WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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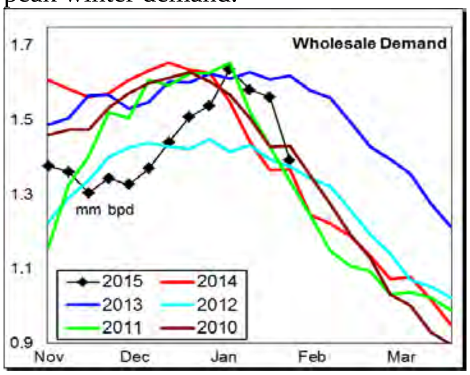
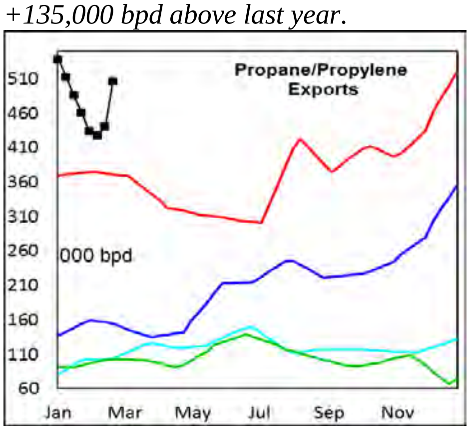
Summary[1]:

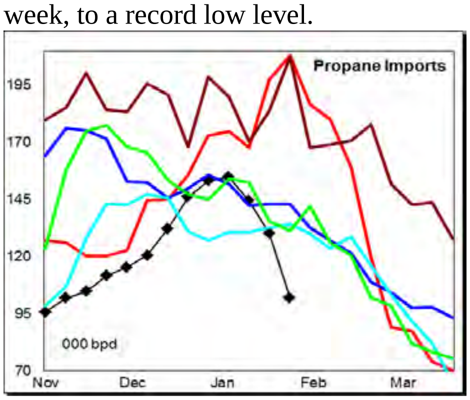
Wholesale demand fell -314,000 bpd last week, to a level comparable with the 3-mid range. The decline reflects end uses and distributors drawing down inventory on anticipation of an end to peak winter demand.



Production decreased -10,000 bpd on the week, with decreases in all regions except the west. *Exports for the week ending 20Feb15 were +506,000 bpd, +135,000 bpd above last year*.

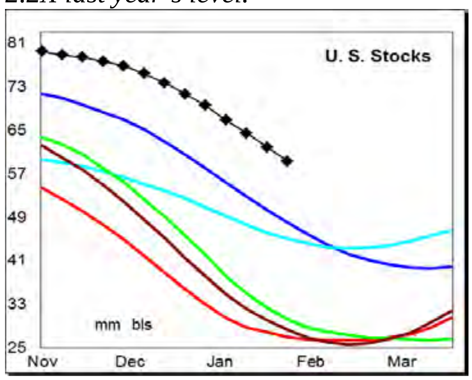


Imports decreased -25,000 bpd on the week, to a record low level.

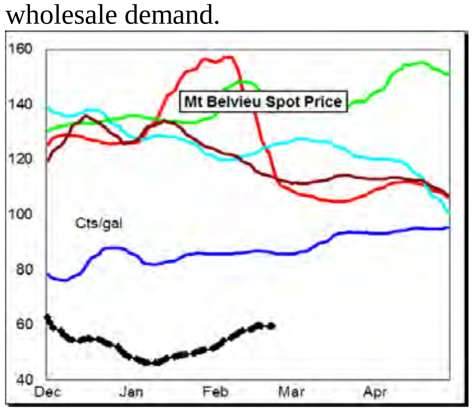


Combined production and imports during the latest 4-wk period were +62,000 bpd above a year ago. Production was +102,000 bpd above last year (+7%), while imports were -40,000 bpd lower. The latest 4-wk average demand was +184,000 bpd above last year.

Stocks declined -2.2 million barrels last week, including a -1 million barrel draw on the Gulf. *Stocks ended the week +32 million barrels above a year ago, 2.2X last year's level.*



Price and Spreads Mt Belvieu spot price decreased -1 cpg last week ending 24Feb15, with Conway unchanged for the period. Spot prices traded sideways on the week, in light of sharply lower wholesale demand.



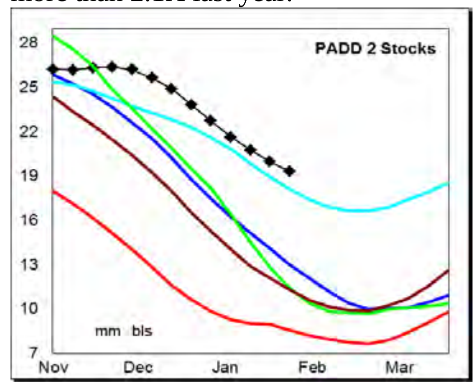
The Conway – Mt Belvieu price spread trended higher last week, with Conway slightly below Mt Belvieu.

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

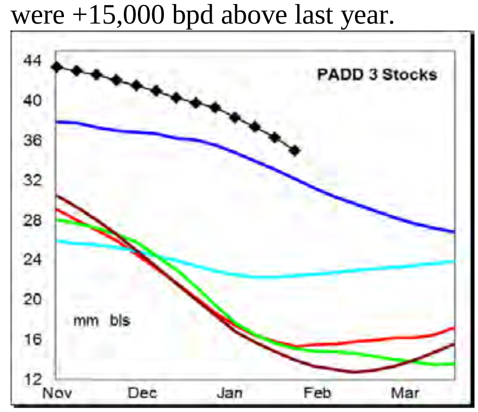
The propane / crude oil price spread trended higher last week, ending at a level near the 3-yr mid range.

