FUNDAMENTAL PETROLEUM TRENDS

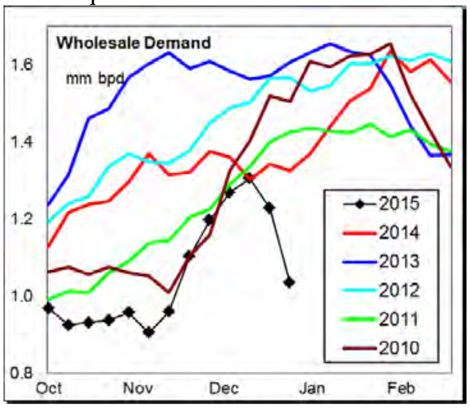
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

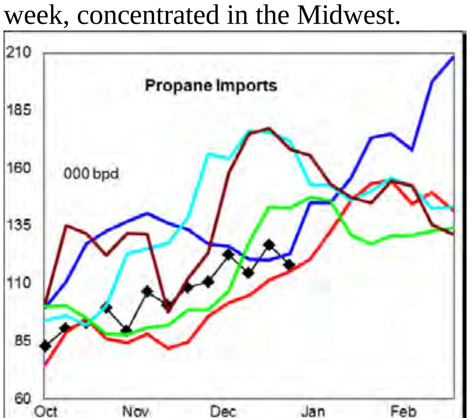
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

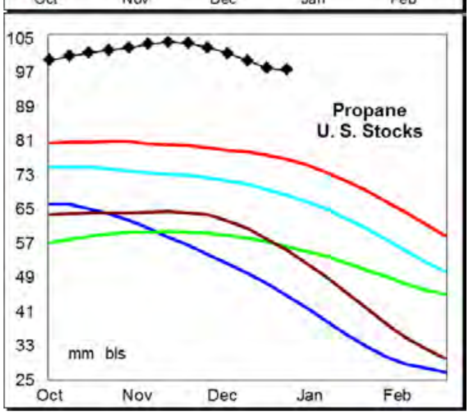
Summary[1]:

Wholesale demand fell -0.3 million bpd last week to a new record low for the winter quarter.



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

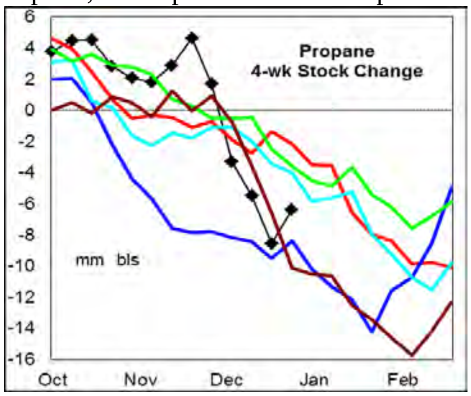




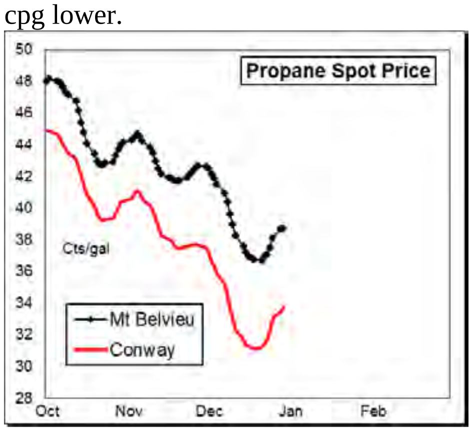
Exports for the week ending 18Dec15 were +204,000 bpd above last year, and a new record high of 729,000 bpd.

Stocks increased +0.1 million barrels last week, concentrated in the Gulf region. Stock levels ended the week +26% above the prior historic high for the period.

The rate of stock draw was a -6.4 million barrels during the latest 4-wk period, slightly larger than the 3-yr average for the period. Due to record exports, lower production and imports.



Price and Spreads Mt Belvieu spot price decreased -3.5 cpg last week ending 30Dec15, while Conway prices were -3 cpg lower.



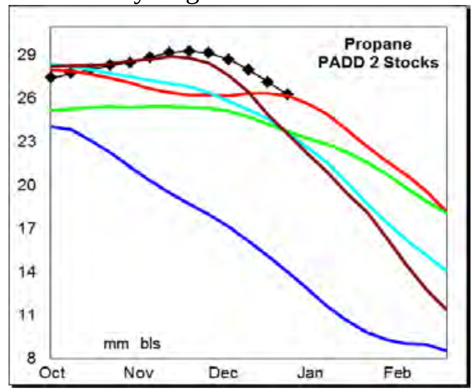
The Conway – Mt Belvieu price spread was nearly unchanged last week, ending at a level near the 3-yr midrange for the period.

