

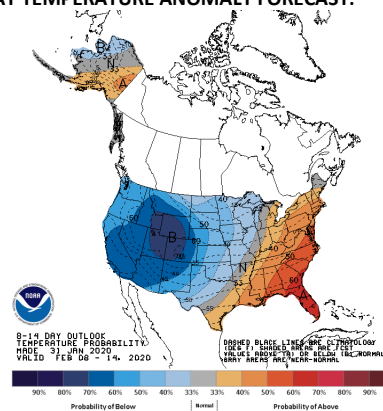


## NATURAL GAS MARKET UPDATE

January 31, 2020

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## NOAA 8 TO 14 DAY TEMPERATURE ANOMALY FORECAST:



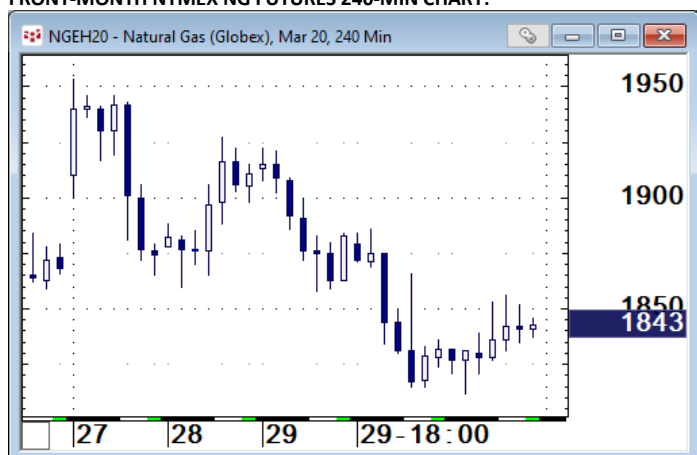
### NYMEX HENRY HUB SETTLEMENT PRICES:

1/31/20	Settle	Season	Year	Year	Year
Mar20	1.841	Apr20-Oct20	2.043	Cal 21	2.342
Apr20	1.886	Nov20-Mar21	2.438	Cal 22	2.385
May20	1.946	Apr21-Oct21	2.248	Cal 23	2.432
Jun20	2.015	Nov21-Mar22	2.521	Cal 24	2.468
Jul20	2.086	Apr22-Oct22	2.277	Cal 25	2.500
Aug20	2.115	Nov22-Mar23	2.568	Cal 26	2.518
Sep20	2.111	Apr23-Oct23	2.321	Cal 27	2.570
Oct20	2.142	Nov23-Mar24	2.624	Cal 28	2.622
Nov20	2.252	Apr24-Oct24	2.355	Cal 29	2.657

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

Mar-20	1.4710	Apr20-Oct20	1.5605
Apr-20	1.5185	Nov20-Mar21	2.0409
May-20	1.5260	Apr21-Oct21	1.7750
Jun-20	1.5975	Nov21-Mar22	2.1261
Jul-20	1.6735	Apr22-Oct22	1.7689
Aug-20	1.6725	Nov22-Mar23	2.1460
Sep-20	1.4635	Mar20-Feb21 (1-year)	1.7121
Oct-20	1.4720	Calendar 2021	1.9018
Nov-20	1.7645	Calendar 2022	1.9222
Dec-20	2.0445	Calendar 2023	1.8956
Jan-21	2.1845	Calendar 2024	1.9019
Feb-21	2.1575	Calendar 2025	1.9234

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



CQG Inc. © 2020 NGEH20,240 | 01/31/2020 19:11:28, CQG 20.12.8034 Alpha

### DAILY CASH MARKET PRICES (for GD31):

Columbia Gas Transmission (TCO)	1.650
Dominion South Point	1.450
Henry Hub	1.905
Socal, citygate	3.205
Sumas	1.750
Tetco M2 (receipts)	1.470
Transco Zone 5 South	1.950
Waha	0.115

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

As of Week Ending:	1/24/2020	Build/(Draw)
Current Storage	2,746 Bcf	(201) Bcf
		Surplus/(Deficit)
Last Year Storage	2,222 Bcf	524 Bcf
5-Year Average	2,553 Bcf	193 Bcf
<b>ICE Traded Markets:</b>		ICE Settle:
Weekly Storage Inventory Number (02/06/2020)		(131) Bcf
End of Injection Season Storage (04/09/2020)		1,904 Bcf

**Market Commentary:** The mild winter continues to weigh on the NG market and create headaches for debt-plagued public producers who are fighting for survival, as the capital markets inflict maximum pain upon them. Debt levels got entirely out of hand, predicated on the notion that improved efficiency and greater market share would allow the debts to be repaid and the individual producers to thrive, but not enough energy executives envisioned that most everyone in the sector was doing the same thing, and that those individual efficiency improvements and production gains would snowball to such an extent that if everything lined up just right (or wrong as it were), the house of cards could begin to fall, and the individual players would be powerless to do much about it. Debt has to be serviced so the gas must flow, and everyone seems to be waiting on the next company to make the prudent moves that will help the industry at large, but lenders need the debt repaid so companies have to keep on producing which drives prices lower still. It is an unfortunate Catch-22, which cold weather could have helped to stave off had it actually gotten cold on a national scale, but that is most definitely not how things have played out this year in the Lower 48. If the domestic situation weren't bad enough, the buildout for LNG exports seems to have met a similar fate on the world stage, with too much supply globally creating the same dynamics, and the juicy returns that enticed companies to convert LNG import facilities to export facilities have been walloped as well. The Feb20 Nymex contract went out with a whimper on Weds, with a final settlement of 1.877 for the month, which is the lowest monthly Nymex settle since March of 2016. This week's storage report was one bright spot, with a (201) Bcf withdrawal reported, but even that seemingly bullish data point created no lasting bullish response, as the market instead chose to focus on a mild start to February, which is understandable in the current environment. The 8 to 14 day outlook above does show some shades of blue out West, but over the course of the winter heating season forecasts have trended steadily warmer, and even when the outlook has been for some cold air to emerge, the reality has often ended up being more mild conditions as we have gotten closer to the mark. Some public companies have started to pay some lip service to the market environment and reduce investments in dry-gas projects and redirect capital toward more fruitful opportunities, but it is going to take some time to get the ship turned around, and at this stage (and given the weather forecast through mid-February), it is unlikely that weather will be able to manage that on its own from where things currently stand.

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