FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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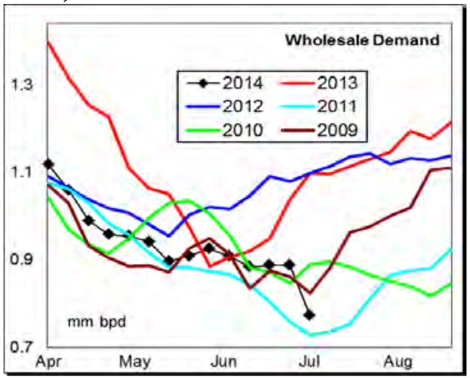
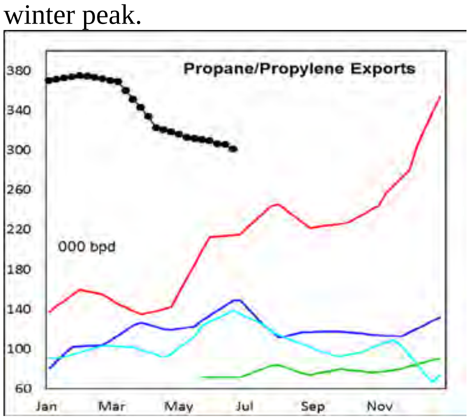
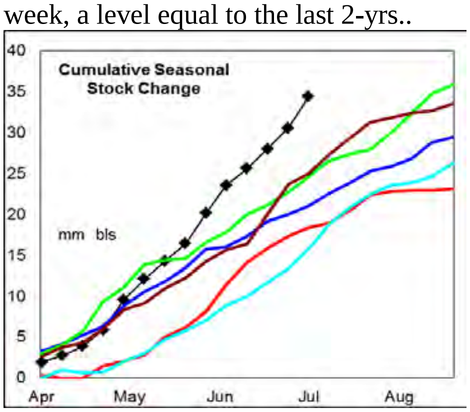
Summary[1]: Wholesale demand fell -183,000 bpd last week, with the level near historic lows.



Production decreased -29,000 bpd on the week, concentrated in the 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.

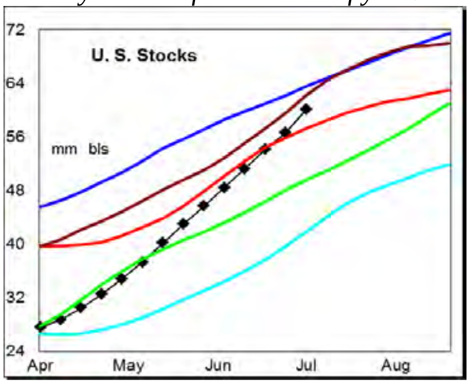


Imports increased +27,000 bpd last week, a level equal to the last 2-yrs..

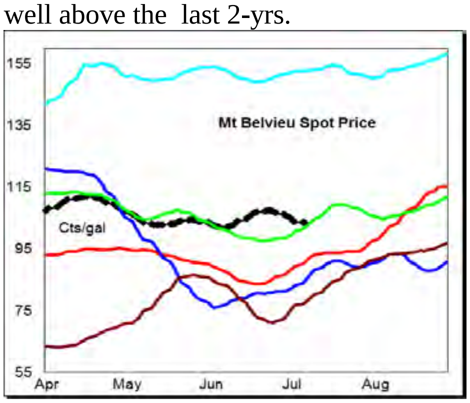


Combined production and imports during the latest 4-wk period were +117,000 bpd above a year ago. Production was +143,000 bpd above last year (+11%), while imports were -26,000 bpd lower. The latest 4-wk average demand was -83,000 bpd below last year.

Stocks increased +3.8 million barrels last week, to a level above last year. *The cumulative seasonal stock build of +34.4 million barrels, was a new 5-yr record for this time of year.*



Price and Spreads Mt Belvieu spot price declined -3 cpg for the week ending 08Jul14, while Conway decreased -2 cpg. Prices ended the week at a level well above the last 2-yrs.



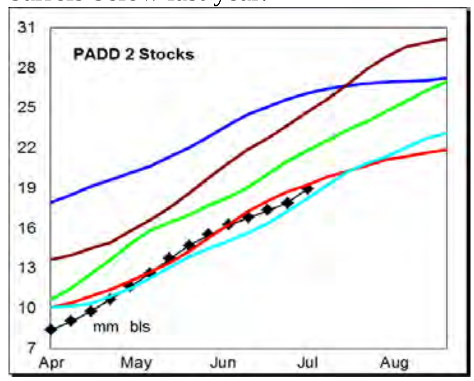
The Conway – Mt Belvieu price spread trended higher last week, to a record high for the period, in favor of Conway.

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

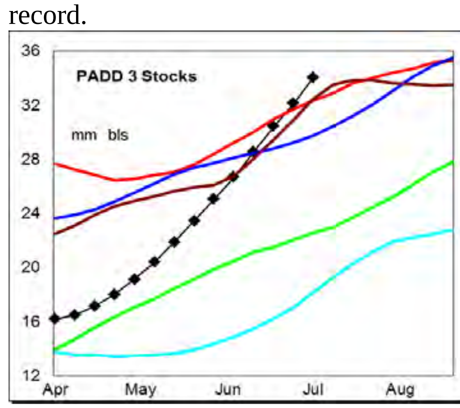
The propane / crude oil price spread trended lower last week ending at a level above the latest 2-yr average.

PADD 1 stocks increased +0.5 million barrels on the week, ending +0.7 million barrels above last year. Supply for the latest 4-wk period was +64,000 bpd above last year; driven by a +78% increase in production over a year ago.

