WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

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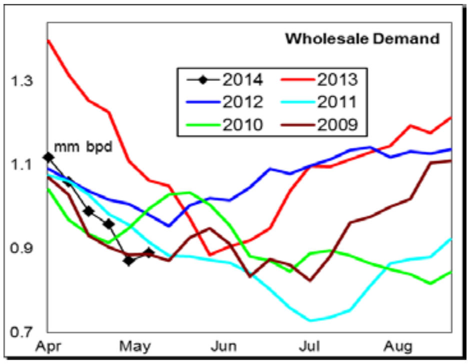
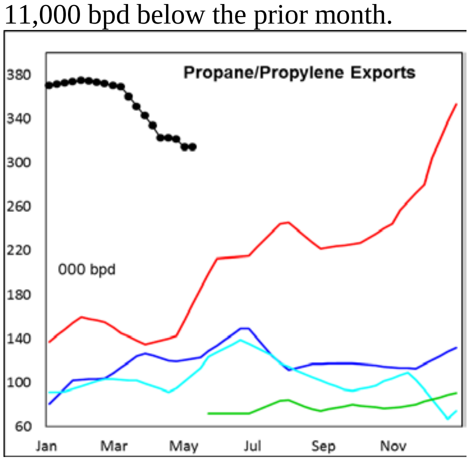
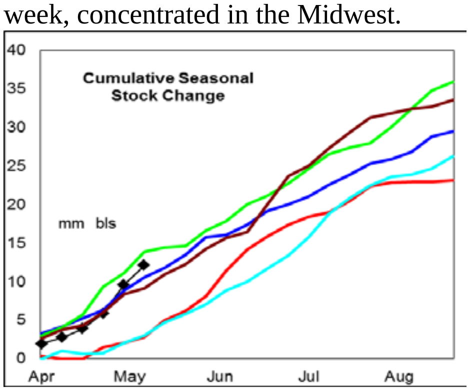
Summary[1]:
Wholesale demand increased +151,000 bpd last week, to a level that matched historic lows.



Production declined -8,000 bpd for the week. Production was higher on the East Coast, Rockies and West Coast. Exports for the most recent week were -11,000 bpd below the prior month.

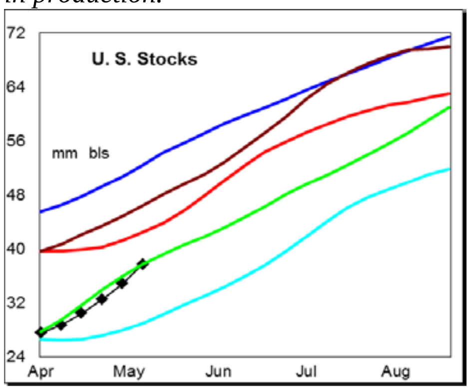


Imports declined -17,000 bpd on the week, concentrated in the Midwest.

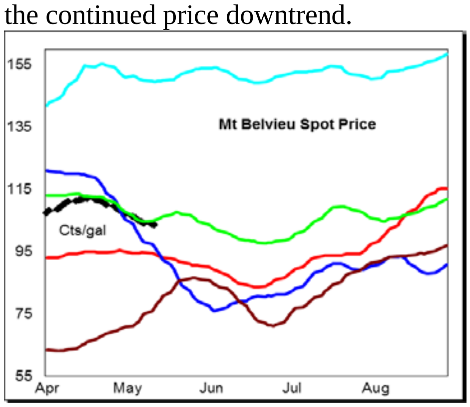


Combined production and imports during the latest 4-wk period were +186,000 bpd above a year ago. Production was +205,000 bpd above last year (+16%), while imports were -19,000 bpd lower. The latest 4-wk average demand was -223,000 bpd below last year.

Stocks increased +2.5 million barrels last week, but remain -10% below a year ago. *The cumulative seasonal stock build of +13.8 million barrels, was +10.8 million barrels above last year; driven by the +16% increase in production.*



Price and Spreads Mt Belvieu spot price decreased -2 cpg for the week ending 13May14, while Conway decreased -3.50 cpg. A sharp increase in production, lower demand and near record rate of stock building underlies the continued price downtrend.



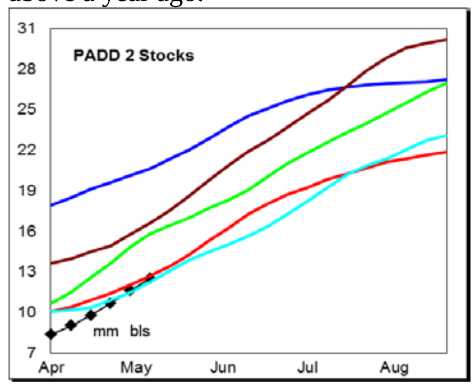
The Conway – Mt Belvieu price spread trended lower last week, at a level that matched historic highs, in favor of Conway.

The propane to natural gas price spread trended higher on the week, ending at a level equal to last year.

The propane / crude oil price spread trended lower last week ending at a level comparable to the last 2-yrs.

