FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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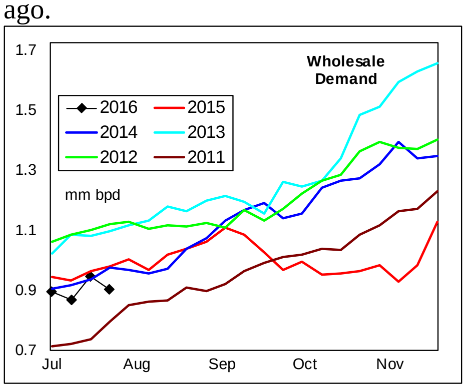
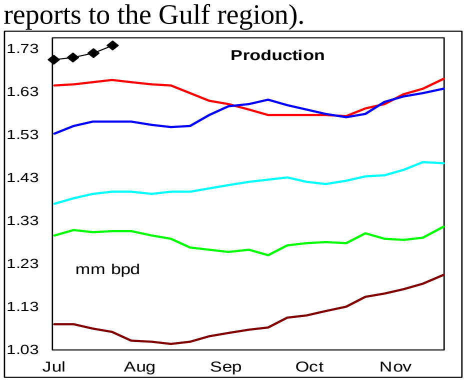
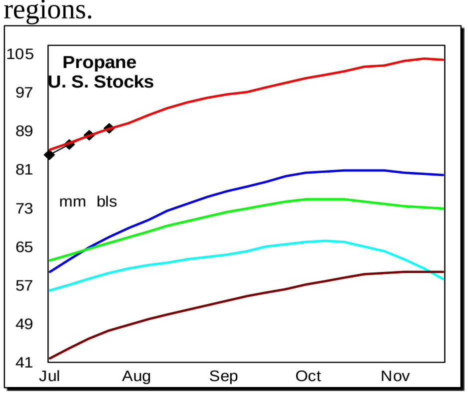
Summary[1]:
Wholesale demand decreased -0.3 million bpd last week, with the latest 4-wk average -39,000 bpd below a year ago.



Production increased +70,000 bpd during the last month compared to a year ago. The increase was concentrated in the Midwest and Gulf regions. Production decreased -63,000 bpd in the East Region (volumes shifted by EIA reports to the Gulf region).

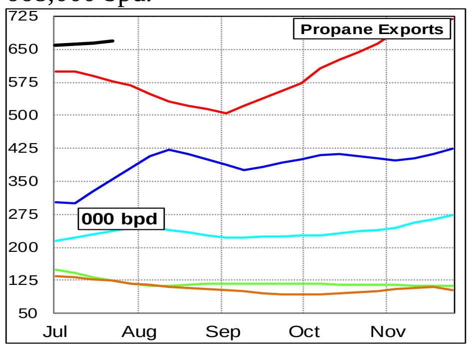


Stocks increased just +2.2 million barrels on the week, with builds in all regions.

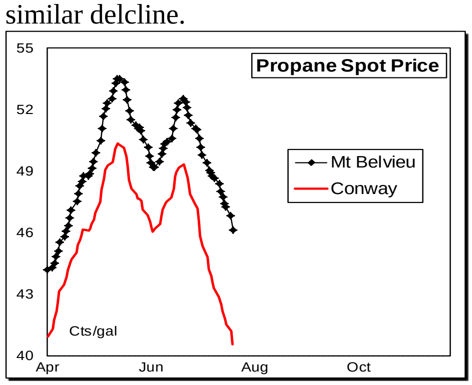


The cumulative seasonal stock build of +27.4 million barrels, was -8 million barrels below last year. Stock levels ended the week unchanged from last year.

Exports for the week ending 22Jul16 were +89,000 bpd above last year, at 668,000 bpd.



Price and Spreads Mt Belvieu spot price decreased -2 cpg last week ending 26Jul16, while Conway prices saw a similar delcline.



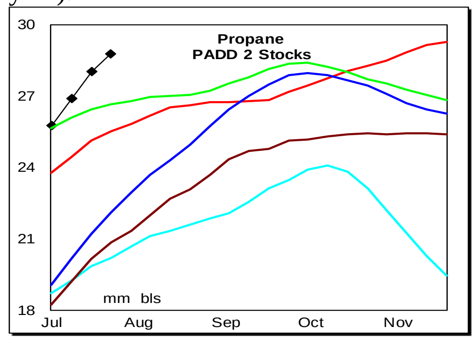
The Conway – Mt Belvieu price spread was unchanged last week, ending at a level near the 3-yr lows for this time of year.

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

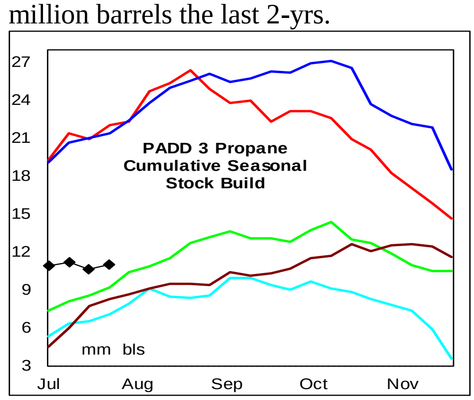
The propane / crude oil price spread was nearly unchanged on the week, ending at a level just above four of the last 5-yrs.

