FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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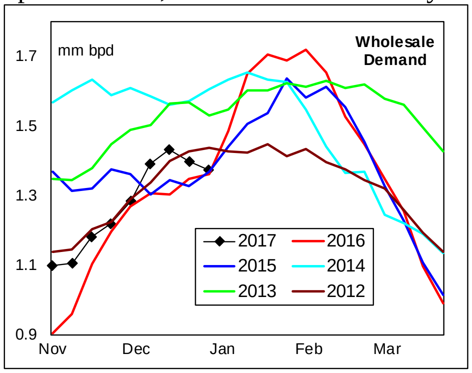
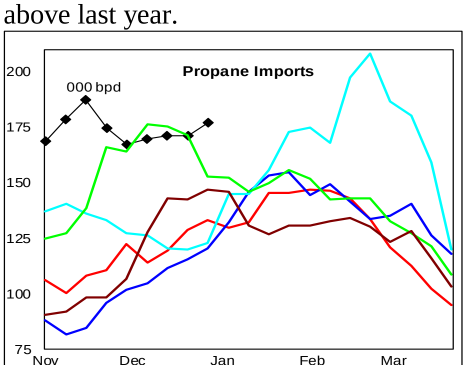
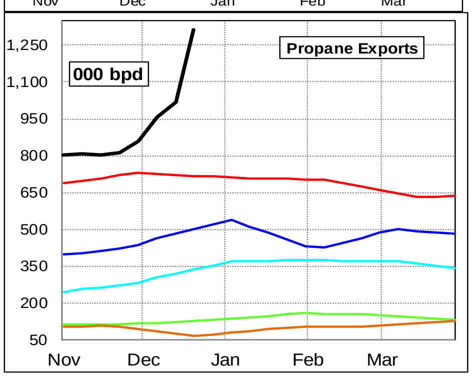
Summary[1]:
Wholesale demand increased +15,000 bpd last week, a level near the last 2-yrs.



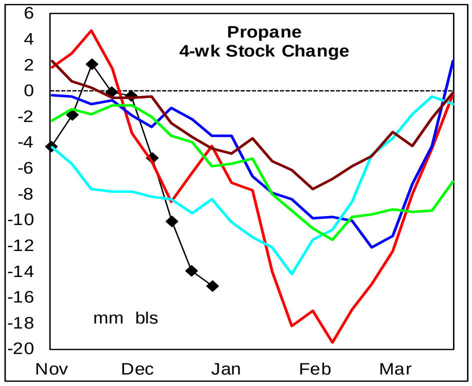
Production increased +63,000 bpd on the week, with increases in all regions except the West. Production for the latest 4-wk average was +34,000 above a year ago. Imports decreased -3,000 on the week, concentrated in the West. The latest 4-wk average was +45,000 bpd above last year.





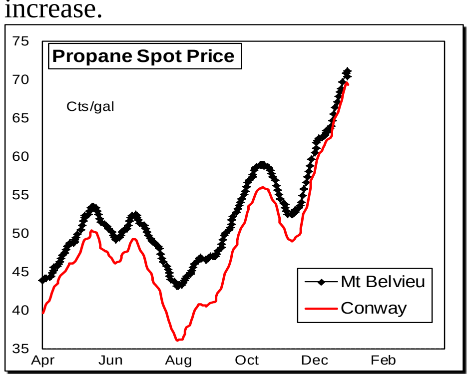
Exports for the week ending 23Dec16 were 1.3 million bpd, a new all time record and +85% above last year.

Stocks decreased -2.7 million barrels on the week, with -1 million barrel draws in the Midwest and Gulf regions.



The latest 4-wk stock draw of -15 million barrels, was the 3rd consecutive record draw for this time of year.

Price and Spreads Mt Belvieu spot price increased +1 cpg for the week ending 04Jan17 while Conway saw +2 cpg increase.



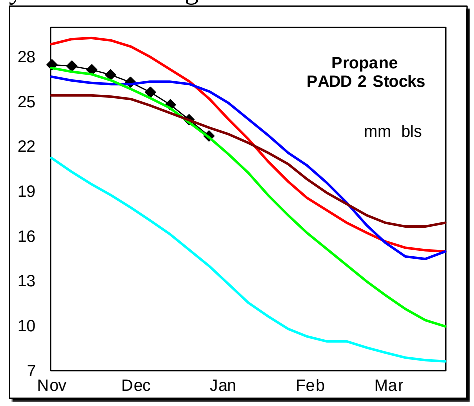
The Conway – Mt Belvieu price spread was nearly unchanged last week, ending at a level above the last 2-yrs.

The propane to natural gas price spread spiked last week on a sharp decrease in natural gas prices to end at a level well above the last 2-yrs.

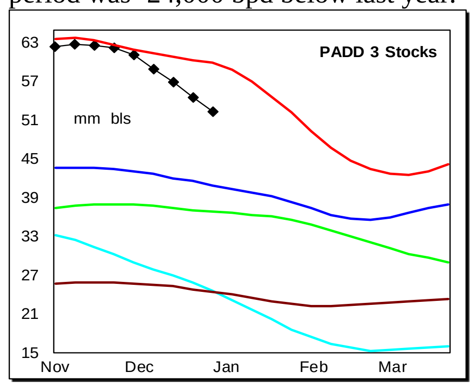
The propane / crude oil price spread trended higher on the week, ending at a level near highs for the last 3-yrs.

PADD 1 stocks decreased -0.4 million barrels last week. Stock levels ended the week -7% below last year. Supply increased +1000 bpd on the week; due to higher production.

PADD 2 supply increased +29,000 bpd on the week, on higher production. Production for the latest 4-wk period was +53,000 bpd above a year ago while imports increased +11,000 bpd. Midwest supply continues on a trend of +65,000 bpd above the prior record high, which was last year. Stocks decreased -1.1 million barrels on the week. Stock levels ended the week -11% below last years' record high.



PAD 3 stocks decreased -1 million barrels on the week, driven by the spike in prior week exports. Stock levels ended the week -14% below last year's record high. Supply for the latest 4-wk period was -24,000 bpd below last year.



PADDs 4 & 5 stocks decreased -0.4 million barrels last week. Supply was +19,000 bpd higher than last year on increased imports. Stock levels ended the week -5% below last year.

