WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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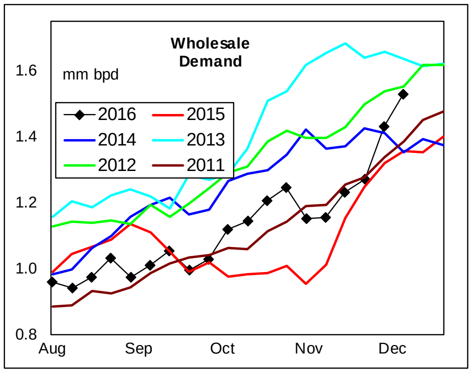
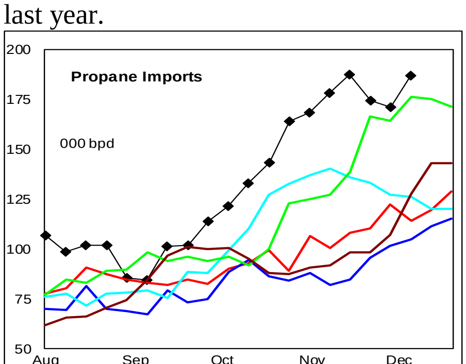
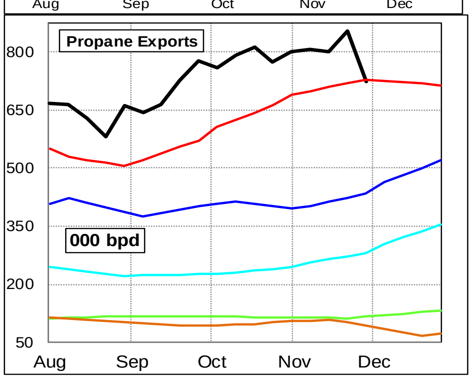
Summary[1]:
Wholesale demand increased +25,000 bpd last week, to a level sharply above the last 2-yrs on much below normal temperatures in major heating markets.



Production fell -66,000 bpd on the week, concentrated in the Gulf and West Regions. Production for the latest 4-wk average was +79,000 above a year ago. Imports decreased -29,000 on the week, concentrated in the Midwest. The latest 4-wk average was +54,000 bpd above last year.

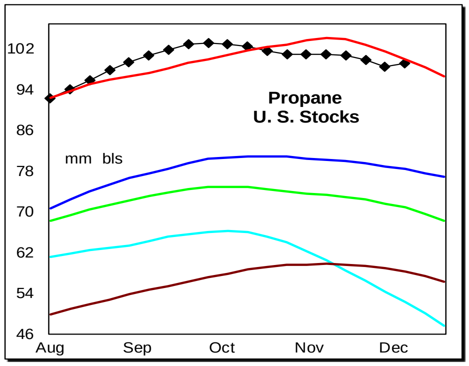




Exports for the week ending 02Dec16 were 0.73 million bpd, a level comparable to a year ago.

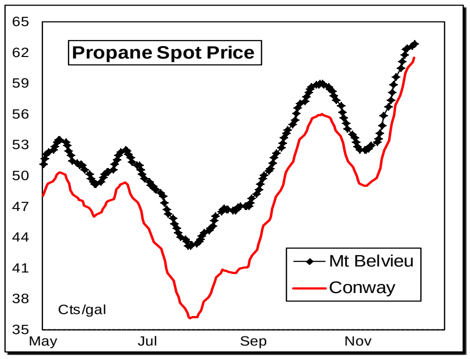
[1] Source is latest EIA Weekly Statistics

Stocks decreased -3.6 million barrels on the week, driven by the sharp increase in wholesale demand.



The latest 4-wk stock draw of -5.5 million barrels, matched the 3-yr mid range draw for this time of year.

Price and Spreads Mt Belvieu spot price increased +1 cpg for the week ending 13Dec16 while Conway saw a +2 cpg increase.



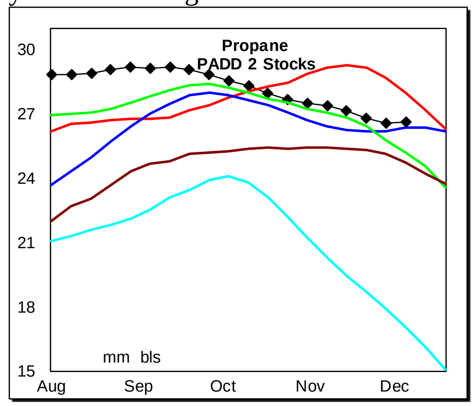
The Conway – Mt Belvieu price spread trended higher last week, ending at a level near the 3-yr mid range.

The propane to natural gas price spread was unchanged on the week, to end at a level near the 2-yr mid range.

