FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

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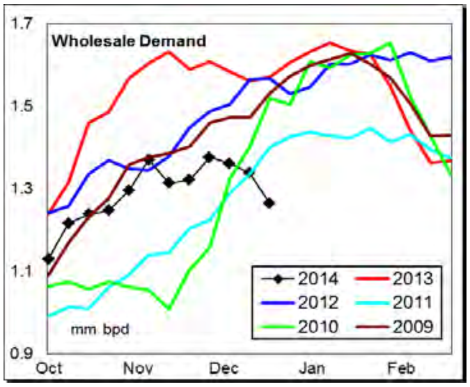
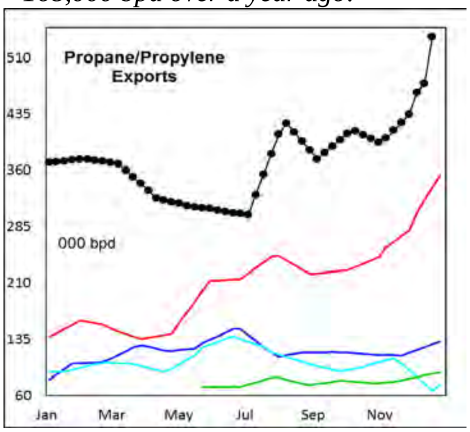
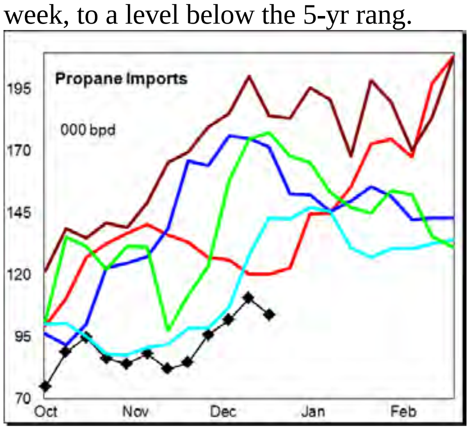
Summary[1]:
Wholesale demand fell -182,000 bpd last week, to a record low level for the winter season.



Production decreased -32,000 bpd on the week, concentrated in the Gulf and West regions. *Exports for the week ending 19Dec14 were 538,000 bpd, up +168,000 bpd over a year ago.*

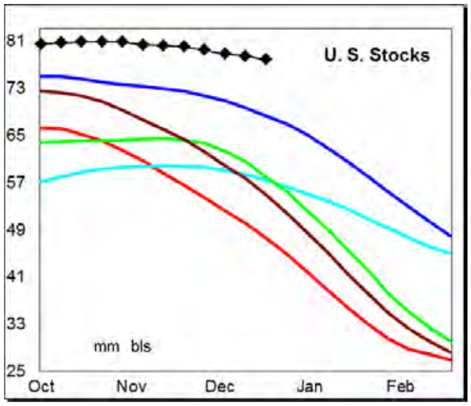


Imports decreased -24,000 bpd on the week, to a level below the 5-yr rang.

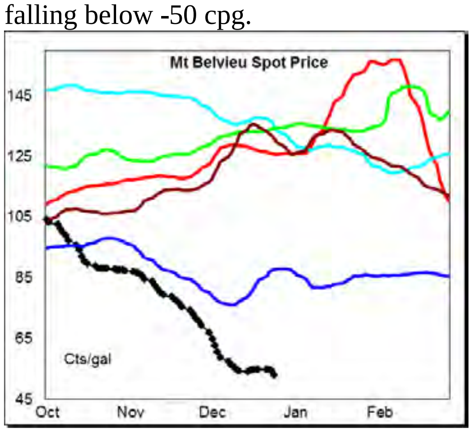


Combined production and imports during the latest 4-wk period were +163,000 bpd above a year ago. Production was +181,000 bpd above last year (+13%), while imports were -18,000 bpd lower. The latest 4-wk average demand was -288,000 bpd below last year.

Stocks decreased -0.5 million barrels last week, concentrated in the Midwest region. *Stocks ended the week +30 million barrels above a year ago, a +64% increase.*



Price and Spreads Mt Belvieu spot price decreased -1 cpg last week ending 24Dec14, with Conway down -3 cpg for the period. Mt Belvieu prices ended the week at 5-yr lows, with Conway prices falling below -50 cpg.



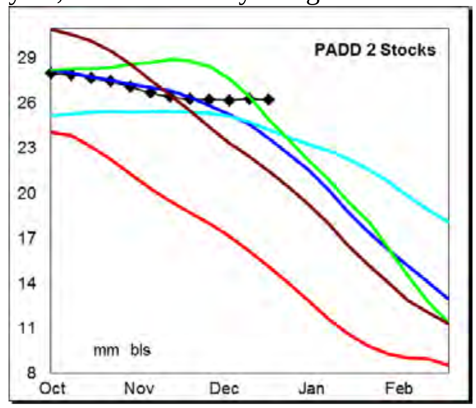
The Conway – Mt Belvieu price spread extended the 2-month downtrend, with Conway below Mt Belvieu for the 3rd week.

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

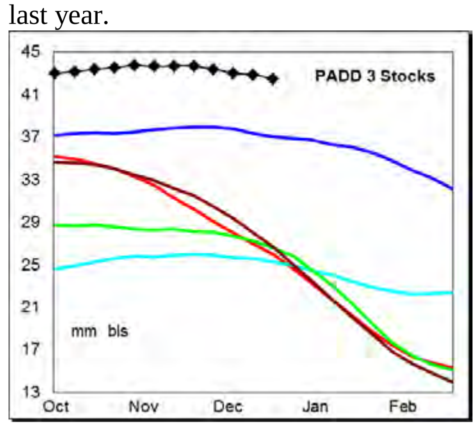
The propane / crude oil price spread trended traded sideways last week, ending at a equal to historic lows.

PADD 1 stocks decreased -0.1 million barrels last week, ending +1.5 million barrels above last year. Supply for the latest 4-wk period was unchanged from last year.

PADD 2 supply decreased -12,000 bpd on the week. Production for the latest 4-wk period was +58,000 bpd above last year. Stocks decreased -0.3 million barrels on the week. Stock levels ended the week at a record high for this time of year, +73% above a year ago.



