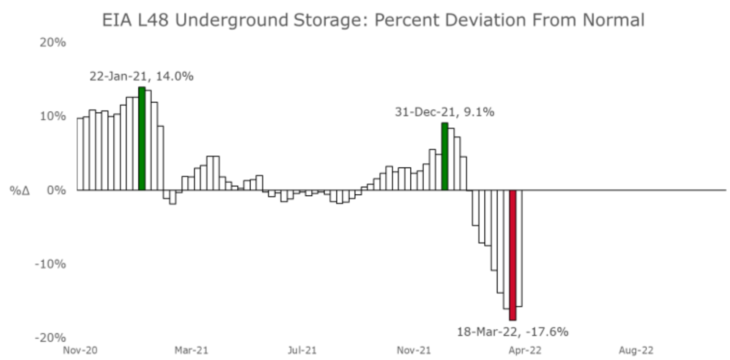
THE SCHORK REPORT

FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

Friday, April 01, 2022

www.schorkgroup.com



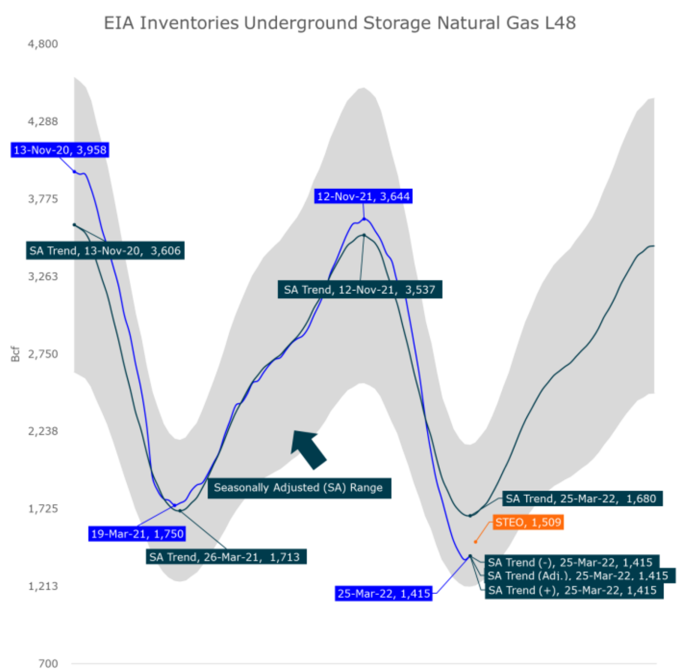
EIA Weekly Natural Gas Status Report				
Storage Δ (Bcf)	18-Mar	Seasonally Adjusted Norm	25-Mar	Bias
L48	(51)	(6) ± 1	26	Bearish
South Central	(12)	12 ± 3	22	Bearish
Salt	(3)	6 ± 2	13	Bearish
Nonsalt	(8)	6 ± 1	8	Bearish
Midwest	(19)	(11) ± 4	(1)	Bearish
East	(22)	(11) ± 4	0	Bearish
Mountain	0	0 ± 0	2	Bearish
Pacific	2	3 ± 1	4	Neutral

Omnium Gatherum

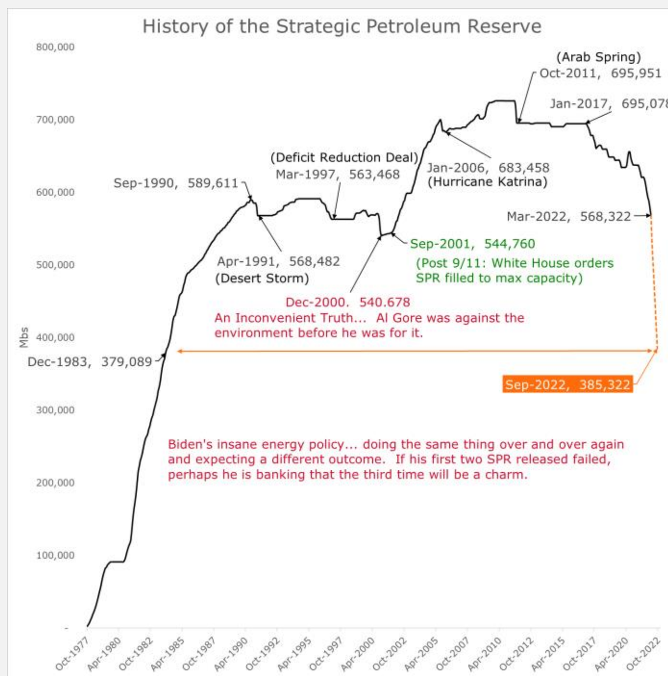
ENERGY PRICES WERE MIXED YESTERDAY… oil markets tanked in the wake of the SPR news, while NYMEX natty rallied to a two-month high in spite of the first weekly injection report of the season.

