FUNDAMENTAL PETROLEUM TRENDS

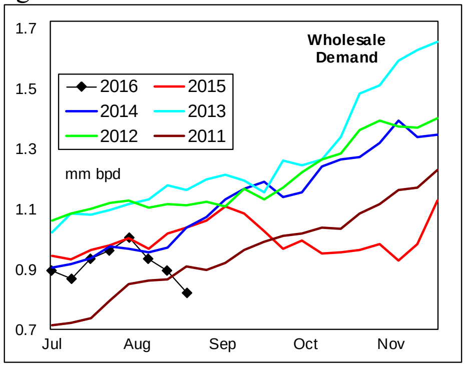
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

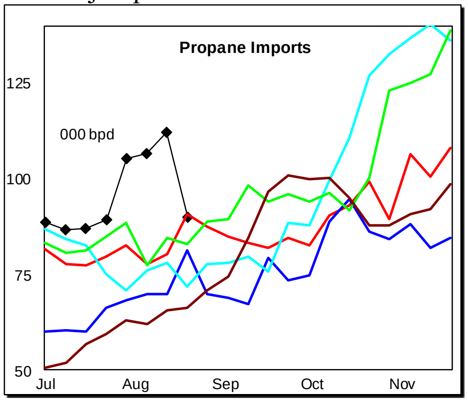
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

Summary[1]:

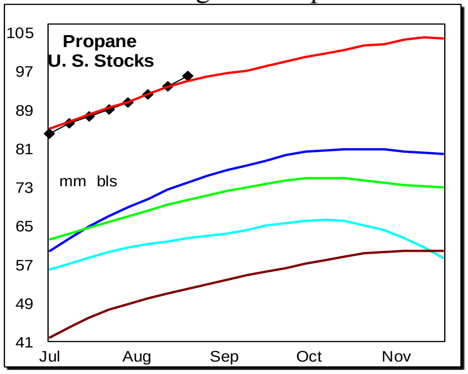
Wholesale demand decreased -0.2 million bpd last week, with the latest 4-wk average -44,000 bpd below a year ago.



Production decreased -7,000 bpd last week; with the latest 4-wk average +76,000 above a year ago. Imports fell -83,000 bpd last week, reversing last week's jump on the East Coast.

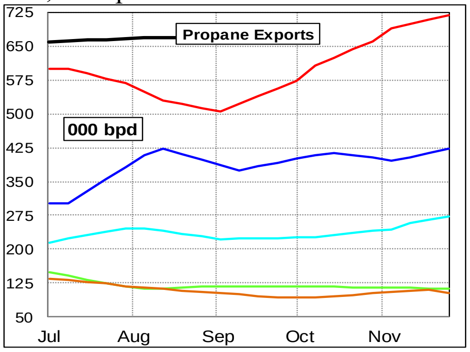


Sharply lower wholesale demand offset the decrease in supply, leading to a +2.4 million barrel stock build, a level above the historic average for the period.

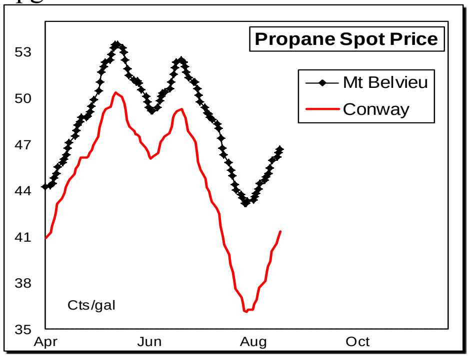


The cumulative seasonal stock build of +34 million barrels, was -8 million barrels below last year. Stock levels ended the week nearly unchanged from a year ago for the period.

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



Price and Spreads Mt Belvieu spot prices increased +2 cpg last week ending 24Aug16, while Conway prices saw a +3 cpg increase.



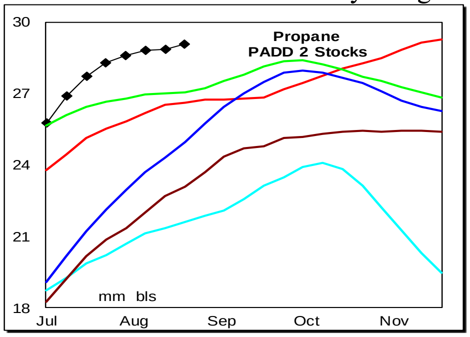
The Conway – Mt Belvieu price spread trended higher last week, ending at a level below the last 3-yrs.

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

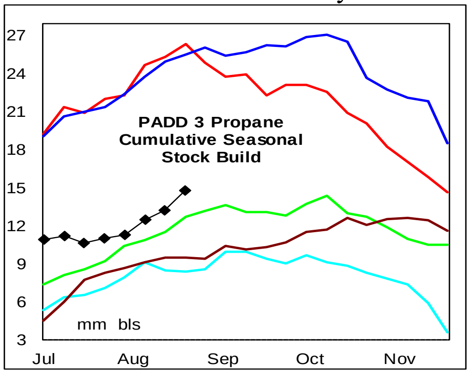
The propane / crude oil price spread traded sideways on the week, ending at a level near a year ago.

