FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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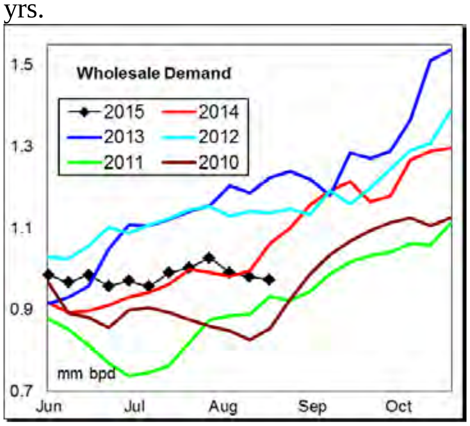
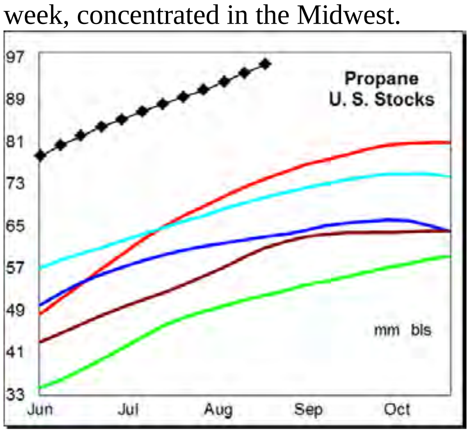
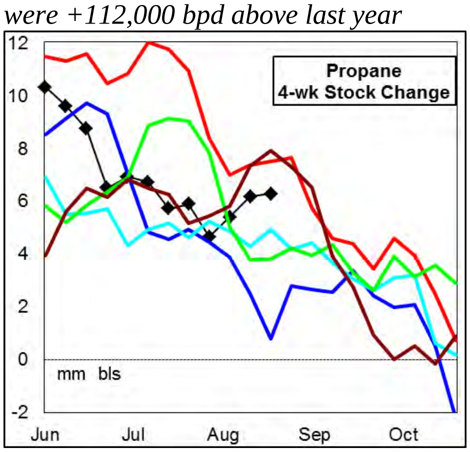
Summary[1]:
Wholesale demand decreased -87,000 bpd last week, to a level below the last 3-yrs.



Production increased +10,000 bpd last week, concentrated in the Midwest.



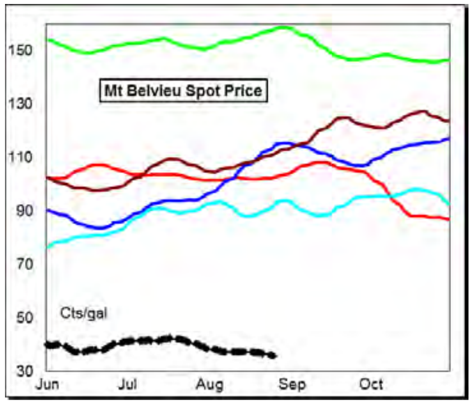
Exports for the week ending 31Jul15 were +112,000 bpd above last year



Stocks increased +1.9 million barrels on the week, concentrated in the Gulf Region. The cumulative seasonal stock build of +42 million barrels compares to a year ago build +49 million barrels.

The rate of stock build was +6.3 million barrels during the latest 4-wk period, compared to +7.5 million barrels last year, the result of higher exports.

Price and Spreads Mt Belvieu spot price decreased -2 cpg last week ending 24Aug15, with Conway down a similar amount.

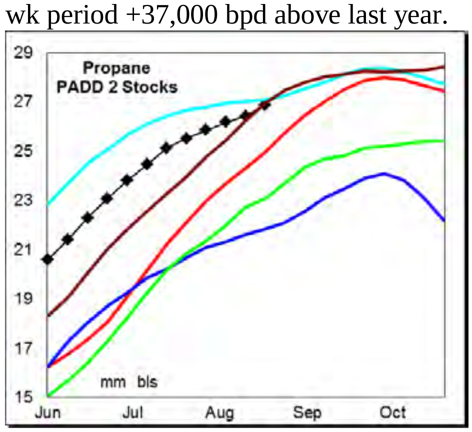


The Conway – Mt Belvieu price spread traded sideways on the week, ending at a level below the last 2-yrs.

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

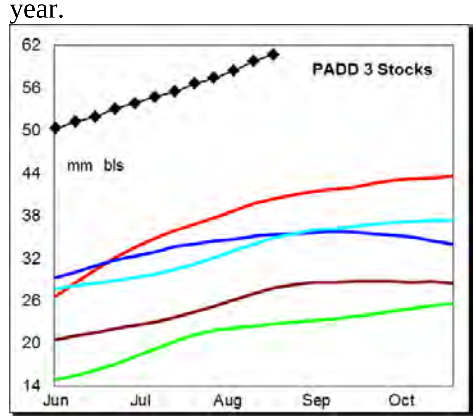
The propane / crude oil price spread trended lower late last week, ending at a level just below historic lows for the period.

PADD 1 stocks were unchanged on the week, ending at a level near the 5-yr mid range. Production increased +3,000 bpd on the week; with supply for the latest 4-wk period +37,000 bpd above last year.



