

# THE SCHORK REPORT

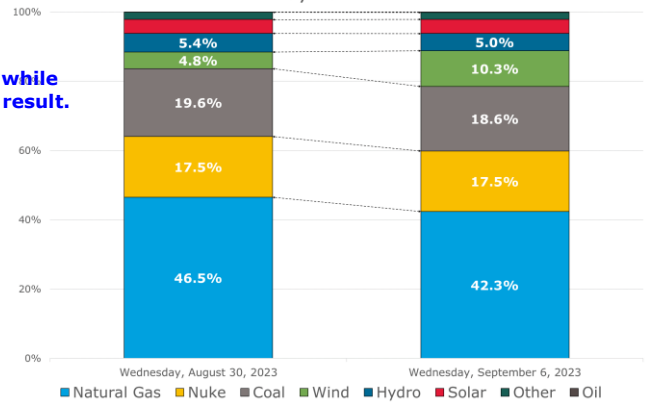


Friday, September 08, 2023

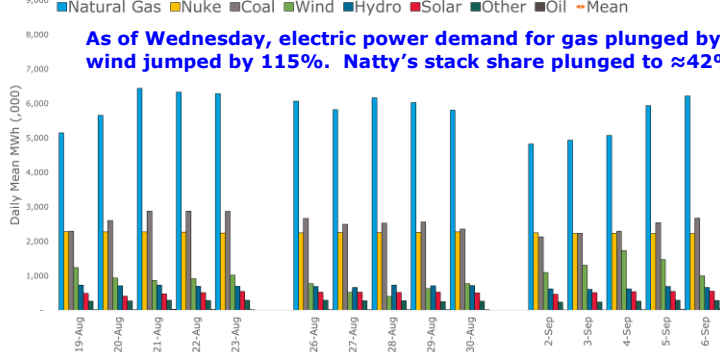
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FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

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

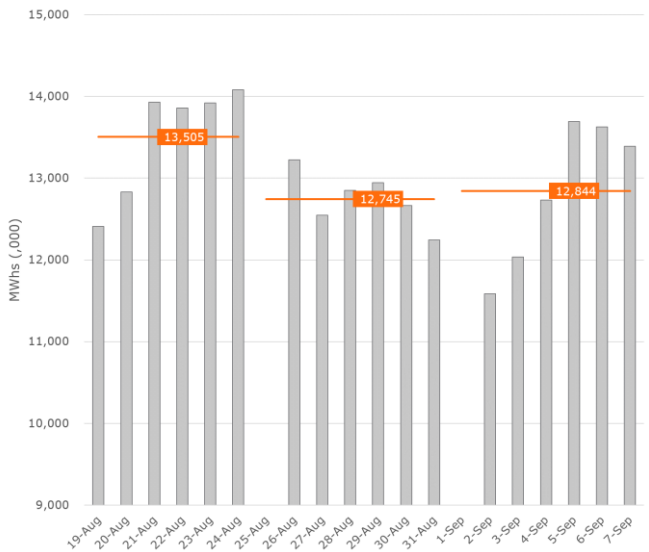


EIA U.S. Net Generation by Energy Source  
First Five Days of the EIA Week



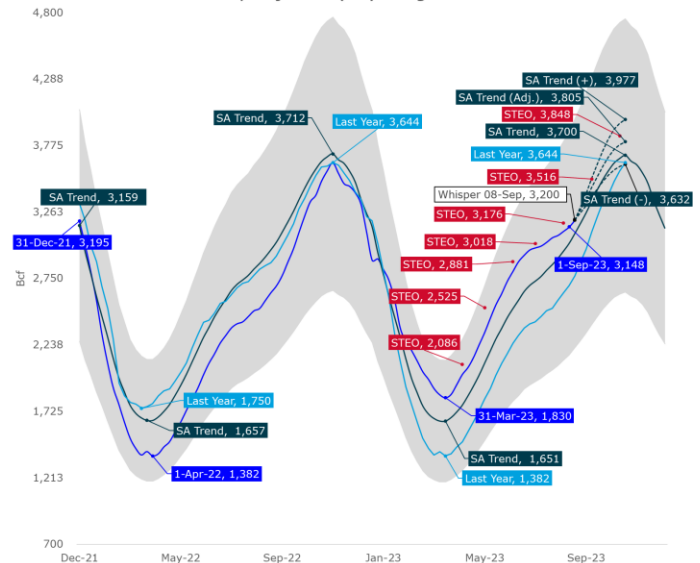
**Nota Bene:** As of yesterday, of the current EIA week, demand for electricity was 0.8% higher, inching off a two-month low to 12,844 GWhs.

EIA U.S. L48 Electric Net Generation



the low 60s Bcf! Injections have come in below normal in five of the past seven weeks. As of Friday, September 01<sup>st</sup>, storage rose to 3.148 Tcf.

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



## Omnium Gatherum

ENERGY PRICES WERE MIXED YESTERDAY... NYMEX gas popped after the EIA reported another subpar addition to storage. Crude oil was weak despite the EIA reporting inventories falling to the lowest level since 1985.

## EIA Natural Gas Recap

Yesterday, the EIA reported the 22<sup>nd</sup> injection (addition) of gas into L48 underground storage. A disappointing 33 Bcf was added. The typical injection for this update is in

EIA L48 Underground Storage: Percent Deviation From Normal



The season-to-date injection is 1.318 Tcf; a mediocre amount that is just 6 Bcf (0.5%) greater than a year ago but 6 Bcf (5½%) below the five-year mean and 52 Bcf (4.0%) below the base case in our time series model.

At the end of June, this year's injection was 120 Bcf (13%) greater than our base case. Since then, the injection is 172 Bcf (39%) below our base case.

