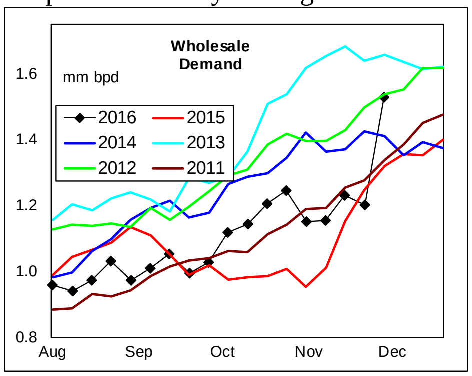
FUNDAMENTAL PETROLEUM TRENDS

# WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

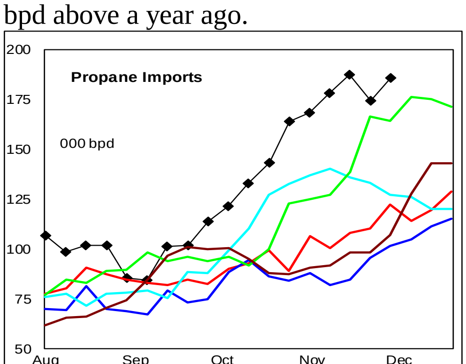
## A Fundamental Petroleum Trends Weekly Report

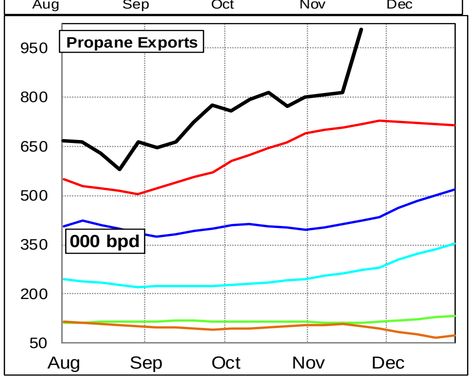
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

Summary[1]:
Wholesale demand climbed +317,000 bpd last week, the 2nd consecutive weekly +330K increase on below normal temperatures in key heating markets.



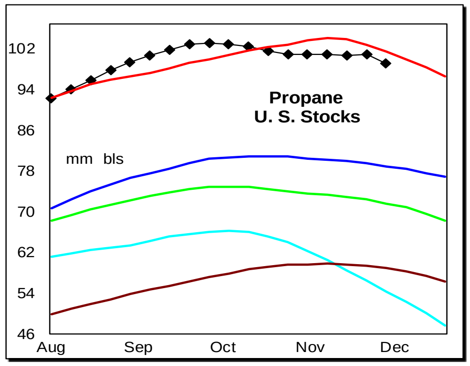

Production increased +64,000 bpd on the week, concentrated in the Gulf and West Coast. Production for the latest 4-wk average was +97,000 above a year ago. Imports increased +16,000 bpd on the week, with the 4-wk average +69,000 bpd above a year ago.



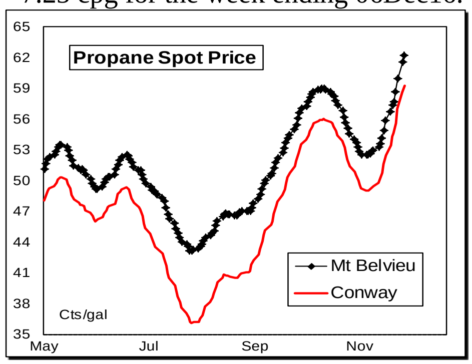

Exports for the week ending 25Nov16 were 1 million bpd a record for this time of year.

Stocks decreased -1.5 million barrels on the week, driven by the sharp increase in wholesale demand.




The latest 4-wk stock draw of -0.3 million barrels, matched the smallest draw for this time of year.

Price and Spreads Mt Belvieu and Conway spot prices each increased +7.25 cpg for the week ending 06Dec16.



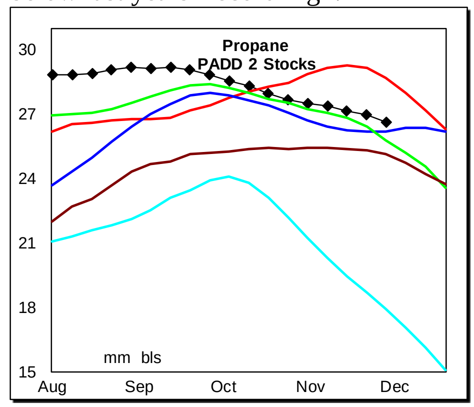

The Conway – Mt Belvieu price spread trended was unchanged last week, ending at a level near the 3-yr mid range.

The propane to natural gas price spread trended lower last week, driven by a spike in gas prices, to end at a level near the 2-yr mid range.

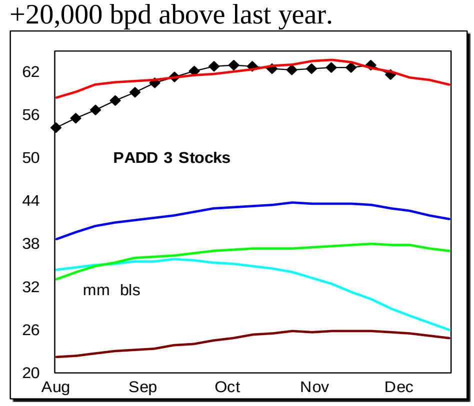
The propane / crude oil price spread trended higher on the week, ending at a level near highs for the last 3-yrs.

PADD 1 stocks increased +0.1 million barrels last week. Stock levels ended the week +6% above last year and a 5-yr high. Supply decreased -2,000 bpd on the week.

PADD 2 supply increased +31,000 bpd on the week, on higher imports and production. Production for the latest 4-wk period was +58,000 bpd above a year ago while imports increased +27,000 bpd. Midwest supply continues on a trend of +85,000 bpd above the prior record high, which was last year. Stocks decreased -0.6 million barrels on the week. Stock levels ended the week -8% below last years' record high.




