WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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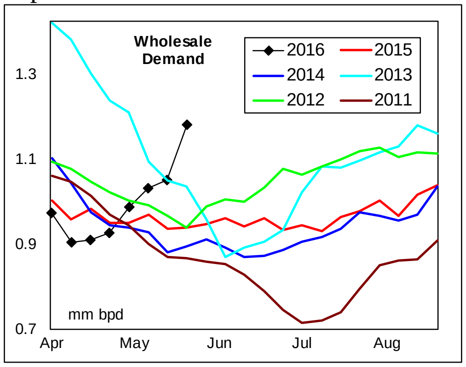
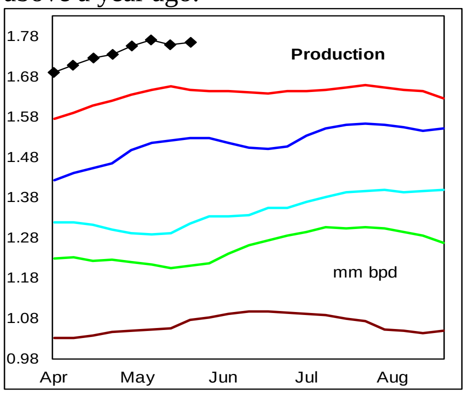
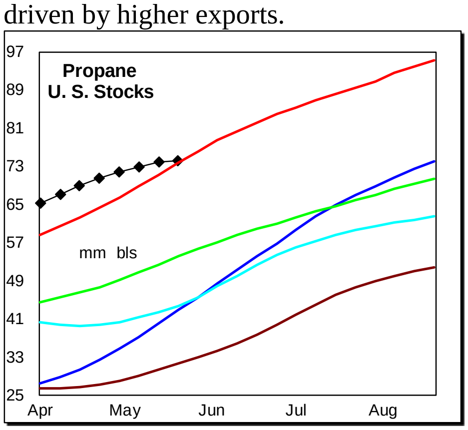
Summary[1]:
Wholesale demand increased +148,000 bpd last week, to a level above the historic range; driven by increased exports.



Production decreased -18,000 bpd on the week, concentrated in the Midwest. The latest 4-wk average was +107,000 bpd above a year ago.

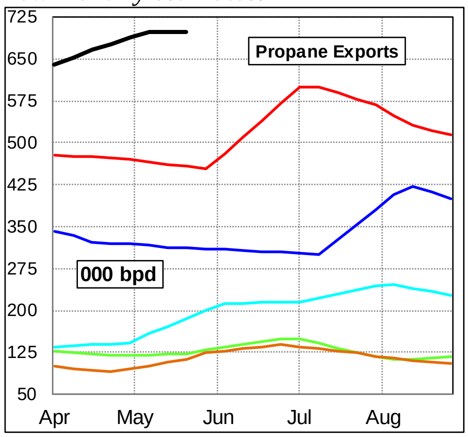


Stocks saw a counter seasonal -0.1 million barrel draw for the week, again driven by higher exports.

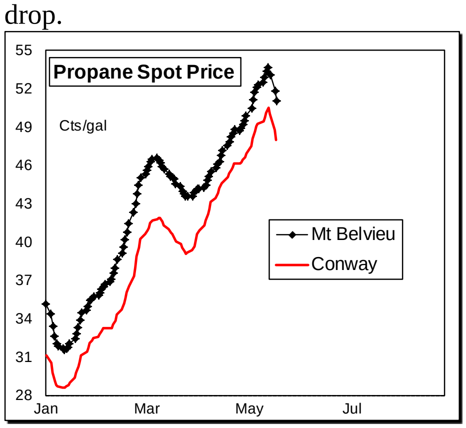


The cumulative seasonal stock build of +11.8 million barrels, was -8 million barrels below last year. Stock levels ended the week +0.9 million barrels above a year ago.

Exports for the week ending 22Apr16 were +229,000 bpd above last year, at 699,000 bpd. *Look for sharply higher exports when the EIA releases new monthly estimates.*



Price and Spreads Mt Belvieu spot price fell -5 cpg last week ending 24May16, while Conway prices saw a -5.25 cpg drop.



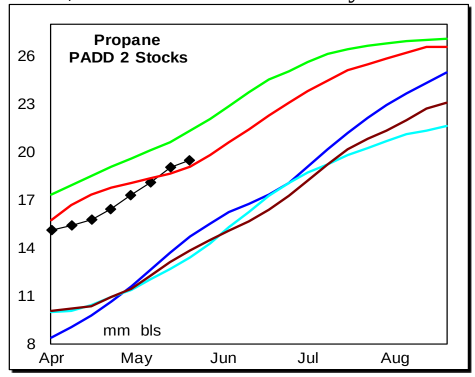
The Conway – Mt Belvieu price spread traded sideways last week, ending at a level above the 3-yr mid range.

The propane to natural gas price spread trended lower late in the week, ending at a level above the last 3-yrs.

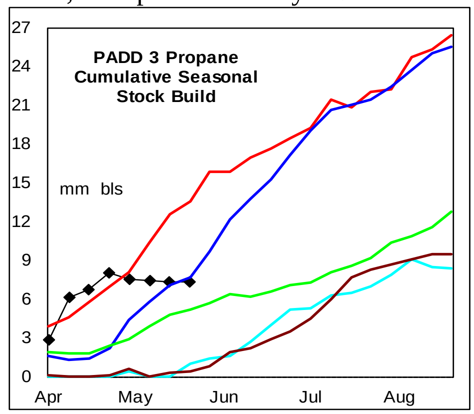
The propane / crude oil price spread trended lower on the week, ending at a level above the last 4-yrs for the period.

PADD 1 stocks fell -0.2 million barrels on the week, to a level -16% below last year. Shipments to the Gulf region for export have led to a record low cumulative seasonal stock build. Supply increased +2,000 bpd on the week.

PADD 2 supply decreased -15,000 bpd last week, on lower production. Production for the latest 4-wk period was +58,000 bpd above a year ago. Stocks increased +0.2 million barrels on the week, to a level +4 above last year.



PAD 3 stocks decreased -0.1 million barrels on the week, the 4th consecutive week without a build; driven by record exports. Stock levels ended the week +2.5% above the prior 5-yr high. Supplies for the latest 4-wk period were +101,000 bpd above last year.



PADDs 4 & 5 stocks were unchanged on the week. Stock levels ended the week -17% below last year, but above four of the last 5-yrs.

Emerging Trends Higher exports have reduced the cumulative seasonal stock build by -8 million barrels, concentrated in the Gulf and East Coast. Stock levels in the East region ended the week -16% below last year, while the Gulf is just +2.5% above a year ago.