PADD 1 stocks decreased -0.7 million barrels last week, driven by colder than normal temperatures in the region. Stocks ended the week at a level above the 5-yr mid range. Supply for the latest 4-wk period was -14,000 bpd below last year.

PADD 2 supply decreased -28,000 bpd on the week, driven by lower production. Production for the latest 4-wk period was +46,000 bpd above last year (+16%). Stocks declined -0.5 million barrels on the week. Stock levels ended the week more than 2.1X last year.



PAD 3 stocks decreased -1 million barrels on the week, to a level 2.3X last year. Supplies for the latest 4-wk period were +15,000 bpd above last year.



PADDs 4 & 5 stocks were unchanged on the week, with the level 2.2X the prior high for the period.

Emerging Trends Temperatures are forecast to be sharply below normal in all major heating markets for the next 10-days.

Much colder temperatures than normal should support very high demand for propane through early March. This weather driven peak demand should support wholesale prices. A likely record level of carry out stocks and high production risk a price pull back on any warming trend.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

February 25, 2015

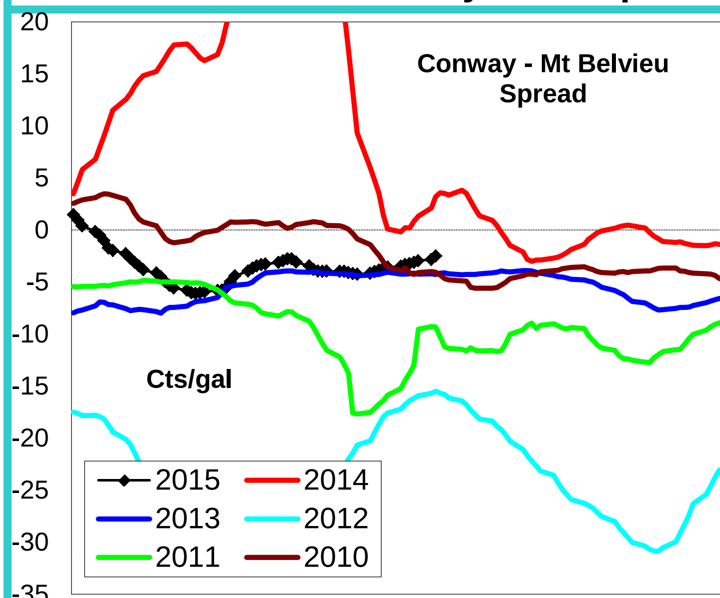
Fundamental Trends for the Week Ending: Friday, February 20, 2015

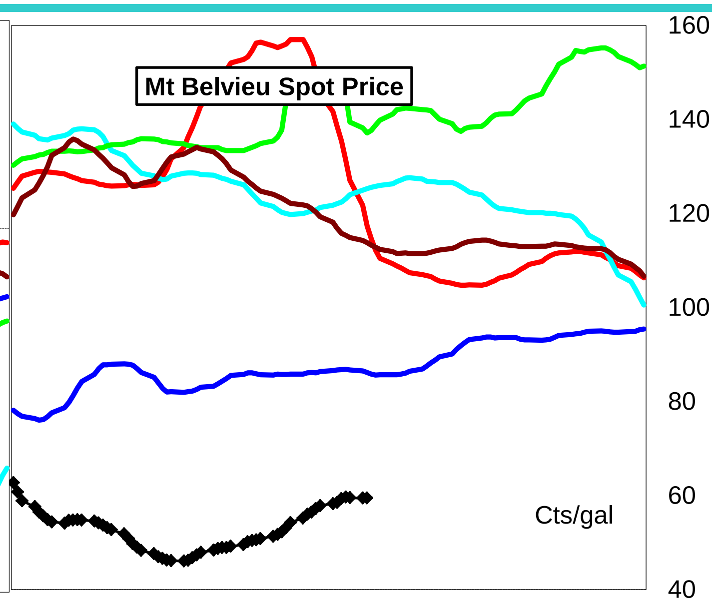
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	59,238	2,536	19,316	34,937	2,449	-2,227	-710	-494	-1,000	-23
Propylene Stocks	4,431					261				
Production	1,477	147	315	805	210	-10	-15	-18	-10	33
Imports	102	51	34	5	12	-25	-8	-10	-5	-2
Whsle Demand	1,391					-314				

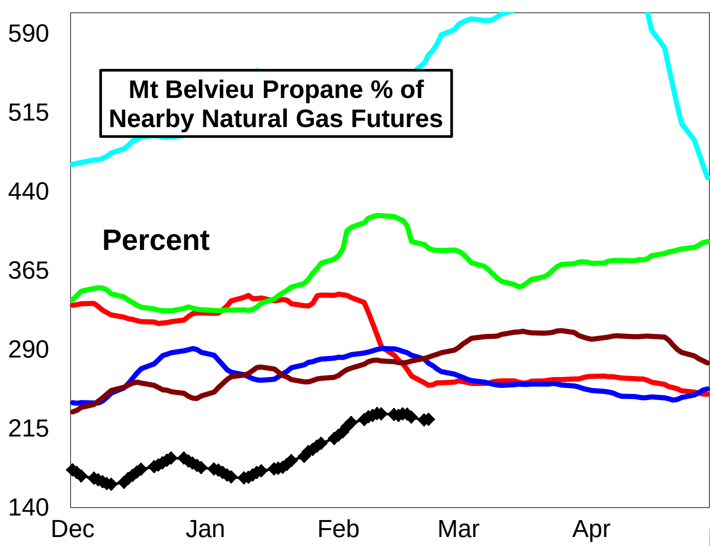
Price Trends for the Week Ending: Wednesday, February 18, 2015