PADD 2 supply increased +24,000 bpd last week, on higher production. Production for the latest week was a record high, with the latest 4-wk period +27,000 bpd above last year (+9%). Stocks increased +0.6 million barrels on the week, continuing a trend of below average stock building compared to a year ago – due to increased deliveries to the Gulf and lower imports.

PAD 3 stocks increased +1 million barrels on the week, due in part to increased receipts from the Midwest. Stock levels ended the week +48% above the prior 5-yr high, driven by receipts from adjacent producing regions. Supplies for the latest 4-wk period were +57,000 bpd above last year.



PADDs 4 & 5 stocks increased +0.3 million barrels on the week, to a level +0.9 million barrels above last year, and a new record high.

Emerging Trends Wholesale demand has recently dropped below a year ago and below each of the last 3-yrs, contributing to last weeks' stock build of +1.9 million barrels.

A slowdown in production and deliveries from the West region has lifted stock levels in that area to +32% above last year and a new record high.

All regional markets, except the East Region, are extremely over supplied with stock levels at or above 5-yr highs for this time of year.

Propane prices have been largely unchanged during the last 60-days, while crude oil and product prices have collapsed – pointing to a 'bottom' in the propane market.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

August 26, 2015

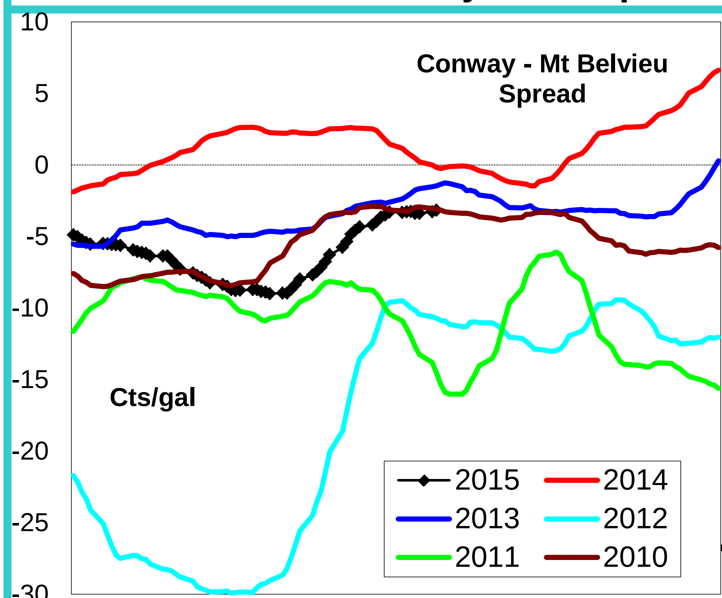
Fundamental Trends for the Week Ending: Friday, August 21, 2015

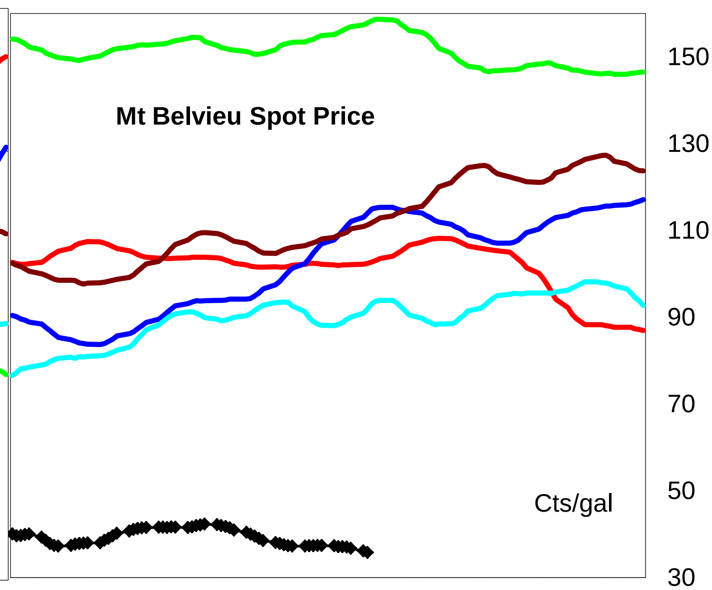
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	95,724	4,314	26,884	60,684	3,842	1,858	20	557	1,013	268
Propylene Stocks	4,524					-4				
Production	1,630	184	349	948	149	10	3	32	-14	-11
Imports	63	21	32	0	10	-27	-6	-8	0	-13
Whsle Demand	923					-87				

