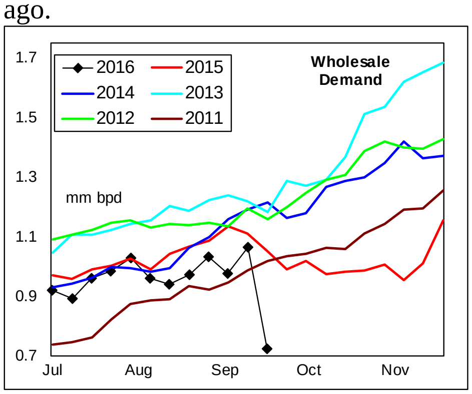
FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

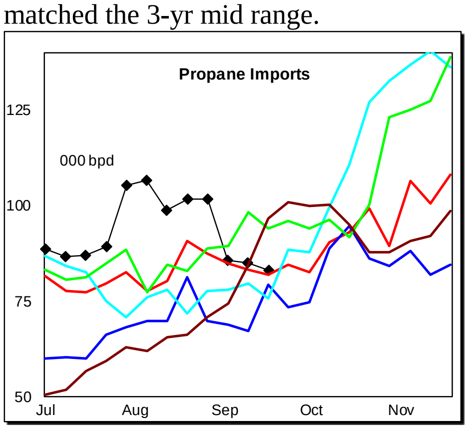
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

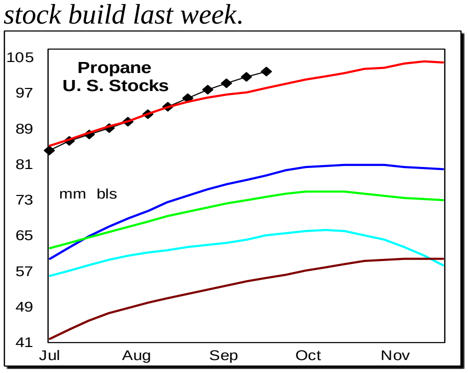
Summary[1]:
Wholesale demand decreased -0.5 million bpd last week, with the latest 4-wk average -168,000 bpd below a year ago.



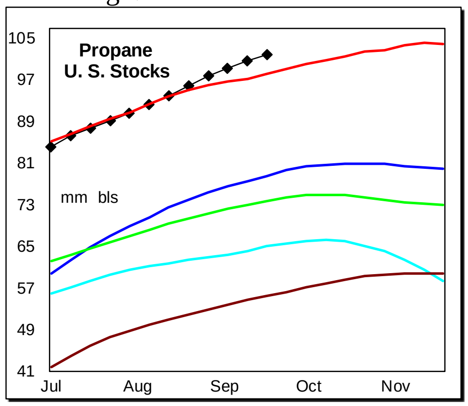
Production was unchanged last week; with the latest 4-wk average +147,000 above a year ago. Imports were also unchanged for the week, to a level that matched the 3-yr mid range.



A restatement by the EIA of stock data led to the drop wholesale demand and a corresponding lack of above average stock build last week.

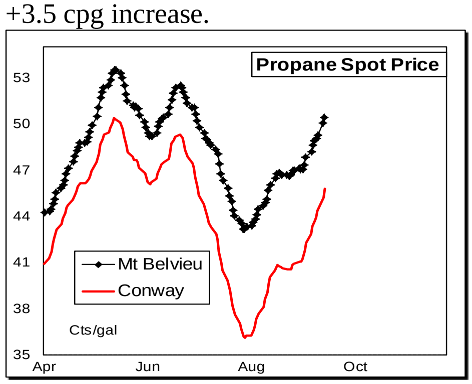


Stocks increased +0.7 million barrels on the week. The cumulative seasonal stock build of +39 million barrels was nearly equal to a year ago. Stock levels ended the week +5% above last year's record high.



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 +3 cpg last week ending 20Sep16, while Conway prices saw a +3.5 cpg increase.



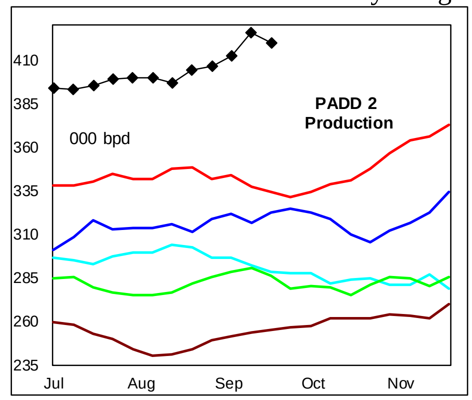
The Conway – Mt Belvieu price spread trended higher on the week, though still at a level below the last 3-yrs.

The propane to natural gas price spread traded sideways last week, at a level below last year's record low.

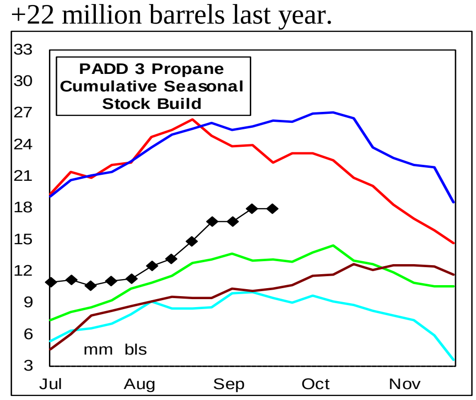
The propane / crude oil price spread trended higher on the week, ending at a level equal to 3-yr highs.

PADD 1 stocks decreased -0.2 million barrels on the week. Stock levels ended the week +33% above a year ago, and a record high. Supplies were -49,000 bpd below last year, due in part to lower imports (after an earlier surge).

