WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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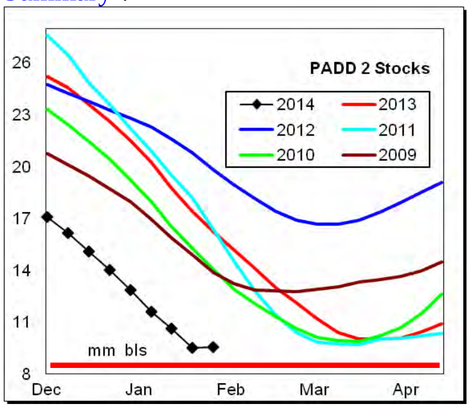
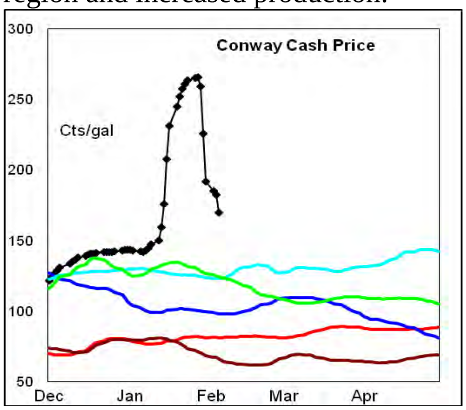
Summary[1]:

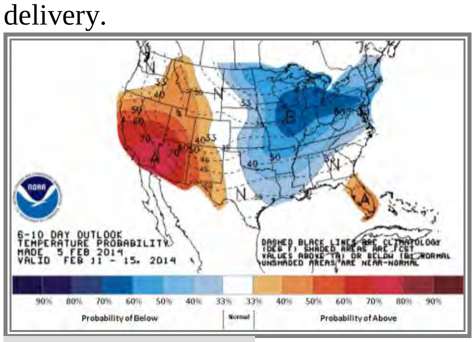
Table of Contents



Stocks in the Midwest increased +0.8 million barrels last week - driven by a surge in receipts from outside the region and increased production.

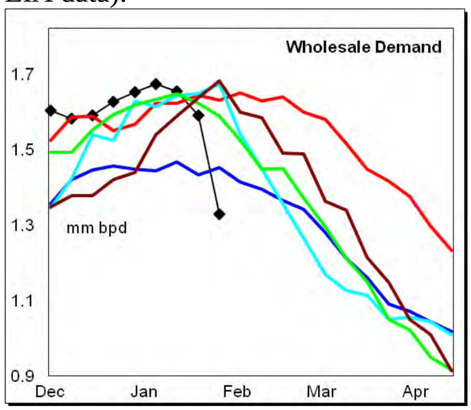


Conway spot prices continue to trend lower, with significant premium for prompt wet barrels over deferred delivery.

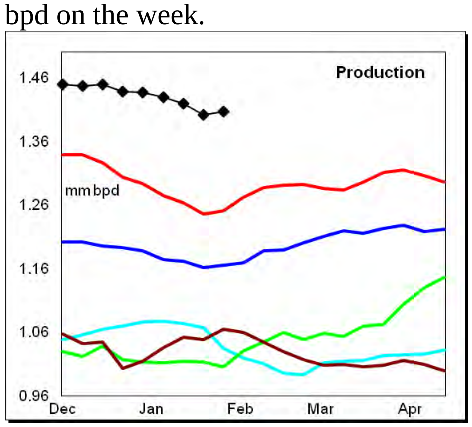


Midwest Outlook *Expect continued volatile prices because of an ongoing supply squeeze for the near term. An improved supply balance should result from receipts from the Gulf, any moderation in temperatures, and end users purchasing minimum volumes on expectation of a wind down in winter heating use.*

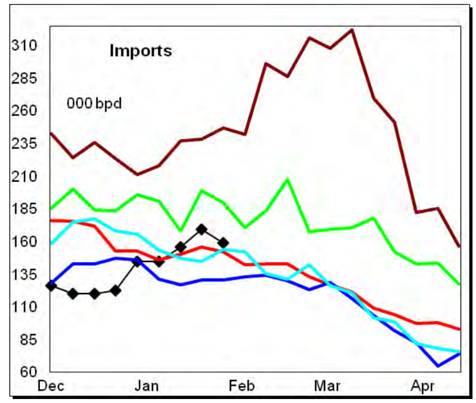
U.S. Summary Wholesale demand decreased -346,000 bpd last week - driven in part by the spike in prices and end uses drawing down inventory. The latest 4-wk average was -15,000 bpd below last year - pointing to a drop in exports (included in intra month EIA data).



