THE SCHORK REPORT

FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

Friday, October 10, 2025
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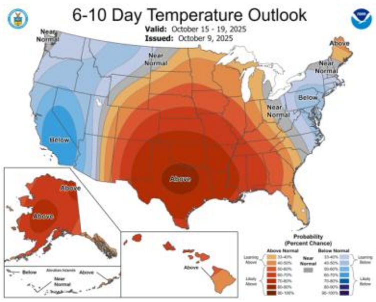
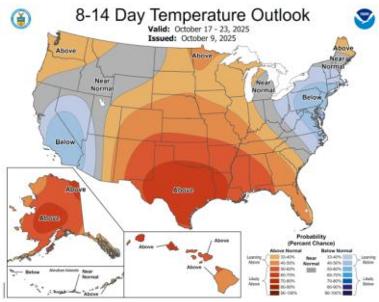
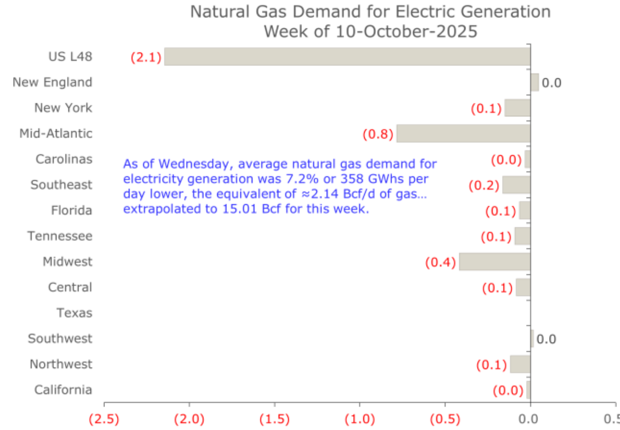




NOAA: Looks like it will be chilly in the West and the Northeast through the middle of this month. However, gas furnace demand in the all-important Chicago market area remains weak.



Nota Bene: Last week, electricity generation fell by 3.0% to a four-month low of 11,059 GWhs. Gas's share of the smaller stack fell by 137 pps to 41.72% while renewables—lead by the wind—rose by 141 pps to a four-month high of 21.24%.

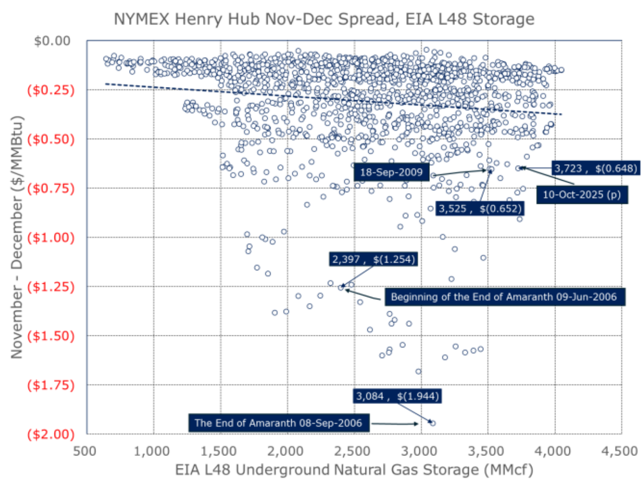
Omnium Gatherum

PRICES WERE WEAK YESTERDAY... NYMEX natty and WTI moved lower and tested support at their respective Fibonacci 62% retracements: $3.257 for gas and $61.47 for WTI. As such, bulls in each market are treading water.

What We Are Watching

Yesterday the EIA reported a decent injection of natural gas into L48 underground storage of 80 Bcf—the typical injection for the late September to early October period is between 85 and 95 Bcf. Market surveys ranged from the low to high 70s Bcf. As of October 03rd, total L48 storage stood at 3.641 Tcf. Our end-of-season projection moved from 3.878 to 3.891 Tcf. Should heating demand arrive early, our lower case is 3.848 Tcf, while a late start points to 3.921 Tcf. Yesterday's report tends to be the largest of the fall. From here, injections will begin to dwindle as the heating season approaches.

Through the first four sessions of last week, NYMEX November gas averaged its narrowest discount to December (-$0.648) since the depths of the Great Recession in October 2009 (see below). With the front winter spread trading at its widest contango in 16 years, **it's clear that traders have little concern about the approach of winter**.



