WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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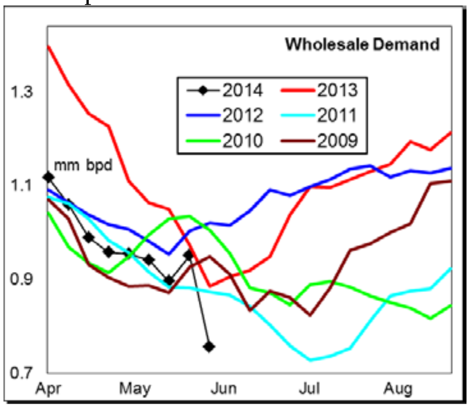
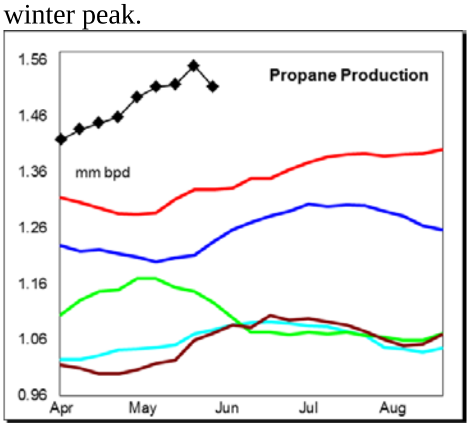
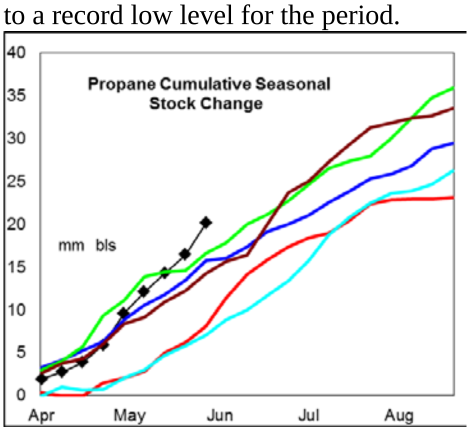
Summary[1]:
Wholesale demand fell -318,000 bpd last week, to a level below the historic range for the period.



Production fell -76,000 bpd on the week, concentrated in the West Region. 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.

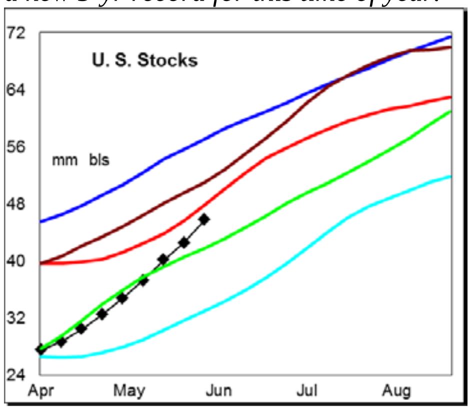


Imports declined -26,000 bpd last week, to a record low level for the period.

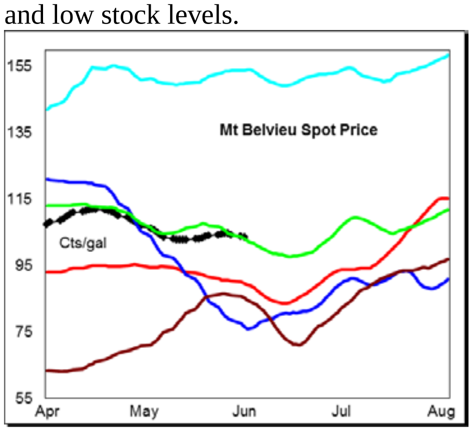


Combined production and imports during the latest 4-wk period were +188,000 bpd above a year ago. Production was +206,000 bpd above last year (+16%), while imports were -18,000 bpd lower. The latest 4-wk average demand was -88,000 bpd below last year.

Stocks increased +3.7 million barrels last week, with the level -3 below a year ago. *The cumulative seasonal stock build of +20.1 million barrels, was a new 5-yr record for this time of year.*



Price and Spreads Mt Belvieu spot price decreased -2.5 cpg for the week ending 03Jun14, while Conway delcined a comparable amount. Prices remain well above the last 2-yrs on higher exports and low stock levels.



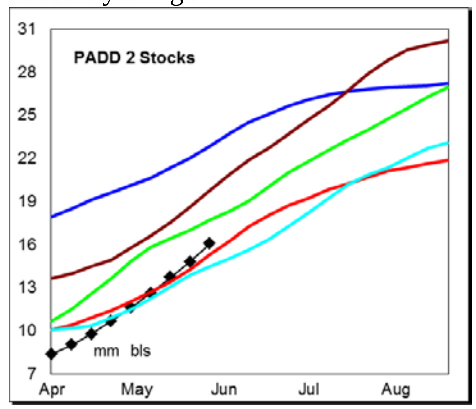
The Conway – Mt Belvieu price spread traded sideways last week, at a level above the 5-yr range, in favor of Conway.

