WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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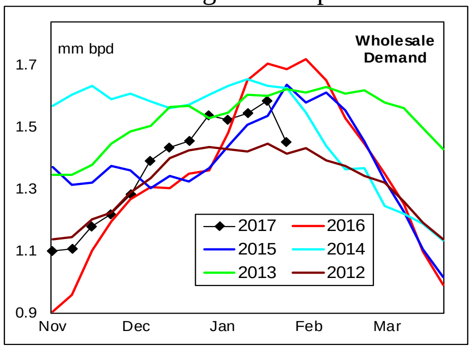
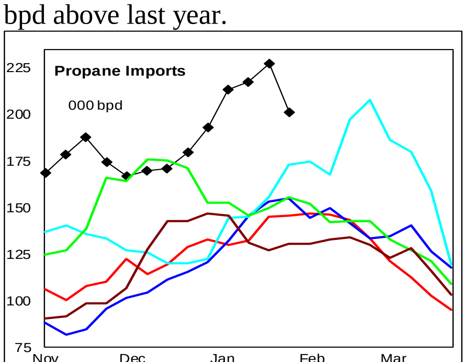
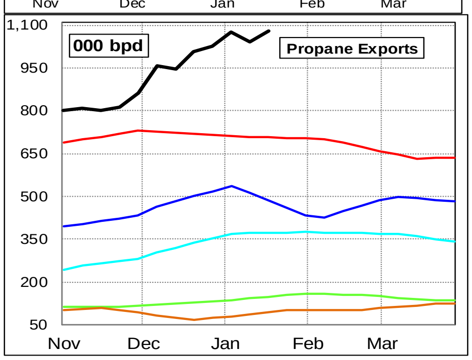
Summary[1]:
Wholesale demand increased +69,000 bpd last week, a level still at the low end of the historic range for the period.



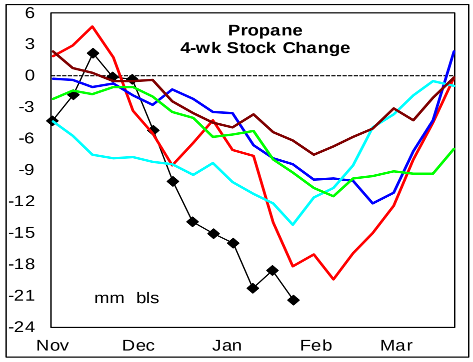
Production increased +72,000 bpd on the week, with increases in all regions. Production for the latest 4-wk average was +22,000 above a year ago. Imports fell -55,000 bpd on the week but remain well above the 5-yr range. The latest 4-wk average import volume was +90,000 bpd above last year.





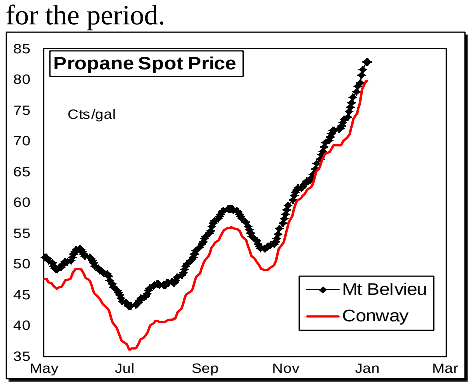
Exports for the week ending 20Jan17 were 1.1 million bpd, continuing a trend of sharply higher exports compared to a year ago.

Stocks fell -5.6 million barrels on the week, driven by a -3.9 million barrel draw in the Gulf.



The latest 4-wk stock draw of -21.5 million barrels, was a record for the 7th consecutive week.

Price and Spreads Mt Belvieu spot price increased +4.5 cpg last week ending 31Jan17 while Conway increased +5 cpg for the period.



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

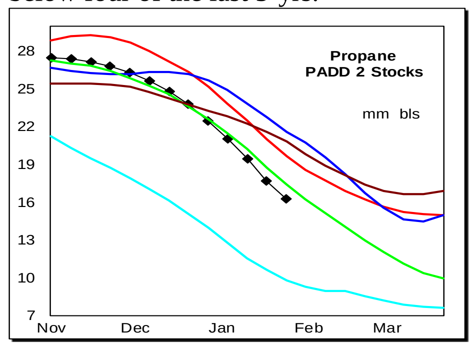
The propane to natural gas price spread trended sharply higher to end the week at a level near 3-yr highs for the period.

The propane / crude oil price spread trended sharply higher on the week, ending at a level equal to 5-yr highs for the winter quarter.

