FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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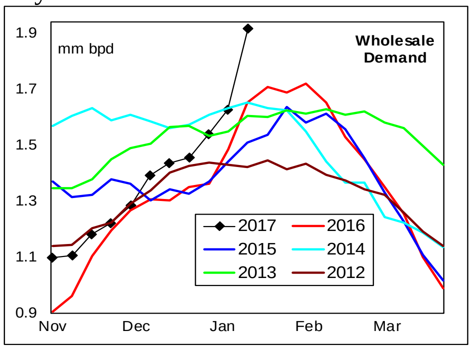
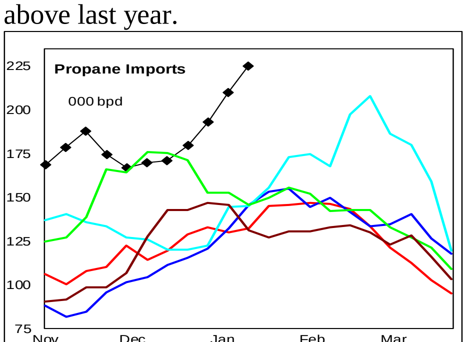
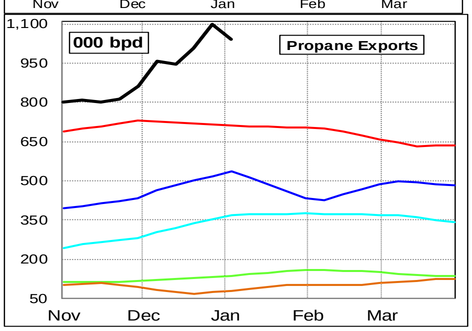
Summary[1]:
Wholesale demand increased +324,000 bpd last week, a record high for this time of year.



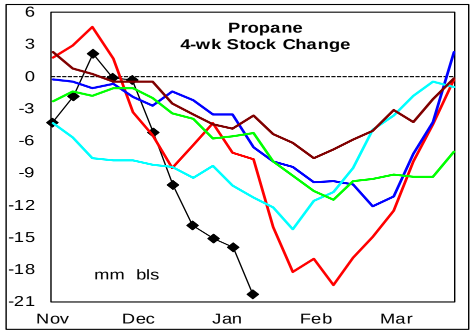
Production fell -139,000 bpd on the week, concentrated in the Gulf and West Regions. Production for the latest 4-wk average was +31,000 above a year ago. Imports were unchanged on the week, with a decline in the Midwest offset by increases in the East and West. The latest 4-wk average was +73,000 bpd above last year.





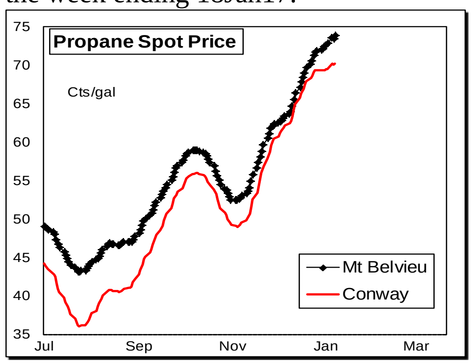
Exports for the week ending 06Jan17 were 1 million bpd, continuing a trend of sharply higher exports compared to a year ago.

Stocks fell -7.4 million barrels on the week, with significant decreases in every region.



The latest 4-wk stock draw of -20.3 million barrels, was a record for the winter quarter, and the 5th consecutive record draw for this time of year.

Price and Spreads Mt Belvieu and Conway spot prices were unchanged for the week ending 18Jan17.



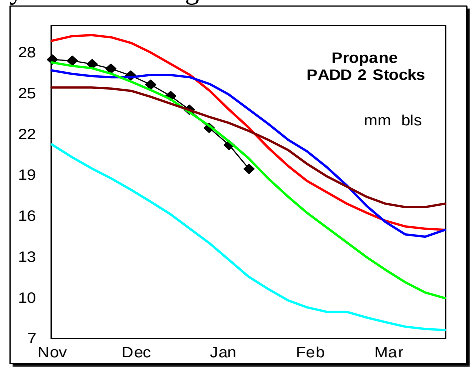
The Conway – Mt Belvieu price spread was unchanged last week, ending at a level equal to the average of the last 2-yrs.

The propane to natural gas price spread also reported limited changed, ending at a level well above the last 2-yrs.

