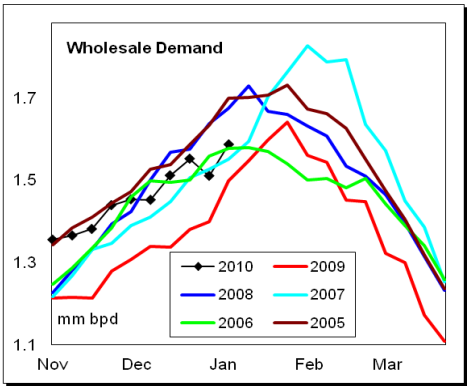
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

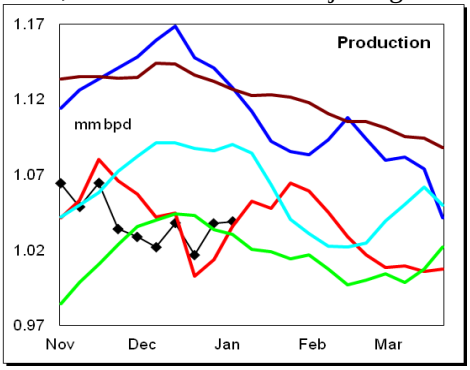
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, December 24, 2009

Table of Contents

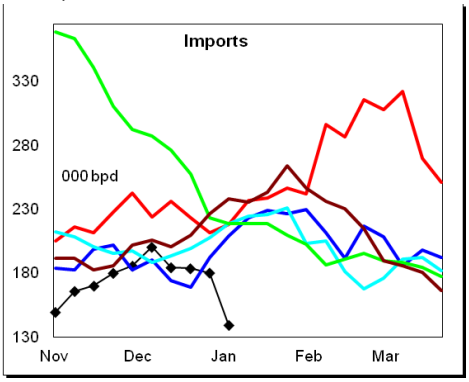
Summary[1]: Wholesale demand was unchanged on the week, with the latest 4-wk average +197,000 bpd above last year. This was only at the five year mid range even though heating degree days were +25% above normal and a five year high for the period. Inclement weather likely disrupted distribution to the dealer and consumer level.



Production declined -37,000 bpd on the week, with declines in all major regions.

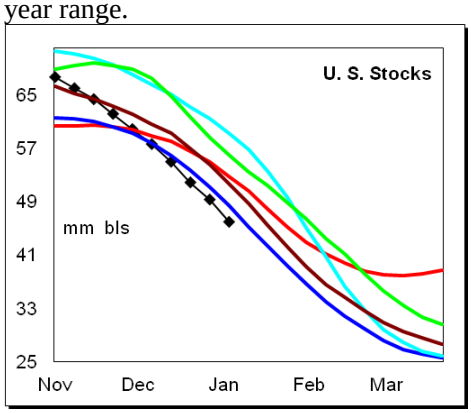


Imports decreased -28,000 bpd last week, to a record low.

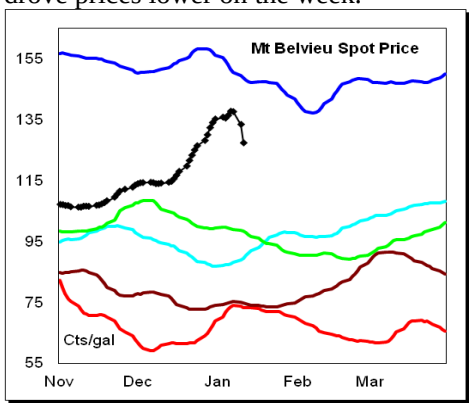


Combined production and imports during the last 4-wk period were -1,000 bpd below last year, compared to the +197,000 bpd increase in demand for the same period.

This supply/demand imbalance led to a -35 million barrel stock draw. The 4-wk stock change was a draw of -11.4 million barrels, a record draw for the period. Stock levels are below the five year range.



Price and Spreads Mt Belvieu spot prices fell -11.50 cts/gal for the week ending 12Jan10 while the Conway spot price declined -13.50 cts/gal. The forecast of a major warming trend in key markets drove prices lower on the week.

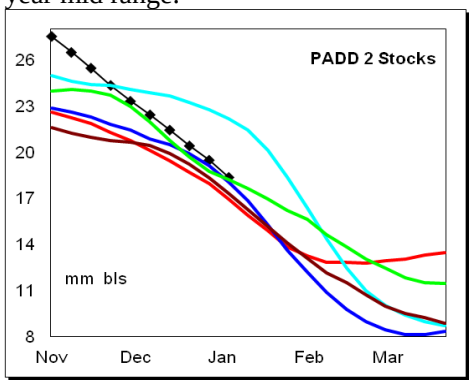


The Conway – Mt Belvieu price spread extended the downtrend last week in favor of Mt Belvieu. The spread ended the week above the five year mid range.

