



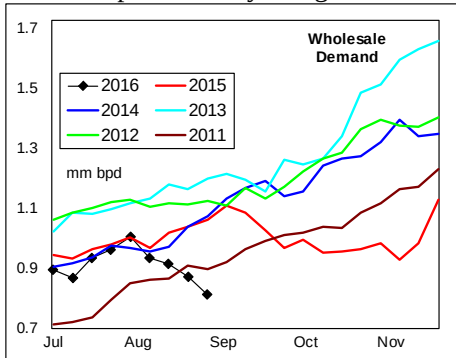
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

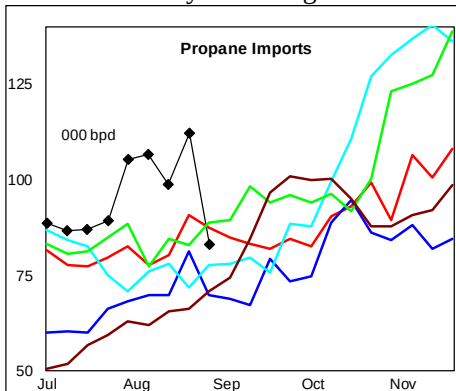
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

Summary¹:

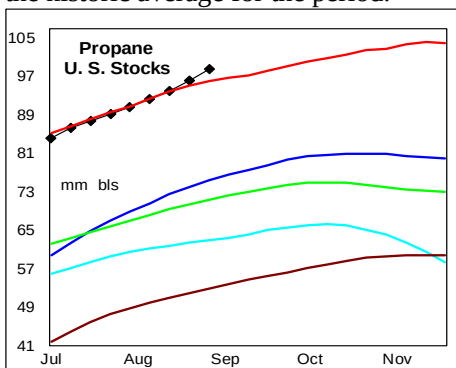
Wholesale demand was unchanged last week, with the latest 4-wk average - 129,000 bpd below a year ago.



Production decreased -29,000 bpd last week; with the latest 4-wk average +79,000 above a year ago. Imports decreased -7,000 bpd for the week, to a level near the 3-yr mid range.

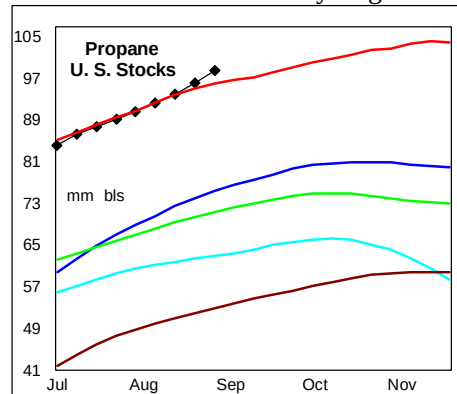


Weak wholesale demand led to a +2.4 million barrel stock build, a rate above the historic average for the period.



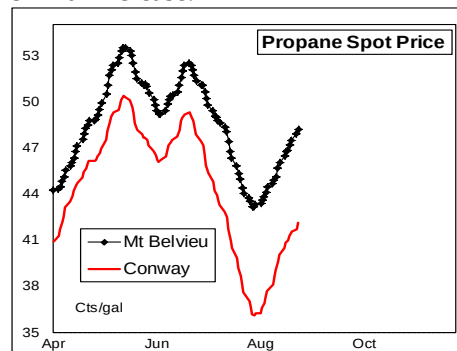
The cumulative seasonal stock build of +36 million barrels, was -6 million barrels below last year. Stock levels

ended the week at a new 5-yr high.



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 +1 cpg last week ending 31Aug16, while Conway prices saw a similar increase.



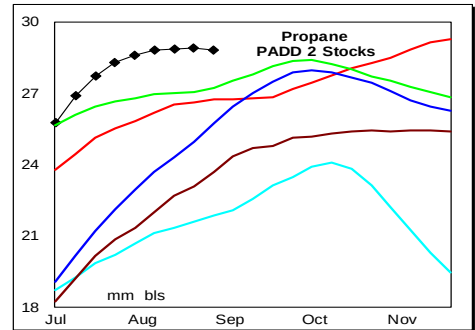
The Conway - Mt Belvieu price spread was unchanged on the week, ending at a level below the last 3-yrs.

The propane to natural gas price spread was unchanged on the week, at a level near last year's record low.

