FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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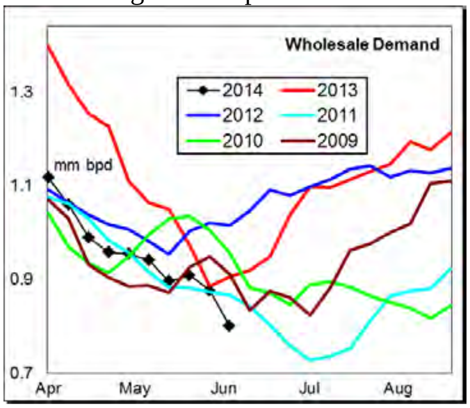
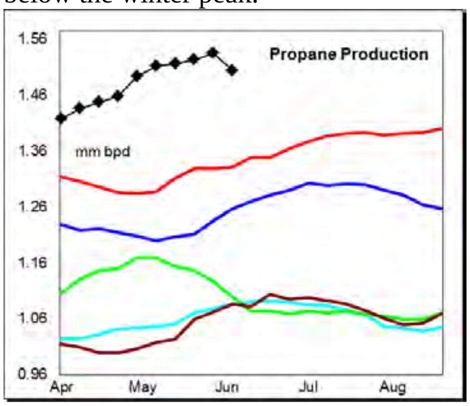
Summary[1]: **Table of Contents**

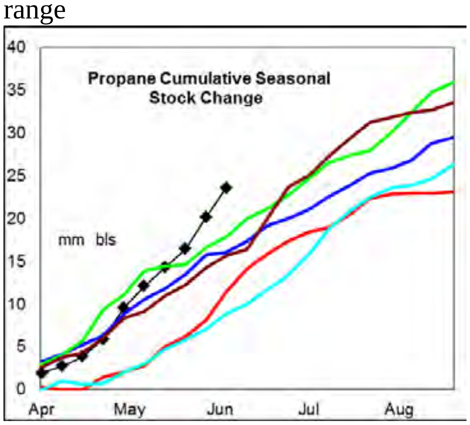
Wholesale demand increased +44,000 bpd last week, with the level below the historic range for the period.



Production declined -8,000 bpd on the week, concentrated in the Midwest 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.

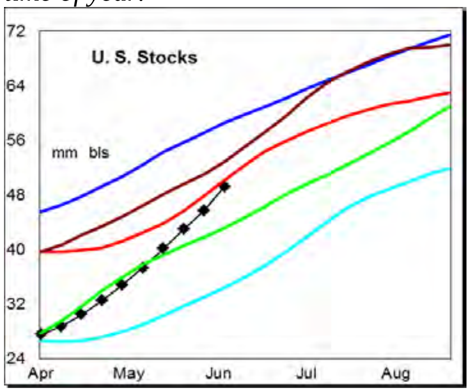


Imports increased +16,000 bpd last week, with the level below the historic range

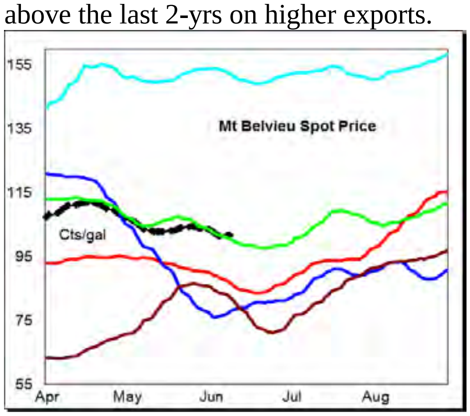


Combined production and imports during the latest 4-wk period were +194,000 bpd above a year ago. Production was +210,000 bpd above last year (+16%), while imports were -16,000 bpd lower. The latest 4-wk average demand was -7,000 bpd below last year.

Stocks increased +3.4 million barrels last week, with the level -1.1 below a year ago. *The cumulative seasonal stock build of +23.6 million barrels, was a new 5-yr record for this time of year.*



Price and Spreads Mt Belvieu spot price decreased -2 cpg for the week ending 10Jun14, while Conway declined a comparable amount. Prices remain well above the last 2-yrs on higher exports.



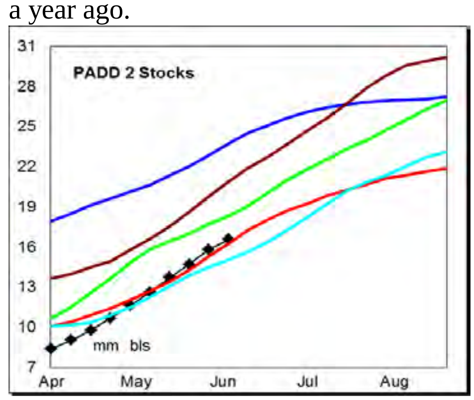
The Conway – Mt Belvieu price spread traded sideways last week, at a level above the 5-yr range, in favor of Conway.

