FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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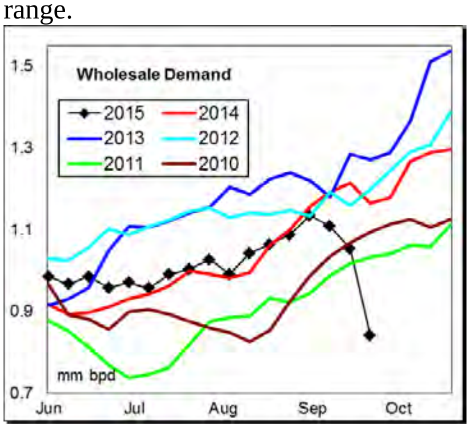
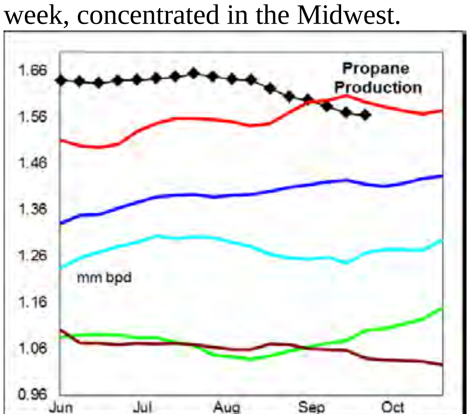
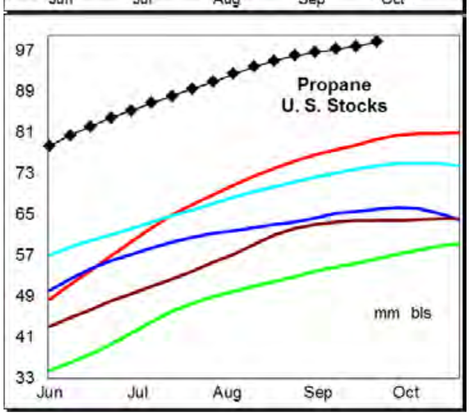
Summary[1]:

Wholesale demand fell -452,000 bpd last week, to a level sharply below the 5-yr range.



Production decreased -20,000 bpd last week, concentrated in the Midwest.

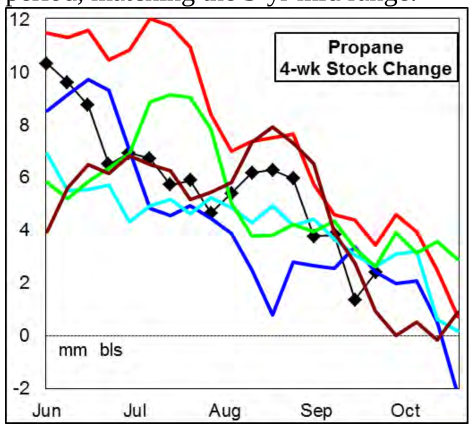




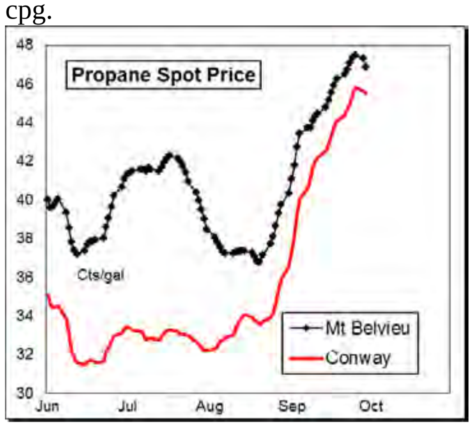
Exports for the week ending 21Aug15 were +110,000 bpd above last year

Stocks increased +1.7 million barrels on the week, with builds in all regions. The cumulative seasonal stock build of +41 million barrels compares to a year ago build of +52 million barrels.

The rate of stock build was +2.6 million barrels during the latest 4-wk period, matching the 3-yr mid range.



Price and Spreads Mt Belvieu spot price decreased -1 cpg last week ending 29Sep15, while Conway increased +1 cpg.



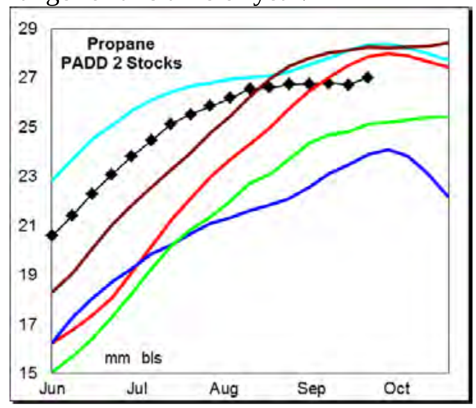
The Conway – Mt Belvieu price spread trended higher on the week, ending at a level near the average of the last 2-yrs.

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

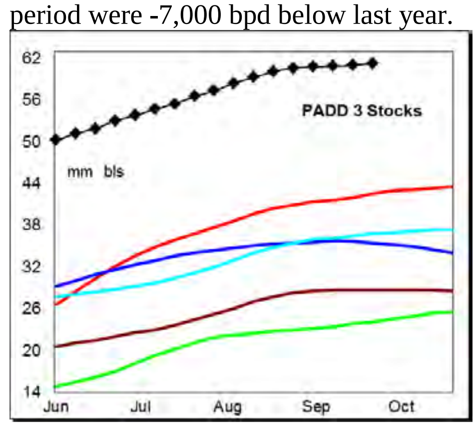
The propane / crude oil price spread traded sideways last week, ending at a level equal to the 3-yr mid range.