PADD 1 stocks increased +0.5 million barrels on the week. Stock levels ended the week +64% above a year ago, driven by an earlier than normal jump in imports. Supplies were -18,000 bpd below last year, due to a reclassification by EIA of production to the Midwest and Gulf regions.

PADD 2 supply increased +12,000 bpd on the week. Production for the latest 4-wk period was +55,000 bpd above a year ago. Stocks increased +0.2 million barrels to a level +8% above a year ago.



PAD 3 stocks increased +1.6 million barrels on the week; the result of lower exports. Stock levels ended the week -4.2 million barrels below last year. Supply for the latest 4-wk period was +23,000 bpd above last year. The cumulative seasonal build of +14.7 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 increased +12,000 bpd. Stock levels ended the week -10% below last year, but above the 3-yr mid range.

Emerging Trends Lower wholesale demand and exports offset reduced imports for the week, and supported a +2.4 million barrel stock build. Stock levels remain very high in all regional markets, led by the Midwest and East Coast which are at record levels.

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

PROPANE: Graph Link and Weekly Summary

August 24, 2016

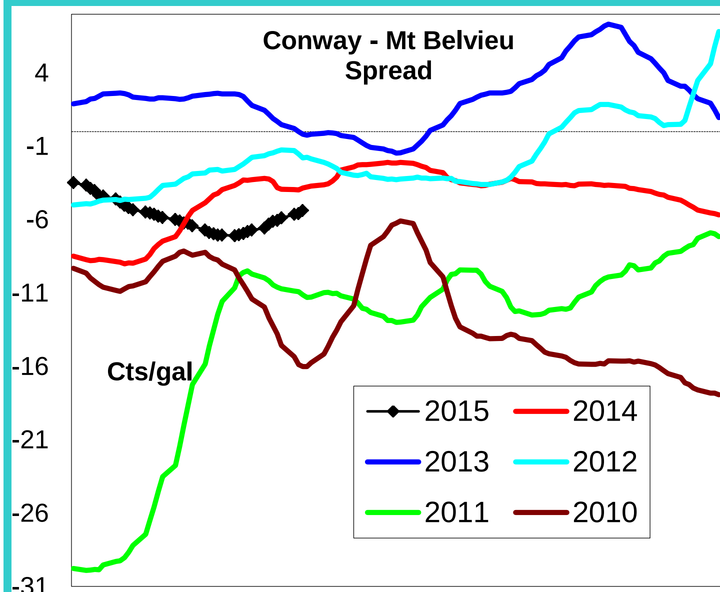
Fundamental Trends for the Week Ending: Friday, August 19, 2016

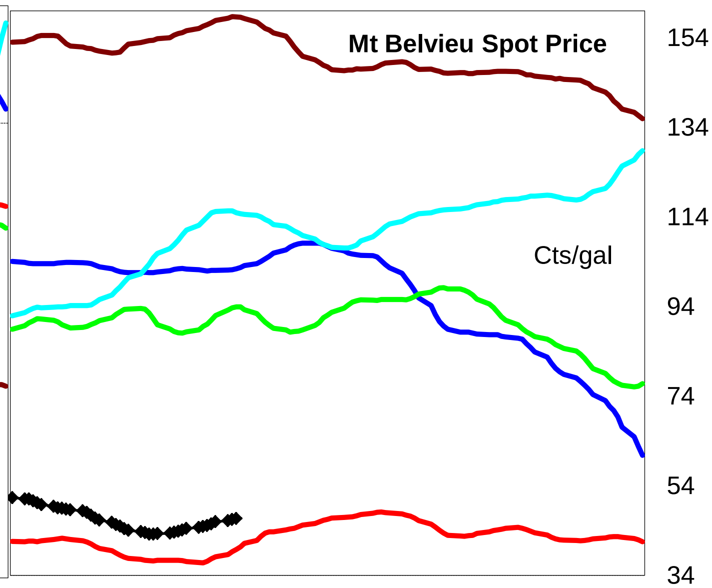
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	96,135	7,067	29,088	56,526	3,454	2,391	495	242	1,567	87
Propylene Stocks	2,197					-86				
Production	1,715	151	398	976	190	-7	-6	6	-16	9
Imports	90	21	48	0	21	-74	-83	6	0	3
Whsle Demand	795					-160				

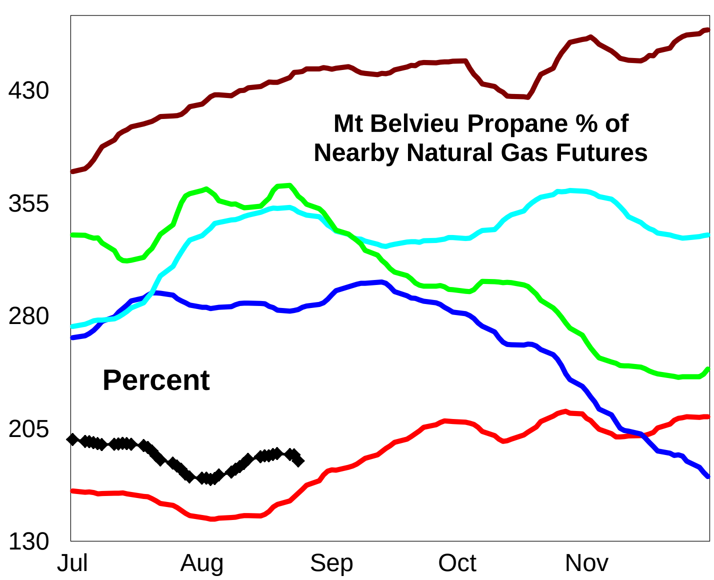
Price Trends for the Week Ending: Wednesday, August 24, 2016