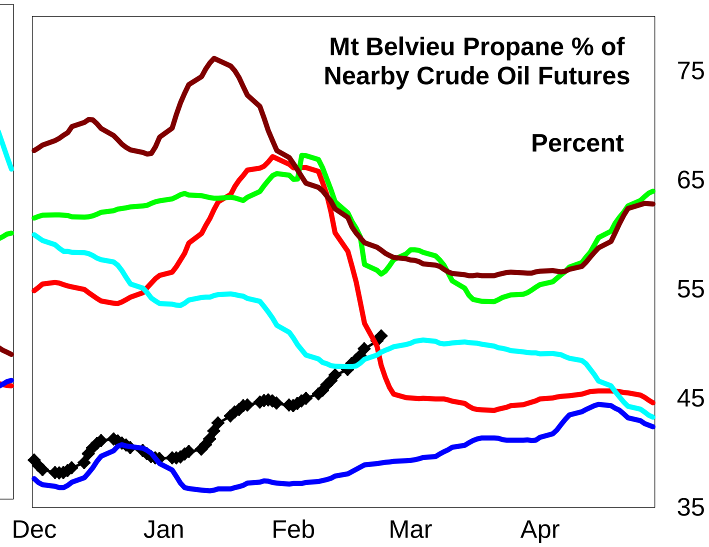
Cents/gal	Average for week ending:				Change from:			% change from:		
	2/18/15	2/11/15	1/21/15	2/21/14	2/11/15	1/21/15	2/21/14	2/11/15	1/21/15	2/21/14
Mont Belvieu Spot	59.5	58.4	50.7	121.7	1.15	7.70	-70.99	2.0	15.2	-58.3
Conway Spot	56.6	54.7	47.0	125.1	1.88	7.73	-78.15	3.4	16.4	-62.5

