



WEEKLY PROPANE MARKET UPDATE

April 24, 2024

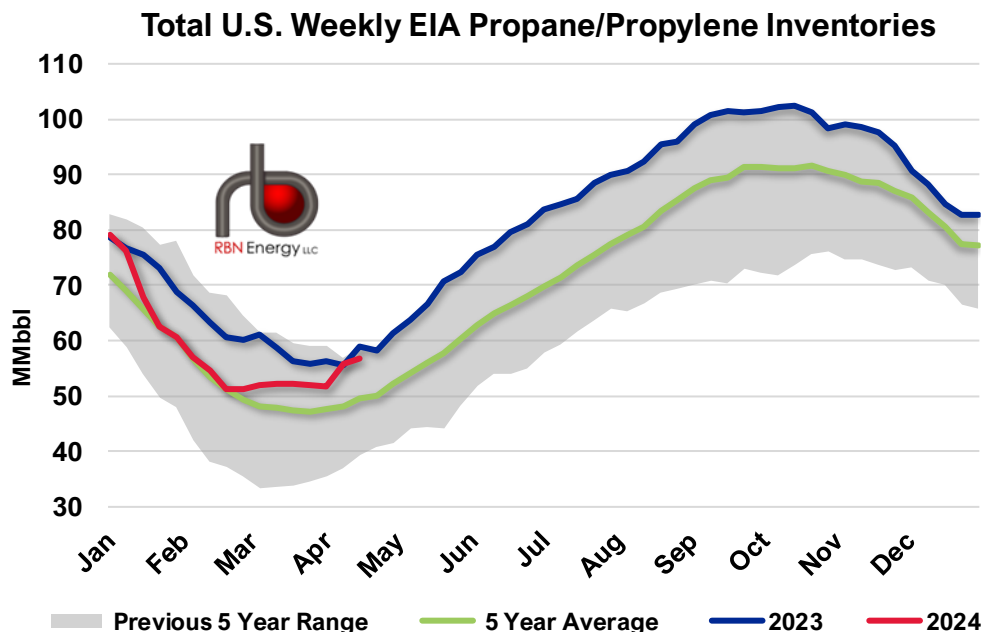
HIGHLIGHTS

- » The EIA reported total U.S. propane/propylene inventories recorded a build of 1 MMbbl for the week ended April 19, which was below the average of industry expectations for an increase of 2.4 MMbbl and the 1.1 MMbbl average build for the week. Total U.S. propane stocks stand at 56.7 MMbbl, which is 7.1 MMbbl, or 14.3%, above the 5-year average.
- » Purity propane stocks reported by the EIA were 30.8 MMbbl, or 54.3% of total U.S. inventories, up 854 Mbbl from the prior period.
- » Crude oil prices traded lower over the last week as Iran indicated that it would not escalate the conflict in the Middle East with Israel. WTI settled at \$83.36/bbl on April 23, down \$2/bbl from April 16. U.S. propane prices declined more than crude oil, with Mont Belvieu OPIS non-TET falling by 3.2 c/gal, or 3.9%, from last week to 76.2 c/gal on April 23. As a result, the non-TET propane-to-WTI ratio declined by 1 percentage point to 38%.
- » Weekly exports of propane reported by the EIA soared to a **record weekly high** of 2.35 MMb/d, up 760 Mbbl/d from the previous week and well above the 4-week average of 1.71 MMb/d.
- » Total U.S. production of propane/propylene was at an **all-time high** for the second week in a row, up 88 Mb/d to 2.82 MMb/d, primarily due to higher output in PADD 2 and PADD 3.

MARKET OVERVIEW

The U.S. propane market was lower last week as a record-high weekly inventory build weighed on prices. Mont Belvieu (non-TET) propane fell by 3.1 c/gal, or 3.9%, settling at 76.2 c/gal on April 23. WTI prices held up better than propane, falling by \$2/bbl, or