Emerging Trends Exports reached an all-time record of 1.3 million bpd last week. Given the +300,000 bpd increase in exports over prior records, an expansion in capacity points to ongoing increased export volumes.

The forecast of a return to above normal temperatures in much of the country during the next 2-wks may offset the increase in exports, with a market price top occurring by month end.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

January 5, 2017

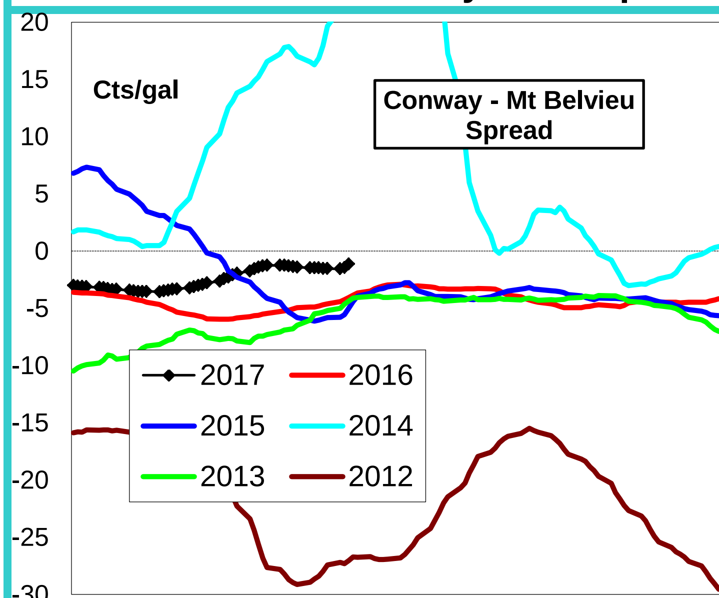
Fundamental Trends for the Week Ending: Friday, December 30, 2016

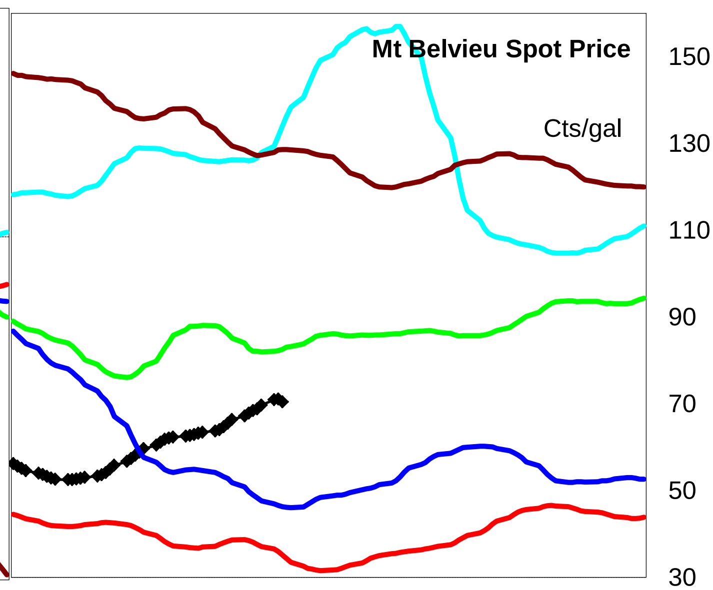
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	84,123	6,175	22,718	52,375	2,855	-2,746	-291	-1,088	-1,008	-359
Propylene Stocks	4,642					-145				
Production	1,746	153	419	994	180	63	4	23	41	-5
Imports	177	78	65	0	34	-3	-3	6	0	-6
Whsle Demand	1,375					15				

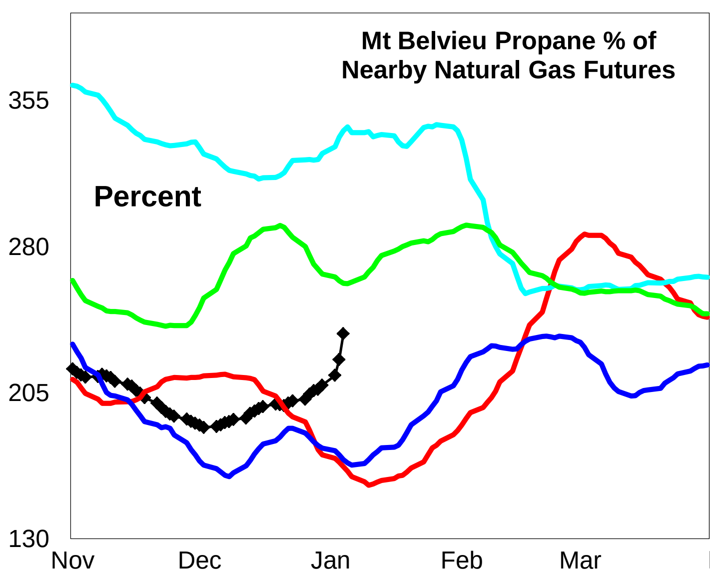
Price Trends for the Week Ending: Wednesday, January 04, 2017

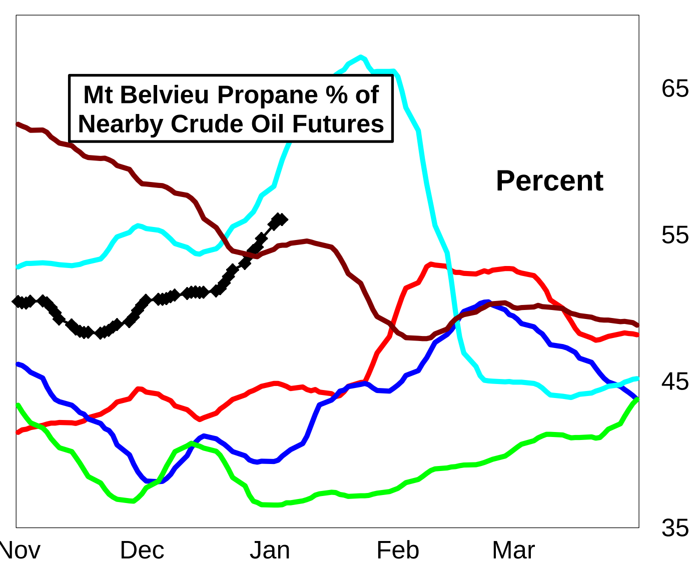
Cents/gal	Average for week ending:				Change from:			% change from:		
	1/4/17	12/28/16	12/7/16	1/8/16	12/28/16	12/7/16	1/8/16	12/28/16	12/7/16	1/8/16
Mont Belvieu Spot	71.2	66.4	61.7	37.2	4.83	4.72	24.48	7.3	7.7	65.8
Conway Spot	69.7	64.9	58.8	32.7	4.85	6.08	26.13	7.5	10.3	80.0

