

THE SCHORK REPORT

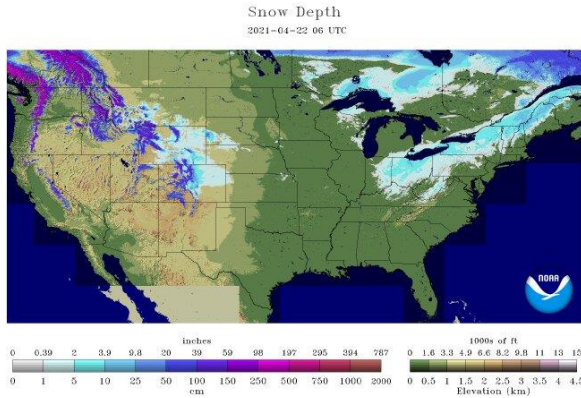


FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

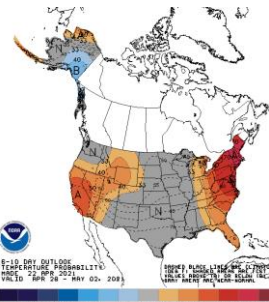
Friday, April 23, 2021

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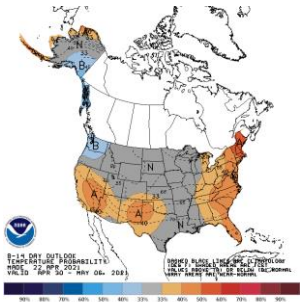
OWP OFFICE OF WATER PREDICTION National Snow Analysis 2020-2021



NOAA Outlook



Temperature 6-10 Day



Temperature 8-14 Day

Note Bene: Gas prices in the Northeast have been on a tear thanks to a combination of cold weather and supply constraints. As illustrated at the top of this page, winter made an encore appearance in western market areas through the Mid-Atlantic and New England. In New England, Algonquin Gas Transmission was forced to restrict gas flows as nominations exceeded operational capacity. Algonquin citygate prices surged on Wednesday to a five-week high of \$4.50/MMBtu. Unseasonably cold weather is expected to linger into the weekend. Afterwards, we suspect a regression in Algonquin's prices will follow suit.

Omnium Gatherum

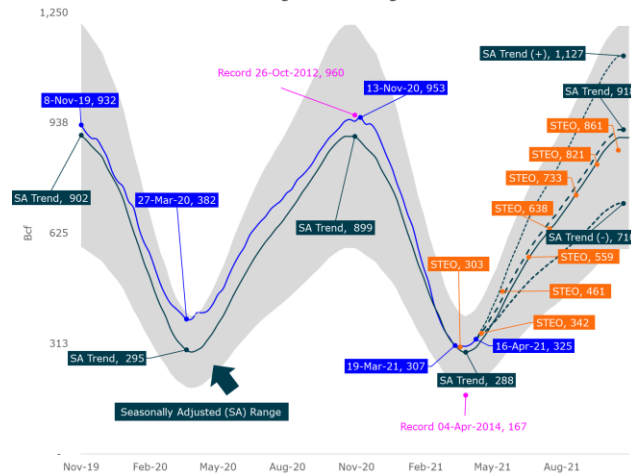
PRICE WERE MIXED YESTERDAY... Natural gas on the NYMEX for May delivery bottomed with 2 ticks of our \$2.655 first daily support target, rallied and peaked on our \$2.779 first weekly resistance point and settled 5.7 cents higher at \$2.749. In the oil market, June WTI bottomed within 10 cents of our \$60.51 first daily/weekly support point and finished 8 cents higher at \$61.43.

EIA Natural Gas Review

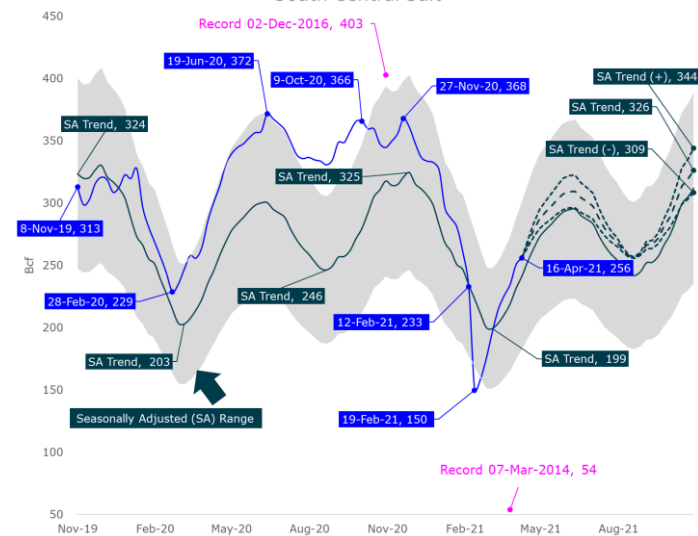
Yesterday, the EIA reported the fourth injection into L48 natural gas underground storage. Stocks rose by a normal 38 Bcf to 1.883 Tcf for the week ended April 16th. The deficit to a year ago narrowed by 1 basis point to -12.01% or 257 Bcf. The report came in on the low-end of market expectations. For instance, surveys ranged from 37 Bcf per Platts to 49 Bcf on Reuters.

