FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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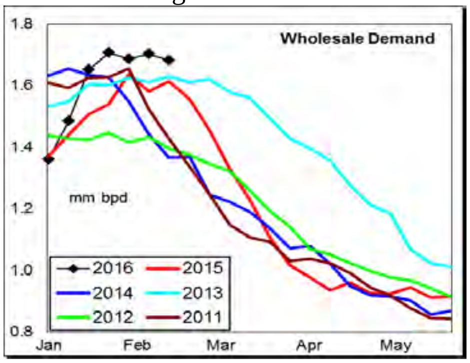
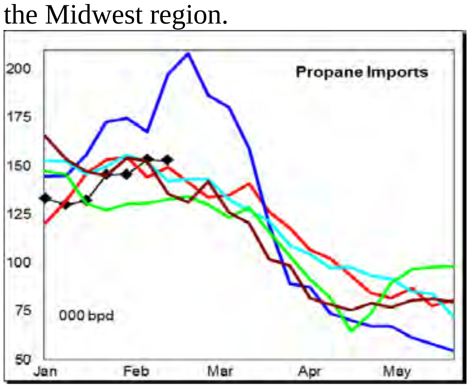
Summary[1]:

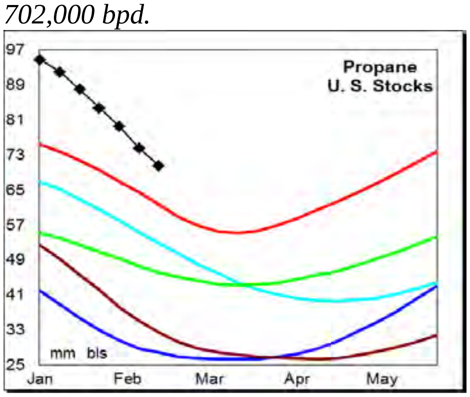
Wholesale demand increased +0.1 million bpd last week, to a level above the historic range.



Imports decreased -25,000 bpd on the week, with the decline concentrated in the Midwest region.

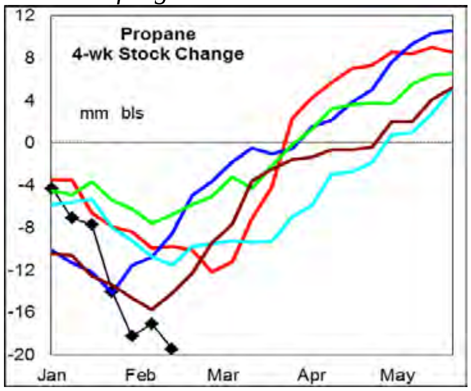


Exports for the week ending 22Jan16 were +251,000 bpd above last year, at 702,000 bpd.

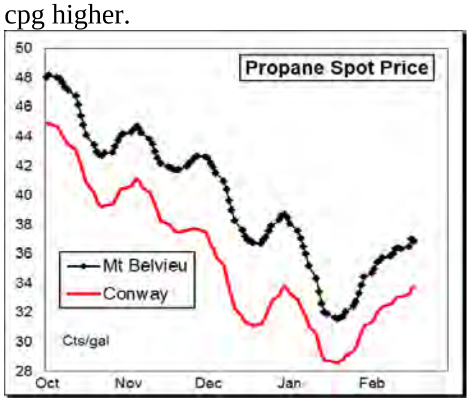


Stocks fell -4.3 million barrels last week, including a -3.4 million barrel draw in the Gulf region. Stock levels ended the week +15% above the prior historic high for the period.

The rate of stock draw was -19.5 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 +1.5 cpg last week ending 17Feb16, while Conway prices were +1 cpg higher.



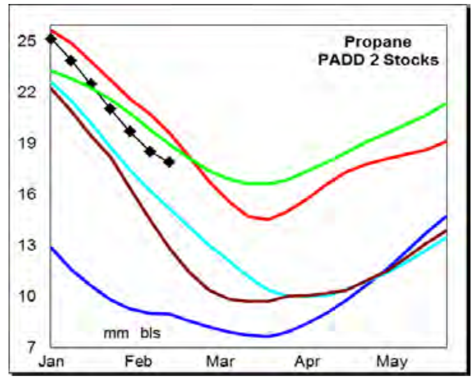
The Conway – Mt Belvieu price spread was unchanged last week, ending at a level equal to last year.

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

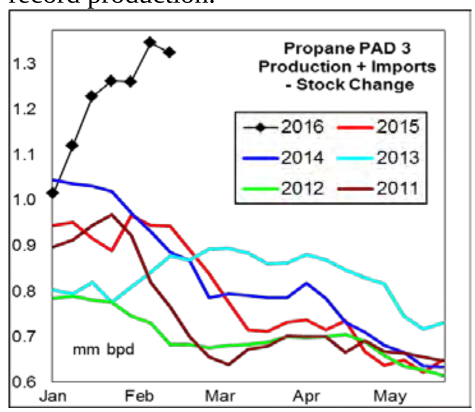
The propane / crude oil price spread traded sideways on the week, ending at a level above the 3-yr mid range.

