FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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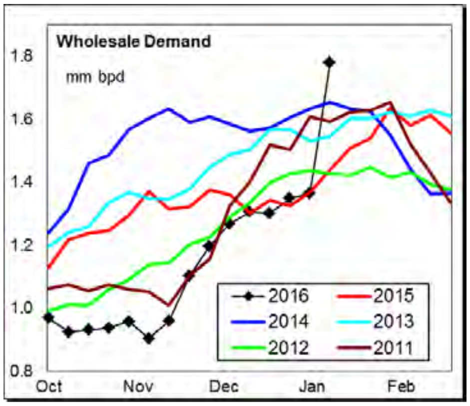
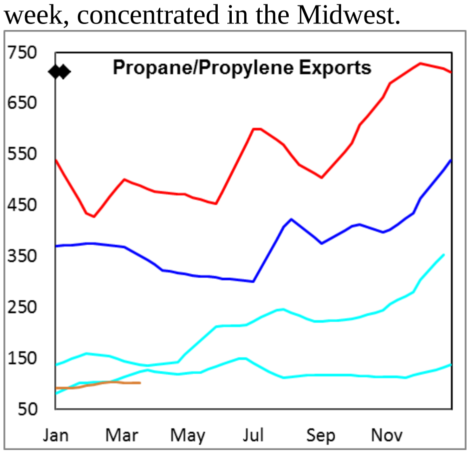
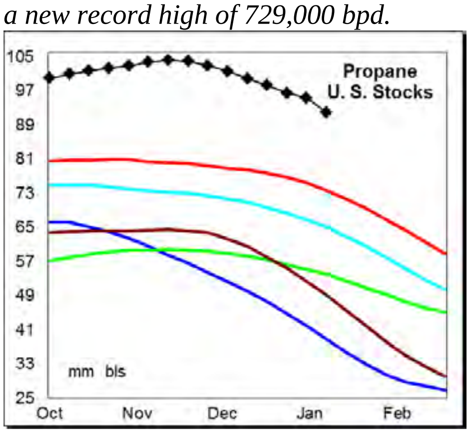
Summary[1]:
Wholesale demand increased +0.5 million bpd last week, due in part to a surge in exports from the Gulf where stocks fell -2.9 million barrels.



Imports increased +40,000 bpd last week, concentrated in the Midwest.

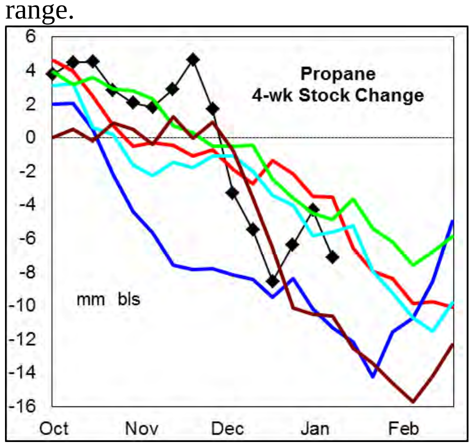


Exports for the week ending 18Dec15 were +204,000 bpd above last year, and a new record high of 729,000 bpd.

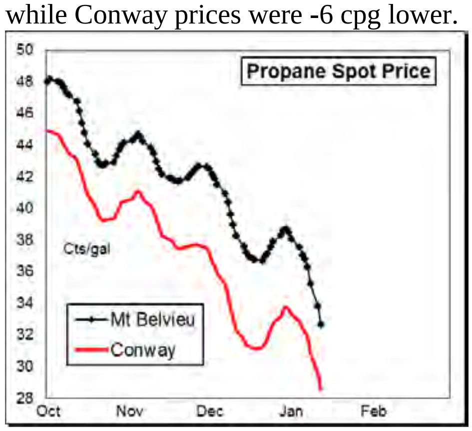


Stocks fell -4.5 million barrels last week, concentrated in the Gulf region. Stock levels ended the week +23% above the prior historic high for the period.

The rate of stock draw was a -7.1 million barrels during the latest 4-wk period, a larger draw than the 3-yr mid range.



Price and Spreads Mt Belvieu spot price fell -6.5 cpg last week ending 12Jan16, while Conway prices were -6 cpg lower.



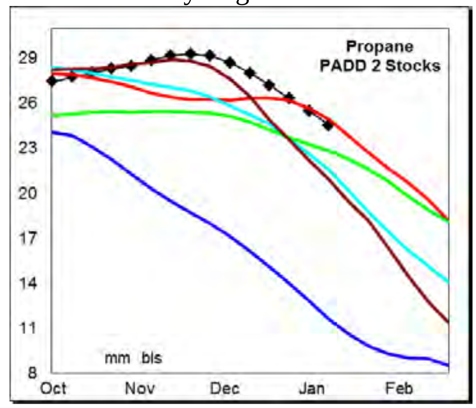
The Conway – Mt Belvieu price spread trended higher last week, ending at a level equal to the 3-yr midrange for the period.

The propane to natural gas price spread trended lower last week, ending at a ending at a record low.

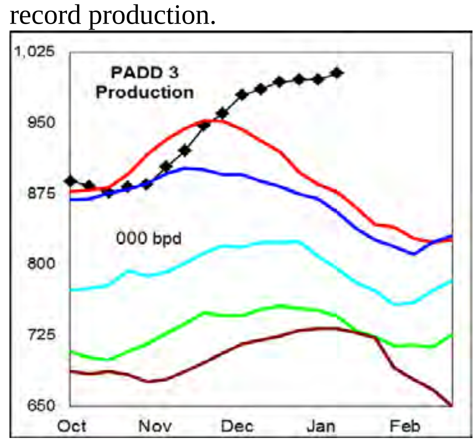
The propane / crude oil price spread traded sideways on the week, ending at a level comparable with a year ago.

PADD 1 stocks decreased -0.3 million barrels on the week ending at a level +24% above a year ago and above the 5-yr range. Supply increased +2,000 bpd on the week.

PADD 2 supply increased +46,000 bpd last week, with production and imports each higher. Stocks decreased -1.1 million barrels on the week, to a level that matched 5-yr highs.



PAD 3 stocks decreased -2.9 million barrels on the week, driven by a surge in exports. Stock levels ended the week +42% above the prior 5-yr high. Supplies for the latest 4-wk period were +104,000 bpd above last year, driven by record production.



PADDs 4 & 5 stocks decreased -0.1 million barrels on the week. Cumulative season stock draws continued at a record rate, driving stock levels to -15% below a year ago.

Emerging Trends Temperatures are forecast to be below normal next week, followed by above normal temperatures after mid month.

Peak winter demand and robust exports should lead to above average stock draws; limited by record production.

Global weakness in energy prices and an over supplied domestic propane market should continue to depress wholesale prices.