PADD 2 supply was unchanged on the week. Production for the latest 4-wk period was +73,000 bpd above a year ago. Stocks decreased -0.2 million barrels to a level +11% above a year ago.



PAD 3 stocks increased +0.8 million barrels on the week. Stock levels ended the week –equal to last year's record high. Supply for the latest 4-wk period was +68,000 bpd above last year. The cumulative seasonal build of +17.9 million barrels compares to a build of +22 million barrels last year.



PADDs 4 & 5 stocks increased +0.2 million barrels last week. Supply was unchanged on the week. Stock levels ended the week -11% below last year's record high.

Emerging Trends Production for the most recent 4-wk period was +147,000 bpd above a year ago; due in part to a delayed start to fall refinery maintenance. The cumulative season stock build is comparable to last years' rate, lifting stocks to a new record 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 21, 2016

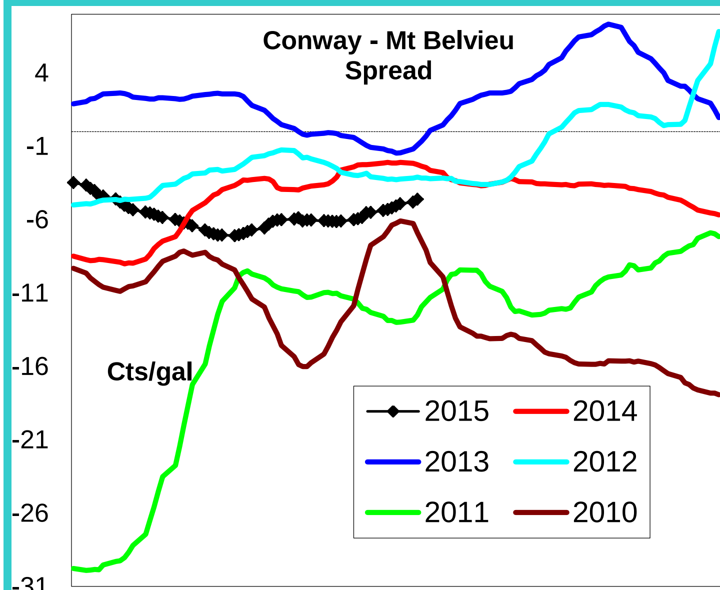
Fundamental Trends for the Week Ending: Friday, September 16, 2016

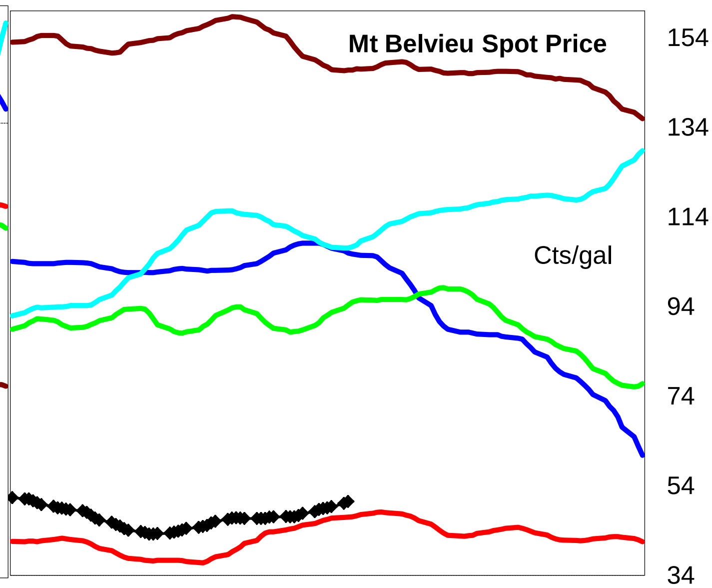
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	101,749	7,489	29,279	61,031	3,950	659	-165	-162	786	200
Propylene Stocks	2,405					33				
Production	1,761	145	420	991	205	1	3	-2	-3	3
Imports	83	20	44	0	19	0	2	3	0	-5
Whsle Demand	675					-464				

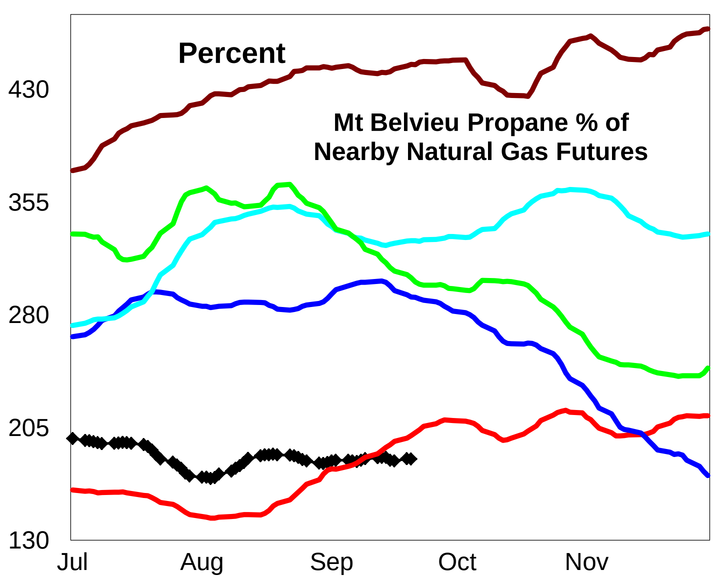
Price Trends for the Week Ending: Tuesday, September 20, 2016

