FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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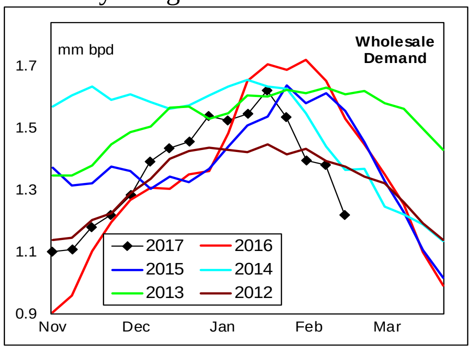
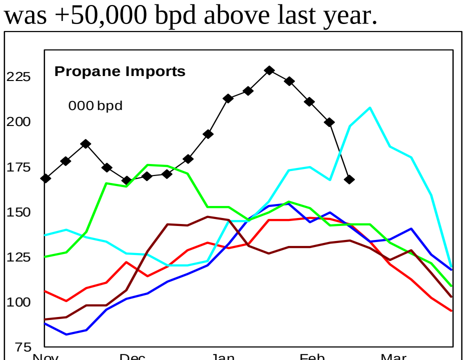
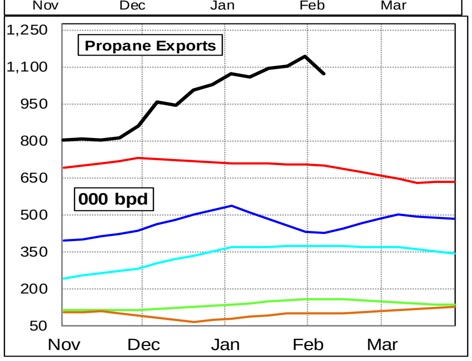
Summary[1]:
Wholesale demand increased +54,000 bpd last week, with the level sharply below the historic range. The latest 4-wk wholesale demand was -264,000 bpd below a year ago.



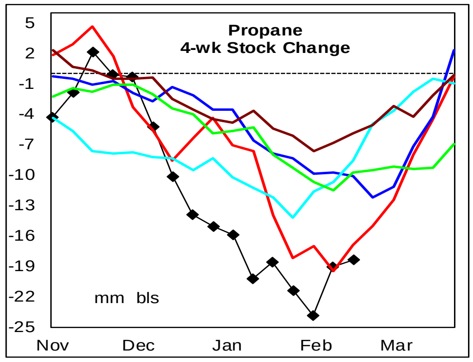
Production decreased -26,000 bpd last week. Production for the latest 4-wk period averaged +57,000 above a year ago. Imports declined -30,000 bpd on the week, but well above the last 2-yrs. The latest 4-wk average import volume was +50,000 bpd above last year.





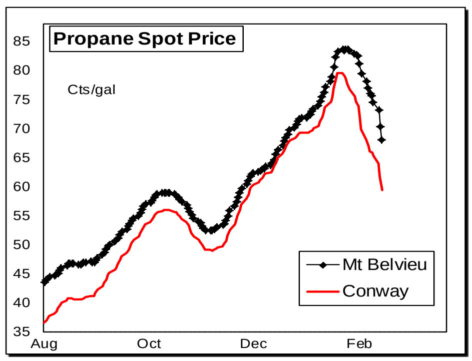
Exports for the week ending 10Feb17 were 1.1 million bpd, continuing a trend of near 75% increase over the prior year.

Stocks decreased -3.3 million barrels on the week, including a -1.8 million barrel draw in the Gulf.



The latest 4-wk stock draw of -18.4 million barrels, was a record for the period.

Price and Spreads Mt Belvieu spot price fell -14.5 cpg last week ending 22Feb17 while Conway reported a -13 cpg decline.



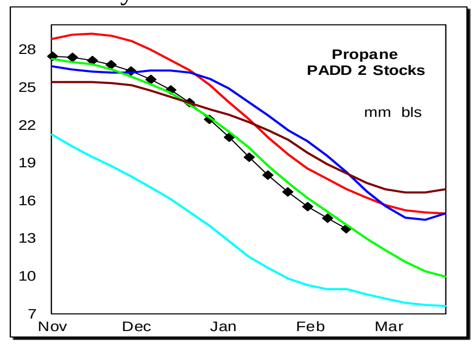
The Conway – Mt Belvieu price spread continued to trade well below the last 3-yrs for the period, although tightening last week.

The propane to natural gas price spread was unchanged on the week, due to a concurrent collapse in natural gas prices.

