

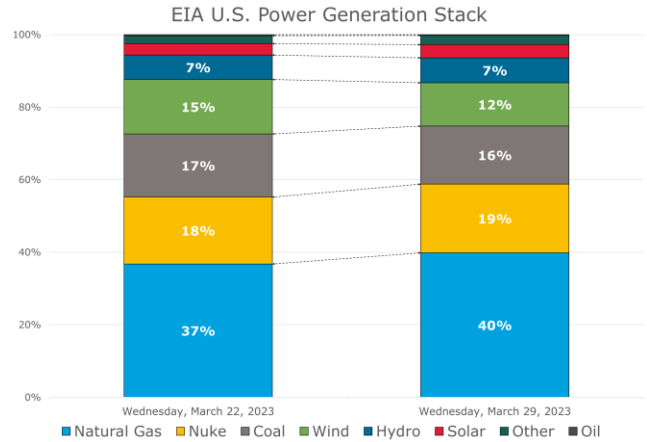
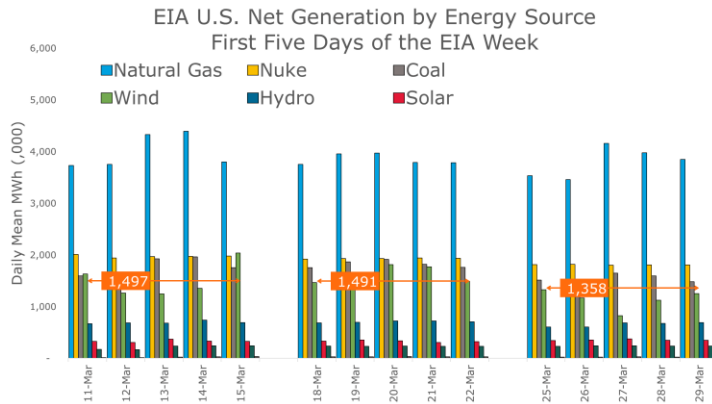
THE SCHORK REPORT



FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

Friday, March 31, 2023

www.schorkgroup.com



Nota Bene: With Houston and UT out of it, no one reading this note has a dog left in the fight. Therefore, let's all get behind the FAU Owls. You have to love an underdog!

Omnium Gatherum

ENERGY PRICES WERE MIXED YESTERDAY... NYMEX natty for May delivery picked up were natty for April delivery left off, moving lower. Oil rallied as bulls hope the [Chinese](#) will come to the rescue.

EIA Natural Gas Recap

Yesterday, the EIA reported a lighter than expected 47 Bcf delivery (withdrawal) of natural gas from L48 underground storage. The report was larger than the typical delivery for this report which is 20 ±6 Bcf. However, the major surveys were looking for a delivery in the middle 50s Bcf.

As of last Friday, March 24th, storage fell to 1.853 Tcf (see below).

The South Central area reported an abnormally large delivery of 10 Bcf, the largest withdrawal since the first half of February.

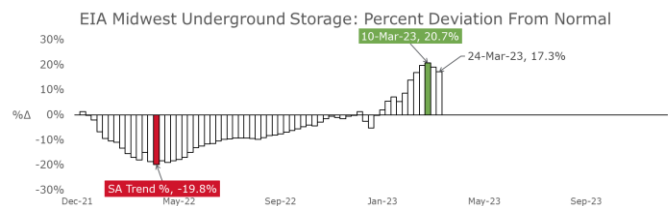
This season's delivery through last Friday is a feeble 311 Bcf, which is well less than half of last summer's 669 Bcf injection (addition). Moreover, the extant delivery is 107 Bcf (26%) below the range of our model's seasonal time series analysis... 26% below normal!

On the breakdown, storage in the Salts was unchanged at 262 Bcf. Therefore inventories are at the same level at the end of March, as the first half of February. The surplus to a year ago narrowed by 13 Bcf to 93 Bcf (55%).

The Nonsalt portion of the South Central market area posted a 9 Bcf delivery and has now posted back-to-back deliveries after posting back-to-back injections. Over this time, we have seen a net 6 Bcf injection, whereas the norm is a 23 ±6 Bcf delivery. This market areas year-over-year surplus is 253 Bcf (61%)!

Inventories fell to 655 Bcf. The market's surplus to a year ago fell by 2.95 percentage points from a **seven-year high** of 64% (260 Bcf) to 59% (243 Bcf). Furthermore, inventories **are 49 Bcf (8%) above our model's seasonally adjusted range (above normal)**.

The Midwest posted a heavyish delivery of 24 Bcf. Our models show we normally see a delivery for this report of 15 ±6 Bcf. Inventories dropped to 437 Bcf. As illustrated, the market's surplus to our model's seasonally adjusted trend narrowed by 1.8 percentage points to 17% (64 Bcf).



This season's delivery is up to 647 Bcf which is 115 Bcf (15%) below last year's pace, 55 Bcf (8%) below the five-

year interpolated mean and 70 Bcf (10%) below our model's (base case) seasonally adjusted norm.

