



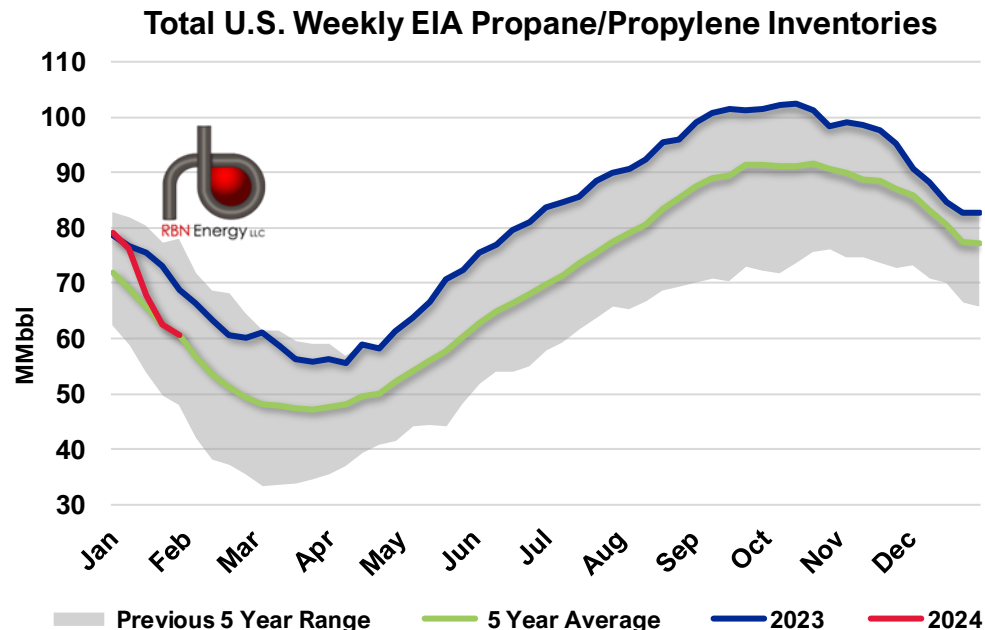
## WEEKLY PROPANE MARKET UPDATE

February 7, 2024

### HIGHLIGHTS

- » The EIA reported that total U.S. propane/propylene inventories recorded a draw of 2 MMbbl for the week ended February 2, which was below the average industry expectations for a draw of 2.75 MMbbl and the 2.8 MMbbl average decline for the week. Total U.S. propane stocks now stand at 60.6 MMbbl, which is essentially the same as the 5-year average.
- » Total U.S. propane/propylene stocks have dropped by 40.6 MMbbl over the last 14 weeks, compared to a decline of only 19.2 MMbbl for the same period last year, according to EIA data.
- » Crude oil prices dropped over the last week following a revised production forecast from EIA and refinery maintenance season coinciding with winter storm-related outages. WTI settled at \$73.31/bbl on February 6, down \$4.51/bbl, or 5.8%, from January 30. Whereas U.S. propane prices were stronger, with Mont Belvieu OPIS non-TET rising by 4.3 c/gal, or 4.9%, from last week to 92.9 c/gal on February 6. As a result, the non-TET propane-to-WTI ratio jumped 5 percentage points to 53%.
- » Weekly exports of propane reported by the EIA were stronger at 1.69 MMbbl/d, up 292 Mbbl/d from last week and comparable with the 4-week average rate of 1.71 MMbbl/d.
- » Total U.S. production of propane/propylene was up by 67 Mbbl/d from last week to 2.5 MMbbl/d as output increased mostly in PADD 2, followed by all other regions.