The propane to natural gas price spread trended lower last week, ending at a level that matched historic lows.

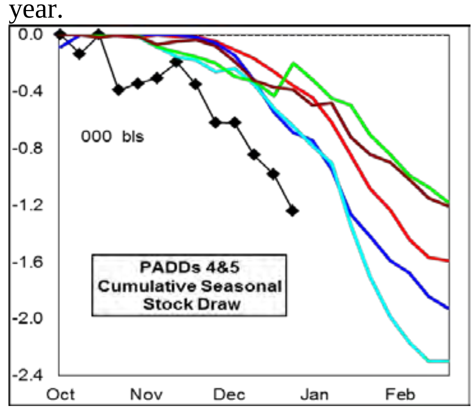
The propane / crude oil price spread trended higher for the week, ending at a level above two of the last 3-yrs.

PADD 1 stocks increased +0.2 million barrels on the week at a level +24% above a year ago and above the 5-yr range. Supply decreased -8,000 bpd on the week.

PADD 2 supply fell -53,000 bpd last week, with production and imports each lower. Stocks decreased -0.7 million barrels on the week, to a level that matched 5-yr highs.



PAD 3 stocks increased +0.9 million barrels on the week. Stock levels ended the week +48% above the prior 5-yr high. Supplies for the latest 4-wk period were +69,000 bpd above last year.



PADDs 4 & 5 stocks decreased -0.3 million barrels on the week – driven by much colder than normal temperatures in the region. Cumulative season stock draws are a record for this time of year, driving stock levels to below a year ago.

Emerging Trends Temperatures are forecast to be below normal for the next 2-wks across the western 2/3rds of the country. Exports have climbed to new record levels, partially offsetting weak domestic use.

A shift to more normal temperatures should lift demand during the next 2-wks, providing modest support to wholesale prices.

Large carryout stock levels at the end of the winter quarter risk another price pull back after the peak winter season.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

December 30, 2015

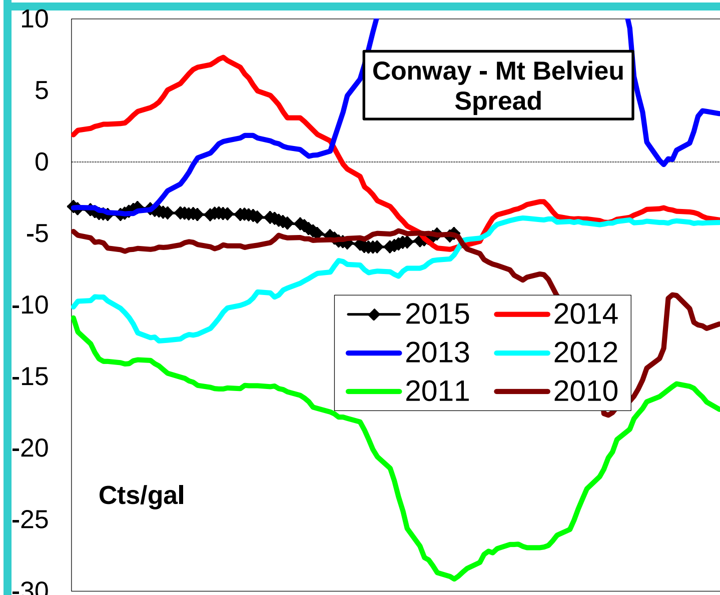
Fundamental Trends for the Week Ending: Friday, December 25, 2015

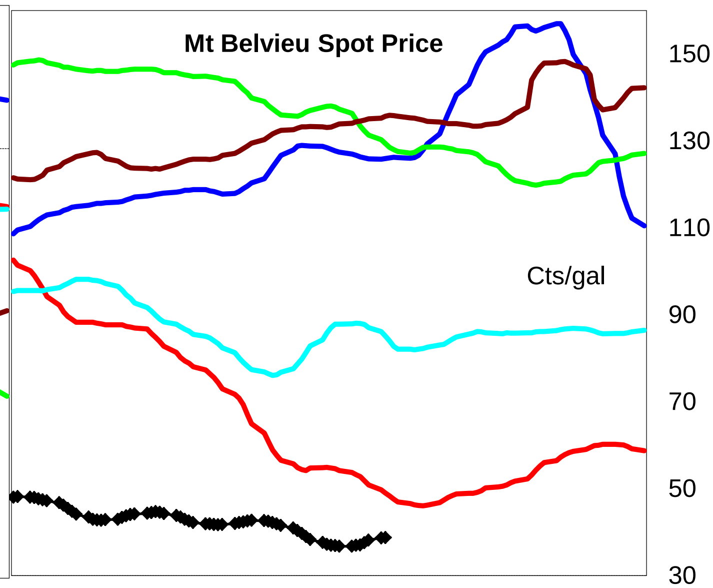
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	97,734	6,680	26,245	61,358	3,451	96	202	-740	890	-256
Propylene Stocks	3,229					165				
Production	1,641	158	337	982	164	-56	0	-38	-12	-6
Imports	118	39	49	0	30	-31	-8	-15	0	-8
Whsle Demand	1,034					-292				

