



WEEKLY PROPANE MARKET UPDATE

April 13, 2022

HIGHLIGHTS

- » The propane to WTI Cushing ratio fell to 54% over the last week, the low end of the recent range as propane prices declined more than crude oil
- » The EIA reported today that total U.S. inventories built by almost 1 million barrels, well above industry estimates
- » EIA reported propane exports were very strong for the week at about 1.6 MMb/d, the highest level since the week of November 8, 2021

MARKET OVERVIEW

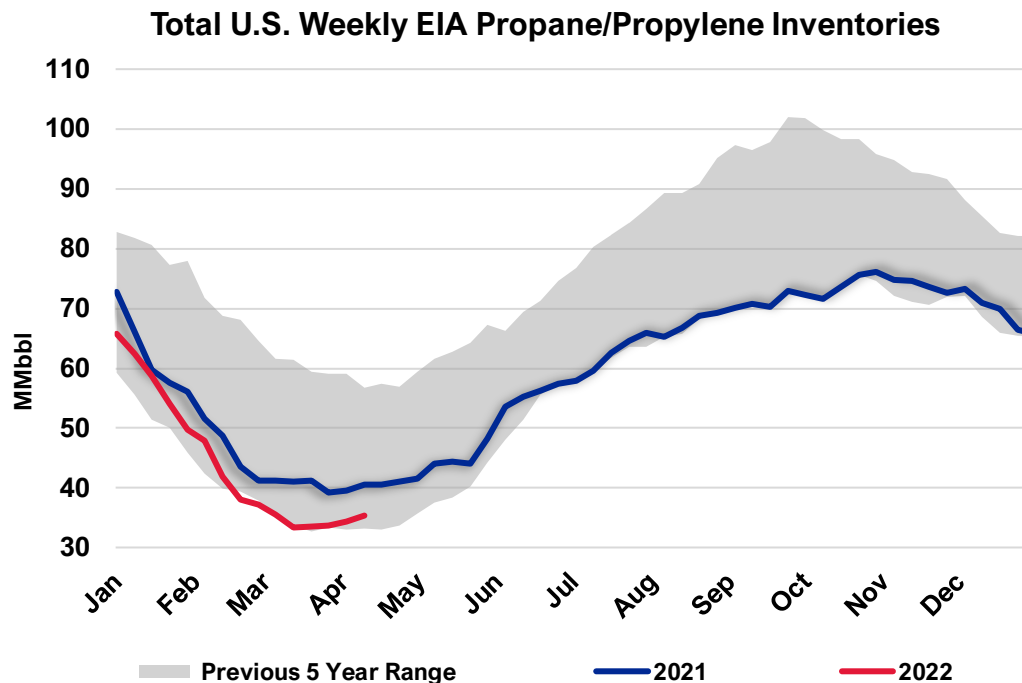
The price of propane has been anything but stable lately, falling sharply by 10 c/gal last week to \$1.25/gal, bouncing back up to \$1.30/gal yesterday. With the extreme volatility in crude oil buffeted by the Russia-Ukraine war situation, we expect propane prices to follow every blip in the crude market- which likely means a bumpy ride for spring propane.

So far during April, propane prices have been weaker than crude oil and the ratio to WTI Cushing has fallen from 58% at the start of the month to 54% this week. The forward curve expects propane to hold around 55% of WTI through the injection fill season.

ANALYSIS & INSIGHTS

The EIA report for the week ending April 8th shows propane inventories building by 984 Mbbbl to 35.4 MMbbl. Industry expectations were for a much smaller build which OPIS estimated at 91 Mbbbl. Total U.S. inventories are now above the 5-year minimum by 2 MMbbl and 5.2 MMbbl below 2021.

