

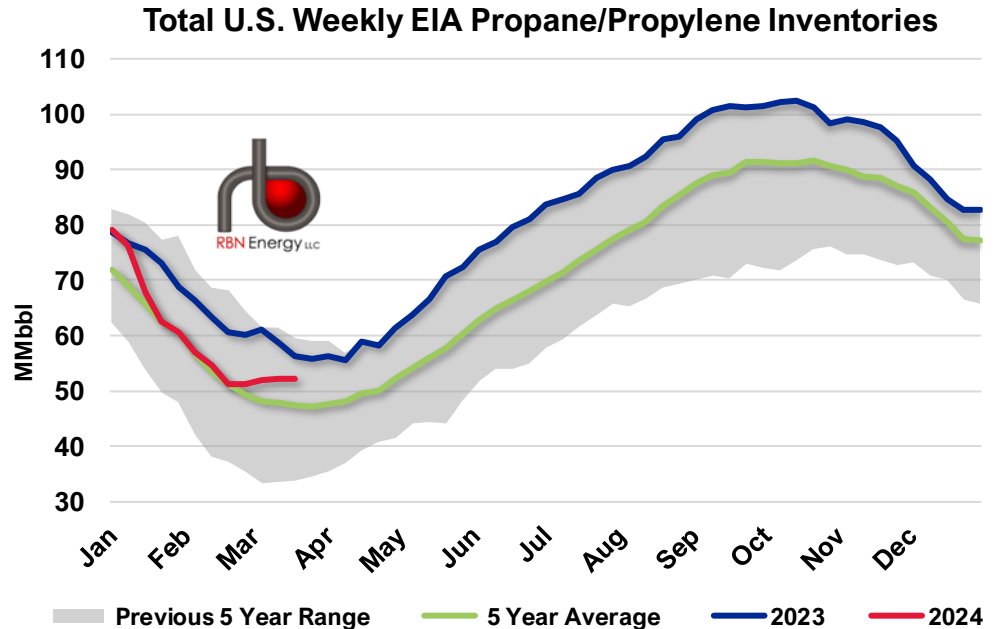
WEEKLY PROPANE MARKET UPDATE

March 27, 2024

HIGHLIGHTS

- » The EIA reported total U.S. propane/propylene inventories were essentially unchanged for the week ended March 22, which is between the average of industry expectations for an increase of 461 Mbbbl and the 581 Mbbbl average draw for the week. Total U.S. propane stocks remain at 52.2 MMbbl, which is 4.9 MMbbl, or 10.4%, above the 5-year average.
- » Purity propane stocks reported by the EIA were 26.4 MMbbl, or 50.6% of total U.S. inventories, down 150 Mbbbl from the prior period.
- » Total U.S. propane/propylene stocks have dropped by 49 MMbbl over the last 21 weeks, compared to a decline of only 31.8 MMbbl for the same period last year, according to EIA data.
- » Crude oil prices traded lower over the last week as the market assessed the impact of the Russia-Ukraine and Israel-Hamas wars on global supplies. WTI settled at \$81.62/bbl on March 26, down \$1.85/bbl, or 2.2%, from March 19. U.S. propane prices were stronger than crude oil, with Mont Belvieu OPIS non-TET rising by 0.7 c/gal, or 0.8%, from last week to 82.3 c/gal on March 26. As a result, the non-TET propane-to-WTI ratio increased by 1 percentage point to 42%.
- » Weekly exports of propane reported by the EIA increased to 2 MMb/d, up 234 Mbbbl/d from last week's rate and above the 4-week average of 1.76 MMb/d.
- » Total U.S. production of propane/propylene was up by 35 Mb/d from last week to 2,660 Mb/d as output increased primarily in PADD 3.

