FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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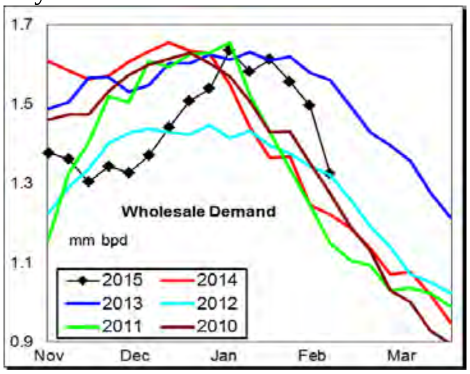
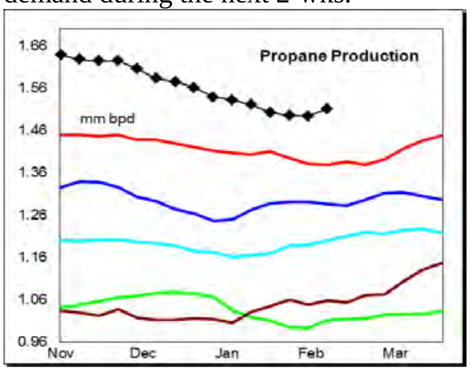
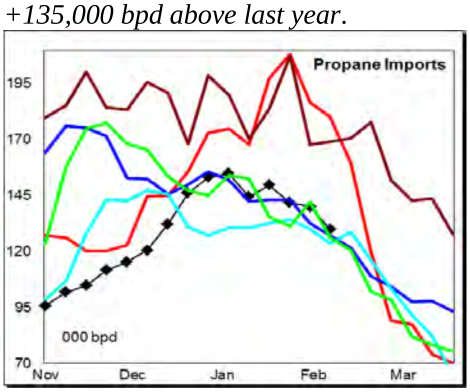
Summary[1]:
Wholesale demand fell -447,000 bpd last week to the 3-yr mid range for this time of year.



Much above normal temperatures across key heating markets through mid month should lead to below average wholesale demand during the next 2-wks.

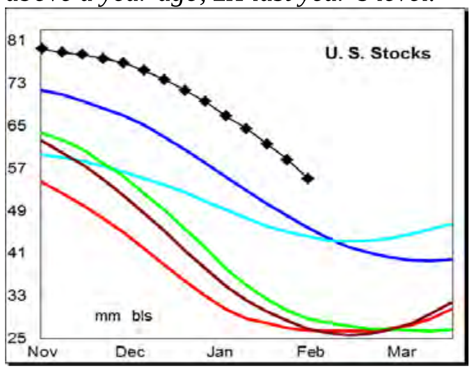


Production increased +17,000 bpd on the week, with the increase concentrated in the East region. *Exports for the week ending 20Feb15 were +506,000 bpd, +135,000 bpd above last year.*

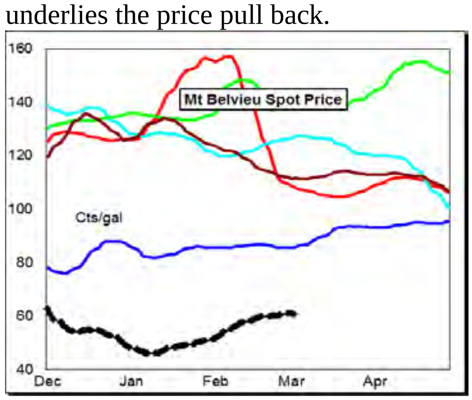


Imports fell -58,000 bpd on the week, concentrated in the Midwest. Combined production and imports during the latest 4-wk period were +36,000 bpd above a year ago. Production was +107,000 bpd above last year (+8%), while imports were -71,000 bpd lower. The latest 4-wk average demand was +260,000 bpd above last year.

Stocks fell -1.3 million barrels last week, with a -2.5 million barrel draw in the Midwest, partially offset by a +1.5 million barrel build in the Gulf. *Stocks ended the week +28 million barrels above a year ago, 2X last year's level.*



Price and Spreads Mt Belvieu spot price decreased -7 cpg last week ending 11Mar15, with Conway seeing a similar decline. Sharply warmer temperatures and record carryout stock levels underlies the price pull back.



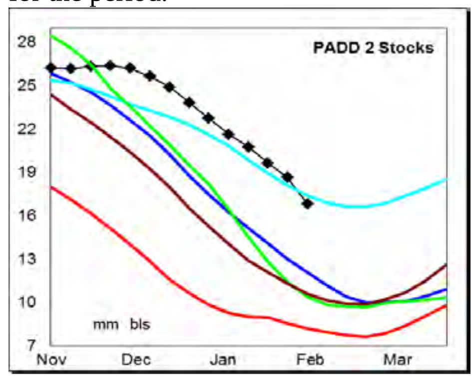
The Conway – Mt Belvieu price spread was unchanged last week, with Conway slightly below Mt Belvieu.

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

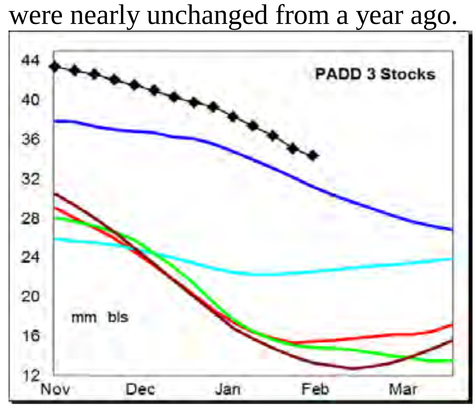
The propane / crude oil price spread trended lower last week, ending at a level near the 3-yr mid range for this time of year.

PADD 1 stocks decreased -0.3 million barrels last week. Stocks ended the week at a record low level for the week. Supply for the latest 4-wk period was -51,000 bpd below last year (a period of extremely high imports).

PADD 2 supply decreased -53,000 bpd on the week, driven by a drop in imports. Production for the latest 4-wk period was +64,000 bpd above last year (+25%). Stocks fell -2.5 million barrels on the week. Stock levels ended the week at a level comparable to prior record highs for the period.



PAD 3 stocks increased +1.5 million barrels on the week, to a level 2.3X last year. Supplies for the latest 4-wk period were nearly unchanged from a year ago.



PADDs 4 & 5 stocks decreased -0.1 million barrels last week, with the level 2.3X the prior high for the period.

