

THE SCHORK REPORT

FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS



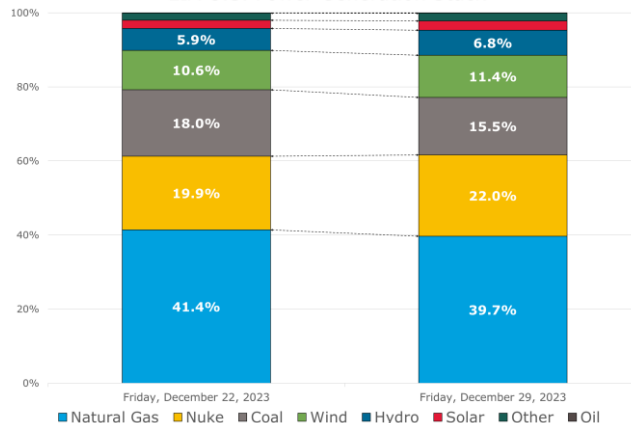
Wednesday, January 03, 2024

www.schorkgroup.com

Probability Today's Close
Will Finish Below/Above Previous Session's Low/High Prints

NYMEX NG, Feb-24	Prev Close \$ 2.568	Close < \$2.524 40%	Close > \$2.675 25%
NYMEX WTI, Feb-24	Prev Close \$ 70.38	Close < \$70.06 46%	Close > \$73.64 10%
ICE Brent, Mar-24	Prev Close \$ 75.89	Close < \$75.60 46%	Close > \$79.06 11%
NYMEX RBOB, Feb-24 (15.0 RVP)	Prev Close \$ 2.0949	Close < \$2.0796 43%	Close > \$2.1716 15%
NYMEX ULSD, Feb-24	Prev Close \$ 2.5258	Close < \$2.5108 43%	Close > \$2.5956 19%
ICE Gasoil, Feb-24	Prev Close \$ 740.50	Close < \$734.50 41%	Close > \$759.50 21%

EIA U.S. Power Generation Stack



SCHORK Daily Technical Trading Bias						
Contract	NG Jan-24	WTI Jan-24	ICE Brent Feb-24	RBOB Jan-24	ULSD Jan-24	ICE Gasoil Jan-24
Trend As Of	Bearish 07-Nov-23	Bearish 01-Dec-23	Bearish 01-Dec-23	Bearish 01-Dec-23	Bearish 01-Dec-23	Bearish 01-Dec-23

SCHORK Daily Price Range Probabilistic Model						
3 rd Resistance	2.897	75.32	80.83	2.2405	2.6816	787.75
2 nd Resistance	2.731	72.87	78.38	2.1682	2.6044	764.50
1 st Resistance	2.681	72.11	77.62	2.1457	2.5804	757.25
02-Jan-24	2.568	70.38	75.89	2.0949	2.5258	740.50
1 st Support	2.460	68.70	74.20	2.0453	2.4724	724.25
2 nd Support	2.414	67.98	73.48	2.0241	2.4495	717.25
3 rd Support	2.276	65.76	71.25	1.9588	2.3790	696.00

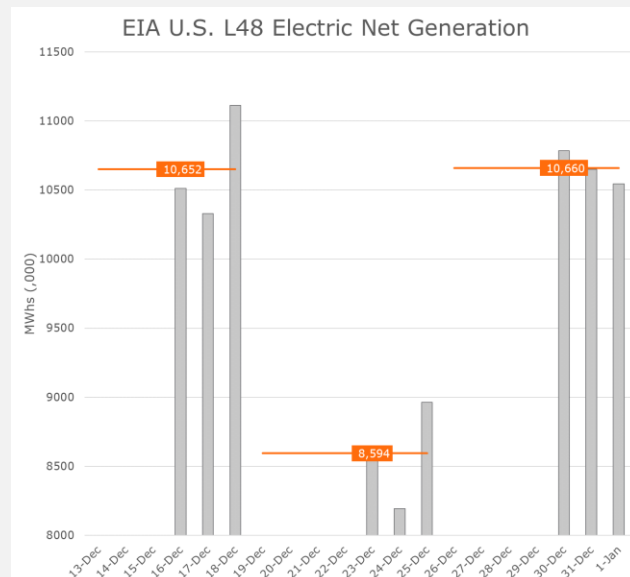
SCHORK Weekly Technical Trading Bias						
Contract	NG Jan-24	WTI Jan-24	ICE Brent Feb-24	RBOB Jan-24	ULSD Jan-24	ICE Gasoil Jan-24
Trend As Of	Bearish 13-Oct-23	Bearish 29-Dec-23	Bearish 29-Dec-23	Bearish 29-Dec-23	Bearish 29-Dec-23	Bearish 29-Dec-23