Figure 1

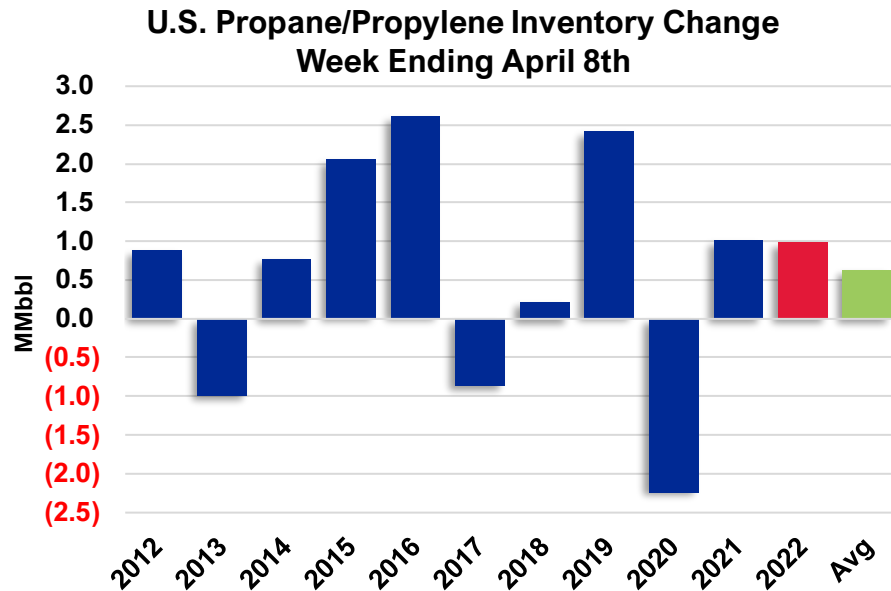


PADD level inventory changes were up for the week except for PADD 1. We saw PADD 1 inventories grow over the last three weeks however inventories fell this week. PADD 3 (Gulf Coast) inventories had the largest increase for the week. Inventories moved up by 1.5 MMbbl to 20.9 MMbbl, or 351 Mbbbl higher than the 5-year minimum. Compared to last year, PADD 3 inventories are 4 MMbbl below 2021.

PADD 2 (Midwest) inventories increased by 329 Mbbbl which moved inventories 76 Mbbbl above the 5-year minimum. Inventories remain below 2021 by 746 Mbbbl.

PADD 1 (East Coast) had a drop of 908 Mbbbl bringing inventories to the same levels as 2021. Inventories continue to be above the 5-year minimum by 582 Mbbbl. PADD 4

Figure 2



(Rocky Mountain) plus PADD 5 (West Coast) inventories increased by 112 Mbbbl and remain below the 5-year maximum by 440 Mbbbl.

Production fell slightly by 24 Mb/d to 2,423 Mb/d. Exports continue to maintain robust levels rising by 359 Mb/d to 1,570 Mb/d. Imports had a small decline of 44 Mb/d to 116 Mb/d. Product supplied slumped by 442 Mb/d to 829 Mb/d.

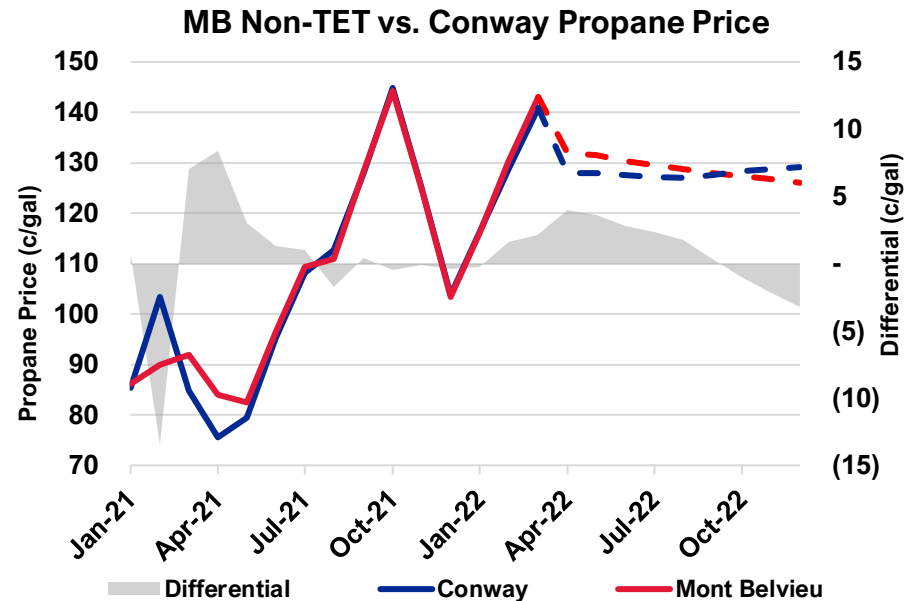
Propane Inventory Change

The change in stocks for the week ended April 8th (red bar, Figure 2) of 984 Mbbbl was above the average for this week of the year (green bar). The inventory build was relatively robust for the second week of the injection season.

