FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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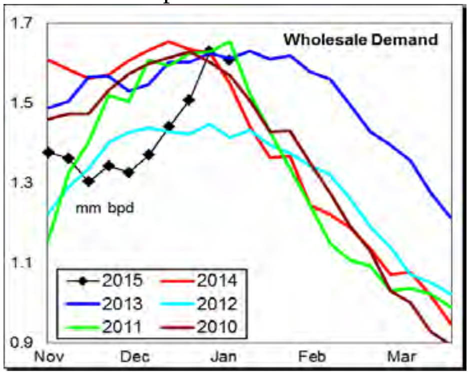
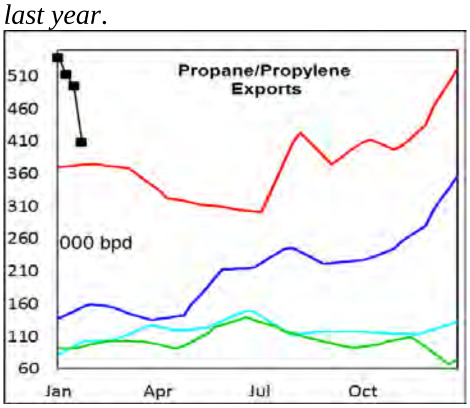
Table of Contents

Summary[1]:

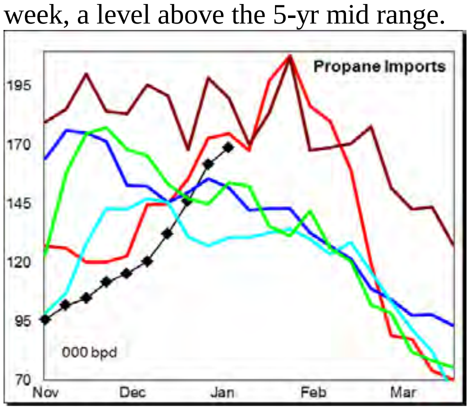
Wholesale demand decreased -8,000 bpd last week, to a level near historic highs for the winter peak.



Production decreased -34,000 bpd on the week, concentrated in the Gulf region. *Exports for the week ending 19Dec14 were 408,000 bpd, +34,000 bpd above last year*.

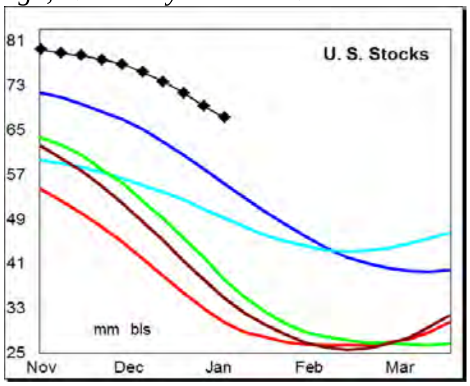


Imports increased +7,000 bpd on the week, a level above the 5-yr mid range.

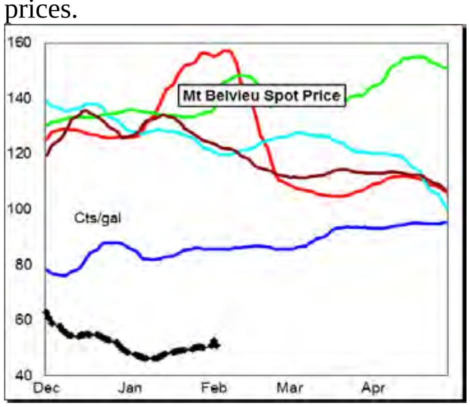


Combined production and imports during the latest 4-wk period were +127,000 bpd above a year ago. Production was +140,000 bpd above last year (+10%), while imports were -13,000 bpd lower. The latest 4-wk average demand was -86,000 bpd below last year.

Stocks declined -2.1 million barrels last week, including a -1.1 million barrel draw in the Midwest. *Stocks ended the week +36 million barrels above a year ago, 2.2X last year's level.*



Price and Spreads Mt Belvieu spot price increased +4 cpg last week ending 04Feb15, with Conway +2 cpg higher for the period. Spot prices trended higher on the surge in global petroleum prices.



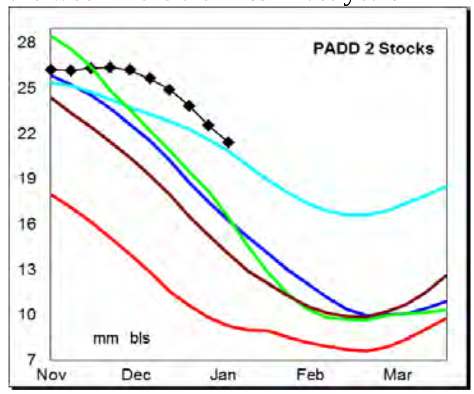
The Conway – Mt Belvieu price spread was unchanged last week, with Conway slightly below Mt Belvieu.

