FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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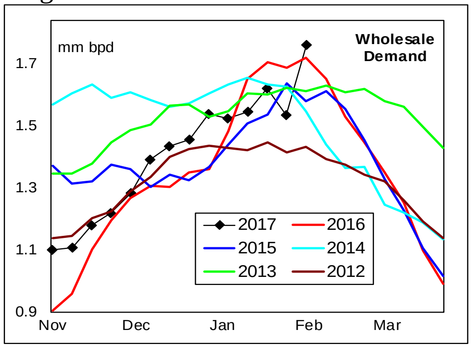
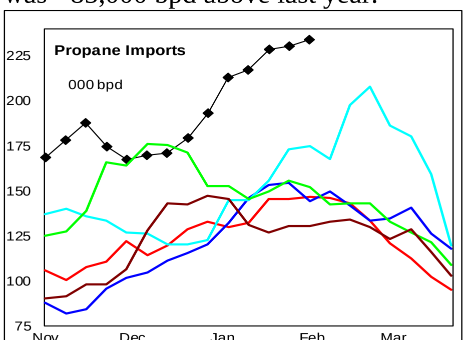
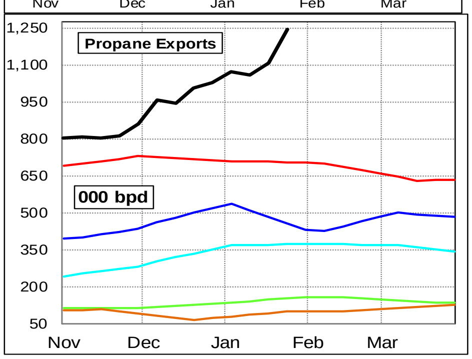
Summary[1]:
Wholesale demand increased +308,000 bpd last week, a level above the historic range.



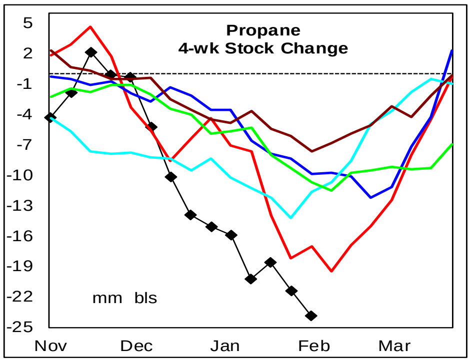
Production decreased -41,000 bpd on the week, concentrated in the Gulf region where refinery maintenance is underway. Production for the latest 4-wk average was +17,000 above a year ago. Imports increased +33,000 bpd on the week to a new record high for the winter quarter. The latest 4-wk average import volume was +85,000 bpd above last year.





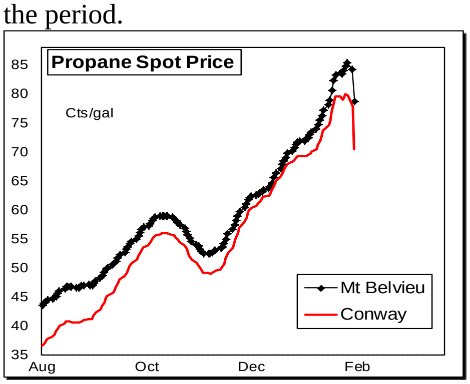
Exports for the week ending 27Jan17 were 1.2 million bpd, continuing a trend of sharply higher exports compared to a year ago.

Stocks fell -6.9 million barrels on the week, driven by a -4.7 million barrel draw in the Gulf.



The latest 4-wk stock draw of -23.9 million barrels, was a record for the 8th consecutive week.

Price and Spreads Mt Belvieu spot price decreased -6.5 cpg last week ending 07Feb17 while Conway fell -13 cpg for the period.



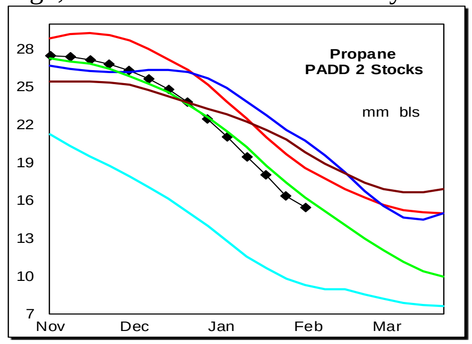
The Conway – Mt Belvieu price spread fell sharply last week to a level well below the last 3-yrs.

The propane to natural gas price spread fell last week to a level that matched 3-yr highs for the period.

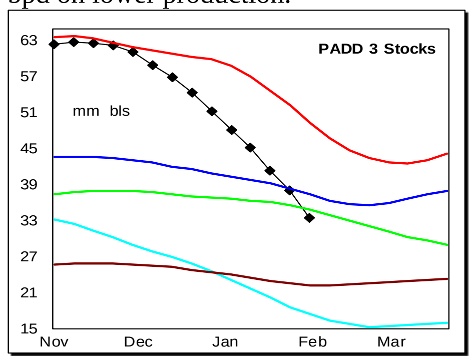
The propane / crude oil price spread also fell on weak propane prices last week.

PADD 1 stocks decreased -1.1 million barrels on the week. Stock levels ended the week +4% above the prior 5-yr high for the period. Supply decreased -2,000 bpd on lower imports.

PADD 2 supply increased +19,000 bpd last week on higher imports. Production for the latest 4-wk period was +75,000 bpd above a year ago while imports increased +36,000 bpd. Midwest supply continues on a trend of +110,000 bpd above the prior record high, which was last year. Stocks decreased -0.8 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 -4.7 million barrels on the week, driven by the high level of exports. Stock levels ended the week -32% below last year's record high, and below the 3-yr mid range for the period. Supply decreased -31,000 bpd on lower production.