PADD 1 stocks increased +0.2 million barrels on the week to a level near the 3-yr mid range. Production increased +2,000 bpd on the week; with supply for the latest 4-wk period +23,000 bpd above last year.

PADD 2 supply decreased -23,000 bpd last week, on lower imports and production. Production levels fell below a year ago, with the latest 4-wk average +14,000 bpd above last year. Stocks increased +0.6 million barrels on the week, to a level below the 3-yr mid range for this time of year.



PAD 3 stocks increased +0.8 million barrels on the week. Stock levels ended the week +45% above the prior 5-yr high. Supplies for the latest 4-wk period were -7,000 bpd below last year.



PADDs 4 & 5 stocks increased +0.1 million barrels on the week, to a level +1.3 million barrels above last year, and a new record high.

Emerging Trends The sharp drop in wholesale demand offset the prior week surge, although the latest 4-wk average was -129,000 bpd below a year ago. The stock build this week offset the prior week stock draw, leading to an average rate of stock build for the most recent 4-wk period. Expanded refinery maintenance in the Midwest has reduced production -30,000 bpd in the area.

The strong upward trend in wholesale prices pulled back last week, due in part to the sharp drop in wholesale demand. Wholesale prices are likely to trade sideways following the month long uptrend, until start of the heating season.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

September 30, 2015

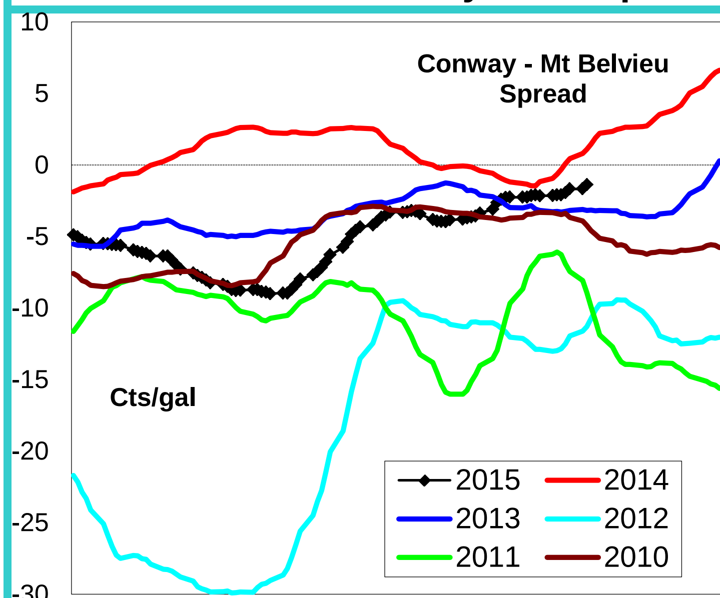
Fundamental Trends for the Week Ending: Friday, September 25, 2015

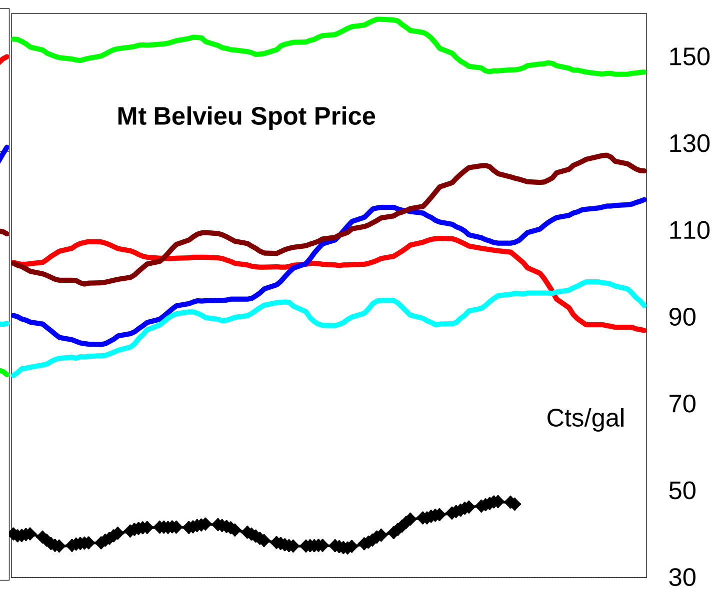
000 bpd / Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	98,741	5,797	27,001	61,350	4,593	1,665	150	566	815	134
Propylene Stocks	4,687					163				
Production	1,564	176	316	896	176	-20	2	-12	-6	-4
Imports	55	19	24	0	12	-22	-7	-11	0	-4
Whsle Demand	792					-452				

