FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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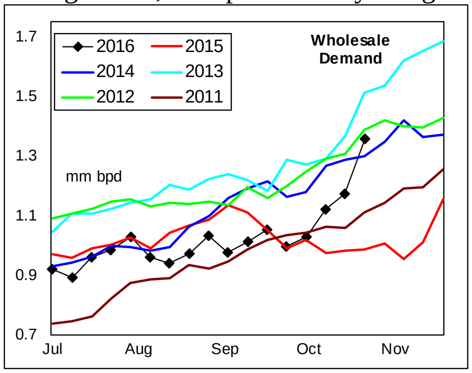
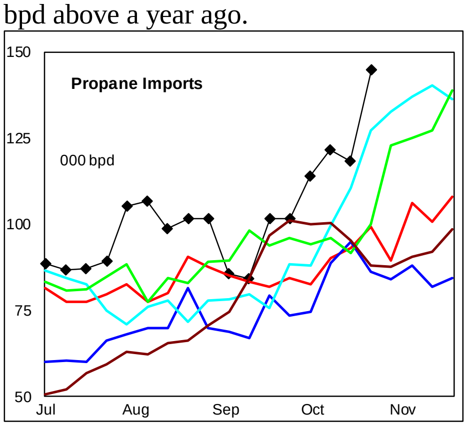
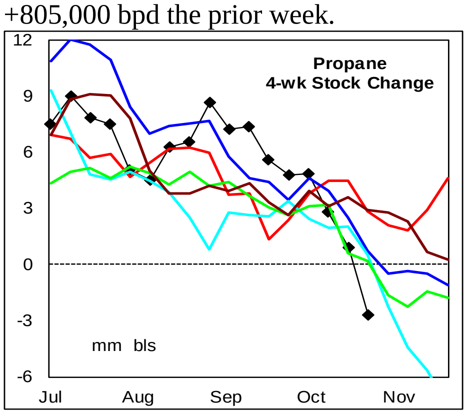
Summary[1]:
Wholesale demand decr4ased -175,000 bpd last week, with the latest 4-wk average +135,000 bpd above a year ago.



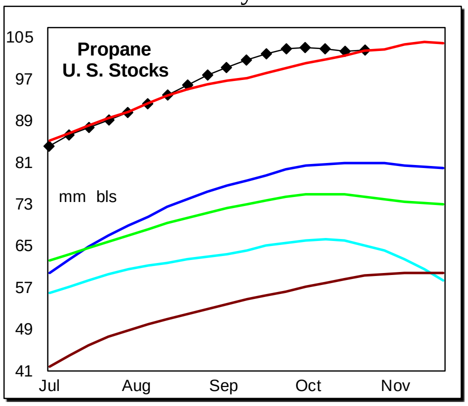
Production increased +20,000 bpd on the week, concentrated in the East and Midwest. Production for the latest 4-wk average was +98,000 above a year ago. Imports decreased -23,000 bpd on the week, with the 4-wk average +32,000 bpd above a year ago.



Exports for the week ending 14Oct16 were 685,000 bpd, compared to +805,000 bpd the prior week.

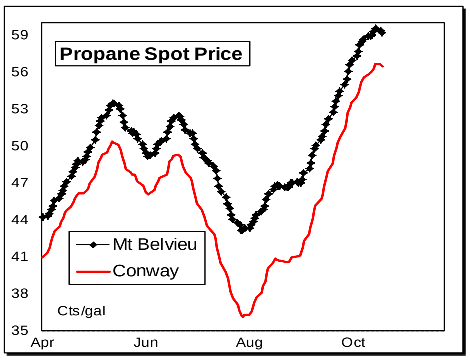


Stocks decreased -2.1 million barrels on the week, leading to a record 4-wk stock draw for this time of year.



Stock levels ended the week at a level comparable to last year's record high.

Price and Spreads Mt Belvieu and Conway spot prices were nearly unchanged for the week ending 25Oct16.



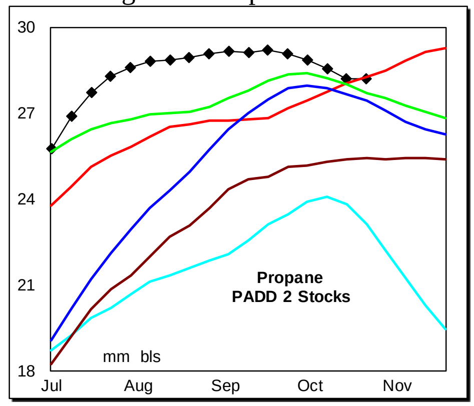
The Conway – Mt Belvieu price spread traded sideways on the week, ending at a level that matched 3-yr lows.

The propane to natural gas price spread trended higher on the week, to end at a level near the average of the last 2-yrs.

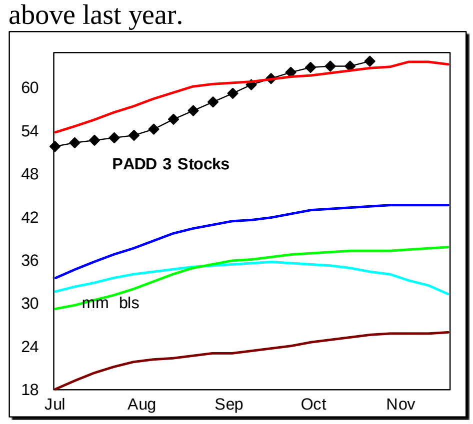
The propane / crude oil price spread trended higher on the week, ending at a level near 3-yr highs for the period.

PADD 1 stocks were nearly unchanged on the week. Stock levels ended the week +4% above a year ago. Supplies were -40,000 bpd below last year, due to lower production and imports.

