WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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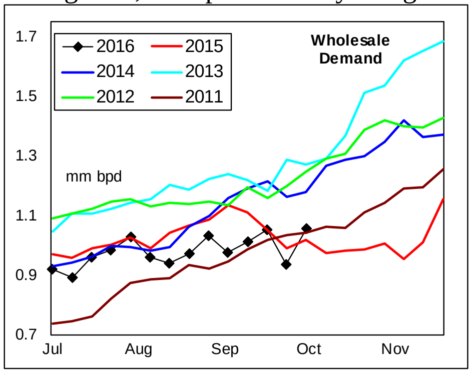
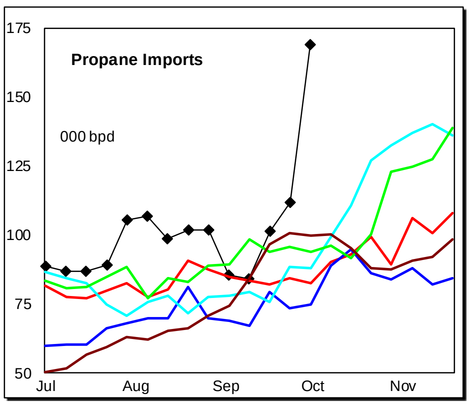
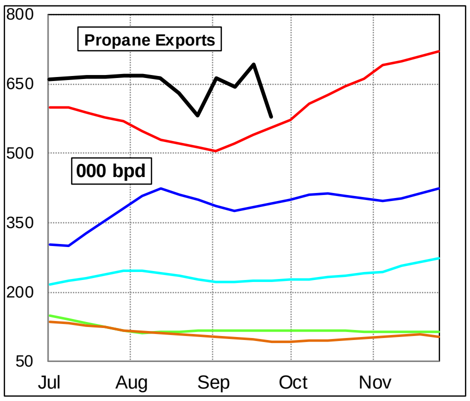
Summary[1]:
Wholesale demand increased +33,000 bpd last week, with the latest 4-wk average -12,000 bpd below a year ago.

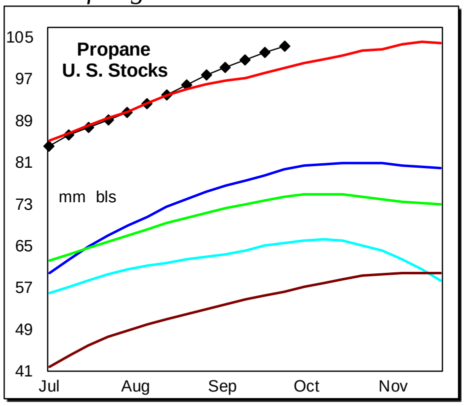


Production increased +3,000 bpd on the week with increases concentrated in the East and Gulf regions. Production for the latest 4-wk average was +153,000 above a year ago. Imports jumped +85,000 bpd, concentrated in the Midwest.



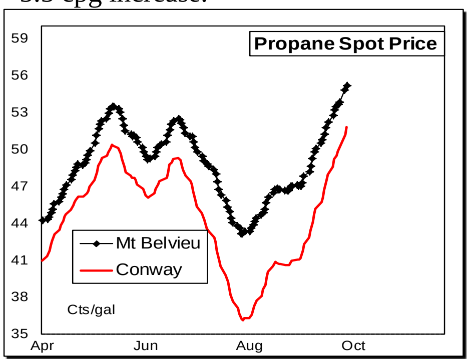


Exports for the week ending 23Sep16 were 578,000 bpd, sharply below the prior week 1.1 million bpd. *The EIA has implemented a more frequent and timely report of exports which should improve accuracy in stock changes for the Gulf Region.*



Stocks increased +0.7 million barrels on the week; with builds in all regions. Stock levels ended the week +3.6% above last year and a new record high.

Price and Spreads Mt Belvieu spot prices increased +4 cpg for the week ending 04Oct16, while Conway prices saw a +5.5 cpg increase.



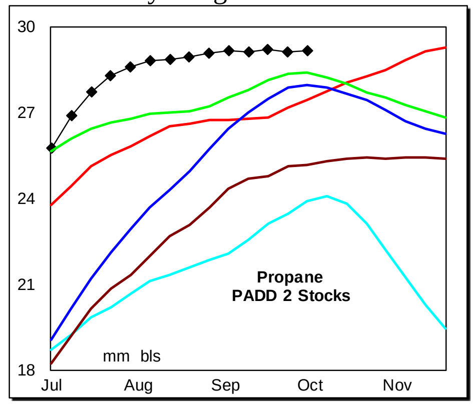
The Conway – Mt Belvieu price spread trended higher on the week, to a level that matched the 3-yr mid range.

The propane to natural gas price spread trended higher last week, at a level that matched year ago lows.

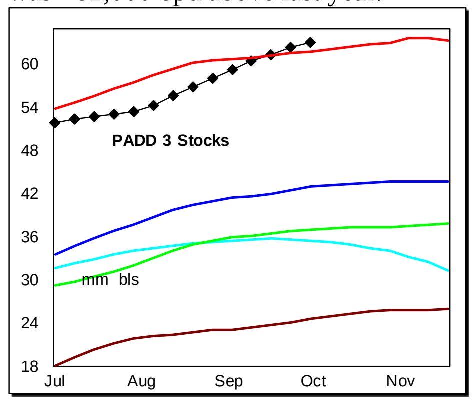
The propane / crude oil price spread traded sideways on the week, ending at a level equal to the 3-yr mid range.

PADD 1 stocks increased +0.1 million barrels on the week. Stock levels ended the week +26% above a year ago, and a record high. Supplies were -29,000 bpd below last year, due to lower production.

