

THE SCHORK REPORT

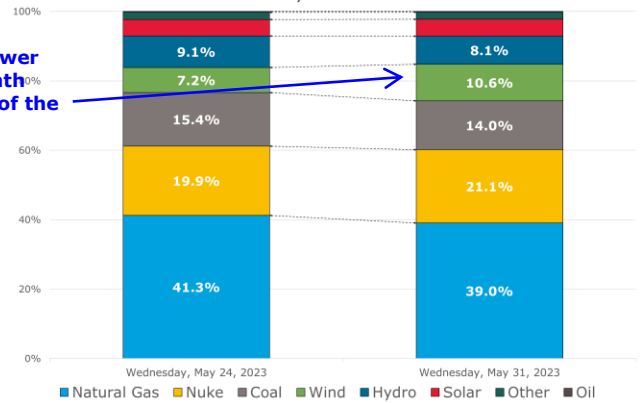


Friday, Jun 02, 2023

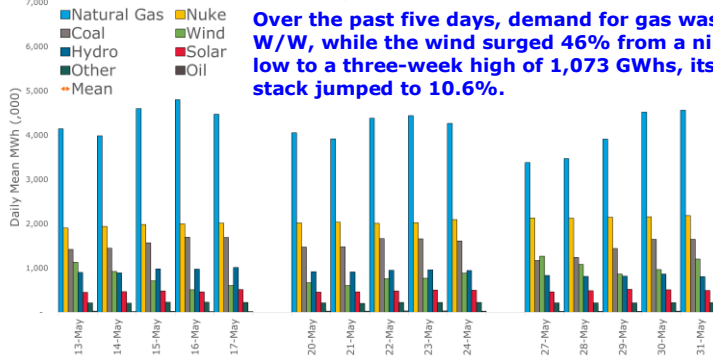
www.schorkgroup.com

FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

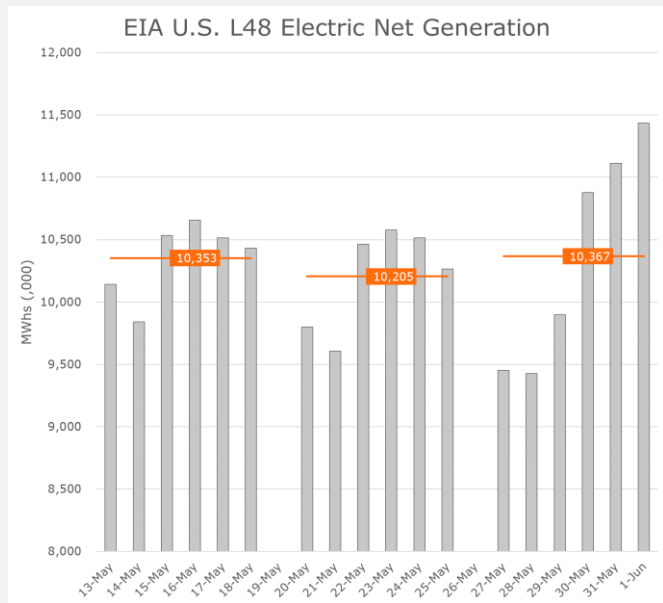
EIA U.S. Power Generation Stack
First Five Days of the EIA Week



EIA U.S. Net Generation by Energy Source
First Five Days of the EIA Week

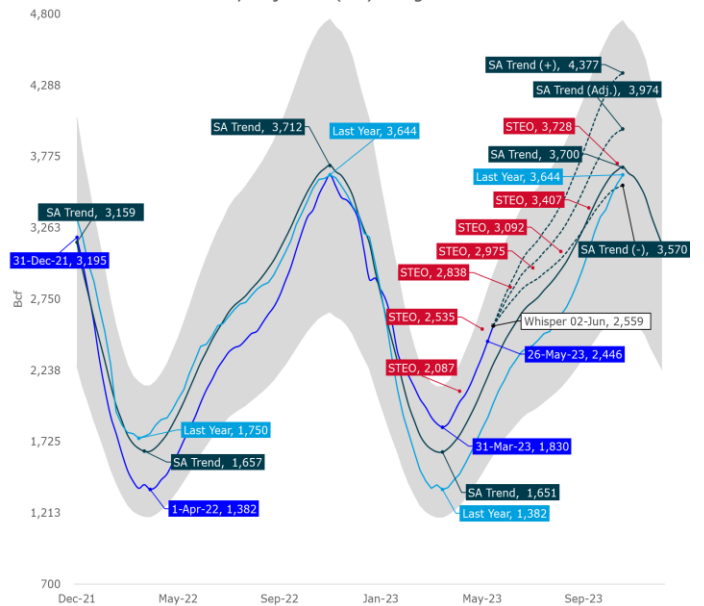


Nota Bene: Through the first six days of the current EIA week, demand for electricity is 1.6% higher W/W at an average 10,367 GWs.



110 Bcf was added, the first triple-digit injection of the season. The typical injection for this update is 93 ±27 Bcf, so yesterday's report was strong.

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



Omnium Gatherum

ENERGY PRICES WERE MIXED YESTERDAY... oil bounced back as all eyes turn to Sunday's OPEC meeting in Vienna. NYMEX natty tanked as the weekly update from the EIA did zilch to dissuade bears from selling even more gas.

