



## WEEKLY PROPANE MARKET UPDATE

September 7, 2023

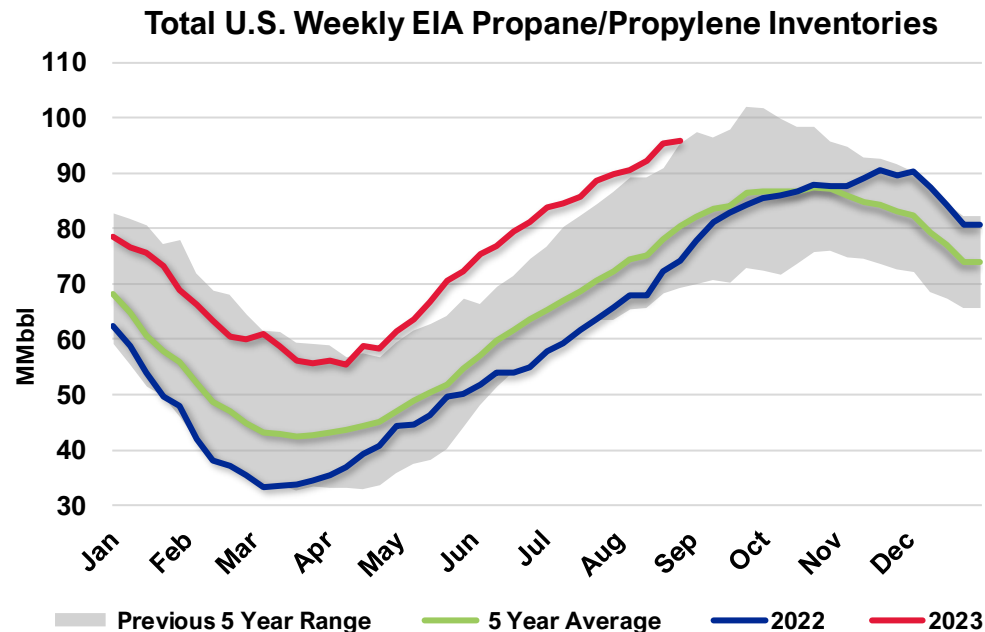
### HIGHLIGHTS

- » The EIA reported that total U.S. propane/propylene inventories increased by only 512 Mbbbl in the week ended September 1, which was well below average industry expectations for a 2.2-MMbbbl gain and the 2.3 MMbbbl average build for the week. Total U.S. propane stocks are now at 96 MMbbbl, which is 15.6 MMbbbl, or 19.4%, above the 5-year average.
- » Crude oil prices moved sharply higher during the week, supported by statements from Saudi Arabia and Russia that they would extend production cuts through the end of the year. WTI settled at \$87.54/bbl on September 6, up \$6.38/bbl from August 29. Propane prices tracked crude oil higher, with Mont Belvieu non-TET up by 6 c/gal from last week to 73.3 c/gal on September 6. As a result, the propane-to-WTI ratio was unchanged at 35%.
- » Weekly exports of propane reported by the EIA soared to 1.69 MMbbbl/d, up 147 Mbbbl/d from last week and well above the 4-week average of 1.52 MMbbbl/d.
- » Total U.S. production of propane/propylene increased sharply by 124 Mbbbl/d to 2,663 Mbbbl/d, primarily due to higher volumes in PADD 3

### MARKET OVERVIEW

Mont Belvieu propane prices were 8.9% higher during the past week, settling at 73.3 c/gal on September 6. WTI prices were also stronger, climbing by \$6.38/bbl, or 7.9%, to \$87.54/bbl over the same period, which left the propane-to-WTI ratio unchanged at 35%. The current ratio is well below the 50% average recorded in September 2022. The forward propane-to-WTI ratio for October-November 2023 was up flat from last week at 36%. The Mont

Figure 1



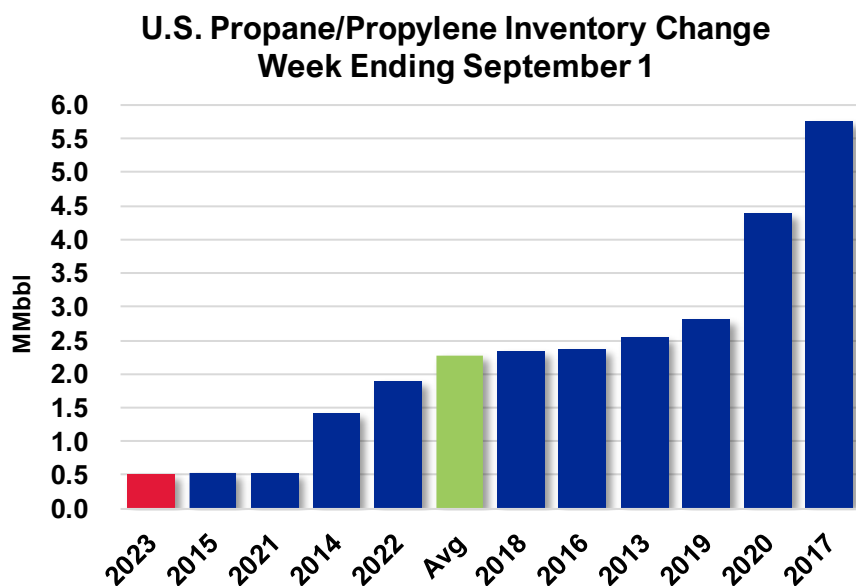
Belvieu non-TET vs. TET propane OPIS price spread narrowed was little changed over the period, with non-TET trading at a 0.1 c/gal discount to TET on September 6.

