FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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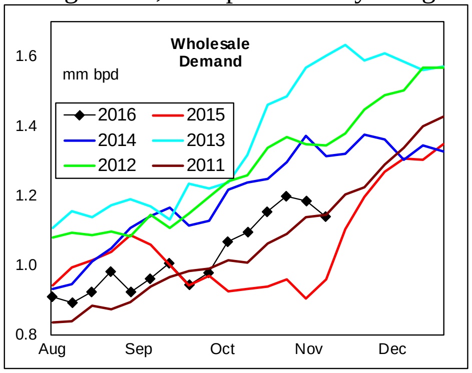
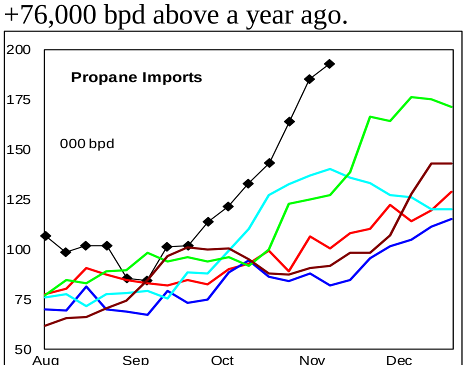
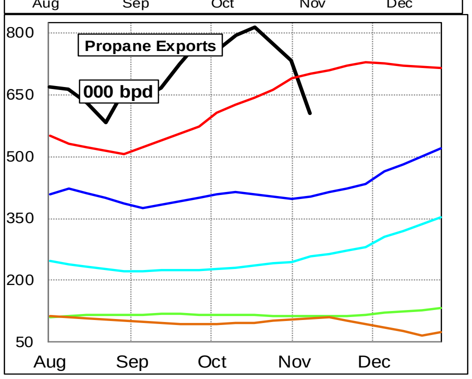
Summary[1]:
Wholesale demand declined -162,000 bpd last week, with the latest 4-wk average +251,000 bpd above a year ago.



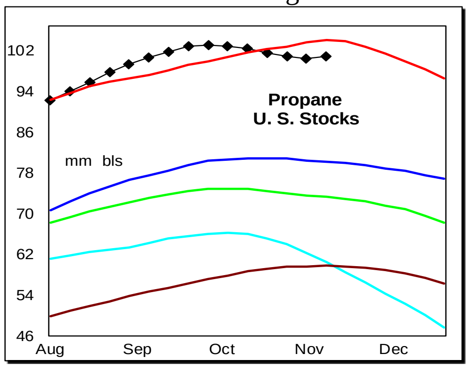
Production decreased -10,000 bpd on the week, with decreases in the Midwest and West regions. Production for the latest 4-wk average was +122,000 above a year ago. Imports decreased -29,000 bpd on the week, with the 4-wk average +76,000 bpd above a year ago.





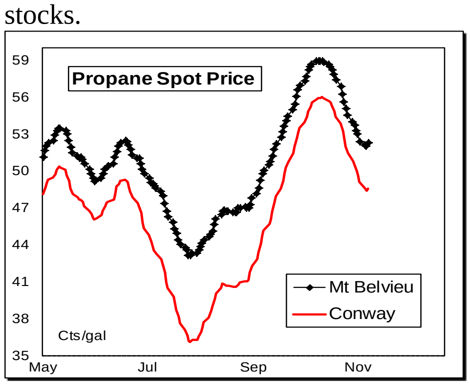
Exports for the week ending 11Nov16 were 605,000 bpd, a sharp decline from the prior week.

Stocks increased +1.2 million barrels on the week, driven by the sharp decline in exports and a corresponding stock build in the Gulf region.



The latest 4-wk stock draw of -1.9 million barrels, near the 3-yr mid range.

Price and Spreads Mt Belvieu and Conway spot prices decreased -1 and -1.5 cpg; respectively, for the week ending 16Nov16. The downtrend which began in mid October continued on above normal temperatures and high stocks.



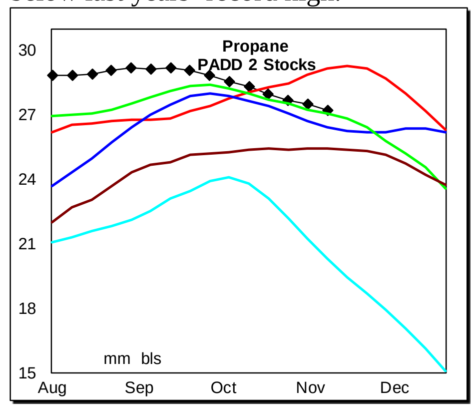
The Conway – Mt Belvieu price spread traded sideways on the week, ending at a level that matched 3-yr lows.

The propane to natural gas price spread was nearly unchanged last week, ending at a level that matched the latest 2-yr average.

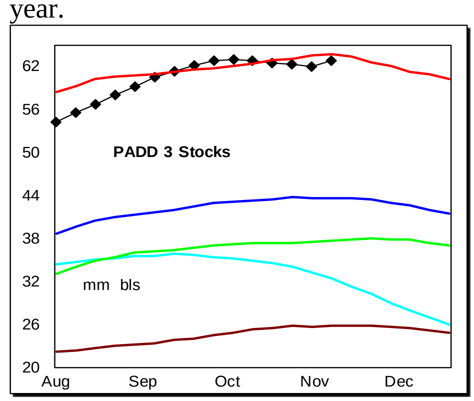
The propane / crude oil price spread trended lower on the week, ending at a level well above the last 2-yrs for the period.

