WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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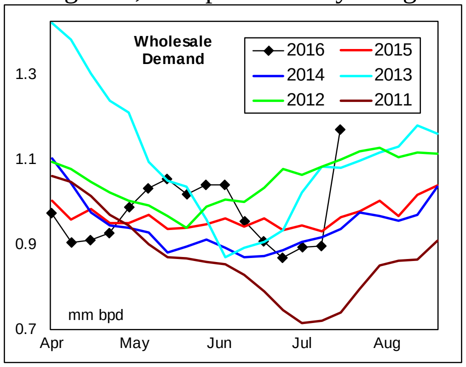
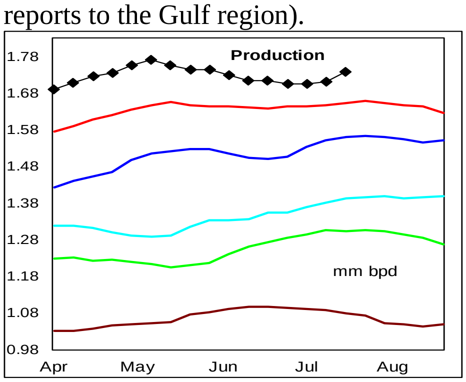
Summary[1]:

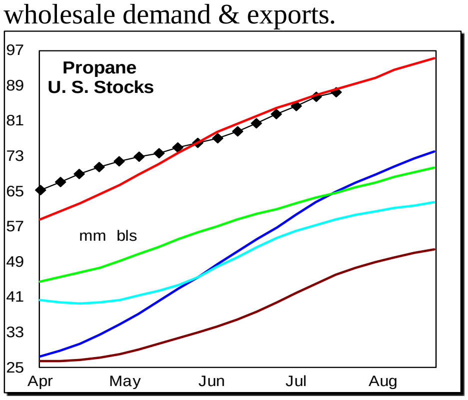
Wholesale demand jumped +0.4 million bpd last week, with the latest 4-wk average -85,000 bpd below a year ago.



Production increased +57,000 bpd during the last month compared to a year ago. The increase was concentrated in the Midwest and Gulf regions. Production decreased -60,000 bpd in the East Region (volumes shifted by EIA reports to the Gulf region).

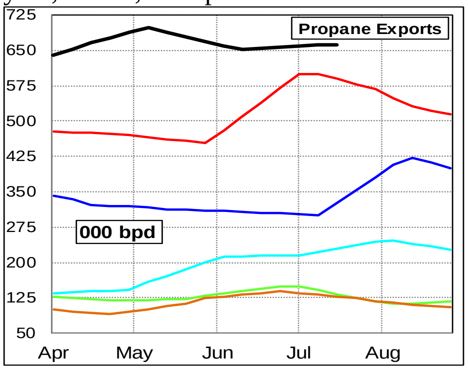


Stocks increased just +0.1 million barrels on the week, due to the jump in wholesale demand & exports.

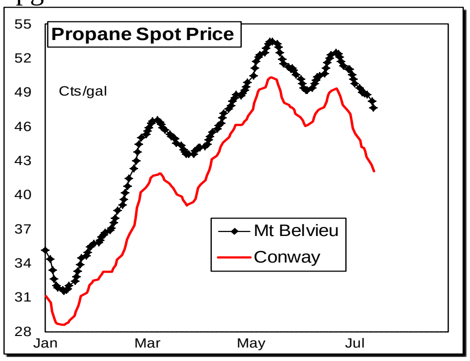


The cumulative seasonal stock build of +25 million barrels, was -9 million barrels below last year. Stock levels ended the week unchanged from last year.

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



Price and Spreads Mt Belvieu spot price decreased -3 cpg last week ending 19Jul16, while Conway prices were -4 cpg lower.



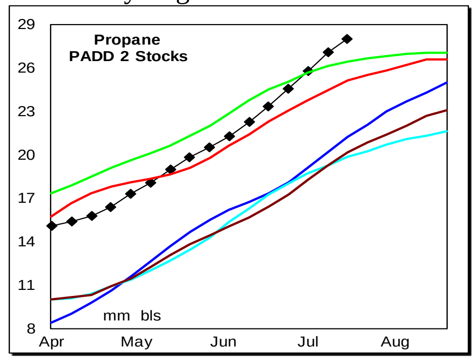
The Conway – Mt Belvieu price spread trended lower last week, ending at a level near the 3-yr mid range.

The propane to natural gas price spread trended lower late in the week, the result of weakness in propane prices.

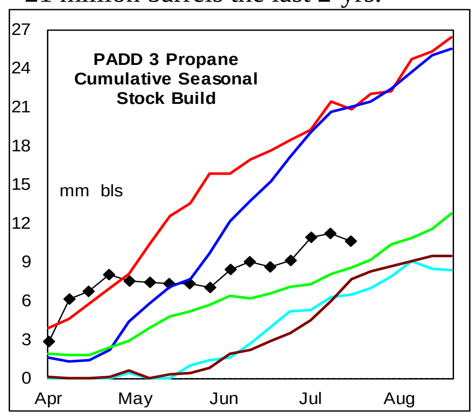
The propane / crude oil price spread was nearly unchanged on the week, ending at a level just above four of the last 5-yrs.

PADD 1 stocks increased +0.1 million barrels on the week, to a level +4% above last year. Stock levels match the 3-yr mid range. Supplies are -52,000 bpd below last year, due to a reclassification by EIA of production to the Midwest and Gulf regions.

PADD 2 supply increased +8,000 bpd on the week. Production for the latest 4-wk period was +52,000 bpd above a year ago. Stocks increased +0.7 million barrels on the week, lifting stock levels to fresh 5-yr highs.



PAD 3 stocks fell -0.6 million barrels on the week. Stock levels ended the week -2.8 million barrels below last year. Supply for the latest 4-wk period was +51,000 bpd above last year. The cumulative seasonal build of +10.6 million barrels compares to a build of +21 million barrels the last 2-yrs.



PADDs 4 & 5 stocks decreased -0.1 million barrels last week, even with a +13,000 bpd increase in supply. Stock levels ended the week -12% below last year, but above the 3-yr mid range.

