FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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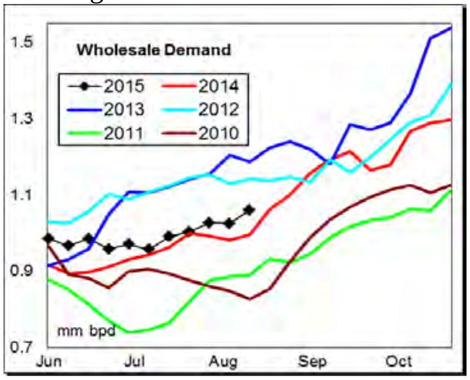
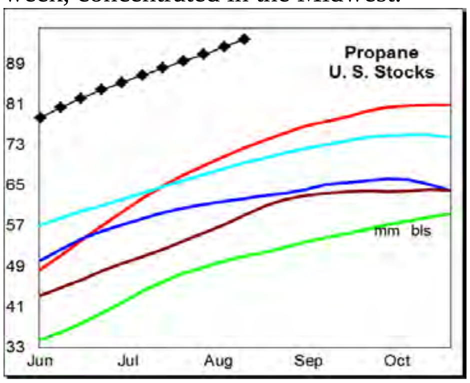
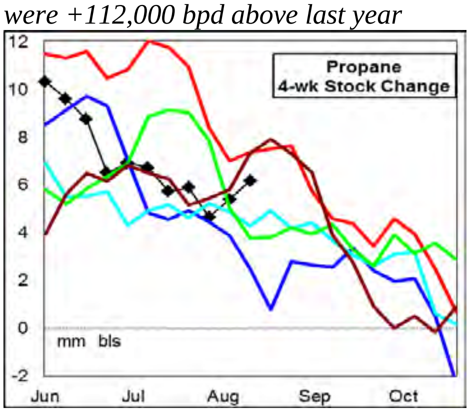
Summary[1]:
Wholesale demand increased +153,000 bpd last week, to a level below the 3-yr mid range.



Production decreased -31,000 bpd last week, concentrated in the Midwest.



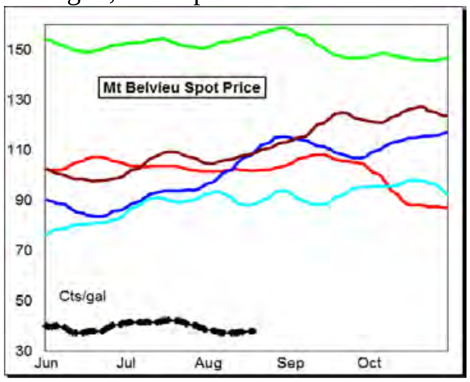
Exports for the week ending 31Jul15 were +112,000 bpd above last year



Stocks increased +1.1 million barrels on the week, concentrated in the Gulf Region. The cumulative seasonal stock build of +40 million barrels compares to a year ago build +47 million barrels.

The rate of stock build was +6.2 million barrels during the latest 4-wk period, compared to +7.3 million barrels last year, the result of higher exports.

Price and Spreads Mt Belvieu spot price increased +1 cpg last week ending 18Aug15, with up a similar amount.



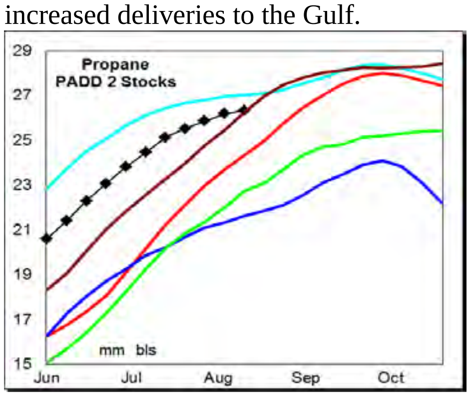
The Conway – Mt Belvieu price spread traded sideways on the week, ending at a level below the last 2-yrs.

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

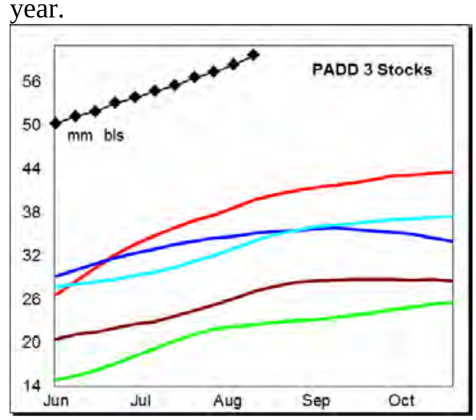
The propane / crude oil price spread trended higher last week, ending at a level near historic lows for the period.

PADD 1 stocks were unchanged on the week, ending at a level near the 5-yr mid range. Production decreased -5,000 bpd on the week; with supply for the latest 4-wk period +45,000 bpd above last year.

PADD 2 supply fell -67,000 bpd last week, on lower production and imports. Production for the latest week matched year ago levels, with the latest 4-wk period +33,000 bpd above last year (+11%). Stocks increased +0.2 million barrels on the week, continuing a trend of much lower rate of stock building compared to a year ago – due to increased deliveries to the Gulf.



PAD 3 stocks increased +0.6 million barrels on the week, due in part to increased receipts from the Midwest. Stock levels ended the week +49% above the prior 5-yr high, driven by receipts from adjacent producing regions. Supplies for the latest 4-wk period were +40,000 bpd above last year.



PADDs 4 & 5 stocks increased +0.2 million barrels on the week, to a level +0.8 million barrels above last year, and a record high. Imports jumped last week to a new record high of 23,000 bpd; 2X year ago levels.

