



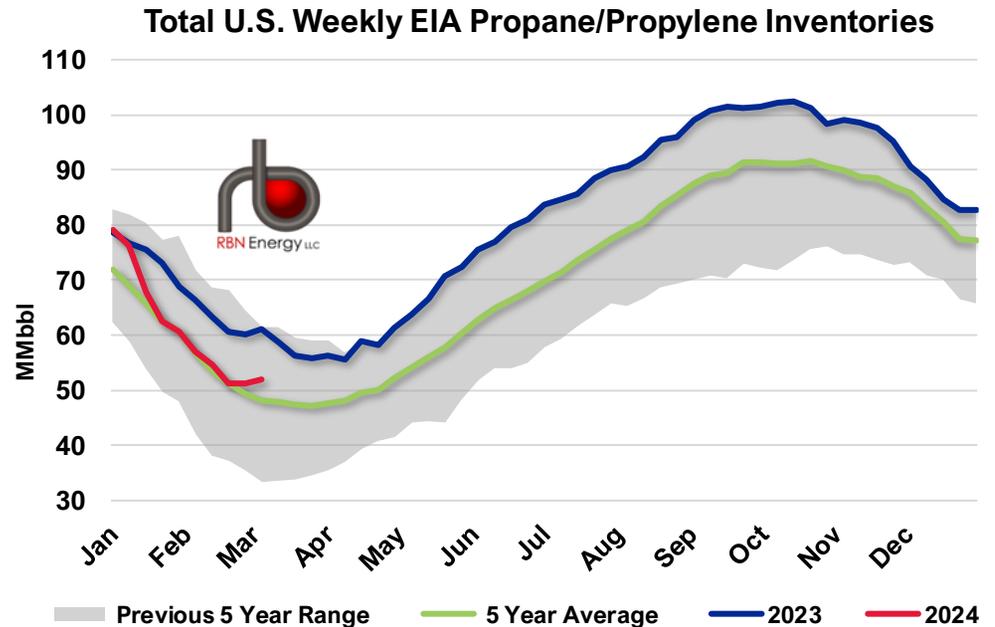
WEEKLY PROPANE MARKET UPDATE

March 13, 2024

HIGHLIGHTS

- » The EIA reported that total U.S. propane/propylene inventories built by 678 Mbbl for the week ended March 8, which was above the average of industry expectations for a build of 258 Mbbl and the 1 MMbbl average draw for the week. Total U.S. propane stocks are at 51.9 MMbbl, which is 3.7 MMbbl, or 7.7%, above the 5-year average.
- » Purity propane stocks reported by the EIA were 25.7 MMbbl, or 49.7% of total U.S. inventories, up 1.1 MMbbl from the prior period.
- » Total U.S. propane/propylene stocks have dropped by 49.3 MMbbl over the last 19 weeks, compared to a decline of only 27.1 MMbbl for the same period last year, according to EIA data.
- » Crude oil prices were slightly lower over the last week as the EIA raised its 2024 U.S. production outlook. WTI settled at \$77.56/bbl on March 12, down \$0.59/bbl from March 5. U.S. propane prices were weaker, with Mont Belvieu OPIS non-TET falling by 4.8 c/gal, or 6%, from last week to 74.6 c/gal on March 12. As a result, the non-TET propane-to-WTI ratio declined by 2.4 percentage points to 40.4%.
- » Weekly exports of propane reported by the EIA declined sharply to 1.36 MMb/d, down 494 Mbbl/d from last week's strong rate and well below the 4-week average of 1.7 MMb/d.
- » Total U.S. production of propane/propylene increased by 68 Mb/d from last week to 2,583 Mb/d as output increased, primarily in PADD 3