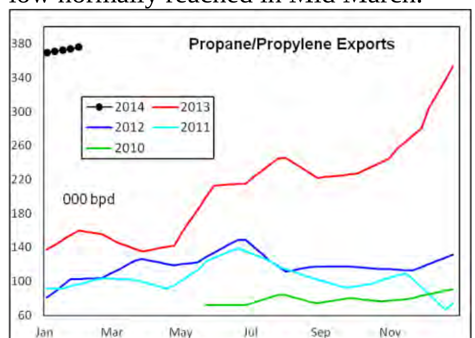
Production increased +7,000 bpd, inlcuding a +29,000 bpd jump in the Midwest. Imports climbed +41,000 bpd on the week.

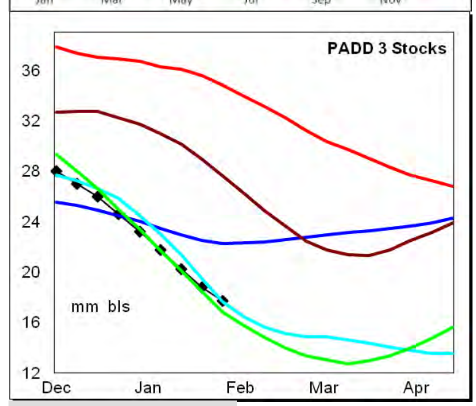


Exports for the latest week were 376,000 bpd, an increase of +212,000 bpd over a year ago. The spike in Midwest prices has resulted in cancelation of some export cargoes, for delivery into the Midwest region.



Stocks fell -0.8 million barrels last week, significantly less than for this time of year; and included in increase in the Midwest. PADD 3 stocks ended the week +5 million barrels above the 5-yr low normally reached in Mid March.





Emerging Trends The National Weather Service forecast slightly colder than normal temperatures in all major propane markets for the next 10-days. Combined with very low stock levels, expect large premiums for wet barrels over deferred supplies.

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

February 6, 2014

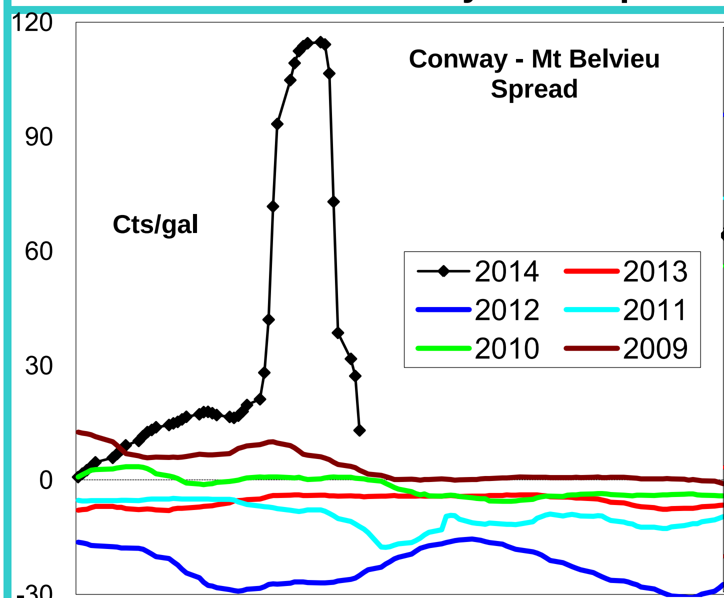
Fundamental Trends for the Week Ending: Friday, January 31, 2014

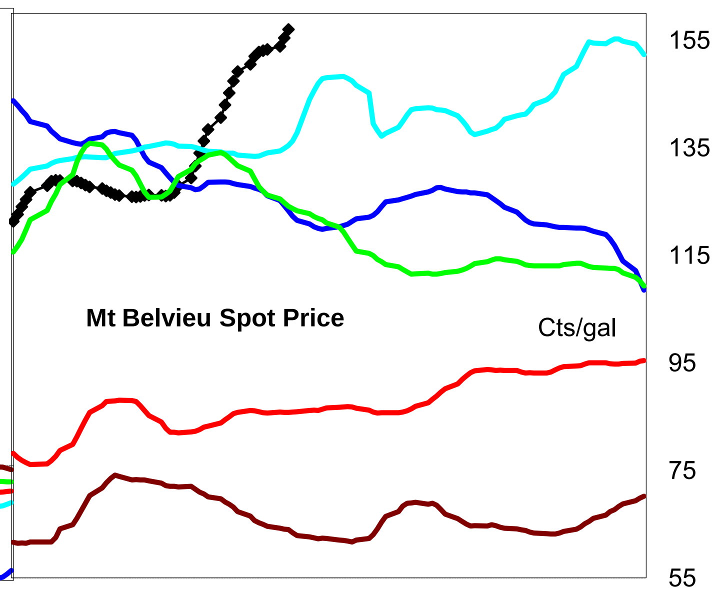
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	30,842	2,160	9,560	17,671	1,451	-832	-461	771	-968	-174
Propylene Stocks	3,757					42				
Production	1,406	127	308	795	176	7	-2	29	-13	-7
Imports	159	76	63	0	20	41	24	11	0	6
Whsle Demand	1,308					-346				

