



# Propane

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ARE 311



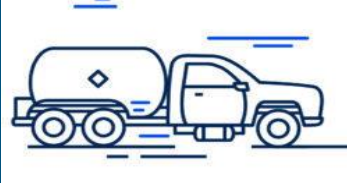
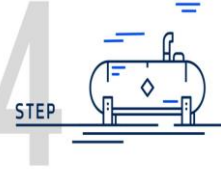
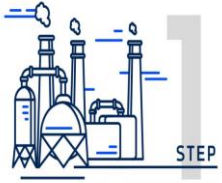
# How is Propane Produced?

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- Propane — sometimes known as liquefied petroleum gas, or LPG is a gas normally compressed and stored as a liquid.
- Propane is primarily a byproduct of domestic natural gas processing, though some propane is produced from crude oil refinement. U.S. propane supplies are becoming increasingly abundant due in large part to increased supplies of natural gas.



# How is Propane Transported?



# Propane Uses

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## Agricultural Uses

- Grain Dryers
- Tobacco Barn Heat
- Irrigation Engines
- Greenhouse/Animal housing Heat
- Tractor/Heavy Equipment engines
- Flame Weed Control

## Commercial Uses

- Forklifts
- Construction Equipment
- Commercial Mowers
- Broilers
- Generators
- Buses
- Water heating



# Largest Providers

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- **Global**

- ExxonMobil
- BP
- Chevron Corp
- Royal Dutch Shell
- Total SA
- Sinopec

- **Domestic**

- AmeriGas Propane
- FerrellGas Partners LP
- Suburban Propane Partners LP
- Growmark Inc
- CHS Inc



# North Carolina Current Prices

North Carolina  
Residential  
Price:\$2.50/gal

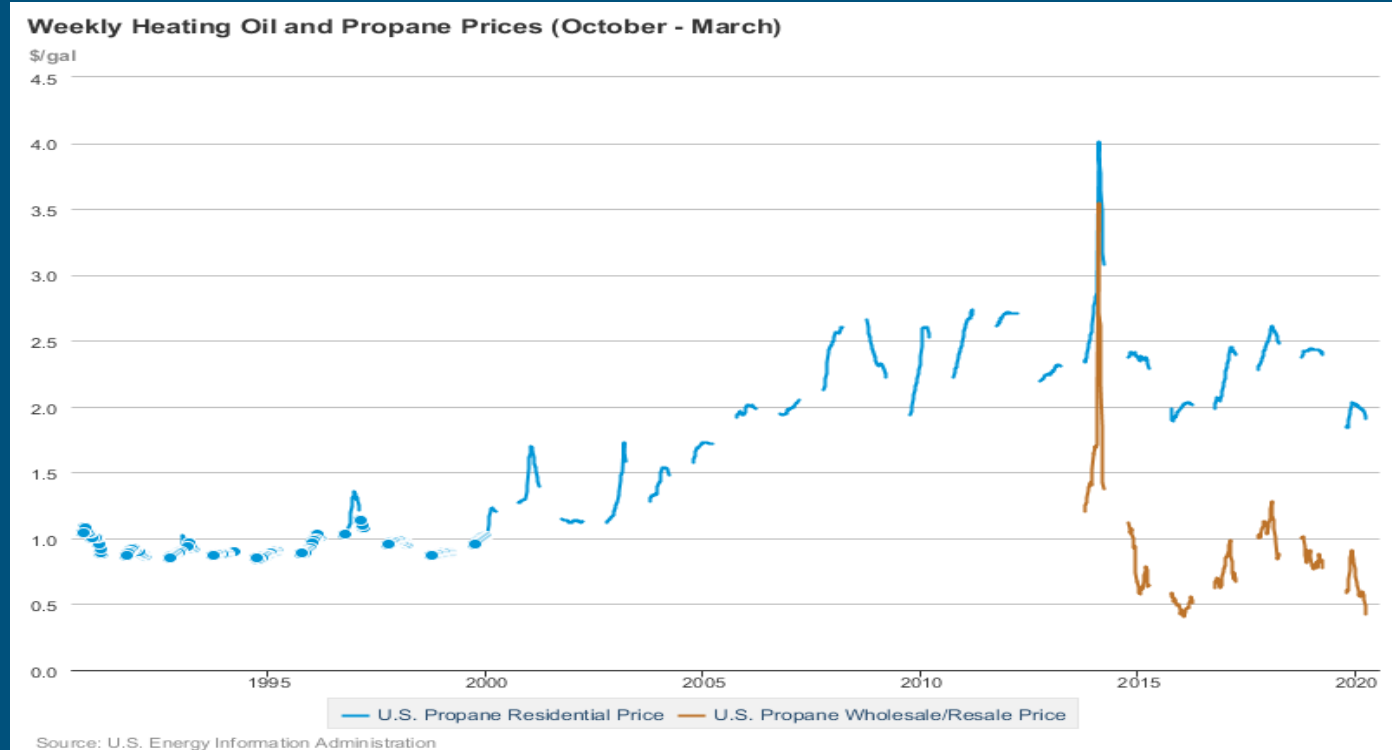
North Carolina  
Wholesale  
Price:\$0.40/gal



