

# THE SCHORK REPORT

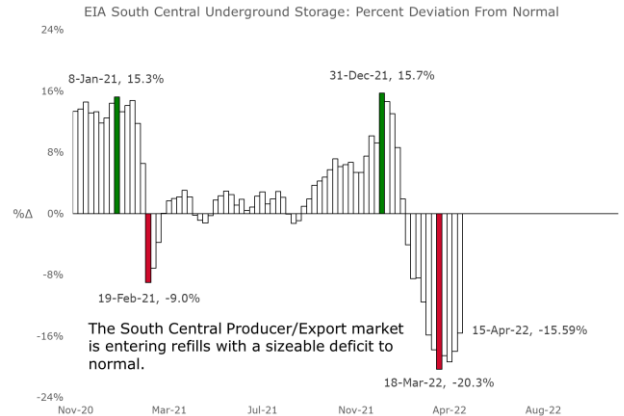


FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

Friday, April 22, 2022

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

EIA Weekly Natural Gas Status Report				
Storage Δ (Bcf)	15-Apr	Seasonally Adjusted Norm	22-Apr	Bias
L48	15	29 ± 8	53	Bearish
South Central	28	18 ± 4	33	Bearish
Salt	13	7 ± 2	15	Bearish
Nonsalt	15	11 ± 3	18	Bearish
Midwest	(3)	4 ± 1	11	Bearish
East	(12)	8 ± 3	9	Neutral
Mountain	(1)	2 ± 1	(1)	Bullish
Pacific	4	5 ± 1	0	Bullish



## Omnium Gatherum

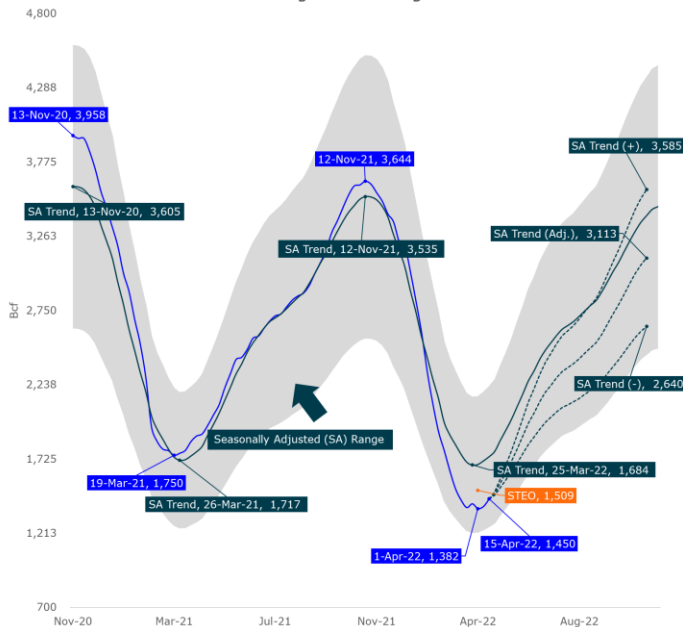
ENERGY PRICES WERE FIRM YESTERDAY... NYMEX natty shrugged off a much larger than expected addition to underground storage and finished higher. Oil, with the exception of the NYMEX and ICE distillate markets, moved higher.

### EIA Natural Gas Review

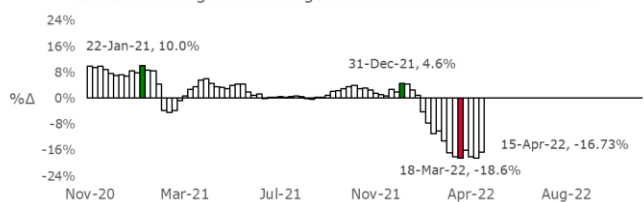
Yesterday, the EIA reported a strong rebound in natural gas injections into L48 underground storage. One week after reporting a meager 15 injection, the EIA followed up with a substantial injection of 53 Bcf for the report ended April 15<sup>th</sup>.

**Note Bene:** According to the [Dallas Fed's Beige Book](#), optimism in the U.S. oilpatch is rising but uncertainty is "surging"... "Oilfield activity increased during the reporting period, with the Eleventh District rig count climbing further and oil and natural gas production rising. Many upstream contacts said their firm's oil production will expand this year, with smaller firms expected to ramp up activity at a faster pace than larger ones. Lead times for machinery orders were extended, and oilfield equipment manufacturers and servicers said that capacity remained constrained due to labor shortages and supply side challenges. While uncertainty surged, outlooks were optimistic, bolstered by strong consumer demand and expectations of limited global supply growth this year."