PADD 1 stocks increased +0.8 million barrels on the week, due in part to a +40,000 bpd jump in imports. Stock levels are near 3-yr highs for this time of year. Supplies are -43,000 bpd below last year, due to a reclassification by EIA of production to the Midwest and Gulf regions.

PADD 2 supply increased +7,000 bpd on the week. Production for the latest 4-wk period was +56,000 bpd above a year ago. Stocks increased +0.8 million barrels on the week, lifting stock levels to fresh 5-yr highs (+13% above last year).



PAD 3 stocks increased +0.4 million barrels on the week. Stock levels ended the week -3.6 million barrels below last year. Supply for the latest 4-wk period was +55,000 bpd above last year. The cumulative seasonal build of +11 million barrels compares to a build of +22 million barrels the last 2-yrs.



PADDs 4 & 5 stocks increased +0.2 million barrels last week, as supplies increased +9,000 bpd. Stock levels ended the week -8% below last year, but above the 3-yr mid range.

Emerging Trends Wholesale demand continues to track below last year. Exports are +15% above a year ago; much less than expected with the expansion of export capacity on the Gulf. Stock levels in the Midwest are at extreme highs for this early in the season.

Weakness in global energy prices and high stock levels continue to pressure wholesale prices. Slowing global economic growth and strength in the $dollar risk further weakness in wholesale prices.

[1] Source is latest EIA Weekly Statistics

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PROPANE: Graph Link and Weekly Summary

July 27, 2016

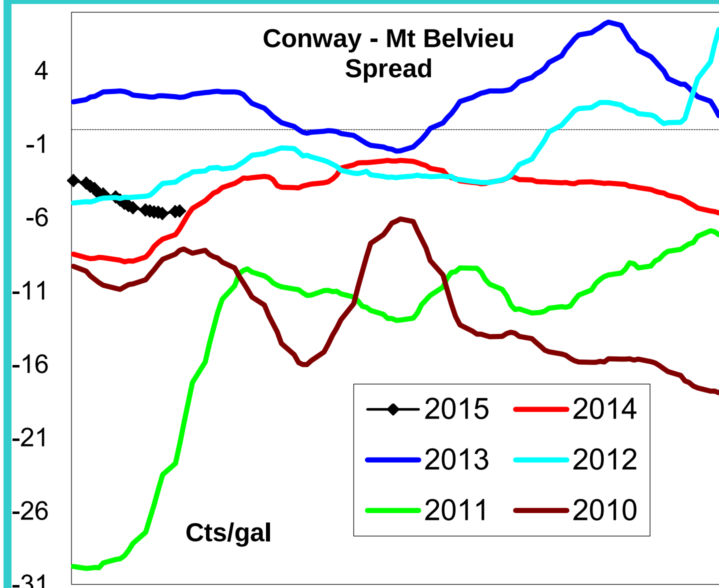
Fundamental Trends for the Week Ending: Friday, July 22, 2016

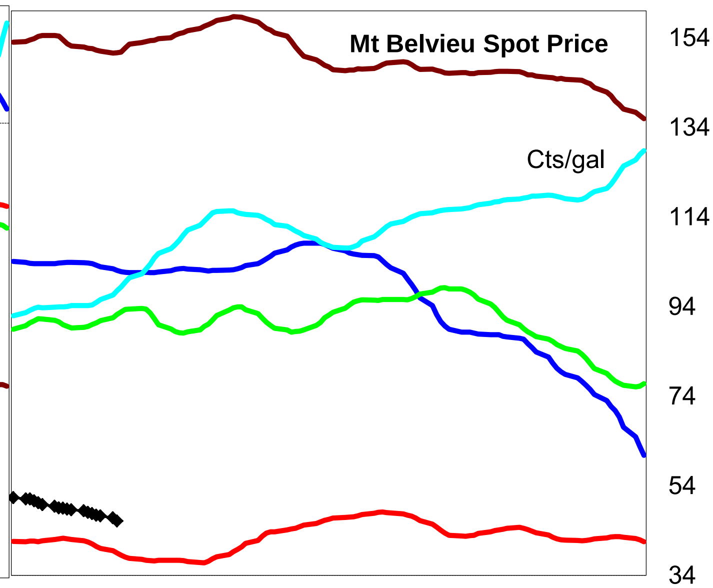
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	89,599	5,149	28,758	52,770	2,922	2,162	782	779	385	216
Propylene Stocks	2,898					-265				
Production	1,732	154	404	968	206	-2	3	6	-20	9
Imports	123	69	32	0	22	40	41	1	0	-2
Whsle Demand	878					-267				

