FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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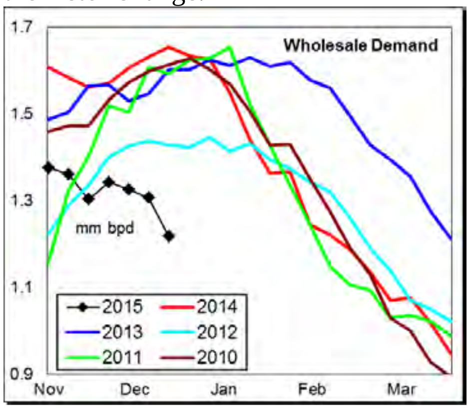
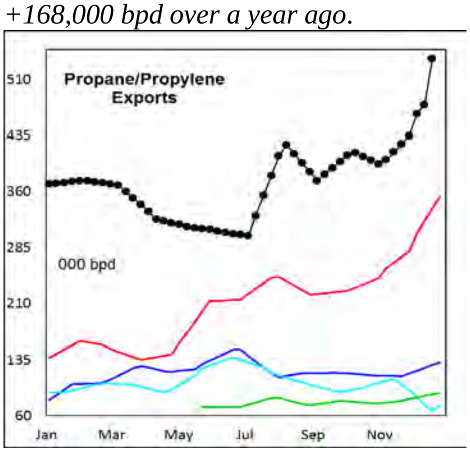
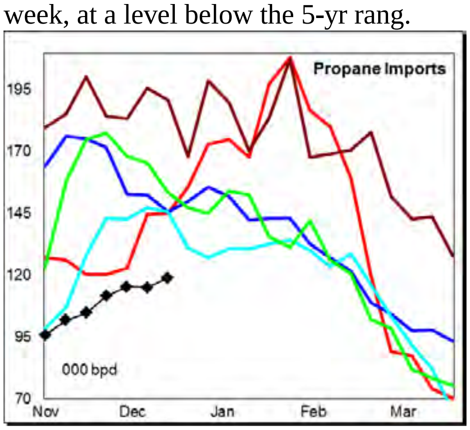
Summary[1]:
Wholesale demand declined -218,000 bpd last week, to a level sharply below the historic range.



Production fell -97,000 bpd on the week, with declines in all regions east of the Rockies. *Exports for the week ending 19Dec14 were 538,000 bpd, up +168,000 bpd over a year ago*.

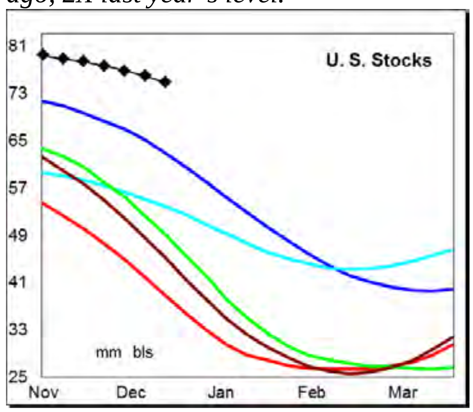


Imports decreased -7,000 bpd on the week, at a level below the 5-yr rang.

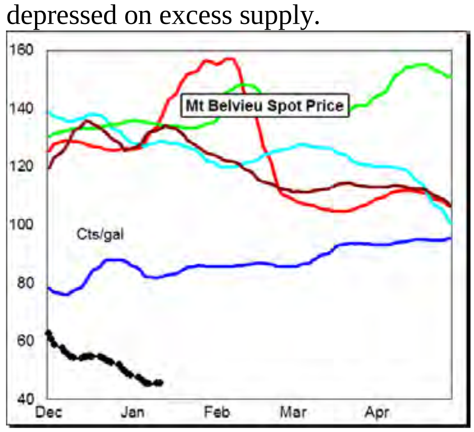


Combined production and imports during the latest 4-wk period were +138,000 bpd above a year ago. Production was +149,000 bpd above last year (+10%), while imports were -11,000 bpd lower. The latest 4-wk average demand was -308,000 bpd below last year.

Stocks decreased -0.8 million barrels last week, including a -1 million barrel draw in the Midwest. *Stocks ended the week +36 million barrels above a year ago, 2X last year's level.*



Price and Spreads Mt Belvieu spot price increased +1 cpg last week ending 13Jan15, with Conway up +2.5 cpg for the period. Spot prices remain extremely depressed on excess supply.



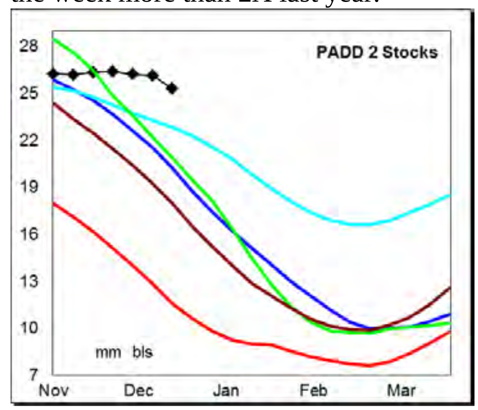
The Conway – Mt Belvieu price spread trended slightly higher last week, with Conway below Mt Belvieu.

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

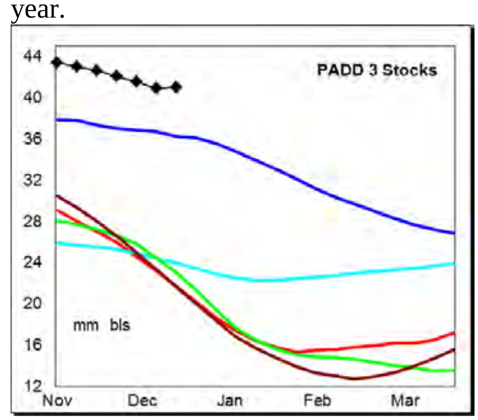
The propane / crude oil price spread trended higher last week, ending at a level just above historic lows.

PADD 1 stocks decreased -0.4 million barrels last week, ending +1.4 million barrels above last year. Supply for the latest 4-wk period was +32,000 bpd above last year.

PADD 2 supply fell -54,000 bpd on the week. Production for the latest 4-wk period was +76,000 bpd above last year (+30%). Stocks decreased -1 million barrels on the week. Stock levels ended the week more than 2X last year.



PAD 3 stocks increased +0.8 million barrels on the week, to a level nearly 2X last year. Supplies for the latest 4-wk period were +17,000 bpd above last year.



PADDs 4 & 5 stocks decreased -0.2 million barrels, with the level +33% above the last 2-yrs.

Emerging Trends The major Midwest and Gulf markets each have inventories 2X year ago levels, due in part to a -19% year-on-year decline in wholesale demand. Production fell a combined -134,000 bpd in regions east of the Rockies.

