



## WEEKLY PROPANE MARKET UPDATE

January 31, 2024

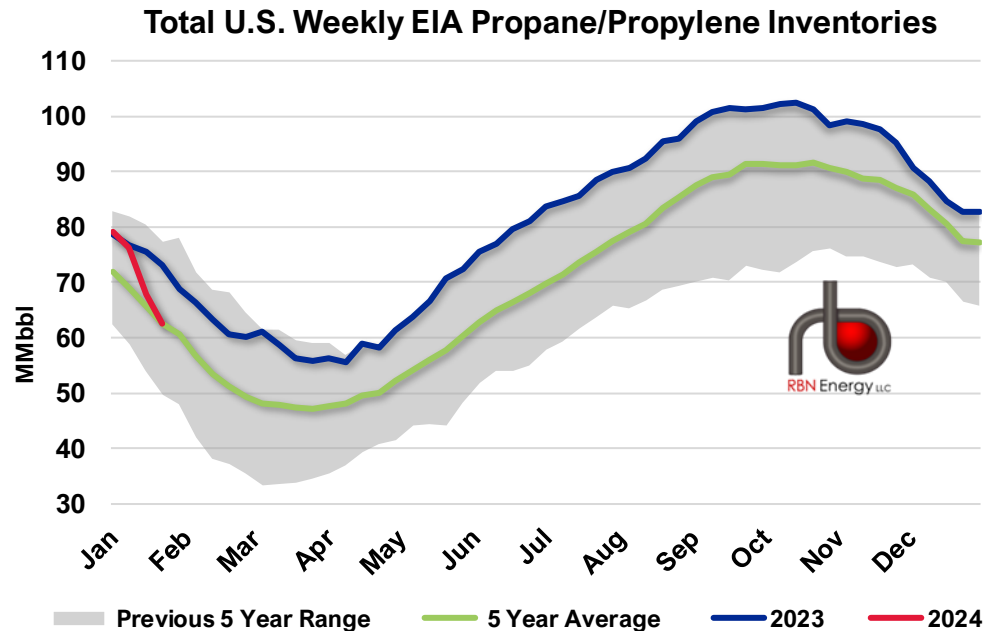
### HIGHLIGHTS

- » The EIA reported that total U.S. propane/propylene inventories recorded a draw of 5.3 MMbbl for the week ended January 26, which was well above average industry expectations for a draw of 3 MMbbl and the 3.6 MMbbl average decline for the week. Total U.S. propane stocks now stand at 62.6 MMbbl, which is essentially the same as the 5-year average.
- » Over the last 13 weeks reported by the EIA, total U.S. propane/propylene stocks have dropped by 38.6 MMbbl compared to a decline of only 14.9 MMbbl for the same period last year.
- » Crude oil prices were higher over the last week amid supply concerns due to the tensions in the Middle East and a healthier outlook for global economic growth and crude oil demand. WTI settled at \$77.82/bbl on January 30, up \$3.45/bbl, or 4.6%, from January 23. U.S. propane prices were also stronger, with Mont Belvieu OPIS non-TET rising by 4.3 c/gal, or 5.1%, from last week to 88.6 c/gal on January 30. As a result, the non-TET propane-to-WTI ratio was relatively unchanged from last week at 47.8%.
- » Weekly exports of propane reported by the EIA plunged to 1.4 MMbbl/d, down 612 Mbbl/d from the strong rate last week and well below the 4-week average rate of 1.71 MMbbl/d.
- » Total U.S. production of propane/propylene recovered from the weather-related curtailments last week to rise by 187 Mbbl/d to 2.43 MMbbl/d but remains about 200 Mbbl/d below the rate in early January due to output in PADD 2 and PADD 3.

### MARKET OVERVIEW

The U.S. propane market was stronger over the past week with prices following crude oil higher. Mont Belvieu (non-TET) propane

