FUNDAMENTAL PETROLEUM TRENDS

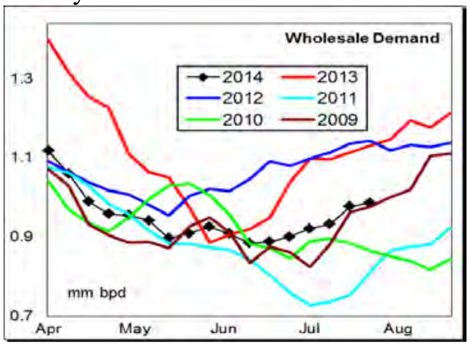
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

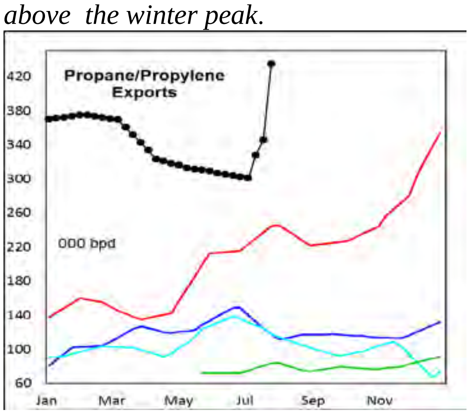
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

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

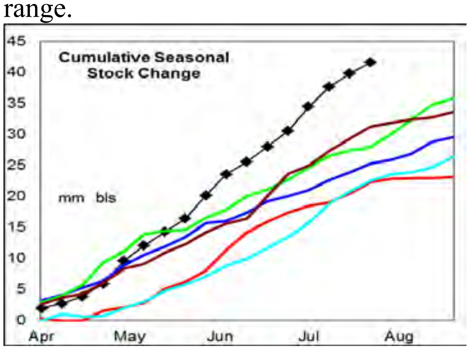
Wholesale demand decreased -93,000 bpd last week, to a level well below the last 2-yrs.



Production decreased -16,000 bpd on the week, concentrated in the Midwest and West. *Exports for the week ending 25Jul14 were 435,000 bpd, up +183,000 bpd over a year ago, and+59,000 bpd above the winter peak.*

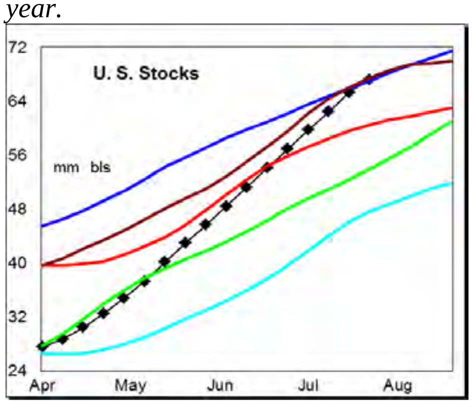


Imports were nearly unchanged last week, and slightly below the historic range.

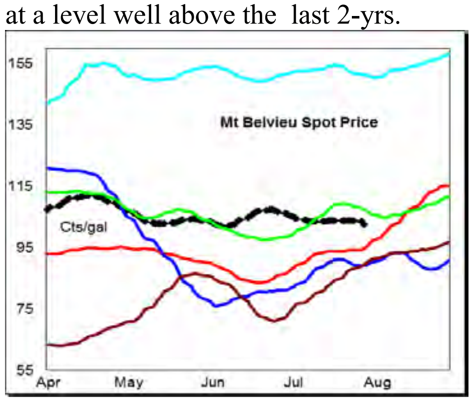


Combined production and imports during the latest 4-wk period were +147,000 bpd above a year ago. Production was +161,000 bpd above last year (+12%), while imports were -14,000 bpd lower. The latest 4-wk average demand was -169,000 bpd below last year.

Stocks increased +1.8 million barrels last week, to a level that matched 5-yr highs. *The cumulative seasonal stock build of +42 million barrels, was nearly 2X the +22 million barrels last year.*



Price and Spreads Mt Belvieu spot price decreased -2 cpg last week ending 29Jul14, while Conway decreased a similar amount. Prices ended the week at a level well above the last 2-yrs.



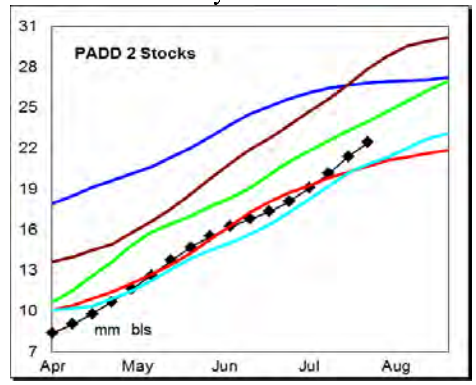
The Conway – Mt Belvieu price spread traded sideways last week, near the recent record high for the period, in favor of Conway.

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

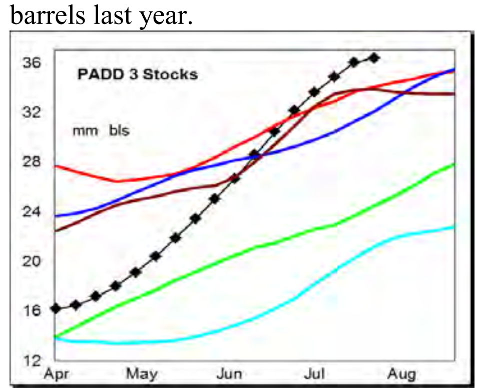
The propane / crude oil price spread traded sideways last week ending at a level matching highs of the last 2-yrs.

PADD 1 stocks increased +0.4 million barrels on the week, ending +2.1 million barrels above last year. Supply for the latest 4-wk period was +77,000 bpd above last year; driven by a +92% increase in production over a year ago.

PADD 2 stocks increased +0.8 million barrels on the week. The latest 4-wk supply was unchanged compared to a year ago, driven by very low imports. Stock levels ended the week +1.3 million barrels above last year.



PAD 3 stocks increased +0.4 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 +65,000 bpd above a year ago. The cumulative seasonal stock build of +21 million barrels compared to +8 million barrels last year.



PADDs 4 & 5 stocks increased +0.1 million barrels last week. Supplies were up +6,000 bpd on higher production.