PADD 2 supply was unchanged on the week with higher production offset by a decrease in imports. Production for the latest 4-wk period was +31,000 bpd above a year ago while imports increased +40,000 bpd year-on-year. Stocks declined -0.3 million barrels last week. Stock levels ended the week equal to historic highs for the period.



PAD 3 stocks fell -1.9 million barrels on the week. Stock levels ended the week near last year's record high. Supply for the latest 4-wk period was +80,000 bpd above last year.



PADDs 4 & 5 stocks increased +0.1 million barrels last week. Supply decreased -13,000 bpd on lower production and imports. Stock levels ended the week -6% below last year's record high.

Emerging Trends Peak grain drying season is under way, leading to the surge in wholesale demand. Two consecutive weekly stock draws has pushed the 4-wk draw to a record level compared to prior years for the period. Stock levels are comparable to last year's record high. With the nearly -2 million barrel draw in the Gulf last week, robust exports continue to support wholesale prices.

High propane stock levels and mild temperatures in major heating markets, risk a post grain drying season pull back in wholesale prices.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

October 26, 2016

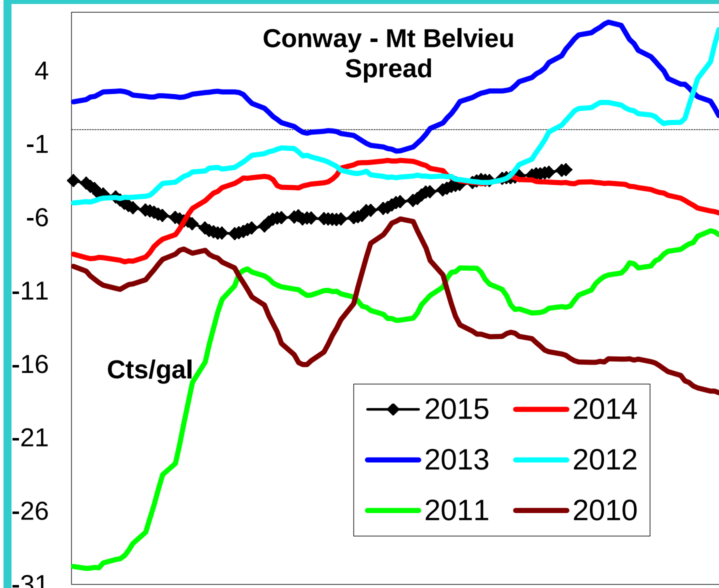
Fundamental Trends for the Week Ending: Friday, October 21, 2016

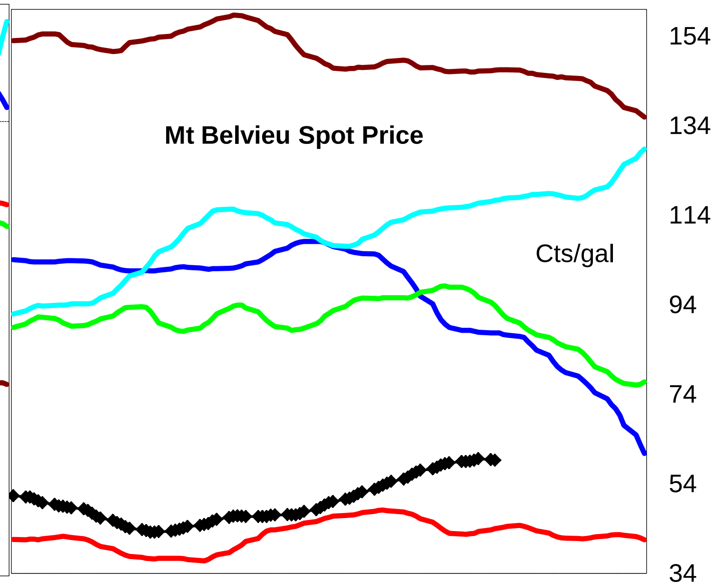
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	100,567	7,011	27,846	61,687	4,023	-2,115	46	-337	-1,948	124
Propylene Stocks	3,427					412				
Production	1,688	159	396	946	187	20	11	23	-7	-7
Imports	121	30	67	0	24	-23	5	-22	0	-6
Whsle Demand	1,130					-175				

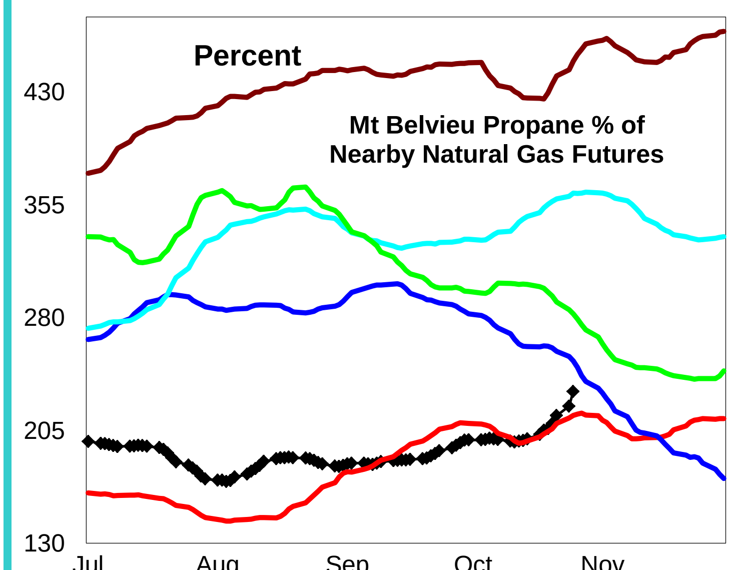
Price Trends for the Week Ending: Tuesday, October 25, 2016

