



WEEKLY PROPANE MARKET UPDATE

April 19, 2023

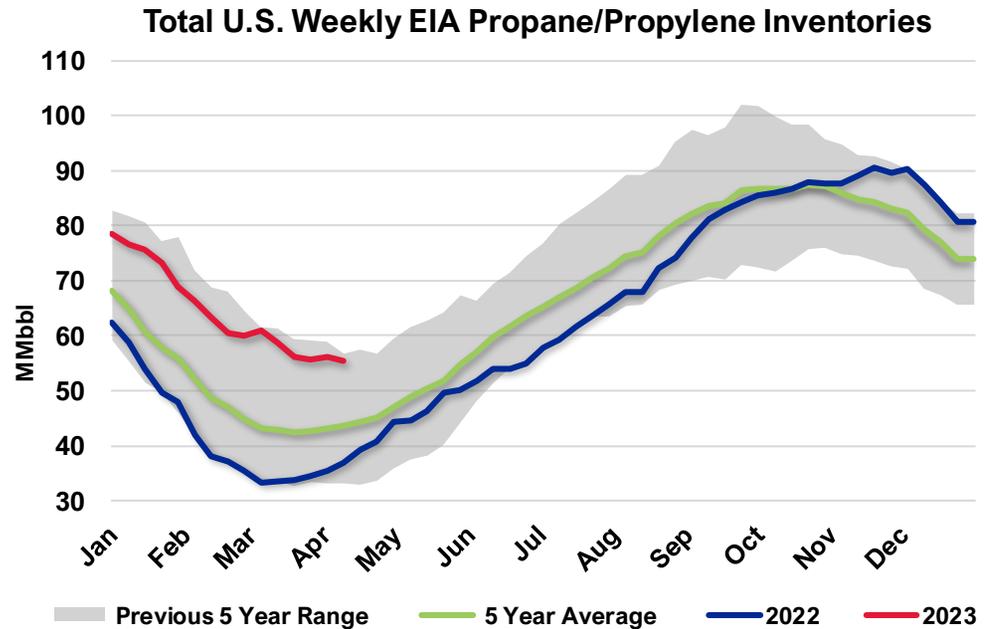
HIGHLIGHTS

- » Total U.S. propane/propylene inventories drew by 721 Mbbbl for the week ended April 14, the EIA reported, which was below industry expectations for a small build of 38 Mbbbl and less than the 536 Mbbbl average build for the week. Total U.S. propane stocks are now at 55.4 MMbbl, which is 11.8 MMbbl, or 27%, above the 5-year average.
- » Crude oil prices were relatively flat for the week, as upbeat economic data in China offset concerns that possible increases in U.S. interest rates could dampen growth. WTI settled at \$80.86/bbl on April 18, down \$0.67/bbl from April 11. Propane prices were also little changed, with Mont Belvieu non-TET falling to 82.3 c/gal on April 18, down 0.2 c/gal from April 11. The propane-to-WTI ratio increased by 1 percentage point from last week to 43%.
- » Weekly exports of propane reported by the EIA soared to an all-time high 1.85 MMbbl/d, up 394 Mbbbl/d from the previous week and well above the four-week average of 1.61 MMbbl/d.
- » Total U.S. production of propane/propylene increased sharply by 116 Mbbbl/d to 2,511 Mbbbl/d as PADD 3 production rose by 58 Mbbbl/d.

MARKET OVERVIEW

Mont Belvieu propane prices were nearly flat over the past week, declining by 0.2 c/gal, or 0.2%, to settle at 82.3 c/gal on April 18. WTI prices were also little changed, falling by \$0.67/bbl, or 0.8%, to \$80.86/bbl over the same period, which resulted in the propane-to-WTI ratio increasing by 1 percentage point 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 unchanged from last week at 43%.