PADD 1 stocks decreased -0.4 million barrels on the week ending at a level +33% above a year ago and above the 5-yr range. Supply decreased -4,000 bpd on the week.

PADD 2 supply decreased -28,000 bpd last week, driven by lower imports. Production rates continue at a record high, +65,000 bpd above last year for the week. Stocks decreased -0.5 million barrels on the week, to a level above the 3-yr mid range.



PAD 3 stocks decreased -3.4 million barrels on the week, *driven by very high exports*. Stock levels ended the week +29% above the prior 5-yr high. Supplies for the latest 4-wk period were +96,000 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 -17% below a year ago.

Emerging Trends Temperatures are forecast to be much normal over the next 2-wks in the key central region markets.

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.

Low price levels that limit imports and record exports may support prices at end of the heating season, when prices frequently pull back in the face of extremely high carry out stocks.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

February 18, 2016

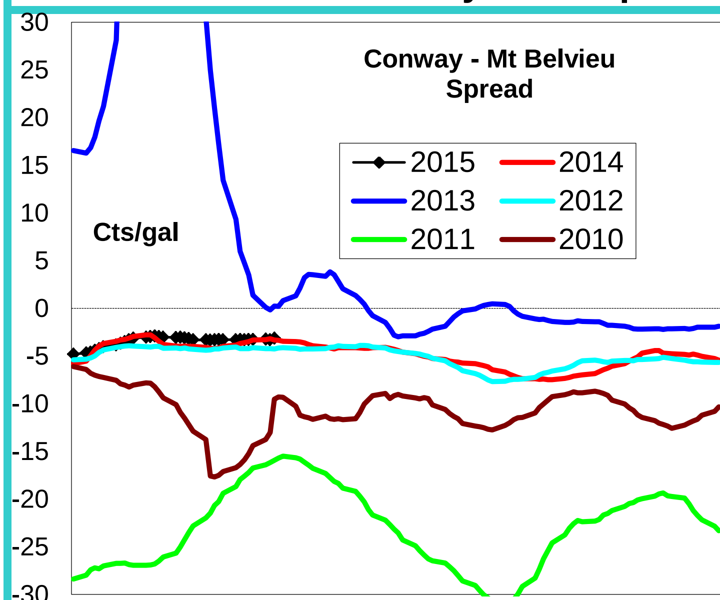
Fundamental Trends for the Week Ending: Friday, February 12, 2016

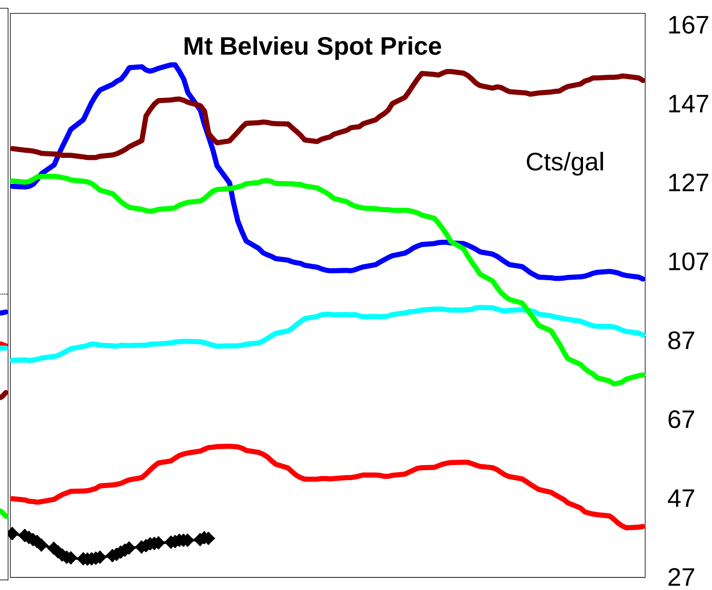
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	70,458	4,301	17,884	46,231	2,042	-4,340	-424	-504	-3,398	-14
Propylene Stocks	3,027					-112				
Production	1,610	130	396	926	158	0	-5	4	0	1
Imports	153	59	67	0	27	-25	1	-32	0	6
Whsle Demand	1,681					125				

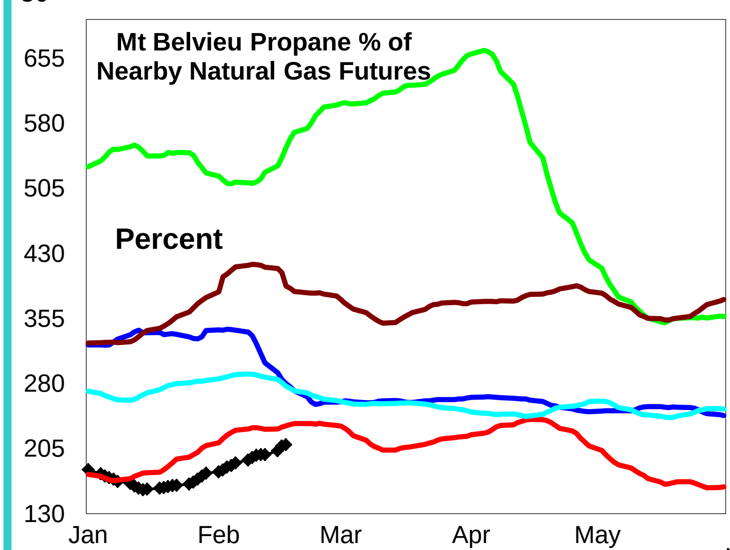
Price Trends for the Week Ending: Wednesday, February 17, 2016

