



## WEEKLY PROPANE MARKET UPDATE

November 29, 2023

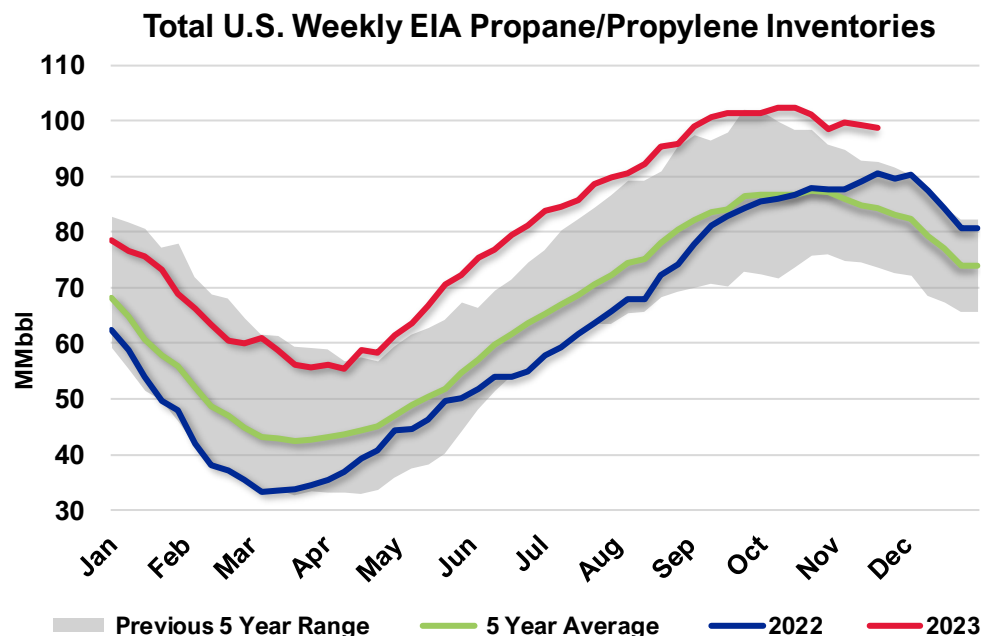
### HIGHLIGHTS

- » The EIA reported that total U.S. propane/propylene inventories fell by 534 Mbbl for the week ended November 24, which was modestly below average industry expectations for a draw of 831 Mbbl but above the 223 Mbbl average decline for the week. Total U.S. propane stocks now stand at 98.7 MMbbl, which is 14.3 MMbbl, or 16.9%, above the 5-year average.
- » Crude oil prices remained under pressure over the last week as uncertainty surrounding the upcoming OPEC+ meeting weighed on market sentiment. WTI settled at \$76.41/bbl on November 28, down \$1.36/bbl from November 21. Propane tracked crude oil lower, with the Mont Belvieu OPIS non-TET price falling by 0.7 c/gal from last week to 63.9 c/gal on November 28. As a result, the propane-to-WTI ratio was unchanged from last week at 35%.
- » Weekly exports of propane reported by the EIA were weaker at 1.59 MMbbl/d, down 193 Mbbl/d from last week's robust rate but on par with the year-to-date average of 1.60 MMbbl/d.
- » Total U.S. production of propane/propylene rose by 48 Mbbl/d to 2,645 Mbbl/d as output increased in PADD 2 and PADD 3.

### MARKET OVERVIEW

Mont Belvieu propane prices fell by 0.7 c/gal, or 1.1%, during the past week, settling at 63.9 c/gal on November 28. WTI prices were also lower, falling by \$1.36/bbl, or 1.7%, to \$76.41/bbl over the same period, which kept the propane-to-WTI ratio unchanged at 35% (blue line, Figure 4). The current ratio remains below the 42%