Figure 1



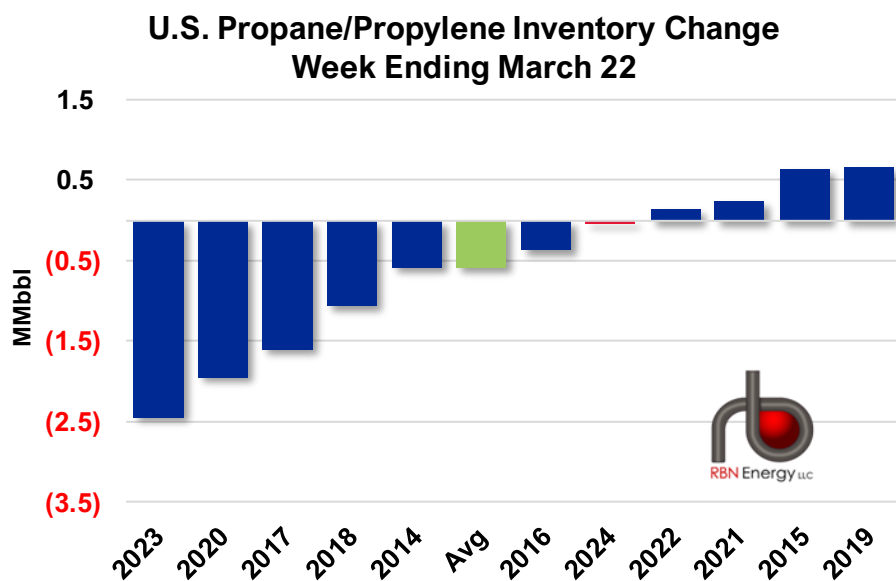
MARKET OVERVIEW

The U.S. propane market was slightly stronger last week with prices increasing versus crude oil. Mont Belvieu (non-TET) propane was up by 0.7 c/gal, or 0.8%, settling at 82.3 c/gal on March 26. WTI prices were weaker, declining by \$1.85/bbl, or 2.2%, to \$81.62/bbl on March 26, which pushed the propane-to-WTI ratio up to 42%. The current ratio remains below the 45.3% average recorded in March 2023. The forward TET propane-to-WTI ratio for April-May was up 1 percentage point from last week to 43% (red dashed line, Figure 4).

ANALYSIS & INSIGHTS

According to OPIS, the average of industry expectations called for a build of 461 Mbbbl. In today's EIA report for the week ended March 22, total U.S. propane/propylene

Figure 2



**ANALYSIS & INSIGHTS (continued)**

inventories were essentially unchanged, whereas the average draw for the week is 581 Mbbbl. Total U.S. propane stocks remain at 52.2 MMbbl, which is 4.1 MMbbl, or 7.3%, below the same week in 2023 and 7.3 MMbbl, or 12.2%, below the 5-year maximum. Inventories are 4.9 MMbbl, or 10.4%, above the 5-year average.

PADD 3 (Gulf Coast) propane inventories increased by 422 Mbbbl and total stocks for the region are now at 31.6 MMbbl, which is 4.8 MMbbl, or 13.3%, below 2023 and 11.5 MMbbl, or 26.6%, below the 5-year maximum. Inventories are 0.38 MMbbl, or 1.2%, above the 5-year average.

PADD 2 (Midwest) propane stocks fell by 96 Mbbbl, bringing total inventories to 12.8 MMbbl, which is 0.3 MMbbl, or 2.5%, above 2023 and the 5-year maximum. Stocks are now 2.7 MMbbl, or 27.3%, above the 5-year average.

PADD 1 (East Coast) propane inventories had a draw of 208 Mbbbl. East Coast inventories are now at 4 MMbbl, which is 0.71 MMbbl, or 15%, below 2023 and the 5-year maximum. Inventories are now 231 Mbbbl, or 6.1%, above the 5-year average.

PADD 4 (Rocky Mountain) plus PADD 5 (West Coast) propane inventories decreased by 162 Mbbbl for the week. Total stocks for the region are 3.7 MMbbl, which is 1.2 MMbbl, or 44.4%, over 2023. Inventories are 0.92 MMbbl, or 33%, above the 5-year maximum and 1.6 MMbbl, or 73%, above the 5-year average.

Total U.S. production rose by 35 Mbbbl/d to 2,660 Mbbbl/d. PADD 3 had an increase in production of 44 Mbbbl/d along with an increase of 12 Mbbbl/d in PADD 1 and PADD 4/5, which were offset by a decrease of 20 Mbbbl/d in PADD 2. Exports grew by 234 Mbbbl/d to 2,028 Mbbbl/d, which is above the 4-week average of 1,761 Mbbbl/d and the 1,802 Mbbbl/d reported in the year-ago week. Imports fell by 13 Mbbbl/d to 116 Mbbbl/d as volumes decreased in PADD 2 and PADD 4/5. Product supplied decreased by 155 Mbbbl/d to 754 Mbbbl/d.

**Propane Inventory Change**

Total U.S. propane/propylene stocks were essentially unchanged for the week ended March 22 (red bar, Figure 2) compared to the average draw for the week of 581 Mbbbl (green bar, Figure 2).

**MB Non-TET vs Conway Price**

The Conway propane OPIS spot price spread to Mont Belvieu non-TET (Enterprise) narrowed over the week, with Conway trading at a 3.8 c/gal discount on March 26, compared to a 4.4 c/gal discount on March 19. The forward-price differential between Mont Belvieu (TET or LST) and Conway was relatively unchanged from last week, with Mont Belvieu trading at a 5 c/gal premium to Conway for April (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 56 days, which is one day 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 one day less than 2023 and five days below the 5-year high for this metric. Including exports clearly makes a significant difference in the days-of-supply calculation.