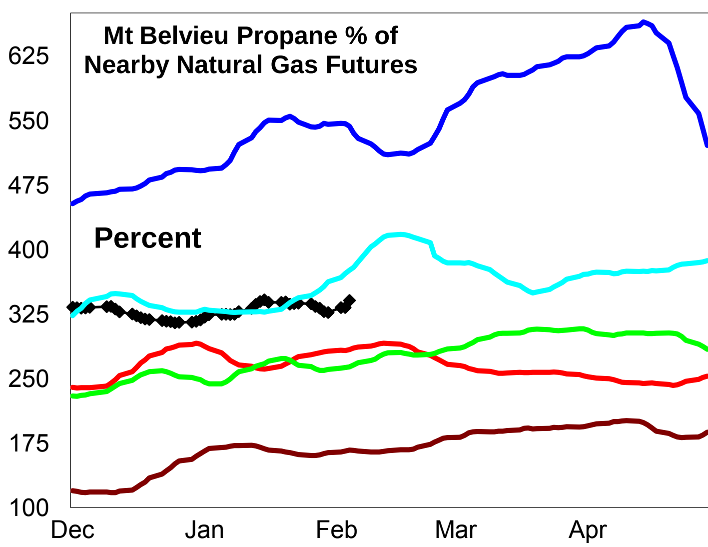
Price Trends for the Week Ending: Wednesday, February 05, 2014

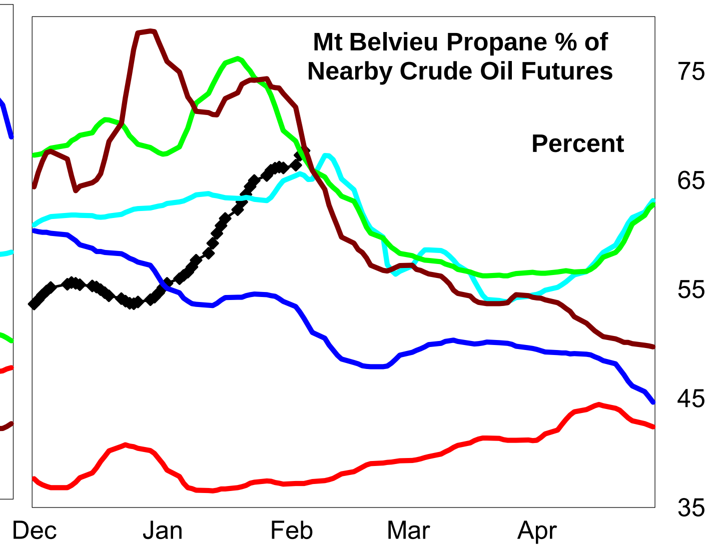
Cents/gal	Average for week ending:				Change from:			% change from:		
	2/5/14	1/29/14	1/8/14	2/8/13	1/29/14	1/8/14	2/8/13	1/29/14	1/8/14	2/8/13
Mont Belvieu Spot	153.9	152.2	124.8	86.1	1.70	27.31	38.74	1.1	21.9	45.0
Conway Spot	185.6	320.2	143.6	81.5	-134.60	176.65	62.08	-42.0	123.1	76.2