PADD 2 stocks increased +1.4 million barrels on the week. The latest 4-wk supply was -38,000 bpd below a year ago, driven by very low imports. Stock levels ended the week -0.3 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 +59,000 bpd above a year ago. The cumulative seasonal stock build of +19 million barrels is a summer quarter record.



PADDs 4 & 5 stocks were unchanged on the week. Supplies were up +32,000 bpd on higher production.

Emerging Trends A +3.8 million stock build last week was driven by a +58,000 bpd rise in Midwest supplies and lower wholesale demand.

The cumulative stock build of +19 million barrels in the Gulf region is a record for the entire season, pointing to a risk that storage capacity may constrain output before start of the fall heating season. The Conway – Mt Belvieu spread continues to make new highs on over supply in the Gulf.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

July 9, 2014

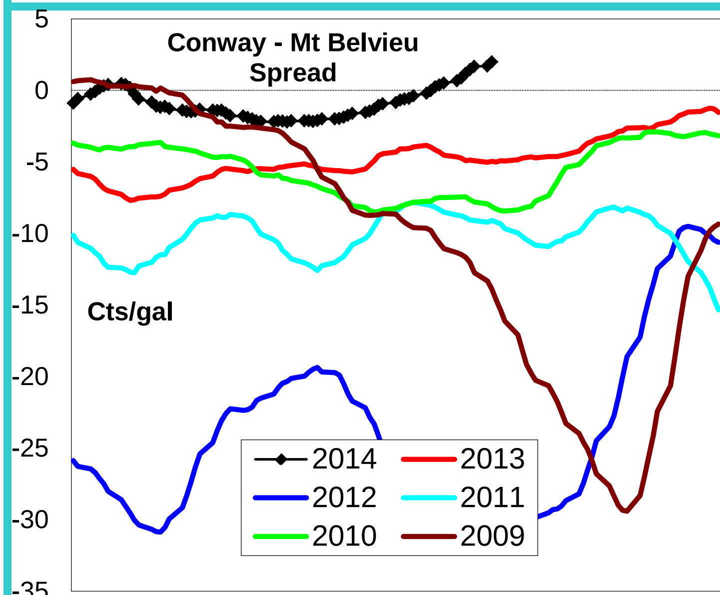
Fundamental Trends for the Week Ending: Friday, July 04, 2014

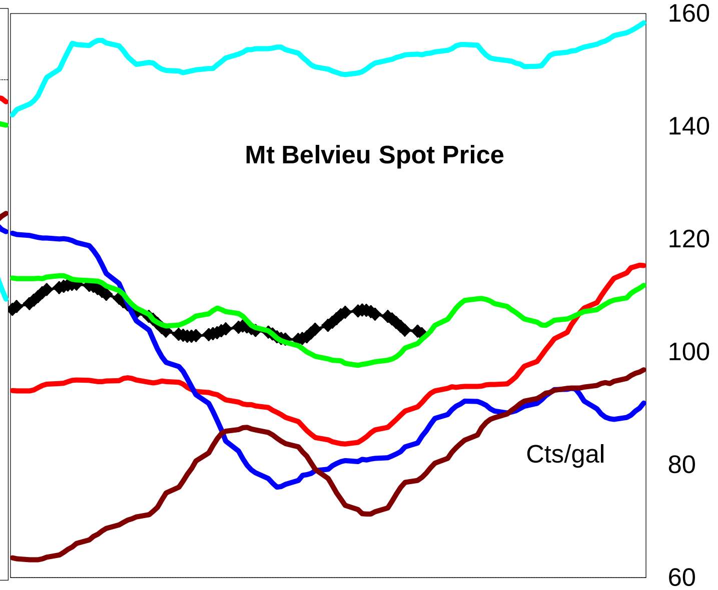
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	60,073	4,710	18,947	34,017	2,399	3,833	510	1,403	1,899	21
Propylene Stocks	4,183					102				
Production	1,498	150	316	856	176	-29	4	33	-52	-14
Imports	84	17	53	0	14	27	-2	25	0	4
Whsle Demand	733					-183				

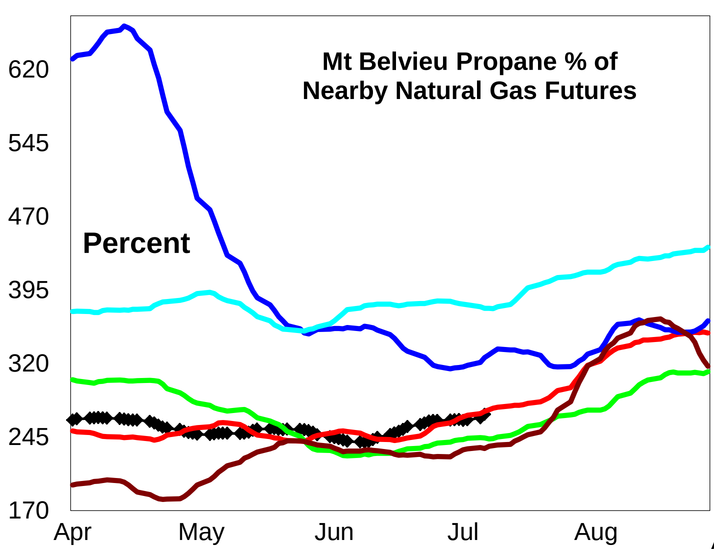
Price Trends for the Week Ending: Tuesday, July 08, 2014