Emerging Trends Midwest stocks saw a large draw last week, partially offset by the build in the Gulf region. Much above normal temperatures through mid month in key heating markets should lead to below average demand and stock draws. Look for continued price weakness on record carry out stocks and production.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

March 11, 2015

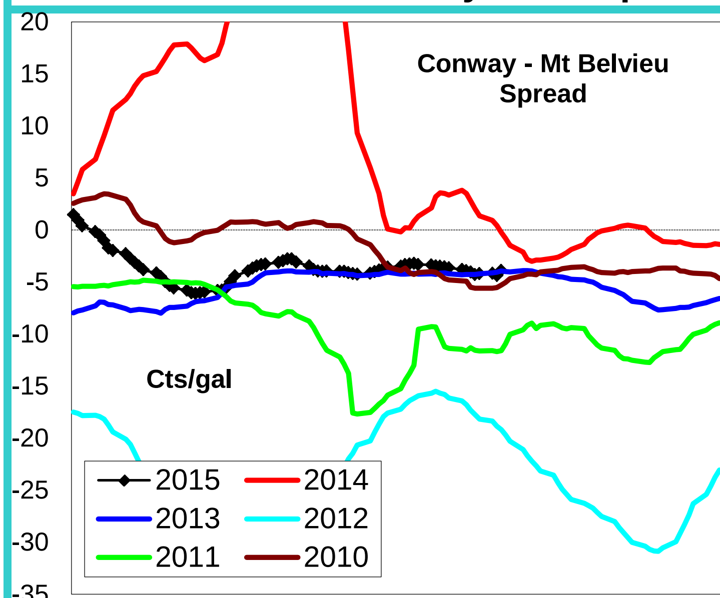
Fundamental Trends for the Week Ending: Friday, March 06, 2015

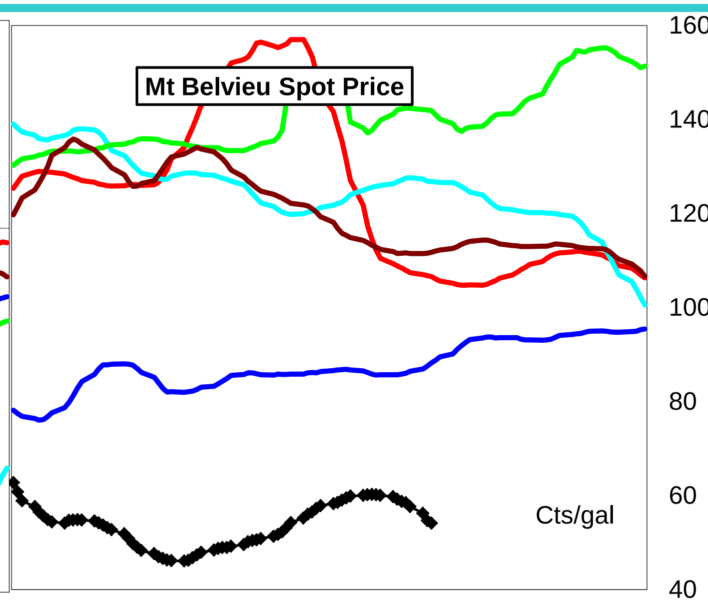
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	53,744	1,381	14,346	35,841	2,176	-1,326	-262	-2,465	1,521	-120
Propylene Stocks	4,515					56				
Production	1,511	173	317	845	176	17	32	-3	-1	-11
Imports	130	68	51	6	5	-58	-7	-50	-1	0
Whsle Demand	1,324					-447				

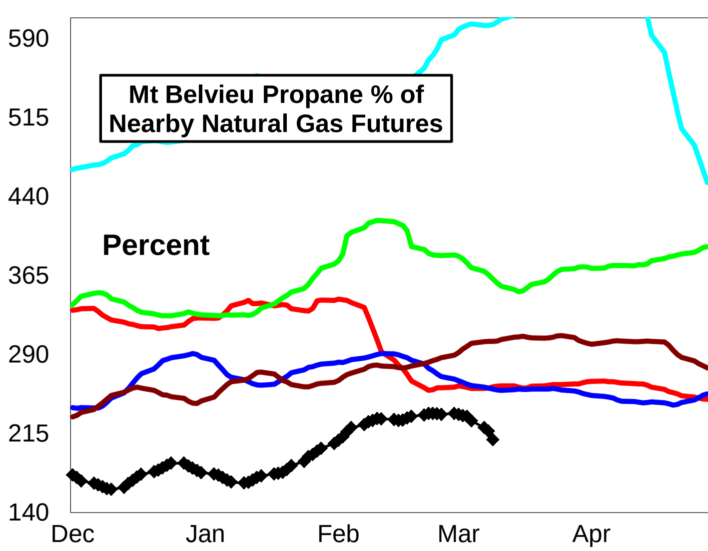
Price Trends for the Week Ending: Wednesday, February 18, 2015

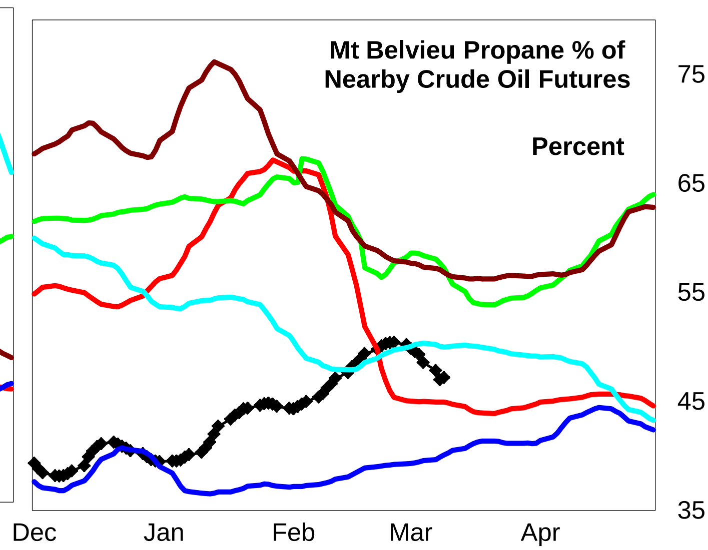
Cents/gal	Average for week ending:				Change from:			% change from:		
	2/18/15	2/11/15	1/21/15	2/21/14	2/11/15	1/21/15	2/21/14	2/11/15	1/21/15	2/21/14
Mont Belvieu Spot	56.2	61.0	54.7	108.0	-4.73	6.23	-53.31	-7.8	11.4	-49.3
Conway Spot	52.1	56.8	50.7	109.8	-4.75	6.08	-59.08	-8.4	12.0	-53.8

