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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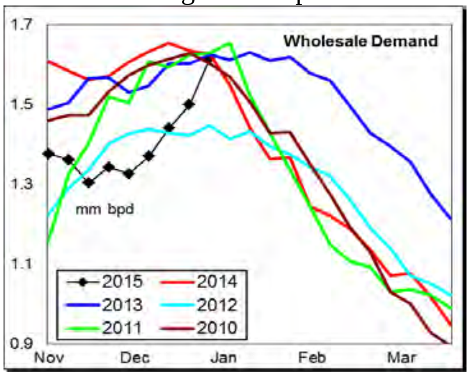
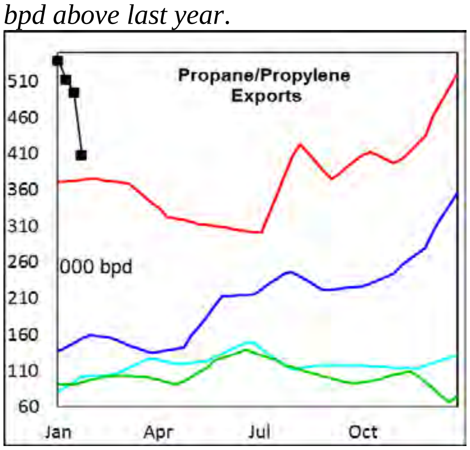
Summary[1]:

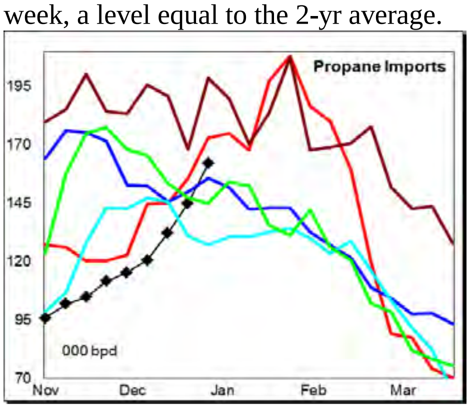
Wholesale demand decreased -50,000 bpd last week, to a level that matches the historic mid range for the period.



Production increased +50,000 bpd on the week, concentrated in the Midwest and West. *Exports for the week ending 19Dec14 were 408,000 bpd, +34,000 bpd above last year.*



Imports increased +8,000 bpd on the week, a level equal to the 2-yr average.

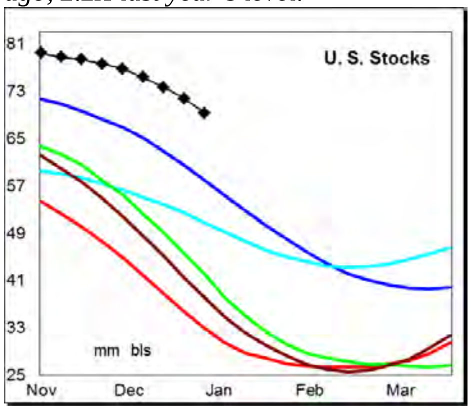


Combined production and imports during the latest 4-wk period were +126,000 bpd above a year ago.

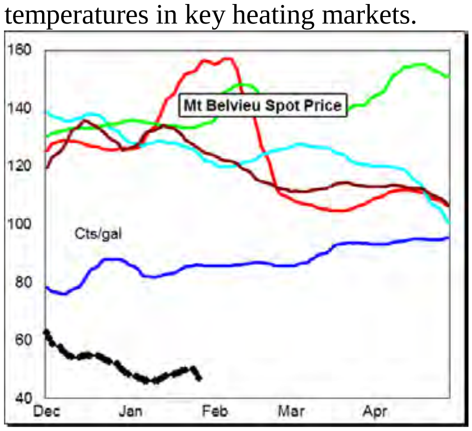
[1] Source is latest EIA Weekly Statistics

Production was +140,000 bpd above last year (+10%), while imports were -15,000 bpd lower. The latest 4-wk average demand was -232,000 bpd below last year.

Stocks declined -1.9 million barrels last week, including a -1.2 million barrel draw in the Midwest. *Stocks ended the week +38 million barrels above a year ago, 2.2X last year's level.*



Price and Spreads Mt Belvieu spot price decreased -4 cpg last week ending 28Jan15, with Conway down -2.5 cpg for the period. Spot prices trended lower last week, on above average temperatures in key heating markets.



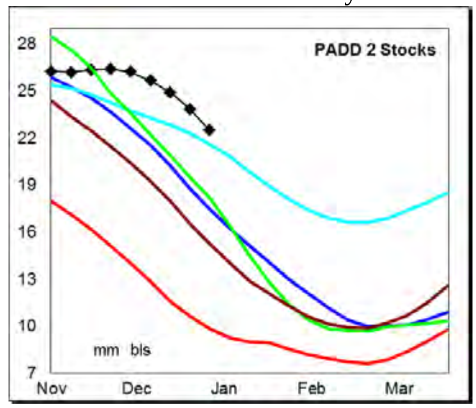
The Conway – Mt Belvieu price spread was unchanged last week, with Conway slightly below Mt Belvieu.

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

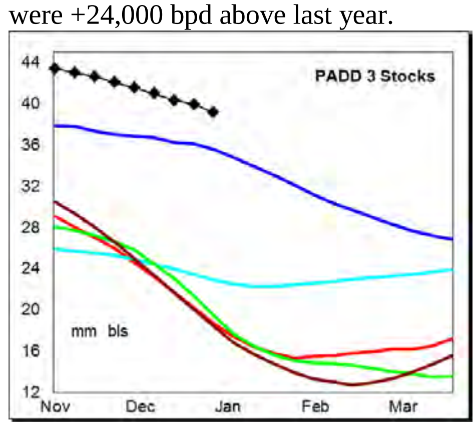
The propane / crude oil price spread declined late last week, ending at a level below the 3-yr mid range.