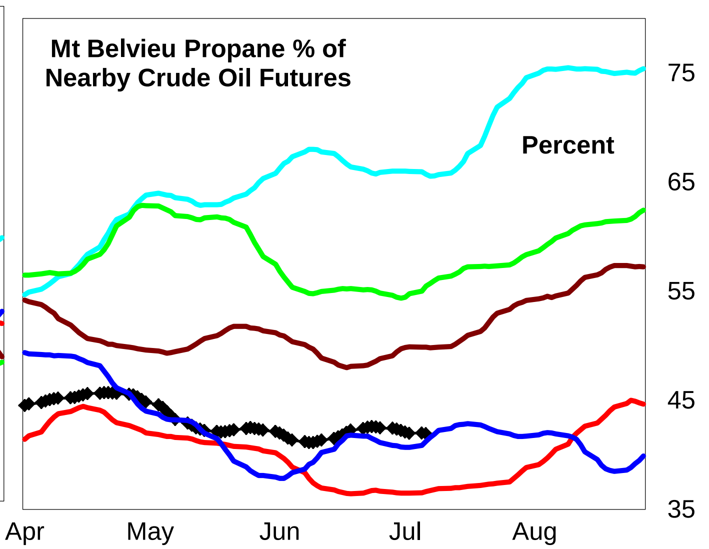
Cents/gal	Average for week ending:				Change from:			% change from:		
	7/8/14	7/1/14	6/10/14	7/11/13	7/1/14	6/10/14	7/11/13	7/1/14	6/10/14	7/11/13
Mont Belvieu Spot	103.9	107.3	101.4	89.6	-3.44	5.92	11.73	-3.2	5.8	13.1
Conway Spot	105.5	107.5	99.6	84.3	-2.00	7.95	15.28	-1.9	8.0	18.1

