



WEEKLY PROPANE MARKET UPDATE

April 17, 2024

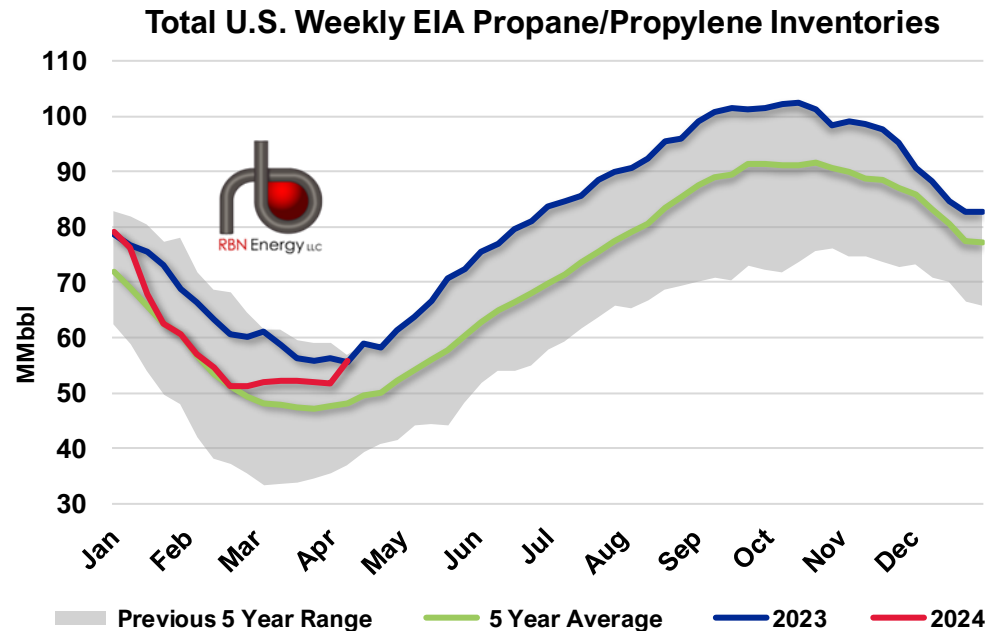
HIGHLIGHTS

- » The EIA reported total U.S. propane/propylene inventories recorded a build of 4 MMbbl for the week ended April 12, which was above the average of industry expectations for an increase of 1.4 MMbbl and the 1 MMbbl average build for the week. Total U.S. propane stocks stand at 55.7 MMbbl, which is 7.6 MMbbl, or 15.9%, above the 5-year average.
- » Purity propane stocks reported by the EIA were 29.9 MMbbl, or 53.7% of total U.S. inventories, up 1.7 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 \$85.36/bbl on April 16, up \$0.13/bbl from April 9. U.S. propane prices lagged crude oil, with Mont Belvieu OPIS non-TET falling by 2.8 c/gal, or 3.4%, from last week to 79.3 c/gal on April 16. As a result, the non-TET propane-to-WTI ratio declined by 1 percentage point to 39%.
- » Weekly exports of propane reported by the EIA increased to 1.58 MMb/d, up 84 Mbbl/d from last week's low rate but slightly below the 4-week average of 1.63 MMb/d.
- » Total U.S. production of propane/propylene set a weekly record high, up 62 Mb/d from last week to 2,735 Mb/d, primarily due to higher output in PADD 3.

MARKET OVERVIEW

The U.S. propane market was lower last week with prices lagging versus crude oil. Mont Belvieu (non-TET) propane fell by 2.8 c/gal, or 3.4%, settling at 79.3 c/gal on April 16. WTI prices were little changed but stronger than propane, increasing by \$0.13/bbl to

