WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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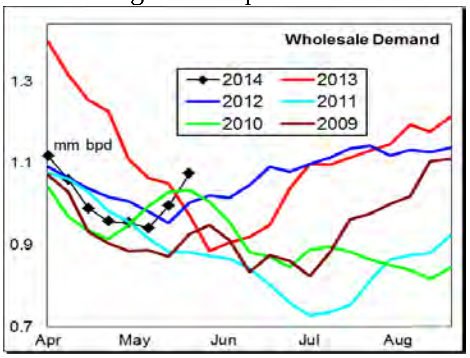
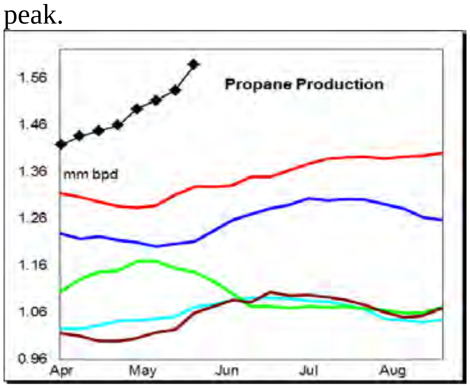
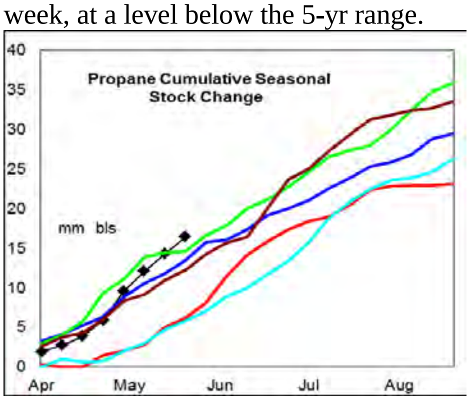
Summary[1]:
Wholesale demand increased +51,000 bpd last week, to a level above the historic range for the period.



Production increased +38,000 bpd for the week, to a new record high. Exports for the week ending 23May14 were 308,000 bpd, up +95,000 bpd over a year ago, but -70,000 bpd below the winter peak.

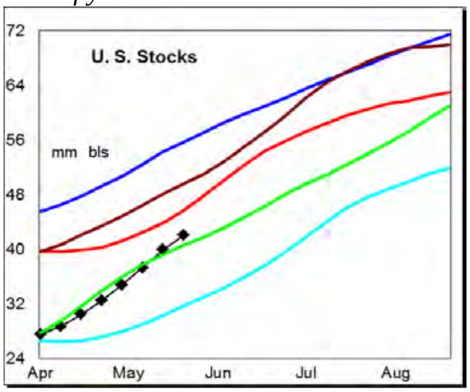


Imports increased +6,000 bpd on the week, at a level below the 5-yr range.

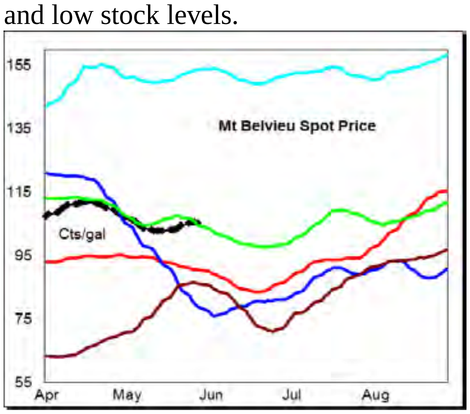


Combined production and imports during the latest 4-wk period were +206,000 bpd above a year ago. Production was +219,000 bpd above last year (+17%), while imports were -13,000 bpd lower. The latest 4-wk average demand was -139,000 bpd below last year.

Stocks increased +2.2 million barrels last week, with the level -7% below a year ago. *The cumulative seasonal stock build of +16.4 million barrels, was a new 5-yr record for this time of year.*



Price and Spreads Mt Belvieu spot price increased +0.5 cpg for the week ending 29May14, while Conway increased a comparable amount. Prices remain well above the last 2-yrs on higher exports and low stock levels.



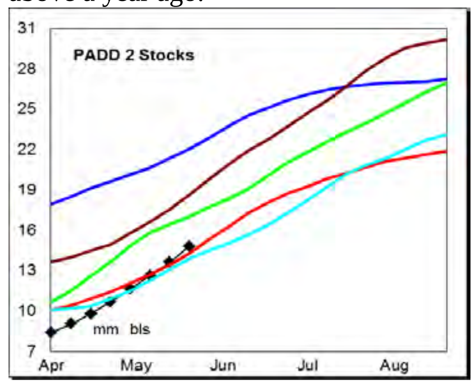
The Conway – Mt Belvieu price spread traded sideways last week, at a level above the 5-yr range, in favor of Conway.

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

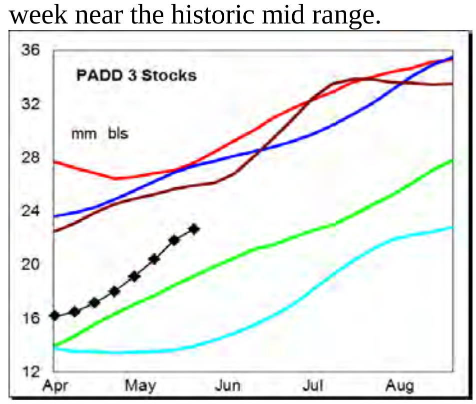
The propane / crude oil price spread trended higher last week ending at a level above the last 2-yrs.