PADD 2 supply increased +53,000 bpd on the week; driven by a spike in imports. Production for the latest 4-wk period was +74,000 bpd above a year ago. Stocks increased +0.2 million barrels. Stock levels ended the week above the 5-yr range.



PAD 3 stocks increased +0.3 million barrels on the week. Stock levels ended the week +2% above last year's record high. Supply for the latest 4-wk period was +81,000 bpd above last year.



PADDs 4 & 5 stocks increased +0.2 million barrels last week. Supply increased +11,000 bpd last week on higher production. Stock levels ended the week -15% below last year's record high.

Emerging Trends Peak grain drying season is under way, although mild temperatures and low moisture have constrained use. Stock levels in all major markets ended the week at record highs for this time of year. A spike in imports from Canada, prevented a stock draw during the grain drying season. New EIA reporting of exports will illuminate the weekly volatility in ship loadings.

Very high propane stocks point to risk of a post grain drying season wholesale price pull back.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

October 5, 2016

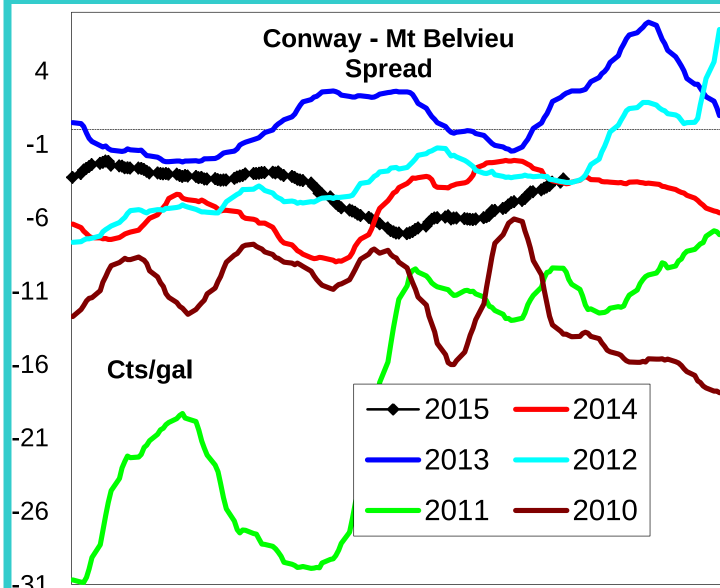
Fundamental Trends for the Week Ending: Friday, September 30, 2016

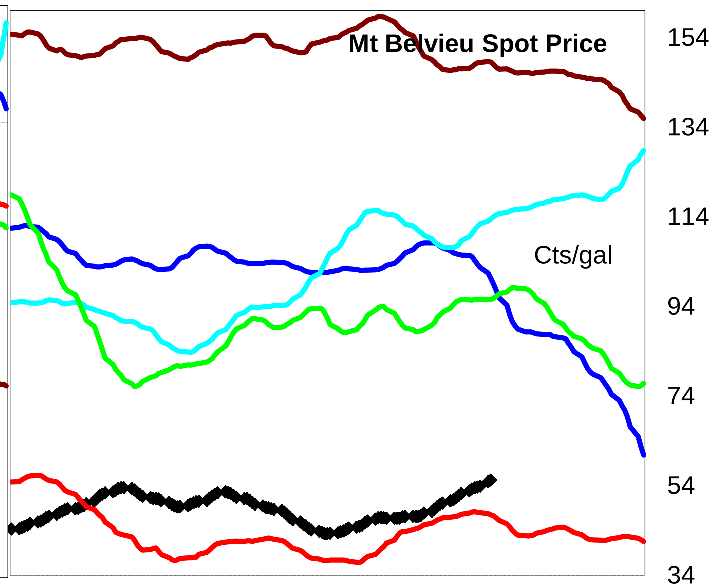
000 bpd / Stocks 000 bls	Weekly Supply-Demand U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	104,000	7,747	29,148	63,107	3,998	736	56	154	329	197
Propylene Stocks	2,739					-32				
Production	1,685	145	375	975	190	3	0	-24	16	11
Imports	169	31	118	1	19	85	7	77	1	0
Whsle Demand	1,005					33				

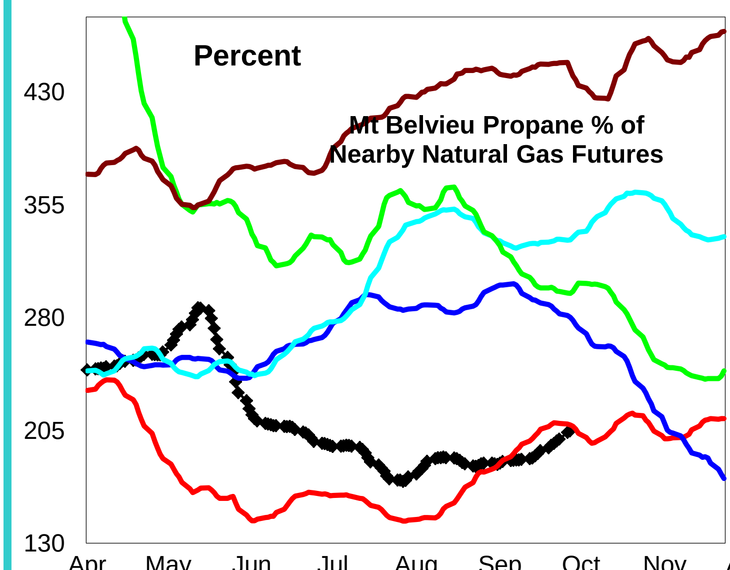
Price Trends for the Week Ending: Tuesday, October 04, 2016

