

THE SCHORK REPORT



Friday, November 17, 2023

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FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

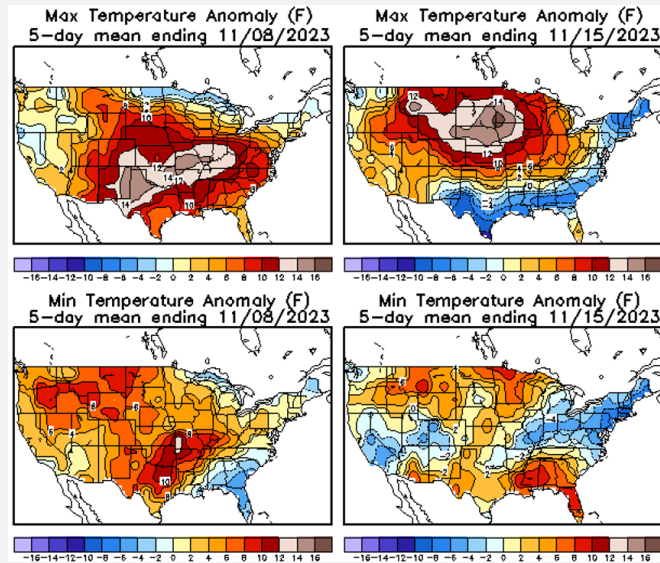
SCHORK Weekly Technical Trading Bias						
Contract	NG Dec-23	WTI Dec-23	ICE Brent Jan-23	RBOB Dec-23	ULSD Dec-23	ICE Gasoil Dec-23
Trend As Of	Bearish 13-Oct-23	Neutral 03-Nov-23	Neutral 03-Nov-23	Neutral 03-Nov-23	Neutral 03-Nov-23	Neutral 03-Nov-23

SCHORK Weekly Price Range Probabilistic Model						
3 rd Resistance	3.756	89.42	93.05	2.5041	3.1543	916.75
2 nd Resistance	3.384	83.21	87.19	2.3453	2.9465	853.25
1 st Resistance	3.273	81.34	85.40	2.2970	2.8834	834.25
10-Nov-23	3.033	77.17	81.43	2.1895	2.7431	791.50
1 st Support	2.810	73.22	77.64	2.0871	2.6097	751.00
2 nd Support	2.719	71.56	76.05	2.0441	2.5538	734.25
3 rd Support	2.449	66.60	71.26	1.9145	2.3855	683.50

SCHORK Monthly Technical Trading Bias						
Contract	NG Dec-23	WTI Dec-23	ICE Brent Jan-23	RBOB Dec-23	ULSD Dec-23	ICE Gasoil Dec-23
Trend As Of	Neutral 28-Sep-23	Bullish 20-Jul-23	Bearish 31-Oct-23	Bearish 31-Aug-23	Bearish 31-Oct-23	Bearish 31-Oct-23

SCHORK Monthly Price Range Probabilistic Model						
3 rd Resistance	5.007	122.01	114.40	2.8851	3.8527	1,155.25
2 nd Resistance	4.194	104.07	98.97	2.5373	3.3596	995.00
1 st Resistance	3.965	98.95	94.52	2.4358	3.2166	949.00
Expiry	3.483	88.08	85.02	2.2173	2.9100	850.75
1 st Support	3.060	78.41	76.47	2.0184	2.6326	762.75
2 nd Support	2.892	74.55	73.03	1.9377	2.5205	727.25
3 rd Support	2.423	63.59	63.19	1.7040	2.1980	626.50

Nota Bene: Through the first five days of the current EIA Week, the prior week's warmth along the Gulf and Atlantic coasts gave way to this week's chill. Meanwhile, the Midwest remained relatively warm.



Source: NOAA

[EIA Week 10-Nov](#)

[EIA Week 17-Nov](#)

Whereas mean temps in the all-important Chicago market area are slightly cooler this week, from 50°F to 45°F, temps are still about 9% above normal. On the other hand, mean temps in NYC are down 14% week-over-week and are 9% below normal at 44°F. In Houston, mean temps cooled off this week by 11% to 63°F which is slightly below normal for the middle of November.

Omnium Gatherum

ENERGY PRICES GOT WALLOPED YESTERDAY... the entire oil complex (NYMEX and ICE) fell out of bed, while NYMEX natty traders could not shrug off a bearish weekly update from the EIA.

EIA Natural Gas Recap

Yesterday, the EIA reported the 32nd injection (addition) of natural gas into L48 underground storage. Because of an oddly timed systems update; the EIA did not publish a report two Thursdays ago. A total of 60 Bcf was added last week. This is a considerable amount of gas for early November.

In the prior week, (a/o November 03rd), the first delivery (withdrawal) of the season was recorded, 6 Bcf. Therefore, over the past two weeks, a net of 54 Bcf was added, again, a considerable amount of gas for late October, and early November.