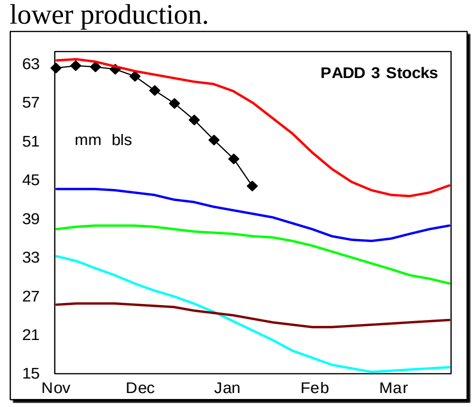
The propane / crude oil price spread trended higher on the week, ending at a level near highs for the last 3-yrs.

PADD 1 stocks fell -0.6 million barrels last week. Stock levels ended the week at a level equal to last year's record. Supply increased +8,000 bpd on higher imports.

PADD 2 supply decreased -18,000 bpd on the week, driven by lower imports. Production for the latest 4-wk period was +63,000 bpd above a year ago while imports increased +33,000 bpd. Midwest supply continues on a trend of +90,000 bpd above the prior record high, which was last year. Stocks decreased -2.1 million barrels on the week. Stock levels ended the week -13% below last years' record high.



PAD 3 stocks decreased -4.6 million barrels on the week, driven by higher wholesale demand and very high exports. Stock levels ended the week -25% below last year's record high. Supply fell -111,000 bpd on sharply lower production.



PADDs 4 & 5 stocks decreased -0.2 million barrels last week. Supply was +23,000 bpd higher than last year on a jump in imports. Stock levels ended the week -3% below last year.

Emerging Trends A spike in wholesale demand and a record weekly stock draw was due in part to lower deliveries during the holiday period. Increased wholesale demand during the last quarter, plus record exports has led to extremely high stock draws, which reached a record for the latest 4-wk period in the winter quarter.

The forecast of a return to below average temperatures by month end in southern and western heating markets, combined with record exports should provide near term support to wholesale prices.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

January 19, 2017

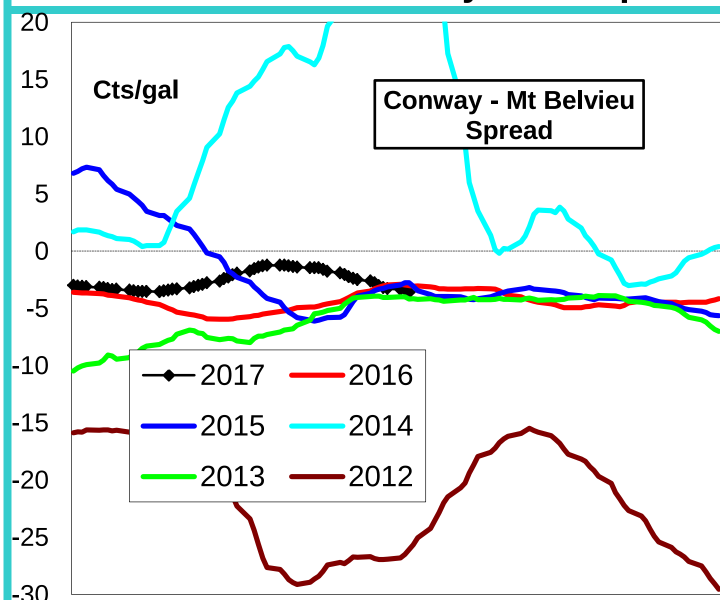
Fundamental Trends for the Week Ending: Friday, January 13, 2017

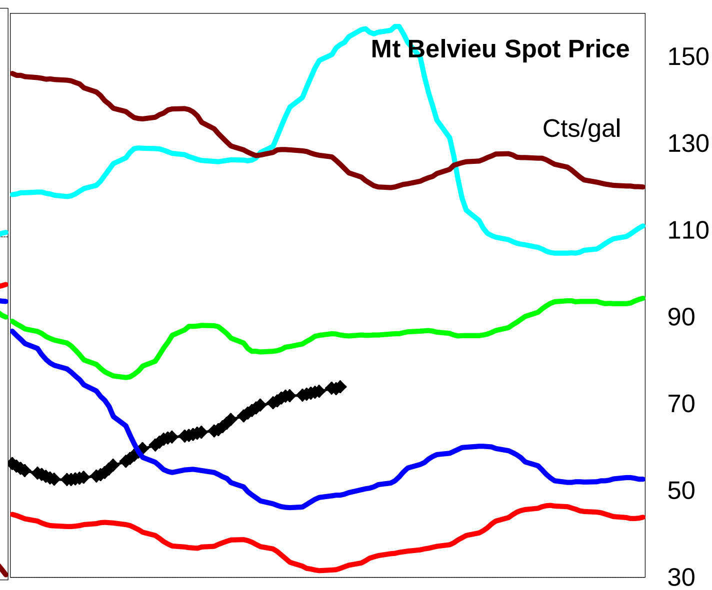
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	72,245	5,988	19,454	44,134	2,669	-7,414	-641	-2,100	-4,459	-214
Propylene Stocks	4,222					-225				
Production	1,629	142	428	882	177	-139	-6	17	-111	-39
Imports	225	81	88	0	56	-3	14	-35	0	18
Whsle Demand	1,915					324				