Figure 1

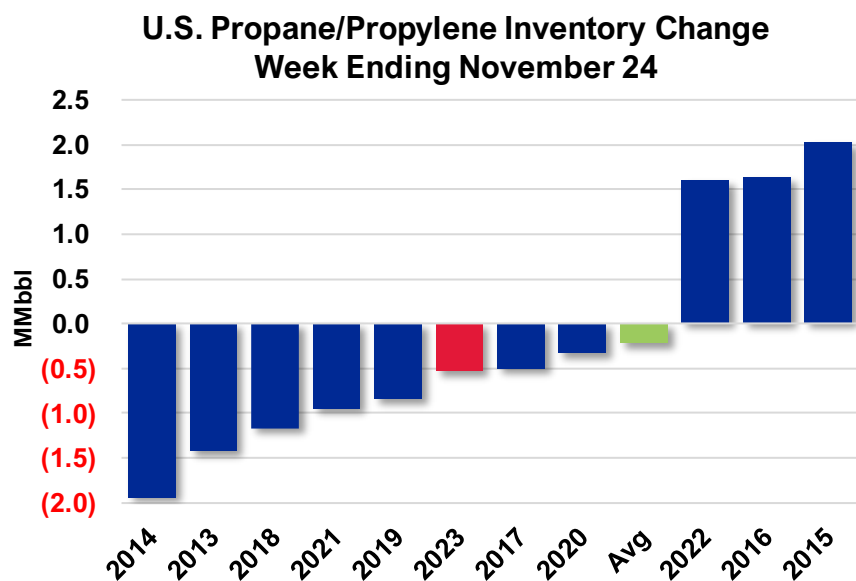


average recorded in November 2022. The forward propane-to-WTI ratio for December 2023-March 2024 was also flat compared to last week at 35% (red dashed line, Figure 4).

### ANALYSIS & INSIGHTS

Propane inventories drew by 534 Mbbl in the EIA's report for the week ended November 24, decreasing total stocks to 98.7 MMbbl. According to OPIS, the average of industry expectations called for a draw of 831 Mbbl. The average change for the week is a draw of 223 Mbbl. Total U.S. propane stocks are now 8.1 MMbbl, or 8.9%, above the same week in 2022 and 6.2 MMbbl, or 6.7%, above the 5-year maximum. Inventories are 14.3 MMbbl, or 16.9%, above the 5-year average. Regional changes show PADD 3 had a decrease in inventory while all other regions reported an increase.

Figure 2



**ANALYSIS & INSIGHTS (continued)**

PADD 3 (Gulf Coast) propane inventories drew by 1.4 Mbbbl and total stocks for the region are now at 54.1 MMbbl, putting them at 3.9 MMbbl, or 7.8%, over 2022 and 718 Mbbbl, or 1.3%, above the 5-year maximum. Inventories are 8.1 MMbbl, or 17.5%, above the 5-year average.

PADD 2 (Midwest) stocks increased by 558 Mbbbl. Midwest inventories stand at 27.1 MMbbl, which is 751 Mbbbl, or 2.8%, over 2022 and the 5-year maximum. Stocks are 1.9 MMbbl, or 7.7%, above the 5-year average.

PADD 1 (East Coast) had a slight build of 105 Mbbbl. East Coast inventories are now at 10.4 MMbbl, which is 1.2 MMbbl, or 12.7%, above 2022 and the 5-year maximum. Inventories are 1.8 MMbbl, or 21.3%, above the 5-year average.

PADD 4 (Rocky Mountain) plus PADD 5 (West Coast) propane inventories grew by 179 Mbbbl. Total stocks for the region are now at 7.1 MMbbl, which is 2.3 MMbbl, or 47.5%, over 2022 and 1.1 MMbbl, or 18.5%, over the 5-year maximum. Stocks are 2.5 MMbbl, or 53.2%, above the 5-year average.

Total U.S. production increased by 48 Mbbbl/d to 2,645 Mbbbl/d. PADD 2 and PADD 3 had a combined production increase of 64 Mbbbl/d while PADD 1 and PADD 4/5 had a total decrease of 17 Mbbbl/d. Exports fell by 193 Mbbbl/d from last week to 1,594 Mbbbl/d, which is below the 4-week average of 1,698 Mbbbl/d but in line with the 1,586 Mbbbl/d reported in the year-ago week. Imports fell by 17 Mbbbl/d to 88 Mbbbl/d as PADD 1 and PADD 2 had a combined decrease of 20 Mbbbl/d, which was offset by higher volumes into PADD 4/5. Product supplied rose by 233 Mbbbl/d to 1,215 Mbbbl/d.

**Propane Inventory Change**

The draw in propane stocks for the week ended November 24 (red bar, Figure 2) of 534 MMbbl was about 311 Mbbbl larger than the average decrease of 223 Mbbbl (green bar, Figure 2).

**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 2.6 c/gal discount on November 28. The forward-price differential between Mont Belvieu (TET or LST) and Conway was relatively steady compared to the prior week, with Mont Belvieu trading at a 1.9 c/gal premium to Conway for December 2023 (shaded area, Figure 3).

**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 91 days, one day less than the same week in 2022 and the 5-year maximum.

Figure 14 is an alternative calculation that divides stocks by product supplied plus exports and indicates only 35 days of inventory, which is one day below 2022 and two days less the 5-year high for this metric. Including exports clearly makes a significant difference in the days-of-supply calculation.

