

THE SCHORK REPORT

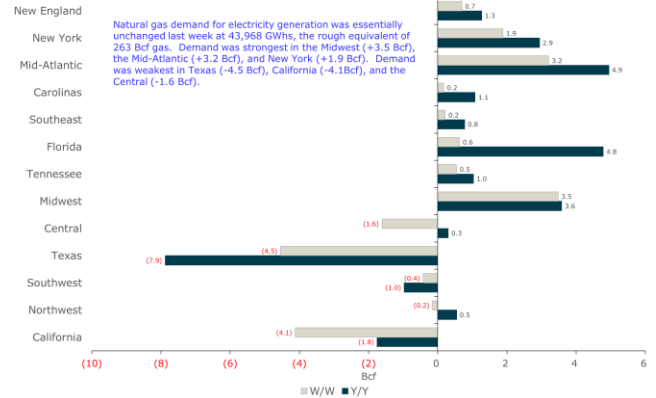


FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

Friday, August 02, 2024

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Natural Gas Demand for Electric Generation
Week of 02-August-2024



Probability Today's Close Will Finish Below/Above Previous Session's Low/High Prints			
NYMEX NG, Aug-24	Prev Close \$ 1.968	Close < \$1.965 50%	Close > \$2.126 8%
NYMEX WTI, Aug-24	Prev Close \$ 76.31	Close < \$76.24 49%	Close > \$78.88 11%
ICE Brent, Sep-24	Prev Close \$ 79.52	Close < \$79.43 49%	Close > \$81.80 11%
NYMEX RBOB, Aug-24 (7.4 RVP)	Prev Close \$ 2.3980	Close < \$2.3941 48%	Close > \$2.4691 12%
NYMEX ULSD, Aug-24	Prev Close \$ 2.4064	Close < \$2.4030 48%	Close > \$2.4668 16%
ICE Gasoil, Aug-24	Prev Close \$ 743.25	Close < \$737.25 38%	Close > \$755.50 25%

Nota Bene: Over the weekend, average daily electricity demand rose by 8.5% to a three-week high of 13,607 GWhs.

3-Week Directional Momentum & Money Flow As Of Thursday, August 01, 2024							
		NYMEX NG	NYMEX WTI	ICE Brent	NYMEX RBOB	NYMEX ULSD	ICE Gasoil
Price	Trend	Falling	Falling	Falling	Falling	Falling	Falling
Volume	Trend	Falling	Rising	Rising	Rising	Rising	Falling
	Bias	Bullish	Bearish	Bearish	Bearish	Bearish	Bullish
Open Interest	Trend	Falling	Rising	Rising	Falling	Rising	Rising
	Bias	Bullish	Bearish	Bearish	Bullish	Bearish	Bearish
Market Signal		Bullish	Bearish	Bearish	Neutral	Bearish	Neutral
Market Volatility		Rising	Rising	Falling	Rising	Rising	Falling

Omnium Gatherum

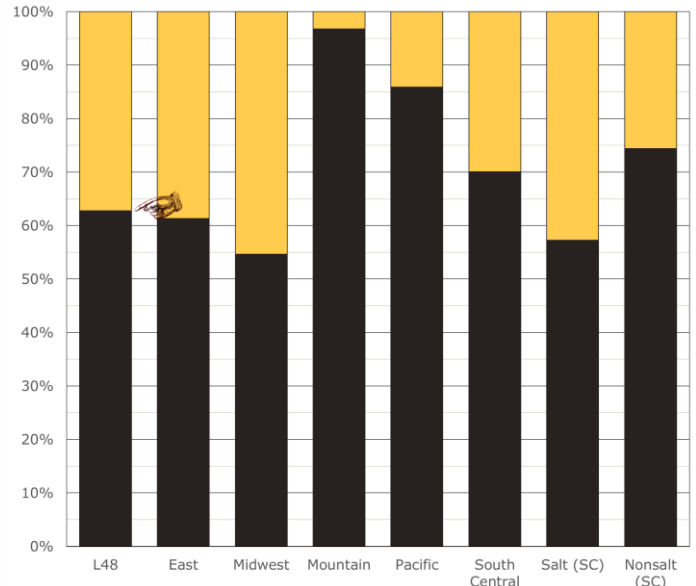
ENERGY PRICES WERE WEAK YESTERDAY... NYMEX gas bears shrugged off a bullish EIA report and oil bulls decided that open warfare between Iran and Israel is not bullish after all... who knew?