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

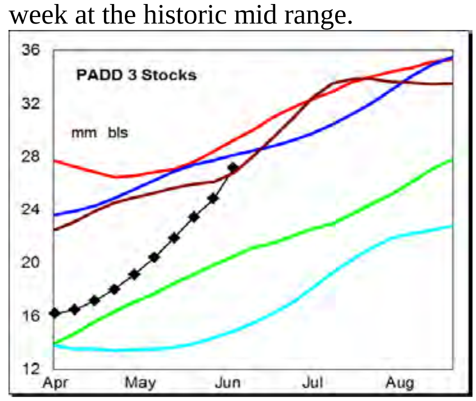
The propane / crude oil price spread trended lower last week ending at a level above the last 2-yrs.

PADD 1 stocks increased +0.2 million barrels on the week, ending +0.2 million barrels above last year. Supply for the latest 4-wk period was +38,000 bpd above last year; driven by a +57% increase in production over a year ago.

PADD 2 stocks increased +0.5 million barrels on the week. The latest 4-wk supply was -7,000 bpd below a year ago. Stock levels ended the week +3% above a year ago.



PAD 3 stocks increased +2.5 million barrels on the week. Supplies for the latest 4-wk period were +90,000 bpd above a year ago. Stock levels ended the week at the historic mid range.



PADDs 4 & 5 stocks increased +0.3 million barrels on the week. Supplies were up +74,000p bpd on sharply higher production.

Emerging Trends Very high production and lower wholesale demand extended the record rate of stock builds. Stock levels are now only -2% 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 11, 2014

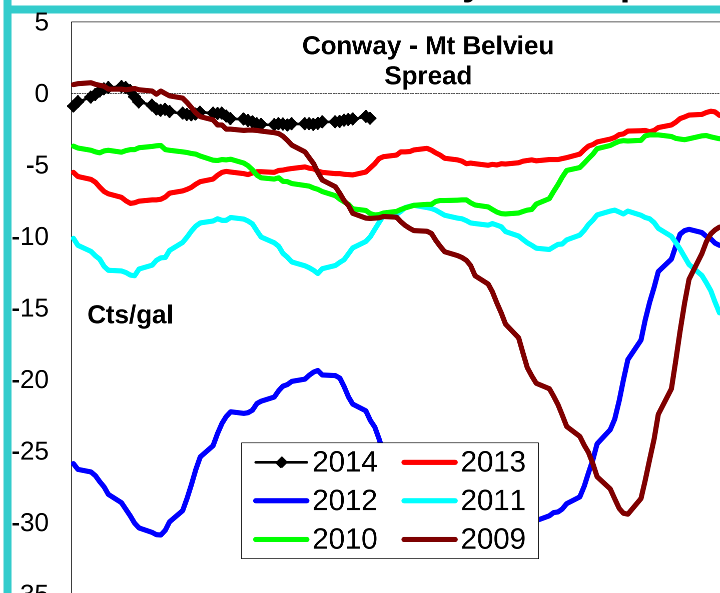
Fundamental Trends for the Week Ending: Friday, June 06, 2014

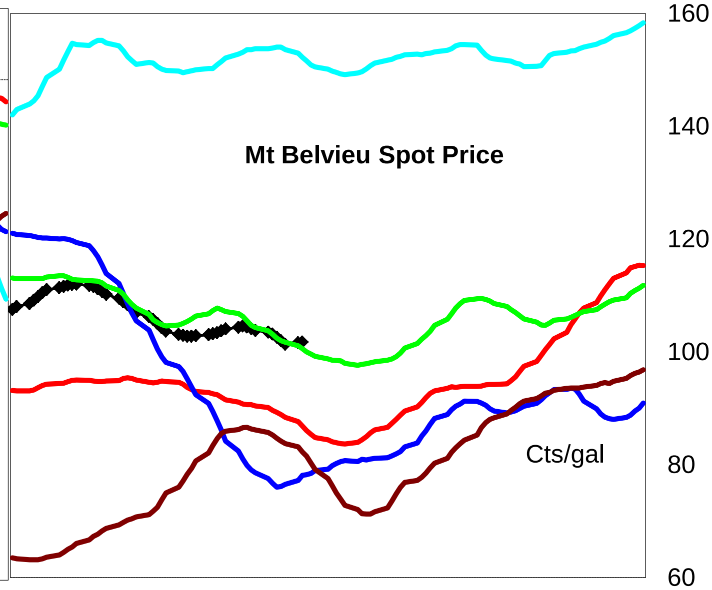
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	49,214	3,432	16,556	27,157	2,069	3,439	154	483	2,541	261
Propylene Stocks	4,239					227				
Production	1,504	126	279	905	194	-8	-2	-26	15	5
Imports	55	20	21	0	14	16	10	-1	0	7
Whsle Demand	760					44				