PADD 1 stocks increased +0.2 million barrels last week. Stock levels ended the week -1% below a year ago. Supply increased +20,000 bpd on the week, driven by higher production and imports.

PADD 2 supply fell -75,000 bpd on the week, on a sharp drop in imports. Production for the latest 4-wk period was +58,000 bpd above a year ago while imports increased a similar amount. Stocks declined -0.4 million barrels last week. Stock levels ended the week -7% below last years' record high.



PAD 3 stocks increased +1.2 million barrels on the week, driven by a -0.2 million bpd decline in exports. Stock levels ended the week -1% below last year's record high. Supply for the latest 4-wk period was +77,000 bpd above last year.



PADDs 4 & 5 stocks increased +0.1 million barrels last week. Supply was unchanged on the week. Stock levels ended the week -13% below last year's record high.

Emerging Trends Fall grain drying is mostly complete while temperatures remain well above normal in key heating markets. Production and imports are +198,000 bpd above a year ago for the latest 4-wk, a record high. Stocks are only slightly below last year's record highs.

Forecast of continued above normal temperatures for the next 10-days, record supply and high stock levels risk further price weakness ahead of the winter heating season.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

November 17, 2016

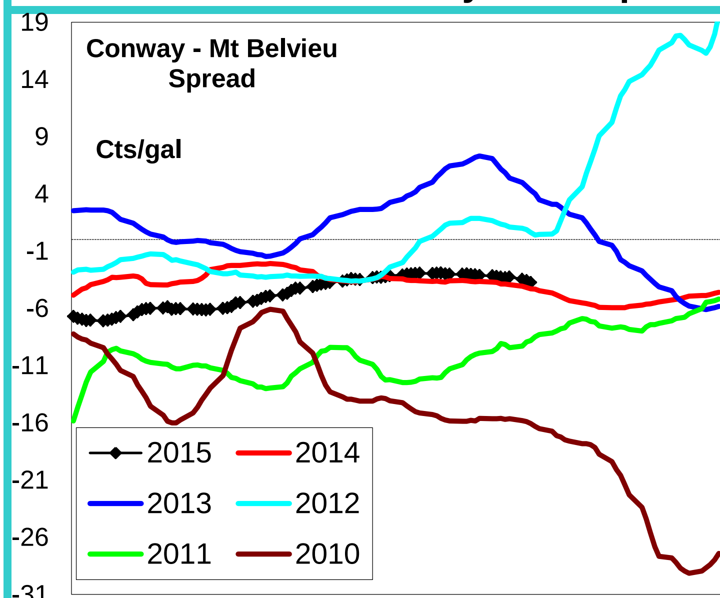
Fundamental Trends for the Week Ending: Friday, November 11, 2016

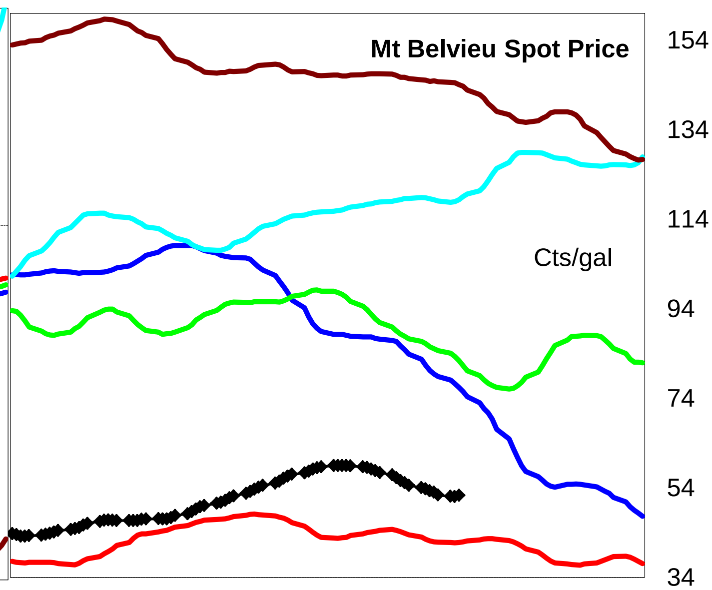
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	100,827	7,000	27,183	62,718	3,926	1,227	224	-370	1,241	132
Propylene Stocks	3,857					197				
Production	1,727	157	417	977	176	-10	10	-20	13	-13
Imports	193	50	87	0	56	-29	10	-55	0	16
Whsle Demand	1,140					-162				