Emerging Trends The rate of stock building has increased compared to last year, with a +6.2 million barrel build in the last month compared to +7.3 million barrels a year ago. Higher production and some slowing of exports accounts for this improvement.

The rate of stock building in the Midwest has seen a significant slow down – likely driven by increased deliveries to the gulf and stock building by the downstream supply chain ahead of fall grain harvest.

Look for a continued slow rate of stock building in the Midwest for the balance of the 3rd quarter which should provide support to wholesale prices.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

August 19, 2015

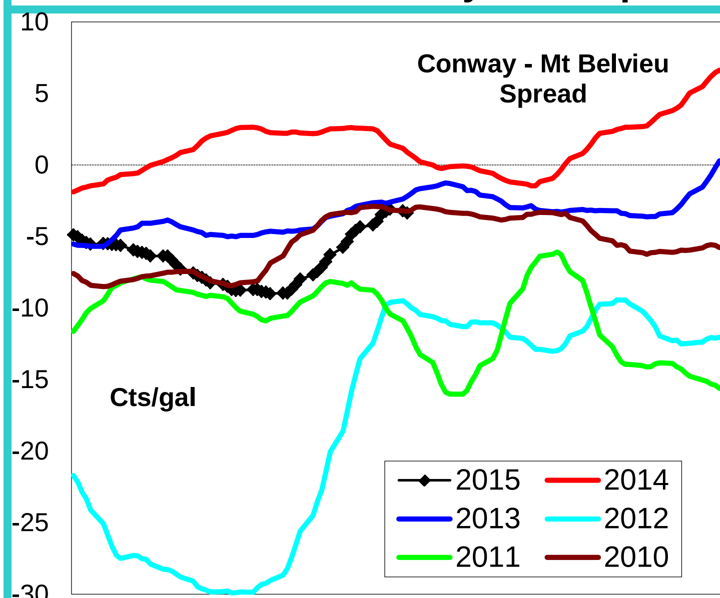
Fundamental Trends for the Week Ending: Friday, August 14, 2015

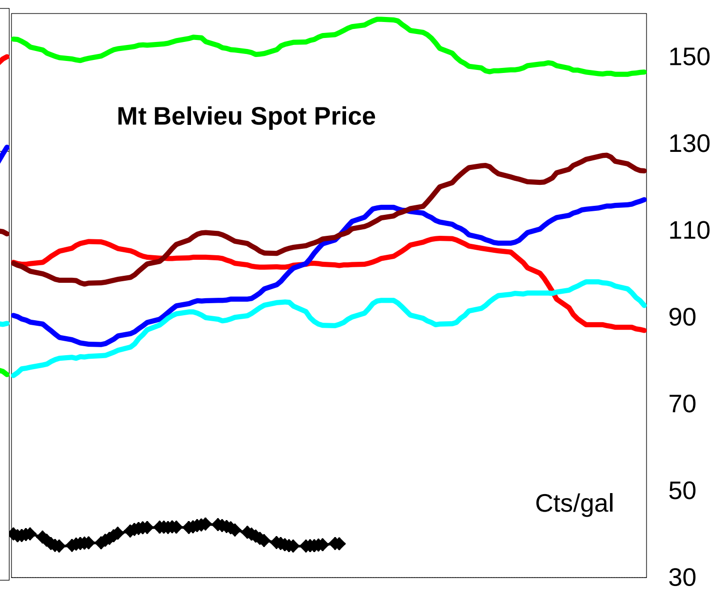
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	93,866	4,294	26,327	59,671	3,574	1,074	24	248	636	166
Propylene Stocks	4,528					-152				
Production	1,620	181	317	962	160	-31	-5	-45	12	7
Imports	90	27	40	0	23	-8	5	-22	0	9
Whsle Demand	1,010					153				

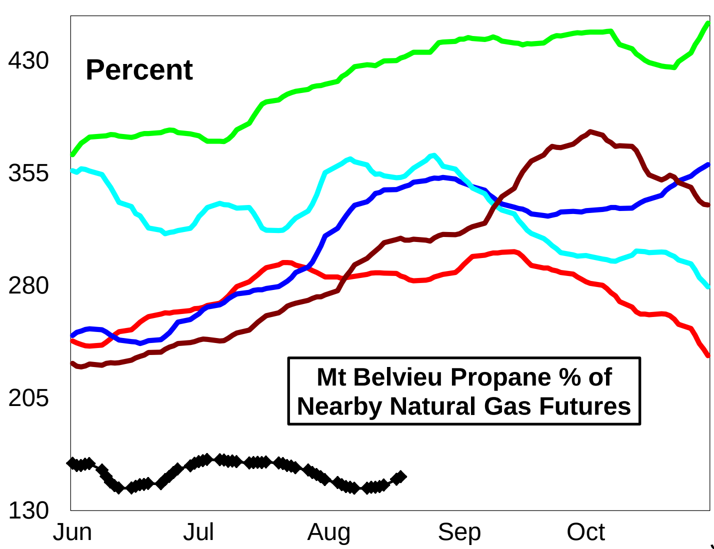
Price Trends for the Week Ending: Wednesday, August 19, 2015