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

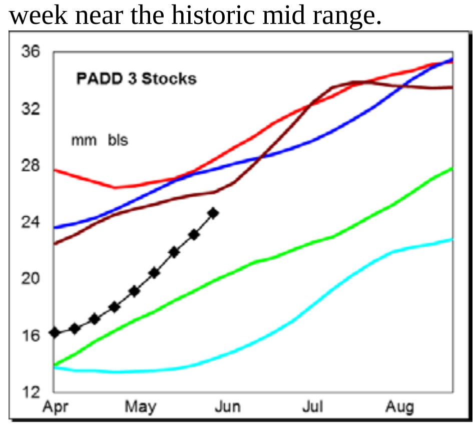
The propane / crude oil price spread traded sideways last week ending at a level above the last 2-yrs.

PADD 1 stocks increased +0.3 million barrels on the week, ending +0.6 million barrels above last year. Supply for the latest 4-wk period was +36,000 bpd above last year; driven by a +58% 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 +4.6% above a year ago.



PAD 3 stocks increased +2 million barrels on the week. Supplies for the latest 4-wk period were +79,000 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 +88,000p bpd on sharply higher production.

Emerging Trends Record production and lower wholesale demand extended the record rate of stock builds. Stock levels are now only -3% below a year ago with all regional markets above last year except the Gulf. The surge in supply risk price weakness during the next quarter.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

June 4, 2014

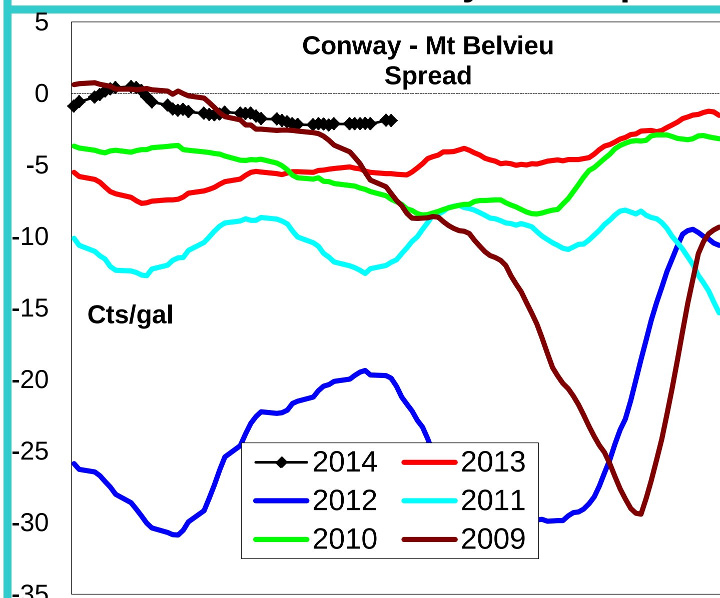
Fundamental Trends for the Week Ending: Friday, May 30, 2014

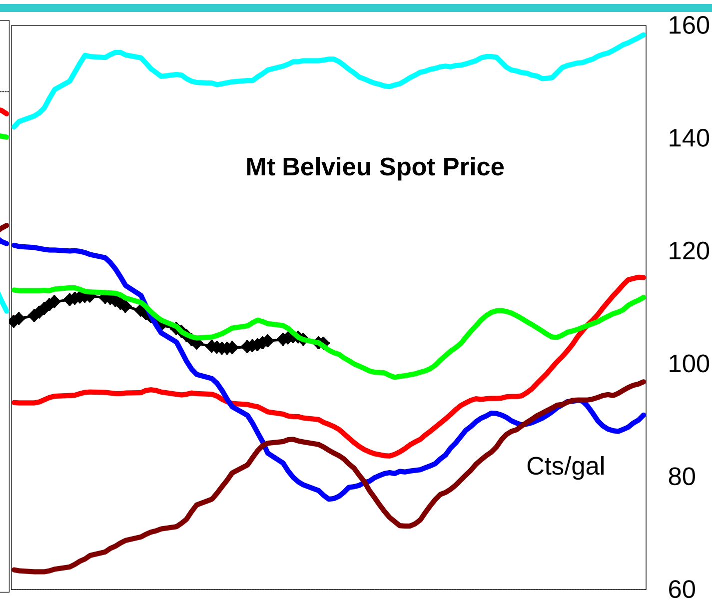
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	45,775	3,278	16,073	24,616	1,808	3,686	269	1,271	1,963	183
Propylene Stocks	4,012					56				
Production	1,512	128	305	890	189	-76	-3	2	-8	-67
Imports	39	10	22	0	7	-26	-10	-6	0	-10
Whsle Demand	716					-318				