Figure 1

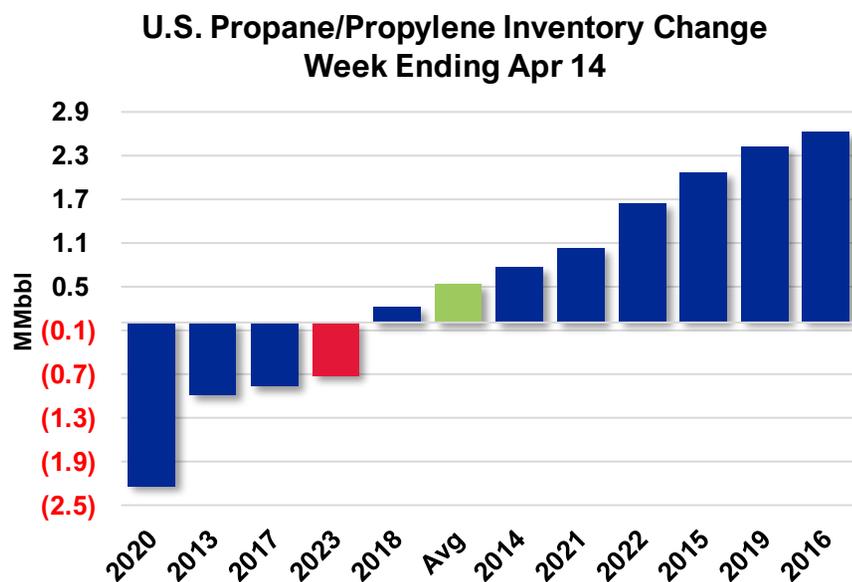


ANALYSIS & INSIGHTS

According to OPIS, the average of expectations for propane inventories called for an increase of 38 Mbbbl for the week ended April 14. In today's EIA report, U.S. propane inventories fell by 721 Mbbbl to 55.4 MMbbl. Inventories are 18.4 MMbbl, or 50%, above the same week in 2022 and 1.3 MMbbl below the 5-year maximum. Regional inventory changes were mixed, with PADD 3 having the largest decrease.

PADD 3 (Gulf Coast) propane inventories declined by 500 Mbbbl. Total inventories for the region are now 37 MMbbl, putting them at 14.3 MMbbl, or 63.4%, above 2022 and 4.5 MMbbl below the 5-year maximum. Inventories are 7.7 MMbbl, or 26%, above the 5-year average.

Figure 2



ANALYSIS & INSIGHTS (continued)

PADD 2 (Midwest) inventories grew by 168 Mbbbl, bringing the total to 11.7 MMbbl. Inventories are 3 MMbbl, or 35%, over 2022 and 1.1 Mbbbl above the 5-year maximum.

PADD 1 (East Coast) stocks went down by 387 Mbbbl. Total inventories for the region are now 4.4 MMbbl, which is 1.2 MMbbl, or 40.6%, over 2022 and 1.2 MMbbl more than the 5-year maximum. Inventories are 1.5 MMbbl above the 5-year average.

PADD 4 (Rocky Mountain) plus PADD 5 (West Coast) stocks were unchanged for the week. Total stocks remain at 2.2 MMbbl, which is 262 Mbbbl above the 5-year average.

Total U.S. production increased a by 116 Mbbbl/d to 2,511 Mbbbl/d. PADD 3 production up by 58 Mbbbl/d to 1,491 Mbbbl/d but remains well below the early December peak rate. Exports went up by 394 Mbbbl/d to 1,851 Mbbbl/d, which is an all-time high and well above the 4-week average of 1,606 Mbbbl/d. Imports were essentially unchanged at 106 Mbbbl/d as volumes into

PADD 4/5 fell by 16 Mbbbl/d while PADD 2 imports increased by 16 Mbbbl/d. Product supplied declined by 106 Mbbbl/d to 869 Mbbbl/d.

Propane Inventory Change

The withdrawal in stocks for the week ended April 14 (red bar, Figure 2) of 721 Mbbbl was about 1.2 MMbbl more than the average increase of 536 Mbbbl (green bar).

MB Non-TET vs Conway Price

The Conway propane OPIS spot price relative to Mont Belvieu was unchanged from last week, trading at a 1.9 c/gal discount as of April 18. The forward-price differential between Mont Belvieu and Conway was slightly lower, with Mont Belvieu trading at a 1.0 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 52 days, 20 days higher than the same week in 2022 and seven days below the 5-year high.

Figure 14 is an alternative calculation that divides stocks by product supplied plus exports and indicates only 20 days of inventory, which is four days more than 2022 and nine 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

