

# THE SCHORK REPORT

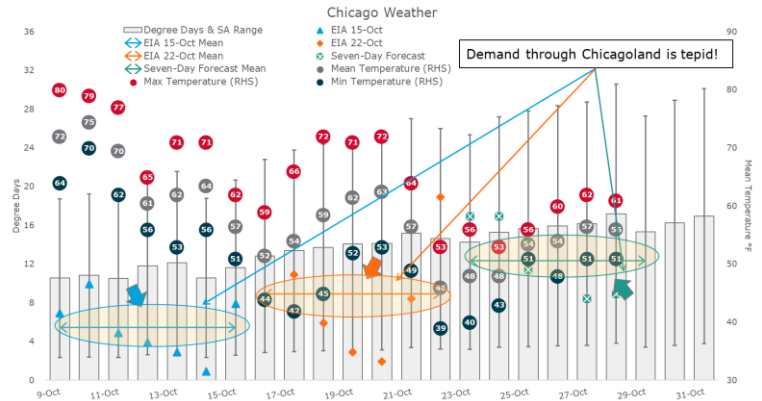


Friday, October 22, 2021

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

FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

EIA Weekly Natural Gas Status Report				
Storage Δ (Bcf)	EIA 08-Oct	Seasonally Adjusted Norm	EIA 15-Oct	Bias
L48	81	65 ± 19	92	Bearish
South Central	25	24 ± 6	29	Neutral
Salt	10	12 ± 3	14	Neutral
Nonsalt	15	12 ± 3	15	Neutral
Midwest	26	26 ± 9	30	Neutral
East	24	15 ± 5	28	Bearish
Mountain	4	2 ± 1	1	Neutral
Pacific	3	0 ± 0	2	Bearish



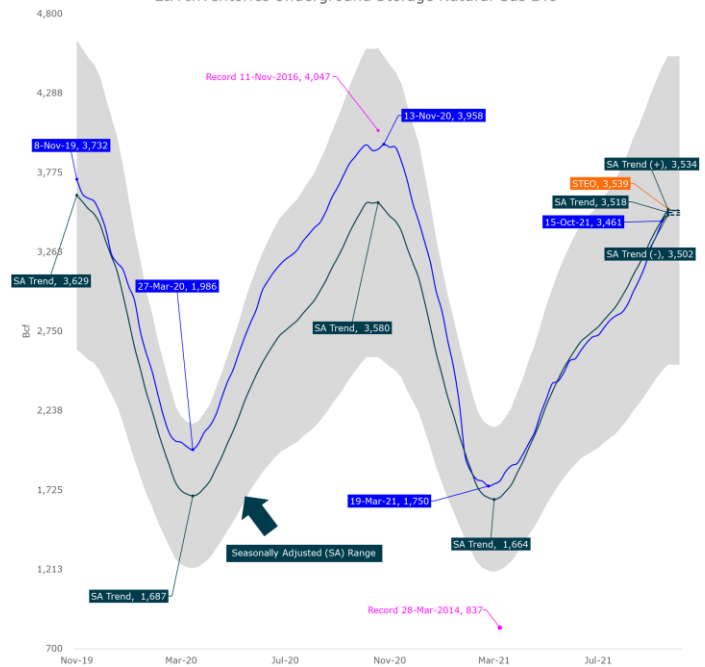
## Omnium Gatherum

PRICES WERE MIXED YESTERDAY... NYMEX natty meandered in uninspired trading in the wake of a bearish update on weekly storage. NYMEX WTI for December peaked at a second straight life-of-contract high, \$83.96/b. From there, the market plunged to within 1 tick our second support target for the day of \$80.78/b but then bounced back to finish at \$82.50/b.

