WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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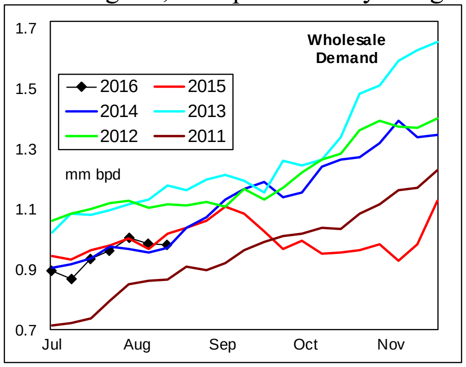
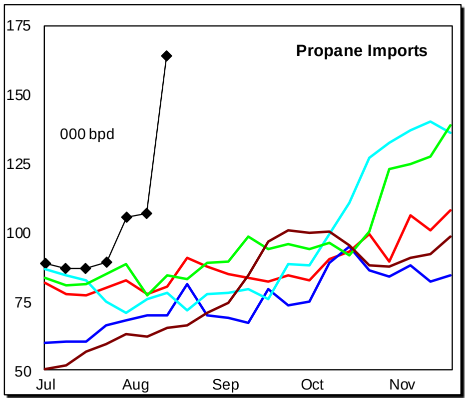
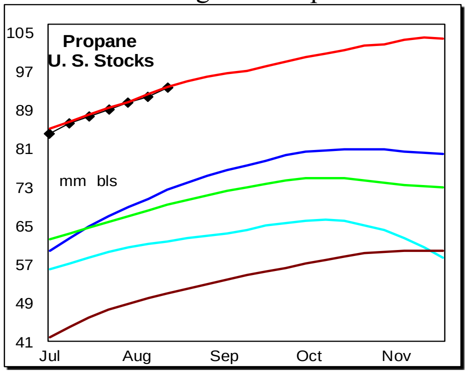
Summary[1]:
Wholesale demand increased +0.1 million bpd last week, with the latest 4-wk average -7,000 bpd below a year ago.



Production decreased -8,000 bpd last week; with the latest 4-wk average +76,000 above a year ago. Imports surged +85,000 bpd last week, concentrated on the East Coast.

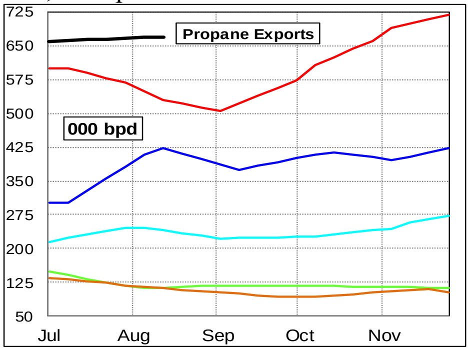


The increase in supply led to +1.8 million barrel stock build, a level near the historic average for the period.

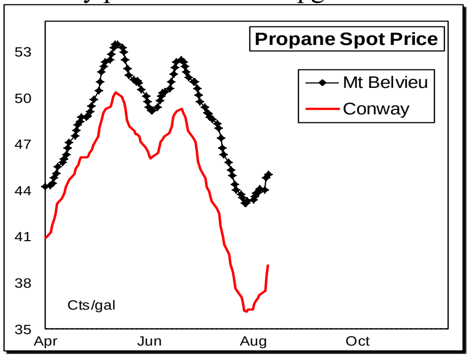


The cumulative seasonal stock build of +31.5 million barrels, was -8.6 million barrels below last year. Stock levels ended the week nearly unchanged from a year ago for the period.

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



Price and Spreads Mt Belvieu spot prices +3 cpg last week ending 17Aug16, while Conway prices saw a +4 cpg increase.



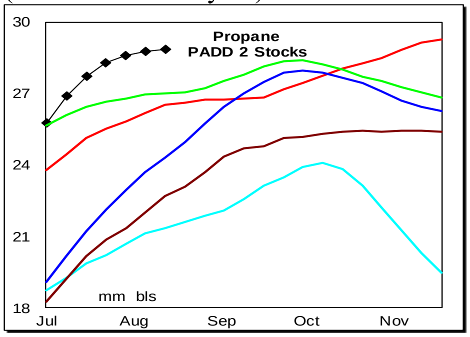
The Conway – Mt Belvieu price spread trended higher last week, ending at a level below the last 3-yrs.

The propane to natural gas price spread trended higher last week, the result of weak gas prices.

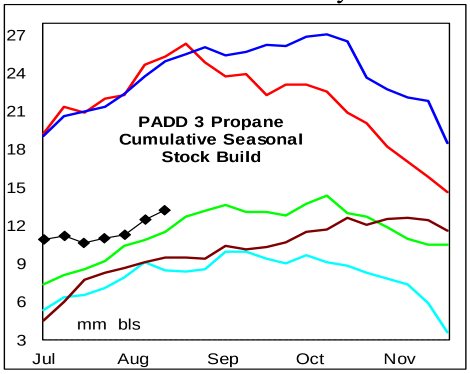
The propane / crude oil price spread trended lower on the week, ending at a level below the 3-yr mid range for this time of year.