Figure 3

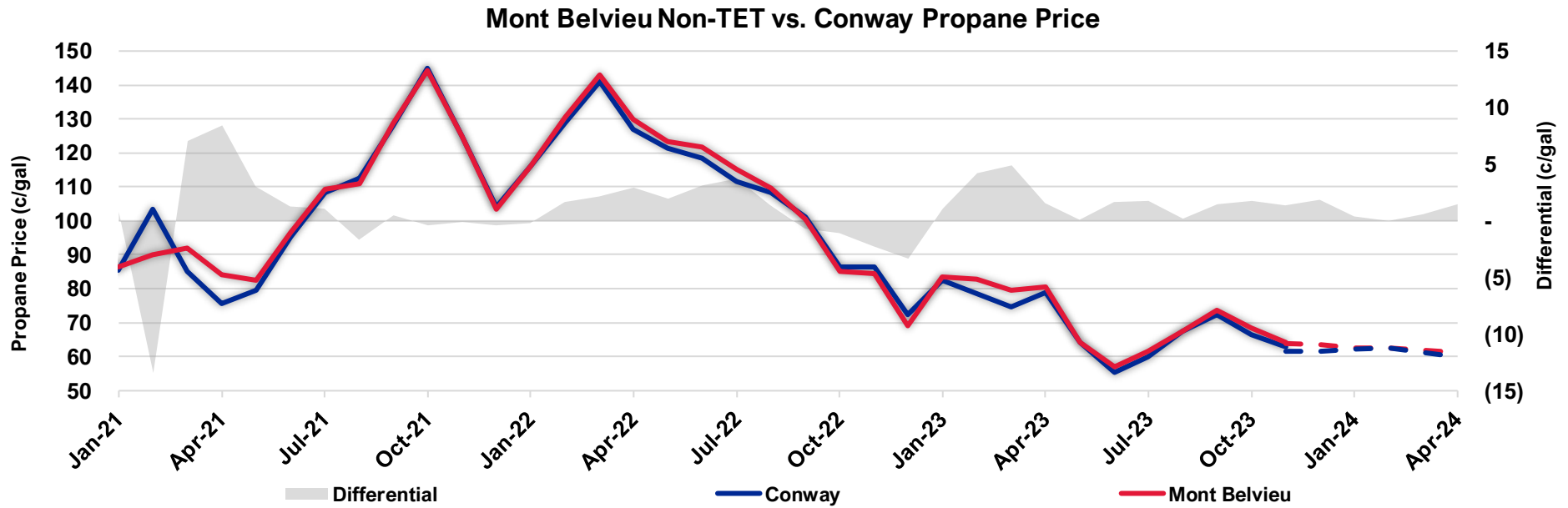
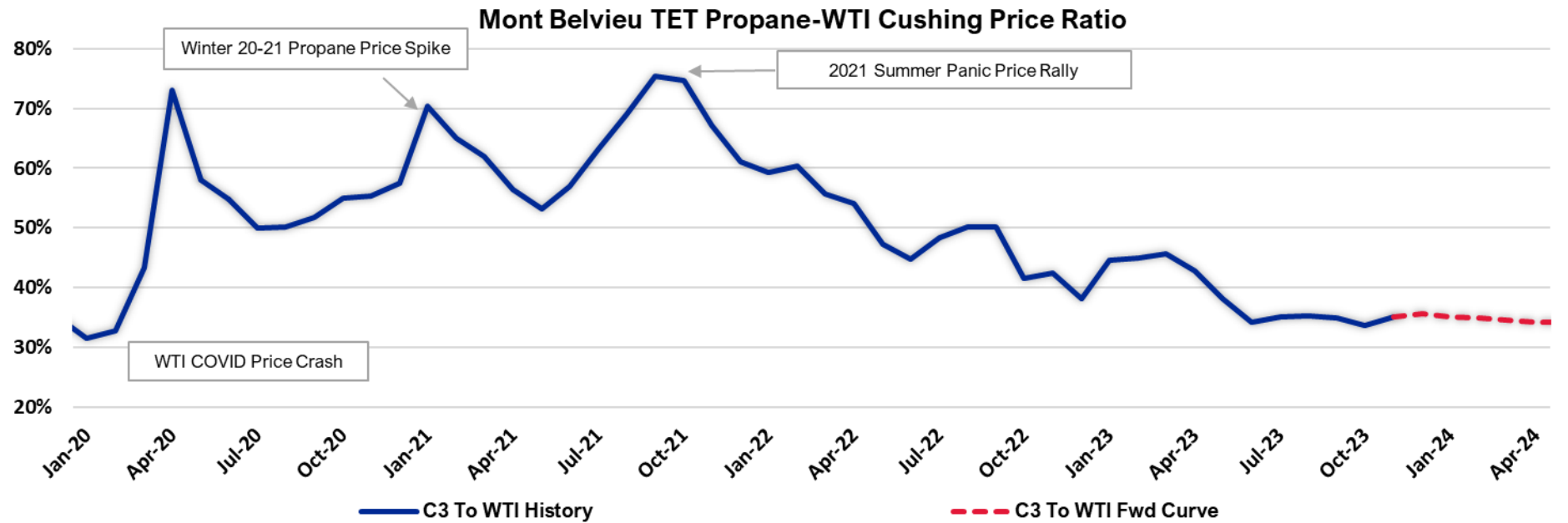


