FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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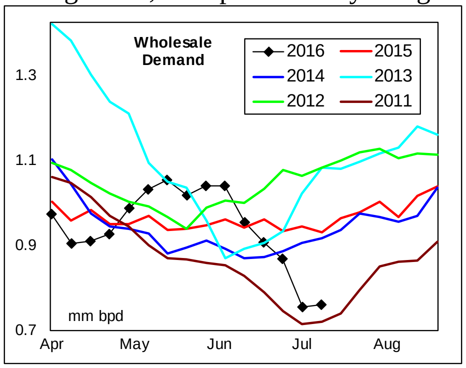
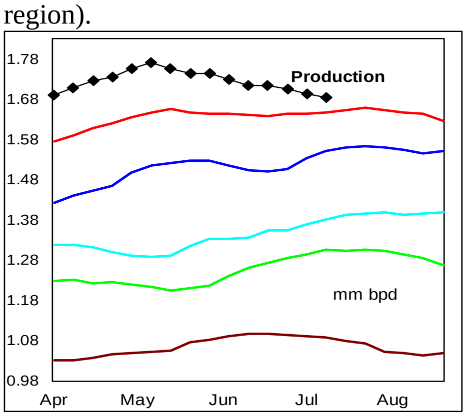
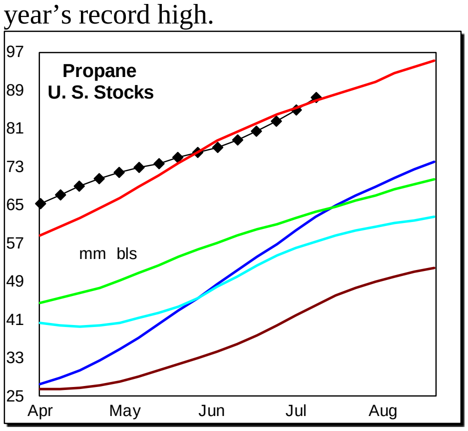
Summary[1]:
Wholesale demand for the last 4-wks averaged -75,000 bpd below a year ago.



Production increased +54,000 bpd during the last month compared to a year ago. The increase was concentrated in the East Region. Production decreased -61,000 bpd in the East Region (volumes shifted by EIA reports to the Gulf region).

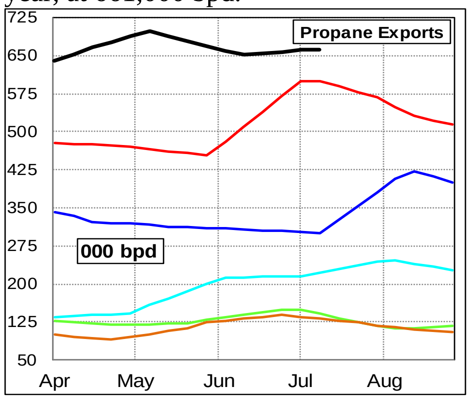


Stocks increased +2.6 million barrels on the week, to a level comparable with last year's record high.

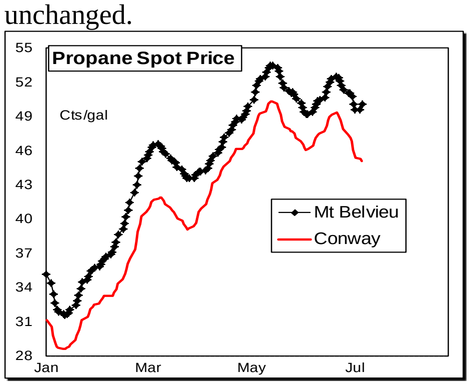


The cumulative seasonal stock build of +25 million barrels, was -11 million barrels below last year. Stock levels ended the week unchanged from last year.

Exports for the week ending 24Jun16 were +61,000 bpd above last year, at 661,000 bpd.



Price and Spreads Mt Belvieu spot price increased +1 cpg last week ending 12Jul16, while Conway prices were unchanged.



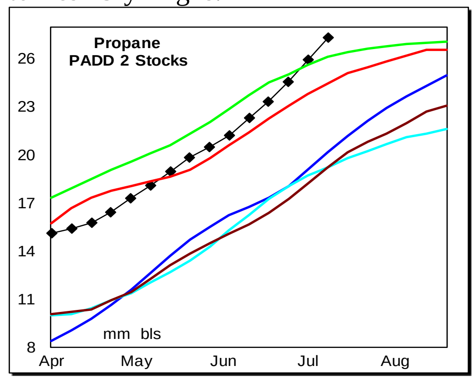
The Conway – Mt Belvieu price spread trended lower last week, ending at a level near the 3-yr mid range.