Key Price Spreads and Differentials

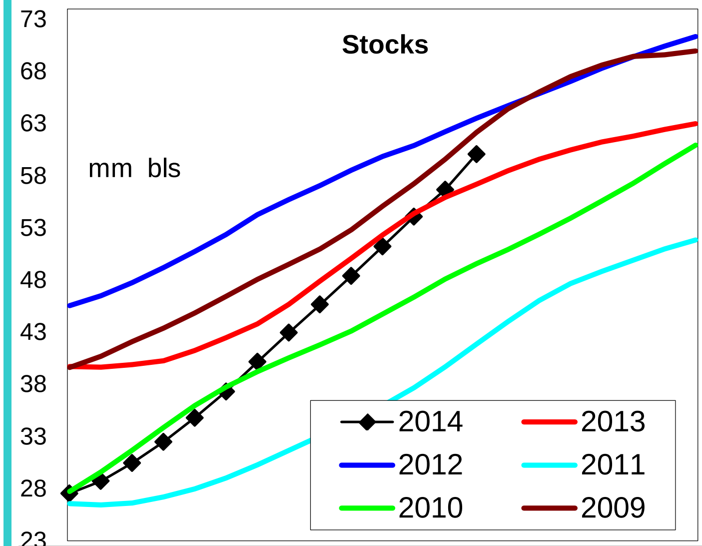


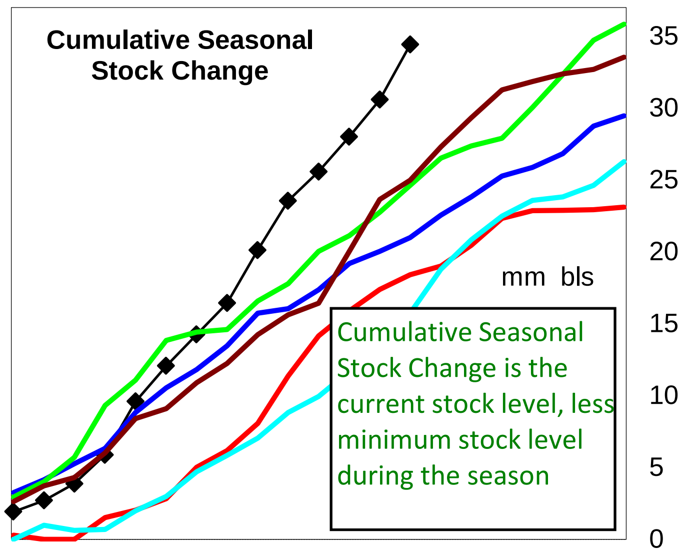


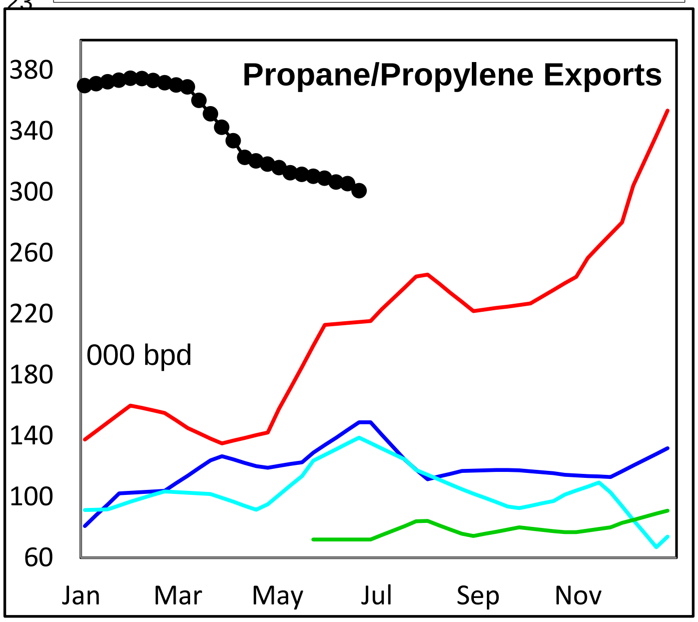


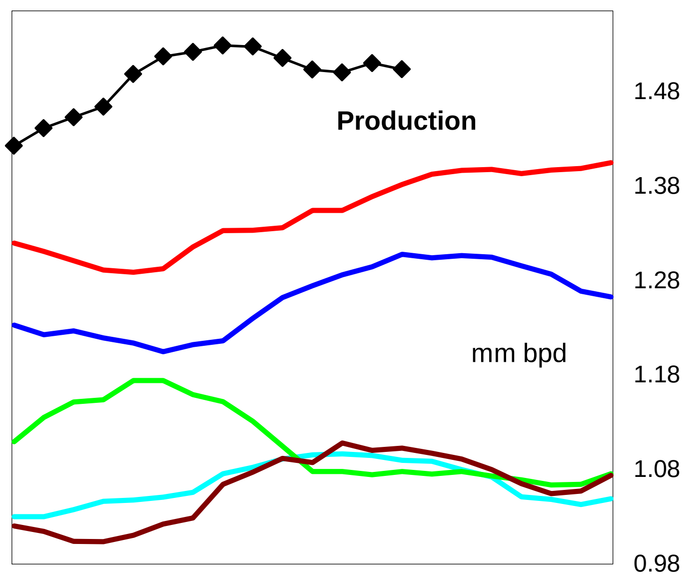


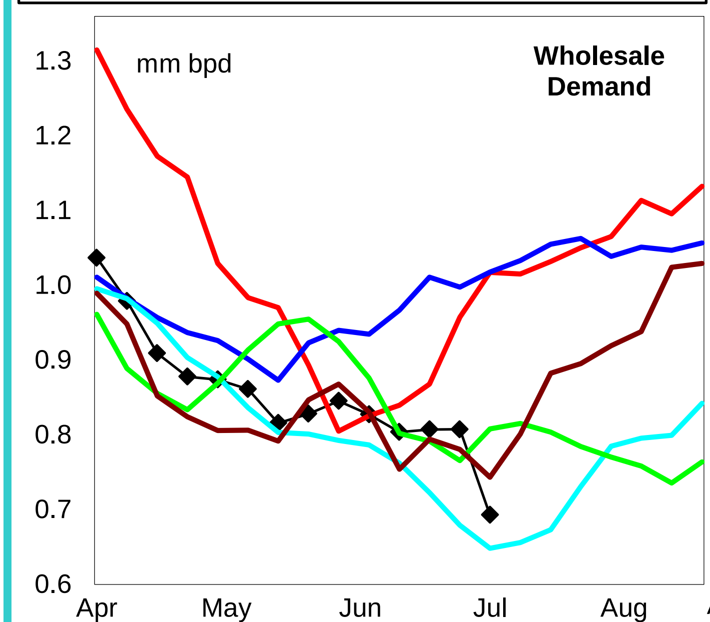
U. S. Propane Supply and Demand Balance

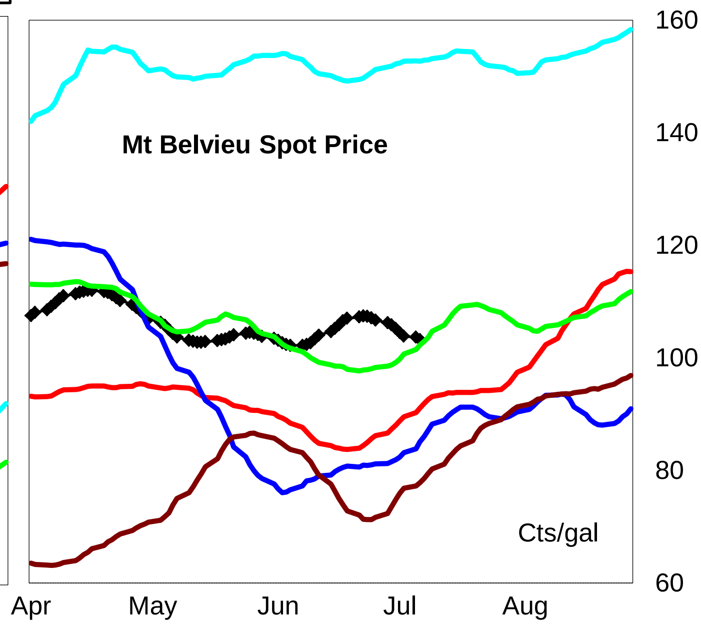












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	May	Apr	Mar
000 bpd (000 bls stks)	2,699	16,005	143	-26		-83	-28	-213	-328
% change	4.7	87	10.6	-27.8		-8.7	-3.0	-18.6	-23.8

