



## WEEKLY PROPANE MARKET UPDATE

May 10, 2023

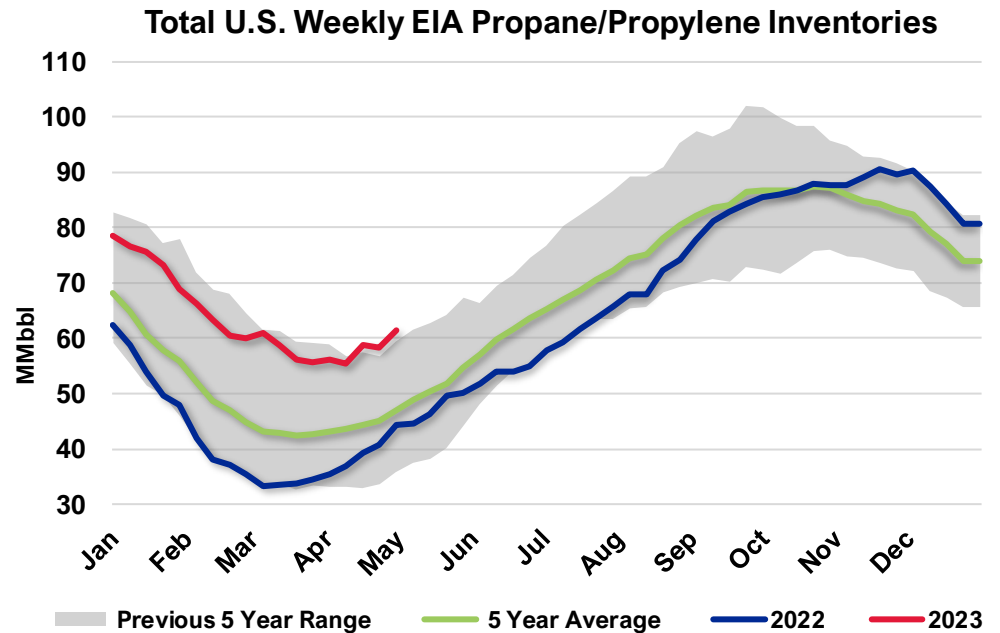
### HIGHLIGHTS

- » The EIA reported that total U.S. propane/propylene inventories had a strong build of 3.1 MMbbl for the week ended May 5, the third-largest increase in the last 10 years for the reporting period and well above industry expectations for a 1.3-MMbbl build. Total U.S. propane stocks are now at 61.4 MMbbl, which is 14.4 MMbbl, or 31%, above the 5-year average.
- » Crude oil prices were modestly higher for the week as recession fears eased and the Biden administration announced plans to replenish the Strategic Petroleum Reserve (SPR). WTI settled at \$73.71/bbl on May 9, up \$2.05/bbl from May 2. Propane prices tracked crude higher, with Mont Belvieu non-TET increasing to 68.7 c/gal on May 9, up 2 c/gal from May 2. As a result, the propane-to-WTI ratio was unchanged from last week at 39%.
- » Weekly exports of propane reported by the EIA were robust at 1.64 MMbbl/d, up 104 Mbbl/d from last week and above the year-to-date average of 1.57 MMbbl/d.
- » Total U.S. production of propane/propylene fell by 21 Mbbl/d to 2,459 Mbbl/d, primarily due to lower PADD 4/5 production, which declined by 23 Mbbl/d.

### MARKET OVERVIEW

Mont Belvieu propane prices were lower over the past week, declining by 12.6 c/gal, or 15.9%, to settle at 66.7 c/gal on May 2. WTI prices were also weaker, falling by \$5.41/bbl, or 7%, to \$71.66/bbl over the same period, which pushed the propane-to-WTI ratio down 4 percentage points to 39%. The current ratio is below the 47% average recorded in May 2022. The forward propane-to-WTI ratio for June-September 2023 was also lower from last week at 40%.