Emerging Trends Wholesale demand and exports jumped last week (due in part to the previous holiday short week). The increase, limited the stock build to just +0.1 million barrels. Stocks did continue to build in the Midwest, to a new 5-yr record high.

Weakness in global energy prices and and high stock levels continues to pressure whole prices. 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 20, 2016

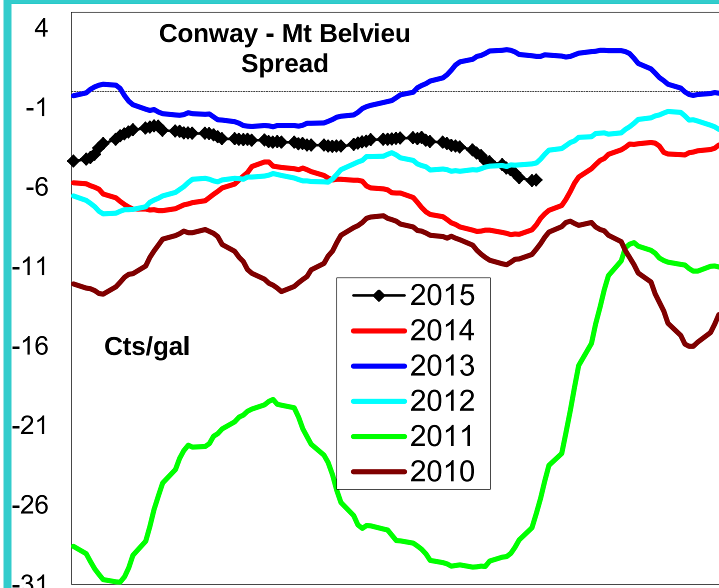
Fundamental Trends for the Week Ending: Friday, July 15, 2016

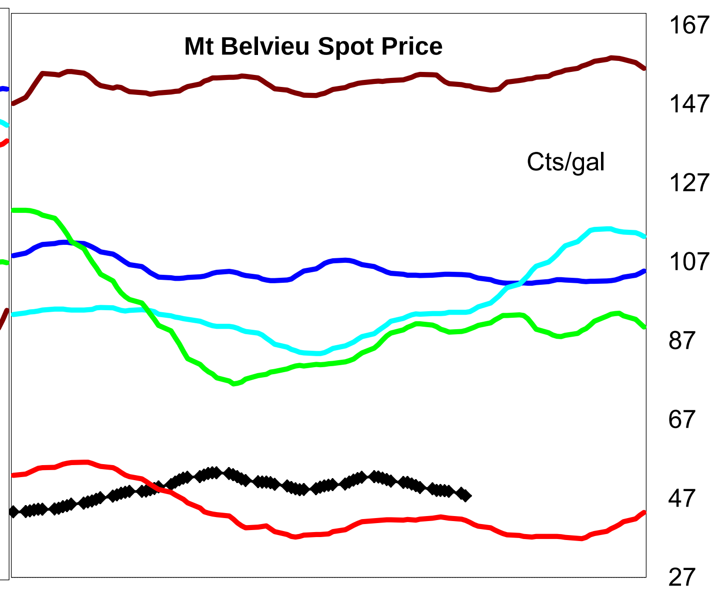
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	87,437	4,367	27,979	52,385	2,706	78	118	665	-589	-116
Propylene Stocks	3,163					-82				
Production	1,734	151	398	988	197	55	-9	12	46	6
Imports	83	28	31	0	24	-1	-4	-4	0	7
Whsle Demand	1,145					410				

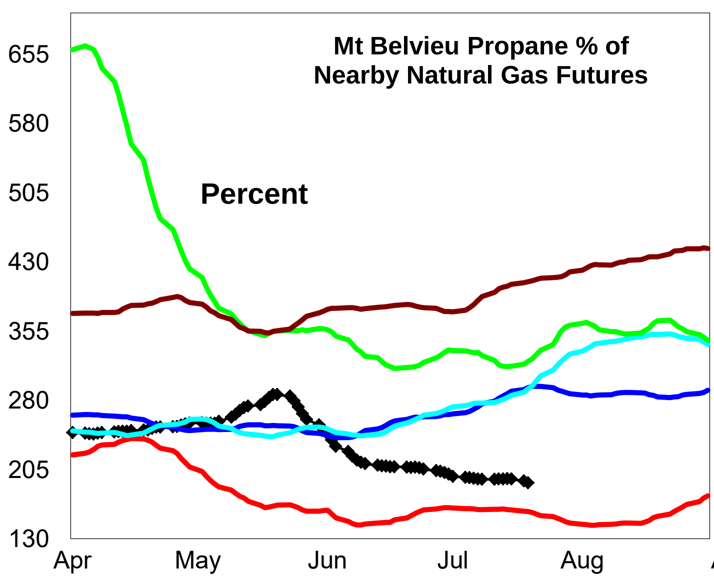
Price Trends for the Week Ending: Tuesday, July 19, 2016

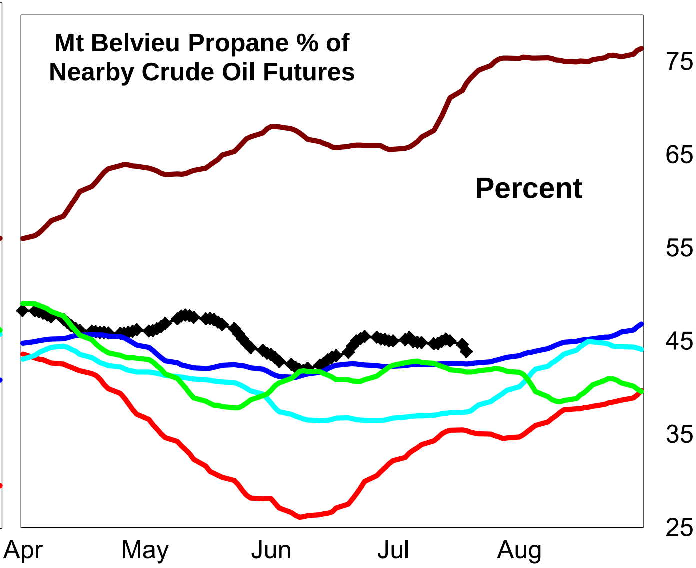
Cents/gal	Average for week ending:				Change from:			% change from:		
	7/19/16	7/12/16	6/21/16	7/23/15	7/12/16	6/21/16	7/23/15	7/12/16	6/21/16	7/23/15
Mont Belvieu Spot	48.4	49.6	50.1	42.4	-1.25	-0.42	7.68	-2.5	-0.8	18.1
Conway Spot	42.9	45.3	47.2	33.3	-2.43	-1.93	13.93	-5.4	-4.1	41.8