PADDs 4 & 5 stocks decreased -0.2 million barrels last week. Supply was +6,000 bpd higher than last year on increased imports. Stock levels ended the week -9% below last year and below the 3-yr mid range.

Emerging Trends The record rate of exports has driven U.S. stock levels to below the 3-yr mid range for this time of year. The recent above normal temperatures in key heating markets underlies the price pull back. A forecast of continued above average temperatures during the next 2-wks risk further price weakness.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

February 8, 2017

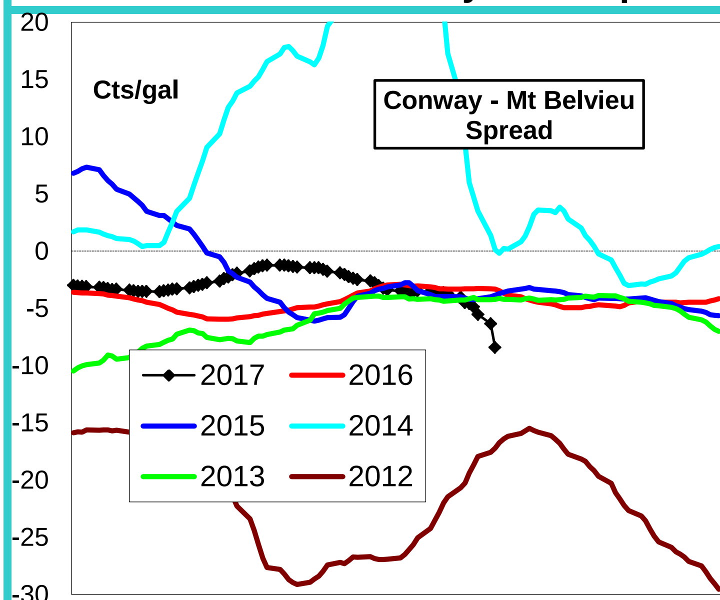
Fundamental Trends for the Week Ending: Friday, February 03, 2017

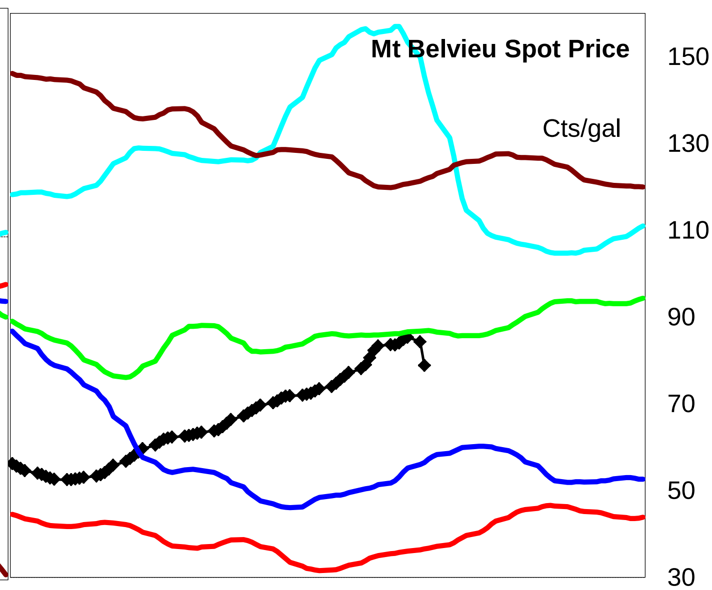
000 bpd / Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	55,772	4,917	15,416	33,560	1,879	-6,876	-1,137	-840	-4,686	-213
Propylene Stocks	3,547					-277				
Production	1,661	153	468	838	202	-41	0	-6	-31	-4
Imports	234	72	96	0	66	33	-2	25	0	10
Whsle Demand	1,761					308				

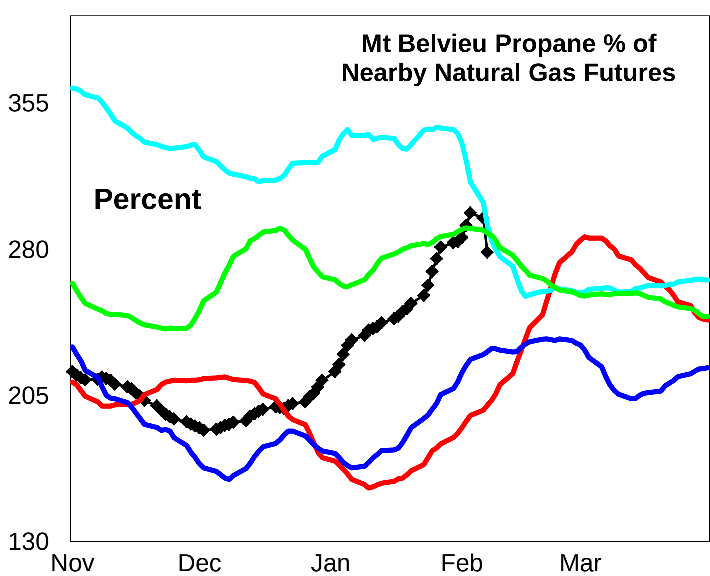
Price Trends for the Week Ending: Tuesday, February 07, 2017