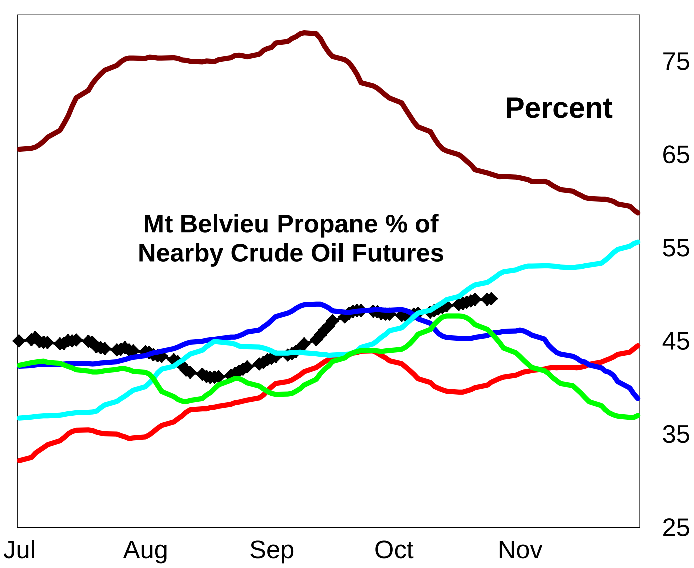
Cents/gal	Average for week ending:				Change from:			% change from:		
	10/25/16	10/18/16	9/27/16	10/29/15	10/18/16	9/27/16	10/29/15	10/18/16	9/27/16	10/29/15
Mont Belvieu Spot	59.7	58.4	52.5	42.7	1.28	5.93	9.80	2.2	11.3	23.0
Conway Spot	56.8	55.2	48.0	38.8	1.58	7.20	9.25	2.9	15.0	23.9

Key Price Spreads and Differentials









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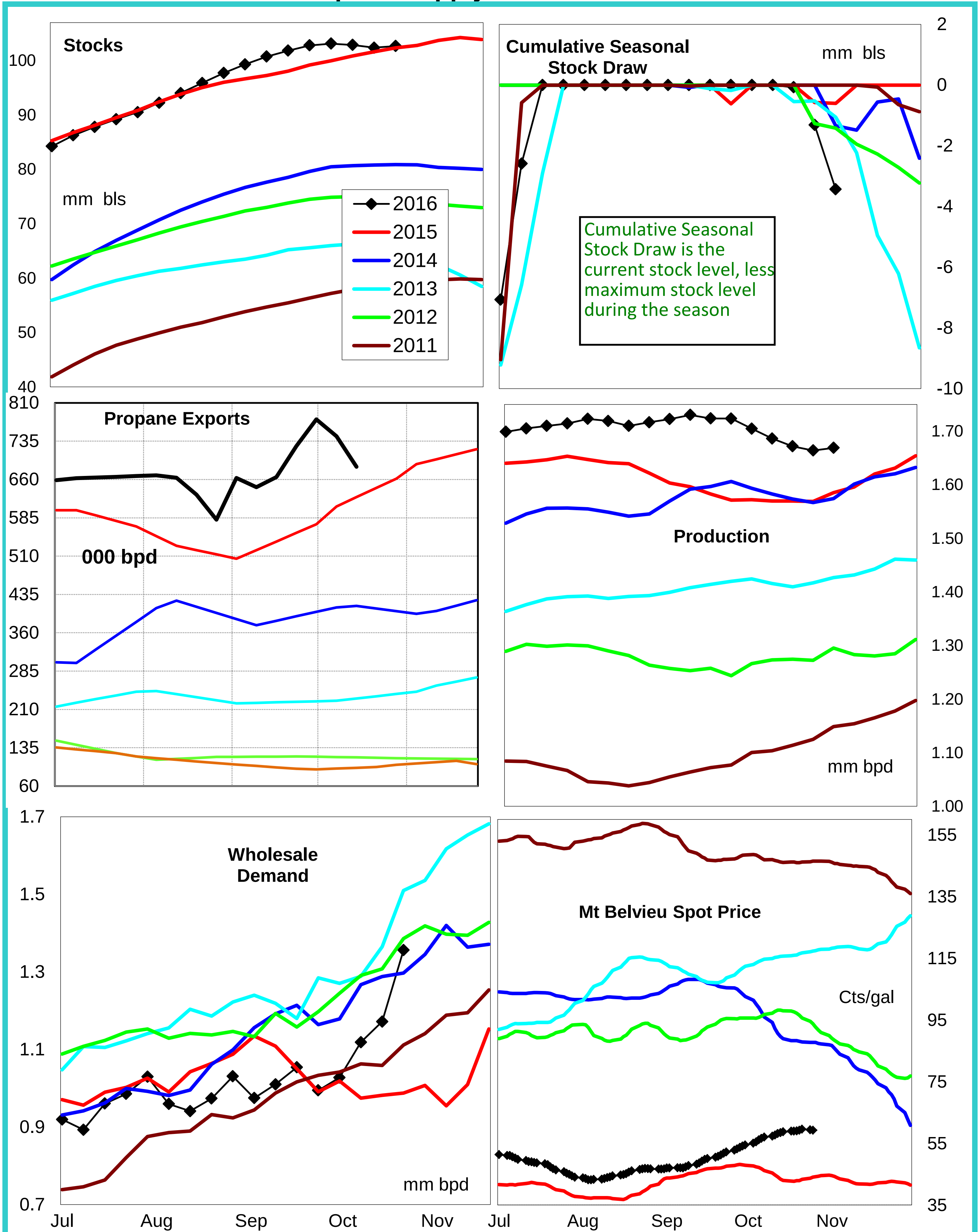
U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Sep	Aug	Jul
000 bpd (000 bls stks)	-996	-2,832	98	32		135	52	-57	-53
% change	-1.0	471	6.2	32.0		14.1	5.8	-5.7	-5.4