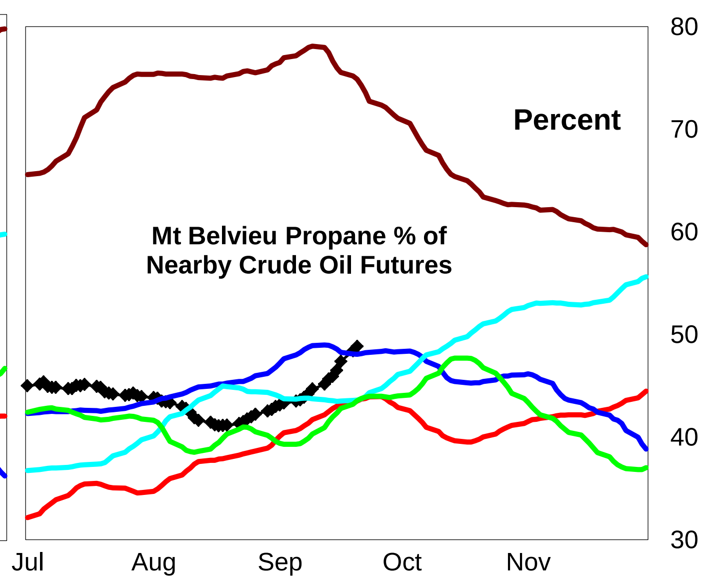
Cents/gal	Average for week ending:				Change from:			% change from:		
	9/20/16	9/13/16	8/23/16	9/24/15	9/13/16	8/23/16	9/24/15	9/13/16	8/23/16	9/24/15
Mont Belvieu Spot	49.6	48.2	46.1	47.1	1.38	2.13	-1.00	2.9	4.6	-2.1
Conway Spot	44.8	42.7	40.4	44.8	2.13	2.30	-4.45	5.0	5.7	-9.9

Key Price Spreads and Differentials









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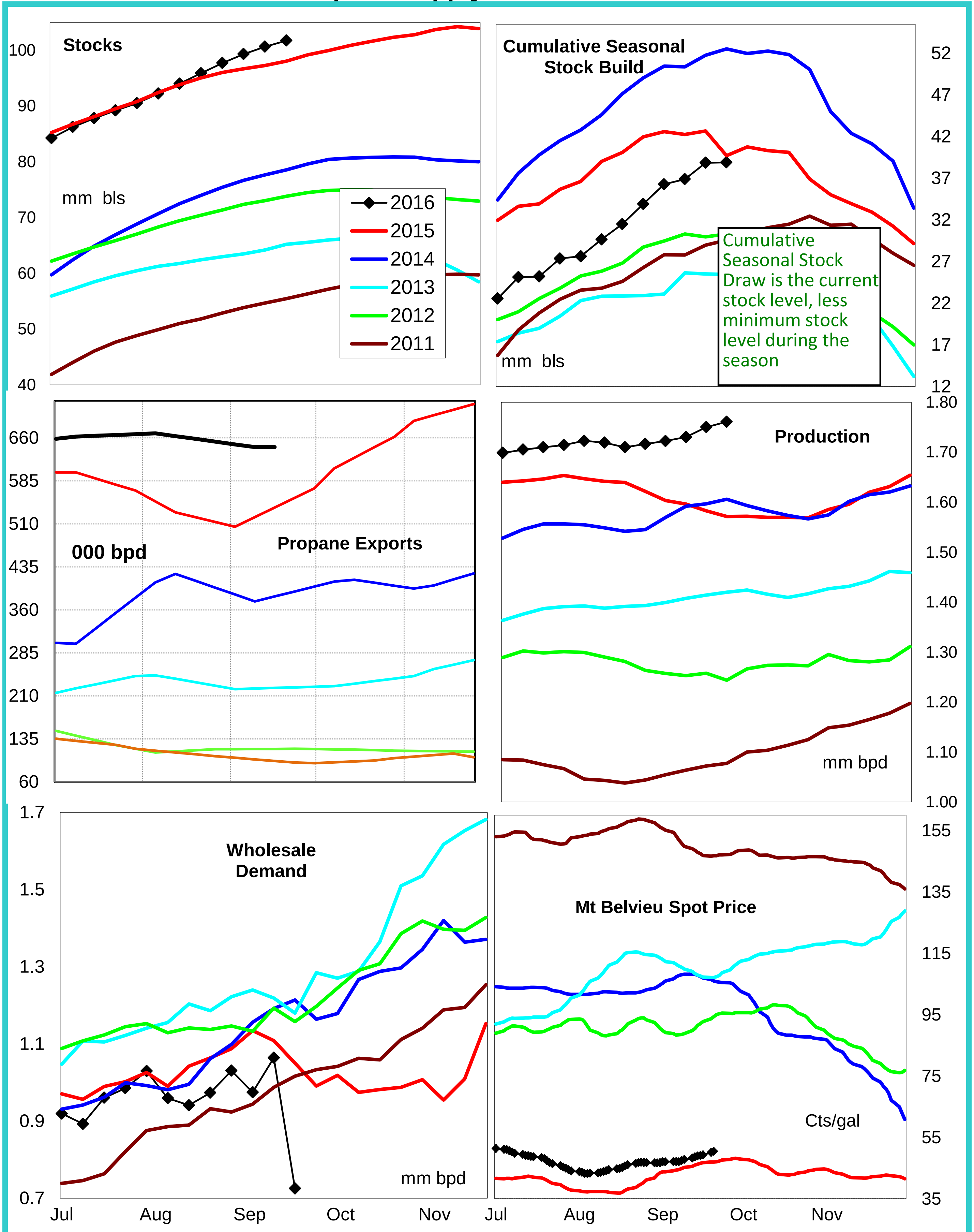
U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Aug	Jul	Jun
000 bpd (000 bls stks)	4,673	-792	147	-6		-168	-57	-24	-201
% change	4.8	-2	9.2	-6.6		-14.9	-5.7	-2.4	-19.8

