FUNDAMENTAL PETROLEUM TRENDS

# WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

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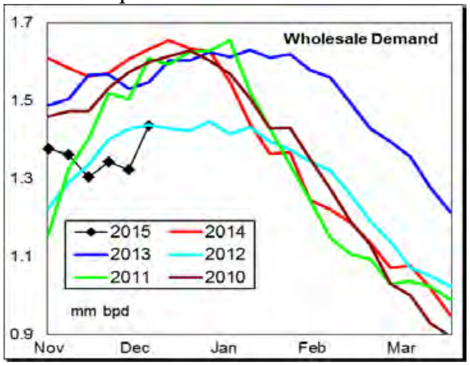
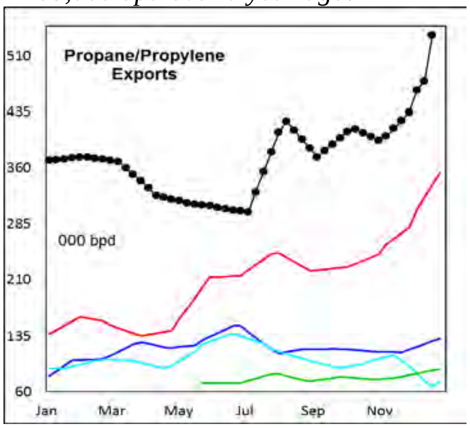
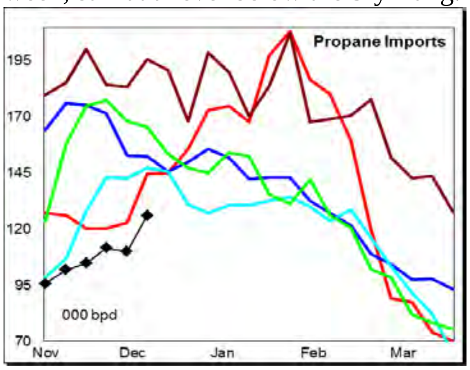
Summary[1]:
Wholesale demand increased +169,000 bpd last week, although the weekly level remains equal to historic lows.




Production was unchanged on the week, although the Midwest increased to a new record high. *Exports for the week ending 19Dec14 were 538,000 bpd, up +168,000 bpd over a year ago.*

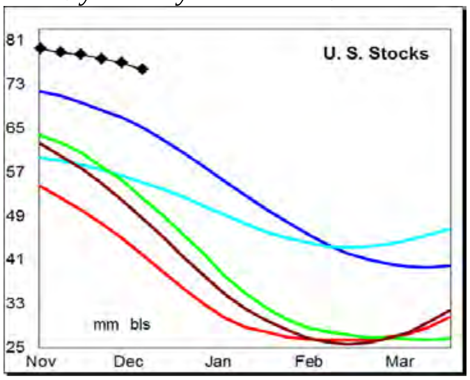



Imports increased +26,000 bpd on the week, still at a level below the 5-yr rang.

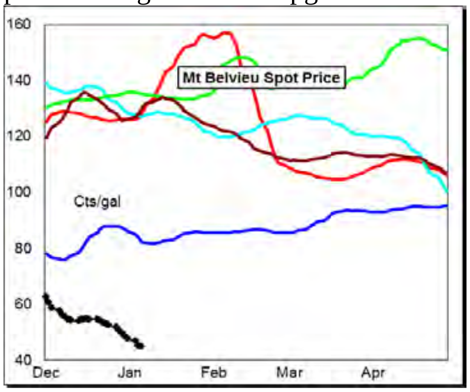



Combined production and imports during the latest 4-wk period were +182,000 bpd above a year ago. Production was +185,000 bpd above last year (+13%), while imports were -3,000 bpd lower. The latest 4-wk average demand was -221,000 bpd below last year.

Stocks decreased -1.6 million barrels last week, including a -1.1 million barrel draw in the Gulf. *Stocks ended the week +33 million barrels above a year ago, a +78% year-on-year increase.*




Price and Spreads Mt Belvieu spot price decreased -5 cpg last week ending 07Jan15, with Conway down -3 cpg for the period. Mt Belvieu prices ended the week at fresh 5-yr lows, with Conway prices falling below -40 cpg.



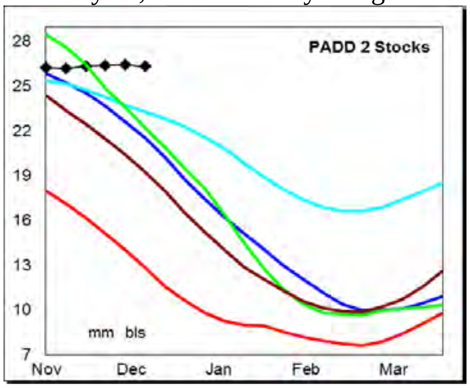

The Conway – Mt Belvieu price spread trended slightly higher last week, with Conway beloww Mt Belvieu.

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

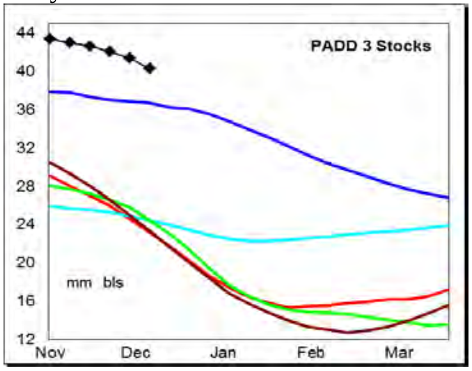
The propane / crude oil price spread trended lower last week, ending at a level equal to historic lows.

PADD 1 stocks increased +0.1 million barrels last week, ending +1.6 million barrels above last year. Supply for the latest 4-wk period was +25,000 bpd above last year.

PADD 2 supply increased +37,000 bpd on the week. Production for the latest 4-wk period was +83,000 bpd above last year (+33%). Stocks decreased -0.4 million barrels on the week. Stock levels ended the week at a record high for this time of year, and double a year ago.