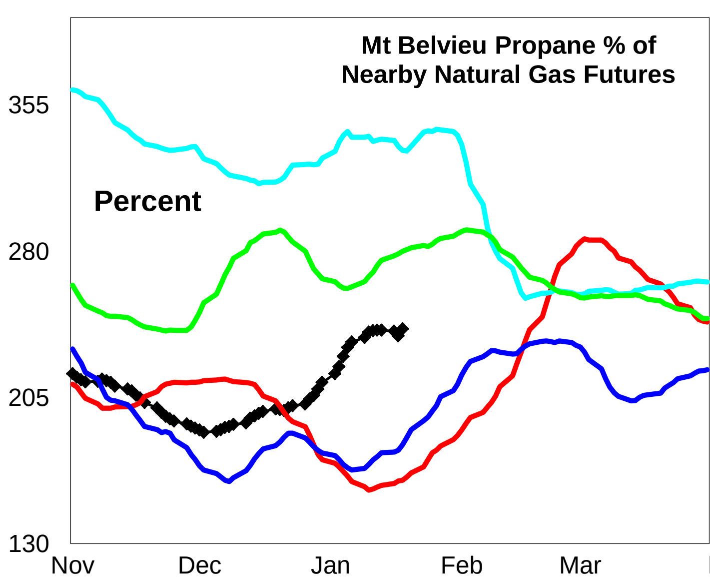
Price Trends for the Week Ending: Wednesday, January 18, 2017

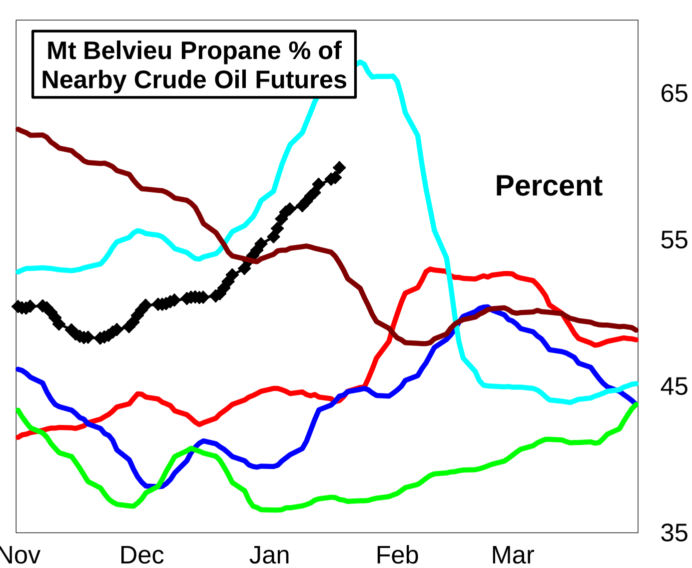
Cents/gal	Average for week ending:				Change from:			% change from:		
	1/18/17	1/11/17	12/21/16	1/22/16	1/11/17	12/21/16	1/22/16	1/11/17	12/21/16	1/22/16
Mont Belvieu Spot	73.6	71.7	63.4	31.0	1.85	8.35	32.43	2.6	13.2	104.8
Conway Spot	70.3	68.7	62.3	28.3	1.60	6.40	33.95	2.3	10.3	120.0

