FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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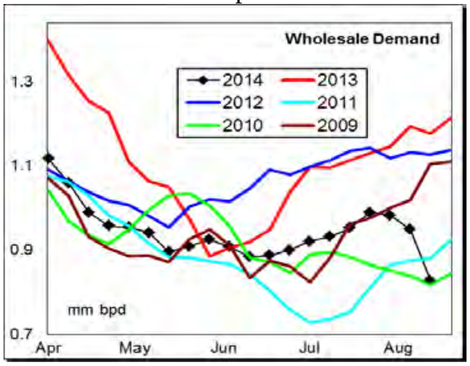
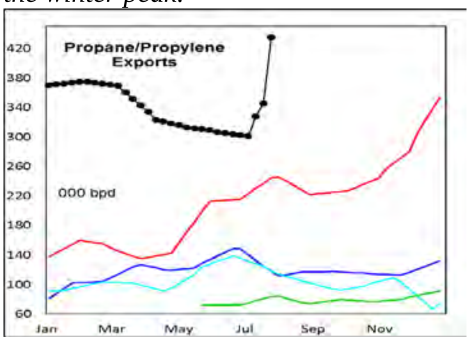
Summary[1]: **Table of Contents**

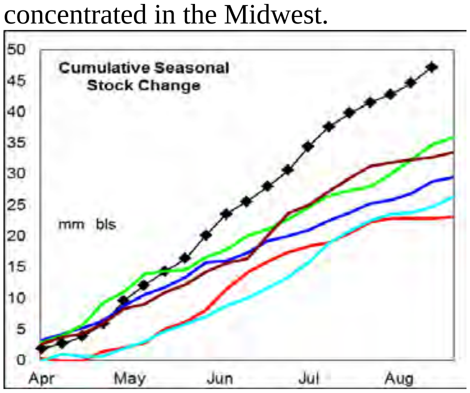
Wholesale demand decreased -131,000 bpd last week, to a level that matched historic lows for the period.



Production increased +27,000 bpd on the week, concentrated in the Midwest. *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.*

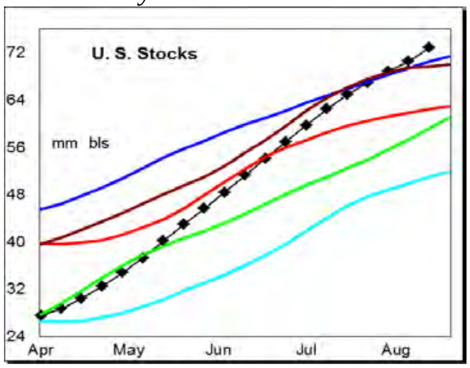


Imports fell -57,000 bpd last week, concentrated in the Midwest.

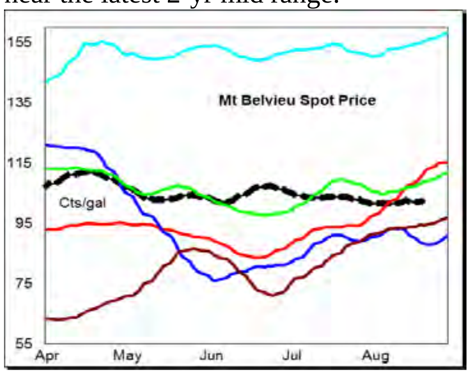


Combined production and imports during the latest 4-wk period were +152,000 bpd above a year ago. Production was +158,000 bpd above last year (+11%), while imports were -6,000 bpd lower. The latest 4-wk average demand was -213,000 bpd below last year.

Stocks increased +2.5 million barrels last week, lifting the level to a record high for the period. *The cumulative seasonal stock build of +47 million barrels, was 2X the +23 million barrels last year.*



Price and Spreads Mt Belvieu spot price decreased -1 cpg last week ending 20Aug14, while Conway declined -1.5 cpg. Prices ended the week at a level near the latest 2-yr mid range.



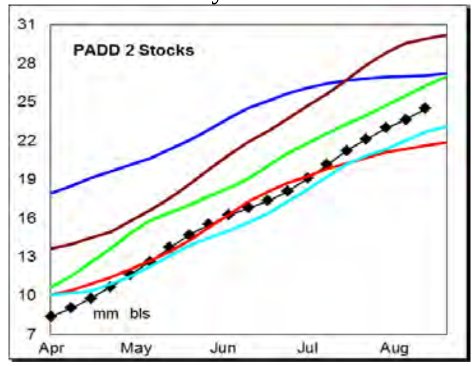
The Conway – Mt Belvieu price spread traded sideways last week, at a record high for the period, in favor of Conway.

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

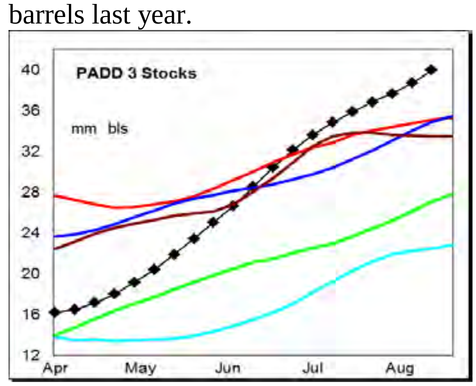
The propane / crude oil price spread trended higher last week ending at a level above the last 2-yrs.

PADD 1 stocks increased +0.2 million barrels on the week, ending +2.4 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 +1.1 million barrels on the week. The latest 4-wk supply was -10,000 bpd below a year ago, driven by lower imports. Stock levels ended the week +2.9 million barrels above last year.