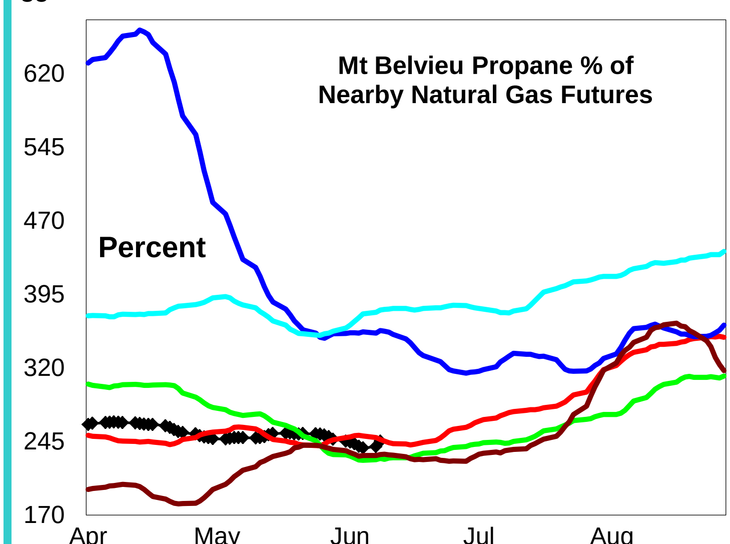
Price Trends for the Week Ending: Tuesday, June 10, 2014

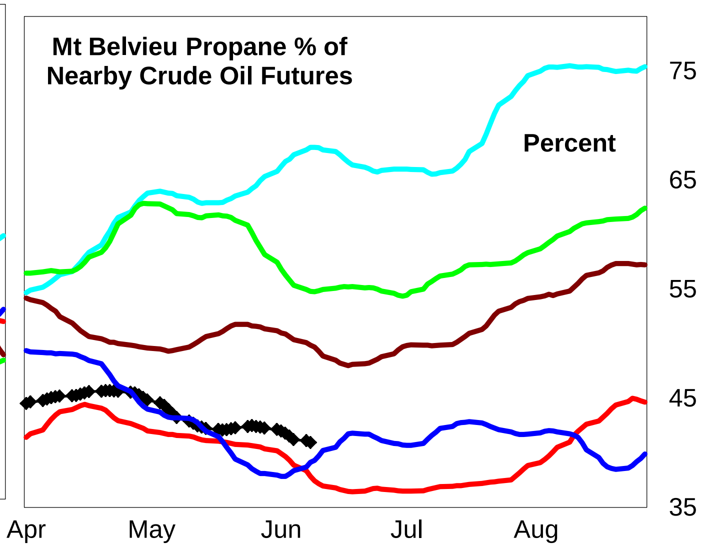
Cents/gal	Average for week ending:				Change from:			% change from:		
	6/10/14	6/3/14	5/13/14	6/13/13	6/3/14	5/13/14	6/13/13	6/3/14	5/13/14	6/13/13
Mont Belvieu Spot	101.4	104.4	104.1	89.0	-2.98	0.28	15.10	-2.9	0.3	17.0
Conway Spot	99.6	102.2	102.2	83.0	-2.64	0.04	19.23	-2.6	0.0	23.2