Figure 1



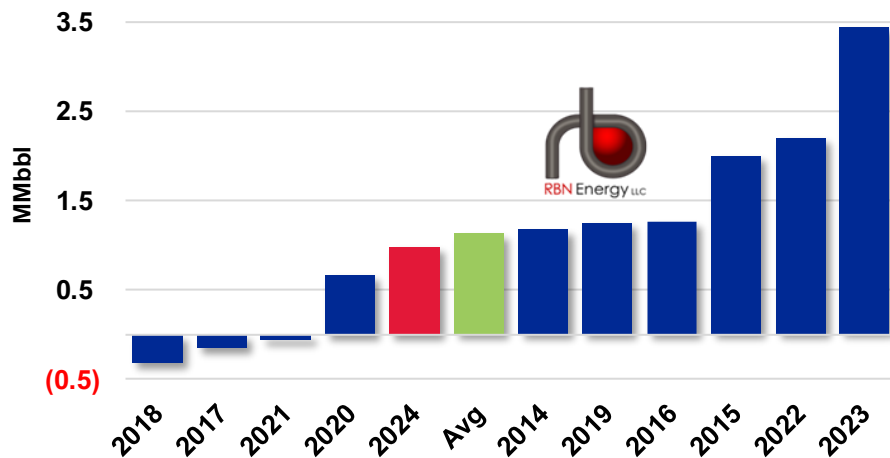
2.3%, to \$83.36/bbl on April 23, which pushed the propane-to-WTI ratio down to 38%. The current ratio remains below the 43% average recorded in April 2023. The forward TET propane-to-WTI ratio for May-June was also down 1 percentage point from last week to 39% (red dashed line, Figure 4).

ANALYSIS & INSIGHTS

Total U.S. propane/propylene inventories built by 1 MMbbl in the week ended April 19, according to today's EIA report, which was 1.4 million barrels less than industry expectations. According to OPIS, the average of industry expectations called for a build of 2.4 MMbbl. Total U.S. propane stocks are now at 56.7 MMbbl, which is 2.2 MMbbl, or 3.8%, below the same week in 2023 and the 5-year maximum. Inventories are 7.1 MMbbl, or 14.3%, above the 5-year average.

Figure 2

U.S. Propane/Propylene Inventory Change Week Ending April 19



ANALYSIS & INSIGHTS (continued)

PADD 3 (Gulf Coast) propane inventories had a small build of 92 Mbbl and total stocks for the region are now at 35.6 MMbbl, which is 3 MMbbl, or 7.7%, below 2023 and 5.4 MMbbl, or 13.2%, below the 5-year maximum. Inventories are 2.5 MMbbl, or 7.4%, above the 5-year average.

PADD 2 (Midwest) propane stocks built by 844 Mbbl and total inventories are now at 13.4 MMbbl, which is 750 Mbbl, 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 107 Mbbl and total inventories now stand at 3.9 MMbbl, which is 1.2 MMbbl, or 24%, below 2023 and the 5-year maximum. Inventories are now 155 Mbbl, or 4.1%, below the 5-year average.

PADD 4 (Rocky Mountain) plus PADD 5 (West Coast) propane inventories decreased by 62 Mbbl for the week. Total stocks for the region are 3.7 MMbbl, which is 1.3 MMbbl, or 51%, over 2023. Inventories are 1 MMbbl, or 38%, above the 5-year maximum and 1.6 MMbbl, or 72%, above the 5-year average.

Total U.S. production grew by 88 Mbbl/d to 2,823 Mbbl/d and hit an all-time high for the second week in a row. The increase in production was primarily due to higher output in PADD 2 and PADD 3. Exports also hit a weekly record high, increasing by 760 Mbbl/d to 2,335 Mbbl/d, which is well above the 4-week average of 1,705 Mbbl/d and the 1,388 Mbbl/d reported in the year-ago week. Imports rose by 6 Mbbl/d to 91 Mbbl/d as volumes built in PADD 4/5. Product supplied dropped by 236 Mbbl/d to 439 Mbbl/d.

Propane Inventory Change

Total U.S. propane/propylene stocks built by 1 MMbbl for the week ended April 19 (red bar, Figure 2), which is ~125 Mbbl less than the average build for the week of 1.13 MMbbl (green bar, Figure 2).

MB Non-TET vs Conway Price

The Conway propane OPIS spot price spread to Mont Belvieu non-TET (Enterprise) widened over the week, with Conway trading at a 3.7 c/gal discount on April 23, compared to a 3 c/gal discount on April 16. The forward-price differential between Mont Belvieu (TET or LST) and Conway also increased, with Mont Belvieu trading at a 4.1 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 59 days, which is three days less than the same week in 2023 and seven days below the 5-year maximum.

Figure 14 is an alternative calculation that divides stocks by product supplied plus exports and indicates only 20 days of inventory, which is eight days less than 2023 and the 5-year high for this metric. Including exports clearly makes a significant difference in the days-of-supply calculation.