PADD 1 stocks increased +0.1 million barrels last week, ending +2.1 million barrels above last year. Supply for the latest 4-wk period was +23,000 bpd above last year.

PADD 2 supply declined -29,000 bpd on the week. Production for the latest 4-wk period was +68,000 bpd above last year (+26%). Stocks declined -1.2 million barrels on the week. Stock levels ended the week more than 2.5X last year.



PAD 3 stocks decreased -0.6 million barrels on the week, to a level 2X last year. Supplies for the latest 4-wk period were +24,000 bpd above last year.



PADDs 4 & 5 stocks decreased -0.2 million barrels, with the level +82% above the last 3-yrs.

Emerging Trends Temperatures are forecast to be slightly above normal into mid February in key heating regions.

Winter heating demand will peak next month, then fall sharply in early March. Carryout stocks will be well above the 5-yr range. Combined with record production, look for the recent pull back in prices to continue.

PROPANE: Graph Link and Weekly Summary

January 28, 2015

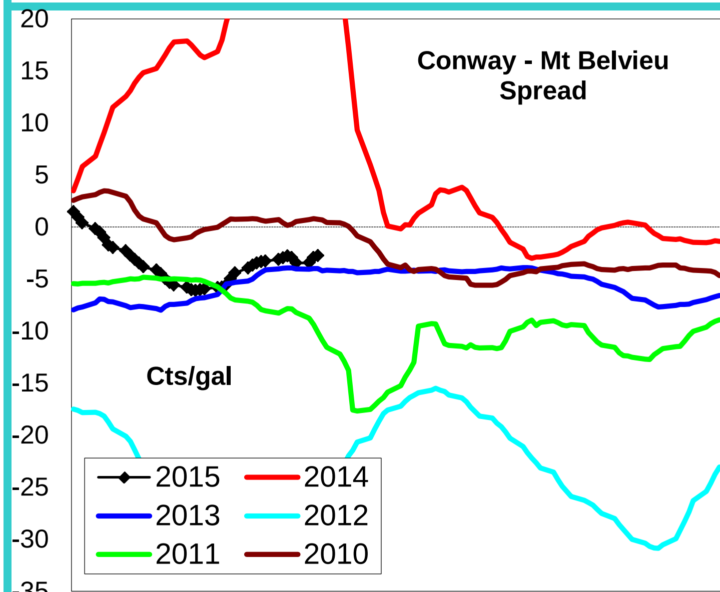
Fundamental Trends for the Week Ending: Friday, January 23, 2015

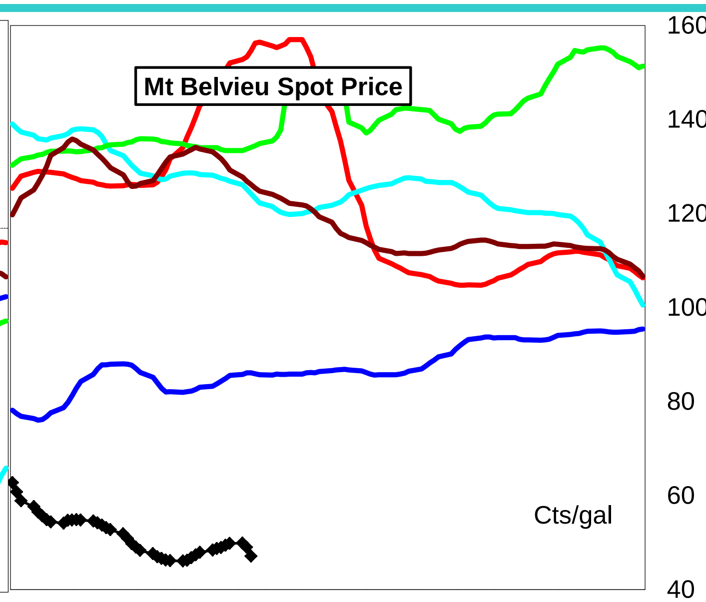
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	69,308	4,766	22,463	39,120	2,959	-1,938	82	-1,227	-561	-232
Propylene Stocks	4,223					52				
Production	1,583	165	337	864	217	50	4	21	-4	29
Imports	162	106	28	8	20	8	56	-50	0	2
Whsle Demand	1,614					-50				

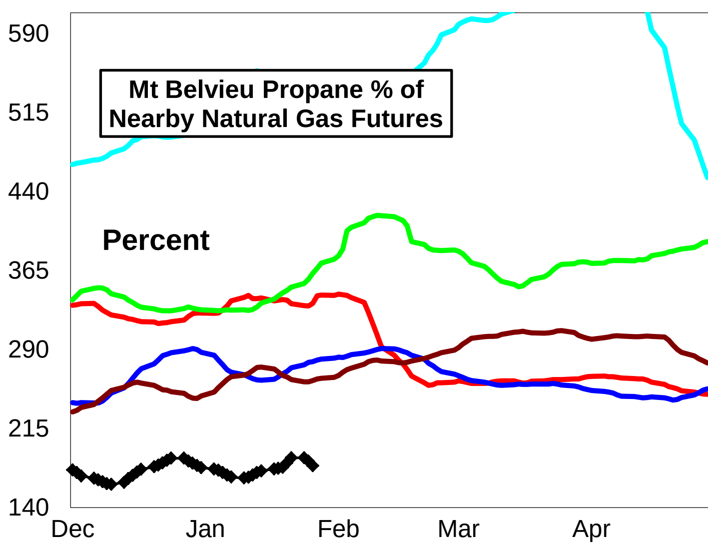
Price Trends for the Week Ending: Wednesday, January 28, 2015

