FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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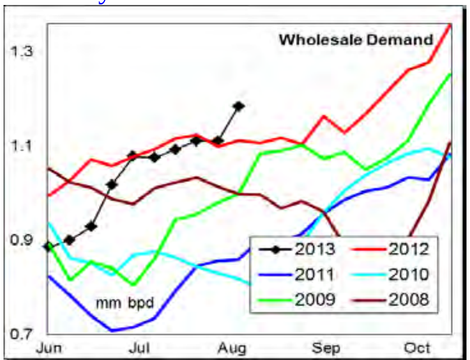
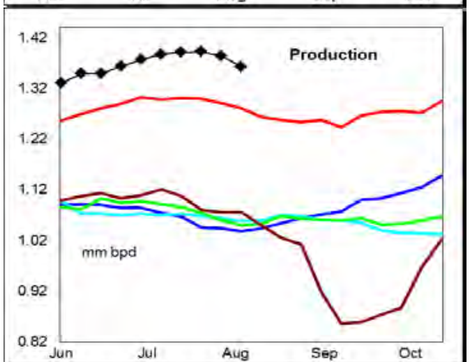
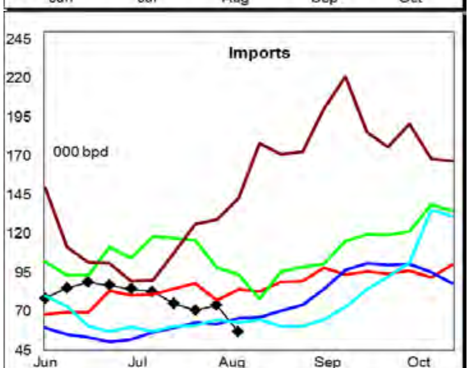
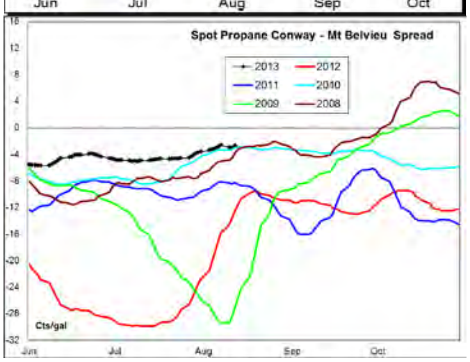




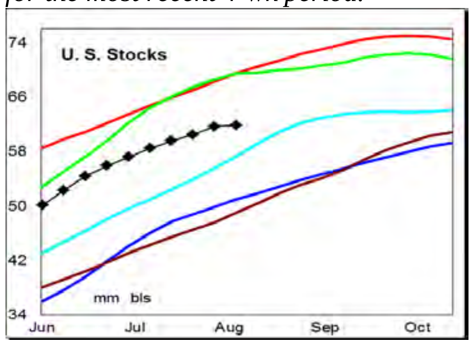




Wholesale demand increased +19,000 bpd on the week, to a level above last years' record high. Production fell -37,000 bpd on the week. Imports declined -16,000 bpd to a level below the 5-yr range.

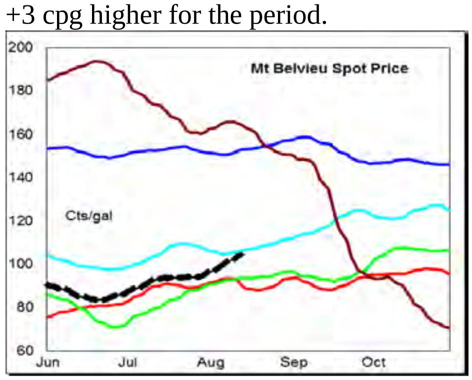
Combined production and imports during the latest 4-wk period were +83,000 bpd above a year ago. Production was +86,000 bpd above last year (+6.6%), while imports were -3,000 bpd lower.

The latest 4-wk average demand was -44,000 bpd below last year. *Exports increased +142,000 bpd over a year ago for the most recent 4-wk period.*



Stocks were unchanged on the week, with a +0.6 million barrel build in the Midwest offset by a similar decrease in the Gulf.

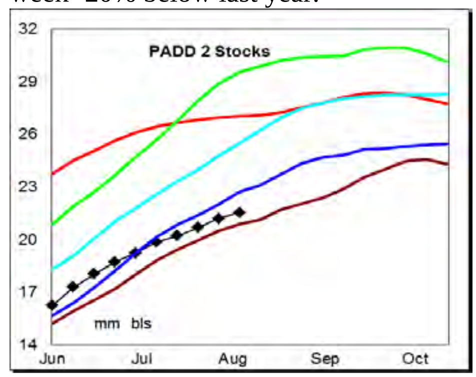
Price and Spreads Mt Belvieu spot price increased +5 cpg for the week ending 14Aug13 while Conway spot price was +3 cpg higher for the period.



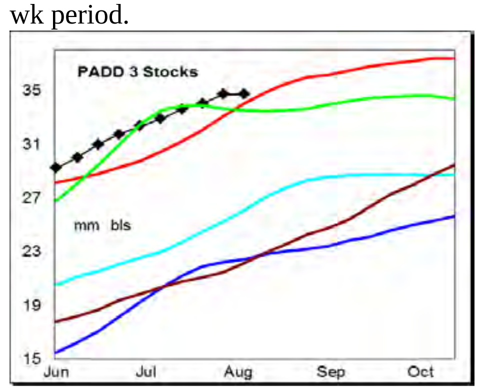
The Conway – Mt Belvieu price spread ended the week at -3 cpg, a differential less than the 5-year range for the week. The collapse in this differential has been driven by expanded pipeline capacity from Conway and gas liquids producing regions in the Rockies and West Texas to the Gulf. Based on these expansions, the spread is likely to reflect pipeline tariff rates going forward.

PADD 1 stocks were unchanged last week, with the level -2.7 million barrels below last year, and a record low. Supply increased +8,000 bpd last week. Supply for the latest 4-wk period was +18,000 bpd above a year ago.

PADD 2 stocks increased +0.6 million on the week. Supply fell -36,000 bpd on lower production and imports, last week. The latest 4-wk supply was +32,000 bpd above a year ago. Stock levels ended the week -20% below last year.



PAD 3 stocks declined -0.6 million barrels last week, to a level +2% above a year ago. Supplies were +22,000 bpd above a year ago for the most recent 4-wk period.



PADDs 4 & 5 stocks increased +0.1 million barrels last week. The stock level ended the week at a level that matched historic highs for the period.