The increase in exports, and resulting lack of seasonal stock building, should limit the recent pull back in prices.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

May 25, 2016

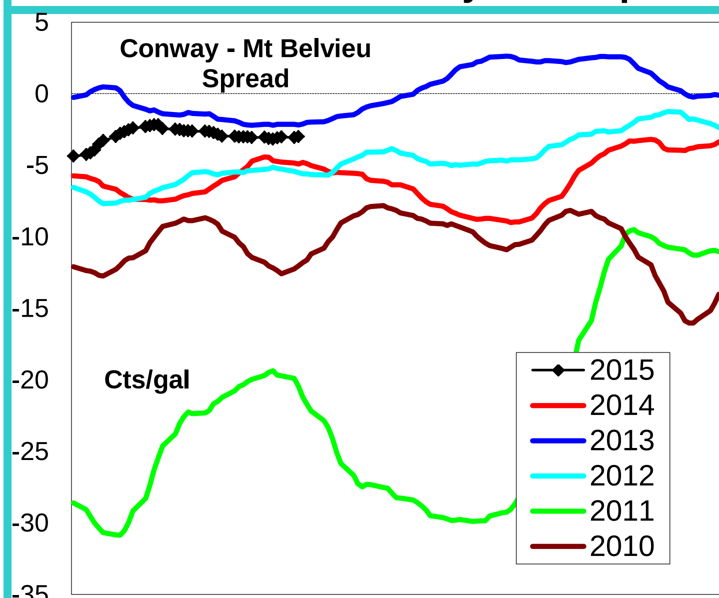
Fundamental Trends for the Week Ending: Friday, May 20, 2016

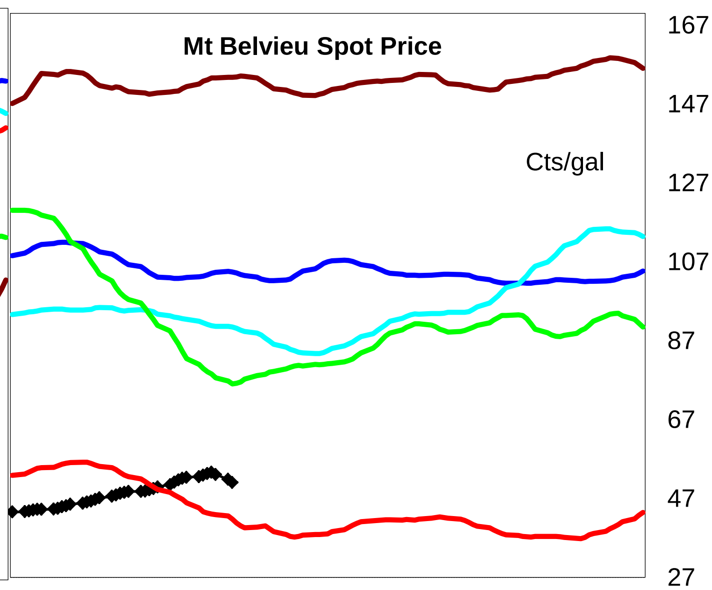
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	74,129	3,434	19,461	49,063	2,171	-87	-231	222	-78	0
Propylene Stocks	3,966					-26				
Production	1,759	163	396	1,001	199	-18	5	-18	-12	7
Imports	83	31	32	0	20	5	-3	3	0	5
Whsle Demand	1,155					148				

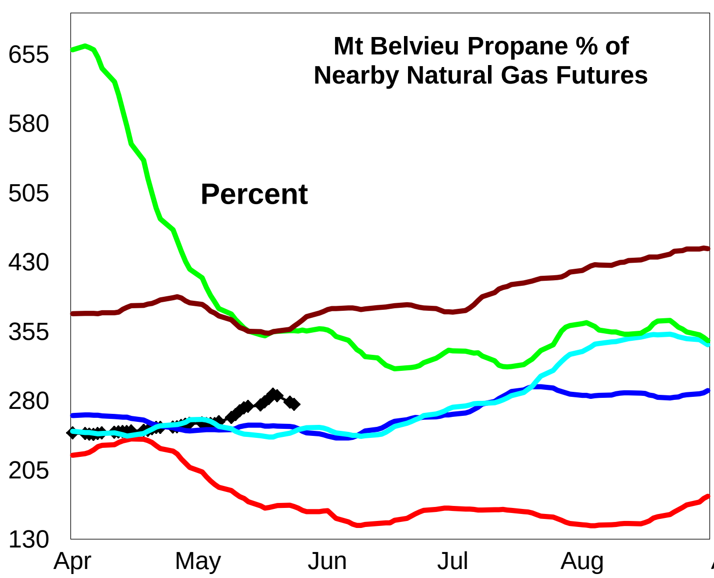
Price Trends for the Week Ending: Tuesday, May 24, 2016

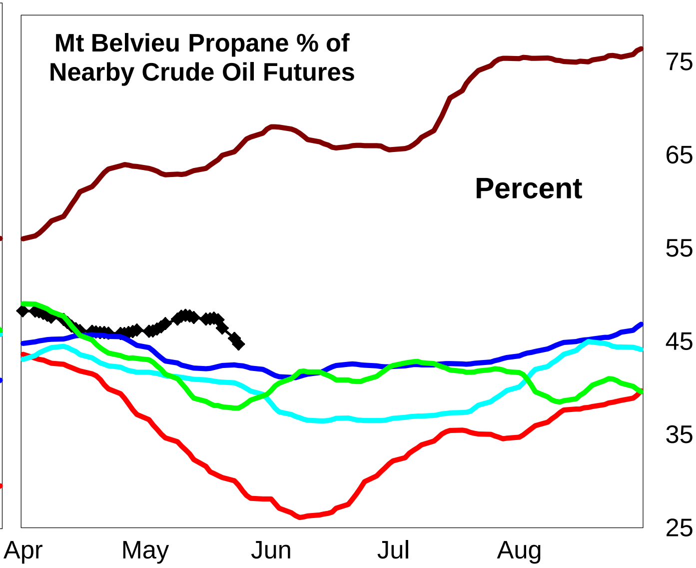
Cents/gal	Average for week ending:				Change from:			% change from:		
	5/24/16	5/17/16	4/26/16	5/28/15	5/17/16	4/26/16	5/28/15	5/17/16	4/26/16	5/28/15
Mont Belvieu Spot	52.5	54.2	47.0	40.5	-1.73	7.18	6.55	-3.2	15.3	16.2
Conway Spot	49.5	50.9	44.5	36.4	-1.38	6.35	8.15	-2.7	14.3	22.4