PAD 3 stocks decreased -1.1 million barrels on the week, to a level +73% above a year ago. Supplies for the latest 4-wk period were +34,000 bpd above last year.




PADDs 4 & 5 stocks decreased -0.1 million barrels, with the level +56% above the last 2-yrs.

**Emerging Trends** The Midwest propane market is extremely over supplied with production up by 1/3rd over last year and stocks 2X last year.

Significant expansion in Midwest propane transportation infrastructure is needed to export the increased production in the region to other markets.

Peak winter demand is unlikely to provide support to prices in the Midwest, because of the extreme excess supply.

[1] Source is latest EIA Weekly Statistics

# PROPANE: Graph Link and Weekly Summary

January 7, 2015

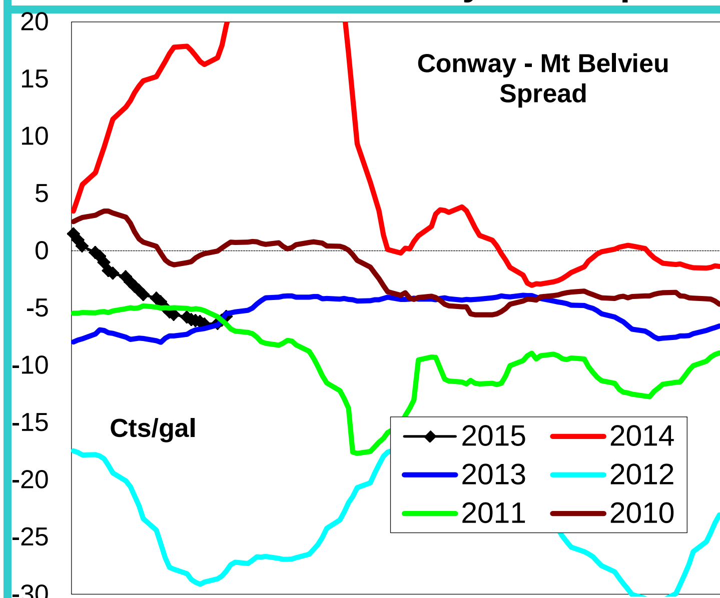
## Fundamental Trends for the Week Ending: Friday, January 02, 2015

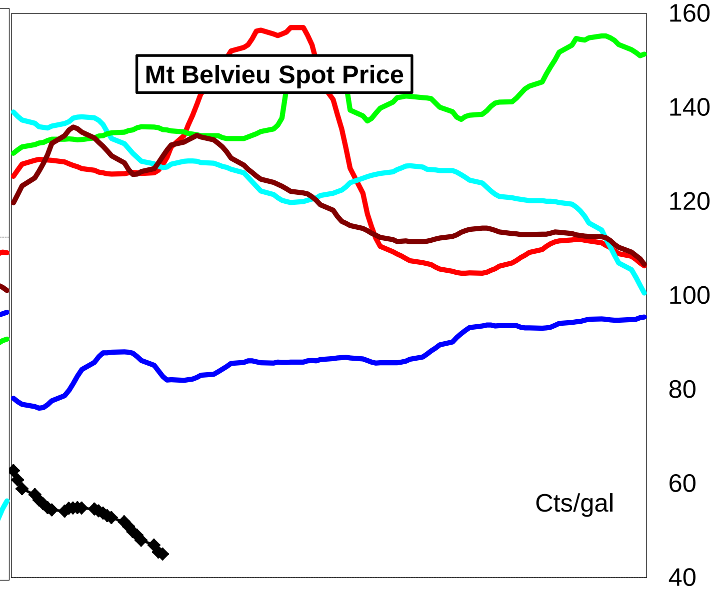
| 000 bpd / Stocks 000 bls | Weekly Supply-Demand: U.S. Total | PADD 1 | PADD 2 | PADD 3 | PADD 4&5 | Change from prior week: U.S. Total | PADD 1 | PADD 2 | PADD 3 | PADD 4&5 |
|---|---|---|---|---|---|---|---|---|---|---|
| Stocks | 75,650 | 5,474 | 26,305 | 40,271 | 3,600 | -1,594 | 71 | -448 | -1,137 | -80 |
| Propylene Stocks | 3,645 | | | | | 59 | | | | |
| Production | 1,619 | 175 | 344 | 907 | 193 | 0 | 1 | 12 | -7 | -6 |
| Imports | 126 | 55 | 55 | 0 | 16 | 26 | 2 | 25 | 0 | -1 |
| Whsle Demand | 1,435 | | | | | 169 | | | | |

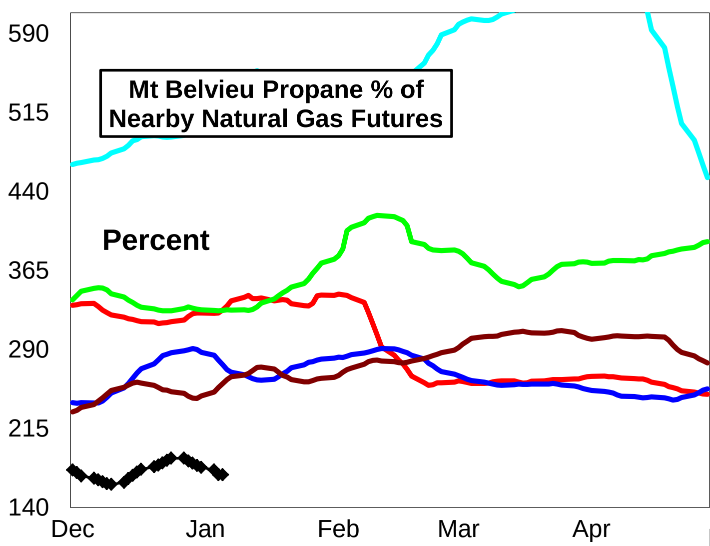
## Price Trends for the Week Ending: Thursday, January 01, 2015

