

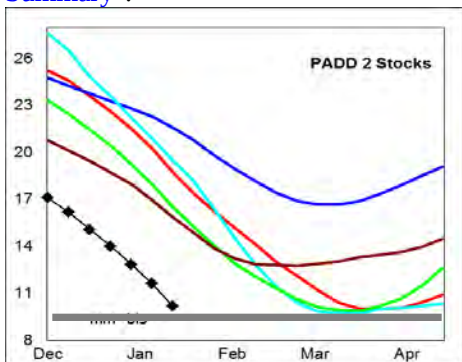


## WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

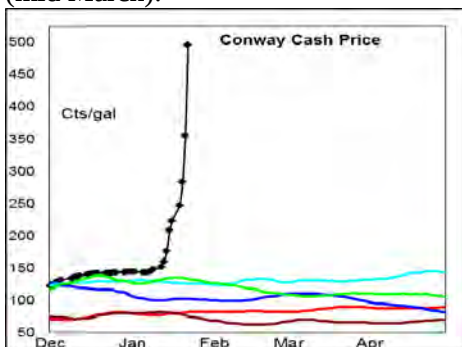
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com)

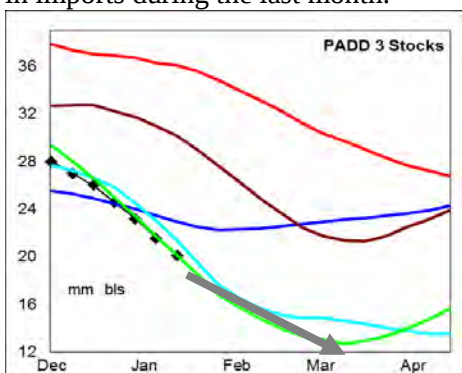
#### Summary<sup>1</sup> ?



Stocks in the Midwest fell to 10 million barrels on Friday, January 17, 2014. This level is equal to 5-yr lows at the end of winter heating season (mid March).



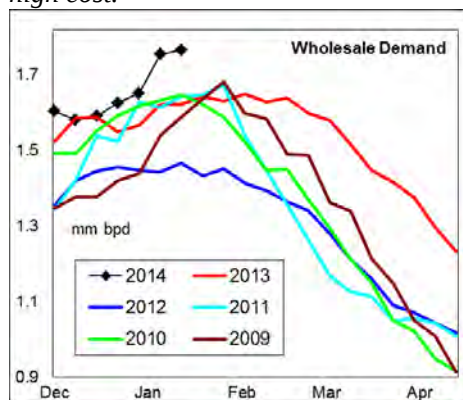
The industry is unable to draw stocks further, leading to the price spike at Conway. Firms seeking to cover physical short positions for month end delivery may have also contributed to the surge. Contributing to the squeeze has been a -30,000 bpd drop in midwest production and lack of a surge in imports during the last month.



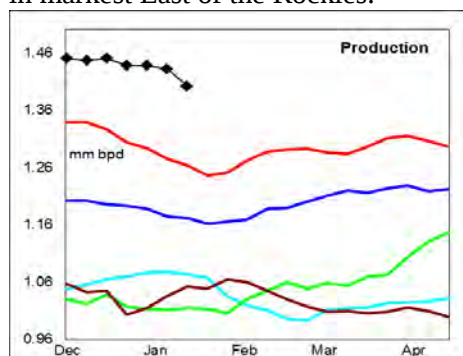
Stock levels in PADD 3 match 5-yr

lows and are +7 million barrels above record lows at end of the heating season. The ability of the industry to continue to draw down stocks in the region account for the lack of a price spike in Mt Belvieu comparable to the Midwest.

**Midwest Outlook** Conway prices are likely to pull back after month end due to: 1) expiration of month end delivery contracts, 2) increased receipts from the Gulf to Conway, 3) a sharp drop in customer demand as end users purchase "as needed" due to the spike in prices and 4) fuel switching by customers where such switching is economic due to high cost.



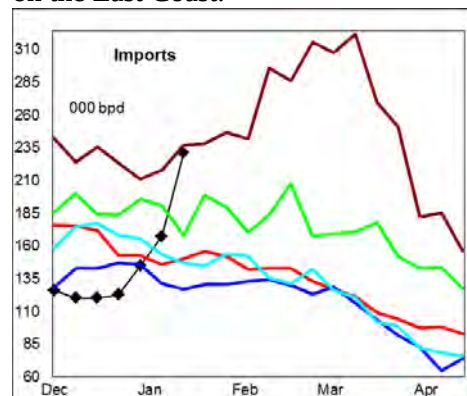
Wholesale demand increase only 10,000 bpd last week with the most recent 4-wk average +79,000 bpd above a year ago. This demand does not reflect the surge since last Friday when heating degree days again surged in market East of the Rockies.