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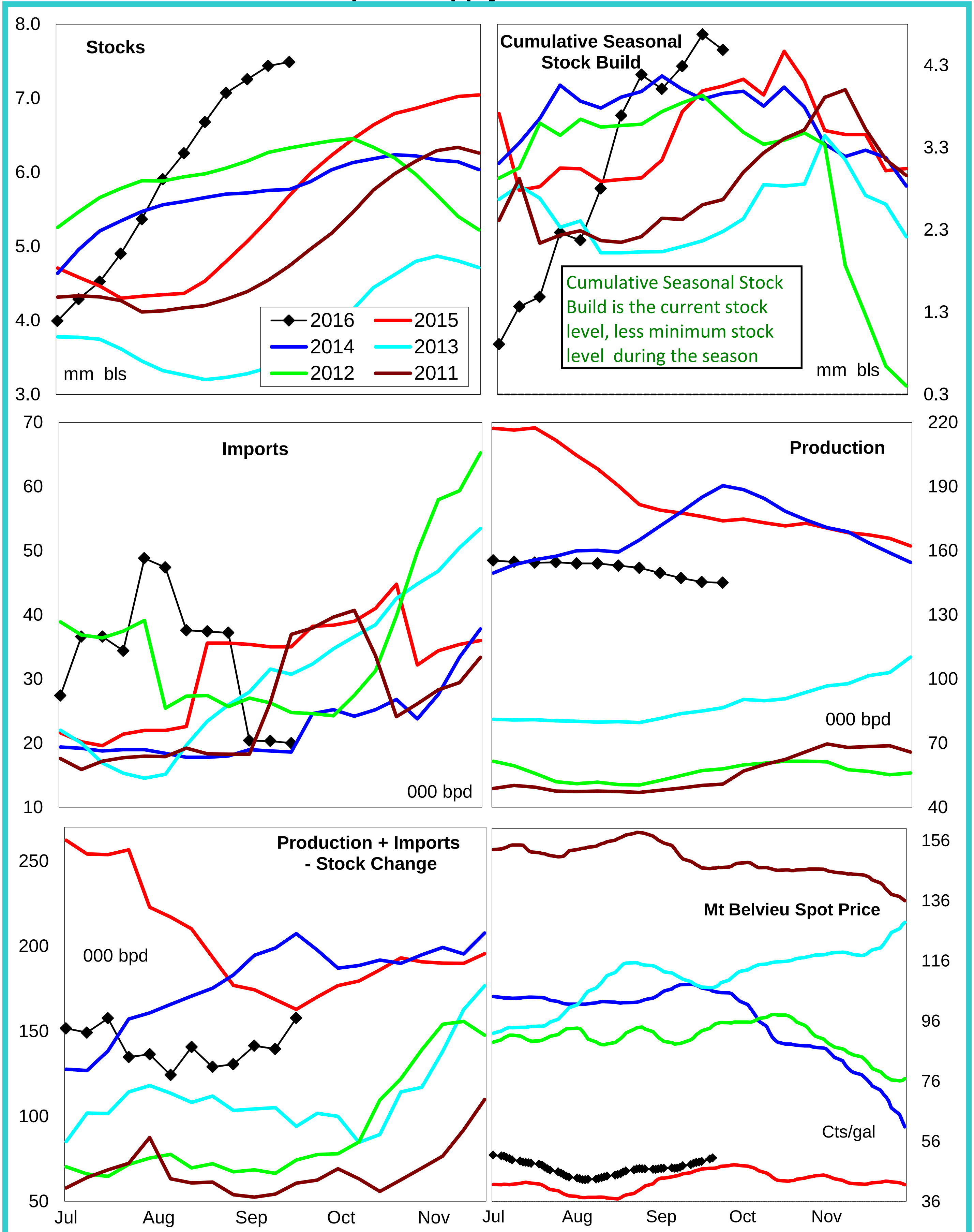
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,842	438	-30	-19	-28
% change	32.6	10.8	-16.9	-48.1	-16.6