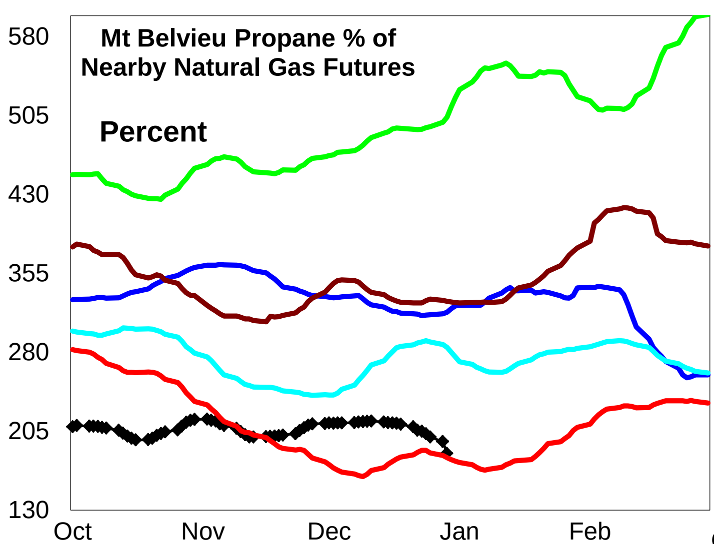
Price Trends for the Week Ending: Tuesday, December 29, 2015

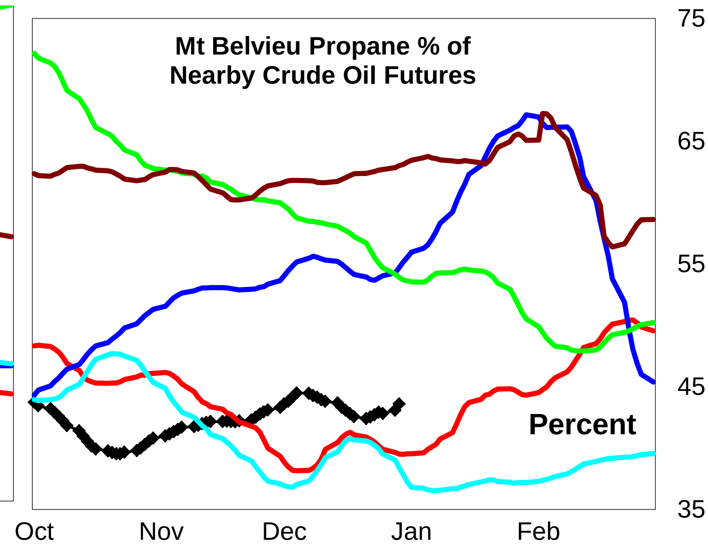
Cents/gal	Average for week ending:				Change from:			% change from:		
	12/29/15	12/22/15	12/1/15	12/31/14	12/22/15	12/1/15	12/31/14	12/22/15	12/1/15	12/31/14
Mont Belvieu Spot	38.6	35.6	42.8	51.3	2.97	-7.21	-8.46	8.4	-16.9	-16.5
Conway Spot	33.5	30.0	37.8	45.0	3.53	-7.84	-7.21	11.8	-20.7	-16.0