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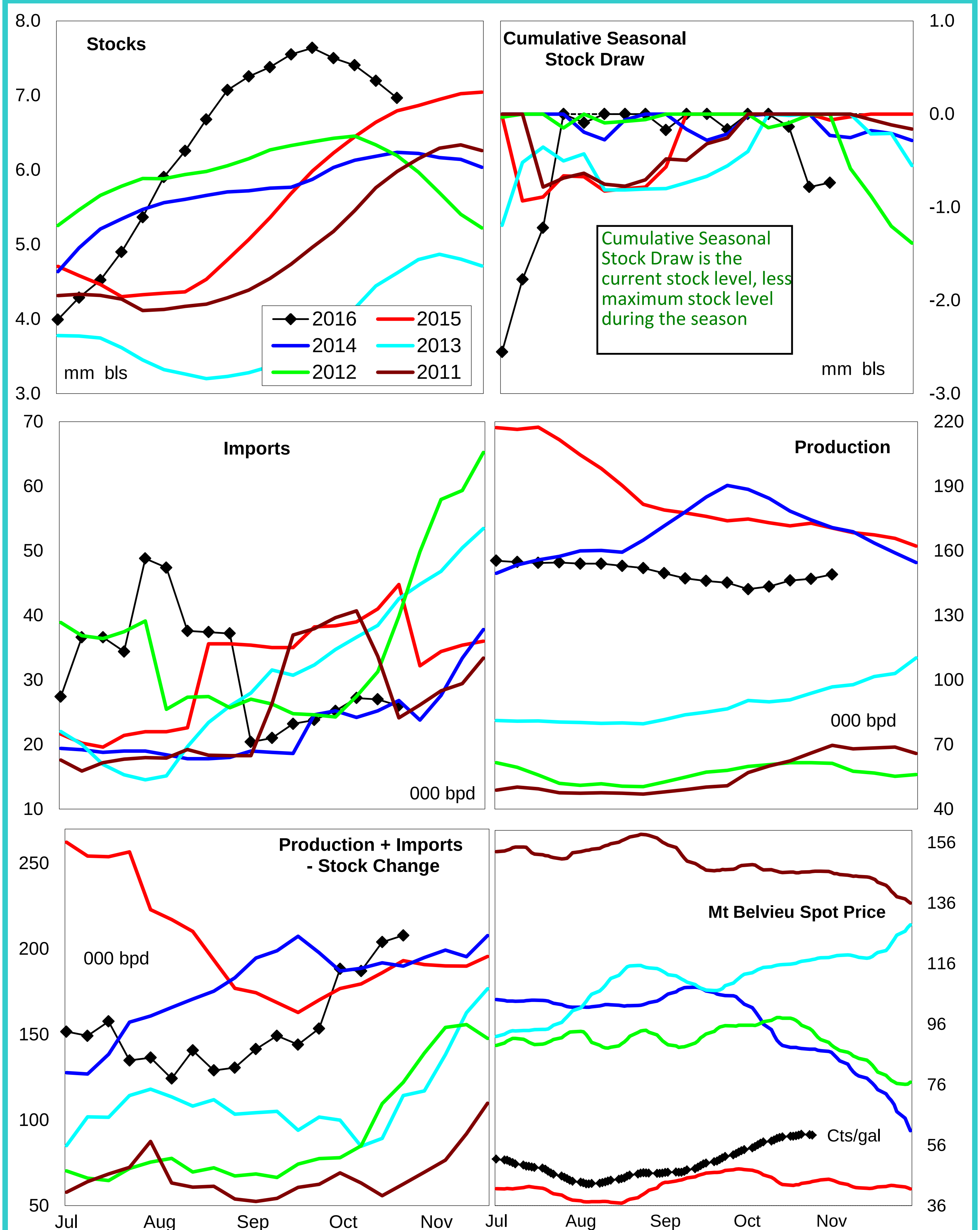
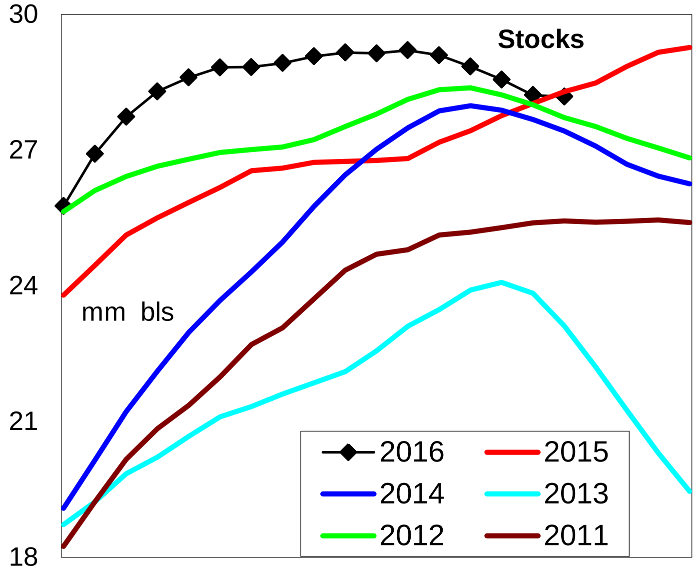
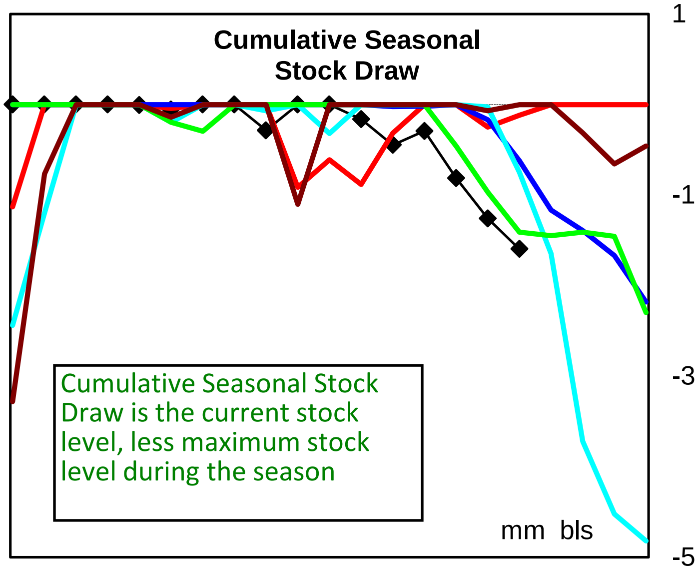
PADD 1 Propane Supply and Demand Balance

