FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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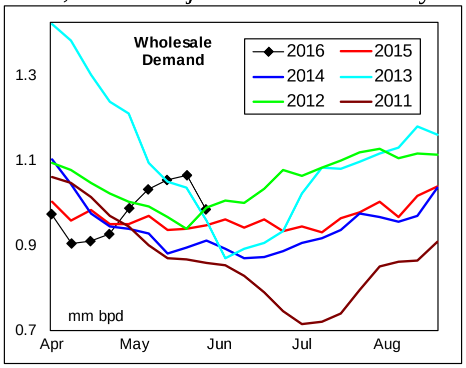
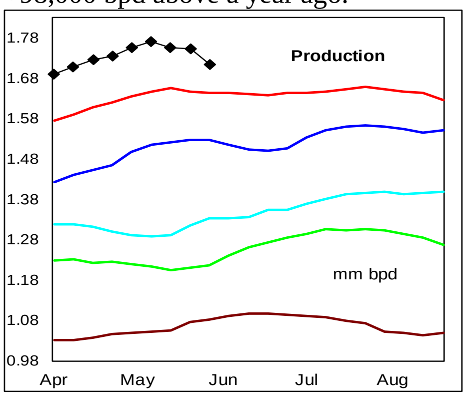
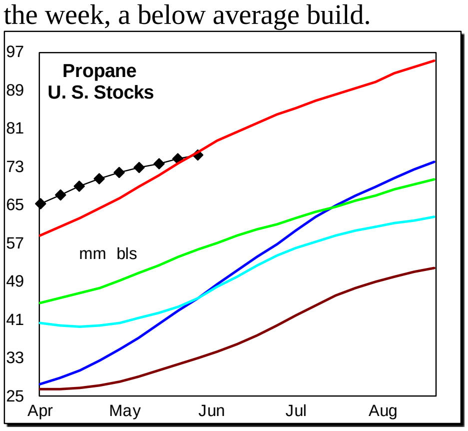
Summary[1]:
Wholesale demand fell -196 bpd last week, to a level just above the last 3-yrs.



Production decreased -51,000 bpd on the week, concentrated in the Gulf and West regions The latest 4-wk average was +98,000 bpd above a year ago.

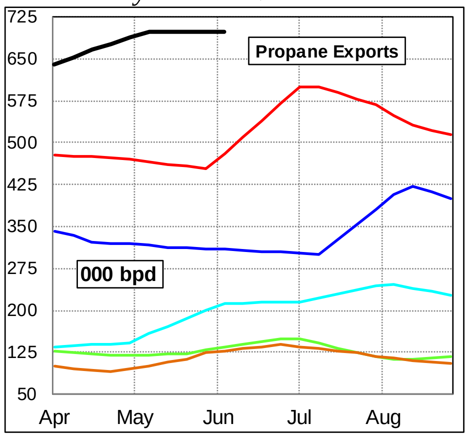


Stocks increased +1.3 million barrels on the week, a below average build.

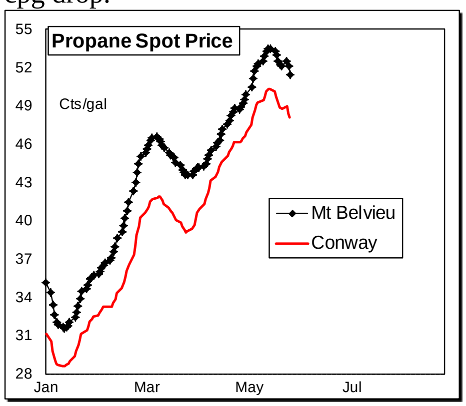


The cumulative seasonal stock build of +13.5 million barrels, was -9.8 million barrels below last year. Stock levels ended the week -1.7 million barrels below a year ago.

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 decreased -2.5 cpg last week ending 01Jun16, while Conway prices saw a -2 cpg drop.



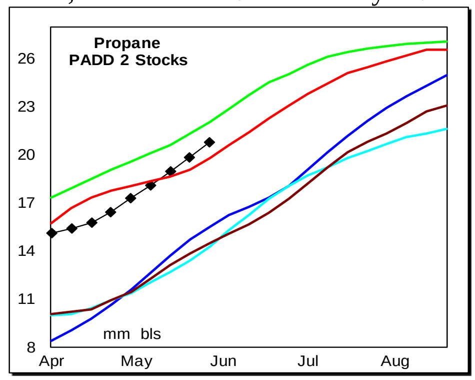
The Conway – Mt Belvieu price spread trended higher late last week, ending at a level above the 3-yr mid range.

The propane to natural gas price spread decreased on the week, driven by the roll to Jul gas futures contract, to trade a level comparable to the 3-yr mid range.

