



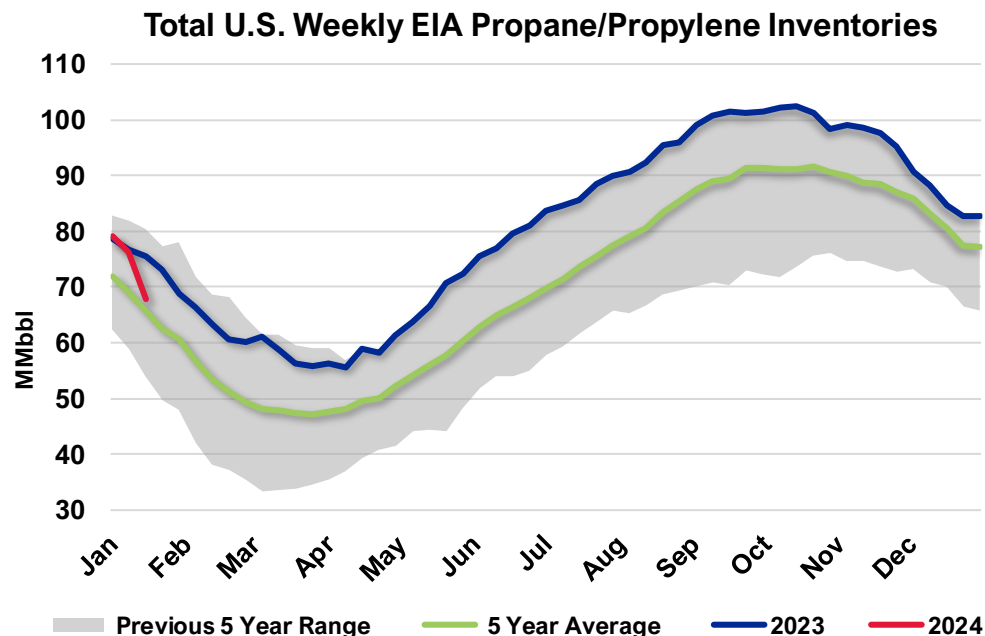
## WEEKLY PROPANE MARKET UPDATE

January 24, 2024

Figure 1

### HIGHLIGHTS

- » The EIA reported that total U.S. propane/propylene inventories had a record high draw of 8.4 MMbbl for the week ended January 19, which was well above average industry expectations for a draw of 4.2 MMbbl and the 3.9 MMbbl average decline for the week. Total U.S. propane stocks now stand at 67.9 MMbbl, which is only 2.3 MMbbl, or 3.5%, above the 5-year average.
- » Over the last 12 weeks reported by the EIA, total U.S. propane/propylene stocks have dropped by 33.3 MMbbl compared to a decline of only 12.4 MMbbl for the same period last year.
- » Crude oil prices were higher over the last week amid the ongoing turmoil in the Middle East and supply disruptions in the U.S. (North Dakota) and Russia. WTI settled at \$74.37/bbl on January 23, up \$1.81/bbl from January 17. U.S. propane prices were slightly lower as the market weakened after the big recent rally, with Mont Belvieu OPIS non-TET falling by 0.8 c/gal, or 1%, from last week to 84.3 c/gal on January 23. As a result, the non-TET propane-to-WTI ratio declined by 1.7 percentage points from last week to 47.6%.
- » Weekly exports of propane reported by the EIA soared to 2.02 MMbbl/d, just slightly below the all-time high. Exports were 273 Mbbbl/d higher than last week and well above the 4-week average rate of 1.79 MMbbl/d.
- » Total U.S. production of propane/propylene plunged 363 Mbbbl/d from last week to 2.24 MMbbl/d as output declined sharply in output in PADD 2 and PADD 3, likely as a result of bitter cold temperatures in the regions.