Key Price Spreads and Differentials

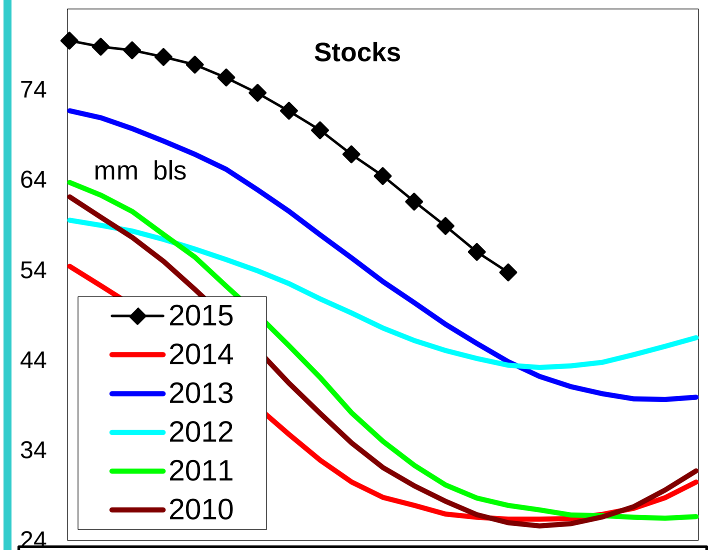


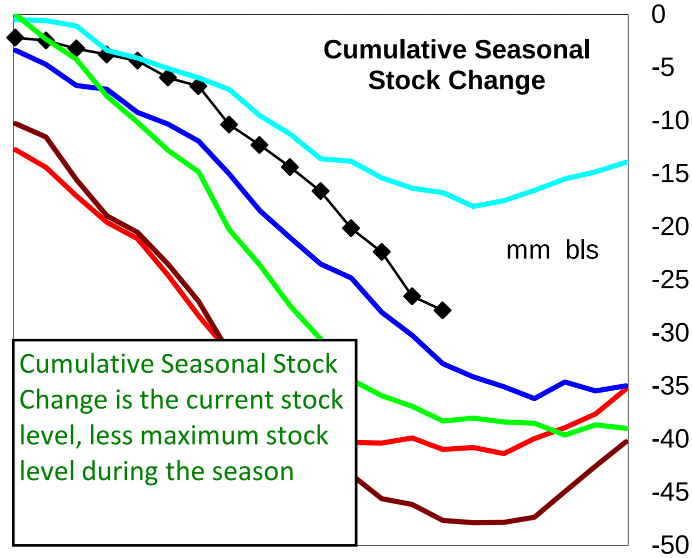


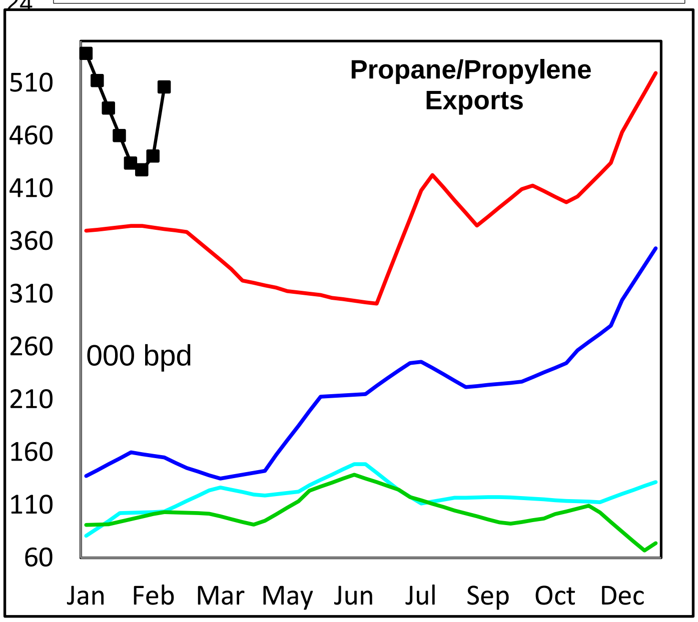


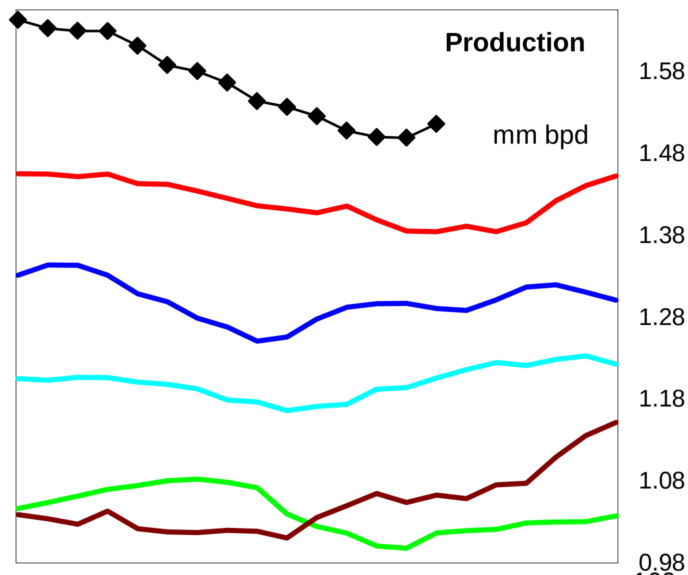


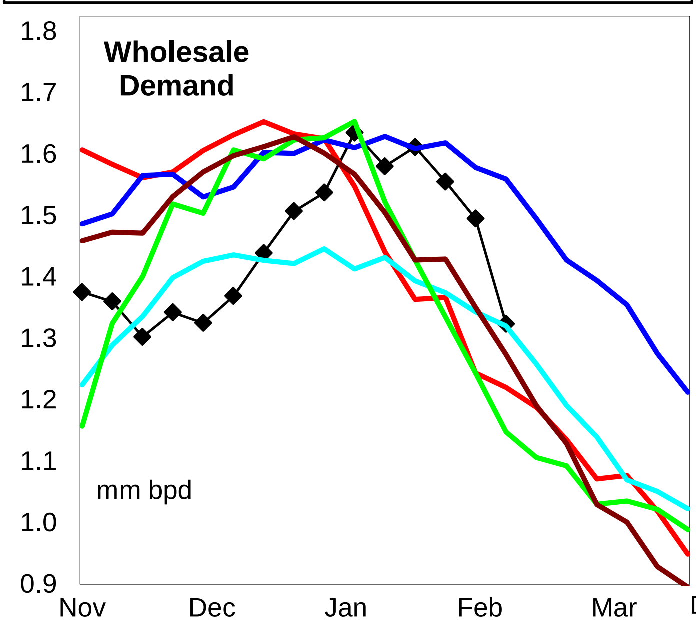
U. S. Propane Supply and Demand Balance