**In other words, an extremely bearish picture through the midpoint of summer was turned on its head through the dog days of summer.**

The early consensus on Reuters for next Thursday's report (for the week ended today) is another subpar addition, with guesses ranging from the low 30s Bcf to the low 70s Bcf with a mean in the low 50s Bcf. In other words, your guess is good as anyone's. The typical injection for this time of the year is  $78 \pm 23$  Bcf.

Take yesterday's report into account, assume next week's report comes in around the mean of the consensus, and adjust for seasonality, then storage is on pace to finish the season at  $\approx 3.825$  Tcf.

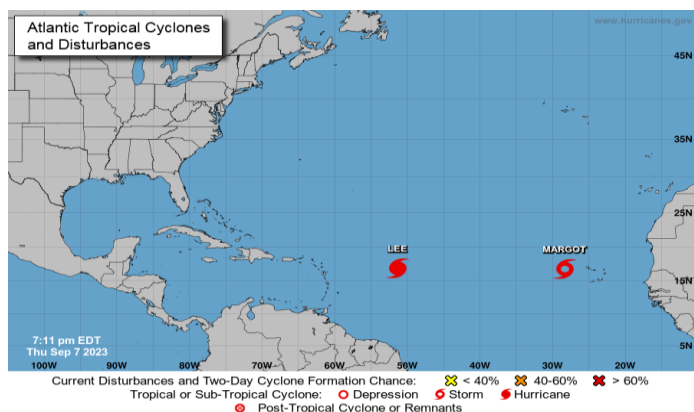
### The Odds Have Shifted Dramatically!

The chance of seeing record storage (4.05 Tcf) is rapidly shrinking. At the end of June, the probability of a new record was 25% (odds of 3:1). Today, this probability is down to 4½% (odds of 21:1). The chance of ending this season above last year's balance of 3.644 Tcf seemed like a virtual lock back in June. Today, there is a 10% chance (odds of 9:1) we will end this season in a deficit to last year!

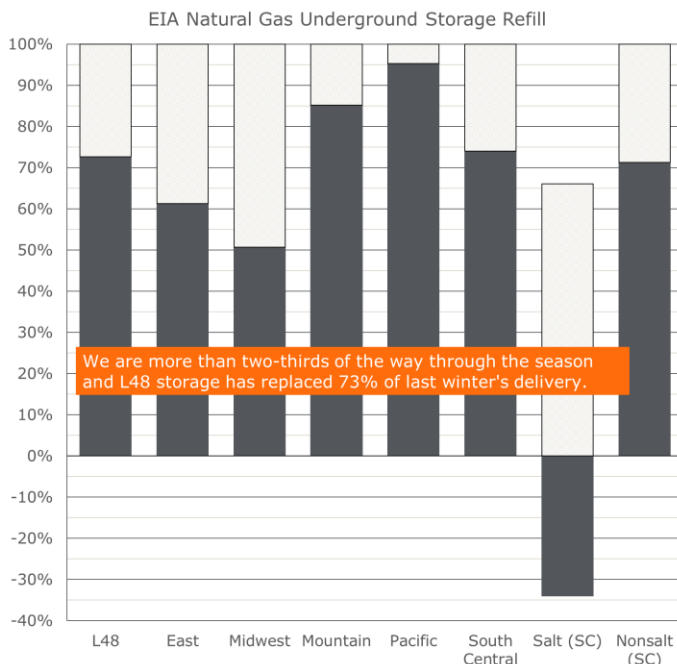
### EIA Petroleum Highlights

#### *Houston, We May Have a Problem*

Yesterday, the EIA showed total crude oil stocks in the U.S. (commercial + SPR) are at the lowest level, 767 MMbs, since April 1985! Moreover, total stocks in the Gulf Coast refinery epicenter in PADD 3 have never been lower, falling to a record low of 582 MMbs.



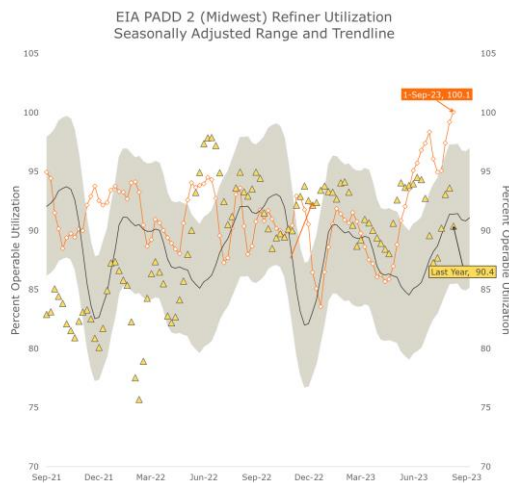
**With Hurricane Lee ramping up to a major Cat-4 system, and Tropical Storm Margot picking up steam, the Gulf Coast has never been this vulnerable at the start of the peak hurricane season.**



### Midwest Refining

Refinery operating rates in the Midwest (PADD 2) accelerated to levels rarely ever seen. **Over the past three weeks units ran at 100.1% of the designed capacity.**

Of course, these rates are not sustainable. The longer refiners push beyond the bounds, the greater the chance for a mechanical outage or worse still, a life-threatening mishap. Overall refinery utilization rates averaged a stout 93.6% of capacity for the past three weeks.



With refiners boiling all that oil, crude stocks are plunging. Since early June, stocks are down by 50.5 MMbs, the 8<sup>th</sup> largest draw since the early 1980s. Since the 04<sup>th</sup> of July holiday, stocks where they count the most—the NYMEX hub in Cushing—have fallen by 15.4 MMbs, the 10<sup>th</sup> largest draw since the EIA began reporting Cushing inventories in 2004.