FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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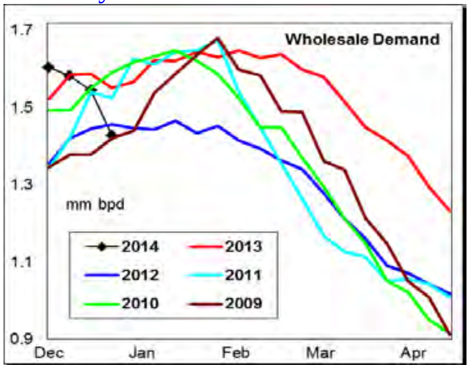
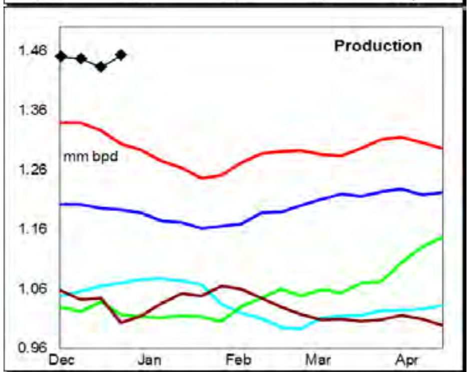
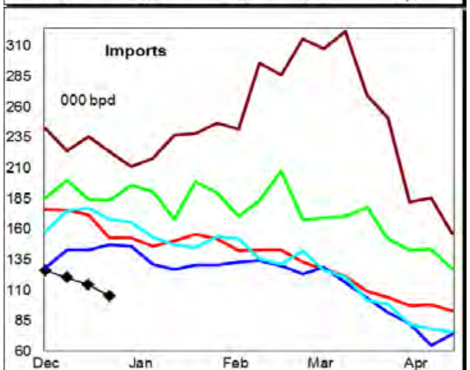
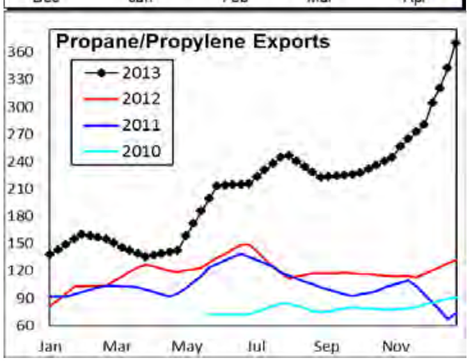




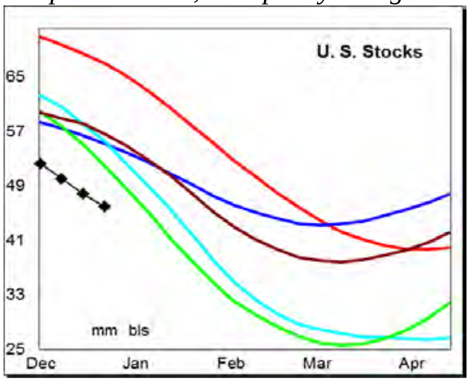




Wholesale demand decreased -139,000 bpd last week, due in part to a drop in deliveries during the holiday week. Production increased +12,000 bpd on the week while imports declined -12,000 bpd.

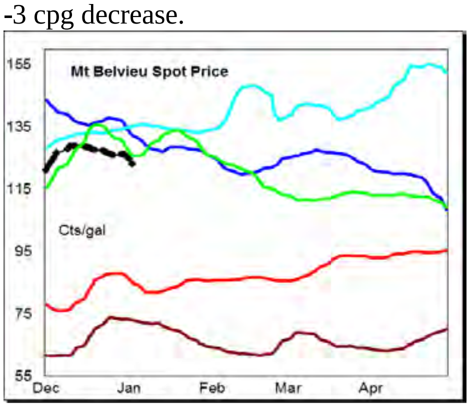
Combined production and imports during the latest 4-wk period were +61,000 bpd above a year ago. Production was +121,000 bpd above last year (+9%), while imports were -60,000 bpd lower.

The latest 4-wk average demand was -50,000 bpd below last year, due in part to lack of availability at terminals – driving a stock draw down in the downstream supply chain. *Exports were 370,000 bpd for the most recent week, compared to 132,000 bpd a year ago.*



Stocks fell -1.5 million barrels on the week, with the latest 4-wk draw of -8.3 million barrels matching the largest draw of the last 3-yrs. U.S. stocks ended the week -31% below last year and below the 5-yr range.

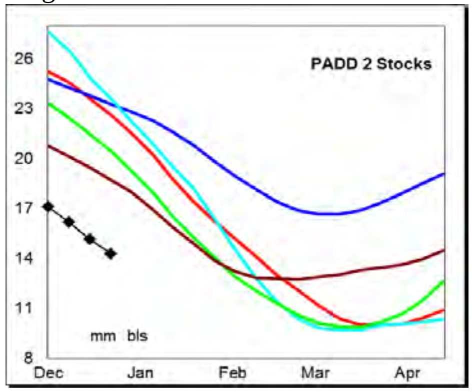
Price and Spreads Mt Belvieu spot price declined -5 cpg for the week ending 03Jan14 while Conway spot price saw a -3 cpg decrease.



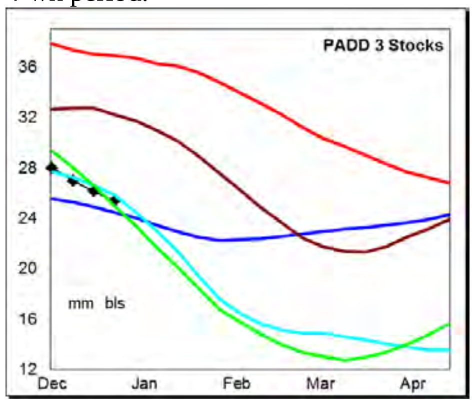
The Conway – Mt Belvieu price spread ended the week at a +20 cpg premium; evidence of the extreme tightness of supply in the Midwest.

