FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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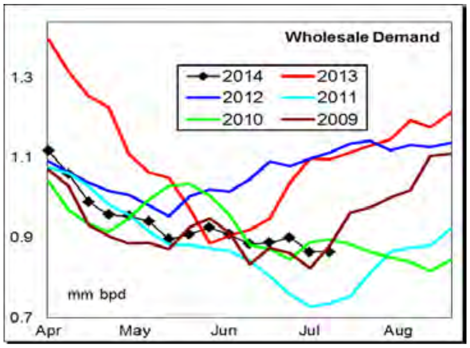
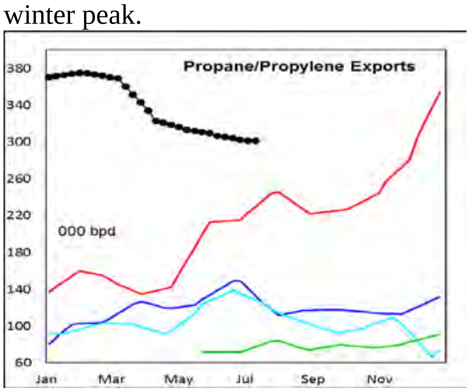
Summary[1]: ? **Table of Contents**

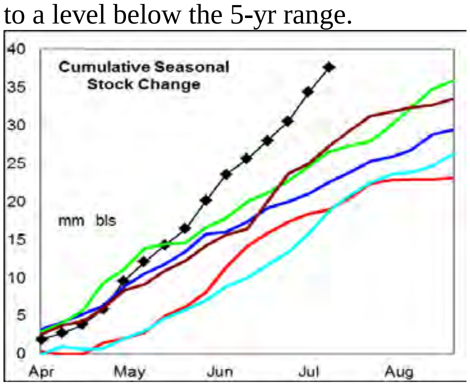
Wholesale demand increased +91,000 bpd last week, with the level near historic lows.



Production increased +37,000 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.

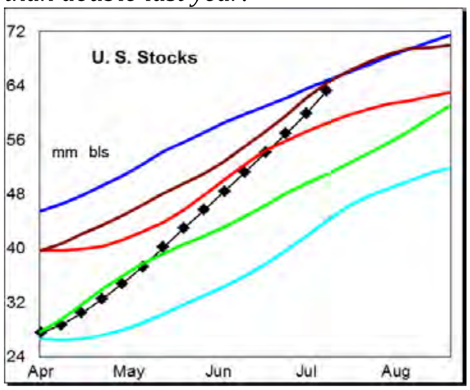


Imports declined -35,000 bpd last week, to a level below the 5-yr range.

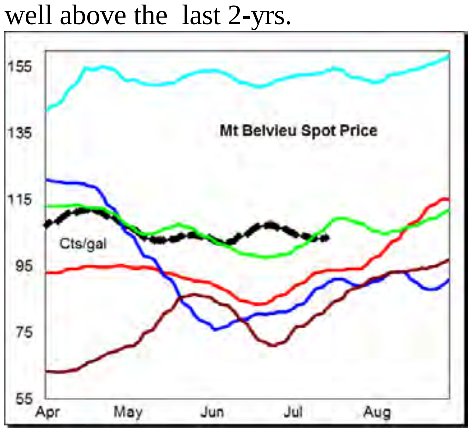


Combined production and imports during the latest 4-wk period were +112,000 bpd above a year ago. Production was +139,000 bpd above last year (+10%), while imports were -27,000 bpd lower. The latest 4-wk average demand was -229,000 bpd below last year.

Stocks increased +3.2 million barrels last week, to a level near 5-yr highs. *The cumulative seasonal stock build of +37.6 million barrels was more than double last year.*



Price and Spreads Mt Belvieu spot price was unchanged last week ending 15Jul14, while Conway increased +1 cpg. Prices ended the week at a level well above the last 2-yrs.



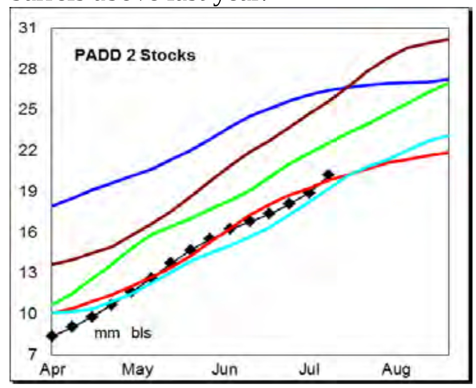
The Conway – Mt Belvieu price spread trended higher last week, to a record high for the period, in favor of Conway.

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

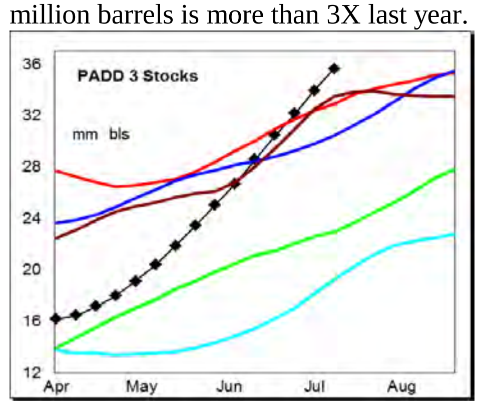
The propane / crude oil price spread trended higher last week ending at a level above the last 2-yrs.

PADD 1 stocks increased +0.2 million barrels on the week, ending +1.1 million barrels above last year. Supply for the latest 4-wk period was +65,000 bpd above last year; driven by an + 83% increase in production over a year ago.

PADD 2 stocks increased +1.2 million barrels on the week. The latest 4-wk supply was -32,000 bpd below a year ago, driven by very low imports. Stock levels ended the week +0.8 million barrels above last year.



