FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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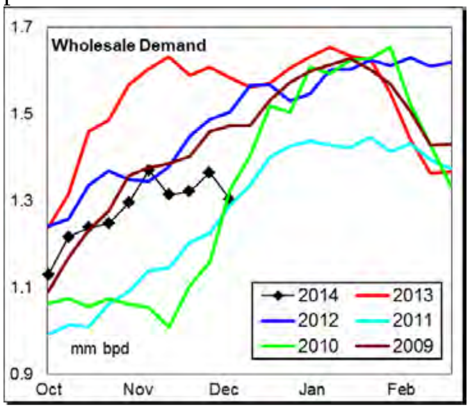
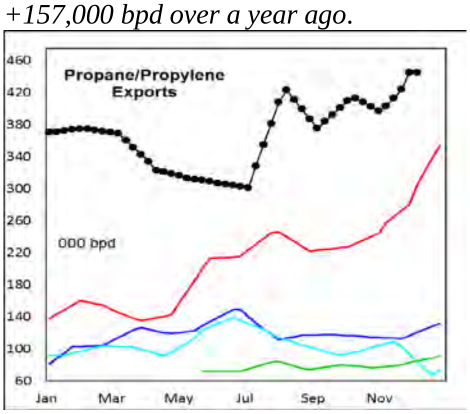
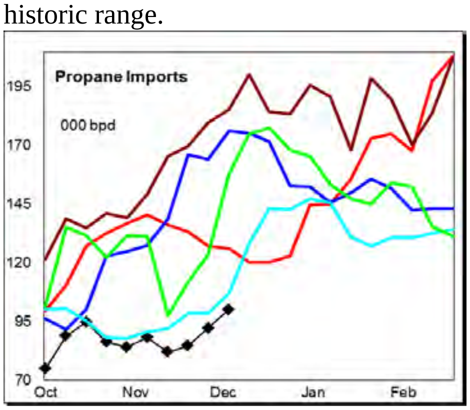
Summary[1]: Wholesale demand increased +67,000 bpd last week, although the level remains equal to historic lows for the period.



Production decreased -9,000 bpd on the week, concentrated in the Gulf and Midwest. *Exports for the week ending 21Nov14 were 445,000 bpd, up +157,000 bpd over a year ago.*

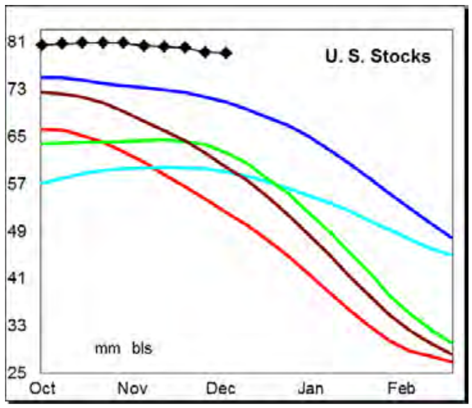


Imports increased +8,000 bpd on the week, but the level remains below the historic range.

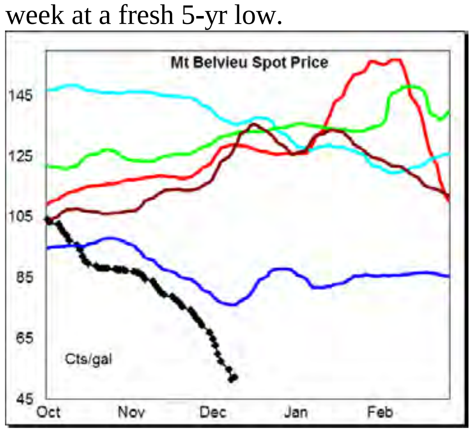


Combined production and imports during the latest 4-wk period were +132,000 bpd above a year ago. Production was +173,000 bpd above last year (+12%), while imports were -41,000 bpd lower. The latest 4-wk average demand was -247,000 bpd below last year.

Stocks decreased -0.3 million barrels last week, concentrated on the East Coast. *Stocks ended the week +26 million barrels above a year ago, a +50% increase.*



Price and Spreads Mt Belvieu spot price fell -11 cpg last week ending 10Dec14, with Conway collapsed -17 cpg for the period. Mt Belvieu prices ended the week at a fresh 5-yr low.



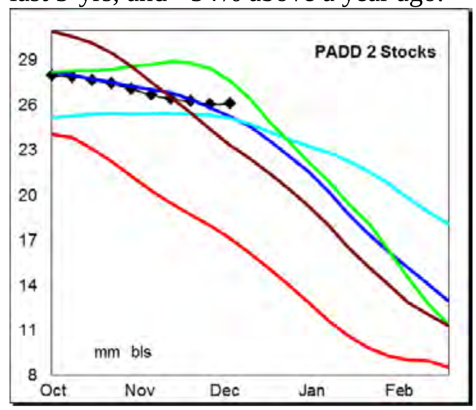
The Conway – Mt Belvieu price spread fell sharply on the week, with Conway falling below Mt Belvieu for the first time this fall.