PADD 1 stocks increased +0.9 million barrels on the week; driven by the +81,000 bpd spike in imports. Stock levels ended the week +53% above a year ago and a 5-yr high for this time of year. Supplies were -15,000 bpd below last year, due to a reclassification by EIA of production to the Midwest and Gulf regions.

PADD 2 supply decreased -22,000 bpd on the week. Production for the latest 4-wk period was +60,000 bpd above a year ago. Stocks were nearly unchanged on the week, with the level at 5-yr highs (+10% above last year).



PAD 3 stocks increased +0.7 million barrels on the week. Stock levels ended the week -4.7 million barrels below last year. Supply for the latest 4-wk period was +29,000 bpd above last year. The cumulative seasonal build of +13.2 million barrels compares to a build of +25 million barrels the last 2-yrs.



PADDs 4 & 5 stocks increased +0.1 million barrels last week, as supplies decreased -28,000 bpd. Stock levels ended the week -6% below last year, but above the 3-yr mid range.

Emerging Trends A +85,000 bpd increase in imports last week contributed to the +1.8 million barrel stock build. Stock levels remain at record levels in the Midwest, with the Gulf only slightly below last year's record high. East coast stock levels climbed to 5-yr highs on the jump in imports.

A seasonal upturn in purchases for the fall heating season should provide support to wholesale propane prices; limited by weakness in the global energy market. Extremely high stocks in the Midwest should constrain Conway prices compared to Mt Beliveu.

[1] Source is latest EIA Weekly Statistics

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PROPANE: Graph Link and Weekly Summary

August 17, 2016

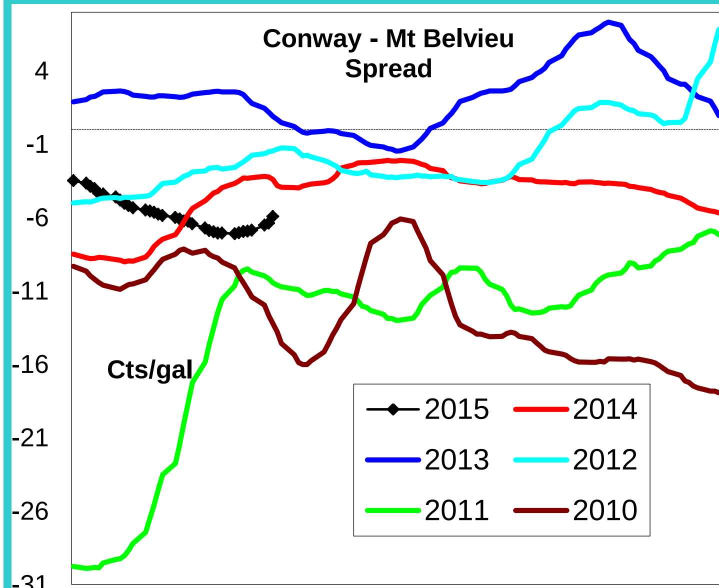
Fundamental Trends for the Week Ending: Friday, August 12, 2016

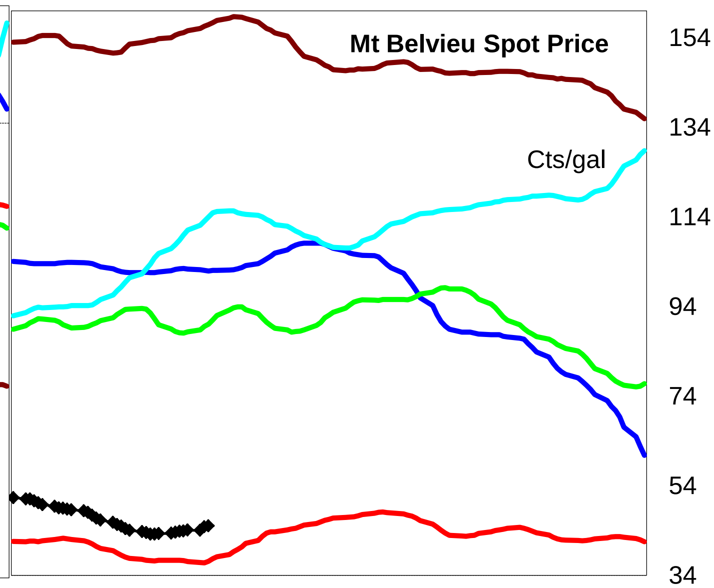
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	93,744	6,572	28,846	54,959	3,367	1,841	886	145	736	74
Propylene Stocks	2,283					-322				
Production	1,722	157	392	992	181	-8	3	-16	35	-30
Imports	164	104	42	0	18	81	85	-6	0	2
Whsle Demand	955					101				