PAD 3 stocks decreased -0.1 million barrels on the week, to a level +64% above a year ago. Supplies for the latest 4-wk period were +45,000 bpd above last year.



PADDs 4 & 5 stocks decreased -0.1 million barrels, with the level +51% above the last 2-yrs.

Emerging Trends Below normal temperatures are forecast for the next 10-days in key markets. However, the extreme supply overhang measured in record high stock levels and production rates should limit any price strength. The market remains exceptionally over supplied in all regions.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

December 26, 2014

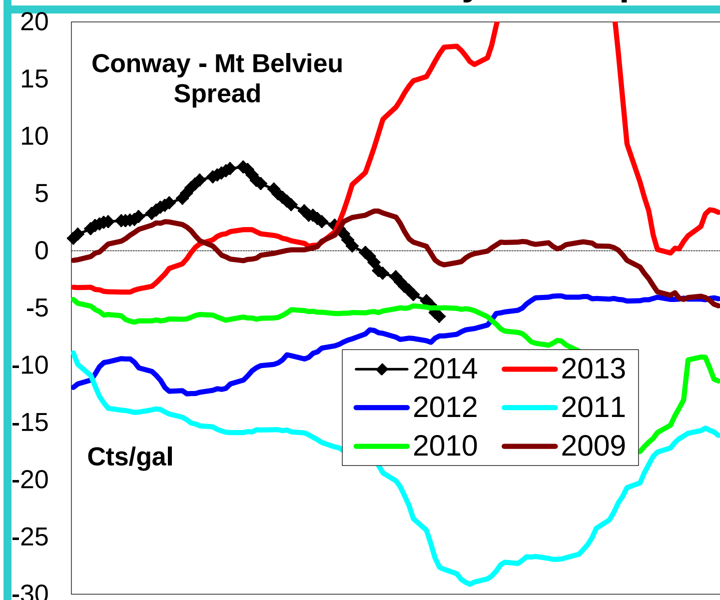
Fundamental Trends for the Week Ending: Friday, December 19, 2014

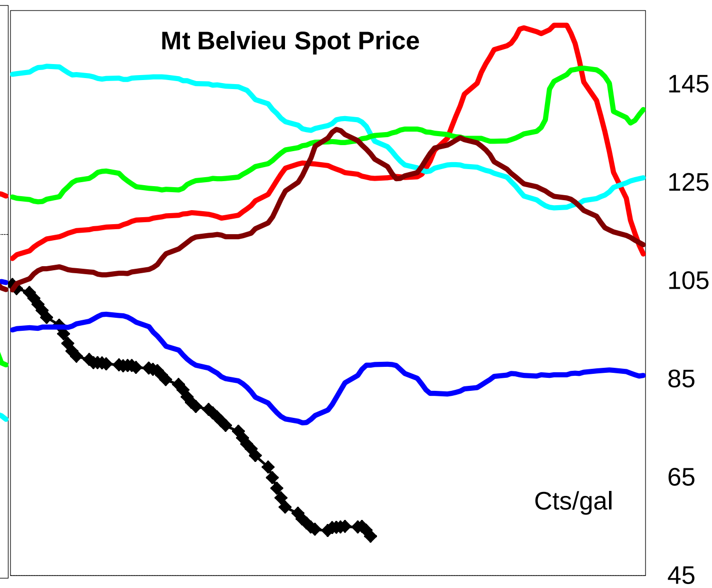
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	77,840	5,368	26,208	42,485	3,779	-548	-69	-297	-90	-92
Propylene Stocks	3,439					165				
Production	1,620	175	336	908	201	-32	26	2	-26	-34
Imports	104	55	30	0	19	-24	2	-14	0	-12
Whsle Demand	1,264					-181				

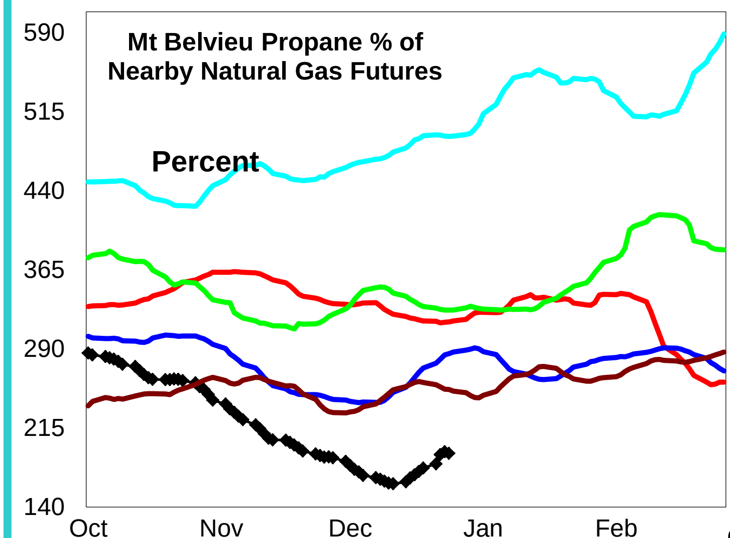
Price Trends for the Week Ending: Thursday, December 25, 2014

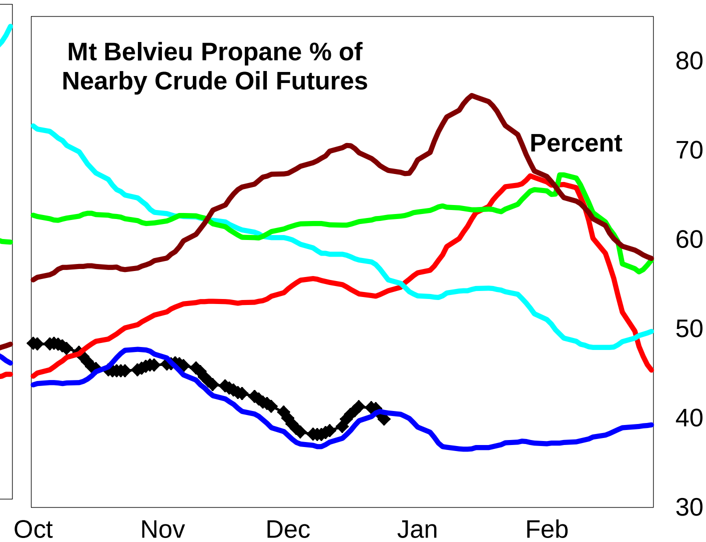
Cents/gal	Average for week ending:				Change from:			% change from:		
	12/25/14	12/18/14	11/27/14	12/30/13	12/18/14	11/27/14	12/30/13	12/18/14	11/27/14	12/30/13
Mont Belvieu Spot	55.0	54.9	75.8	127.1	0.08	-20.83	-51.38	0.1	-27.5	-40.4
Conway Spot	50.3	52.4	79.1	143.6	-2.15	-26.68	-64.49	-4.1	-33.7	-44.9