PADD 1 stocks increased +0.1 million barrels on the week, ending +0.7 million barrels above last year. Supply for the latest 4-wk period was +29,000 bpd above last year; driven by a +48% increase in production over a year ago.

PADD 2 stocks increased +1.3 million barrels on the week. The latest 4-wk supply was -15,000 bpd below a year ago. Stock levels ended the week +5.4% above a year ago.



PAD 3 stocks increased +0.6 million barrels on the week. Supplies for the latest 4-wk period were +88,000 bpd above a year ago. Stock levels ended the week near the historic mid range.



PADDs 4 & 5 stocks increased +0.2 million barrels on the week. Supplies were up +104,000p bpd on sharply higher production.

Emerging Trends Wholesale prices have seen a small rebound from the longer term downtrend; driven by an upturn in wholesale demand. A +17% year on year increase in production is driving a record rate of stock builds. Stock levels are now just -10 million barrels below last year. The surge in supply risk price weakness during the next quarter.

[1] Source is latest EIA Weekly Statistics

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PROPANE: Graph Link and Weekly Summary

May 30, 2014

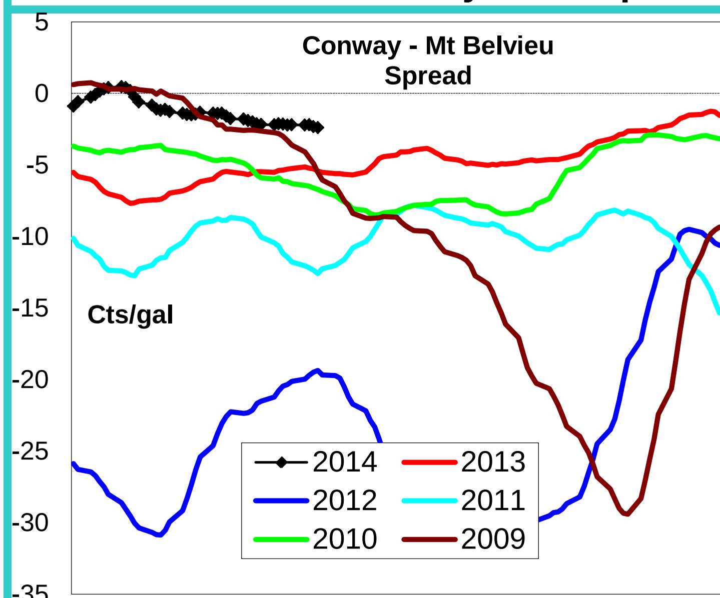
Fundamental Trends for the Week Ending: Friday, May 23, 2014

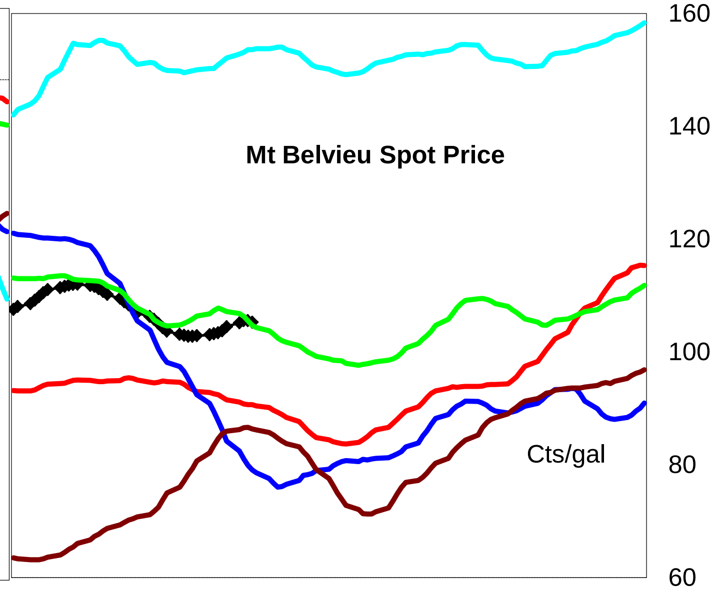
000 bpd / Stocks 000 bls	Weekly Supply-Demand: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	42,089	3,009	14,802	22,653	1,625	2,178	59	1,288	640	191
Propylene Stocks	3,956					183				
Production	1,588	131	303	898	256	38	0	9	29	0
Imports	65	20	28	0	17	6	-2	4	0	4
Whsle Demand	1,034					51				

