WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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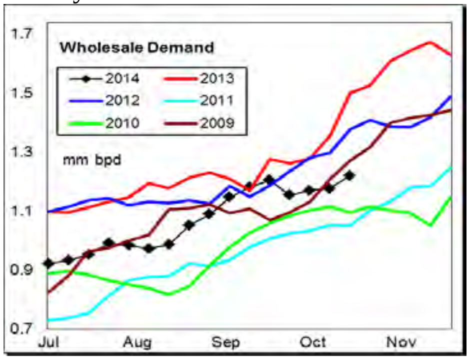
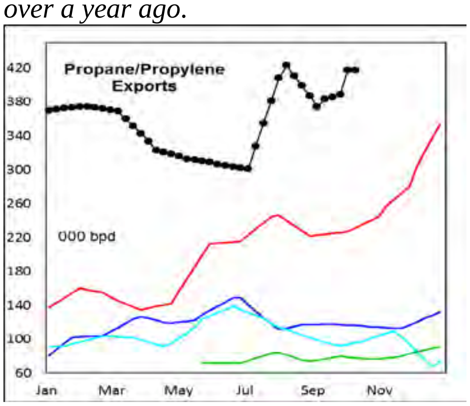
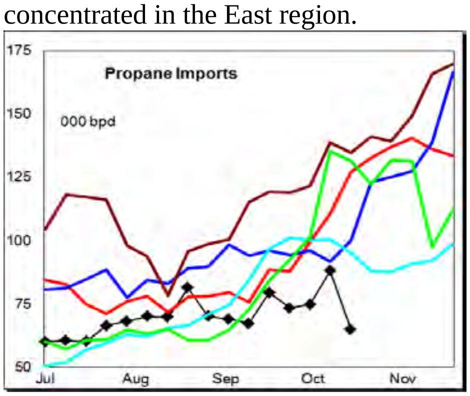
Summary[1]:
Wholesale demand increased +81,000 bpd last week, with the level below the last 2-yrs.



Production increased +30,000 bpd on the week, concentrated in the Gulf region. *Exports for the week ending 26Sep14 were 418,000 bpd, up +190,000 bpd over a year ago.*

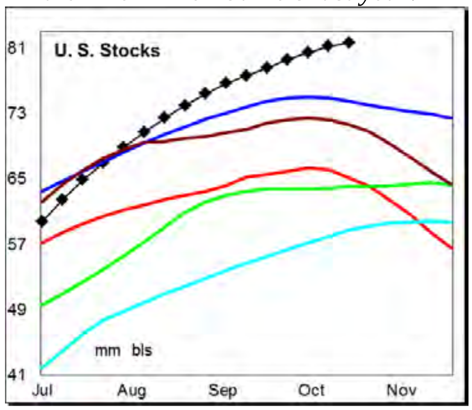


Imports declined -19,000 bpd, and concentrated in the East region.

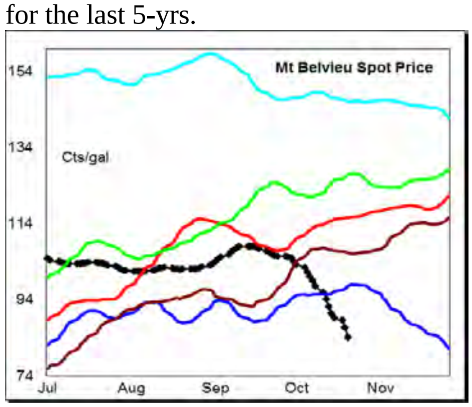


Combined production and imports during the latest 4-wk period were +144,000 bpd above a year ago. Production was +165,000 bpd above last year (+12%), while imports were -21,000 bpd lower. The latest 4-wk average demand was -118,000 bpd below last year.

Stocks increased +0.2 million barrels last week, up +24% over last year. *The cumulative seasonal stock build of +50 million barrels, was nearly 2X the +26 million barrels last year.*



Price and Spreads Mt Belvieu spot price declined -6 cpg last week ending 22Oct14, while Conway was -7 cpg lower. Prices ended the week at a record low for this time of year in Mt Belvieu for the last 5-yrs.



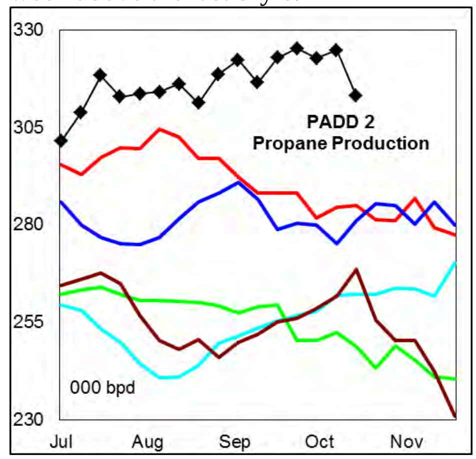
The Conway – Mt Belvieu price spread trended higher last week, ending at a level equal to 5-yr highs for the season.

The propane to natural gas price spread trended lower last week, ending at a level equal to 5-yr lows for the period.

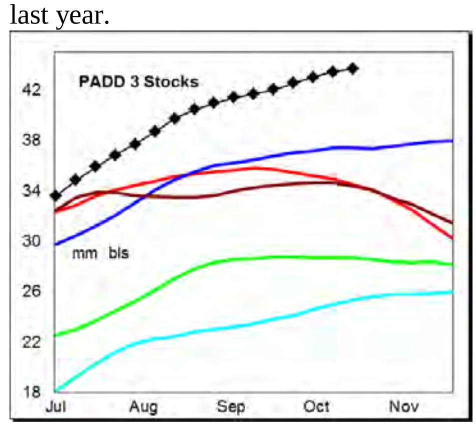
The propane / crude oil price spread trended lower on the week, also ending at a level that matched 5-yr lows for the period.

PADD 1 stocks increased +0.1 million barrels on the week, ending +1.5 million barrels above last year. Supply for the latest 4-wk period was +79,000 bpd above last year; driven by a 2X increase in production over a year ago.

PADD 2 supply decreased -32,000 bpd last week. Production averaged +40,000 bpd above last year for the most recent 4-wk period. Stock levels ended the week above the last 3-yrs.