Figure 1

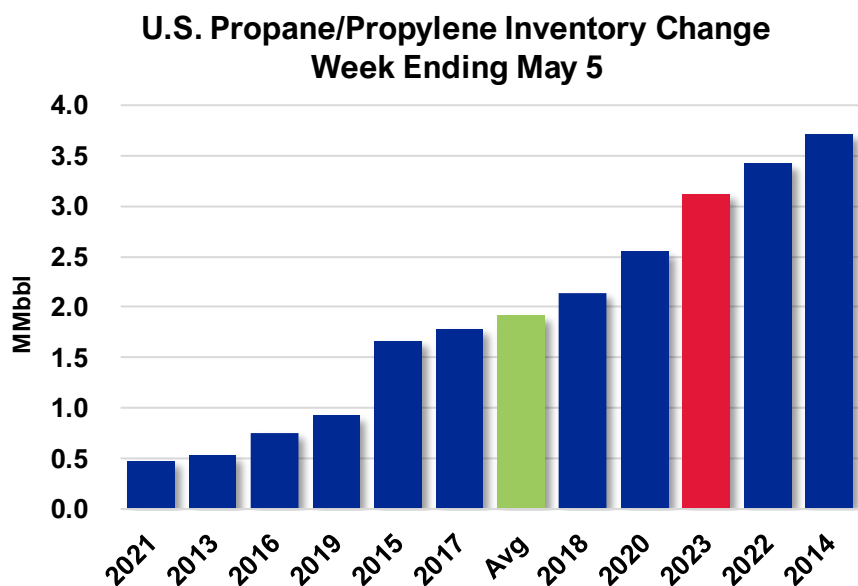


### ANALYSIS & INSIGHTS

According to OPIS, the average of industry expectations called for a build of 1.3 MMbbl for the week ended May 5. In today's EIA report, propane inventories grew by 3.1 MMbbl. Total U.S. propane stocks are now 61.4 MMbbl. Inventories are 17.2 MMbbl, or 39%, above the same week in 2022 and 2 MMbbl above the 5-year maximum. All regions had an increase in inventory with PADD 3 having the largest build.

PADD 3 (Gulf Coast) propane inventories had a build of 1.5 MMbbl. Total inventories for the region are now 39.5 MMbbl, putting them at 10.3 MMbbl, or 35%, above 2022 and 1.6 MMbbl below the 5-year maximum. Inventories are 8.7 MMbbl, or 28%, above the 5-year average.

Figure 2



**ANALYSIS & INSIGHTS (continued)**

PADD 2 (Midwest) inventories grew by 683 Mbbbl, bringing the total to 13.6 MMbbl. Inventories are 4.2 MMbbl, or 45%, over 2022 and 1.6 Mbbbl, or 16%, above the 5-year maximum.

PADD 1 (East Coast) stocks rose by 607 Mbbbl. Total inventories for the region are now 5.6 MMbbl, which is 2.6 MMbbl, or 27%, over 2022 and 1.5 MMbbl, or 44%, above the 5-year maximum. Inventories are 2.2 MMbbl, or 64%, above the 5-year average.

PADD 4 (Rocky Mountain) plus PADD 5 (West Coast) stocks went up by 237 Mbbbl. Total stocks are now at 2.6 MMbbl which is essentially the same as 2022 and 163 Mbbbl, or 6%, below the 5-year maximum. Inventories are 487 Mbbbl, or 23%, above the 5-year average.

Total U.S. production decreased by 21 Mbbbl/d to 2,459 Mbbbl/d as production in PADD 2 grew by 13 Mbbbl/d while all other PADDs decreased by a combined 34 Mbbbl/d. Exports grew by 104 Mbbbl/d to 1,642 Mbbbl/d, which is slightly above the 4-week average of 1,605 Mbbbl/d. Imports

increased slightly by 3 Mbbbl/d to 81 Mbbbl/d as volumes into PADD 4/5 declined by 6 Mbbbl/d, while PADD 1 and 2 rose by a combined 8 Mbbbl/d. Product supplied fell by 651 Mbbbl/d to 454 Mbbbl/d.

**Propane Inventory Change**

The build in propane stocks for the week ended May 5 (red bar, Figure 2) of 3.1 MMbbl was about 1.2 MMbbl more than the average increase of 1.9 MMbbl (green bar). This is the third-largest increase for the reported week in the last 10 years.

**MB Non-TET vs Conway Price**

The Conway propane OPIS spot price relative to Mont Belvieu narrowed by 0.5 c/gal from last week, trading at a 0.3 c/gal discount as of May 9. The forward-price differential between Mont Belvieu and Conway was also slightly lower, with Mont Belvieu trading at a 0.3 c/gal premium over Conway for June 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 79 days, 31 days higher than the same week in 2022 and the same as the 5-year high.

Figure 14 is an alternative calculation that divides stocks by product supplied plus exports and indicates only 29 days of inventory, which is seven days more than 2022 and three 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