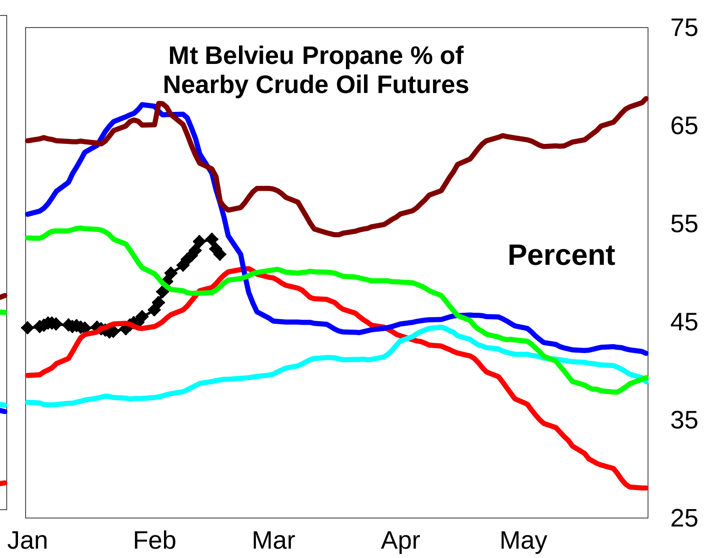
Cents/gal	Average for week ending:				Change from:			% change from:		
	2/17/16	2/10/16	1/20/16	2/19/15	2/10/16	1/20/16	2/19/15	2/10/16	1/20/16	2/19/15
Mont Belvieu Spot	36.6	36.2	30.6	59.8	0.35	5.60	-29.15	1.0	18.3	-48.8
Conway Spot	33.3	33.0	27.8	56.5	0.35	5.15	-28.70	1.1	18.5	-50.8