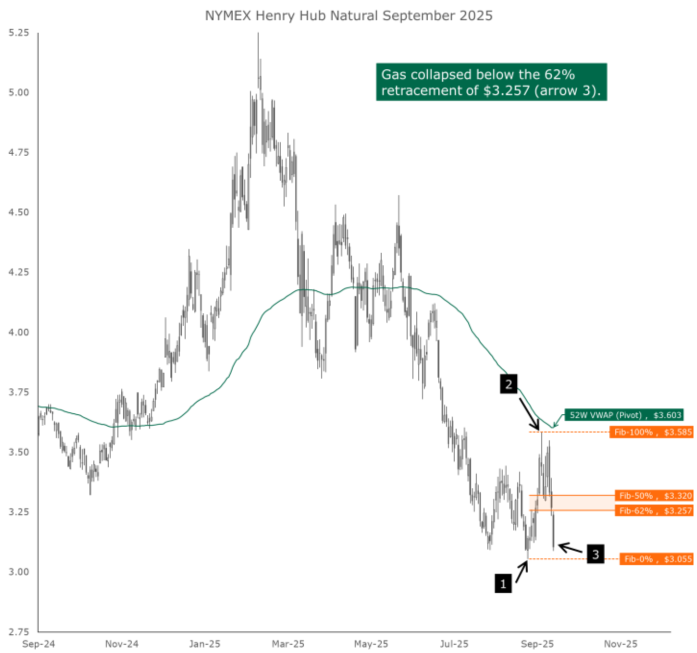
With the CFTC frozen on September 23rd positioning is yesterday's story.

Fresh signals in NYMEX natural gas are on the board: open-interest rotation down the strip, a break to new local lows in front-month Henry Hub, and a November–December contango trading around a 16-year extreme.

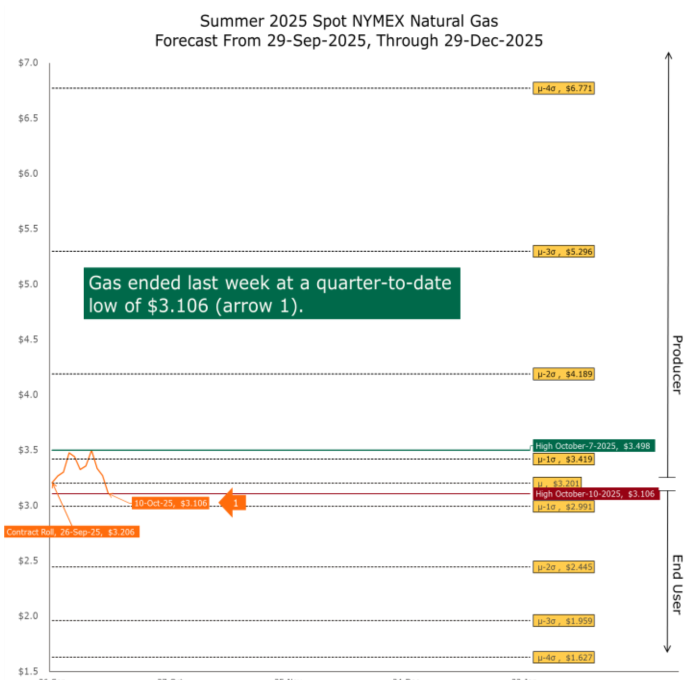
November-25 NYMEX gas ended last week at $3.106—a three-week low. The failed bounce of the previous two weeks confirms sellers control the tape; rallies are being sold rather than built upon. Until staying power above $3.419 (the first standard deviation in our seasonal model) is reclaimed, momentum argues lower.

Participation says this is a rebase, not an exit. From the CFTC reference week (Tuesday, Sep 23) through Friday, Oct 10th, open interest in Nov-25 plunged by 108,010 contracts, while combined OI from Dec-25 through Dec-

26 rose by 123,657. The concentration of adds sits in the next four months—Dec-25 +29,085; Jan-26 +22,614; Feb-26 +16,382; Mar-26 +25,380—classic seasonal roll behavior, amplified by volatility. Capital stayed in the game; it just moved off the breaking front and into the belly.



The lower bound of Fibonacci 62% retracement line failed spectacularly last week!



Structure corroborates the shift from tightness to carry. The Nov-25/Dec-25 spread finished at −$0.687, among the largest November discounts to December in 16 years. That degree of contango maintains negative roll yield for longs and invites carry trades when the spread clears storage and financing. Translation: the traders are signaling **no urgent near-term scarcity**.

Further out, cross-seasonal strength is eroding. The Mar-26/Apr-26 backwardation slipped to $0.101, a season-to-date low. That softening shoulder into spring tells you **traders are less willing to pay up for end-winter risk; weather must now *prove it***.

Interpretation:

→ Price: Last week's $3.106y finish hand the initiative to bears. First job for bulls is to negate the breakdown by retaking $3.419 in November; absent that, a path of least resistance remains lower toward psychological $3.00… and our model's lower first standard of deviation of $2.991.

→ Structure: A near 16-year Nov/Dec contango and a thinning Mar/Apr backwardation speak to comfort with inventories and LNG/export cadence at the margin. Carry is strong: longs face a roll headwind; shorts harvest positive roll; storage optionality re-opens when spreads exceed all-in costs.

→ Participation: The OI migration is large, not panicked. Risk moved, it didn't leave. That keeps two-way optionality alive—fuel for squeezes if weather or outages surprise—but the **baseline is a fade-strength regime while the curve pays carry**.

Bottom line: With positioning data stale, the live tells are clear—front-month weakness, outsized OI rotation into Dec–Mar, and a historically wide Nov/Dec contango alongside a softening Mar/Apr. Until structure tightens and November recovers, respect the bear tape and trade the carry.