Key Price Spreads and Differentials

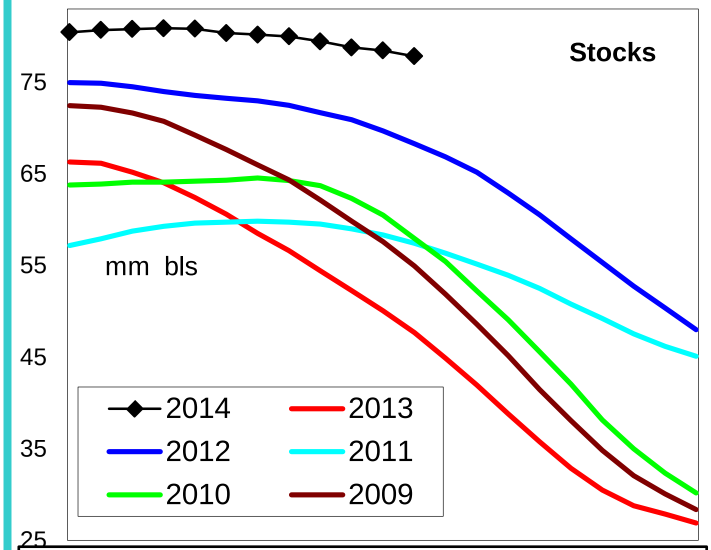


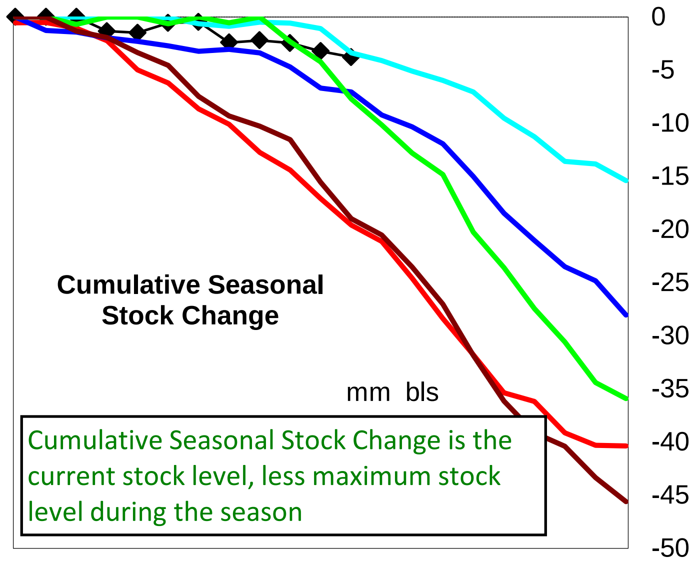


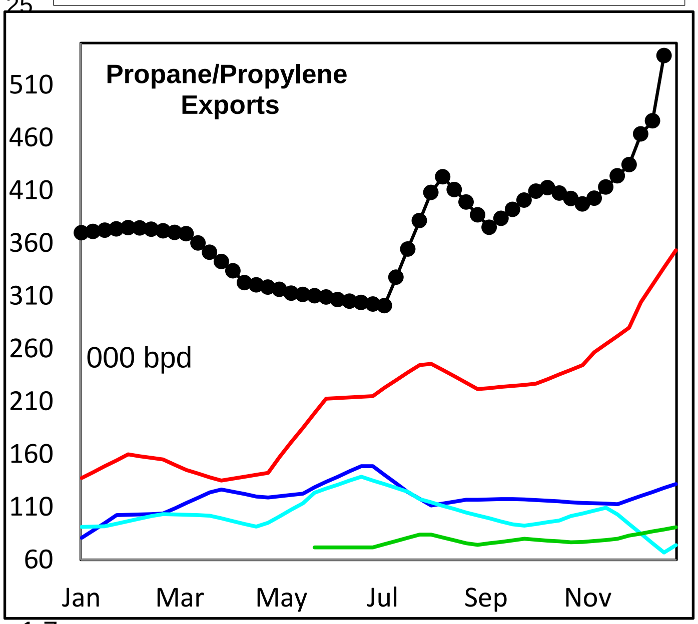


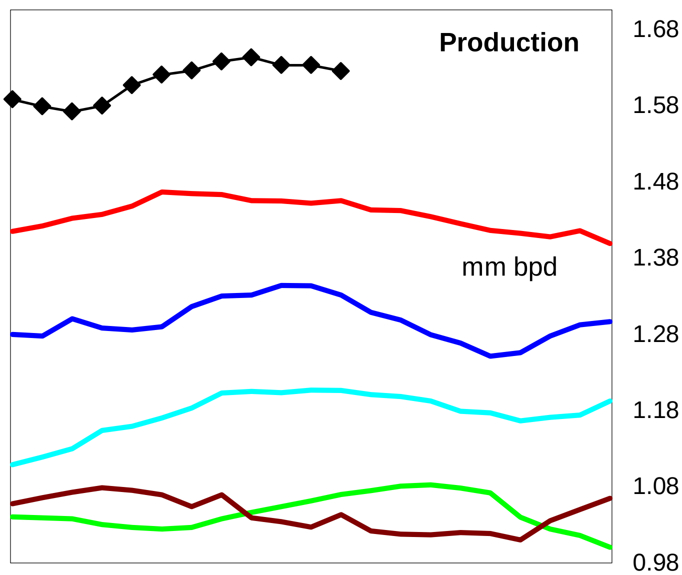


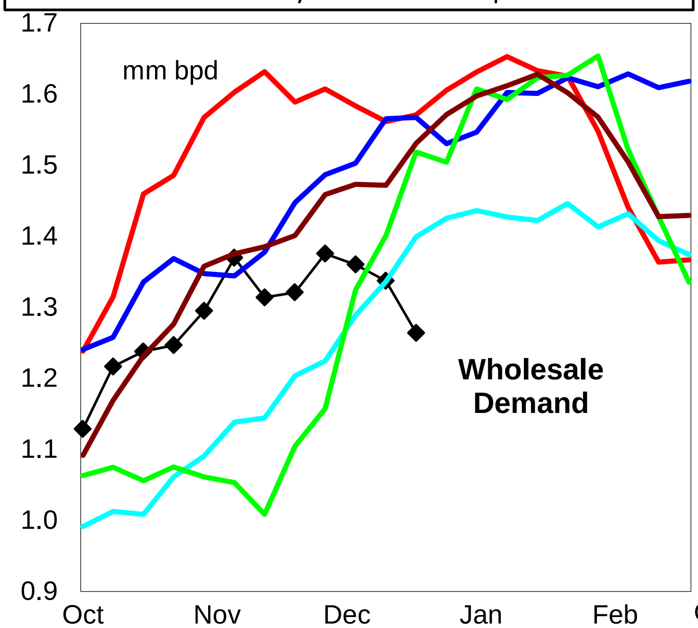
U. S. Propane Supply and Demand Balance

