

THE SCHORK REPORT

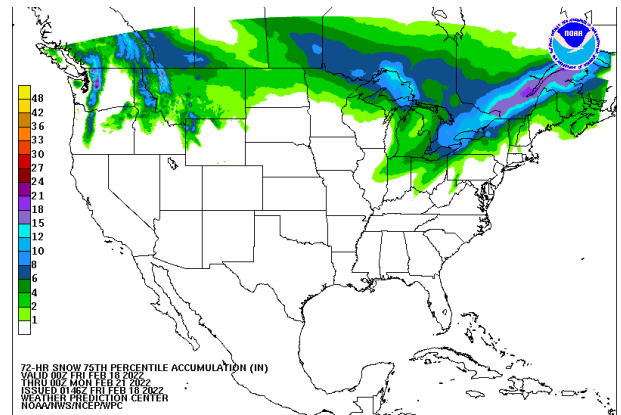
FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS



Friday, February 18, 2022

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Midwest and New England Can Expect Some Snow



EIA Weekly Natural Gas Status Report				
Storage Δ (Bcf)	EIA 04-Feb	Seasonally Adjusted Norm	EIA 11-Feb	Bias
L48	(222)	(148) \pm 41	(190)	Bullish
South Central	(74)	(42) \pm 9	(74)	Bullish
Salt	(24)	(15) \pm 3	(34)	Bullish
Nonsalt	(50)	(27) \pm 6	(40)	Bullish
Midwest	(64)	(50) \pm 18	(56)	Neutral
East	(56)	(43) \pm 15	(50)	Neutral
Mountain	(12)	(8) \pm 2	(7)	Neutral
Pacific	(15)	(7) \pm 1	(4)	Bearish

Note Bene... NOAA, a strong winter storm for the Great Lakes and New England markets is on tap for today.

Key Messages for Feb. 17-18 Winter Storm Updated Feb. 17, 2022 4:00 PM EST

Disruptive wintry weather expected from the Great Lakes to northern New England

- A strong winter storm will impact the Great Lakes to northern New England into Friday, producing wintry hazards of moderate to heavy snow, sleet, and freezing rain.
- A swath of moderate snow is expected across northern Indiana, and southern Michigan through this evening and tonight, extending into far northern New York and northern Maine by Friday morning, with the highest snowfall totals likely just north of the Canadian border.
- The combination of wet snow and strong, gusty winds will lead to reduced visibility and hazardous travel conditions, particularly for untreated roads.
- A corridor of light freezing rain and sleet is likely just to the south of the heavy snow axis, with more than 0.1 inches of freezing rain likely for portions of northern New York. Some impacts to travel and power are possible in these areas.
- Temperatures are expected to drop quickly overnight. Any untreated wet surfaces could freeze quickly.

National Oceanic and Atmospheric Administration
 Weather Prediction Center
 College Park, MD

Omnium Gatherum

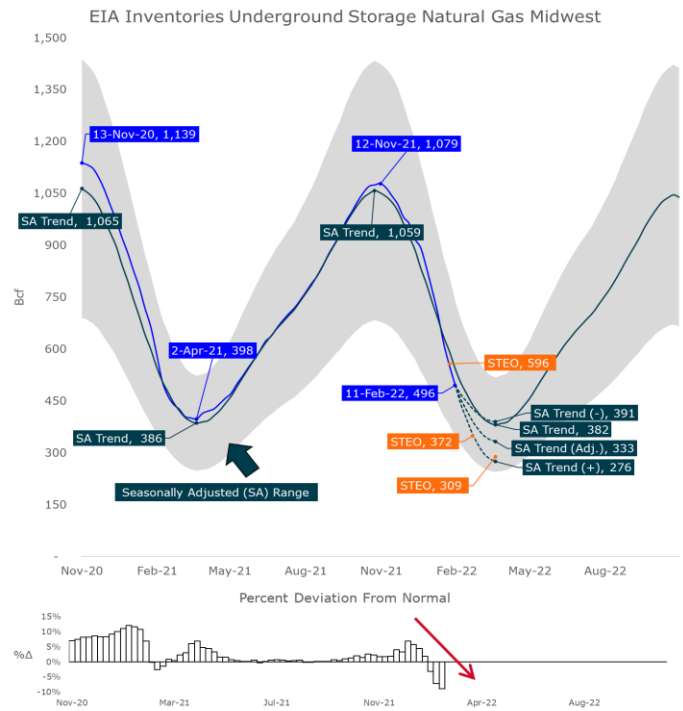
ENERGY PRICES WERE WEAK YESTERDAY... NYMEX natural gas moved lower after the update from the EIA showed *only* 190 Bcf of gas delivered out of storage last week. Oil markets were soft as Russia's on again, off again, imminent, or not, invasion of Ukraine appears to be off, for the moment.

