

# THE SCHORK REPORT

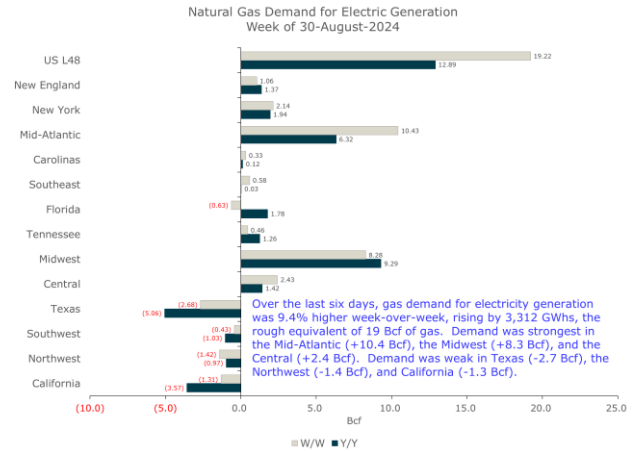


FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

Friday, August 30, 2024

[www.schorkgroup.com](http://www.schorkgroup.com)

Probability Today's Close Will Finish Below/Above Previous Session's Low/High Prints			
NYMEX NATURAL GAS	Prev Close	Close < \$2.026	Close > \$2.149
	\$ 2.137	16%	45%
NYMEX WTI	Prev Close	Close < \$74.05	Close > \$76.91
	\$ 75.91	21%	33%
ICE Brent	Prev Close	Close < \$78.12	Close > \$80.78
	\$ 79.94	21%	35%
NYMEX RBOB	Prev Close	Close < \$2.1983	Close > \$2.2640
	\$ 2.2477	21%	39%
NYMEX ULSD	Prev Close	Close < \$2.2162	Close > \$2.2961
	\$ 2.2840	13%	41%
ICE Gasoil	Prev Close	Close < \$683.75	Close > \$707.00
	\$ 704.25	14%	44%

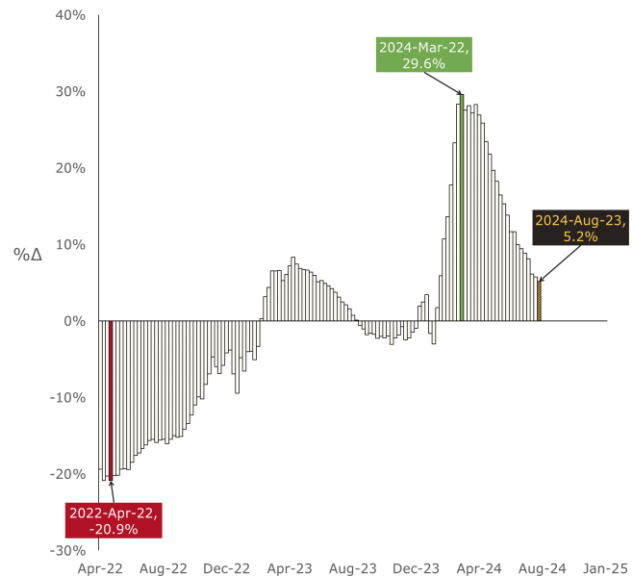


**Nota Bene:** As of Thursday, average daily electricity demand was 4.8% higher on the week and 4.3% higher on the year at a 13,293 GWs.

However, considering that last year's starting balance was much lower—1.830 Tcf compared to 2.259 Tcf—last year's injection is 414 Bcf greater on a proportional scale.