PAD 3 stocks increased +1.6 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 +21 million barrels is more than 3X last year.



PADDs 4 & 5 stocks increased +0.1 million barrels last week. Supplies were up +22,000 bpd on higher production.

Emerging Trends A +3.2 million stock build last week was driven by sharply lower wholesale demand compared to a year ago and increased production. The cumulative stock build of +21 million barrels in the Gulf region is a record for the entire season, and 3X last year. The risk continues that Gulf 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 16, 2014

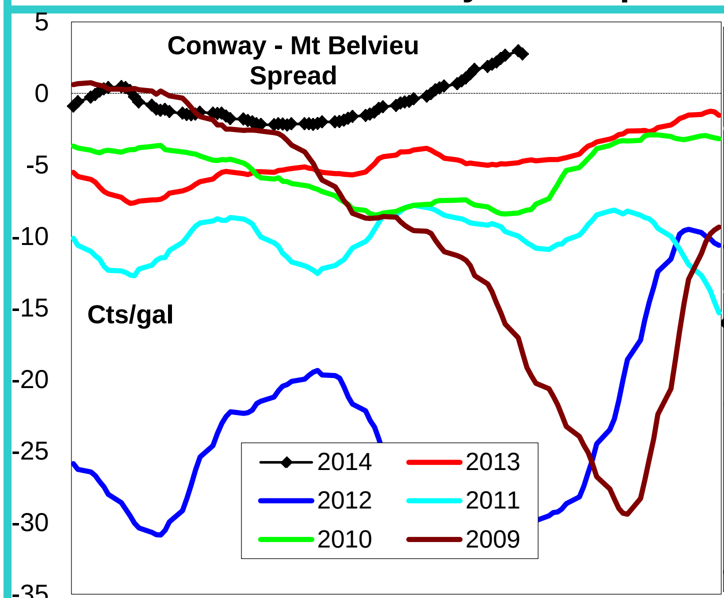
Fundamental Trends for the Week Ending: Friday, July 11, 2014

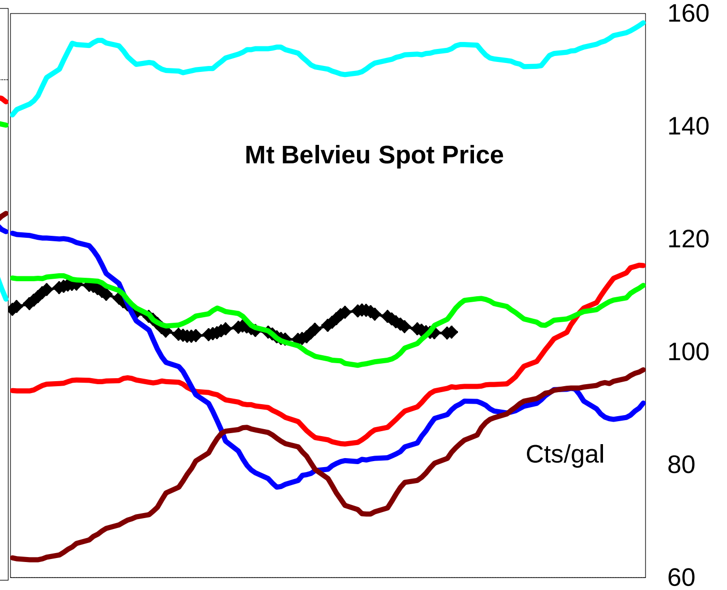
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	63,288	4,957	20,189	35,629	2,513	3,215	247	1,242	1,612	114
Propylene Stocks	4,070					-113				
Production	1,535	151	308	901	175	37	1	-8	45	-1
Imports	49	19	20	0	10	-35	2	-33	0	-4
Whsle Demand	824					91				

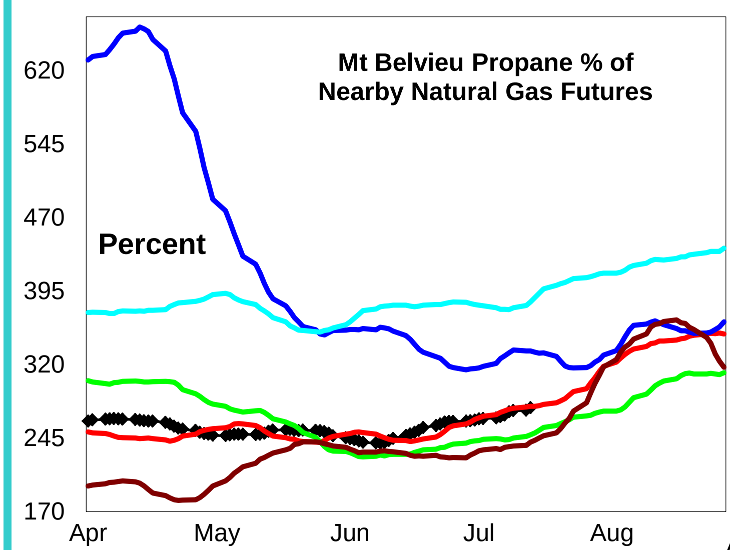
Price Trends for the Week Ending: Tuesday, July 15, 2014