PAD 3 stocks increased +0.2 million barrels on the week, with the level +9.2 million barrels above last year. Supplies for the latest 4-wk period were +7,000 bpd above a year ago. The cumulative seasonal stock build of +26.5 million barrels compared to +8.2 million barrels last year.



PADDs 4 & 5 stocks were unchanged on the week, with the level at a 5-yr high.

Emerging Trends Continued mild weather in major markets has reduced grain drying demand, which combined with record propane production, high stock levels and lower global oil prices has led to the sharp price pull back. Significant winter heating demand will be required to reverse the current price weakness.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

October 22, 2014

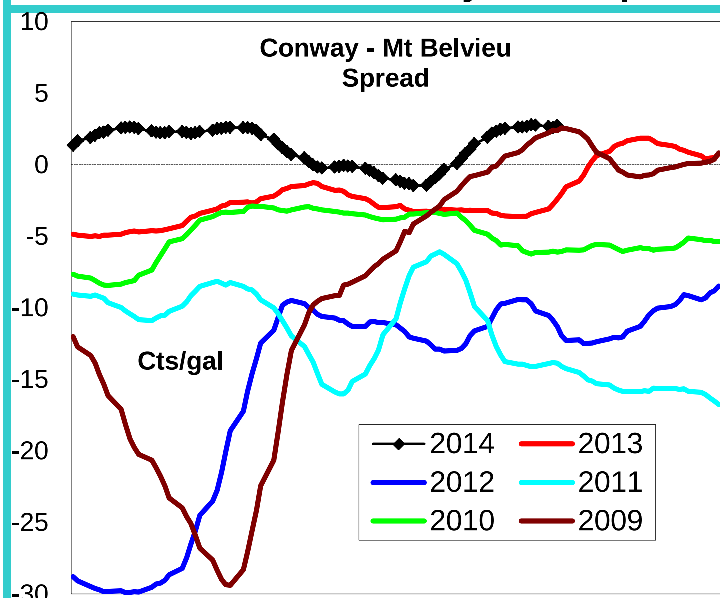
Fundamental Trends for the Week Ending: Friday, October 17, 2014

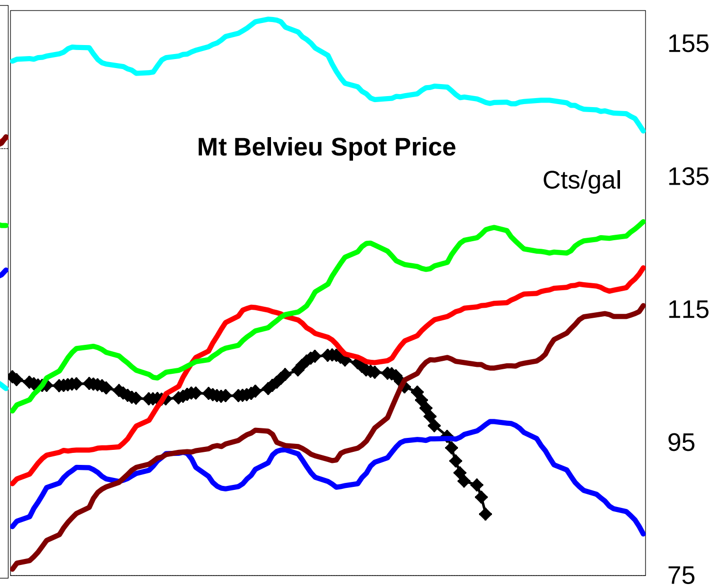
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	81,612	6,395	27,926	43,678	3,613	236	126	-169	237	42
Propylene Stocks	2,299					-177				
Production	1,567	170	313	897	187	30	-7	-5	48	-6
Imports	65	22	29	0	14	-19	-25	4	0	2
Whsle Demand	1,180					81				

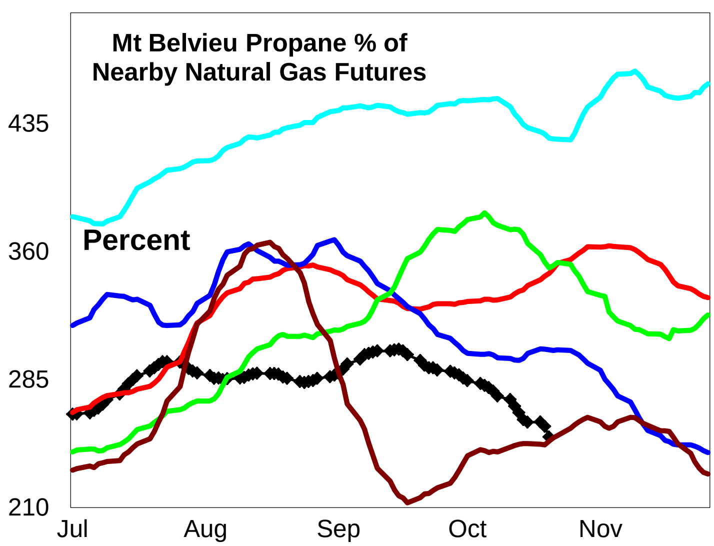
Price Trends for the Week Ending: Wednesday, September 24, 2014

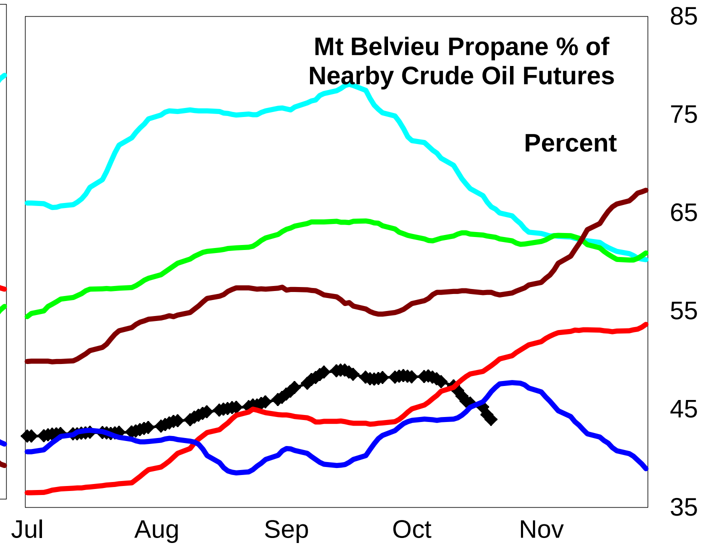
Cents/gal	Average for week ending:				Change from:			% change from:		
	9/24/14	9/17/14	8/27/14	9/27/13	9/17/14	8/27/14	9/27/13	9/17/14	8/27/14	9/27/13
Mont Belvieu Spot	88.6	93.6	107.2	114.9	-4.94	-13.59	-7.69	-5.3	-12.7	-6.7
Conway Spot	91.3	96.3	105.5	111.3	-4.97	-9.21	-5.78	-5.2	-8.7	-5.2