# United States Current Prices

U.S. Residential  
Price: \$1.91

U.S. Wholesale  
Price: \$0.42



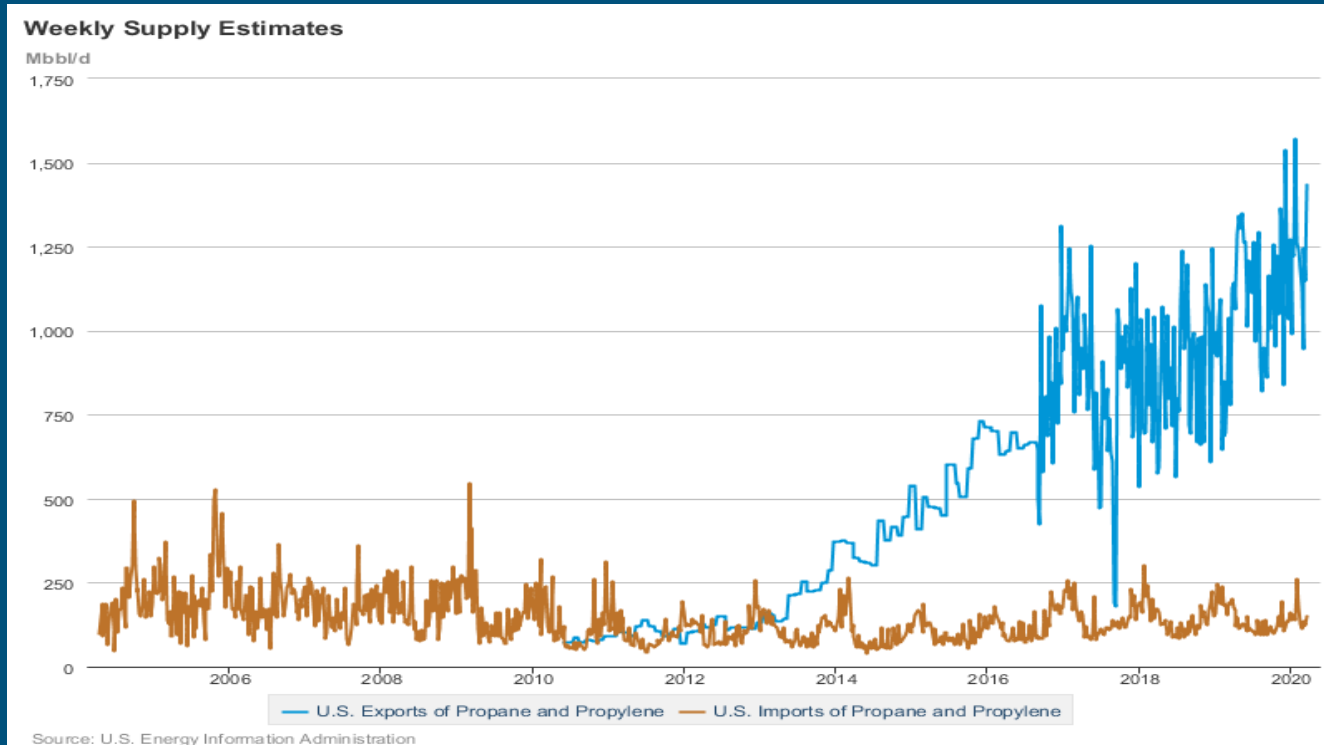
# Supply & Demand Trends

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- Demand for propane can impact its price. In colder months, states with heavier home heating demands require more propane for the winter. This increased demand on supply can cause propane prices to increase with the season. Local propane providers work hard to keep up with deliveries during these peak demand times, so you can have peace of mind year-round.



# Propane Imports & Exports



# Current Events

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- **Canadian National Railway Aims to Sharply Cut Freight Backlog This Week (March 3rd)**

<https://www.wsj.com/articles/canadian-national-railway-aims-to-sharply-cut-freight-backlog-this-week-11583274224?mod=searchresults&ns=prod/accounts-wsj>

- **Norway-based BW Energy, which operates the world's biggest fleet of gas carriers that move products like propane, this week cut its projected valuation for an initial public offering at the Oslo Exchange from \$700 million to \$500 million. (February 14th)**

<https://www.wsj.com/articles/chinas-shipping-nears-a-standstill-amid-coronavirus-disruption-11581699854?mod=searchresults&page=1&pos=5>

# Future Market

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The push for environmentally friendly fuel options is constantly growing and drives the demand for natural gas, including propane, with it. Non-renewable energy sources are depleting and natural gas is replacing them as the more commonly used fuel source, including ag related machinery and equipment.

# Sources

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- [https://www.jec.senate.gov/public/\\_cache/files/c62f11e2-c285-4bdc-8790-21407a0445e8/propane-price-spikes-and-their-impact-on-the-economy.pdf](https://www.jec.senate.gov/public/_cache/files/c62f11e2-c285-4bdc-8790-21407a0445e8/propane-price-spikes-and-their-impact-on-the-economy.pdf)
- <https://propane.com/about-propane/what-is-propane-gas/>
- [https://afdc.energy.gov/fuels/propane\\_basics.html](https://afdc.energy.gov/fuels/propane_basics.html)