FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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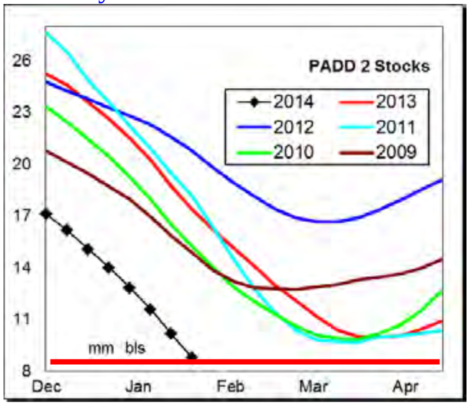
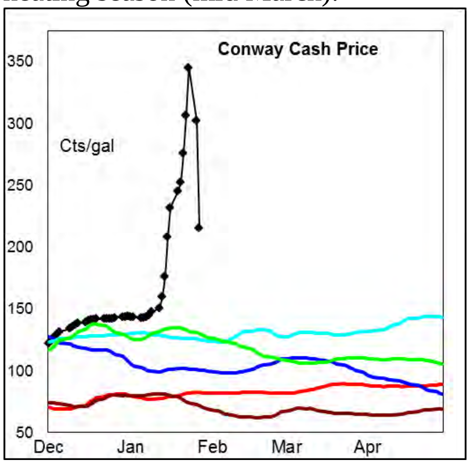
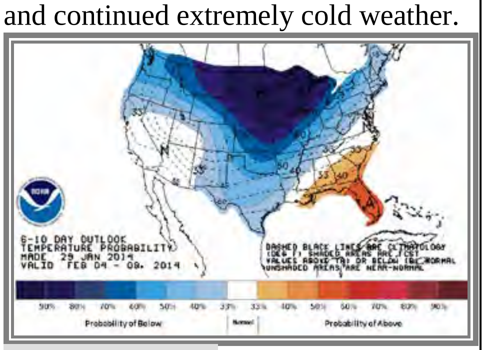


Stocks in the Midwest fell to 8.8 million barrels last week. This level is less than 5-yr lows at the end of winter heating season (mid March).

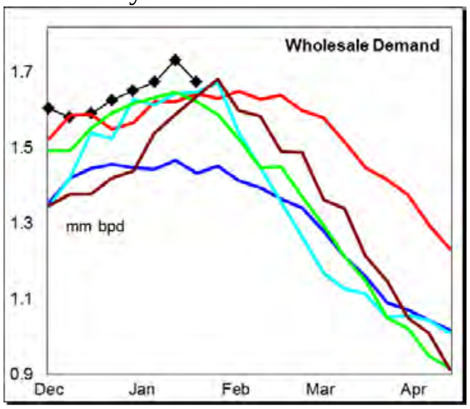


Conway spot prices have collapsed from recent record highs, but remain very volatile on low stocks, dependence on receipts from the Gulf and continued extremely cold weather.

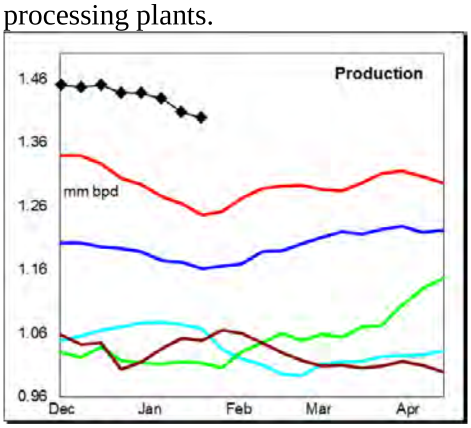


Midwest Outlook *Expect continued very volatile prices because of an ongoing supply squeeze for the near term. An improved supply balance should result from a surge in receipts from the Gulf, any moderation in temperatures, and end users purchasing minimum volumes on expectation of a wind down in winter heating use.*

U.S. Summary Wholesale demand decreased -92,000 bpd last week with the level above the 5-yr range. The latest 4-wk average was +105,000 bpd above last year.

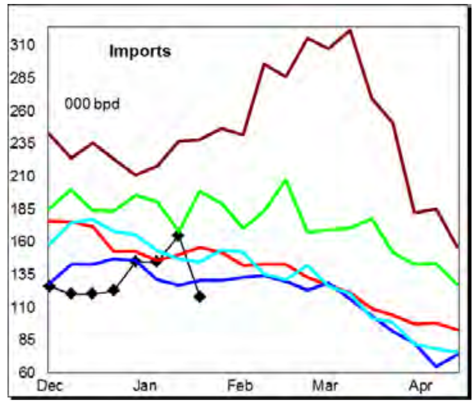


Production was nearly unchagned last week, at a level +153,000 bpd above a year ago for the most recent 4-wk period. This includes a +63,000 bpd increase in PADD 1 on startup of gas processing plants.