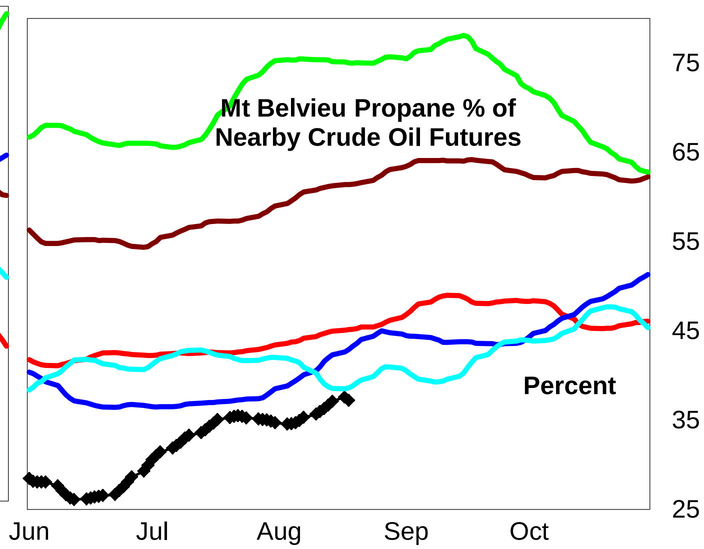
Cents/gal	Average for week ending:				Change from:			% change from:		
	8/19/15	8/12/15	7/22/15	8/21/14	8/12/15	7/22/15	8/21/14	8/12/15	7/22/15	8/21/14
Mont Belvieu Spot	37.6	37.2	42.5	102.2	0.38	-5.37	-59.68	1.0	-12.6	-58.4
Conway Spot	34.5	32.9	33.5	104.4	1.60	-0.61	-70.95	4.9	-1.8	-68.0

Key Price Spreads and Differentials

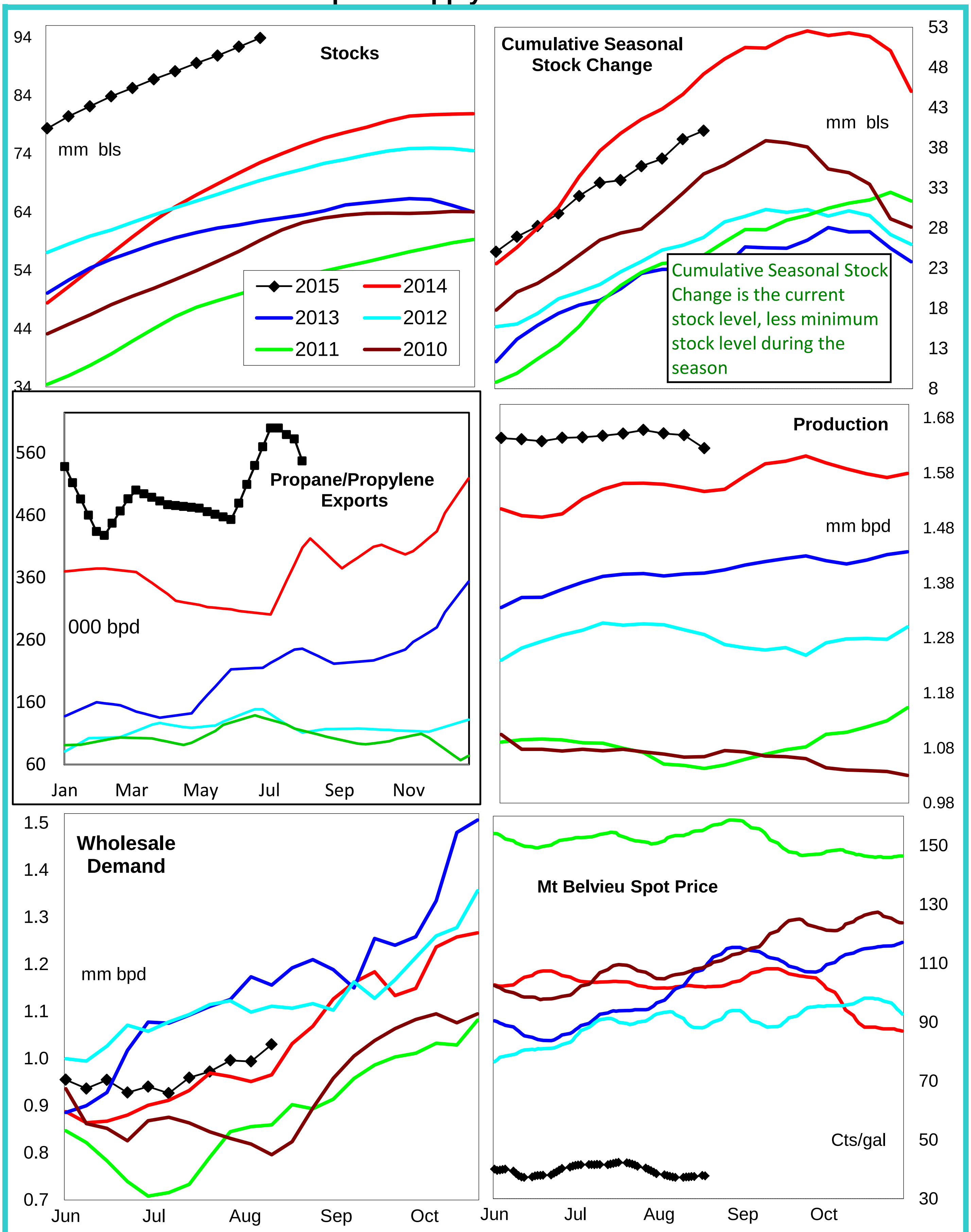








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jul	Jun	May
000 bpd (000 bls stks)	21,036	-7,050	99	10		27	13	43	37
% change	28.9	-15	6.4	14.4		2.9	1.4	4.6	4.8