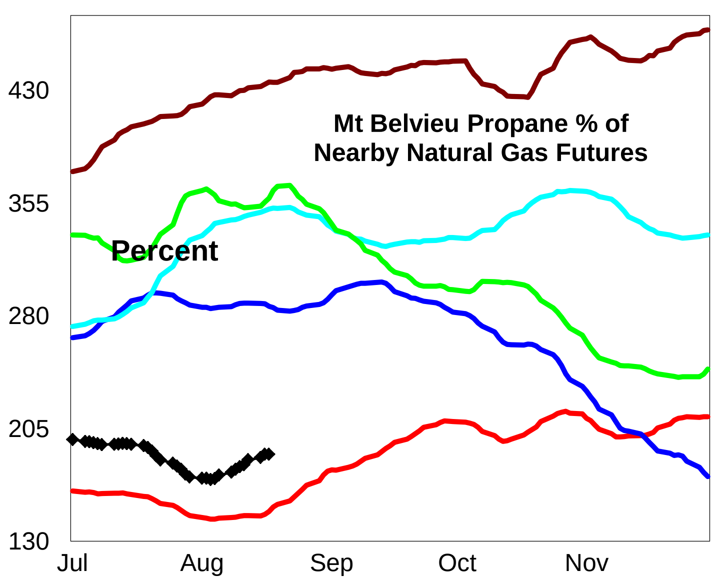
Price Trends for the Week Ending: Wednesday, August 17, 2016

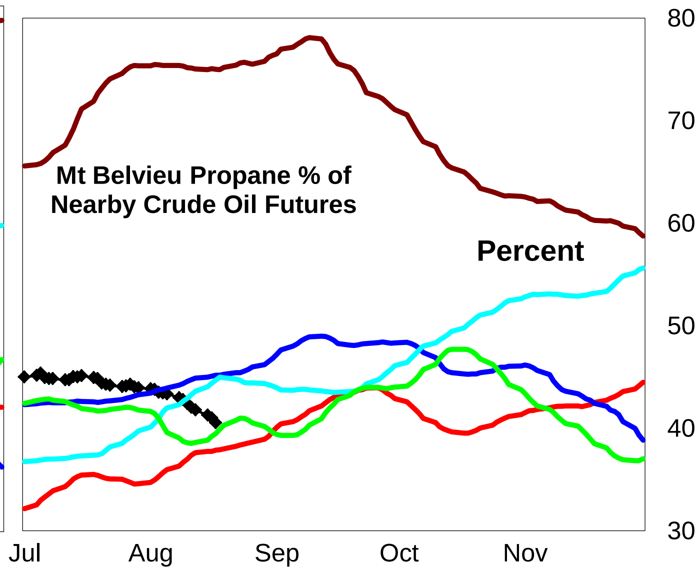
Cents/gal	Average for week ending:				Change from:			% change from:		
	8/17/16	8/10/16	7/20/16	8/21/15	8/10/16	7/20/16	8/21/15	8/10/16	7/20/16	8/21/15
Mont Belvieu Spot	44.5	43.3	48.3	37.6	1.25	-5.05	10.75	2.9	-10.5	28.6
Conway Spot	38.0	35.9	42.6	34.1	2.10	-6.68	8.48	5.8	-15.7	24.9