[1] Source is latest EIA Weekly Statistics

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PROPANE: Graph Link and Weekly Summary

January 13, 2016

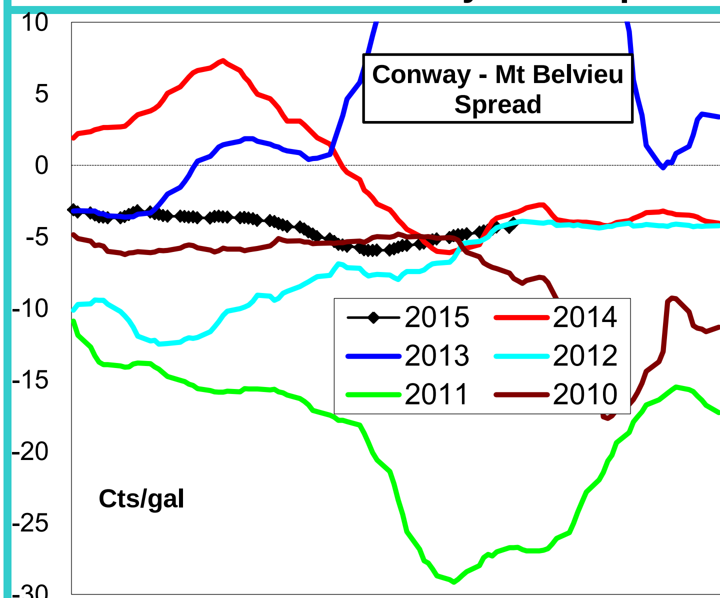
Fundamental Trends for the Week Ending: Friday, January 08, 2016

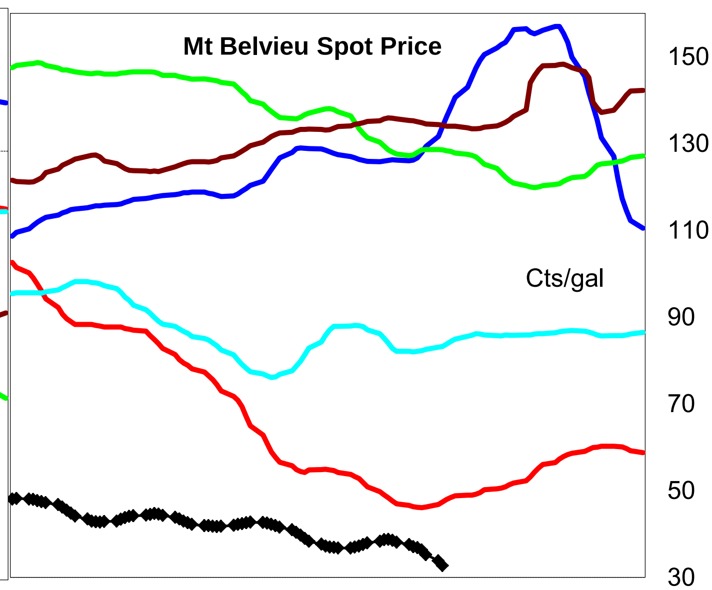
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	91,858	6,342	24,518	58,101	2,897	-4,483	-303	-1,164	-2,903	-113
Propylene Stocks	3,160					8				
Production	1,698	157	363	1,002	176	18	5	16	-1	-2
Imports	152	46	67	0	39	40	-3	30	0	13
Whsle Demand	1,779					499				

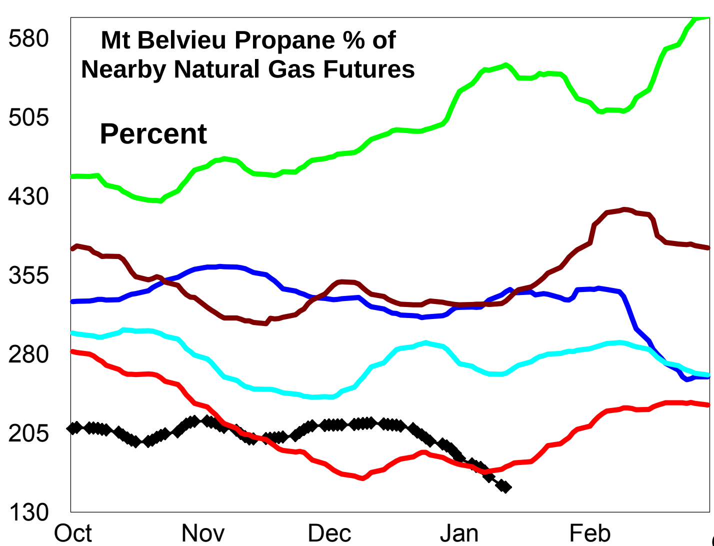
Price Trends for the Week Ending: Tuesday, January 12, 2016

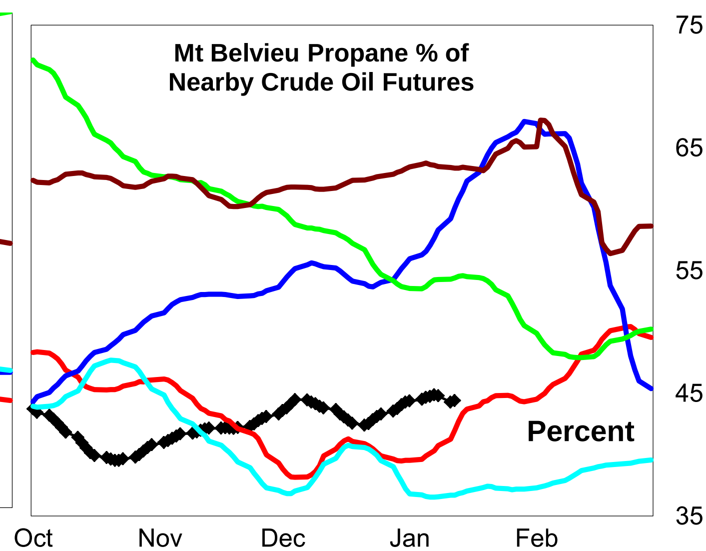
Cents/gal	Average for week ending:				Change from:			% change from:		
	1/12/16	1/5/16	12/15/15	1/14/15	1/5/16	12/15/15	1/14/15	1/5/16	12/15/15	1/14/15
Mont Belvieu Spot	34.4	39.2	38.2	46.0	-4.80	1.03	-7.83	-12.2	2.7	-17.0
Conway Spot	30.1	34.4	32.2	42.4	-4.28	2.25	-10.25	-12.4	7.0	-24.2

