



WEEKLY PROPANE MARKET UPDATE

April 10, 2024

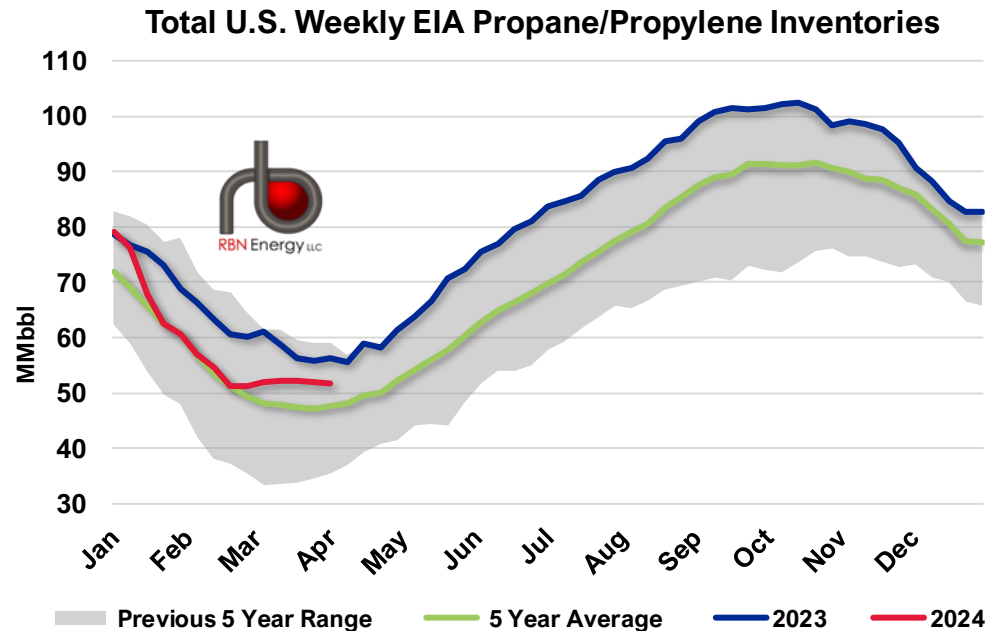
HIGHLIGHTS

- » The EIA reported total U.S. propane/propylene inventories recorded a small draw of 105 Mbbbl for the week ended April 5, which was below the average of industry expectations for an increase of 780 Mbbbl and the 427 Mbbbl average build for the week. Total U.S. propane stocks stand at 51.7 MMbbl, which is 4.1 MMbbl, or 8.5%, above the 5-year average.
- » Purity propane stocks reported by the EIA were 28.2 MMbbl, or 54.6% of total U.S. inventories, up 1.8 MMbbl from the prior period.
- » Crude oil prices were essentially unchanged over the last week as the recent rally paused with traders assessing the direction of the conflict in the Middle East. WTI settled at \$85.23/bbl on April 9, up \$0.08/bbl, from April 2. U.S. propane prices lagged crude oil, with Mont Belvieu OPIS non-TET falling by just 0.8 c/gal, or 1%, from last week to 82 c/gal on April 9. As a result, the non-TET propane-to-WTI ratio declined by 1 percentage point to 40%.
- » Weekly exports of propane reported by the EIA increased to 1.49 MMb/d, up 72 Mbb/d from last week's low rate but well below the 4-week average of 1.68 MMb/d.
- » Total U.S. production of propane/propylene was unchanged from last week at 2,673 Mb/d as output increased in PADD 2 but was offset by a drop in PADD 3.

MARKET OVERVIEW

The U.S. propane market was modestly lower last week with prices lagging versus crude oil. Mont Belvieu (non-TET) propane fell by 0.8 c/gal, or 1%, settling at 82 c/gal on April 9. WTI prices were unchanged but stronger than propane, increasing by \$0.08/bbl to \$85.23/bbl on April 9, which pushed the propane-to-

