WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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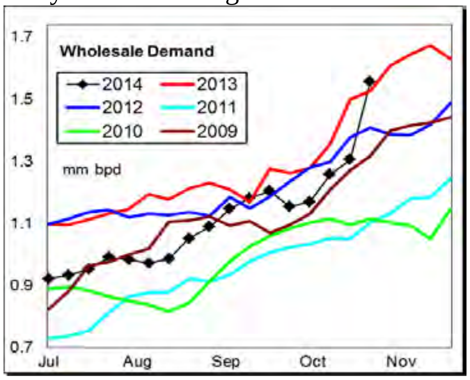
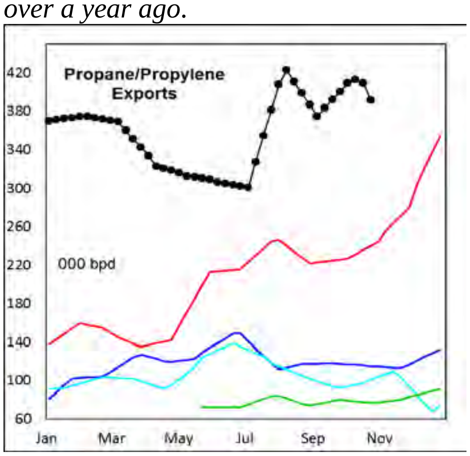
Summary[1]: **Table of Contents**

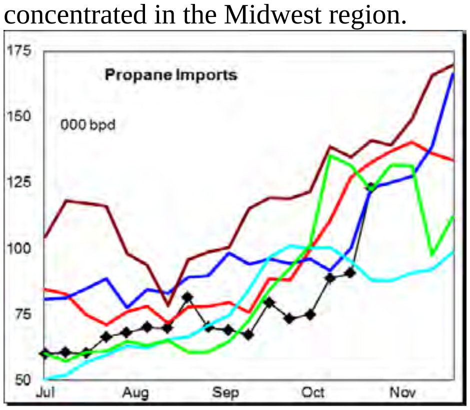
Wholesale demand jumped +335,000 bpd last week, lifting the level to match last years' record high.



Production increased +25,000 bpd on the week, concentrated in the west regions. *Exports for the week ending 24Oct14 were 392,000 bpd, up +150,000 bpd over a year ago.*

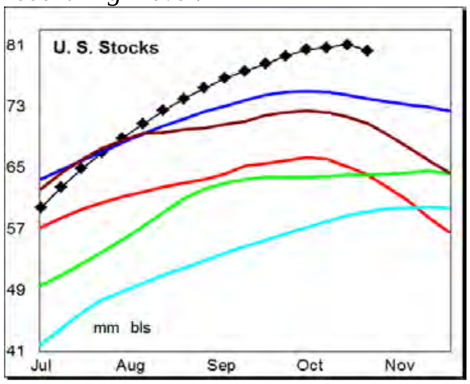


Imports increased +58,000 bpd, and concentrated in the Midwest region.

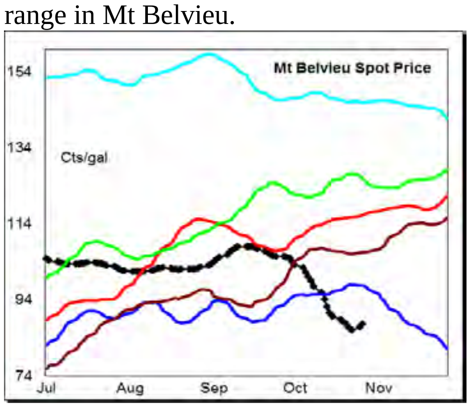


Combined production and imports during the latest 4-wk period were +133,000 bpd above a year ago. Production was +159,000 bpd above last year (+11%), while imports were -26,000 bpd lower. The latest 4-wk average demand was -150,000 bpd below last year.

Stocks declined -1.3 million barrels last week, the first seasonal weekly draw. *Stocks ended the week up +15.5 million barrels over a year ago and a record high level.*



Price and Spreads Mt Belvieu spot price increased +1 cpg last week ending 28Oct14, while Conway climbed +5 cpg. Prices ended the week below the 5-yr range in Mt Belvieu.



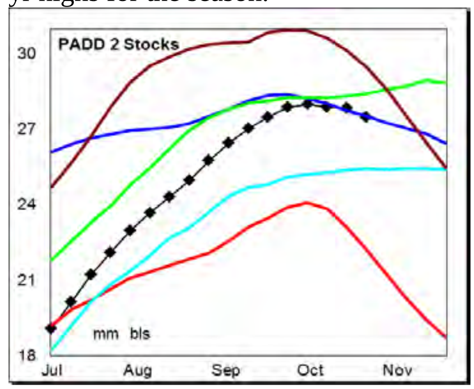
The Conway – Mt Belvieu price spread trended sharply higher last week, ending at a 5-yr high in favor of Conway.

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

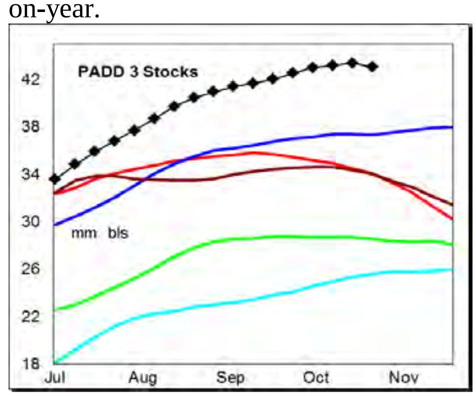
The propane / crude oil price spread traded sideways on the week, ending at a level below the 5-yr range for the period.

