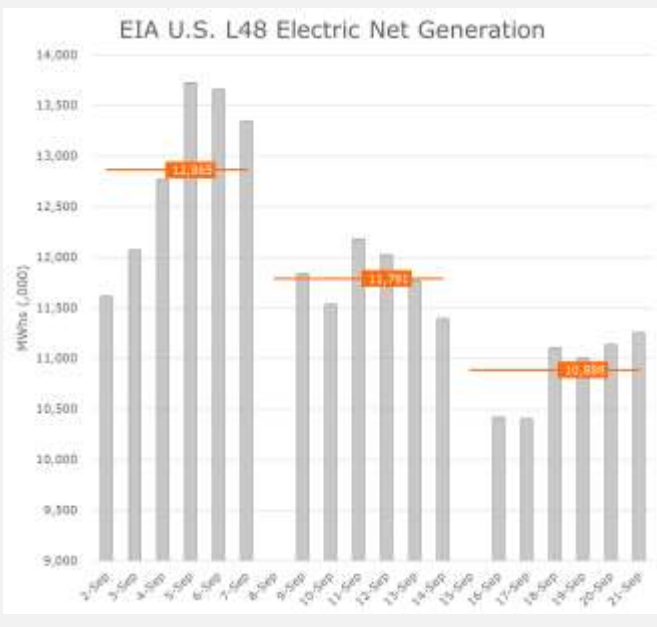
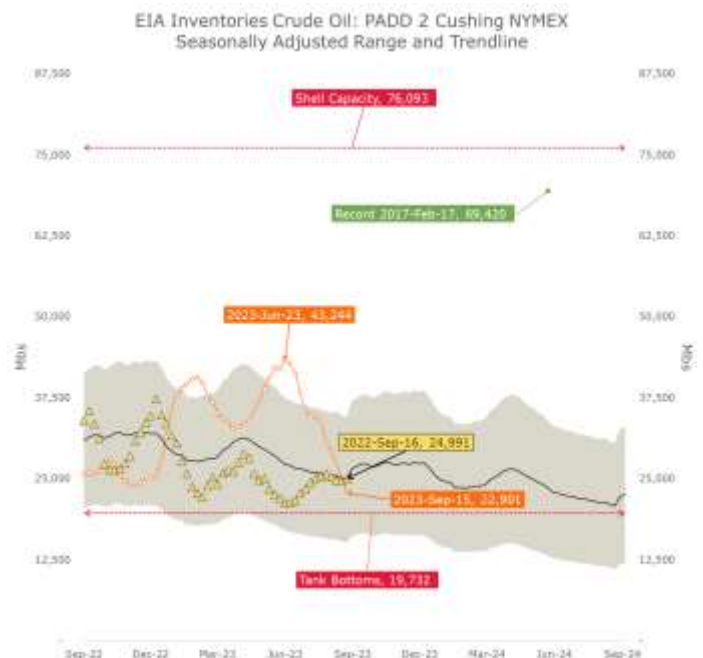


**Nota Bene:** As of Thursday, of the current EIA week, demand for electricity was 7.7% lower at a four-month low of 10,888,773 GWhs. On a year-over-year basis, demand was 6.1% lower.



NYMEX crude oil stocks in Cushing have fallen in 11 of the past 12 weeks by a massive net of 20.34 MMbbs, the 11<sup>th</sup> largest draw ever in barrel terms and the 2<sup>nd</sup> largest draw in percentage terms. The draw was also nearly 5½x normal. As a result, stocks are down to a 14-month low of 22.90 MMbbs. This is the closest Cushing has been to tank bottoms (≈19.7 MMbbs) since July 2022.



## Omnium Gatherum

ENERGY PRICES WERE MIXED YESTERDAY... oil markets meandered about, while it was same old, same old natty.

### EIA Petroleum Highlight

Wednesday's EIA petroleum report showed another large draw in crude oil stocks where it counts the most. Outside of a meager 0.16 MMb build early last month,

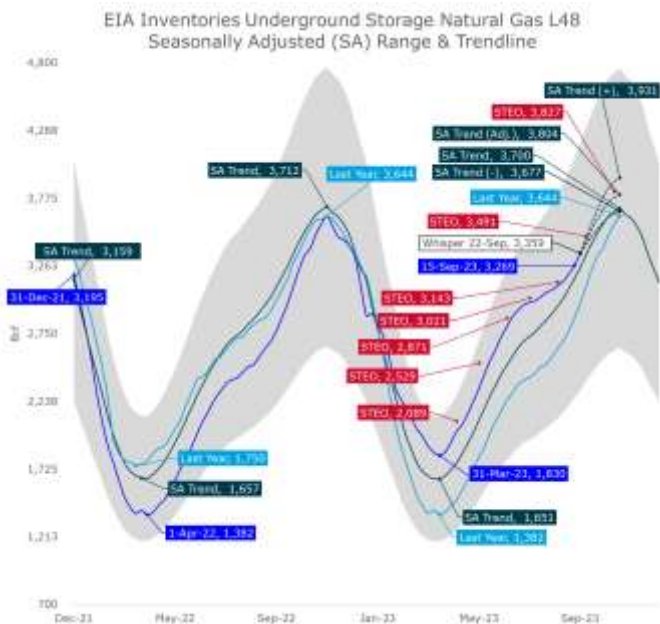
NYMEX WTI for October 2023 delivery also expired on Wednesday. For the month ahead in the spot November contract, a drop below 84.01 alerts to weakness towards our 81.67 second support point. Below here, we look for support at our 74.72 third level of support. Strength