Key Price Spreads and Differentials

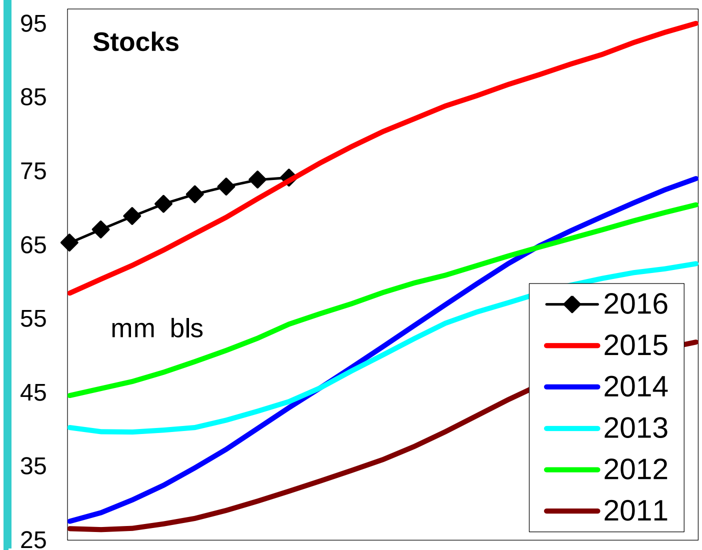


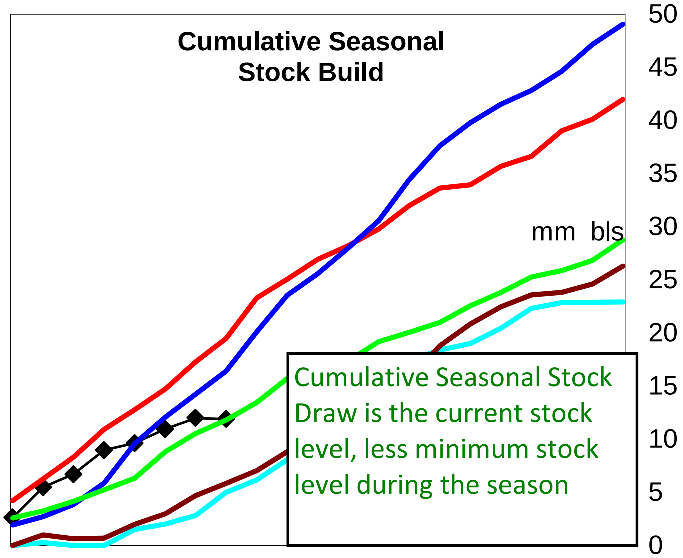


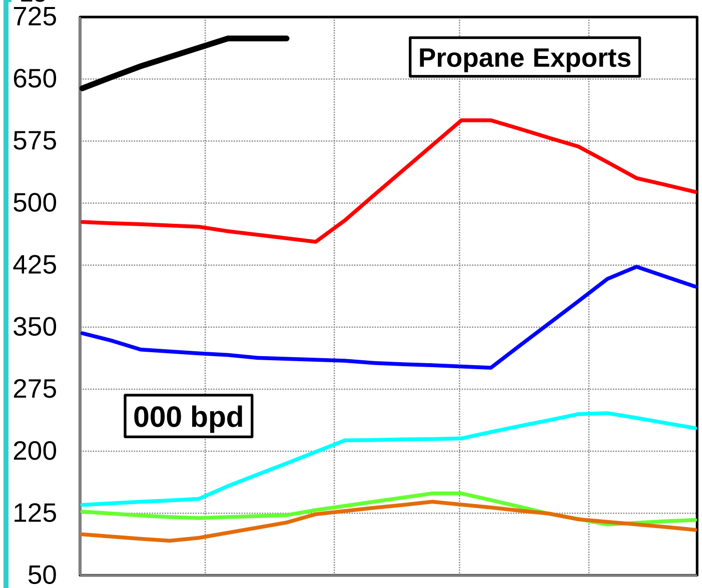


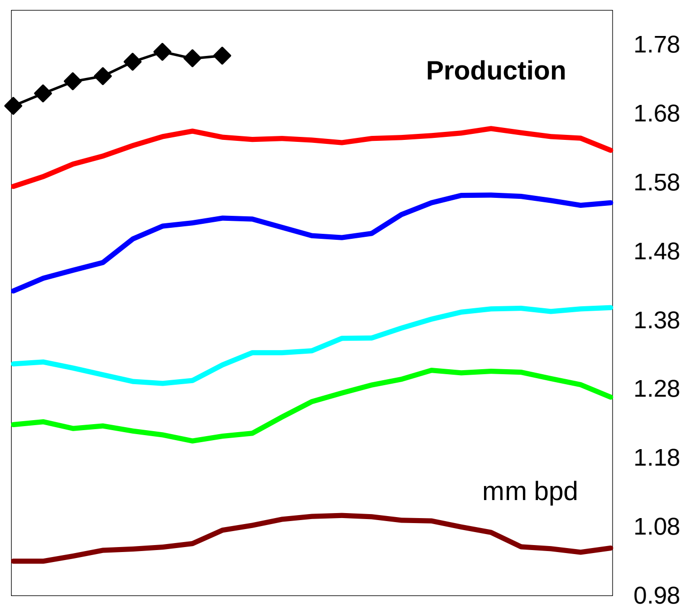


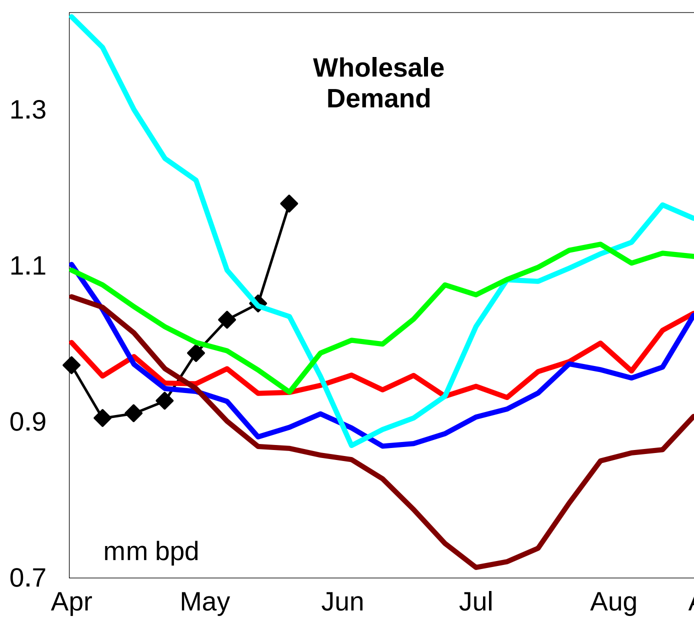
U. S. Propane Supply and Demand Balance

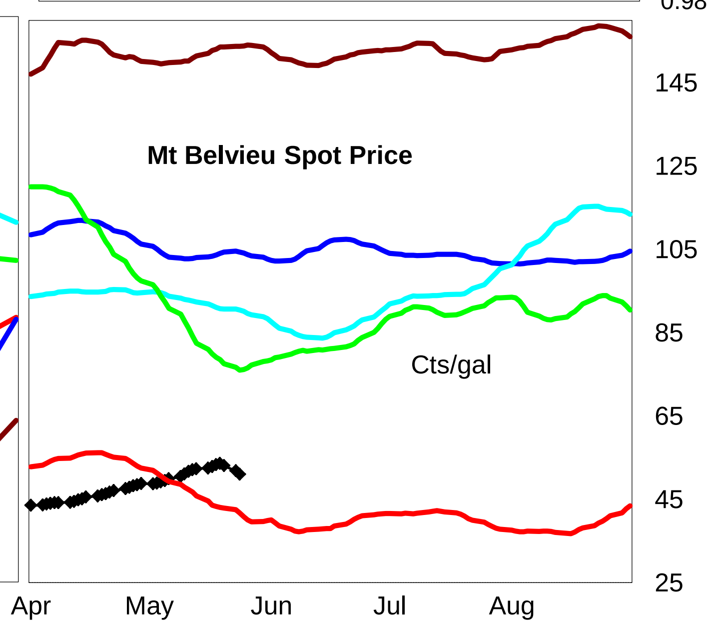












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Apr	Mar	Feb
000 bpd (000 bls stks)	911	-7,571	107	8		81	-63	-127	-61
% change	1.2	-39	6.5	9.2		8.4	-6.6	-10.7	-3.9

