

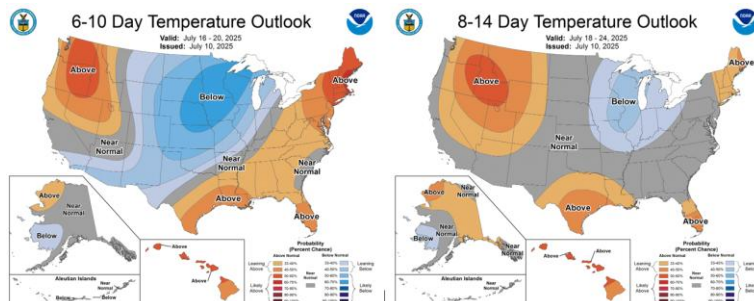
THE SCHORK REPORT

FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

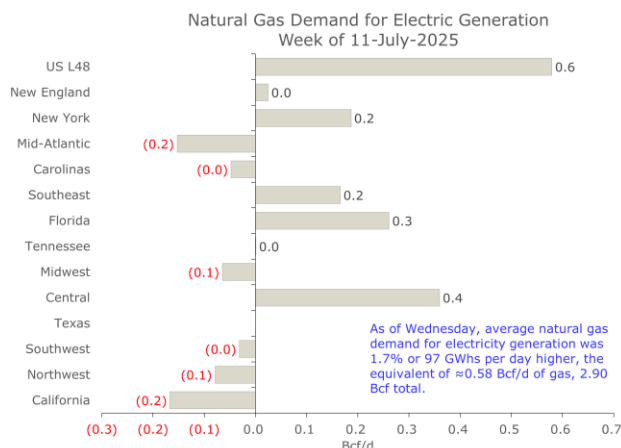


Friday, July 11, 2024

www.schorkgroup.com



NOAA: Chances look bleak for gas bulls into the final third of this month.



Nota Bene: As of Wednesday, average electricity generation rose by 0.6% to 13,498 GWs. Gas's share of the stack rose to a 10-month high of 44.3%.

Directional Momentum & Money Flow As Of Wednesday, July 09, 2025

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

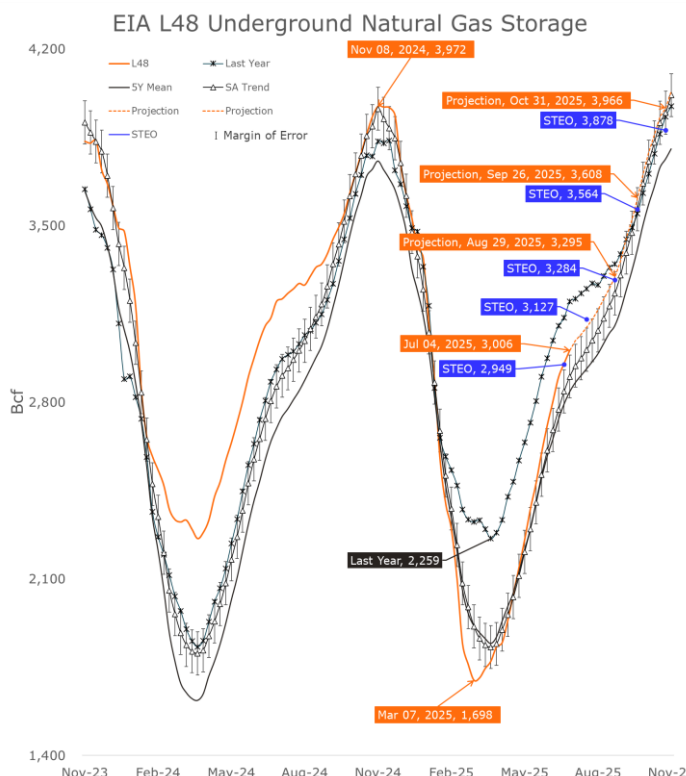
Omnium Gatherum

PRICES WERE MIXED YESTERDAY... oil markets tanked after back-to-back two-week highs, and natural gas rallied after back-to-back year-to-date lows.

What We Are Watching

Yesterday's EIA report showed a normal injection of 53 Bcf of natural gas into L48 underground storage. Inventories now sit at 3.006 Tcf.

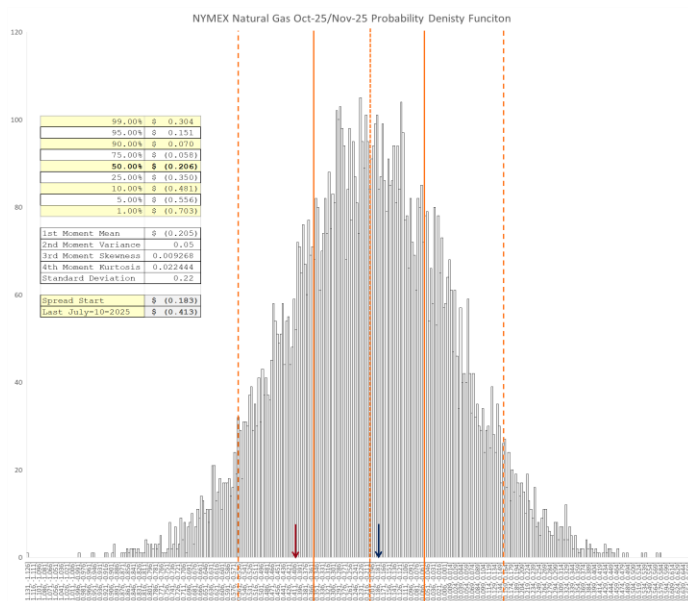
Since the start of refills, storage has flipped from a 213 Bcf deficit to our seasonally adjusted model, to a 105 Bcf surplus. Season-to-date additions are up to 1.308 Tcf, the second largest refill on record. We are not even at the halfway point of the season, and refills are on track to end the season above 3.900 Tcf.



