FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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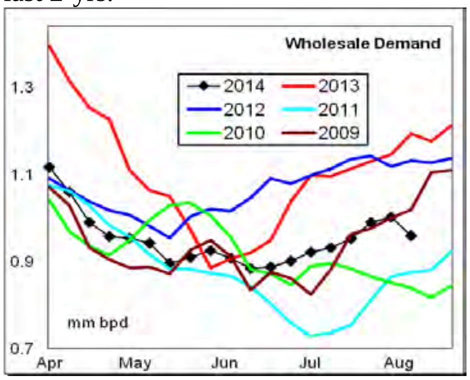
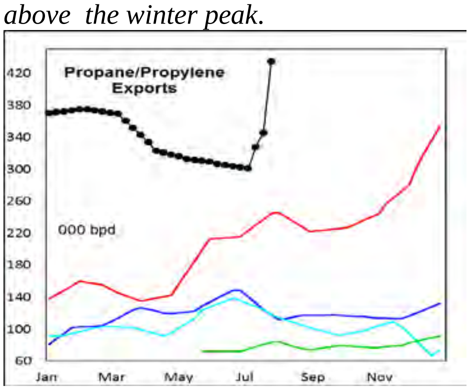
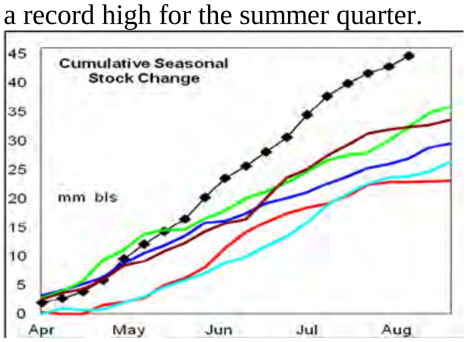
Summary[1]: Wholesale demand decreased -100,000 bpd last week, to a level well below the last 2-yrs.



Production decreased -82,000 bpd on the week, concentrated in the Midwest and Gulf. *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.*

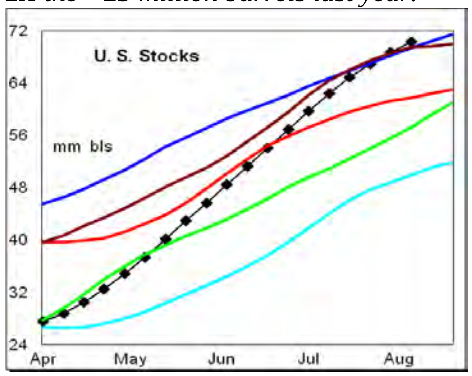


Imports jumped +59,000 bpd last week, concentrated in the Midwest, which was a record high for the summer quarter.

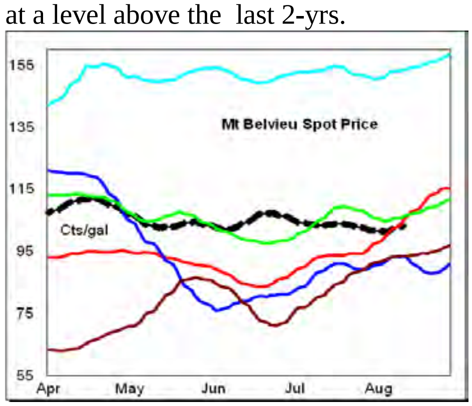


Combined production and imports during the latest 4-wk period were +174,000 bpd above a year ago. Production was +177,000 bpd above last year (+13%), while imports were -3,000 bpd lower. The latest 4-wk average demand was -111,000 bpd below last year.

Stocks increased +1.8 million barrels last week, a level just above the historic range. *The cumulative seasonal stock build of +45 million barrels, was 2X the +23 million barrels last year.*



Price and Spreads Mt Belvieu spot price increased +4 cpg last week ending 12Aug14, while Conway increased a similar amount. Prices ended the week at a level above the last 2-yrs.



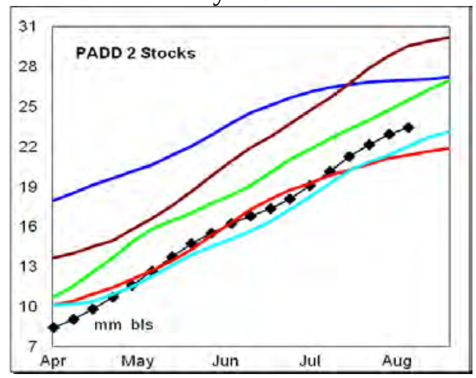
The Conway – Mt Belvieu price spread traded sideways last week, at a record high for the period, in favor of Conway.

The propane to natural gas price spread traded sideways on the week, at a level below the historic range.

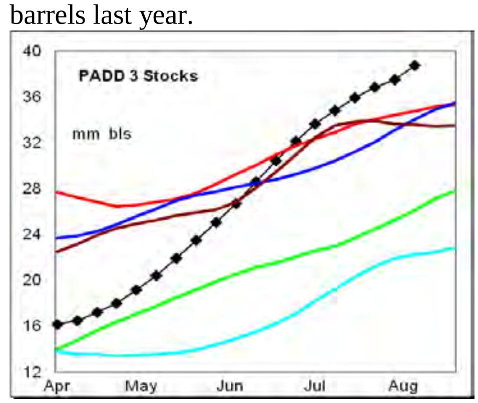
The propane / crude oil price spread trended higher last week ending at a level above the last 2-yrs.

PADD 1 stocks decreased -0.1 million barrels on the week, ending +2.2 million barrels above last year. Supply for the latest 4-wk period was +84,000 bpd above last year; driven by a 2X increase in production over a year ago.