3-Week Directional Momentum & Money Flow As Of Thursday, August 29, 2024							
		NYMEX NG	NYMEX WTI	ICE Brent	NYMEX RBOB	NYMEX ULSD	ICE Gasoil
Price	Trend	Falling	Falling	Falling	Falling	Falling	Falling
Volume	Trend	Falling	Falling	Rising	Falling	Rising	Rising
	Bias	Bullish	Bullish	Bearish	Bullish	Bearish	Bearish
Open Interest	Trend	Falling	Falling	Falling	Falling	Rising	Falling
	Bias	Bullish	Bullish	Bullish	Bullish	Bearish	Bullish
Market Signal		Bullish	Bullish	Neutral	Bullish	Bearish	Neutral
Market Volatility		Falling	Falling	Falling	Rising	Falling	Falling

EIA L48 Underground Storage: Deviation From Normal



## Omnium Gatherum

PRICES WERE STRONG YESTERDAY... oil bounced as traders, wary (yet again) of going into the weekend oversold, covered and gas rallied in the wake of another subpar inventory update from the EIA.

## What We Are Watching

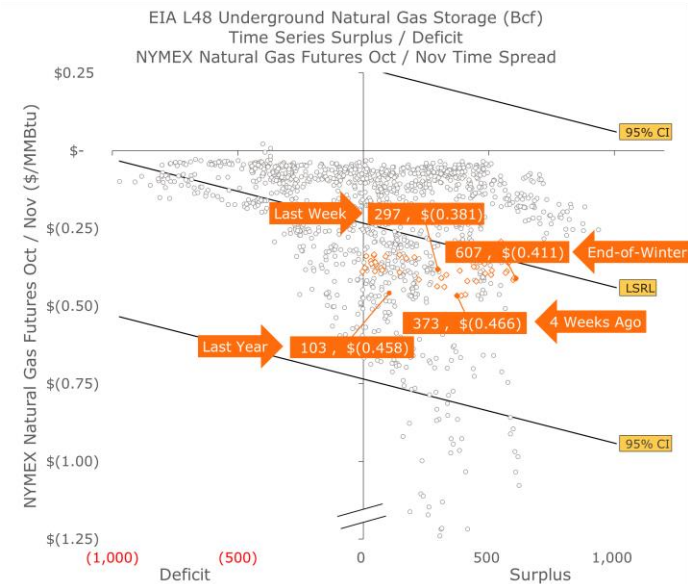
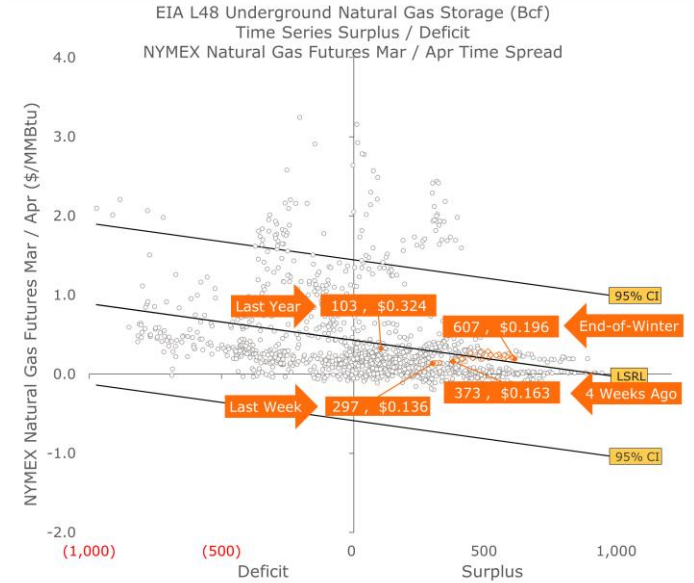
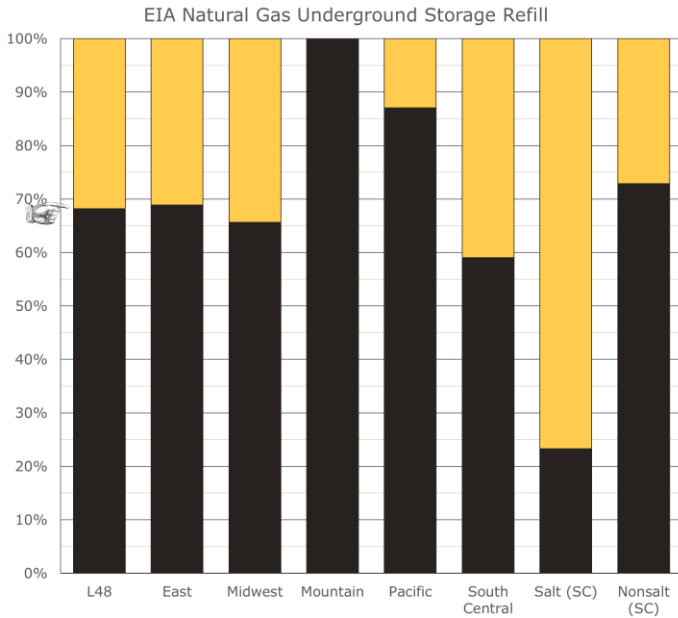
Yesterday, the EIA produced another subpar injection (addition) of natural gas to L48 underground natural gas storage. Whereas the normal refill for middle to late August is 49 ± 13 Bcf, the EIA reported an injection of 35 Bcf for the week ending August 23<sup>rd</sup>.