Key Price Spreads and Differentials









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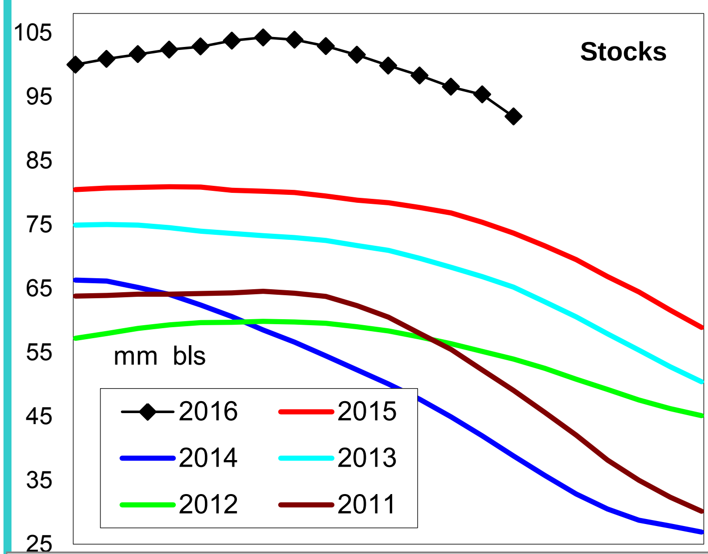
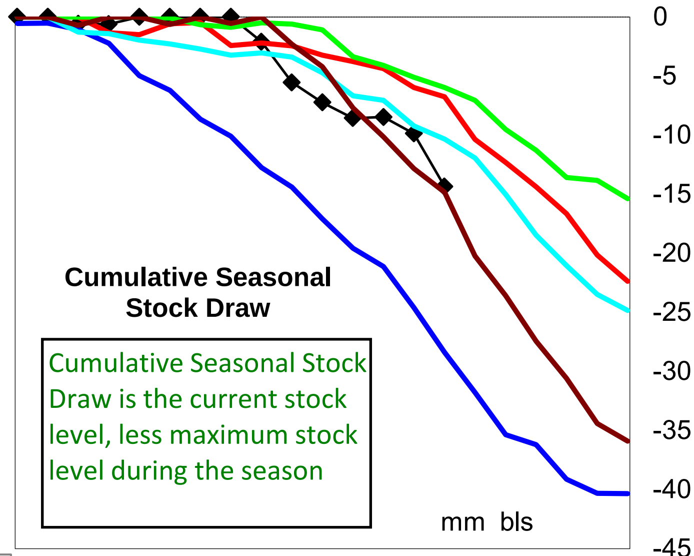
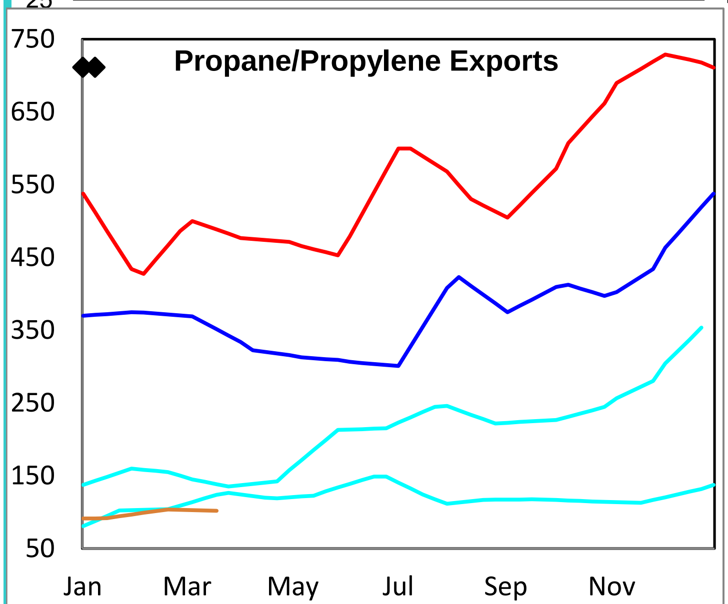
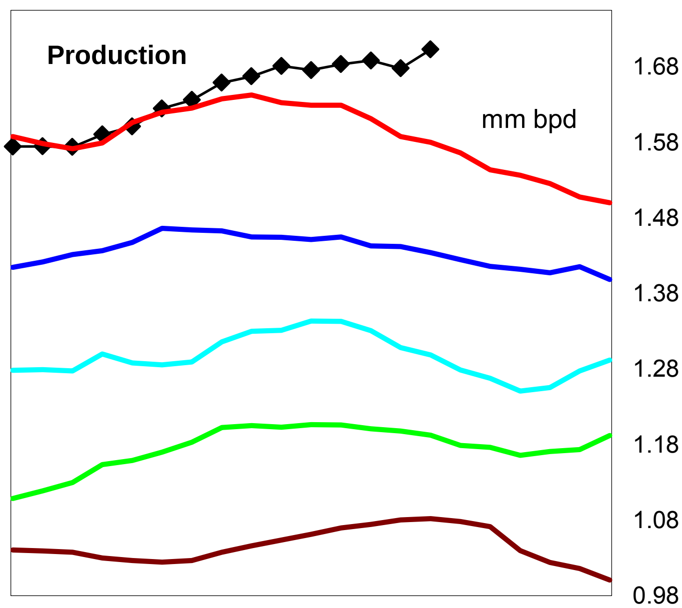
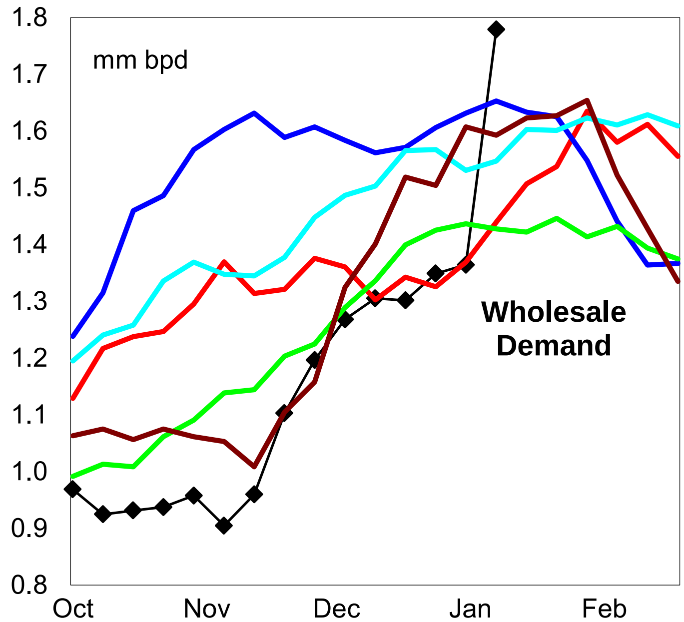
U. S. Propane Supply and Demand Balance