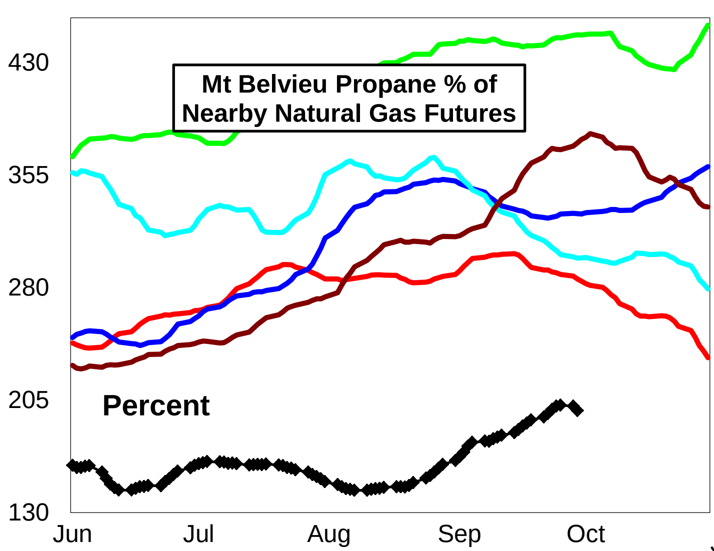
Price Trends for the Week Ending: Tuesday, September 29, 2015

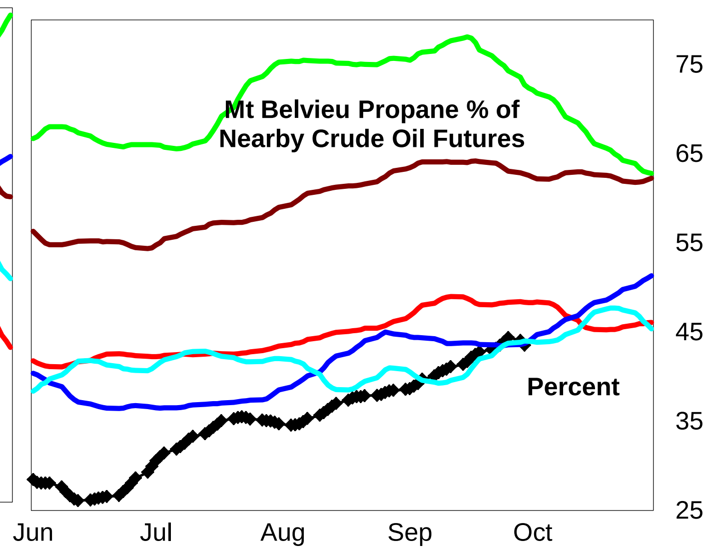
Cents/gal	Average for week ending:				Change from:			% change from:		
	9/29/15	9/22/15	9/1/15	10/1/14	9/22/15	9/1/15	10/1/14	9/22/15	9/1/15	10/1/14
Mont Belvieu Spot	47.5	46.5	39.6	104.7	1.00	6.88	-65.03	2.2	17.4	-62.1
Conway Spot	45.8	44.0	35.1	105.1	1.85	8.93	-70.05	4.2	25.5	-66.7