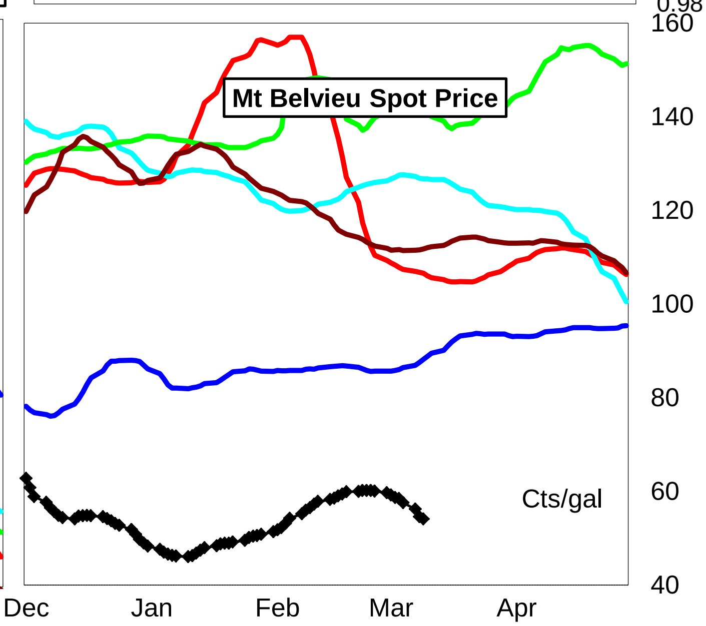






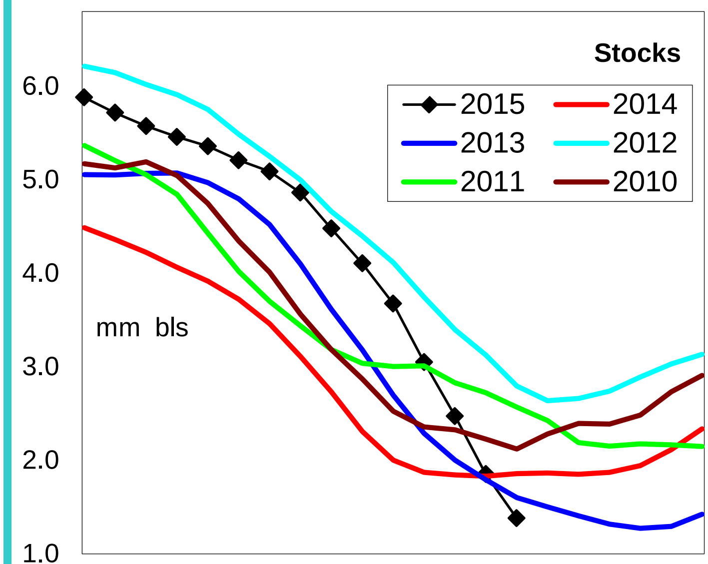


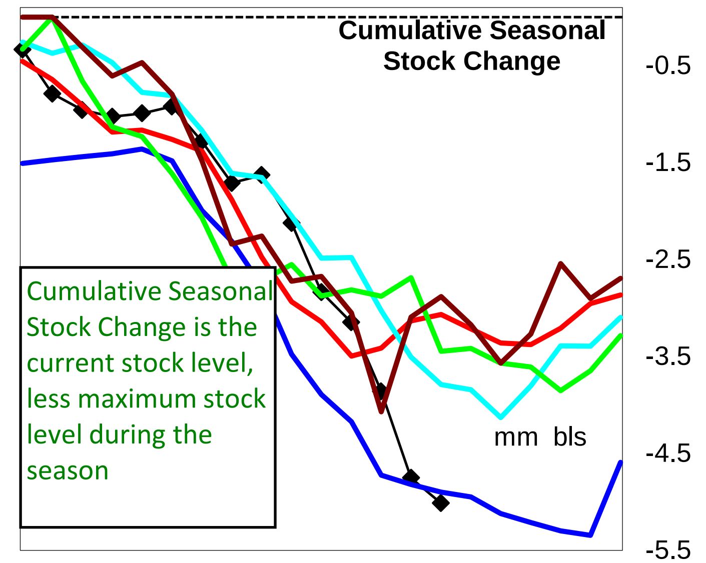


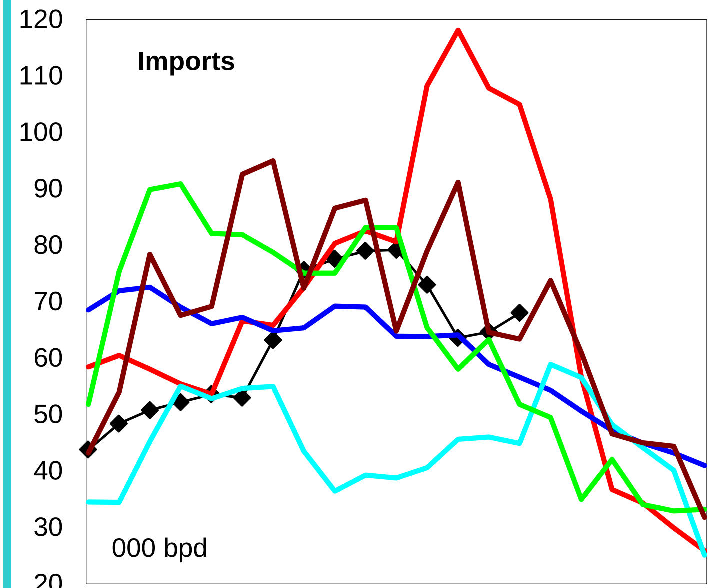


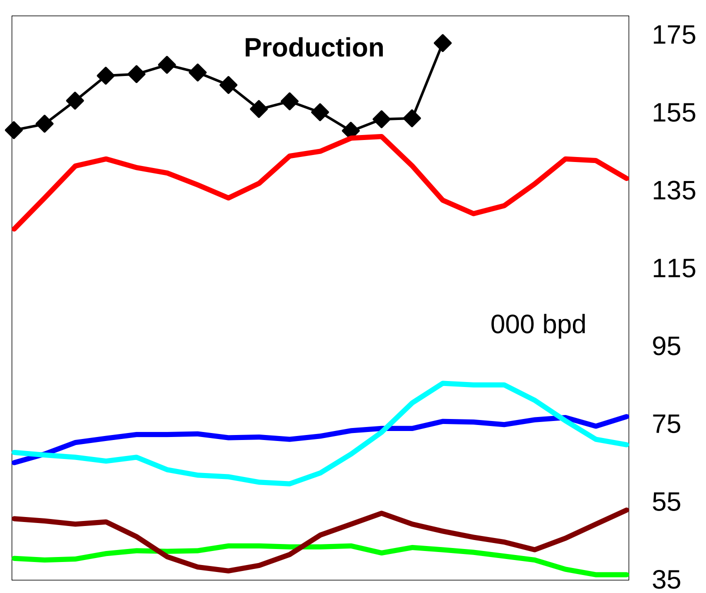
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jan	Dec	Nov
000 bpd (000 bls stks)	27,685	13,098	107	-71		260	-178	-182	-84