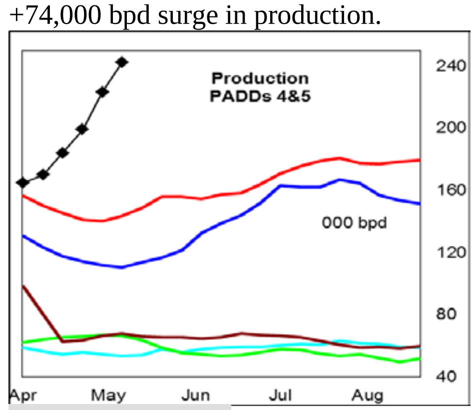
PADD 1 stocks increased +0.2 million barrels on the week, ending the week +0.8 million barrels above last year. Supply for the latest 4-wk period was +48,000 bpd above last year; after a +32,000 bpd rise in production last week.

PADD 2 stocks increased +0.8 million barrels on the week. The latest 4-wk supply was -9,000 bpd below a year ago. Stock levels ended the week +0.5% above a year ago.



PAD 3 stocks increased +1.4 million barrels on the week. Supplies for the latest 4-wk period were +86,000 bpd above a year ago. Stock levels ended the week above two of the last 5-yrs.

PADDs 4 & 5 stocks increased +0.1 million barrels last week, driven by a +74,000 bpd surge in production.



Emerging Trends Wholesale prices extended the recent downtrend last week, on a sharp increase in production, low demand and near record rate of stock building. Political tension in Eastern Europe risk higher global energy prices. Otherwise, look for an above average stock build on startup of new gas processing plants in the shale fields during 2014 to restrain wholesale propane prices.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

May 14, 2014

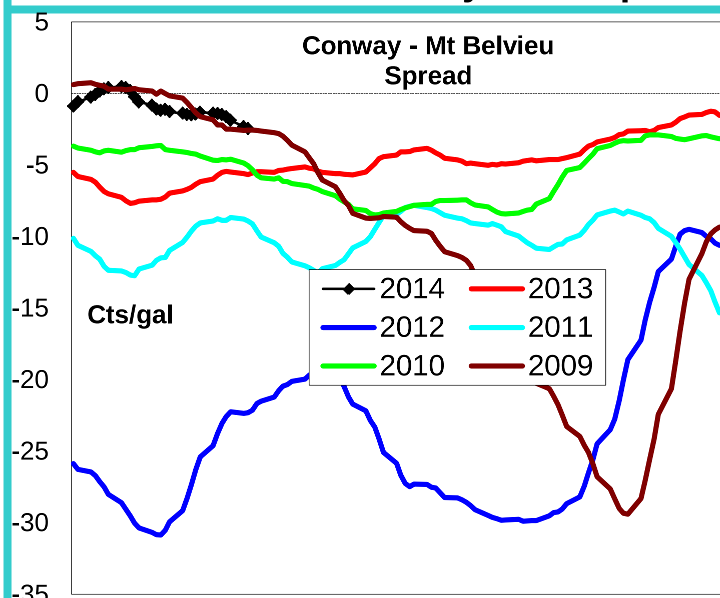
Fundamental Trends for the Week Ending: Friday, May 09, 2014

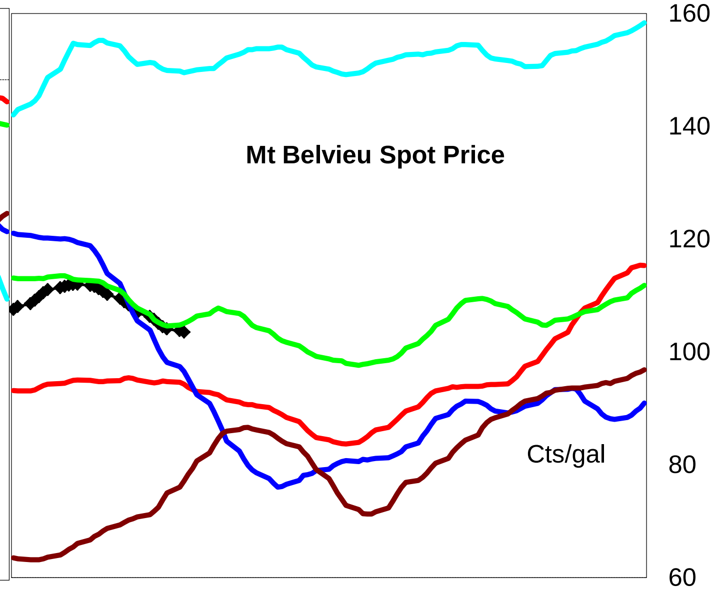
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	37,725	2,989	12,519	20,751	1,466	2,476	166	830	1,381	99
Propylene Stocks	3,573					93				
Production	1,462	131	243	846	242	-8	32	-37	-21	18
Imports	55	16	27	0	13	-17	-5	-11	0	-1
Whsle Demand	849					151				