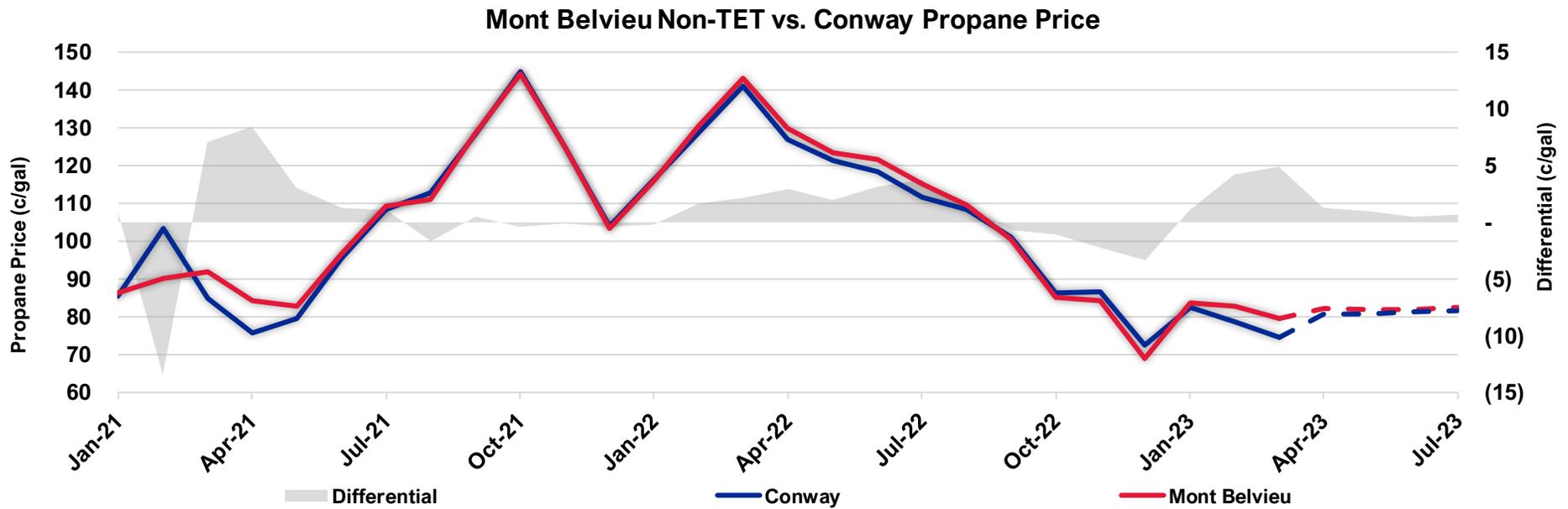
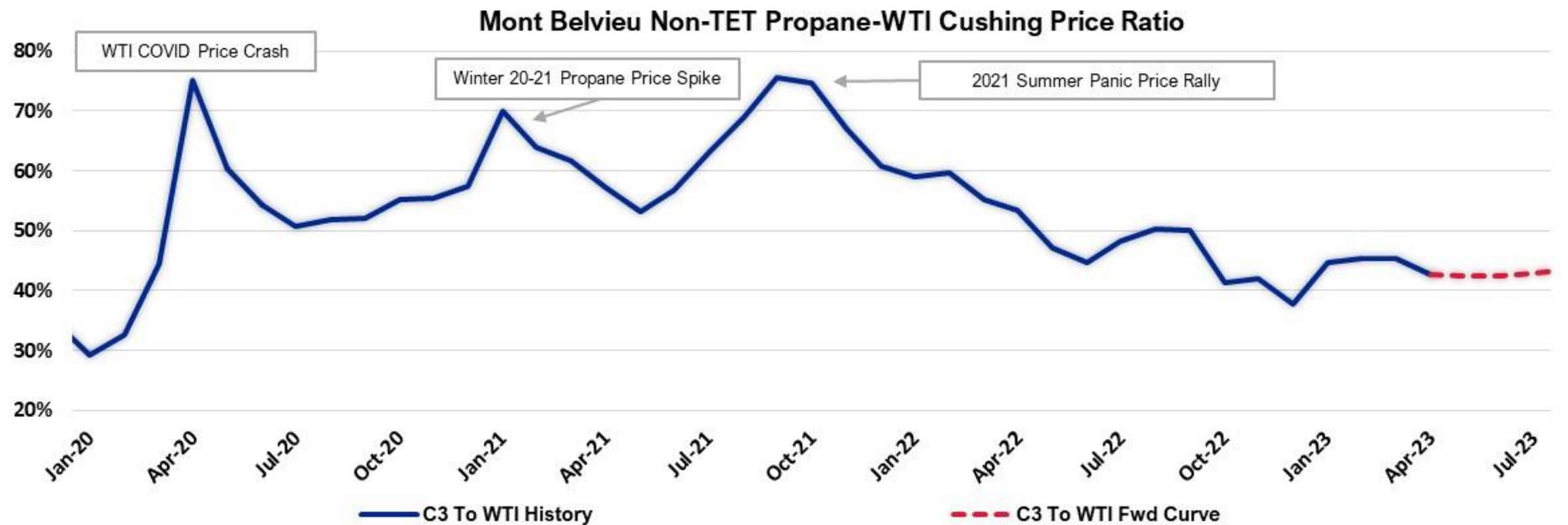