Figure 1

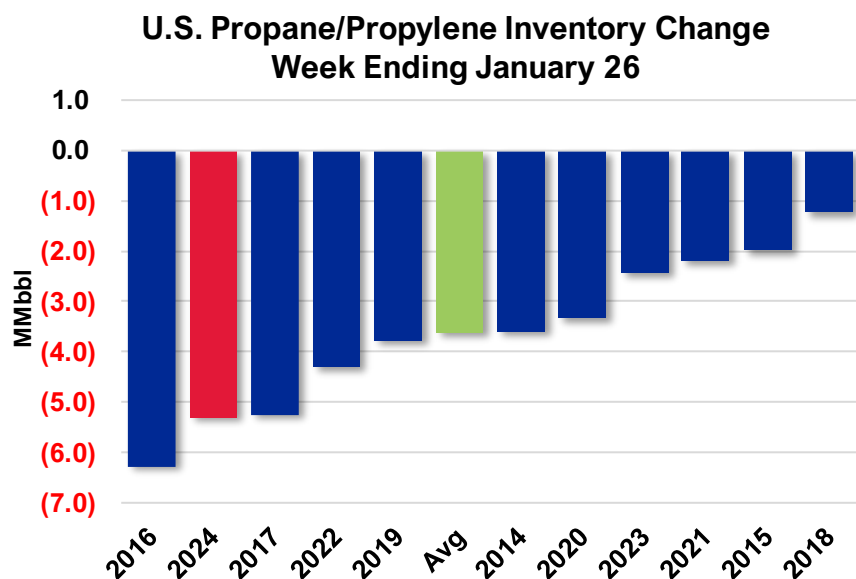


increased by 4.3 c/gal, or 5.1%, settling at 88.6 c/gal on January 30. WTI prices were also higher, increasing by \$3.45/bbl, or 4.6%, to \$77.82/bbl over the same period, which kept the propane-to-WTI ratio relatively flat at 47.8% (blue line, Figure 4). The current ratio remains above the 45% average recorded in January 2023. The forward propane-to-WTI ratio for February-April 2024 was up 1 percentage point compared to last week at 45% (red dashed line, Figure 4).

### ANALYSIS & INSIGHTS

Propane volumes for the week ended January 26 drew by 5.3 MMbbl, according to today's EIA report, 1.7 MMbbl more than the average for the week and more than 2 MMbbl above industry expectations. According to OPIS, the average of industry expectations for the week's withdrawal was 3 MMbbl. Total U.S. propane stocks are now 62.6 MMbbl, which is 10.6 MMbbl, or 14.5%, below the same week in 2023 and 14.6

Figure 2



**ANALYSIS & INSIGHTS (continued)**

MMbbl, or 19%, below the 5-year maximum. Inventories are now equal to the 5-year average. Regional changes show stocks fell in all areas, with PADD 3 having the largest.

PADD 3 (Gulf Coast) propane inventories dropped by 2.5 MMbbl and total stocks for the region are now at 34.9 MMbbl, 7.7 MMbbl, or 18.1%, below 2023 and 16.1 MMbbl, or 31.6%, below the 5-year maximum. Inventories for the region are 875 Mbbbl, or 2.4%, below the 5-year average.

PADD 2 (Midwest) propane stocks drew by 1.9 MMbbl, bringing total inventories to 16.3 MMbbl, which is 4.7 MMbbl, or 22.3%, below 2023 and the 5-year maximum. Stocks are now 934 Mbbbl, or 5.4%, below the 5-year average.

PADD 1 (East Coast) propane inventories fell by 808 Mbbbl. East Coast inventories are now at 6.7 MMbbl, which is 246 Mbbbl, or 3.8%, above 2023 but 237 Mbbbl, or 3.4%, below the 5-year maximum. Inventories are 470 Mbbbl, or 7.6%, above the 5-year average.

PADD 4 (Rocky Mountain) plus PADD 5 (West Coast) propane inventories fell by 128 Mbbbl for the week. Total stocks for the region are 4.8 MMbbl, which is 1.5 MMbbl, or 47.6%, over 2023. Inventories are 382 Mbbbl, or 8.7%, above the 5-year maximum and 1.5 MMbbl, or 46.1%, above the 5-year average.

Total U.S. production grew by 187 Mbbbl/d to 2,428 Mbbbl/d. All regions posted increases, with PADD 3 having the largest increase followed by PADD 2. Exports dropped by 621 Mbbbl/d to 1,398 Mbbbl/d, which is well below the four-week average of 1,708 Mbbbl/d but essentially the same as the reported week a year ago. Imports rose by 36 Mbbbl/d to 141 Mbbbl/d as volumes increased in PADD 2 and PADD 4/5. Product supplied increased by 404 Mbbbl/d to 1,931 Mbbbl/d.

**Propane Inventory Change**

The draw in propane stocks for the week ended January 26 (red bar, Figure 2) of 5.3 MMbbl was about 1.7 MMbbl more than the average decrease of 3.6 MMbbl (green bar, Figure 2).

**MB Non-TET vs Conway Price**

The Conway propane OPIS spot price spread to Mont Belvieu non-TET (Enterprise) decreased from the prior week, with Conway trading at a 4.9 c/gal discount on January 30 compared to a 6.3 c/gal discount on January 23. The forward-price differential between Mont Belvieu (TET or LST) and Conway also narrowed from last week, with Mont Belvieu trading at a 3.1 c/gal premium to Conway for March 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 39 days, which is 17 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 seven days below 2023 and the 5-year high for this metric. Including exports clearly makes a significant difference in the days-of-supply calculation.