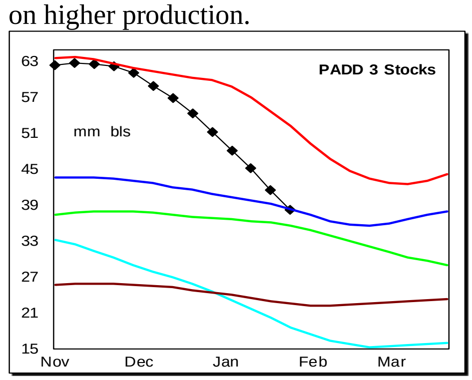
PADD 1 stocks increased +0.1 million barrels on the week. Stock levels ended the week +21% above the prior 5-yr high for the period. Supply decreased -9,000 bpd on lower imports.

PADD 2 supply was nearly unchanged with a +54,000 bpd rise in production offset by a similar decline in imports. Production for the latest 4-wk period was +68,000 bpd above a year ago while imports increased +51,000 bpd.

Midwest supply continues on a trend of +120,000 bpd above the prior record high, which was last year. Stocks decreased -1.2 million barrels on the week. Stock levels ended the week -16% below last years' record high, and below four of the last 5-yrs.



PAD 3 stocks decreased -3.9 million barrels on the week, driven by the high level of exports. Stock levels ended the week -26% below last year's record high, and equal to the 3-yr mid range for the period. Supply increased +5,000 bpd on higher production.



PADDs 4 & 5 stocks decreased -0.4 million barrels last week. Supply was +18,000 bpd higher than last year on increased production and imports. Stock levels ended the week nearly unchanged from a year ago.

Emerging Trends The record rate of stock draws that has pushed stock levels to below the 3-yr mid range in the Midwest. A forecast of above average temperatures during the next 2-wks risk should moderate the rate of price increase seen during the last 60-days. The sharp rise in propane prices; driven by extremely high exports and above average domestic use risk a pull back on any sustained warming trend.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

February 1, 2017

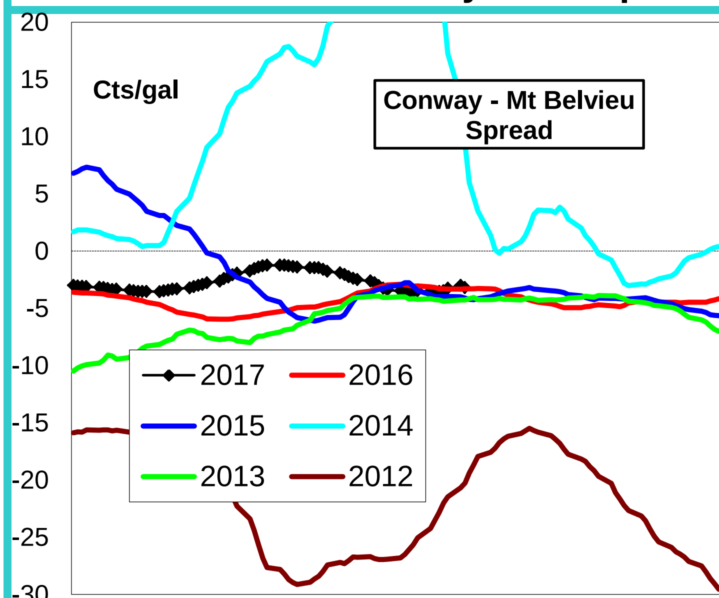
Fundamental Trends for the Week Ending: Friday, January 27, 2017

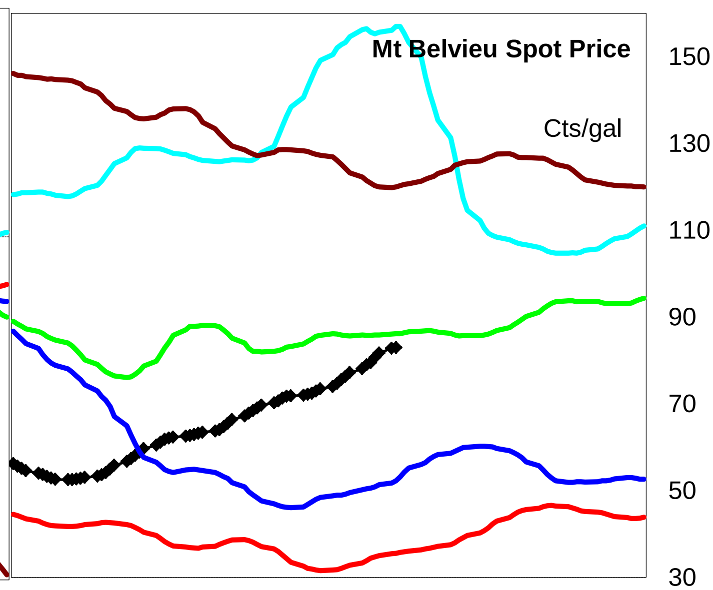
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	62,648	6,054	16,256	38,246	2,092	-5,564	56	-1,244	-3,931	-445
Propylene Stocks	3,824					-301				
Production	1,702	153	474	869	206	72	11	54	5	2
Imports	201	74	71	0	56	-55	-20	-51	0	16
Whsle Demand	1,453					69				