Emerging Trends Lack of a stock build last week points to the aggressive buying by marketers who delayed seasonal sock building earlier in the summer. Combined with robust exports, and expanded pipeline access to the Gulf from producing and marketing regions, the supply balance continues to tighten in the Midwest. Look for further price strength which should be supported by an above average grain drying season.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

August 15, 2013

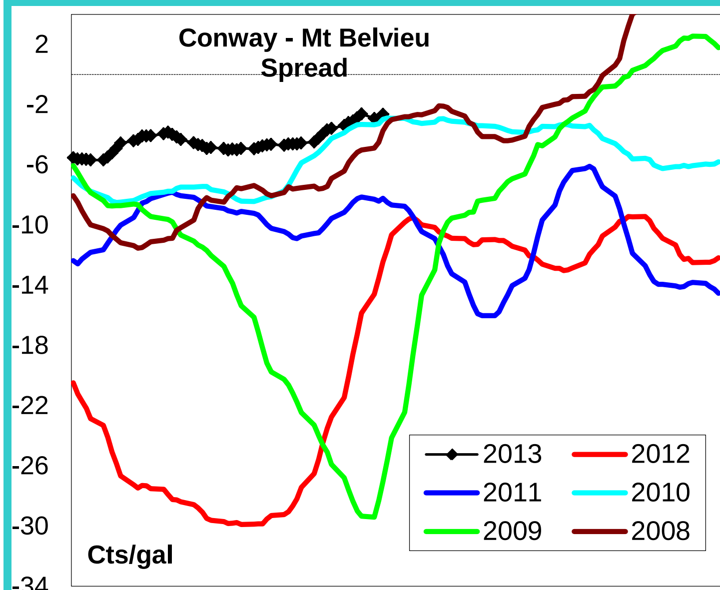
Fundamental Trends for the Week Ending: Friday, August 09, 2013

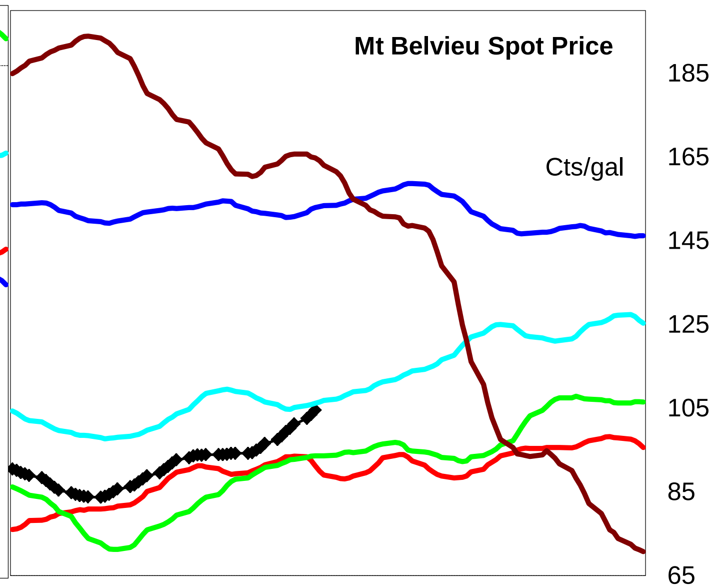
000 bpd / Stocks 000 bls	Weekly Supply-Demand: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	61,851	3,180	21,521	34,698	2,452	25	-1	583	-624	67
Propylene Stocks	3,038					-103				
Production	1,363	80	297	820	166	-37	2	-14	-11	-14
Imports	57	17	36	0	4	-16	6	-22	0	0
Whsle Demand	1,164					19				

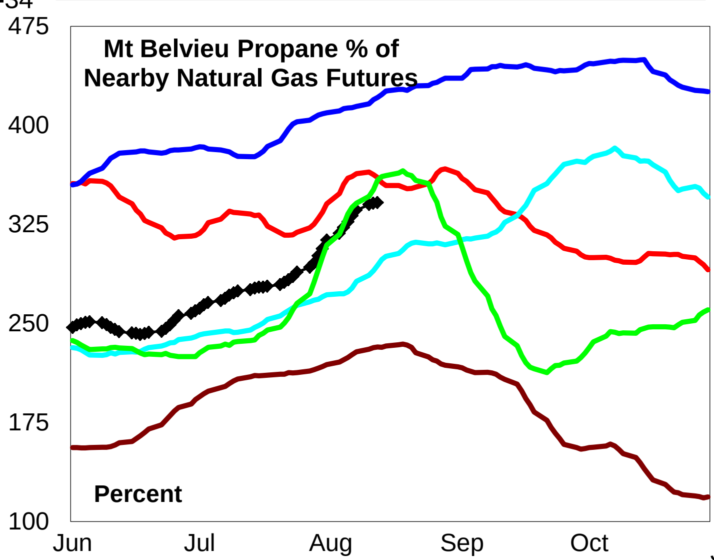
Price Trends for the Week Ending: Wednesday, August 14, 2013

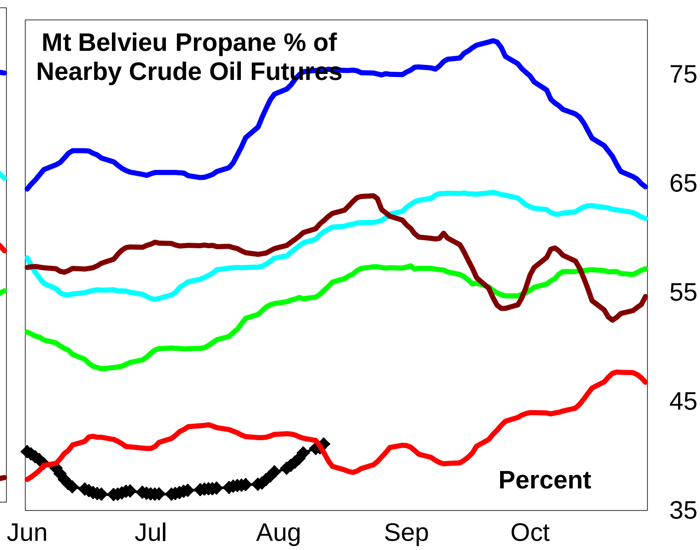
Cents/gal	Average for week ending: 8/14/13	8/7/13	7/17/13	8/10/12	Change from: 8/7/13	7/17/13	8/10/12	% change from: 8/7/13	7/17/13	8/10/12
Mont Belvieu Spot	102.5	97.2	93.2	94.3	5.30	4.06	-1.11	5.5	4.4	-1.2
Conway Spot	99.6	94.3	88.6	79.8	5.32	5.75	8.72	5.6	6.5	10.9