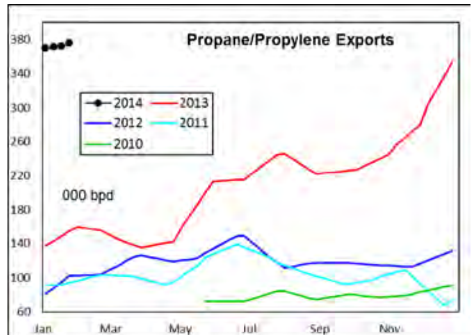


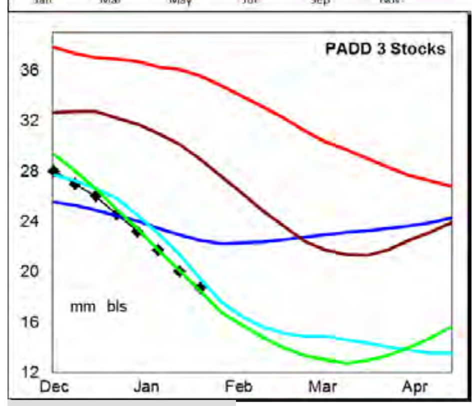
Imports fell -113,000 bpd on the week, with the decrease concentrated on the East Coast and Midwest.

Exports for last week were 376,000 bpd, an increase of +212,000 bpd over a year ago. The spike in Midwest prices has resulted in cancelation of some export cargoes, for delivery into the Midwest region.



Stocks fell -3.6 million barrels last week with significant declines in all regions other than PADDs 4&5. PADD 3 stocks ended the week +6 million barrels above the 5-yr low normally reached in Mid March.





Emerging Trends The National Weather Service forecast much colder than normal temperatures in all major propane markets for the next 10-days. Combined with very low stock levels, expect volatile prices in the Midwest with potential for another price surge.

Looking forward, prices will be extremely sensitive to temperature forecasts for key heating markets.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

January 29, 2014

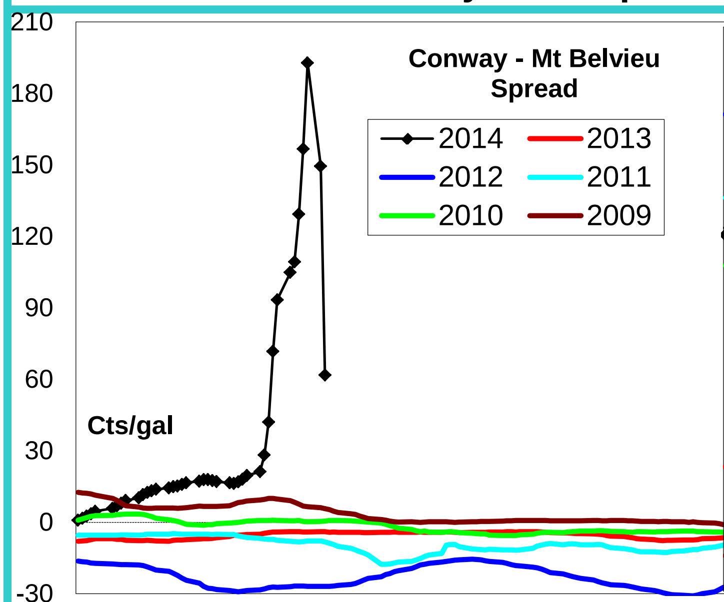
Fundamental Trends for the Week Ending: Friday, January 24, 2014

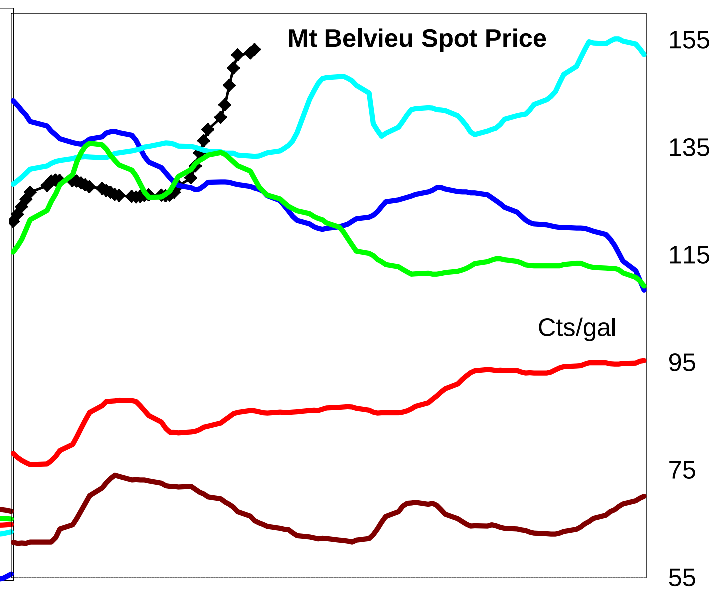
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	31,674	2,621	8,789	18,639	1,625	-3,589	-595	-1,406	-1,437	-151
Propylene Stocks	3,715					89				
Production	1,399	129	279	808	183	-2	-4	34	-43	11
Imports	118	52	52	0	14	-113	-83	-27	0	-4
Whsle Demand	1,654					-92				