Figure 4



# U.S. PROPANE INVENTORIES BY PADD

Figure 5

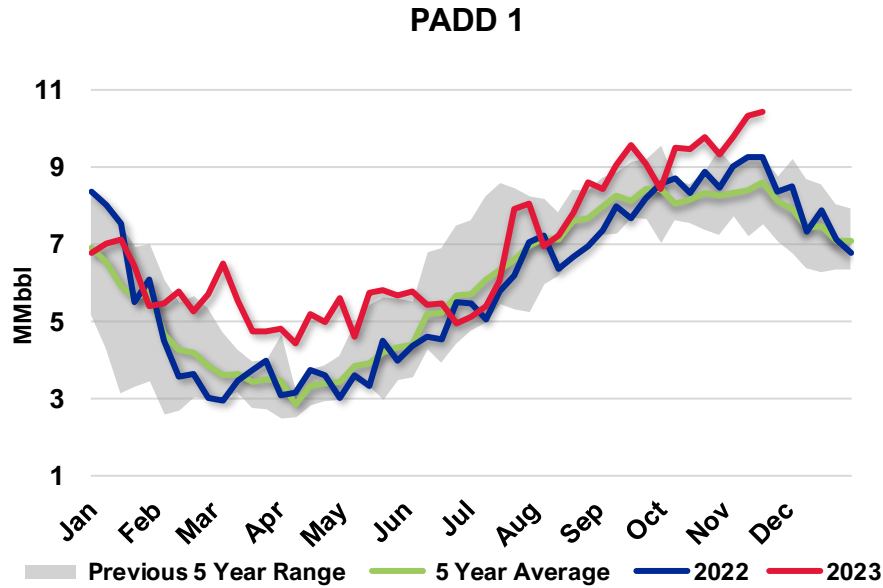


Figure 6

