

# THE SCHORK REPORT

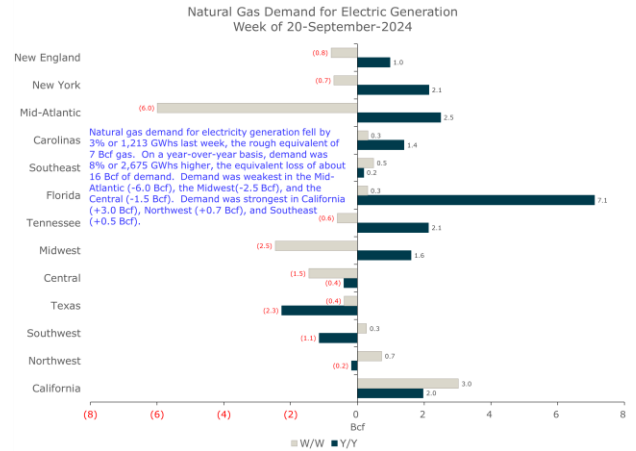


Friday, September 27, 2024

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

FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

| 3-Week Directional Momentum & Money Flow<br>As Of Friday, September 27, 2024 |       |             |              |              |               |               |               |
|--|-------|-------------|--------------|--------------|---------------|---------------|---------------|
|  |       | NYMEX<br>NG | NYMEX<br>WTI | ICE<br>Brent | NYMEX<br>RBOB | NYMEX<br>ULSD | ICE<br>Gasoil |
| Price  | Trend | Rising      | Rising       | Rising       | Rising        | Rising        | Rising        |
| Volume   | Trend | Rising      | Falling      | Falling      | Falling       | Falling       | Falling       |
|  | Bias  | Bullish     | Bearish      | Bearish      | Bearish       | Bearish       | Bearish       |
| Open Interest  | Trend | Falling     | Rising       | Falling      | Rising        | Rising        | Rising        |
|  | Bias  | Bearish     | Bullish      | Bearish      | Bullish       | Bullish       | Bullish       |
| Market Signal  |       | Neutral     | Neutral      | Bearish      | Neutral       | Neutral       | Neutral       |
| Market Volatility  |       | Falling     | Falling      | Falling      | Falling       | Rising        | Falling       |



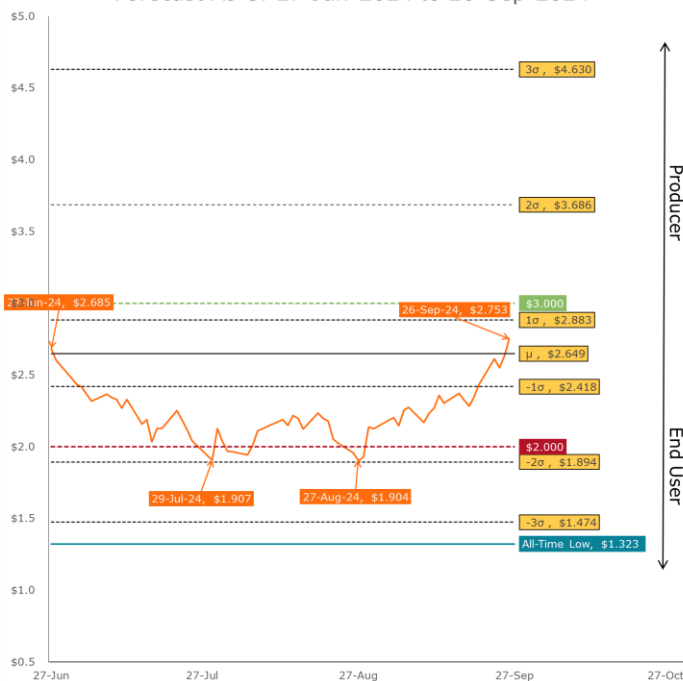
## Omnium Gatherum

ENERGY PRICES WERE MIXED YESTERDAY... natty rallied as October futures went off the board on a strong note, oil tanked on [concerns](#) the Saudis are willing to—for reasons we have yet to fathom why—tank the market.

## What We Are Watching

Our model for spot summer natural gas futures on the NYMEX concluded with yesterday's expiry of the October contract.

Summer 2024 Spot NYMEX Natural Gas Forecast As Of 27-Jun-2024 to 26-Sep-2024



**Natty End Users Batted .667 This Summer!**

**Nota Bene:** L48 average electric generation was 4% lower last week at a four-month low of 11,302 GWhs.

As illustrated, on the July 29<sup>th</sup> expiry of the August contract, gas bottomed within \$0.013 of our \$1.894, second standard deviation at \$1.907. Last month, in the penultimate session of the September contract, the market bottomed within \$0.010 of the second standard deviation at \$1.904. **Therefore, end users were 2-for-2 in the August and September contracts but whiffed at their final at bat of the season.** Over the past week-and-a-half, the October contract rocketed through the first standard deviation of \$2.418 and went off the board yesterday at a summer high of \$2.753. We will publish our fall gas model next Friday.

## EIA Broken Record Redux

Yesterday, the EIA produced another subpar injection (addition) of natural gas to L48 underground natural gas storage. Whereas the normal refill for the middle of September is 83 ± 23 Bcf, the EIA reported an injection of 47 Bcf (net of an 8 Bcf reclassification from working gas to base gas) for the week ending September 20<sup>th</sup>.

