



## WEEKLY PROPANE MARKET UPDATE

April 5, 2023

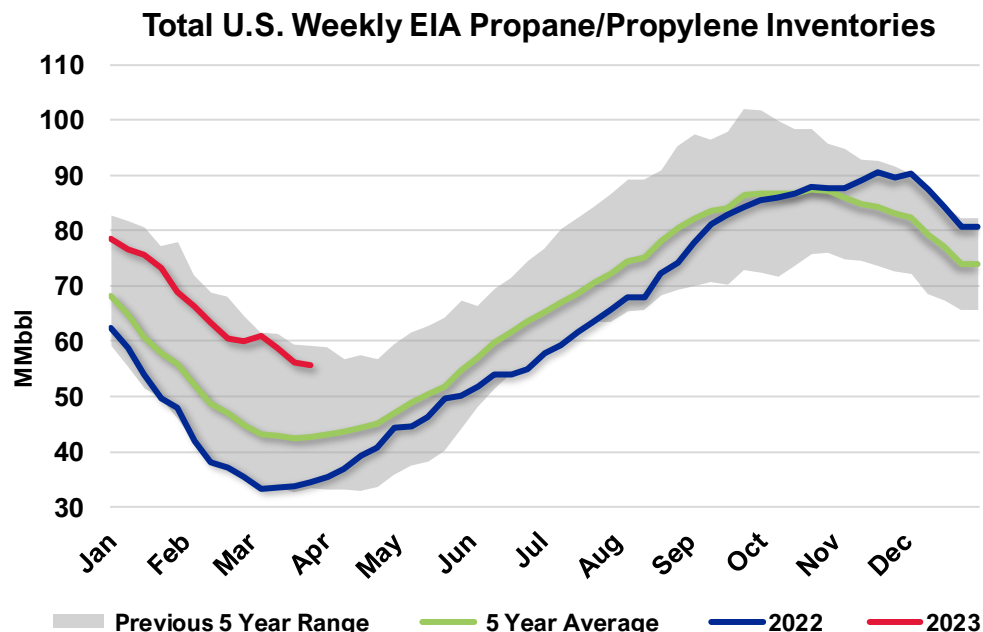
### HIGHLIGHTS

- » Total U.S. propane/propylene inventories declined by 535 Mbbl for the week ended March 31, the EIA reported, which was slightly below industry expectations for a withdrawal of 900 Mbbl but stood in contrast to the 116 Mbbl average build for the week. Total U.S. propane stocks are now at 55.7 MMbbl, which is 13.1 MMbbl, or 31%, above the 5-year average.
- » Crude oil prices surged during the week as OPEC announced surprise production cuts totaling more than 1.1 MMbbl/d. WTI settled at \$80.71/bbl on April 4, up \$7.51/bbl from March 28. Propane prices rose less than crude, with Mont Belvieu non-TET rising to 83.4 c/gal on April 4, up 4.7 c/gal from March 28. The propane-to-WTI ratio fell by 2 percentage points from last week to 43%.
- » Weekly exports of propane reported by the EIA were much weaker at 1.31 MMbbl/d, down 488 Mbbl/d from the previous week and well below the four-week average of 1.67 MMbbl/d.
- » Total U.S. production of propane/propylene increased by 46 Mbbl/d to 2,416 Mbbl/d as PADD 3 production rose by 35 Mbbl/d.

### MARKET OVERVIEW

Mont Belvieu propane prices were higher over the past week, increasing by 4.7 c/gal, or 6%, to settle at 83.4 c/gal on April 4. WTI prices were also stronger, rising by \$7.51/bbl, or 10.3%, to \$80.71/bbl over the same period, which pushed down the propane-to-WTI ratio by 2 percentage points to 43%. The current ratio is below the 53% average recorded in April 2022. The forward propane-to-WTI ratio for May-July 2023 was down 1 percentage point from last week to 44%.