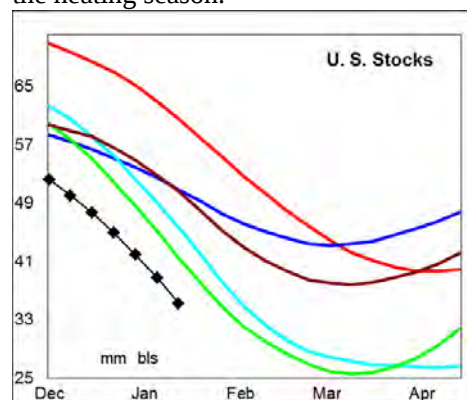
Production decreased -19,000 bpd last week, with the decrease concentrated in the Rockies, West Coast and Midwest.

Imports jumped +84,000 bpd last

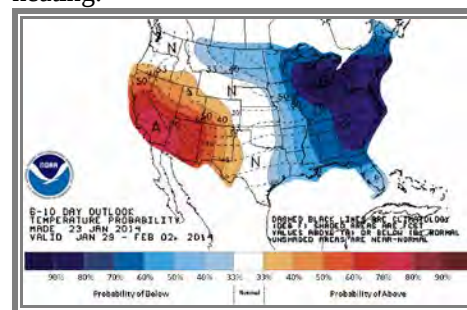
week, with the increase concentrated on the East Coast.



U.S. ended the week +10 million barrels above 5-yr lows that occur at the end of the heating season.



**Emerging Trends** The National Weather Service forecast colder than normal temperatures in propane markets east of the Rockies through the 1<sup>st</sup> week of February, sustaining demand for heating.



Look for extremely large stock draws in the Gulf region as pipelines and trucks seek to move product to the midwest, lifting Mt Belvieu prices from current level.