Figure 1

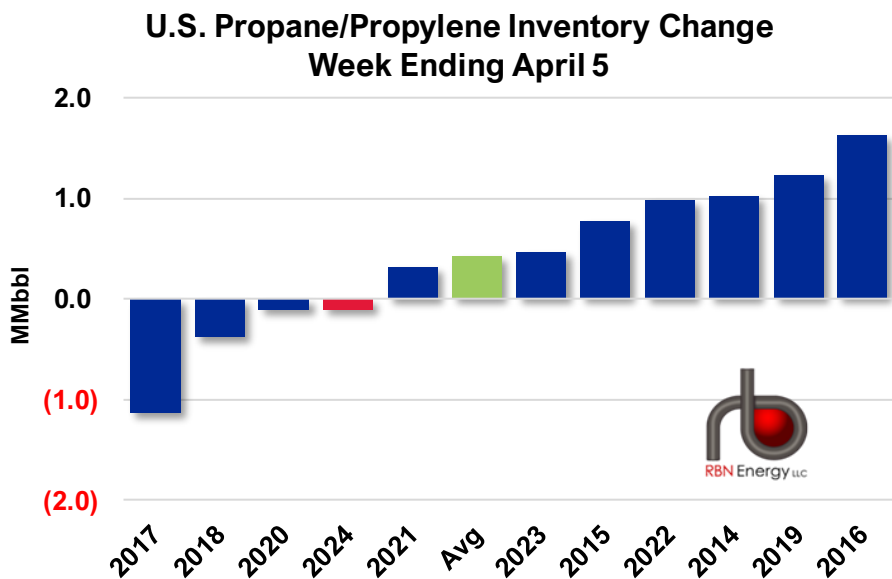


WTI ratio down to 40%. The current ratio remains below the 43% average recorded in April 2023. The forward TET propane-to-WTI ratio for May-June was unchanged from last week at 41% (red dashed line, Figure 4).

ANALYSIS & INSIGHTS

In today's EIA report for the week ended April 5, total U.S. propane/propylene inventories had a draw of 105 Mbbbl, which contrasts with the average build of 427 Mbbbl for the week. According to OPIS, the average of industry expectations called for a build of 780 Mbbbl. Total U.S. propane stocks are now 51.7 MMbbl, which is 4.5 MMbbl, or 8%, below the same week in 2023 and 7.3 MMbbl, or 12.4%, below the 5-year maximum. Inventories are 4.1 MMbbl, or 8.5%, above the 5-year average.

Figure 2



ANALYSIS & INSIGHTS (continued)

PADD 3 (Gulf Coast) propane inventories built by 562 Mbbbl and total stocks for the region are now at 32.1 MMbbl, which is 5.5 MMbbl, or 14.5%, below 2023 and 9.9 MMbbl, or 23.5%, below the 5-year maximum. Inventories are on par with the 5-year average.

PADD 2 (Midwest) propane stocks fell by 94 Mbbbl, bringing total inventories to 12.5 MMbbl, which is 0.9 MMbbl, or 8.1%, above 2023 and the 5-year maximum. Stocks are 2.6 MMbbl, or 26.8%, above the 5-year average.

PADD 1 (East Coast) propane inventories drew by 457 Mbbbl and total inventories now stand at 3.6 MMbbl, which is 1.2 MMbbl, or 25.2%, below 2023 and the 5-year maximum. Inventories are now 330 Mbbbl, or 8.4%, below the 5-year average.

PADD 4 (Rocky Mountain) plus PADD 5 (West Coast) propane inventories declined by 116 Mbbbl for the week. Total stocks for the region are 3.5 MMbbl, which is 1.3 MMbbl, or 56.9%, over 2023. Inventories are 1 MMbbl,

or 41.4%, above the 5-year maximum and 1.5 MMbbl, or 73%, above the 5-year average.

Total U.S. production was unchanged at 2,673 Mbbbl/d. PADD 1 and PADD 2 had a combined increase of 20 Mbbbl/d, which was offset by a decrease of 20 Mbbbl/d from PADD 3. Exports rose by 72 Mbbbl/d to 1,491 Mbbbl/d, which is well below the 4-week average of 1,683 Mbbbl/d but slightly above the 1,457 Mbbbl/d reported in the year-ago week. Imports fell by 17 Mbbbl/d to 108 Mbbbl/d as volumes declined into PADD 1 and PADD 2. Product supplied dropped by 124 Mbbbl/d to 1,305 Mbbbl/d.

Propane Inventory Change

Total U.S. propane/propylene stocks drew by 105 Mbbbl for the week ended April 5 (red bar, Figure 2), which is ~530 Mbbbl less than the average build for the week of 427 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 relatively unchanged over the week, with Conway trading at a 4 c/gal discount on April 9, compared to a 4.1 c/gal discount on April 2. The forward-price differential between Mont Belvieu (TET or LST) and Conway was also unchanged, 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 47 days, which is four 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 five days less than 2023 and nine days below the 5-year high for this metric. Including exports clearly makes a significant difference in the days-of-supply calculation.