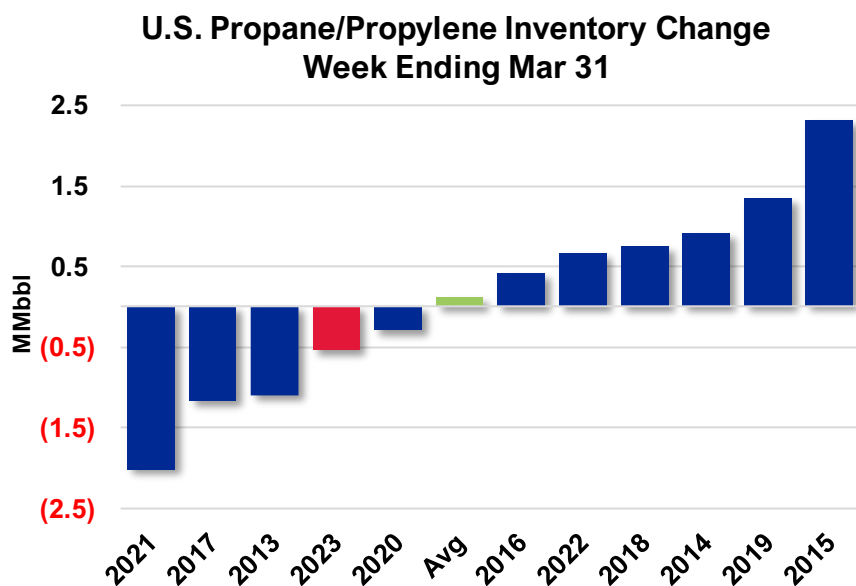
Figure 1



### ANALYSIS & INSIGHTS

According to OPIS, propane inventories were expected to decline by 900 Mbbl, the average of industry expectations for the week ended March 31. In today's EIA report, U.S. propane inventories fell by 535 Mbbl, a difference of about 365 Mbbl. Total U.S. propane stocks declined to 55.7 MMbbl. Inventories are 21.3 MMbbl, or 62%, above the same week in 2022 and 3.4 MMbbl below the 5-year maximum. Regional inventory changes show PADD 1 was steady and PADD 3 increased while PADD 2 and PADD 4/5 declined.

Figure 2



**ANALYSIS & INSIGHTS (continued)**

PADD 3 (Gulf Coast) propane inventories grew by 544 Mbbl. Total inventories for the region are now 36.9 MMbbl. Gulf Coast propane inventories are 17.5 MMbbl, or 91%, above 2022 and 5.5 MMbbl below the 5-year maximum. Compared to the 5-year average for the region, inventories are 9.1 MMbbl higher, or 33% more than the average.

PADD 2 (Midwest) inventories fell by 626 Mbbl for the week, bringing total inventories to 11.8 MMbbl. Inventories are 3.1 MMbbl, or 35.6%, over 2022 and 1 MMbbl above the 5-year maximum.

PADD 1 (East Coast) stocks were unchanged for the week. Total inventories for the region remain at 4.7 MMbbl, which is 763 Mbbl, or 19%, over 2022 and 763 Mbbl more than the 5-year maximum. Inventories are 1.2 MMbbl above the 5-year average.

PADD 4 (Rocky Mountain) plus PADD 5 (West Coast) stocks decreased by 454 Mbbl for the week. Total stocks are at 2.1 MMbbl, which is 208 Mbbl above the 5-year average.

Total U.S. production grew slightly by 46 Mbbl/d to 2,416 Mbbl/d. PADD 3 production was up 35 Mbbl/d to 1,448 Mbbl/d but remains well below the early December peak rate. Exports fell by 488 Mbbl/d to 1,314 Mbbl/d, well below the 4-week average of 1,669 Mbbl/d. Imports decreased by 50 Mbbl/d to 122 Mbbl/d as volumes into PADD 2 and PADD 4/5 fell by 24 Mbbl/d and 16 Mbbl/d, respectively. Product supplied rose by 210 Mbbl/d to 1,301 Mbbl/d.

**Propane Inventory Change**

The decrease in stocks for the week ended March 31 (red bar, Figure 2) of 535 Mbbl was about 650 Mbbl less than the average increase of 116 Mbbl (green bar).

**MB Non-TET vs Conway Price**

The Conway propane OPIS spot price relative to Mont Belvieu narrowed by 1.1 c/gal from last week, trading at a 2.5 c/gal discount as of April 4. The forward-price differential between Mont Belvieu and Conway was relatively unchanged with Mont Belvieu trading at a 2.4 c/gal premium over Conway for May 2023.

**Days of Supply**

Figure 13 shows days of supply using the 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, supply is at about 54 days, 29 days higher than the same week in 2022 and six more days than the 5-year high.

Figure 14 is an alternative calculation that divides stocks by product supplied plus exports and indicates only 21 days of inventory, which is seven days more than 2022 and five days less than the 5-year high for this metric. Including exports clearly makes a significant difference in the days-of-supply calculation.