Key Price Spreads and Differentials

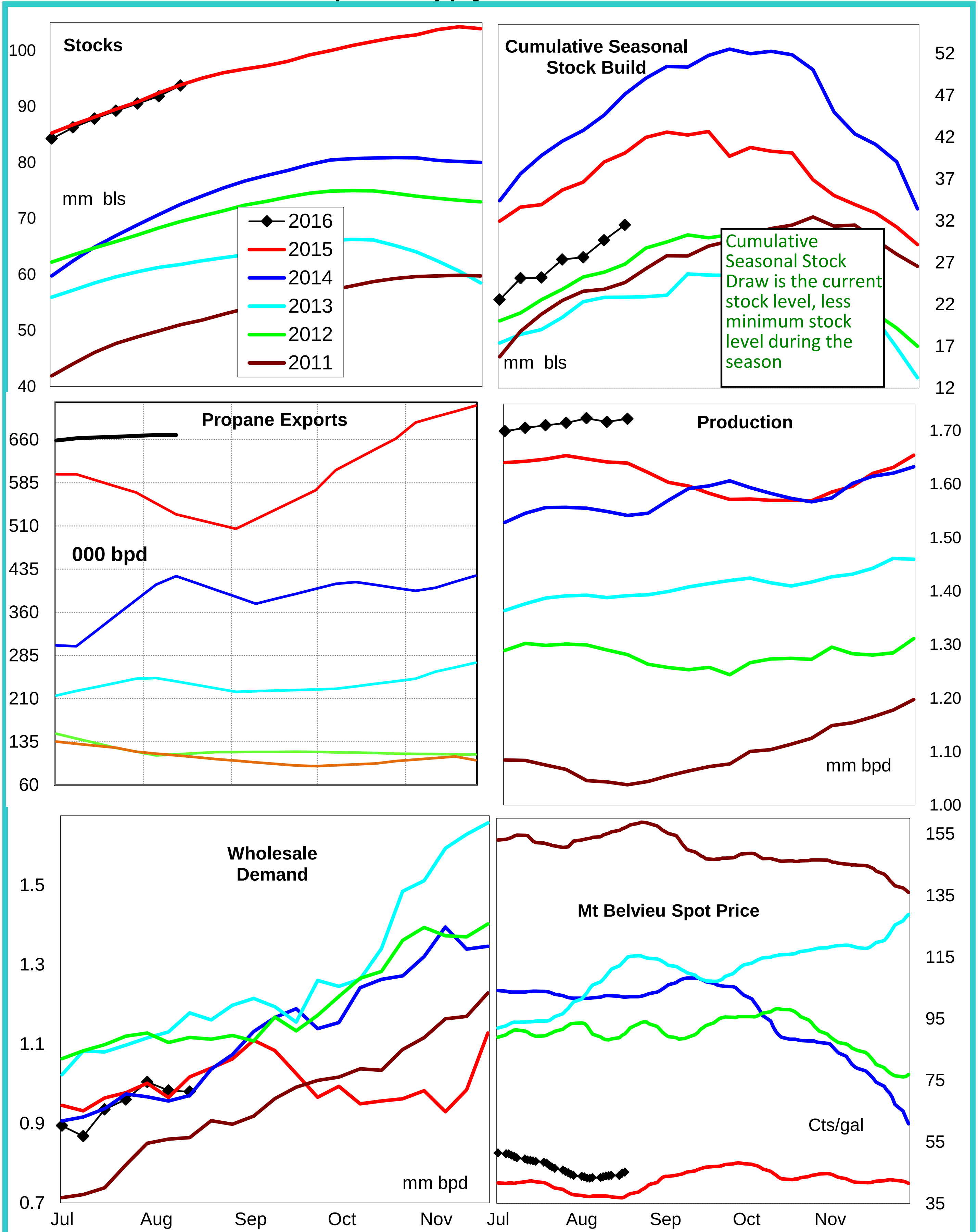








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jun	May	Apr
000 bpd (000 bls stks)	-122	-8,604	76	30		-7	-144	212	-43
% change	-0.1	-21	4.6	36.6		-0.7	-14.2	26.5	-4.5

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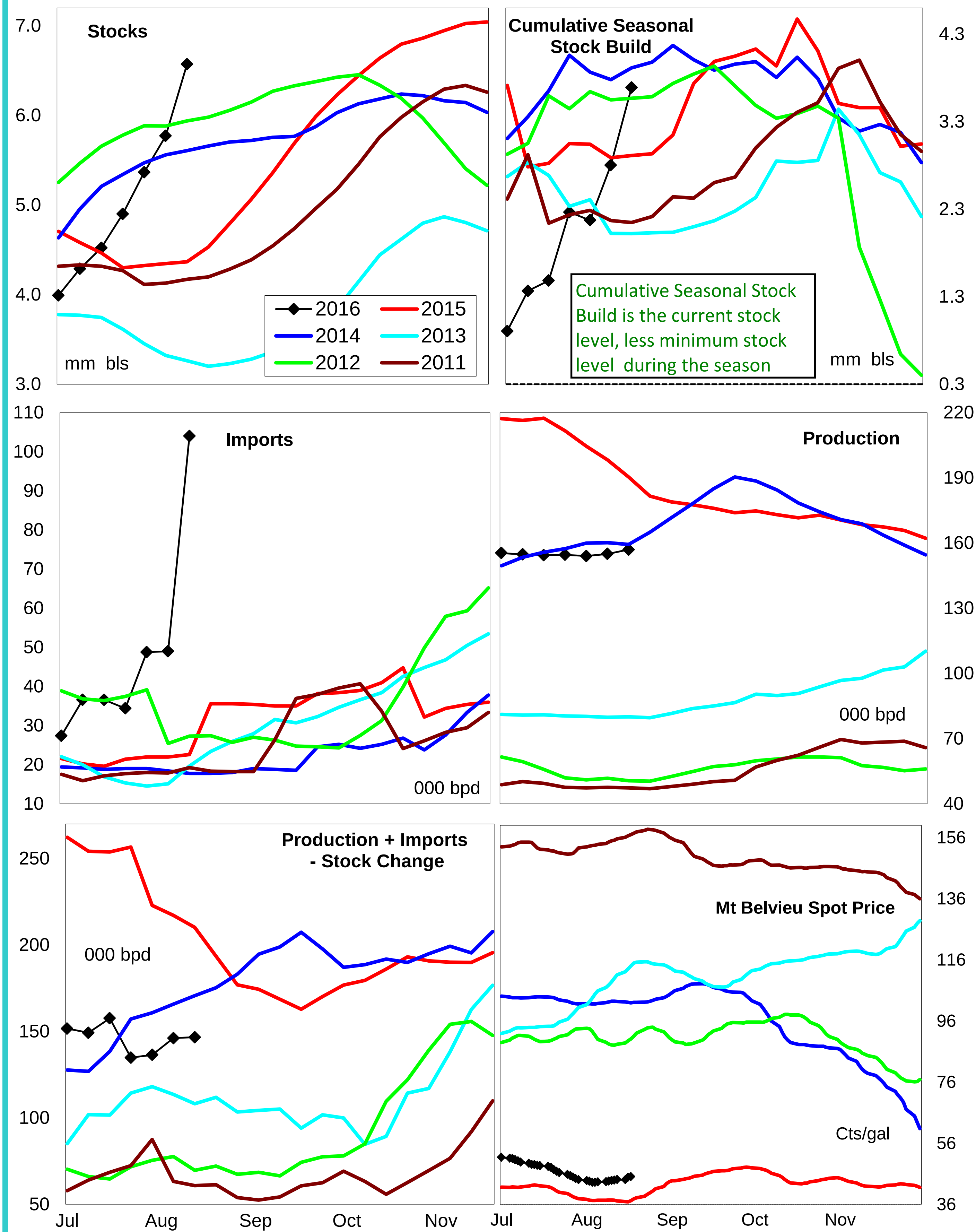
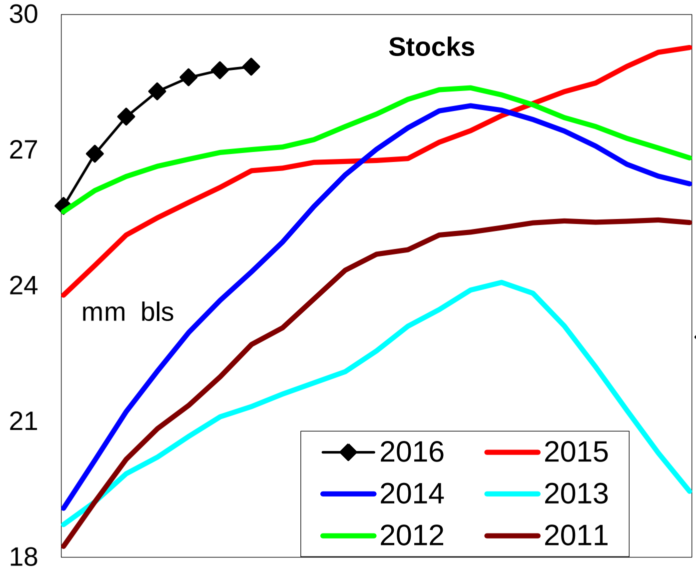
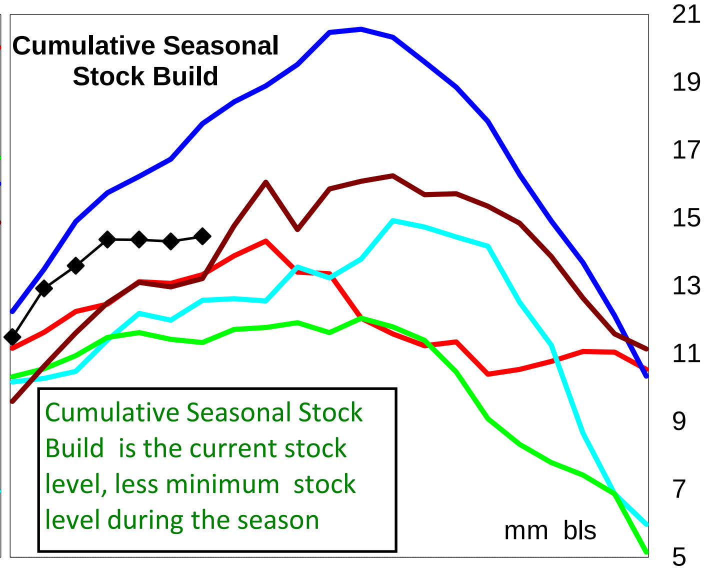
PADD 1 Propane Supply and Demand Balance