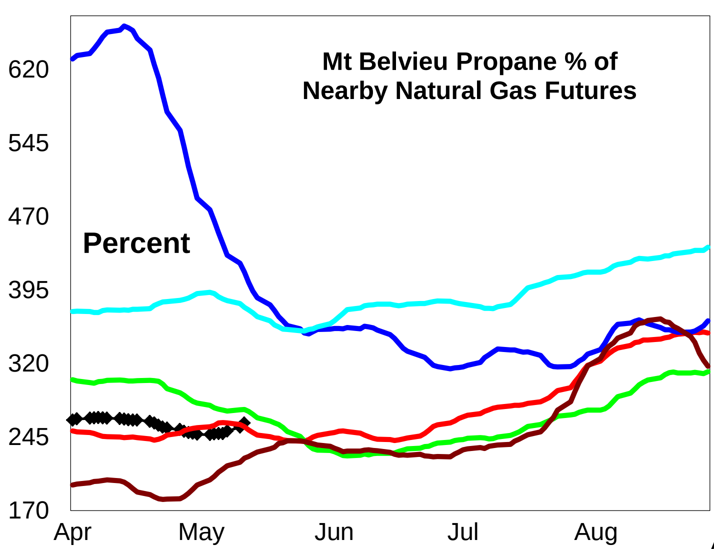
Price Trends for the Week Ending: Tuesday, May 13, 2014

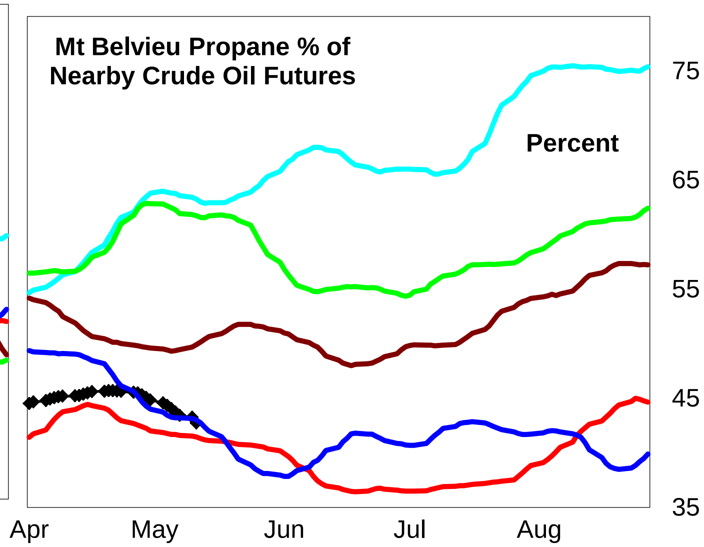
Cents/gal	Average for week ending:				Change from:			% change from:		
	5/13/14	5/6/14	4/15/14	5/16/13	5/6/14	4/15/14	5/16/13	5/6/14	4/15/14	5/16/13
Mont Belvieu Spot	104.1	106.7	111.5	94.0	-2.62	-4.82	17.53	-2.5	-4.3	18.7
Conway Spot	102.2	105.9	112.6	88.9	-3.68	-6.78	23.79	-3.5	-6.0	26.8