As illustrated on the following page, aside from the Salts, every market area has replaced all last winter's deliveries. The Mountain and Pacific market areas reported the largest seasonal refills with the former coming in at 138% of last winter's withdrawal and the latter coming in at 122% of last winter's draw. The East and Midwest came in at 109% and 105%, respectively. The refill in the South Central came in at 103% of last winter's draw. On the breakdown, the Nonsalt region was 102%, while the Salt region was 90%.

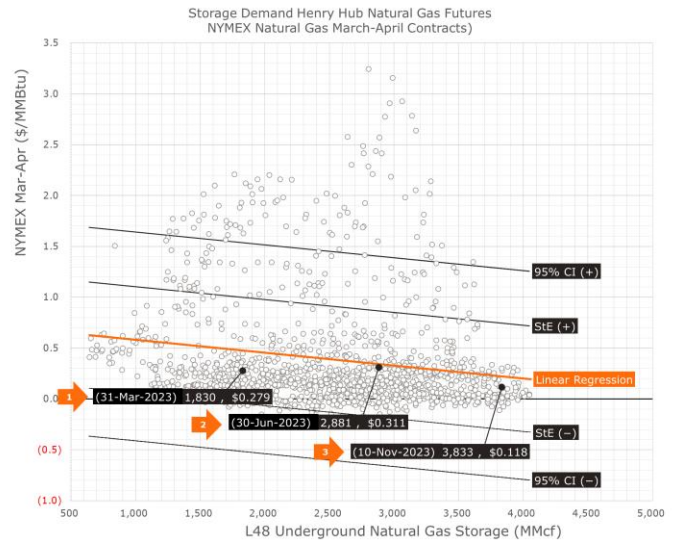
Altogether, the market replaced 110% of last winter's delivery with 2.003 Tcf added to storage this season.

As of November 10th, storage rose to 3.833 Tcf. As we noted two Fridays ago ([here](#)), the current pace of injections put storage on track to finish the season at 3.832 Tcf.

Average of L48	Year				
Week	2023	Δ Schork Model	Δ Last Year (2022)	Δ 5-Year Mean (2017-2021)	
1	2,902	(50)	(114)	(40)	
2	2,820	35	10	34	
3	2,734	121	143	133	
4	2,583	130	260	163	
5	2,366	69	265	117	
6	2,266	135	355	183	
7	2,195	213	413	289	
8	2,114	243	471	342	
9	2,030	261	511	359	
10	1,972	265	532	378	
11	1,900	228	511	351	
12	1,853	201	438	321	
13	1,830	179	448	298	
14	1,855	177	458	295	
15	1,930	210	480	329	
16	2,009	236	519	365	
17	2,063	219	496	341	
18	2,141	220	498	332	
19	2,240	235	508	340	
20	2,336	237	517	340	
21	2,446	254	545	349	
22	2,550	264	547	353	
23	2,634	269	539	353	
24	2,729	281	560	362	
25	2,805	287	554	358	
26	2,881	298	570	370	
27	2,930	280	561	364	
28	2,971	274	570	360	
29	2,987	256	571	345	
30	3,001	235	544	322	
31	3,030	216	529	305	
32	3,065	208	546	299	
33	3,083	177	504	268	
34	3,115	154	475	249	
35	3,148	127	454	222	
36	3,205	109	434	203	
37	3,269	95	395	183	
38	3,359	104	382	189	
39	3,445	98	339	172	
40	3,529	95	298	163	
41	3,626	112	284	175	
42	3,700	117	306	183	
43	3,779	138	278	205	
44	3,773	97	193	163	
45	3,833	133	189	203	

Through the first 45 weeks of the year, the surplus in L48 gas storage to relevant metrics is fat.

Given this week’s weather, there is a chance we will see another addition to storage in next Thursday’s report. The early guess on the Reuters survey for the week ended today ranges from a withdrawal of 20 Bcf to an addition of 16 Bcf. The typical week-over-week change for the middle of November is a withdrawal of 46 ±12 Bcf.



Traders have all but given up on this winter! As illustrated above, the backwardation on the end-of-winter Mar-Apr spread in NYMEX gas—the so-called *Widow Maker*—has been moving steadily lower since the end of last winter (arrow 1).

Halfway through refills, storage was up to 2.881 Tcf, while the Mar24-Apr-24 backwardation was trading right around where you would expect (on the regression line) at \$0.311 per MMBtu (arrow 2). As of last Friday, storage stood at 3.833 Tcf while the backwardation narrowed to \$0.118 per MMBtu (arrow 3).

Yesterday, the backwardation settled at a life-contract low of \$0.099 per MMBtu which is impressive when you consider the spread has been trading since the end of 2011.