## Natural Gas Review

Yesterday, the EIA reported a substantial injection of 92 Bcf of natural gas into L48 underground storage for the week of October 15<sup>th</sup>. Stocks rose to 3.461 Tcf and the deficit to the seasonally adjusted trendline was slashed by two-thirds to 0.4% (14 Bcf). The typical injection for this report is 69 ±14 Bcf. The report fell in right around the consensus forecast which came in a tight range from a mean of 88 Bcf on the Platts' survey to a 90 Bcf mean on the Reuters and Bloomberg surveys. We were at 89 Bcf.

EIA Inventories Underground Storage Natural Gas L48



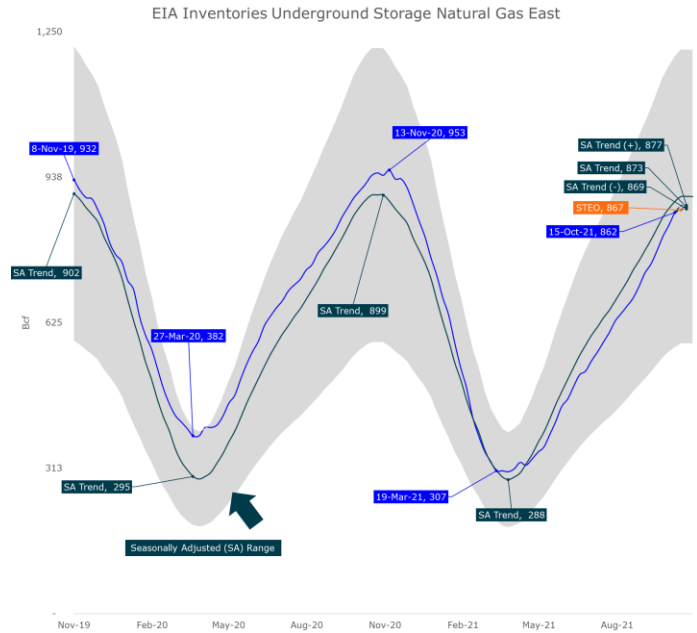
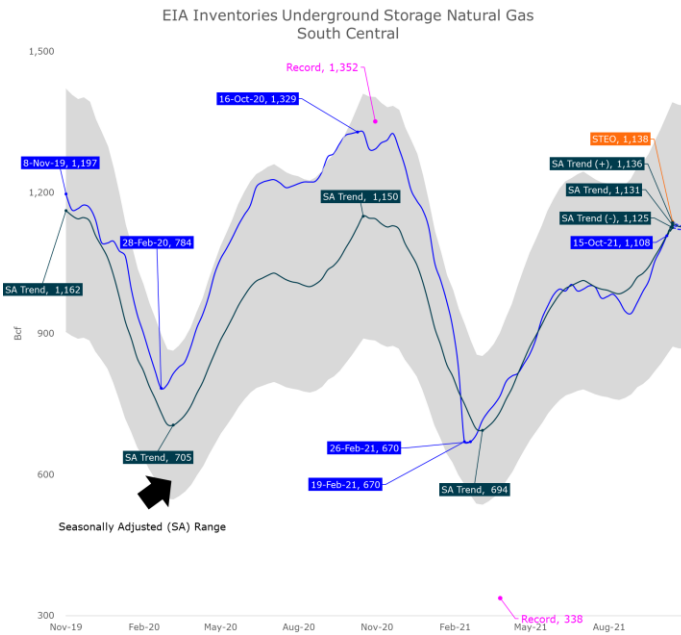
**Note Bene:** Encouraging news from the oil patch... per the Dallas Fed's [Eleventh District Beige Book](#), "[E]levated growth continued in the oil and gas sector. Optimism improved among contacts, spurred by higher oil and natural gas prices, though supply-chain problems continued to worsen. Contacts said current prices are conducive to increasing production, and drilling and well completion activity rose steadily over the past six weeks. Orders for new equipment were up, though availability is narrower, lead times longer, and prices higher. Looking ahead, contacts expect rising production and noted more upside risk than before.