Storage began this refill season at 56% of the historical demonstrated peak working capacity (4.047 Tcf), or 2.259 Tcf. As of last week, storage increased by 1.233 Tcf, reaching 3.492 Tcf, or 86% of working capacity. The end-of-winter balance is typically 1.732 Tcf (43% of working capacity). Based on our modeling, we expect storage to be at 3.376 Tcf (81% of working capacity), implying a 1.545 Tcf injection by this point in the year.

**The key takeaway is that although this year's injection of 1.233 Tcf is 344 Bcf below the seasonal norm in absolute terms, it has achieved a higher capacity utilization. In other words, this year's injection has been more efficient in terms of capacity usage.**

corresponding week from a year ago when there was 3.359 Tcf in the ground.

Yesterday, the Oct-24/Nov-24 contango collapsed and expired at a 52-week low of -\$0.168. However, a year ago, the Oct-23/Nov-23 contango collapsed to a -\$0.135 final settlement. So, the strength in the final week of the Oct-24/Nov-24's life notwithstanding, the spread still finished the summer \$0.033 weaker than the end of last summer.

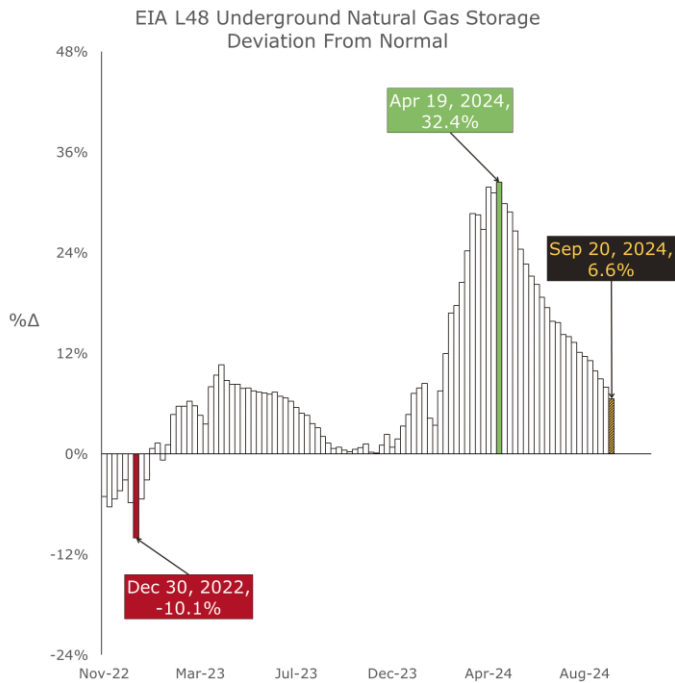
**This is a bearish fundamental telltale.**

Meanwhile, from the summer solstice (the week ending June 21<sup>st</sup>), through last week's autumnal equinox, the backwardation on the end-of-winter Mar-25/Apr-25 spread narrowed in 13 out of 14 weeks this summer, falling from a mean of \$0.289 to \$0.122.

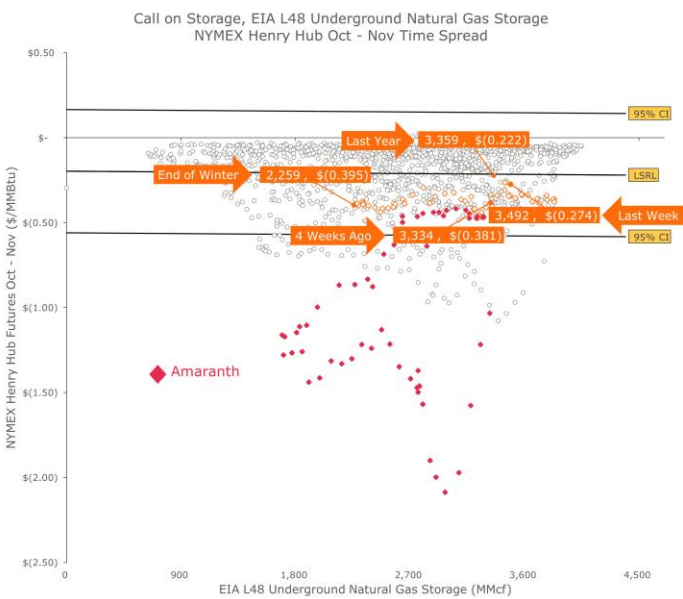
**This too, is a bearish fundamental telltale.**

Through the first four days of this week, the backwardation plunged from Monday's \$0.159 close (a two-month high) to yesterday's \$0.135 close.

**This is not how fundamentally bullish markets trade.**



**We re-benchmarked our seasonal model. At the start of winter 2022-23, L48 storage was 10% below the seasonal norm. At the start of this refill season, storage peaked at a 32% surplus, which has since narrowed to 7%.**



With 3.492 Tcf in the ground last week, the NYMEX Henry Hub cross-seasonal Oct-24/Nov-24 time spread averaged -\$0.274 per MMBtu which is \$0.052 larger than the -\$0.222 contango in the Oct-23/Nov-23 spread for the