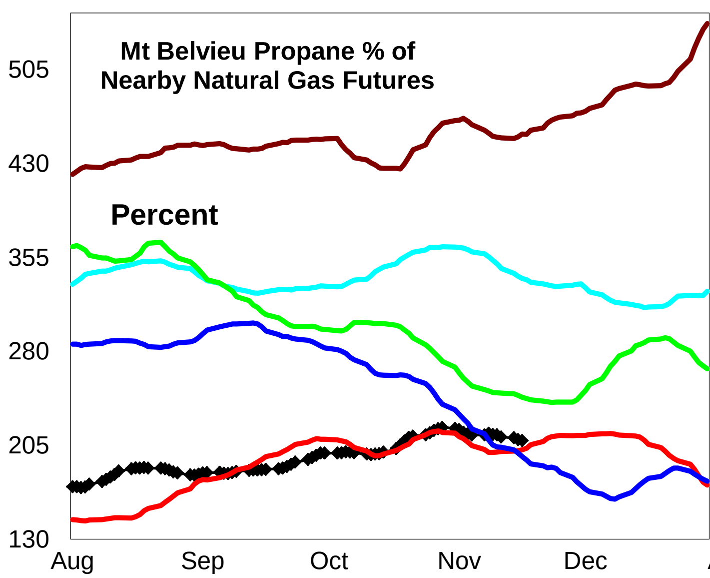
Price Trends for the Week Ending: Wednesday, November 16, 2016

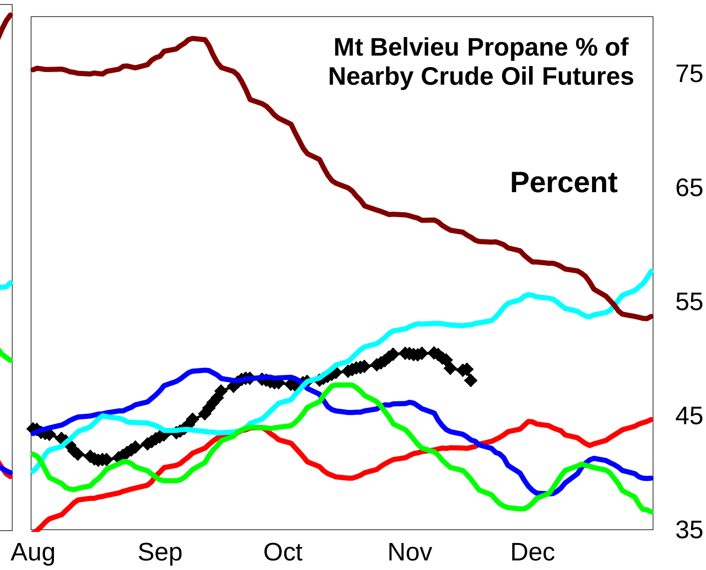
Cents/gal	Average for week ending:				Change from:			% change from:		
	11/16/16	11/9/16	10/19/16	11/20/15	11/9/16	10/19/16	11/20/15	11/9/16	10/19/16	11/20/15
Mont Belvieu Spot	52.1	54.0	59.0	41.1	-1.95	-5.00	17.93	-3.6	-8.5	43.6
Conway Spot	48.6	50.9	55.9	37.1	-2.30	-5.00	18.75	-4.5	-9.0	50.5