Key Price Spreads and Differentials

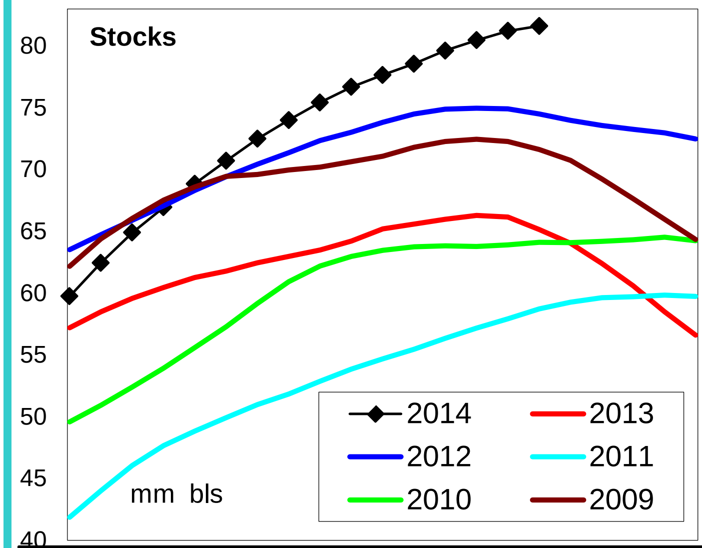


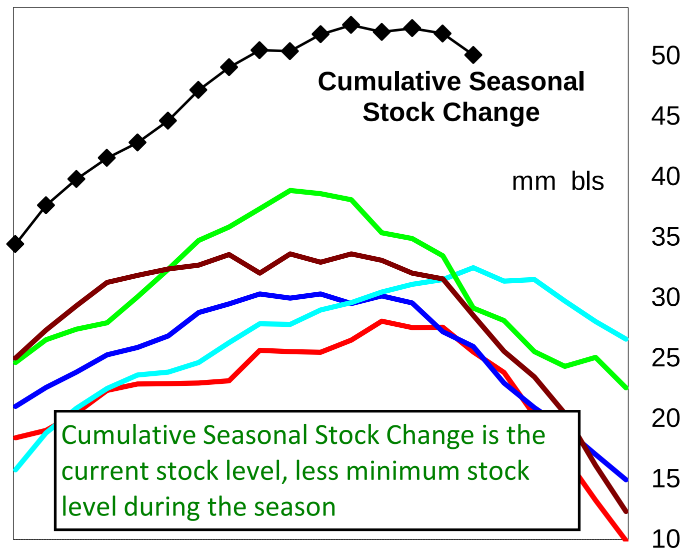


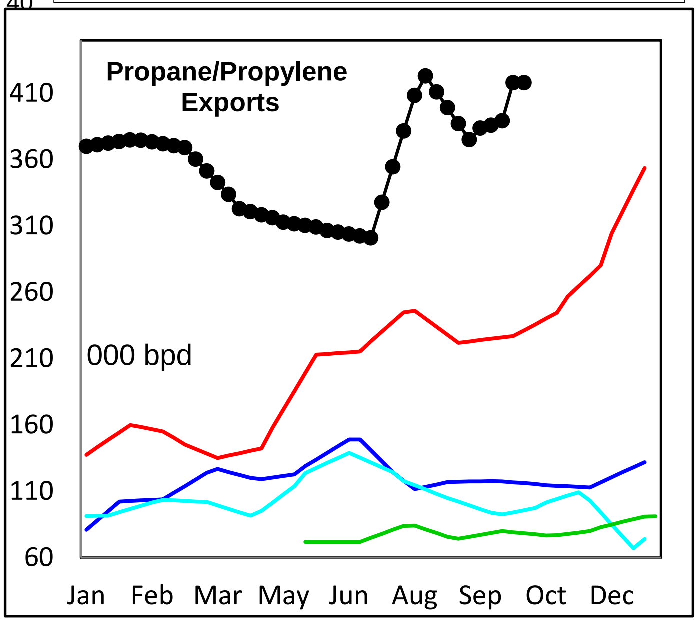


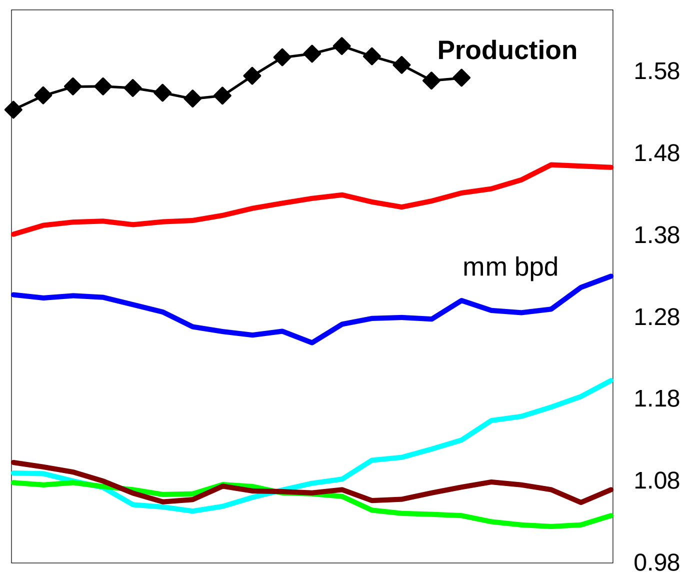


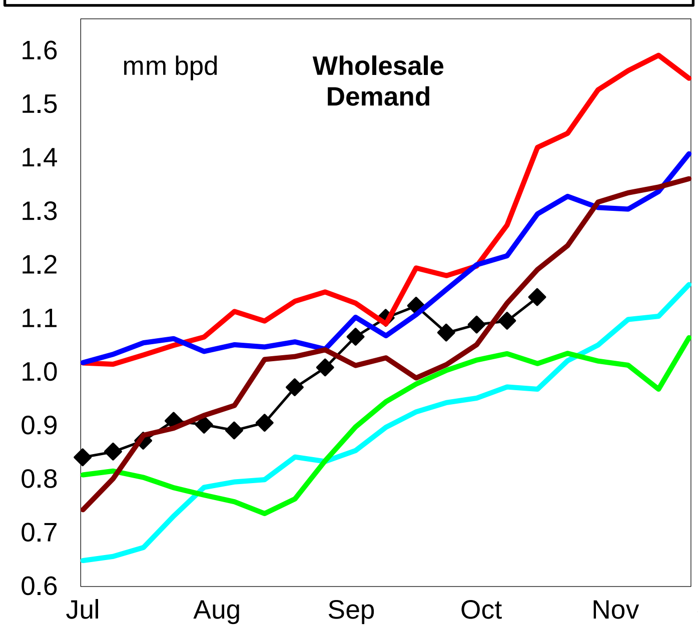
U. S. Propane Supply and Demand Balance

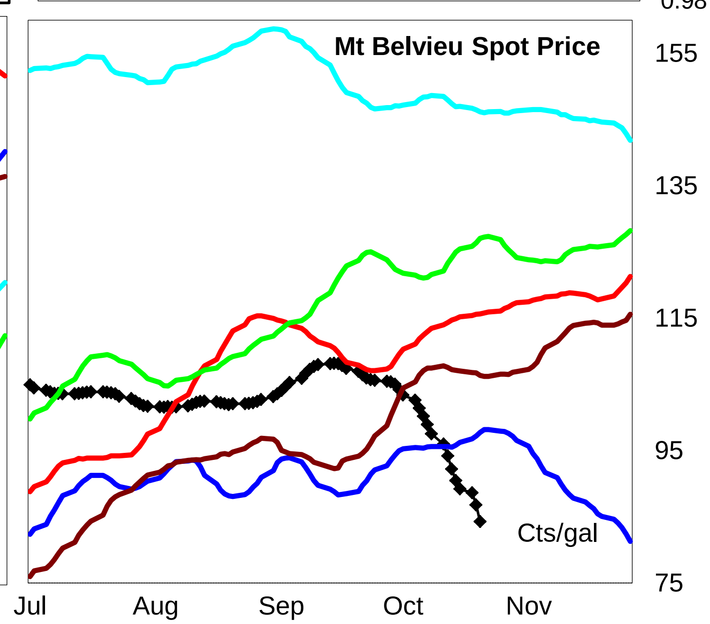












