

# THE SCHORK REPORT



FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

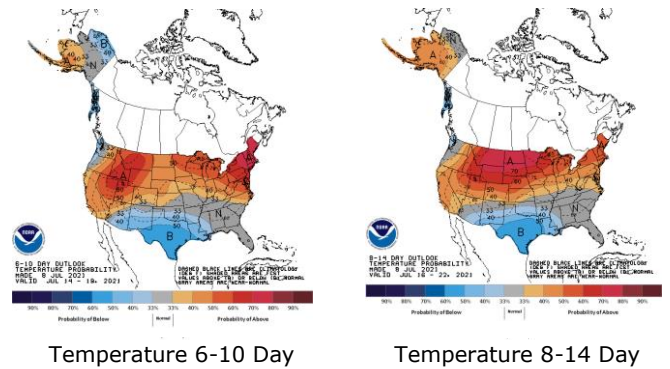
Friday, July 09, 2021

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

## EIA NYMEX Weekly Petroleum Status Report

Stocks Δ (Mbs)	EIA 25-Jun	Seasonally Adjusted Norm	EIA 02-Jul	Bias
WTI Cushing	(1,460)	(400) ± 900	(614)	Neutral
RBOB PADD 1B	129	(200) ± 600	(291)	Neutral
ULSD PADD 1B	215	600 ± 300	279	Neutral
Net	(1,116)	0 ± 1,800	(626)	Neutral

## NOAA Outlook



Temperature 6-10 Day

Temperature 8-14 Day

## Omnium Gatherum

PRICES WERE STRONG YESTERDAY... Prices rocked after the EIA delivered bullish reports for both the gas and oil markets. NYMEX August Henry Hub gas peaked 7 ticks above our \$3.713 second daily resistance and settled 9.2 cents higher at \$3.688. August WTI peaked within 18 cents of our \$73.44 first daily resistance and within 27 cents of our \$73.53 first weekly support. The contract finished 74 cents higher at \$72.94.

## EIA Natural Gas Review

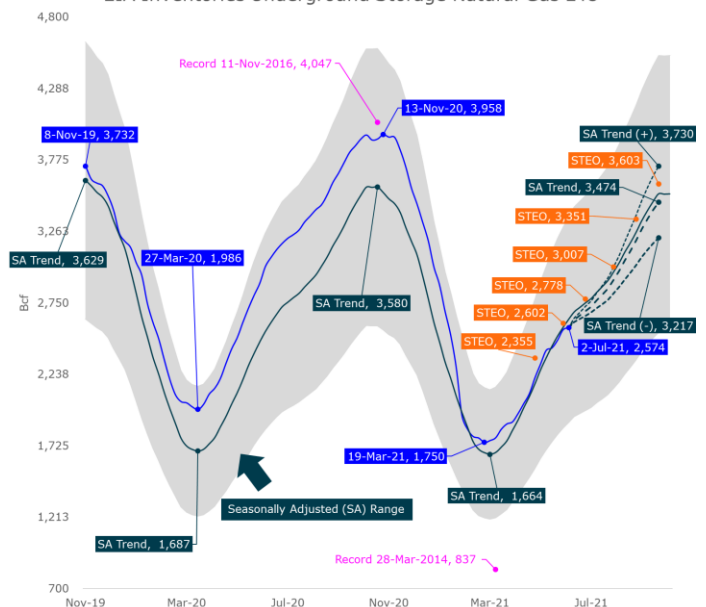
Yesterday, the EIA reported the fifteenth injection of the season into L48 natural gas underground storage. Stocks rose by a de minimis 16 Bcf to 2.574 Tcf for the week ended July 02<sup>nd</sup>. Demand for cooling Btus was mixed last week, strong in the Northeast, epic west of the Rockies, weak elsewhere. The typical injection for this report was 58 ± 17 Bcf and the five-year mean (interpolated) was 63 Bcf. The whisper number ranged from a low of 28 Bcf on The Desk's survey to a high of 34 Bcf on the Reuters' surveys. We were at 26 Bcf.

For next Thursday's report, demand this week for cooling Btus west of the Rockies was once again brutal. Demand was firm through the Plains and the Midwest but below normal from Texas through the Southeast and up along the Atlantic Coast. The typical injection for this report is 52 Bcf ± 16 Bcf and the five-year mean is 54 Bcf. The early consensus ranges from the mid-40s to the mid-50s Bcf.

This season's hitherto refill is 824 Bcf, 140 Bcf (-15%) below the five-year mean, 144 Bcf (-15%) below the seasonally adjusted trend, and a whopping 323 Bcf