Key Price Spreads and Differentials

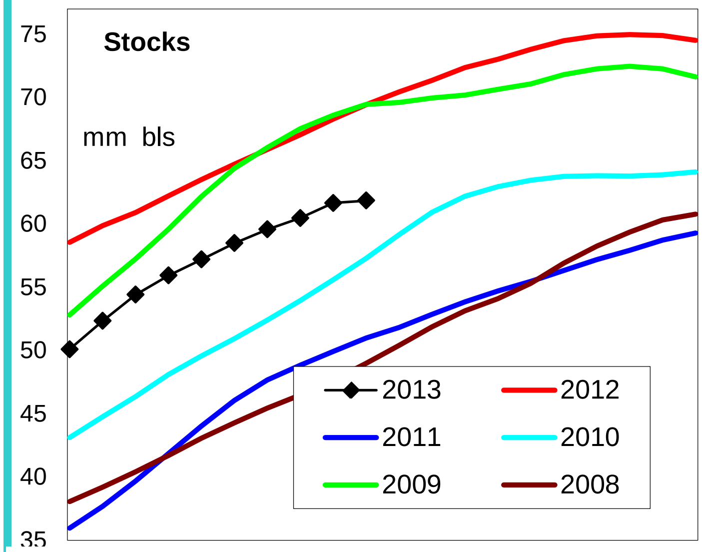


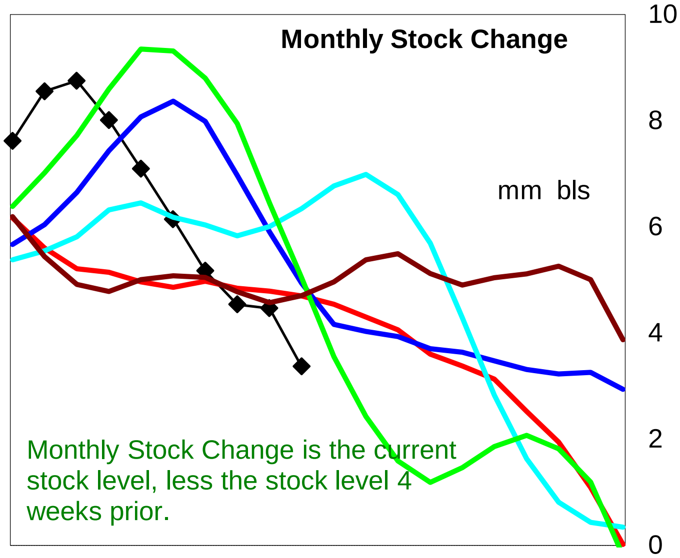


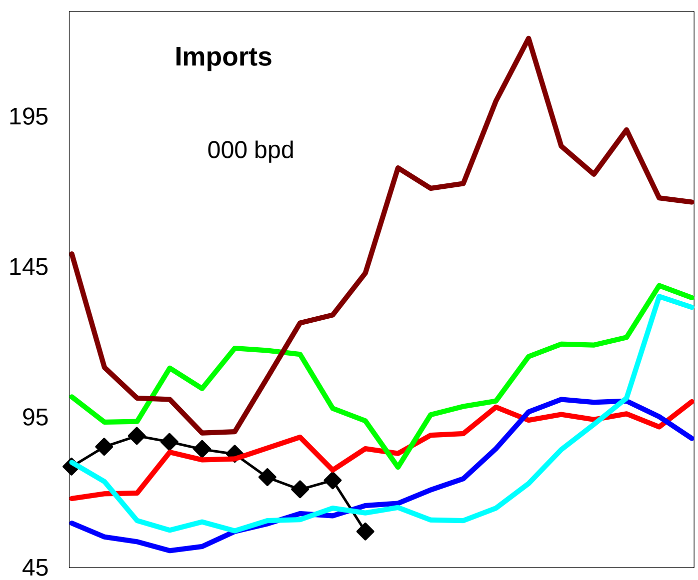


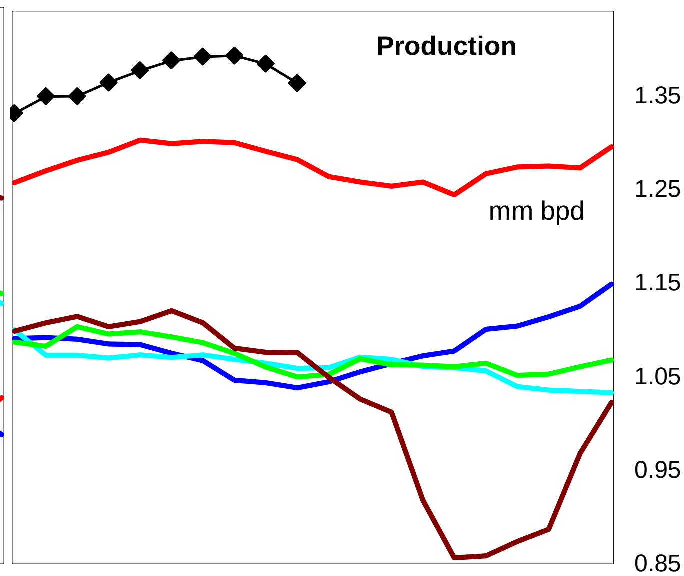


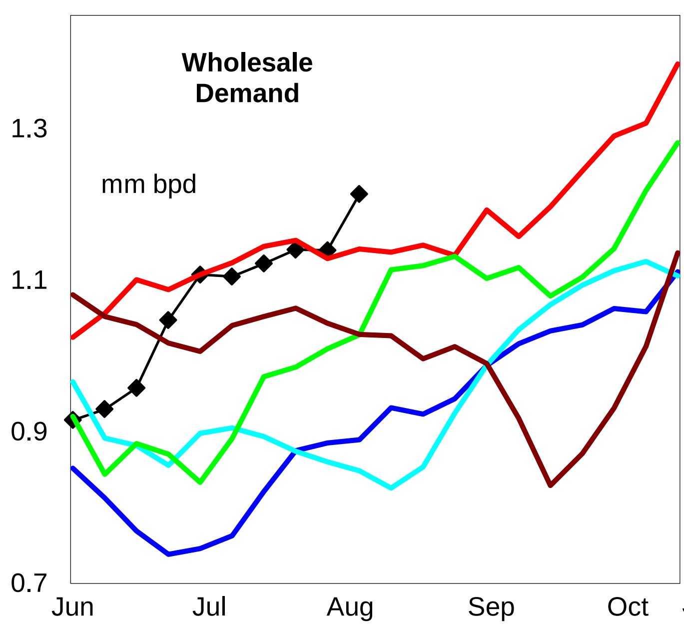
U. S. Propane Supply and Demand Balance

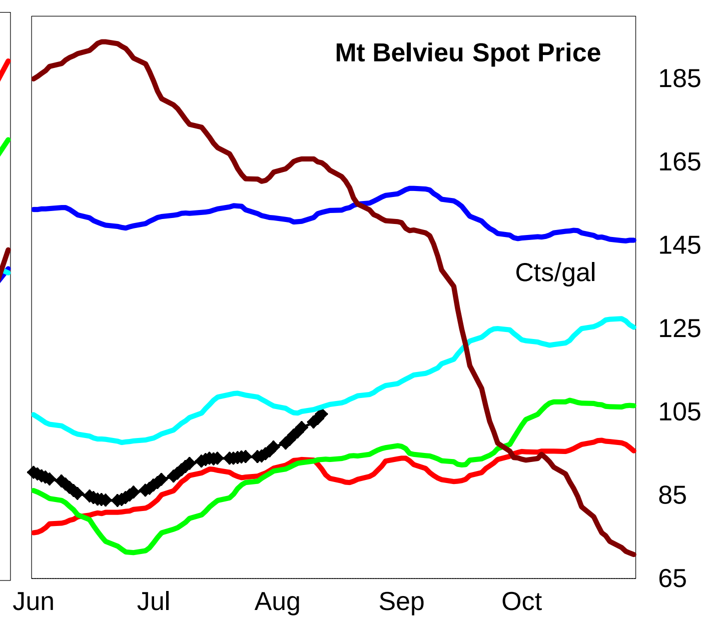












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jul	Jun	May