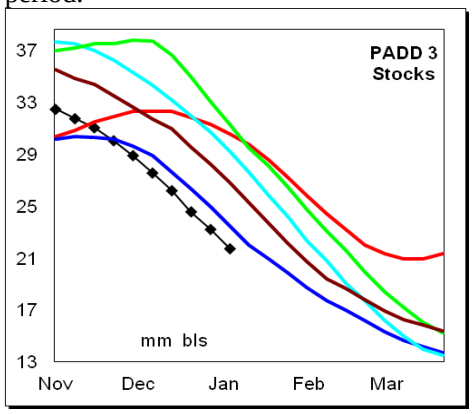
The propane to natural gas price spread declined late in the week on sharply low propane prices. The propane / crude oil price spread fell late in the week on propane price weakness, ending the week below the mid range for this period.

PADD 1 stocks decreased -0.7 million barrels on the week, as a result of a -74,000 bpd drop in supply, with sharply lower imports. Production and imports each fell to record lows for the week. Stock levels are below the mid range.

PADD 2 stocks decreased -1 million barrels last week on strong heating demand. Combined production and imports were near the historic mid range. Stock levels are slightly above the five year mid range.



PADD 3 stocks declined -1.7 million barrels last week. Production matched the five year high. Stock levels remain well below the historic range for the period.



PADDs 4 & 5 stocks decreased -0.1 million barrels last week. Supply increased +10,000 bpd. Stock levels remain extremely low.

Emerging Trends *show a dramatic warming trend across all propane heating markets during the 2nd half of January. This 'warm up' should extend the current downtrend in prices. With very low stock levels, price trends will be very weather sensitive.*

[1] Source is latest EIA Weekly Statistics

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PROPANE: Graph Link and Weekly Summary

January 13, 2010

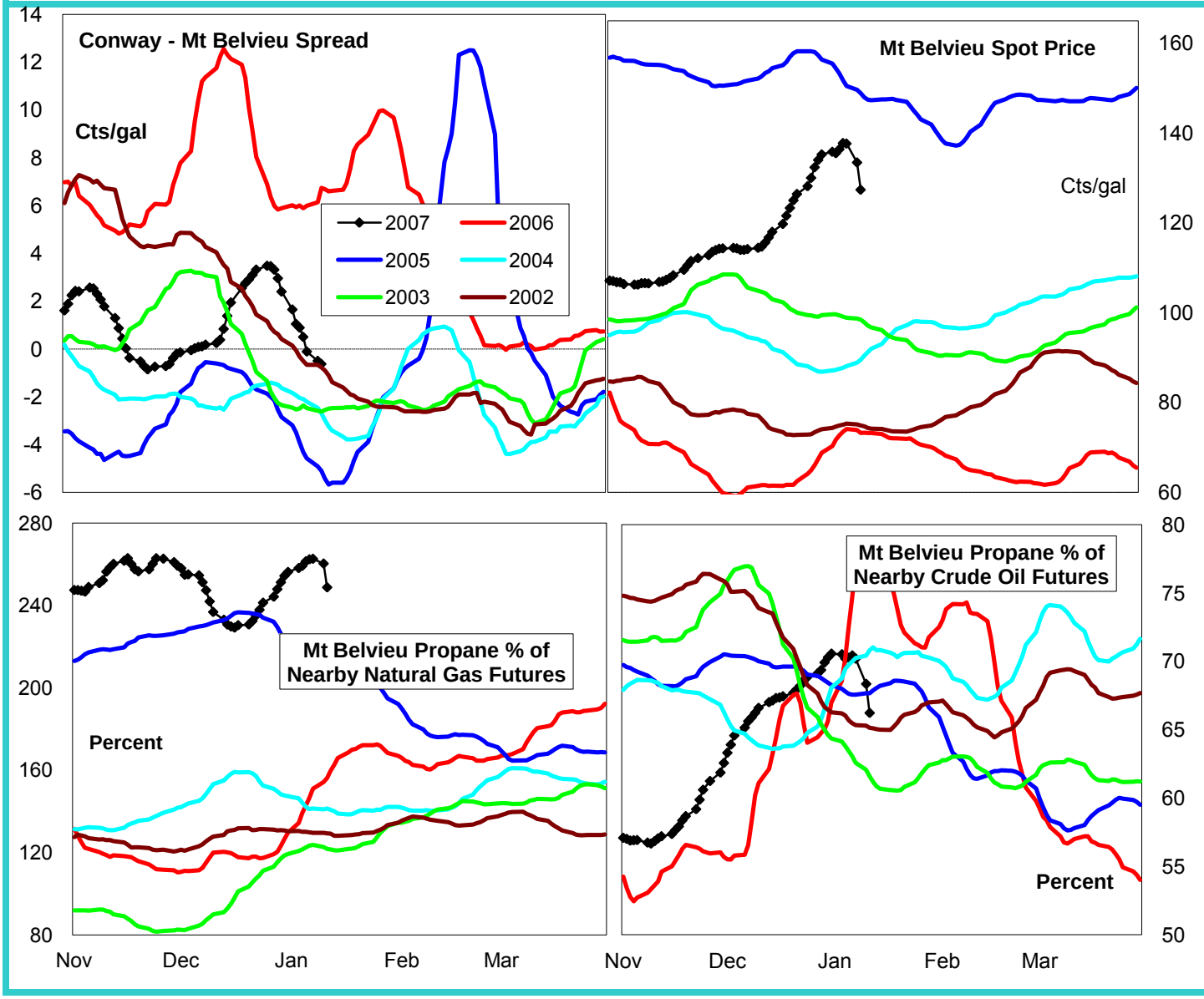
Fundamental Trends for the Week Ending: Friday, January 08, 2010