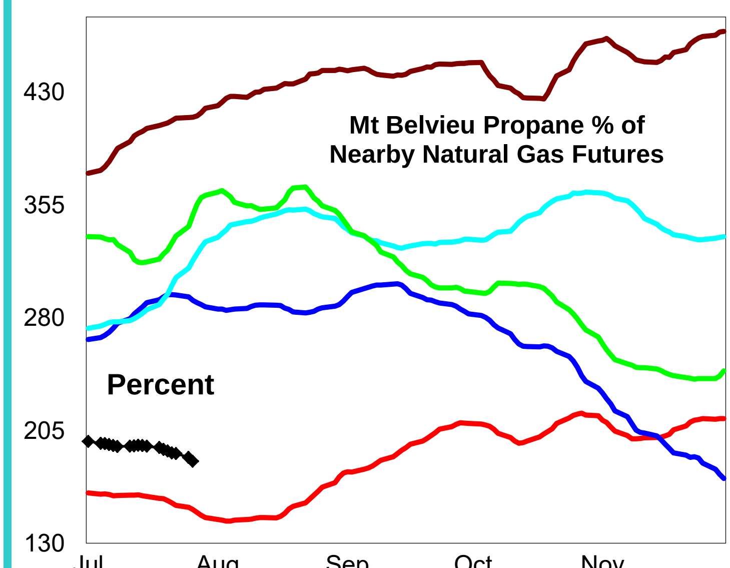
Price Trends for the Week Ending: Tuesday, July 26, 2016

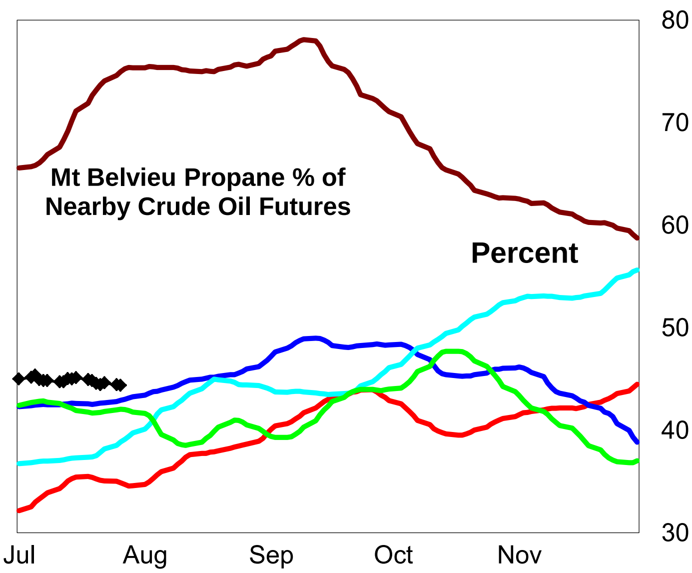
Cents/gal	Average for week ending:				Change from:			% change from:		
	7/26/16	7/19/16	6/28/16	7/30/15	7/19/16	6/28/16	7/30/15	7/19/16	6/28/16	7/30/15
Mont Belvieu Spot	47.2	48.4	52.7	40.1	-1.23	-4.33	12.58	-2.5	-8.2	31.3
Conway Spot	41.4	42.9	49.7	32.7	-1.45	-6.78	17.00	-3.4	-13.6	52.1