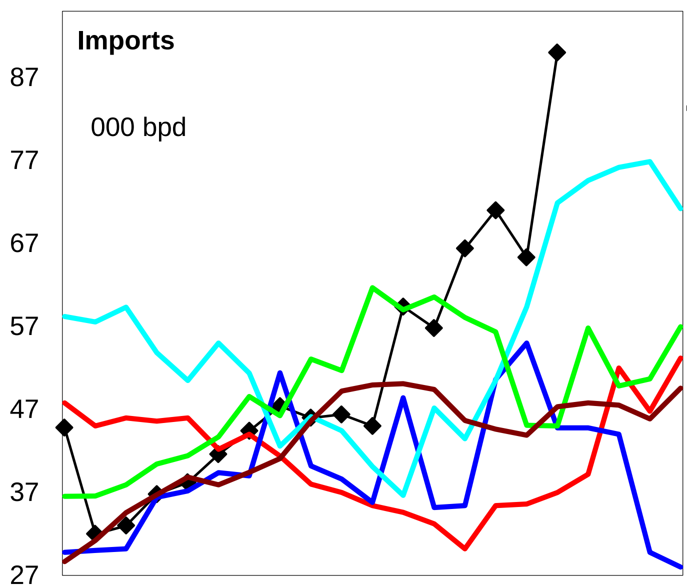


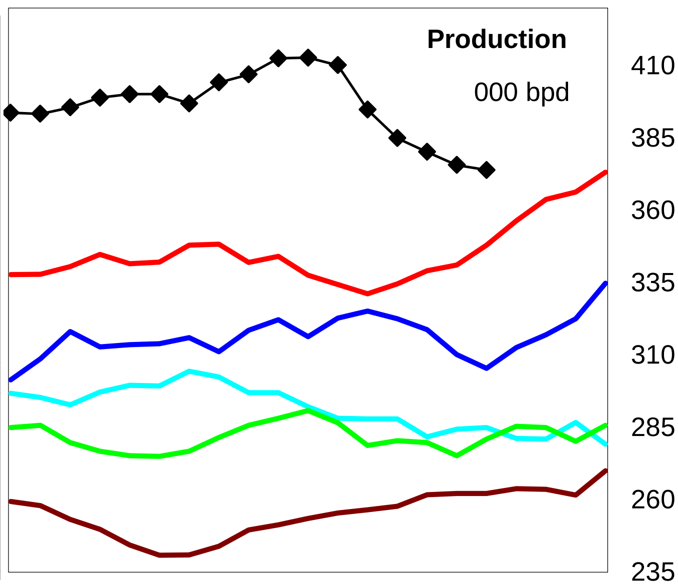
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	278	-672	-24	-16	13
% change	4.1	1,050.0	-14.1	-36.4	7.0

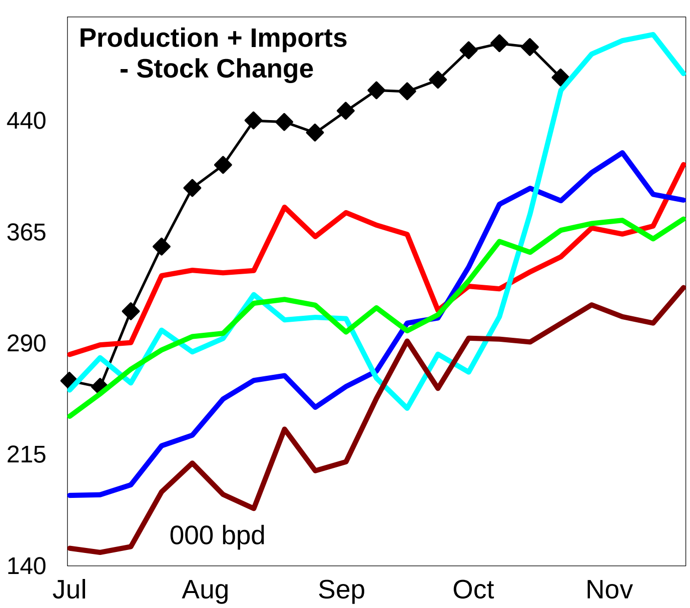
PADD 2 Propane Supply and Demand Balance