PADD 1 stocks decreased -0.2 million barrels on the week, ending +1.1 million barrels above last year. Supply for the latest 4-wk period was +66,000 bpd above last year; driven by a record year-on-year increase in production.

PADD 2 supply increased +61,000 bpd last week on a surge in imports. Stocks decreased -0.5 million barrels last week. Stock levels ended the week equal to 3-yr highs for the season.



PAD 3 stocks fell -0.7 million barrels on the week, to a level +9 million barrels above last year. Supplies for the latest 4-wk period were nearly unchanged year-on-year.



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

Emerging Trends Last weeks' -1.3 million barrel stock draw reflects strong demand for grain drying in the Midwest, as prices in the region were a record premium to the Gulf for this time of year. Continued mild temperatures are forecast in major markets through mid November. Mild temperatures are partially offsetting an upturn in global oil prices, limiting the recent upturn in propane spot prices.

A well supplied propane market and continued mild temperatures should constrain propane spot prices during the current quarter.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

October 29, 2014

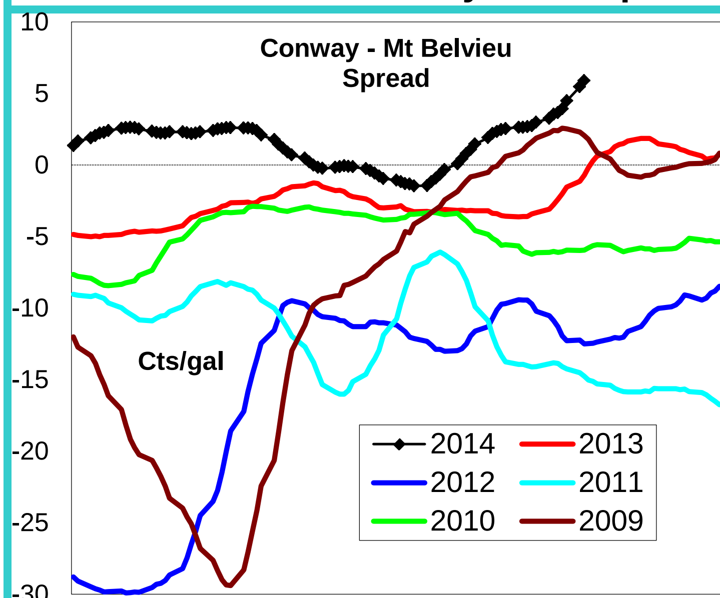
Fundamental Trends for the Week Ending: Friday, October 24, 2014

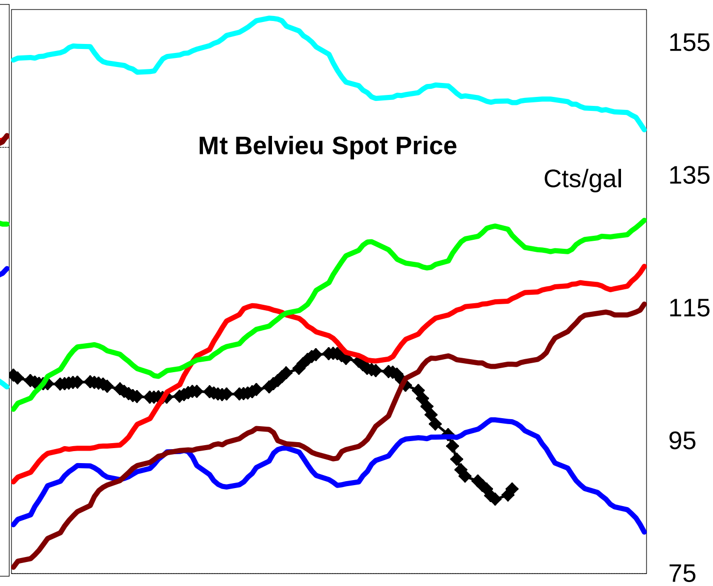
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	80,271	6,167	27,475	43,022	3,607	-1,341	-228	-451	-656	-6
Propylene Stocks	2,183					-116				
Production	1,592	166	311	904	211	25	-4	-2	7	24
Imports	123	19	92	0	12	58	-3	63	0	-2
Whsle Demand	1,515					335				

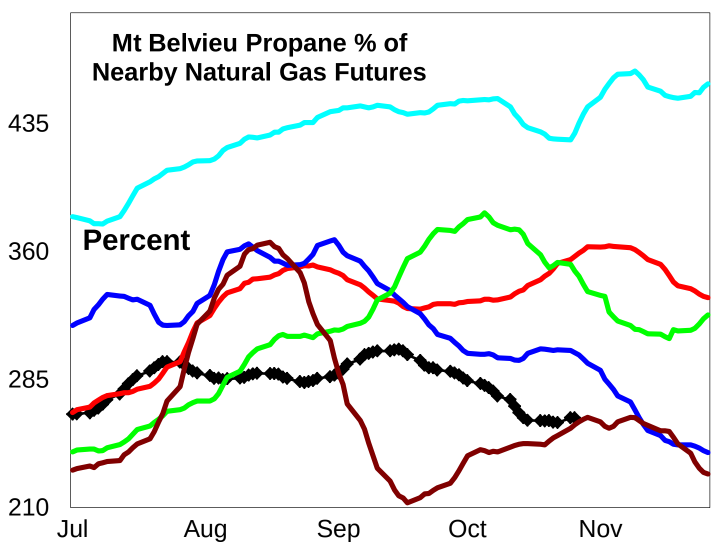
Price Trends for the Week Ending: Wednesday, September 24, 2014

