FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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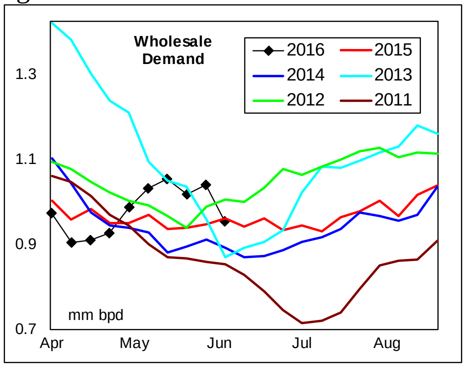
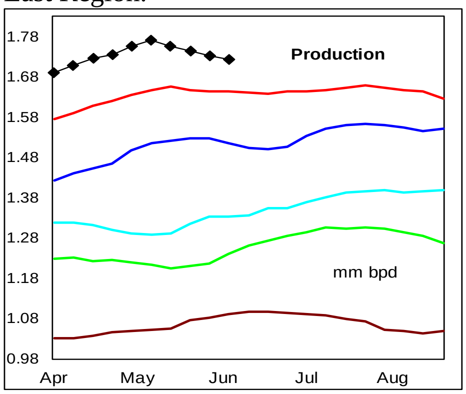
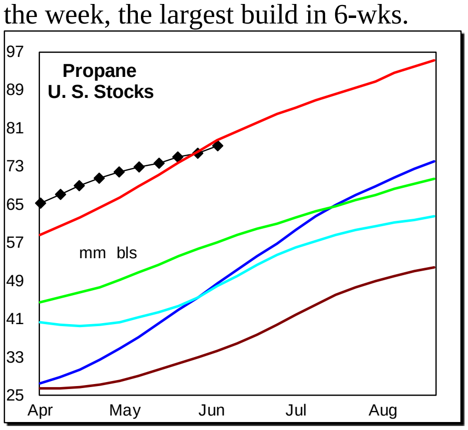
Summary[1]:
Wholesale demand for the last month averaged +120,000 bpd above a year ago.



Production increased +107,000 bpd during the last month compared to a year ago. The increase was concentrated in the Gulf and Midwest regions. Production decreased -53,000 bpd in the East Region.

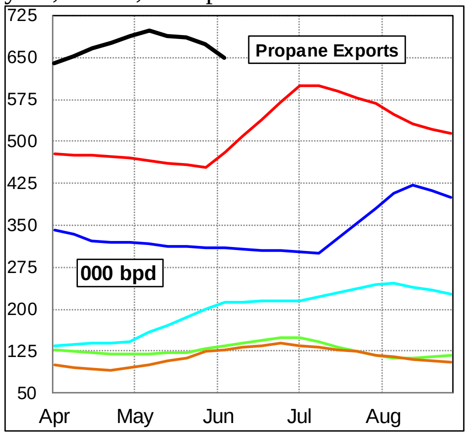


Stocks increased +1.9 million barrels on the week, the largest build in 6-wks.

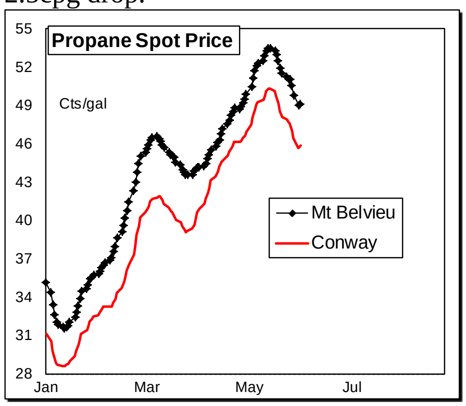


The cumulative seasonal stock build of +15.7 million barrels, was -9.3 million barrels below last year. Stock levels ended the week -1.5 million barrels below a year ago.

Exports for the week ending 03Jun16 were +168,000 bpd above last year, at 649,000 bpd.



Price and Spreads Mt Belvieu spot price decreased -3 cpg last week ending 07Jun16, while Conway prices saw a -2.5cpg drop.



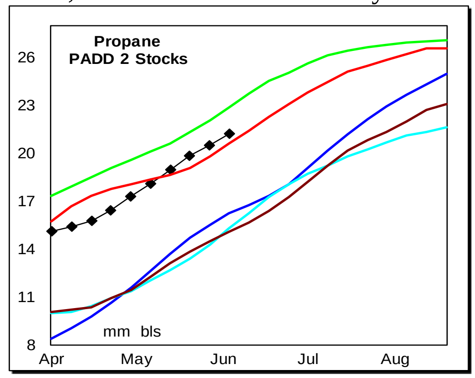
The Conway – Mt Belvieu price spread was unchanged last week, ending at a level above the 3-yr mid range.

The propane to natural gas price spread trended lower on the week, driven by sharply higher gas prices, to trade a level below the 3-yr mid range.