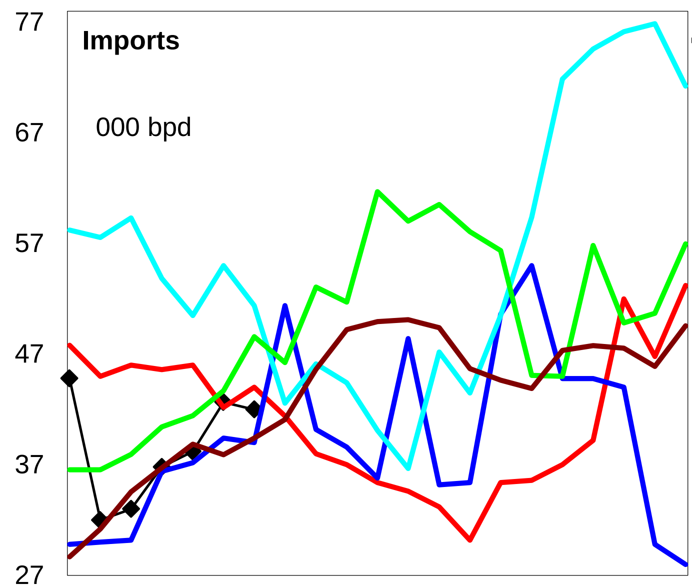


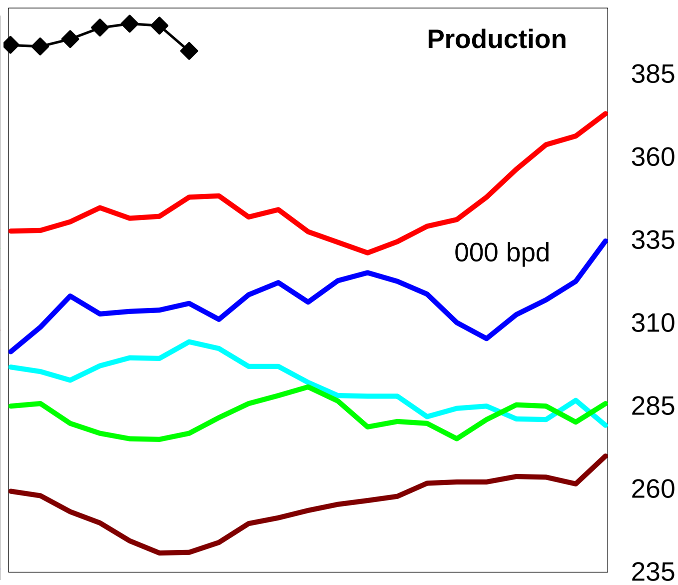
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	2,278	777	-47	32	-86
% change	53.1	26.7	-23.3	142.7	-37.8