Figure 1

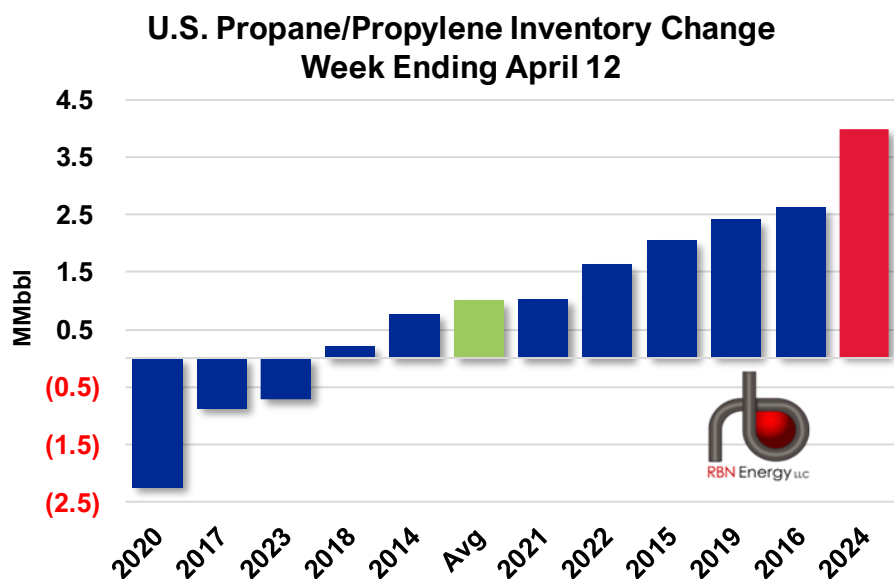


\$85.36/bbl on April 16, which pushed the propane-to-WTI ratio down to 39%. The current ratio remains below the 43% average recorded in April 2023. The forward TET propane-to-WTI ratio for May-June was down 1 percentage point from last week to 40% (red dashed line, Figure 4).

ANALYSIS & INSIGHTS

According to OPIS, the average of industry expectations called for a build of 1.4 MMbbl for the week ended April 12. In today's EIA report, total U.S. propane/propylene inventories built by 4 MMbbl. That brought total U.S. propane stocks to 55.7 MMbbl, which is 238 Mbbl, or 0.4%, above the same week in 2023 and 1 MMbbl, or 1.9%, below the 5-year maximum. Inventories are 7.6 MMbbl, or 15.9%, above the 5-year average.

Figure 2



ANALYSIS & INSIGHTS (continued)

PADD 3 (Gulf Coast) propane inventories built by 3.4 MMbbl and total stocks for the region are now at 35.5 MMbbl, which is 1.5 MMbbl, or 4.1%, below 2023 and 6.1 MMbbl, or 14.6%, below the 5-year maximum. Inventories are 2.9 MMbbl, or 8.8%, above the 5-year average.

PADD 2 (Midwest) propane stocks were essentially unchanged and total inventories remain at 12.5 MMbbl, which is 0.8 MMbbl, or 7%, above 2023 and the 5-year maximum. Stocks are 2.5 MMbbl, or 25%, above the 5-year average.

PADD 1 (East Coast) propane inventories grew by 228 Mbbbl and total inventories now stand at 3.8 MMbbl, which is 0.6 MMbbl, or 13.5%, below 2023 and the 5-year maximum. Inventories are now 600 Mbbbl, or 18.6%, below the 5-year average.

PADD 4 (Rocky Mountain) plus PADD 5 (West Coast) propane inventories increased by 284 Mbbbl for the week. Total stocks for the region are 3.8

MMbbl, which is 1.6 MMbbl, or 69.7%, over 2023. Inventories are 0.98 MMbbl, or 35%, above the 5-year maximum and 1.6 MMbbl, or 75.6%, above the 5-year average.

Total U.S. production grew by 62 Mbbbl/d to 2,735 Mbbbl/d, primarily due to an increase in PADD 3. Exports rose by 84 Mbbbl/d to 1,575 Mbbbl/d, which is slightly below the 4-week average of 1,628 Mbbbl/d and the 1,851 Mbbbl/d reported in the year-ago week. Imports fell by 23 Mbbbl/d to 85 Mbbbl/d as volumes declined into PADD 2 and PADD 4/5. Product supplied dropped by 630 Mbbbl/d to 675 Mbbbl/d.

Propane Inventory Change

Total U.S. propane/propylene stocks built by 4 MMbbl for the week ended April 12 (red bar, Figure 2), which is ~3 MMbbl more than the average build for the week of 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 3 c/gal discount on April 16, compared to a 4 c/gal discount on April 9. The forward-price differential between Mont Belvieu (TET or LST) and Conway also narrowed, with Mont Belvieu trading at a 2.3 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 54 days, which is one day less than the same week in 2023 and six days below the 5-year maximum.

Figure 14 is an alternative calculation that divides stocks by product supplied plus exports and indicates only 25 days of inventory, which is four days more than 2023 and four days below the 5-year high for this metric. Including exports clearly makes a significant difference in the days-of-supply calculation.