Figure 3

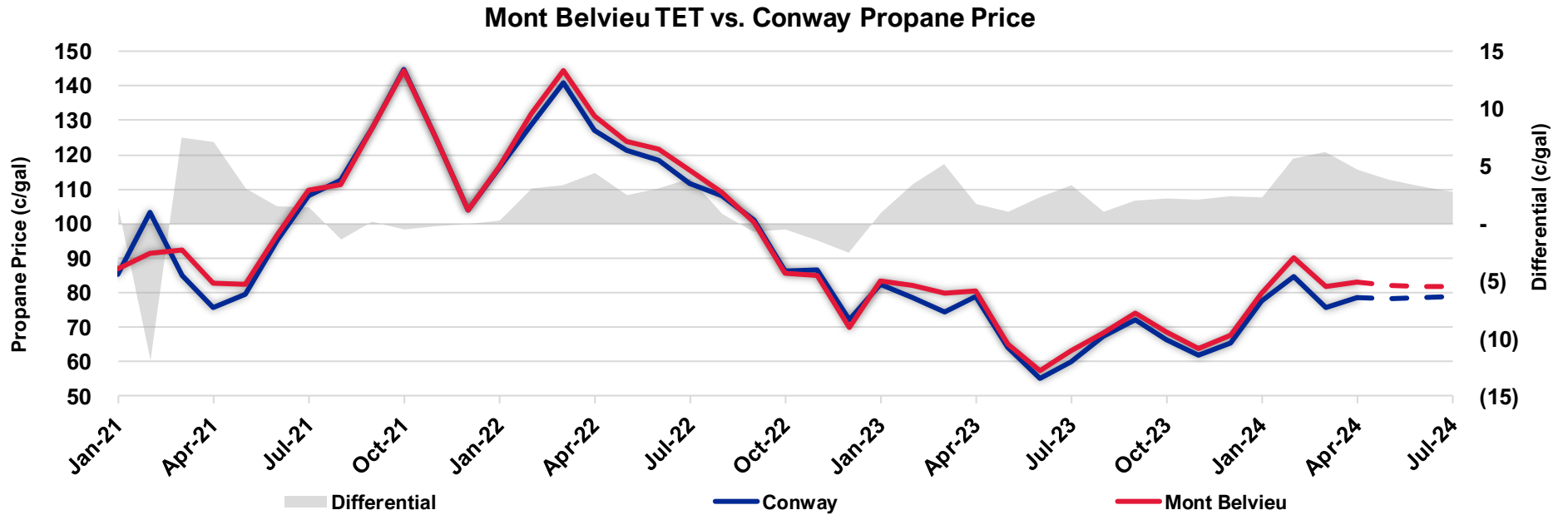
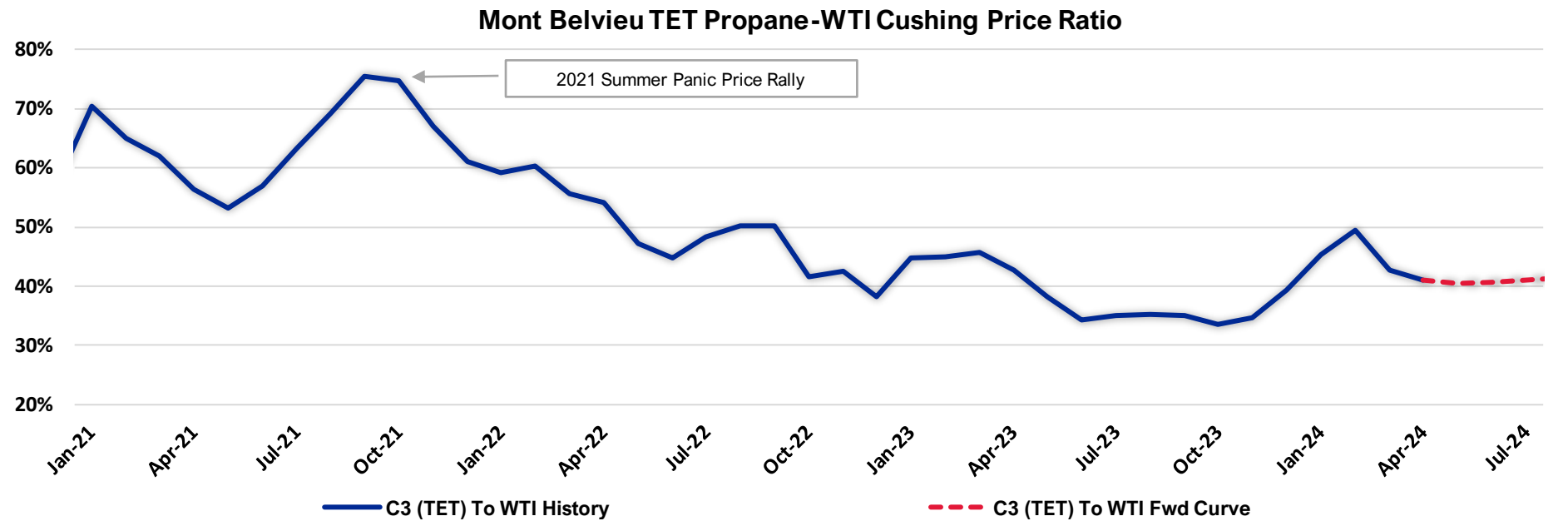