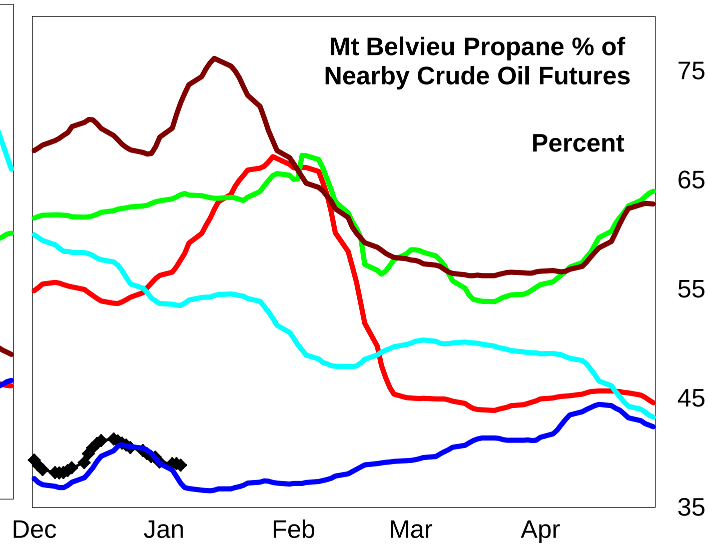
| Cents/gal | Average for week ending: 1/1/15 | 12/25/14 | 12/4/14 | 1/6/14 | Change from: 12/25/14 | 12/4/14 | 1/6/14 | % change from: 12/25/14 | 12/4/14 | 1/6/14 |
|---|---|---|---|---|---|---|---|---|---|---|
| Mont Belvieu Spot | 46.9 | 52.0 | 55.0 | 126.5 | -5.03 | -3.03 | -71.52 | -9.7 | -5.5 | -56.5 |
| Conway Spot | 40.6 | 46.0 | 54.0 | 142.3 | -5.43 | -7.98 | -88.27 | -11.8 | -14.8 | -62.1 |

## Key Price Spreads and Differentials



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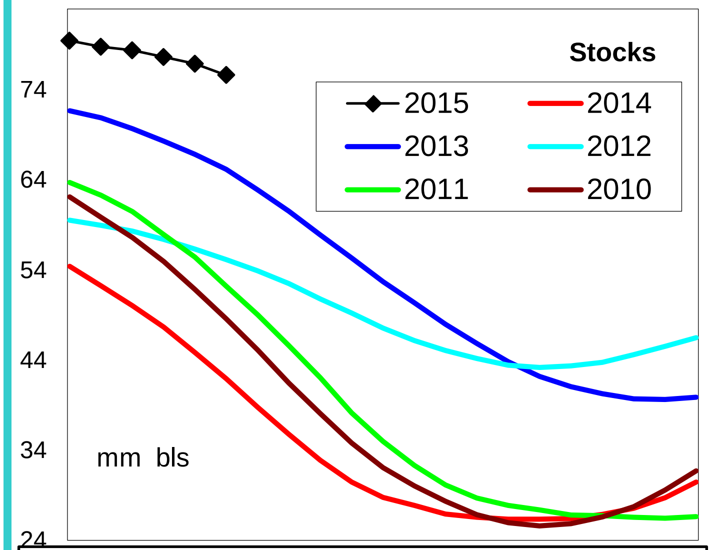
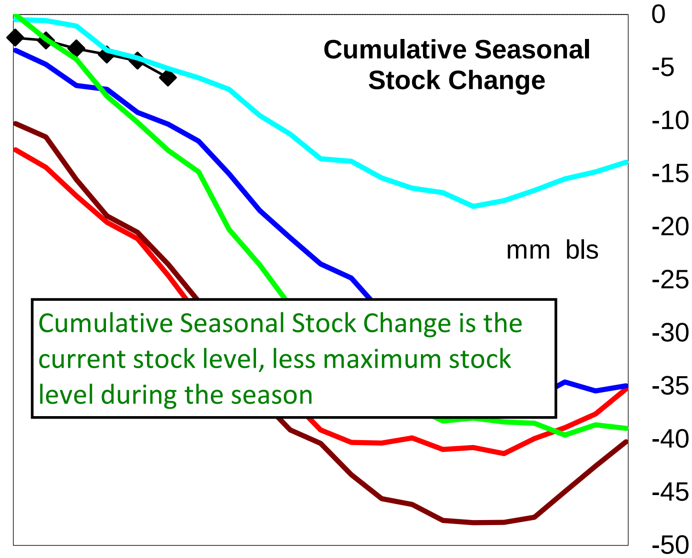
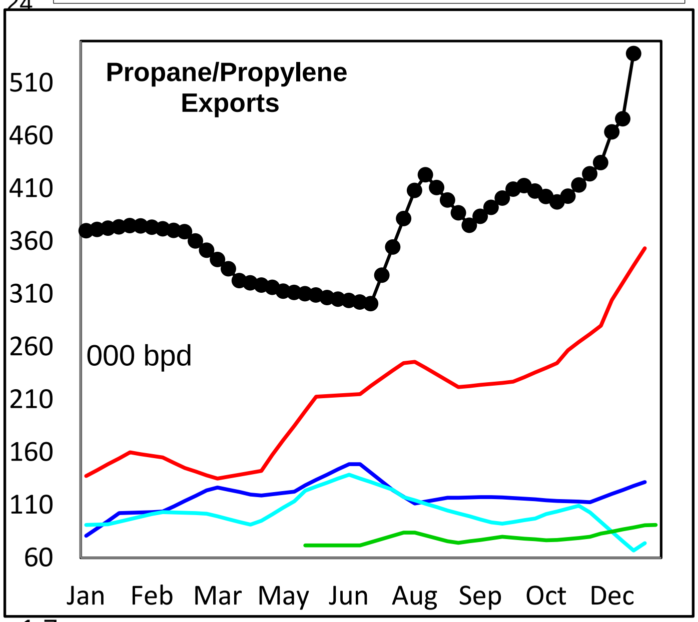
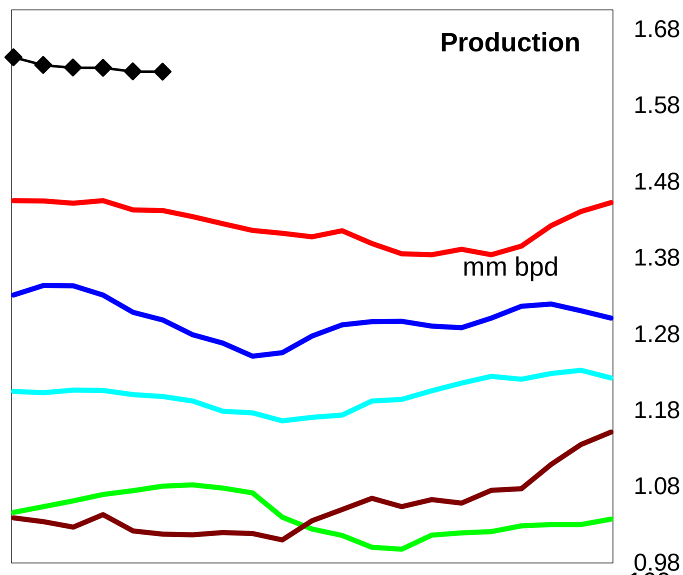
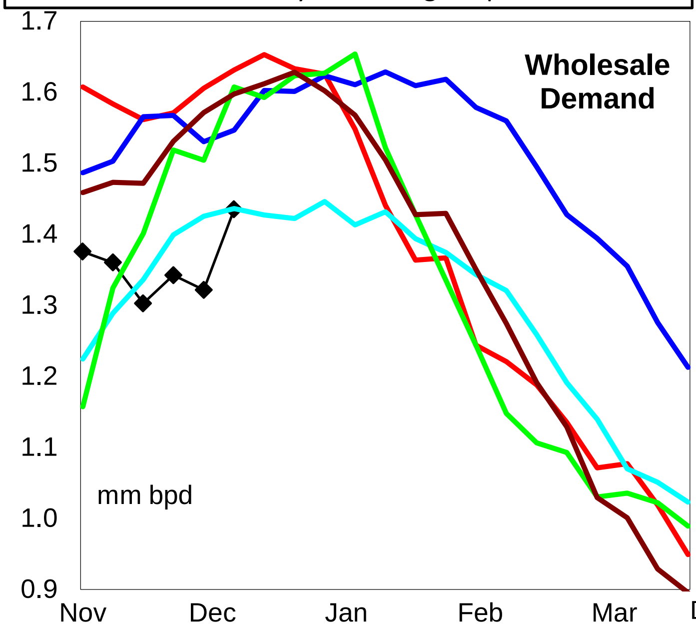
# U. S. Propane Supply and Demand Balance