Figure 3

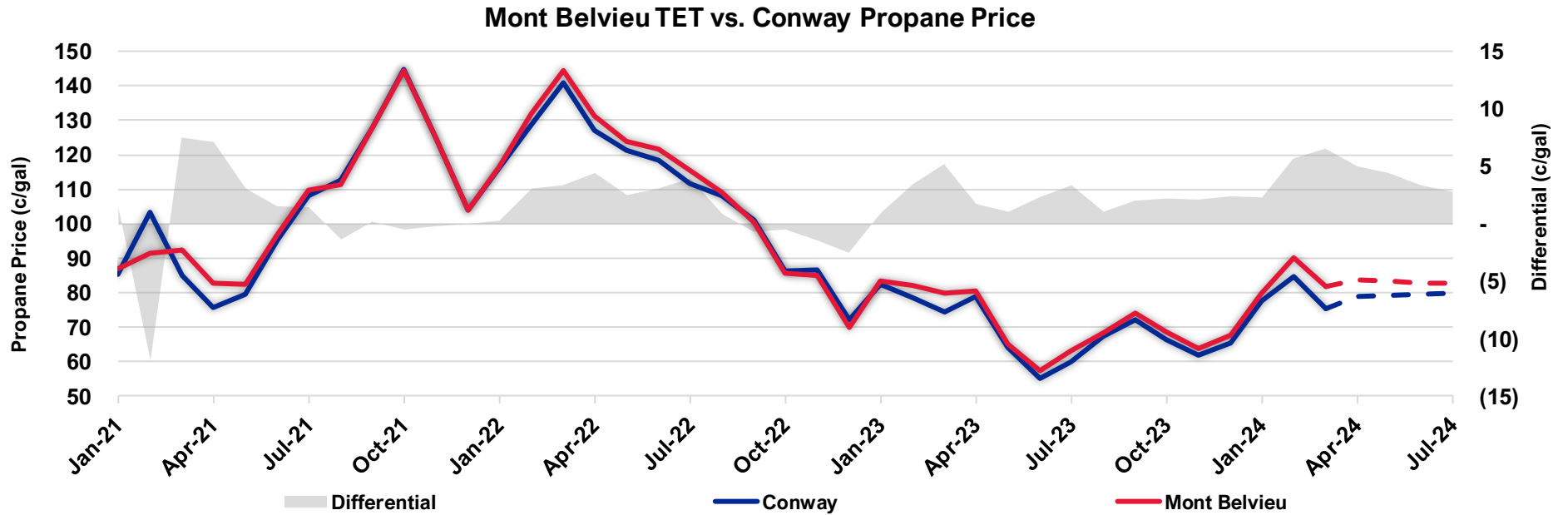
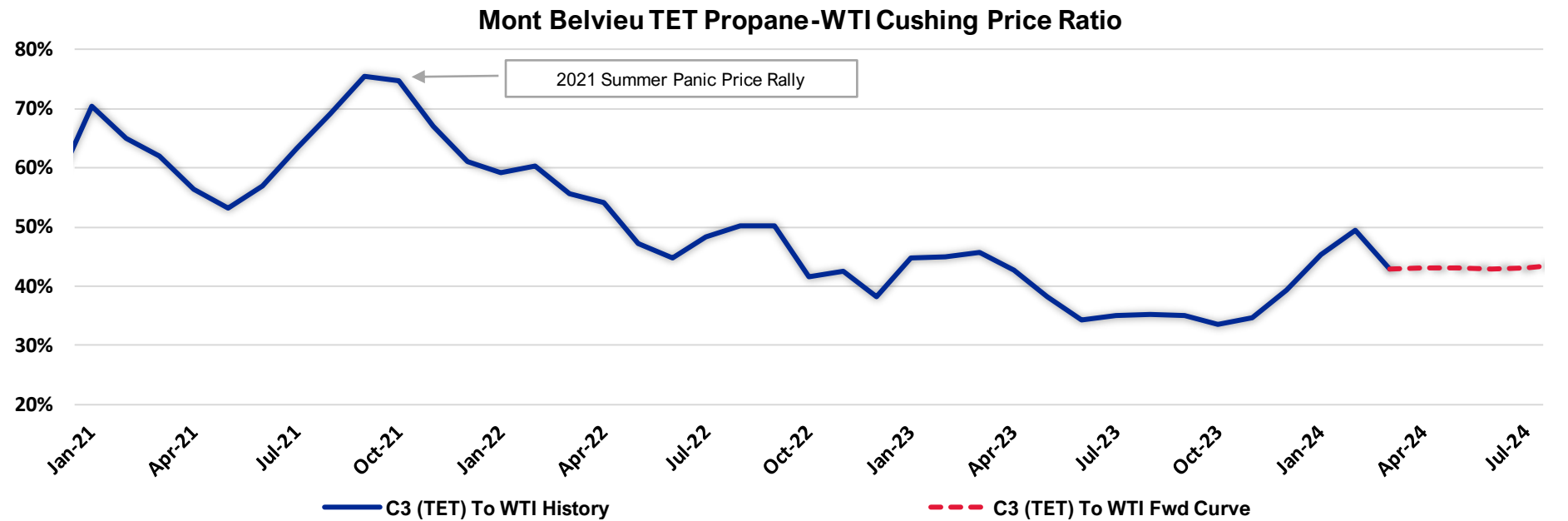