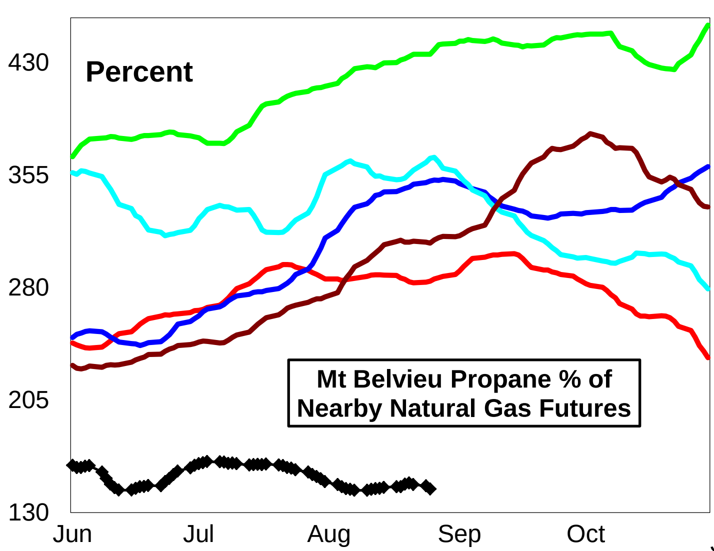
Price Trends for the Week Ending: Tuesday, August 25, 2015

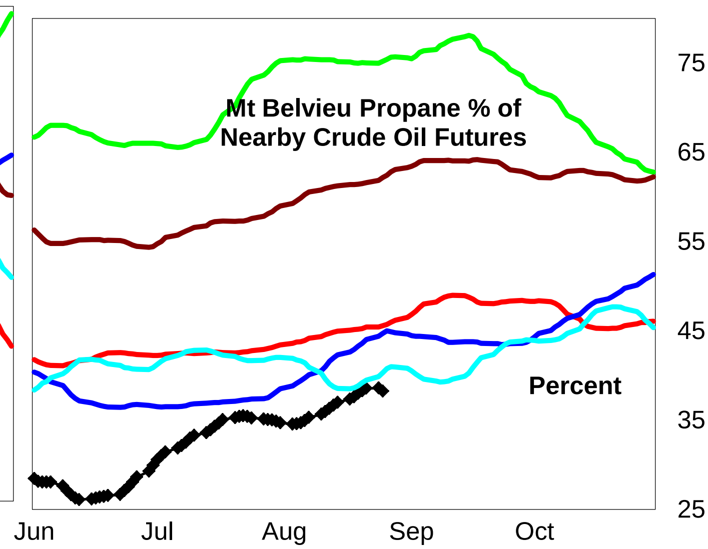
Cents/gal	Average for week ending:				Change from:			% change from:		
	8/25/15	8/18/15	7/28/15	8/27/14	8/18/15	7/28/15	8/27/14	8/18/15	7/28/15	8/27/14
Mont Belvieu Spot	36.7	37.6	41.5	101.7	-0.84	-3.90	-60.28	-2.2	-9.4	-59.3
Conway Spot	33.3	34.5	32.6	101.0	-1.13	1.88	-68.41	-3.3	5.8	-67.7