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

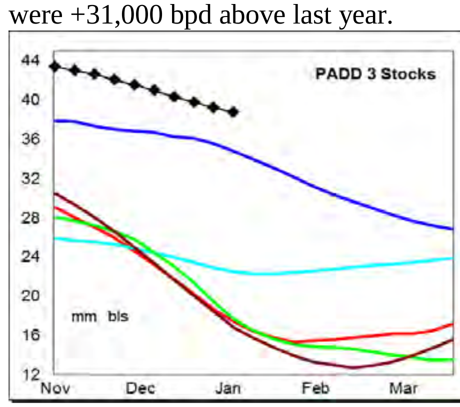
The propane / crude oil price spread traded sideways last week, ending at a level below the 3-yr mid range.

PADD 1 stocks decreased -0.5 million barrels last week, driven by colder than normal temperatures in the region. Stocks ended the week at a level equal to historic highs for the period. Supply for the latest 4-wk period was +31,000 bpd above last year.

PADD 2 supply increased +2,000 bpd on the week. Production for the latest 4-wk period was +55,000 bpd above last year (+20%). Stocks declined -1.1 million barrels on the week. Stock levels ended the week more than 2.3X last year.



PAD 3 stocks decreased -0.4 million barrels on the week, to a level 2.2X last year. Supplies for the latest 4-wk period were +31,000 bpd above last year.



PADDs 4 & 5 stocks decreased -0.1 million barrels, with the level 2X the prior record high for the period.

Emerging Trends Temperatures are forecast to be well below normal in the eastern 1/3rd of the country for the next 10-days.

Winter heating demand has likely peaked. Carryout stocks should be a record high compared to the last 5-yrs. Combined with record production, look for prices to remain very weak through the balance of the quarter.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

February 4, 2015

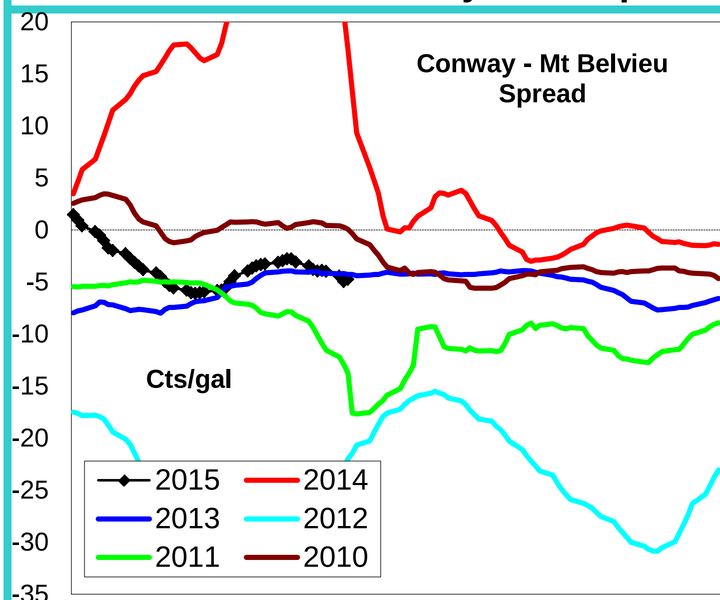
Fundamental Trends for the Week Ending: Friday, January 30, 2015

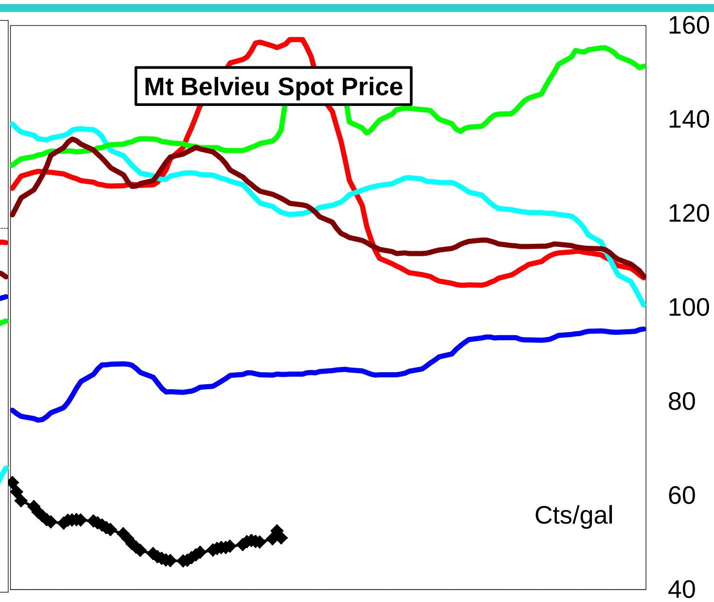
000 bpd / Stocks 000 bls	Weekly Supply-Demand: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	67,237	4,272	21,385	38,769	2,811	-2,071	-494	-1,078	-351	-148
Propylene Stocks	4,111					-112				
Production	1,549	158	338	833	220	-34	-7	1	-31	3
Imports	169	115	29	7	18	7	9	1	-1	-2
Whsle Demand	1,606					-8				

