FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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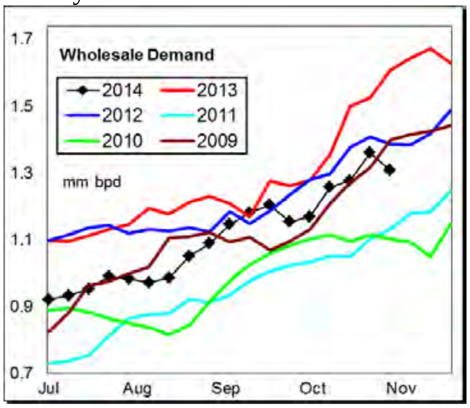
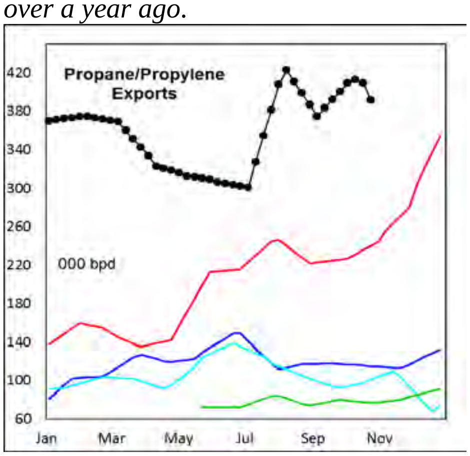
Summary[1]: Table of Contents

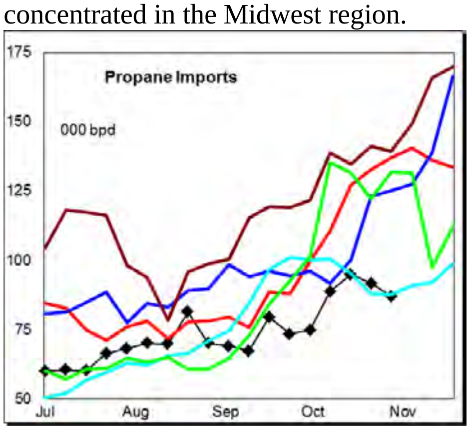
Wholesale demand declined -248,000 bpd last week, with the level below the last 2-yrs.



Production declined -41,000 bpd on the week, concentrated in the Midwest. *Exports for the week ending 24Oct14 were 392,000 bpd, up +150,000 bpd over a year ago.*

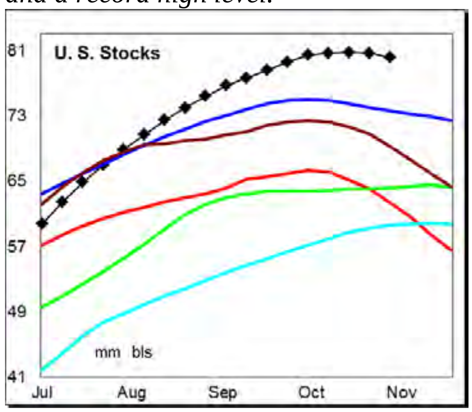


Imports fell -36,000 bpd, and concentrated in the Midwest region.

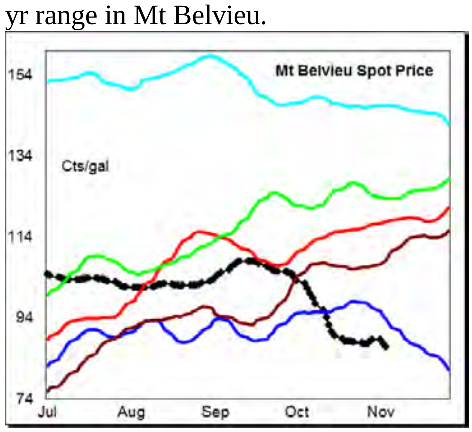


Combined production and imports during the latest 4-wk period were +95,000 bpd above a year ago. Production was +133,000 bpd above last year (+9%), while imports were -38,000 bpd lower. The latest 4-wk average demand was -211,000 bpd below last year.

Stocks declined -0.1 million barrels last week, including a -0.5 bpd decrease in the Midwest. *Stocks ended the week up +18 million barrels over a year ago and a record high level.*



Price and Spreads Mt Belvieu spot price decreased -4 cpg last week ending 05Nov14, while Conway decreased -2 cpg. Prices ended the week below the 5-yr range in Mt Belvieu.



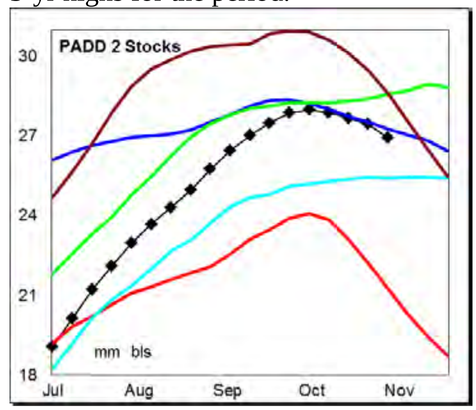
The Conway – Mt Belvieu price spread trended higher last week, ending at a new 5-yr high in favor of Conway.

The propane to natural gas price spread trended lower last week, ending at a level below the 5-yr range.

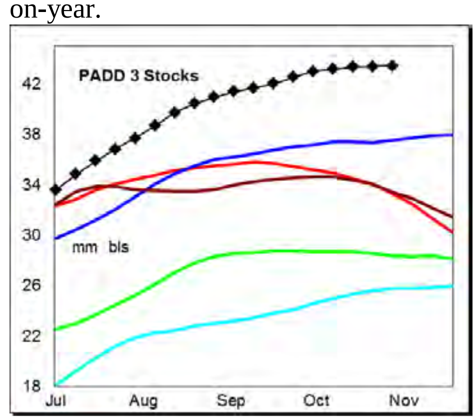
The propane / crude oil price spread traded sideways on the week, ending at a level equal to historic lows for the week.

PADD 1 stocks were unchanged on the week, ending +1.3 million barrels above last year. Supply for the latest 4-wk period was +59,000 bpd above last year; driven by a record year-on-year increase in production.

PADD 2 supply fell -95,000 bpd last week on lower production and imports. Stocks decreased -0.5 million barrels last week. Stock levels ended the week near 3-yr highs for the period.