Emerging Trends Exports have surged recently to a record high level of 435,000 bpd, thus limiting the stock build rate in the Gulf region. Stock levels are at 5-yr highs in all regions except the Midwest. Mild weather and ample moisture underlies a forecast of record corn production this year – risking a spike in propane demand for grain drying. Combined with the jump in exports, there is a risk if tight propane supply in the Midwest during the late fall.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

July 30, 2014

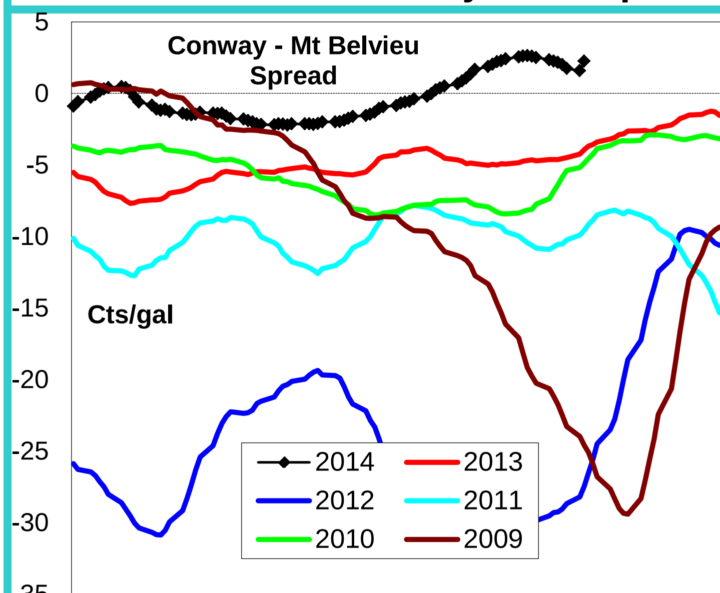
Fundamental Trends for the Week Ending: Friday, July 25, 2014

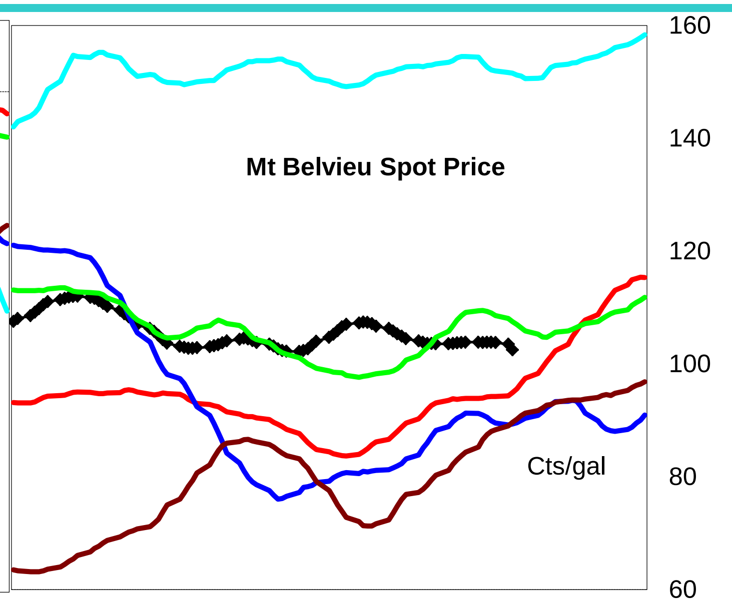
000 bpd / Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	67,201	5,659	22,439	36,377	2,726	1,750	406	847	374	123
Propylene Stocks	4,127					-34				
Production	1,576	164	301	939	172	-16	8	-35	32	-21
Imports	55	19	26	0	10	-2	-3	3	0	-2
Whsle Demand	946					-93				

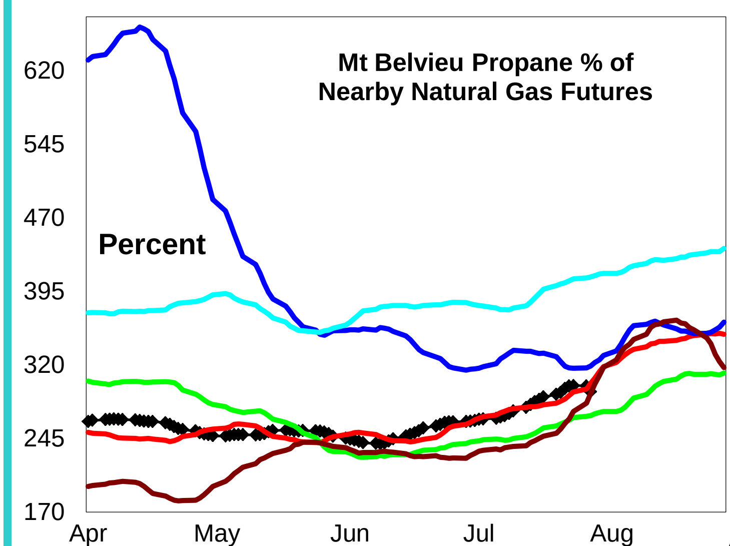
Price Trends for the Week Ending: Tuesday, July 29, 2014

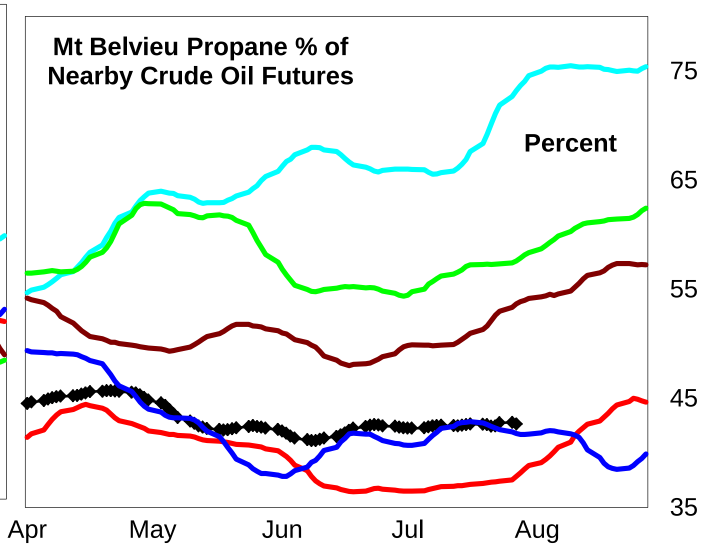
Cents/gal	Average for week ending:				Change from:			% change from:		
	7/29/14	7/22/14	7/1/14	8/1/13	7/22/14	7/1/14	8/1/13	7/22/14	7/1/14	8/1/13
Mont Belvieu Spot	103.8	103.9	107.3	93.1	-0.07	-3.42	14.24	-0.1	-3.2	15.3
Conway Spot	105.6	106.6	107.5	88.3	-1.01	-0.97	19.26	-0.9	-0.9	21.8