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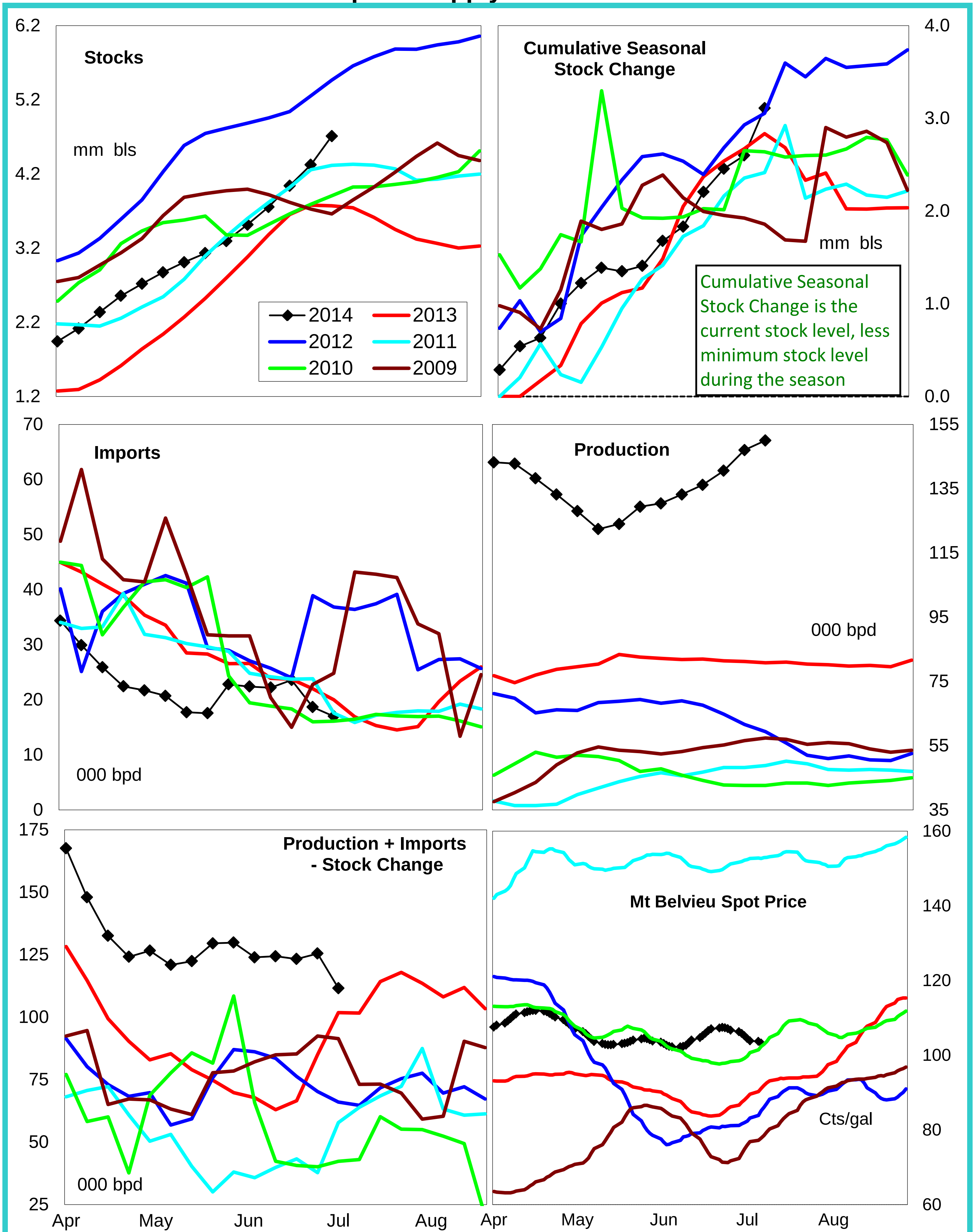
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	716	274	63	1	42
% change	17.9	9.7	78.1	5.2	53.2

