WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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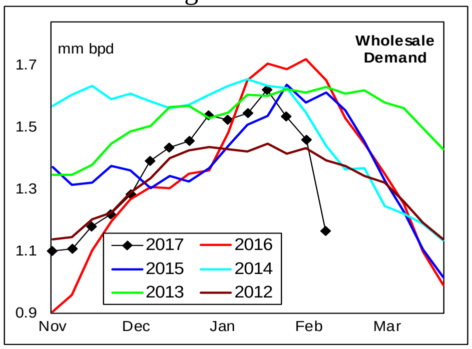
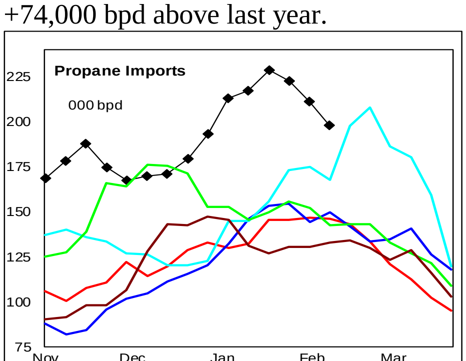
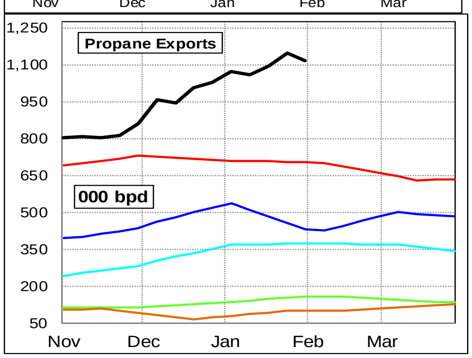
Summary[1]:
Wholesale demand fell -0.6 million bpd last week, on a spike in temperatures across all heating markets.



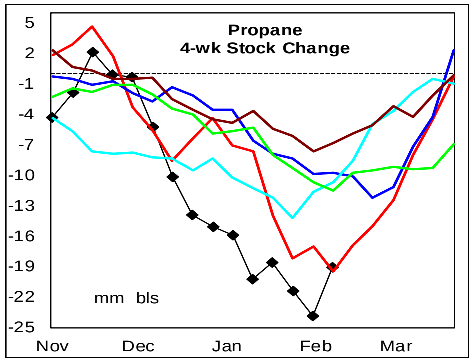
Production was unchanged on the week, with the Midwest +75,000 bpd above last year while the Gulf was -81,000 lower on refiner maintenance. Production for the latest 4-wk average was +44,000 above a year ago. Imports declined -36,000 bpd on the week, but remain above the historic range. The latest 4-wk average import volume was +74,000 bpd above last year.





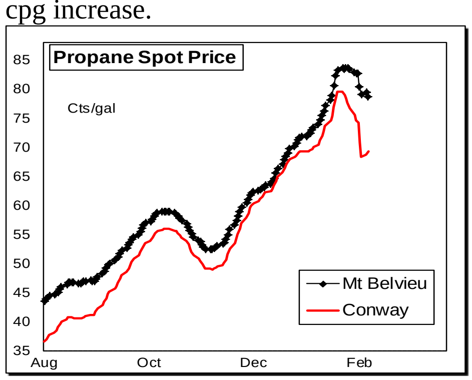
Exports for the week ending 03Feb17 were 1.1 million bpd, continuing a trend of near 75% increase over the prior year.

Stocks decreased -2.6 million barrels on the week, including a -1.7 million barrel draw in the Gulf.



The latest 4-wk stock draw of -19.5 million barrels, matched last year's record winter quarter draw.

Price and Spreads Mt Belvieu spot price increased +3.4 cpg last week ending 14Feb17 while Conway reported a +3 cpg increase.



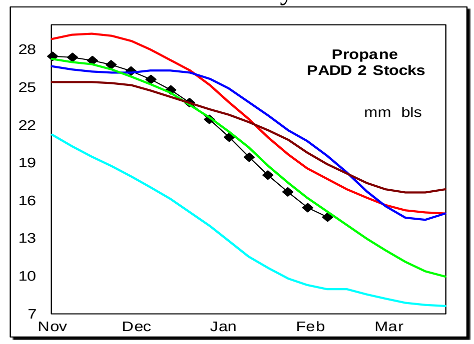
The Conway – Mt Belvieu price spread traded well below the last 3-yrs for the period, although tightening slightly late in the week.

The propane to natural gas price spread traded at a record high for this time of year on very weak natural gas prices.

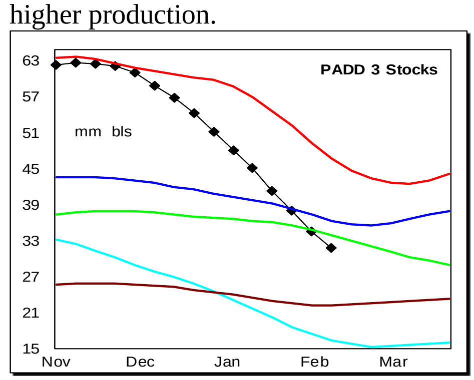
The propane / crude oil price spread trended lower on weak propane prices last week.