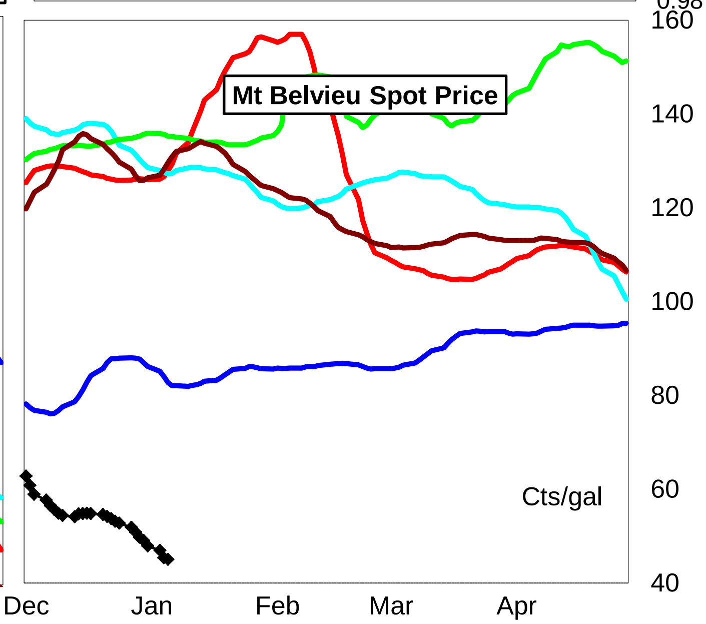



| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Demand | 4wk avg | Nov | Oct | Sep |
|---|---|---|---|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | 33,217 | 18,630 | 185 | -3 | | -221 | -86 | -48 | -66 |
| % change | 78.3 | -76 | 12.8 | -2.1 | | -14.0 | -6.1 | -3.7 | -6.0 |