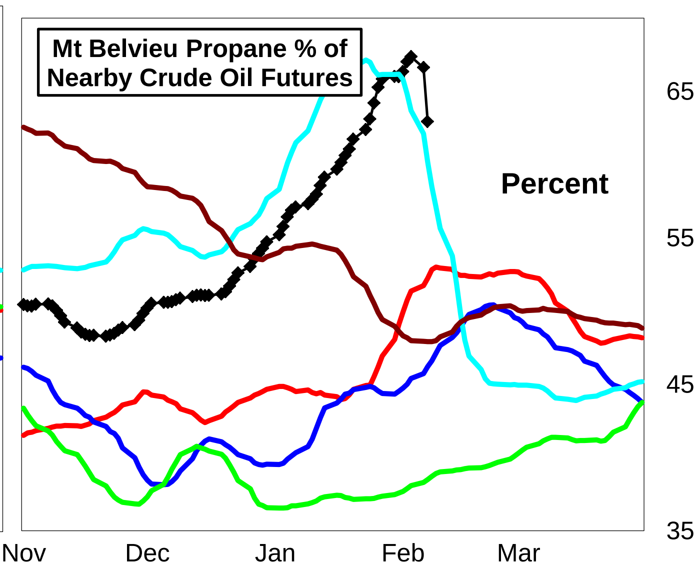
Cents/gal	Average for week ending:				Change from:			% change from:		
	2/7/17	1/31/17	1/10/17	2/11/16	1/31/17	1/10/17	2/11/16	1/31/17	1/10/17	2/11/16
Mont Belvieu Spot	85.7	82.2	71.1	36.0	3.50	11.13	35.08	4.3	15.6	97.4
Conway Spot	79.7	79.1	68.5	32.8	0.65	10.58	35.68	0.8	15.4	108.8

Key Price Spreads and Differentials

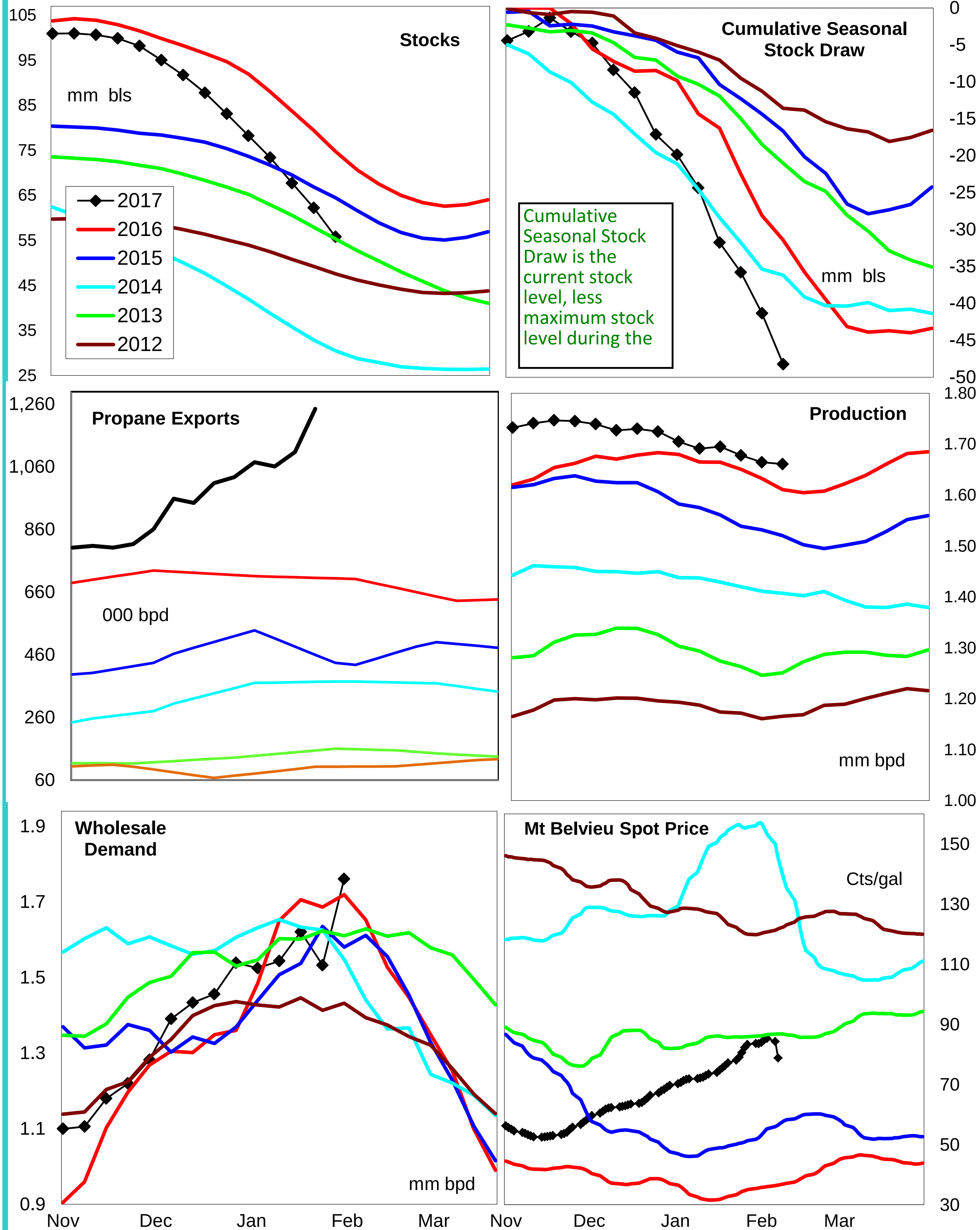








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	**Demand**	4wk avg	Dec	Nov	Oct
000 bpd (000 bls stks)	-19,026	-16,824	17	85		-59	67	4	27
% change	-25.4	54	1.0	59.3		-3.5	4.9	0.3	2.6

