



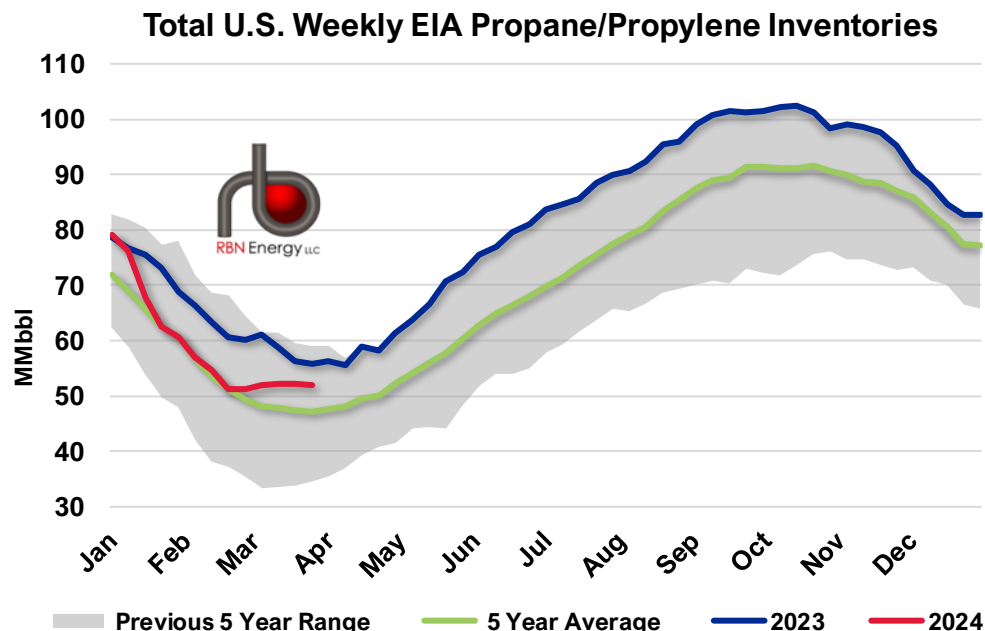
WEEKLY PROPANE MARKET UPDATE

April 3, 2024

HIGHLIGHTS

- » The EIA reported total U.S. propane/propylene inventories recorded a small draw of 354 Mbbl for the week ended March 29, which was below the average of industry expectations for an increase of 789 Mbbl and the 185 Mbbl average build for the week. Total U.S. propane stocks stand at 51.8 MMbbl, which is 4.7 MMbbl, or 10.1%, above the 5-year average.
- » Purity propane stocks reported by the EIA were 26.7 MMbbl, or 51.5% of total U.S. inventories, down 150 Mbbl from the prior period.
- » Total U.S. propane/propylene stocks have dropped by 49.4 MMbbl over the last 22 weeks, compared to a decline of only 32.3 MMbbl for the same period last year, according to EIA data.
- » Crude oil prices were stronger over the last week due to supply concerns stemming from the conflicts in the Middle East and Russia. WTI settled at \$85.15/bbl on April 2, up \$3.53/bbl, or 4.3%, from March 26. U.S. propane prices lagged crude oil, with Mont Belvieu OPIS non-TET rising by just 0.6 c/gal, or 0.7%, from last week to 82.8 c/gal on April 2. As a result, the non-TET propane-to-WTI ratio declined by 1 percentage point to 41%.
- » Weekly exports of propane reported by the EIA plunged to 1.42 MMb/d, down 609 Mbbl/d from last week's strong rate and well below the 4-week average of 1.65 MMb/d.
- » Total U.S. production of propane/propylene was up by 13 Mb/d from last week to 2,673 Mb/d as output increased in PADD 2 and PADD 3.

