

THE SCHORK REPORT

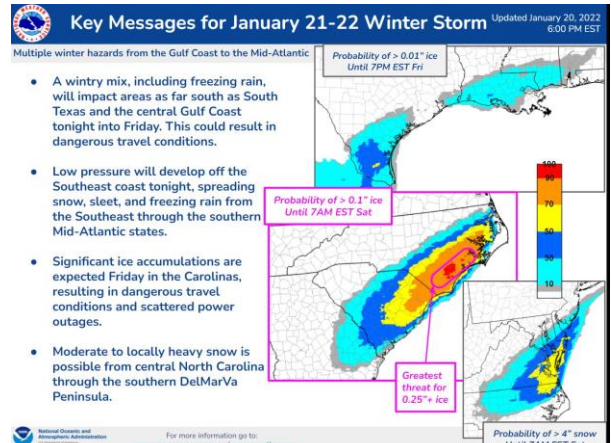


Friday, January 21, 2022

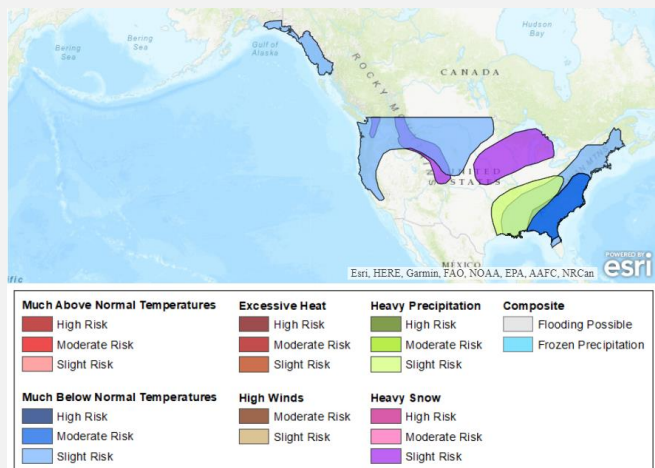
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FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

EIA Weekly Petroleum Status Report				
Stocks Δ (Mbs)	EIA 07-Jan	Seasonally Adjusted Norm	EIA 14-Jan	Bias
Crude Oil	(4,553)	(500) ± 3,400	515	Neutral
Cushing	(2,468)	(200) ± 600	(1,314)	Bullish
Mogas	7,961	2,600 ± 2,300	5,873	Bearish
Distillate	2,537	500 ± 2,300	(1,431)	Neutral
Net	5,945	2,600 ± 8,000	4,957	Neutral



Note Bene: This picture is as bullish as it gets... so, why is NYMEX flailing? Hmm?



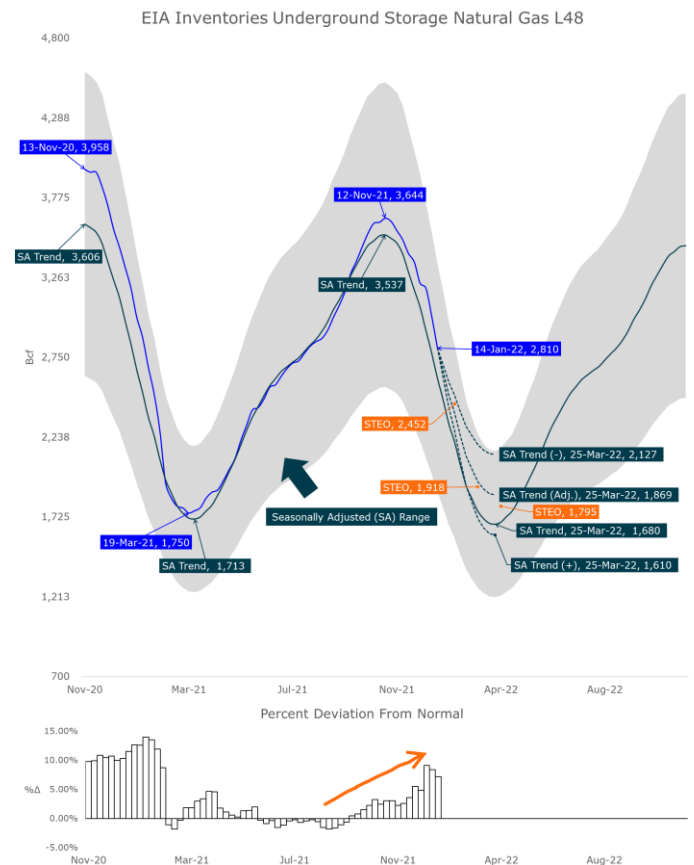
Omnium Gatherum

ENERGY PRICES WERE MIXED YESTERDAY... March WTI peaked 10 cents above our \$87.00/b initial daily resistance but settled 25 cents lower at \$85.55/b. NYMEX natty for February delivery crashed below the standard error estimate of the linear regression and settled 1.3 cents below our initial support for the day of \$3.815/MMBtu.

Natural Gas Review

Yesterday, the EIA reported the ninth delivery of the winter, a heavy 206 Bcf of natural gas came out of L48 underground storage. For the week ended January 14th, storage dropped to 2.810 Tcf and the surplus to the seasonally adjusted trend fell by 116 basis points to a

three-week low of 7.2% (189 Bcf). Since the start of the heating season, the market has delivered a total of 834 Bcf from storage, which is 9% (82 Bcf) below the seasonally adjusted time series and 12% (115 Bcf) below last year's pace.