Key Price Spreads and Differentials

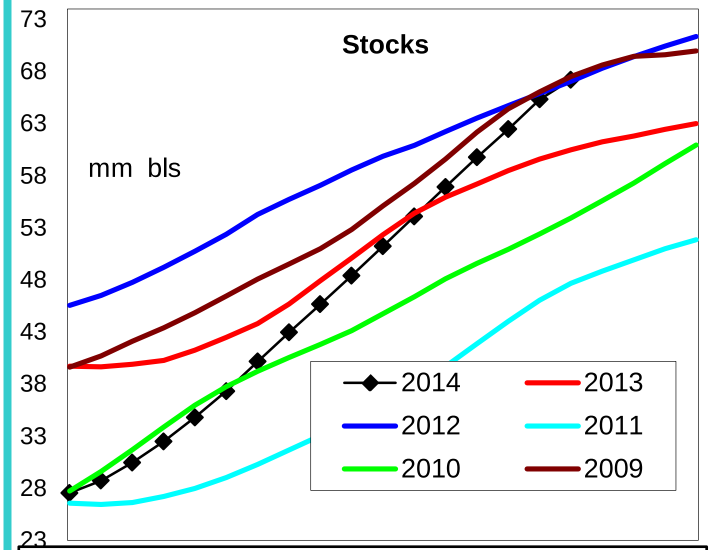


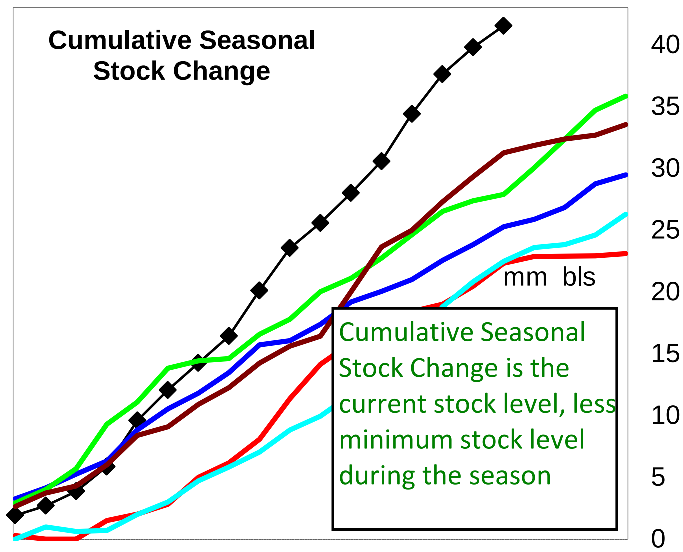


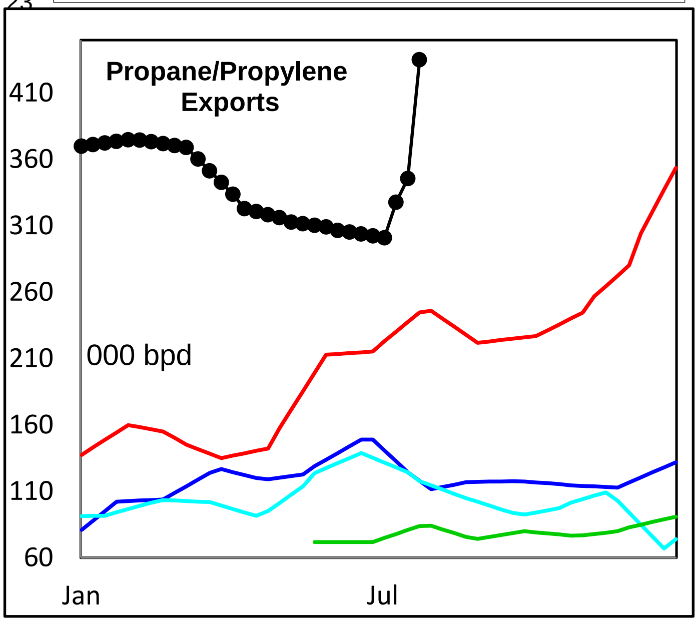


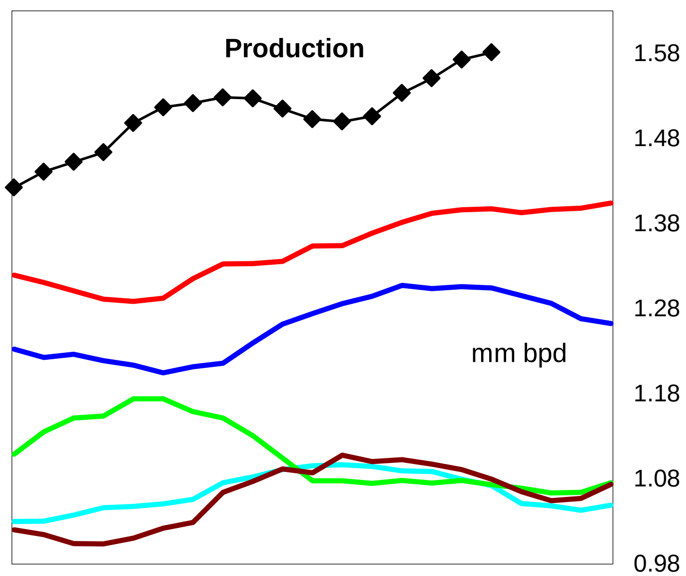


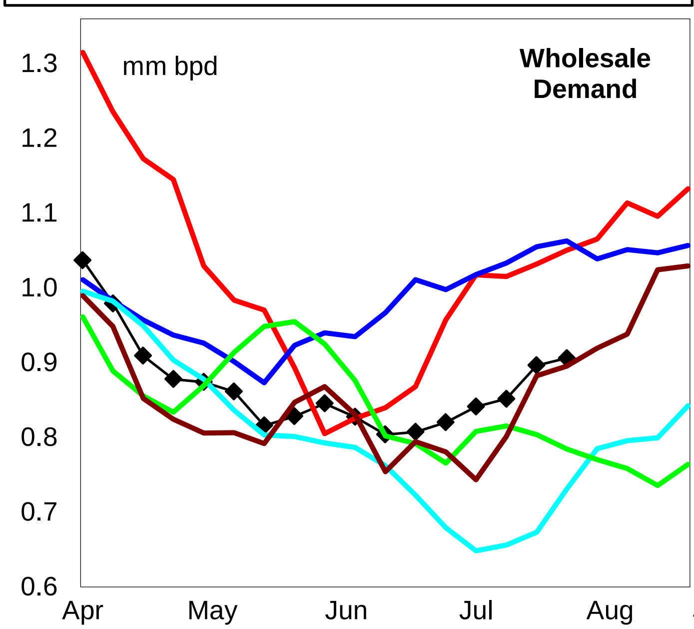
U. S. Propane Supply and Demand Balance