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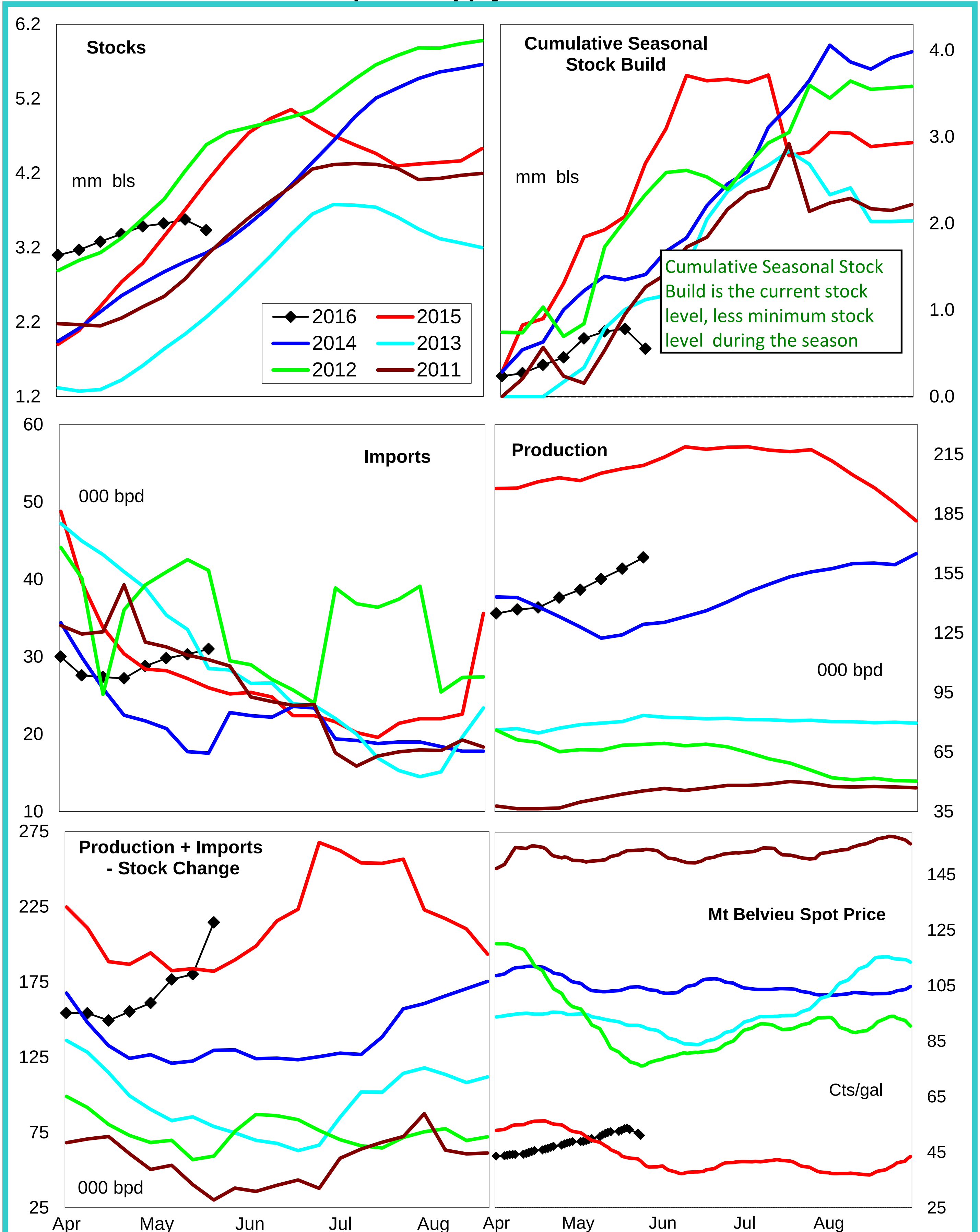
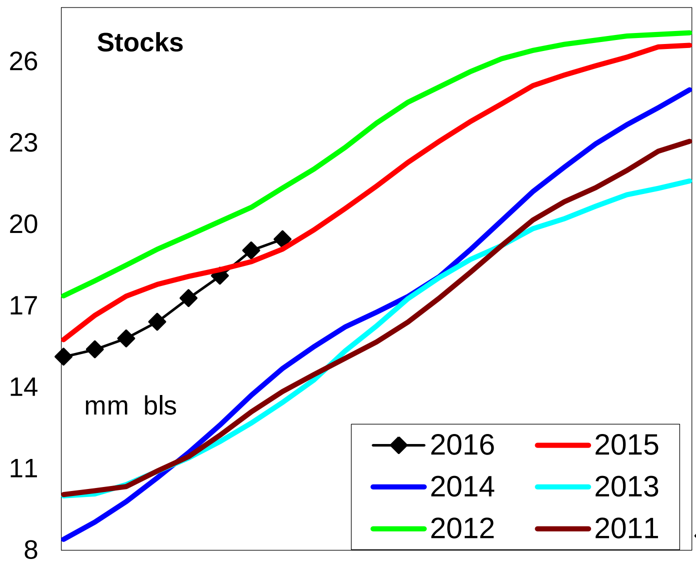
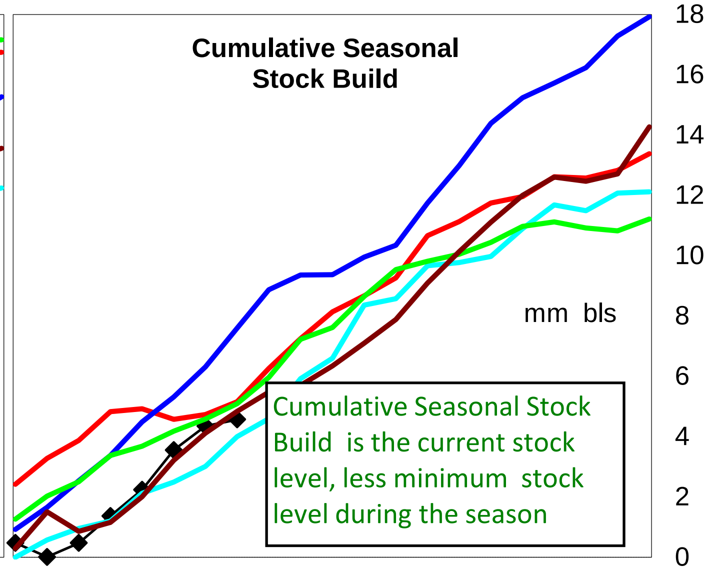
PADD 1 Propane Supply and Demand Balance