Key Price Spreads and Differentials

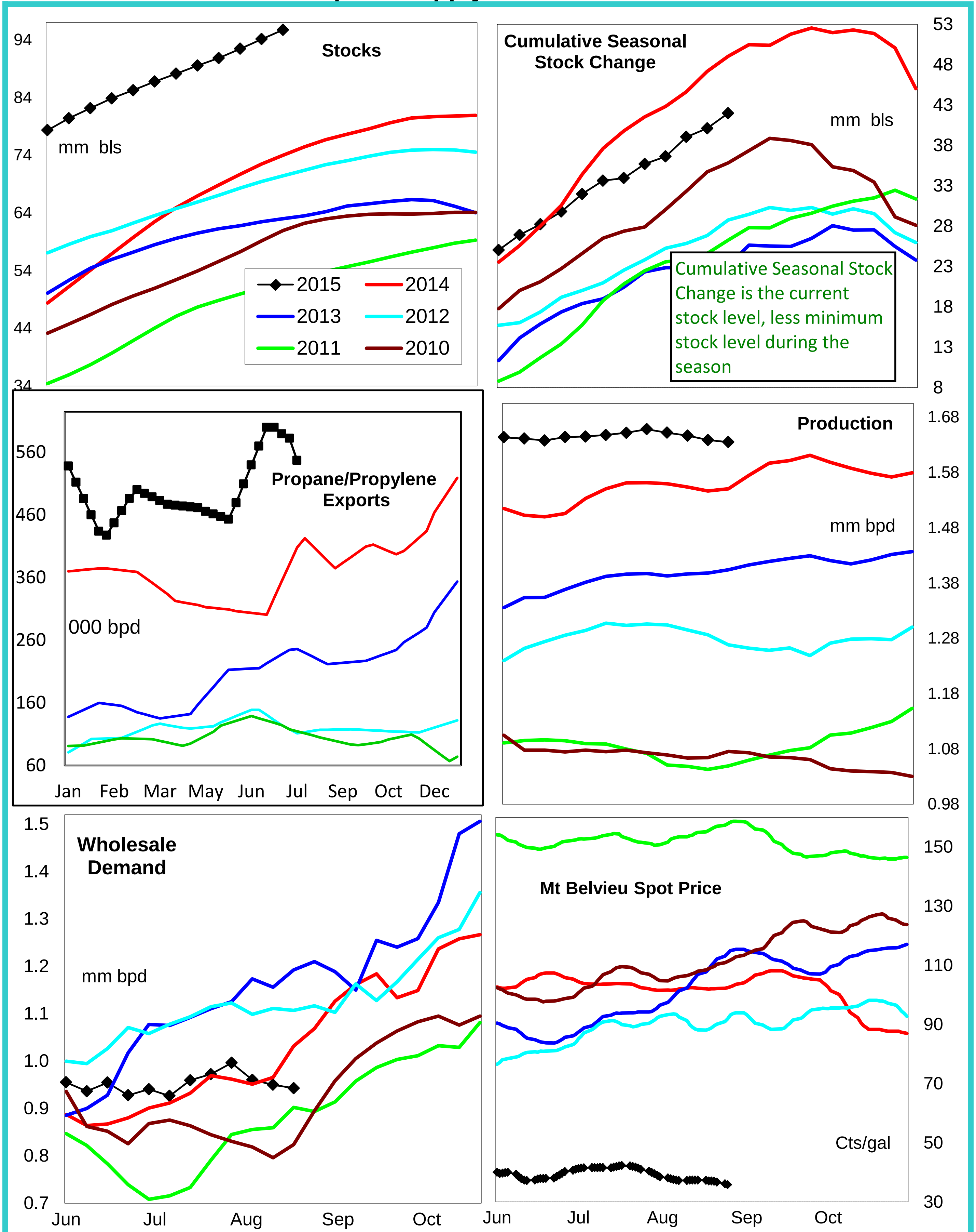








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jul	Jun	May
000 bpd (000 bls stks)	21,015	-7,071	99	8		34	13	43	37
% change	28.1	-14	6.4	10.2		3.6	1.4	4.6	4.8

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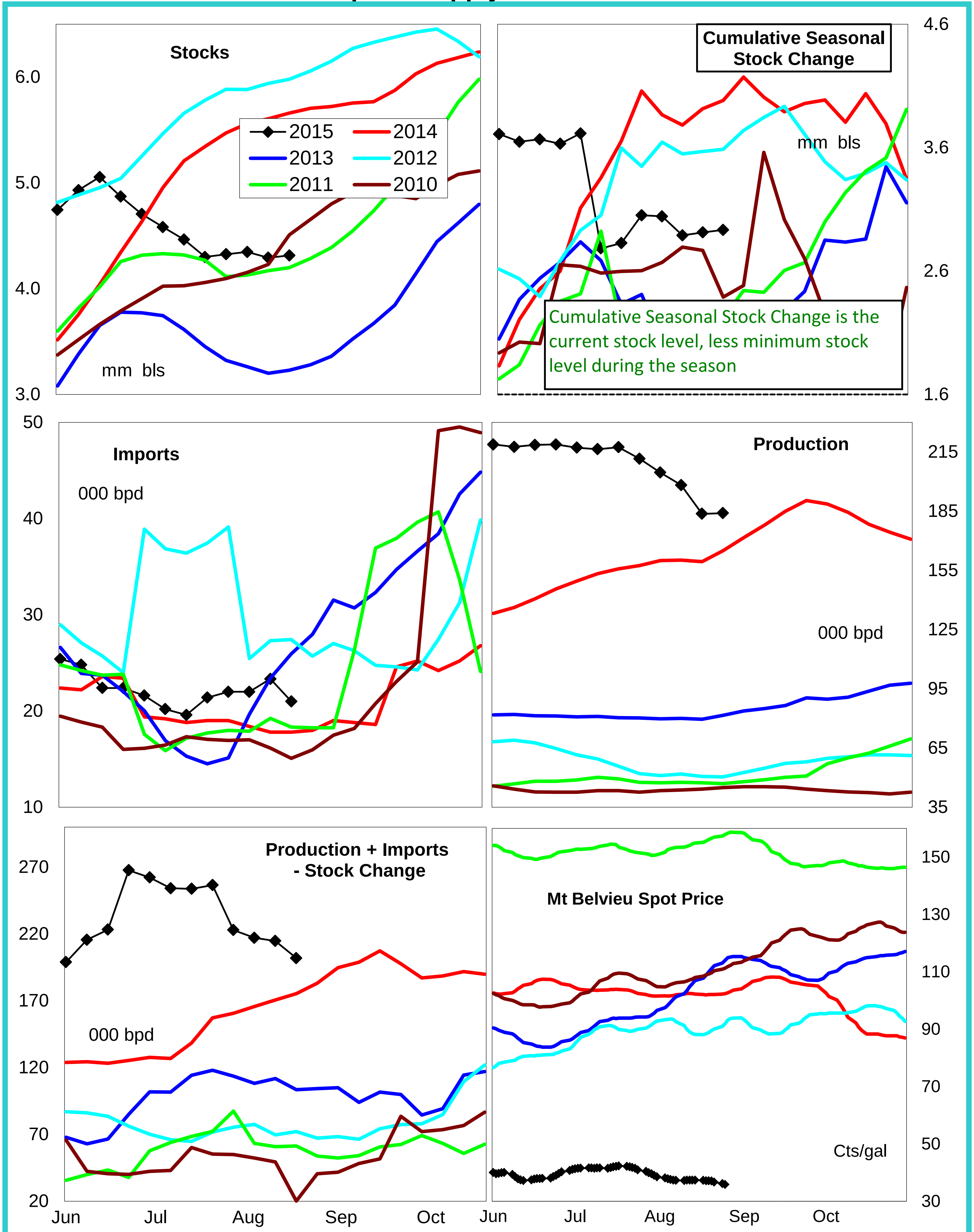
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-1,387	-1,049	33	4	46
% change	-24.3	-26.3	20.7	23.3	27.4