Figure 1



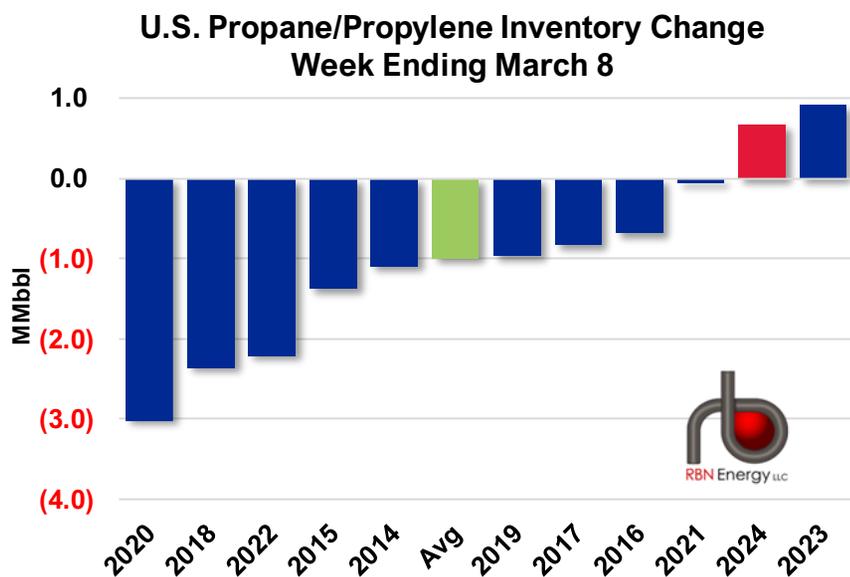
MARKET OVERVIEW

The U.S. propane market moved lower again last week with prices weakening versus crude oil. Mont Belvieu (non-TET) propane declined by 4.8 c/gal, or 6%, settling at 74.6 c/gal on March 12. WTI prices were relatively unchanged, declining by \$0.59/bbl, or 0.8%, to \$77.56/bbl on March 12, which pulled the propane-to-WTI ratio down to 40.4%. The current ratio is below the 45% average recorded in March 2023. The forward TET propane-to-WTI ratio for April-May was also down 2 percentage points from last week at 41% (red dashed line, Figure 4).

ANALYSIS & INSIGHTS

In today's EIA report for the week ended March 8, total U.S. propane/propylene inventories built by 678 Mbbl, which was above the average draw for the week of 1 MMbbl.

Figure 2



ANALYSIS & INSIGHTS (continued)

According to OPIS, the average of industry expectations called for a build of 253 Mbbl. Total U.S. propane stocks are now at 51.9 MMbbl, which is 9.1 MMbbl, or 14.9%, below the same week in 2023 and 9.7 MMbbl, or 15.7%, below the 5-year maximum. Inventories are 3.7 MMbbl, or 7.7%, above the 5-year average.

PADD 3 (Gulf Coast) propane inventories increased by 621 Mbbl and total stocks for the region are now at 30.1 MMbbl, which is 7.3 MMbbl, or 19%, below 2023 and 13.1 MMbbl, or 29.7%, below the 5-year maximum. Inventories for the region are 0.3 MMbbl, or 1%, below the 5-year average.

PADD 2 (Midwest) propane stocks built by 495 Mbbl, bringing total inventories to 12.7 MMbbl, which is 0.8 MMbbl, or 5.8%, below 2023 and the 5-year maximum. Stocks are now 2.4 MMbbl, or 23.7%, above the 5-year average.

PADD 1 (East Coast) propane inventories declined by 393 Mbbl. East Coast inventories are now at 4.2 MMbbl, which is 2.3 MMbbl, or 35.7%, below 2023 and the 5-year maximum. Inventories are now 68 Mbbl, or 1.6%, below the 5-year average.

PADD 4 (Rocky Mountain) plus PADD 5 (West Coast) propane inventories declined by 46 Mbbl for the week. Total stocks for the region are 3.9 MMbbl, which is 1.3 MMbbl, or 50.8%, over 2023. Inventories are 949 Mbbl, or 34.6%, above the 5-year maximum and 1.6 MMbbl, or 74.5%, above the 5-year average.

Total U.S. production rose by 68 Mbbl/d to 2,583 Mbbl/d. PADD 3 and PADD 4/5 had a combined increase of 83 Mbbl/d, which was partially offset by a decrease of 16 Mbbl/d in PADD 1 and PADD 2. Exports declined by 494 Mbbl/d to 1,364 Mbbl/d, which is well below the four-week average of 1,699 Mbbl/d and the 1,756 MMbbl/d reported in the year-ago week. Imports fell by 67 Mbbl/d to 114 Mbbl/d as volumes declined in PADD 1 and PADD 4/5. Product supplied increased by 398 Mbbl/d to 1,236 Mbbl/d.

Propane Inventory Change

Total U.S. propane/propylene stocks built by 678 Mbbl for the week ended March 8 (red bar, Figure 2) compared to the average draw for the week is 1 MMbbl (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 4.5 c/gal discount on March 12, compared to a 4.8 c/gal discount on March 5. The forward-price differential between Mont Belvieu (TET or LST) and Conway was relatively unchanged from last week, with Mont Belvieu trading at a 5.3 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 46 days,