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 14, 2015

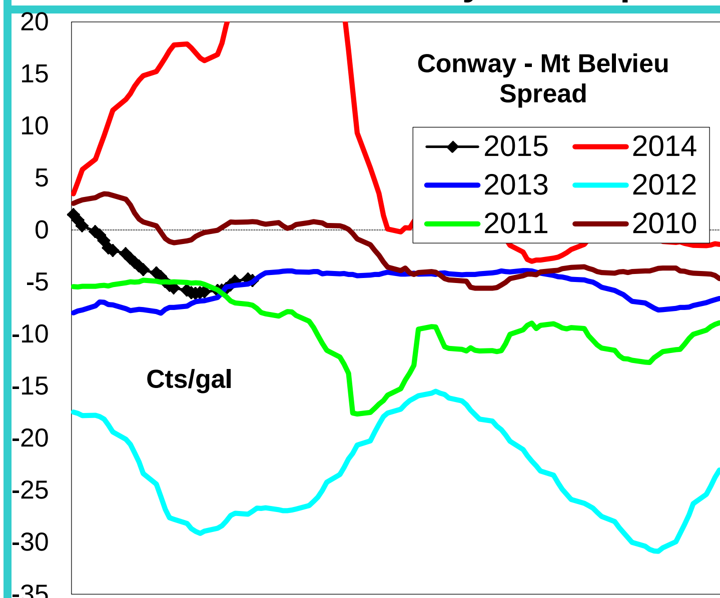
Fundamental Trends for the Week Ending: Friday, January 09, 2015

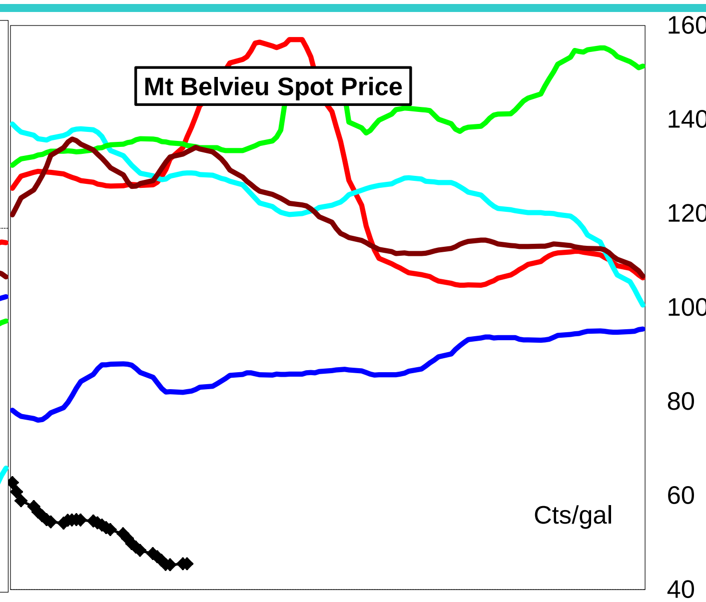
000 bpd Stocks 000 bls	Weekly Supply-Demand U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	74,853	5,116	25,291	41,023	3,423	-797	-358	-1,014	752	-177
Propylene Stocks	3,877					232				
Production	1,522	152	313	827	230	-97	-23	-31	-80	37
Imports	119	52	32	8	27	-7	-3	-23	8	11
Whsle Demand	1,217					-218				

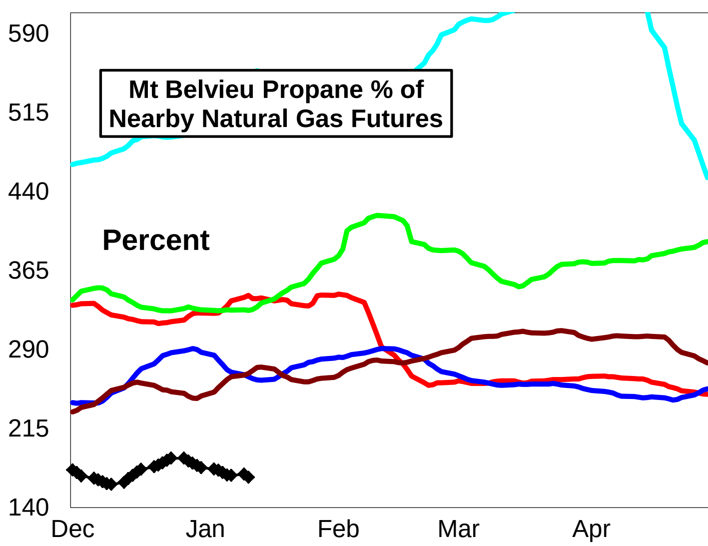
Price Trends for the Week Ending: Thursday, January 01, 2015

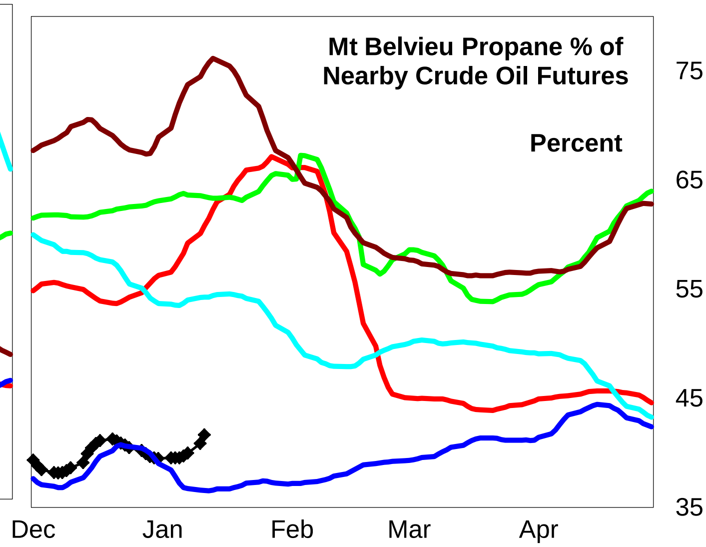
Cents/gal	Average for week ending: 1/1/15	12/25/14	12/4/14	1/6/14	Change from: 12/25/14	12/4/14	1/6/14	% change from: 12/25/14	12/4/14	1/6/14
Mont Belvieu Spot	45.3	47.8	54.4	128.1	-2.58	-6.53	-73.78	-5.4	-12.0	-57.6
Conway Spot	40.3	41.2	52.5	146.7	-0.85	-11.28	-94.25	-2.1	-21.5	-64.2