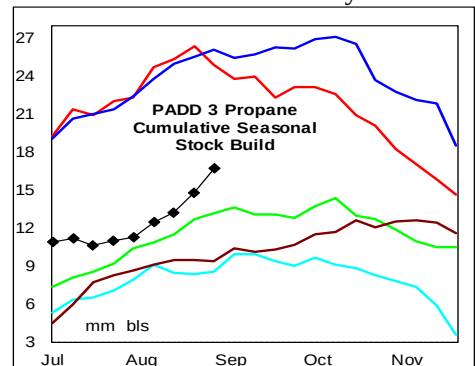
The propane / crude oil price spread traded higher on the week, ending at a level near the 3-yr mid range.

PADD 1 stocks decreased -0.2 million barrels on the week. Stock levels ended the week +52% above a year ago, driven by an earlier than normal jump in imports. Supplies were -13,000 bpd below last year, due to a reclassification by EIA of production to the Midwest and Gulf regions.

PADD 2 supply decreased -12,000 bpd on the week. Production for the latest 4-wk period was +49,000 bpd above a year ago. Stocks decreased -0.3 million barrels to a level +5% above a year ago.



PAD 3 stocks increased +2.5 million barrels on the week; the result of lower exports. Stock levels ended the week -1.6 million barrels below last year. Supply for the latest 4-wk period was +22,000 bpd above last year. The cumulative seasonal build of +16.7 million barrels compares to a build of +25 million barrels the last 2-yrs.



PADDs 4 & 5 stocks increased +0.3 million barrels last week, as supplies increased +3,000 bpd. Stock levels ended the week -2% below last year's record high.

Emerging Trends Weak wholesale demand led to another above average stock build for the period. 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 Belvieu.

¹ Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

August 31, 2016

Fundamental Trends for the Week Ending:

Friday, August 26, 2016

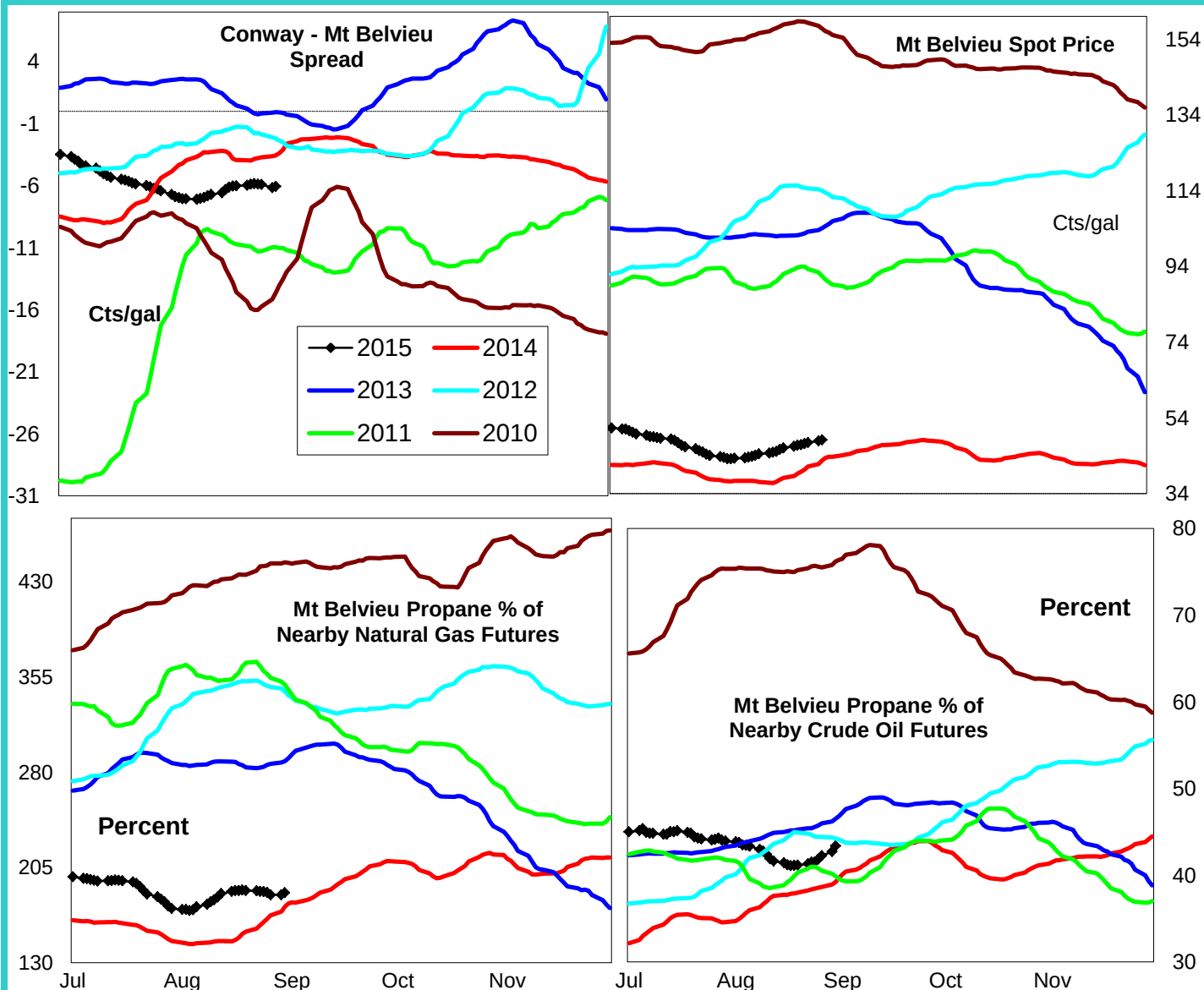
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	98,510	6,896	28,803	59,073	3,738	2,375	-171	-285	2,547	284
Propylene Stocks	2,203					6				
Production	1,686	149	388	952	197	-29	-2	-10	-24	7
Imports	83	20	46	0	17	-7	-1	-2	0	-4
Whsle Demand	786					-9				