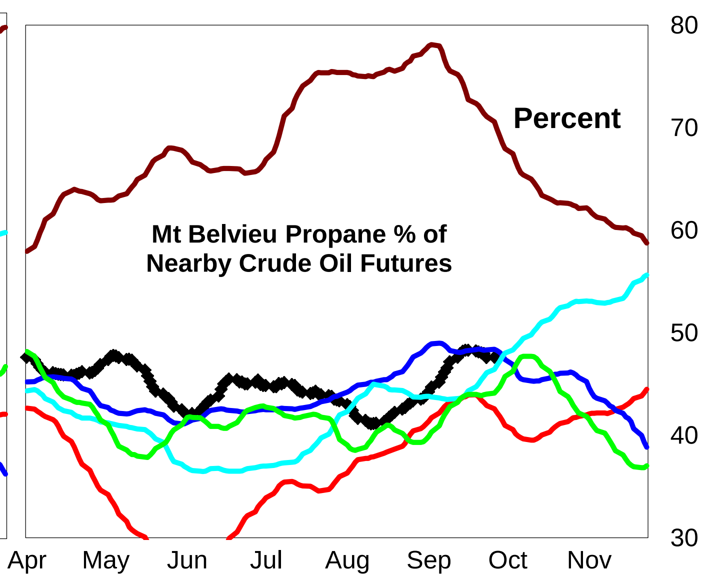
Cents/gal	Average for week ending: 10/4/16	9/27/16	9/6/16	10/8/15	Change from: 9/27/16	9/6/16	10/8/15	% change from: 9/27/16	9/6/16	10/8/15
Mont Belvieu Spot	54.4	52.5	45.7	49.2	1.93	6.83	-3.50	3.7	15.0	-7.1
Conway Spot	51.0	48.0	39.3	44.9	2.98	8.70	-5.58	6.2	22.1	-12.4