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

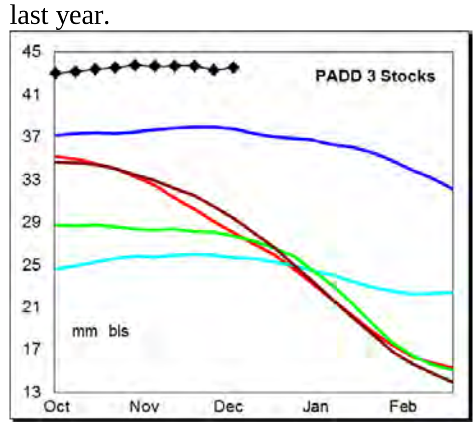
The propane / crude oil price spread trended lower last week, ending at a level below the 5-yr range.

PADD 1 stocks decreased -0.5 million barrels last week, ending +1.2 million barrels above last year. Supply for the latest 4-wk period was +16,000 bpd above last year, due to a +24% increase in production.

PADD 2 supply was unchanged last week. Production for the latest 4-wk period was +58,000 bpd above last year. Stocks were unchanged last week. Stock levels ended the week above four of the last 5-yrs, and +54% above a year ago.



PAD 3 stocks increased +0.3 million barrels on the week, to a level +54% above a year ago. Supplies for the latest 4-wk period were +56,000 bpd above last year.



PADDs 4 & 5 stocks decreased -0.1 million barrels, with the level +36% above the last 2-yrs.

Emerging Trends Exceptionally warm temperatures are forecast across the entire heating region through the 3rd week of the month. Stock levels are +50% above a year ago, with non existent stock draws in major markets. Midwest prices have dropped below the Gulf on lack of demand. Price risk remains to the downside.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

December 10, 2014

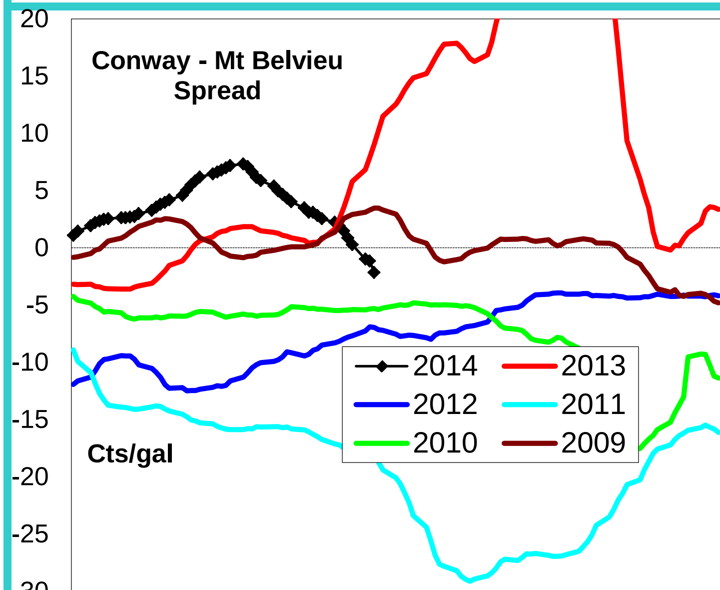
Fundamental Trends for the Week Ending: Friday, December 05, 2014

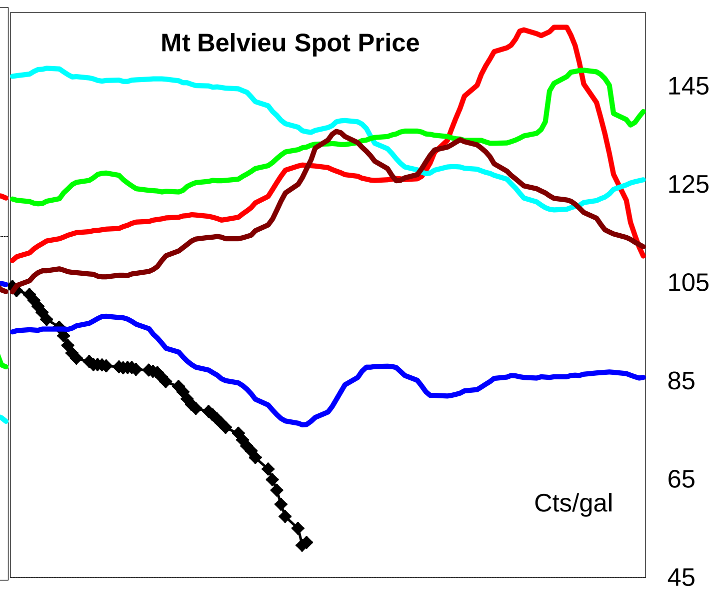
000 bpd / Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	79,159	5,606	26,102	43,519	3,932	-257	-455	-42	305	-65
Propylene Stocks	3,203					159				
Production	1,611	150	327	934	200	-9	7	-12	-31	27
Imports	100	45	33	0	22	8	-3	12	0	-1
Whsle Demand	1,303					67				