Key Price Spreads and Differentials

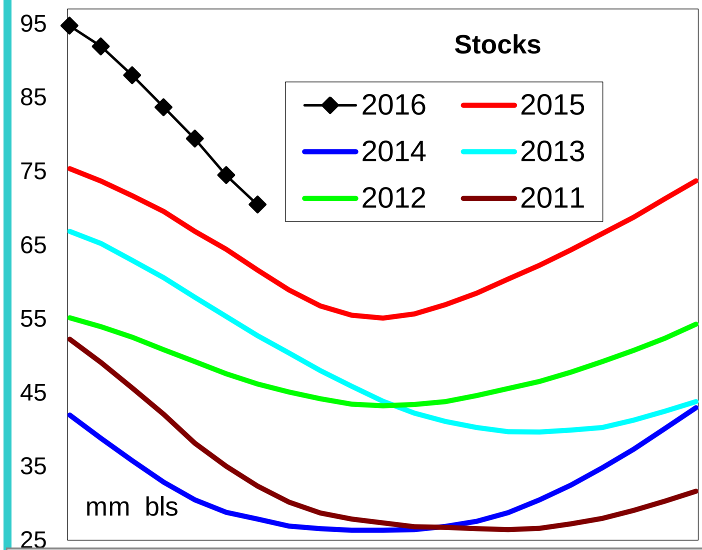


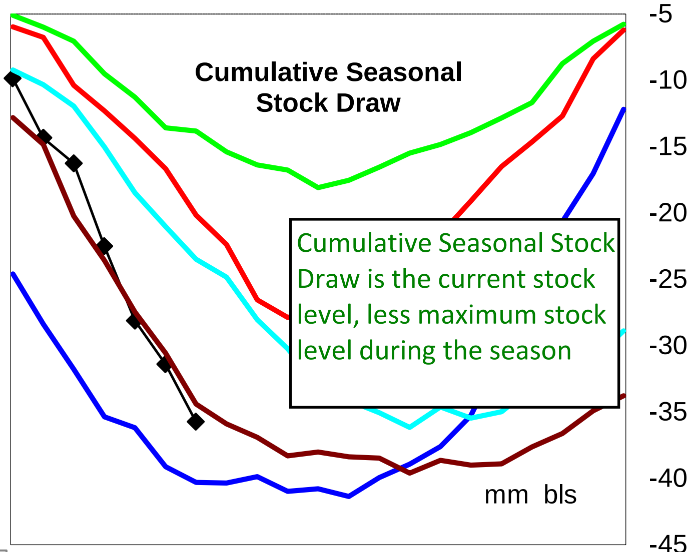


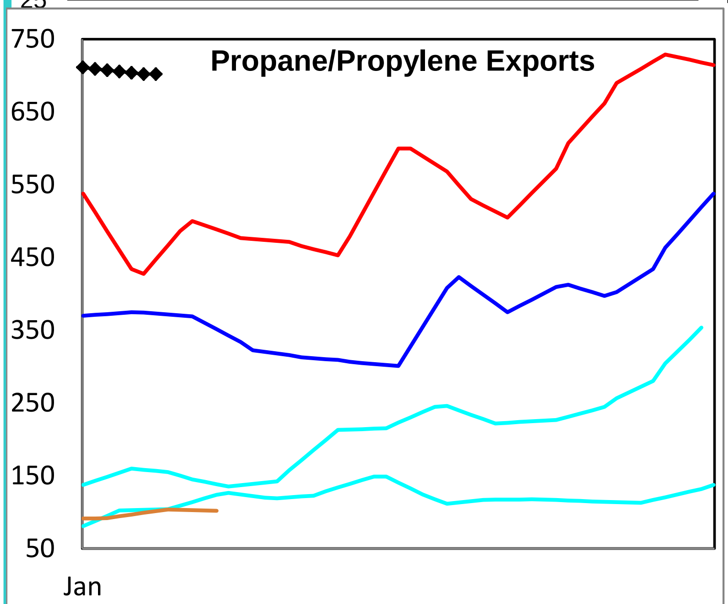


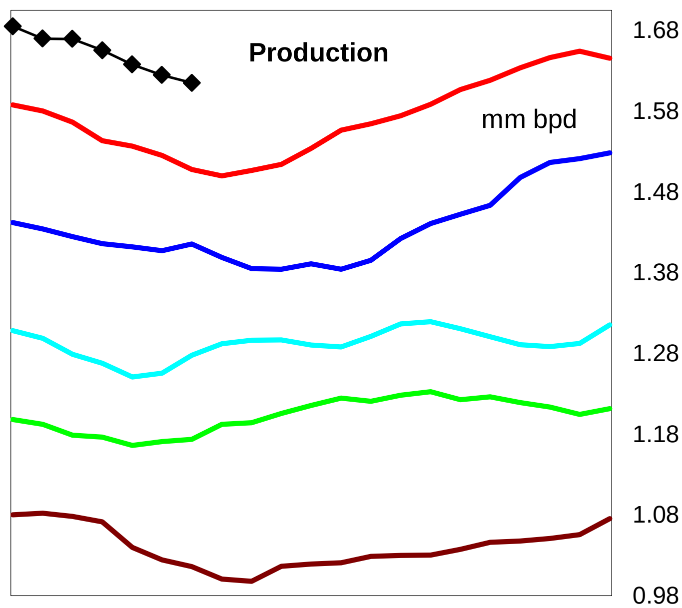


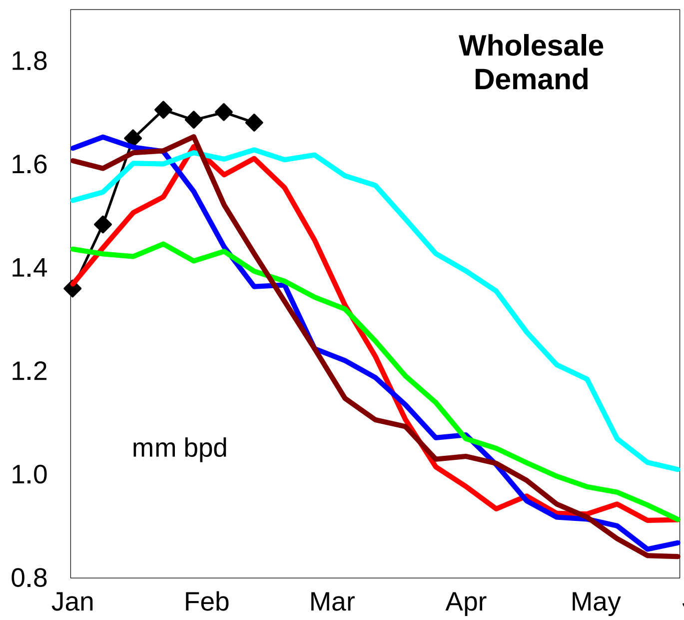