000 bpd (000 bls stks)	-7,176	-1,331	86	-3		-44	64	-172	-171
% change	-10.4	-28	6.6	-3.6		-4.0	6.3	-16.2	-15.6

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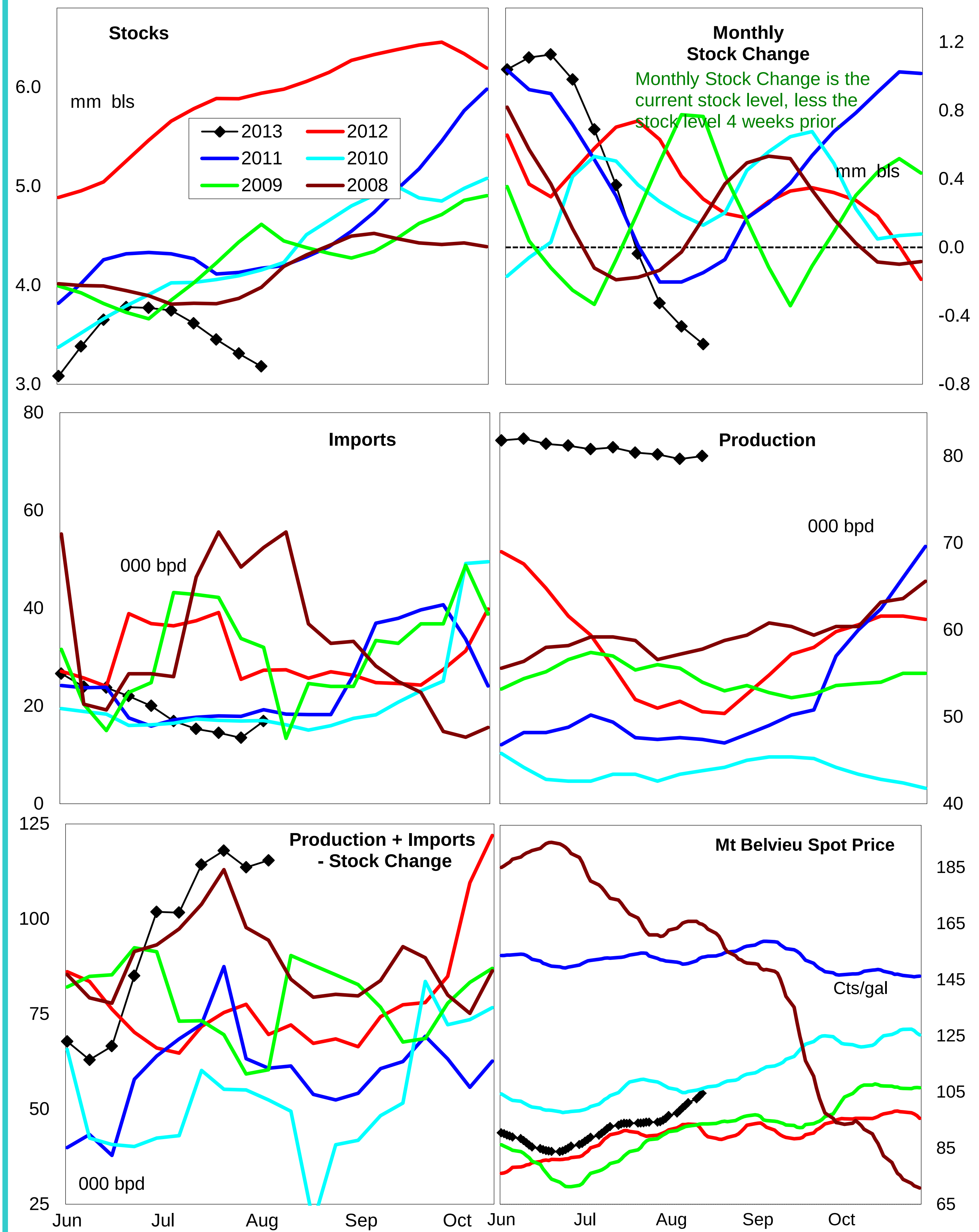
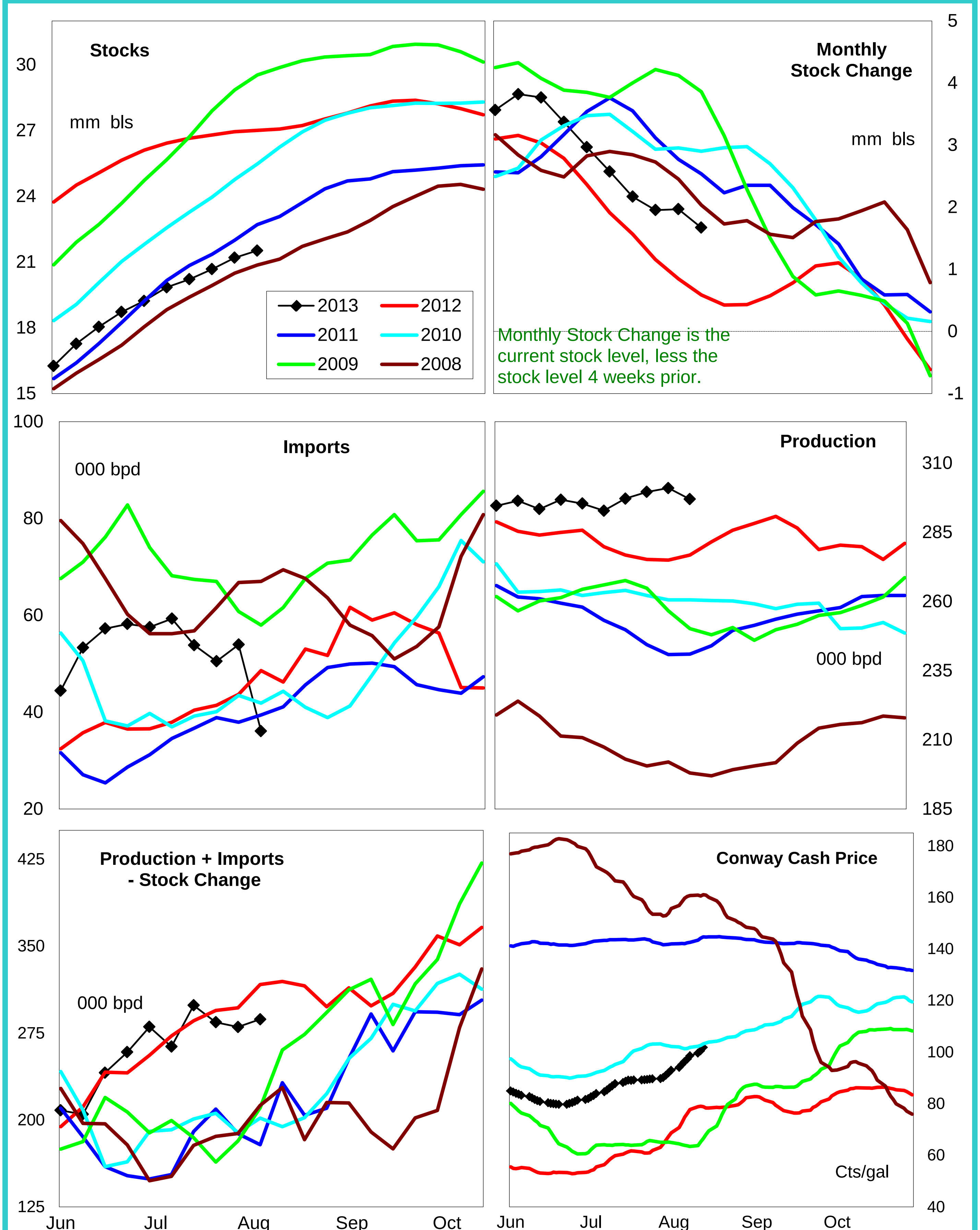
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-2,711	-848	28	-10	42
% change	-46.0	-299.9	53.4	-40.8	56.7

PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-5,245	1,082	24	8	-11
% change	-19.6	183.8	8.9	18.6	-3.6

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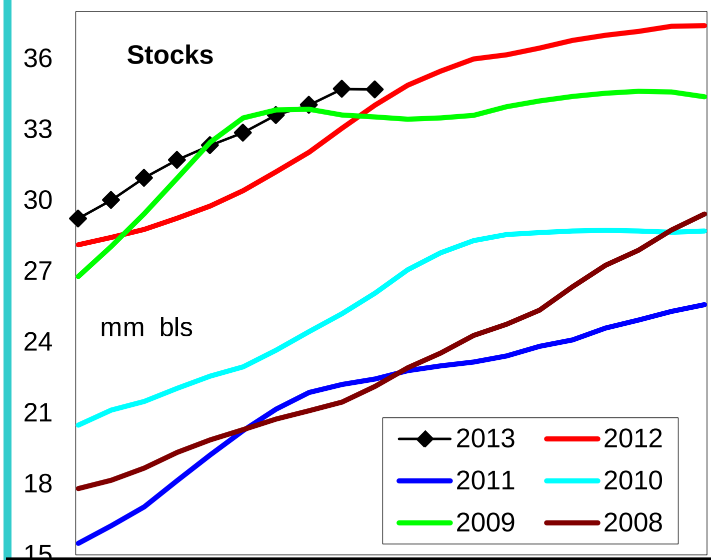
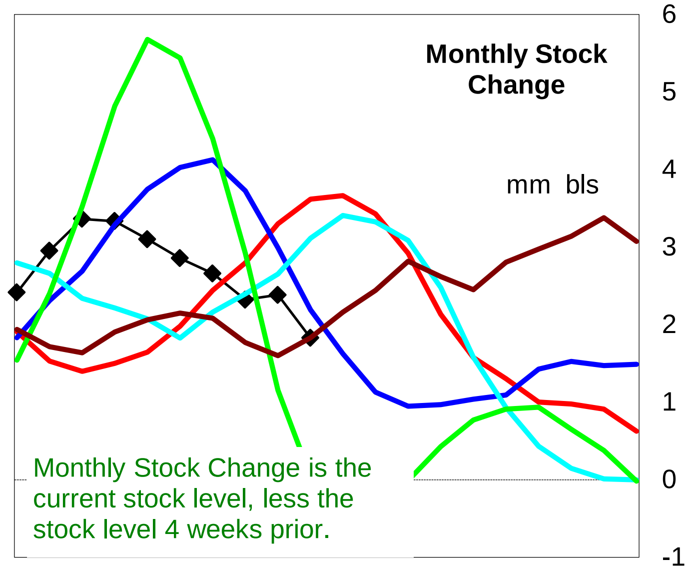
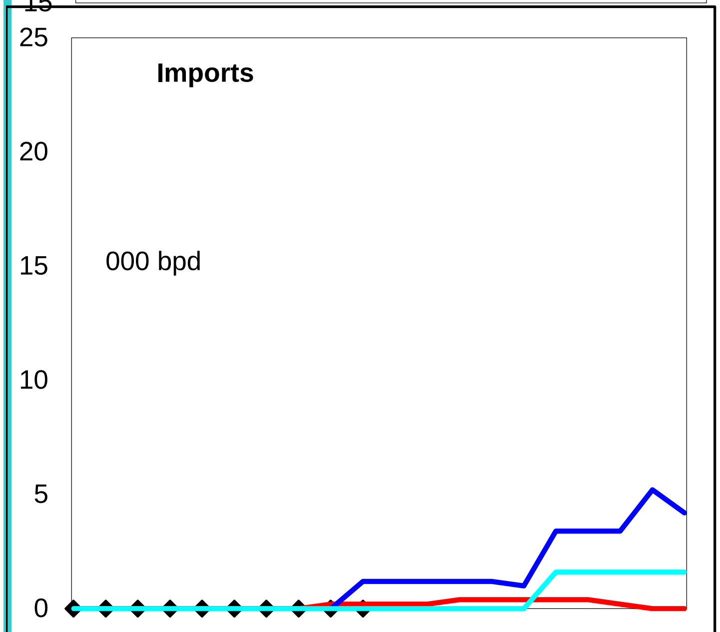
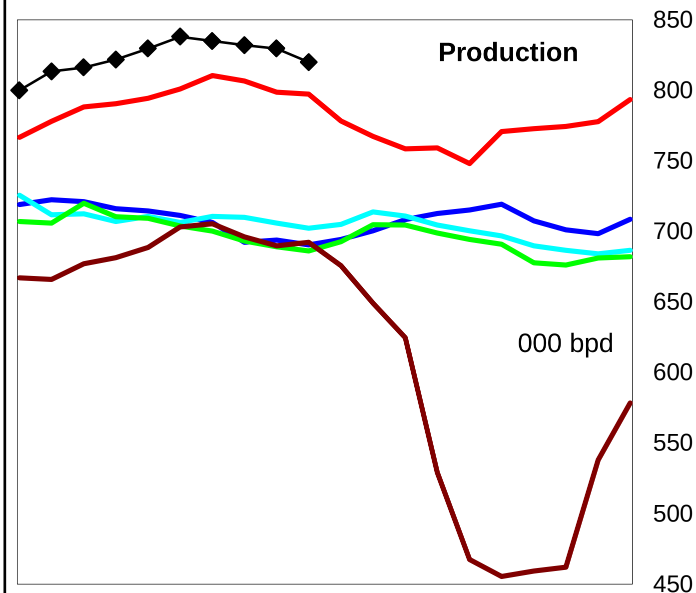
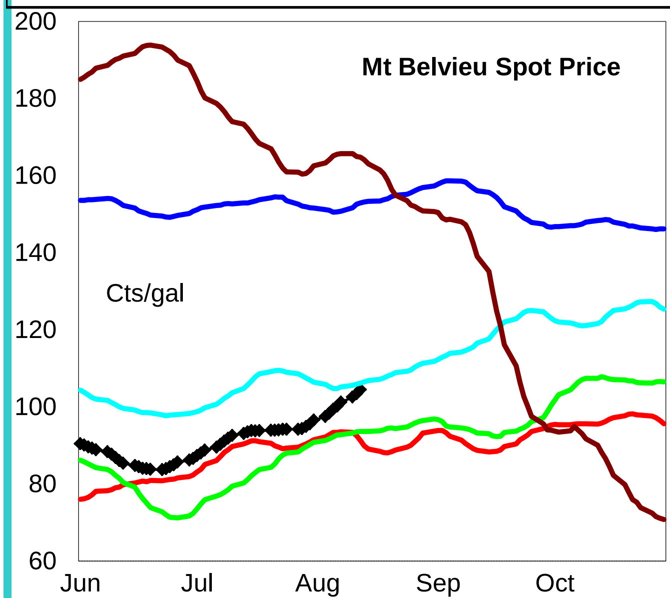
PADD 3 Propane Supply and Demand Balance