Storage in the Salts rose by a solid 14 Bcf. Inventories are up to 283 Bcf. Over the last five weeks, the deficit to the seasonally adjusted time series was cut from a **seven-month** high of 15.1% (37 Bcf) to 1.3% (4 Bcf). This summer's delivery—which we dub the *Wimpy Phase* of the season—summed a mammoth 94 Bcf which is 58% above normal. Over the last six weeks, utilities have repaid 75 Bcf (80%) of this *borrowed* gas.

In the Nonsalt Region, a solid 15 Bcf was injected. Storage rose to 825 Bcf. The comparison to the seasonally adjusted trend flipped to a surplus (2 Bcf) for the first time in two months. All told, a strong 29 Bcf was

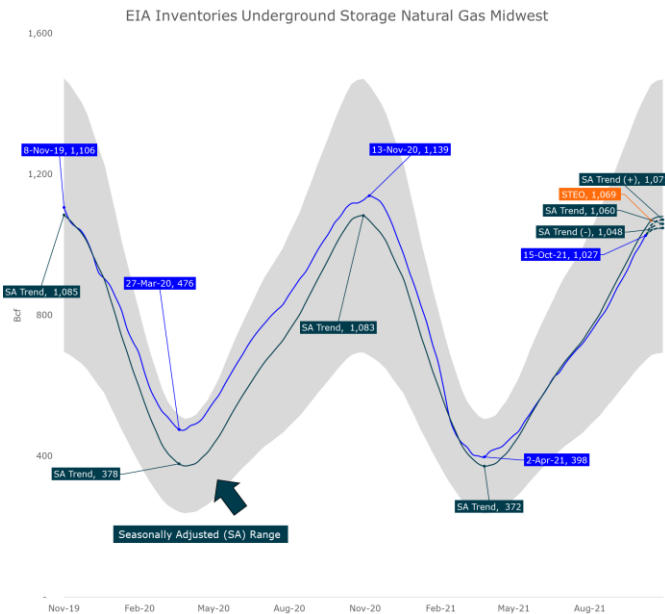
injected into the South Central market area. This season's refill improved to an impressive 438 Bcf, 68 Bcf (18%) above the five-year mean and 23 Bcf (5%) above the seasonally adjusted time series.

points to a two-month low of 2.1% (22 Bcf). This season's hitherto refill of 629 Bcf is running 20 Bcf (3%) below the five-year mean and 48 Bcf (7%) below the seasonal trend. Storage is on track to enter winter at 1.060 Tcf, 0.8% below the EIA's forecast of 1.069 Tcf.



Storage in the Midwest reported a firm 30 Bcf injection. Inventories rose to 1.027 Tcf and the deficit to the seasonally adjusted time series narrowed by 48 basis points to a two-month low of 2.1% (22 Bcf). This season's hitherto refill of 629 Bcf is running 20 Bcf (3%) below the five-year mean and 48 Bcf (7%) below the seasonal trend. Storage is on track to enter winter at 1.060 Tcf, 0.8% below the EIA's forecast of 1.069 Tcf.

Storage in the East rose by a heavy 28 Bcf to 862 Bcf. The deficit to the seasonally adjusted trendline improved by 155 basis points to the smallest shortfall, 2.6% (23 Bcf), since the start of refills. The season-to-date refill is up to 557 Bcf which is 32 Bcf (5%) below the five-year average and 40 Bcf (7%) below the historical time series. The market is on pace to enter winter at 873 Bcf, 0.7% above the EIA's forecast of 867 Bcf.



### Bottom Line

The refill season just veered onto the exit ramp and the market has thus far replaced 77% of the gas delivered last winter. As such, this season's refill is vying for one of the lowest on record. The early consensus forecast for next week is calling for another impressive injection in the low-90s Bcf to low-triple digits Bcf!

Based on this projection, the market will top the EIA's (recently revised) end-of-season forecast of 3.539 Tcf. Our 50/50 line on end-of-season storage jumped from 3.619 Tcf to 3.660 Tcf. With time running out, there is still a chance, albeit a slight chance of 6% (odds of 15:1) of topping the five-year mean

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