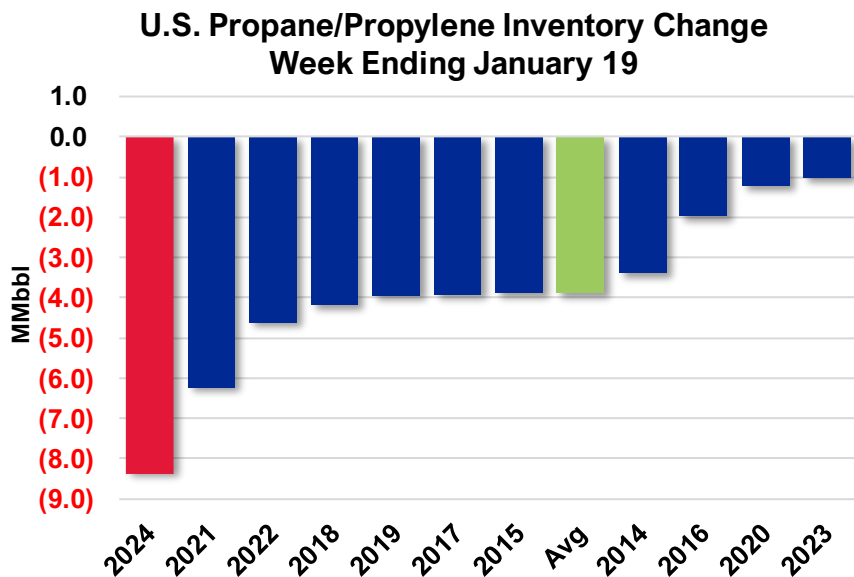
### MARKET OVERVIEW

The U.S. propane market was volatile over the past week as prices spiked up to over 94 c/gal, primarily due to the arctic temperatures across most of the country, before retreating sharply in the last two trading sessions. Mont Belvieu (non-TET) propane declined by 0.8 c/gal, or 1%, settling at 84.3 c/gal on January 23. WTI prices were stronger than propane, increasing by \$1.81/bbl, or 2.5%, to \$74.37/bbl over the same period, which reduced the propane-to-WTI ratio by 1.7 percentage points to 46.7% (blue line, Figure 4). The current ratio remains above the 45% average recorded in January 2023. The forward propane-to-WTI ratio for February-April 2024 was down 2 percentage points compared to last week at 44% (red dashed line, Figure 4).

### ANALYSIS & INSIGHTS

In today's EIA report, propane volumes for the week ended January 19, drew at an **all-time high** of 8.4 MMbbl, 4.5 MMbbl more than the average for the week and twice as

Figure 2



**ANALYSIS & INSIGHTS (continued)**

much as industry expectations. According to OPIS, the average of industry expectations for the week’s withdrawal was 4.2 MMbbl. Total U.S. propane stocks are now 67.9 MMbbl, which is 7.7 MMbbl, or 10.2% below the same week in 2023 and 12.7 MMbbl, or 15.7%, below the 5-year maximum. Inventories are now 2.3 MMbbl, or 3.5%, above the 5-year average. Regional changes show decreased stocks in all areas with PADD 3 having the largest.

PADD 3 (Gulf Coast) propane inventories dropped by 5.3 MMbbl and total stocks for the region are now at 37.4 MMbbl, 1 MMbbl, or 2.4%, below 2023 and 10.2 MMbbl, or 19%, below the 5-year maximum. Inventories for the region are 4.9 MMbbl, or 12.2%, above the 5-year average.

PADD 2 (Midwest) propane stocks drew by 2.2 Mbbl, bringing total inventories to 18.1 MMbbl, which is 2 MMbbl, or 8.9%, below 2023 and the 5-year maximum. Stocks are now 456 Mbbl, or 2.3%, above the 5-year average.

PADD 1 (East Coast) propane inventories fell by 738 Mbbl. East Coast inventories are now at 7.5 MMbbl, which is 1.2 MMbbl, or 17.3%, above 2023 and 225 Mbbl, or 2.8%, above the 5-year maximum. Inventories are 1.2 MMbbl, or 16.5%, above the 5-year average.

PADD 4 (Rocky Mountain) plus PADD 5 (West Coast) propane inventories reduced by 187 Mbbl for the week. Total stocks for the region are 4.9 MMbbl, which is 1.5 MMbbl, or 42.4%, over 2023. Inventories are 176 Mbbl, or 3.6%, above the 5-year maximum and 1.4 MMbbl, or 37.9%, above the 5-year average.

Total U.S. production declined by 363 Mbbl/d to 2,241 Mbbl/d. All regions decreased in production with PADD 3 having the largest decrease followed by PADD 2. Exports rose by 272 Mbbl/d to 2,019 Mbbl/d, which is well above the four-week average of 1,789 Mbbl/d and the 1,619 Mbbl/d reported in the year-ago week. Imports fell by 41 Mbbl/d to 105 Mbbl/d as all regions decreased in volume. Product supplied increased by 130 Mbbl/d to 1,527 Mbbl/d.

**Propane Inventory Change**

The draw in propane stocks for the week ended January 19 (red bar, Figure 2) of 8.4 MMbbl is an **all-time high**. The withdrawal was about 4.5 MMbbl more than the average decrease of 3.9 MMbbl (green bar, Figure 2).

**MB Non-TET vs Conway Price**

The Conway propane OPIS spot price spread to Mont Belvieu non-TET (Enterprise) increased from the prior week, with Conway trading at a 6.3 c/gal discount on January 23 compared to a 4.6 c/gal discount on January 17. The forward-price differential between Mont Belvieu (TET or LST) and Conway also increased from last week, with Mont Belvieu trading at a 3.8 c/gal premium to Conway for February 2024 (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 46 days, which is 15 days less than the same week in 2023 and the 5-year maximum.