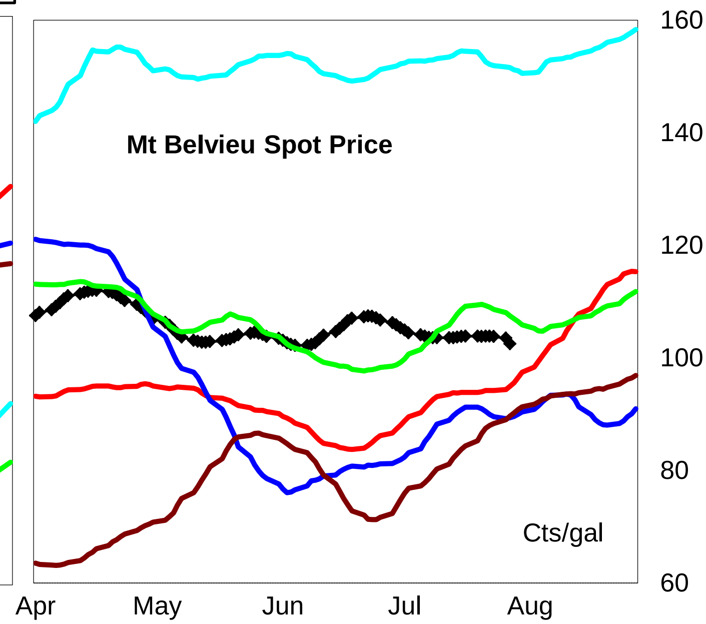








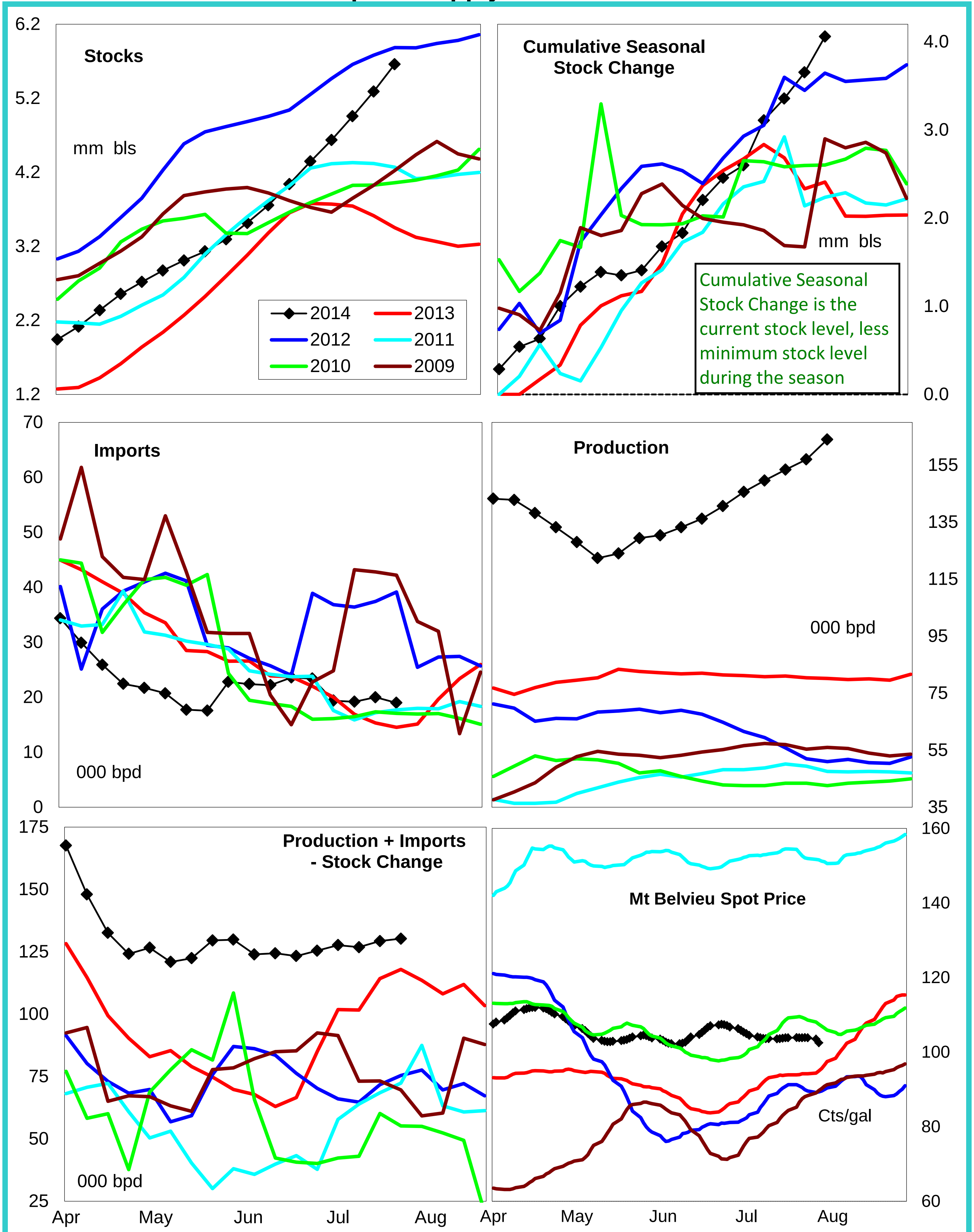




4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jun	May	Apr
000 bpd (000 bls stks)	5,905	19,211	161	-14		-169	-246	-208	-165
% change	9.6	86	11.6	-18.9		-16.0	-25.1	-22.5	-14.4