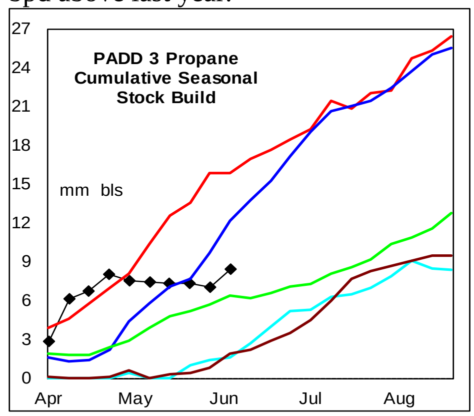
The propane / crude oil price spread trended lower on the week, ending at a level that matched 3-yr highs for the peirod.

PADD 1 stocks increased +0.25 million barrels on the week, a level -28% below last year. Shipments to the Gulf region for export have led to stock draws during the last month. Supply decreased -2,000 bpd on the week.

PADD 2 supply increased +59,000 bpd last week, on higher imports. Production for the latest 4-wk period was +59,000 bpd above a year ago. Stocks increased +0.5 million barrels on the week, to a level +2% above last year.



PAD 3 stocks increased +1.4 million barrels on the week, the result of lower exports. Stock levels ended the week unchanged from a year ago. Supplies for the latest 4-wk period were +92,000 bpd above last year.



PADDs 4 & 5 stocks decreased -0.2 million barrels last week. Stock levels ended the week -21% below last year, but above four of the last 5-yrs.

Emerging Trends A slowing of exports led to the largest stock build of the last 6-wks at +1.9 million barrels. The cumulative seasonal stock build remains more than -9 million barrels below a year ago on higher exports.

Slowing exports and high stock levels (comparable to last year) risk a continued pull back in propane prices.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

June 8, 2016

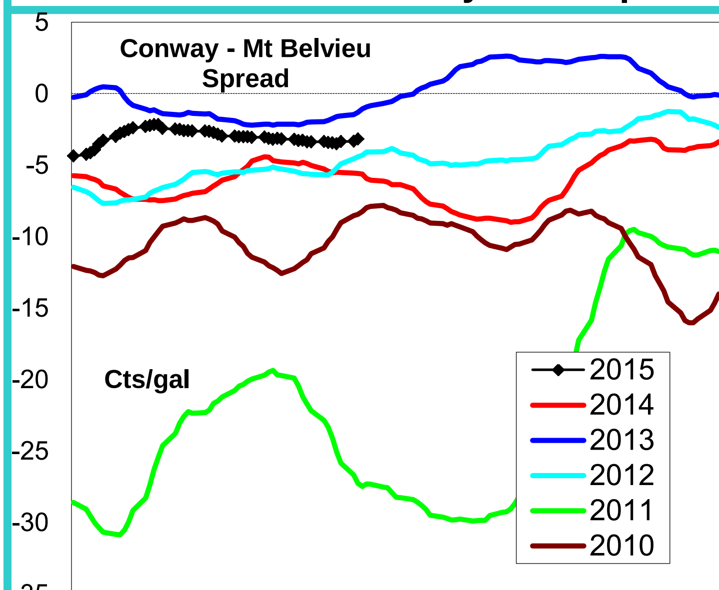
Fundamental Trends for the Week Ending: Friday, June 03, 2016

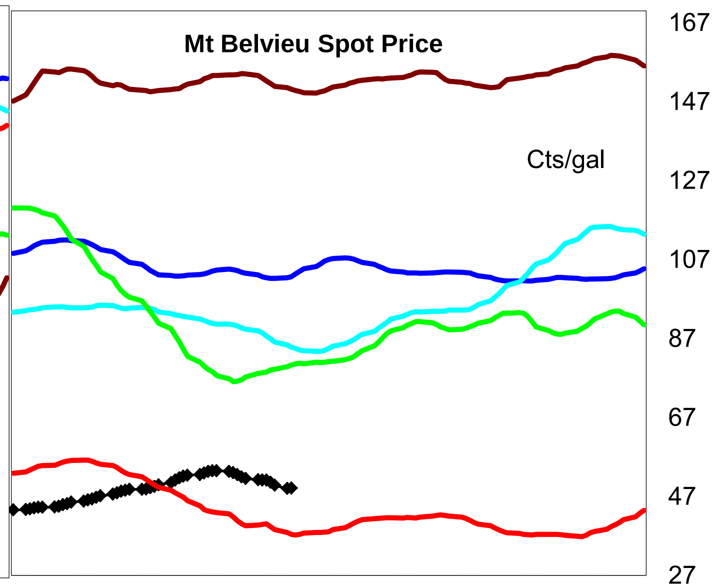
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	77,294	3,685	21,222	50,201	2,186	1,913	254	456	1,403	-200
Propylene Stocks	3,587					-272				
Production	1,718	154	406	966	192	10	-3	2	8	3
Imports	134	32	87	0	15	55	1	57	0	-3
Whsle Demand	930					-29				

