WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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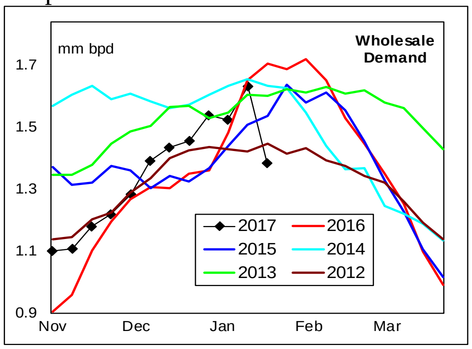
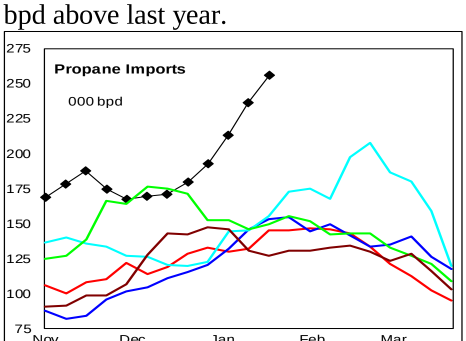
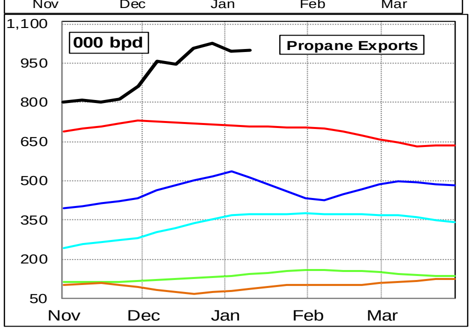
Summary[1]:
Wholesale demand fell -531,000 bpd last week, pulling back from a record high the prior week.



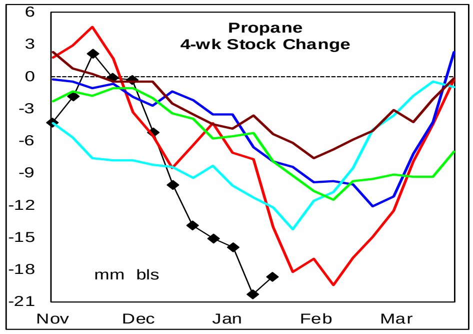
Production was unchanged on the week with a +27,000 bpd increase in the West region offset by decreases in the Midwest and Gulf. Production for the latest 4-wk average was +23,000 above a year ago. Imports increased +31,000 bpd on the week to a new record high. The latest 4-wk average was +89,000 bpd above last year.





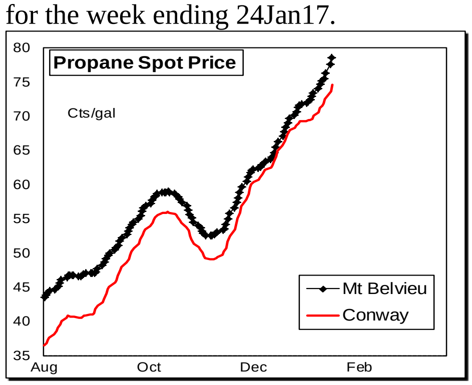
Exports for the week ending 13Jan17 were 1 million bpd, continuing a trend of sharply higher exports compared to a year ago.

Stocks fell -4 million barrels on the week, with draws of -2 million barrels each in the Gulf and Midwest.



The latest 4-wk stock draw of -18.7 million barrels, was a record for the 6th consecutive week.

Price and Spreads Mt Belvieu and Conway spot prices increased +4.5 cpg for the week ending 24Jan17.



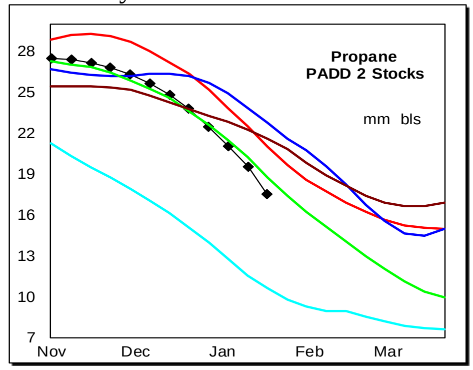
The Conway – Mt Belvieu price spread was unchanged last week, ending at a level equal to the average of the last 2-yrs.

The propane to natural gas price spread trended sharply higher to end the week at a level well above the last 2-yrs.

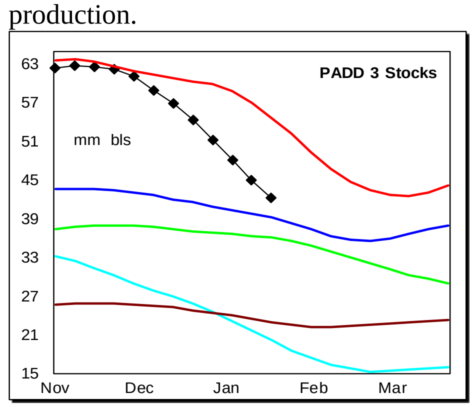
The propane / crude oil price spread trended sharply higher on the week, ending at a level near highs for the last 3-yrs.

PADD 1 stocks were unchanged last week. Stock levels ended the week +8% above the prior 5-yr high for the period. Supply increased +13,000 bpd on higher imports.

PADD 2 supply increased +26,000 bpd on the week, driven by higher imports. Production for the latest 4-wk period was +64,000 bpd above a year ago while imports increased +50,000 bpd. Midwest supply continues on a trend of +110,000 bpd above the prior record high, which was last year. Stocks decreased -2 million barrels on the week. Stock levels ended the week -15% below last years' record high, and below four of the last 5-yrs.



PAD 3 stocks decreased -2 million barrels on the week, driven by the high level of exports. Stock levels ended the week -23% below last year's record high, but above four of the last 5-yrs. Supply decreased -18,000 bpd on lower production.



PADDs 4 & 5 stocks decreased -0.1 million barrels last week. Supply was +26,000 bpd higher than last year on increased production and imports. Stock levels ended the week -3% below last year.

