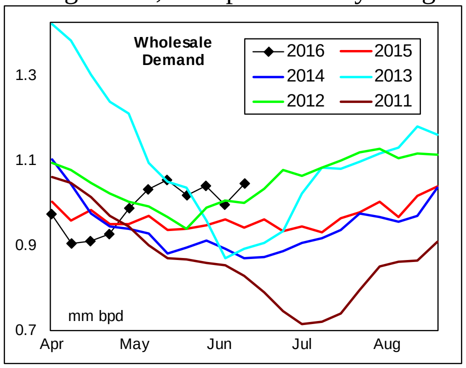
FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

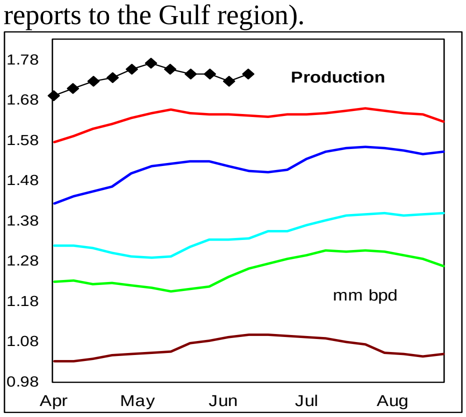
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

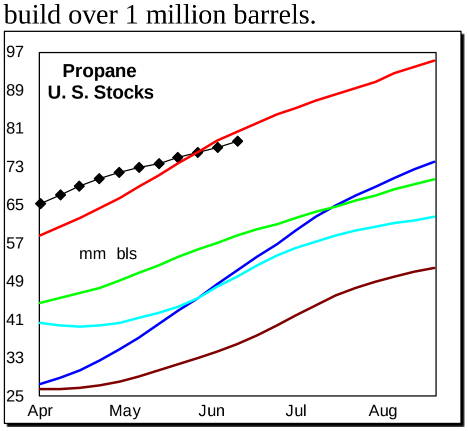
Summary[1]:
Wholesale demand for the last 4-wks averaged +79,000 bpd above a year ago.



Production increased +91,000 bpd during the last month compared to a year ago. The increase was concentrated in the Gulf and Midwest regions. Production decreased -58,000 bpd in the East Region (volumes shifted EIA reports to the Gulf region).

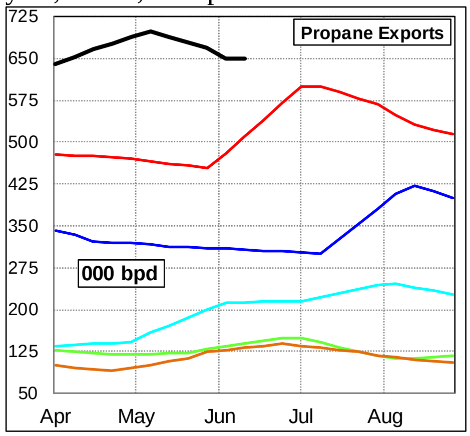


Stocks increased +1.1 million barrels on the week, the second consecutive weekly build over 1 million barrels.

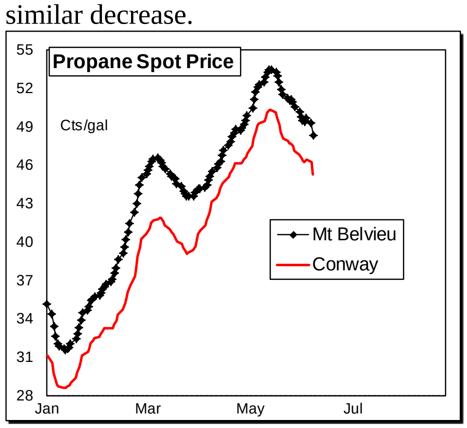


The cumulative seasonal stock build of +16.1 million barrels, was -7 million barrels below last year. Stock levels ended the week -2.3 million barrels below a year ago.

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 -1 cpg last week ending 14Jun16, while Conway prices saw a similar decrease.



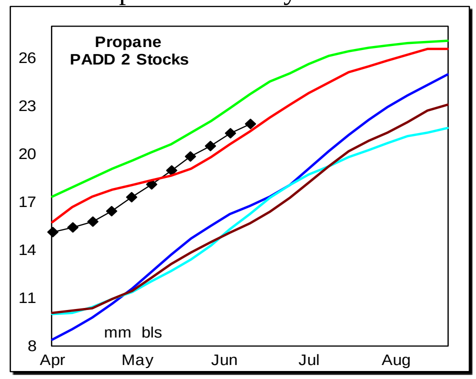
The Conway – Mt Belvieu price spread was unchanged last week, ending at a level above the 3-yr mid range.

The propane to natural gas price spread extended a month long downtrend on, driven by sharply higher gas prices, to trade a level below the 3-yr mid range.

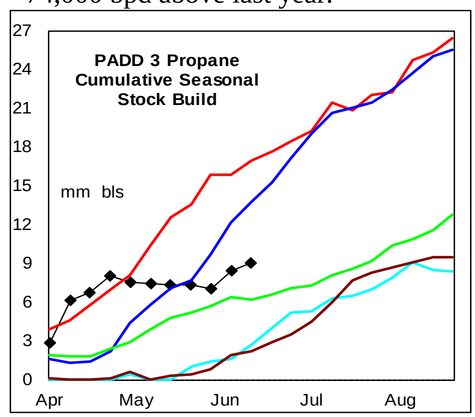
The propane / crude oil price spread trended lower on the week, ending at a level that matched 3-yr highs for the period.

PADD 1 stocks decreased -0.4 million barrels on the week, a level -35% below last year. Shipments to the Gulf region for export have led to stock draws during the last month. Supply increased +2,000 bpd on the week.

PADD 2 supply decreased -33,000 bpd last week, on lower imports. Production for the latest 4-wk period was +66,000 bpd above a year ago. Stocks increased +0.7 million barrels on the week, to a level comparable to last year.



PAD 3 stocks increased +0.6 million barrels on the week, the result of lower exports. Stock levels ended the week nearly unchanged from a year ago. Supplies for the latest 4-wk period were +74,000 bpd above last year.



PADDs 4 & 5 stocks increased +0.2 million barrels last week, driven by record imports. Stock levels ended the week -14% below last year, but above four of the last 5-yrs.