The Salts (South Central Region) reported the eighth straight injection, albeit a small 5 Bcf for last week. Stocks rose to 256 Bcf. The year-over-year deficit

EIA Inventories Underground Storage Natural Gas East



EIA Inventories Underground Storage Natural Gas South Central Salt

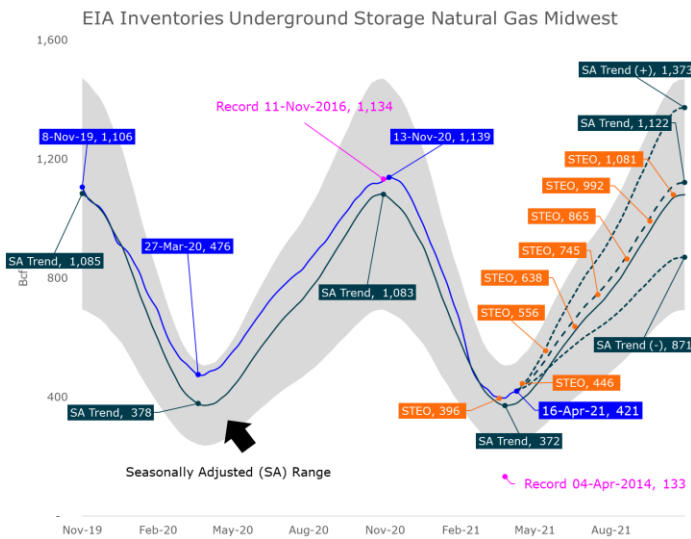


two months, a total of 106 Bcf has been injected, thereby offsetting the historic 83 Bcf delivery for the week ended February 19th at the height of Winter Storm Uri. Injections are running 231% above the five-year average, 152% above the seasonally adjusted time series and 74% above a year ago.

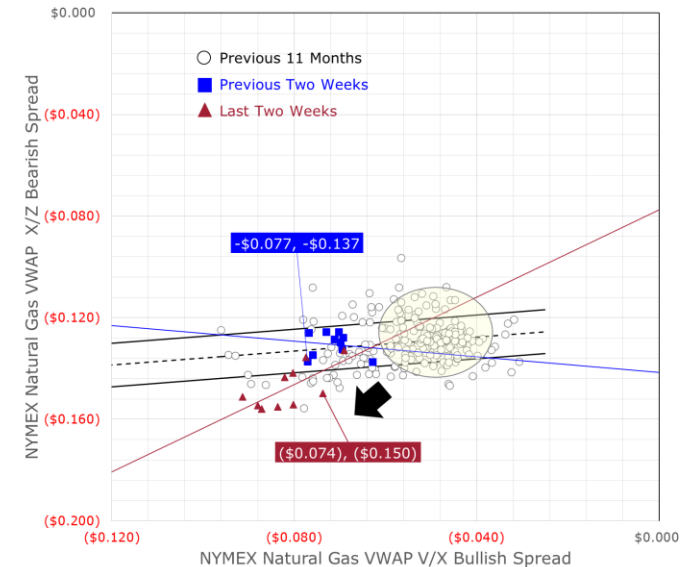
In the Nonsalt Region, a small 7 Bcf was added. Therefore, the entire South Central market area reported a... wait for it... *small* 12 Bcf injection. The surplus to the seasonally adjusted trendline narrowed by 165 basis points from a post-Uri high to 3.2%. This season's hitherto refill is up to a robust 140 Bcf, 97% above the five-year average, 55% above the seasonally adjusted time series but 11% below a year ago.

The East reported the second injection of the season, a hefty 14 Bcf. Inventories rose by 325 Bcf and the surplus to the seasonally adjusted trendline rose by 140 basis points to a three-month high of 7.4%. The refill for the early season is up to 20 Bcf, 38% above the seasonally adjusted trendline and on par to a year ago.

The early whisper number for next Thursday's report is a tiny injection in the mid-20s Bcf. The typical injection for this report is 76 ±22 Bcf. The five-year mean (interpolated) is 67 Bcf. Although it is still early in the season, we calculate the probability of coming in at/above the EIA's end-of-season forecast of 3.727 Tcf at 62% (odds of 5-8) and the probability of coming in above the seasonally adjusted time series of 3.654 Tcf at 64% (odds of 5-9).



Storage in the Midwest reported the second injection of the season, a nice 7 Bcf. Inventories rose to 421 Bcf and the surplus to the seasonally adjusted trendline rose by 16 basis points to 10.8%, a three-month high. Although two weeks do not a trend make, the start of this season is 3x the statistical time series.



Next winter is slip, sliding away.

NYMEX Henry Hub Spreads

The NYMEX term structure is fundamentally bearish. The front-end of the NYMEX Henry Hub futures curve has slipped further into contango over the last two weeks. **As any retailer will tell you... when you must discount the product on the shelves, demand, relative to supply, is weak.** After all, rising discounts on the market's term structure are a corollary of shrinking concerns regarding supply scarcity.