SCHORK Weekly Price Range Probabilistic Model						
3 rd Resistance	3.280	82.71	88.14	2.4341	2.8857	899.00
2 nd Resistance	2.881	77.12	82.53	2.2682	2.7057	838.75
1 st Resistance	2.764	75.42	80.83	2.2179	2.6509	820.50
02-Jan-24	2.514	71.65	77.04	2.1063	2.5289	751.75
1 st Support	2.286	68.07	73.43	2.0003	2.4125	741.00
2 nd Support	2.194	66.57	71.91	1.9559	2.3636	725.00
3 rd Support	1.927	62.07	67.34	1.8226	2.2162	676.25

SCHORK Monthly Technical Trading Bias						
Contract	NG Jan-24	WTI Jan-24	ICE Brent Feb-24	RBOB Jan-24	ULSD Jan-24	ICE Gasoil Jan-24
Trend As Of	Bearish 28-Nov-23	Neutral 19-Dec-23	Neutral 30-Nov-23	Neutral 30-Nov-23	Neutral 30-Nov-23	Neutral 30-Nov-23

SCHORK Monthly Price Range Probabilistic Model						
3 rd Resistance	4.257	103.01	101.50	2.8331	3.3144	1,003.25
2 nd Resistance	3.243	87.62	88.72	2.4515	2.9046	869.25
1 st Resistance	2.974	83.23	85.01	2.3414	2.7853	830.50
Expiry	2.437	73.94	77.04	2.1063	2.5289	786.50
1 st Support	1.997	65.69	69.82	1.8948	2.2961	673.25
2 nd Support	1.832	62.39	66.90	1.8097	2.2018	643.25
3 rd Support	1.395	53.07	58.47	1.5660	1.9295	557.25

Nota Bene: Through the first three days of the current EIA week, demand for electricity was 24% greater than a year ago and 11% higher year-over-year at 10.66 GWhs.



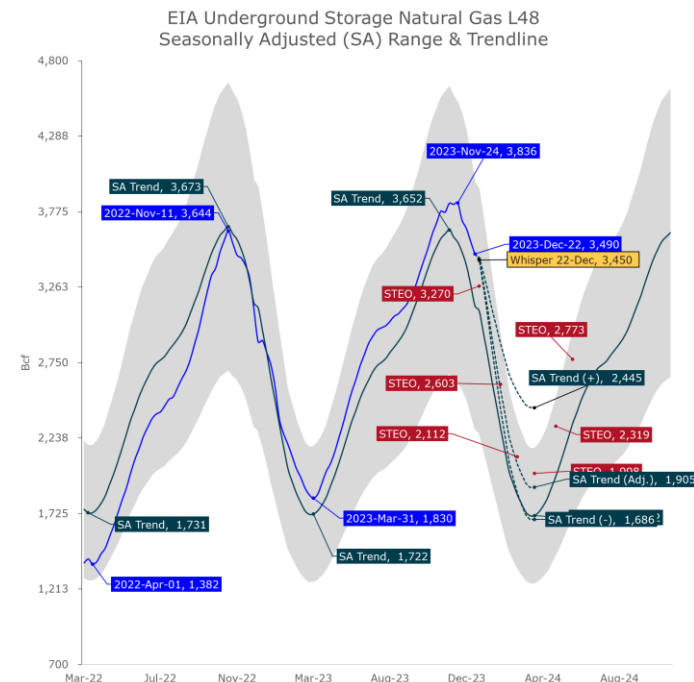
Omnium Gatherum

PRICES WERE MIXED TO OPEN 2024... Oil was weak despite rising tension in the [Red Sea](#), while gas was firm on cold weather forecasts for much of the country, albeit with the notable exception of the [Northeast](#).