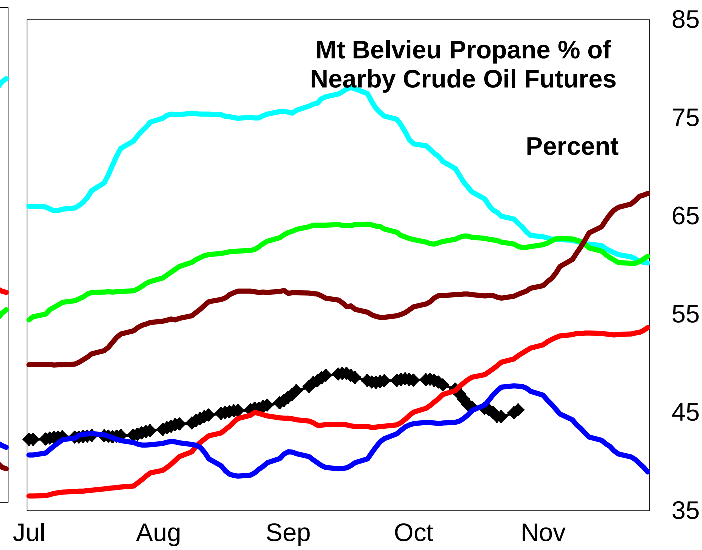
Cents/gal	Average for week ending:				Change from:			% change from:		
	9/24/14	9/17/14	8/27/14	9/27/13	9/17/14	8/27/14	9/27/13	9/17/14	8/27/14	9/27/13
Mont Belvieu Spot	86.2	89.9	104.3	116.1	-3.73	-14.35	-11.78	-4.1	-13.8	-10.1
Conway Spot	90.7	92.8	103.6	114.6	-2.07	-10.83	-10.98	-2.2	-10.5	-9.6