Natural Gas Review

Yesterday, the EIA reported the sixth straight triple-digit withdrawal of the winter, a substantial 190 Bcf of natural gas was delivered from L48 underground storage. Since the January 07th update, the EIA has reported a substantial (93rd percentile) delivery of 1.28 Tcf. As such, the market's comparison to the seasonally adjusted norm

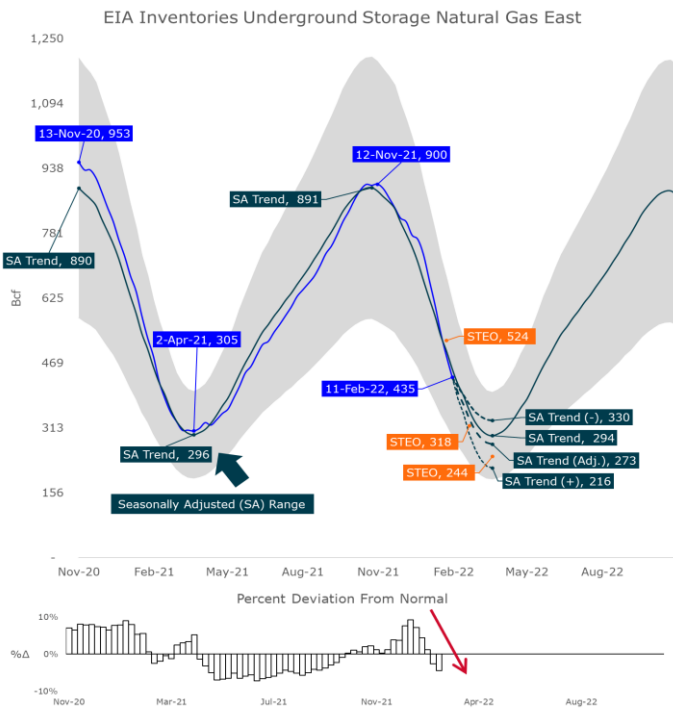
has morphed from a surplus of 267 Bcf (9.1%) to a deficit of 147 Bcf (7.2%), the largest deficit since summer 2019. For the week ended February 11th, storage dropped to 1.911 Tcf. This is the earliest that storage has dipped below 2.0 Tcf in three winters.

For a second straight week, the South Central area reported a heavy delivery of 74 Bcf. Over the past four weeks, 330 Bcf has been withdrawn, the eighth largest delivery on record. As of last Friday, storage dropped to 689 Bcf and the deficit to the seasonally adjusted norm doubled to a 52-week high of 8.5% (64 Bcf).