Price Trends for the Week Ending:

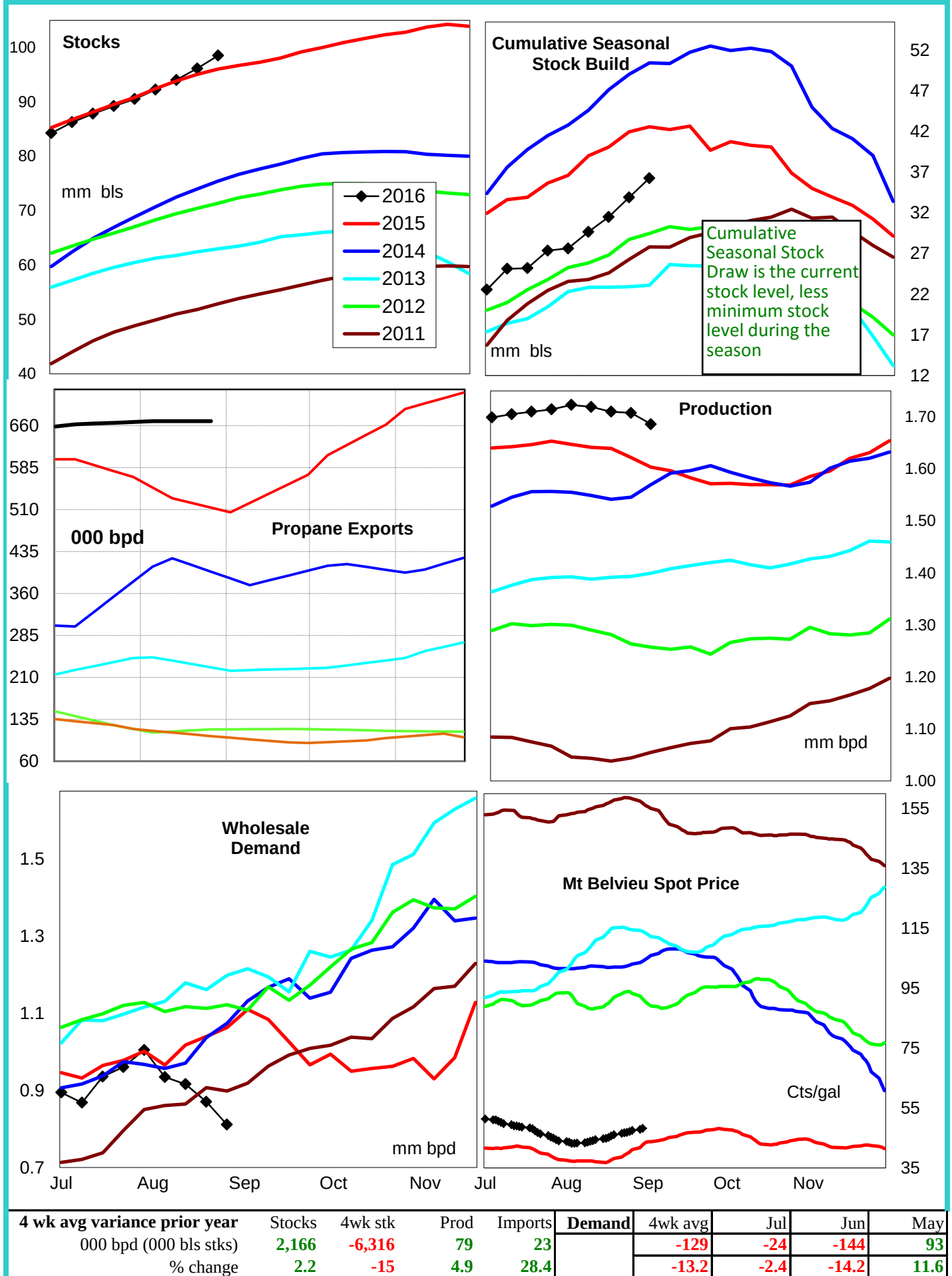
Tuesday, August 30, 2016

Cents/gal	Average for week ending:				Change from:			% change from:		
	8/30/16	8/23/16	8/2/16	9/3/15	8/23/16	8/2/16	9/3/15	8/23/16	8/2/16	9/3/15
Mont Belvieu Spot	47.6	46.1	43.0	43.0	1.53	3.10	-0.02	3.3	7.2	-0.1
Conway Spot	41.7	40.4	36.5	38.3	1.33	3.90	-1.85	3.3	10.7	-4.8