PADD 1 stocks were unchanged on the week. Stock levels ended the week +15% above the prior 5-yr high for the period. Supply decreased -11,000 bpd on lower imports.

PADD 2 supply was unchanged on the week. Production for the latest 4-wk period was +75,000 bpd above a year ago while imports increased +33,000 bpd. Midwest supply continues on a trend of +110,000 bpd above the prior record high, which was last year. Stocks decreased -0.7 million barrels on the week. Stock levels ended the week -18% below last years' record high, and below four of the last 5-yrs.



PAD 3 stocks decreased -1.7 million barrels on the week, driven by the high level of exports. Stock levels ended the week -31% below last year's record high, and below the 3-yr mid range for the period. Supply increased +15 bpd on higher production.



PADDs 4 & 5 stocks decreased -0.2 million barrels last week. Supply was -36,000 bpd lower than last year on a drop in imports and production. Stock levels ended the week -20% below last year and near 3-yr lows.

Emerging Trends An exceptionl warming trend across the eastern 2/3rds of the country has cut propane demand. Temperatures are forecast to remain sharply above normal through month end in the eastern 2/3rds of the country.

Stock levels are well below the last 2-yrs, but much above 2014 when there was a supply squeeze in the Midwest. Look for weakness in prices on above average temperatures, partially offset by record stock draws for export.