Figure 1



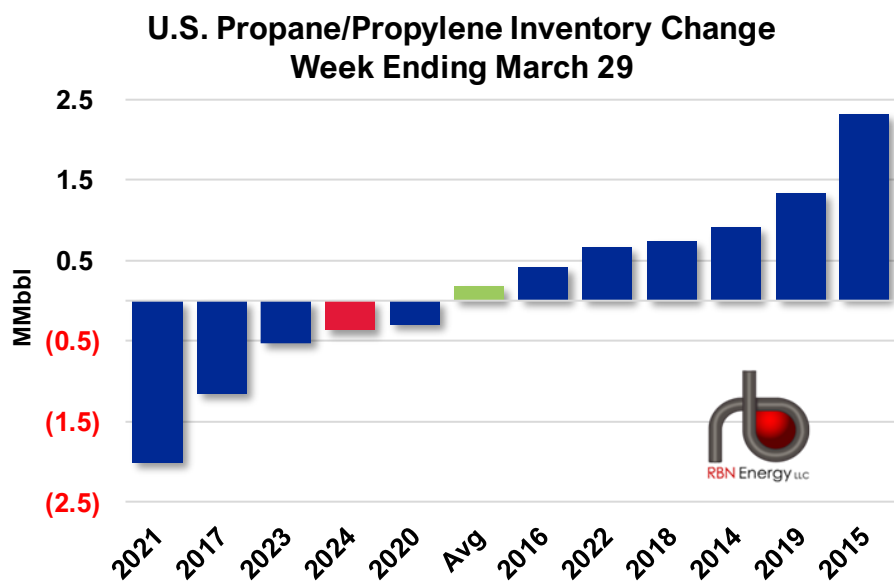
MARKET OVERVIEW

The U.S. propane market was modestly higher last week with prices lagging versus crude oil. Mont Belvieu (non-TET) propane was up by 0.6 c/gal, or 0.7%, settling at 82.8 c/gal on April 2. WTI prices were stronger than propane, increasing by \$3.53/bbl, or 4.3%, to \$85.15/bbl on April 2, which pushed the propane-to-WTI ratio down to 41%. The current ratio remains below the 43% average recorded in April 2023. The forward TET propane-to-WTI ratio for May-June was down 2 percentage points from last week to 41% (red dashed line, Figure 4).

ANALYSIS & INSIGHTS

In today's EIA report for the week ended March 29, total U.S. propane/propylene inventories had a draw of 354 Mbbl, which contrasts with the average build of 185 Mbbl for the week. According to OPIS, the average of industry expectations called for a build of 789 Mbbl. Total U.S. propane stocks are now 51.8 MMbbl, which is 3.9 MMbbl, or

Figure 2



ANALYSIS & INSIGHTS (continued)

7%, below the same week in 2023 and 7.3 MMbbl, or 12.4%, below the 5-year maximum. Inventories are 4.7 MMbbl, or 10.1%, above the 5-year average.

PADD 3 (Gulf Coast) propane inventories were essentially unchanged and total stocks for the region are now at 31.6 MMbbl, which is 5.4 MMbbl, or 14.7%, below 2023 and 11 MMbbl, or 25.8%, below the 5-year maximum. Inventories are on par with the 5-year average.

PADD 2 (Midwest) propane stocks fell by 176 Mbbbl, bringing total inventories to 12.6 MMbbl, which is 0.76 MMbbl, or 6.4%, above 2023 and the 5-year maximum. Stocks are 2.7 MMbbl, or 27.4%, above the 5-year average.

PADD 1 (East Coast) propane inventories were unchanged as total inventories remain at 4 MMbbl, which is 0.69 MMbbl, or 14.5%, below 2023 and the 5-year maximum. Inventories are now 176 Mbbbl, or 4.5%, above the 5-year average.

PADD 4 (Rocky Mountain) plus PADD 5 (West Coast) propane inventories decreased by 132 Mbbbl for the week. Total stocks for the region are 3.6 MMbbl, which is 1.48 MMbbl, or 68.9%, over 2023. Inventories are 0.89 MMbbl, or 33%, above the 5-year maximum and 1.54 MMbbl, or 73.8%, above the 5-year average.

Total U.S. production rose by 13 Mbbbl/d to 2,673 Mbbbl/d. PADD 2 and PADD 3 had a combined increase of 22 Mbbbl/d, which was offset by a decrease of 10 Mbbbl/d from PADD 1 and PADD 4/5. Exports fell by 609 Mbbbl/d to 1,419 Mbbbl/d, which is well below the 4-week average of 1,651 Mbbbl/d but above the 1,314 Mbbbl/d reported in the year-ago week. Imports grew by 9 Mbbbl/d to 125 Mbbbl/d as volumes increased in PADD 2 and PADD 4/5. Product supplied increased by 675 Mbbbl/d to 1,429 Mbbbl/d.

Propane Inventory Change

Total U.S. propane/propylene stocks drew by 354 Mbbbl for the week ended March 29 (red bar, Figure 2), which is about 540 Mbbbl less than the average build for the week of 185 Mbbbl (green bar, Figure 2).

MB Non-TET vs Conway Price

The Conway propane OPIS spot price spread to Mont Belvieu non-TET (Enterprise) was slightly wider over the week, with Conway trading at a 4.1 c/gal discount on April 2, compared to a 3.8 c/gal discount on March 26. The forward-price differential between Mont Belvieu (TET or LST) and Conway narrowed from last week, with Mont Belvieu trading at a 3.8 c/gal premium to Conway for May 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 48 days, which is six 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 18 days of inventory, which is three days less than 2023 and eight days below the 5-year high for this metric. Including exports clearly makes a significant difference in the days-of-supply calculation.