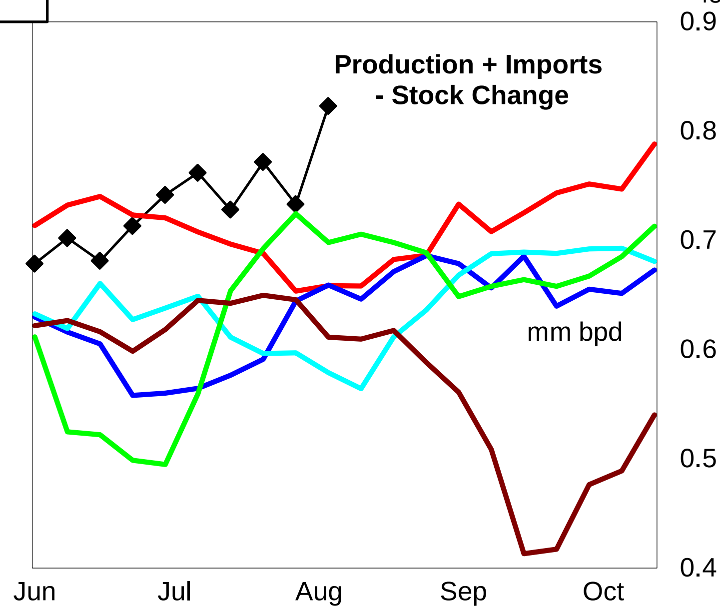






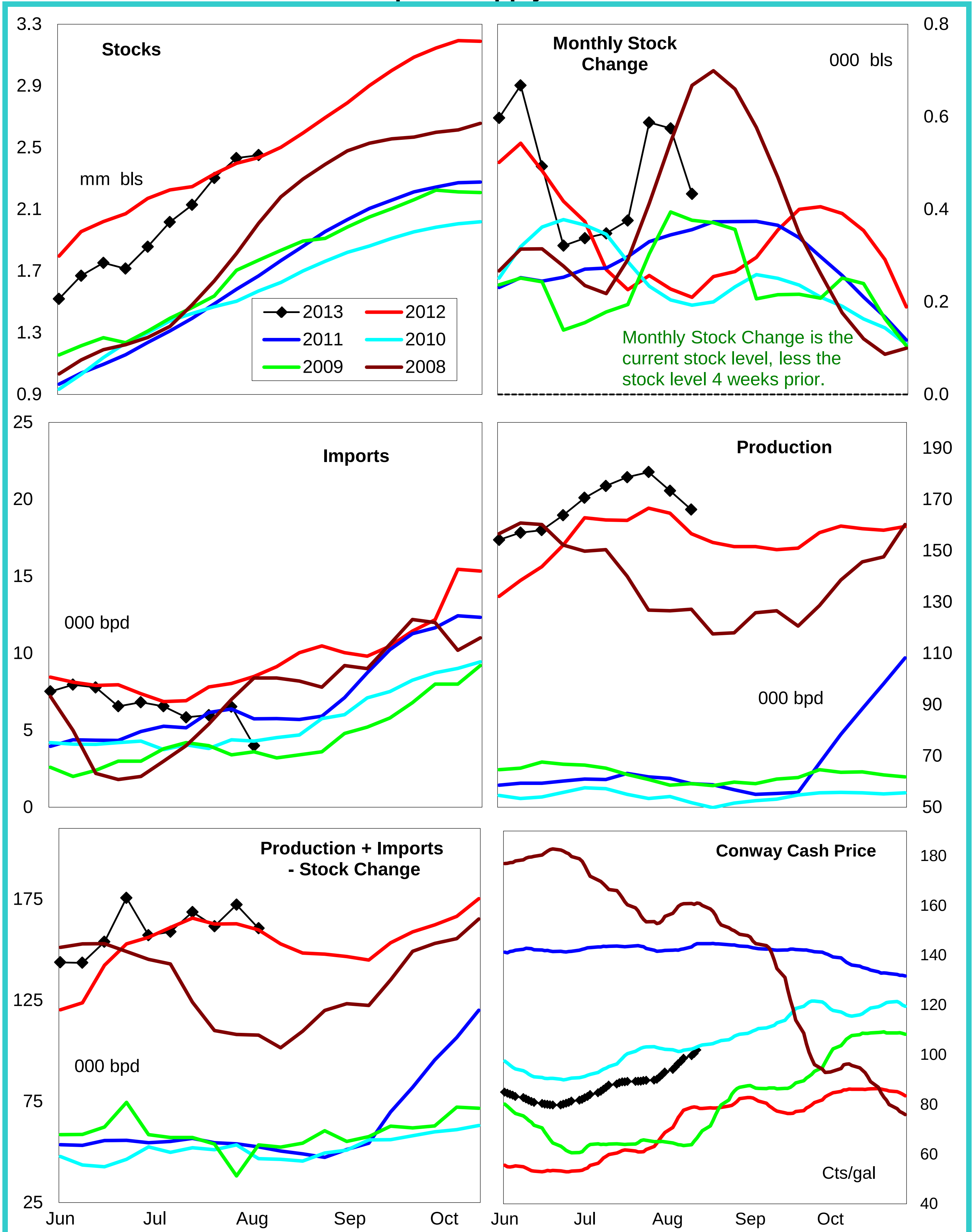






4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	751	-1,790	22	0	90
% change	2.2	-49	2.7	#DIV/0!	13.3

PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	28	223	13	-2	3
% change	1.2	106.3	7.6	-21.0	1.9

