

# THE SCHORK REPORT

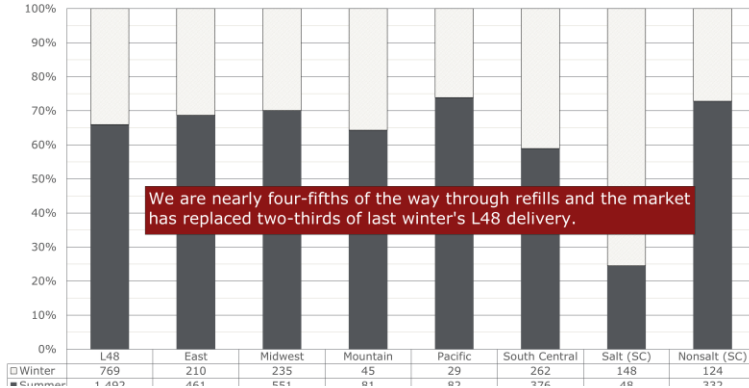


FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

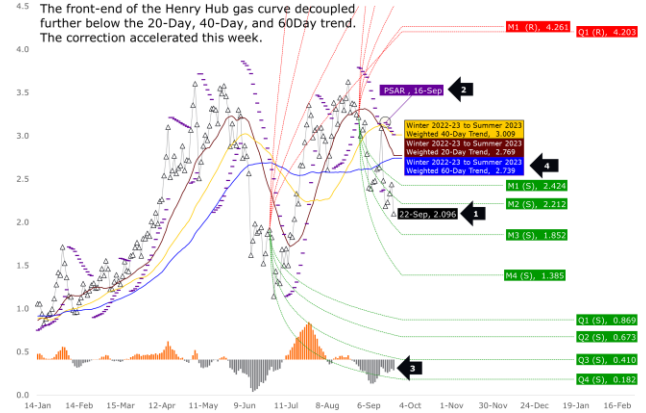
Friday, September 23, 2022

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

EIA Natural Gas Underground Storage Refill



NYMEX Natural Gas Winter 2022-23 / Summer 2023 Strip



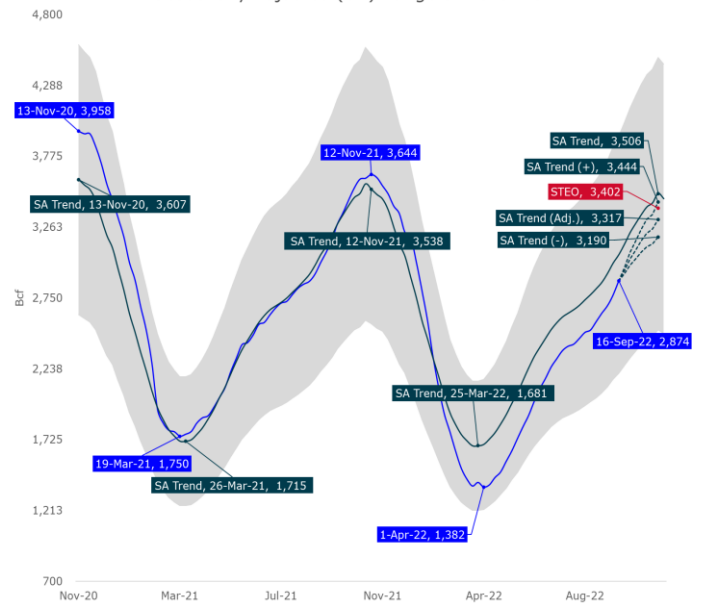
**Nota Bene:** The Gulf Coast refinery epicenter could be in for a nasty start to fall from Hermine.



According to [AccuWeather/USA Today](http://AccuWeather/USA Today), "[A] developing tropical system could spin up into a hurricane in the Gulf of Mexico by the middle of next week, forecasters warned Thursday... Most computer models predict the system will be a tropical storm by the weekend in the Caribbean. The models then show the system strengthening into a hurricane by early next week. If it becomes a named storm, it would be called Hermine."

the seasonally adjusted time series narrowed to an 8-month low of 190 Bcf (-6.2%). This was a **BEARISH** update.

EIA Inventories Underground Storage Natural Gas L48 Seasonally Adjusted (SA) Range & Trendline



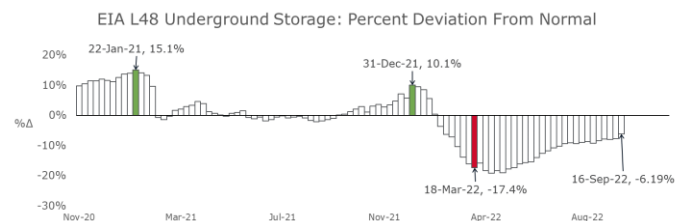
## Omnium Gatherum

ENERGY PRICES WERE MIXED YESTERDAY... NYMEX natty gas tanked in the wake of the largest reported build in storage this season, while oil held firm.