Emerging Trends A slowing of exports has contributed to a +3 million barrel stock build during the last 2-wks, following more than a month of counter seasonal stock draws. The cumulative seasonal stock build remains more than -7 million barrels below a year ago on the earlier increase in exports.

Slowing exports and record high production risk a continued pull back in propane prices.

[1] Source is latest EIA Weekly Statistics

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PROPANE: Graph Link and Weekly Summary

June 15, 2016

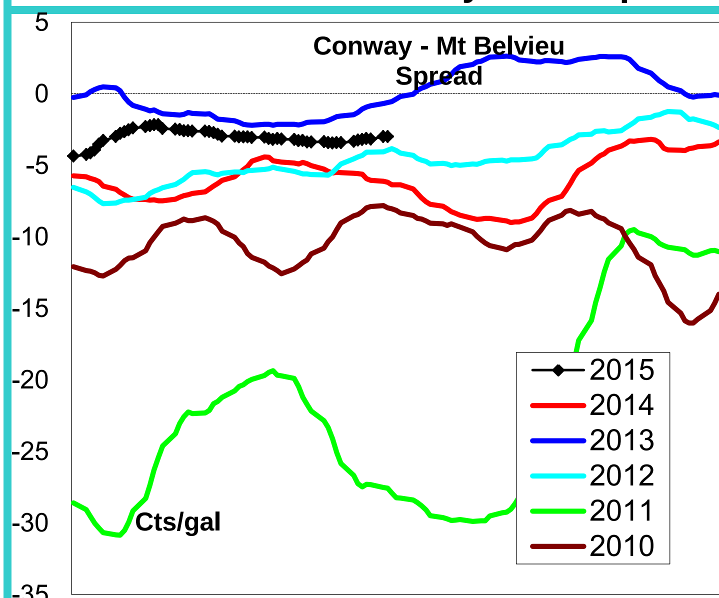
Fundamental Trends for the Week Ending: Friday, June 10, 2016

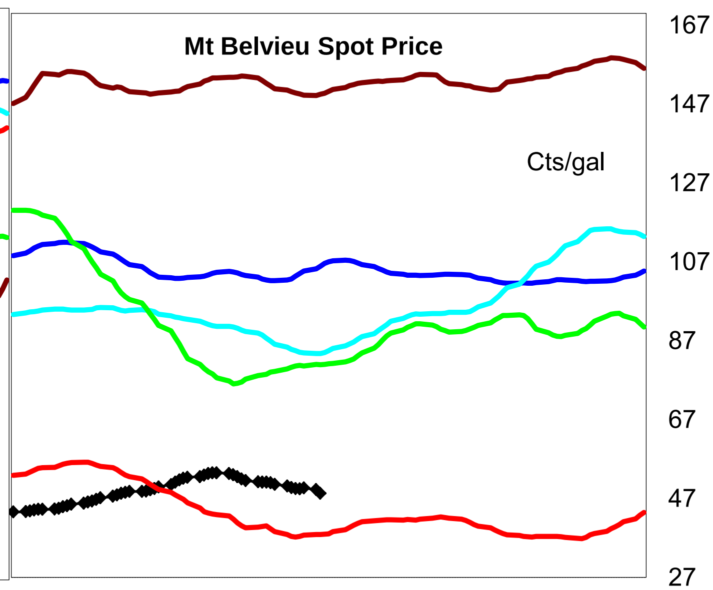
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	78,351	3,276	21,893	50,789	2,393	1,057	-409	671	588	207
Propylene Stocks	3,349					-238				
Production	1,739	162	431	950	196	21	8	25	-16	4
Imports	80	26	29	0	25	-54	-6	-58	0	10
Whsle Demand	1,019					89				

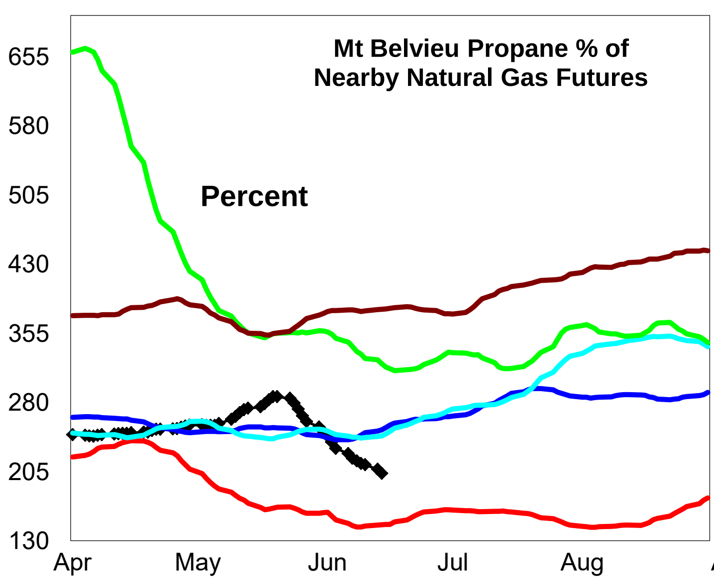
Price Trends for the Week Ending: Tuesday, June 14, 2016

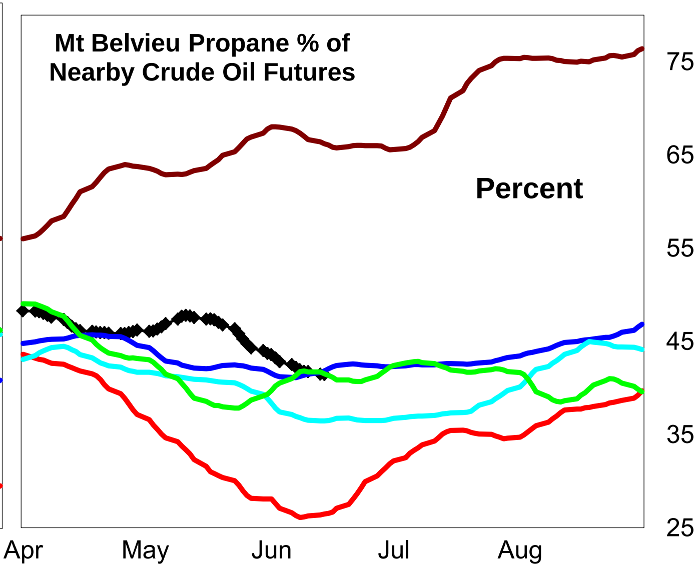
Cents/gal	Average for week ending:				Change from:			% change from:		
	6/14/16	6/7/16	5/17/16	6/18/15	6/7/16	5/17/16	6/18/15	6/7/16	5/17/16	6/18/15
Mont Belvieu Spot	49.7	49.3	54.2	37.7	0.38	-4.88	16.48	0.8	-9.0	43.7
Conway Spot	46.6	46.1	50.9	31.5	0.53	-4.80	19.40	1.1	-9.4	61.7