Key Price Spreads and Differentials

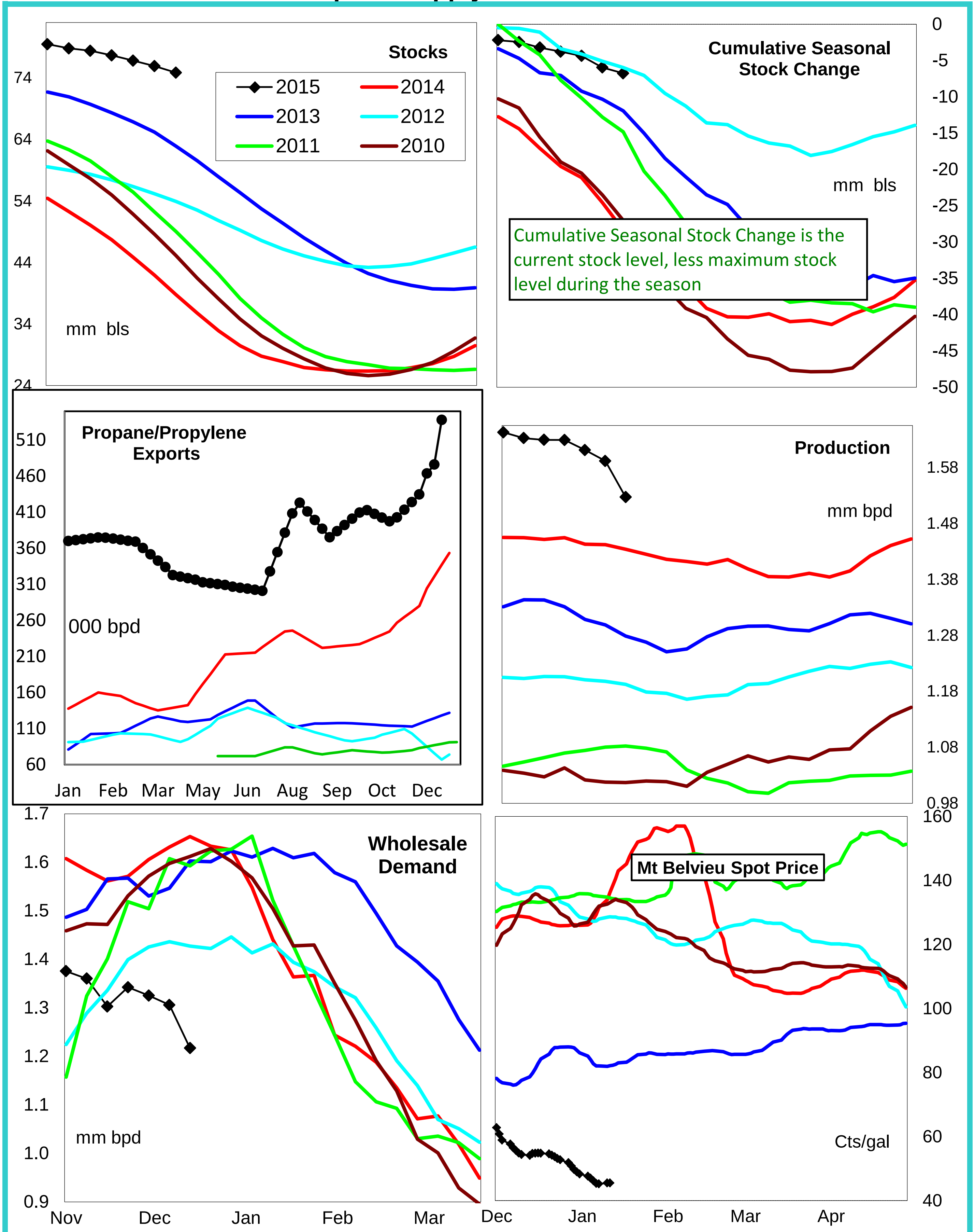








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Dec	Nov	Oct
000 bpd (000 bls stks)	36,199	21,612	149	-11		-308	-182	-86	-170
% change	93.6	-76	10.3	-8.9		-19.2	-11.9	-6.1	-12.9

