

THE SCHORK REPORT



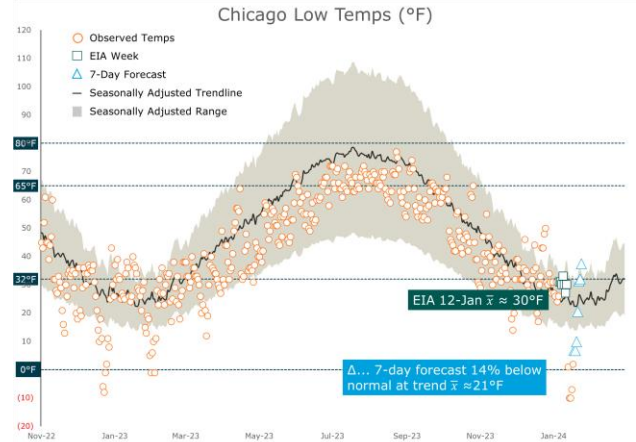
FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

Friday, January 19, 2024

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Probability Today's Close Will Finish Below/Above Previous Session's Low/High Prints

Instrument	Prev Close	Close <	Close >
NYMEX NG, Feb-24	\$ 2.697	< \$2.666 47%	> \$2.960 15%
NYMEX WTI, Mar-24	\$ 73.95	< \$72.10 26%	> \$74.19 46%
ICE Brent, Mar-24	\$ 79.10	< \$77.33 26%	> \$79.30 46%
NYMEX RBOB, Feb-24 (15.0 RVP)	\$ 2.1835	< \$2.1114 19%	> \$2.1859 48%
NYMEX ULSD, Feb-24	\$ 2.6936	< \$2.6317 25%	> \$2.6984 47%
ICE Gasoil, Feb-24	\$ 790.00	< \$776.75 32%	> \$796.25 41%

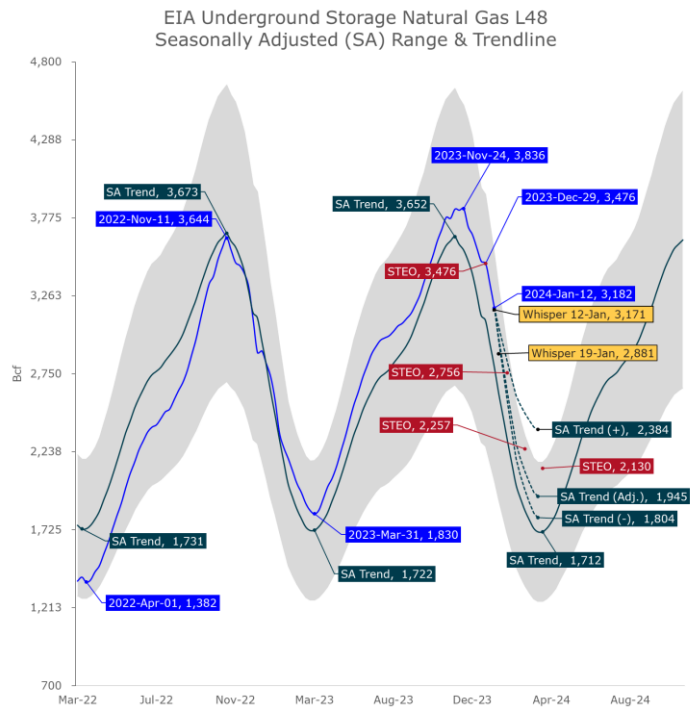


Nota Bene: Through the first five days of the current EIA week, temps in Chicago averaged 5°F, with overnight lows of -1°F.

3-Week Directional Momentum & Money Flow As Of Wednesday, January 17, 2024

		NYMEX NG	NYMEX WTI	ICE Brent	NYMEX RBOB	NYMEX ULSD	ICE Gasoil
Price	Trend	Rising	Falling	Falling	Falling	Falling	Falling
Volume	Trend	Rising	Rising	Rising	Rising	Rising	Rising
	Bias	Bullish	Bearish	Bearish	Bearish	Bearish	Bearish
Open Interest	Trend	Rising	Rising	Rising	Rising	Rising	Rising
	Bias	Bullish	Bearish	Bearish	Bearish	Bearish	Bearish
Market Trend		Bullish	Bearish	Bearish	Bearish	Bearish	Bearish
Market Volatility		Falling	Falling	Falling	Falling	Falling	Falling

last year's pace and a significant 200 Bcf (23%) deviation below the trend identified in our seasonal times series study.



Omnium Gatherum

PRICES WERE MIXED YESTERDAY... NYMEX gas peaked in overnight trading and tanked throughout the day, oil cratered around dawn and rallied throughout the day.