### ANALYSIS & INSIGHTS

According to OPIS, the average of industry expectations called for a build of 2.2 MMbbbl for the week ended September 1. In today's EIA report, U.S. propane inventories grew by 512 Mbbbl, 1.7 MMbbbl less than expectations. Total U.S. propane stocks are now at 96 MMbbbl. Inventories are 21.9 MMbbbl, or 29.5%, above the same week in 2022 and 755 Mbbbl, or 1%, above the 5-year maximum. Regional changes were mixed, with PADD 3 having the largest decrease for the week.

PADD 3 (Gulf Coast) propane inventories dropped by 1.1 MMbbbl. Total inventories for the region are now 56.2 MMbbbl, putting them at 15.6 MMbbbl, or 38.5 %, above 2022;

Figure 2



**ANALYSIS & INSIGHTS (continued)**

however, inventories are now 417 Mbbbl, or 1%, below the 5-year maximum. Inventories are 12.4 MMbbl, or 28.2%, above the 5-year average.

PADD 2 (Midwest) inventories had a build of 844 Mbbbl. Total inventories for the region are now 25.6 MMbbl. Inventories are 3.6 MMbbl, or 16.1%, over 2022 but 1.1 MMbbl, or 4.1%, below the 5-year maximum. Inventories are 1 MMbbl, or 4.2%, above the 5-year average.

PADD 1 (East Coast) stocks grew by 790 Mbbbl. Total inventories for the region are now at 8.6 MMbbl, which is 1.6 MMbbl, or 24%, above 2022 and 244 Mbbbl, or 2.9%, above the 5-year maximum. Inventories are also 927 Mbbbl, or 12.1%, above the 5-year average.

PADD 4 (Rocky Mountain) plus PADD 5 (West Coast) was essentially unchanged. Total stocks for the region remain at 5.5 MMbbl, which is 1 MMbbl, or 22.8%, over 2022 and 513 Mbbbl, or 10.2%, above the 5-year maximum. Stocks are 1.2 MMbbl, or 28.7%, above the 5-year average.

Total U.S. production grew by 124 Mbbbl/d to 2,663 Mbbbl/d. PADD 1 had the only decrease of 20 Mbbbl/d, with all other regions having a combined increase of 143 Mbbbl/d. Exports rose by 147 Mbbbl/d to 1,694 Mbbbl/d, which is above the 4-week average of 1,523 Mbbbl/d. Imports fell by 8 Mbbbl/d to 93 Mbbbl/d as volumes into PADD 1 and PADD 4/5 increased by a combined 3 Mbbbl/d while PADD 2 decreased by 11 Mbbbl/d. Product supplied grew by 350 Mbbbl/d to 989 Mbbbl/d.

**Propane Inventory Change**

The build in propane stocks for the week ended September 1 (red bar, Figure 2) of 512 Mbbbl was about 1.8 MMbbl less than the average increase of 2.3 MMbbl (green bar).

**MB Non-TET vs Conway Price**

The Conway propane OPIS spot price relative to Mont Belvieu non-TET narrowed from last week, with Conway trading at a 0.2 c/gal discount as of September 6. The forward-price differential between Mont Belvieu (TET or LST) and Conway was relatively unchanged from the prior week, with Mont Belvieu trading at a 0.6 c/gal discount to Conway for October 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 100 days, 14 days higher than the same week in 2022 and one day above the 5-year high.