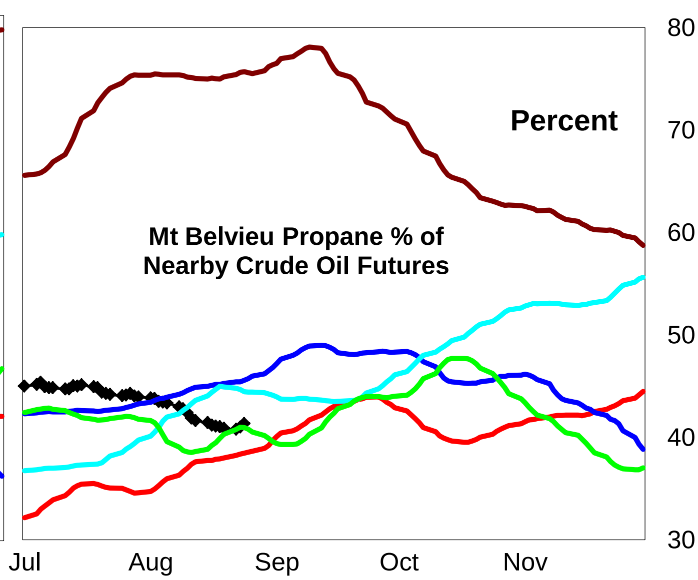
Cents/gal	Average for week ending:				Change from:			% change from:		
	8/24/16	8/17/16	7/27/16	8/28/15	8/17/16	7/27/16	8/28/15	8/17/16	7/27/16	8/28/15
Mont Belvieu Spot	46.5	44.5	46.2	36.6	1.98	-1.65	9.57	4.4	-3.6	26.1
Conway Spot	40.9	38.0	40.5	33.1	2.85	-2.48	7.40	7.5	-6.1	22.4