Lehi German Tel: 816.505.0980

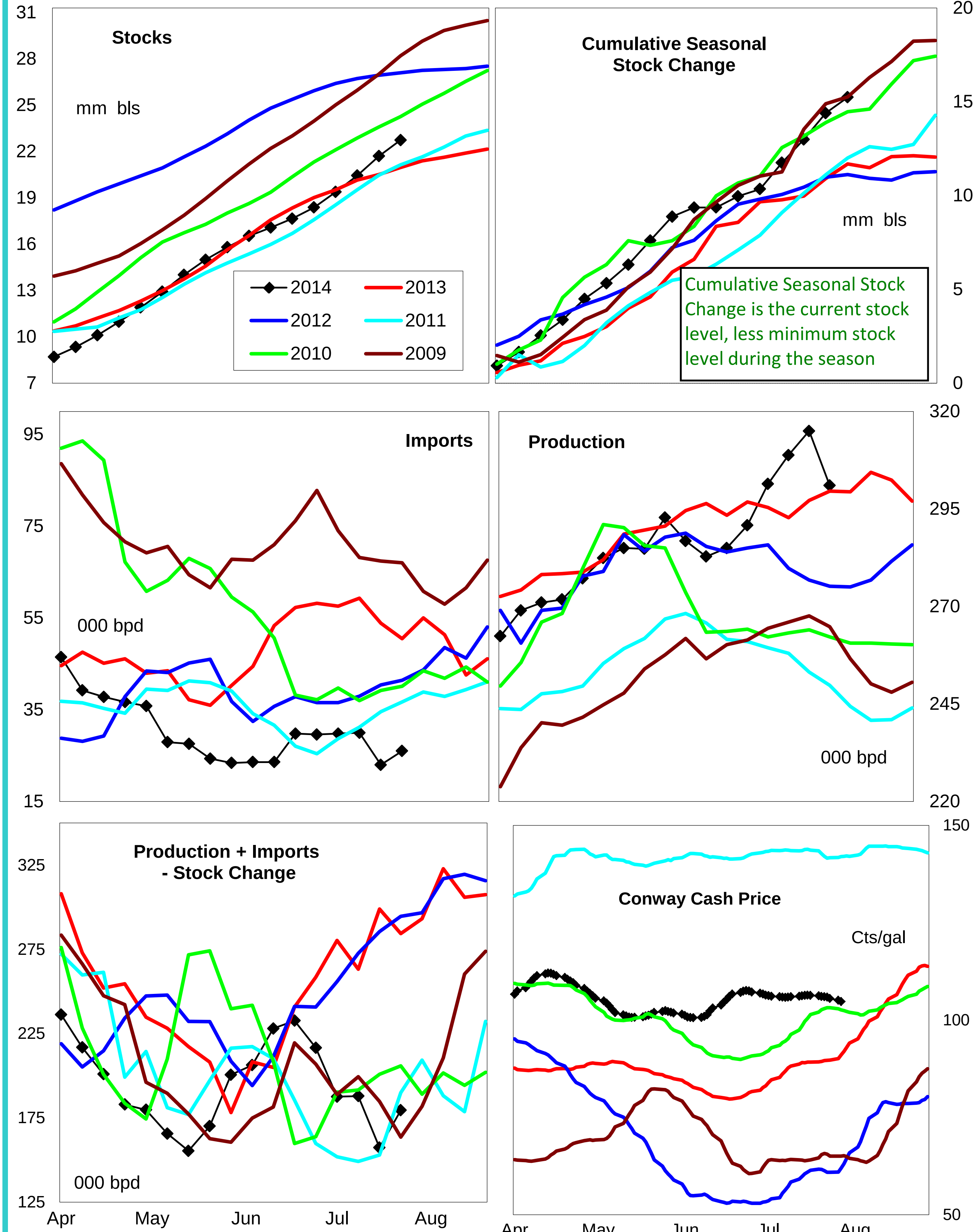
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	2,091	1,649	74	3	20
% change	58.6	68.4	91.7	18.1	18.0

Lehi German Tel: 816.505.0980

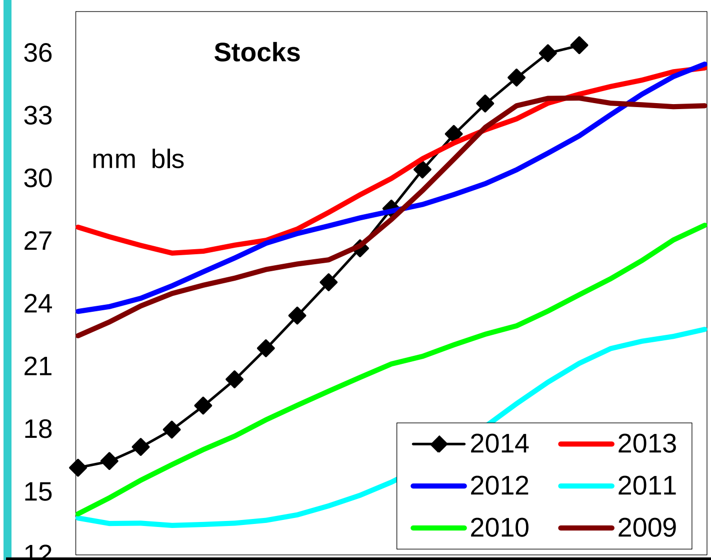
PADD 2 Propane Supply and Demand Balance