Key Price Spreads and Differentials

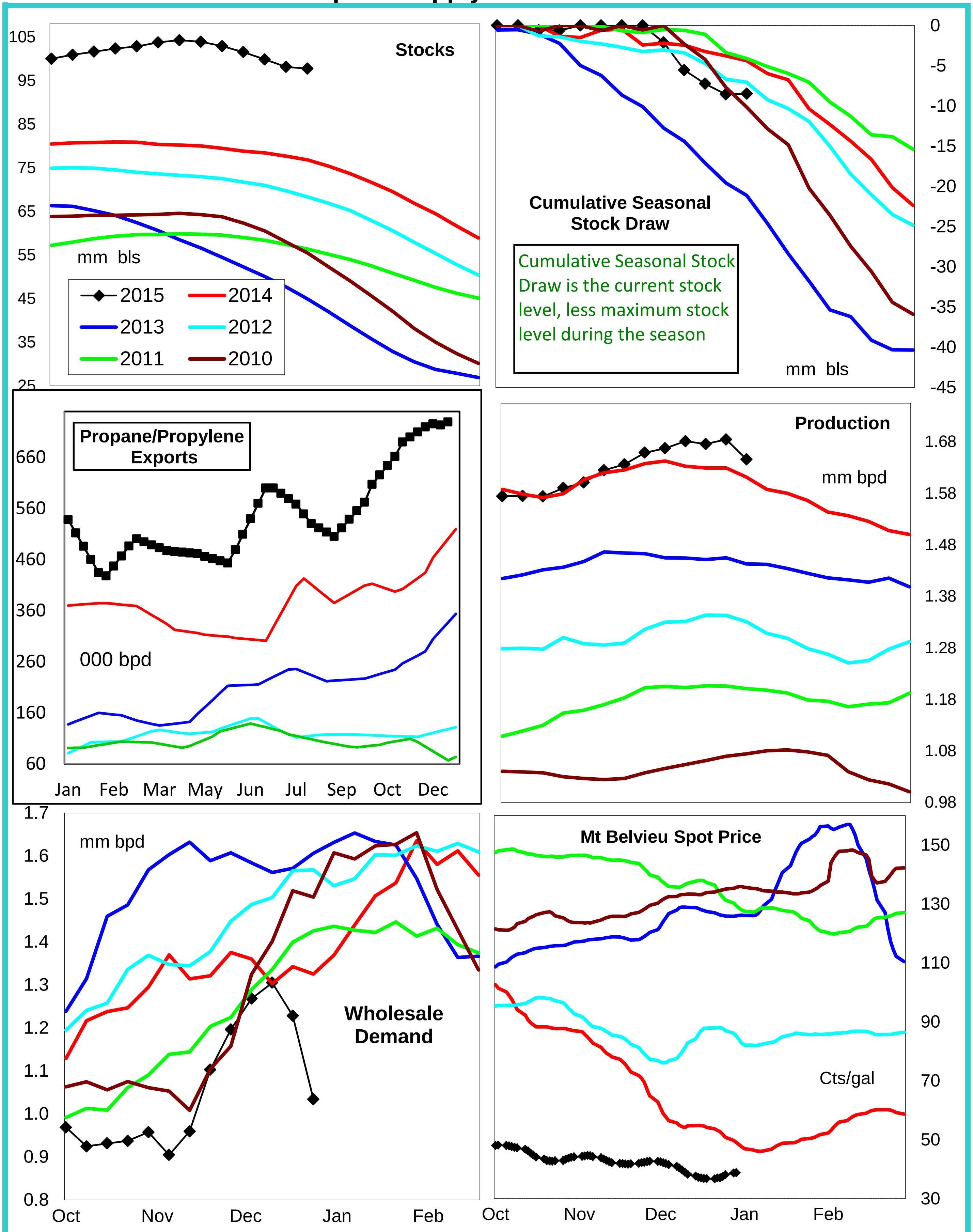








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Nov	Oct	Sep
000 bpd (000 bls stks)	20,490	-4,100	53	14		-13	-335	-185	-131
% change	26.5	94	3.2	12.5		-0.9	-25.2	-16.2	-12.8