000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	45,947	4,003	18,365	22,118	1,461	-3,494	-682	-1,003	-1,734	-75
Propylene Stocks	3,493					299				
Production	1,039	34	234	707	64	-37	-13	-21	-9	6
Imports	139	25	96	0	18	-28	-61	29	0	4
Whsle Demand	1,606					1				

Price Trends for the Week Ending: Tuesday, January 12, 2010

Cents/gal	Average for week ending:				Change from:			% change from:		
	1/12/10	1/5/10	12/11/09	1/2/09	1/5/10	12/11/09	1/2/09	1/5/10	12/11/09	1/2/09
Mont Belvieu Spot	137.7	134.1	112.4	74.3	3.59	21.68	38.10	2.7	19.3	51.3
Conway Spot	137.6	136.1	112.4	83.4	1.46	23.65	29.09	1.1	21.0	34.9

Key Price Spreads and Differentials



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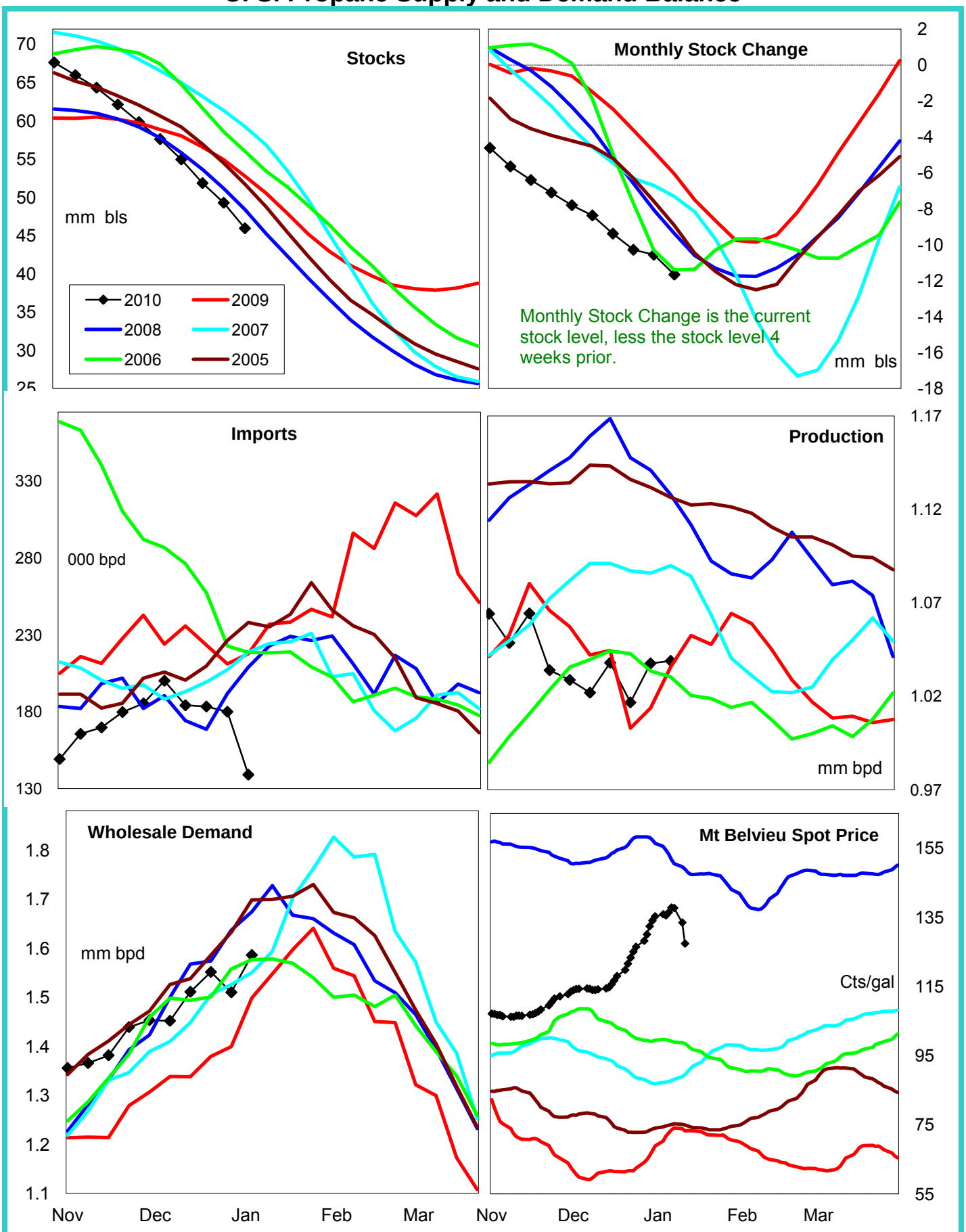
U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Dec	Nov	Oct
000 bpd (000 bls stks)	-7,795	-5,600	21	-22		197	204	236	67
% change	-14.5	92	2.1	-10.8		14.6	15.2	20.2	6.1