<sup>1</sup> Source is latest EIA Weekly Statistics

# PROPANE: Graph Link and Weekly Summary



January 23, 2014

## Fundamental Trends for the Week Ending:

Friday, January 17, 2014

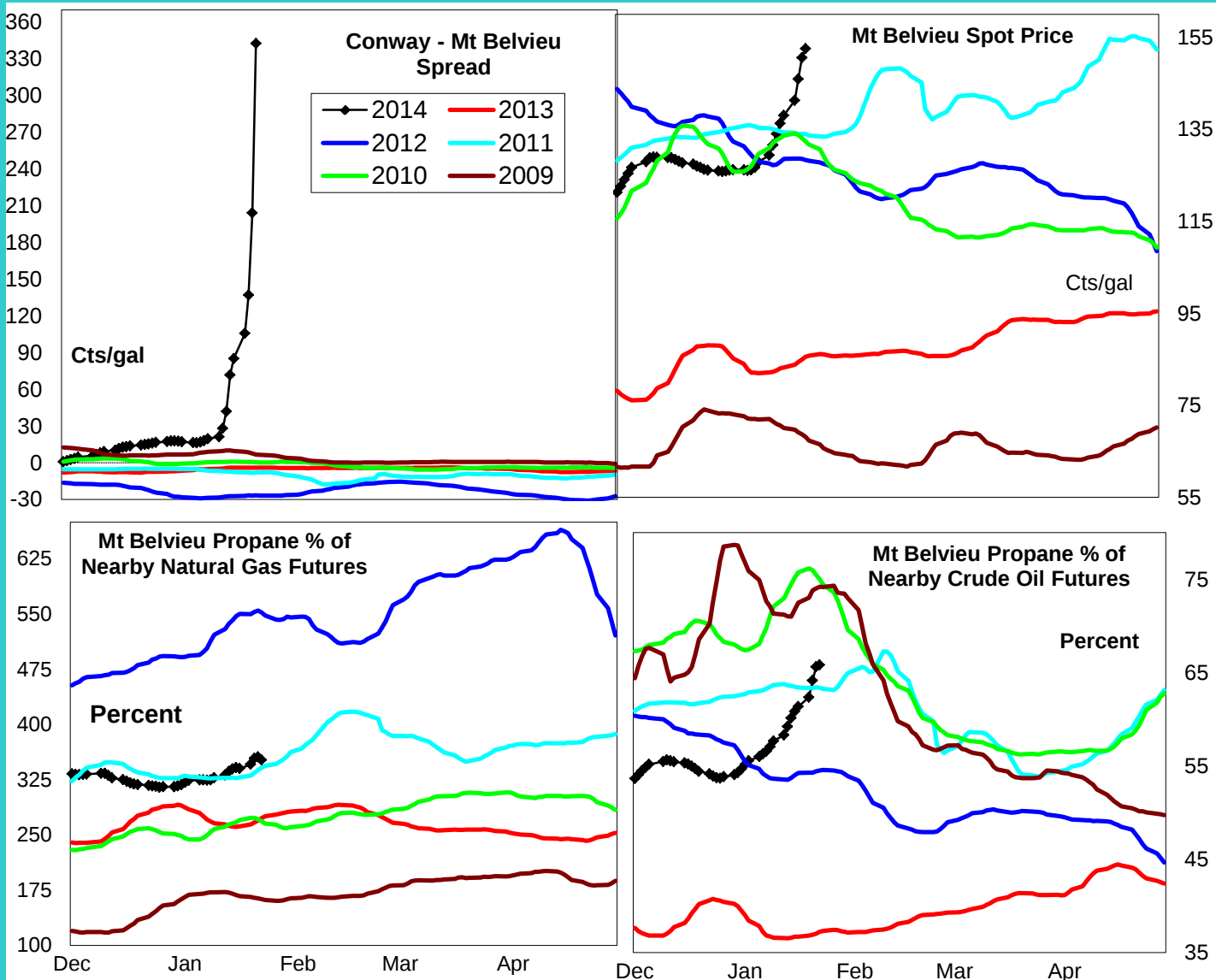
| 000 bpd<br>Stocks 000 bls | Weekly Supply-Demand |       |        |        |       | Change from prior week: |      |        |        |      |
|---------------------------|----------------------|-------|--------|--------|-------|-------------------------|------|--------|--------|------|
|                           | U.S.<br>Total        | PADD  |        |        |       | U.S.<br>Total           | PADD |        |        |      |
|                           |                      | 1     | 2      | 3      | 4&5   |                         | 1    | 2      | 3      | 4&5  |
| Stocks                    | 35,263               | 3,216 | 10,195 | 20,076 | 1,776 | -3,391                  | -501 | -1,343 | -1,227 | -320 |
| Propylene Stocks          | 3,626                |       |        |        |       | 114                     |      |        |        |      |
| Production                | 1,401                | 133   | 245    | 851    | 172   | -19                     | 2    | -9     | 5      | -17  |
| Imports                   | 231                  | 135   | 78     | 0      | 18    | 85                      | 84   | 14     | 0      | -13  |
| Whsle Demand              | 1,746                |       |        |        |       | 10                      |      |        |        |      |

