

# THE SCHORK REPORT

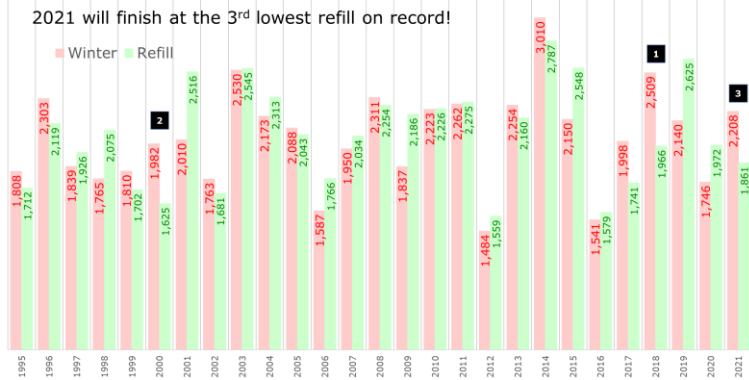


FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

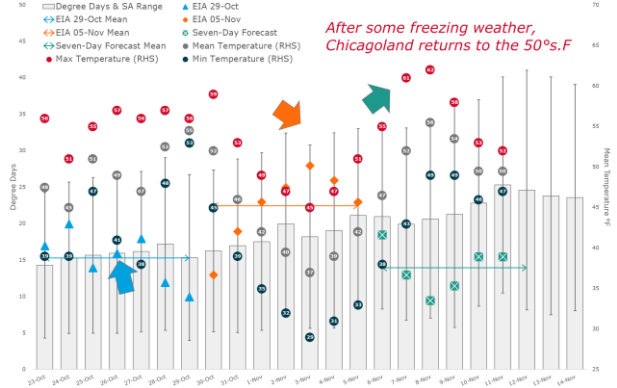
Friday, November 05, 2021

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

EIA Natural Gas Underground Storage Winter Deliveries & Summer Refills (Log Scale)



Chicago Weather



## Note Bene:



Once again, OPEC+ snubs Biden's plea to pump more oil. Per [Aljazeera](https://www.aljazeera.com/news/2021/10/29/opec-rejects-us-plea-to-increase-oil-output), "[O]PEC and its allies on Thursday decided to stick to their original plan to boost output by 400,000 barrels per day (bpd), rejecting pleas by United States President Joe Biden to pump more oil to cool red-hot energy prices".

Meanwhile, the U.S. oil patch is still waiting for their call from Biden.

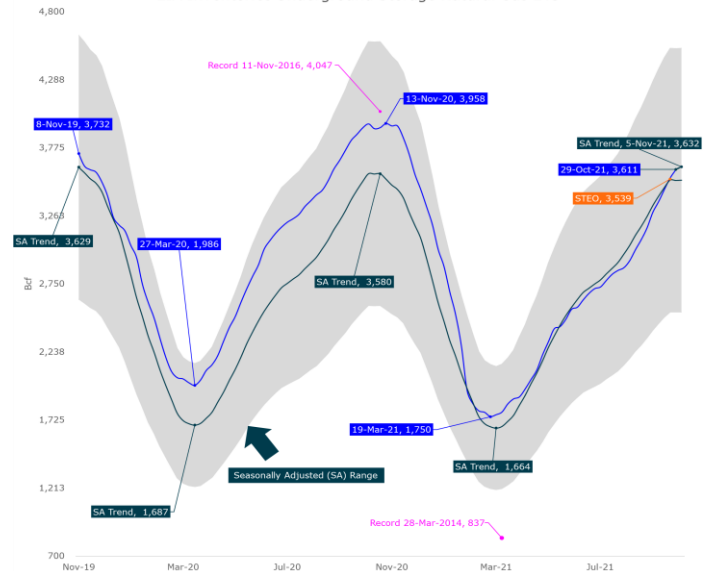
## Omnium Gatherum

PRICES WERE MIXED YESTERDAY... NYMEX natural gas for December yo-yoed in between \$5.535/MMBtu and \$5.876/MMBtu and settled 4.6 cents higher at \$5.716/MMBtu. NYMEX WTI for December rallied early to within 28 cents of our initial resistance of \$83.70/b and crashed late to within 13 cents of our initial support of \$78.12/b.

## Natural Gas Review

Yesterday, the EIA reported a strong injection of 63 Bcf of natural gas into L48 underground storage for the week of October 29<sup>th</sup>. Inventories rose to 3.611 Tcf and topped the EIA's end-of-season forecast of 3.539 Tcf. A nascent surplus to the seasonally adjusted trendline moved out by 184 basis points to 2.3% (81 Bcf). The report came in on the lower end of the consensus forecast which ranged from a mean of 63 Bcf on the Bloomberg and Reuters' surveys to a 70 Bcf mean on the Platts' survey. We were at 61 Bcf.