Figure 3

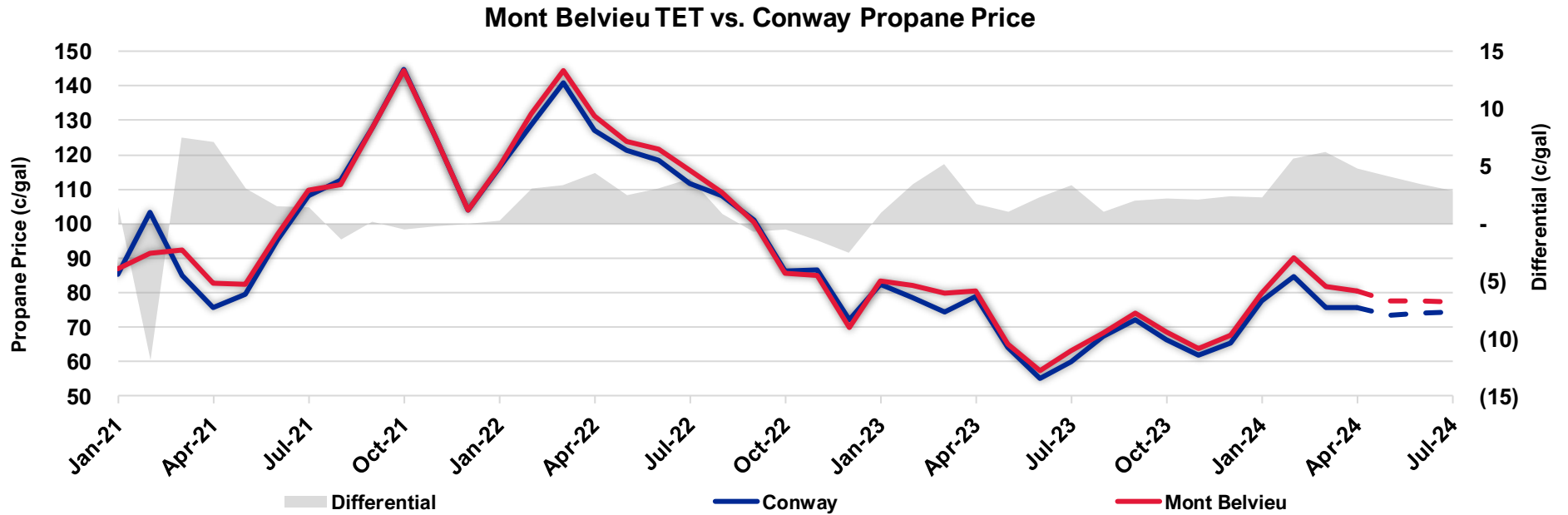
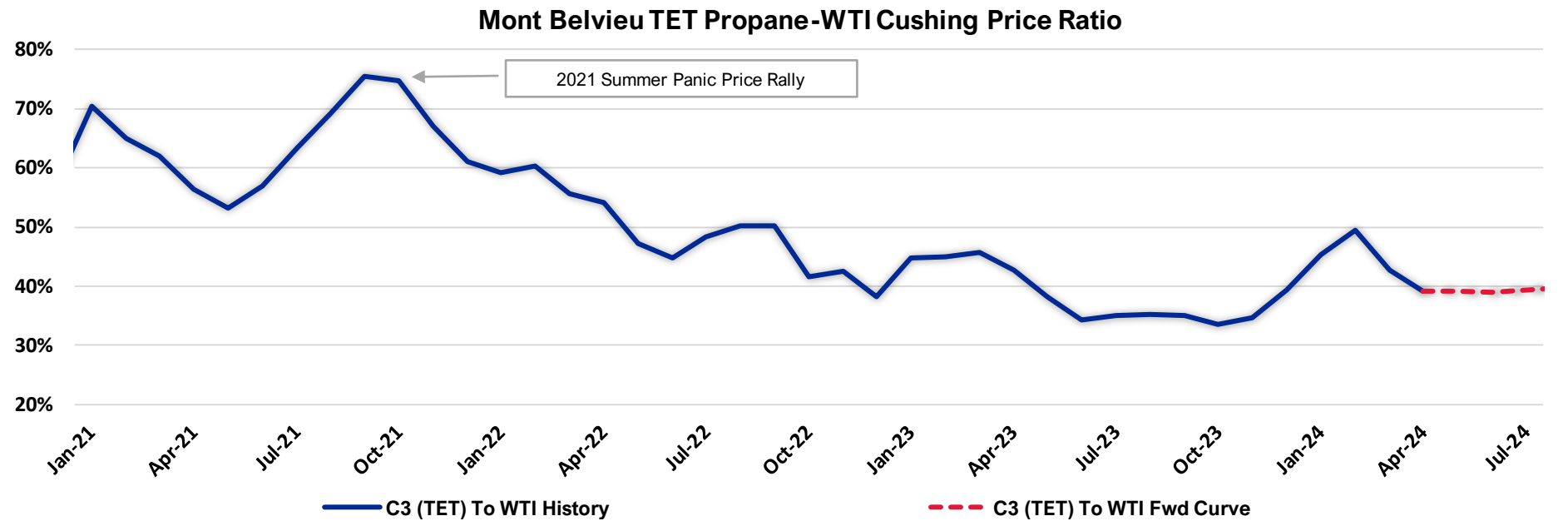