Figure 4



# U.S. PROPANE INVENTORIES BY PADD

Figure 5

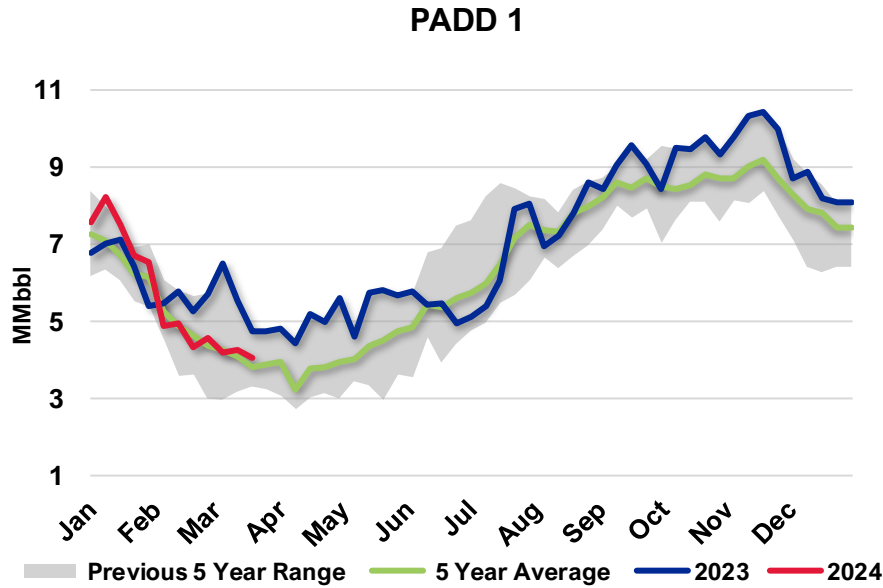


Figure 6