PAD 3 stocks increased +0.4 barrels on the week, to a level +10 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 Peak grain harvest demand and sharply lower production and imports led to a -0.5 million barrel draw for the period in the Midwest.

A major cold front will move into the eastern 2/3rds of the county during the next 2-wks, driving the start of winter heating demand.

Much colder than normal temperatures should lead to price strength in the Midwest, limiting any further weakness in the Gulf.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

November 5, 2014

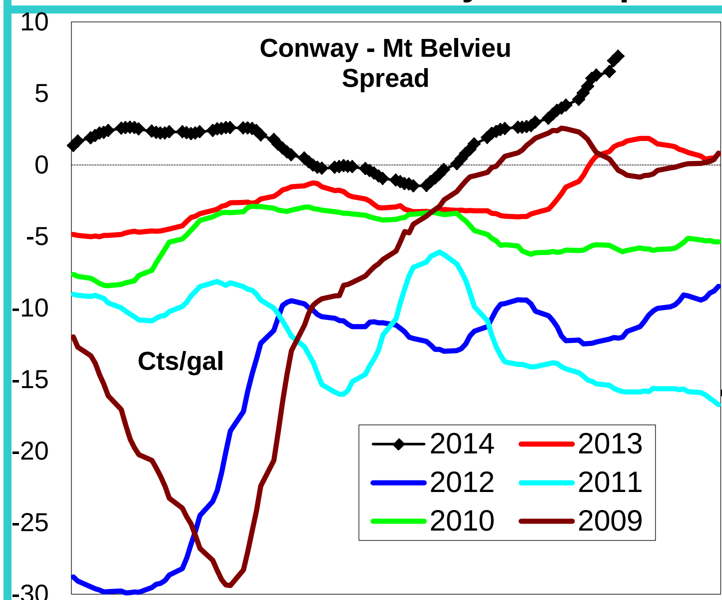
Fundamental Trends for the Week Ending: Friday, October 31, 2014

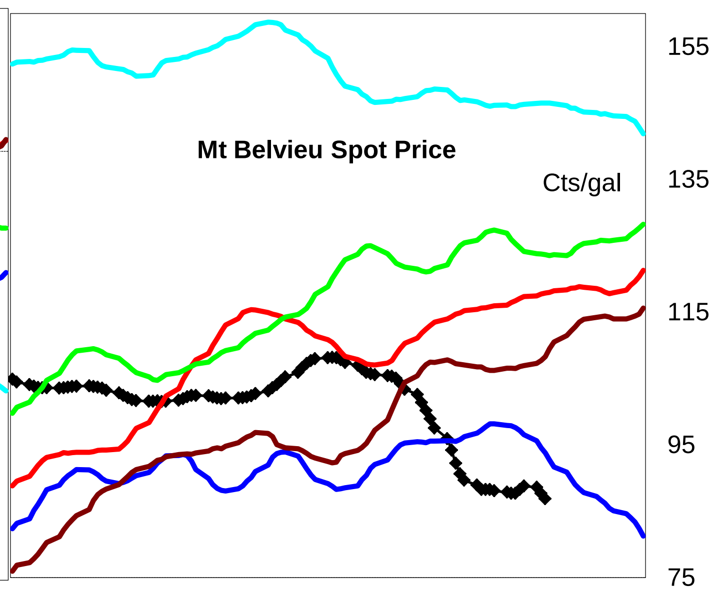
000 bpd Stocks 000 bls	Weekly Supply-Demand U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	80,127	6,143	26,930	43,459	3,595	-144	-24	-545	437	-12
Propylene Stocks	2,472					289				
Production	1,551	172	266	895	218	-41	6	-45	-9	7
Imports	87	23	42	0	22	-36	4	-50	0	10
Whsle Demand	1,267					-248				

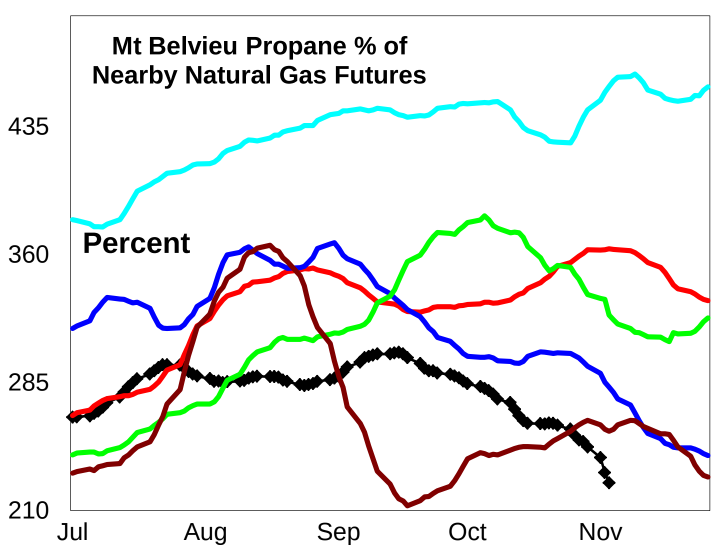
Price Trends for the Week Ending: Wednesday, November 05, 2014

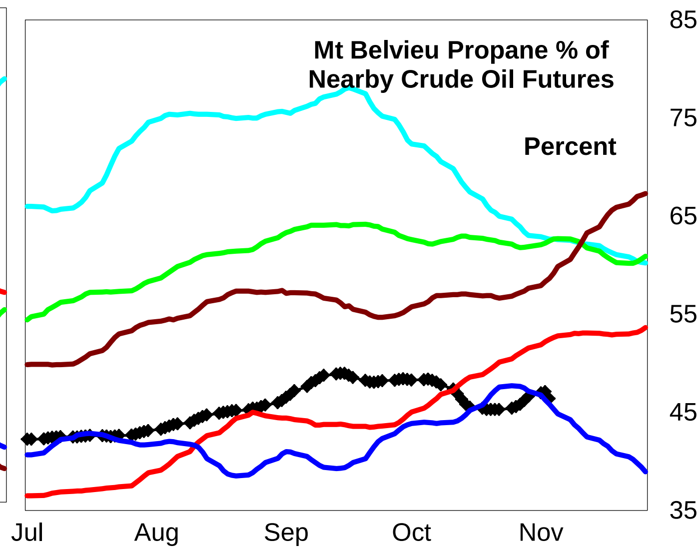
Cents/gal	Average for week ending: 11/5/14	10/29/14	10/8/14	11/8/13	Change from: 10/29/14	10/8/14	11/8/13	% change from: 10/29/14	10/8/14	11/8/13
Mont Belvieu Spot	88.6	87.5	105.8	117.3	1.16	-18.29	-11.51	1.3	-17.3	-9.8
Conway Spot	95.2	92.5	107.9	118.4	2.67	-15.38	-10.54	2.9	-14.3	-8.9