Figure 4



U.S. PROPANE INVENTORIES BY PADD

Figure 5

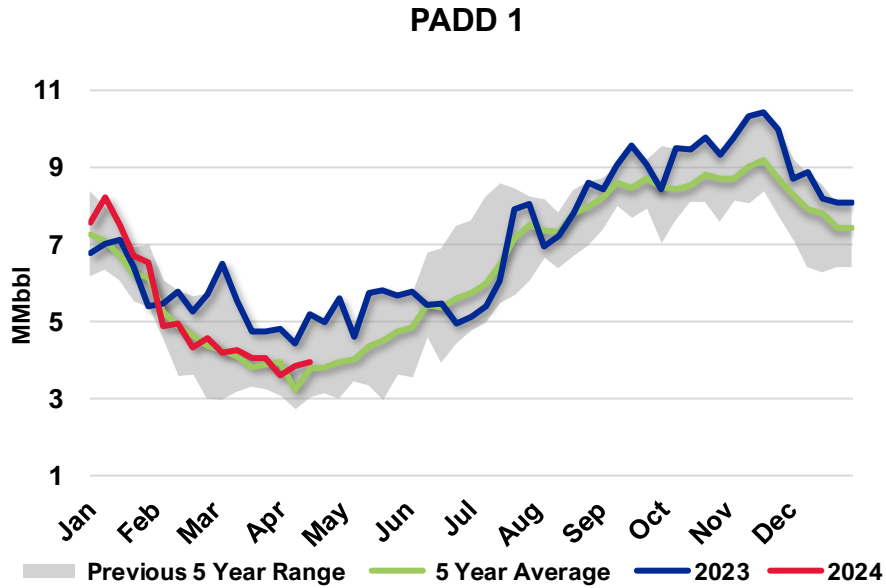


Figure 6

