

THE SCHORK REPORT

FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

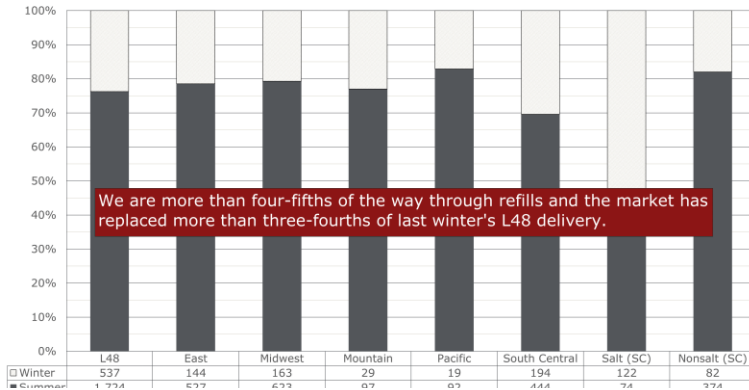


Friday, October 07, 2022

www.schorkgroup.com

Mr. Schork will be on FBN with Neil Cavuto today at noon.

EIA Natural Gas Underground Storage Refill



EIA Weekly Natural Gas Status Report

Storage Δ (Bcf)	23-Sep	Seasonally Adjusted Norm	30-Sep	Bias
L48	103	83 ± 24	129	Bearish
South Central	23	24 ± 5	45	Bearish
Salt	5	10 ± 3	21	Bearish
Nonsalt	18	13 ± 3	24	Bearish
Midwest	35	31 ± 11	37	Neutral
East	31	23 ± 8	35	Bearish
Mountain	8	3 ± 1	8	Bearish
Pacific	6	3 ± 1	4	Neutral

Nota Bene: Hmm, why should U.S. taxpayers pay \$24 a barrel to refill the SPR, when they can pay \$80 a barrel?

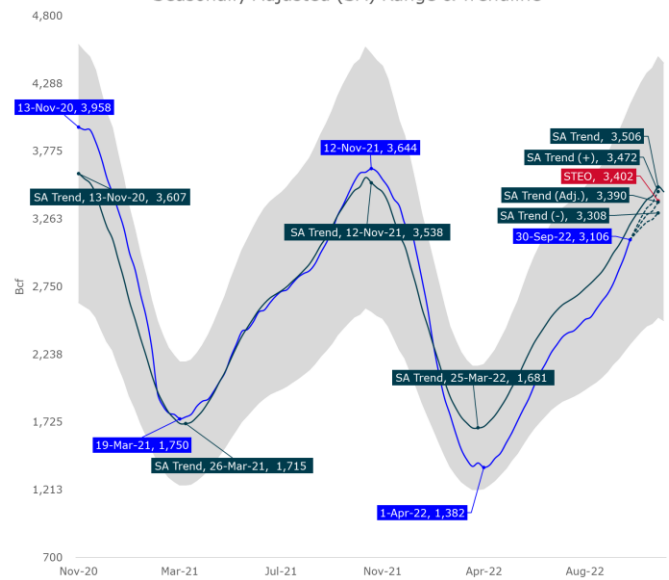
According to this story on [Bloomberg](#) and [ZeroHedge](#), what makes OPEC's snub of President Biden's plea to hold steady on production so unfathomable is that the President's crackerjack team of "experts" were working behind the scenes and offered a secret deal to replenish Biden's 200 Mmb political drawdown of the SPR with OPEC+ (which includes Russia don't forget) oil at \$80 a barrel in exchange for MBS and Putin not cutting oil production.

Remember, it was only two years ago when President Biden's lapdog, Senate Democratic Leader Chuck Schumer was [cackling](#) that the Democrats torpedoed then President Trump's proposal to max out the SPR at \$24 a barrel.

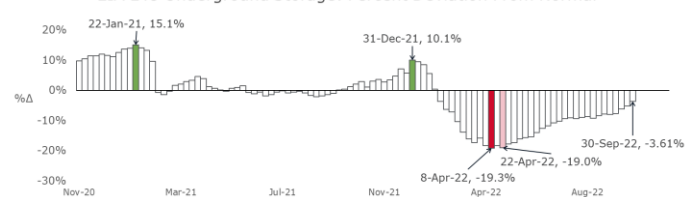
Hey Chuck—you ideological stooge—who's laughing now?

ballooned to 3.106 Tcf (see below) and the shortfall to the seasonally adjusted time series narrowed to a 9-month low of 116 Bcf. This was a **BEARISH** update.

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



EIA L48 Underground Storage: Percent Deviation From Normal



Omnium Gatherum

ENERGY PRICES WERE STRONG YESTERDAY... Oil markets moved higher on carryover momentum from the OPEC+ news, while NYMEX natty bulls shrugged off a near-record build in stocks and forged higher.