Key Price Spreads and Differentials

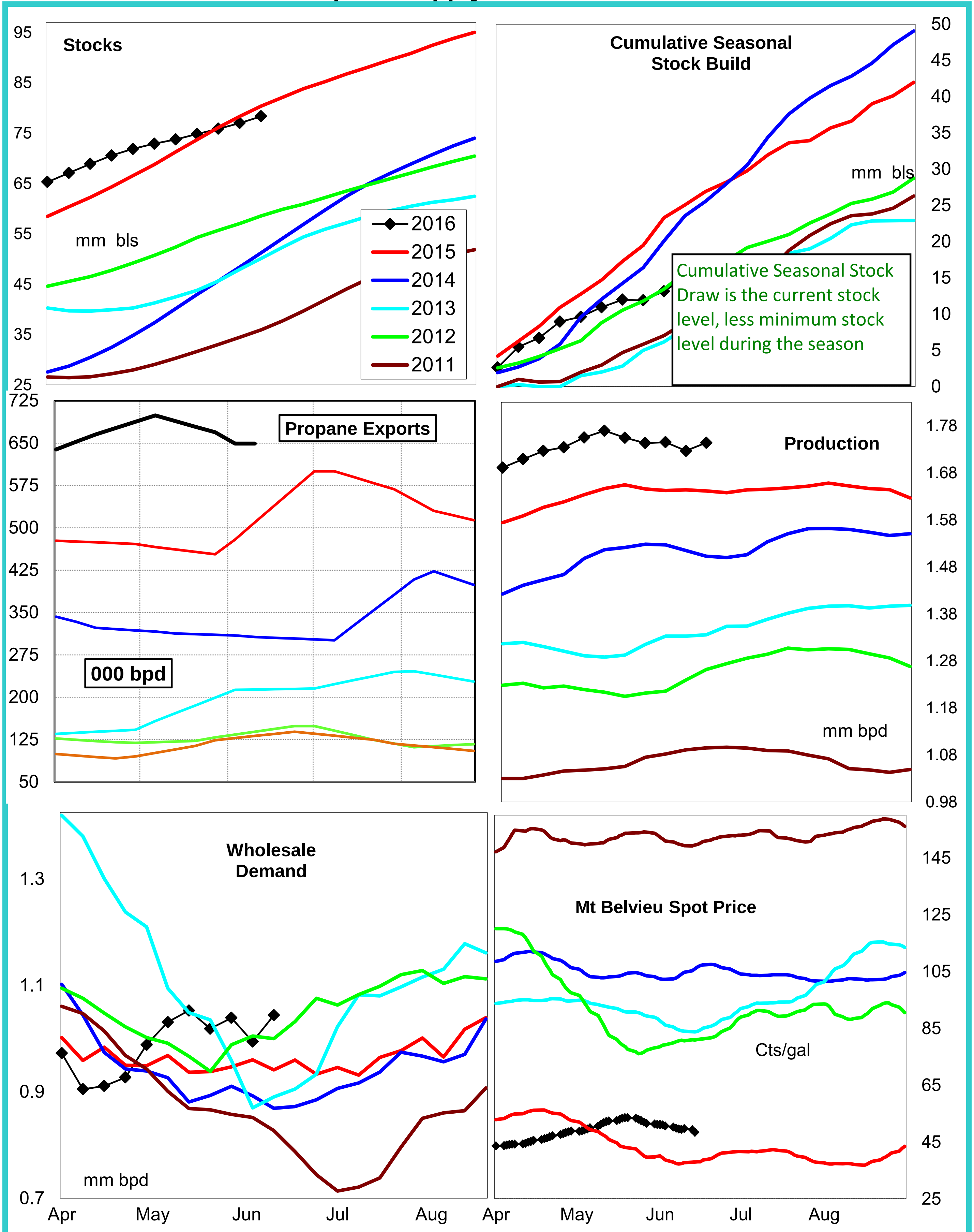








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Apr	Mar	Feb
000 bpd (000 bls stks)	-2,309	-10,791	91	5		79	-63	-127	-61
% change	-2.9	-40	5.5	5.3		8.4	-6.6	-10.7	-3.9