Key Price Spreads and Differentials

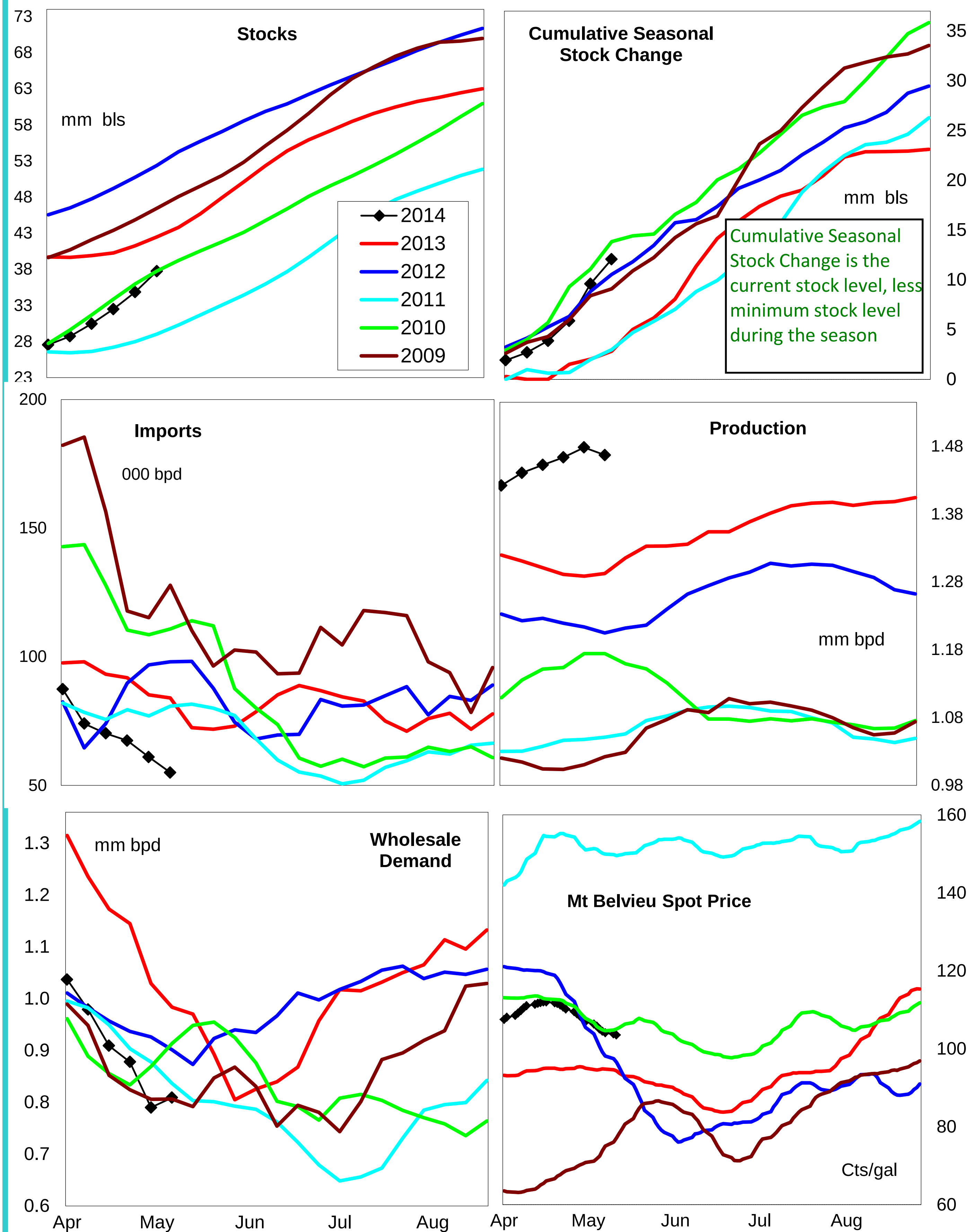






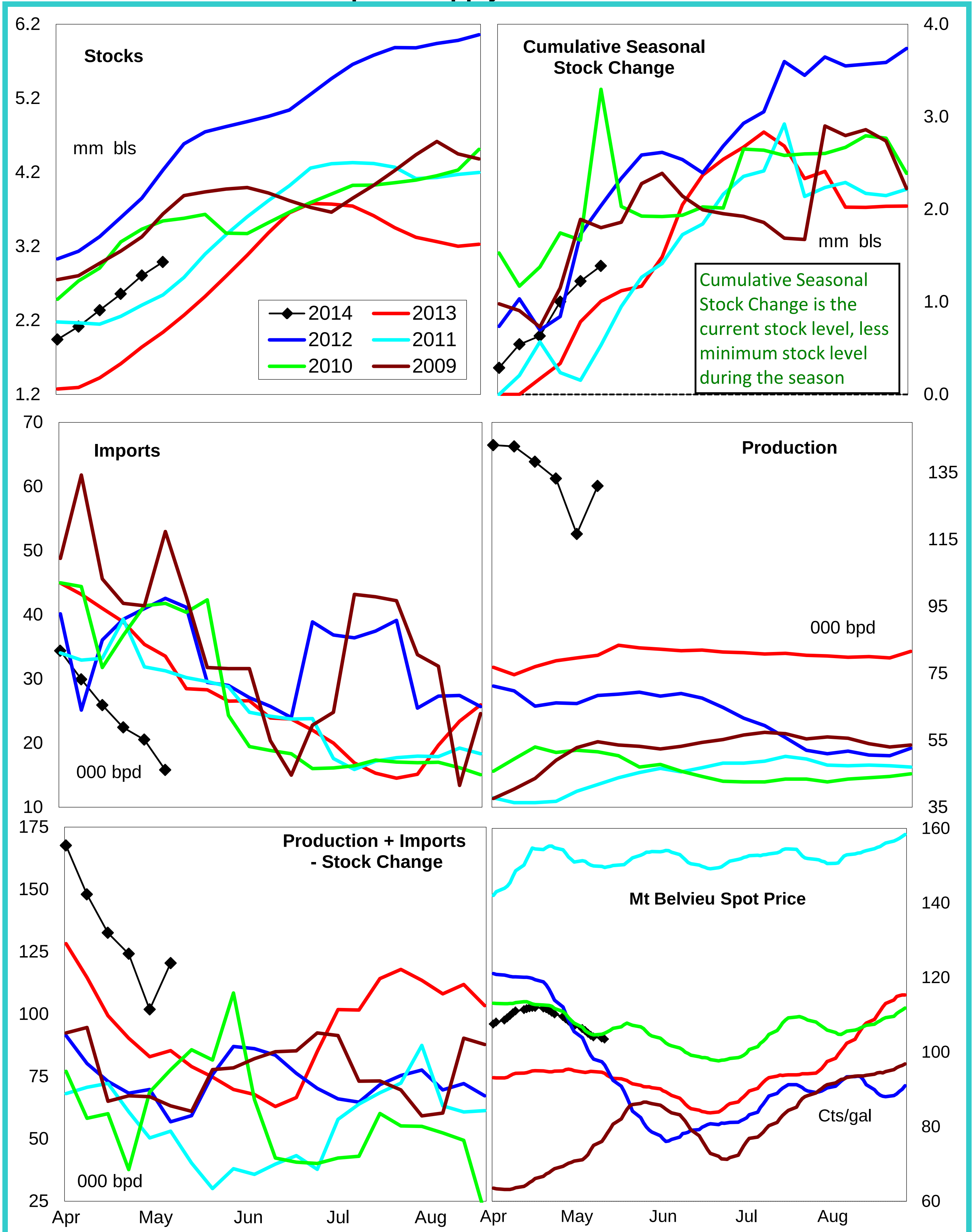


U. S. Propane Supply and Demand Balance



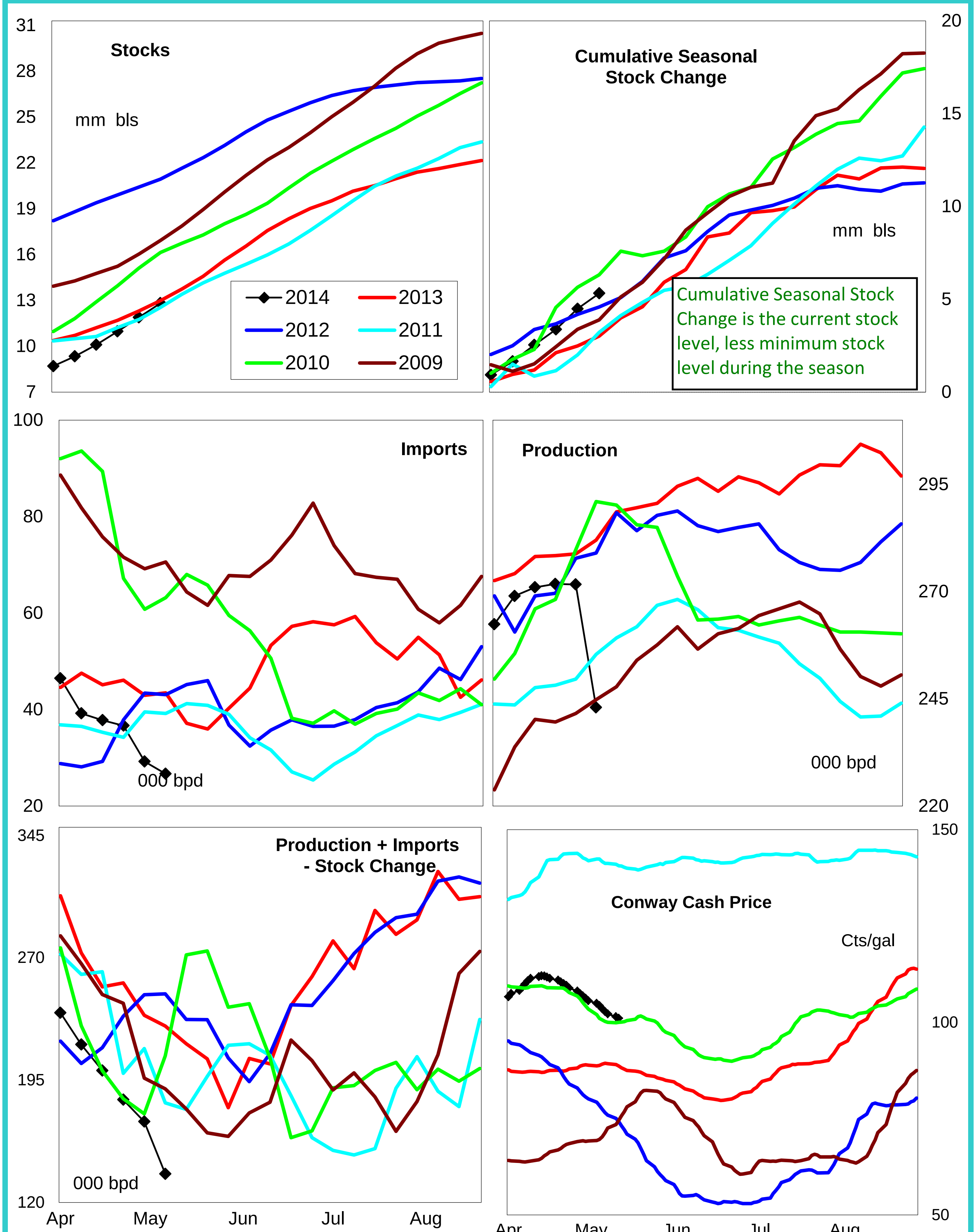
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Apr	Mar	Feb