What We Are Watching

Yesterday, the EIA reported a much below-normal injection of natural gas into L48 underground storage. For the week of July 26th, inventories rose by 18 Bcf to 3.249 Tcf. The report came in below the market consensus which was in the low 30s Bcf as well as the seasonal norm for late July of 40 ± 10 Bcf.

This season's addition inched up to 990 Bcf, a de minimis amount given the seasonal norm is 1.171 Tcf, while last year's injection was 1.214 Tcf.

EIA Natural Gas Underground Storage Refill

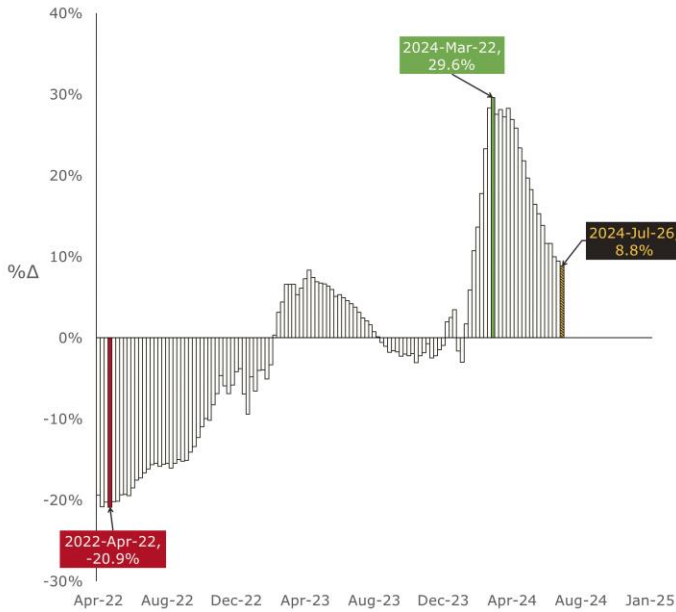


We are now 17 weeks into a season that typically lasts 32 weeks. As of last week's update, 63% of last winter's delivery (withdrawal) of 1.577 Tcf has been replenished (See above).

At the current pace of refills, the market is on track to head into next winter with at least 3.8 Tcf of gas in the ground which is more-or-less on par to a year ago.

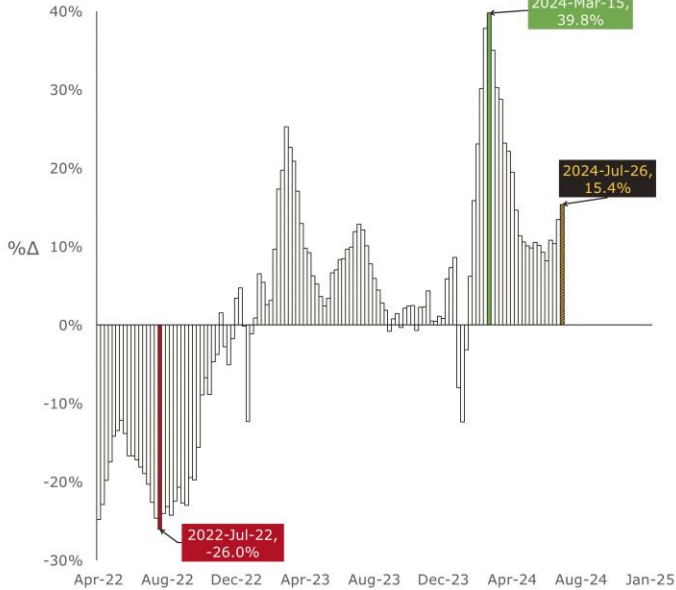
We are in the hottest part of the year and utilities are calling on their inventories in the Salt Region to sate cooling demand. Over the past five weeks, inventories have fallen by 30 Bcf which is roughly 10 Bcf below the seasonal norm.

