2019/20 Winter Propane Market Update

December 18, 2019 | Washington, DC
(Inventory data as of 12/13/19; residential heating fuel prices as of 12/16/19)

By
U.S. Energy Information Administration
PADD 1A (New England) propane inventories within the 5-year range

Source: EIA, Weekly Petroleum Status Report, data through December 13, 2019

*propane/propylene for fuel use only
PADD 1B (Mid-Atlantic) propane inventories within the 5-year range

Source: EIA, Weekly Petroleum Status Report, data through December 13, 2019

*propane/propylene for fuel use only
PADD 2 (Midwest) propane inventories below the 5-year range

PADD 2 propane* inventories
million barrels

Source: EIA, Weekly Petroleum Status Report, data through December 13, 2019

*propane/propylene for fuel use only
PADD 2 (Midwest) propane inventories below 5-year-average levels

PADD 2 propane* inventories, difference from 5-year average

Source: EIA, Weekly Petroleum Status Report, data through December 13, 2019

*propane/propylene for fuel use only
Selected state propane* inventories

Kansas propane/propylene stock at refineries, terminals, and natural gas plants (not pipelines)

illinois, Indiana, Ohio propane/propylene stock at refineries, terminals, and natural gas plants (not pipelines)


Michigan propane/propylene stock at refineries, terminals, and natural gas plants (not pipelines)

Iowa, Minnesota, Wisconsin propane/propylene stock at refineries, terminals, and natural gas plants (not pipelines)


*propane/propylene for fuel use only
PADD 3 (Gulf Coast) propane inventories at the top of the 5-year range

PADD 3 propane* inventories
million barrels

Source: EIA, Weekly Petroleum Status Report, data through December 13, 2019

*propane/propylene for fuel use only
PADD 3 (Gulf Coast) propane inventories above 5-year average levels

PADD 3 propane* inventories, difference from 5-year average
million barrels

Source: EIA, Weekly Petroleum Status Report, data through December 13, 2019
*propane/propylene for fuel use only
Mt. Belvieu, TX and Conway, KS prices close to parity as strong winter heating and grain drying sustain demand above average levels for this time of year.

Propane spot prices (Conway, KS and Mont Belvieu, TX)

Source: EIA, Bloomberg, data through December 17, 2019

U.S. Energy Information Administration
NOAA’s projected temperatures:
December 23 – Dec. 27, 2019, and December 25 – Dec. 31, 2019

• NOAA forecasts a high probability of continuing above-normal (relative to the 30-year average) temperatures across much of the country, with the West Coast, and later in the forecast northern Mountain states, experiencing normal to below-normal temperatures
• PADDs 1 and 2, the main drivers of winter heating season demand for propane, are likely to experience below-normal demand for this time of year. With grain drying continuing, particularly in the northern states of PADD 2, the warmer temperatures are likely to allow refilling of tanks at the consumer level and restocking at the retailer level

A = temperatures above normal
N = equal chance that temperatures are above normal, normal, or below normal
B = temperatures below normal

Source: NOAA, Dec. 17, 2019

U.S. Energy Information Administration
Given current weather conditions in the field, USDA has ended its survey of the corn crop, on the assumption all remaining crop is lost.

Source: USDA National Agricultural Statistics Service

* USDA 2013 data incomplete. Weeks 40 and 41 not available.
Recent dryer, cooler weather has allowed the harvest to continue in select regions of the Upper Midwest, sustaining grain drying demand
Northeast propane prices, generally dictated by tariff on TEPPCO* pipeline, currently sufficiently high to warrant imports from overseas

**propane spot prices**
dollars per gallon

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**propane price spread**
dollars per gallon

| $0.00  | $0.05  | $0.10  | $0.15  | $0.20  | $0.25  | $0.30  | $0.35  | $0.40  | $0.45  | $0.50  | $0.55  | $0.60  | $0.65  | $0.70  | $0.75  | $0.80  | $0.85  | $0.90  |

*TEPPCO = Enterprise TE Products Pipeline Company LLC*

Source: EIA, Bloomberg, data through December 17, 2019; Enterprise Products Partners L.P., *Effective Tariffs*, FERC No. 54.42.0
As grain drying demand tapers off, and space heating becomes the primary driver of consumption, regional prices are expected to return to trend.
Strong exports from Canada’s west coast remain a major driver of Edmonton propane spot prices, sustain a premium over Conway, KS.

U.S. Energy Information Administration

Source: EIA, Bloomberg, data through December 17, 2019
State Heating Oil and Propane Program (SHOPP) updates

• SHOPP is a collaborative program between states and EIA that provides weekly wholesale and retail prices for heating oil and propane at the state level.

• EIA expanded SHOPP in October 2014 to include 14 additional states in propane price data collection. In 2016, EIA added 10 new states to its wholesale propane price publication. This should be taken into consideration when comparing the average prices for the U.S., PADD 1, PADD 1B, PADD 1C, and PADD 2 averages.

• EIA has been providing more granular inventory data to states on a weekly basis since the 2016/2017 heating season.

• EIA implemented two new samples for residential heating oil and propane in October 2019. Under the new sampling methodology EIA is publishing standard errors for SHOPP prices.
Retail propane prices this heating season below prices for the same week last year in PADDs 1 and 2, with PADD 2 stabilizing after November increases.

Source: State Heating Oil and Propane Program, data through December 16, 2019.
Various days-of supply/disposition measures

U.S. weekly stocks of propane/propylene
days of supply & disposition

Note: *disposition = domestic product supplied + exports
Source: U.S. Energy Information Administration, Weekly Petroleum Status Report, data through December 13, 2019
For more information, please see EIA’s webinar on Propane Market Indicators and Measures of Supply Adequacy
For more information


State Energy Portal | www.eia.gov/state

Winter Heating Fuels Site | www.eia.gov/special/heatingfuels/

Movements of Propane by Rail | http://www.eia.gov/dnav/pet/pet_move_railNA_a_EPLLPA_RAIL_mbbl_m.htm

Today in Energy | www.eia.gov/todayinenergy

Short-Term Energy Outlook | www.eia.gov/steo


Annual Energy Outlook | www.eia.gov/aeo

International Energy Outlook | www.eia.gov/ieo

Monthly Energy Review | www.eia.gov/mer