The propane to natural gas price spread trended higher late in the week, the result of a pull back in natural gas prices.

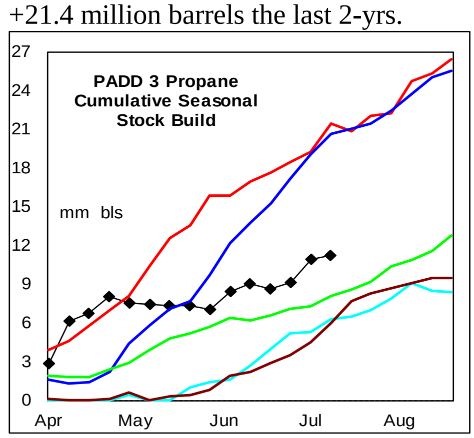
The propane / crude oil price spread trended higher on the week, ending at a level well above four of the last 5-yrs.

PADD 1 stocks increased +0.5 million barrels on the week, to a level +2% above last year. Shipments to the Gulf region for export have constrained stock builds during the last month. Supply increased +9,000 bpd last week.

PADD 2 supply was unchanged on the week. Production for the latest 4-wk period was +57,000 bpd above a year ago. Stocks increased +1.4 million barrels on the week, lifting stock levels to fresh 5-yr highs.



PAD 3 stocks increased +0.3 million barrels on the week. Stock levels ended the week -2.7 million barrels below last year. Supply for the latest 4-wk period was +47,000 bpd above last year. The cumulative seasonal build of +11.2 million barrels compares to a build of +21.4 million barrels the last 2-yrs.



PADDs 4 & 5 stocks increased +0.3 million barrels last week, due in part to a +20,000 bpd increase in supply. Stock levels ended the week -2% below last year and near a 5-yr high.

Emerging Trends Stock levels ended the week unchanged from last year's record high for this time of year. The cumulative seasonal stock build, remains -11 million barrels below last year. Midwest stock levels reached a new 5-yr high for this time of year.

Weakness in global energy prices and an increased rate of stock building underlies the recent price pull back. Slowing global economic growth and strength the $dollar risk further weakness in wholesale prices during the 3rd quarter.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

July 13, 2016

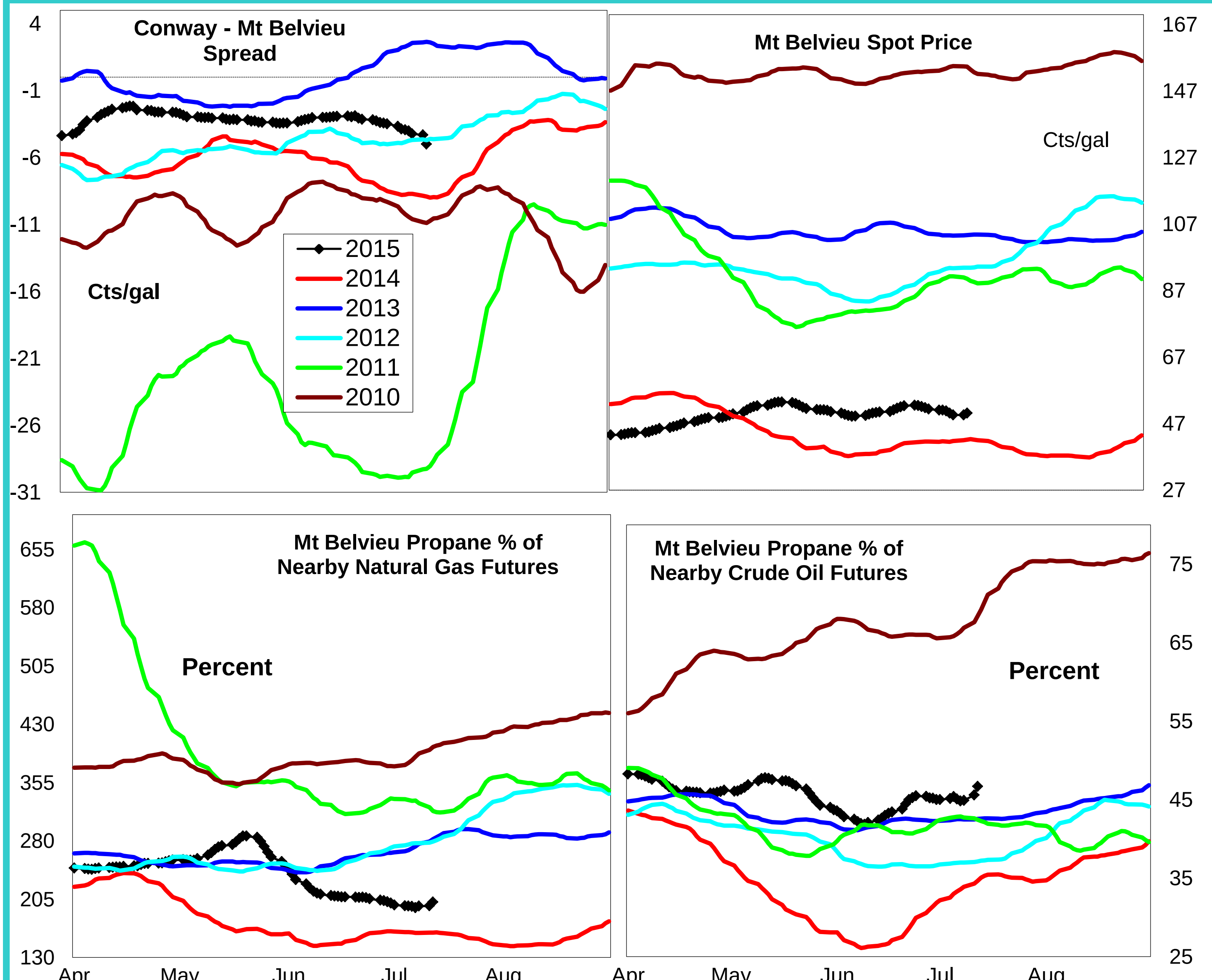
Fundamental Trends for the Week Ending: Friday, July 08, 2016