As illustrated below, temperatures are running higher this week for most markets in key metro-areas. Through the first five days of the current EIA week, average electricity generation is 0.6% higher at 13,498 GWs. Thanks to a significant drop in wind output, gas's share of the stack has jumped. Wind's share fell by 122 bps to a **13-month low** of 5.51%, while the amount of demand covered by natural gas rose by 83 bps to a **10-month high** of 44.34%.

NOAA Weather Observation Top 10 States (Metro Areas) Summer Gas Electric Generation Week Of Wednesday, July, 09, 2025						
	Mean °F	W/W Δ °F	± Normal °F	Degree Days	W/W Δ	± Mean
Dallas, TX	82.3	(3.5)	(4.0)	17	(3)	(137)
Miami, FL	83.5	0.5	(0.4)	19	1	(48)
Philadelphia, PA	81.5	(0.1)	3.0	17	(0)	(89)
Los Angeles, CA	66.9	0.8	(1.9)	2	1	(32)
NYC, NY	80.4	1.2	4.7	16	1	(70)
Atlanta	84.7	3.8	4.3	20	4	(99)
Birmingham, AL	81.7	1.6	0.5	17	2	(107)
Cleveland, OH	77.6	1.1	3.1	13	1	(54)
D.C. VA	79.4	(1.2)	2.4	15	(1)	(81)
Phoenix, AZ	100.8	1.3	4.0	36	1	(195)

As a result, average natural gas demand for electricity generation is 1.7% or 97 GWhs per day higher, the equivalent of ≈ 0.58 Bcf/d of gas, 2.90 Bcf total. Based on our seasonal time series analysis, the typical injection for early July is 43 ± 11 Bcf. Our preliminary estimate is on the higher end of this range.



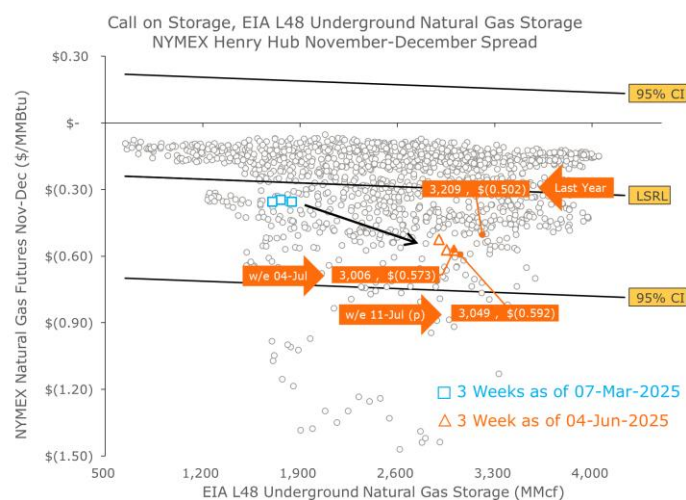
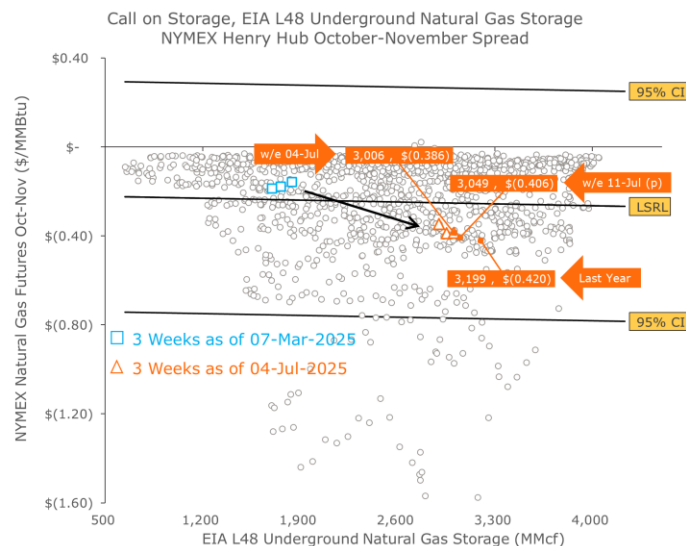
Traders are nonplussed regarding this refill season.

As illustrated above, after opening at the end of last winter at $-\$0.183$ (blue arrow), the contango on the cross-seasonal Oct-25/Nov-25 NYMEX Henry Hub spread finished yesterday at $-\$0.413$ (red arrow). Based on the probabilistic model we wrote for this spread, the market is now trading well below the 25th percentile of expected returns.

When regressed against storage (see above), the picture is just as bearish. Last week, storage climbed to 3.006 Tcf, and the Oct-25/Nov-25 contango averaged an 11-month high $-\$0.386$. As of yesterday, this week's contango is averaging a **12-month high** of $-\$0.406$.

This situation in the Nov-25/Dec-25 contango (the first spread for next winter) is even more dire (see below). As

of yesterday, November's discount to December is averaging a **16-year high** of $-\$0.592$.



Lastly, **traders are also discounting the prospects of a bullish winter**. As of yesterday, the backwardation on the cross-seasonal Mar-26/Apr-26 spread is averaging a season-to-date low of $\$0.259$.

Rising contangos and shrinking backwardations are textbook definitions of a fundamentally bearish market.