% change	106.2	-32	7.7	-34.0		20.2	-10.5	-11.9	-5.9

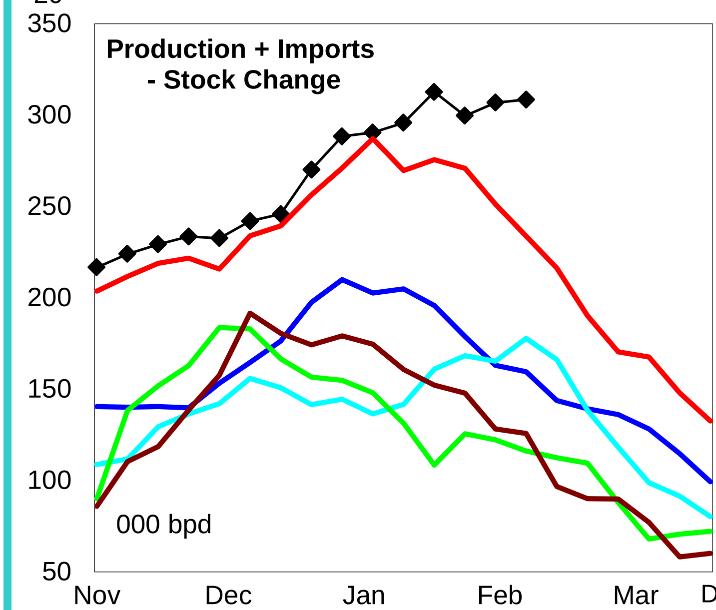
PADD 1 Propane Supply and Demand Balance

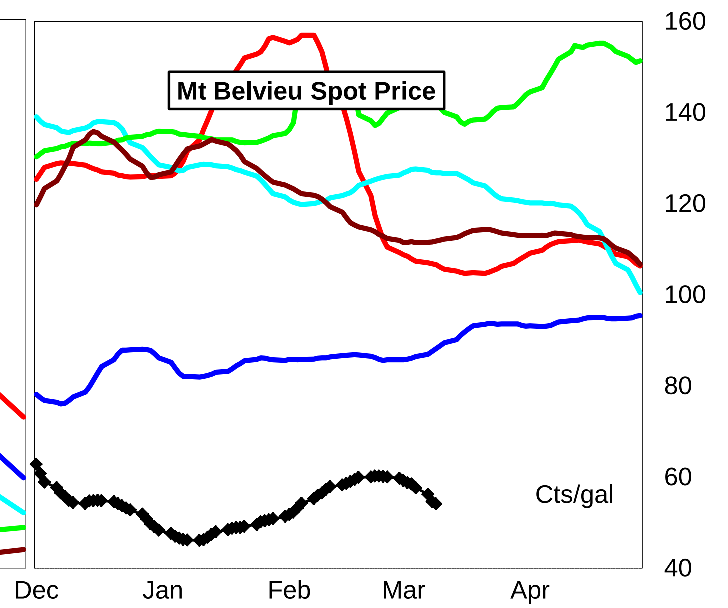












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-648	-1,947	11	-62	49
% change	-31.9	63.5	7.4	-49.7	19.0