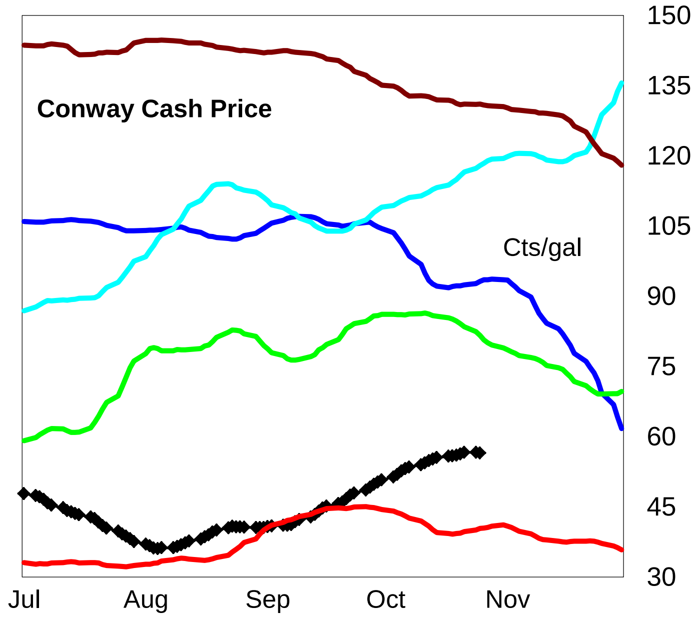












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-263	-1,478	31	40	149
% change	-0.9	1,263.2	8.8	105.2	44.4

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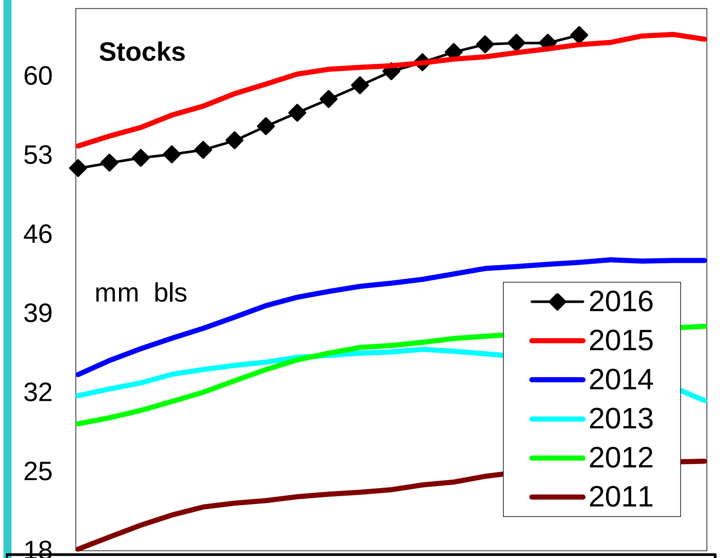
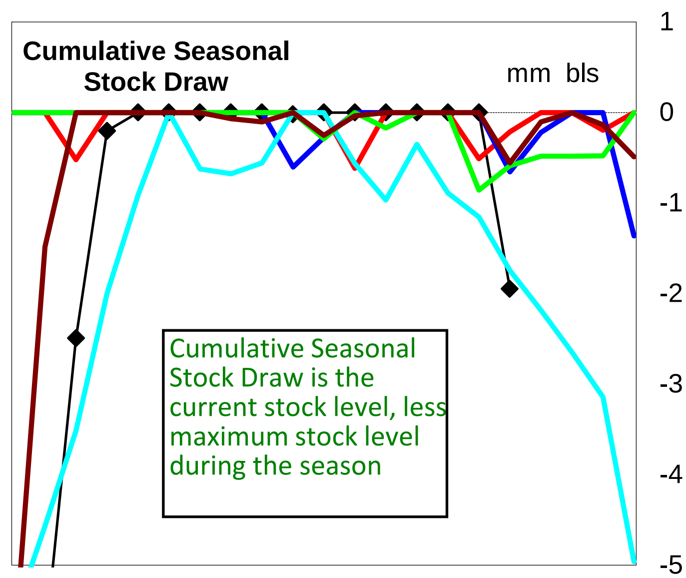
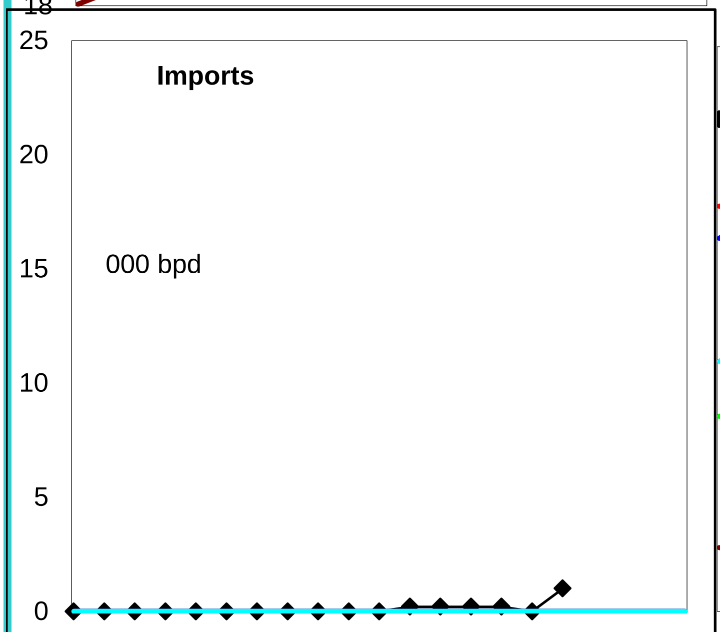
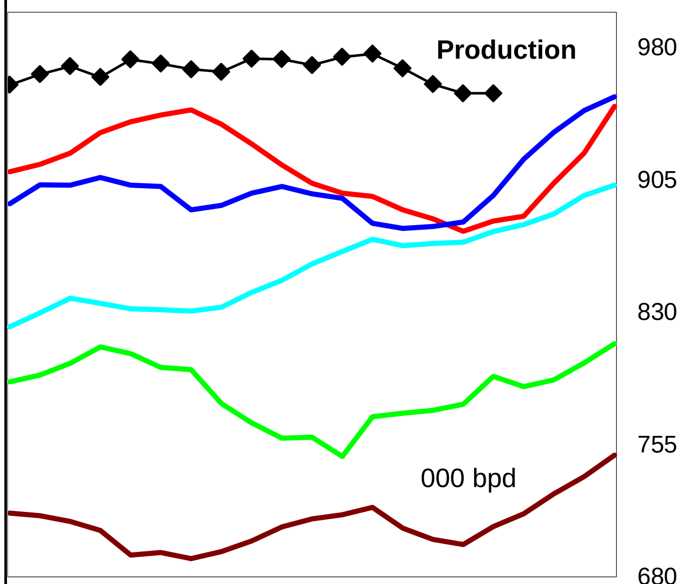
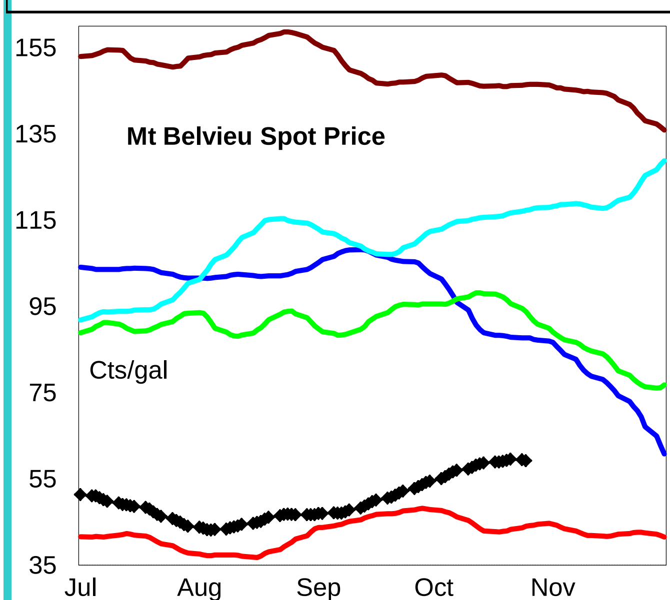
PADD 3 Propane Supply and Demand Balance

