FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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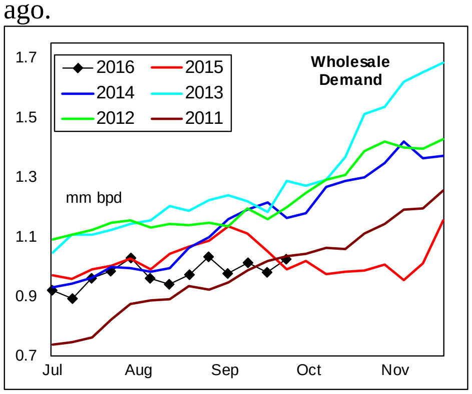
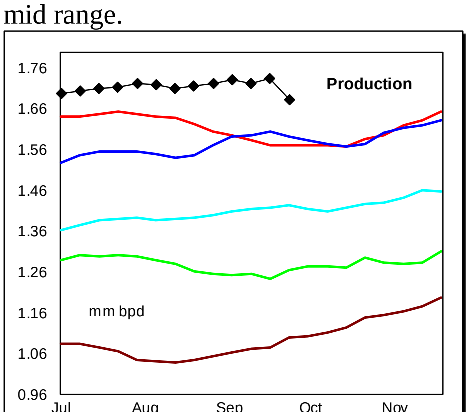
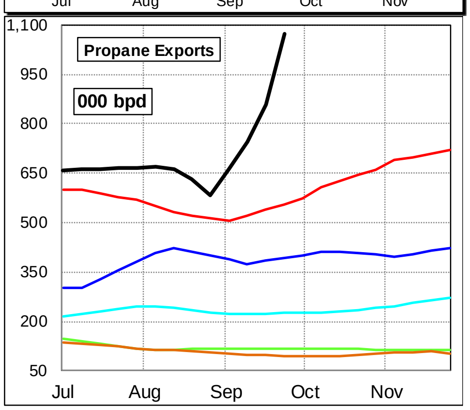
Summary[1]:

Wholesale demand increased +0.3 million bpd last week, with the latest 4-wk average -40,000 bpd below a year ago.

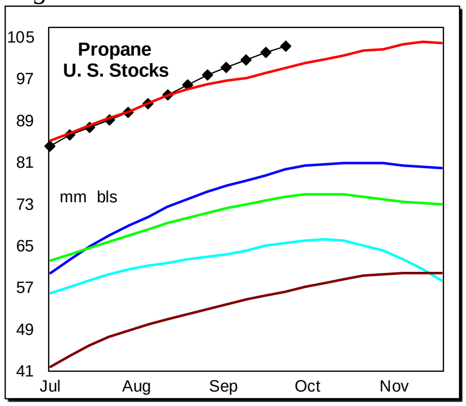


Production fell -79,000 bpd on the week with decreases in all regions except the East Coast. Production for the latest 4-wk average was +163,000 above a year ago. Imports were unchanged for the week, at a level that matched the 3-yr mid range.



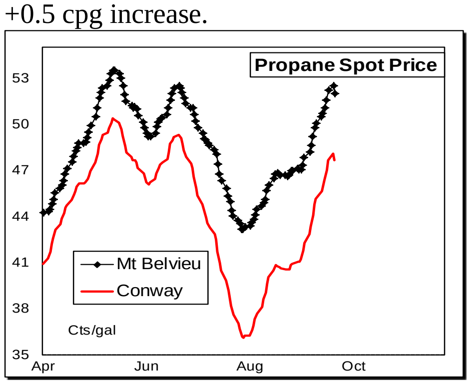


Exports for the week ending 16Sep16 were +570,000 bpd above last year, at 1.1 million bpd. *The EIA has implemented a more frequent and timely report of exports which should improve accuracy in stock changes for the Gulf Region.*



Stocks increased +1.5 million barrels on the week; concentrated in the Gulf which reported an increase of +1.7 million barrels. Stock levels ended the week +4.6% above last year and a new record high.

Price and Spreads Mt Belvieu spot prices were nearly unchanged last week ending 27Sep16, while Conway prices saw a +0.5 cpg increase.



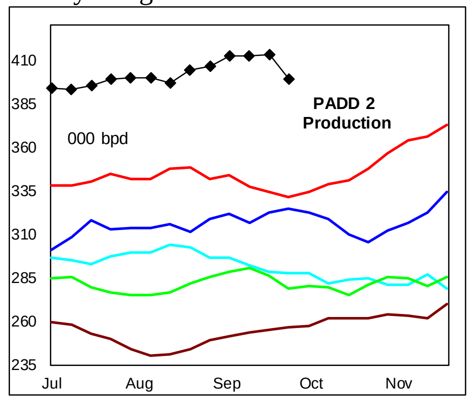
The Conway – Mt Belvieu price spread trended higher on the week, though still at a level below the last 3-yrs.

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

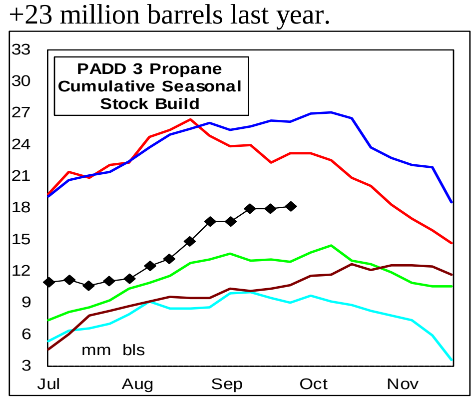
The propane / crude oil price spread trended higher on the week, ending at a level equal to 3-yr highs.

PADD 1 stocks increased +0.2 million barrels on the week. Stock levels ended the week +33% above a year ago, and a record high. Supplies were -46,000 bpd below last year, due to both lower production and imports.

PADD 2 supply decreased -24,000 bpd on the week. Production for the latest 4-wk period was +88,000 bpd above a year ago. Stocks decreased -0.3 million barrels, although the level remains above the 5-yr range.



PAD 3 stocks increased +1.7 million barrels on the week. Stock levels ended the week +2.3% above last year's record high. Supply for the latest 4-wk period was +78,000 bpd above last year. The cumulative seasonal build of +18.2 million barrels compares to a build of +23 million barrels last year.