Figure 1



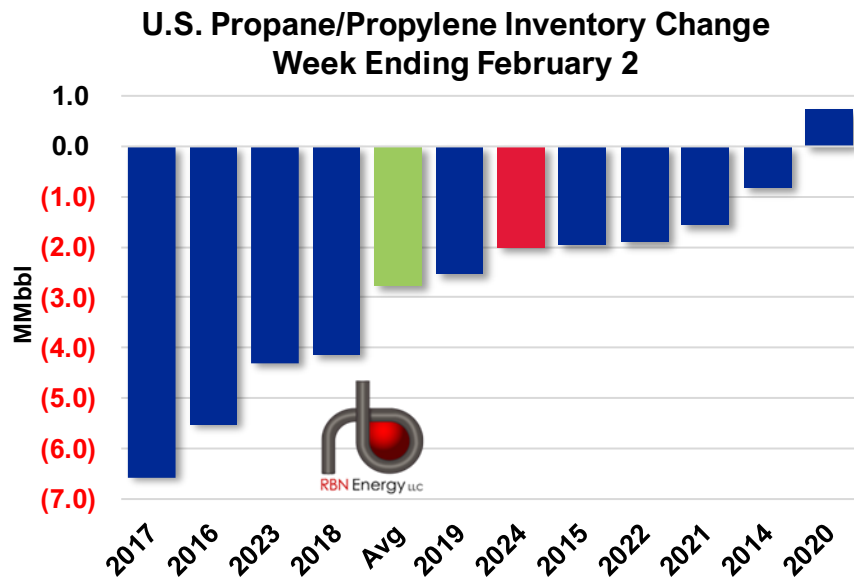
### MARKET OVERVIEW

The U.S. propane market was stronger over the past week with prices diverting from WTI. Mont Belvieu (non-TET) propane increased by 4.3 c/gal, or 4.9%, settling at 92.9 c/gal on February 6. WTI prices were weaker, falling by \$4.51/bbl, or 5.8%, to \$73.31/bbl on February 6, which drove the propane-to-WTI ratio up to 53% (blue line, Figure 4). The current ratio remains above the 45% average recorded in February 2023. The forward propane-to-WTI ratio for March-May 2024 was up 5 percentage points compared to last week at 53% (red dashed line, Figure 4).

### ANALYSIS & INSIGHTS

In today's EIA report for the week ending February 2, propane inventories drew by 2MMbbl, which was about 750 Mbbl less than industry expectations. According to OPIS,

Figure 2



**ANALYSIS & INSIGHTS (continued)**

the average of industry expectations called for a draw of 2.75 MMbbl, which is in line with the average draw for the week of 2.8 MMbbl. Total U.S. propane stocks are now 60.6 MMbbl, which is 8.3 MMbbl, or 12%, below the same week in 2023 and 17.4 MMbbl, or 22%, below the 5-year maximum. Inventories are now equal to the 5-year average. Regional changes show stocks fell in all areas, with PADD 2 having the largest drop.

PADD 3 (Gulf Coast) propane inventories fell by 404 Mbbbl and total stocks for the region are now at 34.5 MMbbl, which is 6.4 MMbbl, or 15.6%, below 2023 and 17.8 MMbbl, or 34%, below the 5-year maximum. Inventories for the region are 687 Mbbbl, or 2%, below the 5-year average.

PADD 2 (Midwest) propane stocks dropped by 1.3 MMbbl, bringing total inventories to 15 MMbbl, which is 4.7 MMbbl, or 23.7%, below 2023 and the 5-year maximum. Stocks are now 1.2 MMbbl, or 7.4%, below the 5-year average.

PADD 1 (East Coast) propane inventories drew by 158 Mbbbl. East Coast inventories are now at 6.5 MMbbl, which is 1.1 MMbbl, or 21.2%, above 2023 but 462 Mbbbl, or 6.6%, below the 5-year maximum. Inventories are

384 Mbbbl, or 6.3%, above the 5-year average.

PADD 4 (Rocky Mountain) plus PADD 5 (West Coast) propane inventories decreased by 188 Mbbbl for the week. Total stocks for the region are 4.6 MMbbl, which is 1.6 MMbbl, or 53.6%, over 2023. Inventories are 361 Mbbbl, or 8.5%, above the 5-year maximum and 1.5 MMbbl, or 46.1%, above the 5-year average.

Total U.S. production grew by 67 Mbbbl/d to 2,495 Mbbbl/d. All regions posted increases, with PADD 2 having the largest. Exports increased by 292 Mbbbl/d to 1,690 Mbbbl/d, which is on par with the four-week average of 1,713 Mbbbl/d but above 1,344 MMbbl/d reported in the year-ago week. Imports rose by 6 Mbbbl/d to 147 Mbbbl/d as volumes increased in PADD 3 and PADD 4/5. Product supplied fell by 691 Mbbbl/d to 1,240 Mbbbl/d.

**Propane Inventory Change**

The draw in propane stocks for the week ended February 2 (red bar, Figure 2) of 2 MMbbl was about 800 Mbbbl less than the average decrease of 2.8 MMbbl (green bar, Figure 2).

**MB Non-TET vs Conway Price**

The Conway propane OPIS spot price spread to Mont Belvieu non-TET (Enterprise) widened over the week, with Conway trading at a 6.75c/gal discount on February 6, compared to a 4.9 c/gal discount on January 30. The forward-price differential between Mont Belvieu (TET or LST) and Conway also widened last week, with Mont Belvieu trading at a 3.67 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 40 days, which is seven days less than the same week in 2023 and 16 days below the 5-year maximum.

Figure 14 is an alternative calculation that divides stocks by product supplied plus exports and indicates only 21 days of inventory, which is one day less than 2023 and 11 days below the 5-year high for this metric. Including exports clearly makes a significant difference in the days-of-supply calculation.