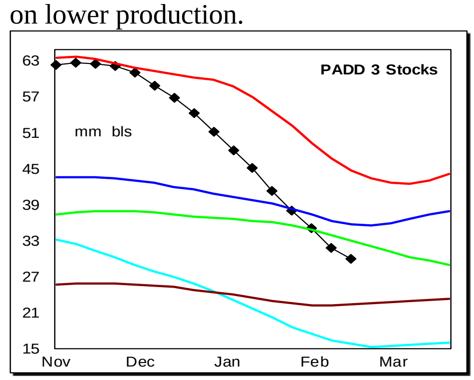
The propane / crude oil price spread extended the sharp decline on strength in crude oil prices.

PADD 1 stocks decreased -0.6 million barrels on the week. Stock levels ended the week +18% above the prior 5-yr high for the period. Supply decreased -15,000 bpd on lower imports.

PADD 2 supply fell -54,000 bpd on the week, driven by lower production and imports. Production for the latest 4-wk period was +74,000 bpd above a year ago while imports increased +16,000 bpd. Midwest supply continues on a trend of +90,000 bpd above the prior record high, which was last year. Stocks decreased -1 million barrels on the week. Stock levels ended the week -19% below last years' record high, and below four of the last 5-yrs.



PAD 3 stocks decreased -1.8 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 -5,000 bpd on lower production.



PADDs 4 & 5 stocks were unchanged last week. Supply increased +18,000 bpd last week on higher production. Stock levels ended the week -22% below last year and near 3-yr lows.

Emerging Trends Sharply above normal temperatures continue in the eastern ½ of the country; and are forecast to continue for the next 2-wks.

Record exports have driven an 11 million barrel draw in stocks this winter in the Gulf region, above any of the last 5-yrs. Stocks in the Gulf are now below the 5-yr mid range; even with extremely low domestic demand for heating. Look for continued weakness in prices on above average temperatures, partially offset by record stock draws for export.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

February 23, 2017

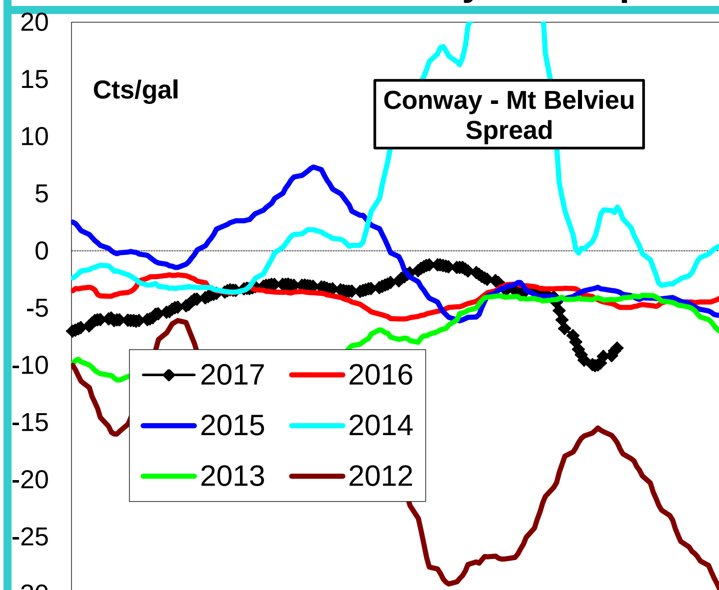
Fundamental Trends for the Week Ending: Friday, February 17, 2017

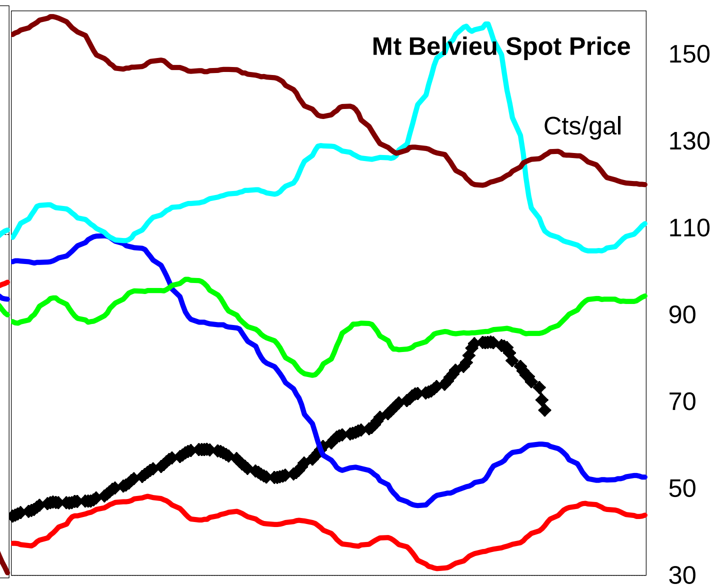
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	49,843	4,378	13,737	30,089	1,639	-3,297	-560	-967	-1,772	2
Propylene Stocks	2,868					-266				
Production	1,637	148	436	848	205	-26	-6	-33	-5	18
Imports	168	51	72	0	45	-30	-9	-21	0	0
Whsle Demand	1,218					54				