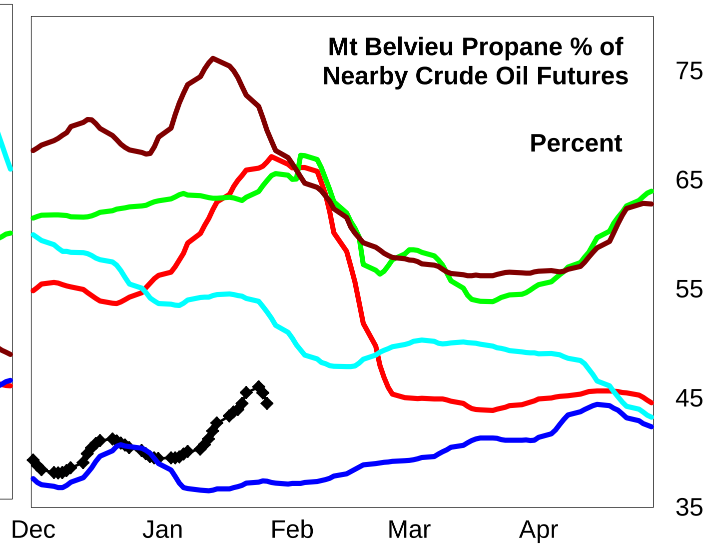
Cents/gal	Average for week ending:				Change from:			% change from:		
	1/28/15	1/21/15	12/31/14	1/31/14	1/21/15	12/31/14	1/31/14	1/21/15	12/31/14	1/31/14
Mont Belvieu Spot	49.9	48.3	52.0	151.9	1.68	-3.70	-99.90	3.5	-7.1	-65.8
Conway Spot	46.5	46.2	46.0	217.0	0.30	0.20	-171.00	0.6	0.4	-78.8

Key Price Spreads and Differentials

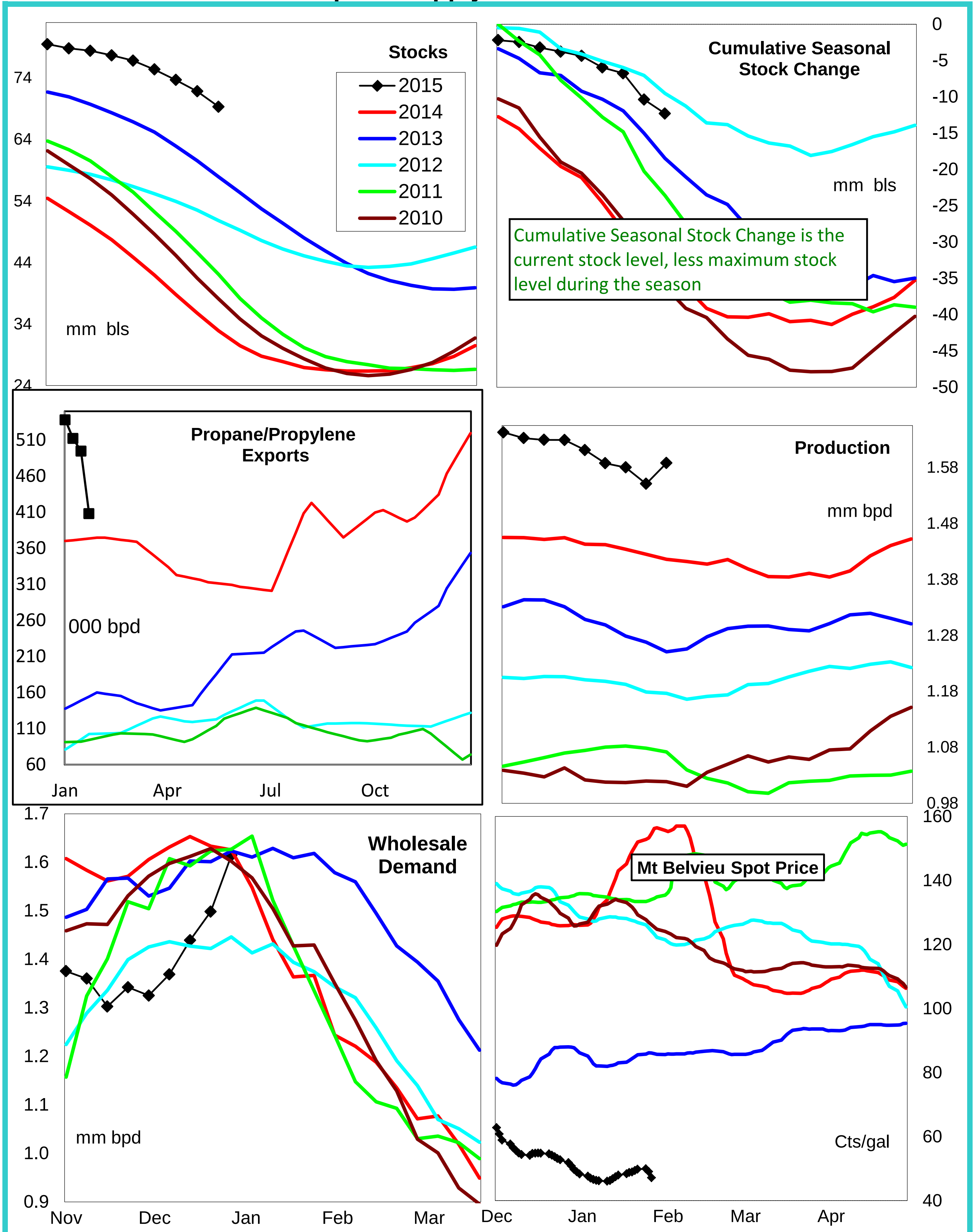








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Dec	Nov	Oct
000 bpd (000 bls stks)	37,634	23,047	141	-15		-232	-182	-86	-170
% change	118.8	-65	9.9	-9.5		-13.5	-11.9	-6.1	-12.9