NYMEX Natural Gas

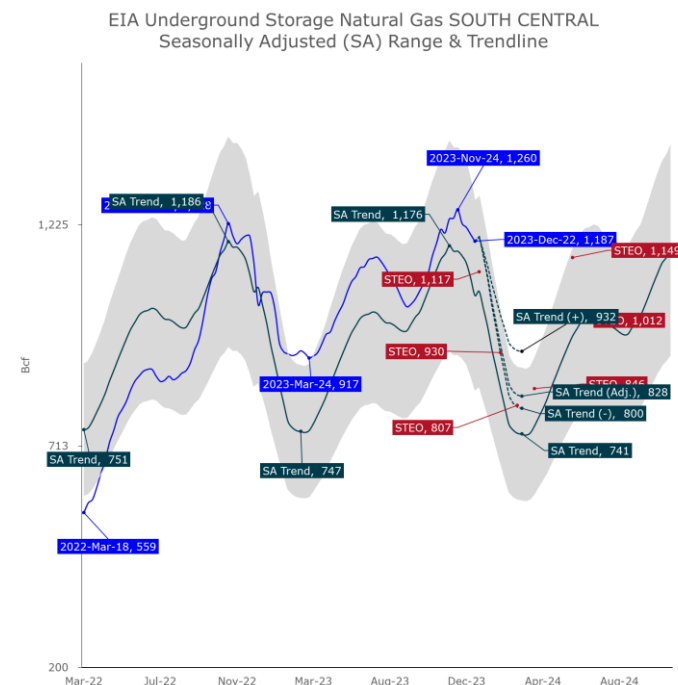
As of the week of December 22nd, natural gas in L48 underground storage stood at 3.490 Tcf. This season's withdrawal (delivery) is up to a paltry 346 Bcf which is

186 Bcf (-35%) below last year's pace, 171 Bcf (-33%) below the trend in our seasonal times series study, and 34 Bcf (-9%) below the confidence interval in our seasonal study, i.e., inventories are 9% below normal.



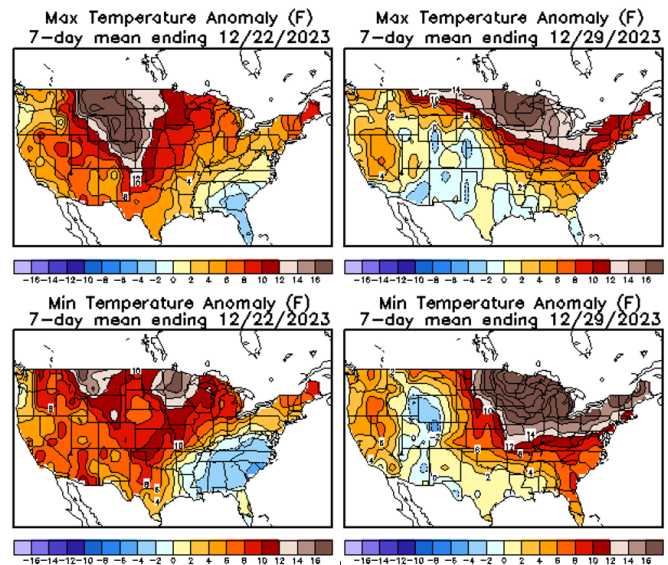
One-third of the meteorological winter is over, and L48 storage, 3.49 Tcf as of December 22nd, is comfortable.

Inventories in the South Central (See below) fell by 16 Bcf to 1.187 Tcf with the surplus to a year ago rising by 47 Bcf to 51 Bcf. A measly 73 Bcf has been drawn this season which is 19 Bcf (-21%) below last year's pace, 42 Bcf (-36%) below the seasonally adjusted trend, and 18 Bcf (-20%) below normal.