PADDs 4 & 5 stocks decreased -0.1 million barrels last week. Supply fell -26,000 bpd last week on lower production. Stock levels ended the week -17% below last year's record high.

Emerging Trends More timely reporting shows a recent surge in propane exports from the Gulf to 1.1 million bpd; a level that exceeds current domestic wholesale demand. Stock levels in each region East of the Rockies exceed prior record highs for the period.

A below average demand for grain drying may be offset by the increase in exports; supporting wholesale prices.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

September 28, 2016

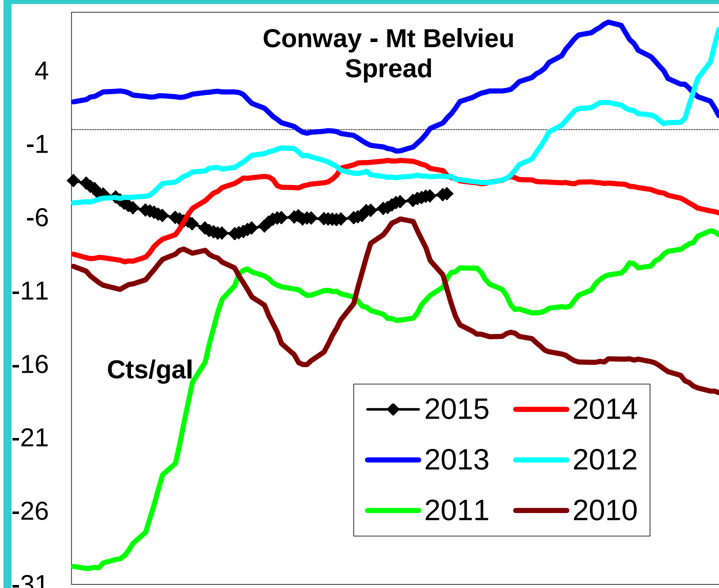
Fundamental Trends for the Week Ending: Friday, September 23, 2016

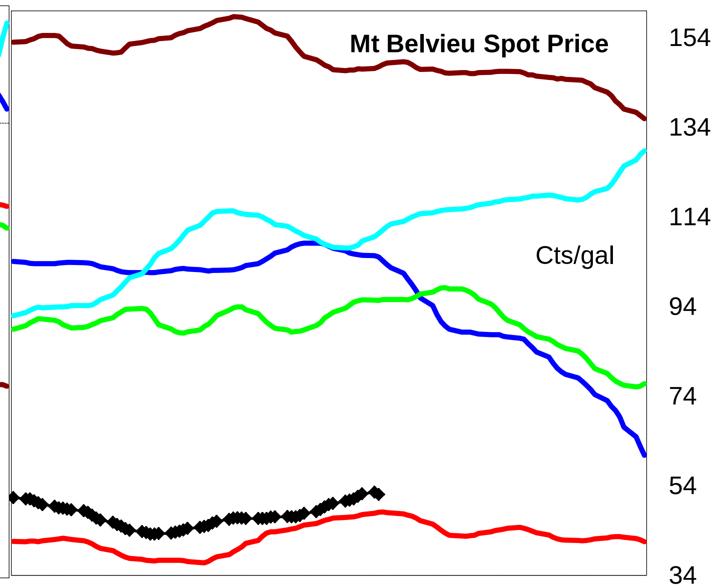
000 bpd / Stocks 000 bls	Weekly Supply-Demand: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	103,264	7,691	28,994	62,778	3,801	1,515	202	-285	1,747	-149
Propylene Stocks	2,771					366				
Production	1,682	145	399	959	179	-79	0	-21	-32	-26
Imports	84	24	41	0	19	1	4	-3	0	0
Whsle Demand	972					297				

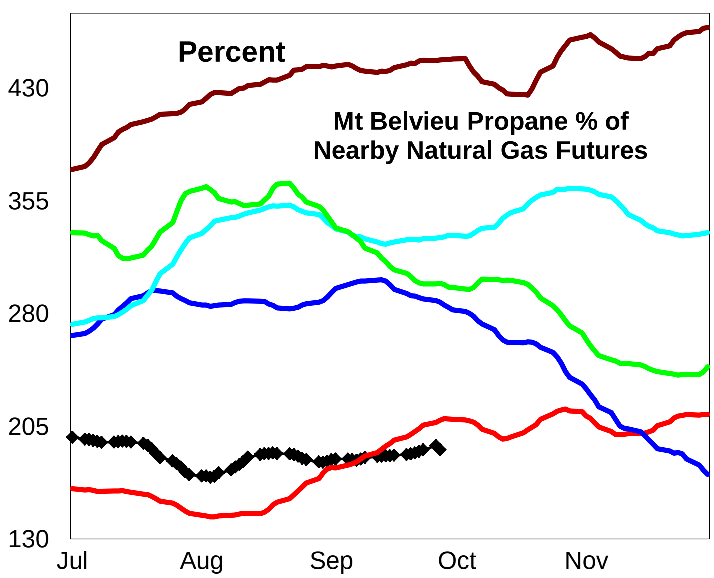
Price Trends for the Week Ending: Tuesday, September 27, 2016

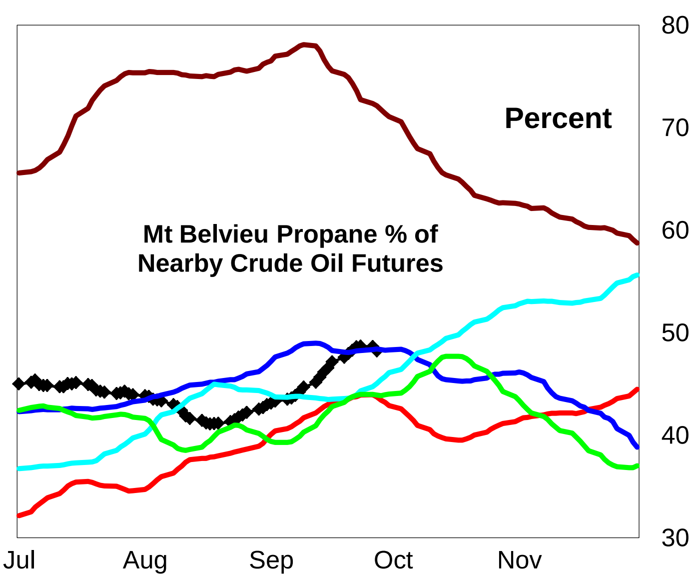
Cents/gal	Average for week ending: 9/27/16	9/20/16	8/30/16	10/1/15	Change from: 9/20/16	8/30/16	10/1/15	% change from: 9/20/16	8/30/16	10/1/15
Mont Belvieu Spot	52.5	49.6	47.6	47.0	2.88	1.98	0.63	5.8	4.1	1.3
Conway Spot	48.0	44.8	41.7	44.8	3.25	3.10	-3.13	7.3	7.4	-7.0