[1] Source is latest EIA Weekly Statistics

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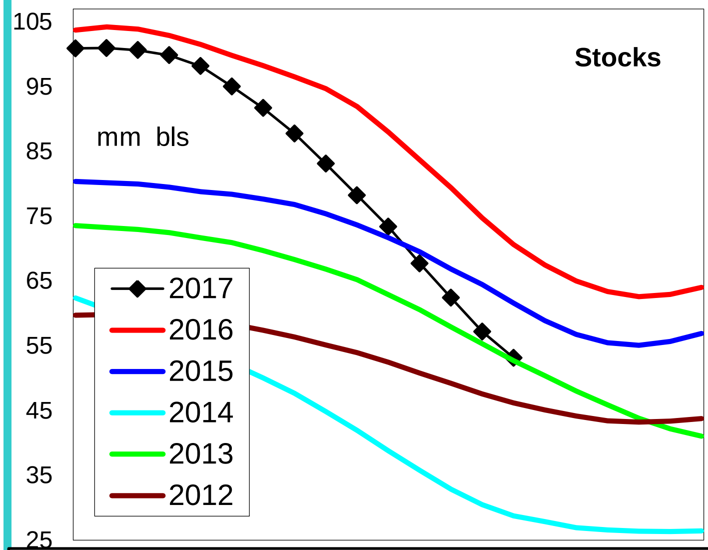
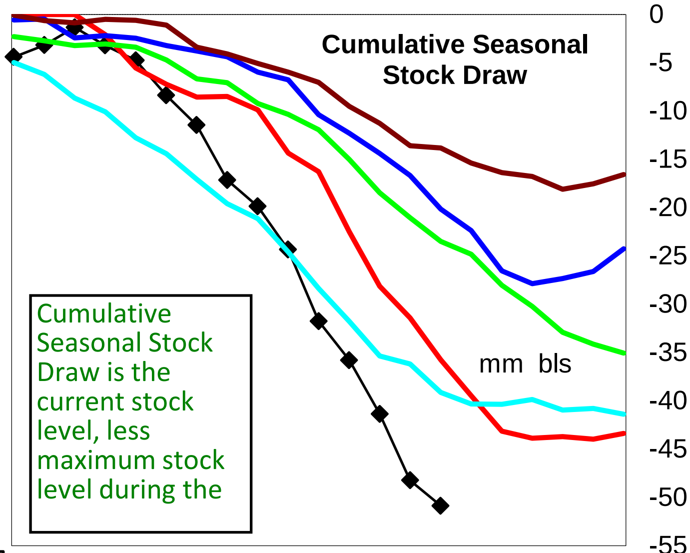
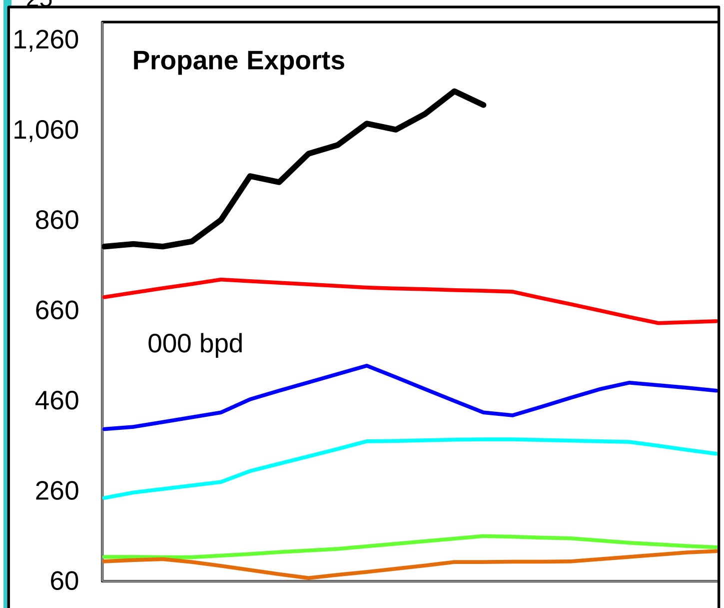
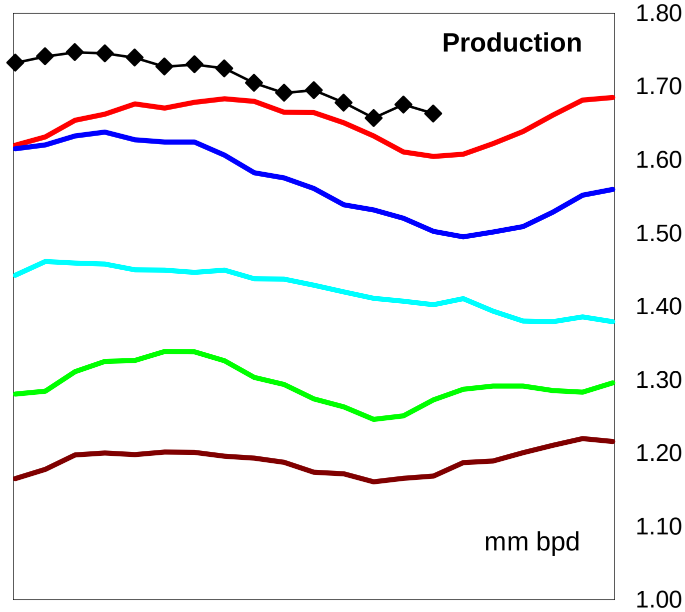
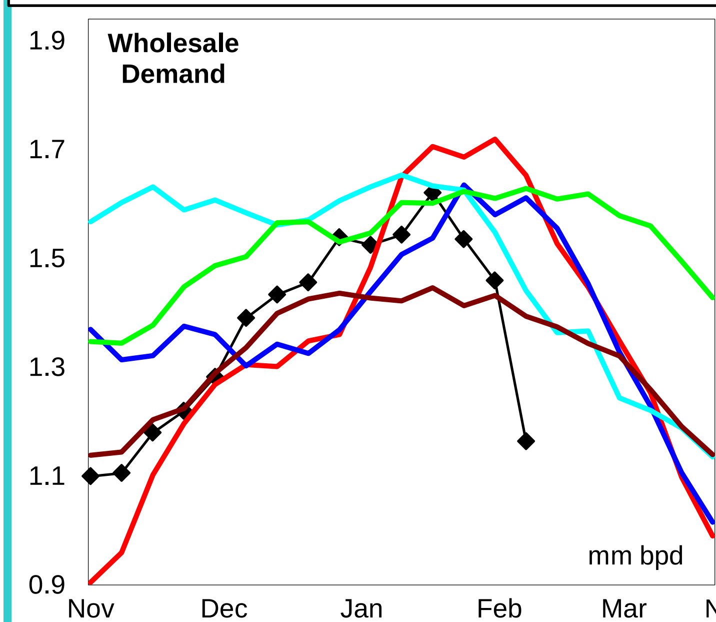