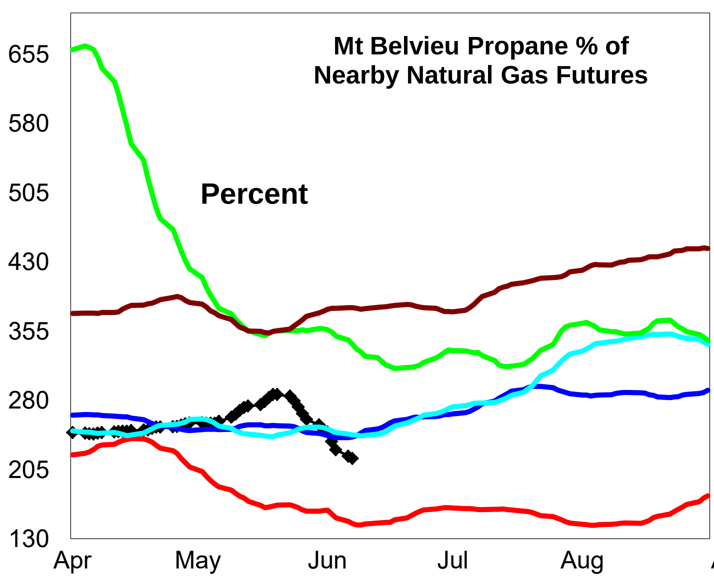
Price Trends for the Week Ending: Tuesday, June 07, 2016

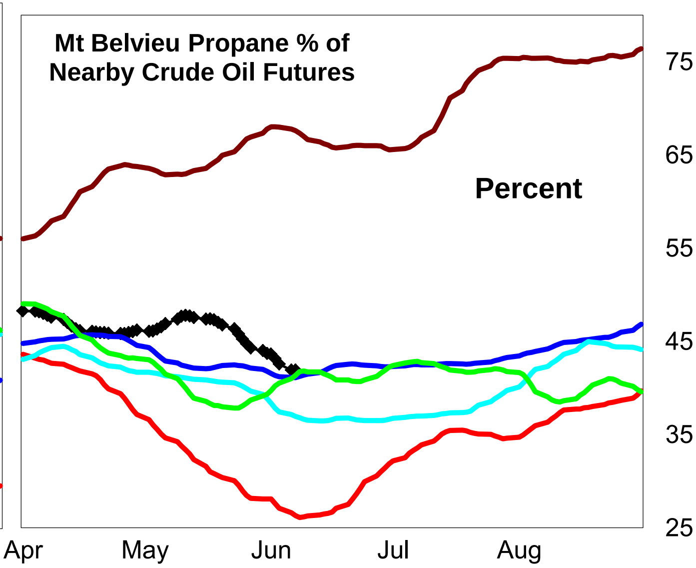
Cents/gal	Average for week ending:				Change from:			% change from:		
	6/7/16	5/31/16	5/10/16	6/11/15	5/31/16	5/10/16	6/11/15	5/31/16	5/10/16	6/11/15
Mont Belvieu Spot	49.3	52.8	48.5	37.2	-3.52	4.35	11.28	-6.7	9.0	30.3
Conway Spot	46.1	49.3	45.8	32.3	-3.20	3.50	13.48	-6.5	7.7	41.8

