FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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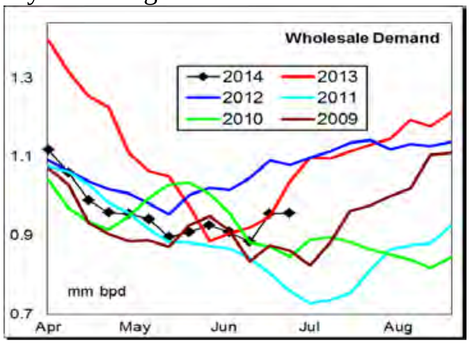
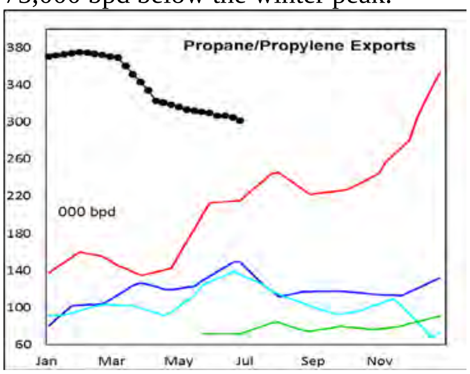
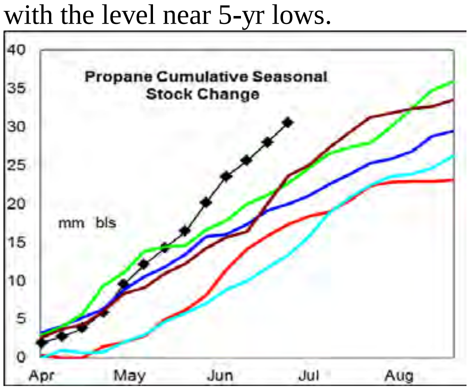
Summary[1]:
Wholesale demand increased +22,000 bpd last week, with the level below the 3-yr mid range.



Production increased +38,000 bpd on the week, concentrated in the Midwest and Gulf Region. Exports for the week ending 20Jun14 were 301,000 bpd, up +86,000 bpd over a year ago, but -75,000 bpd below the winter peak.

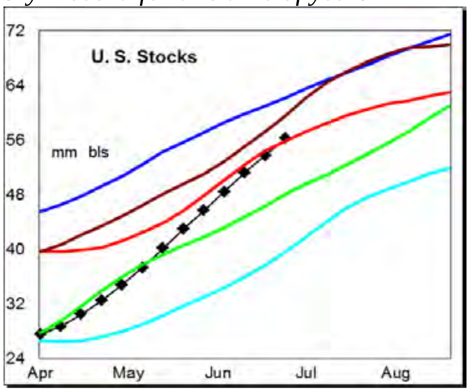


Imports increased +4,000 bpd last week, with the level near 5-yr lows.

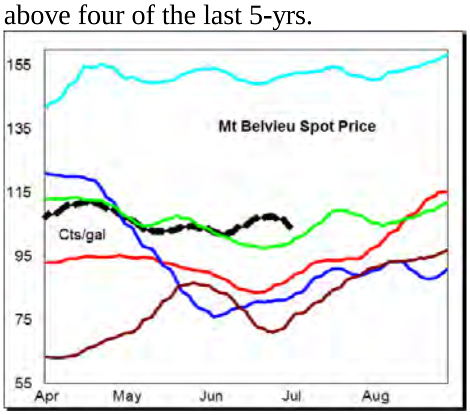


Combined production and imports during the latest 4-wk period were +115,000 bpd above a year ago. Production was +147,000 bpd above last year (+11%), while imports were -32,000 bpd lower. The latest 4-wk average demand was +9,000 bpd above last year.

Stocks increased +2.6 million barrels last week, a level equal to last year. *The cumulative seasonal stock build of +31 million barrels, was a new 5-yr record for this time of year.*



Price and Spreads Mt Belvieu spot price declined -4.5 cpg for the week ending 02Jul14, while Conway decreased -1 cpg. Prices ended the week at a level above four of the last 5-yrs.



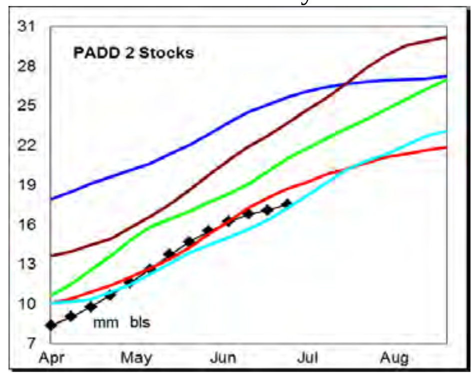
The Conway – Mt Belvieu price spread trended higher last week, to a record high for the period, in favor of Conway.

The propane to natural gas price spread trended higher on the week, driven by weakness in natural gas prices.

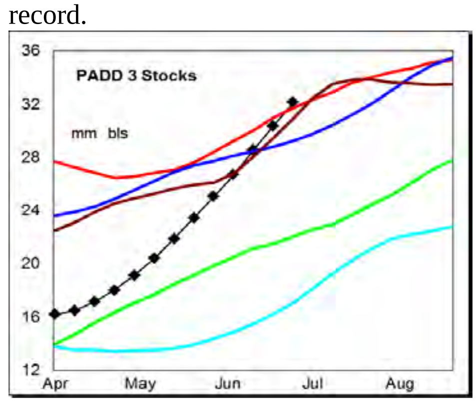
The propane / crude oil price spread trended lower last week ending at a level above the last 2-yrs.

PADD 1 stocks increased +0.1 million barrels on the week, ending +0.4 million barrels above last year. Supply for the latest 4-wk period was +58,000 bpd above last year; driven by a +70% increase in production over a year ago.

PADD 2 stocks increased +0.4 million barrels on the week. The latest 4-wk supply was -52,000 bpd below a year ago, driven by product being delivered to Canada for blending with heavy crude oil. Stock levels ended the week -1.6 million barrels below last year.



PAD 3 stocks increased +1.9 million barrels on the week, lifting the level to a new record high for this time of year. Supplies for the latest 4-wk period were +77,000 bpd above a year ago. The cumulative seasonal stock build of +17 million barrels is a summer quarter record.