EIA Inventories Underground Storage Natural Gas L48



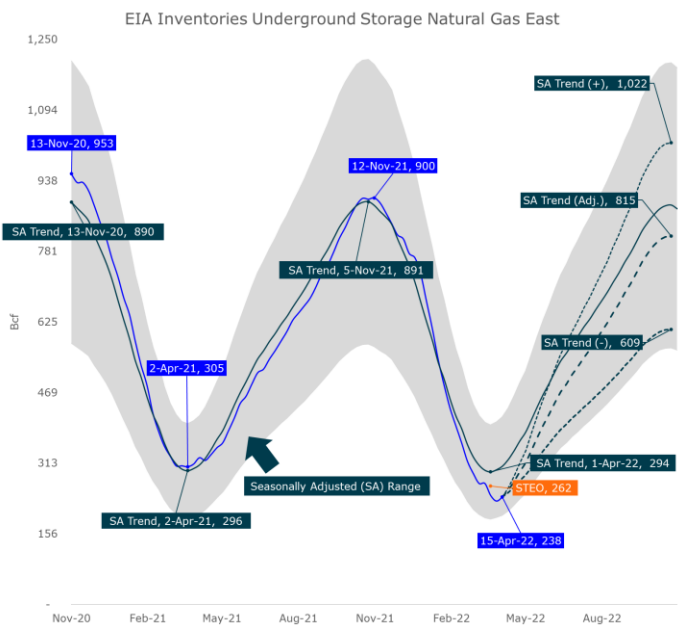
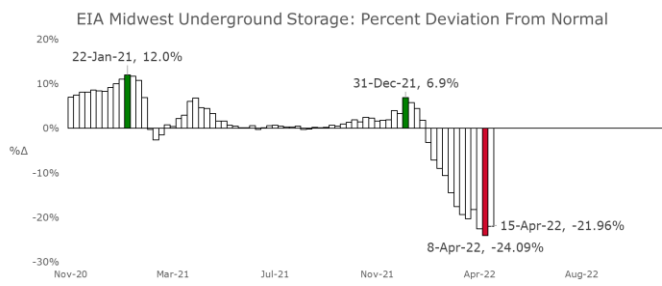
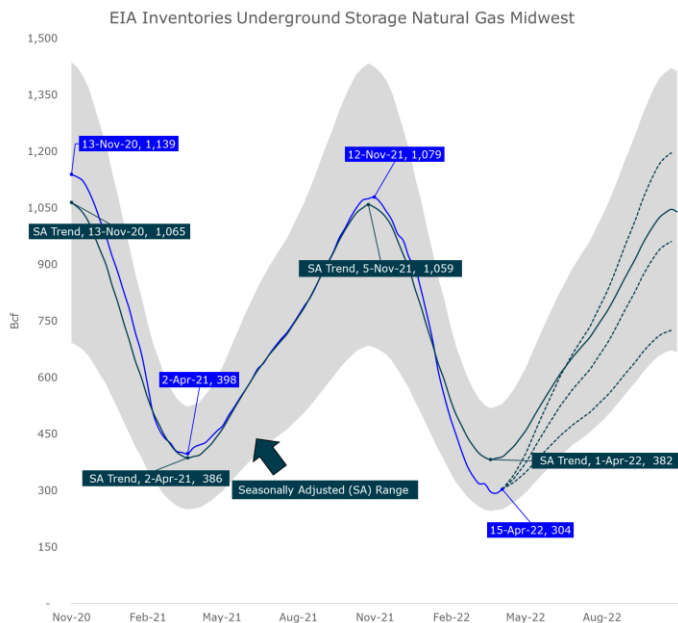
EIA L48 Underground Storage: Percent Deviation From Normal



The number was well outside the mean consensus forecasts on Dow Jones and Bloomberg, as well as ours. The injection was also above the seasonally adjusted norm of 37 ±8 Bcf. Underground storage of natural gas rose to 1.450 Tcf and the deficit to the seasonally adjusted norm narrowed by 170 basis points from 18.43% (316 Bcf) to 16.73% (291 Bcf).

The South Central area reported a large 33 Bcf injection. Last week's injection was the fourth straight addition of the season. A total of 91 Bcf has been injected which is 12 Bcf (15%) above the seasonally adjusted trendline.

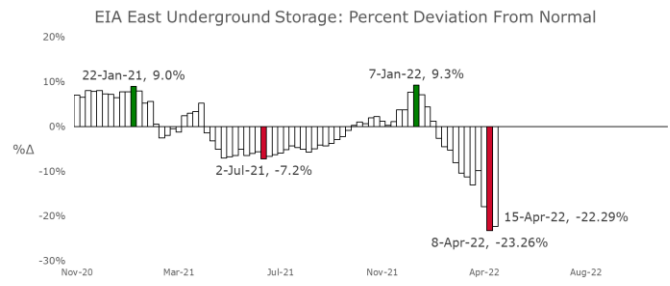
Storage rose to 650 Bcf and the deficit to the seasonally adjusted time series narrowed by 240 basis points from 17.99% (135 Bcf) to five-week low of 15.59% (120 Bcf).



The Midwest reported the first injection of the season. Storage rose 11 Bcf which is a good start. Last winter 115% of last summer's refill was delivered. Therefore,

we are going to need a lot of good injection reports in the weeks ahead. As of last Friday, Midwest stocks rose to 304 Bcf and the deficit to the seasonally adjusted norm improved by 212 basis points from a 3-year high of 24.09% (93 Bcf) to 21.96% (86 Bcf).

Storage in the East reported its first injection of the season. Inventories rose by 9 Bcf. Similar to the Midwest, last week's addition in the East was a good start and just like in the Midwest, we need to see a lot of good injections in the weeks ahead because last winter the market drew down 113% of the previous summers refill.



As of last Friday, storage in the East rose to 238 Bcf and the deficit to the seasonally adjusted trendline inched in by 96 basis points from a three-year high of 23.26% (69 Bcf) to 22.29% (68 Bcf).

### Bottom Line

Storage entered the refill season with an 18.4% (316 Bcf) deficit to the seasonally adjusted norm. The early consensus for next Thursday's report is on the low end (30 Bcf) of the seasonally adjusted norm.

Our early 50/50 forecast for end of June inventories is 2.355 Tcf, which is approximately 227 Bcf (8.9%) below the five-year average. Our early, early estimate for end-of-season storage is currently ≈3.40 Tcf.