Figure 3

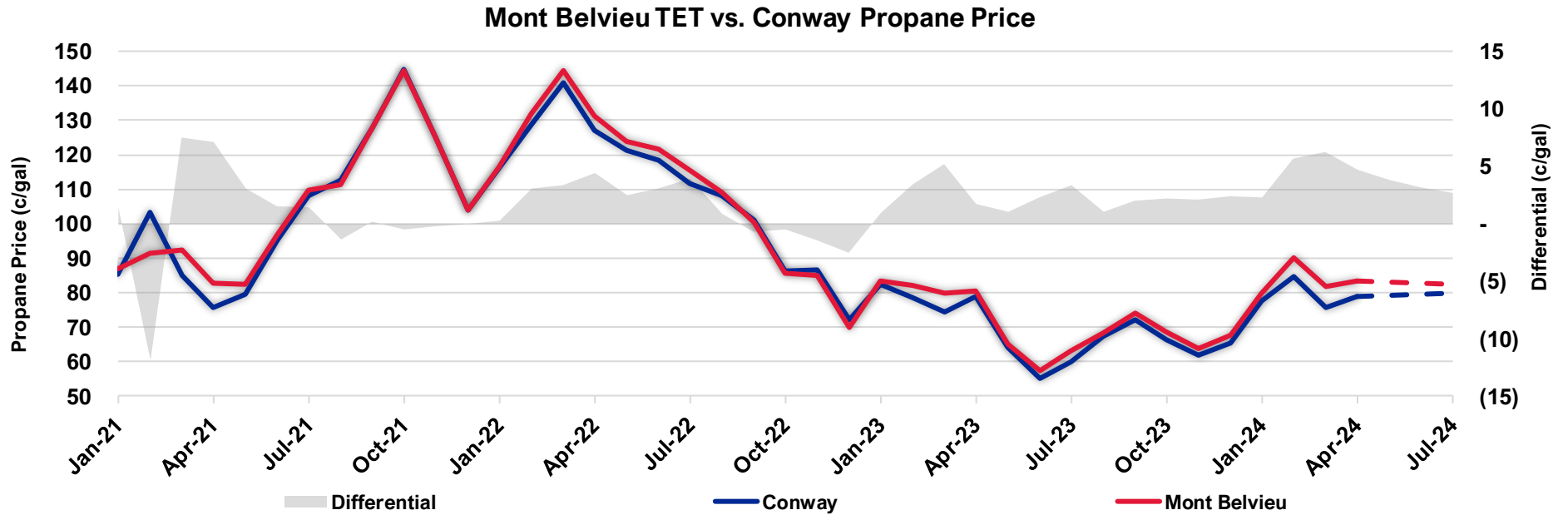
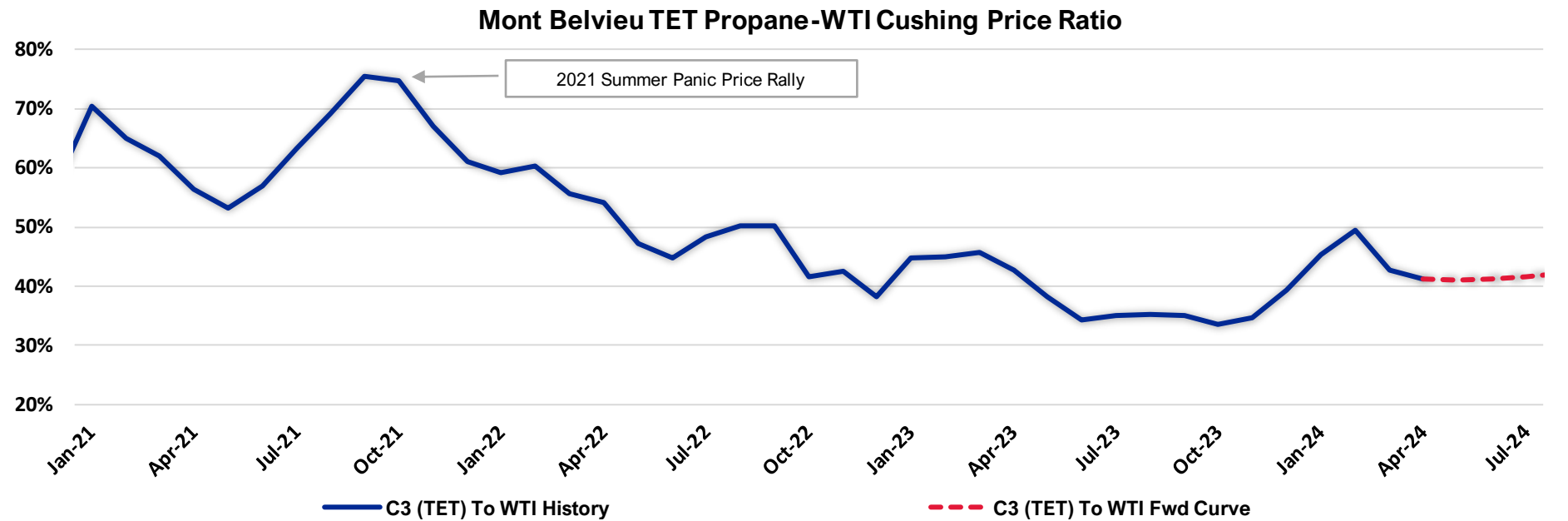


