FUNDAMENTAL PETROLEUM TRENDS

# WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

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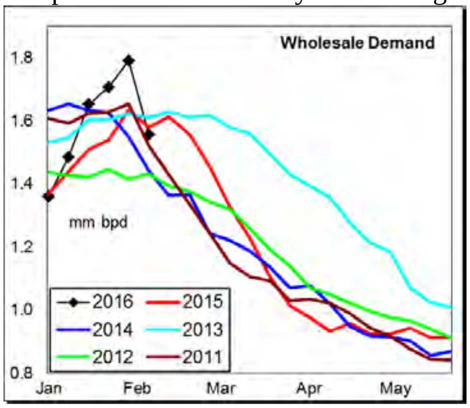
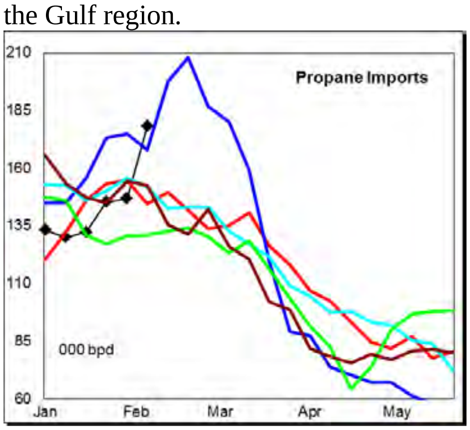
Summary[1]:

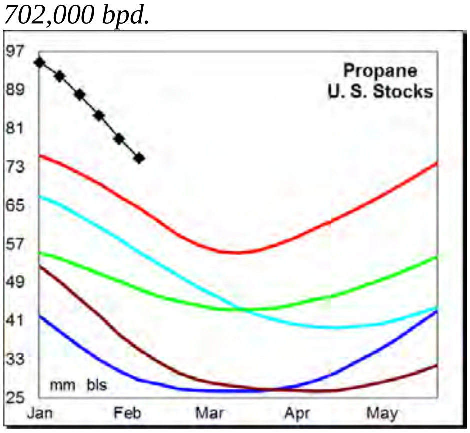
Wholesale demand decreased -0.3 million bpd last week, to a level comparable with the 3-yr mid range.




Production decreased -29,000 bpd on the week, with the decline concentrated in the Gulf region.

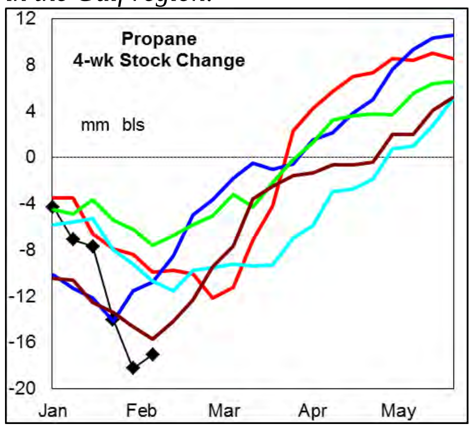



*Exports for the week ending 22Jan16 were +251,000 bpd above last year, at 702,000 bpd.*

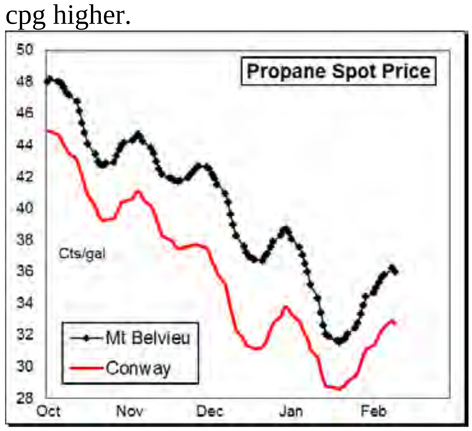



Stocks fell -3.3 million barrels last week, with significant draws in all regions, except the West. Stock levels ended the week +15% above the prior historic high for the period.

The rate of stock draw was -17 million barrels during the latest 4-wk period, a record draw for this time of year – *driven by sharply higher exports in the Gulf region.*




Price and Spreads Mt Belvieu spot price increased +1.75 cpg last week ending 09Feb16, while Conway prices were +1 cpg higher.



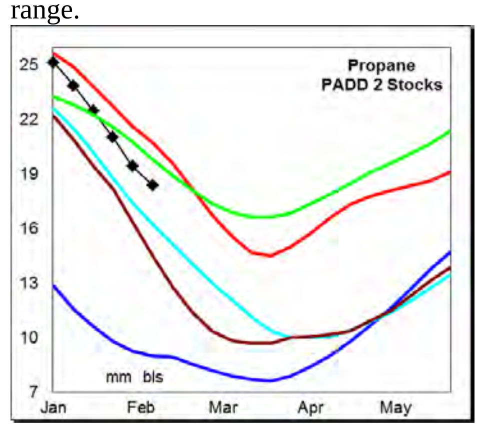

The Conway – Mt Belvieu price spread was unchanged last week, ending at a level equal to last year.

The propane to natural gas price spread traded sideways last week, ending at a level below the 5-yr range.

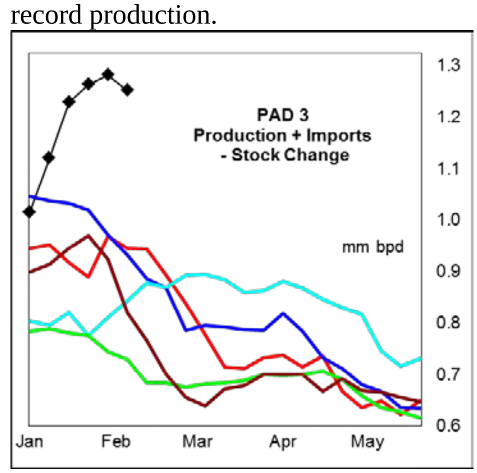
The propane / crude oil price spread trended higher on the week, ending at a level above the 3-yr mid range.