A total of 126 Bcf (-7%) has been delivered this season out of the Midwest. Inventories fell to 805 Bcf and the year-over-year surplus narrowed by 42 Bcf to 747 Bcf. Storage is on track to finish winter somewhere around 420 Bcf. The EIA's latest forecast is 455 Bcf. Last year, the Midwest ended winter at 421 Bcf.

In the East, inventories fell to 985 Bcf while the year-over-year surplus fell by 75 Bcf to 899 Bcf. This season's hitherto delivery is a weak 133 Bcf which is 52 Bcf (-28%) below a year ago and 49 Bcf (-27%) below our time series analysis. Storage is on track to finish winter somewhere around 317 Bcf. The EIA's latest forecast is 375 Bcf. Last year, the East ended winter at 421 Bcf.



EIA Week 22-Dec

EIA Week 29-Dec

Source: NOAA

Looking ahead to this Thursday's report, in addition to the slack demand we typically see around the Xmas holiday, weather was a nonevent... again. Temperatures in the all-important Chicago market area averaged 60% above normal at 43°F, with temps on Xmas day averaging a Houston-esque 55°F. In the Big Apple, temps were 19% above average for the week at 44°F.

What Do Xmas and Memorial Day Have in Common?

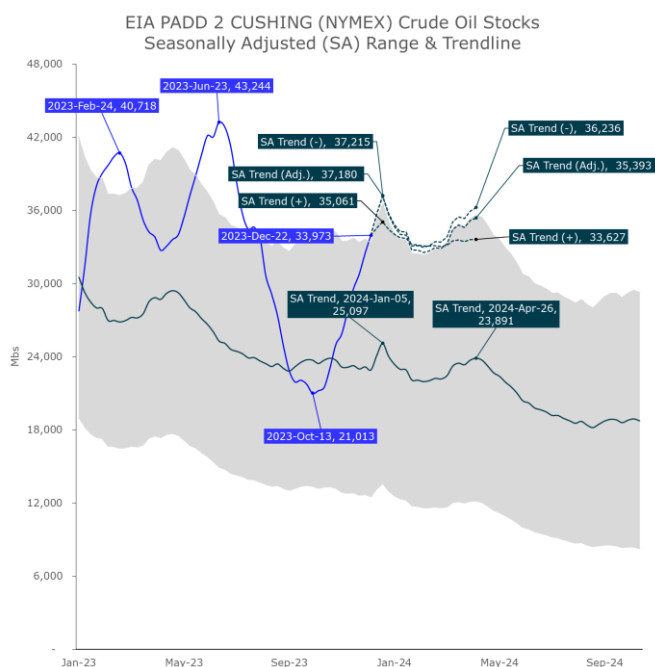
L48 electricity demand fell week-over-week by 12% and fell year-over-year by 18% to a mere 9,744 GWhs of output. What's more, power demand for natural gas plunged week-over-week by 16% to a 34-week low. **In other words, demand for natural gas was not any stronger over the Xmas holiday than it was over the Memorial Day holiday!**

Therefore, this Thursday's update will be small. The early estimate on The Desk ranges from the mid-70s Bcf, all the way down to the teens.

We are right around a quarter of the way through the heating season and the market has withdrawn 30% of last season's refill. The market is currently on pace to finish winter at 1.905 Tcf. Last year the market finished the season at 1.855 Tcf. The EIA's latest end-of-season forecast is 1.998 Tcf. We currently see a 20% probability (odds 4:1) of coming in above this outlook.

NYMEX Petroleum

In last week's update the makeup of the three major NYMEX futures contracts — WTI, RBOB, and ULSD— rose for a fifth consecutive week, rising by a net of 1.92 MMbs for the week of December 22nd and rising by 13.52 MMbs since November 17th. What is more, net stocks have risen in six of the past seven weeks by a net of 14.61 MMbs. This is large build than ranks in the 96th percentile.