Figure 3

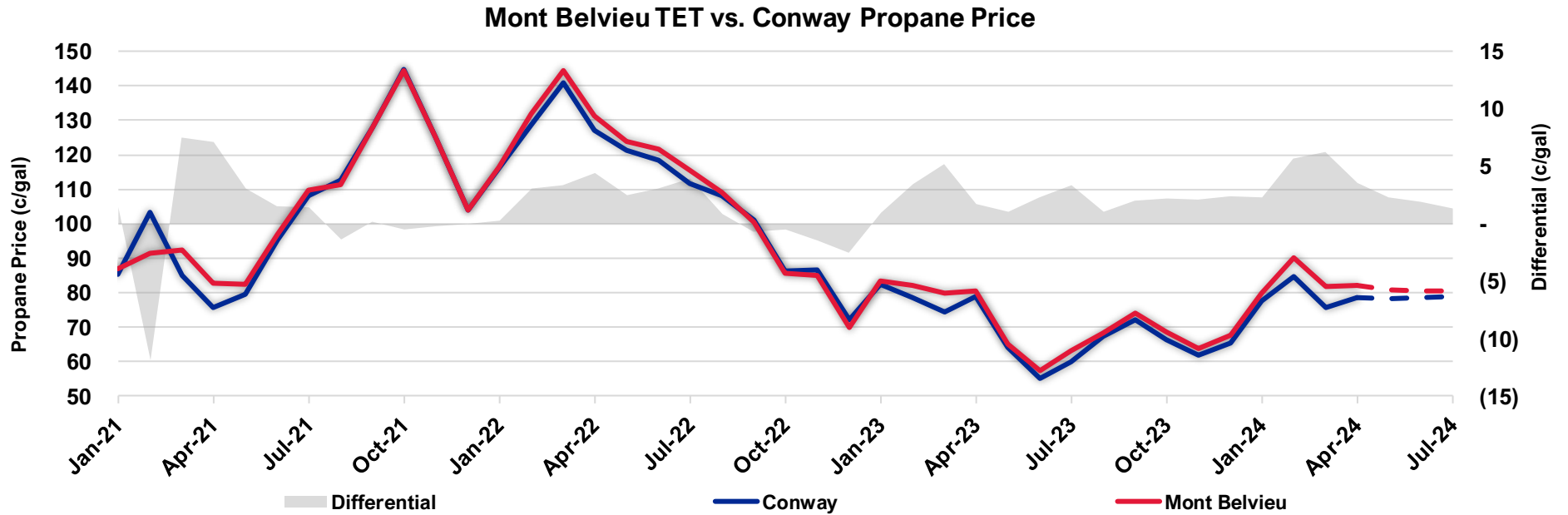
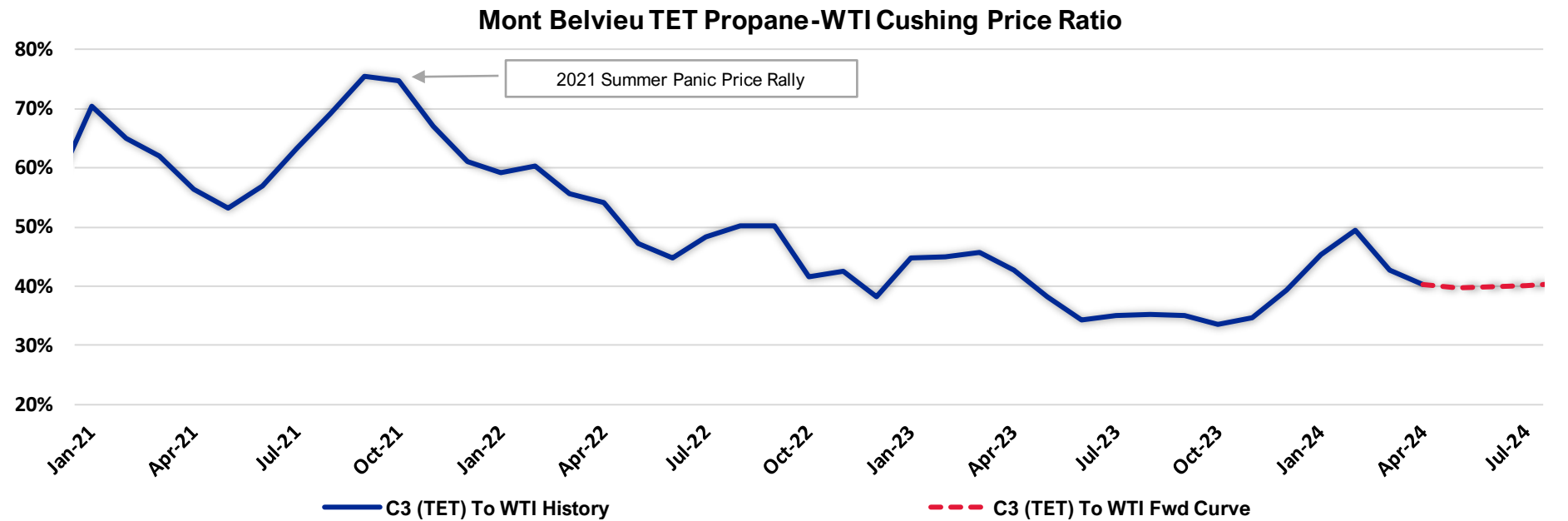