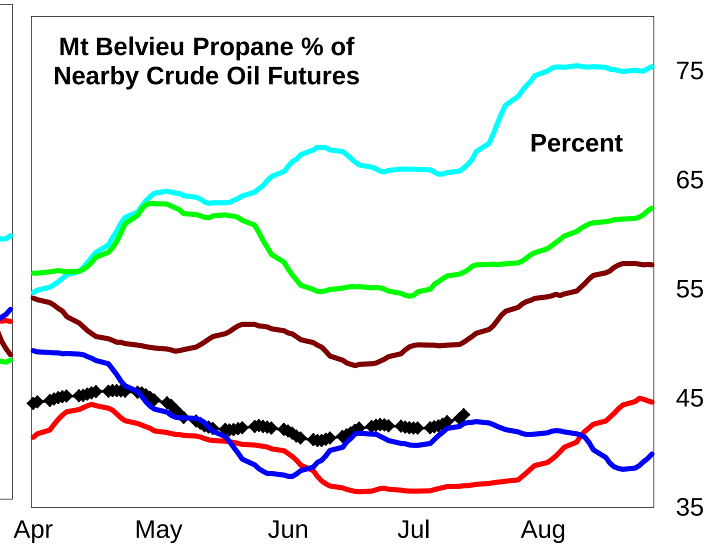
Cents/gal	Average for week ending:				Change from:			% change from:		
	7/15/14	7/8/14	6/17/14	7/18/13	7/8/14	6/17/14	7/18/13	7/8/14	6/17/14	7/18/13
Mont Belvieu Spot	103.4	103.9	103.1	93.2	-0.45	0.71	9.97	-0.4	0.7	10.7
Conway Spot	106.1	105.5	102.1	88.6	0.53	3.43	13.55	0.5	3.4	15.3

Key Price Spreads and Differentials









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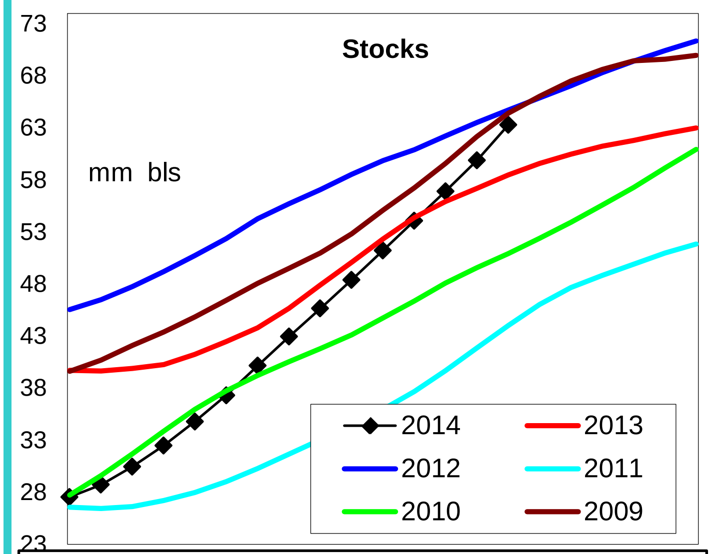
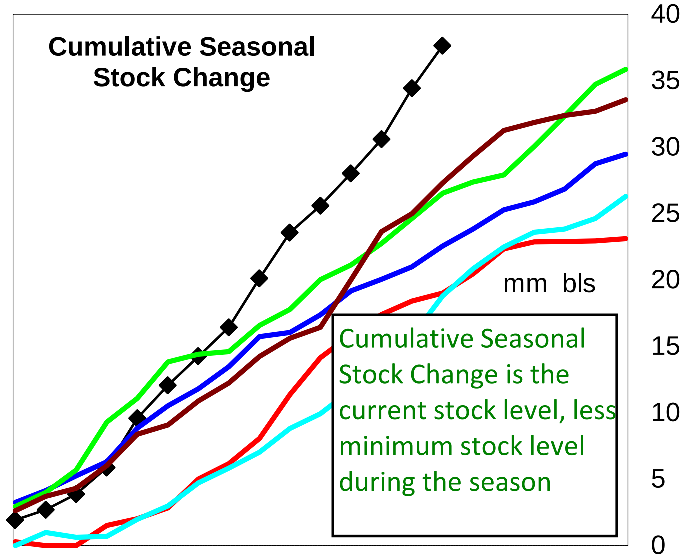
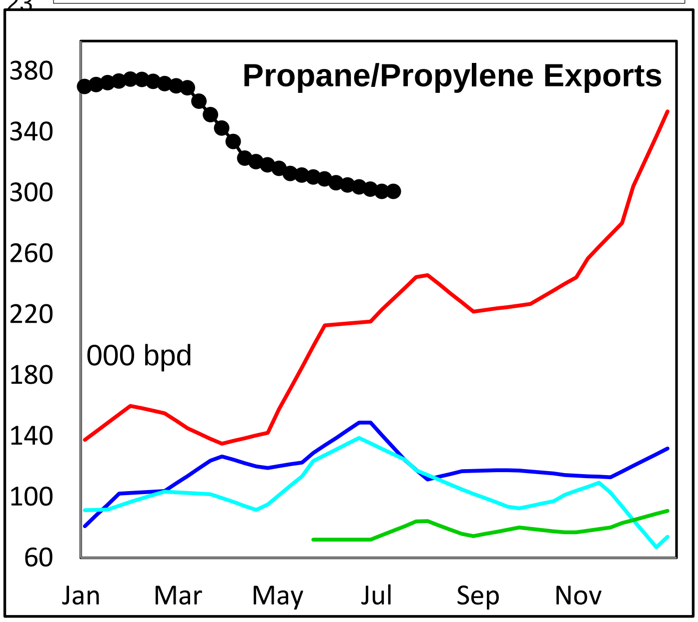
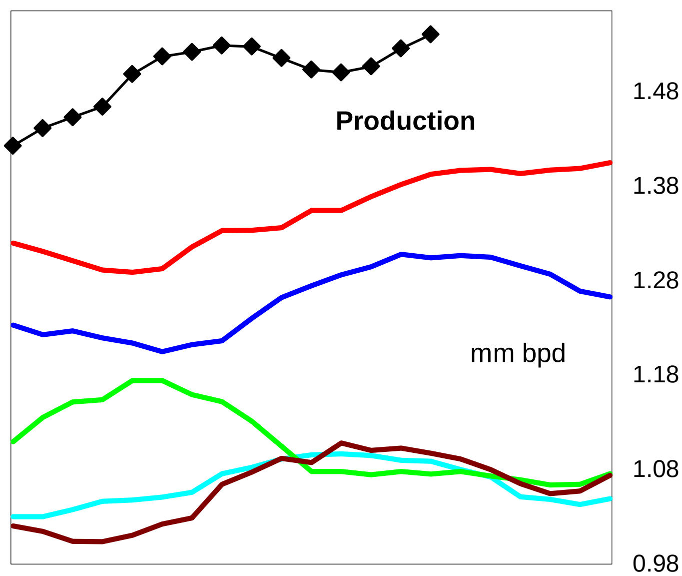
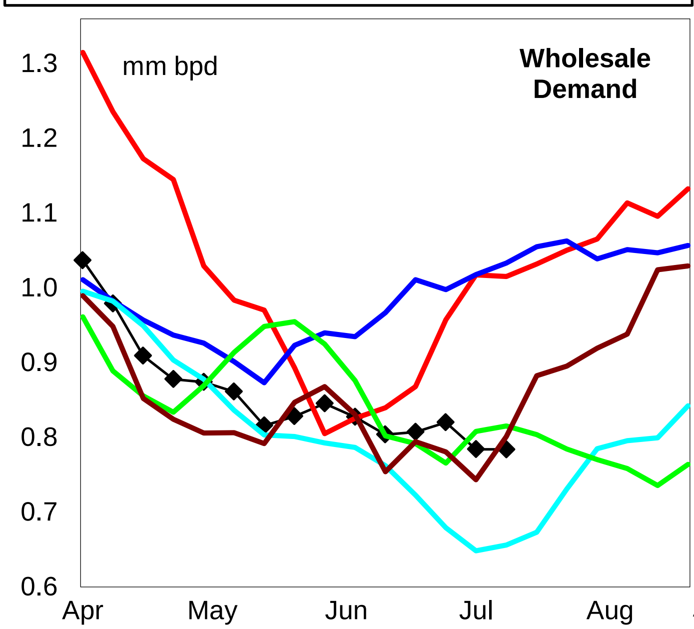
U. S. Propane Supply and Demand Balance