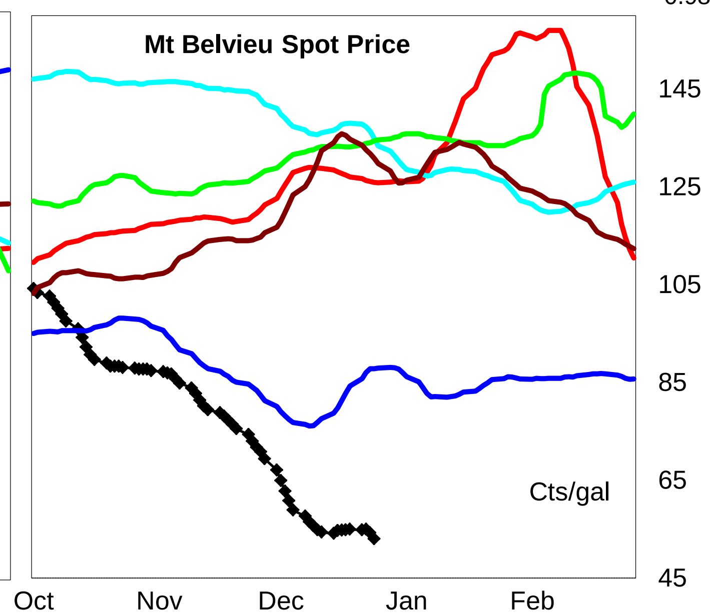






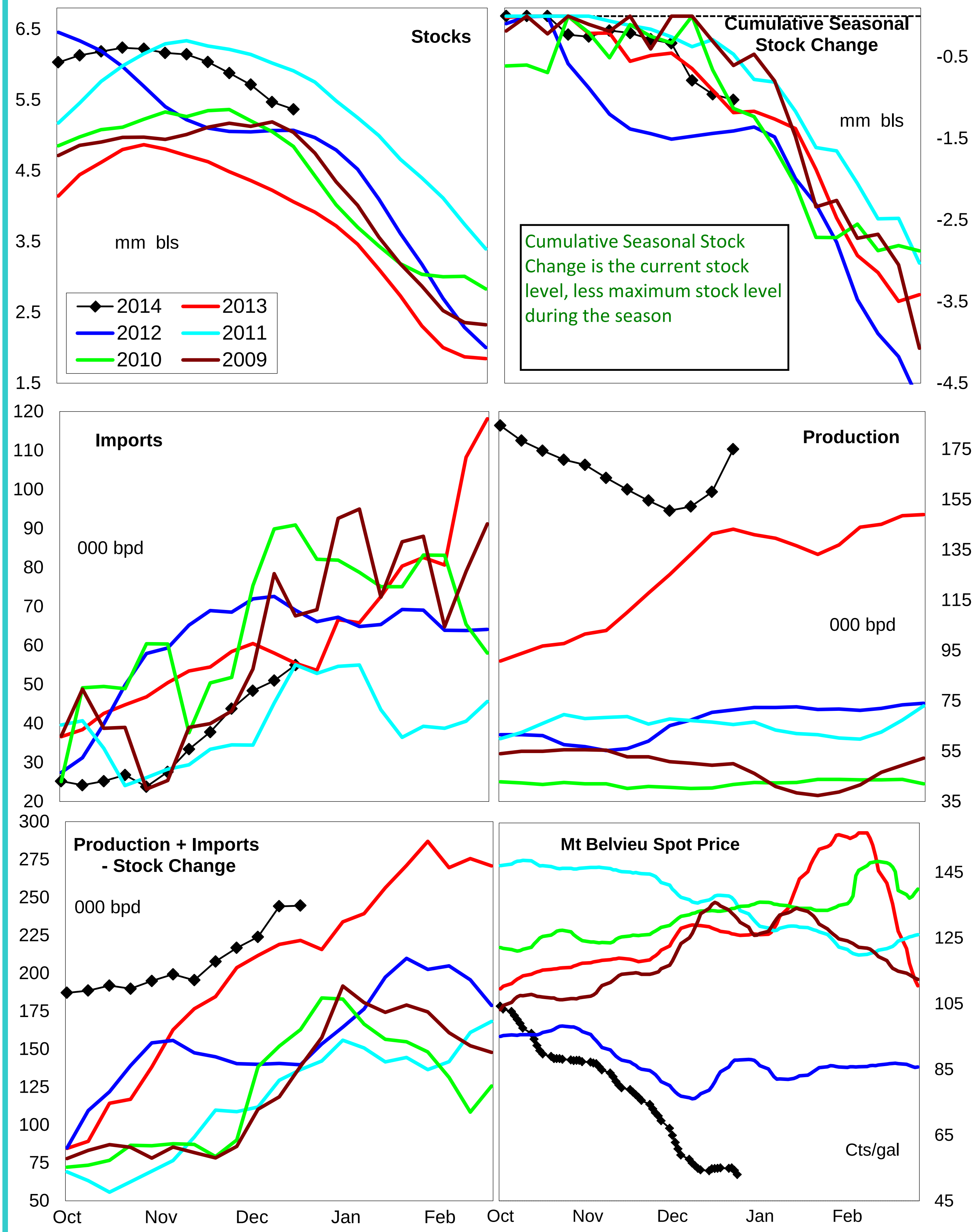






4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Nov	Oct	Sep
000 bpd (000 bls stks)	30,398	15,811	181	-18		-288	-86	-48	-66
% change	64.1	-81	12.5	-14.7		-18.0	-6.1	-3.7	-6.0