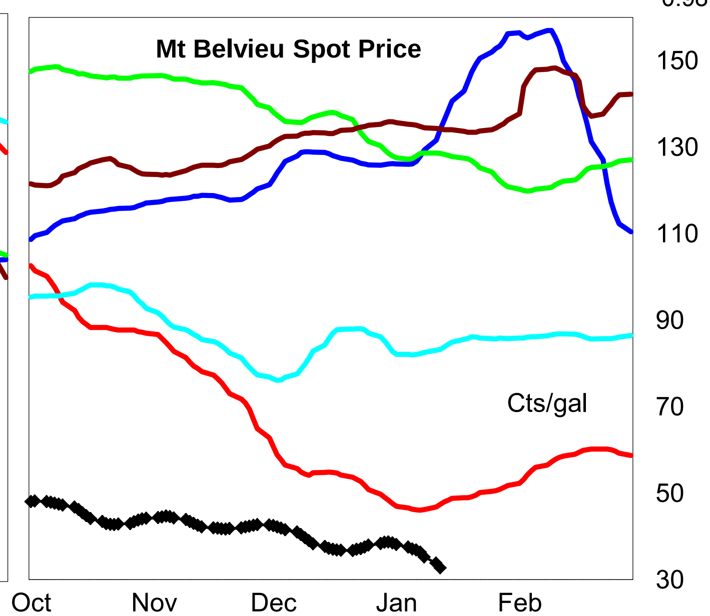












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Dec	Nov	Oct
000 bpd (000 bls stks)	17,005	-7,585	84	21		59	-146	-335	-123
% change	22.7	112	5.3	18.3		4.6	-10.5	-25.2	-10.8

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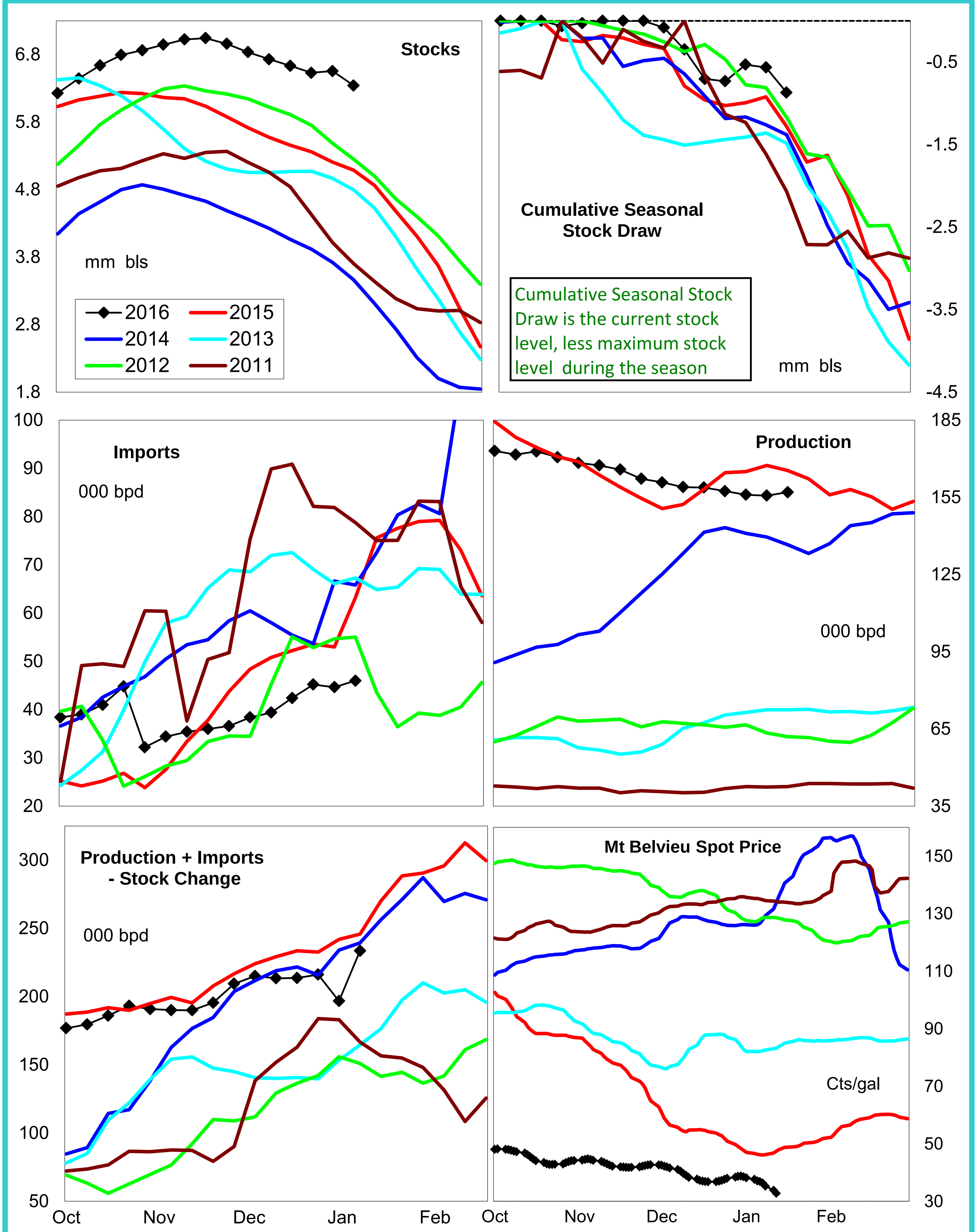
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,226	411	-13	-9	-23
% change	24.0	-32.1	-7.5	-15.8	-9.9