Key Price Spreads and Differentials

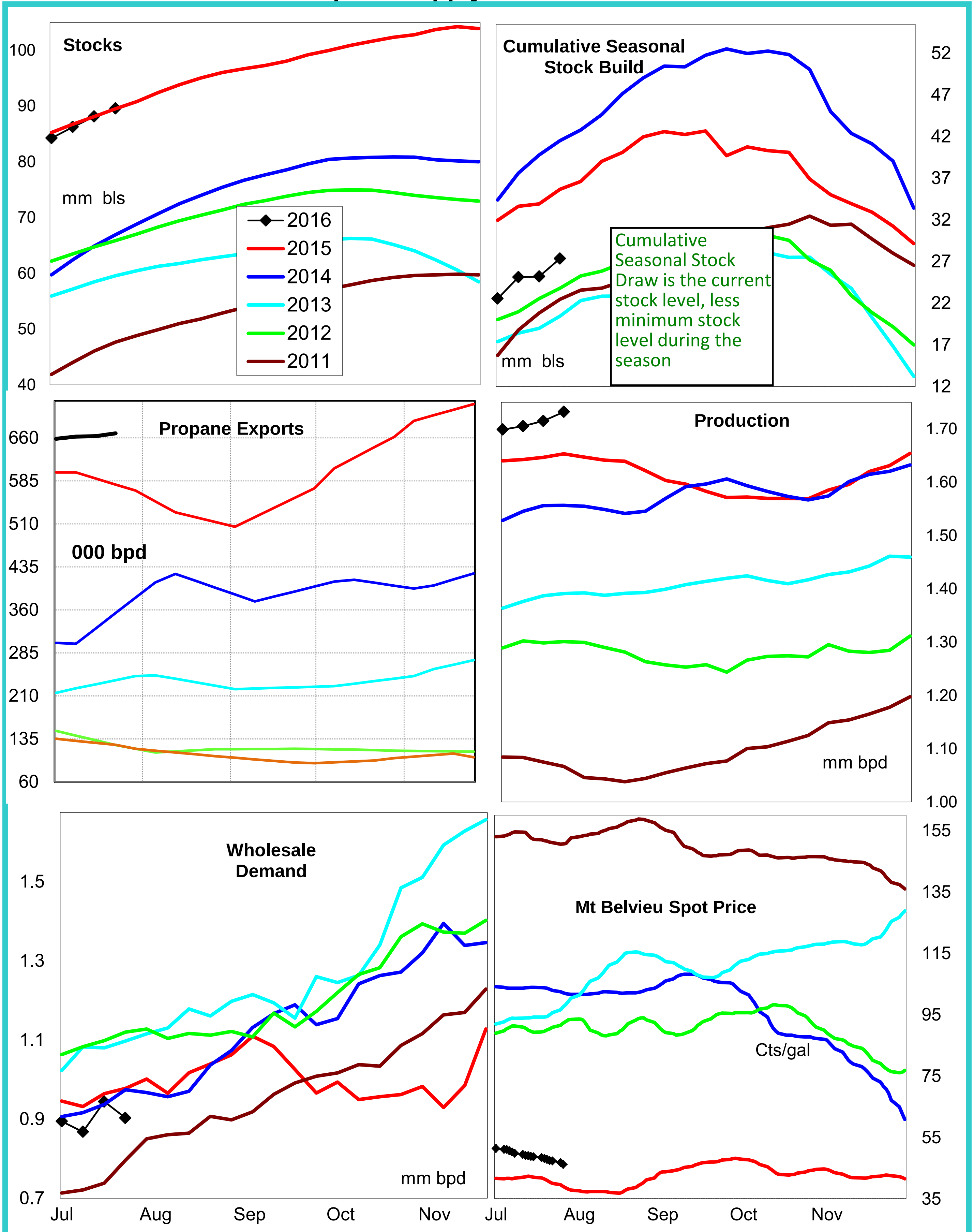








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jun	May	Apr
000 bpd (000 bls stks)	153	-8,329	70	12		-39	-144	212	-43
% change	0.2	-23	4.3	15.3		-4.3	-14.2	26.5	-4.5

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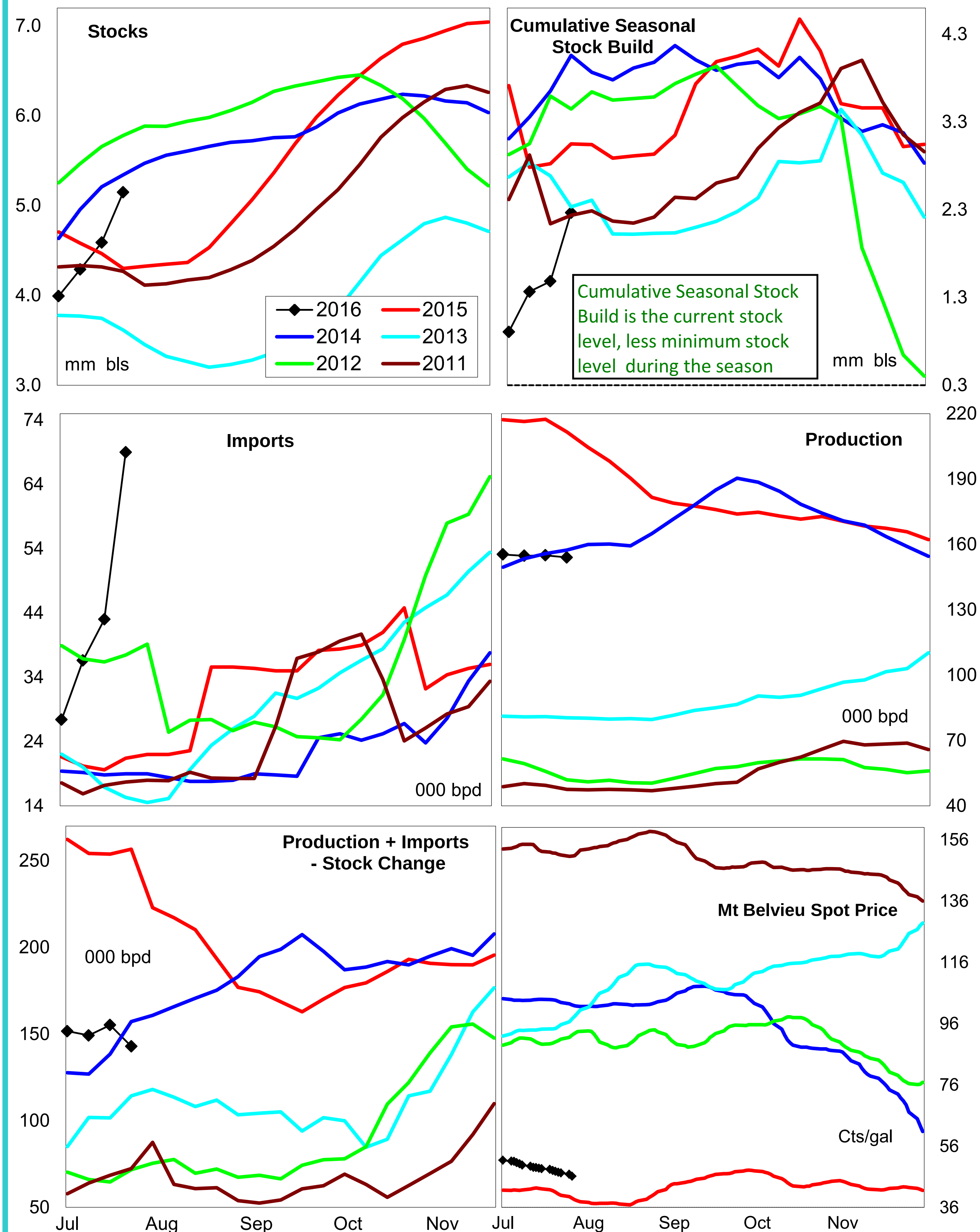
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	716	-785	-63	20	-107
% change	16.2	-25.7	-28.9	103.8	-41.7