Key Price Spreads and Differentials

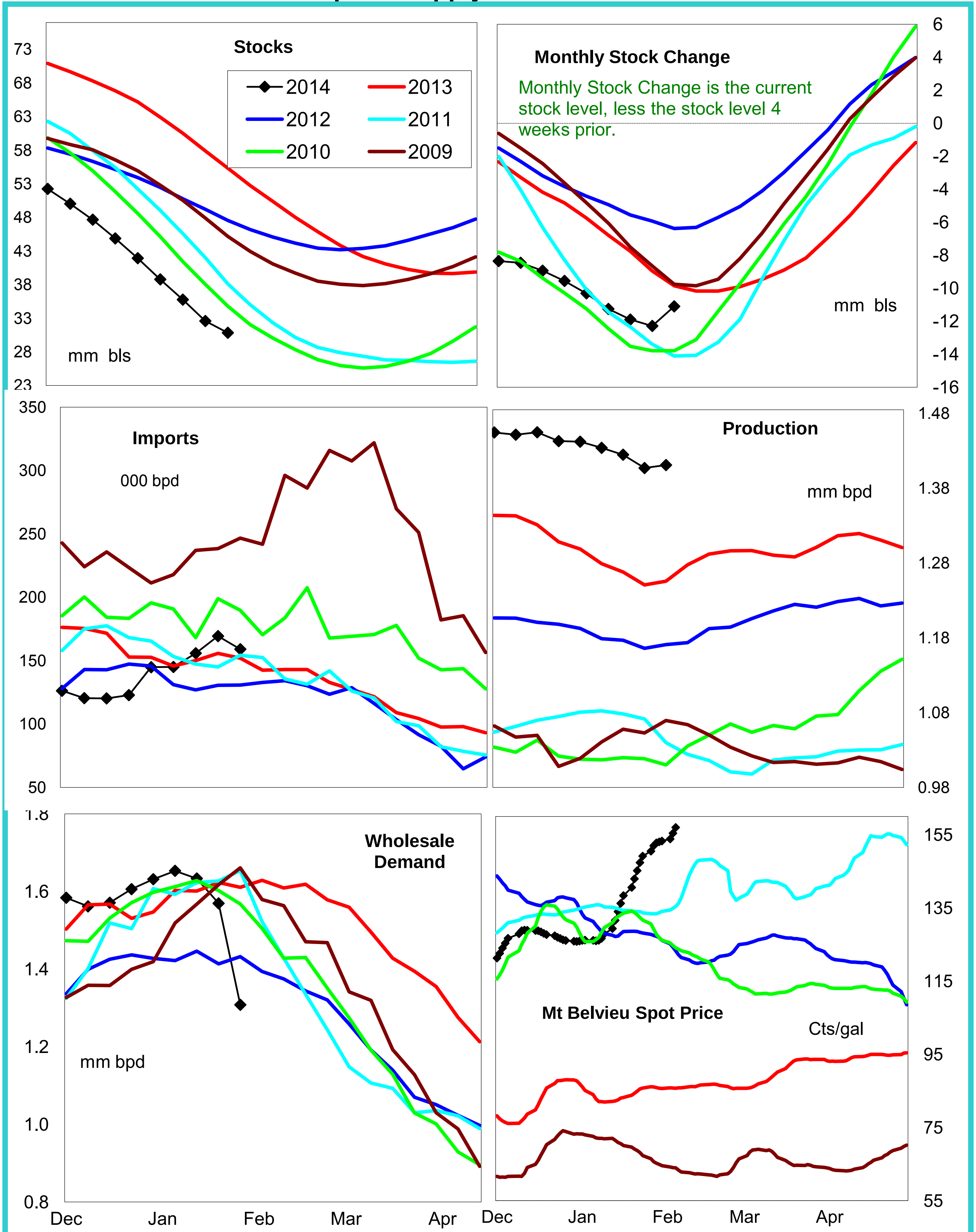






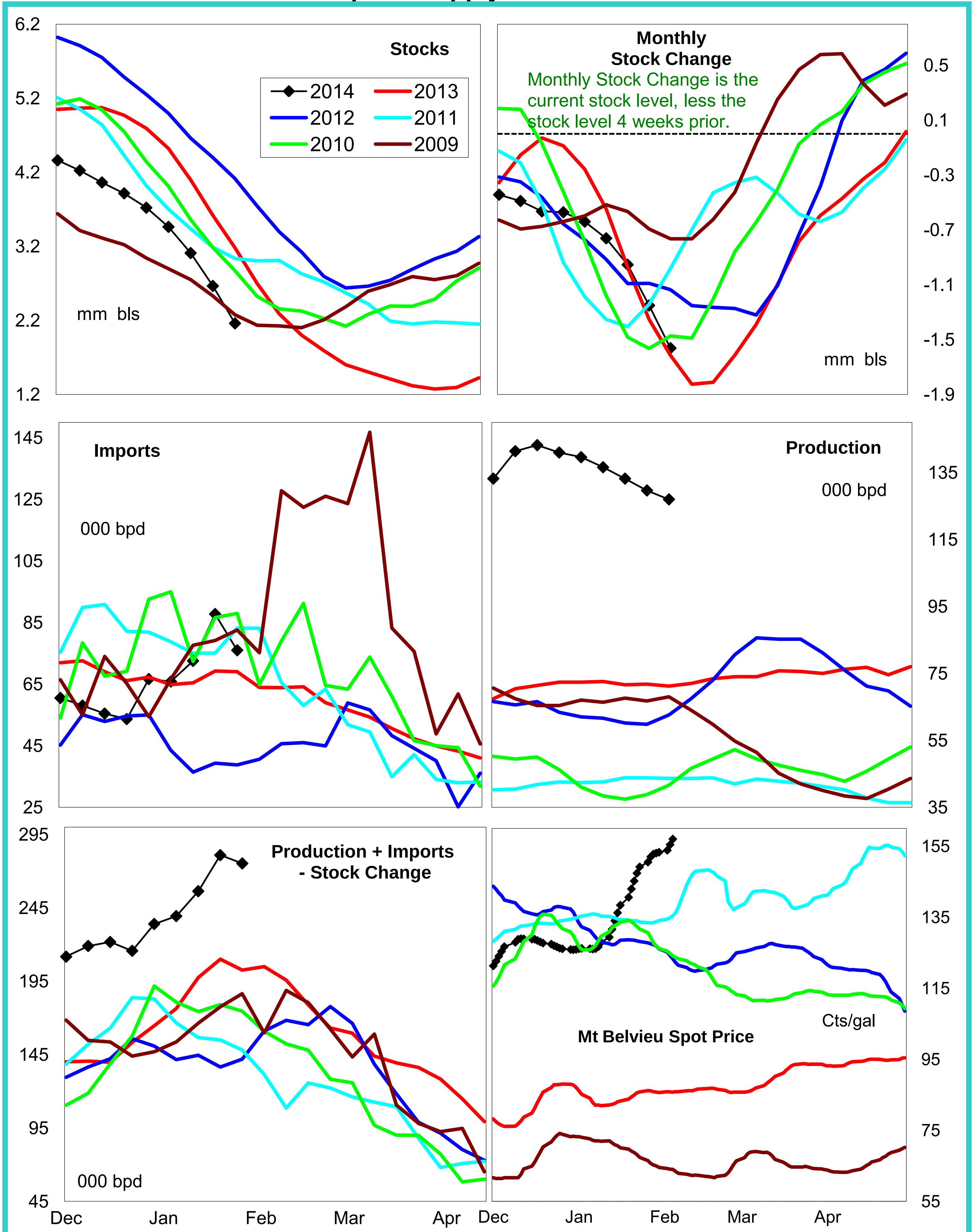


U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Dec	Nov	Oct
000 bpd (000 bls stks)	-24,027	-1,245	163	11		-15	81	338	40
% change	-43.8	13	13.1	7.4		-0.9	