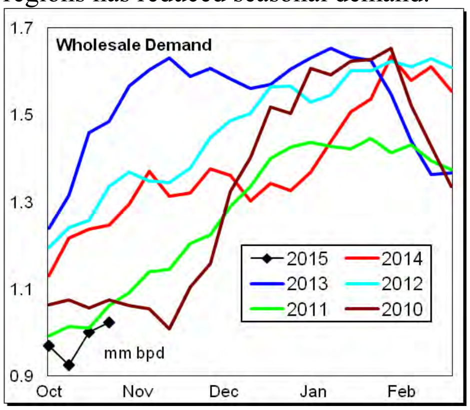
FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

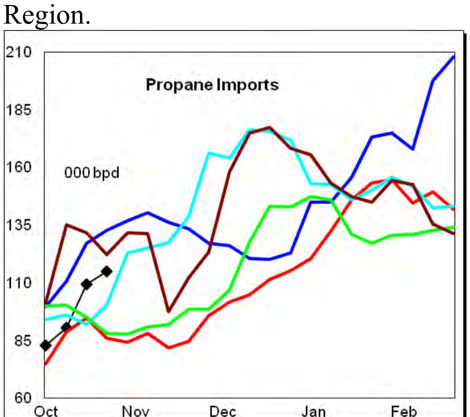
A Fundamental Petroleum Trends Weekly Report

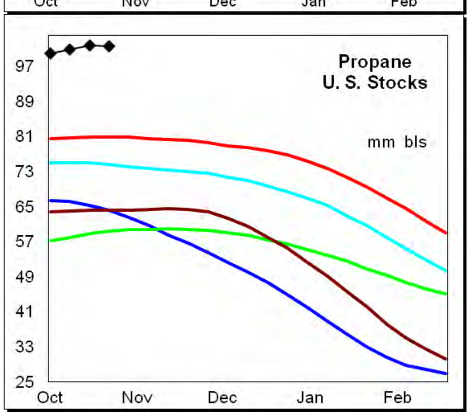
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

Summary[1]:
Wholesale demand decreased -91,000 bpd last week, to a level well below the last 3-yrs. Above normal temperatures and lack of rain in grain harvesting regions has reduced seasonal demand.



Imports increased +42,000 bpd last week, concentrated in the Midwest Region.

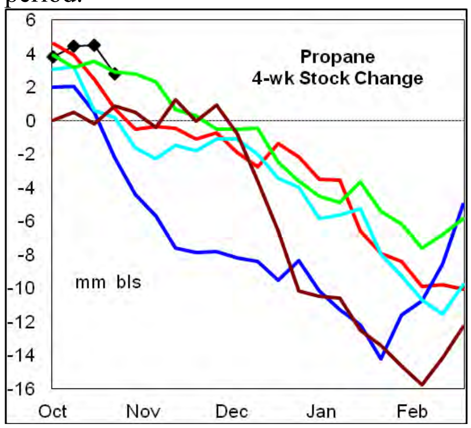




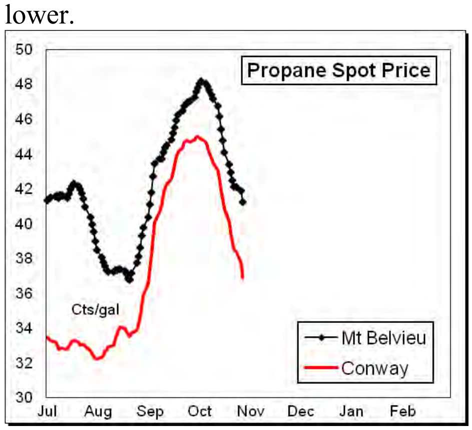
Exports for the week ending 26Sep15 were +185,000 bpd above last year

Stocks were nearly unchanged last week with builds in the Midwest and Gulf regions offset by a draw in the West region. The cumulative seasonal stock *draw* of -1.4 million barrels (stocks are -1.4 million barrels below the season high) is less than each of the last 3-yrs.

The rate of stock build was +2.9 million barrels during the latest 4-wk period, equal to the historic high for the period.



Price and Spreads Mt Belvieu spot price decreased -1 cpg last week ending 27Oct15, while Conway was -2 cpg lower.



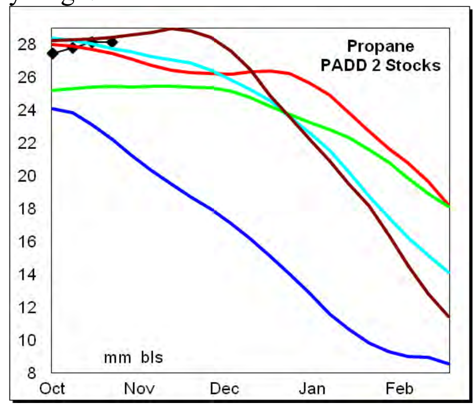
The Conway – Mt Belvieu price spread trended lower for the week, ending at a level below the 3-yr mid range.

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

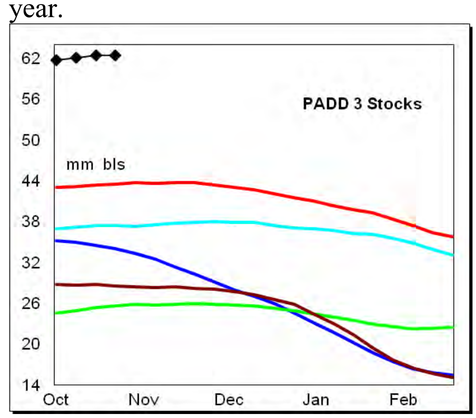
The propane / crude oil price spread trended higher last week, ending at a level below the last 3-yrs for the period.