Figure 4



U.S. PROPANE INVENTORIES BY PADD

Figure 5

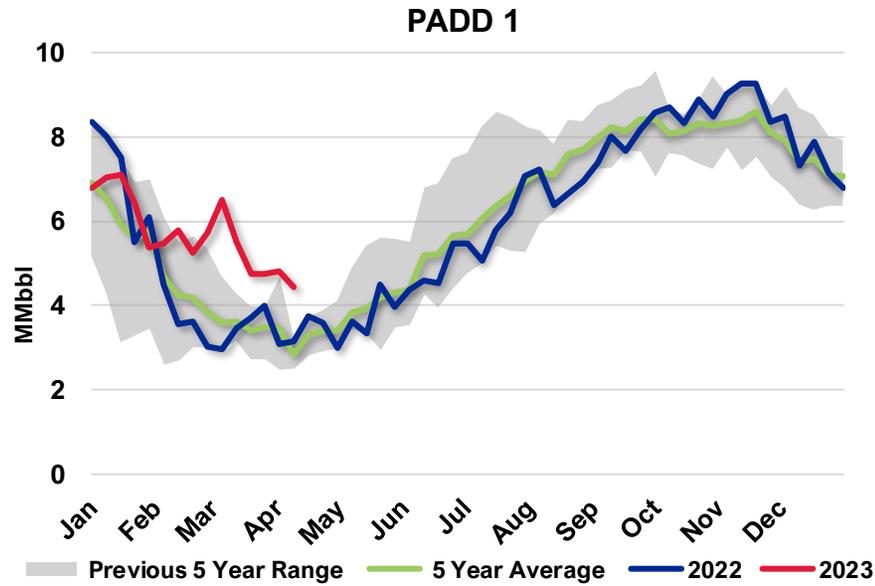


Figure 6

