



NATURAL GAS MARKET UPDATE

January 2, 2019

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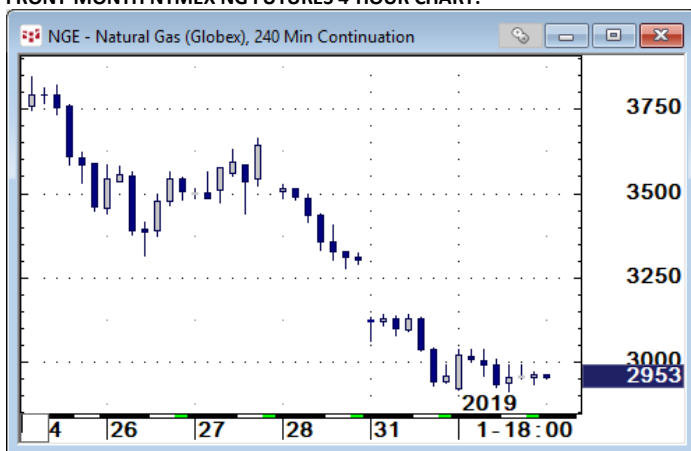
NYMEX HENRY HUB SETTLEMENT PRICES:

1/2/19	Settle	Season	Year	Year	Year
Feb19	2.958	Feb19-Mar19	2.894	Cal 20	2.622
Mar19	2.829	Apr19-Oct19	2.653	Cal 21	2.593
Apr19	2.627	Nov19-Mar20	2.858	Cal 22	2.645
May19	2.605	Apr20-Oct20	2.494	Cal 23	2.703
Jun19	2.645	Nov20-Mar21	2.740	Cal 24	2.796
Jul19	2.684	Apr21-Oct21	2.482	Cal 25	2.898
Aug19	2.679	Nov21-Mar22	2.772	Cal 26	3.013
Sep19	2.652	Apr22-Oct22	2.543	Cal 27	3.107
Oct19	2.680	Nov22-Mar23	2.804	Cal 28	3.195

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

Feb-19	2.593	Feb19-Mar19	2.532
Mar-19	2.472	Apr19-Oct19	2.138
Apr-19	2.295	Nov19-Mar20	2.404
May-19	2.200	Apr20-Oct20	1.891
Jun-19	2.208	Nov20-Mar21	2.258
Jul-19	2.182	Apr21-Oct21	1.803
Aug-19	2.129	Feb19-Jan20 (1 year)	2.266
Sep-19	1.950	Calendar 2020	2.077
Oct-19	2.005	Calendar 2021	1.972
Nov-19	2.188	Calendar 2022	1.969
Dec-19	2.402	Calendar 2023	2.007
Jan-20	2.566	Calendar 2024	2.118

FRONT-MONTH NYMEX NG FUTURES 4-HOUR CHART:

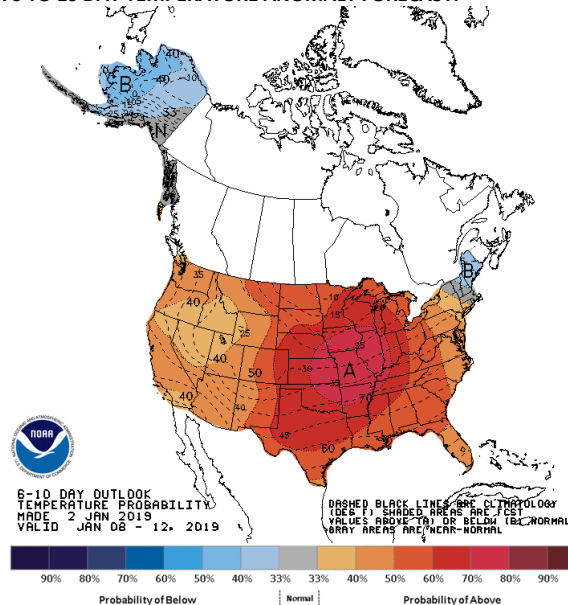


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DAILY CASH MARKET PRICES (for GD1-2):

Columbia Gas Transmission (TCO)	2.935
Dominion South Point	2.815
Henry Hub	3.225
Socal, citygates	6.515
Tetco M2 (receipts)	2.865
Transco-Leidy (receipts)	2.815
Transco Zone 5 South	3.200
Waha	2.165

NOAA 6 TO 10 DAY TEMPERATURE ANOMALY FORECAST:



WORKING NATURAL GAS IN STORAGE, LOWER 48 STATES:

As of Week Ending:	12/21/2018	Build/(Draw)
Current Storage	2,725 Bcf	(48) Bcf
Surplus/(Deficit)		
Last Year Storage	3,348 Bcf	(623) Bcf
5-Year Average	3,372 Bcf	(647) Bcf
ICE Traded Markets:		ICE Settle:
Weekly Storage Inventory Number (01/04/2019)		(33) Bcf
End of Withdrawal Season Storage (04/11/2019)		1,485 Bcf

Market Commentary: The year of 2018 was a big one for natural gas, with something for everyone at some point in the year. The winter began with bitterly cold air that never created much excitement in the marketplace, coming a little too late and with too much storage in the ground to create supply uncertainty. The summer proved to be a warm one and power burns were strong, but despite a slow pace of storage injections prices languished all season and never got much traction going, with just one poke above 3 bucks in early June. By October the deficits to historical storage comparisons were too much to ignore, and prices began to rally, but not by enough to make a big impact on storage. By early November with cold air having moved in, things got very interesting with storage inventories so tight to kick off the season, and we had a month of November like we haven't seen in many years, with the middle of the month providing the most excitement as we went limit-up one day and limit-down the next. As weather forecasts have trended warmer and failed to turn back to showing significant cold risks, prices have moved steadily lower, and we now find ourselves down by close to 2.00 from the highs of just 6 weeks ago, and sentiment has shifted significantly and now seems focused on a possible summer washout with production growth. The 6 to 10 day outlook from NOAA included above does not inspire much confidence for those looking for a turnaround, but the bulls have plenty of support for their cause if weather starts to look less bearish and sentiment shifts back in the other direction somewhat. The rationale for how we ended up at 4.90 has not resolved itself by any means, but the weather has reduced the potential damage that depleted storage can inflict, and that has seen weather premium ameliorated at an astounding rate. While the next week or two looks pretty mild for the country as a whole, a cold second half of Jan which sticks around through Feb and into Mar could inflict plenty of pain on the currently smiling natural gas market bears, but a sustained cold snap should send them right back into hibernation if it shows up soon.

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