

THE SCHORK REPORT



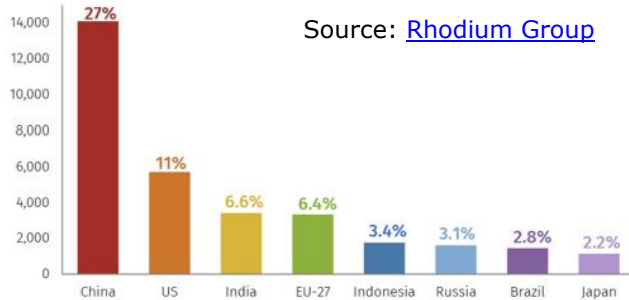
FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

Friday, May 14, 2021

www.schorkgroup.com

2019 net GHG emissions from the world's largest emitters

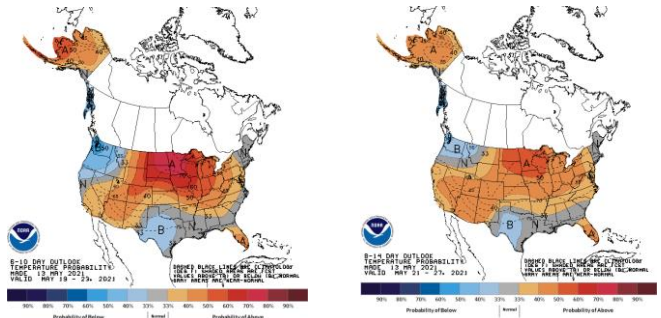
Million metric tons of CO₂e, including emissions and removals from land-use and forests and share of global total



Source: Rhodium Group

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NOAA Outlook



Temperature 6-10 Day

Temperature 8-14 Day

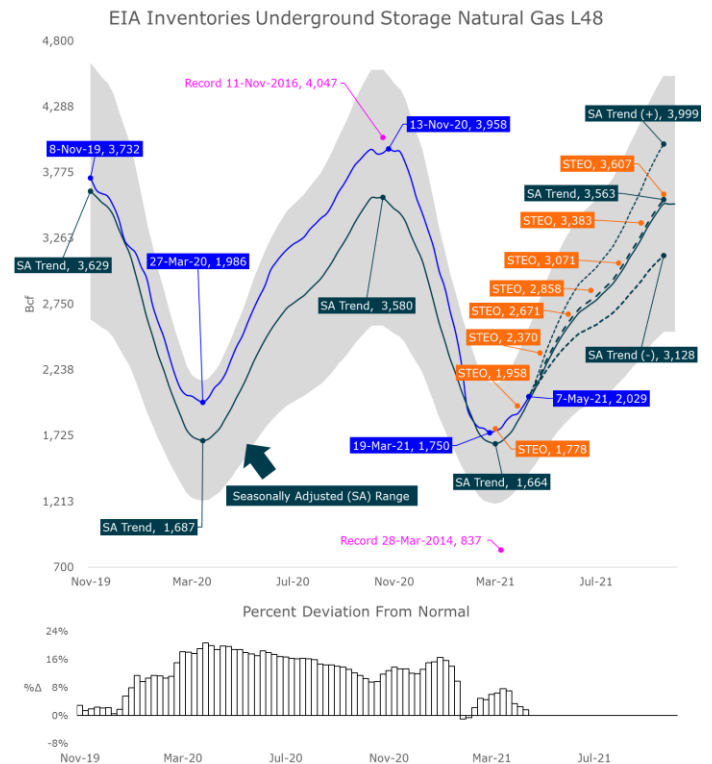
Note Bene: China's #1... in polluting the earth. According to a study from the Rhodium Group, in 2019 China "...contributed over 27% of the 52 gigatons of CO₂ emissions, far exceeding the US—the second highest emitter—which contributed 11% of the global total (see top left of this page). For the first time, India edged out the EU-27 for third place, coming in at 6.6% of global emissions". In fact, China's greenhouse gas emissions are greater than all OECD nations combined!