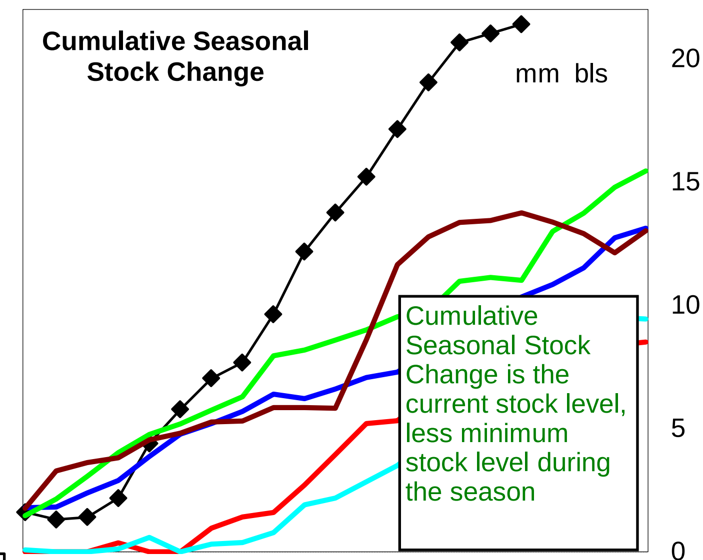


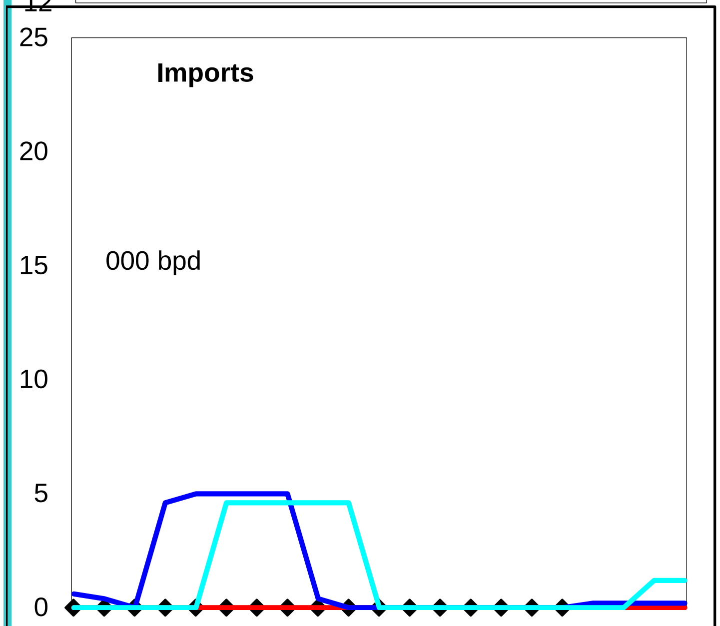
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,305	3,555	22	-22	-104
% change	6.2	30.4	7.3	-42.3	-36.8

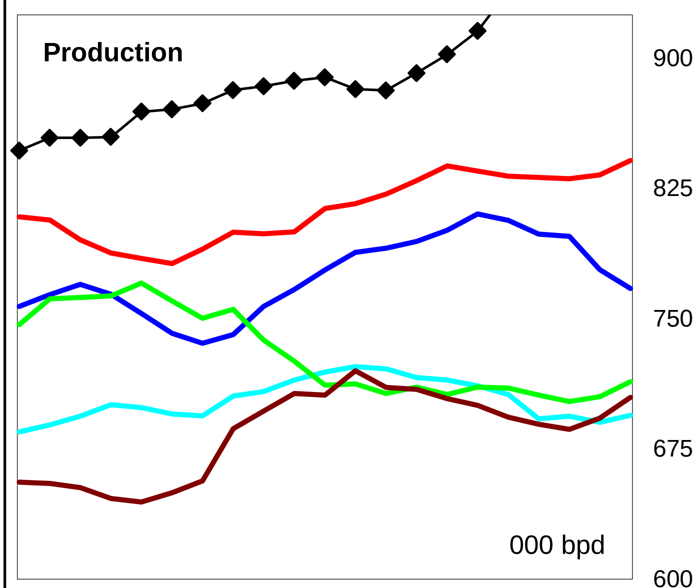
Lehi German Tel: 816.505.0980

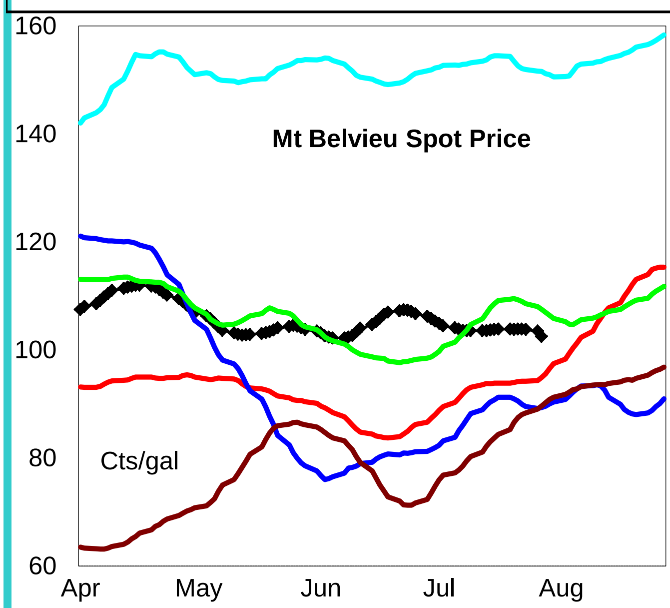
PADD 3 Propane Supply and Demand Balance

