

# THE SCHORK REPORT

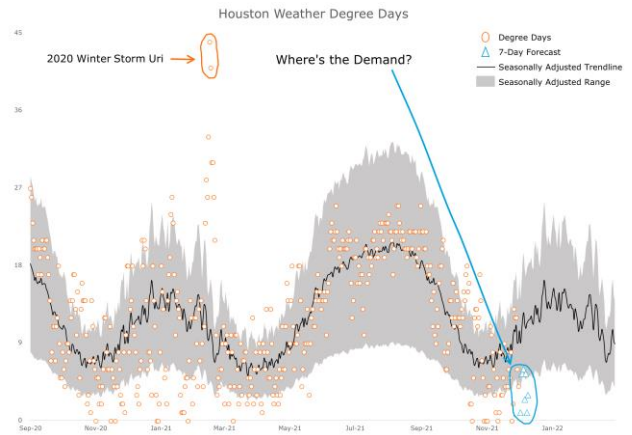


FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

Friday, December 03, 2021

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

EIA Weekly Natural Gas Status Report				
Storage Δ (Bcf)	EIA 19-Nov	Seasonally Adjusted Norm	EIA 26-Nov	Bias
L48	(21)	(30) ± 8	(59)	Bullish
South Central	6	3 ± 1	(12)	Bullish
Salt	7	6 ± 2	(3)	Bullish
Nonsalt	(1)	(4) ± 1	(8)	Bullish
Midwest	(13)	(16) ± 6	(23)	Bullish
East	(11)	(12) ± 4	(22)	Bullish
Mountain	(2)	(2) ± 1	(4)	Bullish
Pacific	1	(3) ± 1	1	Bearish



**Note Bene:** Let's hope Jackson Browne and the rest of his [No Nukes](#) cohorts are sitting down. [Yahoo/Reuters](#): "California may reconsider whether to close its last nuclear power plant as public support has grown for the low-carbon energy source, U.S. Energy Secretary Jennifer Granholm told Reuters on Tuesday. She added she was willing to eventually talk with state officials about keeping the Diablo Canyon plant open."

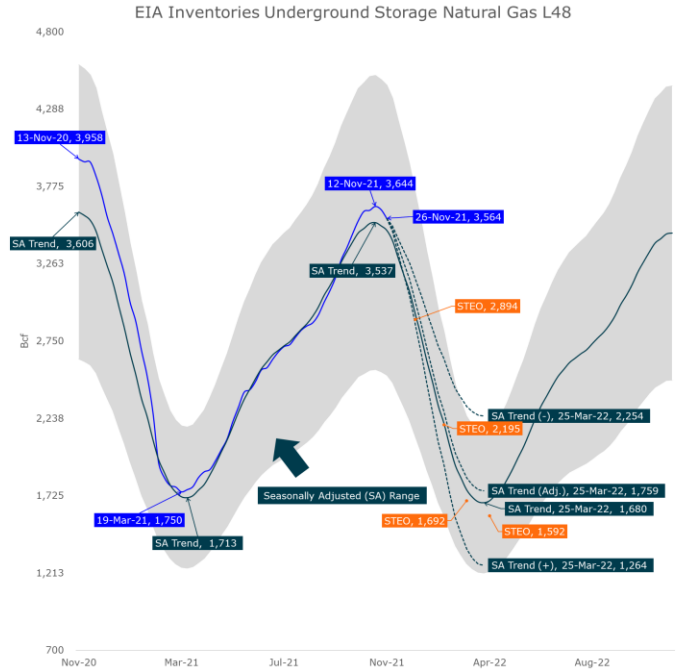
On a separate note, [U.S. Energy Secretary Jennifer Granholm](#) was shocked to learn the U.S. has nuclear energy.

## Omnium Gatherum

PRICES WERE MIXED YESTERDAY... NYMEX WTI shrugged off OPEC+'s surprise announcement to stick with plans to increase production to their previously agreed upon schedule and the market rallied off a 14-week low of \$62.43/b and settled at a three-day high of \$66.50/b.