Key Price Spreads and Differentials

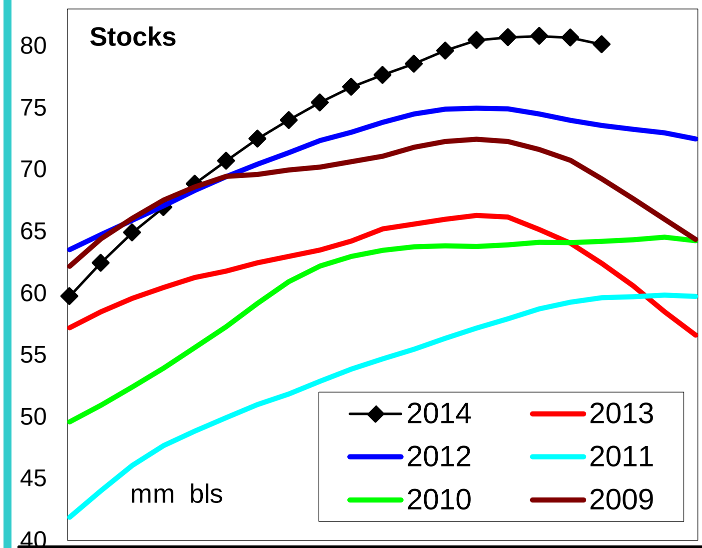


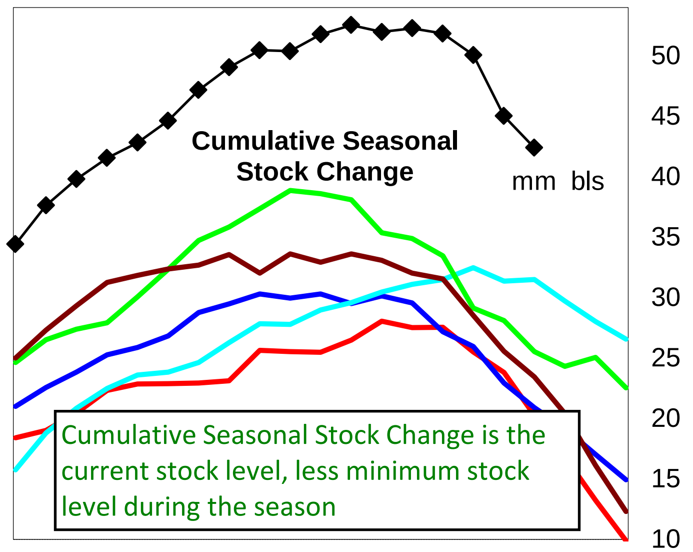


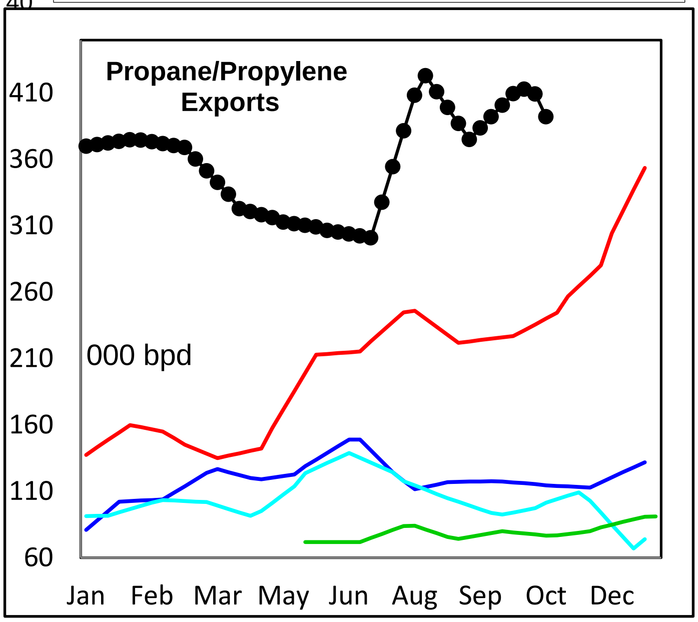


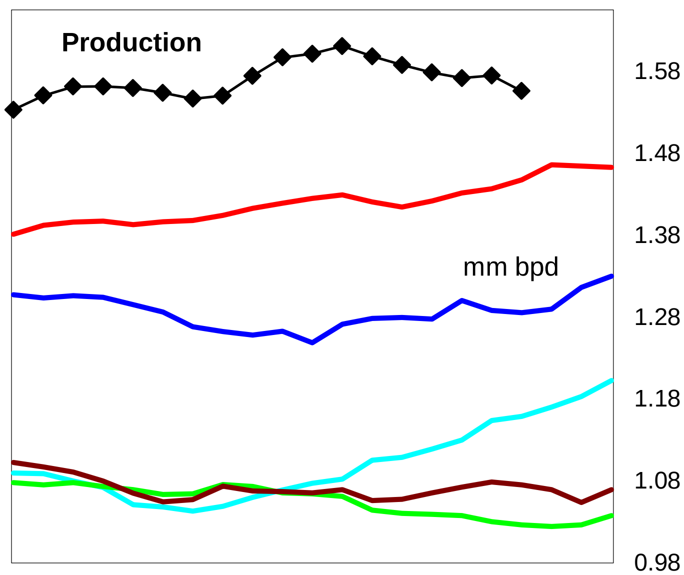


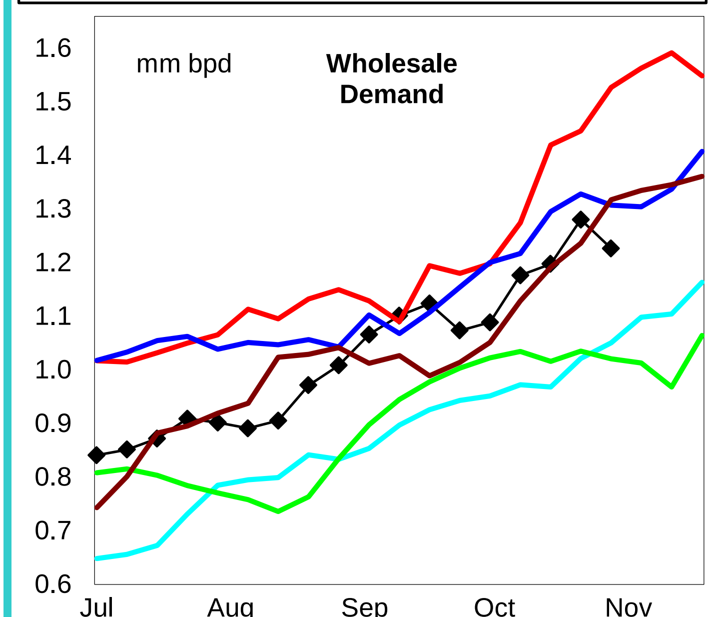
U. S. Propane Supply and Demand Balance