PADDs 4 & 5 stocks increased +0.1 million barrels on the week. Supplies were up +33,000 bpd on higher production.

Emerging Trends The rate of stock building in the Midwest has slowed on a sharp drop in production as product is shipped to Canada for blending with heavy crude oil. Concurrently the Gulf continues to witness an extremely high rate of stock building. Stock levels ended the week at the 5-yr mid range. The Conway – Mt Belvieu spread has reached a record on tightening supplies in the Midwest.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

July 3, 2014

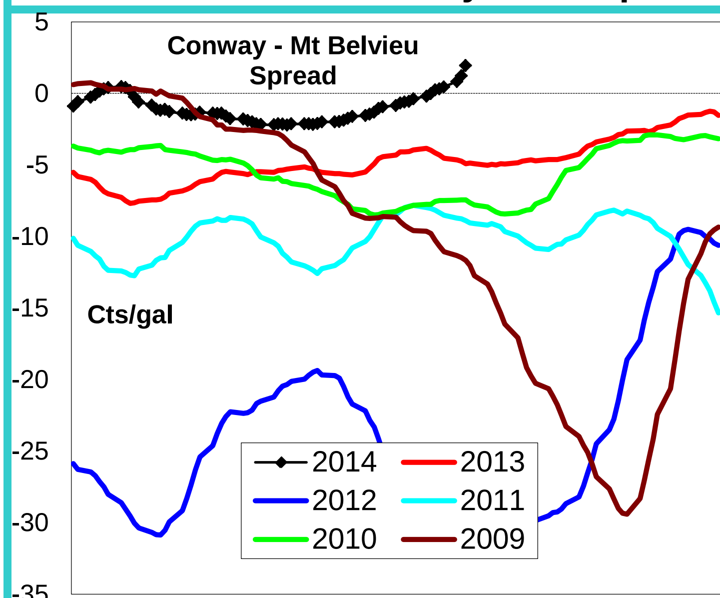
Fundamental Trends for the Week Ending: Friday, June 27, 2014

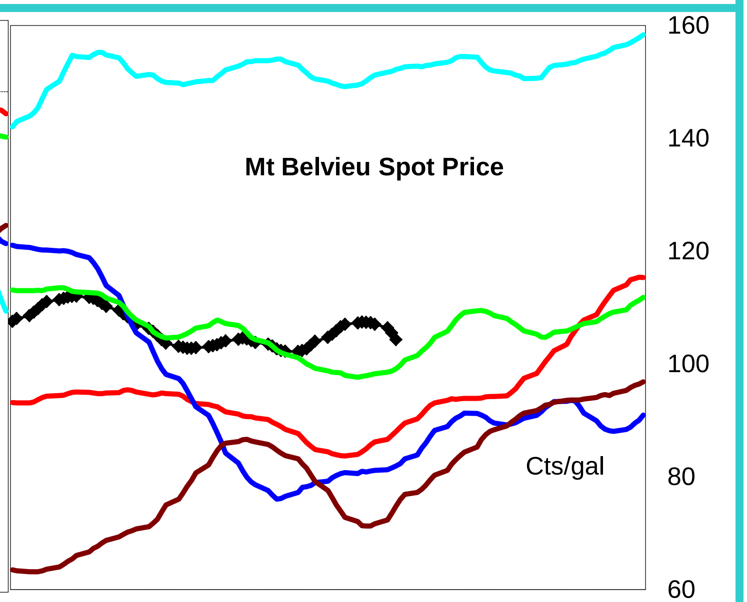
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	56,240	4,200	17,544	32,118	2,378	2,569	143	386	1,936	104
Propylene Stocks	4,081					66				
Production	1,527	146	283	908	190	38	1	19	23	-5
Imports	57	19	28	0	10	4	-1	3	0	2
Whsle Demand	916					22				

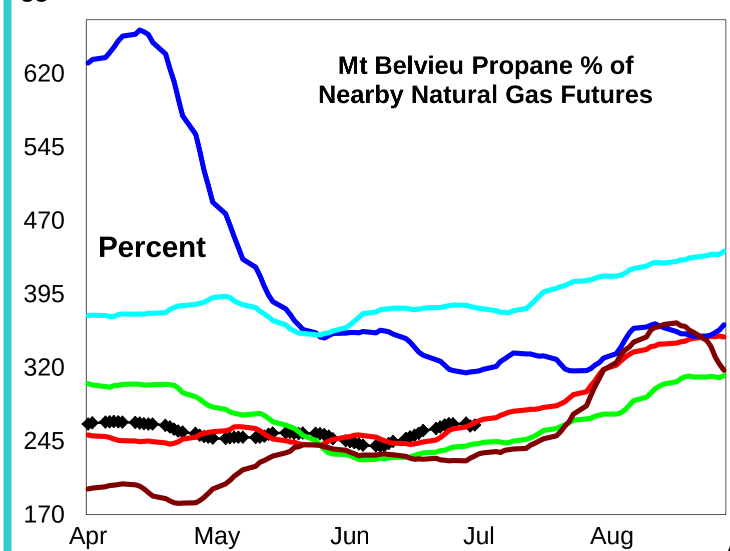
Price Trends for the Week Ending: Tuesday, June 10, 2014

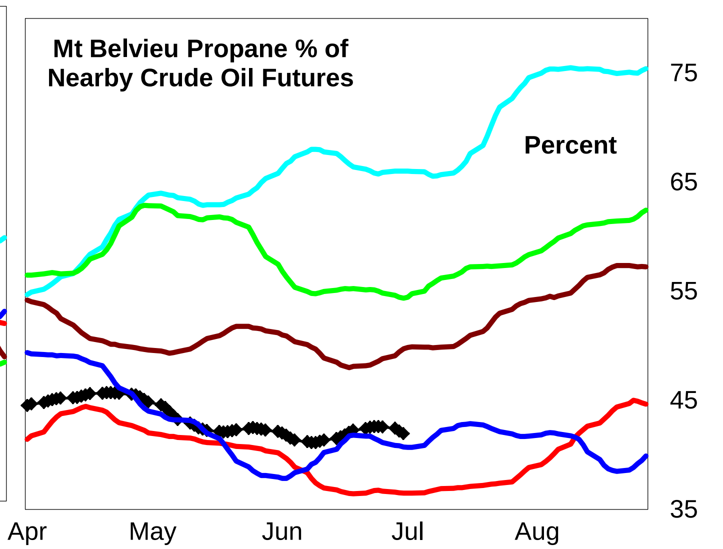
Cents/gal	Average for week ending:				Change from:			% change from:		
	6/10/14	6/3/14	5/13/14	6/13/13	6/3/14	5/13/14	6/13/13	6/3/14	5/13/14	6/13/13
Mont Belvieu Spot	106.4	108.4	103.5	86.4	-2.02	4.96	17.05	-1.9	4.8	19.7
Conway Spot	107.3	108.2	101.3	82.2	-0.94	6.87	19.14	-0.9	6.8	23.3