U. S. Propane Supply and Demand Balance

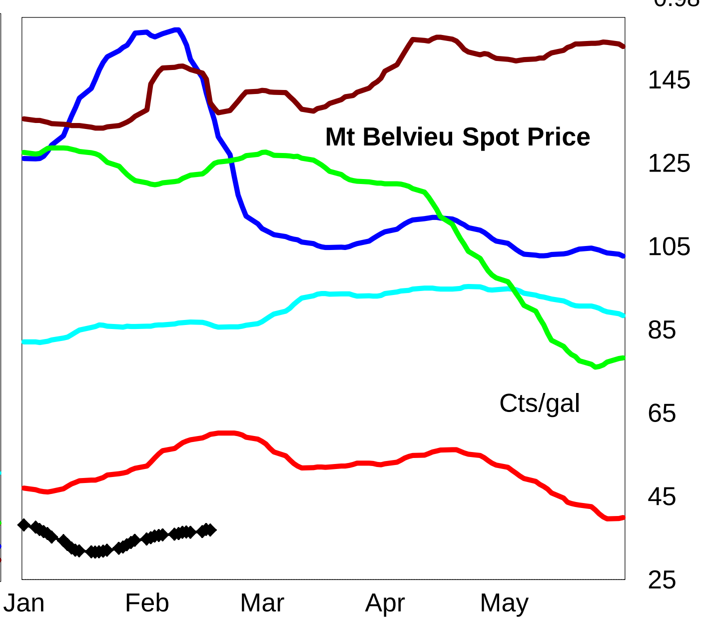












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jan	Dec	Nov
000 bpd (000 bls stks)	8,993	-15,597	89	-7		135	175	-146	-183
% change	14.6	77	5.8	-4.4		8.3	11.2	-10.5	-13.8