Figure 3

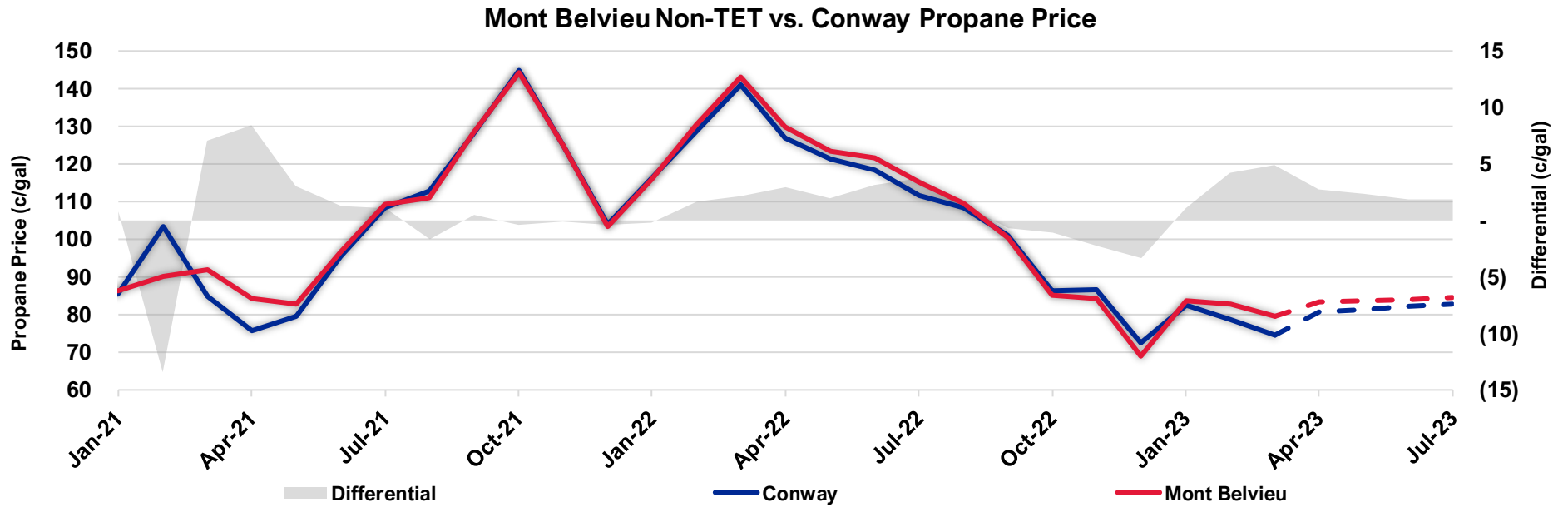
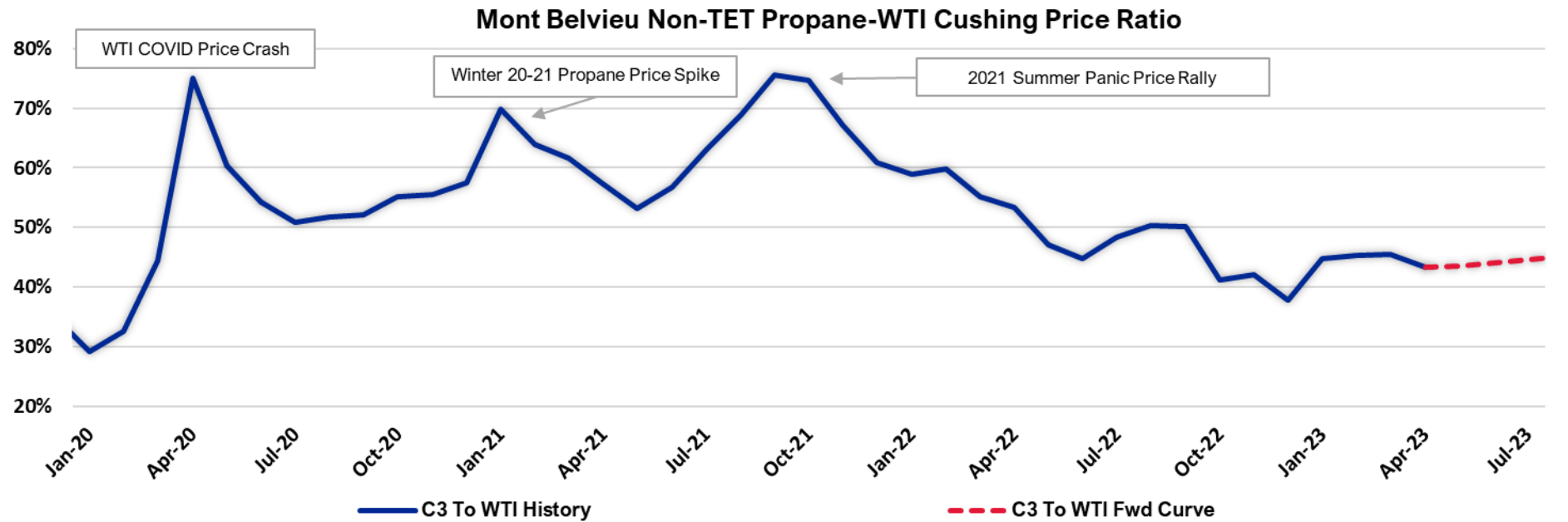