Figure 14 is an alternative calculation that divides stocks by product supplied plus exports and indicates only 36 days of inventory, which is four days more than 2022 but 22 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

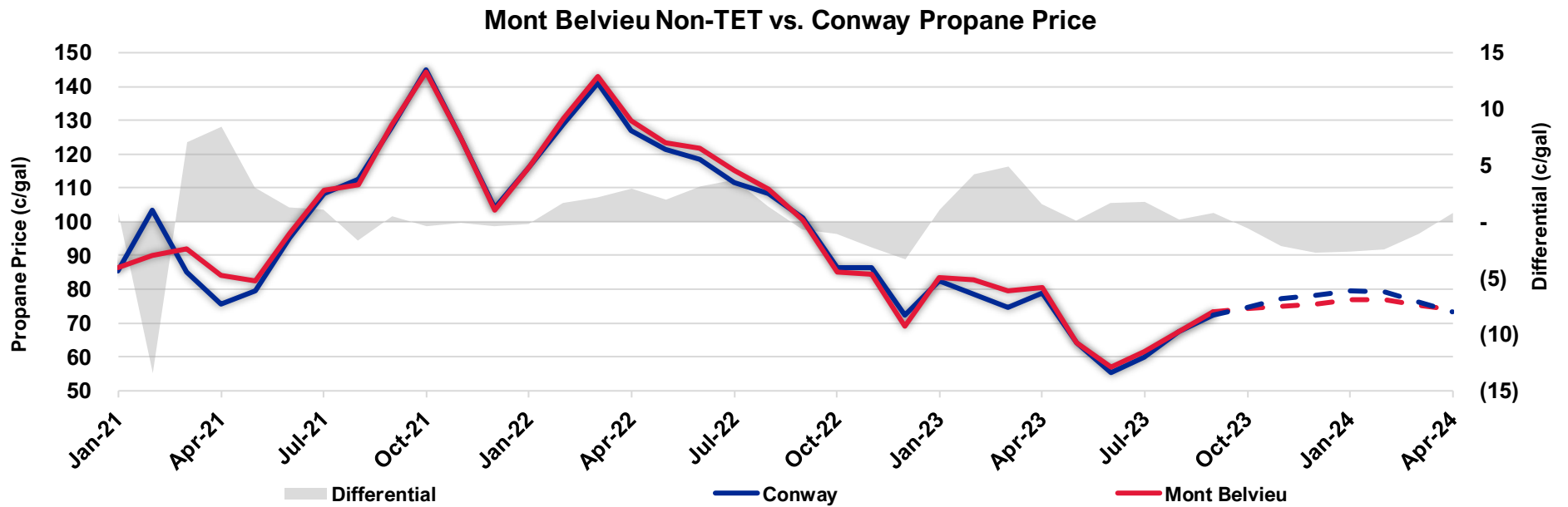
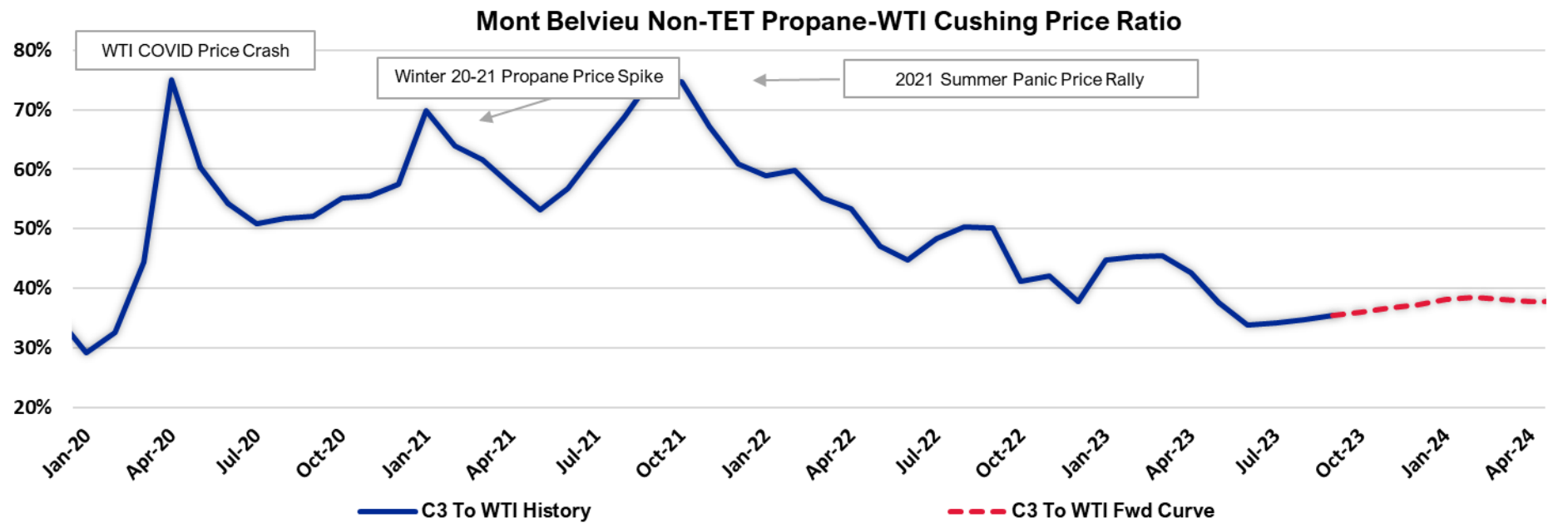