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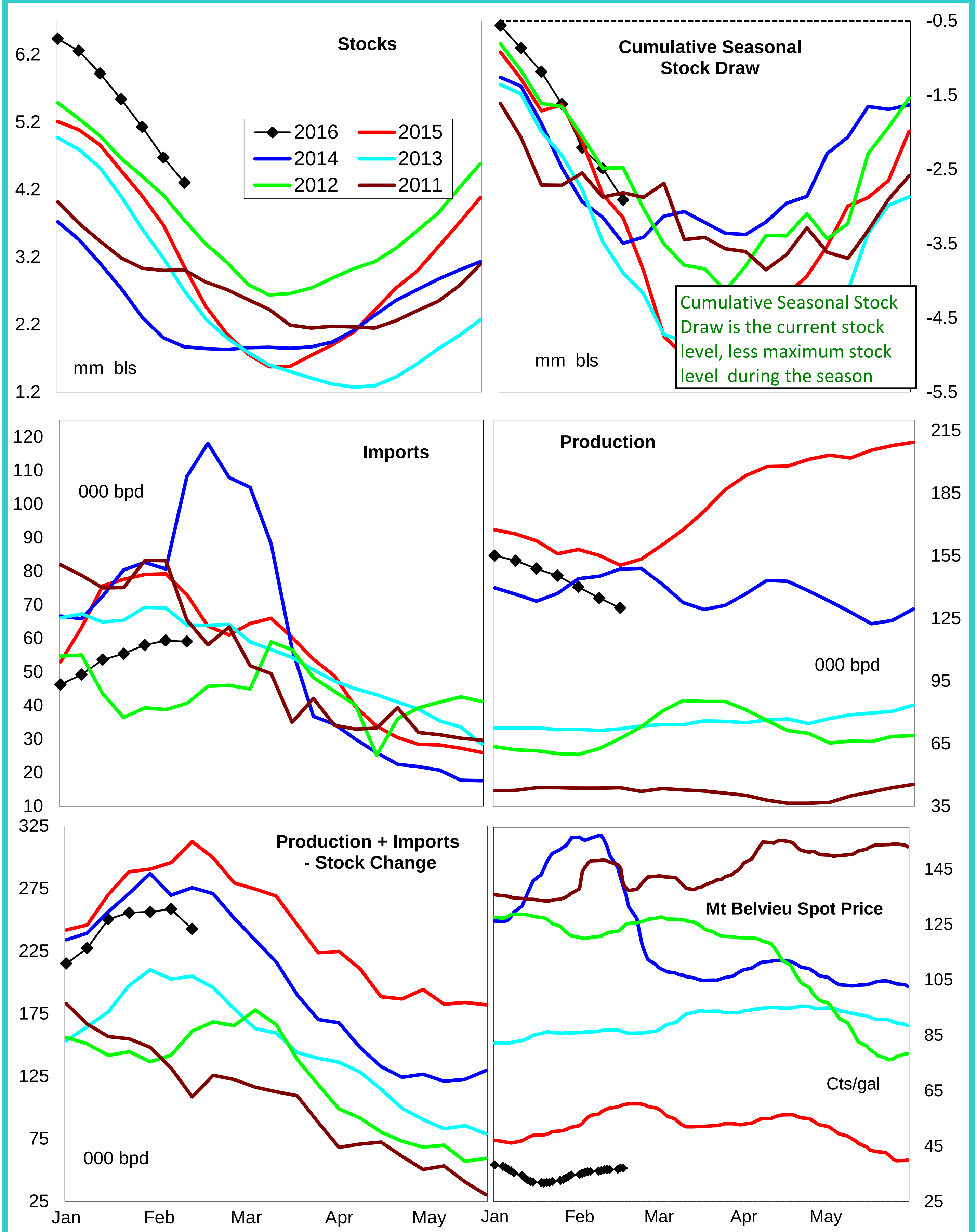
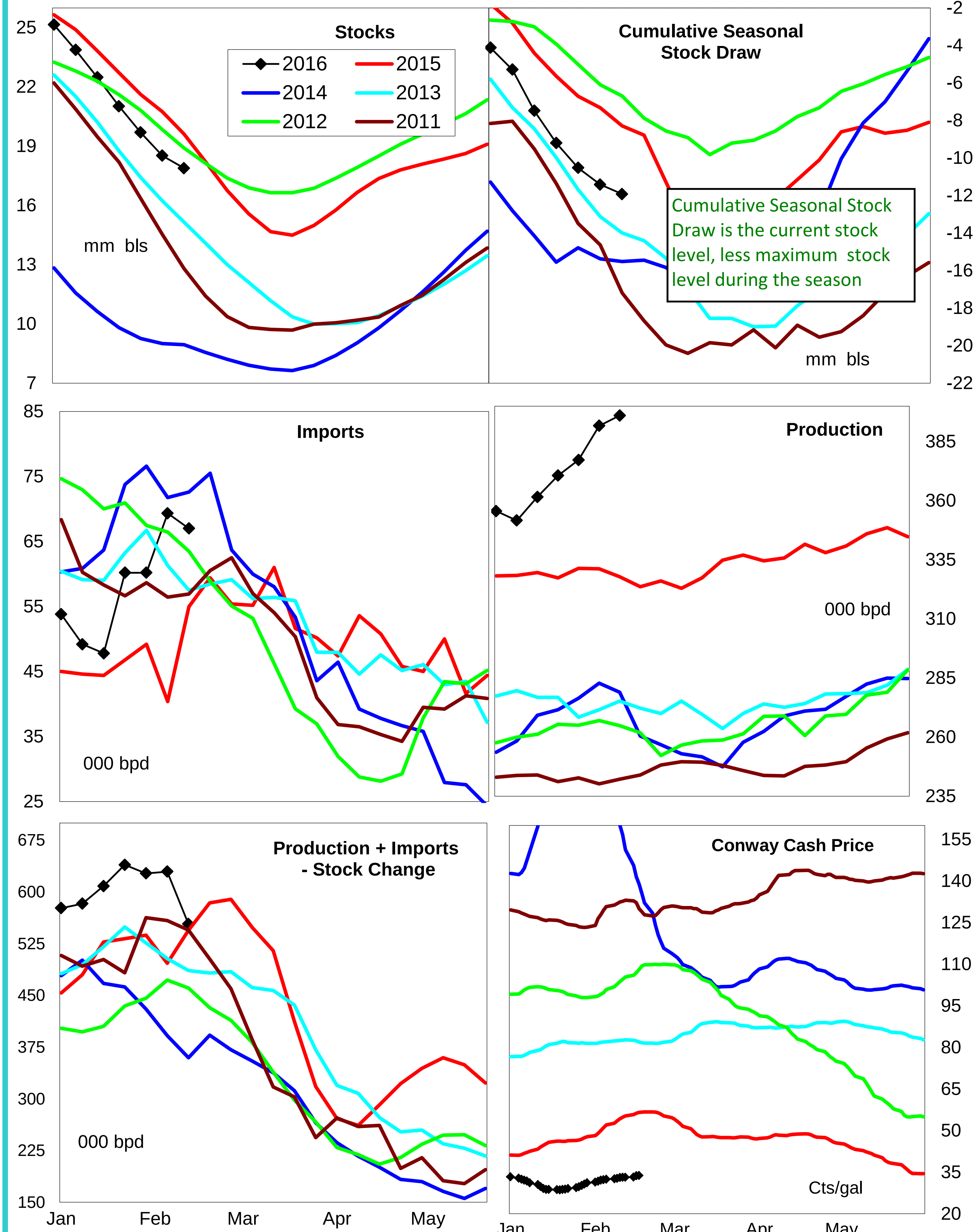
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,055	240	-20	-26	-44
% change	32.5	-7.6	-12.6	-30.4	-14.7