EIA L48 Underground Storage: Deviation From Normal



Two summers ago, L48 storage was 21% below the seasonal norm. At the end of last winter, storage peaked at a 30% surplus, which has since narrowed to 9%.

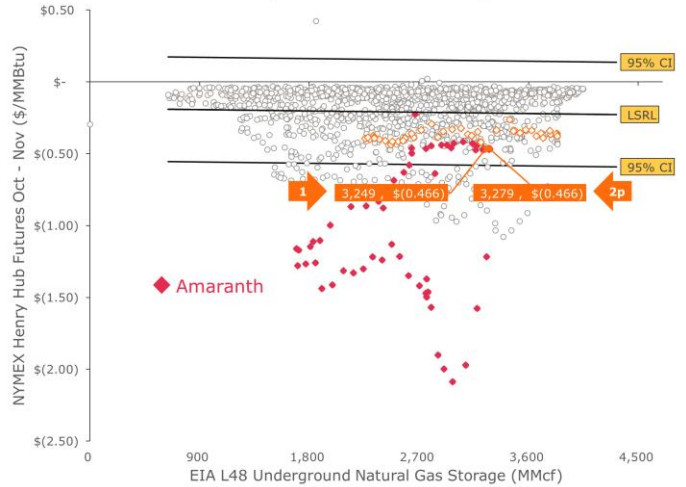
EIA South Central Salt Underground Storage: Deviation From Normal



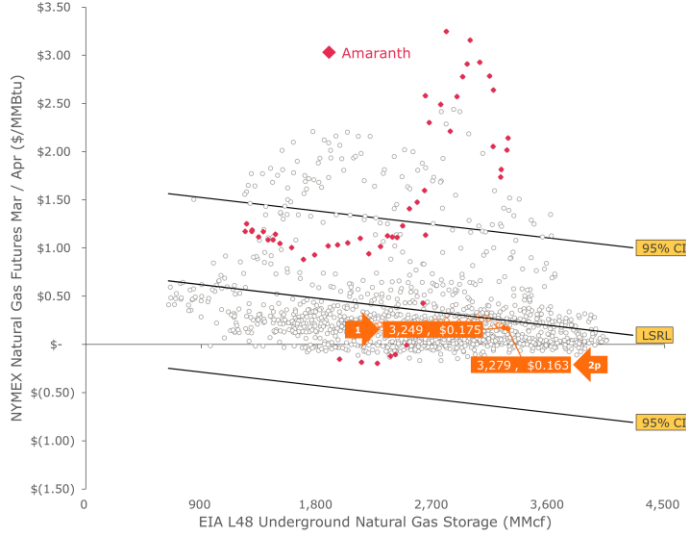
Seasonal deliveries out of the Salt Region are running about 10 Bcf below normal. The surplus over the past two weeks has moved up to 15% as a result.

Despite this season's meager pace of refills, the contango on the end-of-summer Oct-24/Nov-24 spread on the NYMEX was unchanged last week at a season-to-date high of $-\$0.466$ per MMBtu (arrow 2p). The backwardation on the end of next winter's Mar-25/Apr-25 spread sank to a season-to-date low of $\$0.163$ per MMBtu.

Call on Storage, EIA L48 Underground Natural Gas Storage NYMEX Henry Hub Oct - Nov Time Spread



Call on Storage, EIA L48 Underground Natural Gas Storage NYMEX Henry Hub Mar - Apr Time Spread



Strong contangos and weak backwardations are hallmarks of fundamentally bearish markets.