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Sep	Aug	Jul
000 bpd (000 bls stks)	15,642	24,581	165	-21		-118	25	-109	-154
% change	23.7	96	11.7	-20.9		-9.4	2.3	-10.5	-14.6

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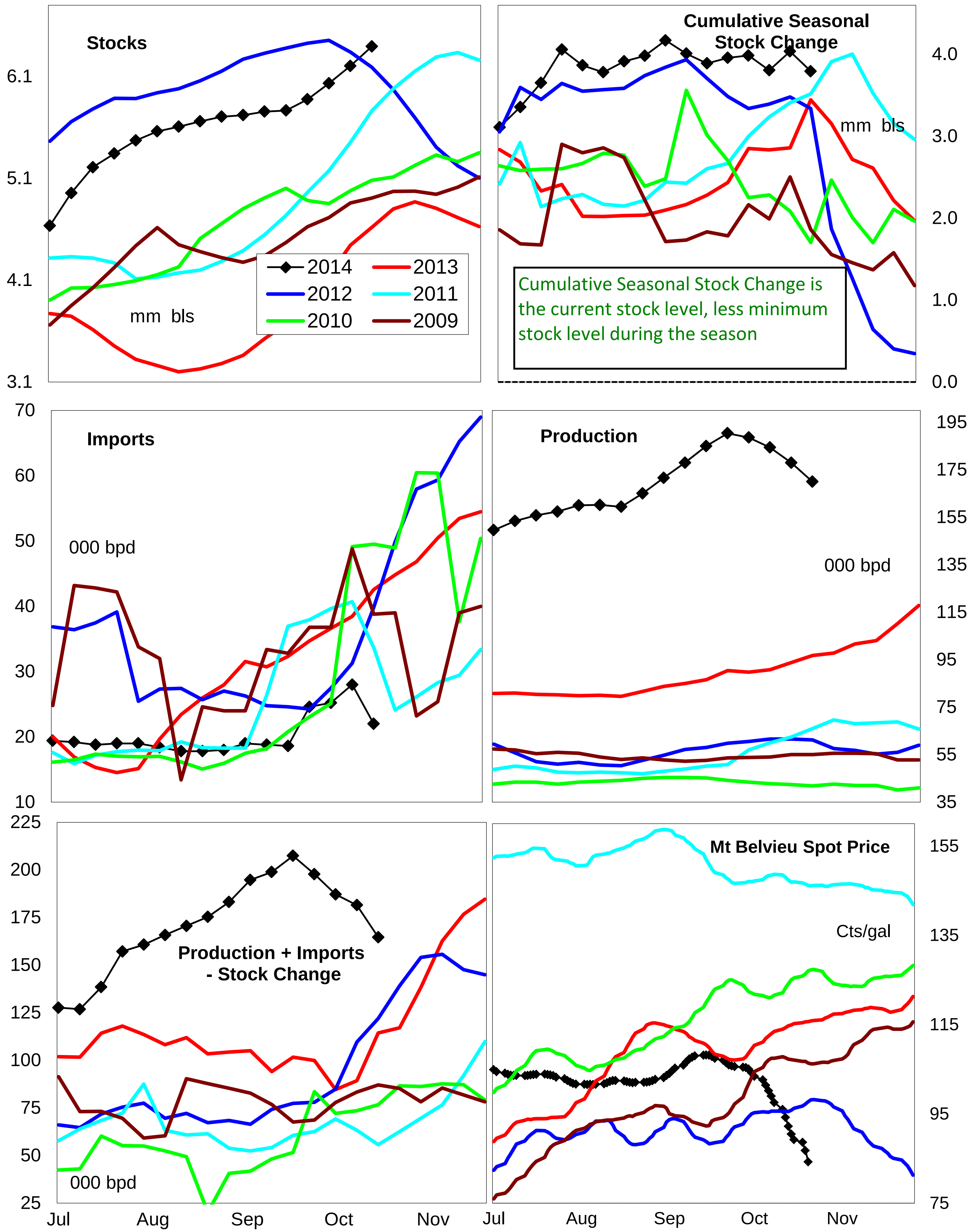
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,458	348	90	-11	86
% change	29.5	10.1	97.3	-29.8	88.3

