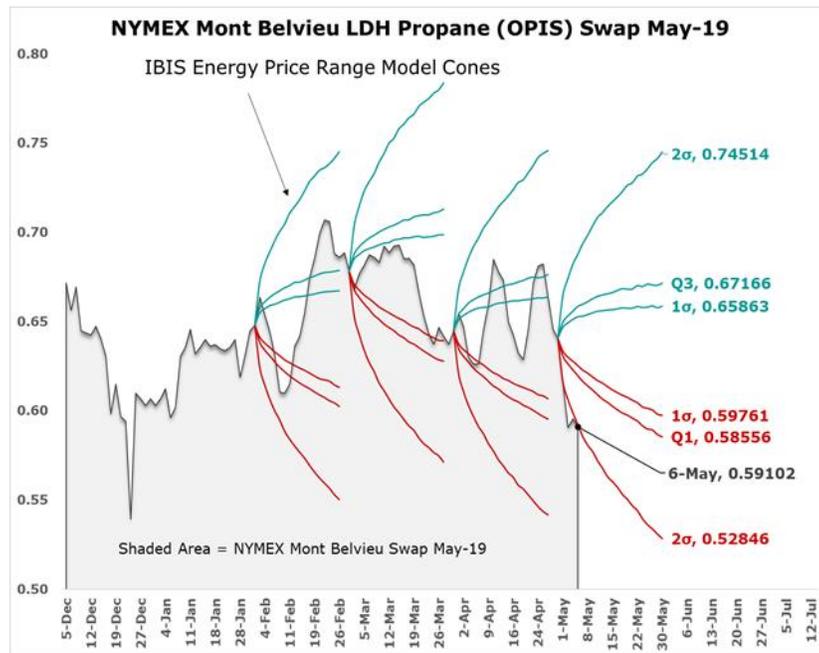




## Market Recap



Contract	Month	High	Low	Close <sup>1</sup>	Change <sup>2</sup>
NYMEX Mont Belvieu LDH Propane <sup>3</sup>	May-19			0.59102	-8.46%
NYMEX Mont Belvieu LDH Propane <sup>3</sup>	Jun-19			0.60500	-7.81%
NYMEX Mont Belvieu LDH Propane <sup>3</sup>	Jul-19			0.61875	-7.13%
NYMEX WTI	Jun-19	62.95	60.04	62.25	-1.97%

<sup>1</sup> As of May 06 | <sup>2</sup> 5-day Change | <sup>3</sup> Arithmetic average of OPIS Mt. Belvieu Propane LDH

## CSR Talking Points

The shoulder months of April/May are typically the best time of year to fill propane tanks as end-user demand is virtually non-existent and accordingly, prices are lowest at the start of the refill season. This year is no exception, as discounted summer diffs are being offered on the back of the depressed Mont Belvieu spot price. Encourage your CSRs to educate customers on this cyclical pattern and promote incentive programs for customers to fill their tanks now and benefit from lower prices.

## Actions to Take

Allocation is starting and cold weather demand is ending. It is now time to create your demand: marketing promotions via postcards and emails should heavily promote seasonal incentives. It's the CSRs' job to take orders and encourage fill-ups – and it is management's job to get the phone to ring. With the market decline and discounted summer diffs offered, you can quote a lower price than end-users have paid in 2 years, while still maintaining a healthy margin.

## Balancing Both Sides

### Technical Bias

Bearish

Last week, the NYMEX Mont Belvieu Swap for May 2019 traced into a well-defined bearish trend. The market crashed through the 14-day, 30-day and 50-day true-range moving averages. Other preferred technical indicators (parabolic stop-and-reverse and the MACD) are also trending bearish.

### Fundamental Bias

Bearish

You can't swing a cat in the U.S. without hitting a barrel of propane. Based on the EIA's weekly report, total U.S. propane and propylene stocks ended winter at the 2nd highest level on record, 50.2 MMbs. At the current pace, there is an 83% likelihood that we will start next winter above the EIA's forecast of 98.1 MMbs, and a 70% probability the market breaks the 2015 106.2 MMbs record.

### Overall Market Bias

Bearish

Inventories are stout with a season-to-date refill of an 8.8 MMbs. Therefore, inventories remain on pace to enter next winter at or near record highs. Recently, the market (NYMEX Mont Belvieu LDH Swap May 2019) traced into a technical bear market. The market is currently trading within the support region of our model's lower quartile (\$0.58556) and the second standard deviation (\$0.52846). **Now is the time to lock-in a portion of your upside exposure.**

Contact us to learn how to apply our modeling to your business strategies