Key Price Spreads and Differentials

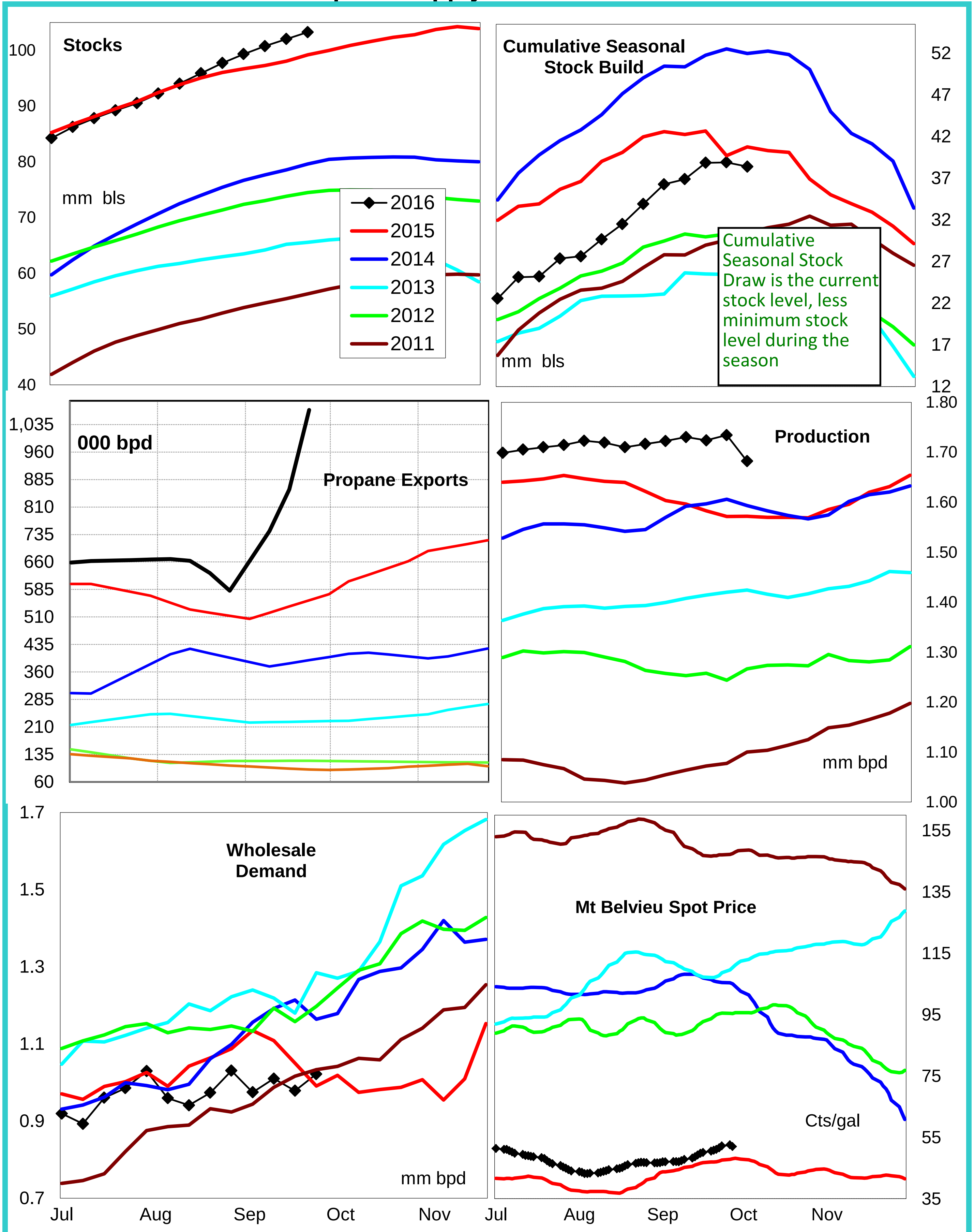








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Aug	Jul	Jun
000 bpd (000 bls stks)	4,523	-2,376	163	-1		-40	-57	-24	-201
% change	4.6	-6	10.4	-0.6		-3.9	-5.7	-2.4	-19.8