Figure 4



U.S. PROPANE INVENTORIES BY PADD

Figure 5

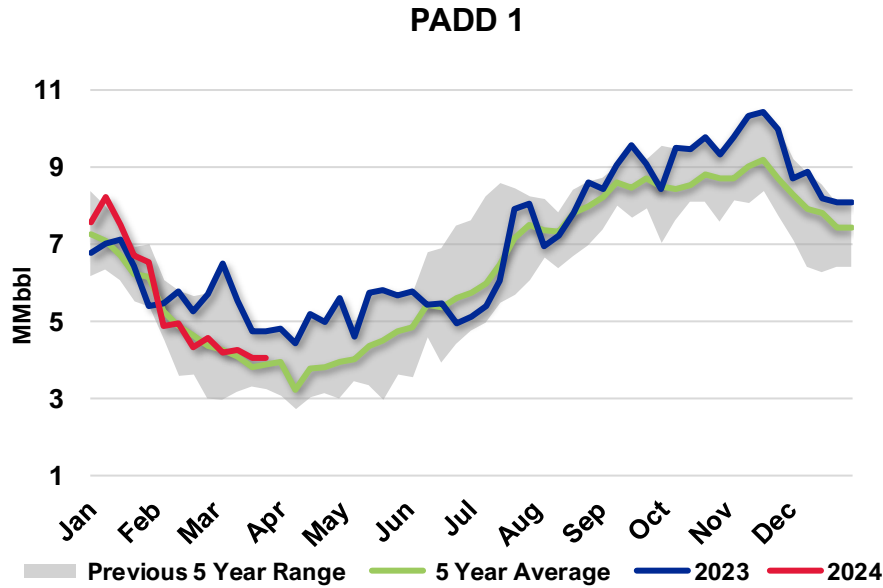


Figure 6