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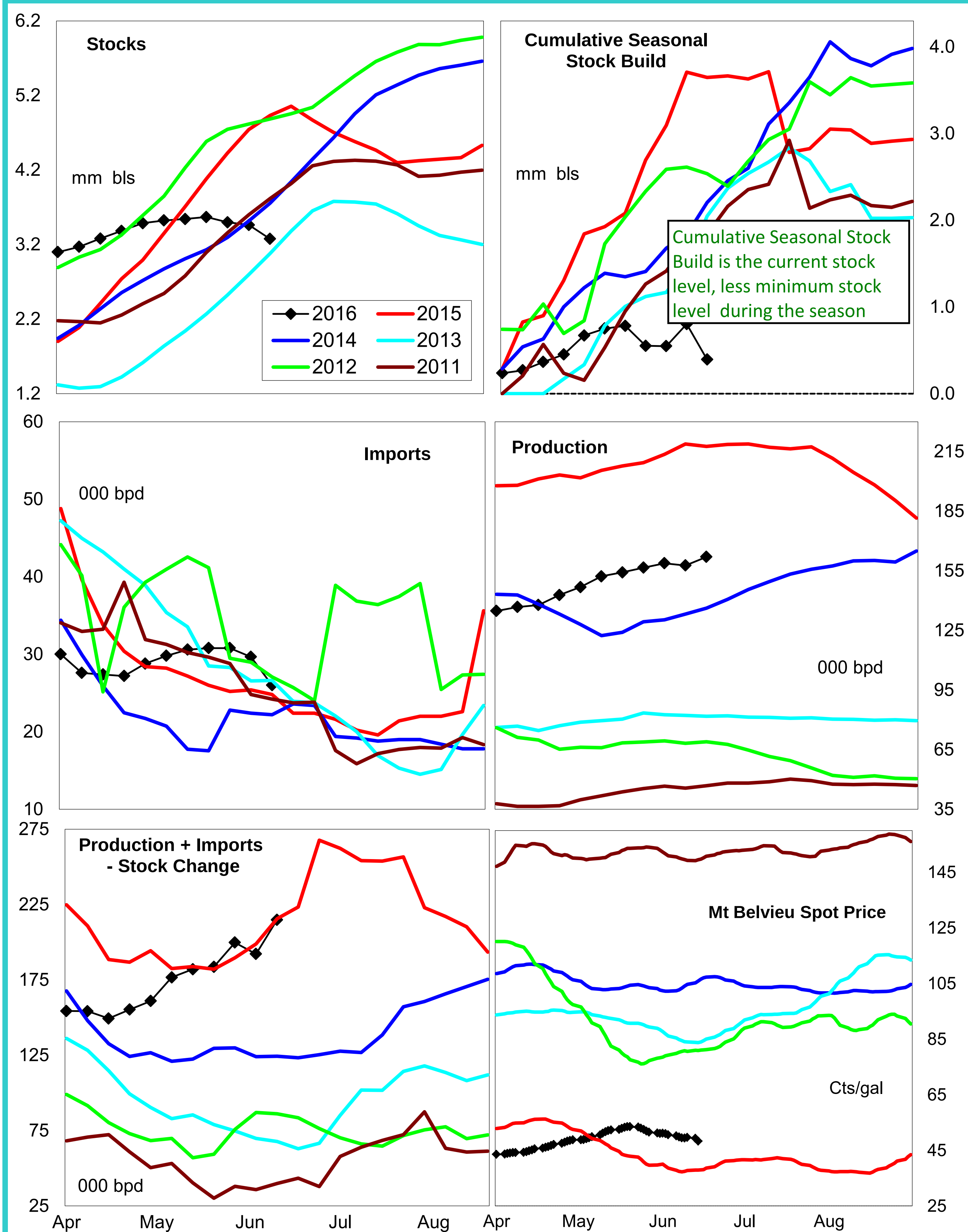
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-1,753	-3,254	-58	5	1
% change	-34.9	-89.2	-26.7	20.0	0.5

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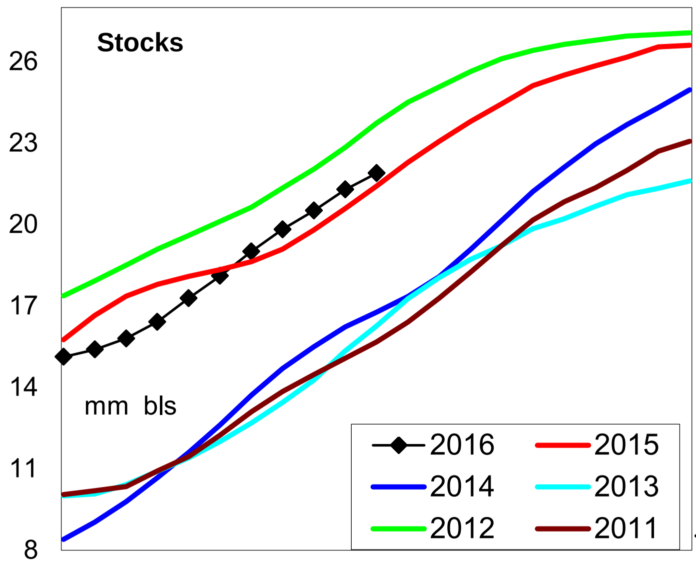
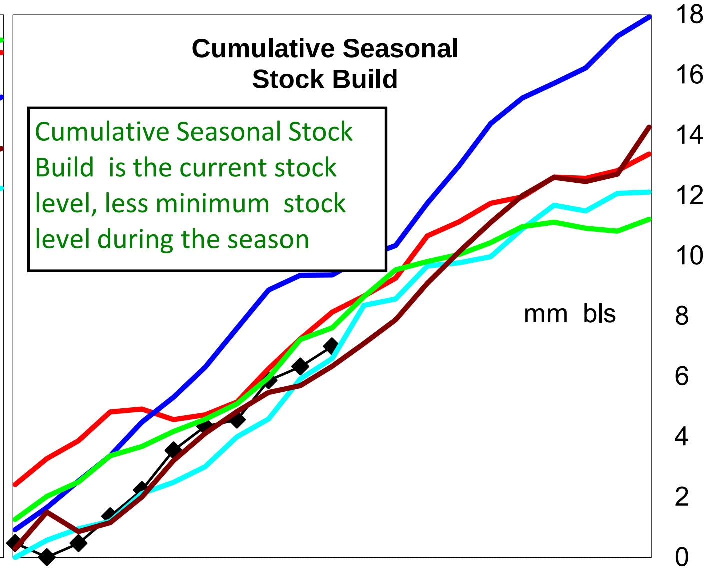
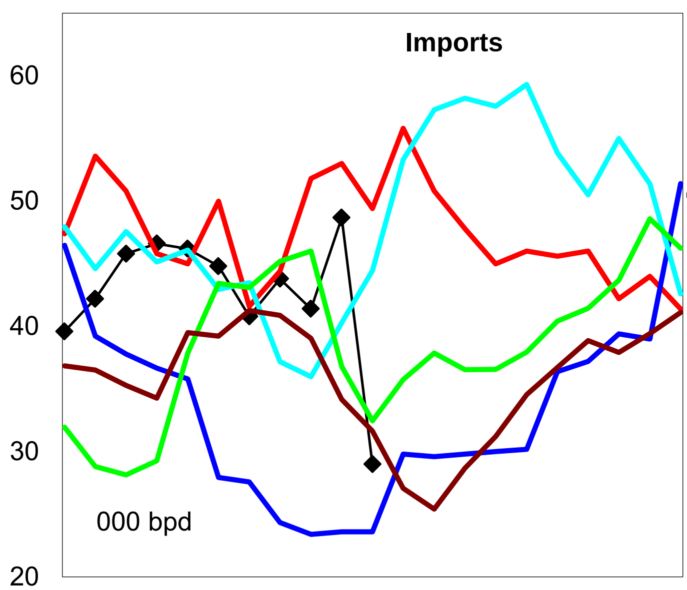
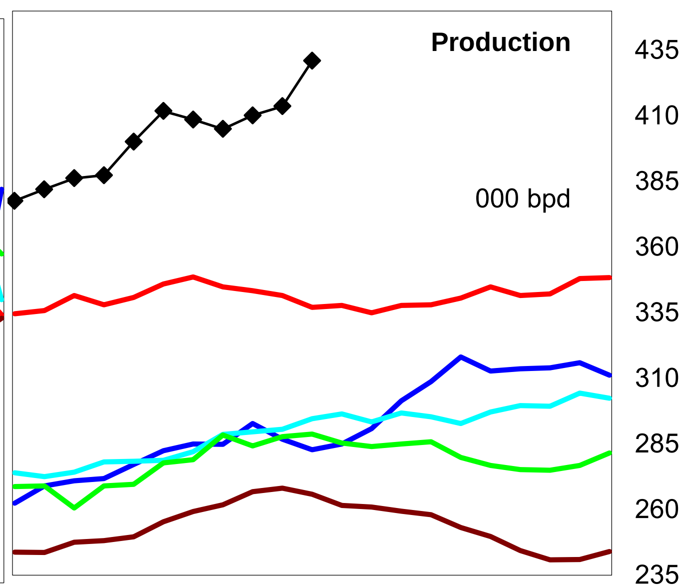
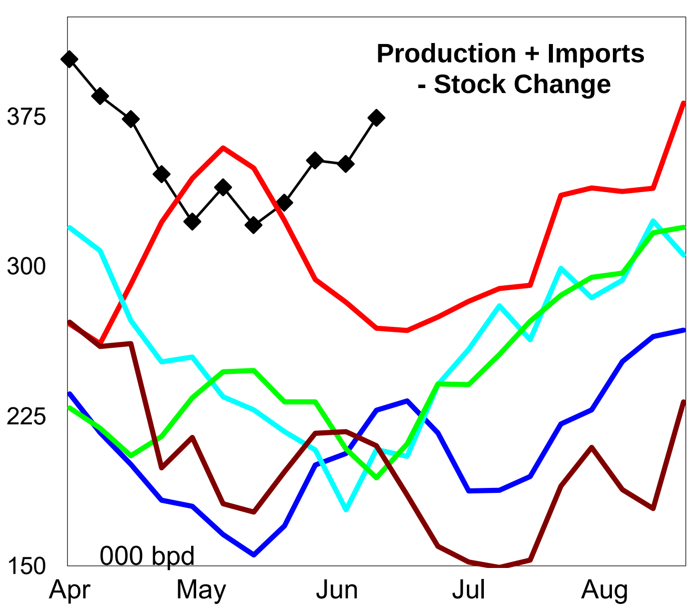
PADD 2 Propane Supply and Demand Balance