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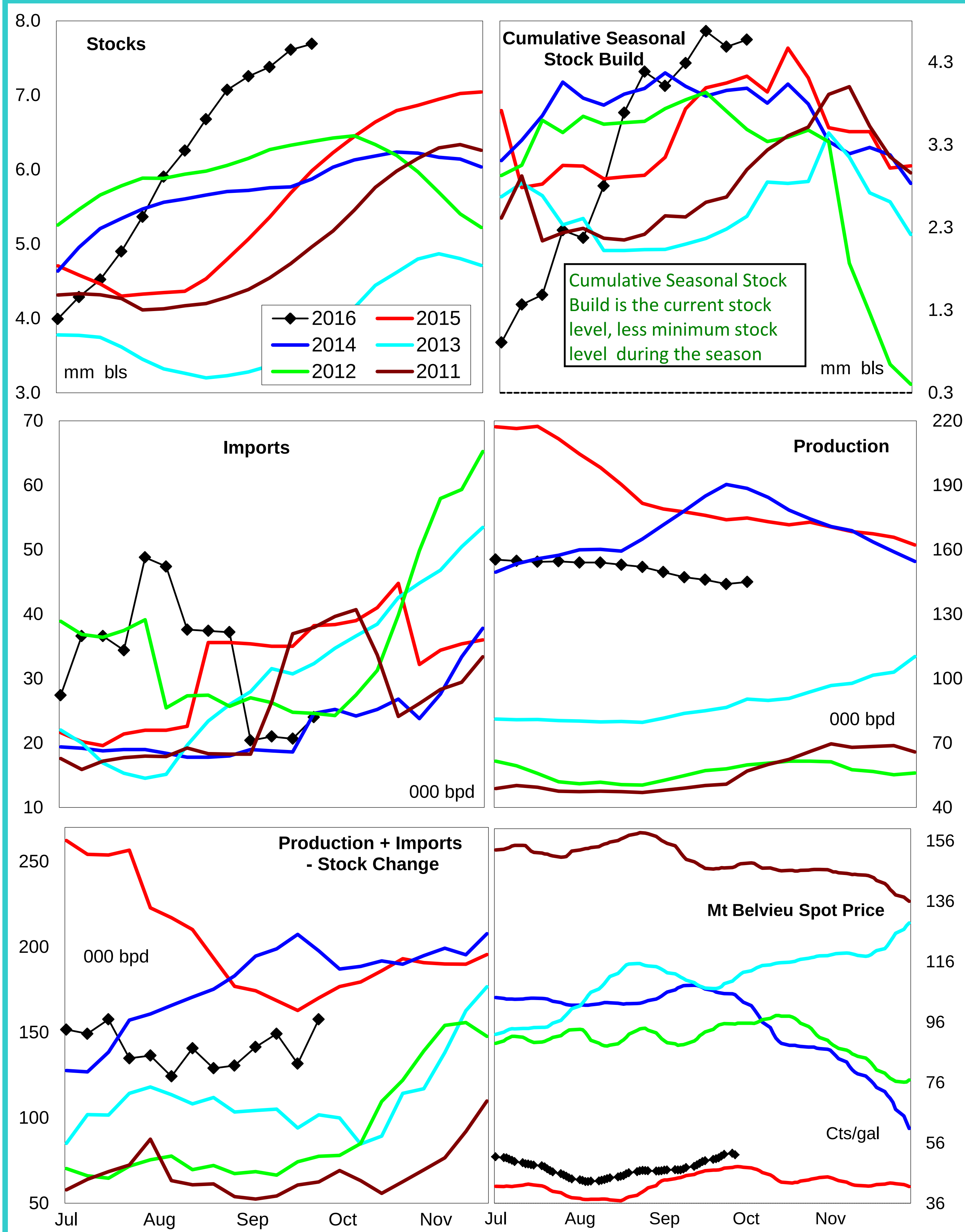
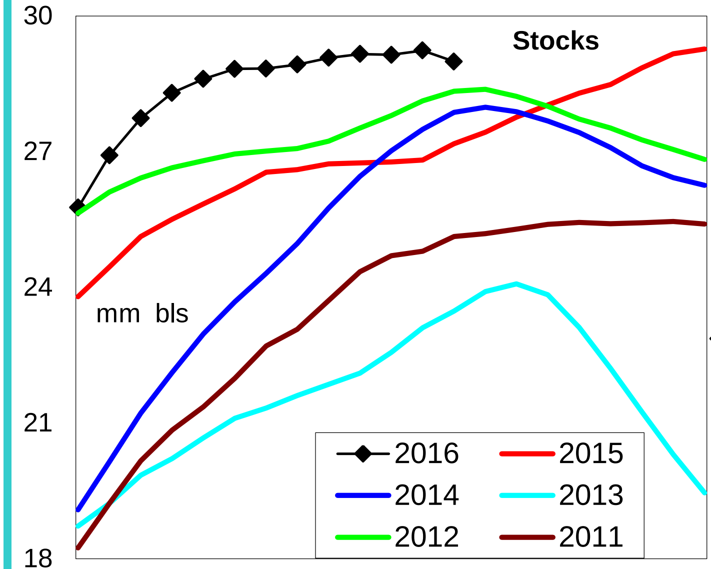
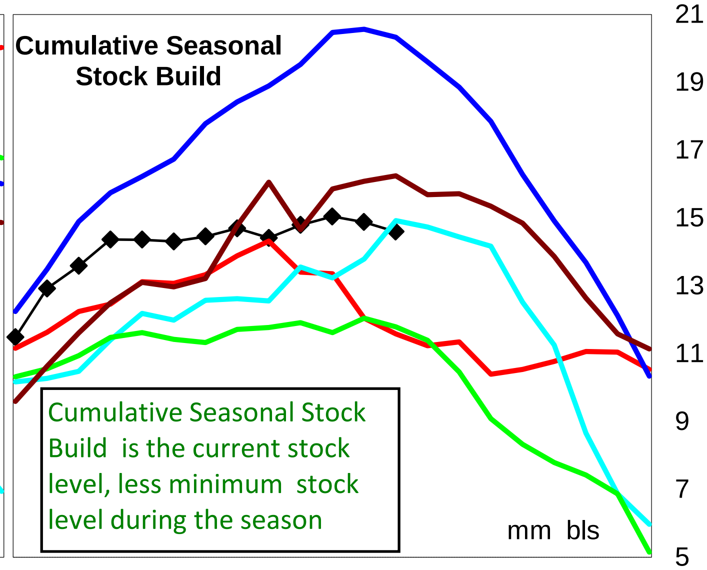
PADD 1 Propane Supply and Demand Balance