PADD 1 stocks decreased -0.3 million barrels on the week ending at a level +33% above a year ago and above the 5-yr range. Supply decreased -7,000 bpd on the week.

PADD 2 supply increased +62,000 bpd last week, driven by record production. Stocks decreased -0.9 million barrels on the week, to a level above the 3-yr mid range.




PAD 3 stocks decreased -2.1 million barrels on the week, *driven by very high exports*. Stock levels ended the week +31% above the prior 5-yr high. Supplies for the latest 4-wk period were +100,000 bpd above last year, driven by record production.




PADDs 4 & 5 stocks were unchanged on the week. Cumulative season stock draws continued at a record rate, driving stock levels to -21% below a year ago.

**Emerging Trends** Temperatures are forecast to be much above normal over the next 2-wks across nearly the entire country.

A surge in exports and peak winter demand has led to a record stock draw during the last month.

Continued high exports and peak winter demand should offset record stock levels and production for this time of year, providing support to wholesale prices in the near term.

[1] Source is latest EIA Weekly Statistics

# PROPANE: Graph Link and Weekly Summary

February 10, 2016

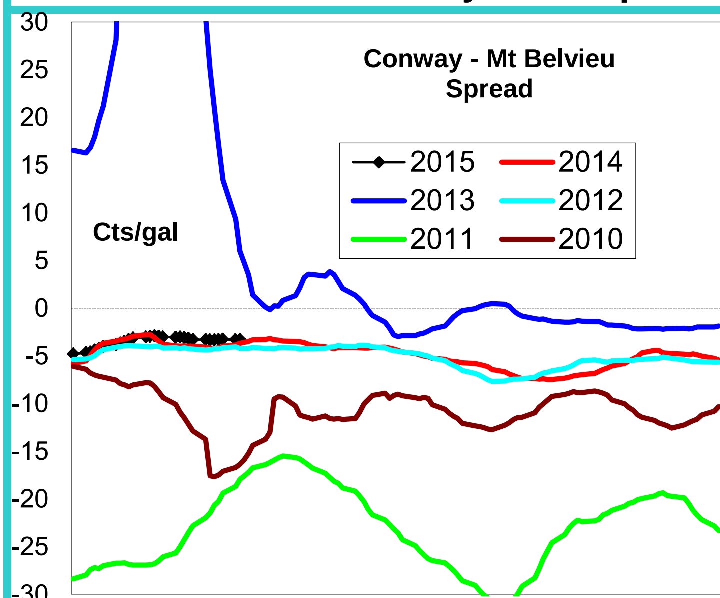
## Fundamental Trends for the Week Ending: Friday, February 05, 2016

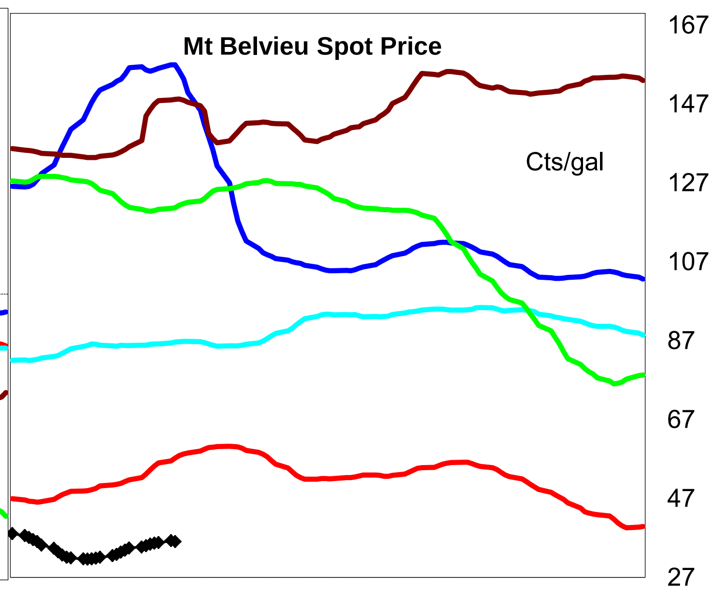
| 000 bpd Stocks 000 bls | Weekly Supply-Demand | | | | | Change from prior week: | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | U.S. Total | PADD 1 | PADD 2 | PADD 3 | PADD 4&5 | U.S. Total | PADD 1 | PADD 2 | PADD 3 | PADD 4&5 |
| Stocks | 74,798 | 4,725 | 18,388 | 49,629 | 2,056 | -3,288 | -277 | -892 | -2,104 | -15 |
| Propylene Stocks | 3,139 | | | | | -59 | | | | |
| Production | 1,610 | 135 | 392 | 926 | 157 | -29 | -4 | 5 | -22 | -8 |
| Imports | 178 | 58 | 99 | 0 | 21 | 49 | -3 | 57 | 0 | -5 |
| Whsle Demand | 1,556 | | | | | -311 | | | | |

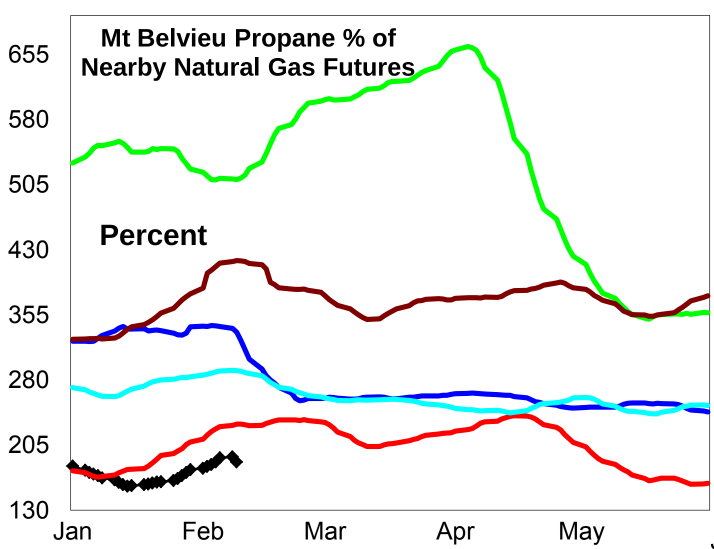
## Price Trends for the Week Ending: Tuesday, February 09, 2016

