



## WEEKLY PROPANE MARKET UPDATE

August 30, 2023

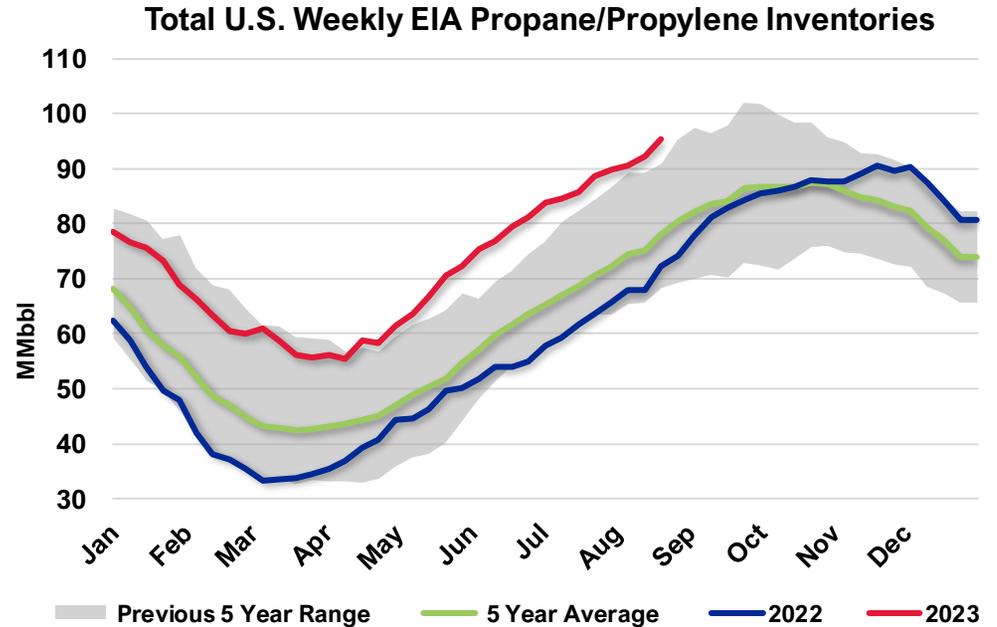
### HIGHLIGHTS

- » The EIA reported that total U.S. propane/propylene inventories increased by 3.2 MMbbl in the week ended August 25, which was above average industry expectations for a 2.3-MMbbl gain and the 2.2 MMbbl average build for the week. Total U.S. propane stocks are now at 95.5 MMbbl, which is 17.5 MMbbl, or 22.4%, above the 5-year average.
- » Crude oil prices moved modestly higher during the week, driven primarily by a weaker U.S. dollar. WTI settled at \$81.16/bbl on August 29, up \$0.81/bbl from August 22. Propane prices were stronger than crude, with Mont Belvieu non-TET up by 4.2 c/gal from last week to 67.2 c/gal on August 29. As a result, the propane-to-WTI ratio increased by 2 percentage points from last week to 35%.
- » Weekly exports of propane reported by the EIA were stronger at 1.55 MMbbl/d, up 87 Mbbbl/d from last week and even with the 4-week average.
- » Total U.S. production of propane/propylene declined by 69 Mbbbl/d to 2,539 Mbbbl/d, primarily due to volumes in PADD 3.

### MARKET OVERVIEW

Mont Belvieu propane prices were 6.7% higher during the past week, settling at 67.2 c/gal on August 29. WTI prices were weaker than propane, climbing by only \$0.81/bbl, or 1%, to \$81.16/bbl over the same period, which pushed the propane-to-WTI ratio up by 2 percentage points to 35%. The current ratio is well below the 50% average recorded in August 2022. The forward propane-to-WTI ratio for September-October 2023 was up 1 percentage point from last week to 36%. The Mont Belvieu non-TET vs. TET propane OPIS price spread narrowed from last week, with non-TET trading at parity to TET on August 29.