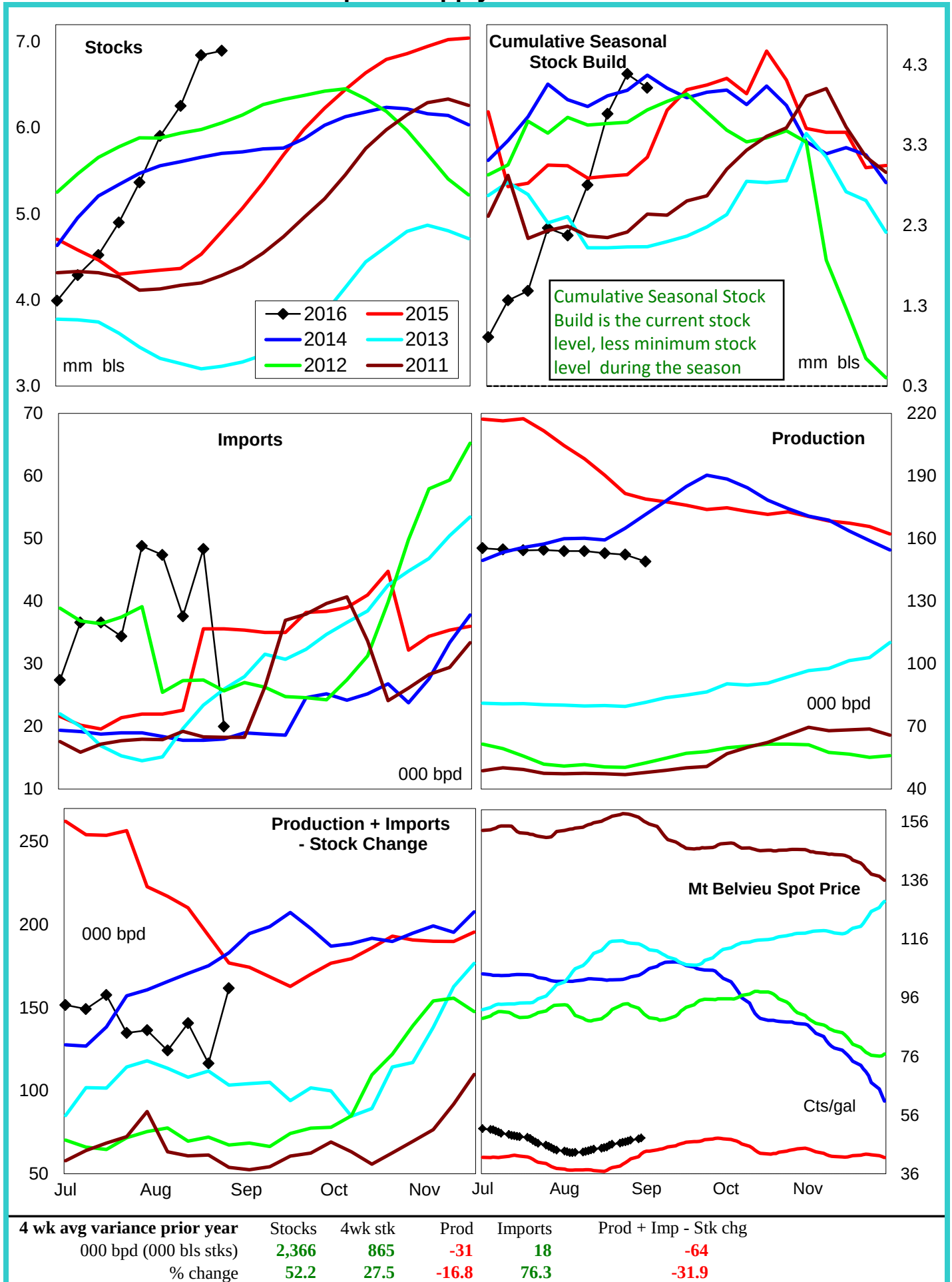
Key Price Spreads and Differentials