Figure 4



# U.S. PROPANE INVENTORIES BY PADD

Figure 5

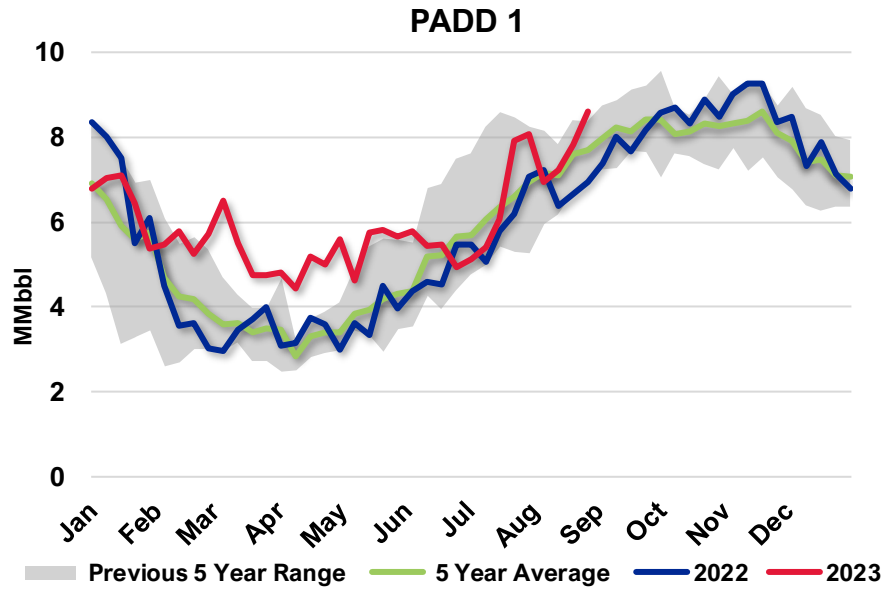


Figure 6