Key Price Spreads and Differentials

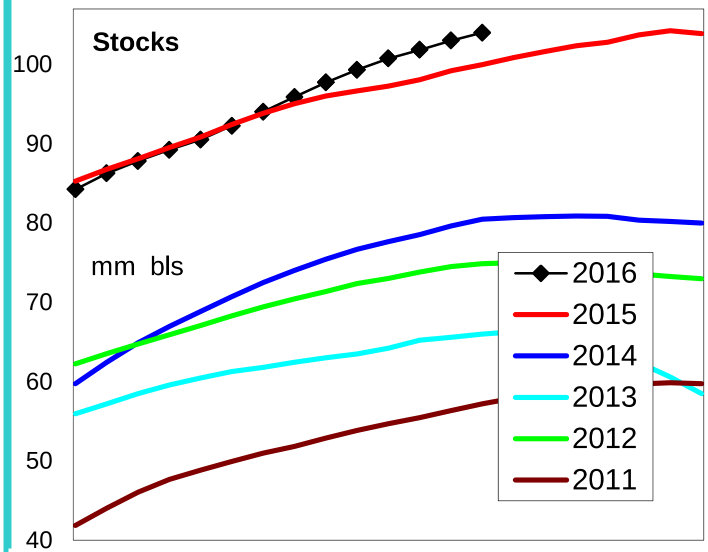


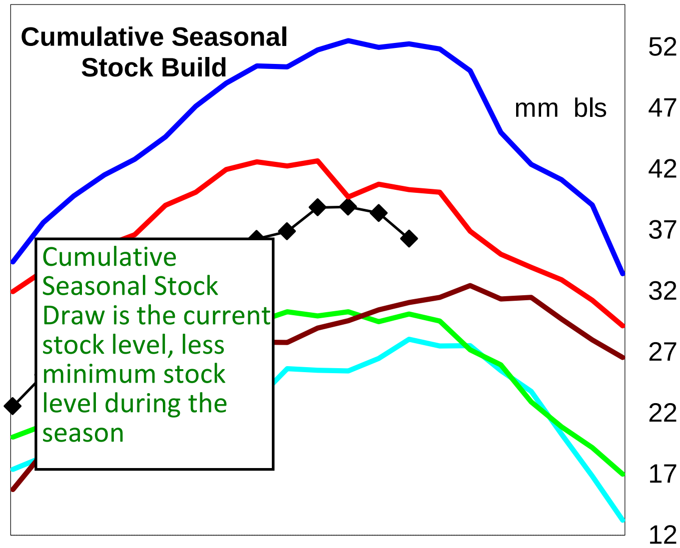


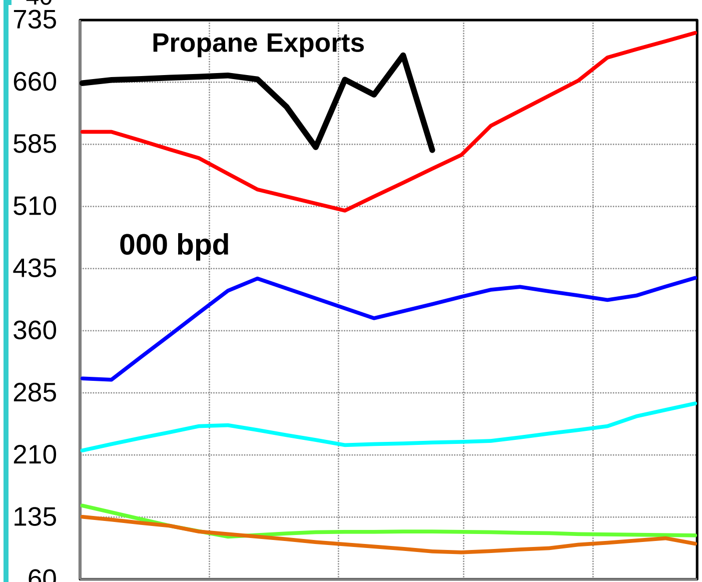


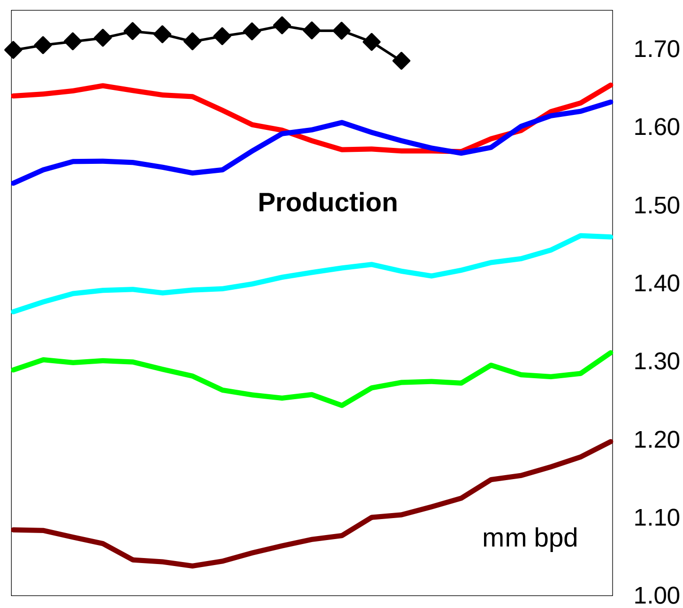


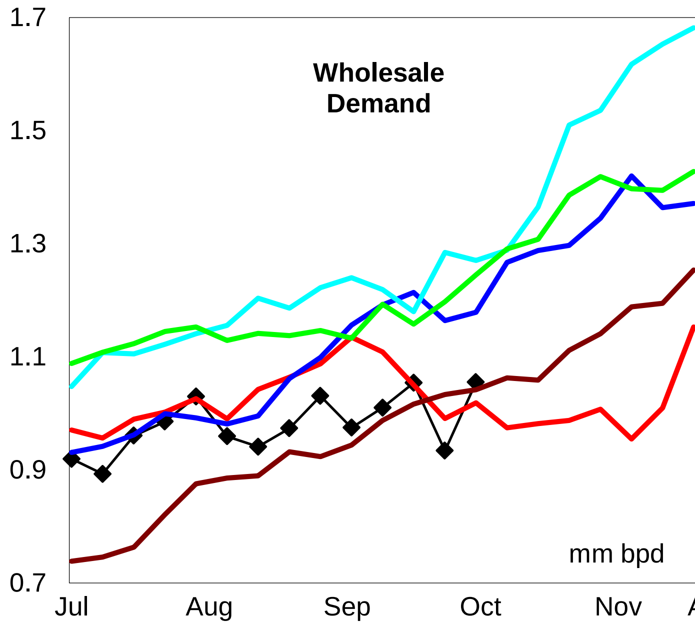
U. S. Propane Supply and Demand Balance

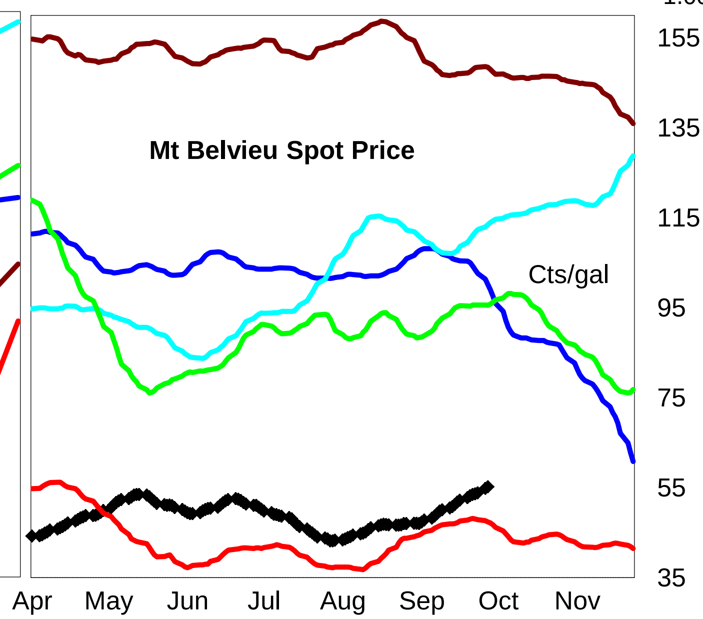