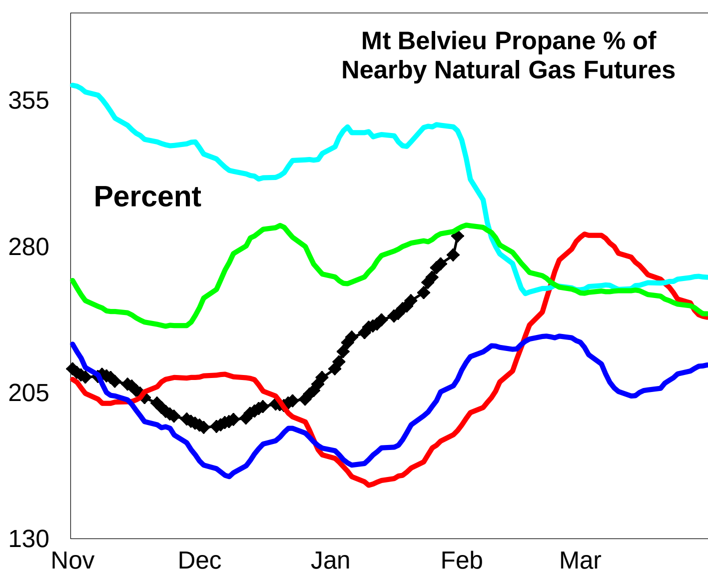
Price Trends for the Week Ending: Tuesday, January 31, 2017

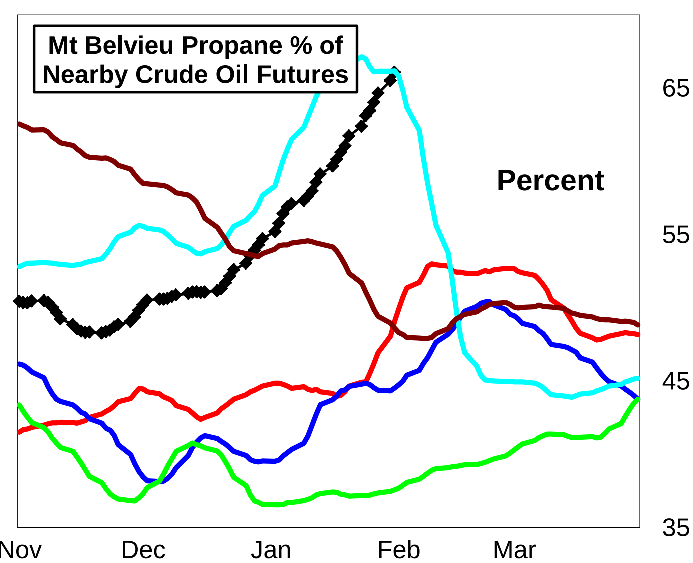
Cents/gal	Average for week ending:				Change from:			% change from:		
	1/31/17	1/24/17	1/3/17	2/4/16	1/24/17	1/3/17	2/4/16	1/24/17	1/3/17	2/4/16
Mont Belvieu Spot	82.2	76.7	71.0	35.2	5.50	5.71	35.82	7.2	8.0	101.8
Conway Spot	79.1	72.9	69.4	31.9	6.20	3.45	37.53	8.5	5.0	117.7