PADD 1 stocks decreased -0.1 million barrels on the week to a level +9 percent above the prior 5-yr high for the period. Supply increased +9,000 bpd last week.

PADD 2 supply increased +35,000 bpd last week, on higher imports. Production remains above the historic range. Stocks increased +0.1million barrels on the week, to a level near the 5-yr high.



PAD 3 stocks increased +0.3 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 +20,000 bpd above last year.



PADDs 4 & 5 stocks fell -0.4 million barrels on the week, to a level +0.7 million barrels above last year.

Emerging Trends Wholesale demand remains weak on unusually warm temperatures and dry weather that has limited demand for grain drying and heating. The latest 4-wk stock build was a record for this time of year. Stock levels in each region are equal to or above the prior 5-yr high.

Weak wholesale demand and very high stock levels risk further price weakness before the start of winter heating season.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

October 28, 2015

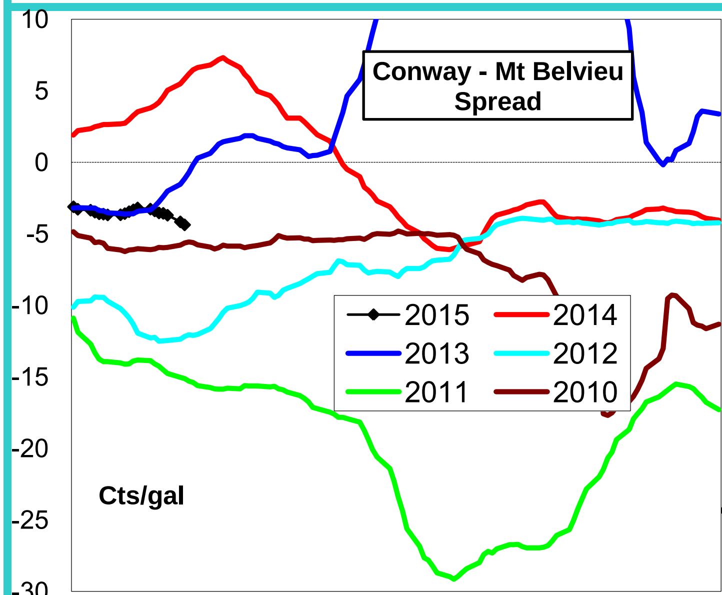
Fundamental Trends for the Week Ending: Friday, October 23, 2015

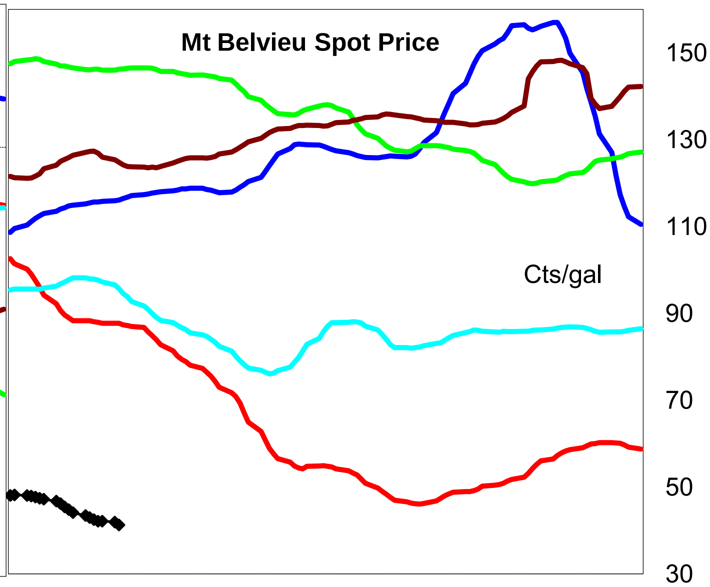
000 bpd / Stocks 000 bls	Weekly Supply-Demand U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	101,563	6,733	28,109	62,422	4,299	-24	-64	133	300	-393
Propylene Stocks	4,166					-274				
Production	1,585	167	351	877	190	37	3	4	20	10
Imports	115	29	61	0	25	42	6	31	0	5
Whsle Demand	1,023					-91				

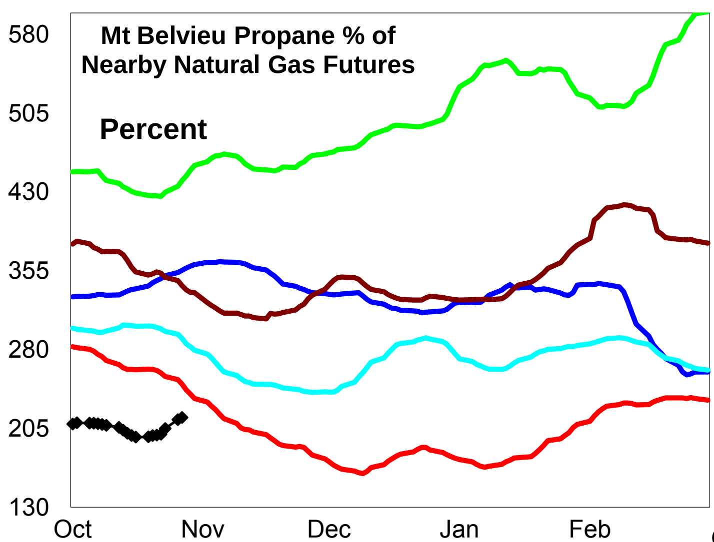
Price Trends for the Week Ending: Tuesday, October 27, 2015