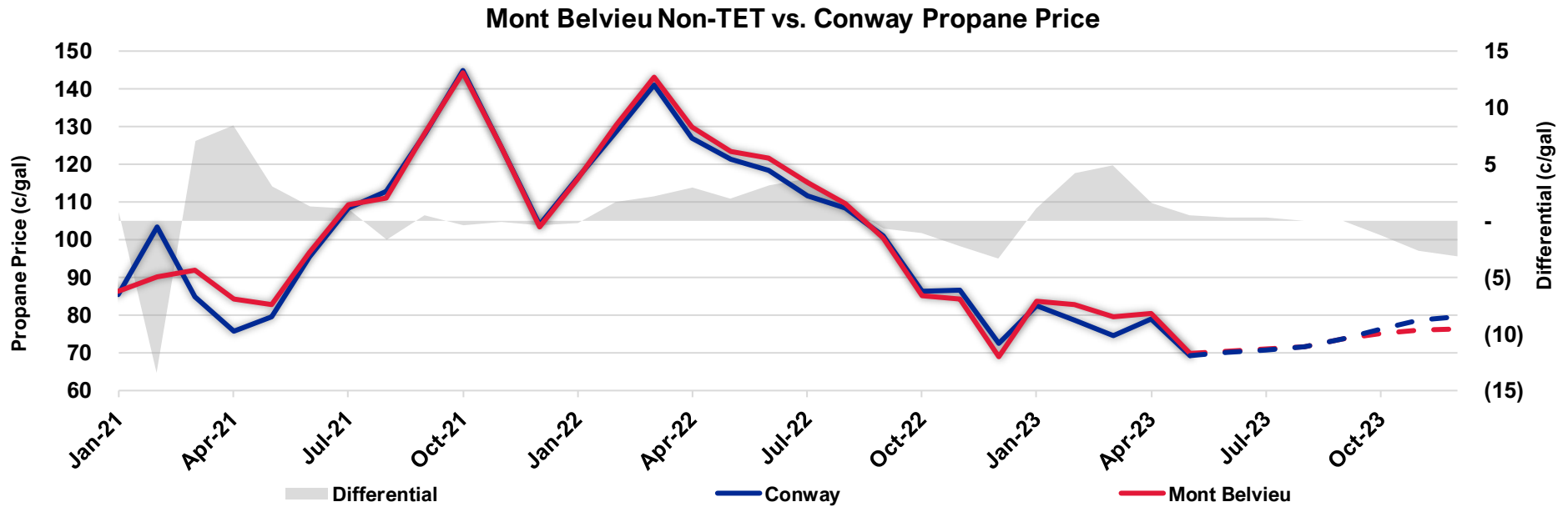
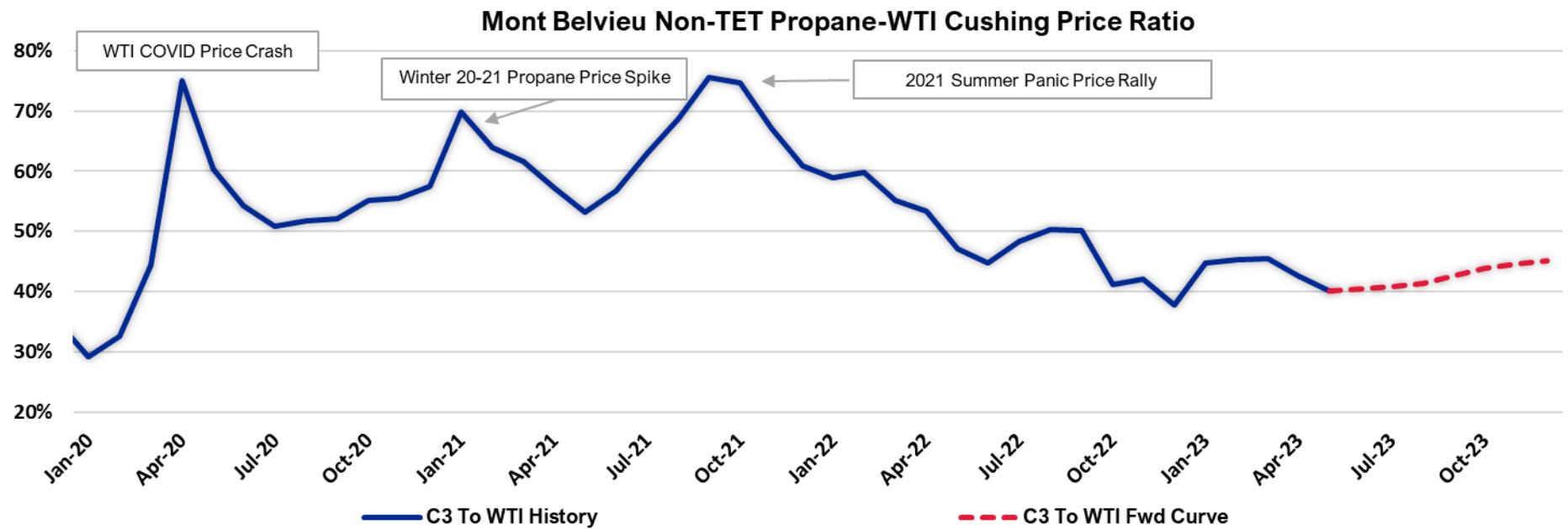