EIA Weekly Natural Gas Status Report				
Storage Δ (Bcf)	EIA 07-Jan	Seasonally Adjusted Norm	EIA 07-Jan	Bias
L48	(179)	(162) ± 45	(206)	Neutral
South Central	(55)	(48) ± 11	(69)	Bullish
Salt	(17)	(14) ± 3	(22)	Bullish
Nonsalt	(37)	(34) ± 8	(48)	Bullish
Midwest	(58)	(53) ± 19	(65)	Neutral
East	(37)	(43) ± 15	(61)	Bullish
Mountain	(13)	(9) ± 3	(8)	Neutral
Pacific	(15)	(10) ± 2	(3)	Bearish

Bottom Line

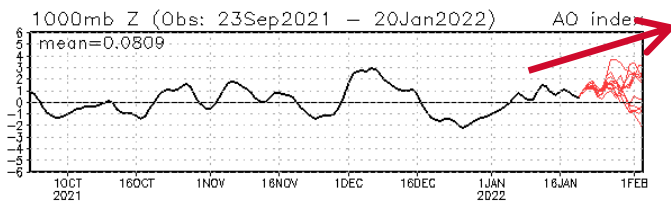
We are around halfway through the heating season and the market has consumed 4 of the 9 molecules injected through last year.

Space heating demand this week is strong for key gas furnace market areas east of the Rockies. Yesterday's report tends to be the largest of the season, while next Thursday's report will certainly not be a slouch. The seasonally adjusted mean for next week's update is 142 ± 39 Bcf. The early consensus is another large delivery in excess of 200 Bcf. Last week, the EIA revised its end-of-season forecast by 10.1% to 1.795 Tcf. Assuming this week's delivery comes in at the consensus, we reckon a 17% probability (unchanged from last week) that storage ends the winter above the EIA's forecast.

Weather Gods are Betting Against Gas Bulls

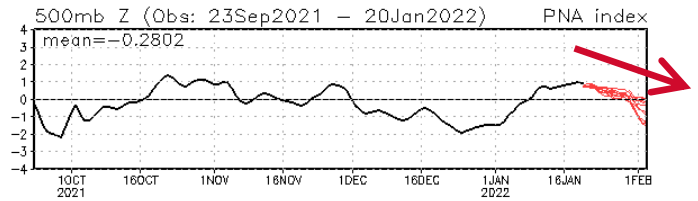
The prospect of bullish heating demand for the start of next month is poor. According to NOAA's Climate Prediction Center (CPC), the trend in the Arctic Oscillation (AO) is positive and expected to remain so into the start of next month. When winds circling the Arctic are strong (positive), Arctic air is trapped in the higher latitudes.

AO: Observed & ENSM forecasts

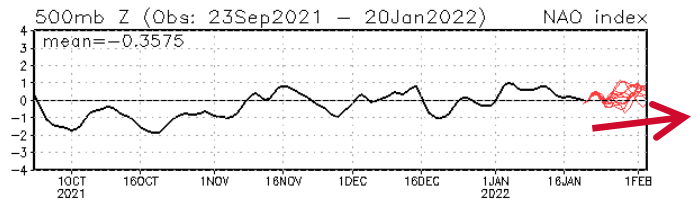


The Pacific North American pattern (PNA) is positive but is forecast to trend to negative. This is a problem, a negative PNA can allow warm marine air from the Gulf to rise into the central and eastern U.S. market areas. If you are bullish natty, this is a problem for you. Lastly, the North Atlantic Oscillation (NAO) is forecast to staddle neutral and the shift postive.

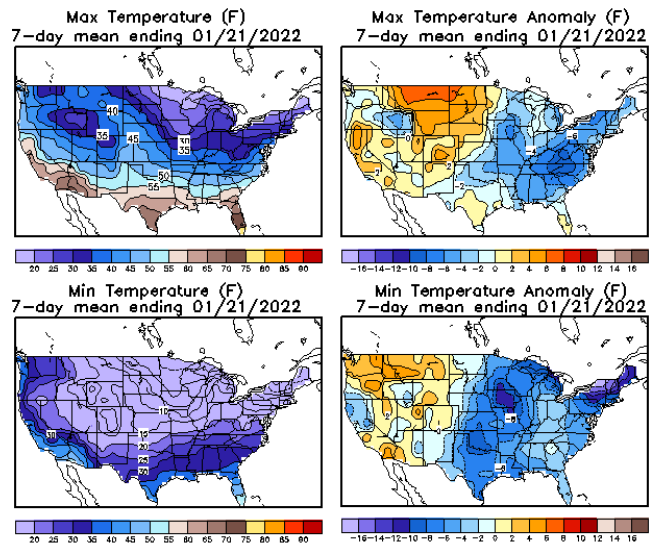
PNA: Observed & ENSM forecasts



NAO: Observed & ENSM forecasts



When a positive AO is coupled with a negative PNA and/or a negative NAO, the table is set for a dearth in heating demand in the U.S. Midwest and Northeast. This is a good thing, assuming you are bearish.



Source: NOAA

EIA Week Ended Friday, January 21st

Demand for heating Btus was robust last week for markets west of the Rockies. The typical delivery for this Thursday's report is 142 ± 39 Bcf. The early consensus forecast (mean) on The Desk is calling for another big one of 214 ± 21 Bcf. We are currently at 207 Bcf.