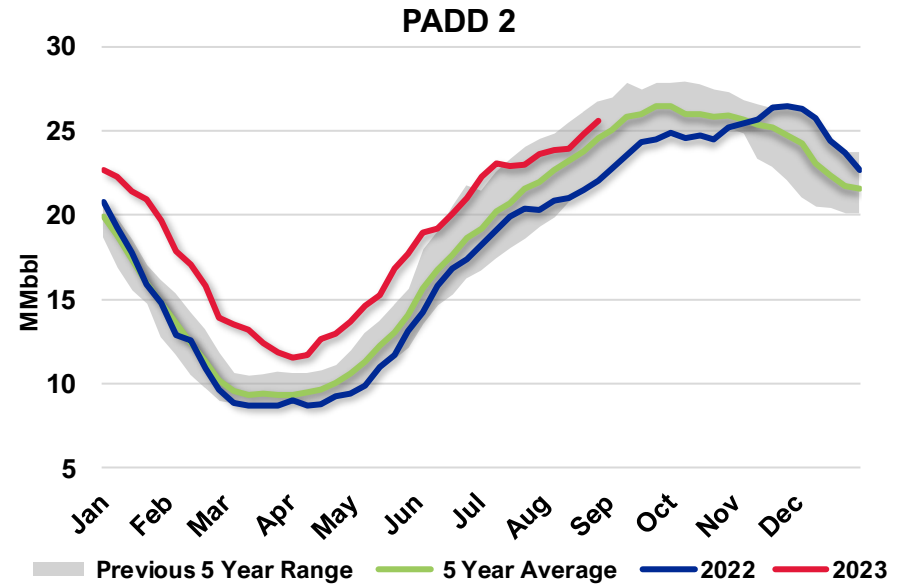


Figure 7

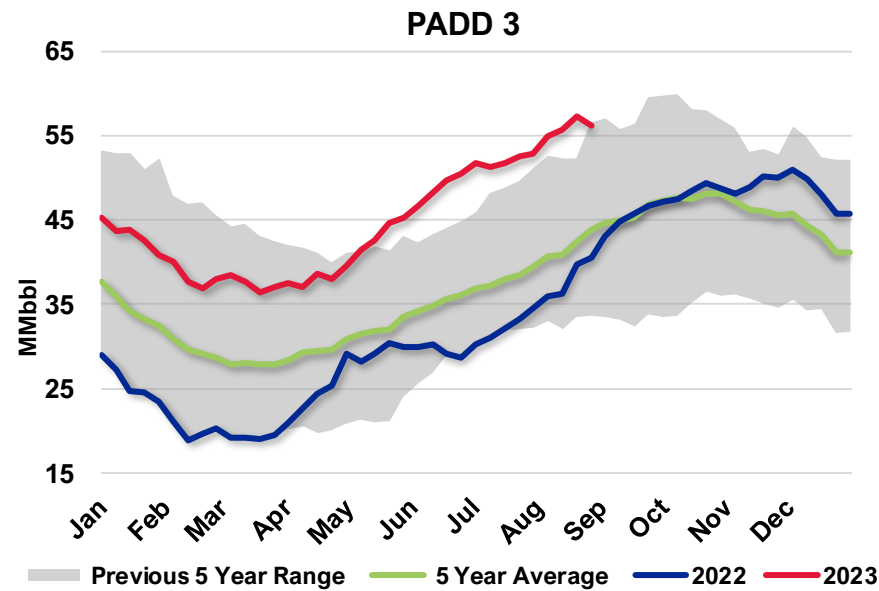


Figure 8

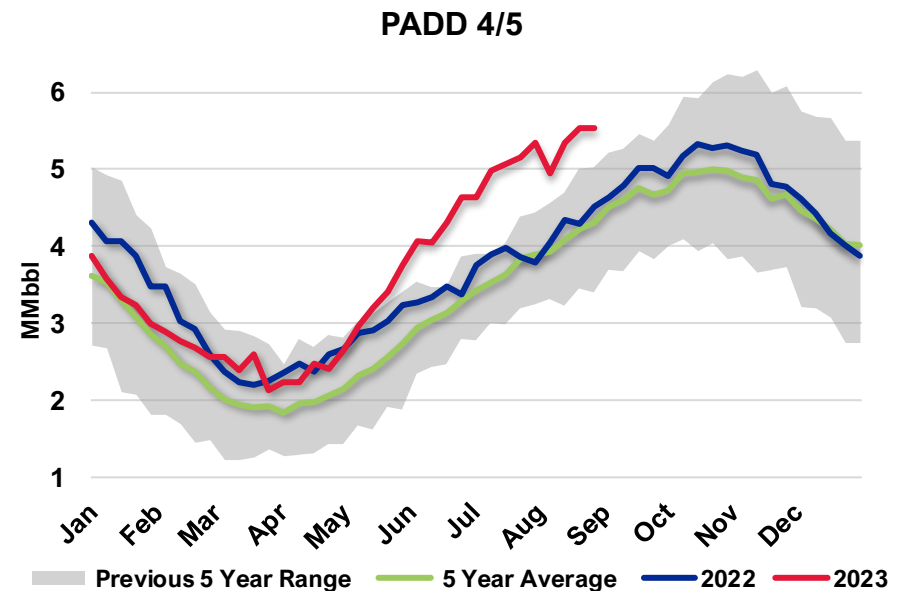