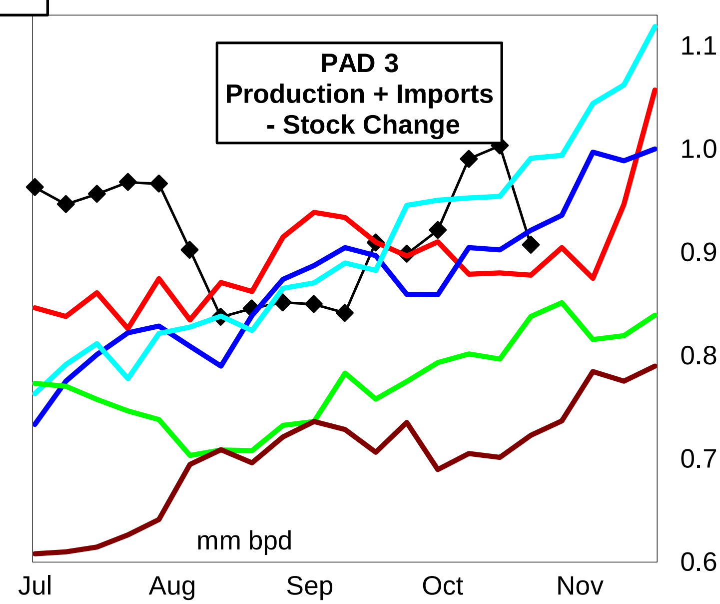












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-735	-1,736	80	0	69
% change	-1.2	819	9.0	#DIV/0!	8.2

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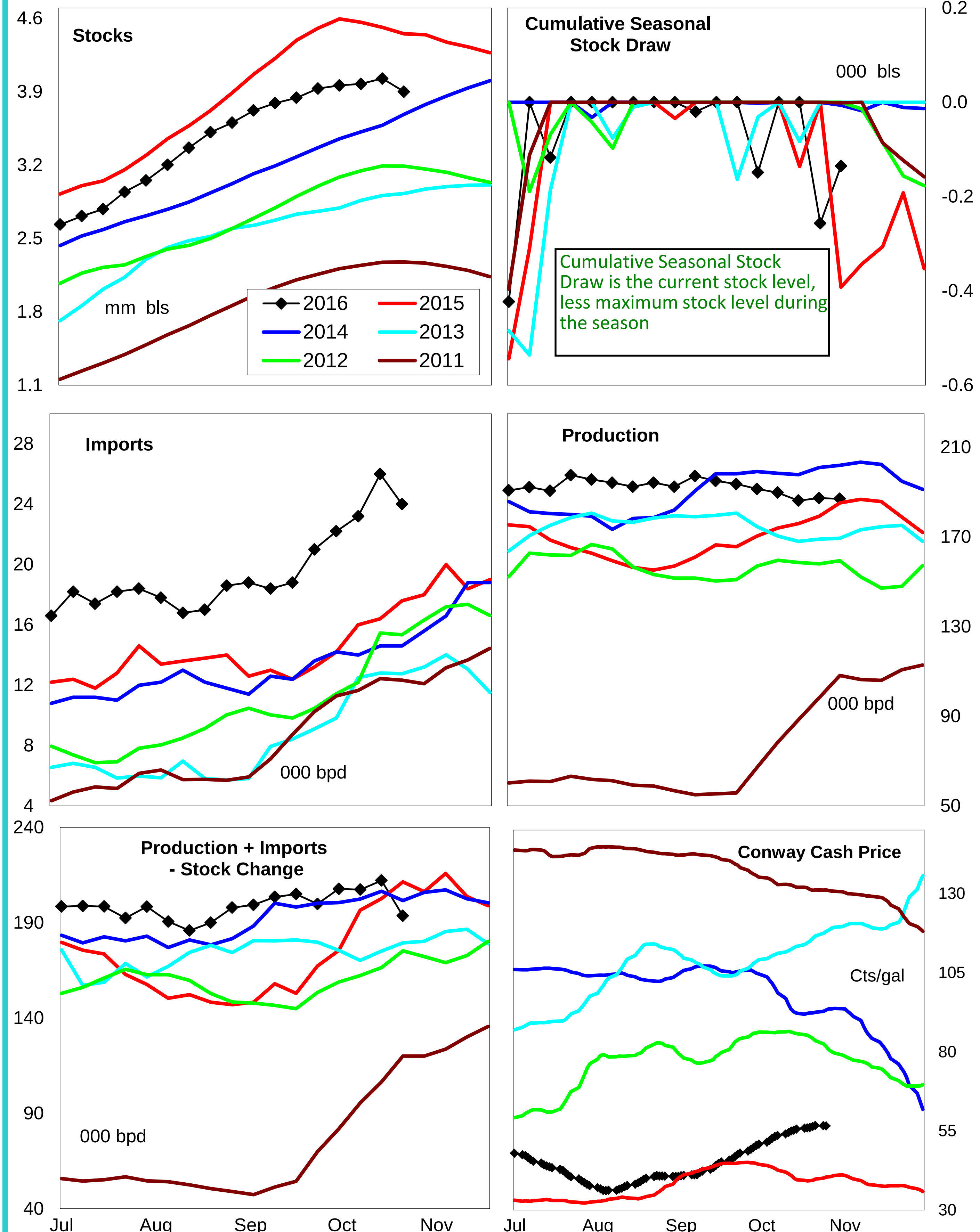
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-277	257	12	7	9
% change	-6.4	-65.6	6.8	42.6	4.4