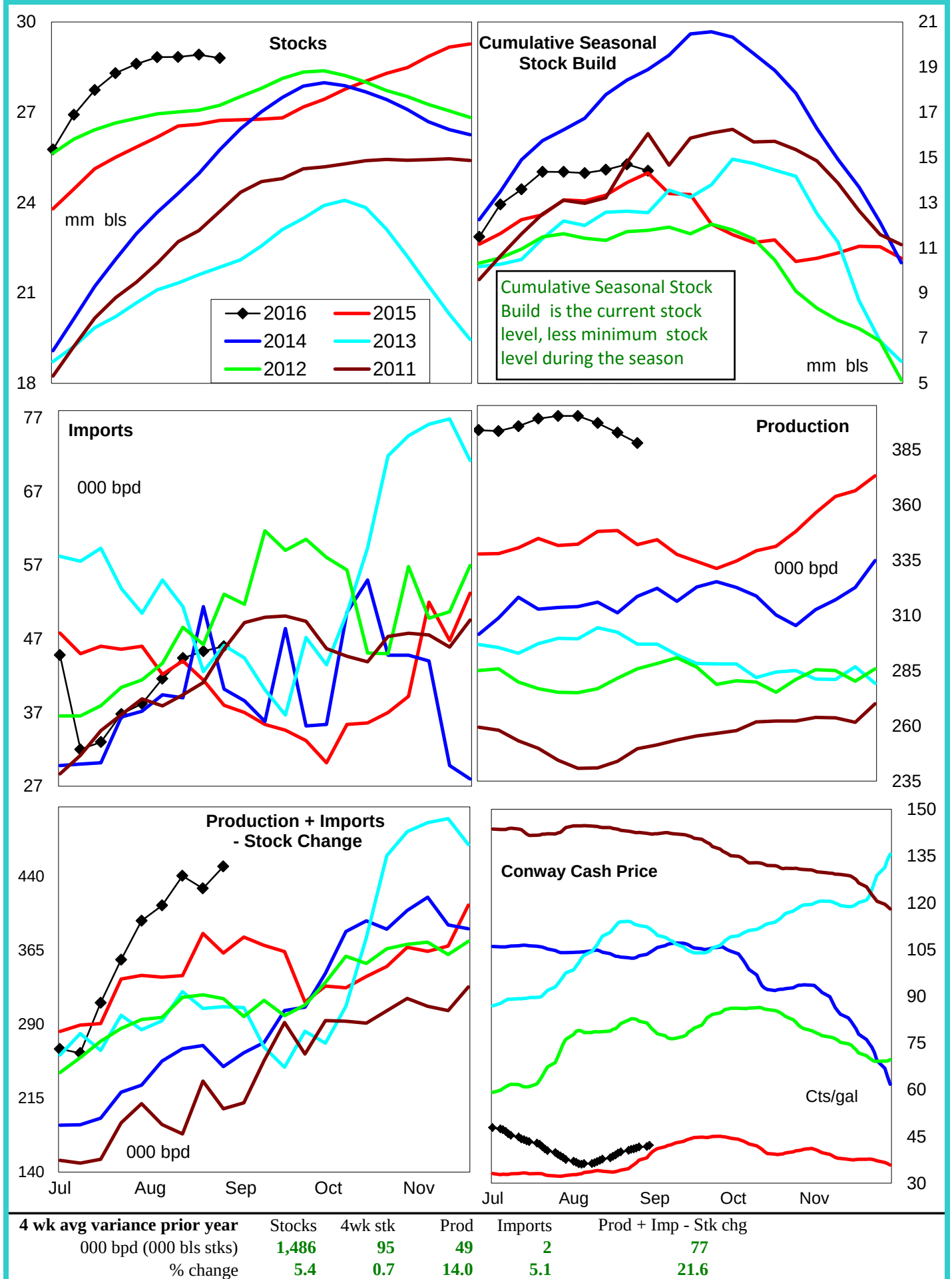
U. S. Propane Supply and Demand Balance