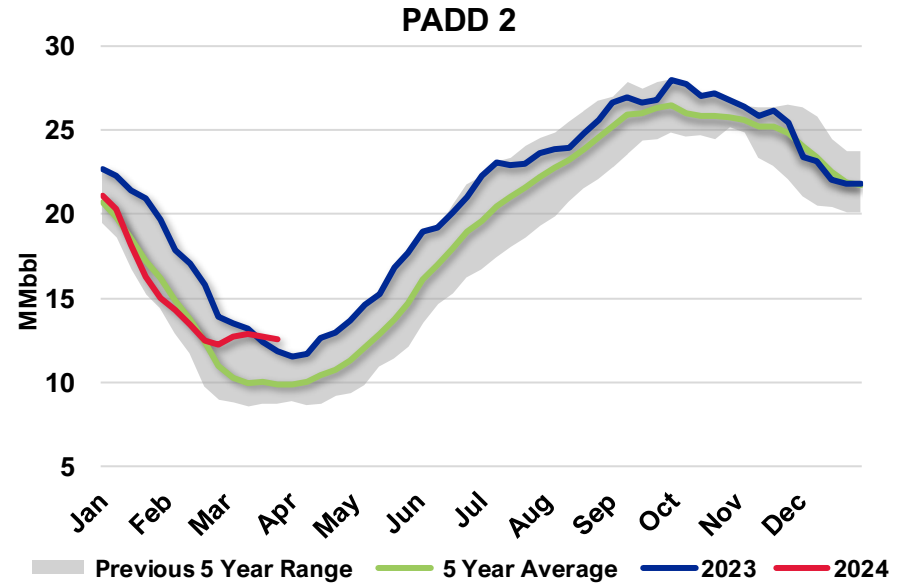


Figure 7

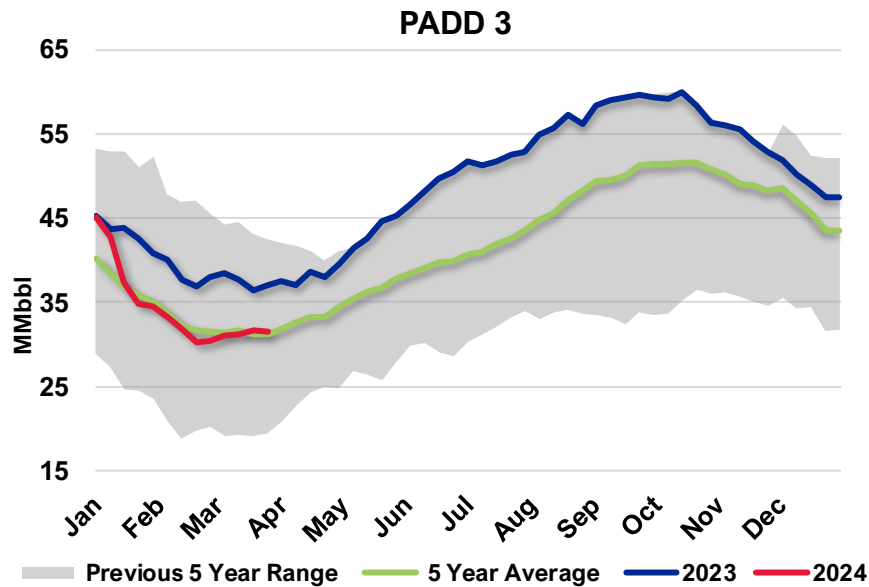


Figure 8

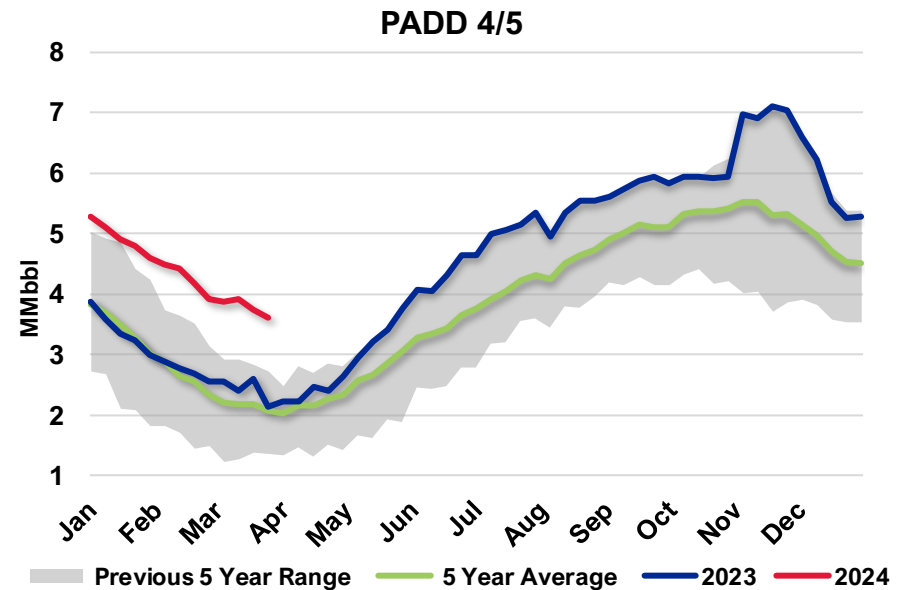