Figure 4



# U.S. PROPANE INVENTORIES BY PADD

Figure 5

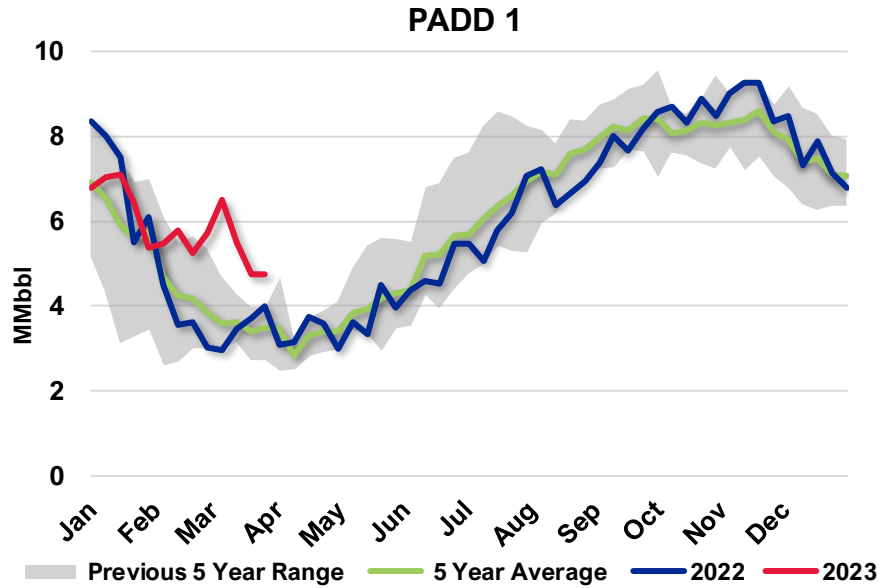


Figure 6

