

THE SCHORK REPORT

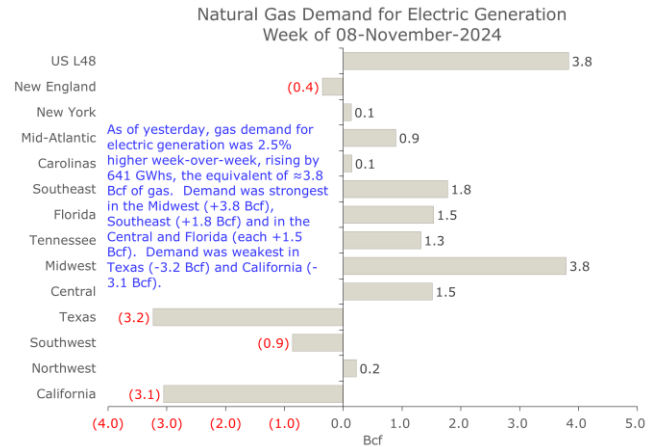


Friday, November 08, 2024

www.schorkgroup.com

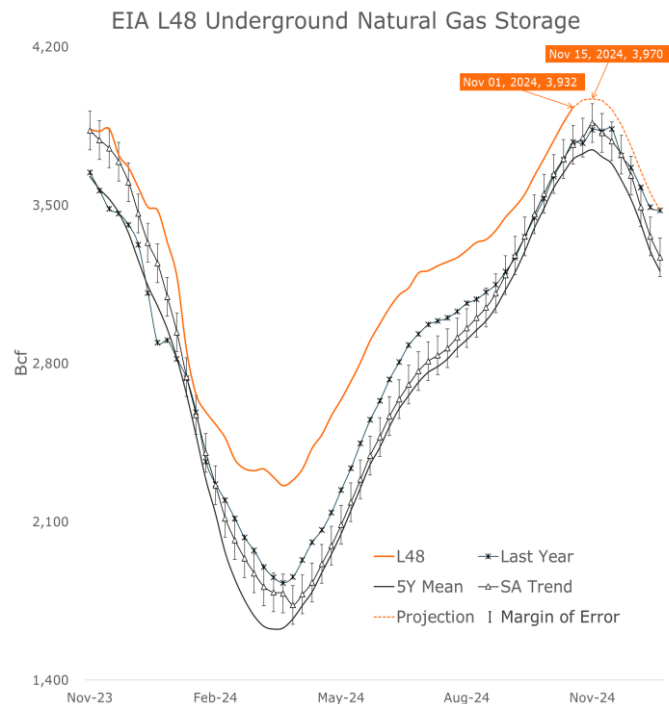
FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

Probability Today's Close Will Finish Below/Above Previous Session's Low/High Prints			
NYMEX NATURAL GAS	Prev Close \$ 2.693	Close < \$2.656 42%	Close > \$2.778 29%
NYMEX WTI	Prev Close \$ 72.36	Close < \$70.66 26%	Close > \$72.88 41%
ICE Brent	Prev Close \$ 75.63	Close < \$74.02 26%	Close > \$76.08 42%
NYMEX RBOB	Prev Close \$ 2.0536	Close < \$2.0117 27%	Close > \$2.0618 45%
NYMEX ULSD	Prev Close \$ 2.2864	Close < \$2.2352 23%	Close > \$2.2966 43%
ICE Gasoil	Prev Close \$ 680.00	Close < \$671.50 35%	Close > \$689.00 33%



Nota Bene: As of Thursday, average electricity generation was 1.4% lower W/W, 2.2% higher Y/Y, and 4.5% above the average for the three years preceding last year, reaching a 10.156 GWhs.

Directional Momentum & Money Flow As Of Thursday, November 07, 2024							
		NYMEX NG	NYMEX WTI	ICE Brent	NYMEX RBOB	NYMEX ULSD	ICE Gasoil
Price	Trend	Rising	Rising	Rising	Rising	Rising	Rising
Volume	Trend	Falling	Rising	Falling	Rising	Falling	Rising
	Bias	Bearish	Bullish	Bearish	Bullish	Bearish	Bullish
Open Interest	Trend	Rising	Rising	Rising	Falling	Falling	Falling
	Bias	Bullish	Bullish	Bullish	Bearish	Bearish	Bearish
Market Signal		Bullish	Bullish	Bullish	Bearish	Bearish	Bearish
Market Volatility		Rising	Falling	Falling	Falling	Falling	Falling



Omnium Gatherum

PRICES WERE MIXED... oil bounced back following Wednesday's post-election dollar euphoria. NYMEX gas moved lower as the prospect of 4.0 Tcf storage could be in the cards.