above 95.69 opens the door to our 98.43 second level of resistance. Through here, we will look for resistance to hold at 107.59.

## EIA Natural Gas Highlights

Yesterday, the EIA reported the 24<sup>th</sup> injection (addition) of gas into L48 underground storage. A net of 64 Bcf was added last week. Based on our seasonal models, for this time of the year, you are looking for an injection of 81 ±22 Bcf. Therefore, 64 Bcf is normal.

As of Friday, September 15<sup>th</sup>, storage rose to 3.269 Tcf. The surplus to a year ago narrowed to an eight-month low of 395 Bcf (13.7%). The surplus to our model's base case narrowed to an eight-month low of 95 Bcf (3.0%).



The season-to-date injection is up to 1.439 Tcf, a disappointing amount for this part of the season. At the end of June, this year's injection was 120 Bcf (13%) greater than our base case. Since then, the injection is 204 Bcf (34%) below our base case.

This is interesting. Outside of ERCOT and the south region of the Western Electric Coordinating Council (WECC)—a market area that relies on nukes and coal for baseload electricity, with gas units generally used for peakers—there has been a dearth of cooling demand this summer through key gas markets in the Midwest and East. Yet, the injection over the past two-and-a-half months has been meager.

## Current EIA Week

Through Wednesday, utility demand for gas and coal each fell by about 16% to 4,657 GWhs and 1,832 GWhs, respectively. One week after plunging by 50½% to 653 GWhs, wind generation bounced back this week by 32%

to 861 GWhs. Solar also popped this week by 11% to 489 GWhs after falling by 17½% the week prior.

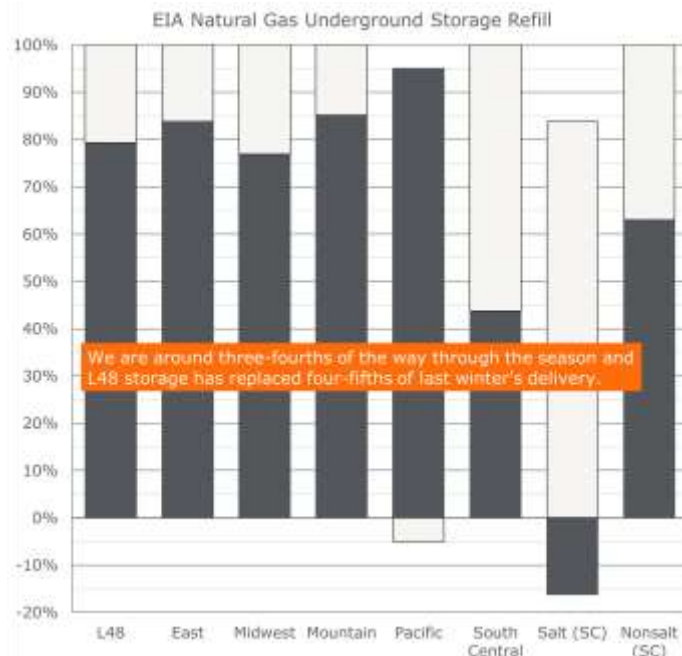
Given the availability of other Btus, natty's share of the power stack narrowed from ≈46½% to ≈43%.

## Summary

The early consensus on The Desk for next Thursday's report (for the week ended today) is around a 90 Bcf injection which will push storage to 3.359 Tcf.

The typical injection for this time of the year is 83 ±24 Bcf. Therefore, if this report comes in between 59 Bcf and 107 Bcf, it is normal.

Take yesterday's report into account, assume next week's report comes in around the consensus, and make the adjustment for seasonality, then storage is on pace to finish the season at ≈3.818 Tcf, a probability which we calculate of 60% (odd of 2:3). The EIA's recently updated forecast in the STE0 is 3.827 Tcf. The probability of which is 57% (odds of 3:4).



As noted last week, back in June it seemed like a virtual lock that storage would finish this season above last year's ending balance of 3.644 Tcf. A week ago, based on the current pace of injections, there was an 18% probability (odds of 9:2) the market will finish this season below last year's balance. After yesterday's report, the probability narrowed to 15% (odds of 11:2) but odds, nonetheless. Back in June, the thought of this prospect was inconceivable.