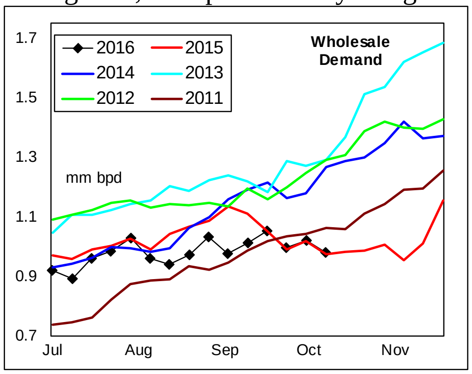
FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

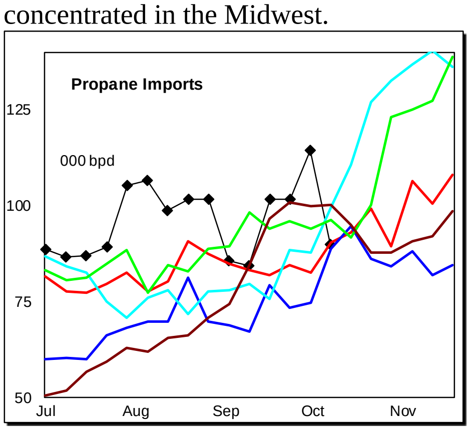
A Fundamental Petroleum Trends Weekly Report

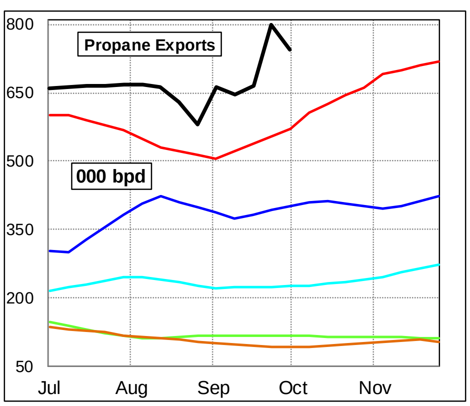
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

Summary[1]:
Wholesale demand decreased -74,000 bpd last week, with the latest 4-wk average -12,000 bpd below a year ago.



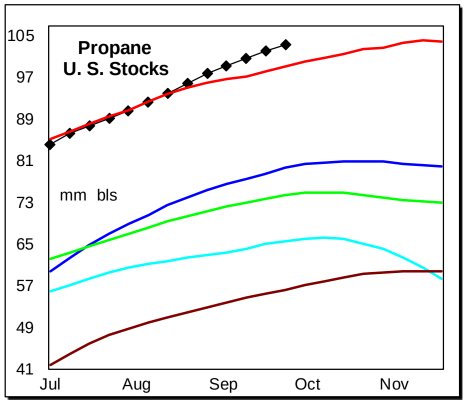
Production fell -49,000 bpd on the week with decreases in all regions. Production for the latest 4-wk average was +116,000 above a year ago. Imports fell -79,000, concentrated in the Midwest.





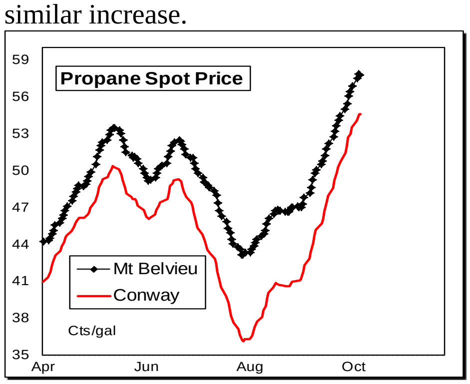
Exports for the week ending 30Sep16 were 744,000 bpd, compared to +589,000 bpd a year ago.

[1] Source is latest EIA Weekly Statistics



Stocks were unchanged on the week, with builds in the Gulf and West regions offset by declines in the Midwest and West. Stock levels ended the week +1.7% above last year and a record high.

Price and Spreads Mt Belvieu spot prices increased +1.5 cpg for the week ending 12Oct16, while Conway prices saw a similar increase.



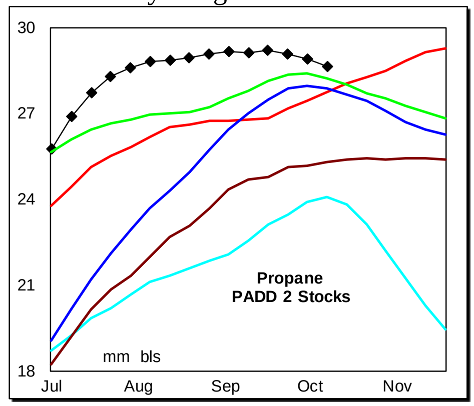
The Conway – Mt Belvieu price spread trended higher on the week, to a level that matched the 3-yr mid range.