Key Price Spreads and Differentials

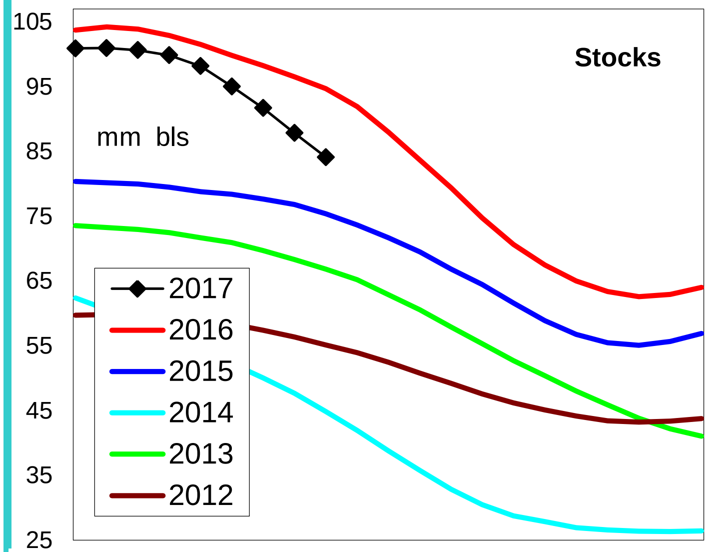


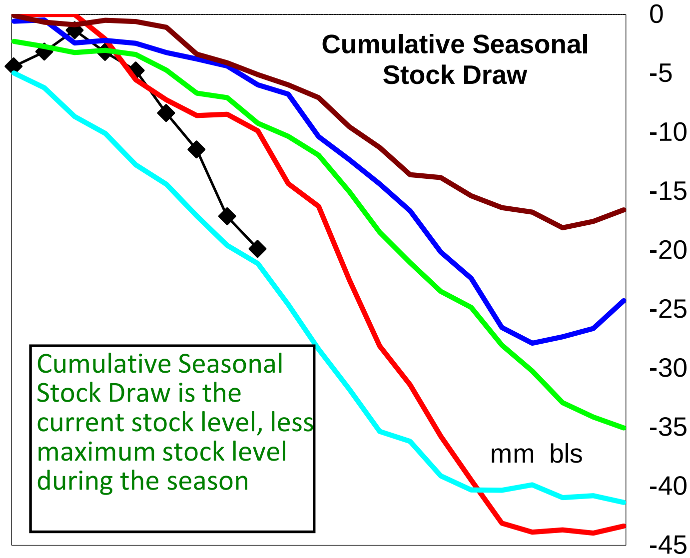


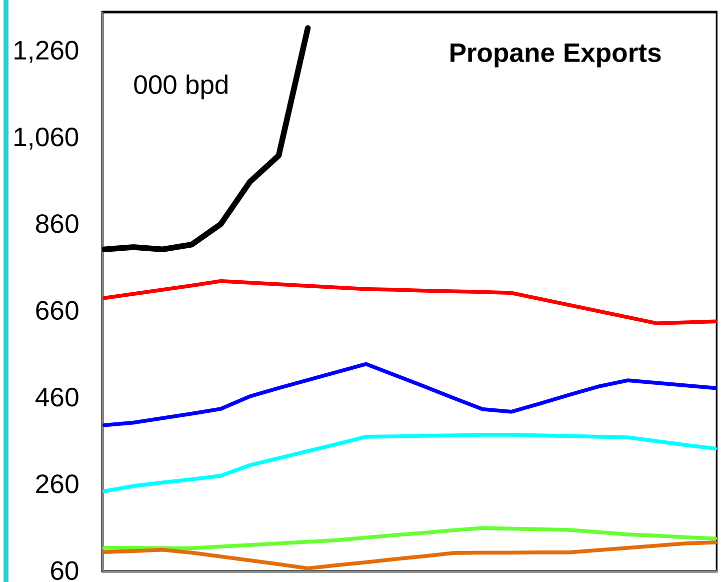


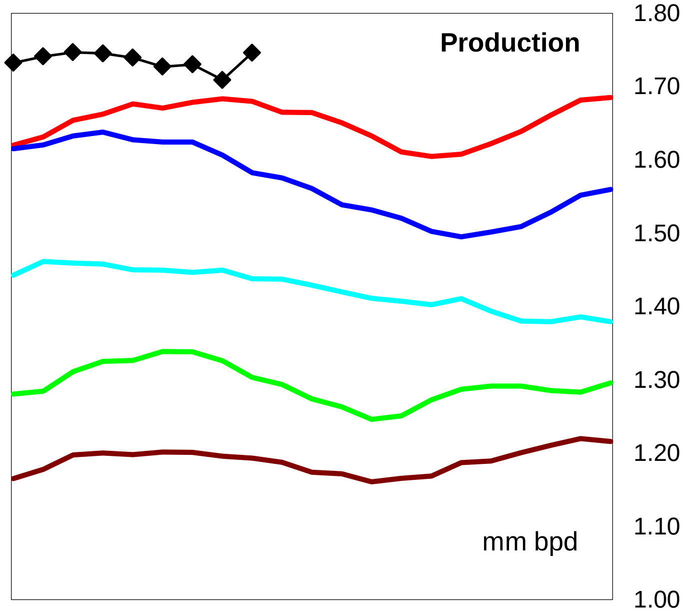


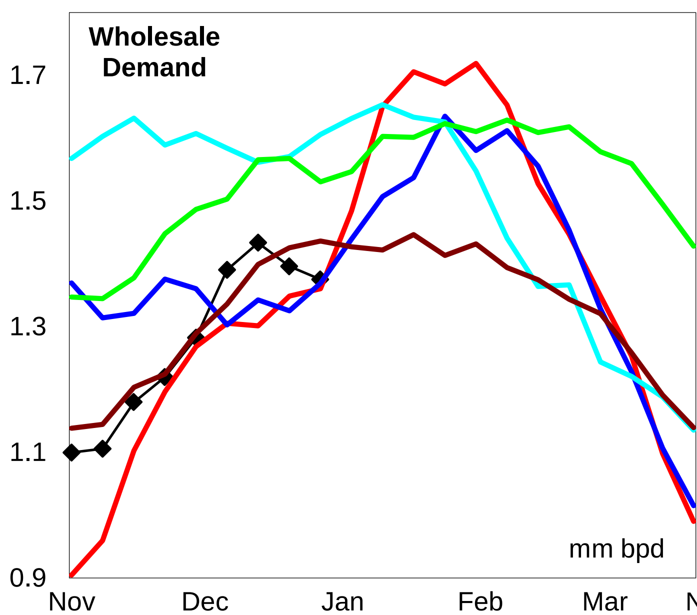
U. S. Propane Supply and Demand Balance

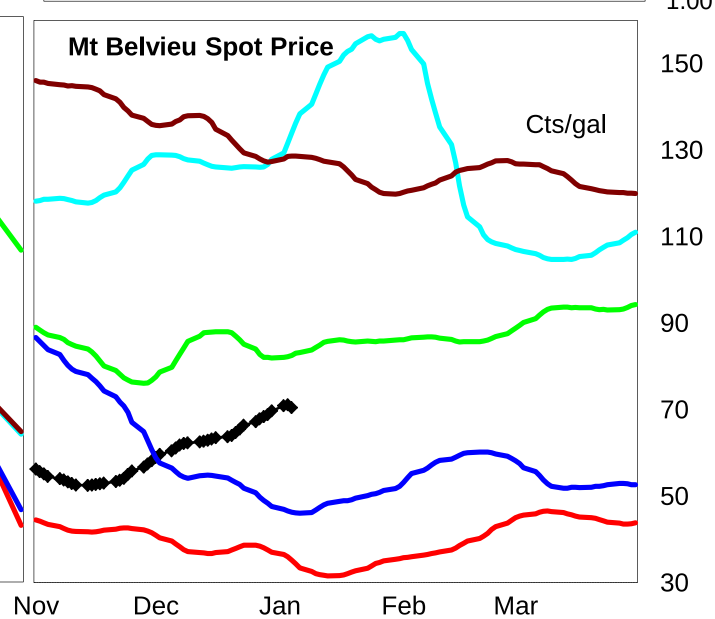