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	87,359	4,249	27,314	52,974	2,822	2,571	459	1,436	329	347
Propylene Stocks	3,245					-99				
Production	1,679	160	386	942	191	-29	7	-5	-46	15
Imports	84	32	35	0	17	13	2	6	0	5
Whsle Demand	735					5				

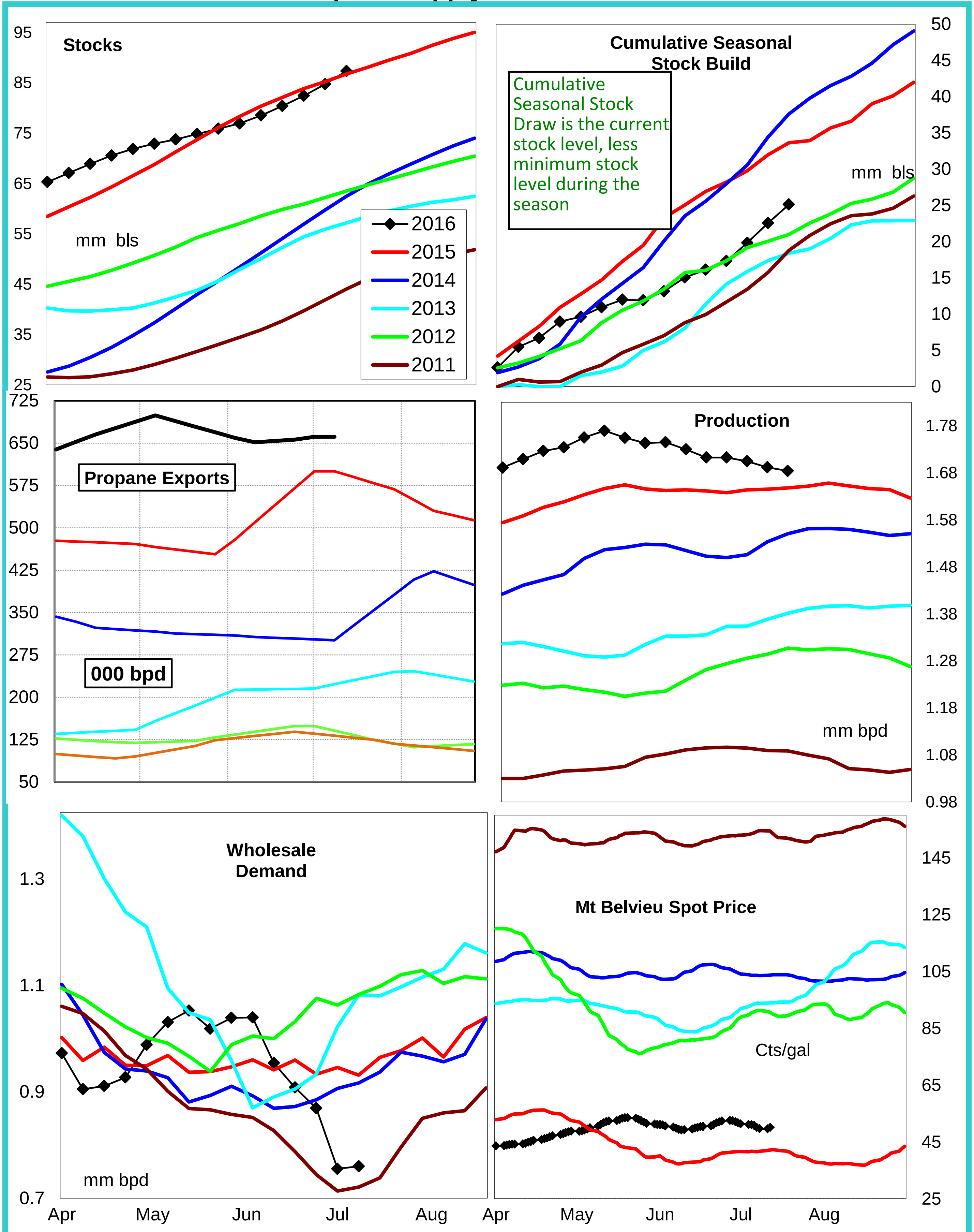
Price Trends for the Week Ending: Tuesday, July 12, 2016