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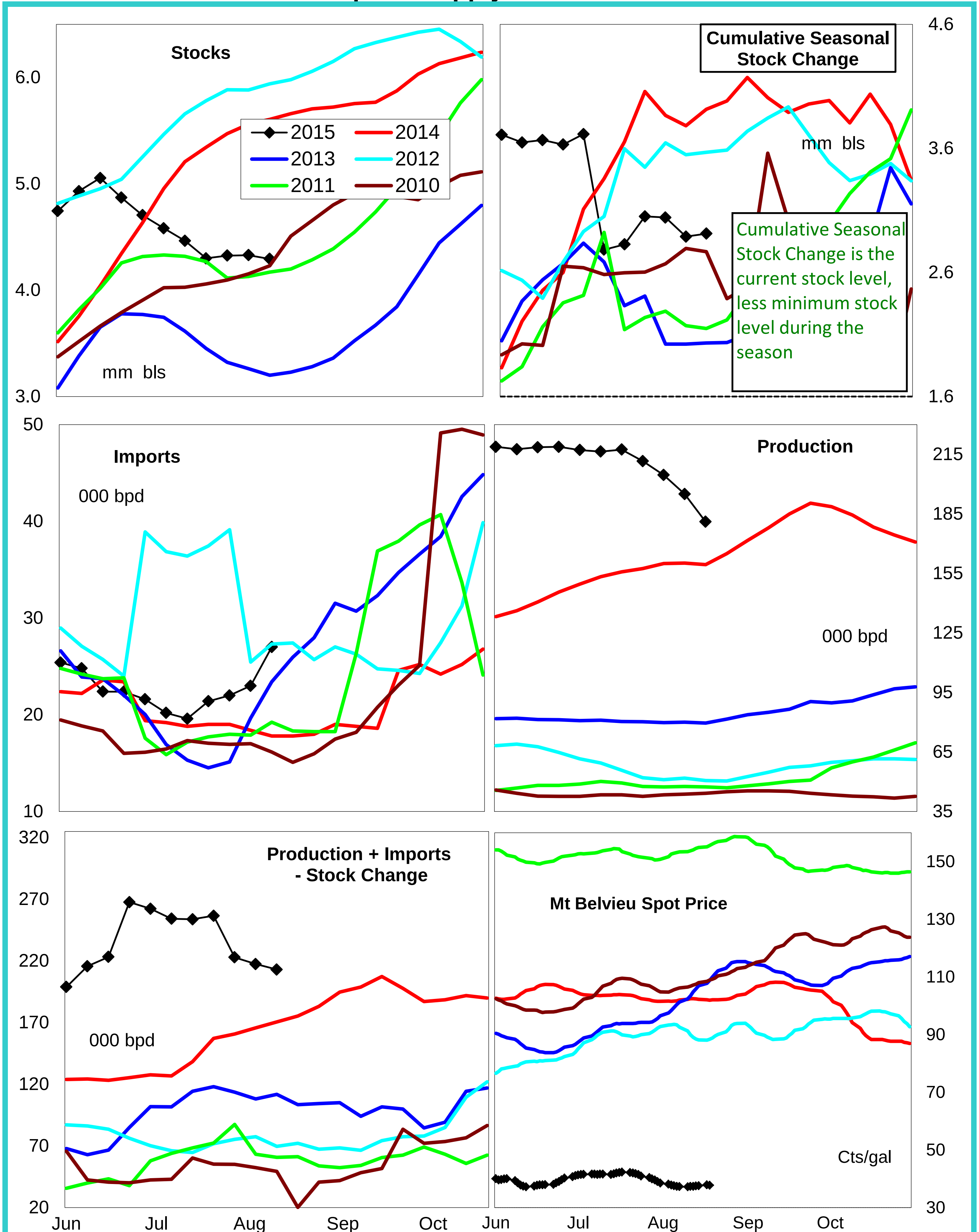
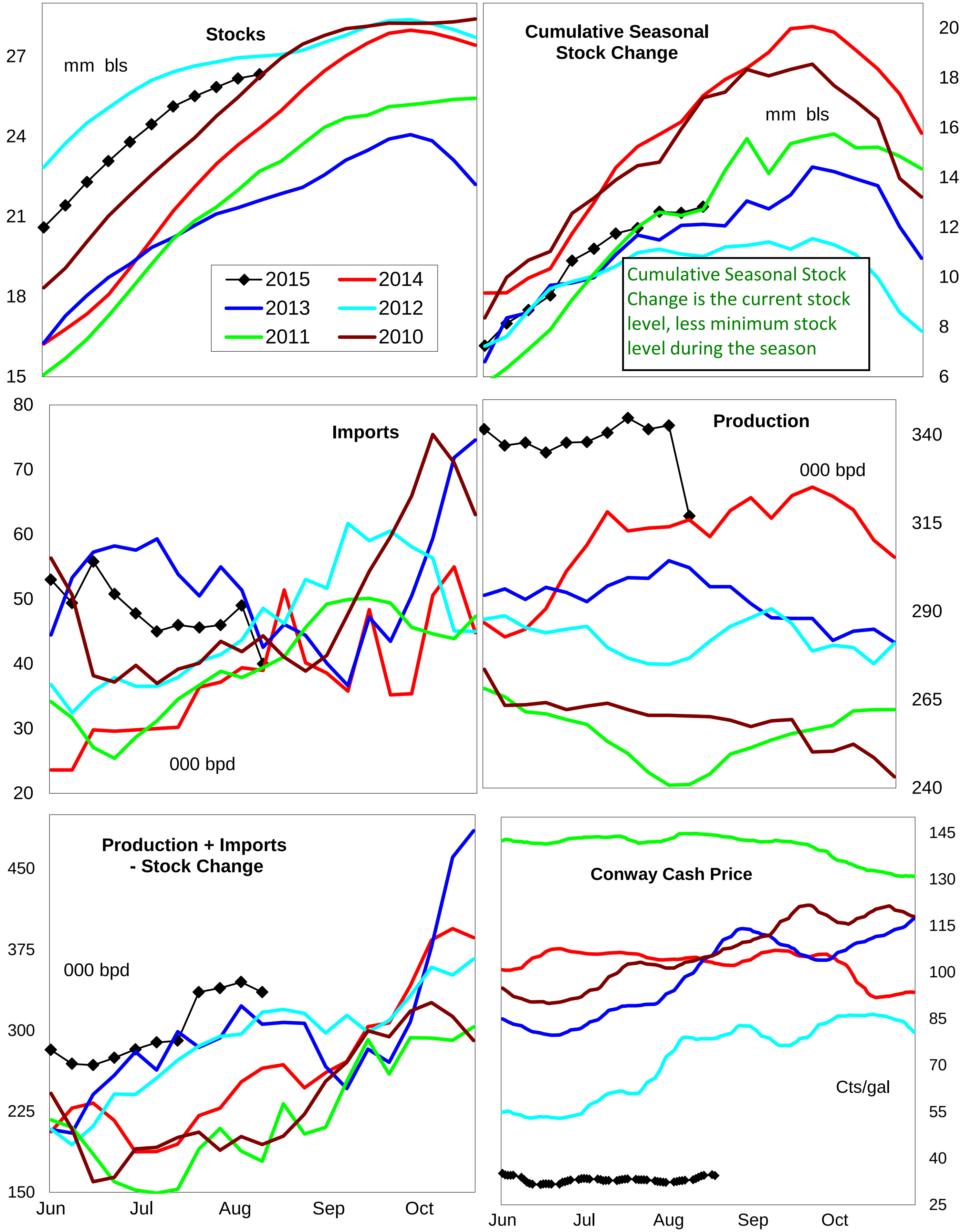
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-1,303	-1,002	41	4	64
% change	-23.3	-25.6	25.3	21.9	39.1