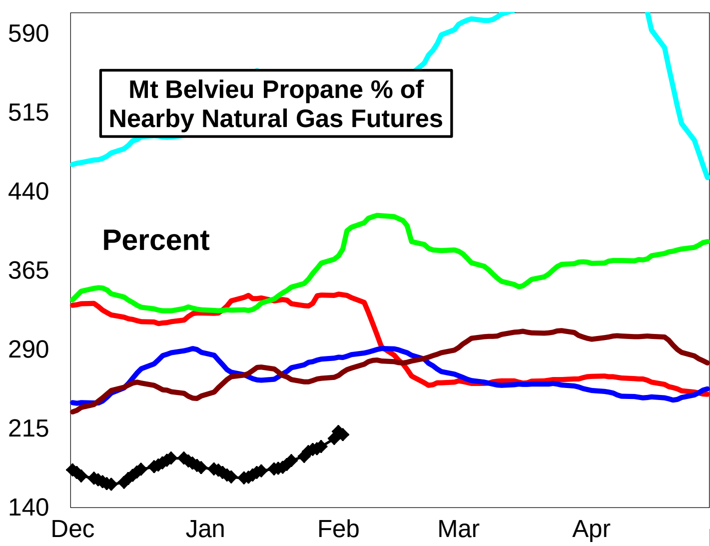
Price Trends for the Week Ending: Wednesday, February 04, 2015

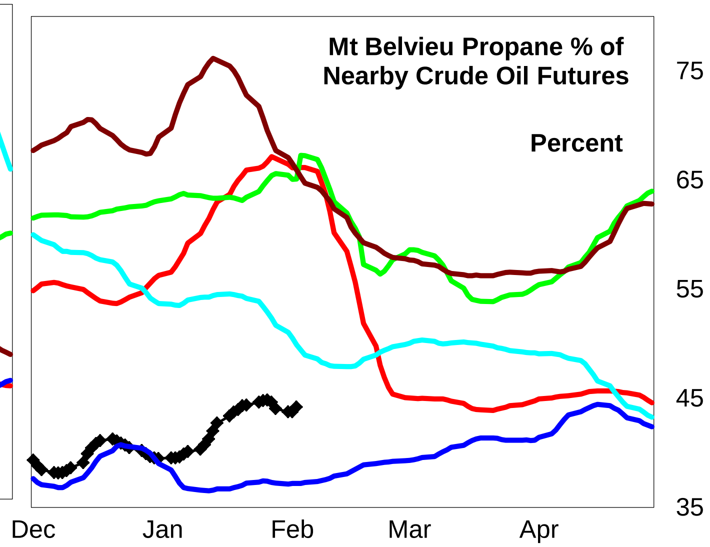
Cents/gal	Average for week ending: 2/4/15	1/28/15	1/7/15	2/7/14	Change from: 1/28/15	1/7/15	2/7/14	% change from: 1/28/15	1/7/15	2/7/14
Mont Belvieu Spot	50.8	49.9	46.9	157.9	0.88	3.00	-110.93	1.8	6.4	-70.3
Conway Spot	46.4	46.5	40.6	183.4	-0.15	5.93	-142.83	-0.3	14.6	-77.9