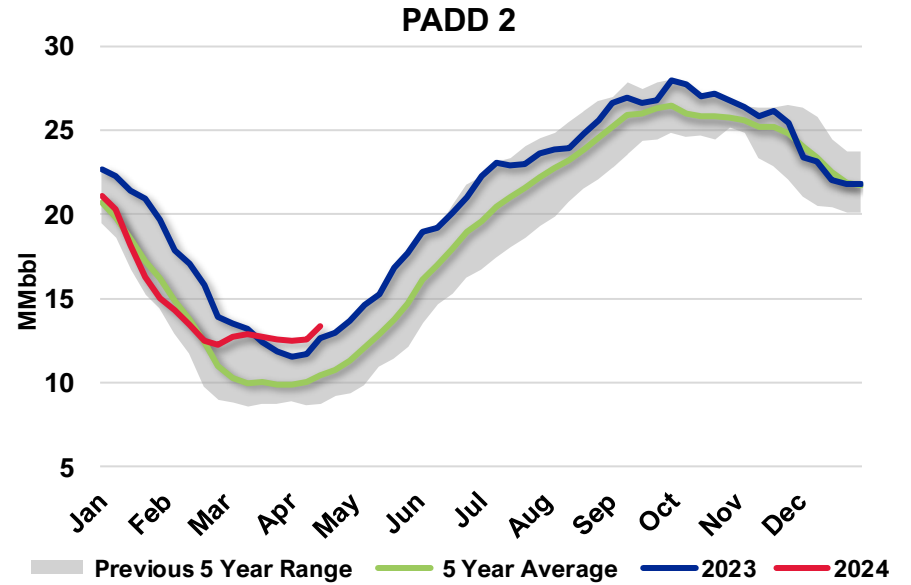


Figure 7

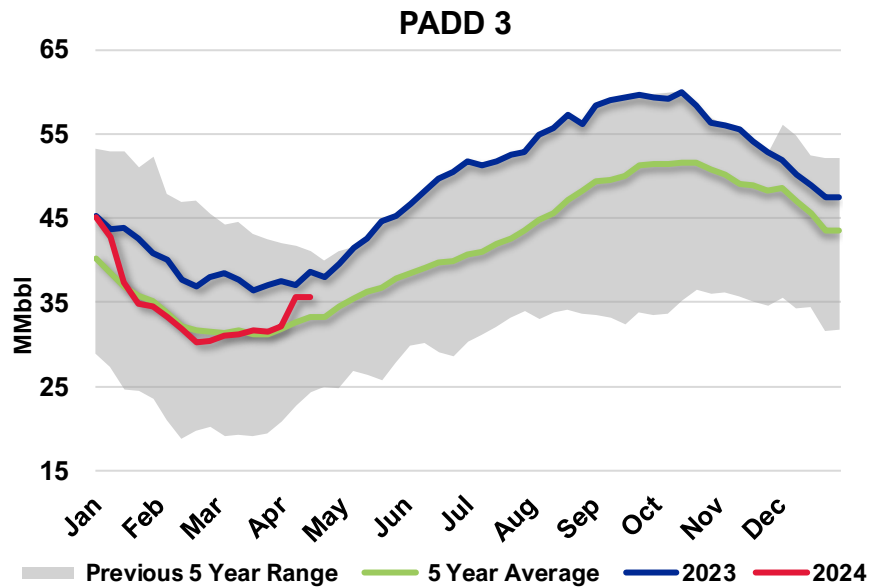


Figure 8

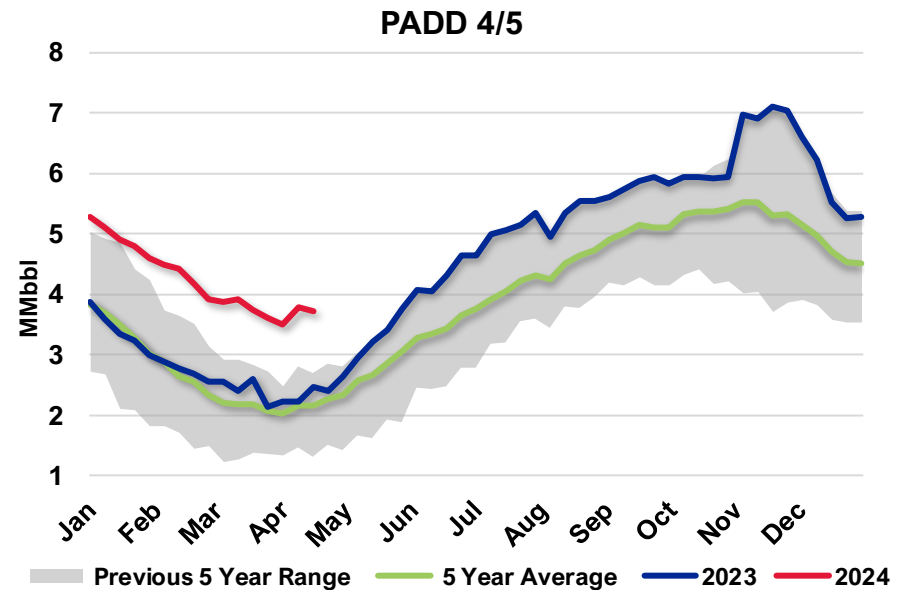