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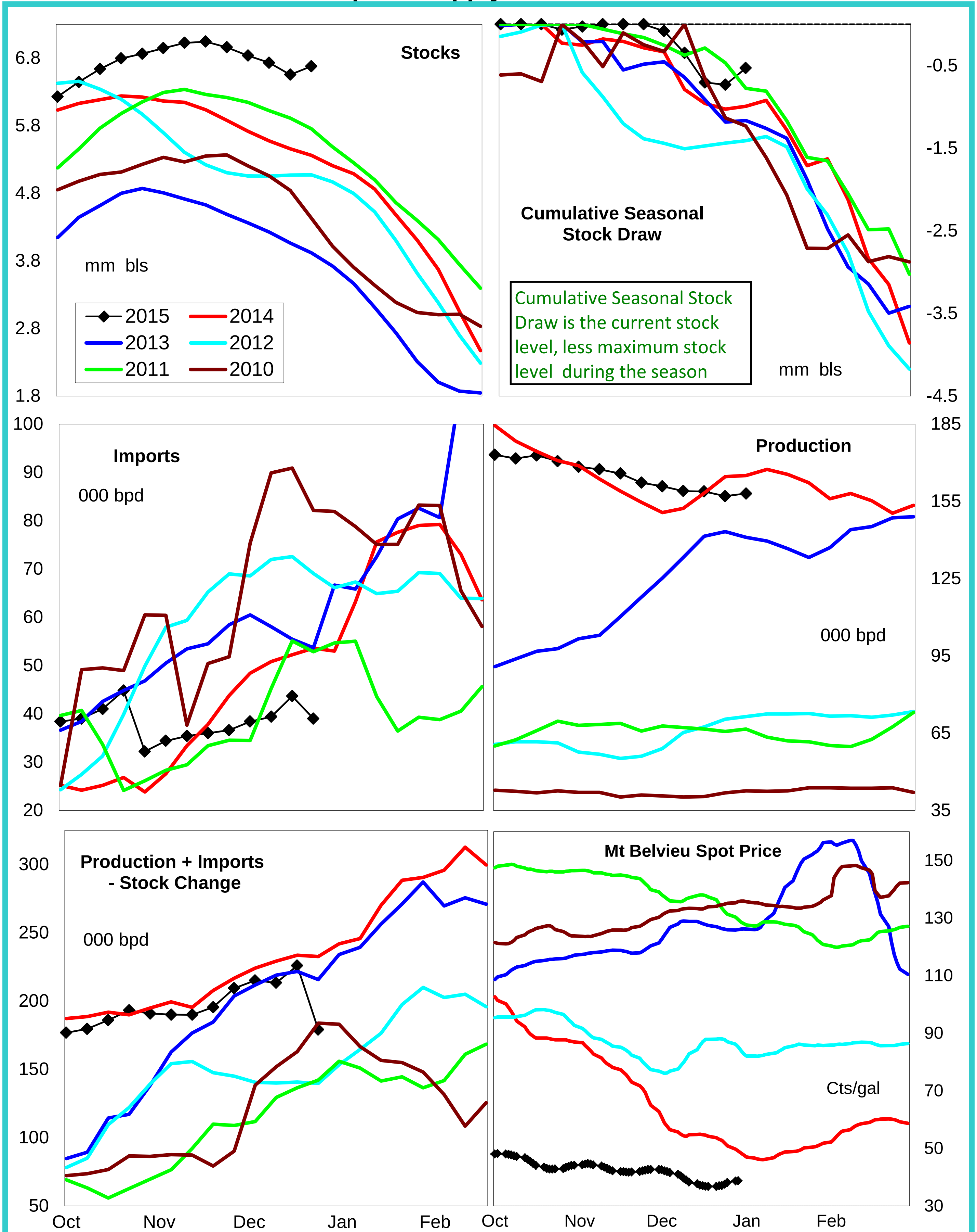
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,277	462	-3	-11	-22
% change	23.6	-46.6	-2.0	-20.9	-9.4