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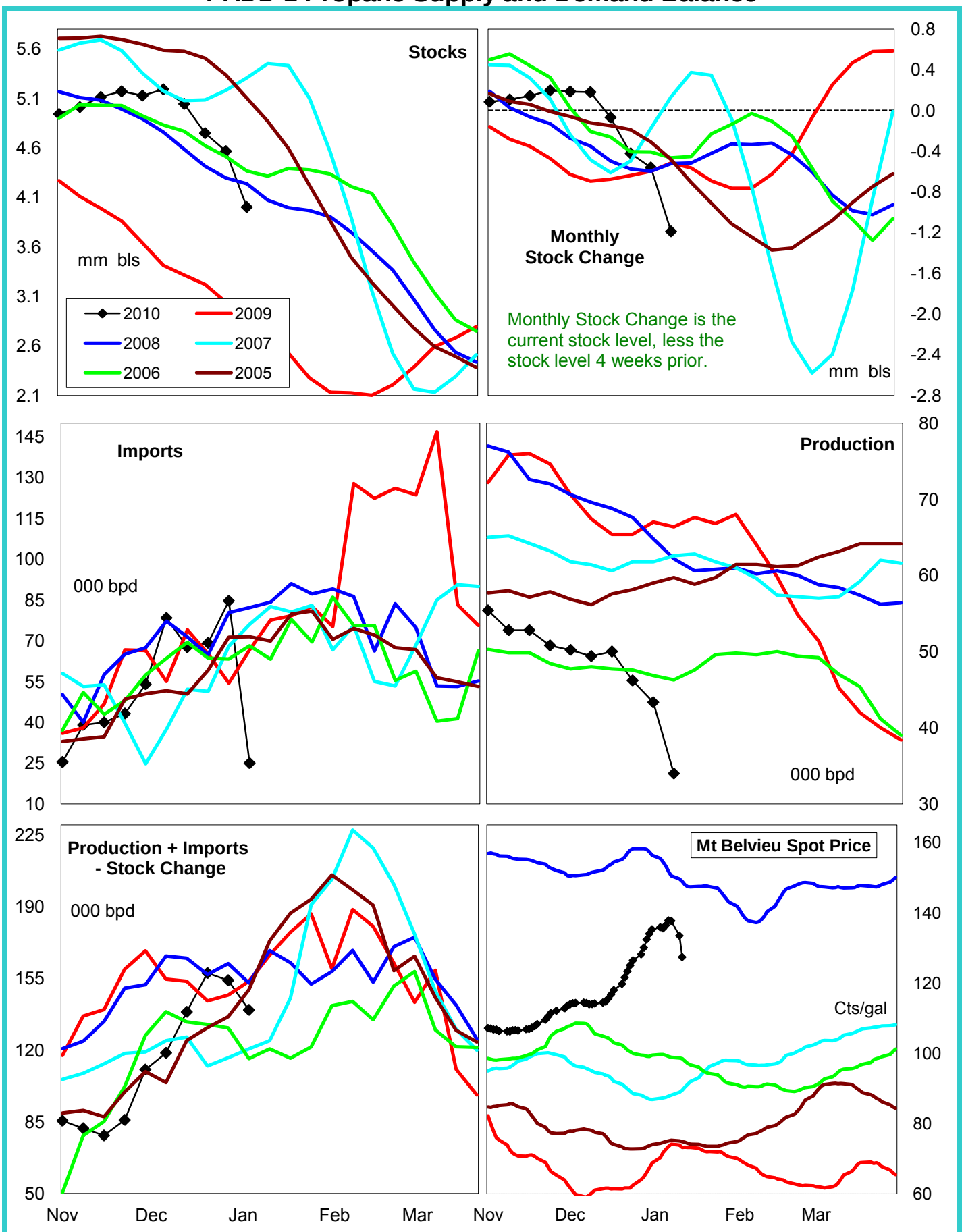
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	906	-673	-21	30	-2
% change	29.3	130.4	-31.2	59.0	-1.4