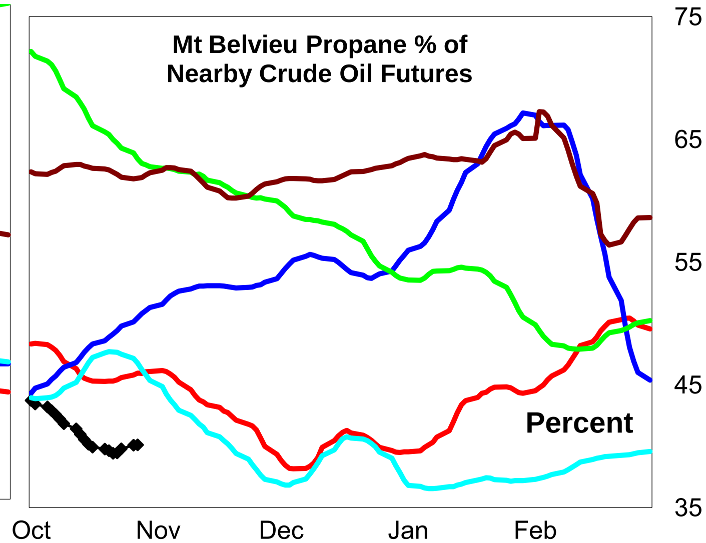
Cents/gal	Average for week ending: 10/27/15	10/20/15	9/29/15	10/29/14	Change from: 10/20/15	9/29/15	10/29/14	% change from: 10/20/15	9/29/15	10/29/14
Mont Belvieu Spot	42.1	43.2	47.5	88.3	-1.10	-4.28	-40.82	-2.5	-9.0	-46.2
Conway Spot	38.4	40.0	45.8	93.7	-1.60	-5.80	-47.91	-4.0	-12.7	-51.1