Figure 9

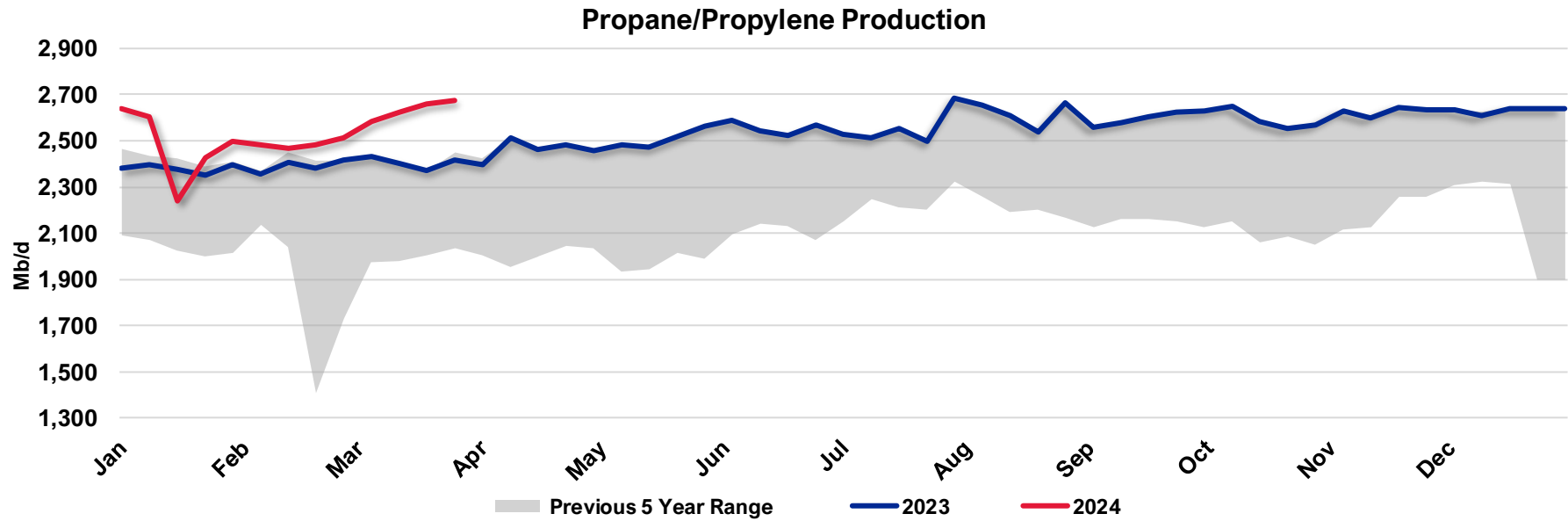


Figure 10

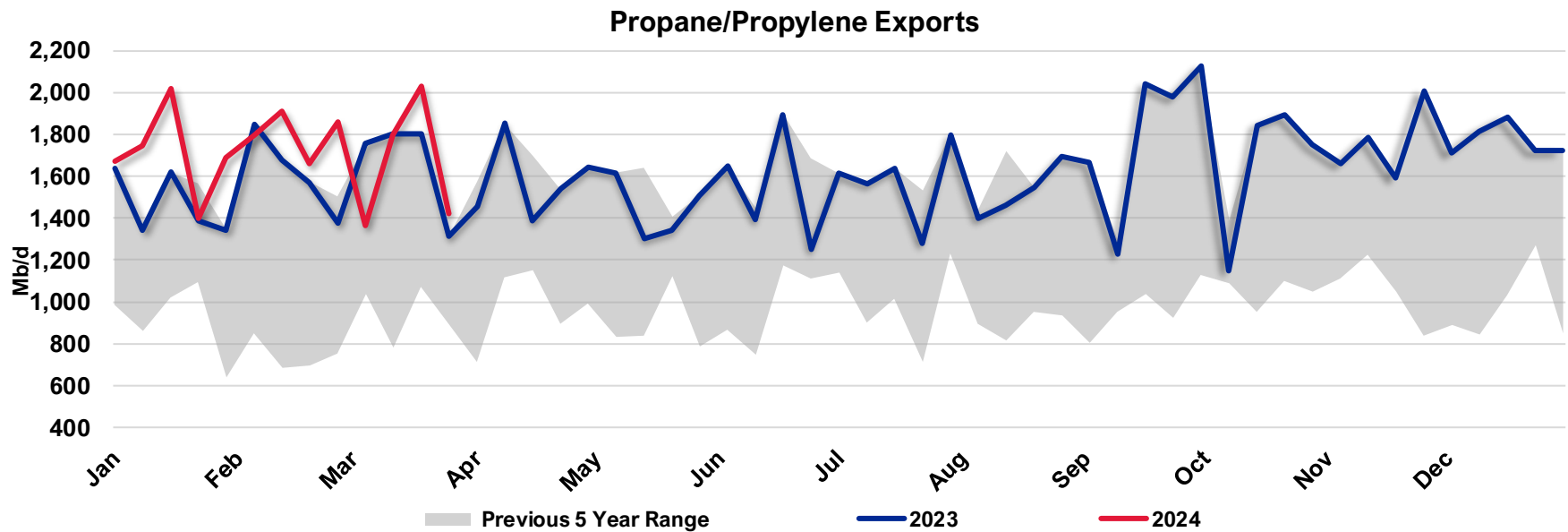


Figure 11