Figure 1

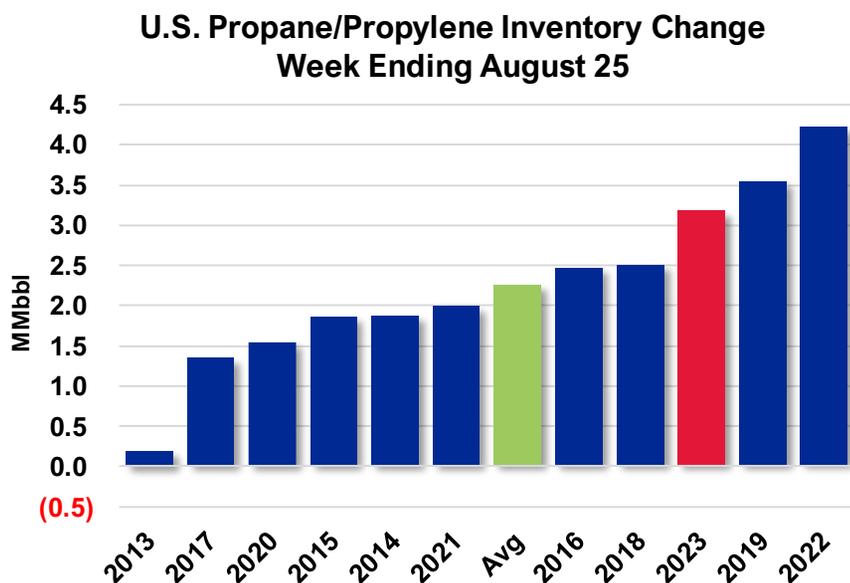


### ANALYSIS & INSIGHTS

According to OPIS, the average of industry expectations called for a build of 2.3 MMbbl for the week ended August 25. In today's EIA report, U.S. propane inventories grew by 3.2 MMbbl, 900 Mbbbl more than expectations. Total U.S. propane stocks are now at 95.5 MMbbl. Inventories are 23.2 MMbbl, or 32.2%, above the same week in 2022 and 4.6 MMbbl, or 5.1%, above the 5-year maximum. Regional changes show inventories increasing in all areas, with PADD 3 having the largest increase for the third week in a row.

PADD 3 (Gulf Coast) propane inventories increased by 1.6 MMbbl. Total inventories for the region are now 57.3 MMbbl, putting them at 17.6 MMbbl, or 44.2%, above 2022 and 5 MMbbl, or 9.5%, above the 5-year maximum. Inventories are 15 MMbbl, or 35%, above the 5-year average.

Figure 2



**ANALYSIS & INSIGHTS (continued)**

PADD 2 (Midwest) inventories had a build of 811 Mbbbl. Total inventories for the region are now 24.8 MMbbl. Inventories are 3.3 MMbbl, or 15.31%, over 2022 but 1.3 MMbbl, or 5.1%, below the 5-year maximum. Inventories are 1 MMbbl, or 4.2%, above the 5-year average.

PADD 1 (East Coast) stocks grew by 612 Mbbbl. Total inventories for the region are now at 7.8 MMbbl, which is 1.1 MMbbl, or 17.2%, above 2022 but 600 Mbbbl, or 7%, below the 5-year maximum. Inventories are also 221 Mbbbl, or 2.9%, above the 5-year average.

PADD 4 (Rocky Mountain) plus PADD 5 (West Coast) inventories increased by 182 Mbbbl. Total stocks for the region are 5.5 MMbbl, which is 1.2 MMbbl, or 28.8%, over 2022 and 531 Mbbbl, or 10.6%, above the 5-year maximum. Stocks are 1.3 MMbbl, or 31.2%, above the 5-year average.

Total U.S. production fell by 69 Mbbbl/d to 2,539 Mbbbl/d. PADD 2 had the only increase of 4 Mbbbl/d, with all other regions having a combined decrease of 73 Mbbbl/d. Exports rose by 87 Mbbbl/d to 1,547 Mbbbl/d, which is in line with the 4-week average of 1,551 Mbbbl/d. Imports rose by 37 Mbbbl/d to 101 Mbbbl/d as volumes into PADD 2 and PADD 4/5 increased by a combined 38 Mbbbl/d while PADD 1 decreased by 1 Mbbbl/d. Product supplied dropped by 335 Mbbbl/d to 639 Mbbbl/d.

**Propane Inventory Change**

The build in propane stocks for the week ended August 25 (red bar, Figure 2) of 3.2 Mbbbl was about 1 MMbbl more than the average increase of 2.2 MMbbl (green bar).

**MB Non-TET vs Conway Price**

The Conway propane OPIS spot price relative to Mont Belvieu non-TET widened from last week, with Conway trading at a 1 c/gal discount as of August 29. The forward-price differential between Mont Belvieu (TET or LST) and Conway was unchanged from the prior week, with Mont Belvieu trading at a 0.8 c/gal premium to Conway for September 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 104 days, seven days higher than the same week in 2022 and two days above the 5-year high.