Key Price Spreads and Differentials

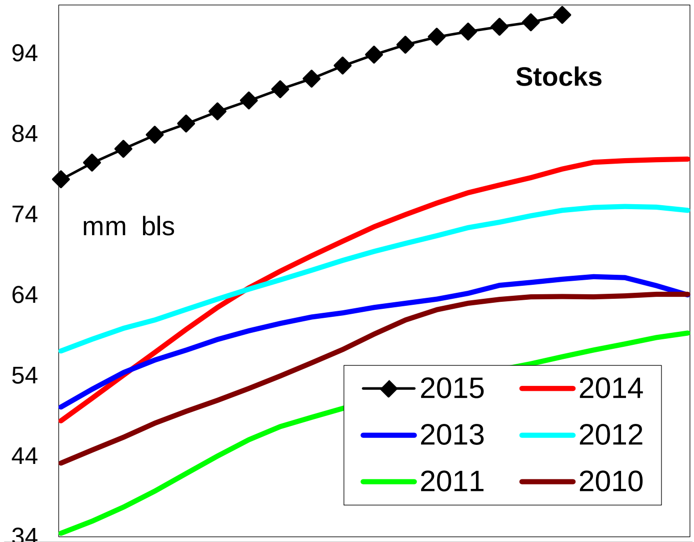


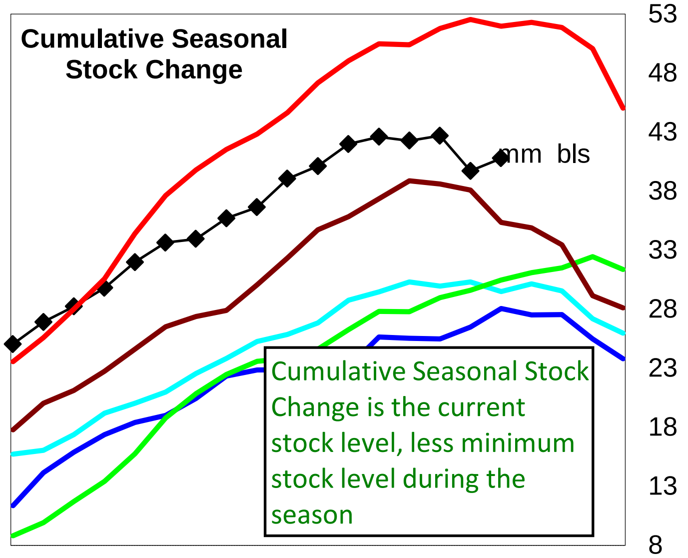


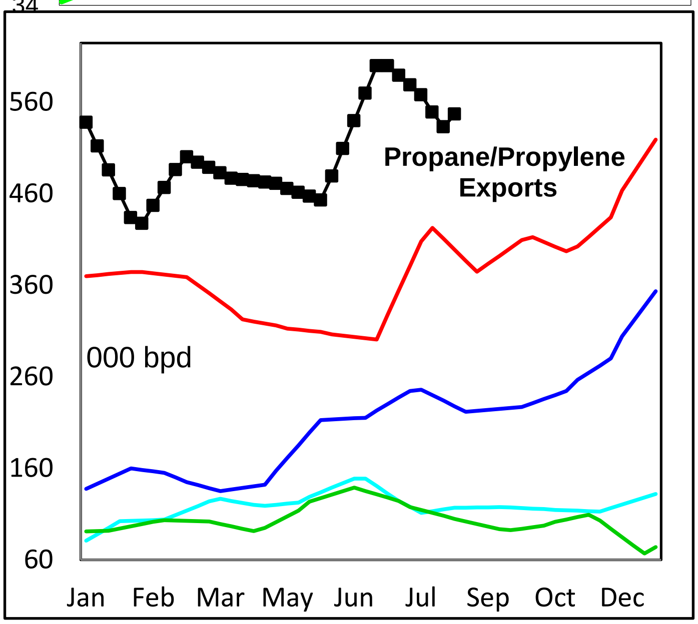


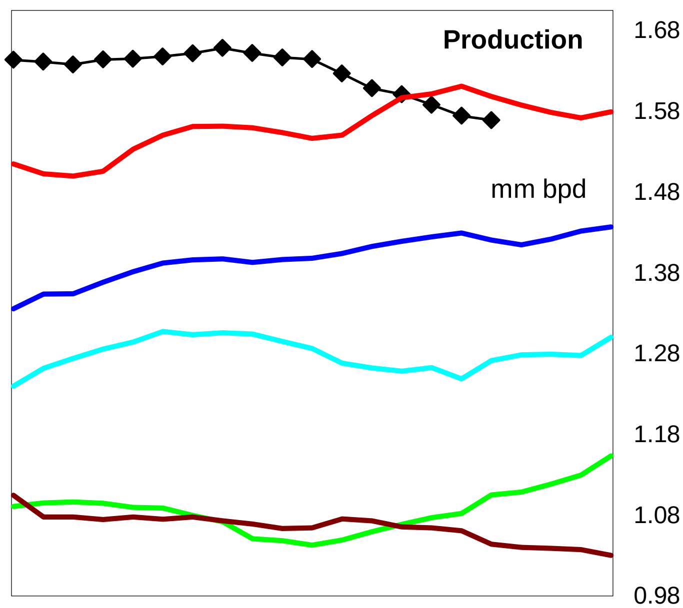


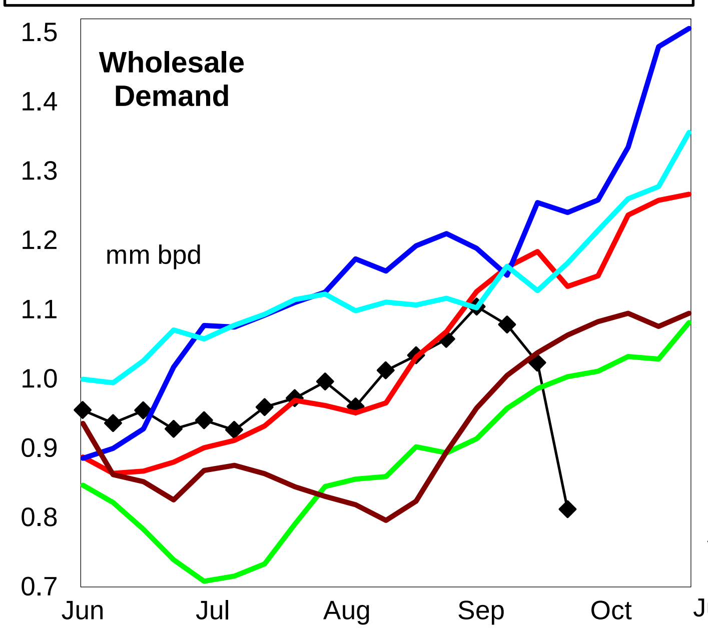
U. S. Propane Supply and Demand Balance

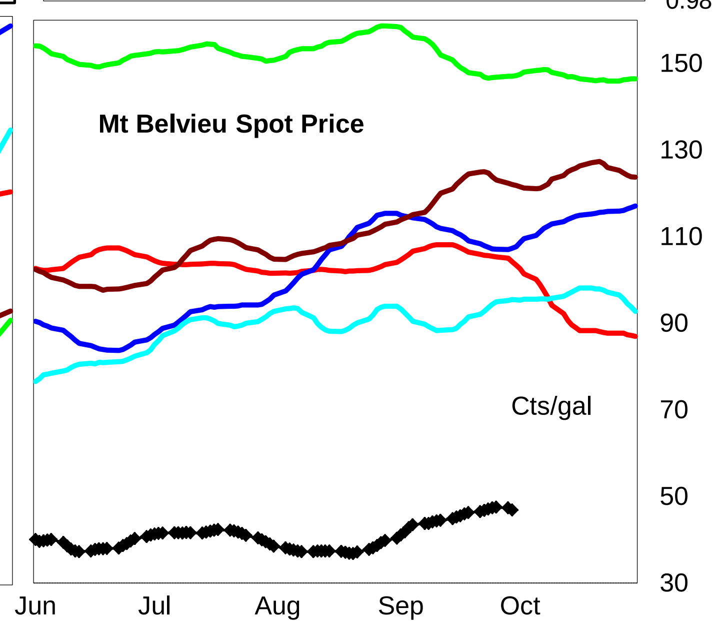