Figure 3

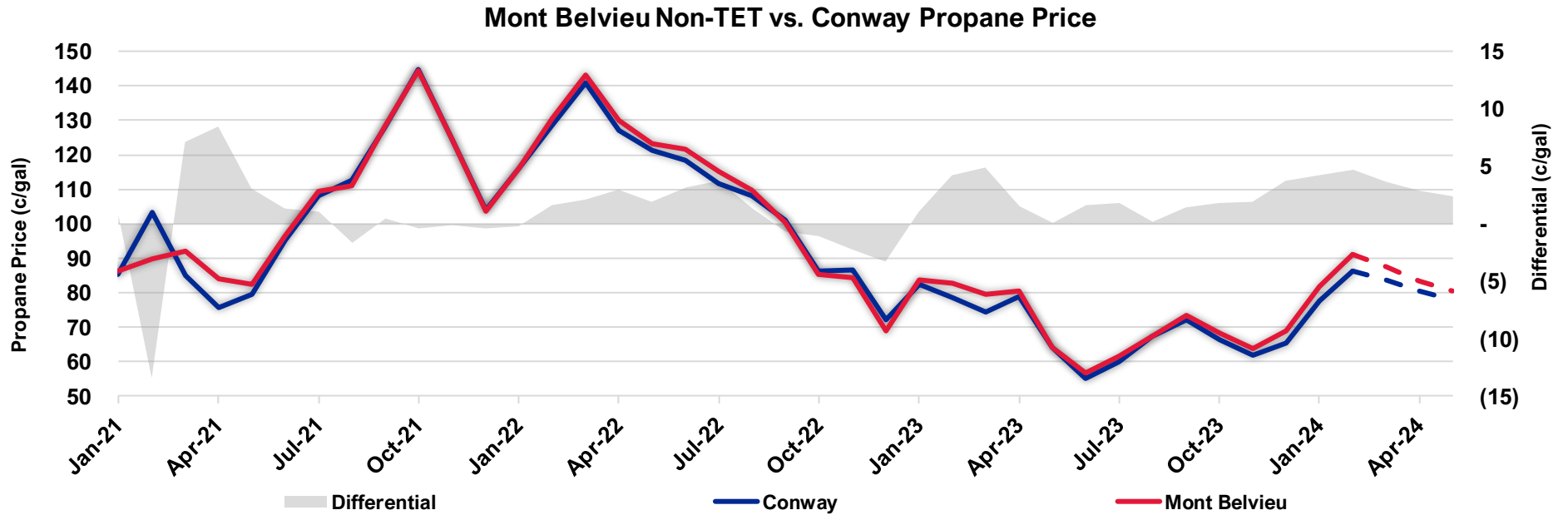
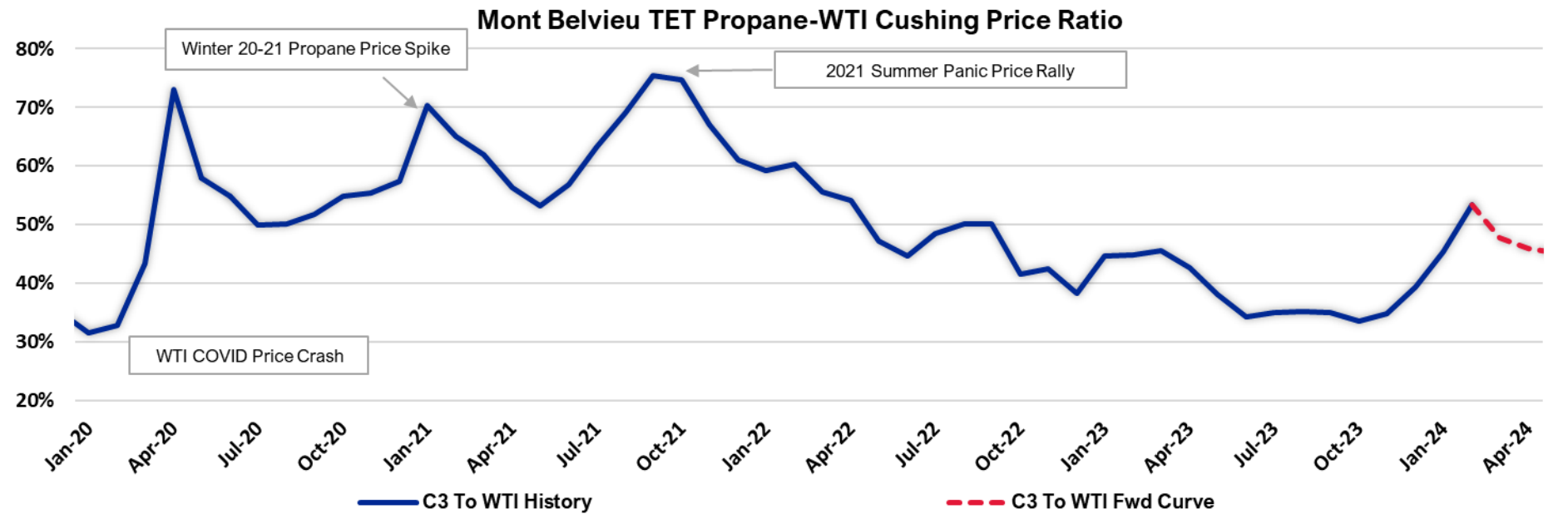