Figure 14 is an alternative calculation that divides stocks by product supplied plus exports and indicates only 44 days of inventory, which is six days more than 2022 but seven 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

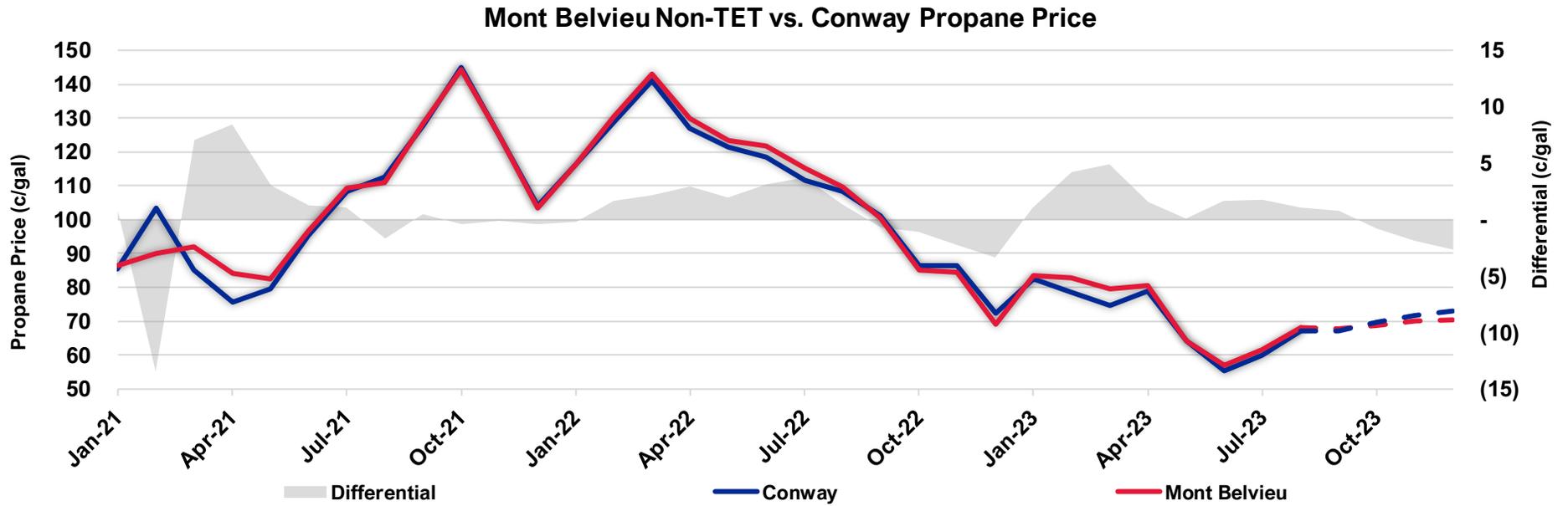
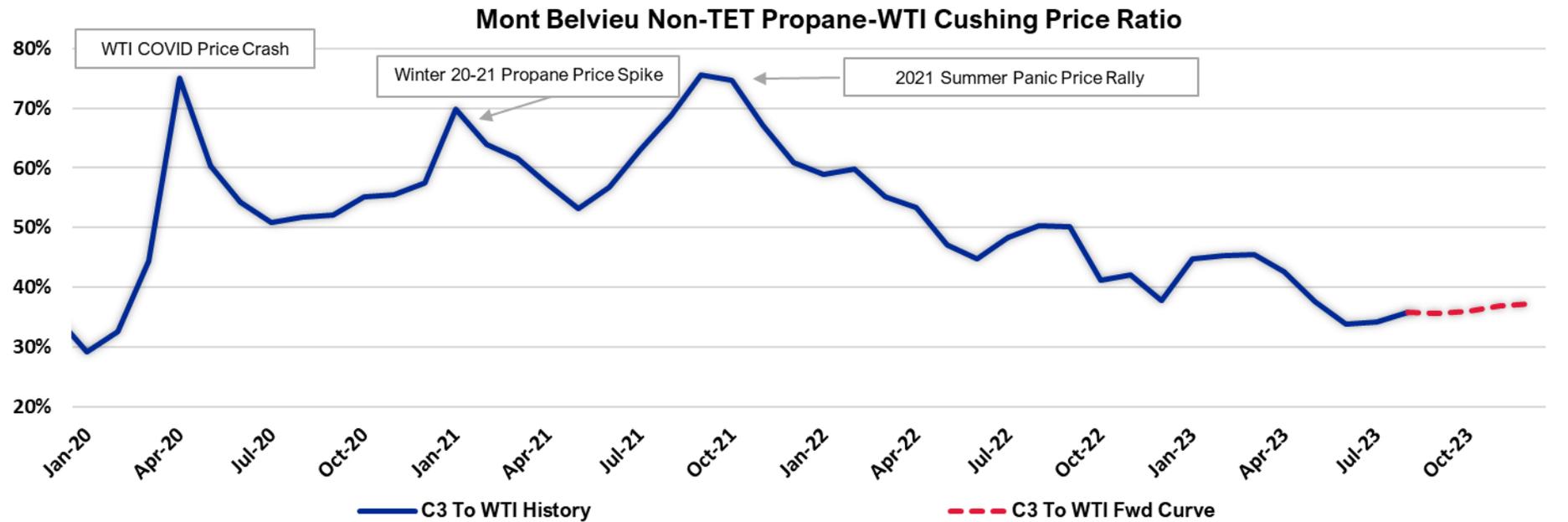