PAD 3 stocks fell -1 million barrels on the week, driven by sharply higher wholesale demand and record exports. Stock levels ended the week nearly unchanged from last year's record high. Supply for the latest 4-wk period was +20,000 bpd above last year.




PADDs 4 & 5 stocks were unchanged last week. Supply was +25,000 bpd higher on increased production. Stock levels ended the week -9% below last year's record high.

**Emerging Trends** Wholesale demand was sharply higher for the 2nd consecutive week. Exports were a record high for the most recent week. However earlier warm temperatures, combined with record production and imports has limited the 4-wk stock draw to the lowest in 5-yrs for the period. Stocks are slightly below last year's record highs.

A forecast of dramatically below normal temperatures across the northern ½ of the country should push wholesale prices higher through year end.

[1] Source is latest EIA Weekly Statistics

# PROPANE: Graph Link and Weekly Summary

**December 7, 2016**

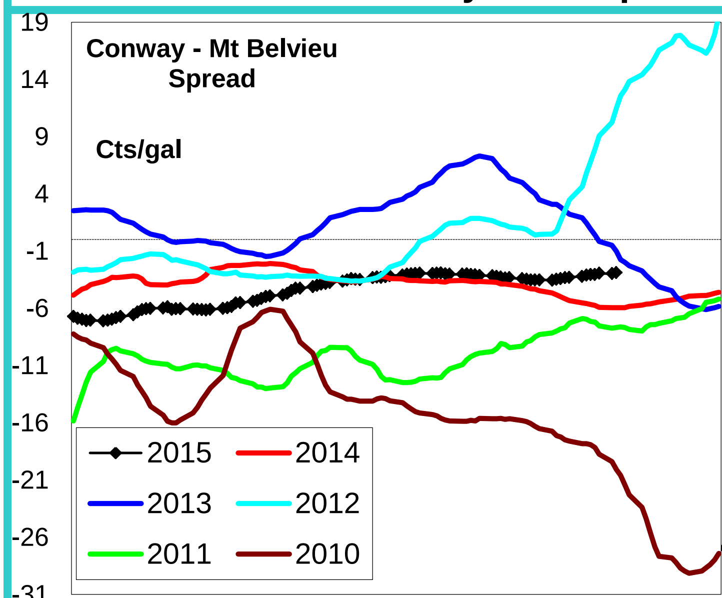
## Fundamental Trends for the Week Ending: Friday, December 02, 2016

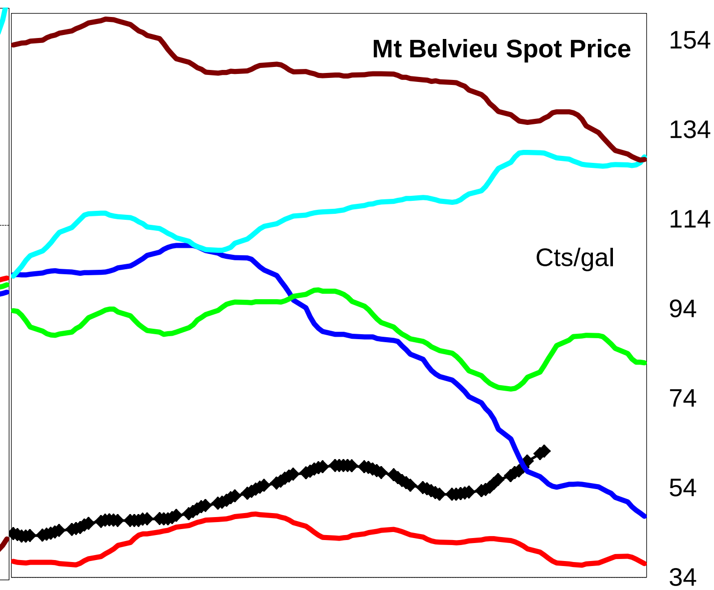
| 000 bpd / Stocks 000 bls | Weekly Supply-Demand | | | | | Change from prior week: | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | U.S. Total | PADD 1 | PADD 2 | PADD 3 | PADD 4&5 | U.S. Total | PADD 1 | PADD 2 | PADD 3 | PADD 4&5 |
| Stocks | 99,252 | 7,246 | 26,606 | 61,712 | 3,688 | -1,548 | 107 | -647 | -979 | -29 |
| Propylene Stocks | 4,516 | | | | | 48 | | | | |
| Production | 1,795 | 160 | 449 | 986 | 200 | 64 | -3 | 15 | 25 | 27 |
| Imports | 186 | 48 | 97 | 0 | 41 | 16 | 1 | 16 | 0 | -1 |
| Whsle Demand | 1,477 | | | | | 317 | | | | |

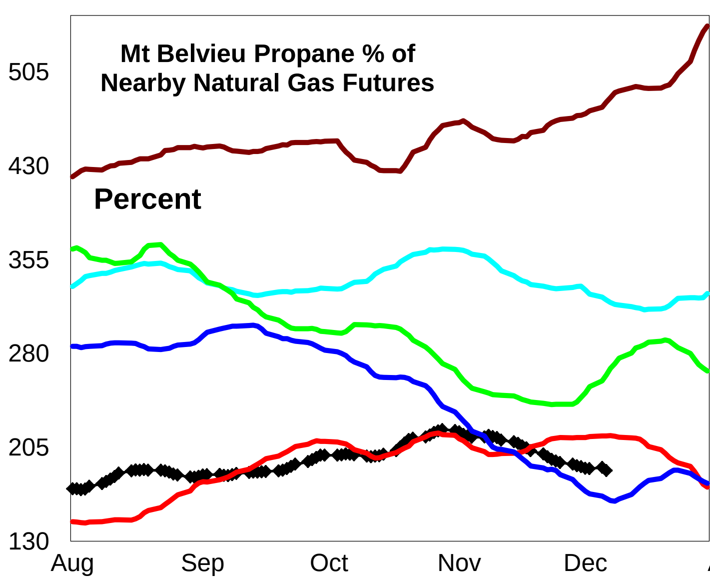
## Price Trends for the Week Ending: Tuesday, December 06, 2016

