

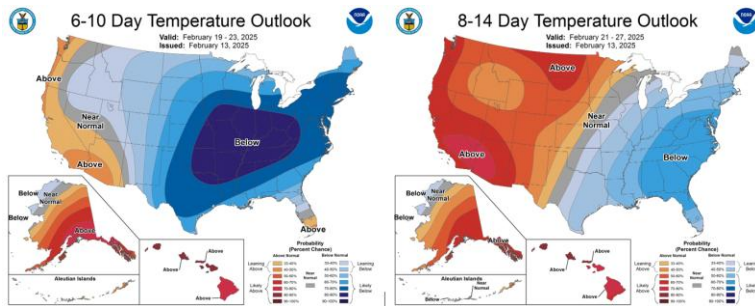
THE SCHORK REPORT



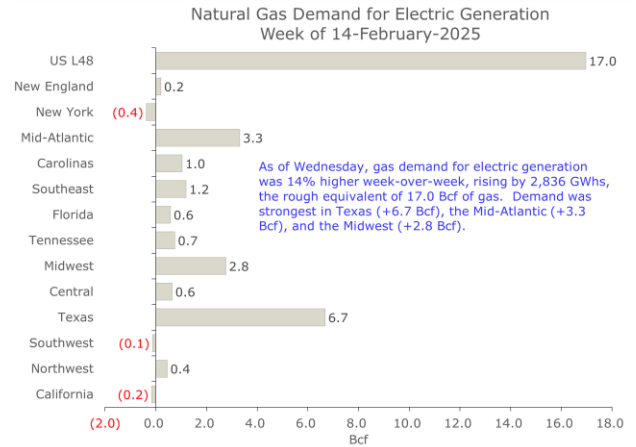
FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

Friday, February 14, 2024

www.schorkgroup.com



NOAA: All markets east of the Mississippi remain bullish into the final week of the month.



Nota Bene: As of Wednesday, average electricity generation was 5% higher on the week, 10% higher on the year, and 8½% higher than the 2021-2023 mean at 11,627 GWhs.

Directional Momentum & Money Flow As Of Wednesday, February 12, 2025

		NYMEX NG	NYMEX WTI	ICE Brent	NYMEX RBOB	NYMEX ULSL	ICE Gasoil
Price	Trend	Rising	Rising	Rising	Rising	Rising	Rising
Volume	Trend	Falling	Falling	Falling	Falling	Falling	Rising
	Bias	Bearish	Bearish	Bearish	Bearish	Bearish	Bullish
Open Interest	Trend	Falling	Rising	Falling	Falling	Falling	Rising
	Bias	Bearish	Bullish	Bearish	Bearish	Bearish	Bullish
Market Signal		Bearish	Bullish	Bearish	Bearish	Bearish	Bullish
Market Volatility		Falling	Falling	Falling	Rising	Falling	Falling

Omnium Gatherum

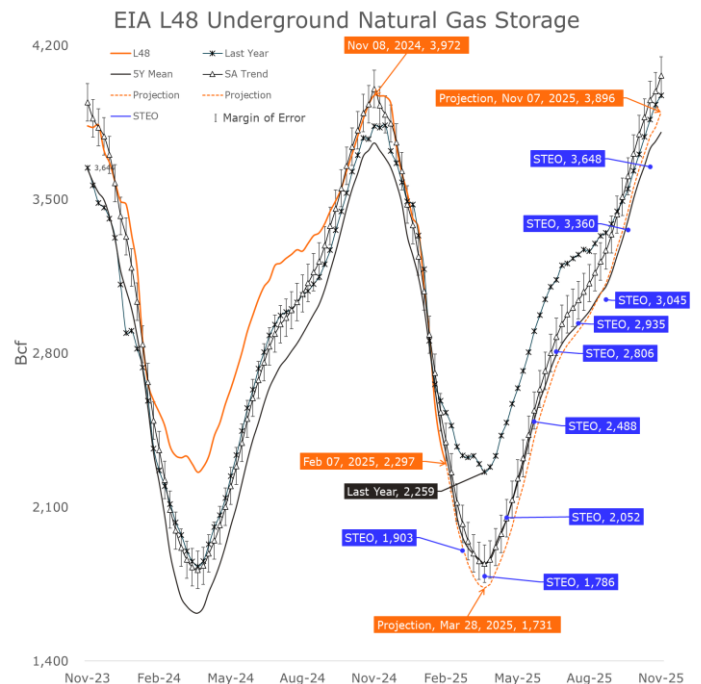
PRICES WERE MIXED YESTERDAY... oil steadied while natty prices continued to rise even as volume and open interest continued to fall.