Figure 4



# U.S. PROPANE INVENTORIES BY PADD

Figure 5

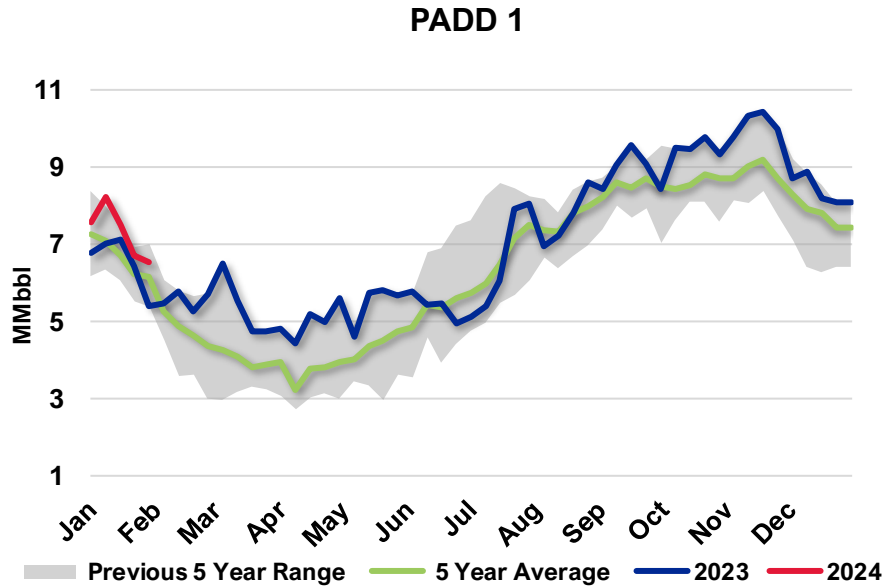


Figure 6