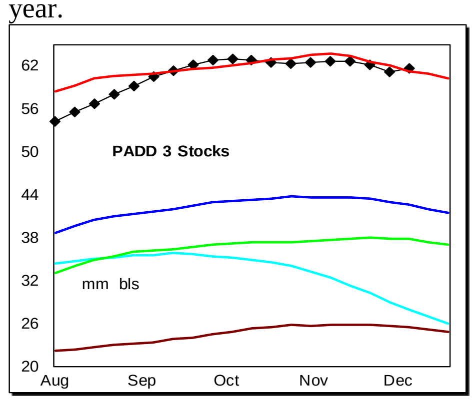
The propane / crude oil price spread trended higher on the week, ending at a level near highs for the last 3-yrs.

PADD 1 stocks decreased -0.2 million barrels last week. Stock levels ended the week +8% above last year and a 5-yr high. Supply increased +2,000 bpd on the week.

PADD 2 supply fell -53,000 bpd on the week, on lower imports and production. Production for the latest 4-wk period was +62,000 bpd above a year ago while imports increased +17,000 bpd. Midwest supply continues on a trend of +80,000 bpd above the prior record high, which was last year. Stocks decreased -0.7 million barrels on the week. Stock levels ended the week -8% below last years' record high.



PAD 3 stocks fell -2.7 million barrels on the week, driven by sharply higher wholesale demand. Stock levels ended the week nearly unchanged from last year's record high. Supply for the latest 4-wk period was -10,000 bpd below last year.



PADDs 4 & 5 stocks decreased -0.1 million barrels last week. Supply was +48,000 bpd higher on exceptionally high imports. Stock levels ended the week -6% below last year's record high.

Emerging Trends Wholesale demand continued at a very high level on much below normal temperatures in major heating markets. Temperatures are forecast to remain well below normal across nearly all heating markets for the next 10-days. Stocks are slightly below last year's record highs.

Below normal temperatures and robust stock draws should drive wholesale prices higher through year end.

PROPANE: Graph Link and Weekly Summary

December 14, 2016

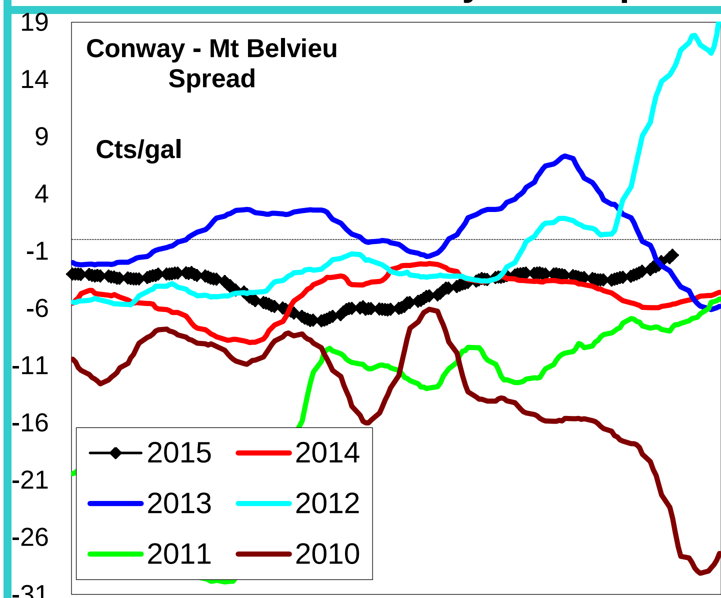
Fundamental Trends for the Week Ending: Friday, December 09, 2016

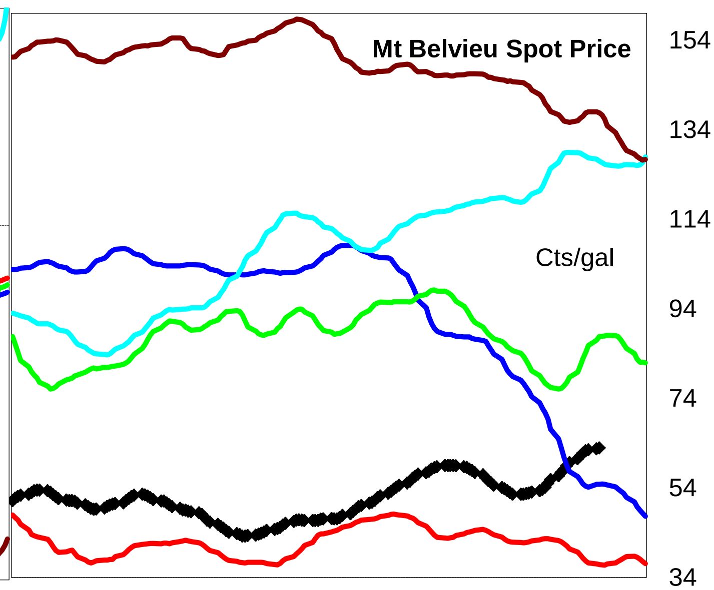
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	95,623	7,025	25,931	59,061	3,606	-3,629	-221	-675	-2,651	-82
Propylene Stocks	4,652					136				
Production	1,729	161	443	957	168	-66	1	-6	-29	-32
Imports	157	49	50	0	58	-29	1	-47	0	17
Whsle Demand	1,502					25				