## Price Trends for the Week Ending:

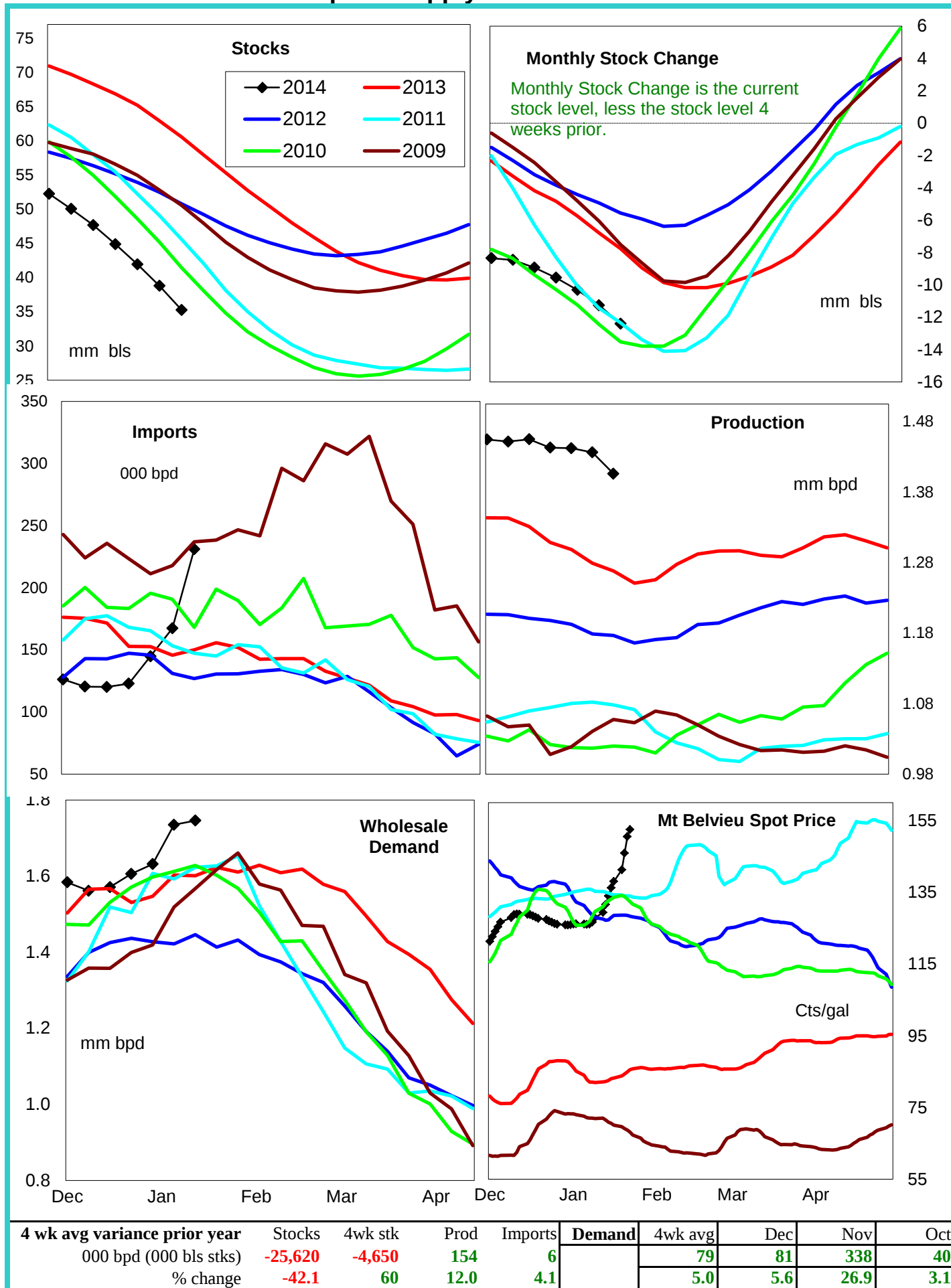
Thursday, January 23, 2014

| Cents/gal         | Average for week ending: |         |          |         | Change from: |          |         | % change from: |          |         |
|-------------------|--------------------------|---------|----------|---------|--------------|----------|---------|----------------|----------|---------|
|                   | 1/23/14                  | 1/16/14 | 12/26/13 | 1/28/13 | 1/16/14      | 12/26/13 | 1/28/13 | 1/16/14        | 12/26/13 | 1/28/13 |
| Mont Belvieu Spot | 145.9                    | 128.1   | 126.3    | 85.6    | 17.79        | 1.87     | 40.63   | 13.9           | 1.5      | 47.4    |
| Conway Spot       | 282.9                    | 146.7   | 141.0    | 81.9    | 136.16       | 5.70     | 59.10   | 92.8           | 4.0      | 72.2    |