Key Price Spreads and Differentials









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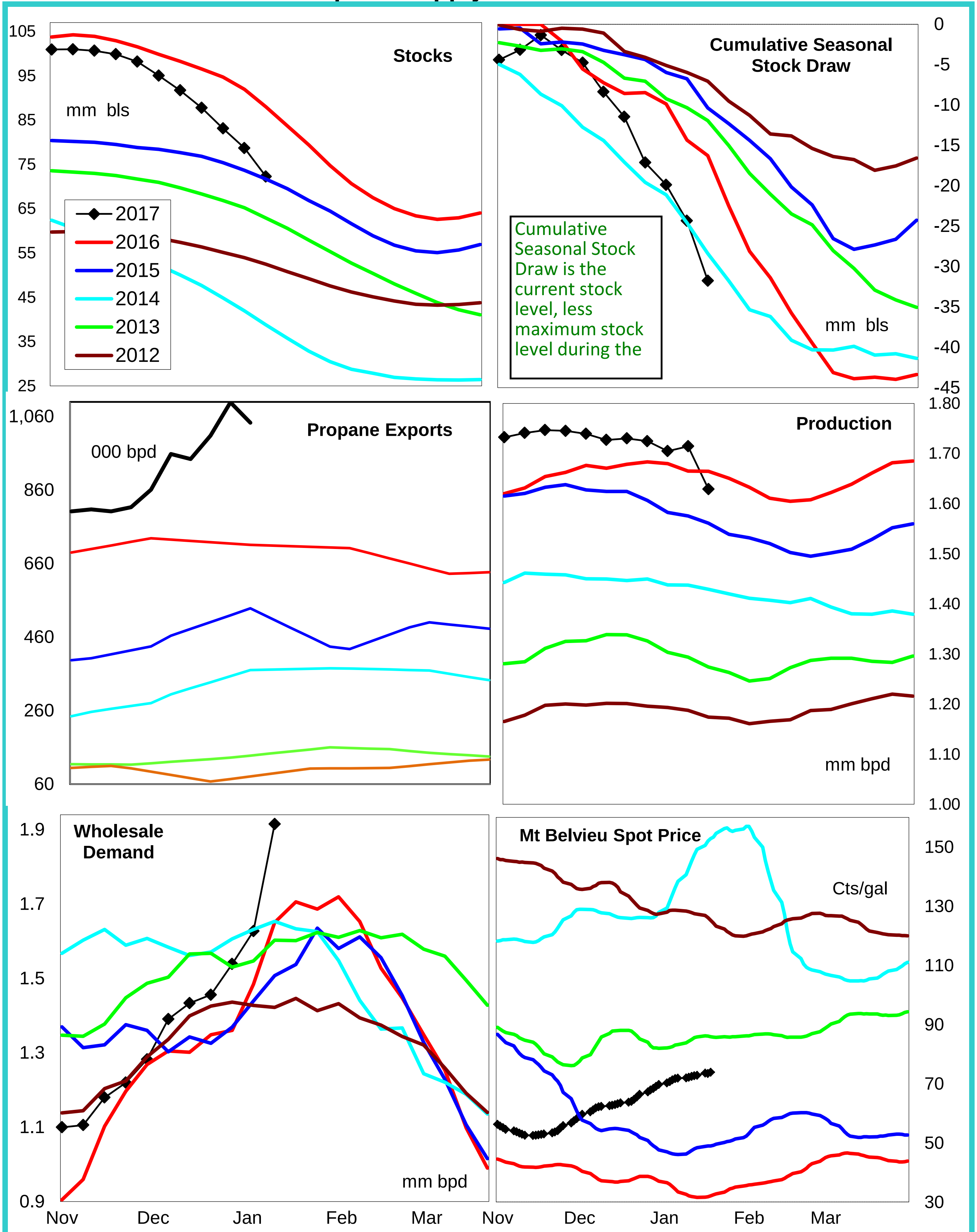
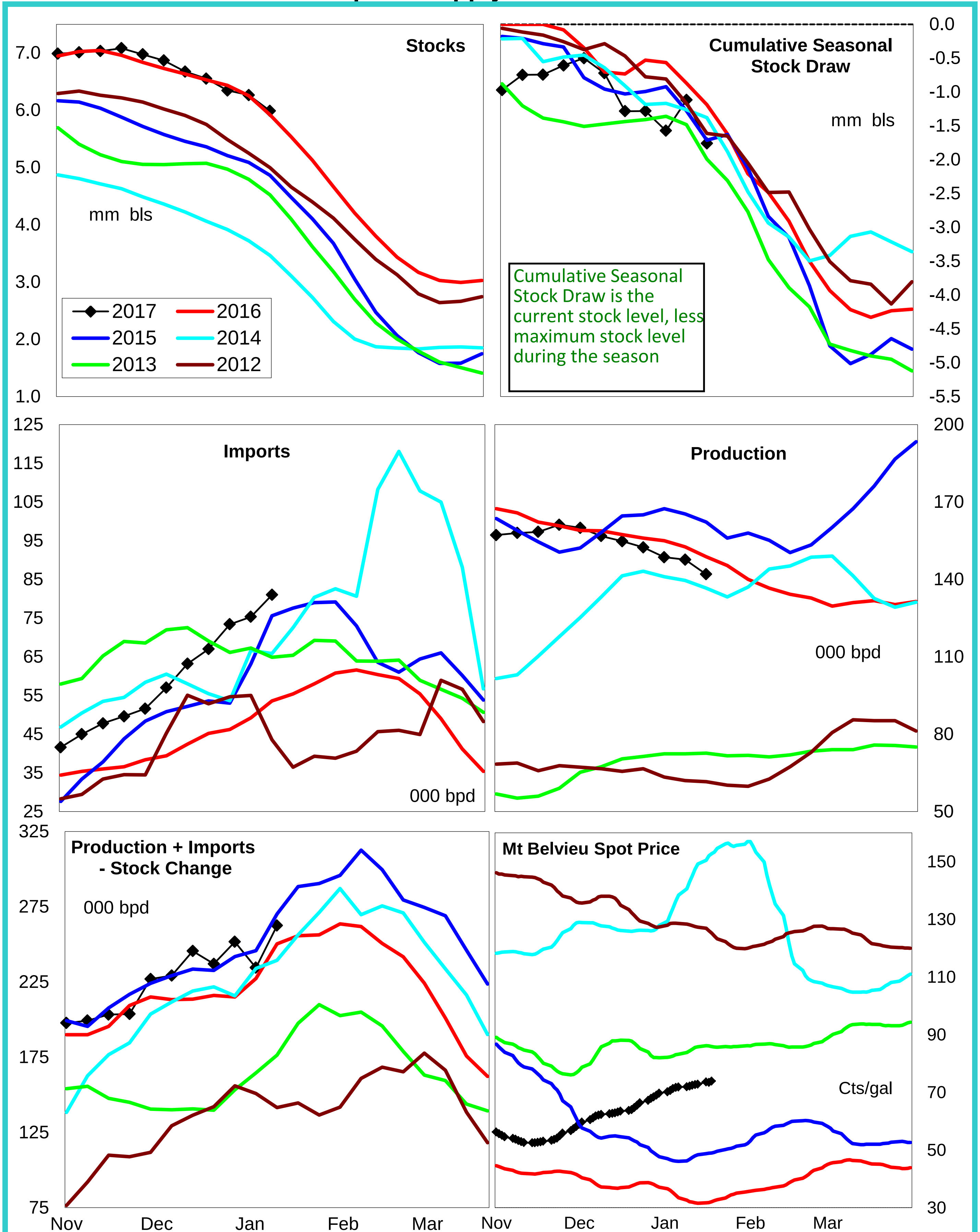
U. S. Propane Supply and Demand Balance