Key Price Spreads and Differentials

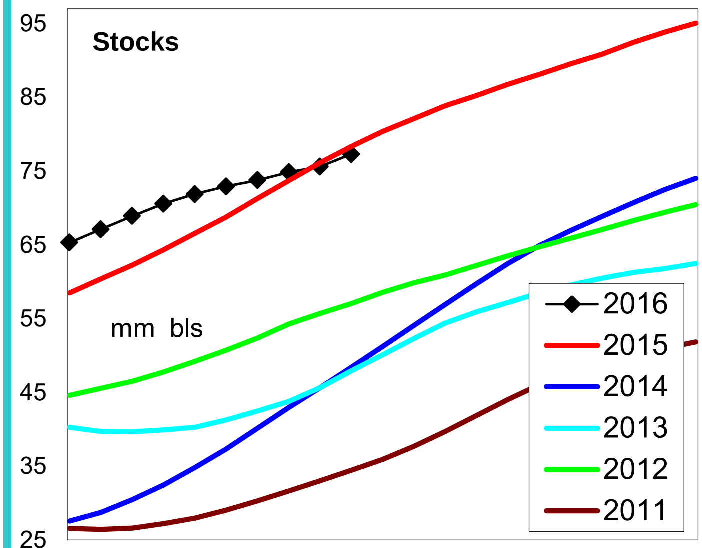


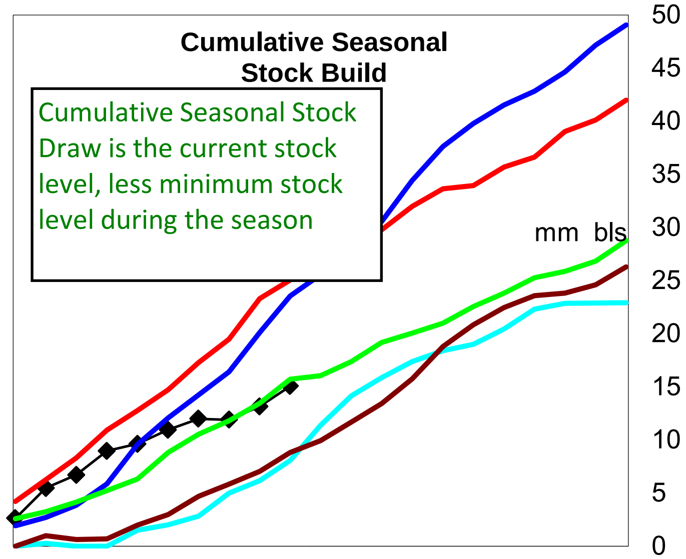


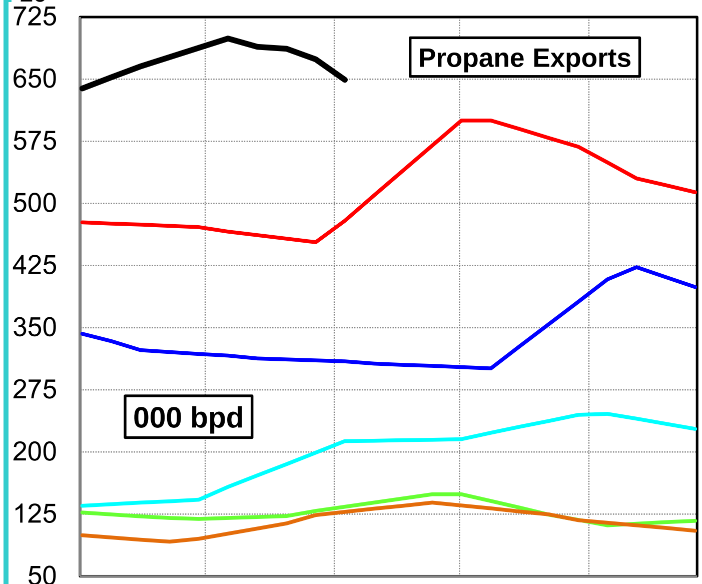


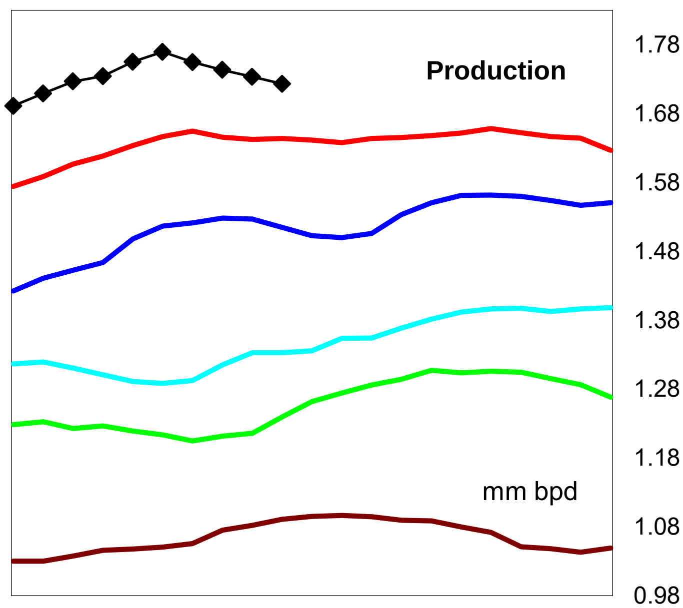


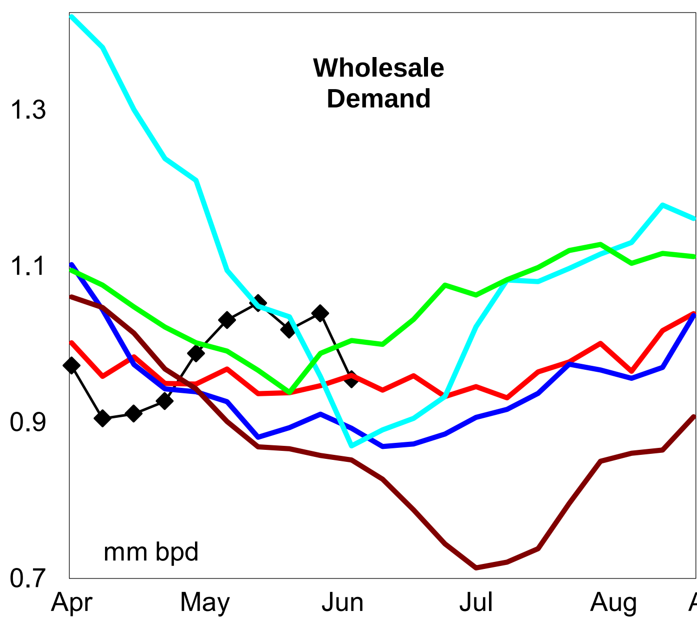
U. S. Propane Supply and Demand Balance

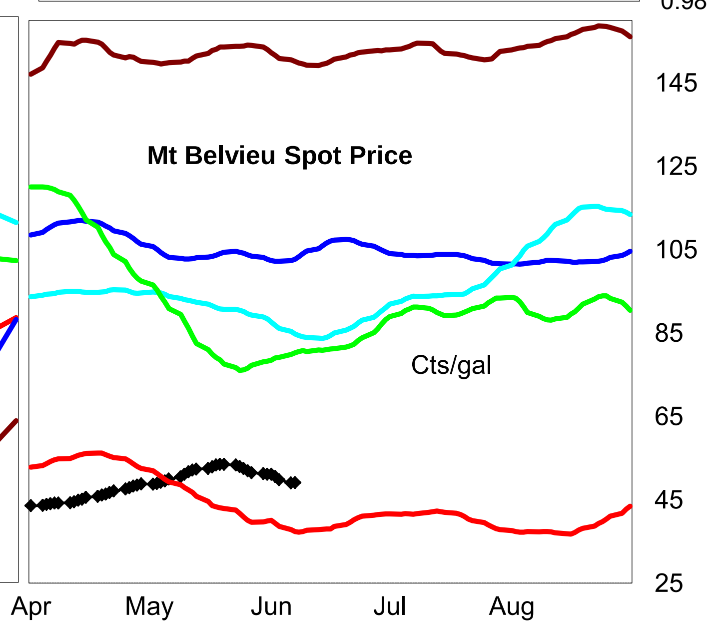