Key Price Spreads and Differentials

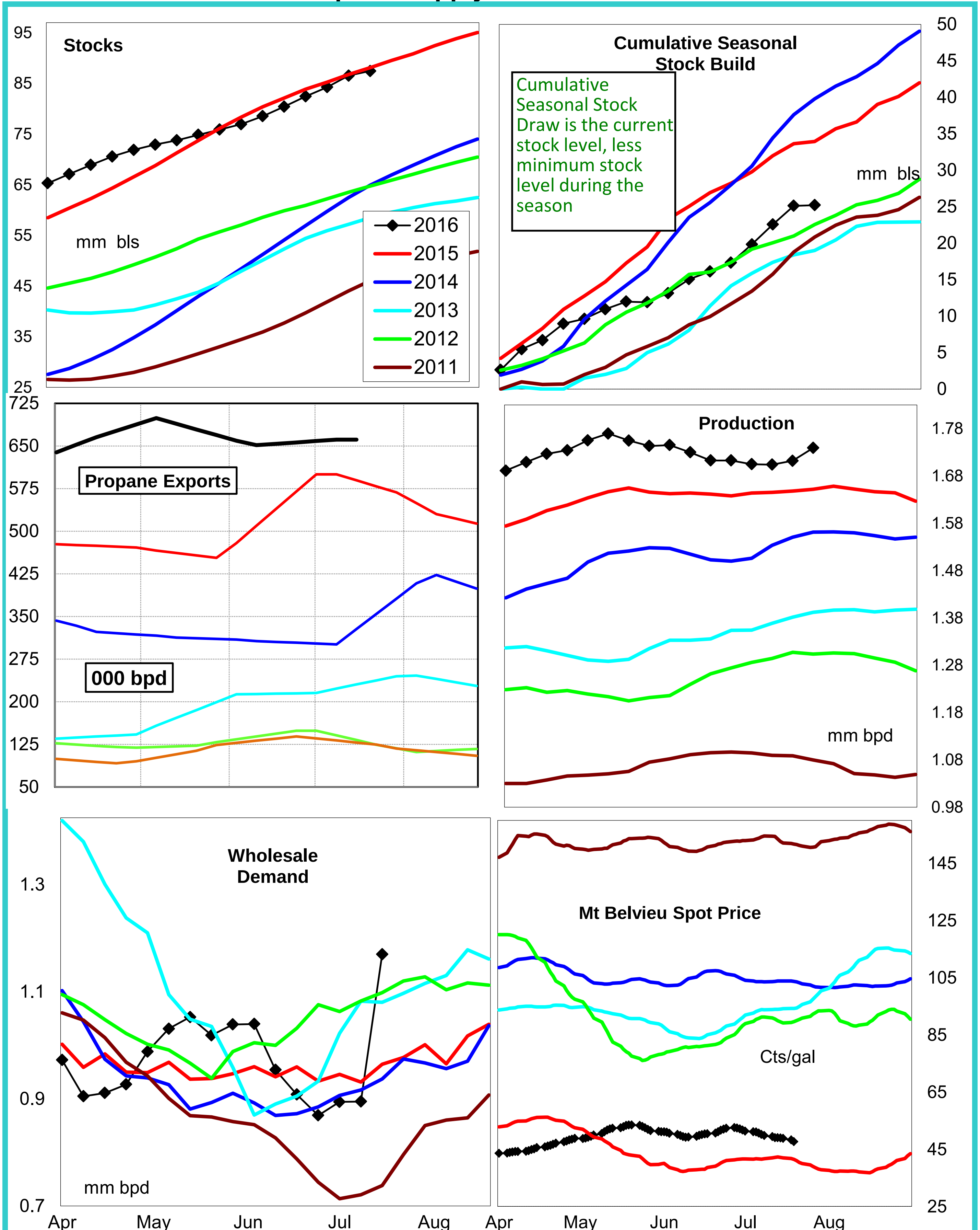








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jun	May	Apr
000 bpd (000 bls stks)	-253	-8,735	57	-4		-85	-144	212	-43
% change	-0.3	-26	3.4	-4.3		-9.2	-14.2	26.5	-4.5