Figure 3

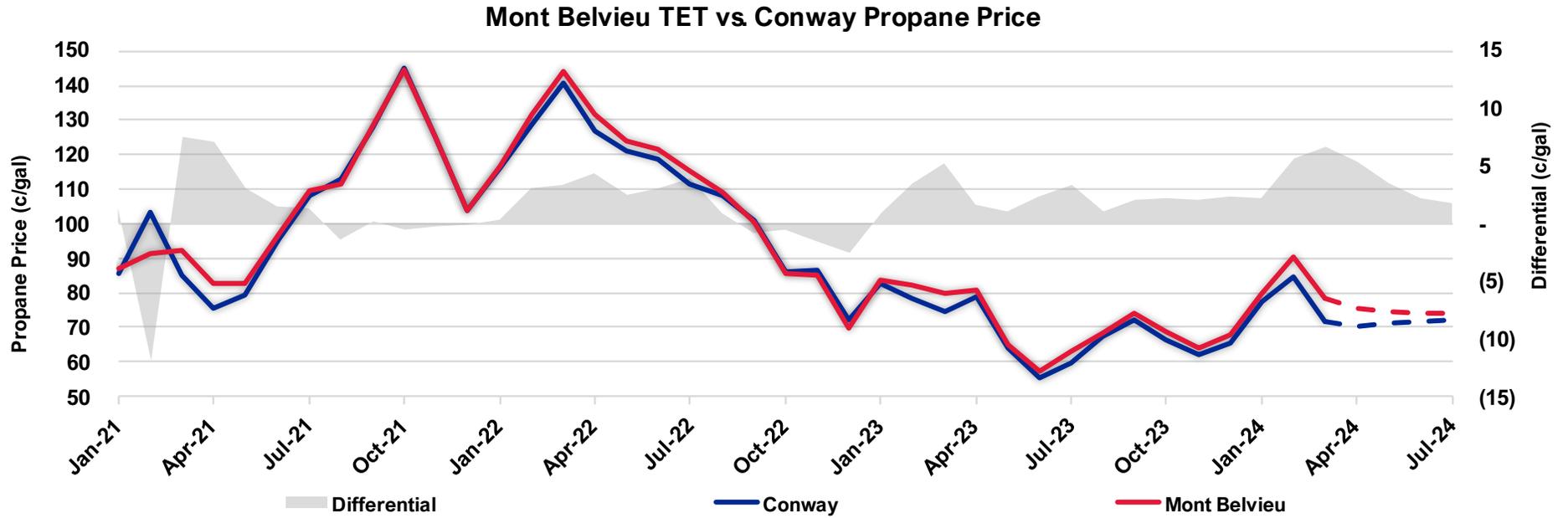
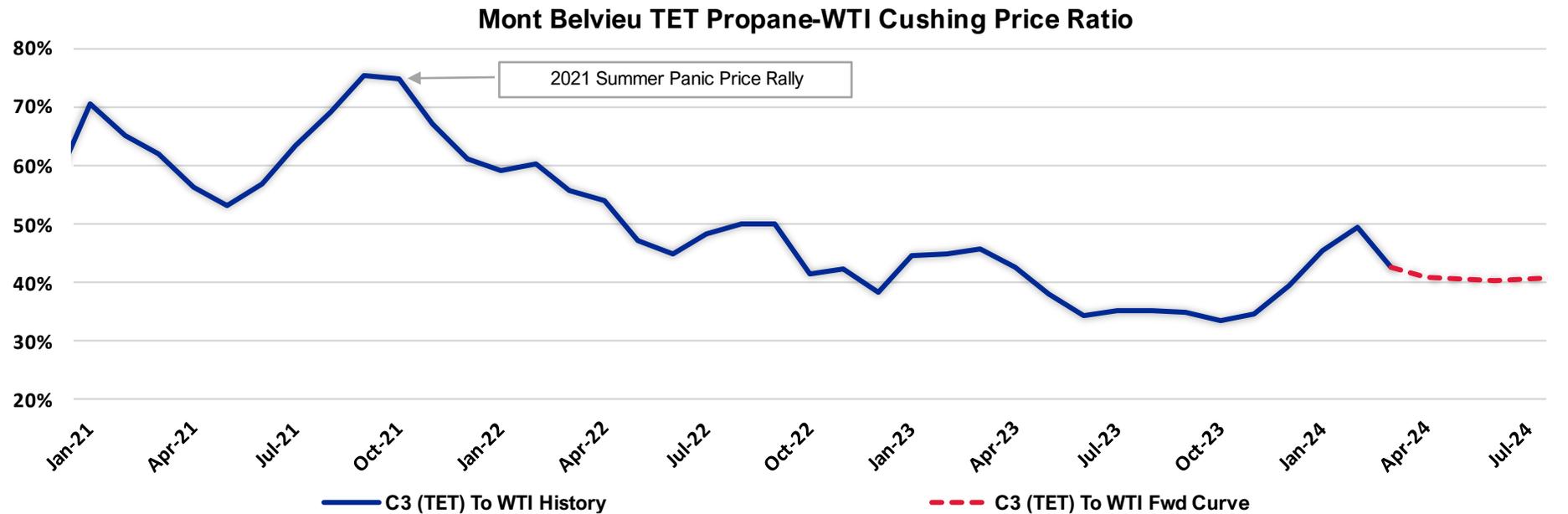