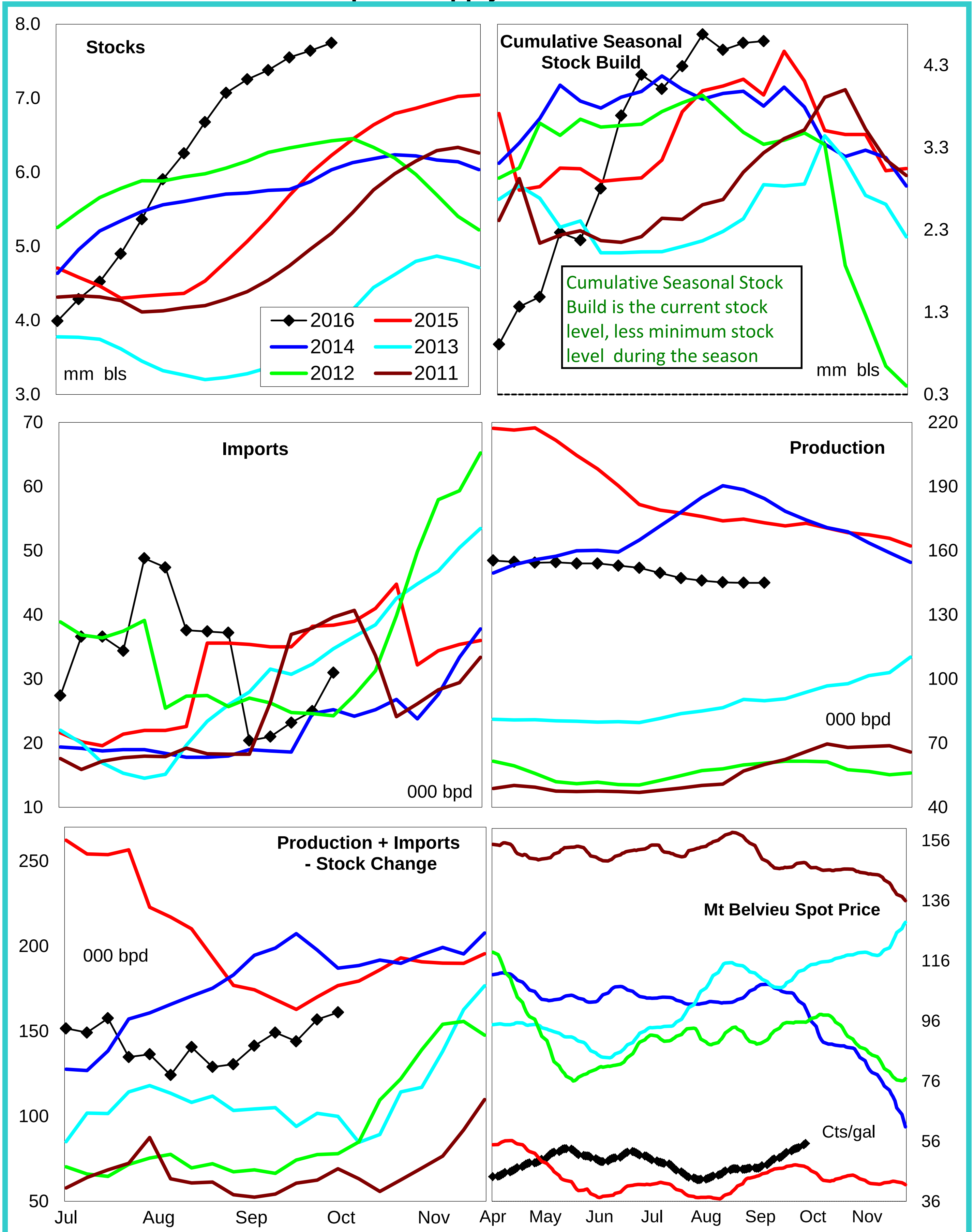






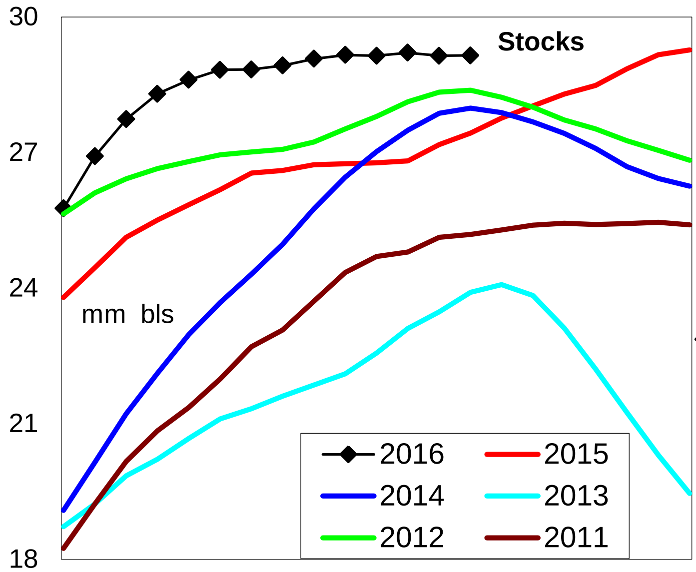
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Aug	Jul	Jun
000 bpd (000 bls stks)	3,658	-4,027	151	34		-12	-57	-24	-201
% change	3.6	-10	9.6	48.1		-1.3	-5.7	-2.4	-19.8

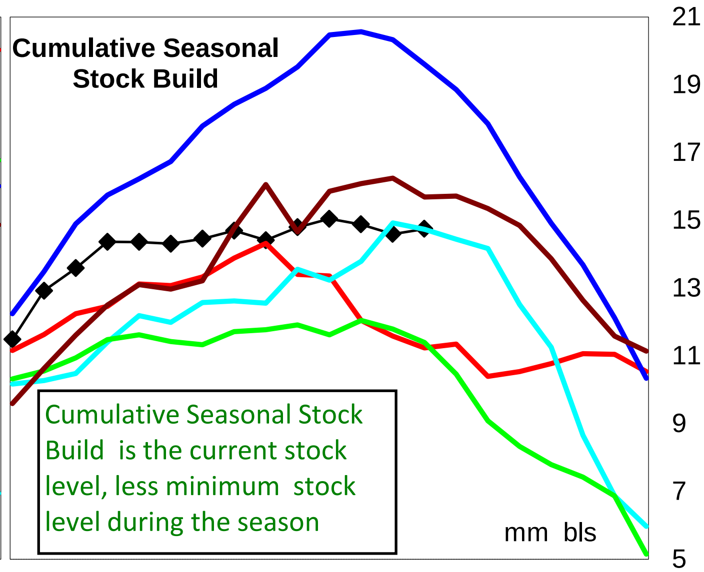
PADD 1 Propane Supply and Demand Balance