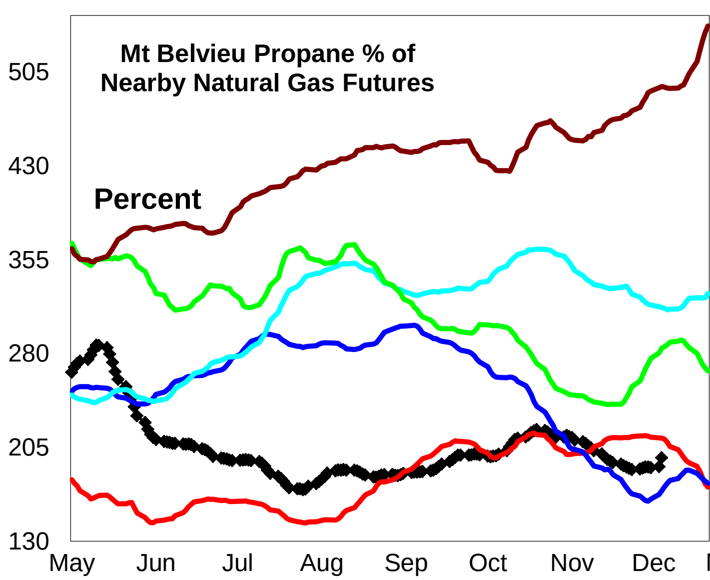
Price Trends for the Week Ending: Tuesday, December 13, 2016

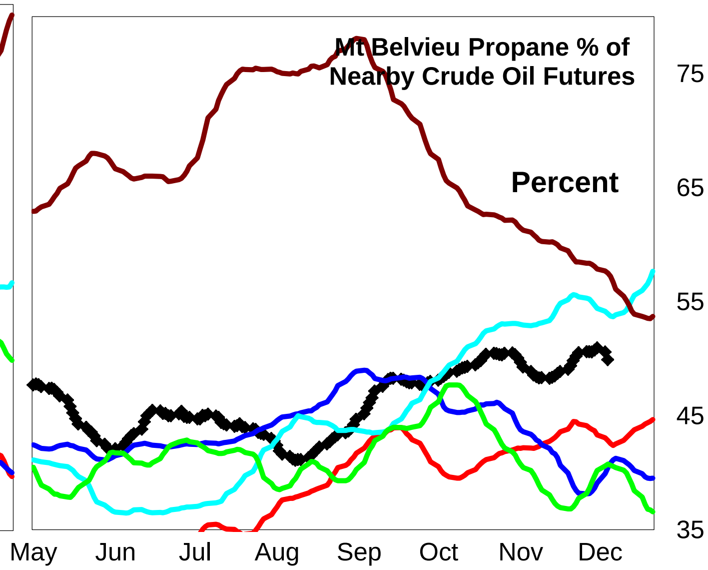
Cents/gal	Average for week ending:				Change from:			% change from:		
	12/13/16	12/6/16	11/15/16	12/17/15	12/6/16	11/15/16	12/17/15	12/6/16	11/15/16	12/17/15
Mont Belvieu Spot	62.5	61.0	52.2	36.3	1.55	8.80	15.88	2.5	16.9	43.7
Conway Spot	60.8	58.0	48.8	30.3	2.78	9.18	18.48	4.8	18.8	60.9