Figure 14 is an alternative calculation that divides stocks by product supplied plus exports and indicates only 19 days of inventory, which is 9 days below 2023 and 11 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

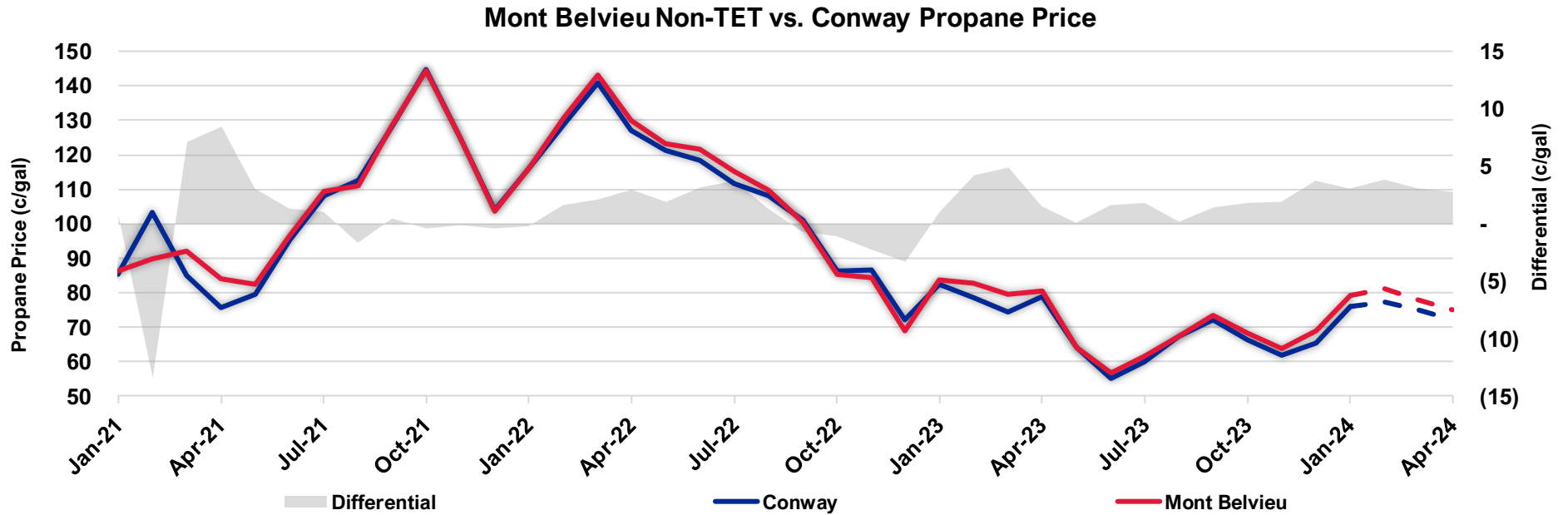
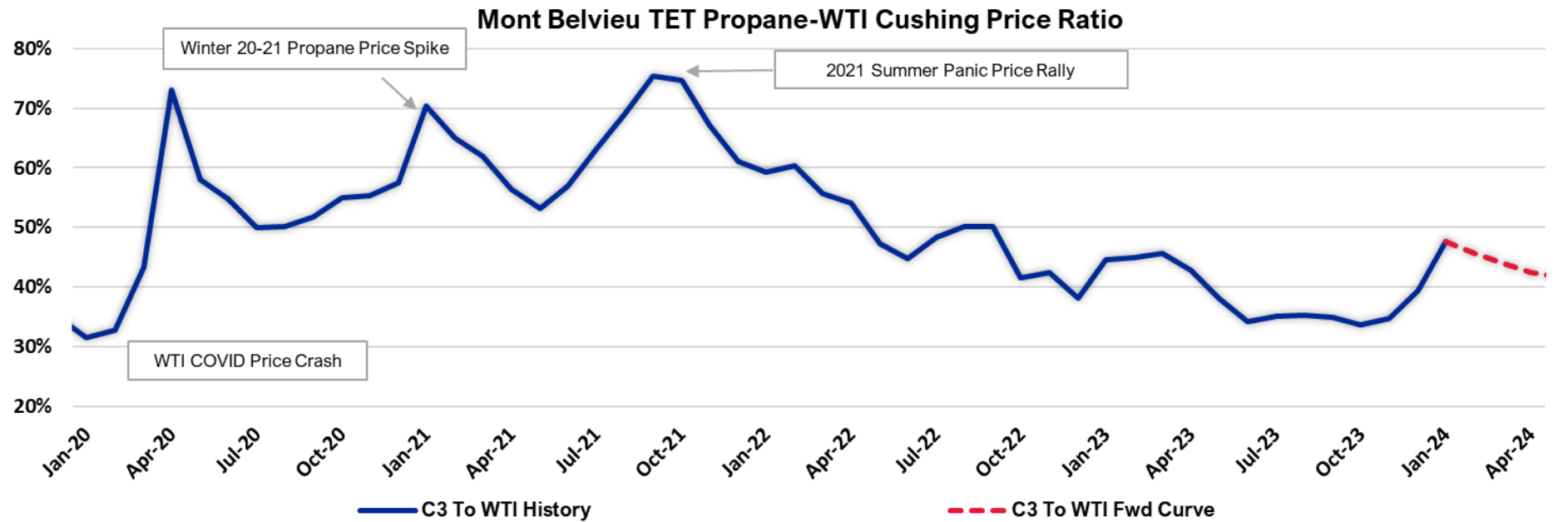