Key Price Spreads and Differentials

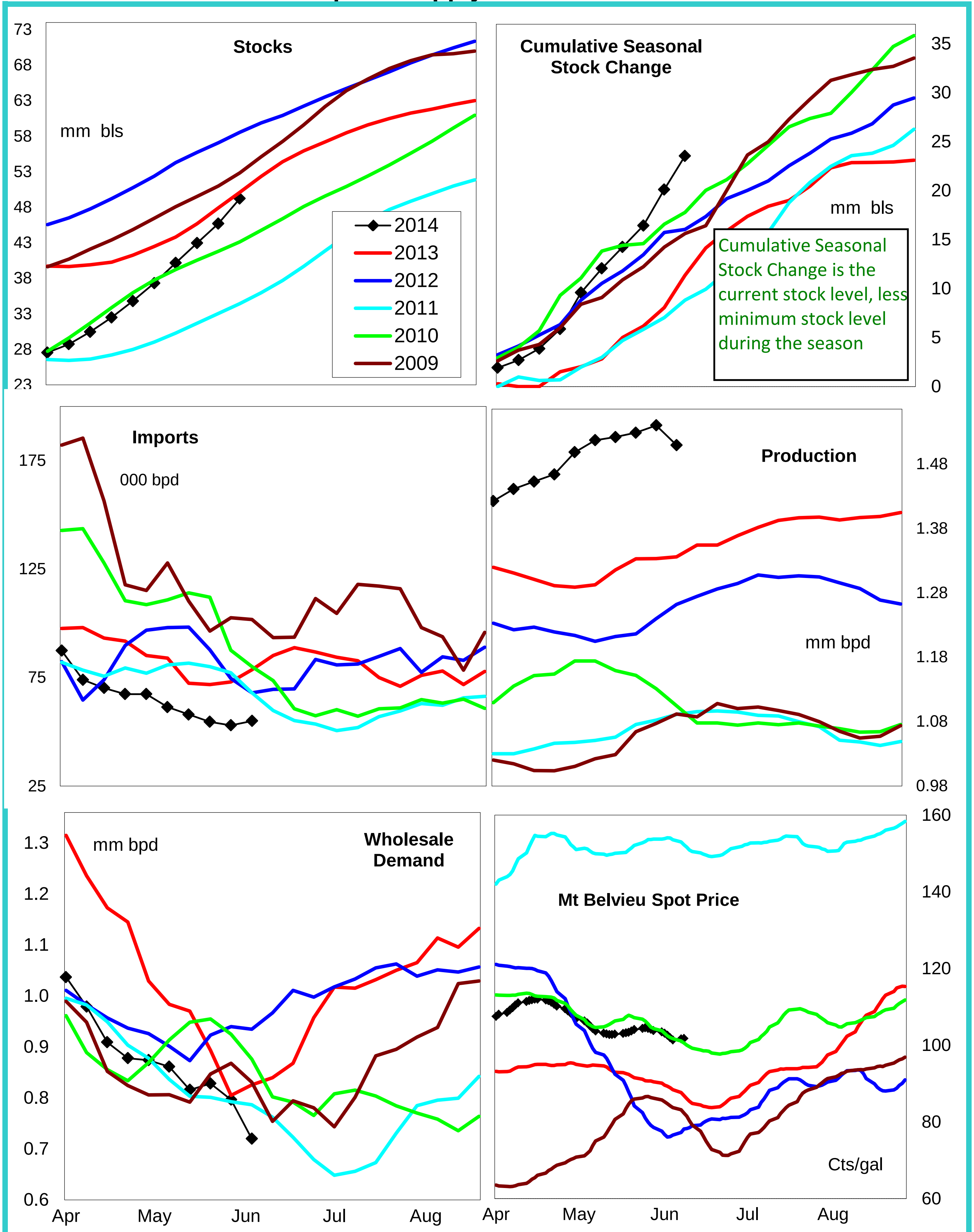








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Apr	Mar	Feb
000 bpd (000 bls stks)	-1,126	12,180	210	-16		-7	-450	-328	-155
% change	-2.2	107	15.8	-22.1		-0.8	-39.2	-23.8	-9.7

