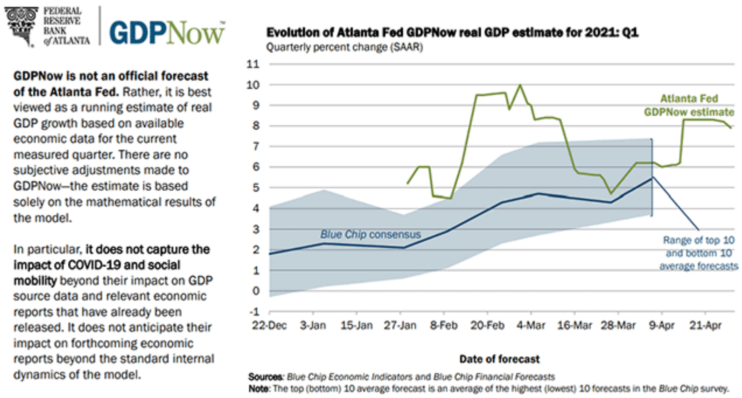
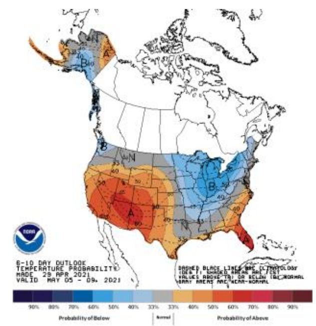
THE SCHORK REPORT

FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

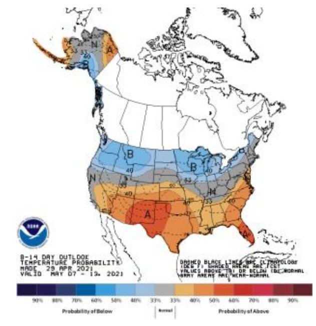
Friday, April 30, 2021
www.schorkgroup.com



NOAA Outlook



Temperature 6-10 Day



Temperature 8-14 Day

Note Bene: Swing, and a miss. Yesterday the Bureau of Economic Analysis reported real gross domestic product (GDP) increased at an annual rate of 6.4% in the first quarter of 2021. While this is impressive growth—the second best quarter for GDP since Q3 2003—it was well below expectations. For instance, as of Wednesday, the Atlanta Fed's outlook (GDPNow) for Q1 was 7.9% (see above).

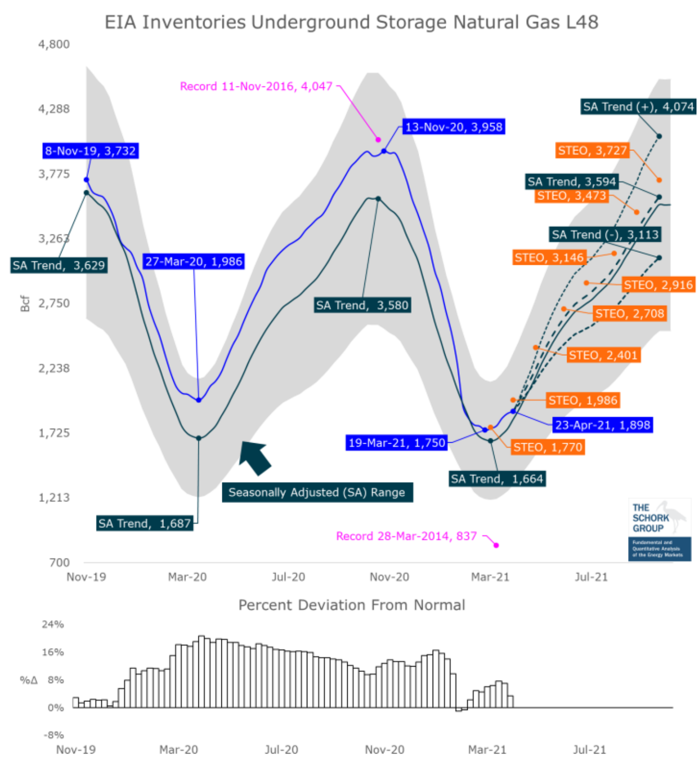
Omnium Gatherum

PRICES WERE MIXED YESTERDAY… Natural gas on the NYMEX for June bottomed 3 ticks below our $2.886 third daily support and closed 7 ticks below our $2.918 second daily support, down 4.9 cents. June WTI peaked within 23 cents of our $65.70 second daily resistance and closed 22 cents above our $64.79 first weekly resistance at $65.01, up $1.15.