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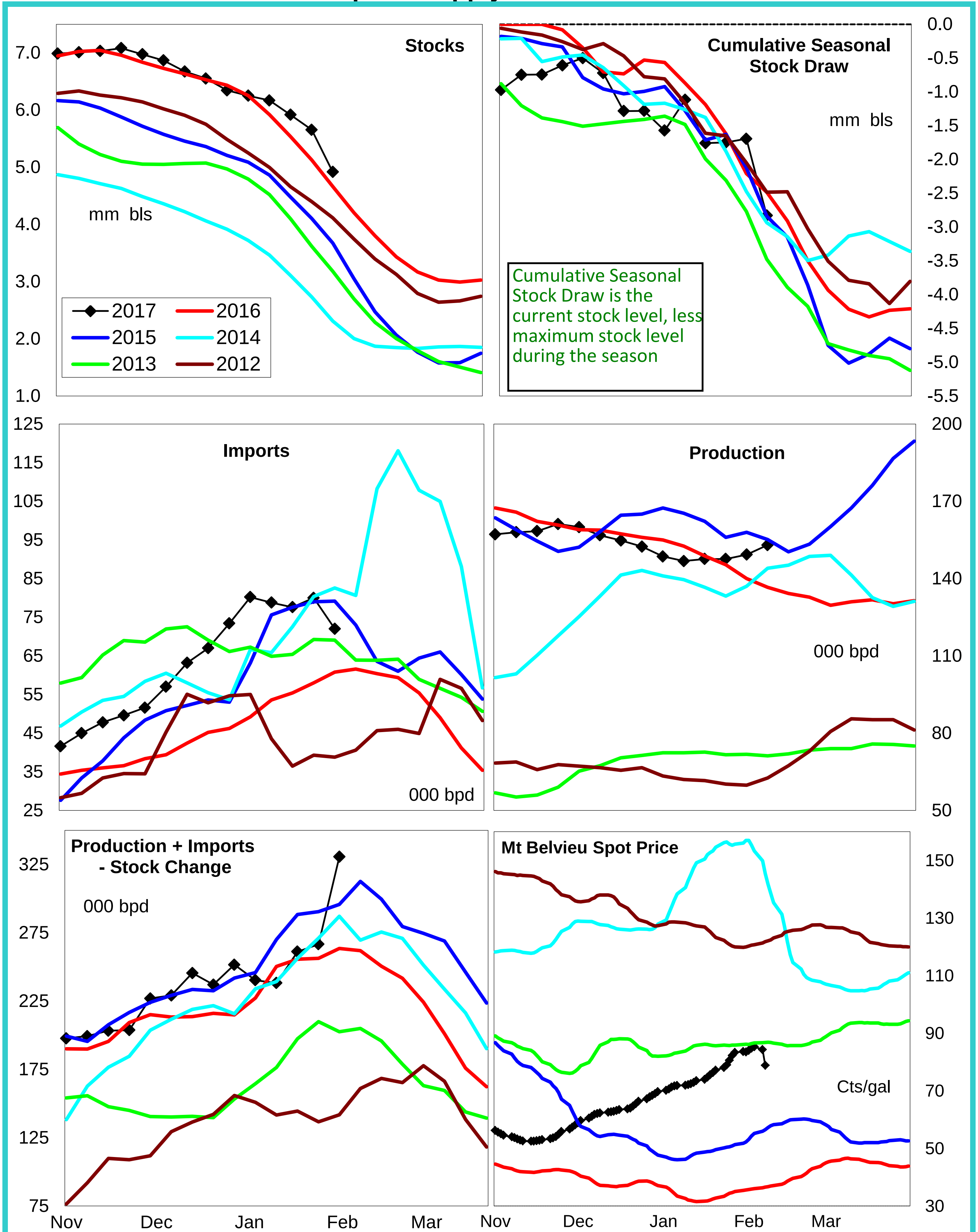
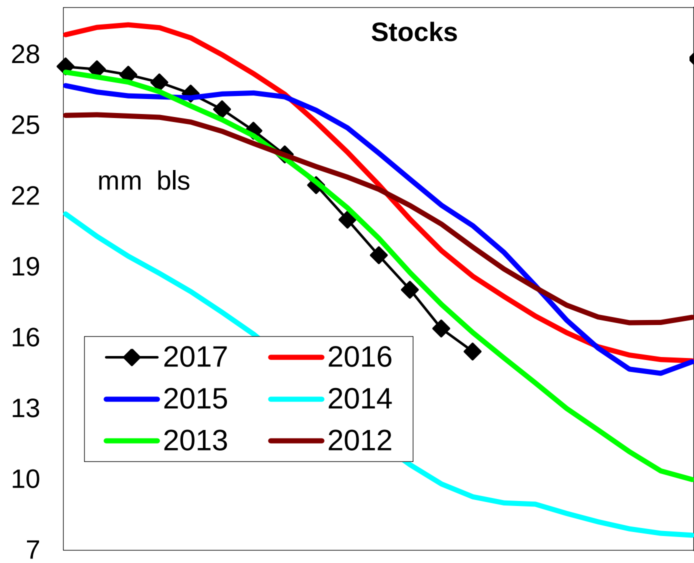
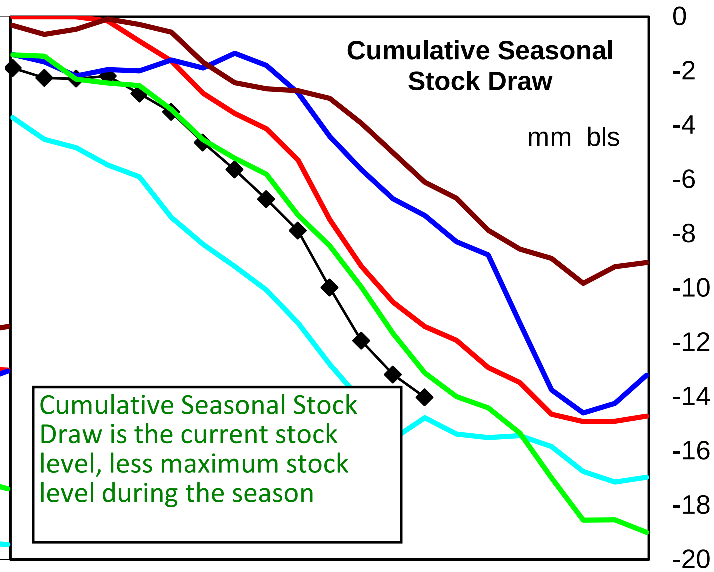
PADD 1 Propane Supply and Demand Balance