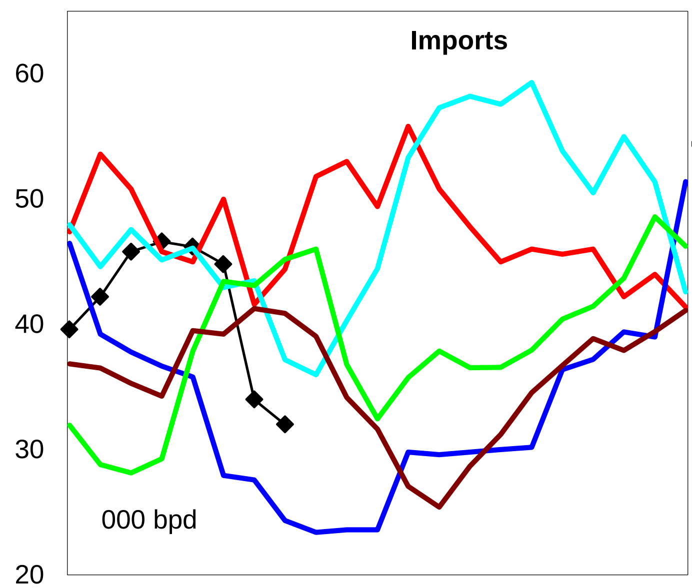


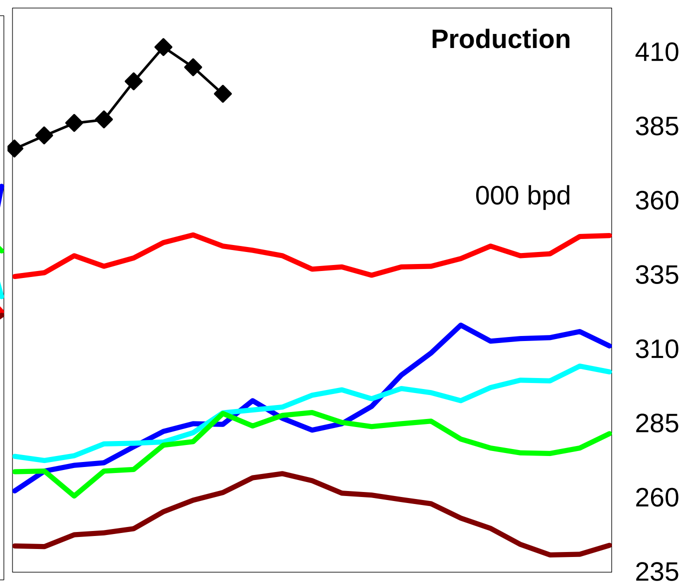
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-642	-2,143	-54	3	-3
% change	-15.8	-79.5	-25.9	9.9	-1.4

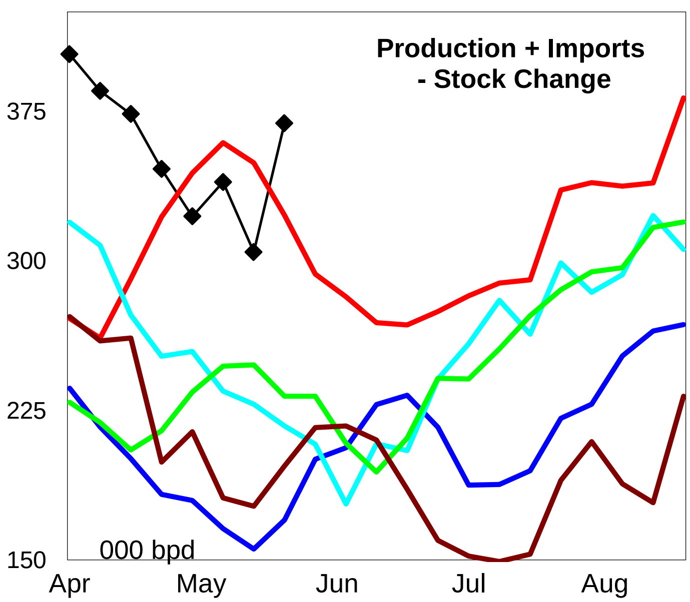
PADD 2 Propane Supply and Demand Balance

