

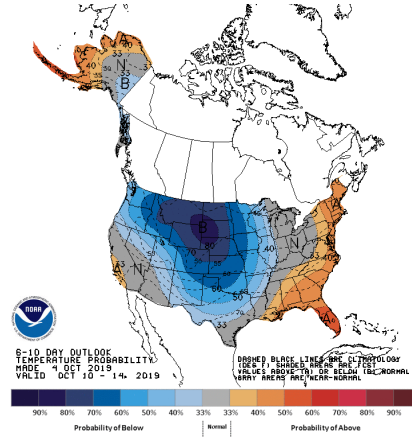


**NATURAL GAS MARKET UPDATE**

October 4, 2019

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**NOAA 6 TO 10 DAY TEMPERATURE ANOMALY FORECAST:**



**NYMEX HENRY HUB SETTLEMENT PRICES:**

| 10/4/19 | Settle | Season      | Year  | Year   | Year  |
|---------|--------|-------------|-------|--------|-------|
| Nov19   | 2.352  | Nov19-Mar20 | 2.533 | Cal 20 | 2.449 |
| Dec19   | 2.524  | Apr20-Oct20 | 2.358 | Cal 21 | 2.458 |
| Jan20   | 2.648  | Nov20-Mar21 | 2.628 | Cal 22 | 2.502 |
| Feb20   | 2.614  | Apr21-Oct21 | 2.341 | Cal 23 | 2.565 |
| Mar20   | 2.525  | Nov21-Mar22 | 2.635 | Cal 24 | 2.631 |
| Apr20   | 2.315  | Apr22-Oct22 | 2.393 | Cal 25 | 2.679 |
| May20   | 2.297  | Nov22-Mar23 | 2.681 | Cal 26 | 2.745 |
| Jun20   | 2.340  | Apr23-Oct23 | 2.458 | Cal 27 | 2.861 |
| Jul20   | 2.384  | Nov23-Mar24 | 2.768 | Cal 28 | 2.961 |

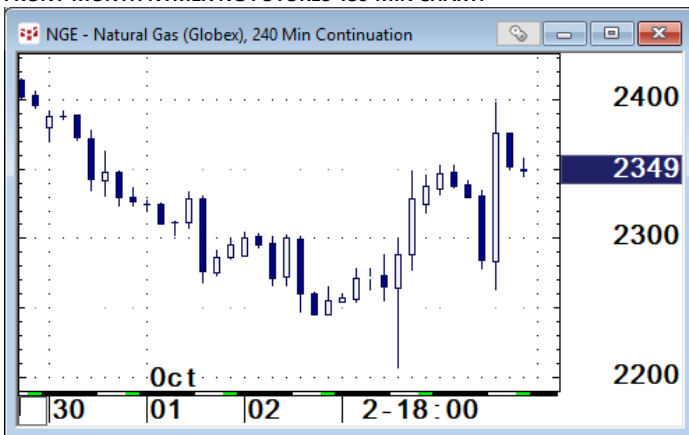
**WORKING NATURAL GAS IN STORAGE, LOWER 48 STATES:**

| As of Week Ending:                           | 9/27/2019   | Build/(Draw)      |
|--|-------------|-------------------|
| Current Storage                              | 3,317 Bcf   | +112 Bcf          |
|  |             | Surplus/(Deficit) |
| Last Year Storage                            | 2,852 Bcf   | 465 Bcf           |
| 5-Year Average                               | 3,335 Bcf   | (18) Bcf          |
| <b>ICE Traded Markets:</b>                   | ICE Settle: |                   |
| Weekly Storage Inventory Number (10/10/2019) | +102 Bcf    |                   |
| End of Injection Season Storage (11/14/2019) | 3,817 Bcf   |                   |

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

| Month  | Price  | Season              | Price  |
|--------|--------|---------------------|--------|
| Nov-19 | 1.6570 | Nov19-Mar20         | 2.1096 |
| Dec-19 | 2.1240 | Apr20-Oct20         | 1.8491 |
| Jan-20 | 2.2980 | Nov20-Mar21         | 2.2267 |
| Feb-20 | 2.2840 | Apr21-Oct21         | 1.8194 |
| Mar-20 | 2.1850 | Nov21-Mar22         | 2.2178 |
| Apr-20 | 1.9600 | Nov19-Oct20(1-Year) | 1.9577 |
| May-20 | 1.8670 | Calendar 2020       | 1.9931 |
| Jun-20 | 1.9125 | Calendar 2021       | 1.9871 |
| Jul-20 | 1.9540 | Calendar 2022       | 1.9872 |
| Aug-20 | 1.9270 | Calendar 2023       | 2.0047 |
| Sep-20 | 1.6700 | Calendar 2024       | 2.0798 |
| Oct-20 | 1.6535 | Calendar 2025       | 2.1167 |

**FRONT-MONTH NYMEX NG FUTURES 480-MIN CHART:**



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**DAILY CASH MARKET PRICES (for GD4):**

|                                 |       |
|---------------------------------|-------|
| Columbia Gas Transmission (TCO) | 1.180 |
| Dominion South Point            | 1.155 |
| Henry Hub                       | 2.245 |
| Socal, citygate                 | 3.385 |
| Sumas                           | 3.365 |
| Tetco M3                        | 1.145 |
| Transco Zone 5 South            | 2.300 |
| Waha                            | 1.315 |

**Market Commentary:** The weak finish late last week turned out not to be the culmination of a corrective pullback, but rather was part of a larger reversal that continued as this week got underway. The market opened slightly lower on Sunday night and remained below 2.40 all week, starting lower overnight into Monday and gaining momentum as traders got to their desks to kick off the trading week. By Monday afternoon we had moved back into the low 2.30's, and after a failed rally attempt on Tuesday morning sellers regained control and knocked the market back down below 2.30 for the first time since the beginning of September, and remained generally sub-2.30 throughout Tuesday, as well as Weds and early yesterday morning. The storage report was pegged around +110 Bcf, and when the +112 injection was released the market was already down below 2.24, then spiked down to a weekly low of 2.207 after the report, but that proved to be a V-bottom and right back up we went, breaking back above 2.30 in the early afternoon and trading up into the mid 2.30's into the close before pulling back a penny or two. Prices consolidated there overnight before breaking lower early this morning, which looked as though it might spell doom for bullishly inclined traders, but instead the market bottomed out at 2.263 just after the open and proceeded to tack on 13.5 cents with an eventual high print of 2.398 just over 2 hours later. We pulled back a nickel or so from there but settled near 2.35 as market bears have twice had the rug pulled right out from under them when things otherwise appeared to be headed in a decidedly bearish trajectory. The last rally that brought us up to 2.70 came about abruptly and with little notice but was primed by the large speculative short position. Some weaker hands were almost assuredly forced out on that rally, but when that ran out of steam all signs once again pointed to fundamental weakness in the NG market and the path of least resistance was again lower. Storage has returned to healthy levels and production continues to overwhelm demand here in the shoulder season, but last year's late fall/early winter volatility is still fresh in the minds of anyone who was trading it last year. The forecast has begun to show shades of blue in some parts of the country, serving as a reminder that winter is just around the corner, and a cold winter can make a big dent in storage and help to shift sentiment back quickly in the other direction if it gets sufficiently cold.

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