Key Price Spreads and Differentials

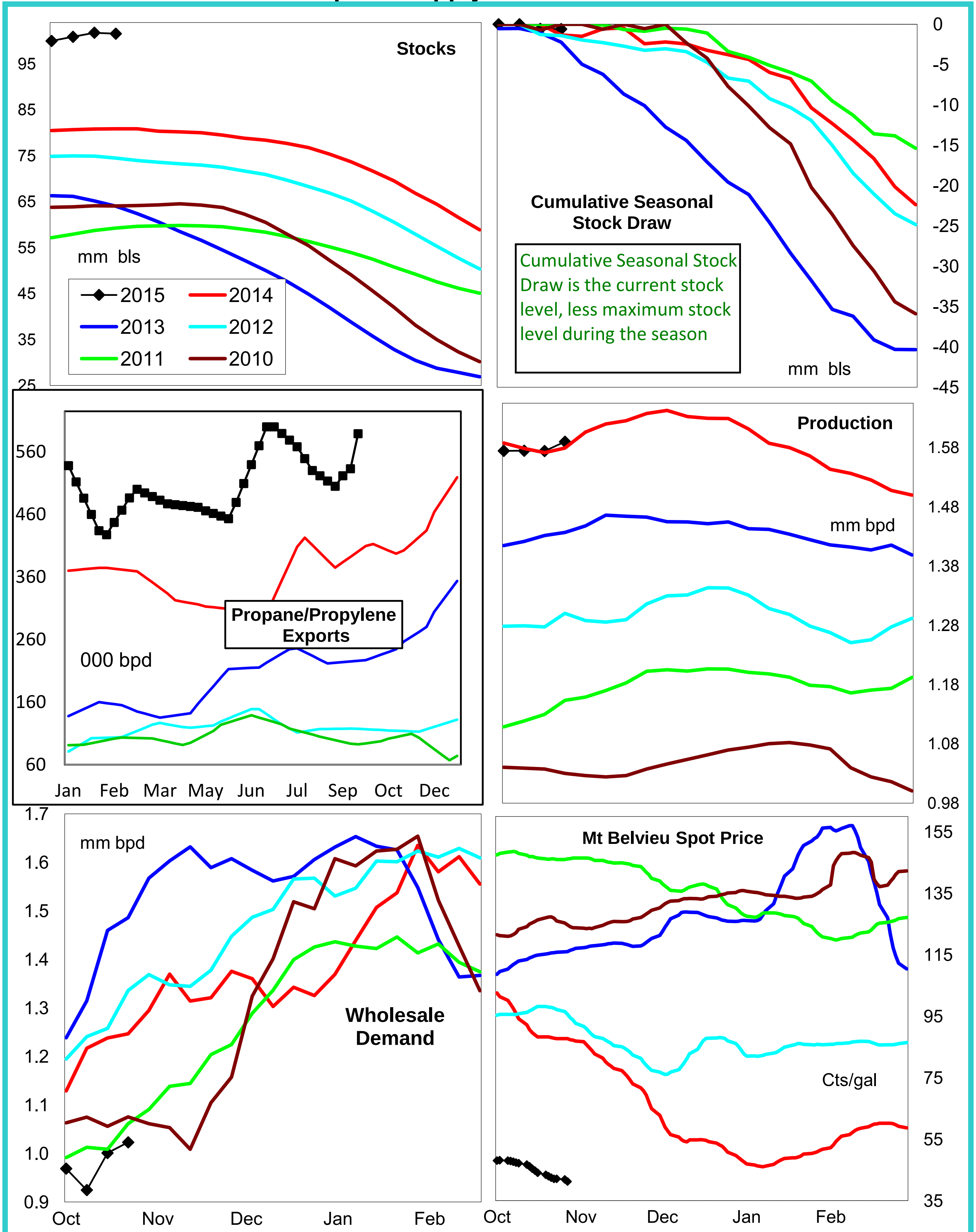








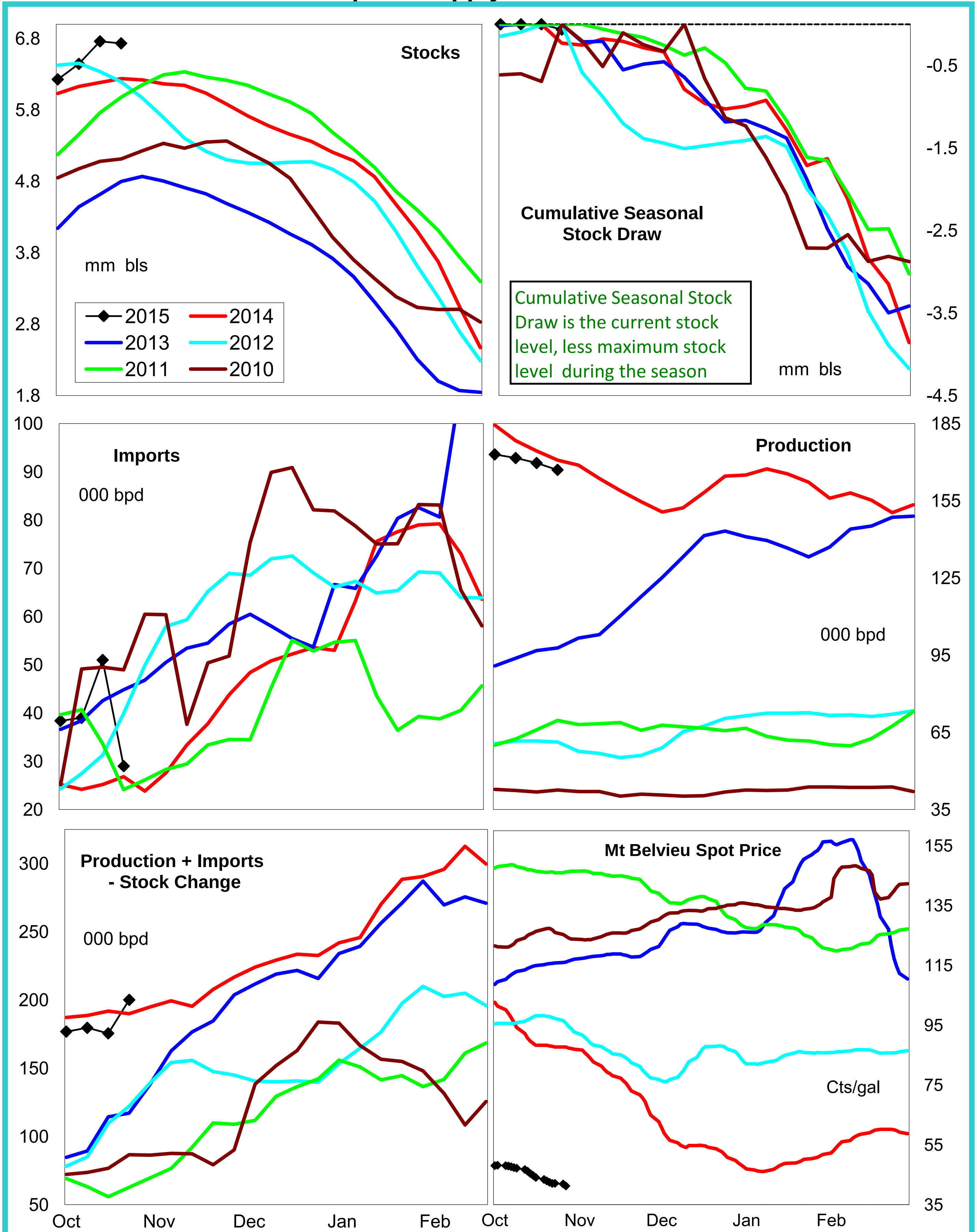
U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Sep	Aug
000 bpd (000 bls stks)	21,292	740	1	3		-273	17	-16
% change	26.5	-55	0.0	2.6		-22.2	1.7	-1.6