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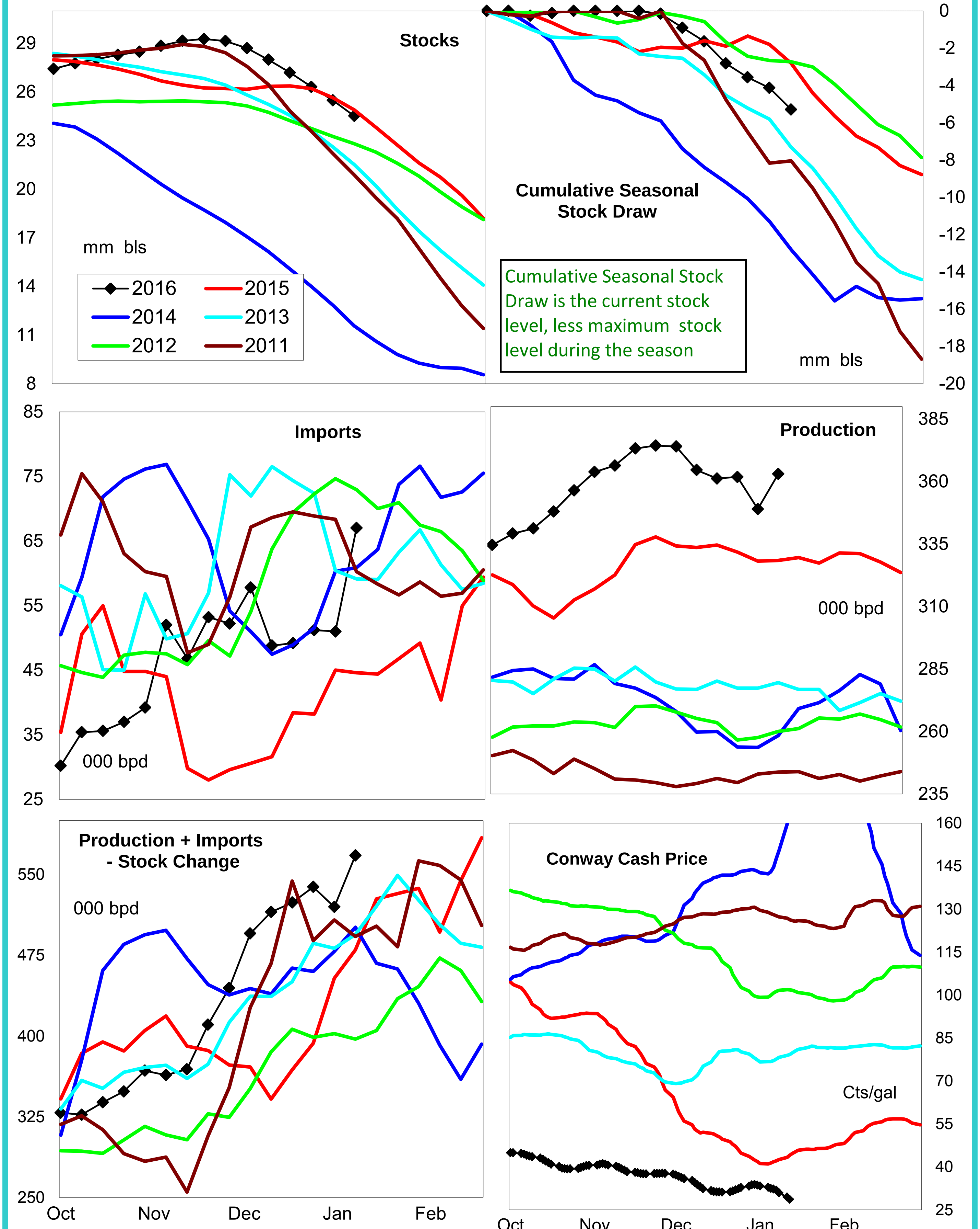
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-773	-2,482	24	18	114
% change	-3.1	88.5	7.3	47.6	26.8

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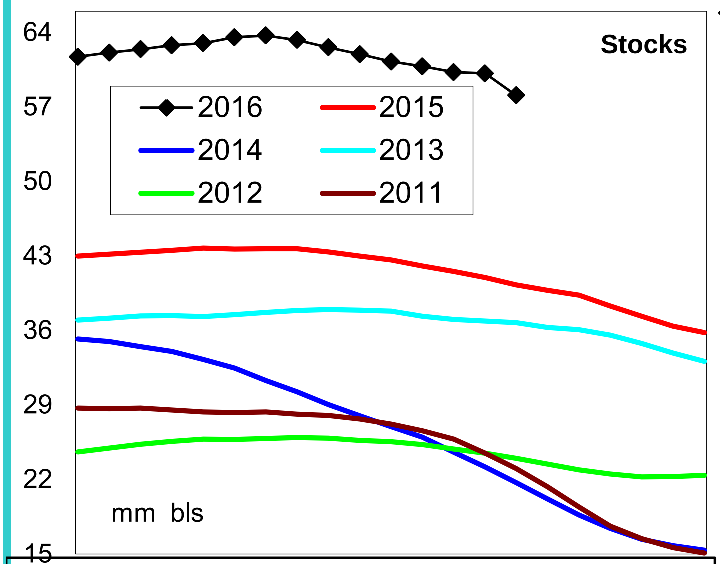
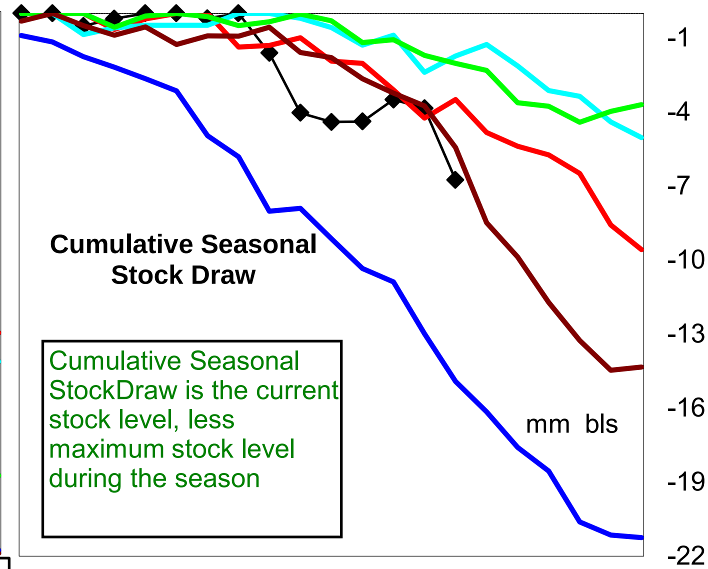
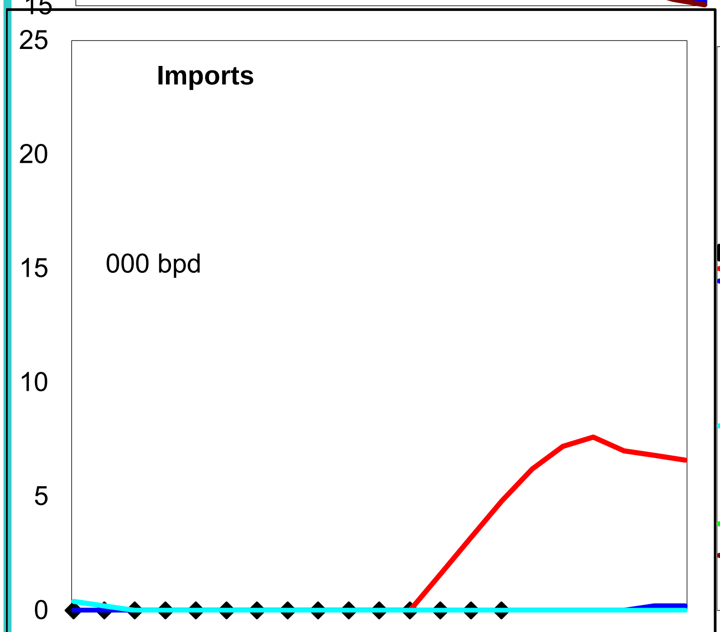
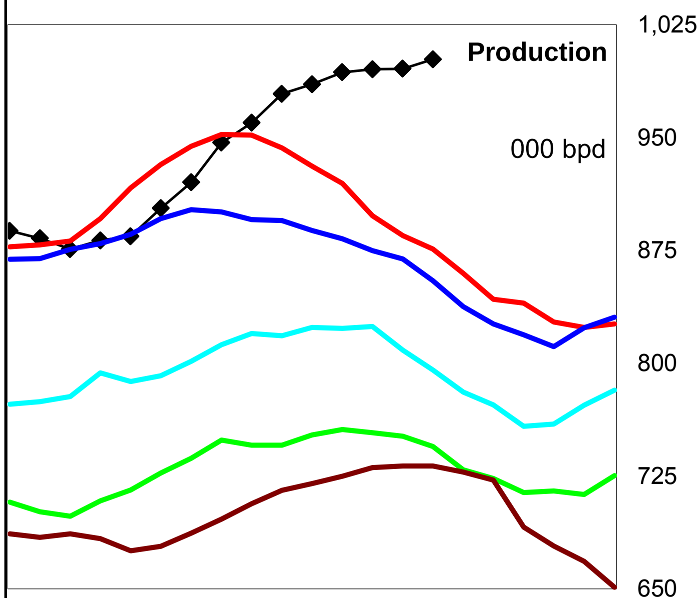
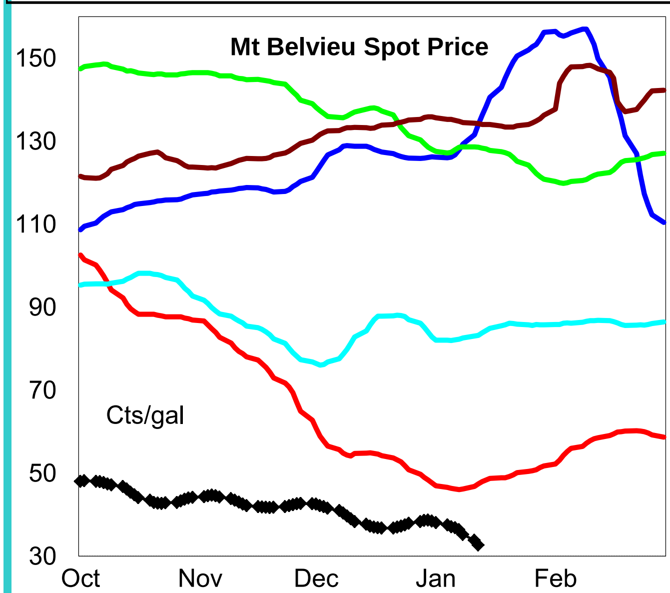
PADD 3 Propane Supply and Demand Balance