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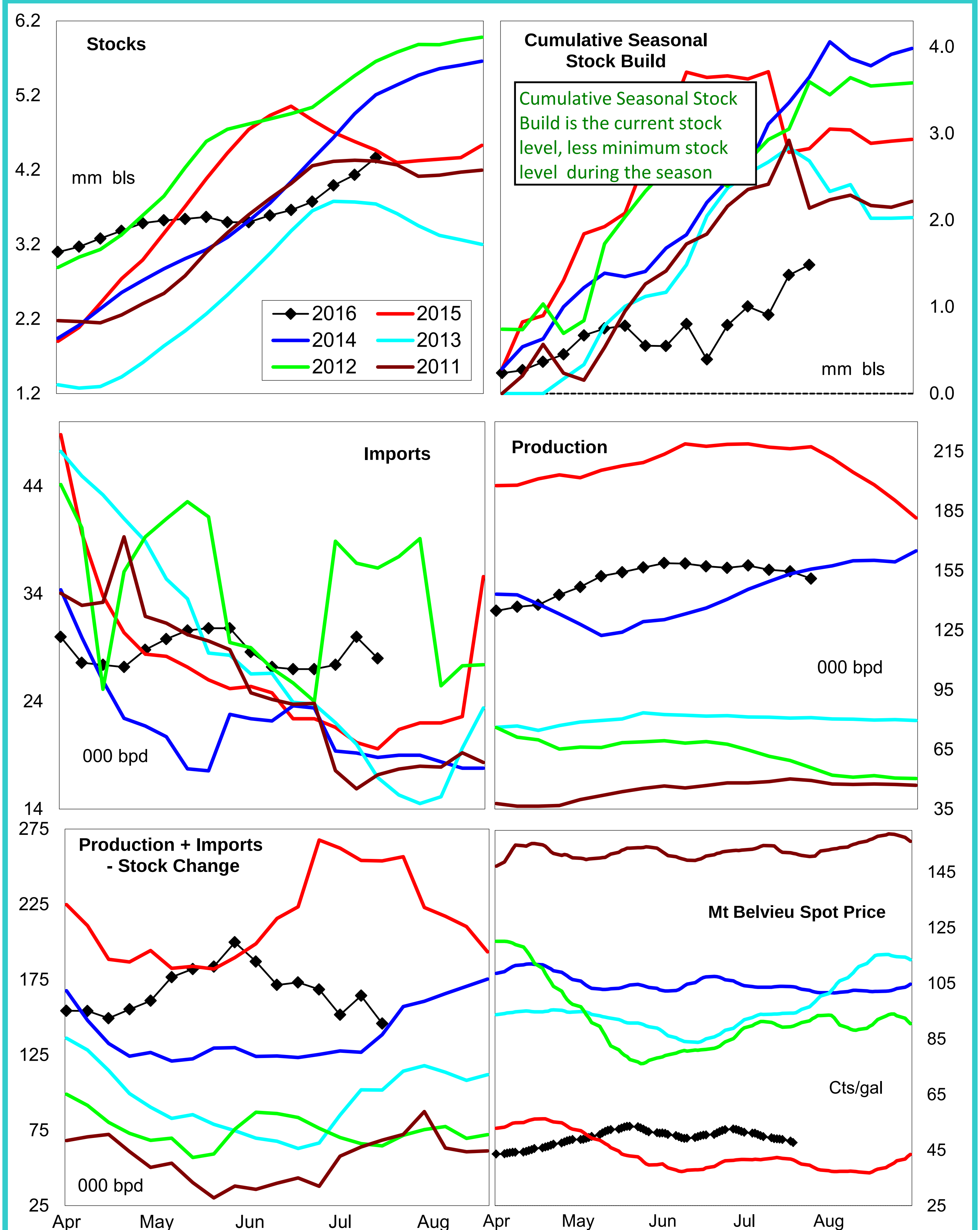
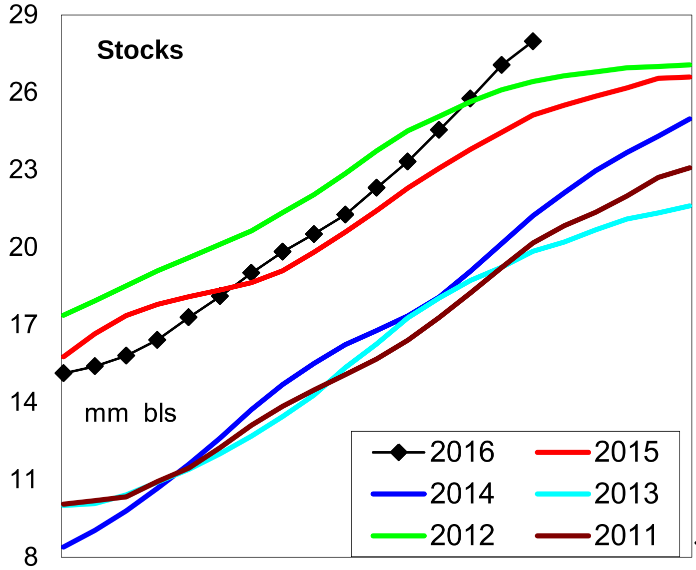
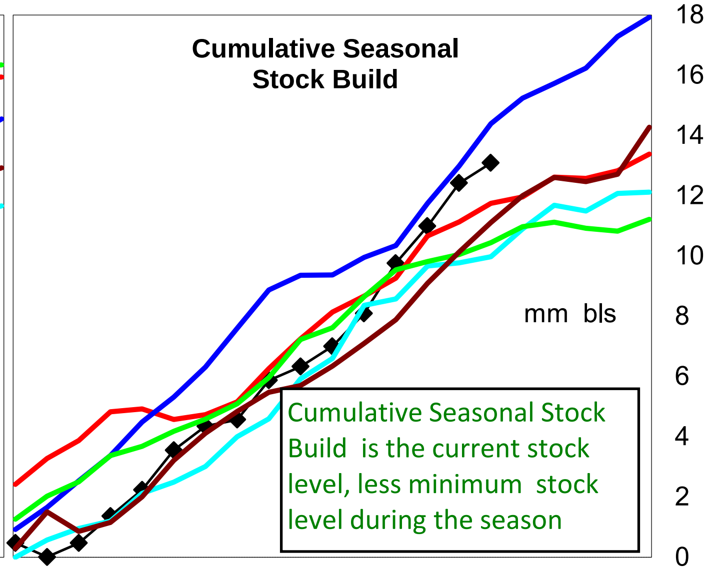
PADD 1 Propane Supply and Demand Balance

