

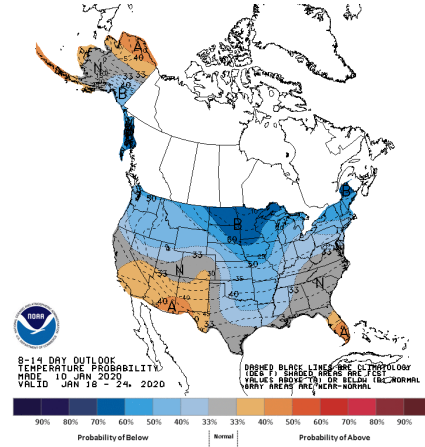


## NATURAL GAS MARKET UPDATE

January 10, 2020

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## NOAA 8 TO 14 DAY TEMPERATURE ANOMALY FORECAST:



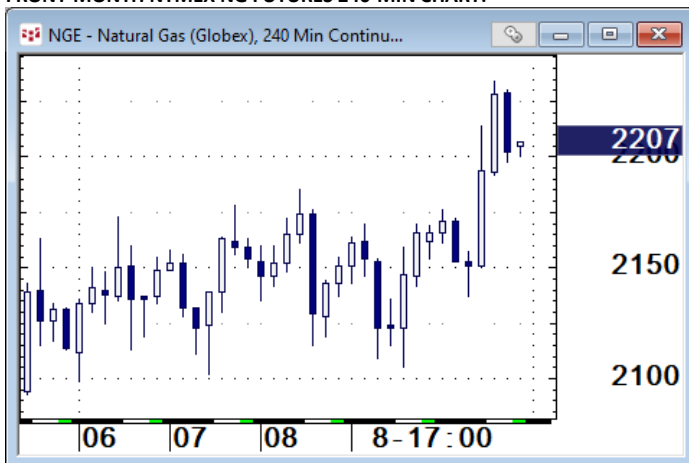
### NYMEX HENRY HUB SETTLEMENT PRICES:

1/10/20	Settle	Season		Year	
Feb20	2.202	Feb20-Mar20	2.185	Cal 21	2.431
Mar20	2.168	Apr20-Oct20	2.274	Cal 22	2.432
Apr20	2.164	Nov20-Mar21	2.595	Cal 23	2.474
May20	2.199	Apr21-Oct21	2.321	Cal 24	2.514
Jun20	2.254	Nov21-Mar22	2.576	Cal 25	2.550
Jul20	2.311	Apr22-Oct22	2.323	Cal 26	2.576
Aug20	2.325	Nov22-Mar23	2.606	Cal 27	2.629
Sep20	2.316	Apr23-Oct23	2.363	Cal 28	2.675
Oct20	2.346	Nov23-Mar24	2.674	Cal 29	2.710

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

Feb-20	1.8270	Feb20-Mar20	1.8150
Mar-20	1.8030	Apr20-Oct20	1.8036
Apr-20	1.7965	Nov20-Mar21	2.1943
May-20	1.7865	Apr21-Oct21	1.8302
Jun-20	1.8340	Nov21-Mar22	2.1714
Jul-20	1.9160	Apr22-Oct22	1.7834
Aug-20	1.8875	Feb20-Jan21 (1-year)	1.8950
Sep-20	1.6960	Calendar 2021	1.9793
Oct-20	1.7085	Calendar 2022	1.9387
Nov-20	1.9250	Calendar 2023	1.8985
Dec-20	2.2125	Calendar 2024	1.9006
Jan-21	2.3475	Calendar 2025	1.9367

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



CQG Inc. © 2020 NGE,240C | 01/10/2020 17:03:38, CQG 20.9.8043

### DAILY CASH MARKET PRICES (for GD10):

Columbia Gas Transmission (TCO)	1.760
Dominion South Point	1.610
Henry Hub	2.005
Socal, citygate	5.075
Sumas	3.635
Tennessee Gas Pipeline Zone 6 North	2.185
Transco Zone 5 South	1.945
Waha	0.650

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

As of Week Ending:	1/3/2020	Build/(Draw)
Current Storage	3,148 Bcf	(44) Bcf
		Surplus/(Deficit)
Last Year Storage	2,627 Bcf	521 Bcf
5-Year Average	3,074 Bcf	74 Bcf
<b>ICE Traded Markets:</b>		ICE Settle:
Weekly Storage Inventory Number (01/16/2020)		(92) Bcf
End of Injection Season Storage (04/09/2020)		1,823 Bcf

**Market Commentary:** December turned out to be a bust for natural gas markets, and with one-third of January now under the belt, things have not yet improved a great deal. The weather outlook has begun to offer a slight glimmer of promise though, with the 8 to 14 day outlook from NOAA above showing shades of blue across much of the Lower 48, and that has coincided with the slight bump up in prices that has lifted front-month Feb20 futures back above the 2.20 level, which had proven elusive so far this year until today. That comes despite a weekend warmup that will see much above normal temperatures for several days across gas consuming markets in the Midwest and East Coast that will see Chicago hit the upper 40's, while Pittsburgh and NYC could reach the upper 60's this weekend, which are 20 to 25 degrees above normal during what tends to be the most important month of the year for NG demand. Yesterday's storage report only showed a -44 Bcf withdrawal from storage facilities, which was on the low end of the range of expectations, and yielded a knee-jerk decline of a couple of pennies, but that was bought up quickly and the market managed to post a small gain for the day nonetheless, as the focus instead shifts toward what is coming and not as much on the growing storage surplus. Storage has now overtaken the 5-year average, and expectations on EOD (end of draw) storage levels for the April 9<sup>th</sup> report have ticked up along with that, and are now pegged at 1,823 Bcf on the traded ICE market, which is up from last week's closing value of just 1,755 Bcf. While prices have rallied slightly, the 2.20 price we are trading now is below the current summer strip, which is traditionally not the premium season for natural gas prices, but if weather dynamics line up just right (or wrong, depending on perspective), that can occur, and it is this year. Production has tapered off slightly in the Marcellus and Utica plays, with Platts reporting that Appalachian volumes were down more than 1 Bcf/day from the late 2019 highs, while the Haynesville shale play in Louisiana saw a decline of 0.5 Bcf/day as well, as drillers lay down rigs in response to low prices, with the Marcellus and Utica rig count having dipped below 50 and now stands at a 3-year low. The ability of cold air to create more than fleeting ripples in the natural gas marketplace is dwindling, but with late Jan, all of Feb, and Mar still in front of us, the stars could potentially line up and yield some degree of a short-squeeze, but it needs to get underway sooner than later, and the cold needs to have some staying power to make a real dent in the glut we have been accumulating in recent weeks.

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