PADD 1 production was unchanged last week at a level 2X last year. Stocks ended the week at a level below four of the last 5-yrs.

PADD 2 stocks declined -0.9 million barrels on the week, to a level -38% below last year and well below the 5-yr range. Supply decreased -1,000 bpd on lower production. Imports were -41% below a year ago and below the 5-yr range.



PAD 3 stocks decreased -0.5 million barrels last week, to a level -30% below a year ago. Supplies were unchanged last week last week, and were +61,000 bpd above a year ago for the most recent 4-wk period.



PADDs 4 & 5 stocks decreased -0.1 million barrels last week, with the level equal to 5-yr highs for the period.

Emerging Trends Wholesale demand should be extremely high in the last week of December and 1st week of January on record cold temperatures. The 10-day forecast is for above normal temperatures along the East coast and near normal temperatures in major heating markets; which risk a price pull back.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

January 6, 2014

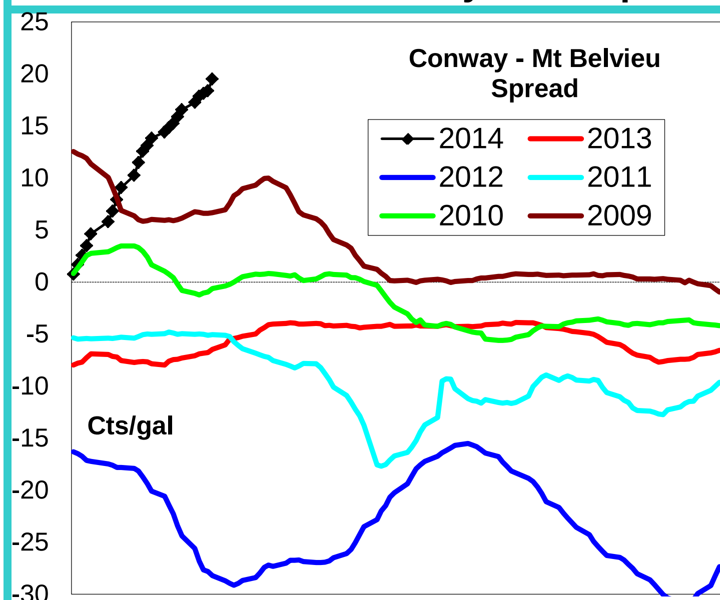
Fundamental Trends for the Week Ending: Friday, December 27, 2013

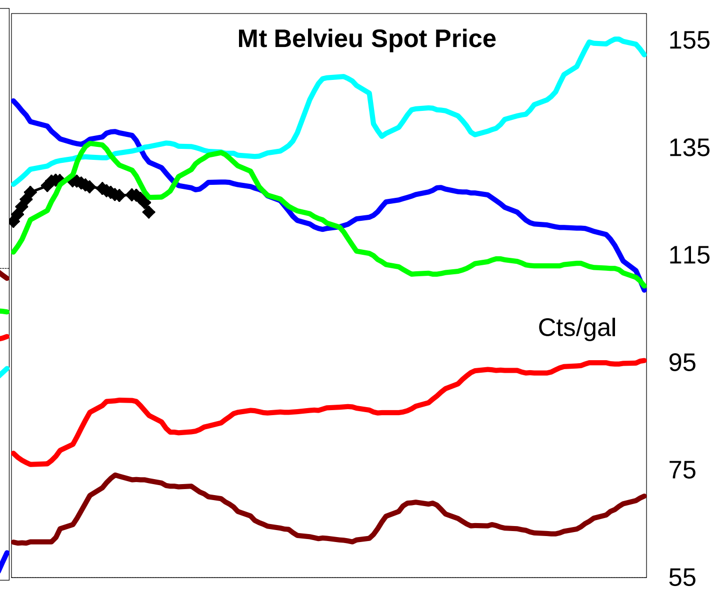
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	45,901	3,930	14,271	25,347	2,353	-1,541	17	-877	-536	-145
Propylene Stocks	3,553					74				
Production	1,452	144	254	881	173	12	0	-1	0	13
Imports	105	43	49	0	14	-12	-14	0	0	2
Whsle Demand	1,407					-139				

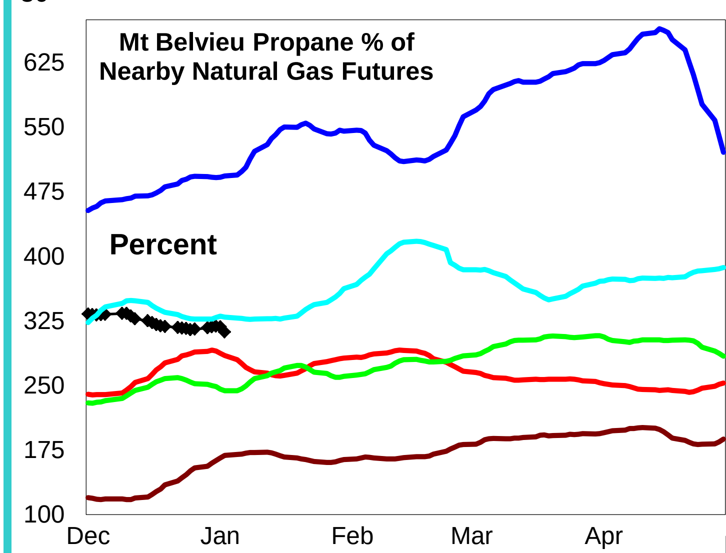
Price Trends for the Week Ending: Friday, January 03, 2014