U. S. Propane Supply and Demand Balance

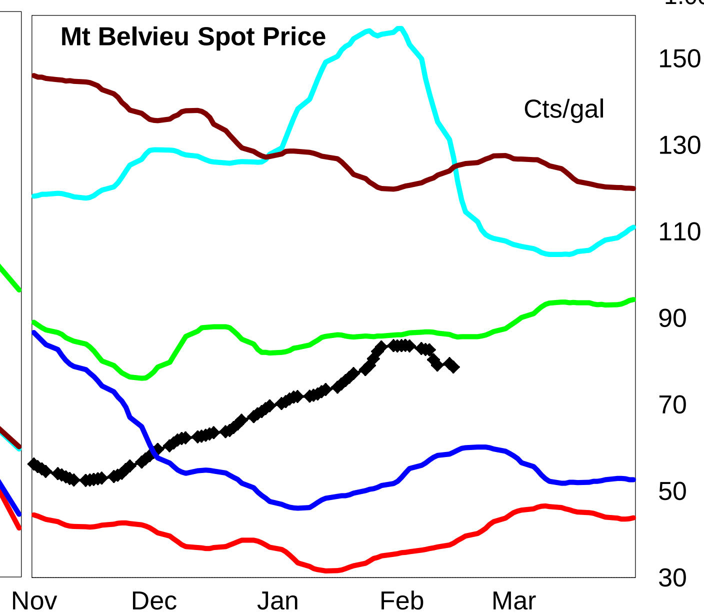












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	**Demand**	4wk avg	Jan	Dec	Nov
000 bpd (000 bls stks)	-17,318	-15,116	44	74		-322	51	67	-29
% change	-24.6	42	2.7	49.9		-18.3	3.2	4.9	-2.5