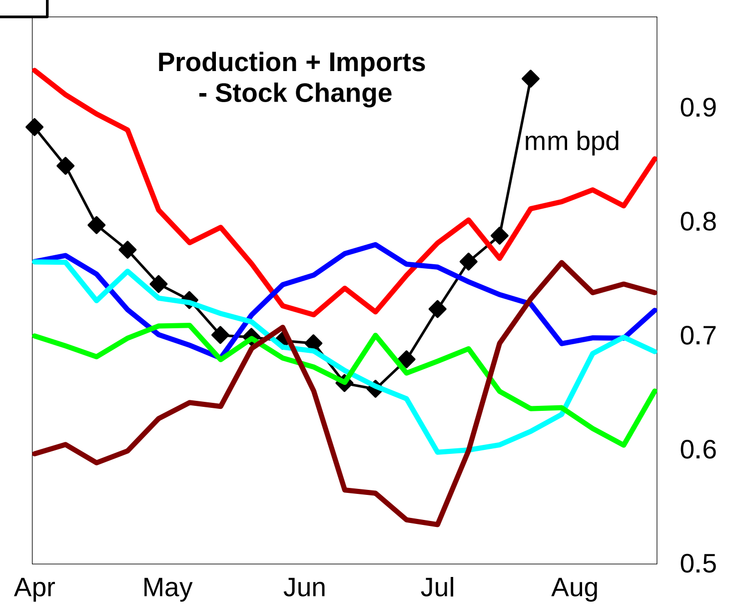








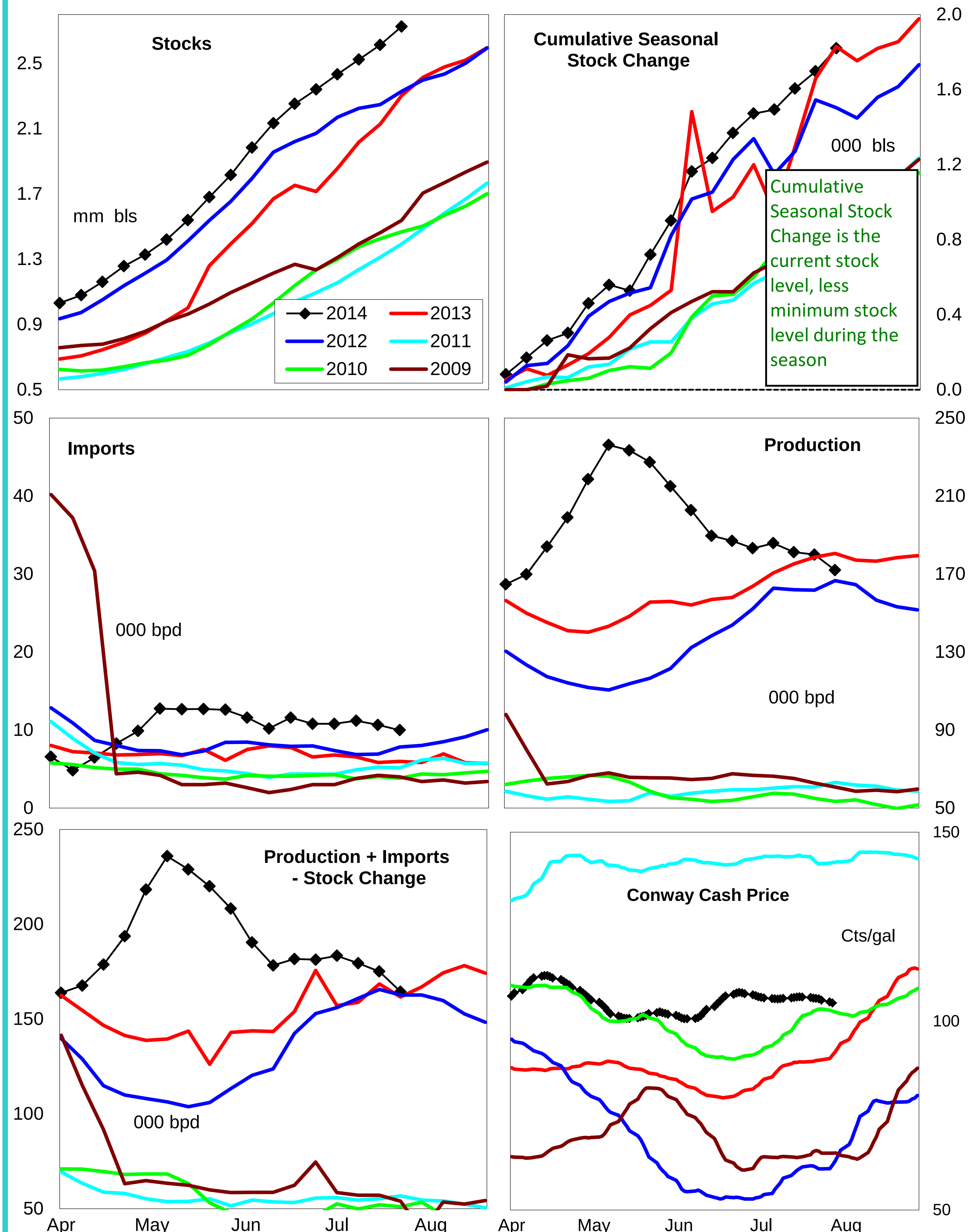




4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	2,243	13,525	65	0	10
% change	6.6	172	7.7	#DIV/0!	1.3

