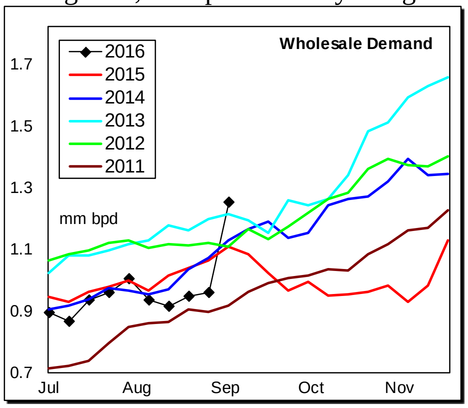
FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

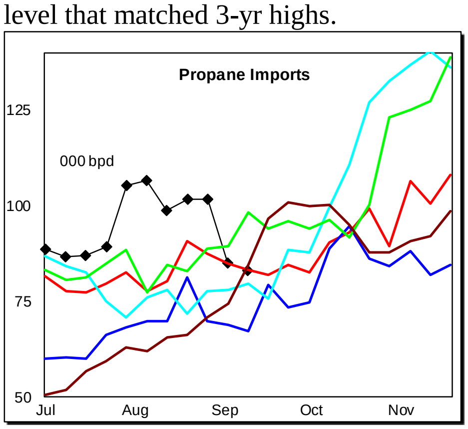
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

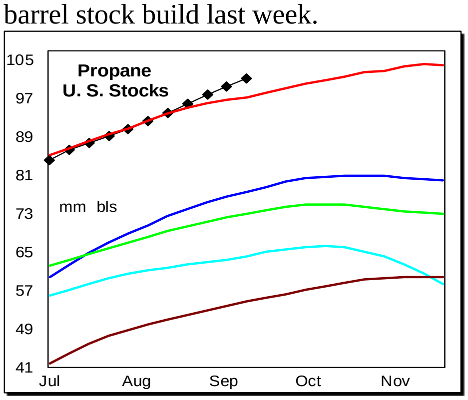
Summary[1]:
Wholesale demand decreased -89,000 bpd last week, with the latest 4-wk average -58,000 bpd below a year ago.



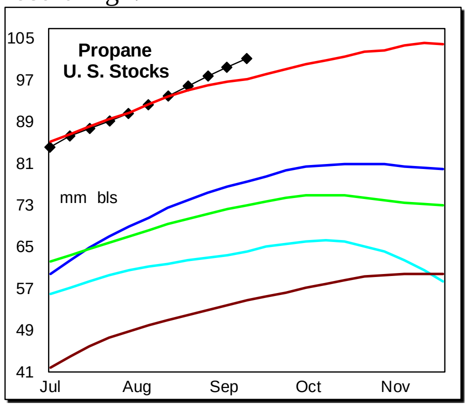
Production increased +30,000 bpd last week; with the latest 4-wk average +124,000 above a year ago. Imports decreased -6,000 bpd for the week, to a level that matched 3-yr highs.



Record production led to the +2 million barrel stock build last week.

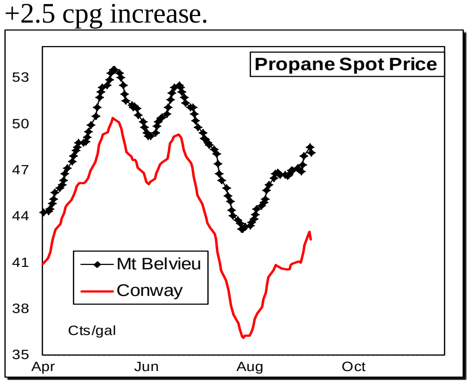


The cumulative seasonal stock build of +39 million barrels, was -4 million barrels below last year. Stock levels ended the week +3.5% above last year's record high.



Exports for the week ending 26Aug16 were +139,000 bpd above last year, at 644,000 bpd.

Price and Spreads Mt Belvieu spot prices increased +1.5 cpg last week ending 13Sep16, while Conway prices saw a +2.5 cpg increase.



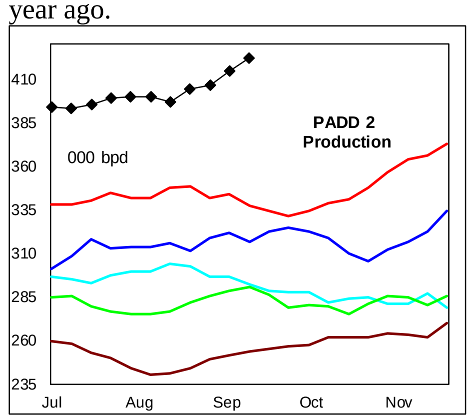
The Conway – Mt Belvieu price spread trended higher on the week, though still at a level below the last 3-yrs.

The propane to natural gas price spread trended lower late in the week, to a level that matched last year's record low.

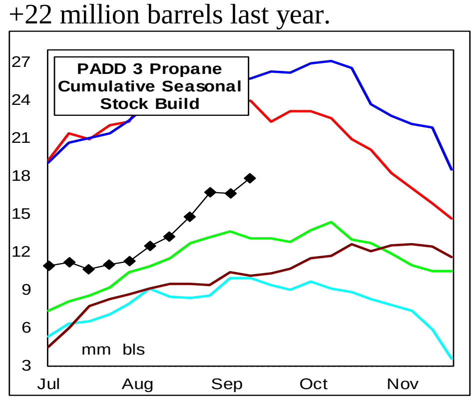
The propane / crude oil price spread traded higher on the week, ending at a level equal to the 3-yr mid range.

PADD 1 stocks increased +0.5 million barrels on the week. Stock levels ended the week +37% above a year ago, and an all-time record high. Supplies were -48,000 bpd below last year, due in part to lower imports (after an earlier surge).

PADD 2 supply decreased -25,000 bpd on the week, driven by lower imports and production. Production for the latest 4-wk period was +63,000 bpd above a year ago. Stocks increased +0.3 million barrels to a level +10% above a year ago.



PAD 3 stocks increased +1.2 million barrels on the week. Stock levels ended the week -0.9 million barrels below last year. Supply for the latest 4-wk period was +53,000 bpd above last year. The cumulative seasonal build of +17.8 million barrels compares to a build of +22 million barrels last year.



PADDs 4 & 5 stocks were unchanged last week, although supply increased +21,000 bpd last week. Stock levels ended the week -12% below last year's record high.

Emerging Trends Production for the most recent 4-wk period was +124,000 bpd above a year ago; a new record. The cumulative season stock build has nearly reached last years' rate, lifting stocks to a new record high for this time of year. Stock levels in all regions East of the Rockies match or exceed prior record highs for the period.

