

# THE SCHORK REPORT

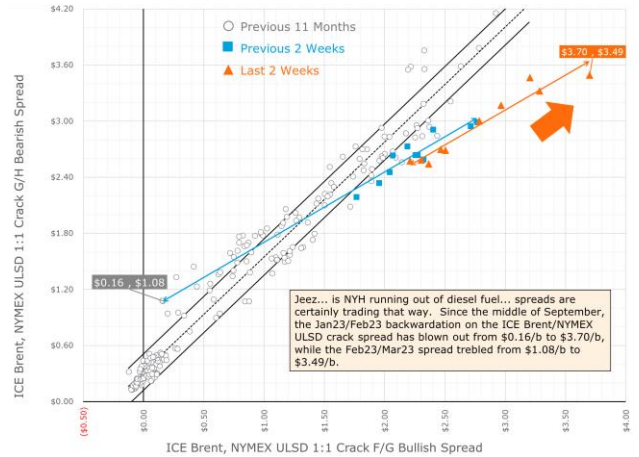


Friday, November 04, 2022

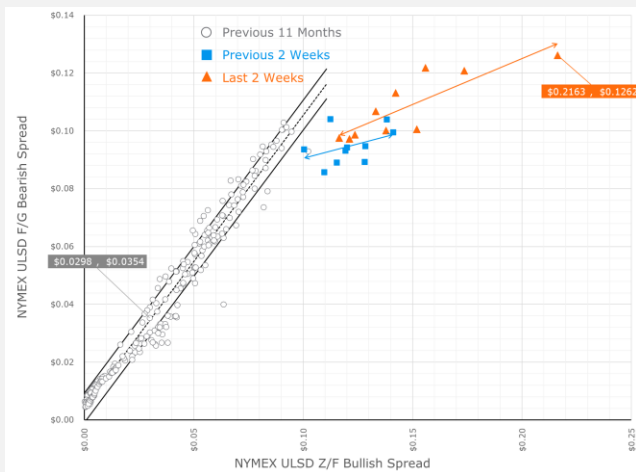
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FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

EIA Weekly Natural Gas Status Report				
Storage Δ (Bcf)	21-Oct	Seasonally Adjusted Norm	28-Oct	Bias
L48	52	29 ± 8	107	Bearish
South Central	17	10 ± 2	44	Bearish
Salt	6	8 ± 2	22	Bearish
Nonsalt	11	2 ± 1	22	Bearish
Midwest	20	13 ± 5	35	Bearish
East	13	8 ± 3	23	Bearish
Mountain	4	(1) ± 0	5	Bearish
Pacific	(1)	(1) ± 0	(1)	Neutral

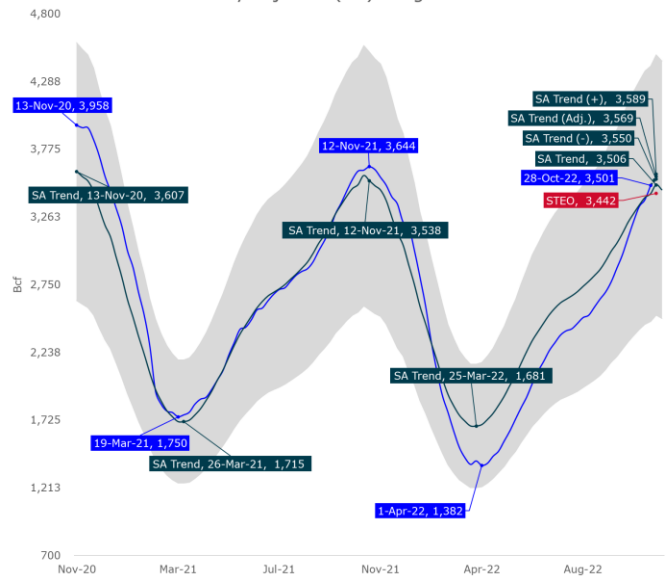


**Nota Bene:** Panic in the New York Harbor N#2 oil market! Over the past two months, the backwardation on the NYMEX ULSD Dec22/Jan23 has posted a near 3-fold increase from \$0.0298 a gallon to \$0.2163 a gallon. At the same time, the backwardation on the Jan23/Feb23 rallied from \$0.0056 a gallon to \$0.0901 a gallon.



Bcf to 3.581 Tcf and the comparison to the seasonally adjusted trend moved into a surplus (63 Bcf) for the first time since last January.

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



EIA L48 Underground Storage: Percent Deviation From Normal



## Omnium Gatherum

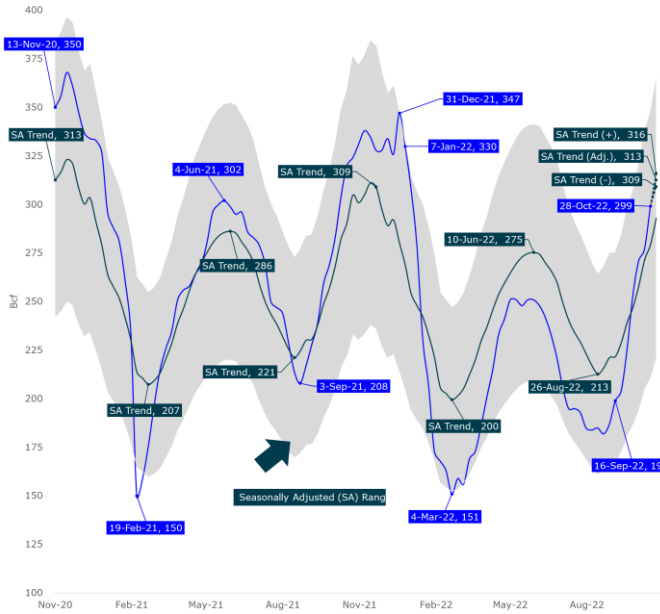
ENERGY PRICES WERE WEAK YESTERDAY... with one glaring exception. NYMEX natty tanked after the EIA reported a monster of injection for last week. Most oil markets moved lower with the exception of the distillate markets on both sides of the Atlantic.