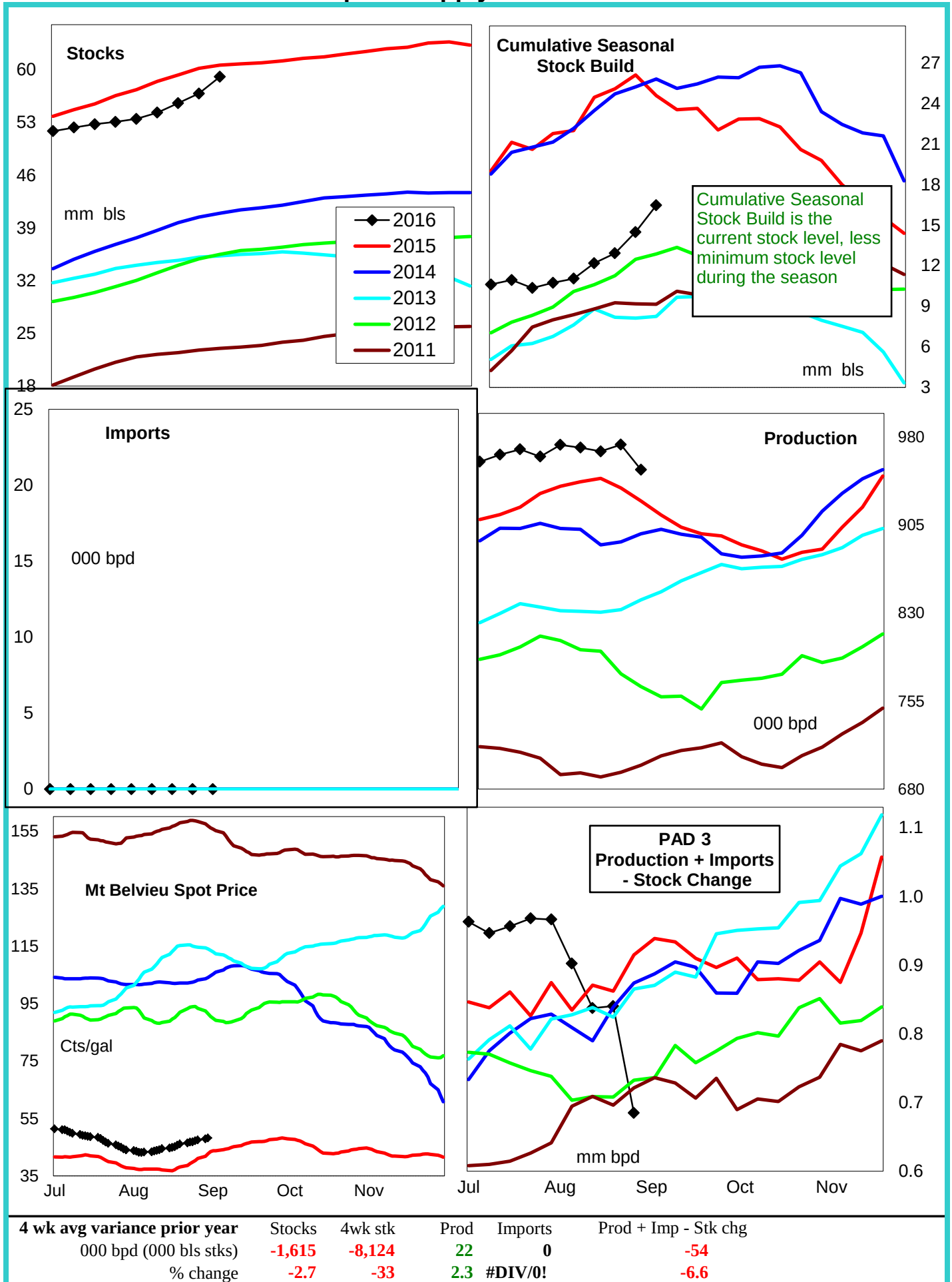
PADD 1 Propane Supply and Demand Balance