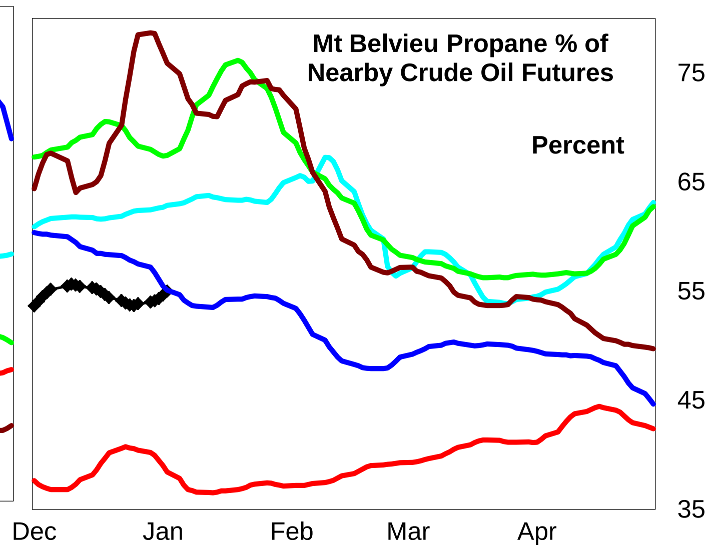
Cents/gal	Average for week ending:				Change from:			% change from:		
	1/3/14	12/27/13	12/6/13	1/8/13	12/27/13	12/6/13	1/8/13	12/27/13	12/6/13	1/8/13
Mont Belvieu Spot	125.6	126.7	122.4	86.8	-1.09	4.28	35.56	-0.9	3.5	41.0
Conway Spot	143.7	142.4	122.6	80.3	1.28	19.79	42.35	0.9	16.1	52.8