PAD 3 stocks increased +1.2 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 +70,000 bpd above a year ago. The cumulative seasonal stock build of +25 million barrels compared to +8.4 million barrels last year.



PADDs 4 & 5 stocks were unchanged on the week. Supplies were +8,000 bpd above last year on higher imports.

Emerging Trends U.S. stocks continue to build at a record rate, concentrated in the Gulf Region. Stock levels in the Midwest are below the historic mid range. Mild weather and ample moisture underlies a forecast of record corn production this year – risking a spike in propane demand for grain drying. There is increased 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 20, 2014

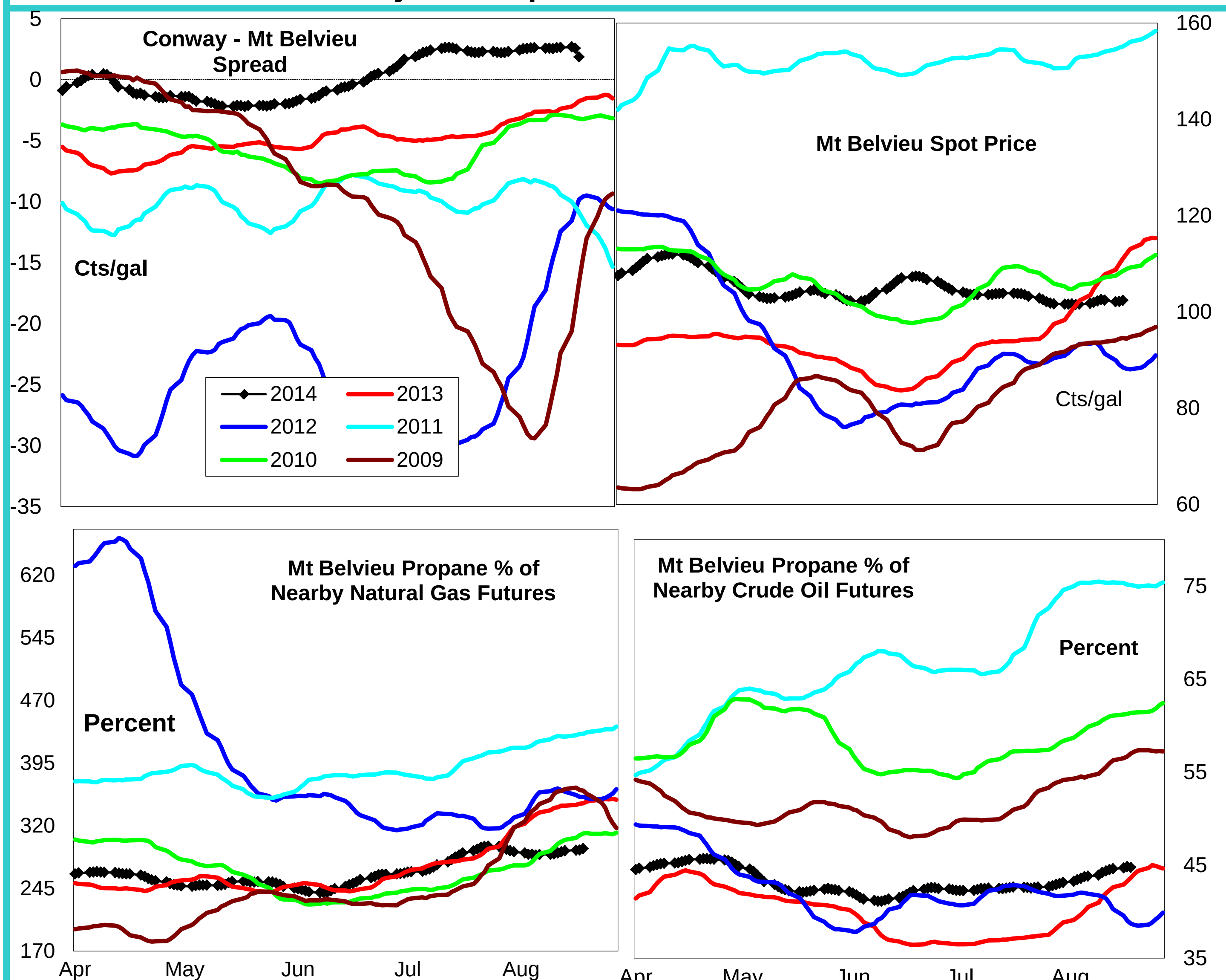
Fundamental Trends for the Week Ending: Friday, August 15, 2014

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	72,830	5,597	24,484	39,948	2,801	2,530	215	1,051	1,230	34
Propylene Stocks	3,992					-143				
Production	1,526	164	312	879	171	27	6	23	1	-3
Imports	58	19	24	0	15	-57	1	-60	0	2
Whsle Demand	788					-131				