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Apr	Mar	Feb
000 bpd (000 bls stks)	-1,501	-9,983	107	11		120	-63	-127	-61
% change	-1.9	-40	6.5	13.0		13.4	-6.6	-10.7	-3.9

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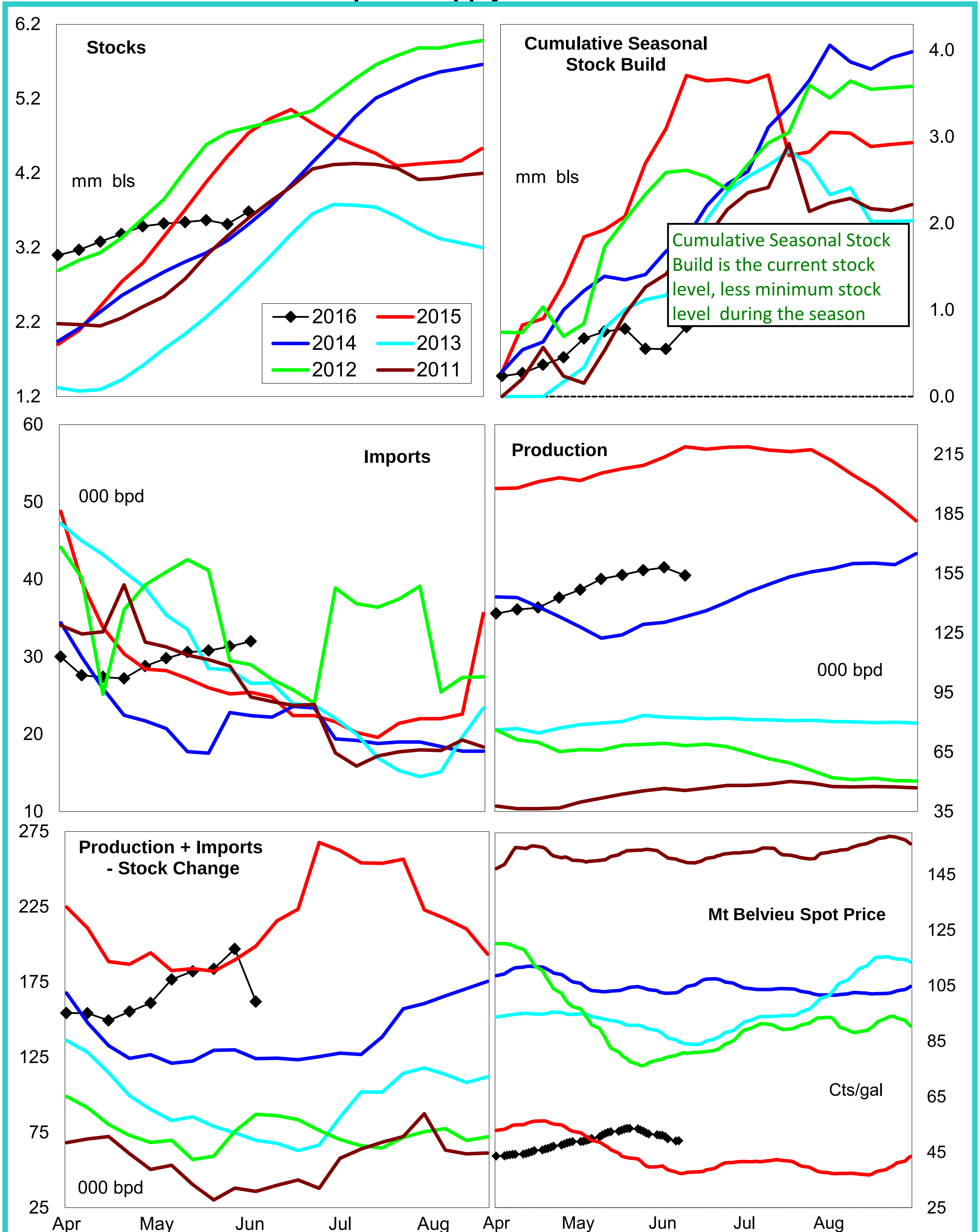
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-1,406	-2,907	-53	7	-7
% change	-27.6	-78.4	-25.1	26.7	-4.0