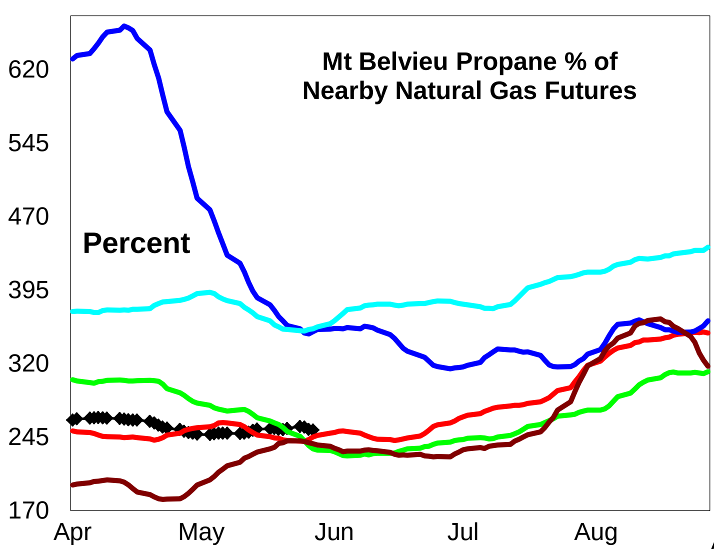
Price Trends for the Week Ending: Tuesday, May 20, 2014

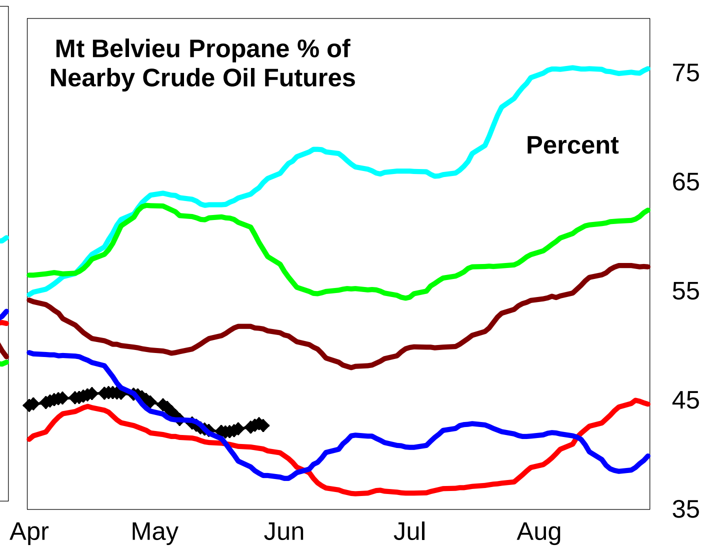
Cents/gal	Average for week ending: 5/20/14	5/13/14	4/22/14	5/23/13	Change from: 5/13/14	4/22/14	5/23/13	% change from: 5/13/14	4/22/14	5/23/13
Mont Belvieu Spot	105.5	102.6	109.1	90.6	2.92	-6.48	18.49	2.8	-5.9	20.4
Conway Spot	103.3	100.5	107.8	85.8	2.87	-7.35	22.01	2.9	-6.8	25.6

