

**FUNDAMENTAL
PETROLEUM
TRENDS**

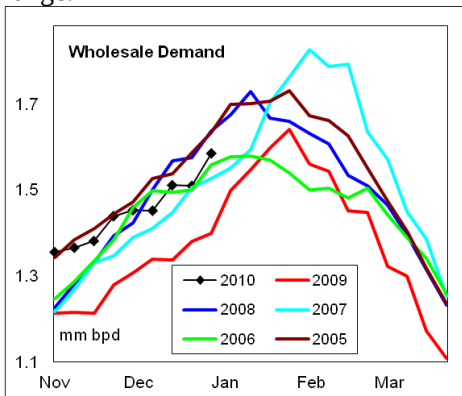
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

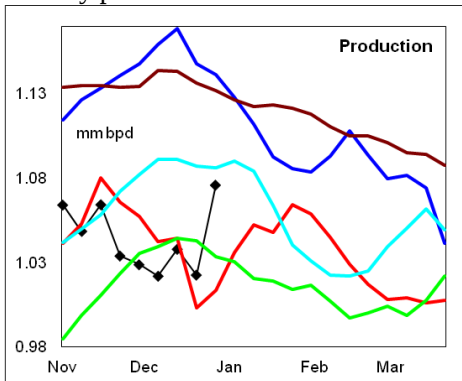
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, December 24, 2009



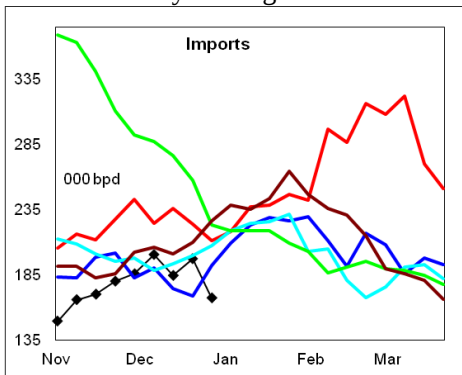
Summary¹: Wholesale demand increased +226,000 bpd last week on extremely high HDD's in key markets. The latest 4-wk average demand was +183,000 bpd above last year and above the five year range.



Production increased +78,000 bpd on the week, as the price surge in propane led to higher gas plant extraction and refinery production.

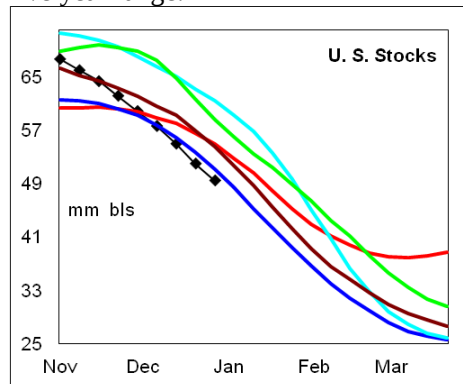


Imports fell -67,000 bpd last week, to below the five year range.

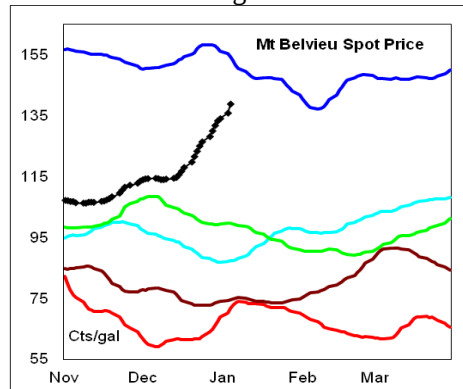


Combined production and imports during the last 4-wk period were -39,000 bpd below last year, compared to the +183,000 bpd increase in demand for the same period.

This supply/demand imbalance led to a -3 million barrel stock draw. The 4-wk stock change was a draw of -10.3 million barrels, matching the record draw in 2006. Stock levels are below the five year range.