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Nov	Oct	Sep
000 bpd (000 bls stks)	-12,218	-10,016	34	45		181	4	191	200
% change	-12.7	102	2.0	36.2		14.6	0.3	18.7	22.3

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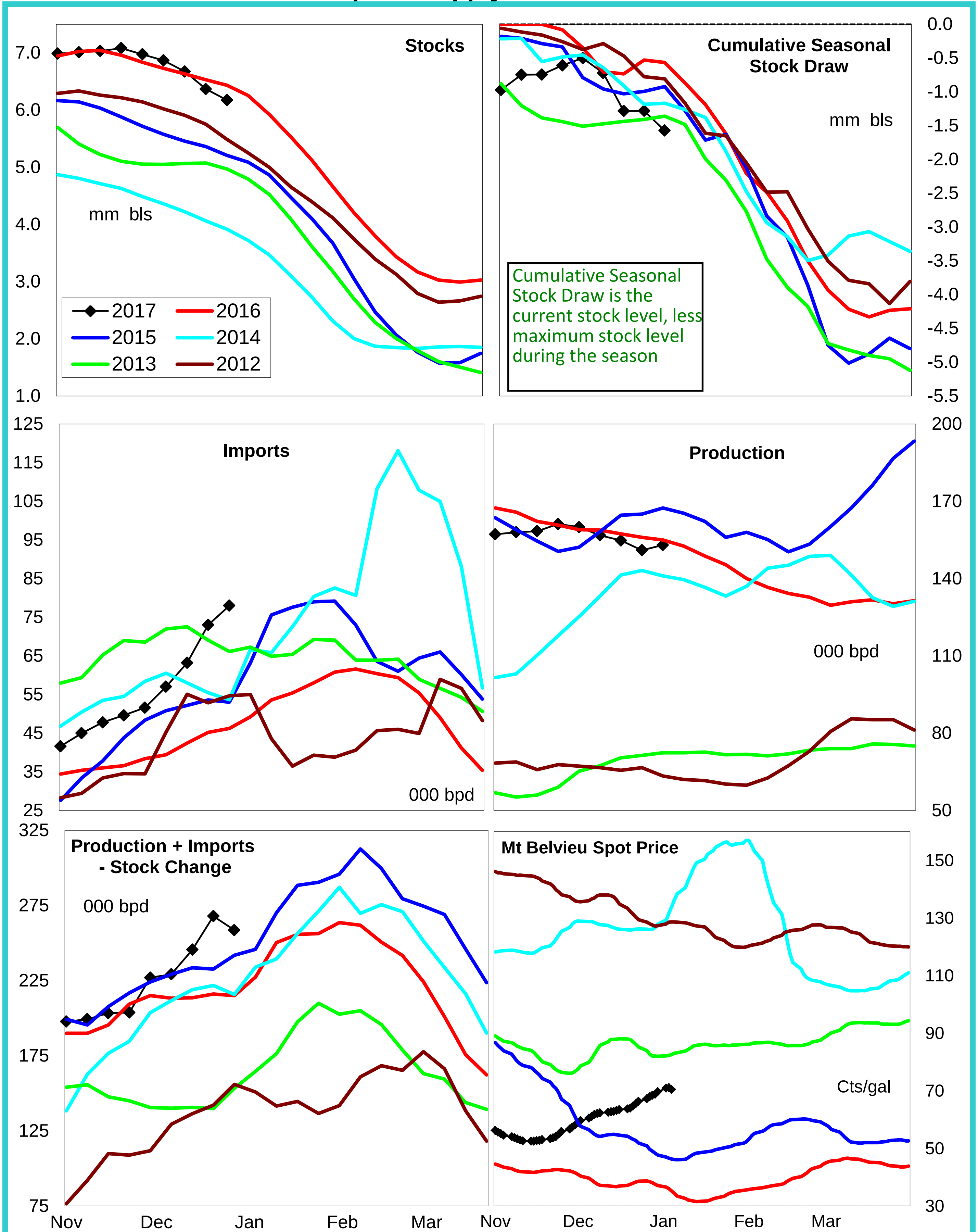
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-470	-1,007	-2	22	36
% change	-7.1	178.2	-1.4	48.9	16.7