Figure 4



# U.S. PROPANE INVENTORIES BY PADD

Figure 5

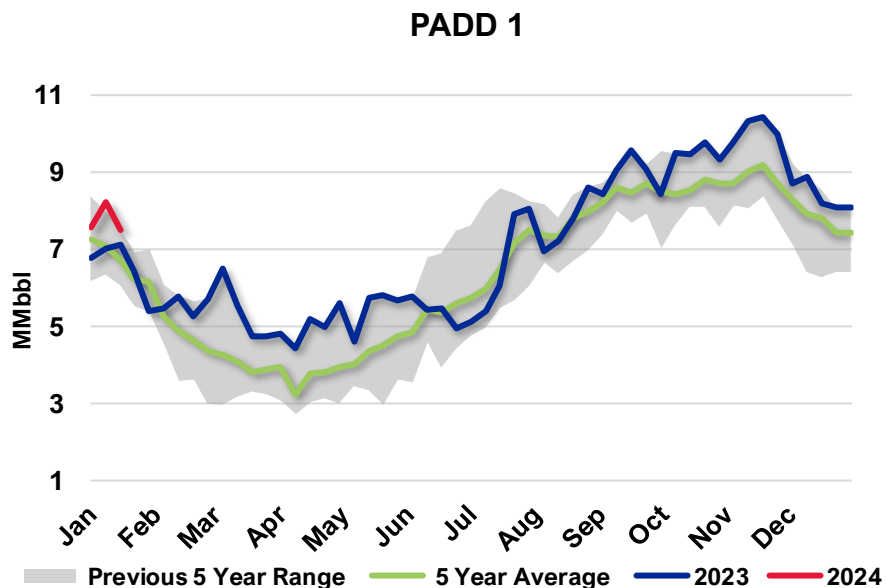


Figure 6

