

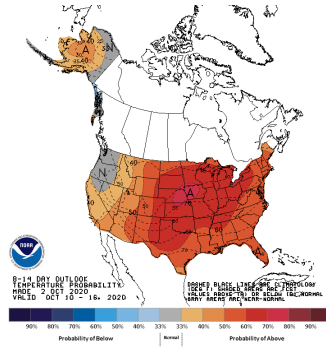


NATURAL GAS MARKET UPDATE

October 2, 2020

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NOAA 8 TO 14 DAY TEMPERATURE ANOMALY FORECAST:



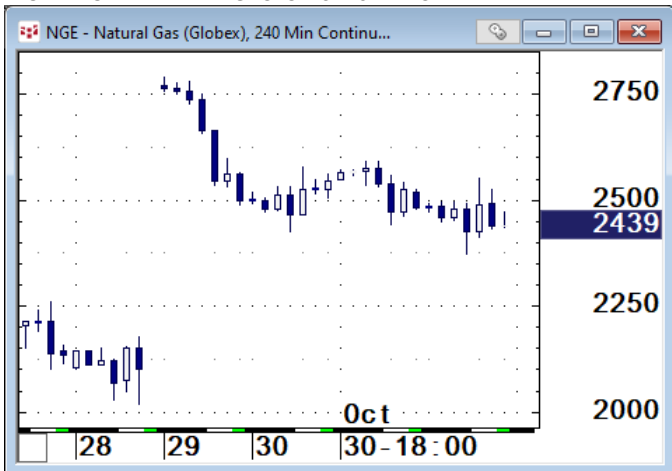
NYMEX HENRY HUB SETTLEMENT PRICES:

10/2/20	Settle	Season		Year	
Nov20	2.438	Nov20-Mar21	2.932	Cal 21	2.853
Dec20	2.991	Apr21-Oct21	2.741	Cal 22	2.610
Jan21	3.138	Nov21-Mar22	2.967	Cal 23	2.480
Feb21	3.100	Apr22-Oct22	2.437	Cal 24	2.458
Mar21	2.993	Nov22-Mar23	2.721	Cal 25	2.456
Apr21	2.725	Apr23-Oct23	2.334	Cal 26	2.473
May21	2.687	Nov23-Mar24	2.652	Cal 27	2.508
Jun21	2.718	Apr24-Oct24	2.320	Cal 28	2.555
Jul21	2.757	Nov24-Mar25	2.656	Cal 29	2.614

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

Nov-20	1.7605	Nov20-Mar21	2.4490
Dec-20	2.5210	Apr21-Oct21	2.1385
Jan-21	2.7005	Nov21-Mar22	2.5283
Feb-21	2.6775	Apr22-Oct22	1.8526
Mar-21	2.5855	Nov22-Mar23	2.2733
Apr-21	2.3075	Apr23-Oct23	1.7582
May-21	2.1595	Nov20-Oct21 (1-year)	2.2679
Jun-21	2.1655	Calendar 2021	2.3175
Jul-21	2.1770	Calendar 2022	2.0864
Aug-21	2.1360	Calendar 2023	1.9567
Sep-21	1.9695	Calendar 2024	1.9331
Oct-21	2.0545	Calendar 2025	1.9479

FRONT-MONTH NYMEX NG FUTURES 240-MIN CHART:



CQG Inc. © 2020 NGE,240C | 10/02/2020 17:30:54, CQG 21.9.8011 Alpha

DAILY CASH MARKET PRICES (for GD2):

Columbia Gas Transmission (TCO)	0.665
Dominion South Point	0.570
Henry Hub	1.480
Tetco M2 (receipts)	0.545
Tetco M3	0.755
Transco Station 85 (Zone 4)	1.250
Transco Zone 5 South	1.285
Waha	0.360

WORKING NATURAL GAS IN STORAGE, LOWER 48 STATES:

As of Week Ending:	9/25/2020	Build/(Draw)
Current Storage	3,756 Bcf	+76 Bcf
		Surplus/(Deficit)
Last Year Storage	3,285 Bcf	471 Bcf
5-Year Average	3,351 Bcf	405 Bcf
ICE Traded Markets:	ICE Settle:	
Weekly Storage Inventory Number (10/08/2020)		+70 Bcf
End of Natural Gas Storage Swap (11/12/2020)		3,989 Bcf

Market Commentary: Last Friday's options expiration for Oct20 Nymex gave way to the monthly settlement on Monday, which saw prices trade back down near the 2.00 level before bouncing slightly into the close to settle at 2.101 for the month. Local Dominion South Point basis went out at -1.10 for a DTI index of 1.00 for the month, the lowest we have seen in 4 years. Nov20 Nymex assumed the pole position on Monday afternoon above 2.75 but promptly plummeted back toward 2.50 on Tuesday, and we have remained below 2.60 since that drop, as the market shifts its focus away from lower production to robust storage and the lack of demand-inducing weather on the horizon as we move into October. Oct is still a shoulder month that usually does not yield significant demand, but the warm outlook seems to have spooked some of the speculative length that had accumulated on the way up, and November prices have declined more than the balance of the winter strip, but there has been selling pressure on out the forward curve on this down move. Cash markets have fared even worse, with Marcellus area cash prices coming in a dime or so either side of 65 cents for today's gas day, and Henry Hub cash touched a 22-year intraday low of \$1.25 yesterday, which it breached today with a \$1.20 intraday print for the weekend, though local cash prices were actually up slightly from yesterday. LNG feedgas demand has ticked back up close to 7 Bcf/day in recent days, even as Cameron LNG remains offline, but has reportedly seen a partial restoration of power to the facility and is in the process of testing equipment before resuming liquefaction operations at the plant, though it is not expected to resume service in the near term and the outage could persist for much of the rest of the month. The storage report came in at +76 Bcf this week, which was on the low end of expectations and did yield a knee-jerk reaction higher, but the enthusiasm was minimal and after failing to regain the 2.60 level for Nov20 Nymex, prices fell into yesterday's close, and then tumbled to 2.373 this AM, which was the lowest Nov futures had traded since late July. The 8 to 14 day outlook above shows much above normal temperatures across the country into the middle of the month, delaying the onset of early season heating demand until at least the second half of the month, and potentially longer. Given that production remains near 87 Bcf/day, a major shift toward colder temperatures would help turn things back higher, or perhaps another outside catalyst such as the resumption of Cameron LNG exports would do the trick instead. Volatility has certainly been elevated, and the prior selloff in NG proved to be a favorable dip buying opportunity, while this one still needs a catalyst for a recovery.

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