While start of the fall grain drying season should provide near term price support; excess supply risk a pullback ahead of the winter heating season.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

September 14, 2016

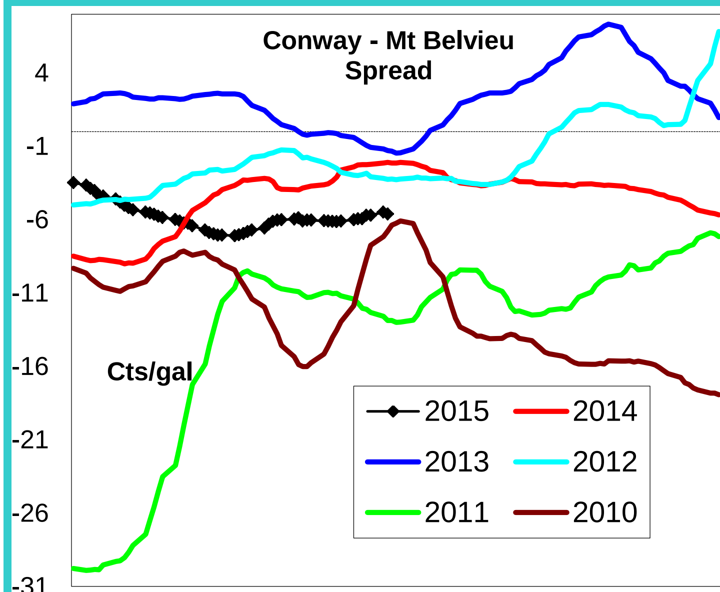
Fundamental Trends for the Week Ending: Friday, September 09, 2016

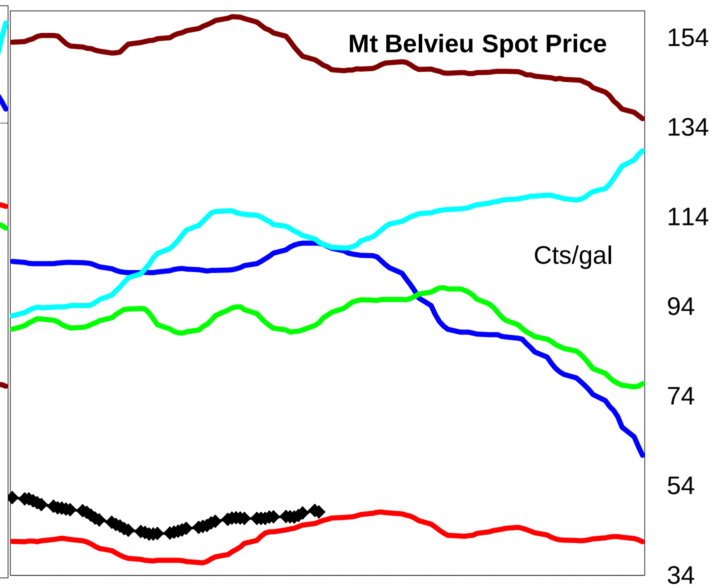
000 bpd / Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	101,090	7,654	29,441	60,245	3,750	1,963	483	255	1,194	31
Propylene Stocks	2,372					48				
Production	1,760	142	422	994	202	30	-7	-13	40	10
Imports	83	18	41	0	24	-6	-5	-12	0	11
Whsle Demand	1,139					-89				

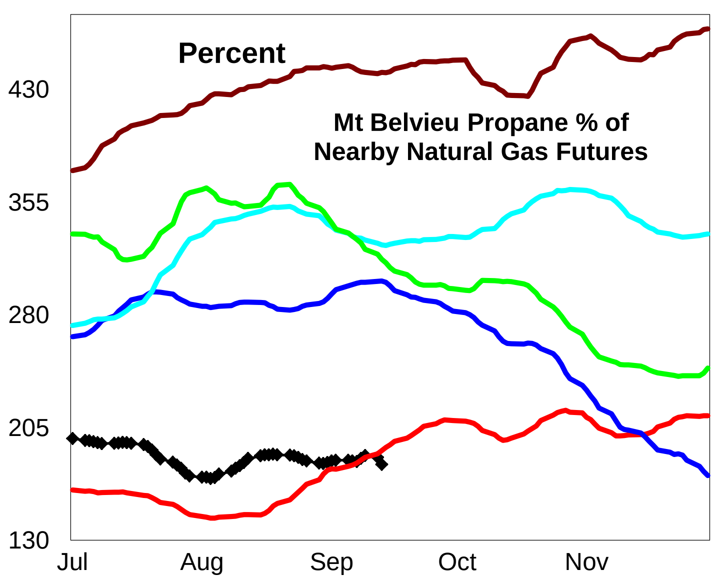
Price Trends for the Week Ending: Tuesday, September 13, 2016

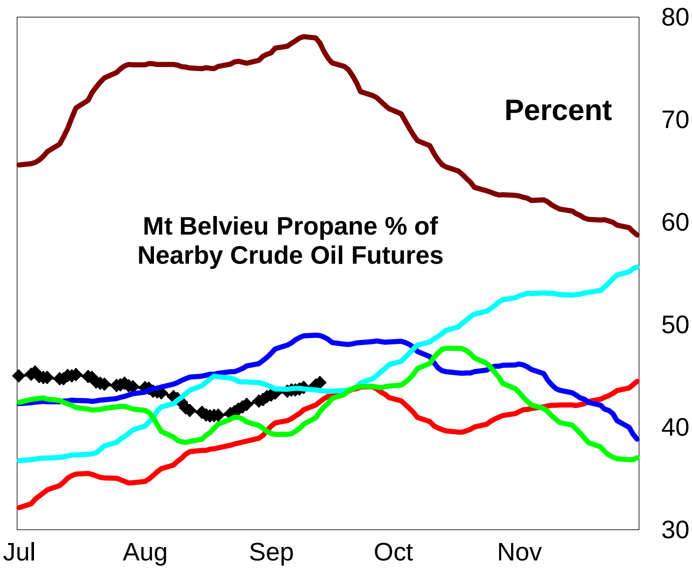
Cents/gal	Average for week ending:				Change from:			% change from:		
	9/13/16	9/6/16	8/16/16	9/17/15	9/6/16	8/16/16	9/17/15	9/6/16	8/16/16	9/17/15
Mont Belvieu Spot	48.2	45.7	43.9	45.1	2.58	1.78	-1.20	5.6	4.0	-2.7
Conway Spot	42.7	39.3	37.2	43.1	3.33	2.13	-5.90	8.5	5.7	-13.7