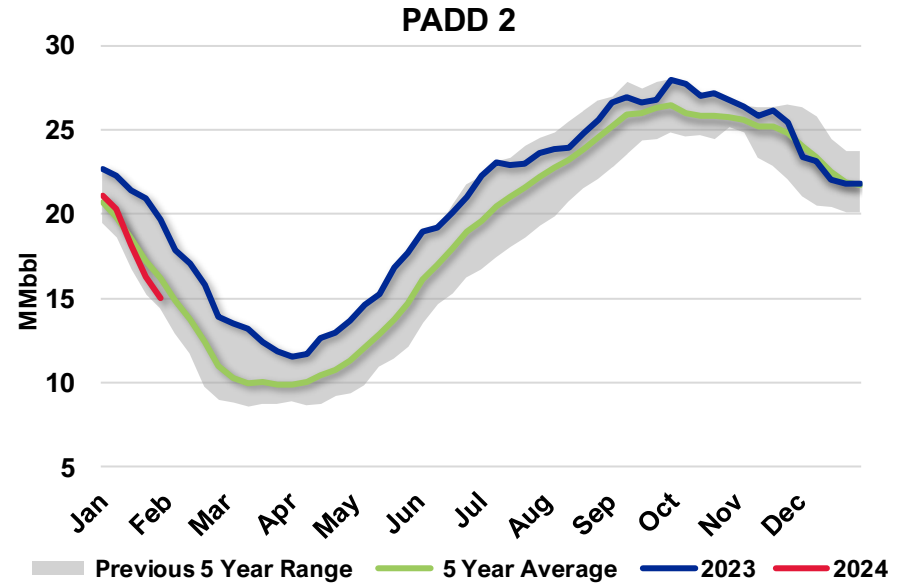


Figure 7

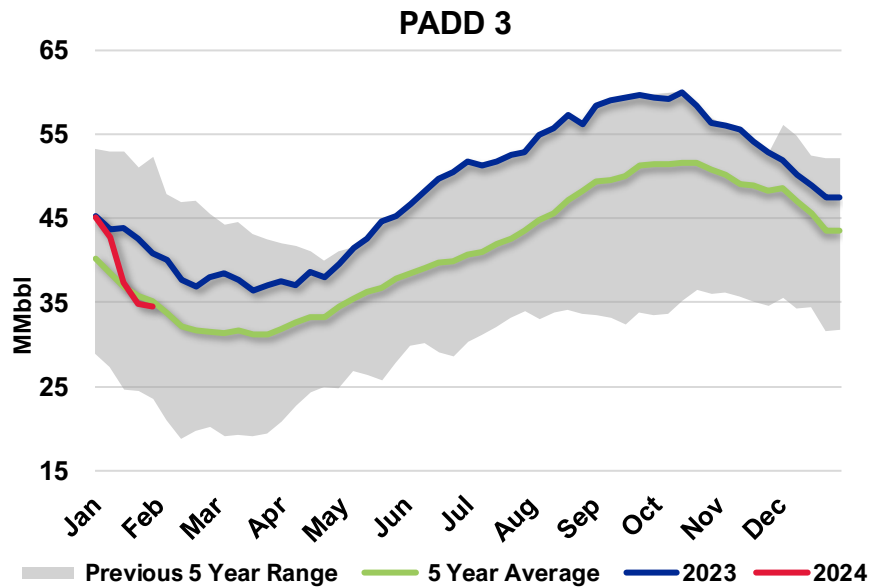


Figure 8

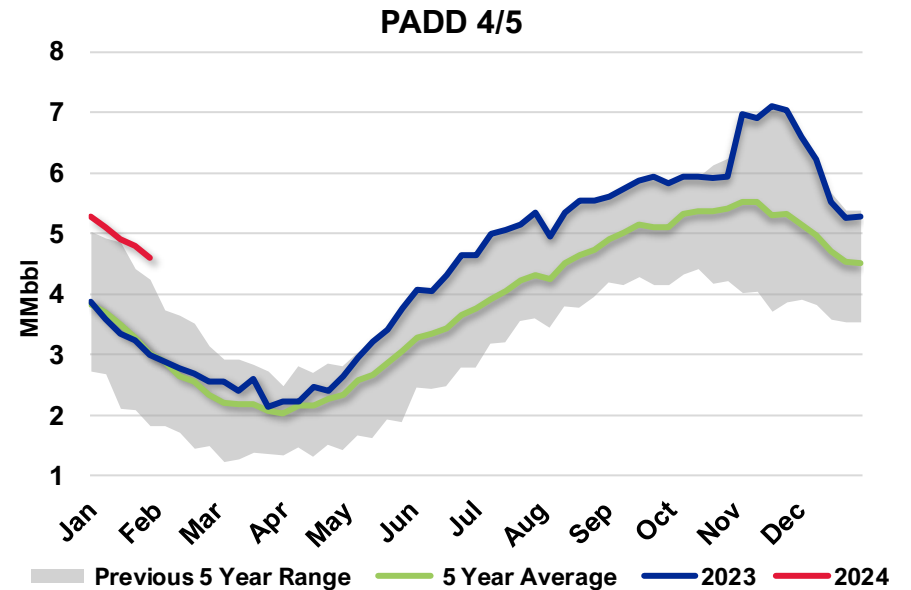