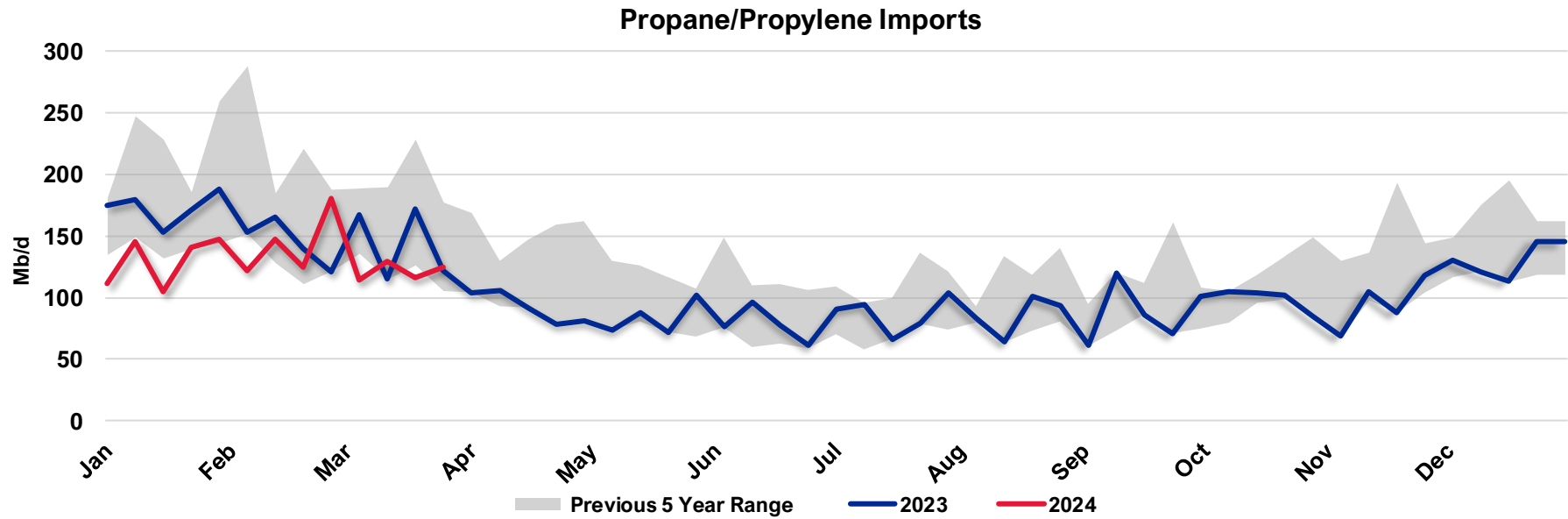


Figure 12

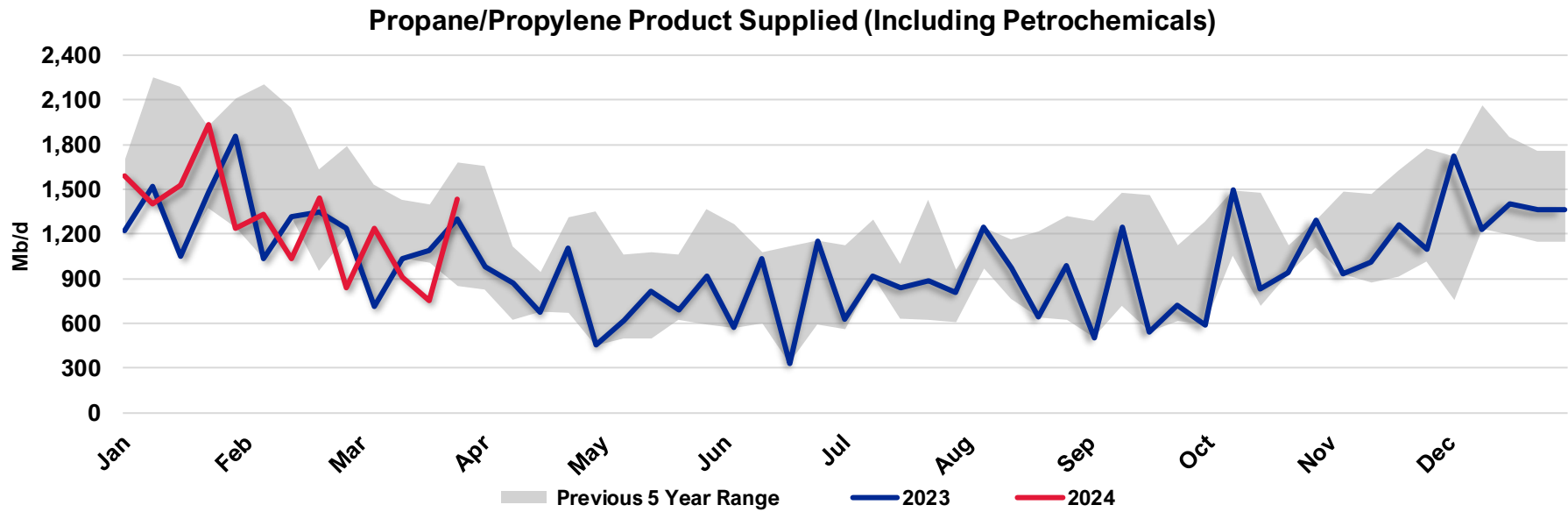


Figure 13

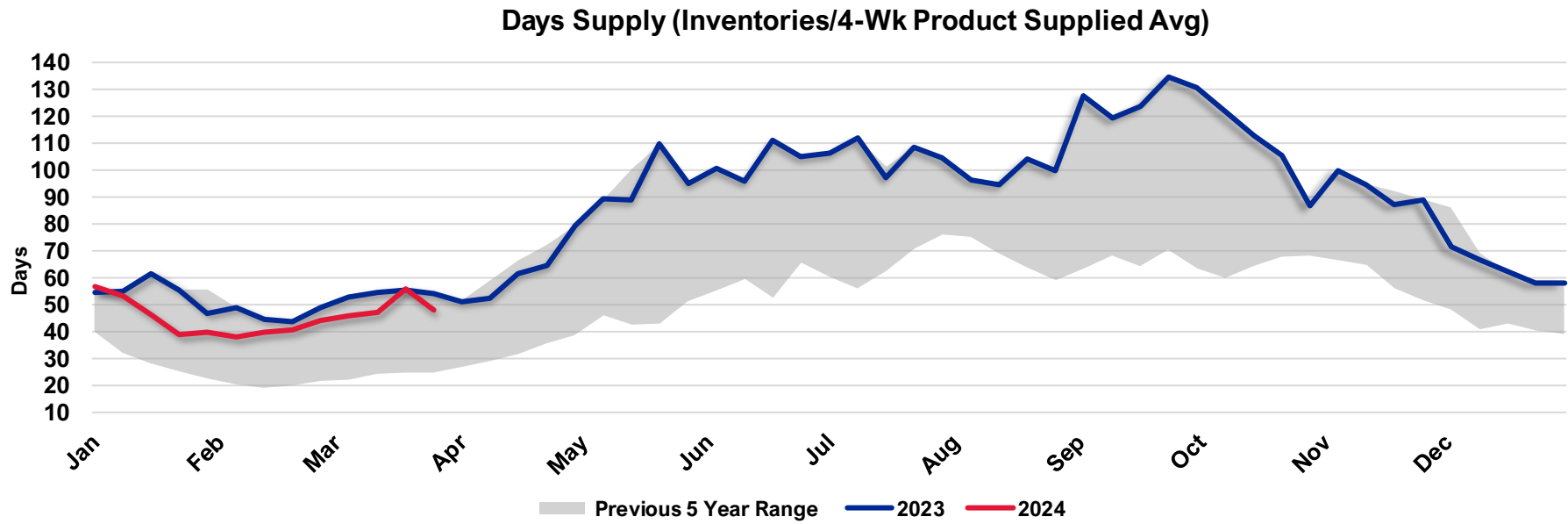