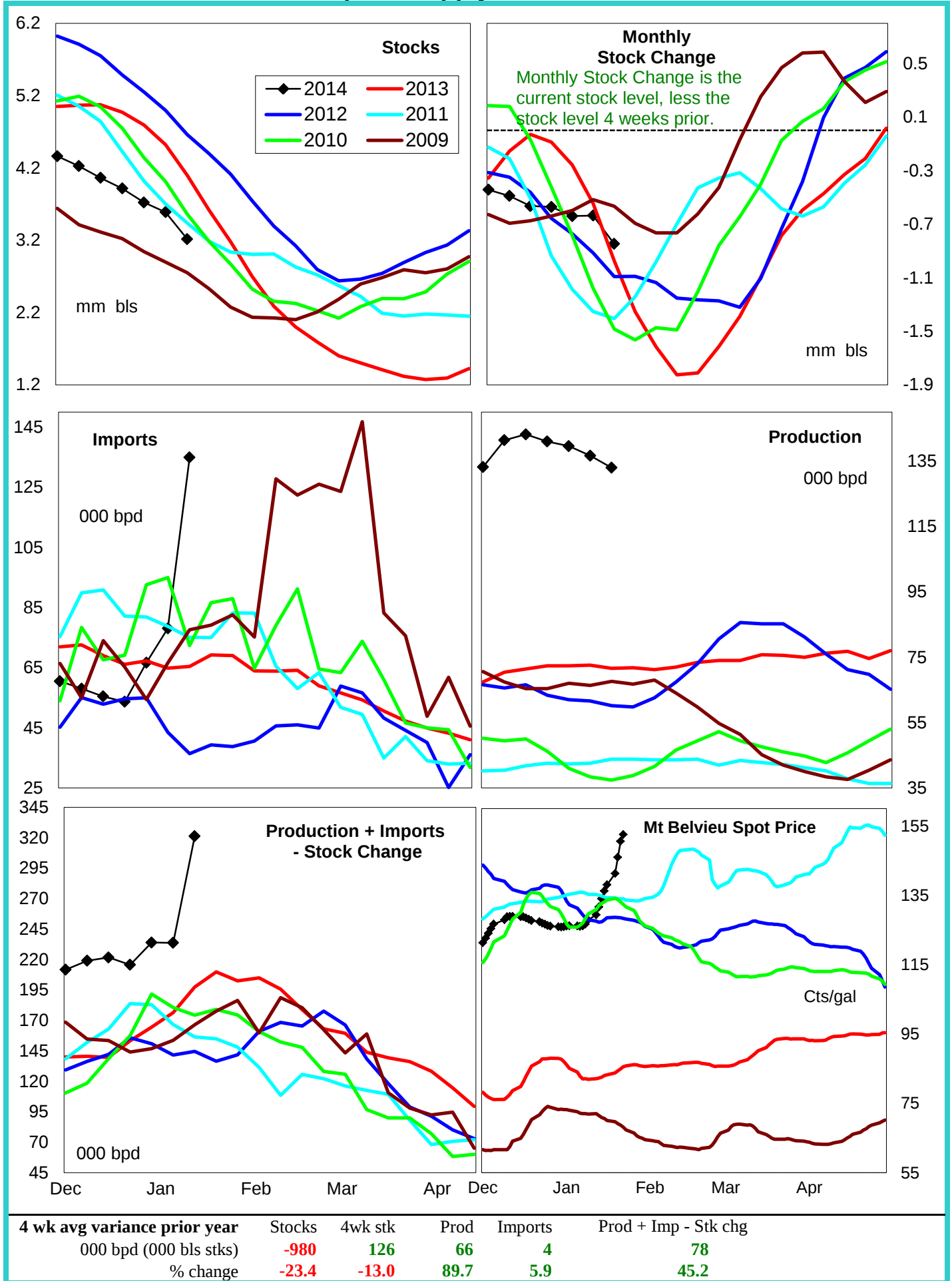
## Key Price Spreads and Differentials



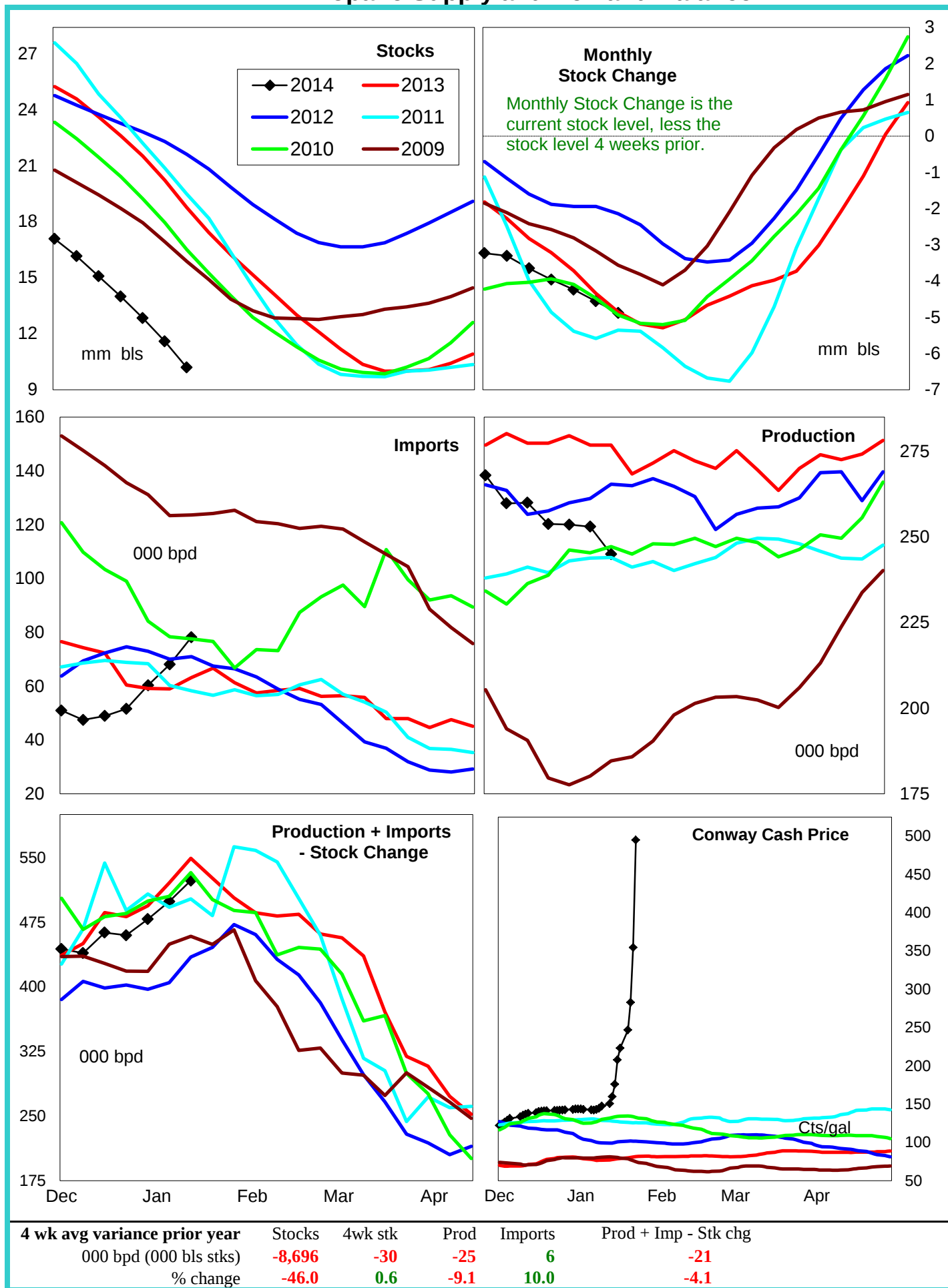
# U. S. Propane Supply and Demand Balance