Key Price Spreads and Differentials

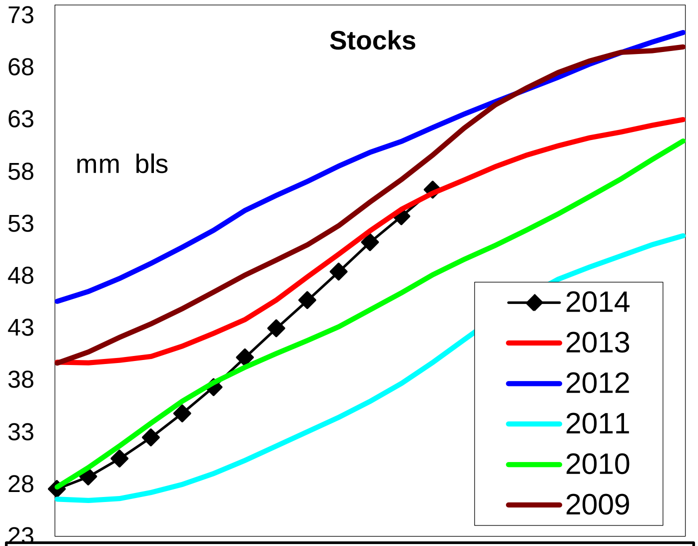


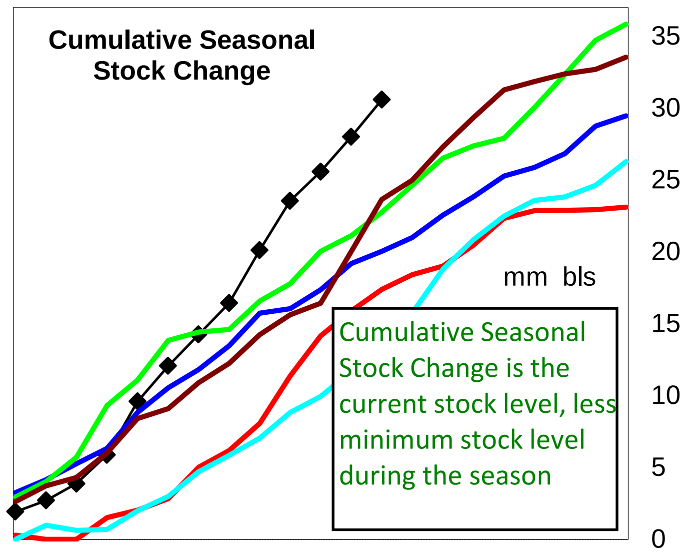


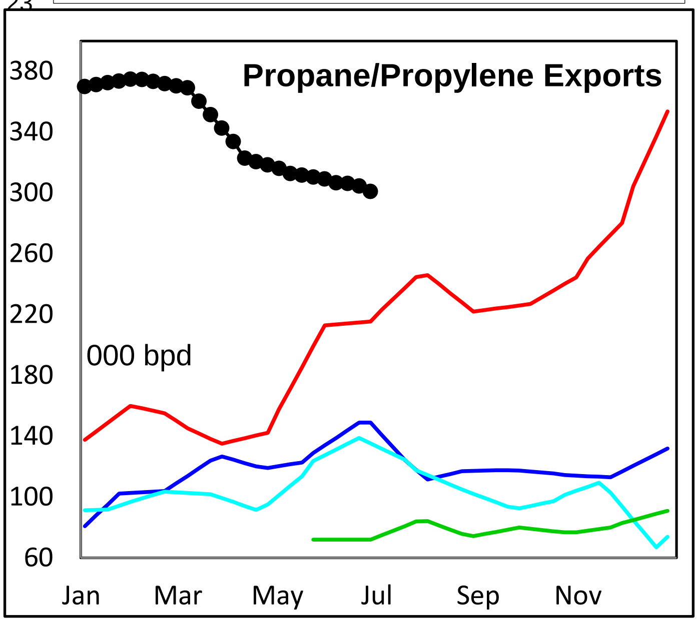


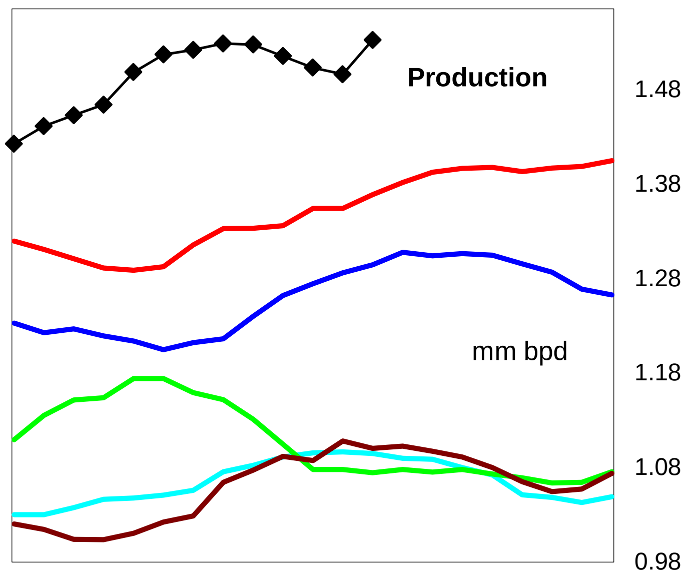


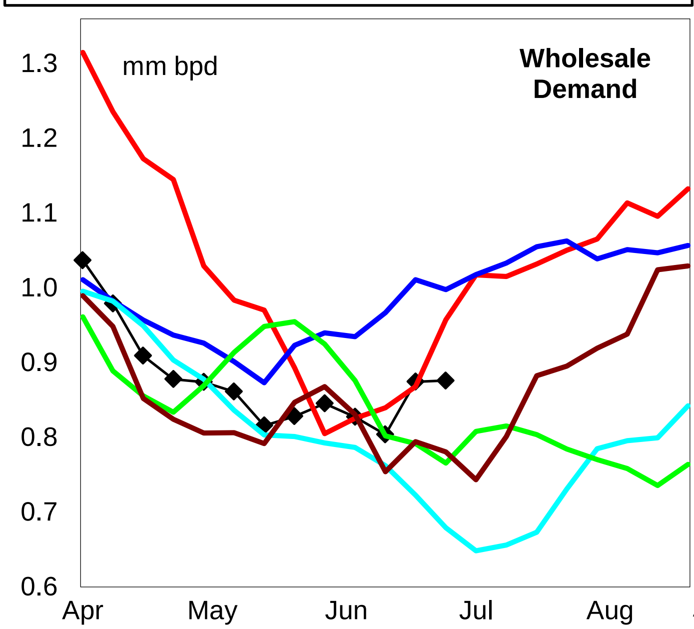
U. S. Propane Supply and Demand Balance

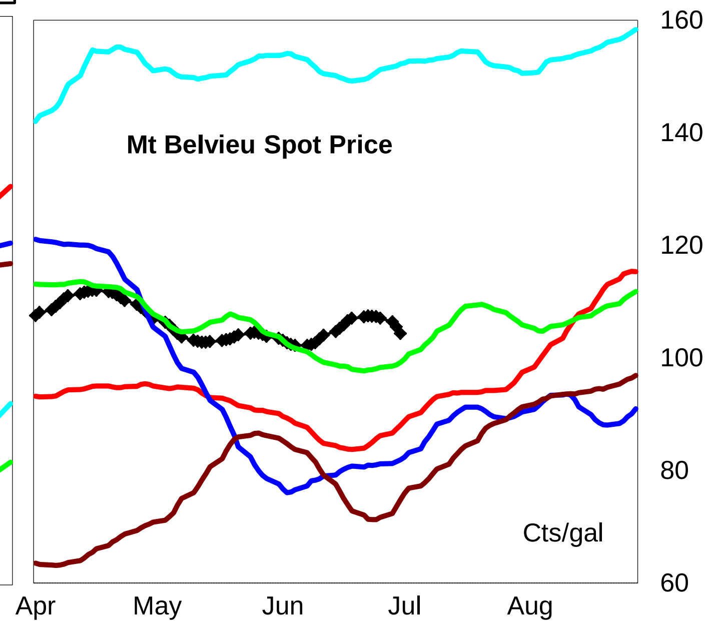