PADD 2 stocks increased +0.5 million barrels on the week. The latest 4-wk supply was +4,000 bpd above a year ago, driven by higher production. Stock levels ended the week +1.9 million barrels above last year.



PAD 3 stocks increased +1.3 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 +78,000 bpd above a year ago. The cumulative seasonal stock build of +24 million barrels compared to +8.5 million barrels last year.



PADDs 4 & 5 stocks increased +0.1 million barrels last week. Supplies were up +8,000 bpd on higher imports.

Emerging Trends U.S. stocks are at 5-yr highs on a record rate of stock building during the summer quarter. Gulf stock levels are at record highs, while the Midwest level is below the 5-yr average. 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 of tight propane supply in the Midwest during the late fall.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

August 13, 2014

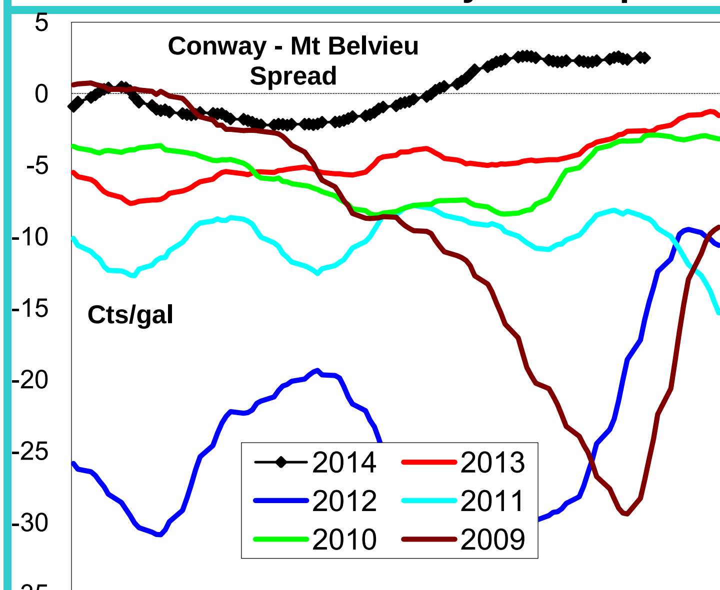
Fundamental Trends for the Week Ending: Friday, August 08, 2014

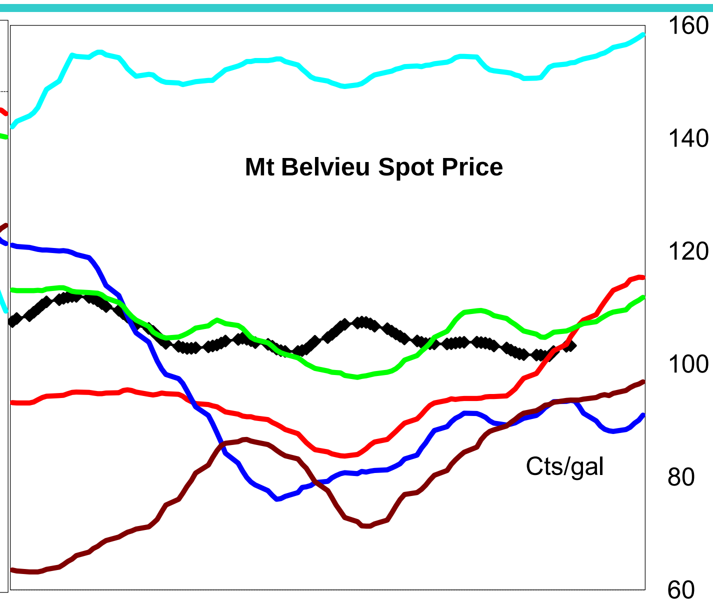
000 bpd / Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	70,300	5,382	23,433	38,718	2,767	1,820	-84	510	1,321	73
Propylene Stocks	4,135					-59				
Production	1,499	158	289	878	174	-82	0	-41	-29	-12
Imports	115	18	84	0	13	59	1	55	0	3
Whsle Demand	919					-100				

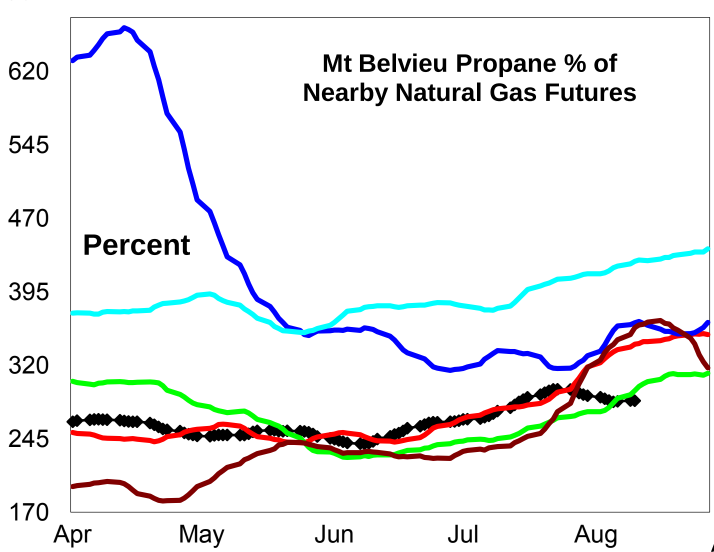
Price Trends for the Week Ending: Tuesday, August 12, 2014