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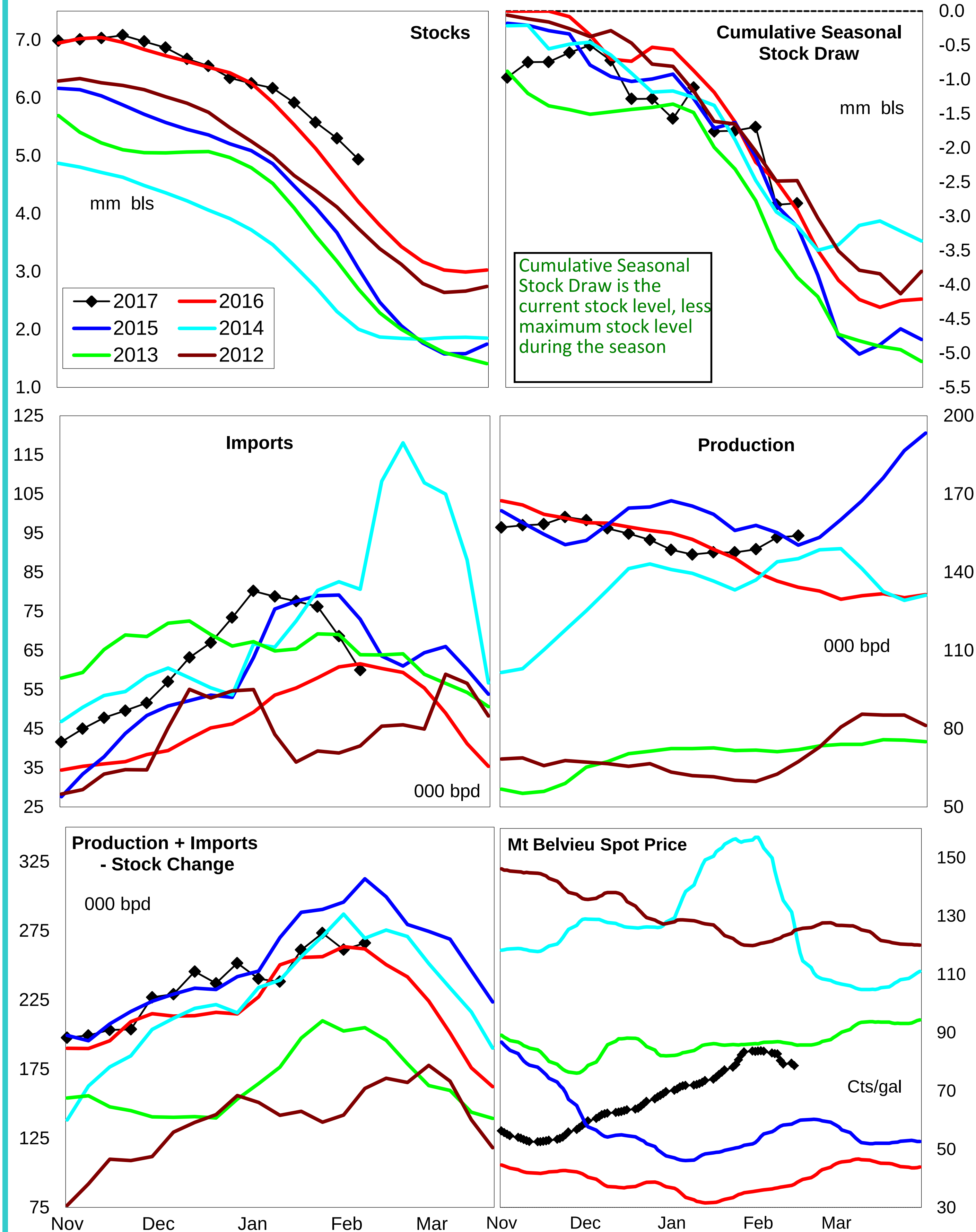
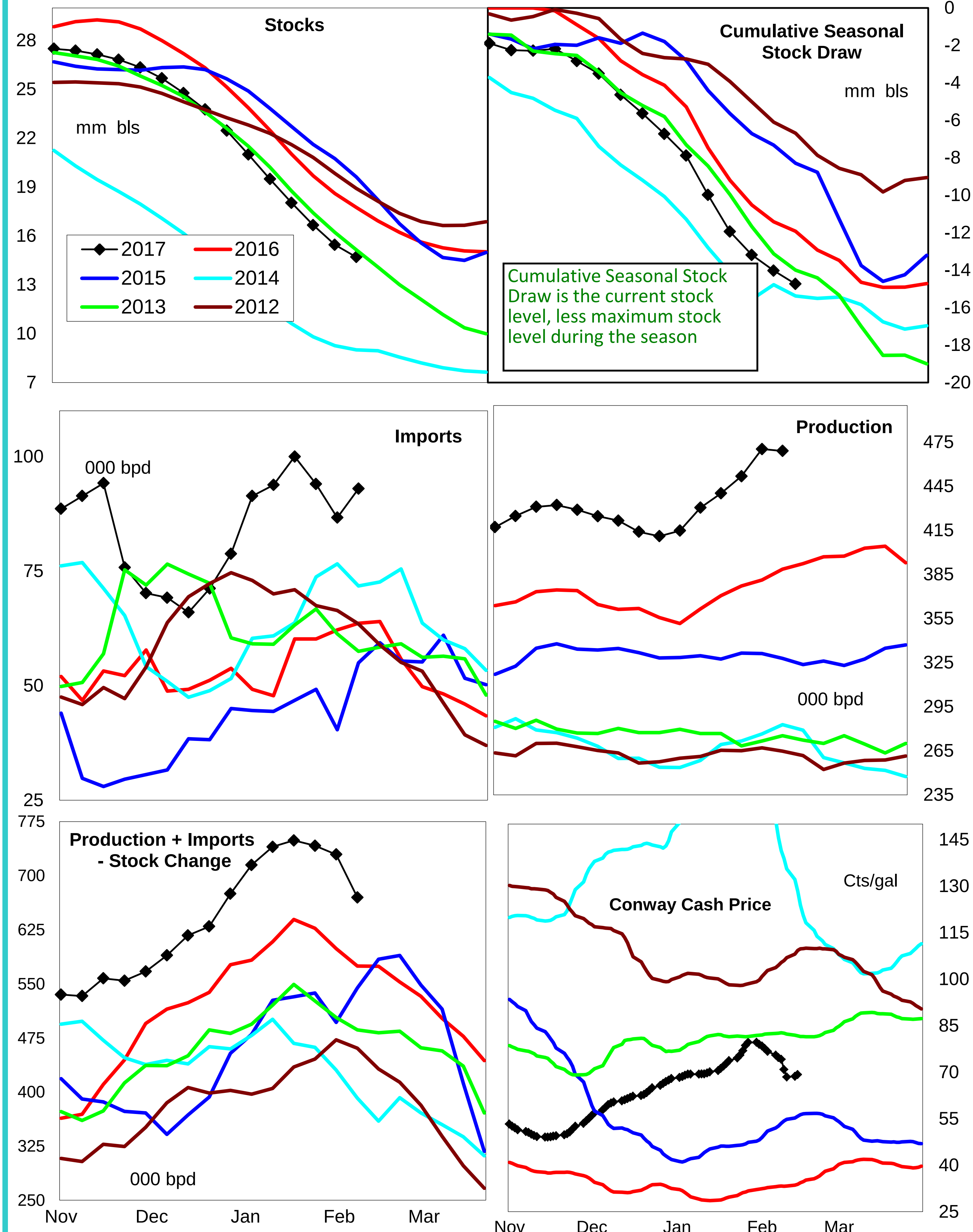
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	637	100	13	15	6
% change	14.8	-3.4	9.5	25.0	2.4