Figure 4



U.S. PROPANE INVENTORIES BY PADD

Figure 5

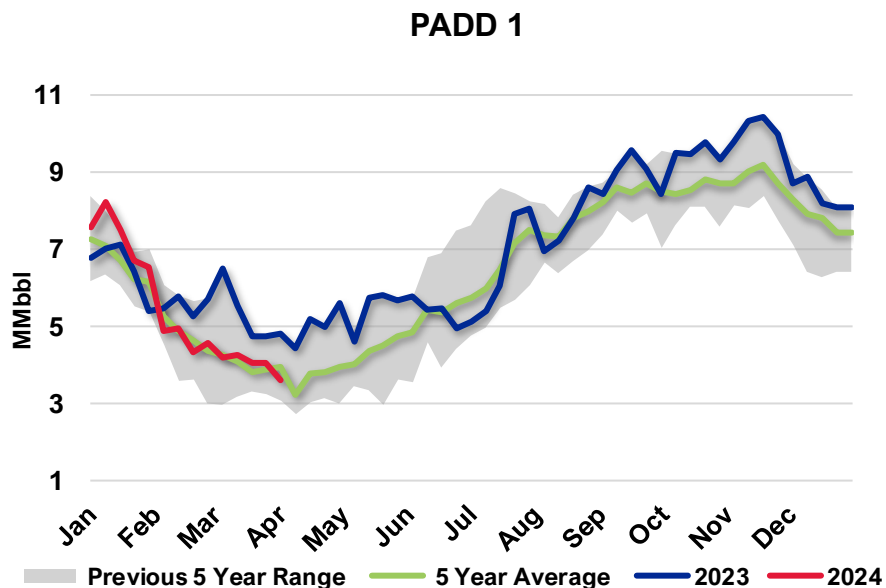


Figure 6