Key Price Spreads and Differentials

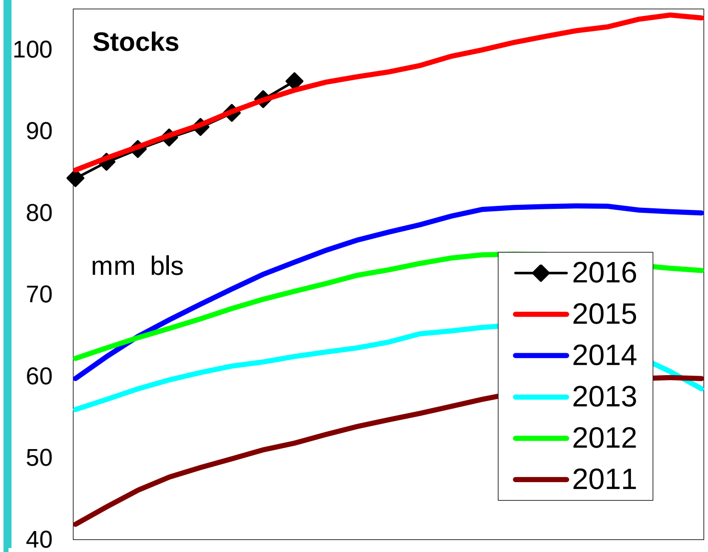


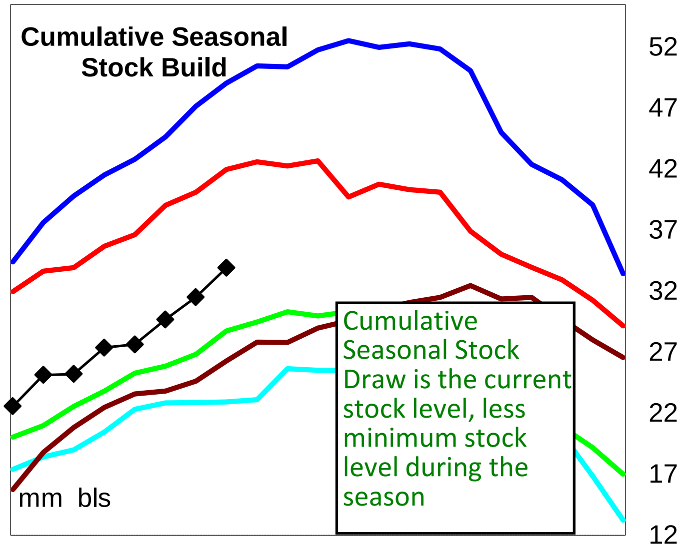


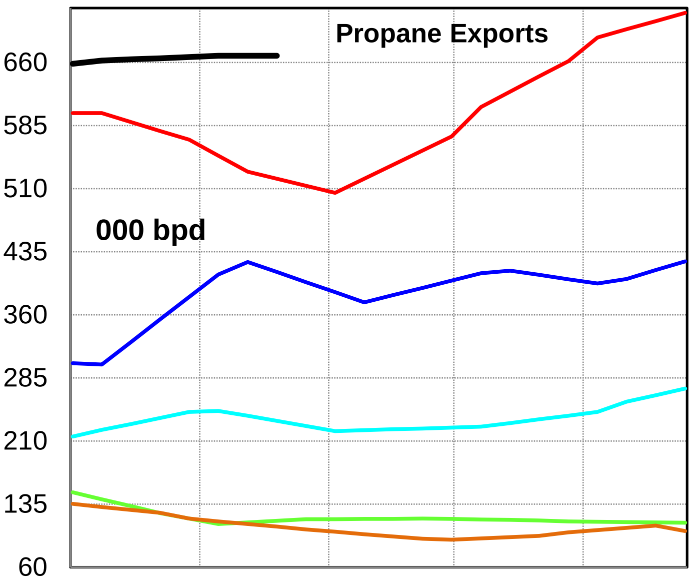


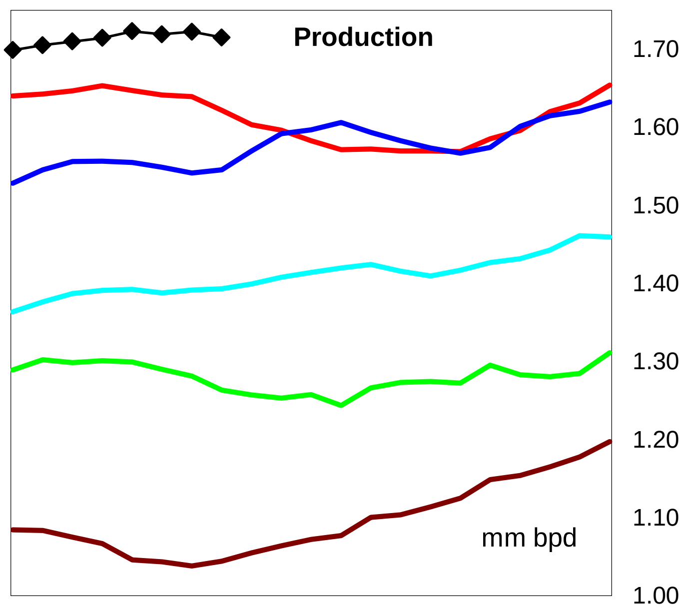


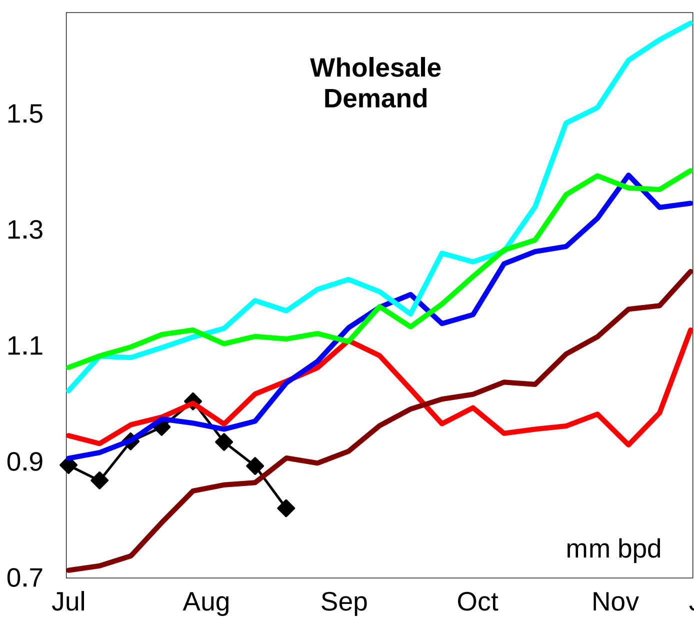