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)	-3,180	-2,817	75	33	112
% change	-17.8	23.6	19.7	53.4	18.4

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PADD 2 Propane Supply and Demand Balance

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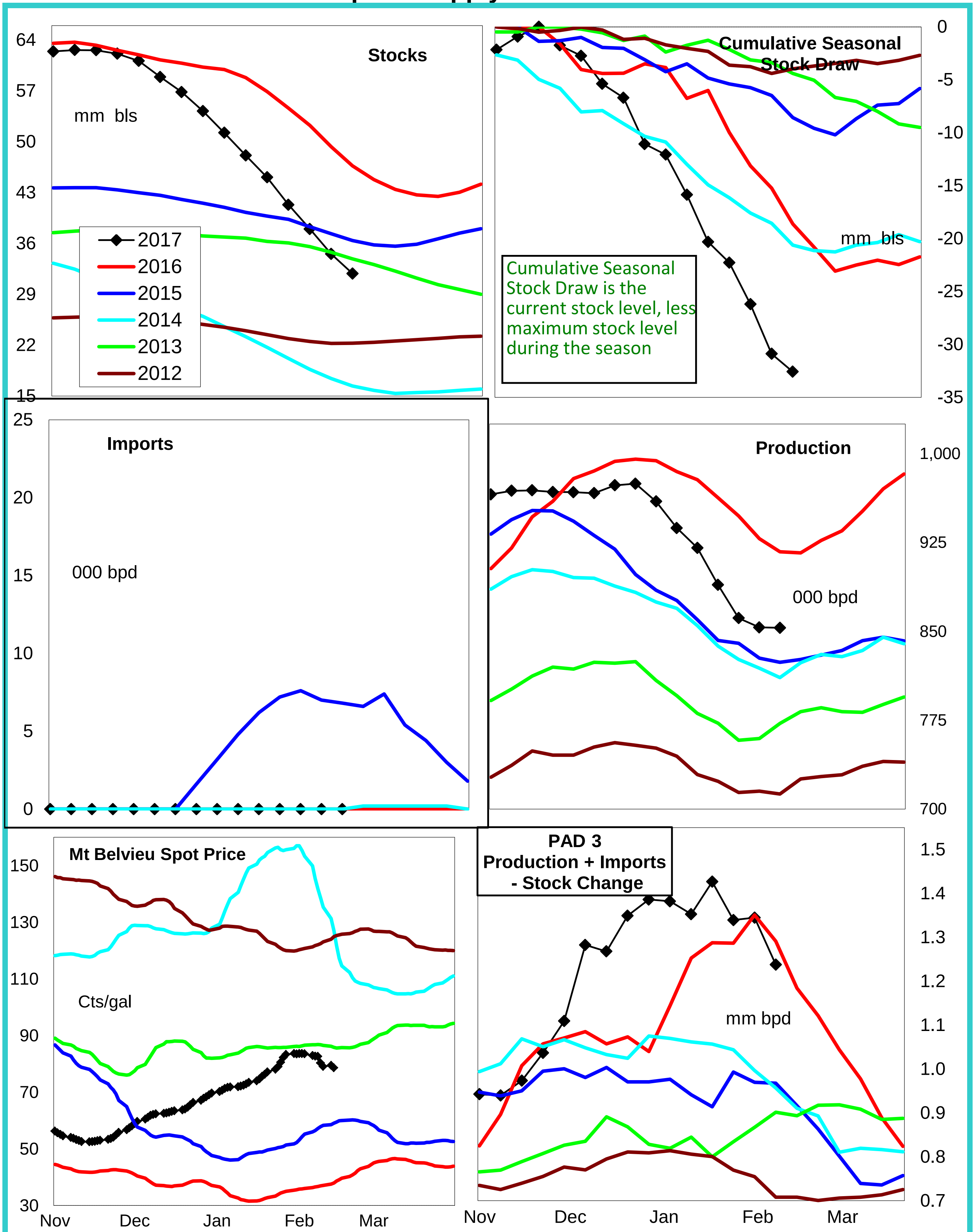
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-14,370	-13,964	-81	0	33
% change	-31.1	75	-8.6	#DIV/0!	2.5

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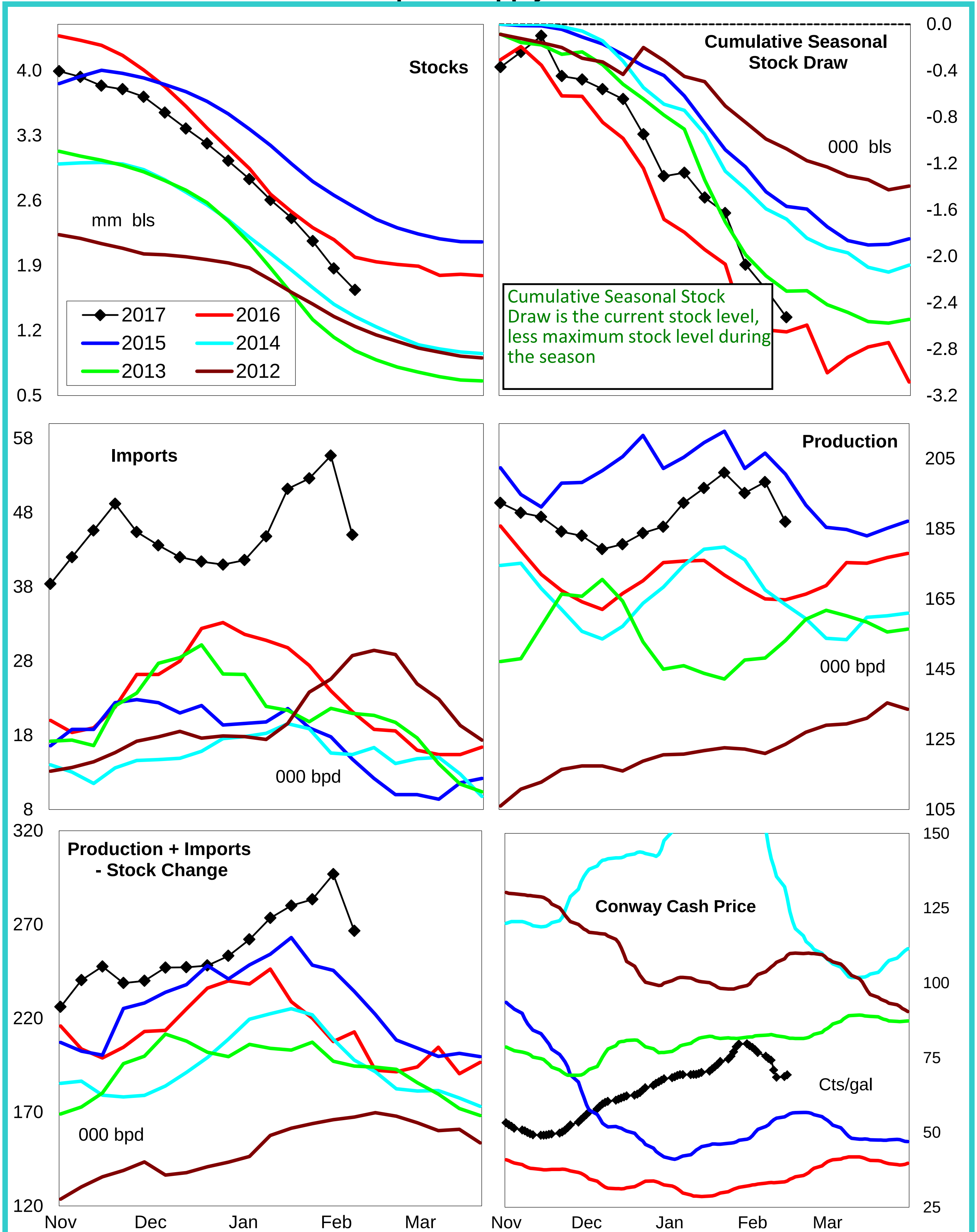
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-403	124	37	26	64
% change	-19.7	-4.7	22.5	99.0	29.6