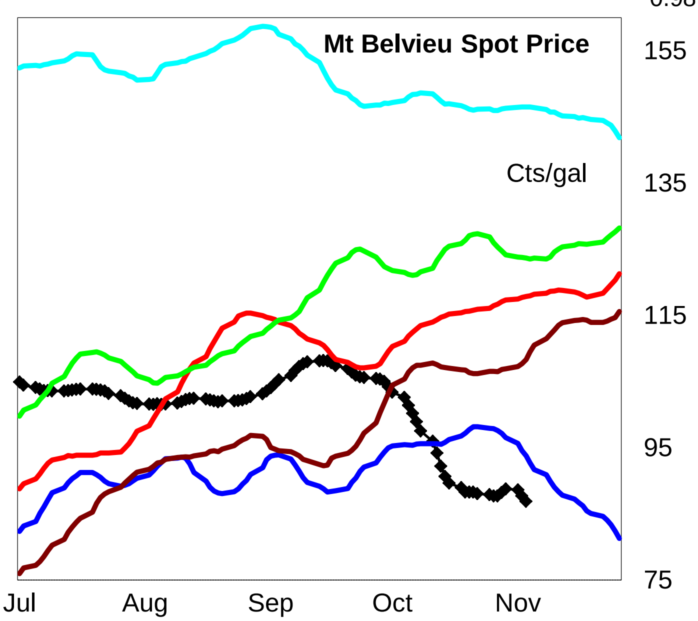






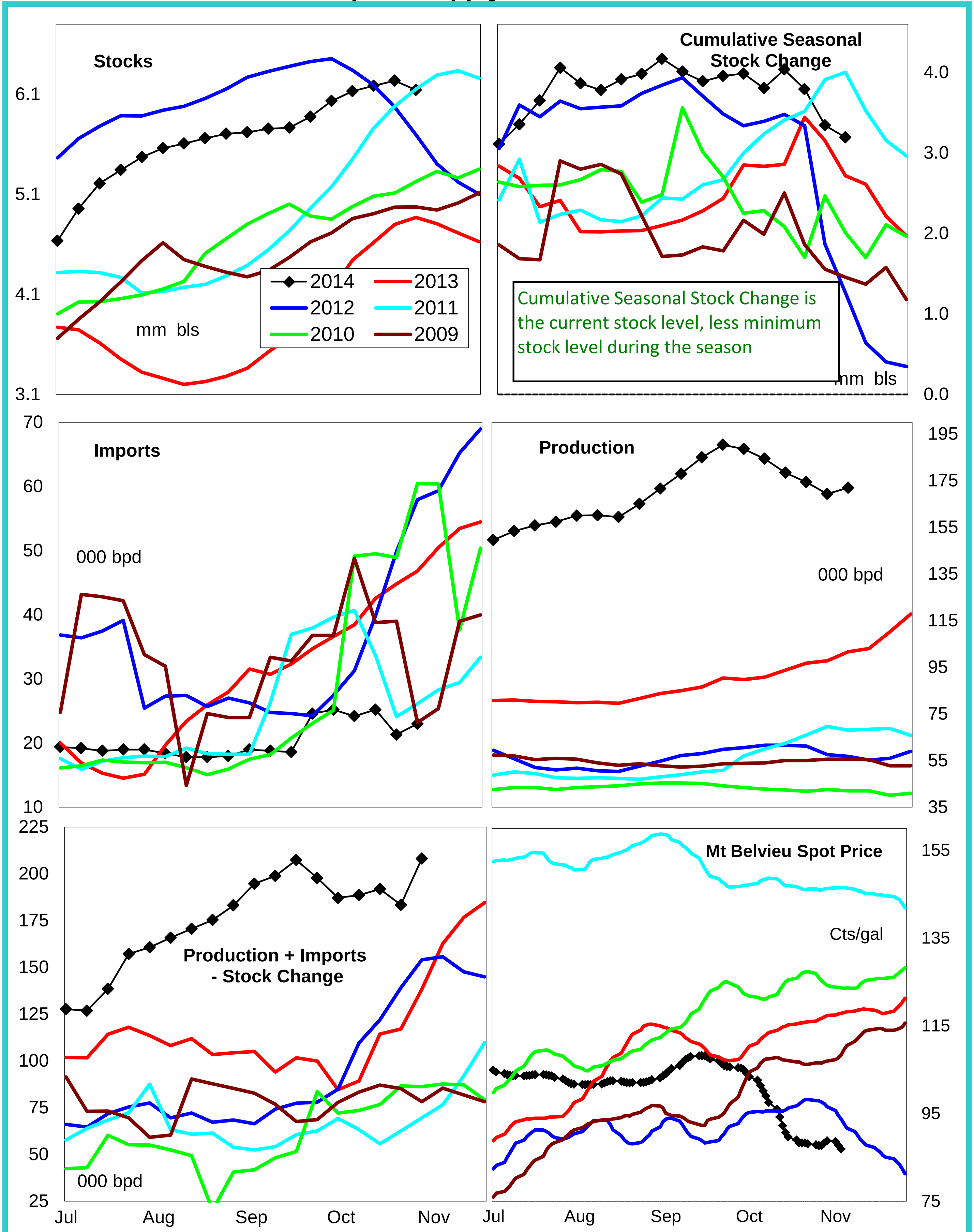






4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Sep	Aug	Jul
000 bpd (000 bls stks)	18,059	22,131	133	-38		-211	25	-109	-154
% change	29.1	109	9.3	-29.7		-14.3	2.3	-10.5	-14.6

