

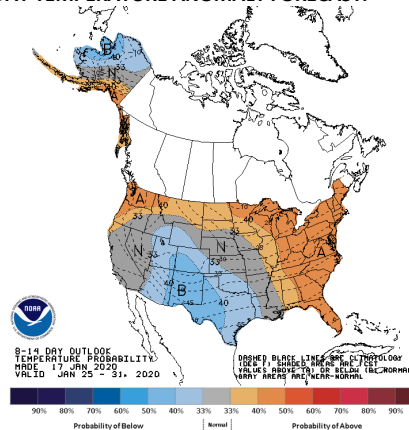


## NATURAL GAS MARKET UPDATE

January 17, 2020

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## NOAA 8 TO 14 DAY TEMPERATURE ANOMALY FORECAST:



### NYMEX HENRY HUB SETTLEMENT PRICES:

1/17/20	Settle	Season	Year	Year	
Feb20	2.003	Feb20-Mar20	1.994	Cal 21	2.411
Mar20	1.985	Apr20-Oct20	2.164	Cal 22	2.443
Apr20	2.011	Nov20-Mar21	2.540	Cal 23	2.484
May20	2.066	Apr21-Oct21	2.309	Cal 24	2.528
Jun20	2.137	Nov21-Mar22	2.578	Cal 25	2.565
Jul20	2.209	Apr22-Oct22	2.337	Cal 26	2.591
Aug20	2.233	Nov22-Mar23	2.618	Cal 27	2.644
Sep20	2.229	Apr23-Oct23	2.373	Cal 28	2.690
Oct20	2.261	Nov23-Mar24	2.684	Cal 29	2.725

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

Feb-20	1.6530	Feb20-Mar20	1.6440
Mar-20	1.6350	Apr20-Oct20	1.6951
Apr-20	1.6485	Nov20-Mar21	2.1440
May-20	1.6610	Apr21-Oct21	1.8257
Jun-20	1.7220	Nov21-Mar22	2.1776
Jul-20	1.8090	Apr22-Oct22	1.8150
Aug-20	1.8005	Feb20-Jan21 (1-year)	1.7891
Sep-20	1.6115	Calendar 2021	1.9659
Oct-20	1.6135	Calendar 2022	1.9651
Nov-20	1.8680	Calendar 2023	1.9223
Dec-20	2.1565	Calendar 2024	1.9398
Jan-21	2.2910	Calendar 2025	1.9702

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



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### DAILY CASH MARKET PRICES (for GD17):

Columbia Gas Transmission (TCO)	1.885
Dominion South Point	1.840
Henry Hub	2.065
Socal, citygate	4.150
Sumas	2.120
Tennessee Gas Pipeline Zone 6	7.375
Transco Zone 5 South	2.500
Waha	0.730

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

As of Week Ending:	1/10/2020	Build/(Draw)
Current Storage	3,039 Bcf	(109) Bcf
		Surplus/(Deficit)
Last Year Storage	2,545 Bcf	494 Bcf
5-Year Average	2,890 Bcf	149 Bcf
<b>ICE Traded Markets:</b>	<b>ICE Settle:</b>	
Weekly Storage Inventory Number (01/23/2020)		(86) Bcf
End of Injection Season Storage (04/09/2020)		1,845 Bcf

**Market Commentary:** The promise of winter weather has continually been pushed out into the future as we have moved through the heating season, only to have those forecasts revert to milder conditions time and time again. Last week's late week bounce back above 2.20 was based on the prospect for colder air to emerge later this month, and this week began with some more of that optimism that demand might finally star to ratchet up as would be expected this time of year, but instead the models have trended toward agreement that mild conditions will prevail through the end of the month across most of the country, and with that outlook prices have come under heavy selling pressure once again, with new contract lows hit today, and our low print of 1.994 hit late this afternoon marks the lowest front-month prices have been since May of 2016. The 2.00 level may yield some degree of support on this first attempt, but it would take a massive shift in the weather or some other exogenous variable to stem the momentum that has accumulated on the path to get us here, and the lows touched in March of 2016 at 1.61 seem like a reasonable downside target barring a major upside catalyst. This week saw prices jump as high as 2.255 on Tuesday with the expectation of colder air on the way, but when that outlook fizzled out, prices did too, initially dropping toward 2.10 on Wednesday, before stabilizing just above there ahead of yesterday's weekly storage report. The report was actually supportive at face value, coming in at -109 Bcf which was well above consensus for a withdrawal in the high double digits, and prices did jump initially when the data hit, with a move up to 2.17, but that was aggressively sold into, and the market had dropped ten cents from there by yesterday's close, and we haven't seen any upside momentum emerge since then, with today's session seeing the psychologically significant 2.00 level broken for the first time in nearly 4 years. European prices also remain weak with Dutch and British markets both trading in the mid-\$3.00 per MMBtu vicinity, and the Japan-Korea Marker (JKM) has tumbled to the lowest level in years and took out the summer lows, with a recent settle of just \$4.13/MMBtu for the front-month contract for March delivery. Even if cold air were to emerge, the oversupply problem is global at this point, and it will take time to work off the excesses that have been accumulated. Bearish sentiment is pervasive, and for good reason, and that fact alone is one reason for market bears to exhibit some degree of caution, but there remains plenty to be bearish about in the short run, and short positions keep yielding profits for the time being.

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