000 bpd (000 bls stks)	-4,072	9,234	205	-19		-223	-450	-328	-155
% change	-9.7	326	16.1	-21.5		-19.9	-39.2	-23.8	-9.7

PADD 1 Propane Supply and Demand Balance



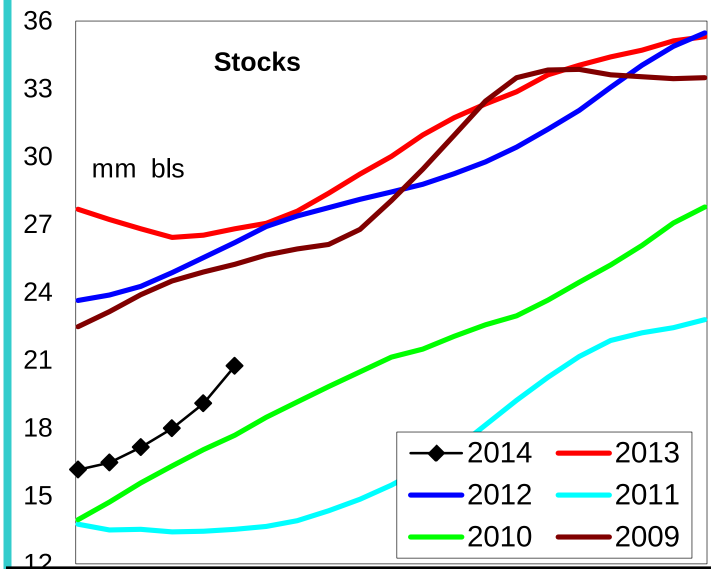
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	825	383	48	-16	30
% change	38.1	38.1	61.1	-42.1	33.8