Emerging Trends The record rate of stock draws that has pushed stock levels to below the 3-yr mid range in the Midwest, and forecast of near normal temperatures in key heating markets for the next 2-wks should support strength in wholesale propane prices. Extremely high imports to the Midwest should minimize risk of a price spike.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

January 25, 2017

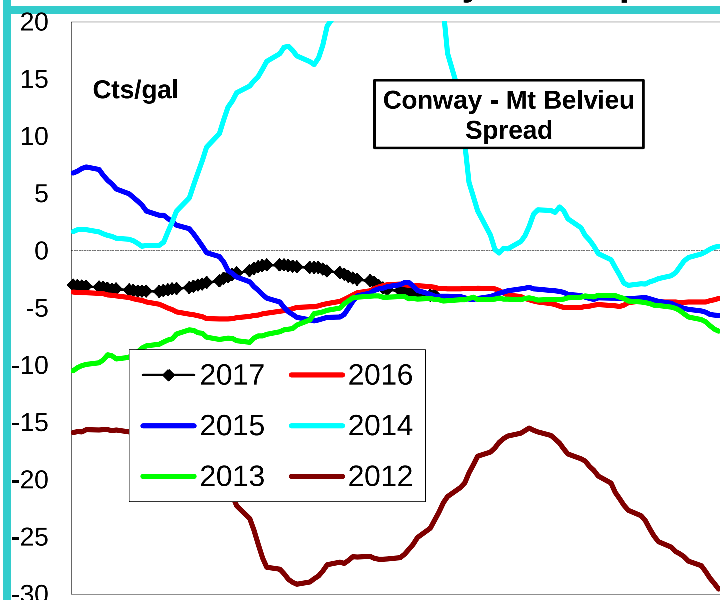
Fundamental Trends for the Week Ending: Friday, January 20, 2017

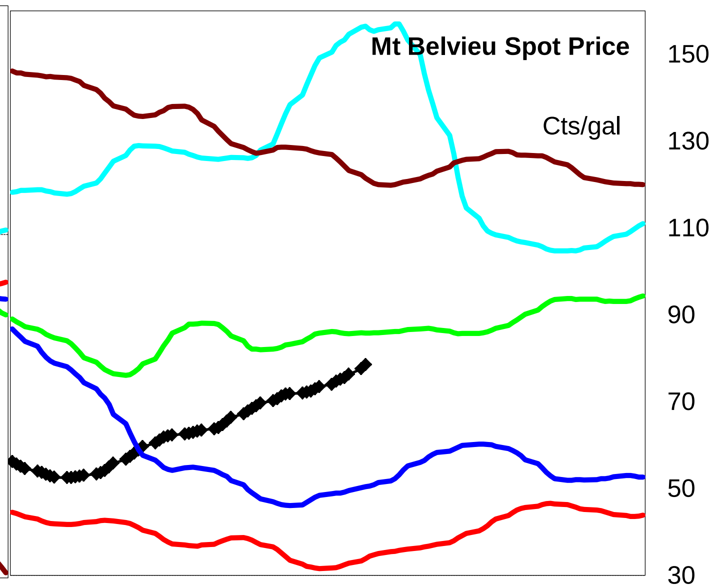
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	68,212	5,998	17,500	42,177	2,537	-4,033	10	-1,954	-1,957	-132
Propylene Stocks	4,125					-97				
Production	1,630	142	420	864	204	1	0	-8	-18	27
Imports	256	94	122	0	40	31	13	34	0	-16
Whsle Demand	1,384					-531				

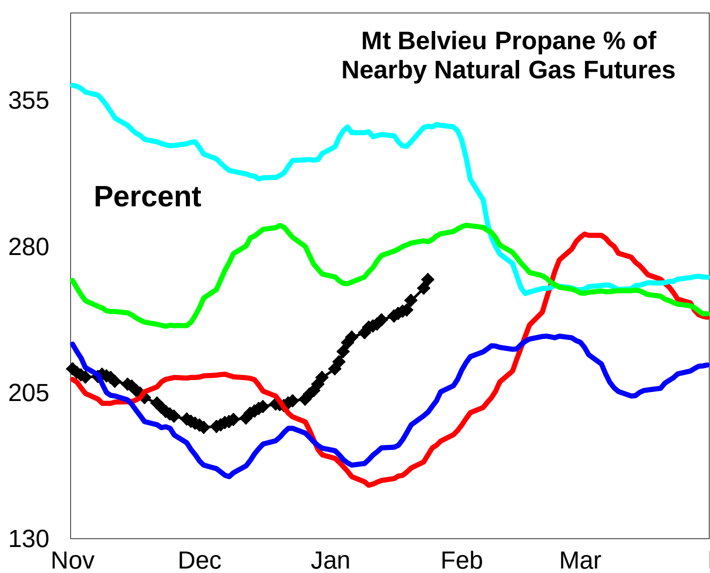
Price Trends for the Week Ending: Tuesday, January 24, 2017

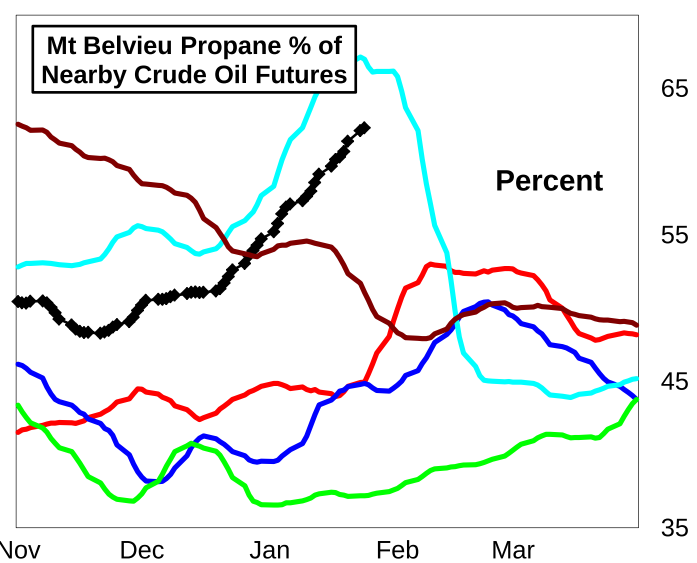
Cents/gal	Average for week ending:				Change from:			% change from:		
	1/24/17	1/17/17	12/27/16	1/28/16	1/17/17	12/27/16	1/28/16	1/17/17	12/27/16	1/28/16
Mont Belvieu Spot	76.7	73.6	65.4	33.1	3.15	8.18	32.28	4.3	12.5	97.4
Conway Spot	72.9	70.3	64.1	29.8	2.55	6.25	34.23	3.6	9.8	114.8