Key Price Spreads and Differentials

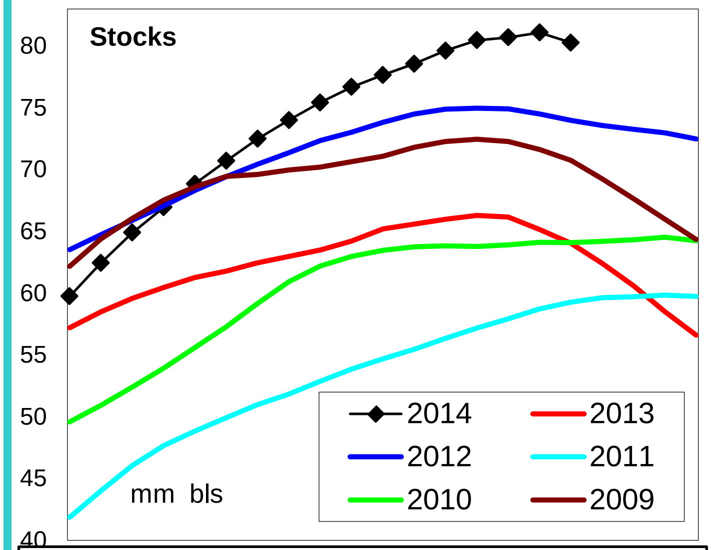


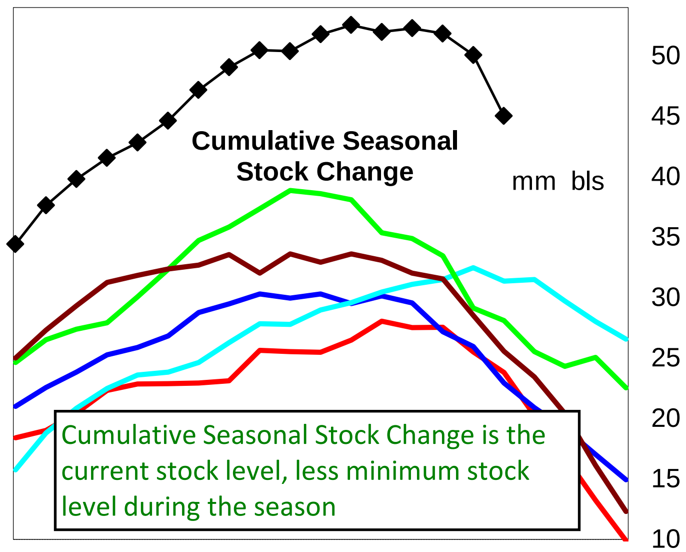


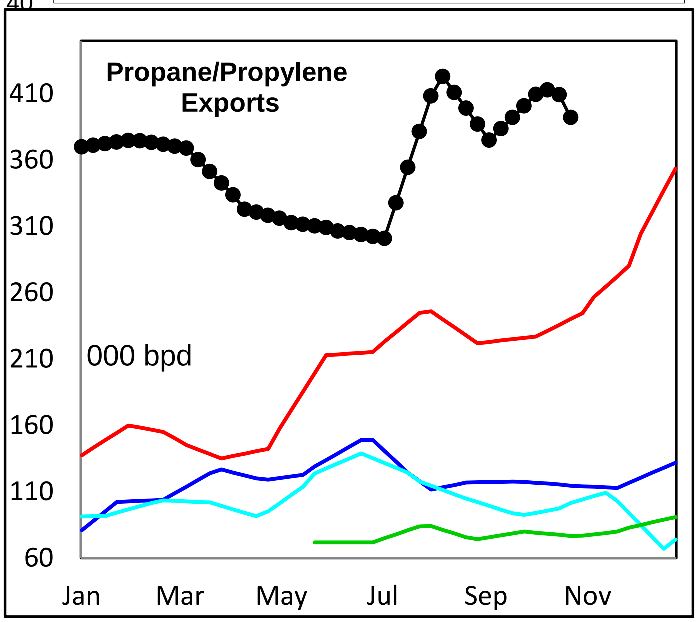


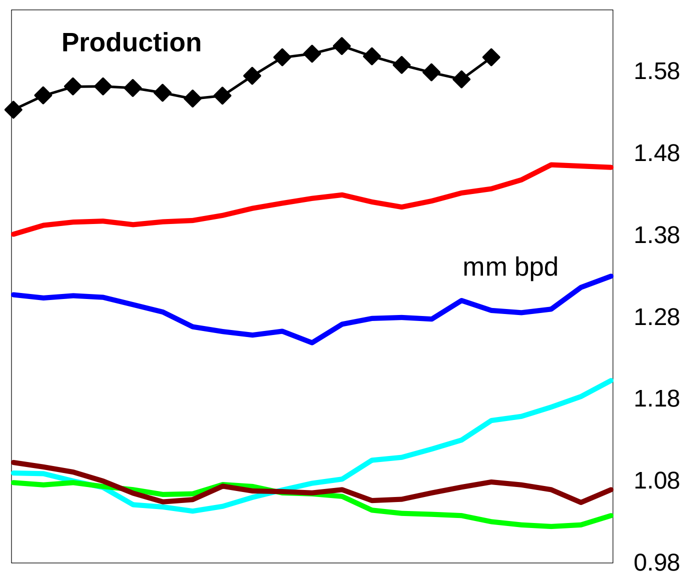


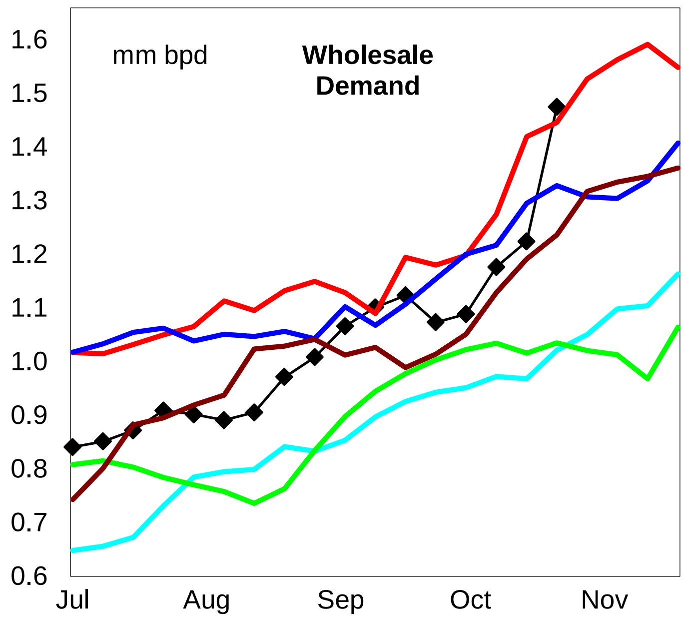
U. S. Propane Supply and Demand Balance

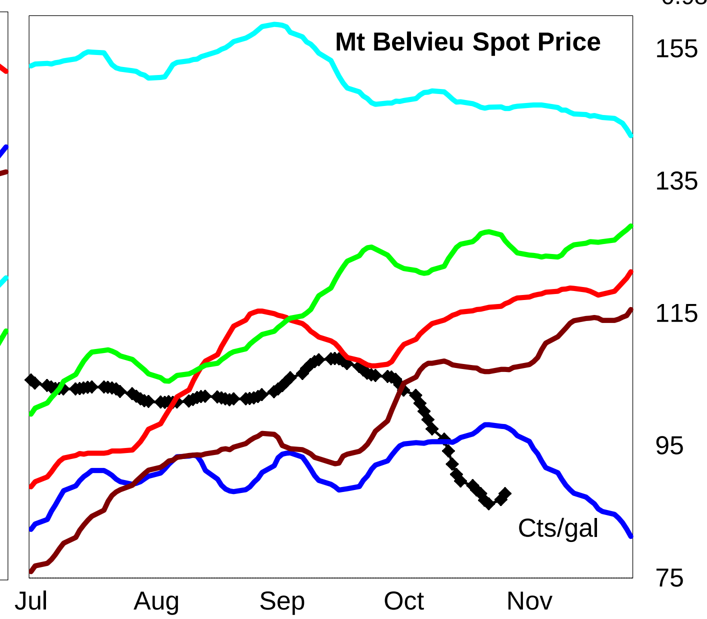












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Sep	Aug	Jul
000 bpd (000 bls stks)	15,474	21,222	159	-26		-150	25	-109	-154
% change	23.9	89	11.3	-20.9		-10.9	2.3	-10.5	-14.6