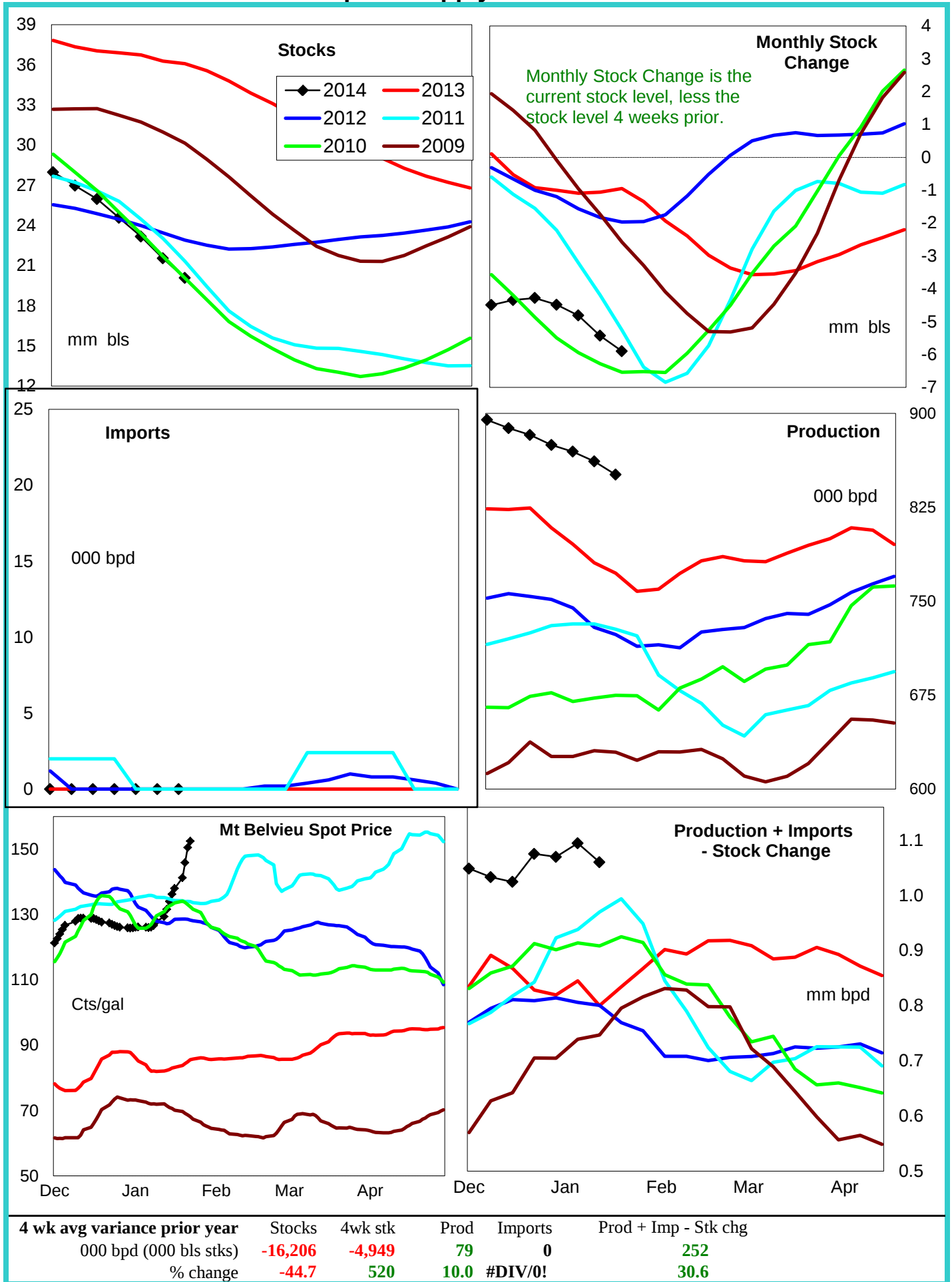
# PADD 1 Propane Supply and Demand Balance