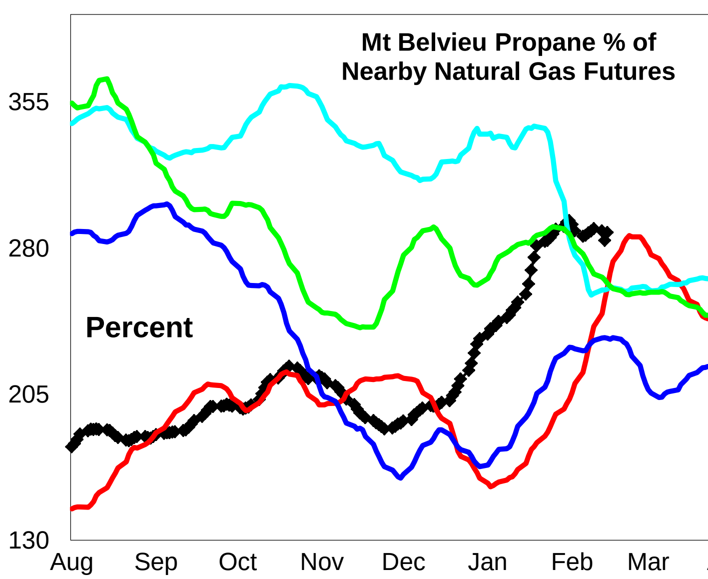
Price Trends for the Week Ending: Wednesday, February 22, 2017

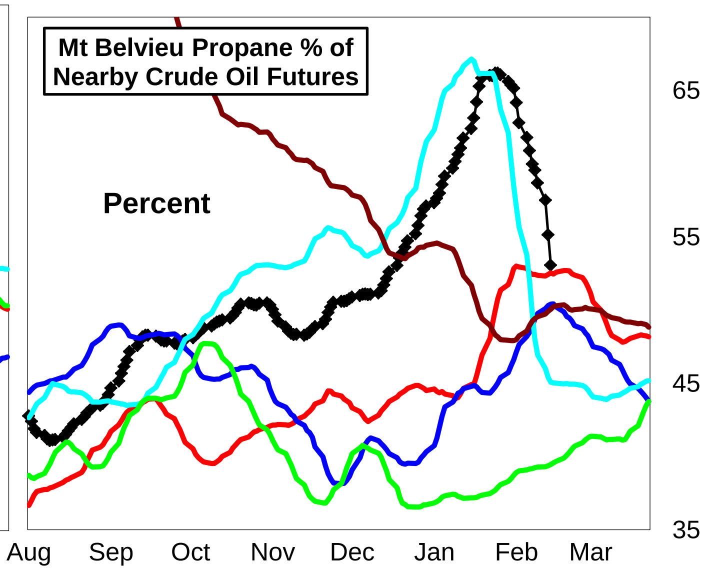
Cents/gal	Average for week ending:				Change from:			% change from:		
	2/22/17	2/15/17	1/25/17	2/26/16	2/15/17	1/25/17	2/26/16	2/15/17	1/25/17	2/26/16
Mont Belvieu Spot	71.7	79.7	78.0	40.2	-7.95	1.68	37.80	-10.0	2.1	94.0
Conway Spot	62.7	69.0	74.1	35.2	-6.30	-5.07	38.88	-9.1	-6.8	110.4