Figure 4



U.S. PROPANE INVENTORIES BY PADD

Figure 5

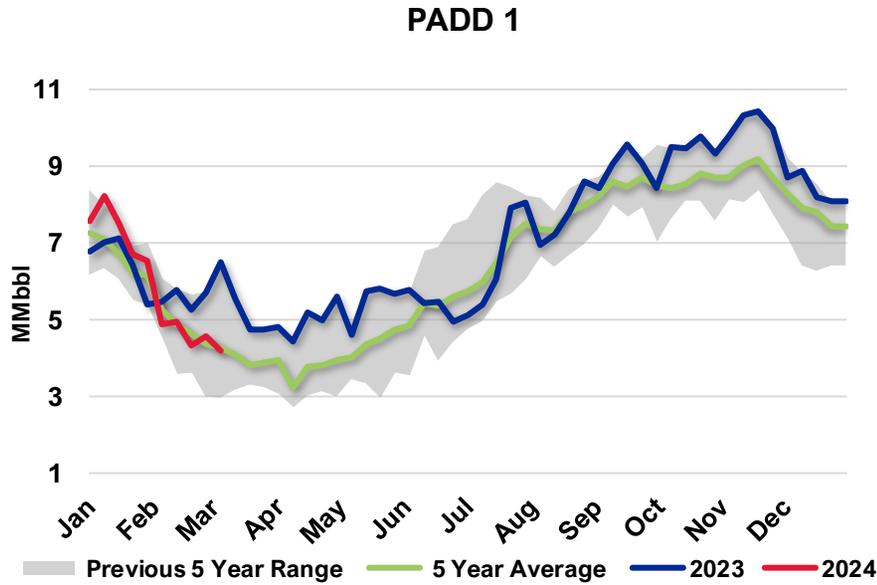


Figure 6