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)	1,843	-4,460	33	4	97
% change	7.5	-25.8	10.6	9.8	40.2

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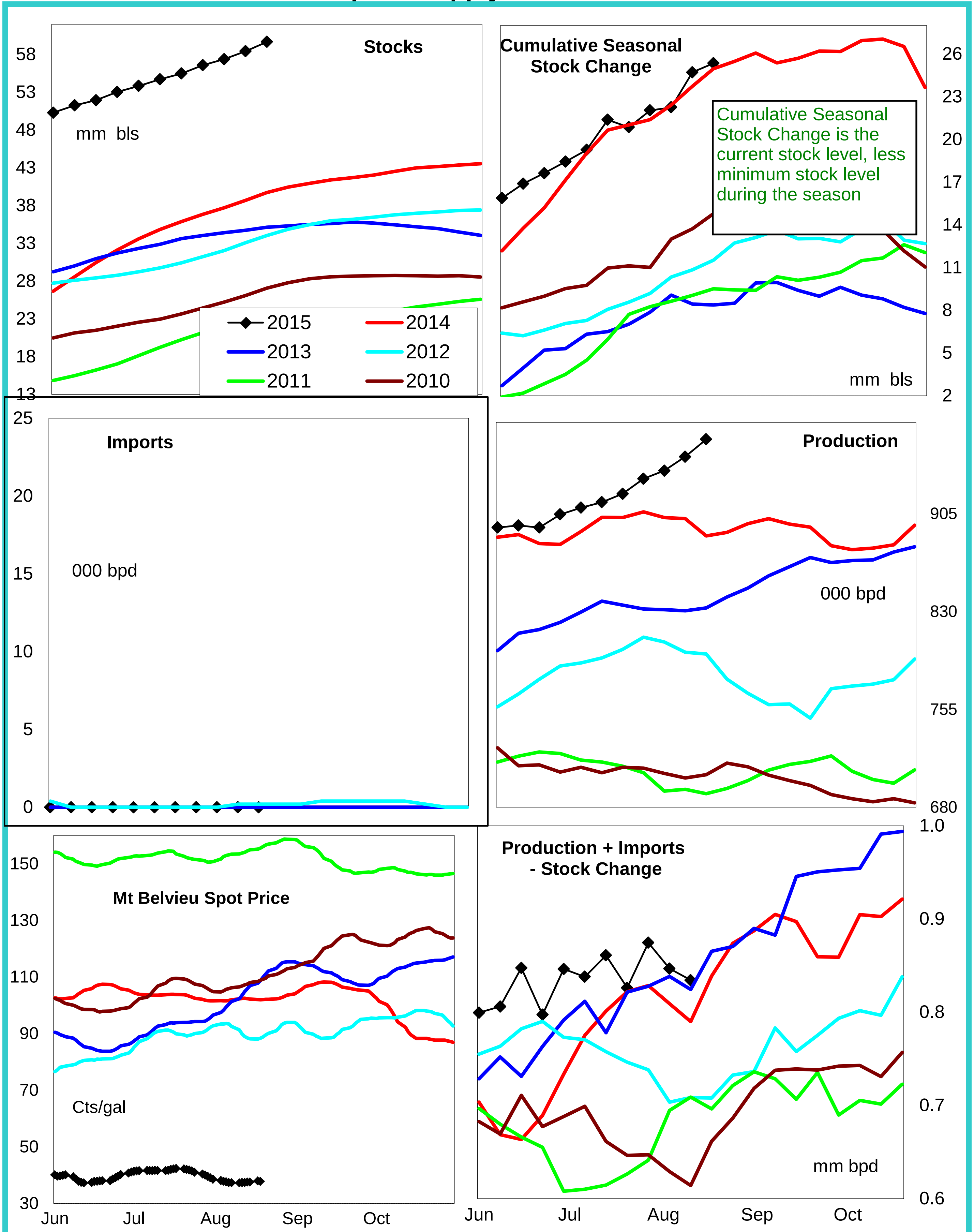