Key Price Spreads and Differentials

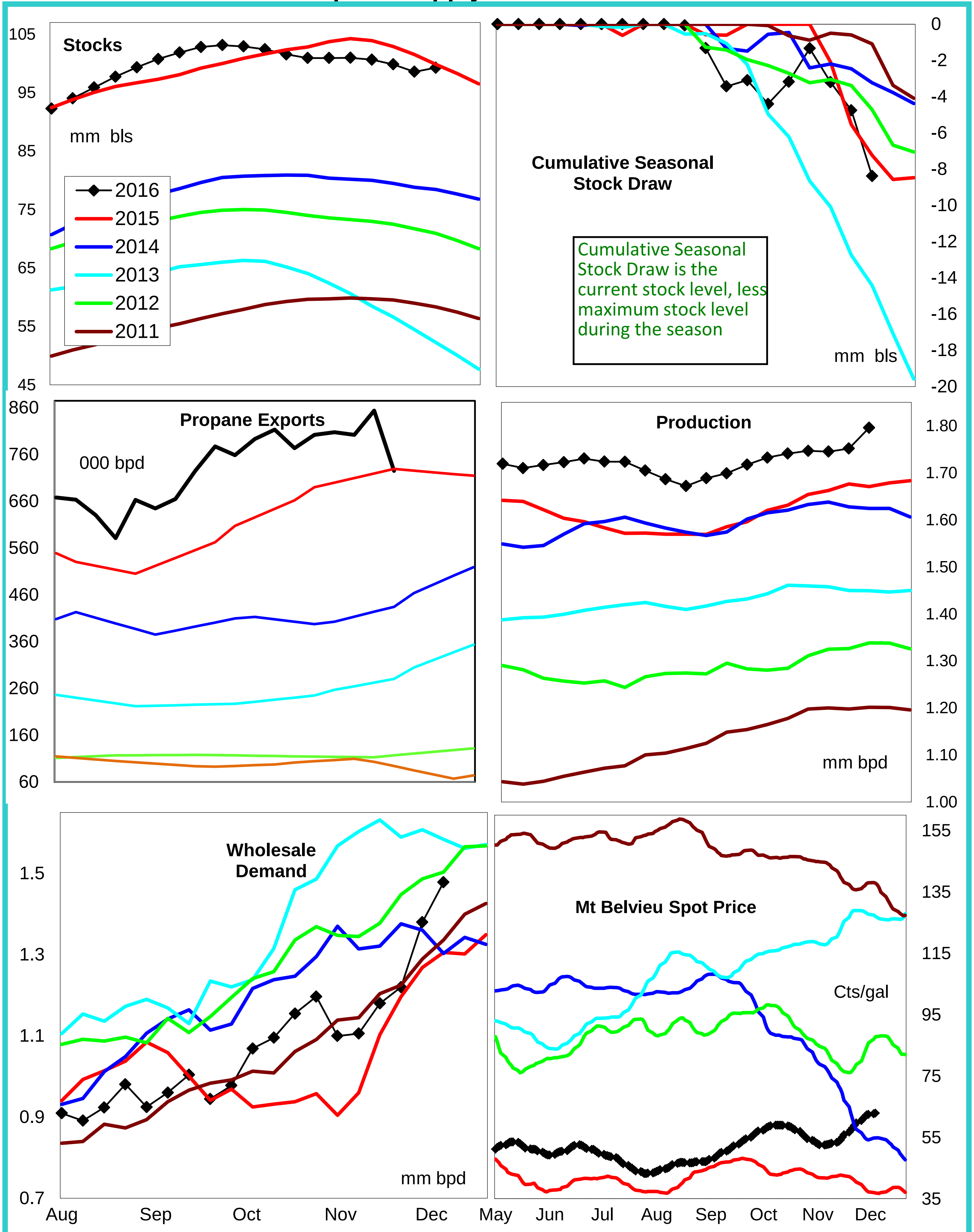








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Oct	Sep	Aug
000 bpd (000 bls stks)	-3,352	-1,150	79	54		-14	98	52	-74
% change	-3.4	16	4.7	46.9		-1.1	9.6	5.8	-7.4