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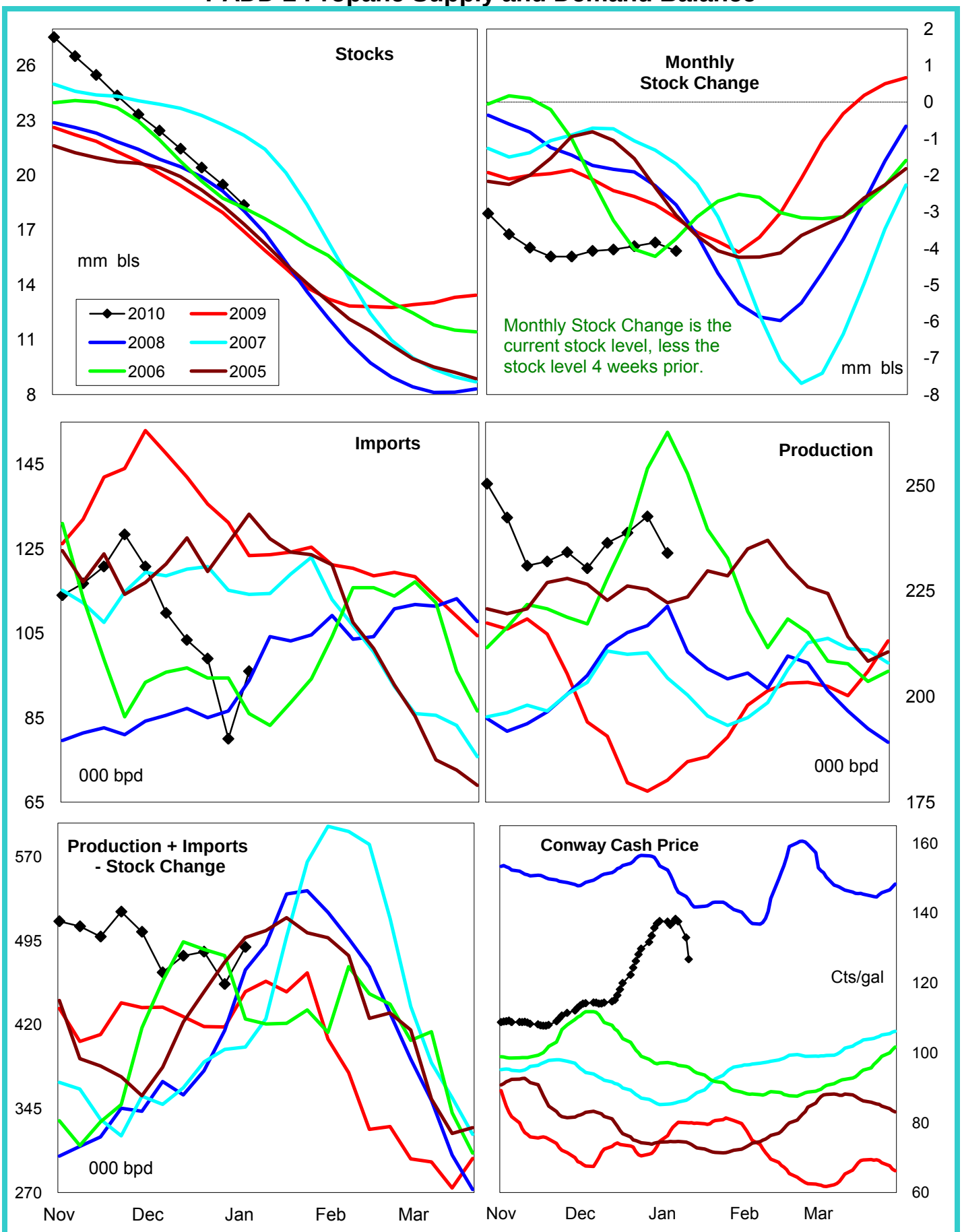
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	630	-903	66	-42	50
% change	3.6	28.5	36.9	-32.9	11.6