Key Price Spreads and Differentials

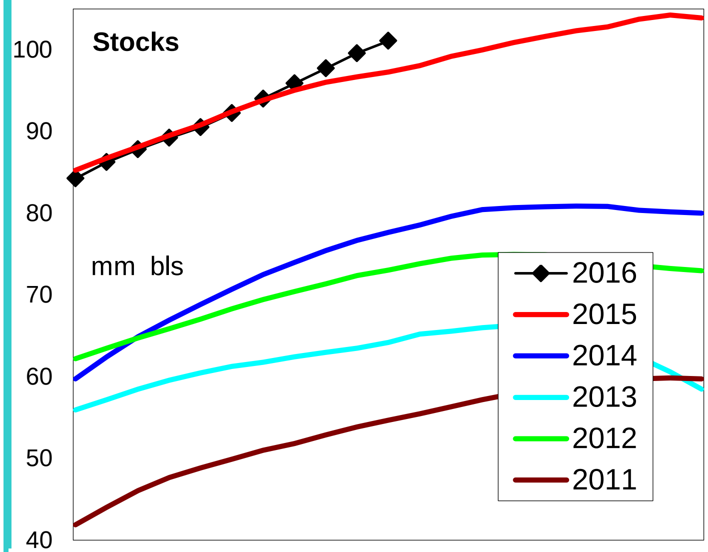


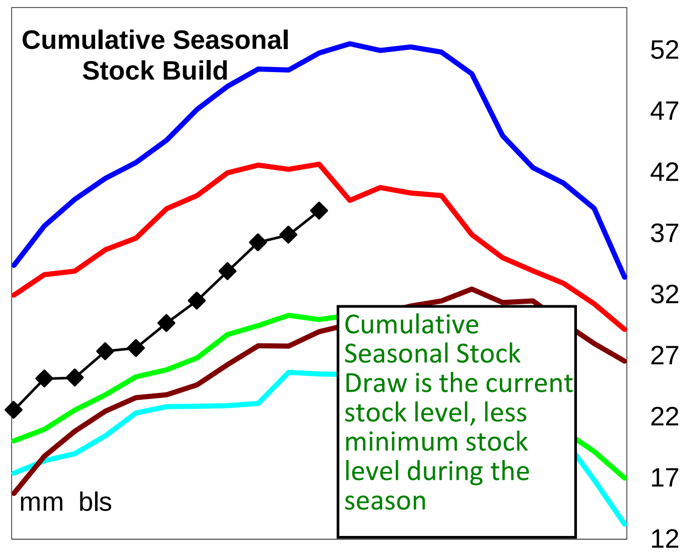


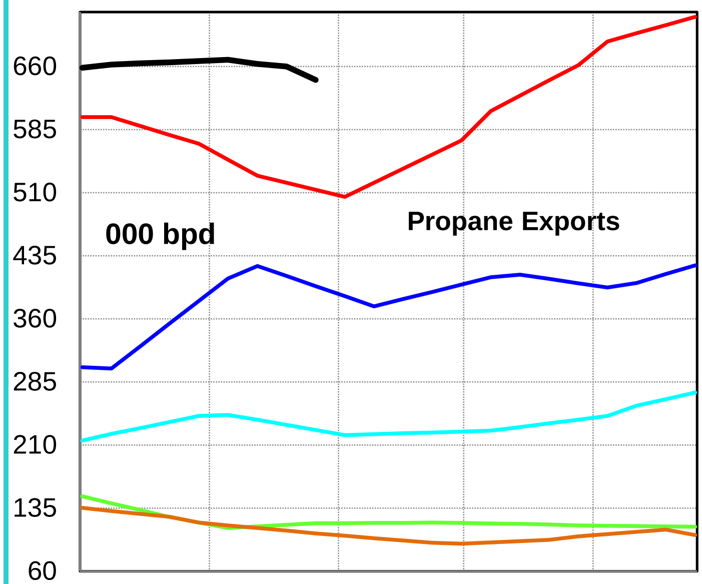


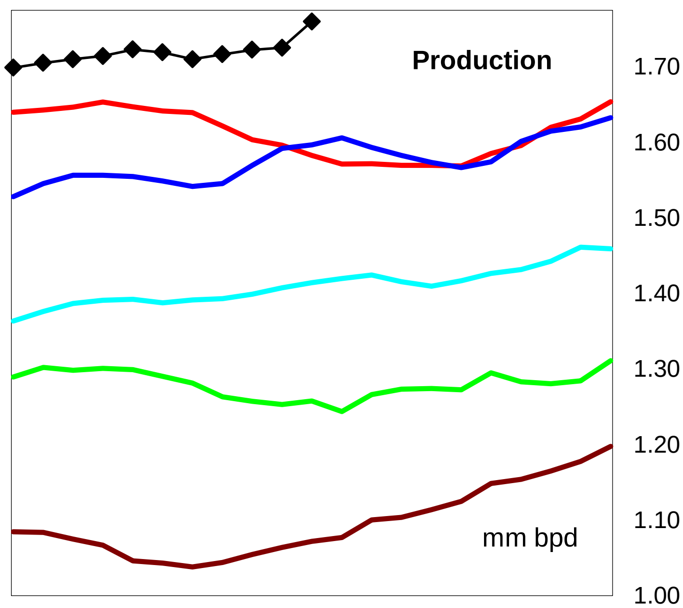


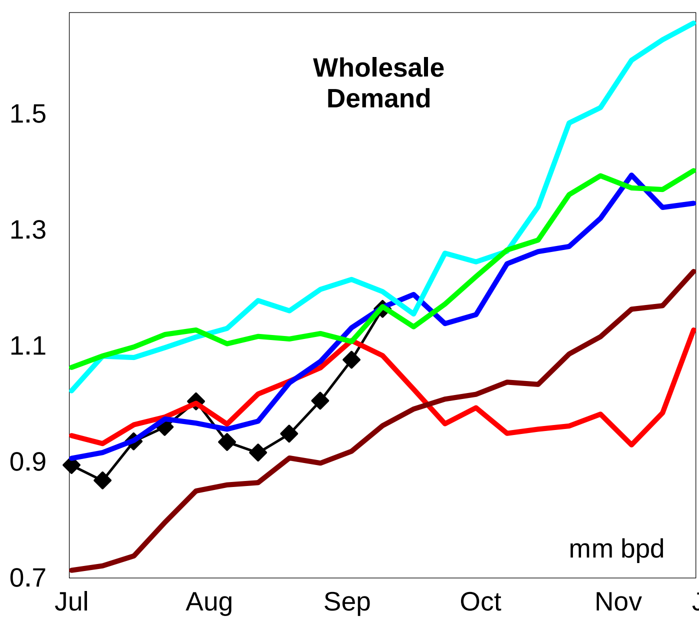
U. S. Propane Supply and Demand Balance