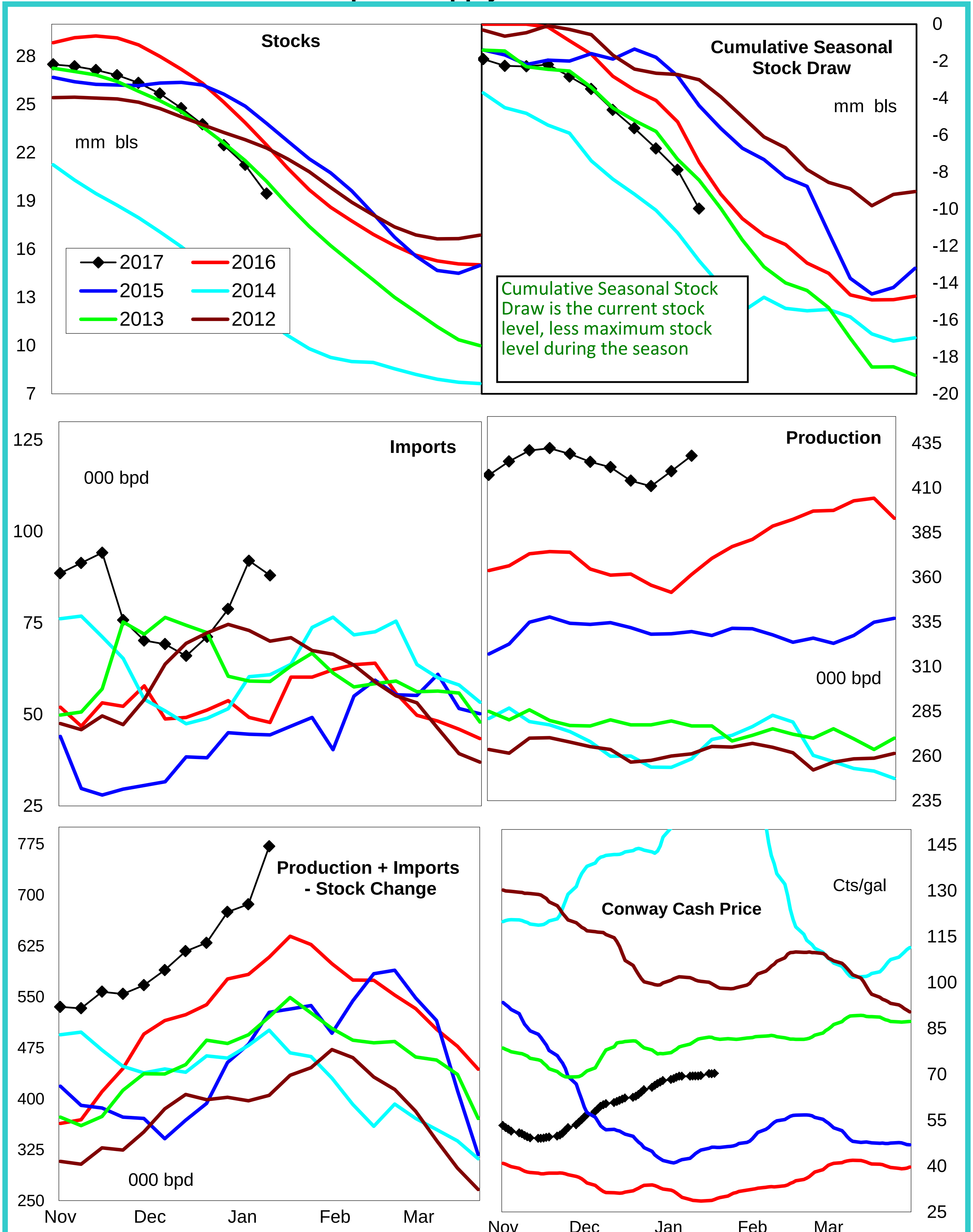
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	**Demand**	4wk avg	Dec	Nov	Oct
000 bpd (000 bls stks)	-17,698	-15,496	31	73		192	67	4	27
% change	-19.7	95	1.8	56.7		14.0	4.9	0.3	2.6

