

THE SCHORK REPORT

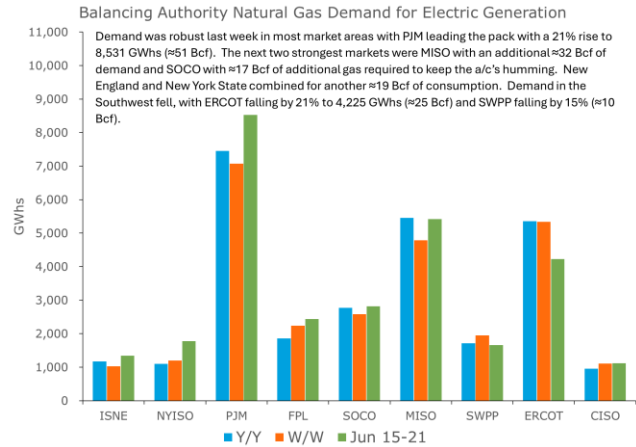


FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

Monday, June 24, 2024

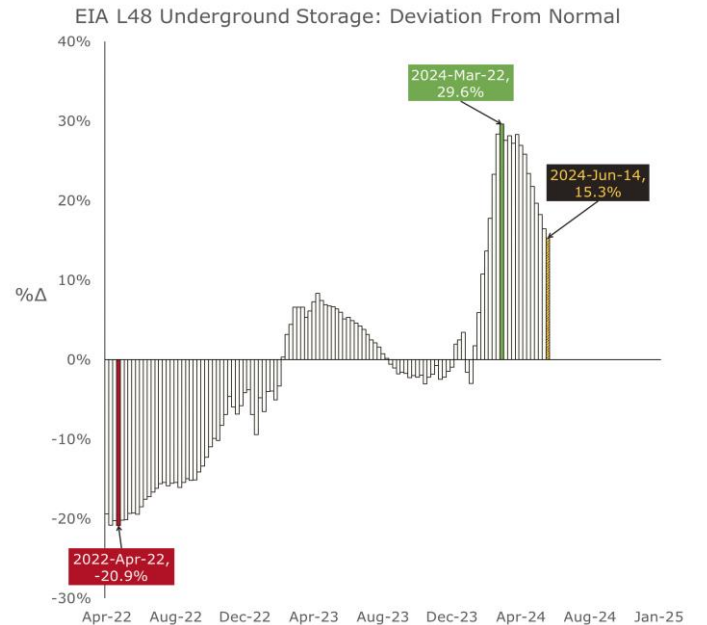
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Probability Today's Close Will Finish Below/Above Previous Session's Low/High Prints			
NYMEX NG, Aug-24	Prev Close \$ 2.836	Close < \$2.793 41%	Close > \$2.888 37%
NYMEX WTI, Aug-24	Prev Close \$ 80.73	Close < \$80.35 43%	Close > \$81.79 29%
ICE Brent, Aug-24	Prev Close \$ 85.24	Close < \$84.84 42%	Close > \$86.24 30%
NYMEX RBOB, Jul-24 (7.4 RVP)	Prev Close \$ 2.5137	Close < \$2.4920 37%	Close > \$2.5389 34%
NYMEX ULSD, Jul-24	Prev Close \$ 2.4915	Close < \$2.4857 47%	Close > \$2.5446 20%
ICE Gasoil, Jul-24	Prev Close \$ 783.25	Close < \$774.25 32%	Close > \$791.25 33%



Nota Bene: For the EIA week of Friday, June 21st, average daily electricity demand rose by 8.5% W/W, 12.2% Y/Y to a six-month high of 13,183 GWhs.

3-Week Directional Momentum & Money Flow As Of Tuesday, June 18, 2024							
	NYMEX NG	NYMEX WTI	ICE Brent	NYMEX RBOB	NYMEX ULSD	ICE Gasoil	
Price	Trend	Rising	Rising	Rising	Rising	Rising	Rising
Volume	Trend	Rising	Rising	Rising	Falling	Falling	Rising
	Bias	Bullish	Bullish	Bullish	Bearish	Bearish	Bullish
Open Interest	Trend	Falling	Falling	Rising	Rising	Rising	Rising
	Bias	Bearish	Bearish	Bullish	Bullish	Bullish	Bullish
Market Signal	Neutral	Neutral	Bullish	Neutral	Neutral	Neutral	Bullish
Market Volatility	Rising	Rising	Falling	Rising	Rising	Rising	Falling



Omnium Gatherum

ENERGY PRICES WERE MIXED LAST WEEK... July gas continued to fall and IV odds of an expiry above \$3 lengthened from 7:1 to 10:1. Oil markets ended a strong week with some profit taking.

Gas Recap

On Friday, the EIA reported a small injection (addition) of 71 Bcf of natural gas into L48 underground storage. To date, 786 Bcf has been added, meaning the market has already covered half of last winter's 1.577 Tcf delivery!

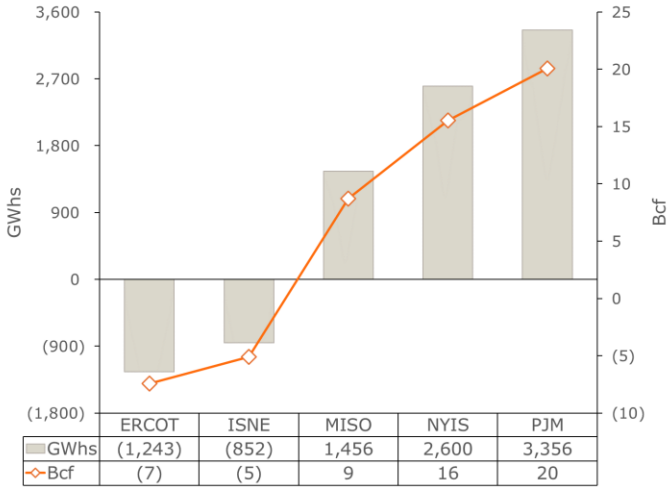
As of June 14th, inventories stood at a comfortable 3.045 Tcf, exceeding last year's level by 316 Bcf and surpassing the midpoint in our model's time series study by 404 Bcf.