Key Price Spreads and Differentials

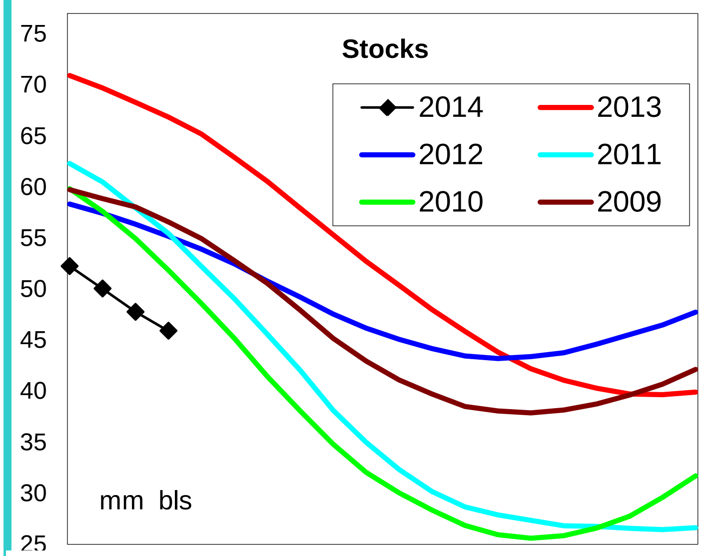


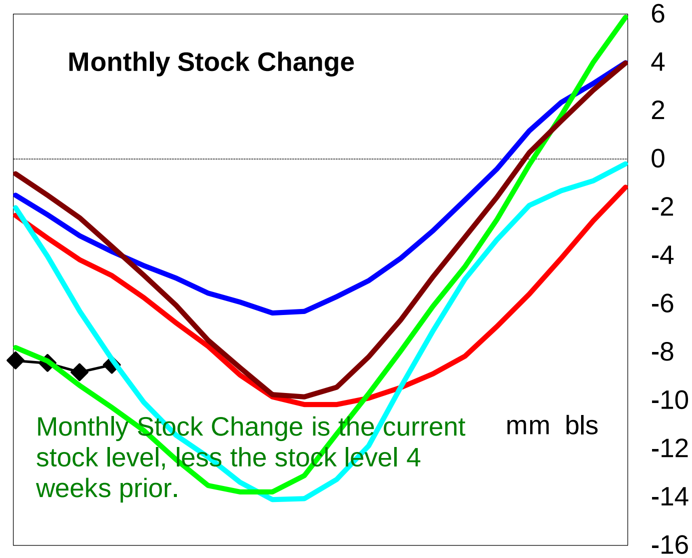


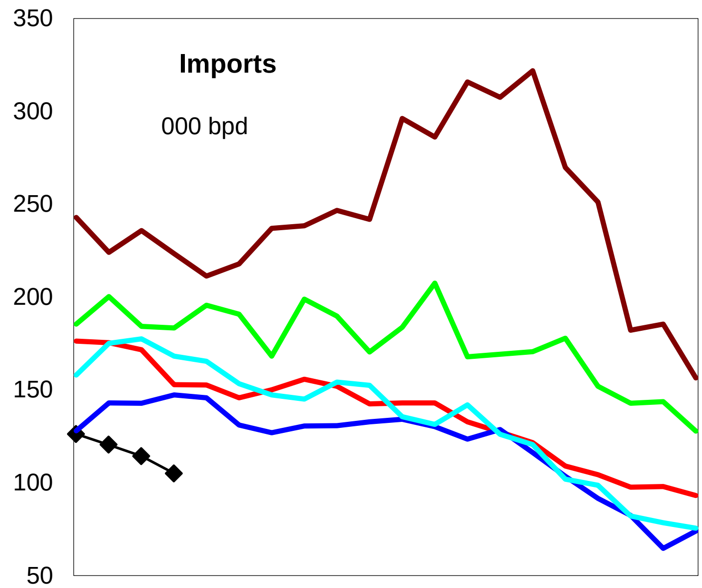


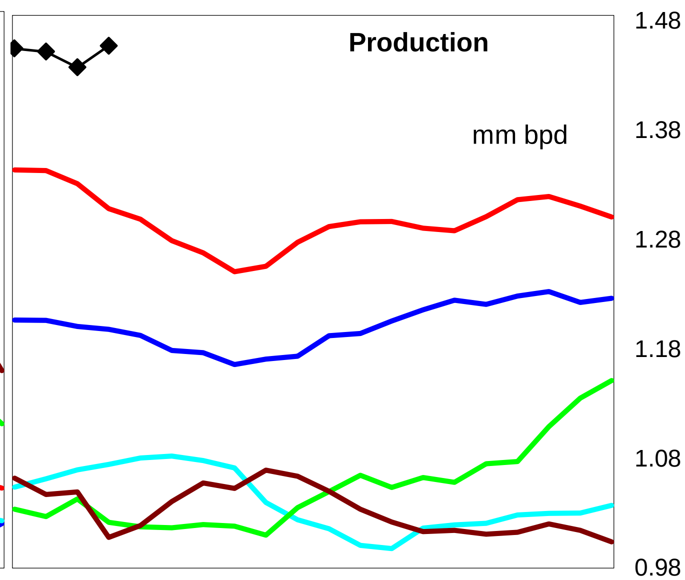


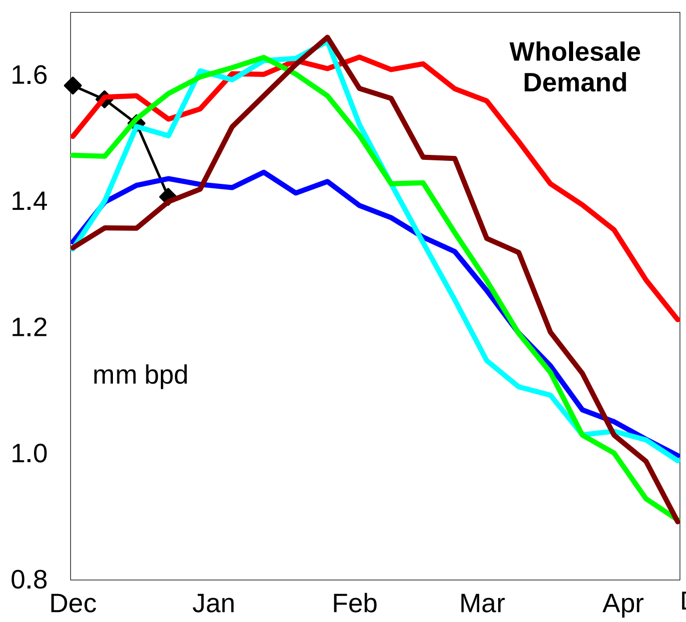
U. S. Propane Supply and Demand Balance

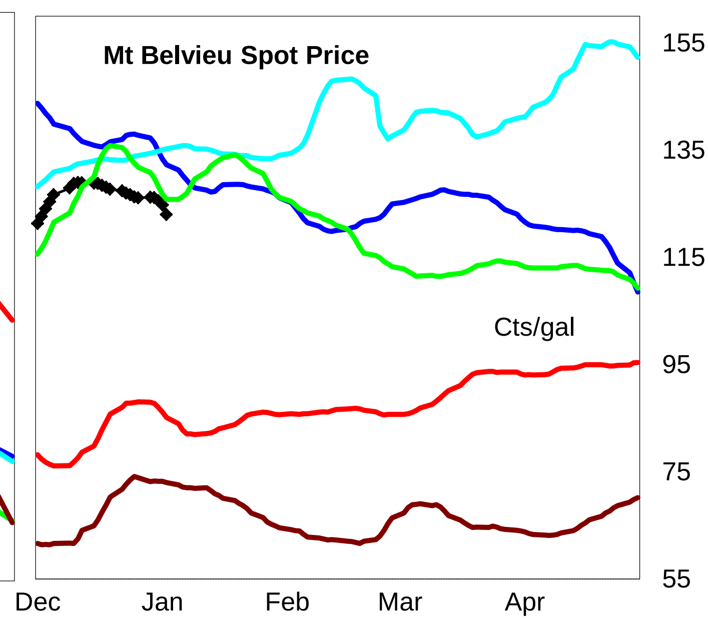












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Nov	Oct	Sep
000 bpd (000 bls stks)	-20,769	-3,700	121	-60		-50	338	203	-64
% change	-31.2	77	9.2	-33.6		-3.2	26.9	15.9	-5.5