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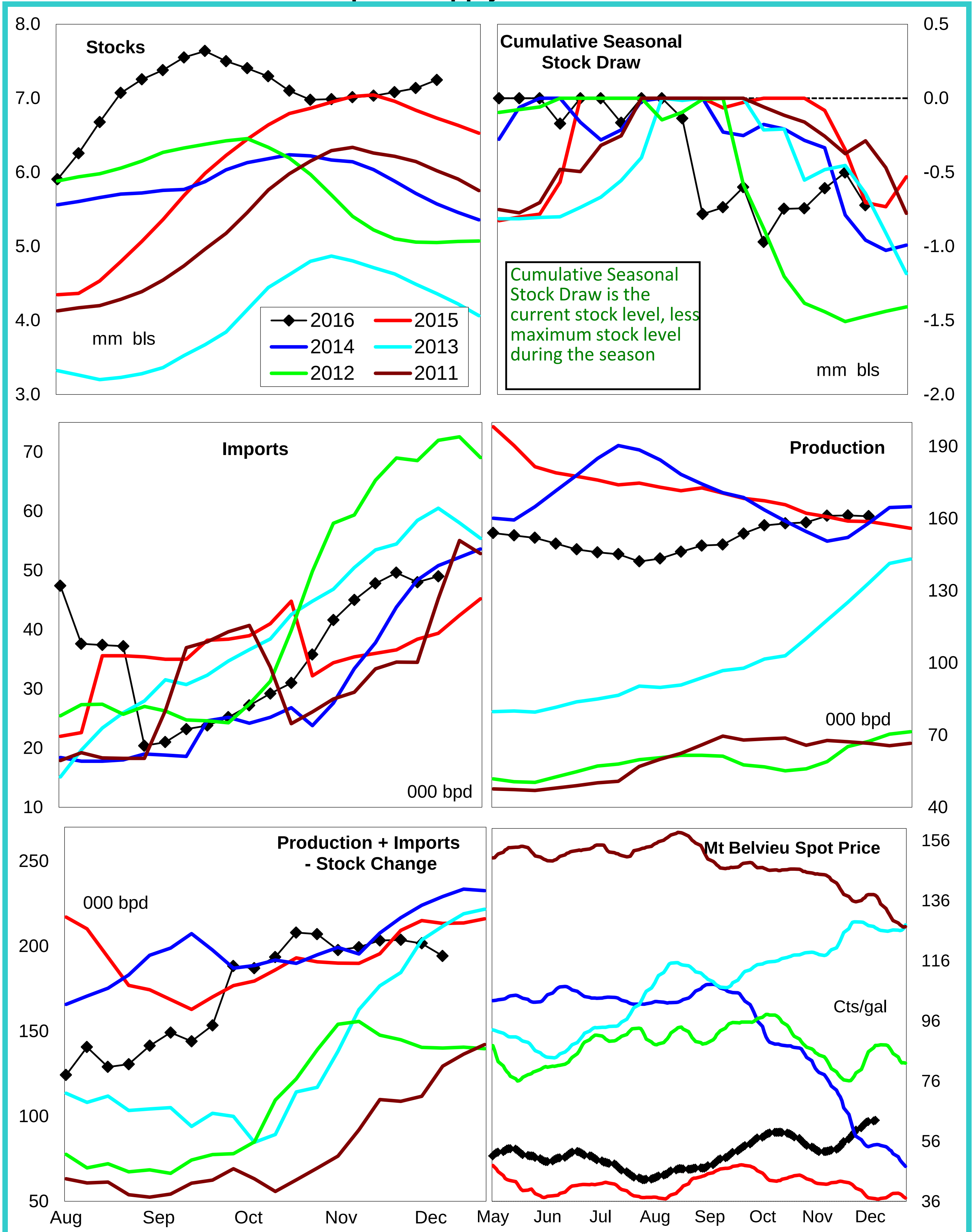
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	519	-18	3	13	-8
% change	8.0	2.6	1.9	36.6	-3.6