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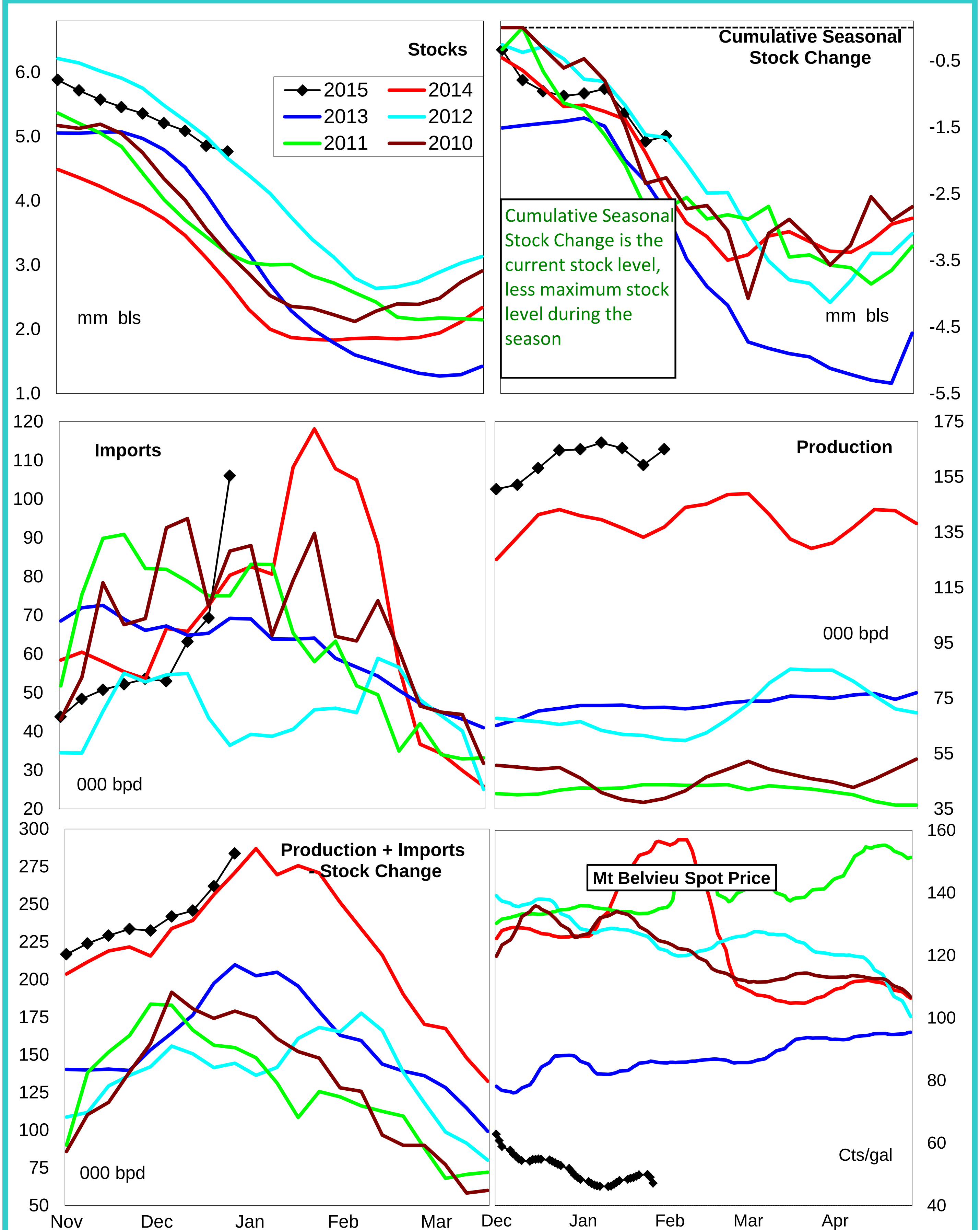
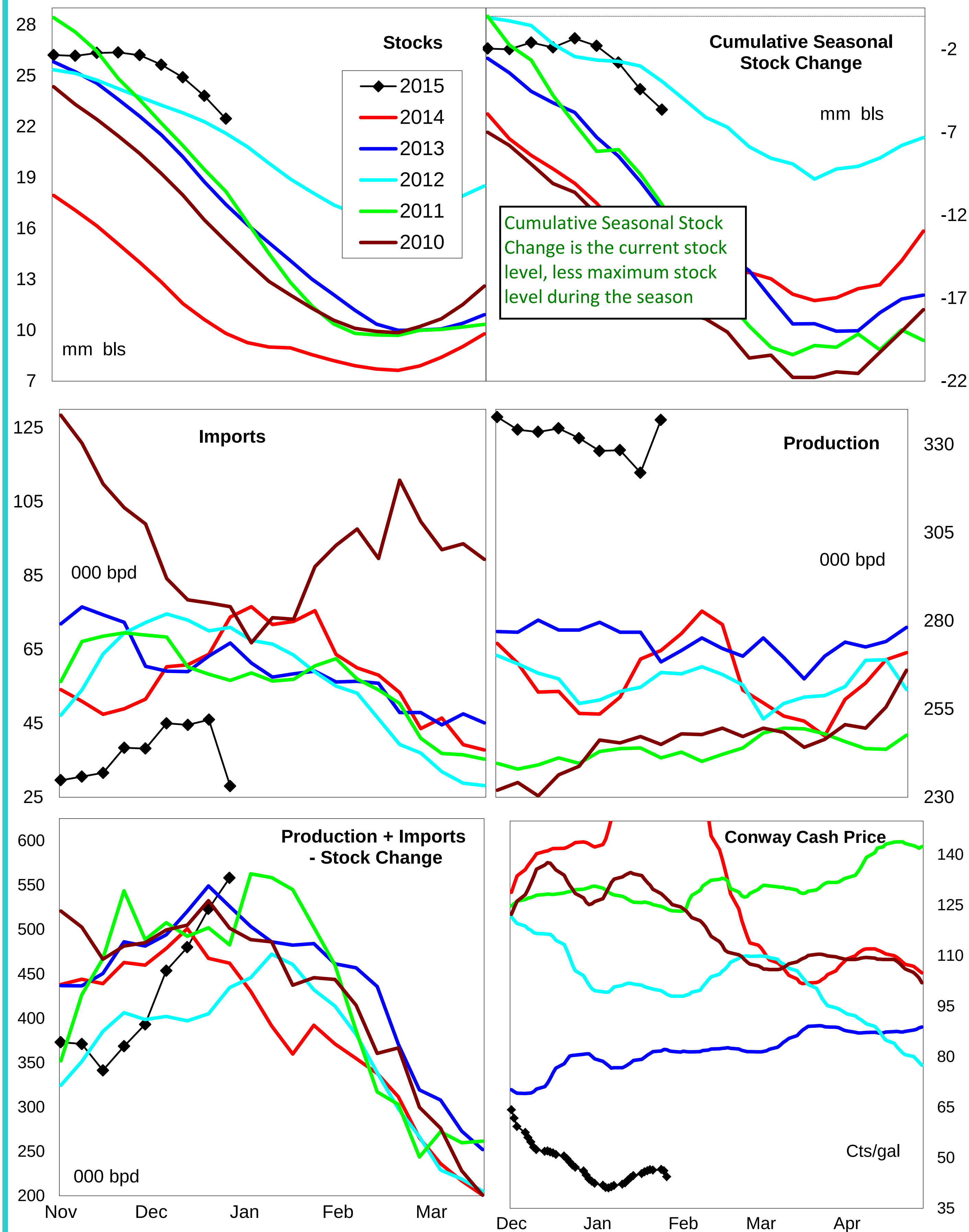
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	2,145	846	29	-6	8
% change	81.8	-34.2	21.2	-8.3	3.3