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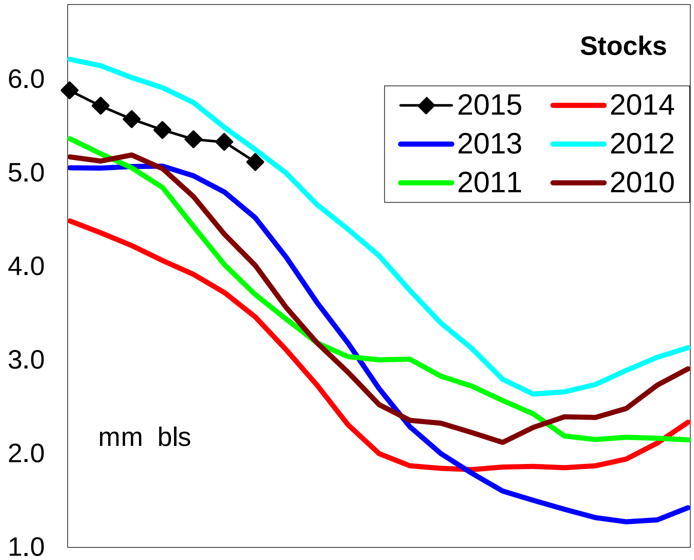
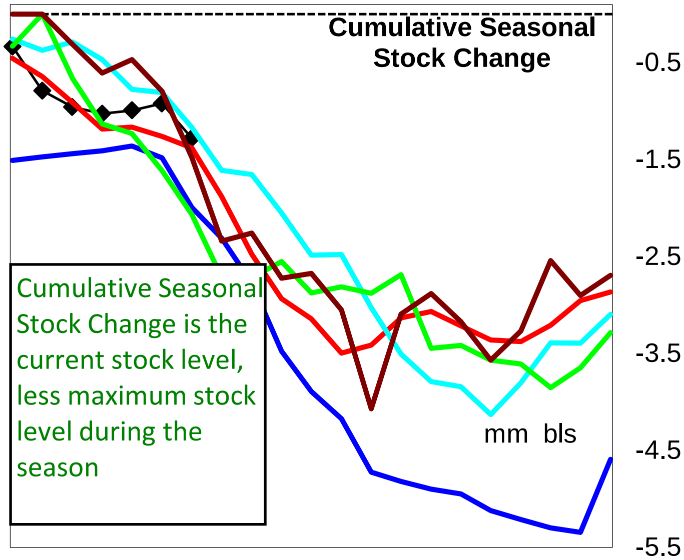
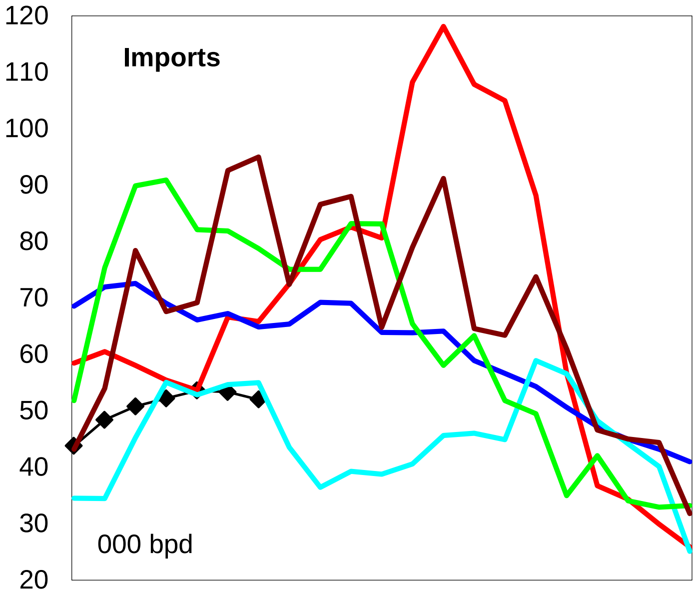
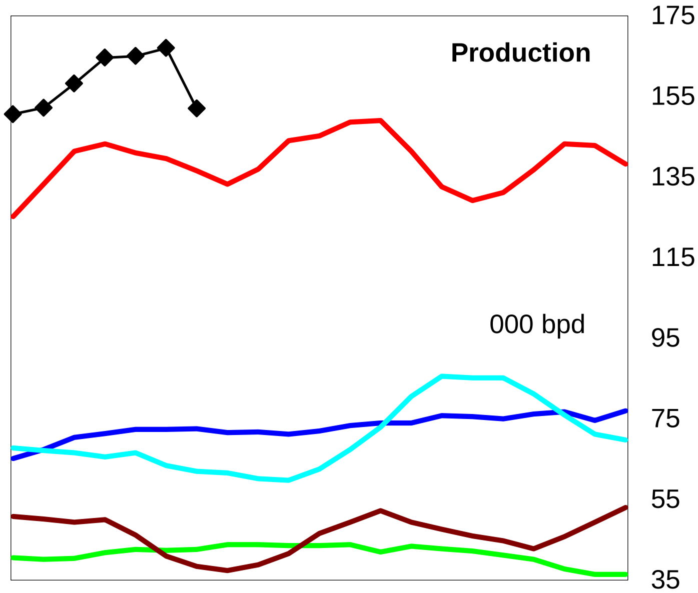
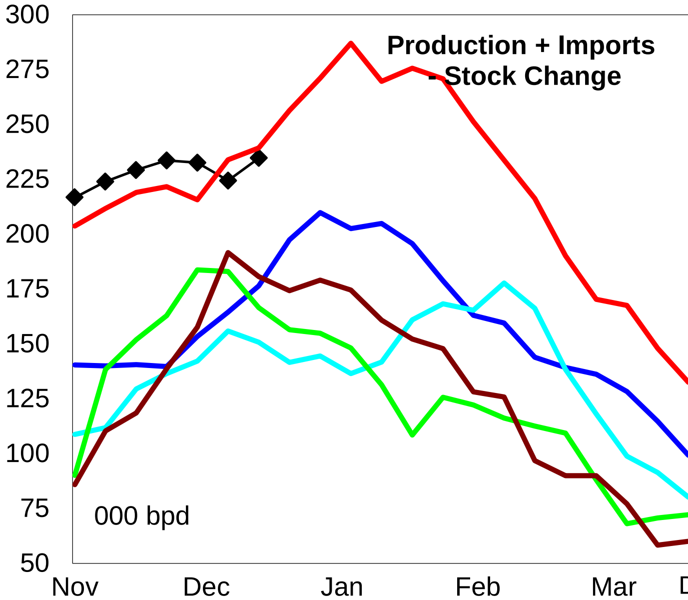
PADD 1 Propane Supply and Demand Balance