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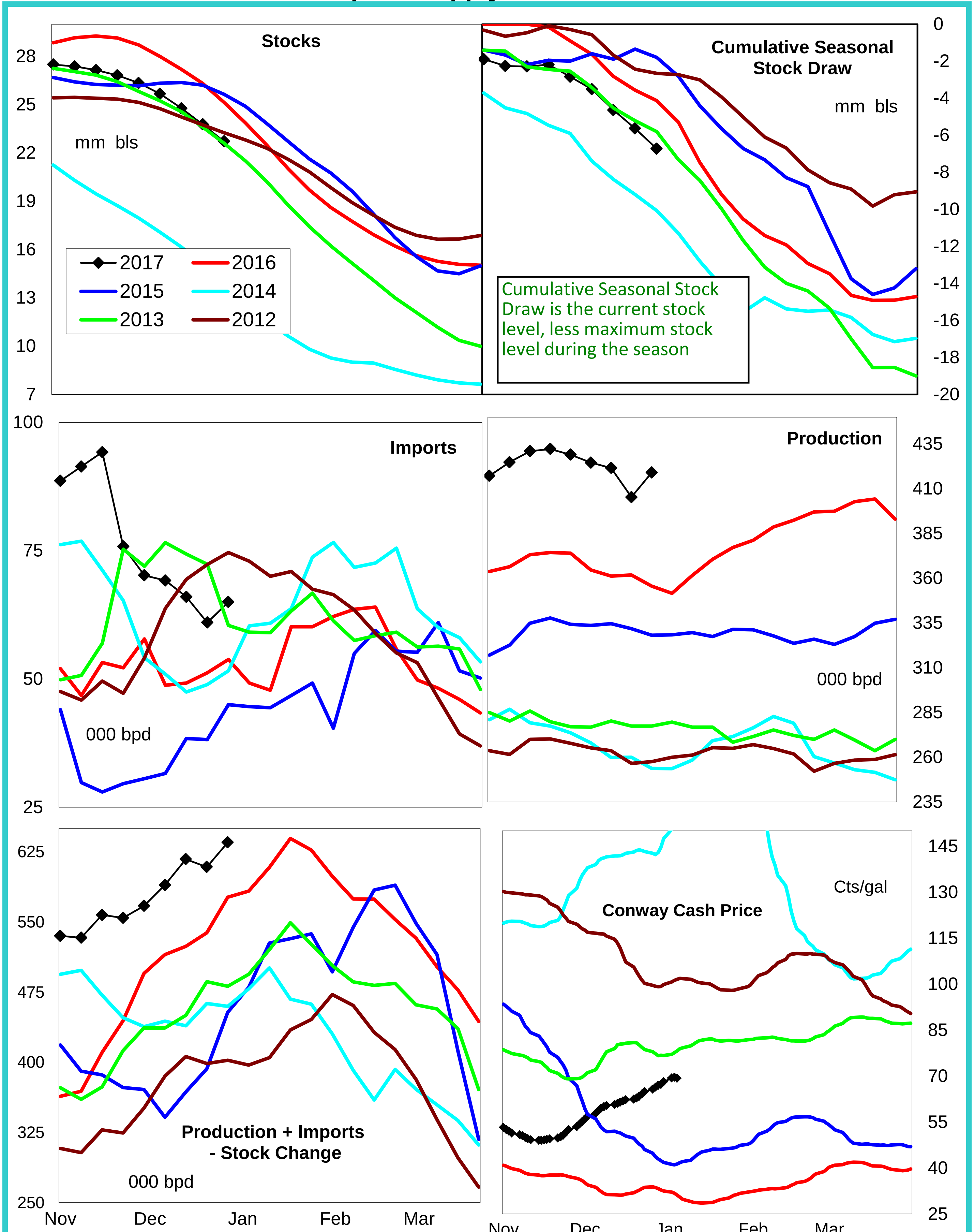
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-2,964	-2,601	53	11	74
% change	-11.5	63.1	14.7	23.3	13.8