Key Price Spreads and Differentials

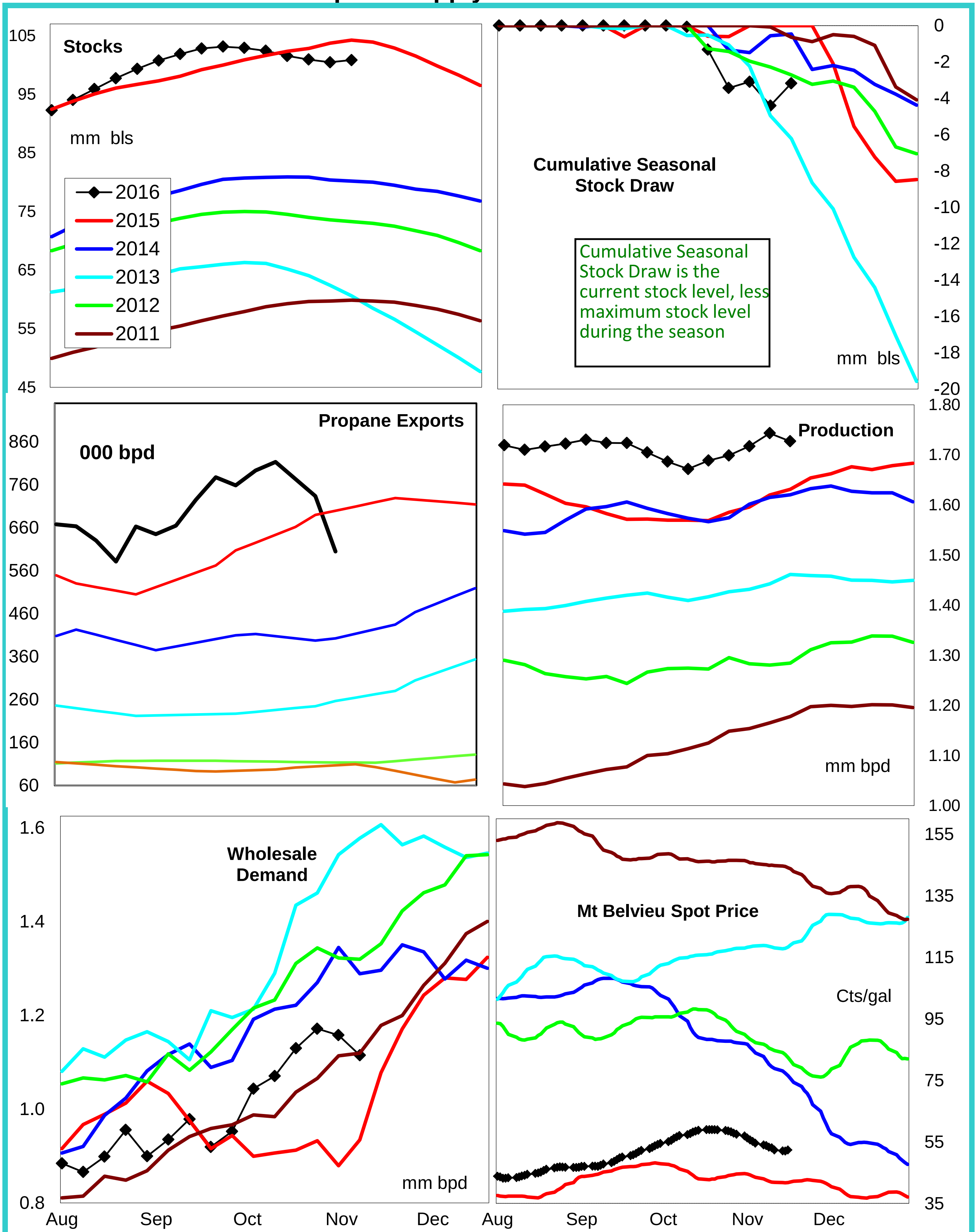






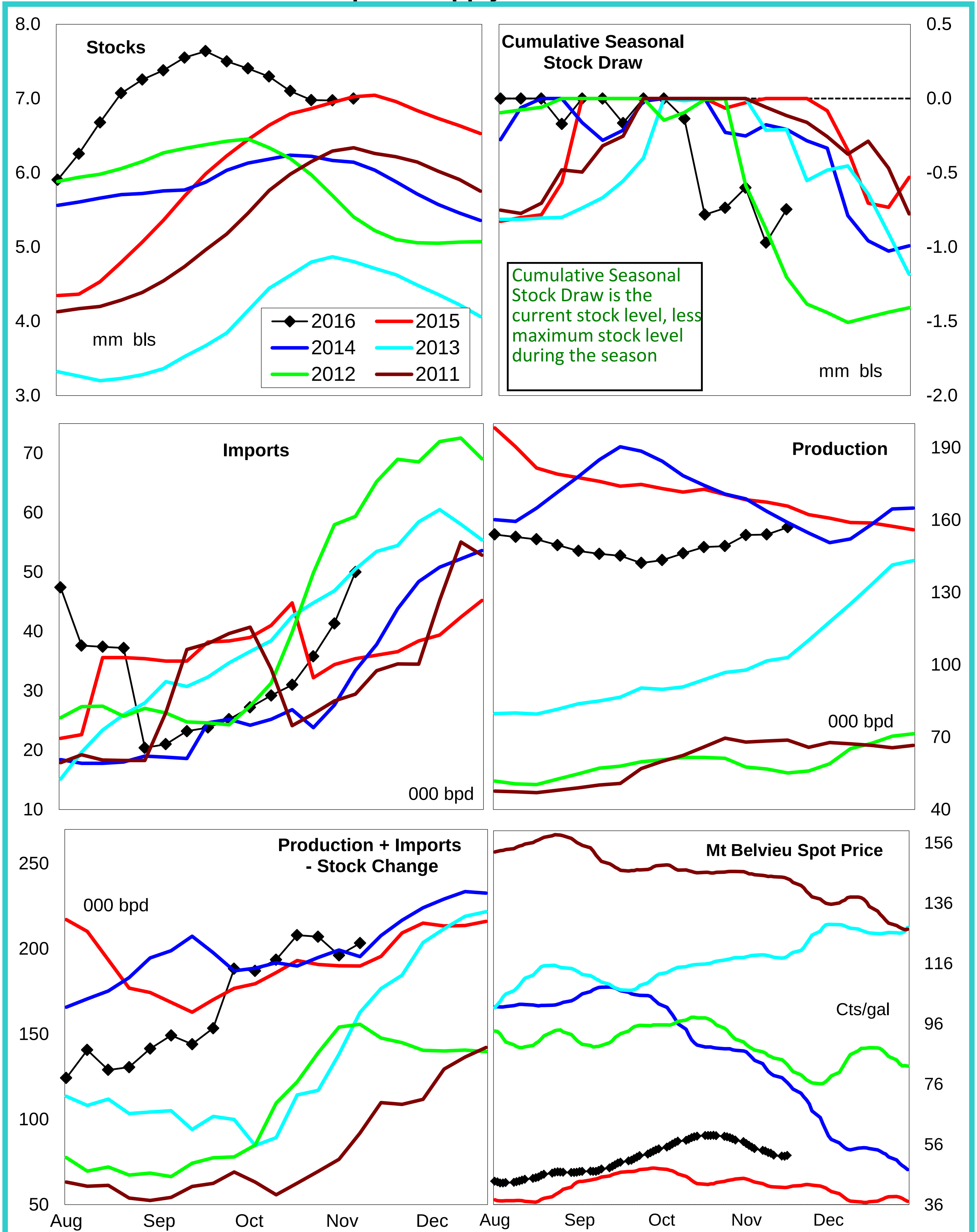


U. S. Propane Supply and Demand Balance



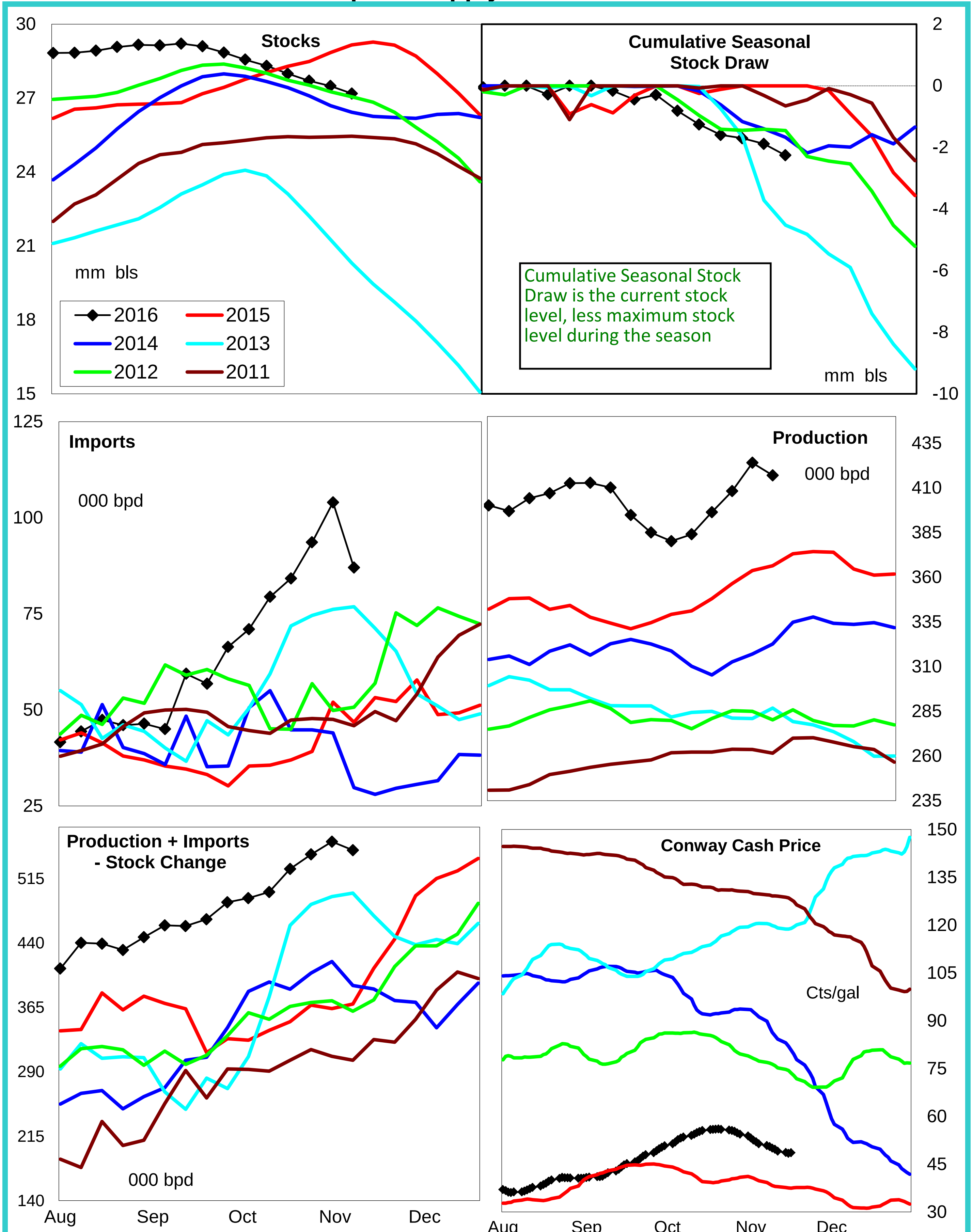
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Sep	Aug	Jul
000 bpd (000 bls stks)	-3,642	-3,173	122	76		251	52	-57	-53
% change	-3.5	#DIV/0!	7.6	80.7		27.3	5.8	-5.7	-5.4