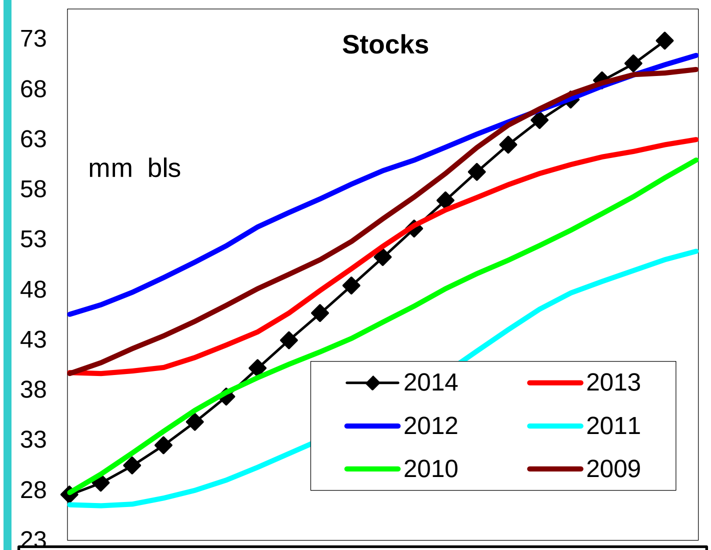
Price Trends for the Week Ending: Friday, August 15, 2014

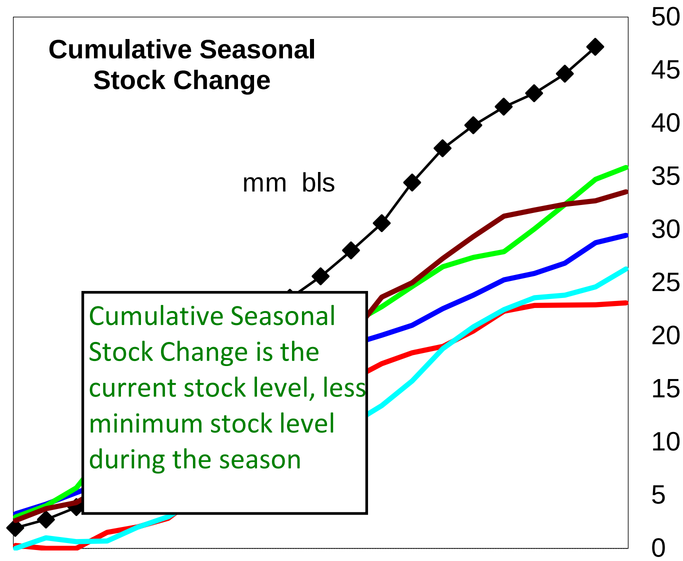
Cents/gal	Average for week ending:				Change from:			% change from:		
	8/15/14	8/8/14	7/18/14	8/20/13	8/8/14	7/18/14	8/20/13	8/8/14	7/18/14	8/20/13
Mont Belvieu Spot	61.1	102.8	104.2	110.8	-41.71	-1.37	-6.57	-40.6	-1.3	-5.9
Conway Spot	62.6	105.4	106.3	108.9	-42.89	-0.89	-2.54	-40.7	-0.8	-2.3