Figure 3

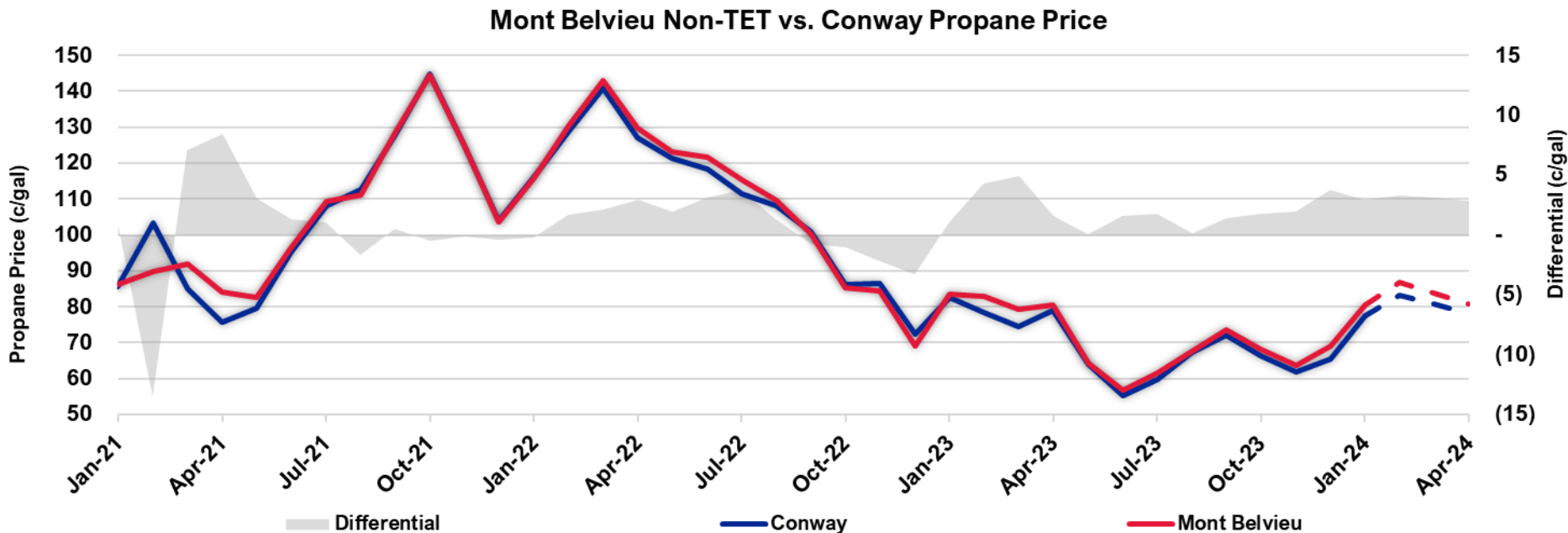
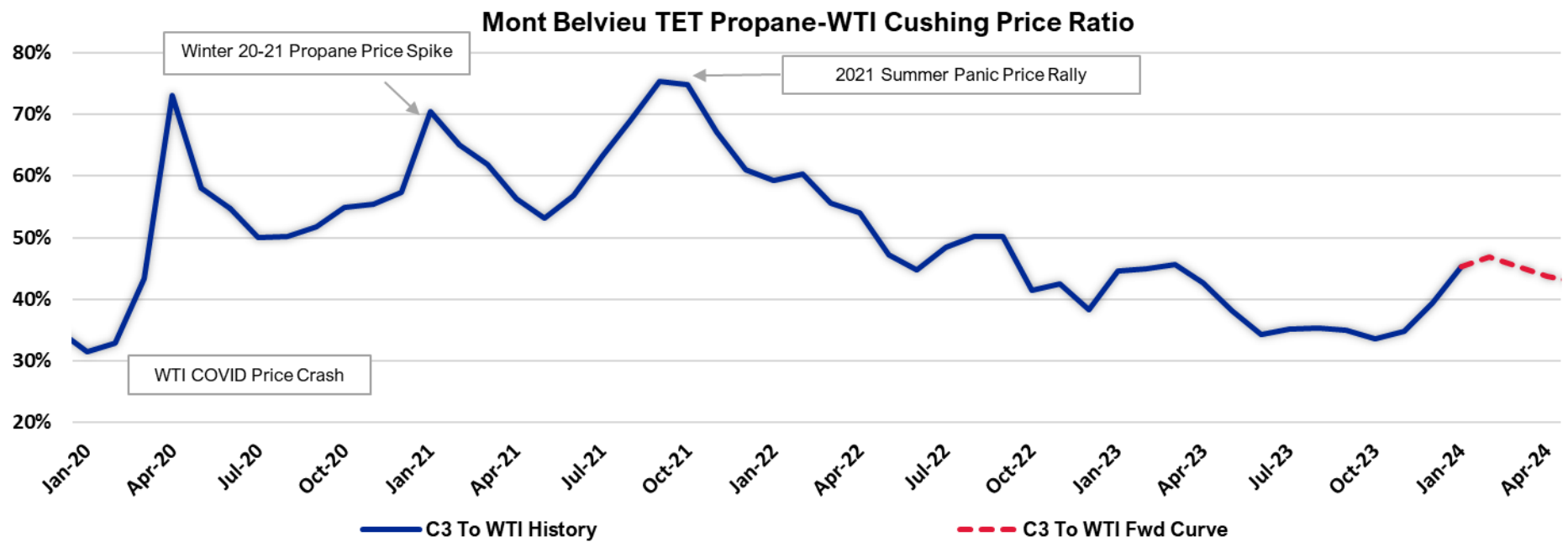