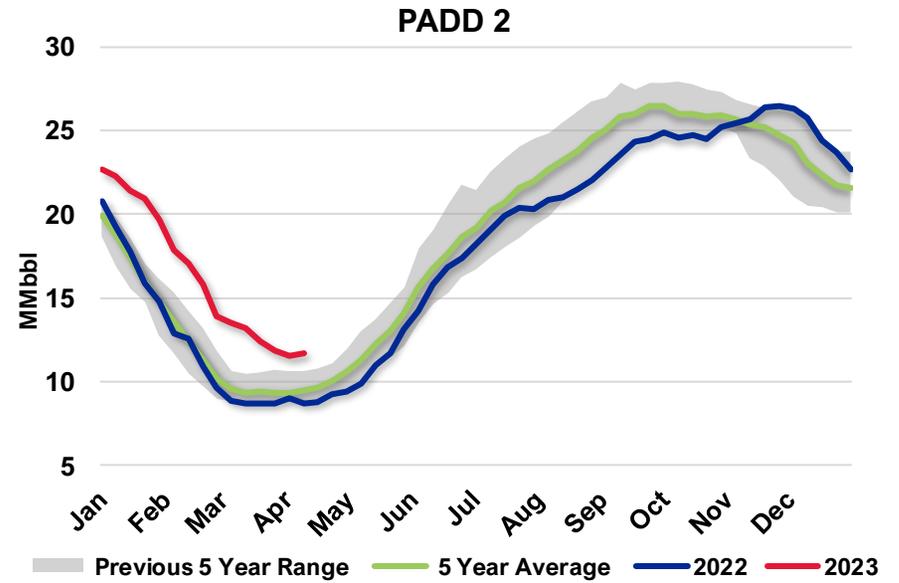


Figure 7

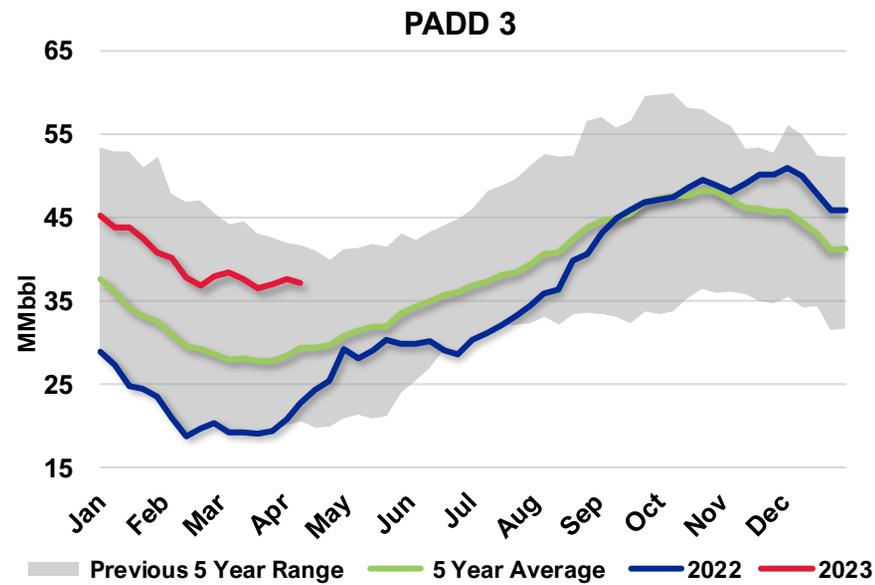


Figure 8

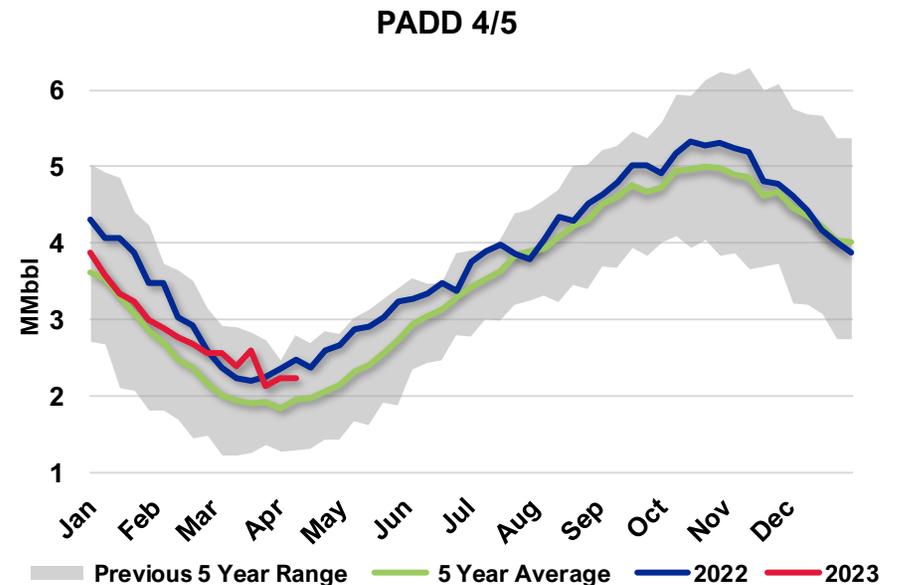