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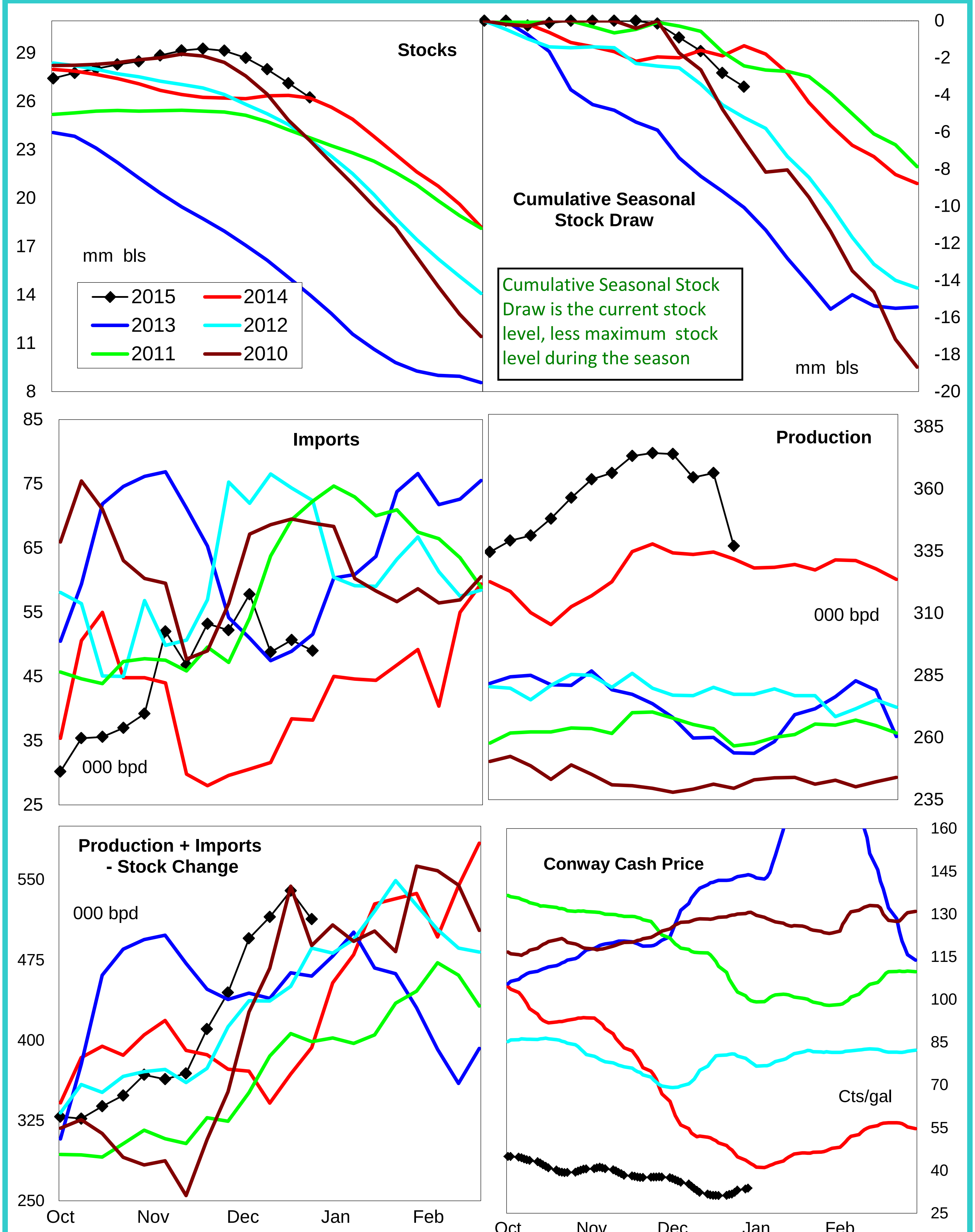
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-508	-2,217	33	18	147
% change	-1.9	165.2	9.8	52.6	40.0