Figure 4



U.S. PROPANE INVENTORIES BY PADD

Figure 5

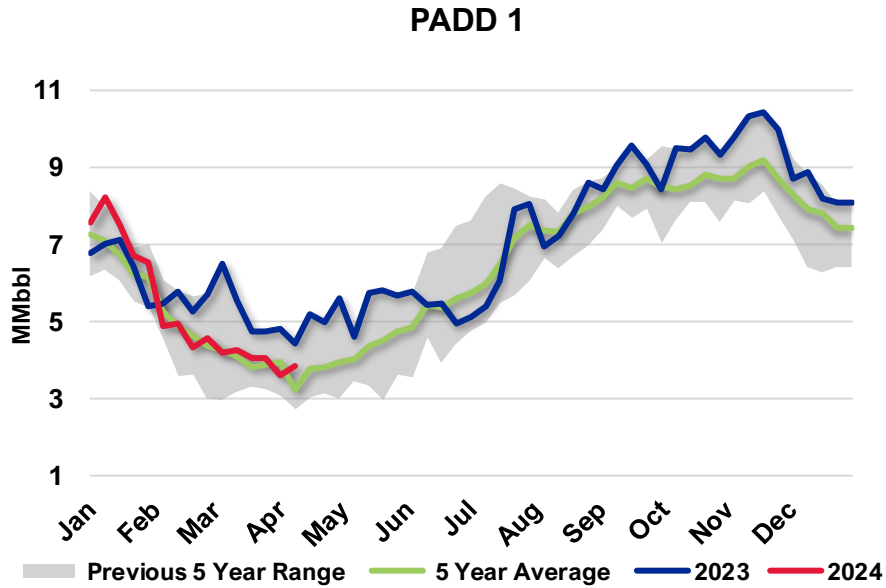


Figure 6

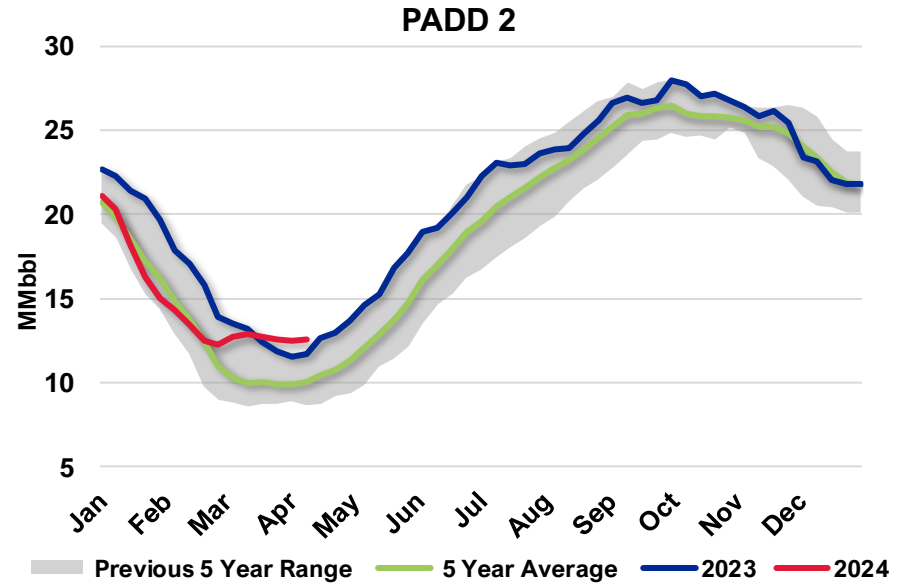