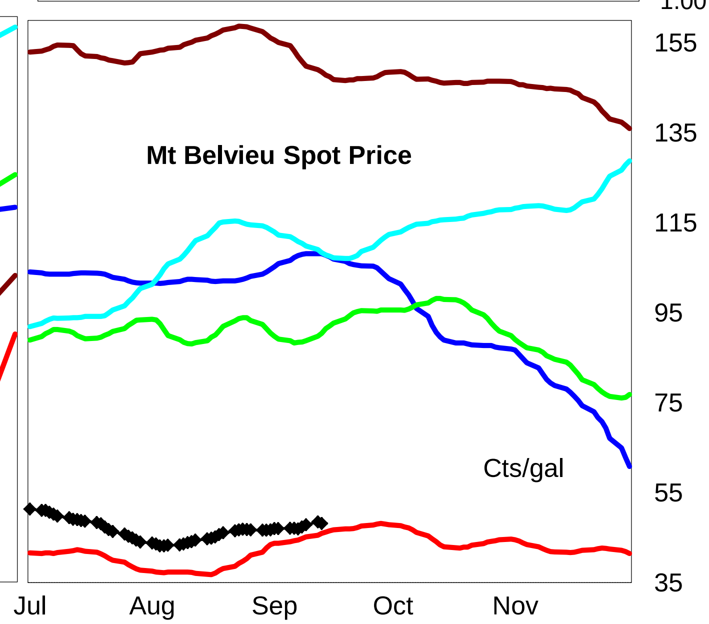






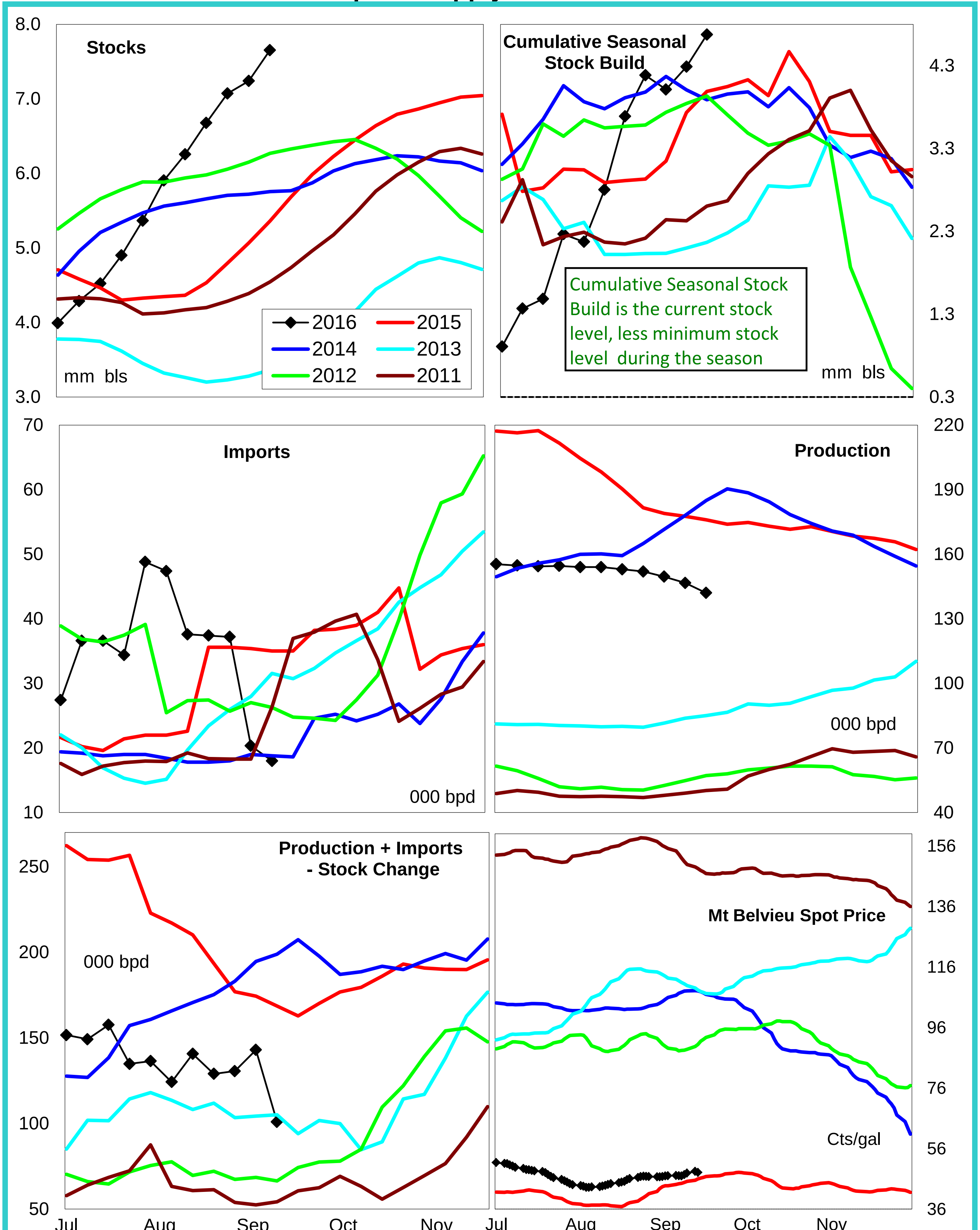






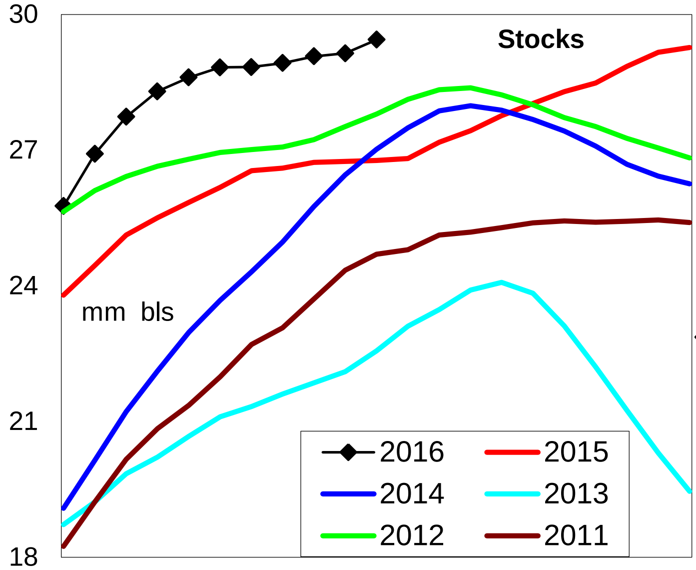
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jul	Jun	May
000 bpd (000 bls stks)	3,397	-3,826	124	-1		-58	-24	-144	93
% change	3.5	-9	7.7	-0.9		-5.5	-2.4	-14.2	11.6