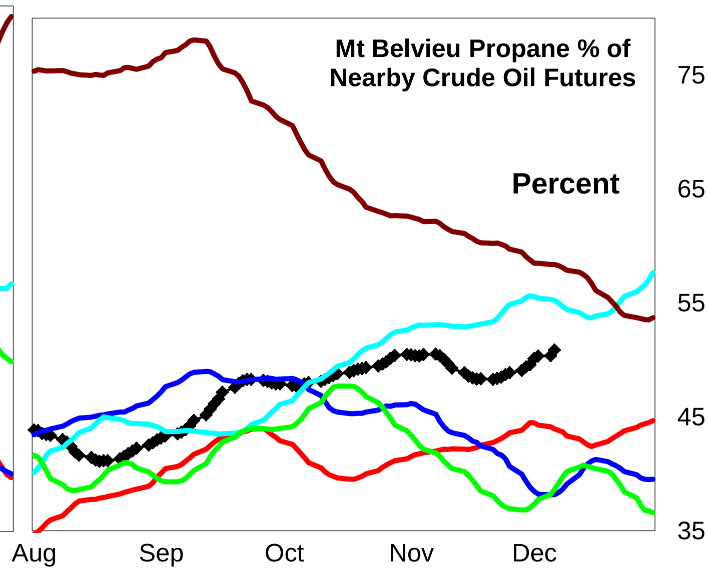
| Cents/gal | Average for week ending: | | | | Change from: | | | % change from: | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 12/6/16 | 11/29/16 | 11/8/16 | 12/10/15 | 11/29/16 | 11/8/16 | 12/10/15 | 11/29/16 | 11/8/16 | 12/10/15 |
| Mont Belvieu Spot | 61.0 | 54.5 | 54.7 | 40.7 | 6.48 | -0.23 | 14.00 | 11.9 | -0.4 | 34.4 |
| Conway Spot | 58.0 | 51.4 | 51.7 | 34.8 | 6.60 | -0.27 | 16.85 | 12.8 | -0.5 | 48.4 |