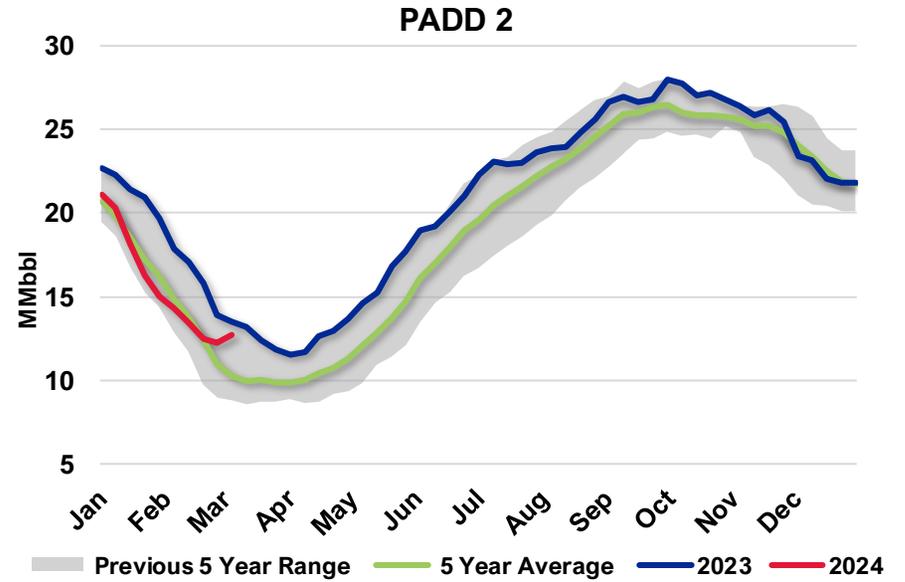


Figure 7

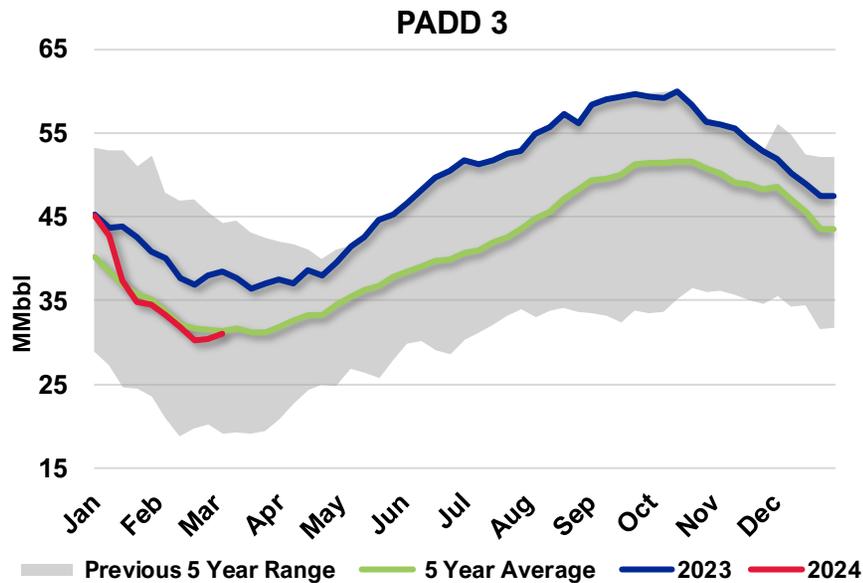


Figure 8

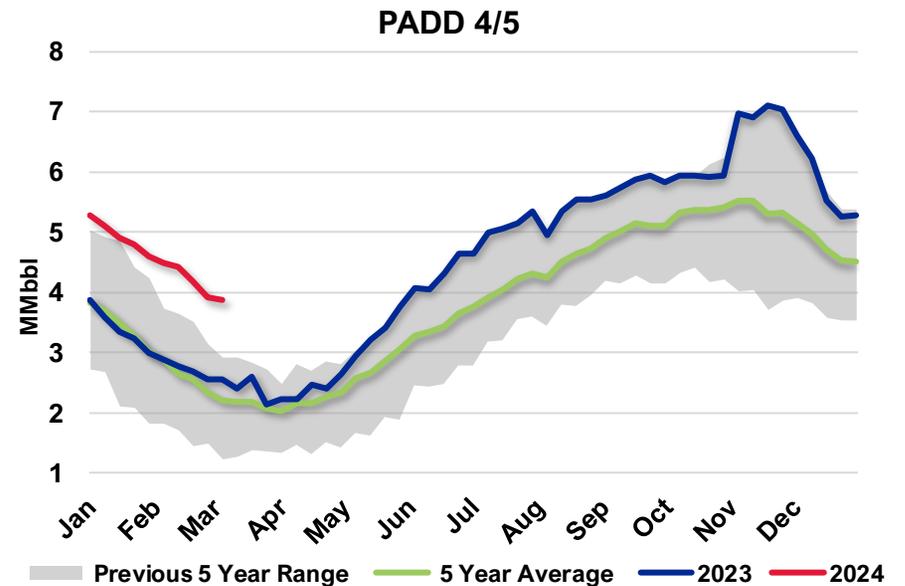