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

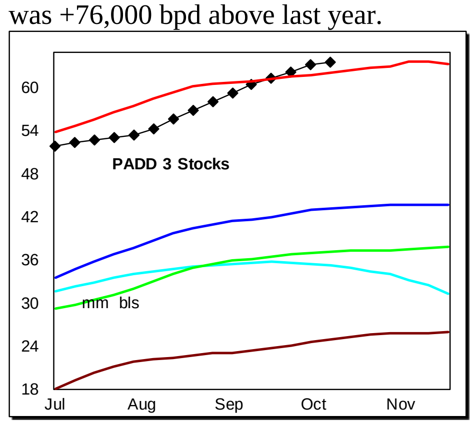
The propane / crude oil price spread traded sideways on the week, ending at a level equal to the 3-yr mid range.

PADD 1 stocks decreased -0.1 million barrels on the week. Stock levels ended the week +13% above a year ago, and a record high. Supplies were -50,000 bpd below last year, due to lower production and imports.

PADD 2 supply fell -95,000 bpd on the week; driven by lower imports and production. Production for the latest 4-wk period was +57,000 bpd above a year ago. Stocks declined -0.5 million barrels. Stock levels ended the week above the 5-yr range.



PAD 3 stocks increased +0.4 million barrels on the week. Stock levels ended the week +1.4% above last year's record high. Supply for the latest 4-wk period was +76,000 bpd above last year.



PADDs 4 & 5 stocks increased +0.2 million barrels last week. Supply decreased -4,000 bpd last week on lower production. Stock levels ended the week -9% 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. Domestic wholesale demand of 0.9 million bpd compares to 0.7 million bpd of exports for the most recent period. The growth in exports is driving the uptrend in wholesale prices.

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

PROPANE: Graph Link and Weekly Summary

October 13, 2016

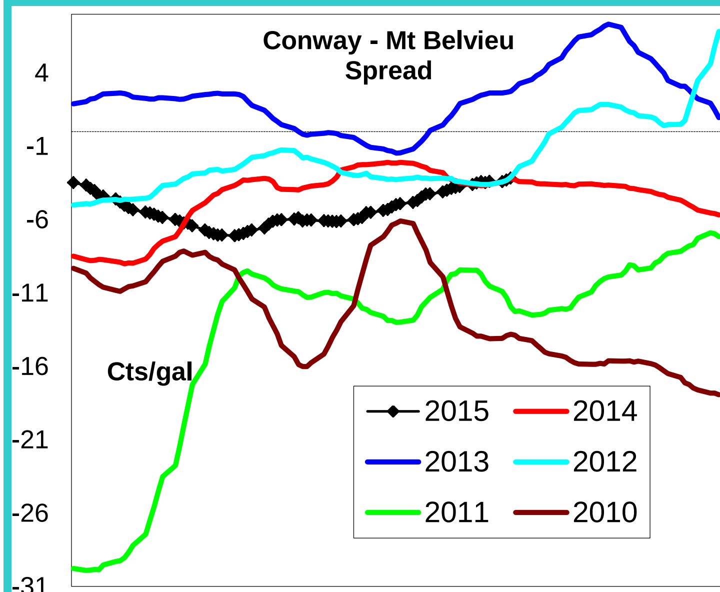
Fundamental Trends for the Week Ending: Friday, October 07, 2016

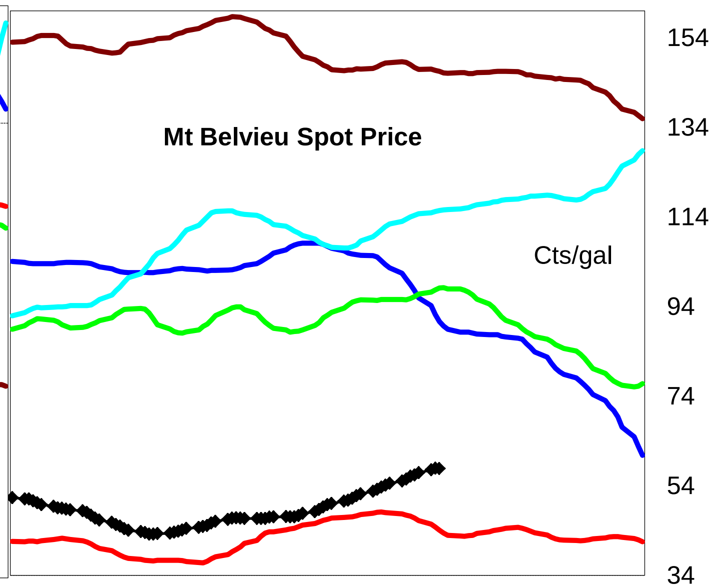
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	103,928	7,611	28,628	63,533	4,156	-72	-136	-520	426	158
Propylene Stocks	2,775					36				
Production	1,636	134	358	963	181	-49	-11	-17	-12	-9
Imports	90	26	40	0	24	-79	-5	-78	-1	5
Whsle Demand	931					-74				