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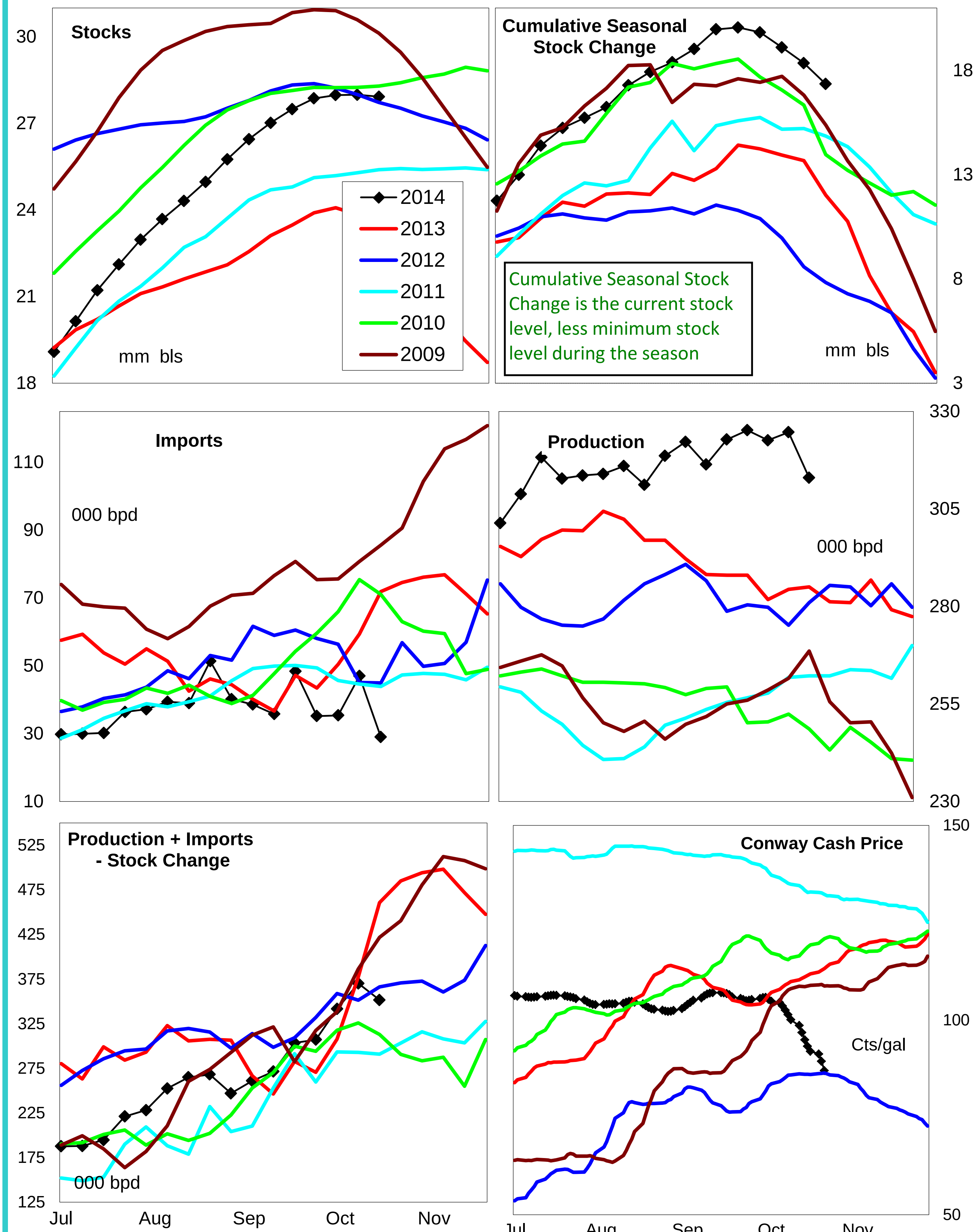
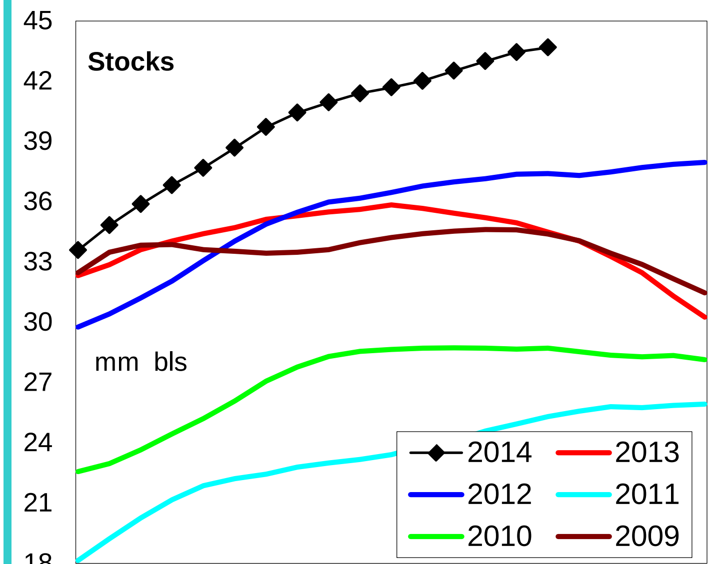
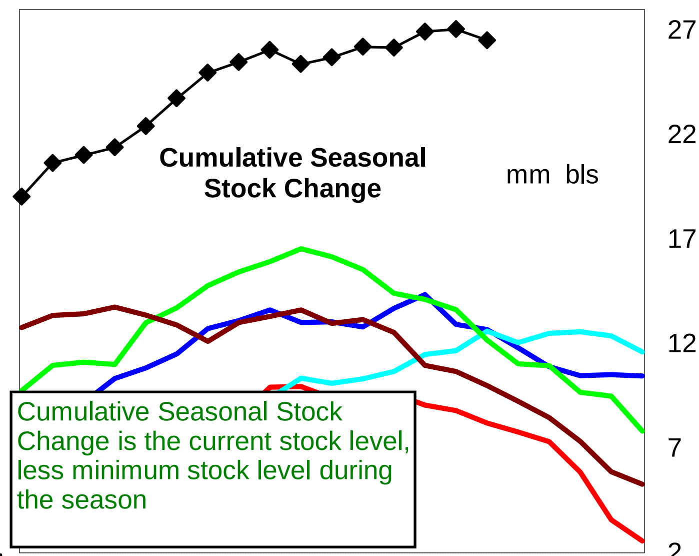
PADD 2 Propane Supply and Demand Balance