Figure 4



# U.S. PROPANE INVENTORIES BY PADD

Figure 5

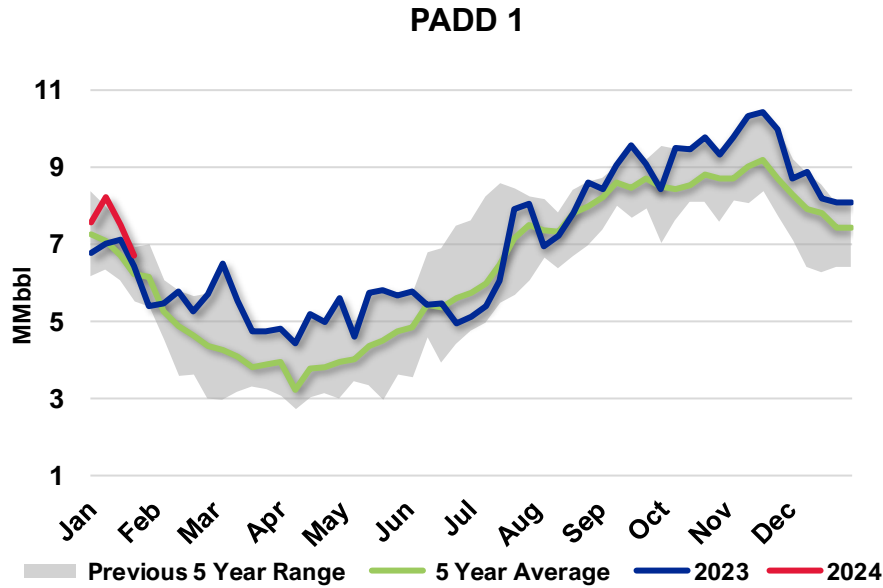


Figure 6