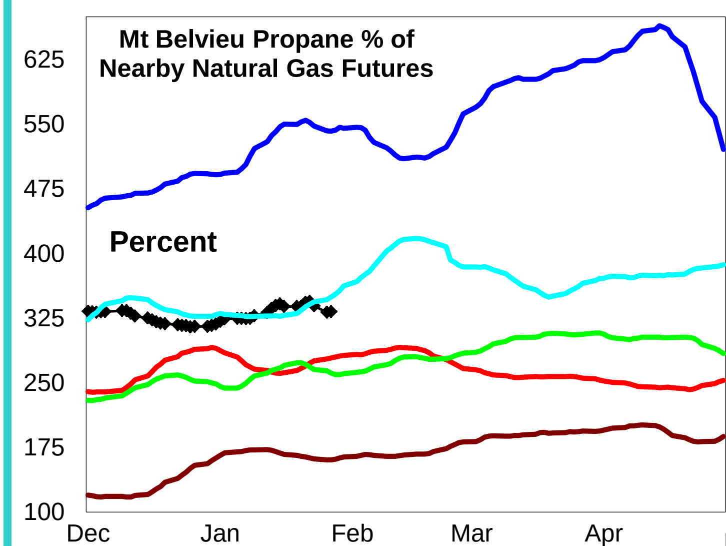
Price Trends for the Week Ending: Tuesday, January 28, 2014

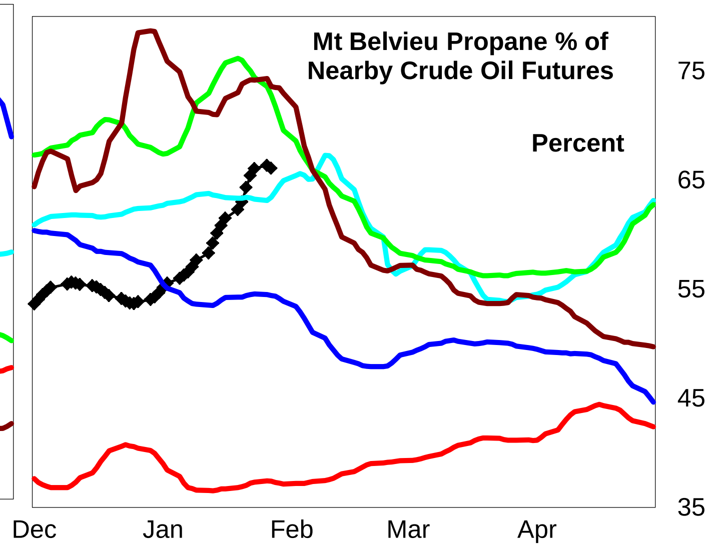
Cents/gal	Average for week ending:				Change from:			% change from:		
	1/28/14	1/21/14	12/31/13	1/31/13	1/21/14	12/31/13	1/31/13	1/21/14	12/31/13	1/31/13
Mont Belvieu Spot	152.2	137.1	127.0	85.7	15.08	10.09	41.33	11.0	7.9	48.2
Conway Spot	345.0	181.8	144.0	81.8	163.19	37.79	62.22	89.8	26.2	76.1