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)	-1,926	-3,635	47	20	85
% change	-9.7	43.9	14.1	48.2	16.1

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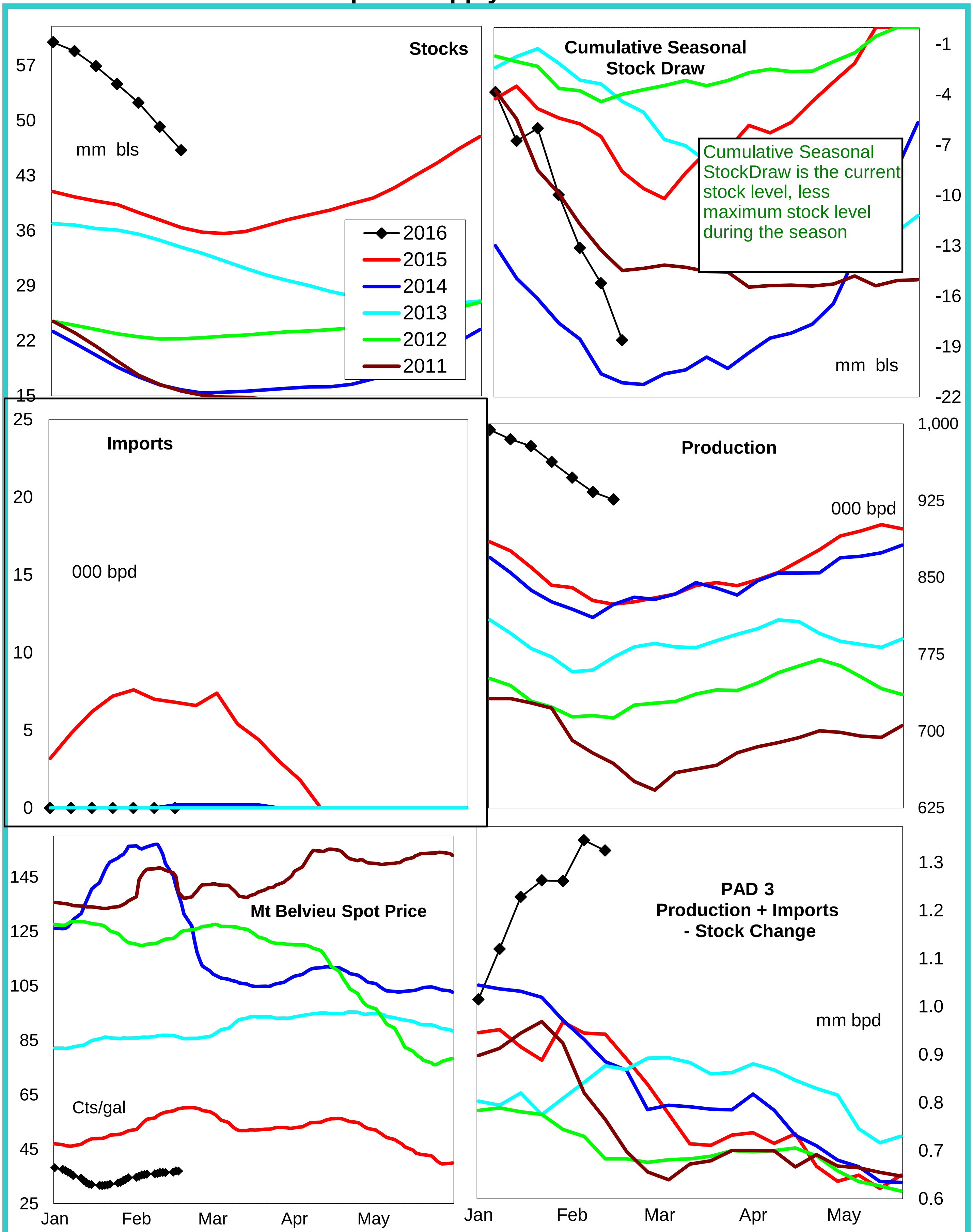
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	10,294	-10,048	104	-8	363
% change	28.6	117	12.5	-100.0	37.7