Figure 9

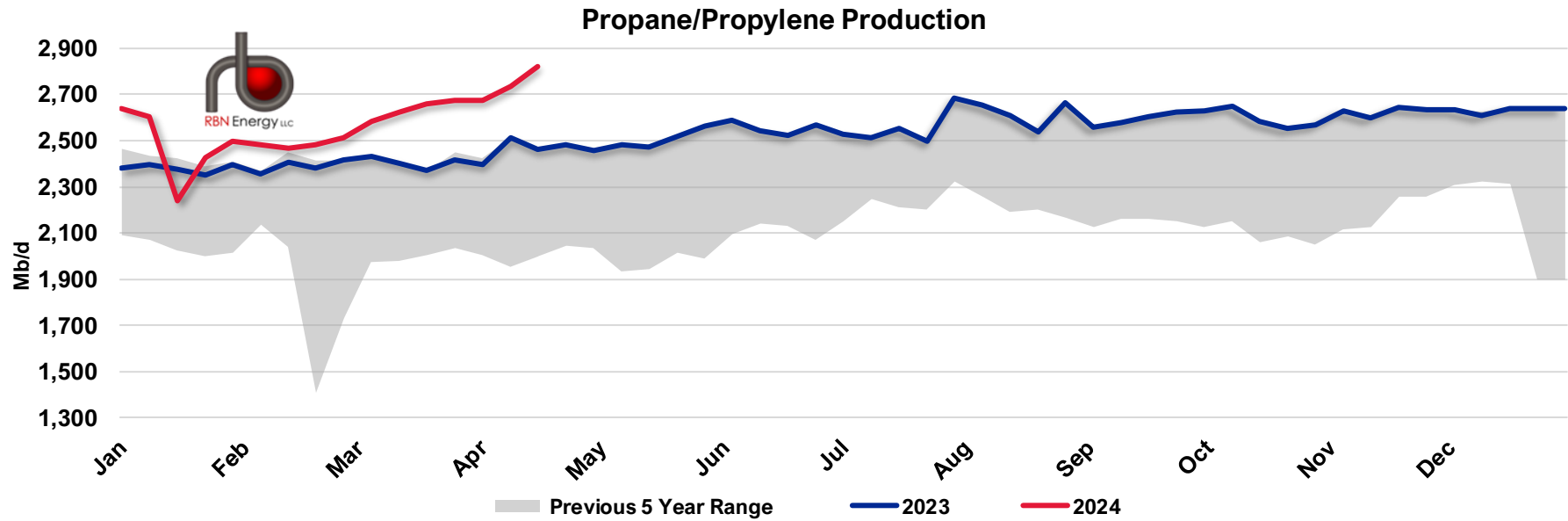


Figure 10

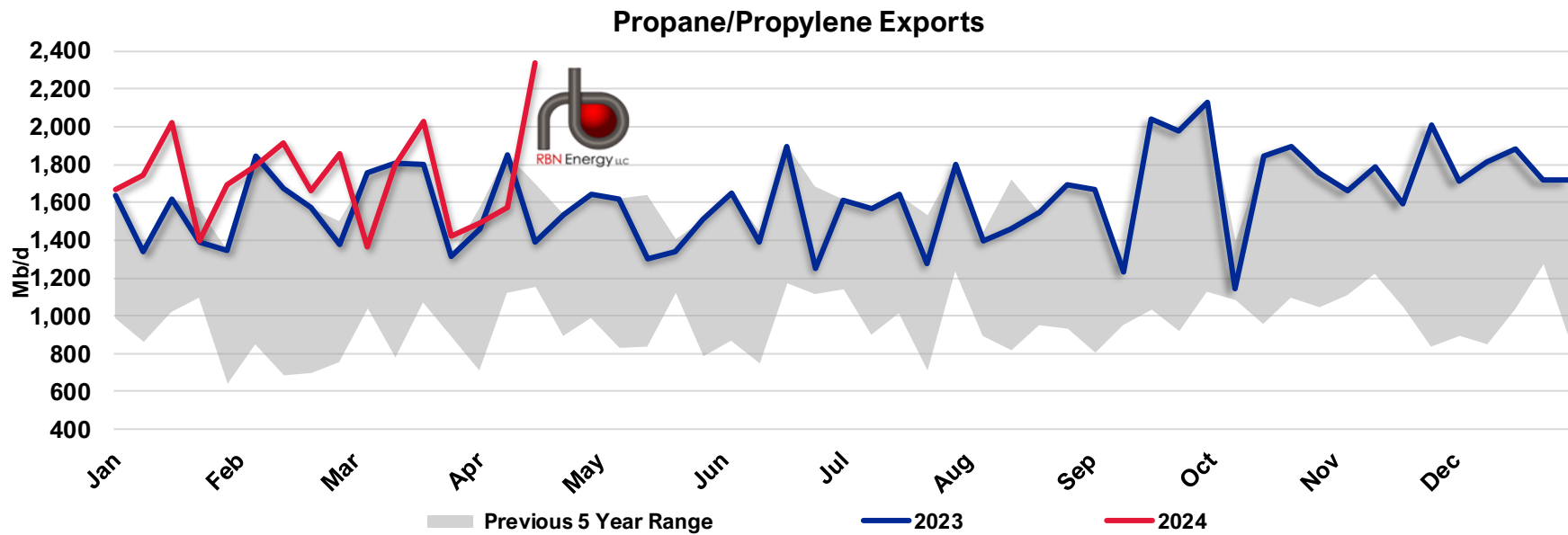


Figure 11