Key Price Spreads and Differentials

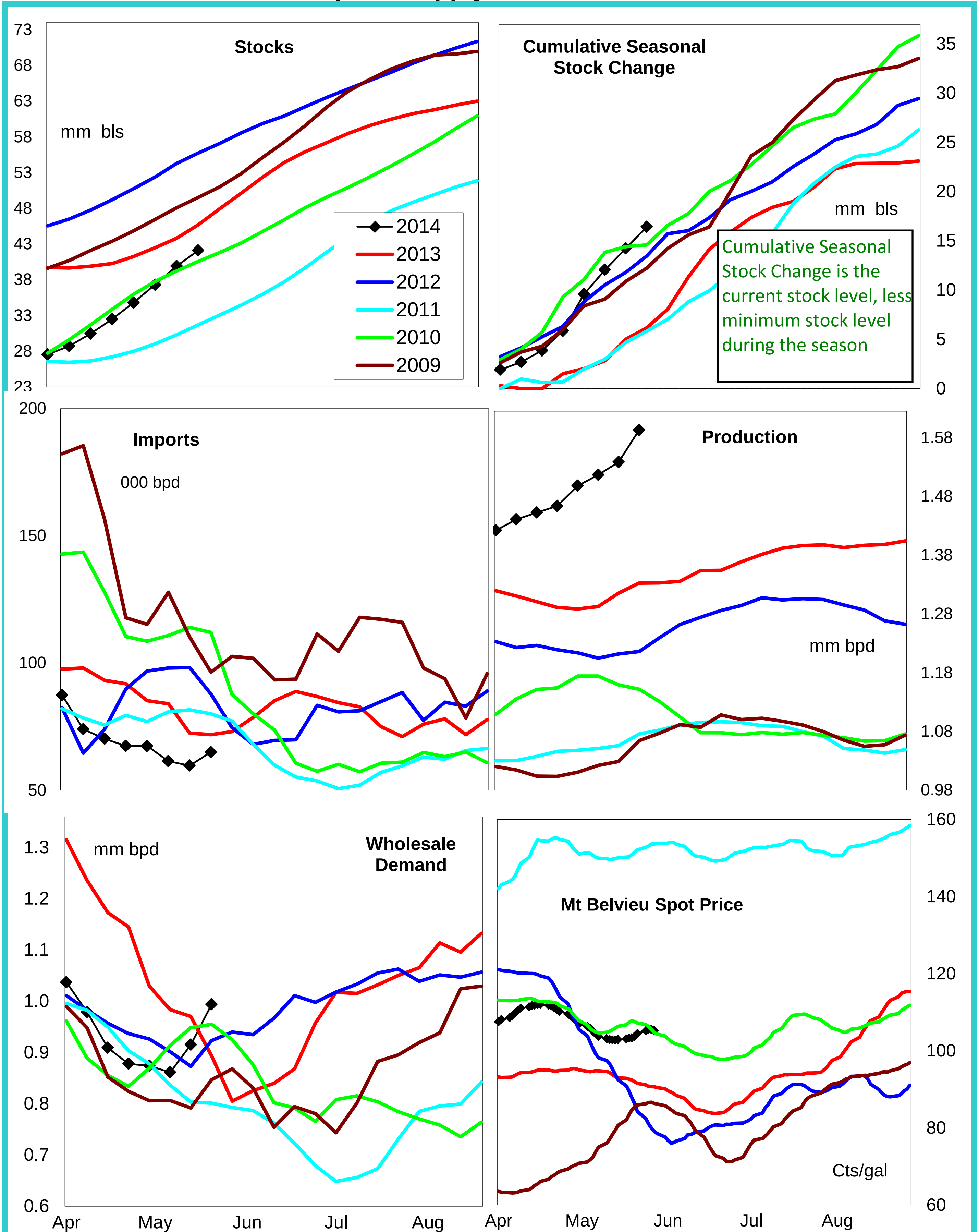








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Apr	Mar	Feb
000 bpd (000 bls stks)	-3,048	10,258	219	-13		-139	-450	-328	-155