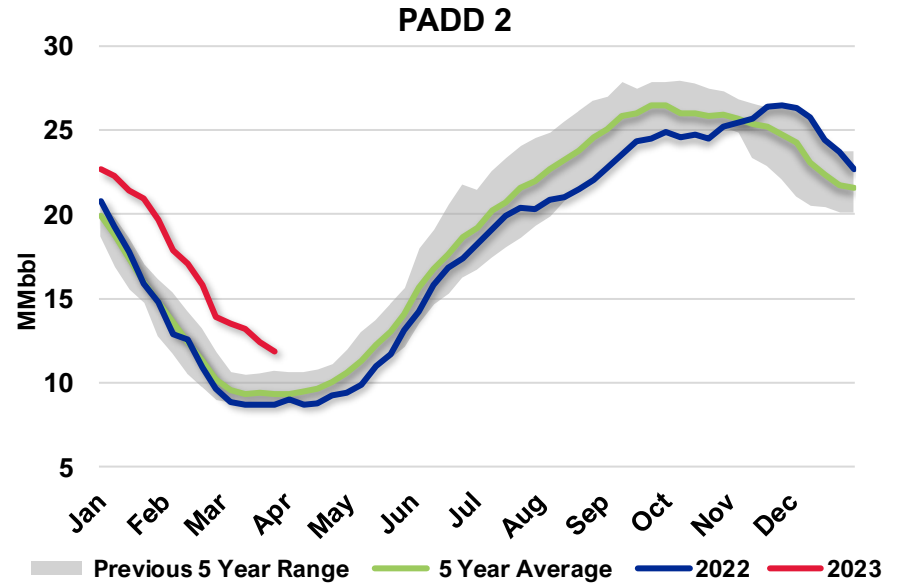


Figure 7

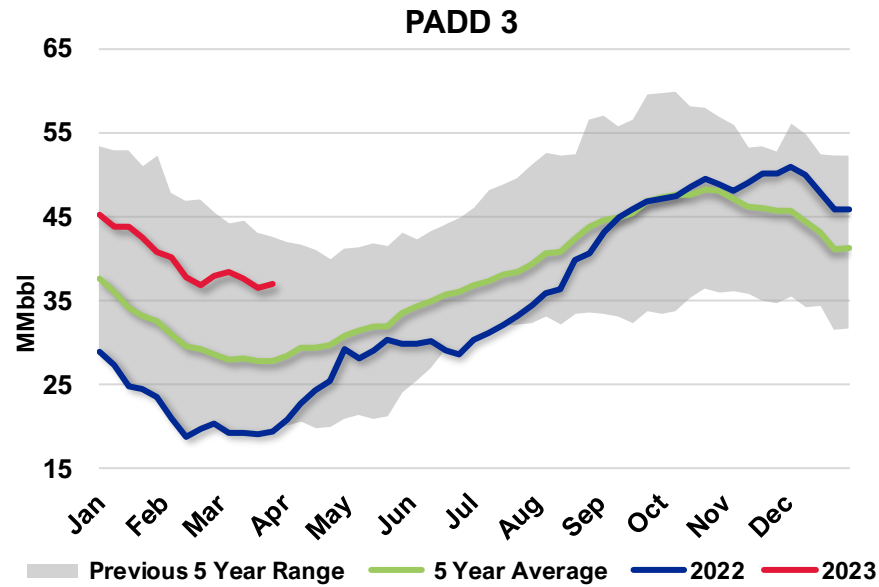


Figure 8

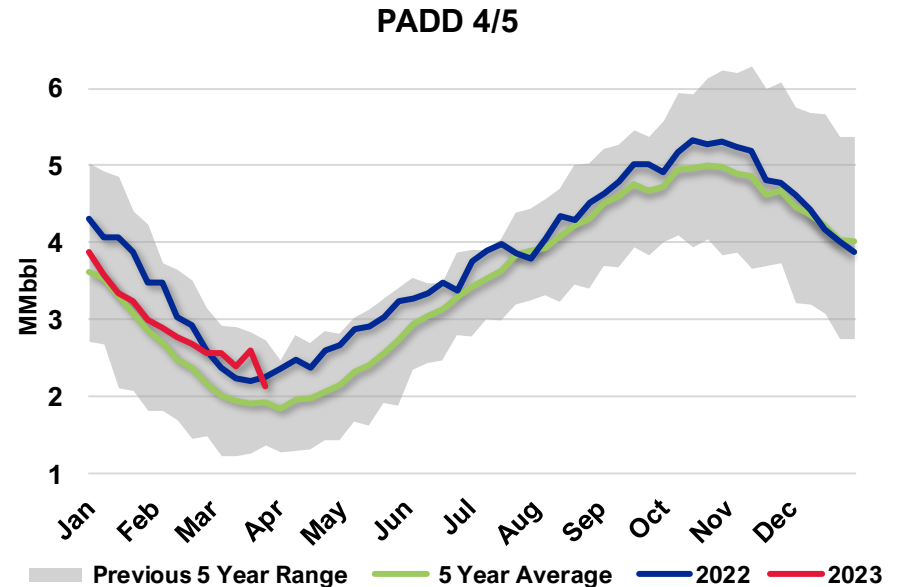