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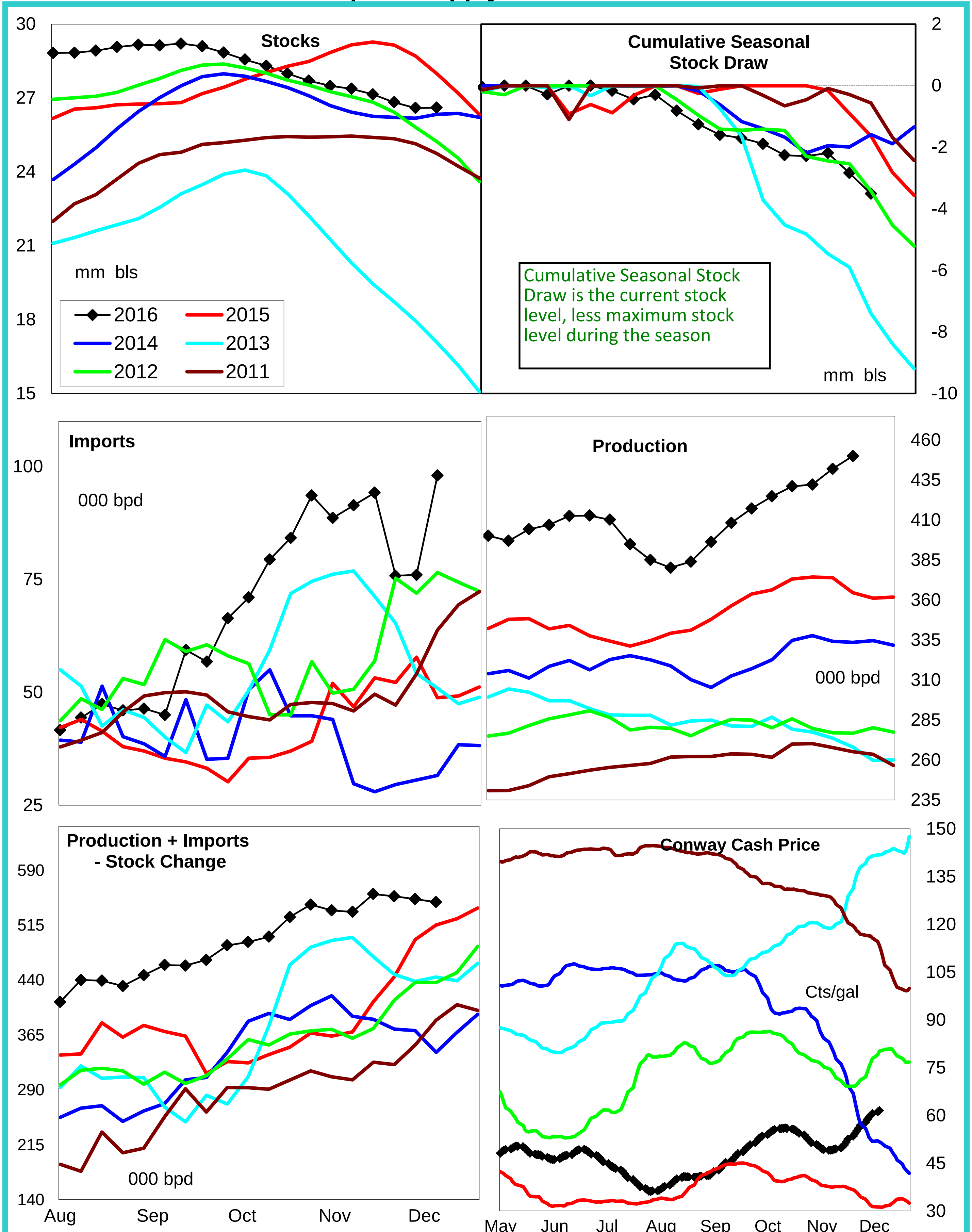
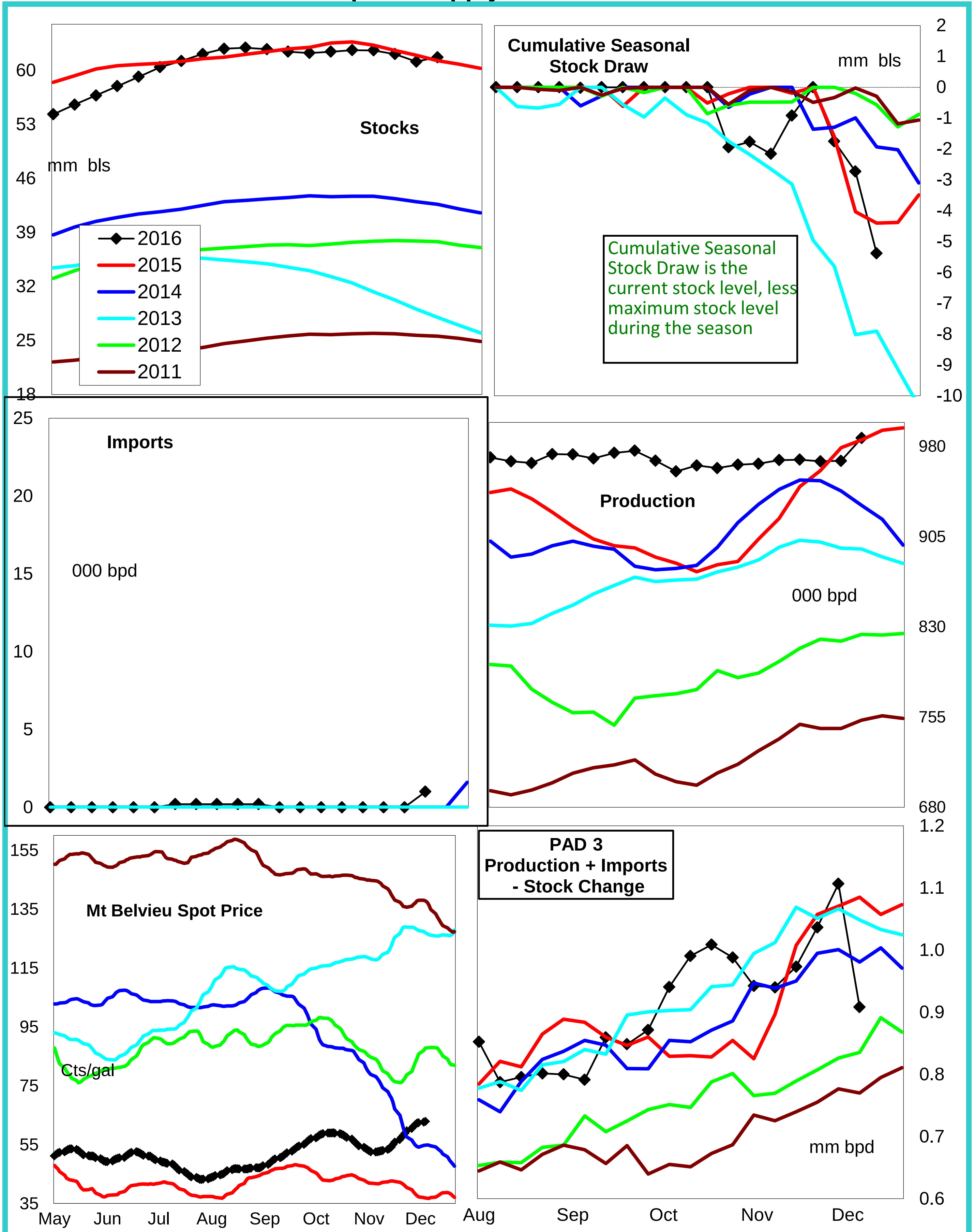
PADD 2 Propane Supply and Demand Balance