Key Price Spreads and Differentials









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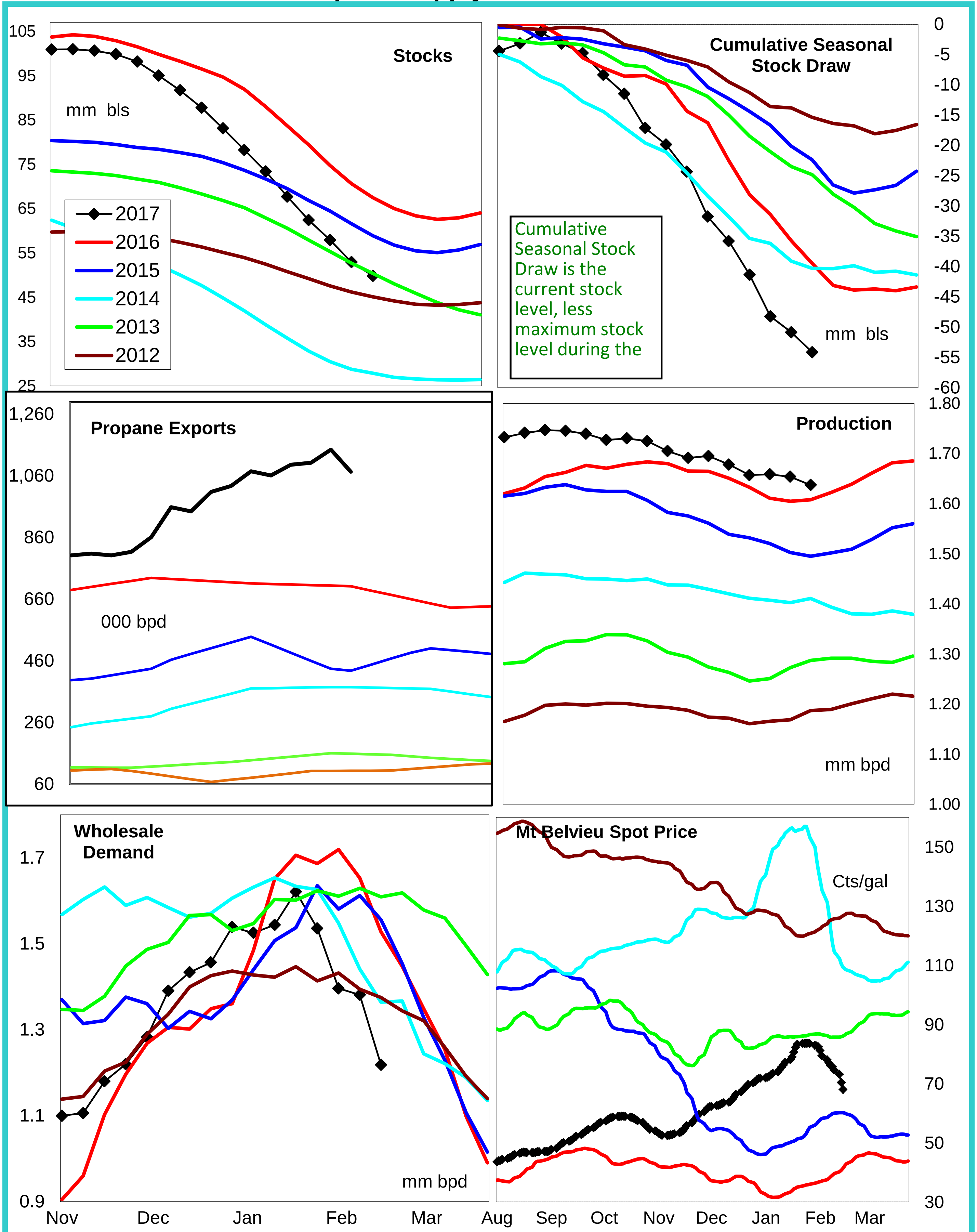
U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jan	Dec	Nov
000 bpd (000 bls stks)	-16,897	-14,695	57	50		-264	51	67	-29
% change	-25.3	37	3.6	33.1		-15.8	3.2	4.9	-2.5