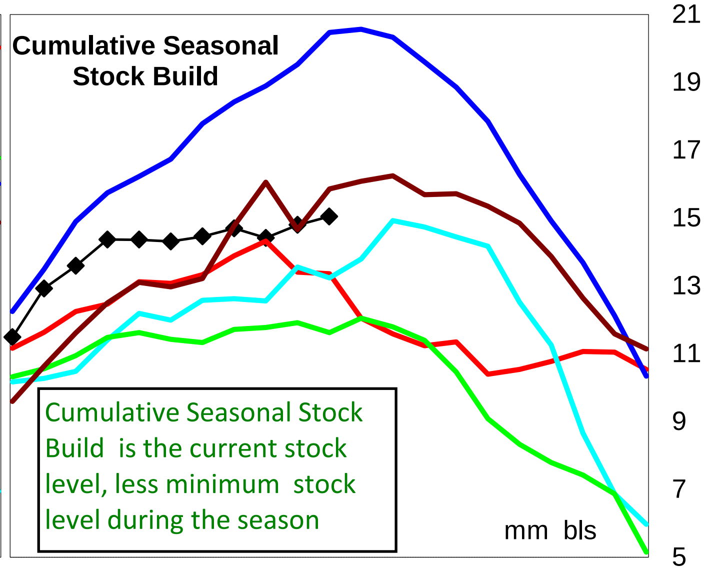
PADD 1 Propane Supply and Demand Balance

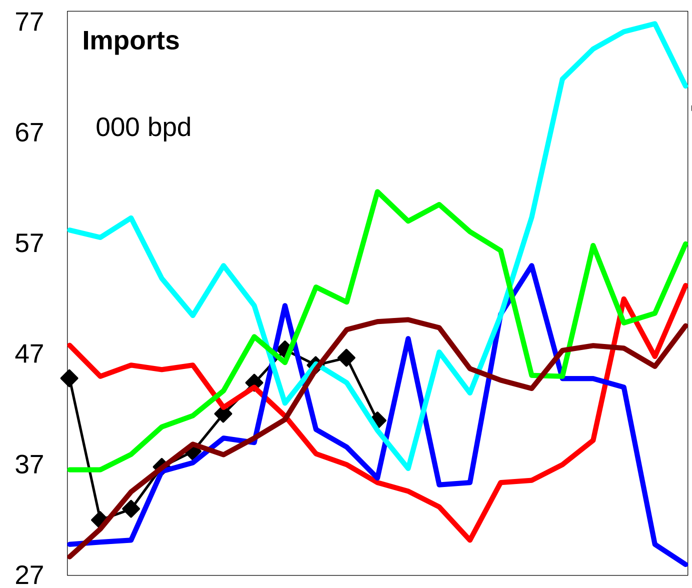


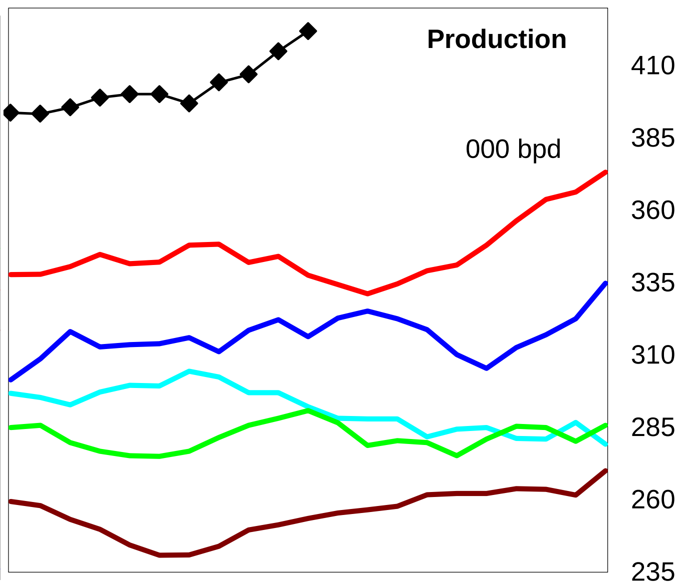
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	2,067	686	-31	-17	-53
% change	37.0	17.2	-17.2	-45.7	-29.4

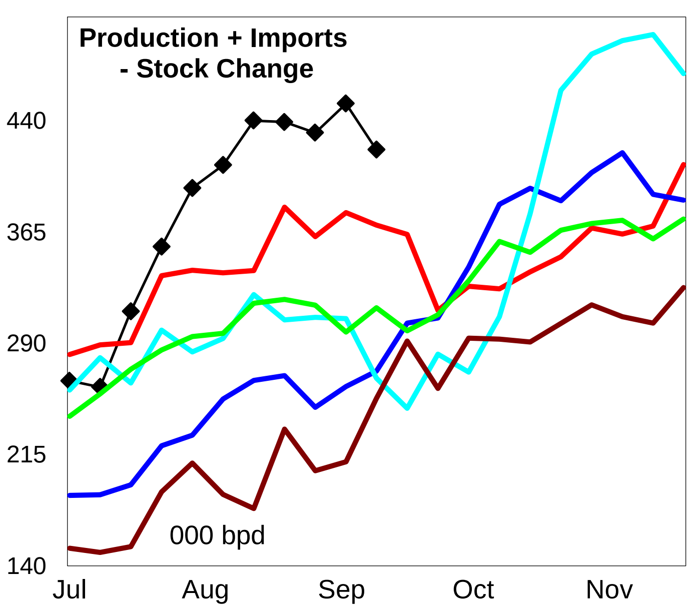
PADD 2 Propane Supply and Demand Balance

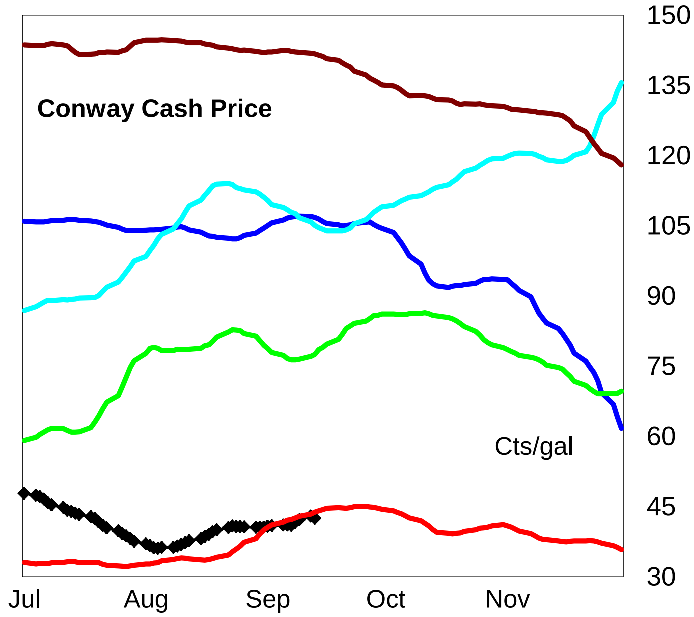












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	2,733	1,690	63	10	63
% change	10.2	13.1	17.9	25.3	16.9