Key Price Spreads and Differentials

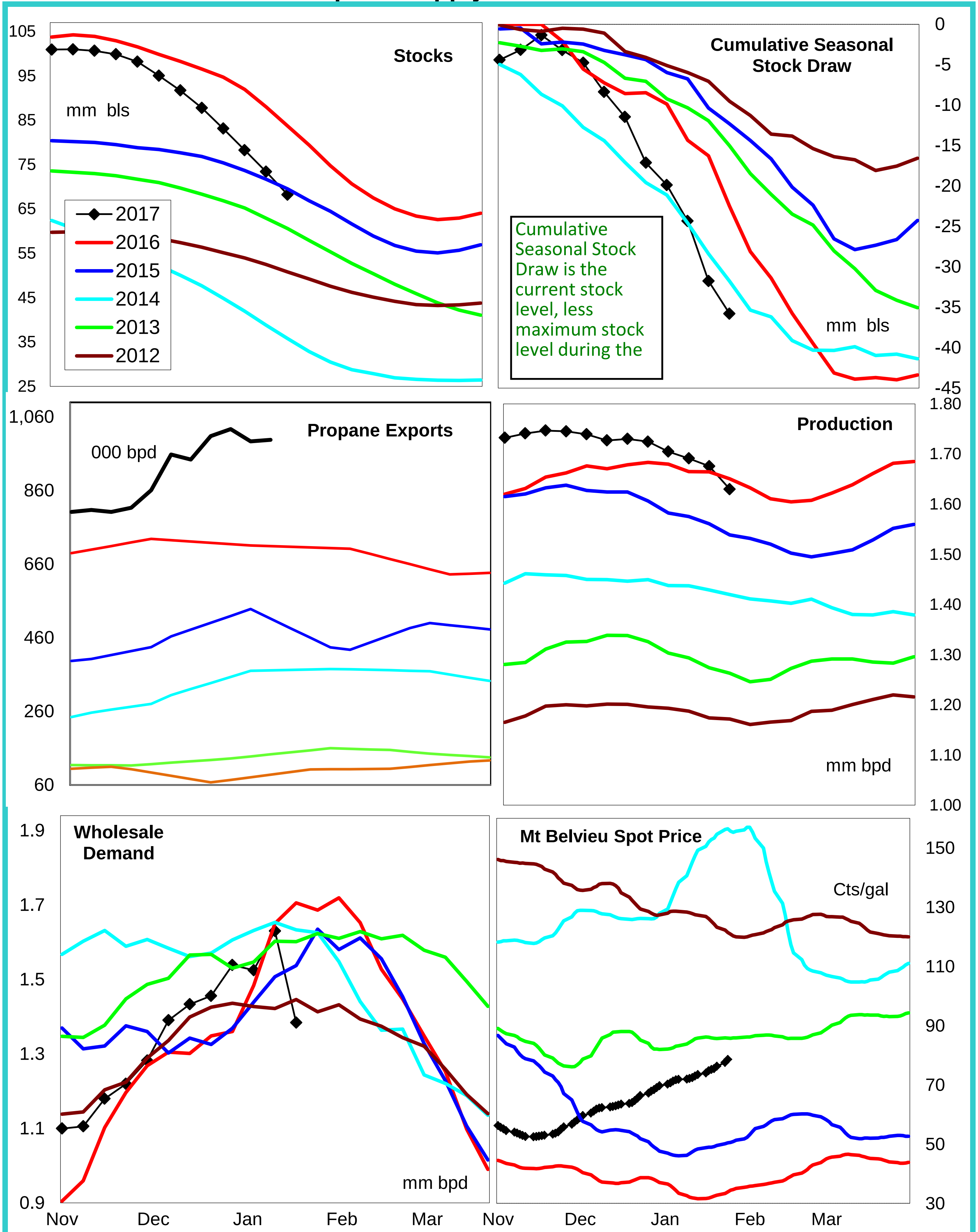








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Dec	Nov	Oct
000 bpd (000 bls stks)	-15,483	-13,281	23	89		-30	67	4	27
% change	-18.5	59	1.3	66.5		-1.9	4.9	0.3	2.6