Key Price Spreads and Differentials

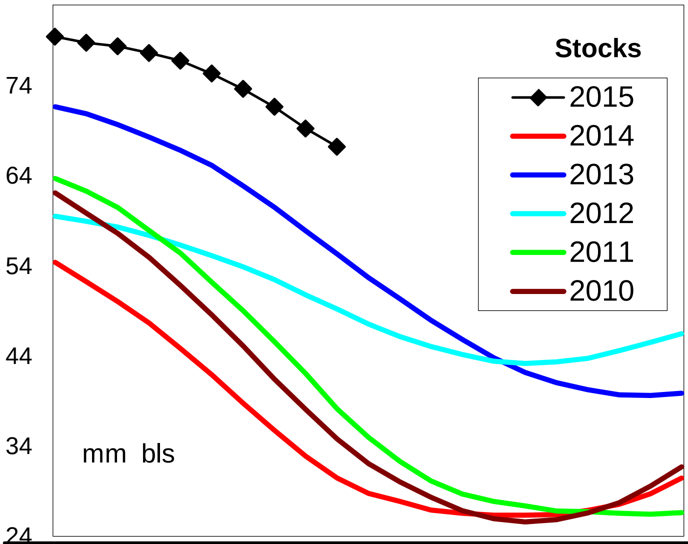


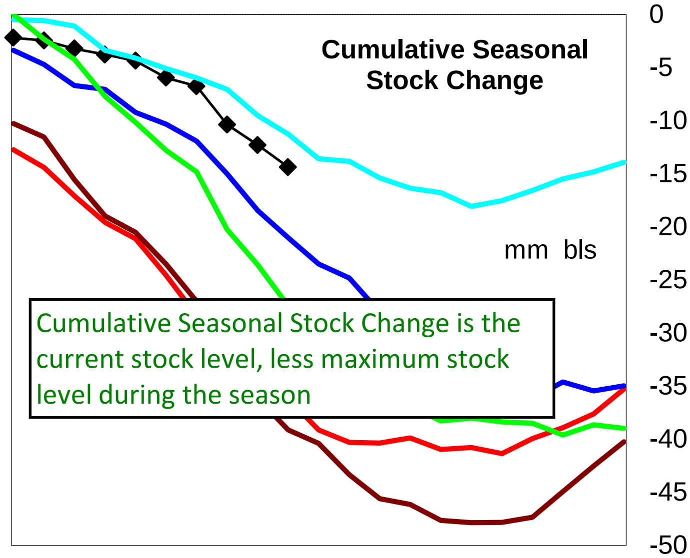


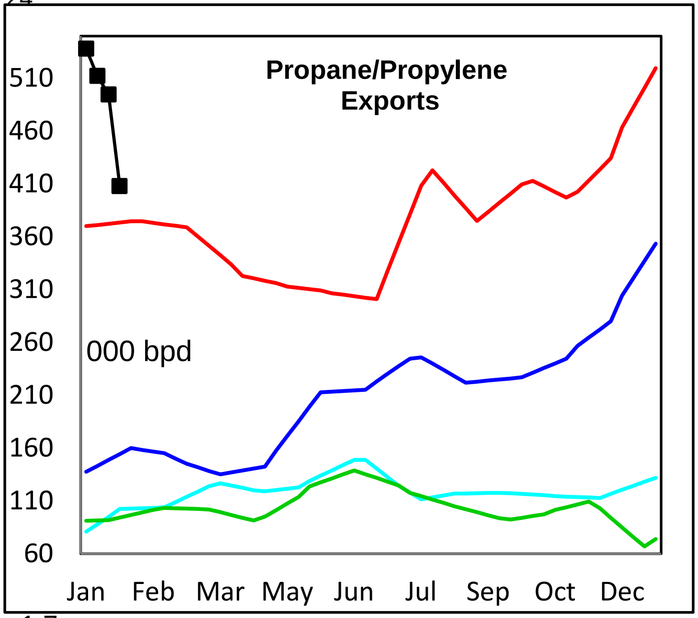


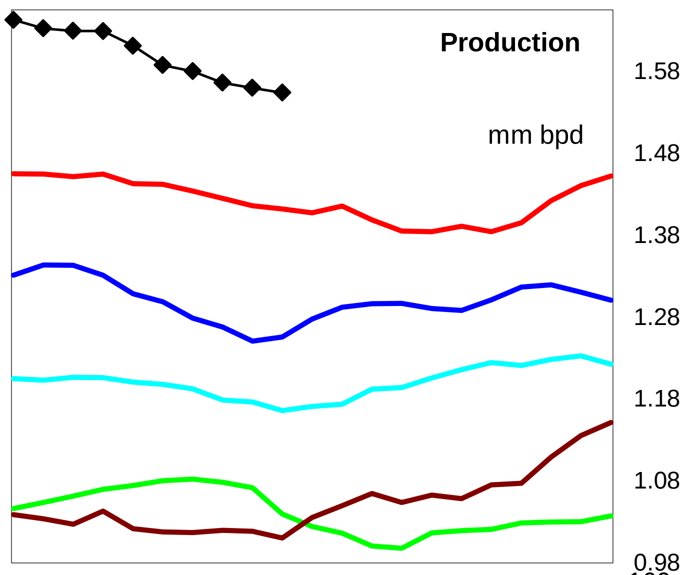


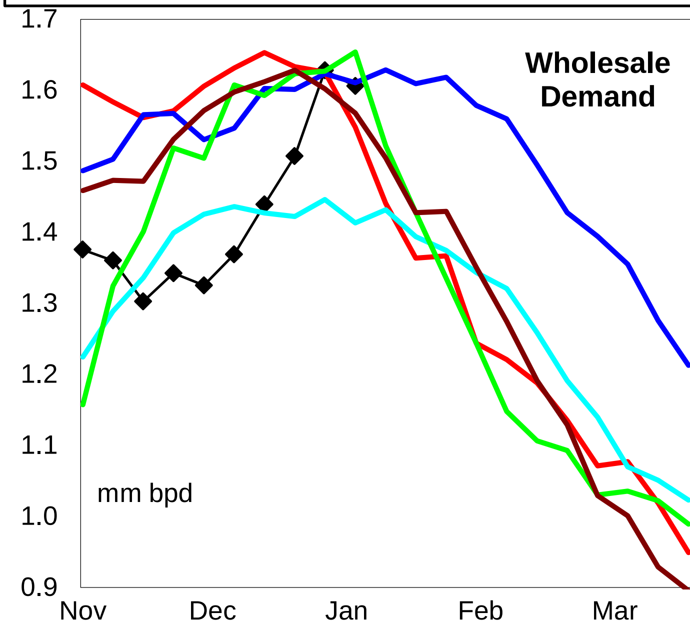
U. S. Propane Supply and Demand Balance

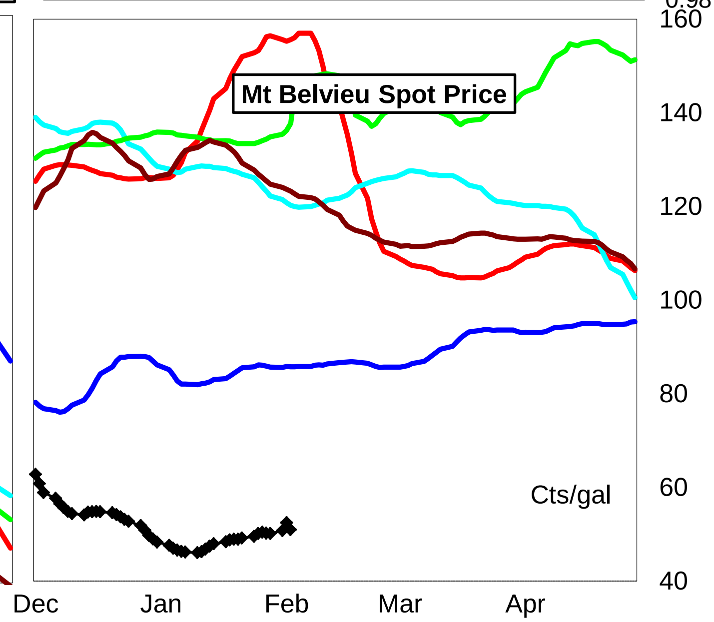