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)	-870	52	59	12	66
% change	-28.7	-3.2	81.8	17.7	33.8

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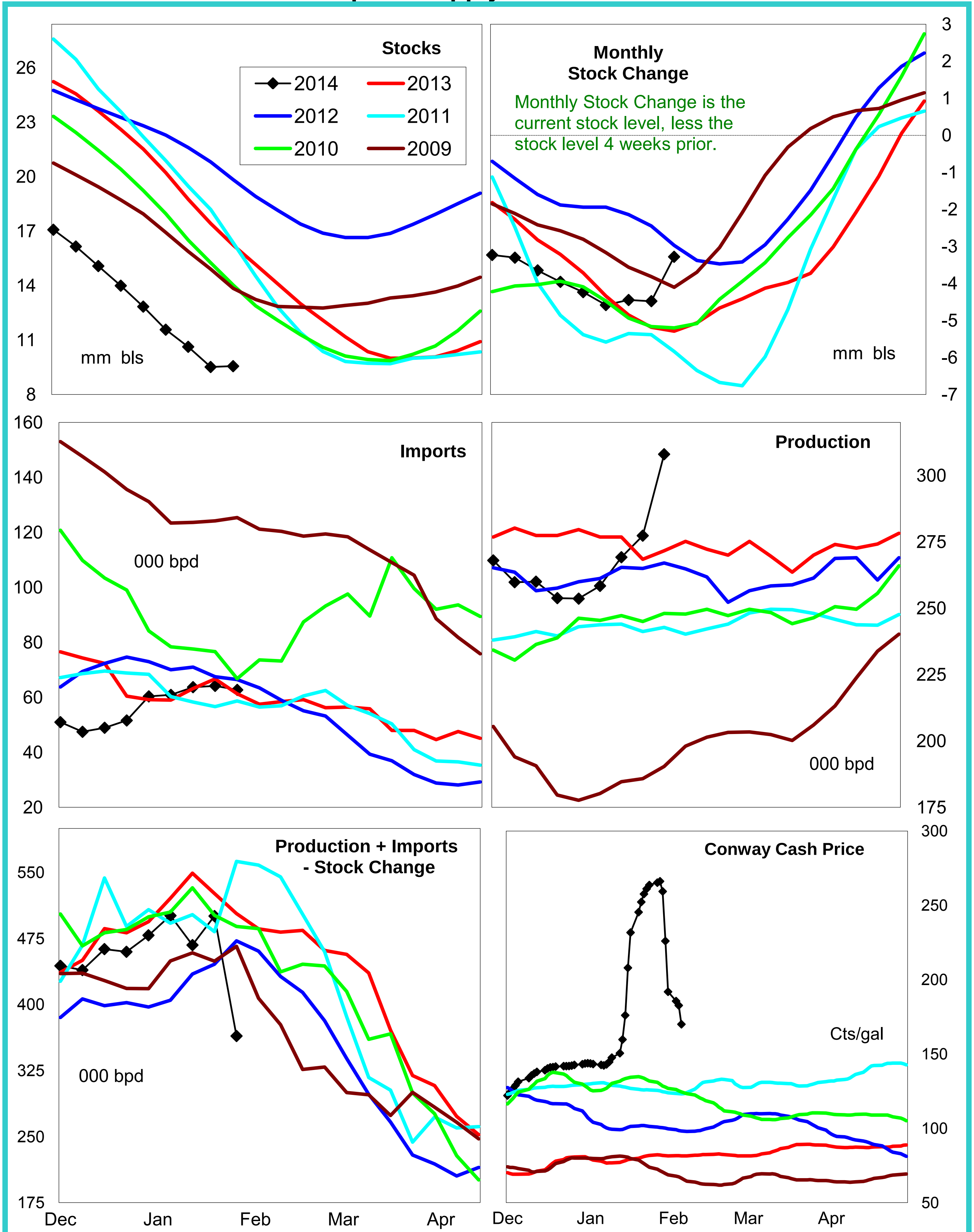
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-6,182	2,007	-3	-2	-67
% change	-39.3	-38.0	-1.0	-2.8	-12.7