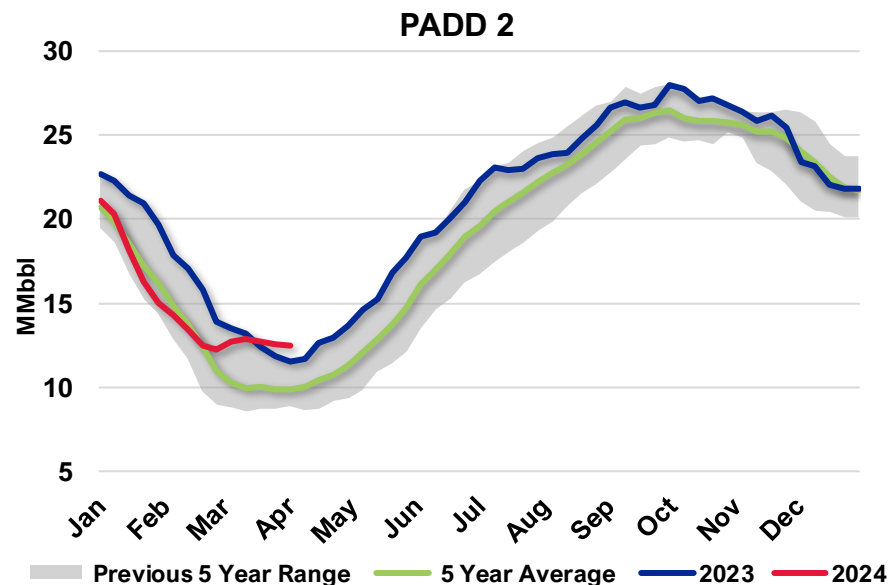


Figure 7

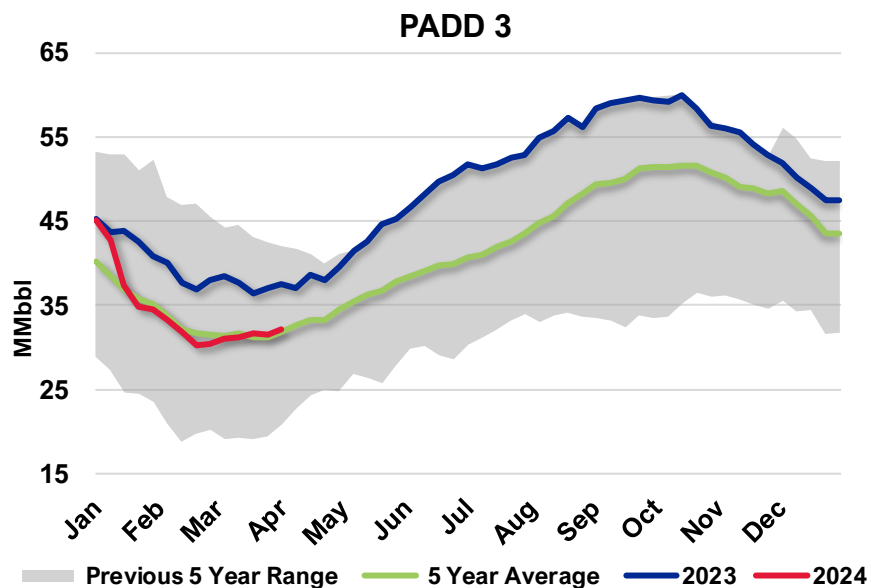


Figure 8

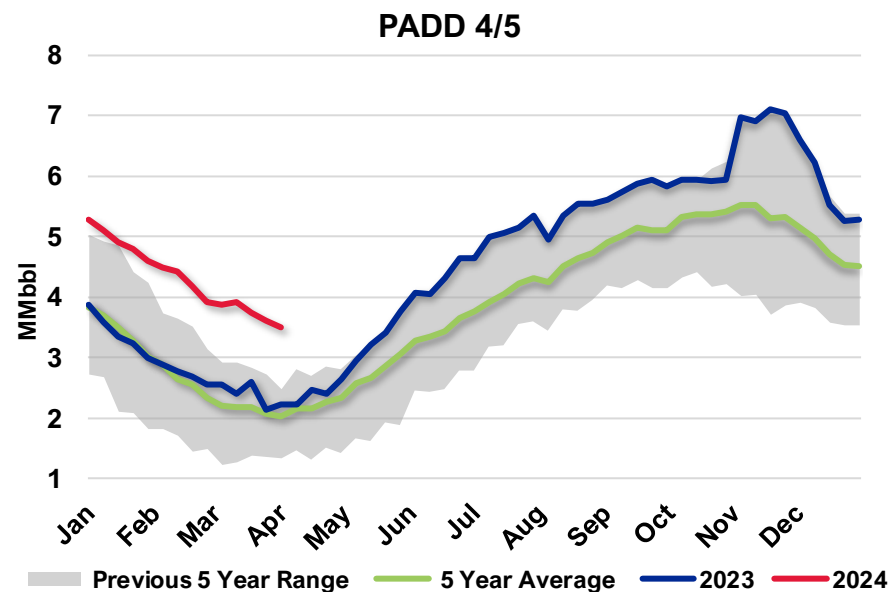