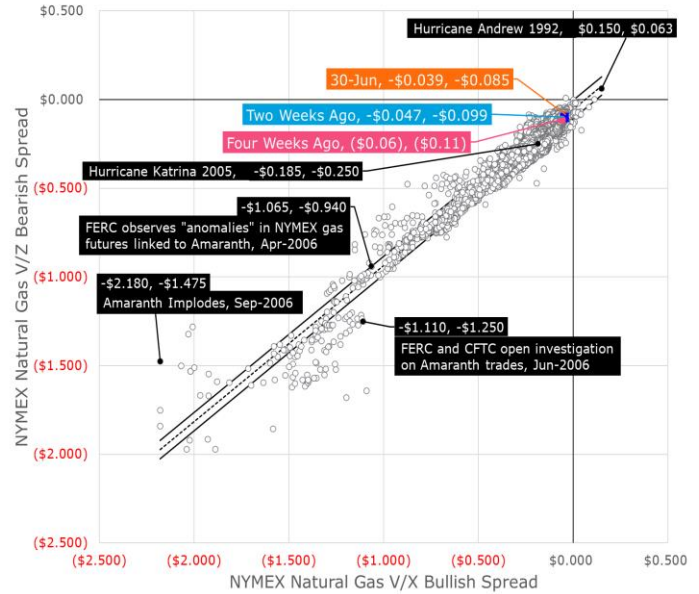
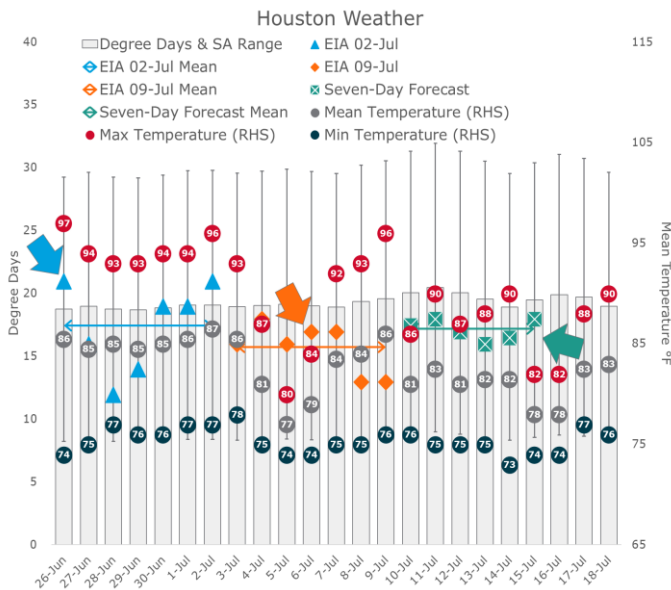
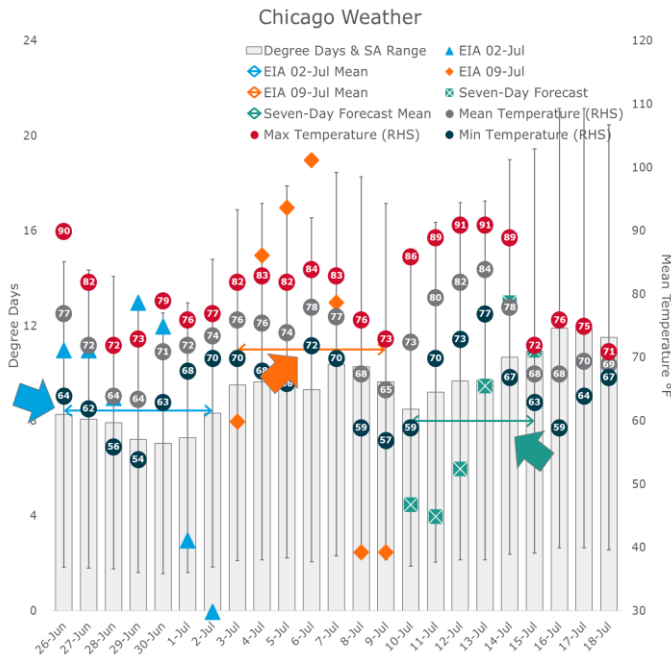
**Note Bene:** La Niña Returns! [Yahoo News](http://Yahoo News)... "The La Niña climate pattern is forecast to return this fall and last through the winter of 2021-22, [federal forecasters reported Thursday](#). The [Climate Prediction Center](#), which is part of the National Oceanic and Atmospheric Administration, released the forecast Thursday, officially declaring a "[La Niña watch](#)" for the September-November time frame. Although it's several months away yet, a typical La Niña winter in the U.S. brings cold and snow to the Northwest and unusually dry conditions to most of the southern tier of the U.S., according to the prediction center. The Southeast and mid-Atlantic also tend to see warmer-than-average temperatures during a La Niña winter".

EIA Inventories Underground Storage Natural Gas L48



-28%) below last year's COVID pace. Better than 40% of this season is now in the books. As of last week's injection, the market has replaced 37% of last winter's 2.208 Tcf delivery.

report, the market is on trend to finish at 3.474 Tcf, 12% below last years end-of-season balance and 7% below the five-year mean.



**At the end of June, the contango of the cross-seasonal Oct/Nov (V/X) time series (NYMEX Henry Hub futures) narrowed to a life-of-contract low. This is a clear telltale of the market's angst regarding the pace of this summer's refills.**

At the end of June, the contango of the cross-seasonal Oct/Nov (V/X) time series (NYMEX Henry Hub futures) narrowed to a life-of-contract low of  $-\$0.039/\text{MMBtu}$  and the contango on the start of the winter 2021-22 Nov/Dec (X/Z) spread narrowed to its life-of-contract low of  $-\$0.085/\text{MMBtu}$ . This is a clear telltale of the market's angst regarding the pace of this summer's refills.

We calculate the probability of coming in at/above the EIA's revised end-of-season forecast of 3.603 Tcf is 58%, with the chance of finishing above the seasonally adjusted trend of 3.532 Tcf of 64%. After yesterday's