Figure 4



# U.S. PROPANE INVENTORIES BY PADD

Figure 5

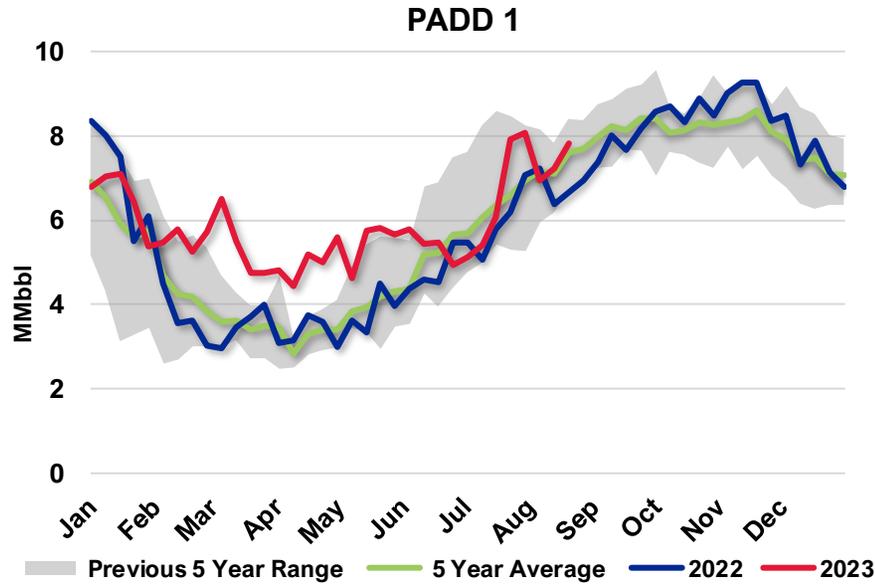


Figure 6

