

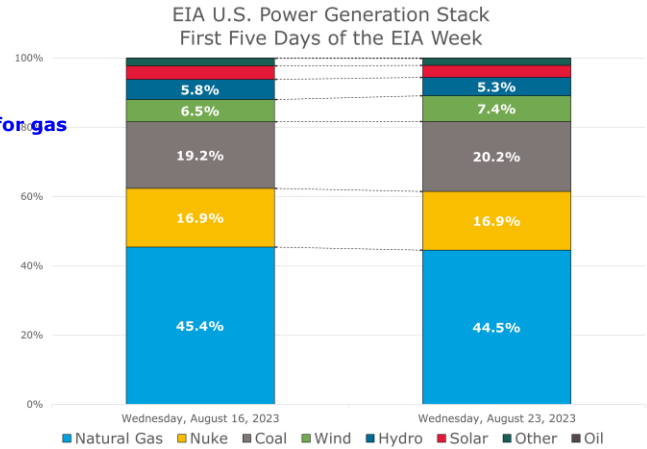
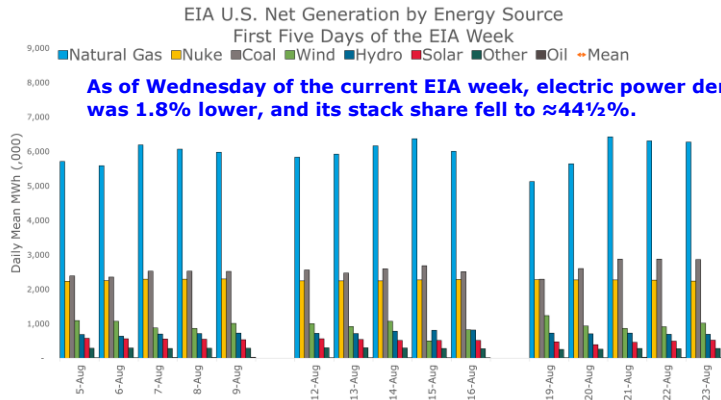
THE SCHORK REPORT



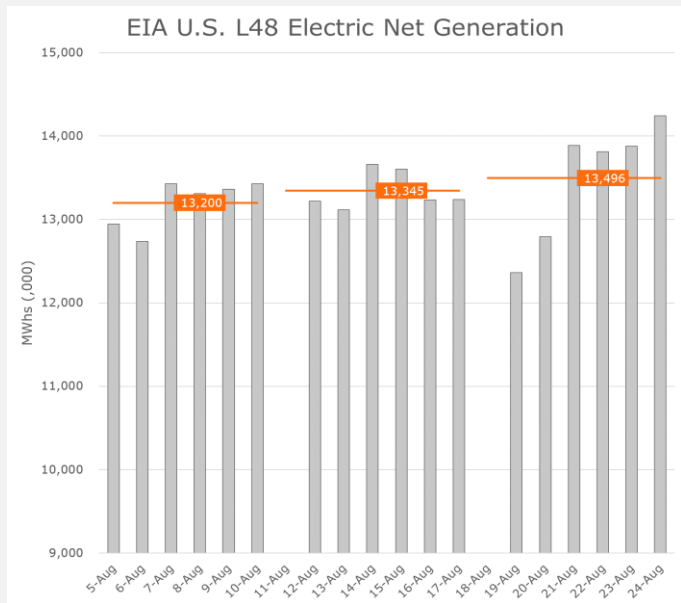
Friday, August 28, 2023

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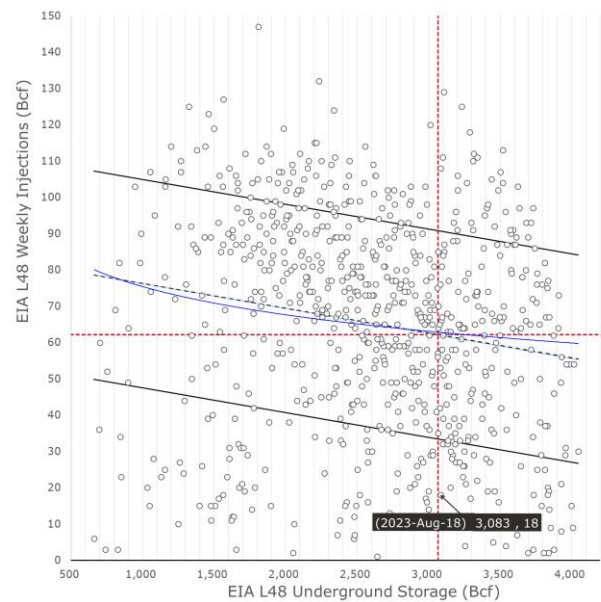
FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS



Nota Bene: As of yesterday of the current EIA week, demand for electricity was 1.1% higher at a four-week high of 13,496 GWhs.



Bcf was added. The typical injection for this update is 49 ± 14 Bcf so last week's addition was well below normal. The addition was also a shock to the consensus which averaged in the low 30s Bcf on the major surveys.



Relative to current storage levels, last week's 18 Bcf injection was well below normal.