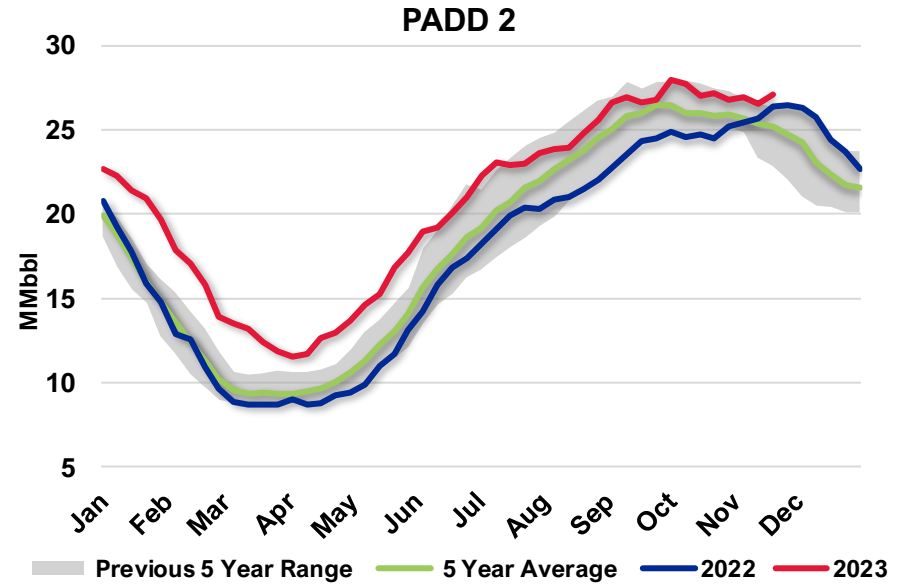


Figure 7

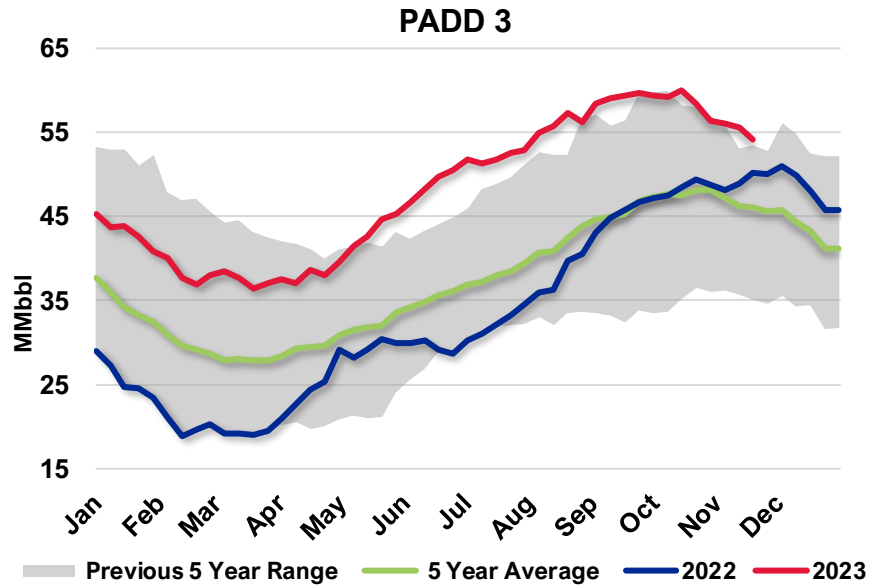


Figure 8

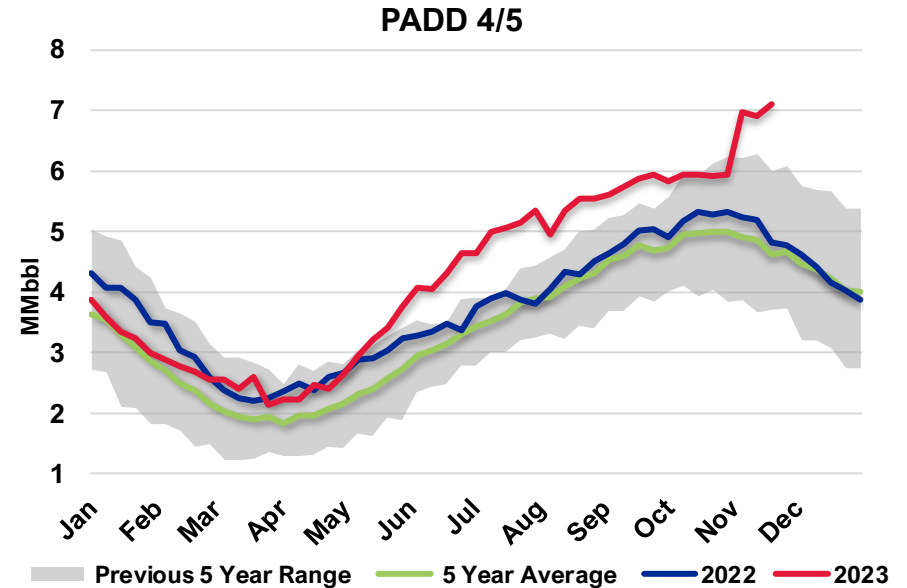