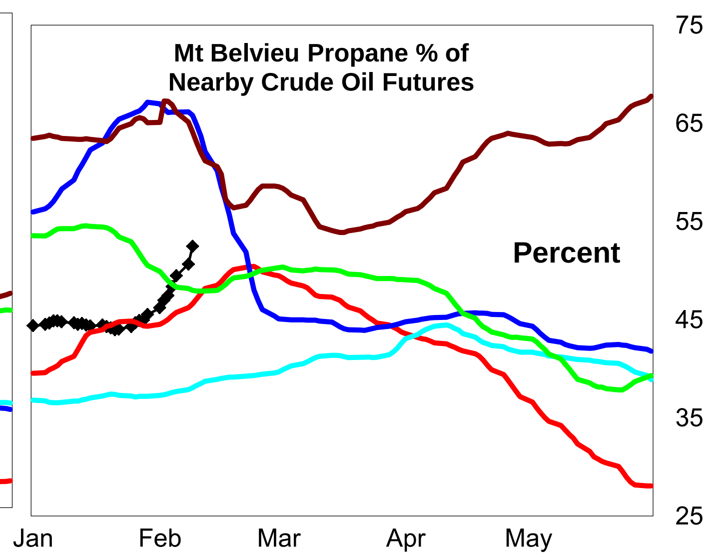
| Cents/gal | Average for week ending: | | | | Change from: | | | % change from: | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2/9/16 | 2/2/16 | 1/12/16 | 2/11/15 | 2/2/16 | 1/12/16 | 2/11/15 | 2/2/16 | 1/12/16 | 2/11/15 |
| Mont Belvieu Spot | 36.2 | 34.5 | 34.4 | 55.6 | 1.68 | 0.10 | -21.20 | 4.9 | 0.3 | -38.1 |
| Conway Spot | 32.9 | 31.2 | 30.1 | 51.7 | 1.65 | 1.08 | -21.58 | 5.3 | 3.6 | -41.7 |

## Key Price Spreads and Differentials



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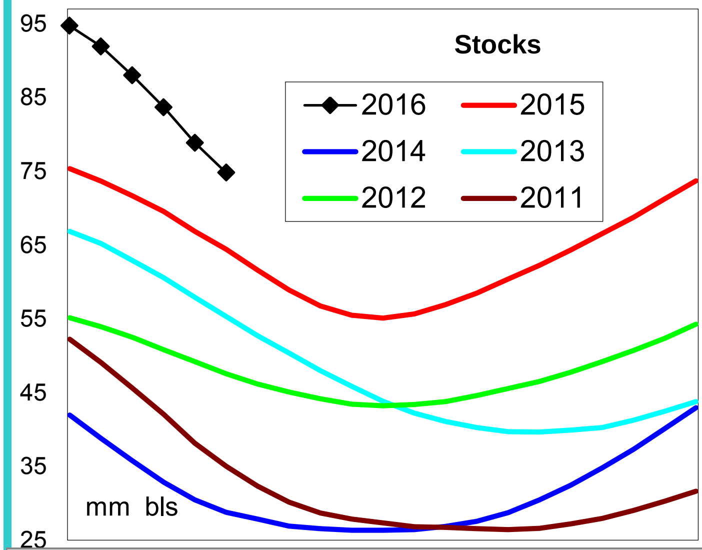
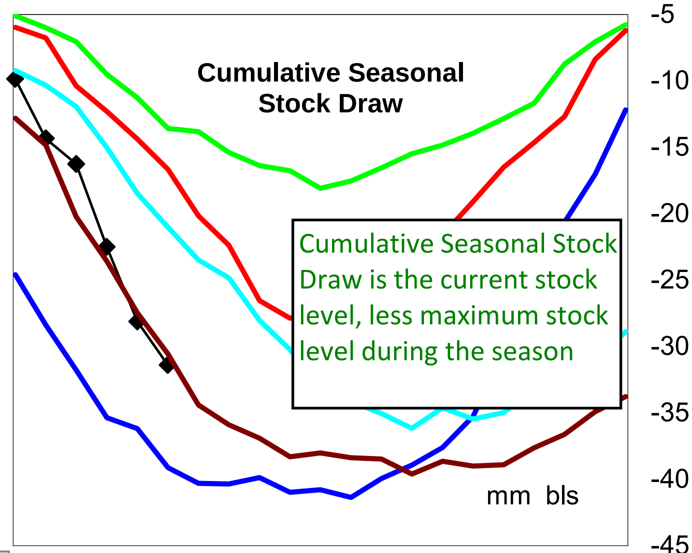
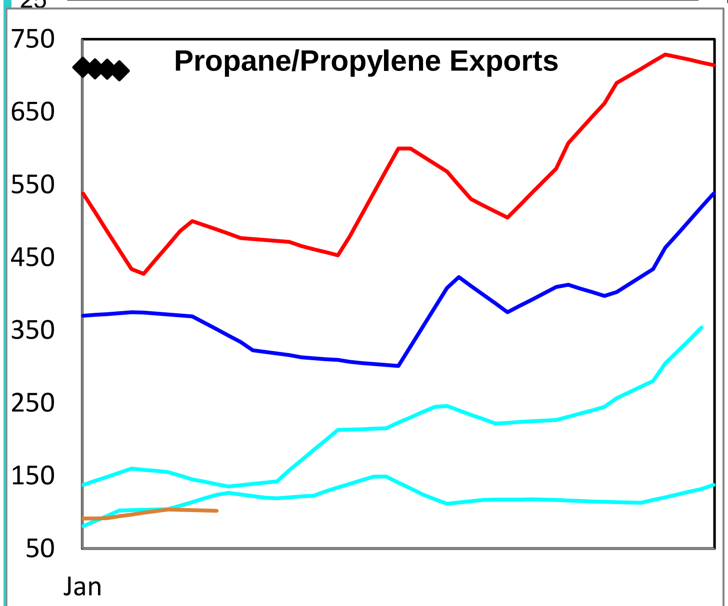
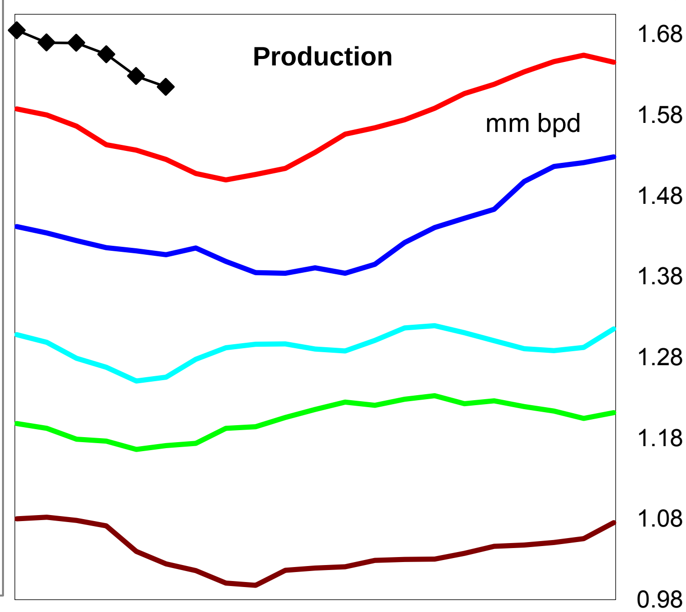
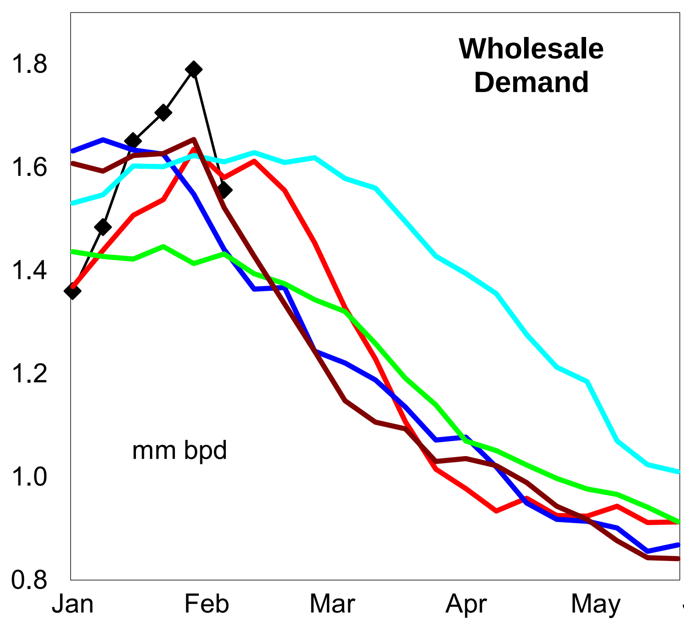
# U. S. Propane Supply and Demand Balance