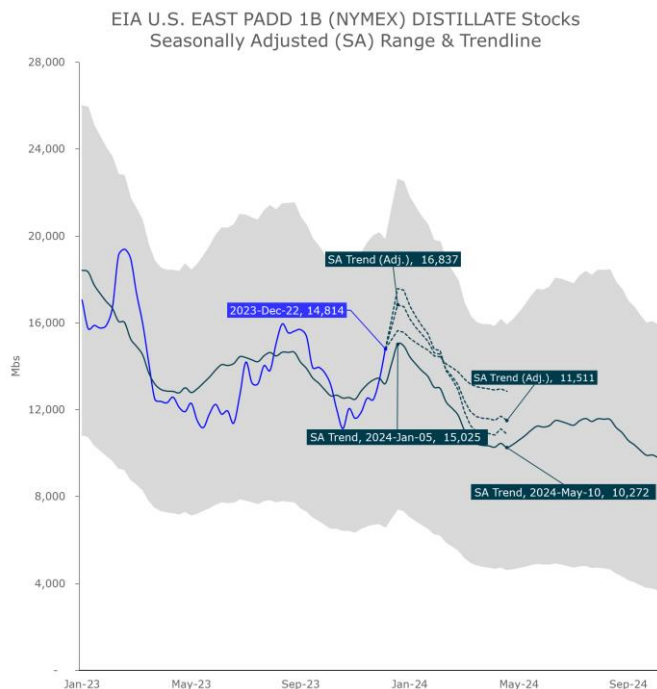
Crude oil stocks at Cushing have risen for ten straight weeks by a total of 12.96 MMbs. This is a hefty increase which ranks in the 96th percentile in barrel terms and the 97th percentile in percentage terms. For this juncture in the season, tankage sits at a more than comfortable 33.97 MMbs.

The front-end of the NYMEX WTI curve has been in contango since the start of last month. There is no point in pulling barrels out of tank just to sell into a discounted market. **This is as fundamentally bearish as it gets.**

PADD 1B (inclusive of the NYMEX NYH complex) gasoline stocks fell to 26.79 MMbs for the week ended

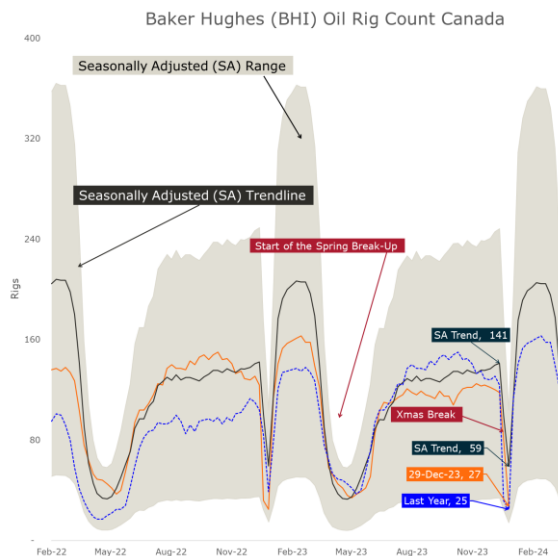
December 22nd. Winter stocks are right around where you want to see them at this time in the holiday season.

PADD 1B N^o2 oil stocks have risen in five of the past seven weeks. Since November 10th, inventories have increased by a net of by 3.68 MMbs which is in the 86th percentile in barrel terms and in the 94th percentile in percentage terms. Stocks will enter the coldest month of the year with a comfortable 14.81 MMbs in tank.