What We Are Watching

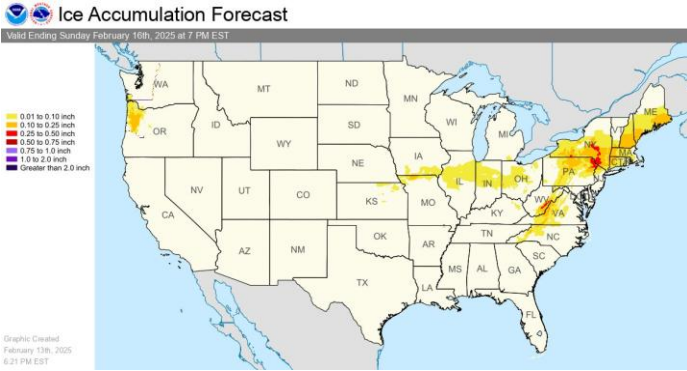
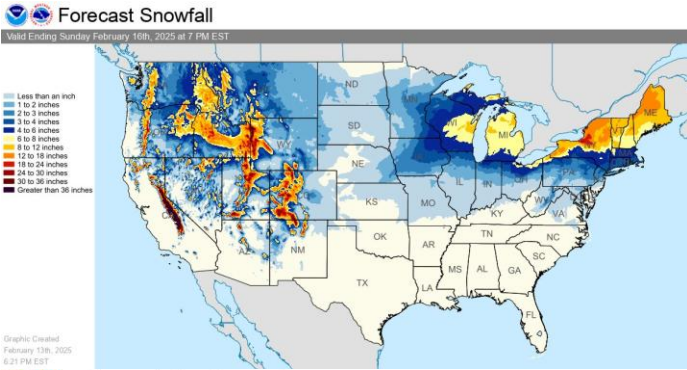
Yesterday, the EIA reported the thirteenth delivery (withdrawal) of the season. As of Friday, February 07th, L48 natural gas storage fell by a 100 Bcf to 2.297 Tcf. The report was within the seasonal norm, albeit shaded towards the lower end of the range.

The season-to-date delivery is 1.675 Tcf which is 369 Bcf greater than a year ago, 326 Bcf greater than the five-year mean, and 69 Bcf above the seasonal time series

study. This season's withdrawal is the third largest on record behind a 1.787 Tcf delivery in 2018 and a record delivery in 2014 of 2.141 Tcf.