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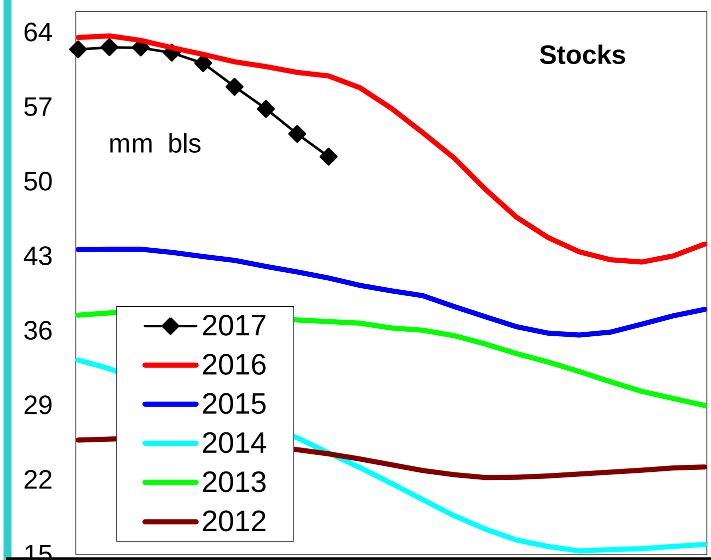
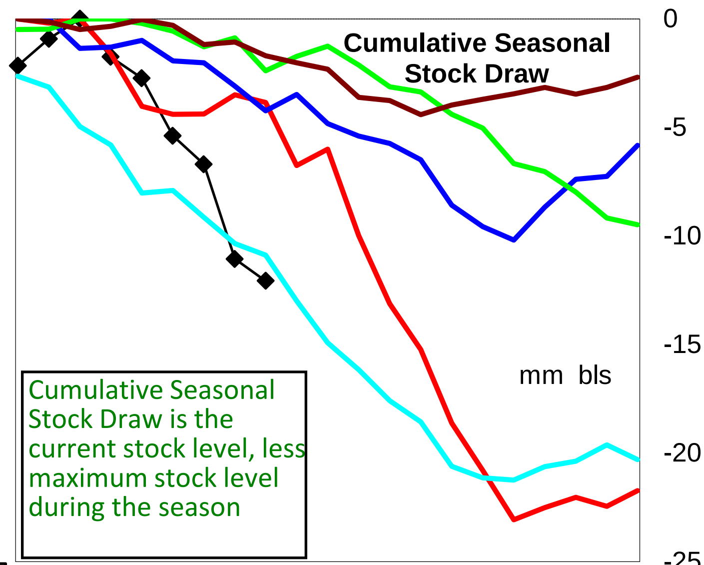
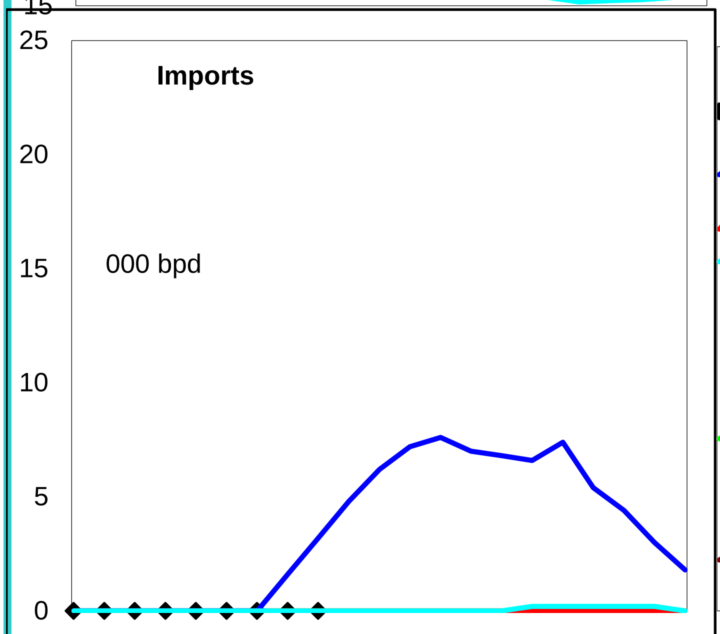
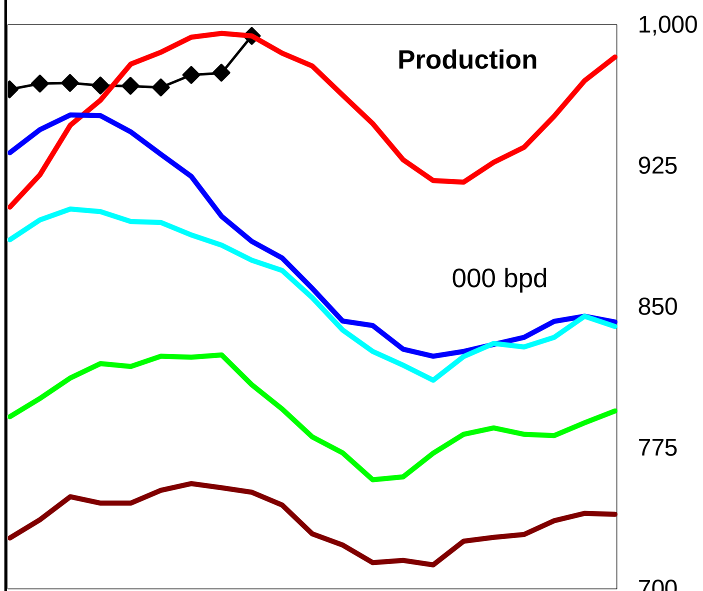
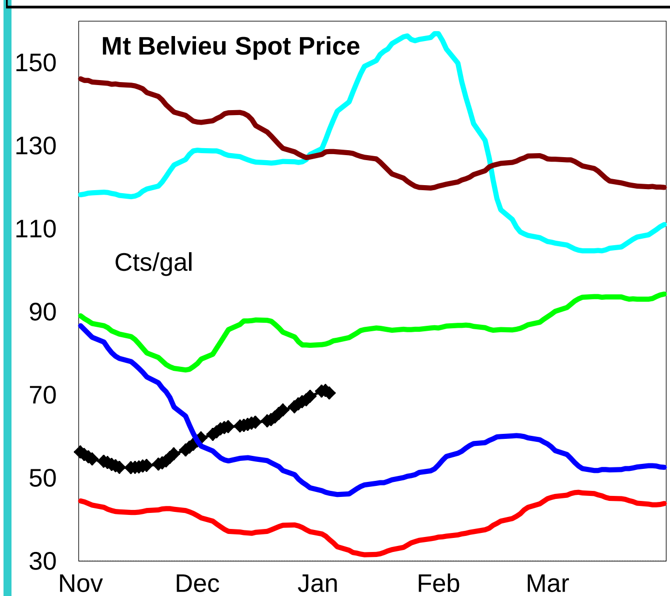
PADD 3 Propane Supply and Demand Balance