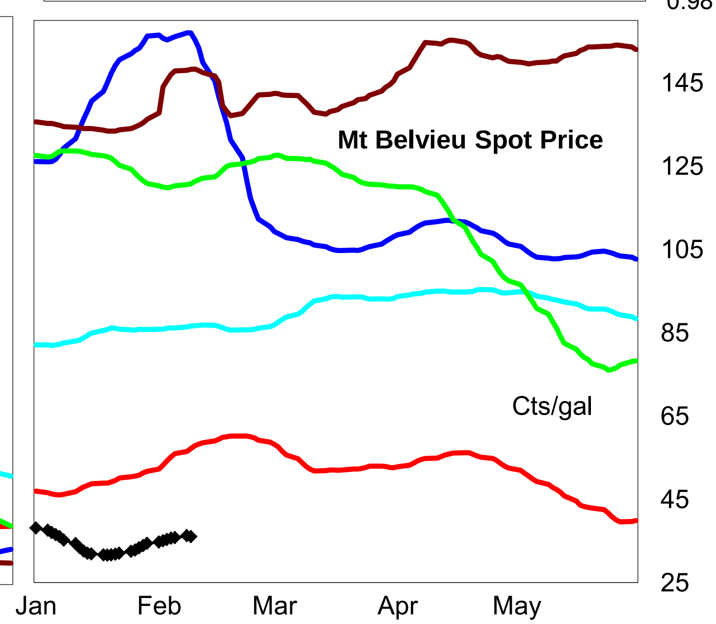



| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Demand | 4wk avg | Dec | Nov | Oct |
|---|---|---|---|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | 9,843 | -14,747 | 96 | -18 | | 70 | -146 | -335 | -123 |
| % change | 15.2 | 89 | 6.2 | -11.1 | | 4.3 | -10.5 | -25.2 | -10.8 |