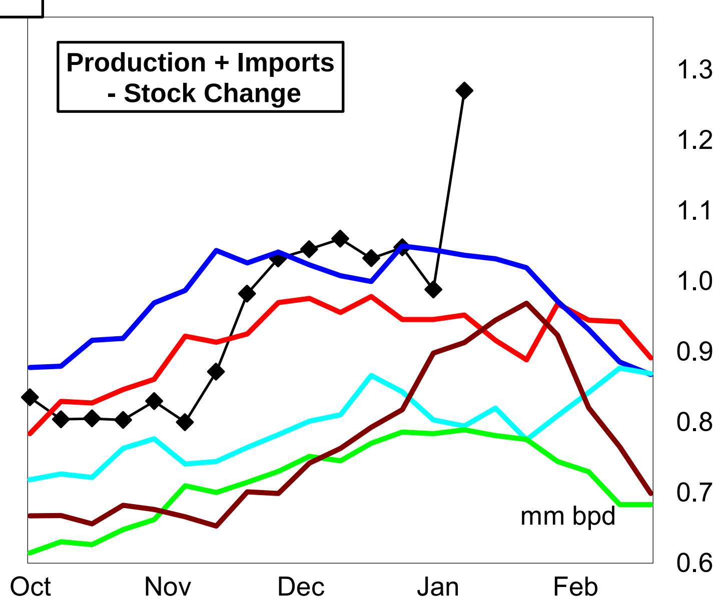












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	17,078	-3,264	106	-2	129
% change	41.6	94	12.0	-100.0	13.2

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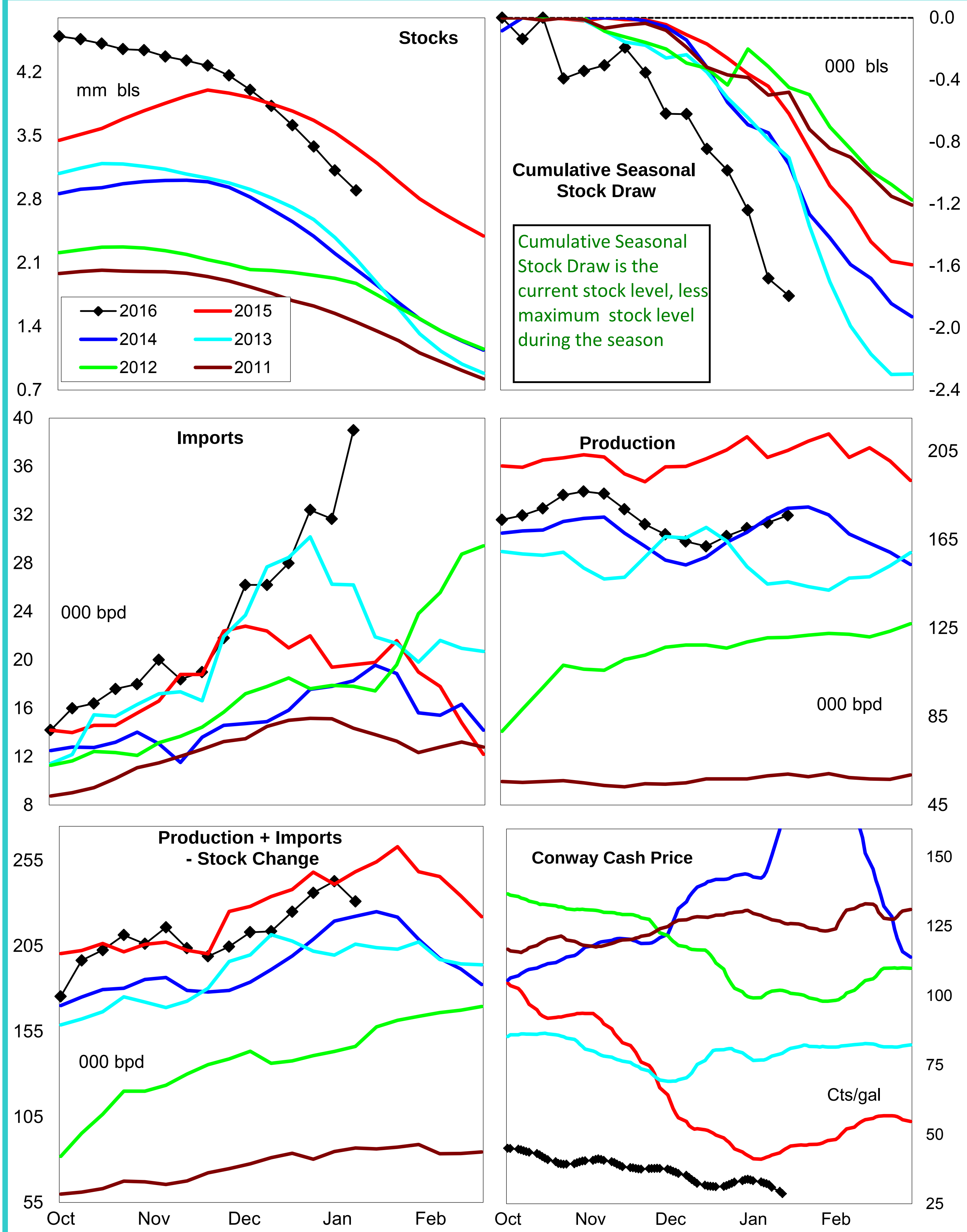
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-525	-1,175	-34	14	-10
% change	-15.3	190.1	-16.4	68.4	-4.2