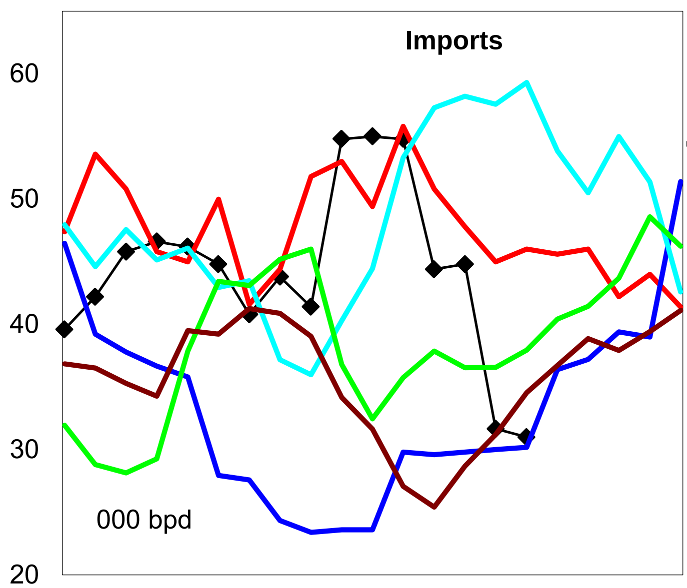


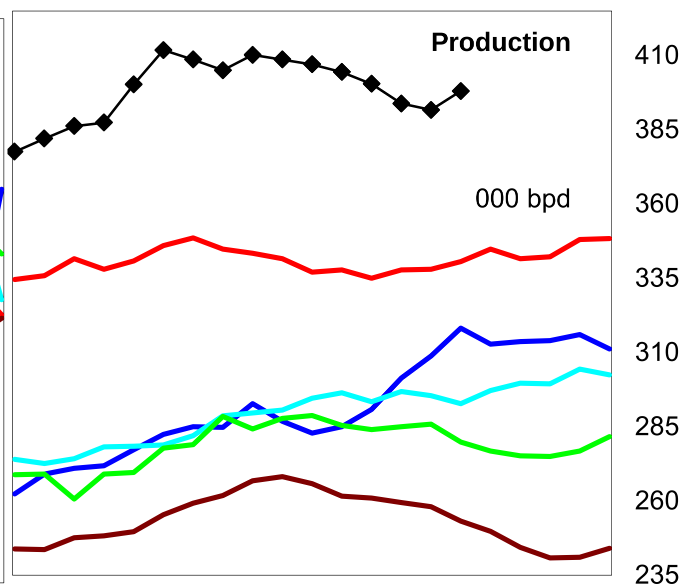
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	160	-1,341	-60	8	-102
% change	3.8	-47.5	-27.9	40.7	-39.3

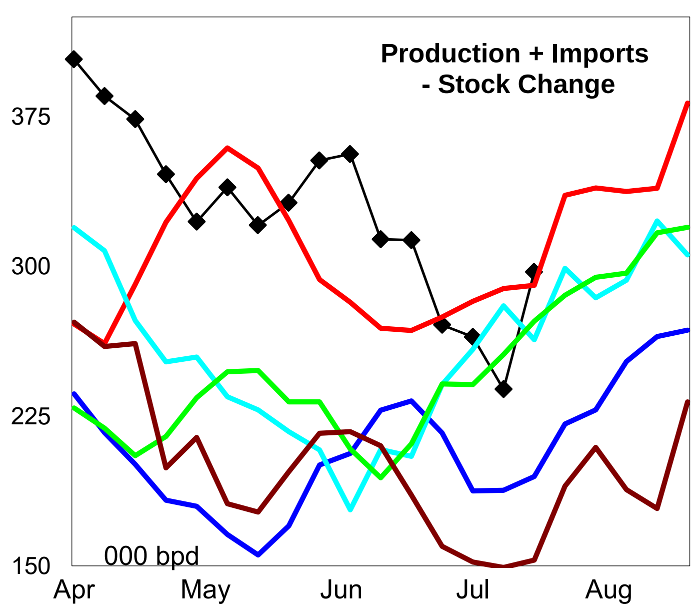
PADD 2 Propane Supply and Demand Balance

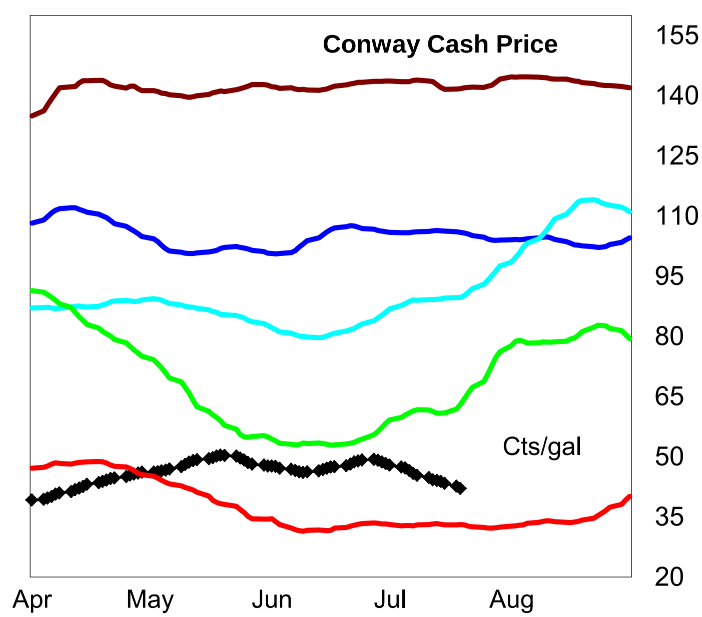












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	2,733	1,342	52	-16	-16
% change	10.8	11.4	15.3	-33.7	-5.8