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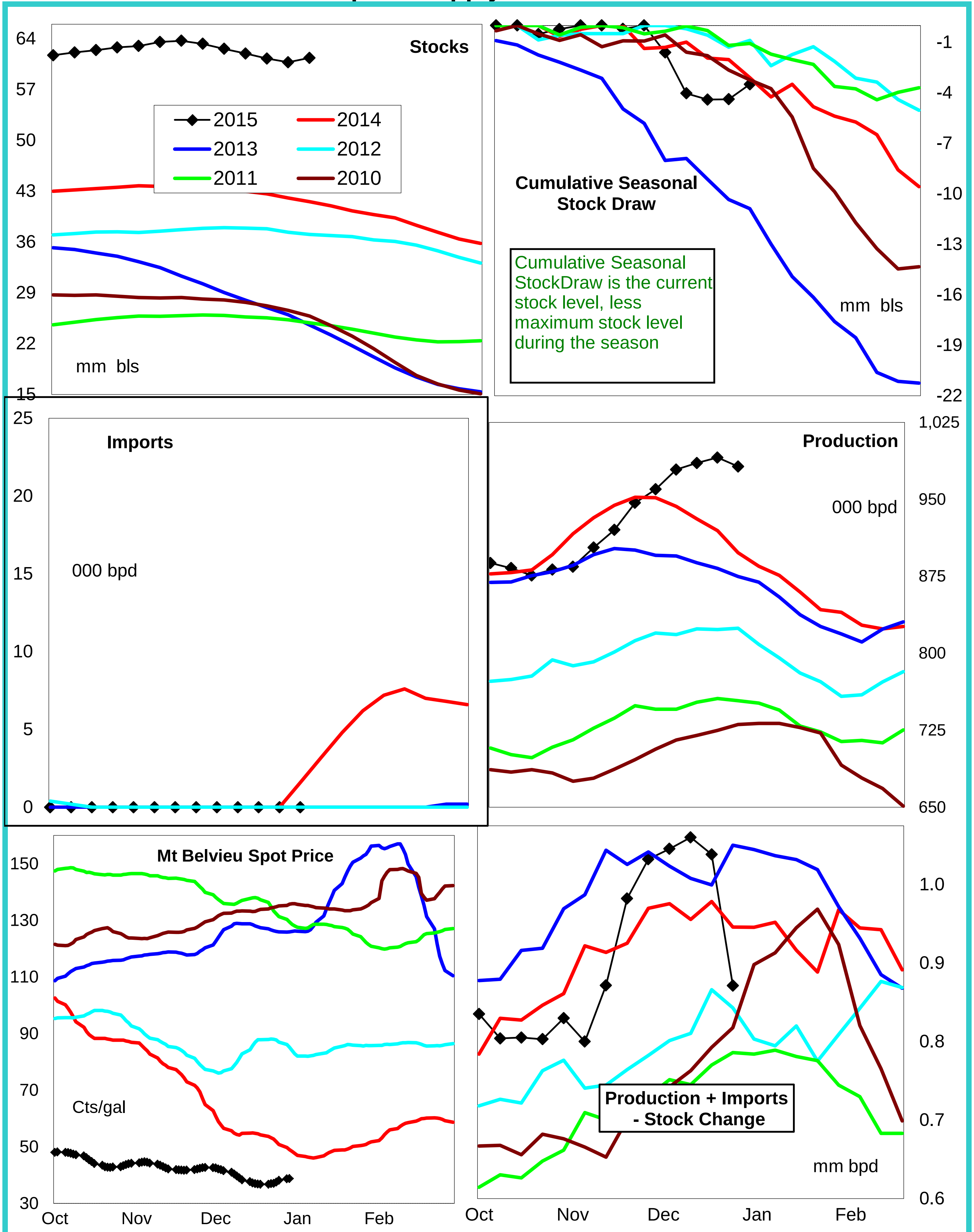
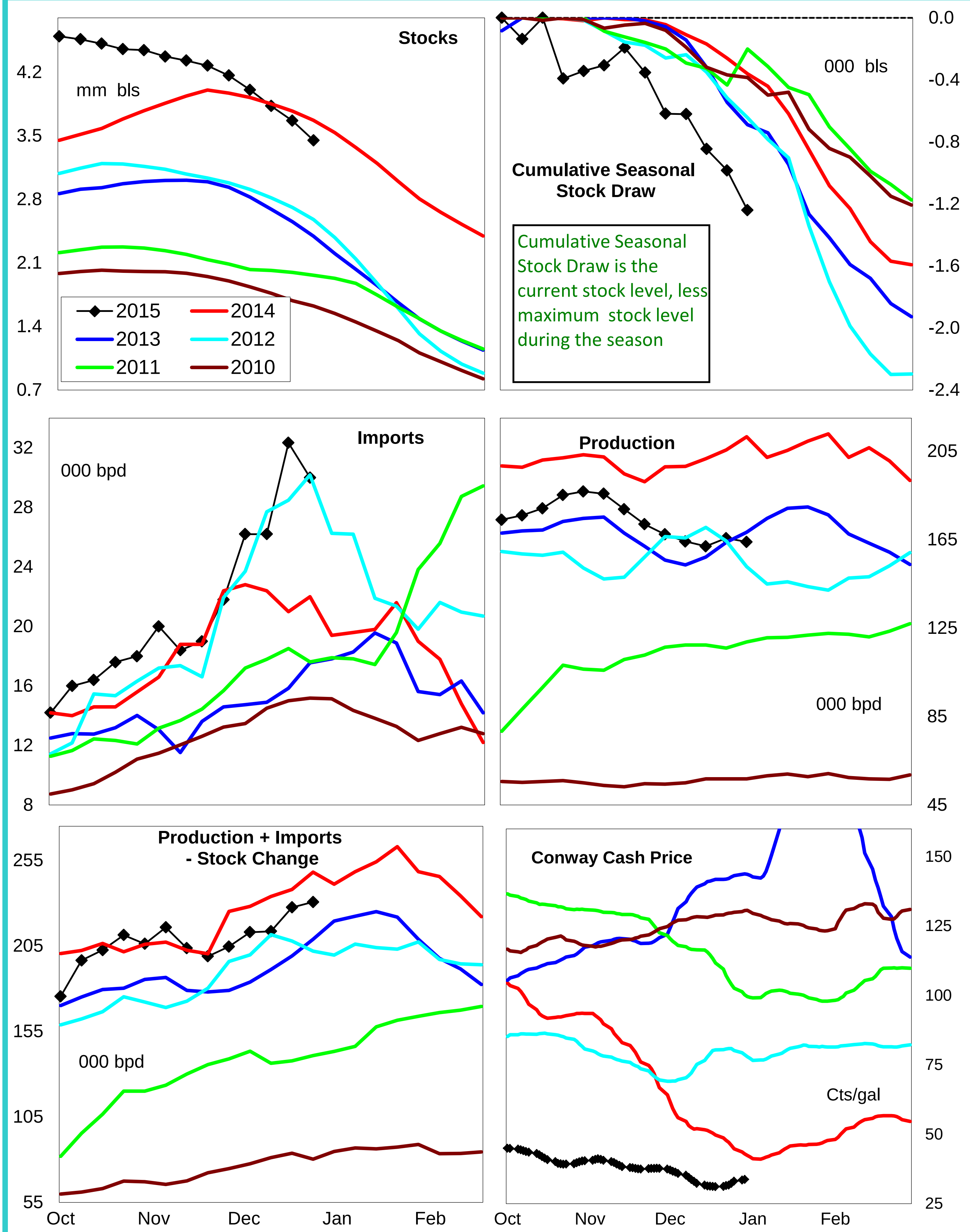
PADD 3 Propane Supply and Demand Balance



