate	5.720
Transco-Leidy (receipts)	3.095
Transco Station 85	3.280
Sumas	7.775
Transco Station 210	3.290

WORKING NATURAL GAS IN STORAGE, LOWER 48 STATES:

As of Week Ending:	10/19/2018	Build/(Draw)
Current Storage	3,095 Bcf	+58 * Bcf
		Surplus/(Deficit)
Last Year Storage	3,701 Bcf	(606) Bcf
5-Year Average	3,719 Bcf	(624) Bcf
ICE Traded Markets:		
End of Injection Season Storage (11/08/2018)		3,205 Bcf
End of Withdrawal Season Storage (04/11/2019)		1,440 Bcf

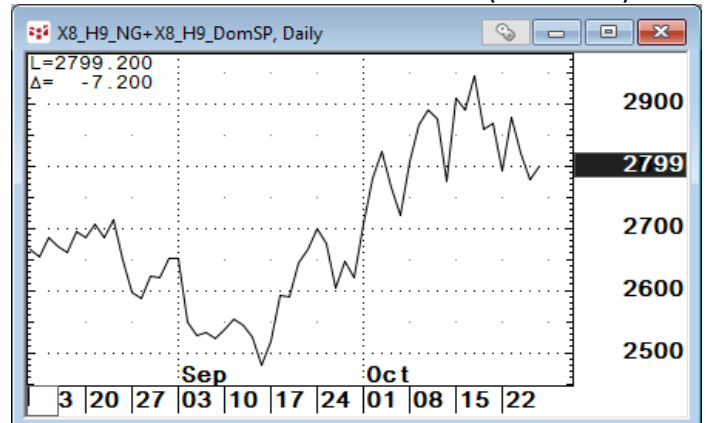
* +58 Bcf injection includes a 5 Bcf reclassification from working gas to base gas in the South Central Nonsalt region, for an implied flow to working gas of +63 Bcf

FRONT-MONTH NYMEX NG FUTURES 4-HOUR CHART:



CQG Inc. © 2018 All rights reserved worldwide 10/26/2018 16:53:04, CQG 19.9.8039

FIXED-PRICE DOM SOUTH 1-YEAR STRIP DAILY CHART (NOV18-OCT19):



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*NOTE: CQG basis data comes from CME ClearPort, which has its own DominionSouth basis contract that generally tracks the liquid ICE contracts, but can deviate slightly.

Market Commentary: Last week wrapped up in the mid-3.20's which represented the middle part of the weekly trading range, and this week we are going out a few cents lower but once again find ourselves in the middle of the week's trading range, as both bulls and bears were ultimately thwarted in any attempt to build momentum. While the storage picture remains supportive and cannot be ignored, production continues to hum along and break records, with the past week seeing the first weekly average above 84 Bcf/day, and last Sunday saw a new record high just shy of 85 Bcf. This comes against the backdrop of a moderating weather outlook, so the supply/demand balance is not as tight as it had been, which had been a feather in the bulls' caps when the market was printing its highs earlier in the month. While that rally stalled out and prices fell back, they have respected technical support on repeated tests, and while today did see that 3.15 area break and bears start to celebrate, the 3.10 level supported prices on this attempt, so we have yet to break below the breakout level from the outset of the month. Basis prices have been volatile as well, with an explosion sending prices at the Sumas hub in the Pacific Northwest screaming higher in that region, and also underscoring the risks that gas markets can face. Local Marcellus basis markets had been well bid in recent weeks as tight market conditions yielded pricing cues to draw out more production, but as conditions have loosened that strength has moderated somewhat. Still, cash markets remain well bid, with 3-handles seen across most of the country, although Sumas had a 7-handle and near the Mexican border the Socal citygate saw an average price of 5.72 for today. Looking out the Nymex curve you don't get your first 3-handle for the year until 2027.

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