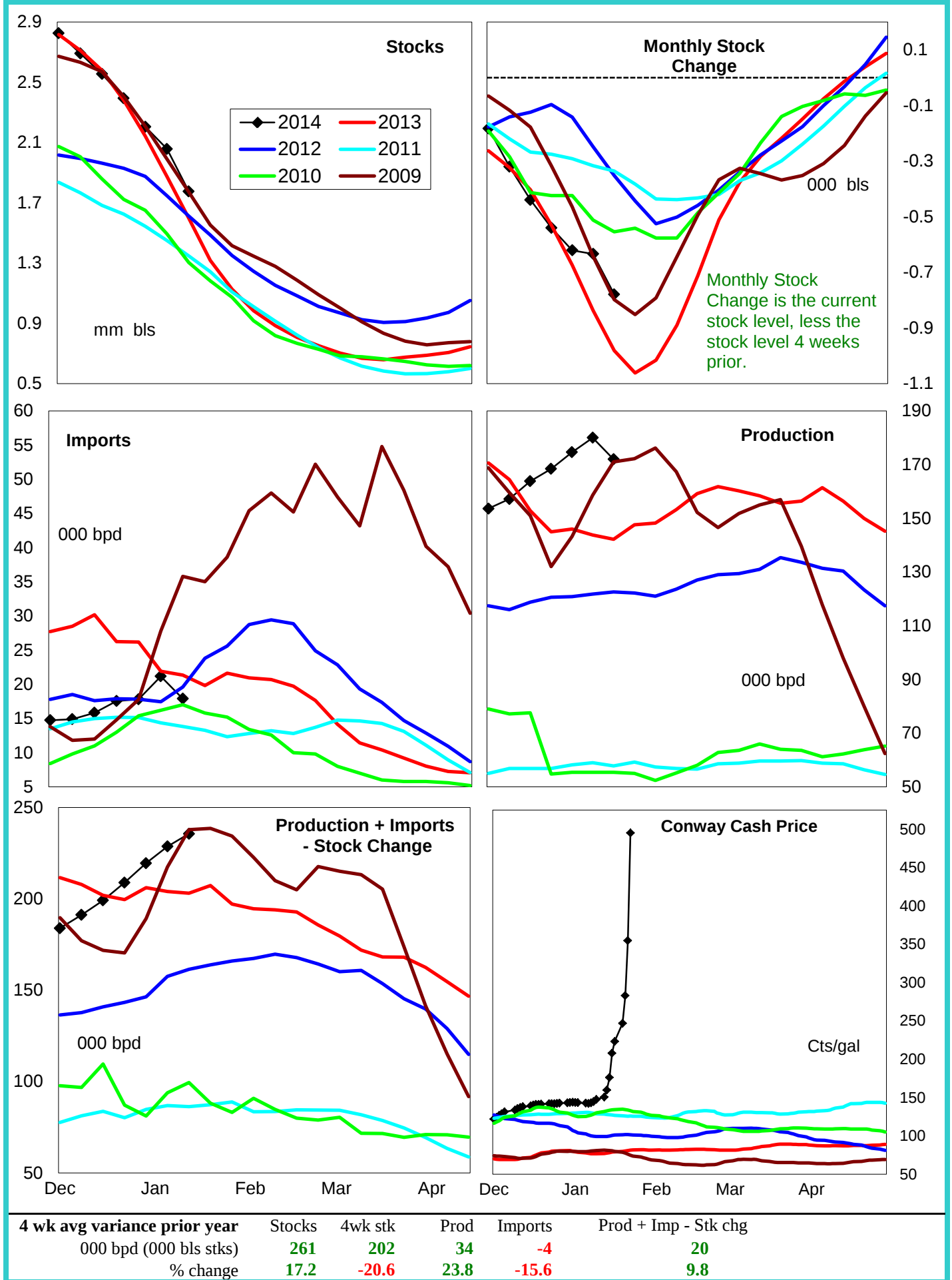
# PADD 2 Propane Supply and Demand Balance