Key Price Spreads and Differentials









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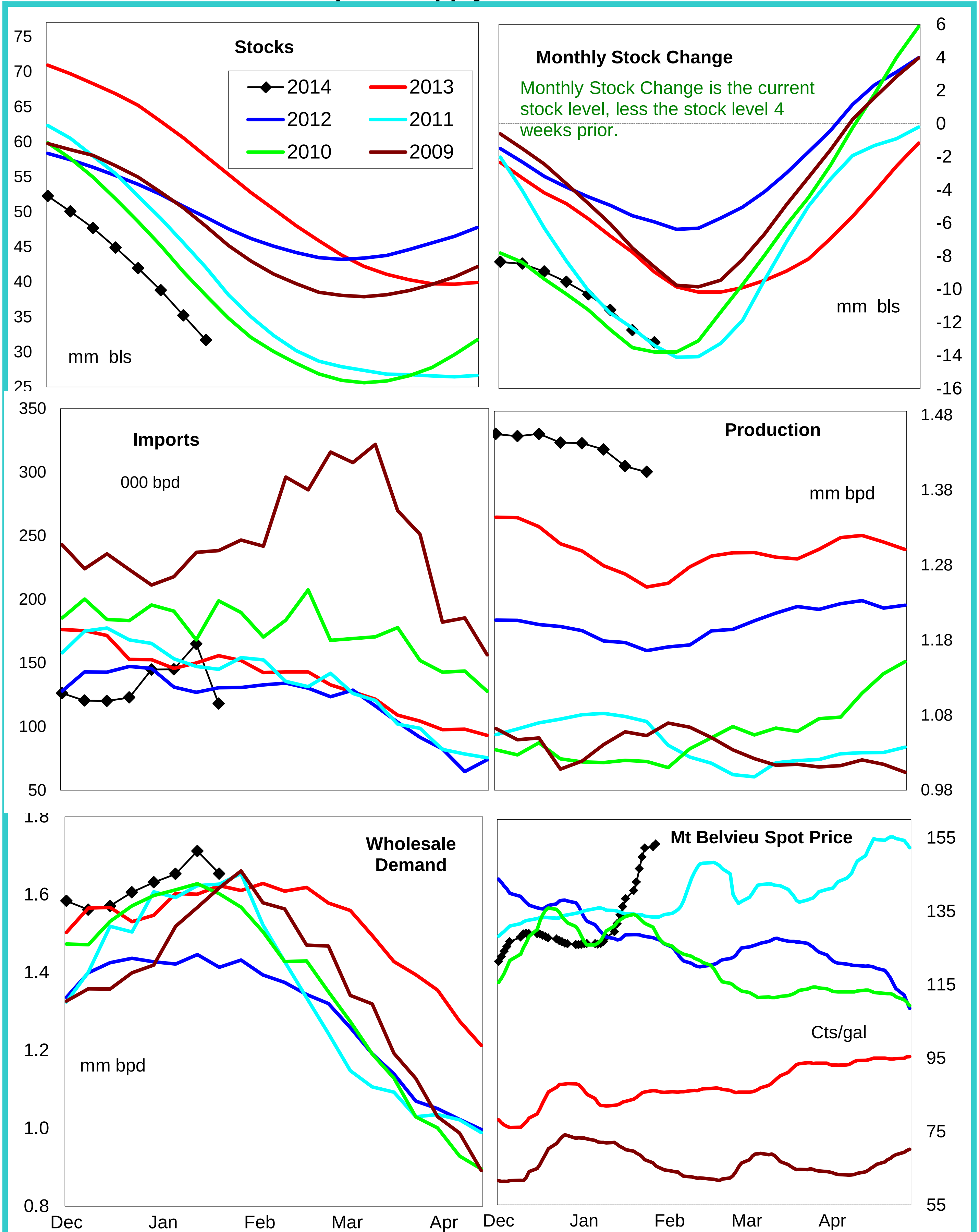
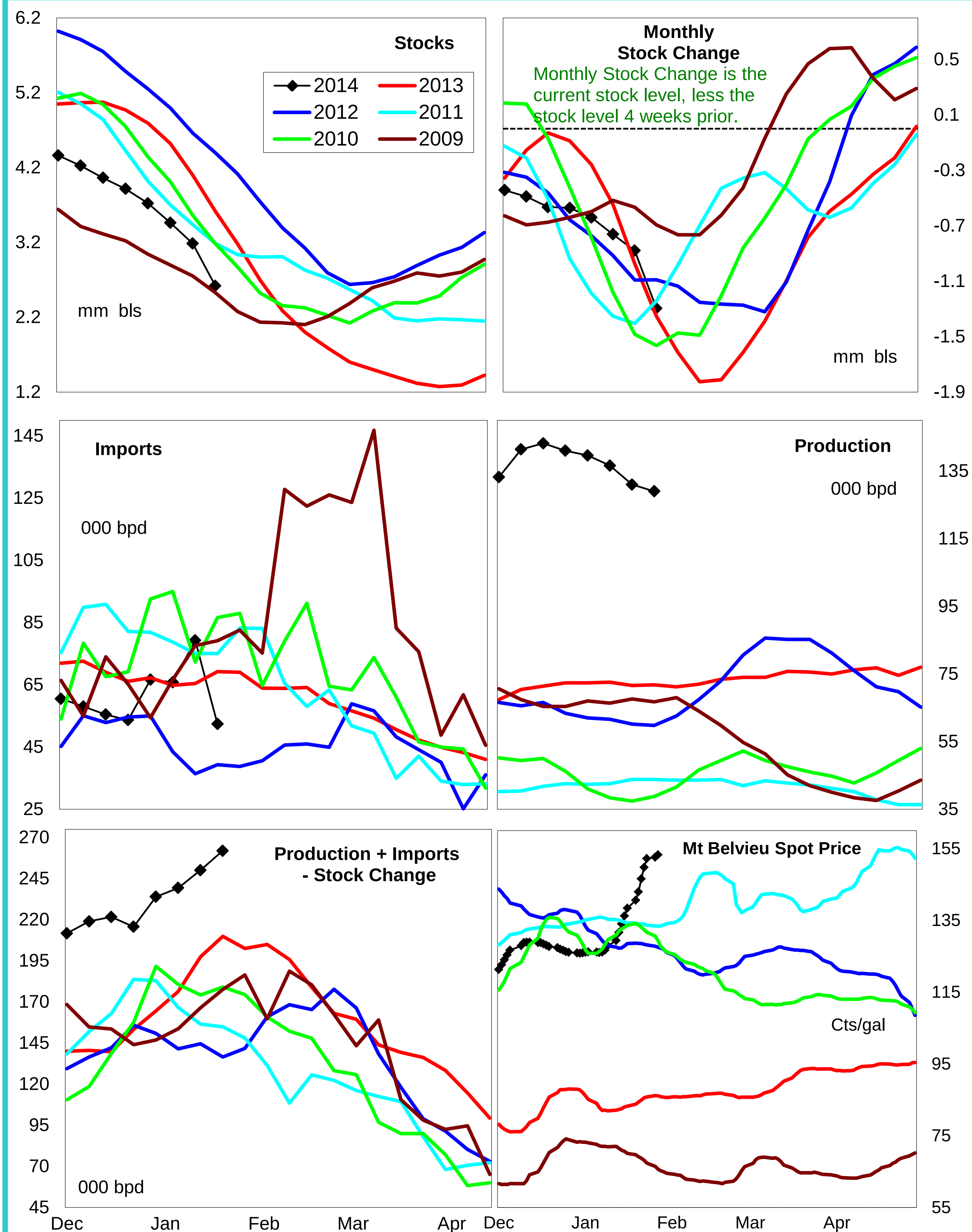
U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Dec	Nov	Oct
000 bpd (000 bls stks)	-25,759	-4,260	153	-1		105	81	338	40
% change	-44.9	48	12.0	-0.3		6.5	5.6	26.9	3.1