Key Price Spreads and Differentials

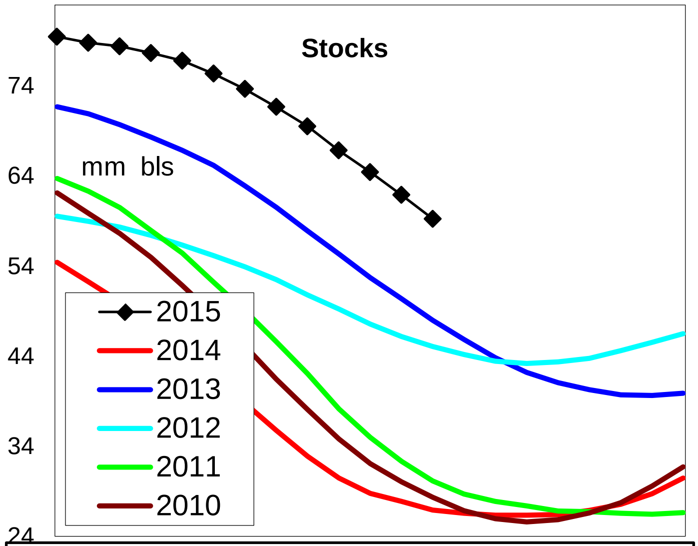


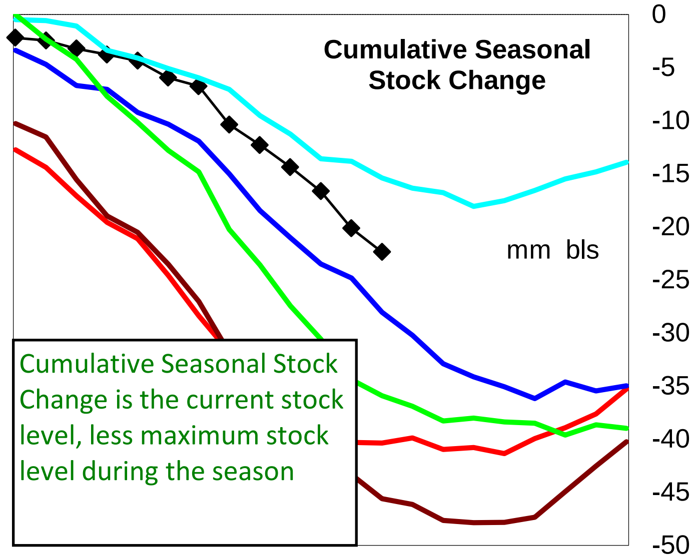


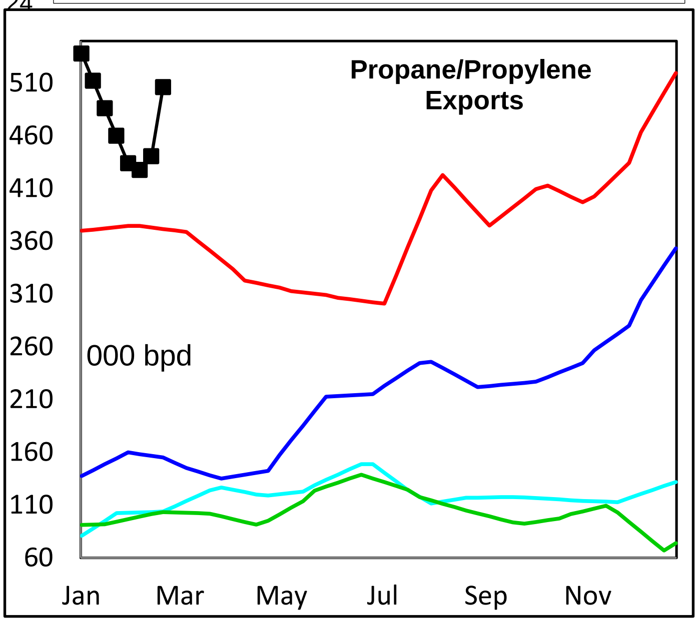


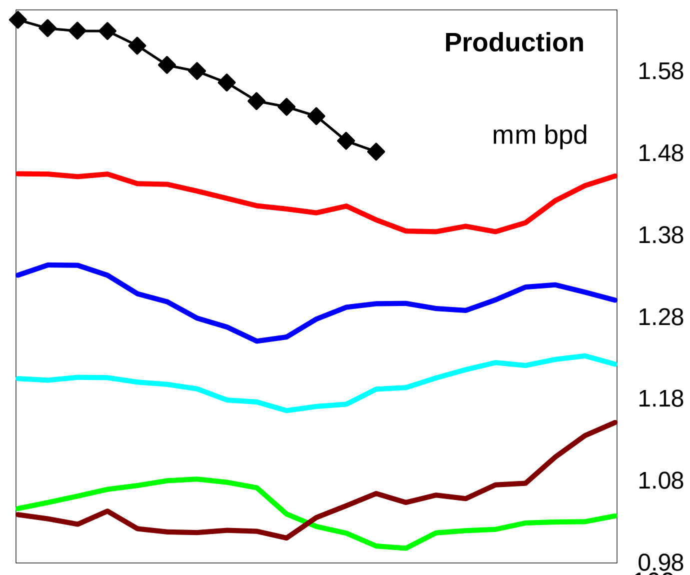


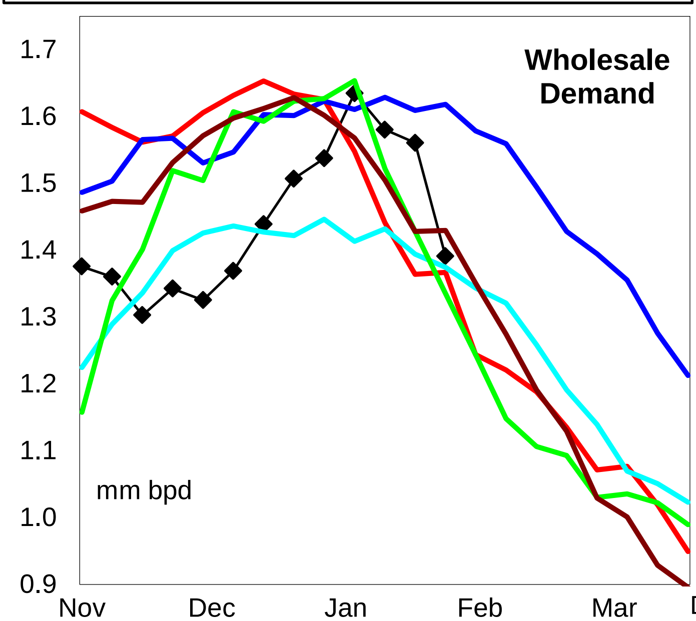
U. S. Propane Supply and Demand Balance

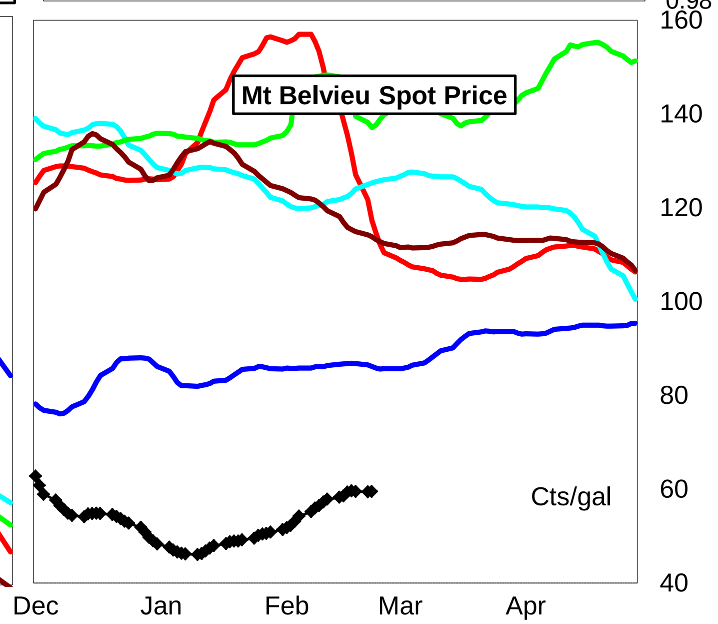












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jan	Dec	Nov
000 bpd (000 bls stks)	32,562	17,975	102	-40		184	-178	-182	-84
% change	122.1	-45	7.2	-22.3		13.3	-10.5	-11.9	-5.9