Price and Spreads Mt Belvieu spot prices increased +7 cts/gal for the week ending 05Jan10 while the Conway spot price increased +6.25 cts/gal.



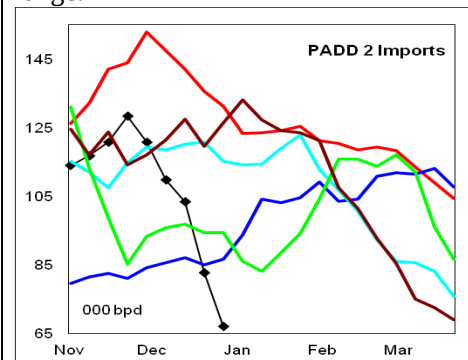
The Conway – Mt Belvieu price spread trended sharply lower last week in favor of Mt Belvieu. The spread ended the week above four of the last five years.

The propane to natural gas price spread extended the sharp uptrend in favor of propane prices, as very high gas stocks limited gas prices. The propane / crude oil price spread extended the uptrend, ending the week above four of the last five years.

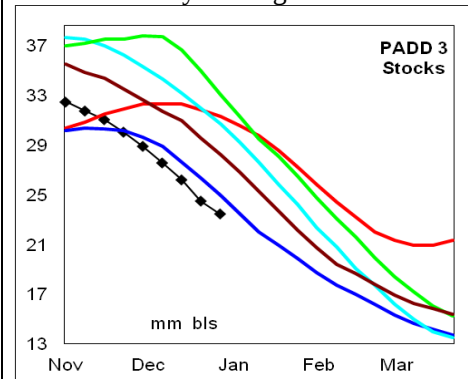
PADD 1 stocks decreased -0.3 million barrels on the week, as a result of strong

demand and a -57,000 bpd drop in weekly imports. Production remains at the low end of the historic range on refinery closure in the region. Stock levels were above the mid range.

PADD 2 stocks decreased -1.3 million barrels last week on continued strong heating demand. Production matched the five year high while imports fell to a record low for the period. Stock levels are slightly above the five year mid range.



PADD 3 stocks declined -1 million barrels last week. Production jumped +55,000 bpd on favorable recovery economics. Stock levels are now well below the five year range.



PADDs 4 & 5 stocks decreased -0.3 million barrels last week. production increased +9,000 bpd. Stock levels were extremely low.

Emerging Trends above normal temperatures are forecast for the upper Midwest by mid month. With record low stock levels in the Gulf, prices will be extremely weather driven, with potential for physical supply squeeze if the 2nd half of the heating season is colder than normal in major markets.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

January 6, 2010

Fundamental Trends for the Week Ending:

Friday, January 01, 2010

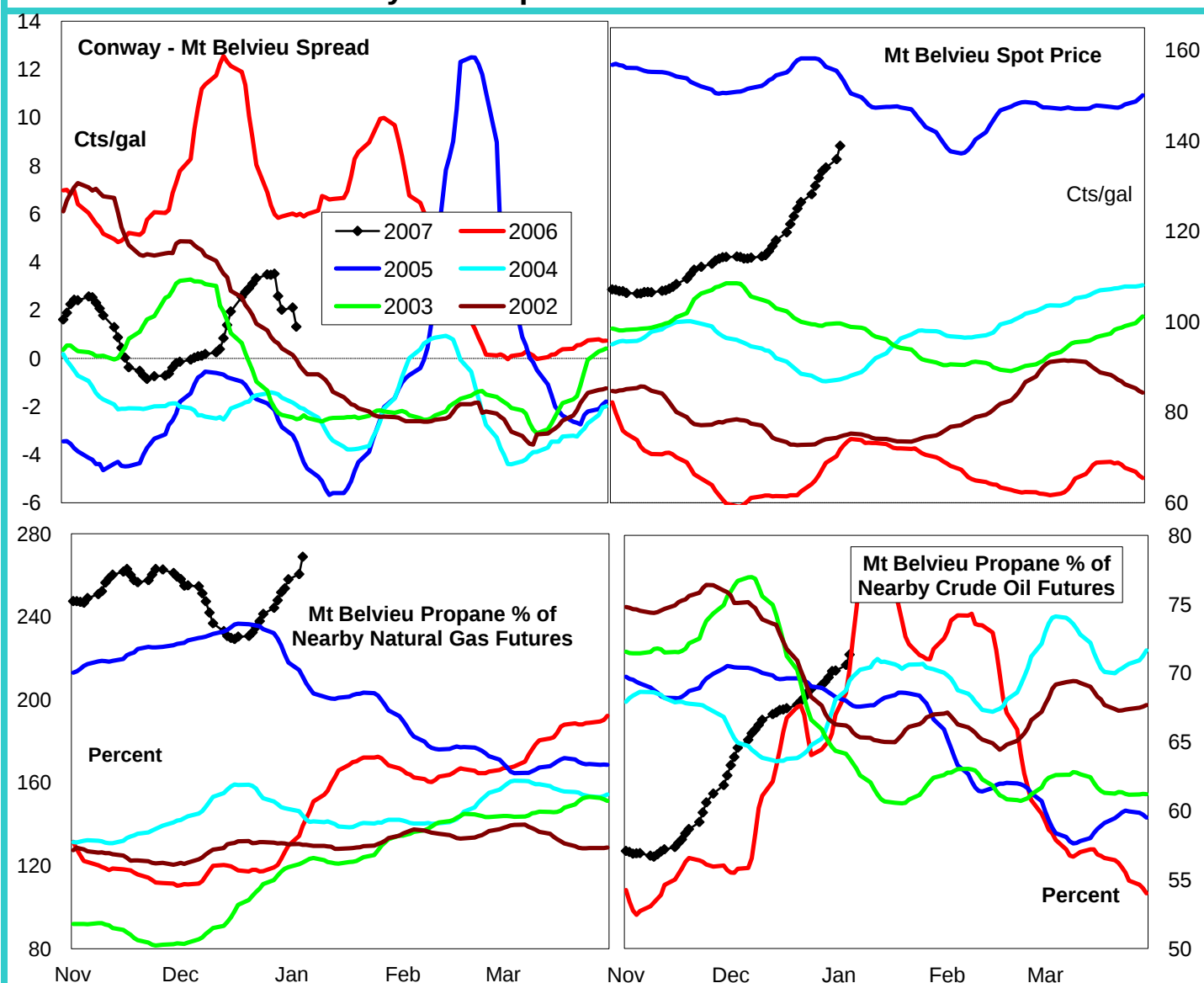
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	49,441	4,685	19,368	23,852	1,536	-3,028	-328	-1,338	-1,018	-344
Propylene Stocks	3,194					109				
Production	1,076	47	255	716	58	78	-2	16	55	9
Imports	167	86	67	0	14	-67	-57	-10	0	0
Whsle Demand	1,605					226				

Price Trends for the Week Ending:

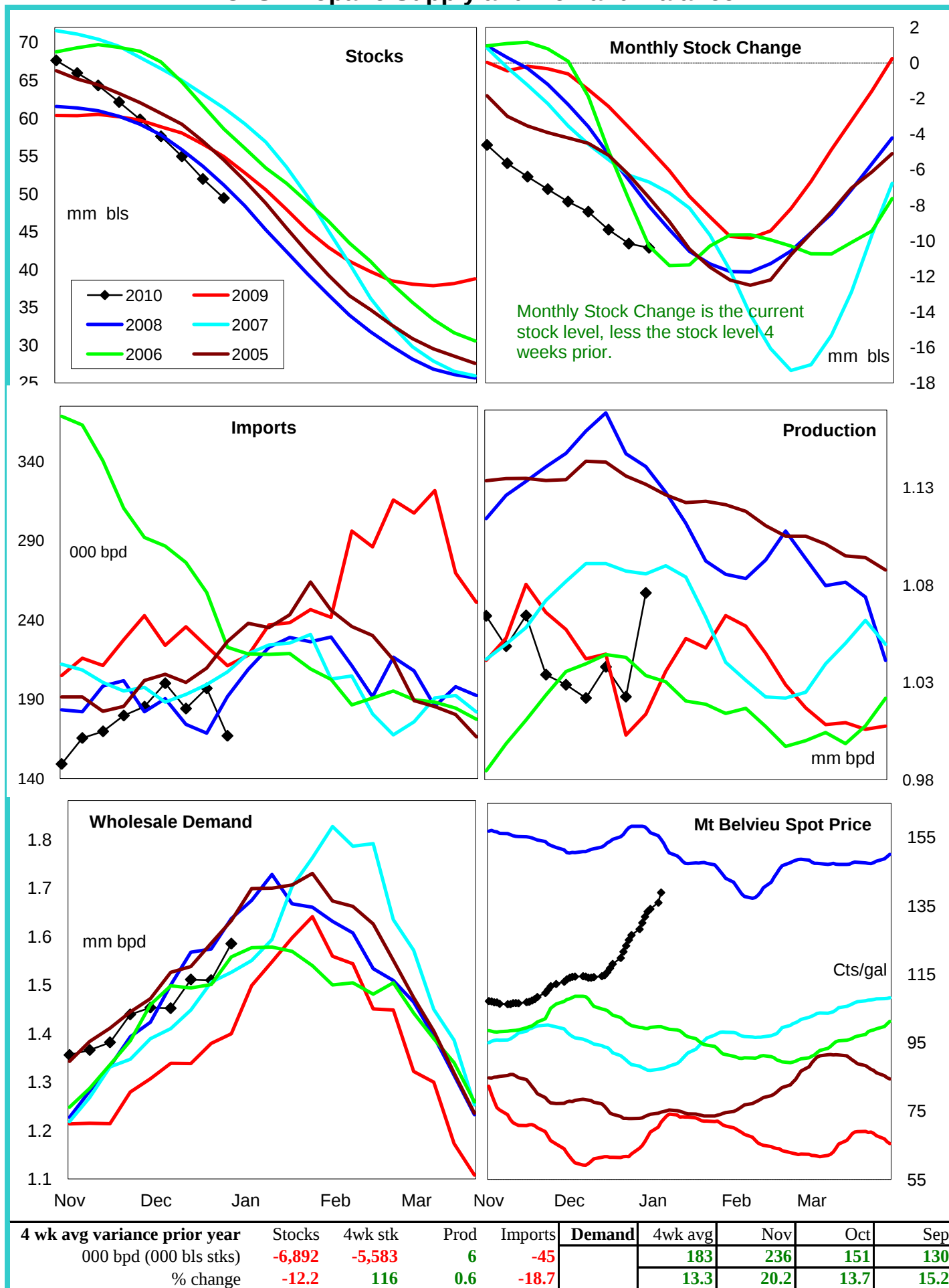
Tuesday, January 05, 2010

Cents/gal	Average for week ending:				Change from:			% change from:		
	1/5/10	12/28/09	12/4/09	12/24/08	12/28/09	12/4/09	12/24/08	12/28/09	12/4/09	12/24/08
Mont Belvieu Spot	134.1	128.3	115.7	70.7	5.80	12.54	45.05	4.5	10.8	63.7
Conway Spot	136.1	133.6	115.9	73.7	2.51	17.72	42.20	1.9	15.3	57.3