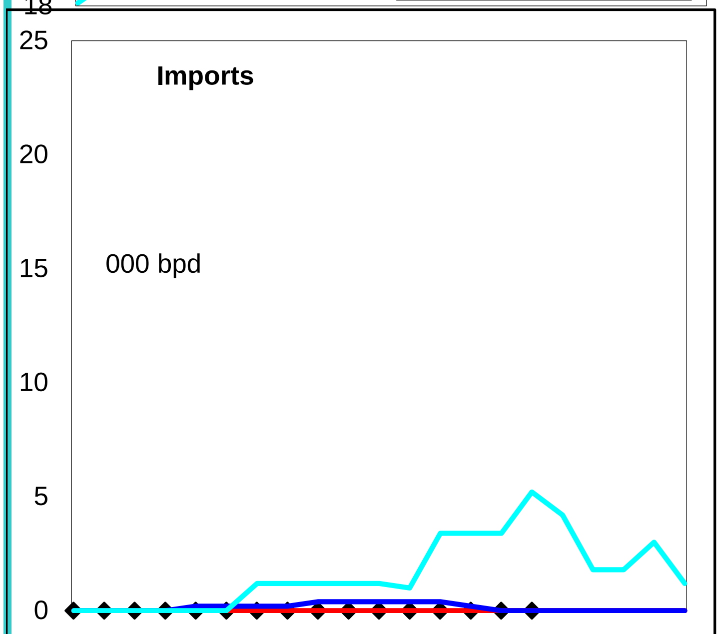


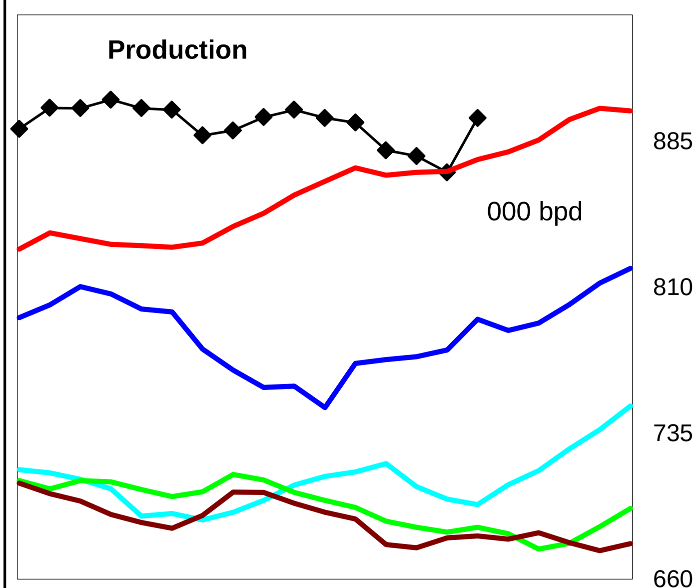
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	4,331	5,331	40	-13	-12
% change	18.4	44.3	14.0	-24.8	-3.3

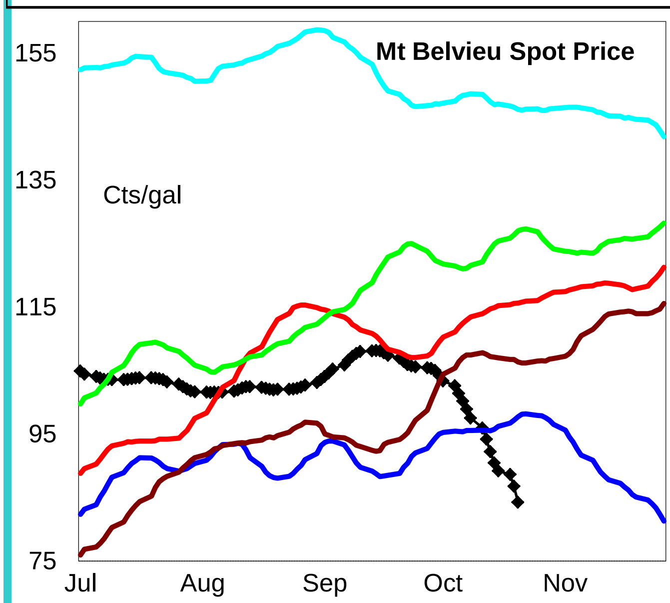
PADD 3 Propane Supply and Demand Balance