% change	-6.8	166	16.8	-17.2		-13.5	-39.2	-23.8	-9.7

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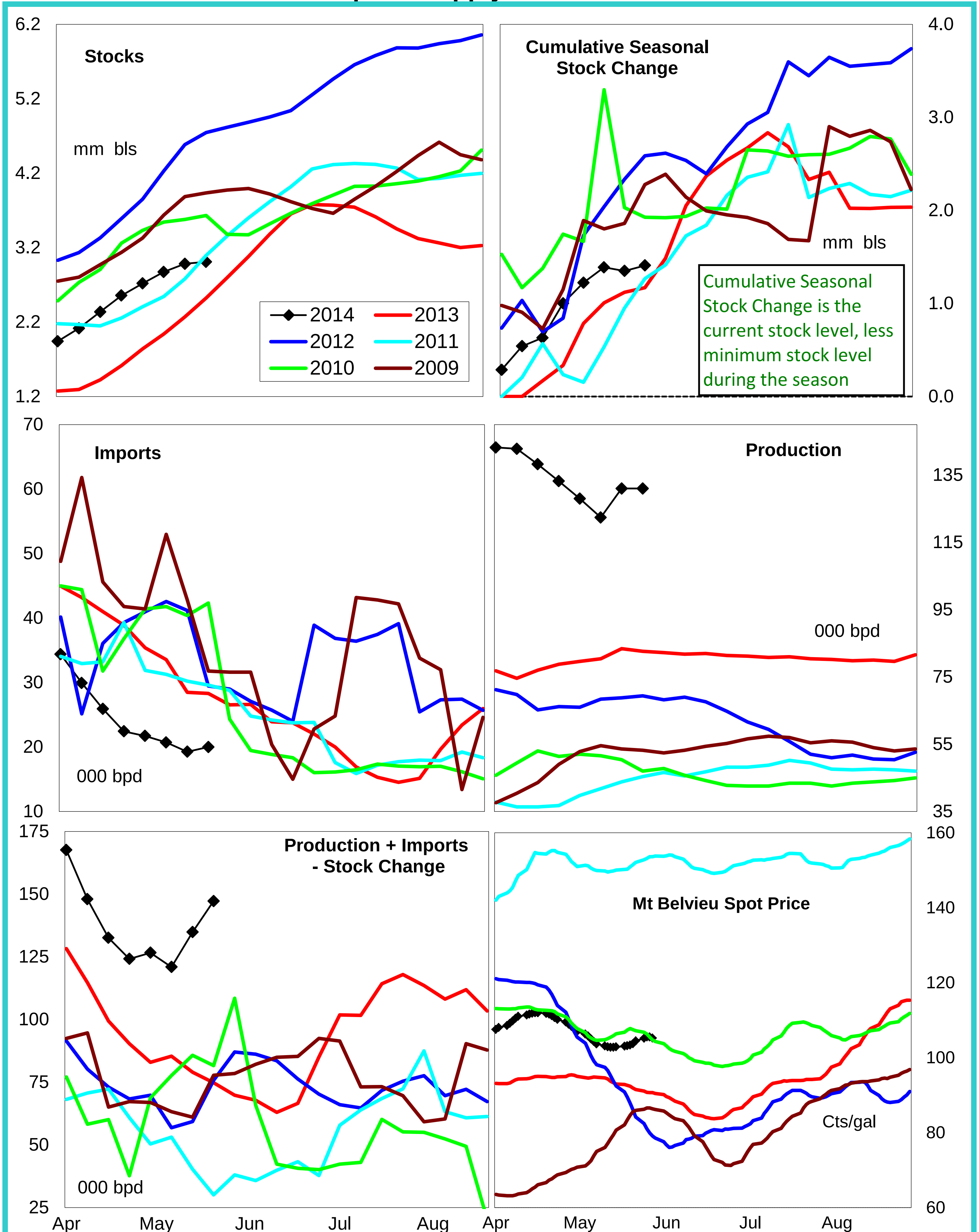
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	682	240	40	-11	52
% change	29.3	20.5	47.7	-34.8	64.4