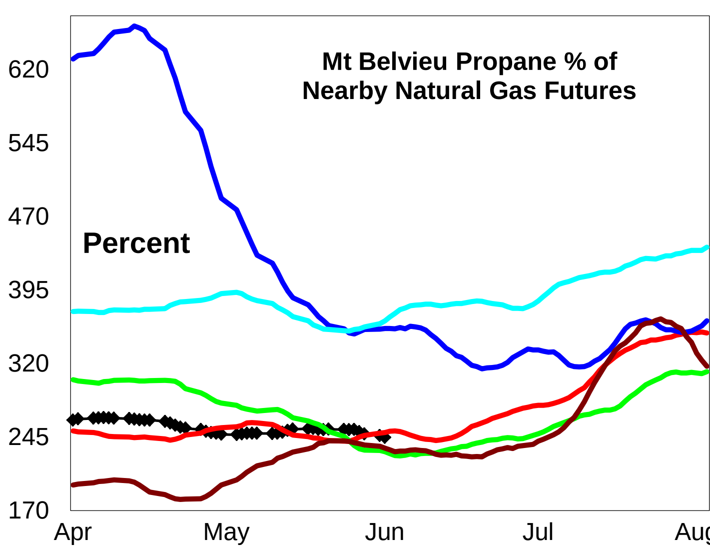
Price Trends for the Week Ending: Tuesday, May 20, 2014

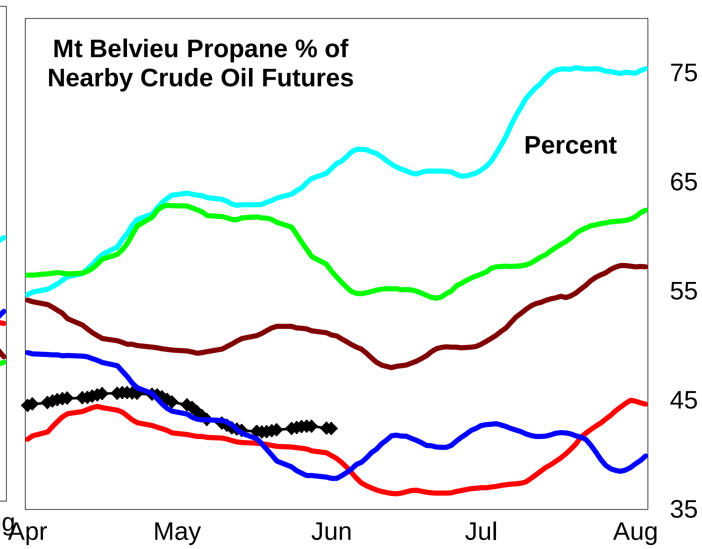
Cents/gal	Average for week ending:				Change from:			% change from:		
	5/20/14	5/13/14	4/22/14	5/23/13	5/13/14	4/22/14	5/23/13	5/13/14	4/22/14	5/23/13
Mont Belvieu Spot	104.4	105.1	106.7	90.2	-0.75	-1.59	16.49	-0.7	-1.5	18.3
Conway Spot	102.2	103.0	105.9	84.7	-0.78	-2.86	21.18	-0.8	-2.7	25.0