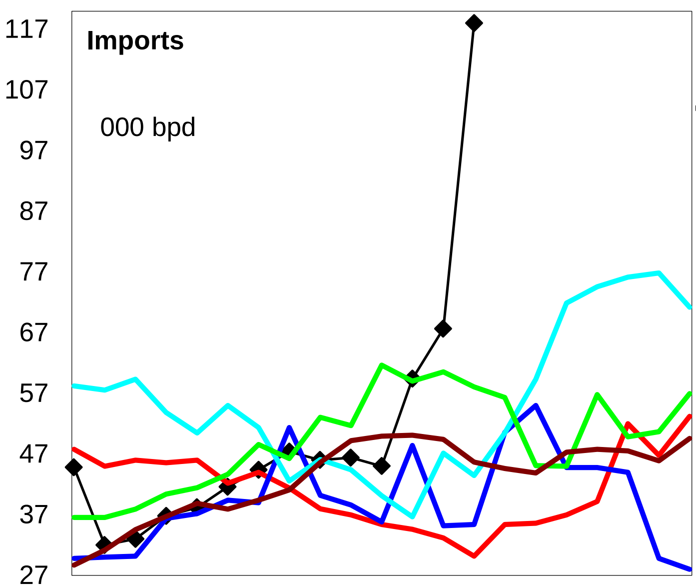


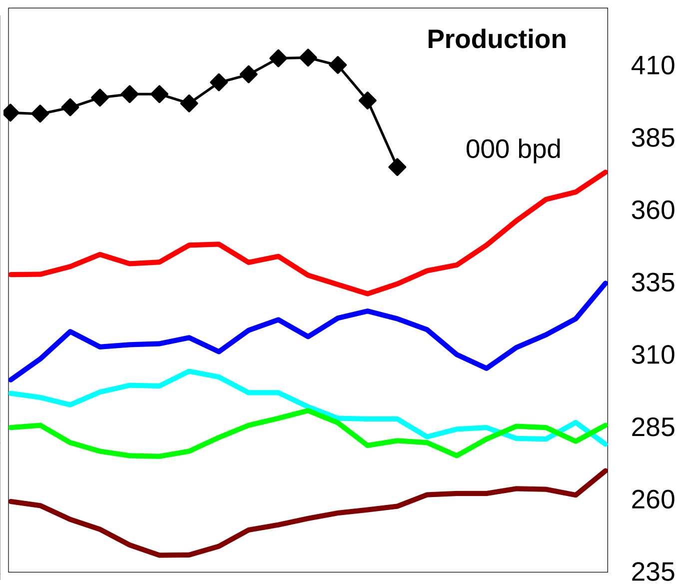
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,601	656	-30	1	-17
% change	26.0	16.7	-17.1	3.3	-9.9

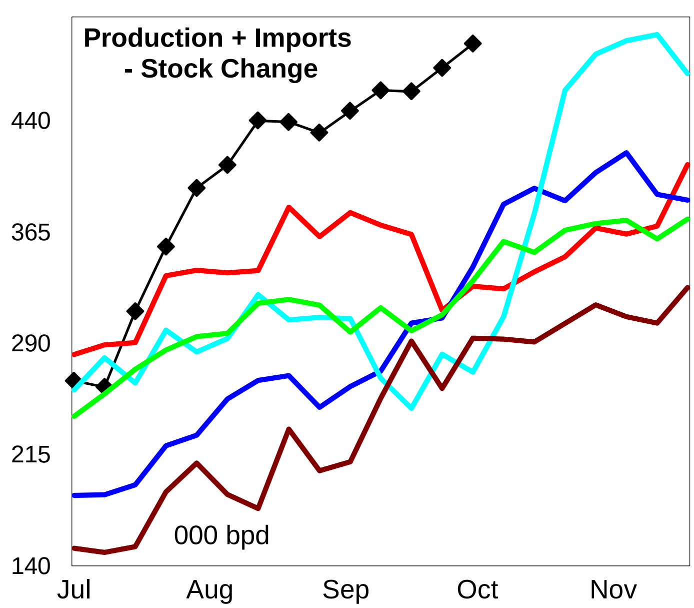
PADD 2 Propane Supply and Demand Balance