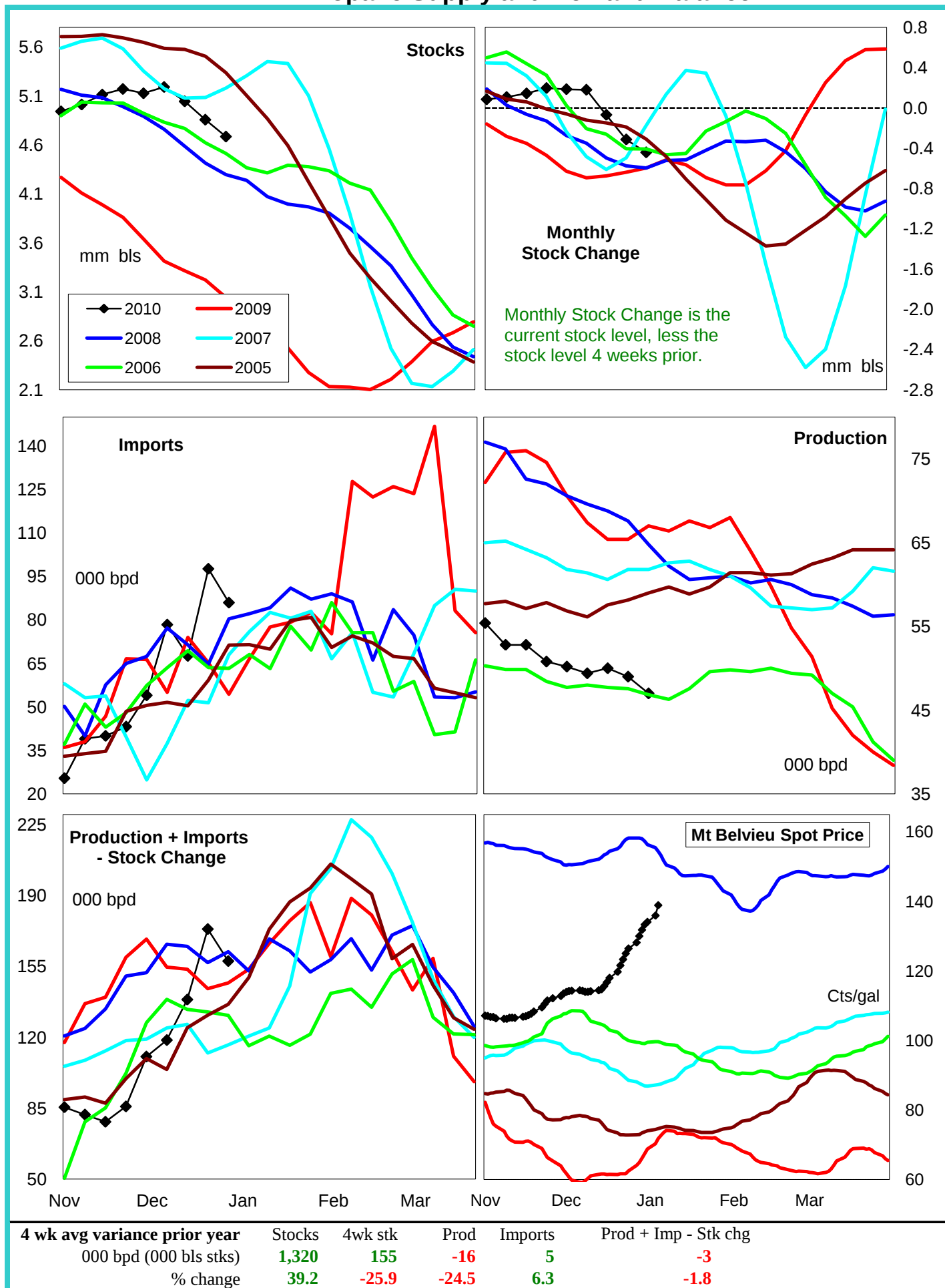
Key Price Spreads and Differentials