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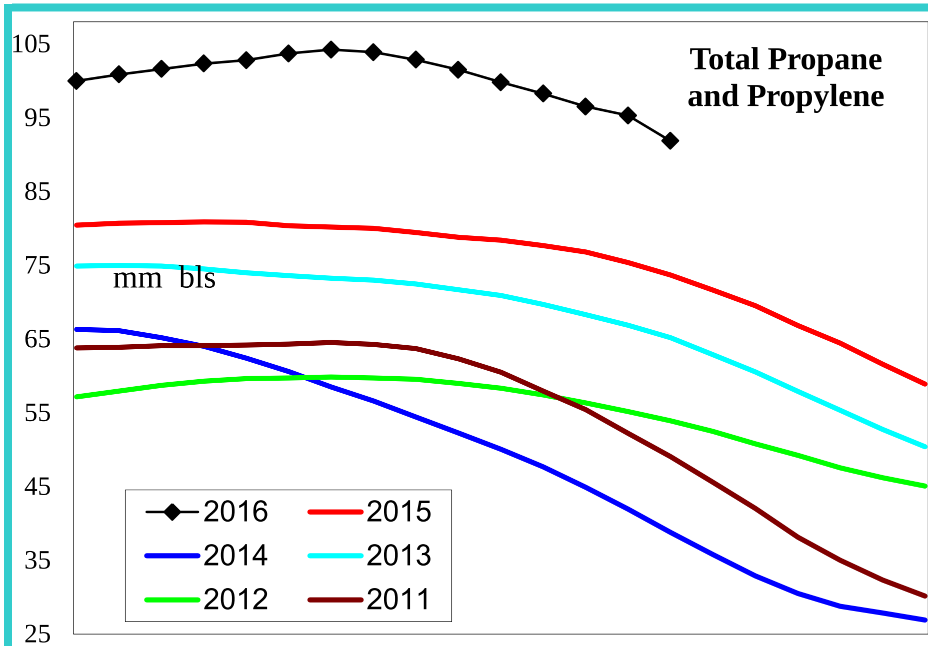
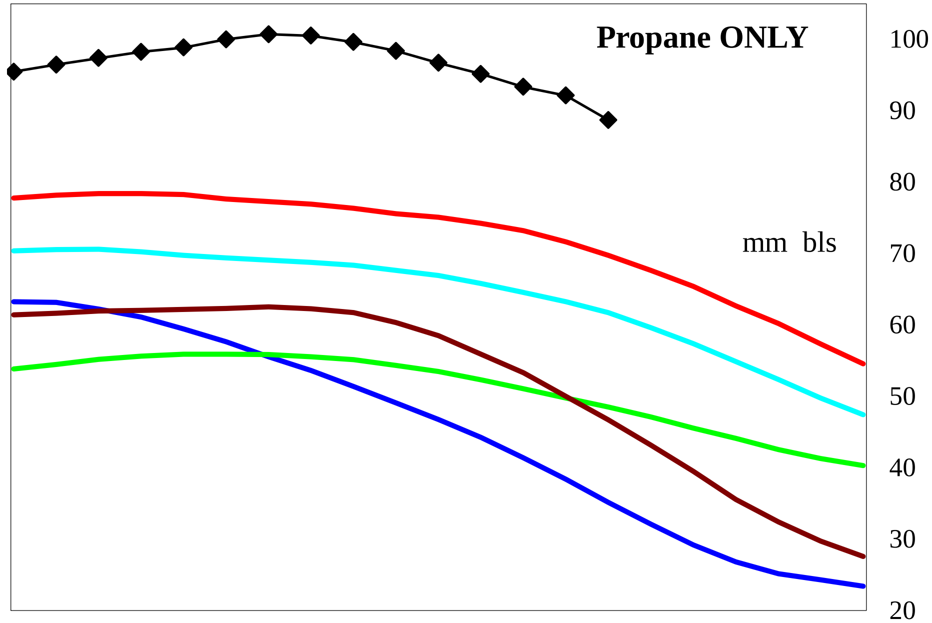
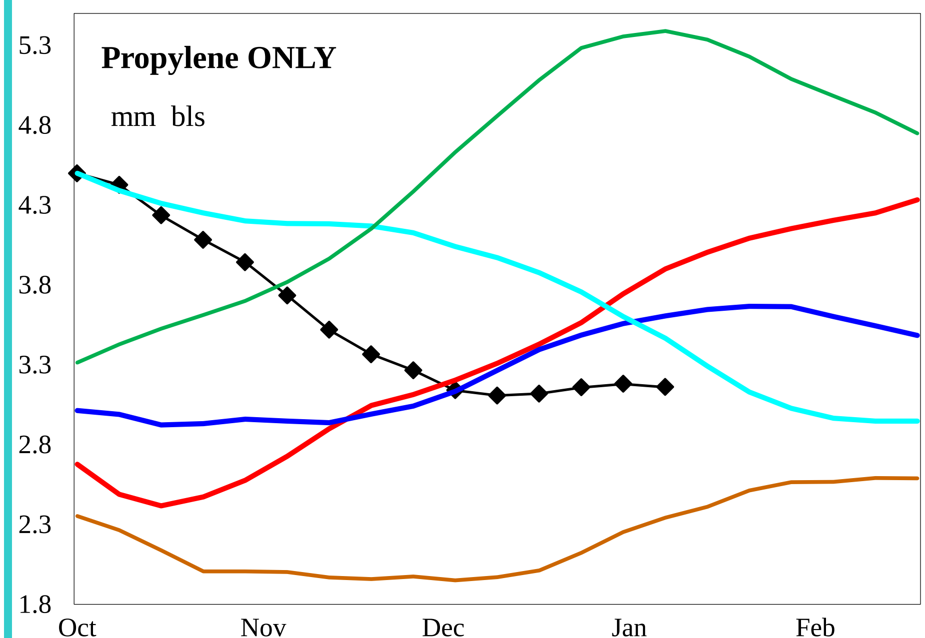
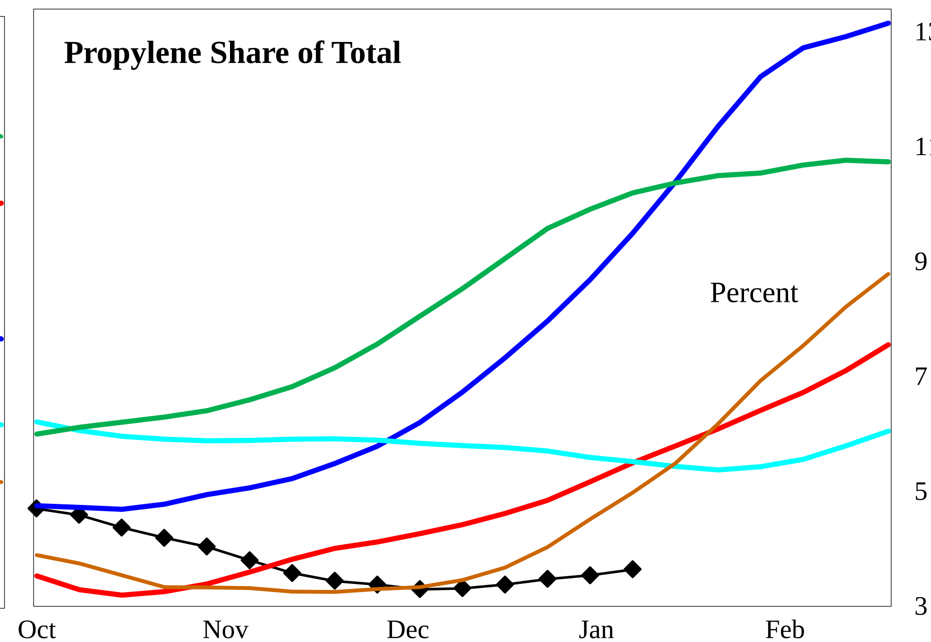
U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**17,005**	**17,722**	**-740**
% change	**22.7**	**25.0**	**-19.0**