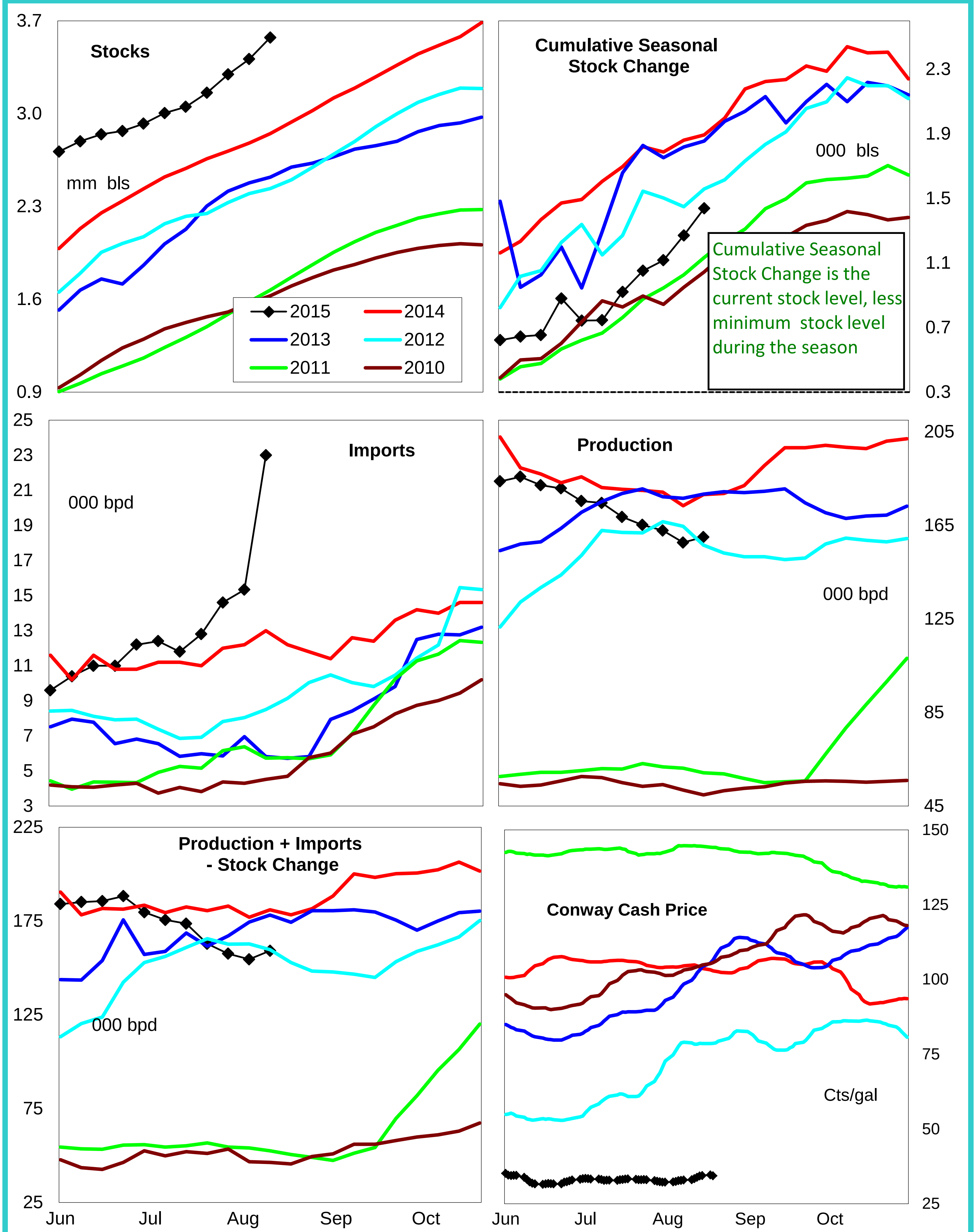
PADD 3 Propane Supply and Demand Balance



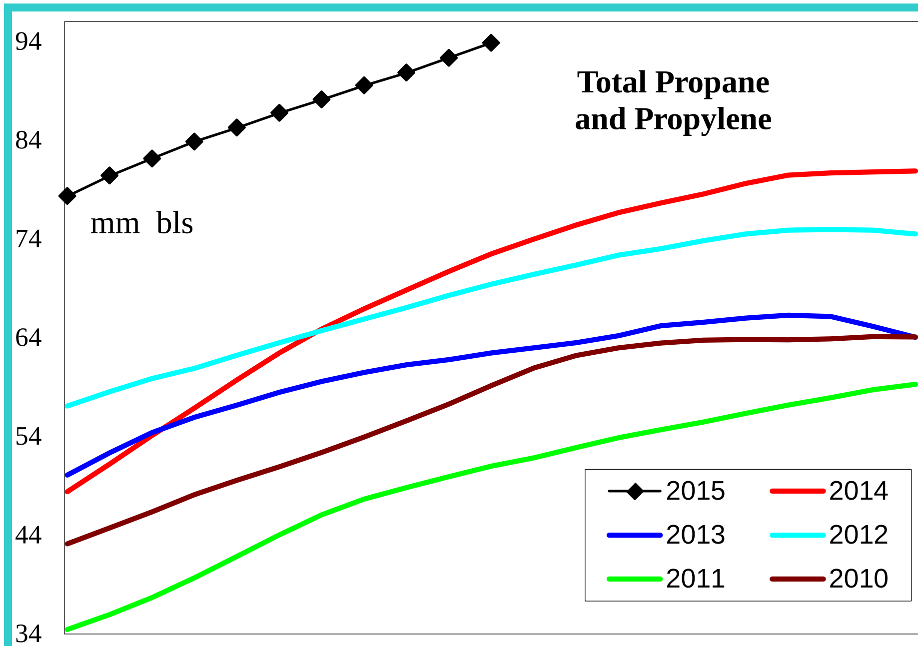
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	19,723	381	40	0	33
% change	49.4	2	4.4	#DIV/0!	4.3