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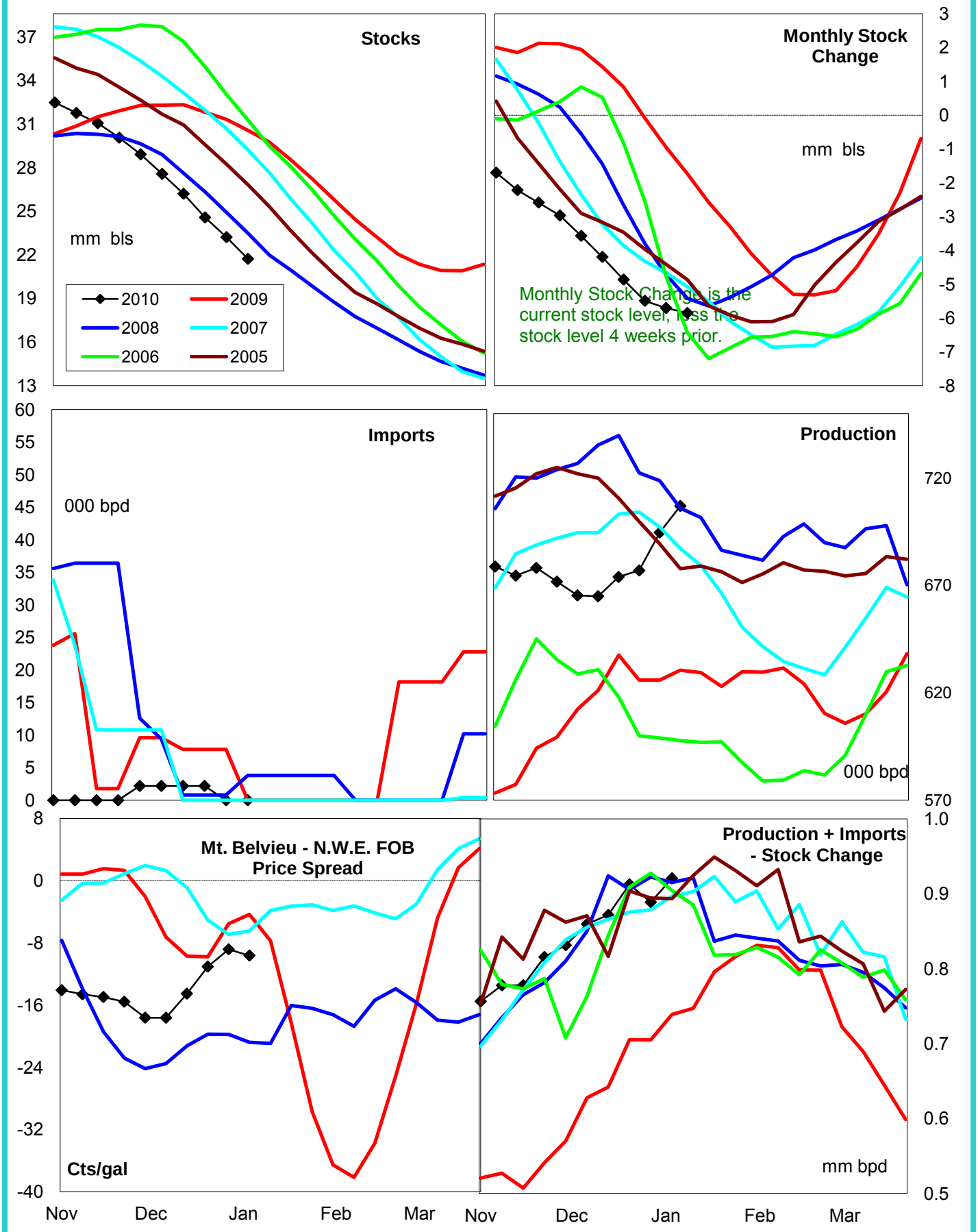
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-8,843	-4,122	51	-7	201
% change	-28.6	237.8	8.0	-71.8	28.7

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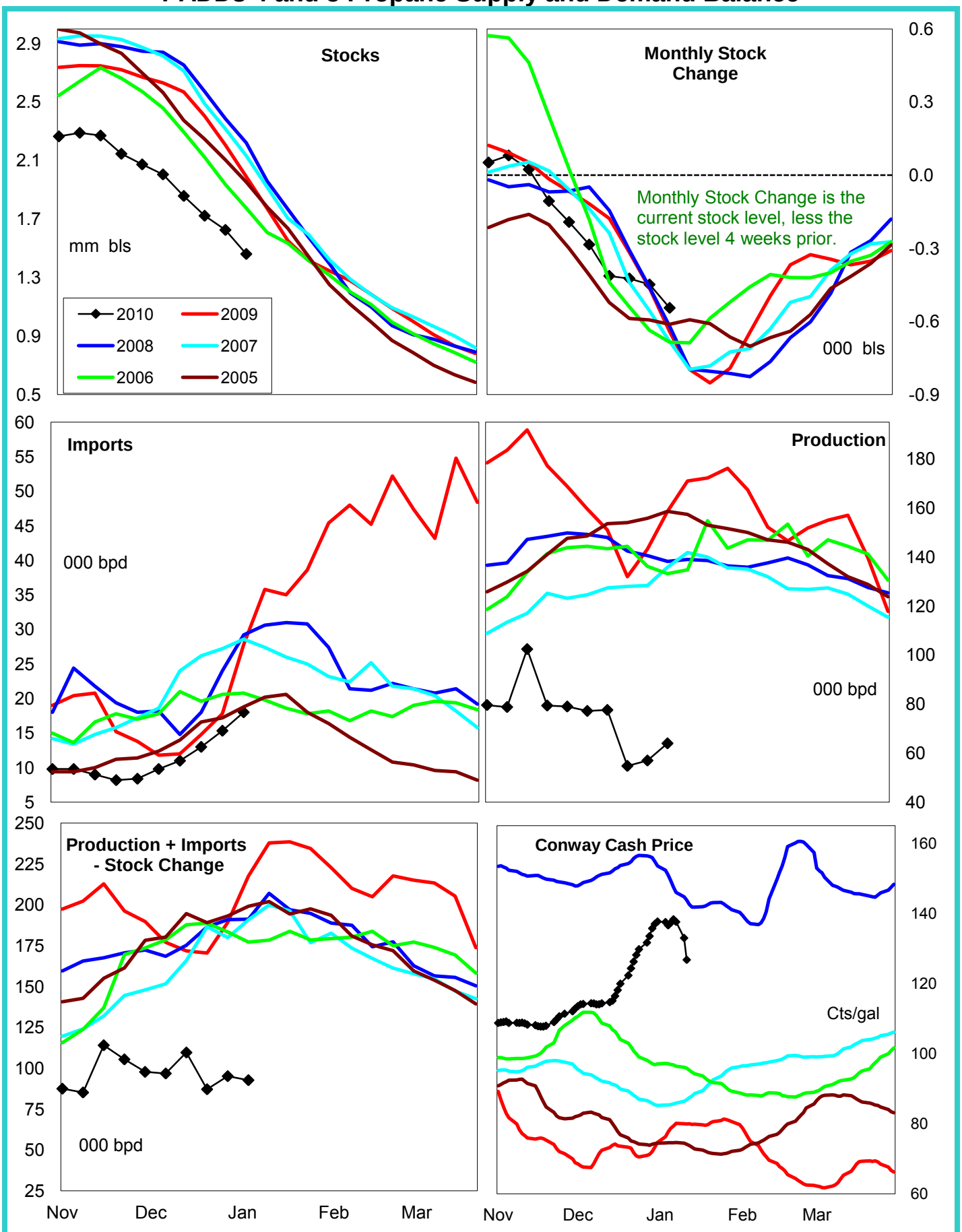
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-488	98	-75	-2	-91
% change	-25.0	-15.2	-57.4	-13.6	-48.6