Figure 9

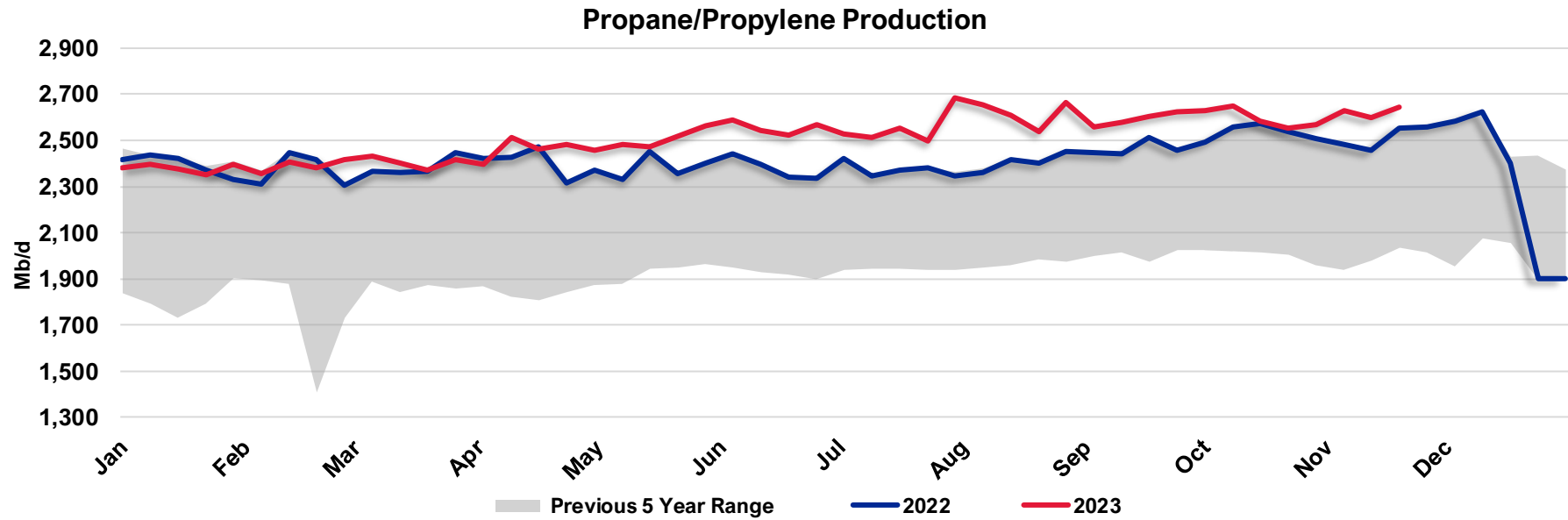


Figure 10

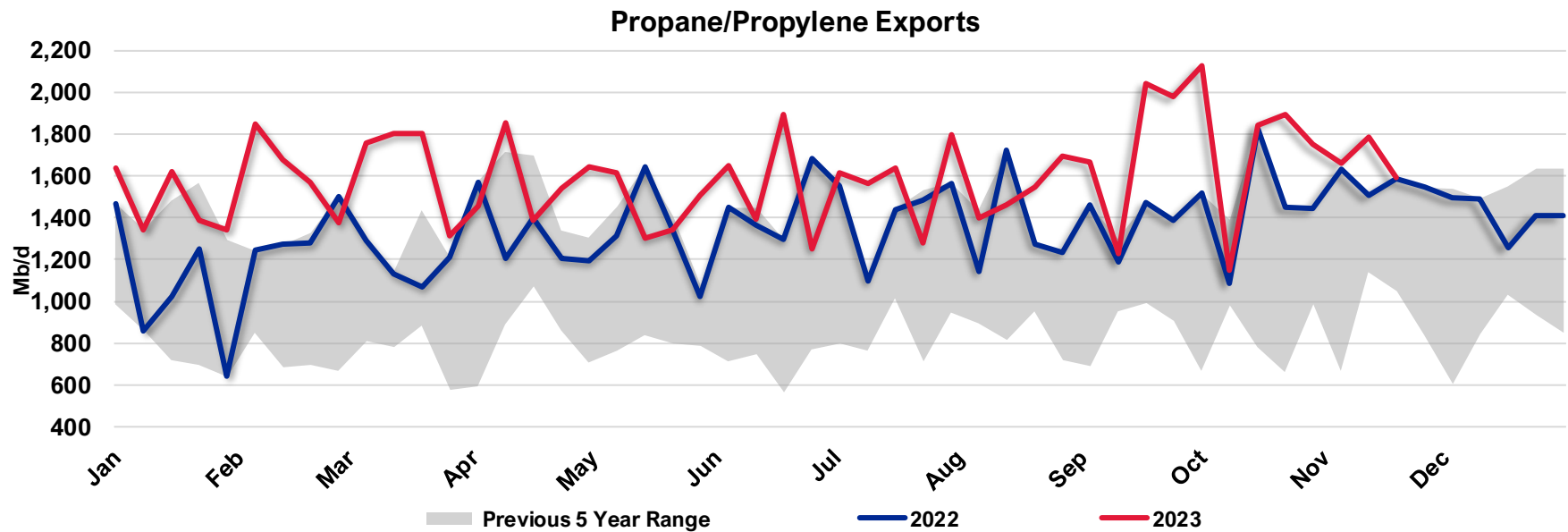


Figure 11