Cents/gal	Average for week ending:				Change from:			% change from:		
	7/12/16	7/5/16	6/14/16	7/16/15	7/5/16	6/14/16	7/16/15	7/5/16	6/14/16	7/16/15
Mont Belvieu Spot	49.6	51.9	49.7	42.2	-2.30	2.22	7.51	-4.4	4.5	17.8
Conway Spot	45.3	48.4	46.6	33.3	-3.10	1.83	13.24	-6.4	3.9	39.7

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	May	Apr	Mar
000 bpd (000 bls stks)	-23	-8,505	54	10		-75	212	-63	-30
% change	0.0	-25	3.3	12.8		-8.6	26.5	-6.6	-2.5

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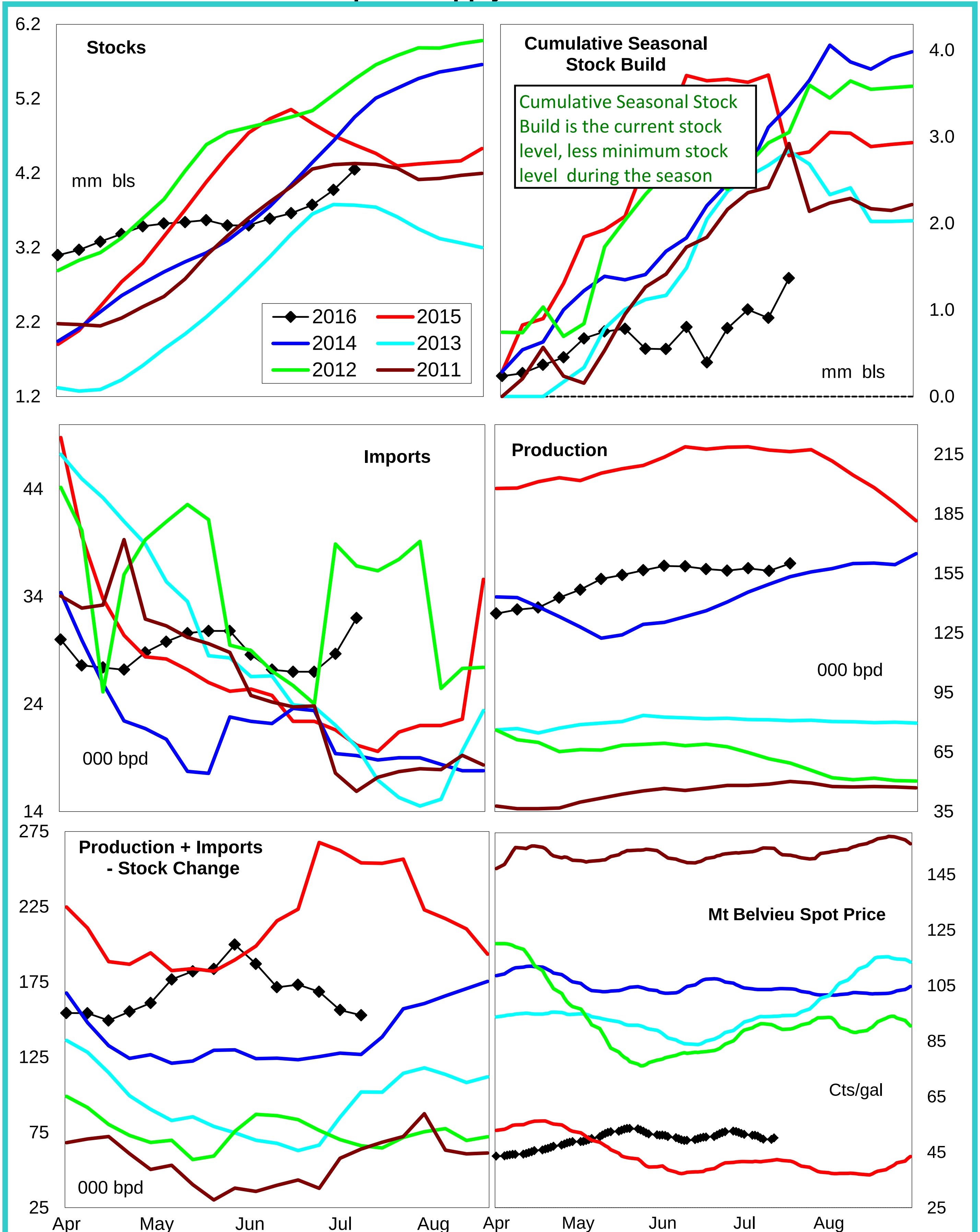
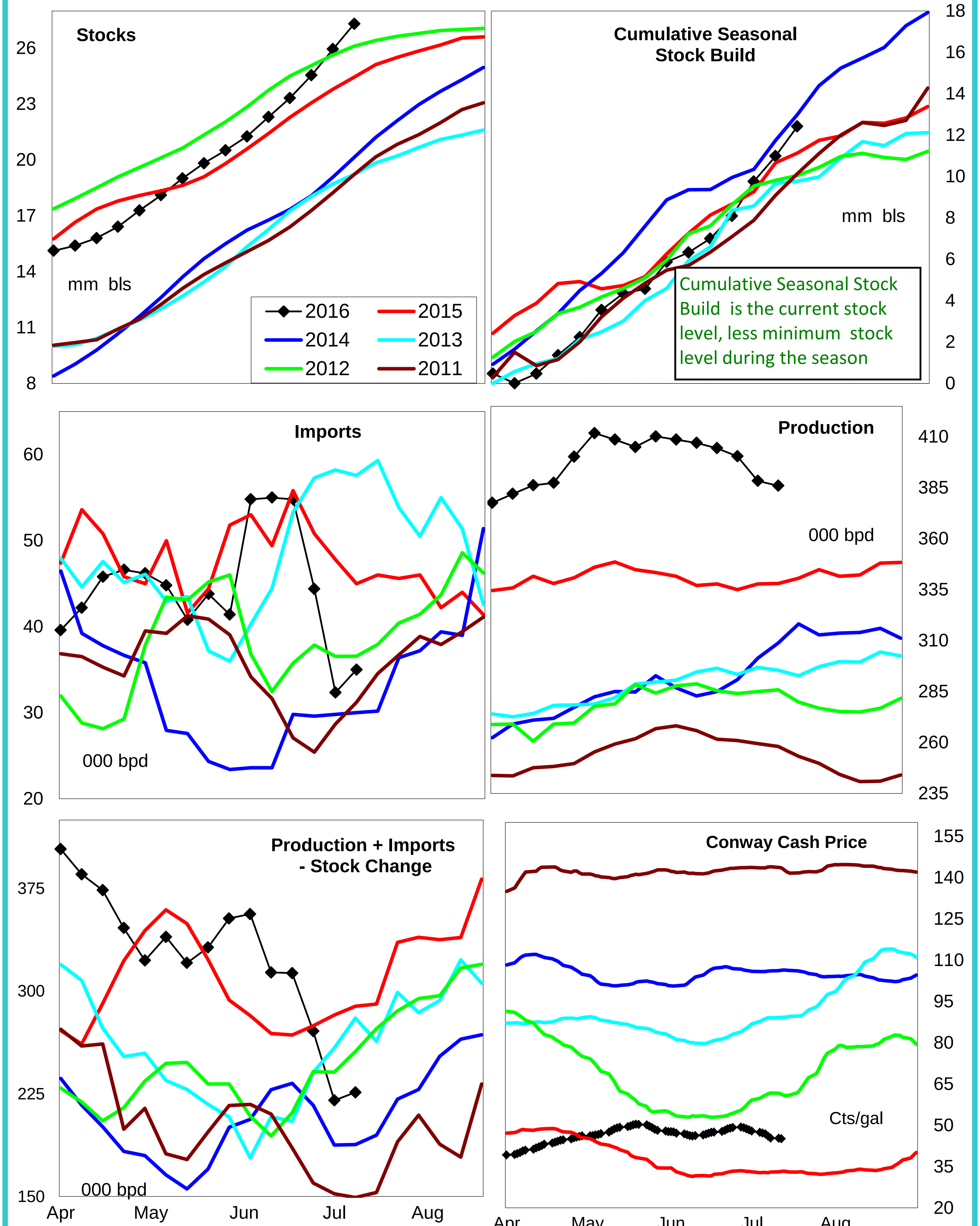
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	84	-1,417	-61	6	-89
% change	2.0	-50.9	-28.0	25.3	-35.4