## EIA Natural Gas Review

Yesterday, the EIA reported another triple-digit injection. As of October 28<sup>th</sup>, L48 underground storage rose by 107

The South Central area reported a massive 44 Bcf injection. Storage now stands at a year-to-date high of 1.160 with a burgeoning surplus to the seasonally adjusted trend of 95 Bcf.

EIA Inventories Underground Storage Natural Gas  
South Central Salt



On the South Central breakdown, storage in the Salts rose by a heavy 22 Bcf to 299 Bcf. **In the past eight weeks, a total of 117 Bcf has been injected which is 48 Bcf greater than the 69 Bcf that was delivered to utilities throughout the Dog Days of summer.** As of yesterday's report, the surplus to the seasonally adjusted trendline is 20 Bcf. Two months ago, this comparison stood at a 34 Bcf deficit.

**The Nonsalt portion of the South Central increased by a huge 22 Bcf to the highest level, 861 Bcf, since December 2020.** The surplus to the seasonally adjusted trendline jumped by 20 Bcf to 74 Bcf, the largest cushion since the second week of this year.

The Midwest posted a fat injection of 35 Bcf. Inventories rose to 1.042 Tcf and the comparison to the seasonal norm moved to a surplus (1 Bcf) for the first time since last January. This season's refill is up to an impressive 749 Bcf which is 88 Bcf (13.3%) above the seasonally adjusted time series and 76 Bcf (11.3%) above last year's injection.

The East reported a strong injection of 23 Bcf. After lagging for most of the season, injections since the Labor Day holiday sum a substantial 213 Bcf. As of last Friday, stocks stood at 848 Bcf and the shortfall to the seasonal norm narrowed to a season-to-date low of 35 Bcf. This season's refill now totals 619 Bcf which is 27 Bcf (4.6%) above the seasonally adjusted norm and 25 Bcf (4.2%) above last year's pace.

### Bottom Line

Injections of natural gas into L48 underground storage are finishing this season at a blistering pace. The EIA has now reported a triple-digit injection in six of the last seven

reports. Never have we seen this many plus-100 Bcf injections this late into the season. Since the middle of September, a total of 730 Bcf has been injected. This is a massive number of molecules.

Looking back at the past 28 years of storage data (inclusive of the AGA numbers), the average injection through the month of August is 1.434 Tcf, with a 95% confidence interval in between 1.336 Tcf and 1.532 Tcf. Now consider that through this past August, the injection summed only 1.258 Tcf or 78 Bcf (-6.9%) below the bottom confidence level.

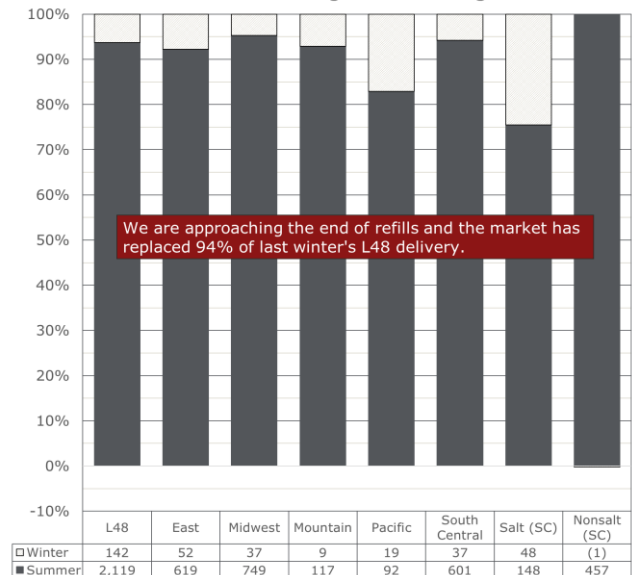
Since then, injections have boomed on a combination of moderating temps, found molecules from the extant shut-in of Freeport LNG and the scheduled maintenance at Cove Point LNG in Maryland.

The average refill for the entire season over the past 28 years is 2.070 Tcf with a confidence interval in between 1.948 Tcf and 2.193 Tcf.

As of today's report, this season's refill is already up to 2.119 Tcf. The early consensus for next Thursday's EIA is a substantial 80 Bcf (week ended November 04<sup>th</sup>), which will bring the refill up to 2.199 Tcf, i.e. 6 Bcf above the upper confidence level of the past 28 years.

**Inside of two months, this season's refill has morphed from a 78 Bcf deficit to the historical norm, to a 6 Bcf surplus to the norm.**

EIA Natural Gas Underground Storage Refill



And it might not end there. Given the weather forecast out through next week, relatively mild in the all-important Chicago and New York City markets areas, there is a chance we can see yet another injection through the week ended November 11<sup>th</sup>.