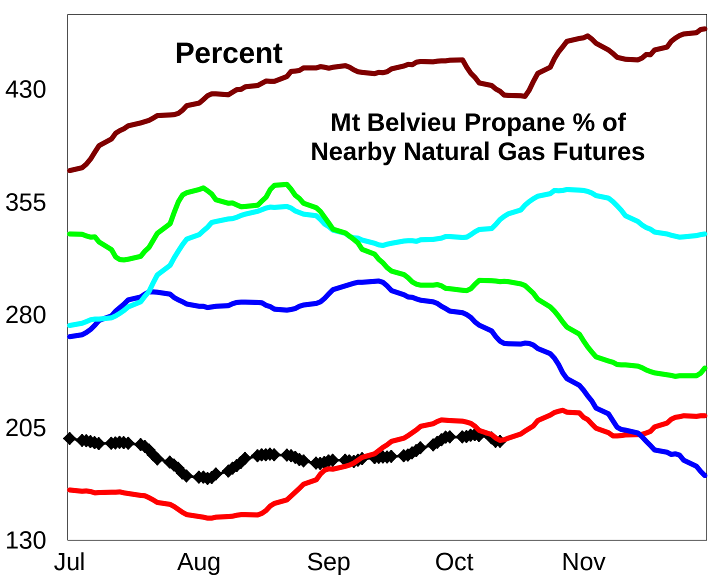
Price Trends for the Week Ending: Wednesday, October 12, 2016

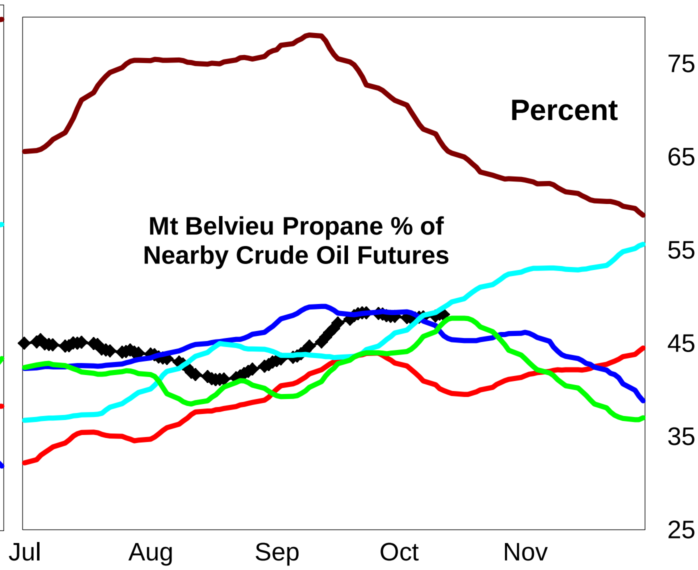
Cents/gal	Average for week ending:				Change from:			% change from:		
	10/12/16	10/5/16	9/14/16	10/16/15	10/5/16	9/14/16	10/16/15	10/5/16	9/14/16	10/16/15
Mont Belvieu Spot	57.8	55.1	48.4	44.9	2.70	6.73	3.50	4.9	13.9	7.8
Conway Spot	54.4	51.5	43.0	41.8	2.83	8.55	1.20	5.5	19.9	2.9