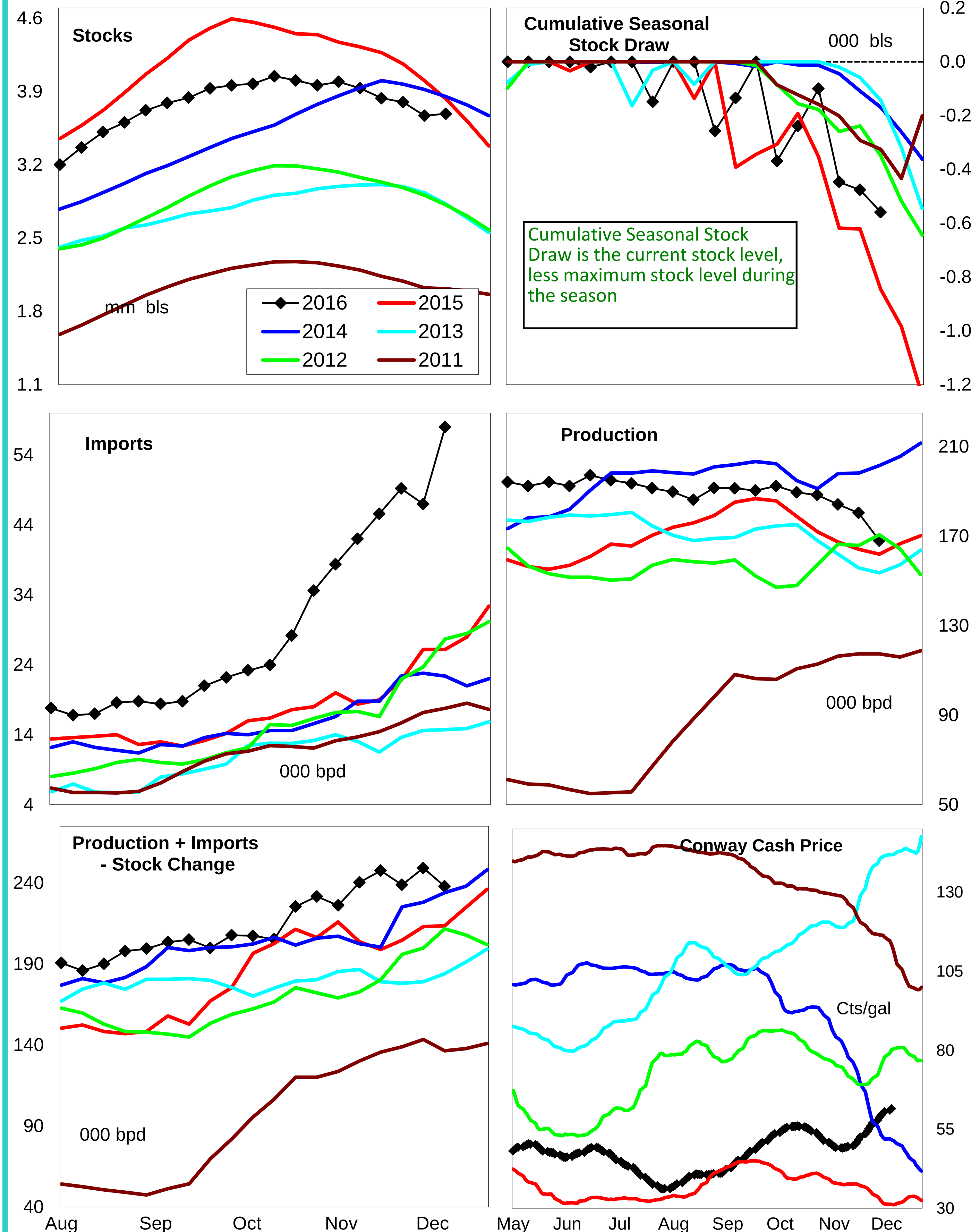
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-2,242	-1,879	62	17	86
% change	-8.0	115.2	16.7	29.8	18.4