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)	1,455	156	14	-12	18
% change	37.2	-13.2	9.6	-18.9	8.6

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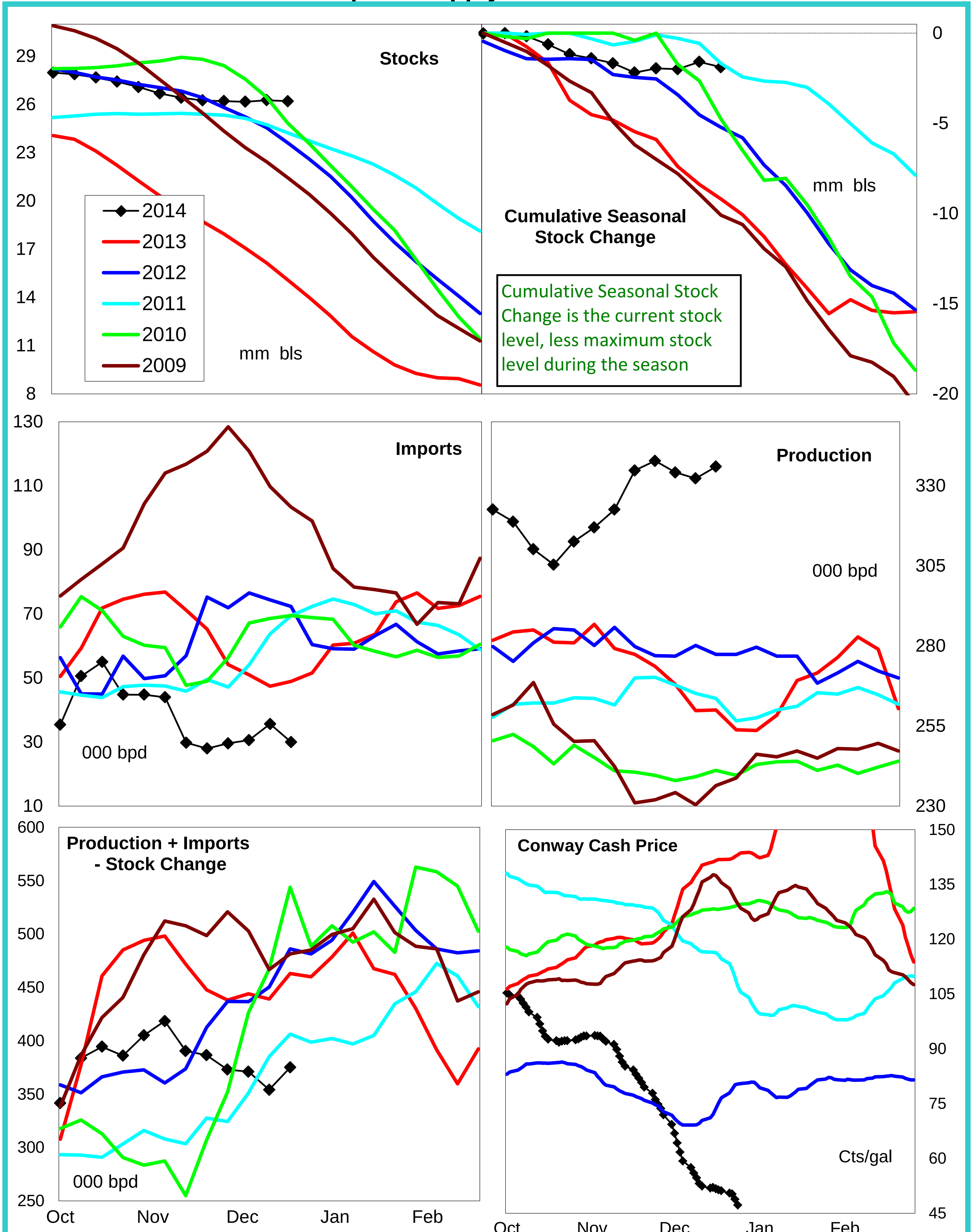
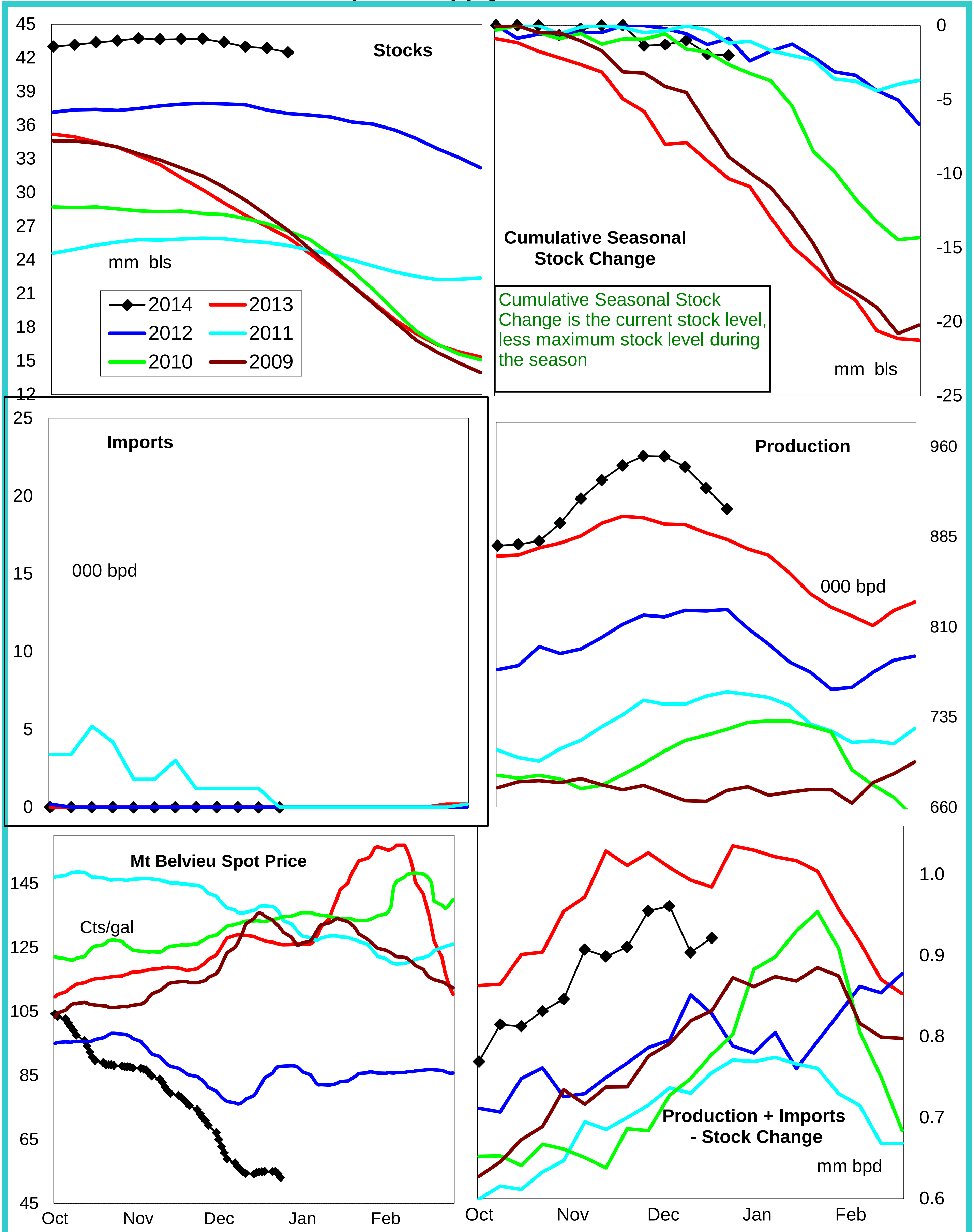
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	11,060	7,306	73	-15	-78
% change	73.0	-79.5	27.8	-32.2	-17.4