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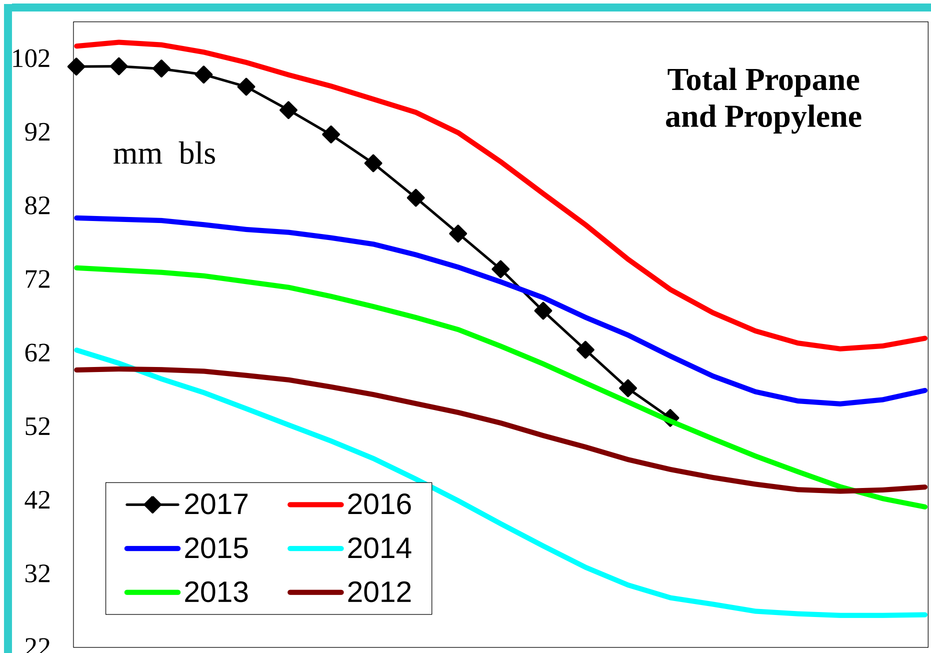
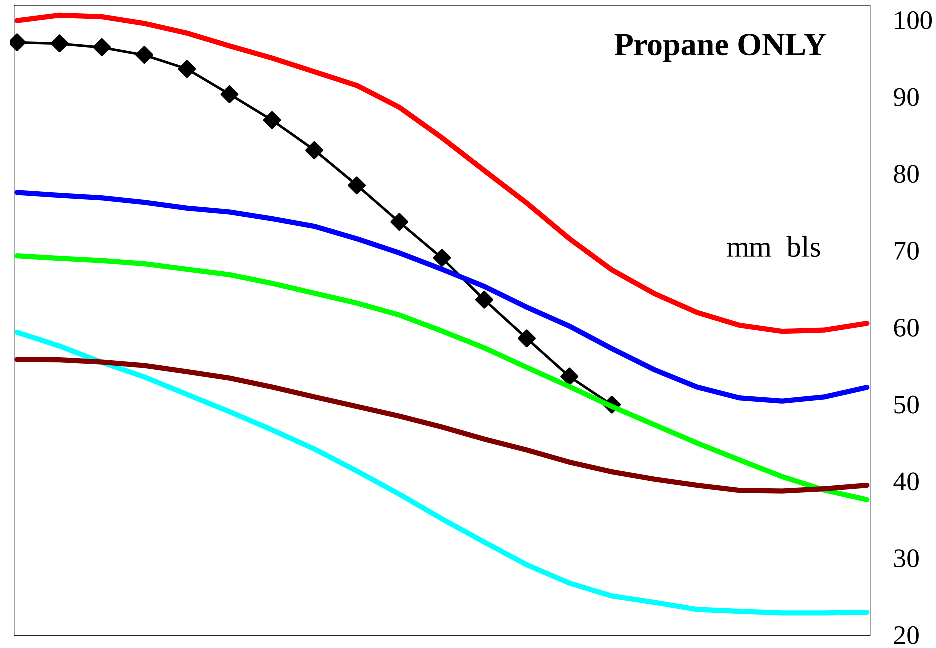
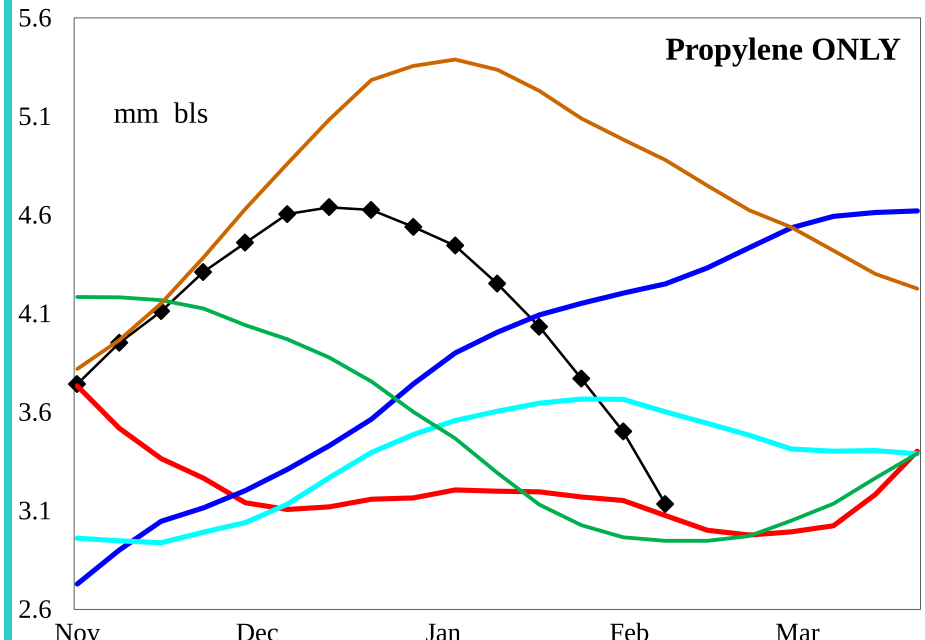