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Dec	Nov	Oct
000 bpd (000 bls stks)	36,395	21,808	140	-13		-86	-182	-86	-170
% change	118.0	-60	10.0	-7.6		-5.3	-11.9	-6.1	-12.9

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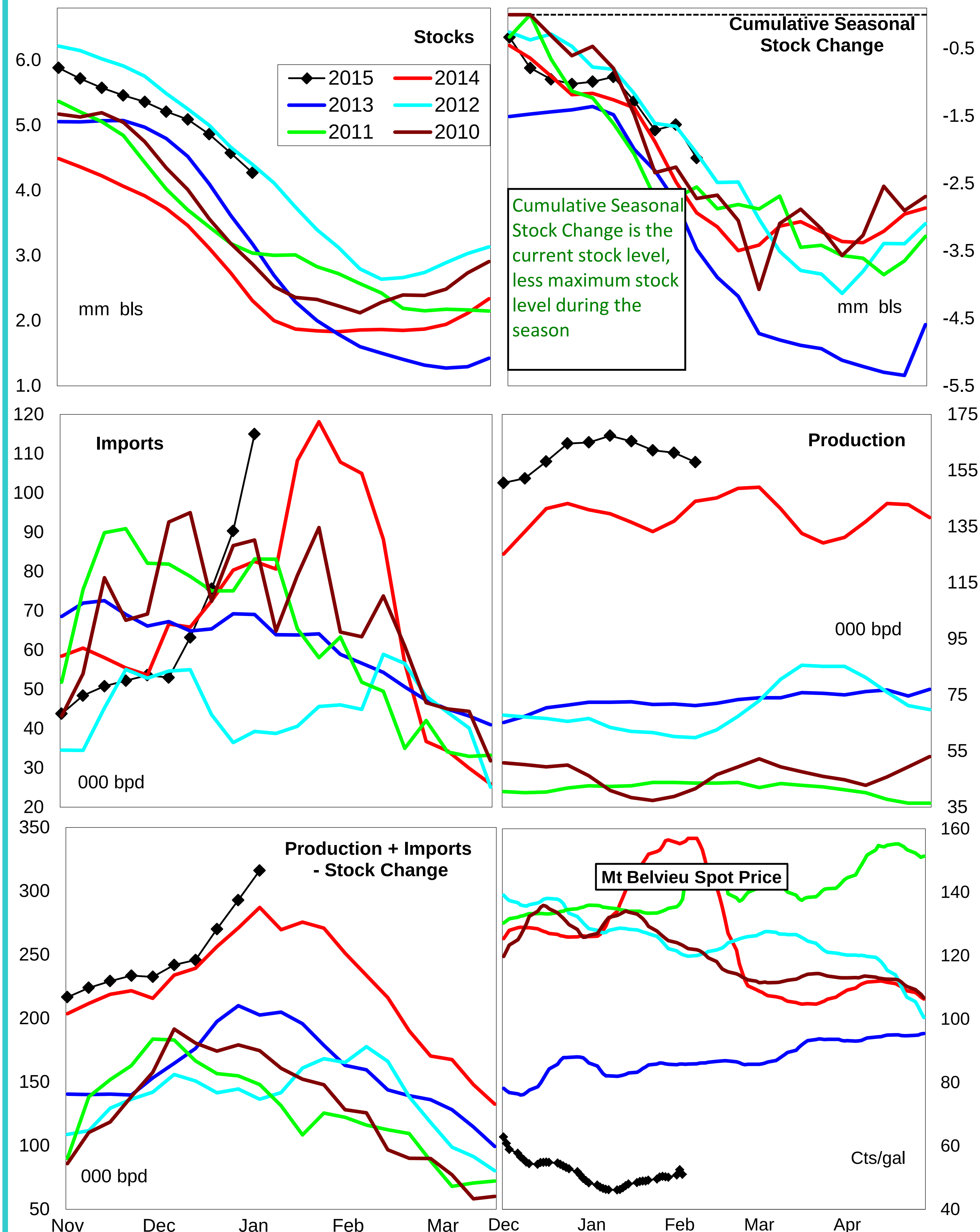
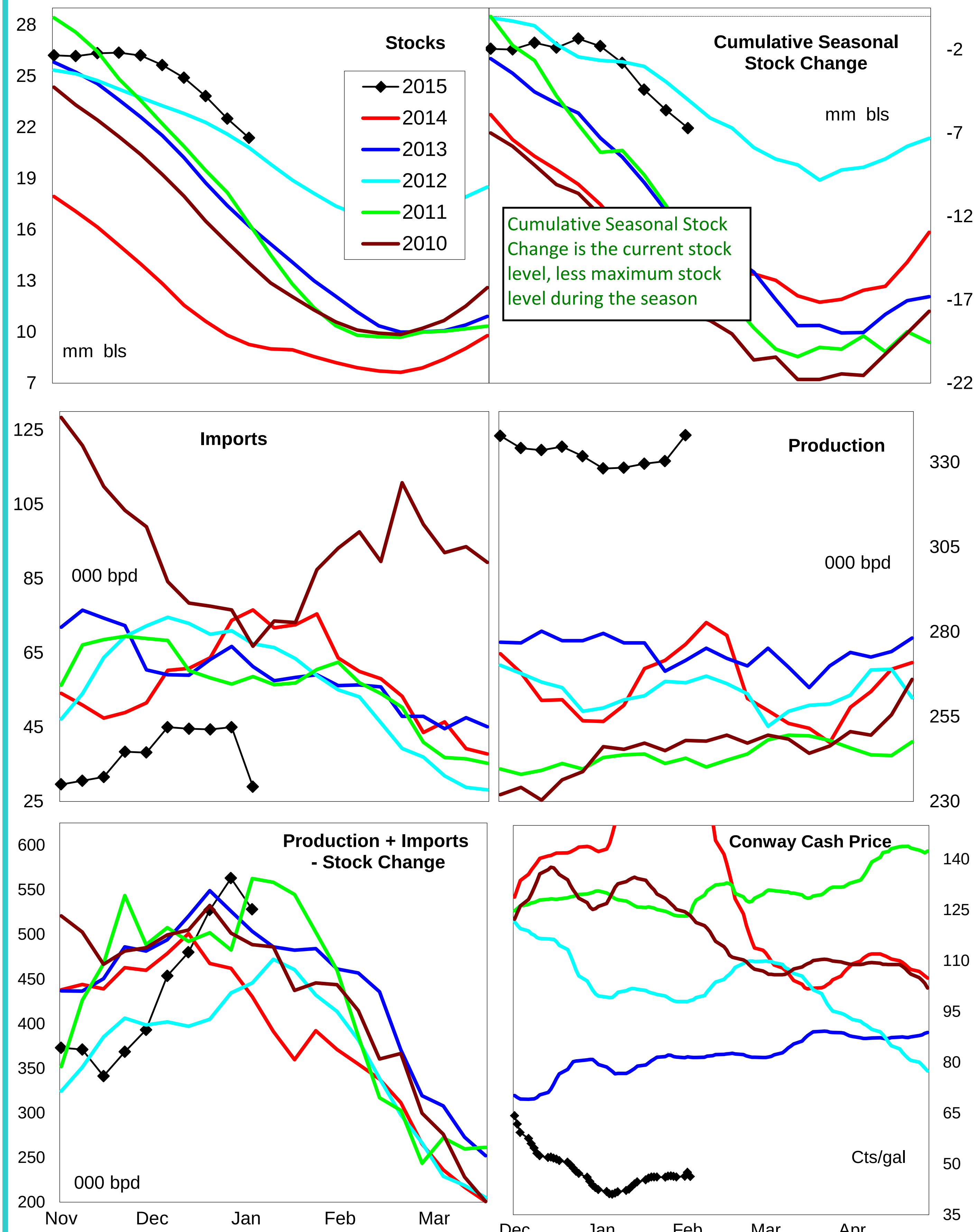
PADD 1 Propane Supply and Demand Balance