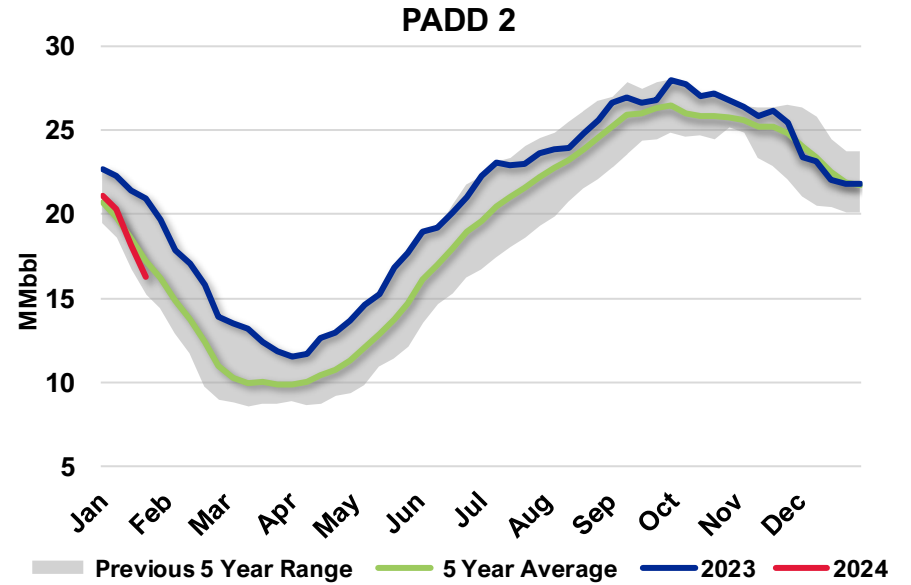


Figure 7

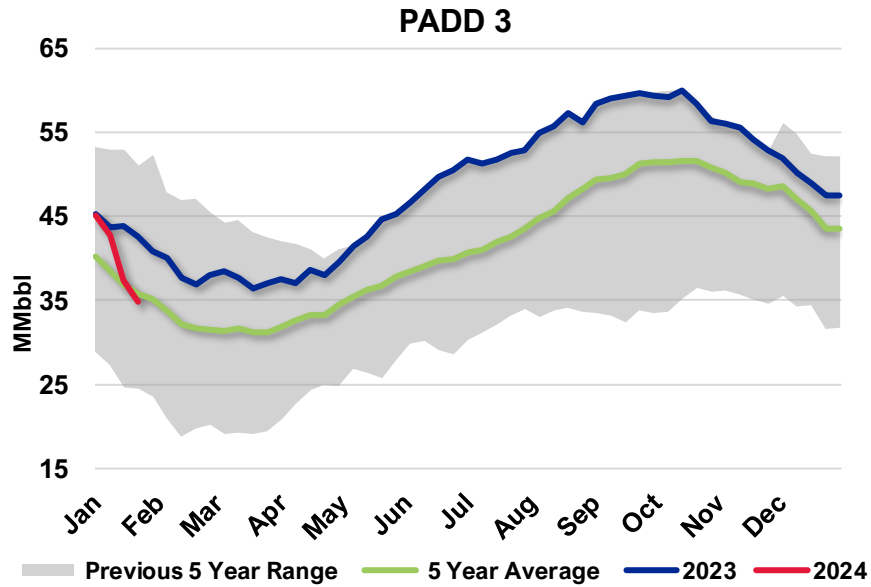


Figure 8

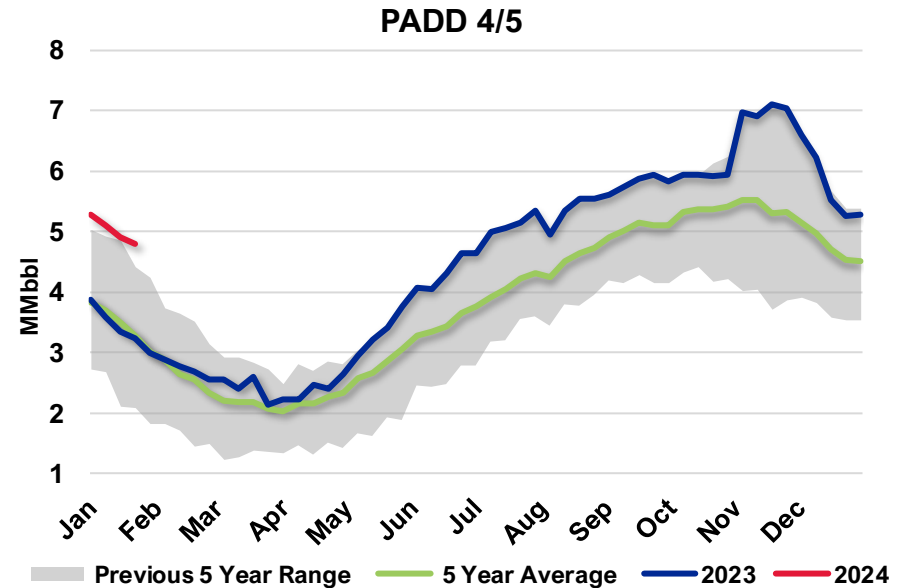