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)	2,678	1,287	57	1	-21
% change	10.9	11.6	17.0	2.7	-7.5

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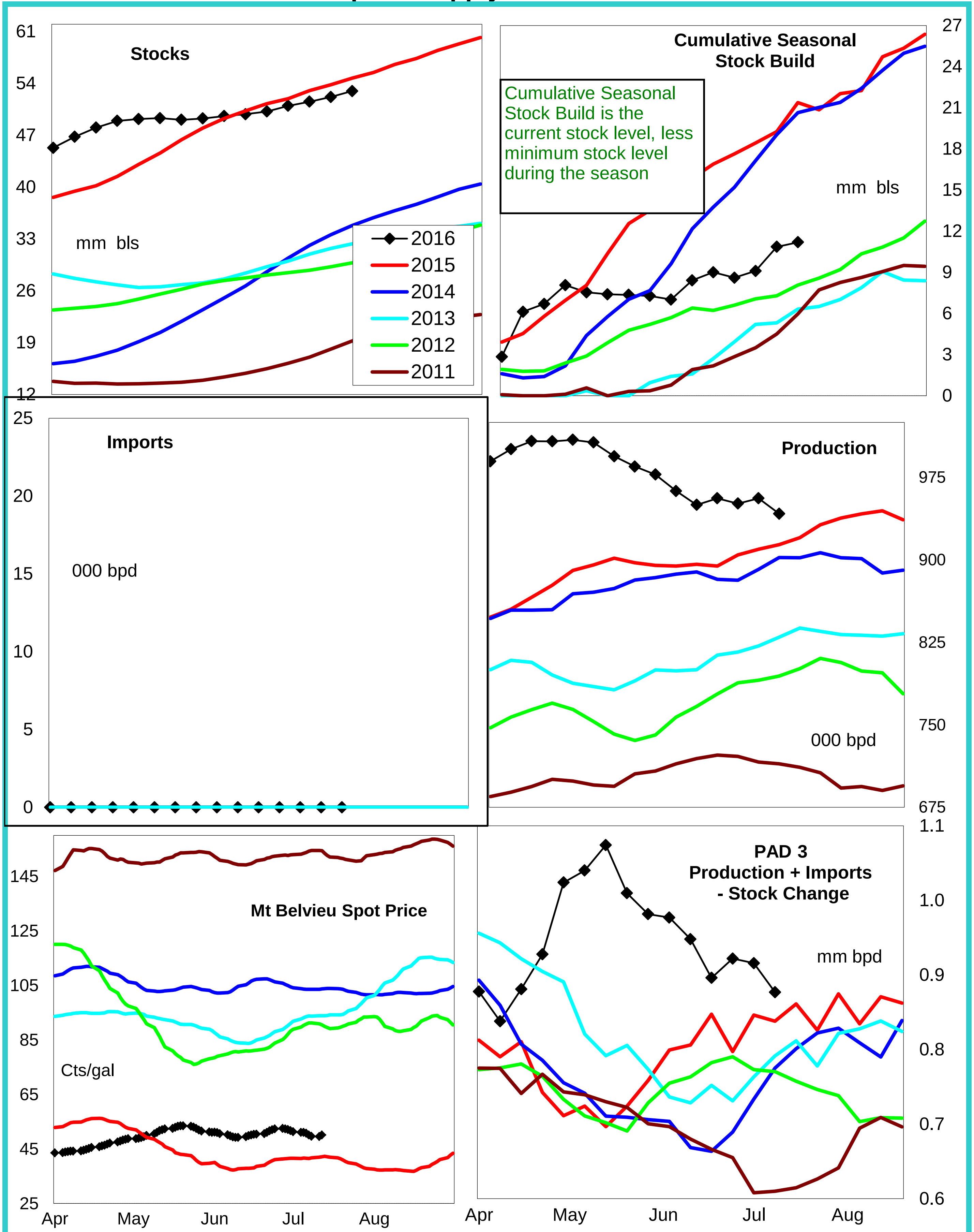
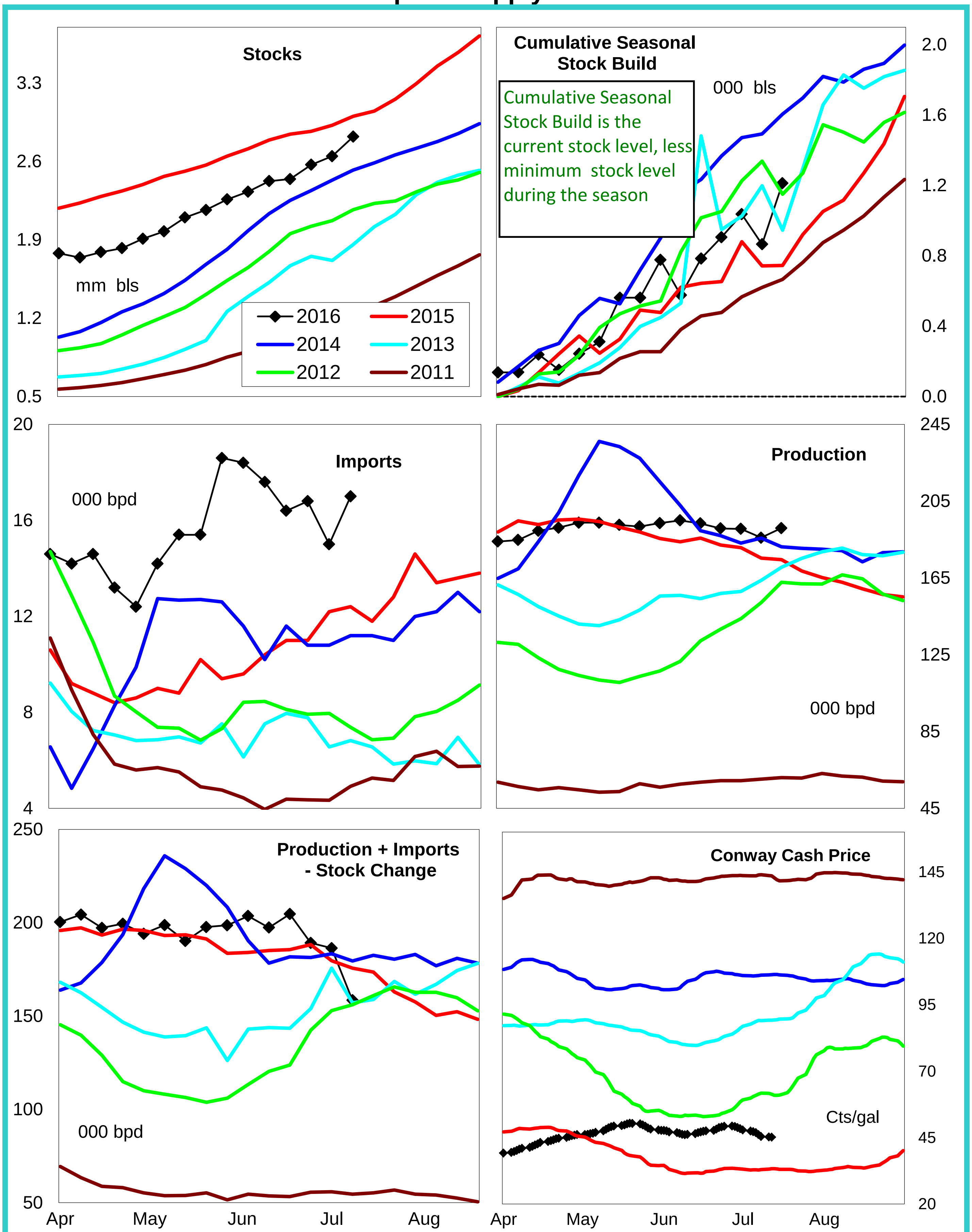
PADD 3 Propane Supply and Demand Balance