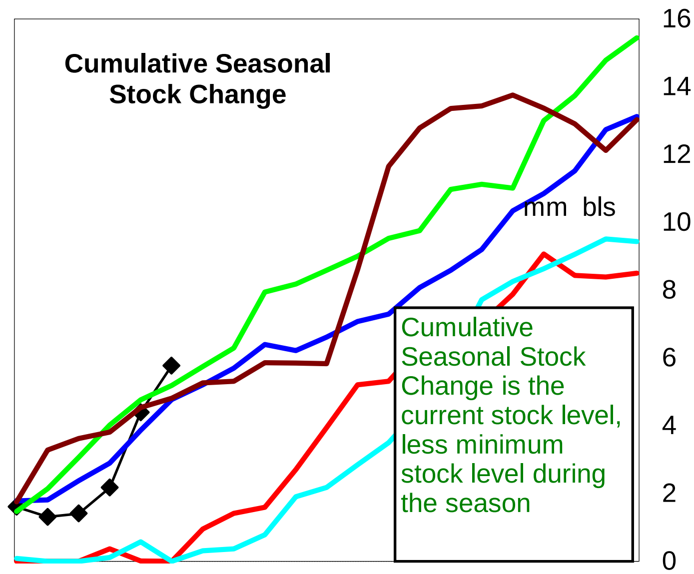
PADD 2 Propane Supply and Demand Balance

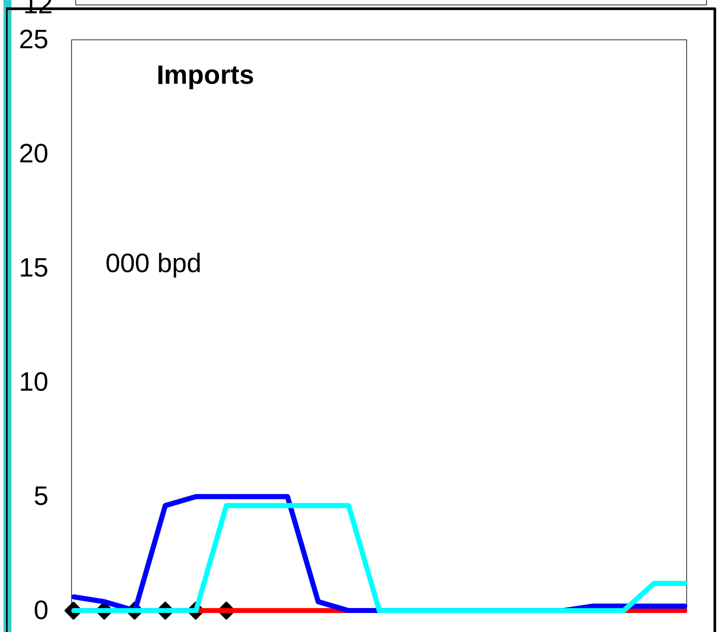


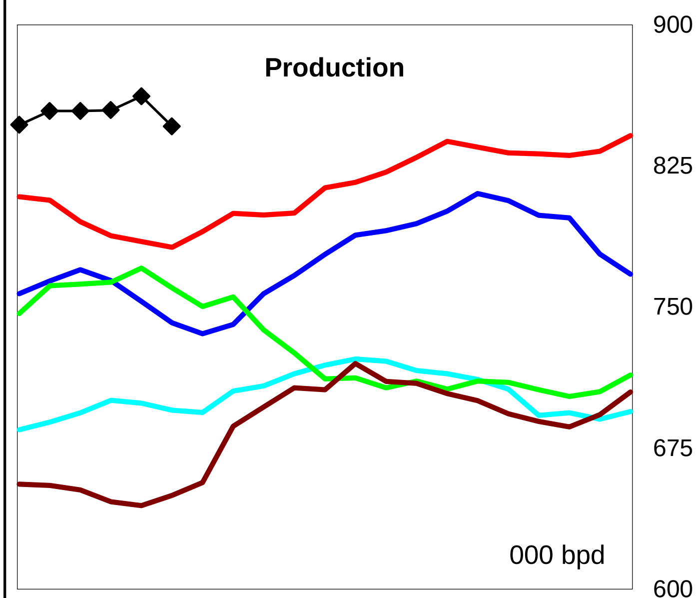
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	57	2,307	-4	-5	-70
% change	0.5	76.5	-1.3	-12.1	-28.7