Key Price Spreads and Differentials

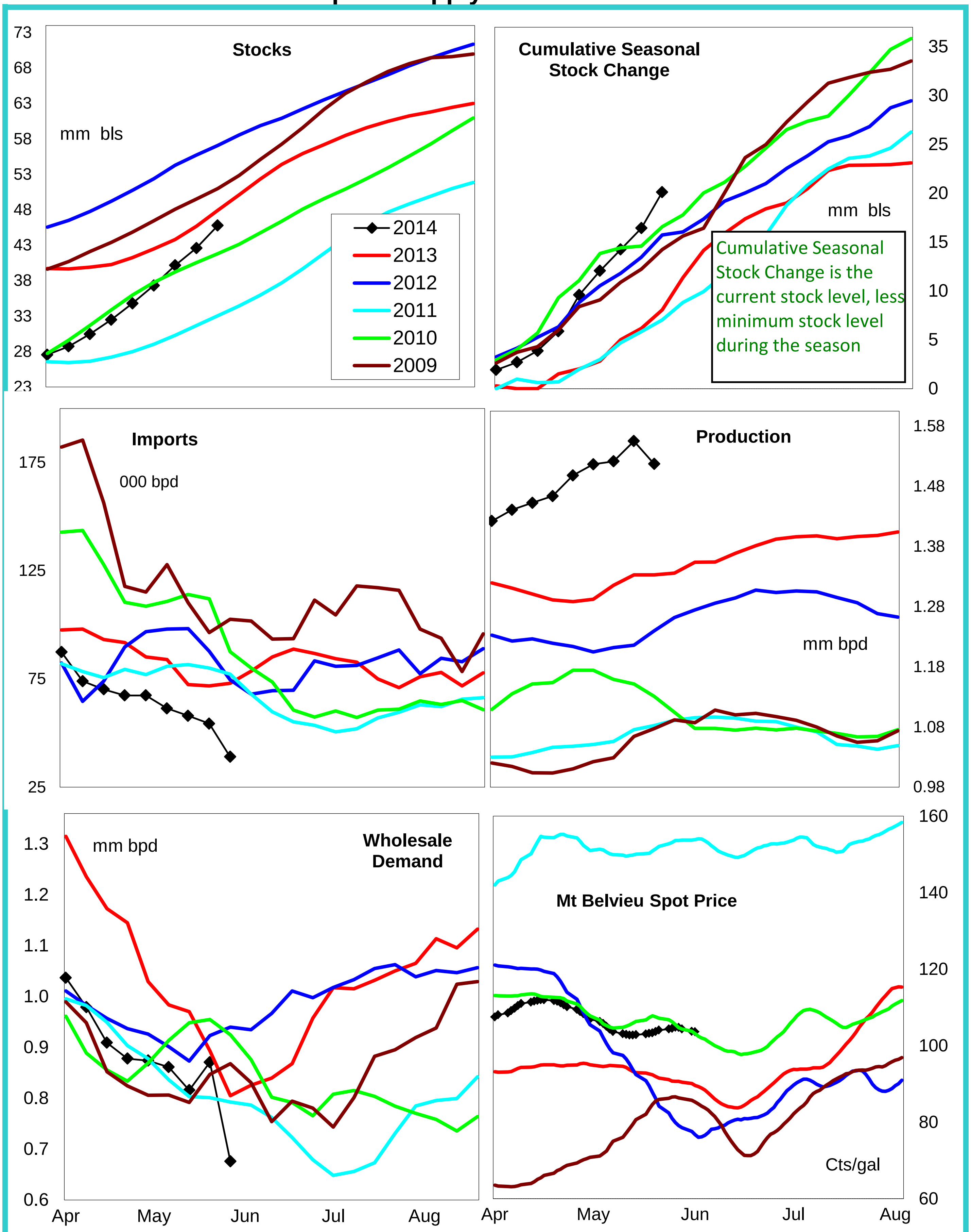






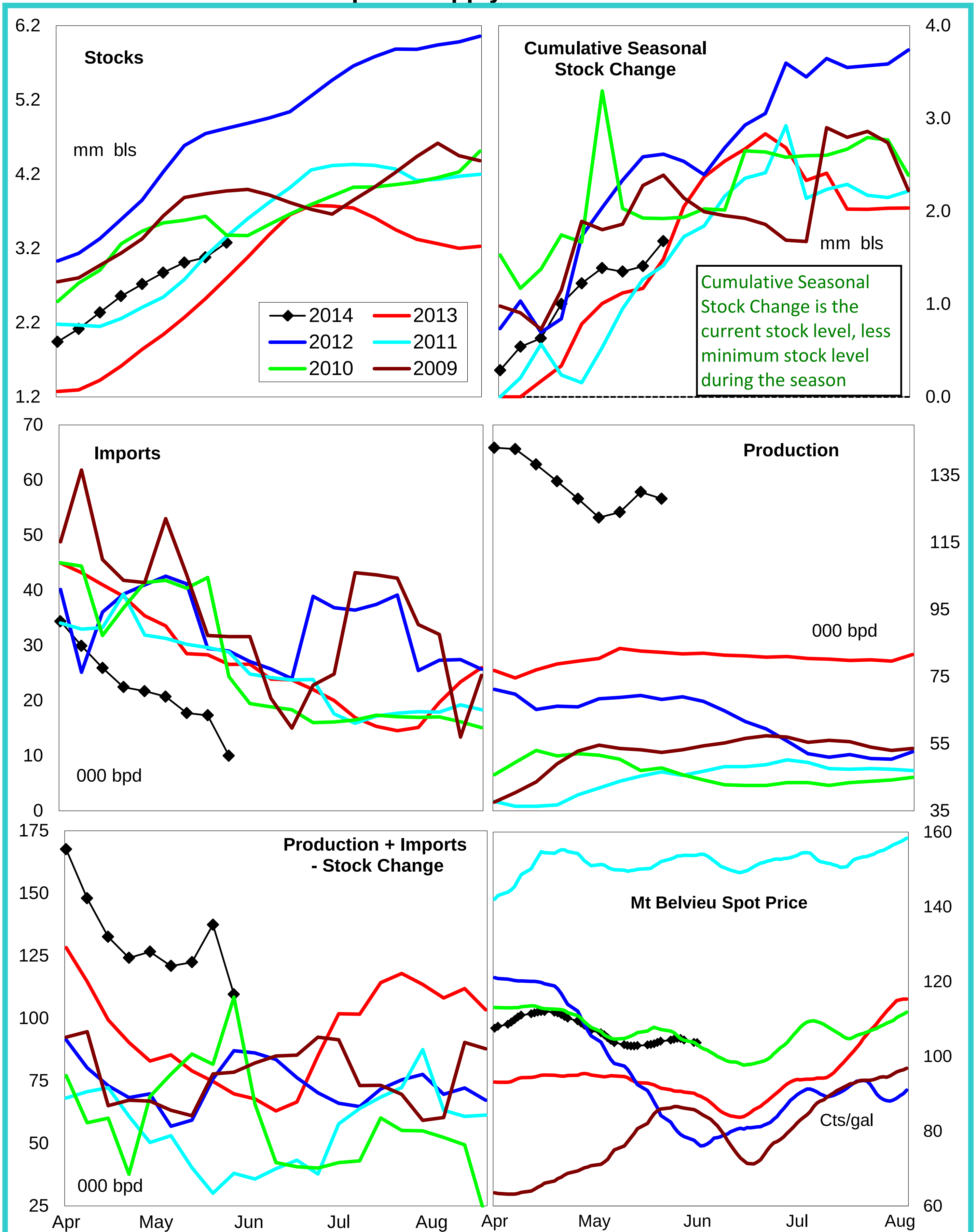


U. S. Propane Supply and Demand Balance



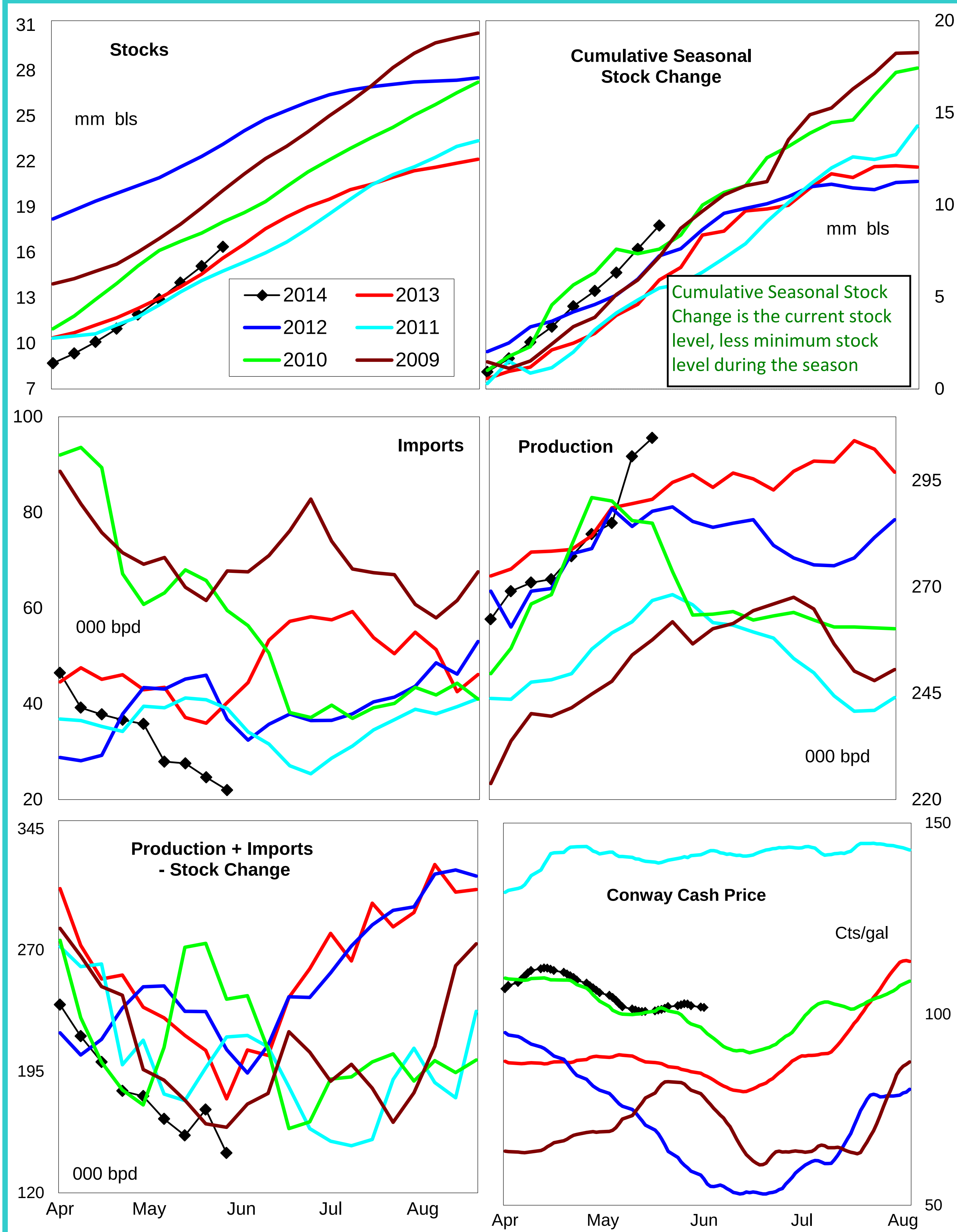
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Apr	Mar	Feb
000 bpd (000 bls stks)	-1,261	12,045	206	-18		-88	-450	-328	-155
% change	-2.7	149	15.5	-24.6		-8.9	-39.2	-23.8	-9.7