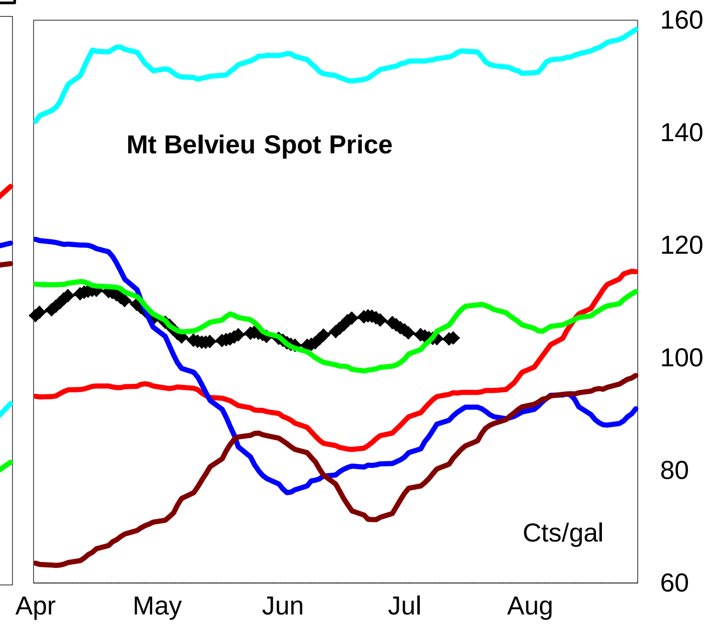












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jun	May	Apr
000 bpd (000 bls stks)	5,322	18,628	139	-27		-229	-246	-208	-165
% change	9.2	98	10.1	-30.4		-21.4	-25.1	-22.5	-14.4