Figure 9

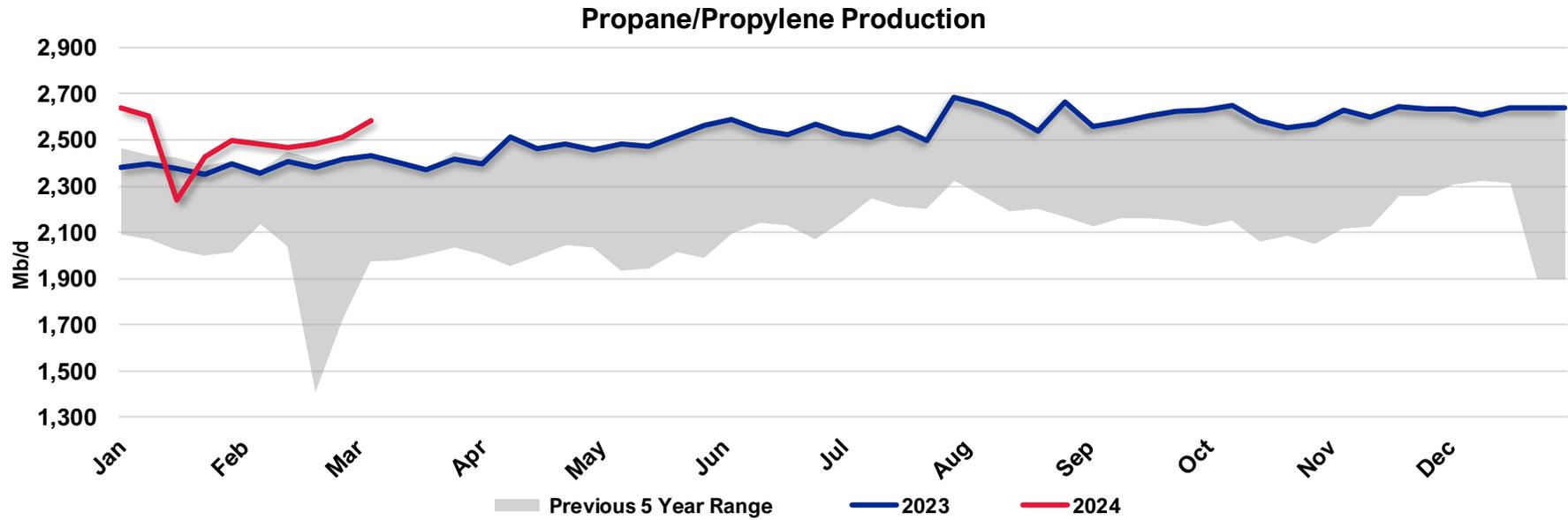


Figure 10

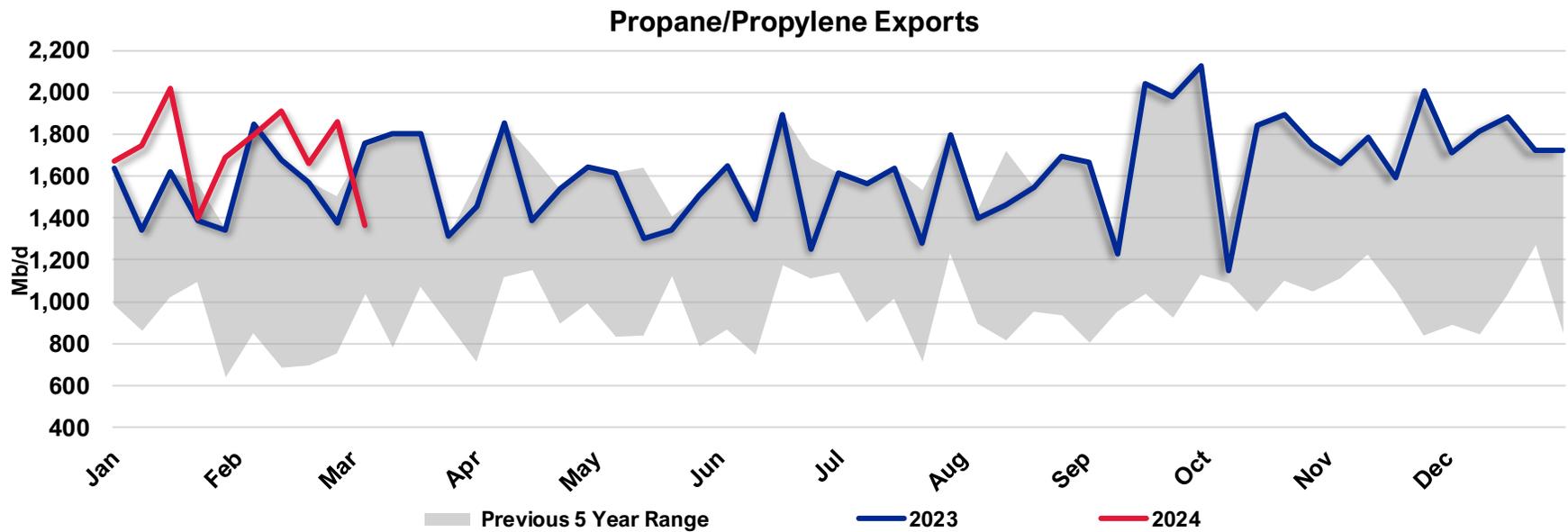


Figure 11