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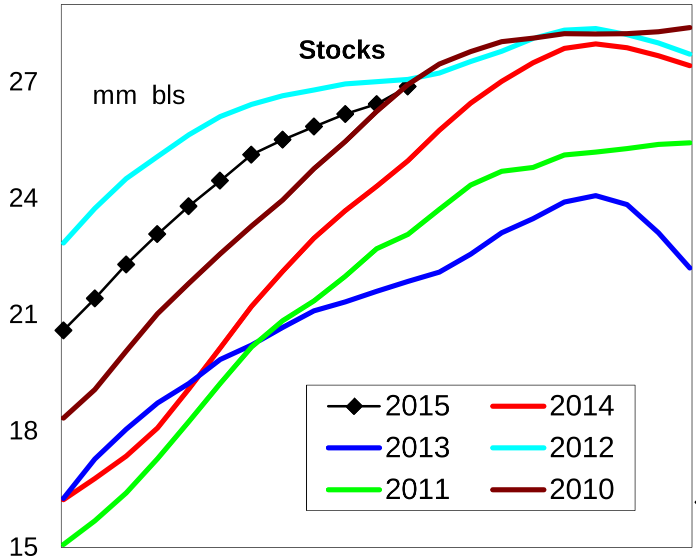
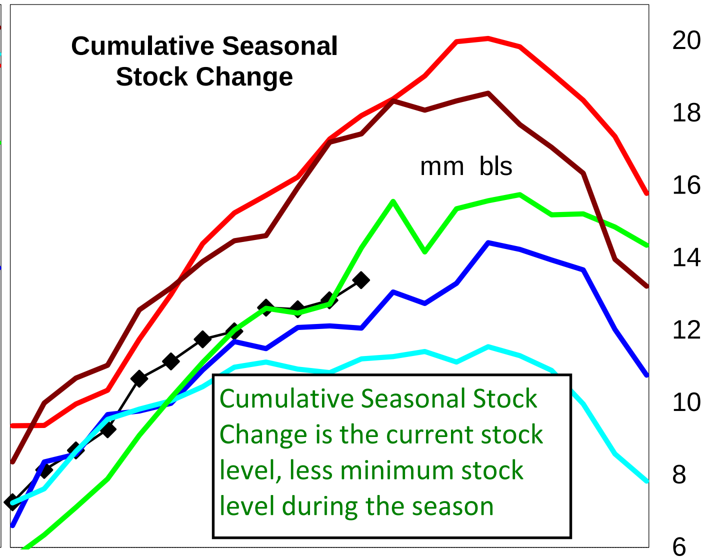
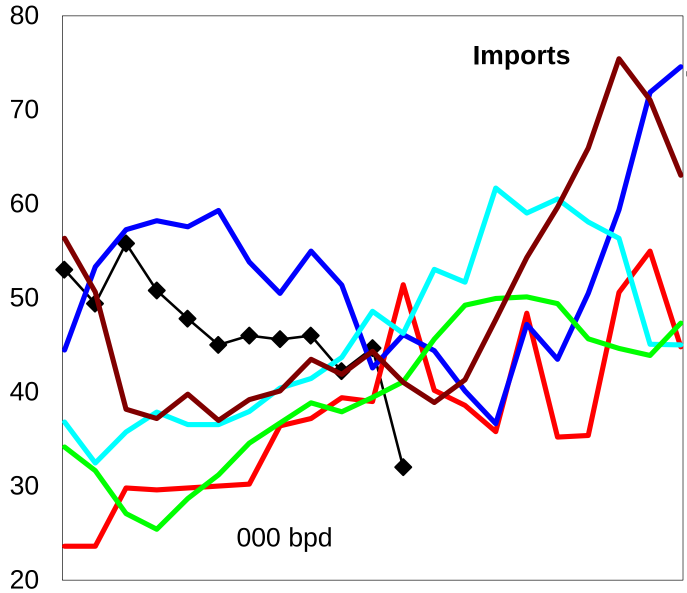
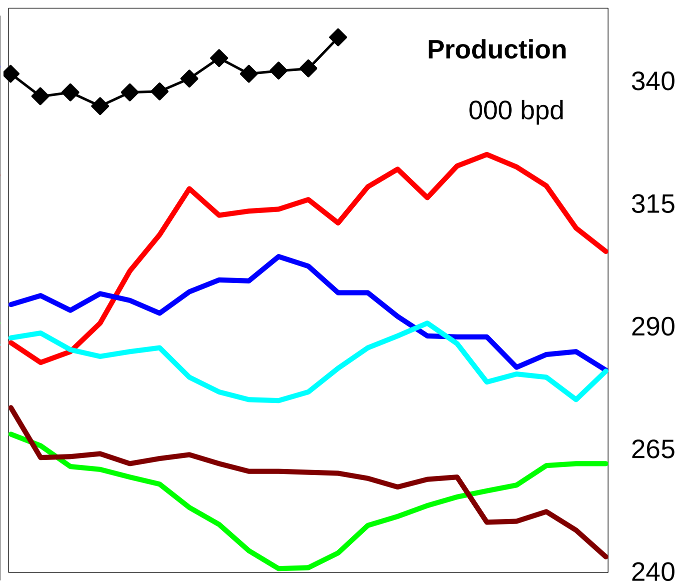
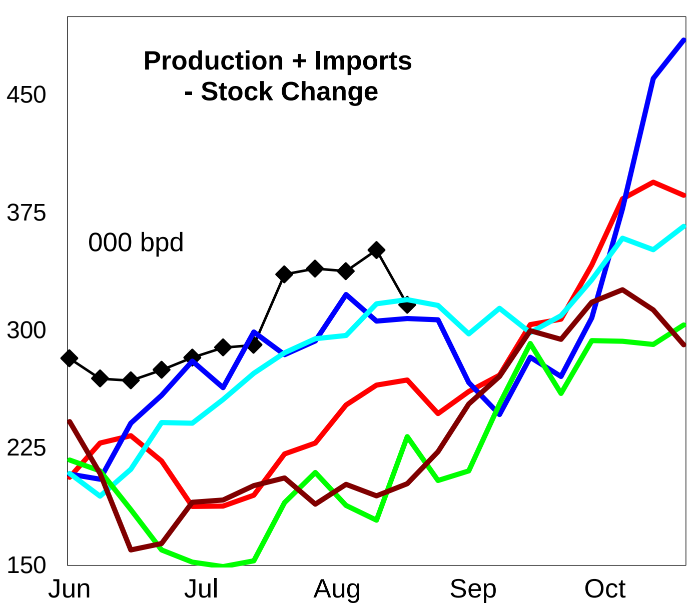
PADD 2 Propane Supply and Demand Balance