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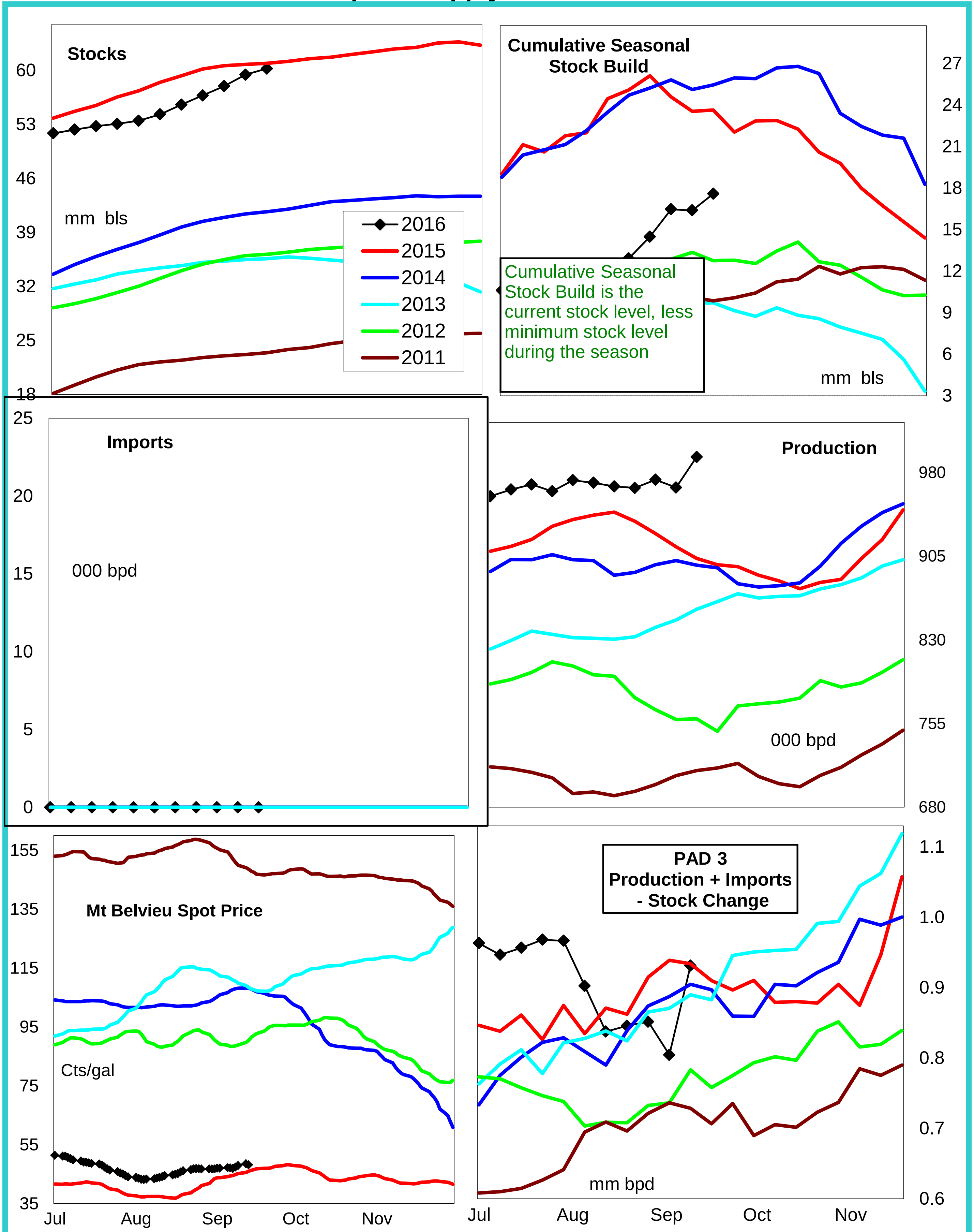
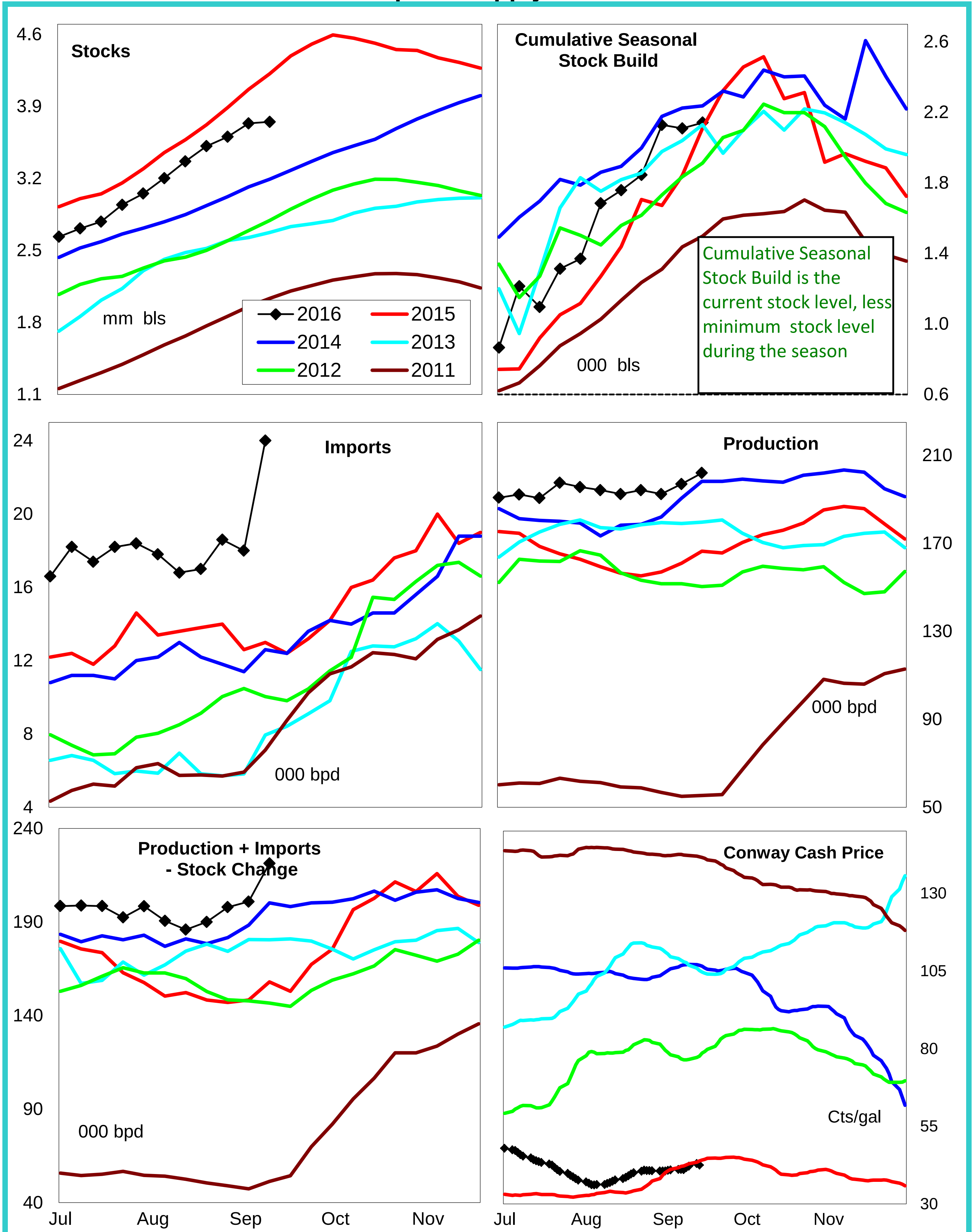
PADD 3 Propane Supply and Demand Balance