Figure 9

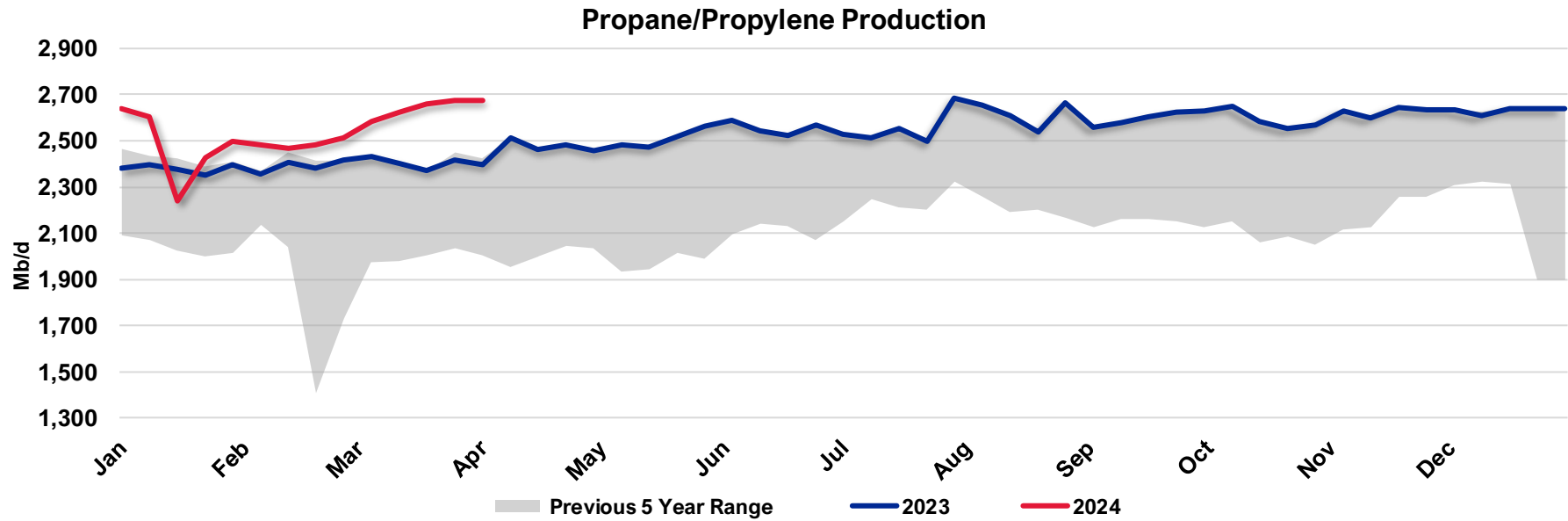


Figure 10

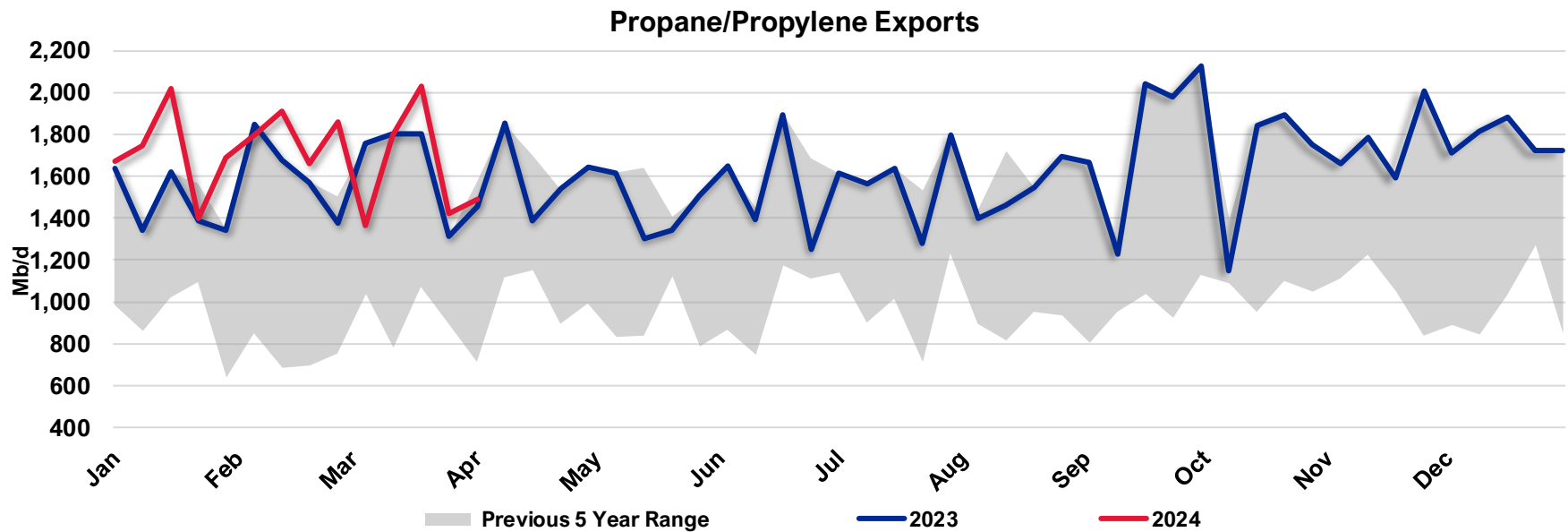


Figure 11