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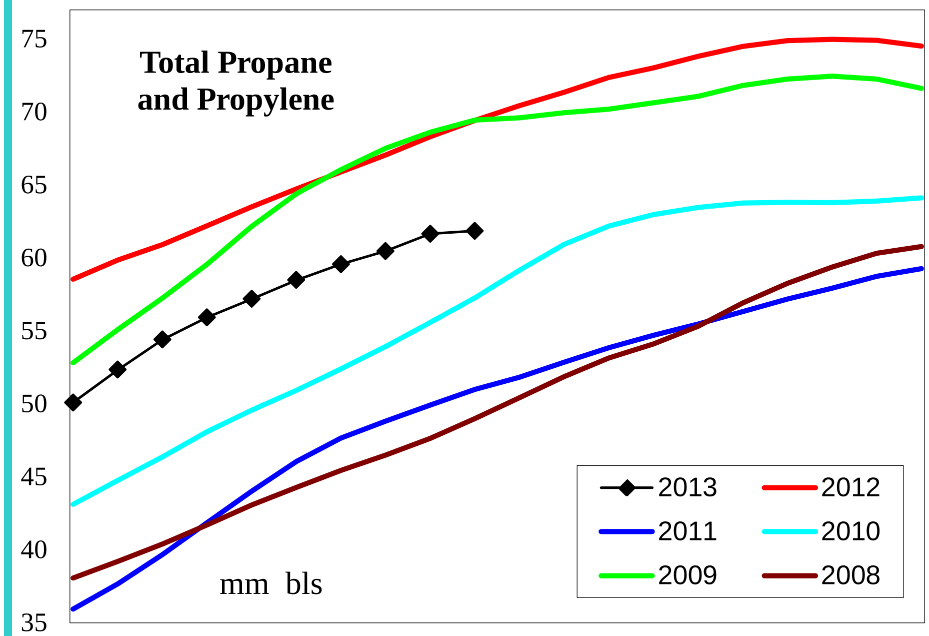
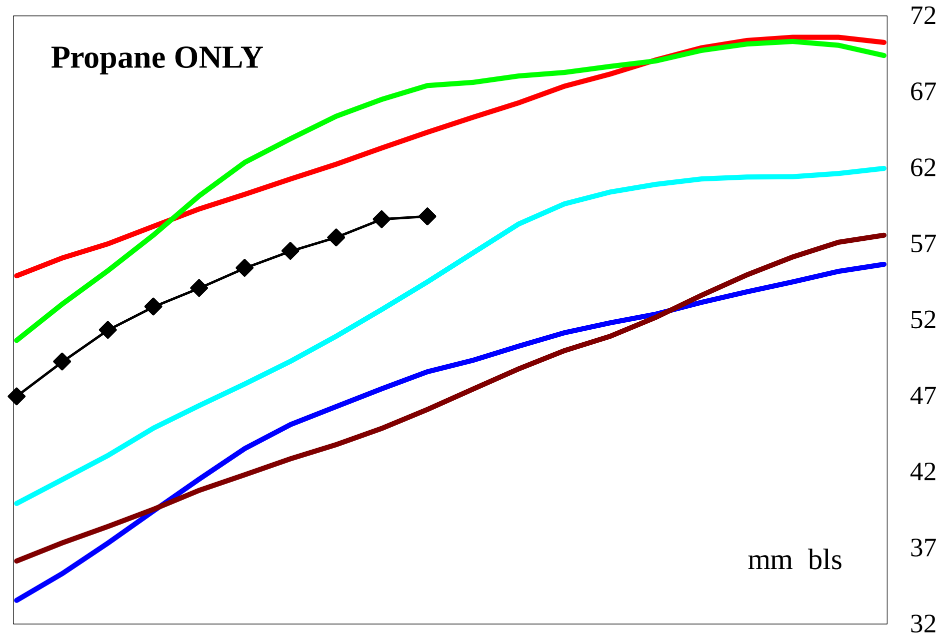
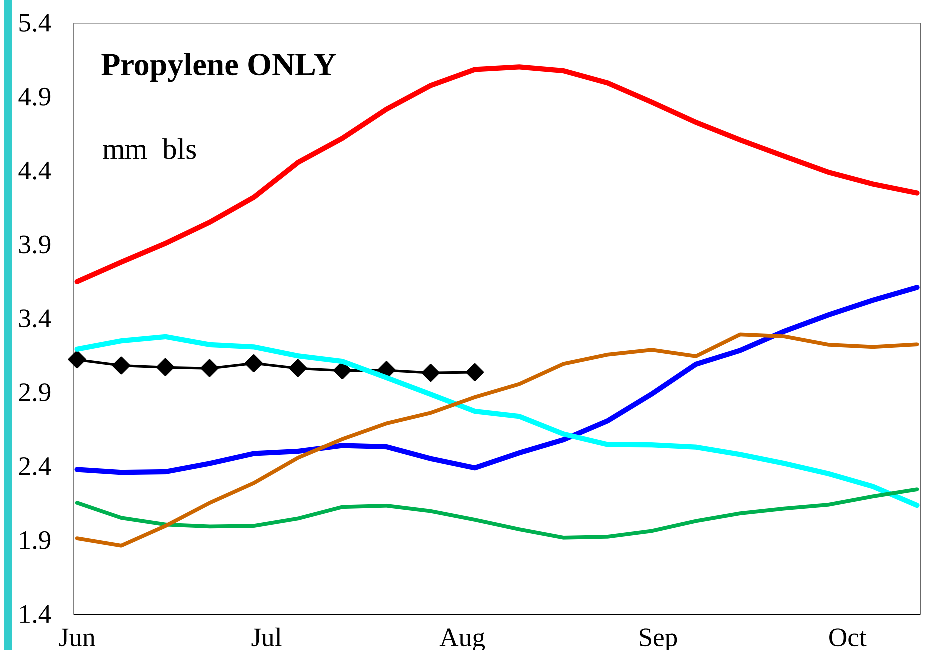
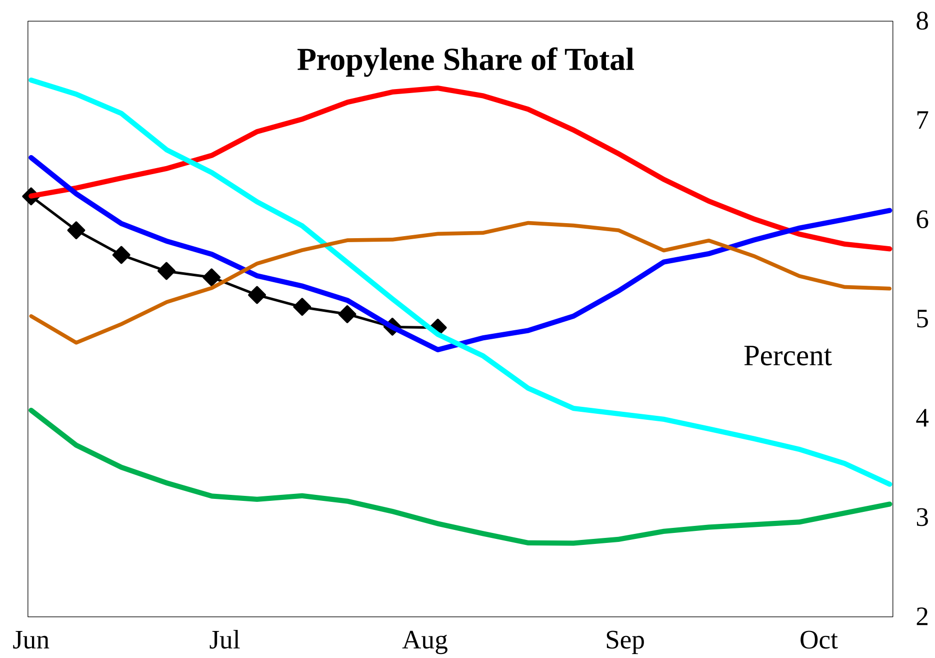
U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**-7,176**	**-5,042**	**-2,049**
% change	**-10.4**	**-7.9**	**-40.3**