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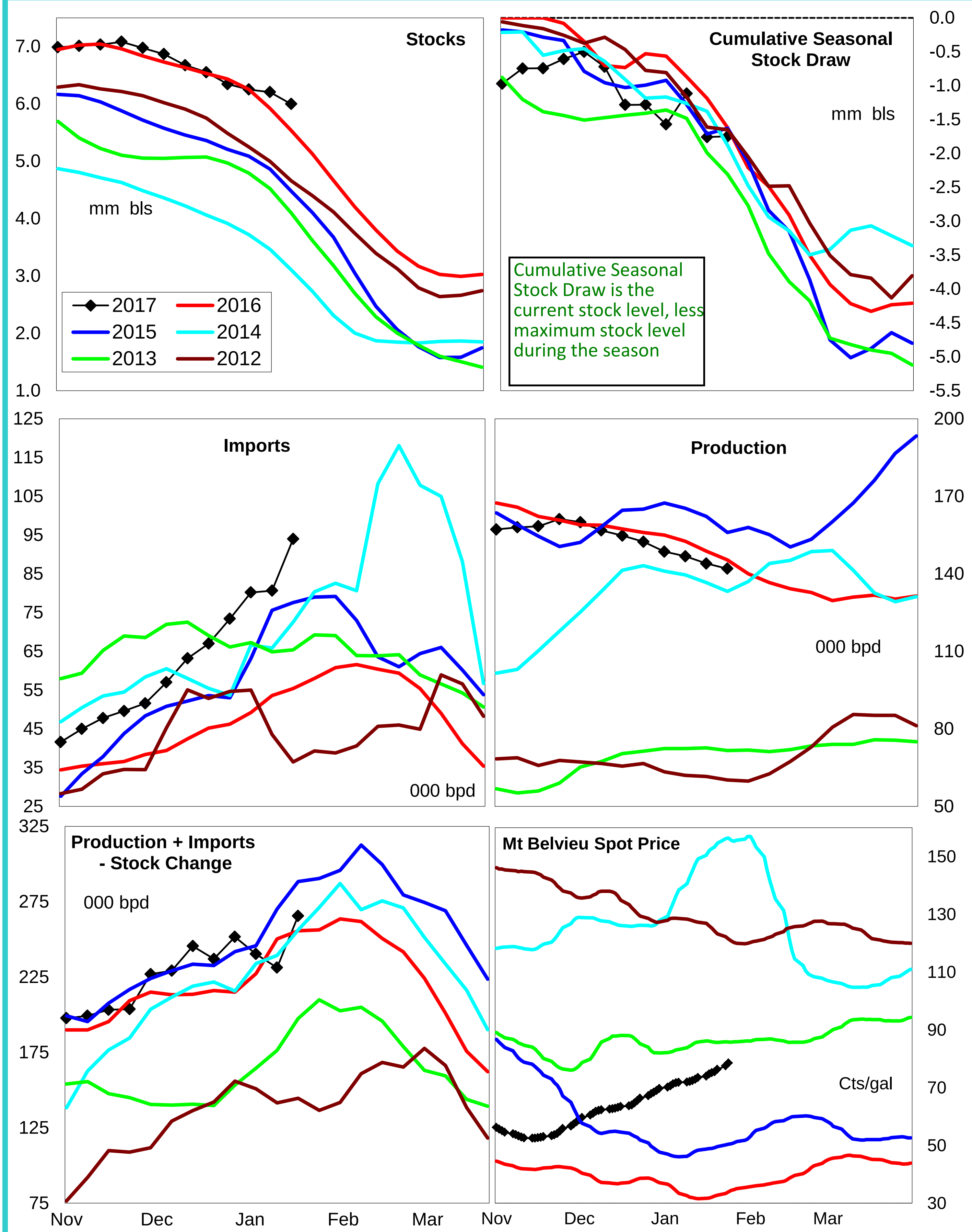
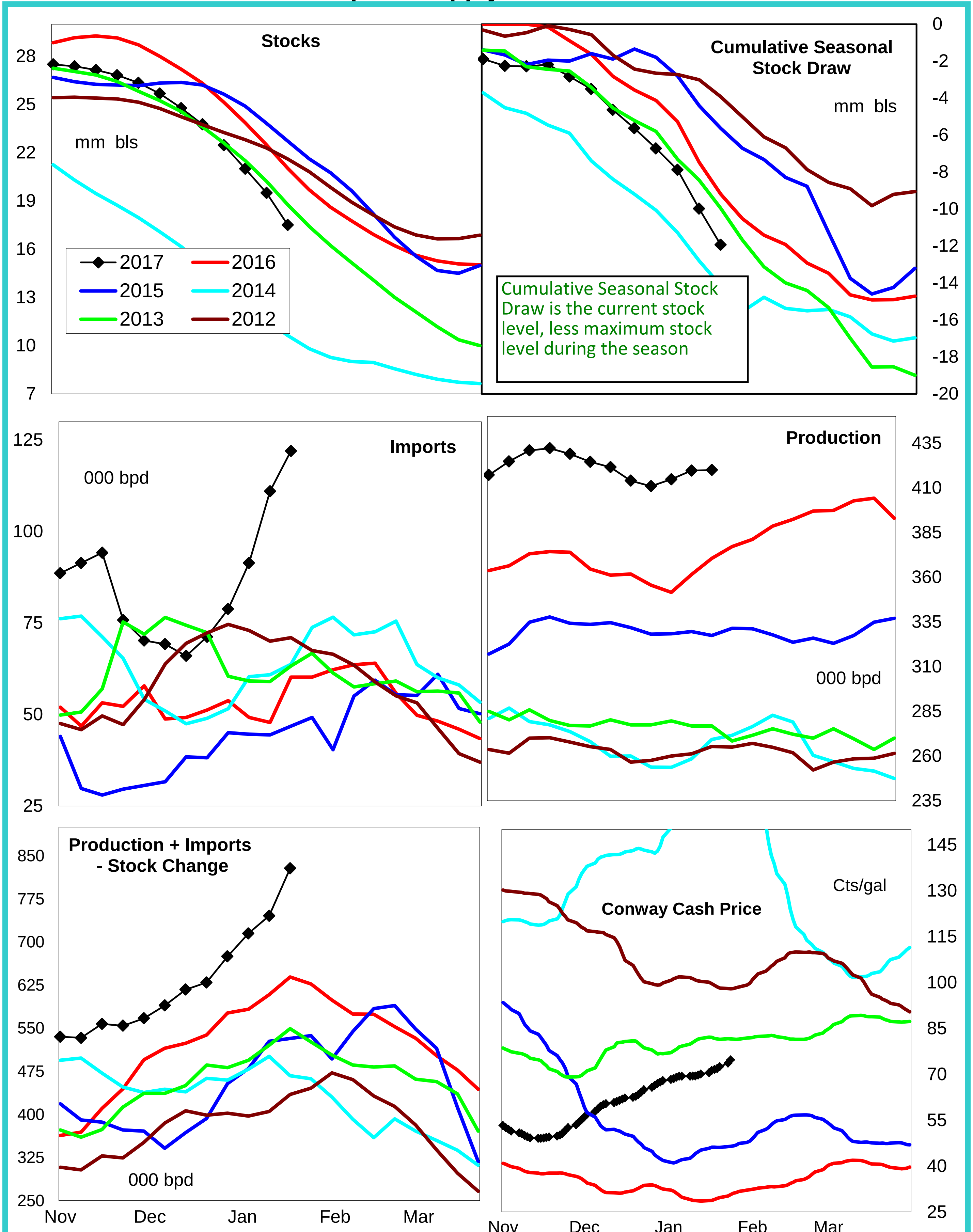
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	411	-126	-5	28	10
% change	7.4	7.8	-3.3	54.6	4.3