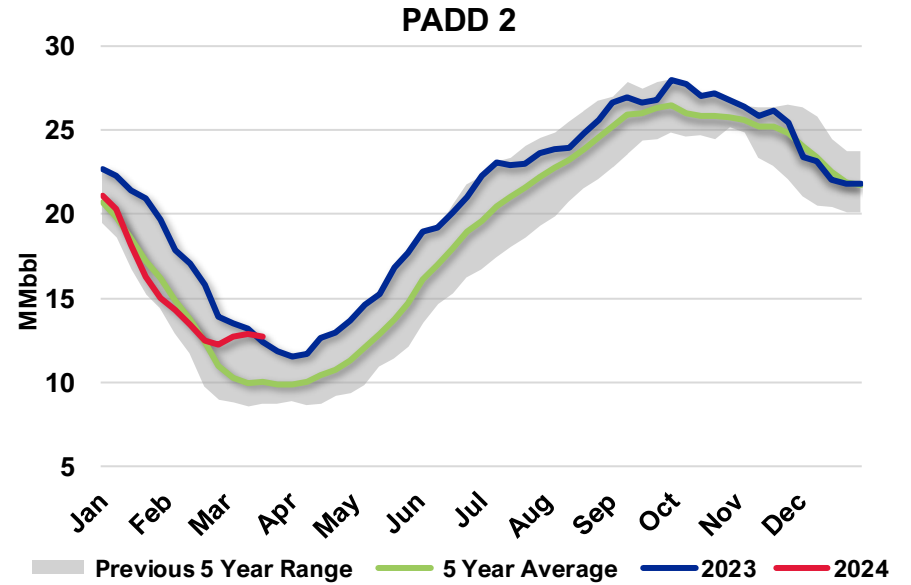


Figure 7

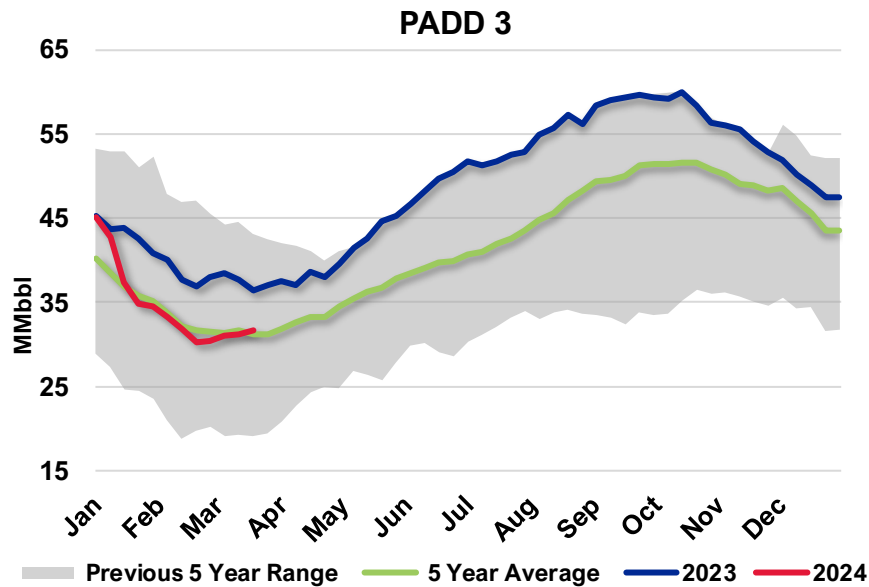


Figure 8

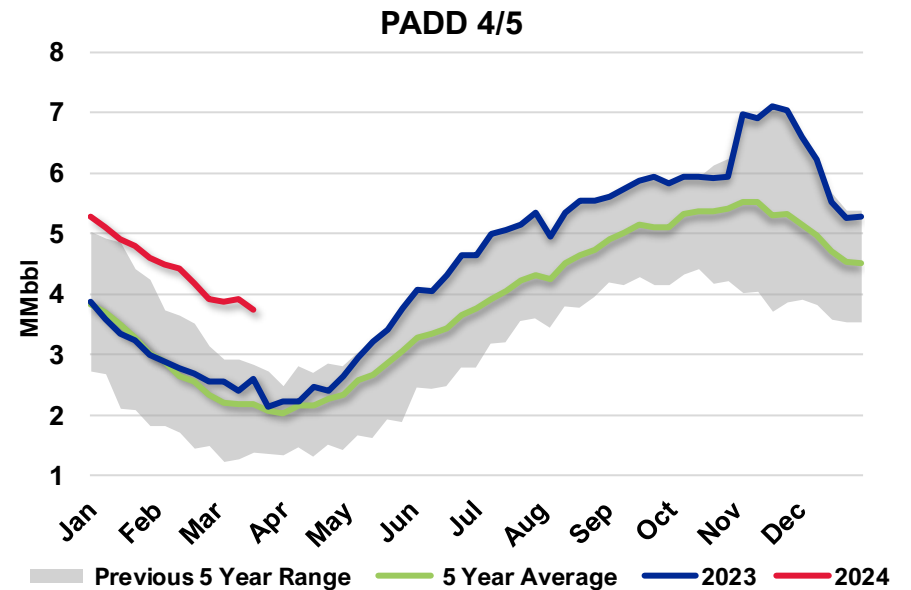