MB Non-TET vs Conway Price

Figure 3 shows average monthly Mont Belvieu (red line) propane prices and Conway (blue line) prices since January 2021 to date on the left axis. The grey area is the differential on the right axis. For most of the winter season,

Figure 3



the monthly prices were essentially equal, with Mont Belvieu moving to a premium in early February. The forward curve (dashed red and blue lines) indicates that Mont Belvieu will continue trade at a small premium until the start of the 2022-2023 winter propane season.

Days of Supply

Figure 13 shows days supply using EIA’s methodology dividing the level of stocks by the four-week average of “product supplied,” a surrogate statistic representing domestic demand. On that basis, days supply is up to about 29 days, essentially equal to 2021 and 4 days above the five-year low of this metric.

Figure 14 is an alternative calculation that divides stocks by product supplied plus exports, and shows only 15 days of inventory, about 2 days below the five-year minimum. The bottom line is the market remains tight as inventories are low and exports continue to be robust.

U.S. PROPANE INVENTORIES BY PADD

Figure 4

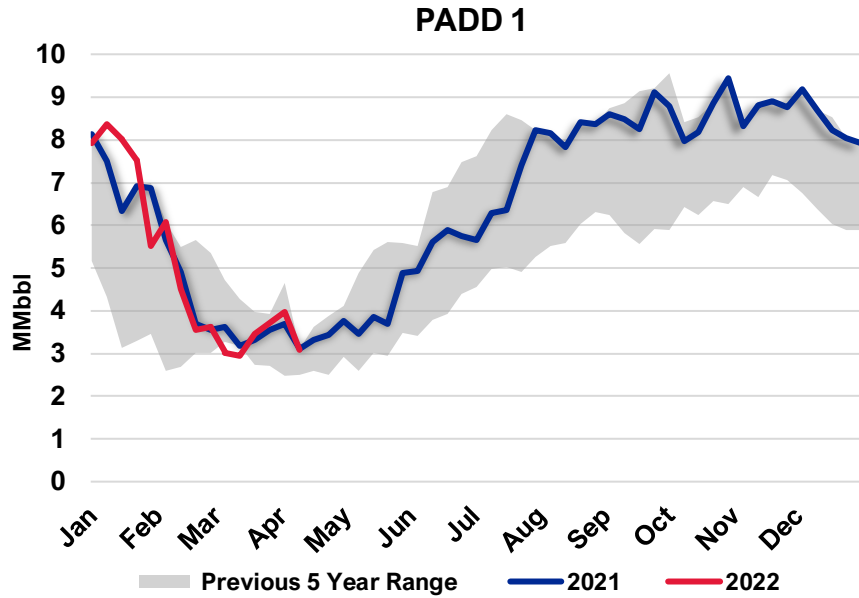