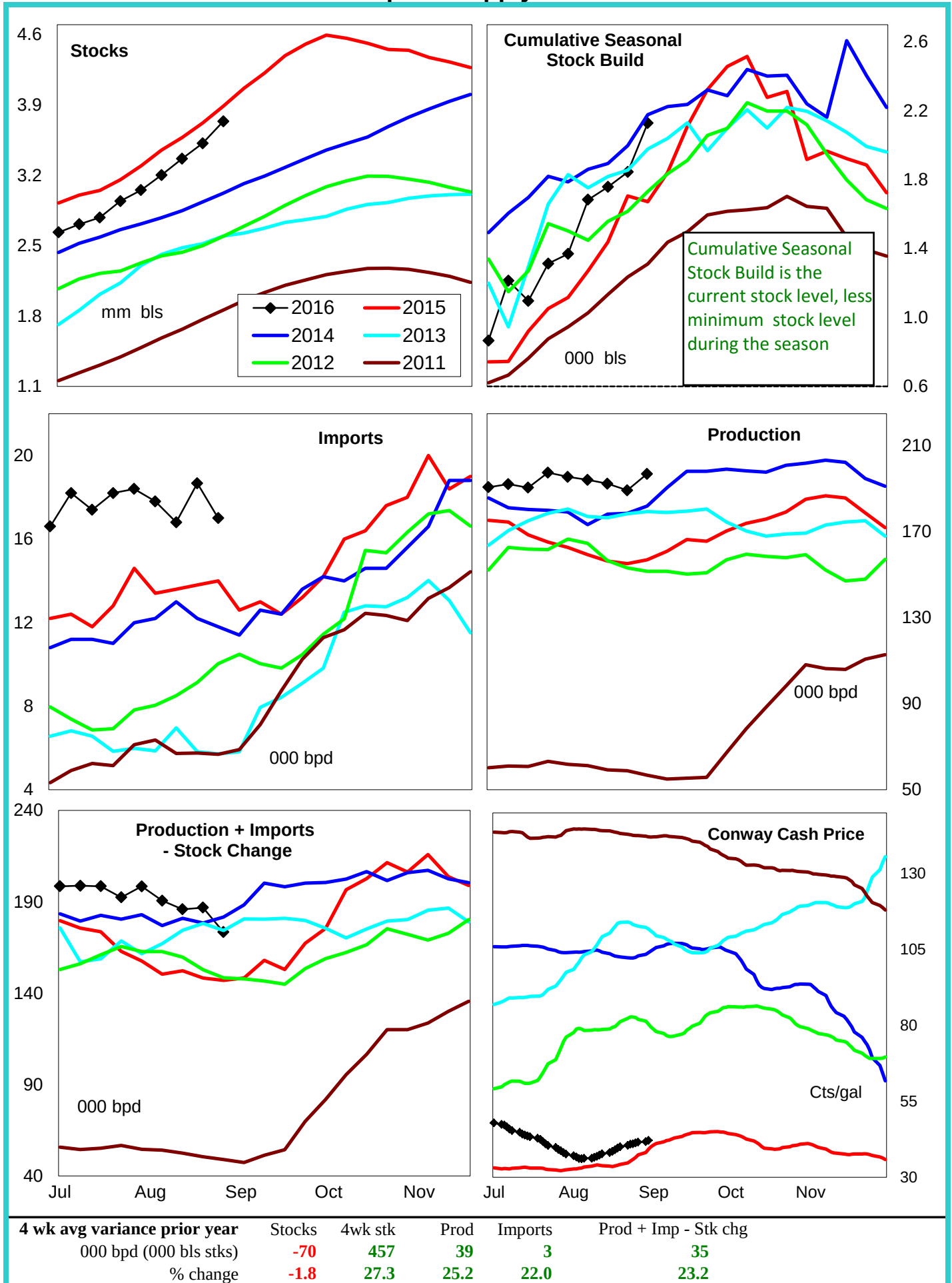
PADD 2 Propane Supply and Demand Balance