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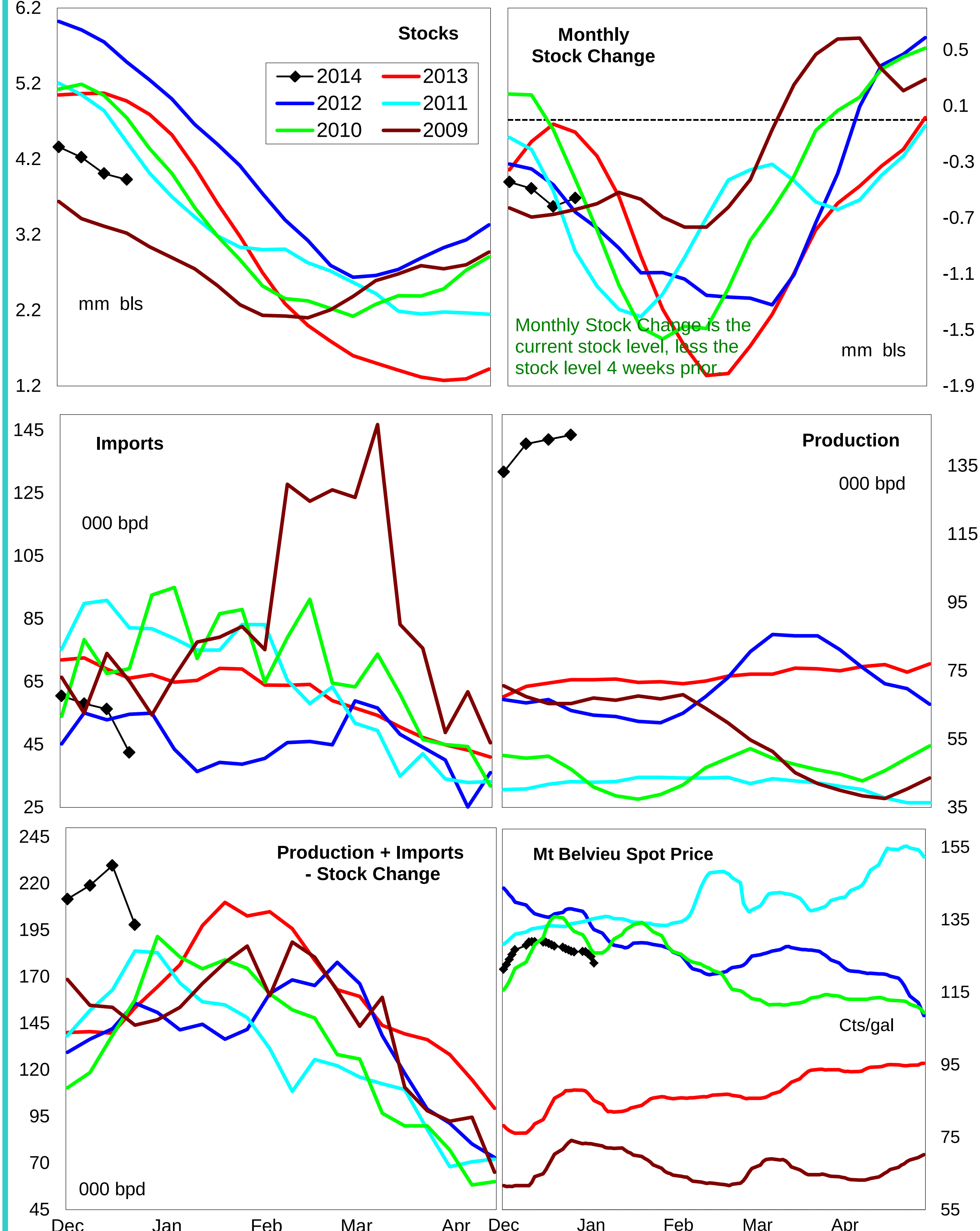
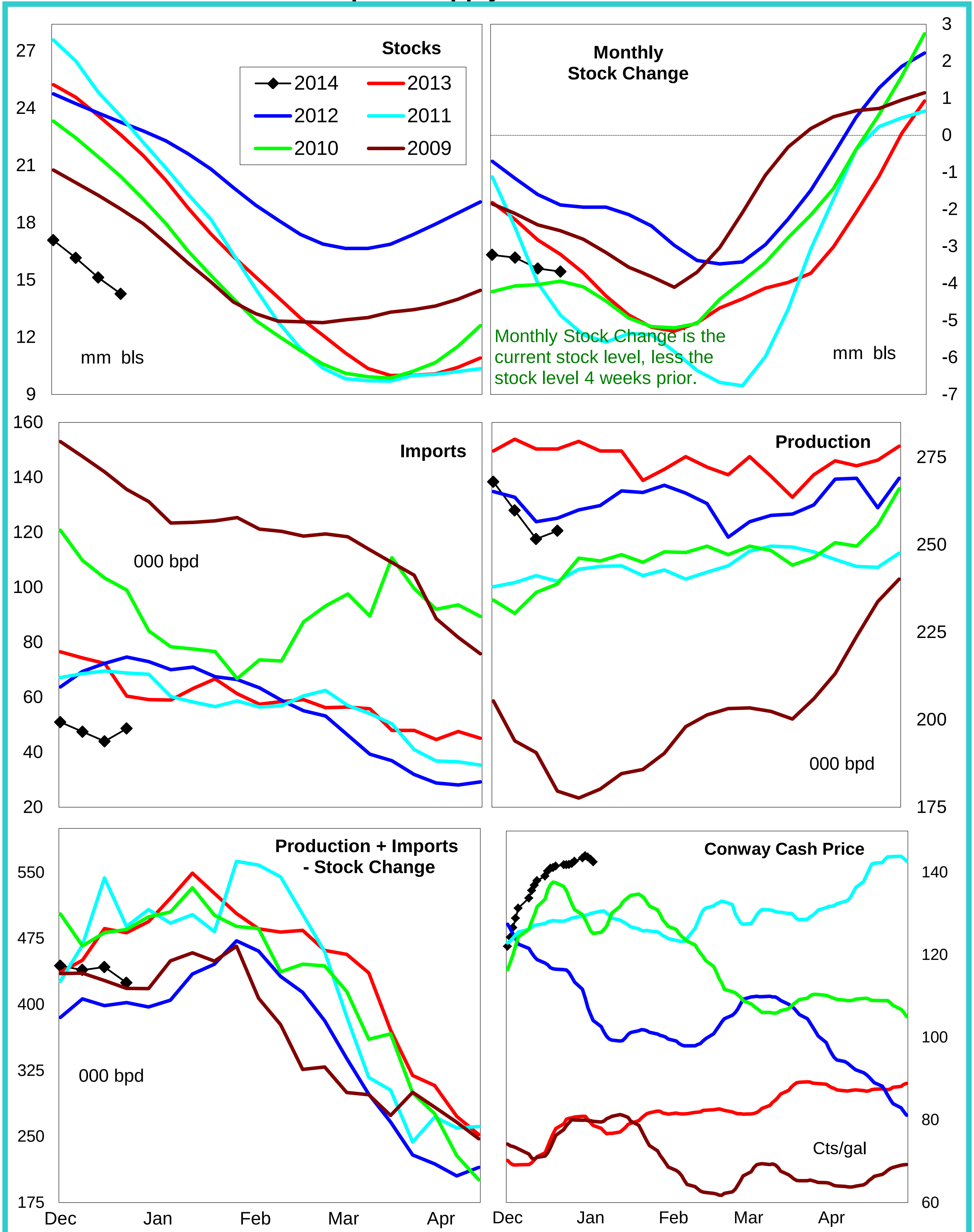
PADD 1 Propane Supply and Demand Balance