Key Price Spreads and Differentials

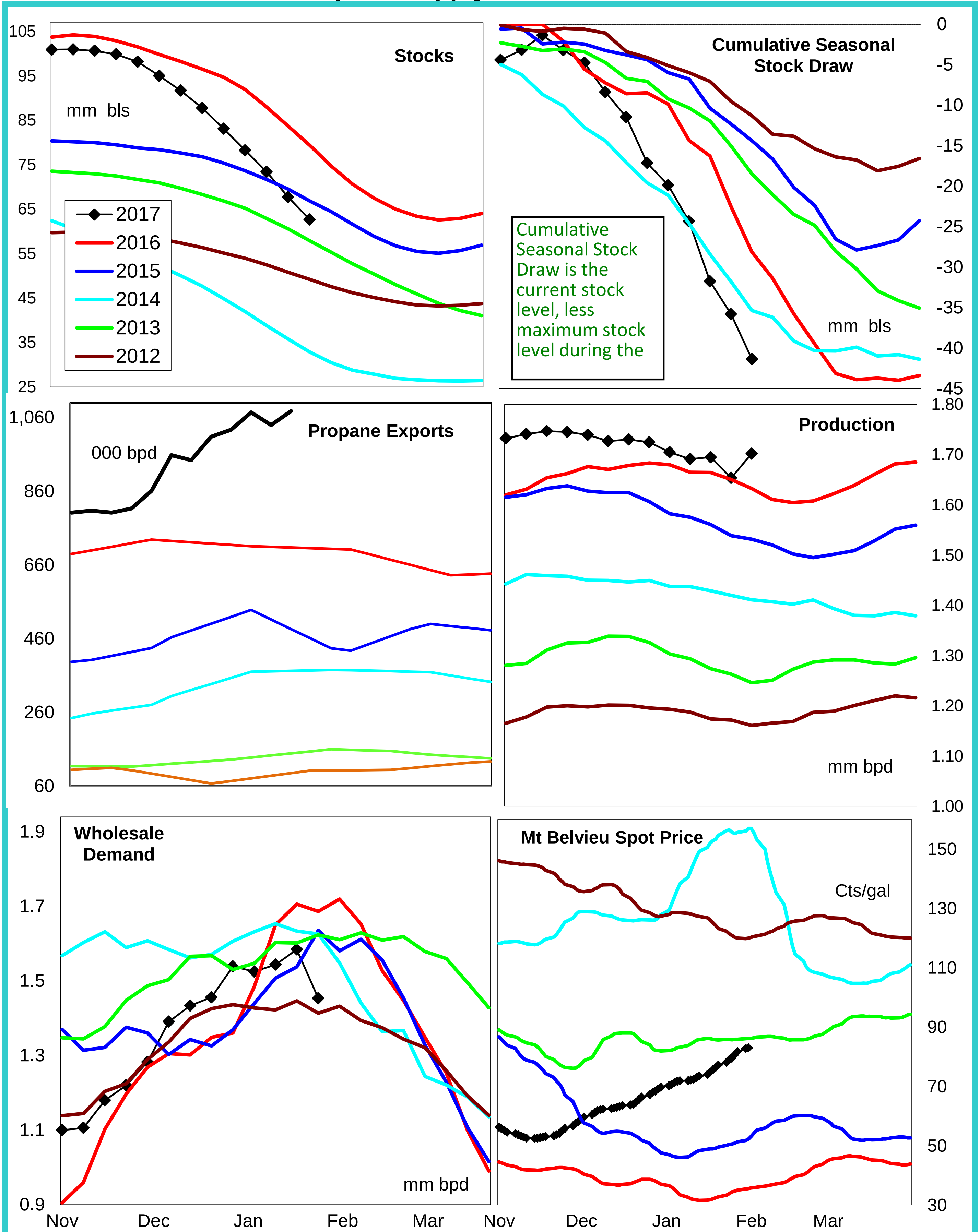






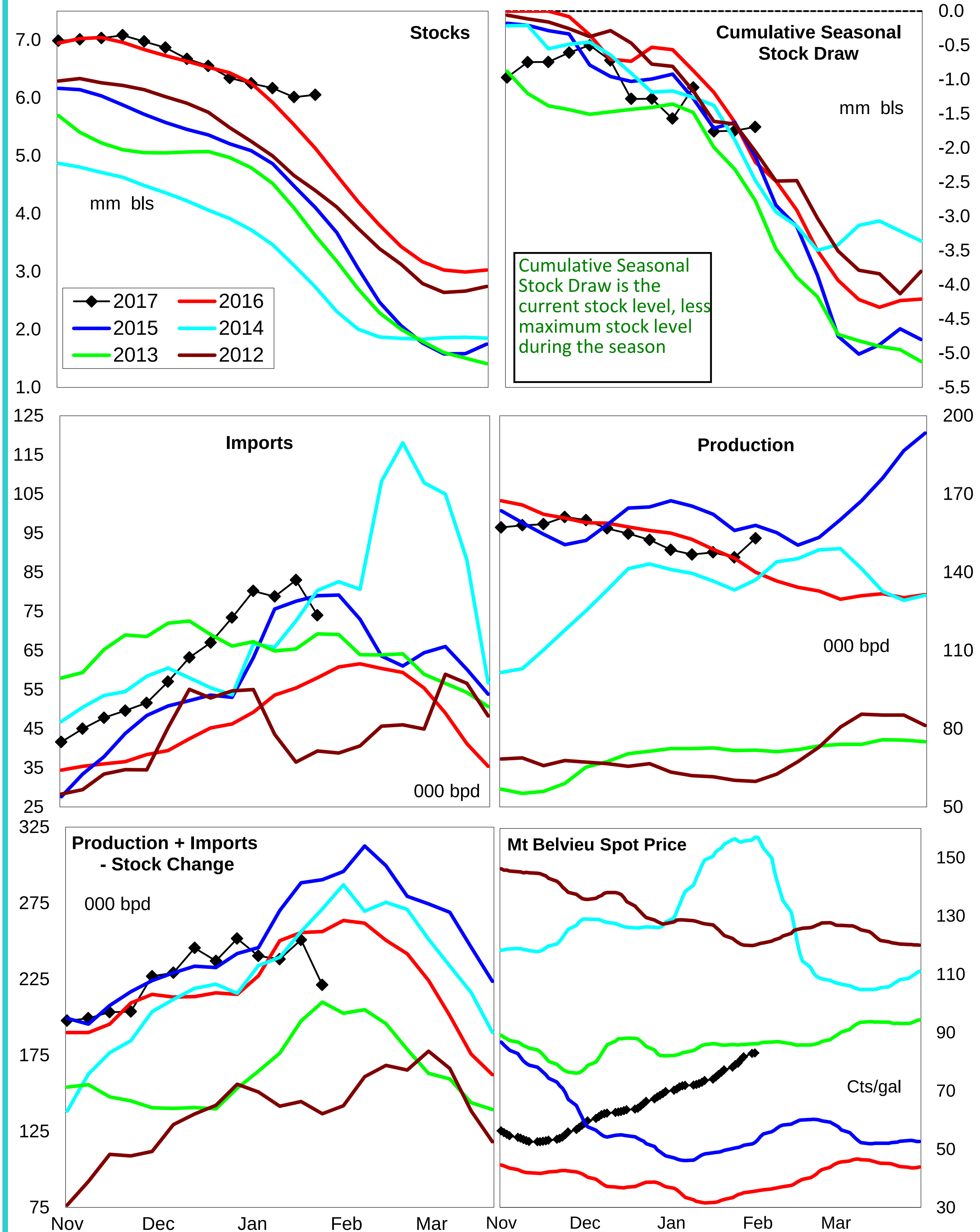


U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	**Demand**	4wk avg	Dec	Nov	Oct
000 bpd (000 bls stks)	-15,438	-13,236	22	90		-158	67	4	27
% change	-19.8	47	1.3	65.8		-9.0	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)	1,052	515	-2	24	-10
% change	21.0	-23.3	-1.2	44.3	-3.9