Figure 9

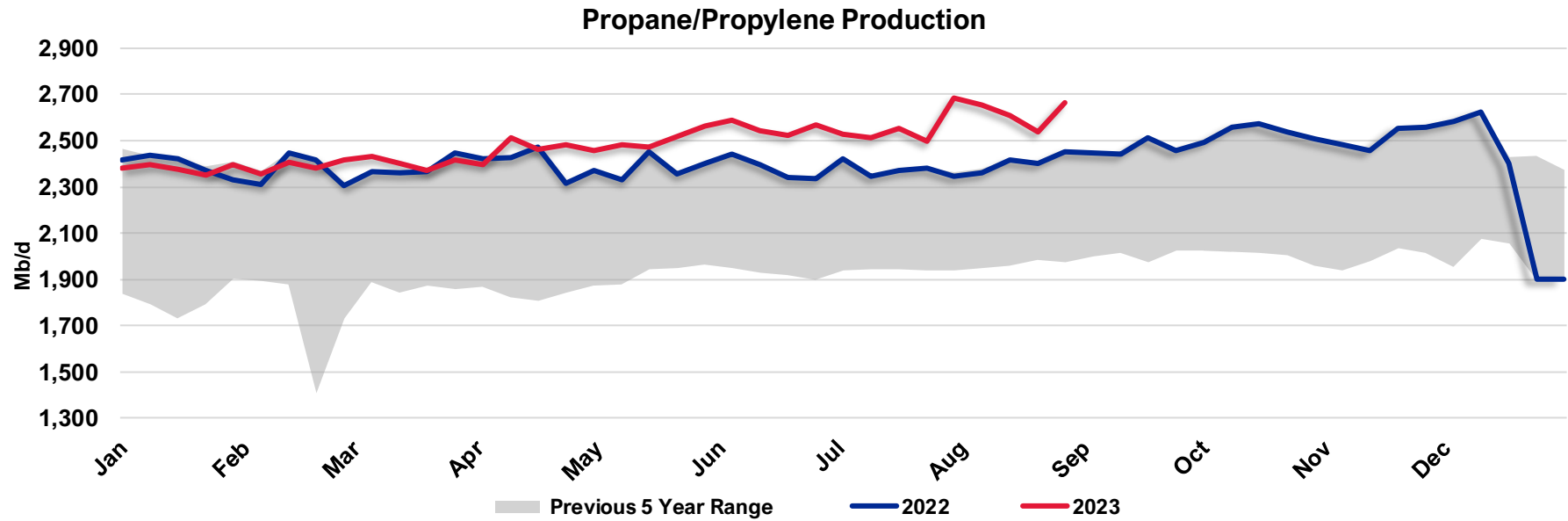


Figure 10

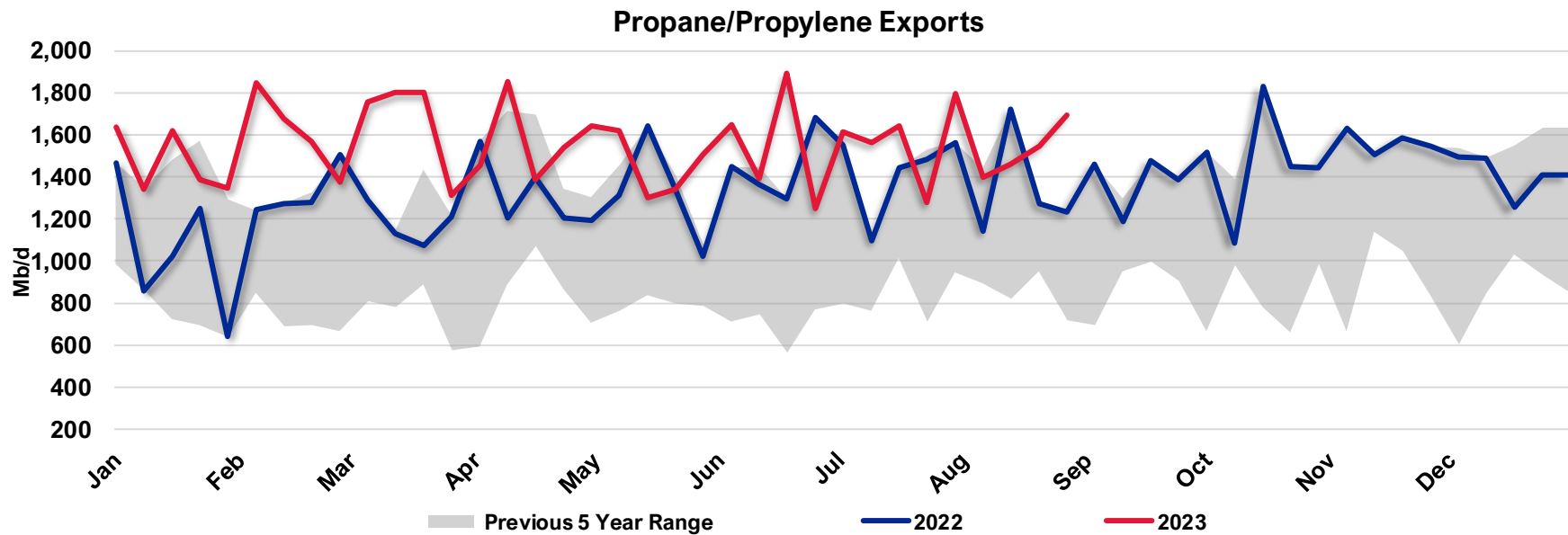


Figure 11