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)	1,260	474	75	-16	78
% change	25.8	17.4	77.5	-36.2	68.2

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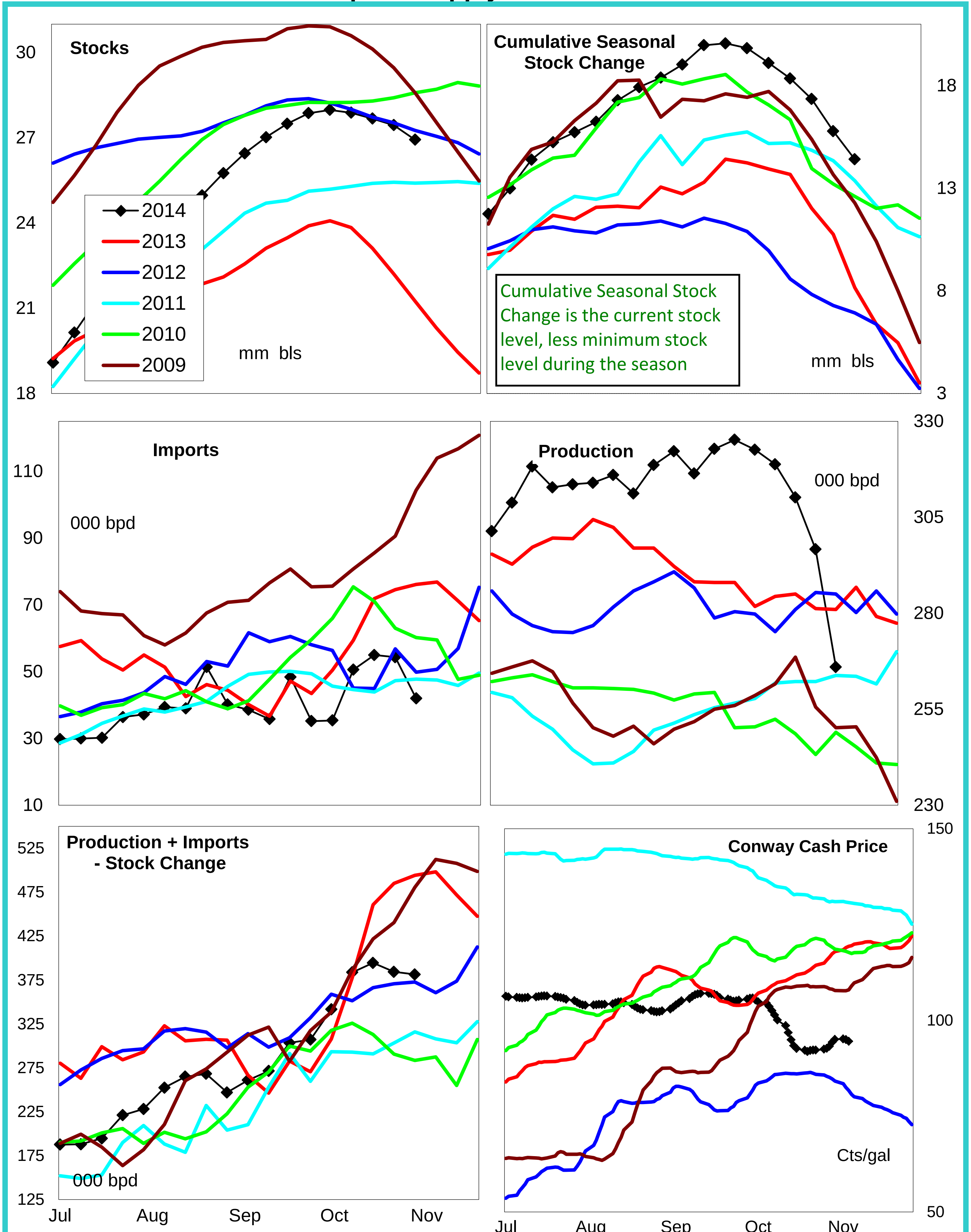
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	6,309	6,252	17	-24	-68
% change	30.6	76.6	5.9	-33.5	-15.0