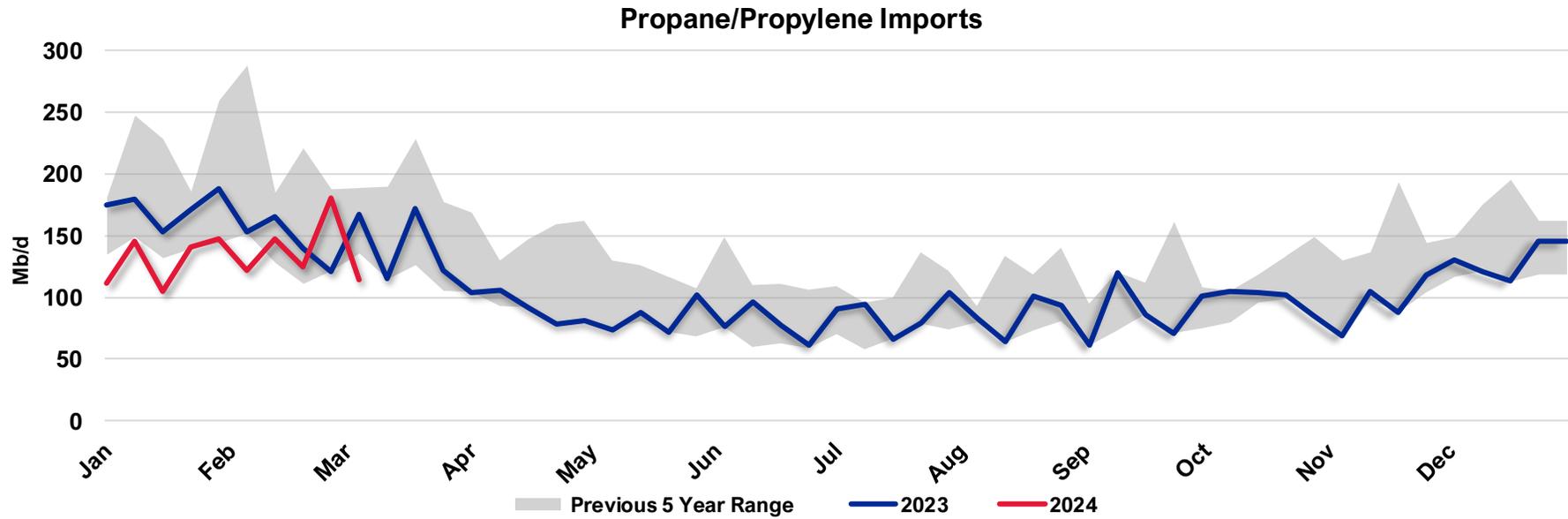


Figure 12

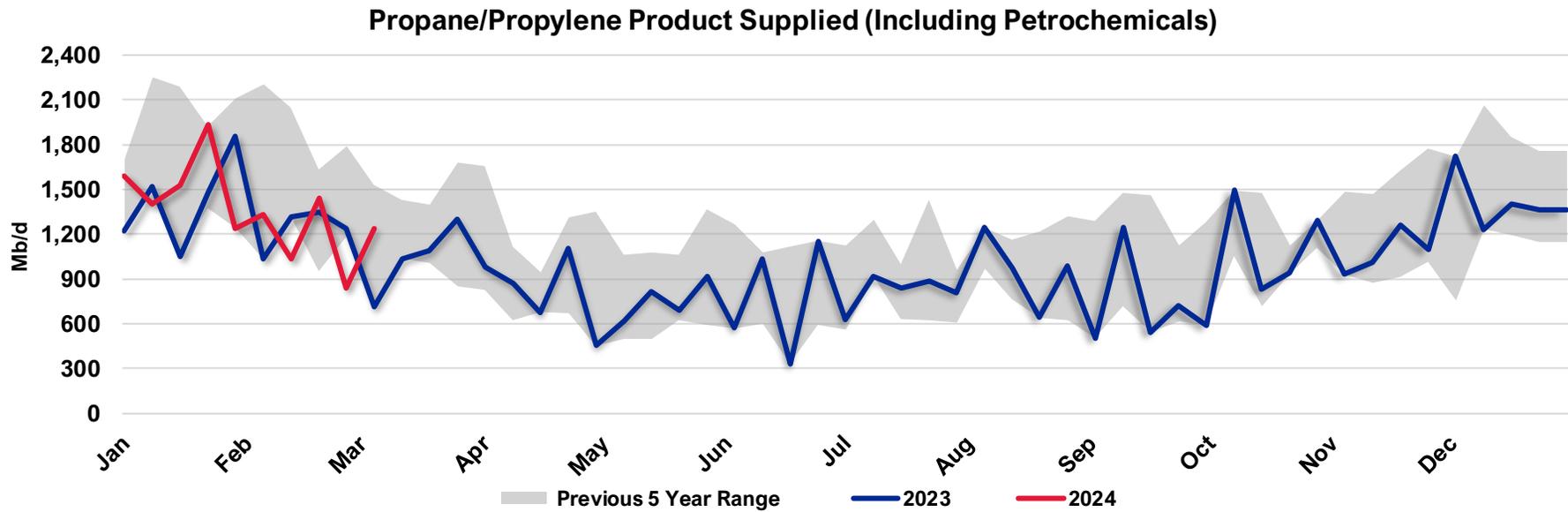


Figure 13

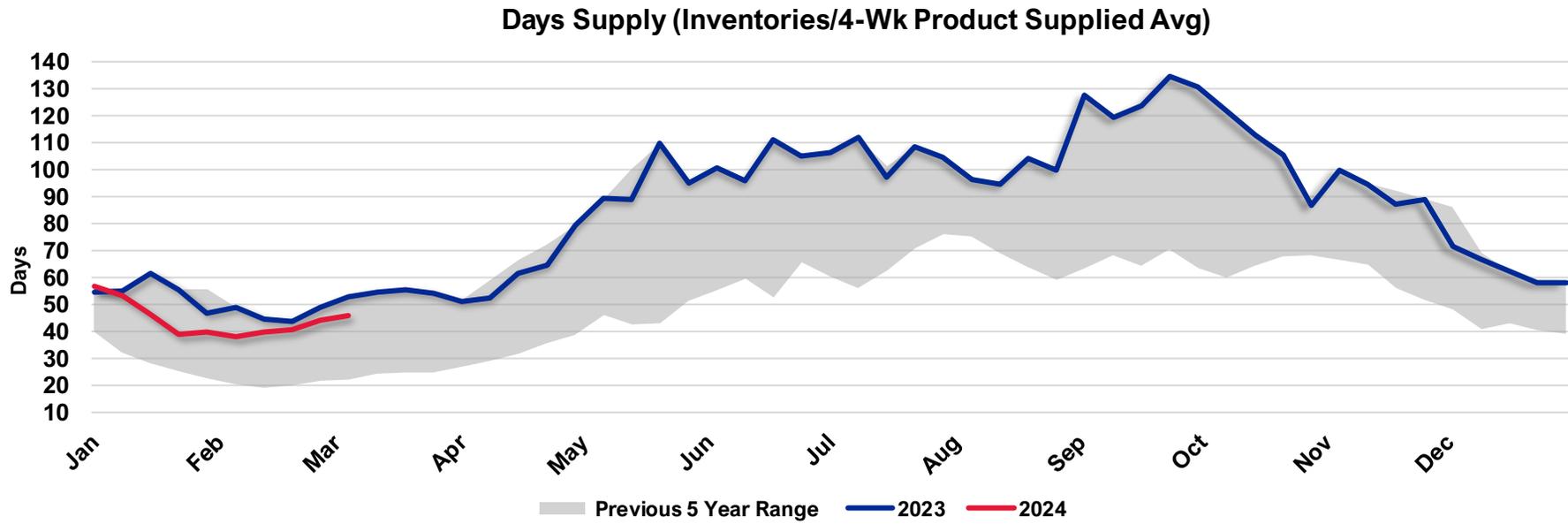