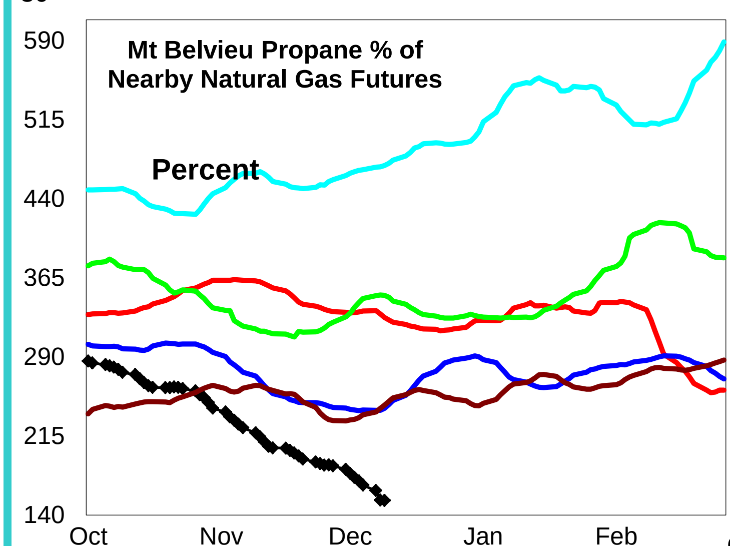
Price Trends for the Week Ending: Wednesday, December 10, 2014

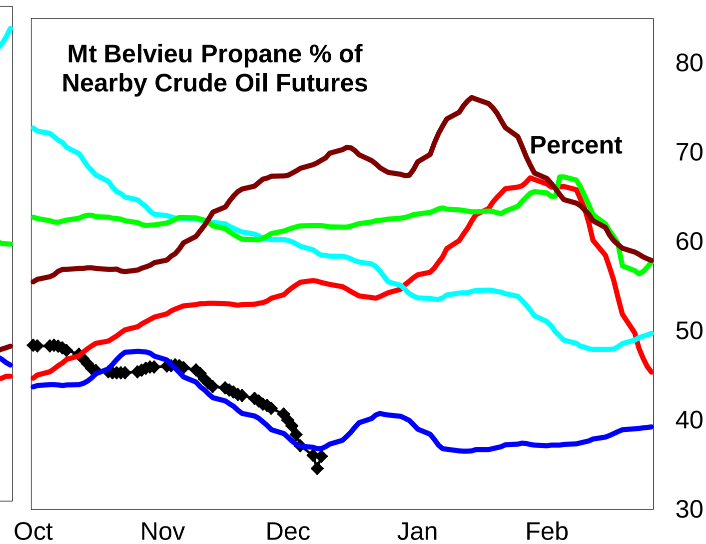
Cents/gal	Average for week ending:				Change from:			% change from:		
	12/10/14	12/3/14	11/12/14	12/13/13	12/3/14	11/12/14	12/13/13	12/3/14	11/12/14	12/13/13
Mont Belvieu Spot	55.0	68.0	84.0	130.2	-13.01	-16.02	-46.22	-19.1	-19.1	-35.5
Conway Spot	54.0	71.4	91.4	137.5	-17.39	-19.98	-46.15	-24.4	-21.9	-33.6