Figure 9

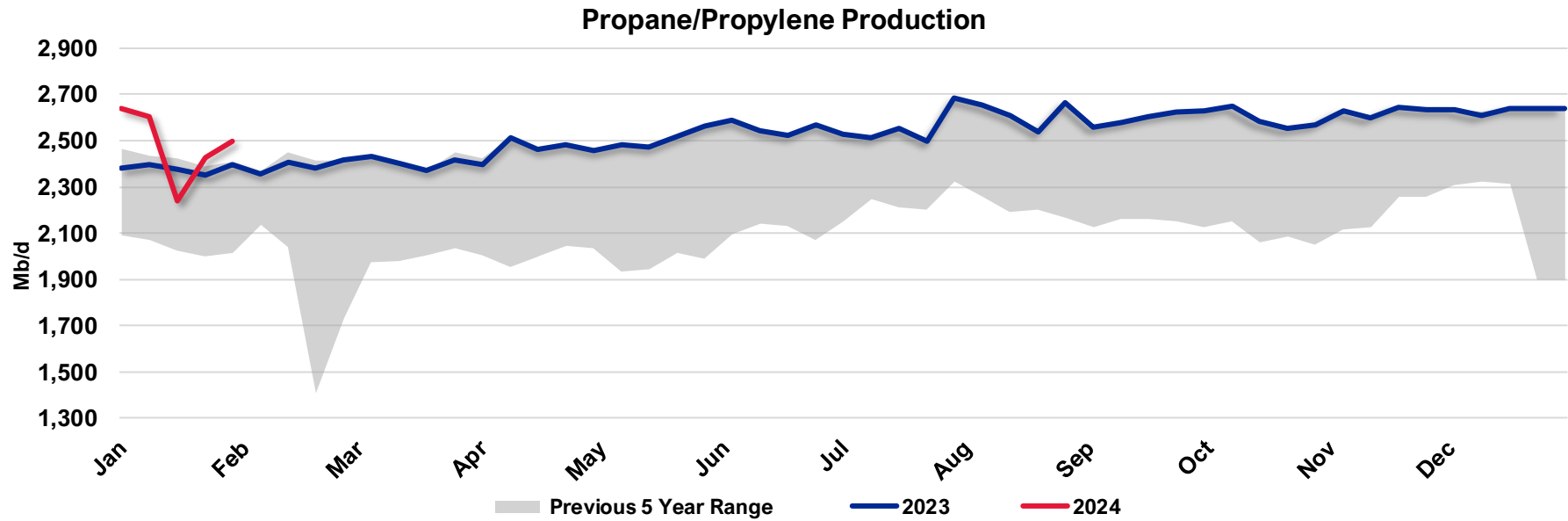


Figure 10

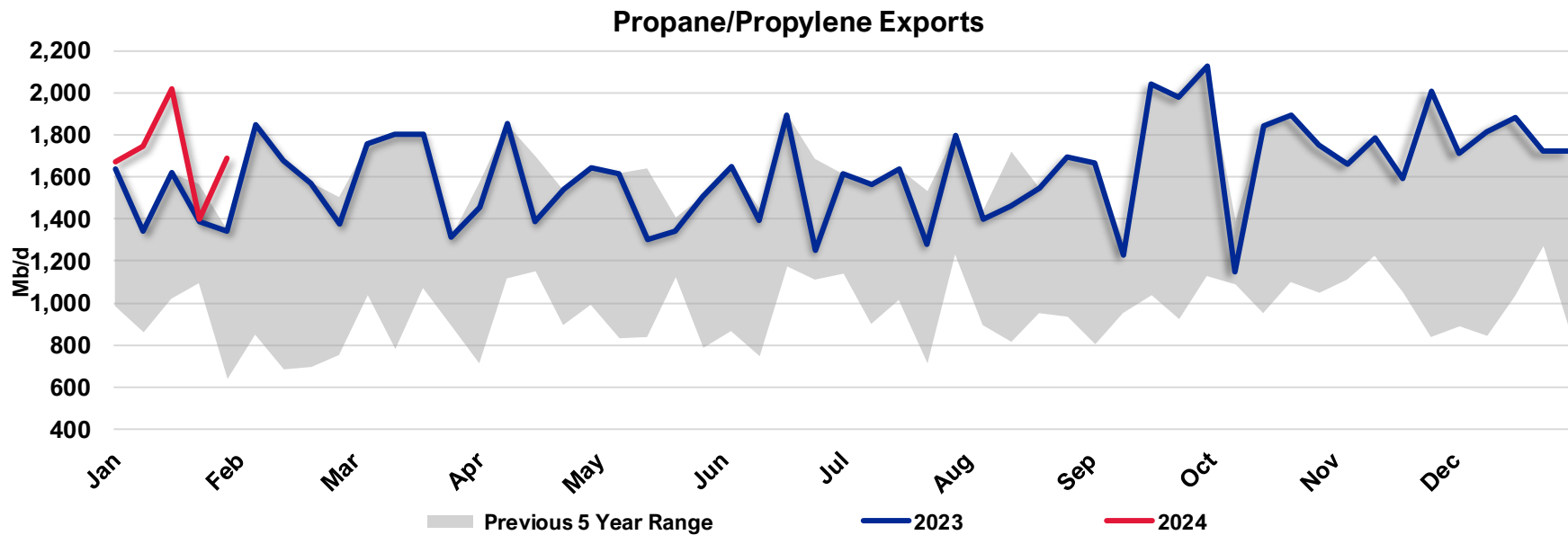


Figure 11