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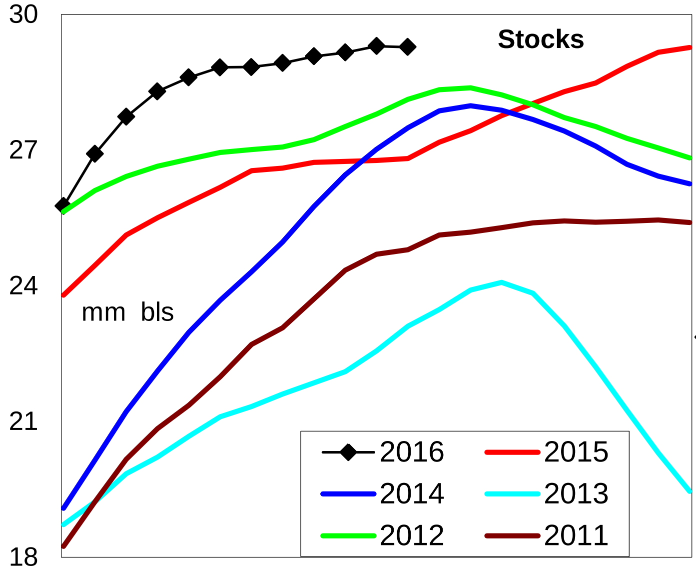
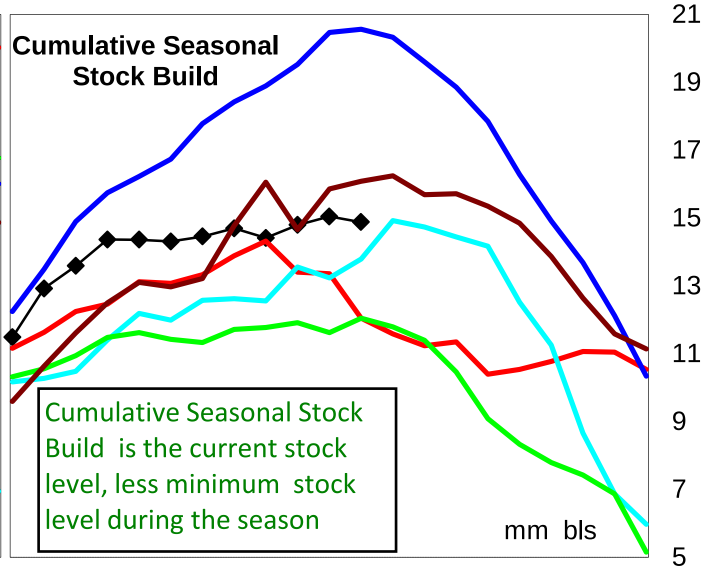
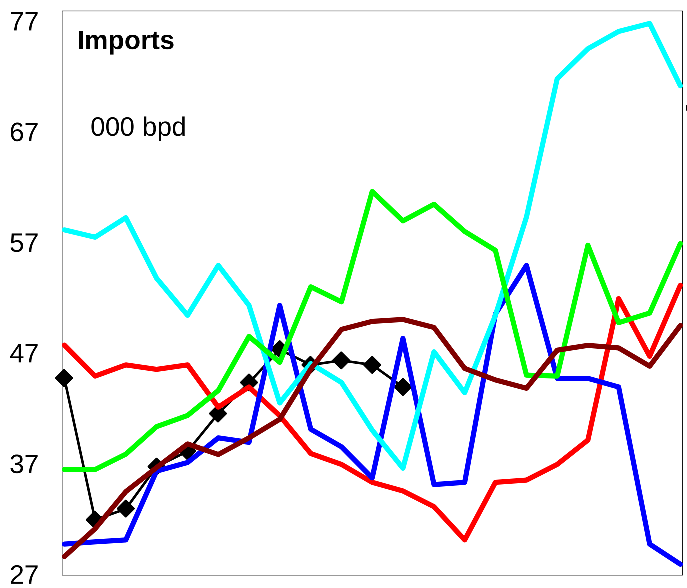
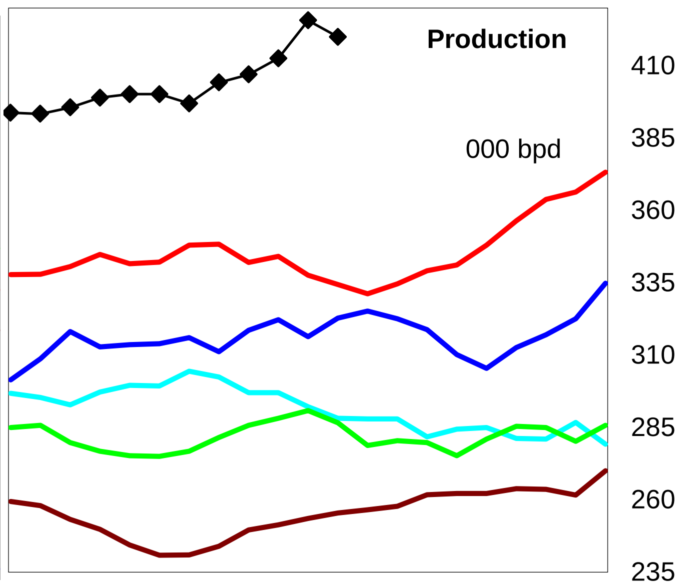
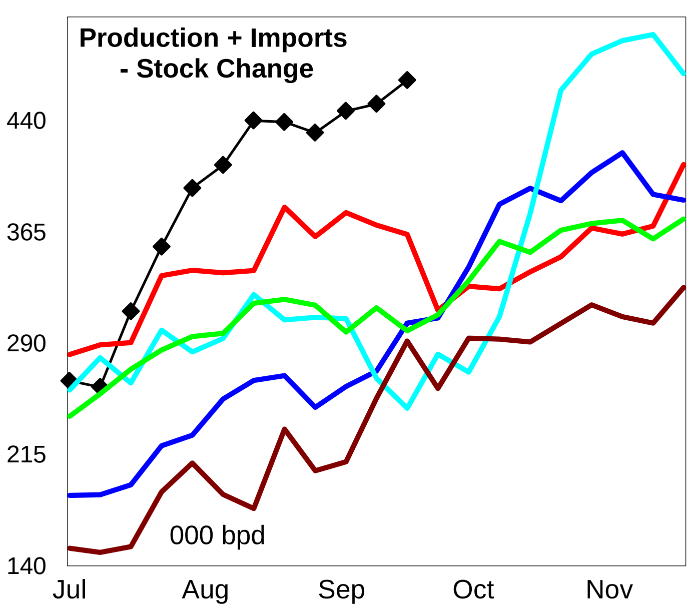
PADD 2 Propane Supply and Demand Balance