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)	-3,108	-2,745	64	50	139
% change	-15.1	29.8	18.1	102.0	23.1

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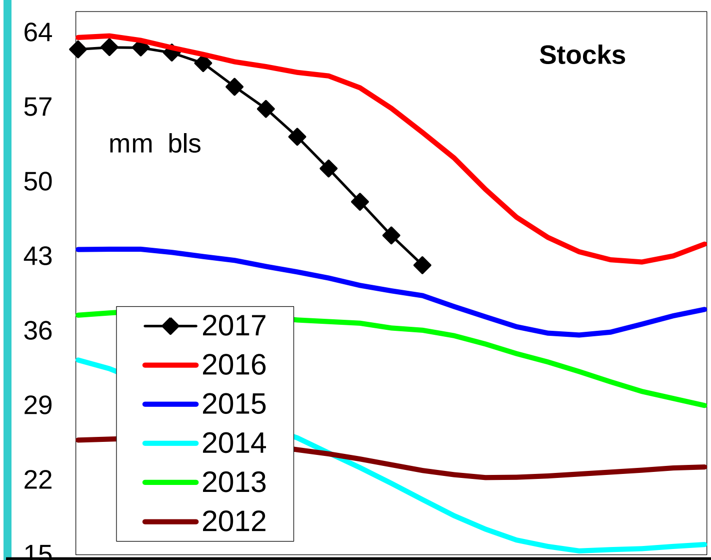
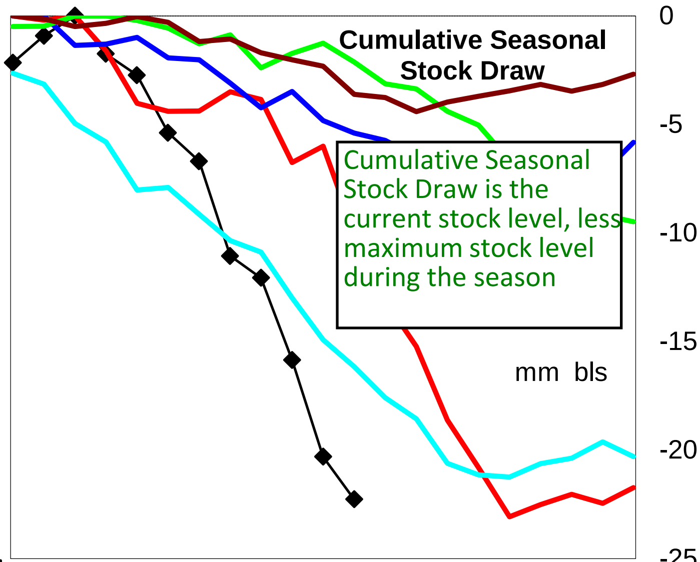
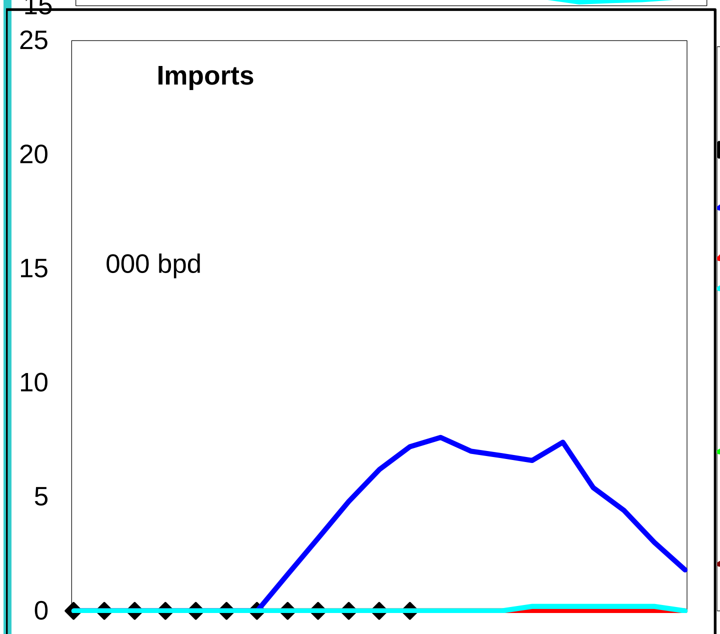
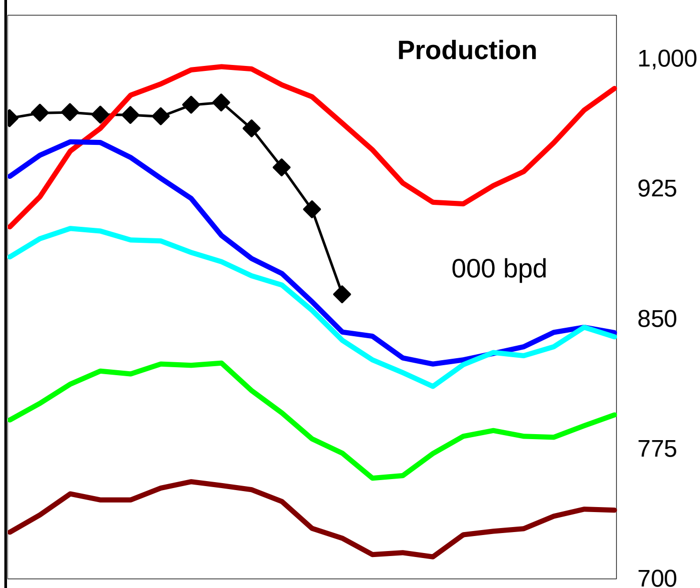
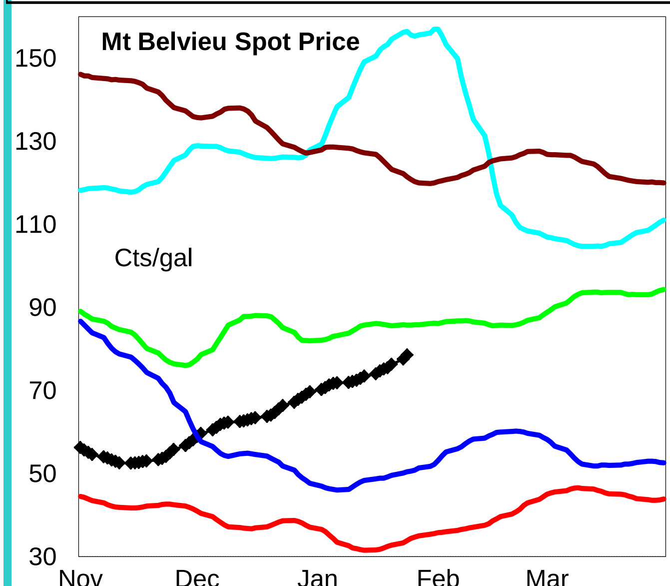
PADD 3 Propane Supply and Demand Balance