EIA Natural Gas Review

Yesterday, the EIA reported a mammoth injection of 129 Bcf of gas into L48 underground storage. This is the third largest injection since weekly data was first published by the AGA in 1994. As of September 30th, inventories

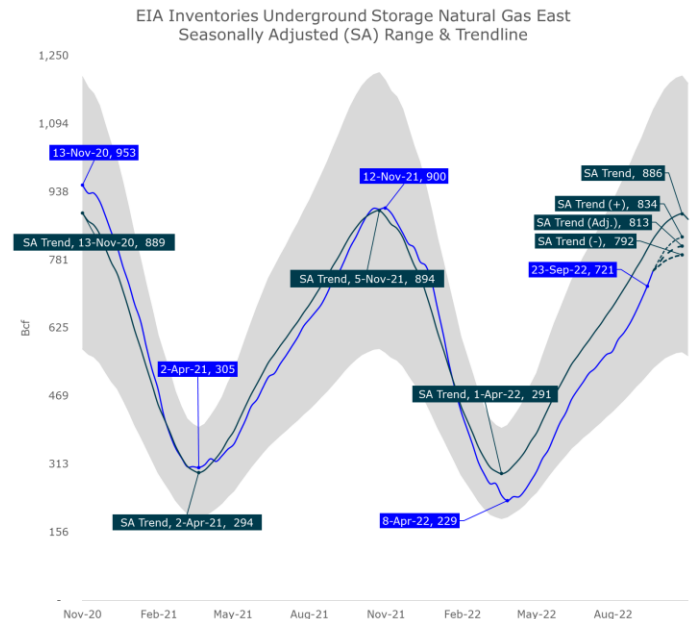
The South Central area reported a massive injection of 45 Bcf, the largest weekly addition since the start of Covid mitigation diktats in spring of 2020 an one of the largest injections ever. Over the past three reports, a

gargantuan 99 Bcf was stuffed into the ground. As a result, storage rose last Friday to 1.003 Tcf and the Y/Y comparison flipped from deficit to the first surplus since the start of the year.

On the South Central breakdown, the Salts injected a substantial 21 Bcf, one week after injecting a meager 5 Bcf. As of last Friday, storage rose to 225 Bcf. **In the past four weeks, the market replaced more than 4 out of 7 molecules that utilities withdrew throughout the Dog Days of summer.** As of yesterday's report, the deficit to the seasonally adjusted trendline was cut in half to a 9-month low of 14 Bcf.

The Nonsalt portion of the South Central increased by a strong 24 Bcf to a year-to-date high 778 Bcf. **The burgeoning surplus to the seasonally adjusted trendline is now 24 Bcf.**

The Midwest posted a normal injection of 37 Bcf. Inventories rose to 916 Bcf and the deficit to the seasonal norm narrowed to an 8-month low of 47 Bcf (-5.1%). This season's refill is up to an impressive 623 Bcf which is 46 Bcf (7.9%) above the seasonally adjusted time series and 50 Bcf (8.7%) above last year's injection.



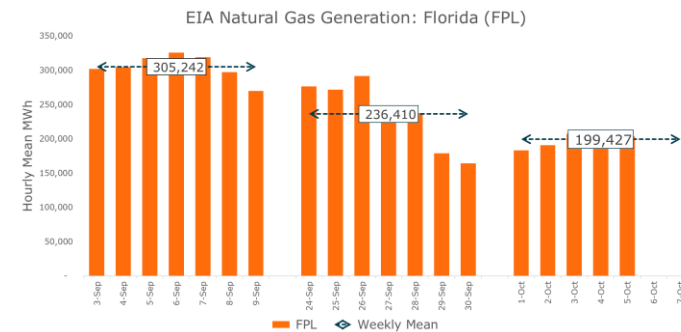
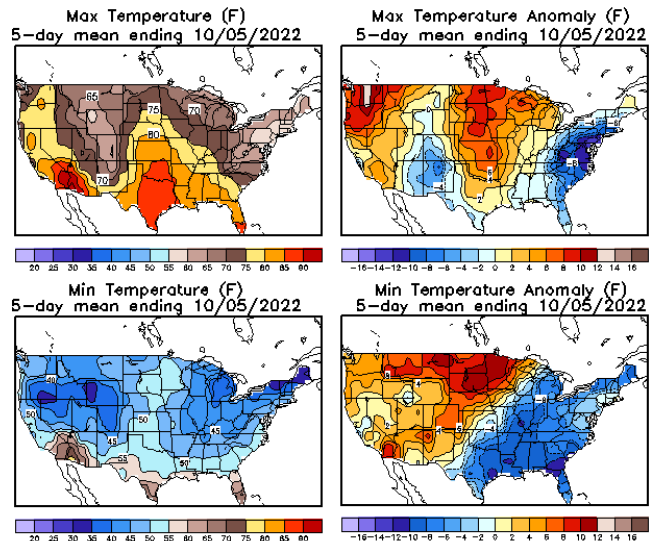
Although injections in the East have recently made up a lot of ground, storage is still on pace to enter winter well below the seasonally adjusted trendline.

The East reported a third straight terrific injection. Storage increased by 35 Bcf last week and has now increased by an imposing 95 Bcf over the past three reports. As of last Friday, stocks stood at 756 Bcf and the shortfall to the seasonal norm narrowed to an 8-month low of 73 Bcf. The last three *great* injections aside, this season's refill is a mediocre 527 Bcf which is 11 Bcf (-2.1%) below the seasonally adjusted norm.

Bottom Line

L48 refills to date sum an impressive 1.724 Tcf. For early October you want to see a refill of at least 1.51 Tcf. As such, we are 183 Bcf (12%) above this level and 186 Bcf (12%) above last year's pace.

The typical injection for next week's report is 67 ±29 Bcf. As illustrated, an early taste of winter this week in the East and a pullback in wind generation in the Central U.S. is offset by a dearth of degree days east of the Mississippi and extant demand destruction from Hurricane Ian.



All of this translates to another mammoth injection (similar to what we saw yesterday) in next Thursday's EIA report! As such, the prospects of hitting the EIA's end-of-season forecast of 3.402 Tcf have improved over the past month from odds of 7/2 (≈22% probability) to better than an even-money proposition. In fact, the even-money odds of end-of-season storage are now just shy of 3.50 Tcf!