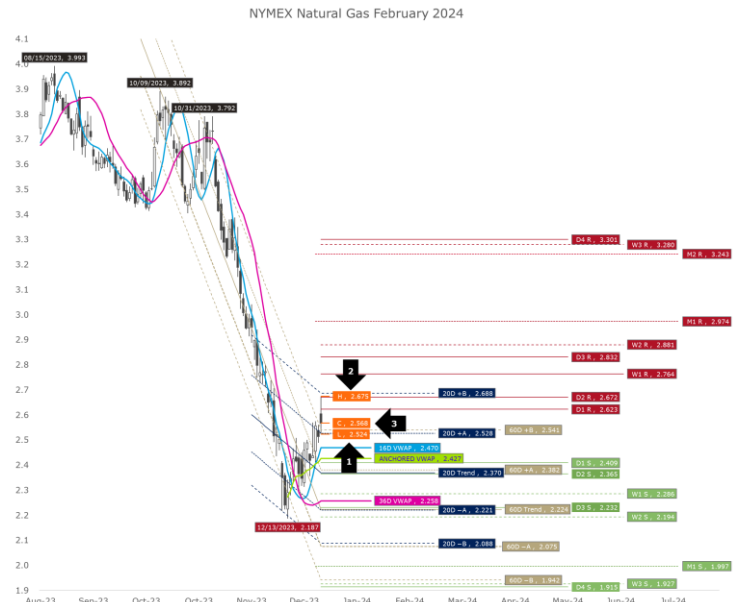
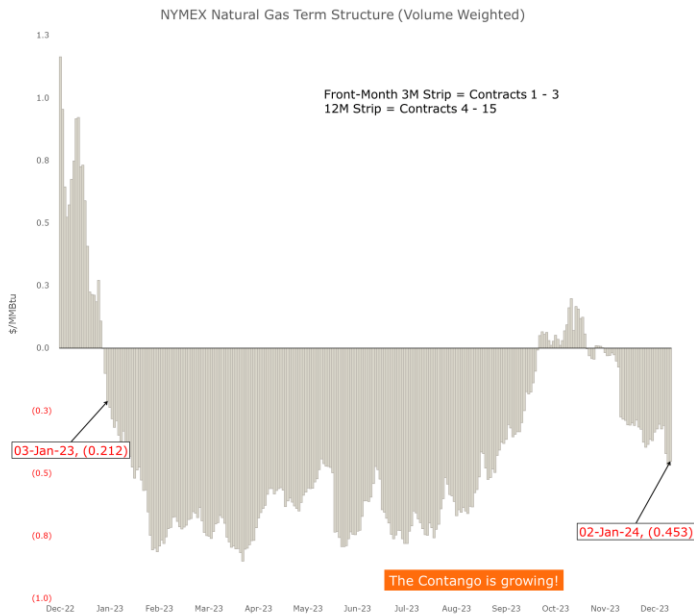
Canadian Xmas Purge

This year's Xmas break in the Canadian oil patch was a whopper. Per last Friday's update from Baker Hughes, the oil rig count fell to 27 rigs, well below the 69 ±8 rigs we were expecting.



NYMEX NATURAL GAS

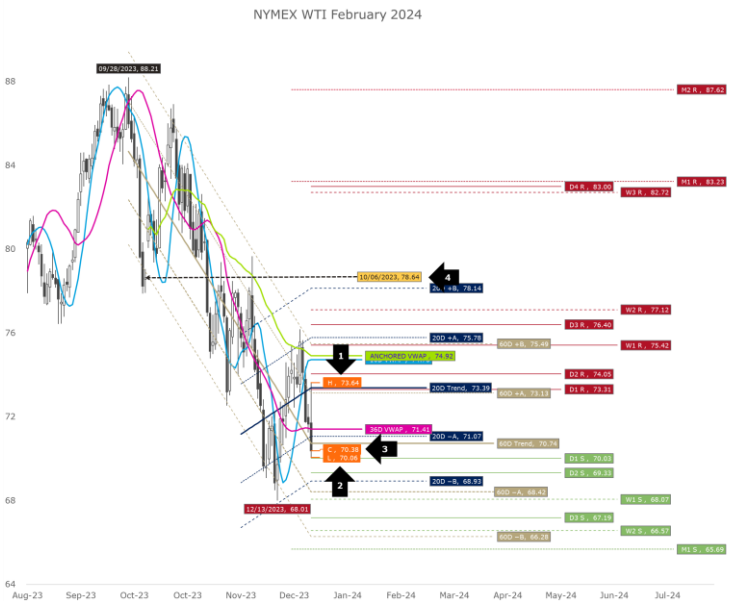
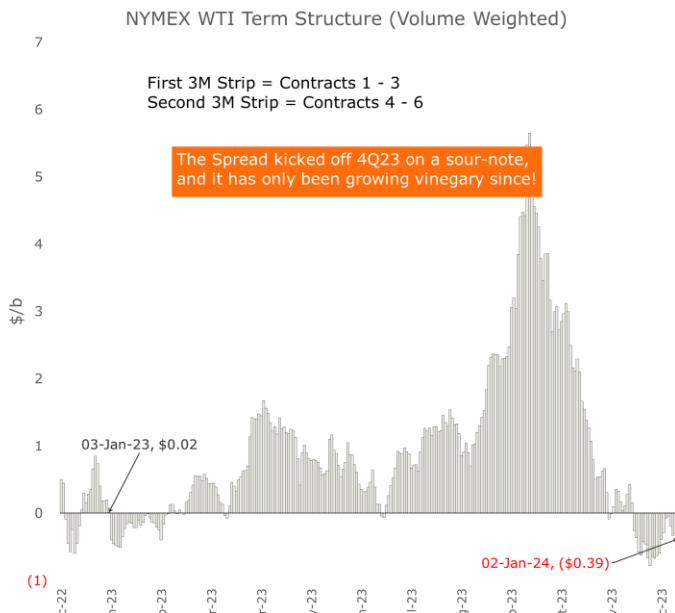
February High 2.675 Low 2.524 Close 2.568 Δ 0.054