## Key Price Spreads and Differentials

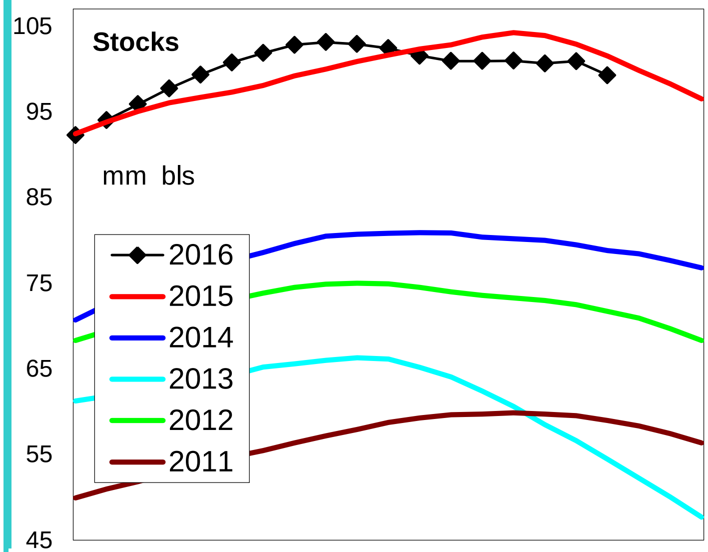


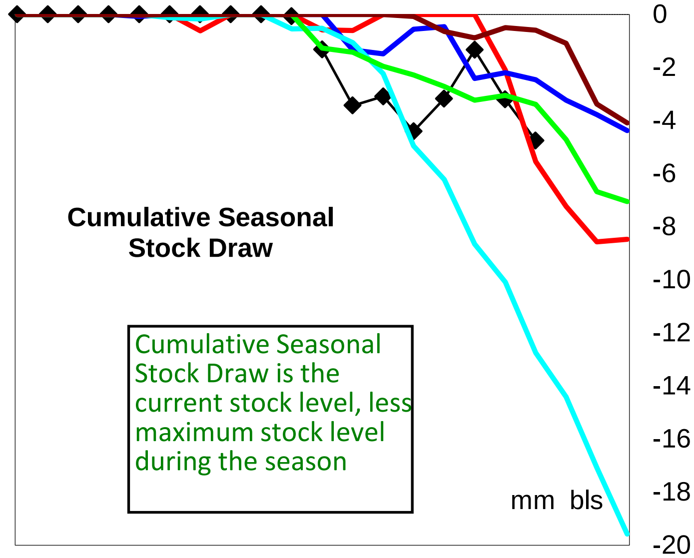



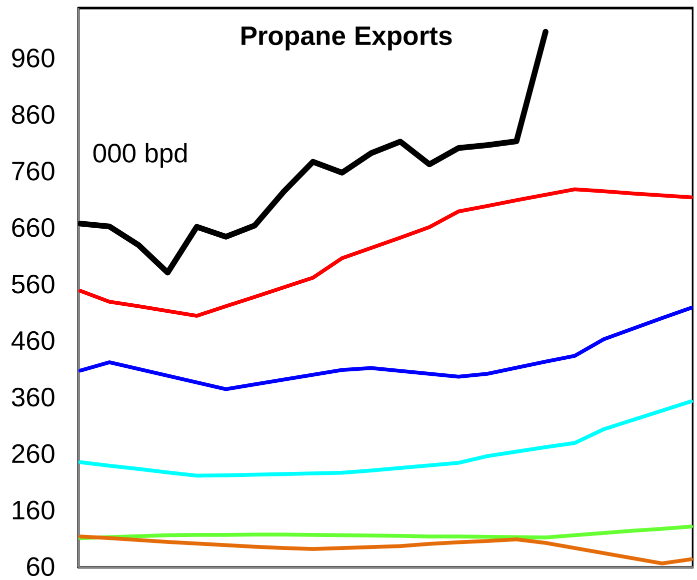



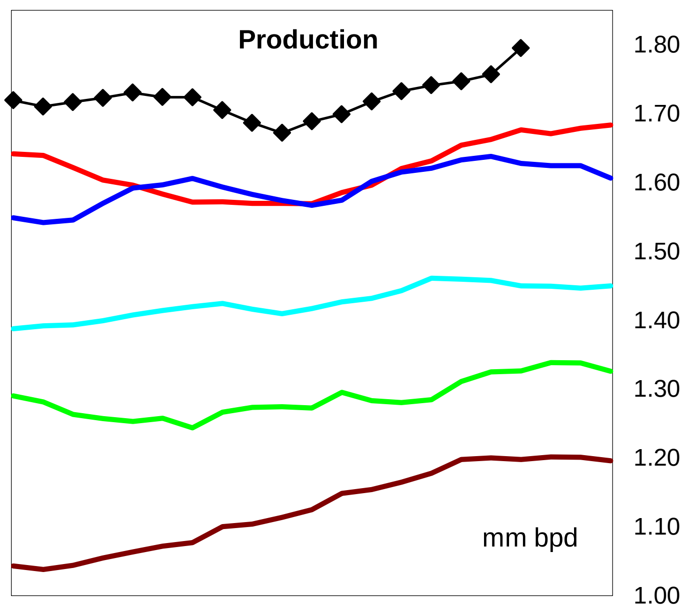



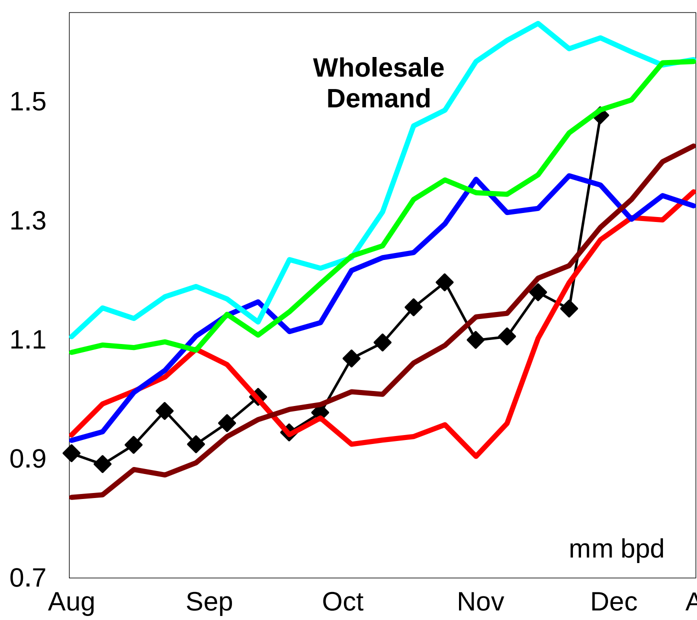
# U. S. Propane Supply and Demand Balance

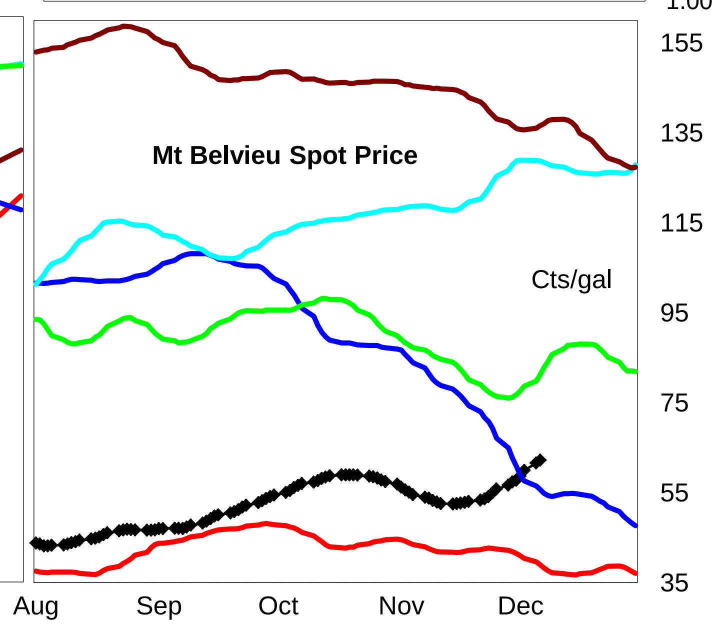



| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Demand | 4wk avg | Oct | Sep | Aug |
|---|---|---|---|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | -1,406 | 796 | 97 | 69 | | -15 | 98 | 52 | -74 |
| % change | -1.4 | -14 | 5.8 | 62.7 | | -1.3 | 9.6 | 5.8 | -7.4 |