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	May	Apr	Mar
000 bpd (000 bls stks)	-113	13,193	147	-32		9	-28	-213	-328
% change	-0.2	76	10.9	-34.3		1.0	-3.0	-18.6	-23.8

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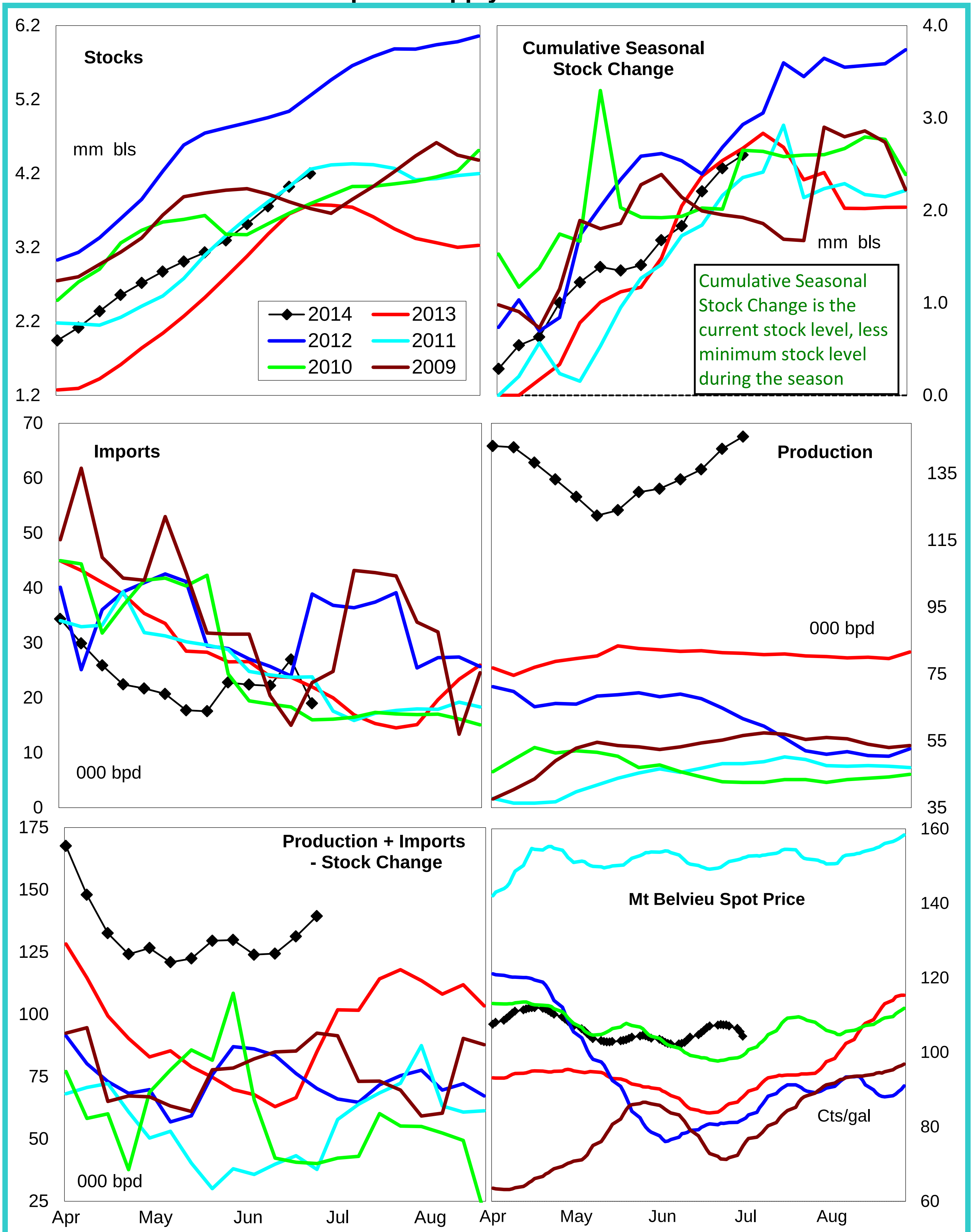
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	370	-72	57	1	59
% change	9.7	-2.7	69.6	3.3	83.8