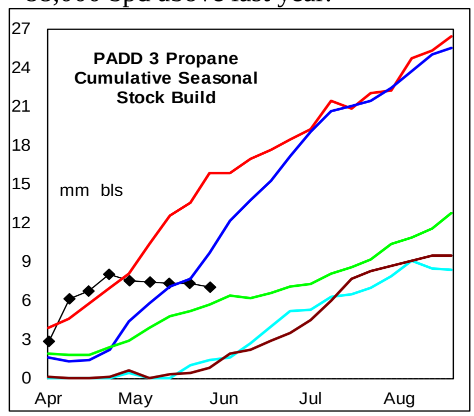
The propane / crude oil price spread trended lower on the week, ending at a level above the last 4-yrs for the period.

PADD 1 stocks were unchanged on the week, to a level -23% below last year. Shipments to the Gulf region for export have led to stock draws during the last month. Supply decreased -6,000 bpd on the week.

PADD 2 supply increased +6,000 bpd last week, on higher production. Production for the latest 4-wk period was +61,000 bpd above a year ago. Stocks increased +1.3 million barrels on the week, to a level +5% above last year.



PAD 3 stocks decreased -0.3 million barrels on the week, the 5th consecutive week without a build; driven by record exports. Stock levels ended the week +2.8% below the prior 5-yr high. Supplies for the latest 4-wk period were +88,000 bpd above last year.



PADDs 4 & 5 stocks increased +0.2 million barrels last week. Stock levels ended the week -9% below last year, but above four of the last 5-yrs.

Emerging Trends Higher exports have reduced the cumulative seasonal stock build by nearly -10 million barrels, concentrated in the Gulf and East Coast. Stock levels in the Gulf region ended the week -2.8% below last year.

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

June 2, 2016

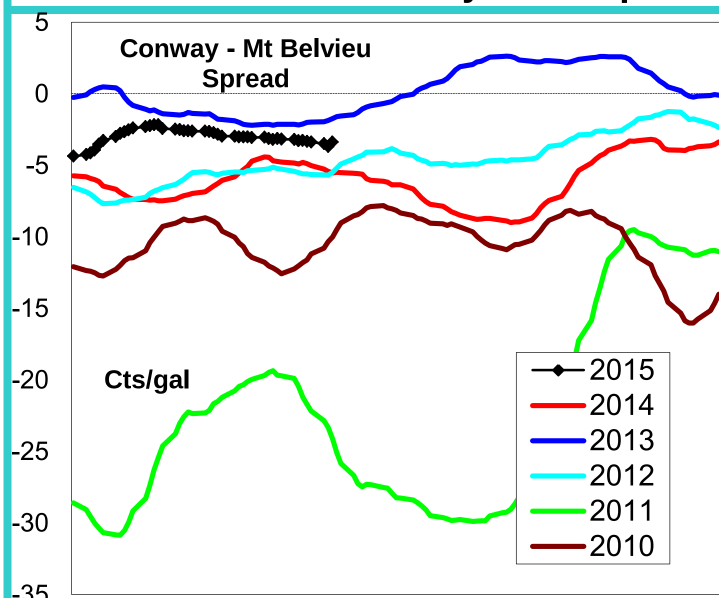
Fundamental Trends for the Week Ending: Friday, May 27, 2016

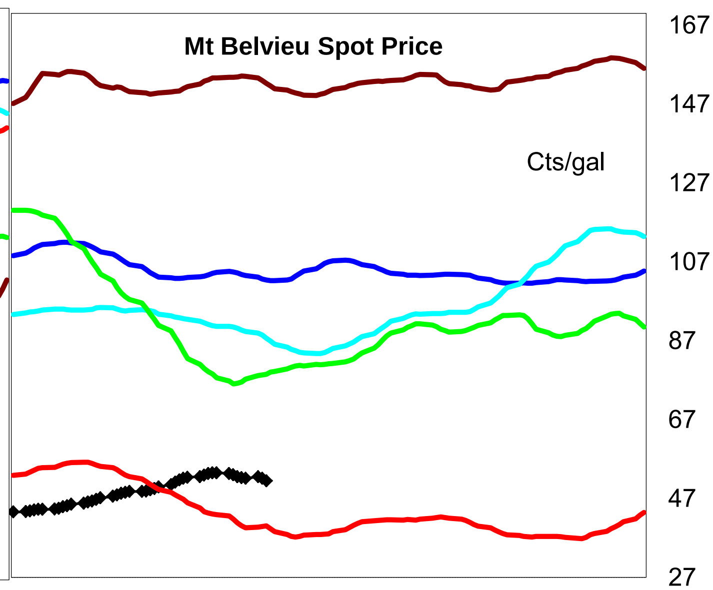
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	75,381	3,431	20,766	48,798	2,386	1,252	-3	1,305	-265	215
Propylene Stocks	3,859					-107				
Production	1,708	157	404	958	189	-51	-6	8	-43	-10
Imports	79	31	30	0	18	-4	0	-2	0	-2
Whsle Demand	959					-196				