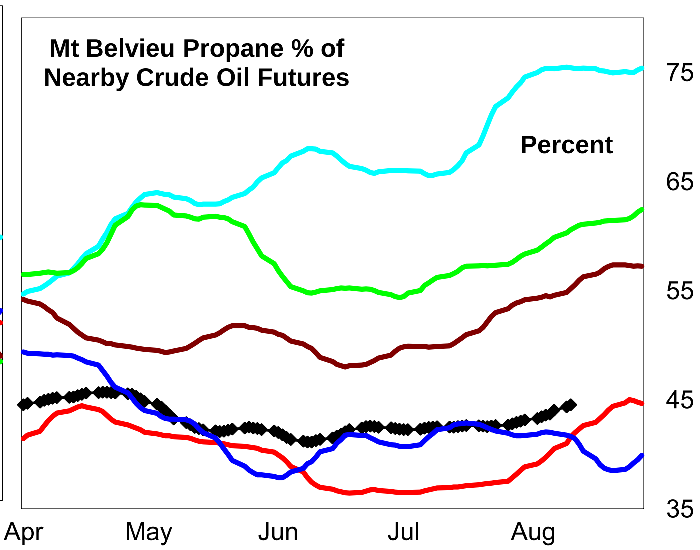
Cents/gal	Average for week ending:				Change from:			% change from:		
	8/12/14	8/5/14	7/15/14	8/15/13	8/5/14	7/15/14	8/15/13	8/5/14	7/15/14	8/15/13
Mont Belvieu Spot	102.2	100.7	103.4	102.5	1.48	-2.67	0.87	1.5	-2.6	0.8
Conway Spot	104.6	103.5	106.1	99.6	1.15	-2.61	6.44	1.1	-2.5	6.5