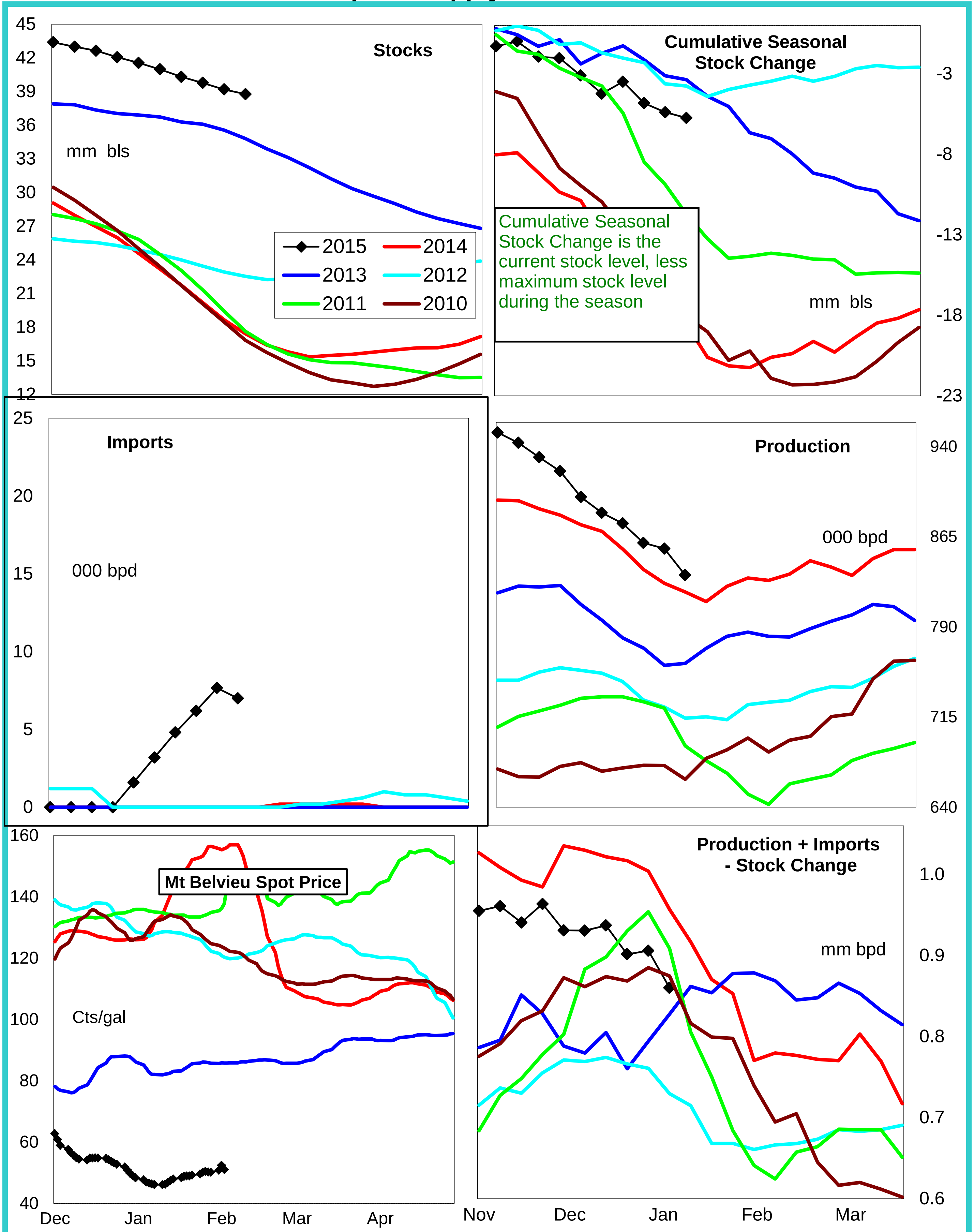
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	2,112	813	29	2	18
% change	97.8	-27.7	22.3	2.9	6.7