Figure 9

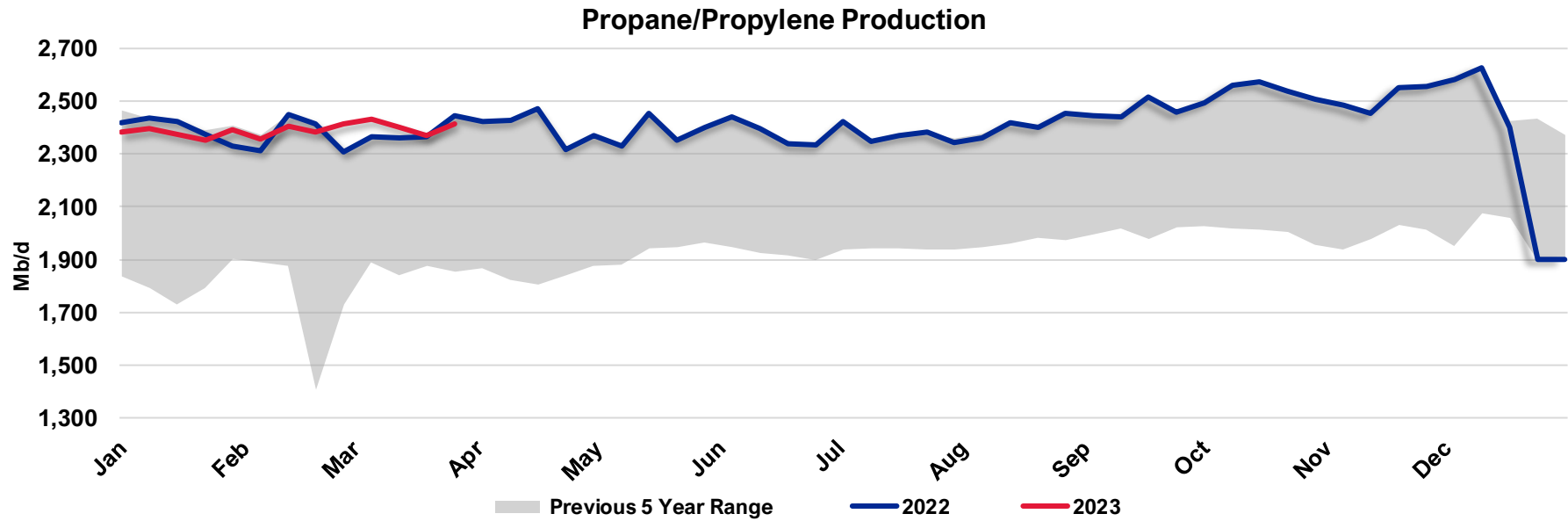


Figure 10

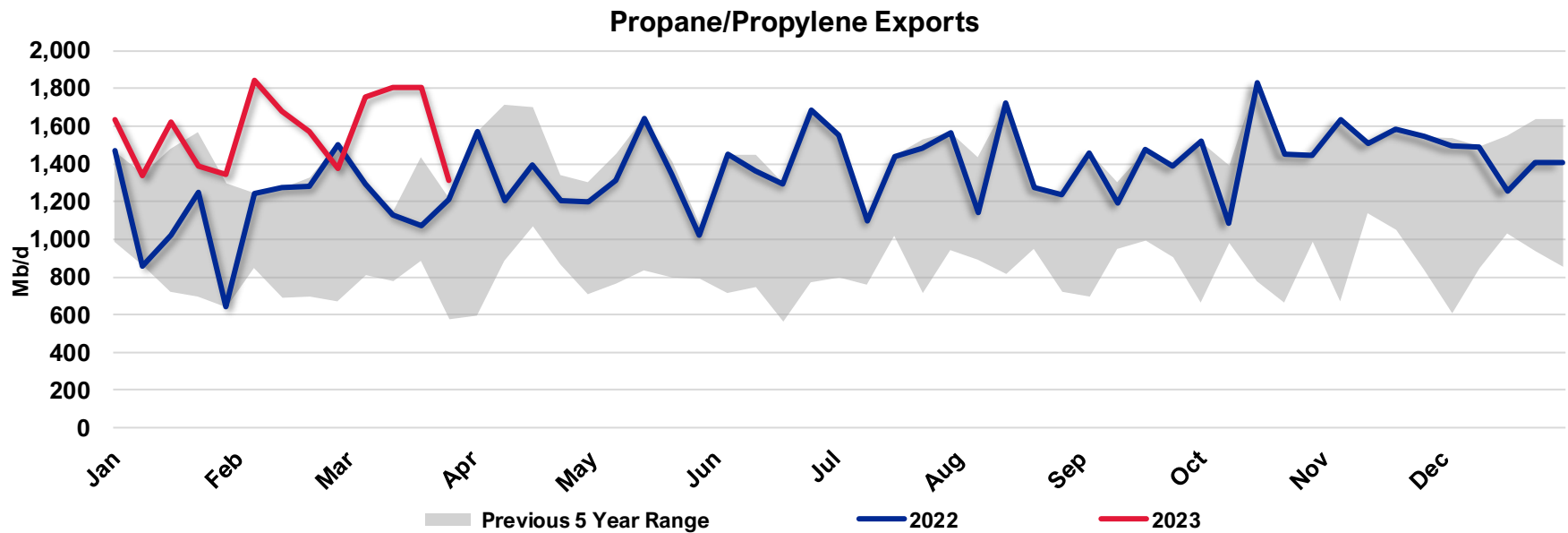


Figure 11