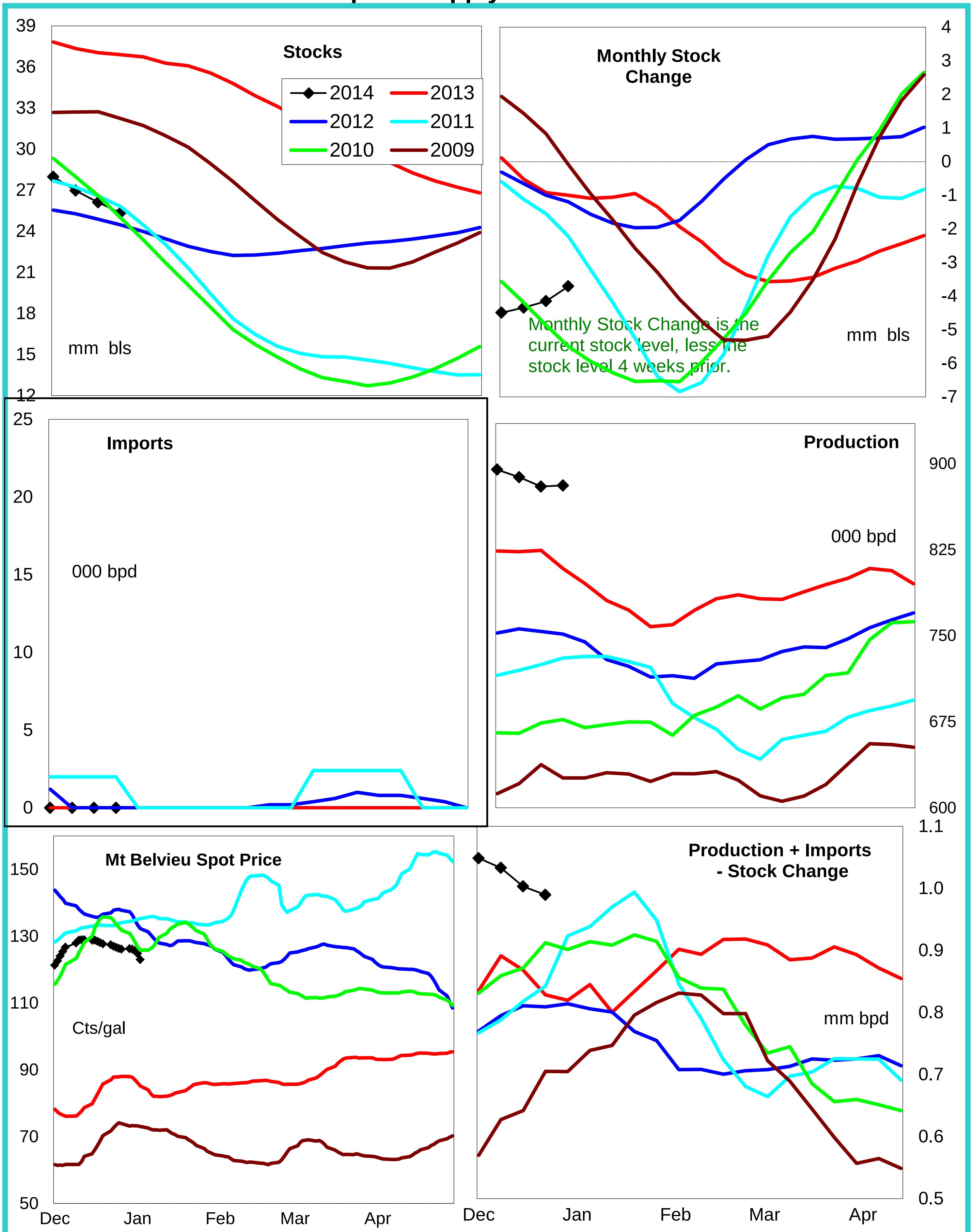
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-1,217	-471	71	-14	71
% change	-23.6	539.7	100.0	-19.9	49.6