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)	16,602	8,317	45	0	-68
% change	64.1	-80	5.1	#DIV/0!	-6.5

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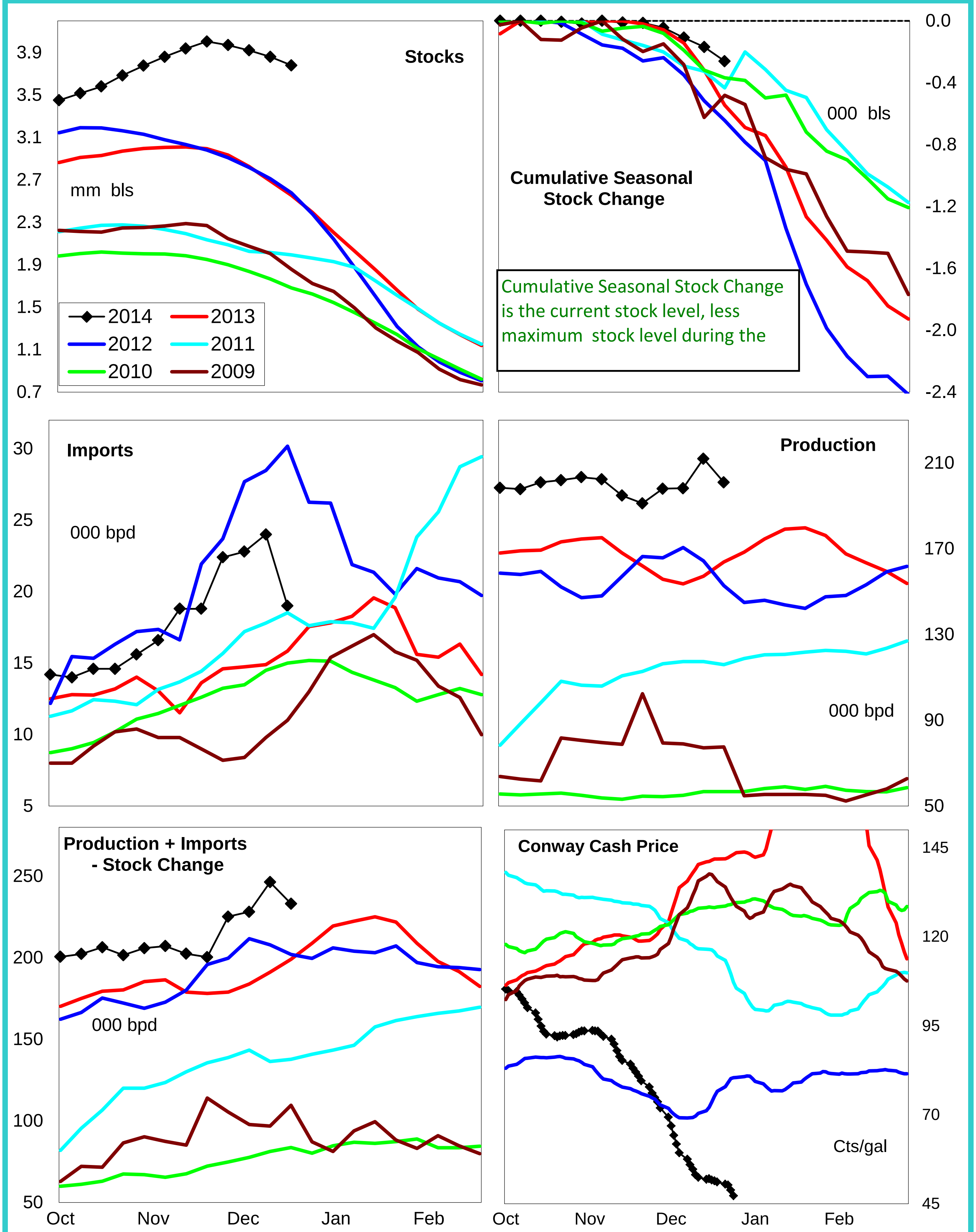
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,283	284	49	9	45
% change	51.4	-52.1	32.0	56.8	23.8

