

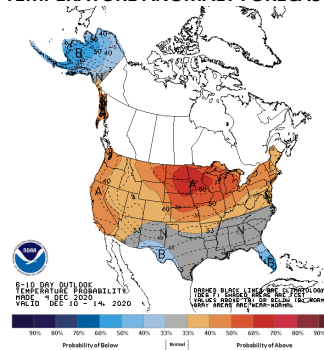


NATURAL GAS MARKET UPDATE

December 4, 2020

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NOAA 6 TO 10 DAY TEMPERATURE ANOMALY FORECAST:



NYMEX HENRY HUB SETTLEMENT PRICES:

12/4/20	Settle	Season		Year	
Jan21	2.575	Dec20-Mar21	2.555	Cal 21	2.623
Feb21	2.586	Apr21-Oct21	2.625	Cal 22	2.607
Mar21	2.551	Nov21-Mar22	2.800	Cal 23	2.504
Apr21	2.508	Apr22-Oct22	2.485	Cal 24	2.545
May21	2.517	Nov22-Mar23	2.692	Cal 25	2.568
Jun21	2.563	Apr23-Oct23	2.374	Cal 26	2.567
Jul21	2.623	Nov23-Mar24	2.701	Cal 27	2.588
Aug21	2.645	Apr24-Oct24	2.427	Cal 28	2.619
Sep21	2.635	Nov24-Mar25	2.742	Cal 29	2.674

WORKING NATURAL GAS IN STORAGE, LOWER 48 STATES:

As of Week Ending:	11/27/2020	Build/(Draw)
Current Storage	3,939 Bcf	(1) Bcf
		Surplus/(Deficit)
Last Year Storage	3,596 Bcf	343 Bcf
5-Year Average	3,649 Bcf	290 Bcf
ICE Traded Markets:		ICE Settle:
Weekly Storage Inventory Number (12/10/2020)		(90) Bcf
End of Natural Gas Draw Swap (04/08/2021)		1,500 Bcf

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

Jan-21	1.8925	Dec20-Mar21	1.9232
Feb-21	1.9485	Apr21-Oct21	1.9318
Mar-21	1.9285	Nov21-Mar22	2.3065
Apr-21	1.9455	Apr22-Oct22	1.8634
May-21	1.8995	Nov22-Mar23	2.2515
Jun-21	1.9455	Apr23-Oct23	1.7432
Jul-21	2.0305	Nov23-Mar24	2.2492
Aug-21	2.0025	Calendar 2021	1.9710
Sep-21	1.8350	Calendar 2022	2.0432
Oct-21	1.8640	Calendar 2023	1.9499
Nov-21	2.0595	Calendar 2024	2.0155
Dec-21	2.3010	Calendar 2025	2.0708

FRONT-MONTH NYMEX NG FUTURES 480-MIN CHART:



CQG Inc. © 2020 NGE,480C | 12/04/2020 17:06:30, CQG 21.11.8010 Alpha

DAILY CASH MARKET PRICES (for GD4):

Columbia Gas Transmission (TCO)	1.995
Dominion South Point	1.785
Henry Hub	2.450
Tetco M2 (receipts)	1.800
Tetco M3	1.930
Transco Station 85 (Zone 4)	2.415
Transco Zone 5 South	2.480
Waha	2.325

Market Commentary: This winter heating season is off to a very slow start, with two of the five winter contract months having now rolled off the board with little in the way of wintry weather or elevated HDD counts having yet emerged. The Dec20 Nymex contract did manage to finish up on an uptick, which was nice for beleaguered natural gas producers who had been looking toward tight balances as an omen for a supportive winter market, but instead prompt Nymex futures saw declines of nearly \$1.00 from the end of October down to last night's overnight low print of 2.462 for the Jan contract, which is typically the strongest in a forward calendar strip under normal conditions. Weather can certainly throw a wrench into normal market structure of course, as we saw last winter and are seeing again in the early part of this heating season. Dec Nymex rallied into the settle and finished at 2.896 for the month, down a dime from last month's final settle, but up nearly 40 cents off of its recent lows leading up to the close. Basis prices tempered that a great deal in the Northeast producing region, with DomSouth basis closing at -1.276 for a monthly DTI index of just \$1.62, which is the lowest for the month of December since 2015. Last Friday did see some selling pressure knock Nymex prices down into the low 2.80's on the shortened session, which is typically one of the quieter days of the year with so many away from their desks, but on Monday when traders returned conditions had improved over the weekend in the weather outlook, and Nymex ran back up and was testing a 3-handle on Monday AM, with a high print of 2.996 for the week, but that enthusiasm was fleeting and we subsequently lost over 50 cents from weekly high to weekly low before staging a minor recovery today back into the mid-2.50's. Production has surprised to the upside, averaging 90.7 Bcf/day over the past three weeks with a daily high of almost 92 Bcf on a couple of days, further compounding the weakness that the lack of heating demand was creating on its own, and coupled with a high degree of speculative positioning going into this winter, that has spelled disaster for many NG speculators who have been forced to sell into a collapsing market and throw fuel on the proverbial fire. The 6 to 10 day weather outlook is not going to spook any shorts to cover their positions yet either, and the 8 to 14 day outlook is not quite as brutal but still lacks any extreme cold in major population centers, which is really the only antidote to the venom that has been injected into the NG market recently. The longer the market waits on winter to show up, the less bullish the outcome will be when it does show up, as evidenced by the fact that expectations for where storage inventories are set to bottom out next spring has increased 165 Bcf over the past two weeks alone to 1.5 Tcf.

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