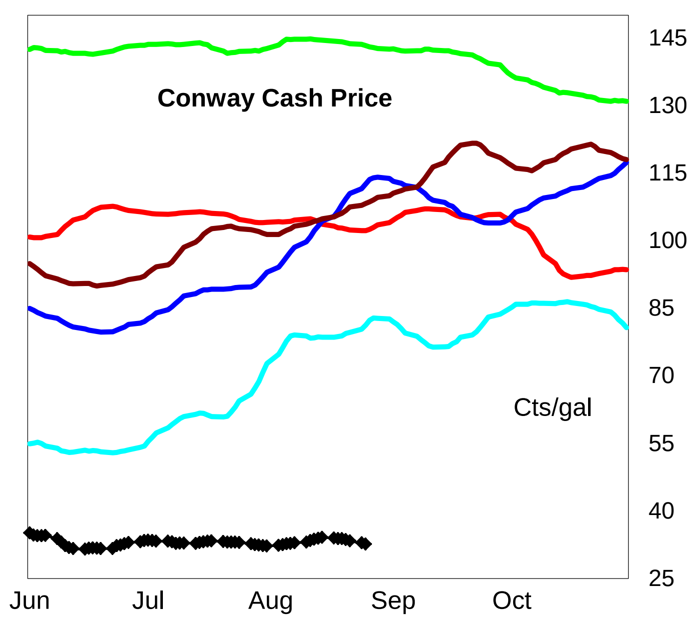






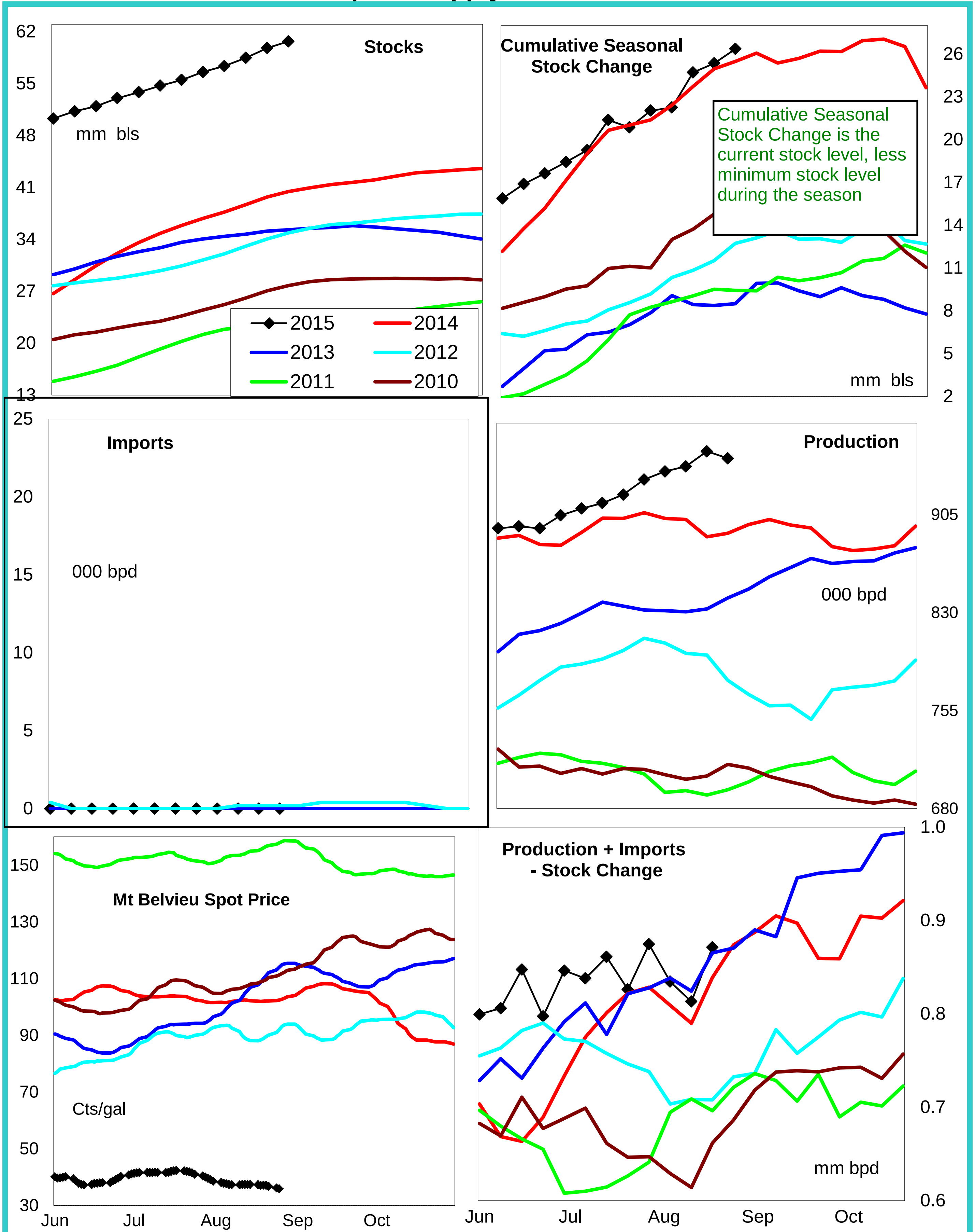






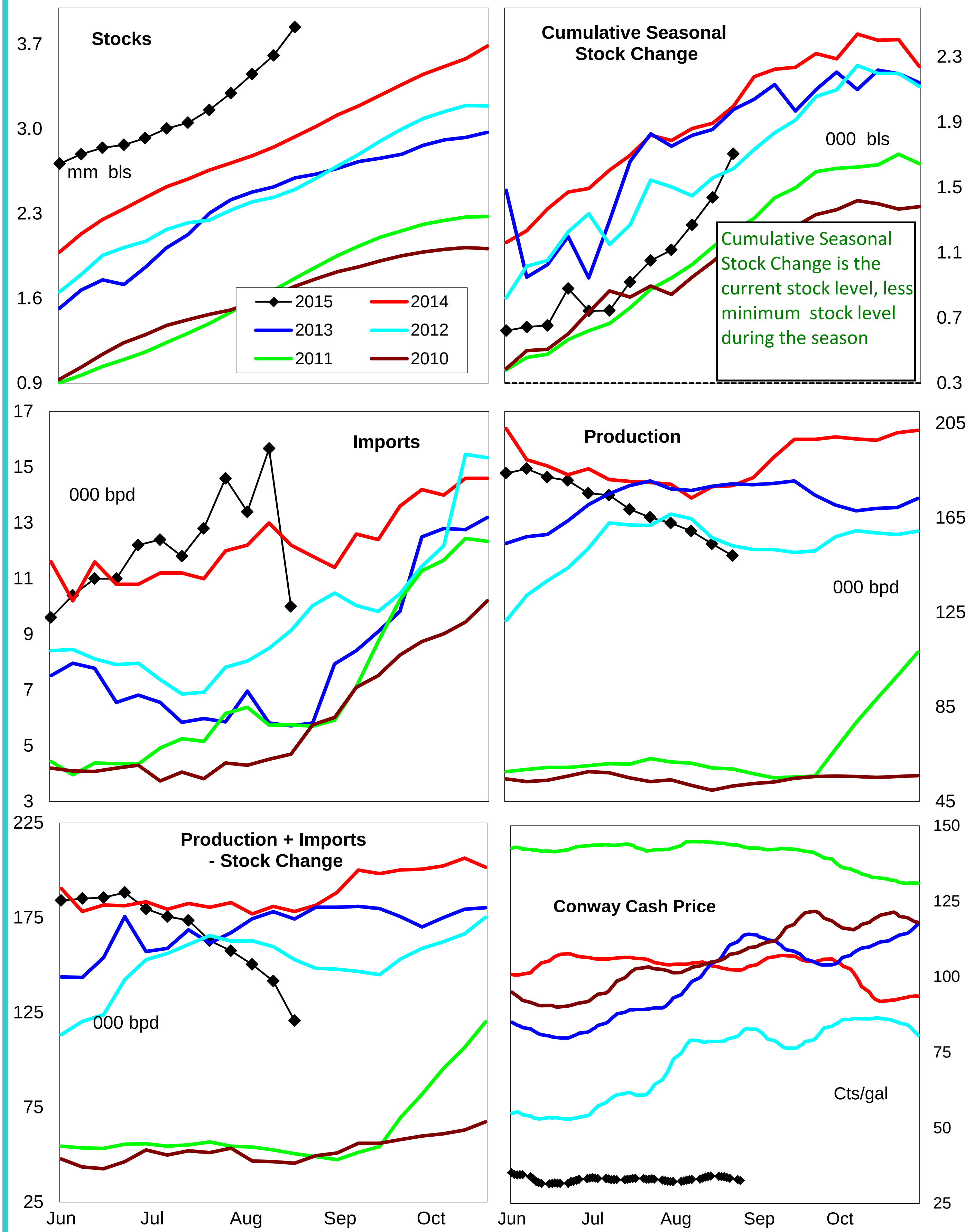
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,758	-4,545	27	2	83
% change	7.0	-25.4	8.5	4.7	32.6