Key Price Spreads and Differentials

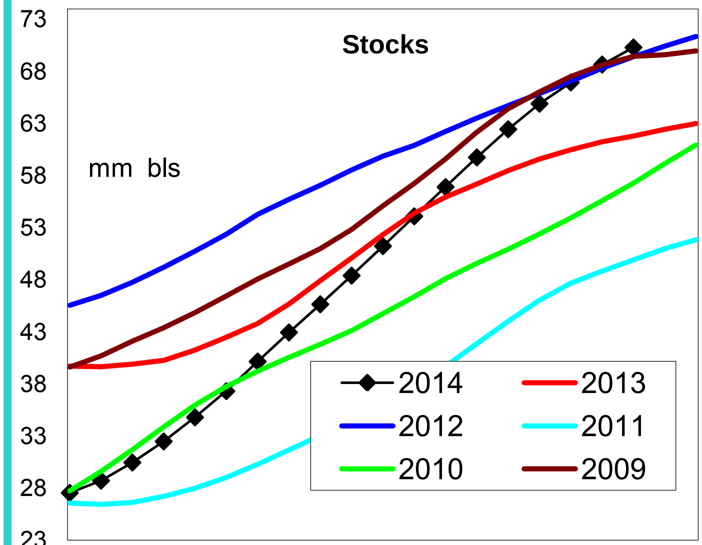


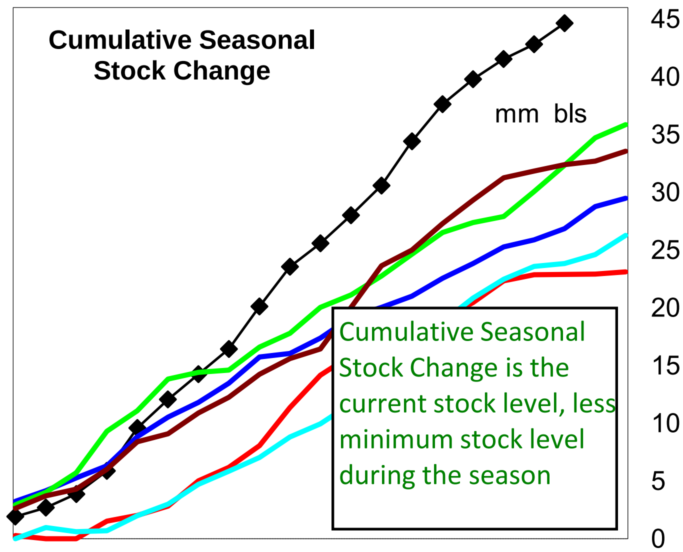


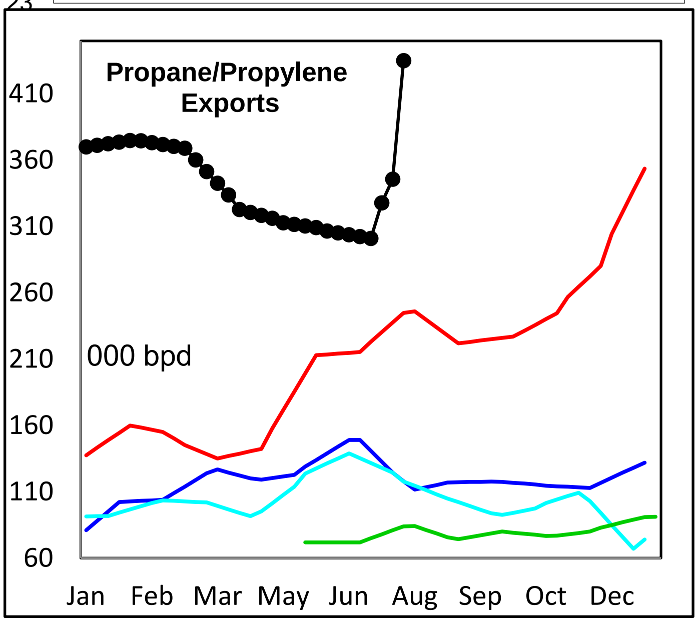


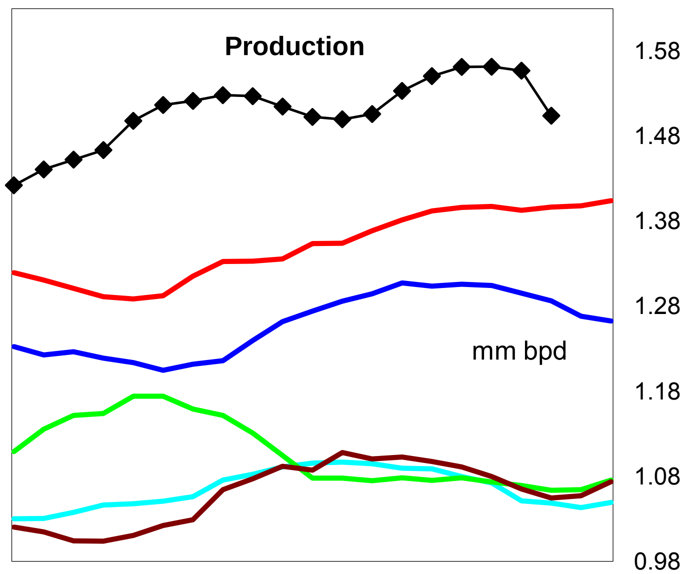


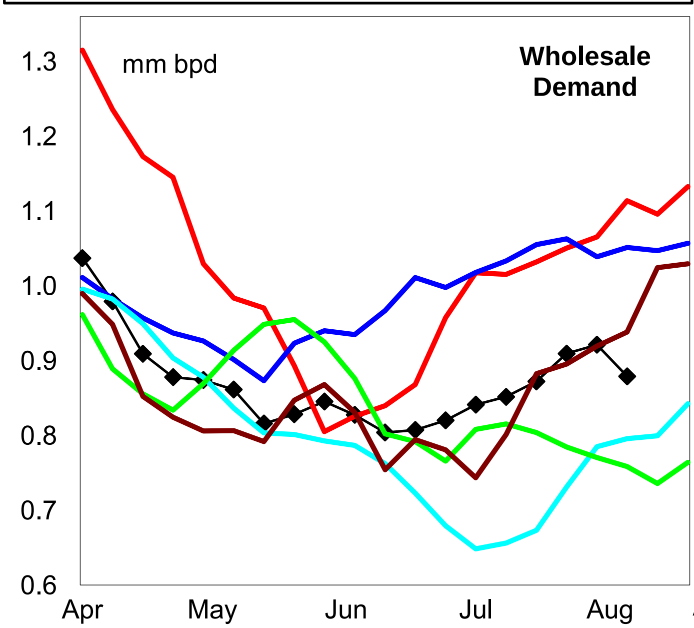
U. S. Propane Supply and Demand Balance