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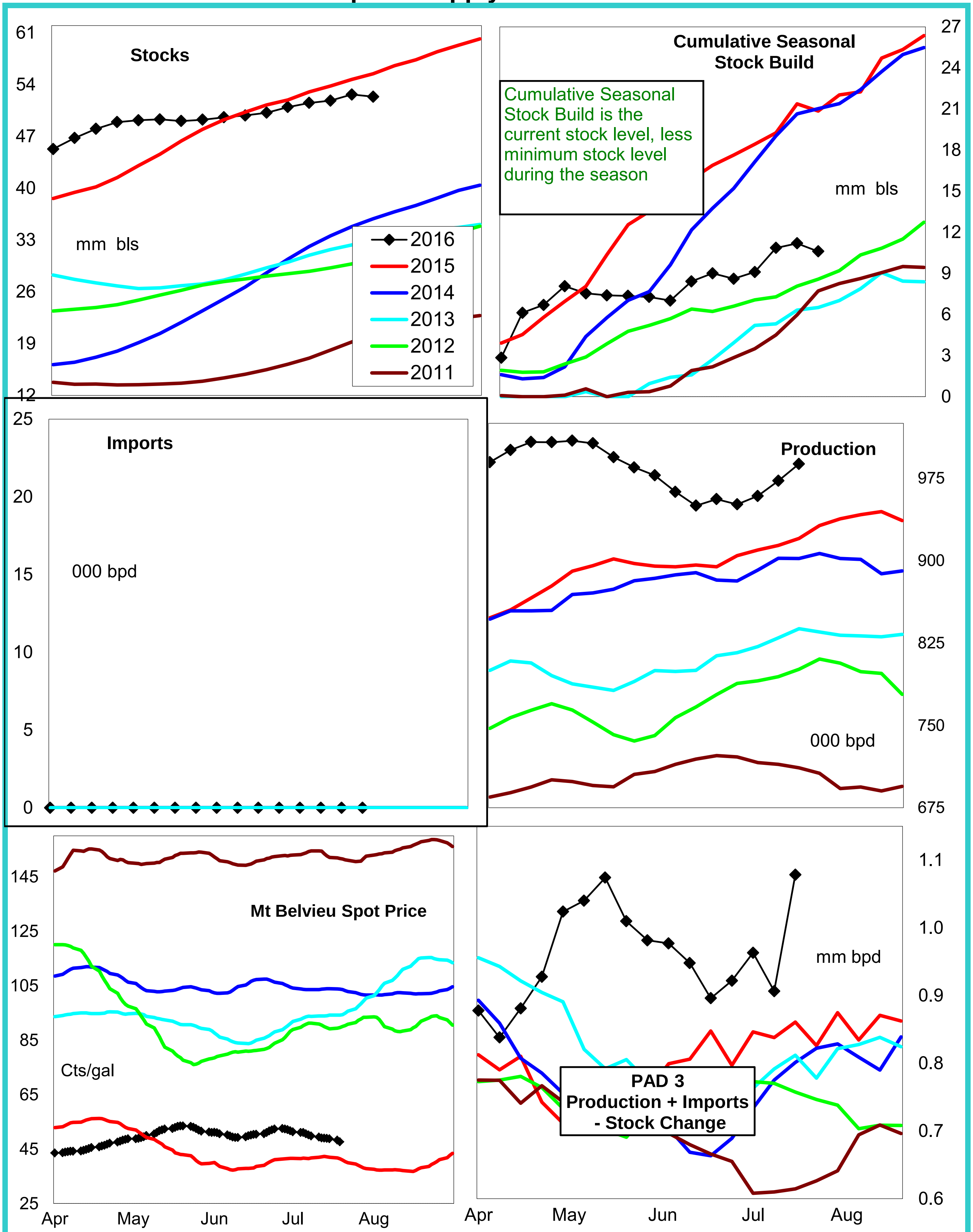
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-2,795	-10,256	51	0	132
% change	-5.1	-49	5.5	#DIV/0!	16.8