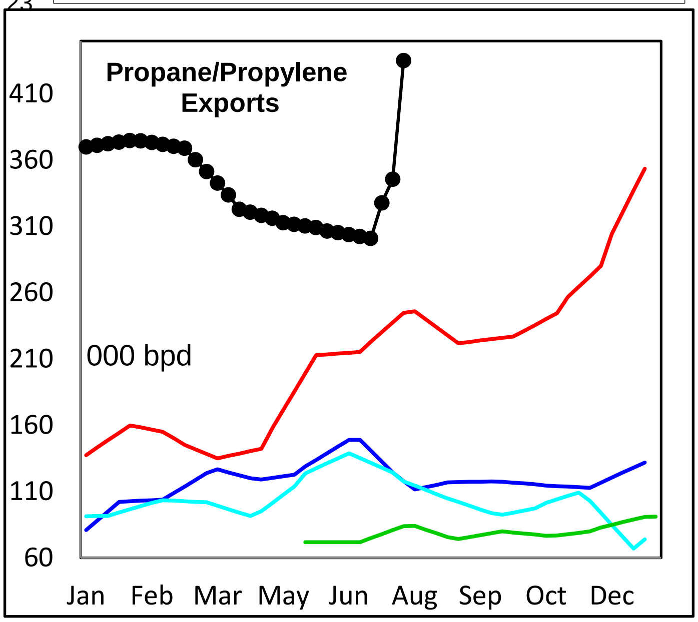
Key Price Spreads and Differentials

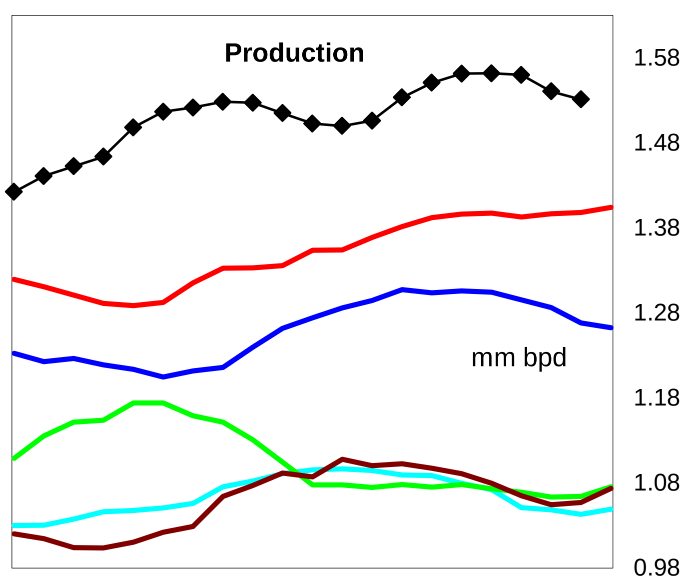


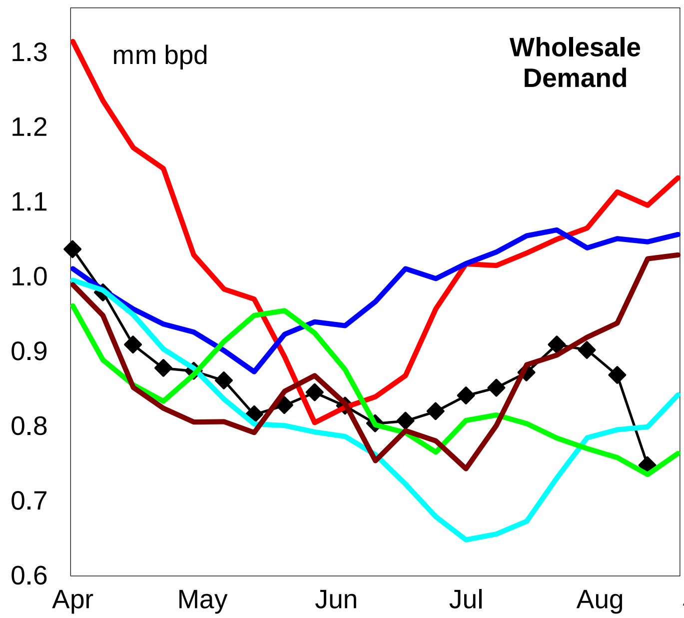
U. S. Propane Supply and Demand Balance

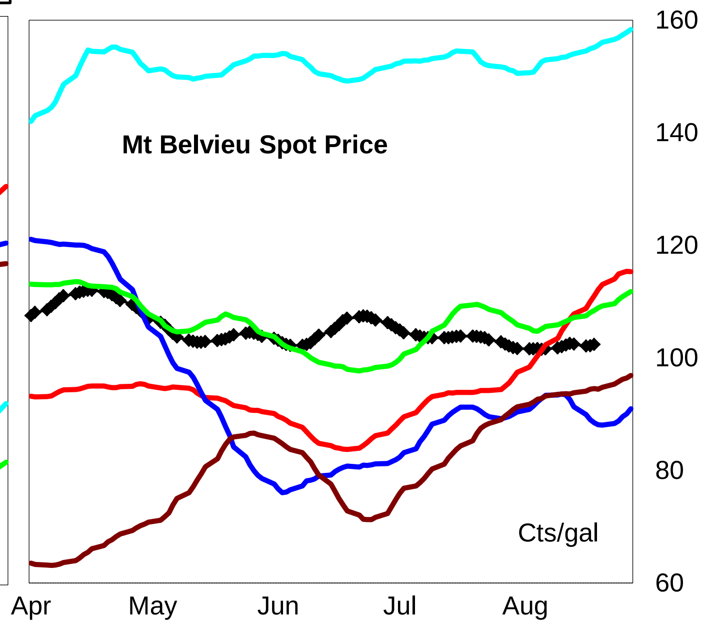












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jul	Jun	May
000 bpd (000 bls stks)	10,938	24,244	158	-6		-213	-33	-246	-160
% change	17.7	106	11.4	-7.5		-18.8	-3.1	-25.1	-17.3

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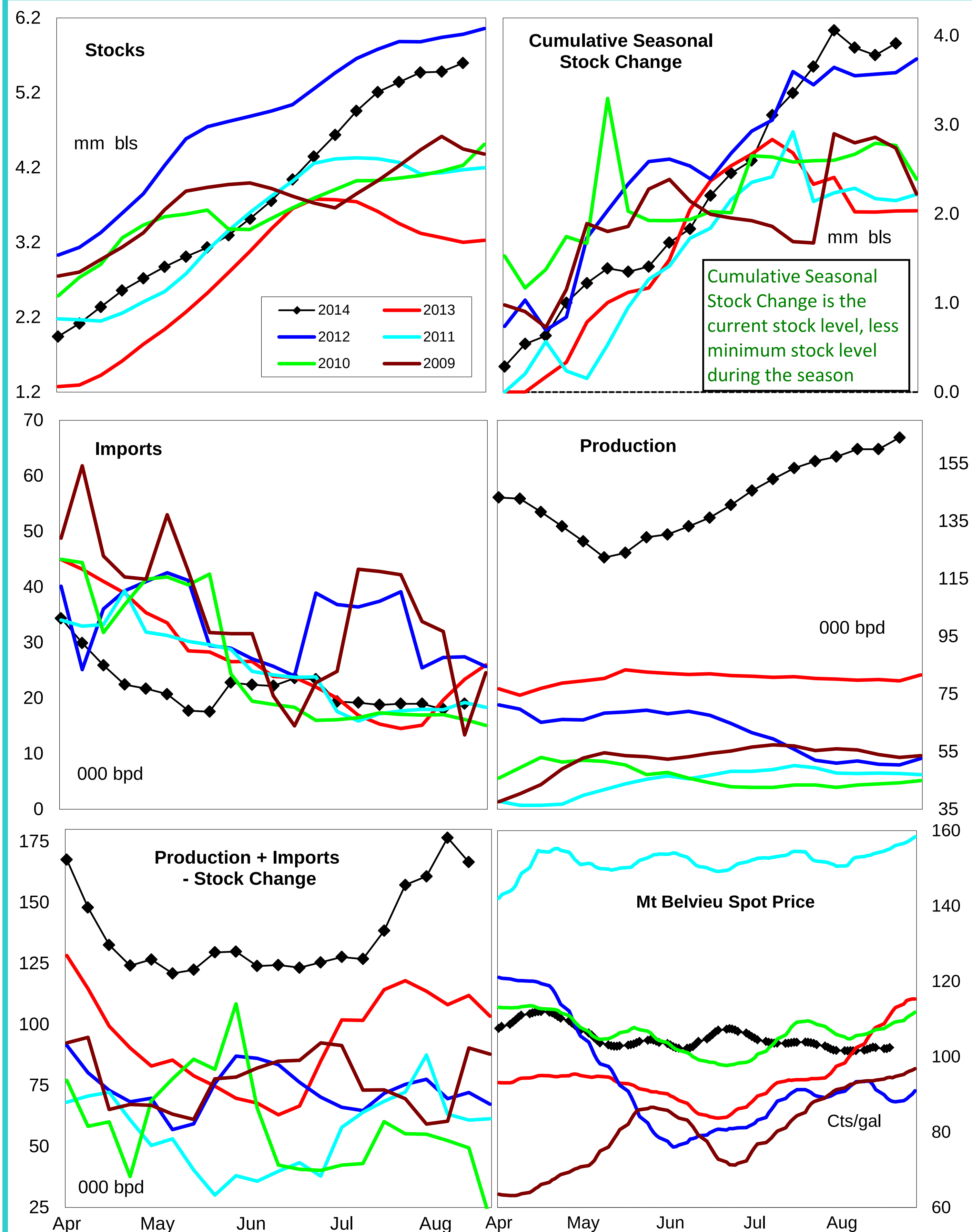
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	2,407	1,883	81	3	52
% change	75.5	92.7	101.9	20.7	46.4