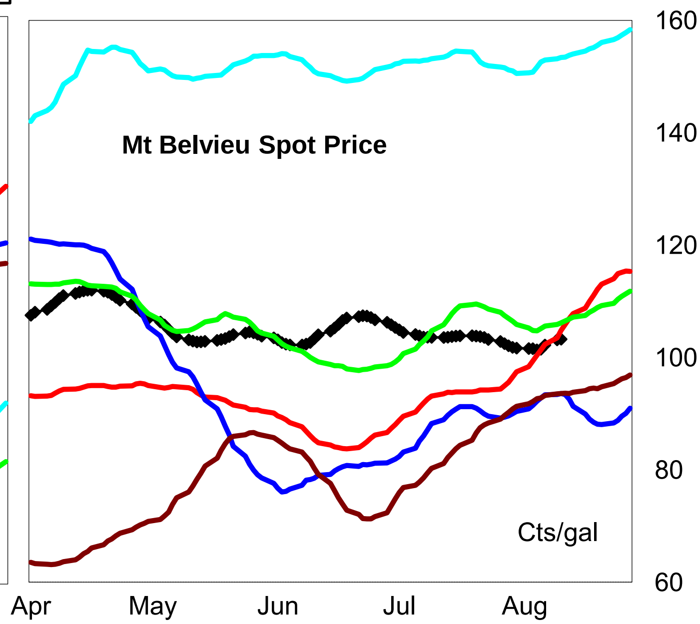






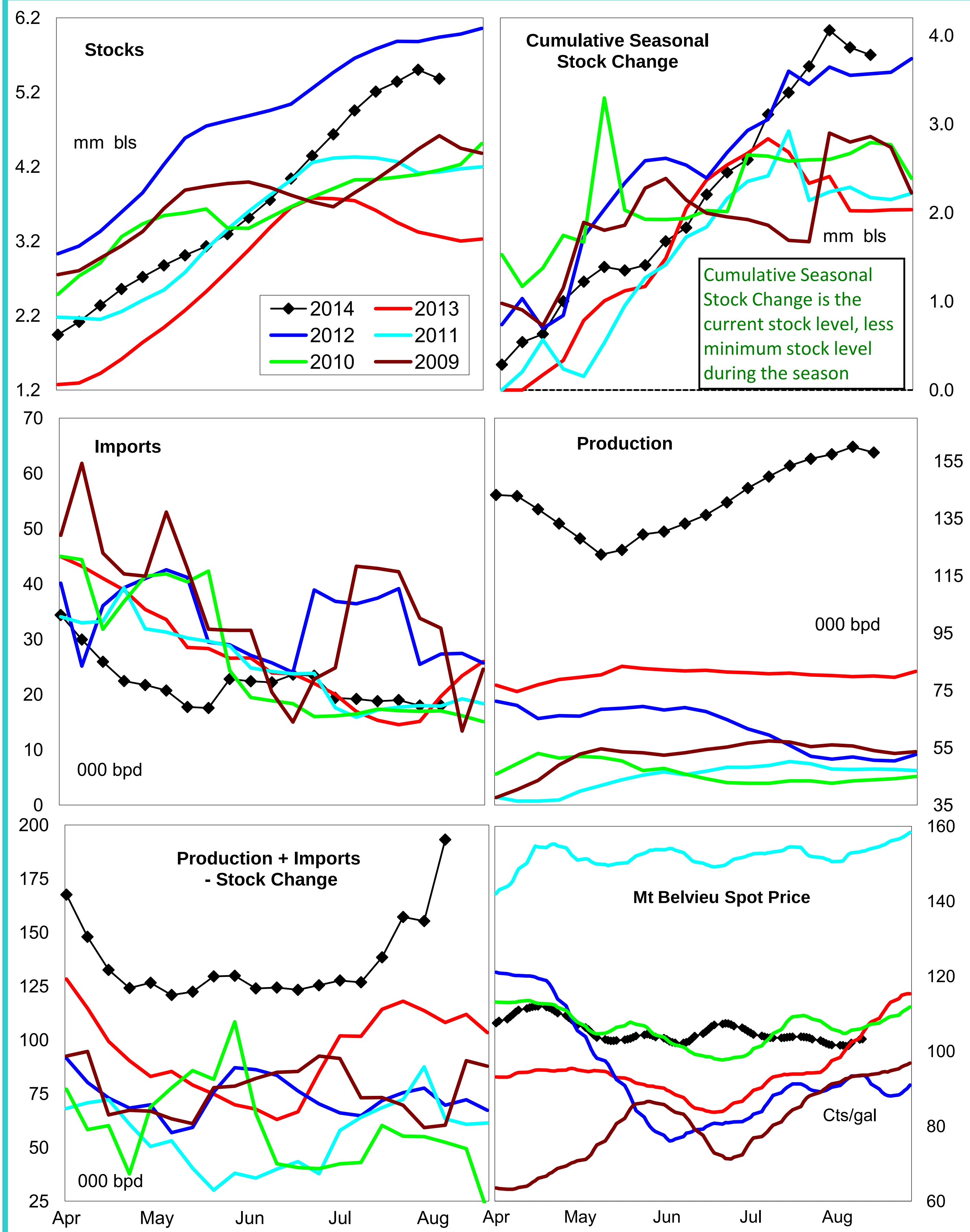






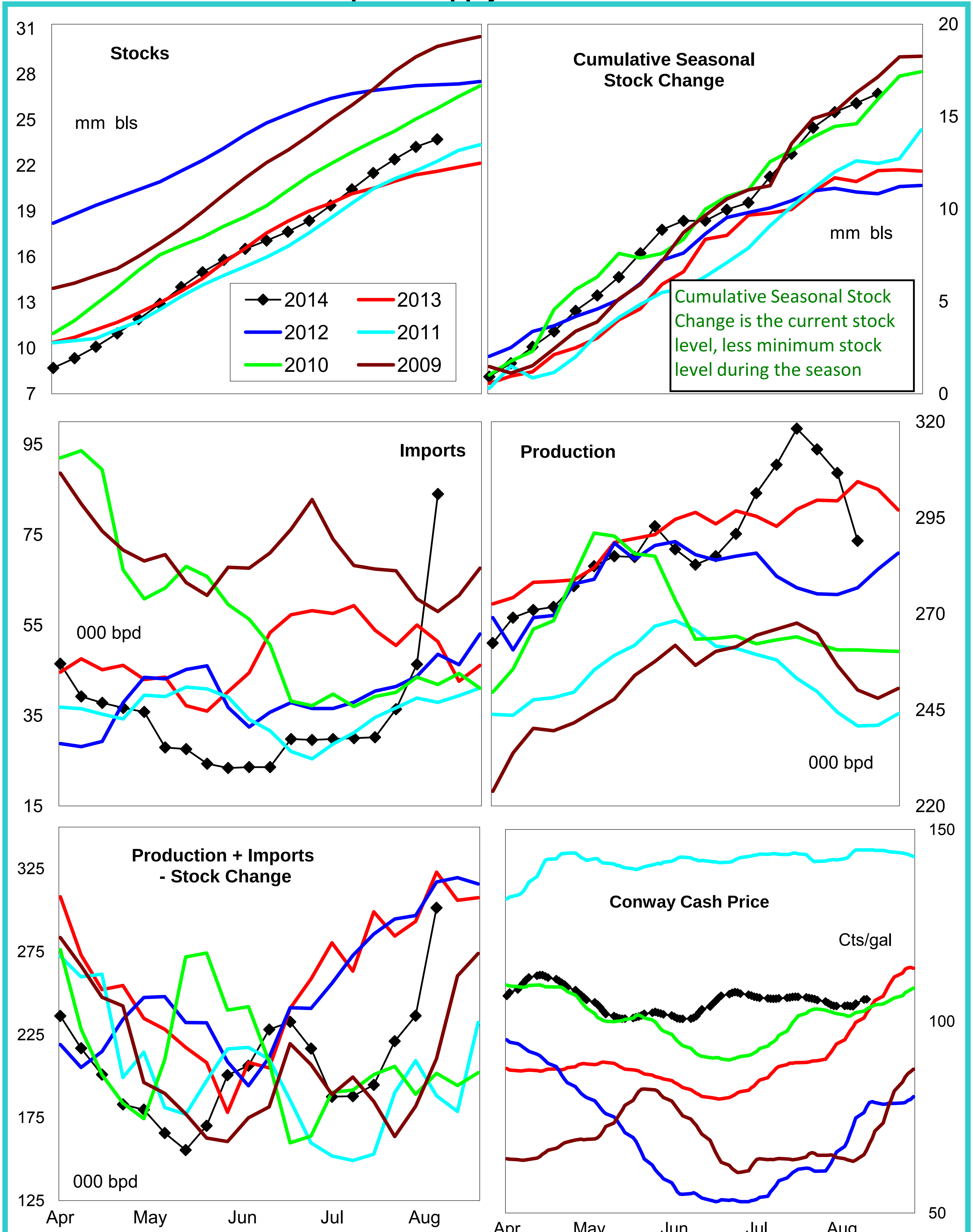
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jul	Jun	May
000 bpd (000 bls stks)	8,449	21,755	177	-3		-111	-33	-246	-160
% change	13.7	95	12.8	-4.1		-10.4	-3.1	-25.1	-17.3