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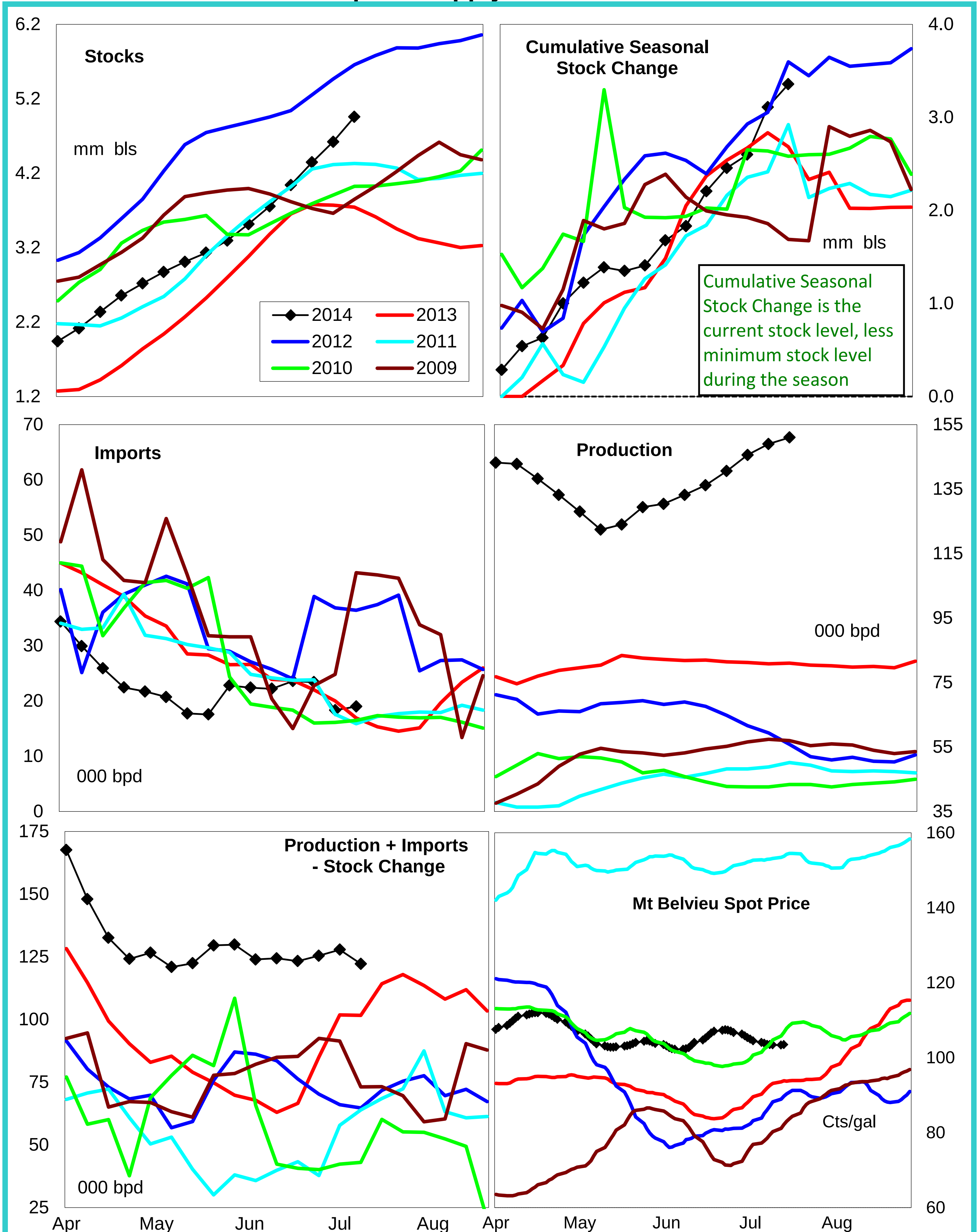
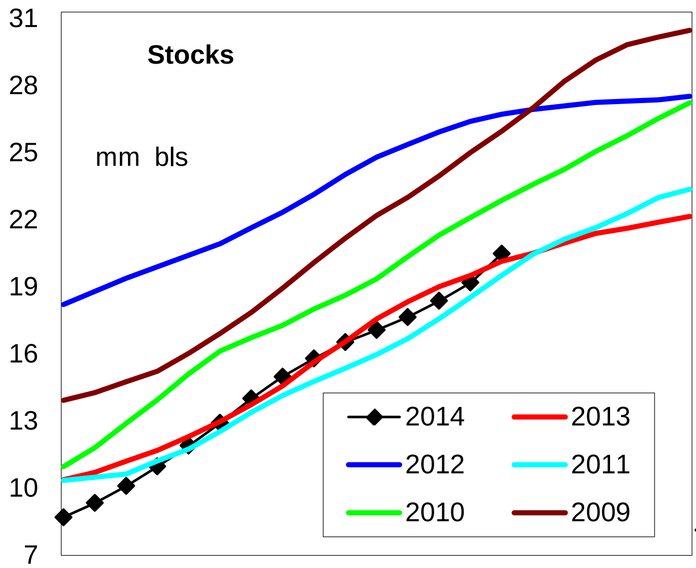
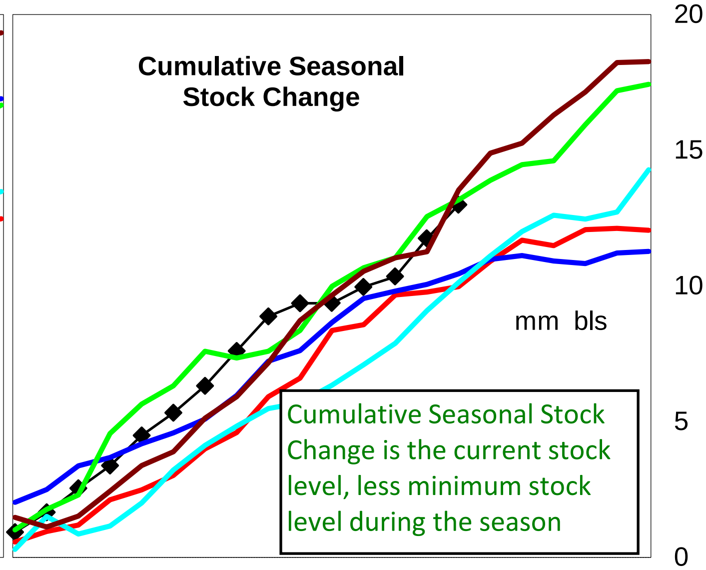
PADD 1 Propane Supply and Demand Balance