PADD 1 Propane Supply and Demand Balance



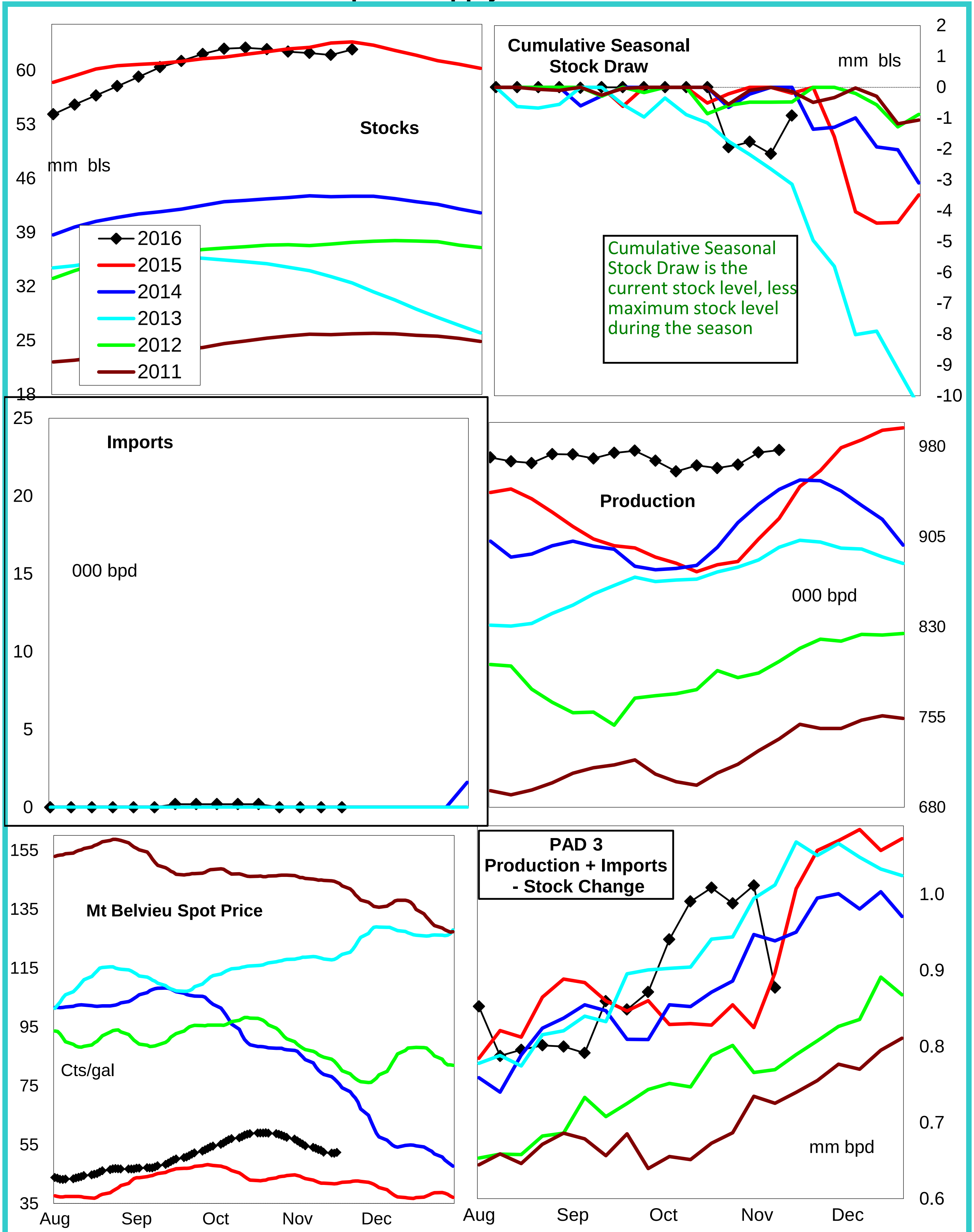
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	**-96**	**-747**	**-14**	**4**	**13**
% change	**-1.4**	**#DIV/0!**	**-8.4**	**11.6**	**6.6**

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)	-2,019	-2,258	58	53	182
% change	-6.9	#DIV/0!	16.2	128.3	50.1

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)	-954	-721	77	0	120
% change	-1.5	368	8.6	#DIV/0!	14.1