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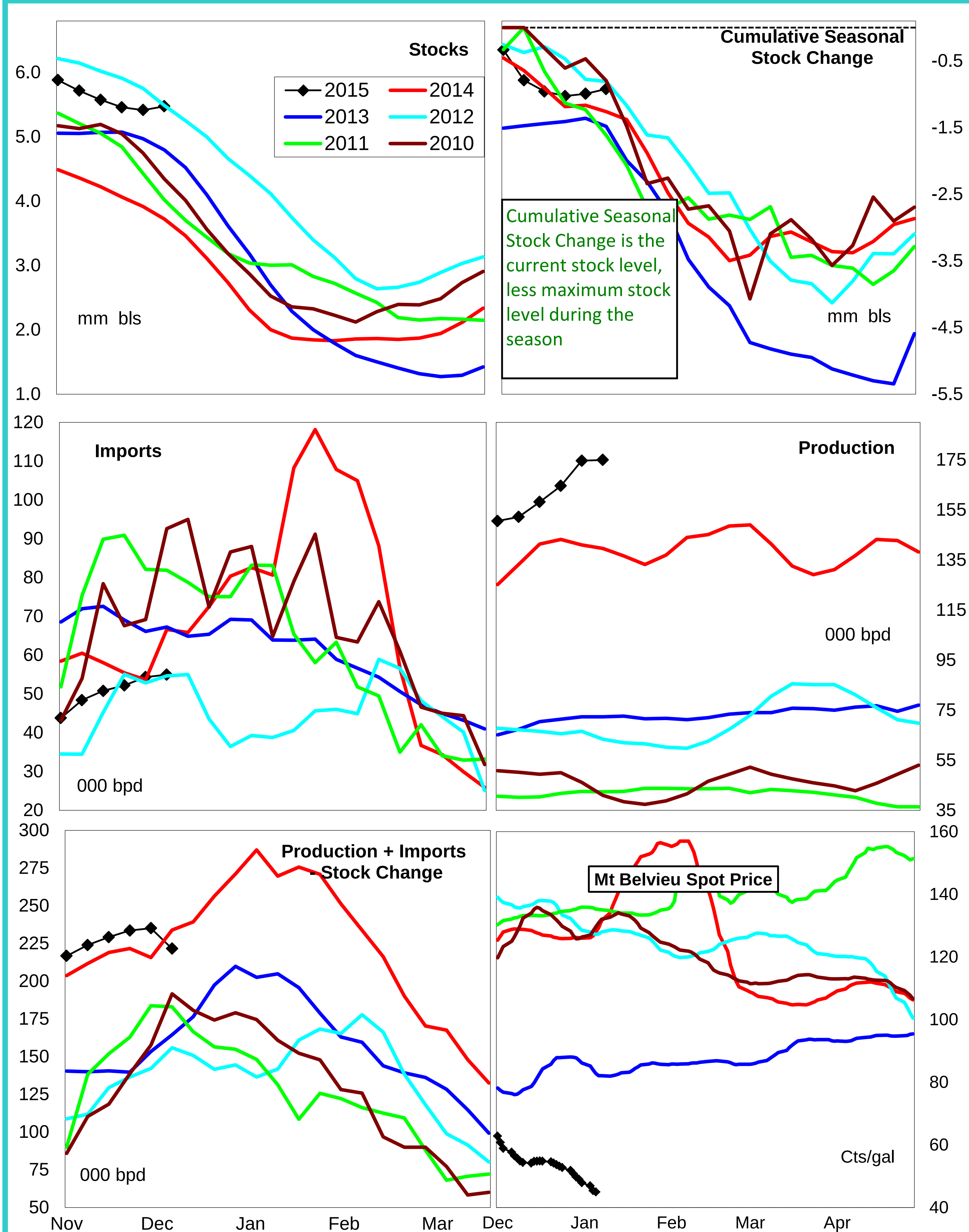
# PADD 1 Propane Supply and Demand Balance




| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Prod + Imp - Stk chg |
|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | 1,639 | 340 | 25 | 0 | 7 |
| % change | 42.7 | -27.0 | 17.2 | -0.8 | 3.3 |