Figure 4



# U.S. PROPANE INVENTORIES BY PADD

Figure 5

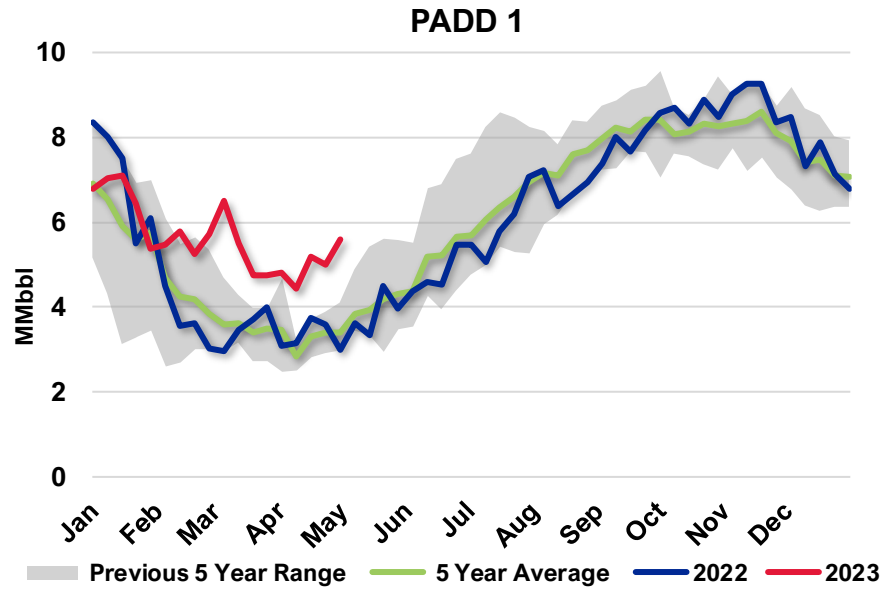


Figure 6

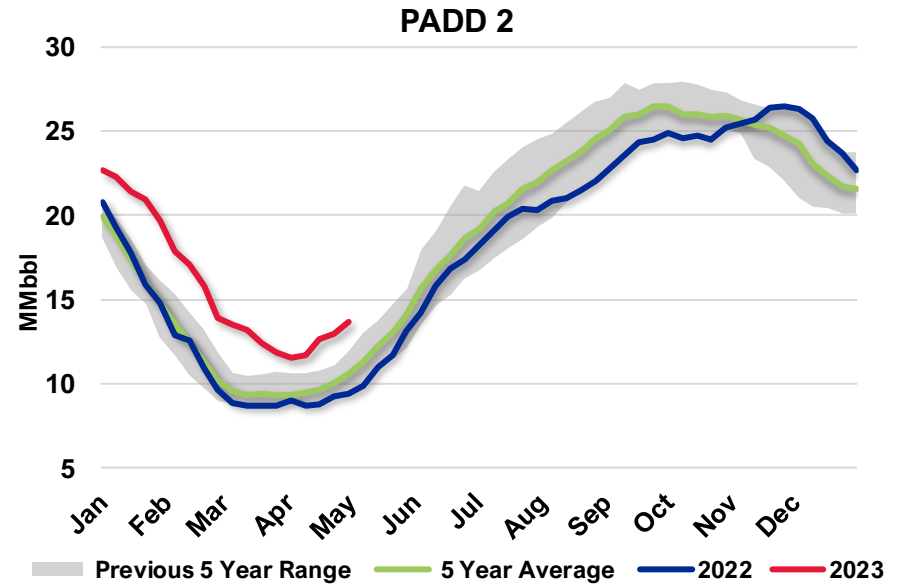