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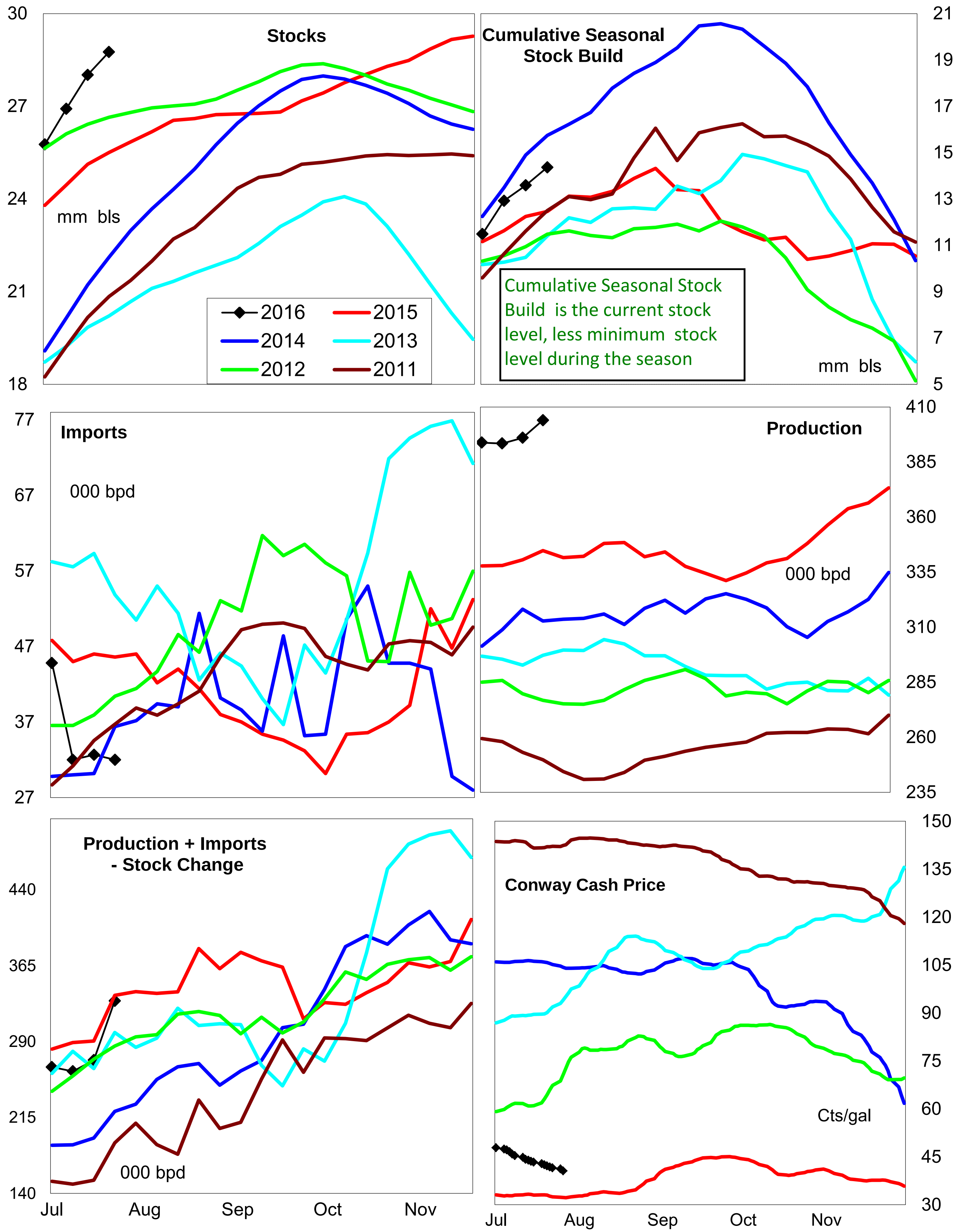
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	3,291	1,900	56	-15	-18
% change	12.9	15.9	16.6	-31.4	-5.9