Omnium Gatherum

ENERGY PRICES WERE FIRM YESTERDAY... NYMEX natty was weak early but rocketed higher after the EIA surprised the market with a meager injection report for last week. Oil markets meandered higher.

EIA Natural Gas Recap

Yesterday, the EIA reported the 20th injection (addition) of gas into L48 underground storage. A disappointing 18

The season-to-date injection is up to 1.253 Tcf; a solid amount that is 56 Bcf (5%) greater than a year ago. However, for the first time this season, the hitherto addition fell below the base case in our seasonal model.

At the end of June, this year's injection was 120 Bcf (13%) greater than our base case. Since then, the injection is 121 Bcf (38%) below our base case. Adjusted

for rounding, the current pace of injections is now 2 Bcf below our model's base case.

In other words, an extremely bearish picture through the midpoint of summer has softened through the dog days of summer.

To this point, according to the Encyclopedia Britannica, the Dog Days of Summer is the period of exceptionally hot and humid weather that often occurs in July, August, and early September in the northern temperate latitudes. The designation of Dog Days originated (depending on whose history book you are partial to) with the ancient Greeks, Romans, and/or Egyptians.

It was thought that Sirius, the Dog Star, which rises simultaneously with the Sun during this time of the year, added its heat to the Sun's and thereby caused the hot weather. Their belief that dogs were subject to spells of madness at this time also may have contributed to the name. Because people tended to become listless during the dog days, Sirius was held to have a detrimental effect on human activities, such as trading gas.

We refer to this period in the Salt Region as the *Wimpy Phase*, i.e., when utilities in the northern latitudes will gladly pay Gulf Coast Salt Domes in the fall for natural gas today.

Despite lax cooling demand for most of this summer throughout the Midwest and Northeast, *Wimpy* has borrowed a tremendous amount of gas.

At this point in the season, we expect to see a delivery from the Salts of 50 ±12 Bcf. Thus far this summer, we have seen a 70 Bcf delivery.

Now, it all comes down to Mother Nature if *Wimpy* will be able to repay all of this gas in the fall.

Current EIA Week

Through Wednesday, utility demand for gas is 1.8% lower week-over-week at 5,940 GWhs. Demand for nukes is essentially unchanged at 2,263 GWhs. Coal is 5.4% higher at 2,700 GWhs and wind gen is up 14.9% at 990 GWhs. On the downside, hydro is off 7.7% at 709 GWhs and solar is down by 12.0% at 466 GWhs.

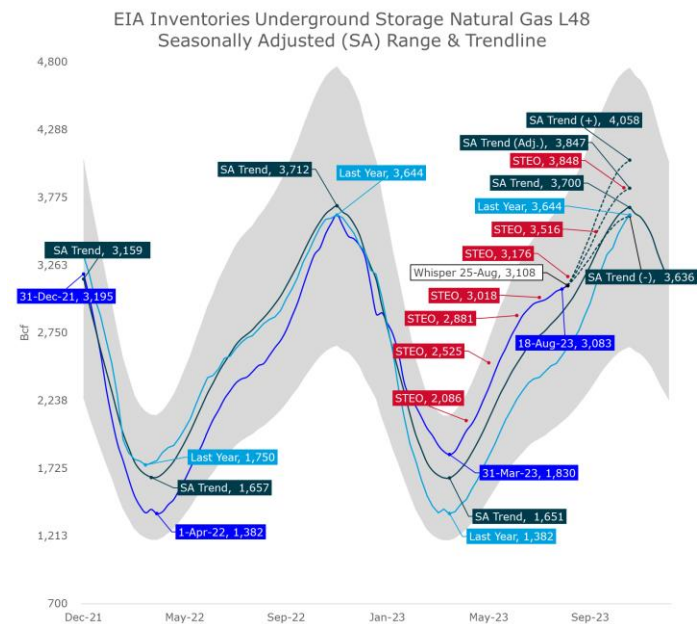
Heat in Houston this week is averaging 1% higher week-over-week and is 7% above the seasonal trend at 92°F. In return, the daily demand for cooling electrons in ERCOT Coastal is 2% above the four-week average at 439 GWhs.

Up in Chicago, daily mean temps are 8% higher week-over-week and 5% above the seasonal trend at 78°F.

Thanks to the heat, demand on ComEd surged 11% week-over-week and is 8% above the four-week average at 304 GWhs.

On the other hand, daily mean temps in New York City are averaging 73°F which is 2% below a week ago and 2% below the seasonal norm. Because of this weak weather, daily demand for NYISO Zone J is 9% lower week-over-week at a two-month low of 752 GWhs.

The normal injection of gas into L48 underground storage for next Thursday's report is 55 ±16 Bcf. However, thanks to heat throughout the Central U.S., the addition will be below normal. The early consensus on The Desk ranges from the middle 20s Bcf to the middle 30s Bcf.



Summary

As of Friday, August 18th, storage rose to 3.083 Tcf. After we make a seasonal adjustment, the current pace of injections puts storage on track to come in at/above 3.926 Tcf. We are assigning a probability of 45% (odds of 5:4) of this event occurring. We are also assigning a probability of 67% (odds of 1:2) that storage will end at/above the EIA's 3.848 Tcf forecast.