EIA Natural Gas Recap

Yesterday, the EIA reported the eighth injection (addition) of gas into L48 underground storage. A net of

This season's hitherto injection is 616 Bcf which is 97 Bcf (19%) greater than a year ago, 51 Bcf (9%) above the five-year mean (interpolated) and 75 Bcf (14%) above the base case in our seasonal time series analysis. As of last Friday, May 26th, storage rose to 2.446 Tcf.

We are a quarter of the way through the season and the market has already replaced a third of last winter's delivery. Storage is well on pace to finish the season

above 3.90 Tcf which is nearly 200 Bcf greater than the EIA's 3.73 Tcf forecast.

Gas Bulls or Celtic fans... who is more miserable?

The only people more depressed today than gas bulls are Boston Celtic fans. The bottom fell out from the NYMEX market in the wake of yesterday's EIA report. The spot market for July delivery crashed to a 13-year life-of-contract low print of \$2.136 and a life-of-contract low settlement of \$2.158.

Weather through this EIA week has been relatively mild for key markets in the Midwest and East. Even down in Houston, mean temps have been slightly below normal, albeit with typical Houston mugginess. Utility demand for gas has backed off. Through the first five days of the week, demand is down 6% to a three-week low of 3,965 GWhs. One week after plunging to a nine-month low, wind jumped by 46% this week to a three-week high of 1,073 GWhs.

From this point on, injections tend to trend lower as cooling demand picks up. The normal injection for next Thursday's update is 90 ± 26 Bcf. However, given this week's weather, lower power demand and the holiday, next week's addition will be strong. The early consensus on Reuters ranges from the high 90s Bcf to the middle 120s Bcf.

EIA Petroleum Recap

Yesterday, the EIA reported a **NEUTRAL** update for the week ended May 26th. Total crude oil inventories bounced back by 4.49 MMbs, one week after plunging by the 9th largest amount, 12.46 MMbs, of the past 40 years. The total build was inclusive of a substantial 1.63 MMb build at the NYMEX terminal complex in Cushing.

EIA Weekly Petroleum Status Report				
Stocks Δ (Mbs)	EIA 19-May	Seasonally Adjusted Norm	EIA 26-May	Bias
Crude Oil	(12,456)	(300) ±2,700	4,489	Bearish
Cushing	1,762	(300) ± 600	1,628	Bearish
Mogas	(2,053)	500 ±1,200	(207)	Neutral
Distillate	(561)	1,300 ±1,100	985	Neutral
Net	(15,070)	1,500 ±5,000	5,267	Neutral

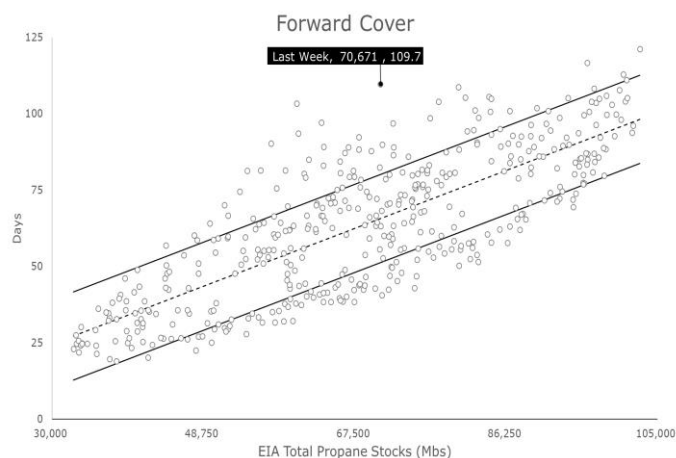
The build in crude oil stocks was compounded by rebounds in the products. Gasoline stocks rose by 1.89 MMbs, one week after falling by 6.40 MMbs and distillate inventories rose by 1.85 MMbs, one week after falling by 1.77 MMbs.

One week after plummeting by the 6th largest amount ever, 15.07 MMbs, inventories of the three headline markets rose by 5.27 MMbs over the past week.

As illustrated, the normal week-over-week change in crude oil stocks is a 0.3 ± 2.70 MMb draw. On the products side, we typically see builds, 0.5 ± 1.2 MMbs for gasoline and 1.3 ± 1.1 MMbs for N^o2 oil. For Cushing crude oil, we normally see 0.3 ± 600 Mb draw.

You Can Not Swing a Cat Without Hitting a Tank of Propane!

Propane stocks are teeming. Over the past six weeks, inventories have risen by a substantial 15.22 MMbs. Inventories now stand at 70.67 MMbs and forward cover jumped to an eye popping seven-year high of 109.7 days.



Finally, we saw the ninth straight withdrawal from President Biden's political piggy bank. The Strategic Petroleum Reserve (SPR) was robbed of 2.52 MMbs (360 Mb/d) last week. Stores of the nation's strategic supply of crude oil fell to the lowest level, 355.44 MMbs, since September 1983.

Since Biden's raid on the SPR began, forward cover has dropped from an 11-year high of 53.3 days in March of 2021 (Biden's second month in the Oval Office) to a **record 22.2 days**. As demand continues to pick up, and the SPR is drawn down by another ≈ 9 MMbs, cover is on pace to drop to below 21 days.