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)	-36	-573	-6	31	19
% change	-0.6	48.3	-4.1	66.8	8.5

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)	-2,871	-2,508	63	33	114
% change	-12.9	33.5	17.9	63.4	19.8

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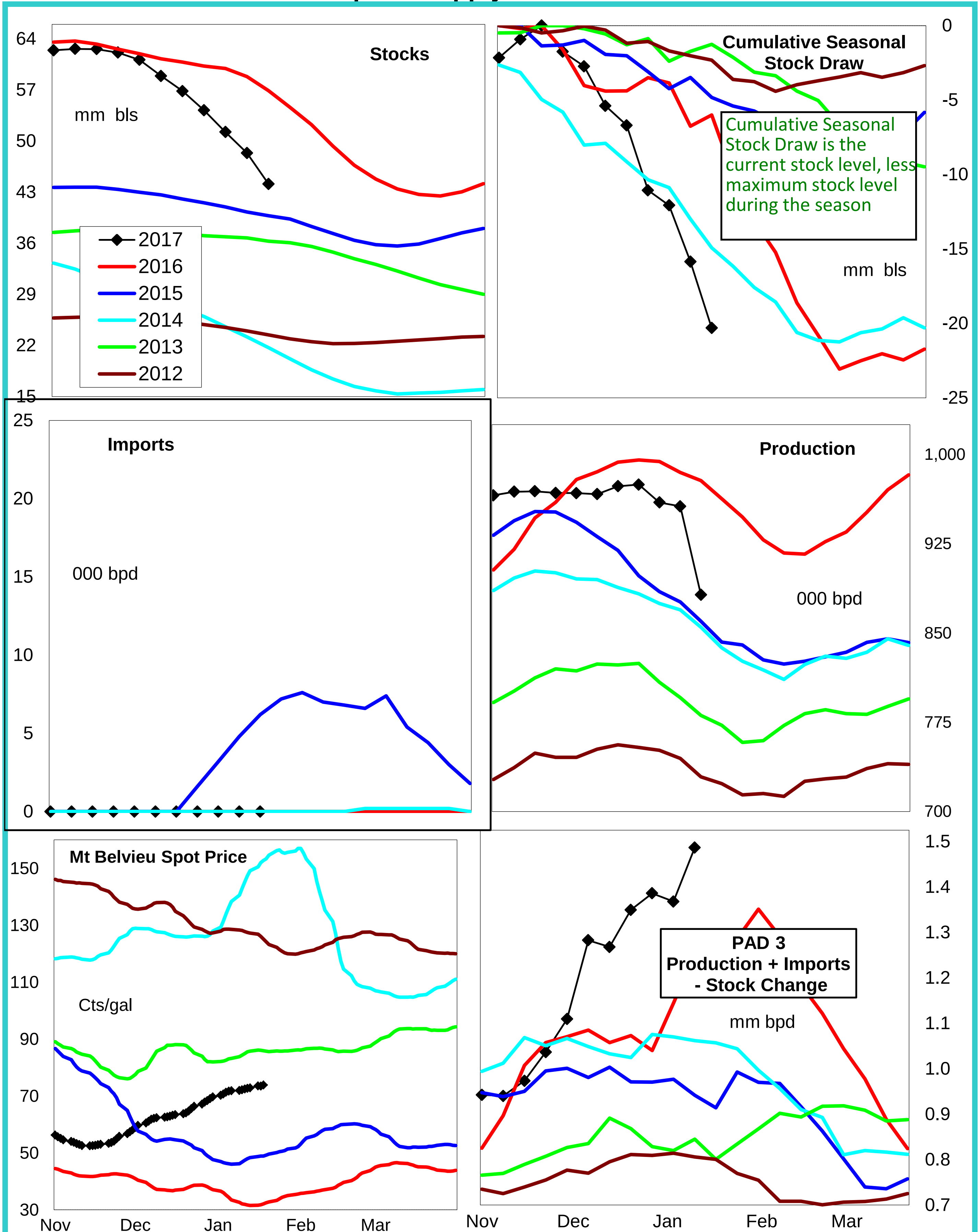
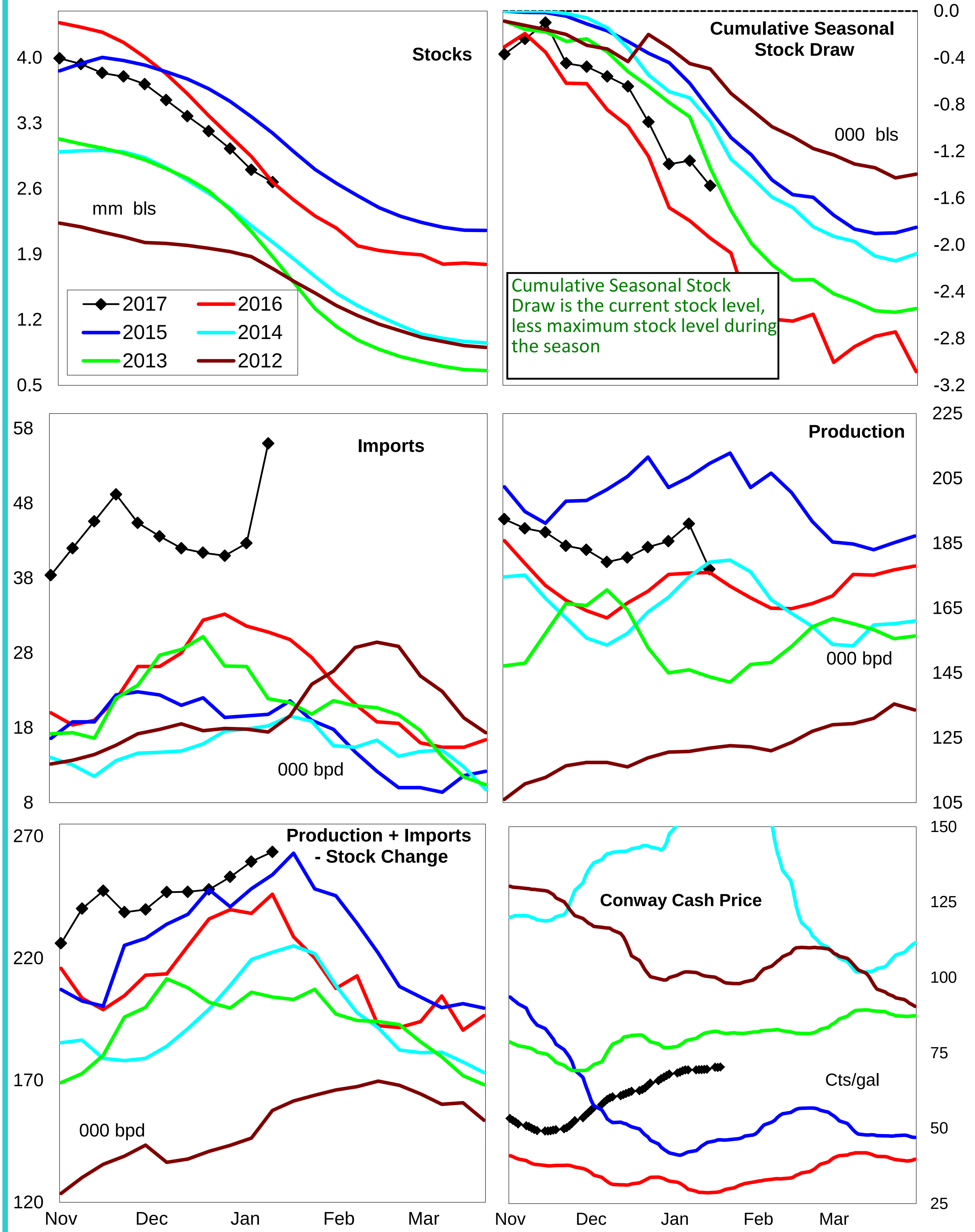
PADD 3 Propane Supply and Demand Balance



