

THE SCHORK REPORT



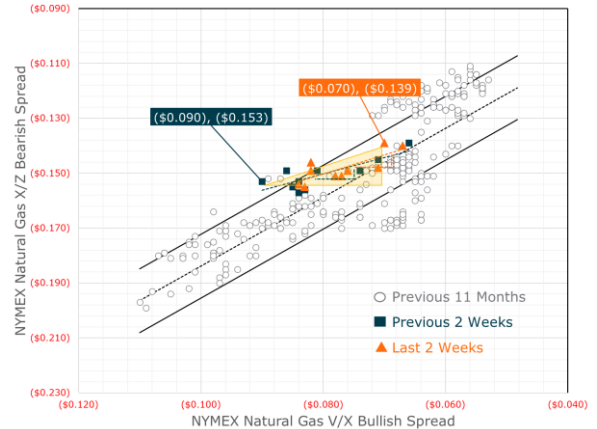
Friday, March 18, 2022

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FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

EIA Weekly Natural Gas Status Report				
Storage Δ (Bcf)	4-Mar	Seasonally Adjusted Norm	11-Mar	Bias
L48	(124)	(48) ± 13	(79)	Bullish
South Central	(38)	3 ± 1	(11)	Bullish
Salt	(12)	2 ± 1	8	Bearish
Nonsalt	(26)	0 ± 0	(19)	Bullish
Midwest	(40)	(24) ± 8	(27)	Neutral
East	(41)	(27) ± 10	(27)	Neutral
Mountain	(3)	(1) ± 0	(6)	Bullish
Pacific	(2)	(1) ± 0	(7)	Bullish

The tightening of the contango on the end-of-summer portion of the curve is starting to price in supply concerns.



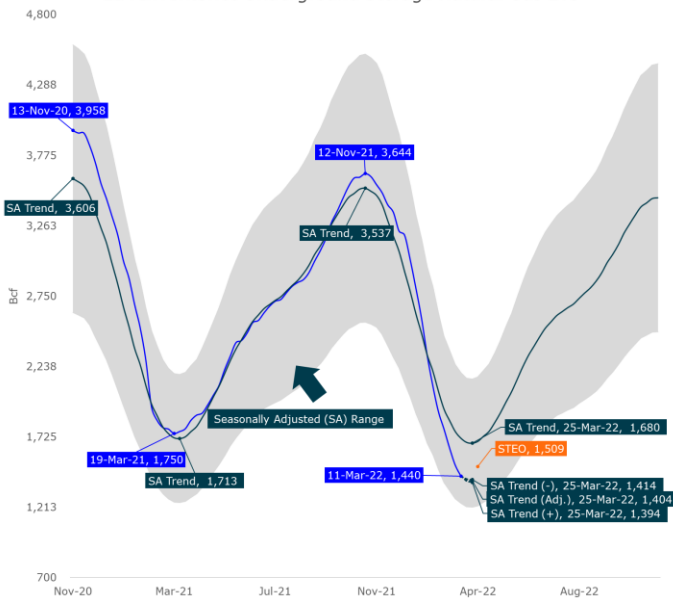
Omnium Gatherum

ENERGY PRICES WERE STRONG YESTERDAY... as we got whipsawed by our two favorite technical indicators, the parabolic SAR and the MACD.