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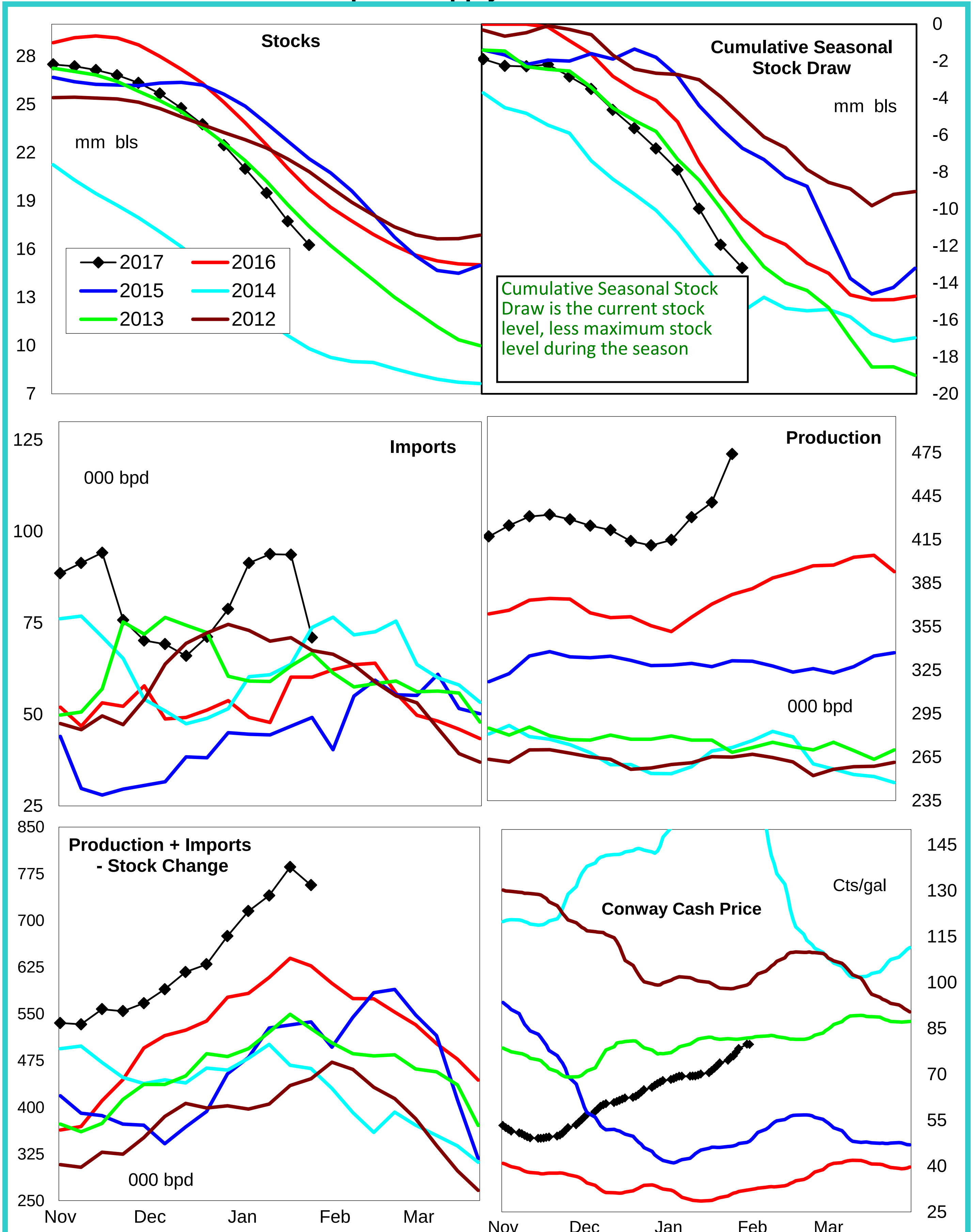
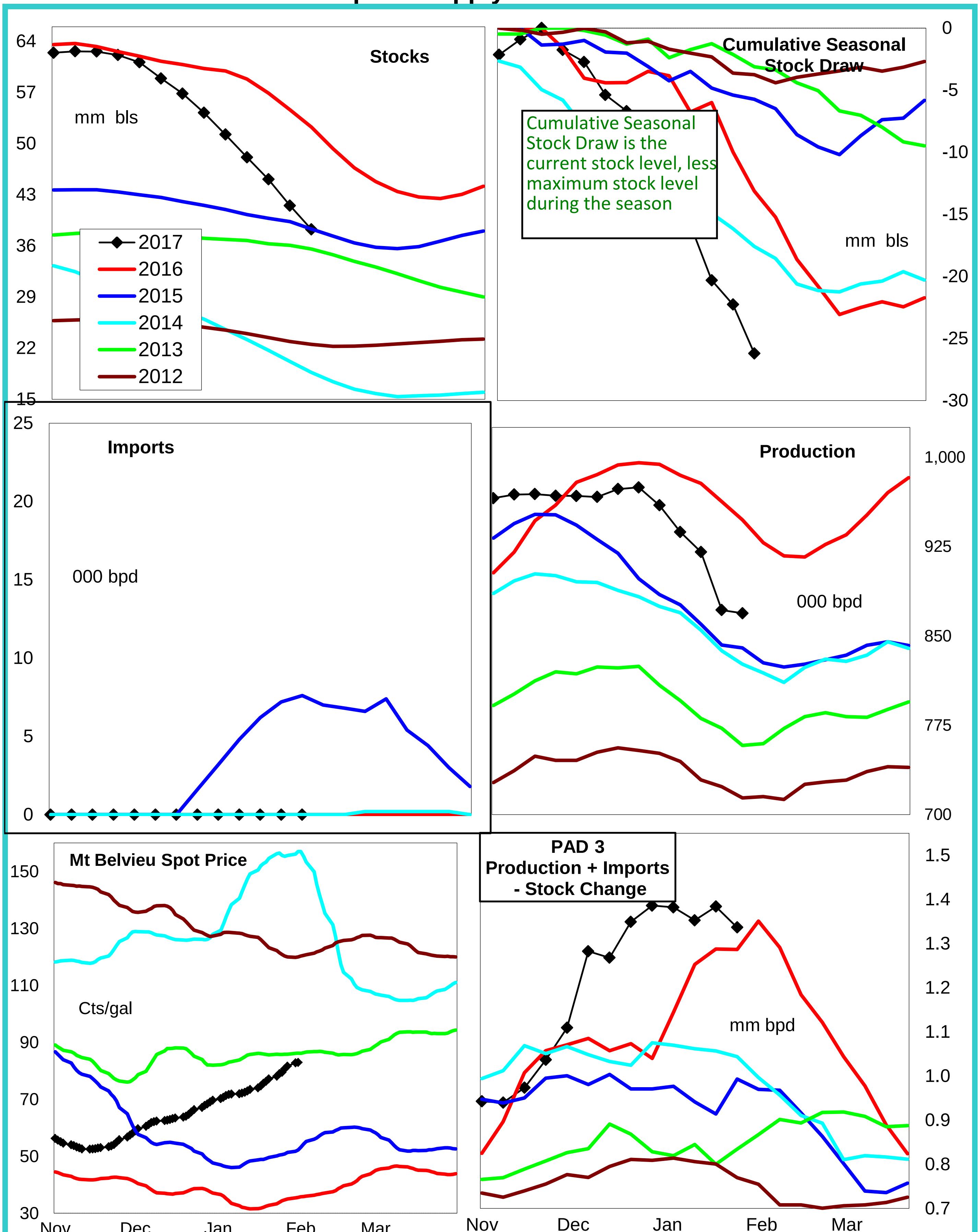
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-3,024	-2,661	68	51	135
% change	-15.7	25.3	18.6	100.0	22.0