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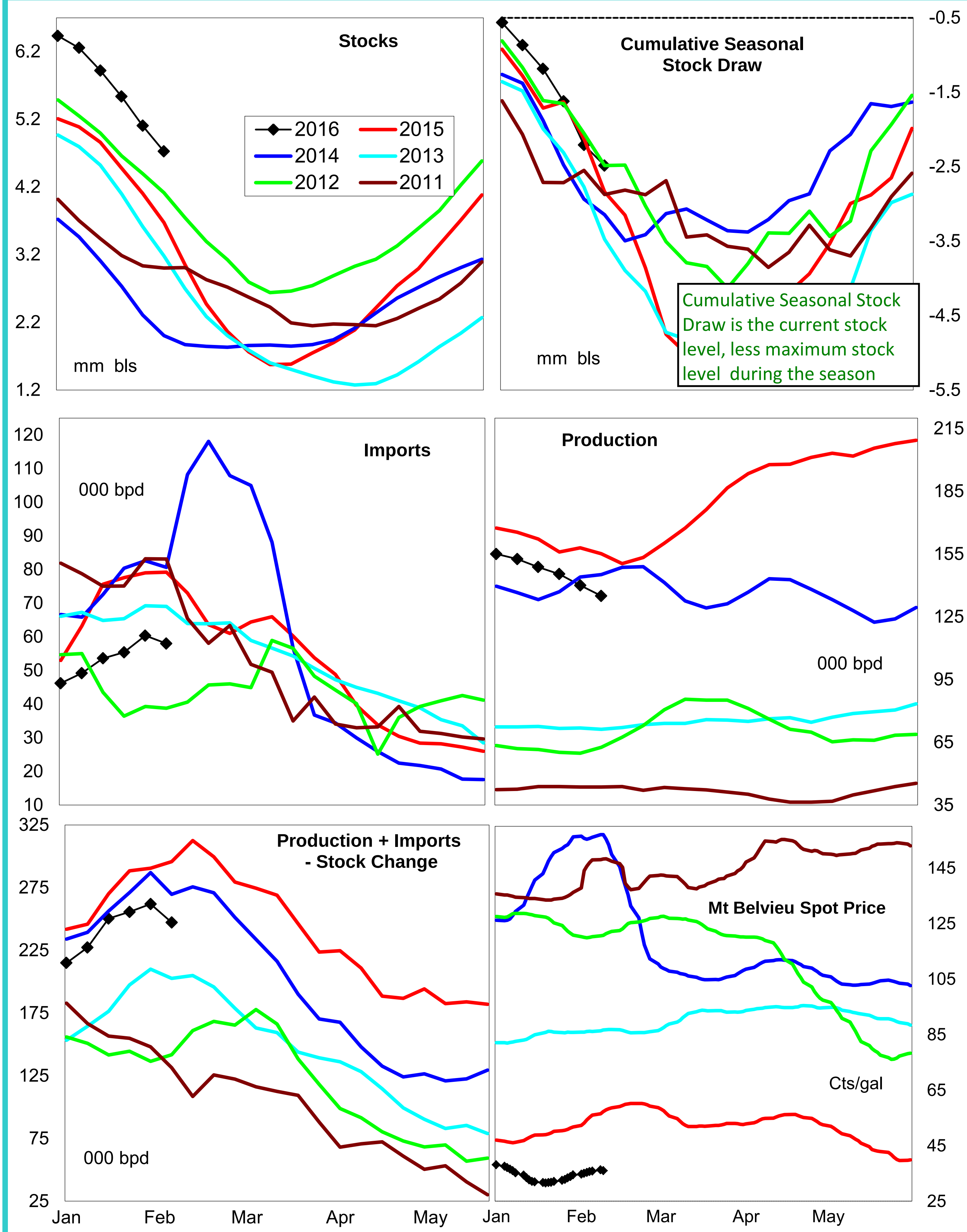
# PADD 1 Propane Supply and Demand Balance




| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Prod + Imp - Stk chg |
|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | 1,167 | 352 | -15 | -26 | -32 |
| % change | 32.8 | -12.4 | -9.2 | -31.3 | -11.3 |