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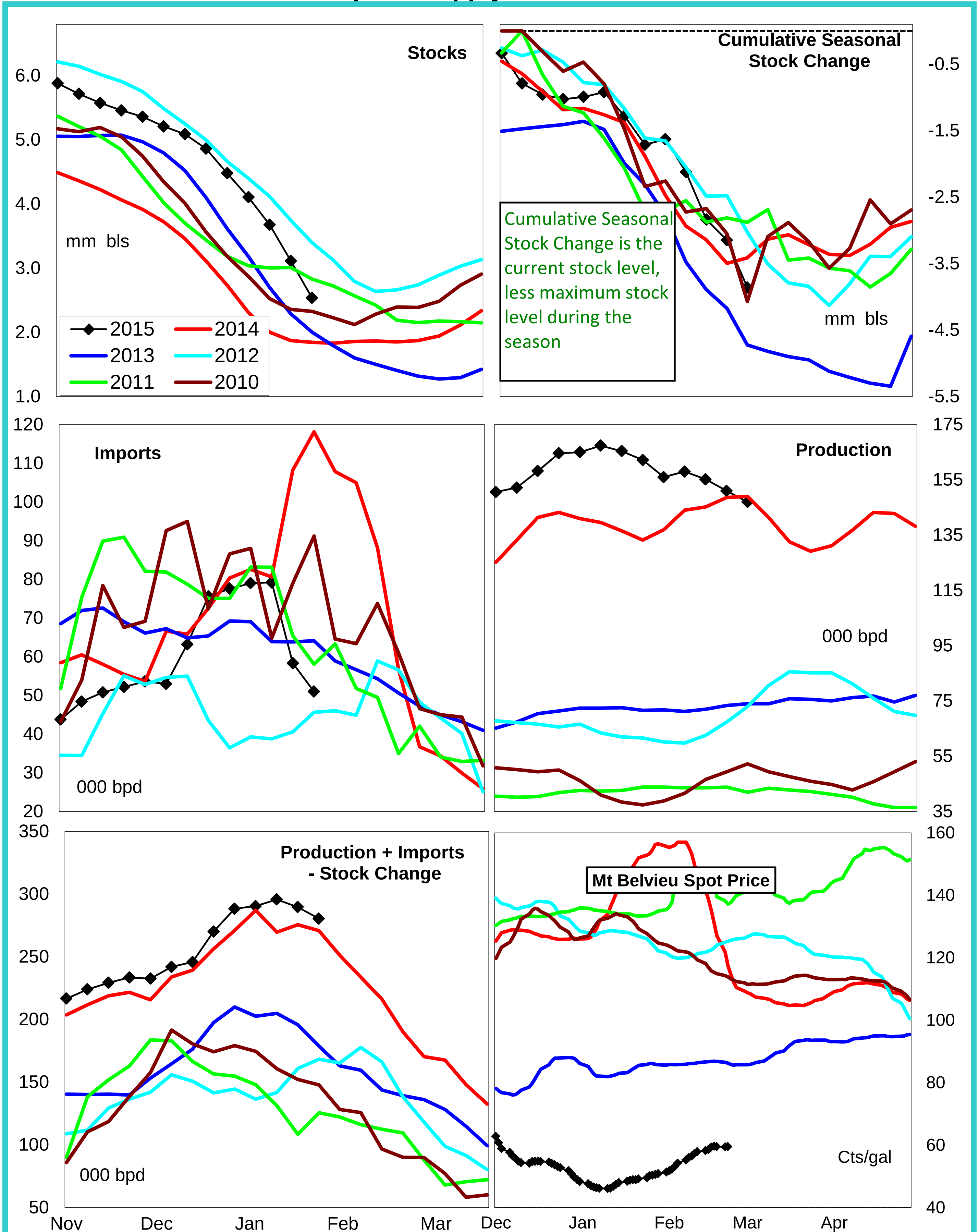
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	854	-445	4	-15	13
% change	50.8	13.0	2.3	-17.3	4.8

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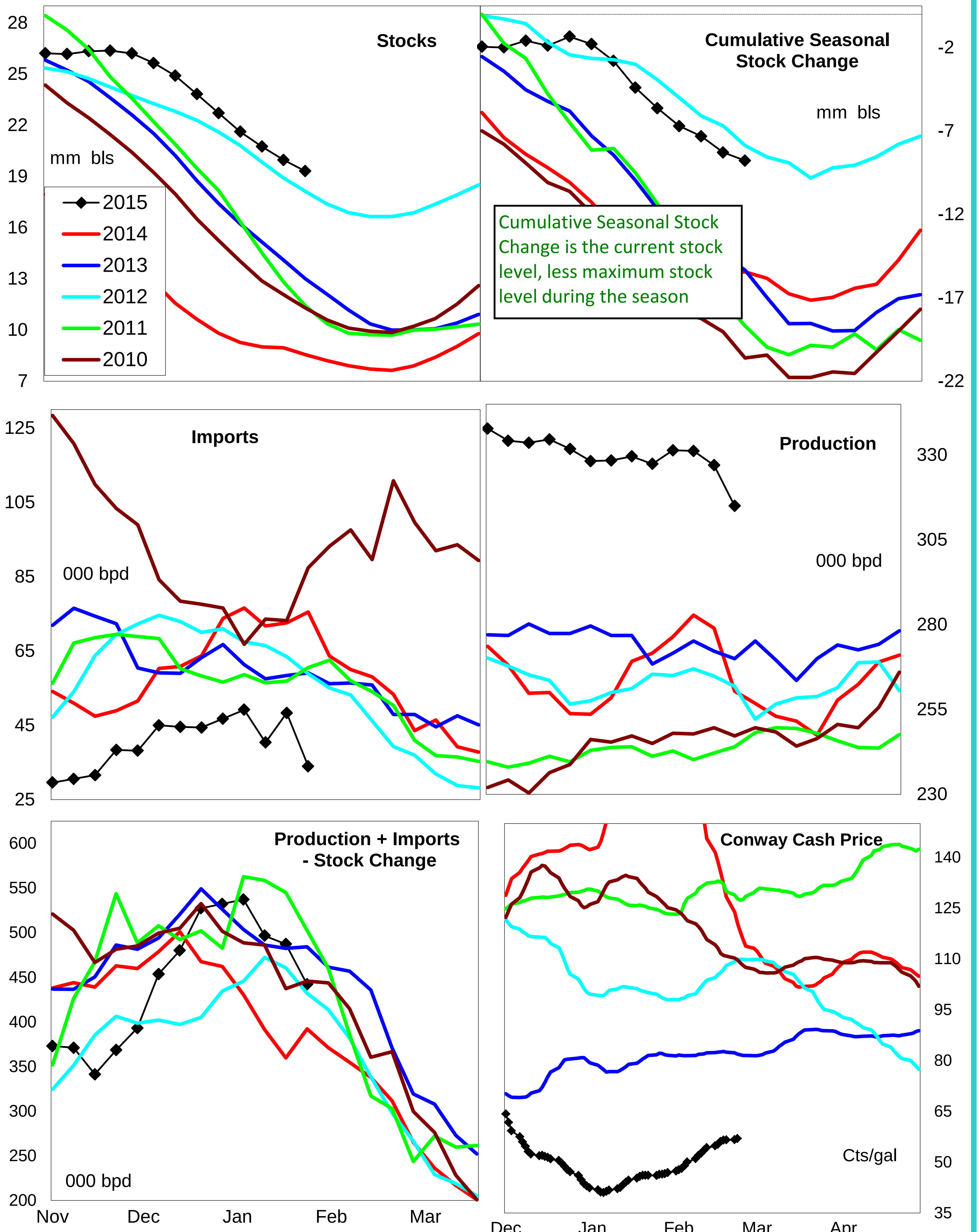
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	10,416	6,662	46	-33	97
% change	117.0	-43.1	16.2	-43.4	24.7