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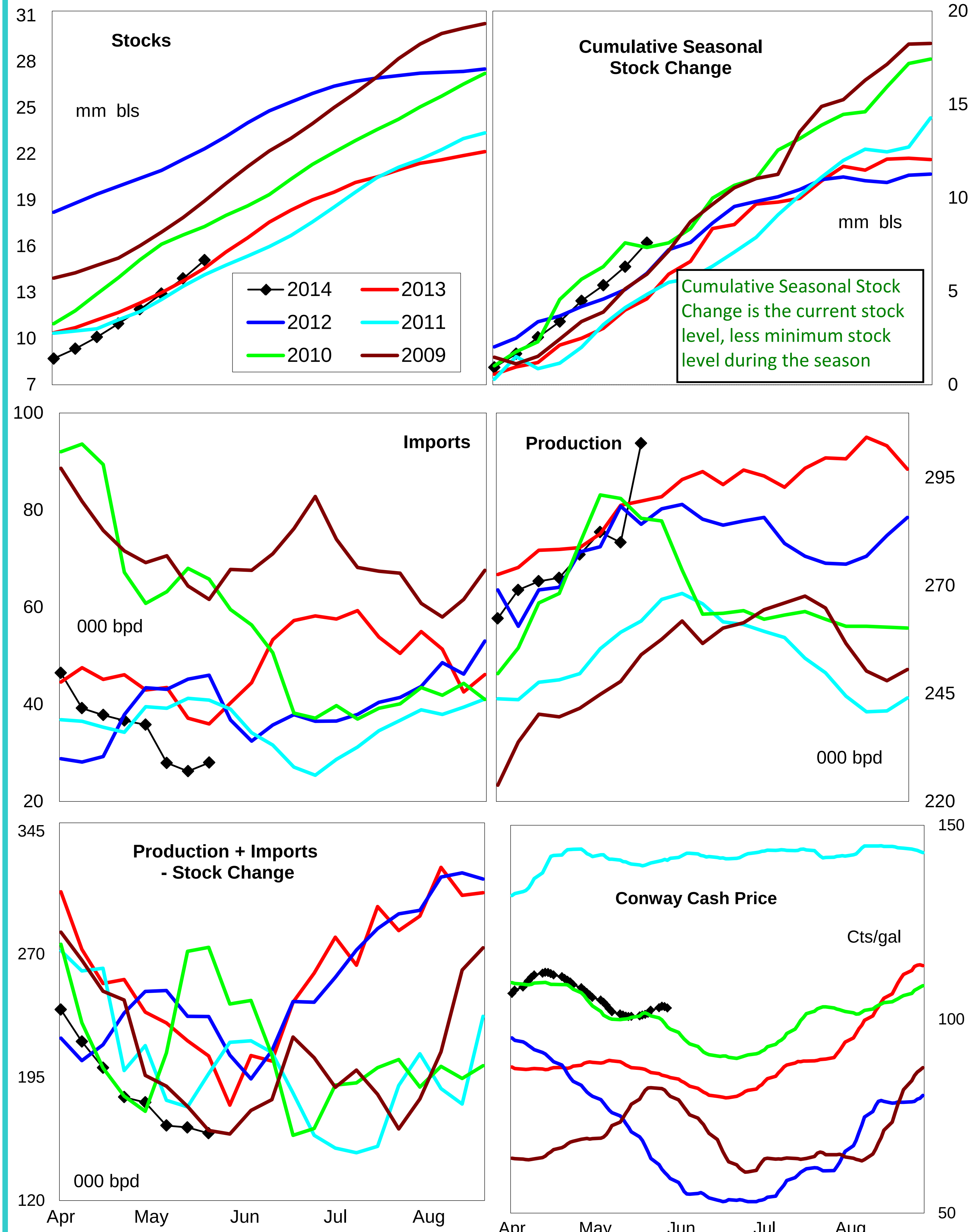
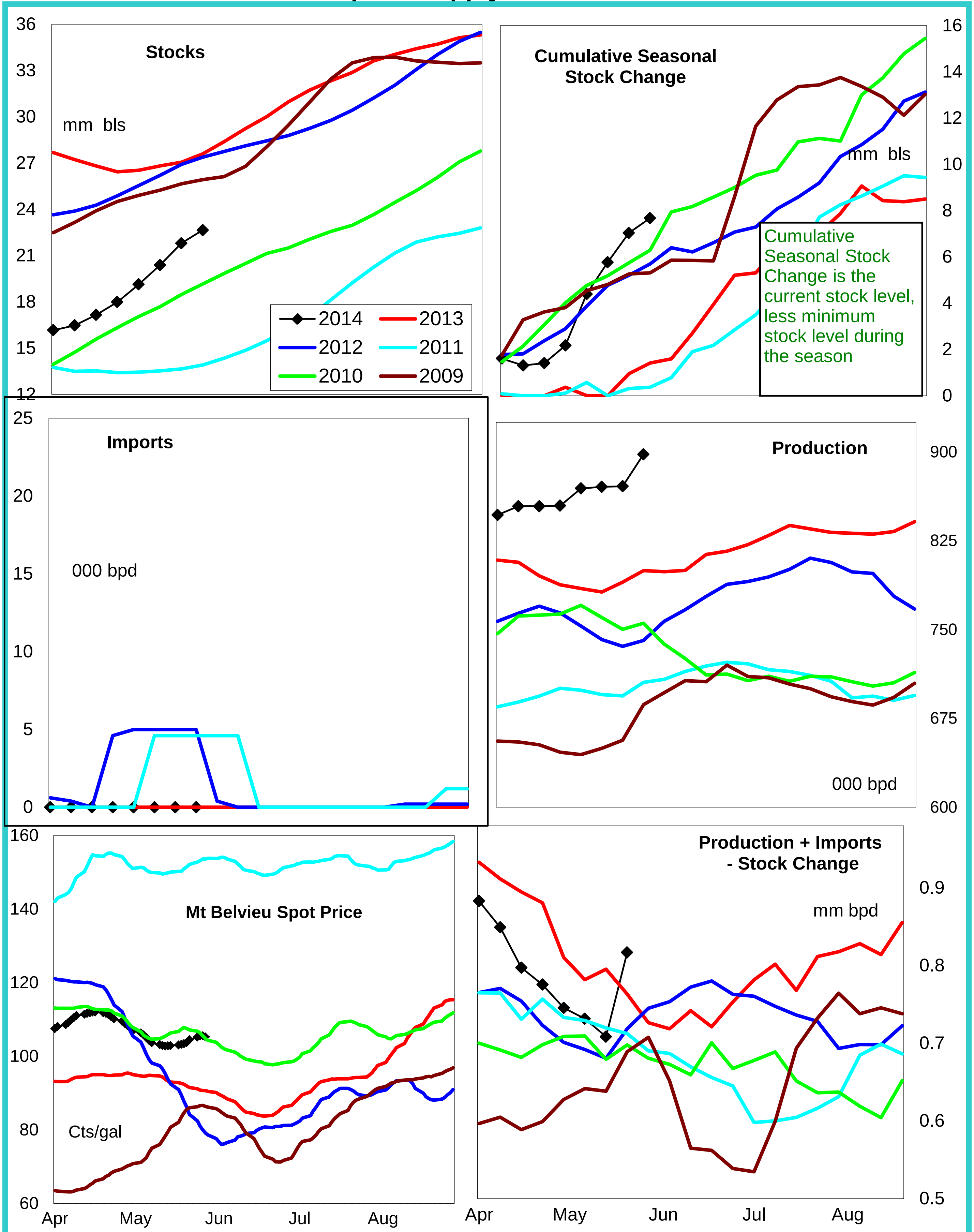
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	753	3,003	-6	-9	-54
% change	5.4	65.3	-2.0	-24.2	-24.5