Omnium Gatherum

PRICES WERE MIXED YESTERDAY... June WTI on the NYMEX saw a mammoth whipsaw with the market bottoming within 32 cents of our \$62.77 first weekly support and finishing \$2.26 lower at \$63.82. June Henry Hub gas bottomed within 4 ticks of our \$2.933 first daily support, peaked within 2 ticks of our \$3.000 first daily resistance and settled 4 ticks higher at \$2.973.

EIA Natural Gas Review

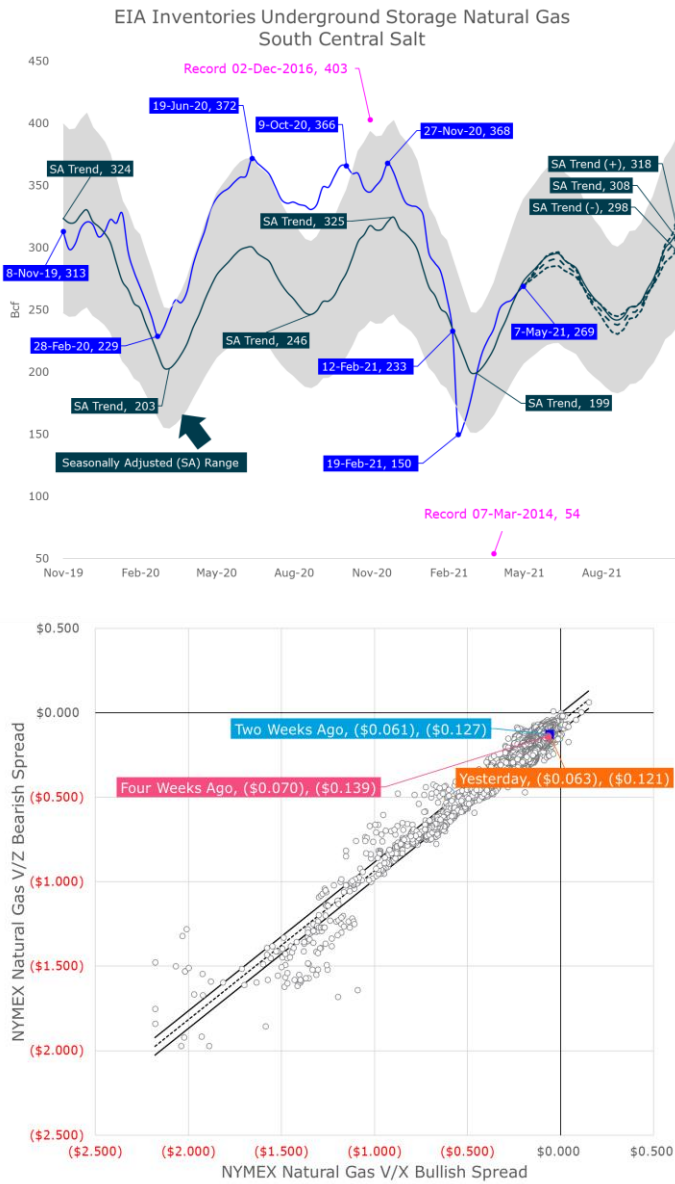
Yesterday, the EIA reported the seventh injection of the season into L48 natural gas underground storage. Stocks rose by a reasonable 71 Bcf to 2.029 Tcf for the week ended May 07th. However, gas in the South Central Nonsalt region was reclassified from working gas to base gas which resulted in decreased working gas stocks of 4 Bcf. The implied flow for the week was an increase of 75 Bcf to working gas stocks. The report came in right around the whisper number with ranged from 70 Bcf on the Platts survey to 76 Bcf on the Reuters survey.



The Salts (South Central Region) reported the eleventh straight injection, a small 5 Bcf. Stocks moved up to 269 Bcf. The year-over-year deficit increased by 64 basis points to -20.9% or 71 Bcf. Refills are still running 95% (58 Bcf) above the five-year average, 62% (45 Bcf) above the seasonally adjusted time series and even 7% (8 Bcf) above a year ago when COVID shut the economy down.