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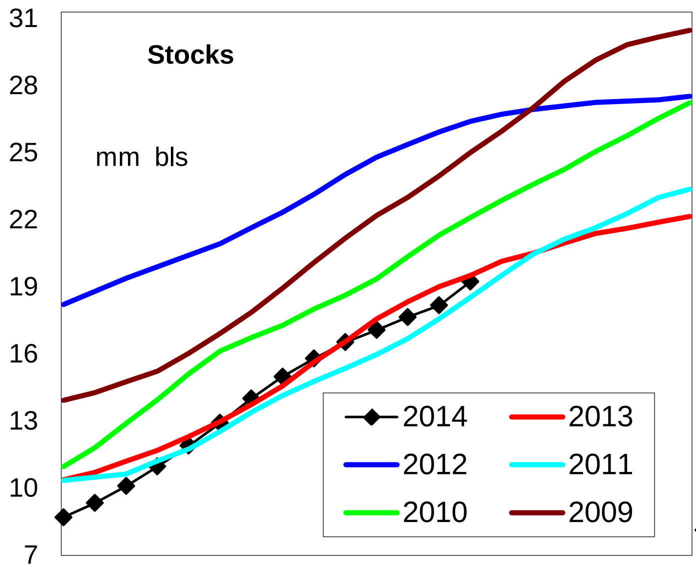
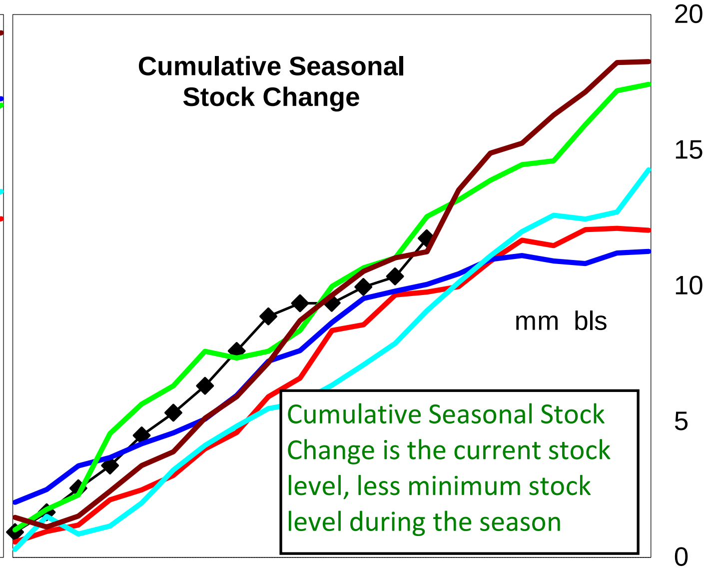
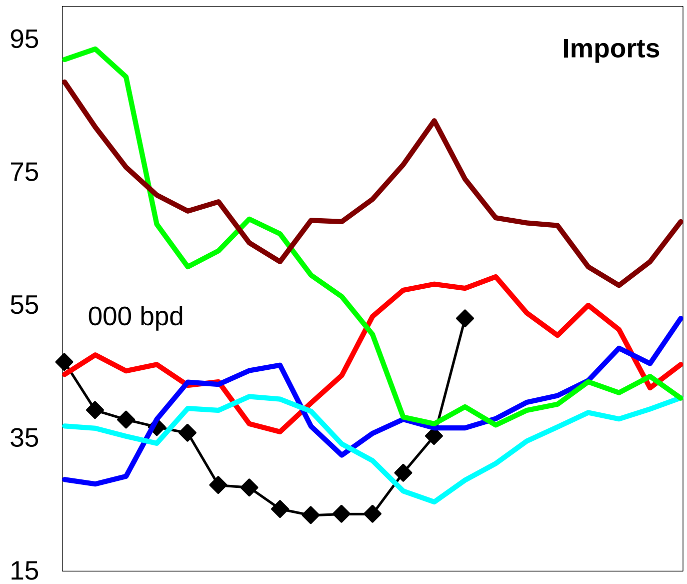
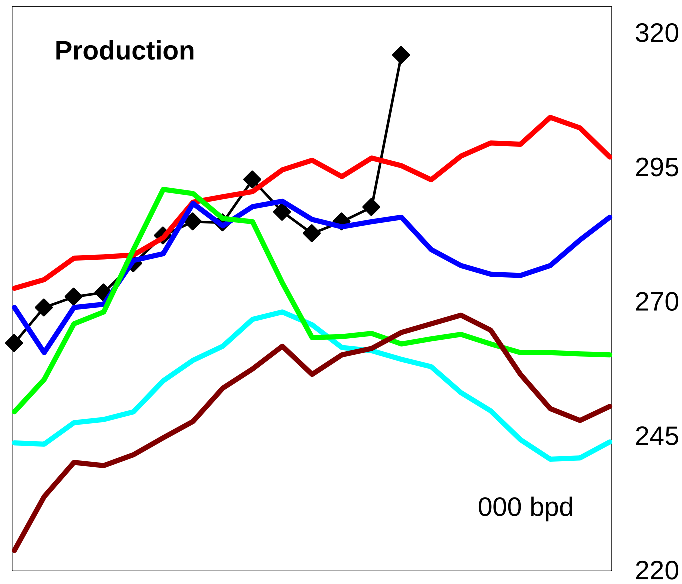
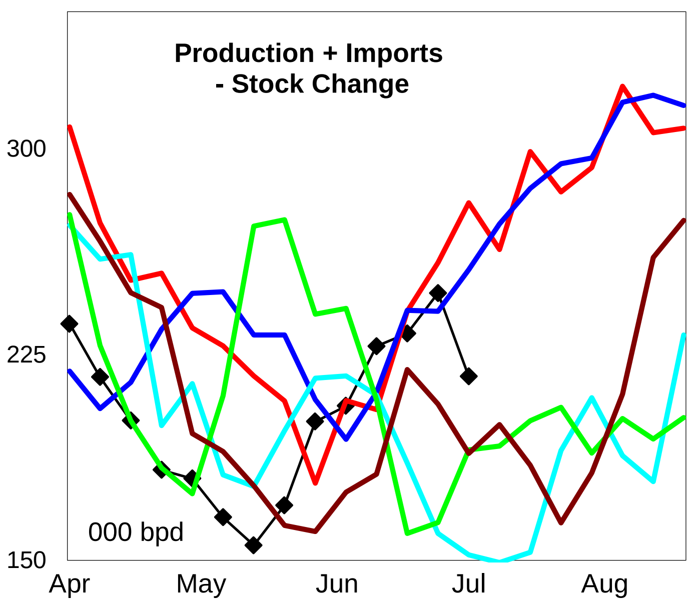
PADD 2 Propane Supply and Demand Balance