Figure 7

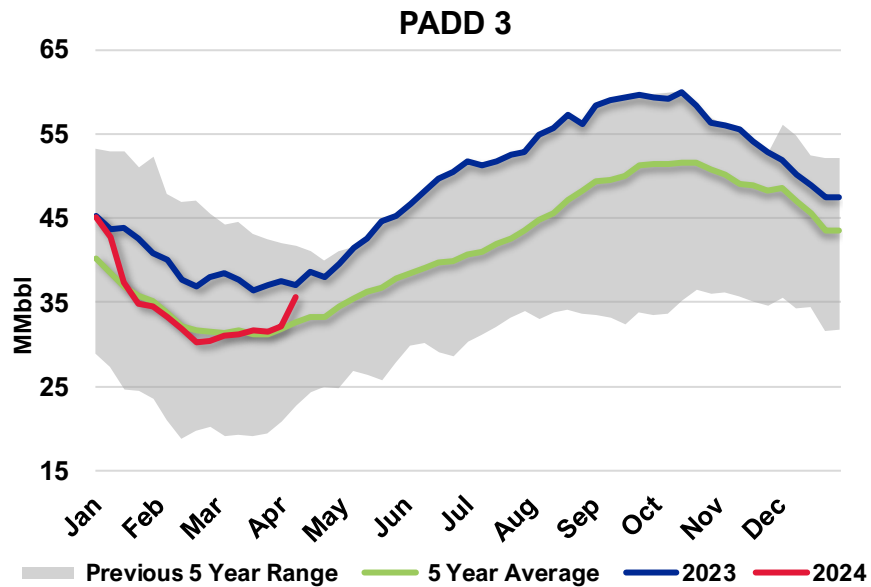


Figure 8

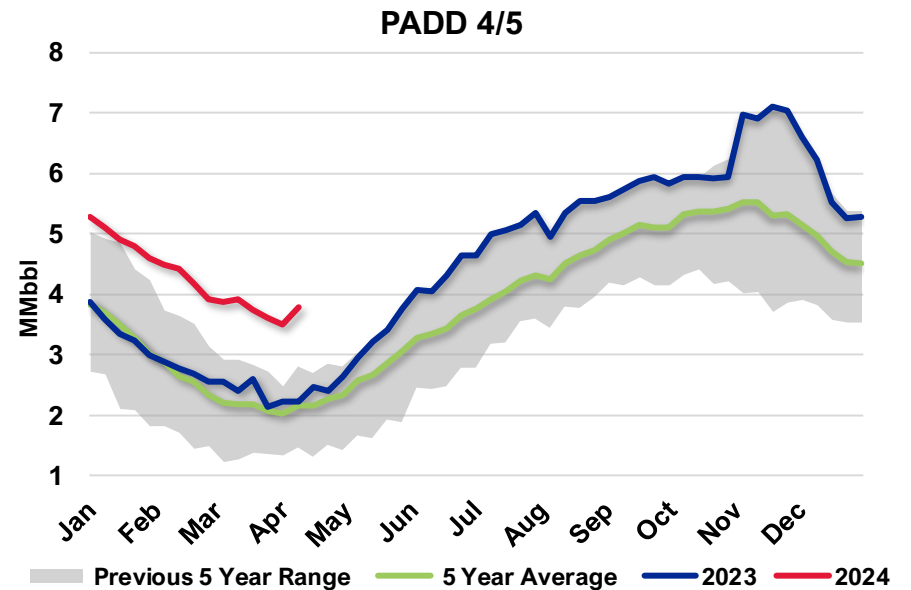


Figure 9