Figure 7

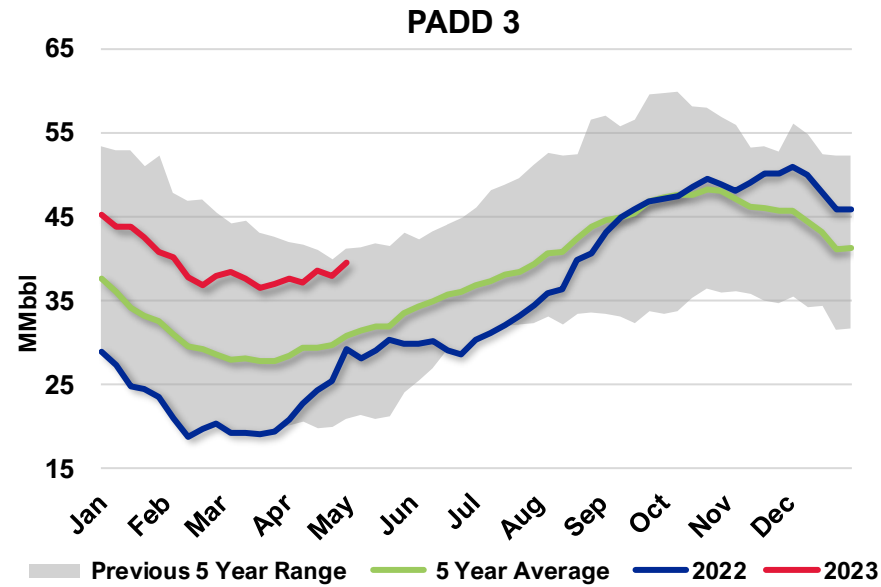


Figure 8

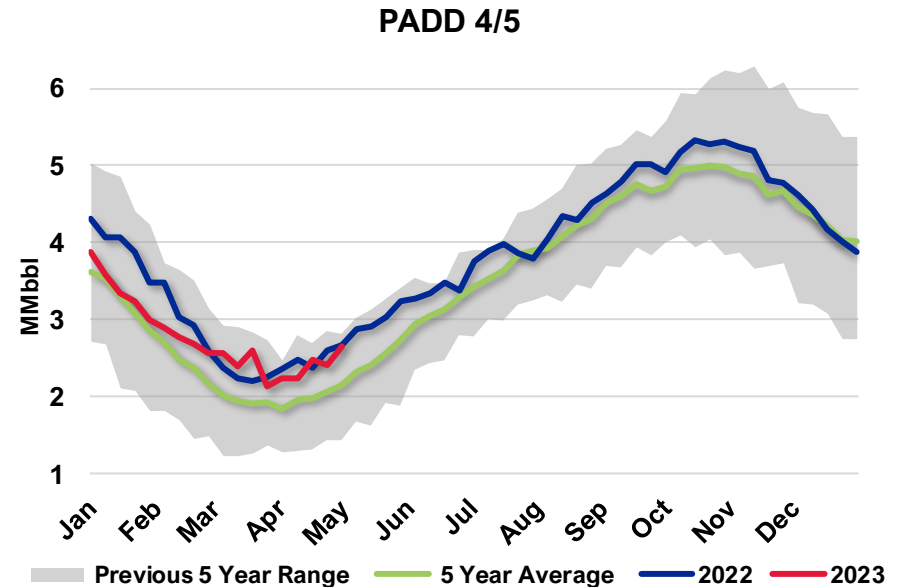


Figure 9