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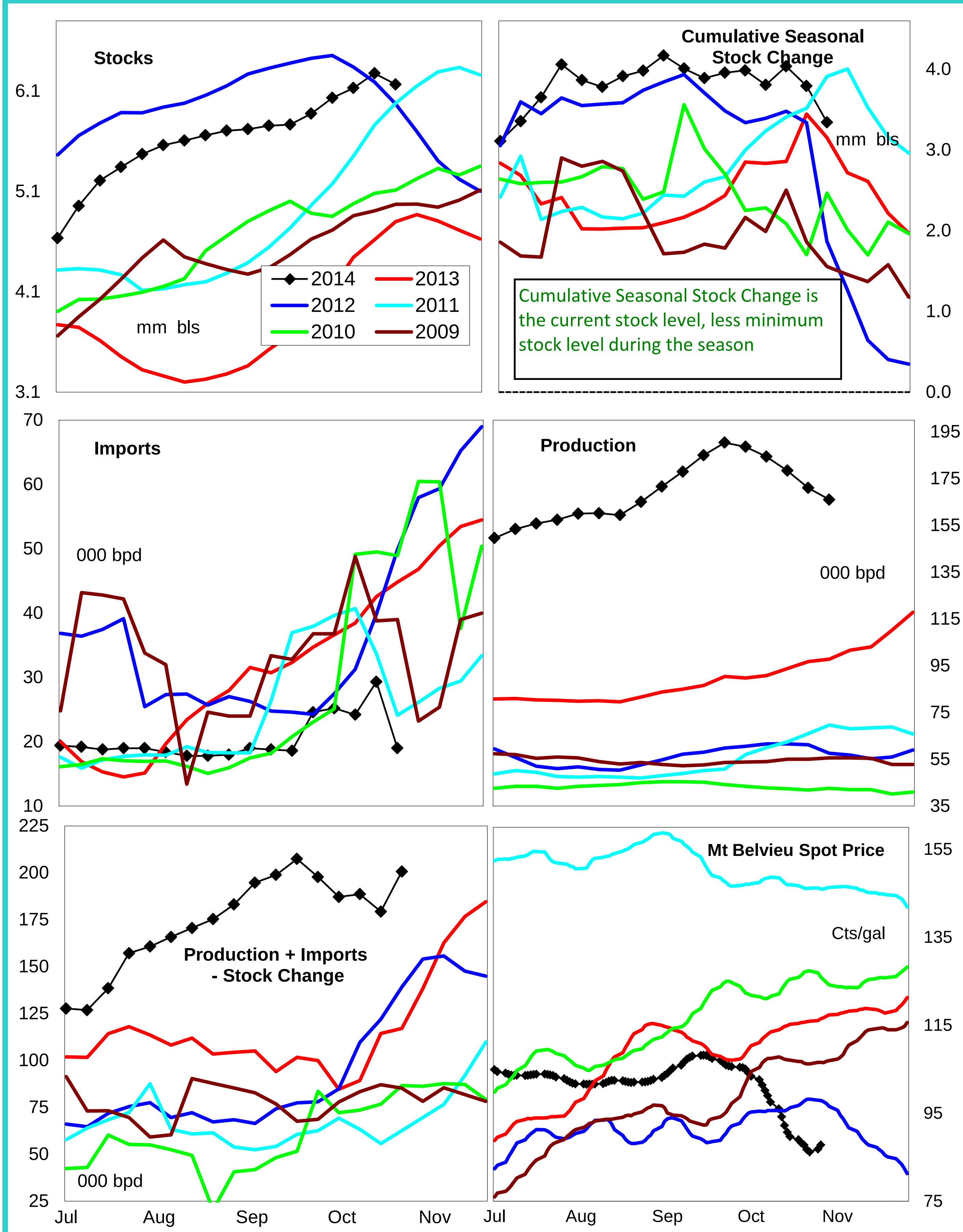
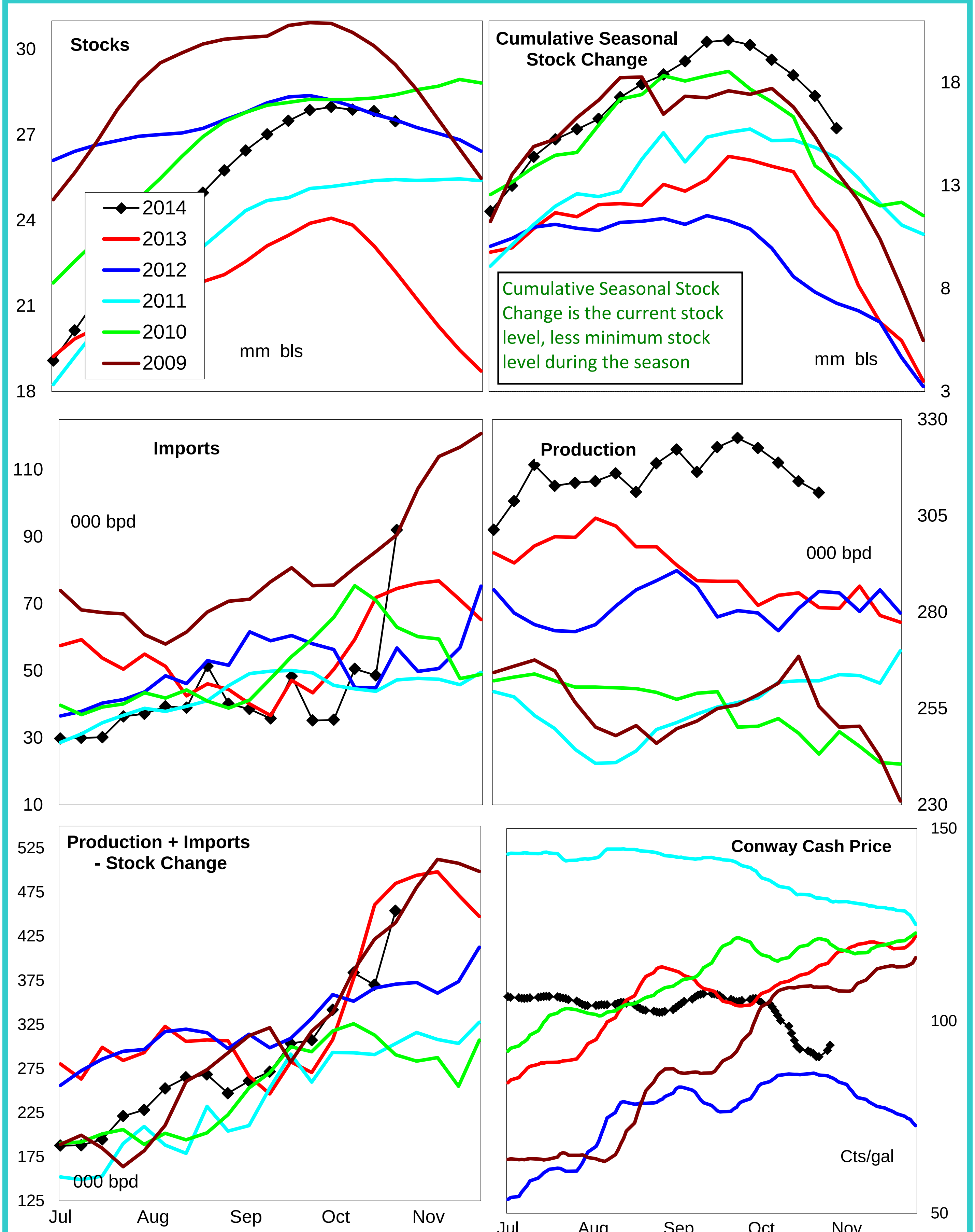
PADD 1 Propane Supply and Demand Balance