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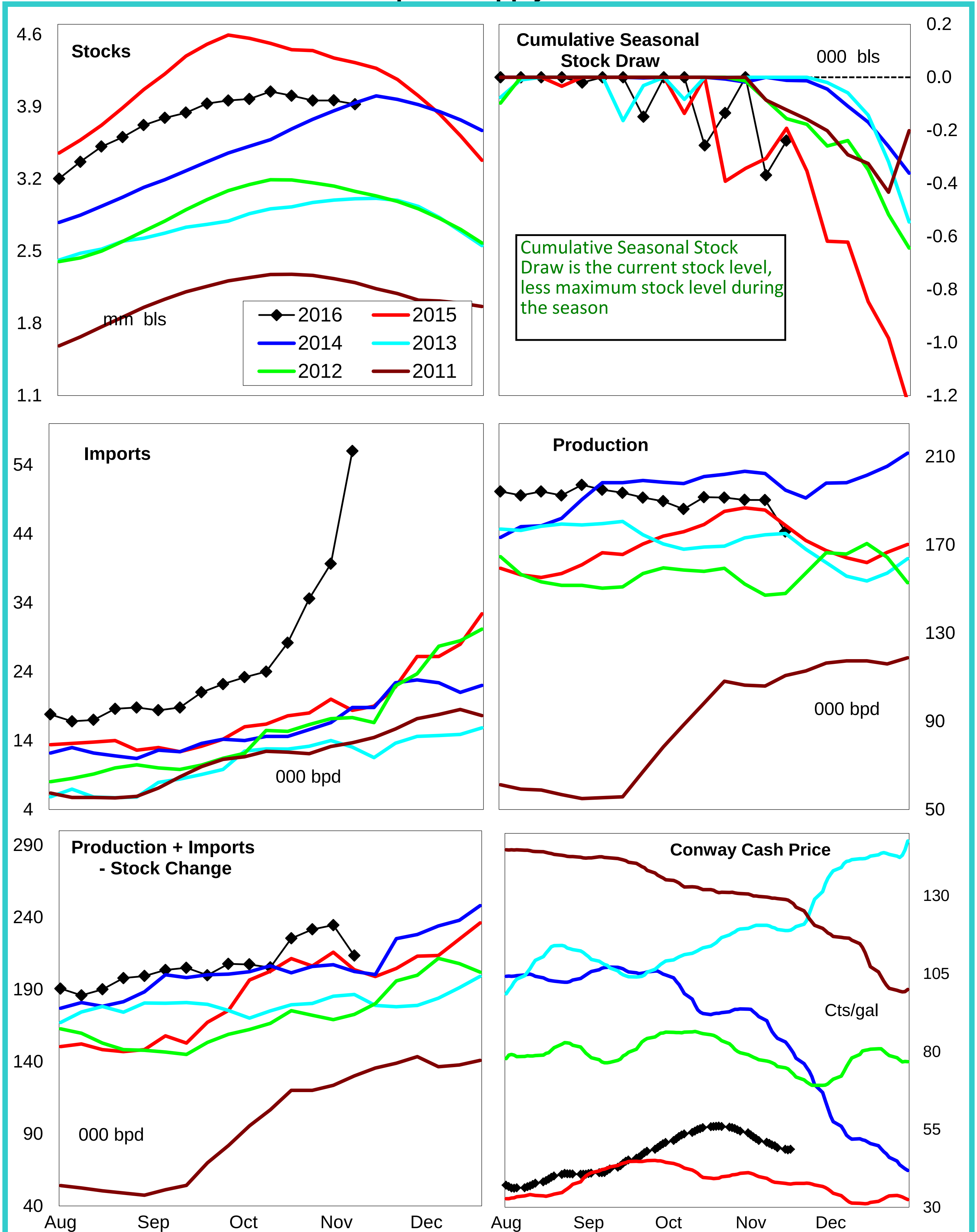
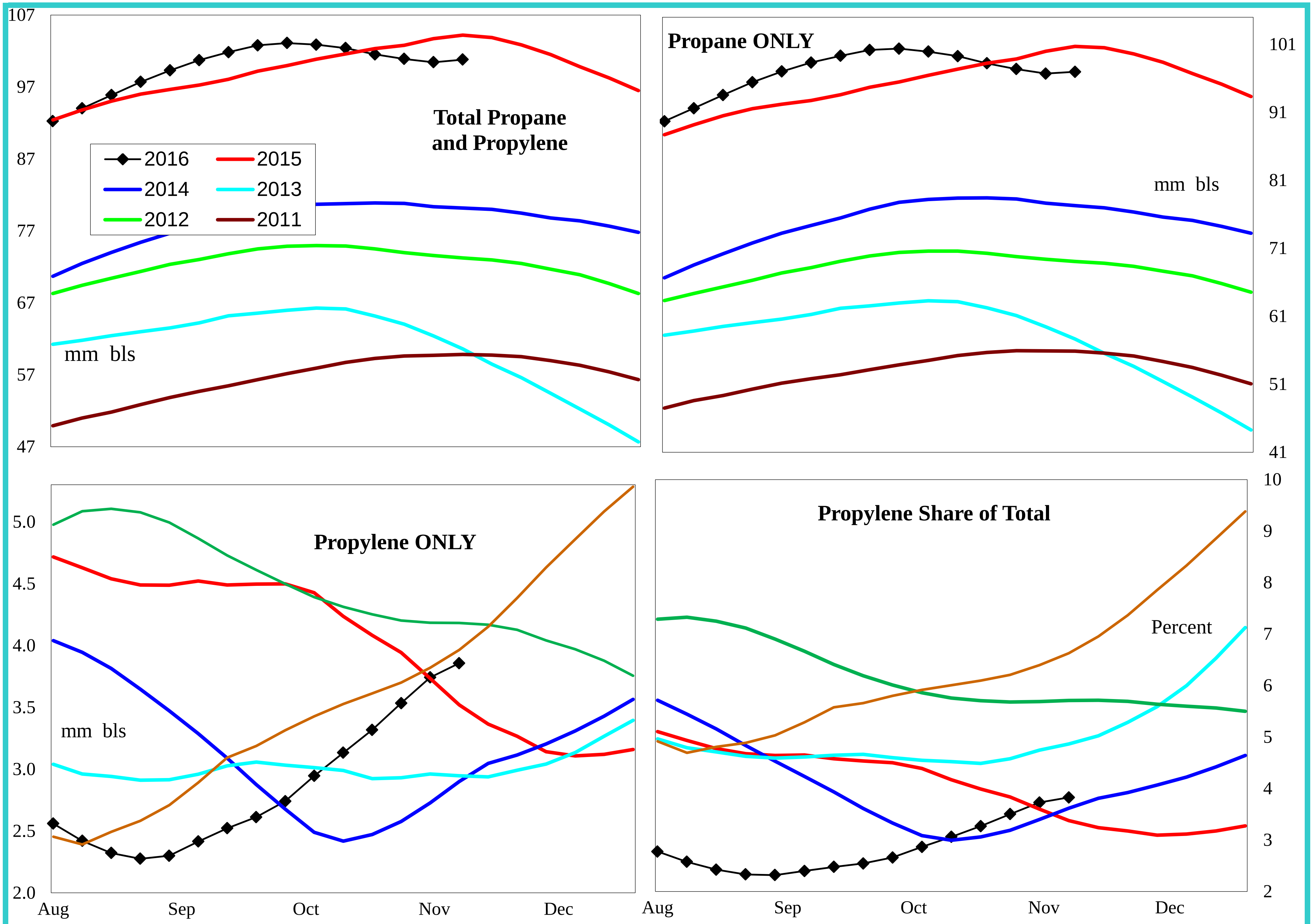
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-574	-47	1	18	17
% change	-12.8	24.5	0.5	104.3	8.1