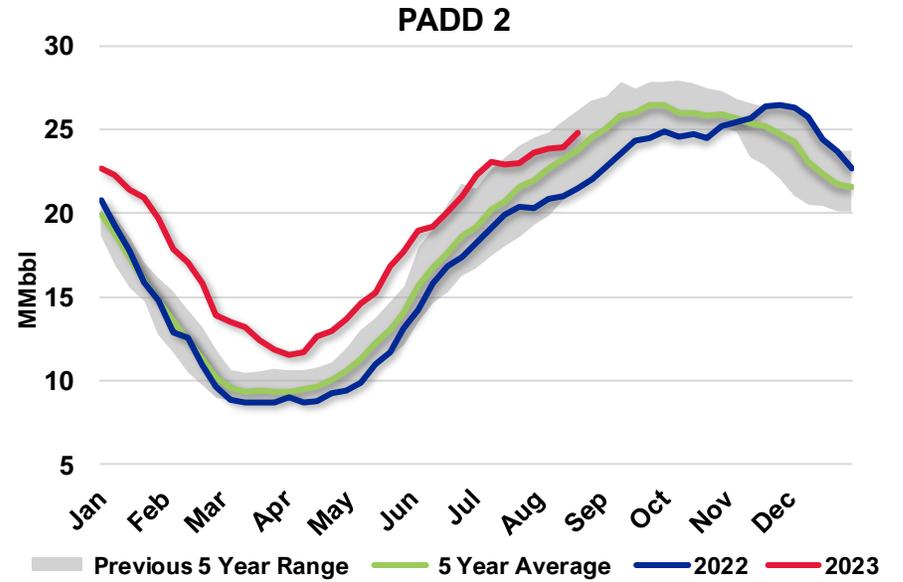


Figure 7

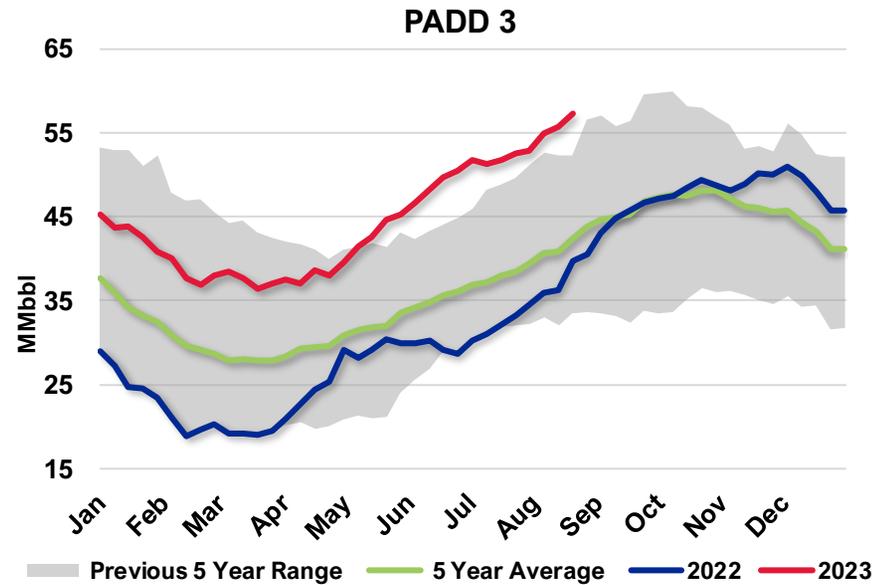


Figure 8

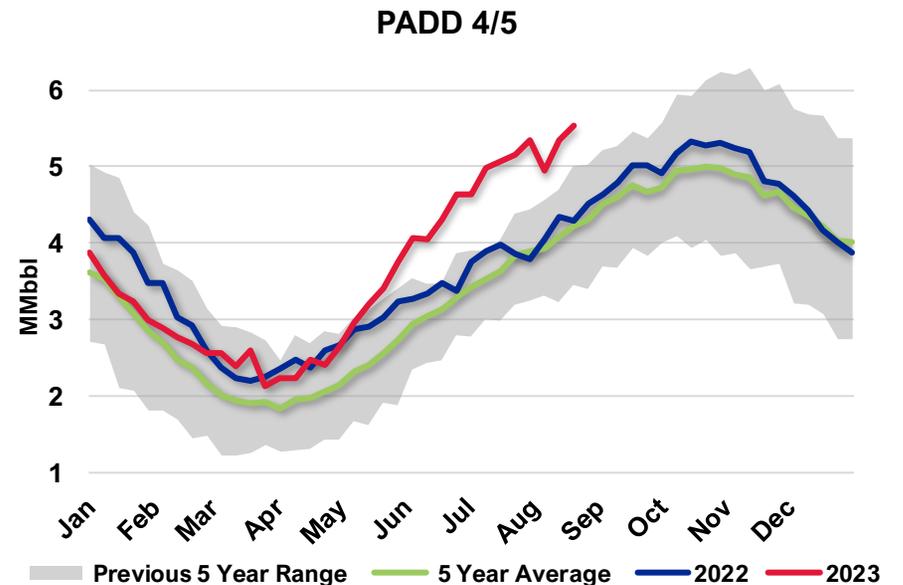