Figure 9

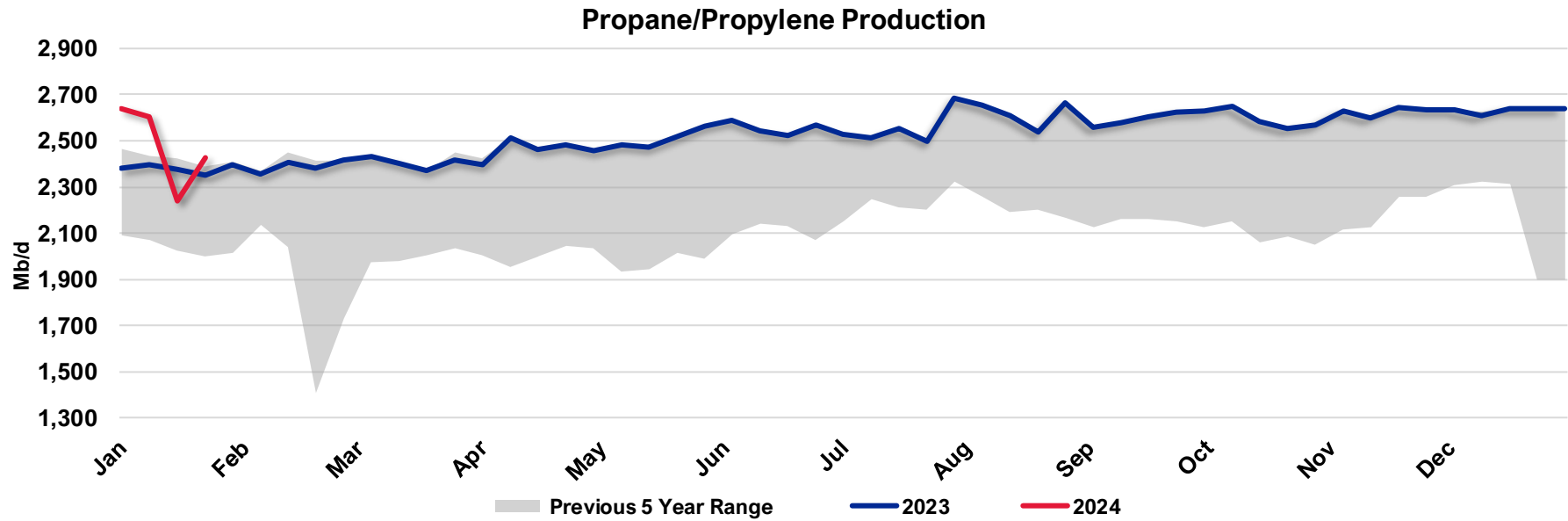


Figure 10

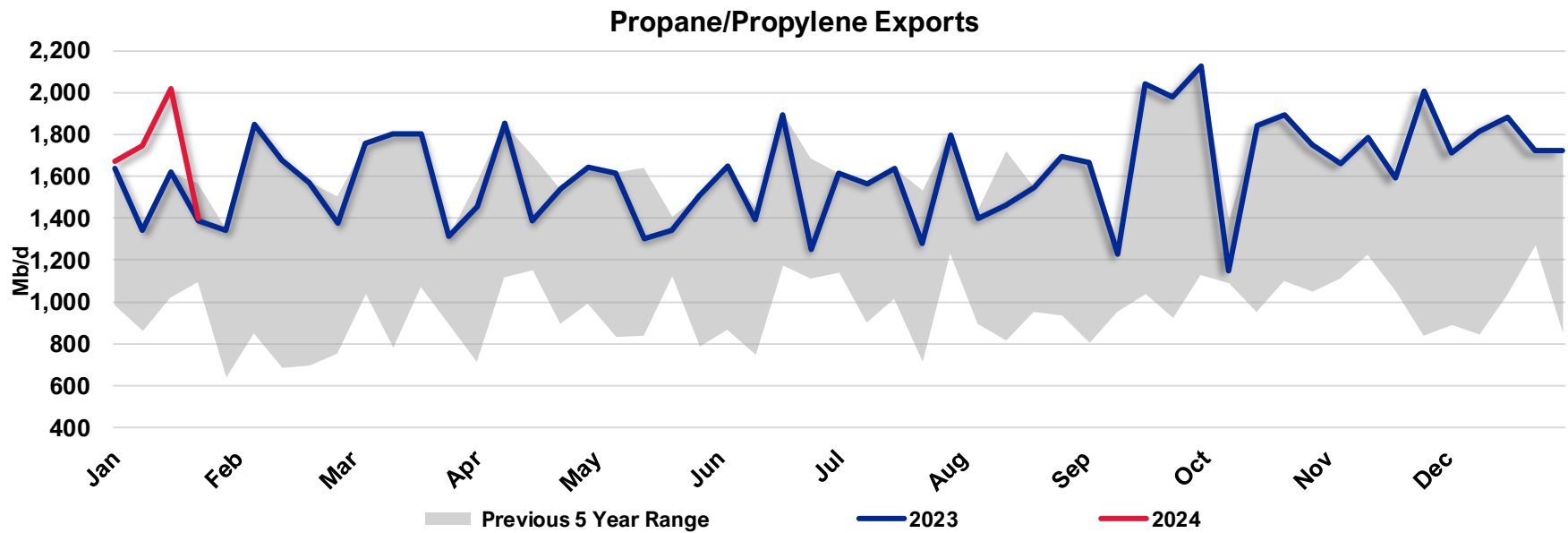


Figure 11