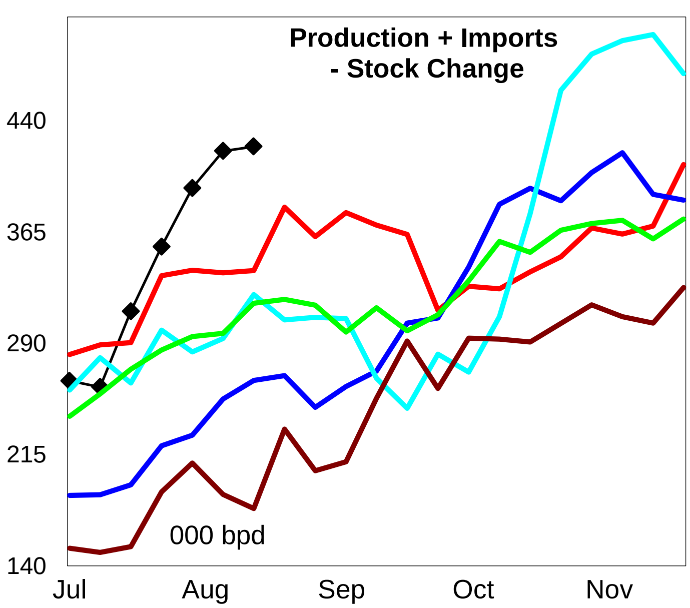
PADD 2 Propane Supply and Demand Balance

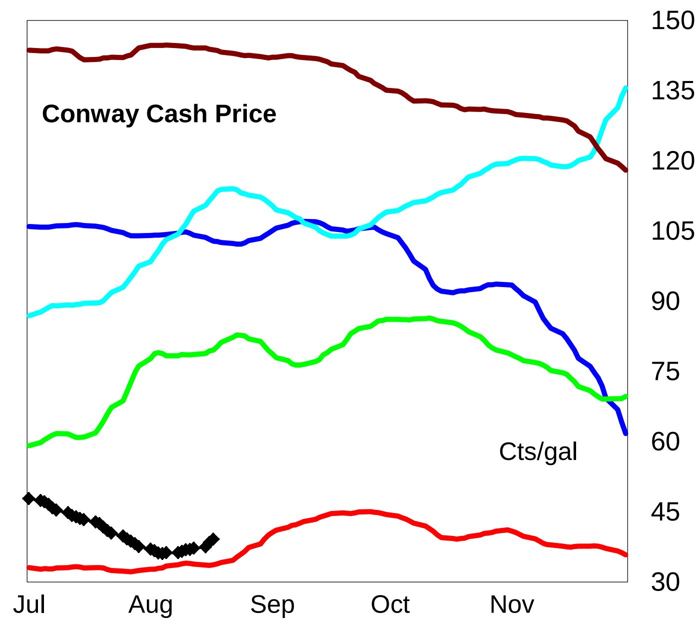












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	2,519	1,128	60	-5	60
% change	9.6	8.8	17.7	-10.6	17.8

