

# THE SCHORK REPORT

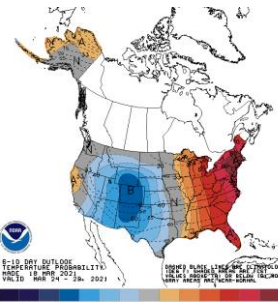
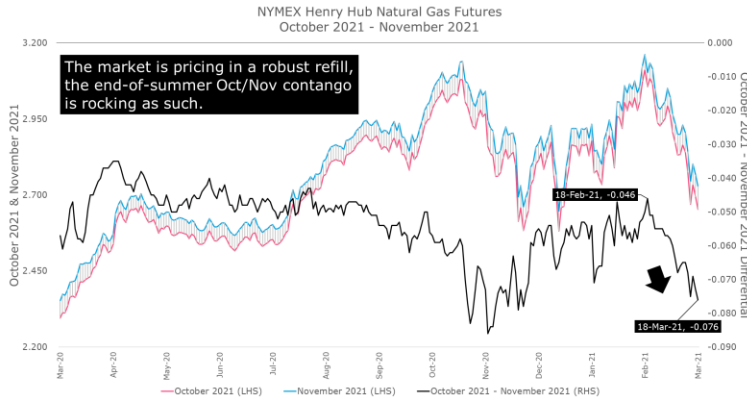


FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

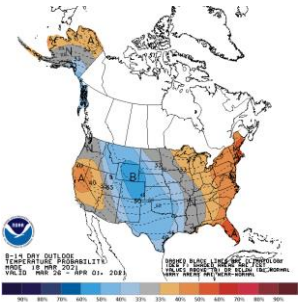
Friday, March 19, 2021

[www.schorkgroup.com](http://www.schorkgroup.com)

## NOAA Outlook



Temperature 6-10 Day



Temperature 8-14 Day

## Omnium Gatherum

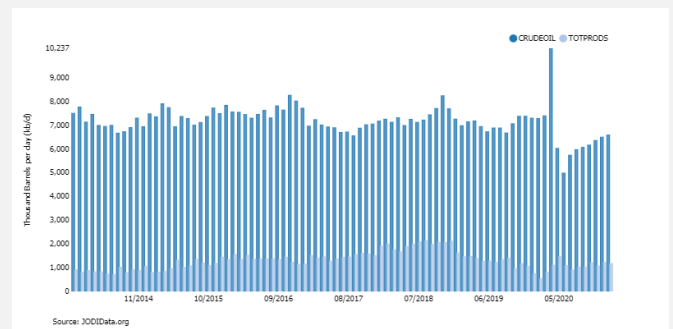
PRICES WERE WEAK YESTERDAY... NYMEX natty for April peaked within 2 ticks of our \$2.528/MMBtu first weekly support, bottomed 5 ticks below our \$2.427/MMBtu second weekly support and closed 2 ticks below our \$2.483/MMBtu first daily support at \$2.481/MMBtu, down 4.7 cents. April WTI peaked at \$64.82/b, crashed below the Fibonacci 50% retracement line of \$59.41/b, and settled \$4.60/b lower at \$60.00/b.

## EIA Natural Gas Review

Yesterday, the EIA reported the smallest delivery of natural gas from L48 underground storage since last November. A net of -11 Bcf was delivered for the week ended March 12<sup>th</sup>. The typical delivery for this report is -54 ±15 Bcf. Various analyst surveys were looking for a delivery ranging from -17 Bcf on the Reuters and Platts Surveys to -22 Bcf on the Dow Jones Survey. Storage now stands at 1.782 Tcf.

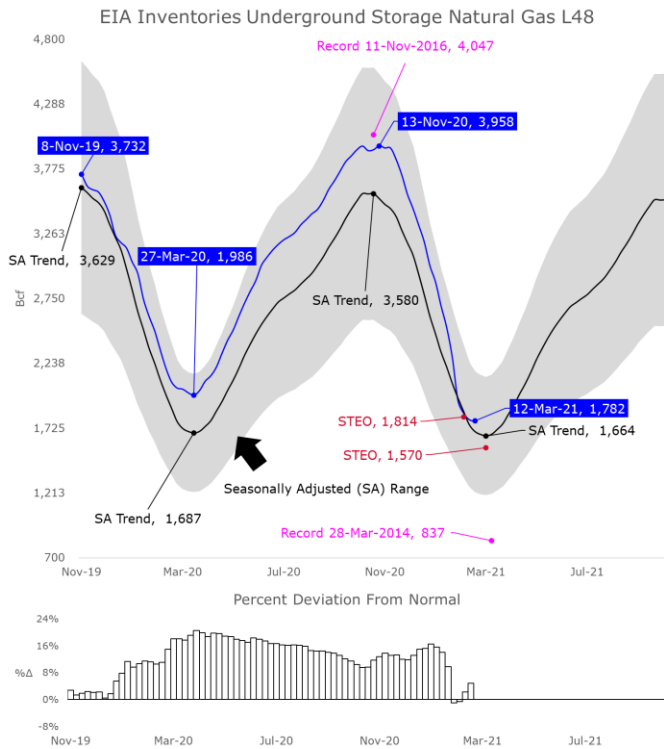
This season's hitherto delivery is a large 2.176 Tcf which is 9% above the five-year mean, 16% above the seasonally adjusted time series, and 28% above last year's weather/COVID-19 addled pace. The typical delivery for next Thursday's report (EIA week ended March 19<sup>th</sup>) is -24 ±7 Bcf. The early whisper number ranges in between -5 Bcf and -30 Bcf.