Figure 5

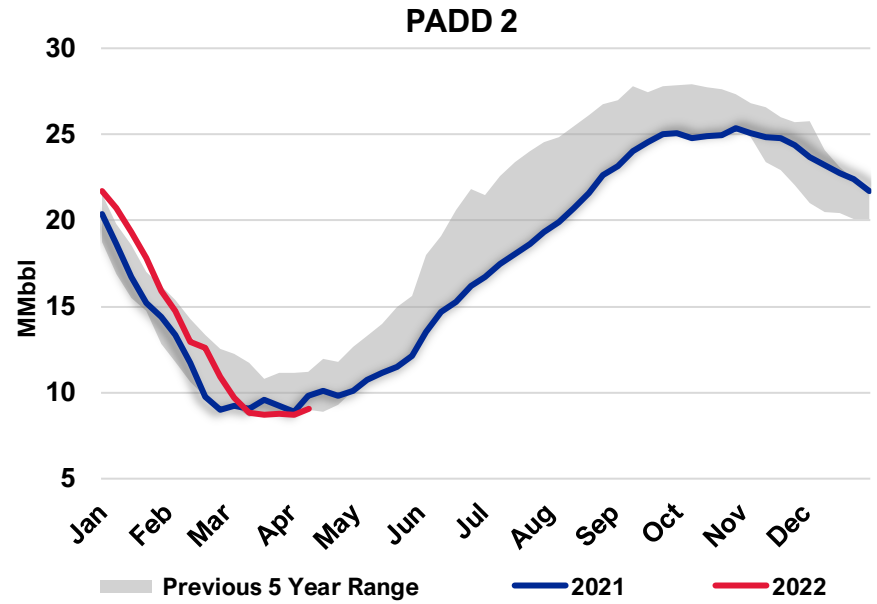


Figure 6

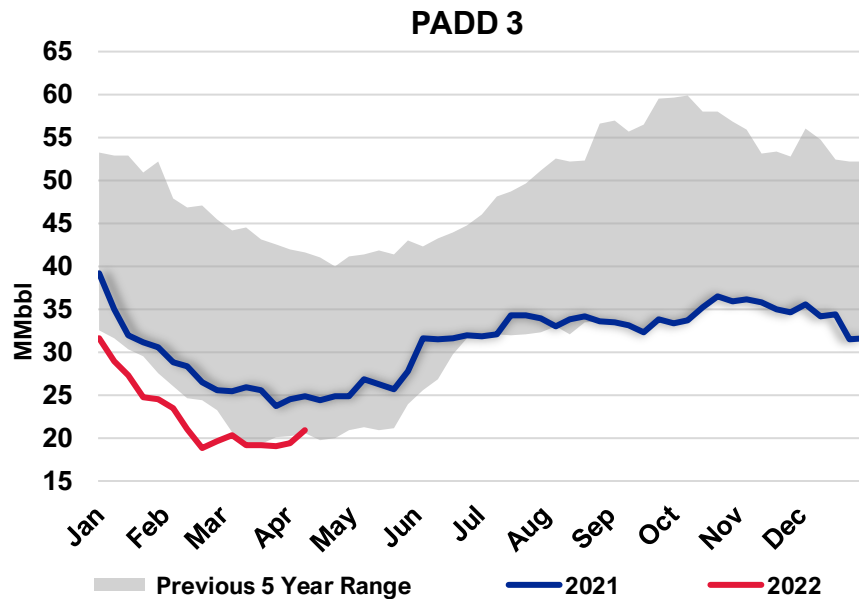


Figure 7

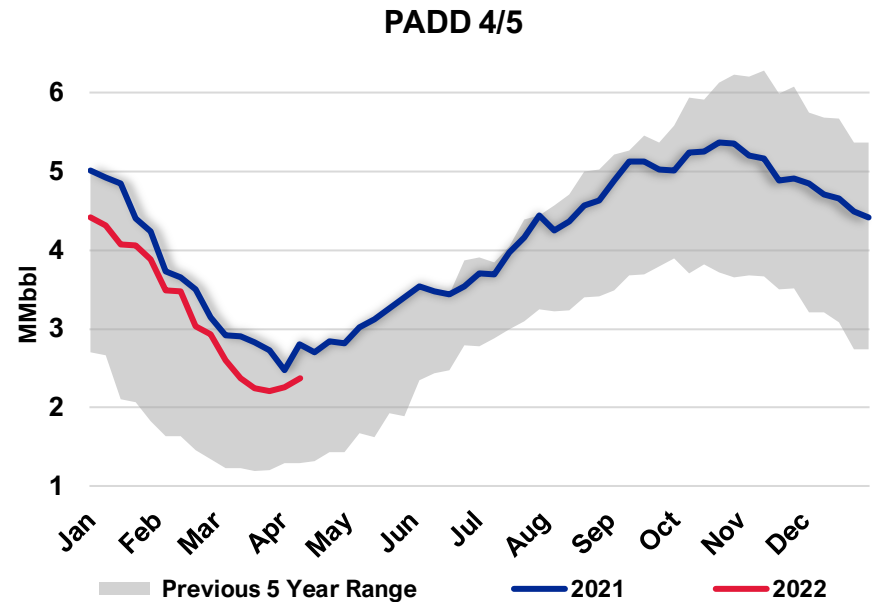


Figure 8

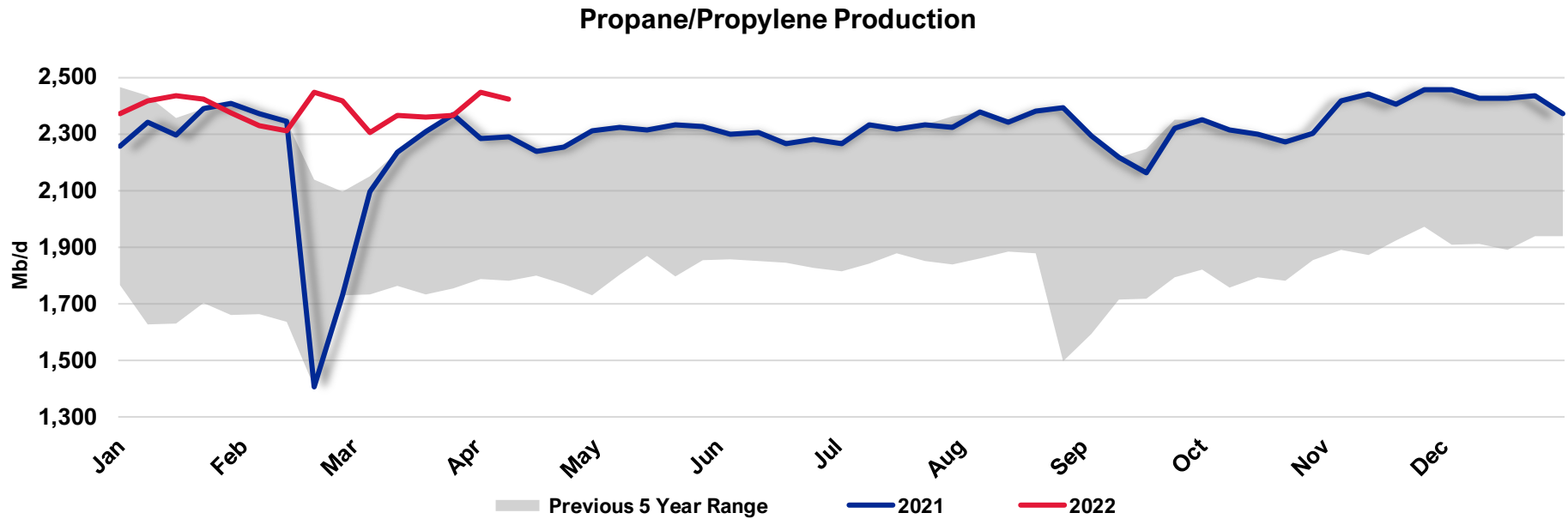


Figure 9

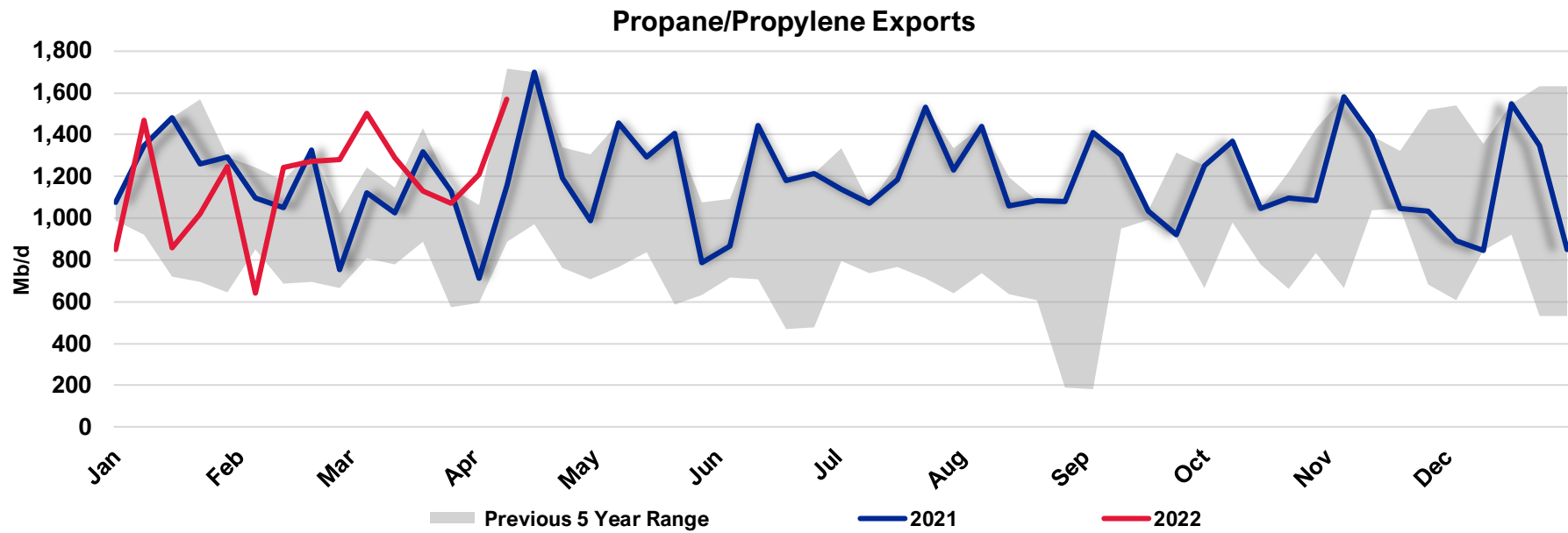


Figure 10

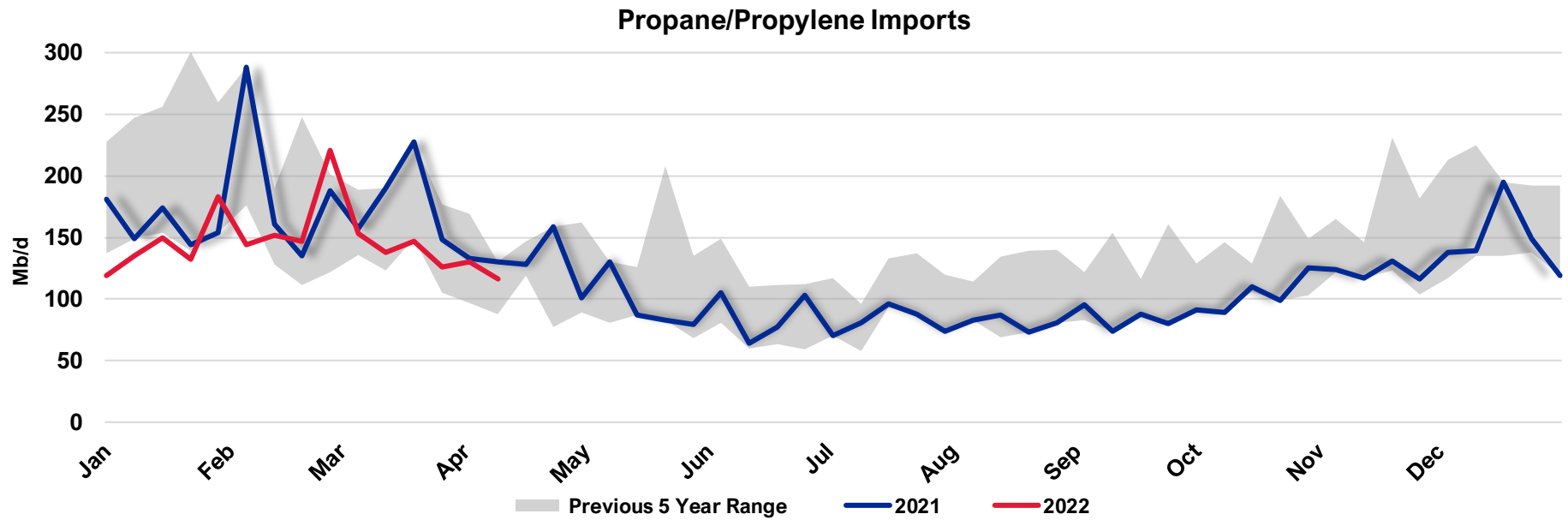


Figure 11

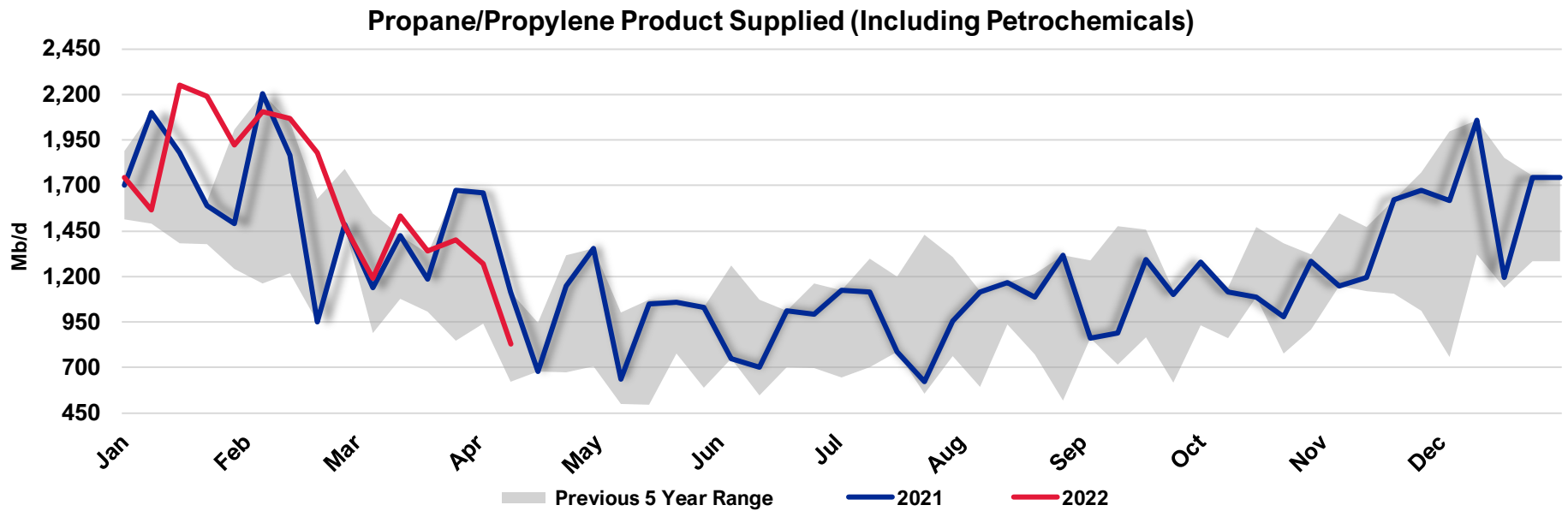


Figure 12

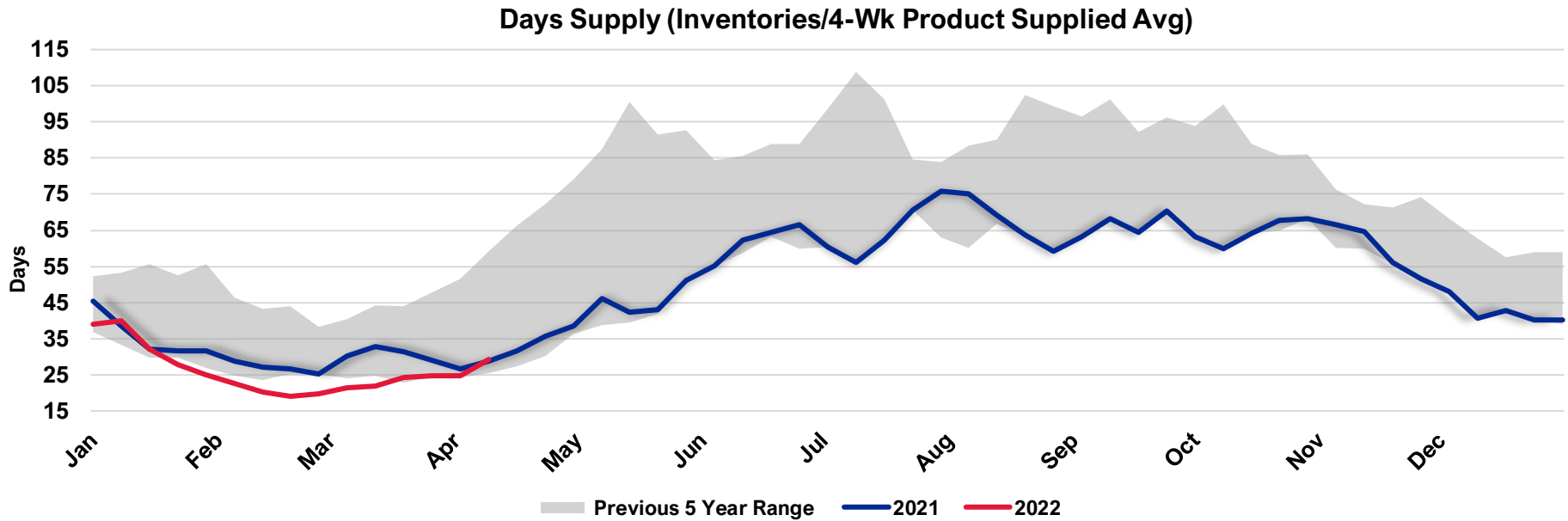
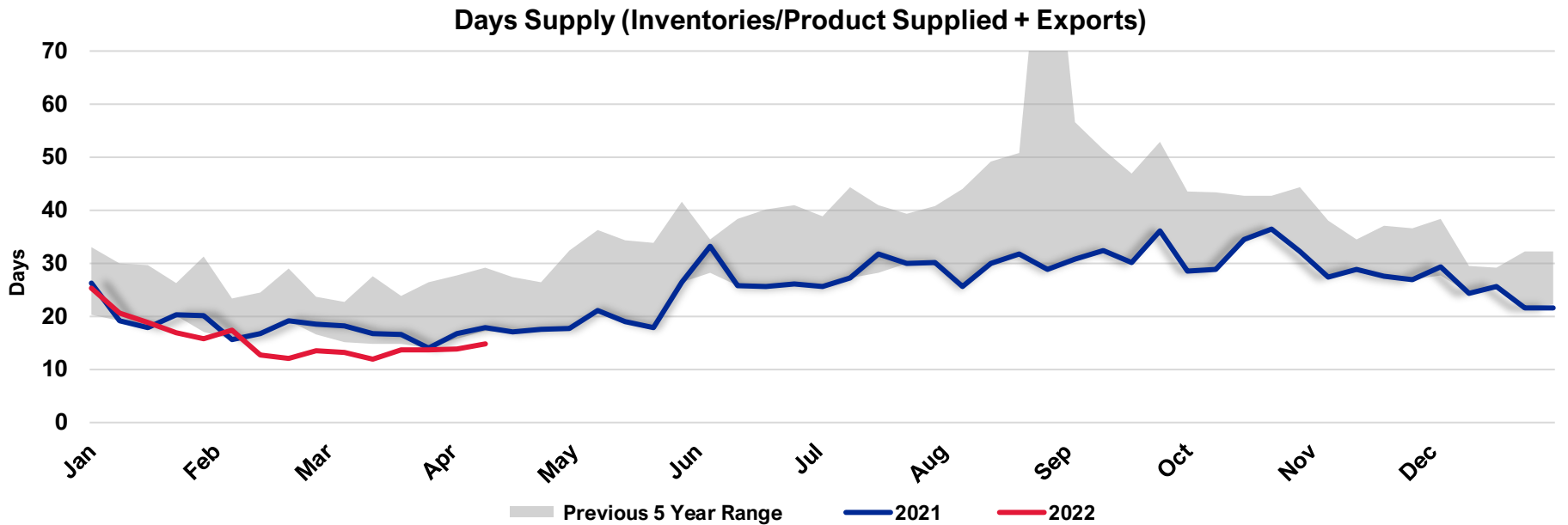


Figure 13



DISCLOSURE: This report is provided for the exclusive use of the Subscribing Customer. It is not permissible to make copies of this report for distribution to anyone who is not a Subscribing Customer. RBN Energy (the “Company”) is not an investment advisor. The Company does not provide investment, financial, tax, or other advice, nor does the company operate as a broker-dealer. The Company does not recommend the purchase or sale of any particular securities. The data and information in this report may be wrong. This report has been prepared using information derived from publicly available data sourced primarily from internet websites including www.eia.gov, press releases, and media reports. The topics covered are subject to continuous revision. Some of these revisions may not be reported publicly. Some of the reported information used in this report may be erroneous. Accordingly, this report is subject to errors and inaccuracies. You should not rely on any information provided in this report as the basis for any decision or conclusion regarding the topics covered by this report. The information and data in this report are provided on an “as is” basis. The Company makes no warranties as to the accuracy or completeness of any information or data in this report. The Company shall not be liable for any loss or damage arising from any party’s reliance on the contents of this report and the Company disclaims any and all liability related to the use of this report to the full extent permissible by law, whether based on warranty, contract, tort or any other legal theory. By using this report, you acknowledge and agree that you, and not the Company are solely responsible for your own investment research and decisions. You further agree that the Company assumes no responsibility or liability for your trading and investment results, and you agree to hold the Company harmless for any such results or losses.