

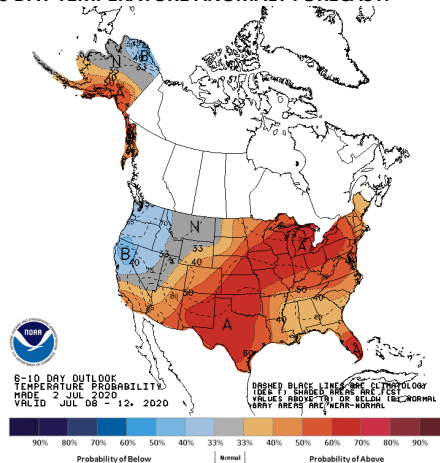


NATURAL GAS MARKET UPDATE

July 2, 2020

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NOAA 6 TO 10 DAY TEMPERATURE ANOMALY FORECAST:



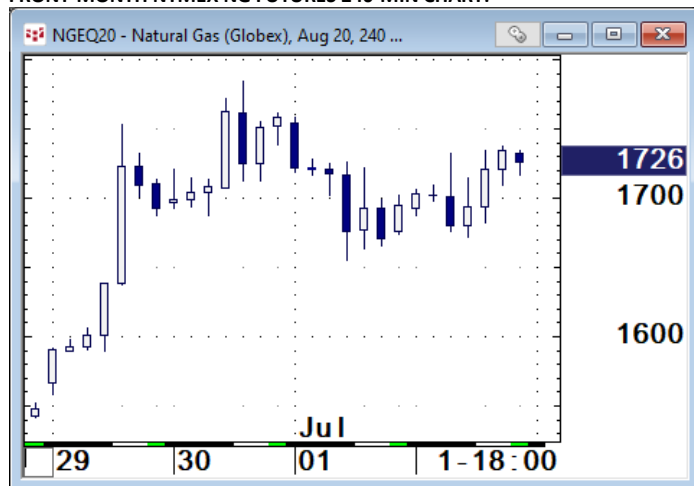
NYMEX HENRY HUB SETTLEMENT PRICES:

7/2/20	Settle	Season	Year	Year	
Aug20	1.734	Aug20-Oct20	1.801	Cal 21	2.627
Sep20	1.785	Nov20-Mar21	2.724	Cal 22	2.446
Oct20	1.884	Apr21-Oct21	2.520	Cal 23	2.401
Nov20	2.297	Nov21-Mar22	2.728	Cal 24	2.423
Dec20	2.773	Apr22-Oct22	2.301	Cal 25	2.440
Jan21	2.907	Nov22-Mar23	2.569	Cal 26	2.471
Feb21	2.873	Apr23-Oct23	2.282	Cal 27	2.495
Mar21	2.768	Nov23-Mar24	2.578	Cal 28	2.551
Apr21	2.490	Apr24-Oct24	2.310	Cal 29	2.649

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

Aug-20	1.3790	Aug20-Oct20	1.3160
Sep-20	1.2725	Nov20-Mar21	2.3256
Oct-20	1.2965	Apr21-Oct21	2.0329
Nov-20	1.8295	Nov21-Mar22	2.3440
Dec-20	2.3980	Apr22-Oct22	1.8414
Jan-21	2.5195	Nov22-Mar23	2.1940
Feb-21	2.4930	Aug20-Jul21 (1-year)	1.9903
Mar-21	2.3880	Calendar 2021	2.1783
Apr-21	2.1450	Calendar 2022	2.0227
May-21	2.0320	Calendar 2023	1.9734
Jun-21	2.0375	Calendar 2024	1.9745
Jul-21	2.0925	Calendar 2025	1.9589

FRONT-MONTH NYMEX NG FUTURES 240-MIN CHART:



CQG Inc. © 2020 NGEQ20,240 | 07/02/2020 17:40:17, CQG 21.6.8021 Alpha

DAILY CASH MARKET PRICES (for GD2):

Columbia Gas Transmission (TCO)	1.420
Dominion South Point	1.320
Henry Hub	1.600
Leidy Line receipts (Transco)	1.300
Tetco M3	1.430
Transco Station 85 (Zone 4)	1.605
Transco Zone 5 South	1.640
Waha	1.210

WORKING NATURAL GAS IN STORAGE, LOWER 48 STATES:

As of Week Ending:	6/26/2020	Build/(Draw)
Current Storage	3,077 Bcf	+65 Bcf
		Surplus/(Deficit)
Last Year Storage	2,365 Bcf	712 Bcf
5-Year Average	2,611 Bcf	466 Bcf
ICE Traded Markets:		ICE Settle:
Weekly Storage Inventory Number (07/09/2020)		+56 Bcf
End of Natural Gas Storage Swap (11/12/2020)		3,985 Bcf

Market Commentary: Those who aggressively sold natural gas late last week as the market was printing 25-year lows may be feeling a little bit of seller's remorse as we wrap up our holiday-shortened week ahead of Saturday's July 4th holiday, which markets are observing with tomorrow being an official market holiday in the USA. After gapping up only slightly on Sunday night into the mid-1.50's, by Monday morning buyers were on the prowl, and Monday's session saw a very impressive rally of nearly 11% for the new prompt Aug20 Nymex contract, though the big gains were seen in the first few contract months with Cal21 only up 2 cents and Cal22 up less than a penny. The 6 to 10 day outlook from NOAA above gives a clue as to what drove the rally, with LNG exports continuing to languish which offsets the bullish weather factor somewhat and perhaps helps shed some light on how a widespread heat wave couldn't even get us back above 1.80 for front-month Nymex. Today's storage report did provide some support, with the +65 Bcf injection reversing last week's bearish surprise in that it came in several Bcf below consensus and provided a slight jump when the data hit, though the bounce was fairly muted and did not even get us back to 1.74 on today's session highs, whereas Tuesday had seen a high print of 1.784 for the week. Importantly, EOS expectations for peak storage have not come down much on the traded ICE market, but this was still a supportive data point for a market that very much needed some good news. The former top natural gas producer, Chesapeake Energy, filed for bankruptcy protection this week, which was widely expected for some time, but the stock has now been officially de-listed and the company has begun drawing on a \$925 million bankruptcy loan to continue operating while it negotiates with its creditors in an effort to eliminate \$7 billion in debt. Shale drilling has unlocked more gas than the US economy knows what to do with, but has rewarded consumers to a far greater extent than it has those who produce it, given the high costs to unlock those reserves and the tremendous debts that companies have accumulated in trying to grow market share, which has spelled disaster for the NG market as it grapples with continual oversupply. Unfortunately for the world's energy producers, the buildout in capacity has moved offshore into global LNG export markets, which now face much the same plight as US natural gas producers, with more supply than demand and a predictable impact on global prices.

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