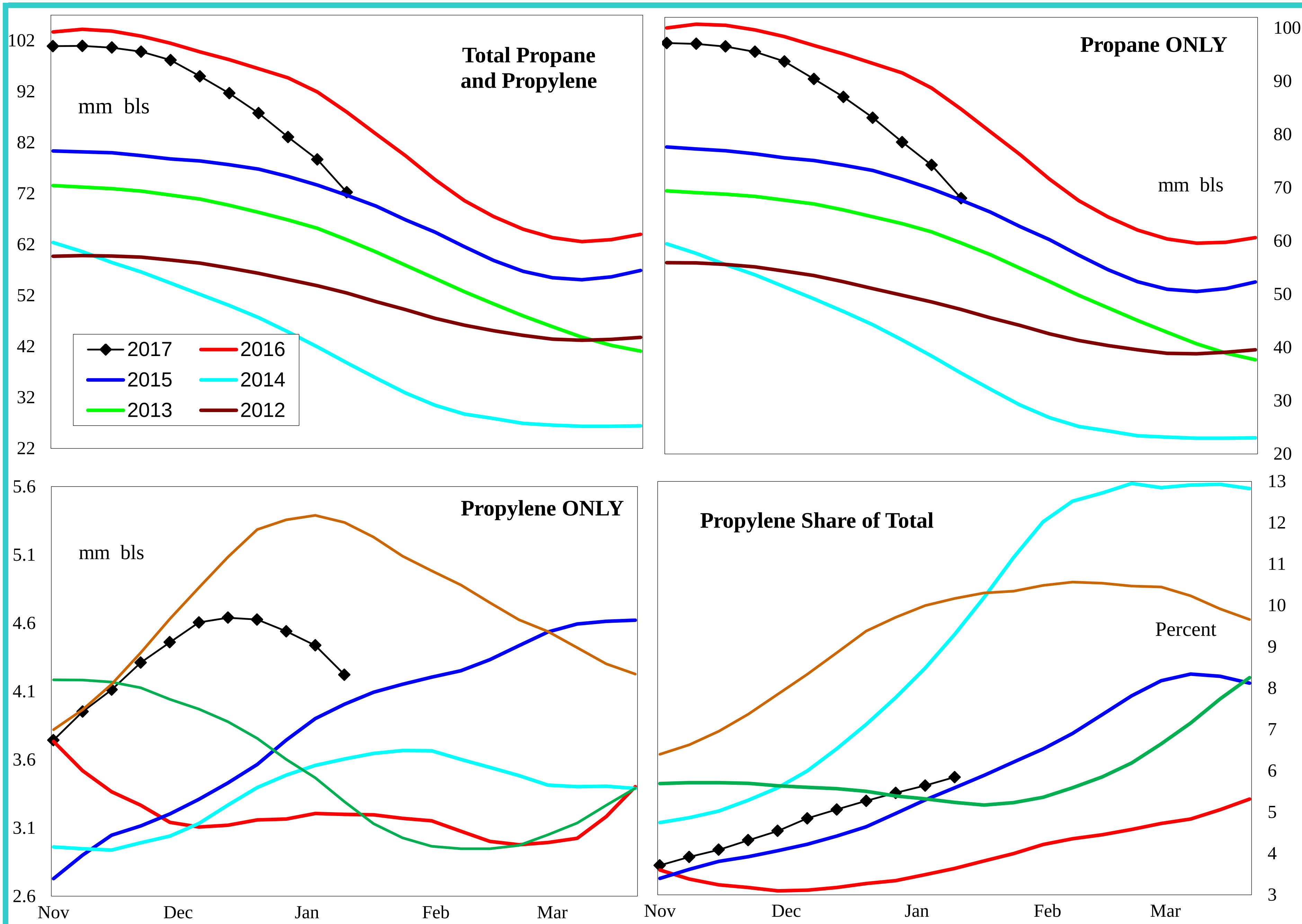
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-14,711	-14,305	-39	0	270
% change	-25.0	238	-3.9	#DIV/0!	23.9

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)	-79	448	13	10	16
% change	-2.9	-23.1	7.2	31.3	6.7

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-17,698	-18,702	1,023
% change	-19.7	-21.6	32.0

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