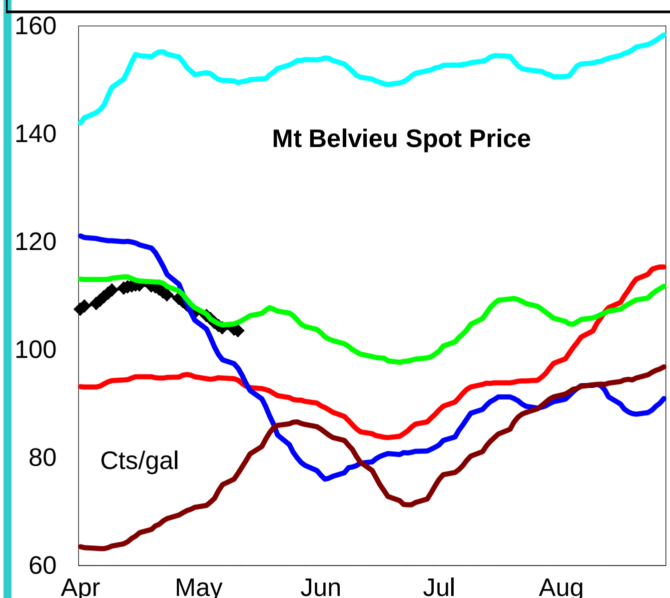
PADD 3 Propane Supply and Demand Balance