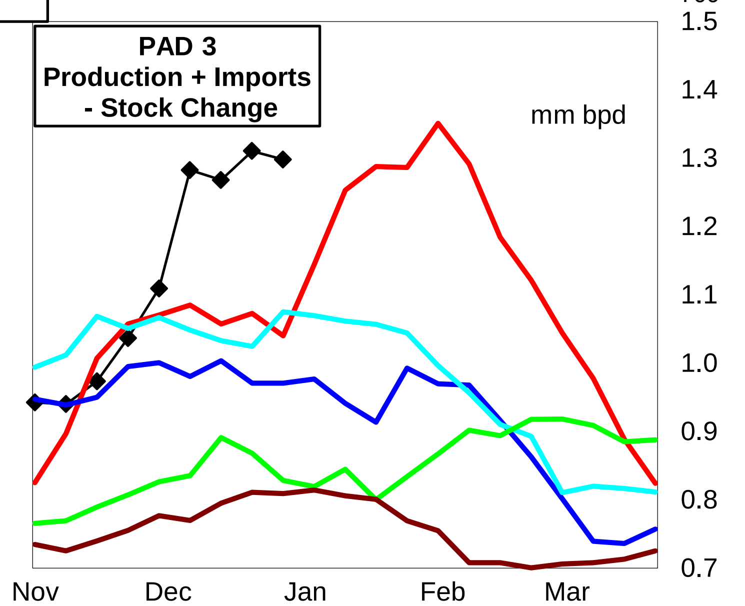






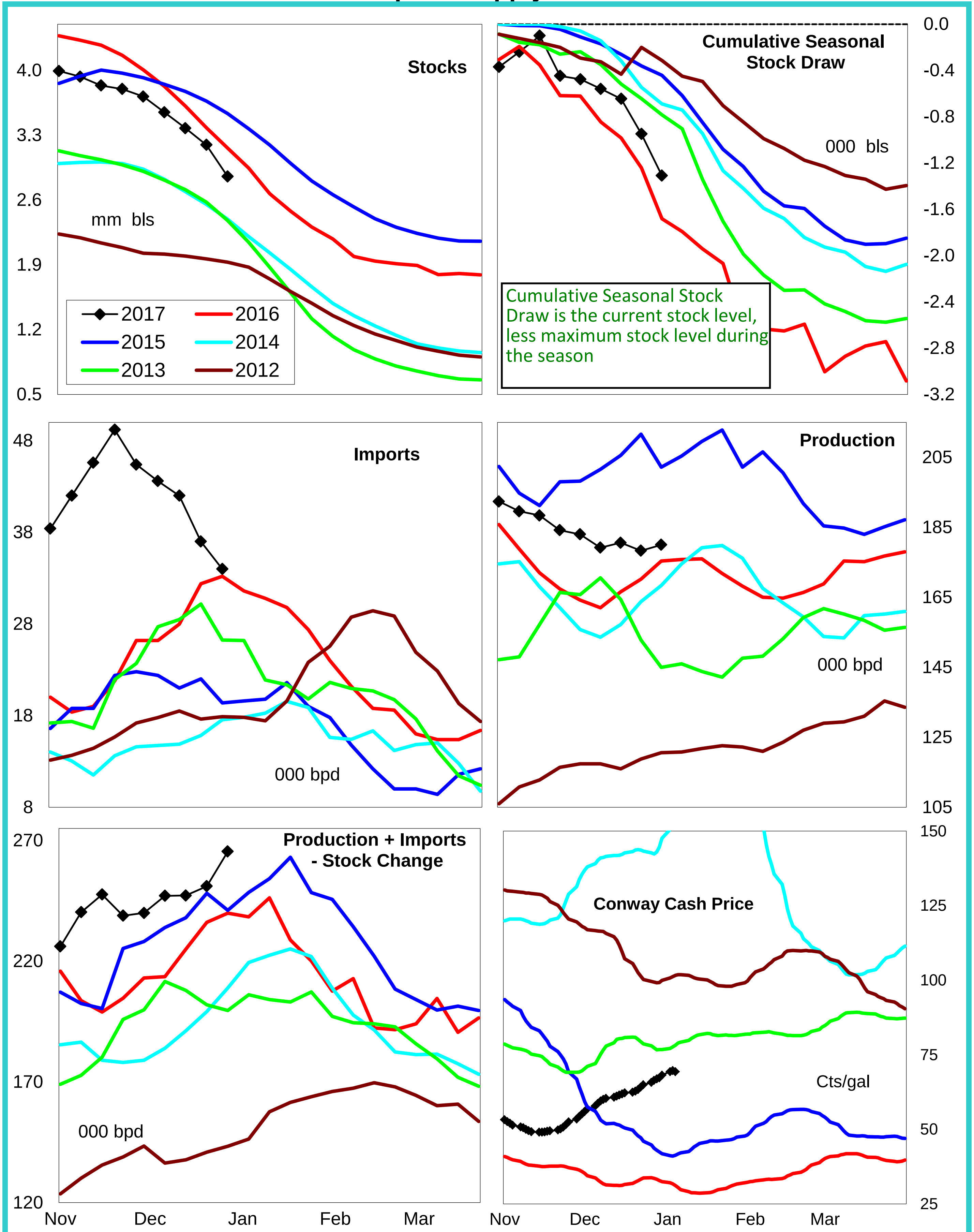






4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-8,629	-8,223	-24	0	226
% change	-14.1	214	-2.4	#DIV/0!	21.2

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)	-155	372	7	12	24
% change	-5.1	-22.1	4.1	37.4	10.5