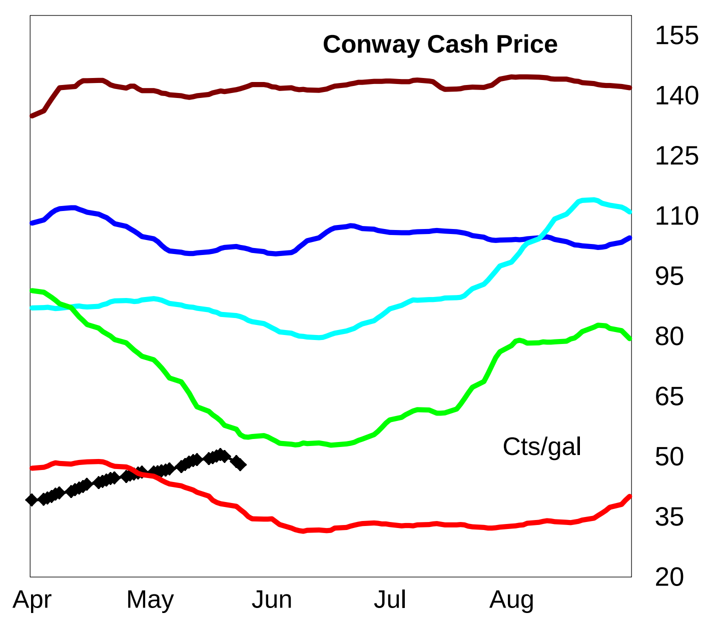






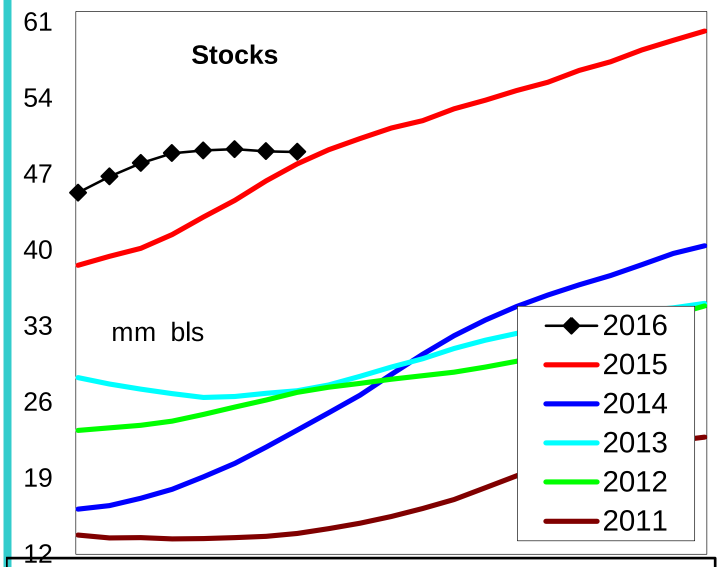


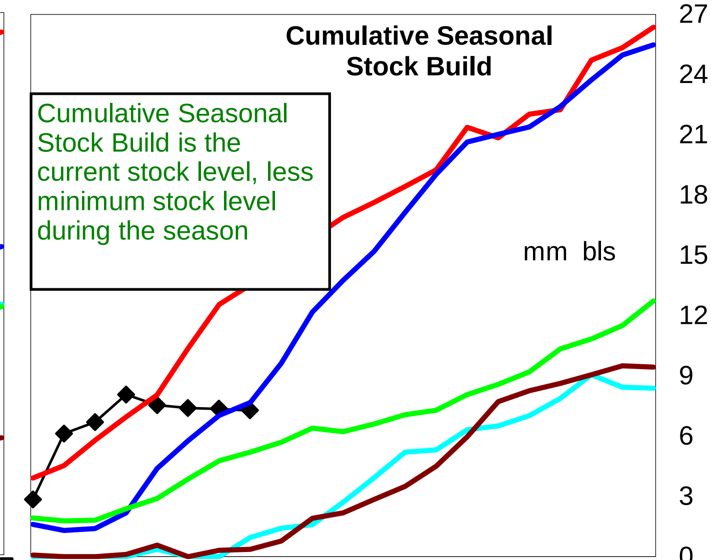


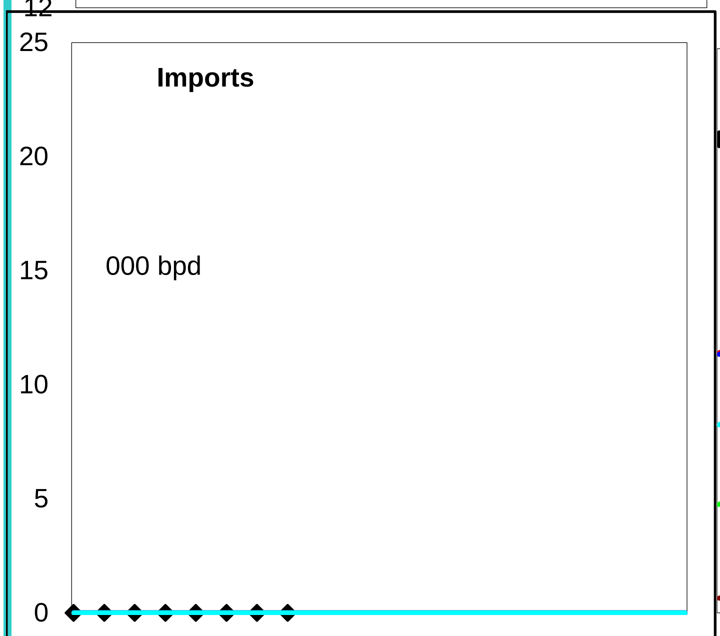


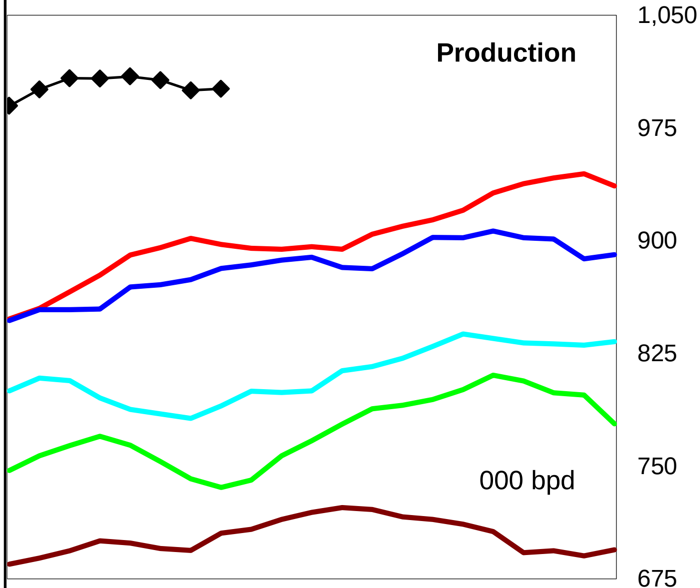
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	803	-588	58	-1	-10
% change	4.3	-11.4	16.6	-1.1	-2.9

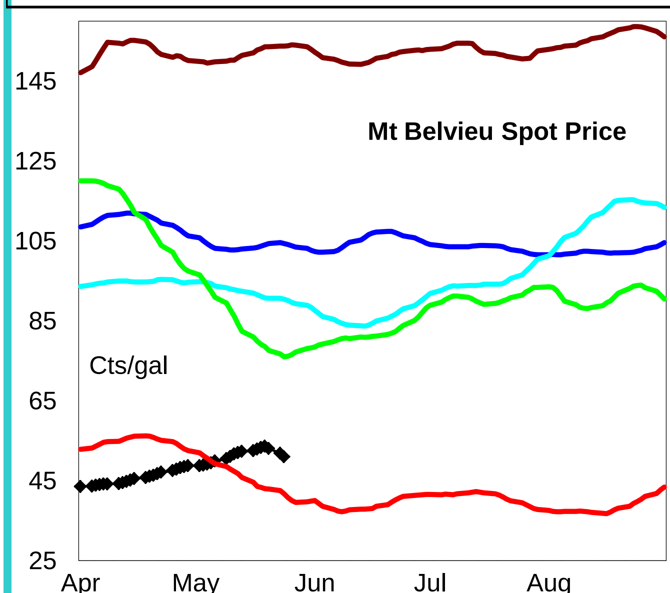
PADD 3 Propane Supply and Demand Balance