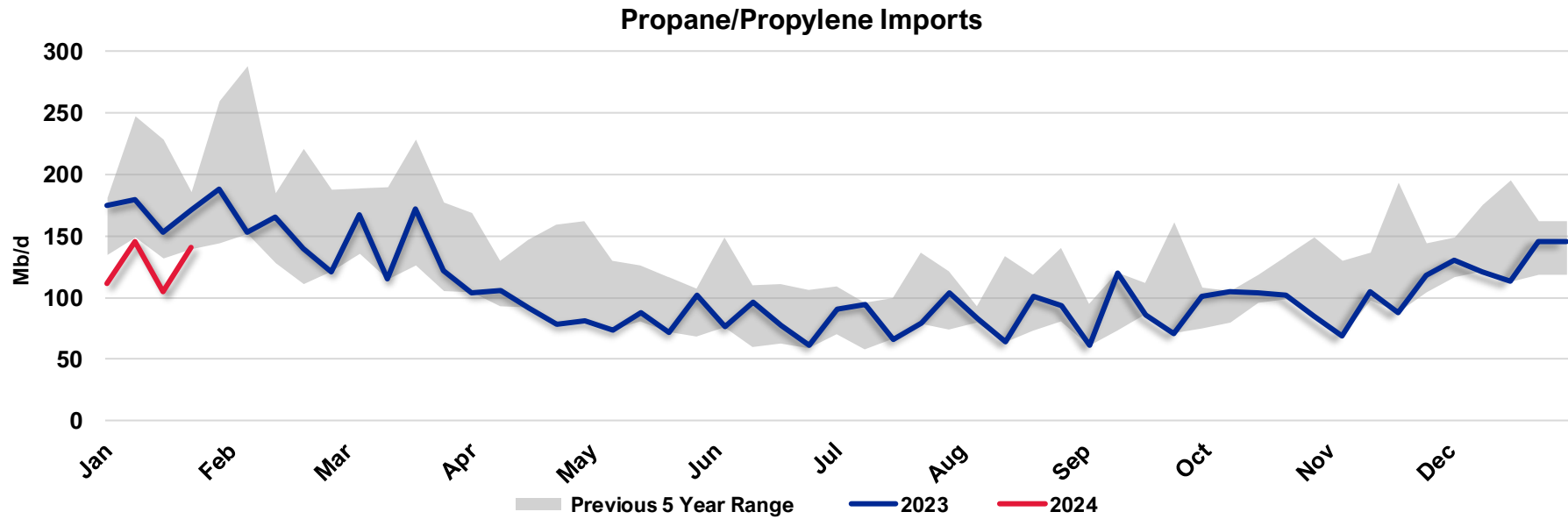


Figure 12

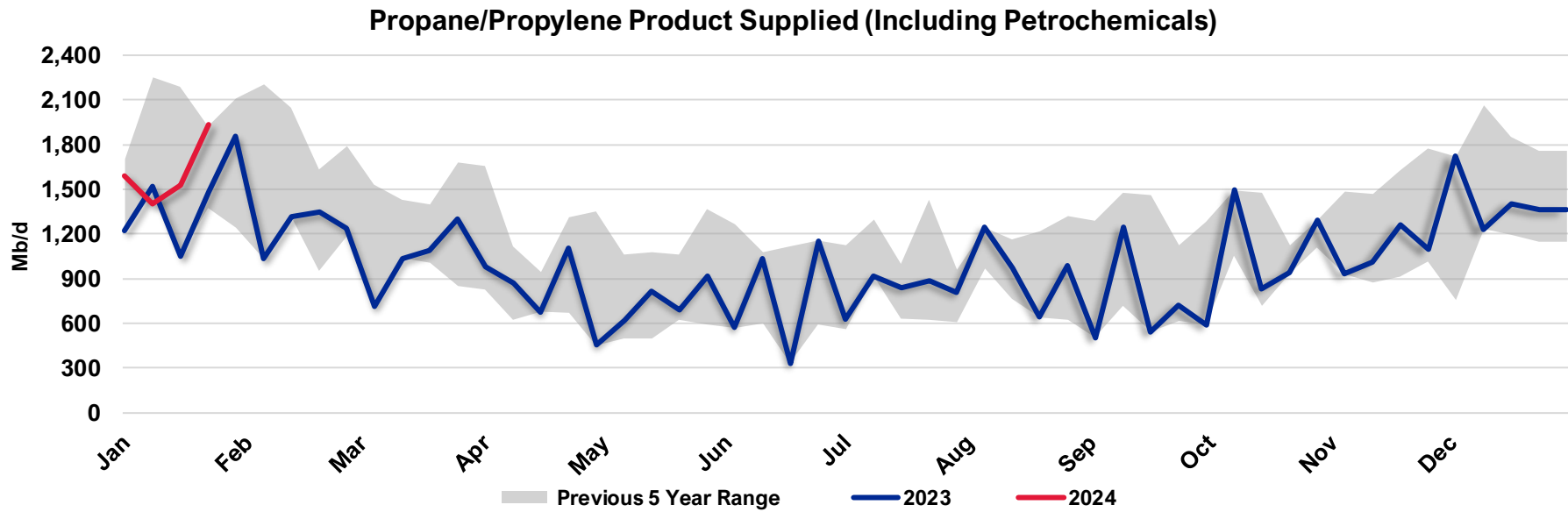


Figure 13

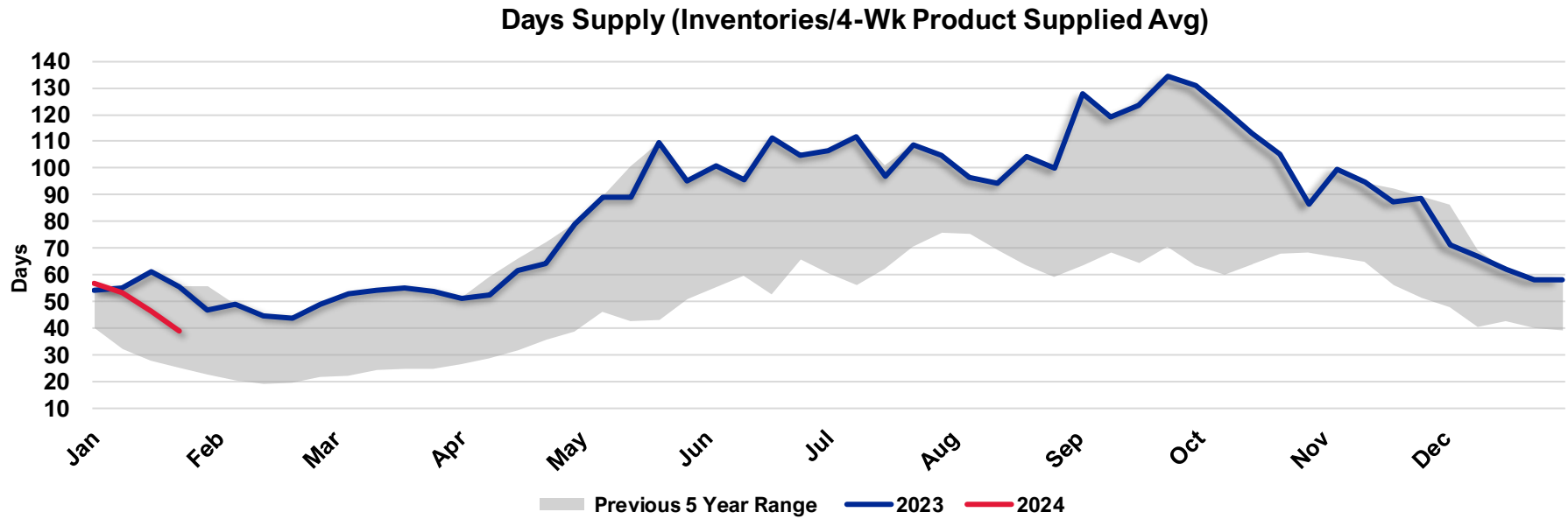