PADD 2 Propane Supply and Demand Balance



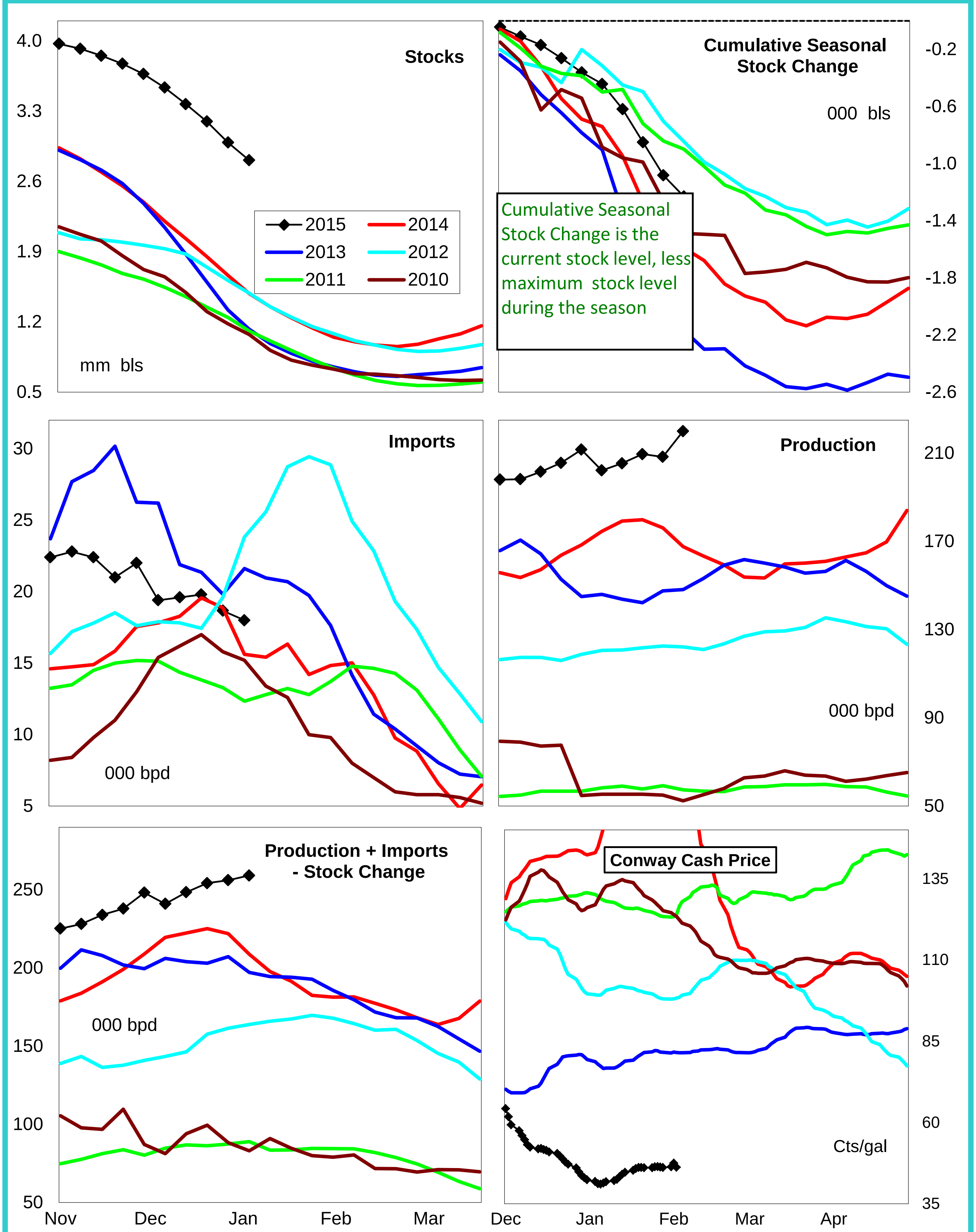
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	11,825	8,071	55	-22	59
% change	123.7	-54.6	20.1	-34.9	12.8

