

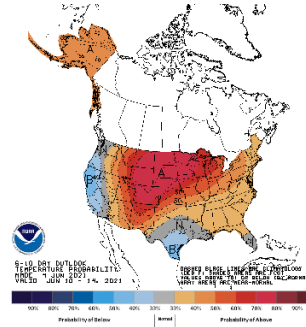


## NATURAL GAS MARKET UPDATE

Friday June 4, 2021

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## NOAA 6 TO 10 DAY TEMPERATURE ANOMALY FORECAST:



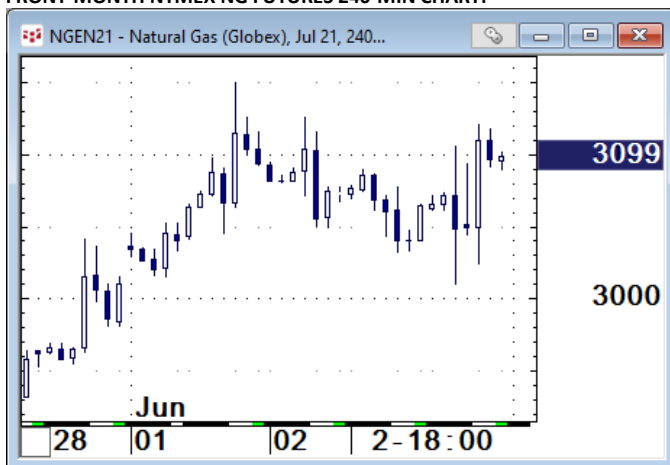
### NYMEX HENRY HUB SETTLEMENT PRICES:

6/4/21	Settle	Season		Year	
Jul21	3.097	Jul21-Oct21	3.110	Cal 22	2.915
Aug21	3.114	Nov21-Mar22	3.267	Cal 23	2.715
Sep21	3.105	Apr22-Oct22	2.757	Cal 24	2.699
Oct21	3.124	Nov22-Mar23	2.976	Cal 25	2.693
Nov21	3.184	Apr23-Oct23	2.568	Cal 26	2.666
Dec21	3.303	Nov23-Mar24	2.882	Cal 27	2.666
Jan22	3.386	Apr24-Oct24	2.558	Cal 28	2.680
Feb22	3.322	Nov24-Mar25	2.908	Cal 29	2.720
Mar22	3.140	Apr25-Oct25	2.551	Cal 30	2.771

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

Jul-21	2.1170	Jul21-Oct21	1.9750
Aug-21	2.1240	Nov21-Mar22	2.5320
Sep-21	1.8700	Apr22-Oct22	1.9435
Oct-21	1.7890	Nov22-Mar23	2.2906
Nov-21	2.2665	Apr23-Oct23	1.7822
Dec-21	2.5605	Nov23-Mar24	2.1859
Jan-22	2.6810	Apr23-Oct23	1.7440
Feb-22	2.6620	Jul21-Jun22 (1-Yr Strip)	2.2243
Mar-22	2.4900	Calendar 2022	2.1476
Apr-22	2.1550	Calendar 2023	1.9817
May-22	1.9665	Calendar 2024	1.9371
Jun-22	2.0100	Calendar 2025	1.9029

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



CQG Inc. © 2021 NGEN21,240 | 06/04/2021 17:29:53, CQG 22.5.8014 Alpha

### DAILY CASH MARKET PRICES (for GD4):

Columbia Gas Transmission (TCO)	2.505
Dominion South Point	1.945
Henry Hub	3.015
Tetco M3	2.045
Transco Leidy Line (receipts)	1.595
Transco Station 85 (Zone 4)	2.975
Transco Zone 5 South	3.055
Waha	2.705

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

As of Week Ending:	05/28/2021	Build/(Draw)
Current Storage	2,313 Bcf	+98 Bcf
		Surplus/(Deficit)
Last Year Storage	2,699 Bcf	(386) Bcf
5-Year Average	2,374 Bcf	(61) Bcf
ICE Traded Markets:		ICE Settle:
Weekly Storage Inventory Number (06/10/2021)		+95 Bcf
End of Natural Gas Storage Swap (11/12/2021)		3,690 Bcf

**Market Commentary:** Last week's natural gas market finished up on Friday with an up day, regaining the 3-handle intraday and again late in the afternoon Globex session, though the daily settle came in just below there. Late on Friday afternoon midstream company Enbridge released an update on their Texas Eastern (Tetco) pipeline system, indicating that a regulatory agency failed to renew a temporary approval it had been permitting Tetco to operate under after last year's incident in June of 2020 on that system curtailed flows and created some short-term issues that the temporary approval helped to mitigate the market impact of. Tetco has now implemented a Force Majeure on their 30-inch pipeline as of June 2<sup>nd</sup> as a result of this outcome, which was expected to reduce southbound flows by 1 to 1.5 Bcf/day. That event both serves to constrain Northeast production and also limits supply into premium demand markets in the South, and has yielded a sharp drop in Northeast cash markets and also forward basis due to the indefinite nature of the outage. After the June DTI index came in at 2.30, the Jun21 DomSouth GDD swing swap traded just above there last Friday afternoon, only to plummet 25 cents when the Tetco news hit, and this week's DTI cash market has seen a low of 1.75 and a high of 2.15, so we have been well shy of the monthly index and the current GDD swing swap quotes currently suggest that is likely to persist closer to the low end of that range as we move through June. Weather conditions across much of the country have moved back into a supportive posture given the widespread above normal expectations on both the 6 to 10 day and 8 to 14 day outlooks from NOAA, though Texas has yet to enter the red zone, and TX represents the largest market for natural gas by a factor of two, with Texas demand double that of 2<sup>nd</sup> place California (even though CA has 10 million more residents). Production is still right around 90.6 Bcf over the past week and also the past month, and LNG feedgas demand has averaged 11 Bcf/day over the past week according to Platts, as delivered LNG markets continue to see futures trade around \$9 in Europe and above \$10.50 for front-month JKM futures. This week's storage report came in slightly above consensus at +98 Bcf, and the traded market on ICE for where storage tops out in November has trended steadily higher and is now near 3.7 Tcf, but none of that has generated much selling pressure thus far, and we are rounding out the holiday-shortened week close to \$3.10 which is the highest we have seen summer Nymex prices get over the past three summers, with only 2017 seeing a few moves above that level, but they only spiked above there briefly and did not hold there. LNG has created a great deal of demand, but supply has had to jump to balance the market, leaving a potential supply overhang if LNG demand begins to falter for any reason.

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