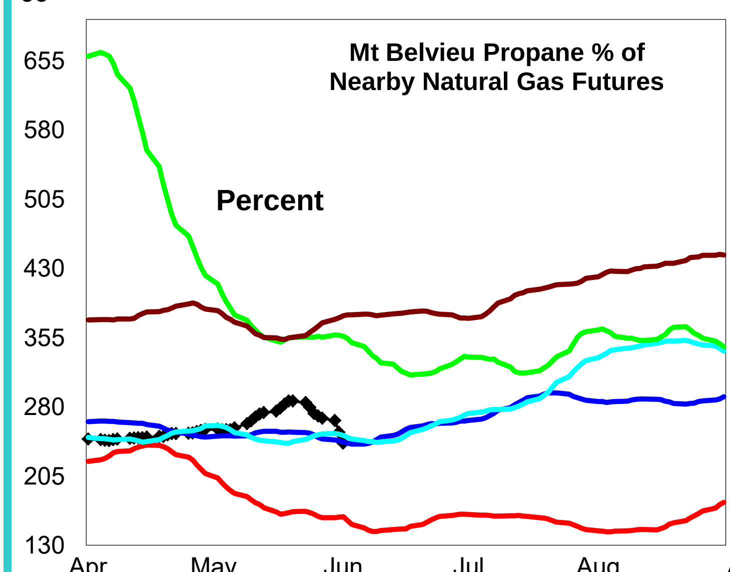
Price Trends for the Week Ending: Wednesday, June 01, 2016

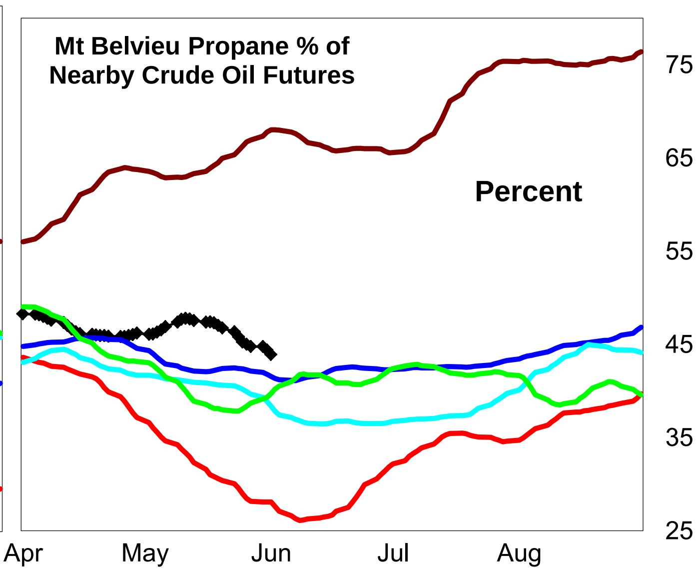
Cents/gal	Average for week ending:				Change from:			% change from:		
	6/1/16	5/25/16	5/4/16	6/5/15	5/25/16	5/4/16	6/5/15	5/25/16	5/4/16	6/5/15
Mont Belvieu Spot	52.4	52.1	49.4	40.4	0.35	2.70	8.98	0.7	5.5	22.2
Conway Spot	48.9	48.9	46.6	35.4	-0.05	2.35	11.23	-0.1	5.0	31.8