U. S. Propane Supply and Demand Balance

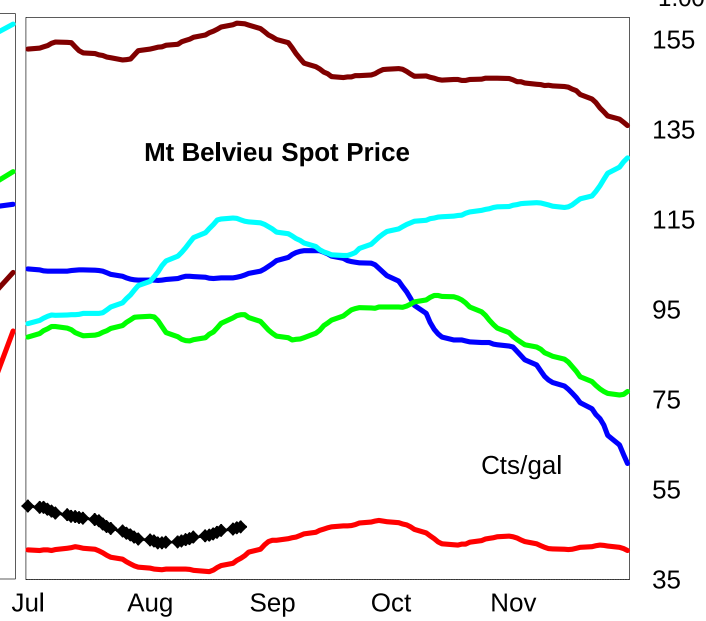












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jul	Jun	May
000 bpd (000 bls stks)	411	-8,071	76	22		-44	-24	-144	93
% change	0.4	-19	4.6	26.5		-4.6	-2.4	-14.2	11.6