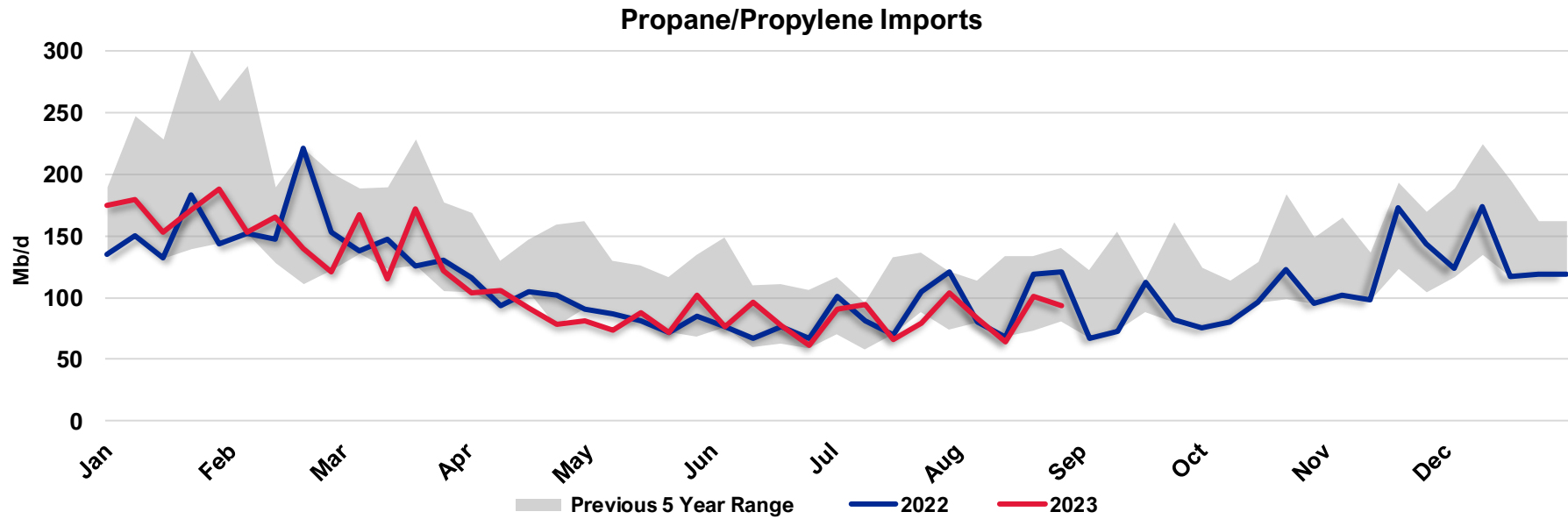


Figure 12

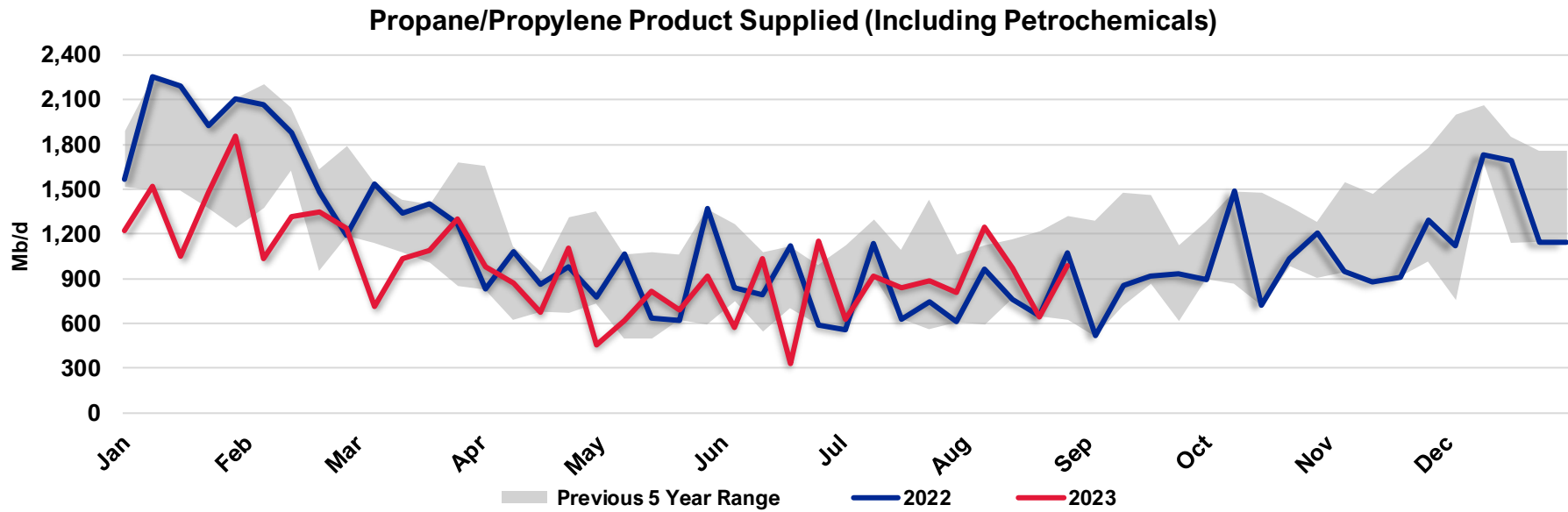


Figure 13

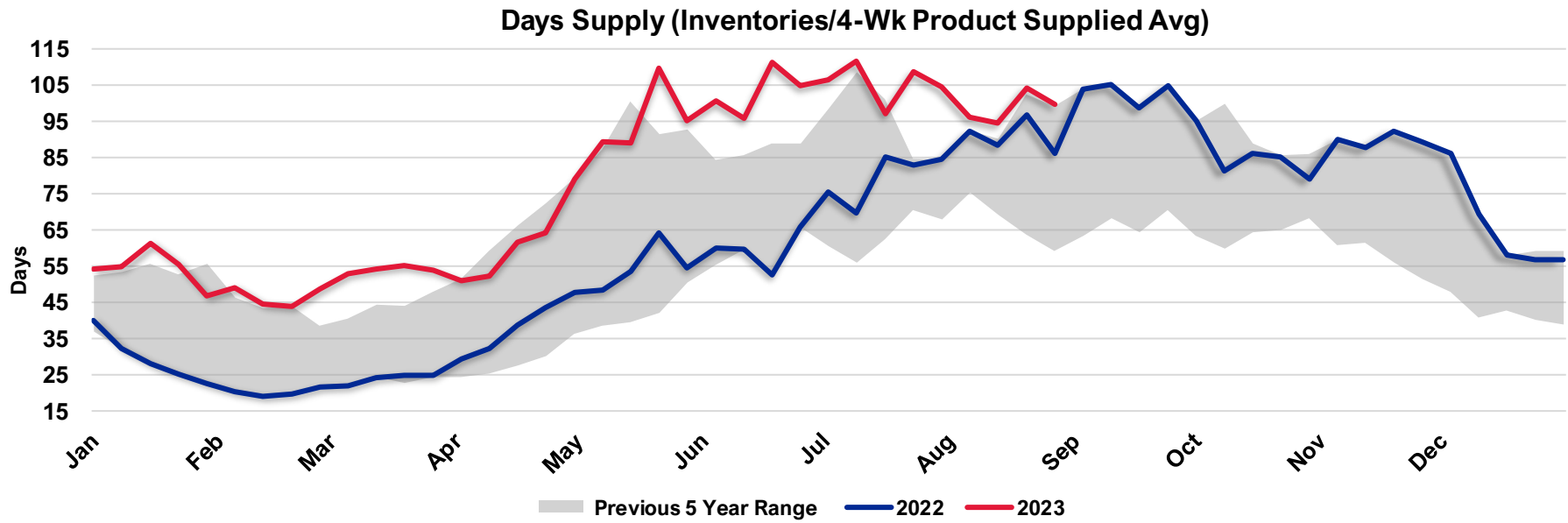