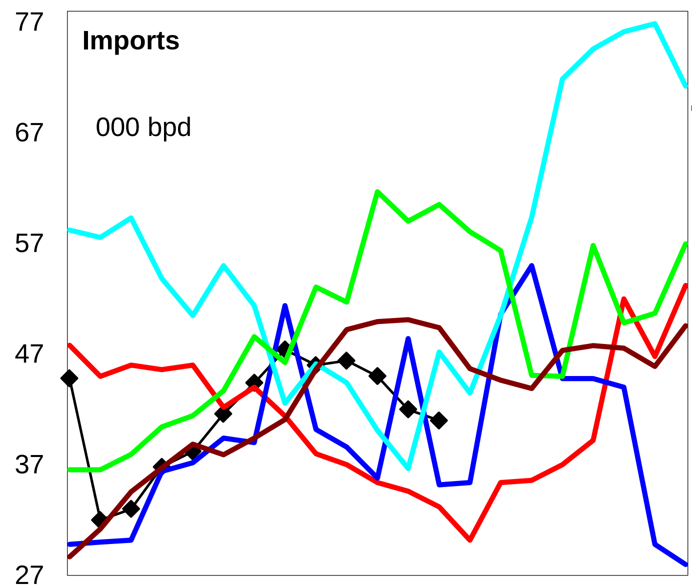


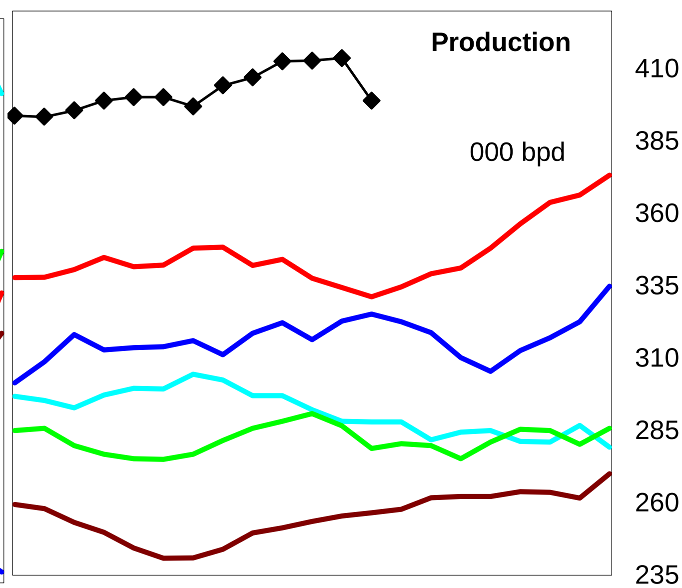
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,894	441	-29	-17	-24
% change	32.7	10.7	-16.6	-44.1	-14.2

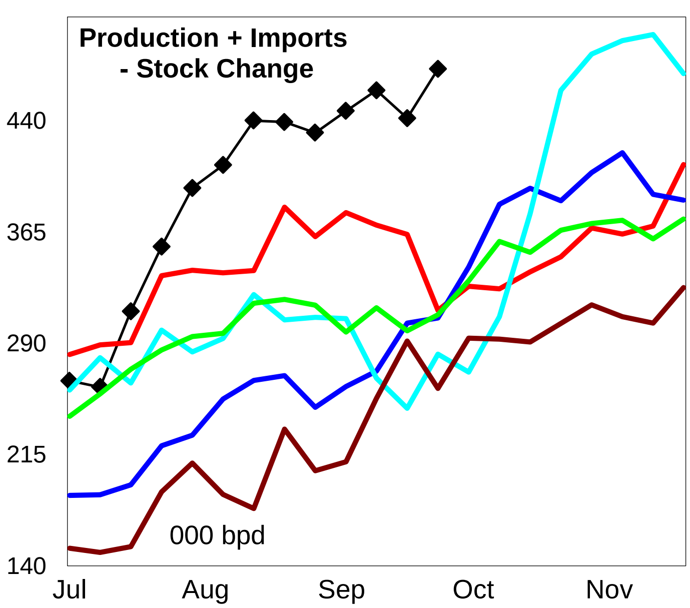
PADD 2 Propane Supply and Demand Balance

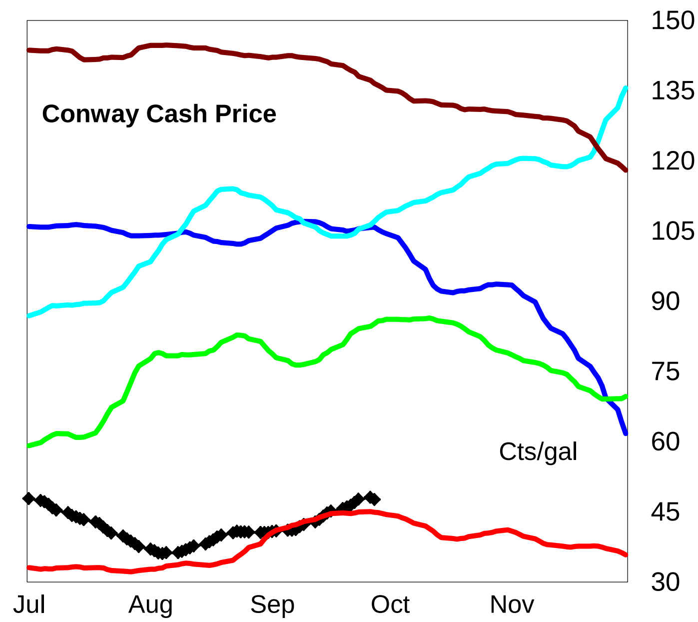












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,993	3,011	88	11	100
% change	7.4	27.2	26.5	31.6	28.1