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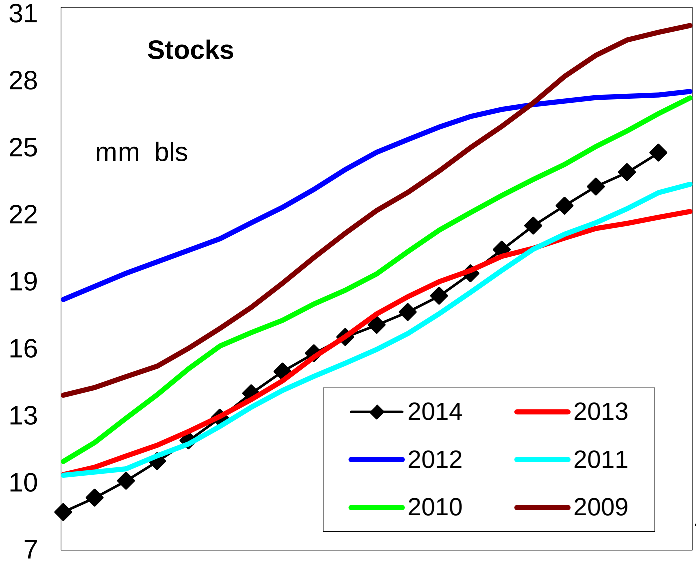
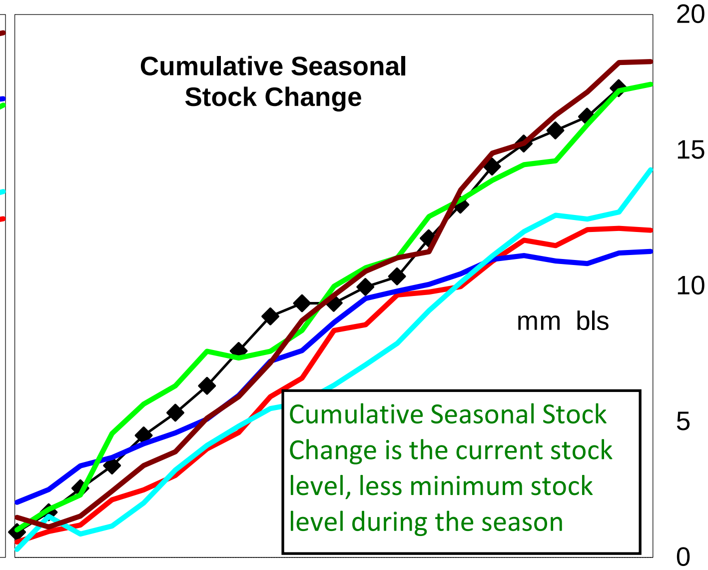
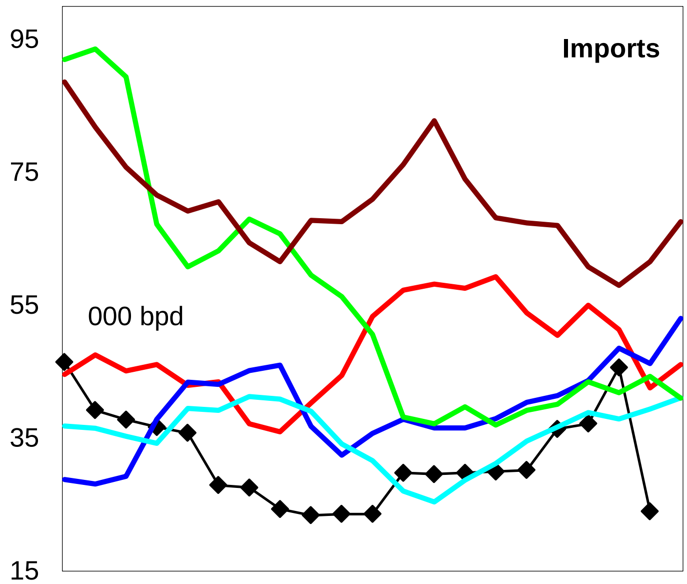
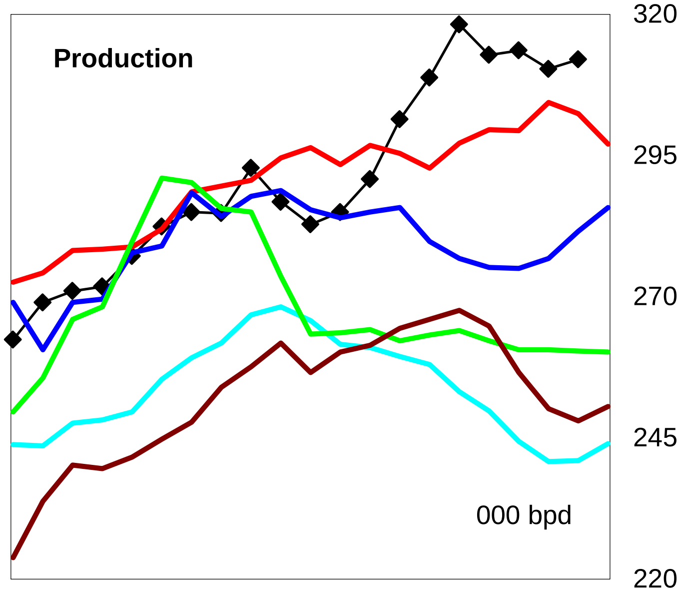
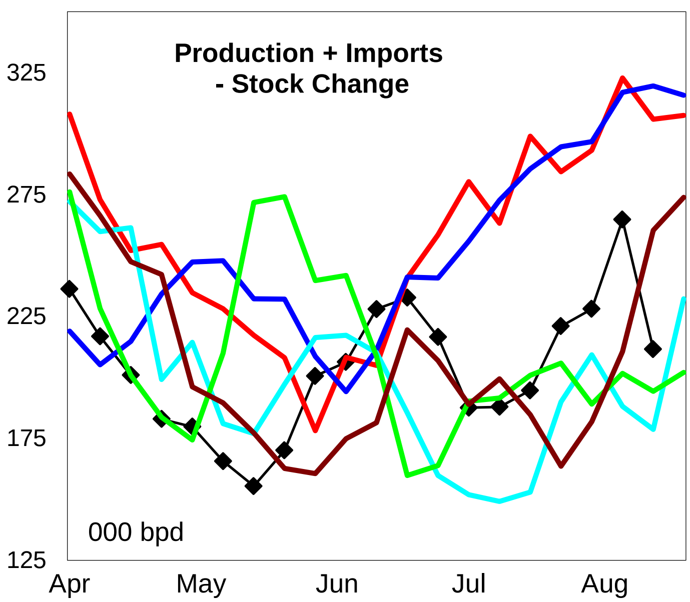
PADD 2 Propane Supply and Demand Balance