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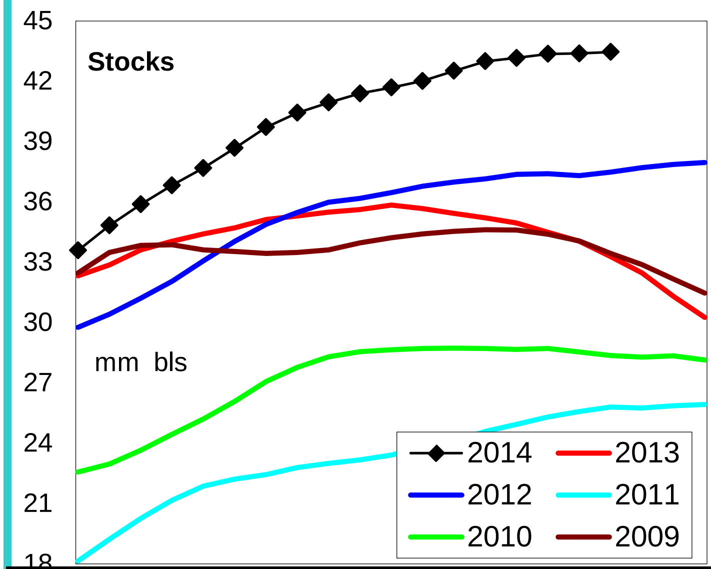
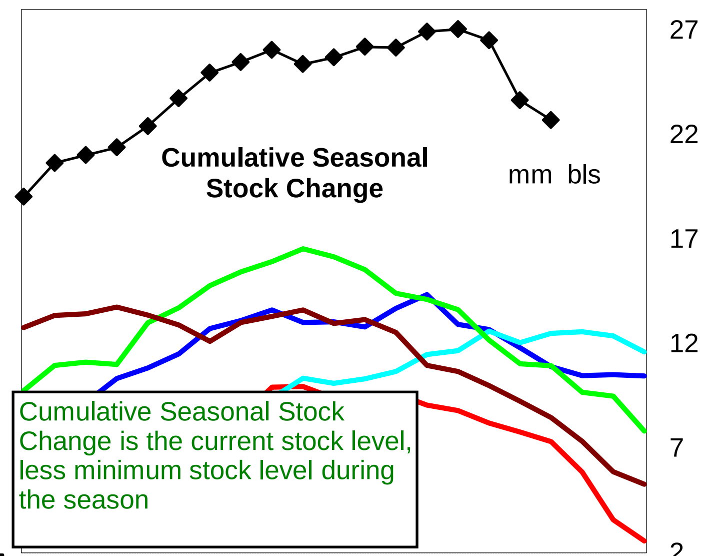
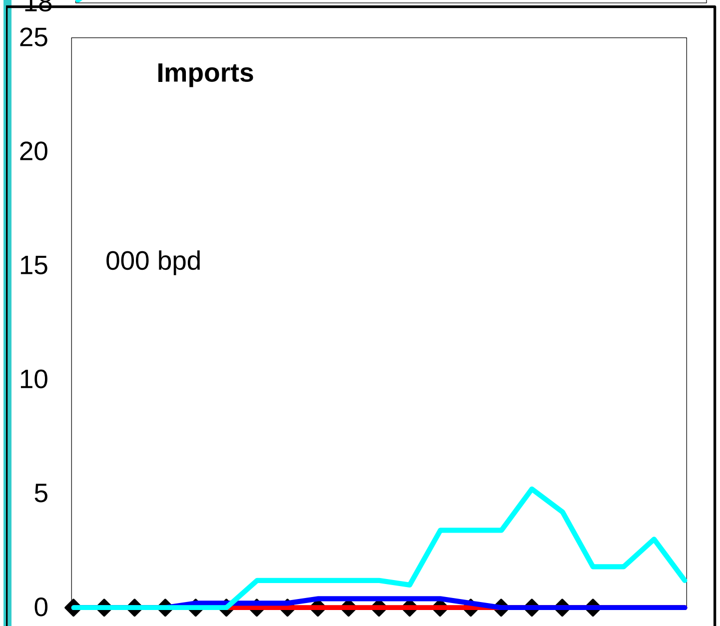
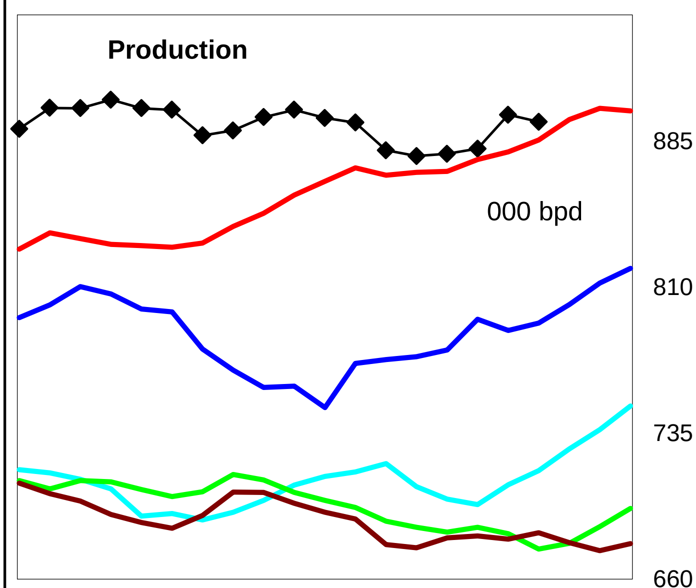
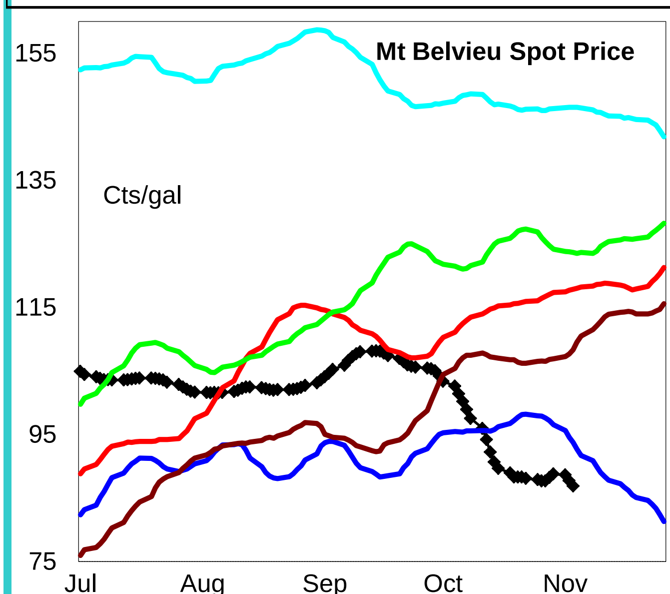
PADD 3 Propane Supply and Demand Balance

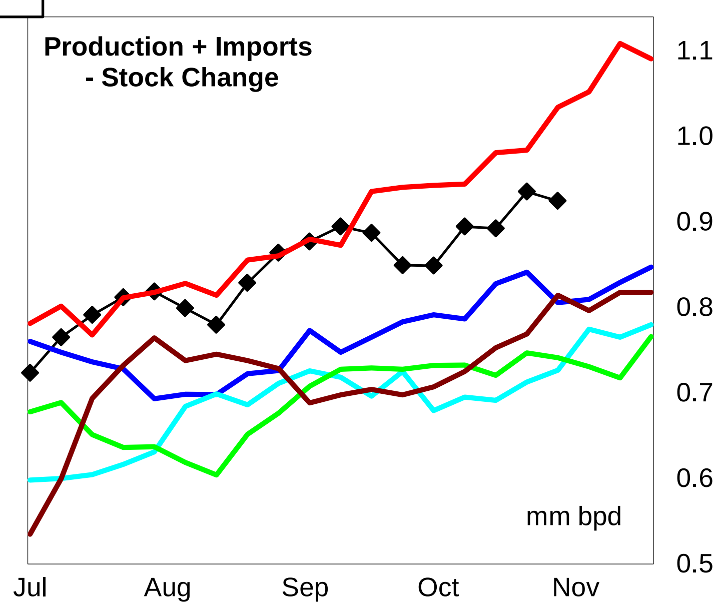












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	9,881	15,390	13	0	-74
% change	29.4	210	1.5	#DIV/0!	-7.8