Natural Gas Review

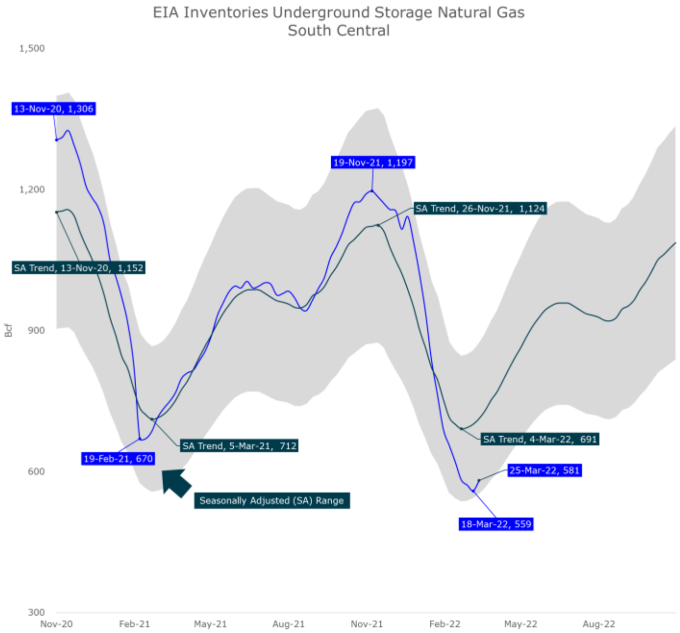
Yesterday the EIA reported the first build of the season. As of March 25th, 26 Bcf of natural gas was injected into L48 underground storage. Storage rose to 1.415 Tcf and the deficit to the seasonally adjusted trendline narrowed by 184 basis points to 15.8% (265 Bcf).



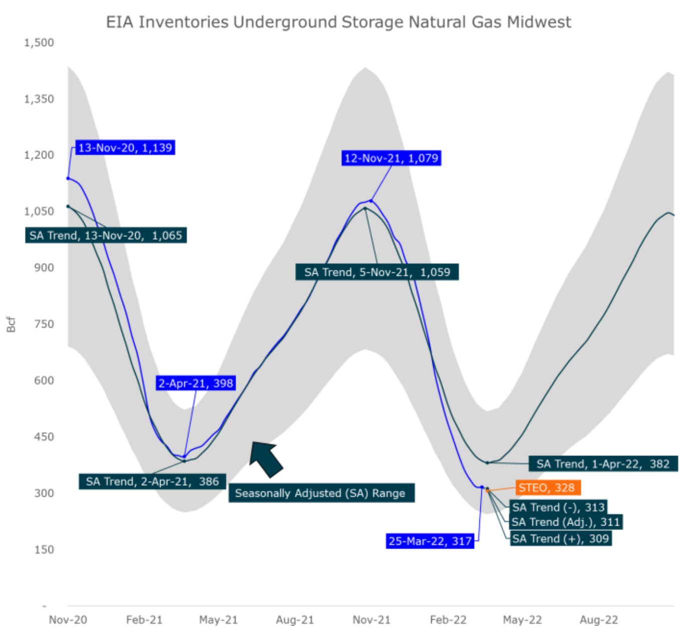
Note Bene: Oil markets tanked yesterday after the White House announced its plan to drain the Strategic Petroleum Reserve (SPR) of 180 million barrels. That's a lot of oil but is fails to address the market's long-term structural imbalance. In fact, dumping government owned barrels on the market disincentives commercials, not to mention OPEC, to up their production.