What We Are Watching

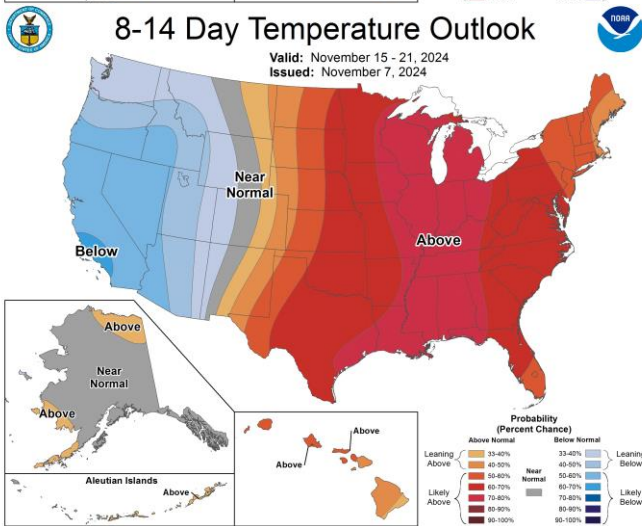
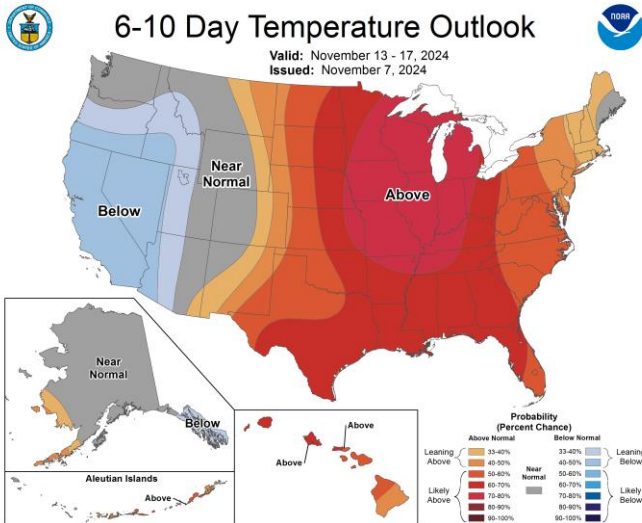
4.0 Tcf is a real possibility. As of last Friday, EIA L48 underground storage of natural gas rose by 69 Bcf to 3.932 Tcf and as a result, gas is at 83.08% of working capacity, which is 336 basis points greater than a year ago and 351 points greater than the seasonal norm. Furthermore, storage is within 117 basis points of 4.0 Tcf and within 284 points of the all-time high of 4.047 Tcf.

There is no denying that this was a bearish report, which is in a protracted line of bearish reports for this season. This season's injection is up to 1,673 Tcf which is seemingly light. After all, a year ago at this point the injection was 1.943 Tcf and the injection based on the time series study is 2.034 Tcf. Yet, the situation is not all what it seems to be. As noted above, storage finished last winter with a massive amount of gas in the ground, 2.259 Tcf which was 477 Bcf above the seasonal norm, as well as 56% of the 4.047 Tcf end-of-season record.

Historically, refills run through the 45th week of the calendar year—meaning this week for the current year. Therefore, next Thursday's report typically marks the final refill of the season, though occasional injections can still occur thereafter. The normal refill at this point in the season is 42 Bcf with a margin of error of ± 19 Bcf.

As of yesterday, gas demand for electric generation was 2.5% higher week-over-week, rising by 641 GWhs, the equivalent of ≈3.8 Bcf of gas. Demand was strongest in the Midwest (+3.8 Bcf), Southeast (+1.8 Bcf) and in the Central and Florida (each +1.5 Bcf). Demand was weakest in Texas (-3.2 Bcf) and California (-3.1 Bcf).

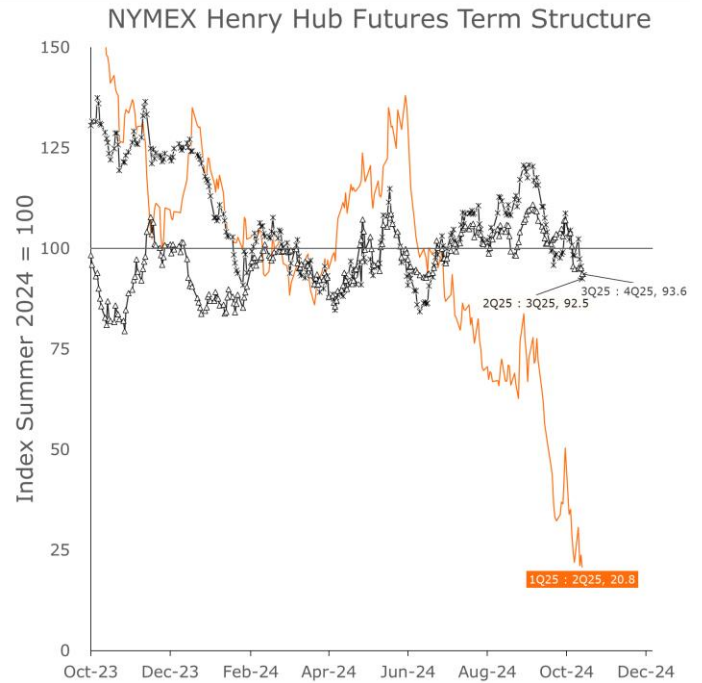
We have been saying it for over a month now and with each passing week we have been saying it with greater vehemence... THE WINTER OF 2024-25 IS OVER! The backwardation on the Mar25/Apr25 NYMEX Henry Hub spread set consecutive season-to-date lows over the last four weeks. As of last Friday, the backwardation average \$0.044 per MMBtu and this week the premium is averaging \$0.034 per MMBtu. **At this point of the year, this is the cheapest the backwardation has traded since 2013.**



(Source: :NOAA)

Bulls must face facts, above normal temperatures through the middle of November fall every market that is east of the Rockies is a recipe for disaster.

Our early forecast for next week's injection is 51 Bcf. This brings storage to 3.983 Bcf. If Mother Nature cooperates, a run at 4.0 Tcf and the all-time high is within the realm of possibilities.



Furthermore, the backwardation in the 1Q25 to 2Q25 strip has sharply declined, now at just 21 cents on the dollar compared to where it traded over the summer. Additionally, the contangos for the 2Q25 to 3Q25 and 3Q25 to 4Q25 strips have decreased to 92.5 cents and 93.6 cents on the dollar, respectively.

This contraction in backwardation and lower contango levels across subsequent quarters reflect a clear bearish indicator, suggesting softer demand expectations and potentially higher supply in upcoming months. **There is no clearer telltale than this to suggest that this winter is DOA.**