Key Price Spreads and Differentials

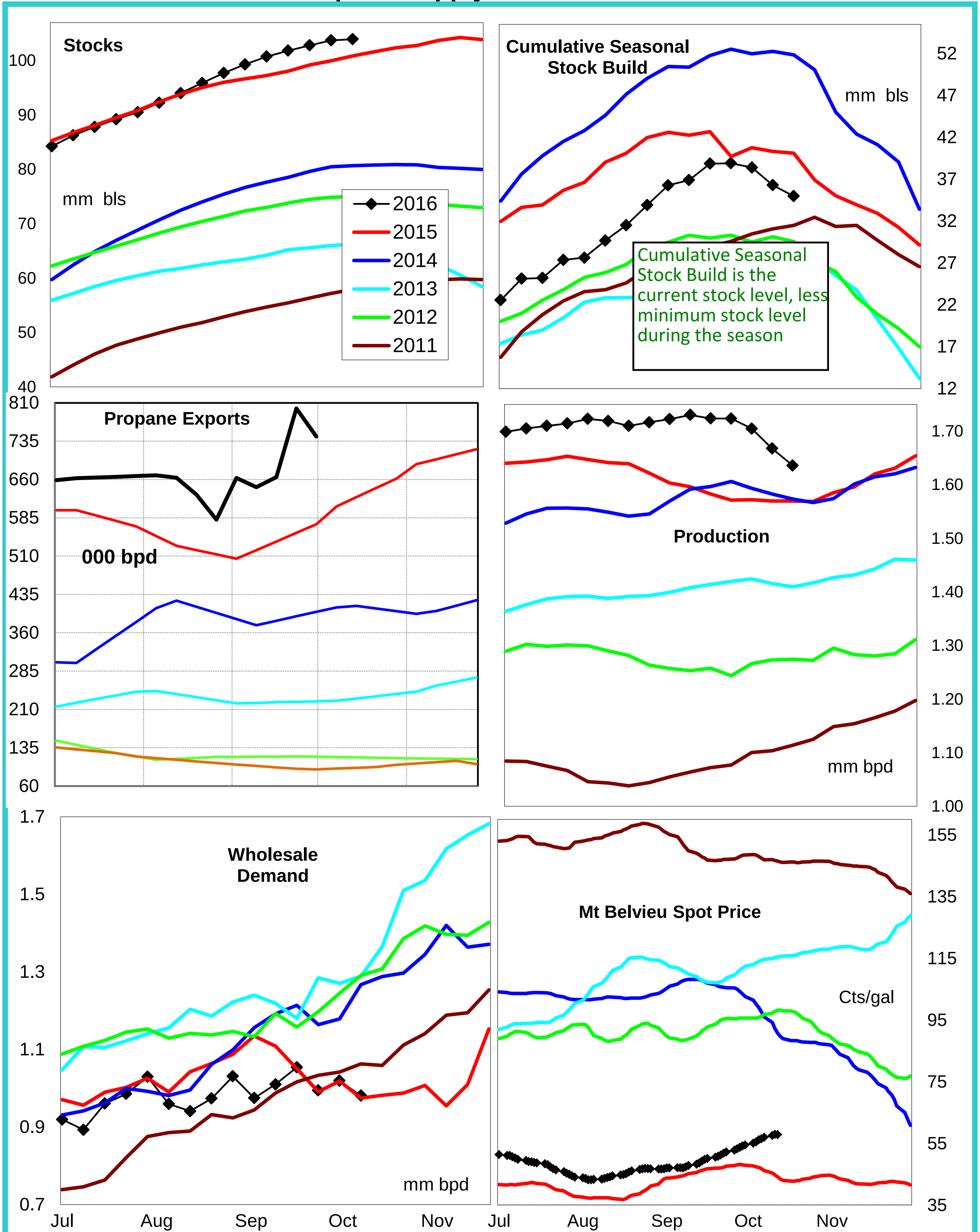








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Sep	Aug	Jul
000 bpd (000 bls stks)	1,764	-5,132	116	21		-37	52	-57	-53
% change	1.7	-13	7.4	24.9		-3.9	5.8	-5.7	-5.4