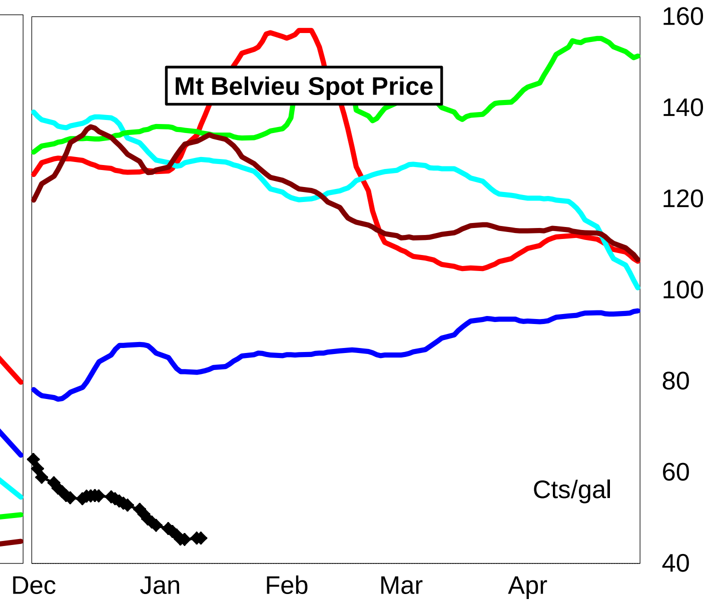






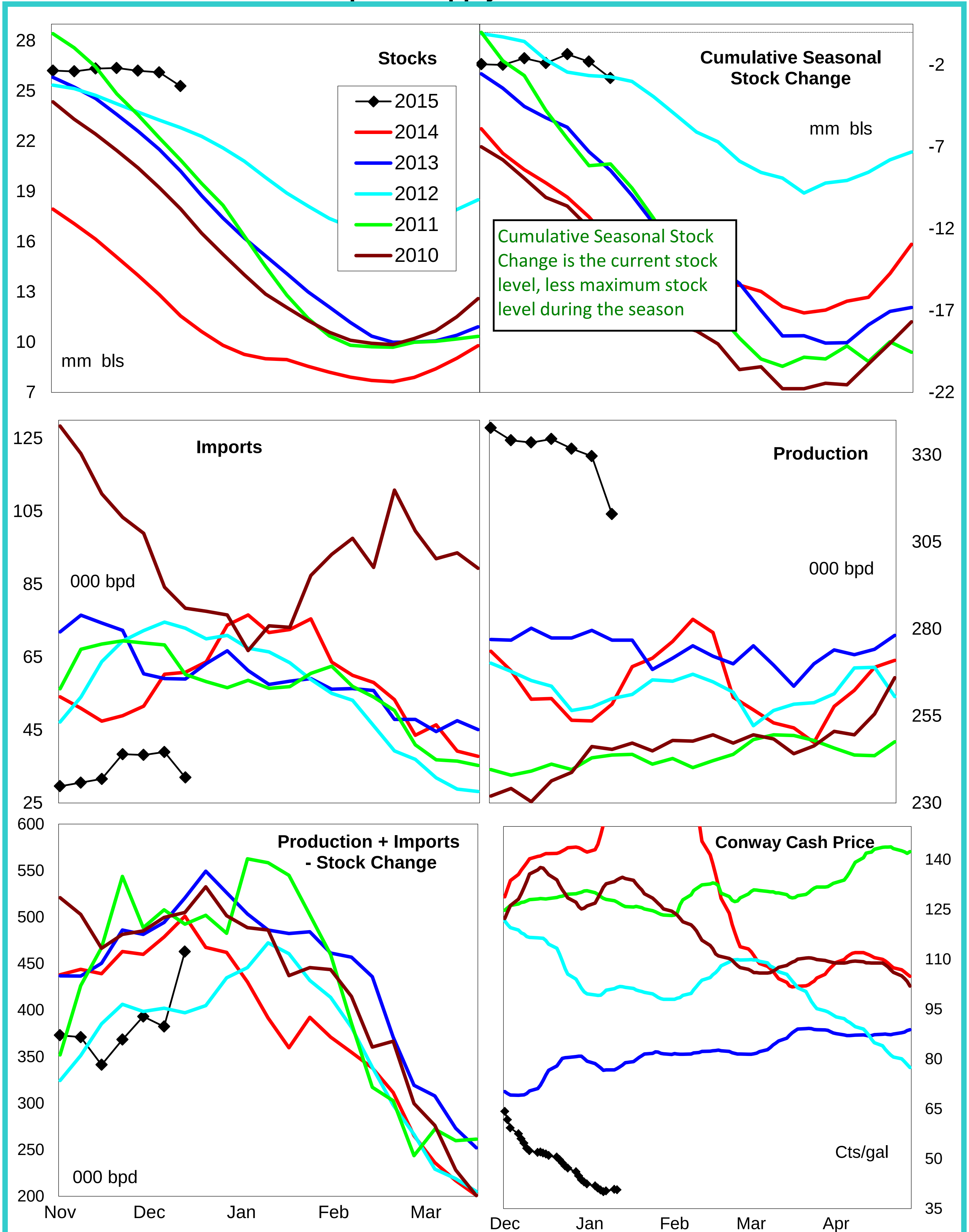






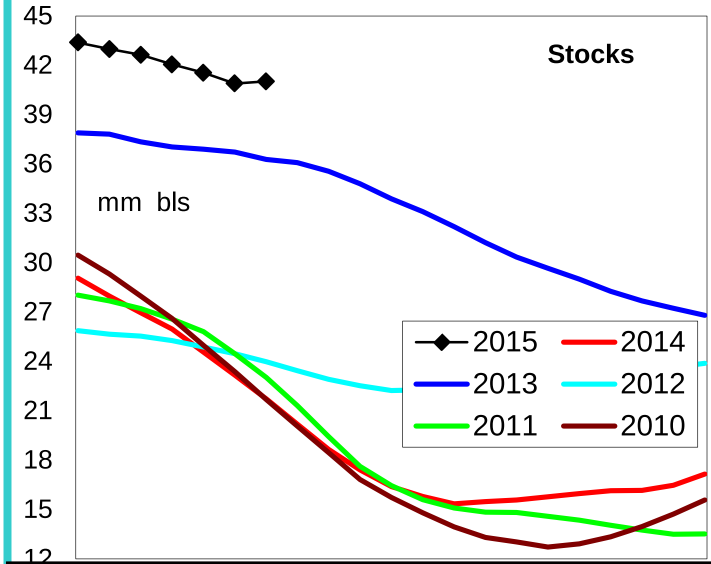
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,399	100	28	4	4
% change	37.6	-7.3	19.6	8.4	1.6

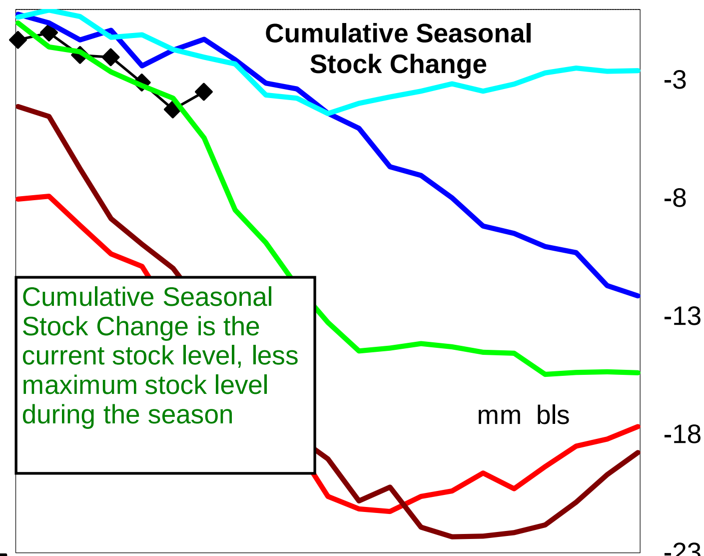
PADD 2 Propane Supply and Demand Balance