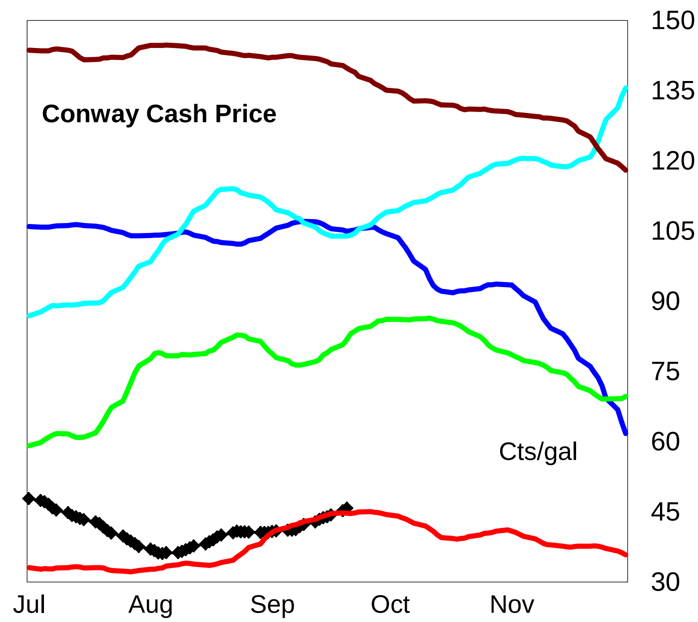












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	2,844	2,830	73	8	81
% change	10.8	24.5	21.4	20.3	22.0

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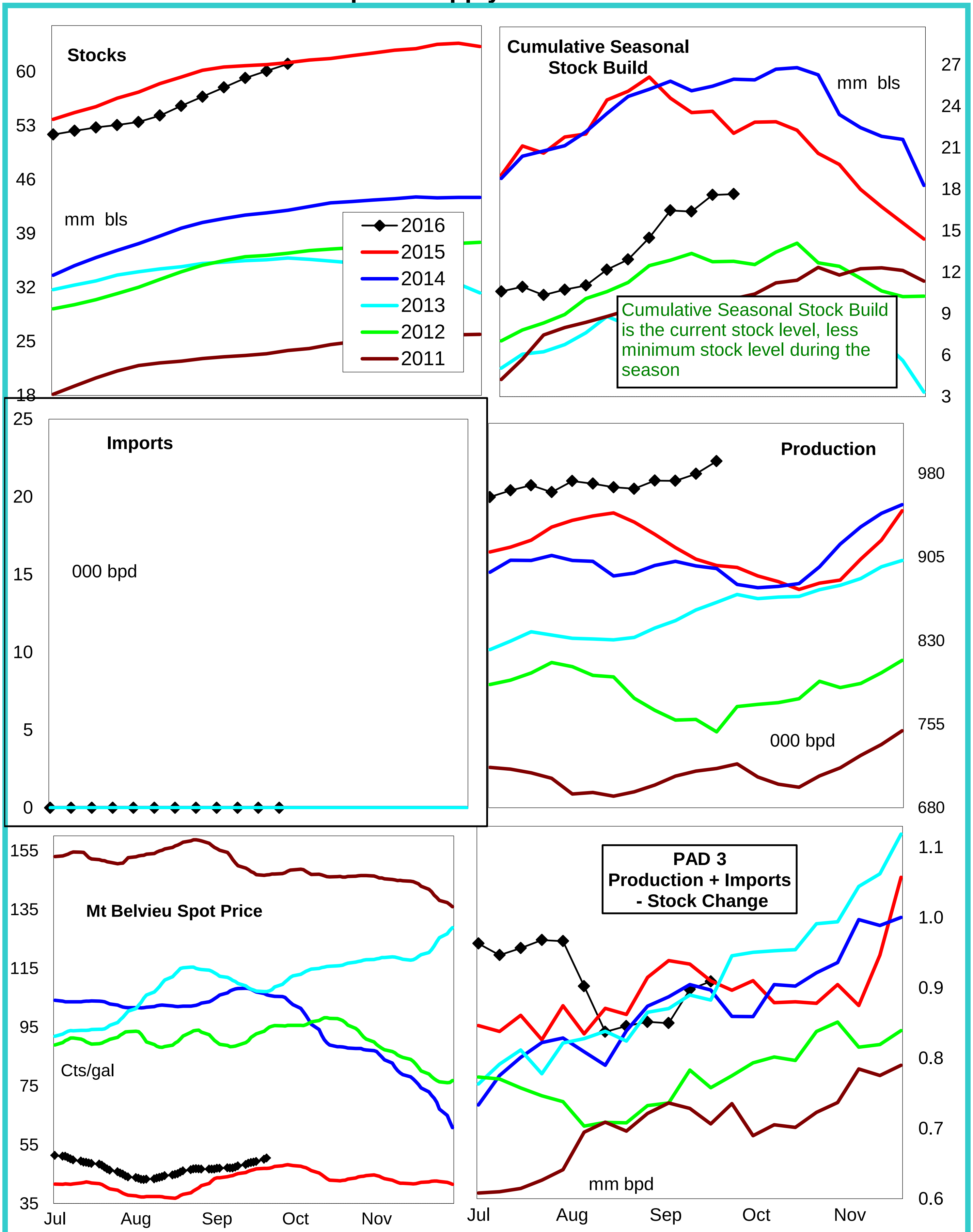
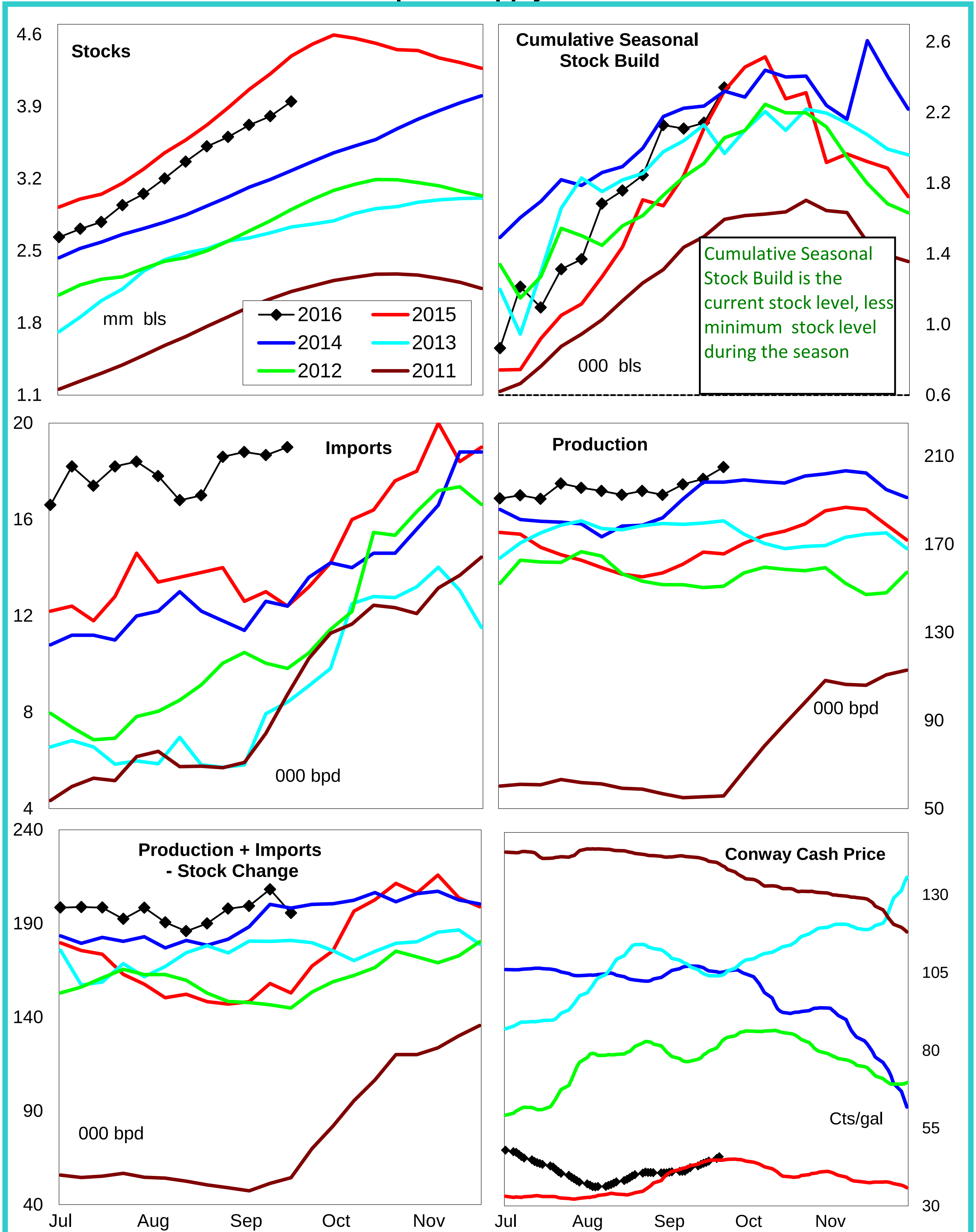
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	496	-4,389	68	0	-47
% change	0.8	-20	7.5	#DIV/0!	-5.4