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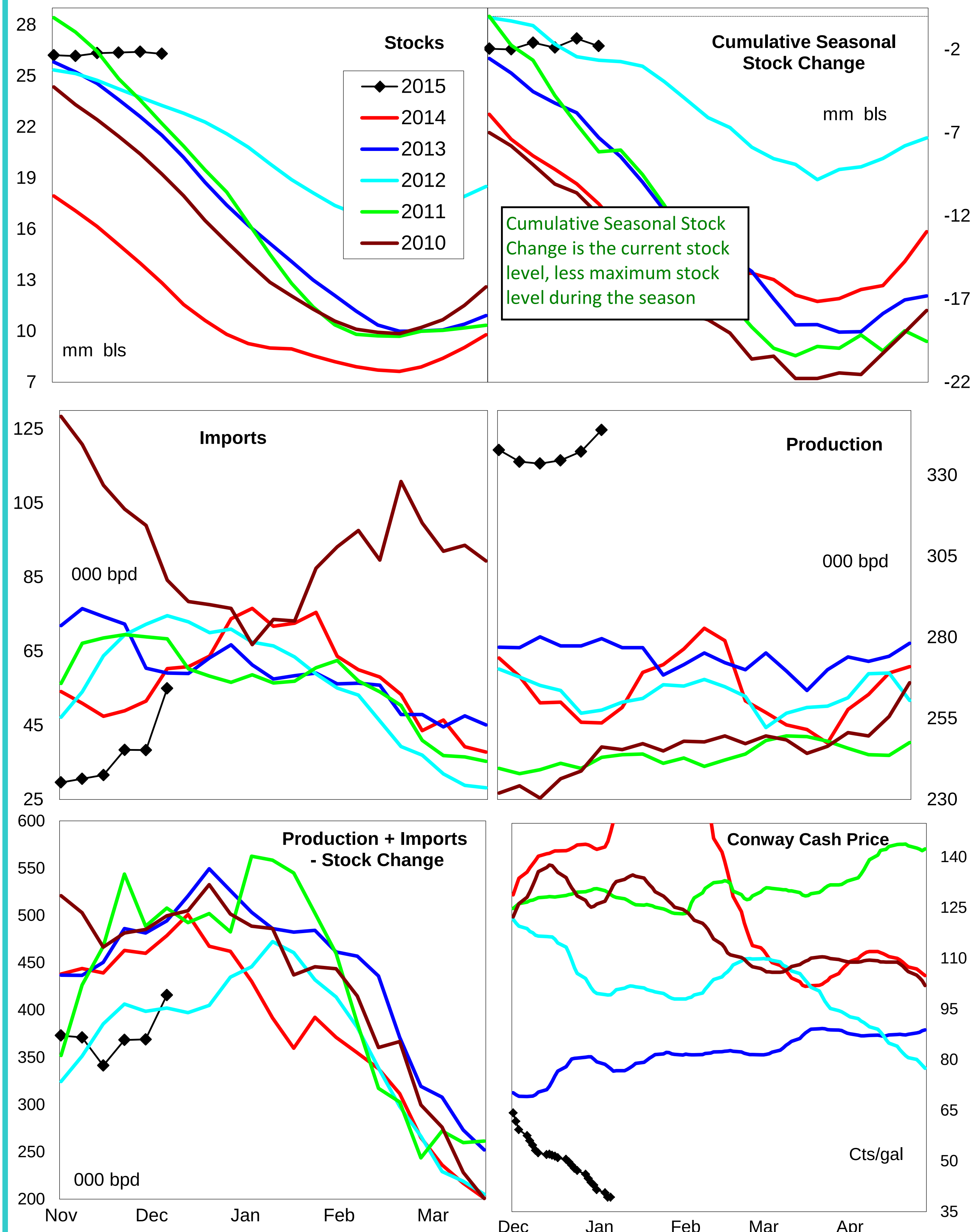
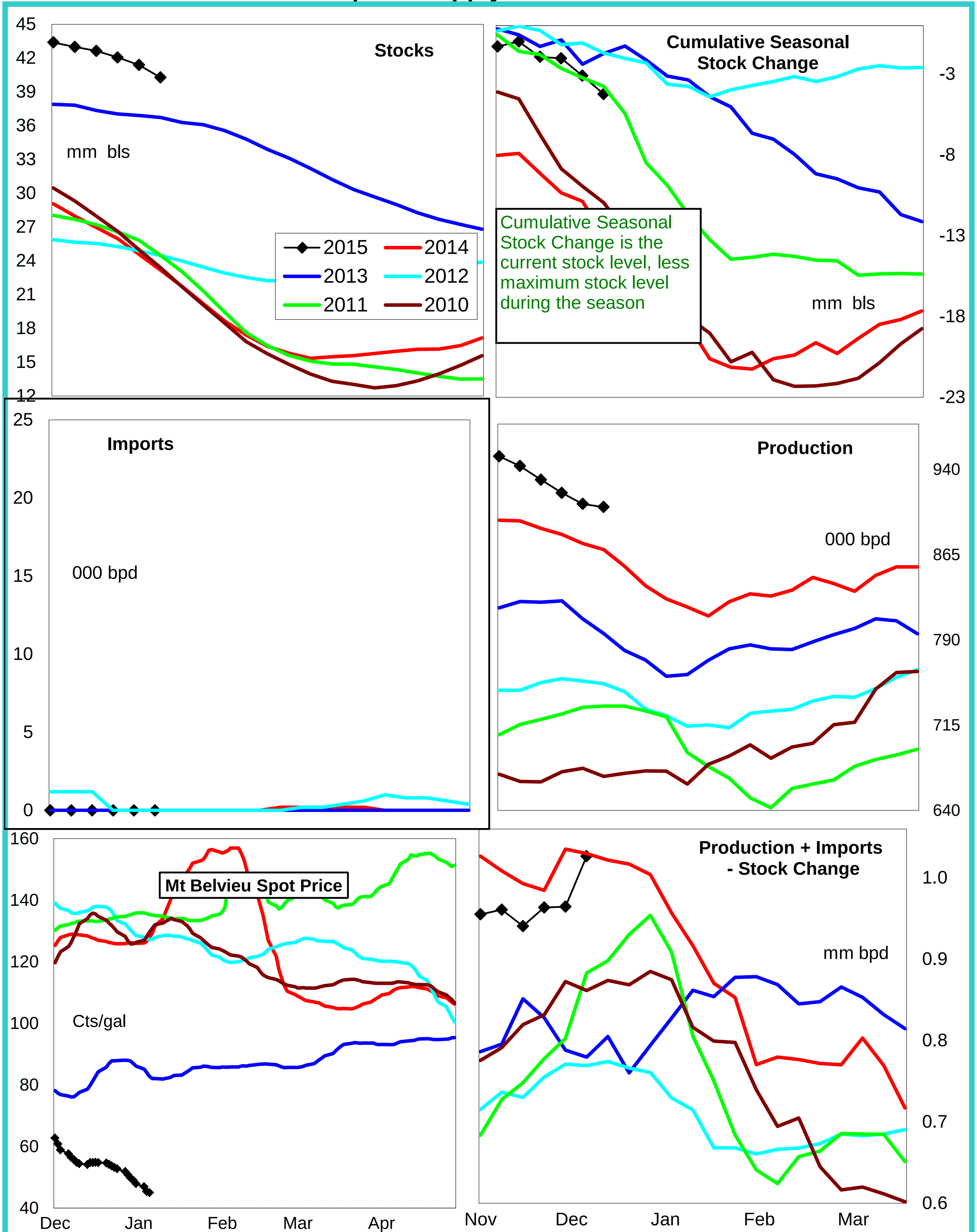
# PADD 2 Propane Supply and Demand Balance