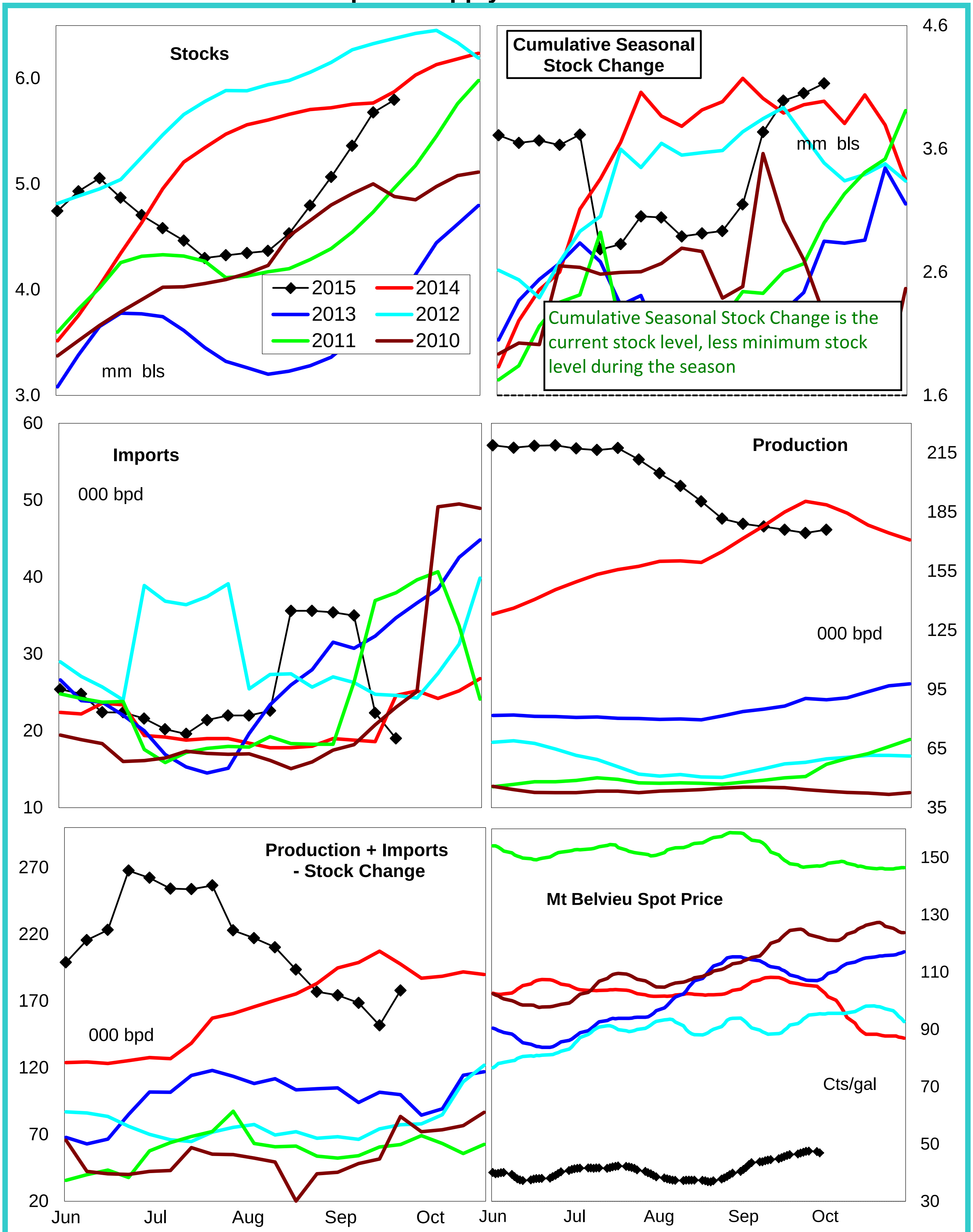






4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Aug	Jul	Jun
000 bpd (000 bls stks)	19,181	-11,194	-41	15		-129	-16	78	89
% change	24.1	-22	-2.5	20.9		-11.0	-1.6	8.7	9.6

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)	-76	145	-17	19	-32
% change	-1.3	3.6	-8.9	94.9	-15.8