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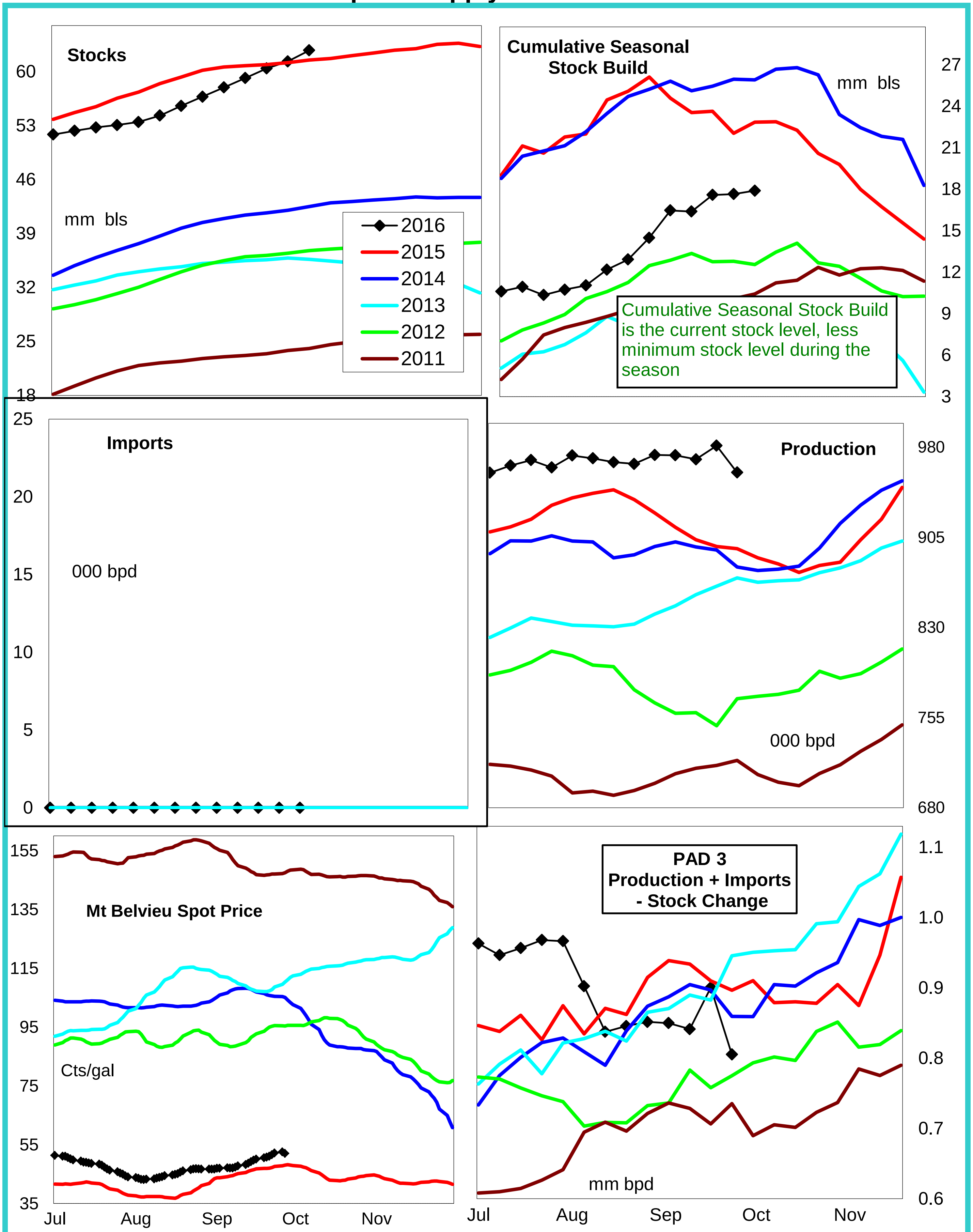
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,428	-4,956	78	0	-71
% change	2.3	-21	8.7	#DIV/0!	-8.1

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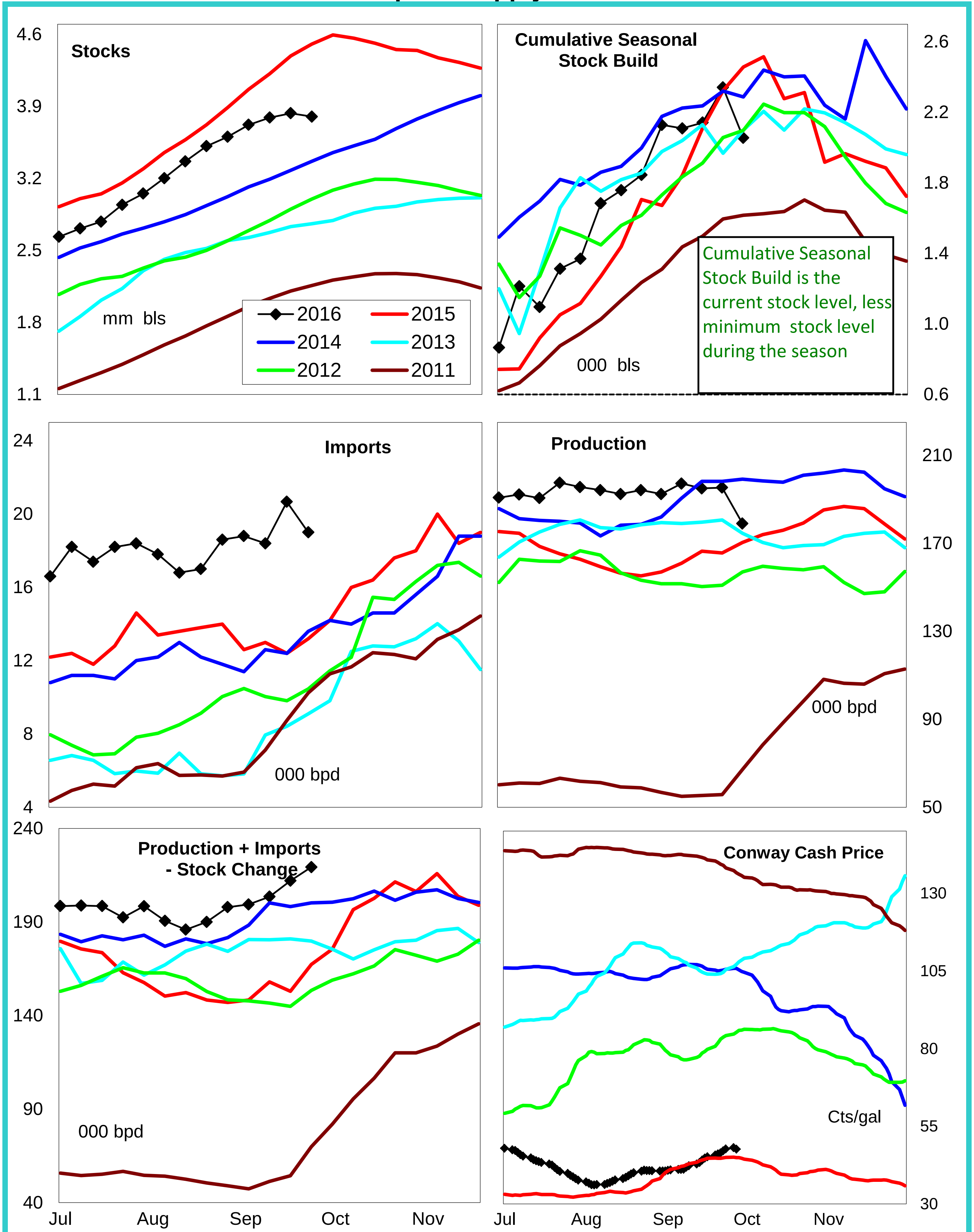
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-792	-402	27	6	52
% change	-17.2	-16.4	15.8	41.5	33.2