Key Price Spreads and Differentials

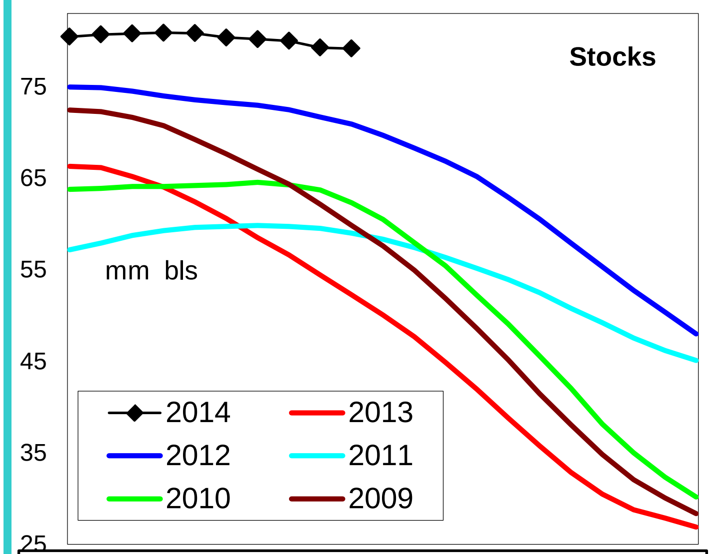


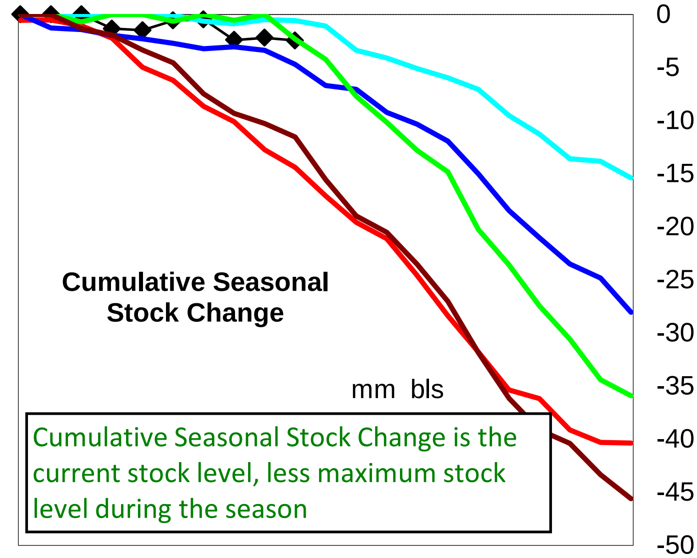


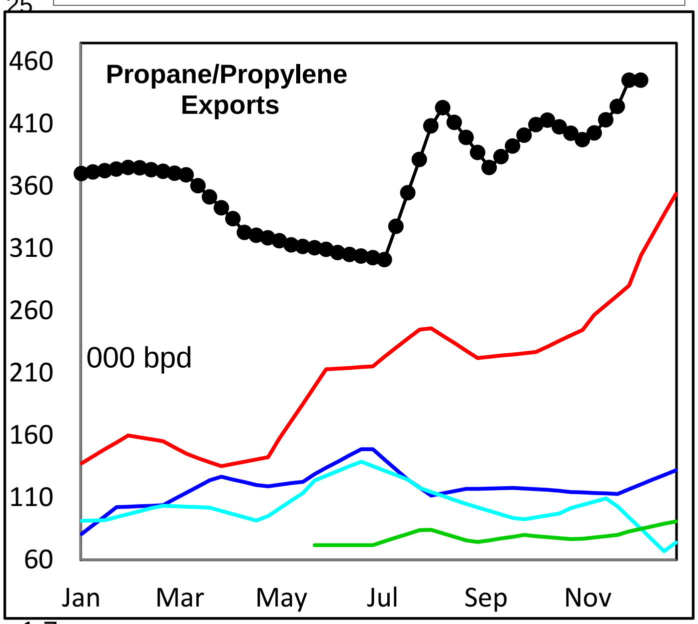


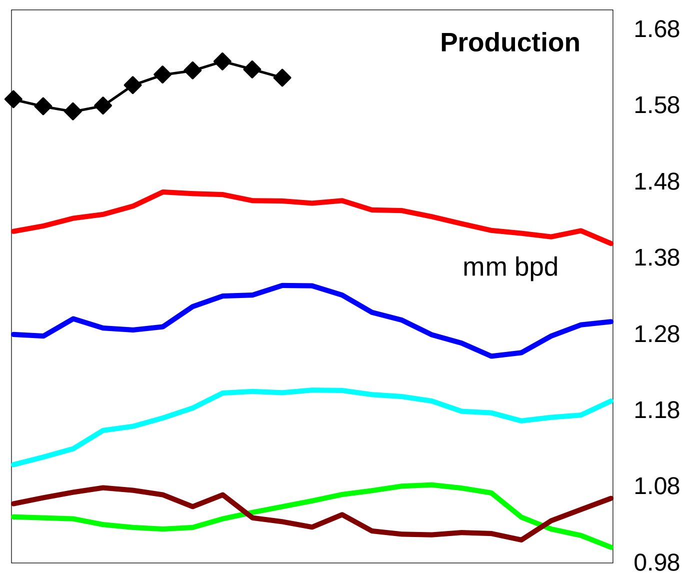


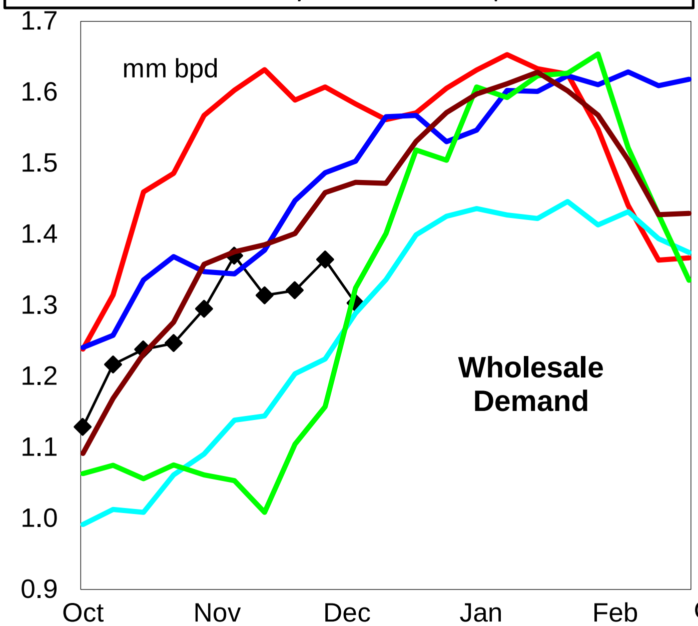