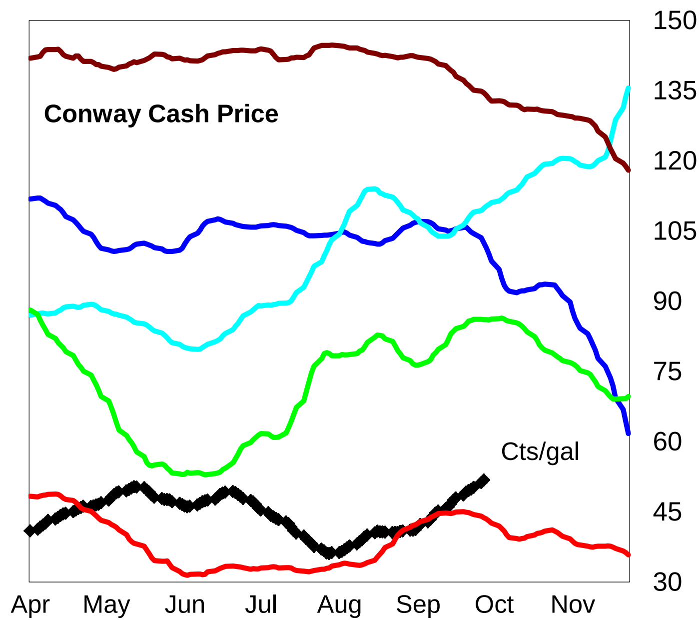






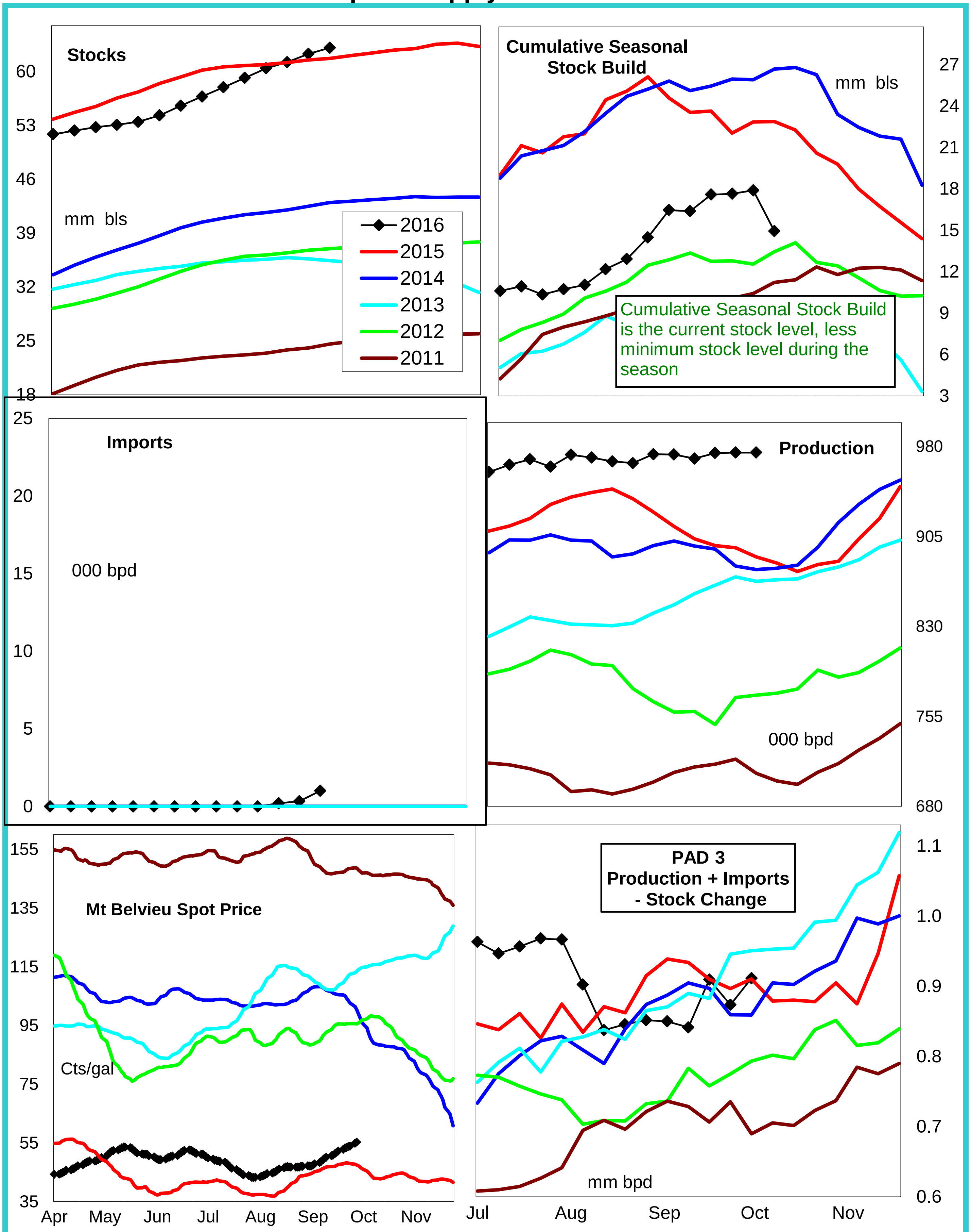






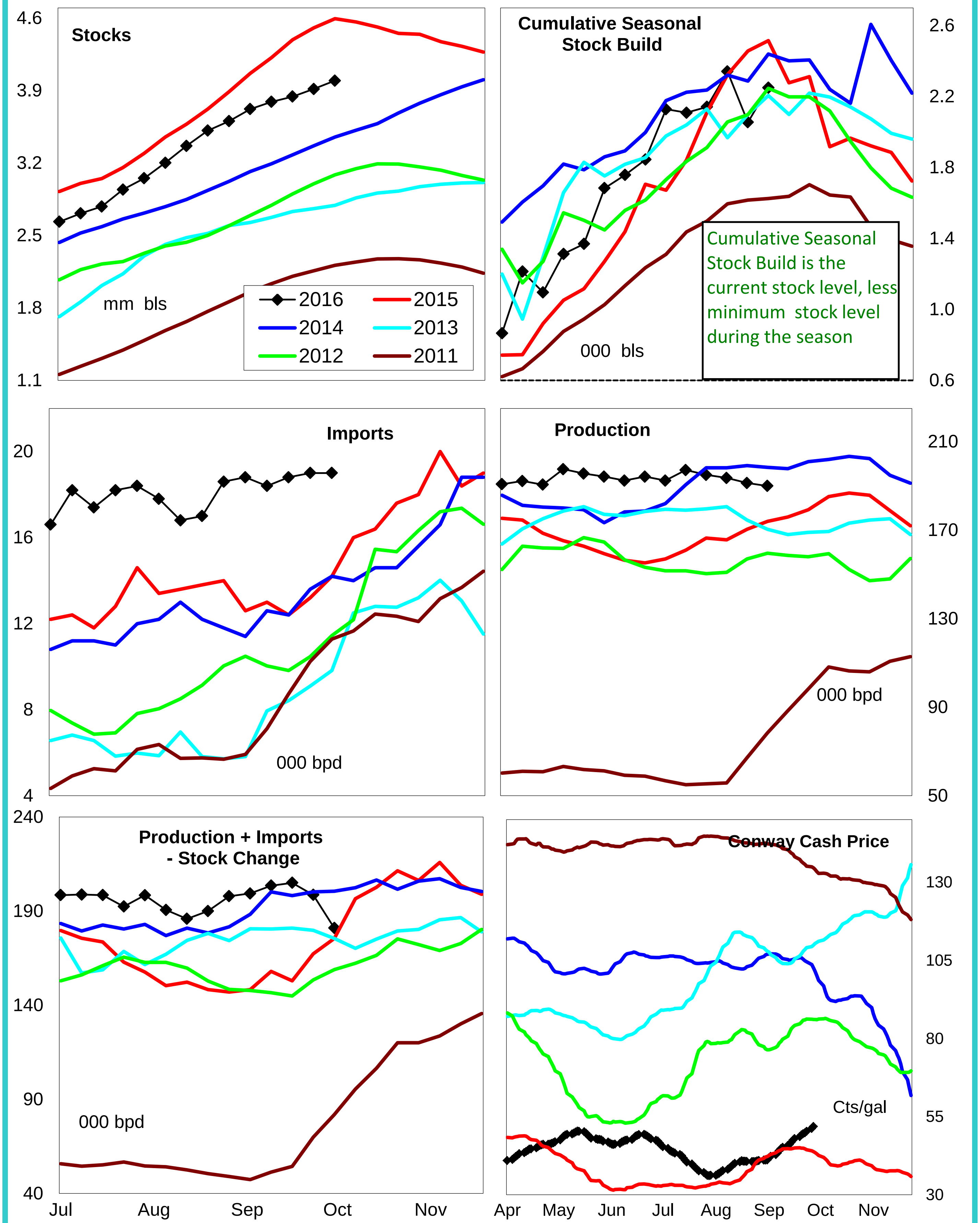
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,633	3,510	74	26	128
% change	5.9	32.7	22.3	73.0	37.4