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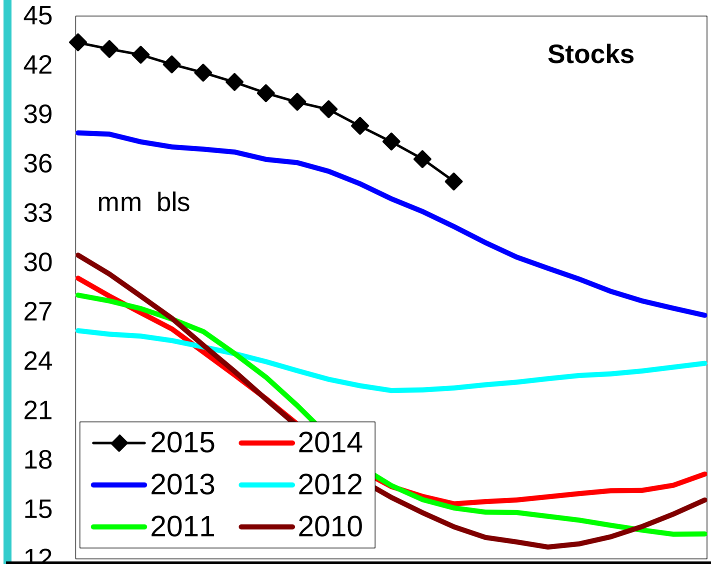
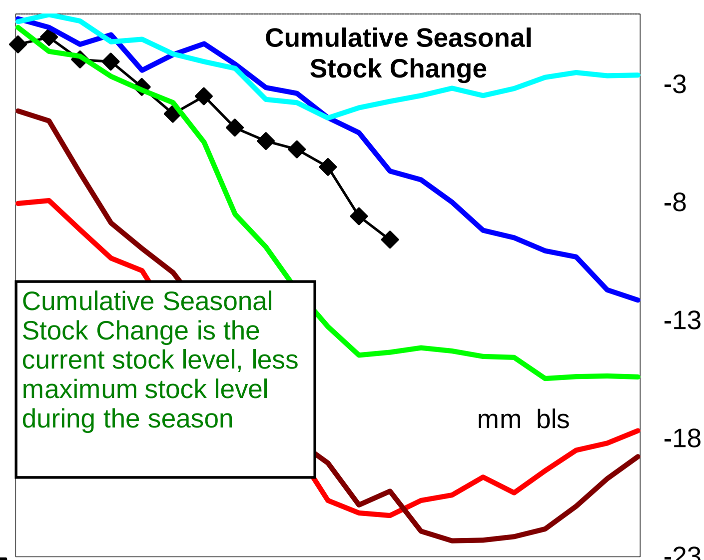
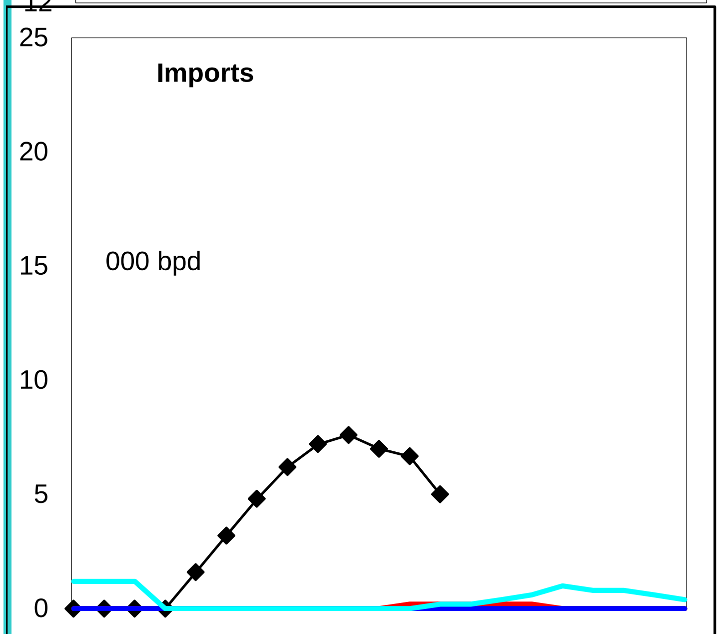
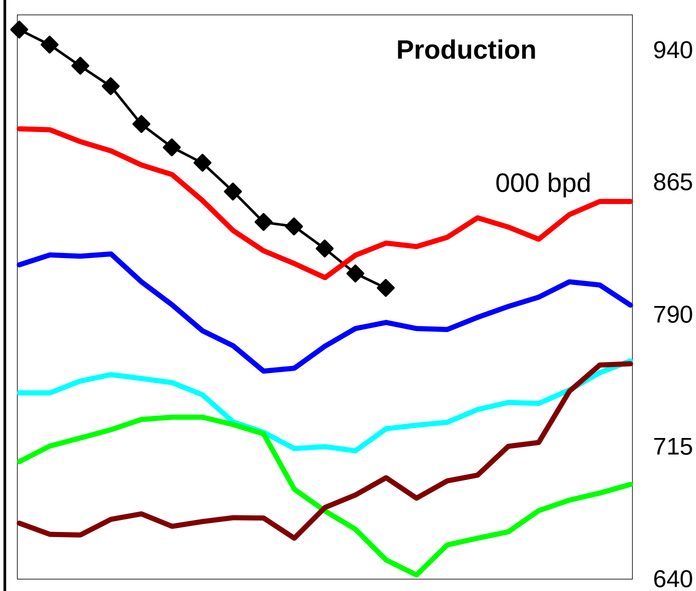
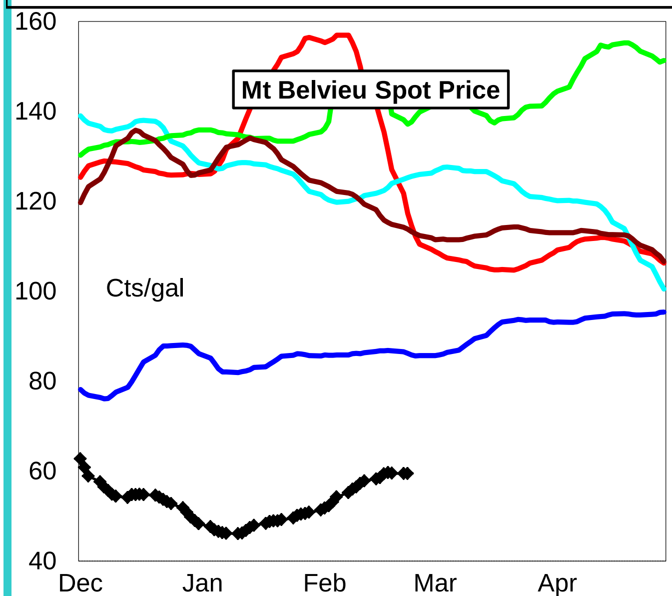
PADD 3 Propane Supply and Demand Balance