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-3,642	-3,810	338
% change	-3.5	-3.8	9.6

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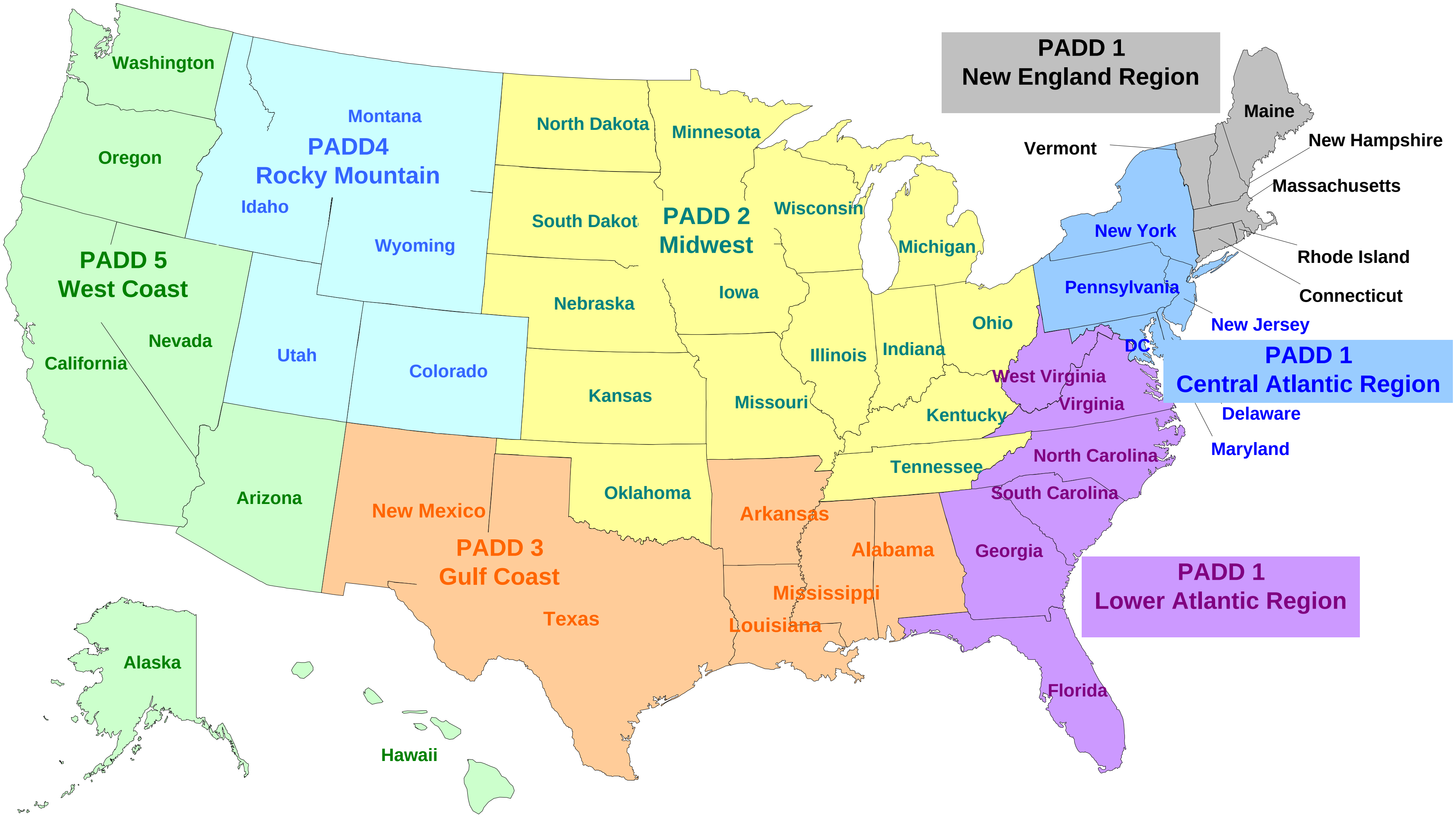
U. S. Petroleum Administrative for Defense Districts (PADDs)



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