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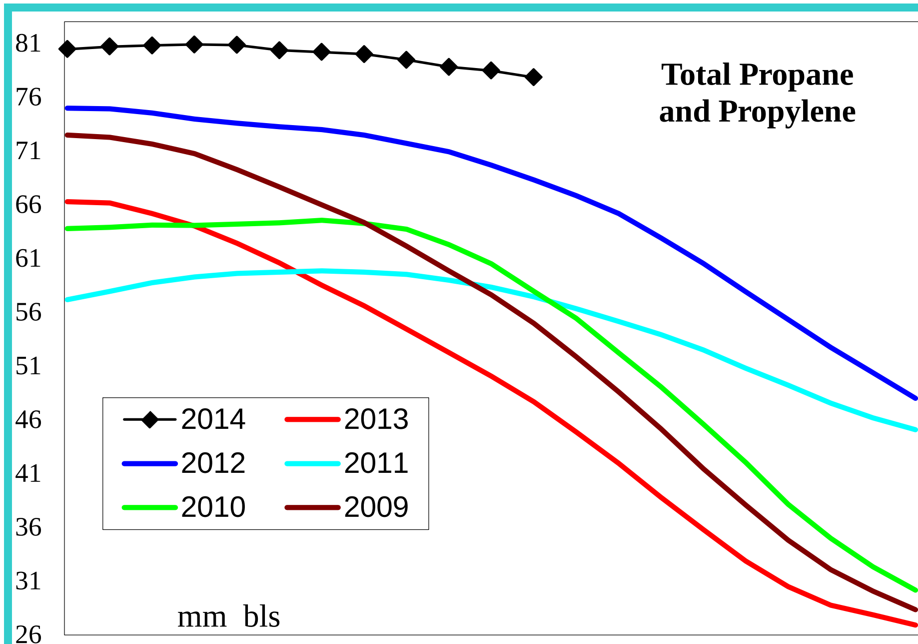
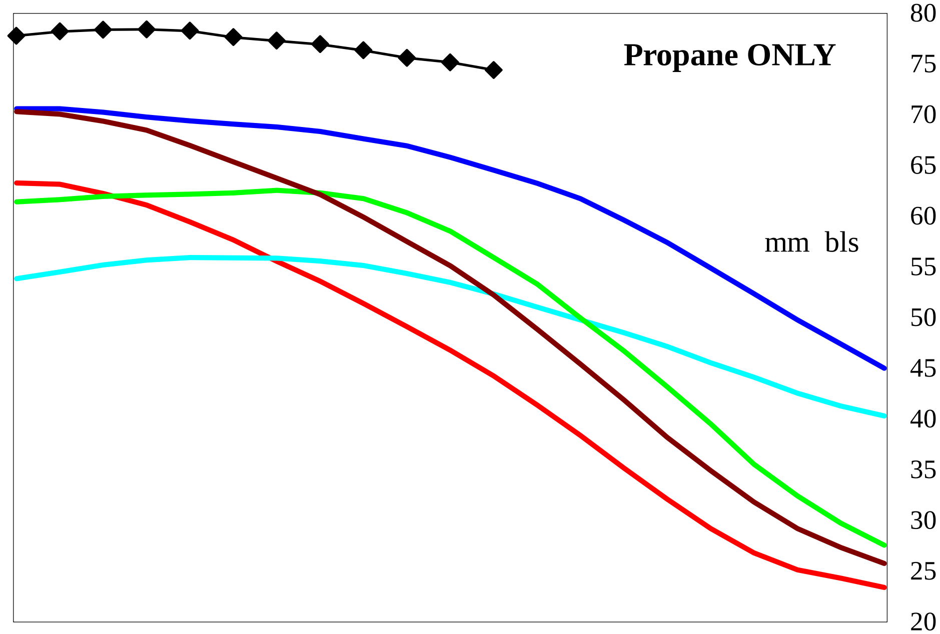
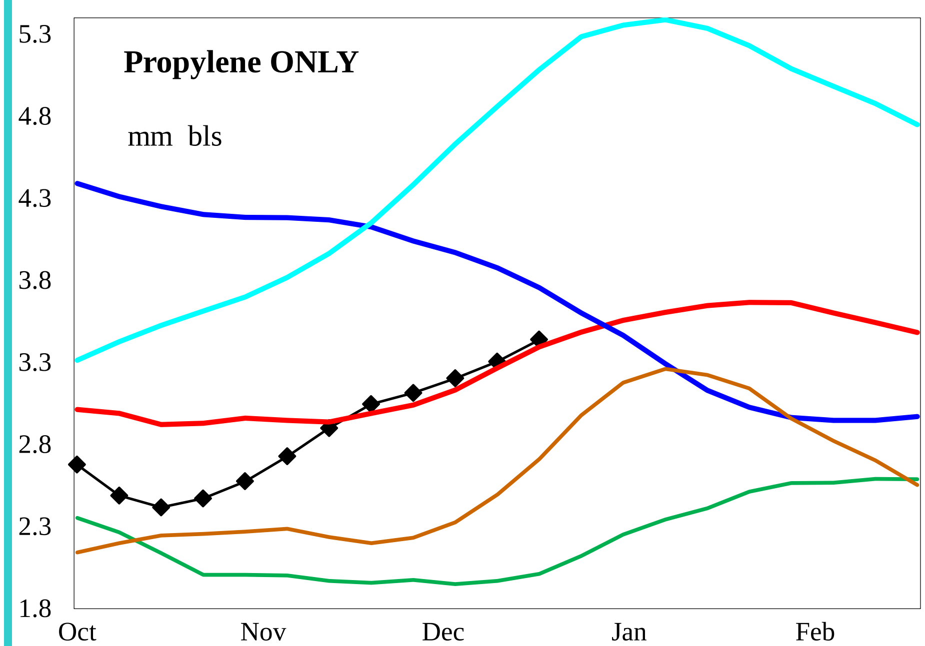
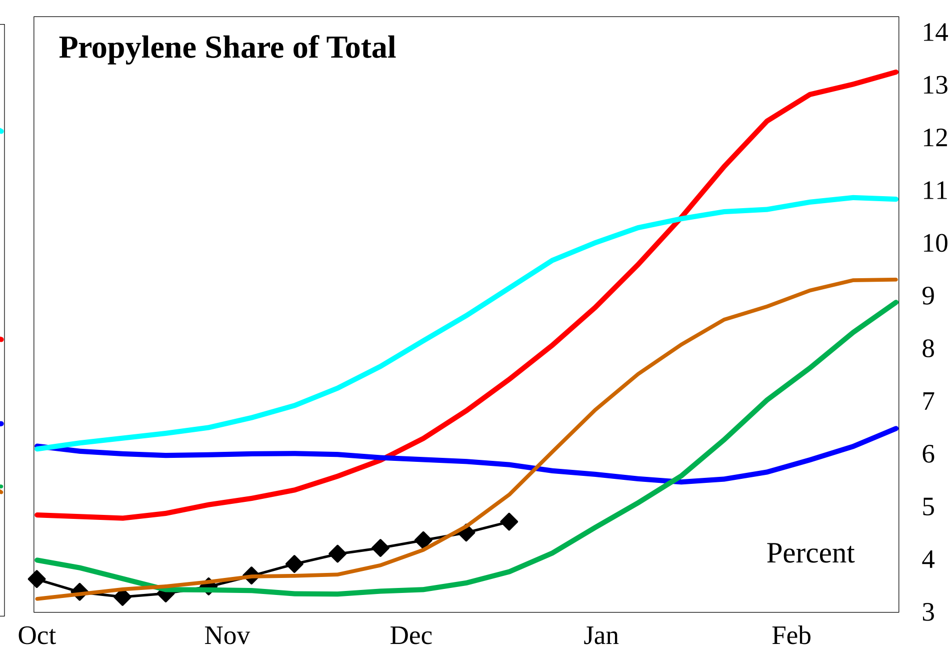
U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**30,398**	**30,438**	**43**
% change	**64.1**	**69.2**	**1.3**