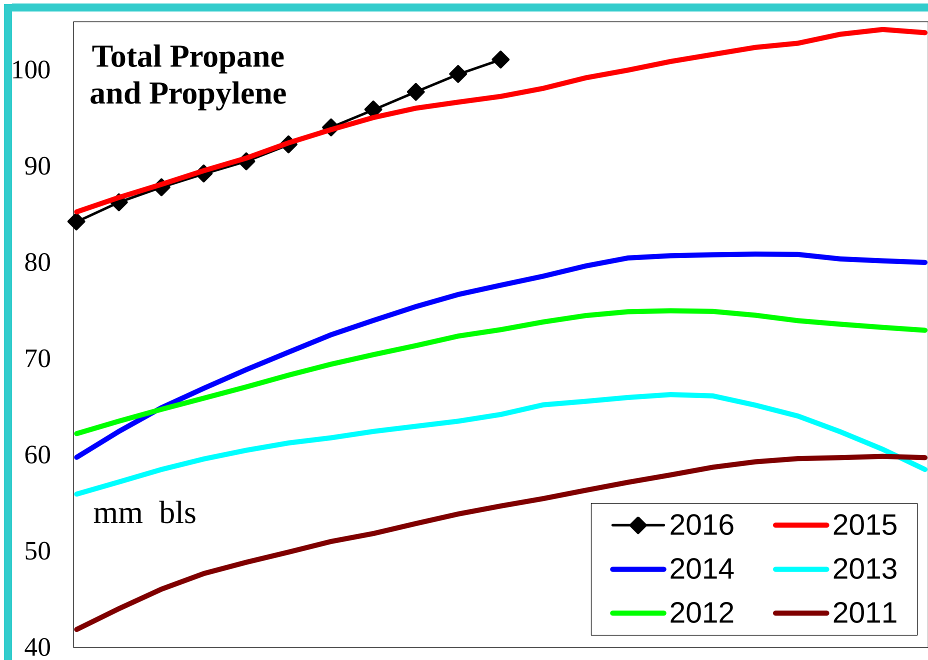
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-906	-6,056	53	0	-54
% change	-1.5	-25	5.8	#DIV/0!	-6.3

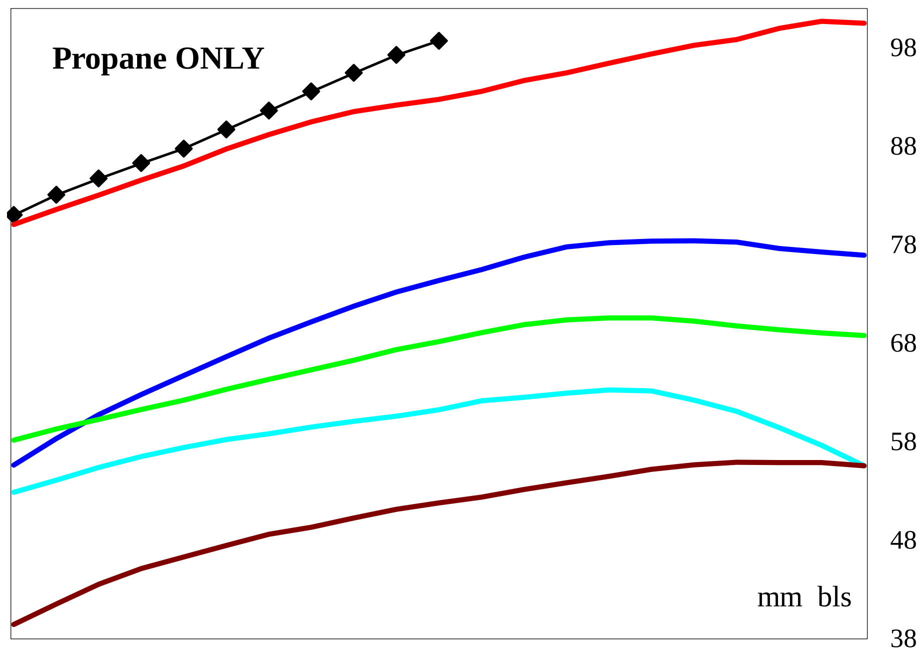
PADDs 4 and 5 Propane Supply and Demand Balance