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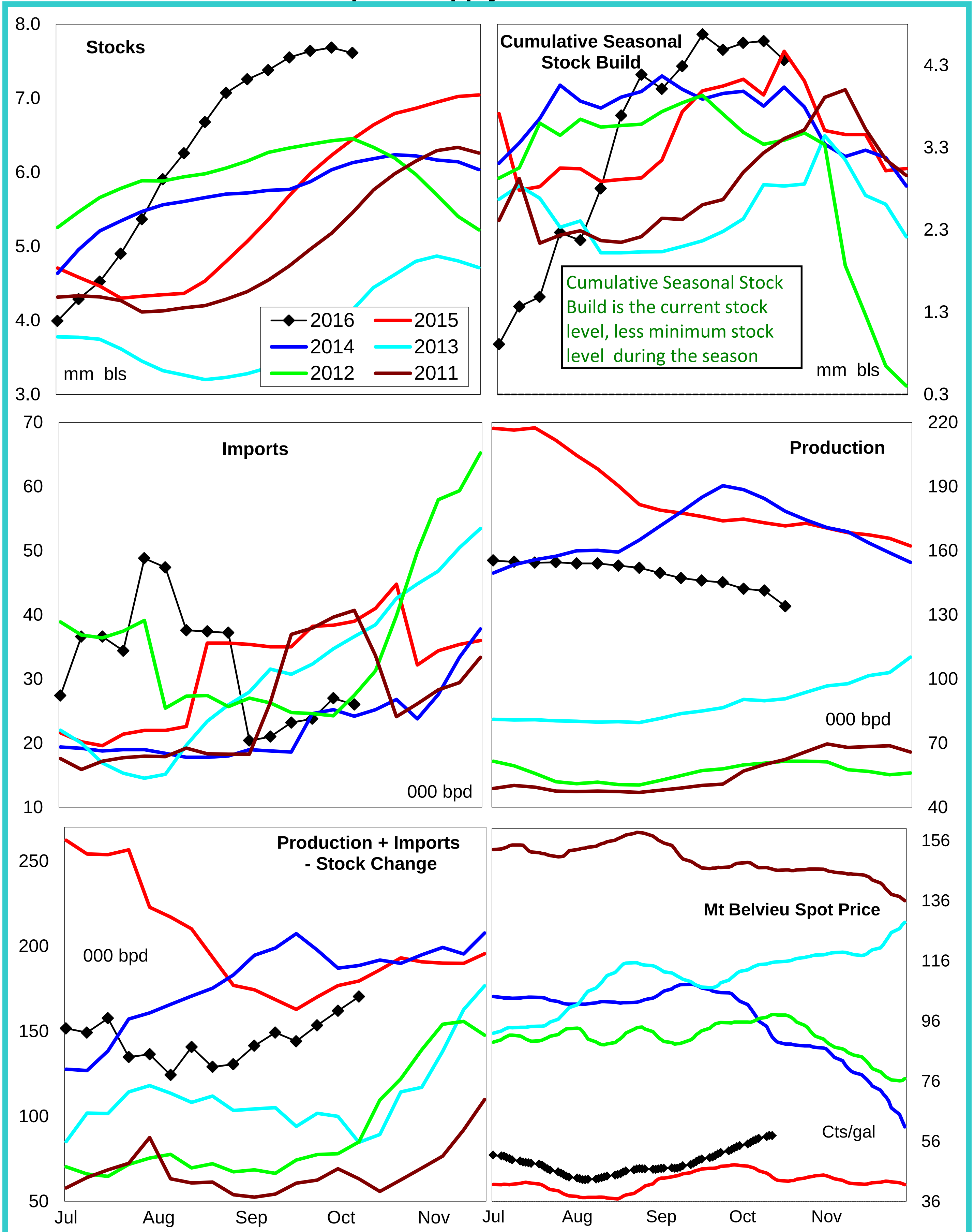
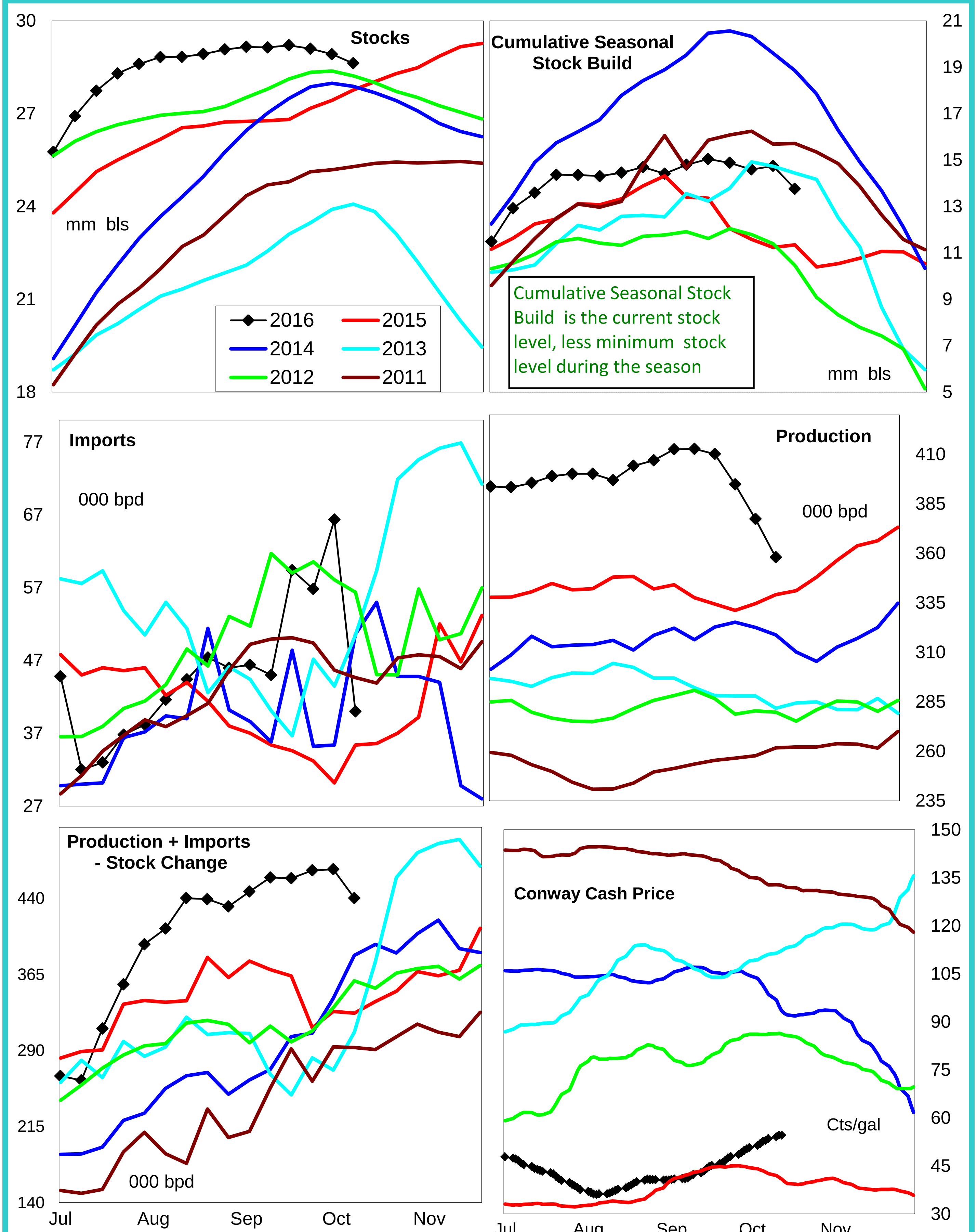
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	857	-109	-33	-17	-15
% change	12.7	-2.4	-18.8	-40.2	-8.6