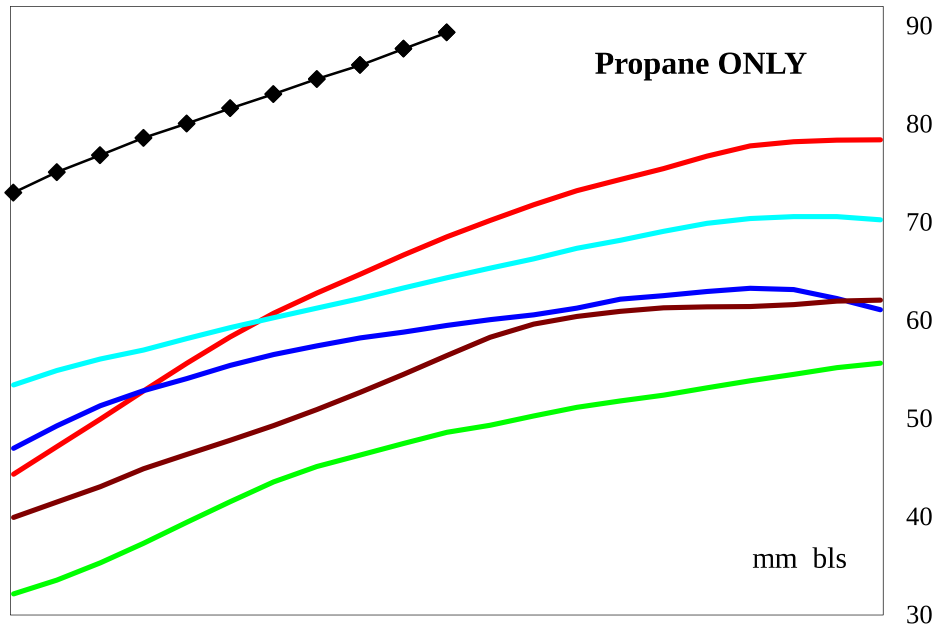
PADDs 4 and 5 Propane Supply and Demand Balance