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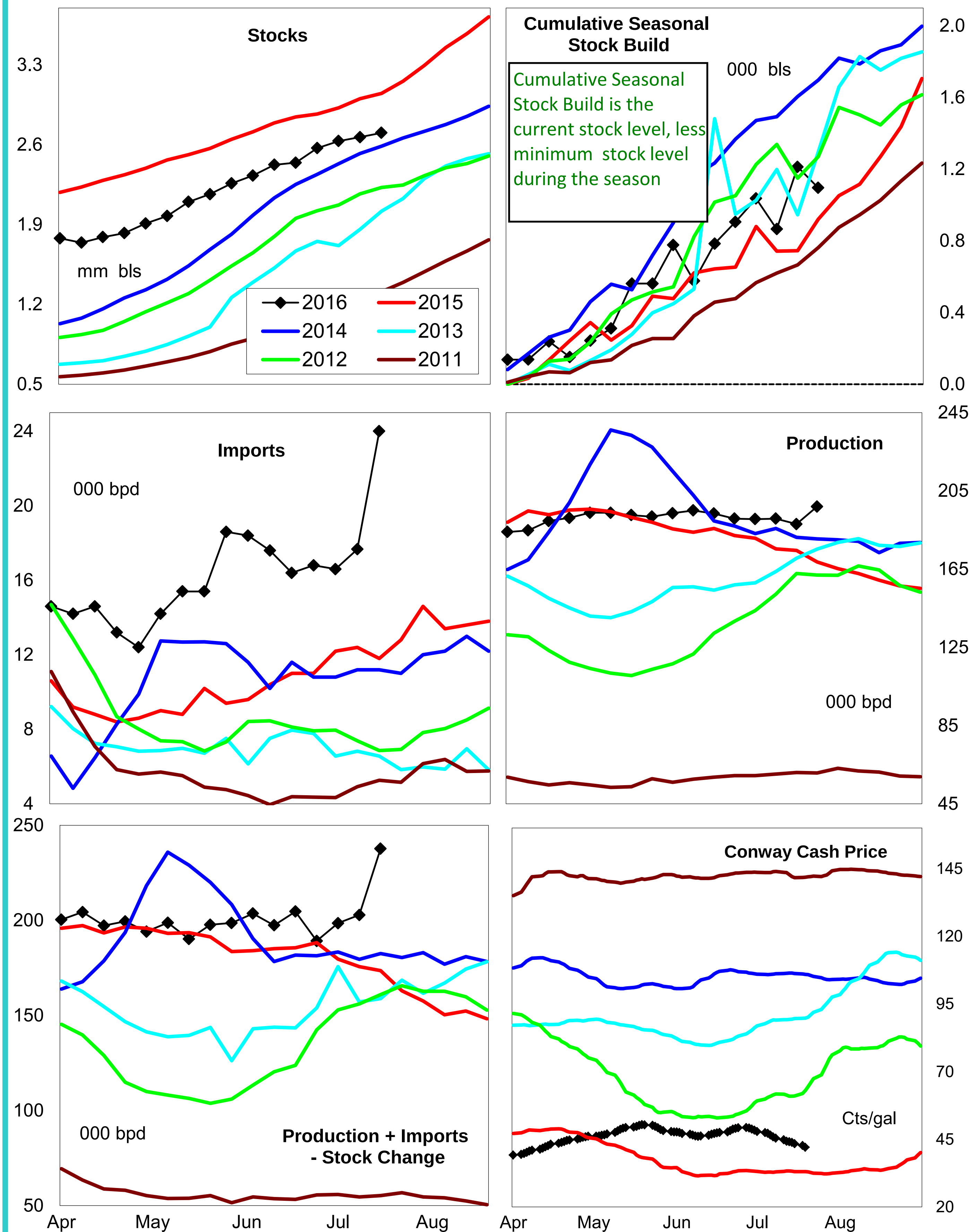
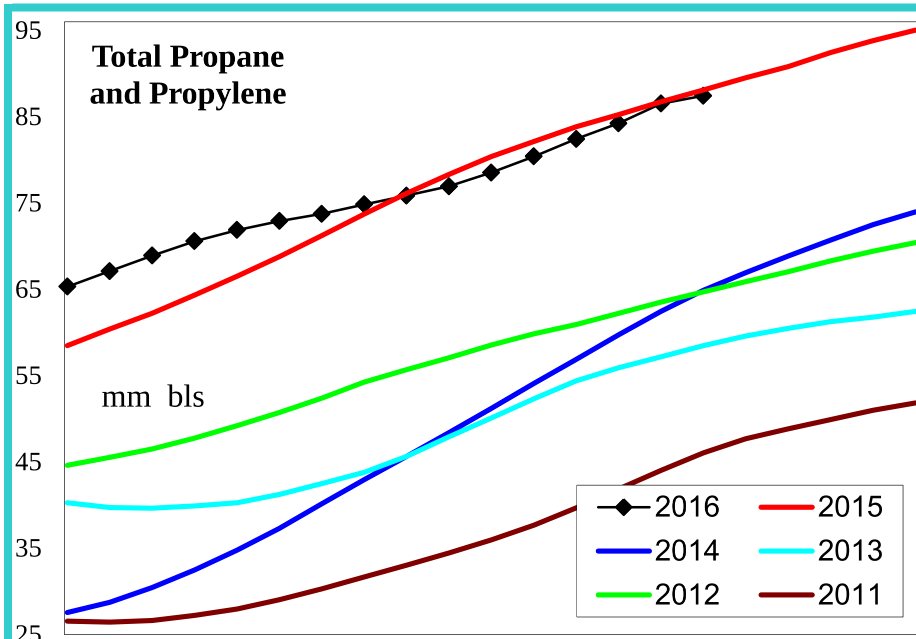
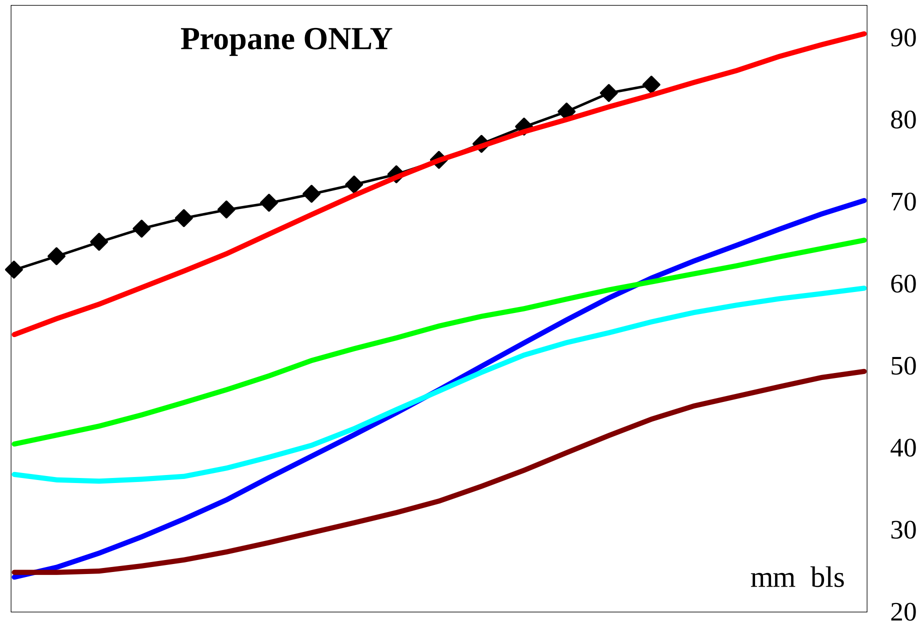
PADDs 4 and 5 Propane Supply and Demand Balance