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)	402	2,415	57	31	126
% change	1.4	22.3	17.0	100.8	37.9

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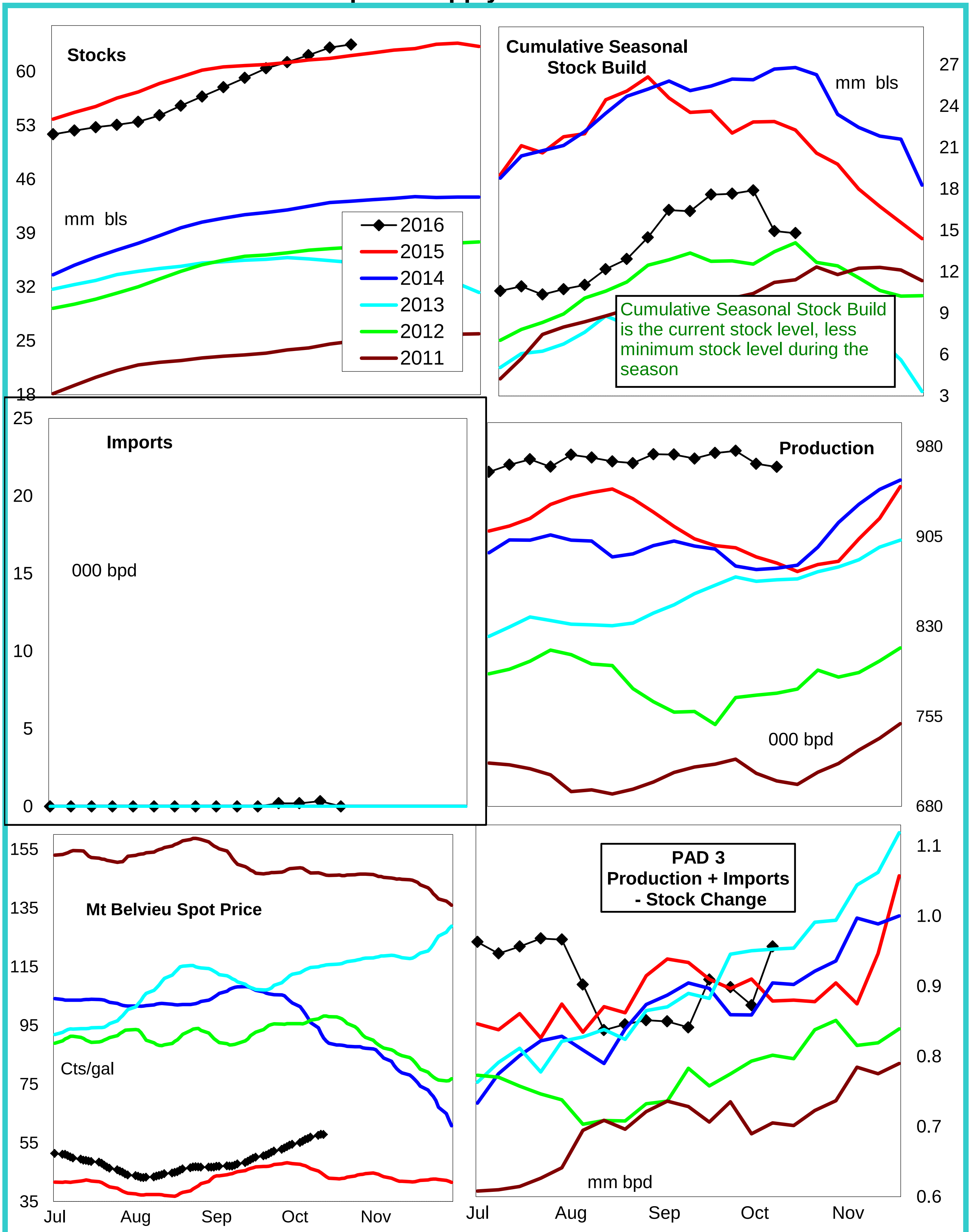
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	899	-7,467	76	0	10
% change	1.4	-33	8.5	#DIV/0!	1.2