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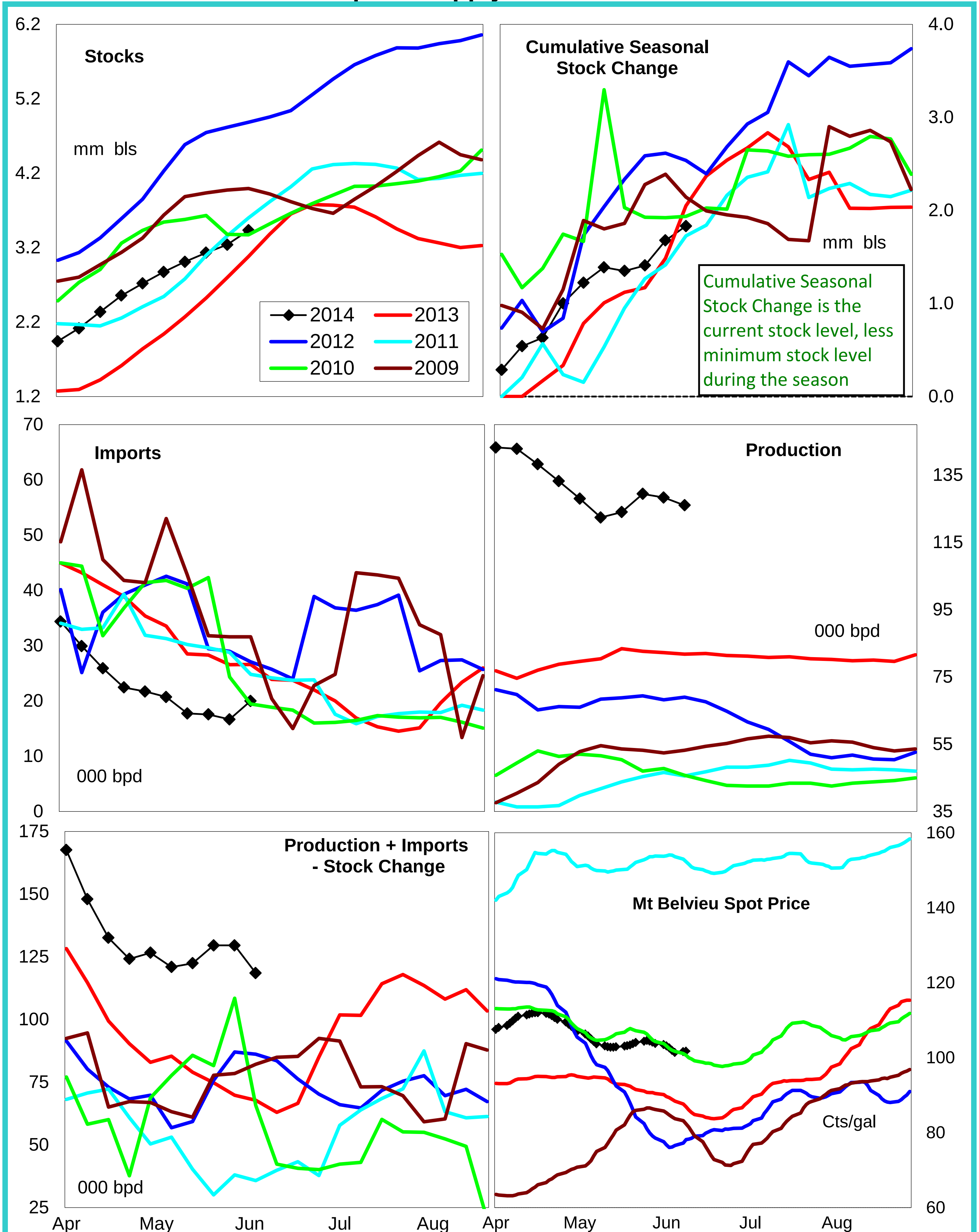
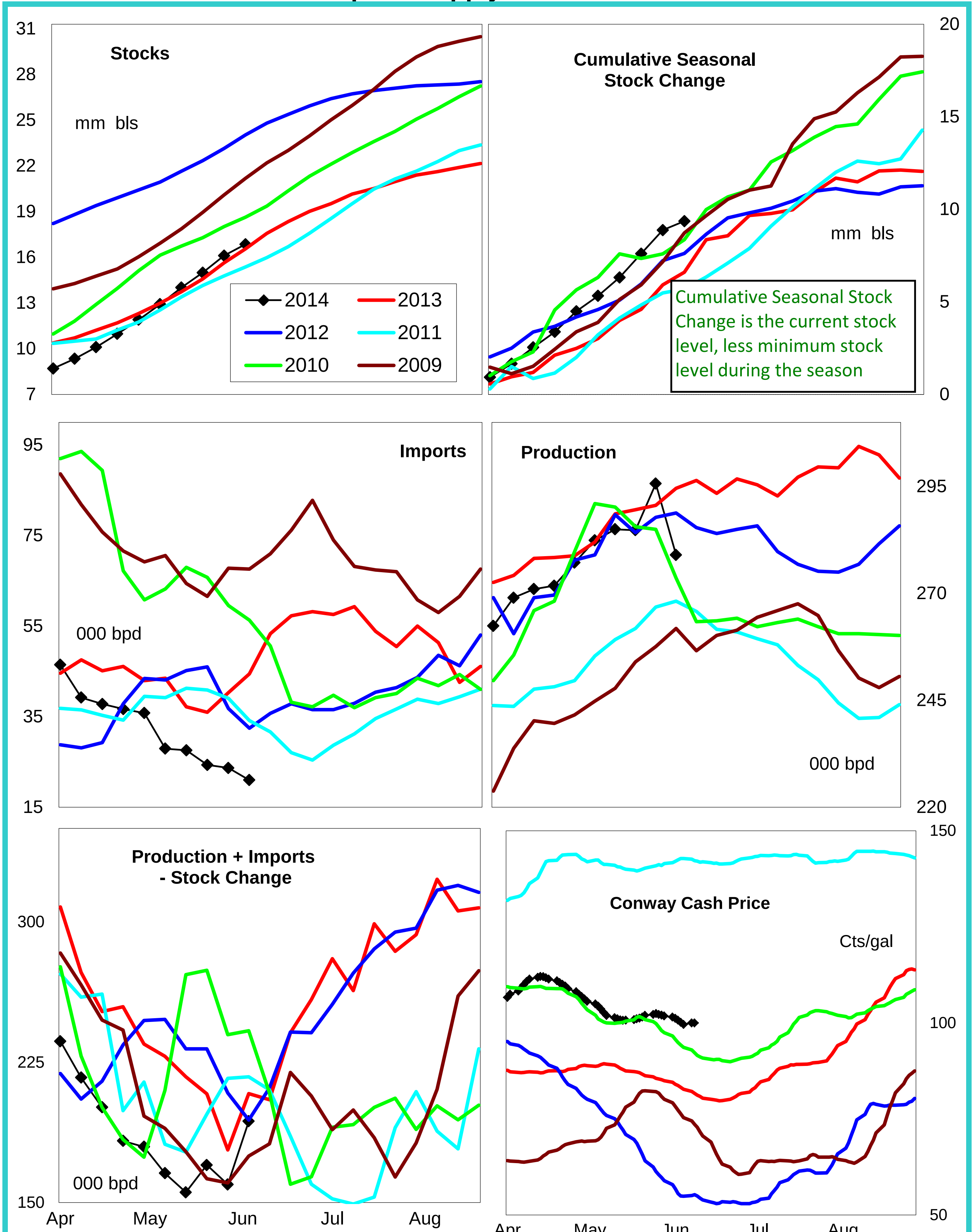
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	225	-217	47	-9	52
% change	7.0	-10.6	56.8	-33.1	71.6