PADD 3 Propane Supply and Demand Balance



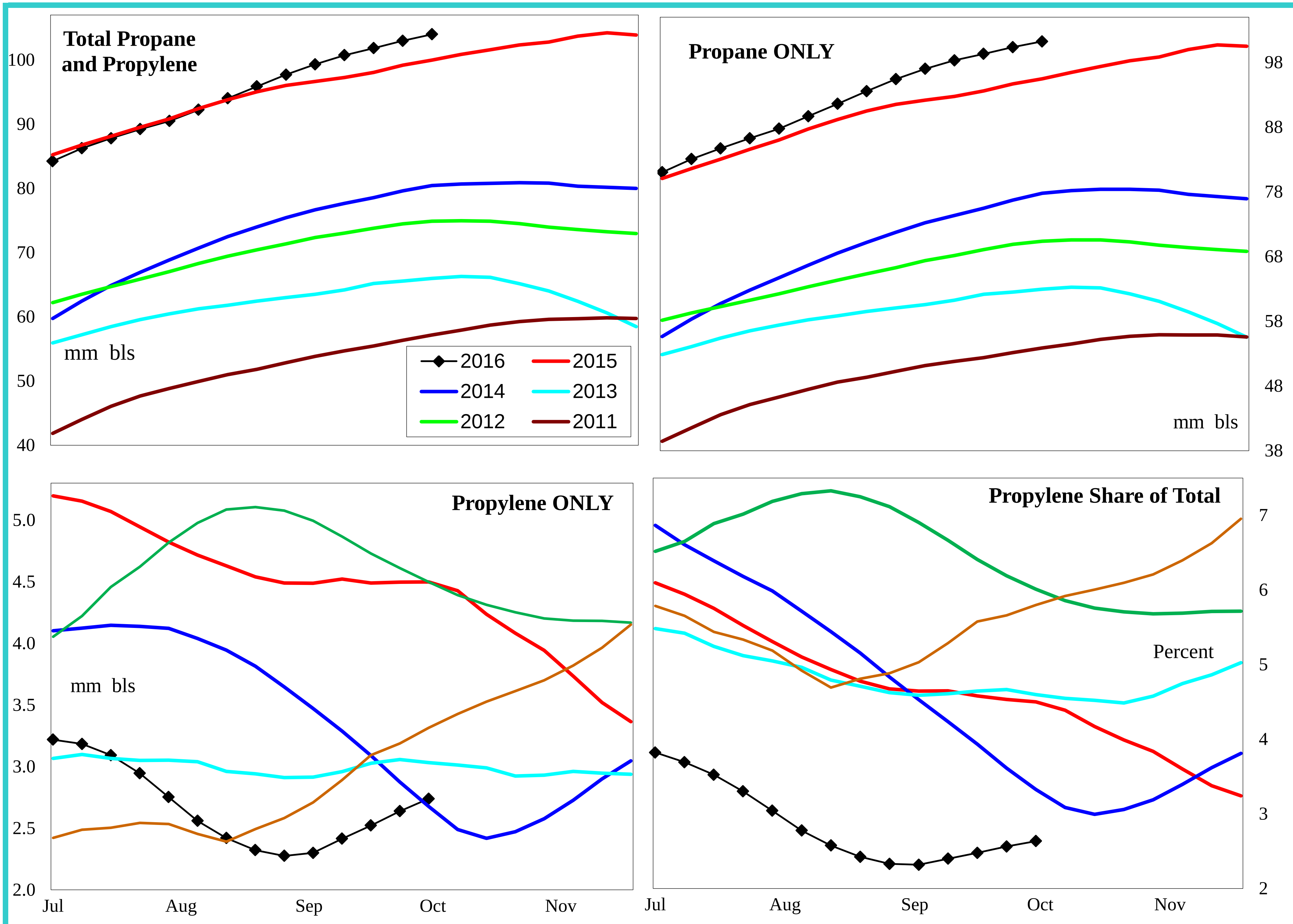
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,111	-7,930	81	0	-29
% change	1.8	-34	9.0	#DIV/0!	-3.3

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)	-689	-266	26	7	34
% change	-14.7	-10.6	15.1	55.8	20.6

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**3,658**	**5,376**	**-1,760**
% change	**3.6**	**5.6**	**-39.1**

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