EIA Natural Gas Recap

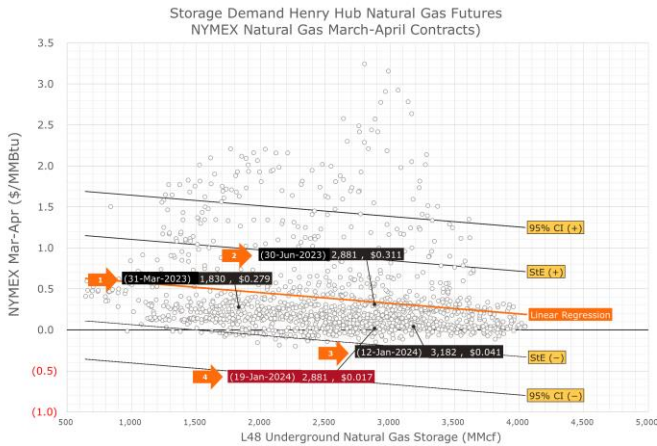
Yesterday, the EIA reported a second straight normal delivery (withdrawal) of natural gas from storage. For the week ended January 12th, L48 underground storage dropped by 154 Bcf to 3.182 Tcf. The delivery came in below the mean consensus (≈ 165 Bcf) of the major surveys.

As we reach the midpoint of the season, the current year's delivery stands at a modest 654 Bcf. This figure reflects a notable 170 Bcf (21%) shortfall compared to

Despite the ongoing challenges, there is a glimmer of improvement. Following yesterday's report, this season's delivery has managed to edge back within the 95% confidence interval established in our study, which is set at 627 Bcf.

All eyes are now on next Thursday's update. Given this week's polar vortex, early estimates are calling for a

massive withdrawal of more than 300 Bcf. The typical withdrawal for this report is 197 ±46 Bcf.



After rallying last week as the polar vortex was descending upon the Central and Eastern U.S., the backwardation on the end-of-winter NYMEX Mar/Apr spread crashed from \$0.041 (arrow 3) to \$0.017 (arrow 4). This is bearish action.

Last week, the EIA revised its end-of-season forecast higher by a massive 132 Bcf (6½%) to 2.130 Tcf. We are sure that when the EIA revises its forecast next month, it shall be significantly lower. Given the current landscape, we spot a mere 6% probability (odds 15:1) that this season will finish at/above the EIA’s forecast. Based on the updates to our study there is an approximate 67% probability (odds 1:2) that storage will end winter in between 1.895 Tcf and 1.735 Tcf, with a 50/50 line of 1.810 Tcf.

EIA Petroleum Recap

Following back-to-back bearish updates, the EIA delivered a NEUTRAL weekly report.

EIA Weekly Petroleum Status Report as of 2024-January-12				
Stocks Δ (Mbs)	EIA 05-Jan	Seasonally Adjusted Norm	EIA 12-Jan	Bias
Crude Oil	1,338	1,000 ±4,000	(2,492)	Neutral
Cushing	(506)	(600) ± 1,300	(2,099)	Bullish
Mogas	8,028	2,900 ±1,600	3,083	Neutral
Distillate	6,528	(900) ±2,600	2,370	Bearish
Net	15,894	3,000 ±8,200	2,961	Neutral

As illustrated, total crude oil stocks experienced a typical decline of 2.49 MMbs, offset by a slightly above-normal draw of 2.10 MMbs from the NYMEX terminal complex in Cushing. Total gasoline stocks increased by a standard 3.08 MMbs, remaining within the expected range, while distillates saw a contraseasonal rise of 2.37 MMbs.

Over the past three reports, total gasoline stocks jumped by 22.01 MMbs, marking the sixth **largest build ever in barrel terms and the fourth largest build in percentage terms.**

Inventories in the three market areas that impact the NYMEX RBOB contracts are in fine shape. Last week, PADD 1 (East) stocks fell by a de minimis 852 Mbs. Over the past two months in PADD 2 (Midwest), inventories have surged by 14.68 MMbs, the **third largest build in barrel terms and the largest build ever in percentage terms.** Along the Gulf Coast (PADD 3), stocks have risen over the past three weeks by solid 6.62 MMbs and now stand at a new **three-year high** of 90.99 MMbs.

Since the start of winter, distillate stocks have surged by 29.19 MMbs (99th percentile on data going back to 1982). As of last Friday, stocks rose to a new **three-year high** of 134.75 MMbs. Like gasoline, stocks in the three markets linked to the NYMEX ULSD contracts and in solid shape.

PADD 1 stocks inched lower by 702 Mbs from an 11-month high to 33.89 MMbs. In the Midwest, stocks jumped by 8.27 MMbs over the past four weeks, the **second largest build in barrel terms and the third large build in percentage terms.** As of last week, inventories hit a new **four-year high** of 35.43 MMbs and are now at one of the highest levels (99th percentile on the data going back to 1990) on record. Finally, in the PADD 3 refinery epicenter, inventories have risen by 6.62 MMbs over the past three weeks, the **seventh largest build ever** and are now at a **three-year high** of 48.03 MMbs.

Jet fuel stocks came out of the holiday season unscathed. Over the past five weeks, inventories rose by a solid 4.08 MMbs and now stand at a three-month high of 40.92 MMbs.