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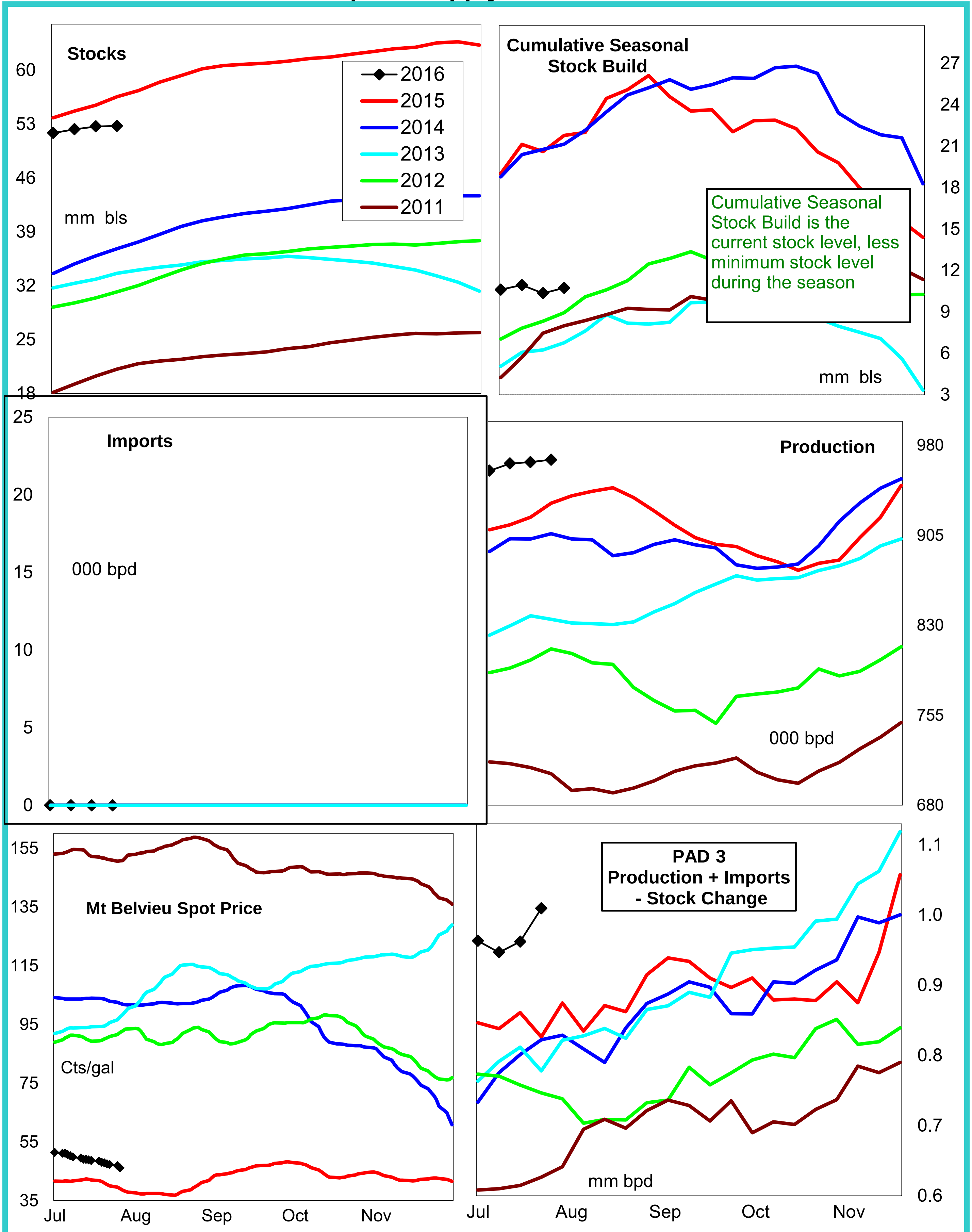
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-3,589	-11,050	55	0	127
% change	-6.4	-50	6.0	#DIV/0!	16.1