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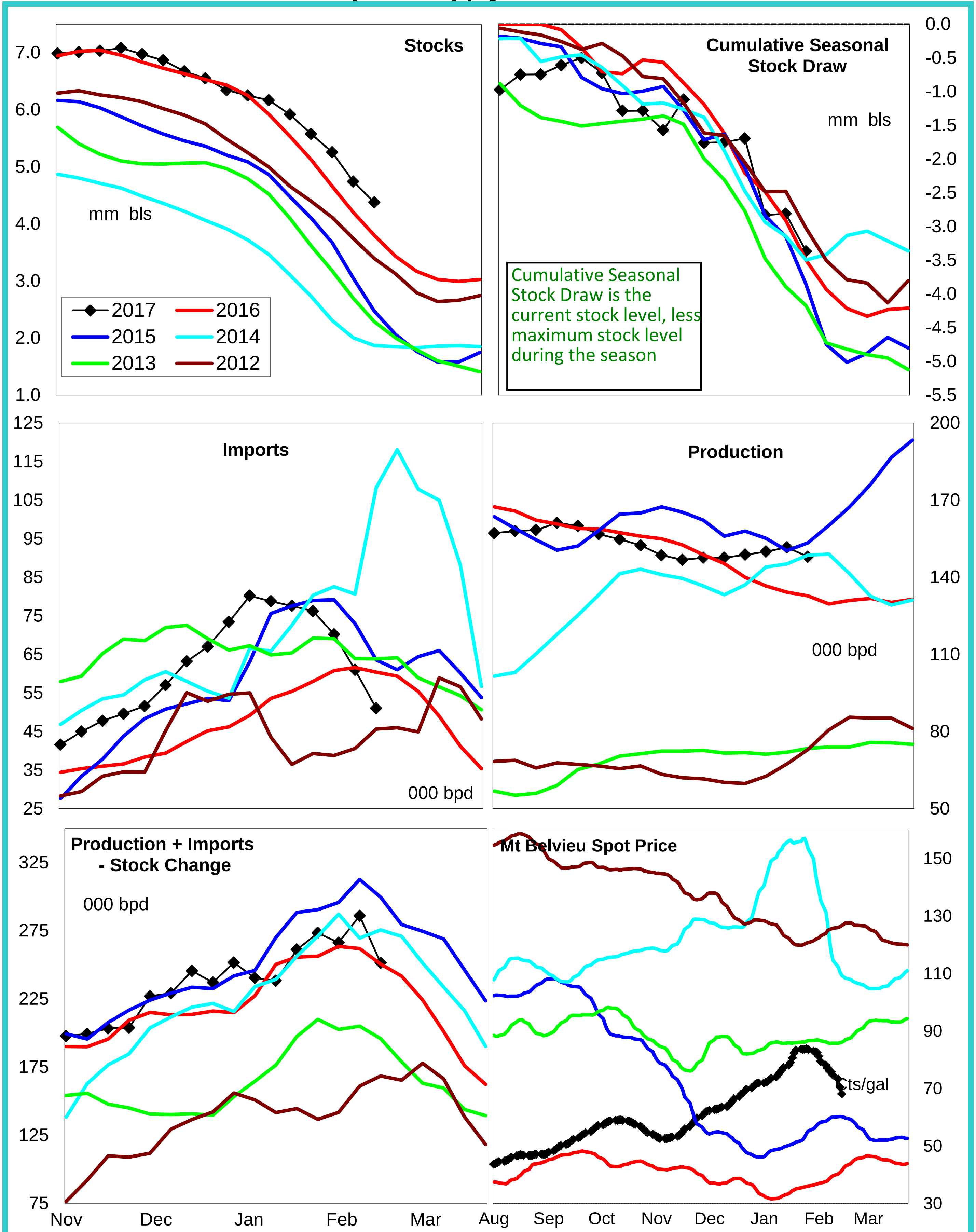
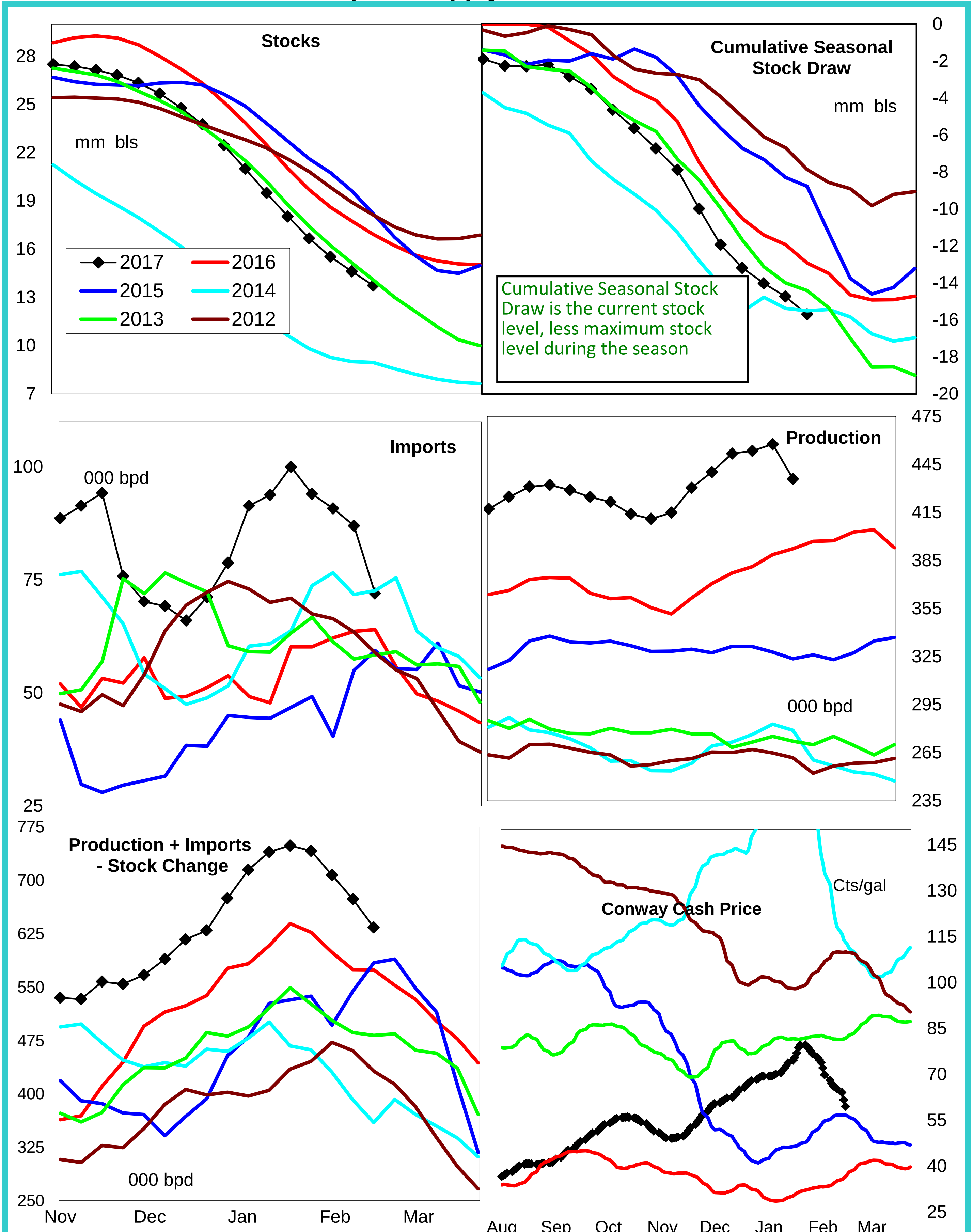
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	668	131	18	4	11
% change	18.0	-3.7	13.2	6.2	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)	-3,143	-2,780	74	16	95
% change	-18.6	21.5	19.1	23.0	16.1