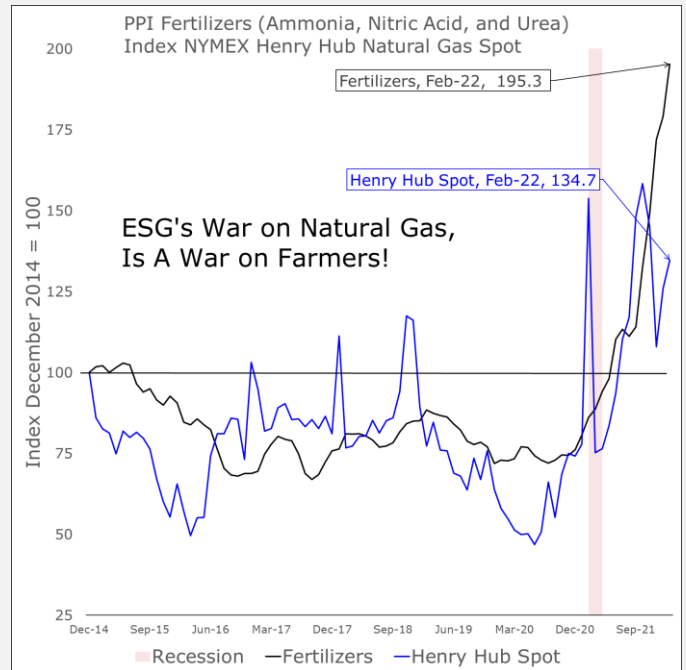
Natural Gas Review

Yesterday, the EIA reported the seventeenth delivery of the winter, a substantial 79 Bcf of natural gas was withdrawn from L48 underground storage. For the week ended March 11th, storage dropped to 1.440 Tcf. We are approximately 90% of the way through the winter heating season with one, perhaps two deliveries remaining. The market has delivered 116% (2.20 Tcf) of last summer's refill.

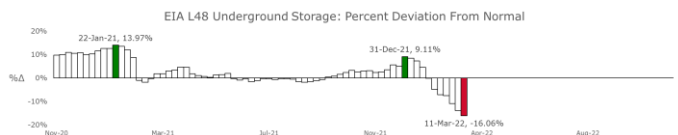
EIA Inventories Underground Storage Natural Gas L48

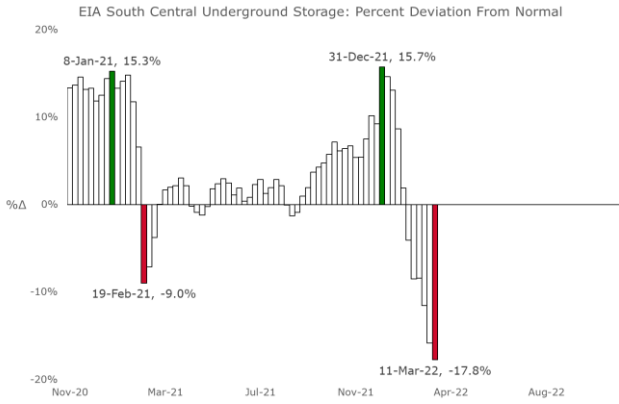


Note Bene: When it comes to inflation at the grocery counter, let's not forget that ESG's war on natural gas is a war on farmers. After all, natural gas is a key blendstock in fertilizers. Therefore, when you try to outlaw the production of natural gas you are essentially outlawing farmers ability to maximize crop yields.

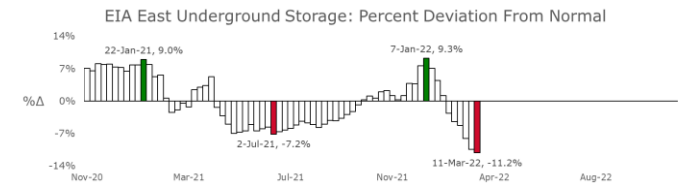
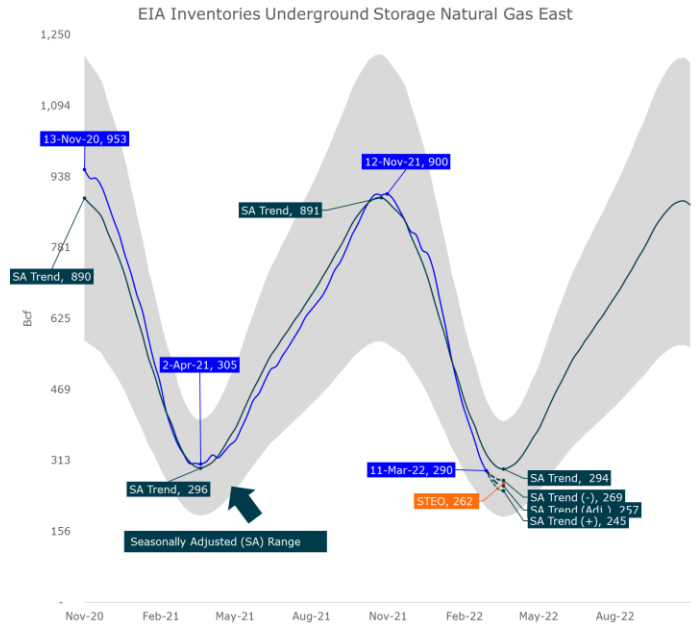


To this point, last month fertilizers costs for producers rose 127% year-over-year.