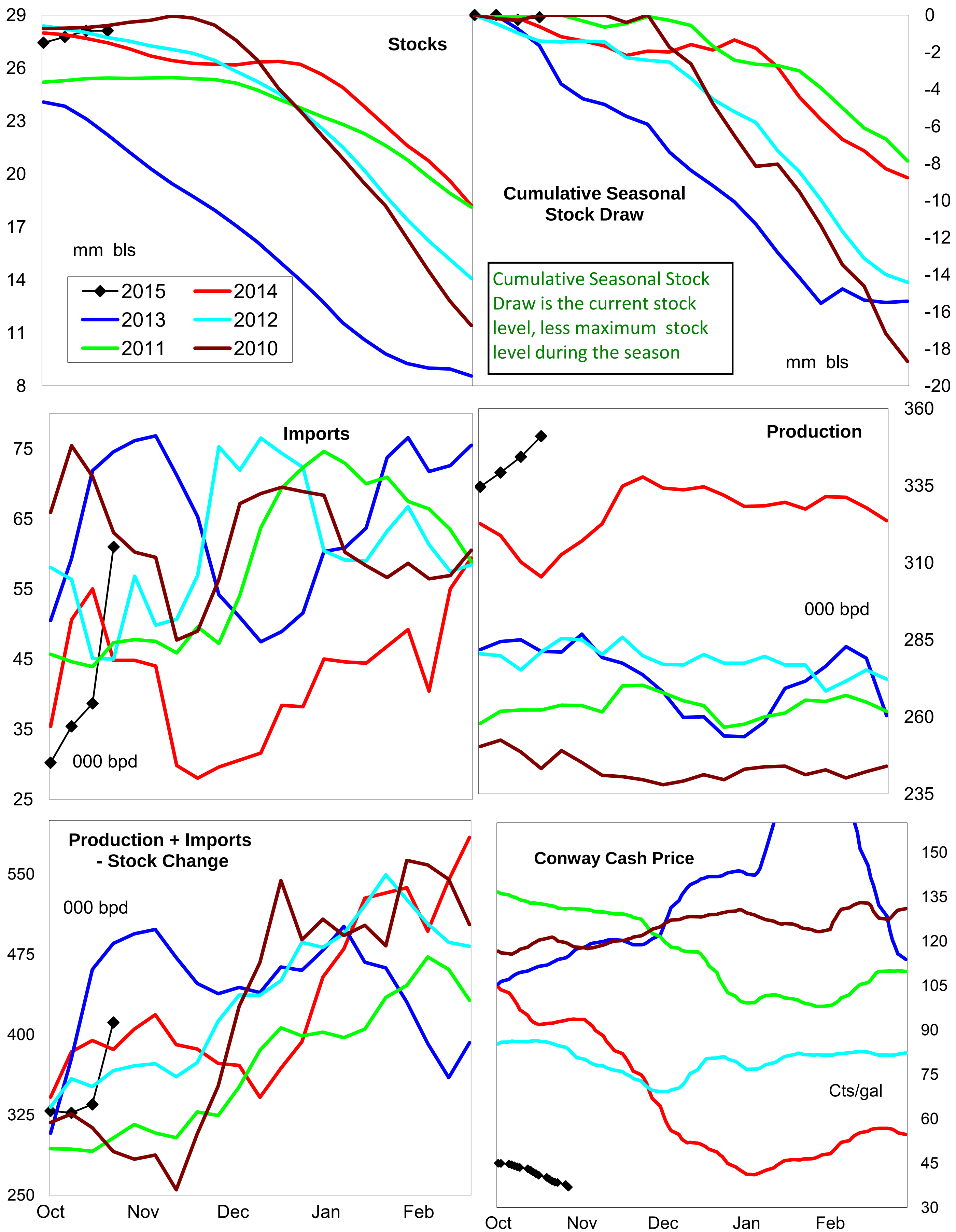
Lehi German Tel: 816-505-0980

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)	566	164	-5	18	-6
% change	9.2	-71.9	-2.6	70.9	-3.4

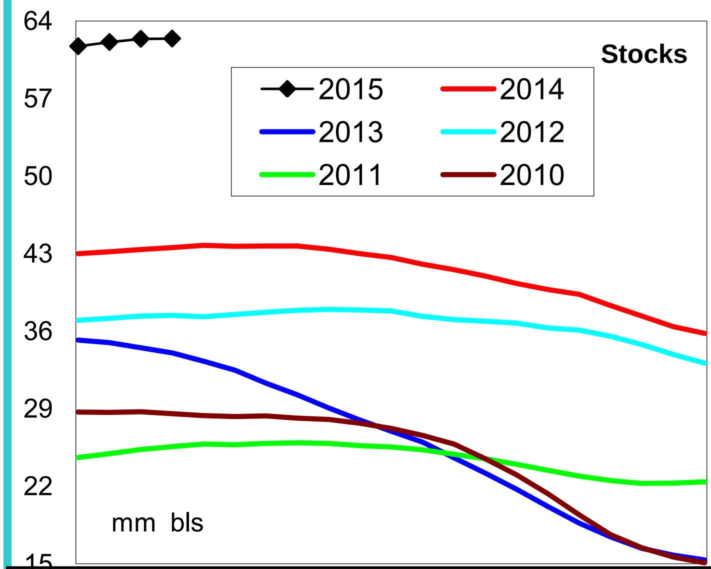
PADD 2 Propane Supply and Demand Balance

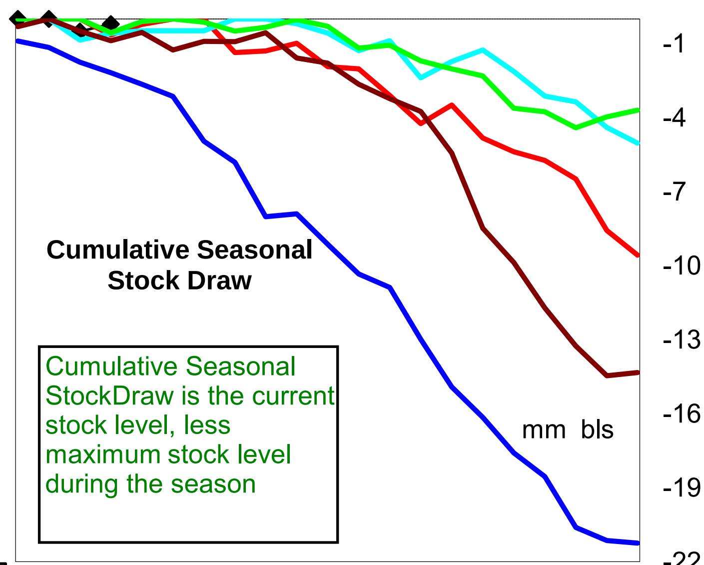


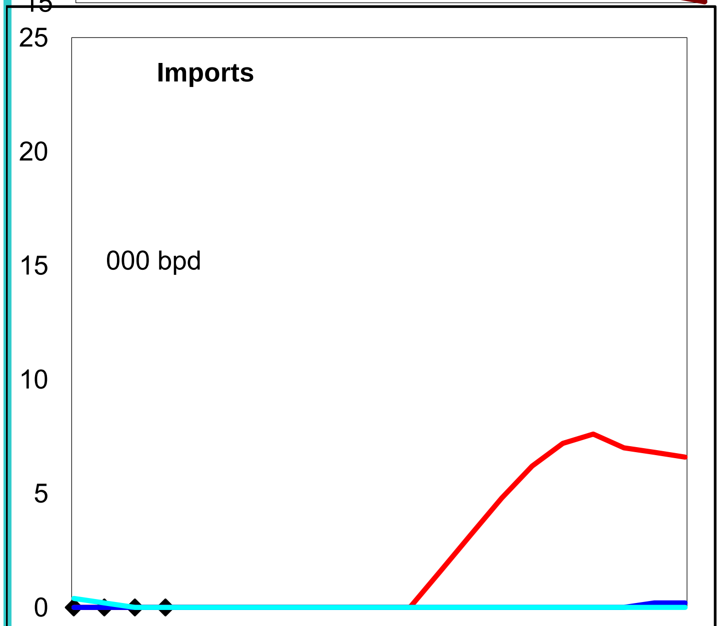
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	634	503	24	-20	-26
% change	2.3	-81.1	7.4	-34.3	-6.9