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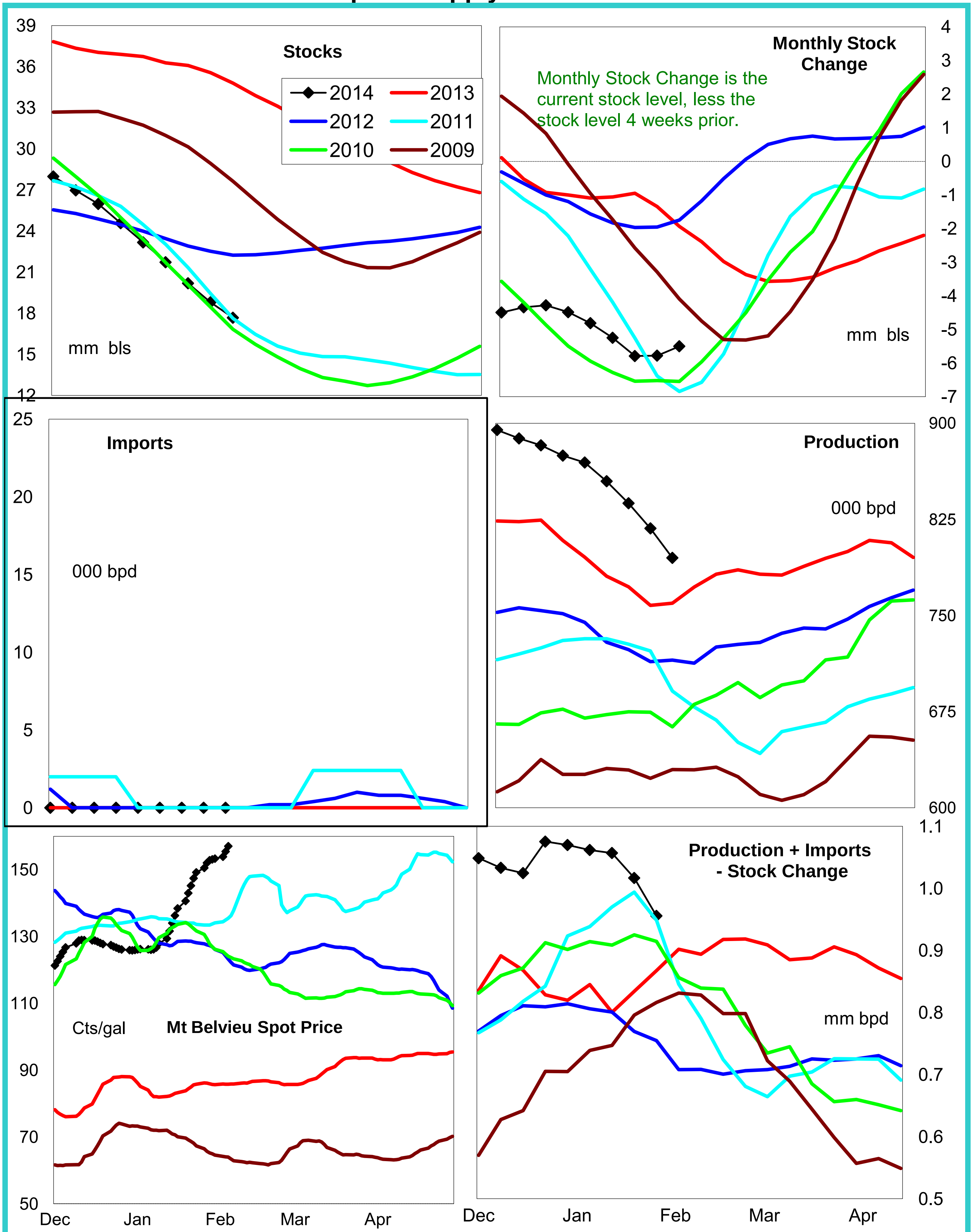
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-17,377	-3,566	70	0	186
% change	-49.6	184	9.2	#DIV/0!	22.2