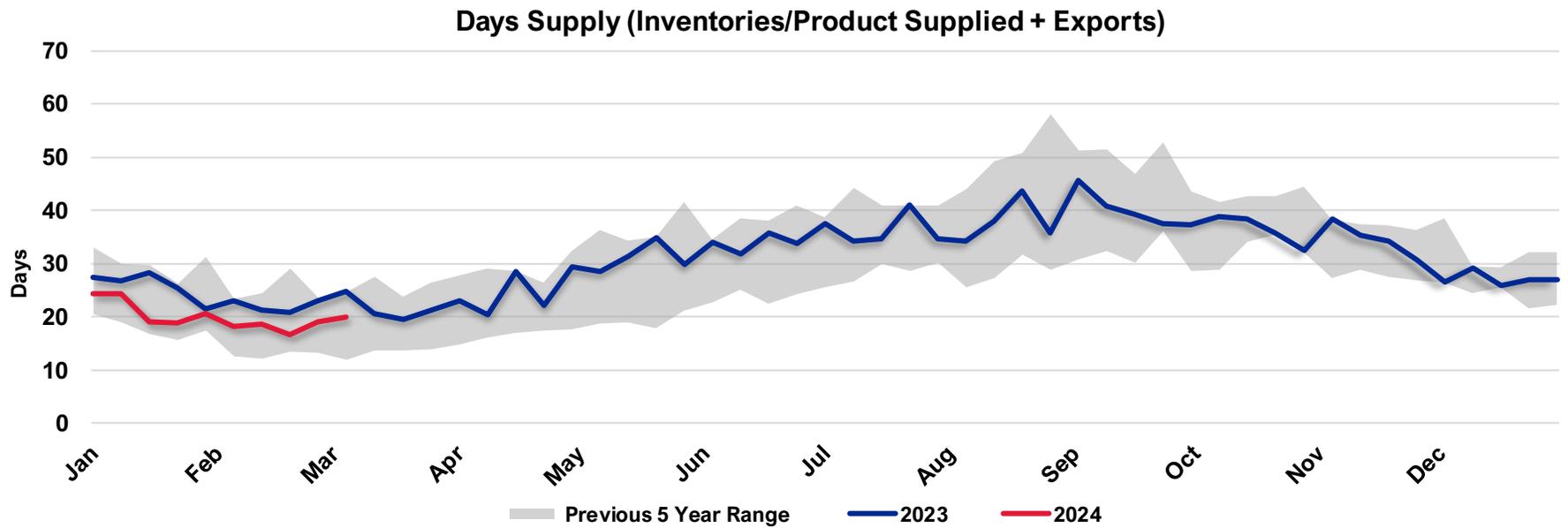


Figure 14



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