PADD 2 Propane Supply and Demand Balance



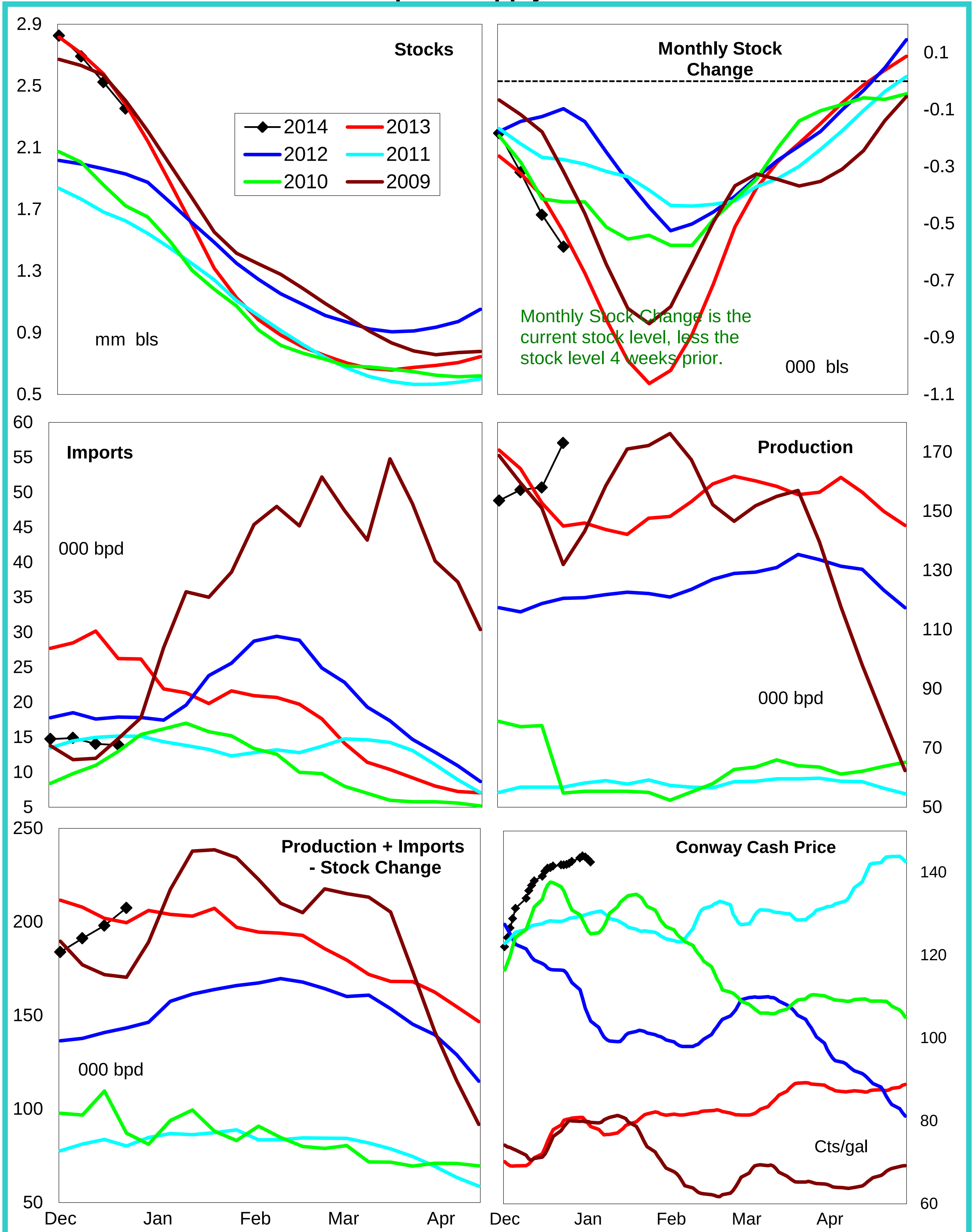
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-8,793	-468	-15	-32	-26
% change	-38.1	14.6	-5.5	-41.0	-5.6

PADD 3 Propane Supply and Demand Balance



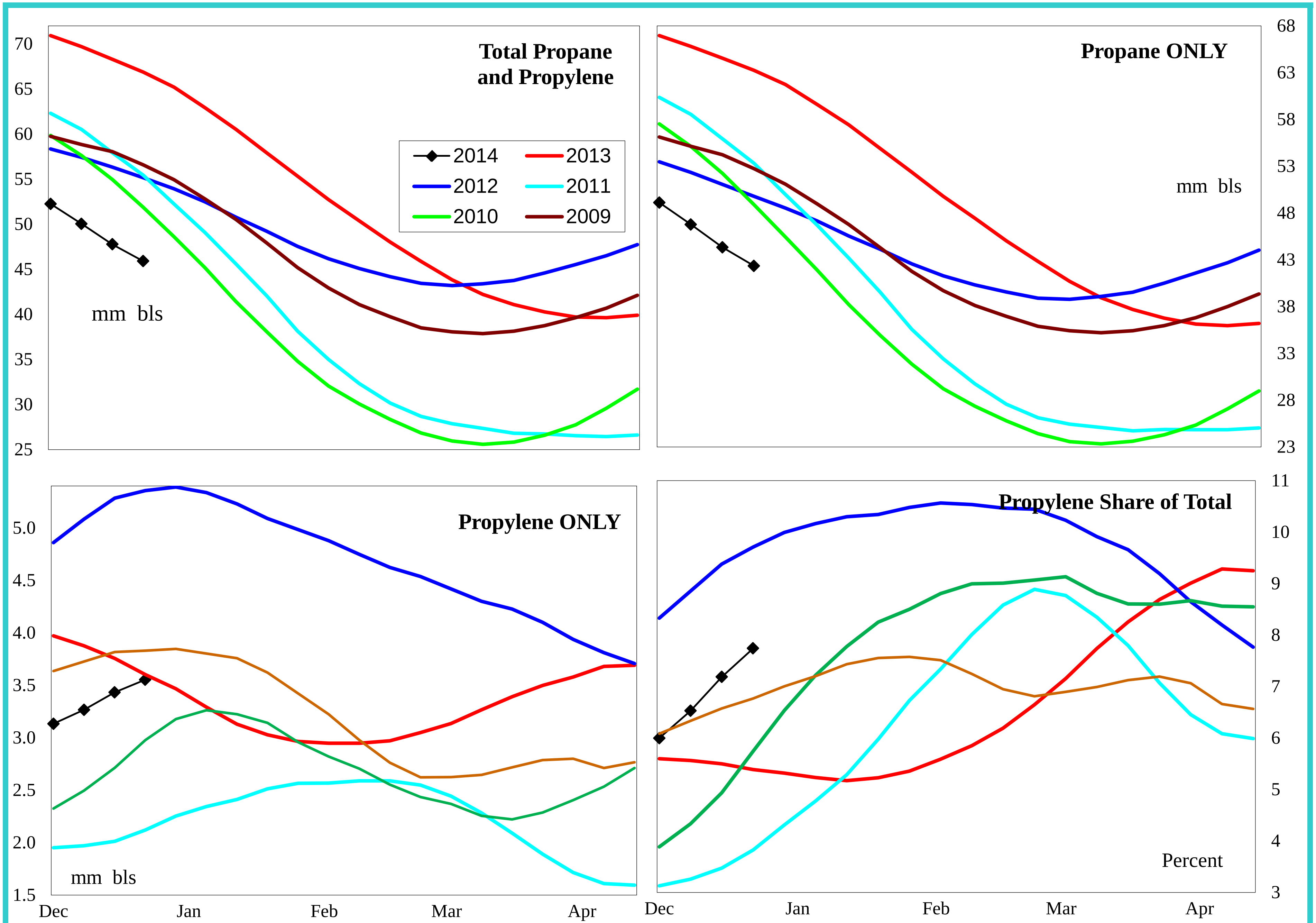
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-10,678	-2,709	61	0	163
% change	-29.6	270	7.4	#DIV/0!	19.0