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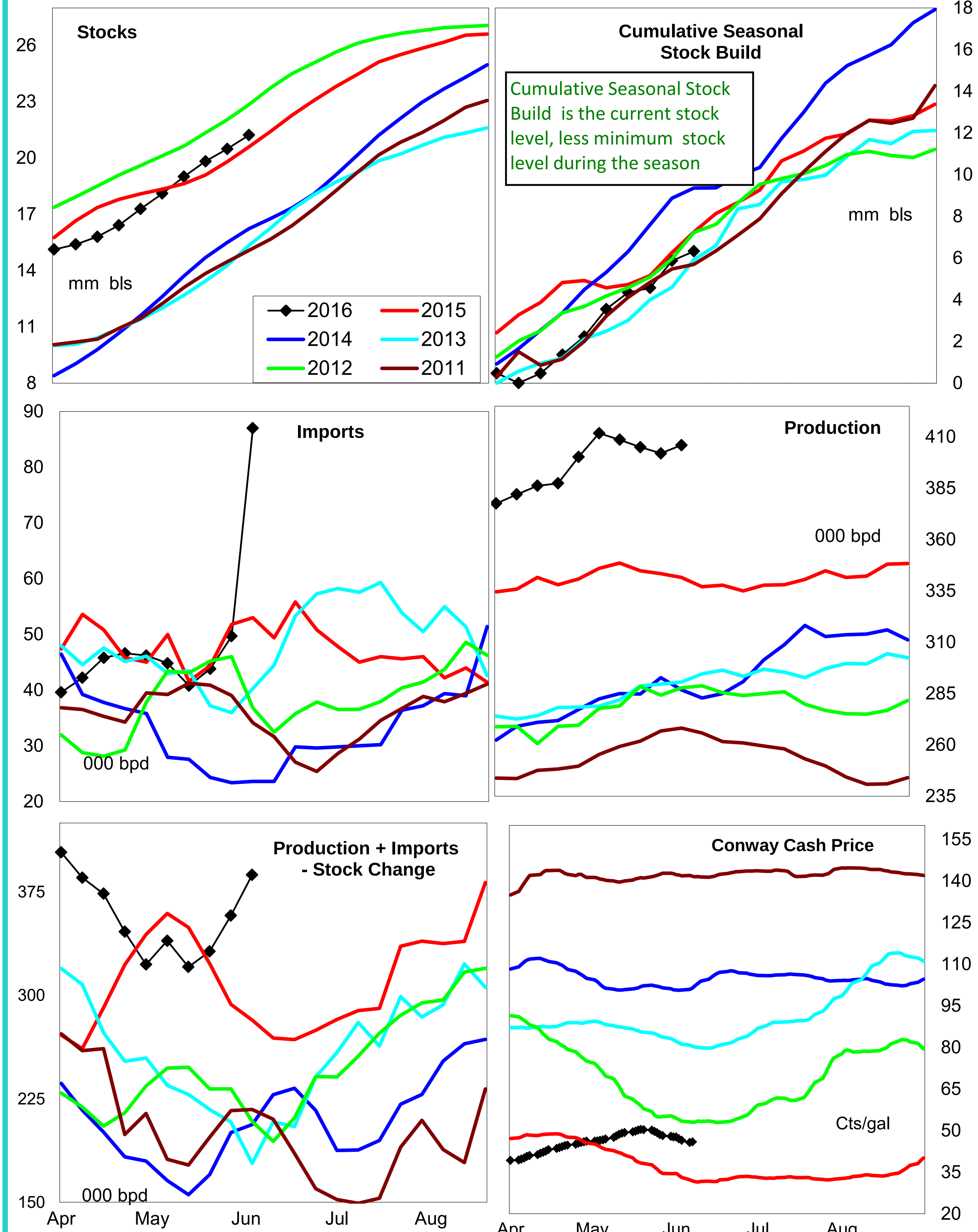
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	475	-916	59	-4	38
% change	2.3	-12.6	17.0	-7.8	12.0