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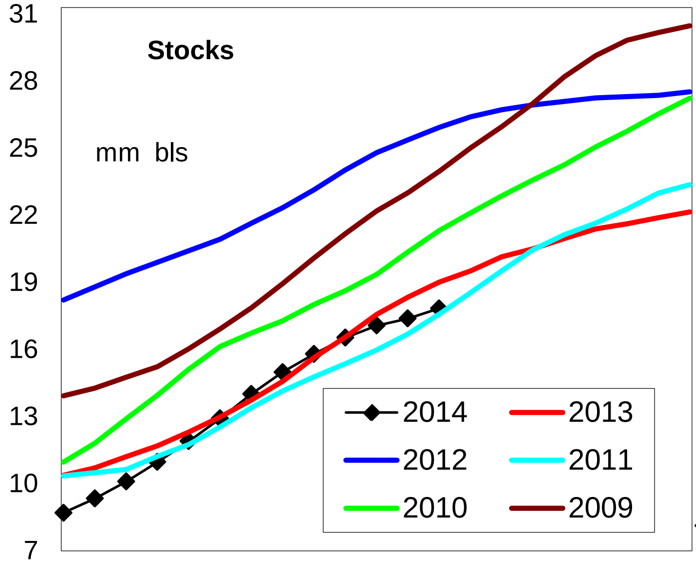
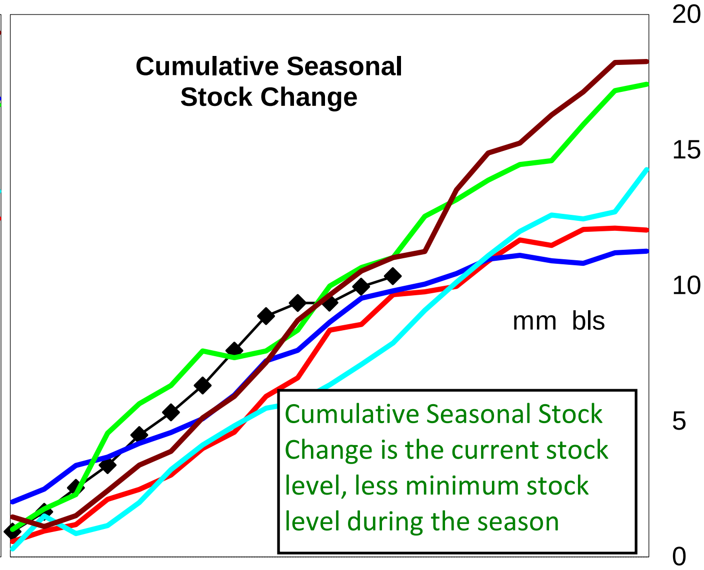
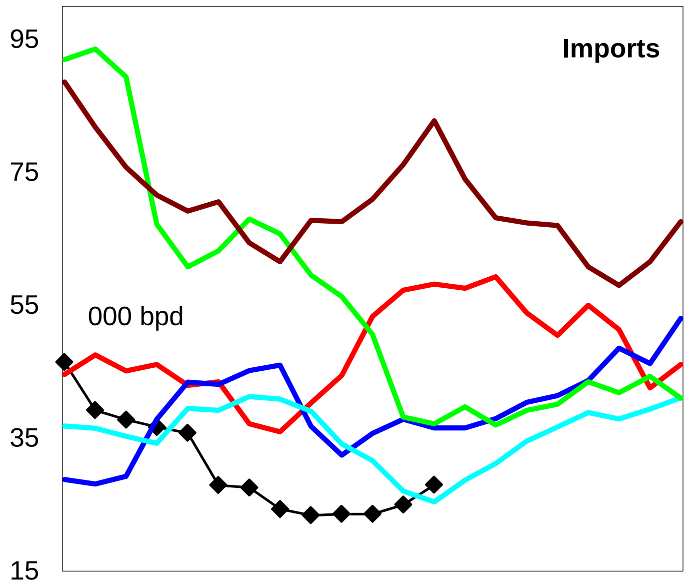
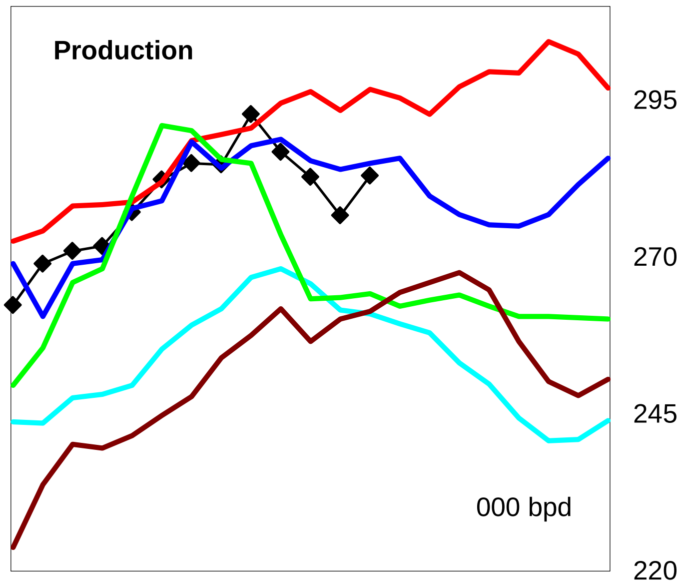
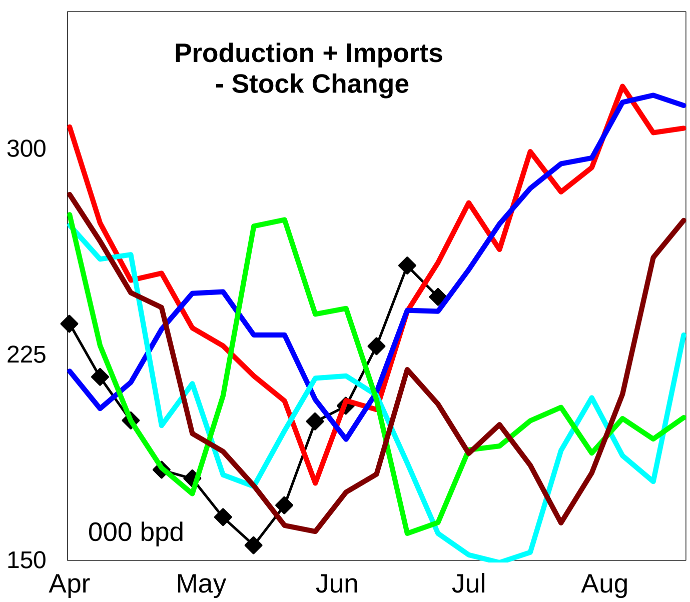
PADD 2 Propane Supply and Demand Balance