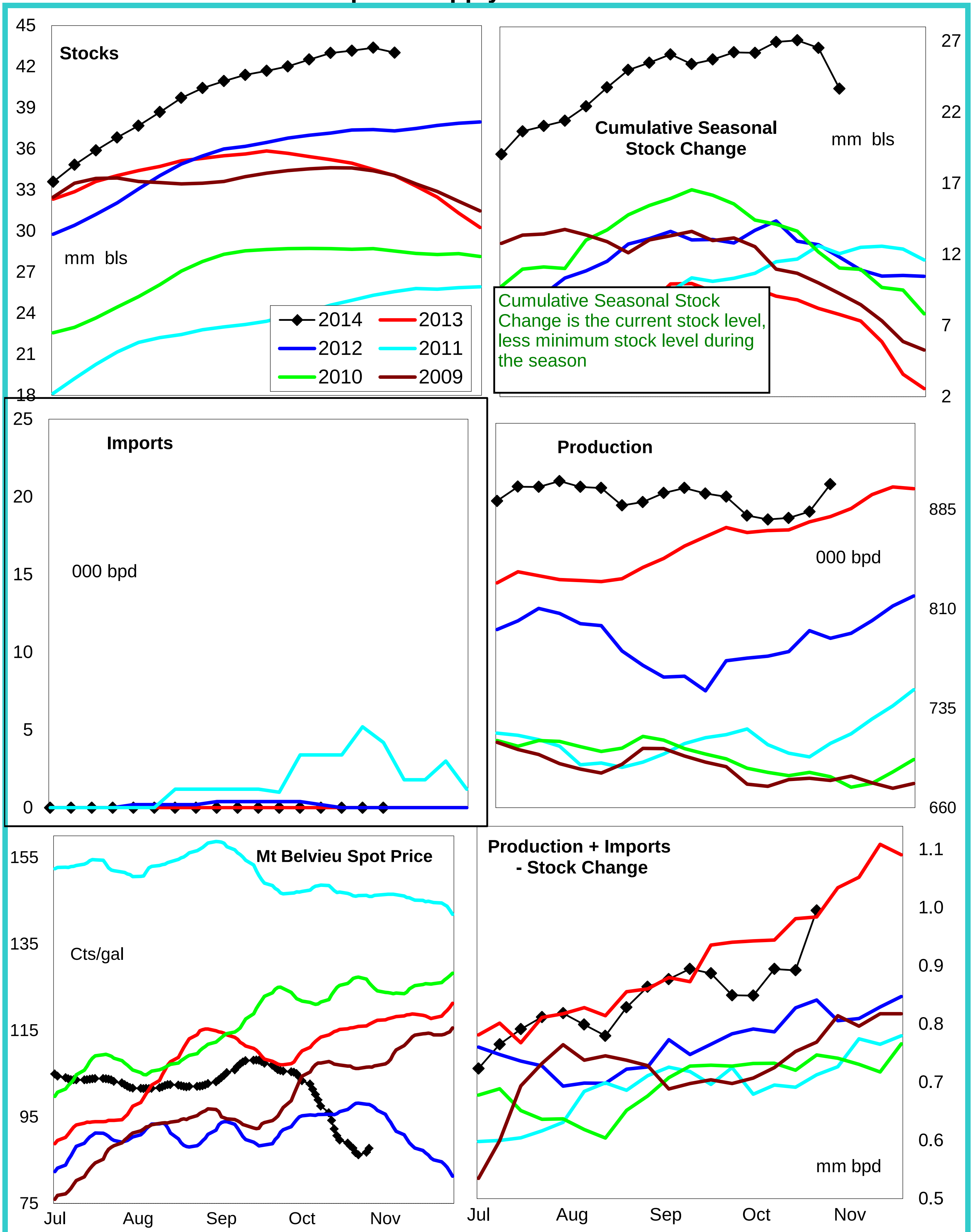
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,071	191	80	-14	88
% change	21.0	6.1	84.2	-35.0	86.5