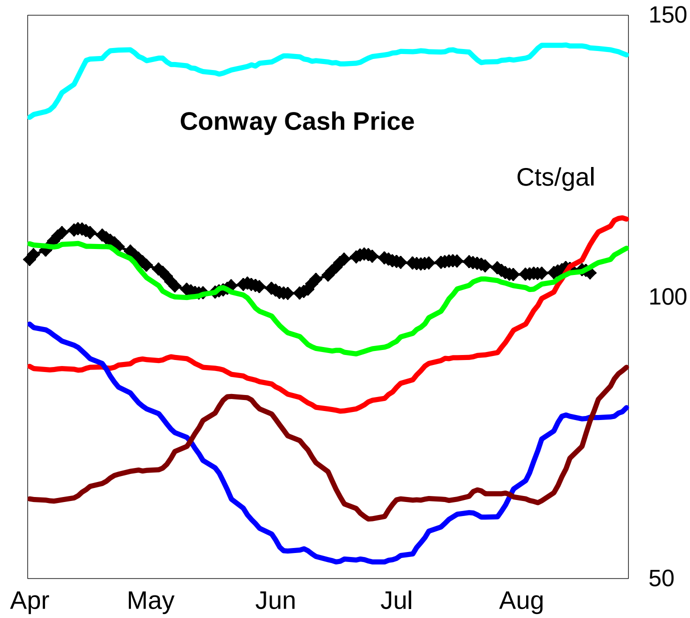












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	2,913	5,163	5	-15	-70
% change	13.5	42.6	1.7	-26.5	-23.3