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)	13,674	9,920	68	-16	26
% change	155.6	-63.8	26.2	-24.6	5.5

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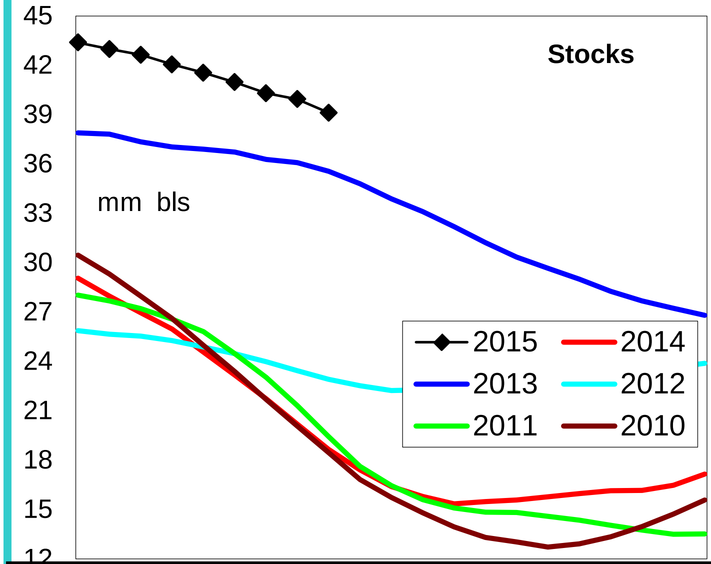
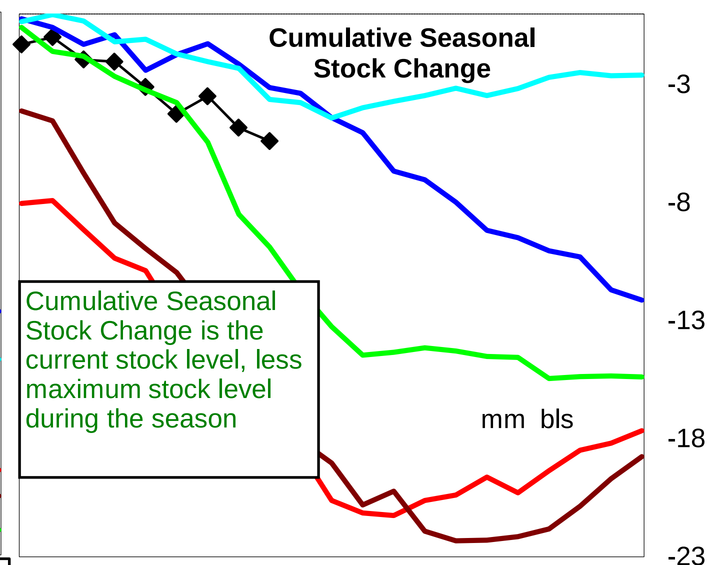
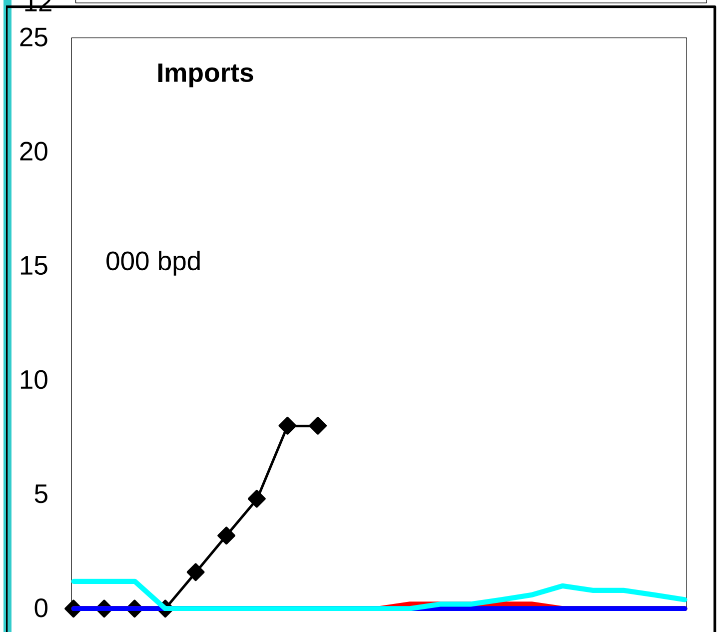