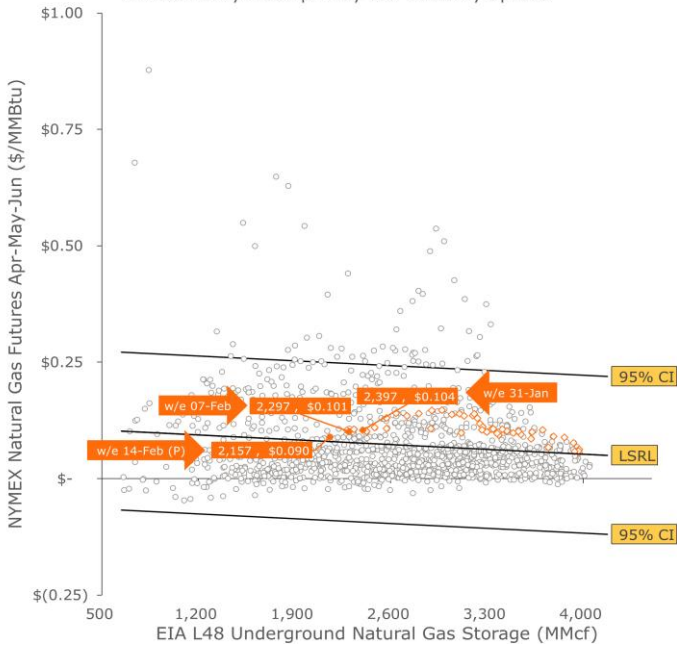
Last year, storage exited winter with 2.259 Tcf in the ground. Early estimates for this week's storage delivery suggest a ≈140 Bcf draw, meaning current inventories have already dropped below last year's final balance—with about seven more weeks of withdrawals still to come. At this pace, the season could end with 1.731 Tcf in storage, which would be 528 Bcf below last year and 55 Bcf below the EIA's latest STEO forecast of 1.786 Tcf.



NOAA

Heavy snow and dangerous ice accretions through this weekend puts another bullet in the chamber of gas bulls.

Call on Storage, EIA L48 Underground Natural Gas Storage
NYMEX Henry Hub Apr-May-Jun Butterfly Spread

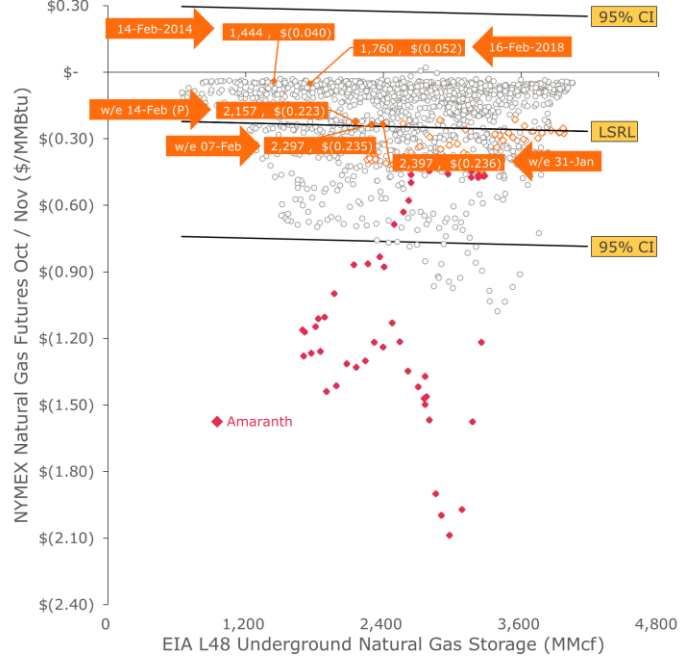


As illustrated above, traders have taken notice of this season's rapid delivery. May Henry Hub gas now holds the largest open interest on the NYMEX curve, reflecting market focus on the transition between heating season and summer injections. Over the past two weeks, the April-May-June butterfly spread (+1 April, -2 May, +1 June) has narrowed from a \$0.104/MMBtu average to

\$0.090/MMBtu. This shift was driven by April weakening relative to May, while May strengthened against June.

Bottom line: Traders are positioning for a bullish end to winter and a strong start to the summer refill season as inventories tighten.

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



Looking ahead to the end of the refill season, October gas (the final contract of summer strip) has been tightening against November. Since the start of the year, October's average discount narrowed from $-\$0.285$ /MMBtu to $-\$0.235$ as of last week. This week, the discount is averaging $-\$0.223$ which is still massive given seasonal analogs (See above).

As we have already noted, this season's draw is the third largest on record behind 2018 and 2014. The difference between then and now is that in those years, storage was substantially lower. As is such, the respective Oct/Nov contangos were $-\$0.052$ and $-\$0.040$.

Bottom line: traders are pricing in a bullish start to refills but are reluctant to place the same urgency on the end of the season. Whether this complacency is justified remains to be seen.