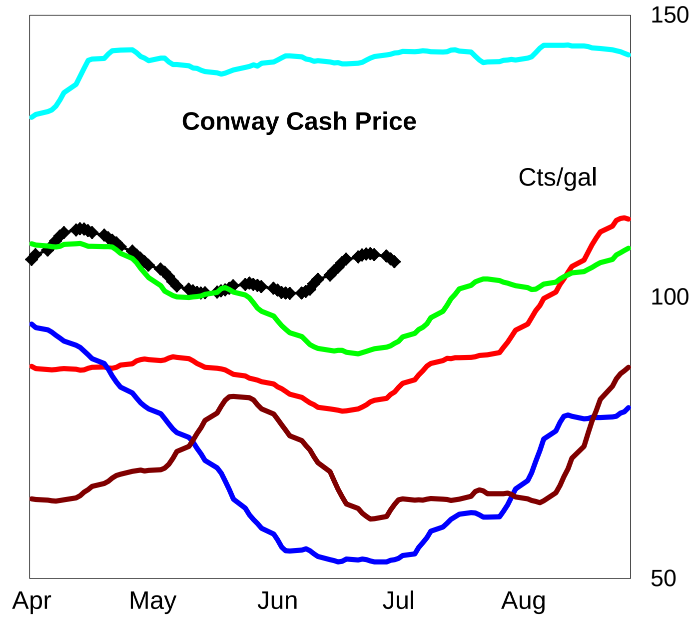






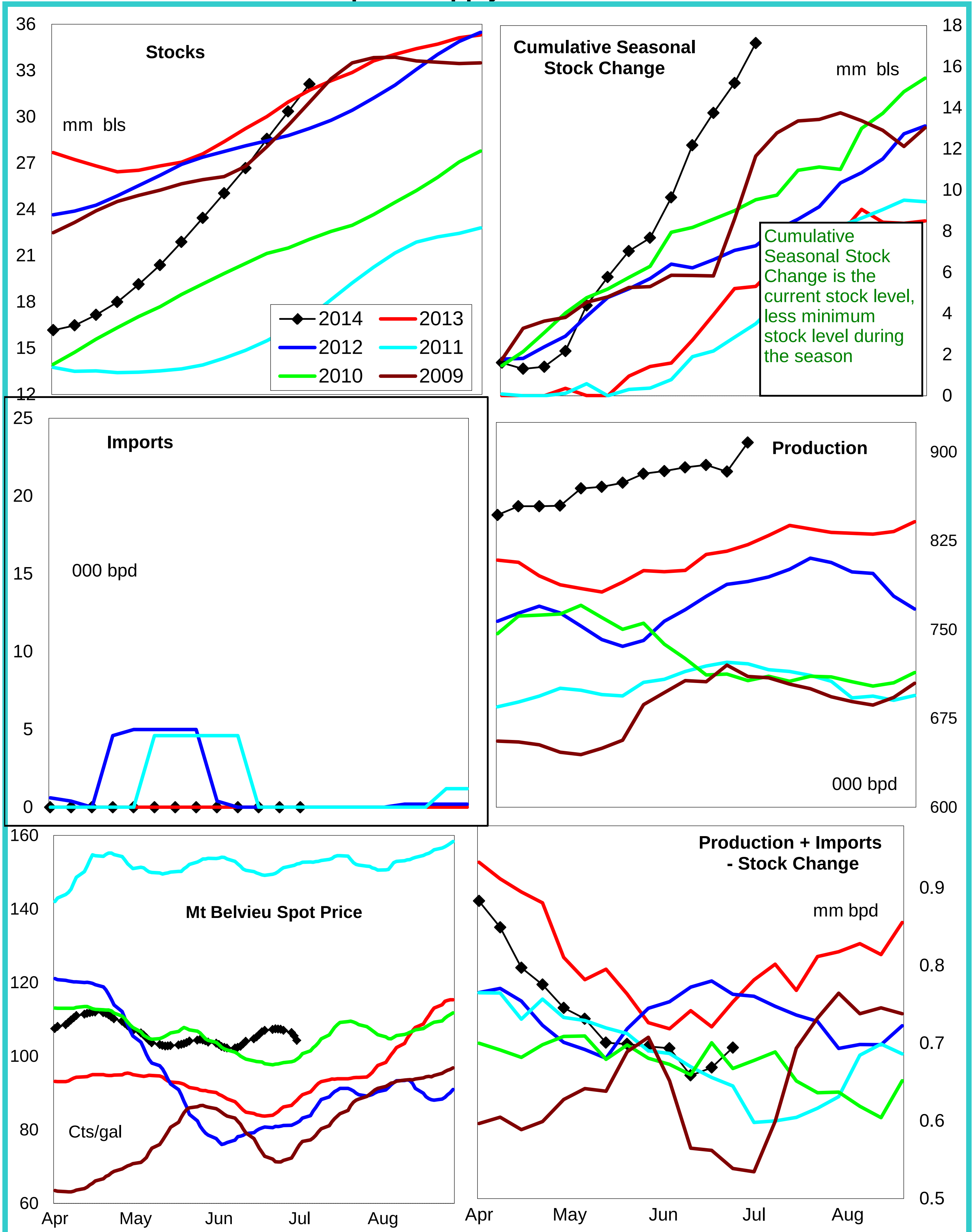






4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-1,572	678	-18	-34	6
% change	-8.2	7.0	-6.2	-58.9	2.8