EIA Natural Gas Review

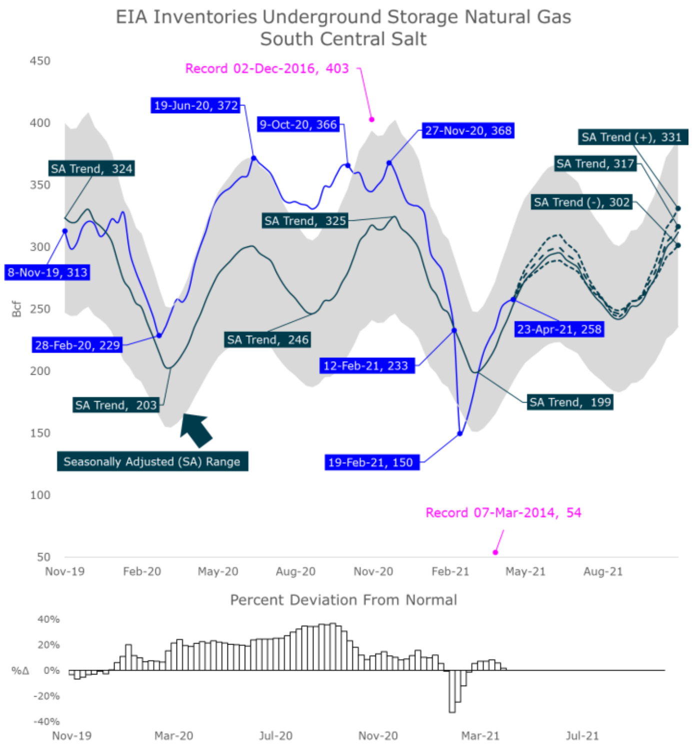
Yesterday, the EIA reported the fifth injection into L48 natural gas underground storage. Stocks rose by a microscopic 15 Bcf to 1.898 Tcf for the week ended April 23rd. The typical injection for this report is 76 ±22 Bcf and the five-year mean (interpolated) is 67 Bcf. The deficit to a year ago moved out by 211 basis points from -12.01% to -14.12% or 312 Bcf, a 111-week high. Given that a year ago we were in the thick of COVID mitigation diktats, the year-over-year deficit will likely grow in the weeks ahead.

The Salts (South Central Region) reported the ninth straight injection, albeit a negligible 2 Bcf, which came on the heels of the prior week's paltry 5 Bcf injection. Stocks ticked higher to 258 Bcf. The year-over-year deficit