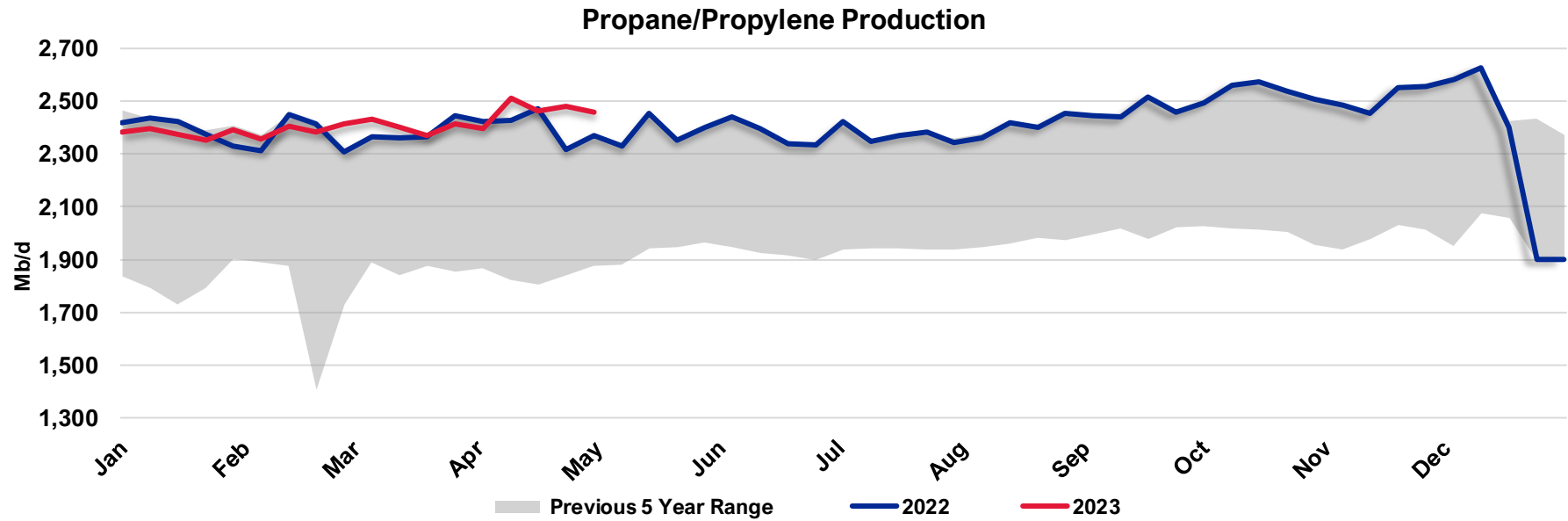


Figure 10

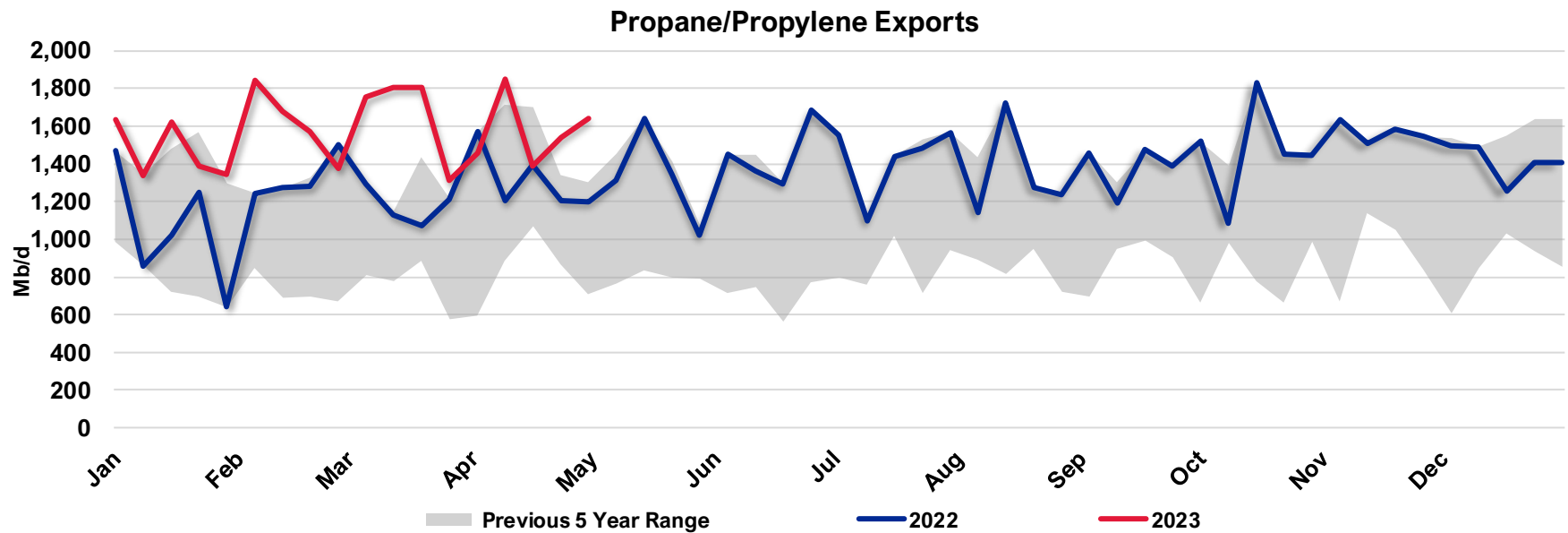


Figure 11

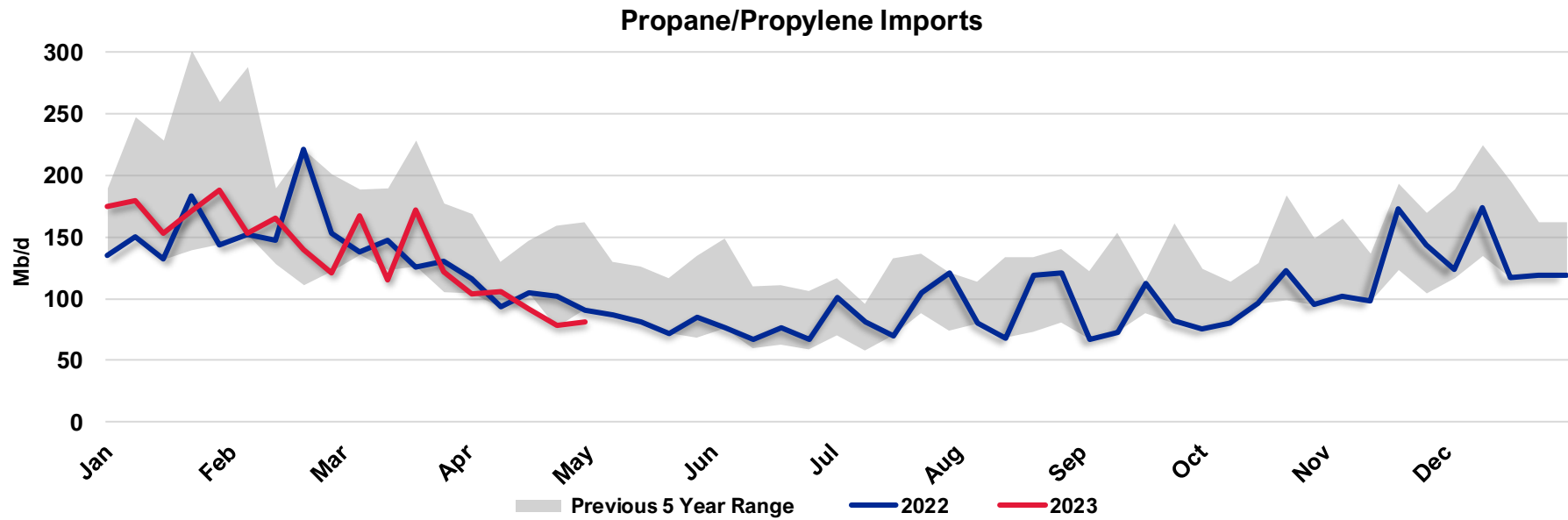