Figure 9

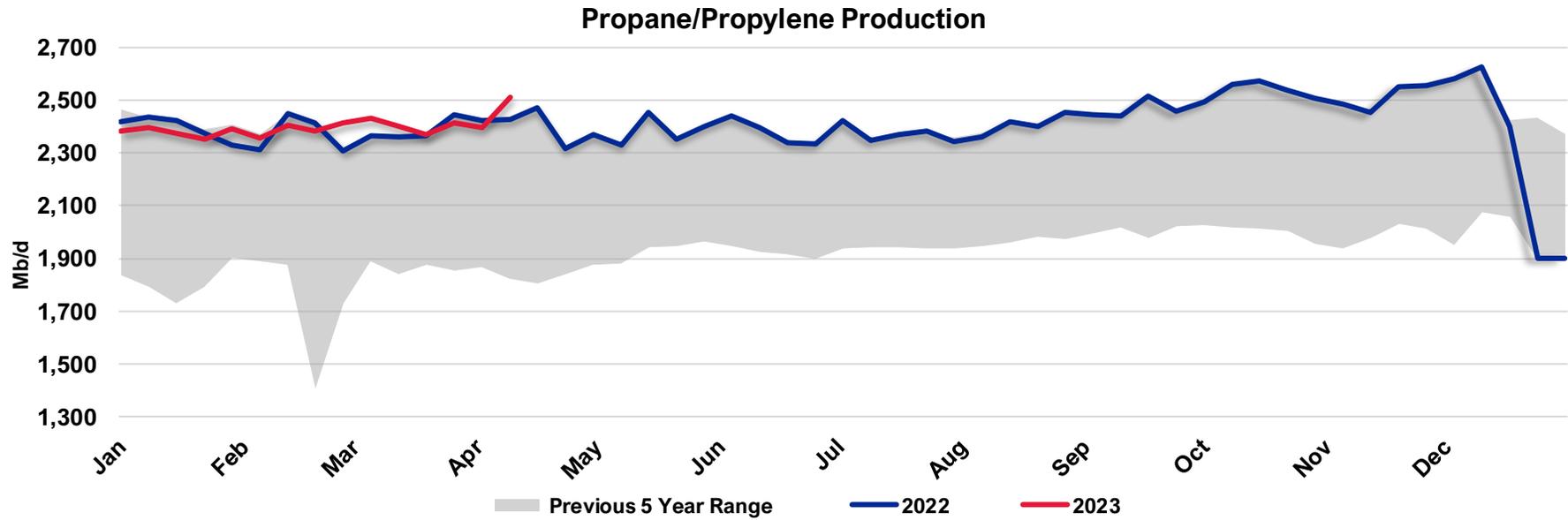


Figure 10

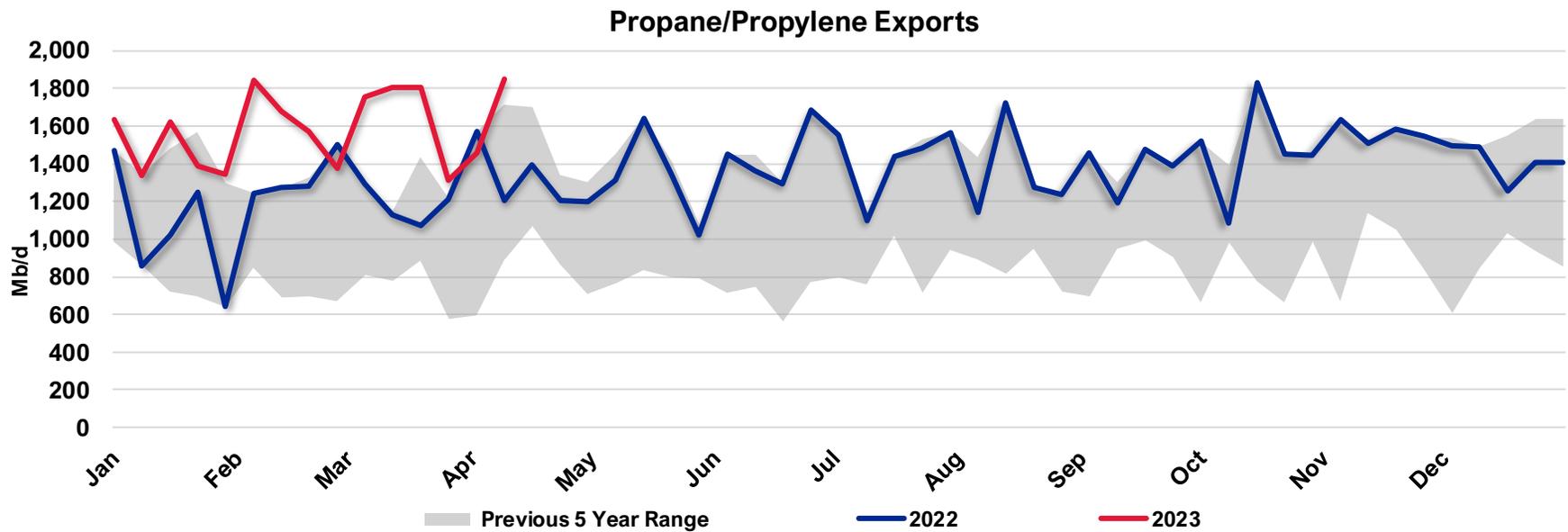


Figure 11