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)	2,202	1,760	79	5	48
% change	69.2	87.0	99.4	36.4	41.9

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)	1,912	4,162	17	-13	-61
% change	8.9	34.5	5.6	-24.7	-20.5

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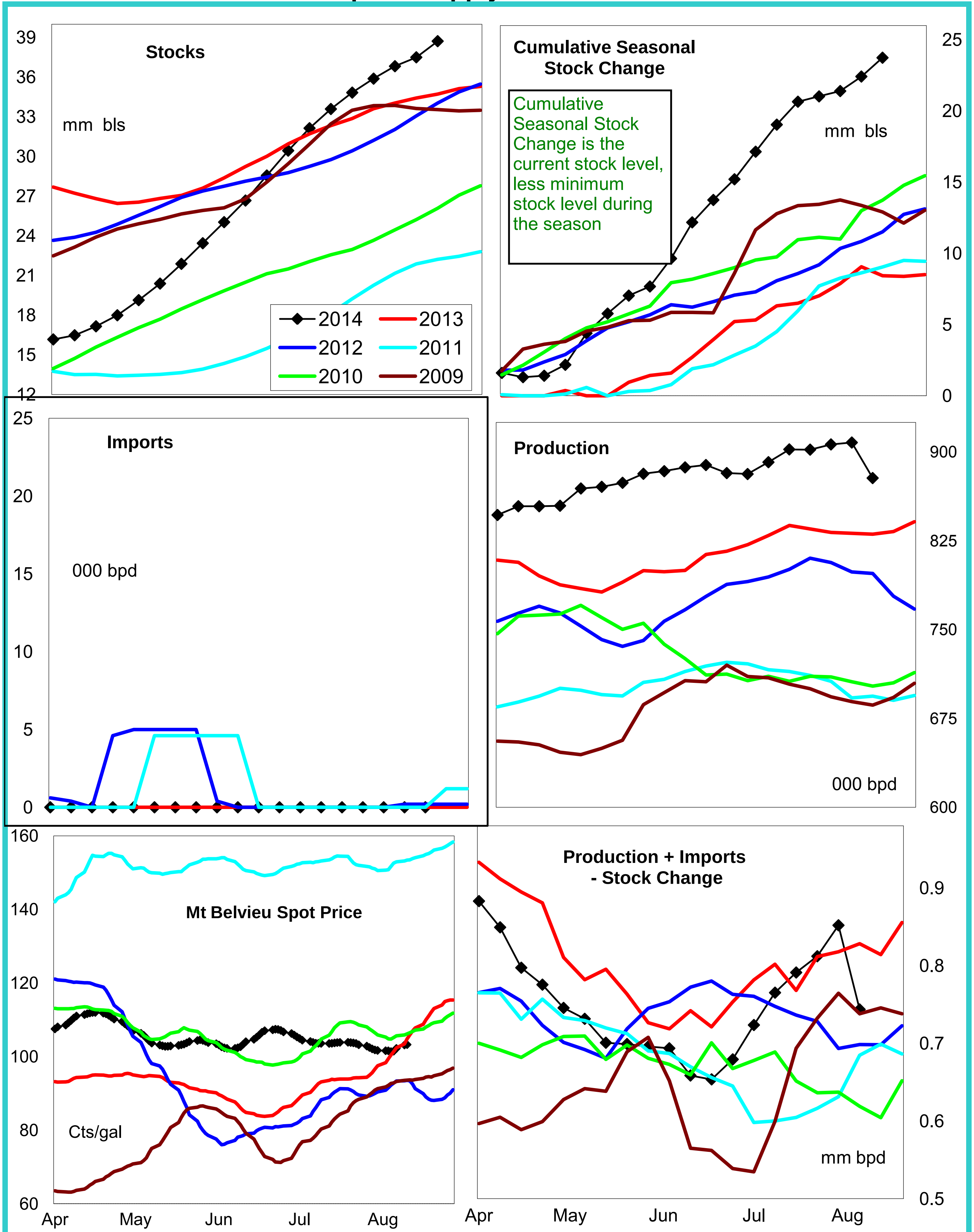
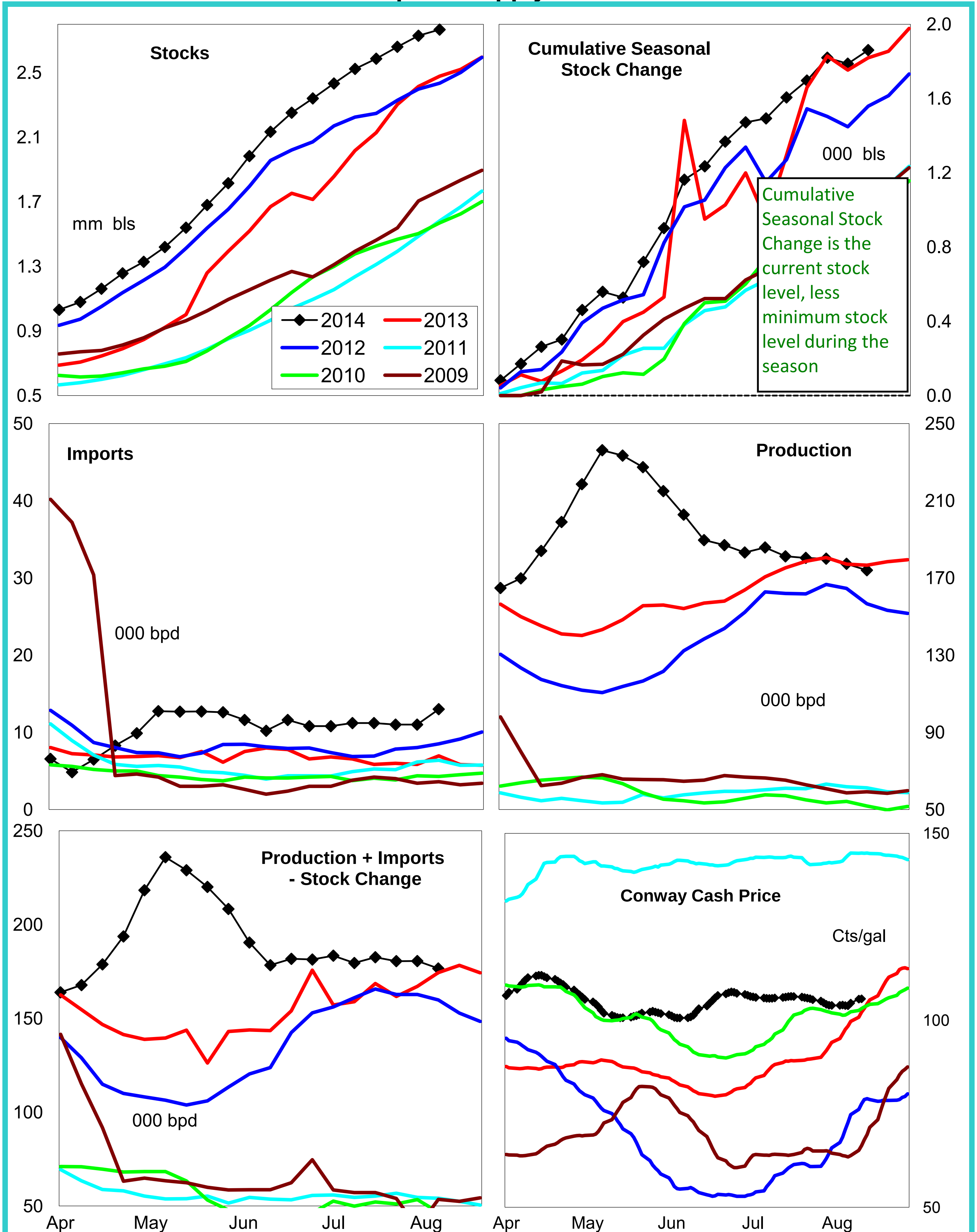
PADD 3 Propane Supply and Demand Balance