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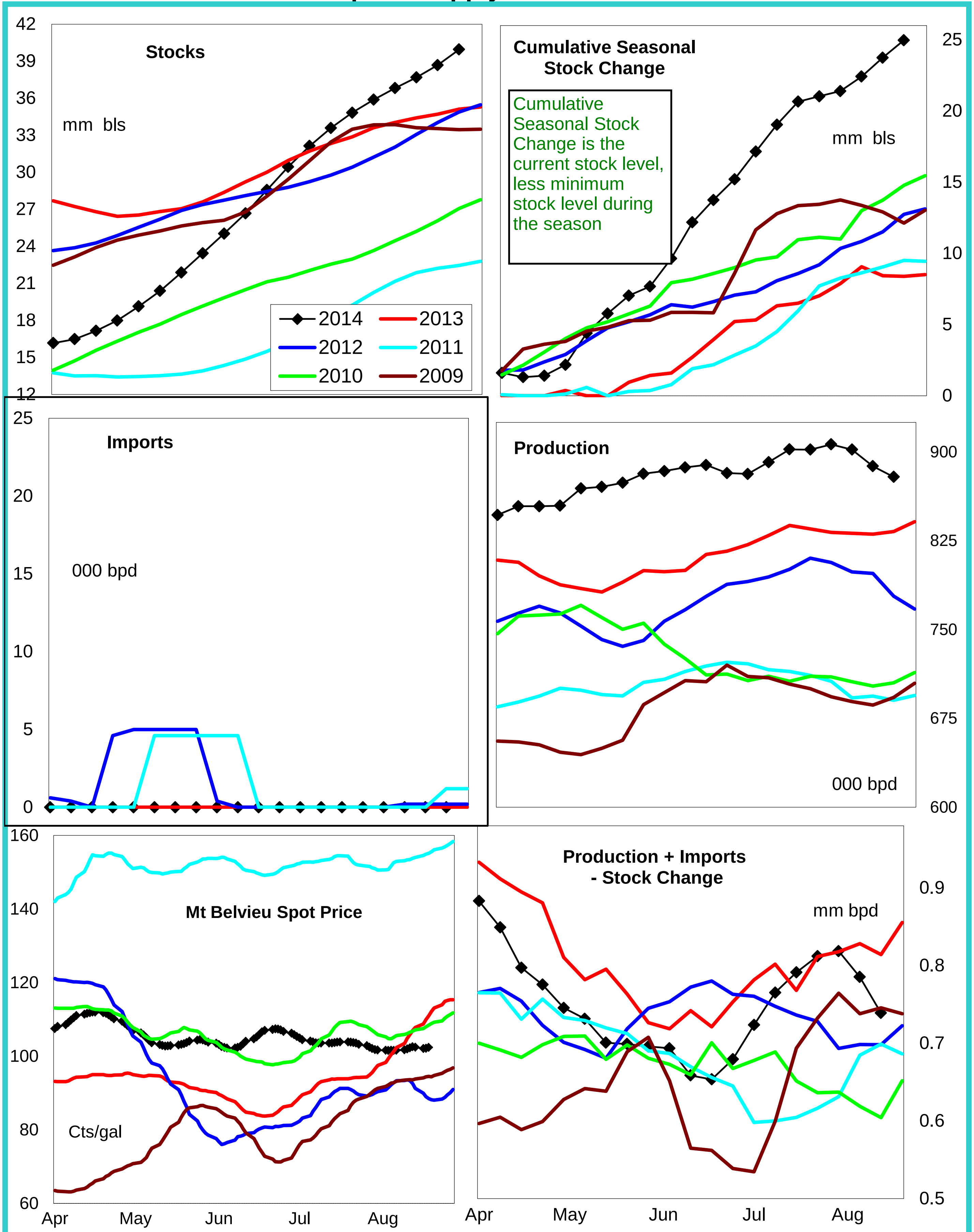
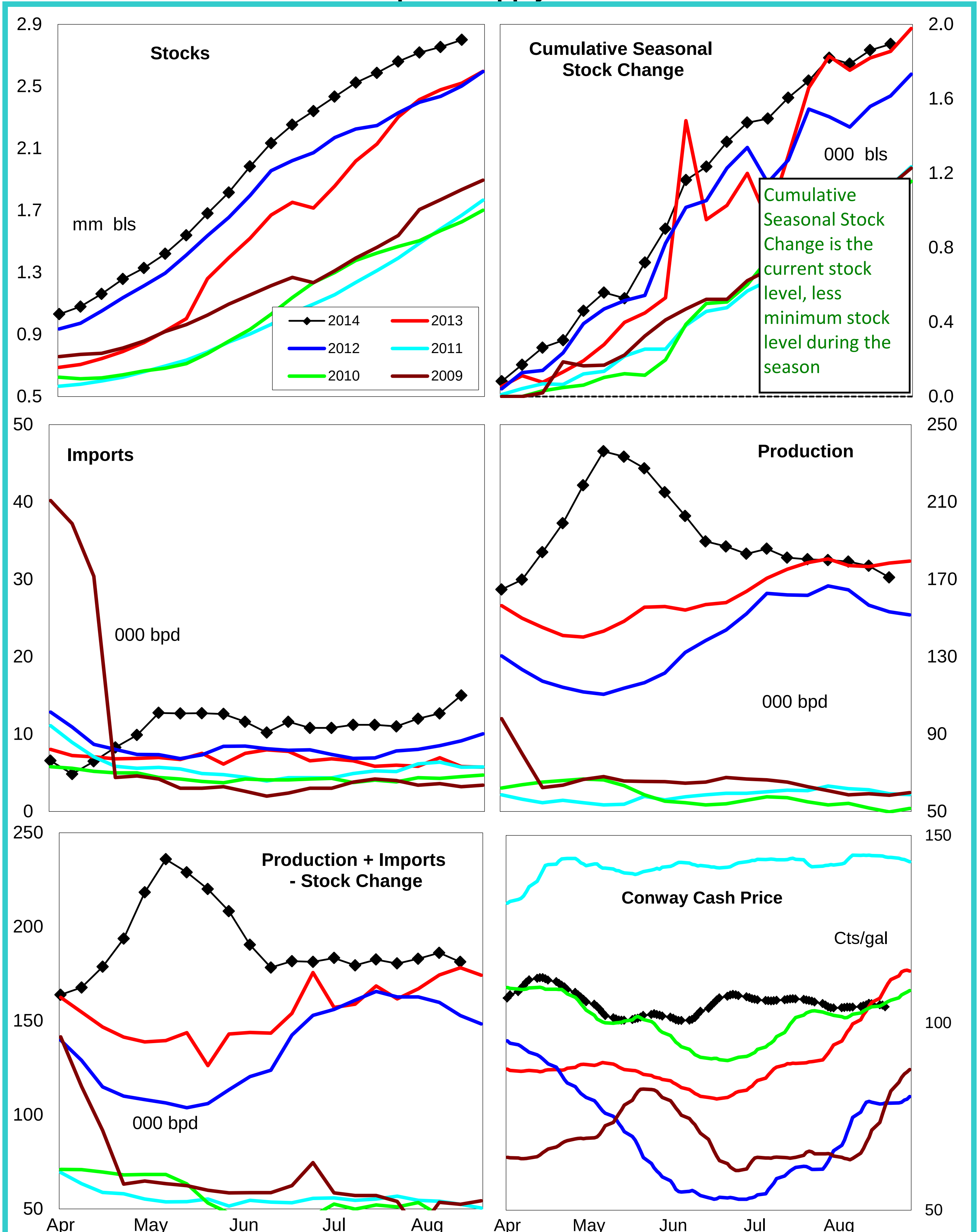
PADD 3 Propane Supply and Demand Balance