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)	-1,113	57	63	5	59
% change	-29.8	-4.2	86.5	7.6	31.7

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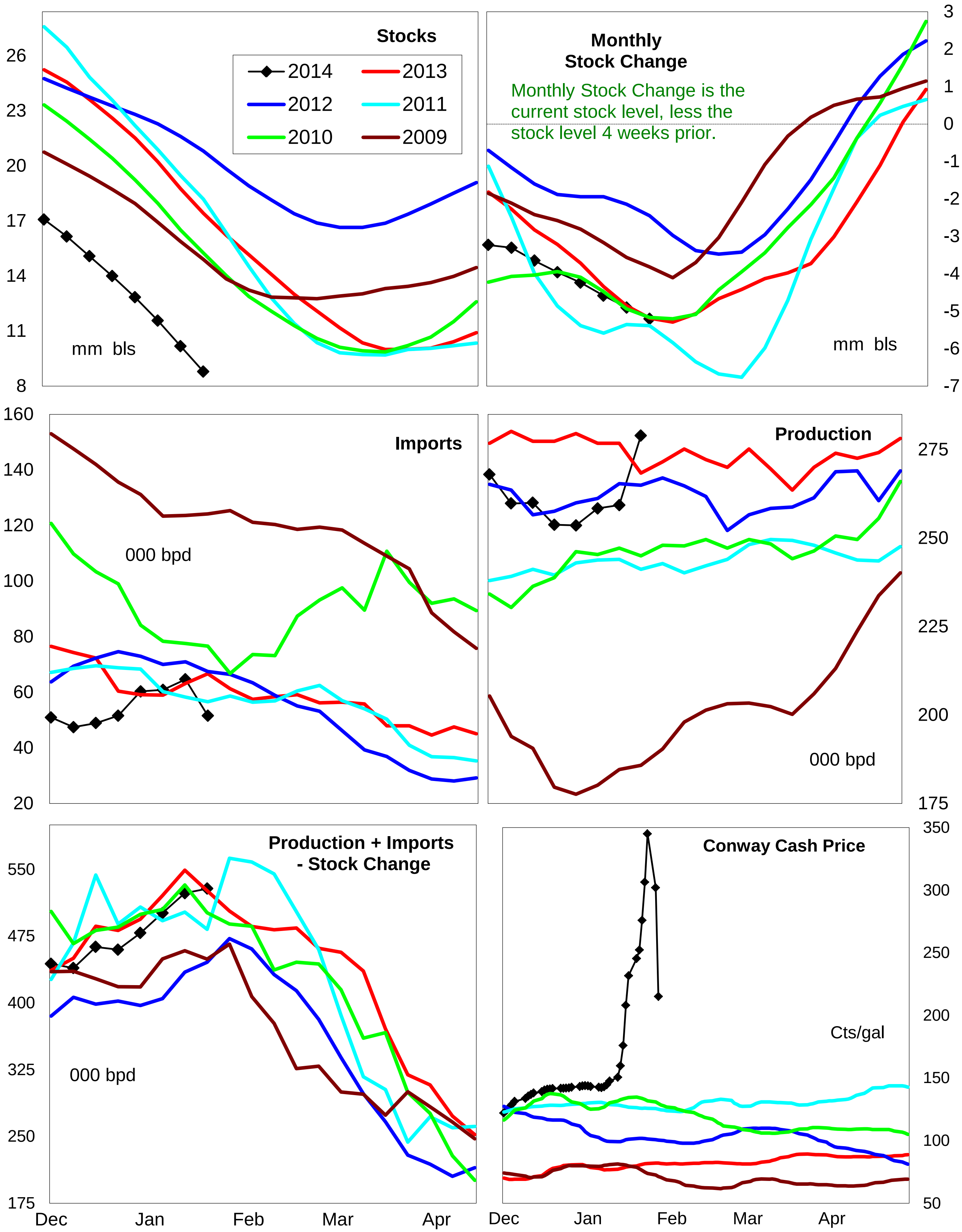
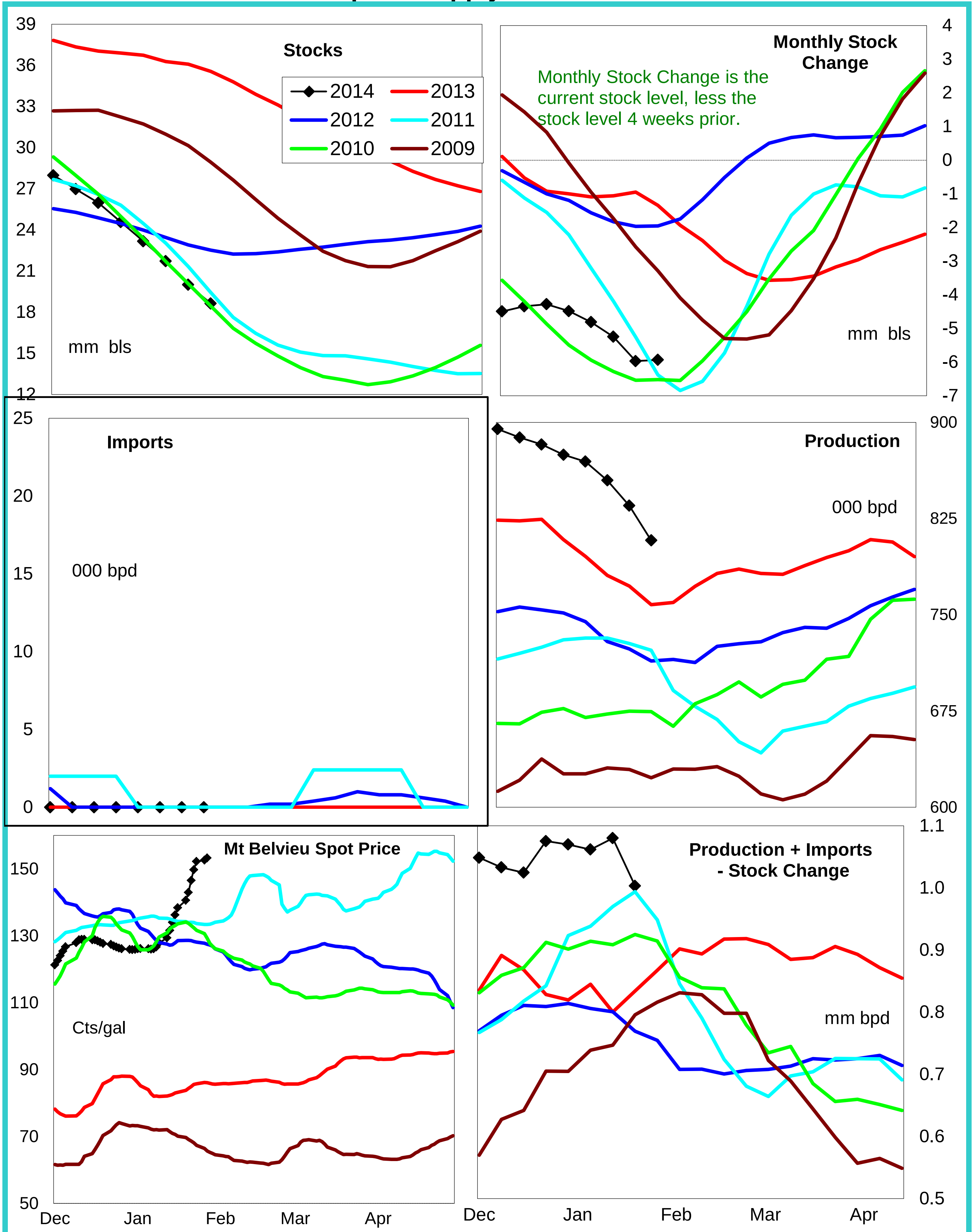
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-8,393	-22	-17	-2	-15
% change	-48.8	0.4	-6.2	-3.7	-2.8