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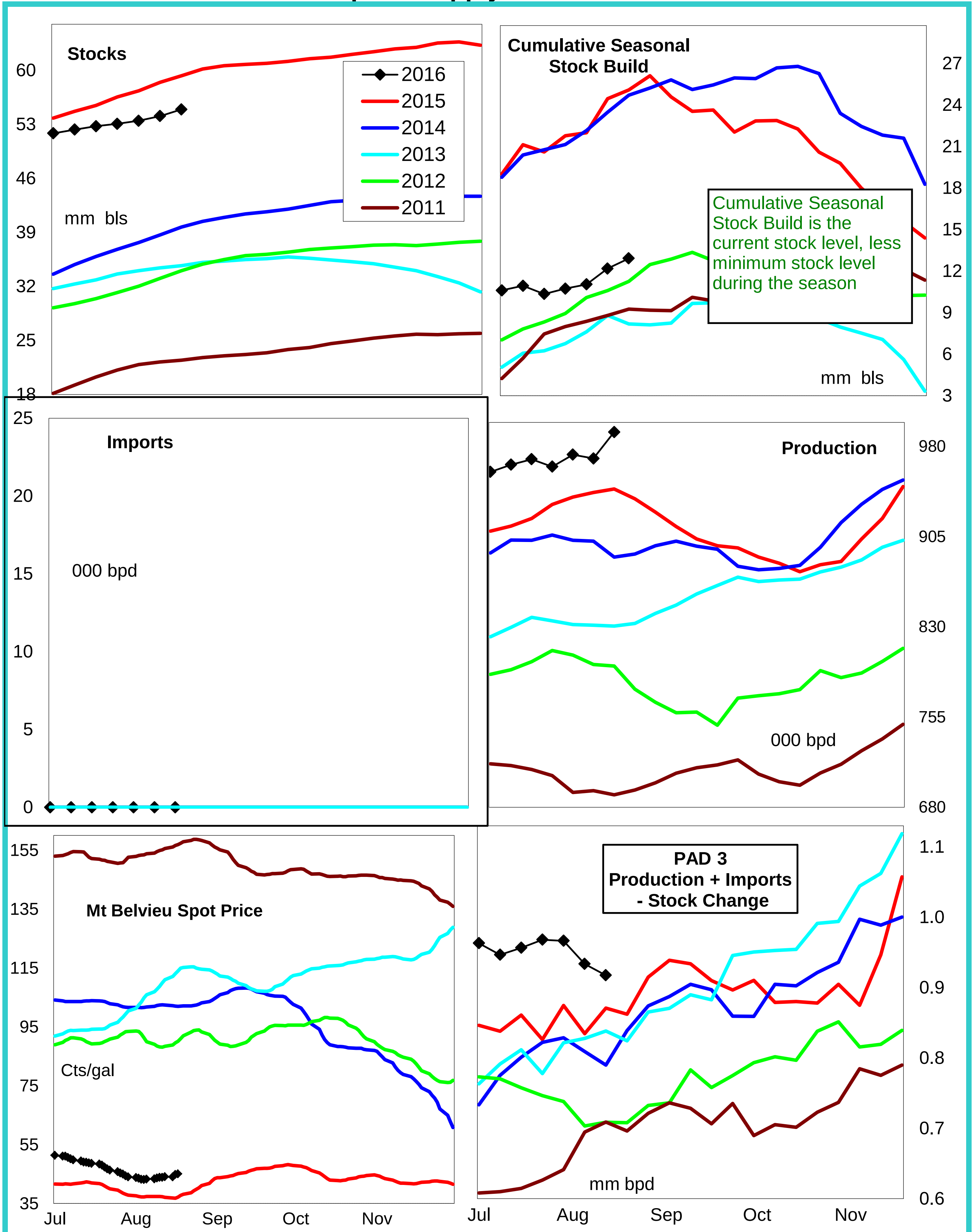
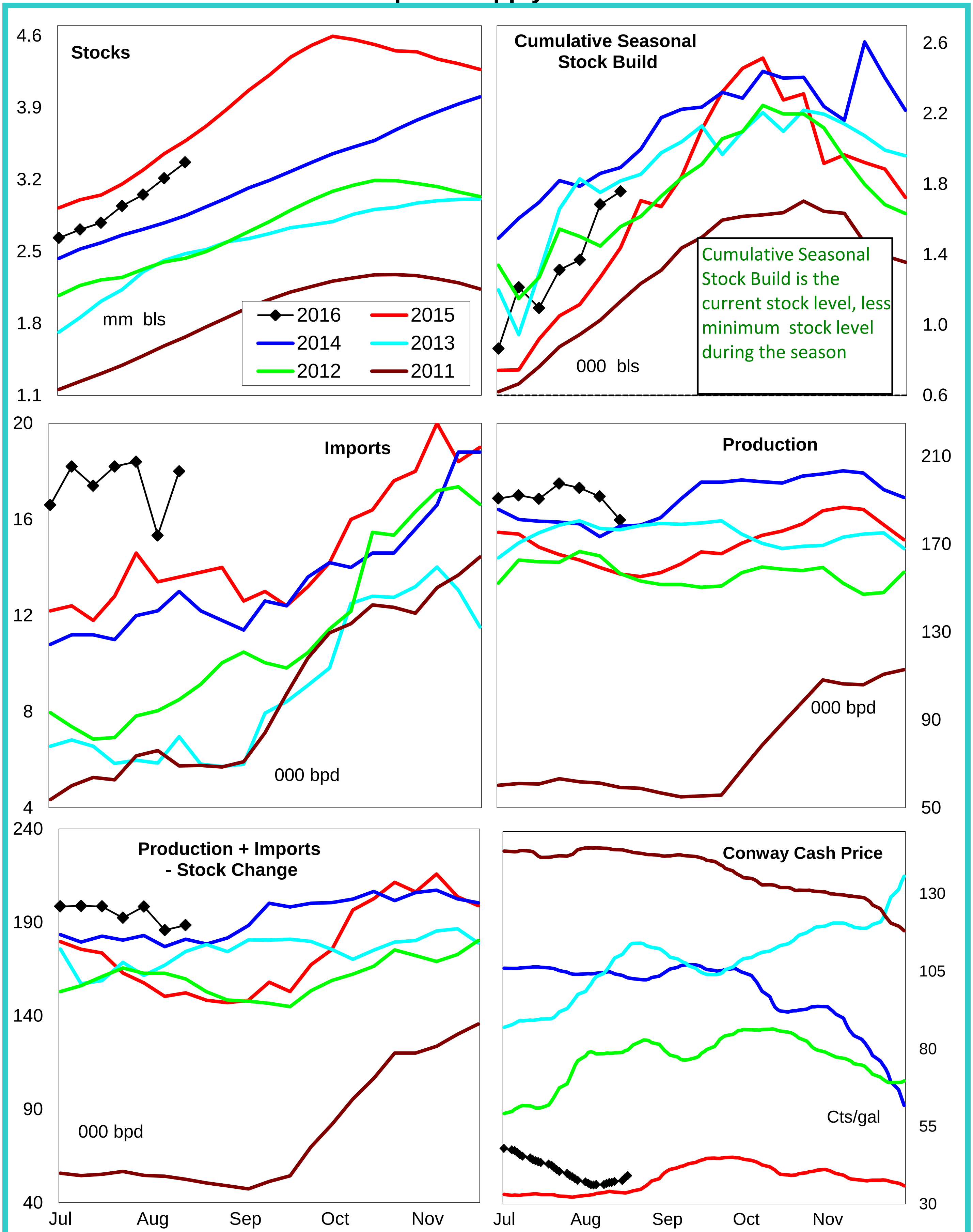
PADD 3 Propane Supply and Demand Balance