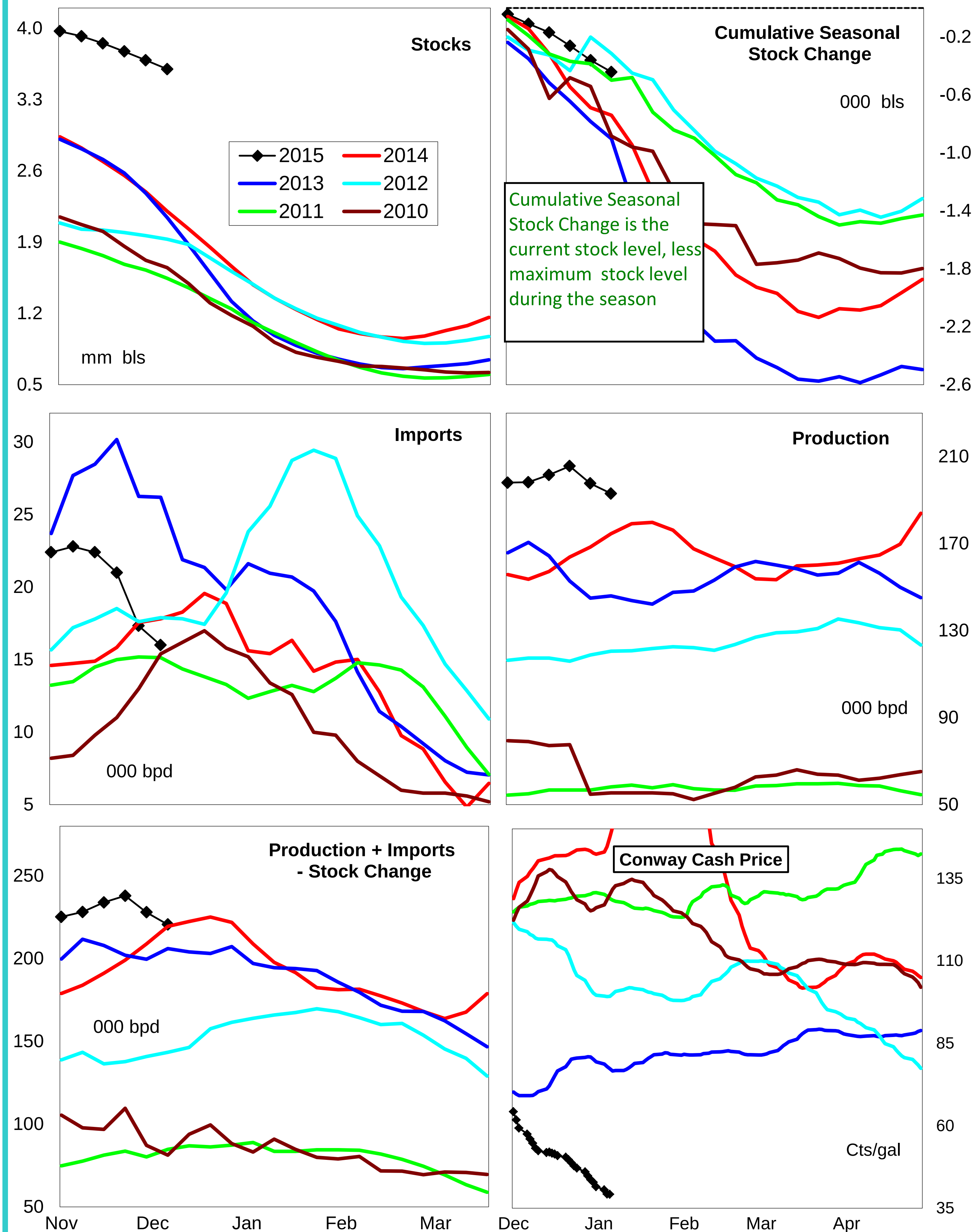

| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Prod + Imp - Stk chg |
|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | 13,250 | 9,496 | 83 | -9 | -87 |
| % change | 101.5 | -84.1 | 32.6 | -17.9 | -18.8 |

# 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) | 17,030 | 8,745 | 34 | 0 | -37 |
| % change | 73.3 | -67 | 3.8 | #DIV/0! | -3.5 |

# 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) | 1,298 | 299 | 44 | 7 | 25 |
| % change | 56.4 | -40.4 | 26.8 | 46.9 | 12.4 |



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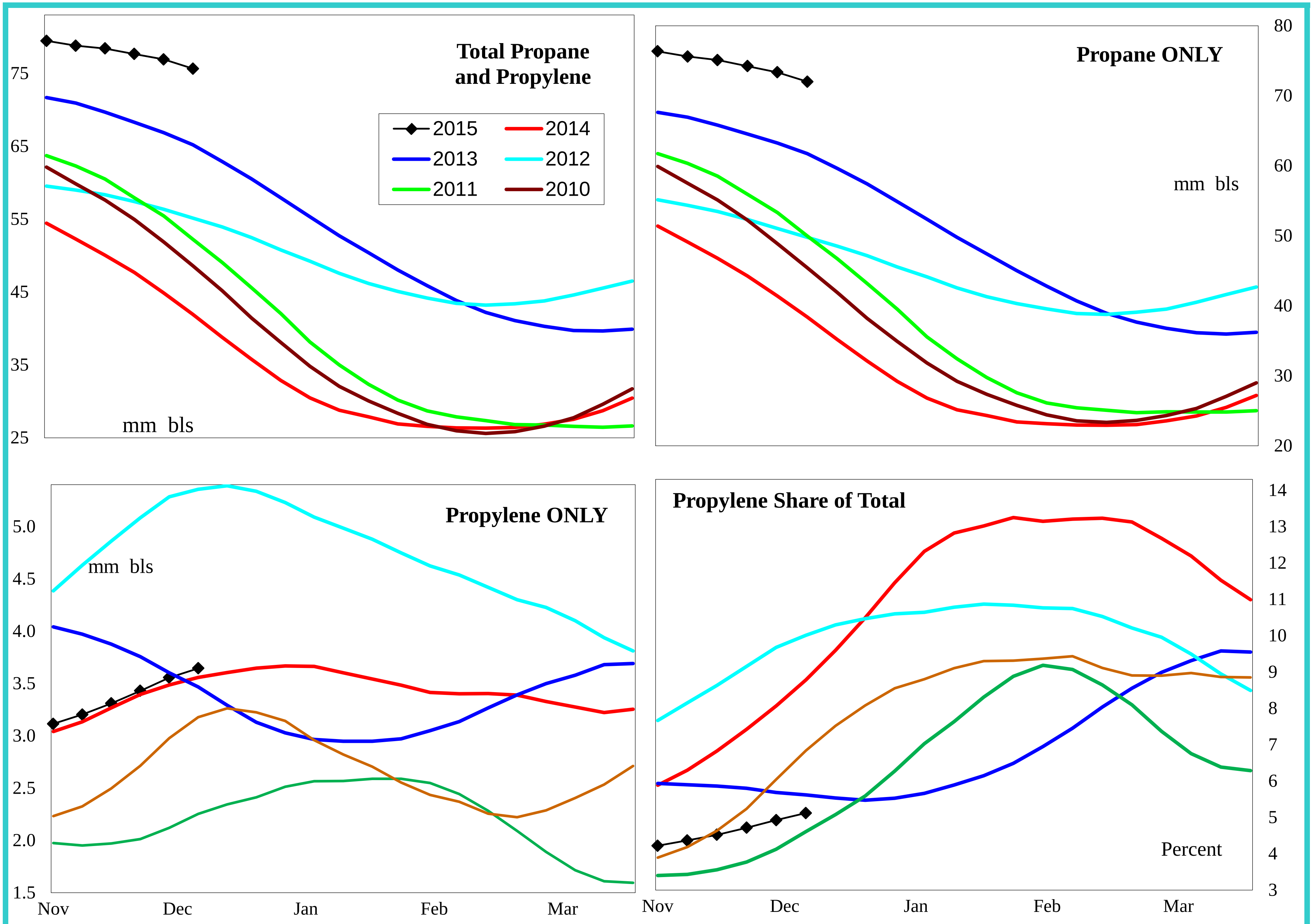
# U. S. Propane and Propylene Stocks