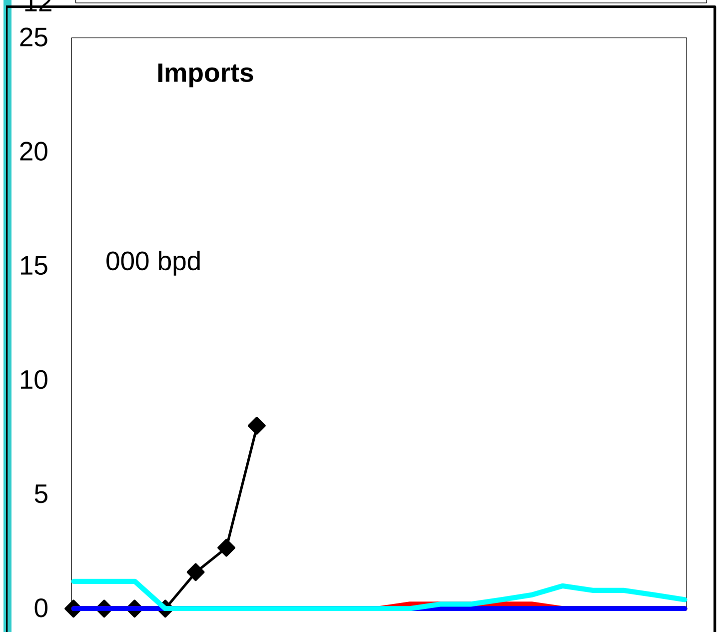


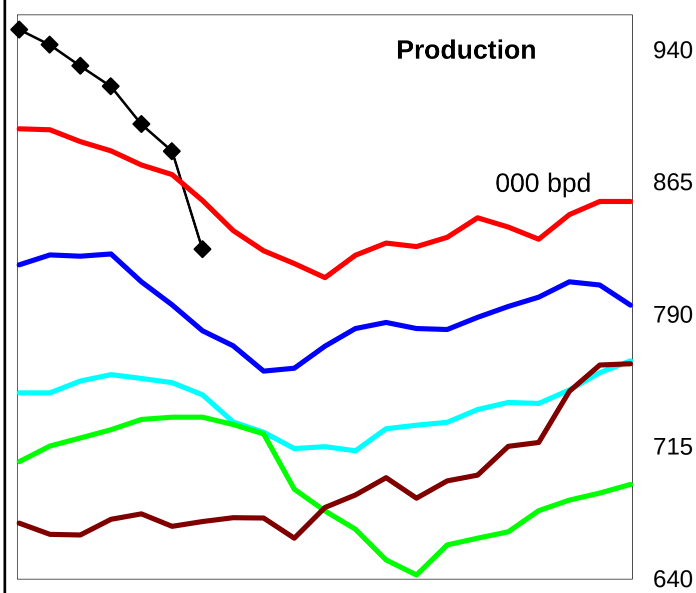
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	13,753	9,999	76	-19	-74
% change	119.2	-78.1	29.5	-34.2	-15.5

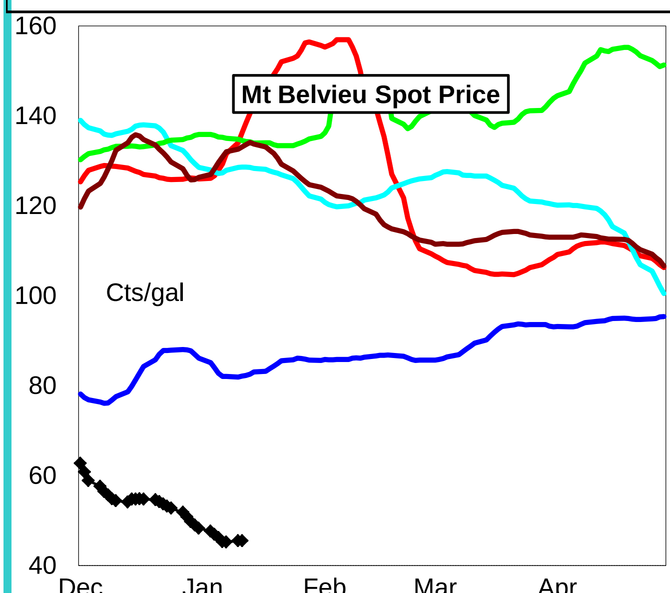
PADD 3 Propane Supply and Demand Balance

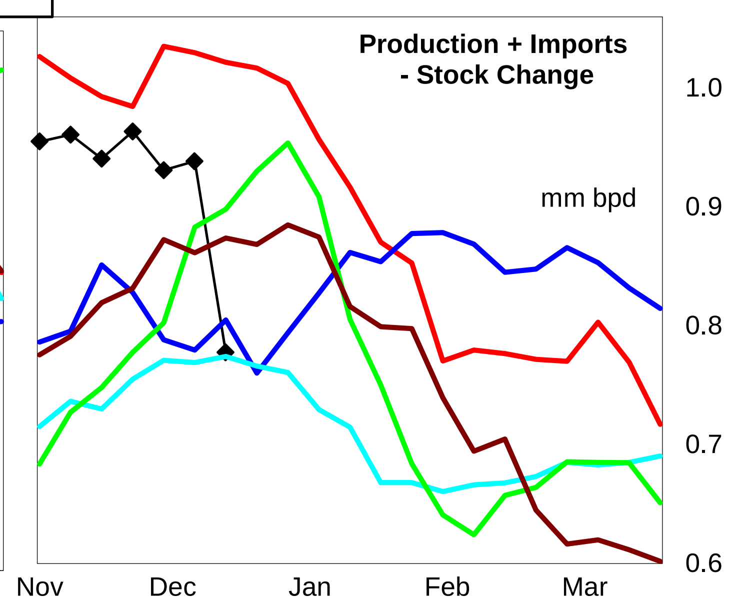












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	19,720	11,435	15	2	-115
% change	92.6	-77	1.7	#DIV/0!	-10.9

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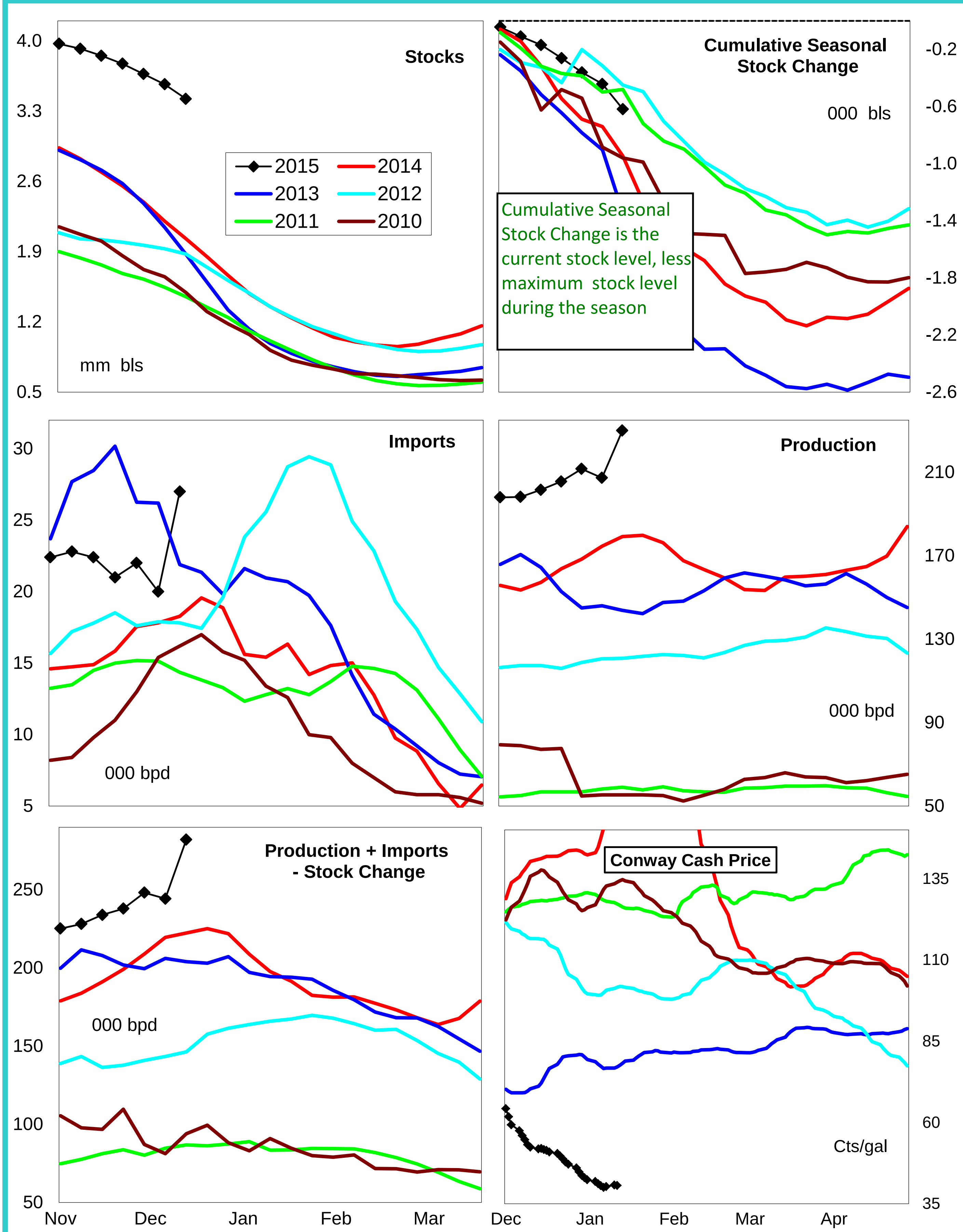
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,327	328	31	2	41
% change	63.3	-34.7	17.4	11.0	19.1