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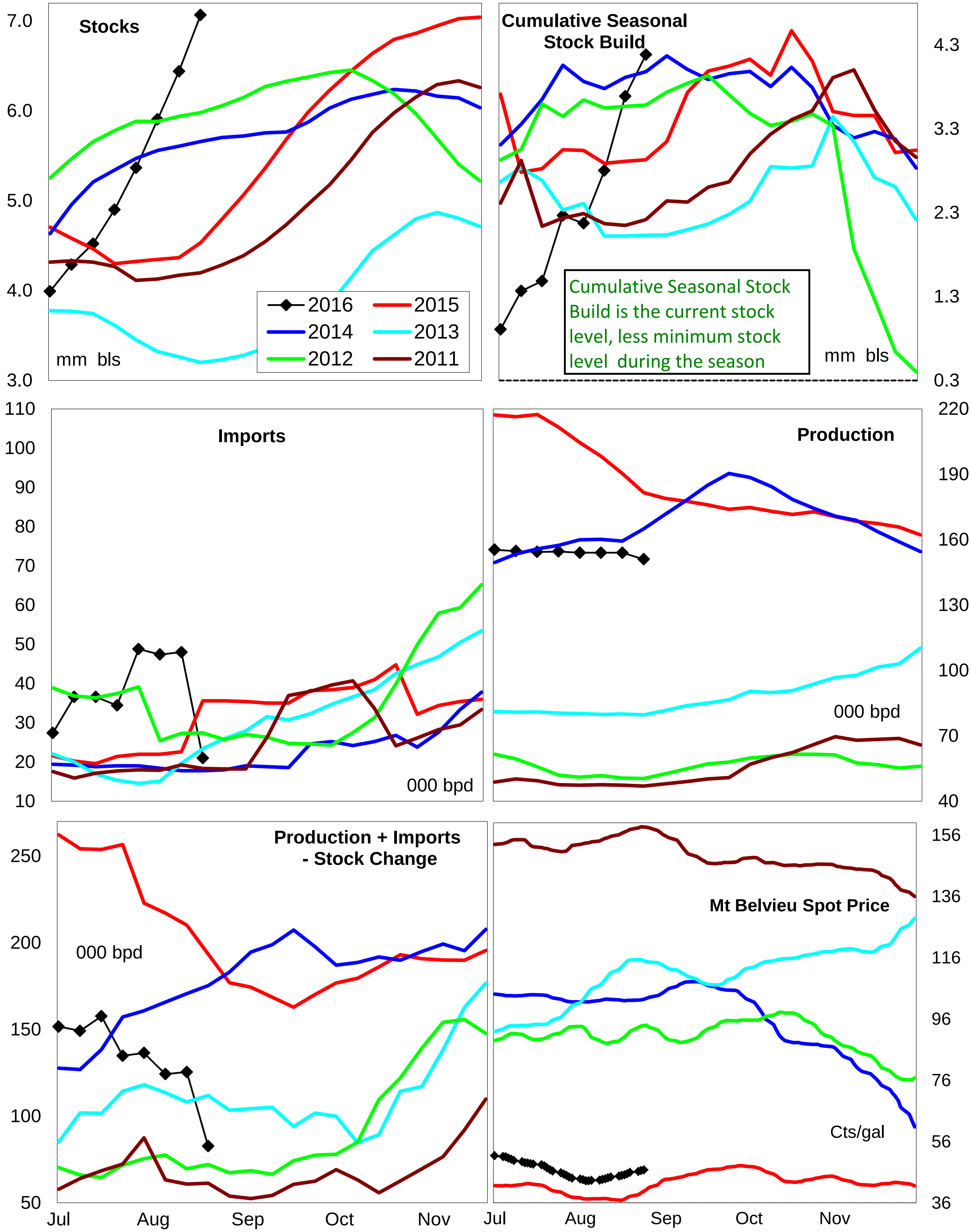
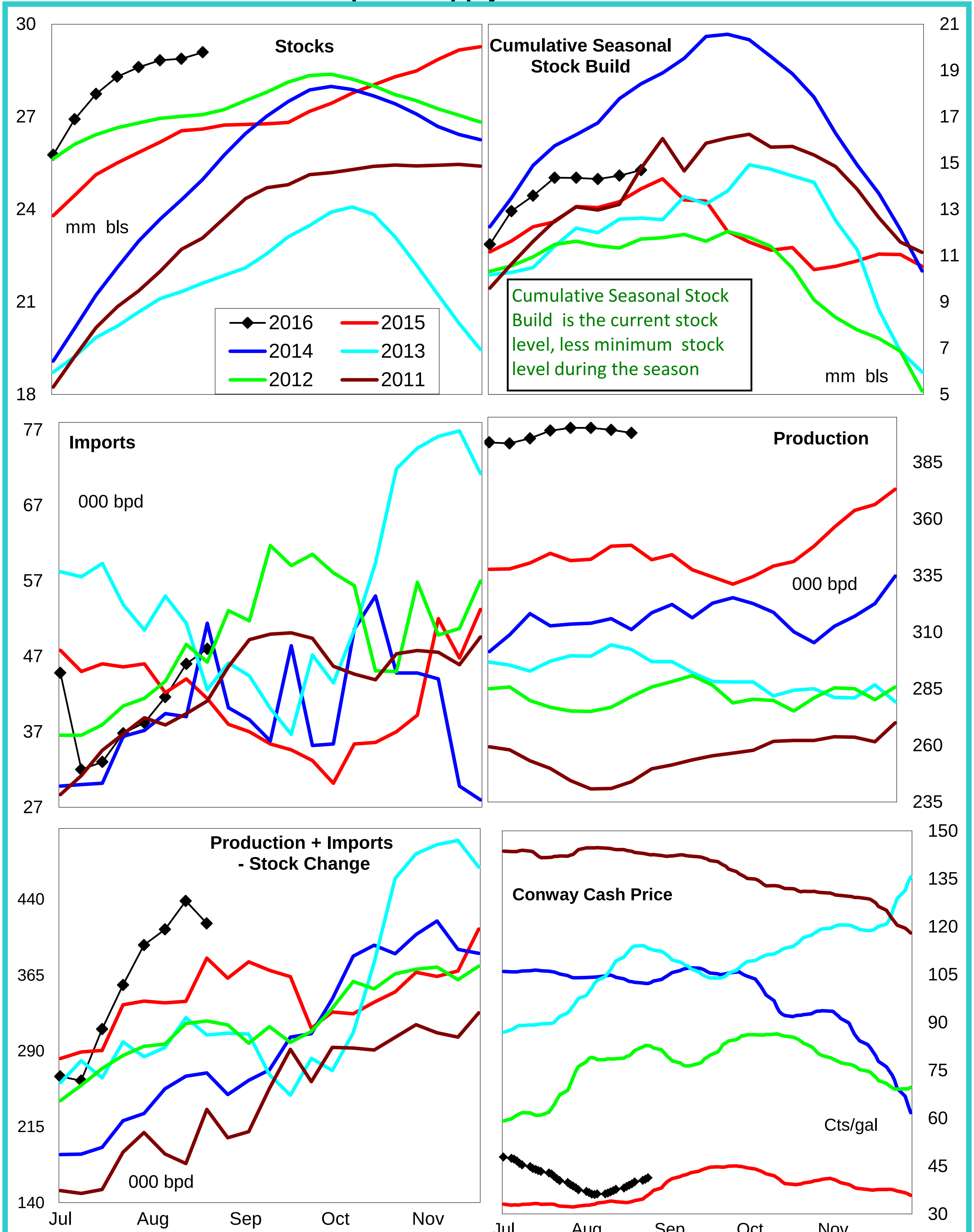
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	2,753	1,252	-38	20	-94
% change	63.8	42.7	-19.9	86.7	-44.4