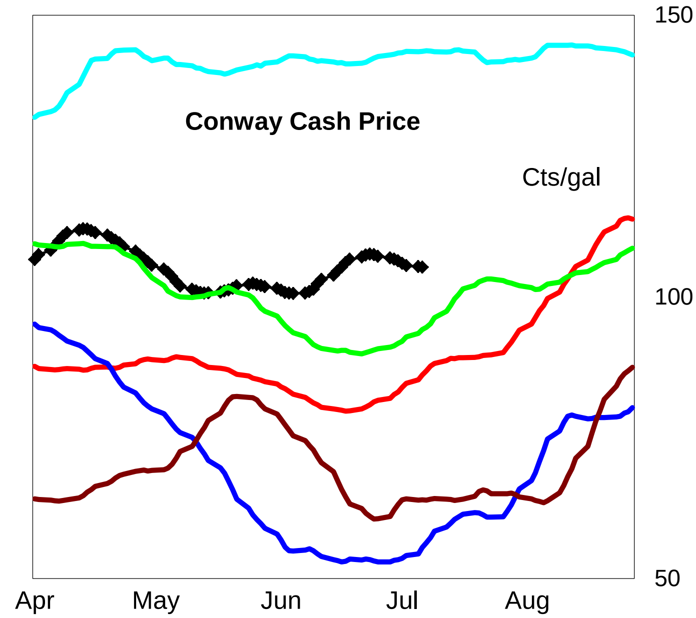






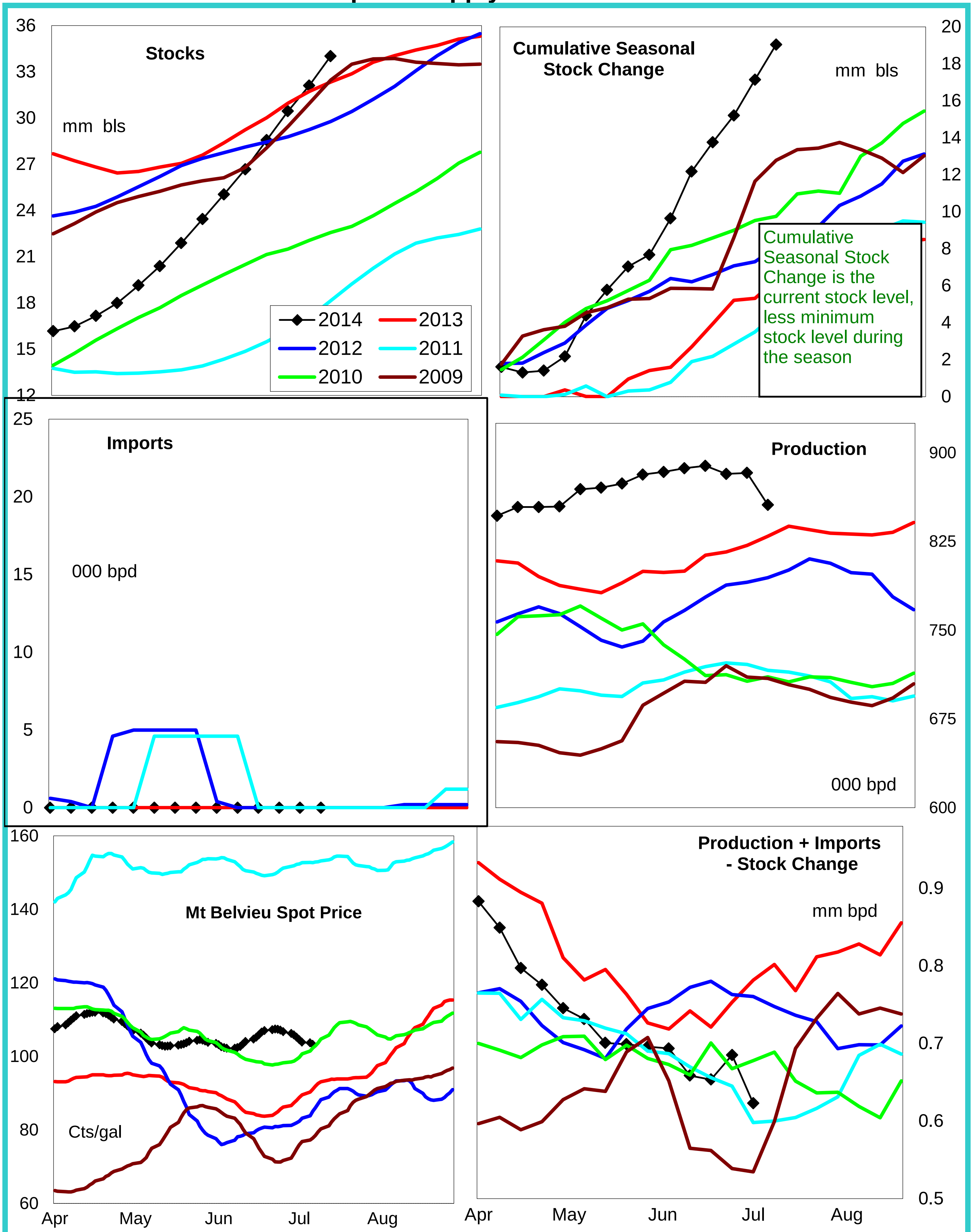






4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-272	1,978	-7	-31	-15
% change	-1.4	20.2	-2.5	-49.6	-6.0

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)	1,434	12,716	59	0	-94
% change	4.4	201	7.2	#DIV/0!	-13.3