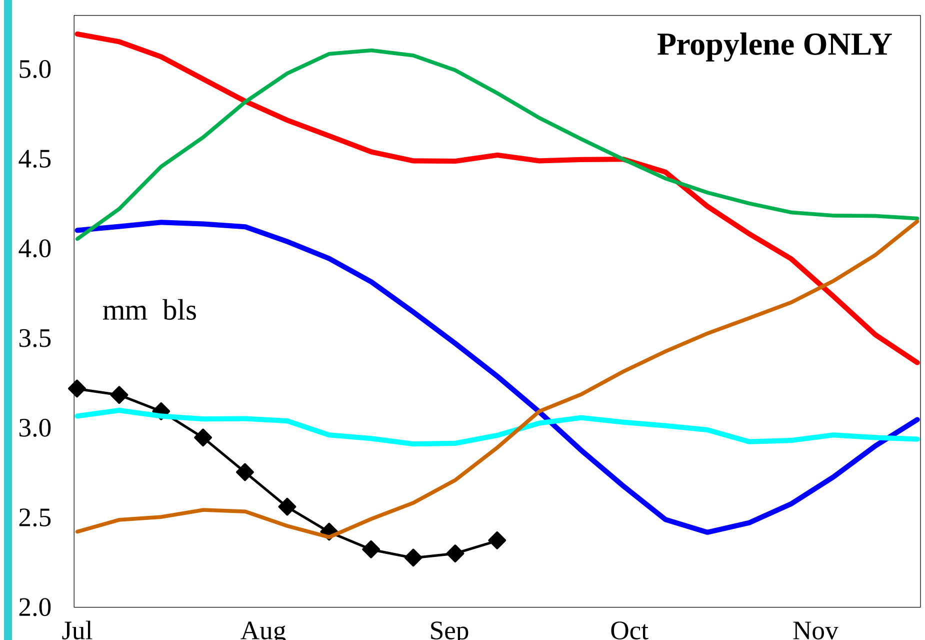


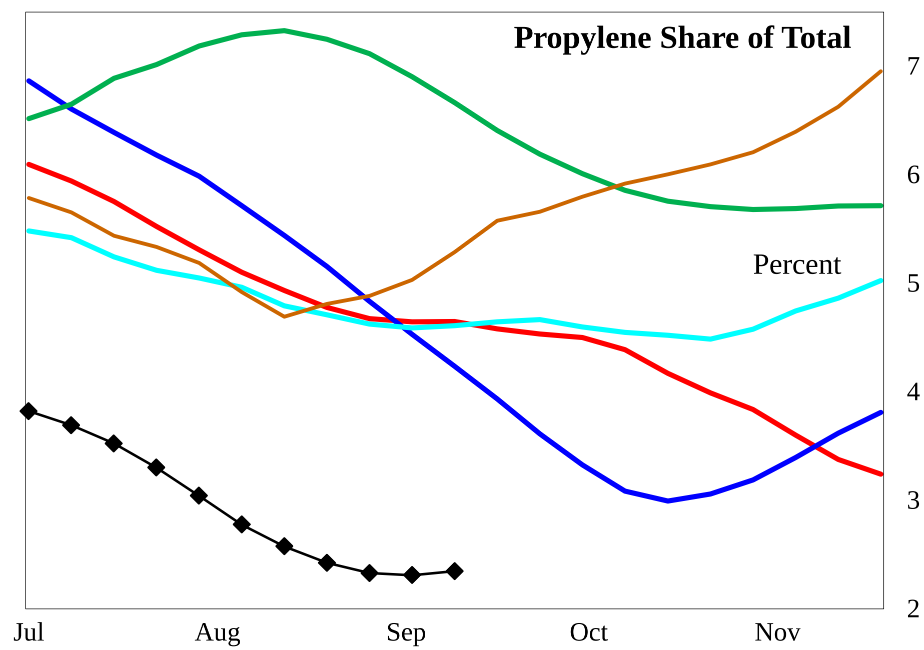
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-496	31	39	7	52
% change	-11.7	1.5	25.0	59.6	34.7

U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	3,397	5,454	-2,149
% change	3.5	5.8	-47.5

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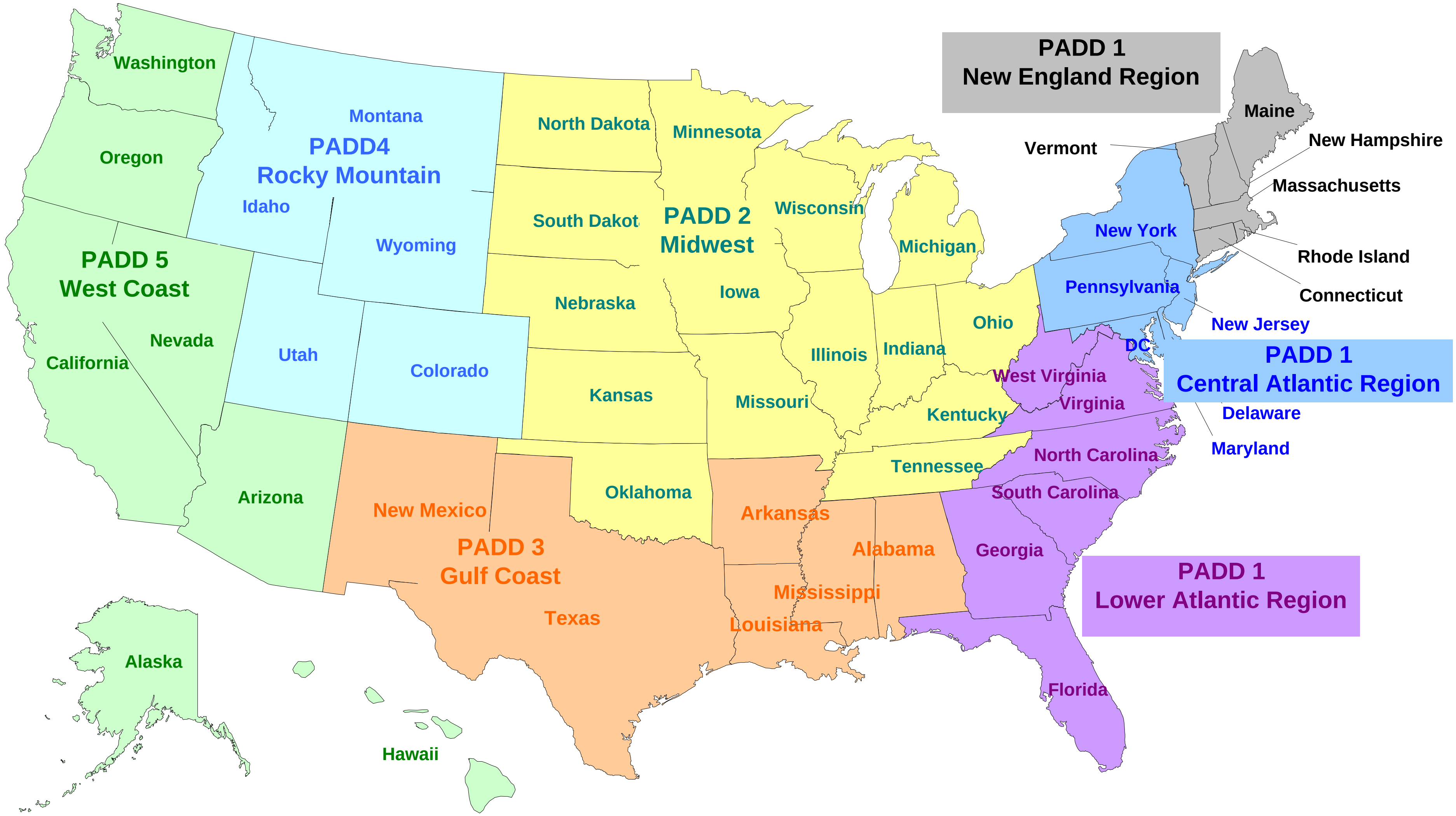
U. S. Petroleum Administrative for Defense Districts (PADDs)



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