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)	504	2,754	5	-12	-33
% change	3.1	41.7	1.8	-34.4	-16.4

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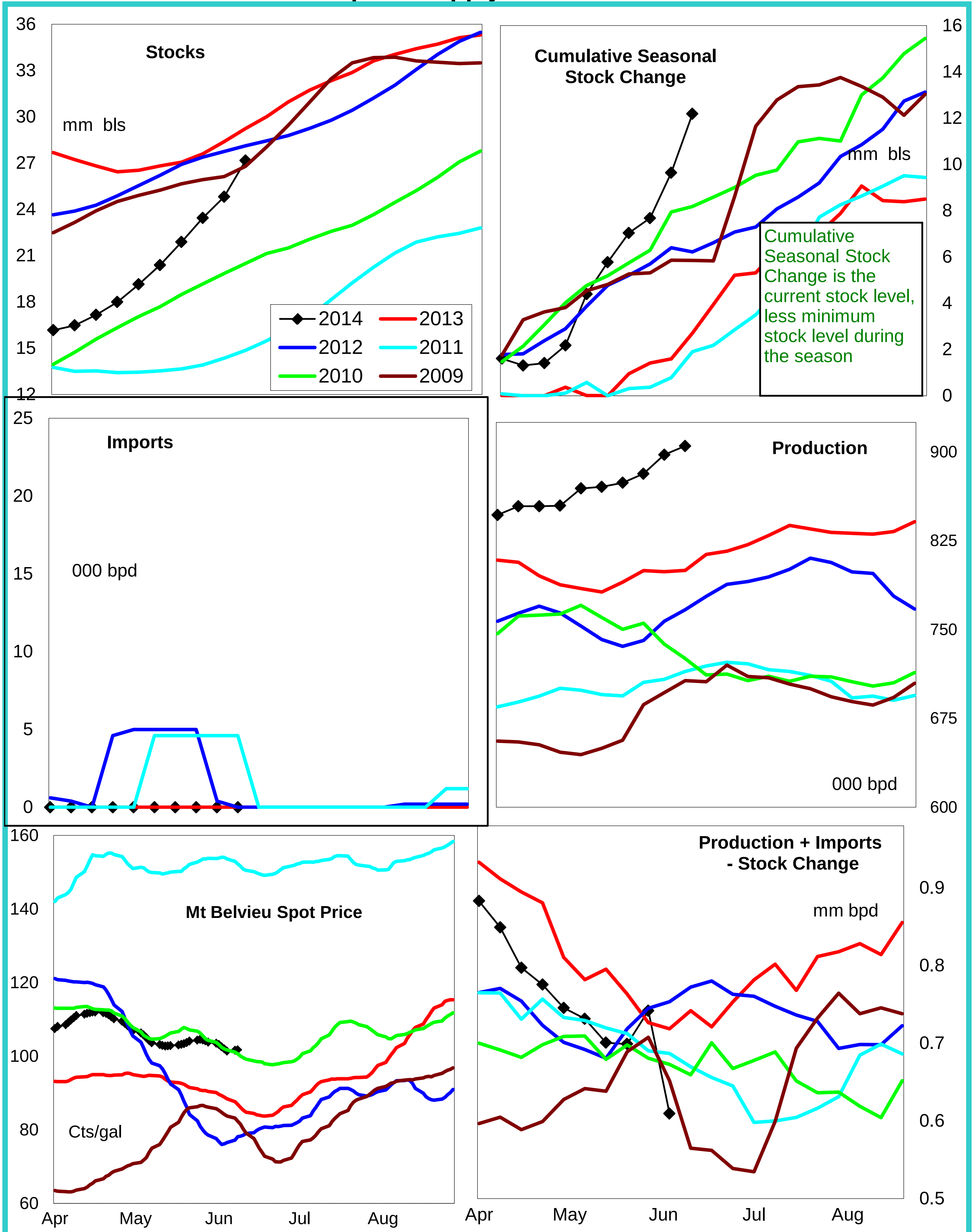
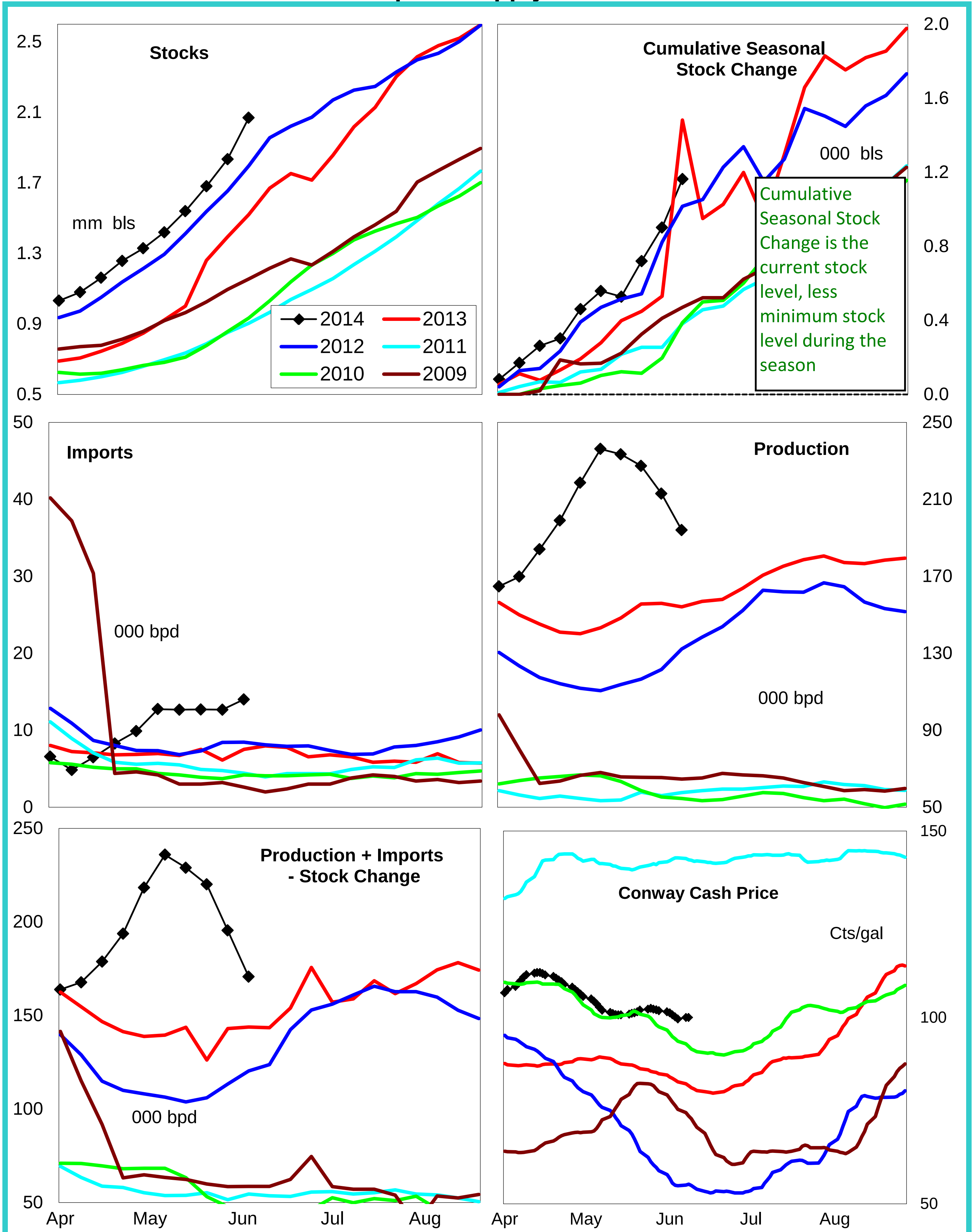
PADD 3 Propane Supply and Demand Balance



