

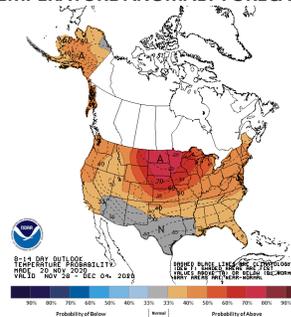


**NATURAL GAS MARKET UPDATE**

November 20, 2020

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**NOAA 8 TO 14 DAY TEMPERATURE ANOMALY FORECAST:**



**NYMEX HENRY HUB SETTLEMENT PRICES:**

11/20/20	Settle	Season		Year	
Dec20	2.650	Dec20-Mar21	2.721	Cal 21	2.738
Jan21	2.770	Apr21-Oct21	2.687	Cal 22	2.672
Feb21	2.755	Nov21-Mar22	2.952	Cal 23	2.539
Mar21	2.709	Apr22-Oct22	2.517	Cal 24	2.525
Apr21	2.608	Nov22-Mar23	2.813	Cal 25	2.537
May21	2.608	Apr23-Oct23	2.376	Cal 26	2.529
Jun21	2.652	Nov23-Mar24	2.740	Cal 27	2.548
Jul21	2.710	Apr24-Oct24	2.370	Cal 28	2.579
Aug21	2.734	Nov24-Mar25	2.747	Cal 29	2.613

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

Dec-20	1.3350	Dec20-Mar21	1.8548
Jan-21	2.0125	Apr21-Oct21	1.9944
Feb-21	2.0650	Nov21-Mar22	2.4179
Mar-21	2.0065	Apr22-Oct22	1.9176
Apr-21	2.0030	Nov22-Mar23	2.3217
May-21	1.9505	Apr23-Oct23	1.7745
Jun-21	2.0195	Dec20-Nov21 (1-year)	1.9632
Jul-21	2.0925	Calendar 2021	2.0539
Aug-21	2.0665	Calendar 2022	2.1133
Sep-21	1.8970	Calendar 2023	1.9864
Oct-21	1.9320	Calendar 2024	1.9850
Nov-21	2.1785	Calendar 2025	2.0235

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



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**DAILY CASH MARKET PRICES (for GD20):**

Columbia Gas Transmission (TCO)	1.755
Dominion South Point	1.215
Henry Hub	2.195
Tetco M2 (receipts)	1.180
Tetco M3	1.400
Transco Station 85 (Zone 4)	2.175
Transco Zone 5 South	2.210
Waha	1.935

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

As of Week Ending:	11/13/2020	Build/(Draw)
Current Storage	3,958 Bcf	+31 Bcf
		Surplus/(Deficit)
Last Year Storage	3,665 Bcf	293 Bcf
5-Year Average	3,727 Bcf	231 Bcf
<b>ICE Traded Markets:</b>		ICE Settle:
Weekly Storage Inventory Number (11/25/2020)		(29) Bcf
End of Natural Gas Draw Swap (04/08/2021)		1,335 Bcf

**Market Commentary:** The natural gas market has experienced an epic fall from grace over the past three trading weeks, with Dec futures dropping from almost 3.40 on Nov 2<sup>nd</sup> to a low of 2.525 touched yesterday AM, with a warm start to winter, a high degree of speculative length in the market, and constraints in the Northeast producing region, all colliding into a perfect storm of sorts for natural gas bears. Market bulls had been drawn to the market as supply demand balances tightened considerably ahead of the winter heating season, with the CEO of one LNG export company, Tellurian, predicting just a month or two ago that \$5.00 Henry Hub prices this winter were “almost inevitable” as a result of the tightness that had developed, but without weather the catalyst that would prove his prediction correct instead fell apart, and the speculators who had loaded up in anticipation of much higher prices have instead in many cases been pushed out of their positions as prices have dropped and triggered sell stops. The Northeast markets have taken the brunt of the punishment, with a good deal more production than demand in the likes of Pennsylvania, West Virginia, and Ohio, and limited options to move the gas to premium markets with demand generally weak around the country. Production curtailments have helped when they have been implemented, but it has been a seesaw of sorts, with the Northeast market responding to the shut-ins with increasing prices, then the shut-in volumes are brought back online in response to the uptick, then local prices tumble again, and the process repeats. The Tetco system, which has suffered from multiple setbacks and incidents in recent years, pushed back the timeline on a repair project until Q1 of 2021, reducing outlets for Northeast markets at least for the month of December, and basis prices dropped hard on that news, with Dec20 Dominion-South basis dropping almost 20 cents on Weds from its already depressed levels, with basis for next month now pegged around -1.30, effectively cutting the local price in half given the current Nymex price of 2.65. The weather outlook remains bearish through November, with the 8 to 14 day outlook from NOAA above showing mostly above normal temperatures and nothing below normal, though that could change as we move into December. The EIA reported that storage operators injected 31 Bcf for the week, which was roughly 10 Bcf above consensus and yielded a decline to our 2.525 weekly low print, and production data also saw an unexpected jump above 90 Bcf/day over the past few days, with yesterday’s figure close to 92 Bcf. LNG feedgas demand remains a bright spot as it continues to hover near 10 Bcf/day, but that is only about 10% of the US market, while the other 90% is dependent on North American demand, which has been a big disappointment so far early in the heating season.

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