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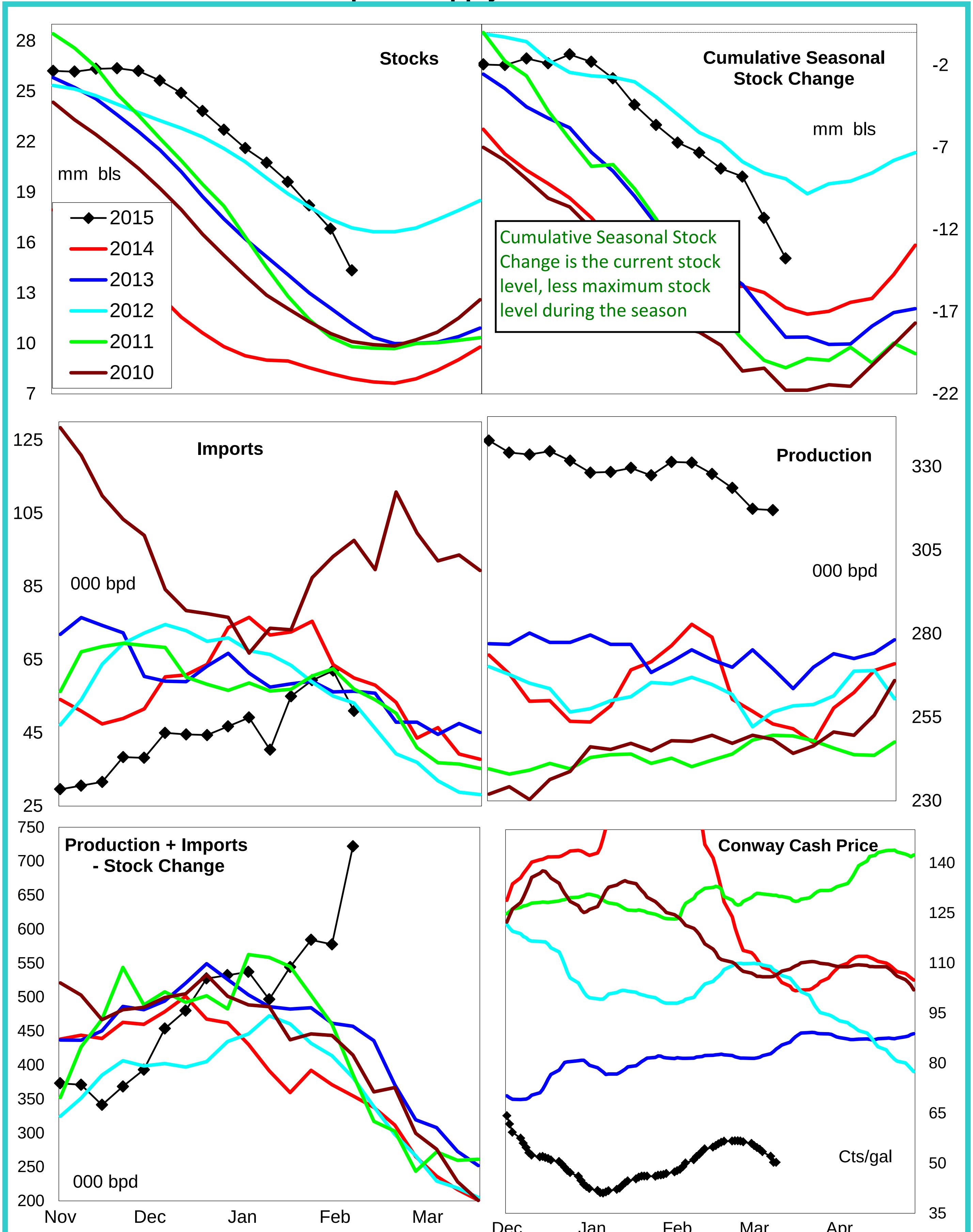
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	6,759	3,005	64	-9	238
% change	89.1	-17.9	24.8	-13.3	64.3

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