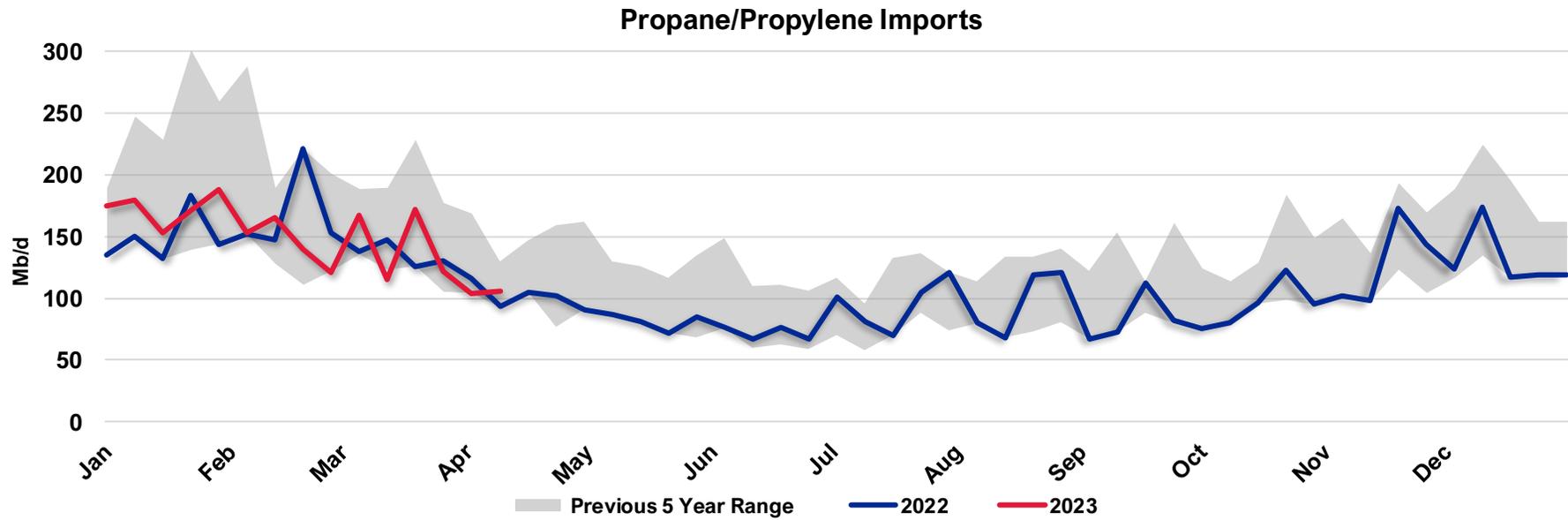


Figure 12

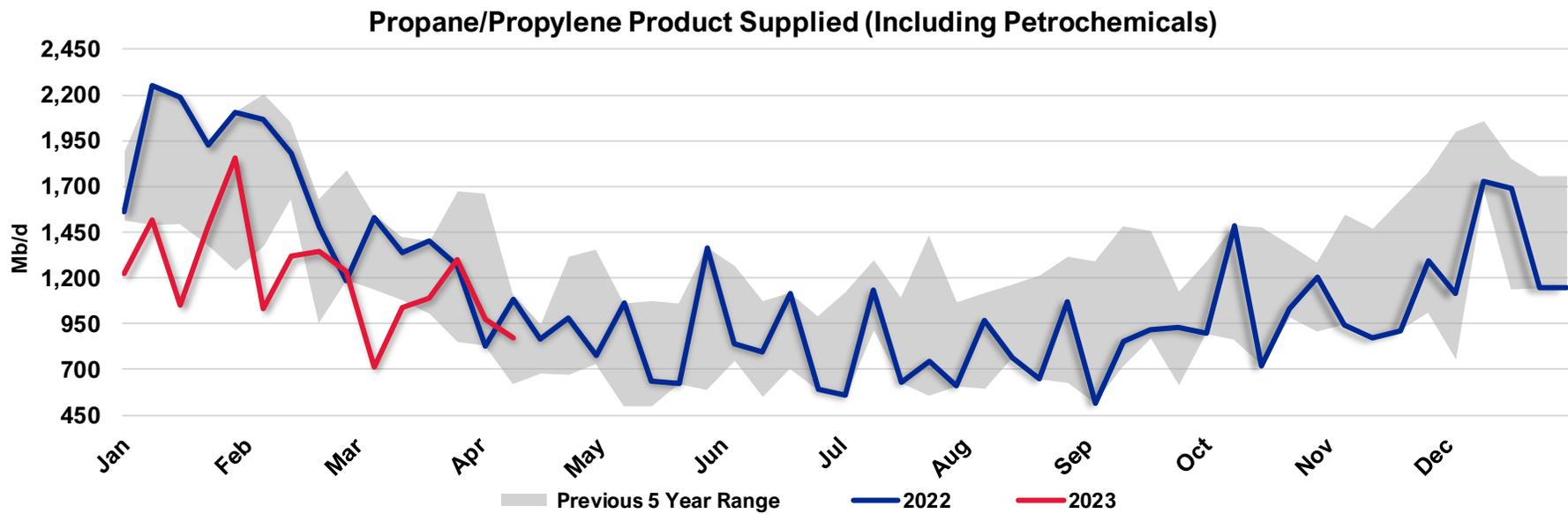


Figure 13

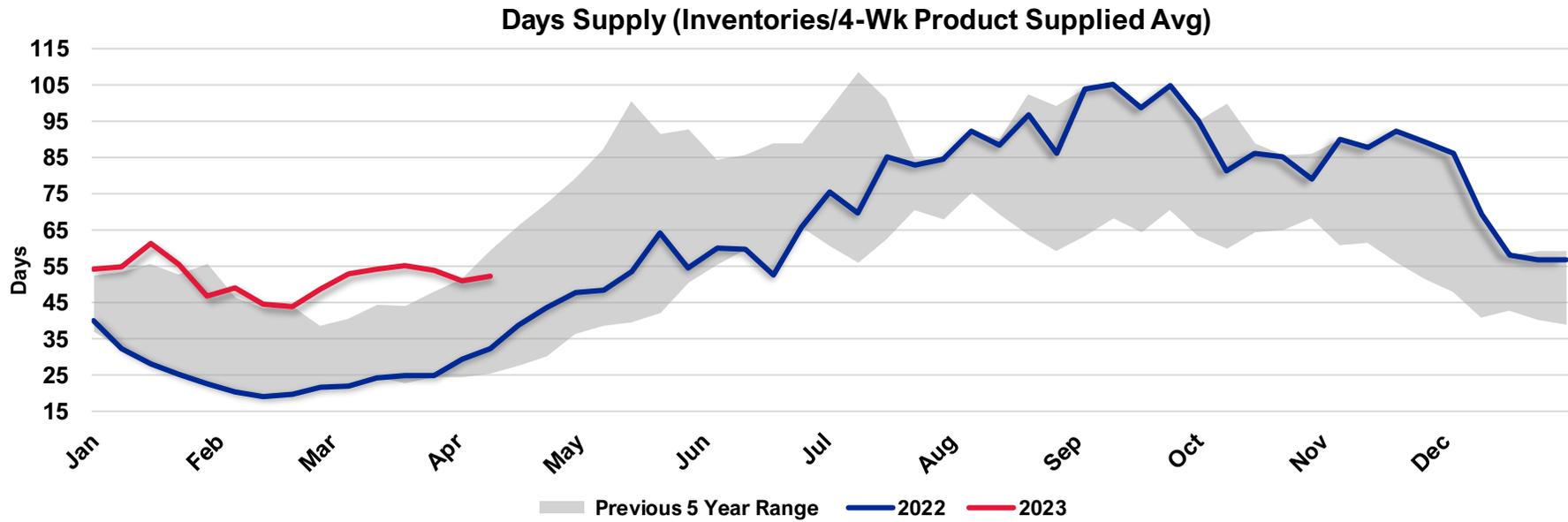