This season's addition inched to 1.075 Tcf, significantly below the seasonal norm of 1.399 Tcf. At this time last year, the injection was 1.285 Tcf, 210 Bcf higher.

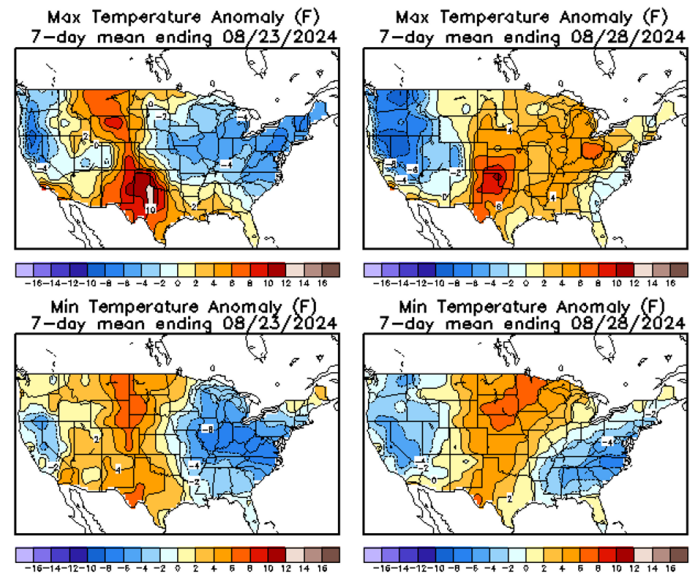
**Two summers ago, L48 storage was 21% below the seasonal norm. At the end of last winter, storage peaked at a 30% surplus, which has since narrowed to 5%.**

We are 21 weeks into a season that typically lasts 32 weeks. At this point, 68.17% of last winter's delivery of 1.577 Tcf has been replenished (See next page) which is 83 basis points better than the five-year mean of 67.34%.

Perhaps this is the reason why the NYMEX forward curve is so weak.



**Backwardations in cross-seasonal spreads only narrow in bear markets!**



Source: NOAA, CPC

Despite this season's meager pace of refills, the contango on the NYMEX end-of-summer Oct-24/Nov-24 spread averaged  $-\$0.381$  per MMBtu last week on a storage surplus to our seasonal model of 297 Bcf. Four weeks ago, the surplus to our model was 373 Bcf and the contango hit a season-to-date high of  $-\$0.466$  per MMBtu. Since the end of last winter, L48 storage has plunged from a 607 Bcf surplus, yet the contango is still below the regression line.

The backwardation (premium) on the NYMEX March 2025 Henry Hub futures contract (the final contract of the 2024-25 winter strip) to the April 2025 contract (the first contract of the 2025 summer strip) finished last week at a season-to-date low of  $+\$0.137$  per MMBtu! The backwardation is averaging  $+\$0.124$  per MMBtu this week.

Cooling demand picked up last week east of the Mississippi. Through the current EIA week, L48 gas demand for electricity demand was 9.4% higher at 3,312 GWhs, the rough equivalent of 19 Bcf of gas.