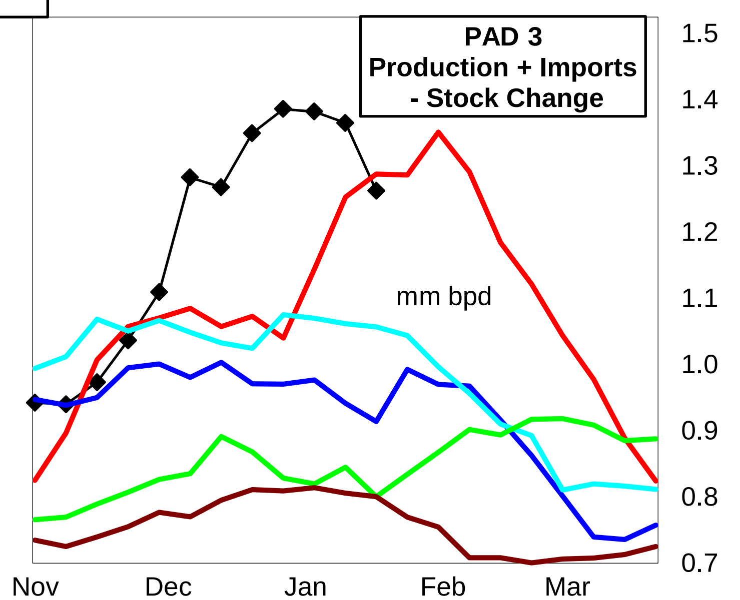






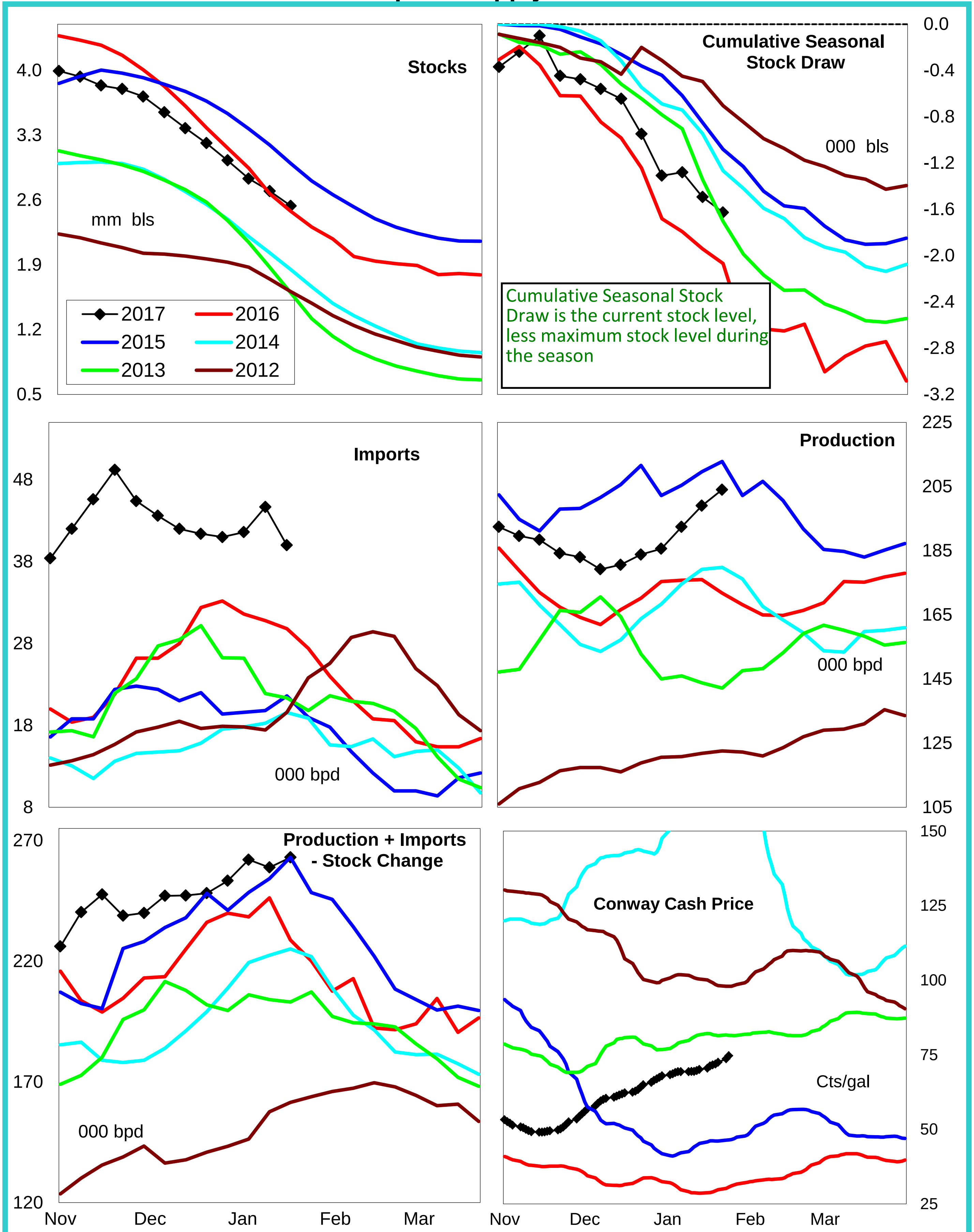






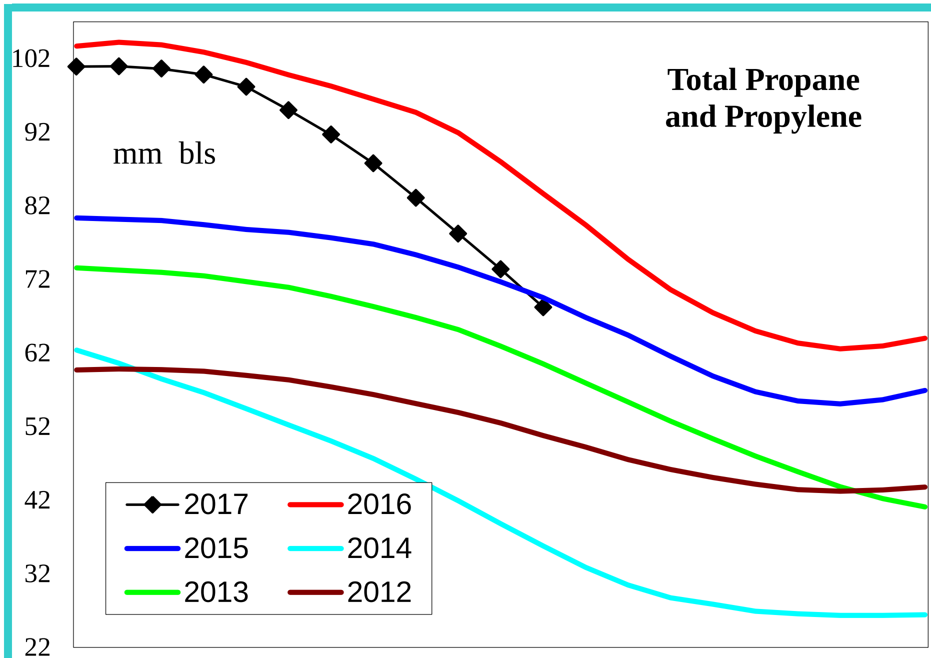
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-12,700	