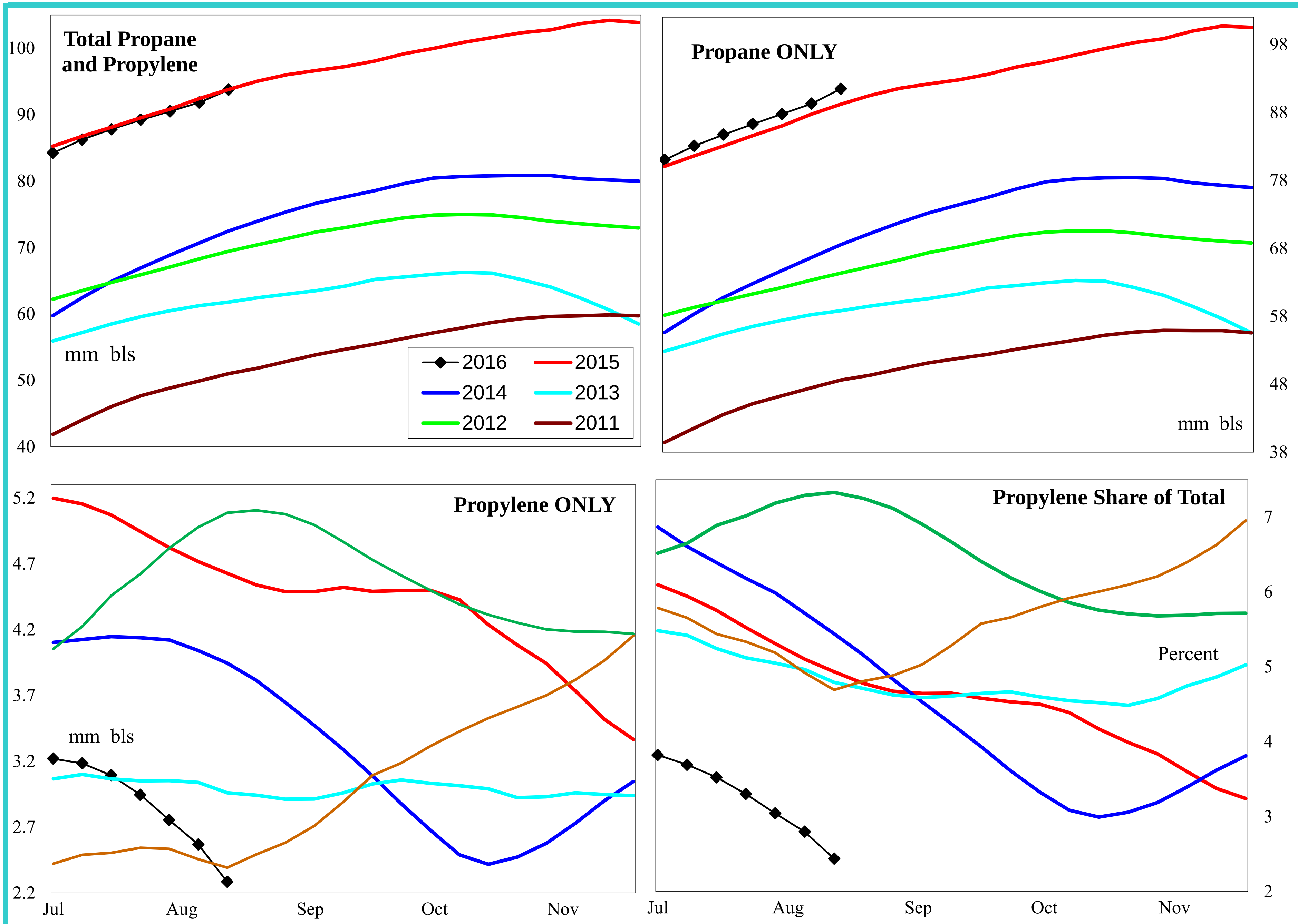
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-4,712	-12,173	29	0	95
% change	-7.9	-48	3.1	#DIV/0!	11.8

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)	-207	320	33	3	35
% change	-5.8	22.3	20.5	19.3	22.8

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-122	2,123	-2,345
% change	-0.1	2.4	-50.7

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