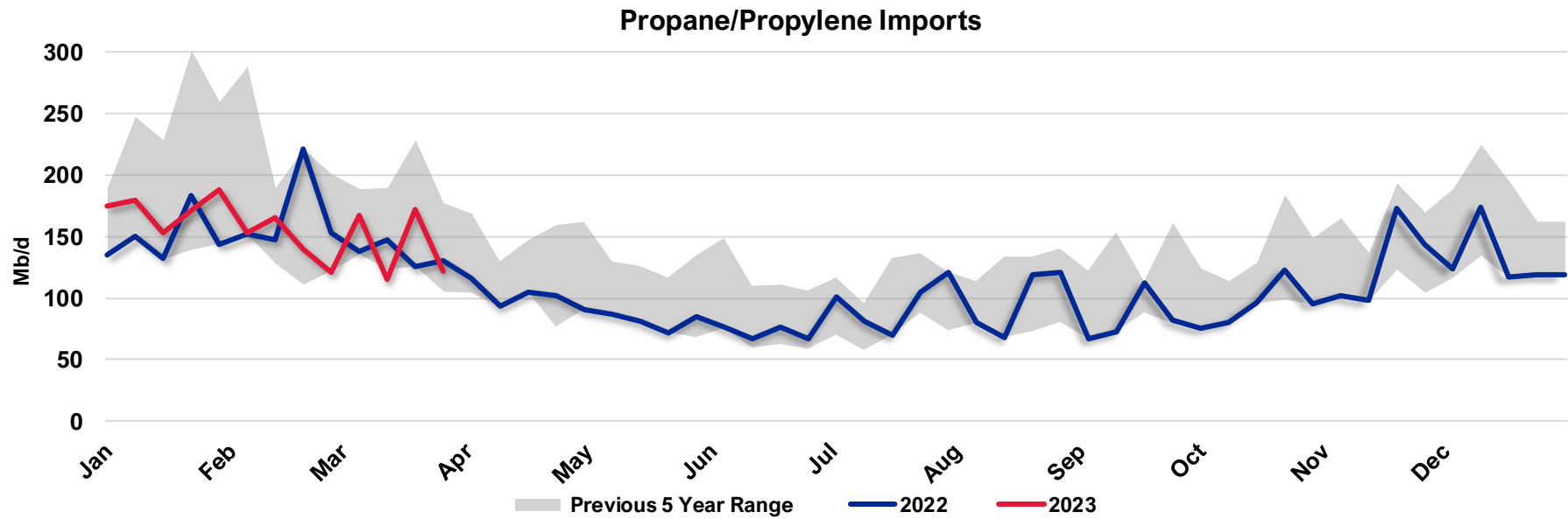


Figure 12

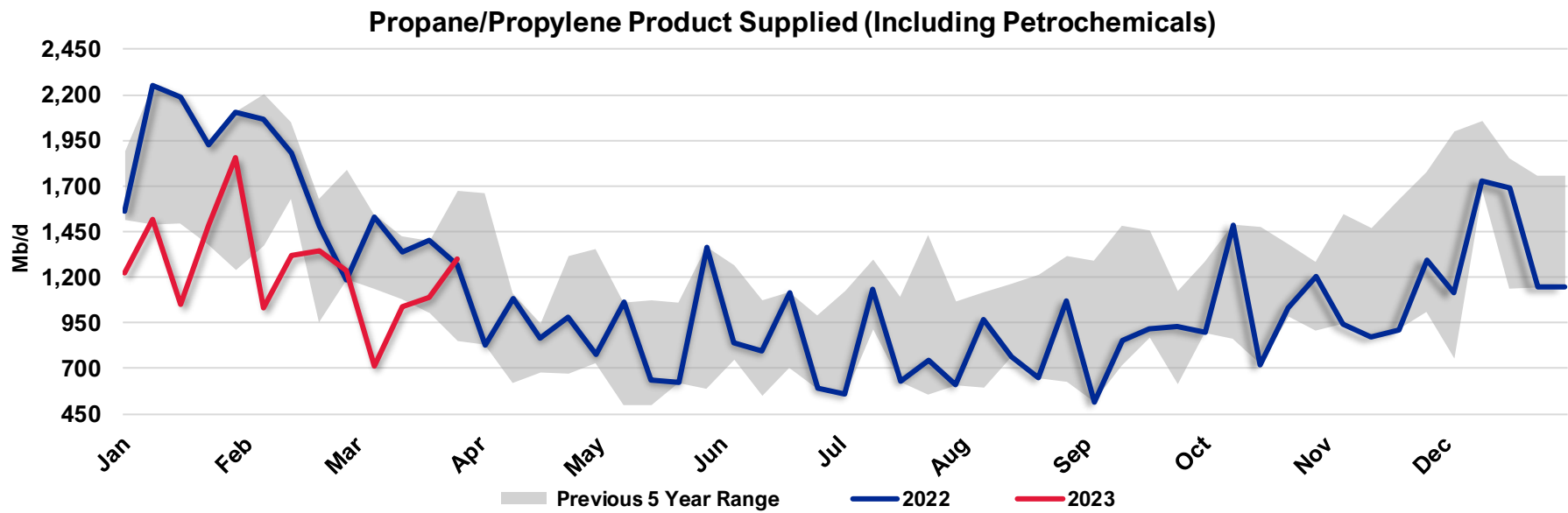


Figure 13

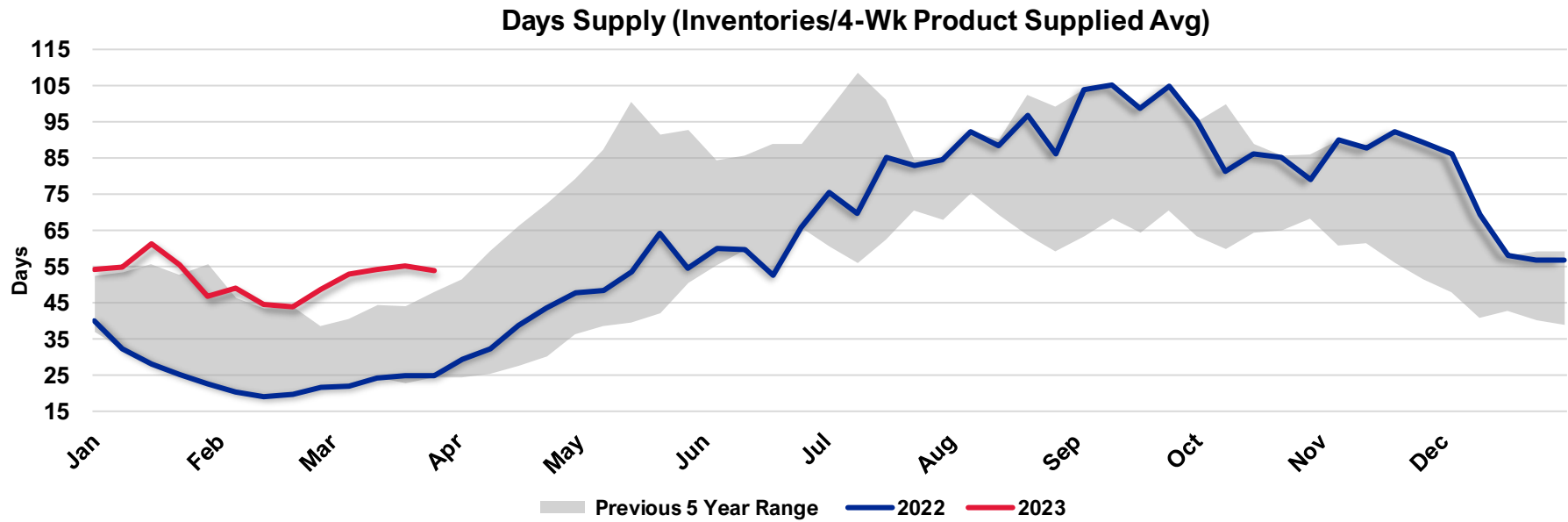