Key Price Spreads and Differentials

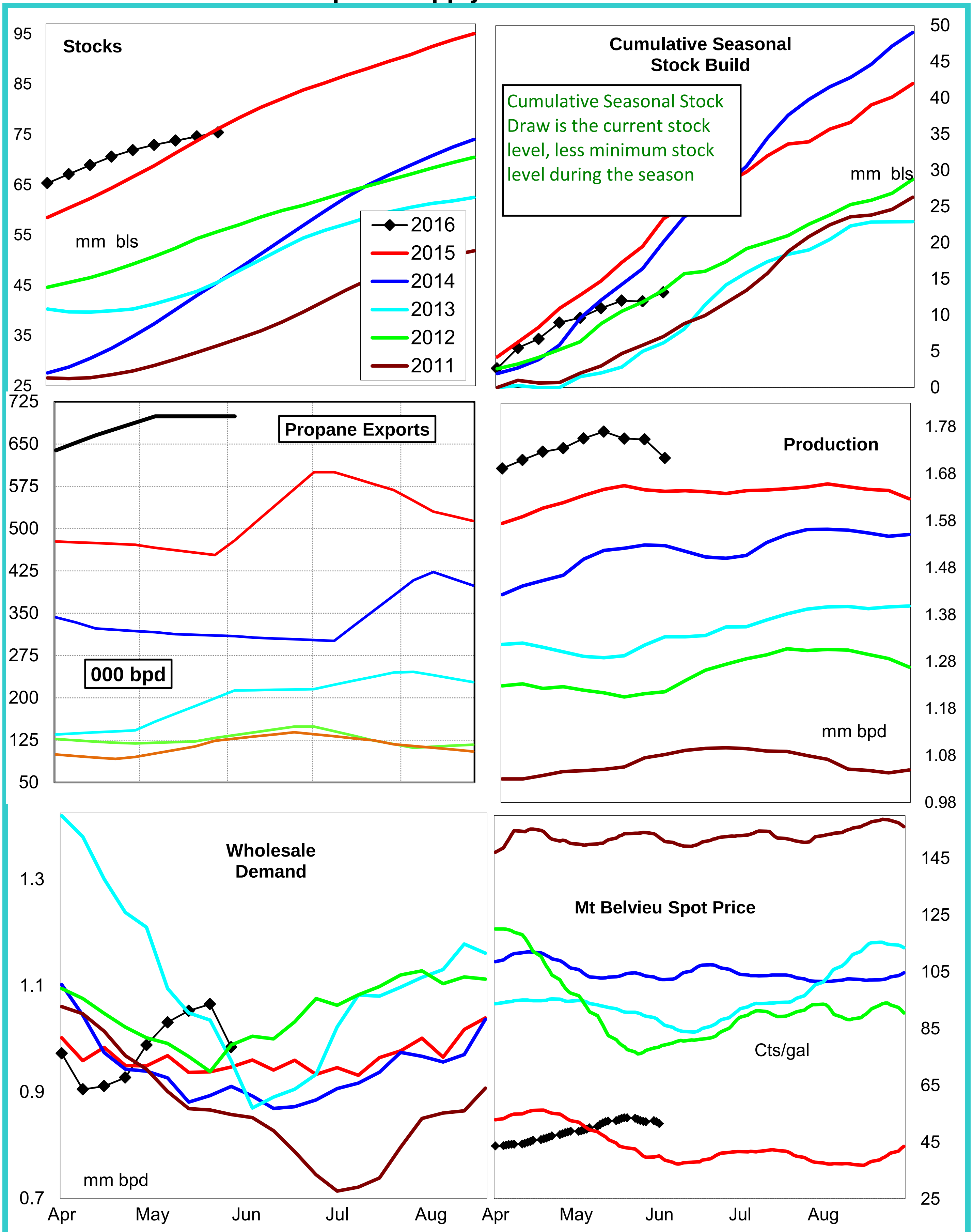






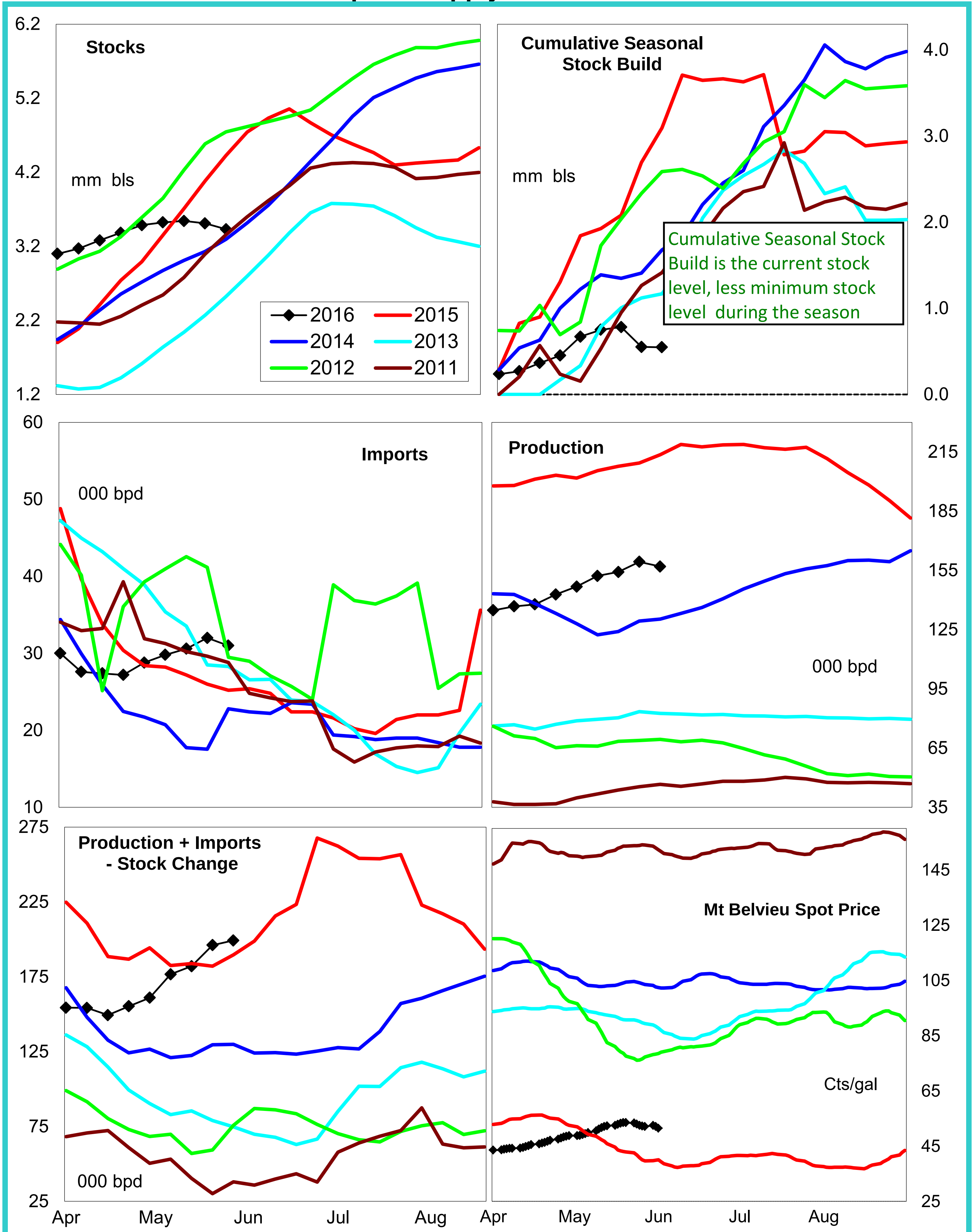


U. S. Propane Supply and Demand Balance



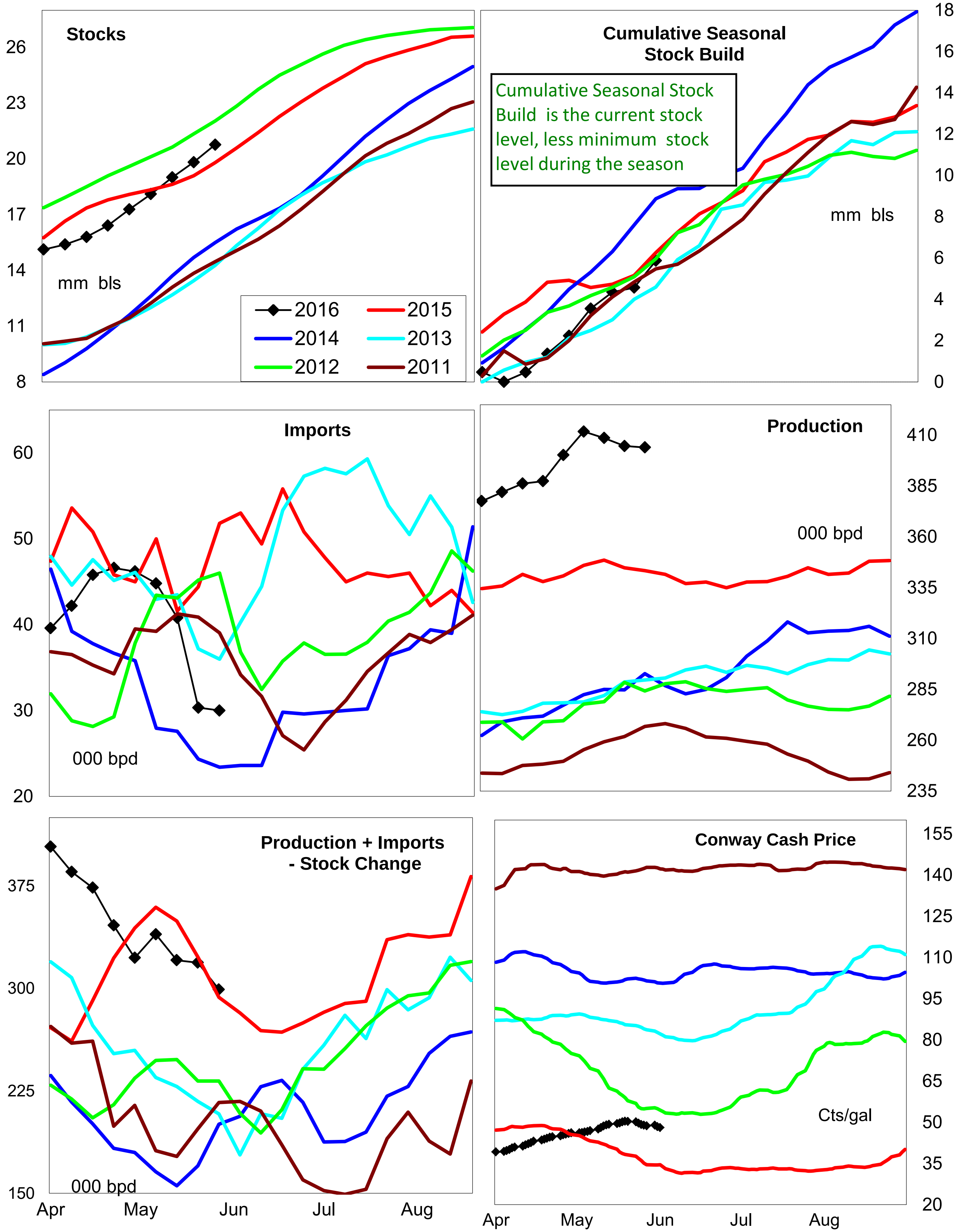
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Apr	Mar	Feb
000 bpd (000 bls stks)	-1,665	-10,147	98	4		125	-63	-127	-61
% change	-2.2	-44	6.0	4.6		14.1	-6.6	-10.7	-3.9

