

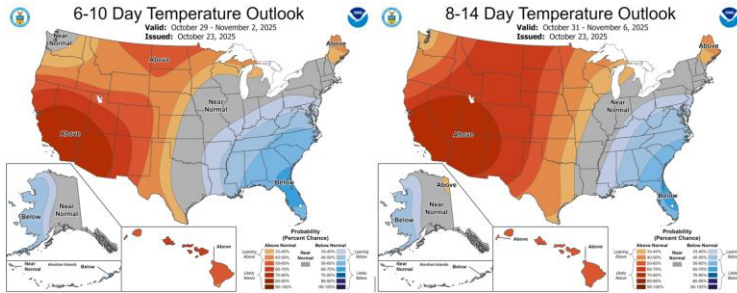
THE SCHORK REPORT



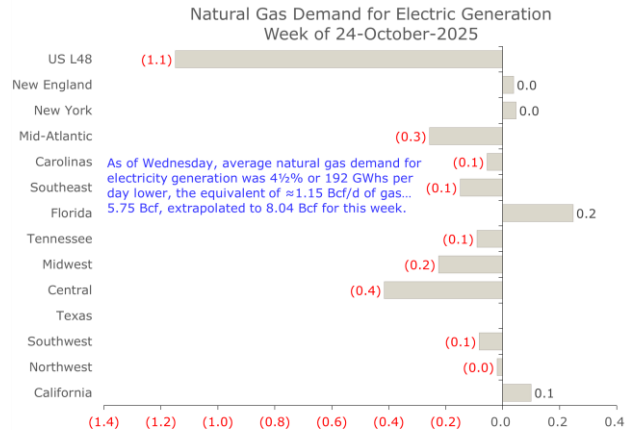
FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

Friday, October 24, 2025

www.schorkgroup.com



NOAA: Okay. Gas bulls have something to work with... for markets east of the Mississippi.



Nota Bene: as of Wednesday, electric gen fell by 1.3% to a six-month low of 10,314 GWhs. Gas' share of the stack fell by 129 pps to a five-month low of 39.3%

Omnium Gatherum

PRICES WERE MIXED YESTERDAY... oil surged on carryover momentum from President Tariff's latest threat to squeeze Putin. Gas stalled at key Fibonacci resistance for a third straight session.

What We Are Watching

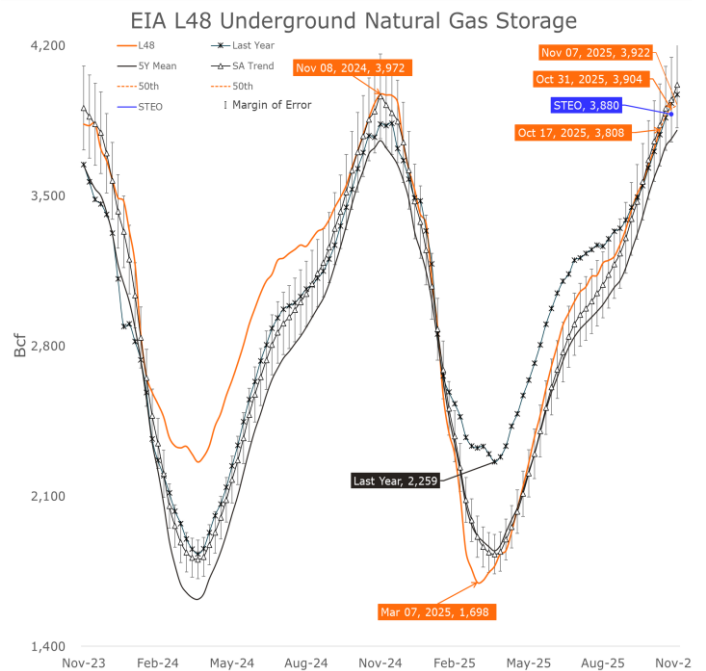
Yesterday, the EIA reported a heavy injection of natural gas into L48 underground storage of 87 Bcf—the typical injection for mid-October period is 63 ± 9 Bcf. Market surveys were clustered in the low 80s Bcf.

To date, 2.110 Tcf has been refilled—the largest injection since 2019, and the fourth largest since 2010. As of October 17th, total L48 storage stood at 3.808 Tcf. Our end-of-season projection moved from 3.903 to 3.922 Tcf. Should heating demand arrive early, i.e., before Halloween, our lower case is 3.891 Tcf, while a start closer to Thanksgiving points to 3.945 Tcf.

NYMEX natural gas has spent October proving a point: volatility doesn't die—it just goes dormant before it awakens and screams.