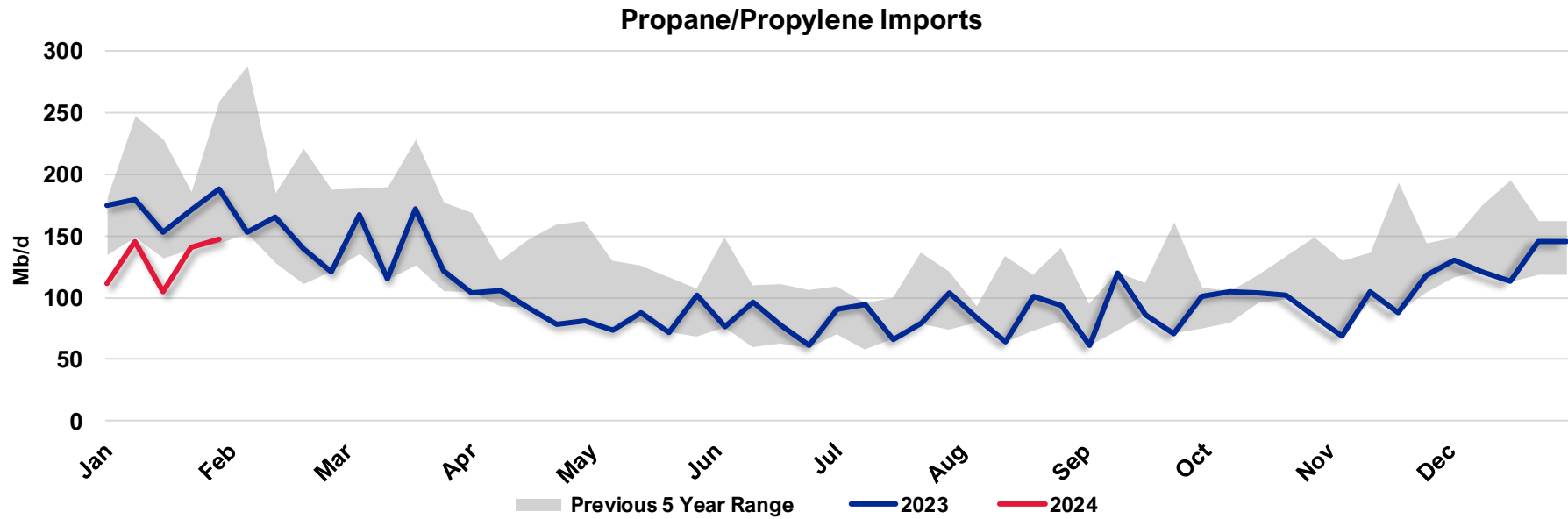


Figure 12

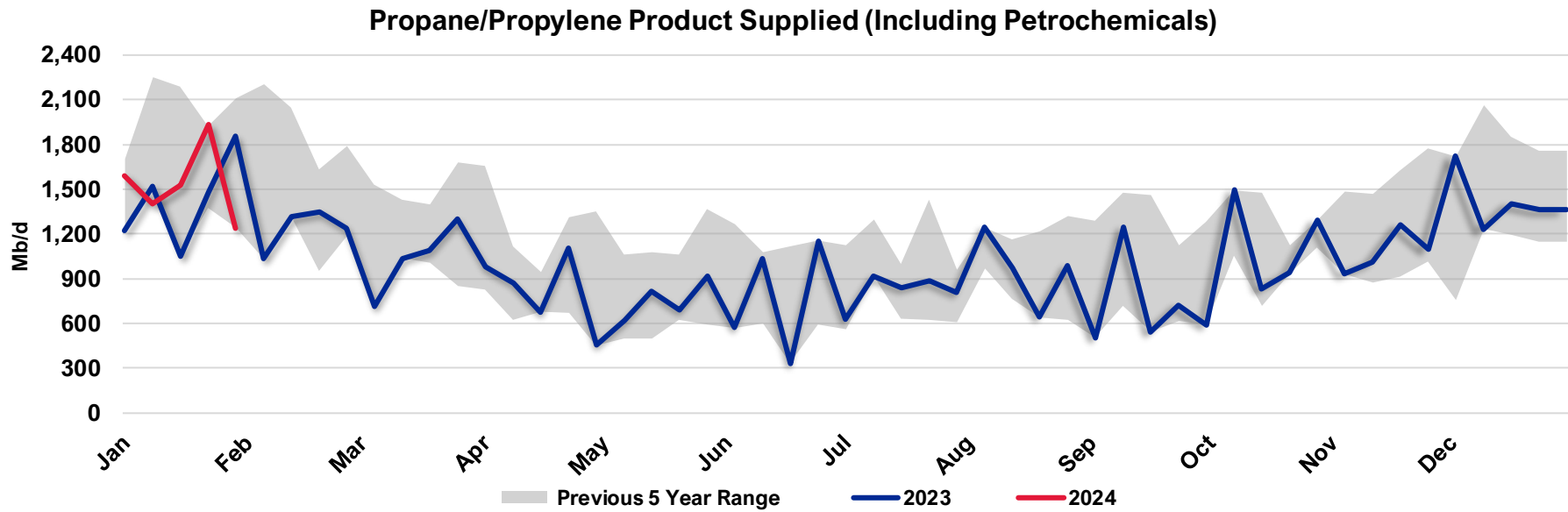


Figure 13

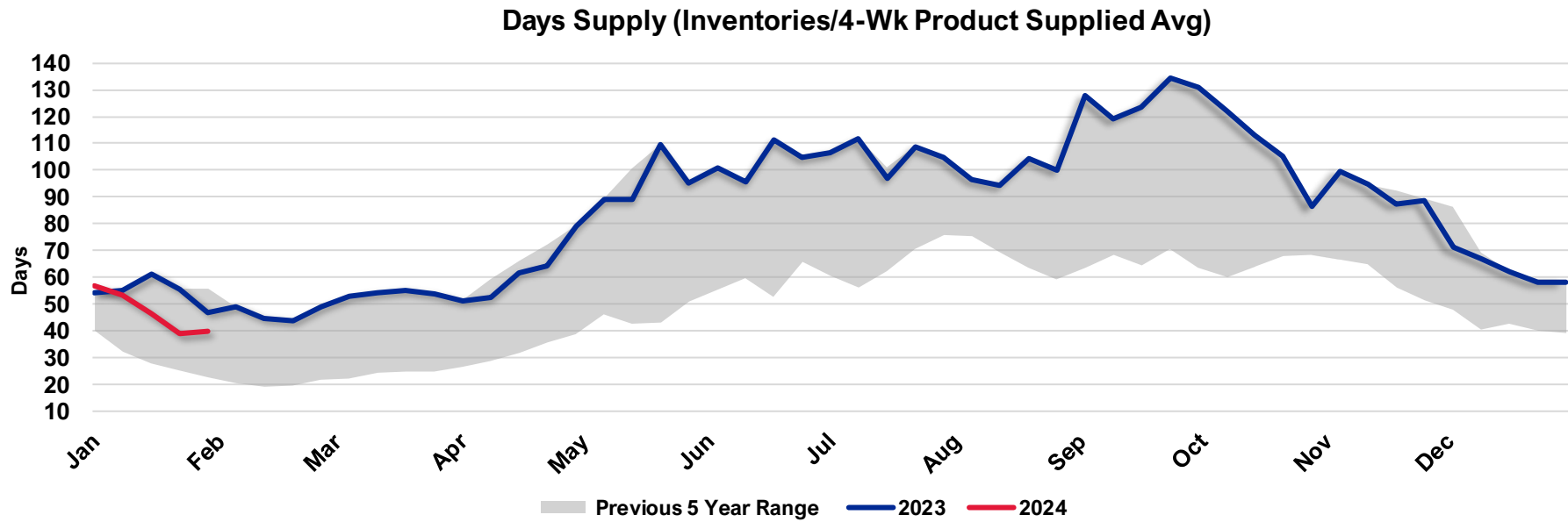