Figure 9

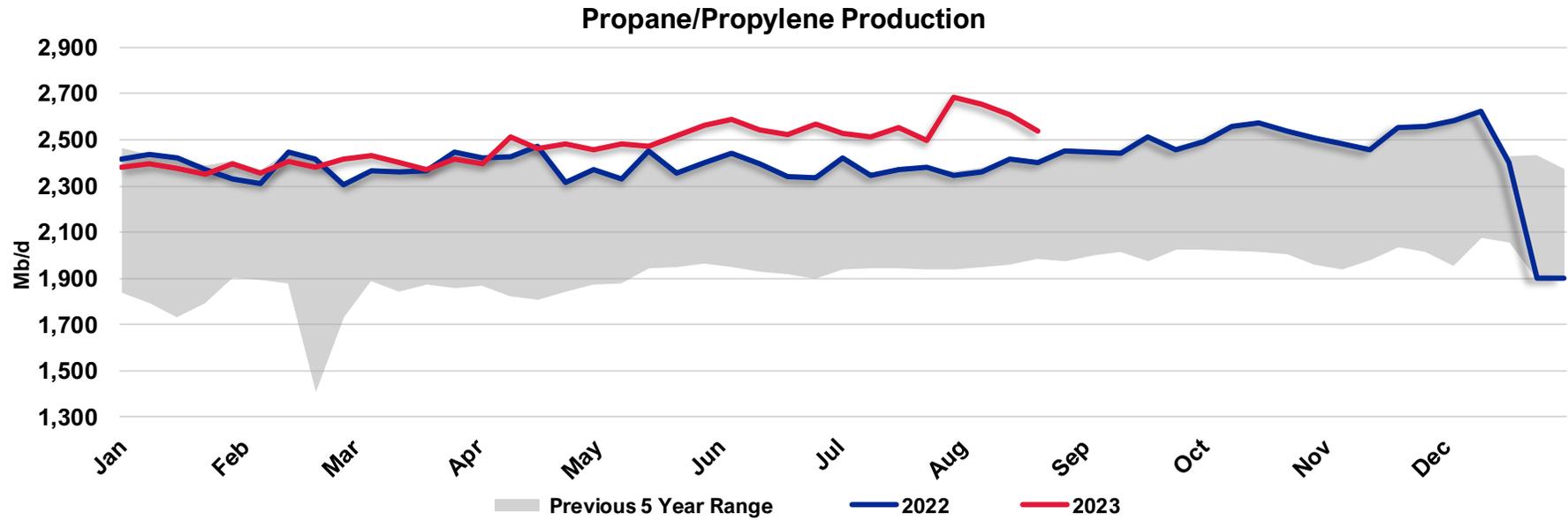


Figure 10

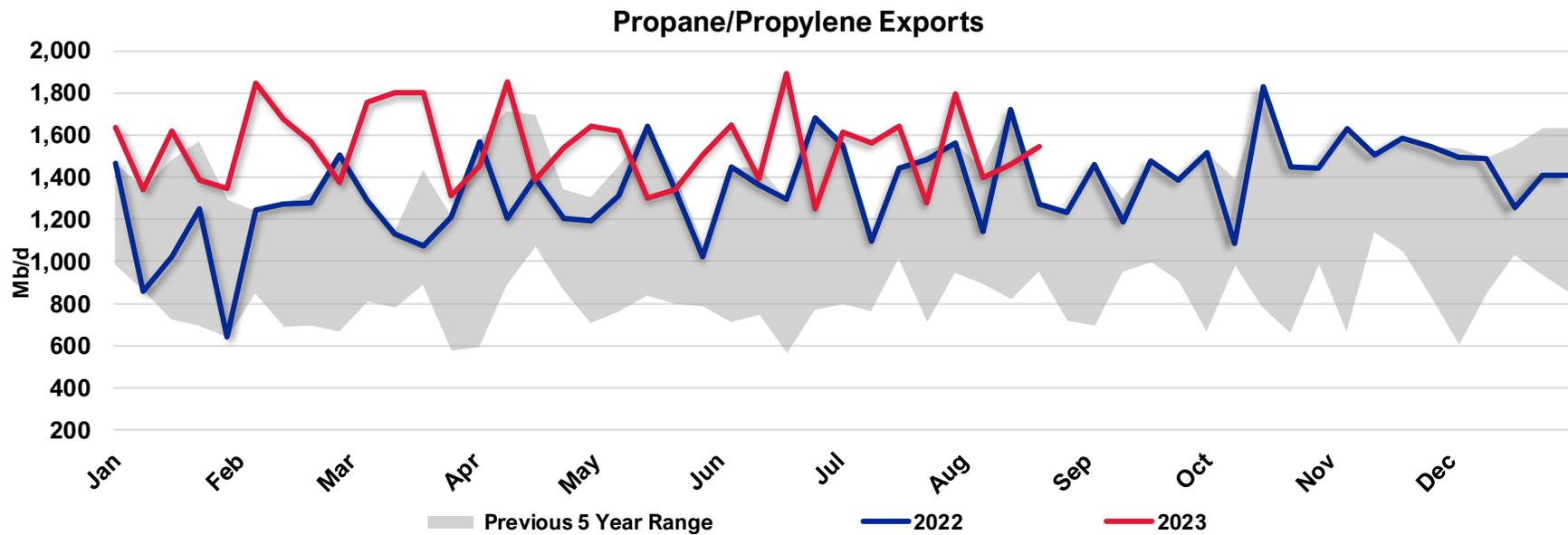


Figure 11