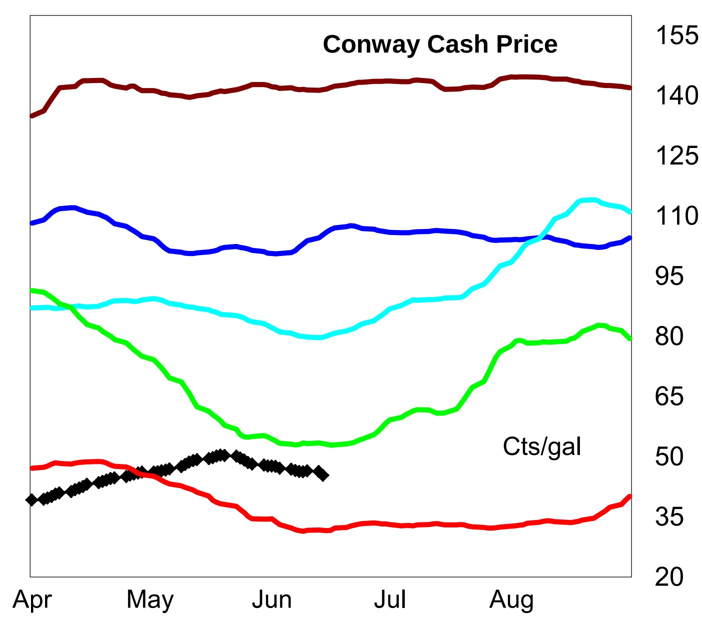












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	255	-1,136	66	-10	61
% change	1.2	-14.0	19.1	-18.7	20.8

