

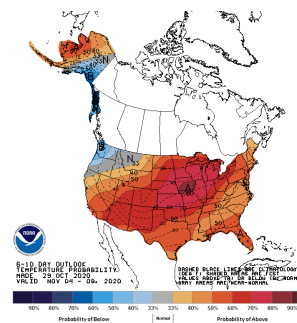


## NATURAL GAS MARKET UPDATE

October 30, 2020

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## NOAA 6 TO 10 DAY TEMPERATURE ANOMALY FORECAST:



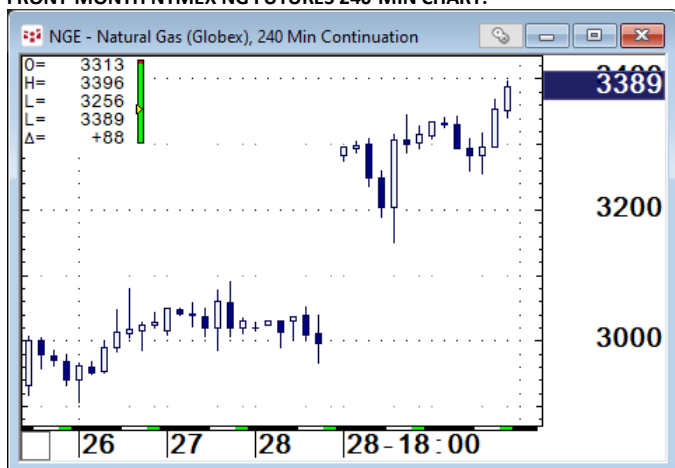
### NYMEX HENRY HUB SETTLEMENT PRICES:

10/30/20	Settle	Season		Year	
Dec20	3.354	Dec20-Mar21	3.381	Cal 21	3.150
Jan21	3.469	Apr21-Oct21	3.033	Cal 22	2.805
Feb21	3.416	Nov21-Mar22	3.233	Cal 23	2.576
Mar21	3.284	Apr22-Oct22	2.610	Cal 24	2.504
Apr21	3.017	Nov22-Mar23	2.899	Cal 25	2.498
May21	2.975	Apr23-Oct23	2.402	Cal 26	2.508
Jun21	3.006	Nov23-Mar24	2.733	Cal 27	2.553
Jul21	3.047	Apr24-Oct24	2.350	Cal 28	2.620
Aug21	3.059	Nov24-Mar25	2.708	Cal 29	2.704

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

Dec-20	2.4590	Dec20-Mar21	2.6626
Jan-21	2.7665	Apr21-Oct21	2.3557
Feb-21	2.7760	Nov21-Mar22	2.7587
Mar-21	2.6490	Apr22-Oct22	1.9892
Apr-21	2.4495	Nov22-Mar23	2.4391
May-21	2.3725	Apr23-Oct23	1.8086
Jun-21	2.4060	Dec20-Nov21 (1-year)	2.4757
Jul-21	2.4195	Calendar 2021	2.5020
Aug-21	2.3915	Calendar 2022	2.2534
Sep-21	2.2160	Calendar 2023	2.0400
Oct-21	2.2350	Calendar 2024	1.9876
Nov-21	2.5680	Calendar 2025	2.0015

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



CQG Inc. © 2020 NGE,240C | 10/30/2020 17:22:42, CQG 21.10.8012 Alpha

### DAILY CASH MARKET PRICES (for GD30-GD31):

Columbia Gas Transmission (TCO)	2.385
Dominion South Point	1.850
Henry Hub	3.000
Tetco M2 (receipts)	1.385
Tetco M3	2.350
Transco Station 85 (Zone 4)	2.905
Transco Zone 5 South	2.910
Waha	1.880

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

As of Week Ending:	10/23/2020	Build/(Draw)
Current Storage	3,955 Bcf	+29 Bcf
		Surplus/(Deficit)
Last Year Storage	3,670 Bcf	285 Bcf
5-Year Average	3,666 Bcf	289 Bcf
<b>ICE Traded Markets:</b>		ICE Settle:
Weekly Storage Inventory Number (11/05/2020)		(25) Bcf
End of Natural Gas Storage Swap (11/12/2020)		3,915 Bcf
End of Natural Gas Draw Swap (04/08/2021)		1,270 Bcf

**Market Commentary:** Natural gas markets have behaved somewhat unusually lately, with divergence not only between cash markets and Nymex futures, but also a growing premium for the physically deliverable Nymex NG futures traded on the CME over the financially settled Henry Hub futures that trade on its rival, ICE, as speculators dominate the volume on CME/Nymex. Unusual action abounds right now in general, with yesterday's cash trade for the final days of October jumping to an intraday high of 1.95 at DomSouth, which was the highest since December of last year and marks a new high for 2020. That was against the backdrop of a DTI index of 1.00 for the month of October, while today's cash trade for GD1 and GD2 for next month, where the monthly index should come in right around 1.71, saw prices tumble into the 1.20's at DomSouth. Northeast basis prices for November collapsed in the final days of the Nov Nymex contract, which rolled off the board at 2.996 on Tuesday, with Nov DomSouth basis falling over 50 cents from last Monday to Tuesday. The balance of winter contracts have since fallen hard as well, with Dec DomSouth basis falling almost 50 cents from last Friday to this morning's lows, and Jan and Feb were off sharply as well, though not quite to the same extent. Still, the basis weakness is curious in light of the fact that Dec20 Nymex has held up remarkably well and in fact touched a new 5-year contract high of 3.396 this afternoon, which also marks a nearly two year continuation high going back to January of 2019. Market conditions continue to reflect tightness in supply/demand balances, with this week's storage report showing another smaller than expected injection of just 29 Bcf, and projections for next week's report are for the market to see its first storage withdrawal. LNG feedgas demand hit a new record high of 9.44 Bcf today, which is a bright spot on the demand side and will contribute to market tightness if that trend continues. After a series of M&A deals that have resulted in consolidation in the Permian basin, the Marcellus saw some M&A this week as the nation's largest NG producer in EQT is set to get a bit bigger yet with the \$750 million acquisition of Chevron's Marcellus natural gas assets, and there was a rumor that EQT was also interested in buying CNX Resources, but so far that has proved to be just a rumor, and it preceded the Chevron news, which may reduce the likelihood of that coming to fruition given that EQT is issuing 20 million new shares to help finance the CVX asset purchase. Whether S&D has gotten tight or not, the above 6 to 10 day outlook from NOAA suggests a bearish start to November weather, which is likely spooking local cash and basis markets, as area producers with still shut-in volumes are expected to start ramping that production back up in November.

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