Figure 9

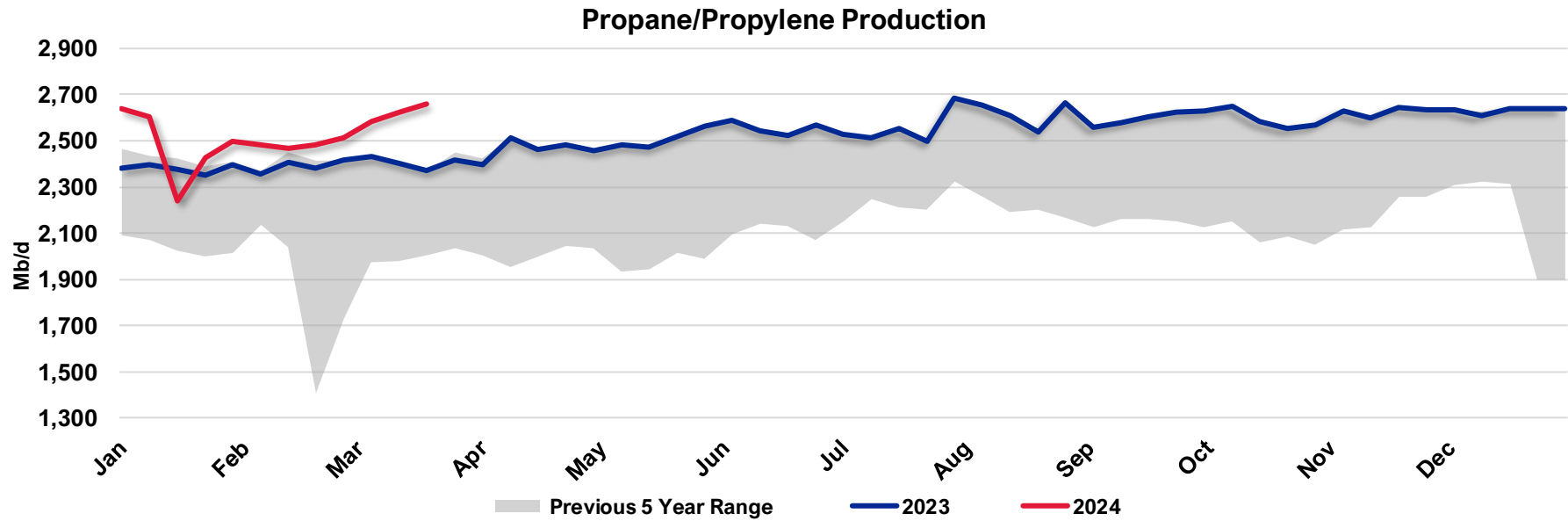


Figure 10

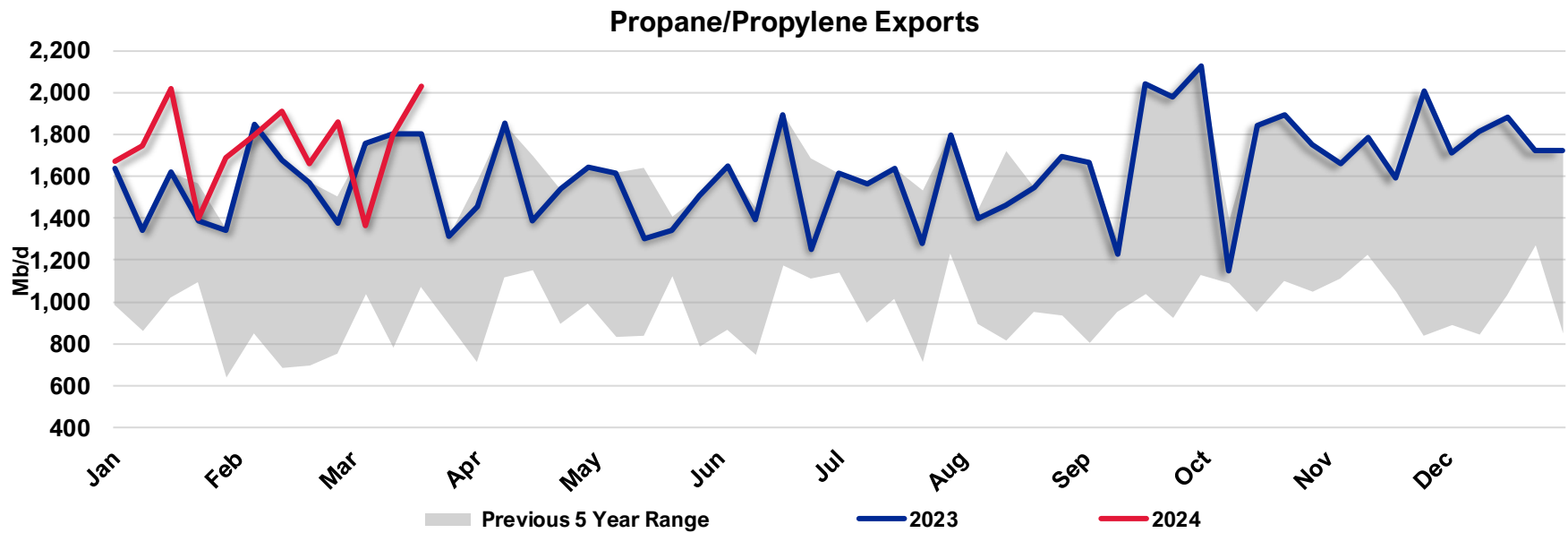


Figure 11