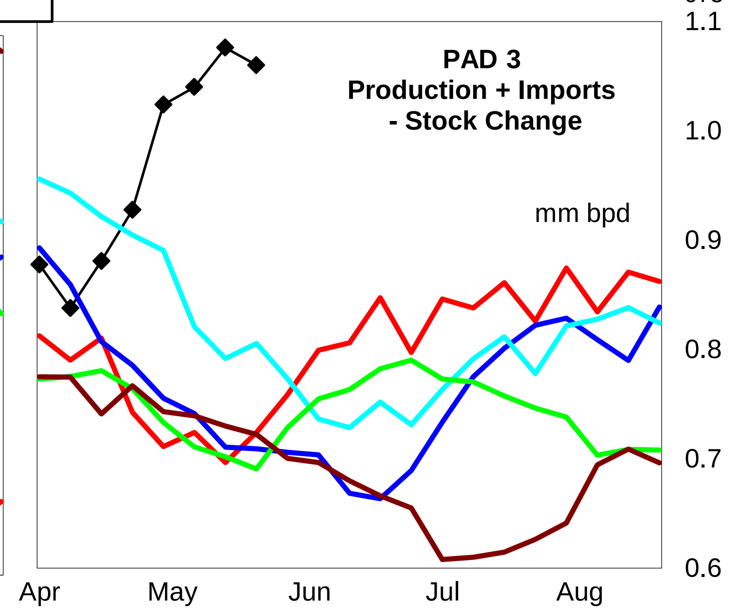






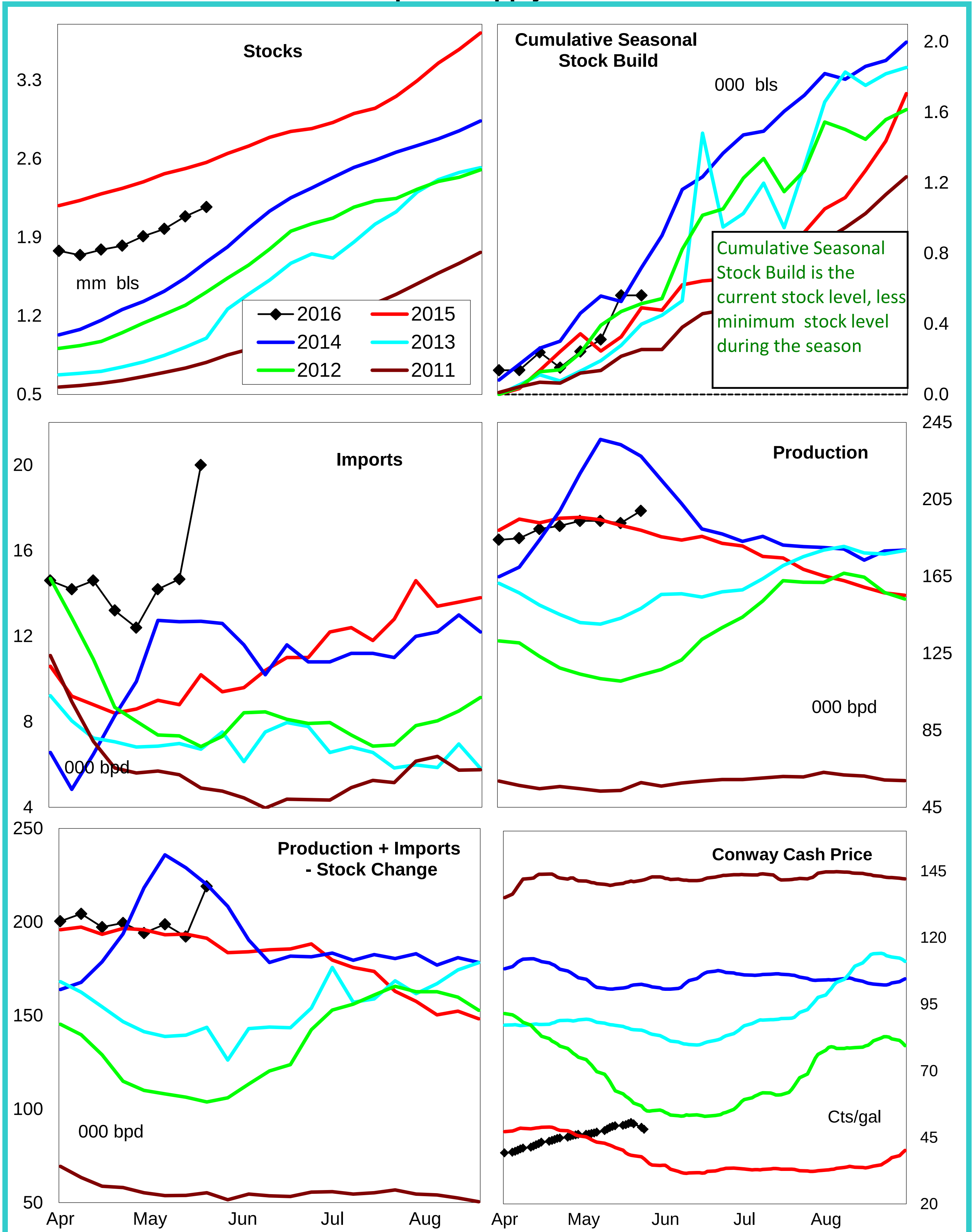






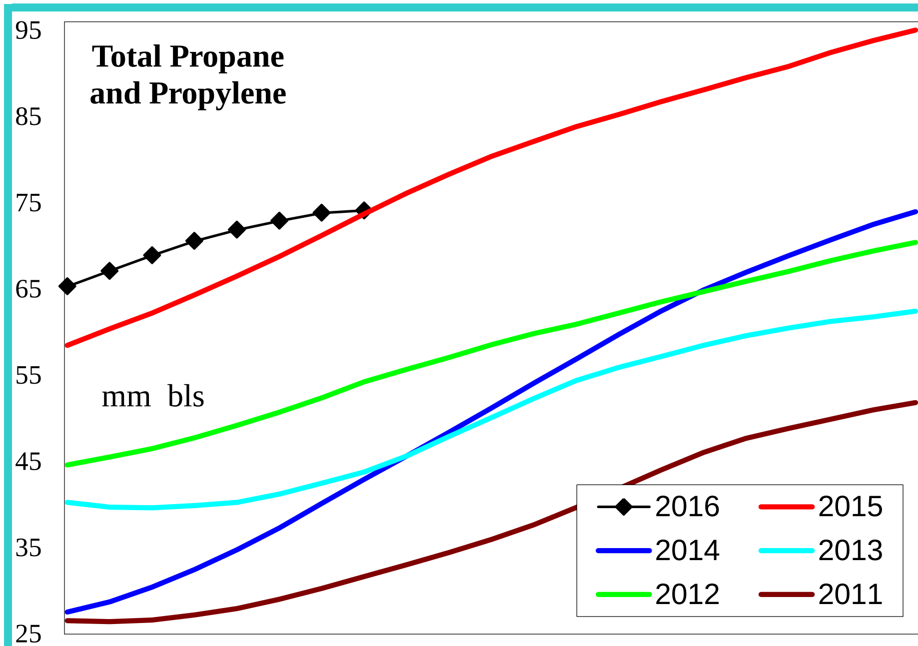
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,206	-6,255	101	0	336
% change	2.5	-46	11.2	#DIV/0!	50.6

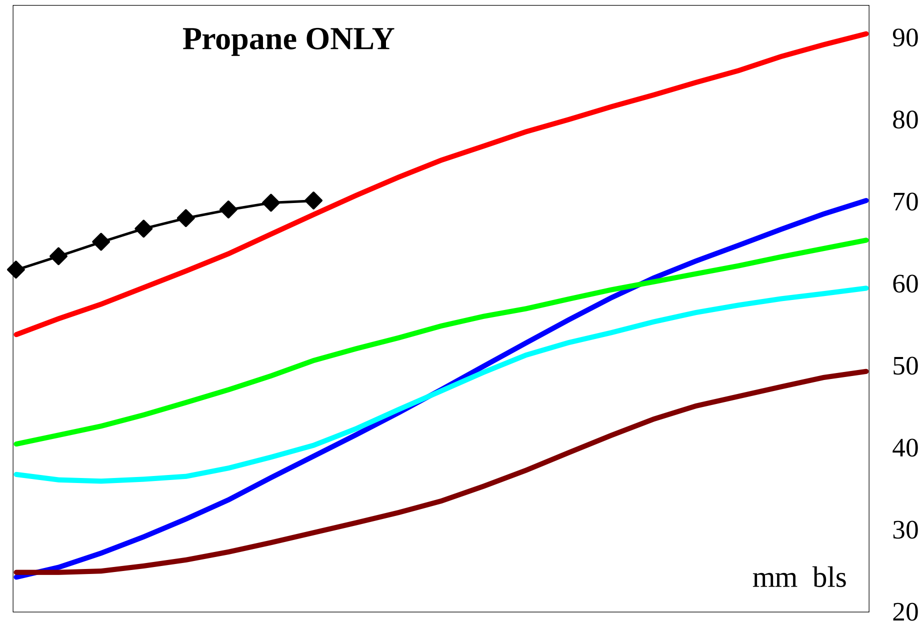
PADDs 4 and 5 Propane Supply and Demand Balance