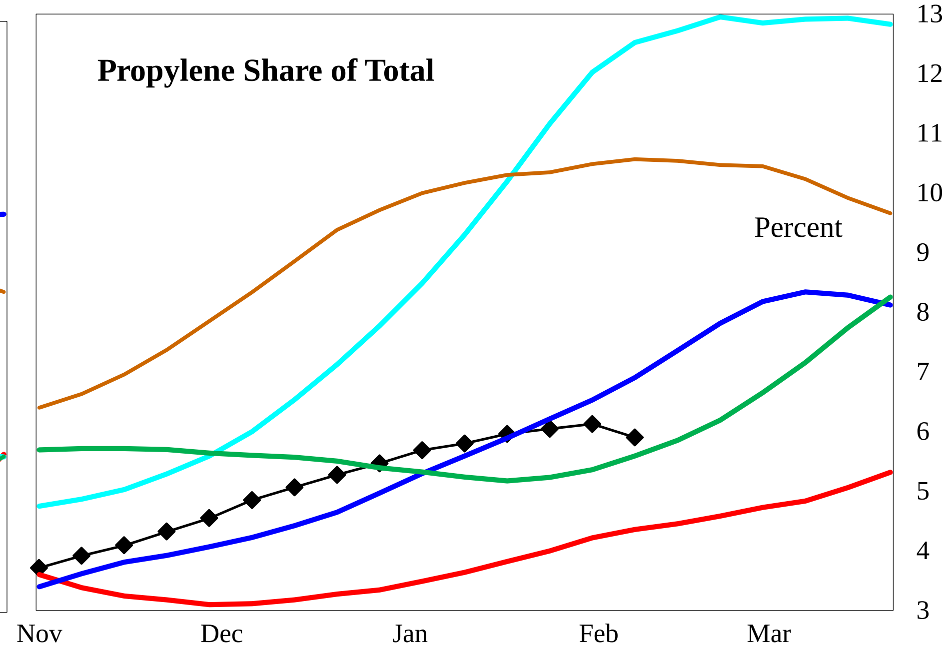
U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-17,318	-17,425	58
% change	-24.6	-25.8	1.9

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