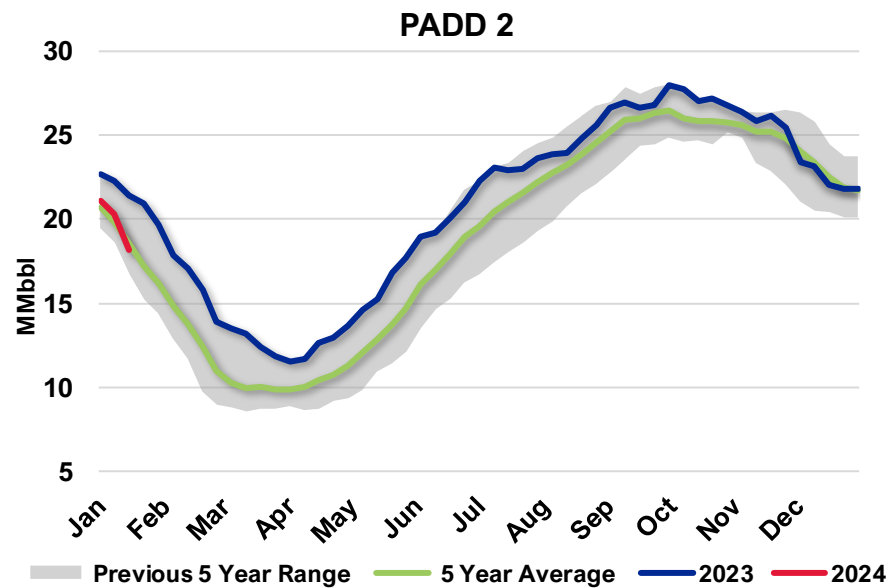


Figure 7

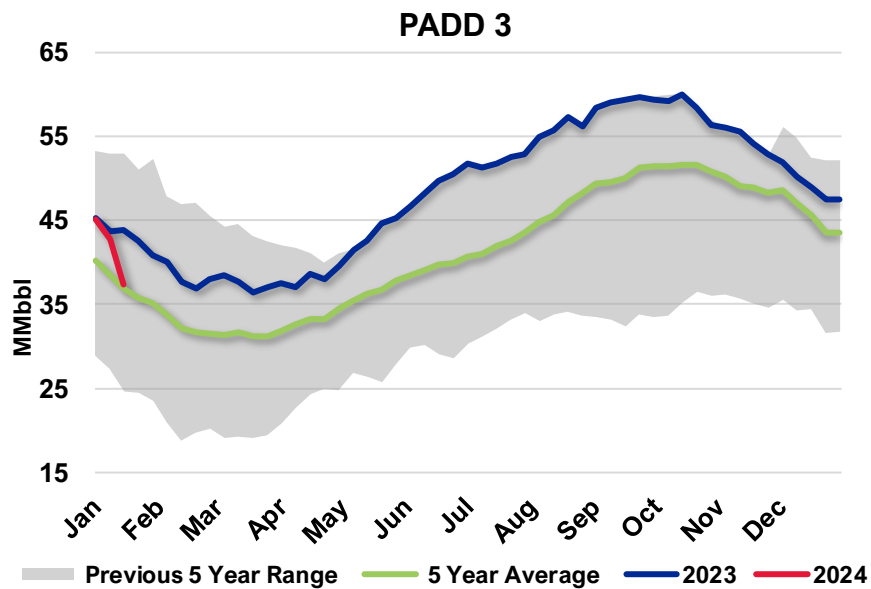


Figure 8

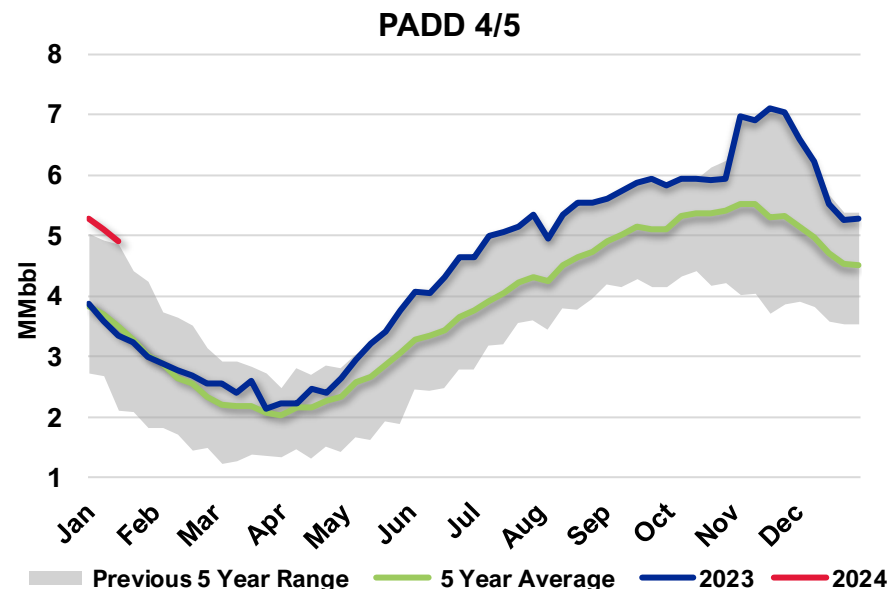