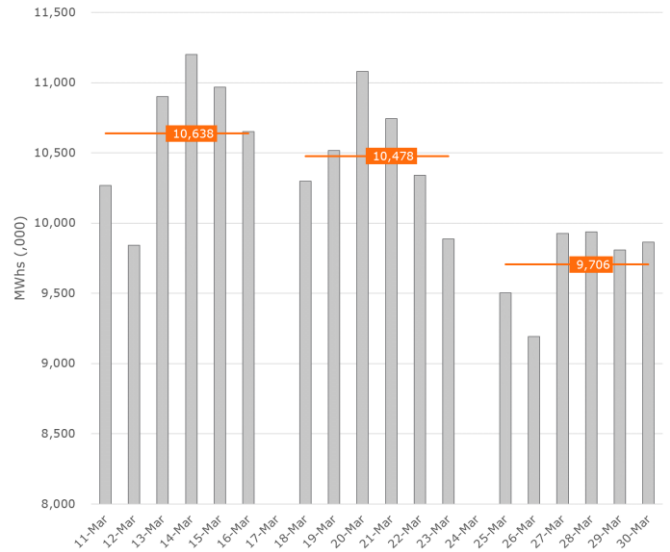
Storage in the Midwest is now on track to finish winter somewhere in between 425 Bcf and 431 Bcf. The EIA's latest forecast is up to 446 Bcf. Last year, the Midwest ended winter at 293 Bcf.

The East reported a normal delivery of 12 Bcf. Our model shows we normally see a delivery for this report of 13 ±5 Bcf.

Storage fell to 343 Bcf. At this point last year, storage was 268 Bcf. The season is now on the off-ramp and the market has only had to deliver 83% (539 Bcf) of last year's 653 Bcf refill. The market's surplus to our model's seasonally adjusted norm (base case) rose by 0.86 percentage points to 17% (50 Bcf). Storage is on track to finish winter somewhere in between 330 Bcf and 337 Bcf. The EIA's latest forecast is 350 Bcf. Last year, storage ended winter at 229 Bcf.

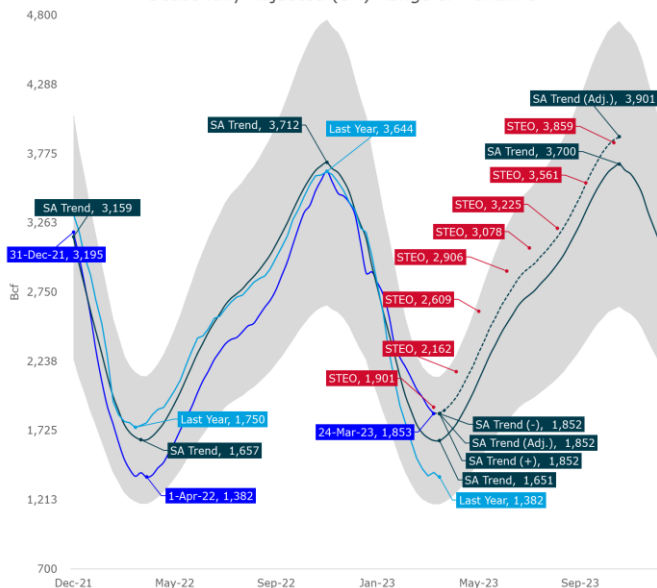
Bcf (31%) surplus to a year ago, a 194 Bcf (12%) surplus to the five-year average and a 201 Bcf (12%) cushion to our model's seasonal time series analysis.

EIA U.S. L48 Electric Demand



Thus far, this week power demand is running at the lowest rate, 9,706 GWhs, since October 2021 (see above). Gas furnace demand eased this week in the all-important Midwest market area, e.g. degree days in Chicagoland are still running 11% above the seasonal trend but are down by 15% from the prior week's level (see below).

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

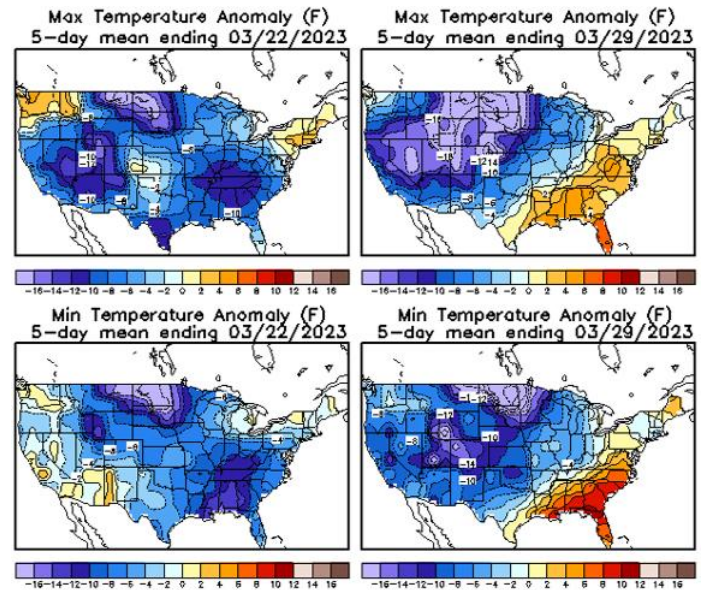


EIA L48 Underground Storage: Percent Deviation From Normal



Summary

This season's hitherto delivery is 1.791 Tcf is 438 Bcf (-20%) below last year's pace, 206 Bcf (-10%) below the five-year interpolated mean and 268 Bcf (-13%) below our model's seasonally adjusted base case. As we begin to transition to the refill season, the market enjoys a 438



Source: NOAA

[EIA Week 22-Mar](#)

[EIA Week 29-Mar](#)