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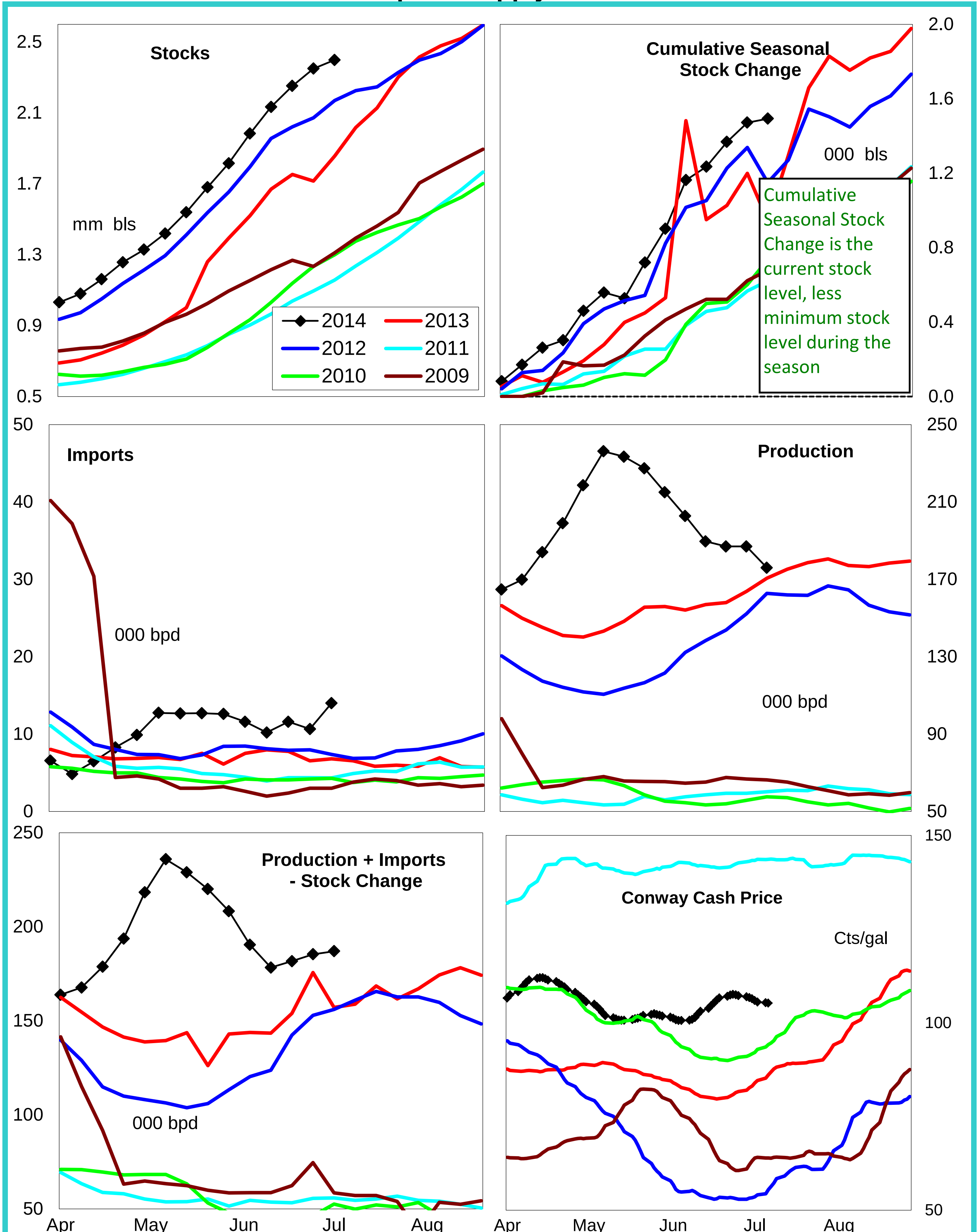
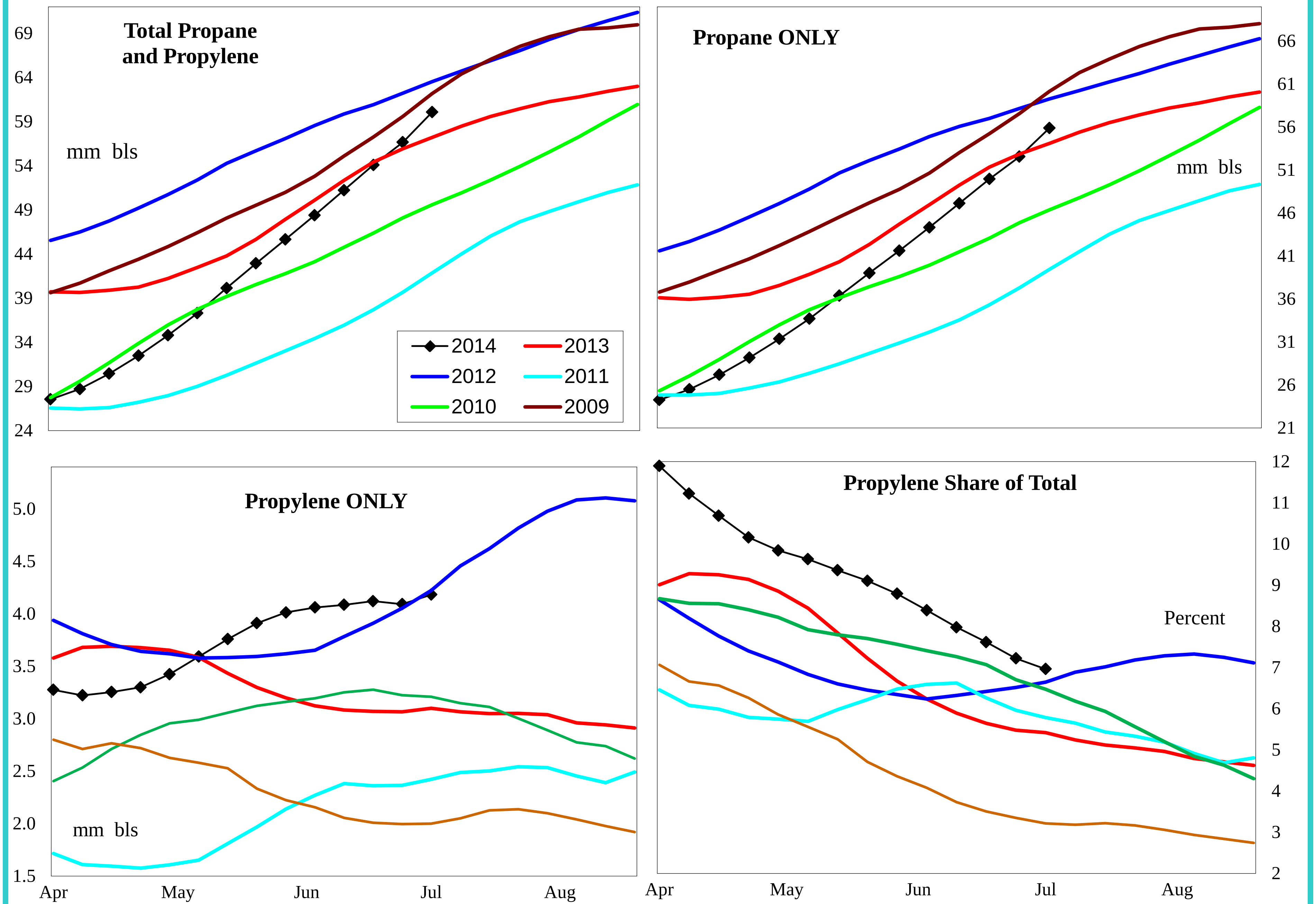
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	821	547	28	4	26
% change	52.0	57.8	18.0	63.0	16.2

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**2,699**	**1,544**	**1,084**
% change	**4.7**	**2.8**	**35.0**

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