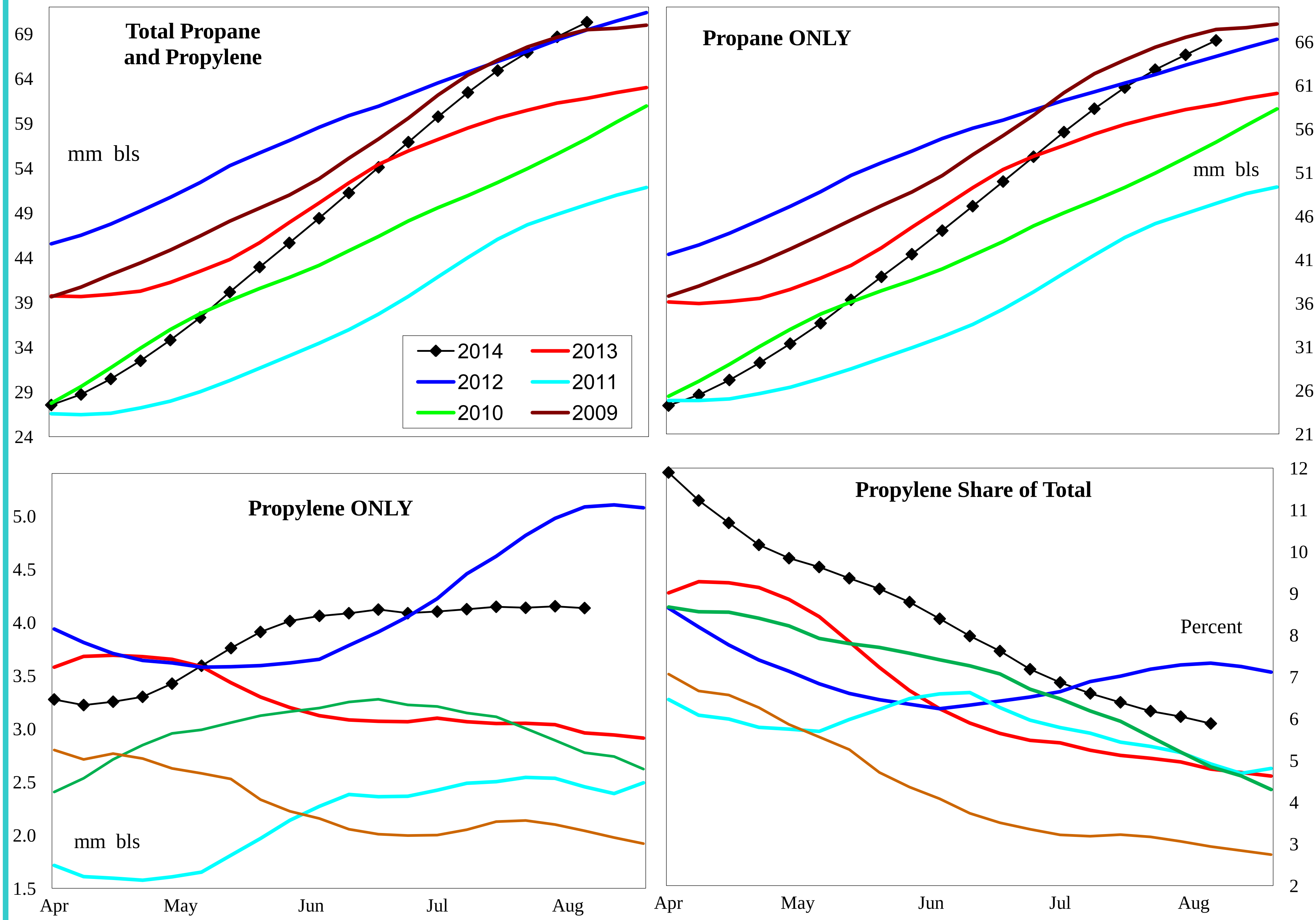
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	4,020	15,302	78	0	-7
% change	11.6	181	9.3	#DIV/0!	-0.9