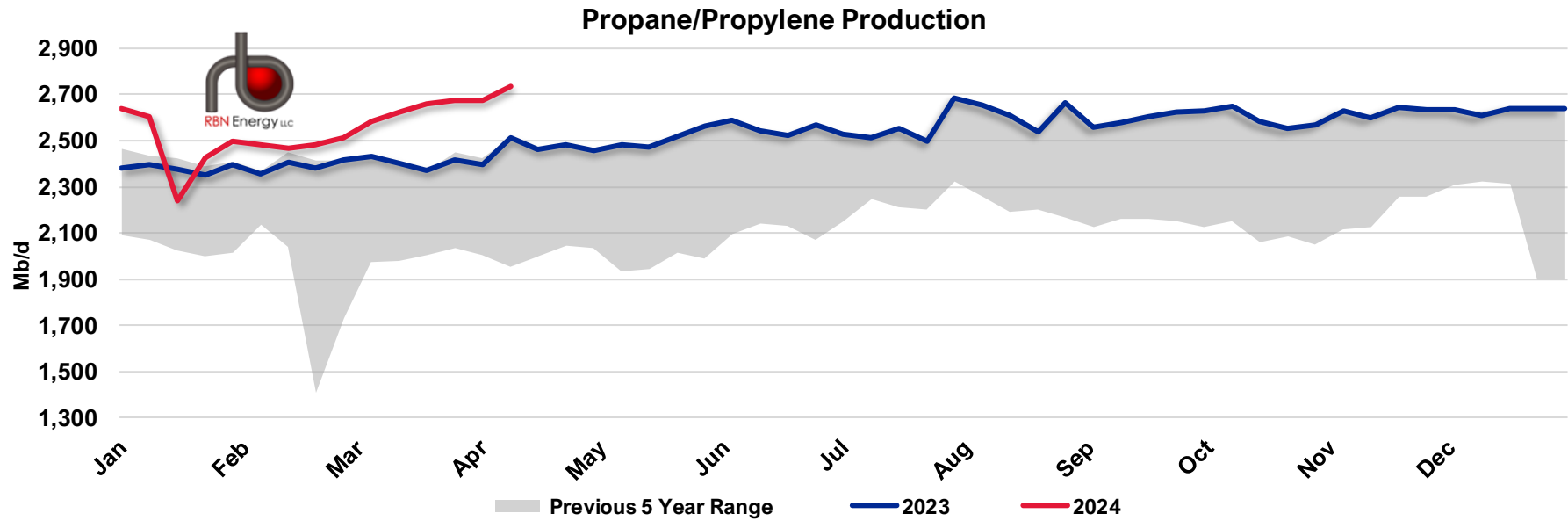


Figure 10

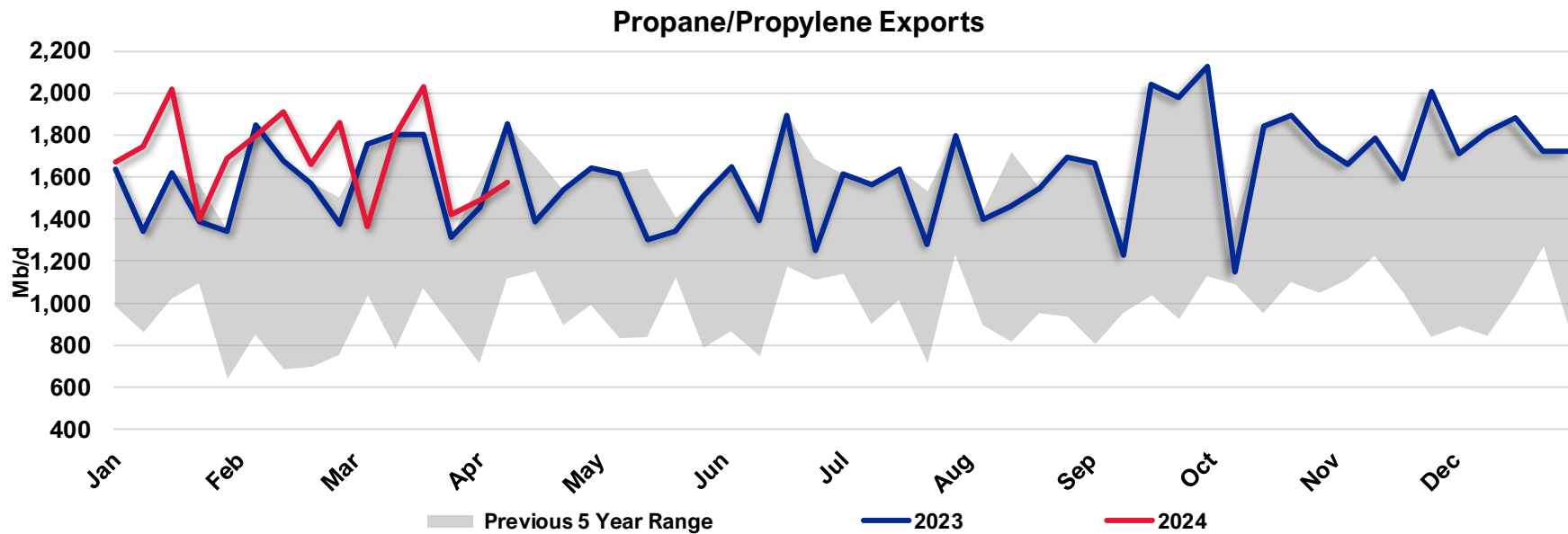


Figure 11

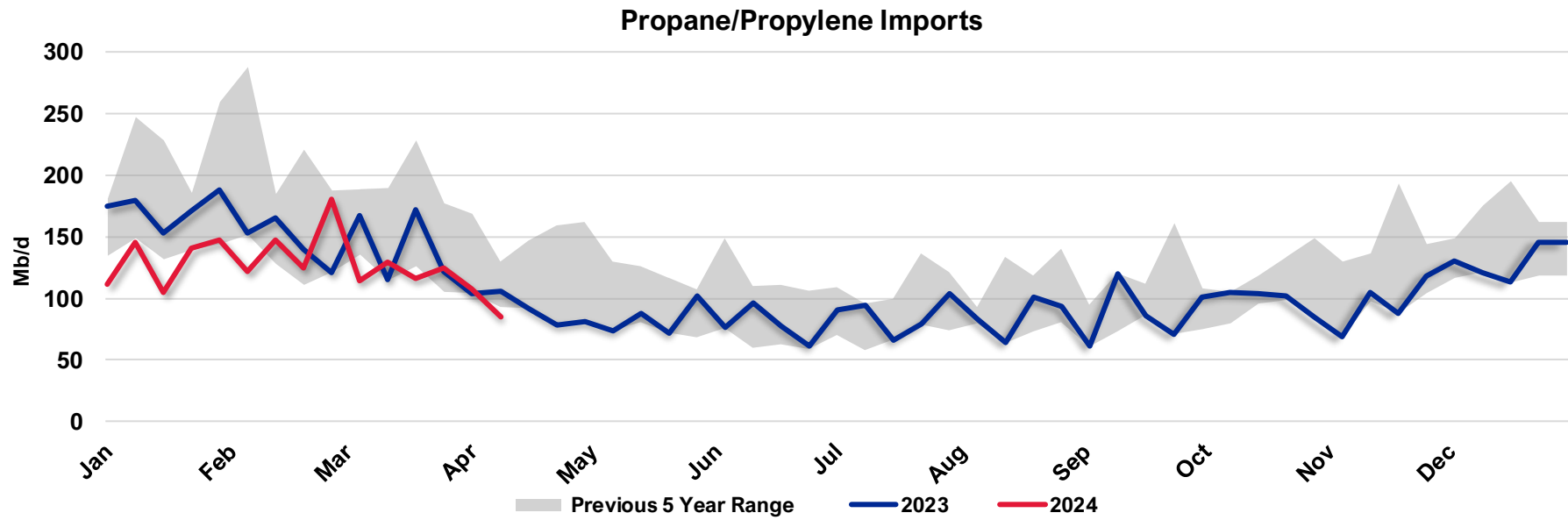