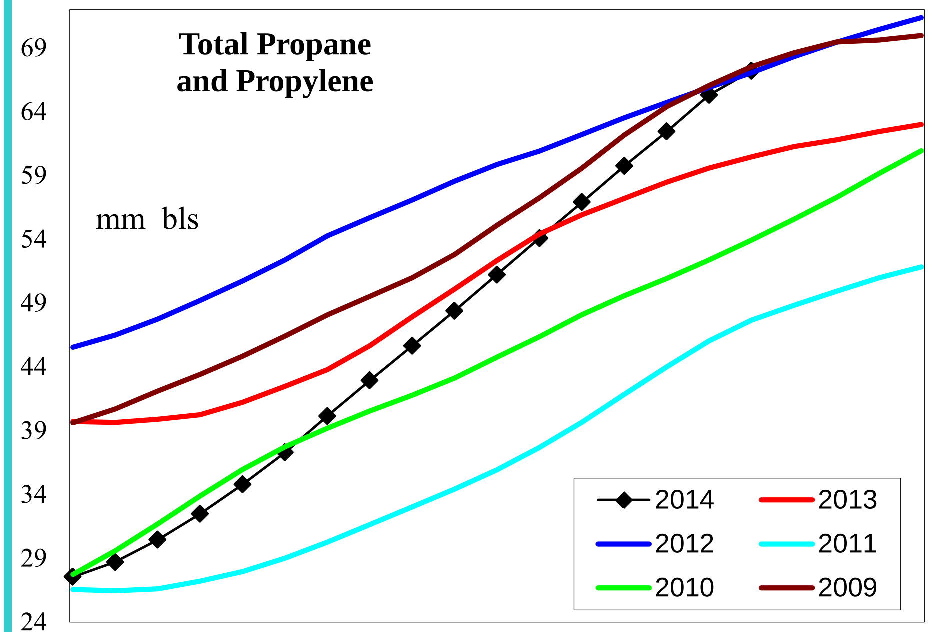
Lehi German Tel: 816.505.0980

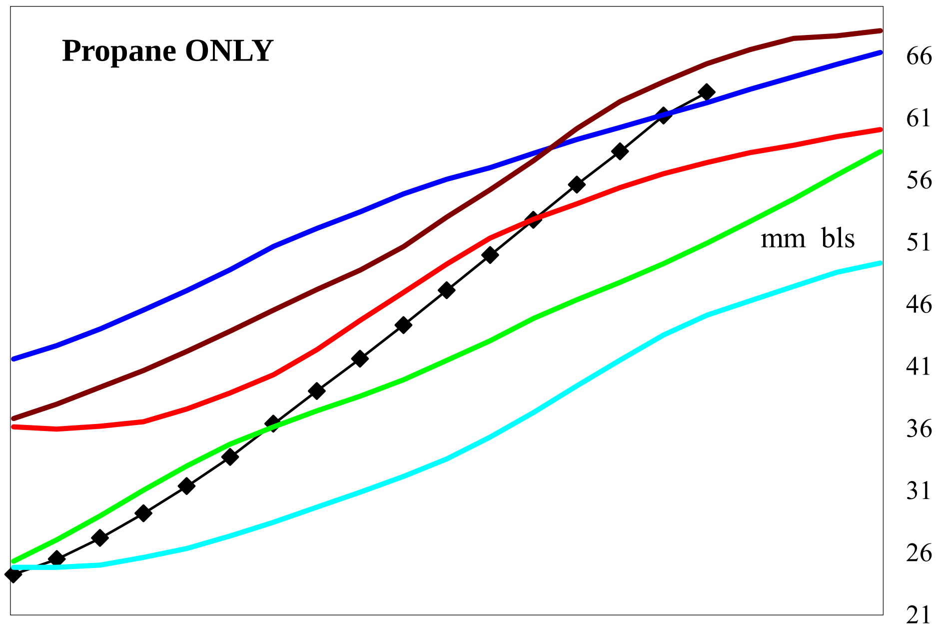
PADDs 4 and 5 Propane Supply and Demand Balance

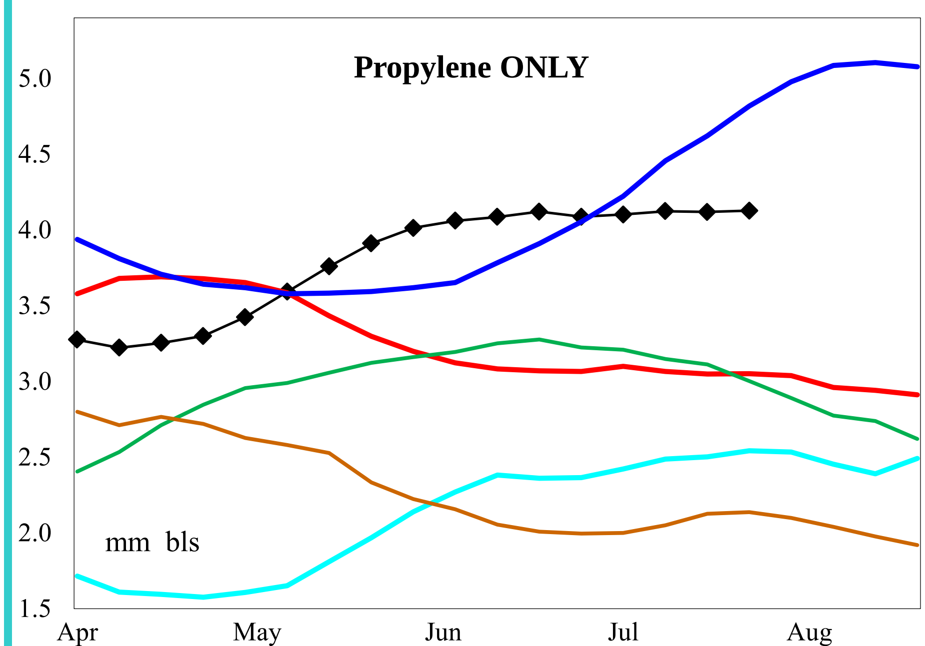


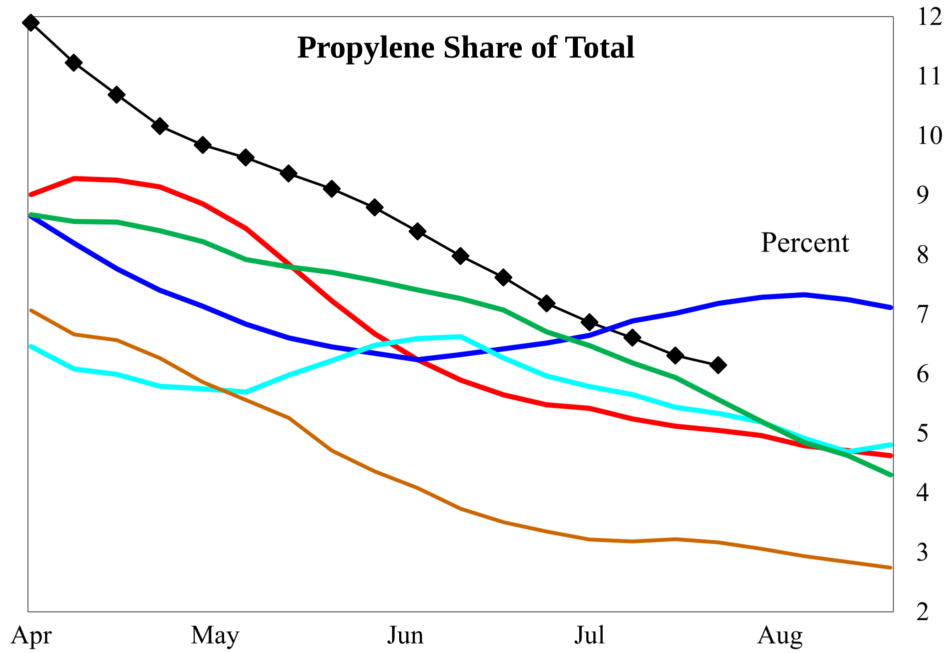
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	265	-9	1	5	14
% change	10.8	-0.5	0.4	81.1	8.7

U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**5,905**	**4,701**	**1,075**
% change	**9.6**	**8.1**	**35.2**

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