U. S. Propane Supply and Demand Balance

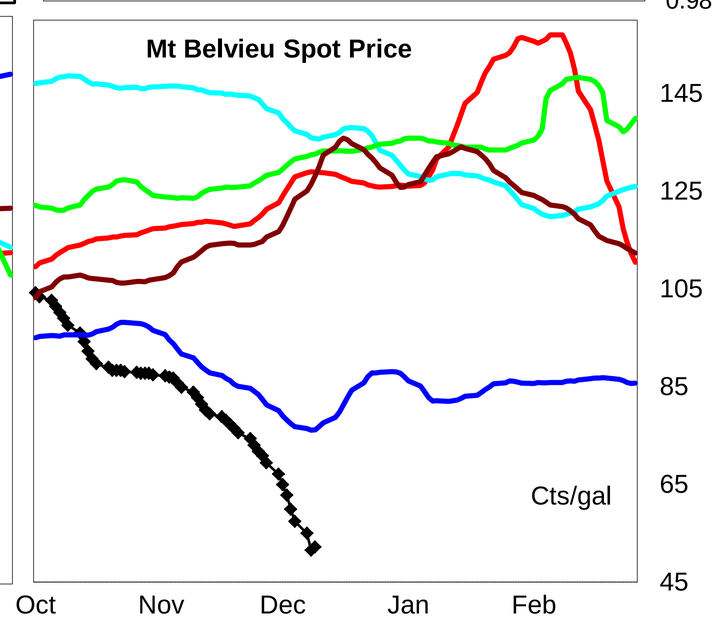












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Oct	Sep	Aug
000 bpd (000 bls stks)	26,542	11,955	173	-41		-247	-48	25	-43
% change	50.4	-83	11.9	-31.8		-15.4	-3.7	2.3	-4.2