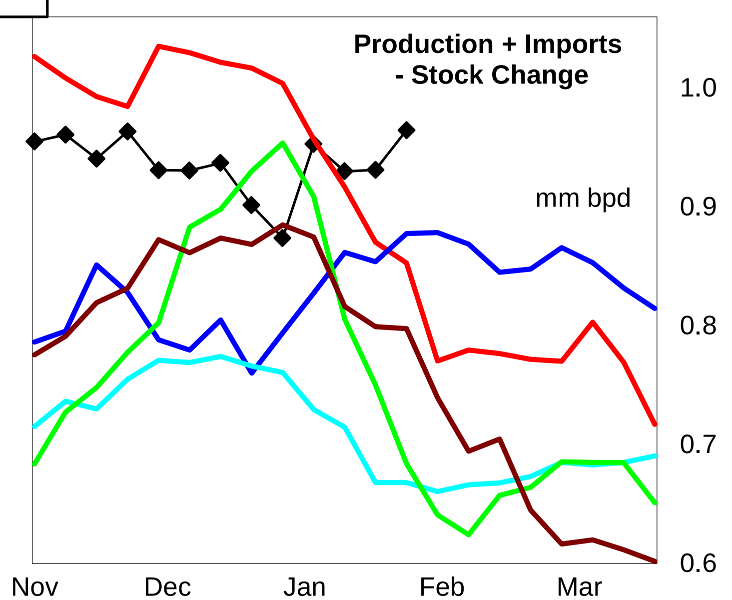












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	**19,959**	**11,674**	**7**	**7**	**45**
% change	**133.3**	**-55**	**0.8**	**#DIV/0!**	**4.8**

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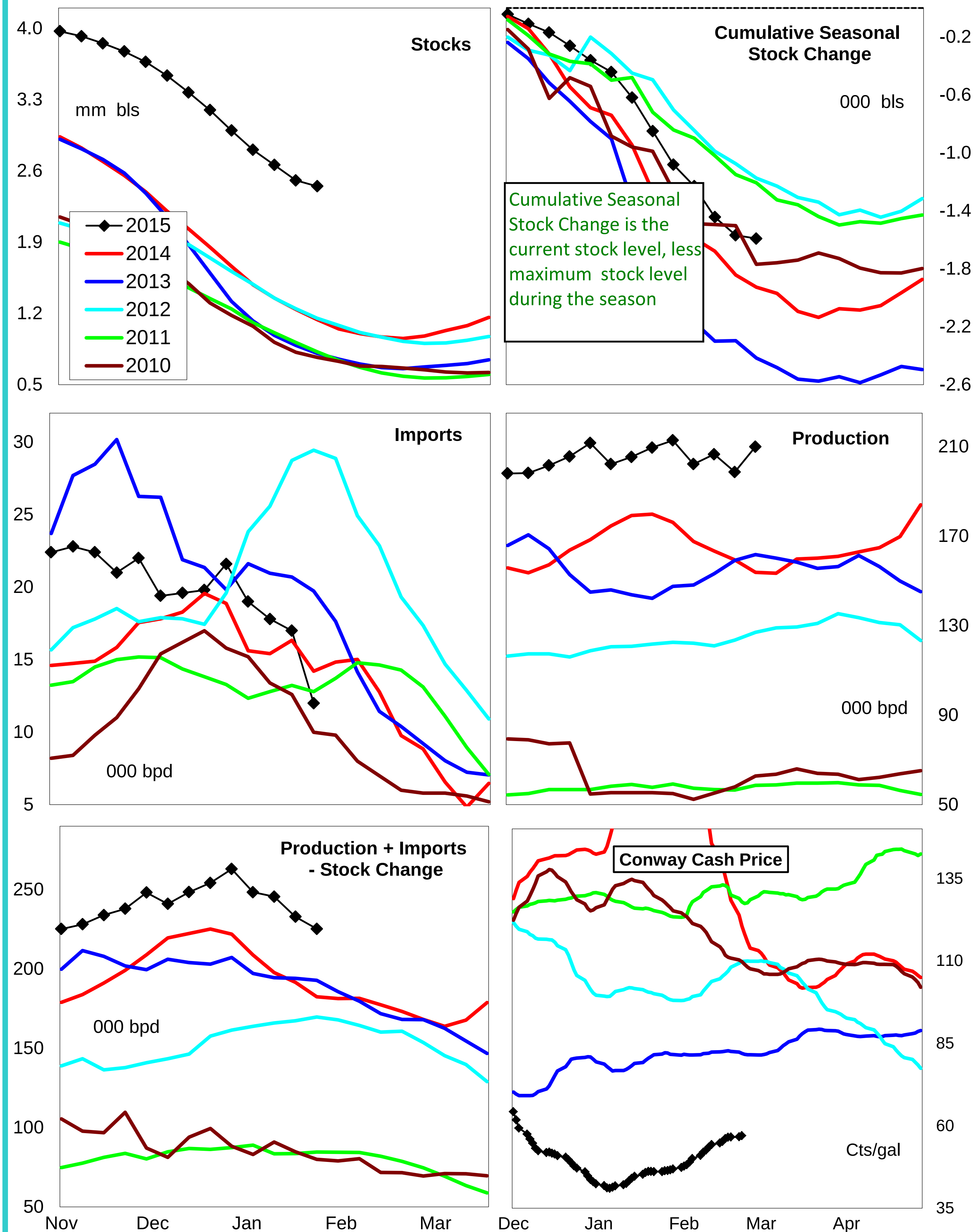
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,334	335	46	1	43
% change	119.6	-17.4	28.7	9.4	22.0