EIA Inventories Underground Storage Natural Gas L48



Remember that in last Friday's CFTC Commitments of Traders report, Wall Street (CTAs, CPOs, and Hedge Funds) was short the equivalent of 7,071 contracts per

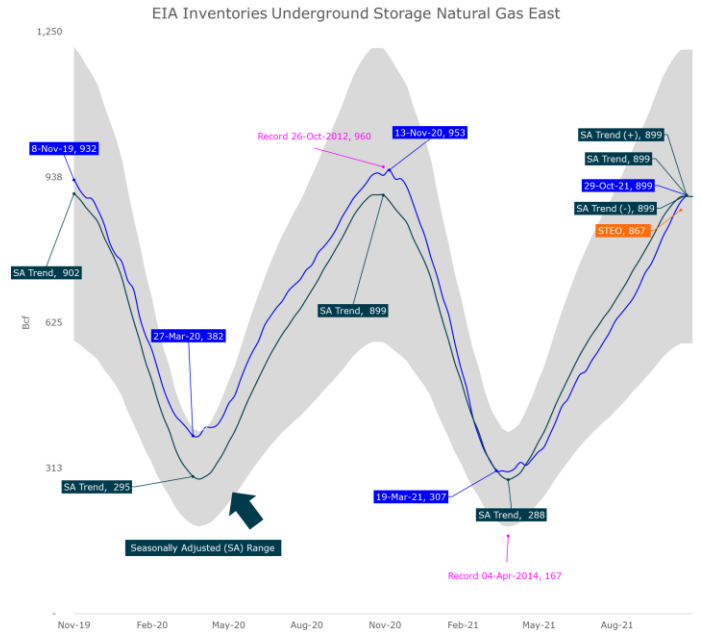
trader, i.e. enough gas for each large speculator (32 in total) to cover last week's 63 Bcf injection, with 7.7 Bcf to spare.

Storage in the Salts rose by a heavy 16 Bcf. Inventories moved to 320 Bcf. This summer's delivery summed a mammoth 94 Bcf which is 58% above normal. Over the last two months, utilities have repaid all of this *borrowed* gas, plus an additional 18 Bcf. This season's net refill is up to 170 Bcf, 105% (87 Bcf) above the five-year mean and 61% (65 Bcf) above the seasonally adjusted time series.

The market has now replaced 172% of last winter's delivery and over the last seven weeks, the comparison to the seasonally adjusted time series morphed from a **seven-month** high deficit of 15.1% (37 Bcf) to a 4.9% (15 Bcf) surplus.

After three straight 15 Bcf injections, the Nonsalt Region reported a solid 12 Bcf injection for last week. Storage rose to 852 Bcf and a burgeoning surplus to the seasonally adjusted trend moved up 3.5% (29 Bcf). All told, a significant 28 Bcf was injected into the South Central market area. This season's refill improved to an impressive 502 Bcf, 92 Bcf (22%) above the five-year mean and 64 Bcf (8%) above the seasonal norm.

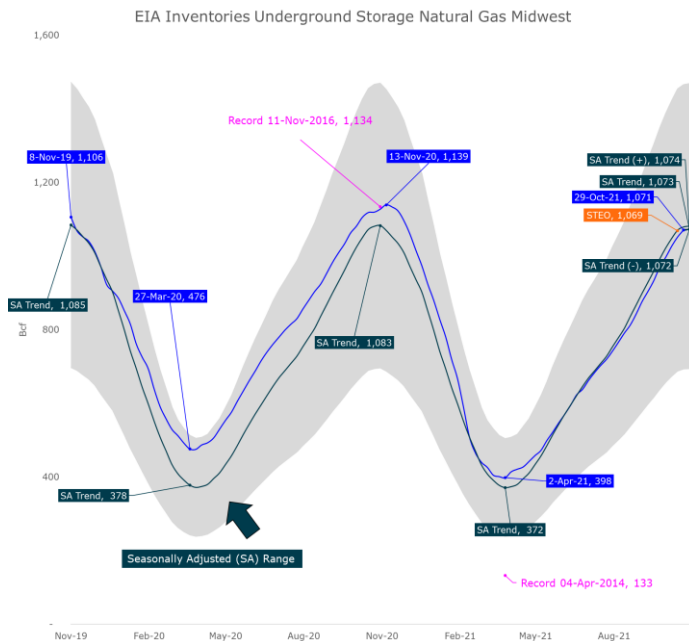
to enter winter at 1.063 Tcf, 0.6% below the EIA's forecast of 1.069 Tcf. To this point, if last week's injection was not the last of the season, it was the second to last injection.



Storage in the East rose by a relatively massive 14 Bcf to 899 Bcf. The relation to the seasonally adjusted trendline reversed to the first surplus—0.3% (3 Bcf)—since the start of refills last April. The season-to-date refill is up to 594 Bcf which is 16 Bcf (3%) below the five-year average and 14 Bcf (2%) below the historical time series. After last week's report, the market was on pace to enter winter at 885 Bcf. As of yesterday's report, storage is 3.7% above the EIA's forecast of 867 Bcf.

### Bottom Line

Injections are ending the season on a strong note. The early consensus forecast for next week is calling for another impressive injection in the mid-teens Bcf. The end of the injection season is nigh. It's now in Mother Nature's court to see whether or not next week's report will be the final of the season. If so, then this season's refill ranks as the third smallest on record with the market having replaced only 84% of last winter's delivery, thereby leaving a deficit of around 332 Bcf as we head into the heating season.



Storage in the Midwest reported a solid 19 Bcf injection. Inventories rose to 1.071 Tcf and the deficit to the seasonally adjusted time series narrowed by 100 basis points to a new four-month low of 0.8% (8 Bcf). This season's hitherto refill of 673 Bcf is running 15 Bcf (2%) below the five-year mean and 35 Bcf (5%) below the seasonal trend. As noted last week, storage was on track