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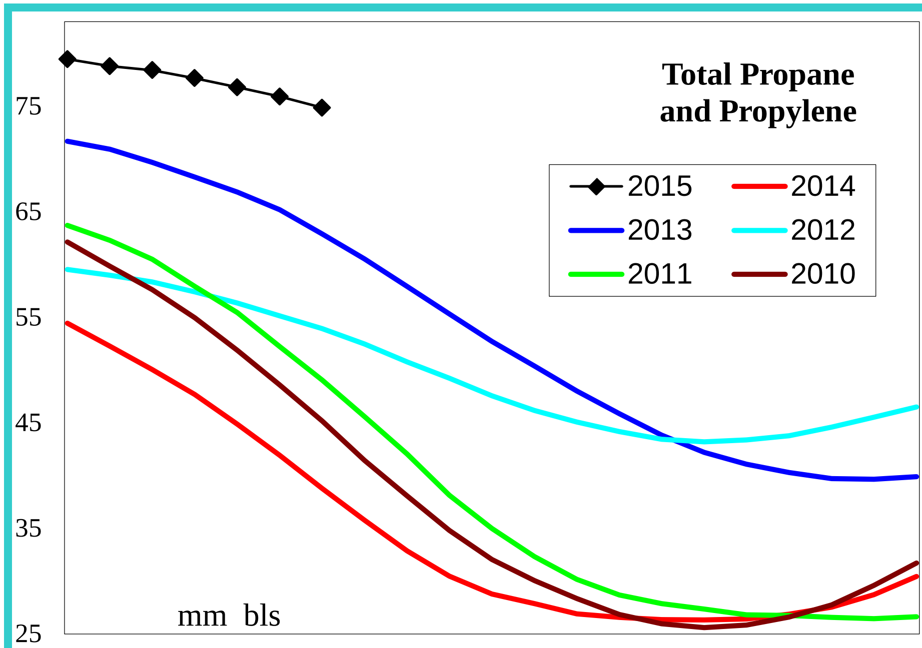
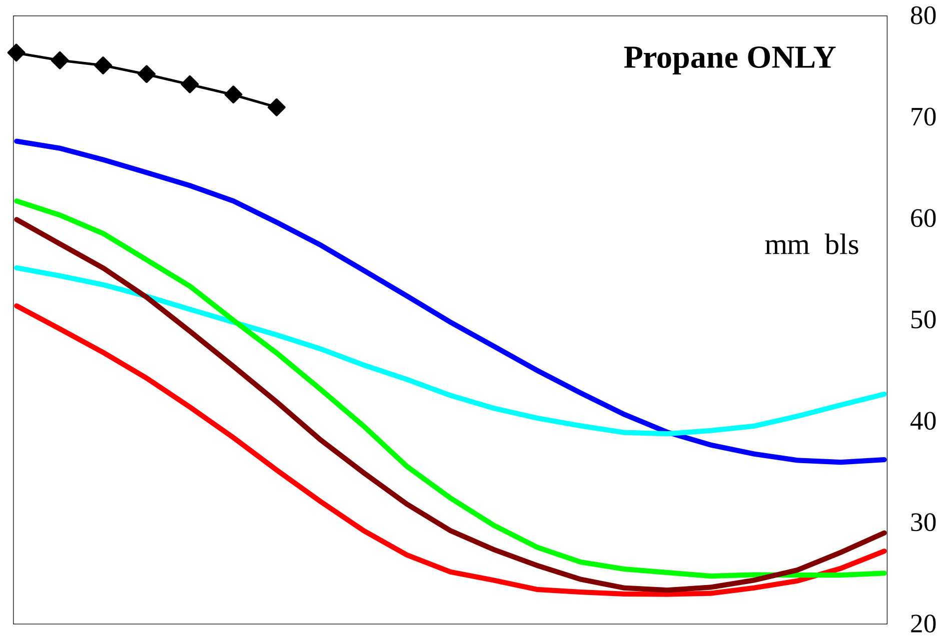
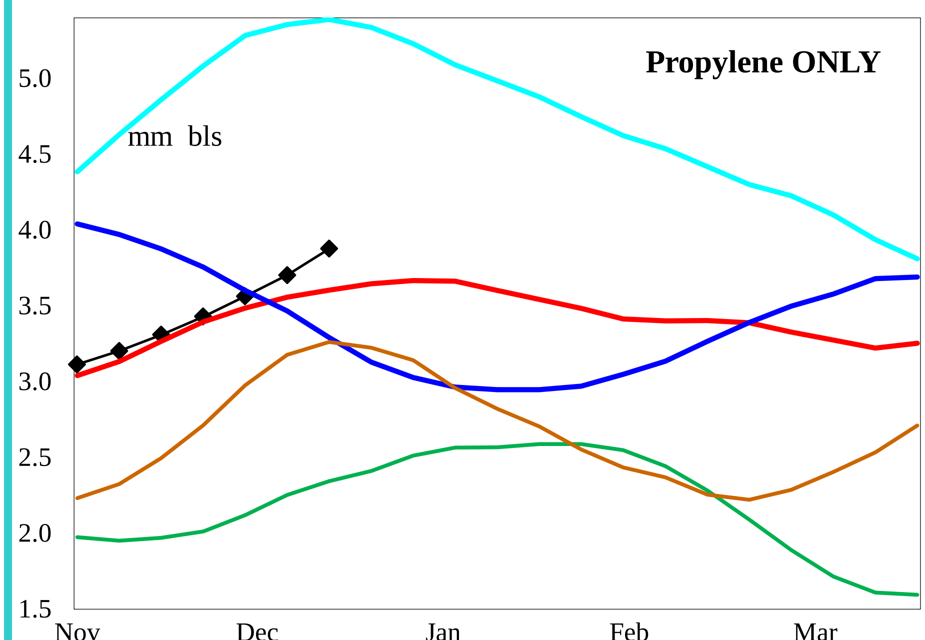
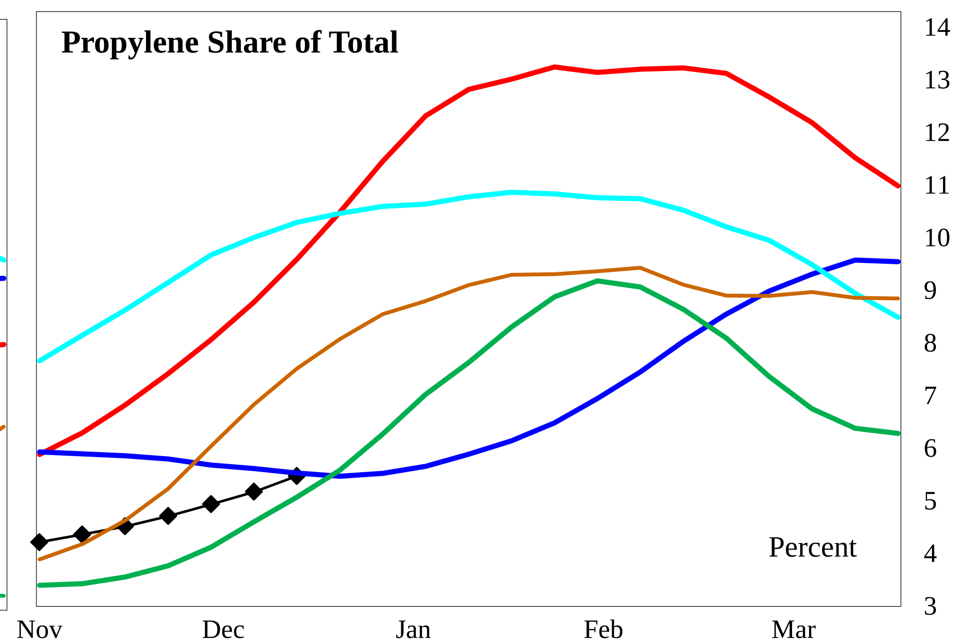
U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**36,199**	**35,834**	**272**
% change	**93.6**	**102.0**	**7.5**