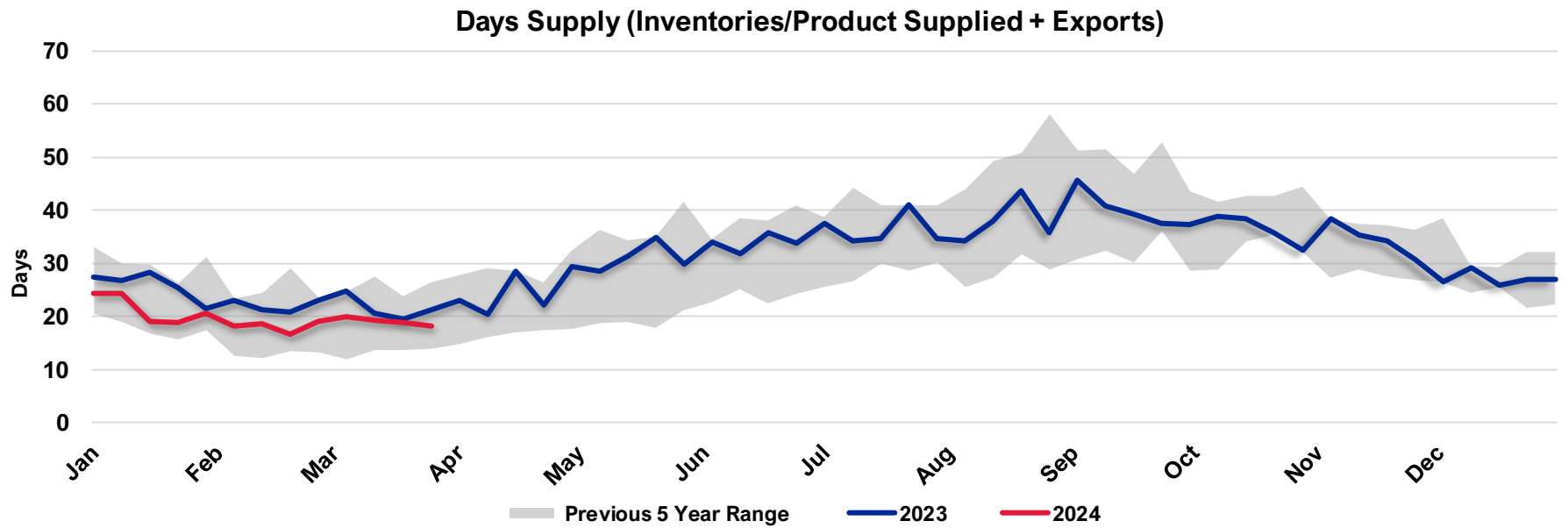


Figure 14



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