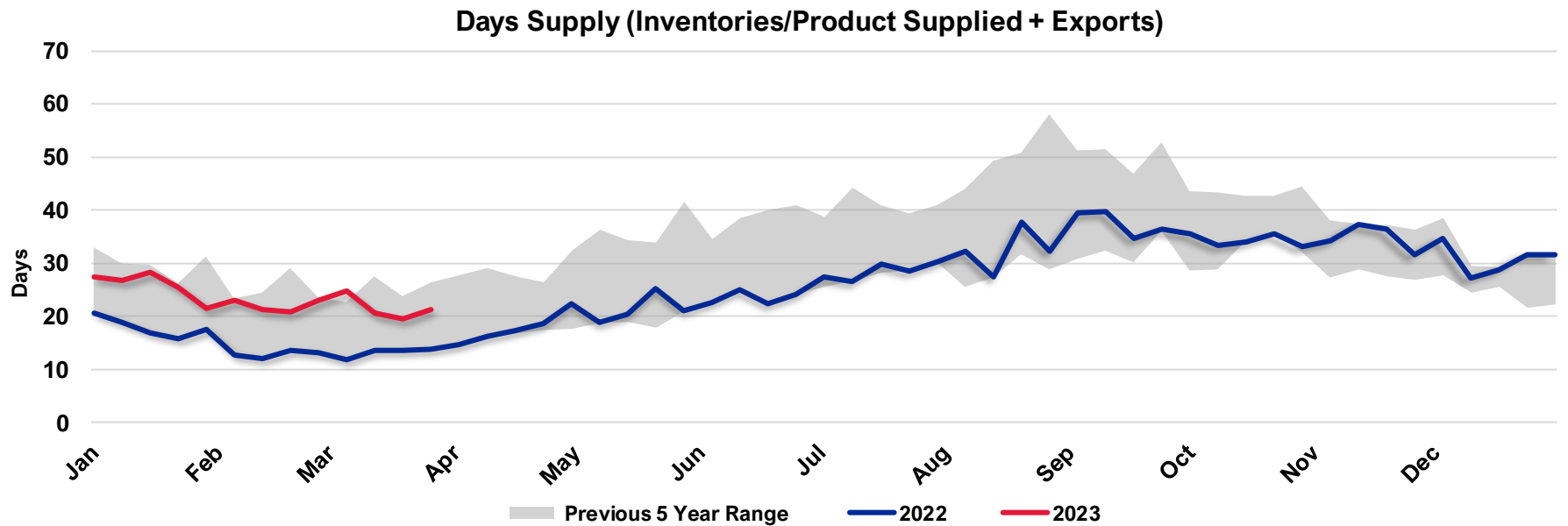


Figure 14



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