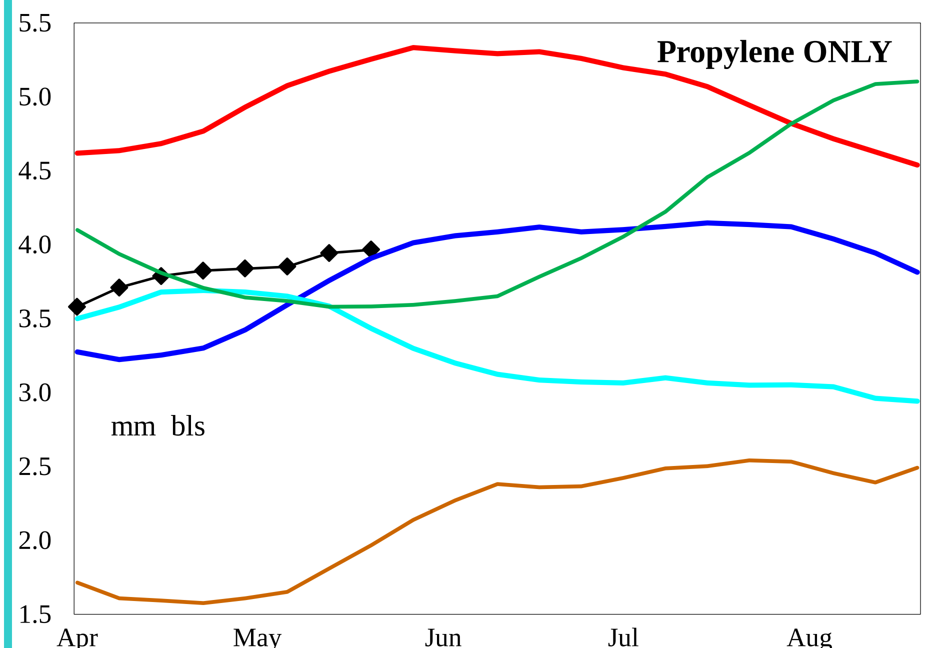


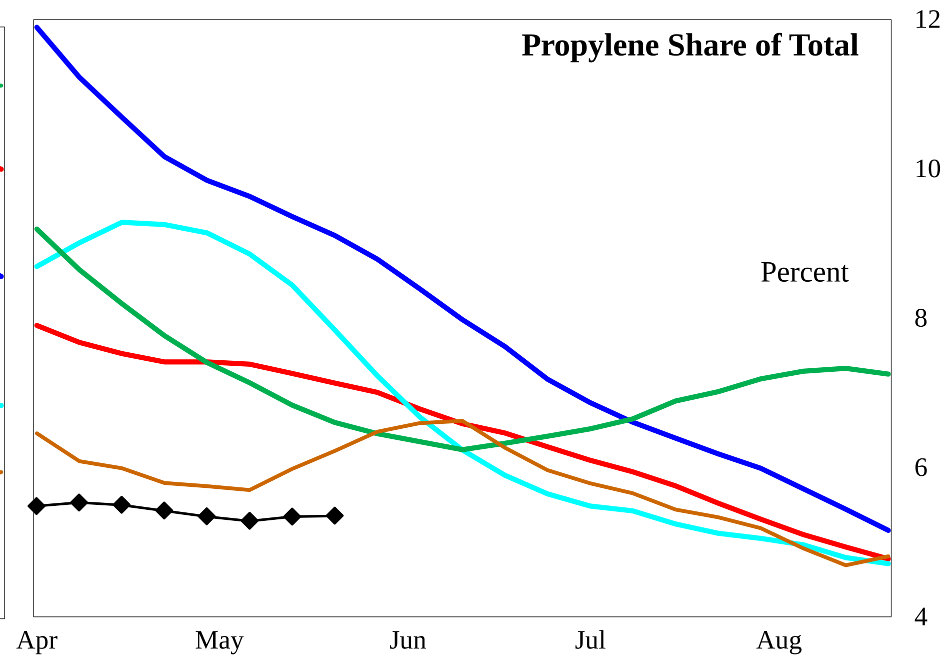
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-457	70	1	5	8
% change	-17.4	14.2	0.7	55.3	3.9

U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	911	2,260	-1,290
% change	1.2	3.3	-24.5

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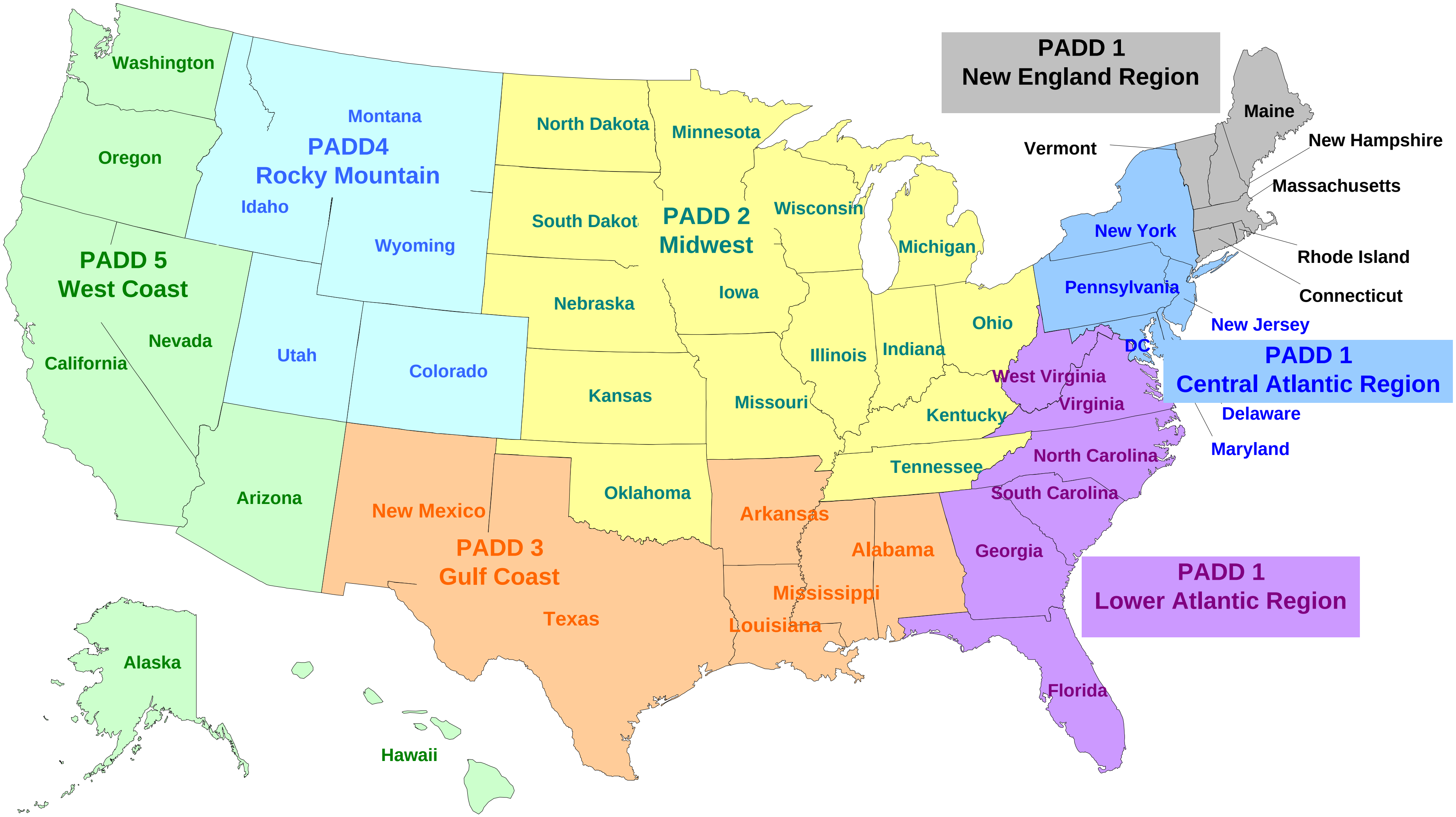
U. S. Petroleum Administrative for Defense Districts (PADDs)



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