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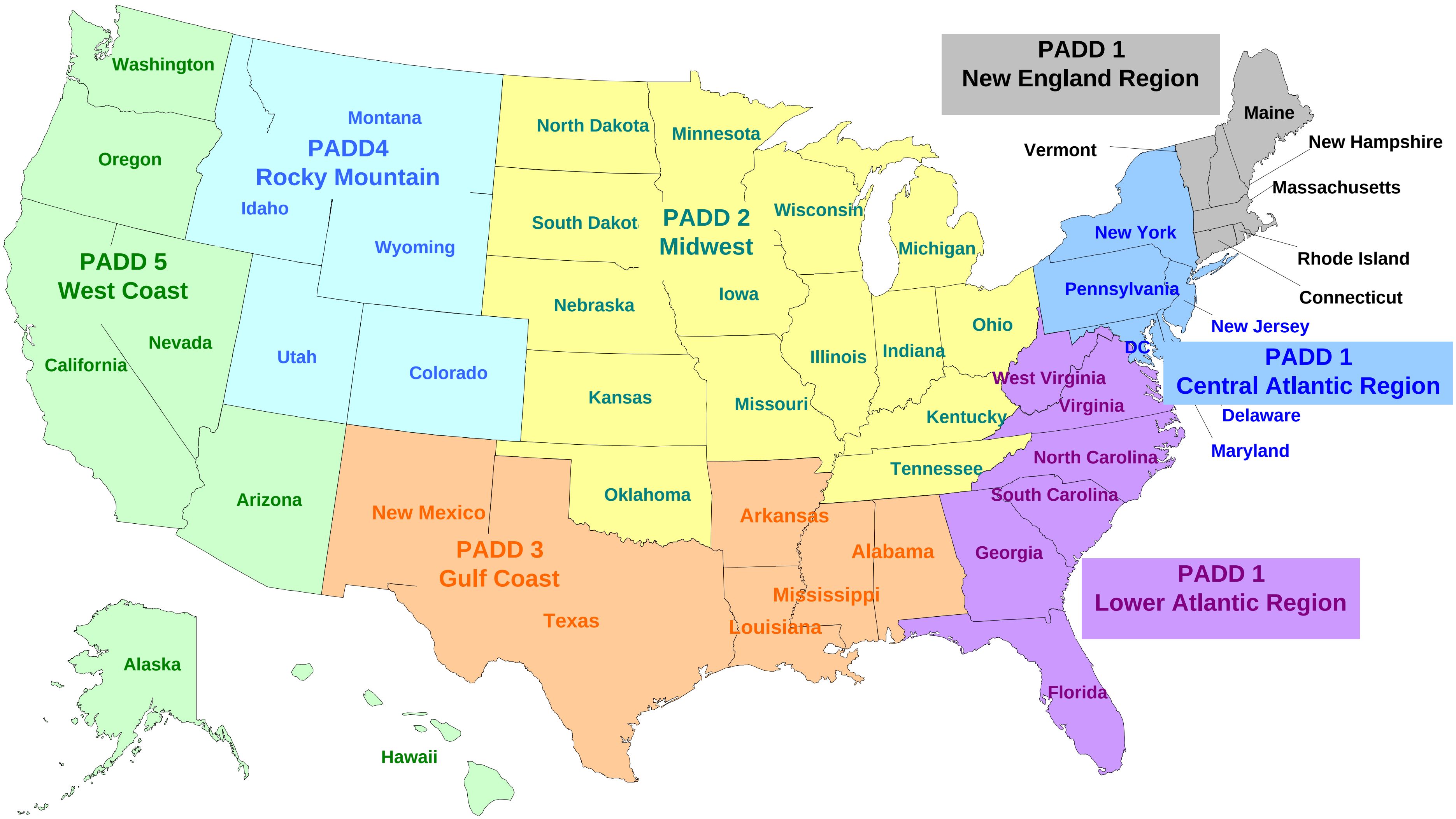
U. S. Petroleum Administrative for Defense Districts (PADDs)



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