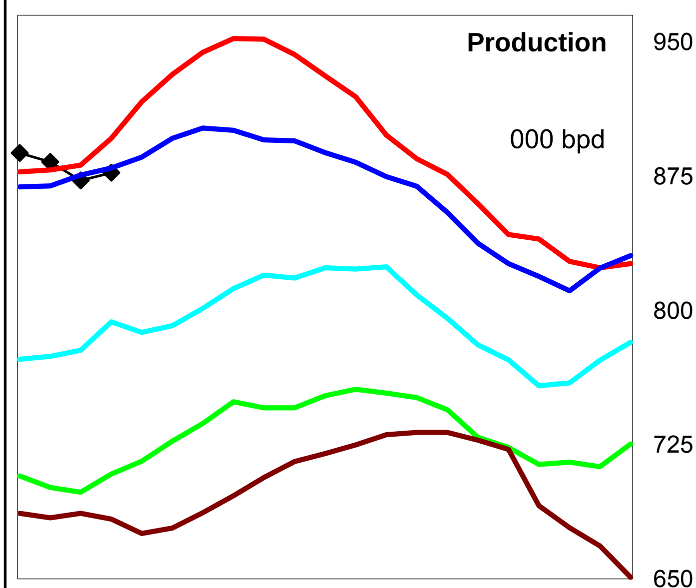
Lehi German Tel: 816-505-0980

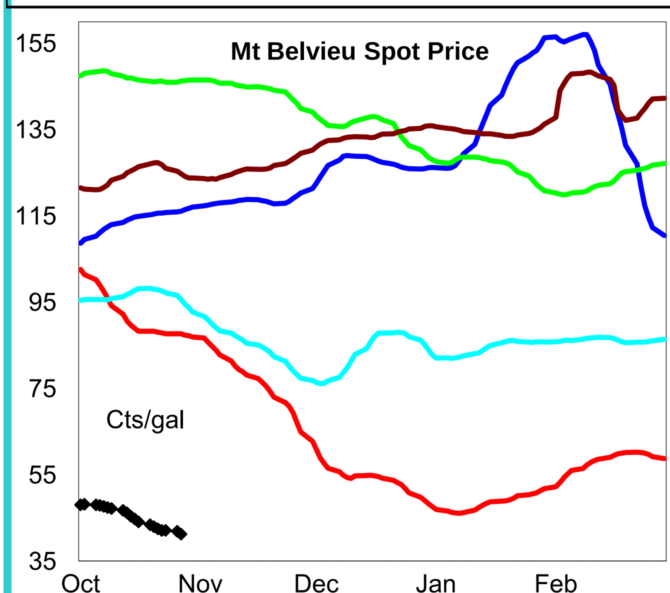
PADD 3 Propane Supply and Demand Balance