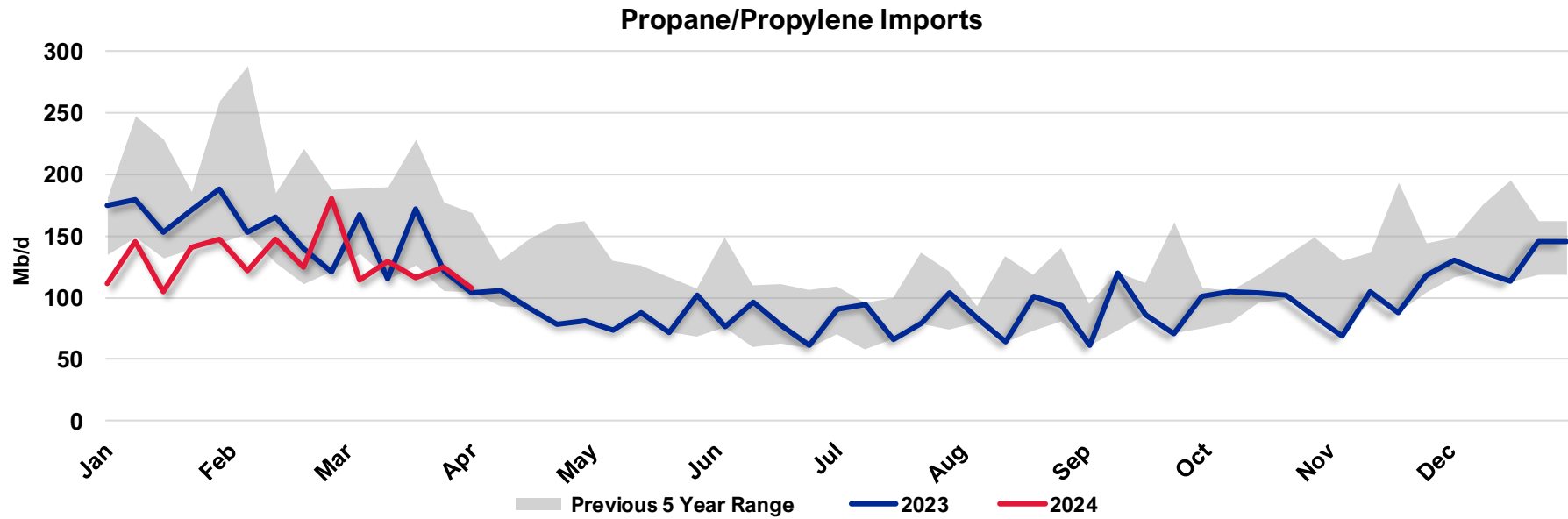


Figure 12

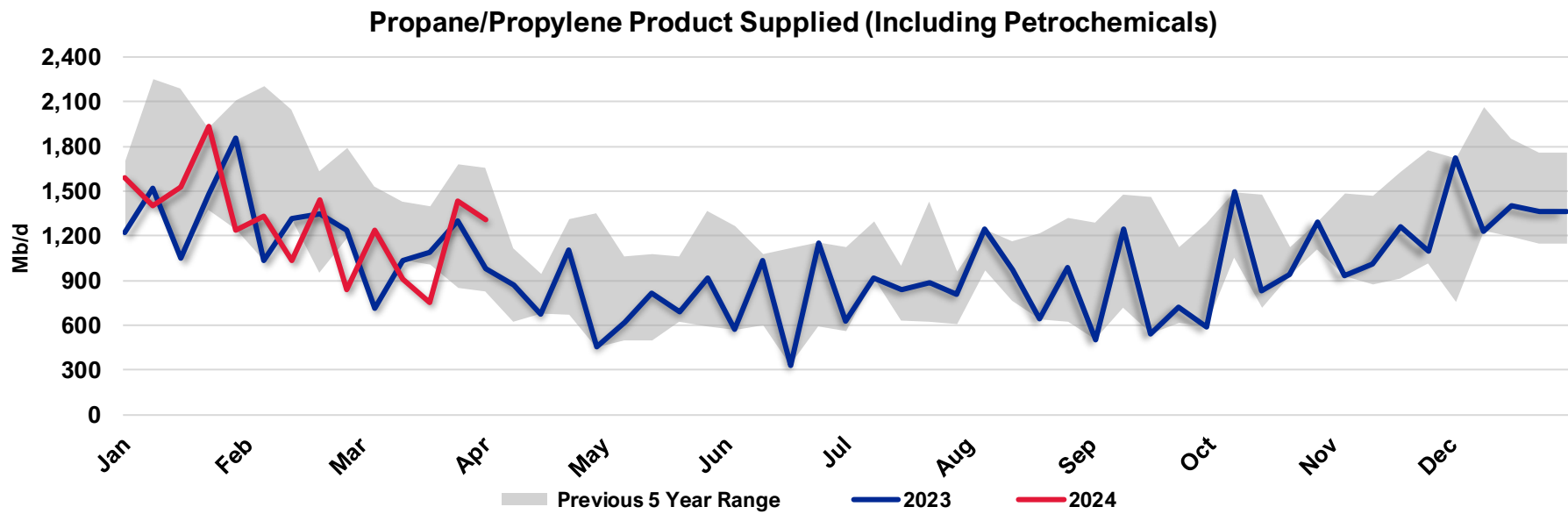


Figure 13

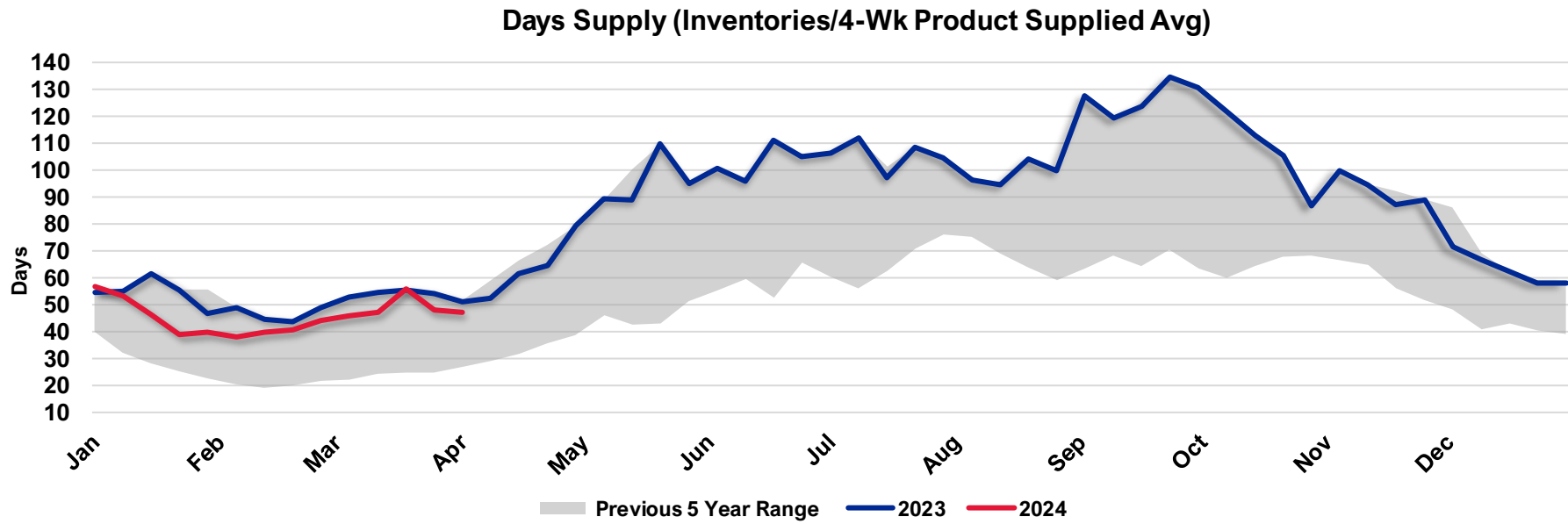