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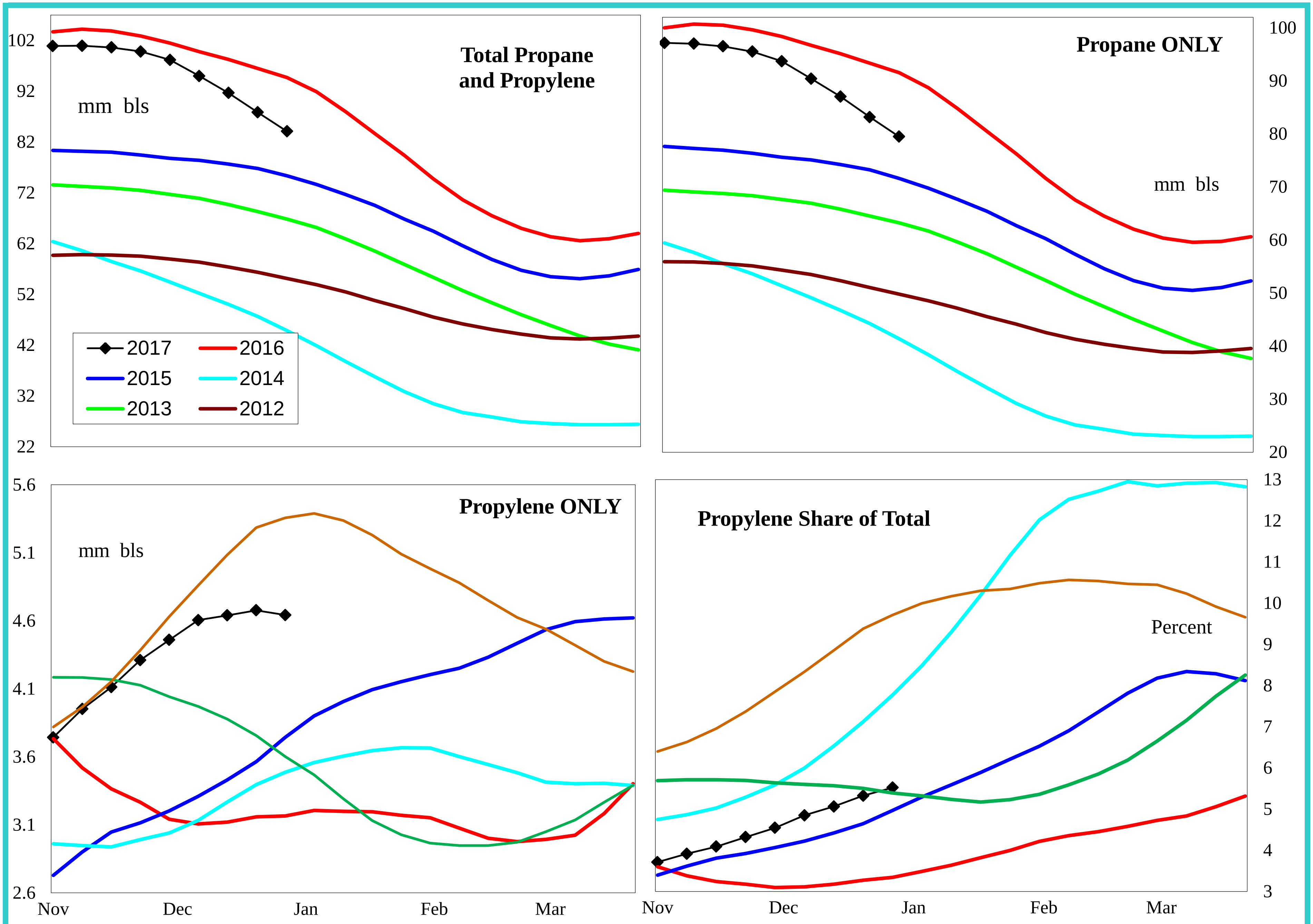
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-12,218	-13,708	1,477
% change	-12.7	-14.7	46.7

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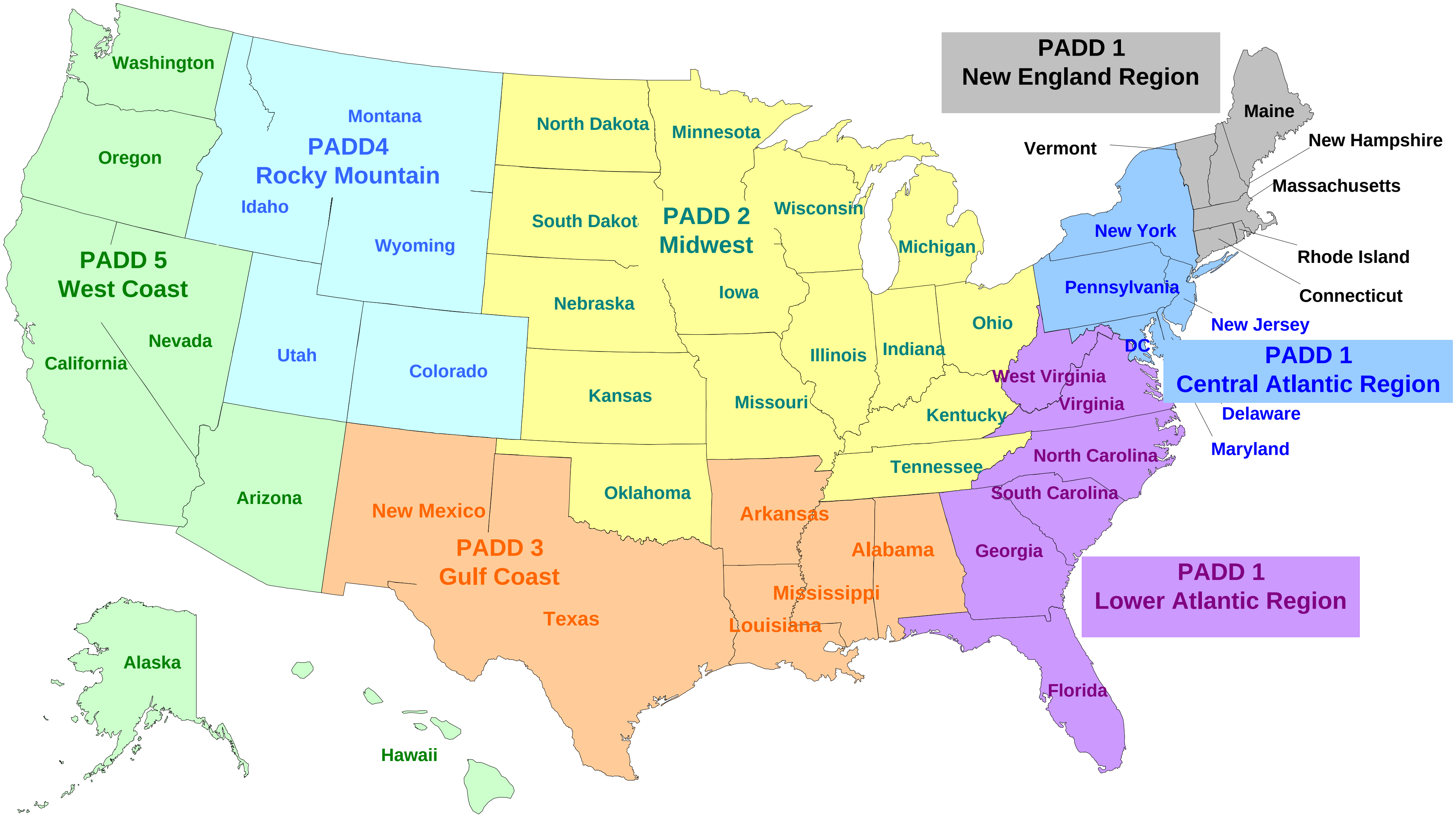
U. S. Petroleum Administrative for Defense Districts (PADDs)



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