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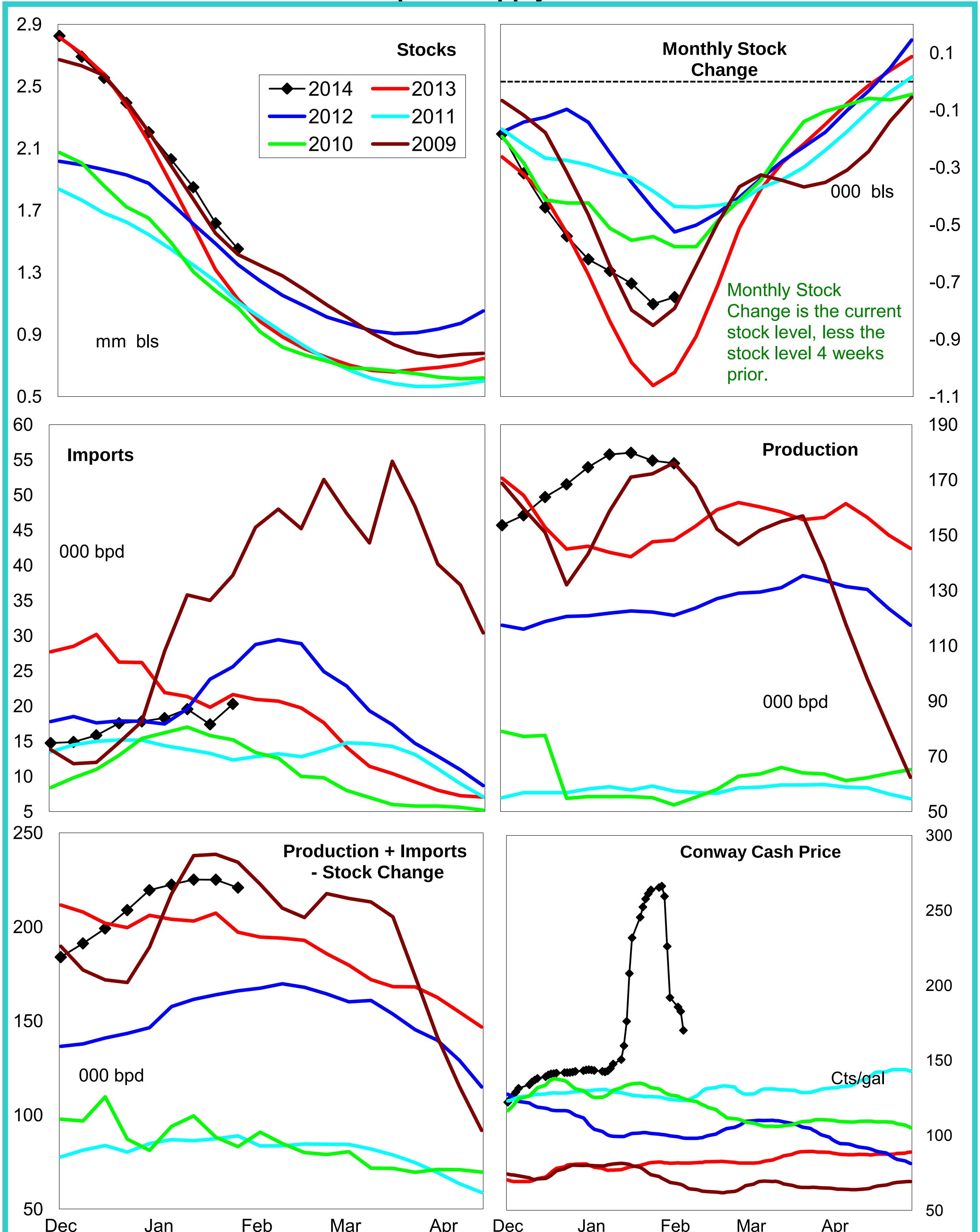
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	402	263	37	1	20
% change	38.3	-25.9	26.1	6.9	10.1