PADD 2 Propane Supply and Demand Balance



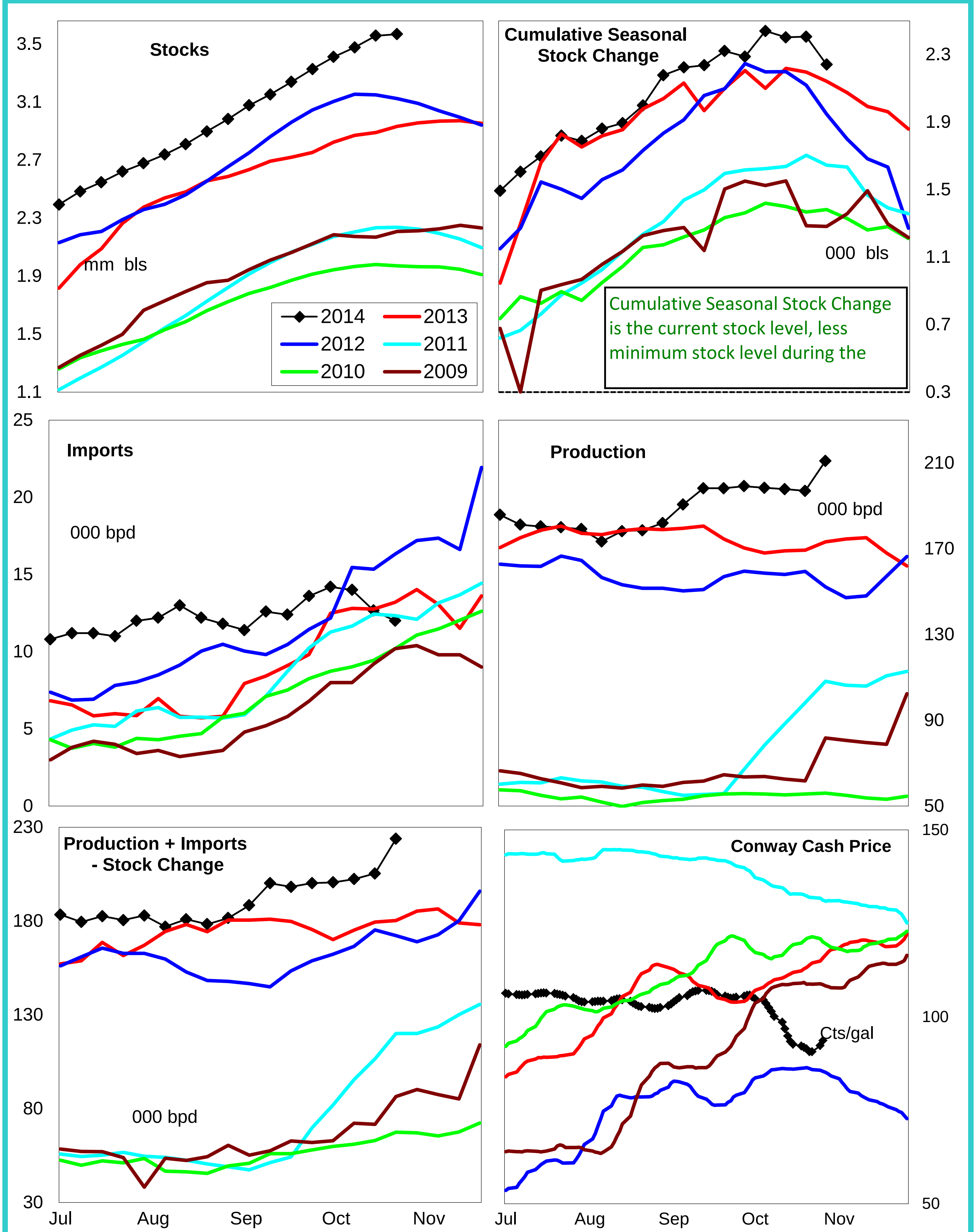
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	4,780	5,031	39	-11	-20
% change	21.1	46.8	13.6	-16.5	-5.0

PADD 3 Propane Supply and Demand Balance



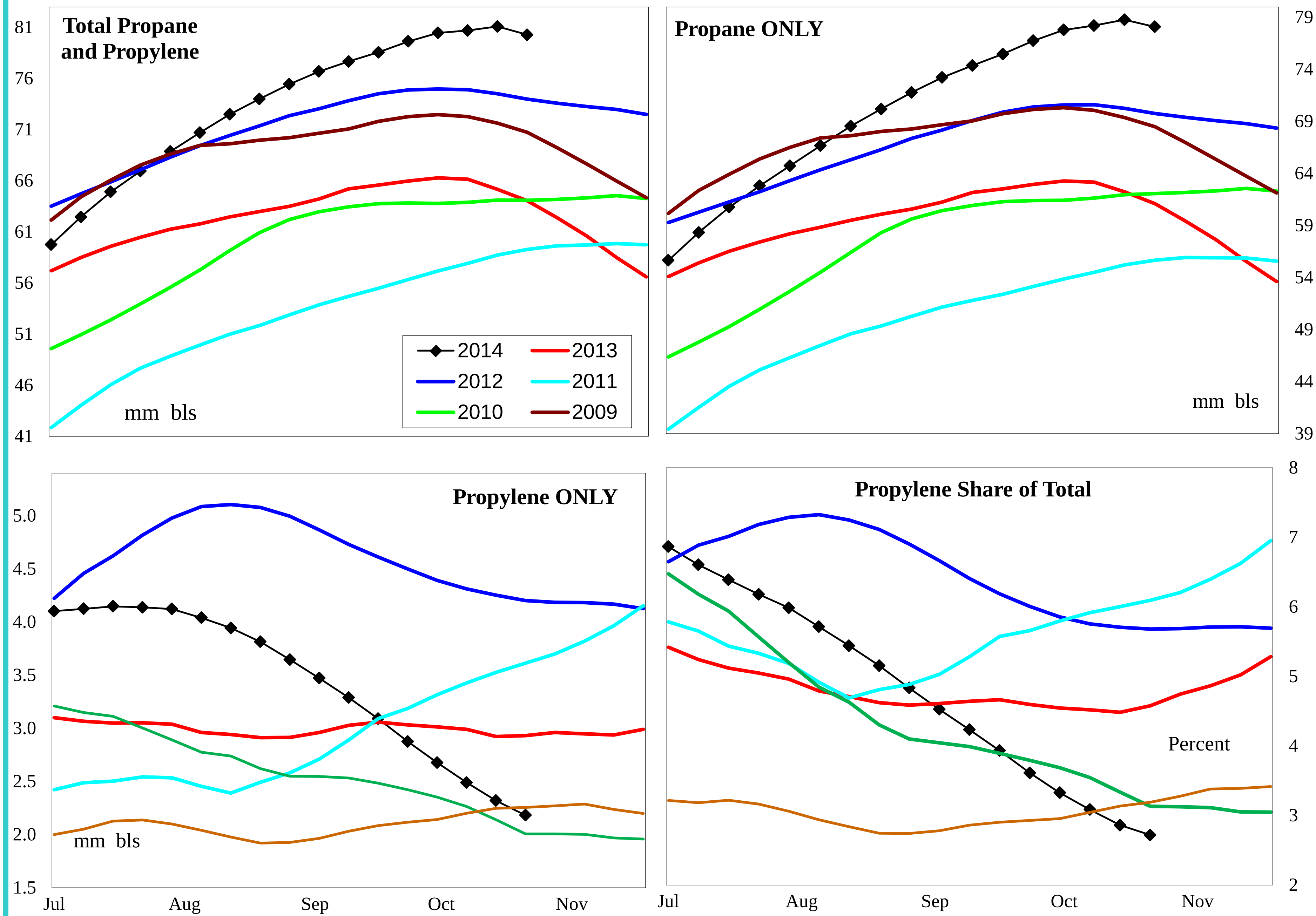
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	8,982	15,872	7	0	-55
% change	26.4	204	0.7	#DIV/0!	-6.0