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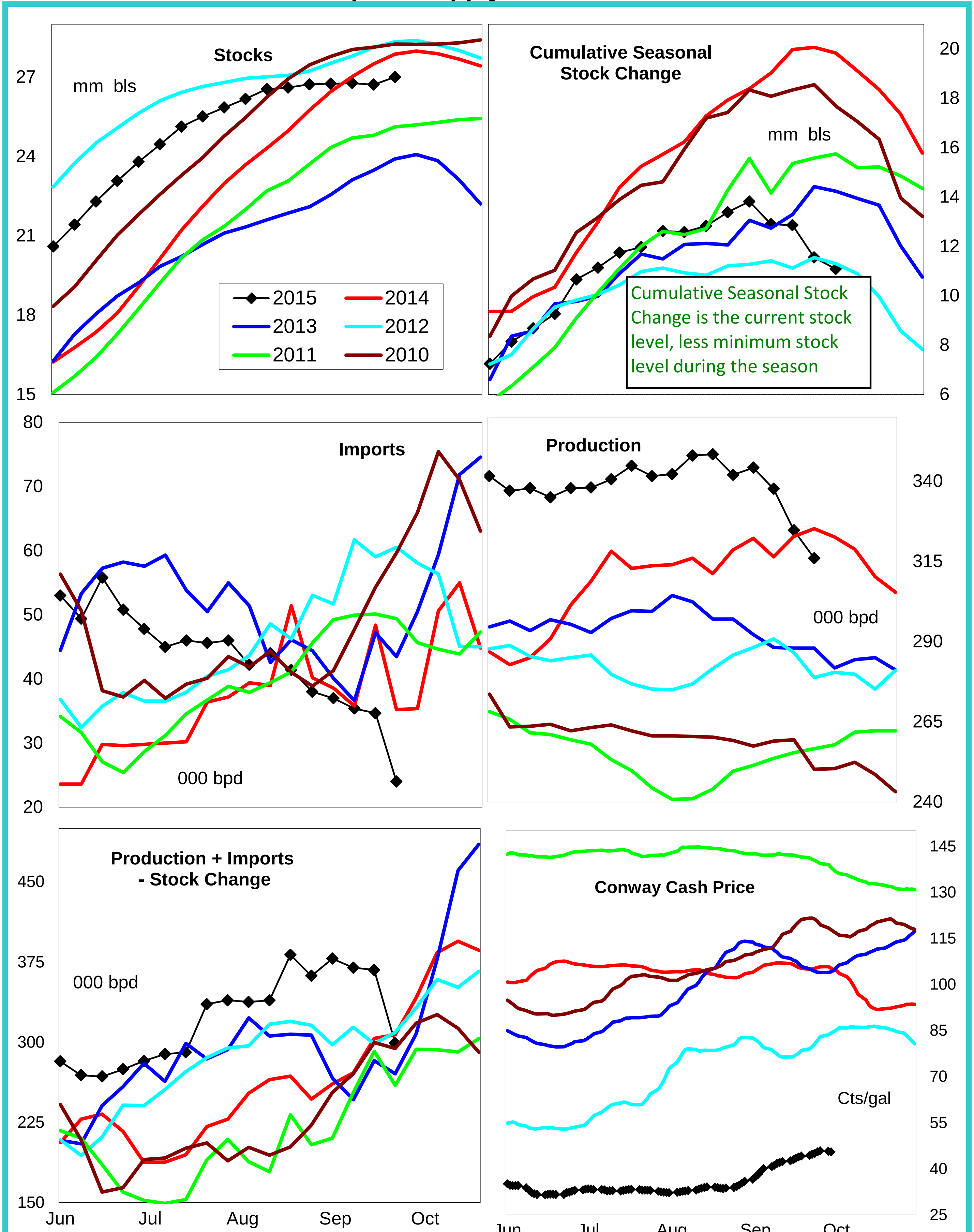
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-954	-8,745	14	-5	68
% change	-3.4	-44.1	4.2	-12.3	23.8