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)	2,204	813	55	-1	65
% change	8.2	6.1	16.0	-1.7	18.7

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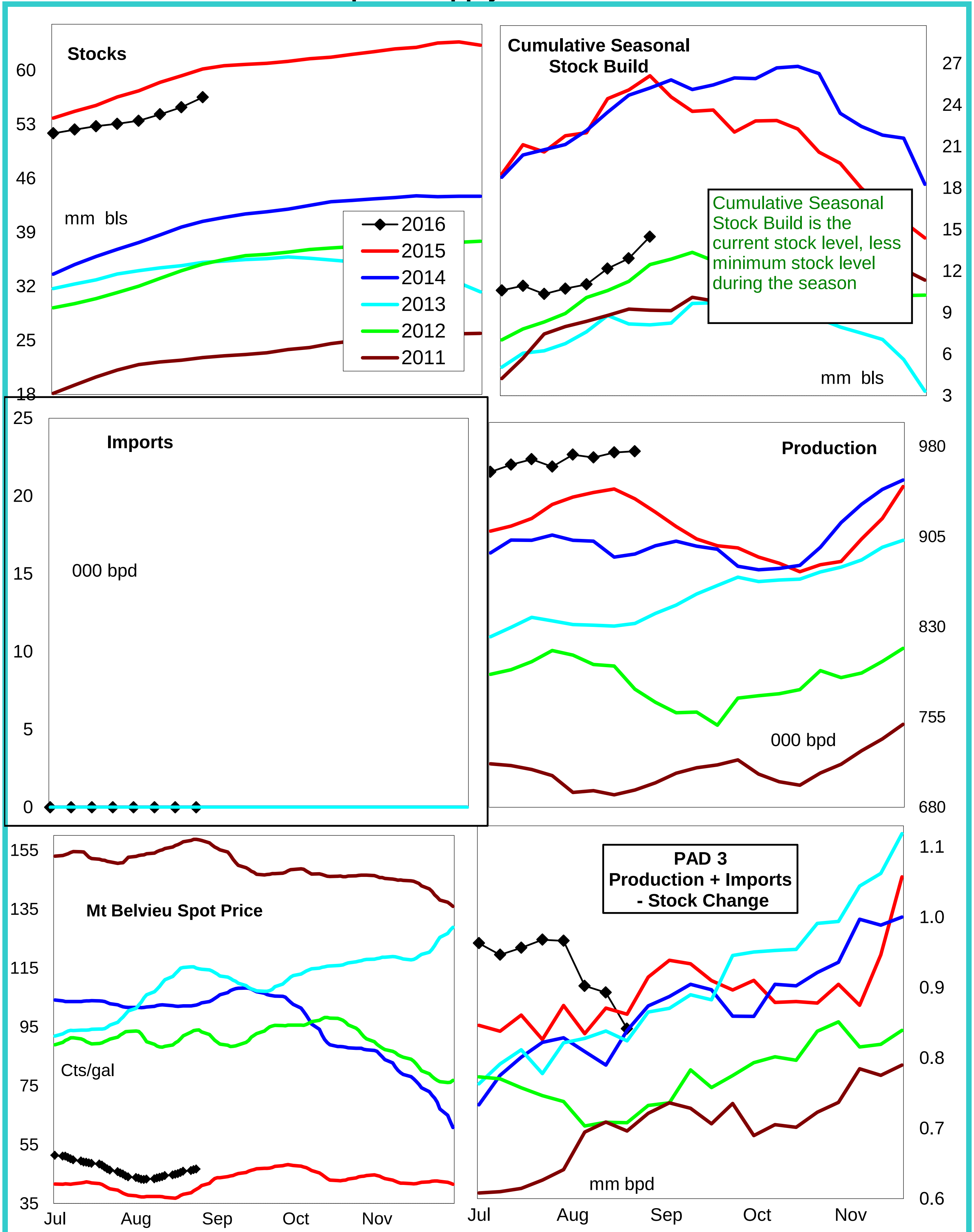
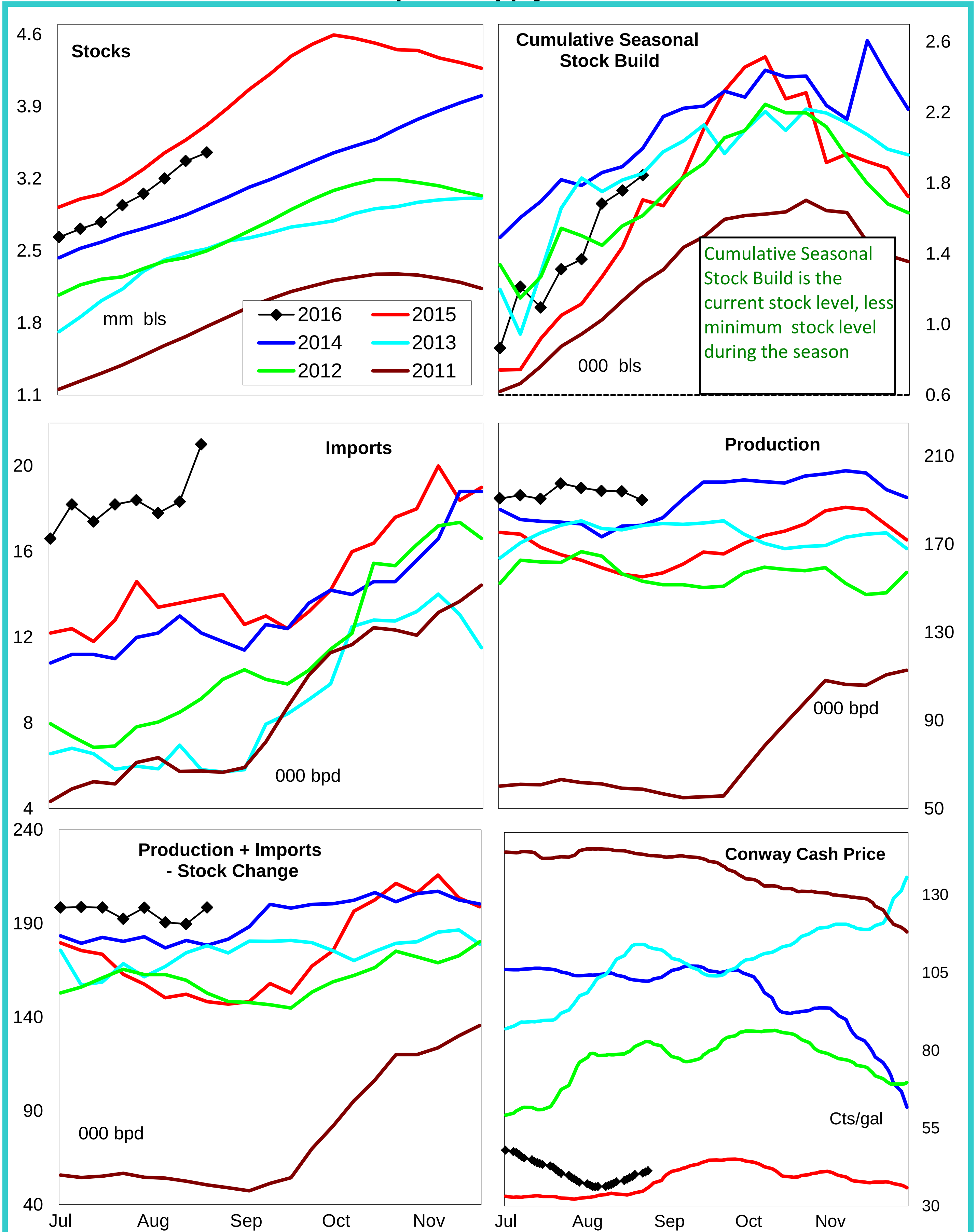
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-4,158	-11,619	23	0	40
% change	-6.9	-44	2.4	#DIV/0!	5.0