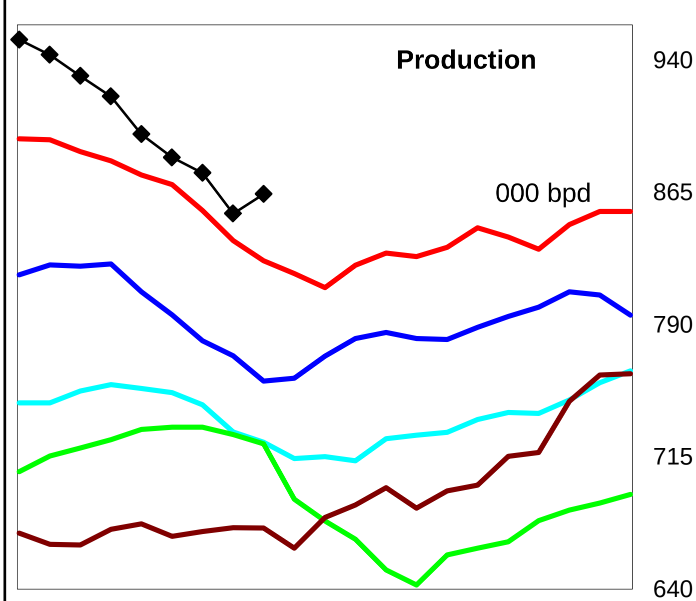
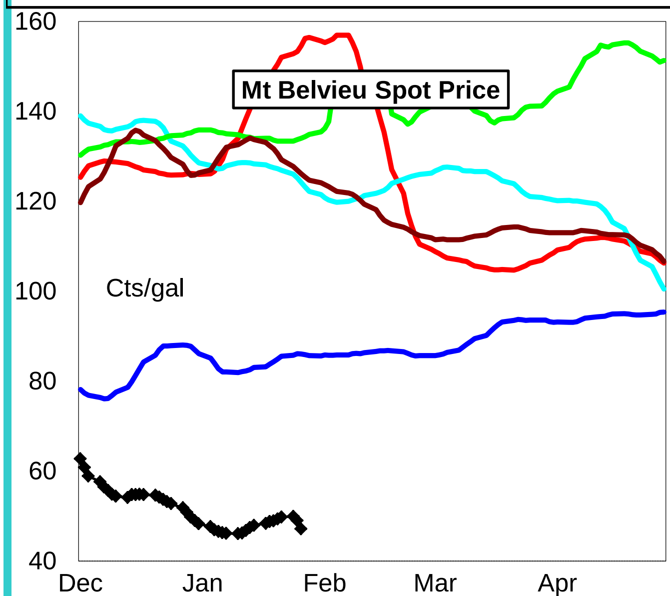
PADD 3 Propane Supply and Demand Balance

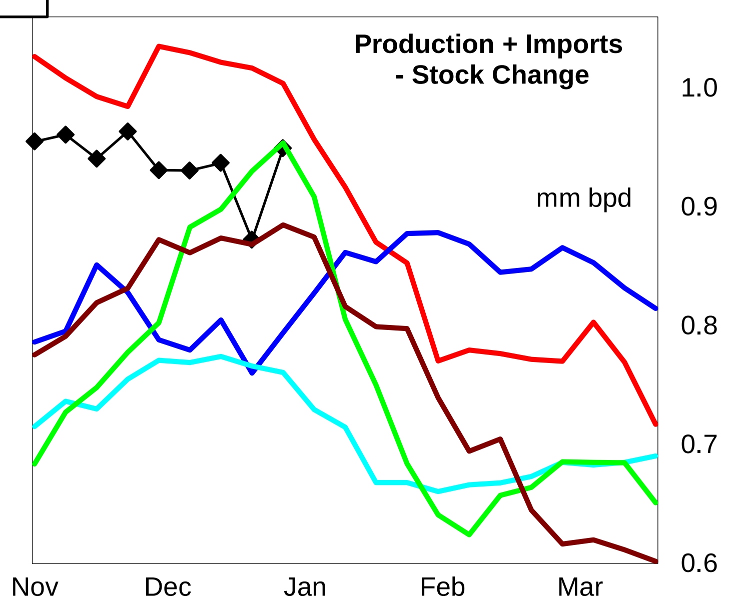












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	20,481	12,196	18	6	-96
% change	109.9	-69	2.2	#DIV/0!	-9.1