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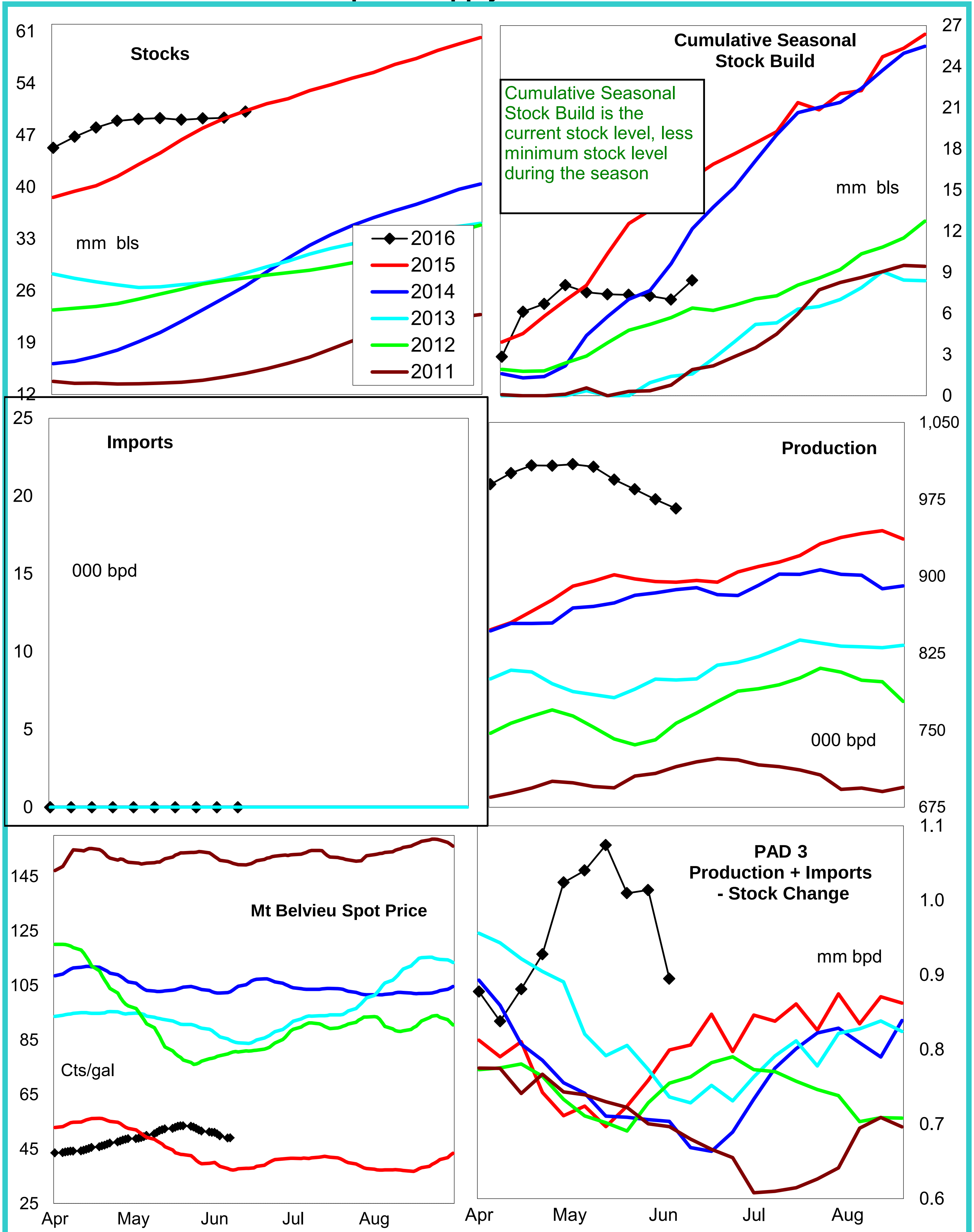
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	2	-7,459	92	0	253
% change	0.0	-47	10.2	#DIV/0!	36.5

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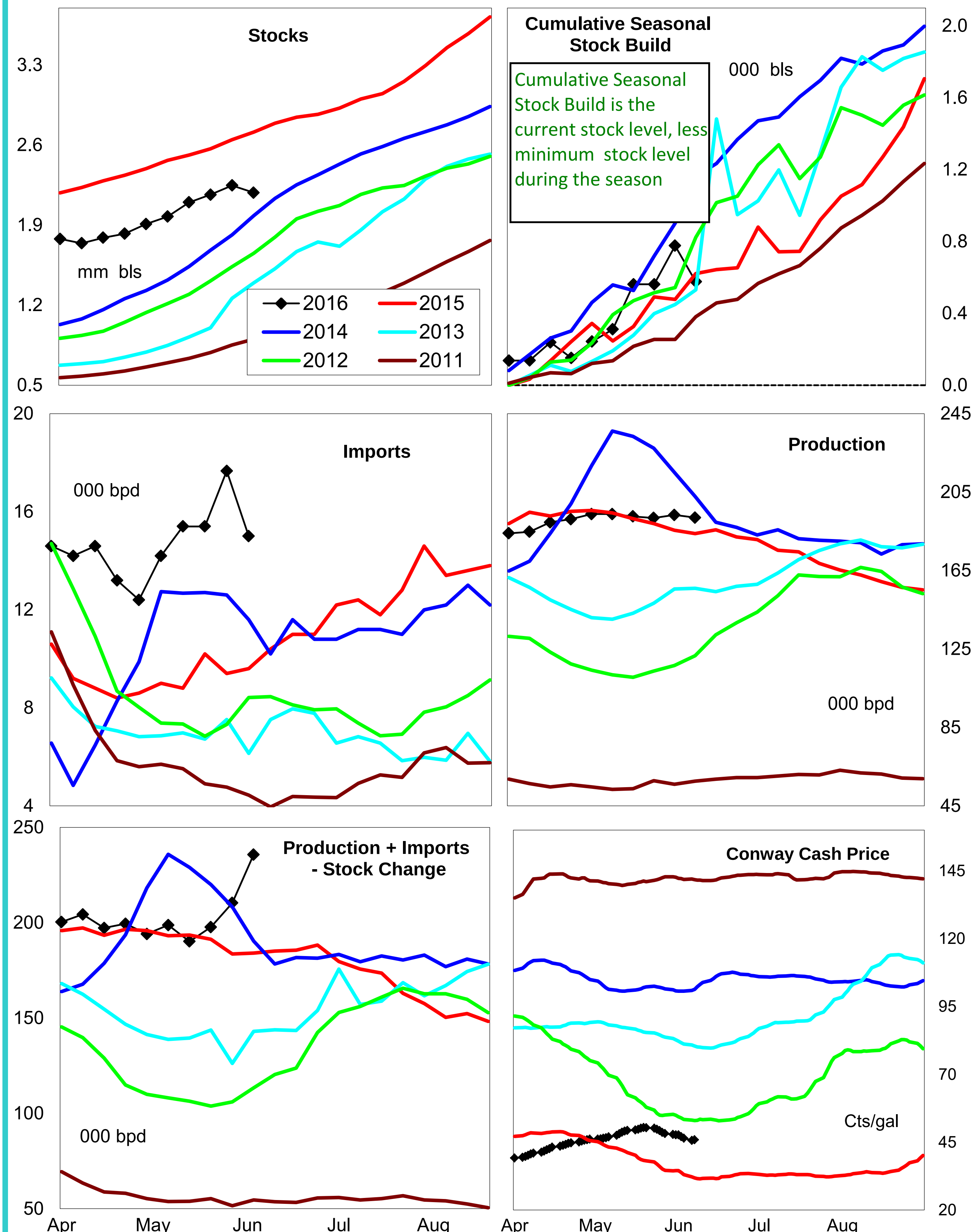
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-573	-46	9	8	20
% change	-20.8	-7.4	5.0	83.8	10.8