Figure 9

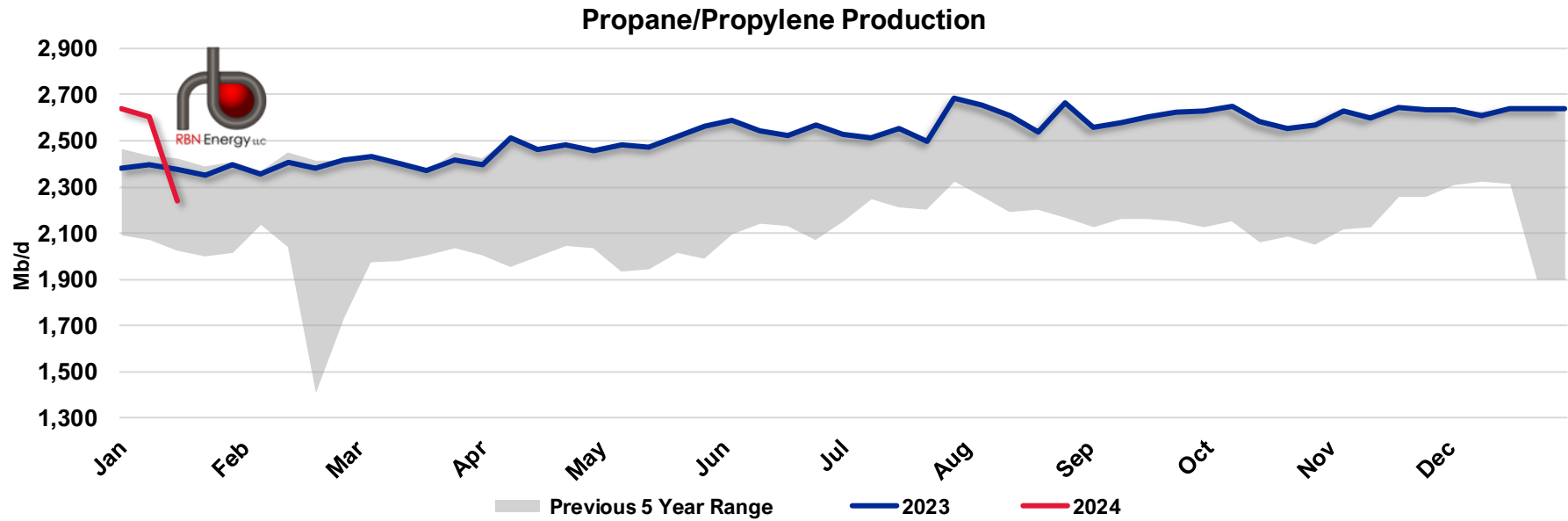


Figure 10

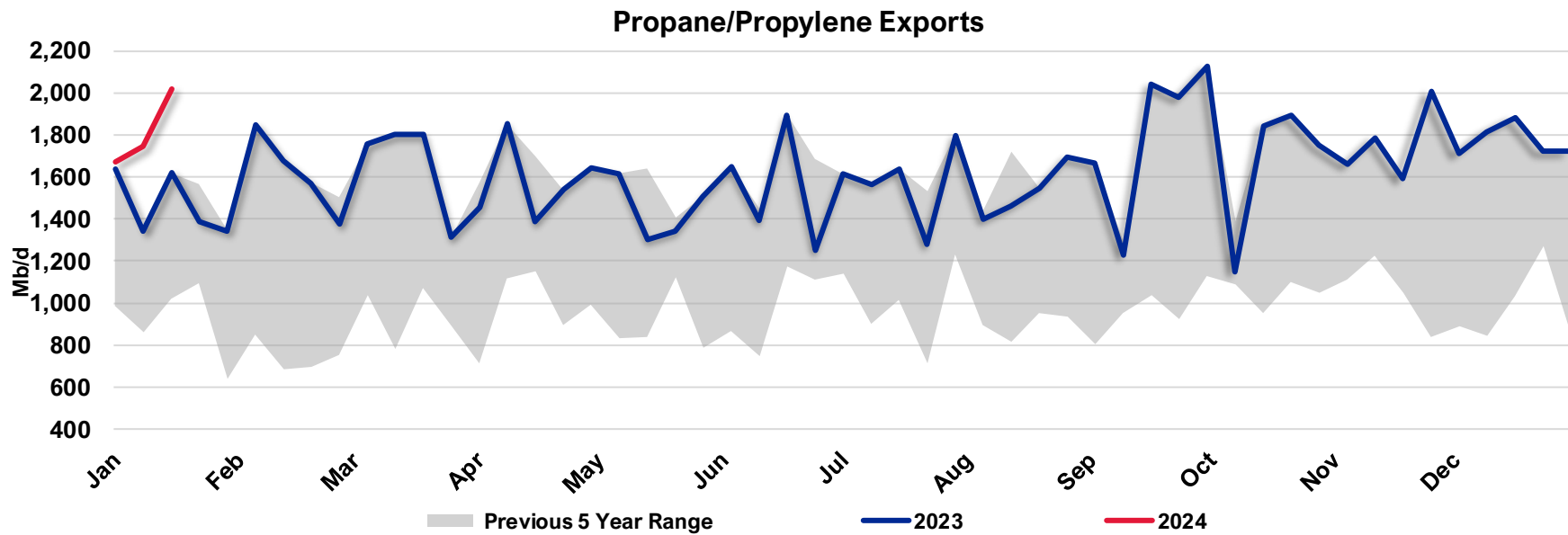


Figure 11