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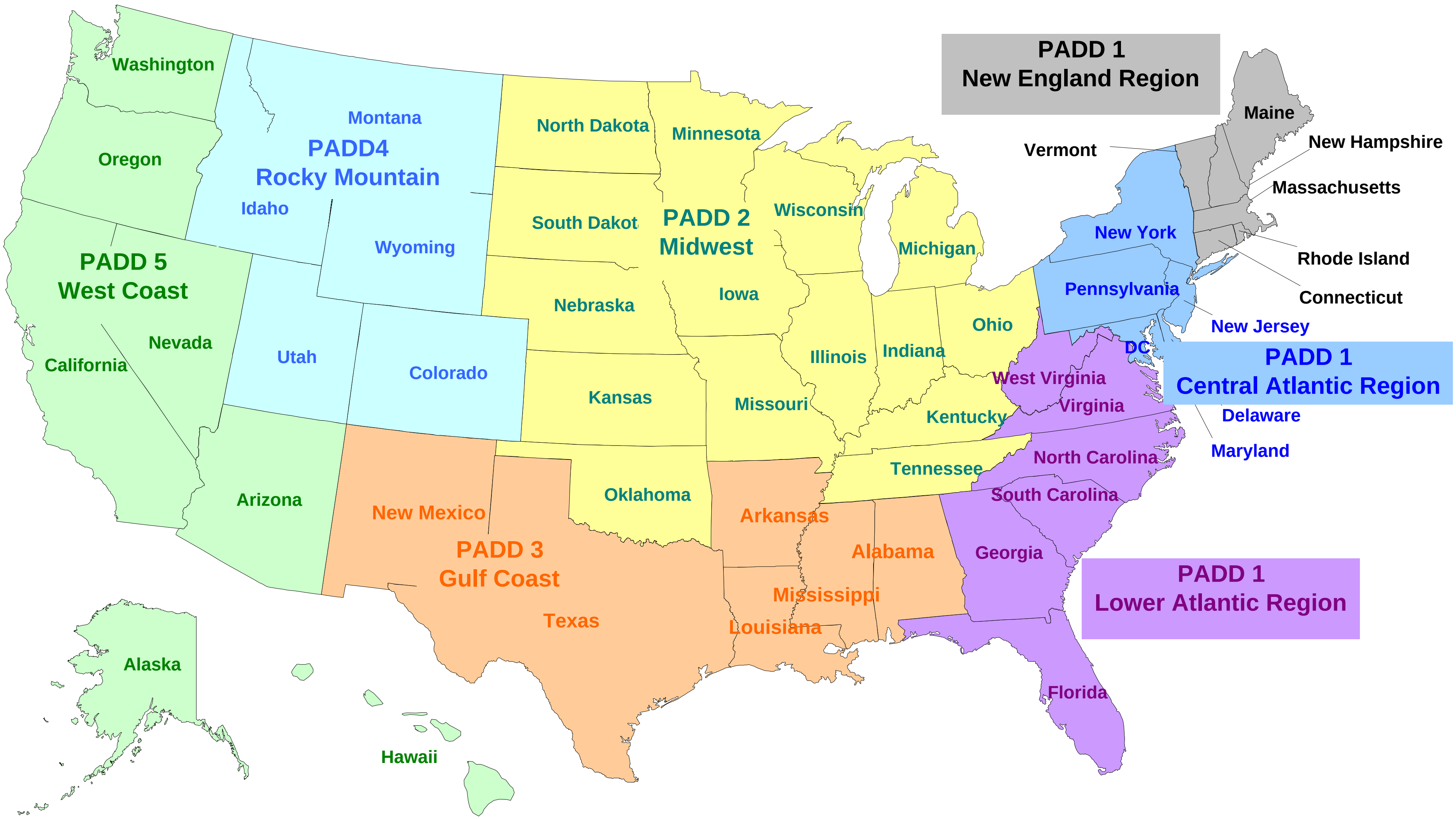
U. S. Petroleum Administrative for Defense Districts (PADDs)



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