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)	-16,647	-4,587	73	0	229
% change	-47.2	341	9.5	#DIV/0!	27.8

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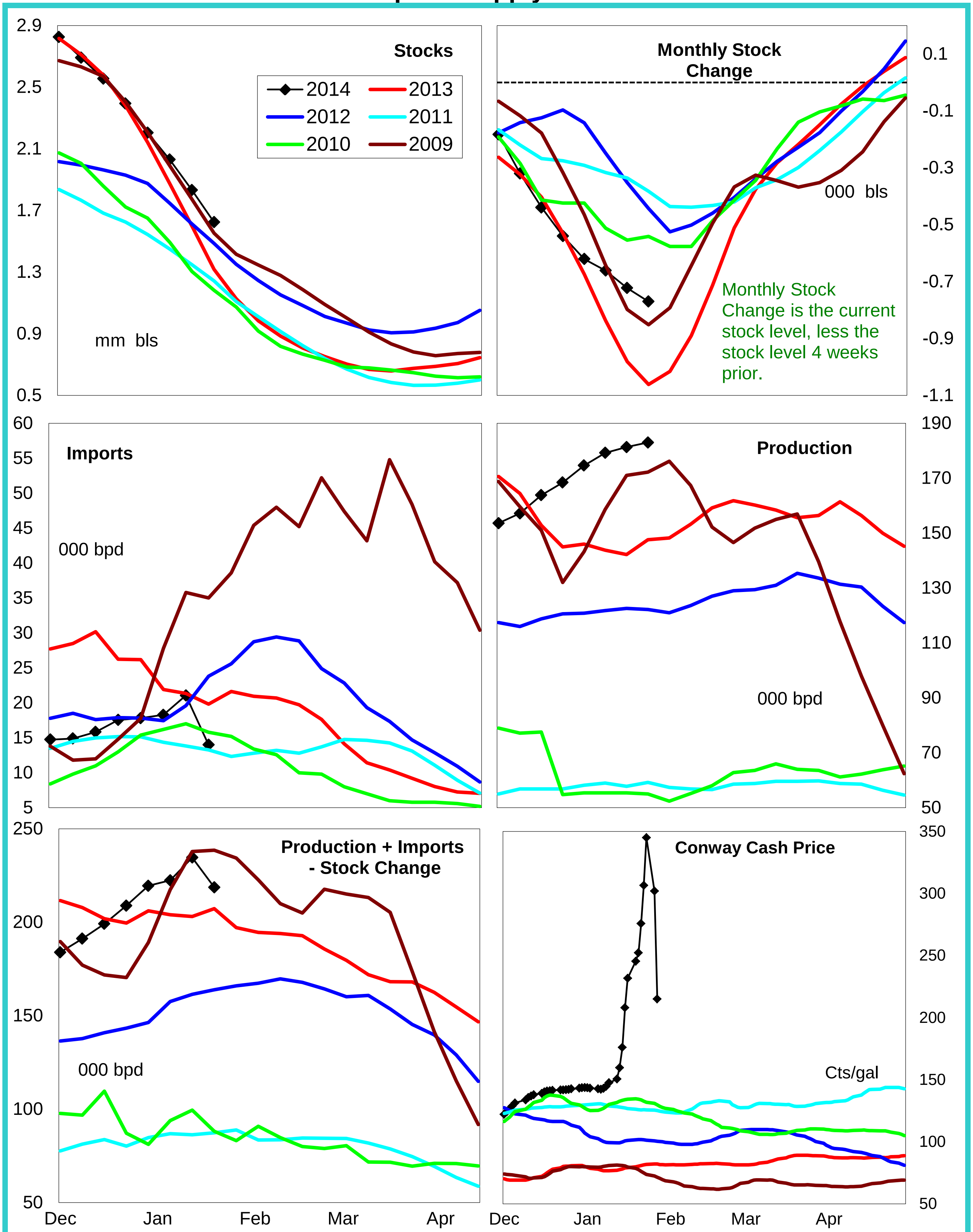
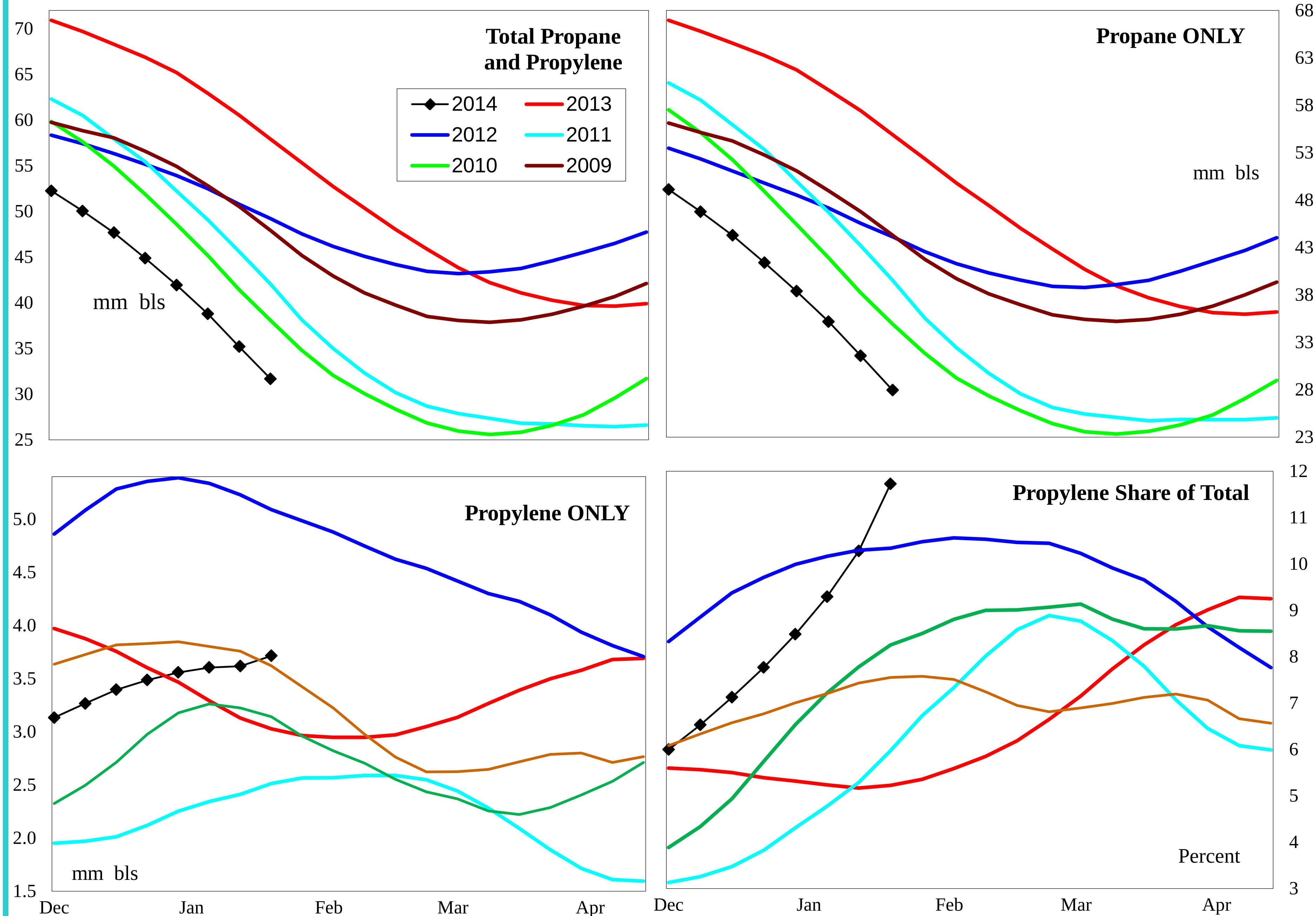
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	393	292	35	-3	19
% change	31.9	-27.5	23.6	-14.0	9.1