PADD 3 Propane Supply and Demand Balance



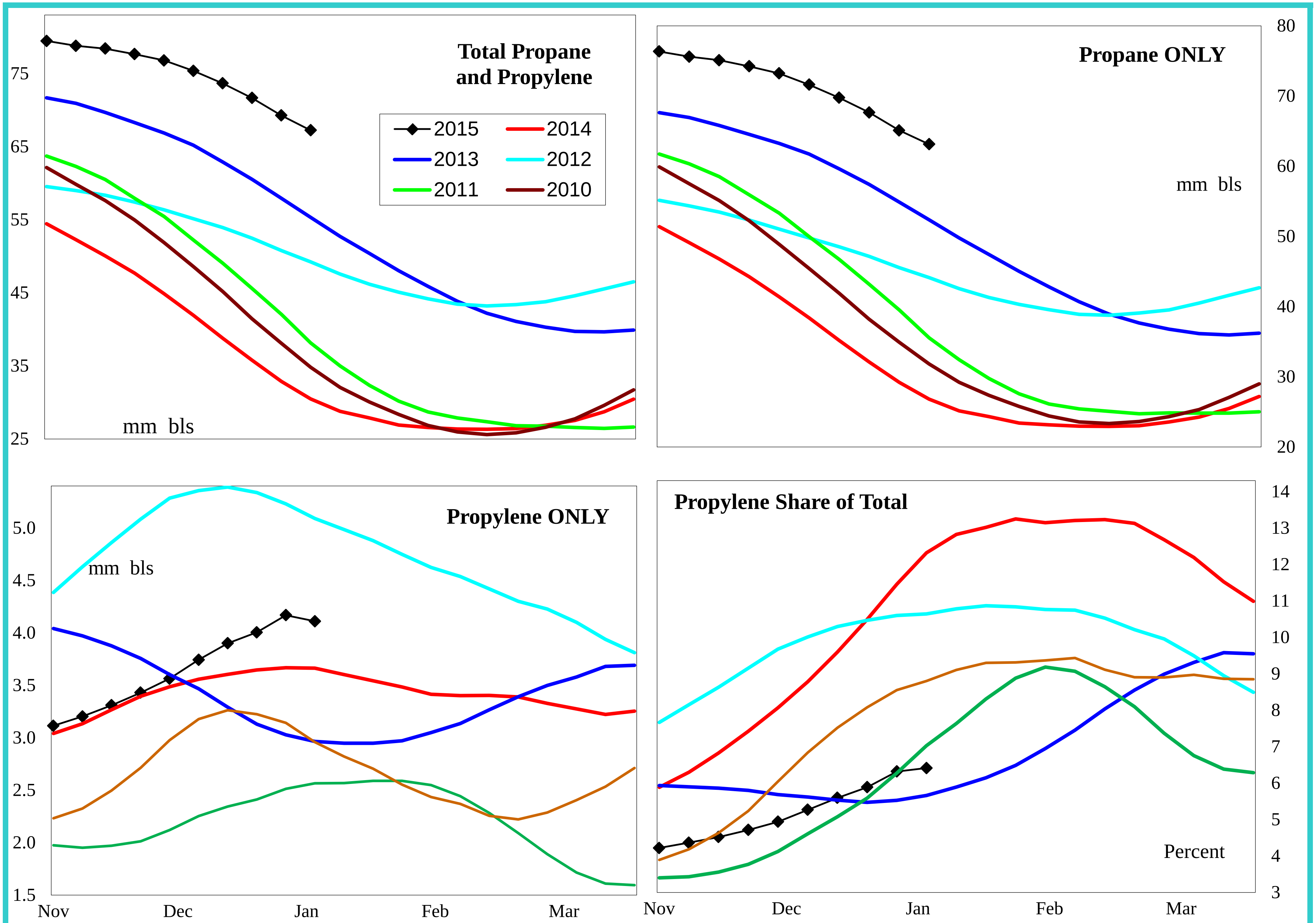
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	21,098	12,813	23	8	-99
% change	119.4	-69	2.8	#DIV/0!	-9.5

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)	1,359	360	34	0	35
% change	93.6	-22.6	18.8	-0.6	15.9

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	36,395	36,041	446
% change	118.0	133.1	12.2

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