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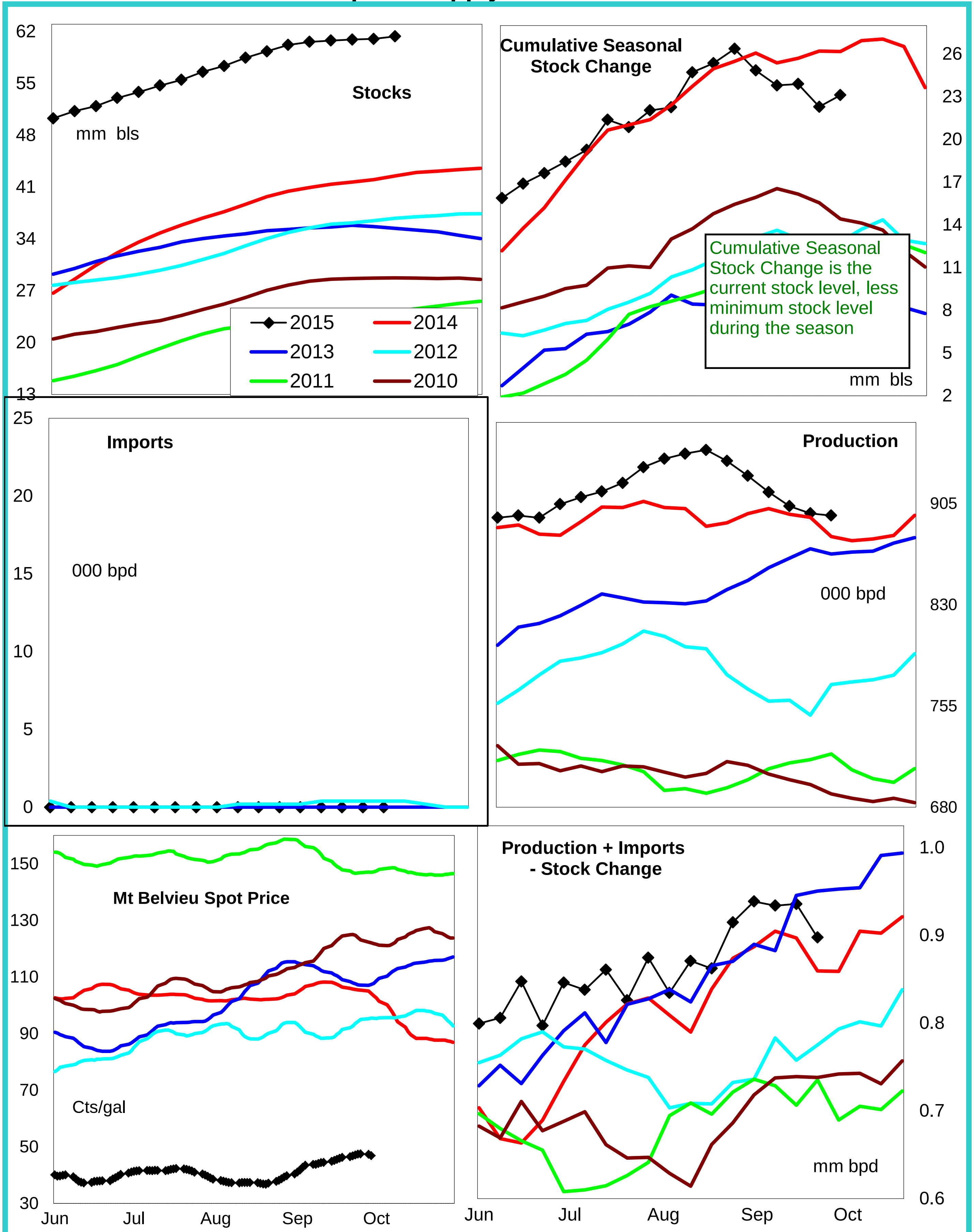
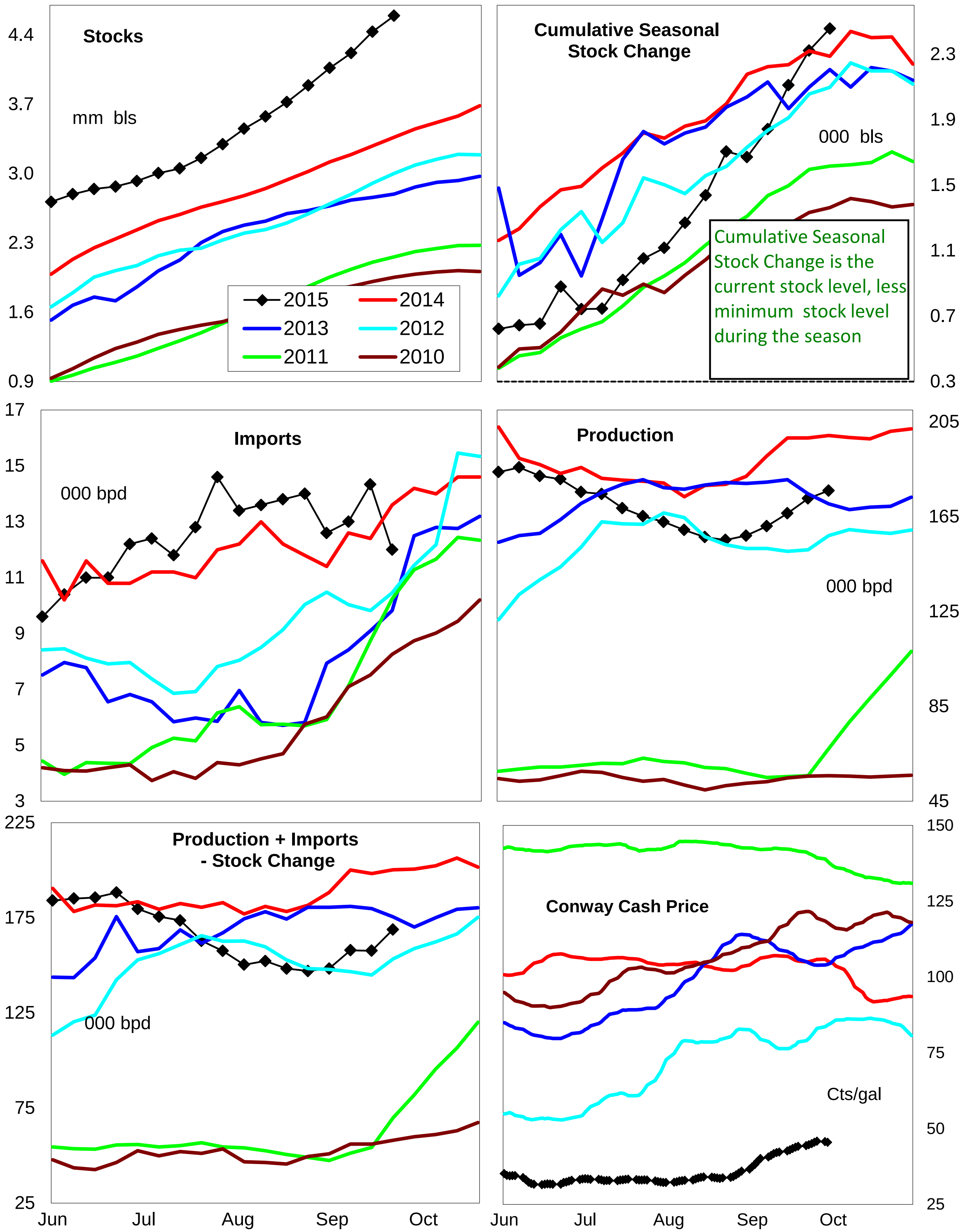
PADD 3 Propane Supply and Demand Balance