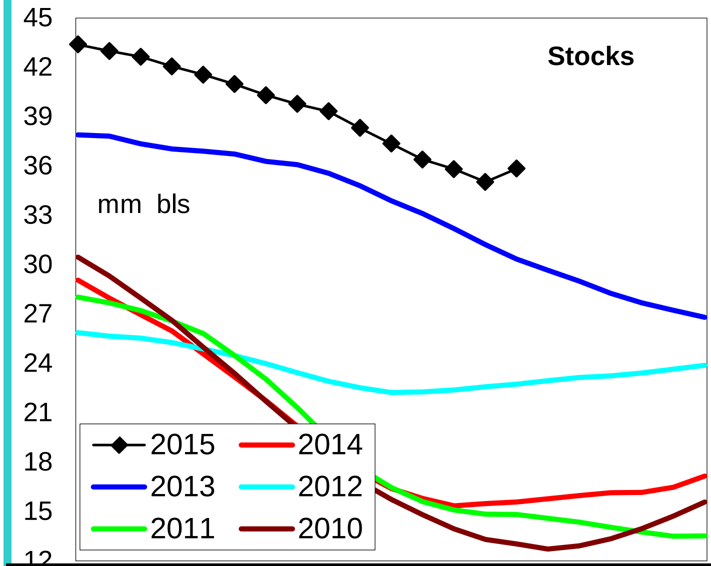
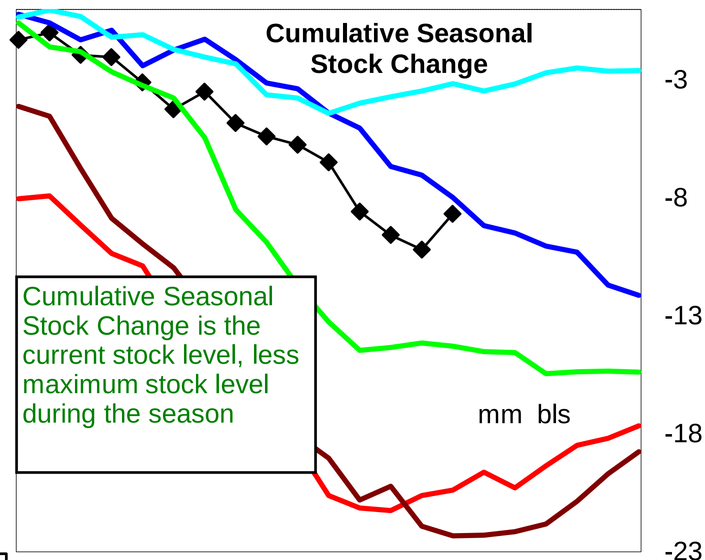
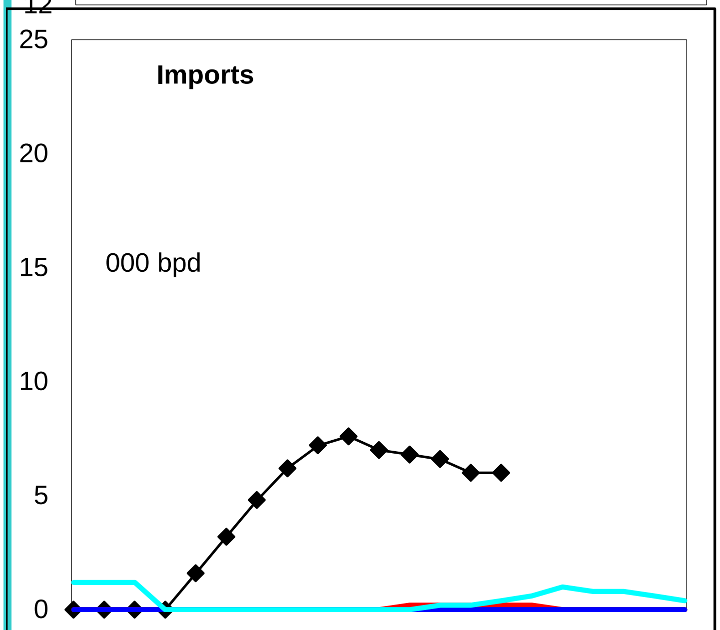
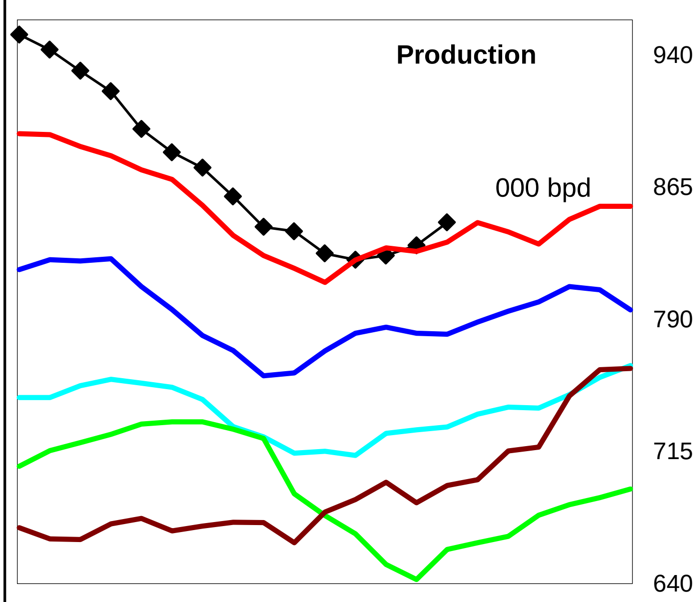
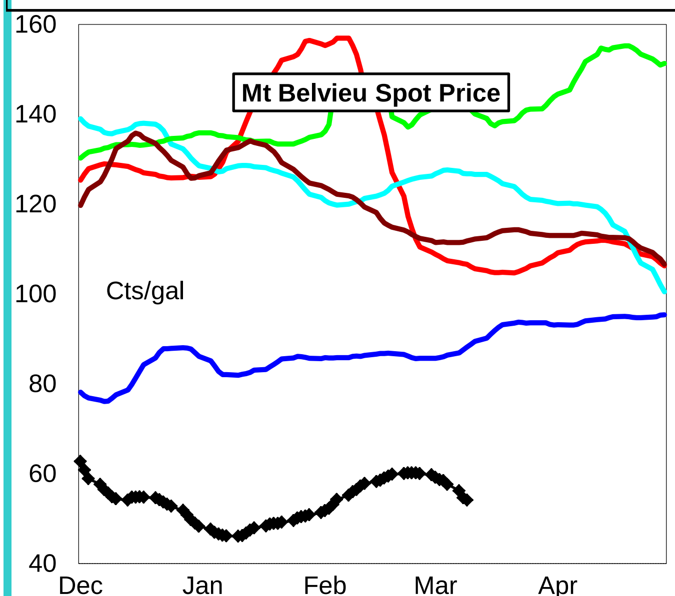
PADD 3 Propane Supply and Demand Balance