Figure 12

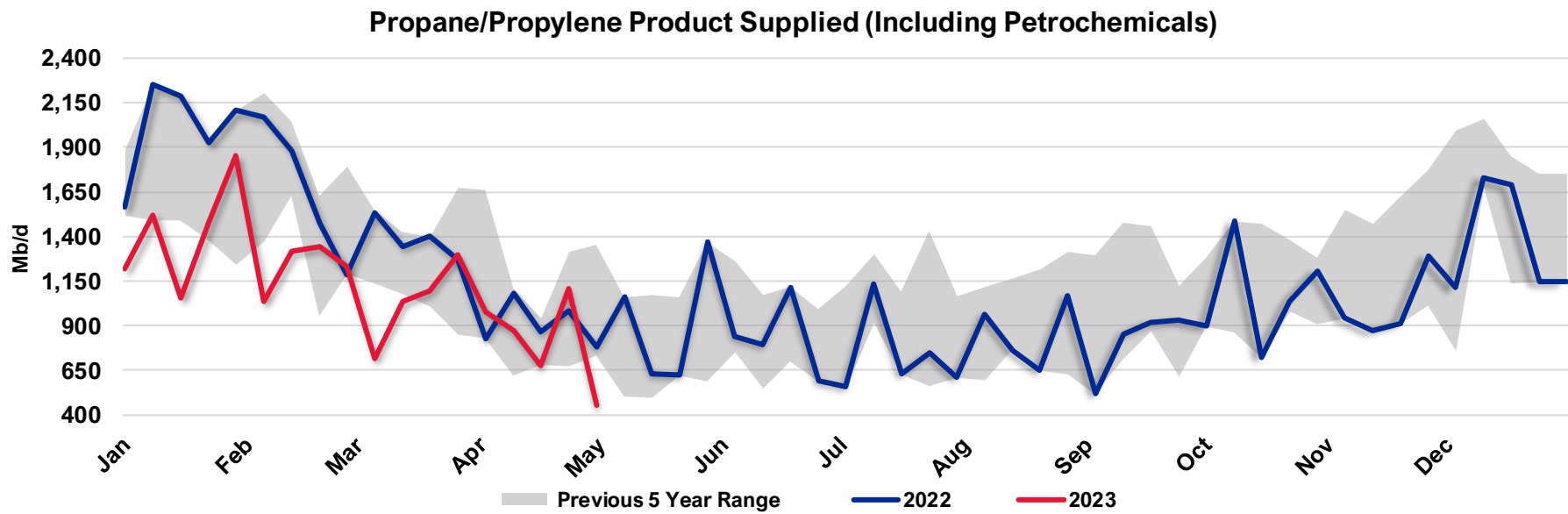


Figure 13

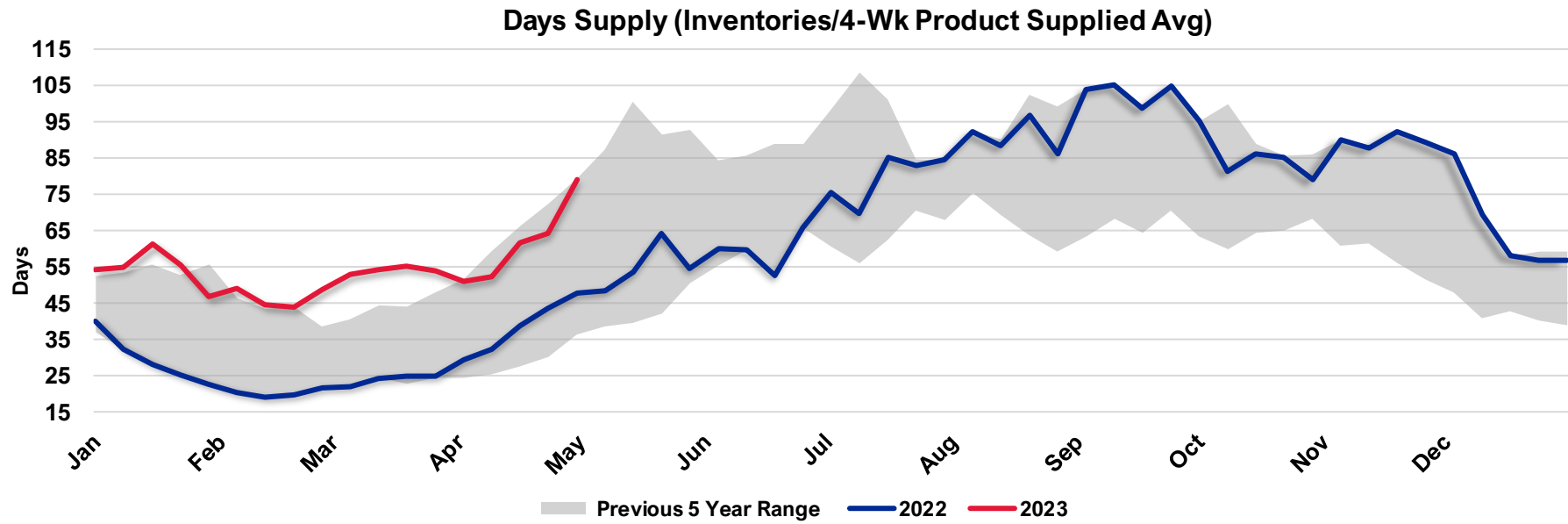
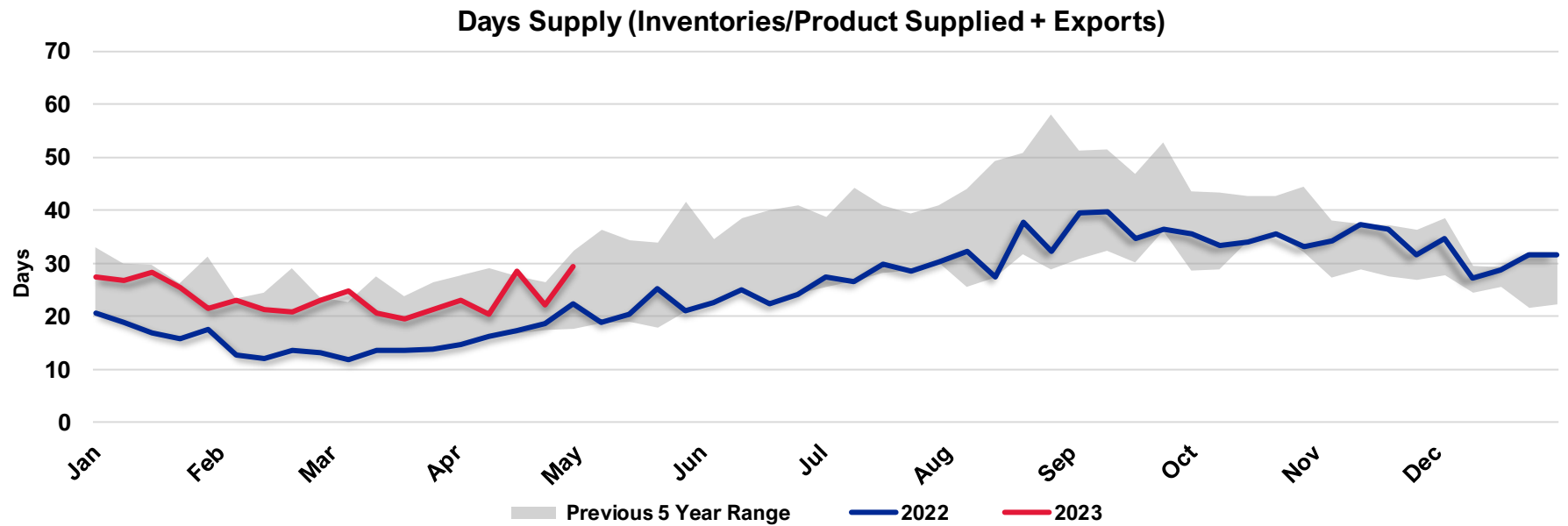


Figure 14



**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](http://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.