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)	-13,487	-13,081	-70	0	121
% change	-26.1	100	-7.2	#DIV/0!	9.7

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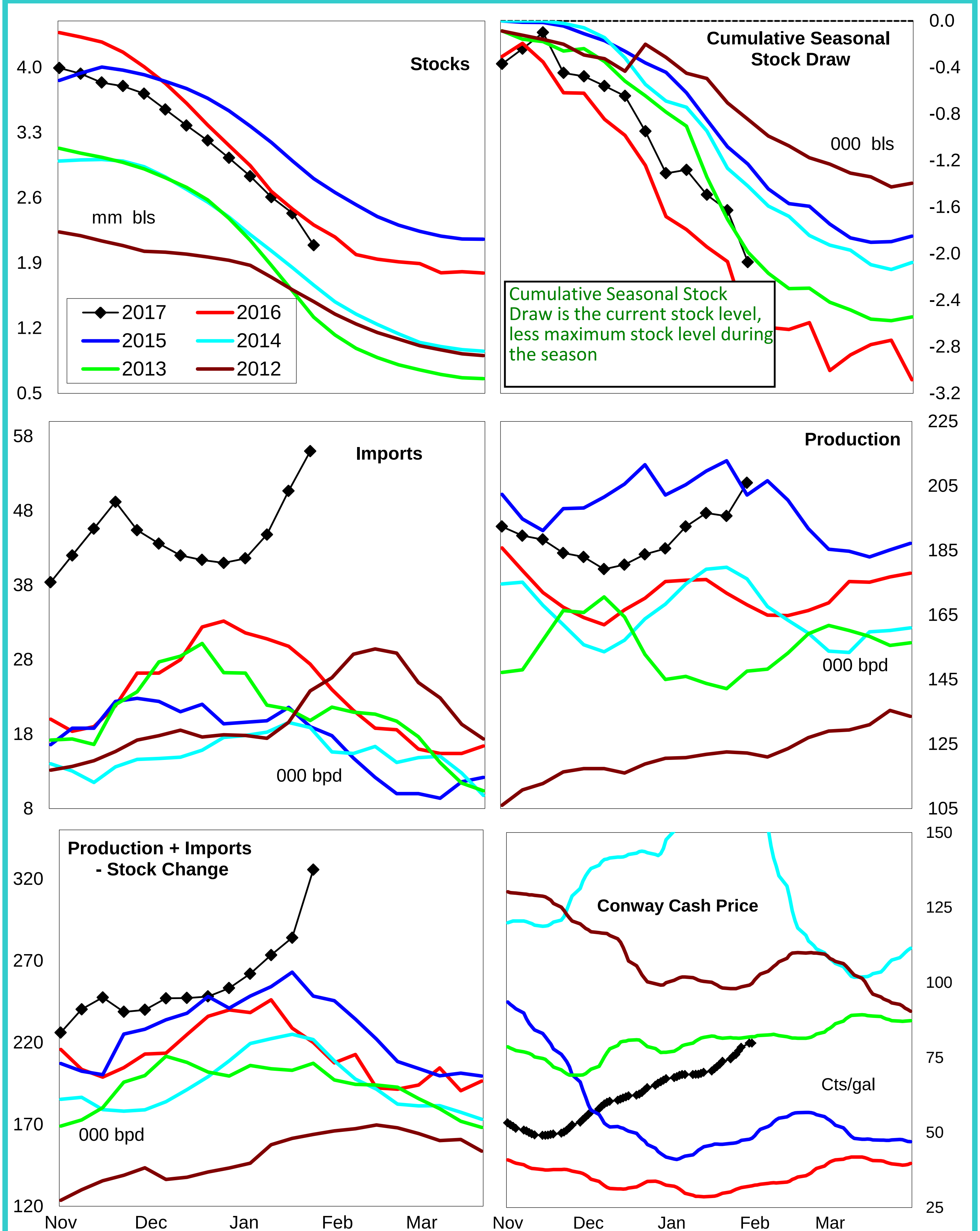
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	21	548	25	16	53
% change	1.0	-20.9	14.4	48.4	22.7