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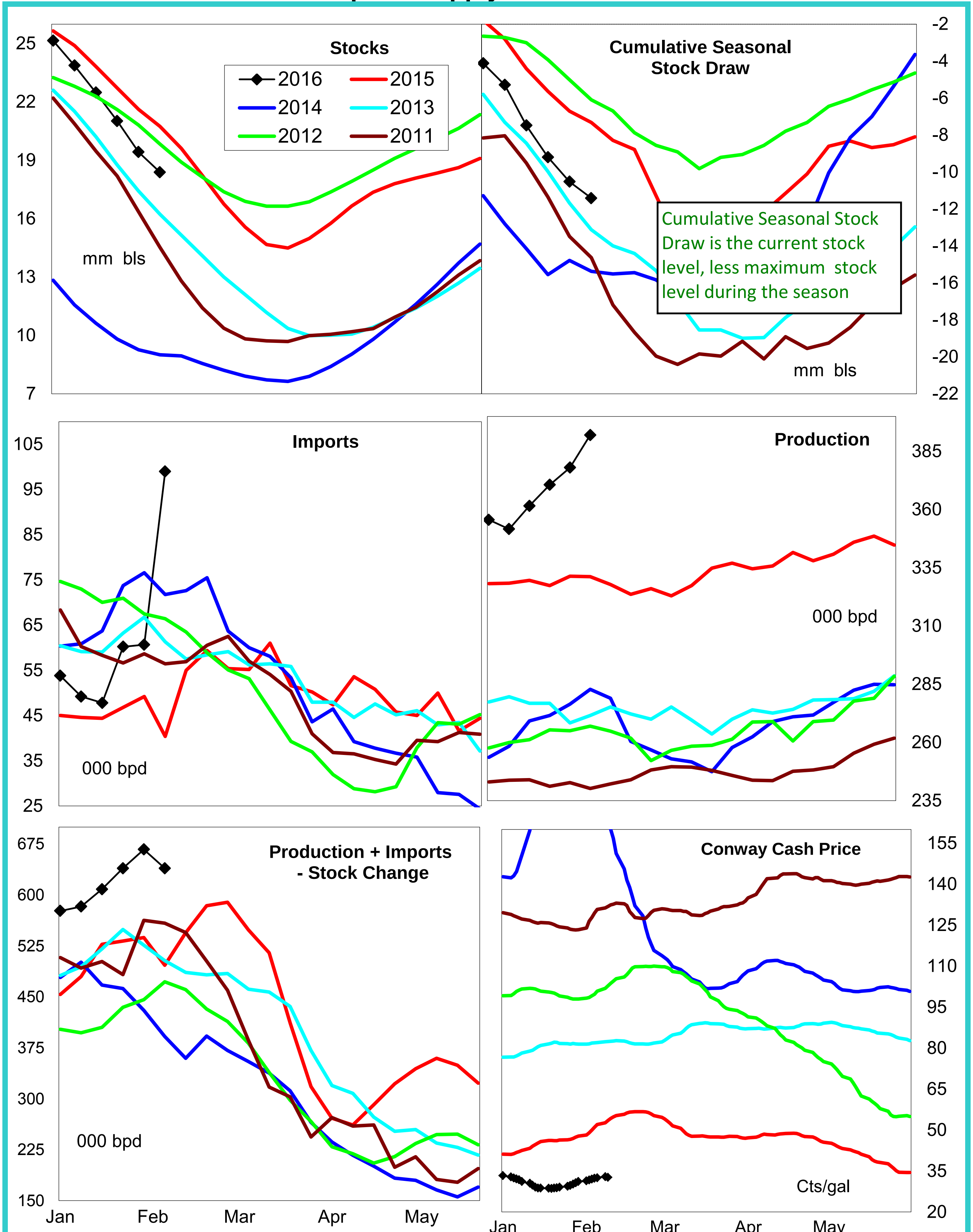
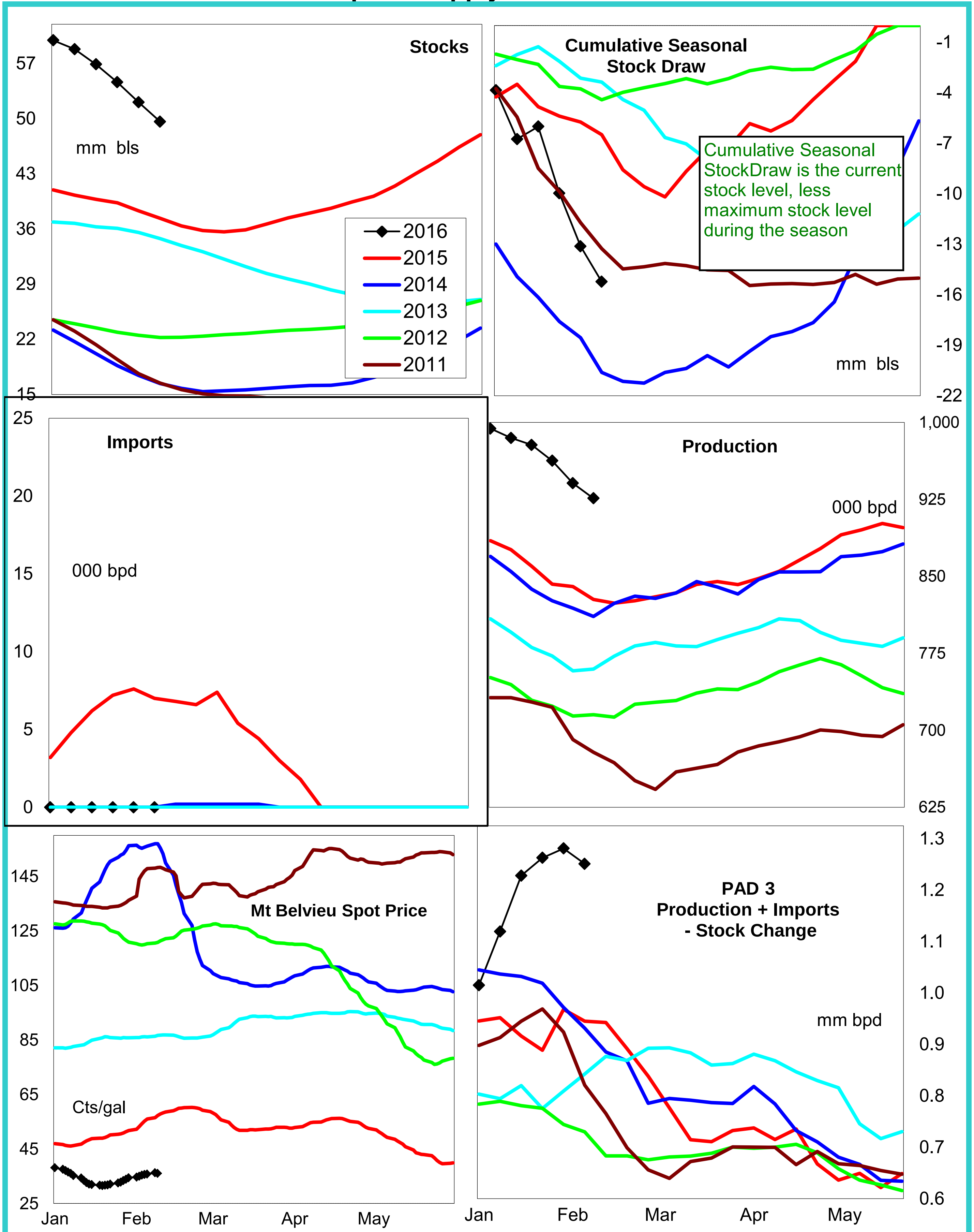
# PADD 2 Propane Supply and Demand Balance




| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Prod + Imp - Stk chg |
|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | -2,388 | -4,097 | 42 | 8 | 115 |
| % change | -11.5 | 56.0 | 12.5 | 15.8 | 22.0 |

# 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) | 11,605 | -8,737 | 107 | -7 | 326 |
| % change | 30.5 | 135 | 12.6 | -100.0 | 34.2 |