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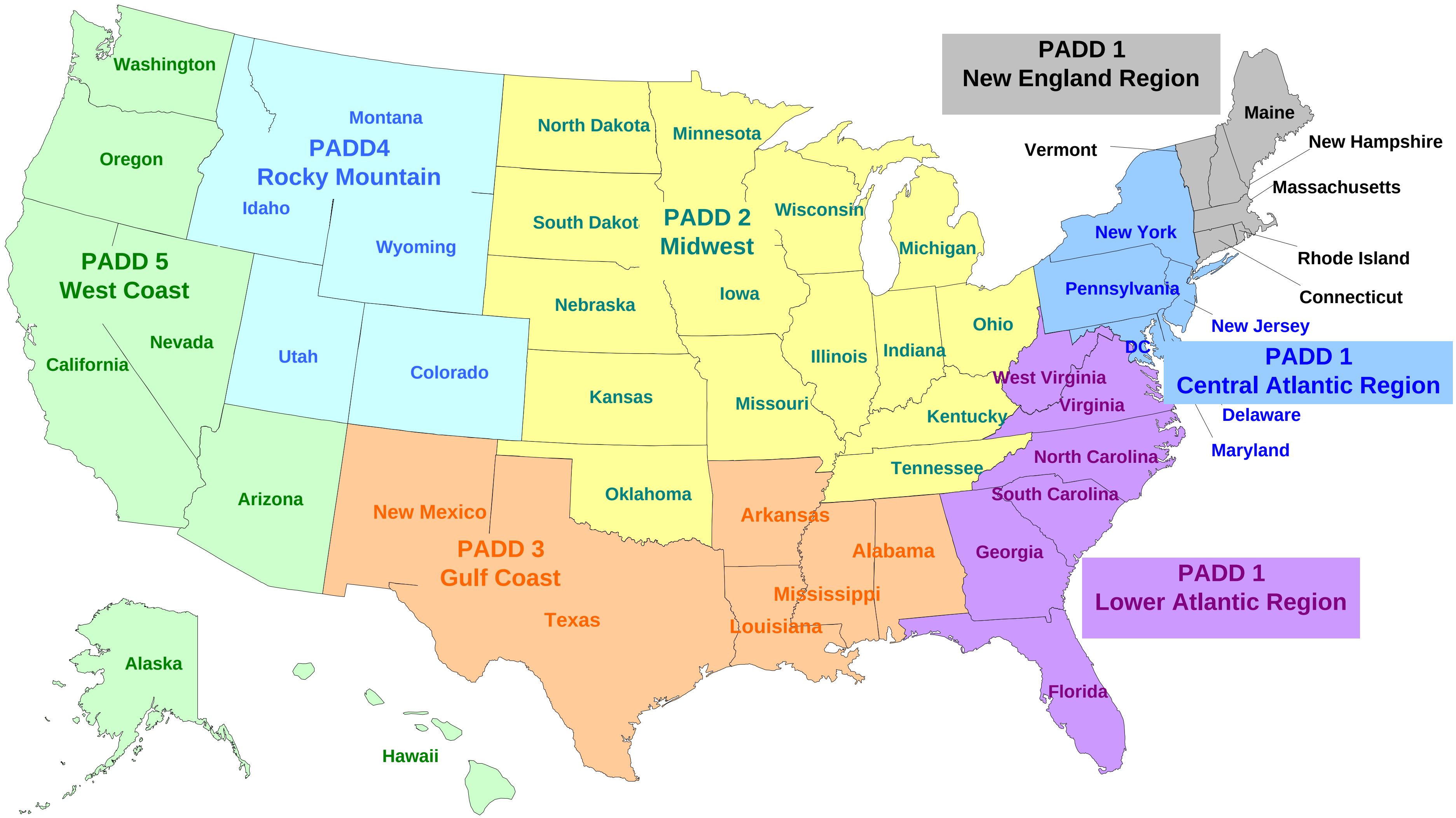
U. S. Petroleum Administrative for Defense Districts (PADDs)



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