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PADD 2 Propane Supply and Demand Balance

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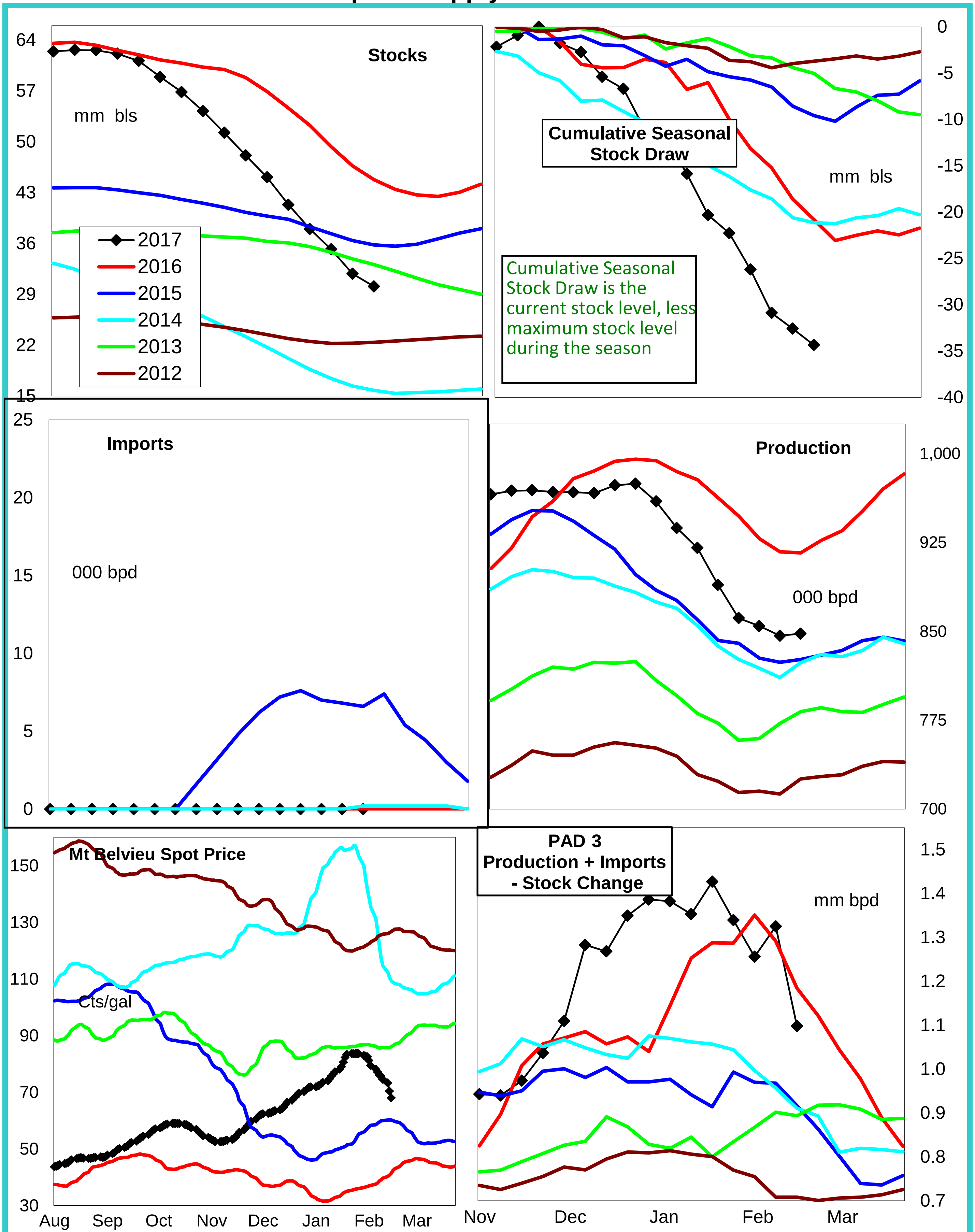
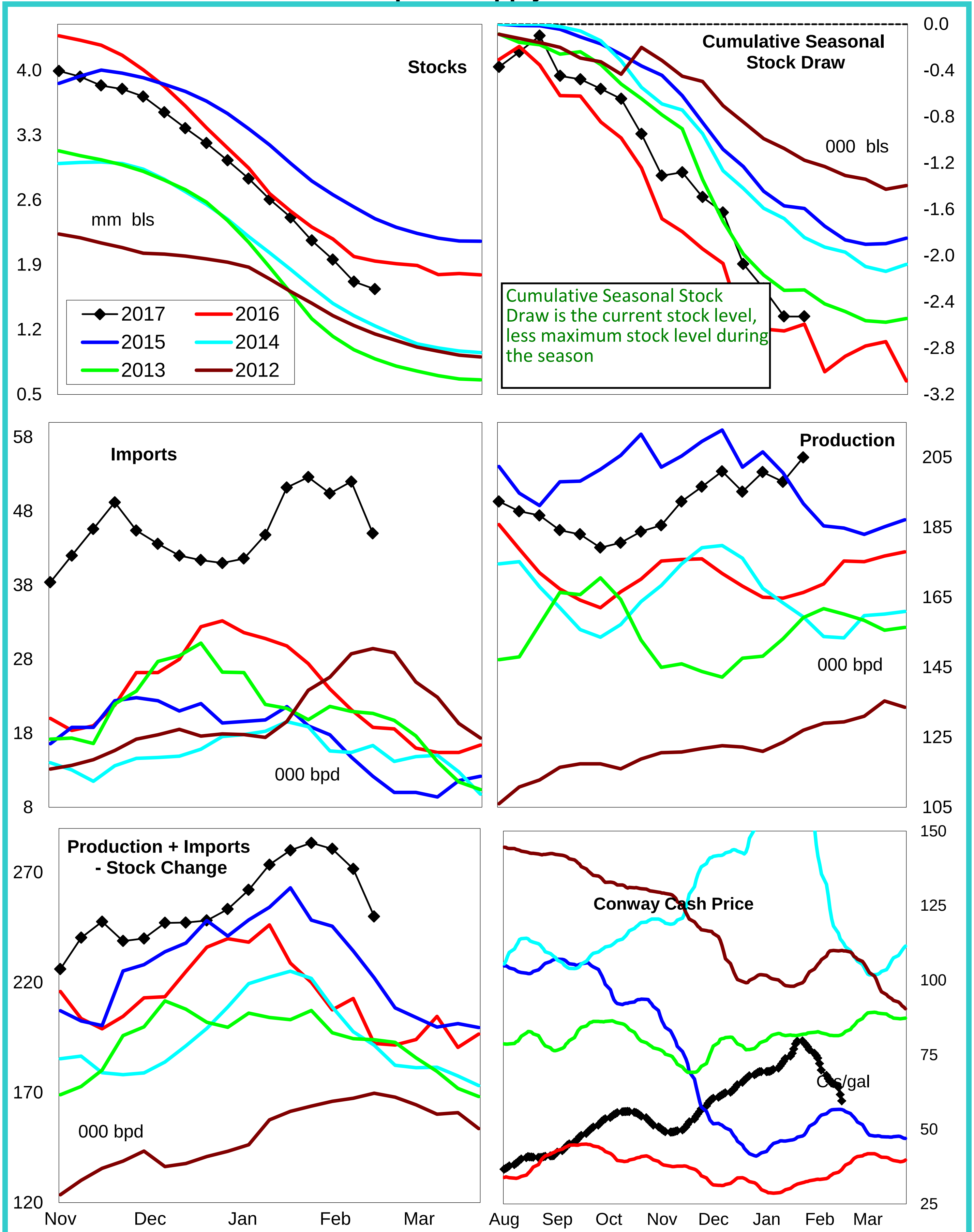
PADD 3 Propane Supply and Demand Balance