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)	-81	-51	4	-14	-10
% change	-3.3	9.7	2.6	-46.9	-4.9

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-20,769	-20,577	-50
% change	-31.2	-32.7	-1.4

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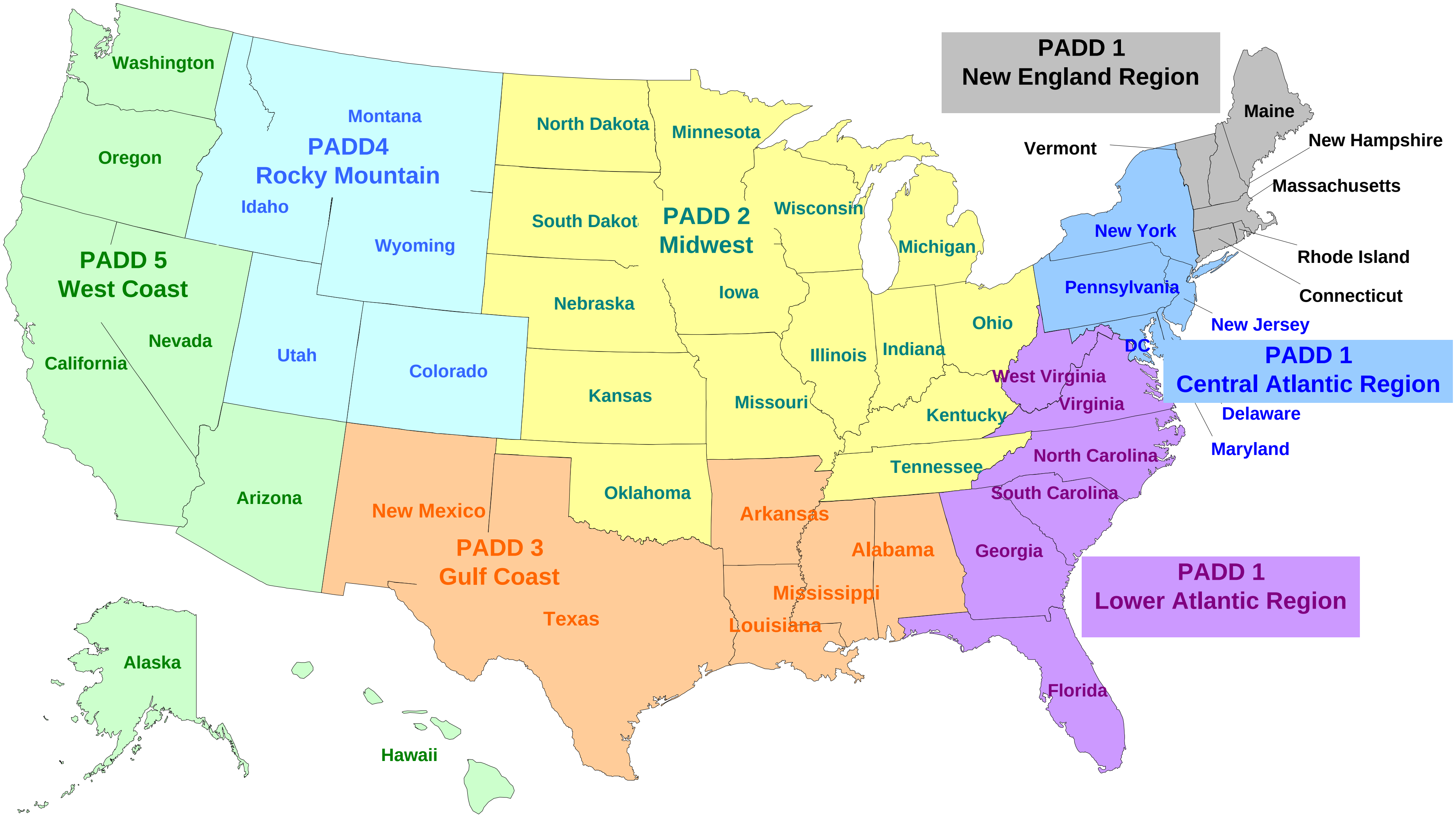
U. S. Petroleum Administrative for Defense Districts (PADDs)



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