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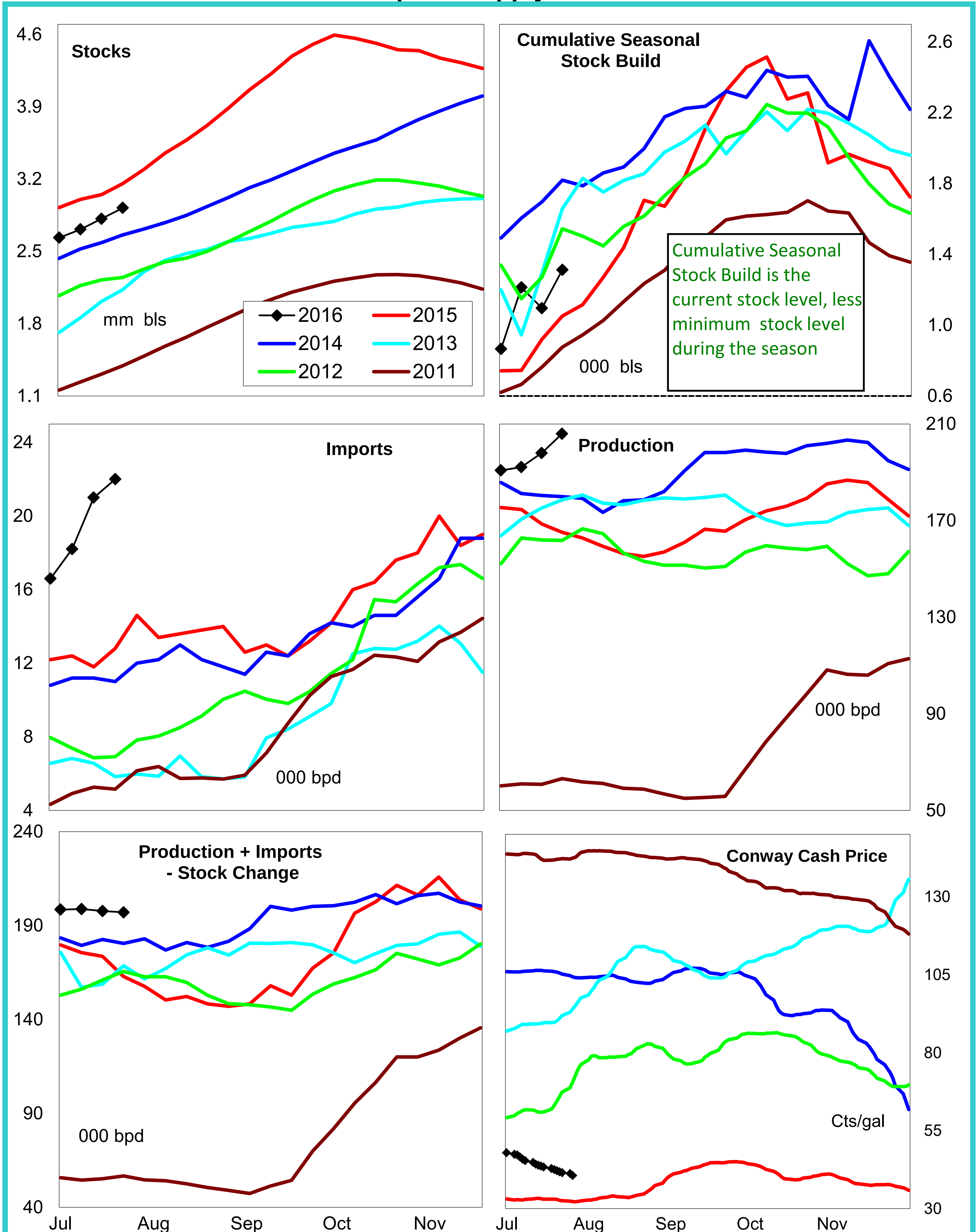
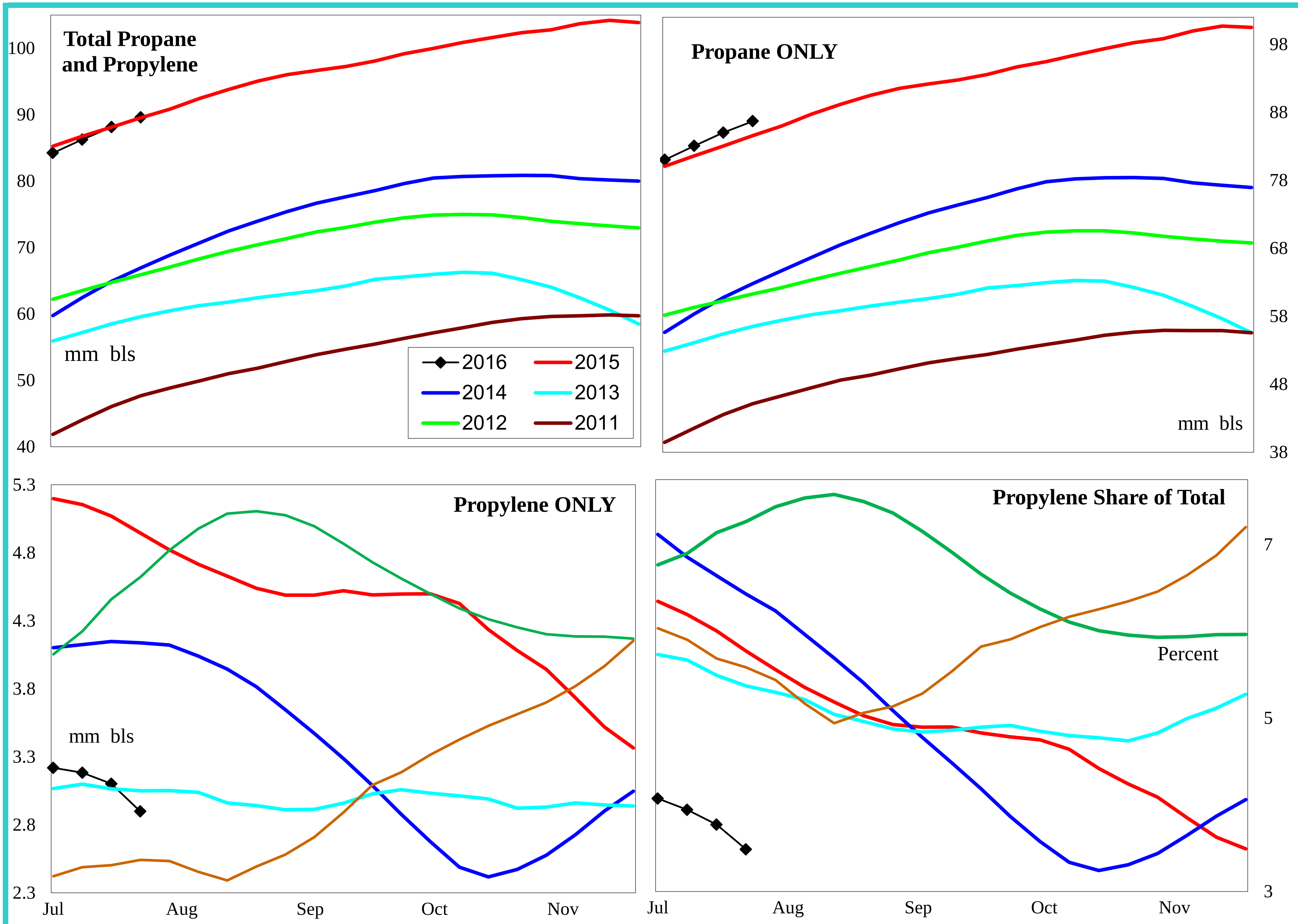
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-266	261	22	6	25
% change	-8.3	24.8	12.7	50.0	14.5