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)	-1,045	-2,546	-51	4	4
% change	-23.3	-82.3	-24.4	15.1	2.2

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)	1,004	-387	61	-7	-12
% change	5.1	-6.2	17.6	-17.0	-3.5

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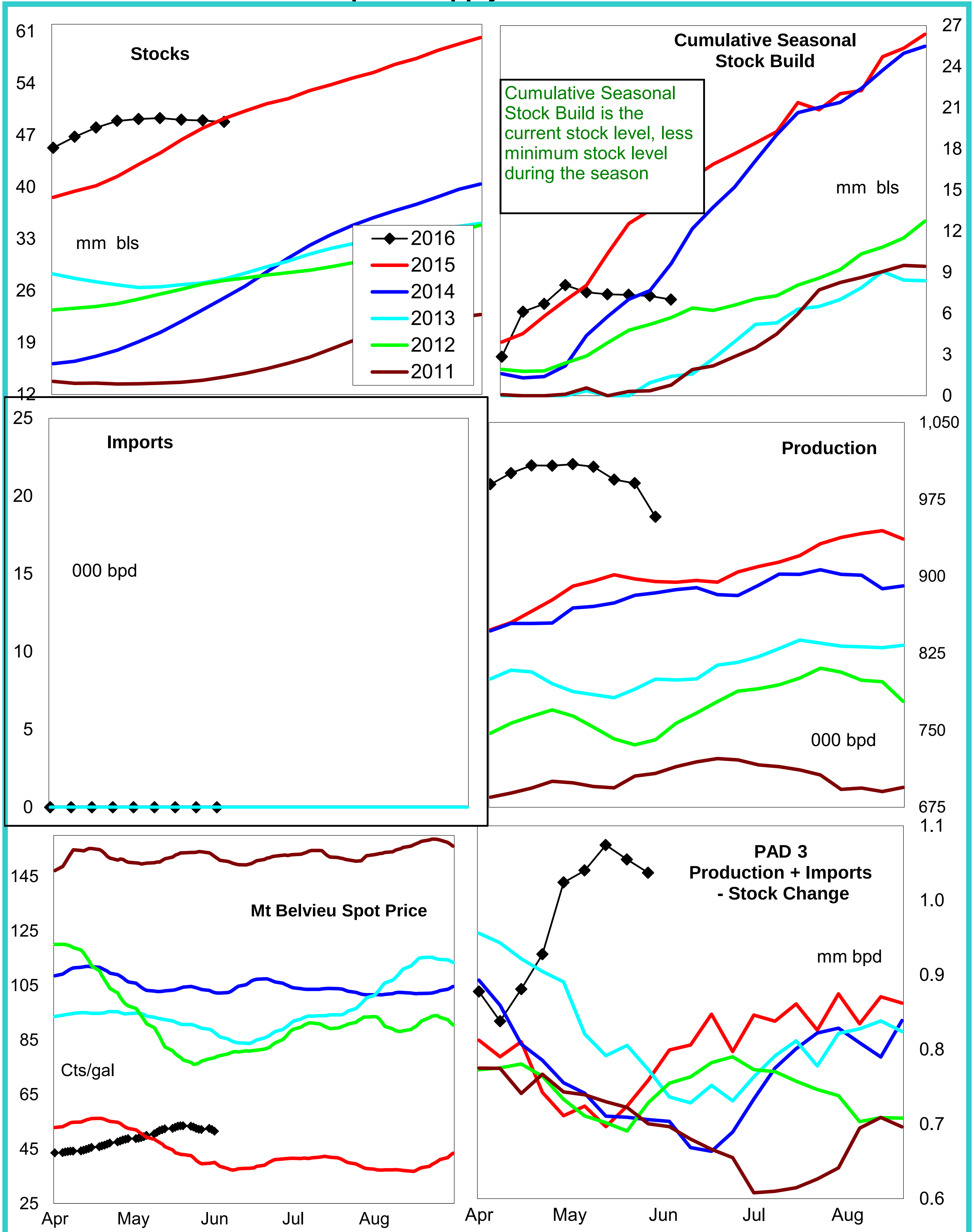
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-1,397	-8,858	88	0	326
% change	-2.8	-56	9.8	#DIV/0!	48.2