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)	542	11,824	77	0	-55
% change	1.7	222	9.5	#DIV/0!	-7.9

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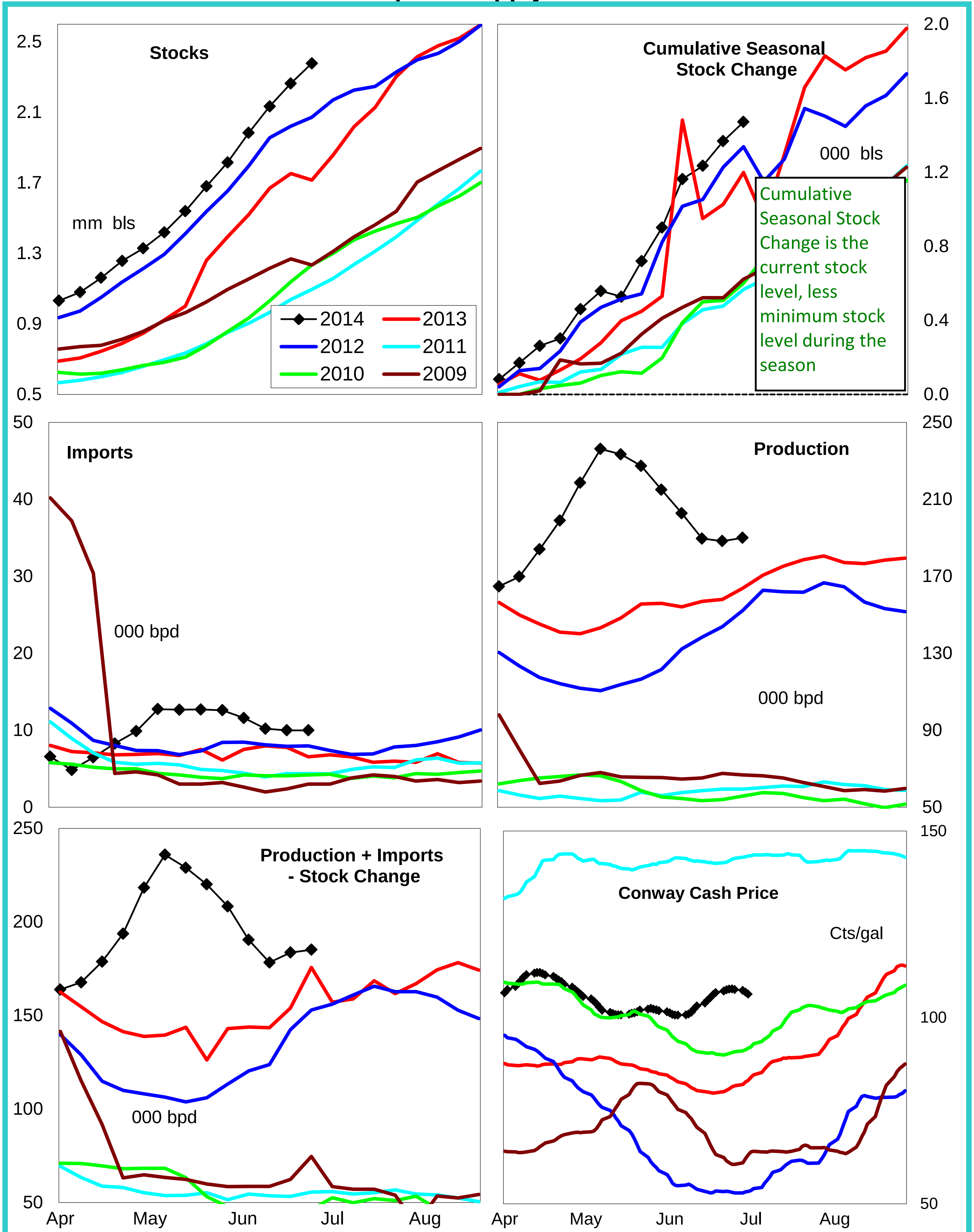
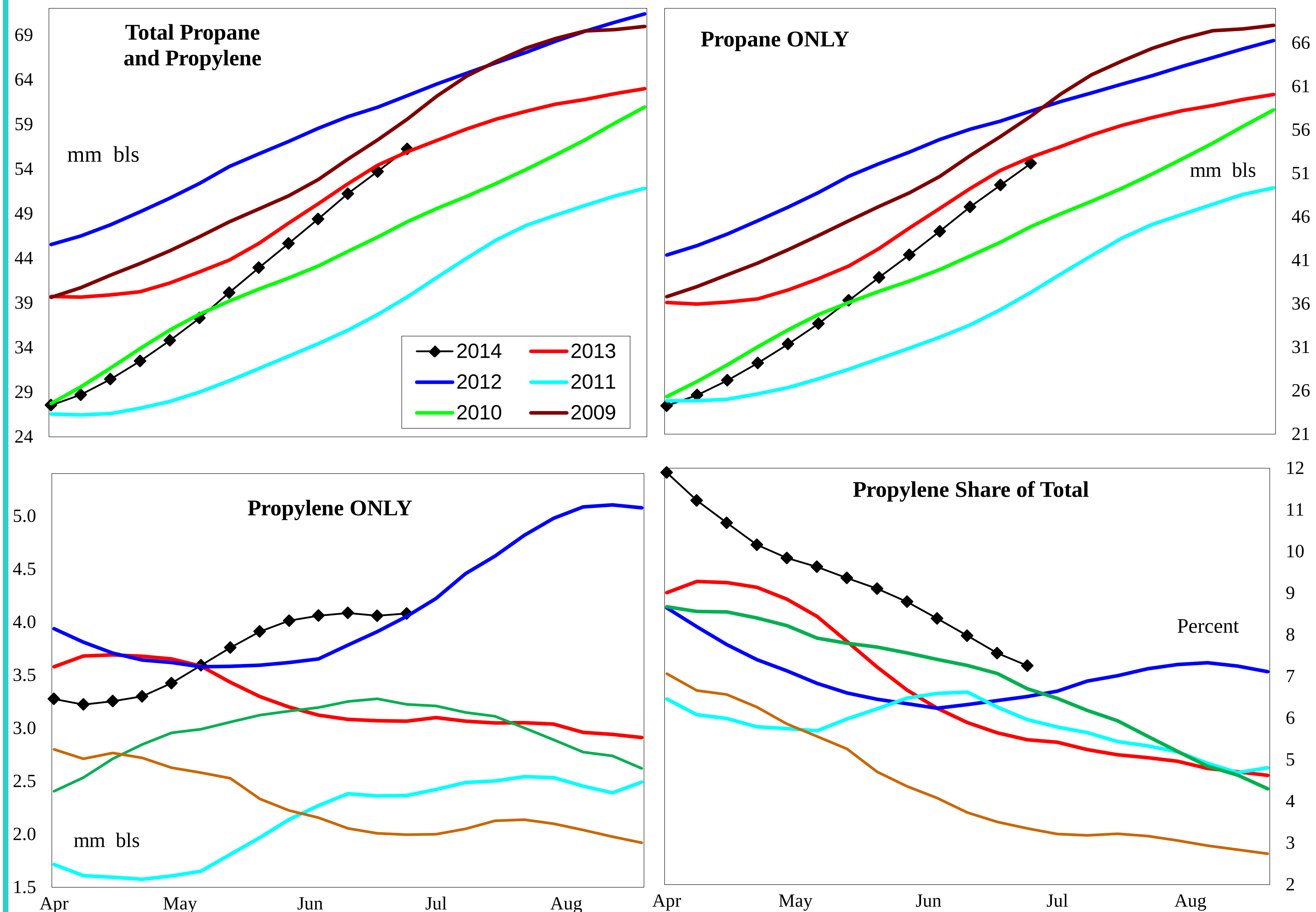
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	547	273	31	2	30
% change	29.9	22.8	19.7	23.6	19.5