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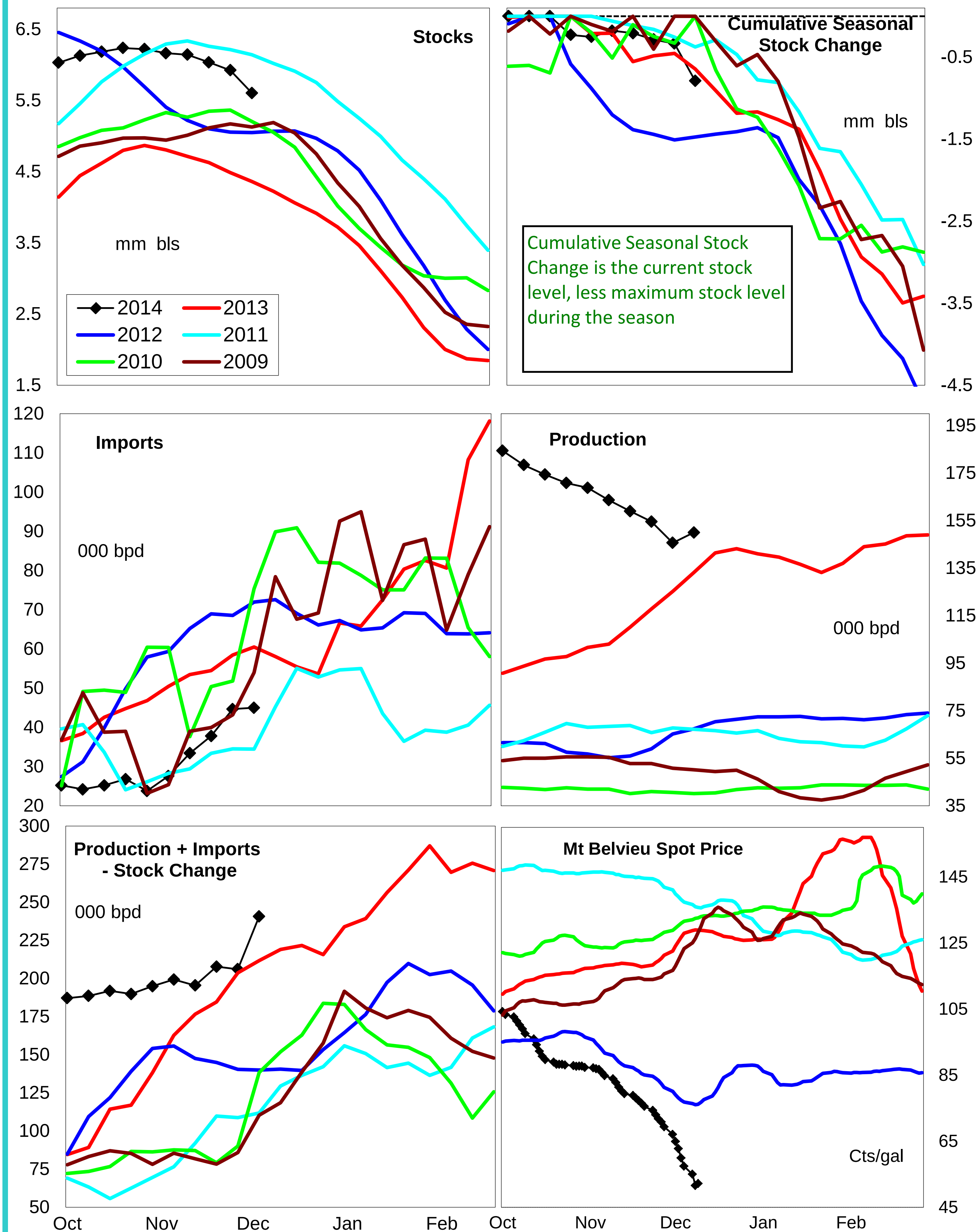
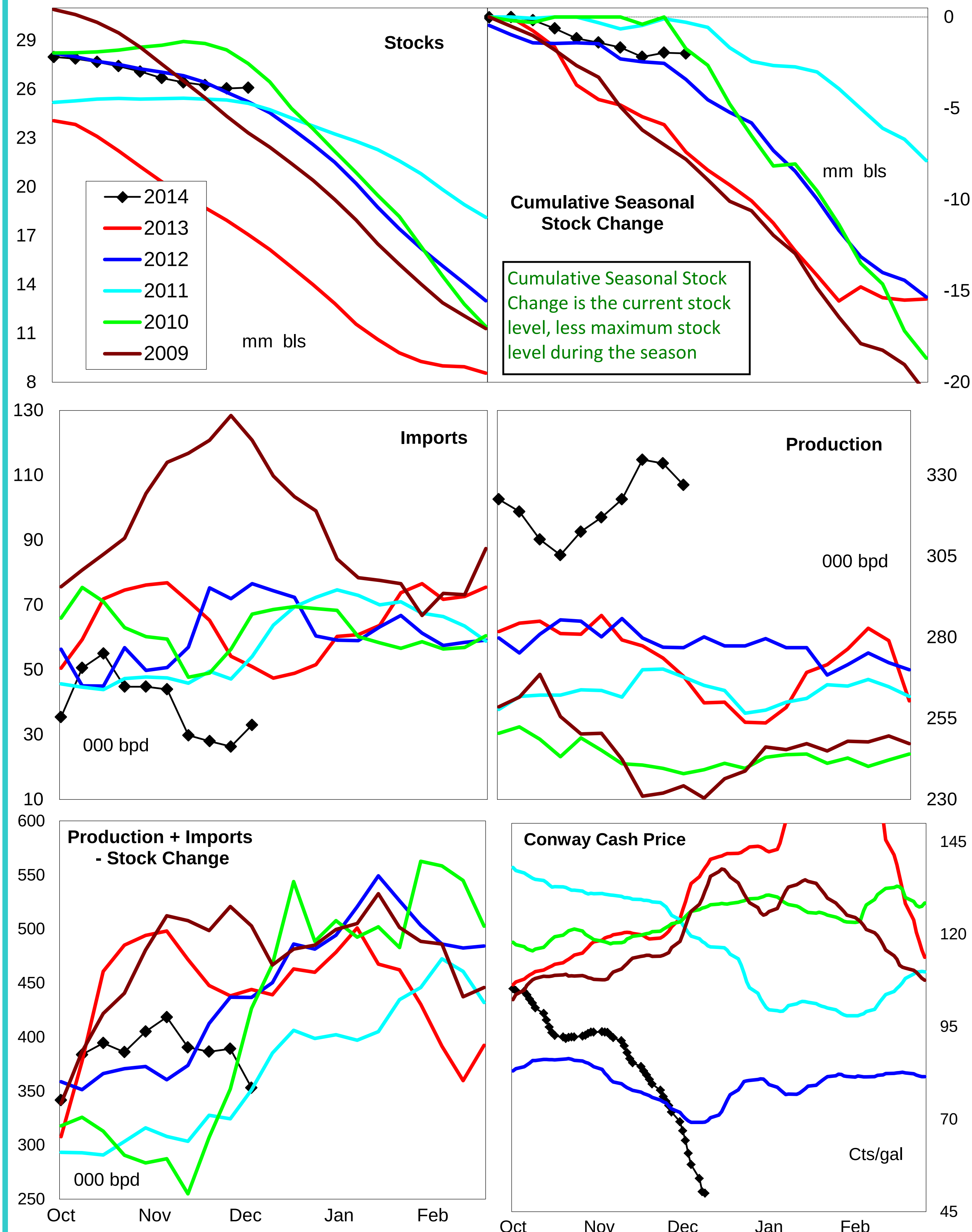
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,153	-146	30	-14	18
% change	25.9	22.7	24.3	-25.3	9.5

