



## Propane Pricing & Supply

February 11, 2014

Recent news articles relating to propane pricing and supply have caught the attention of propane users across North America. With propane prices higher than any point in history, many are looking for answers. Below please find some of the contributing factors affecting propane pricing and supply:

- In October 2013, Canadian propane inventories were slightly below the five-year average and U.S. inventories were 6% below the five-year average.
- A wet corn crop in the Midwest and Canada in November 2013, drastically increased the demand for North American propane, and greatly influenced the Canadian exports of propane to the U.S. Rapid depletion of supply immediately spiked pricing across Ontario, Canada, and the U.S.
- Frigid winter weather across the continent in December and January boosted propane demand for the 2013-2014 heating season. Wholesale prices soared to record levels and producers were forced to allocate volume made available to distributors.
- Canada's propane distributors do not produce propane. Propane is produced by the major oil and gas companies then purchased by distributors at the current market price.
- Issues relating to supply disruptions have been isolated issues and have not affected Moore Propane. We have sufficient supply to provide all customers requirements.

It is extremely difficult to forecast how long the extreme wholesale pricing will continue across Canada. We anticipate a meaningful reduction in pricing when the weather patterns change and the supply and demand balance resumes.

Moore Propane understands the financial burden the current market pricing is causing our customers. We encourage you to take a conservative approach to your propane usage to help lessen the financial impact.

We thank you for your understanding and cooperation. If you have any questions, or require further information please do not hesitate to contact us.

Yours truly,

The staff at Moore Propane

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