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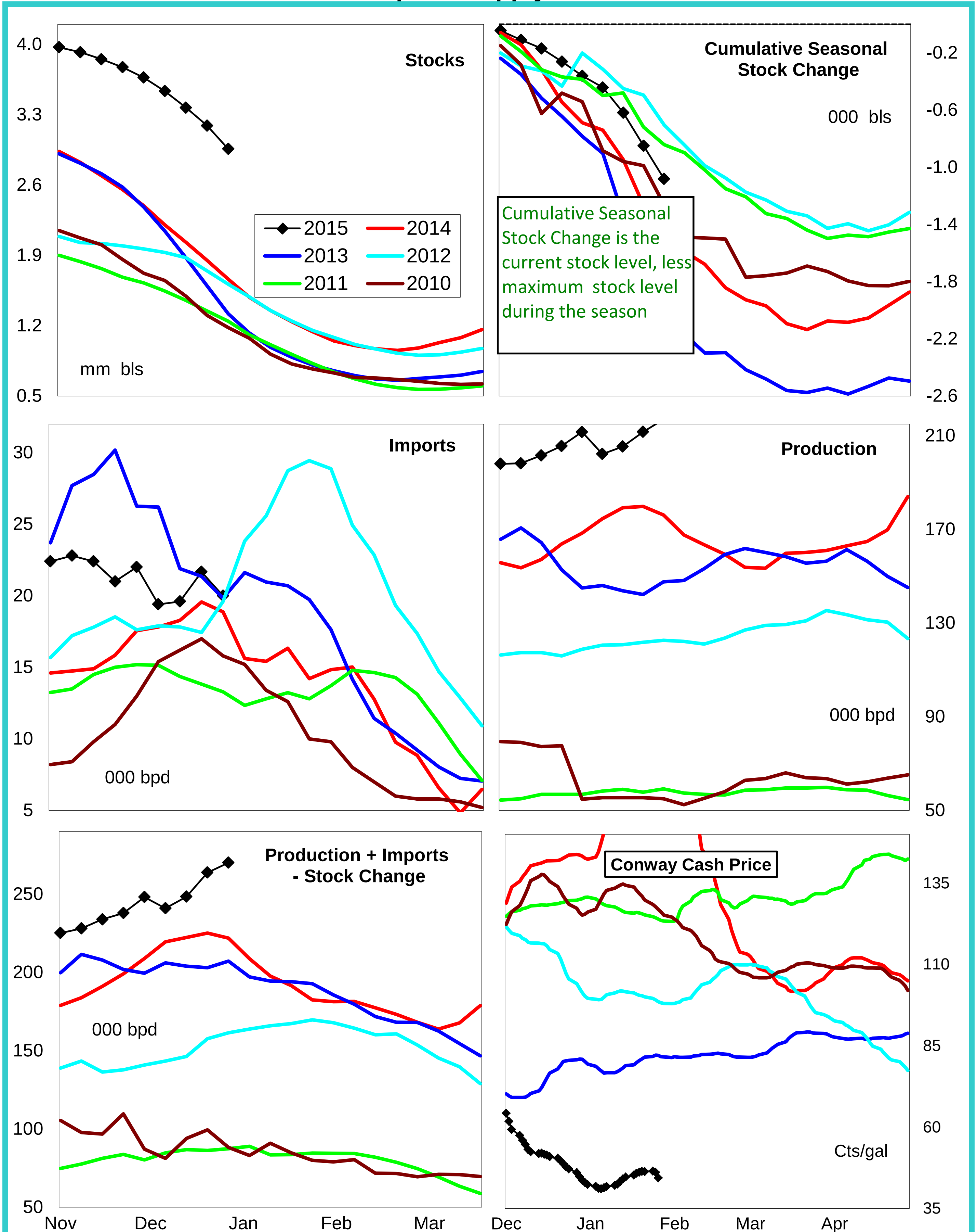
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,335	336	26	1	34
% change	82.2	-23.7	14.5	4.5	15.1

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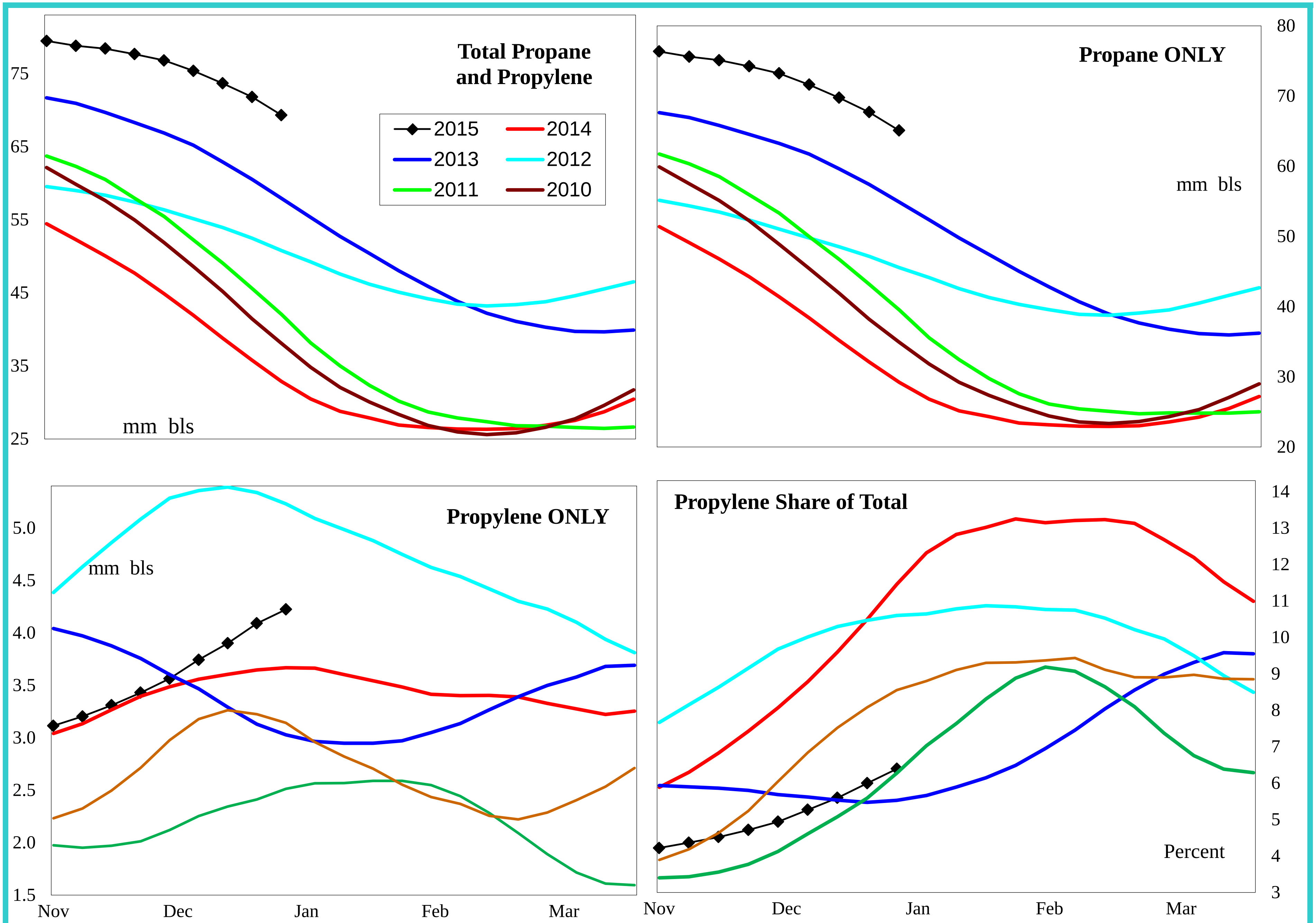
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**37,634**	**37,126**	**556**
% change	**118.8**	**132.8**	**15.2**