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)	-388	139	36	3	42
% change	-10.1	8.1	23.0	19.6	27.7

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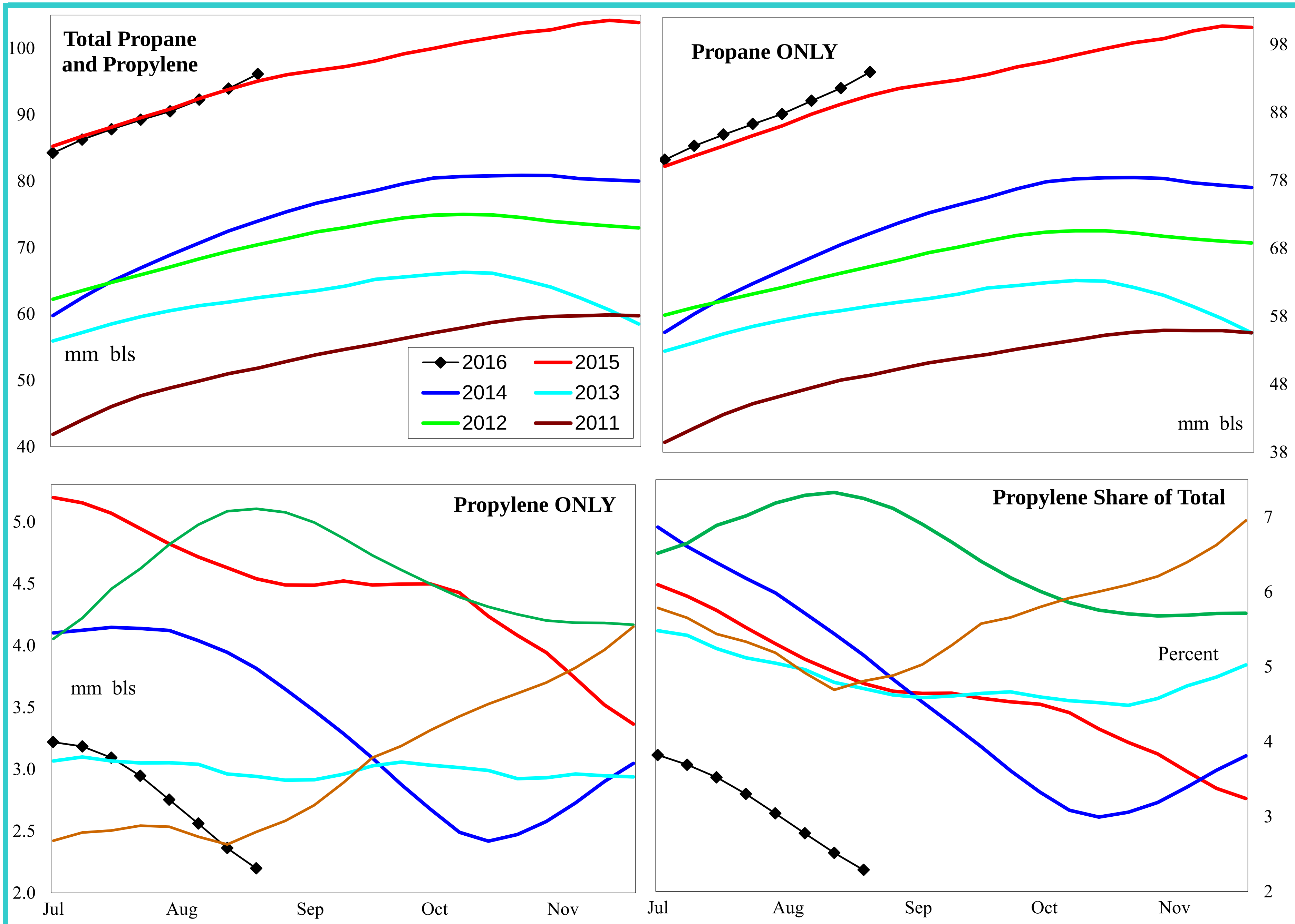
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	411	2,738	-2,342
% change	0.4	3.0	-51.6

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

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