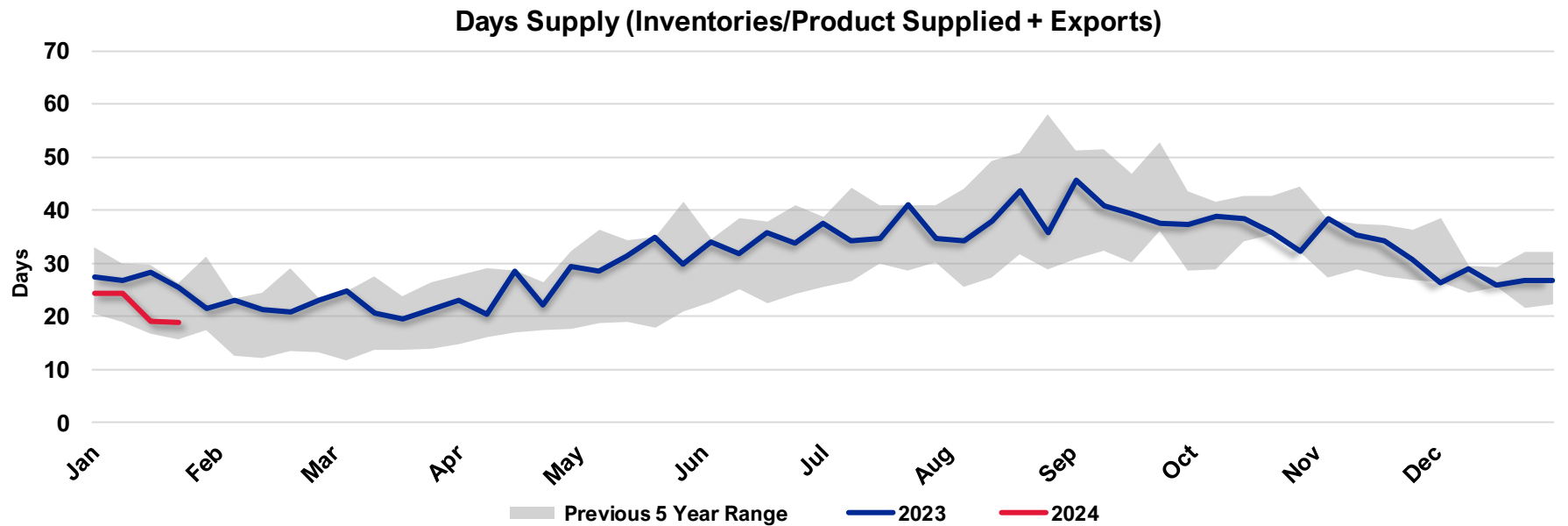


Figure 14



**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.