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-113	-976	1,015
% change	-0.2	-1.8	33.1

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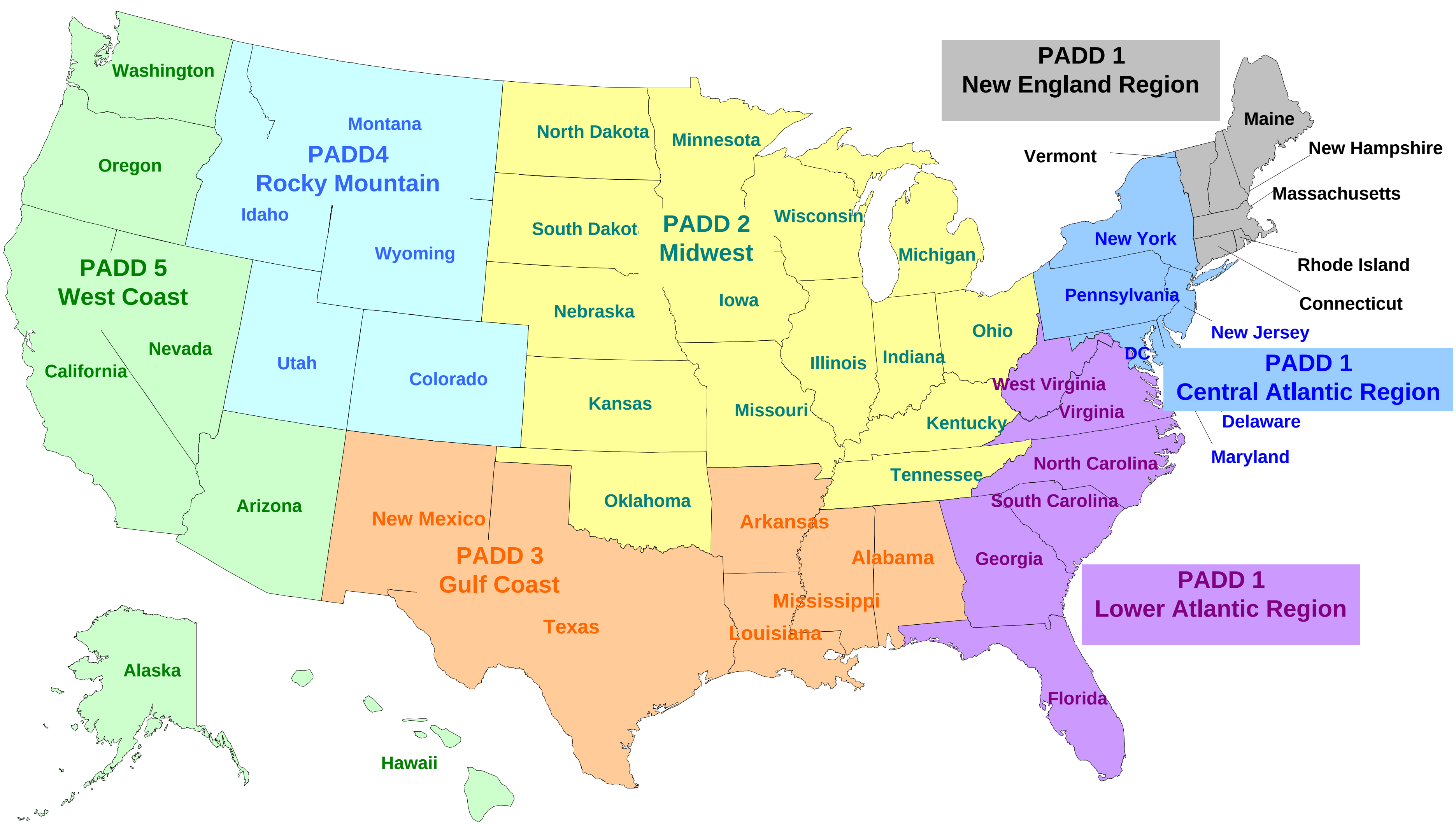
U. S. Petroleum Administrative for Defense Districts (PADDs)



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