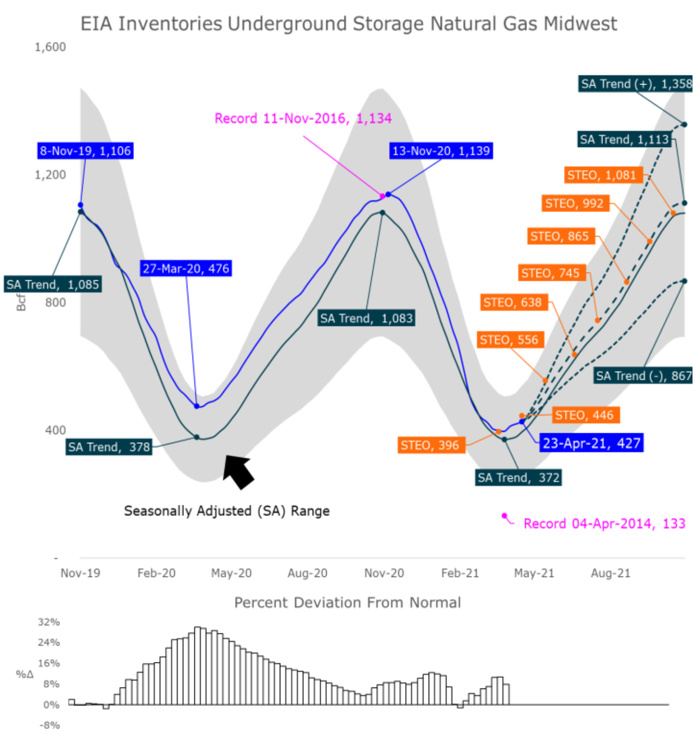


increased by 288 basis points to -17.8% or 11 Bcf. The last two small injections aside, refills are still running 157% (66 Bcf) above the five-year average, 100% (54 Bcf) above the seasonally adjusted time series and even 27% (23 Bcf) above a year ago when COVID shut the economy down.

In the Nonsalt Region, a small 4 Bcf was added. Therefore, the entire South Central market area reported a… wait for it… *measly* 6 Bcf injection. The surplus to the seasonally adjusted trendline evaporated from a post-Uri high of 3.2% to 0.06%. This season's hitherto refill is up to a robust 146 Bcf, 47% (47 Bcf) above the five-year average, 21% (25 Bcf) above the seasonally adjusted time series but 25% (49 Bcf) below a year ago.

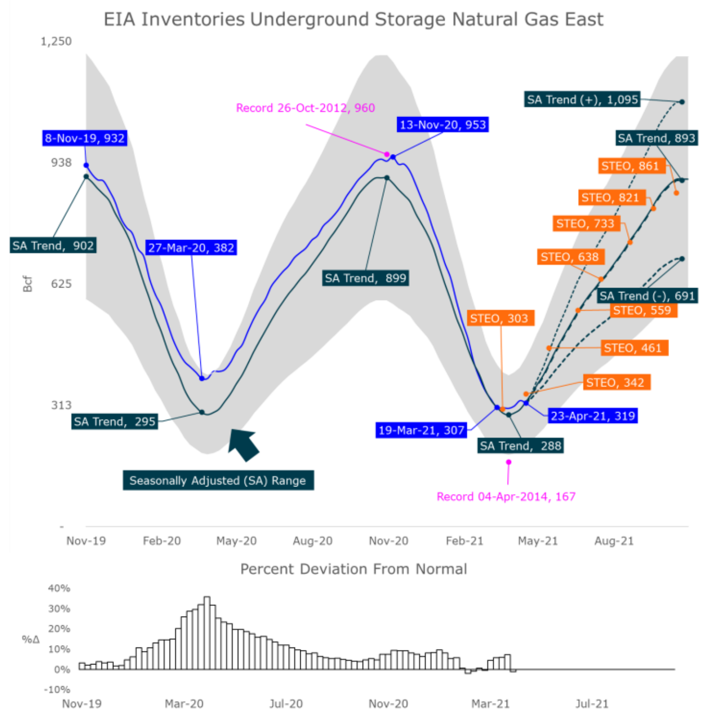


Storage in the Midwest reported the third injection of the season, a small 6 Bcf. Inventories rose to 427 Bcf and the surplus to the seasonally adjusted trendline fell from a three-month high to a three-week low of 7.9%.



Even with last week's diminutive injection, the refill this season (granted, this season is in its infancy) is 15 Bcf above the five-year average and 5 Bcf above the seasonal time series.

After back-to-back injections, the East reported a delivery of 6 Bcf, the largest delivery since the week ended March 19th. Inventories fell back to 319 Bcf and the comparison to the seasonally adjusted trendline flipped from a 7.4% surplus, a three-month high, to a -0.99% deficit. The refill for the early season is 14 Bcf, 9 Bcf below the five-year average and 20 Bcf below the historical time series.



The season's refill for the L48 is up to 148 Bcf, 7% (10 Bcf) above the five-year average, but 14% (23 Bcf) below the seasonal time series and 34% (76 Bcf) below a year ago.

The early whisper number for next Thursday's report is a normal injection in the low 70s Bcf. The typical injection for this report is 74 ±21 Bcf. The five-year mean (interpolated) is 81 Bcf. Although it is still early in the season—we just passed the first furlong—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 3.594 Tcf at 67% (odds of 1-2).