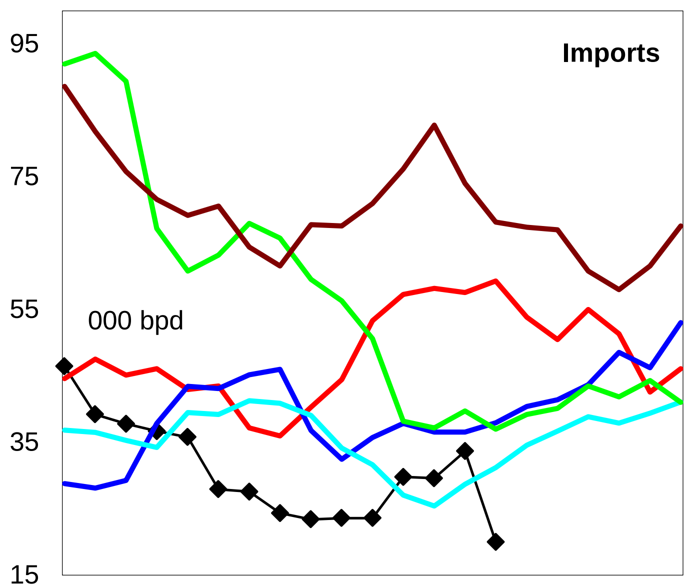


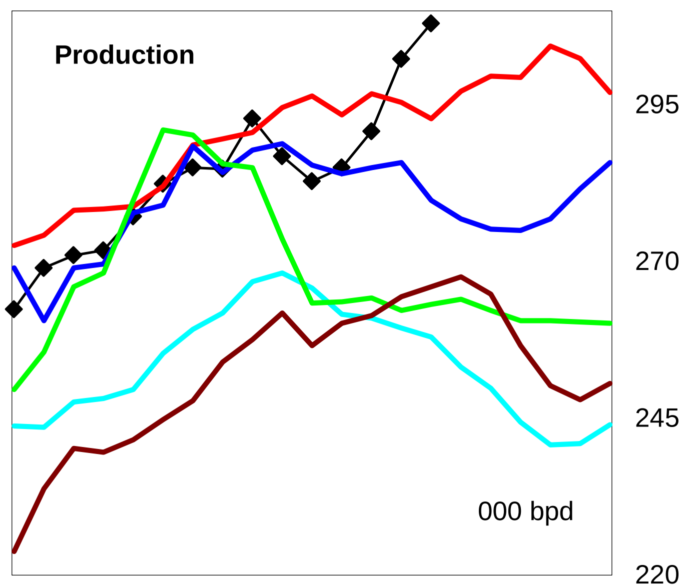
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,114	672	67	-2	36
% change	29.0	25.0	82.7	-11.7	40.4

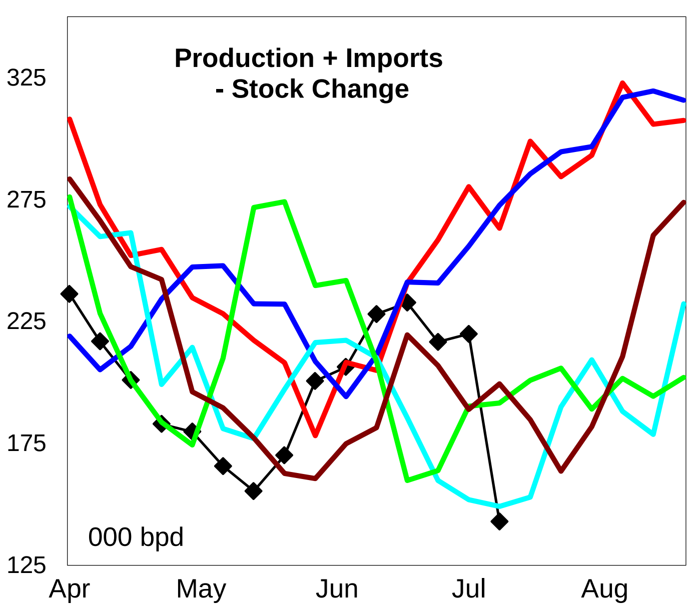
PADD 2 Propane Supply and Demand Balance

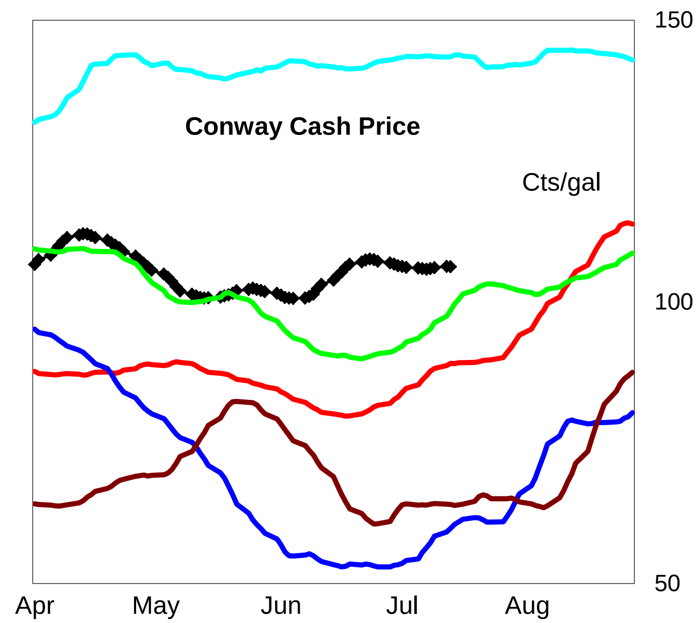












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	760	3,010	-5	-27	-58
% change	3.9	30.2	-1.7	-46.3	-22.1