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)	9,156	5,402	58	-33	-71
% change	54.0	-73.0	20.8	-56.0	-15.7

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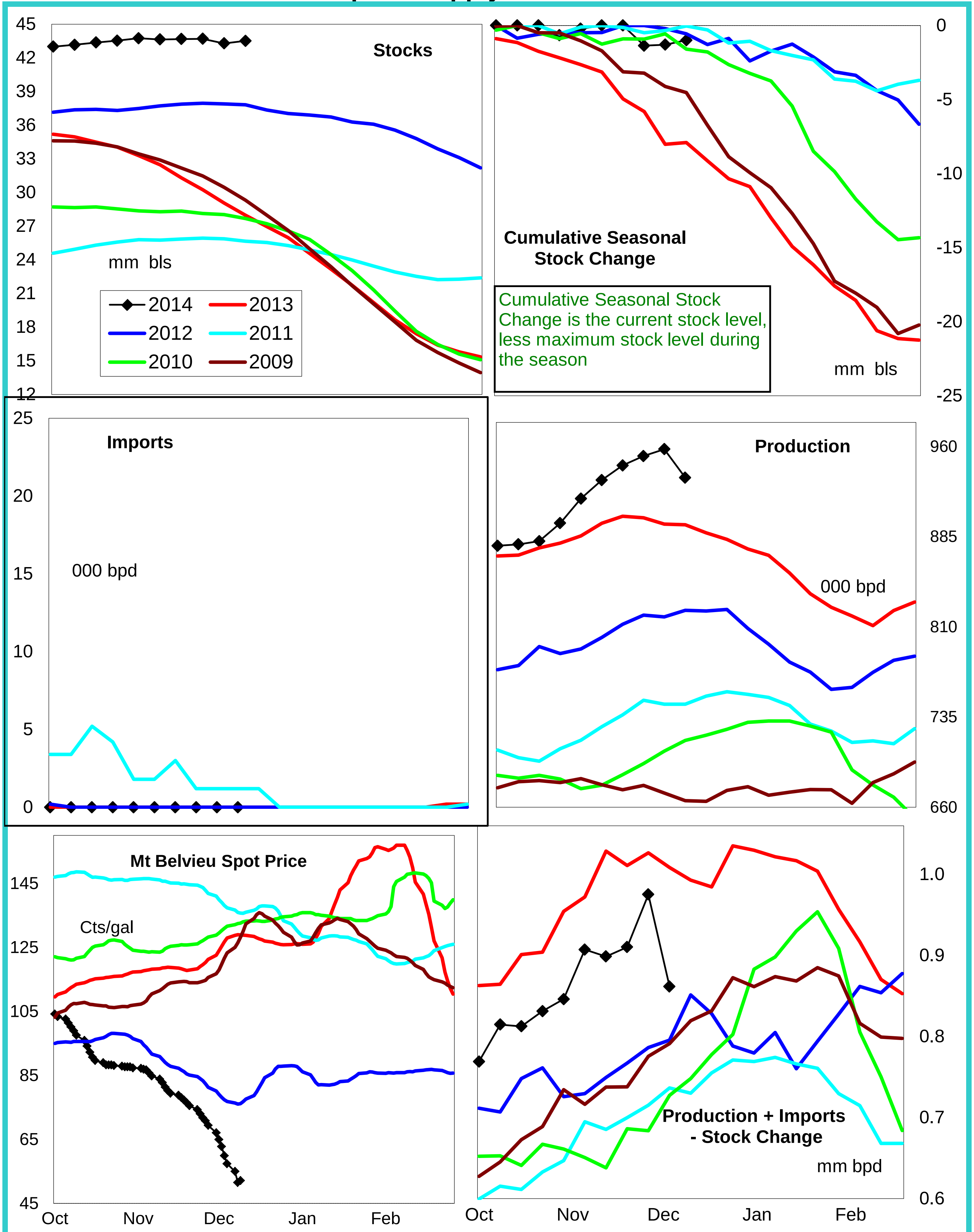
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	15,201	6,916	56	0	-107
% change	53.7	-87	6.3	#DIV/0!	-10.1