Hey Big Oil, take cover. OPEC and Putin just called the White House's bluff. If gasoline prices do not move lower from here, Ron Klain is bound to put you into his sophomoric rhetorical crosshairs.

Meanwhile, NYMEX natty proved once again, as if anyone needed to be reminded, that it is the ultimate contrarian's contrarian market. In the first week of October—one of the weakest, if not these weakest demand week of the entire year—spot gas on the NYMEX traded at a seven-year high of \$6.466/MMBtu. Today, we are in the first week of the peak heating demand season and spot gas is knocking on the doorstep of sub-\$4/MMBtu!

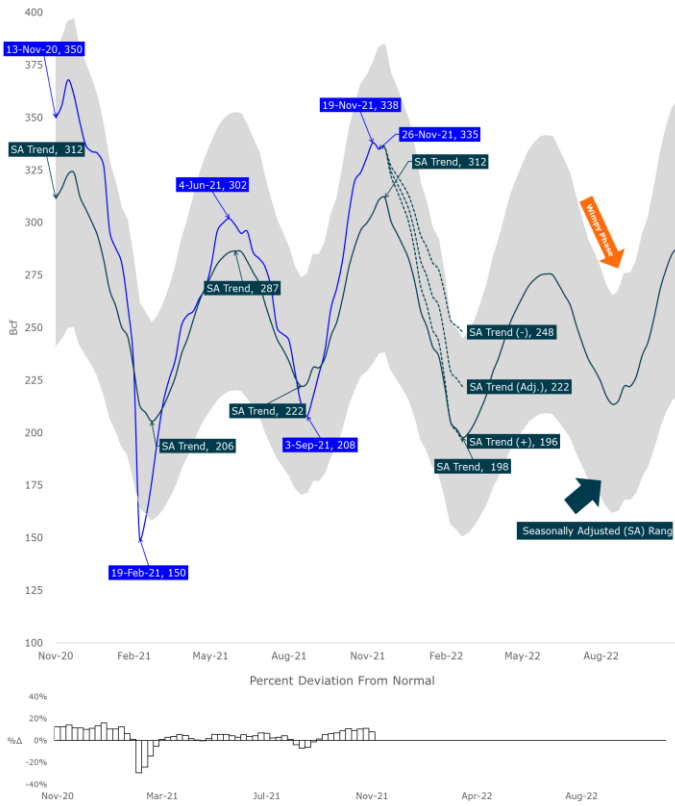


**It's early, but L48 storage is on trend to end winter with ≈1.76 Tcf in the ground.**

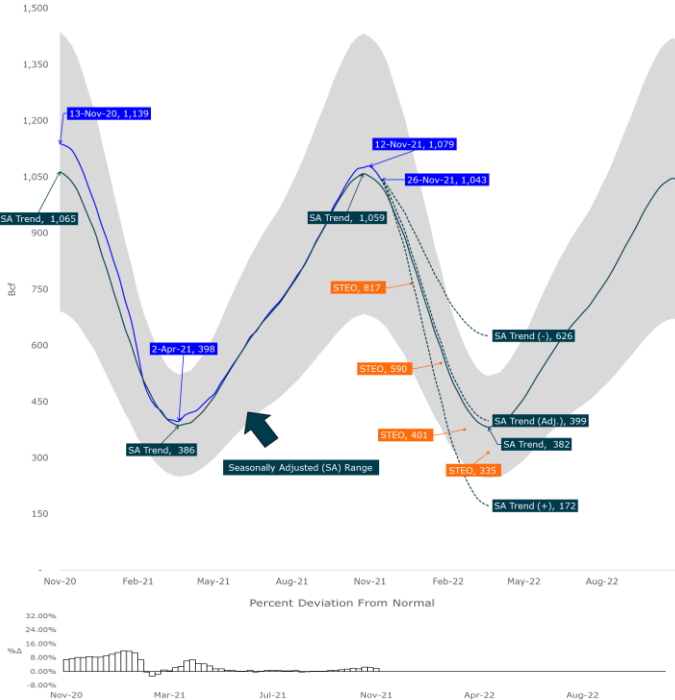
## Natural Gas Review

Yesterday, the EIA reported a large delivery of 59 Bcf of natural gas from L48 underground storage. For the week ended November 26<sup>th</sup>, inventories fell to 3.565 Tcf and the surplus to the seasonally adjusted trend narrowed by 80 basis points from 3.07% to 2.27% (79 Bcf). The report came in on the mean consensus which ranged from 57 Bcf on the Reuters' survey to 59 Bcf on the Platt's survey. We were on the low end of estimates at 53 Bcf.

EIA Inventories Underground Storage Natural Gas South Central Salt



EIA Inventories Underground Storage Natural Gas Midwest

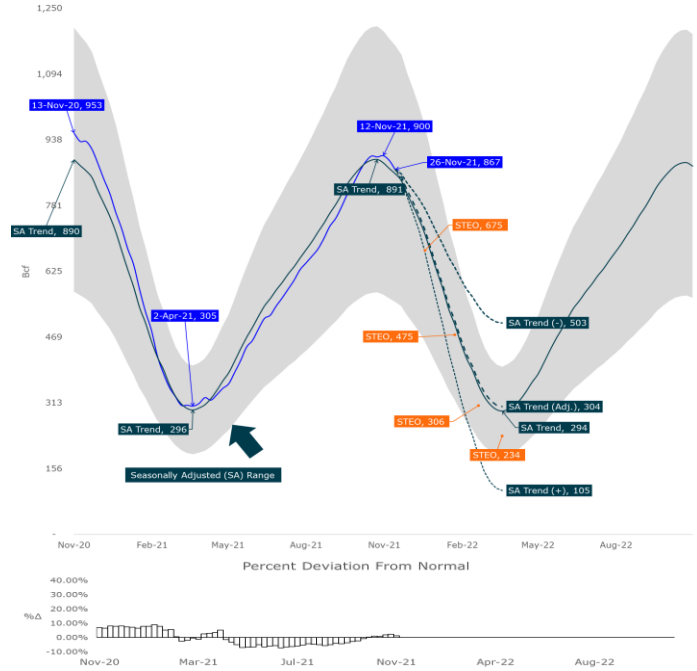