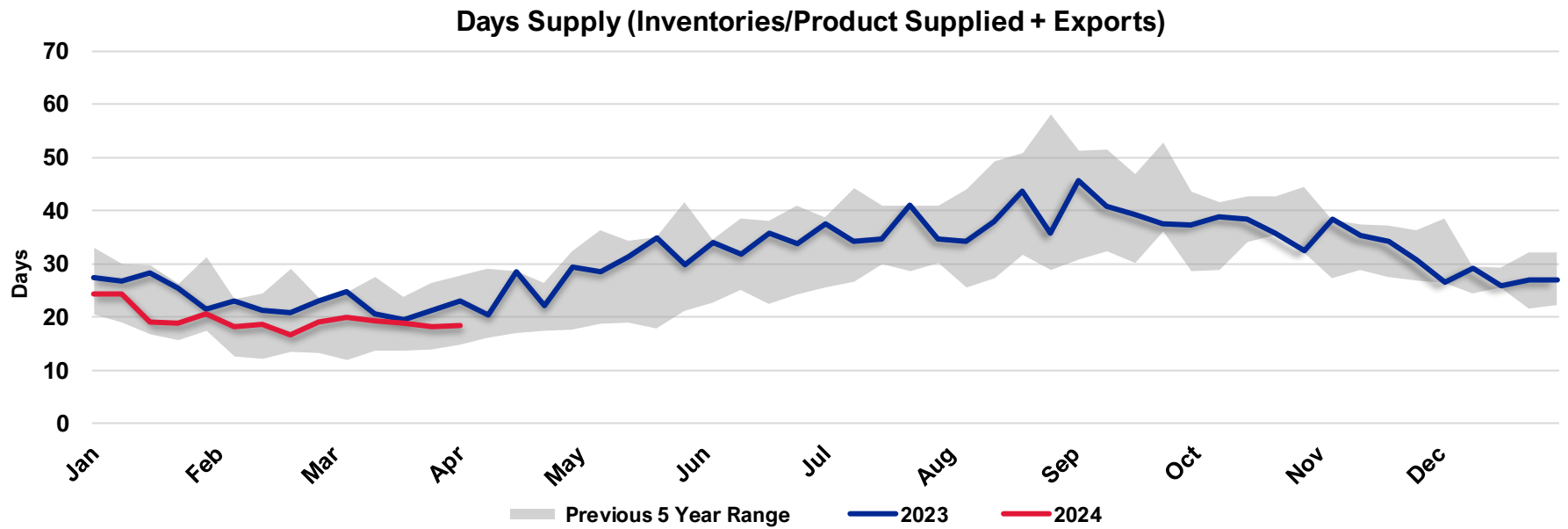


Figure 14



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