**Note Bene:** [Reuters](https://www.reuters.com)—Saudi oil exports hit a nine-month high in January. The Joint Petroleum Data Initiative (JODI) website showed exports in January rose for the seventh consecutive month, to their highest since April 2020. In January, crude exports rose to 6.582 MMb/d, up from 6.495 MMb/d in December. Total exports of crude and oil products rose to 7.75 MMb/d in January from 7.71 MMb/d the previous month. The Desert Kingdom's crude production amounted to 9.103 MMb/d in January compared to 8.98 MMb/d in December.

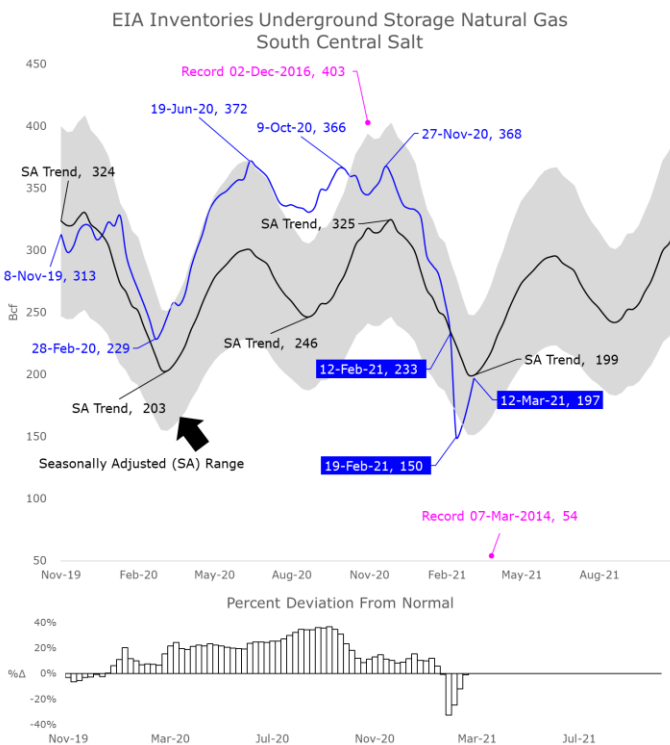


<https://www.jodidata.org/oil/database/customisable-charts.aspx#cdSaudiArabia>

This headline, along with Europe's [bungling](#) of administering COVID-19 vaccinations were the most likely drivers behind oil's fall yesterday.



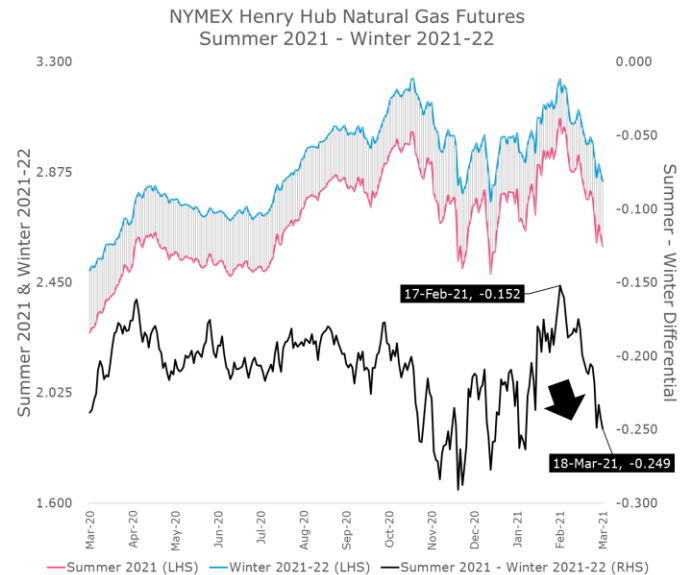
The Salts (South Central Region) reported a third straight injection. Storage rose last week by 21 Bcf to 197 Bcf. Four weeks after reporting a mammoth 83 Bcf delivery, a total of 47 Bcf has been injected over the following three weeks. In the process, the year-over-year deficit narrowed from 94 Bcf (-39%) to 50 Bcf (-20%).



An additional 10 Bcf was injection in the Nonsalt Region. Therefore, the entire South Central market area reported a (rounded) 30 Bcf injection whereas you typically expect to see a delivery of  $3 \pm 1$  Bcf. The difference to the seasonally adjusted trendline switched from a -1.7% deficit to a 3.0% surplus.

Storage in the Midwest fell by a small 14 Bcf last week, the typical delivery is  $25 \pm 9$  Bcf. This season's cumulative delivery of 713 Bcf is 3% greater than the five-year mean, 6% above the seasonally adjusted norm, and 16% above a year ago. The surplus to the seasonally adjusted trendline doubled last week to 4% or 18 Bcf.

In the East, storage dropped by a light 22 Bcf to 328 Bcf. The year-over-year deficit moved out by 255 basis points to -20.4% or 84 Bcf. The season-to-date delivery of 625 Bcf is 6% above the five-year average, 9% above the seasonal norm and 20% greater than a year ago. The difference to the seasonally adjusted trendline switched from a 1% deficit to a 1% surplus, i.e. from a small 3 Bcf deficit to a small 2 Bcf surplus.



**Last month's polar vortex gave a jolt to the front-end of the NYMEX term structure. However, what goes up must eventually come down. As such, the Summer 2021 strip is in a free fall against the Winter 2021-22 strip.**

This winter has merged onto the off-ramp, we have a handful of deliveries remaining in the season. After yesterday's report, we estimate the chance of ending winter above the EIA's 1.570 Tcf forecast rose from 64% (odds of 5-to-9) to 78% (odds of 2-to-7). We also estimate the chance of coming in above the latest market in ICE storage futures of 1.720 Tcf at 33% (odds of 2-to-1). Our 50/50 end-of-season line is currently 1.664 Tcf.