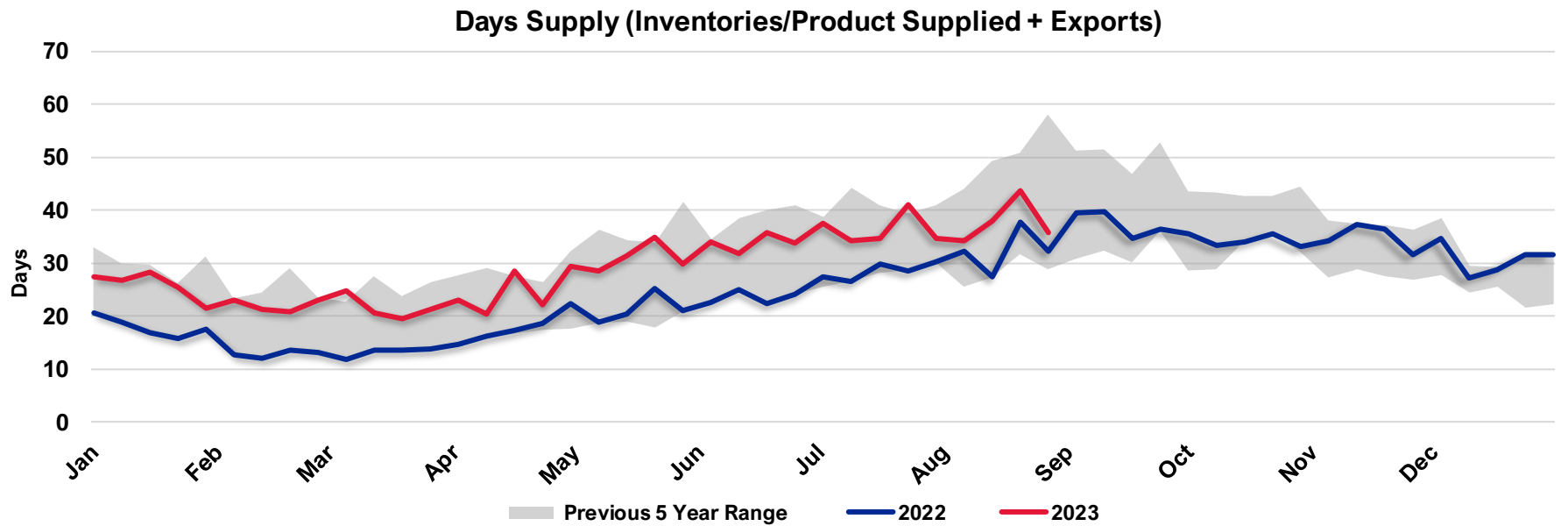


Figure 14



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