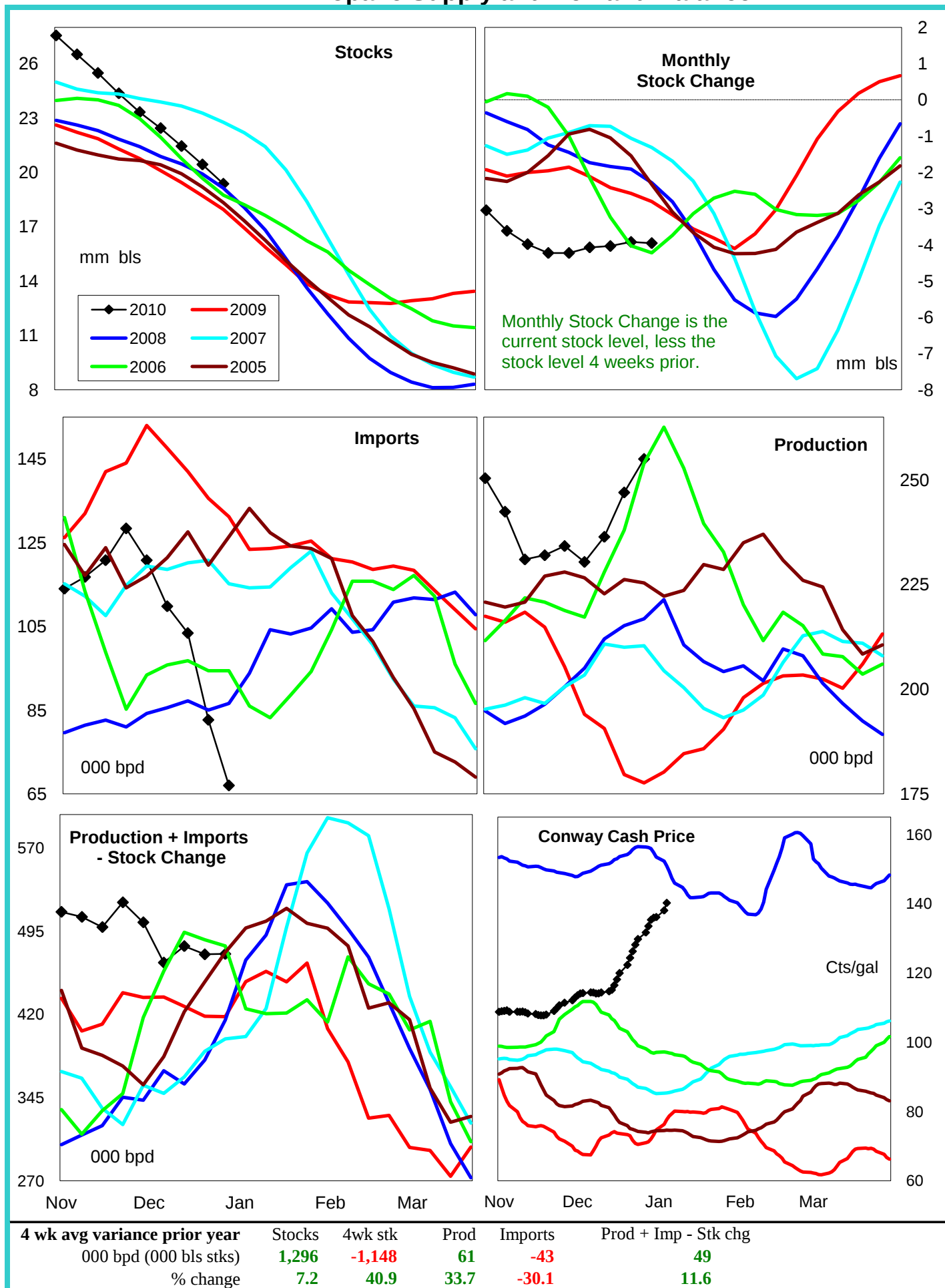
U. S. Propane Supply and Demand Balance