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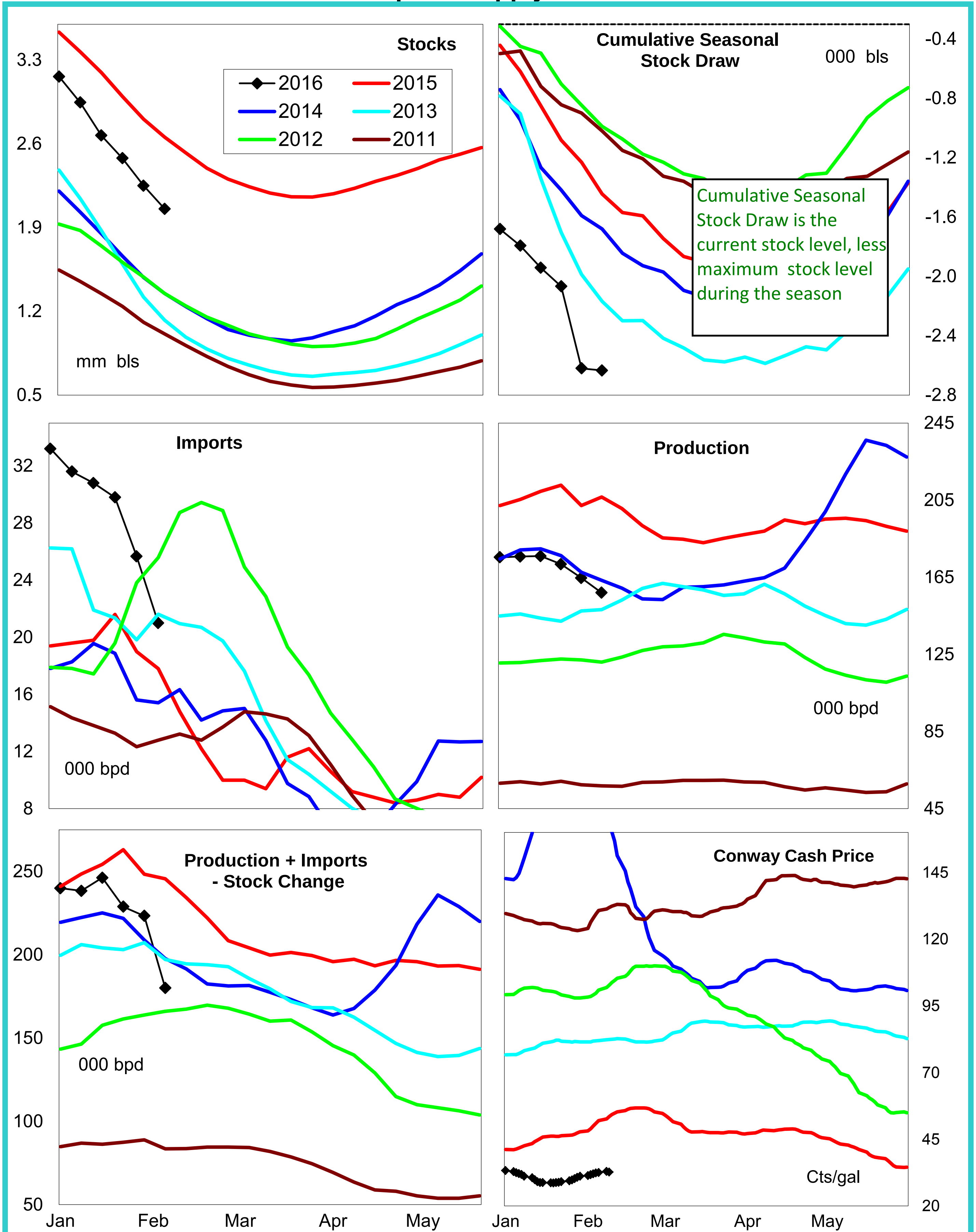
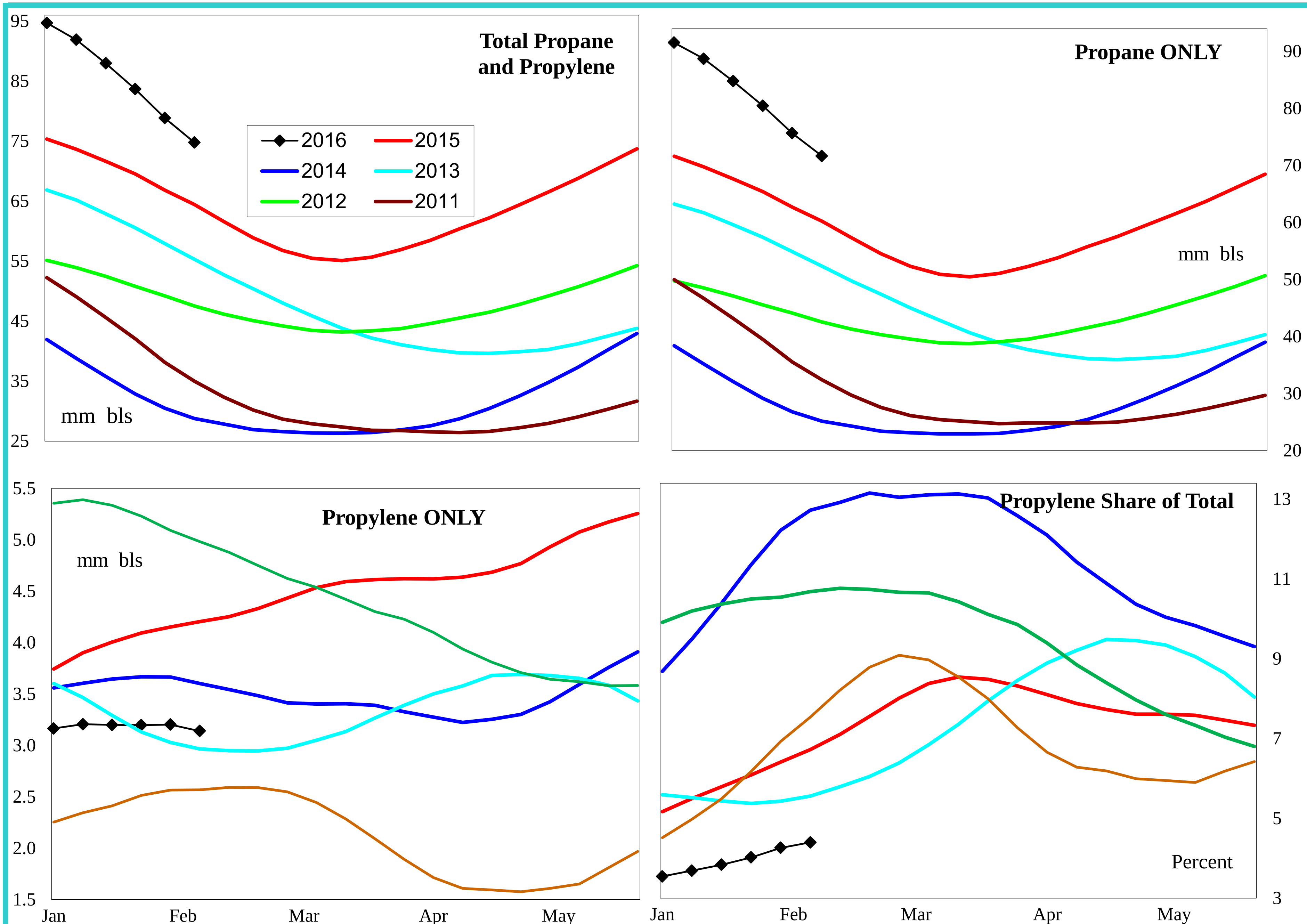
# PADDs 4 and 5 Propane Supply and Demand Balance




| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Prod + Imp - Stk chg |
|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | -540 | -1,190 | -38 | 7 | -33 |
| % change | -20.8 | 82.4 | -18.1 | 35.8 | -13.1 |

# U. S. Propane and Propylene Stocks




| Variance to prior year | Total | Propane ONLY | Propylene ONLY |
|---|---|---|---|
| 000 bls | **9,843** | **10,790** | **-1,065** |
| % change | **15.2** | **17.7** | **-25.3** |



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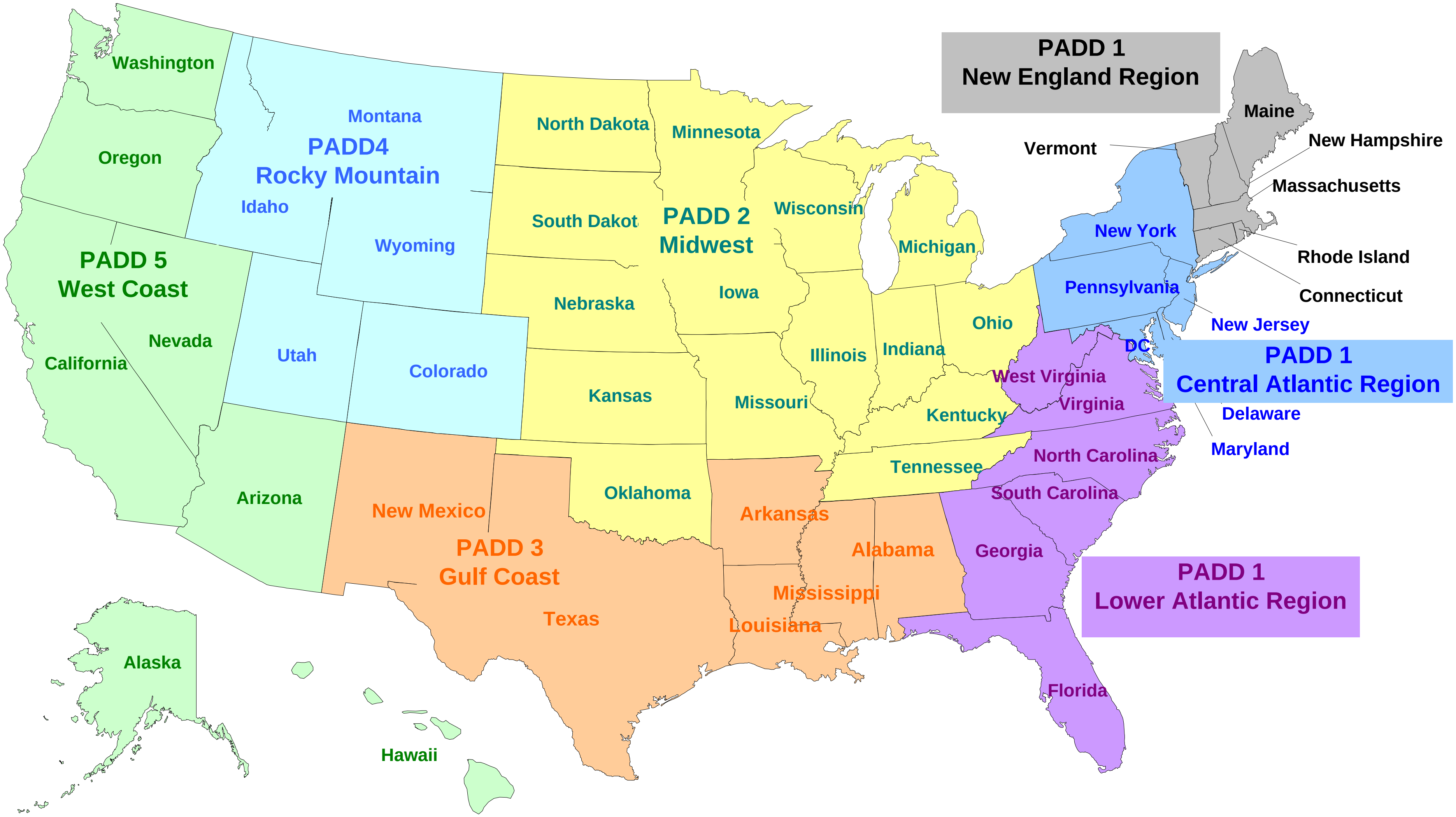
# U. S. Petroleum Administrative for Defense Districts (PADDs)



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