



**NATURAL GAS MARKET UPDATE**  
February 22, 2019

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](http://www.snyderbrothersinc.com)

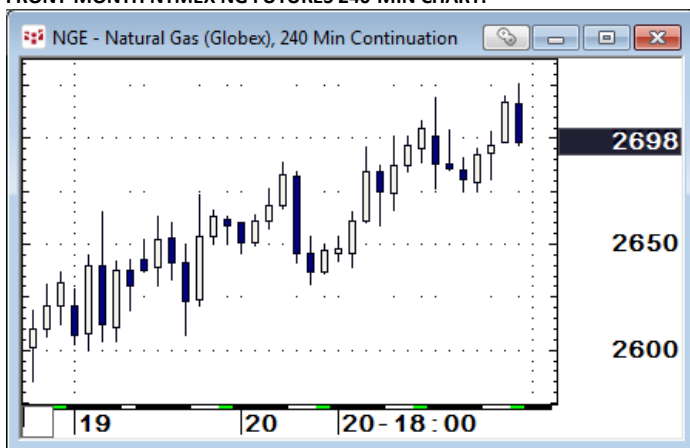
**NYMEX HENRY HUB SETTLEMENT PRICES:**

2/22/19	Settle	Season		Year	
Mar19	2.717	Apr19-Oct19	2.817	Cal 20	2.739
Apr19	2.739	Nov19-Mar20	3.015	Cal 21	2.633
May19	2.759	Apr20-Oct20	2.607	Cal 22	2.636
Jun19	2.800	Nov20-Mar21	2.813	Cal 23	2.696
Jul19	2.845	Apr21-Oct21	2.514	Cal 24	2.792
Aug19	2.862	Nov21-Mar22	2.799	Cal 25	2.891
Sep19	2.850	Apr22-Oct22	2.525	Cal 26	2.994
Oct19	2.864	Nov22-Mar23	2.790	Cal 27	3.095
Nov19	2.909	Apr23-Oct23	2.600	Cal 28	3.198

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

Mar-19	2.4770	Apr19-Oct19	2.4556
Apr-19	2.4890	Nov19-Mar20	2.6777
May-19	2.4465	Apr20-Oct20	2.1506
Jun-19	2.4650	Nov20-Mar21	2.3776
Jul-19	2.5100	Apr21-Oct21	1.9829
Aug-19	2.5095	Nov21-Mar22	2.3254
Sep-19	2.3600	Mar19-Feb20 (1 year)	2.5378
Oct-19	2.4090	Calendar 2020	2.3140
Nov-19	2.5415	Calendar 2021	2.1369
Dec-19	2.7105	Calendar 2022	2.0635
Jan-20	2.7970	Calendar 2023	2.1088
Feb-20	2.7390	Calendar 2024	2.2206

**FRONT-MONTH NYMEX NG FUTURES 240-MIN CHART:**

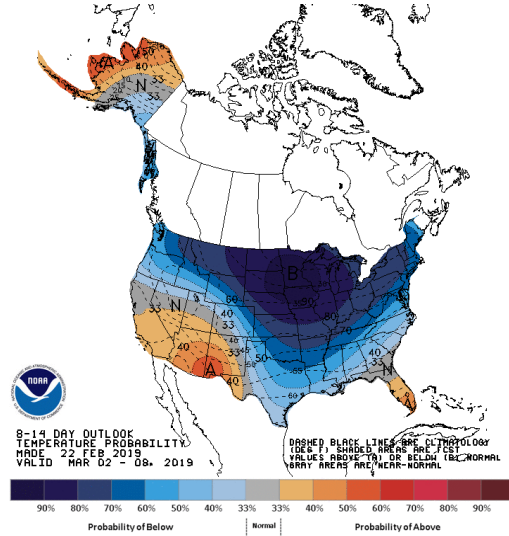


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**DAILY CASH MARKET PRICES (for GD22):**

Columbia Gas Transmission (TCO)	2.530
Dominion South Point	2.515
Henry Hub	2.705
Socal, citygates	12.945
Sumas	5.645
Transco-Leidy (receipts)	2.575
Transco Zone 5 South	2.825
Waha	1.620

**NOAA 8 TO 14 DAY TEMPERATURE ANOMALY FORECAST:**



**WORKING NATURAL GAS IN STORAGE, LOWER 48 STATES:**

As of Week Ending:	2/15/2019	Build/(Draw)
Current Storage	1,705 Bcf	(177) Bcf
		Surplus/(Deficit)
Last Year Storage	1,778 Bcf	(73) Bcf
5-Year Average	2,067 Bcf	(362) Bcf
<b>ICE Traded Markets:</b>		<b>ICE Settle:</b>
Weekly Storage Inventory Number (02/28/2019)		(175) Bcf
End of Withdrawal Season Storage (04/11/2019)		1,180 Bcf

**Market Commentary:** Market conditions remain tame in the NG space, with volume, volatility, and conviction all conspicuously absent this week, but we seem to have finally started to make a move back higher at least. Started to, because while we are finishing up on the day and this week's price chart clearly shows an uptrend, the move has unfolded at a tortoise-like pace, with compressed trading ranges and with price action continuing to be reminiscent of the quiet activity we experienced last summer. It is February, it has been cold for much of the country, and yet the prompt Mar contract (traditionally one of the contracts with big upside potential) has stagnated following a deep selloff from contract highs north of 4.50 in November, but last month's rally failed to see Mar regain even the 3.50 price level, and since assuming front-month status we have not even seen a 3-handle and have been stuck below 2.75 since Feb 2<sup>nd</sup>, with most of that time spent sub-2.70. Widespread cold is on its way, however, and should provide some support to prices as HDD counts are set to rise and storage withdrawals should be robust. Indeed, last week expectations were for storage to trough at 1,295 Bcf in April, but that number has come down to 1,180 Bcf over recent days. There is plenty of gas to meet remaining winter demand still, but this increases what is needed this summer to get us back to a healthy storage level by fall, and expectations for where storage will peak later in 2019 have also trended lower and now stand at 3,530 Bcf, more than the ~3.2 Tcf we got to in 2018, but still not a huge cushion in the event of early cold and an enduring winter season. After the big spike we saw in Nov, the market is likely to pay closer to attention to the refill rate and provide sufficient pricing cues to attract storage injections (and/or curb demand to allow them). Interestingly, the Mar/Apr calendar spread, or so-called "widowmaker", has been in contango (front at a discount to back) for the better part of two weeks now, which is traditionally a backwardated (also called inverted) spread with the front at a premium to the back, currently reflecting a lack of concern about the impact of late winter, while keeping a bid under summer prices until the storage outlook begins to point to ample supply for next winter.

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