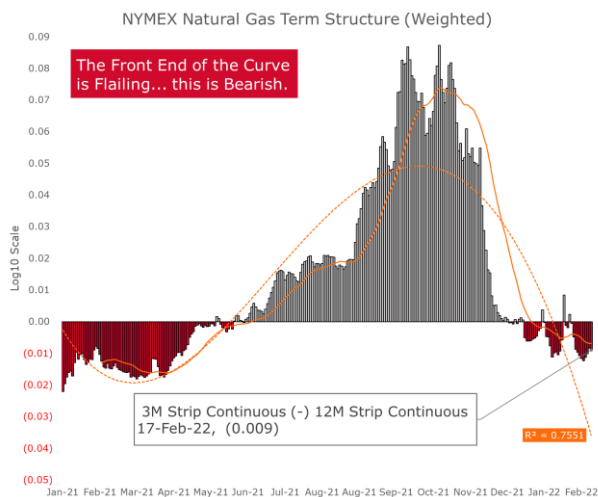


The Midwest reported a reasonable delivery of 56 Bcf. Storage fell to 496 Bcf and the deficit to the seasonally adjusted norm rose by 183 basis points to a 34-month high of 9.0% (49 Bcf). This season's delivery is up to 583 Bcf which is 13% (69 Bcf) above the seasonally adjusted trend and 6% (33 Bcf) above last year's pace. The area has now burned through seven of the eight cubic feet of last summer's refill.

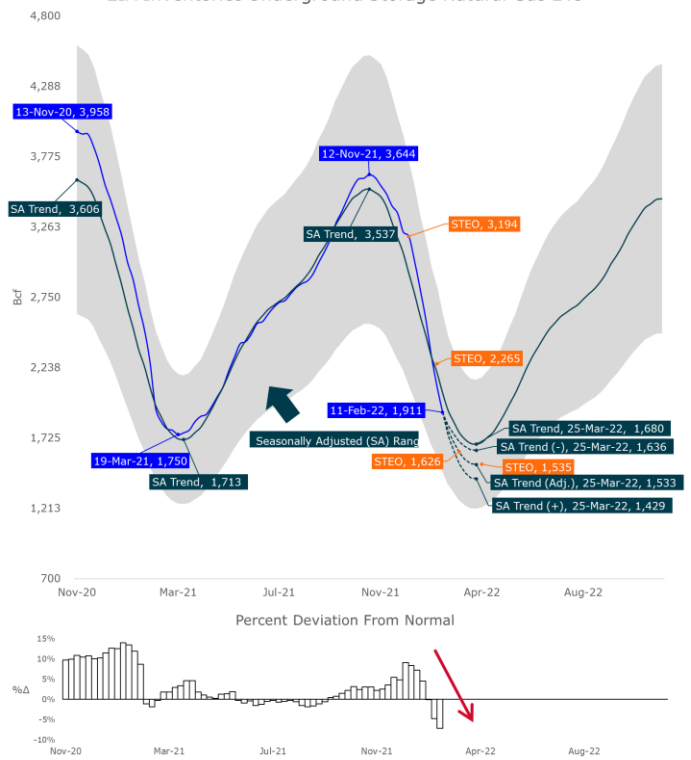
Storage in the East fell by a normal 50 Bcf to 435 Bcf. The deficit to the seasonally adjusted time series rose by 181 basis points to 4.48% (20 Bcf). This season's hitherto delivery is 465 Bcf, 7% (29 Bcf) above the seasonally adjusted time series and 1% (3 Bcf) below a year ago. The market has burned through seven out of nine cubic feet of last summer's refill.



The East has burned through around 78% of last summer's refill.



EIA Inventories Underground Storage Natural Gas L48



We reckon the probability of L48 storage finishing the heating season at/above the EIA's forecast of 1.535 Tcf is about 17%, equivalent odds of 5:1.

Bottom Line

We are more than two-thirds of the way through the season and the market has now delivered more than 90% of last summer's 1.894 Tcf refill. Up through yesterday's report, this season's delivery is 180 Bcf (12%) above the five-year average, 254 Bcf (17%) above the seasonally adjusted norm, and 56 Bcf (3%) above last year's pace.

The early consensus for next Thursday's update is another triple-digit delivery of around 140 Bcf. After yesterday's report, our quants are making book at 5:1 odds (17% probability) end-of-season storage will top the EIA's 1.535 Tcf forecast. More to the point, storage is on trend to finish winter below 1.375 Tcf.