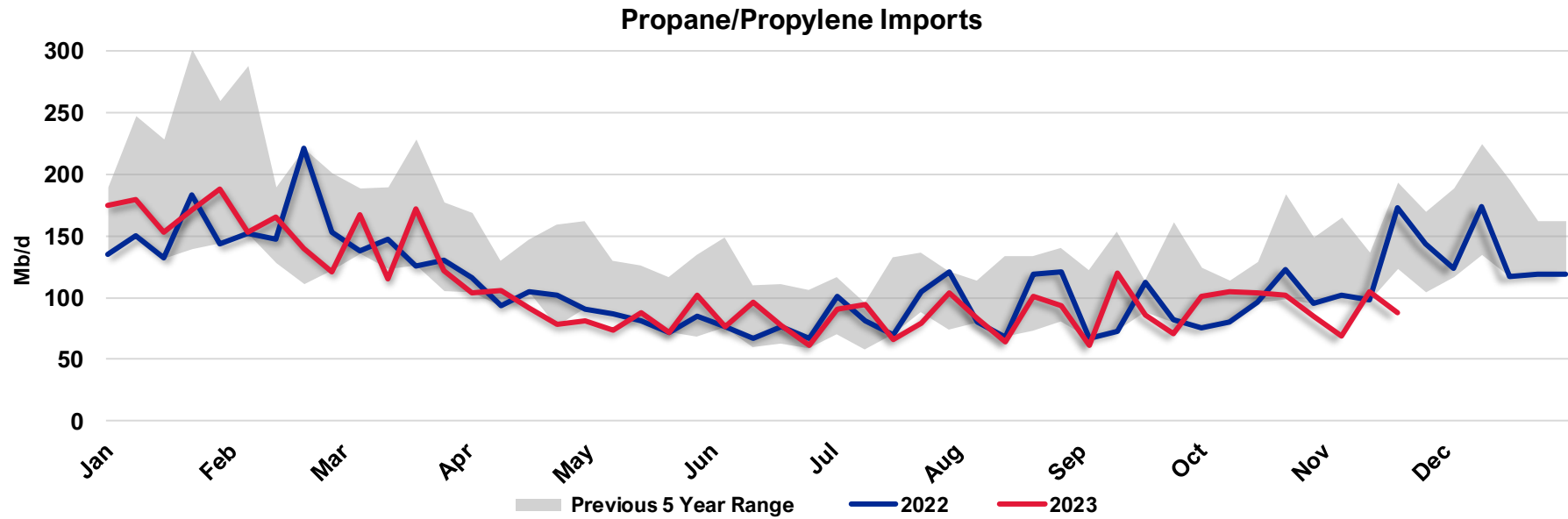


Figure 12

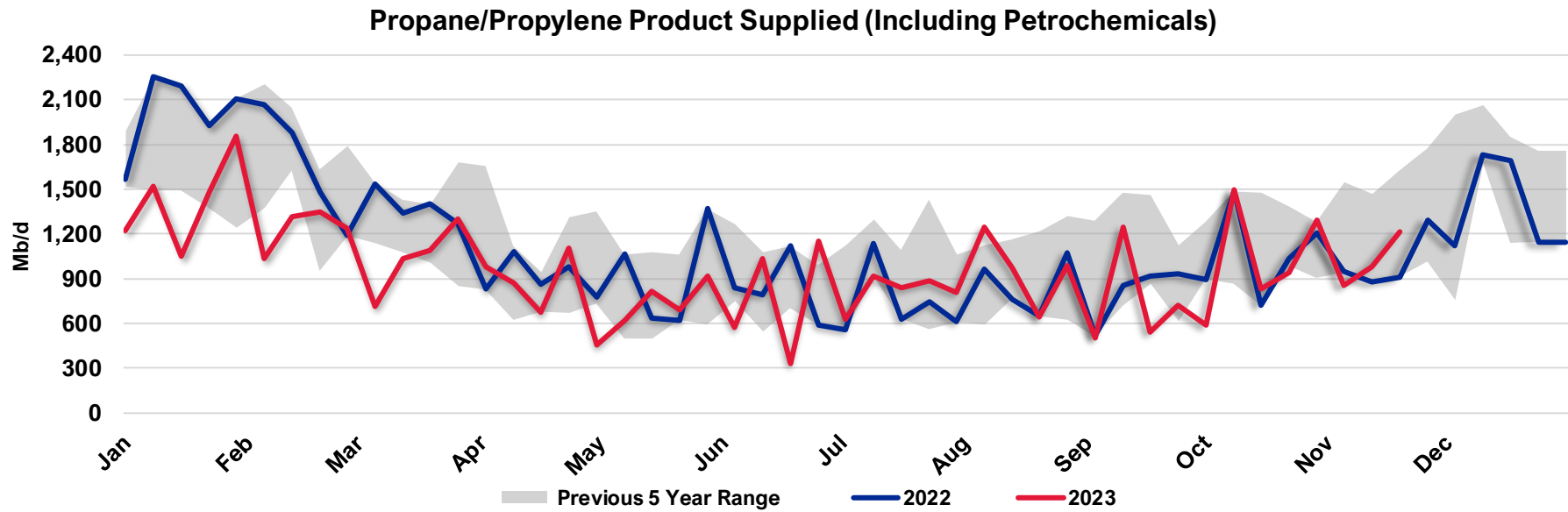


Figure 13

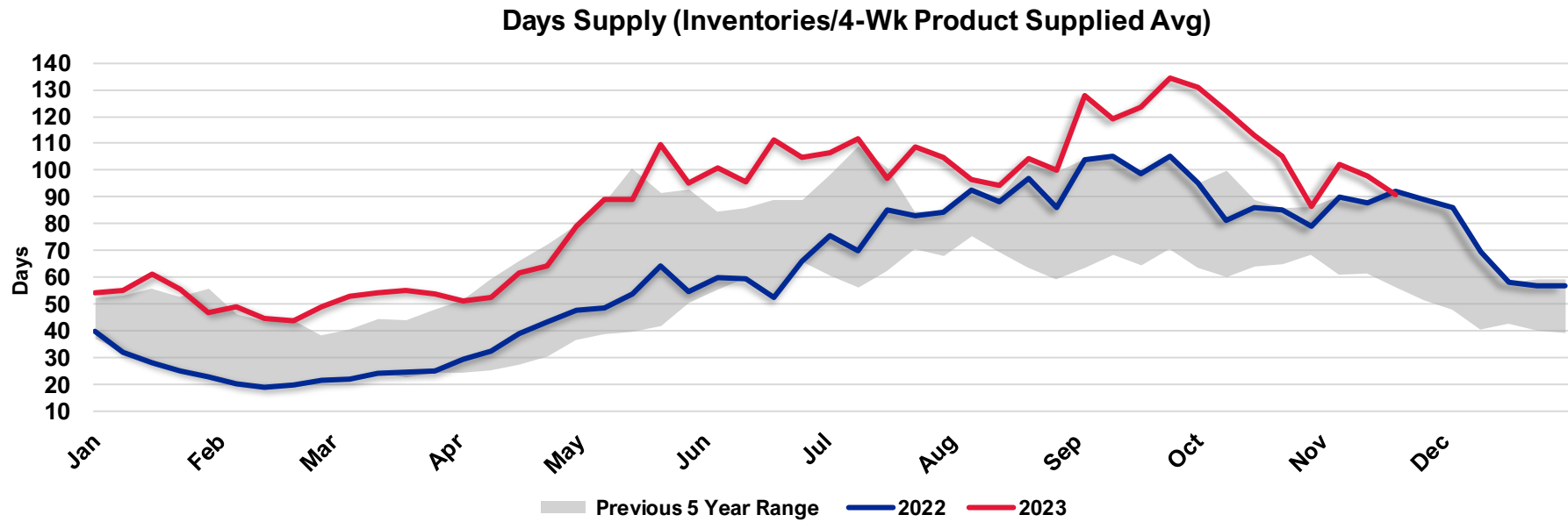