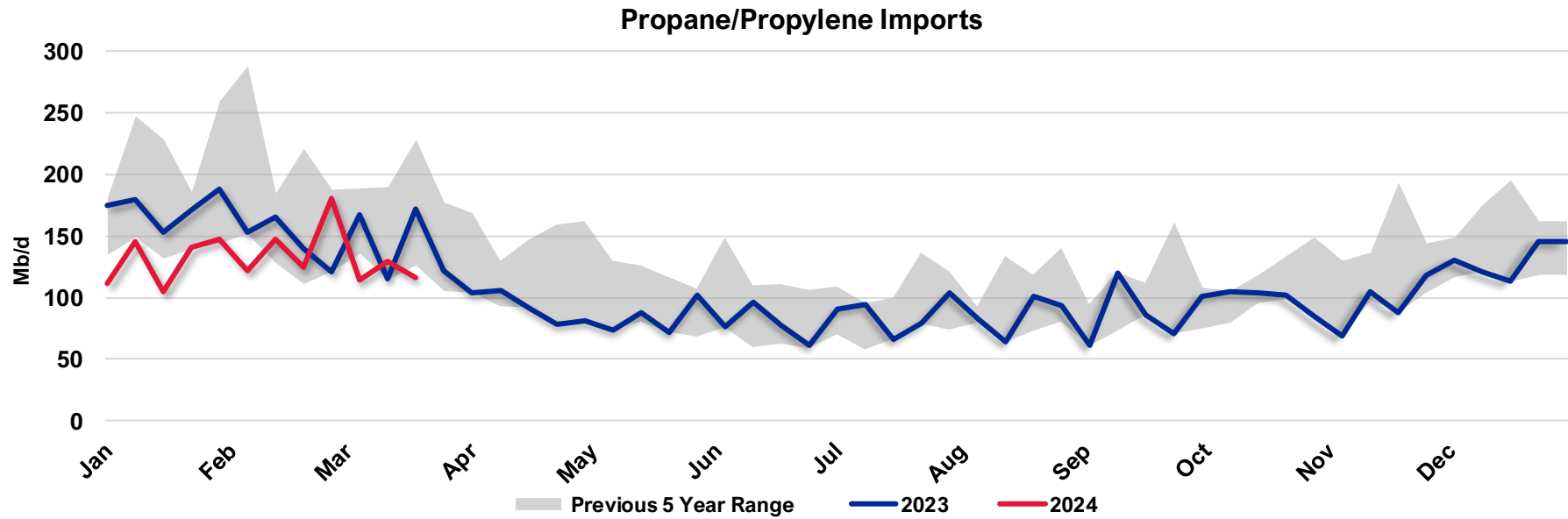


Figure 12

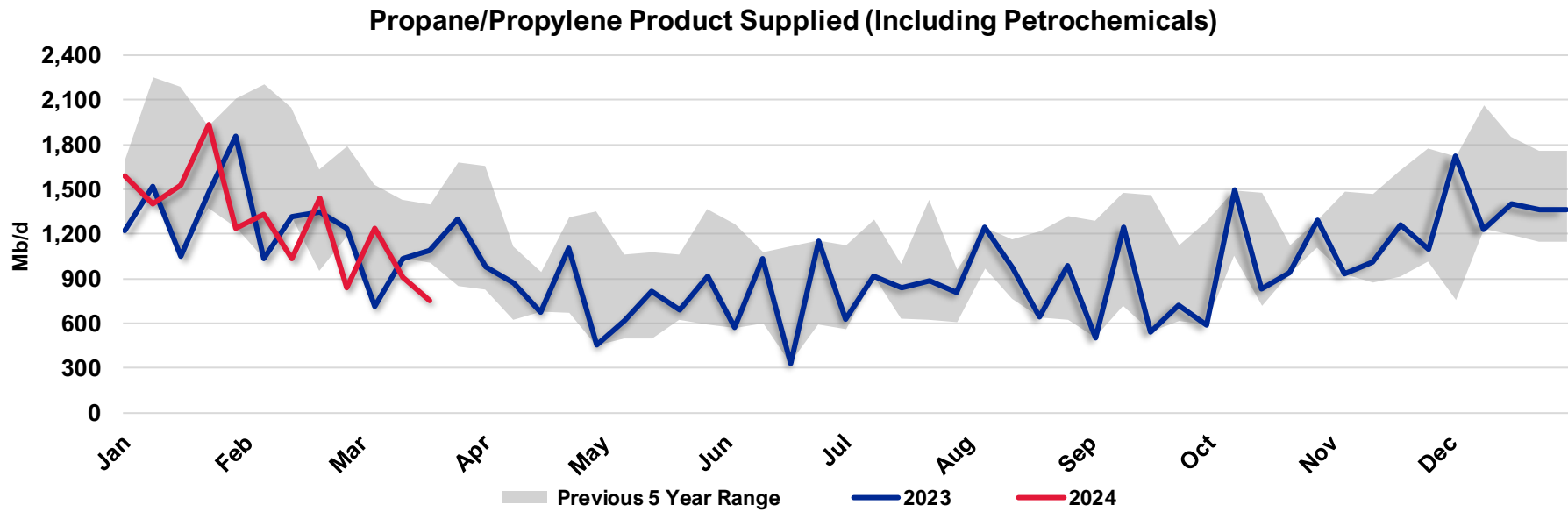


Figure 13

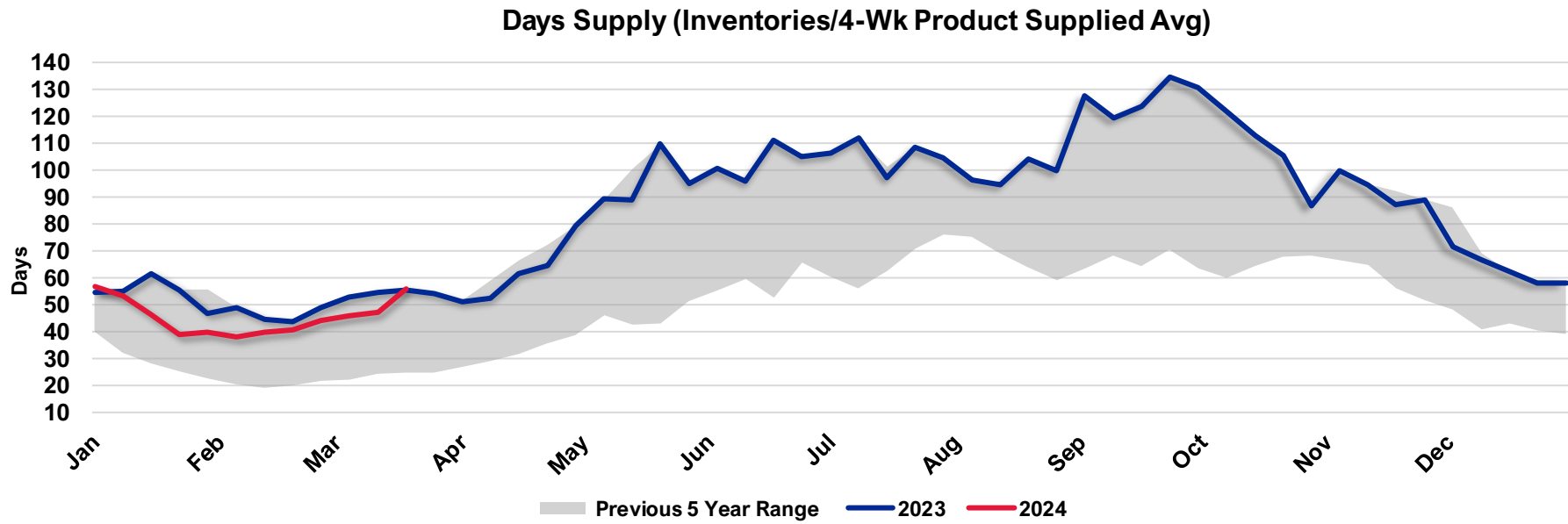