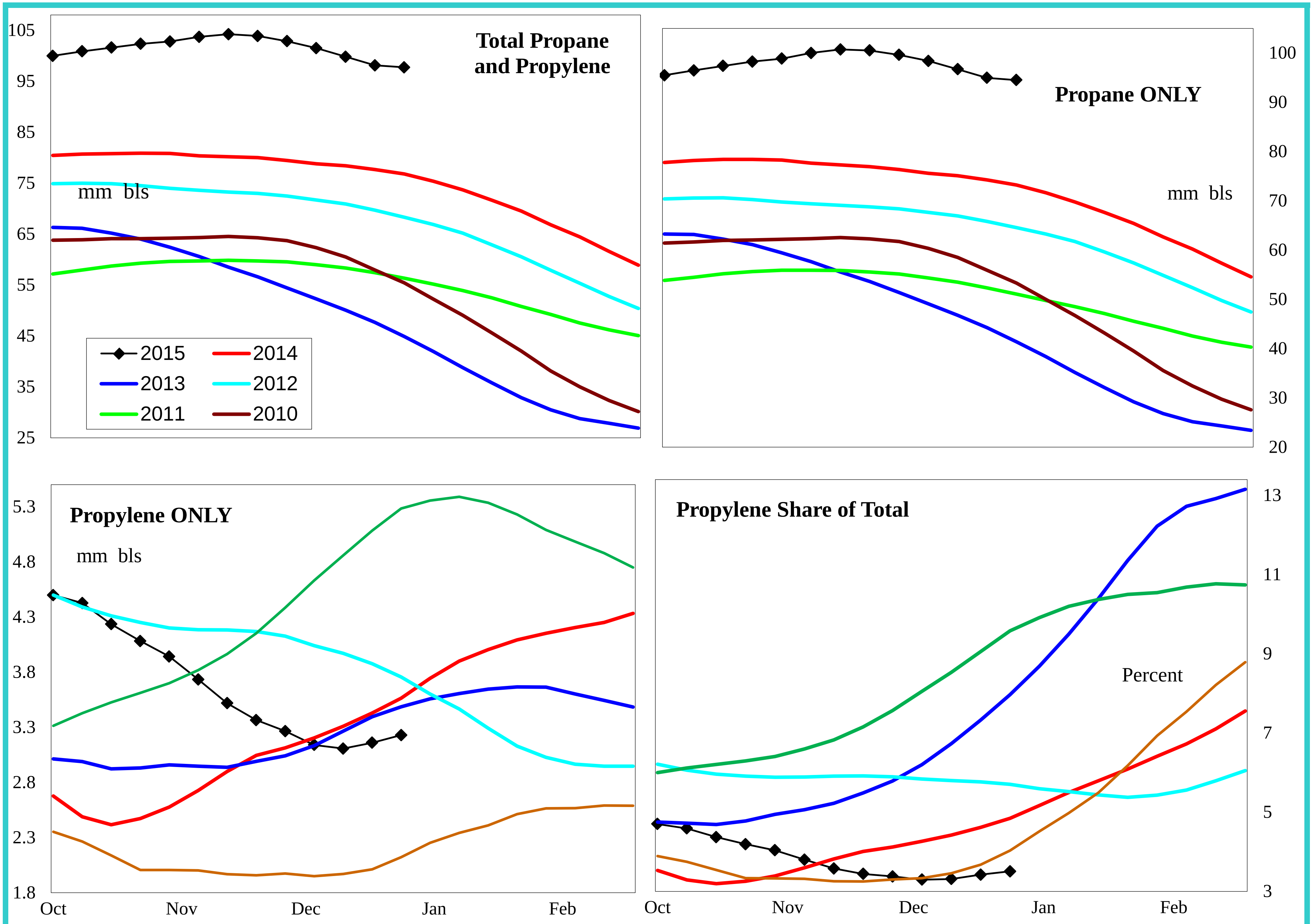
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	**19,950**	**-392**	**69**	**0**	**40**
% change	**48.2**	**13**	**7.4**	**#DIV/0!**	**4.0**

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)	-230	-880	-45	6	-16
% change	-6.3	243.8	-21.6	28.1	-6.7

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**20,490**	**20,847**	**-335**
% change	**26.5**	**28.3**	**-9.4**

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