PADD 3 Propane Supply and Demand Balance



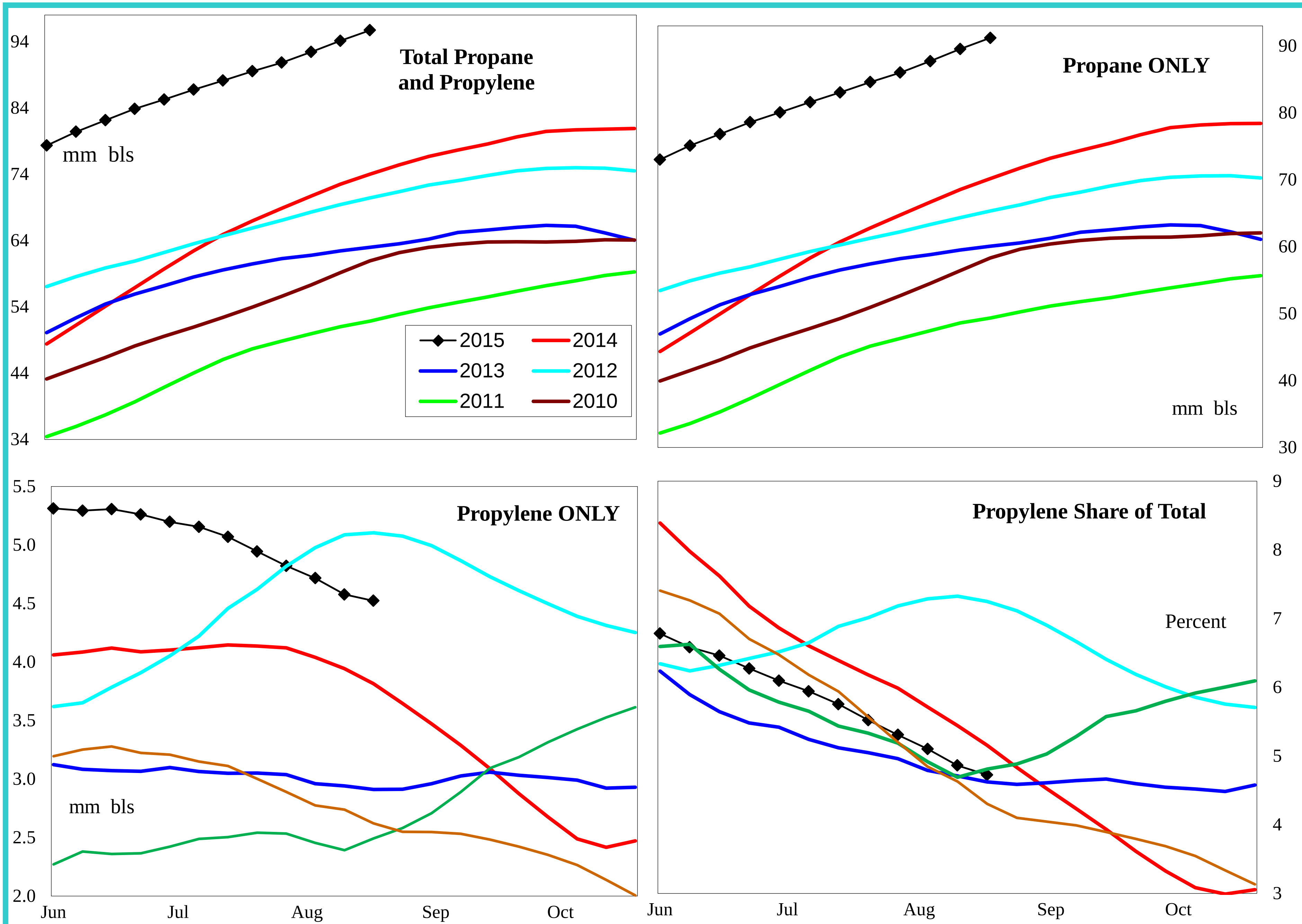
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	19,706	881	57	0	32
% change	48.1	3	6.4	#DIV/0!	4.1

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)	938	-292	-18	1	-37
% change	32.3	-14.6	-10.5	9.8	-20.7

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	21,015	20,243	710
% change	28.1	28.5	18.6

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