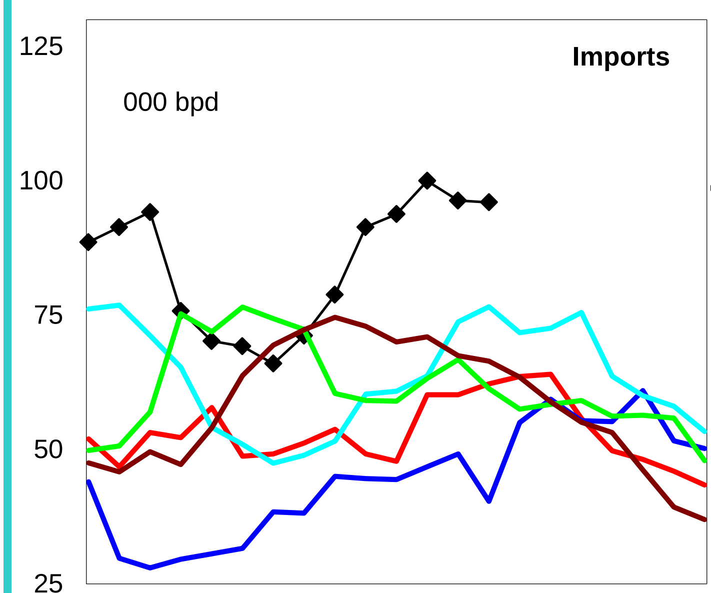


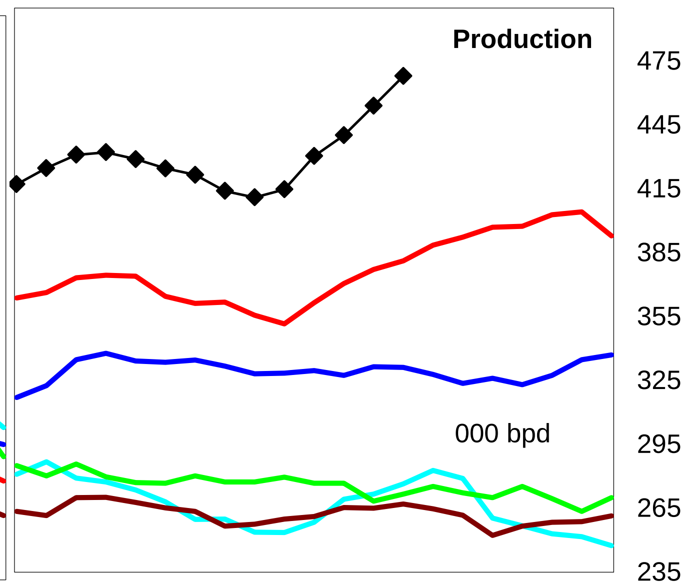
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	192	-345	5	23	18
% change	4.1	13.9	3.5	39.0	6.9

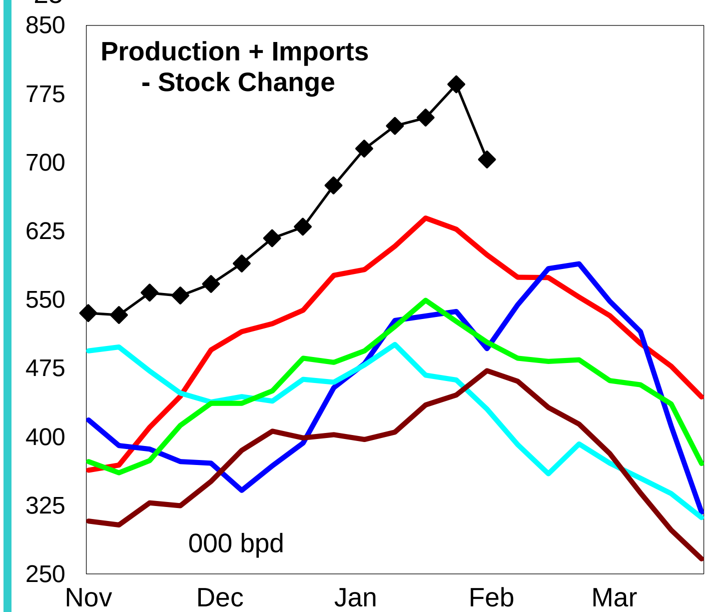
PADD 2 Propane Supply and Demand Balance