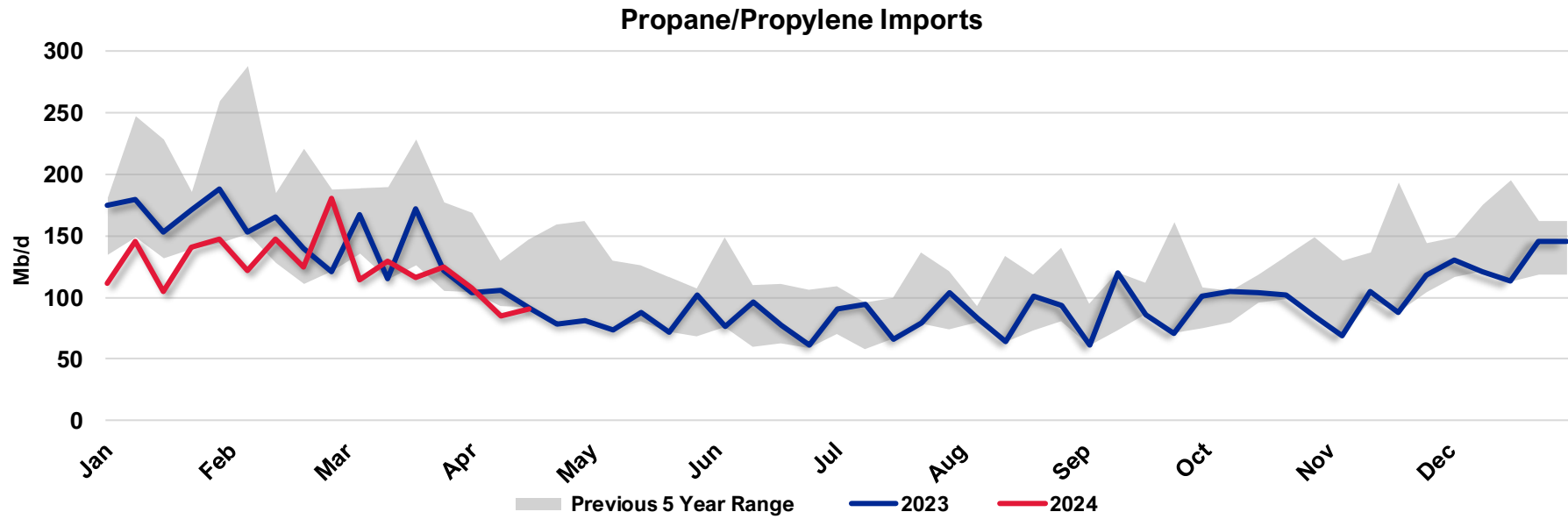


Figure 12

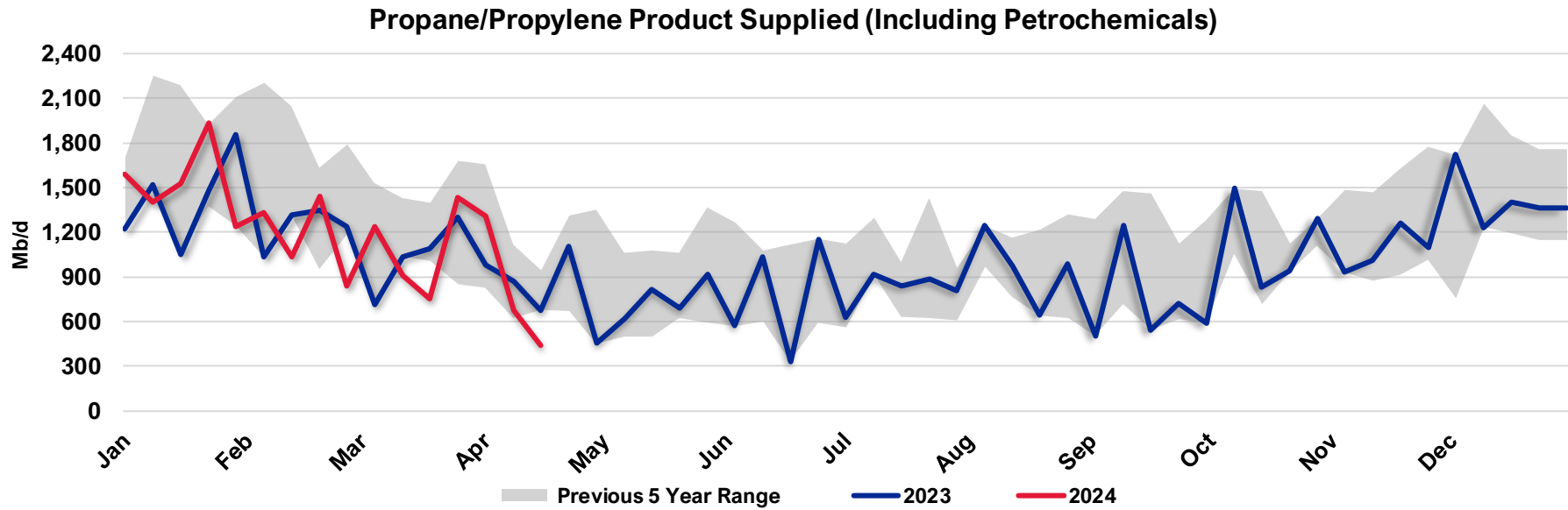


Figure 13

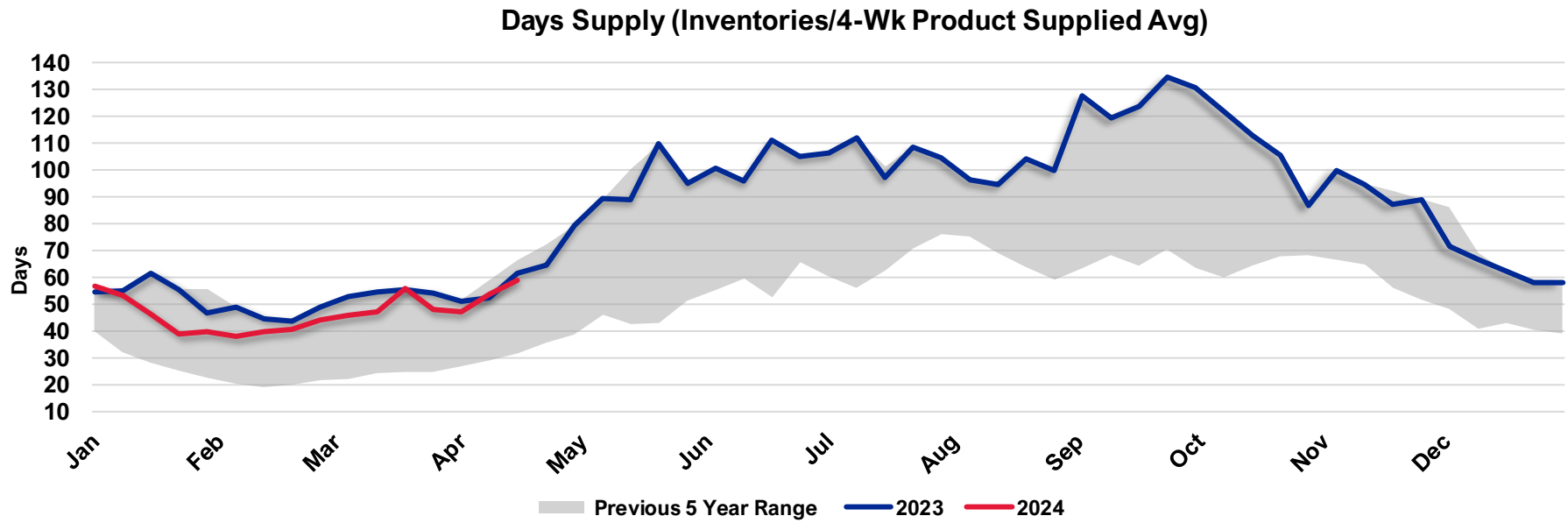