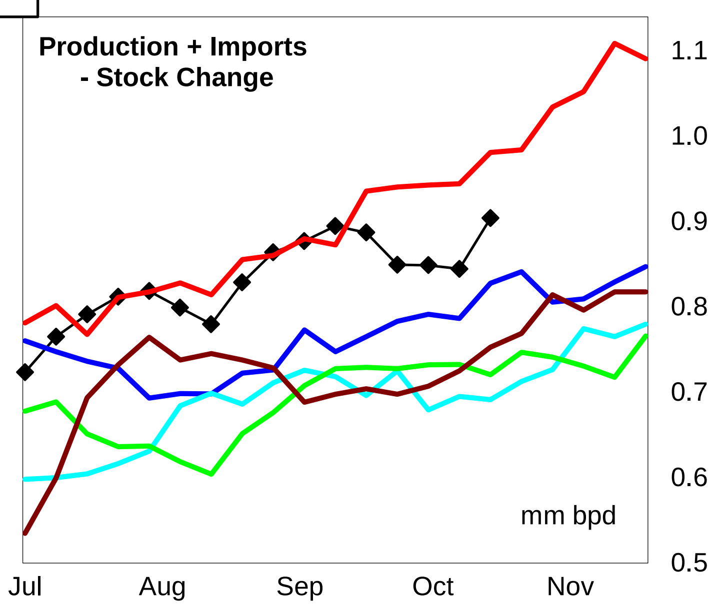






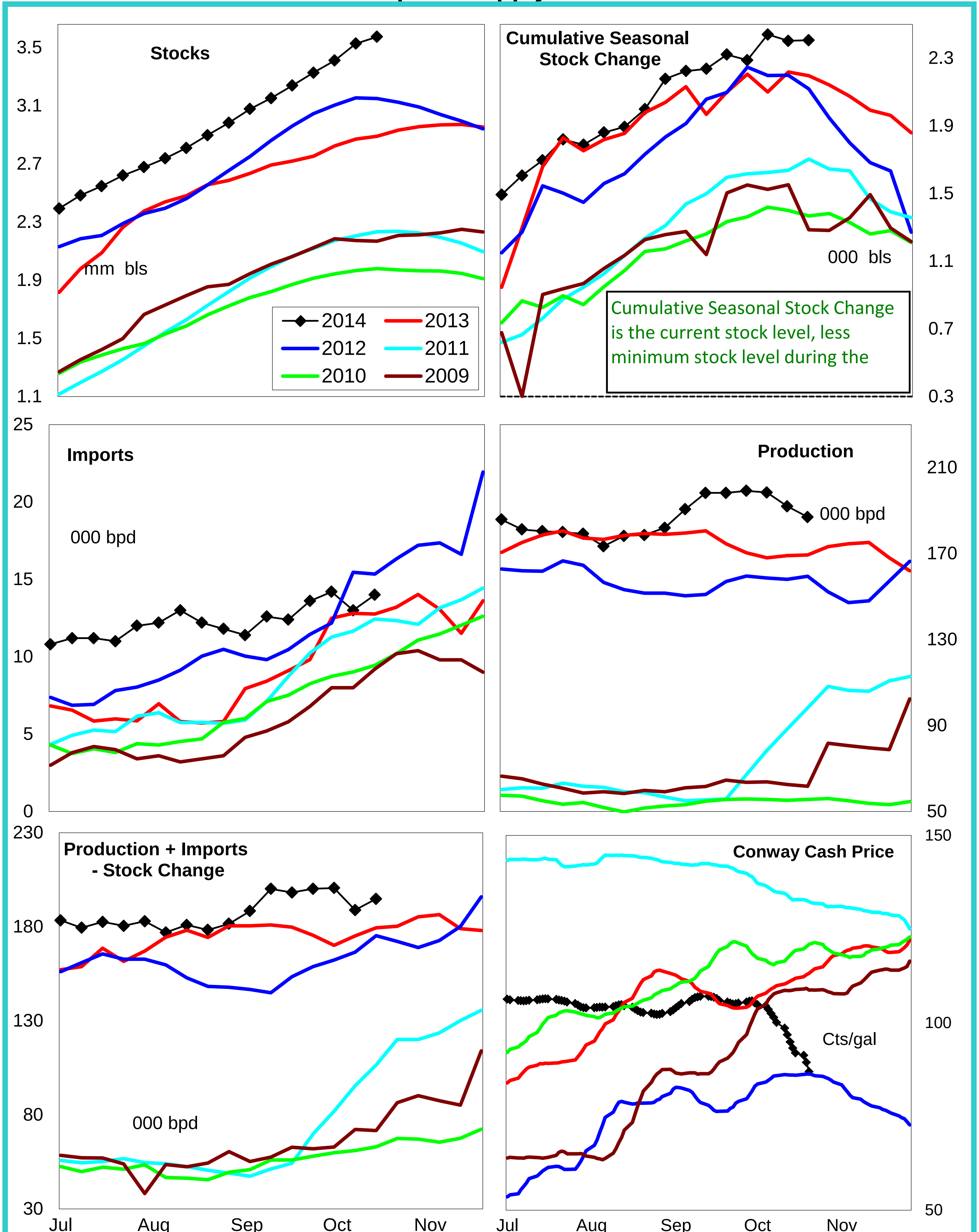






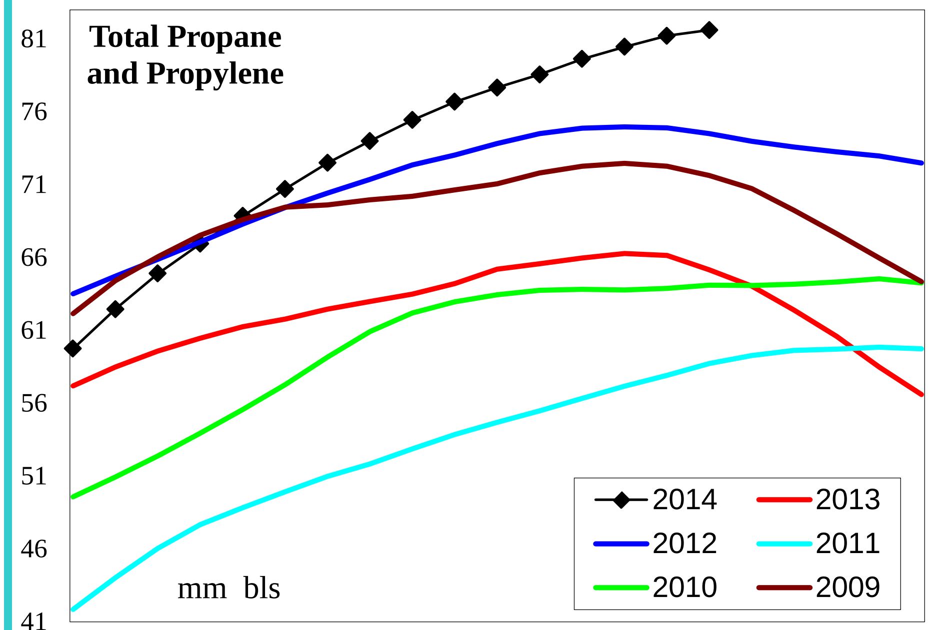
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	**9,201**	**18,308**	**7**	**0**	**-90**
% change	**26.7**	**223**	**0.8**	**#DIV/0!**	**-9.9**