Storage in the Salts fell by 3 Bcf. A delivery at this point in the season is abnormal. Inventories dropped to 335 Bcf and the surplus to the seasonally adjusted trend fell by 317 basis points to a six-week low of 7.8% (24 Bcf). The Nonsalt Region reported a large 8 Bcf delivery.

Storage fell to 851 Bcf and the surplus to the seasonally adjusted trend narrowed by 51 basis points to 4.6% (38 Bcf). All told, the South-Central market area reported the first delivery (12 Bcf) of the heating season.

Storage in the Midwest reported a solid delivery of 23 Bcf. Storage fell to 1.043 Tcf and the surplus to the seasonally adjusted trend narrowed by 65 basis points to a three-week low of 1.7% (17 Bcf). Storage in the East fell by a heavy 22 Bcf to 867 Bcf. The surplus to the seasonally adjusted time series was cut in half to 1.2% (10 Bcf).

EIA Inventories Underground Storage Natural Gas East



### Bottom Line

Through the first two reports of the season, a total of 80 Bcf has been delivered out of the L48, which is on the high end for this early portion of the season. However, the early consensus for the next Thursday's report is a light delivery in the high 40s ±5 Bcf. Although it is early, really early, the market is on trend to finish the season around 1.76 Tcf... perhaps this is why the backwardation on the of the end-of-season Mar/Apr spread is in freefall (see graph on the next page).