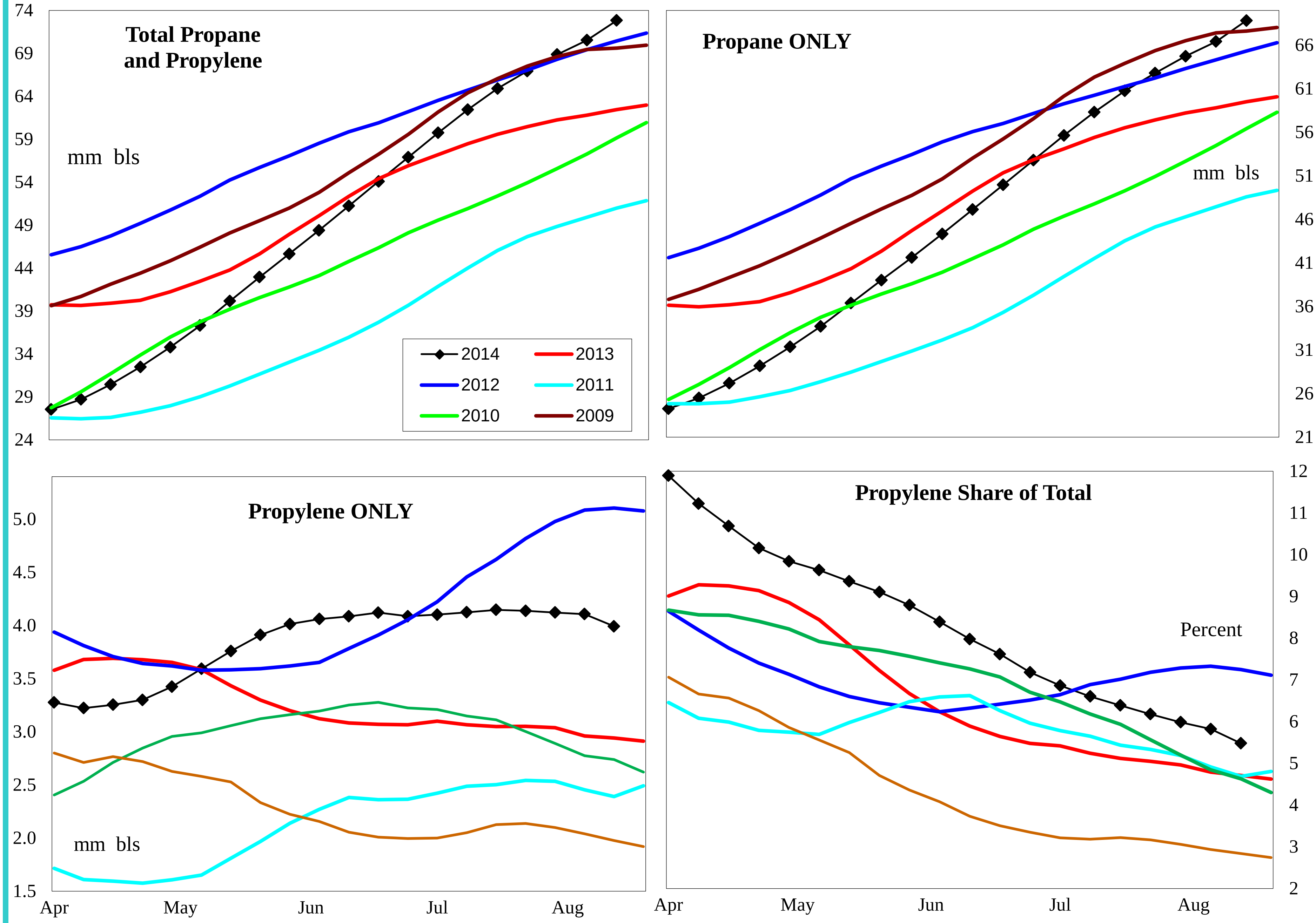
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	5,304	16,586	70	0	-29
% change	15.3	198	8.4	#DIV/0!	-3.8

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)	313	39	2	6	12
% change	12.6	2.1	1.3	93.5	7.3

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	10,938	9,854	1,051
% change	17.7	16.7	35.7

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