After setting a life-of-contract low at the end of last week of \$2.893, the November Henry Hub contract detonated at the start of this week on a melt-up that carried futures to \$3.430, a four-standard-deviation swing and one of the

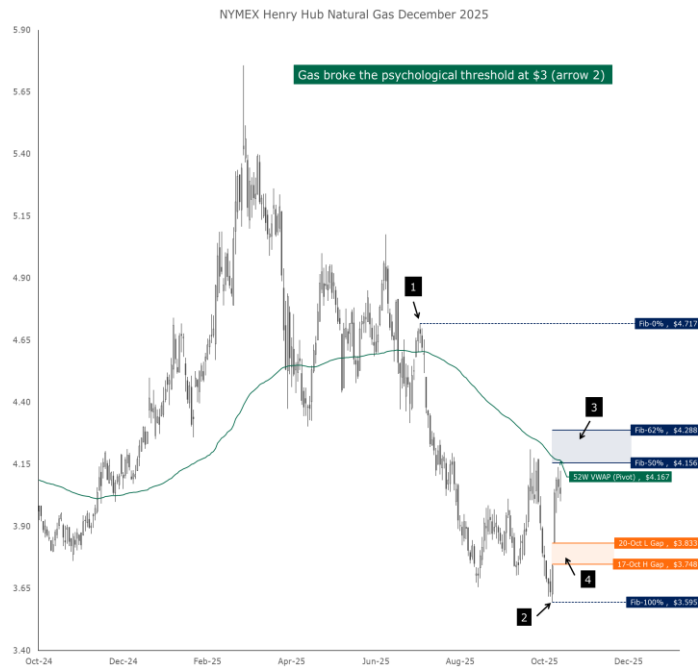
seventy-largest daily reversals in Henry Hub's 35-year history.



There were no fundamentals to justify Monday's surge—no cold snap, no cold in the forecast, no LNG outage, no pipeline failure. The move was mechanical, not meteorological.

The anatomy of this rally was textbook. Based on our experience, traders spent early October selling volatility, writing \$3.50 calls under the assumption that with storage high and the curve soft, those strikes would expire safely out-of-the-money. They didn't.

As prices stabilized just above \$3.00, delta exposure ballooned. When futures gapped higher to start this week, short-gamma desks were forced to buy futures to hedge—creating synthetic demand and igniting a gamma-driven squeeze into option expiry. Implied volatility spiked even as fundamentals stayed bearish, a tell-tale signature of trapped short-vol positioning.



NYMEX natty is trapped between two zones. Resistance in the December market sits at the Fibonacci Zone drawn at the high/low since summer (arrows 1 & 2): from \$4.156 to \$4.288 (arrow 3). The first zone of support is the gap from Monday's \$3.833 low and last Friday's \$3.748 high (arrow 4).

On Tuesday, the contract settled at \$3.474, a rally that clawed back half the September–October loss. Momentum, however, ran out of road. Over the past three sessions, price action has stalled around the 52-week VWAP of \$3.532, and the Fibonacci 50% retracement of \$3.508, reinforcing these as formidable resistance zones that are (not coincidentally) close to the \$3.500 call strike. With option expiry fast approaching (next Wednesday, October 29th) and gamma exposure decaying, the mechanical bid that fueled the surge is evaporating.

Today's EIA data confirm as much. The agency reported an above-normal, above-consensus injection into underground storage of 87 Bcf, pushing end-of-season projections beyond 3.9 Tcf, with an outside chance of eclipsing the five-year high of 3.969 Tcf. That's a market swimming in gas, not one starved for it.

Structure agrees: the Nov/Dec spread remains steeply contangoed around $-\$0.638$ which is only marginally tighter than last week's 16-year extreme. The Mar/Apr

backwardation has barely budged around $+\$0.116$, $\$0.034$ greater than the prior week's season-to-date low but $\$0.017$ below the prior four-week average. In other words, the market still isn't paying up for end-winter risk.

Technically, this has all the hallmarks of a mean-reversion overshoot within a bear tape. The statistical skew remains positive—spikes are more likely than collapses—but with contango entrenched and open interest migrating into deferred months, the path of least resistance reverts lower once the leverage unwinds. Traders who sold "safe" volatility learned that premium collection cuts both ways; the survivors will likely fade the bounce and trade the carry.

Bottom line: The weather didn't change—the math did. The surge was a positioning event, not a bullish pivot. With storage flush, production firm, and structure heavy, this market has repriced complacency, not fundamentals. Until spreads tighten and volatility normalizes, the correct posture remains defensive: respect the tape, distrust the rally, and remember—when the math stops working, the move stops cold.