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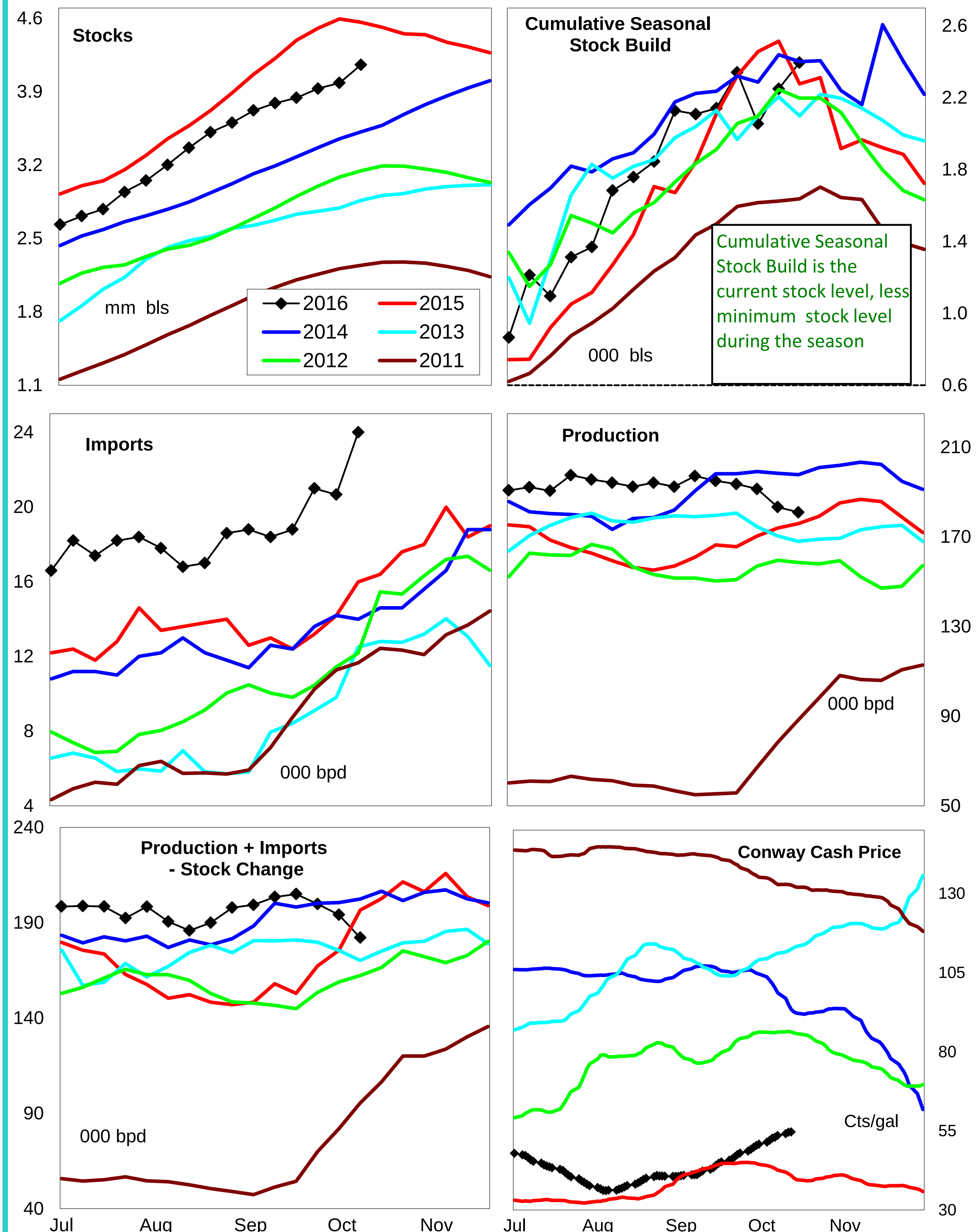
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-393	118	16	8	22
% change	-8.6	5.2	9.4	58.8	12.8