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)	-5,027	6,255	88	0	-37
% change	-18.2	440	11.2	#DIV/0!	-5.0

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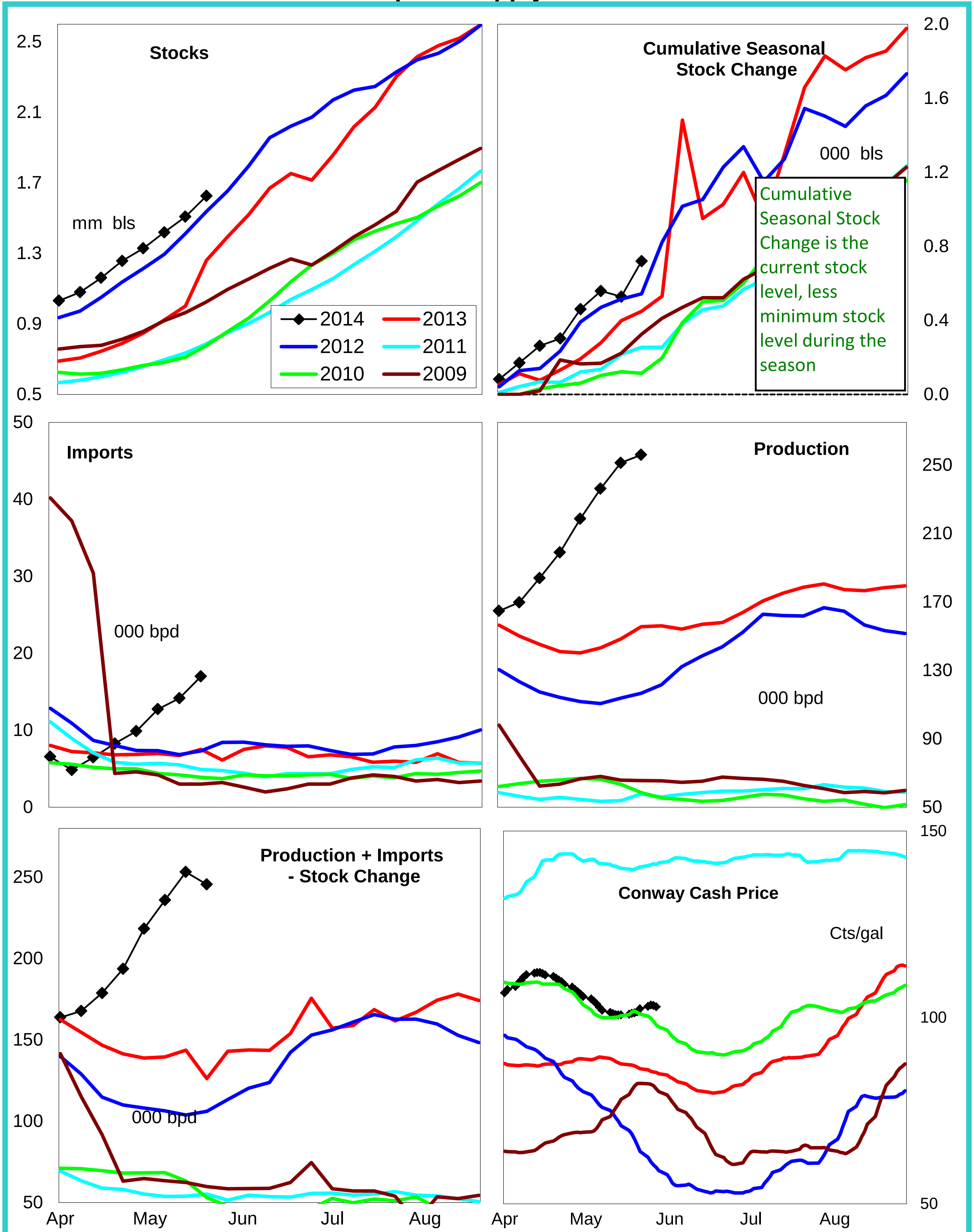
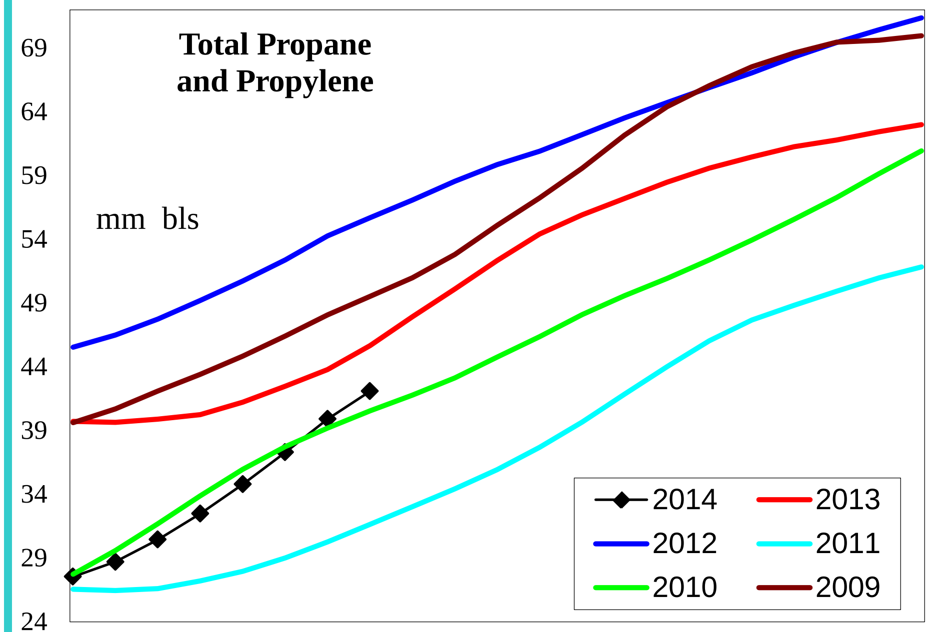
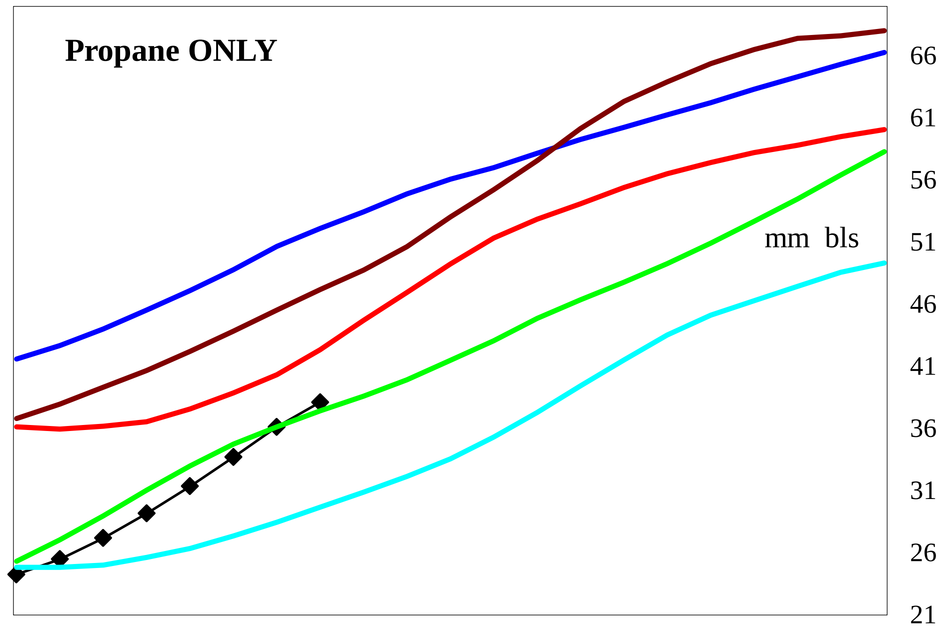
PADDs 4 and 5 Propane Supply and Demand Balance