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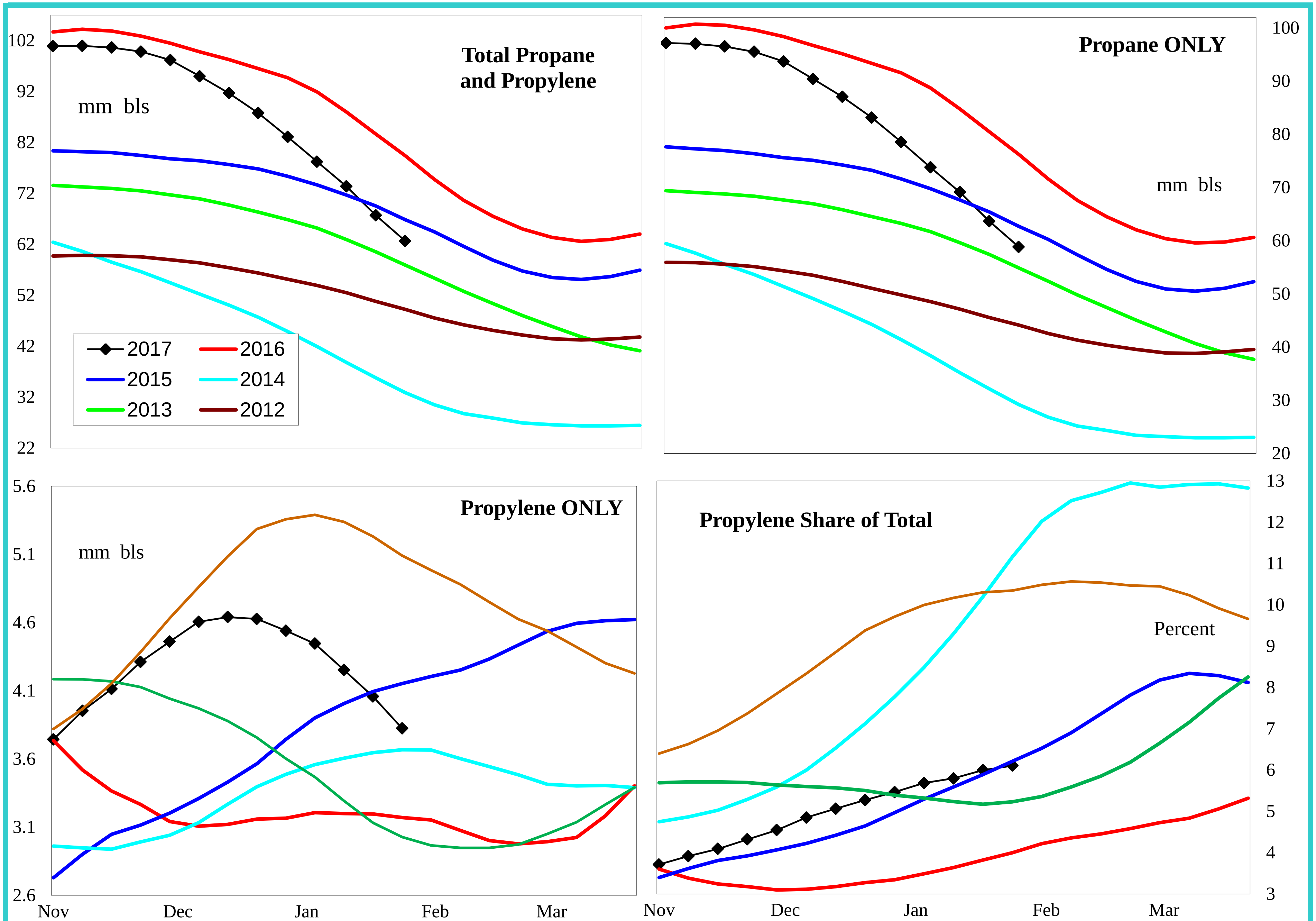
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-15,438	-16,064	654
% change	-19.8	-21.5	20.6

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