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)	-509	18	35	5	49
% change	-11.4	0.8	21.3	37.7	32.2

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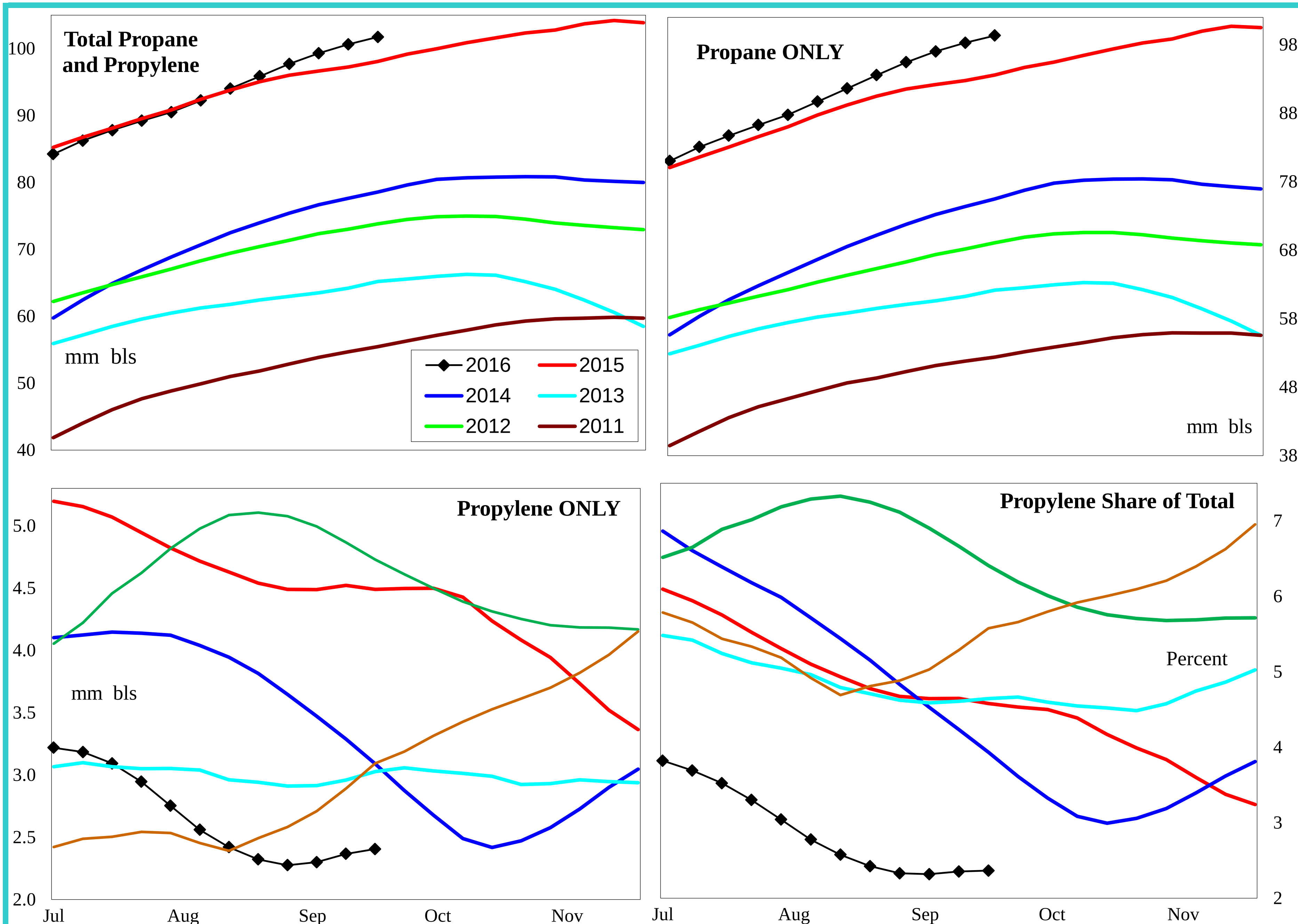
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	4,673	6,792	-2,085
% change	4.8	7.3	-46.4