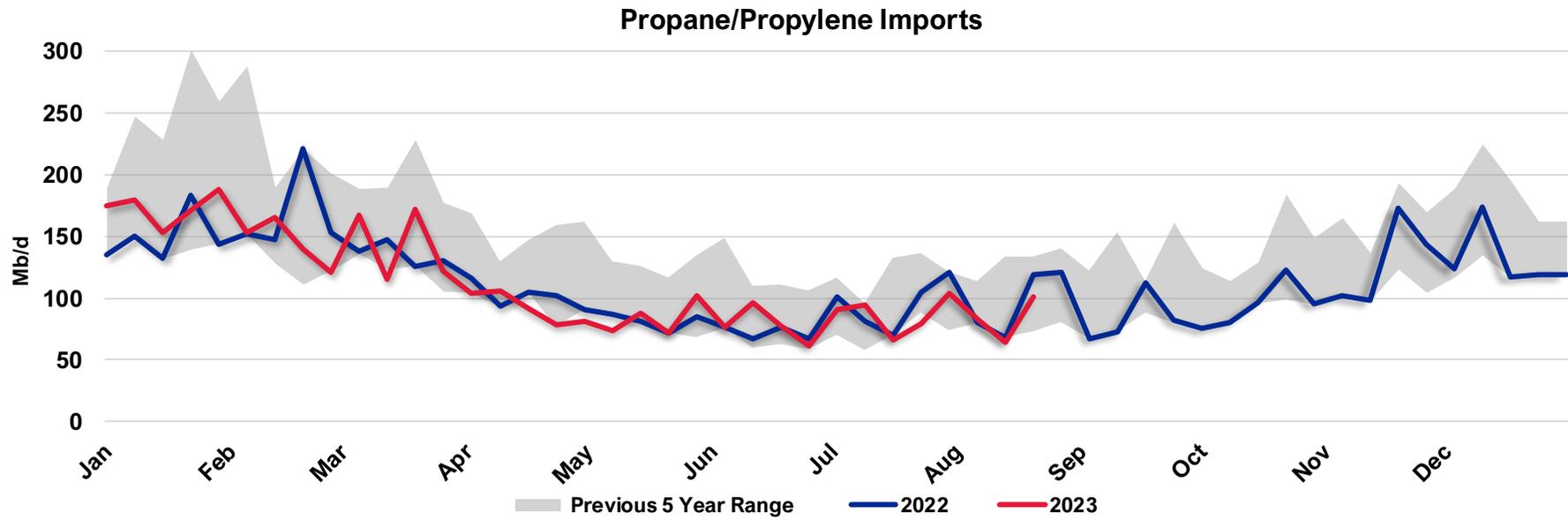


Figure 12

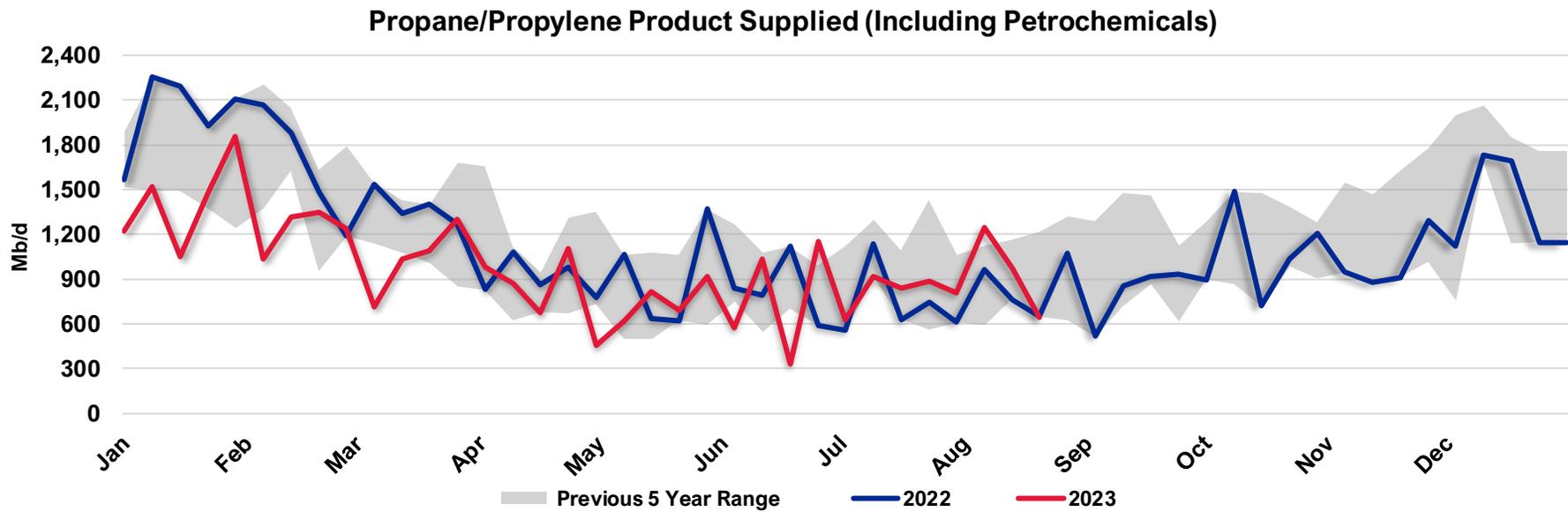


Figure 13

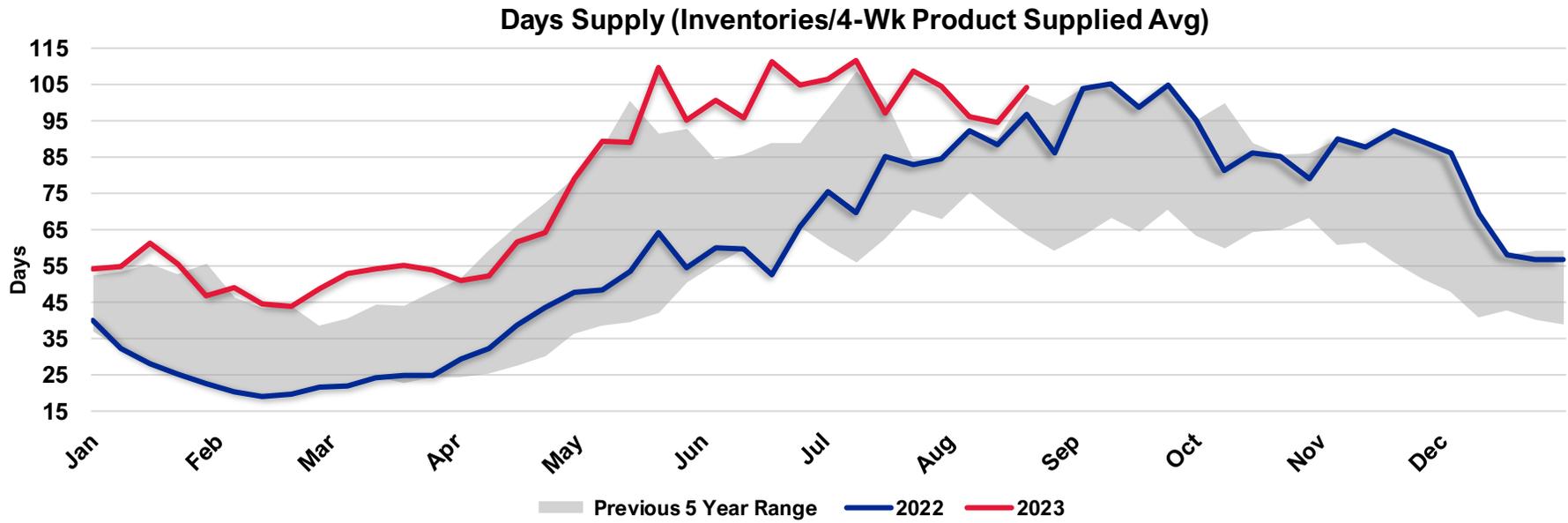