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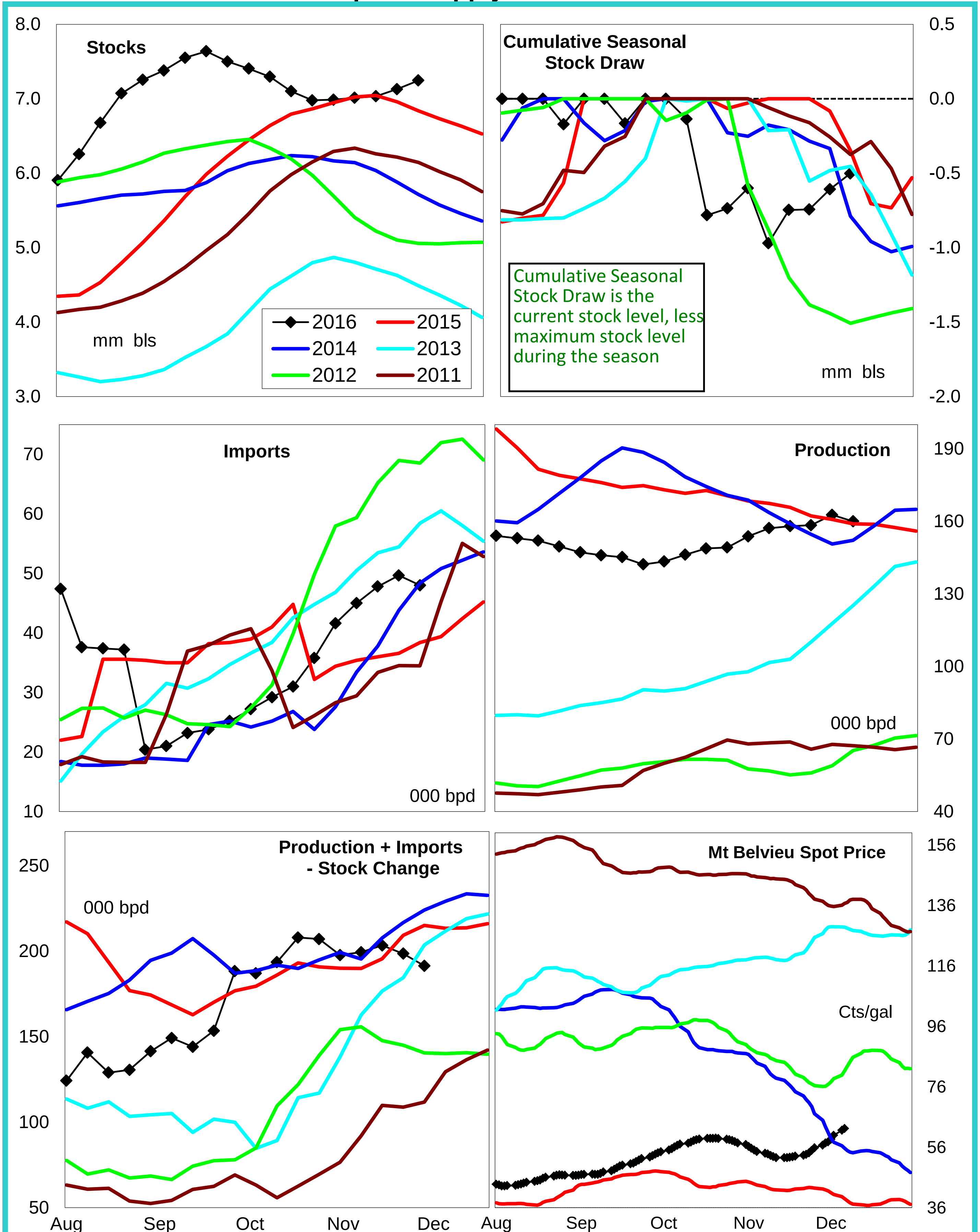
# PADD 1 Propane Supply and Demand Balance




| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Prod + Imp - Stk chg |
|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | 383 | -154 | -1 | 15 | -4 |
| % change | 5.6 | 44.4 | -0.6 | 44.2 | -2.1 |



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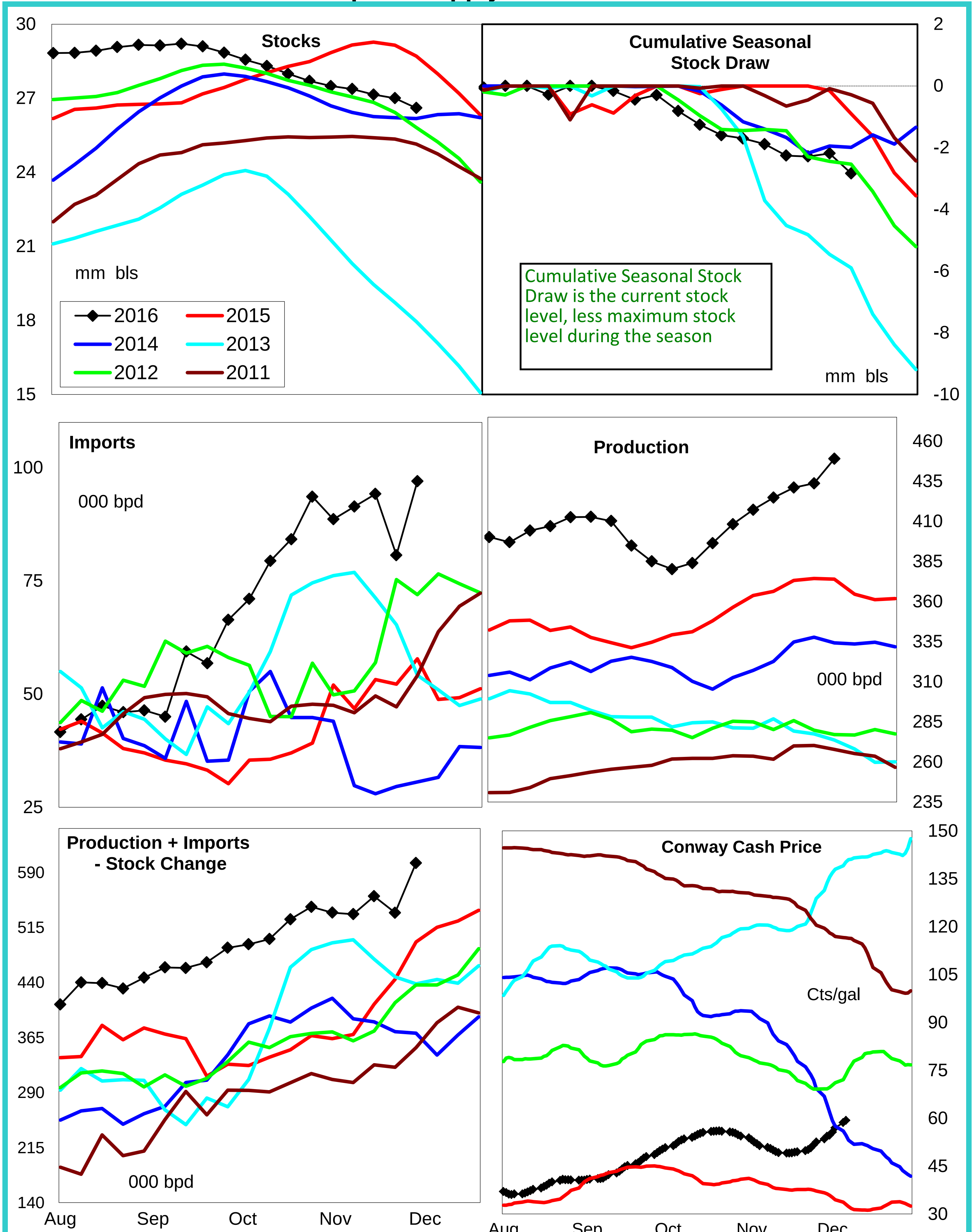
# PADD 2 Propane Supply and Demand Balance




| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Prod + Imp - Stk chg |
|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | -2,300 | -1,937 | 58 | 27 | 127 |
| % change | -8.0 | 215.7 | 15.7 | 48.2 | 29.6 |



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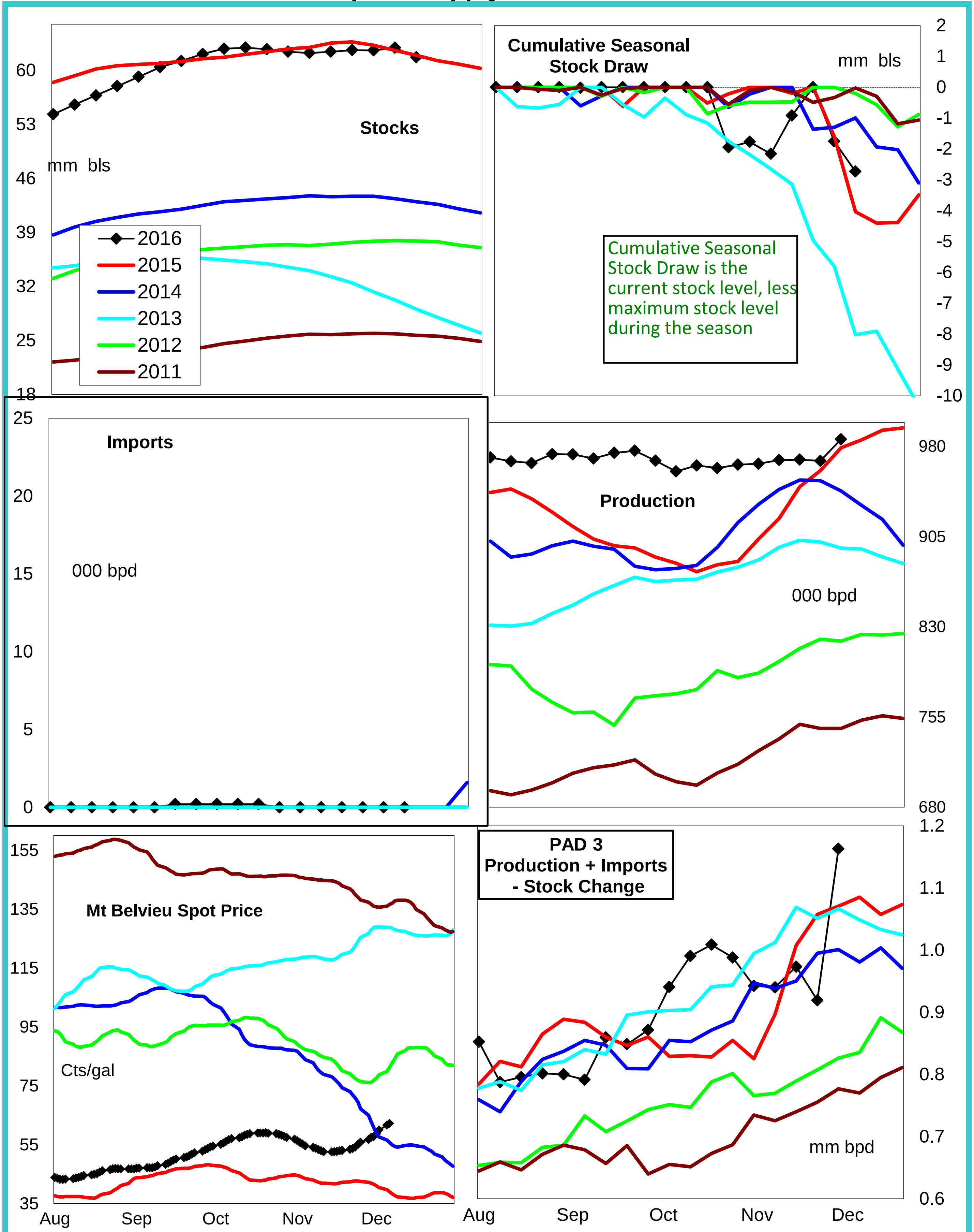
# PADD 3 Propane Supply and Demand Balance




| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Prod + Imp - Stk chg |
|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | 893 | 1,299 | 20 | 0 | -9 |
| % change | 1.5 | -32 | 2.1 | #DIV/0! | -0.9 |