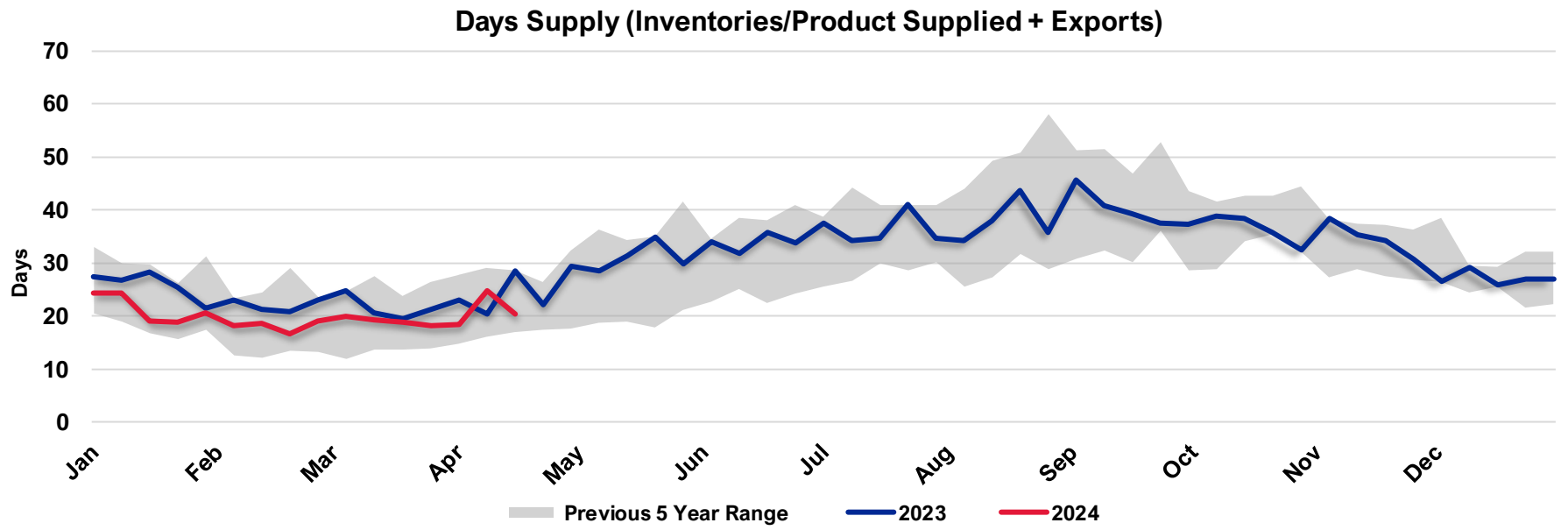


Figure 14



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