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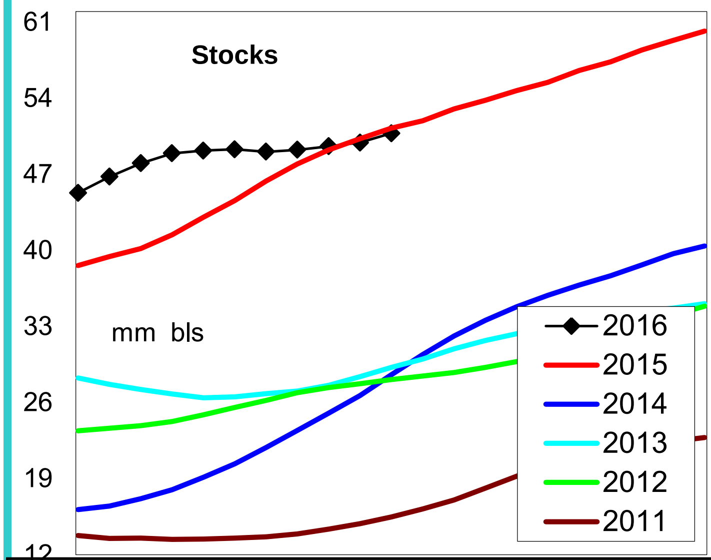
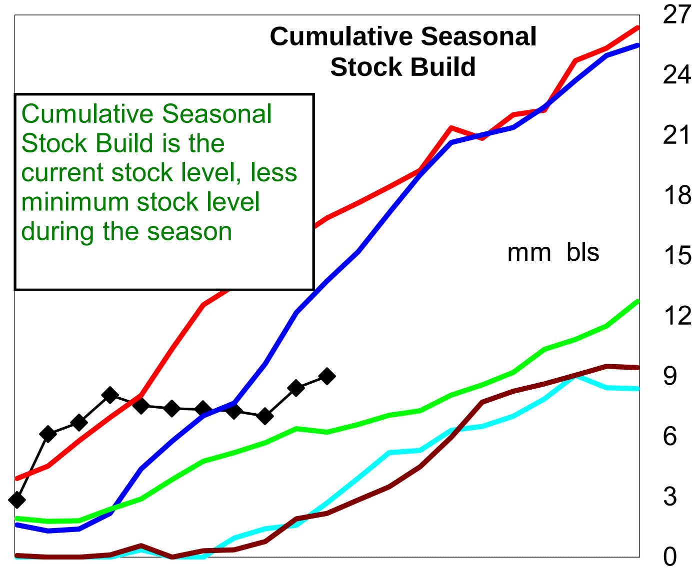
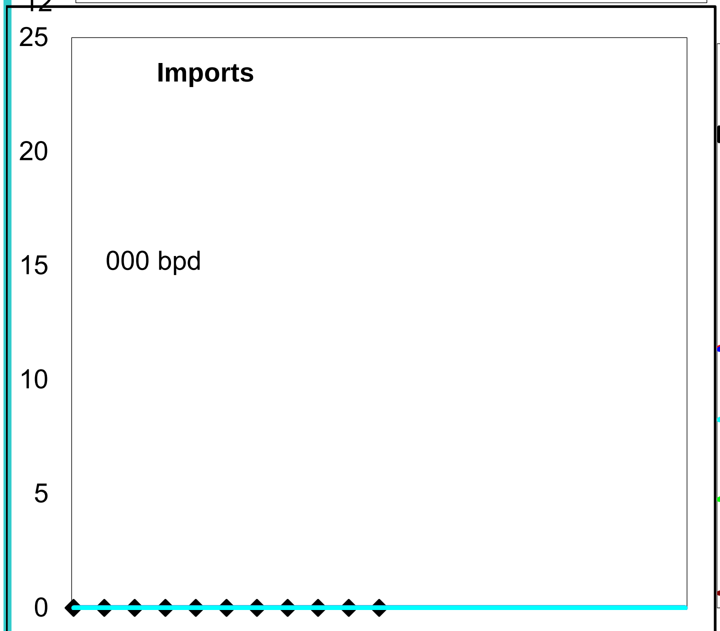
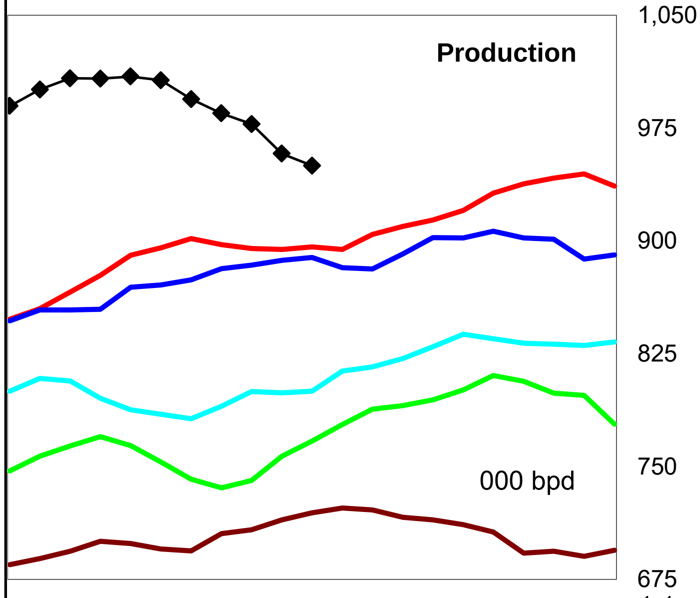
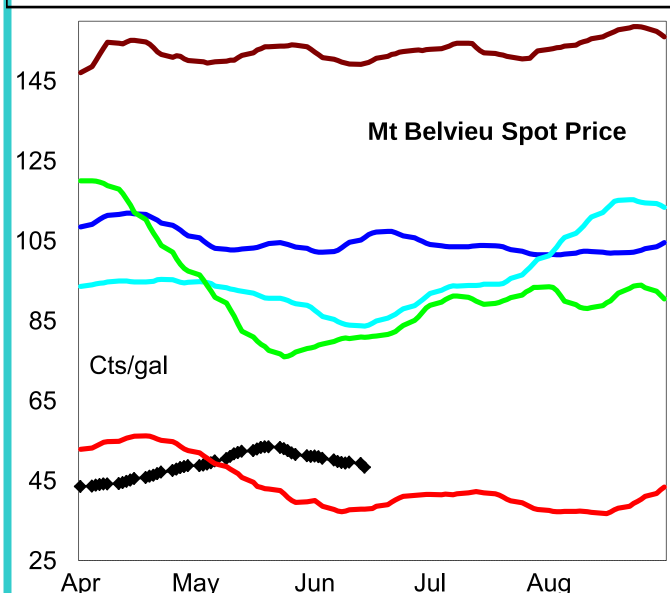
PADD 3 Propane Supply and Demand Balance

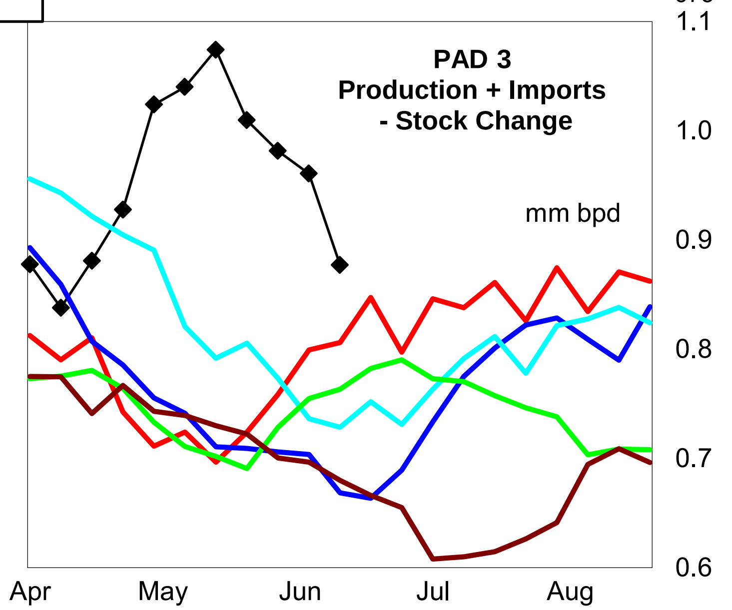












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-424	-7,885	74	0	185
% change	-0.8	-47	8.3	#DIV/0!	25.6