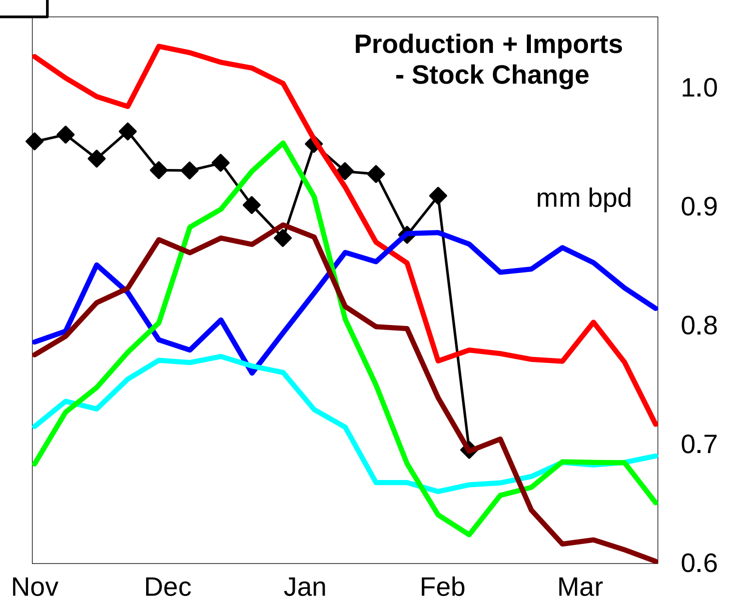






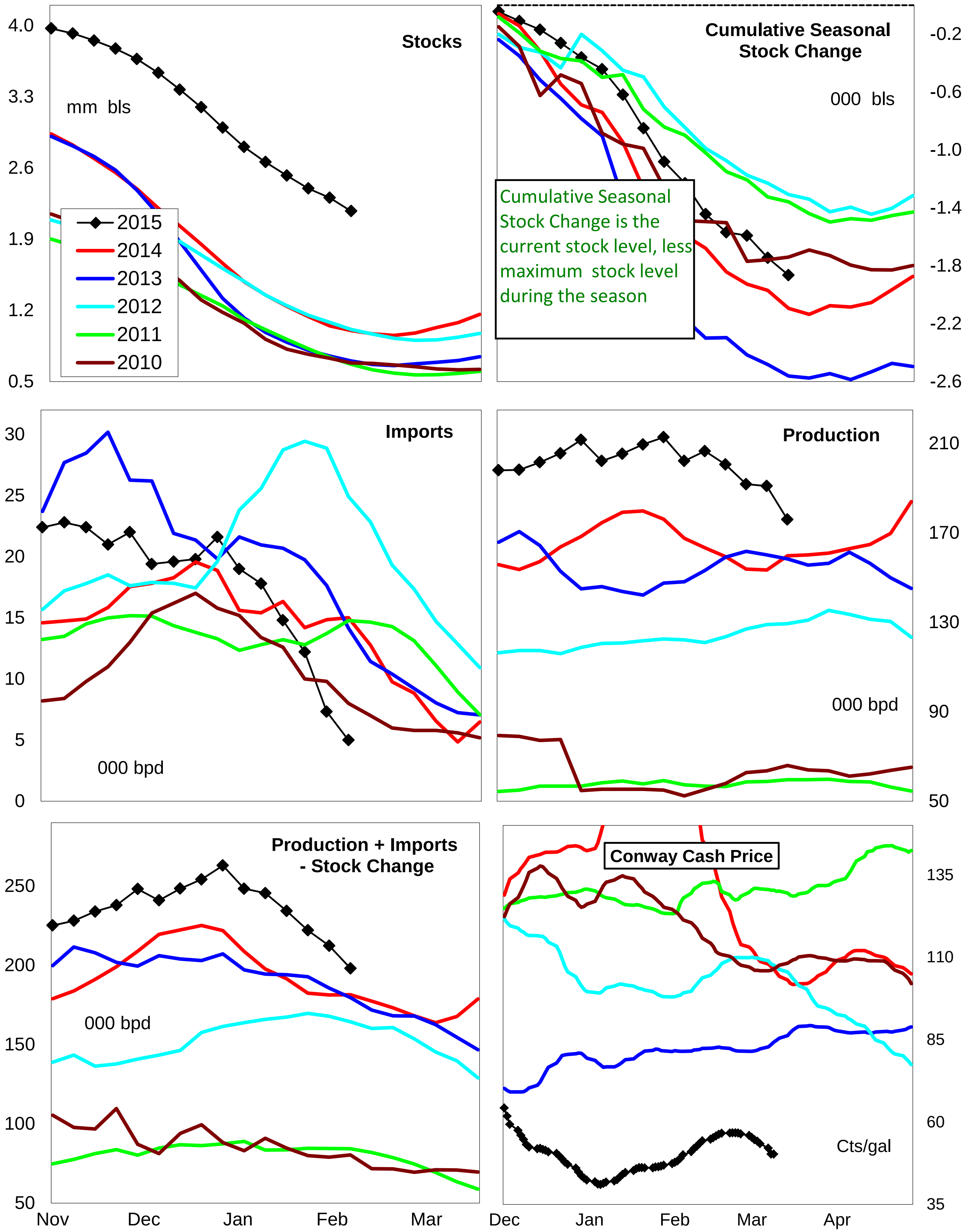






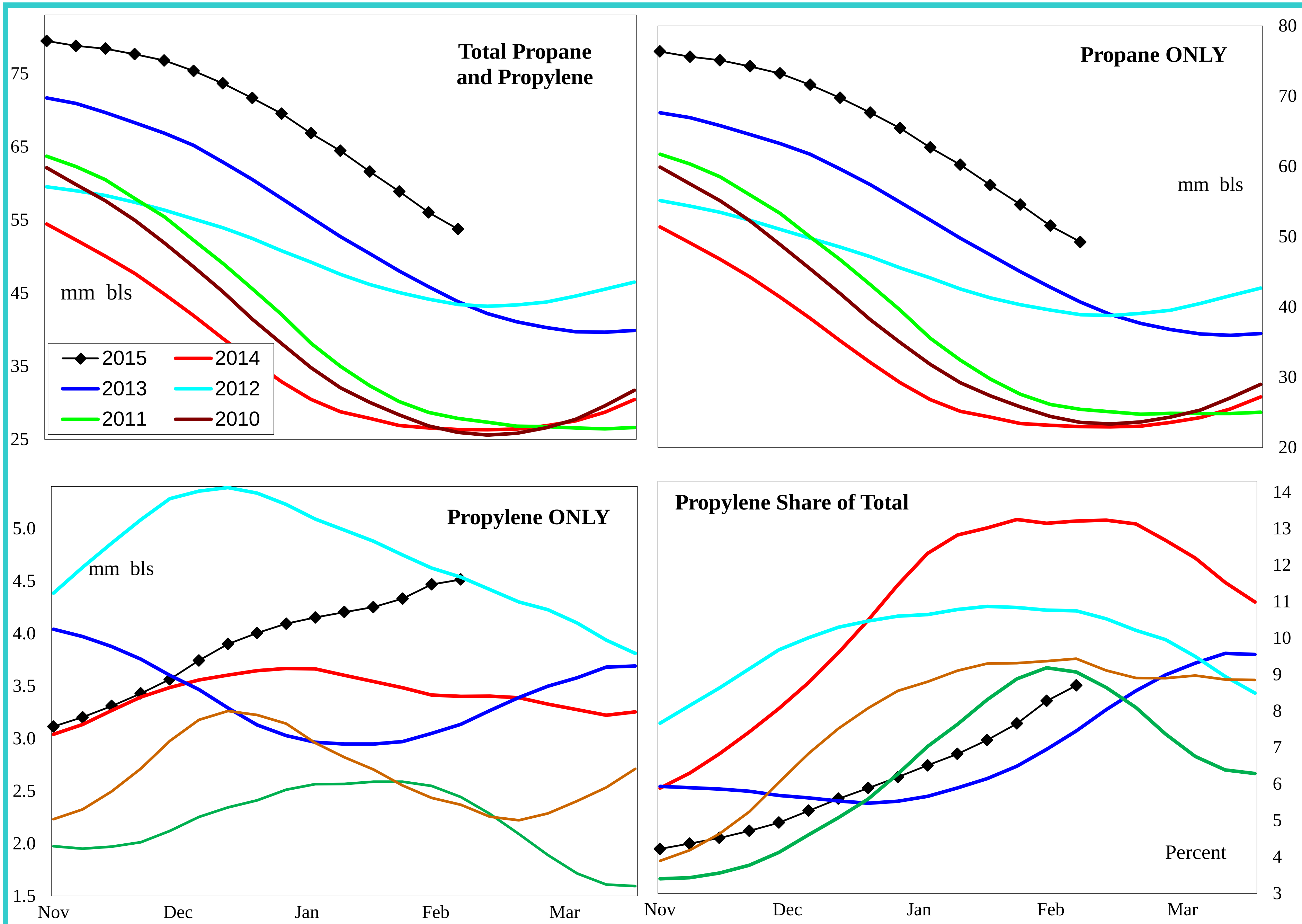
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	20,346	11,709	-3	7	34
% change	131.3	-57	-0.3	2,700.0	3.9

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)	1,228	229	36	-6	33
% change	129.5	-10.9	23.4	-40.1	17.7

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	27,685	26,628	1,112
% change	106.2	117.8	32.7

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