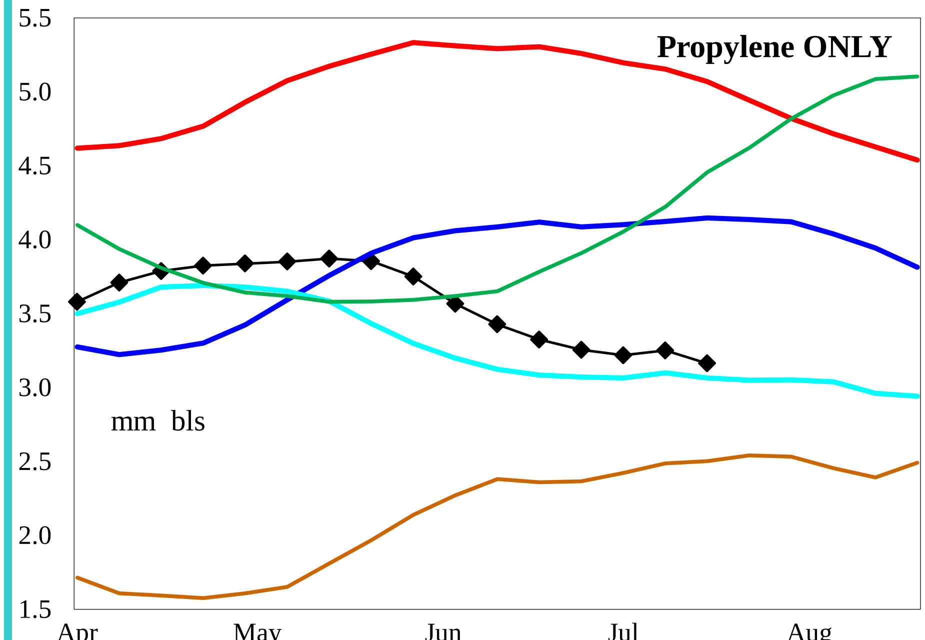


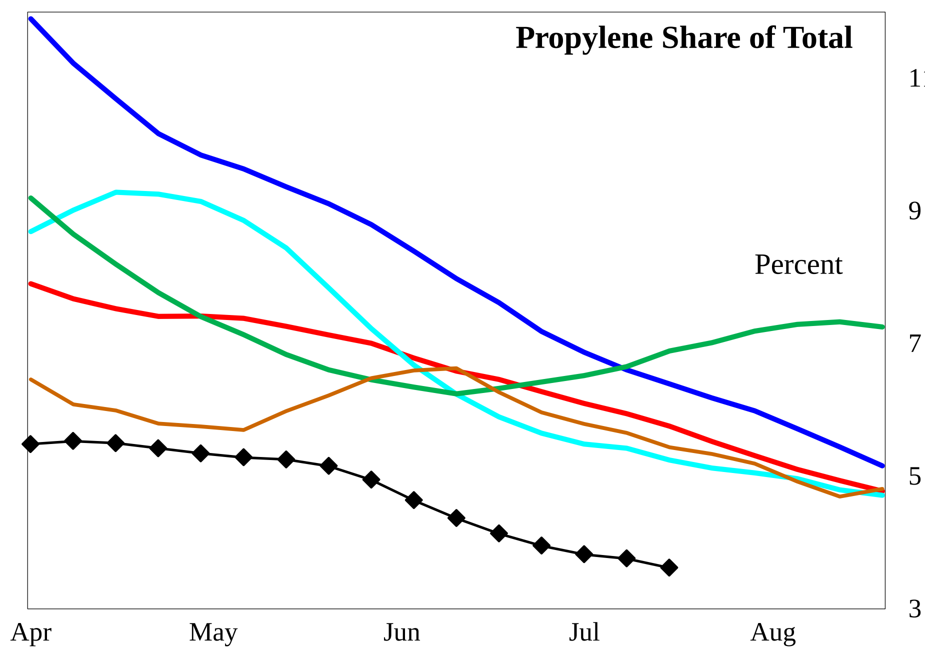
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-352	175	14	5	28
% change	-11.5	19.0	8.2	35.3	15.5

U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-253	1,633	-1,907
% change	-0.3	2.0	-37.6

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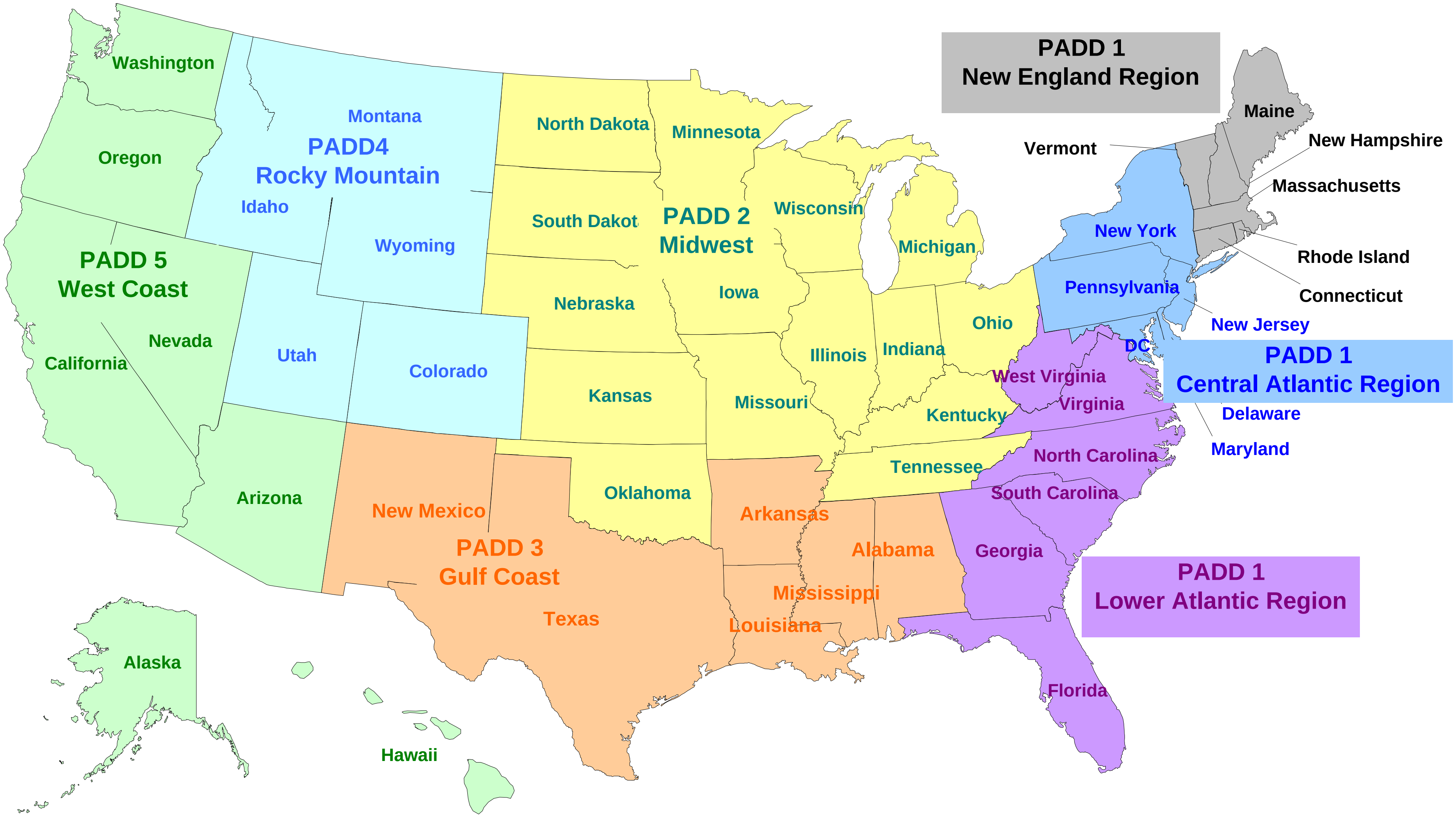
U. S. Petroleum Administrative for Defense Districts (PADDs)



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