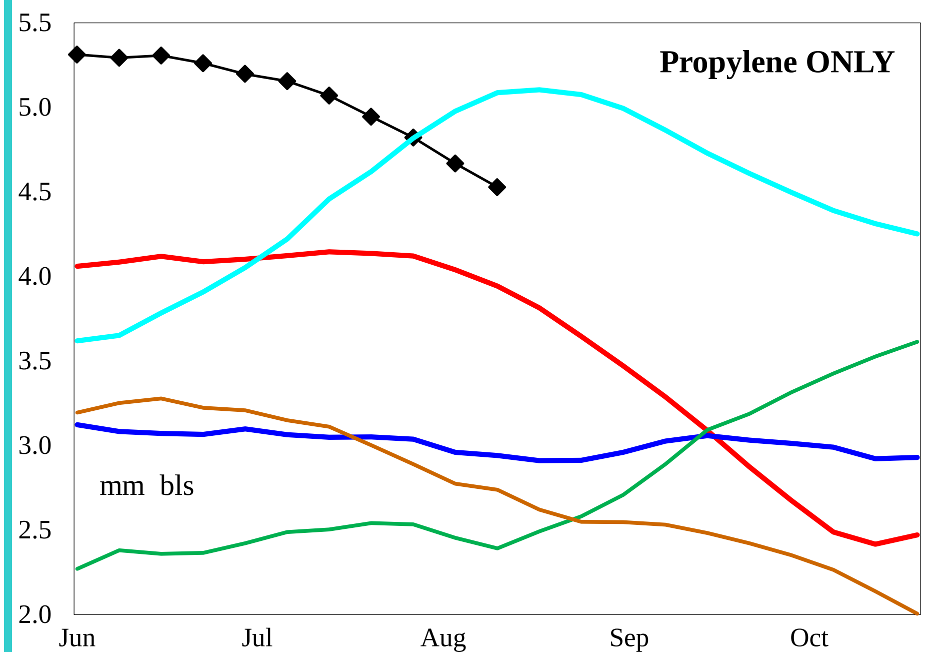


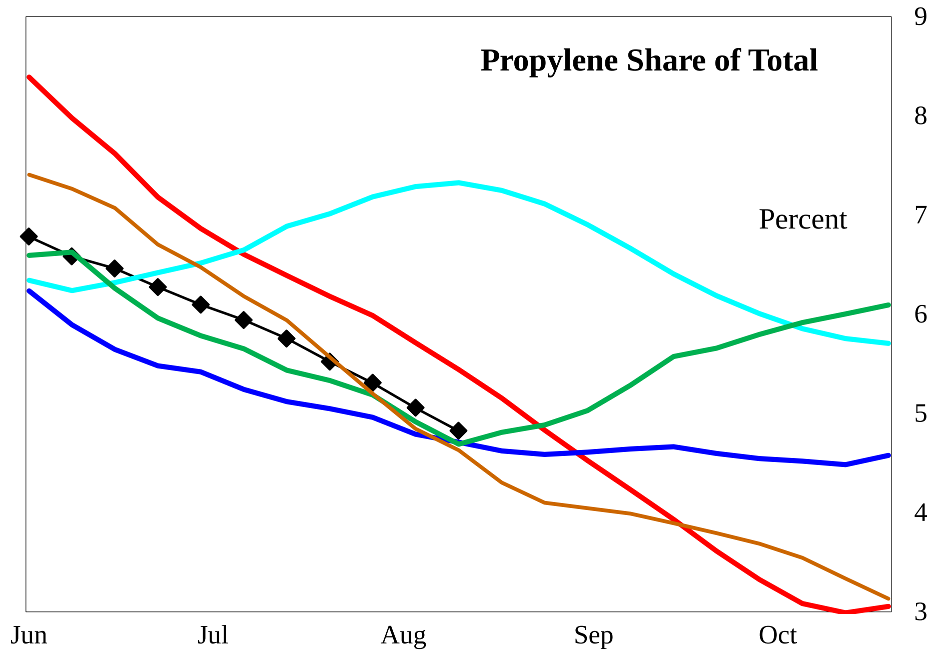
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	774	-456	-14	2	-22
% change	27.6	-24.1	-7.8	18.8	-12.1

U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**21,036**	**20,500**	**584**
% change	**28.9**	**29.8**	**14.8**

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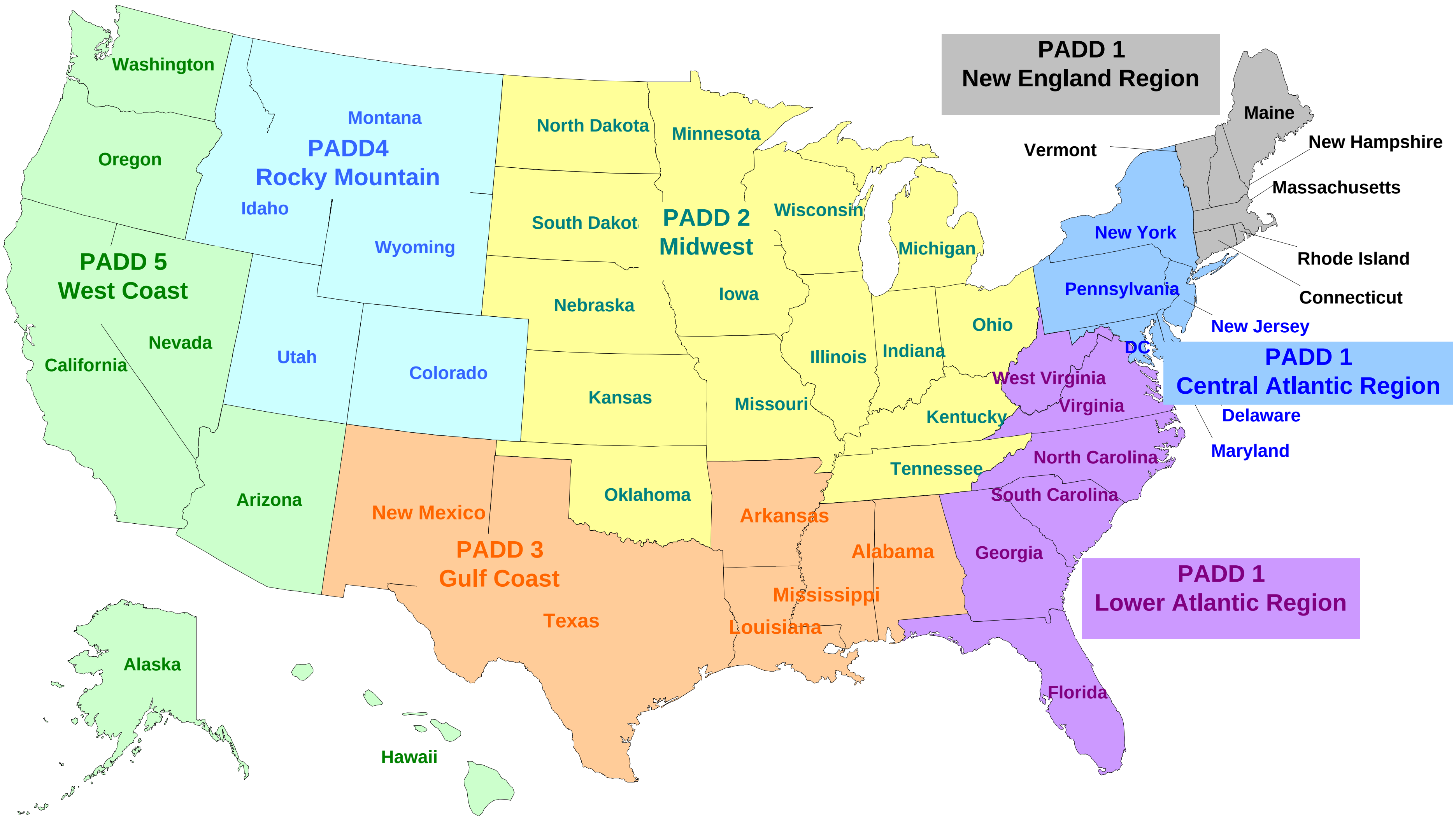
U. S. Petroleum Administrative for Defense Districts (PADDs)



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