-12,294	-52	0	168
% change	-23.1	123	-5.3	#DIV/0!	14.2

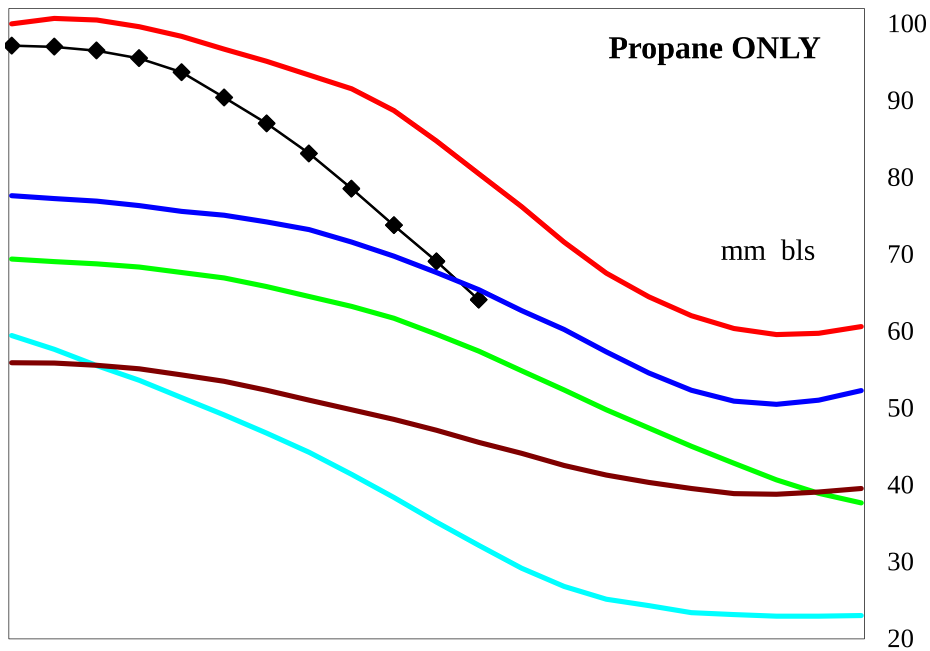
PADDs 4 and 5 Propane Supply and Demand Balance