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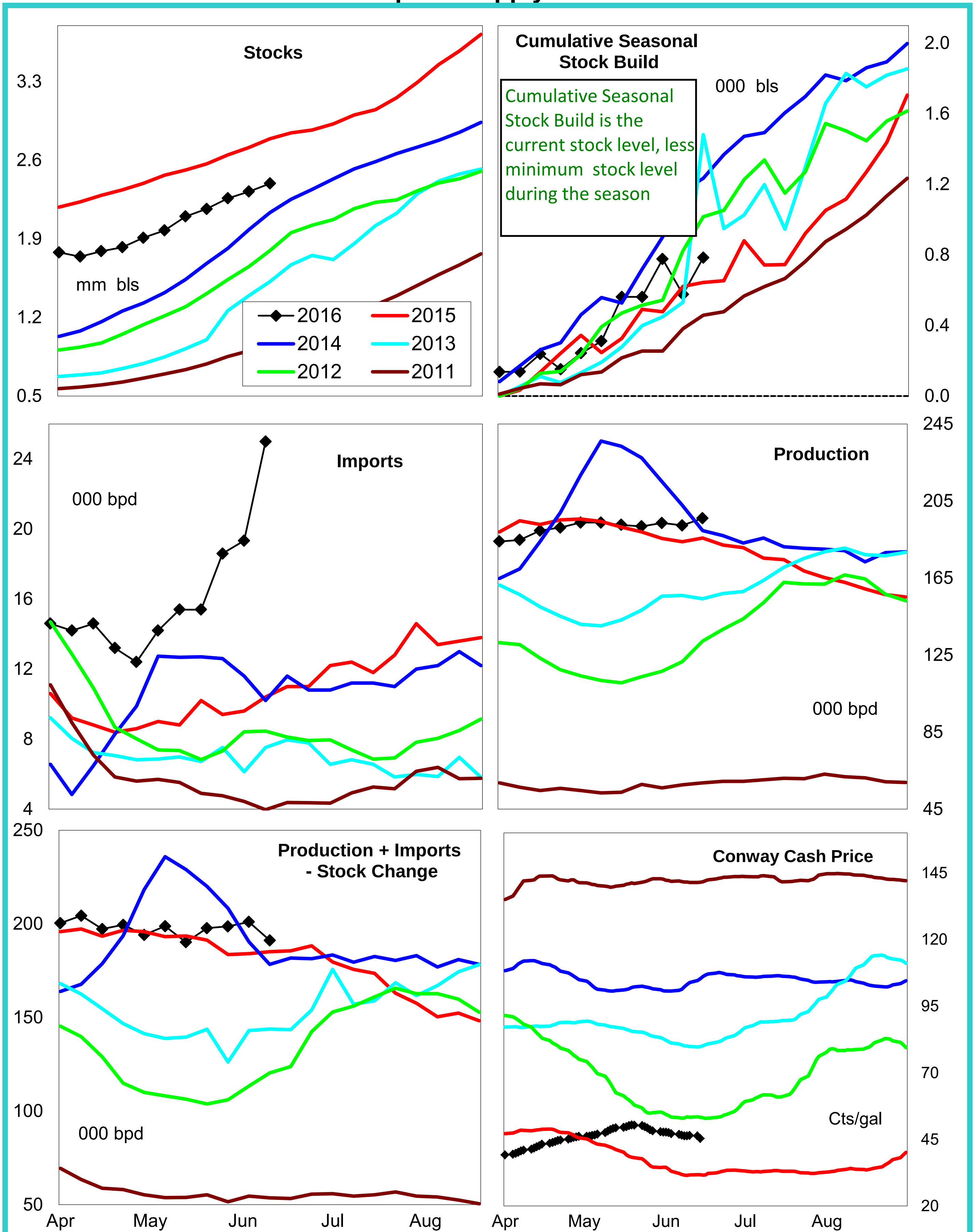
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-386	141	9	10	11
% change	-13.9	21.9	4.9	105.3	6.0