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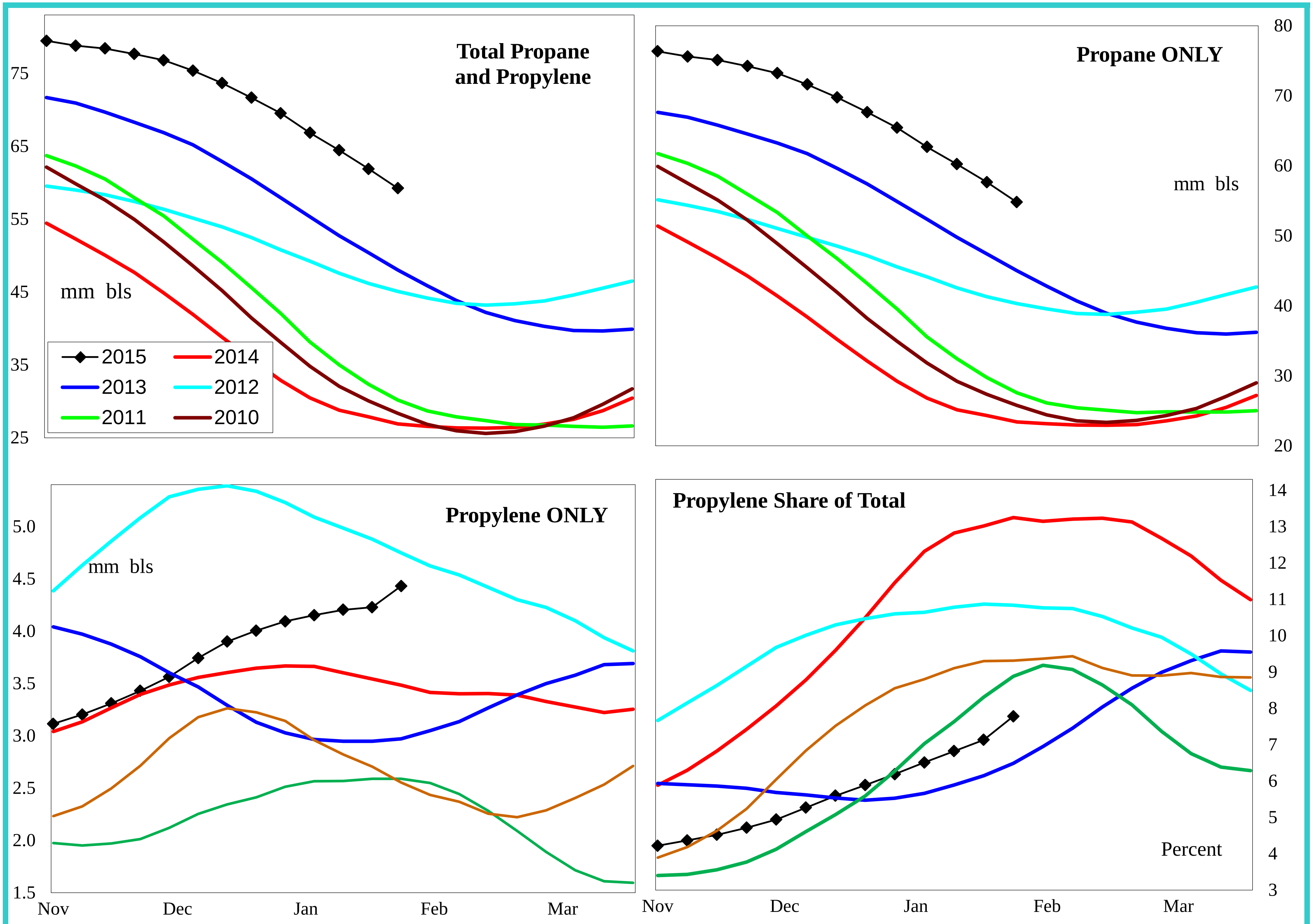
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	32,562	31,442	947
% change	122.1	134.6	27.2

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

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