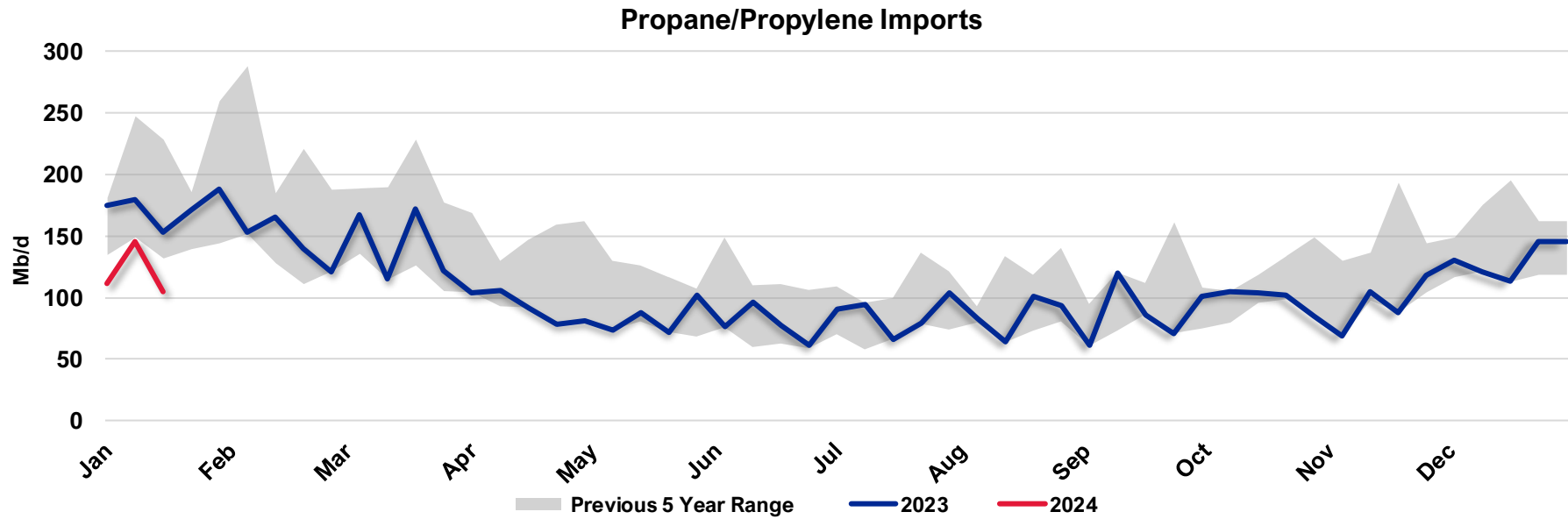


Figure 12

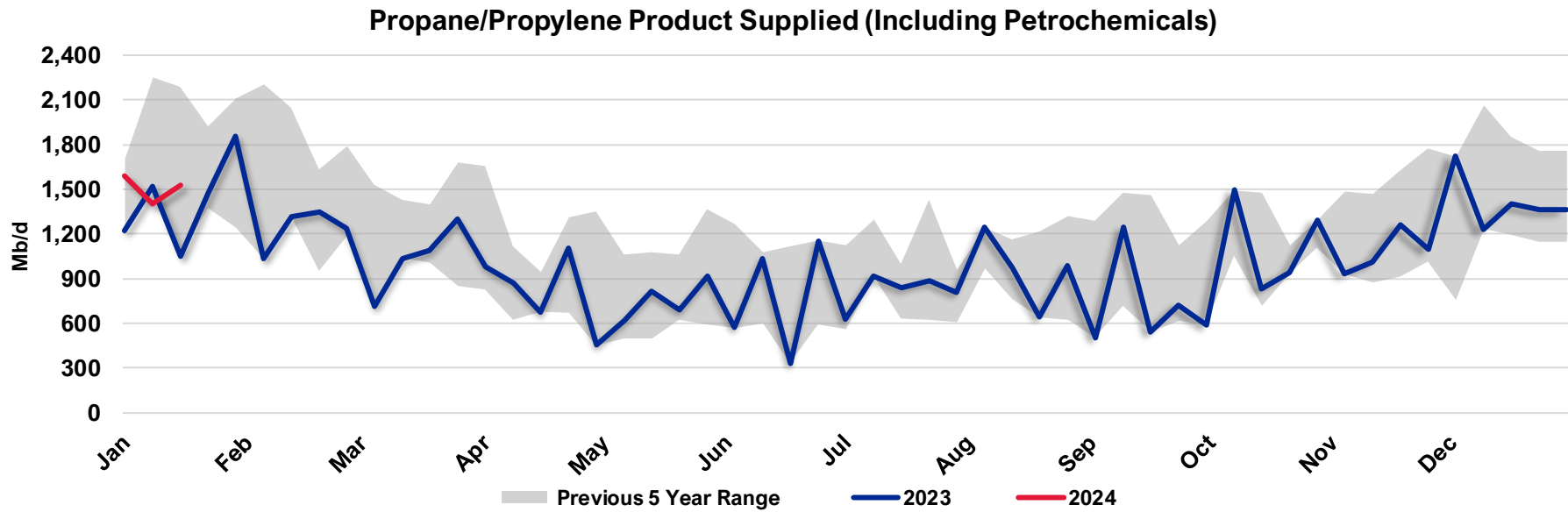


Figure 13

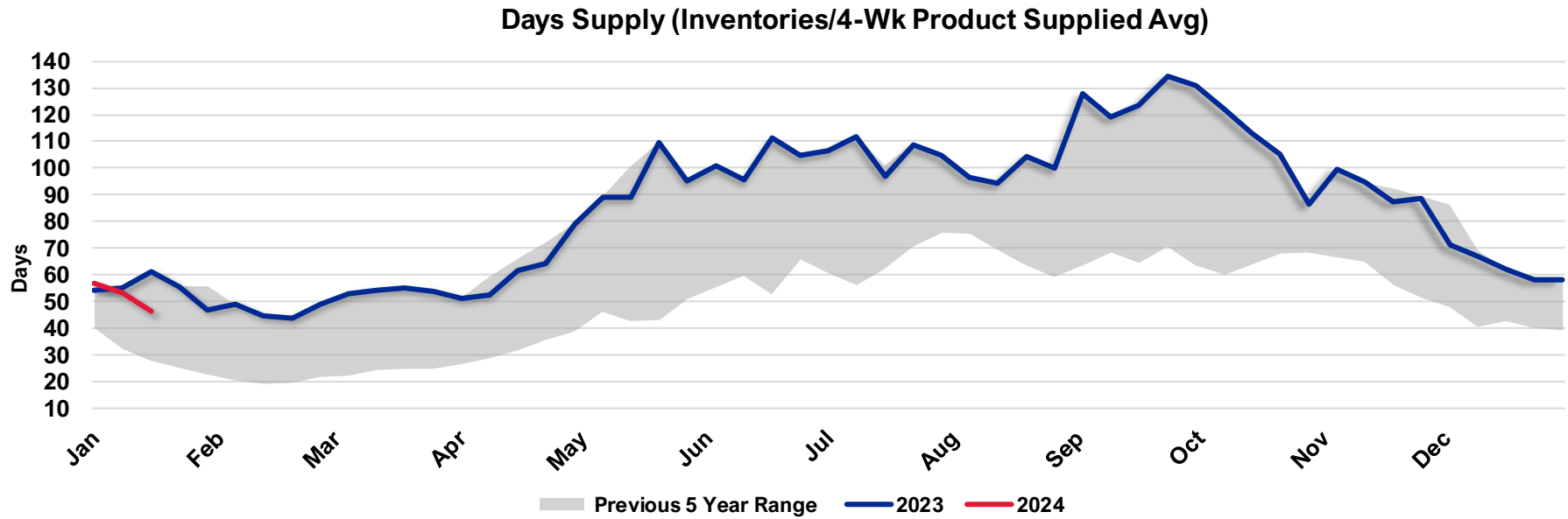