PADD 1 Propane Supply and Demand Balance



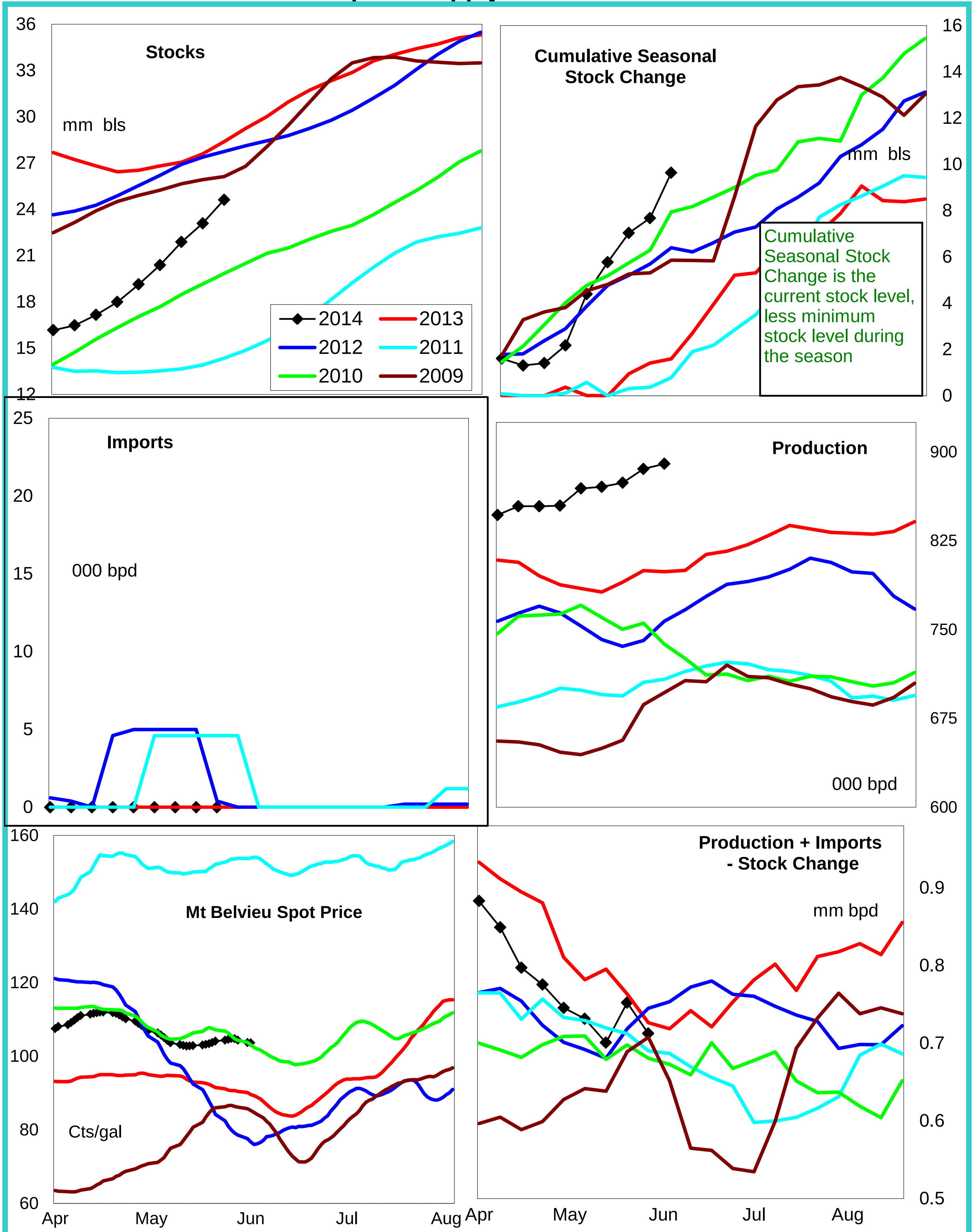
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	634	192	48	-12	45
% change	24.0	12.9	57.9	-41.6	58.7