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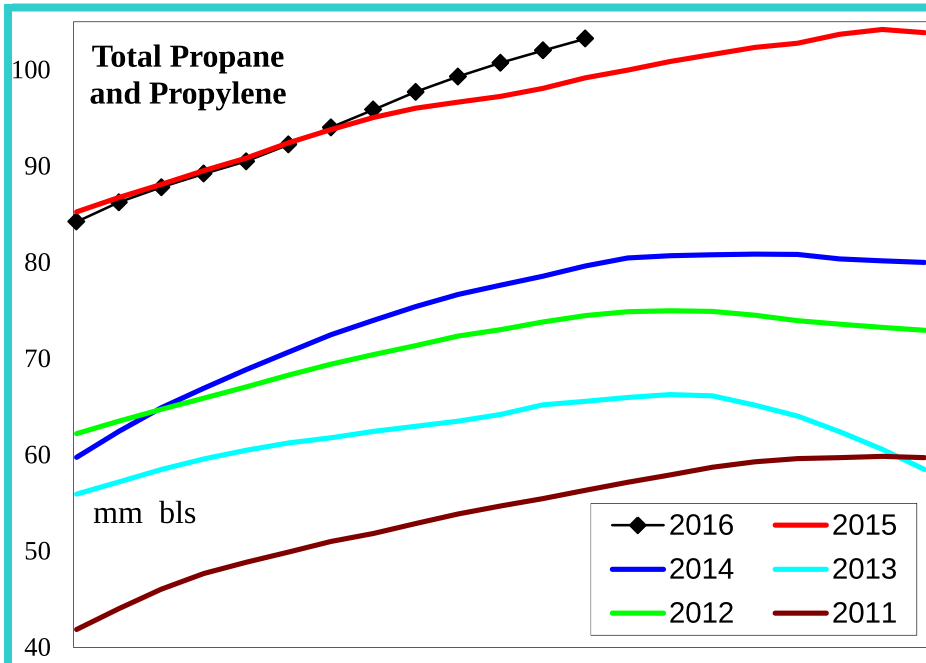
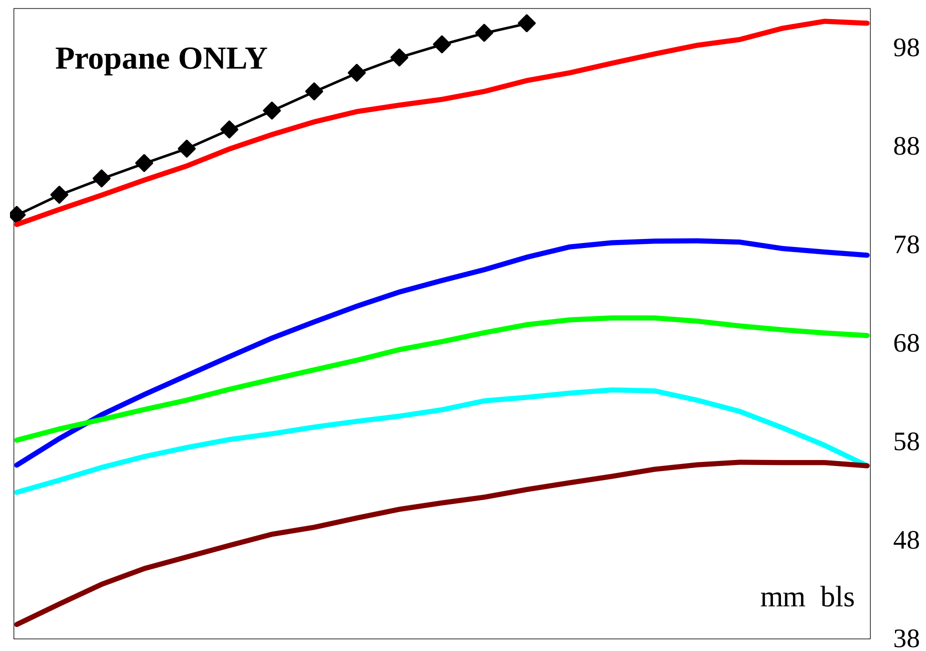
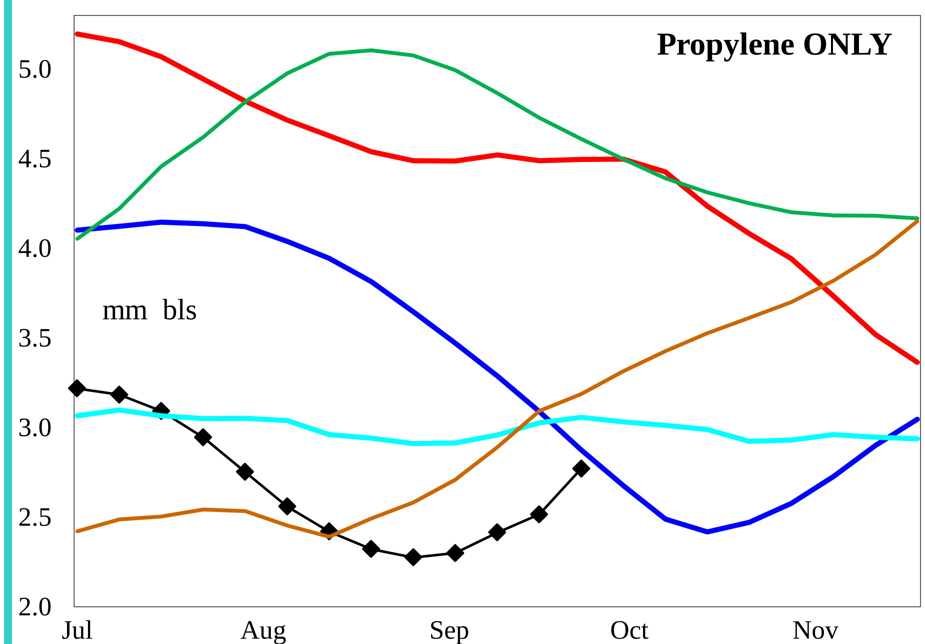
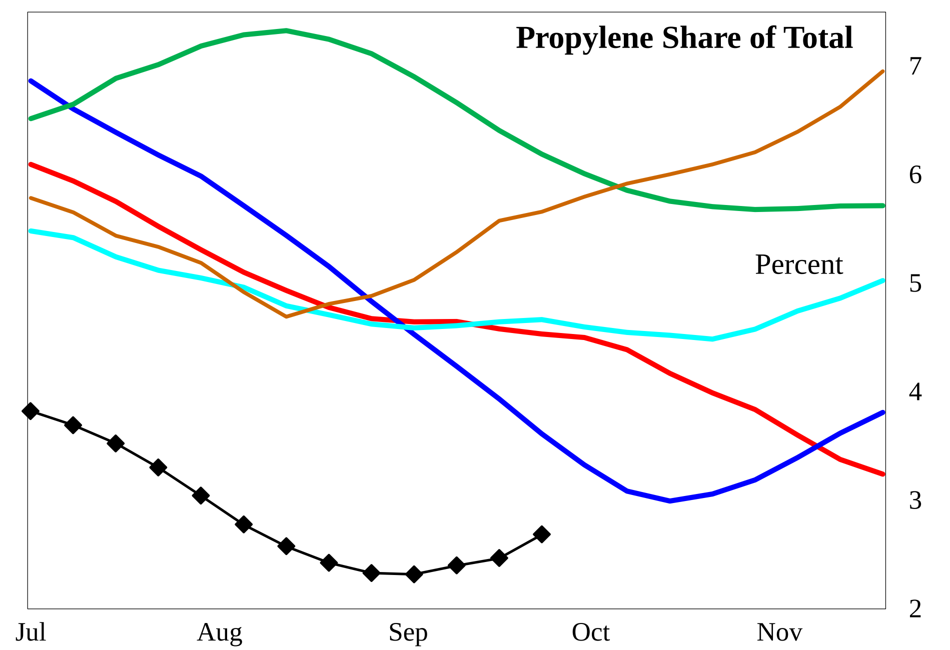
U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**4,523**	**6,439**	**-1,726**
% change	**4.6**	**6.8**	**-38.4**

