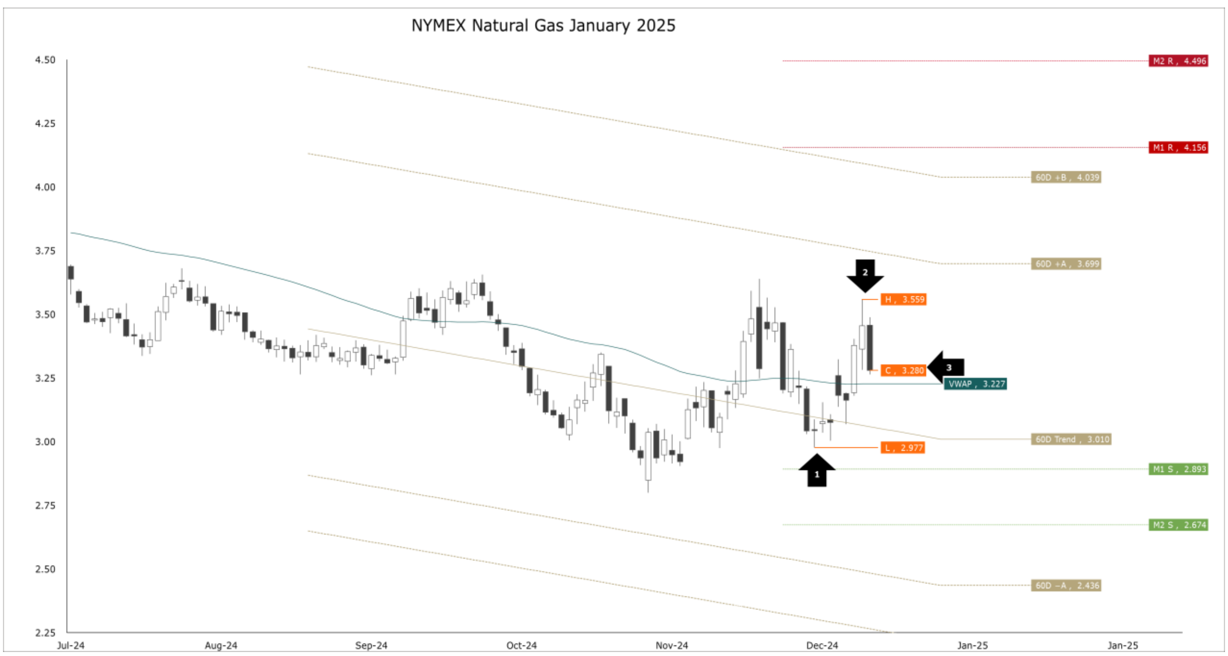
HENRY HUB NG FUTURES

THE SCHORK GROUP, INC.

Gas is Still Bearish

At the start of this month, January 2025 NYMEX Henry Hub futures bottomed below the 60-day trend of $3.010 per MMBtu at $2.977 (arrow 1). Since then, bulls have been on a tear. Last Wednesday the contract surged through the volume-weighted average price (VWAP)—$3.227 as of last Friday. Then on Thursday the gas spiked to a season-to-date high of $3.559 (arrow 2) after the EIA reported a much stronger than expected delivery out of L48 underground storage and ended the week at $3.280 (arrow 3).

Two weeks ago, the March 2025 Henry Hub futures market (the final contract of the winter strip) slipped to a discount (contango) to the April 2025 market (the first contract of the summer strip). This is the earliest that March has traded at a discount to April since 2015. **Despite the recent rally in the spot market, the overall picture in natty is bearish. After all, seasonal markets only slip from backwardation to contango when traders believe supply will outpace demand**.



EIA Delivered a Whopper Last Week!

As of Friday, December 06th, EIA L48 underground storage of natural gas fell by 190 Bcf to 3.747 Tcf. Estimates for this report were all over the place. For example, the mean forecast on the Reuters' survey was 165 Bcf with a high of 180 Bcf and a low of 132. The double-digit miss on the survey averages, is about as large as you will ever see, and the NYMEX responded in accord. As a percentage of working capacity, inventories have fallen by 4.75% (475 basis points or bps) since the start of the season to 79.17%, which is 175 bps above a year ago, 370 bps above the five-year mean, and 209 bps above the seasonal norm.

  Contact us for more information. Tel: (610) 225-0171