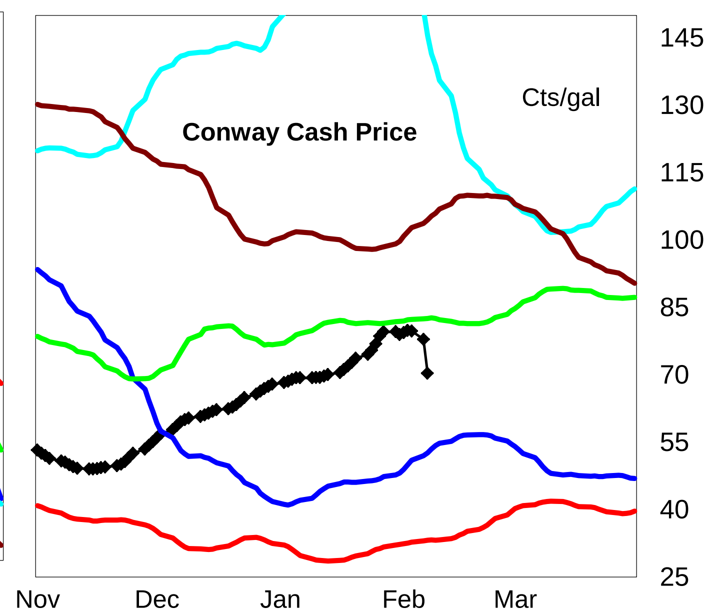






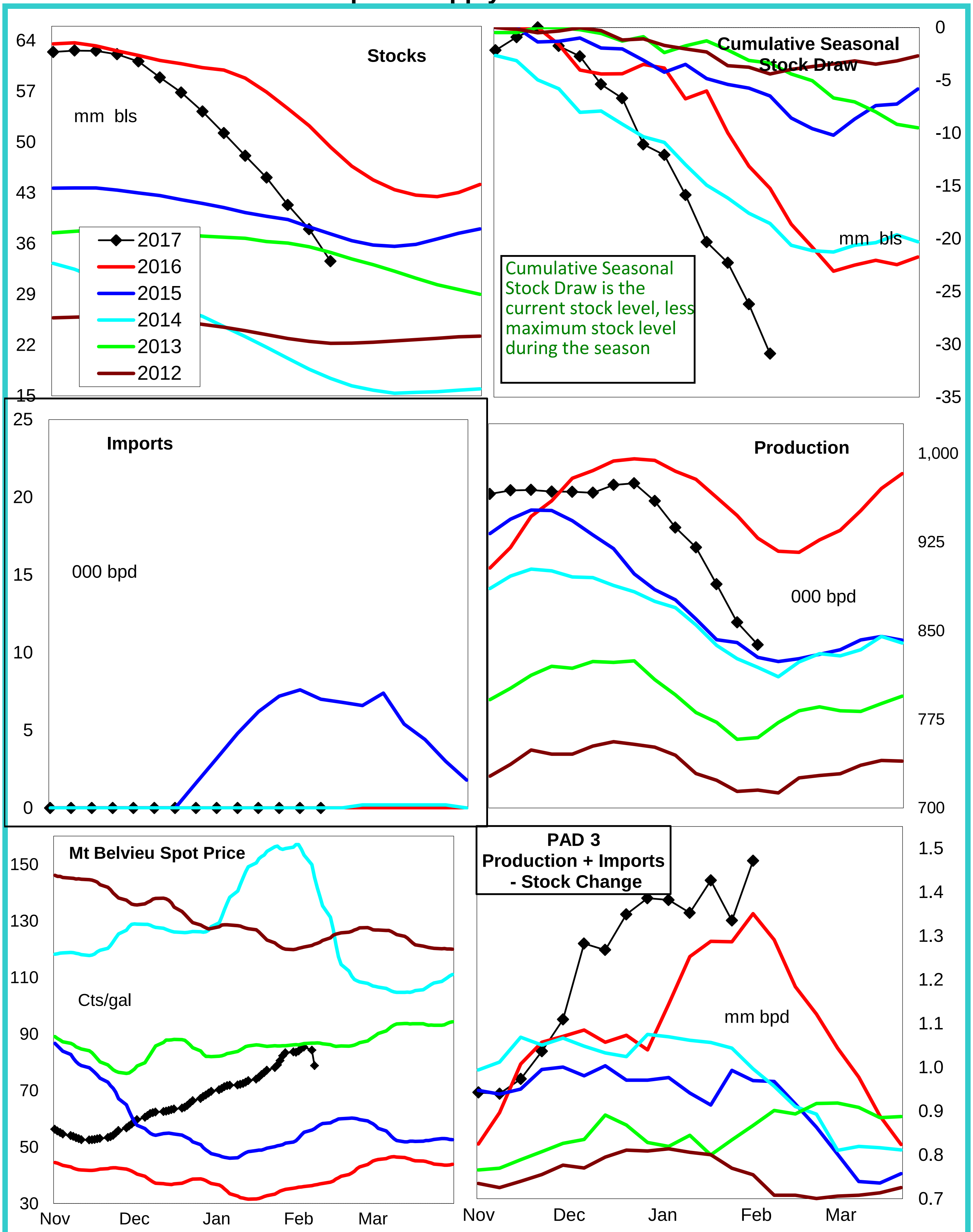






4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-2,972	-2,609	75	36	126
% change	-16.2	22.9	20.1	61.1	20.4

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)	-16,069	-15,663	-90	0	102
% change	-32.4	103	-9.4	#DIV/0!	7.9