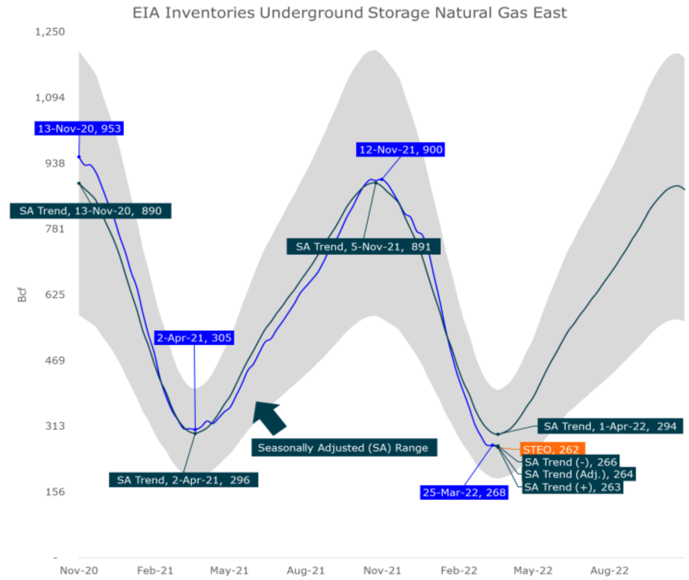
The South Central area reported a solid injection of 22 Bcf. Through the winter, 613 Bcf of gas was delivered out of the market area, 41 Bcf (7.2%) above last year's pace. The deficit to the seasonally adjusted trend improved by 174 basis points to 18.5% (132 Bcf). LNG sendout backed off by 1.4% to ≈13.20 Bcf/d through the EIA week. Shipments were 0.4% higher year-over-year.



The Midwest reported a de minimis 1 Bcf delivery. Storage fell to 317 Bcf and the deficit to the seasonally adjusted norm narrowed by 200 basis points from a 3-year high to 18.2% (71 Bcf). This season's delivery is up to a substantial 762 Bcf which is 13% (91 Bcf) above the seasonally adjusted trend and 3% (24 Bcf) above last year's pace. The area has burned through 112% of last summer's 681 Bcf refill.

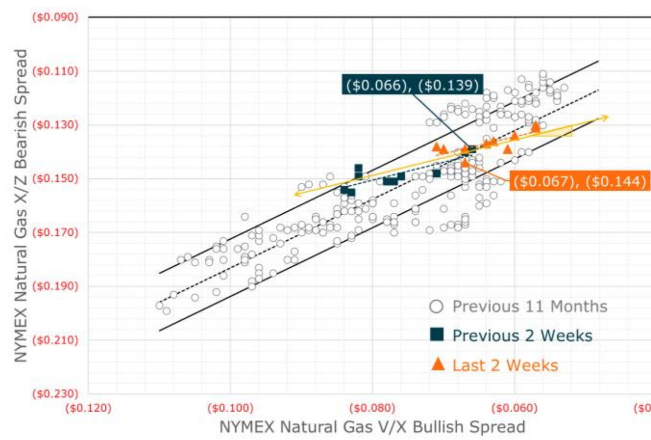


Storage in the East was unchanged at 268 Bcf. The deficit to the seasonally adjusted time series narrowed by 324 basis points from a three-year high to 9.8% (29 Bcf). This season's hitherto delivery is 632 Bcf, 6% (38 Bcf) above the seasonally adjusted time series but, 2% (14 Bcf) below a year ago. The market has burned through 106% of last summer's 595 Bcf refill.



Bottom Line

Deliveries from storage are not finished. The early consensus for next Thursday's report is coming in around a 20 Bcf drawdown. Storage is on pace to end this winter approximately 16% below the five-year average.



Trading in the cross-seasonally spreads has been flat over the past month. As refill begin to ramp up, we should begin to see movement in the spreads.