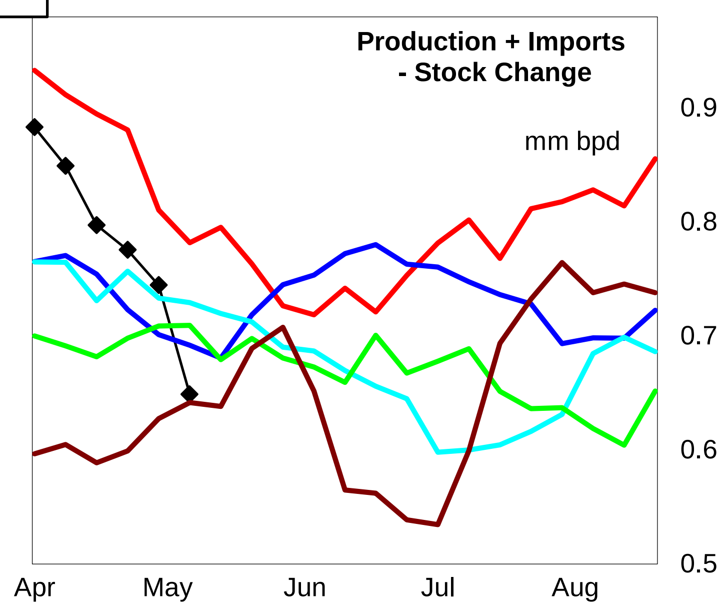






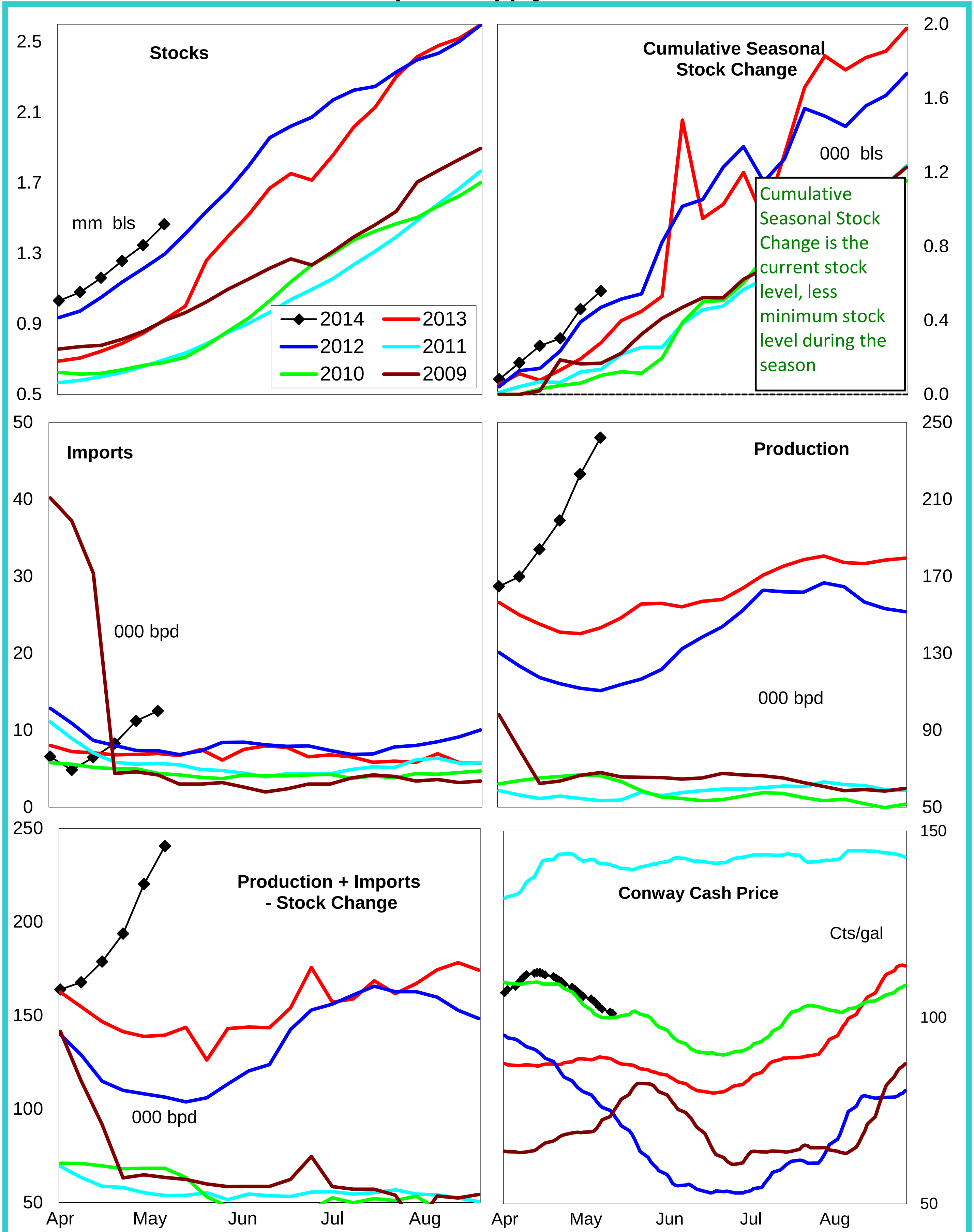






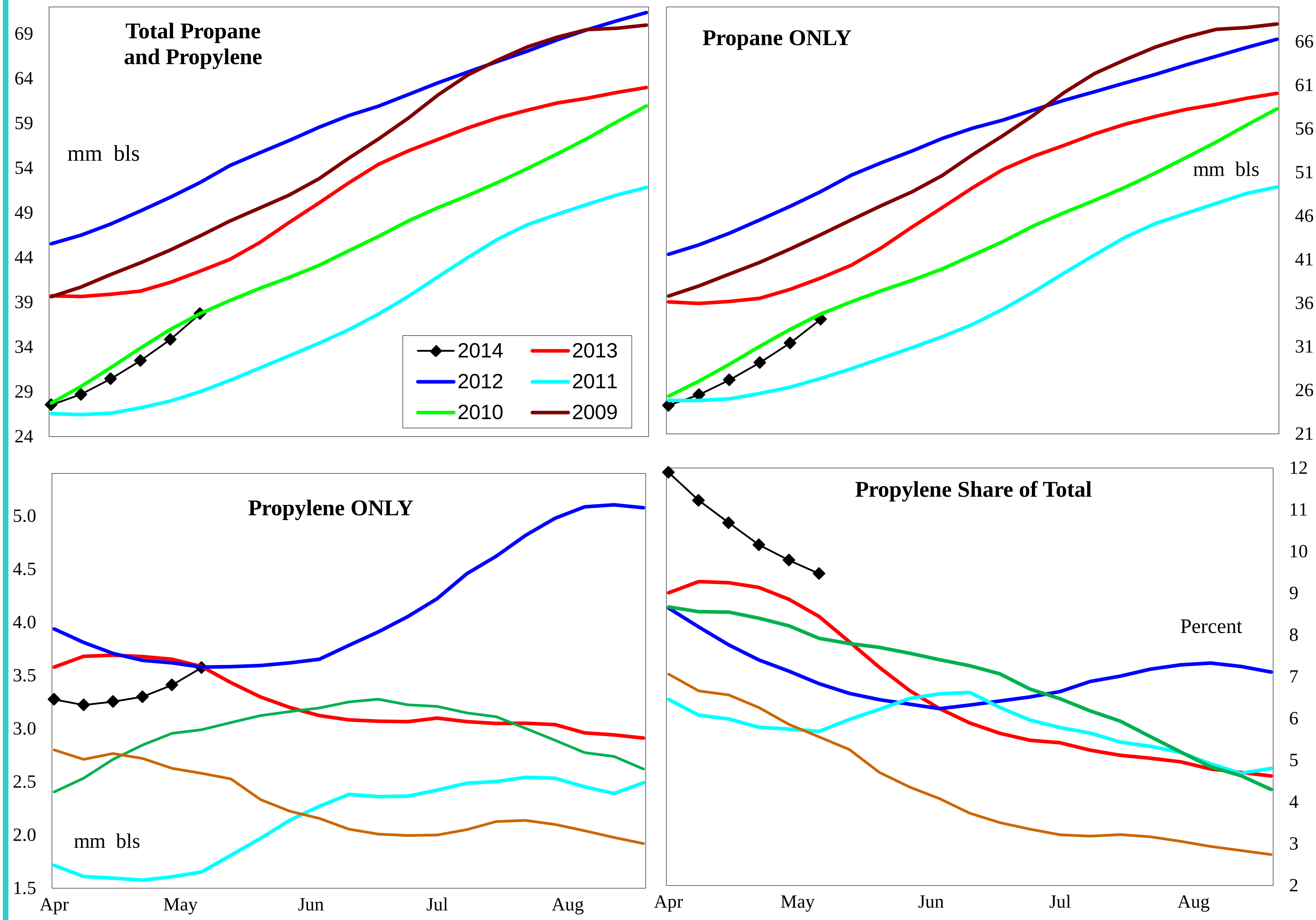
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-5,509	5,773	86	0	-100
% change	-21.0	#DIV/0!	11.0	#DIV/0!	-12.5

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)	554	280	74	2	67
% change	60.8	100.4	54.7	29.5	47.0

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-4,072	-4,123	-12
% change	-9.7	-10.8	-0.3

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