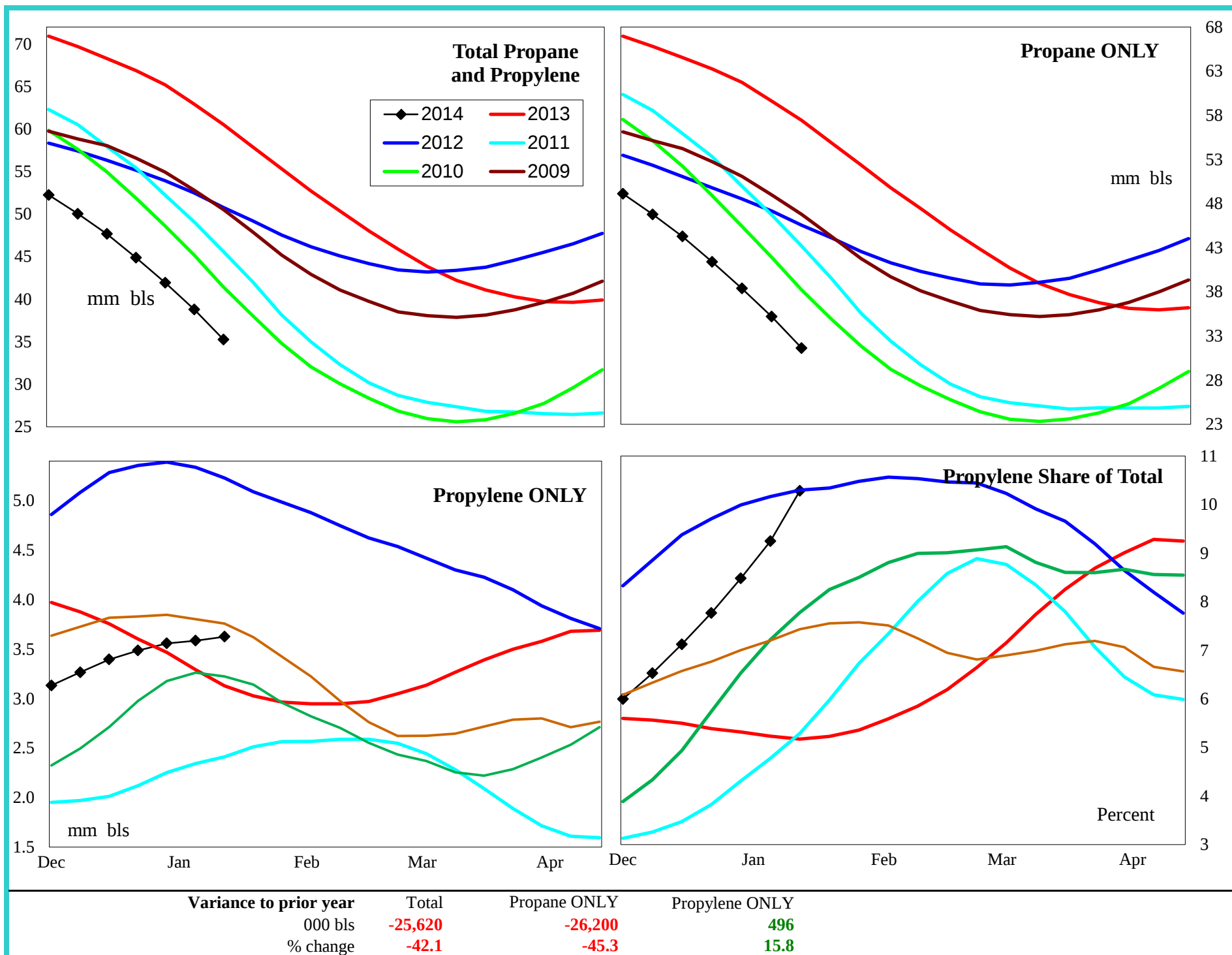
# PADD 3 Propane Supply and Demand Balance



# PADDs 4 and 5 Propane Supply and Demand Balance



# U. S. Propane and Propylene Stocks



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