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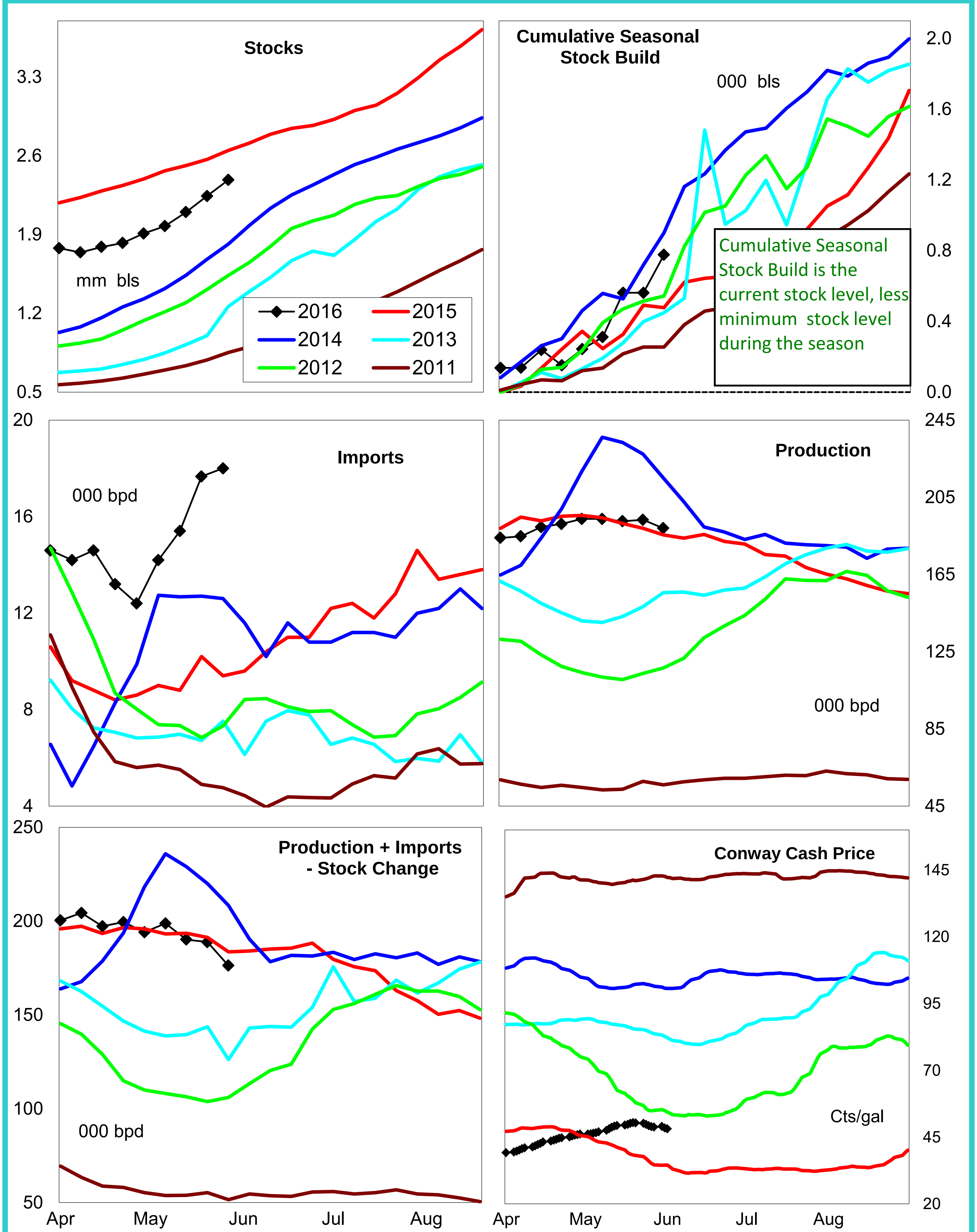
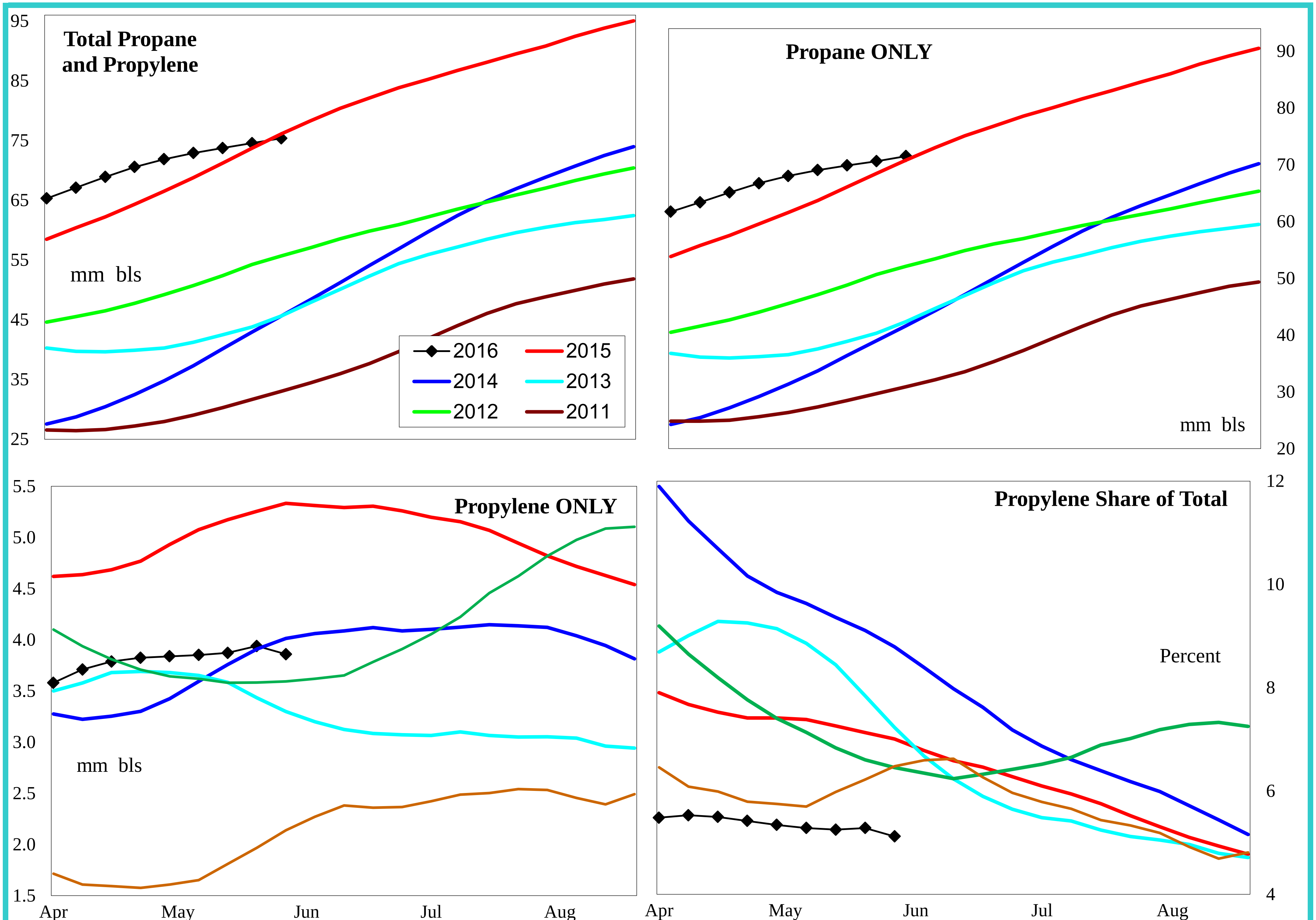
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-228	299	0	6	-2
% change	-8.7	62.6	0.1	67.6	-1.0

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-1,665	-281	-1,475
% change	-2.2	-0.4	-27.7

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