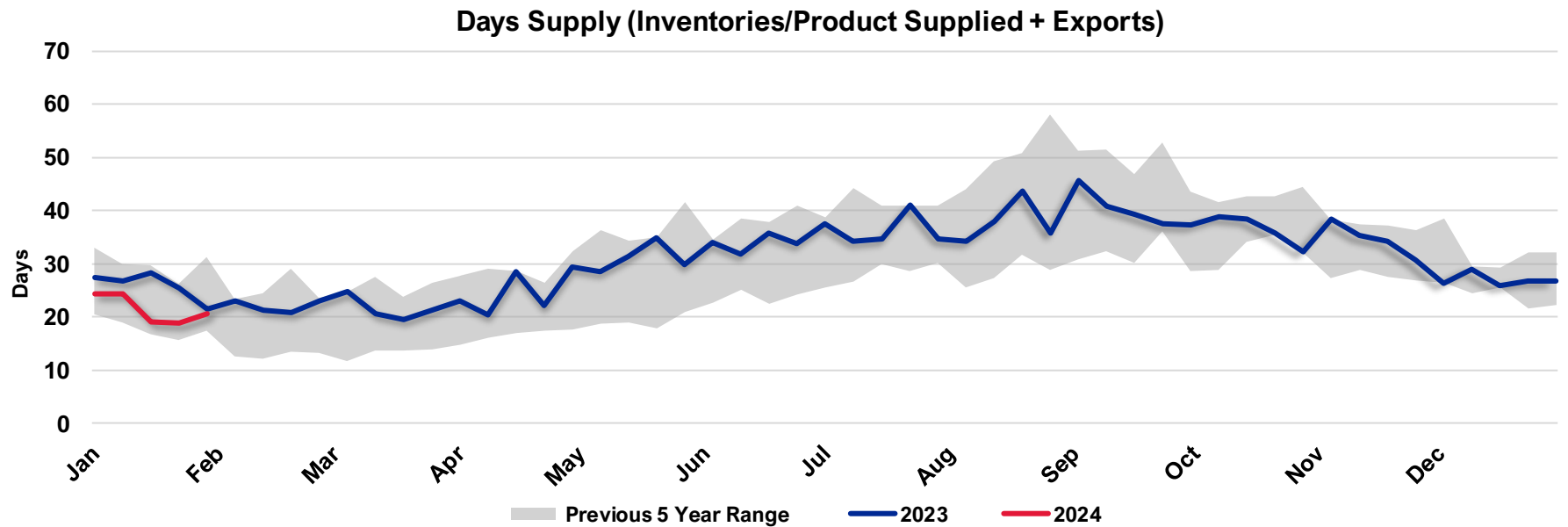


Figure 14



**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.