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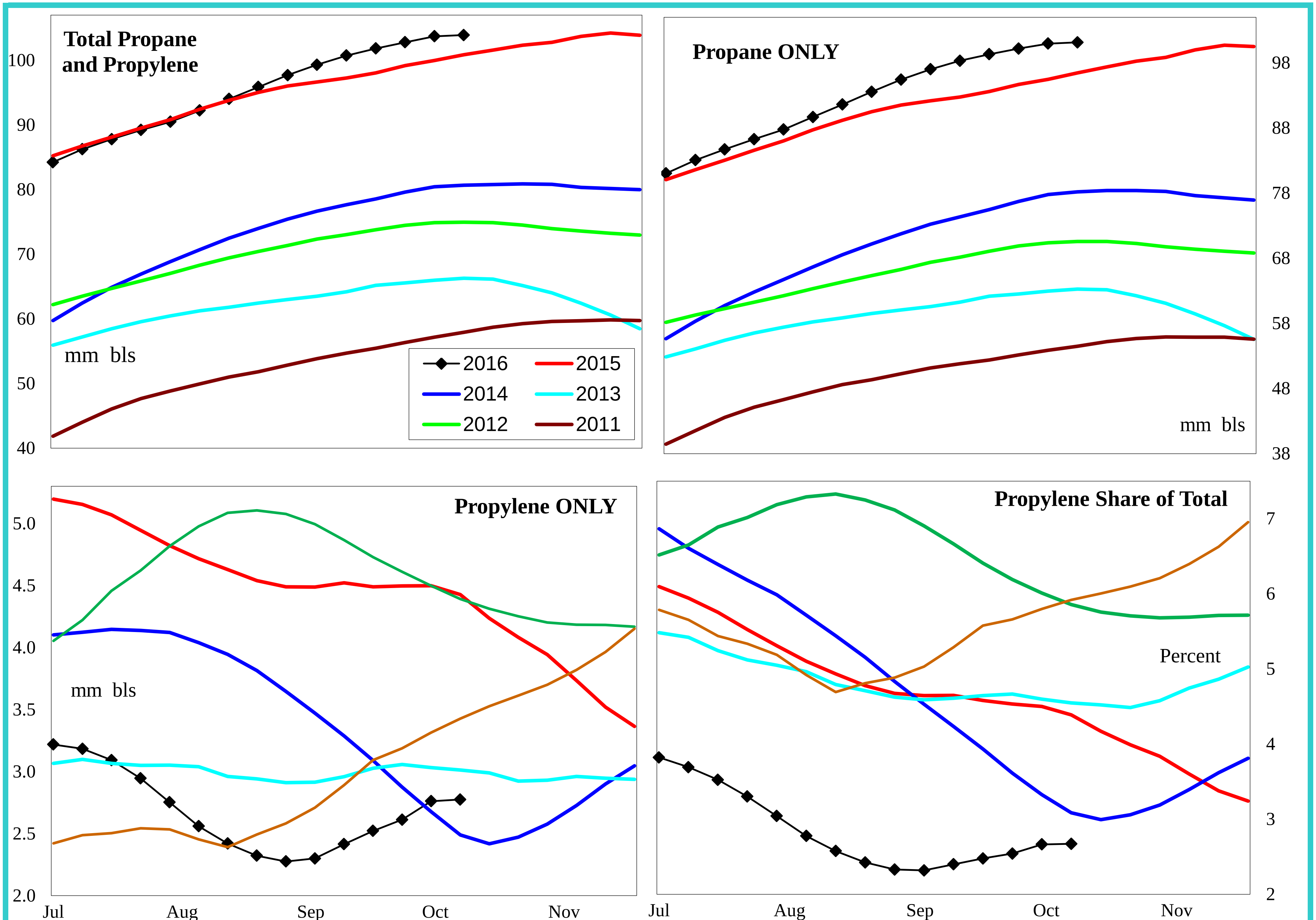
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	1,764	3,375	-1,652
% change	1.7	3.5	-37.3

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