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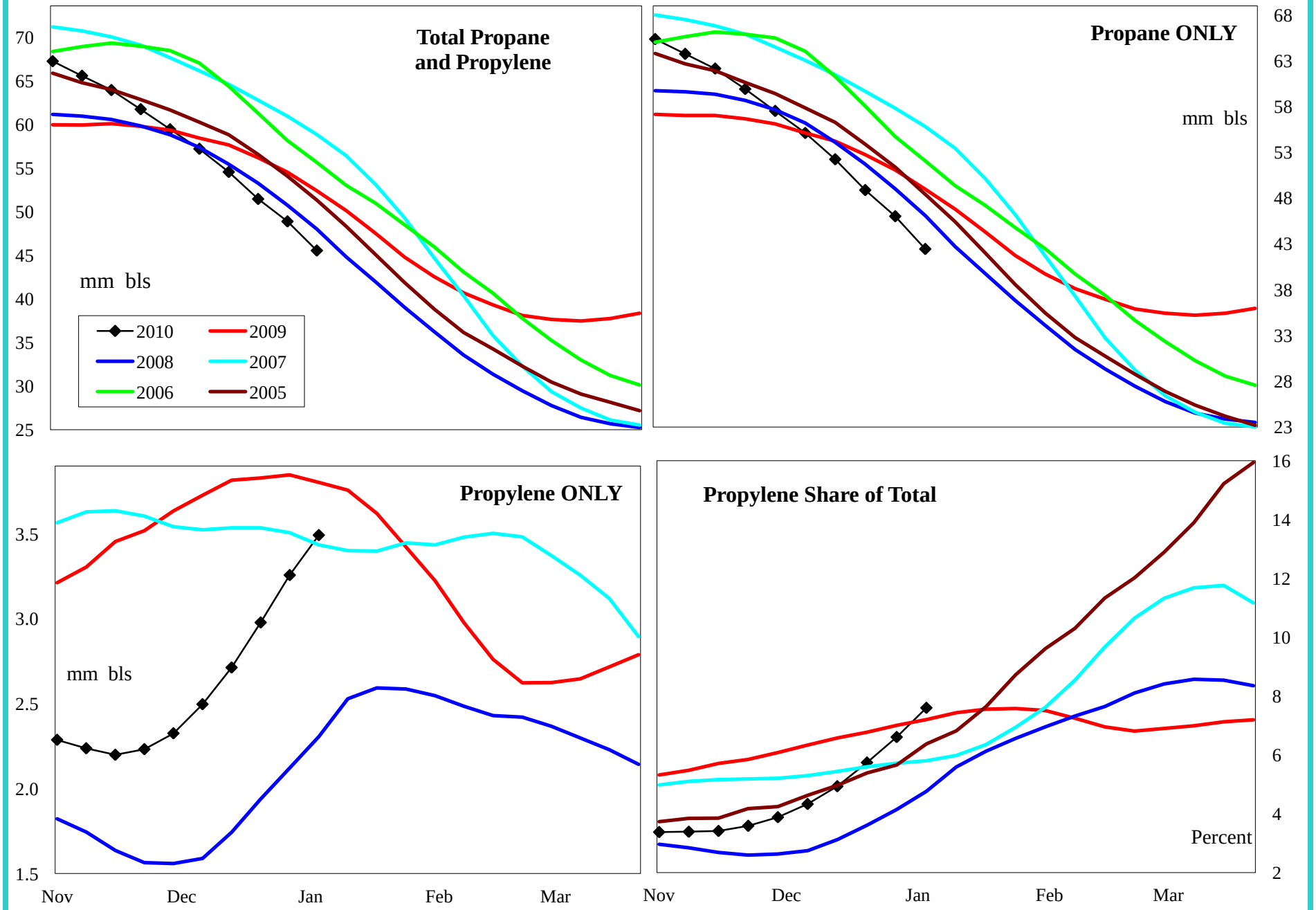
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**-7,795**	**-7,441**	**-310**
% change	**-14.5**	**-14.9**	**-8.2**