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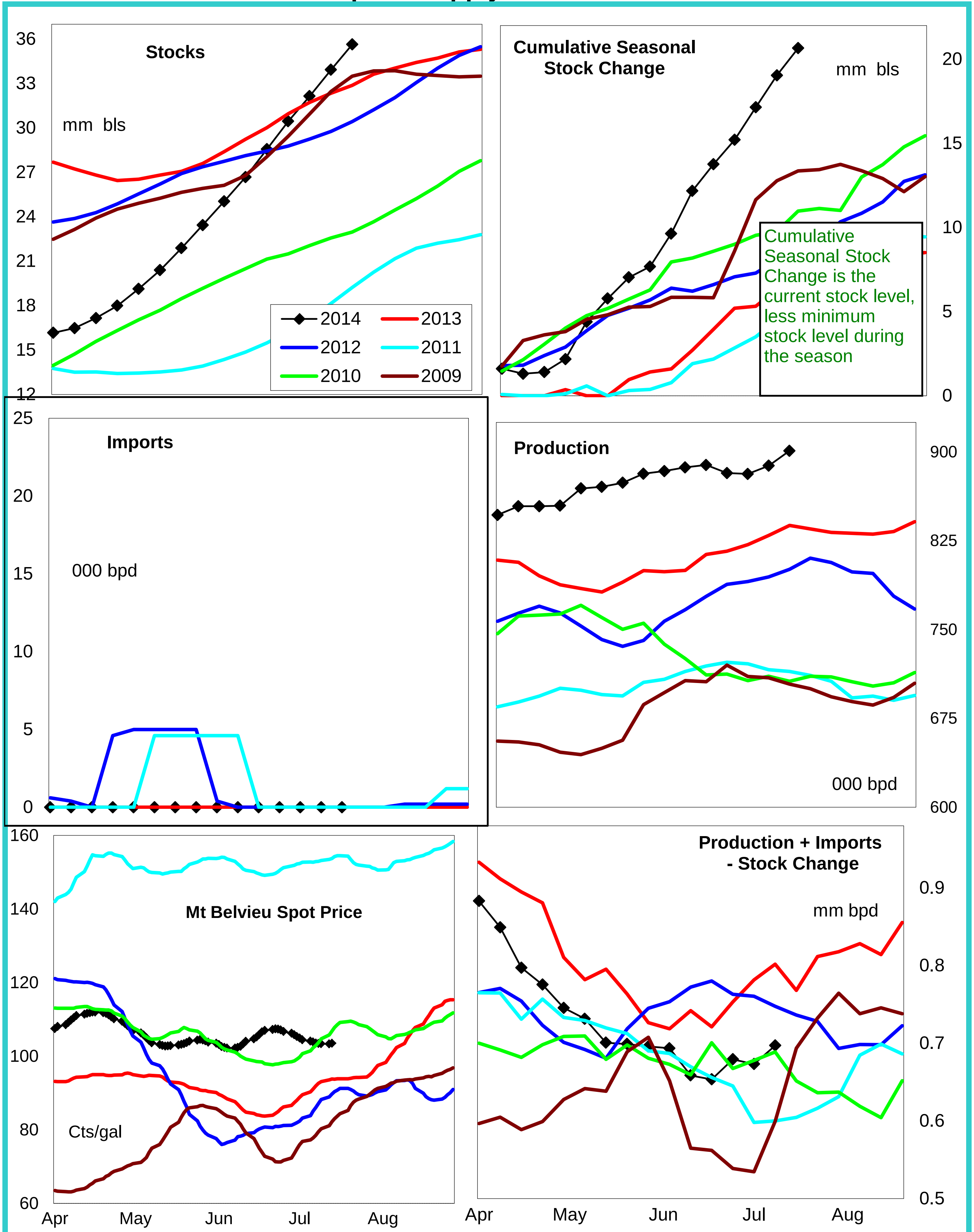
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	2,862	14,144	59	0	-89
% change	8.7	217	7.1	#DIV/0!	-12.2