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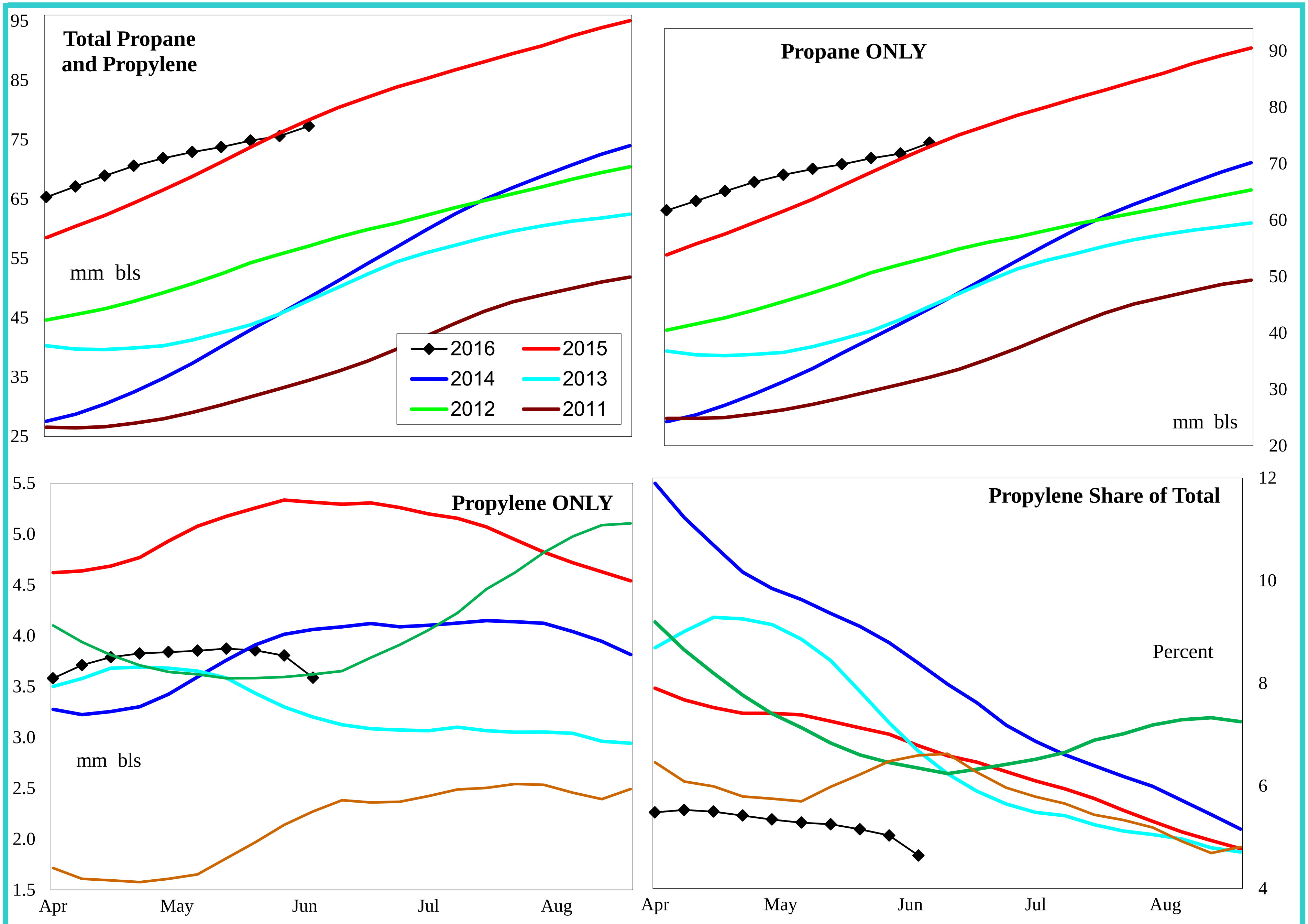
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-1,501	282	-1,725
% change	-1.9	0.4	-32.5

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