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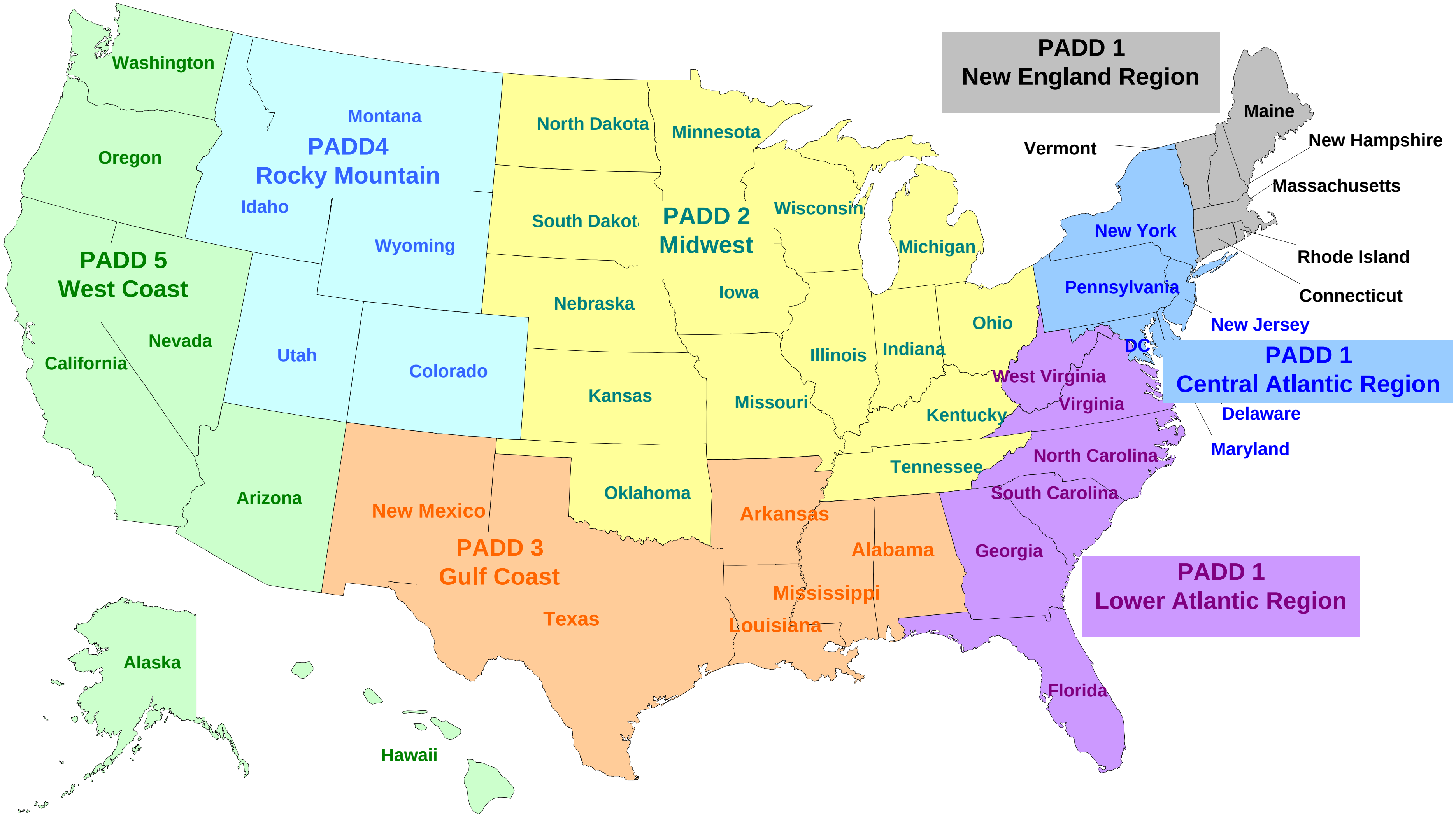
U. S. Petroleum Administrative for Defense Districts (PADDs)



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