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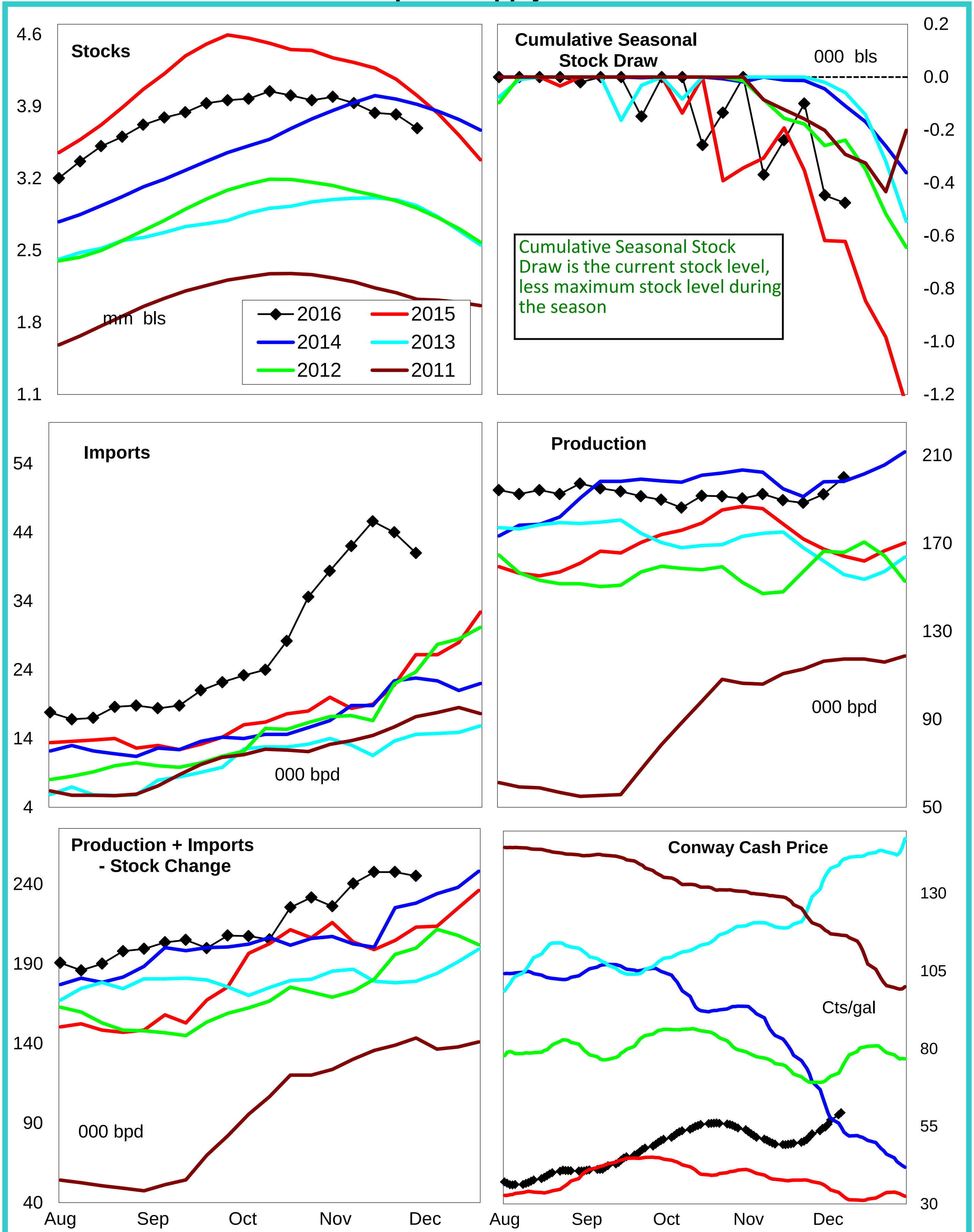
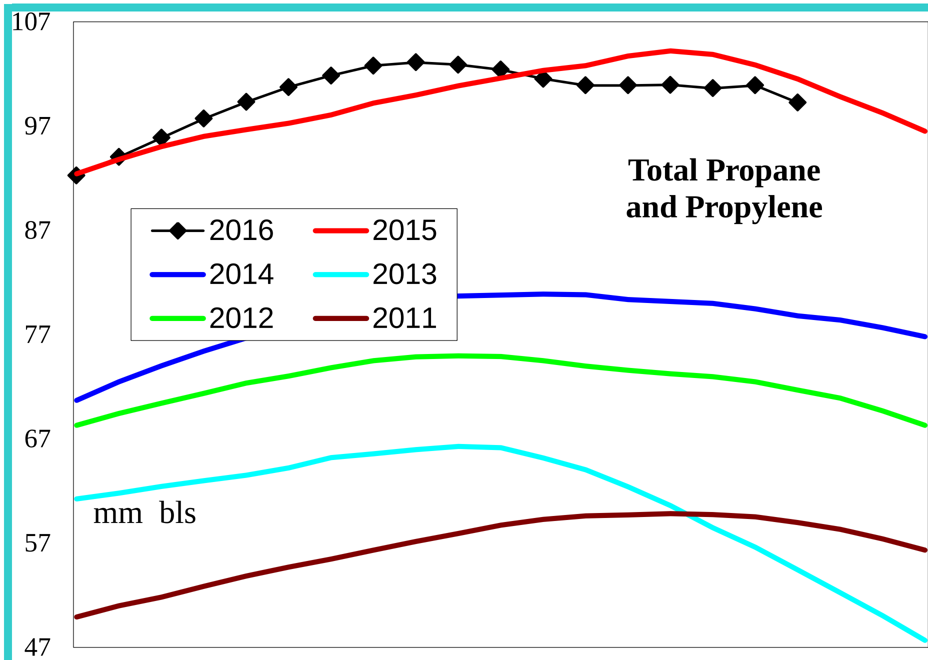
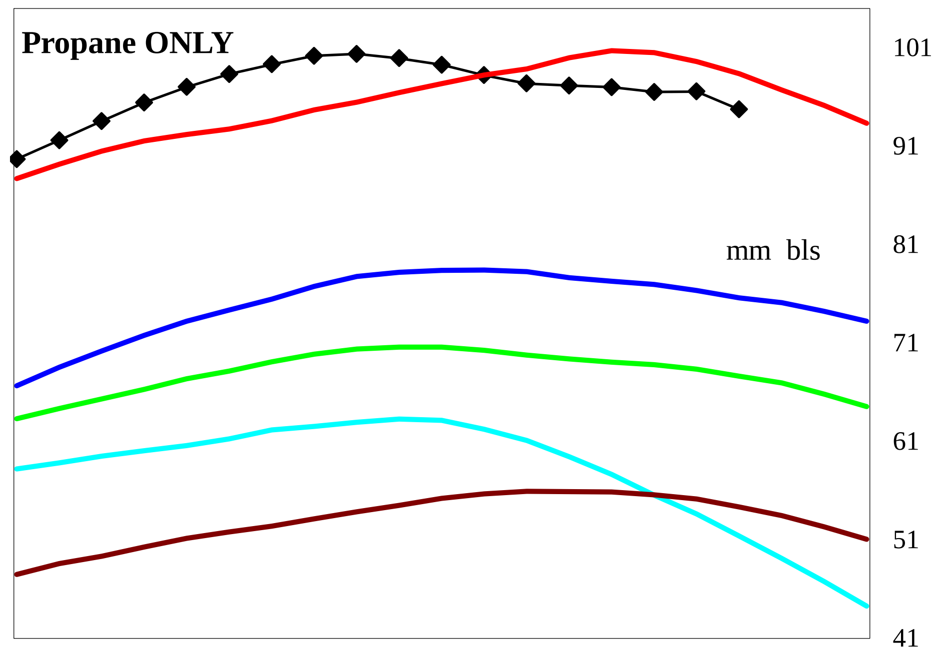
# PADDs 4 and 5 Propane Supply and Demand Balance