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)	316	42	3	5	12
% change	12.9	2.3	1.8	86.7	7.2

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	8,449	7,352	1,174
% change	13.7	12.5	39.7

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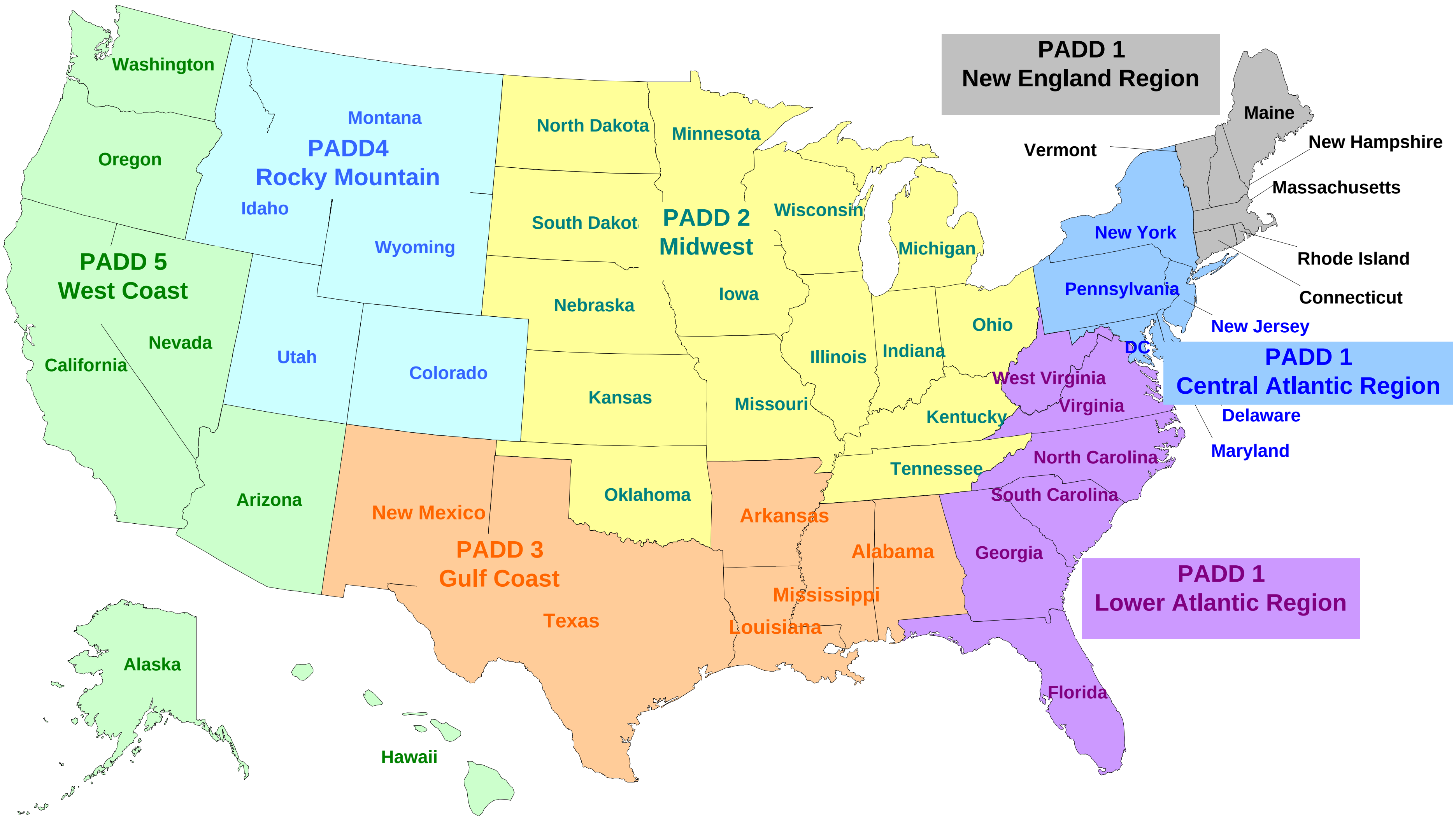
U. S. Petroleum Administrative for Defense Districts (PADDs)



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