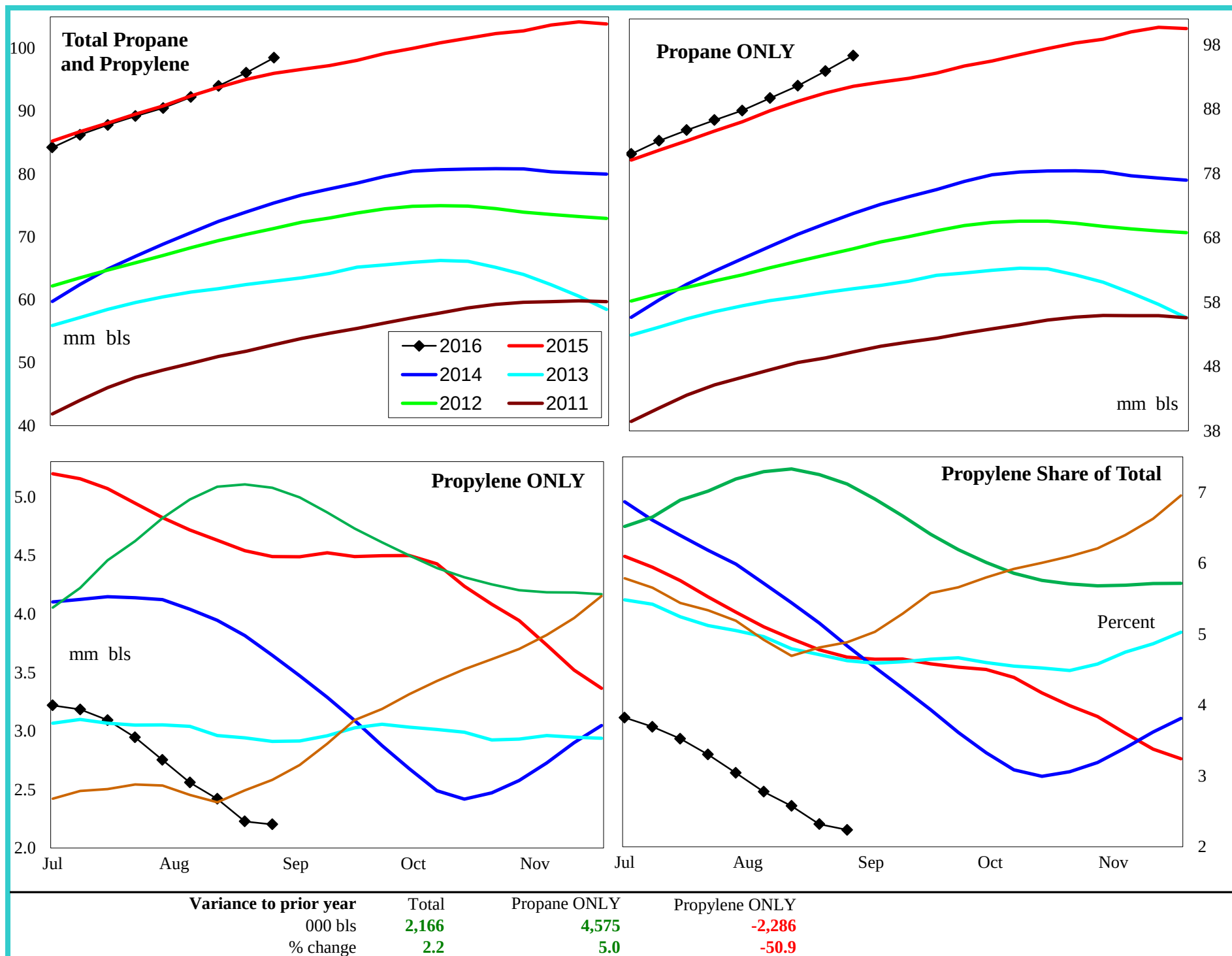
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