PADD 2 Propane Supply and Demand Balance



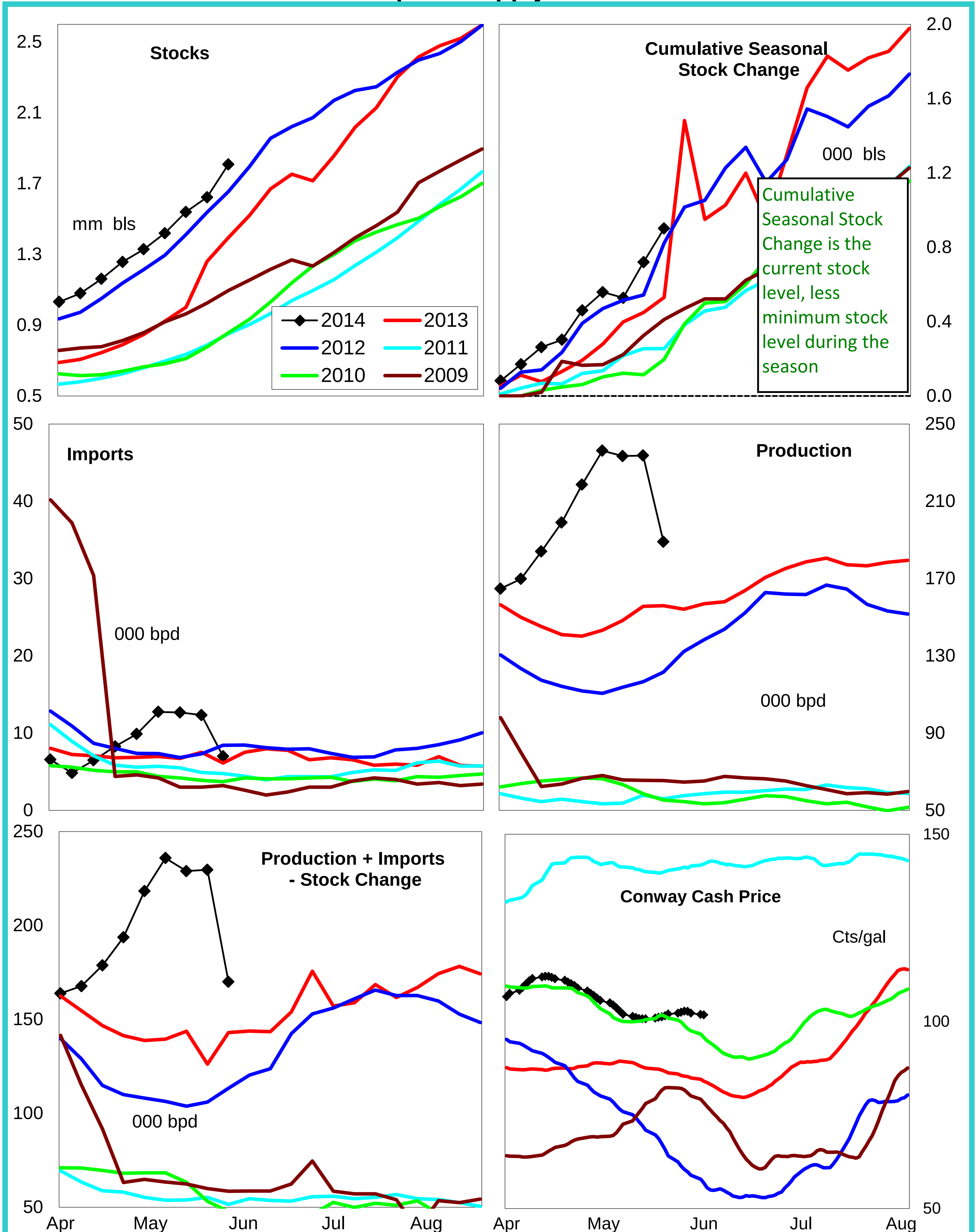
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	700	2,950	-3	-12	-49
% change	4.6	49.8	-1.0	-31.6	-23.4