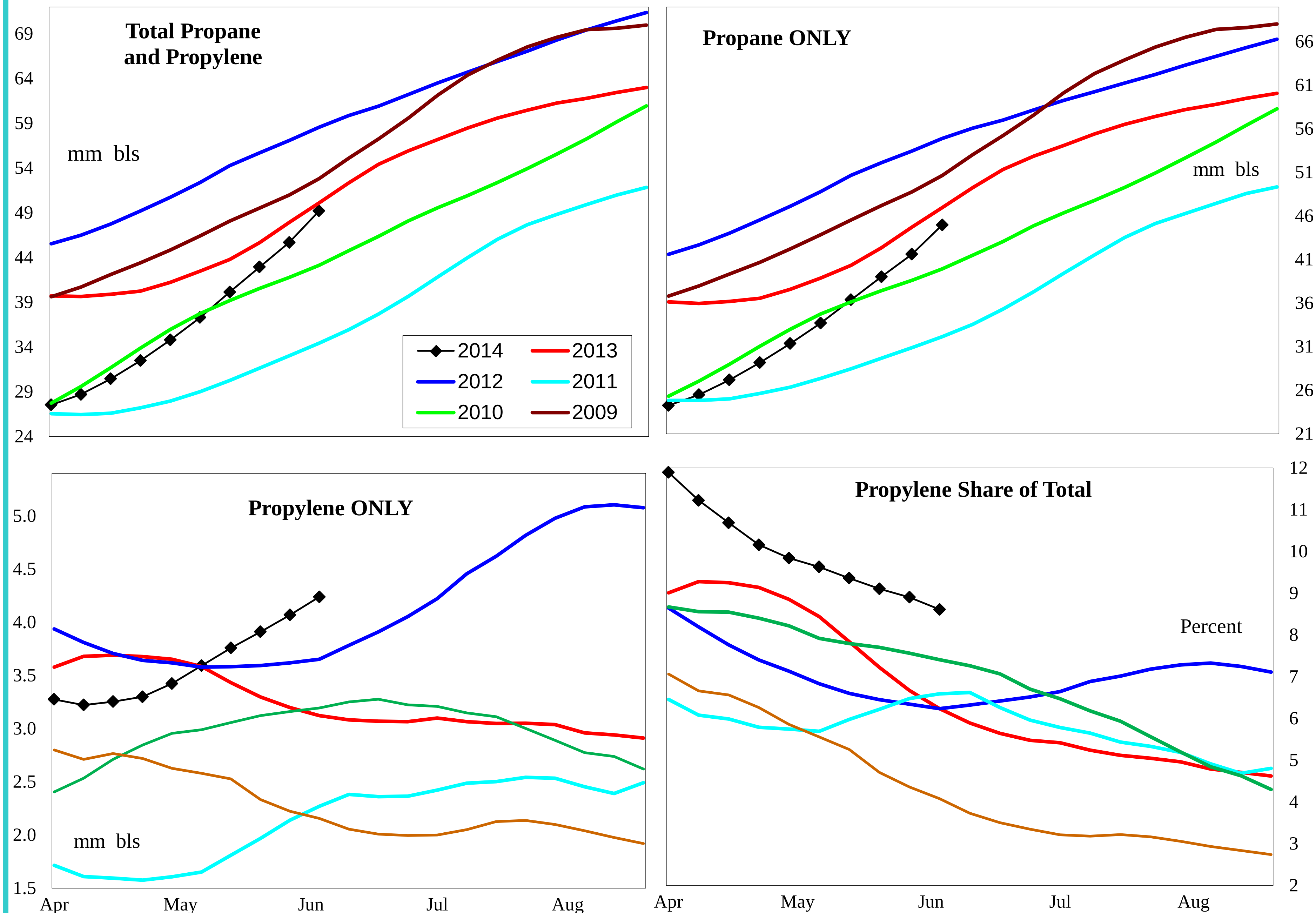
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-1,810	9,472	90	0	-63
% change	-6.2	350	11.2	#DIV/0!	-8.9

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)	-45	-319	68	6	65
% change	-2.1	-21.5	43.9	85.5	46.4

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-1,126	-2,364	1,116
% change	-2.2	-5.0	35.7

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