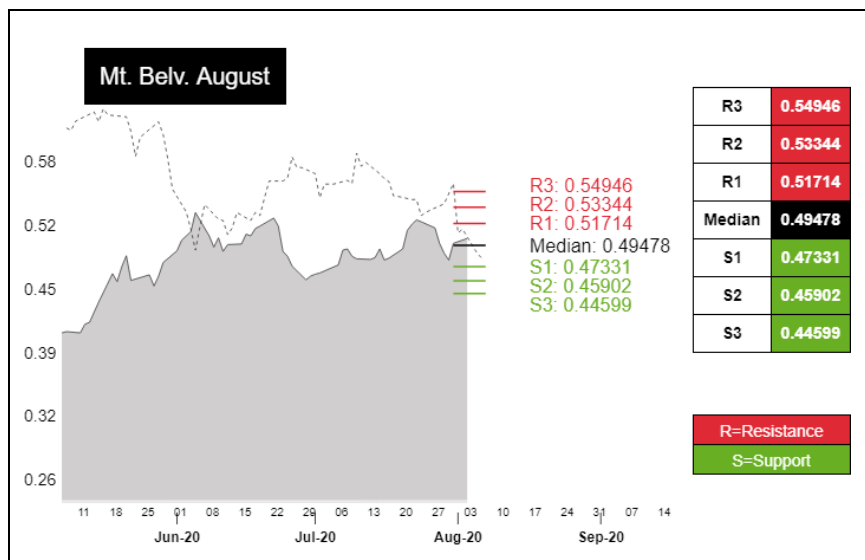




Market Recap



Contract	Month	High	Low	Close ¹	Change ²
NYMEX Mont Belvieu LDH Propane ³	Aug-20			0.50120	0.87%
NYMEX Mont Belvieu LDH Propane ³	Sep-20			0.49688	-0.25%
NYMEX Mont Belvieu LDH Propane ³	Oct-20			0.49813	-0.37%
NYMEX WTI	Oct-20	0.42280	0.40430	0.41910	1.53%

¹ As of August 04 | ² 5-Day Change | ³ Arithmetic average of OPIS Mt. Belvieu Propane LDH |

CSR Talking Points

Propane and propylene demand fell to 786 Mb/d – nearly less than half the consumption level from last week! Notwithstanding this decline, over the past month, demand for propane has averaged a healthy 1.03 MMb/d.

Propane and propylene production are stout where it counts. In the important PADD 3 Gulf Coast market, output over the last four weeks averaged a robust 1.31 MMb/d, slightly below the high end of the seasonal range. Up in the PADD 2 Midwest area, production averaged a more subdued 497 Mb/d over the last four weeks, below the bottom of the seasonal range.

Now is the time to encourage customers to fill up their tanks before cooler weather begins.

Actions to Take

The propane market spent the week recovering from its drop at the end of July and is now rising past the median towards our \$0.51714 R1 band.

We advise buyers to look for retracement towards our support levels for hedging opportunities.

Balancing Both Sides

Quantitative Bias Weekly

Bullish

This past week has been volatile for August Mont Belvieu Propane, as a sharp drop towards our first support band reversed into a positive swing above the median. Continued strength will open the door to our \$0.51714 first level of resistance. This bullish momentum is in contrast to the prior year which saw a sharp selloff during the same time period.

Fundamental Bias Weekly

Bearish

Per the latest update from the EIA, U.S. propane and propylene stocks rose for the eighth straight report, increasing last week by 2.3 MMbs to 86.7 MMbs. On a year-over-year basis, propane inventories are at a surplus of 7.5 MMbs (up 9.4%). In specific regions, PADD 2 propane inventories rose by 1.1 MMbs to 23.0 MMbs (up 4.9%) and PADD 3 propane stocks rose by 1.6 MMbs to 51.2 MMbs (up 3.2%).

Overall Market Bias Neutral

Propane and propylene demand have been solid this summer, averaging 945 Mb/d. Nevertheless, total inventories have increased for eight straight weeks by a total of 20.4 MMbs, rising at the end of July to a 34-week high of 86.71 MMbs.

Over the next several weeks, consumption will pick up as we transition into the fall harvest season in the Midwest. Inventories in this market area have risen for sixteen straight weeks, rising by a total of 12.42 MMbs to a healthy 23.03 MMbs.

The surplus in supply has kept prices relatively stagnant over the past few weeks. As COVID-19 mitigation protocols are still suppressing demand, we maintain our neutral bias.

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