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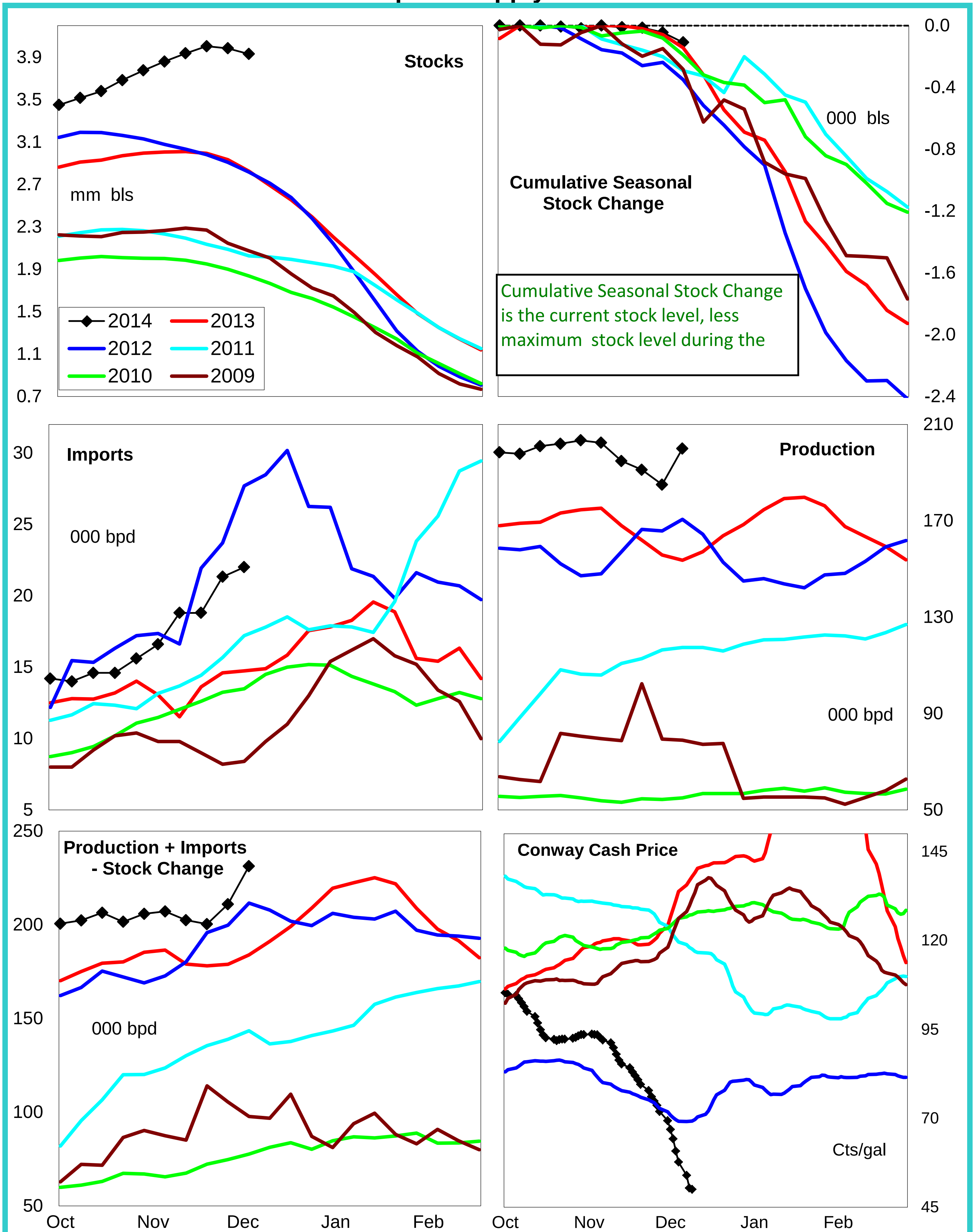
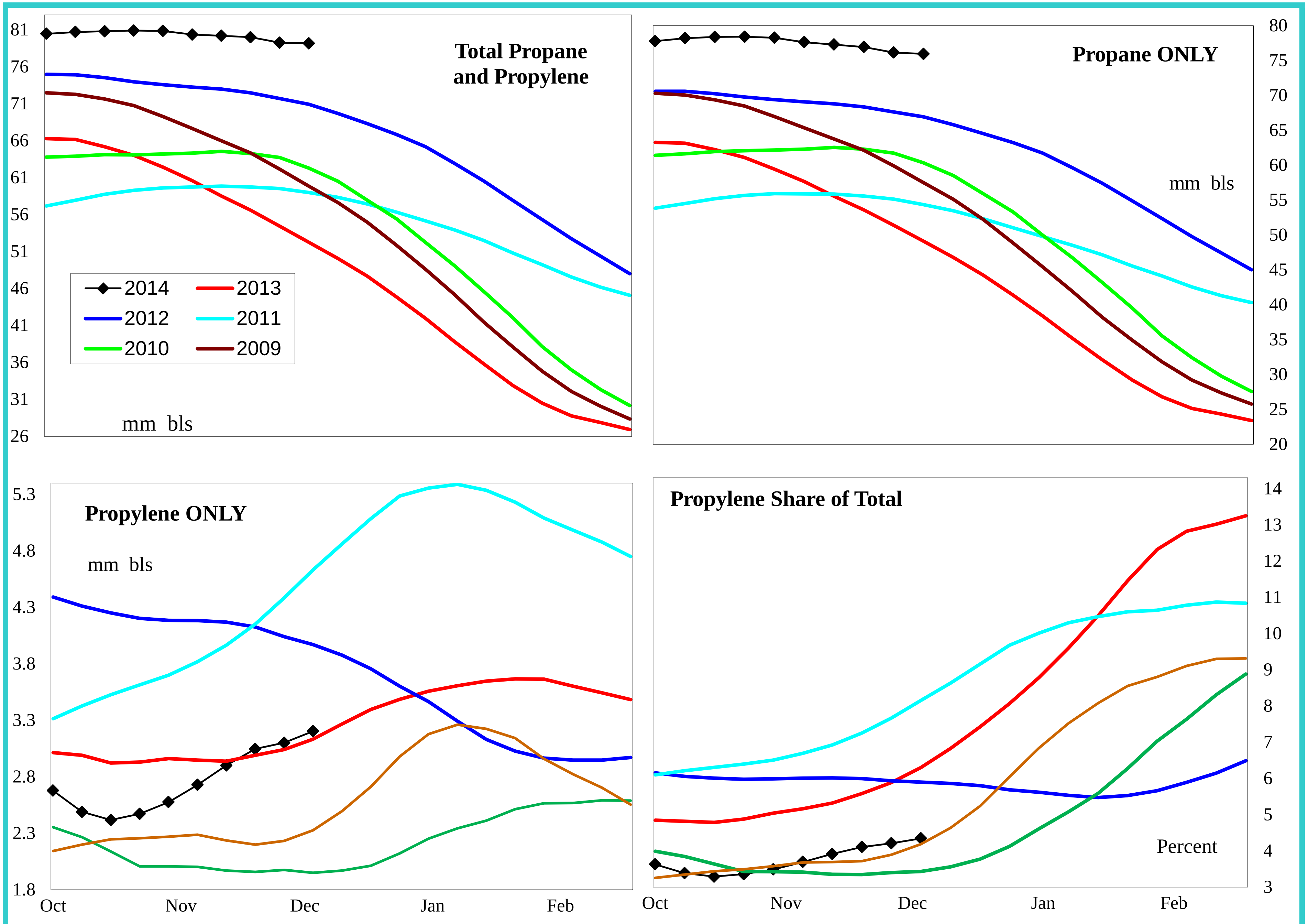
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,033	34	29	6	31
% change	35.6	-23.8	18.3	43.6	17.4

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**26,542**	**26,398**	**70**
% change	**50.4**	**53.3**	**2.2**

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