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	153	2,308	-2,047
% change	0.2	2.7	-41.4

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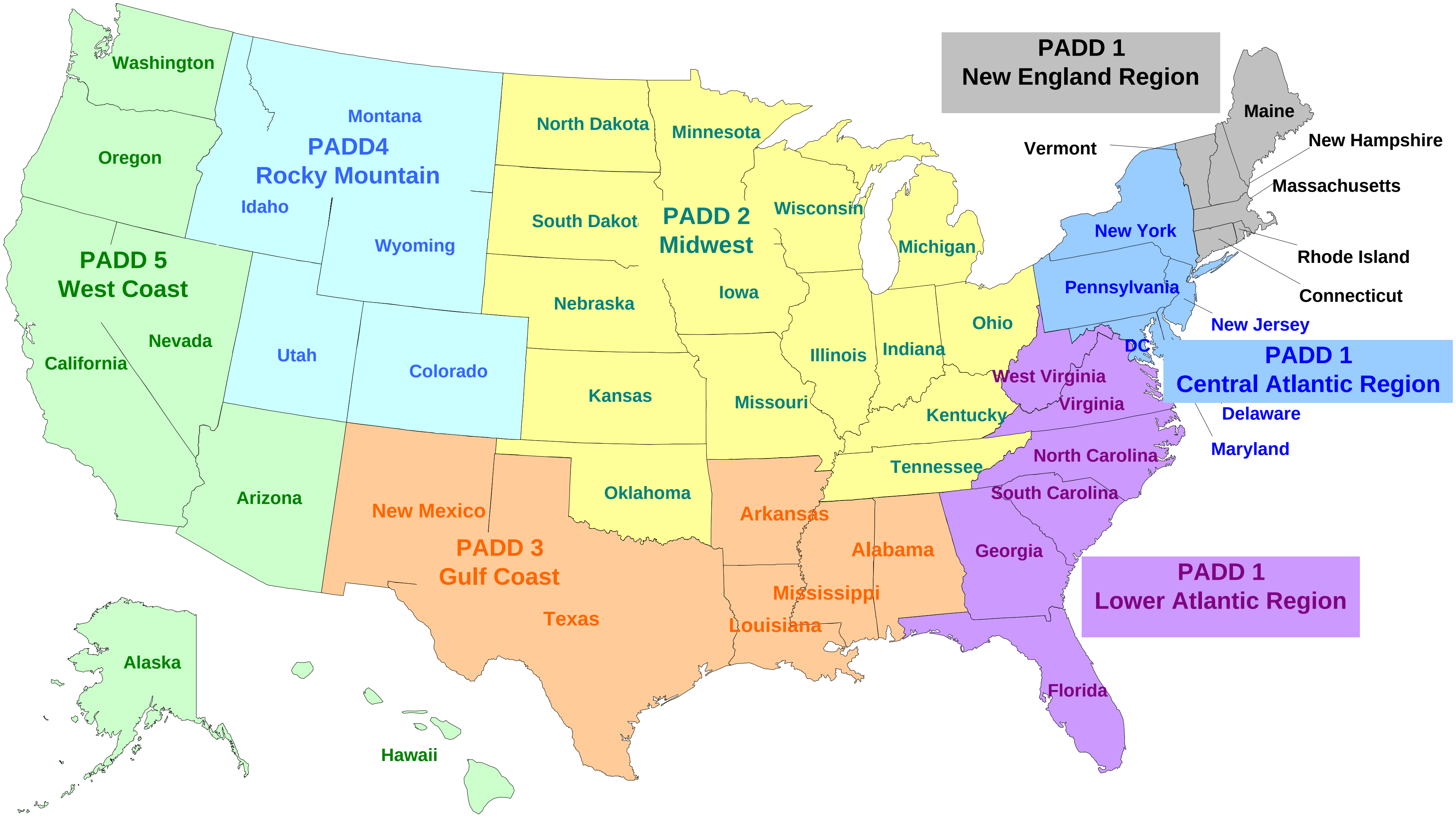
U. S. Petroleum Administrative for Defense Districts (PADDs)



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