Figure 12

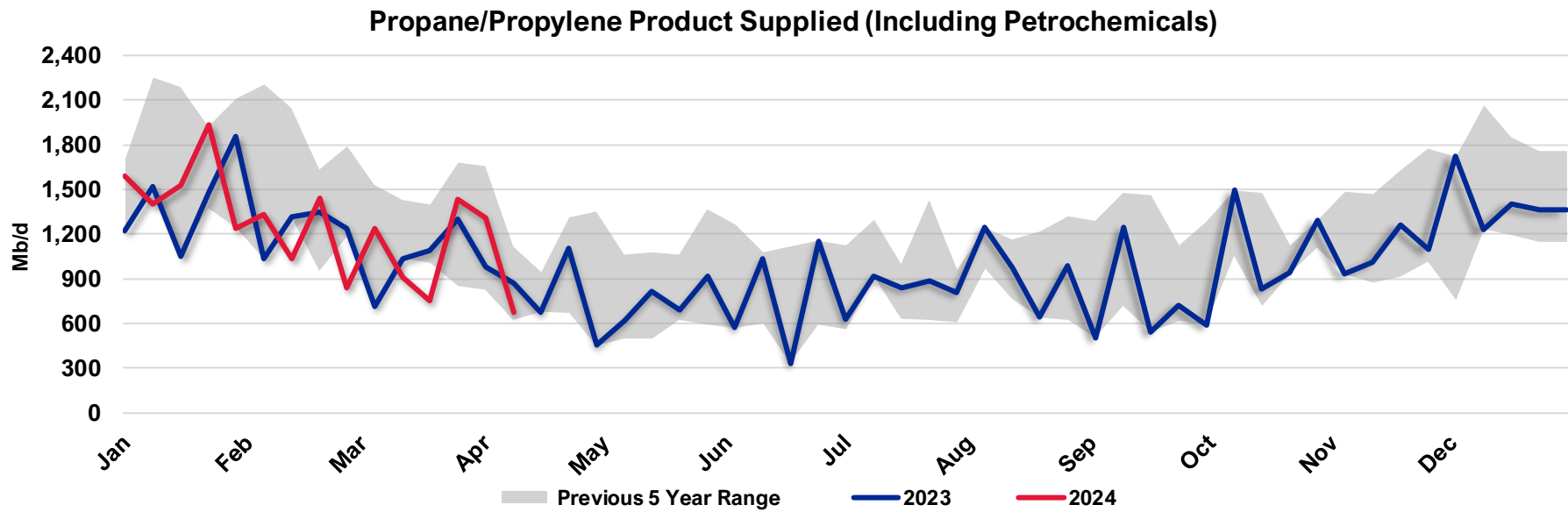


Figure 13

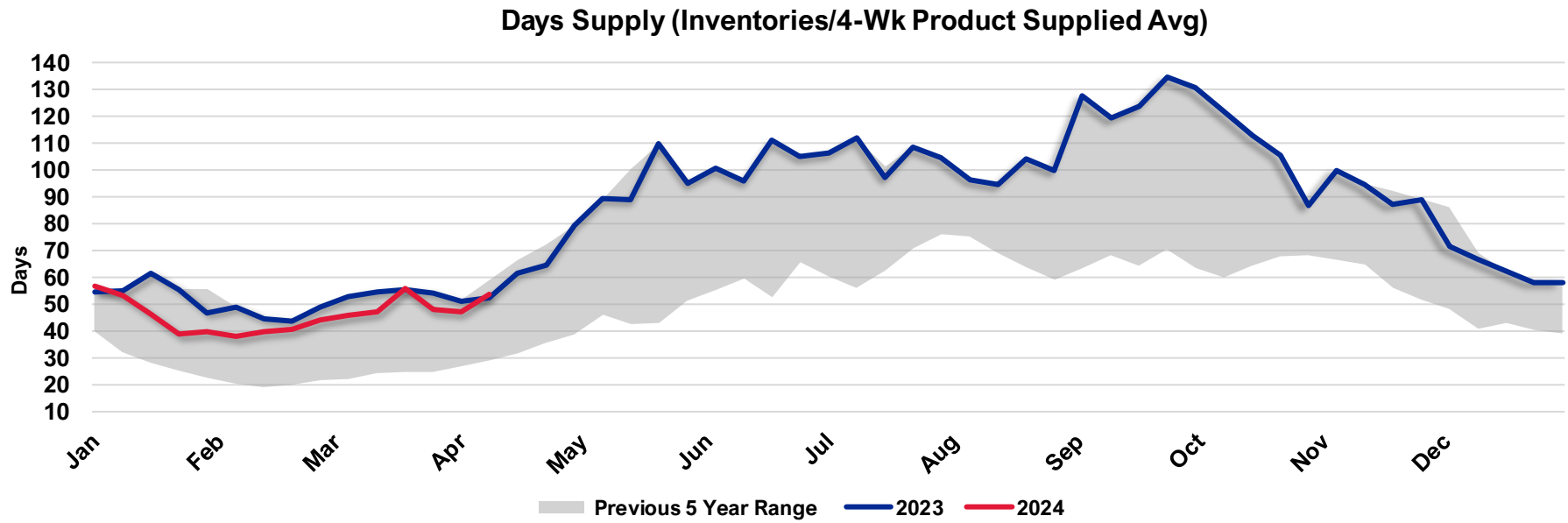
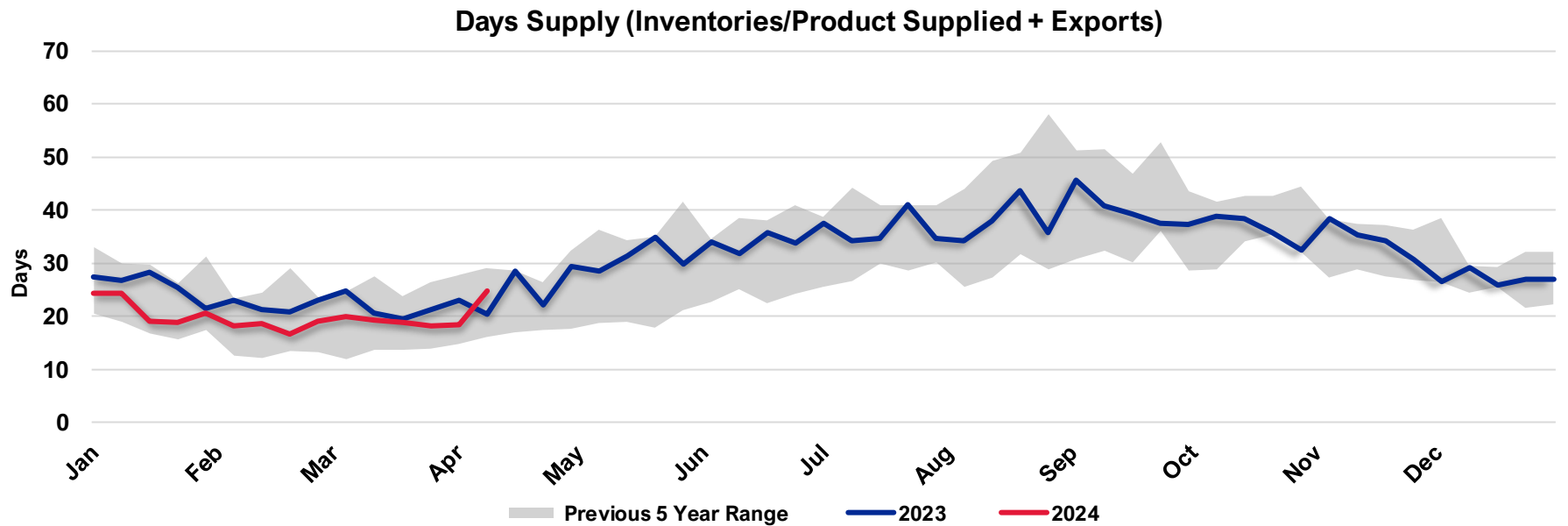


Figure 14



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, 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.