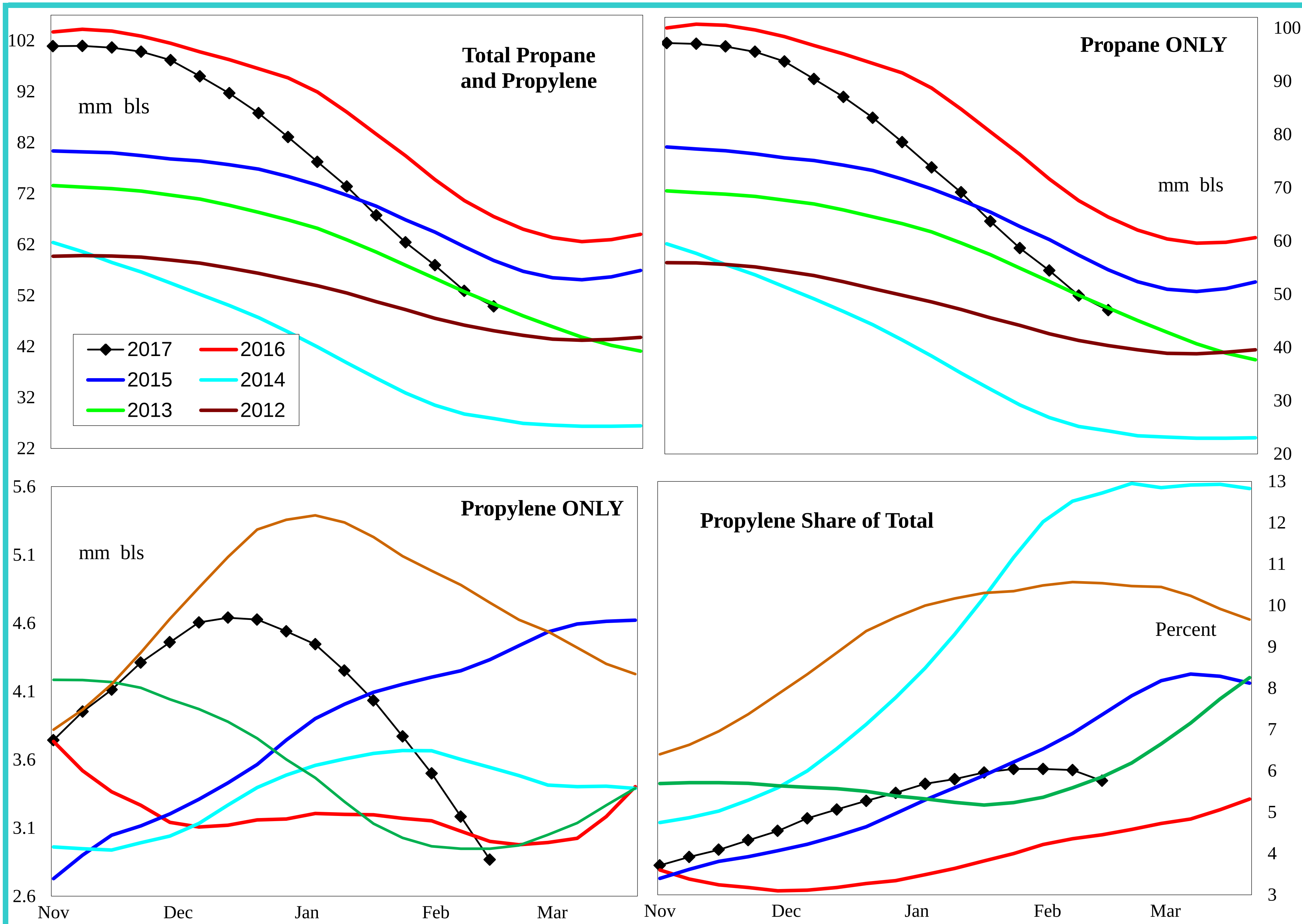
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-13,962	-13,556	-71	0	-24
% change	-31.7	65	-7.7	#DIV/0!	-1.9

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)	-460	67	37	31	63
% change	-21.9	-2.6	22.5	135.6	30.4

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-16,897	-16,638	-134
% change	-25.3	-26.2	-4.5

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