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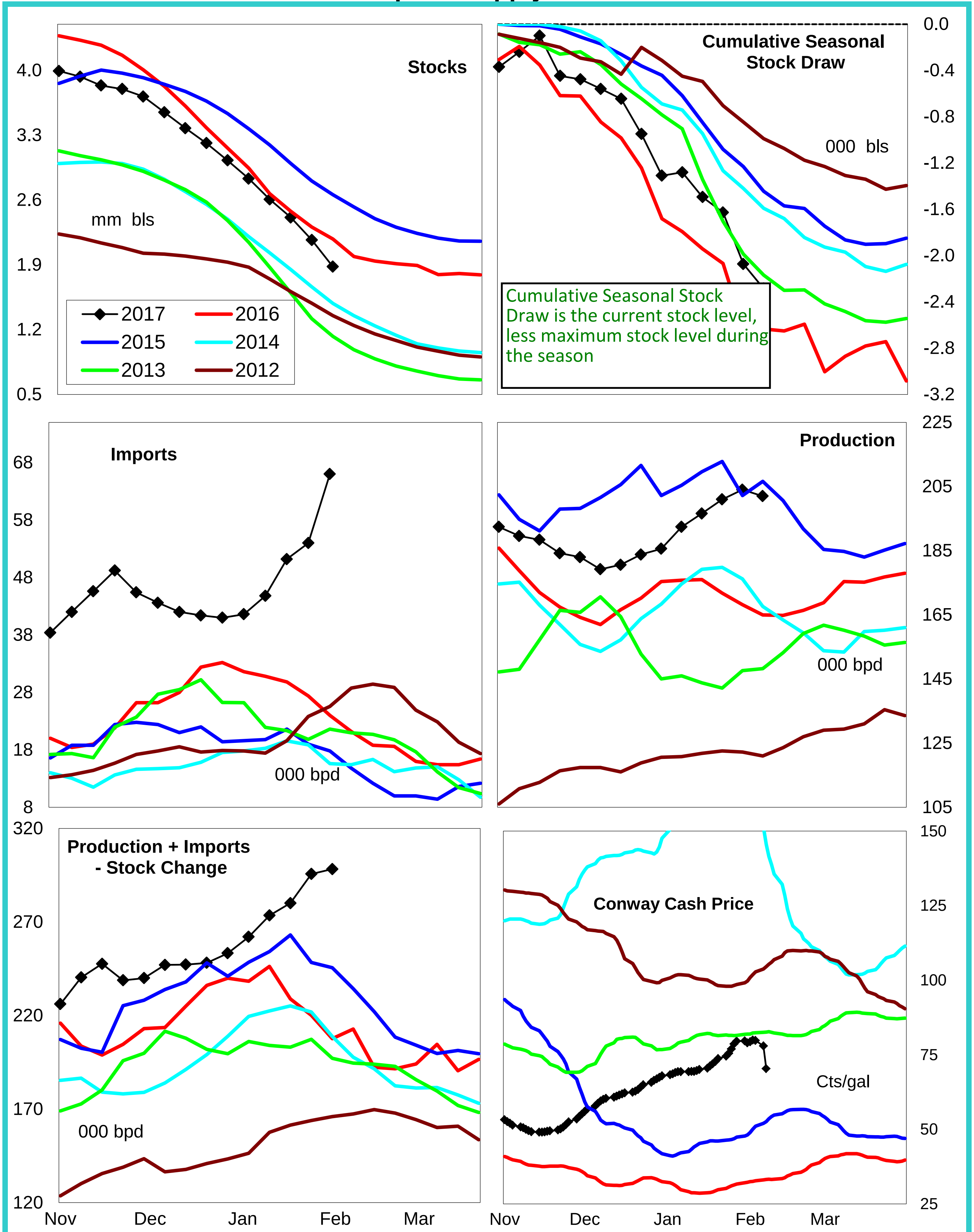
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-177	350	27	27	61
% change	-8.6	-13.3	15.5	98.2	27.1