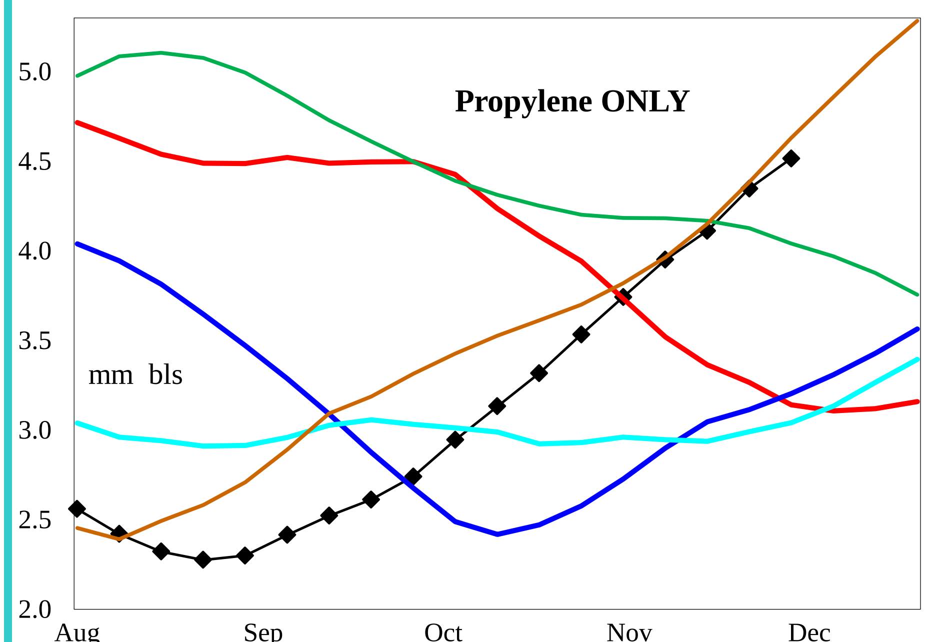


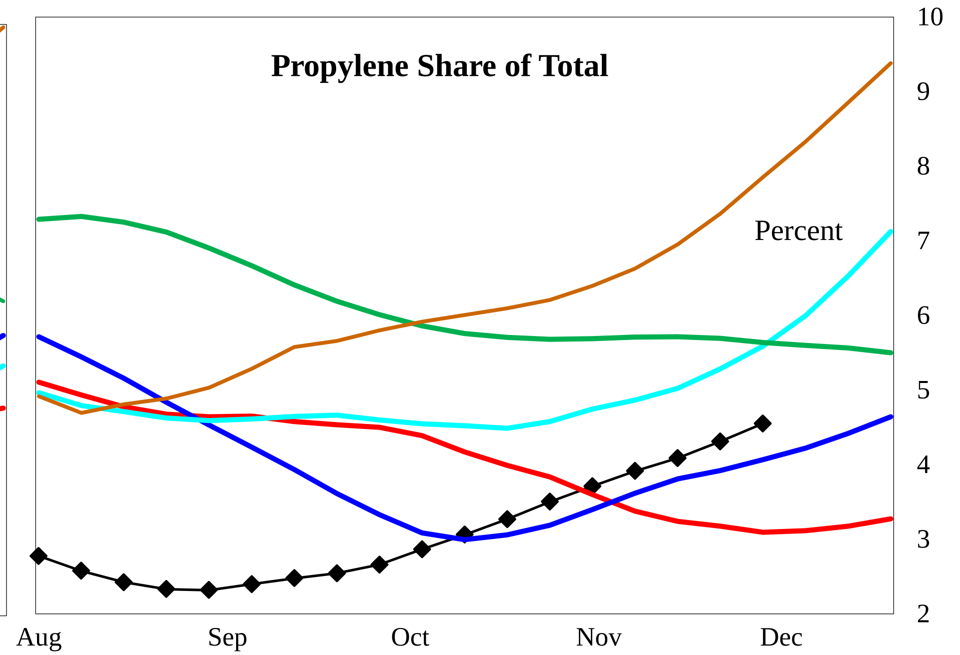

| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Prod + Imp - Stk chg |
|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | -382 | 145 | 20 | 27 | 40 |
| % change | -9.4 | -23.3 | 11.7 | 135.0 | 19.6 |

# U. S. Propane and Propylene Stocks




| **Variance to prior year** | Total | Propane ONLY | Propylene ONLY |
|---|---|---|---|
| 000 bls | **-1,406** | **-2,960** | **1,375** |
| % change | **-1.4** | **-3.0** | **43.8** |



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