| Variance to prior year | Total | Propane ONLY | Propylene ONLY |
|---|---|---|---|
| 000 bls | 33,217 | 33,193 | 87 |
| % change | 78.3 | 85.5 | 2.4 |



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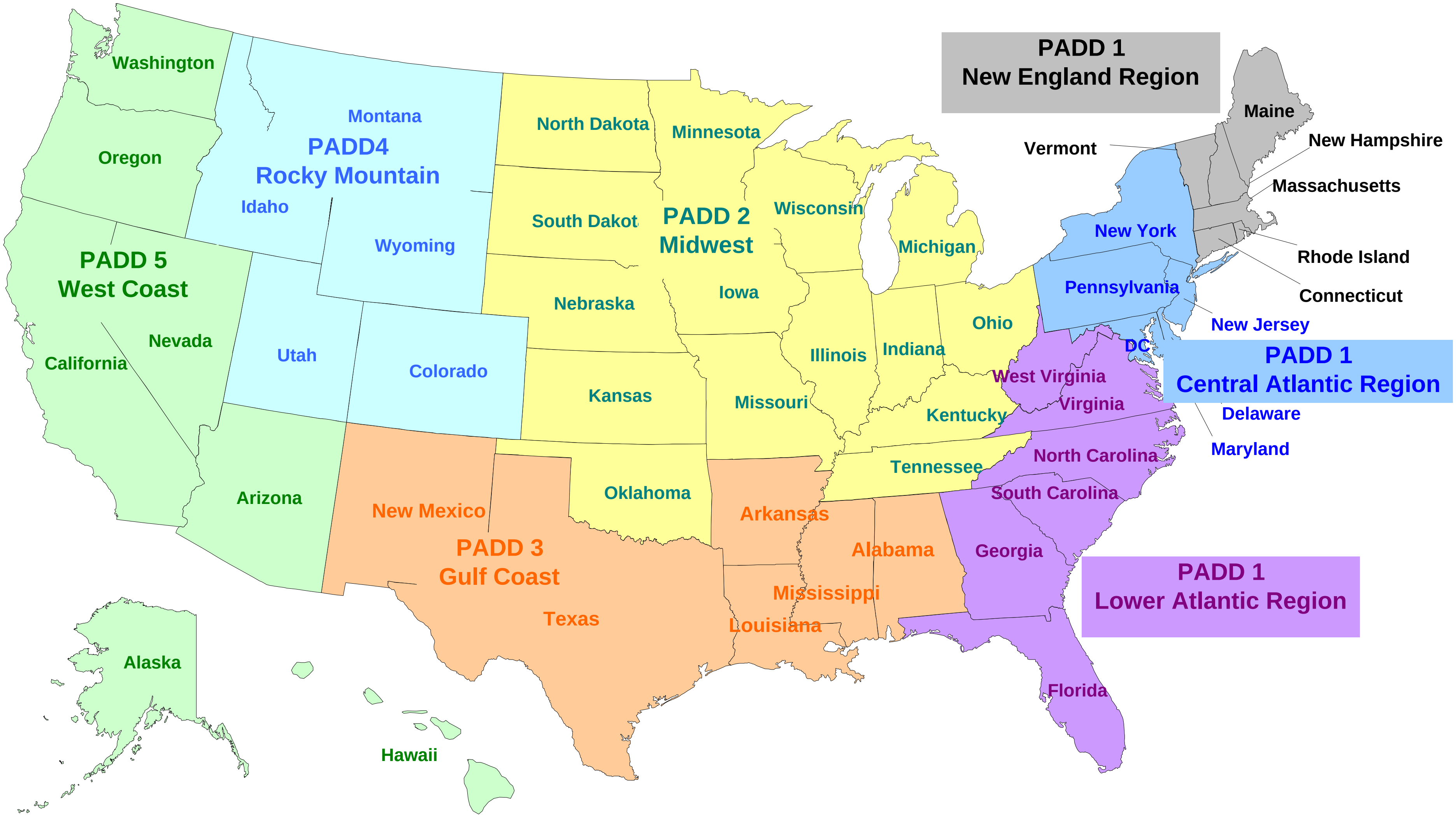
# U. S. Petroleum Administrative for Defense Districts (PADDs)



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