PADD 3 Propane Supply and Demand Balance



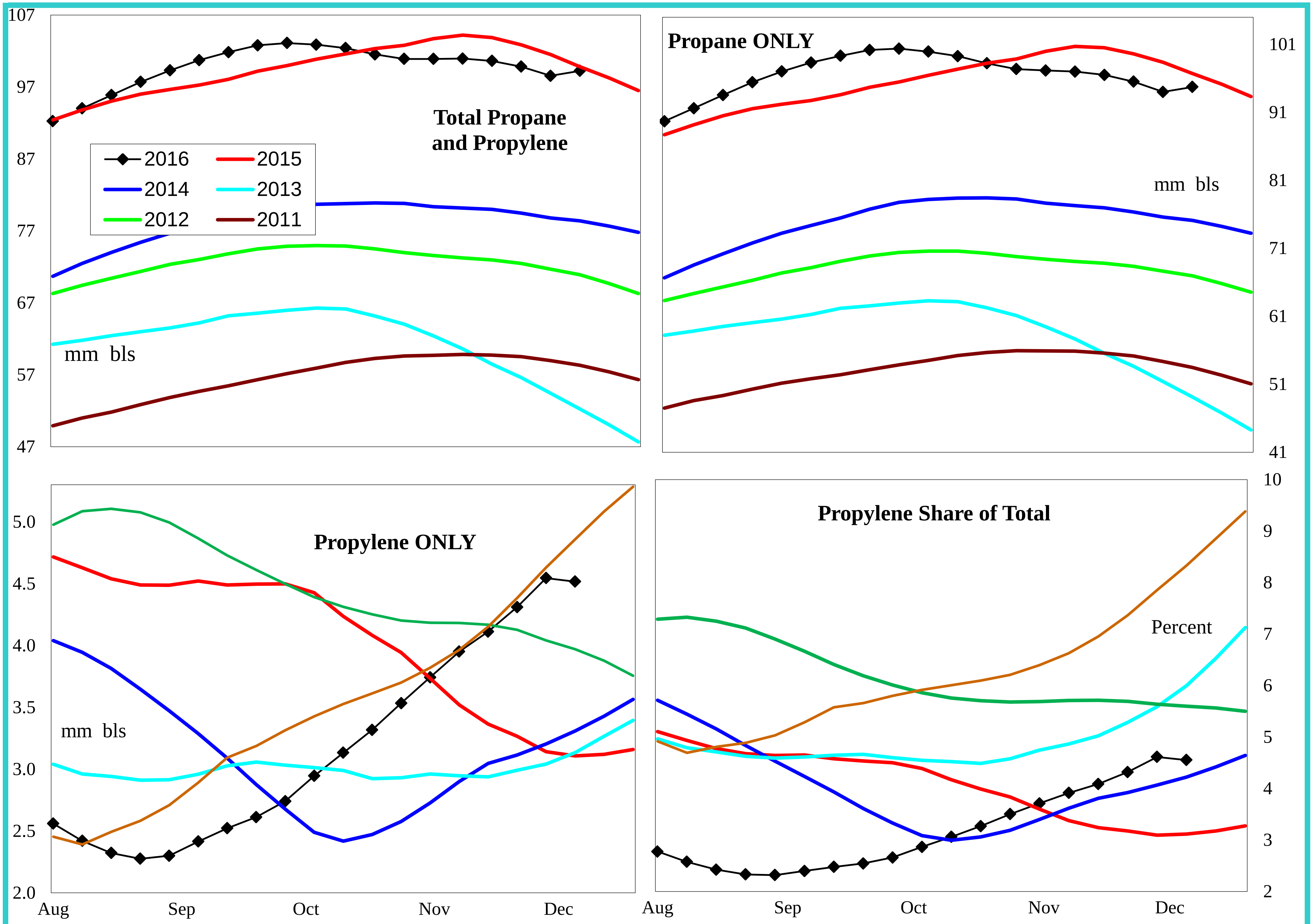
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-1,390	-984	-10	0	-49
% change	-2.3	22	-1.0	#DIV/0!	-4.6

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)	-240	287	24	24	36
% change	-6.2	-33.9	14.4	104.3	17.3

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-3,352	-4,815	1,410
% change	-3.4	-5.0	45.4

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

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