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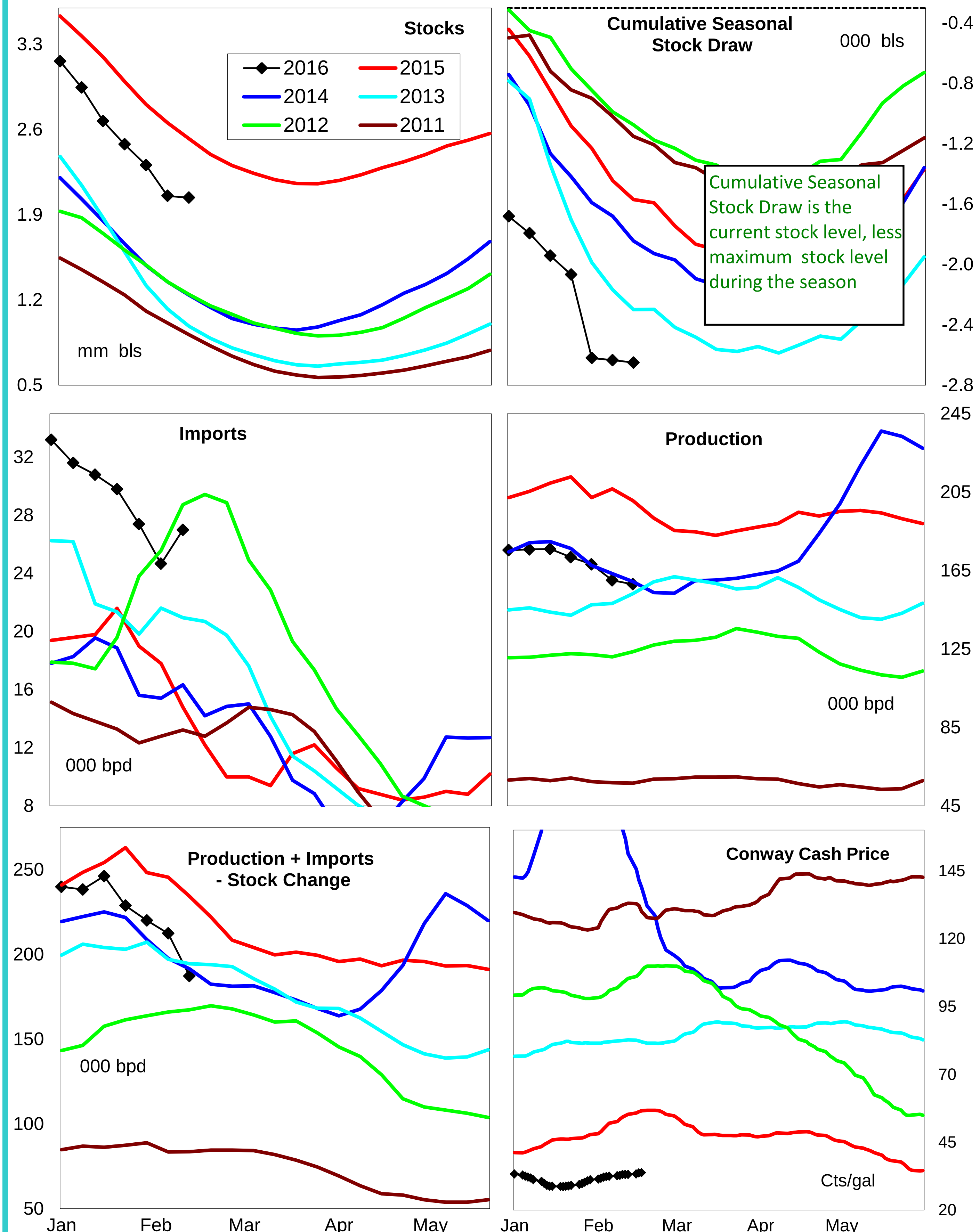
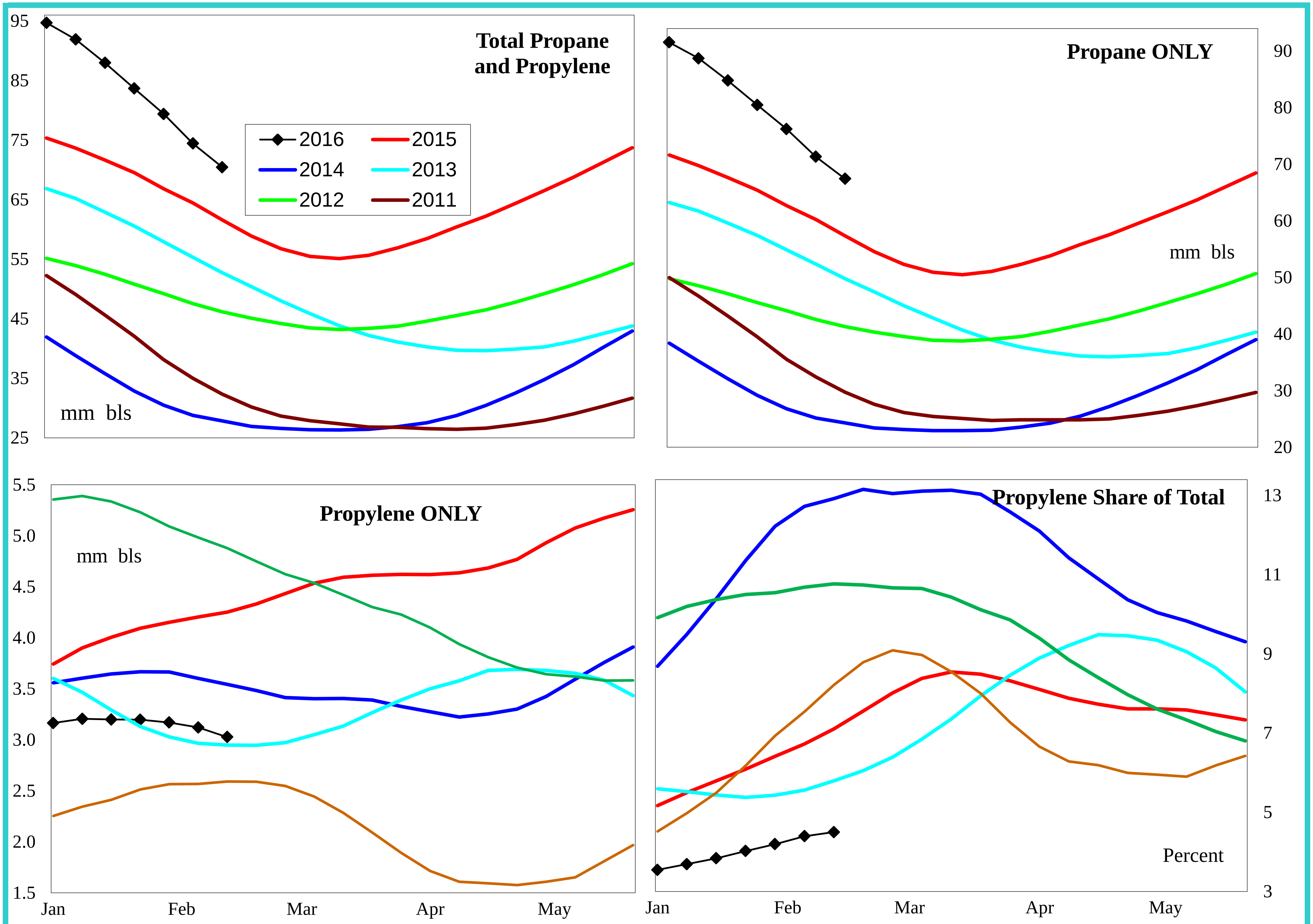
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-431	-1,081	-43	7	-36
% change	-17.4	68.9	-20.8	35.1	-14.4

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	8,993	10,136	-1,224
% change	14.6	17.7	-28.8

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