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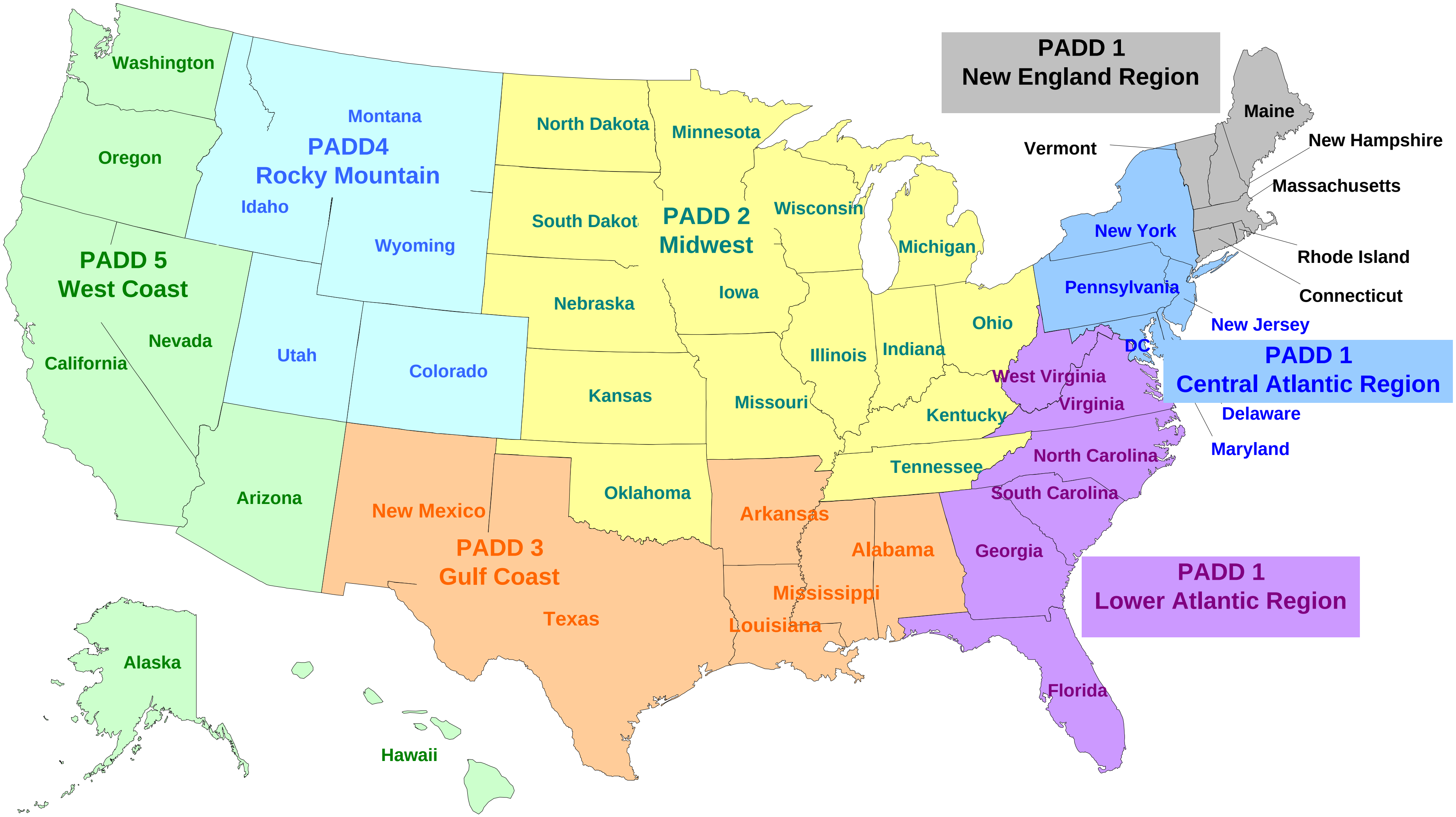
U. S. Petroleum Administrative for Defense Districts (PADDs)



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