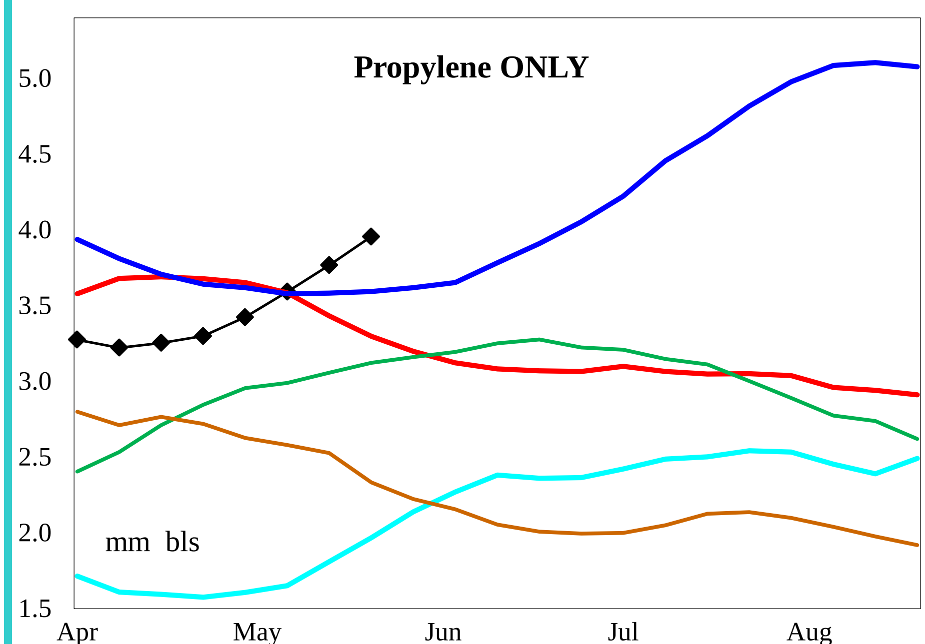


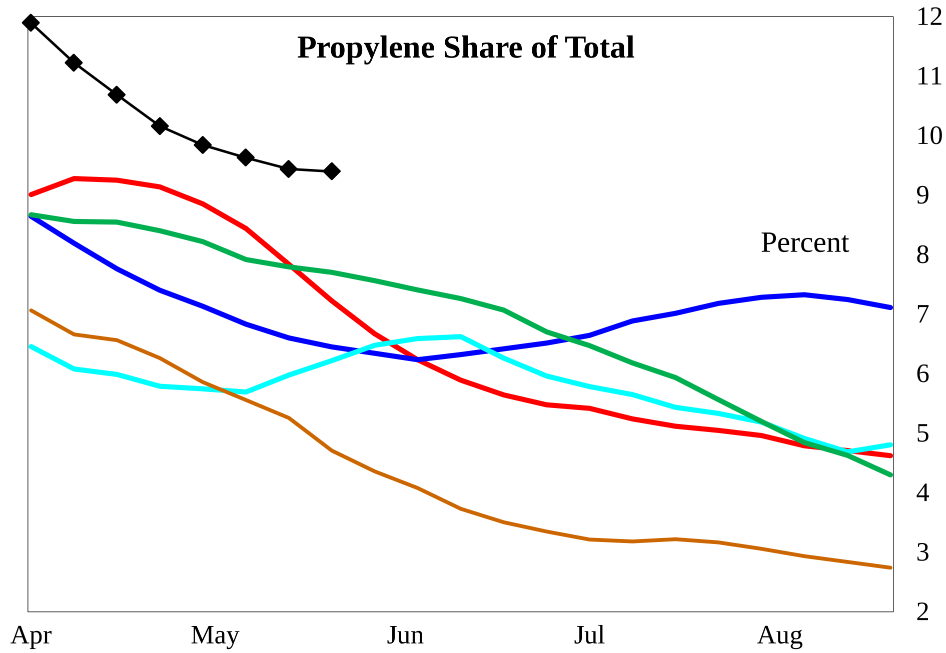
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	545	271	97	7	101
% change	50.4	60.4	65.5	91.8	73.8

U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-3,048	-3,590	657
% change	-6.8	-8.6	19.9

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