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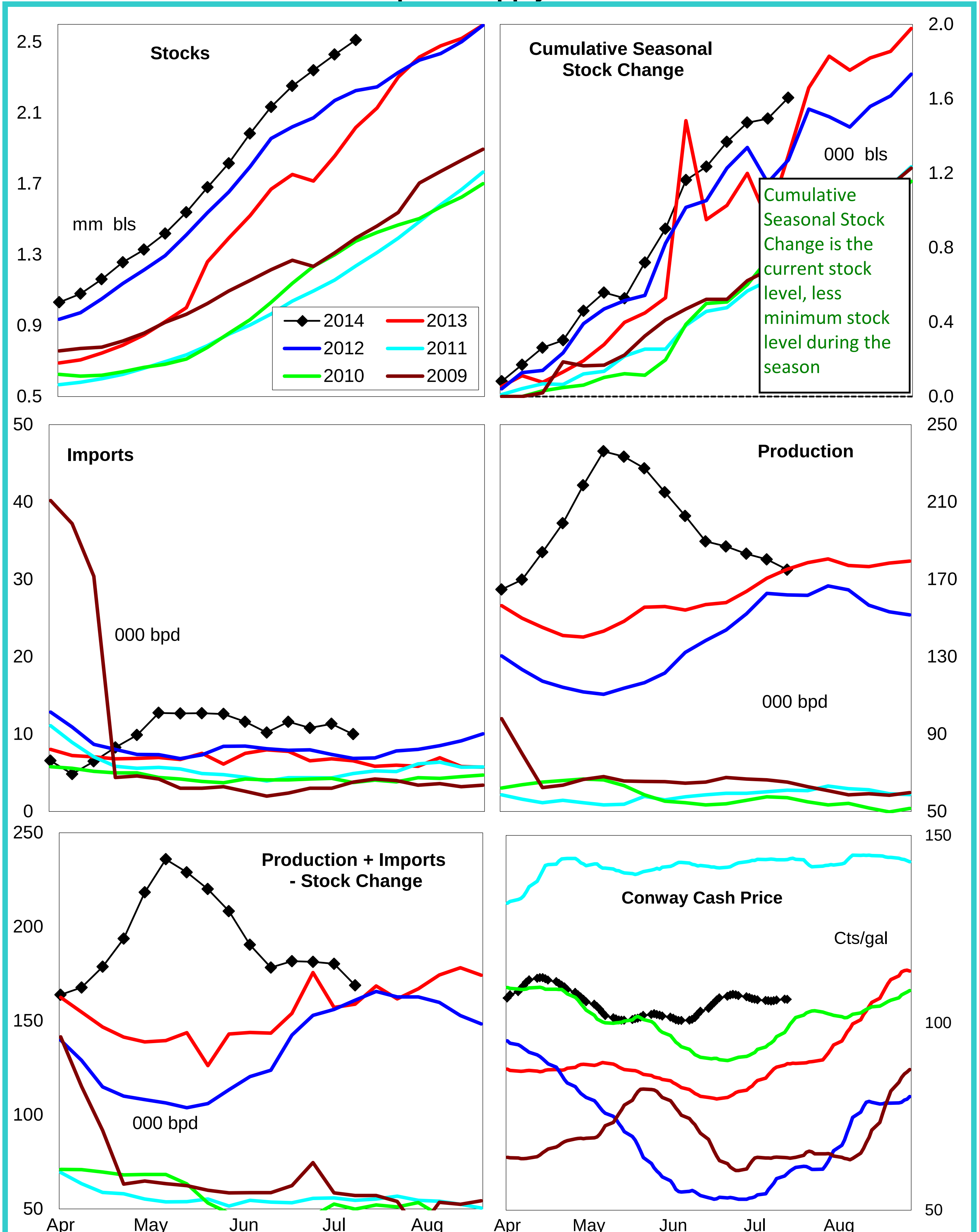
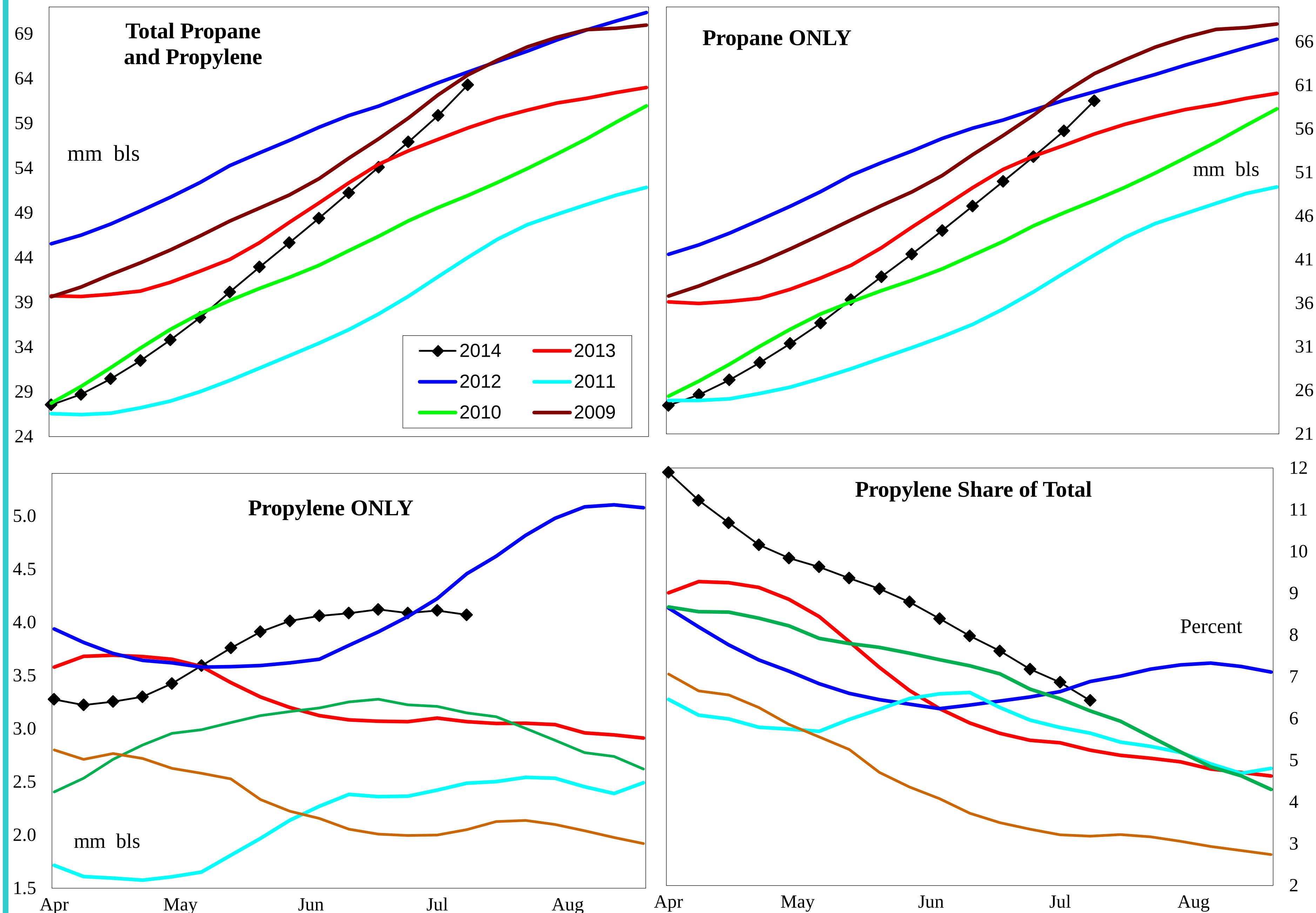
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	584	310	19	3	17
% change	30.3	23.9	11.3	41.9	10.3

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	5,322	4,225	1,004
% change	9.2	7.7	32.8

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

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