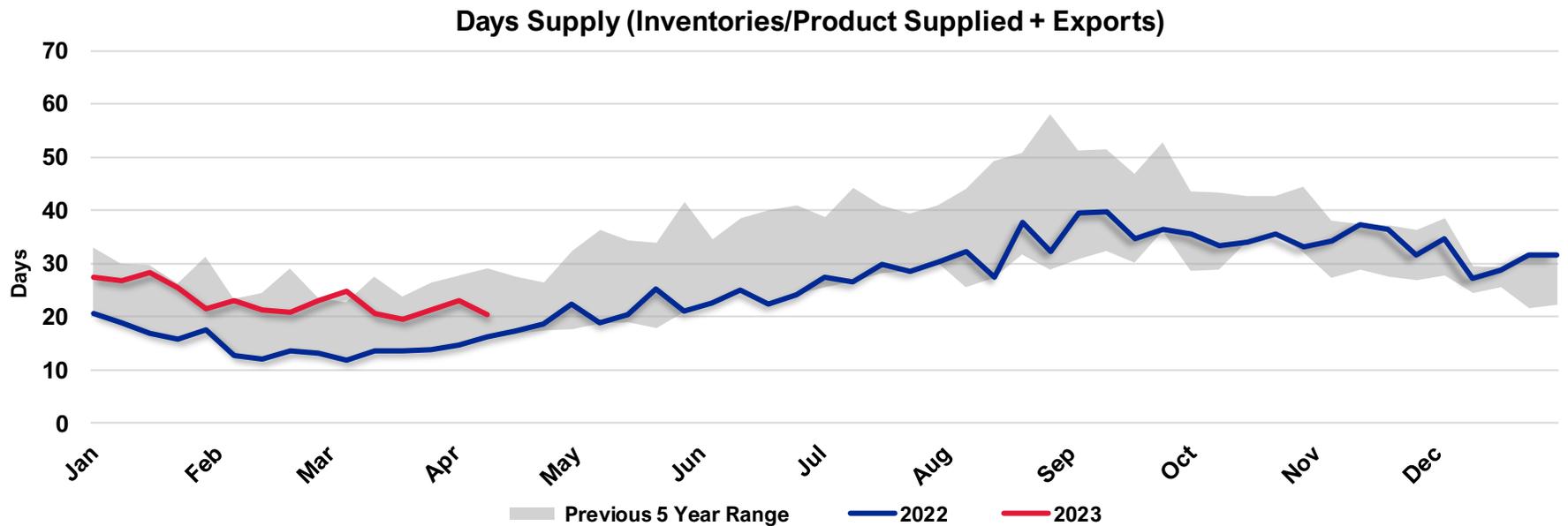


Figure 14



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