

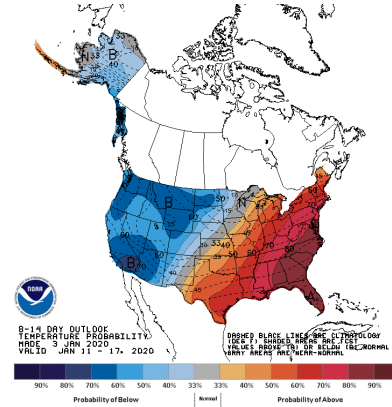


NATURAL GAS MARKET UPDATE

January 3, 2020

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

NOAA 8 TO 14 DAY TEMPERATURE ANOMALY FORECAST:



NYMEX HENRY HUB SETTLEMENT PRICES:

1/3/20	Settle	Season	Year	Year	Year
Feb20	2.130	Feb20-Mar20	2.121	Cal 21	2.429
Mar20	2.112	Apr20-Oct20	2.239	Cal 22	2.416
Apr20	2.113	Nov20-Mar21	2.594	Cal 23	2.450
May20	2.156	Apr21-Oct21	2.319	Cal 24	2.487
Jun20	2.216	Nov21-Mar22	2.571	Cal 25	2.523
Jul20	2.276	Apr22-Oct22	2.305	Cal 26	2.548
Aug20	2.296	Nov22-Mar23	2.585	Cal 27	2.595
Sep20	2.292	Apr23-Oct23	2.338	Cal 28	2.640
Oct20	2.327	Nov23-Mar24	2.647	Cal 29	2.683

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

Feb-20	1.7475	Feb20-Mar20	1.7398
Mar-20	1.7320	Apr20-Oct20	1.7701
Apr-20	1.7430	Nov20-Mar21	2.1937
May-20	1.7485	Apr21-Oct21	1.8282
Jun-20	1.7985	Nov21-Mar22	2.1608
Jul-20	1.8835	Apr22-Oct22	1.7544
Aug-20	1.8585	Feb20-Jan21	1.8625
Sep-20	1.6695	Calendar 2021	1.9776
Oct-20	1.6895	Calendar 2022	1.9137
Nov-20	1.9155	Calendar 2023	1.8655
Dec-20	2.2140	Calendar 2024	1.8673
Jan-21	2.3505	Calendar 2025	1.9026

FRONT-MONTH NYMEX NG FUTURES 480-MIN CHART:



CQG Inc. © 2020 NGE,480C | 01/03/2020 17:35:47, CQG 20.9.8043

DAILY CASH MARKET PRICES (for GD3):

Columbia Gas Transmission (TCO)	1.730
Dominion South Point	1.615
Henry Hub	2.000
Socal, citygate	5.470
Sumas	2.070
Tennessee Gas Pipeline Zone 6 North	3.065
Transco Zone 5 South	1.945
Waha	0.770

WORKING NATURAL GAS IN STORAGE, LOWER 48 STATES:

As of Week Ending:	12/27/2019	Build/(Draw)
Current Storage	3,192 Bcf	(58) Bcf
		Surplus/(Deficit)
Last Year Storage	2,708 Bcf	484 Bcf
5-Year Average	3,230 Bcf	(38) Bcf
ICE Traded Markets:		ICE Settle:
Weekly Storage Inventory Number (01/09/2020)		(55) Bcf
End of Injection Season Storage (04/09/2020)		1,755 Bcf

Market Commentary: Back in September when the Saudi oil production facilities suffered a coordinated attack that knocked off 5% of the world's production in one fell swoop, natural gas markets took notice and prices ran up in response as well. Last night's drone attack in Iraq that took down Iran's top military official, and one of the most powerful figures in the power structure of Iran's hardline government, General Qassem Soleimani, oil markets reacted swiftly but NG did not even bat an eye, and actually saw the prompt Feb20 Nymex contract sink to a new all-time low of 2.083, even as oil markets were rallying to recent highs. The domestic WTI contract traded as high as 64.09 overnight, which was nearly a dollar above the high from those September attacks against the Saudis and marks the highest print since late April, while global Brent contract hit 69.48 which was shy of its 71.00 high from mid-September as well. For most of the month of December conditions were mild and NG demand was lackluster, but there was still hope for cold weather to emerge in 2020. Now that we have moved into 2020 and the forecast remains mild across major population centers for the next two weeks, natural gas sentiment has turned more bearish still. Cash prices at Henry Hub for today's delivery averaged just \$2.00, but that is up from last week's intraday low of 1.75, which is the lowest we have seen Henry Hub cash markets trade since early 2016. The 8 to 14 day outlook from NOAA does show some cold air out West, but the market will likely need to see that move into Eastern gas consuming markets and stick around for more than a brief period for it to translate into a lasting price response. Late last week prices firmed up some from the 12/24 lows down in the teens, but could not get back above 2.30 on Thursday's options expiration, then dumped last Friday for Jan20 Nymex settlement, which saw the expiring contract drop more than 15 cents from high to low, with an eventual monthly settle of 2.158 for what is often the coldest month of the year. This week things kicked off with a slight gap up into the mid-2.20's, but that has proved to be the high for the week, with the low touched last night as oil prices were dancing to a different drummer. Dry-gas production has backed off slightly, but remains just under 92 Bcf/day which is roughly 6 Bcf/day higher than we were at one year ago. As goes the weather, so goes the natural gas market in many cases, but this year we are contending with both abundant supply and reduced demand, and that is creating a major headache for dry-gas producers, many of which are loaded up with large amounts of debt that is increasingly difficult to service at current prices.

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