PADD 3 Propane Supply and Demand Balance



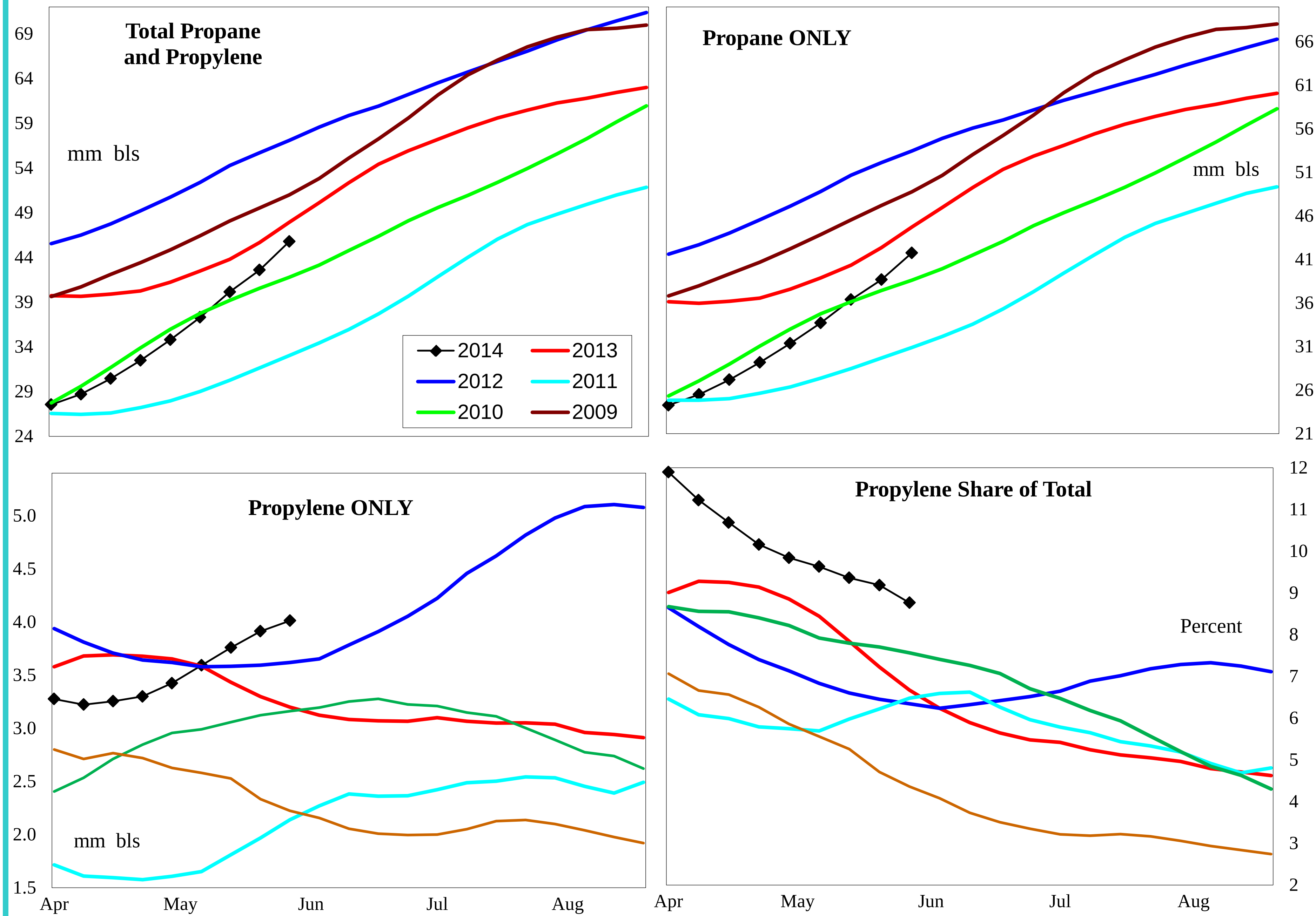
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-3,240	8,042	79	0	-42
% change	-11.6	504	9.9	#DIV/0!	-5.8

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)	645	371	82	6	78
% change	55.5	69.9	53.1	92.6	56.5

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-1,261	-2,182	813
% change	-2.7	-5.0	25.4

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