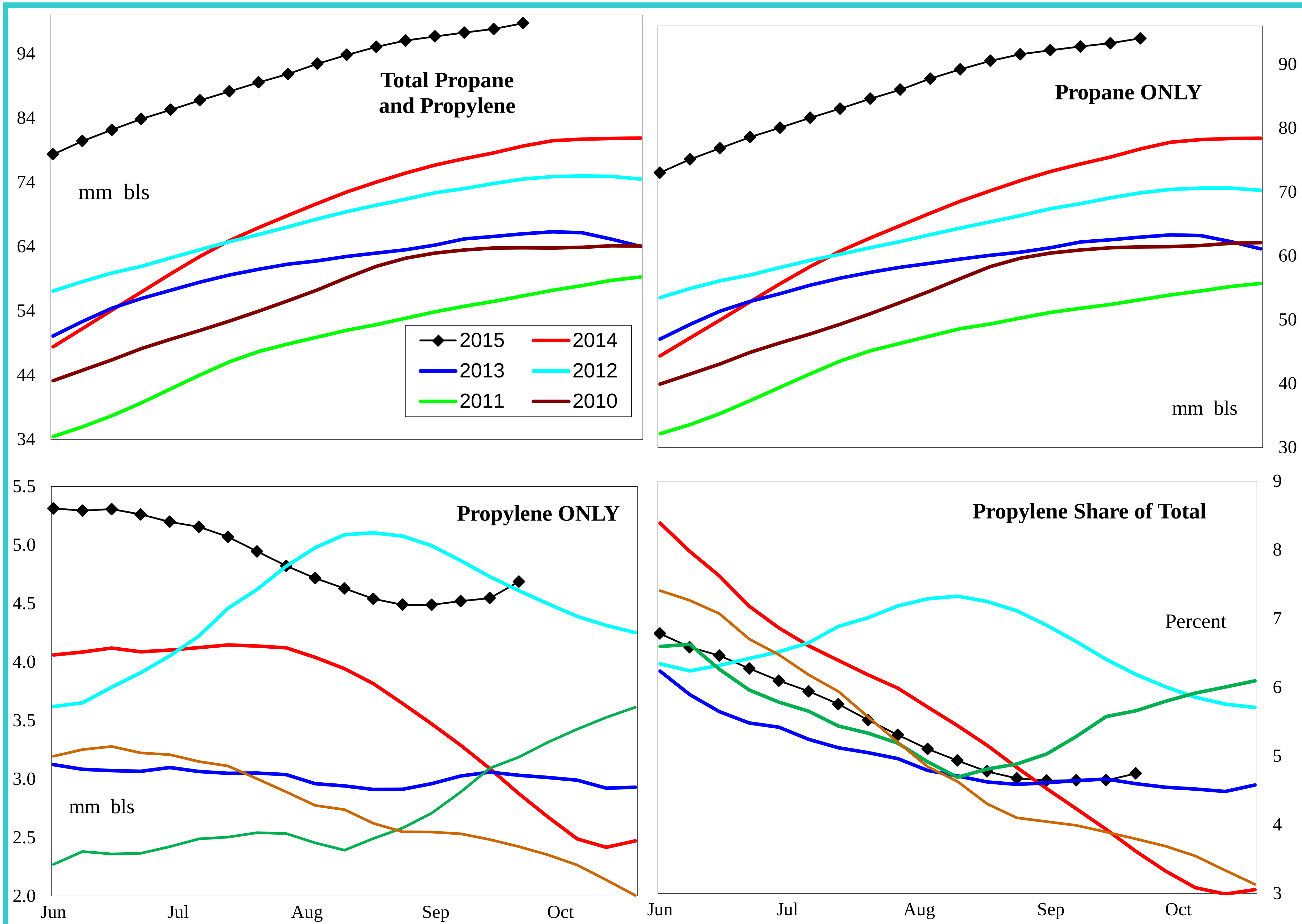
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	18,895	-3,058	-7	0	39
% change	44.5	-12	-0.7	#DIV/0!	4.7

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)	1,317	169	-31	1	-39
% change	40.2	7.4	-15.5	8.2	-19.6

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	19,181	17,326	1,811
% change	24.1	22.6	63.0

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