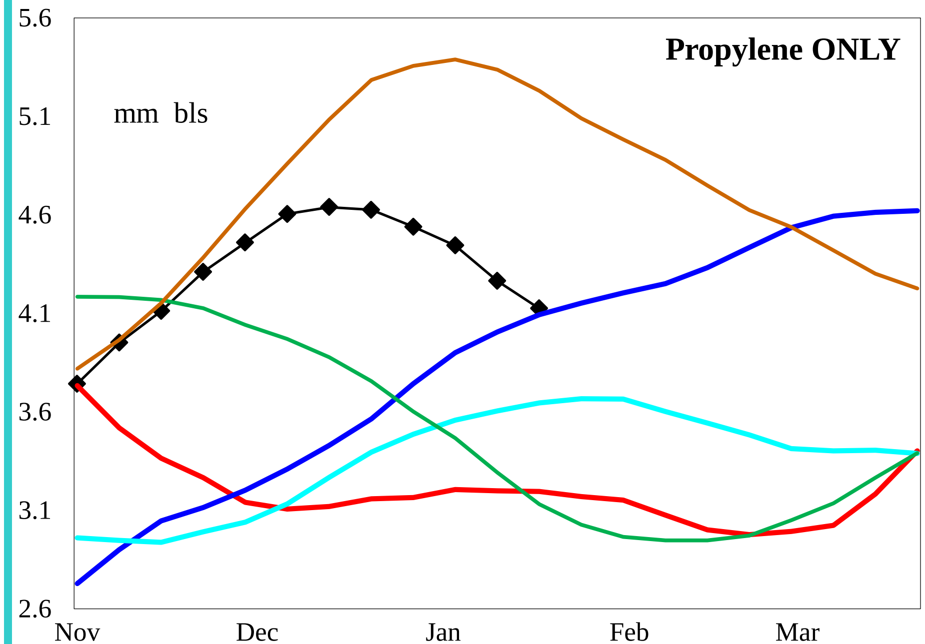


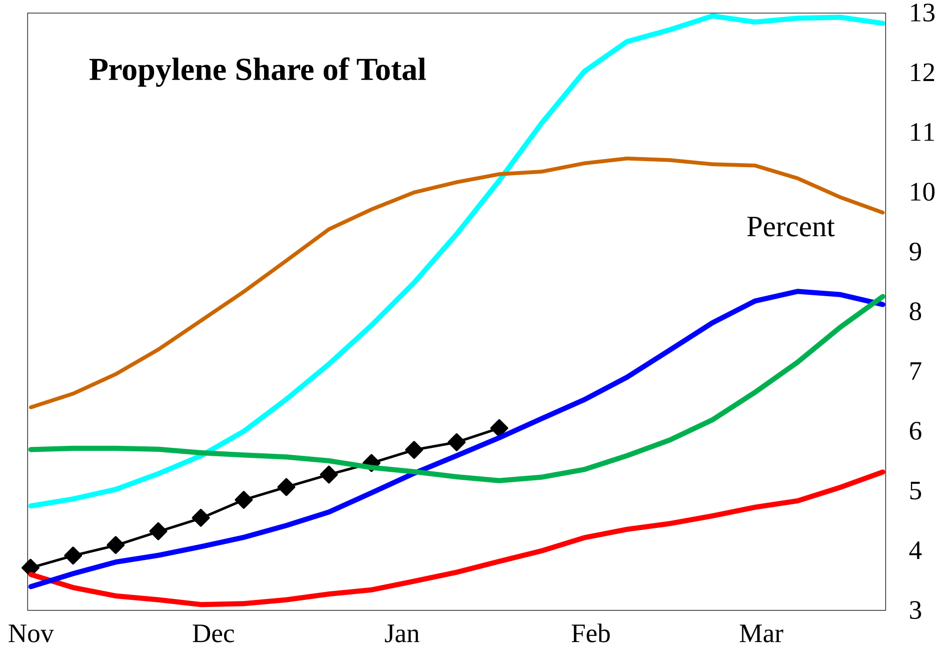
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-87	440	16	10	21
% change	-3.3	-21.3	8.7	31.3	8.8

U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-15,483	-16,339	928
% change	-18.5	-20.3	29.0

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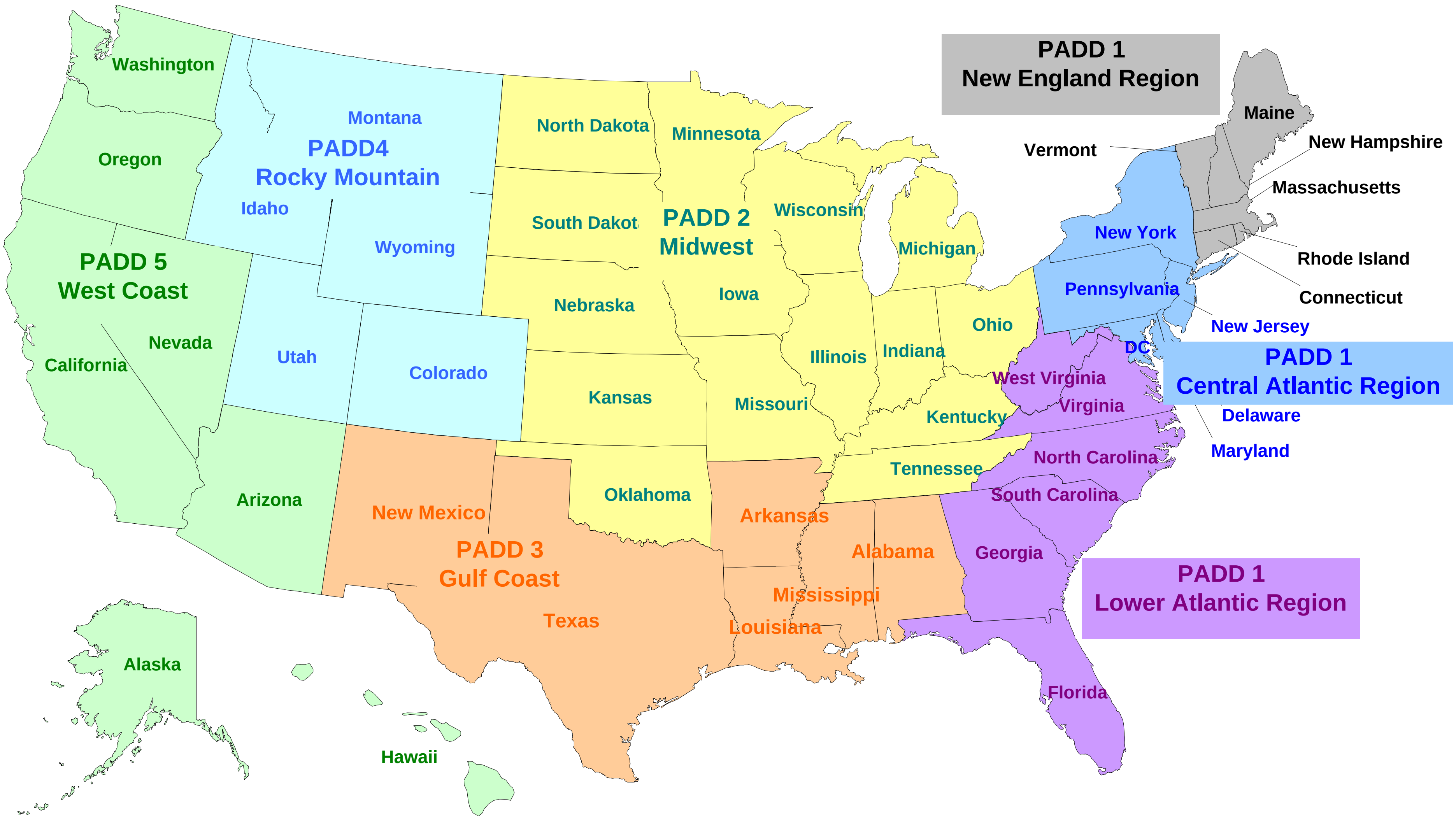
U. S. Petroleum Administrative for Defense Districts (PADDs)



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