Two years ago, gas storage ended winter 21% below the seasonal trend. At the end of this past winter, storage peaked at a 30% surplus, which has since narrowed to 15%.

It is officially summer but, the Dog Day arrived early this year. Natural gas burned for electric generation was stout this spring. For the entire U.S. L48, natural gas-fired electricity was 2.8% or 10,378 GWhs higher year-over-year, the equivalent of an additional ≈62 Bcf of natural gas consumption.

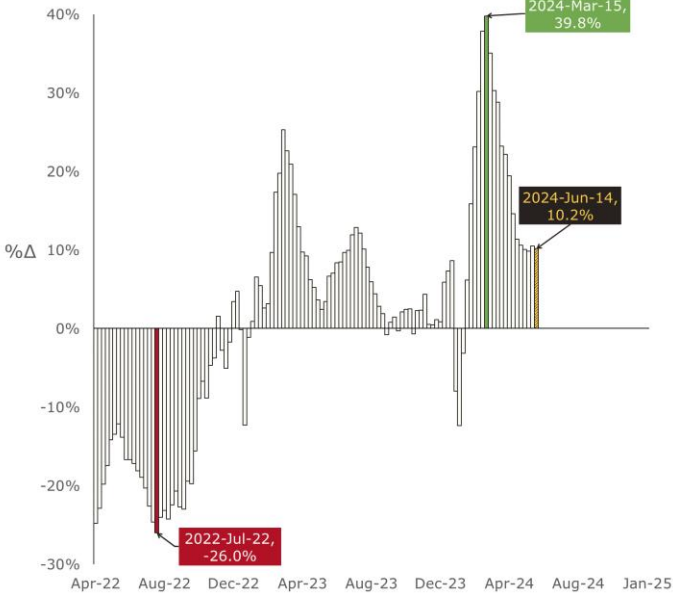
As illustrated below, demand in Texas and New England was slightly weaker this year, while demand throughout MISO, PJM and New York State was strong.

Natural Gas Demand for Electric Generation Y/Y
Spring 2023 vs. 2024



With the market entering the hottest part of the year, utilities will begin calling on their inventories in the Salt Region to keep those a/c's humming.

EIA South Central Salt Underground Storage:
Deviation From Normal



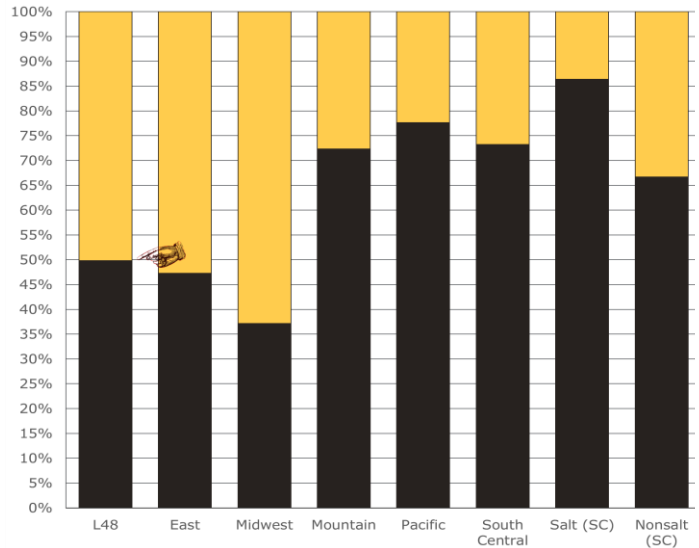
Since the peak at the end of winter of 40%, the surplus to the seasonal trend in the Salt Region has since been whittled down to 10%.

Last week, L48 natural gas demand for electric generation was 6.7% higher week-over-week and 7.1% higher year-over-year at a total of 37,137 GWhs (\bar{x} 5,305 GWhs/d), the equivalent of \approx 222 Bcf of gas.

Demand was robust last week in most market areas with PJM leading the pack with a 21% rise to 8,531 GWhs (\approx 51 Bcf). The next two strongest markets were MISO with an additional \approx 32 Bcf of demand and SOCO with \approx 17 Bcf of additional gas required to meet demand. New England and New York State combined for another \approx 19 Bcf of

consumption. Demand in the Southwest fell, with ERCOT falling by 21% to 4,225 GWhs (\approx 25 Bcf) and SWPP falling by 15% (\approx 10 Bcf).

EIA Natural Gas Underground Storage Refill



We are now 11 weeks into a refill season which typically lasts 32 weeks (34%). At this point, the market has already replaced half of last winter's delivery from L48 underground storage.

At this point in June, we typically see an injection of 83 ± 22 Bcf. However, with last week's spike in overall demand, this Thursday's report is on pace to come in somewhere around 54 Bcf.

With Friday's close of \$2.705 in July NYMEX natural gas, options traders assigned a 9% probability (odds 10:1) that the market will expire this week above \$3.000, along with a 22% probability (odds 7:2) that the contract will finish below \$2.500.

Looking at the contract's historical volatility, the probability of a settlement above \$3.000 is 8½% (odds 11:1) and a 16½% chance (odds 5:1) of a settlement below \$2.500.

Finally, based on a Monte Carlo simulation and assuming a normal distribution of returns, approximately 68% of the potential price outcomes for the July contract fall between \$2.625 and \$2.919, with a mean of around \$2.765.