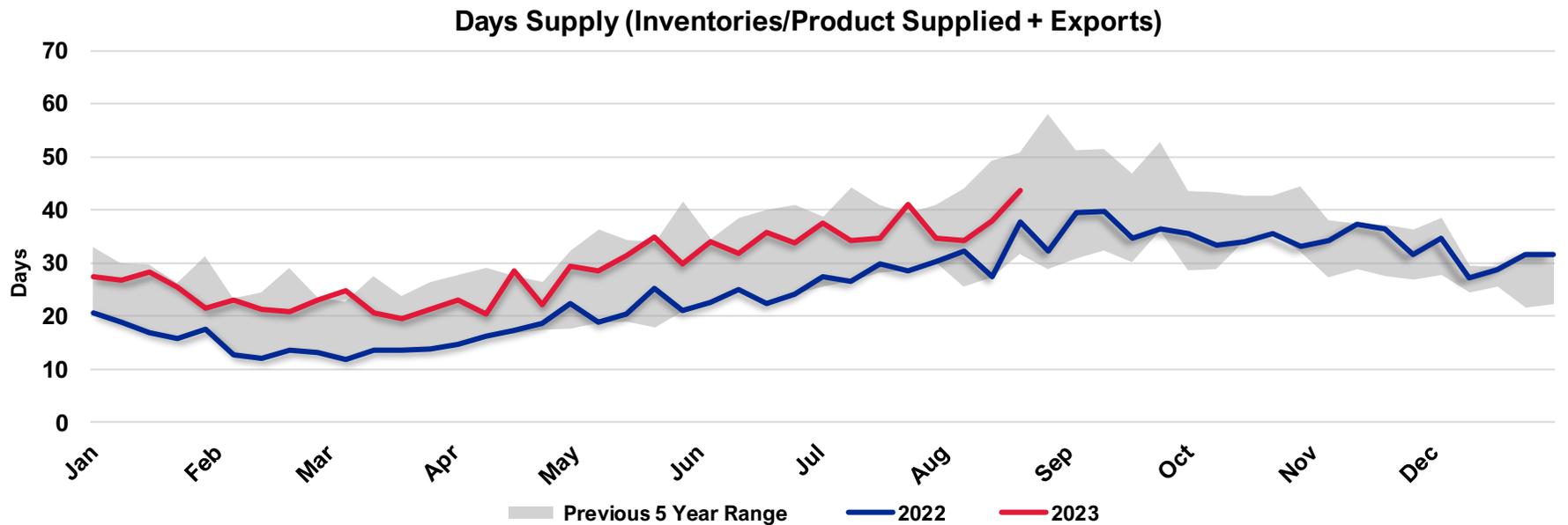


Figure 14



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