

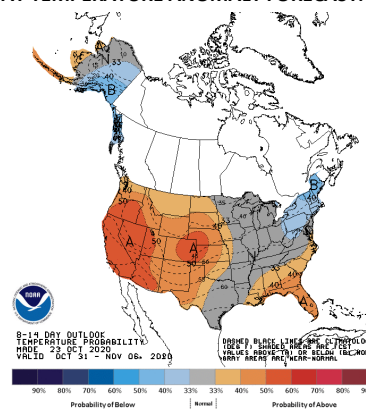


NATURAL GAS MARKET UPDATE

October 23, 2020

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NOAA 8 TO 14 DAY TEMPERATURE ANOMALY FORECAST:



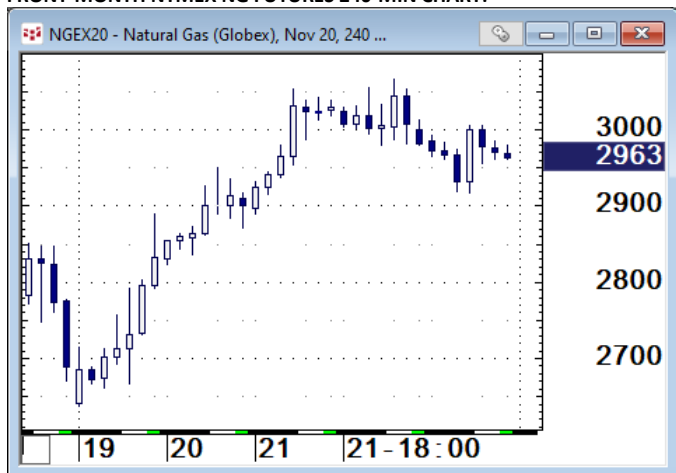
NYMEX HENRY HUB SETTLEMENT PRICES:

10/23/20	Settle	Season	Year	Year	Year
Nov20	2.971	Nov20-Mar21	3.190	Cal 21	3.058
Dec20	3.195	Apr21-Oct21	2.951	Cal 22	2.745
Jan21	3.322	Nov21-Mar22	3.166	Cal 23	2.550
Feb21	3.285	Apr22-Oct22	2.552	Cal 24	2.472
Mar21	3.175	Nov22-Mar23	2.847	Cal 25	2.451
Apr21	2.927	Apr23-Oct23	2.382	Cal 26	2.443
May21	2.892	Nov23-Mar24	2.712	Cal 27	2.501
Jun21	2.924	Apr24-Oct24	2.314	Cal 28	2.589
Jul21	2.966	Nov24-Mar25	2.668	Cal 29	2.678

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

Nov-20	1.9910	Nov20-Mar21	2.6386
Dec-20	2.7150	Apr21-Oct21	2.3461
Jan-21	2.8770	Nov21-Mar22	2.7238
Feb-21	2.8550	Apr22-Oct22	1.9481
Mar-21	2.7550	Nov22-Mar23	2.4056
Apr-21	2.5020	Apr23-Oct23	1.7927
May-21	2.3620	Nov20-Oct21 (1-year)	2.4680
Jun-21	2.3690	Calendar 2021	2.5154
Jul-21	2.3835	Calendar 2022	2.2133
Aug-21	2.3565	Calendar 2023	2.0216
Sep-21	2.1830	Calendar 2024	1.9501
Oct-21	2.2665	Calendar 2025	1.9207

FRONT-MONTH NYMEX NG FUTURES 240-MIN CHART:



CQG Inc. © 2020 NGEX20,240 | 10/23/2020 15:51:30, CQG 21.10.8012 Alpha

DAILY CASH MARKET PRICES (for GD23):

Columbia Gas Transmission (TCO)	0.860
Dominion South Point	0.675
Henry Hub	2.880
Tetco M2 (receipts)	0.530
Tetco M3	0.790
Transco Station 85 (Zone 4)	2.870
Transco Zone 5 South	2.910
Waha	0.105

WORKING NATURAL GAS IN STORAGE, LOWER 48 STATES:

As of Week Ending:	10/16/2020	Build/(Draw)
Current Storage	3,926 Bcf	+49 Bcf
		Surplus/(Deficit)
Last Year Storage	3,581 Bcf	345 Bcf
5-Year Average	3,599 Bcf	327 Bcf
ICE Traded Markets:	ICE Settle:	
Weekly Storage Inventory Number (10/29/2020)		+37 Bcf
End of Natural Gas Storage Swap (11/12/2020)		3,955 Bcf
End of Natural Gas Draw Swap (04/08/2021)		1,260 Bcf

Market Commentary: Another week, another fresh 21-month high for prompt NG, and we also saw our first front-month 3-handle since January of 2019 this week as well. LNG exports have been on the rise and feedgas demand has jumped to within about 0.5 Bcf of the Q1 all-time highs, even as Louisiana continues to deal with some shipping restrictions following the sinking of a rock barge in the Calcasieu Ship Channel last week. Supply/demand balances in the North American natural gas market have tightened considerably in recent weeks, with weekly storage builds coming in on the low end of expectations and helping to fuel the rally in Nymex prices ahead of the winter heating season. With the possibility of 5 or 6 months of cold weather ahead of us and production still down 7 Bcf/day from where it was one year ago, futures prices have firmed up considerably in recent weeks. How weather conditions play out will be key to the future price path, of course, and the above 8 to 14 day outlook from NOAA is not a help to bullishly inclined traders who have flooded the market with speculative purchases in anticipation of higher prices to come. As with all markets, trades can get “crowded” as they say, and if the thesis that drove that speculative accumulation does not play out as anticipated, the proverbial rubber band can snap back rather aggressively as those speculative positions unwind in the face of adverse developments. It is clearly far too early to jump to any conclusions on this winter’s weather path, but an 8 to 14 day outlook that only shows below normal temperatures in the Northeast into the first week of November may make some weaker speculative length slightly uneasy, though that is obviously still very early in the season and what comes behind it will be of greater significance. Expectations for where storage peaks this year have come down in recent weeks as the market has gotten tighter, but the focus will now shift to where we finish at the end of the withdrawal season next spring, and the resulting implications for refilling storage next summer. This year we entered the injection season with above normal storage and were in the throes of the Covid-19 pandemic and its uncertain impact on demand, so prices had to remain low to keep gas-fired demand elevated and prevent storage from testing capacity limits. If this winter ends up being cold though, we will likely be dealing with the opposite effects next year, with the need for prices to stay elevated in order to ensure that production grows enough to prevent another scenario like in late 2018 when we entered winter with just 3.25 Tcf in storage.

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