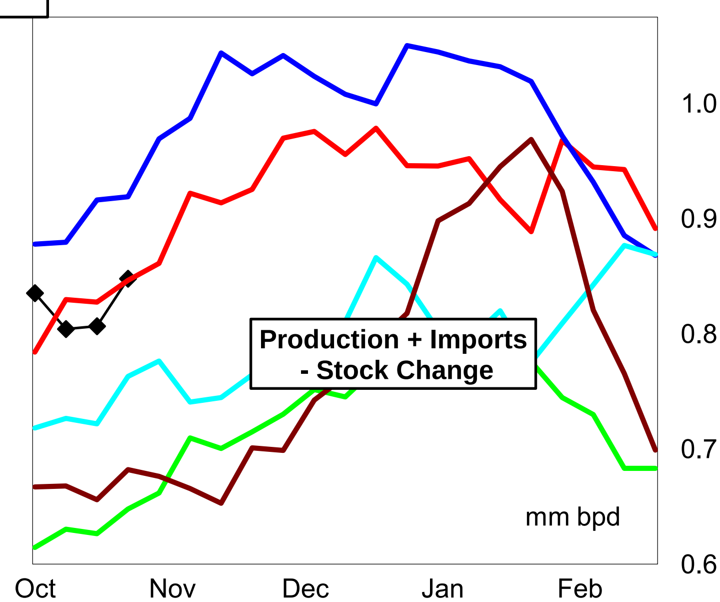








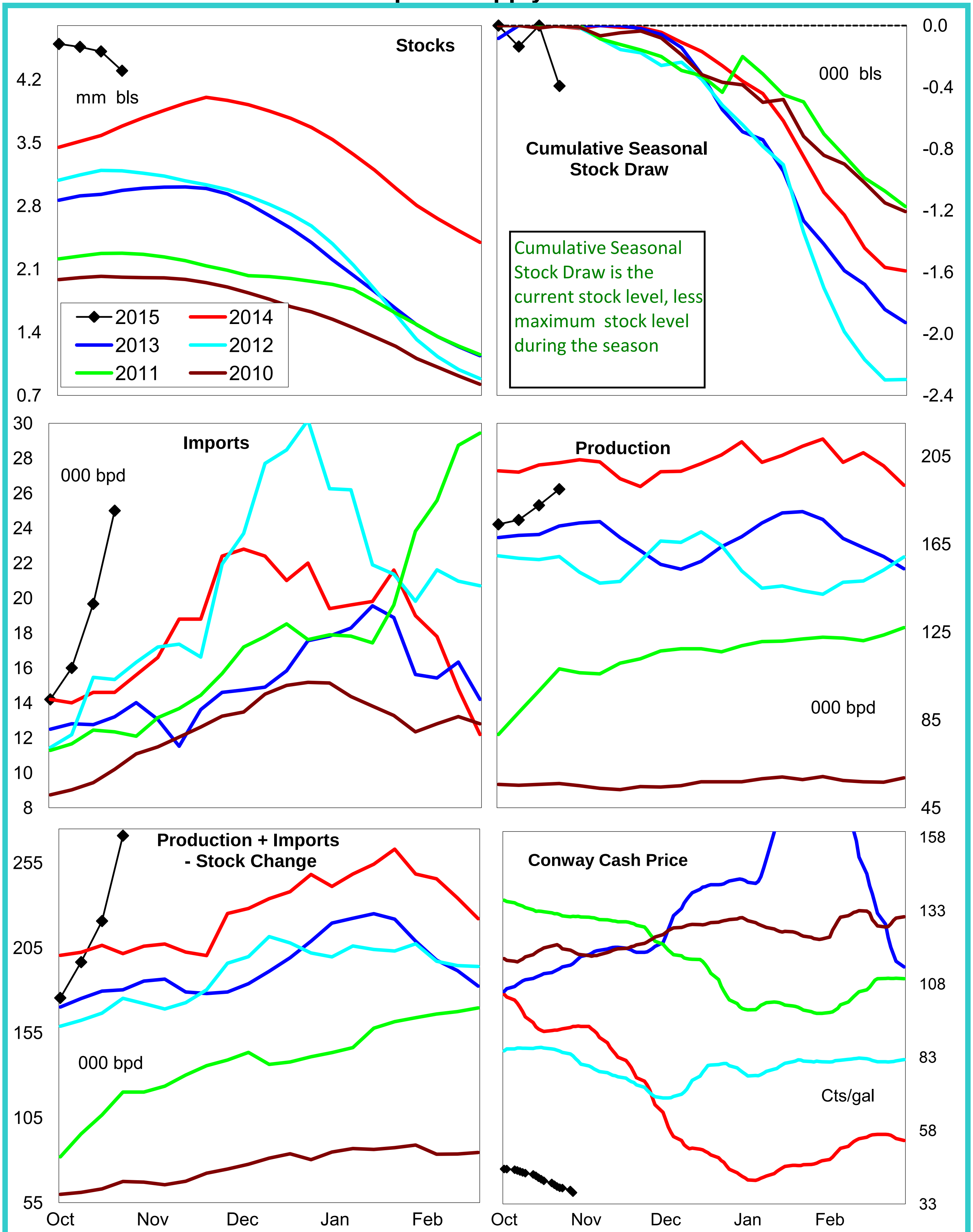




4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	19,400	444	2	0	2
% change	45.1	-68	0.2	#DIV/0!	0.2