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-25,759	-26,509	687
% change	-44.9	-48.7	22.7

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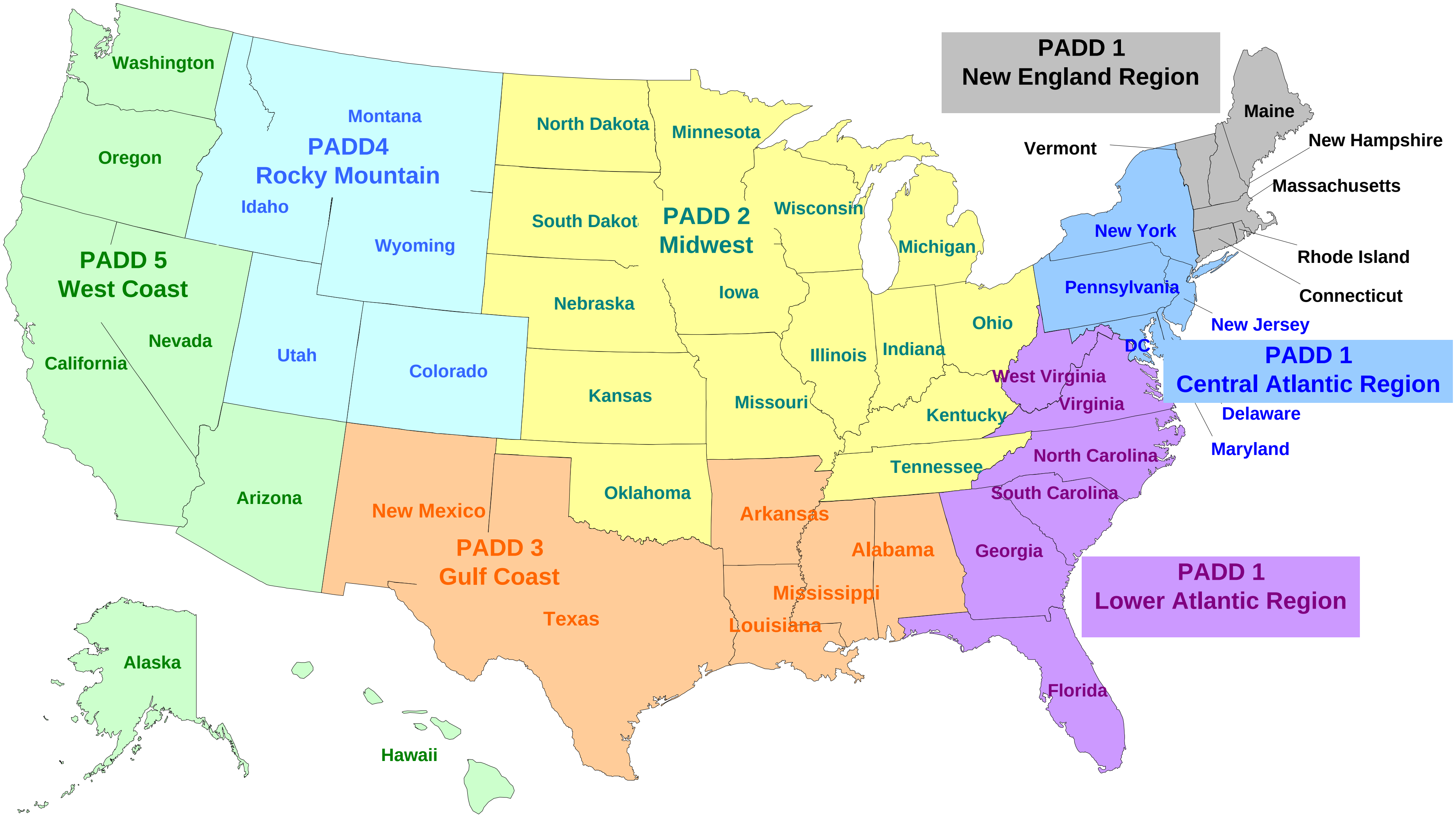
U. S. Petroleum Administrative for Defense Districts (PADDs)



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