As far as today goes for February gas, a drop below 2.460 alerts to weakness towards our 2.414 second support point and then onto our third level of support at 2.276. Strength above 2.681 opens the door to our 2.731 second level of resistance, followed by our third level of resistance at 2.897.

NYMEX WTI

February High 73.64 Low 70.06 Close 70.38 Δ -1.27

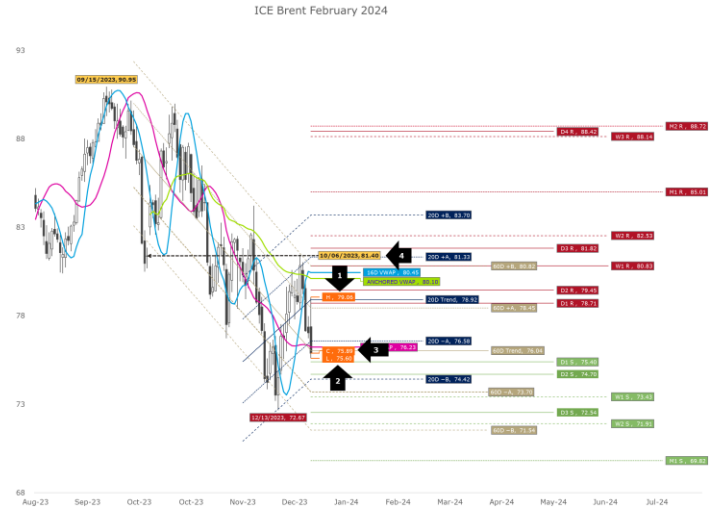


As far as today goes for February WTI, a drop below 68.70 alerts to weakness towards our 67.98 second support point and then onto our third level of support at 65.76. Strength above 72.11 opens the door to our 72.87 second level of resistance, followed by our third level of resistance at 75.32.

ICE BRENT

March High 79.06 Low 75.60 Close 75.89 Δ -1.15

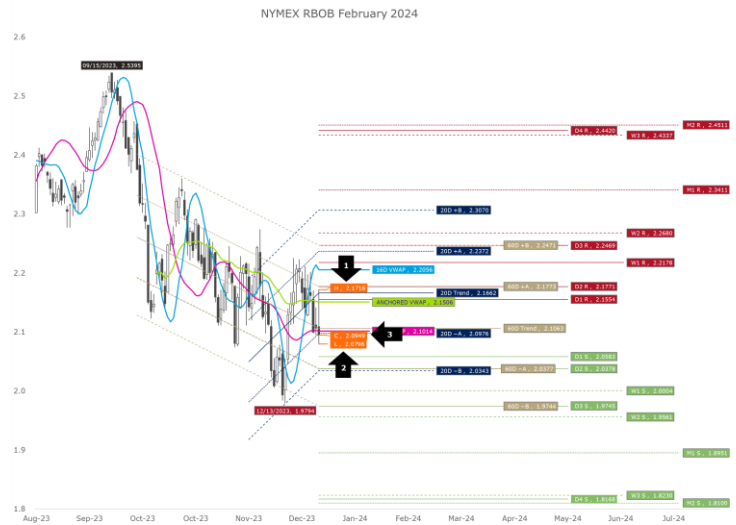
As far as today goes for March Brent, a drop below 74.20 alerts to weakness towards our 73.48 second support point and then onto our third level of support at 71.25. Strength above 77.62 opens the door to our 78.38 second level of resistance, followed by our third level of resistance at 80.83.