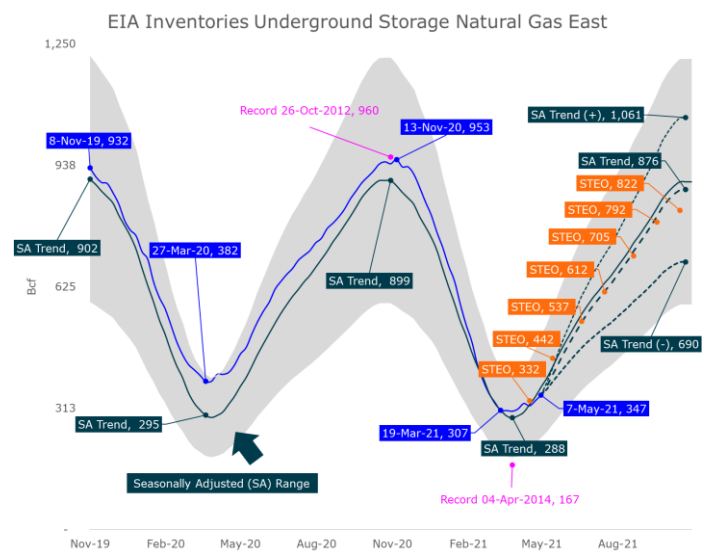
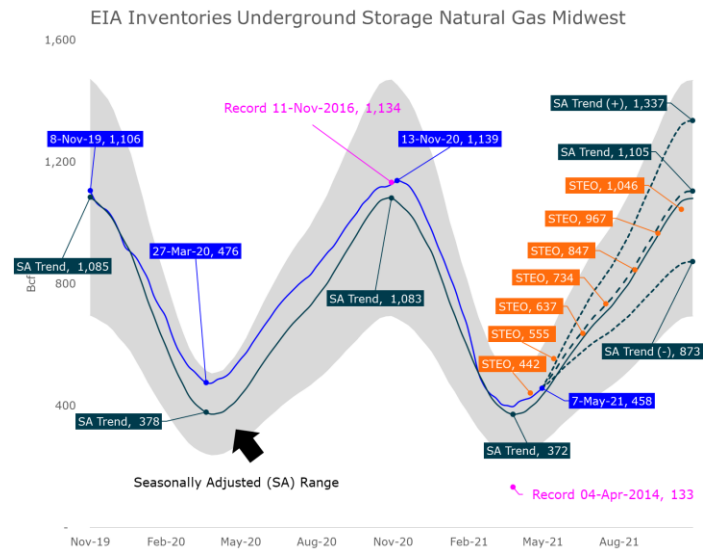
In the Nonsalt Region, a reasonable 16 Bcf was added. Therefore, the entire South Central market area reported

a smallish 21 Bcf injection. The year-over-year deficit rose by 48 basis points to -19.1% or 202 Bcf. This season's hitherto refill is up to a beefy 187 Bcf, 20% (31 Bcf) above the five-year average and 5% (8 Bcf) above the seasonally adjusted time series.



Looking back at the data since 1992, the current contango in the Oct/Nov (V/X) and Nov/Dec (X/Z) time spreads on the NYMEX are relatively tight. For instance, yesterday October 2021 settled at a -6.3-cent discount to November 2021 which is less than a third of the 28-year mean for Oct/Nov of -22.0 cents.

Storage in the Midwest reported the fifth injection of the season, a modest 16 Bcf was added. Inventories rose to 458 Bcf but the surplus to the seasonally adjusted trendline fell by 198 basis points to a two-month low of 5.5%. This season's refill is up to a solid 60 Bcf which is 10 Bcf (20%) greater than the five-year average but 2 Bcf (4%) below the seasonally adjusted time series.



Storage in the East rose by a reasonable 15 Bcf to 347 Bcf. The deficit to the seasonally adjusted trendline rose by 256 basis points to -5.6%, the highest shortfall in 13 months. This season's refill to date is up to 42 Bcf which is 24 Bcf (36%) below the five-year average and 37 Bcf (47%) below the historical time series.

Bottom Line

The early whisper number for next Thursday's report is a small injection range from the mid-50s to the mid-70s Bcf. The typical injection for this report is 81 ±23 Bcf. The five-year mean (interpolated) is 86 Bcf. This week got off to a strong starting with a spike in cooling demand in Houston, along with a spike in heating demand in NYC.