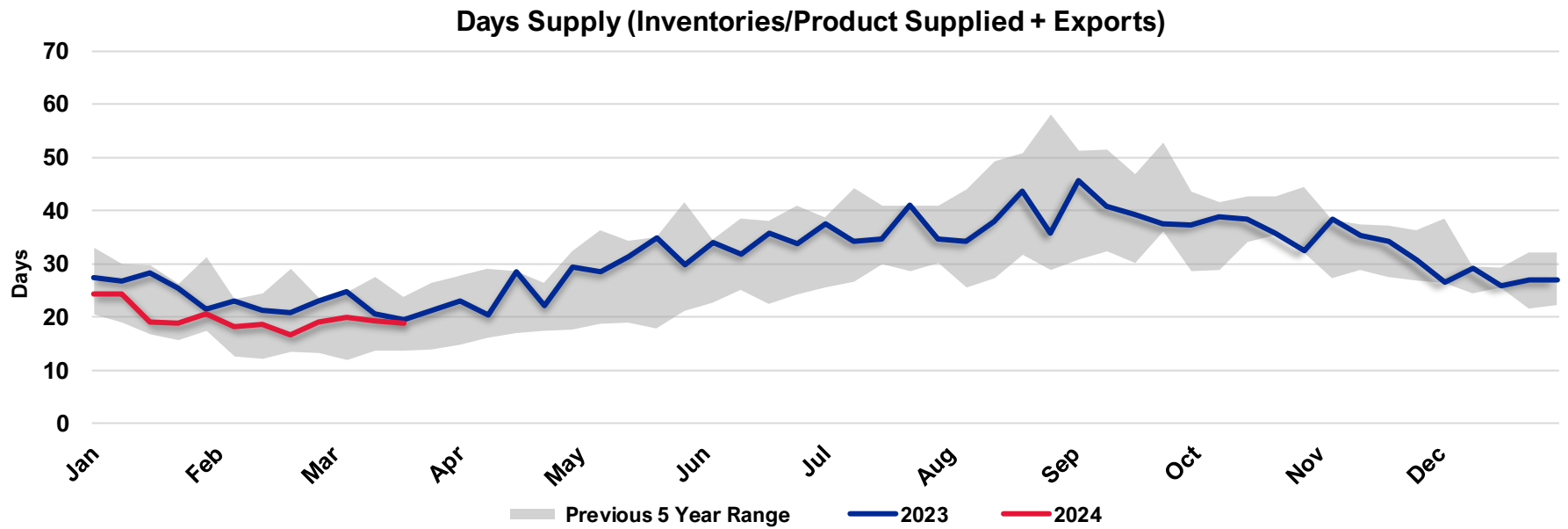


Figure 14



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