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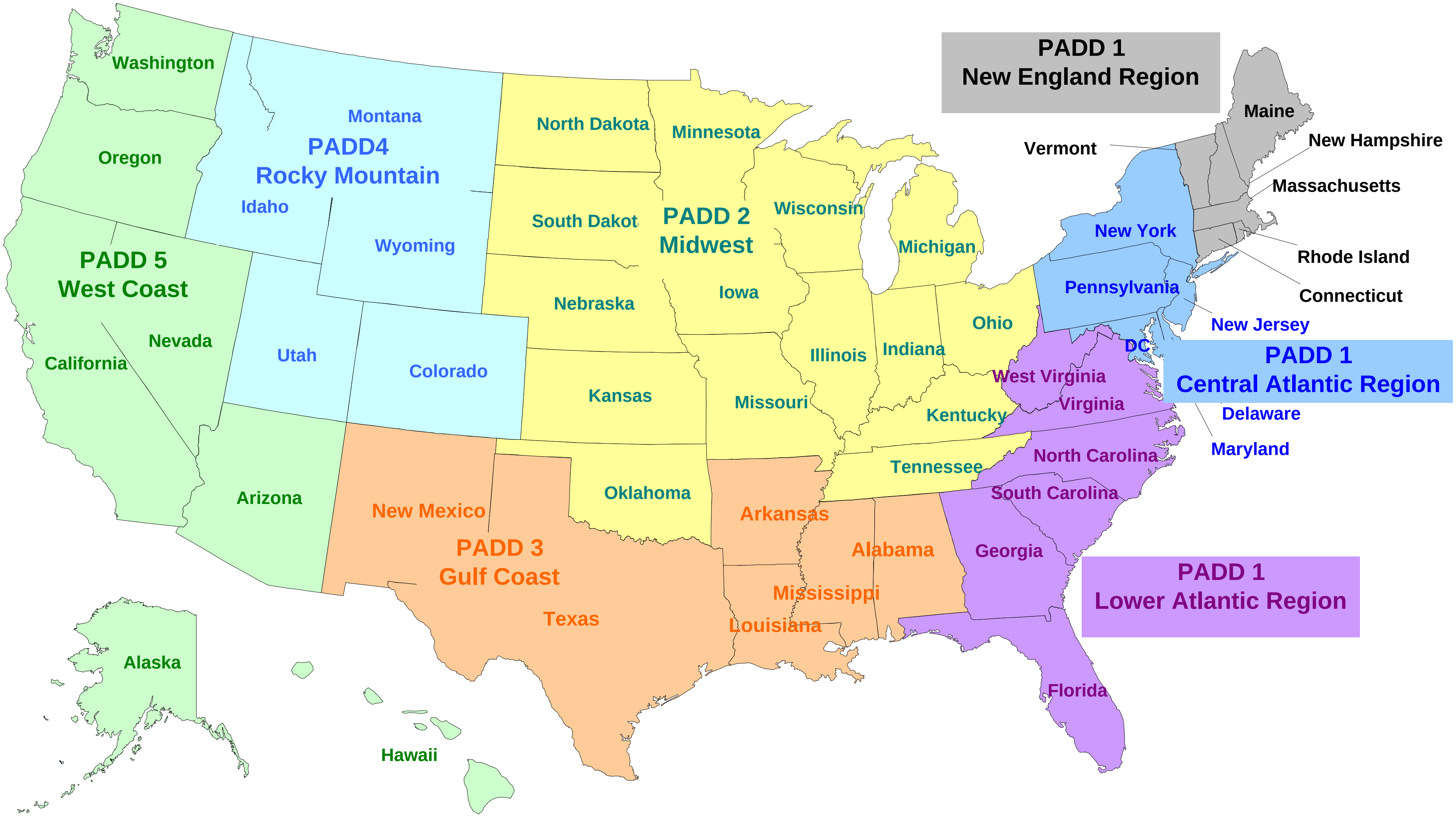
U. S. Petroleum Administrative for Defense Districts (PADDs)



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