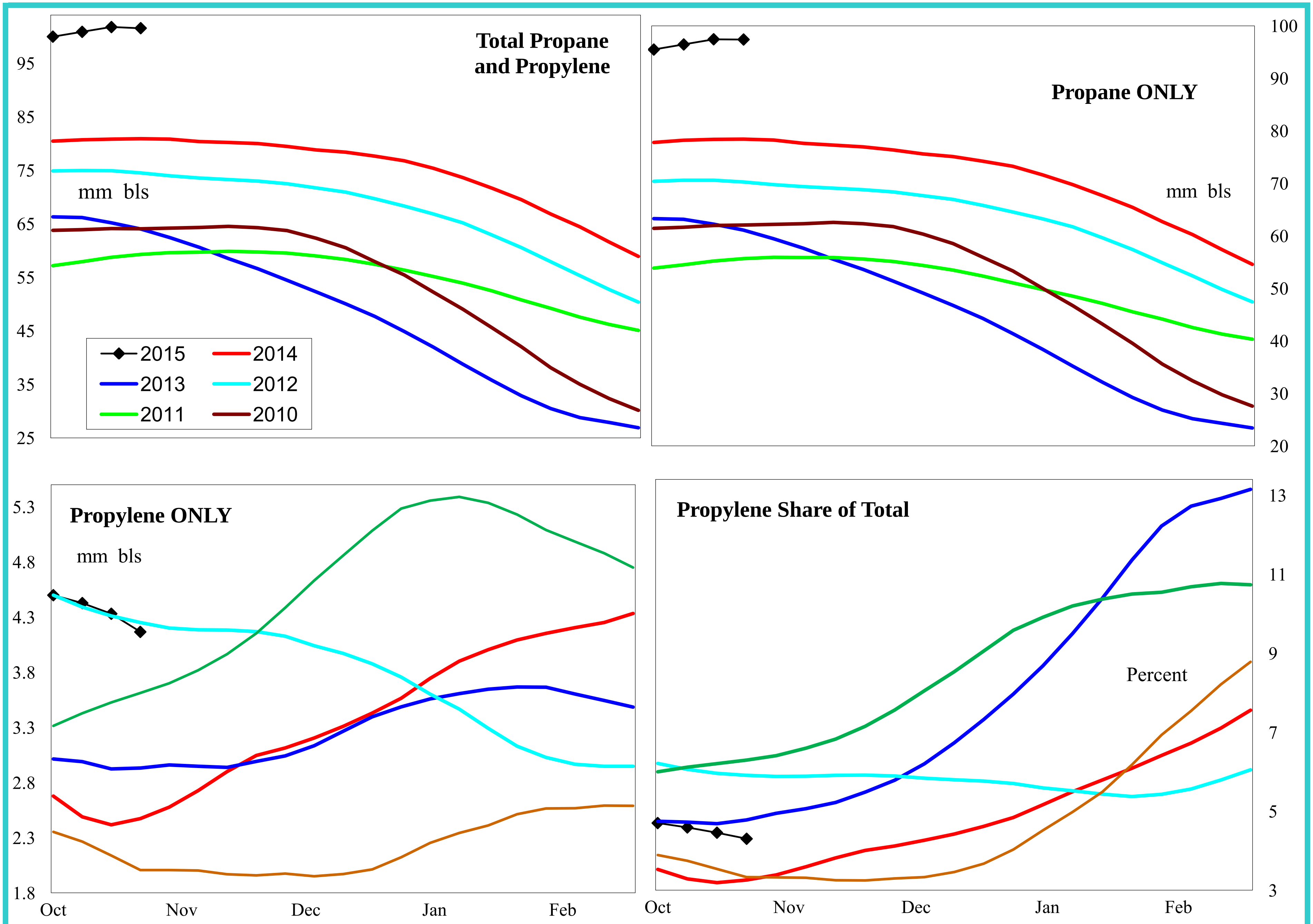
Lehi German Tel: 816-505-0980

PADDs 4 and 5 Propane Supply and Demand Balance



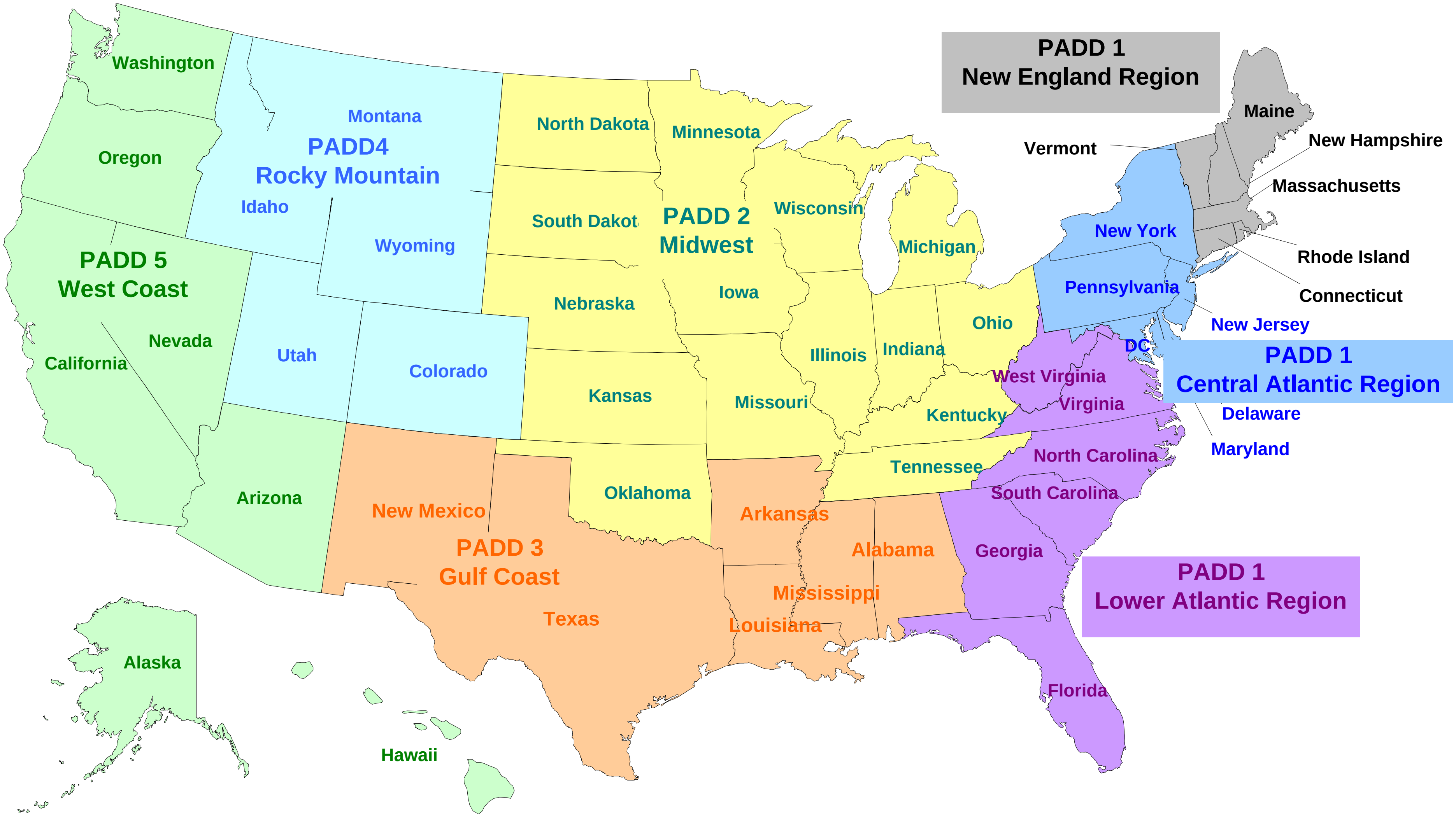
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	691	-386	-21	4	13
% change	19.2	6,433.3	-10.5	33.3	6.5

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	21,292	19,309	1,694
% change	26.5	24.7	68.5

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



Lehi German Tel: 816-505-0980