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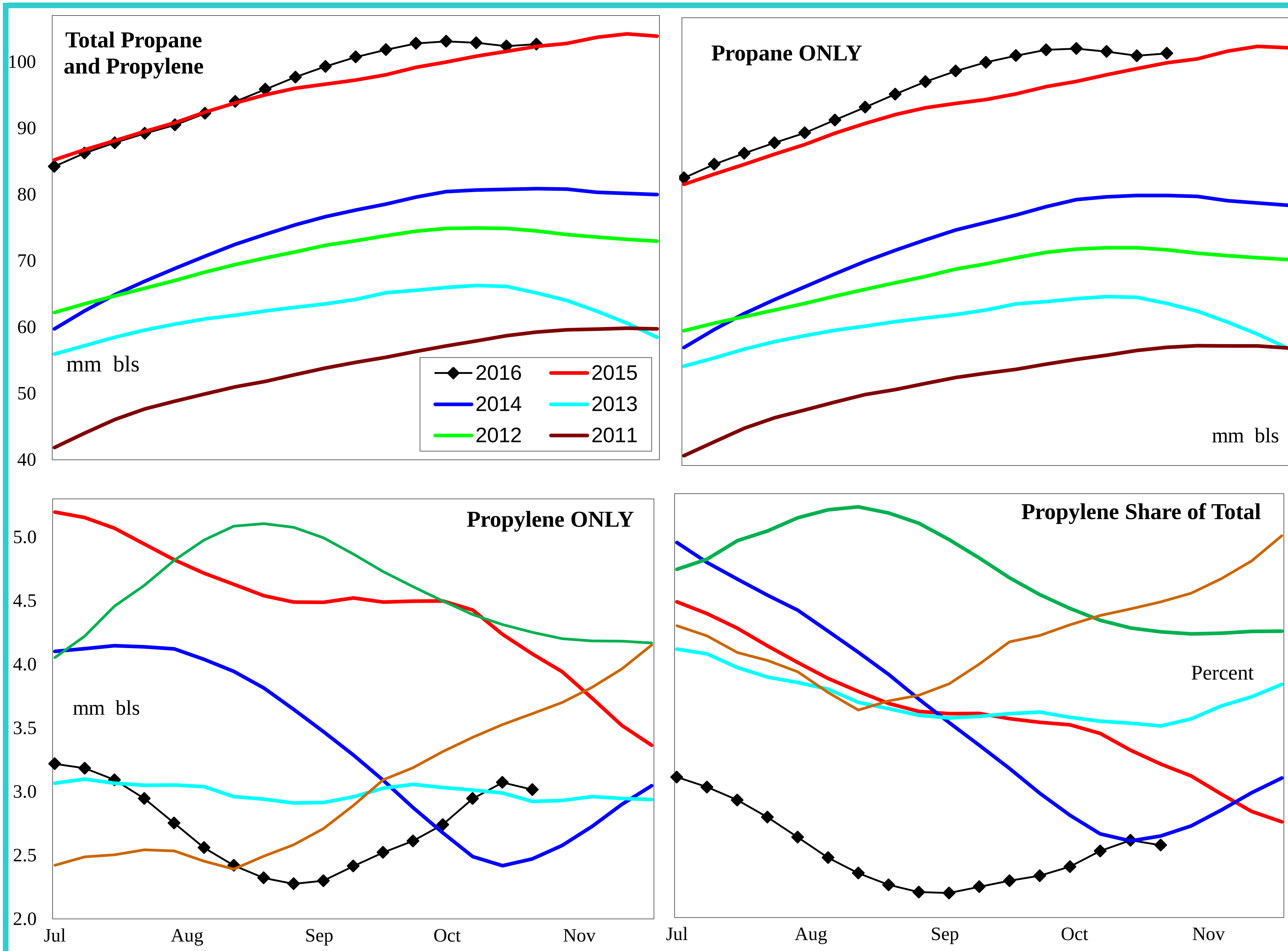
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-996	-257	-1,066
% change	-1.0	-0.3	-26.1

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