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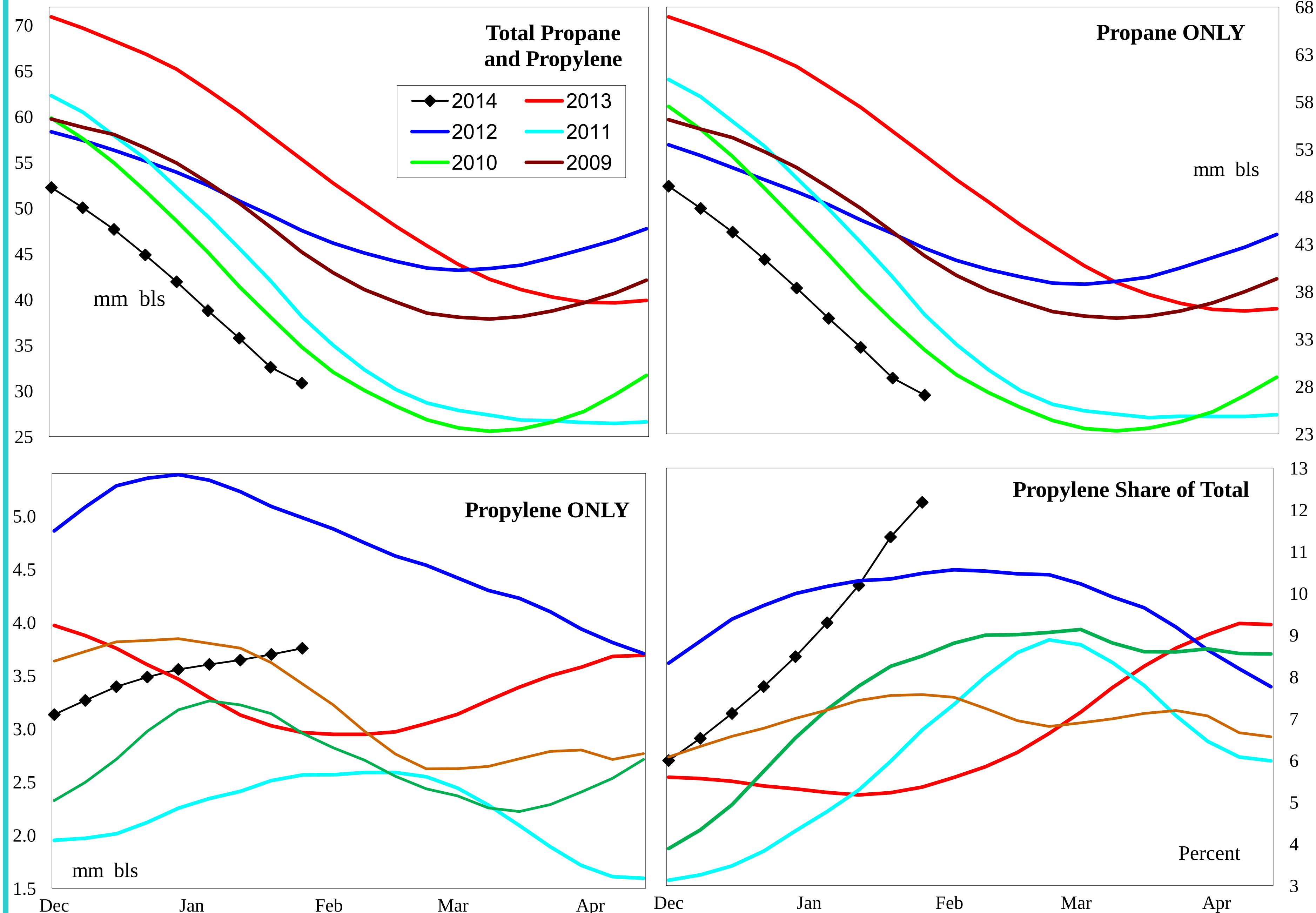
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-24,027	-24,848	792
% change	-43.8	-47.8	26.7

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