## EIA Natural Gas Review

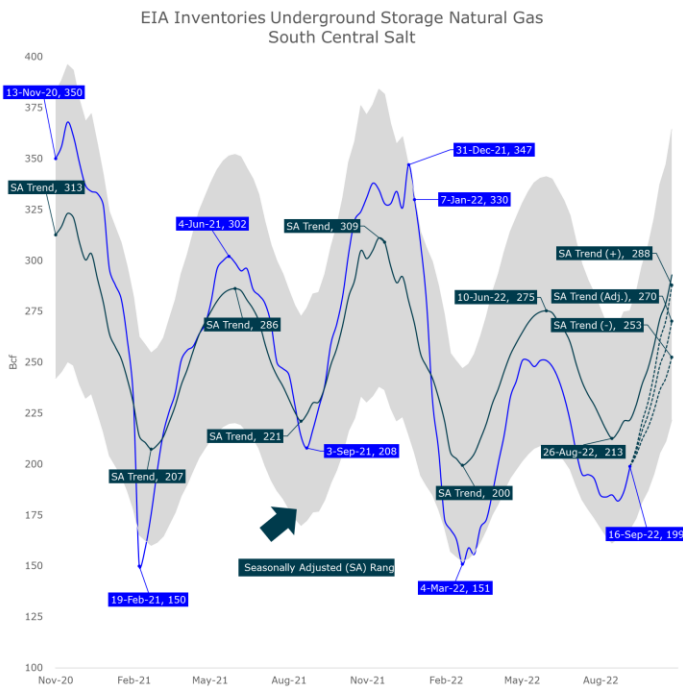
Yesterday, the EIA reported a massive injection of 103 Bcf of natural gas into L48 underground storage. This is the largest injection to date. As of September 16<sup>th</sup>, inventories rose to 2.874 Tcf. Better still, the shortfall to

The South Central area reported a monster of an injection of 31 Bcf, the largest injection since the start of the season back in April. Storage rose to 935 Bcf. The deficit



to the seasonally adjusted time series plunged by 265 basis points (bps) to an 8-month low of 16 Bcf (-1.7%).

On the South Center breakdown, the Salts injected a heavy 12 Bcf, the largest addition since the end of last winter. Storage rose to 199 Bcf. **In just two weeks, the market replaced 17 Bcf of the 69 Bcf (one-fourth) of the gas that gas-fired utilities withdrew throughout the Dog Days of summer.** As of yesterday's report, the deficit to the seasonally adjusted trendline was cut by one-third to a 3-month low of 23 Bcf (-5.2%).



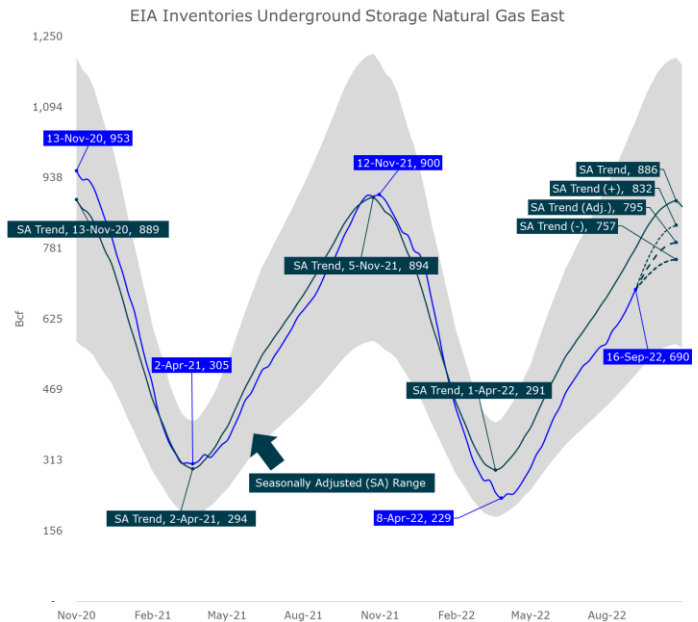
The Nonsalt portion of the South Central increased by 19 Bcf to 736 Bcf, the highest level since the first week of this year. **As a result, the comparison to the seasonally adjusted trendline flipped from deficit to the first surplus (5 Bcf) since February.**

The Midwest reported a normal injection of 35 Bcf. Inventories rose to 844 Bcf and the deficit to the seasonal norm narrowed to an 8-month low of 53 Bcf (-5.9%). This season's refill is up to an impressive 551 Bcf which is 34 Bcf (6.7%) above the seasonally adjusted time series and 45 Bcf (8.9%) above last year's injection.

The East reported a great injection of 29 Bcf. Storage rose to 690 Bcf and the shortfall to the seasonal norm narrowed to a six-week low of 92 Bcf (-11.7%). Last week's *great* injection aside, this season's refill is a mediocre 461 Bcf which is 30 Bcf (-6.0%) below the seasonally adjusted trendline.

## Bottom Line

Season to date refills sum 1.492 Tcf. This is a solid addition. For this point in the end of summer, you want to see a refill of at least 1.382 Tcf.



Cooling demand in major market areas in the Central U.S. picked up this week but so too, did the wind. The typical injection for next Thursday's report is  $76 \pm 22$  Bcf. Given the weather outlooks, offset by increased wind generation, this report will come in above 76 Bcf, with some early forecasts calling for yet another triple-digit addition.

We are holding the probability of hitting the EIA's end-of-season target of 3.402 Tcf at 33% (odds 2:1). If we do see a  $\geq 100$  Bcf injection next Thursday—which we think is implausible but, you never know in natty—then we will up the odds on 3.402 Tcf end-of-season storage to 38% (odds of 5:3). As we commented last week, our final end-of-season forecast is 3.426 Tcf.