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)	642	99	34	0	32
% change	21.6	4.6	20.9	-1.2	18.0

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	15,474	16,312	-748
% change	23.9	26.4	-25.5

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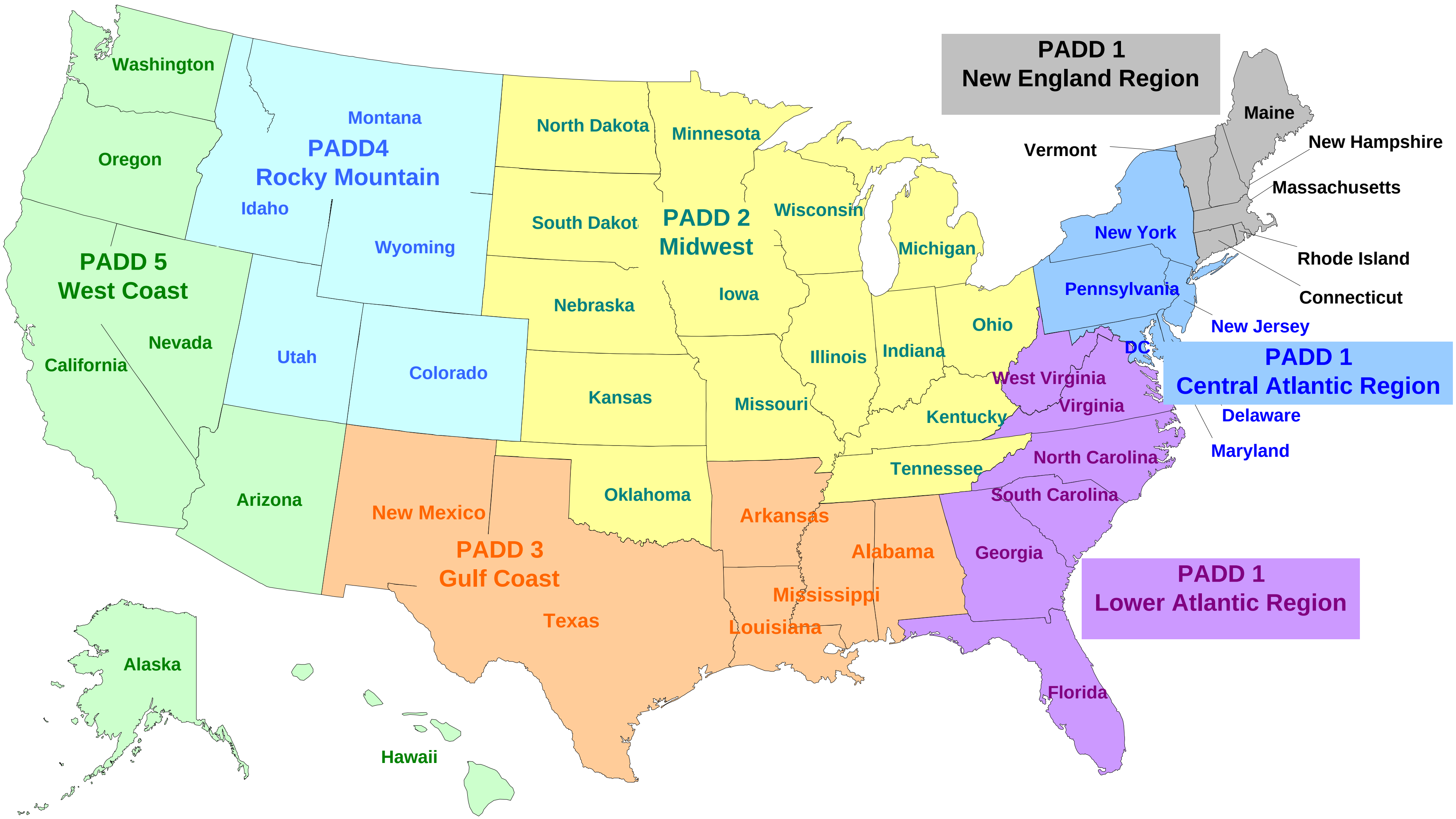
U. S. Petroleum Administrative for Defense Districts (PADDs)



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