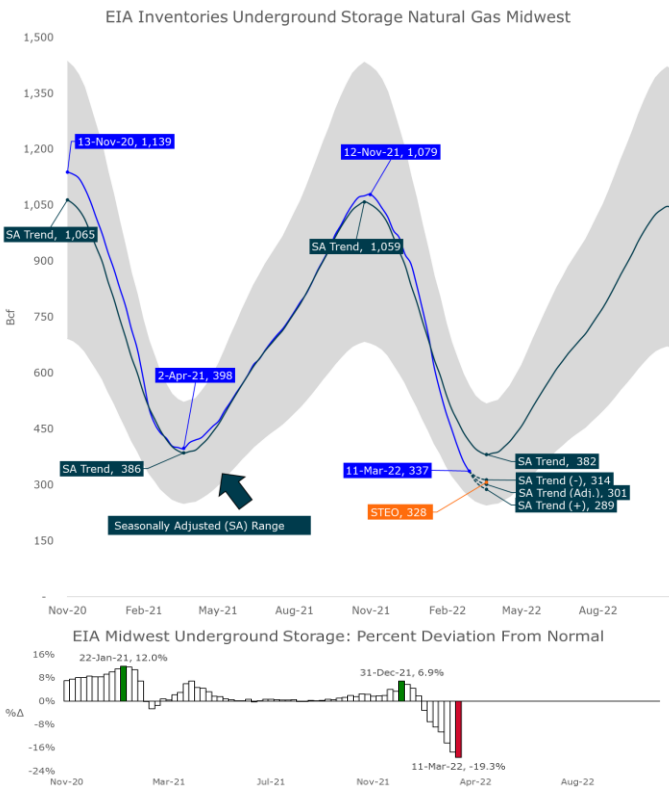
The South Central area reported a heavy delivery of 11 Bcf. Since the start of the season, 601 Bcf of gas has been delivered out of the market area, 10 Bcf (1.7%) above last year's pace. The comparison to the seasonally adjusted trend morphed from a surplus of 155 Bcf (15.7%) to a deficit of 123 Bcf (17.8%). LNG exports averaged 13.61 Bcf/d through the EIA week, 5.6% higher week-over-week and 17.0% higher year-over-year.



Storage in the East fell by a normal 27 Bcf to 290 Bcf. The deficit to the seasonally adjusted time series rose by 79 basis points to a three-year high of 11.2% (37 Bcf). This season's hitherto delivery is 595 Bcf, 8% (45 Bcf) above the seasonally adjusted time series but, 2% (15 Bcf) below a year ago. The market has burned through 103% of last summer's refill.

Bottom Line

The average delivery through the remainder of the season is 104 Bcf. At this juncture, we calculate a 20% probability (odds of 4:1) of ending the season above 1.400 Tcf. However, the early consensus for next week's report is around 45 ±15 Bcf delivery. So, based on this outlook, by this time next week we could be looking at sub 1.400 Tcf for the first time in three winters. There is now a 28% probability (odds 5:2) of ending winter above 1.375 Tcf and a 39% probability (odds 8:5) of finishing above 1.350 Tcf.



The Midwest reported a delivery of 27 Bcf, the smallest delivery since the week ended December 31st. Storage fell to 337 Bcf and the deficit to the seasonally adjusted norm rose by 182 basis points to a 3-year high of 19.3% (81 Bcf). This season's delivery is up to substantial 742 Bcf which is 16% (101 Bcf) above the seasonally adjusted trend and 4% (29 Bcf) above last year's pace. The area has now burned through 109% of last summer's 681 Bcf refill.