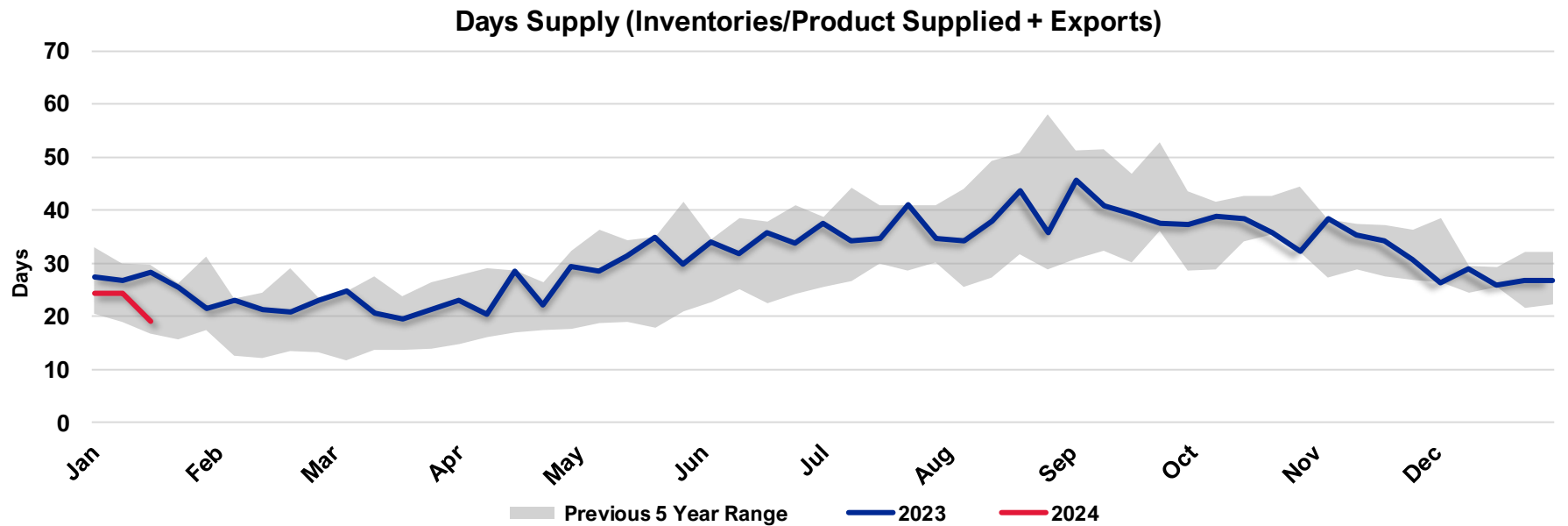


Figure 14



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