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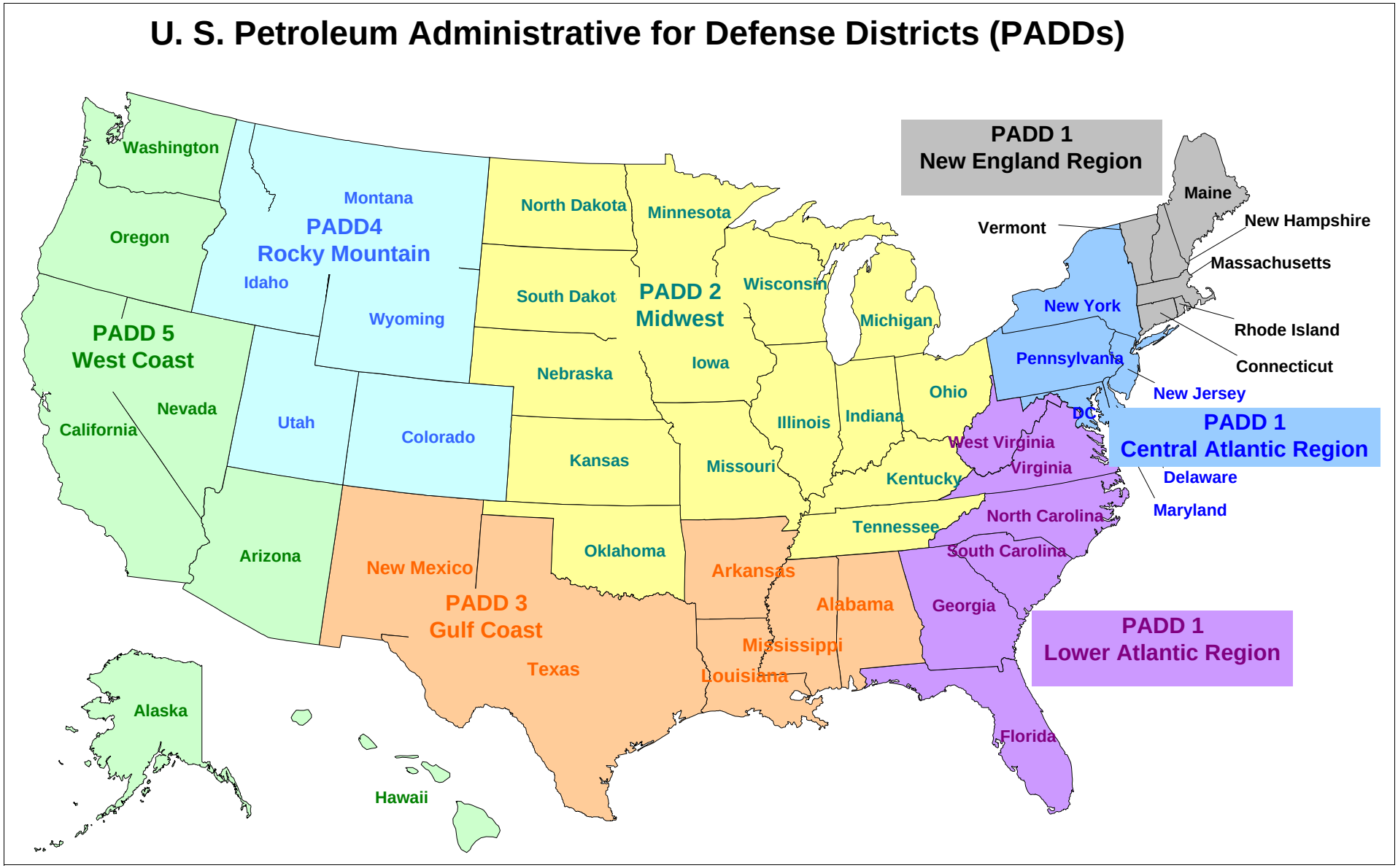
U. S. Petroleum Administrative for Defense Districts (PADDs)



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