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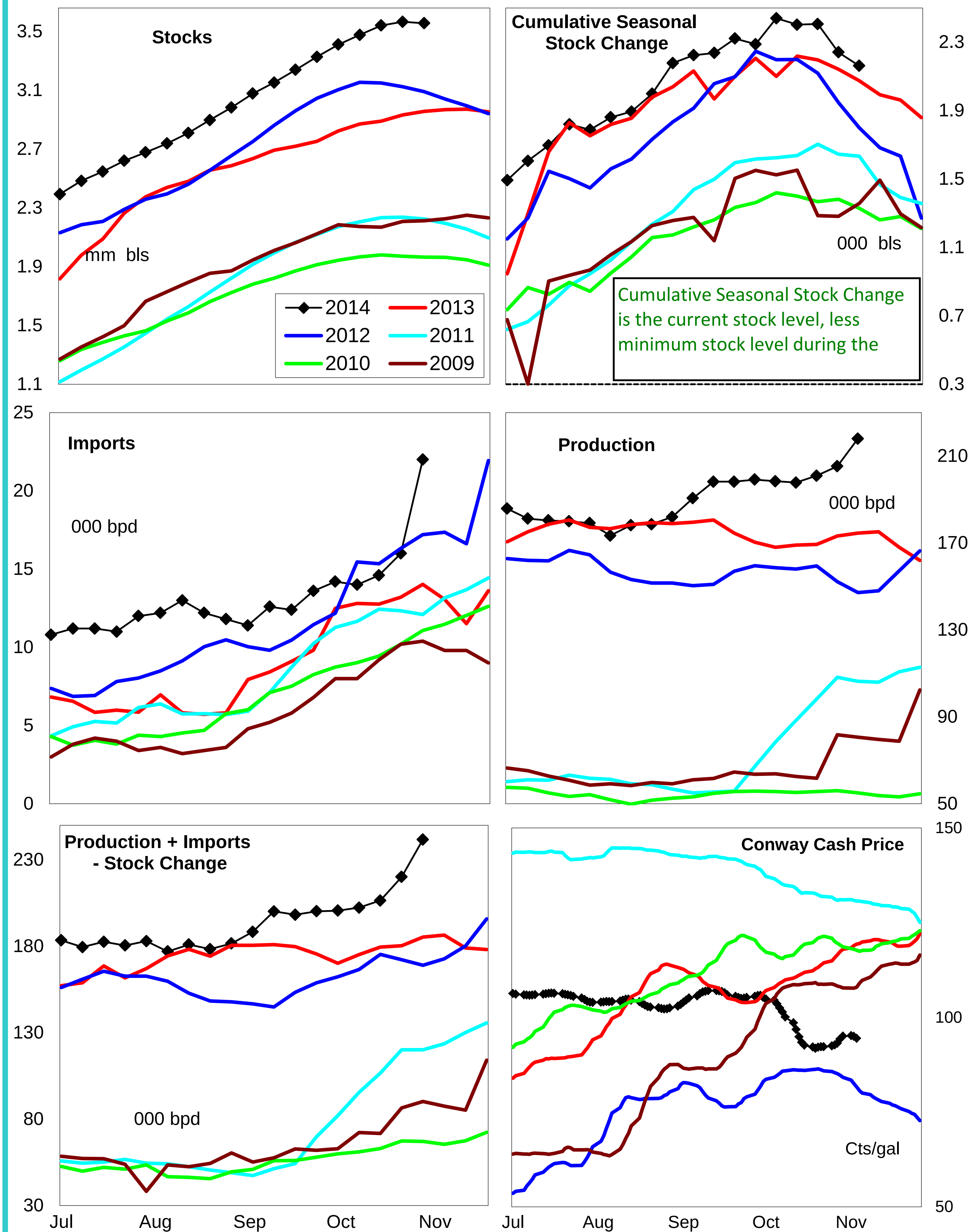
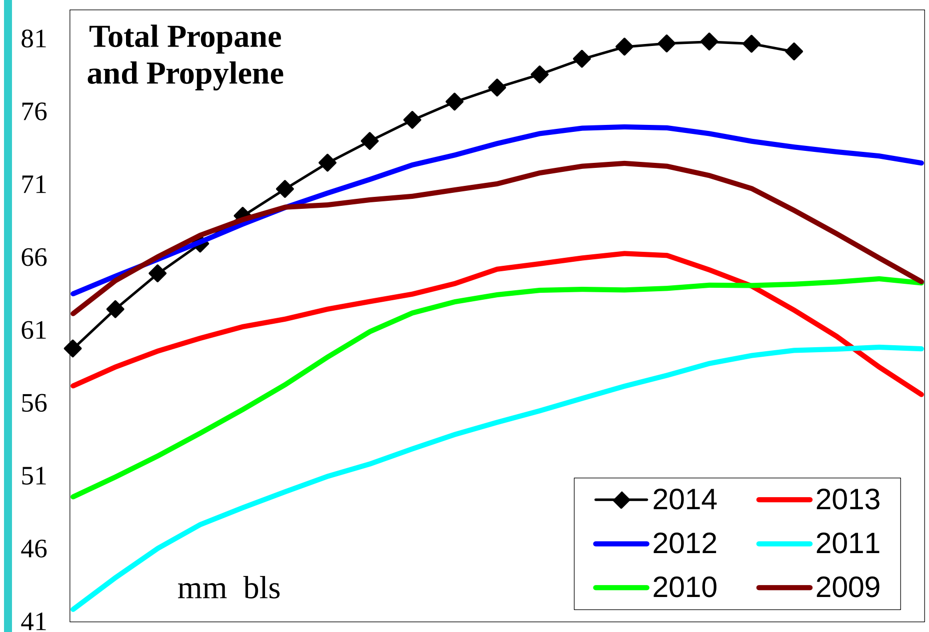
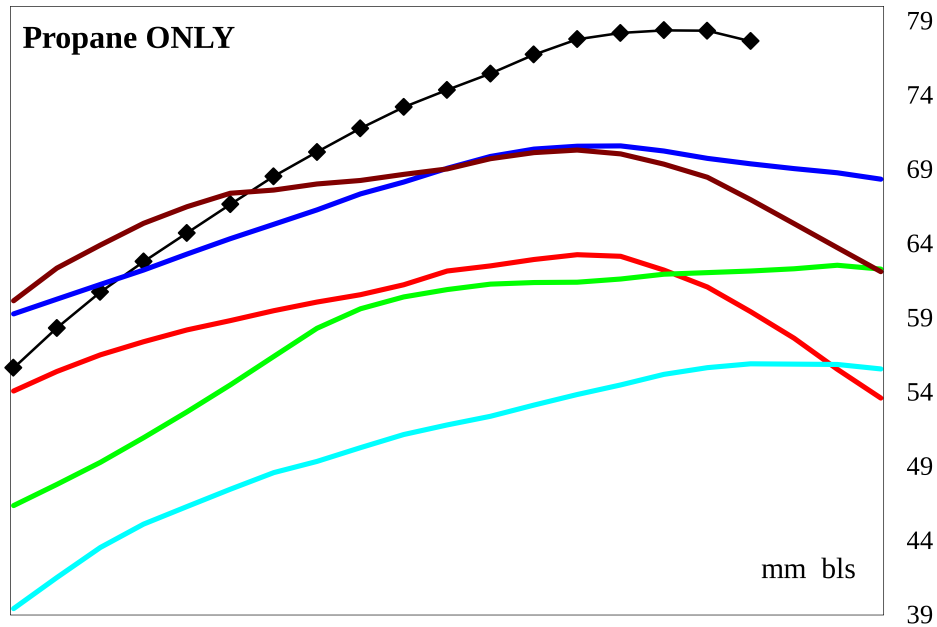
PADDs 4 and 5 Propane Supply and Demand Balance