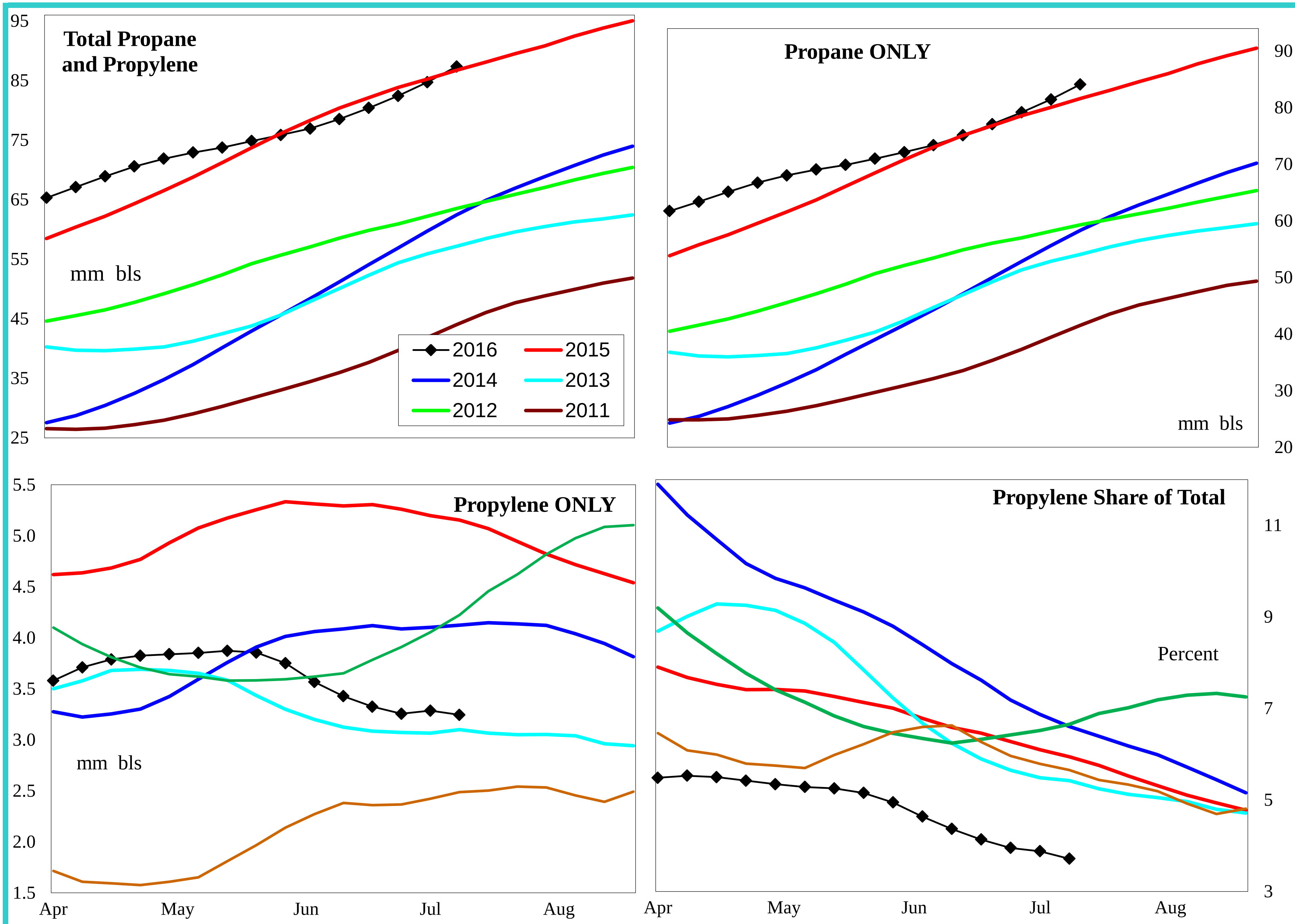
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-2,726	-10,187	47	0	70
% change	-4.9	-48	5.2	#DIV/0!	9.0

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)	-59	468	12	4	2
% change	-2.0	62.8	6.5	31.1	1.3

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-23	1,876	-1,910
% change	0.0	2.3	-37.0

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