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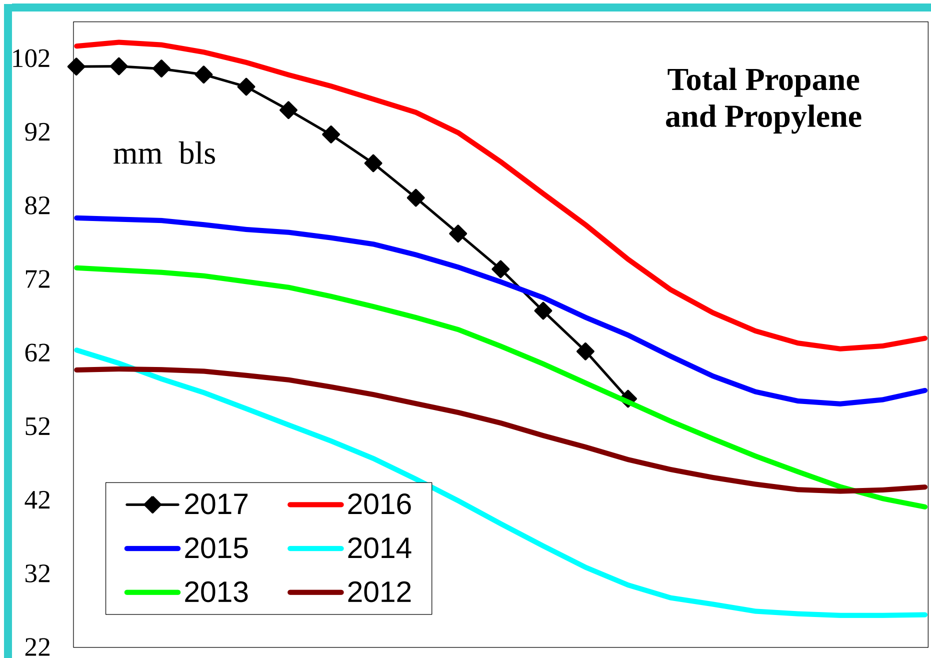
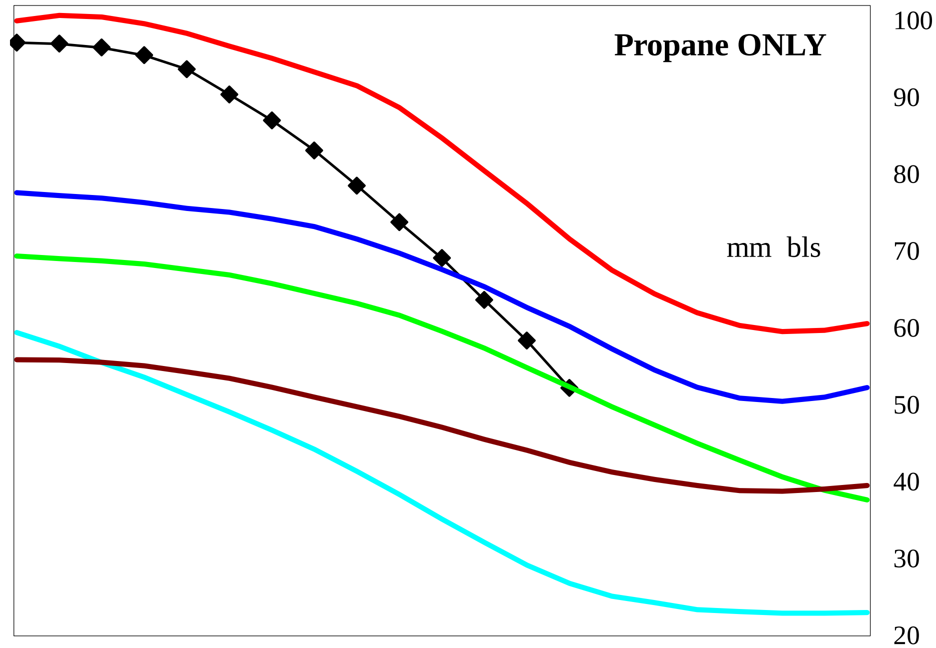
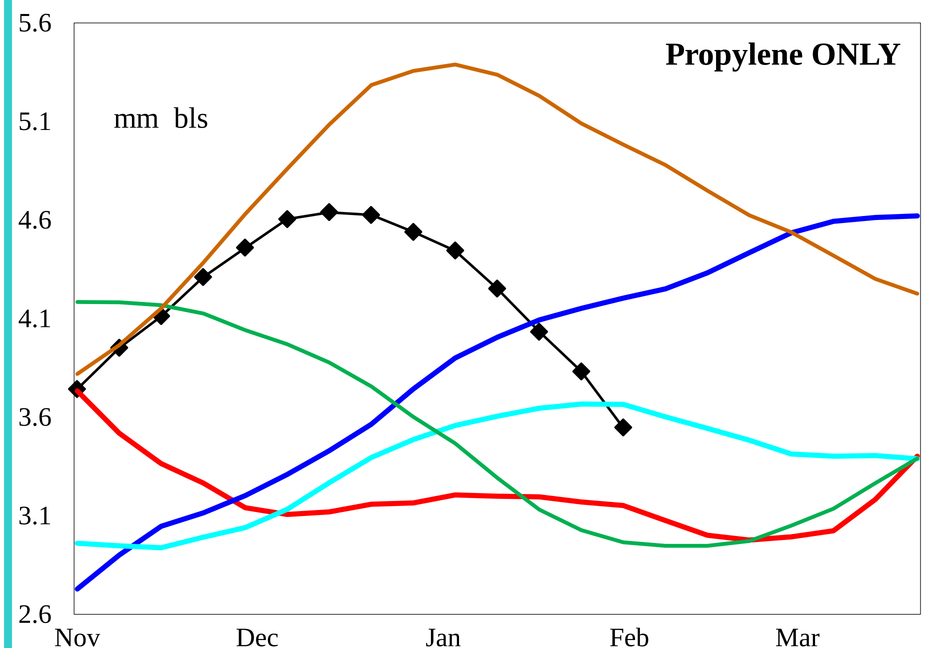
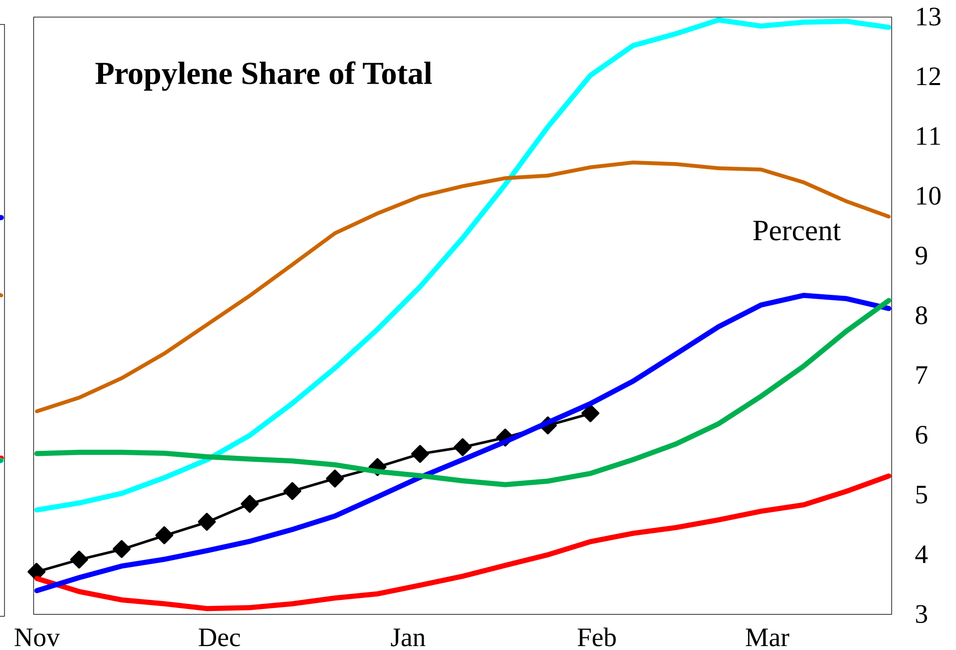
U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-19,026	-19,434	395
% change	-25.4	-27.1	12.5

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