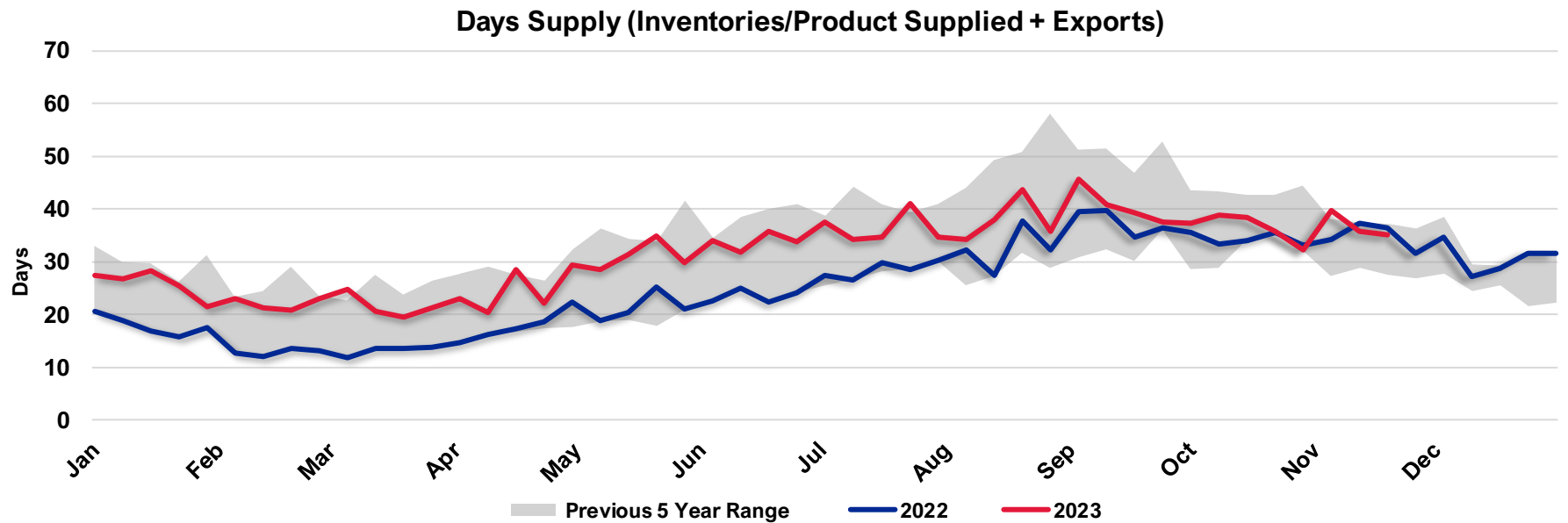


Figure 14



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