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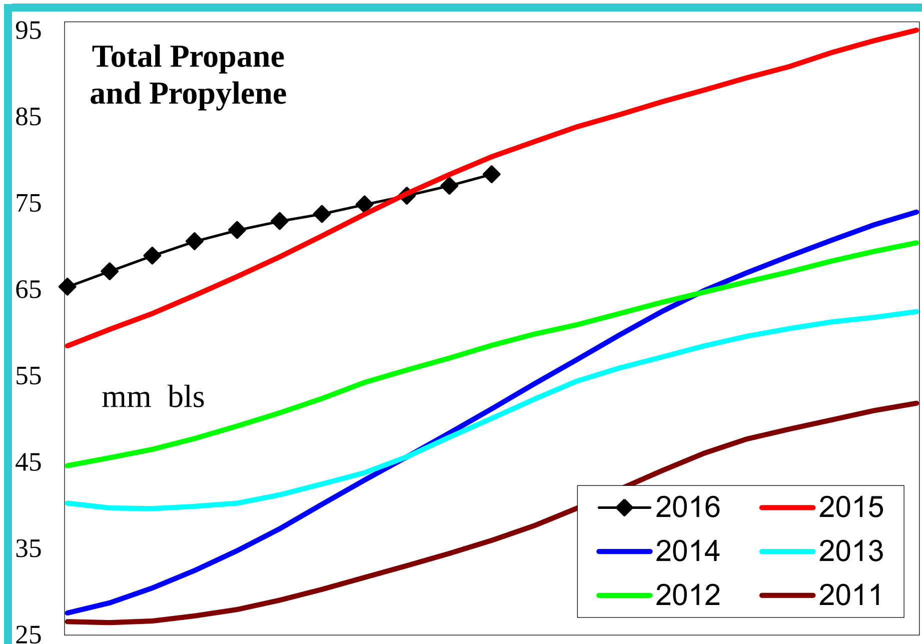
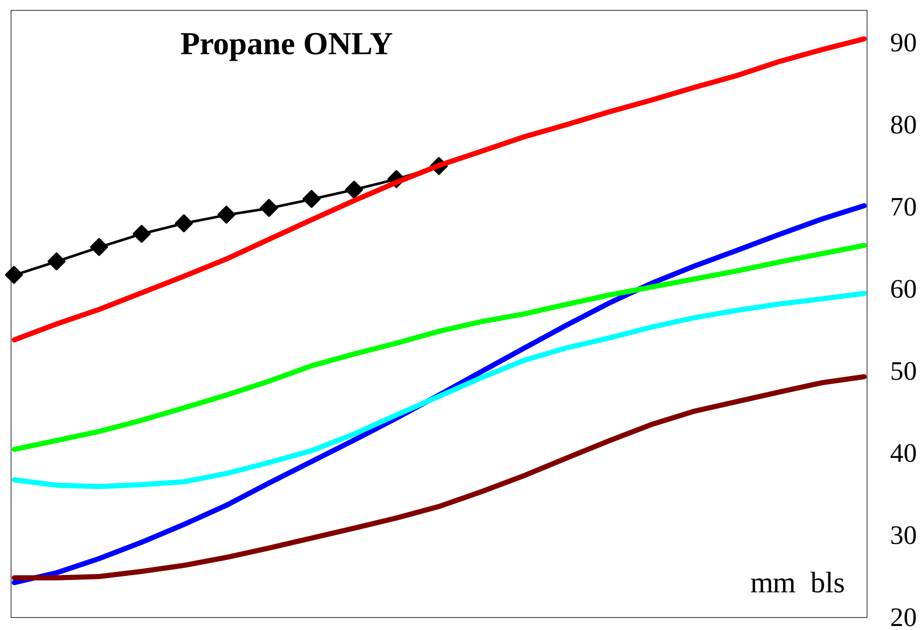
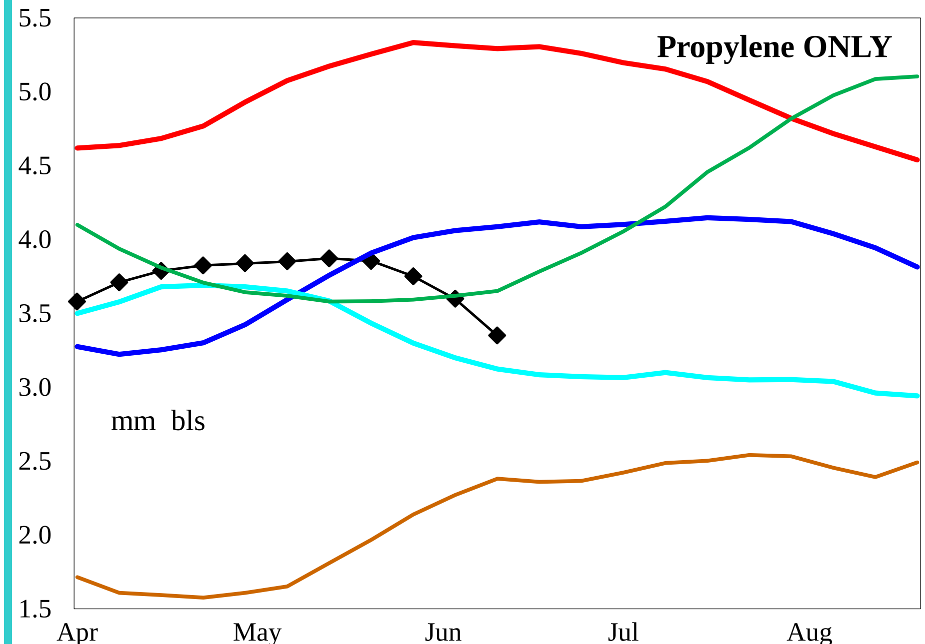
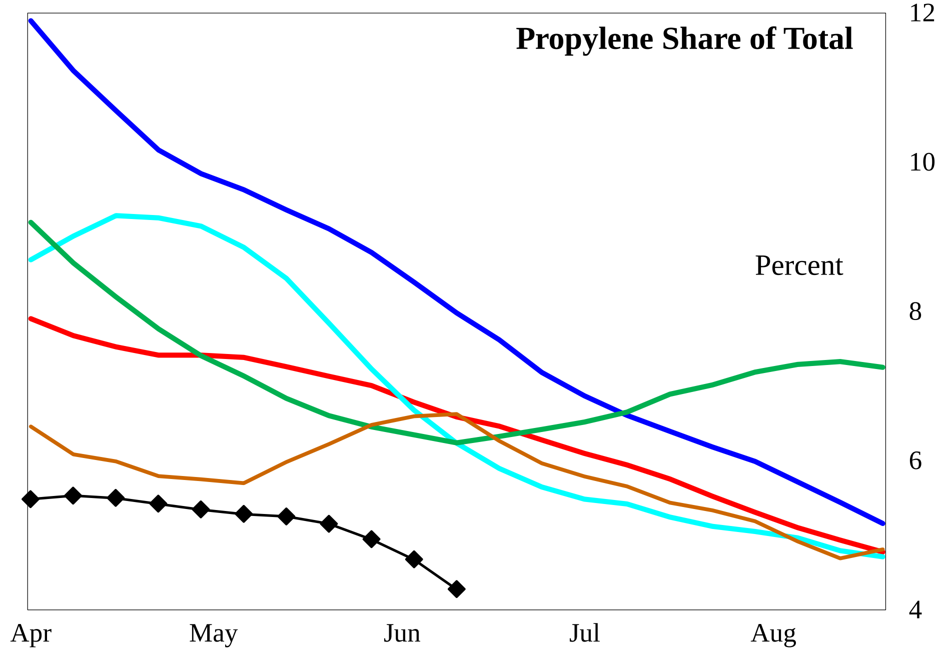
U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-2,309	-291	-1,944
% change	-2.9	-0.4	-36.7

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

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