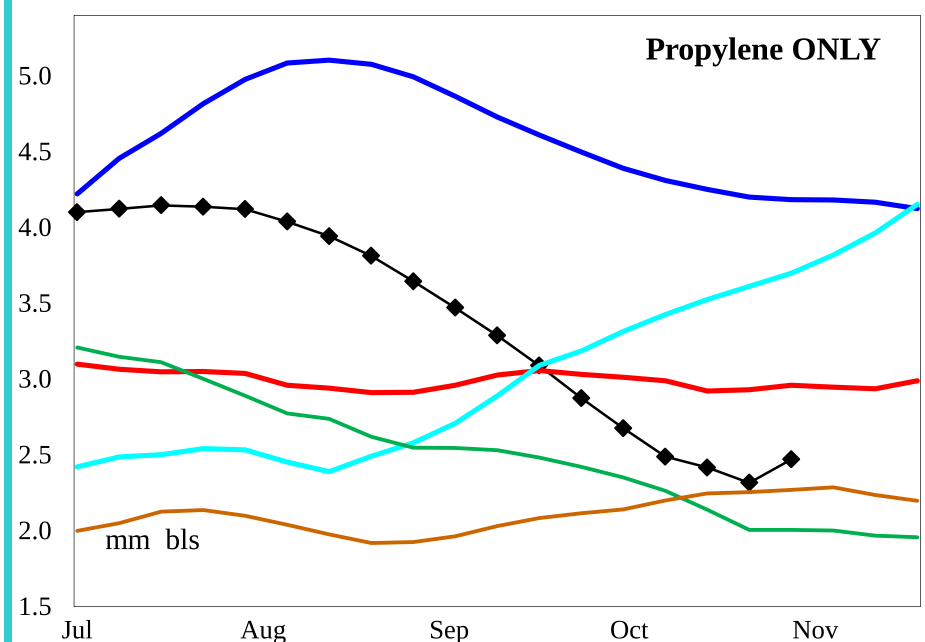


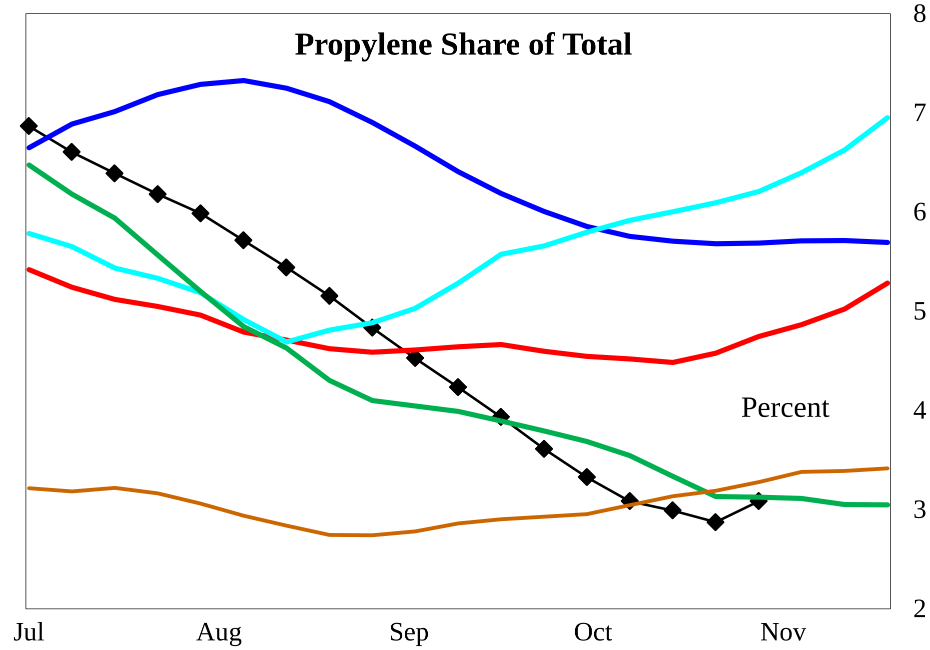
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	610	87	29	1	38
% change	20.4	4.2	16.6	10.5	20.9

U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	18,059	18,380	-489
% change	29.1	31.0	-16.5

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