NYMEX RBOB

February High 2.1716 Low 2.0796 Close 2.0949 Δ -0.0114

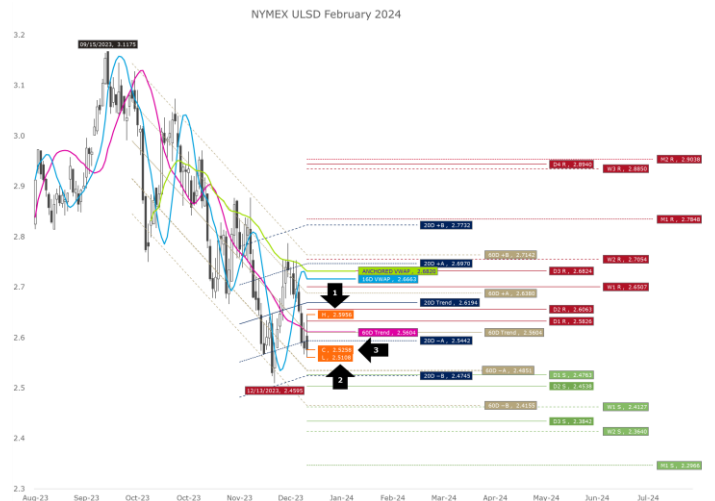
As far as today goes for February RBOB, a drop below 2.0453 alerts to weakness towards our 2.0241 second support point and then onto our third level of support at 1.9588. Strength above 2.1457 opens the door to our 2.1682 second level of resistance, followed by our third level of resistance at 2.2405.



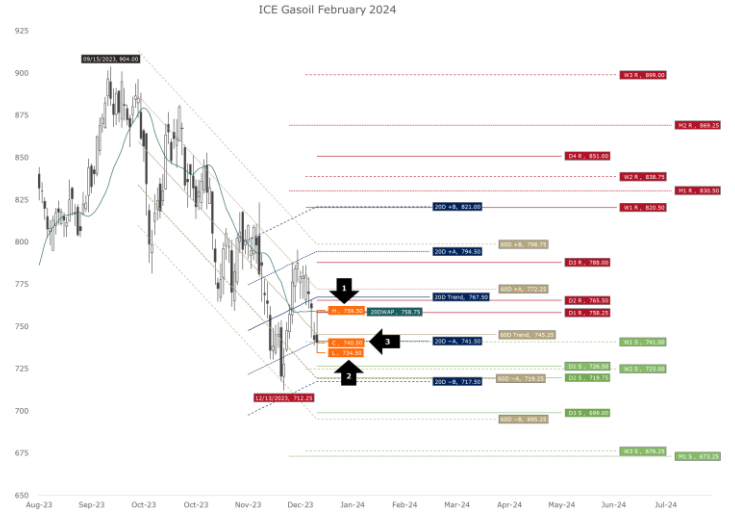
NYMEX ULSD

February High 2.5956 Low 2.5108 Close 2.5258 Δ -0.0031

As far as today goes for February ULSD, a drop below 2.4724 alerts to weakness towards our 2.4495 second support point and then onto our third level of support at 2.3790. Strength above 2.5804 opens the door to our 2.6044 second level of resistance, followed by our third level of resistance at 2.6816.



As far as today goes for February gasoil, a drop below 724.25 alerts to weakness towards our 717.25 second support point and then onto our third level of support at 696.00. Strength above 757.25 opens the door to our 764.50 second level of resistance, followed by our third level of resistance at 787.75.



Weather Demand Recap

NOAA forecasts...