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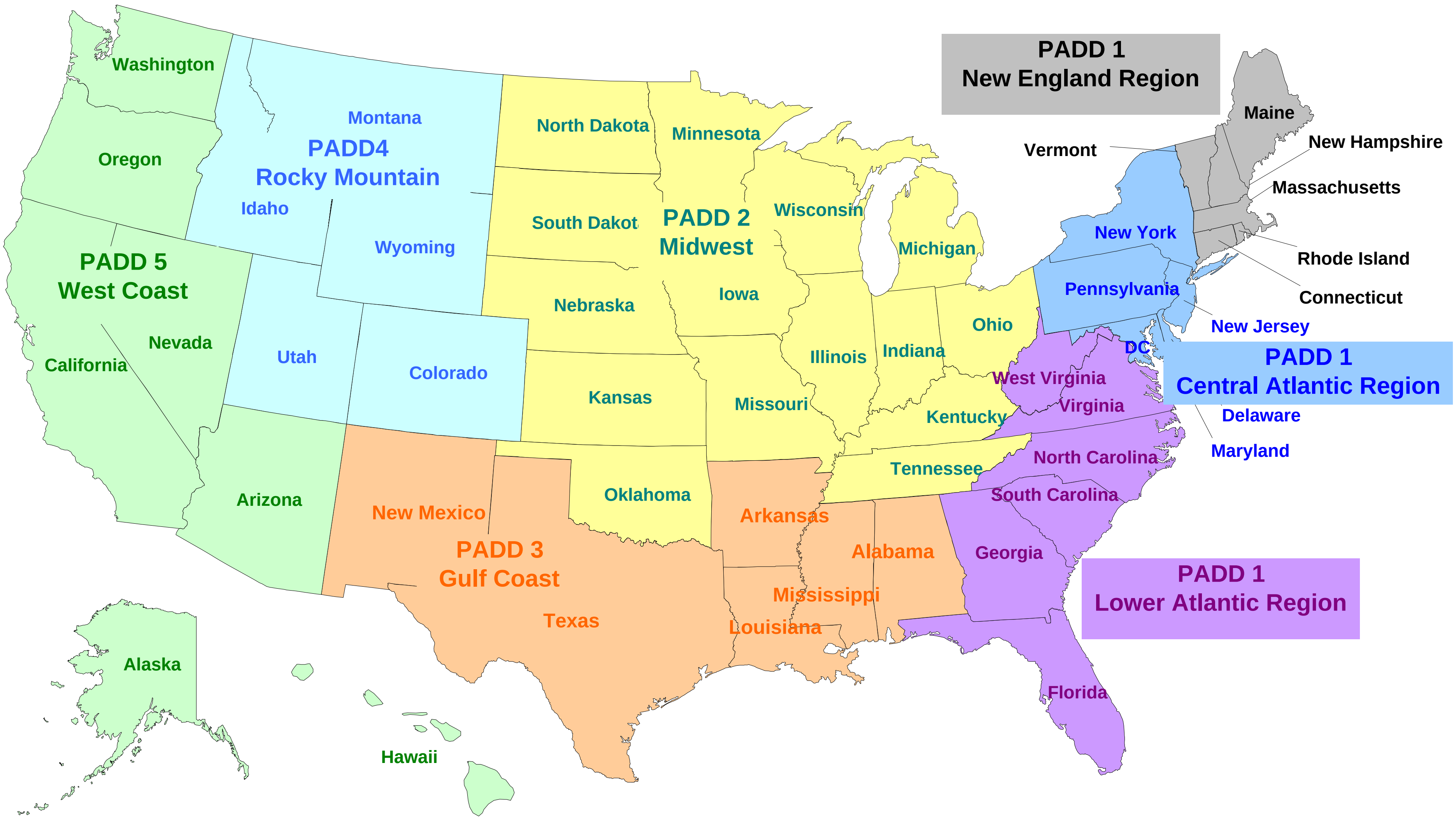
U. S. Petroleum Administrative for Defense Districts (PADDs)



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