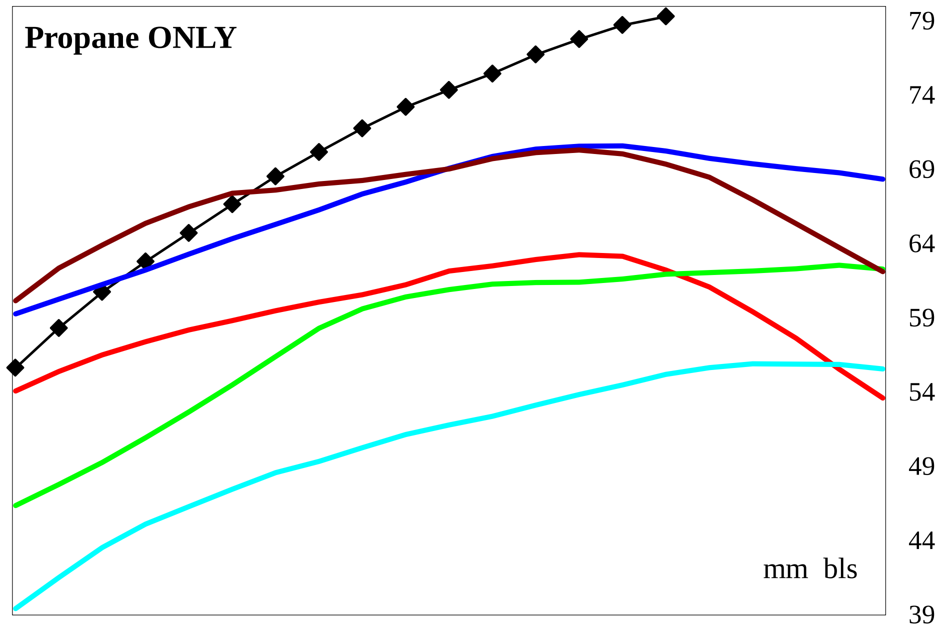
PADDs 4 and 5 Propane Supply and Demand Balance

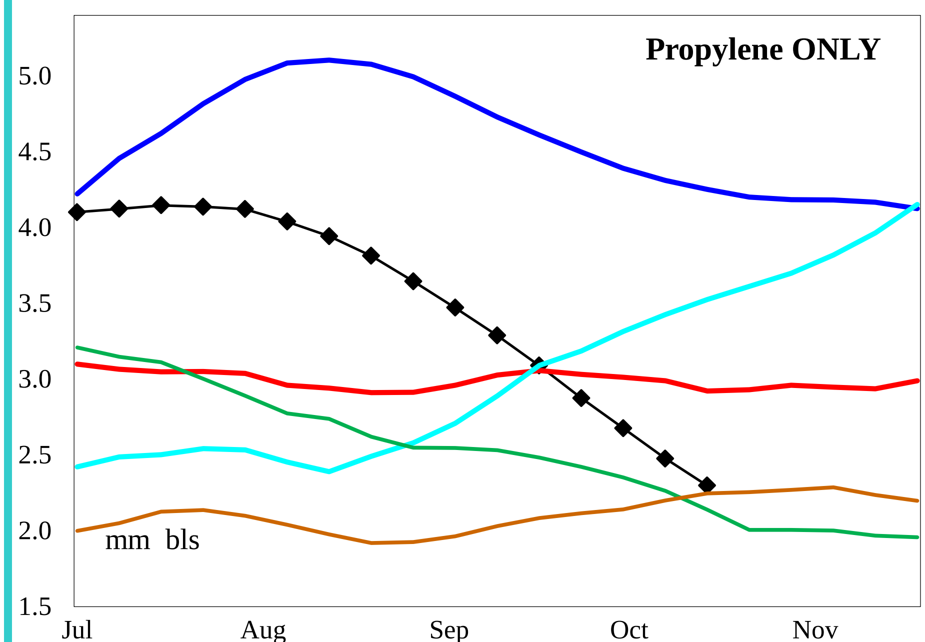


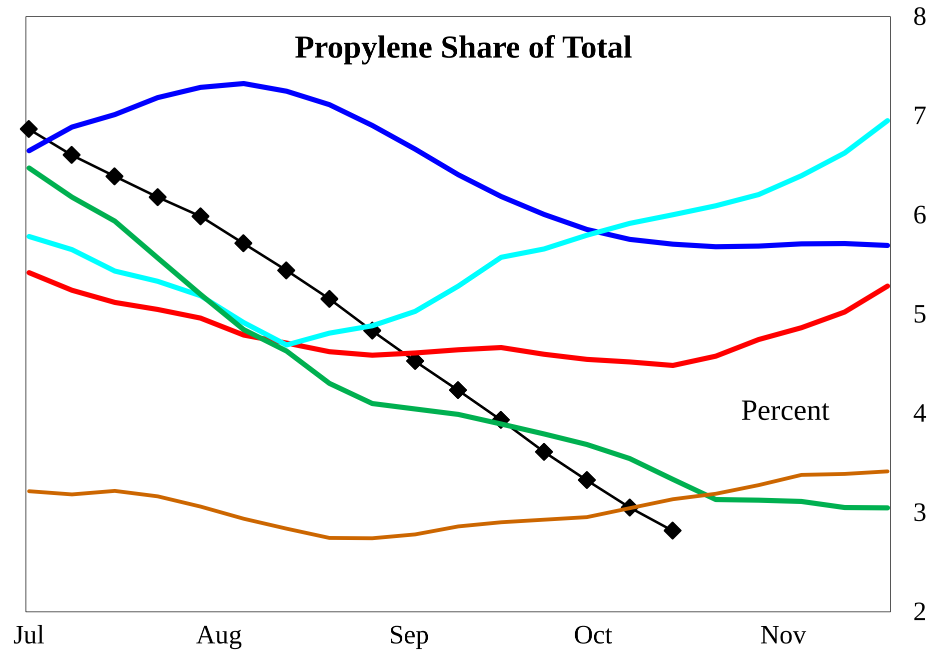
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	653	209	29	3	21
% change	22.1	9.5	17.3	24.2	12.0

U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**15,642**	**16,296**	**-624**
% change	**23.7**	**25.9**	**-21.3**

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