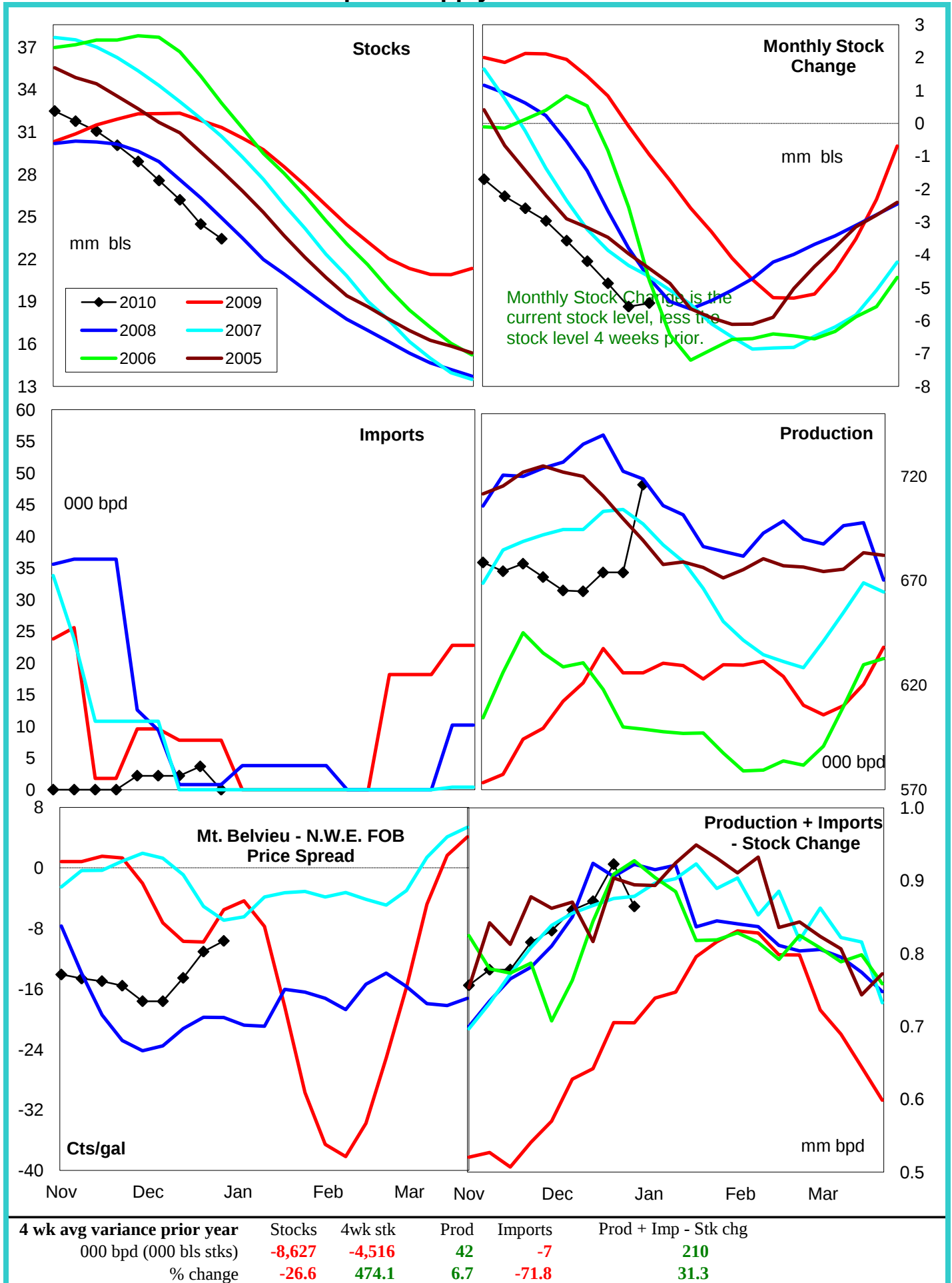
PADD 1 Propane Supply and Demand Balance



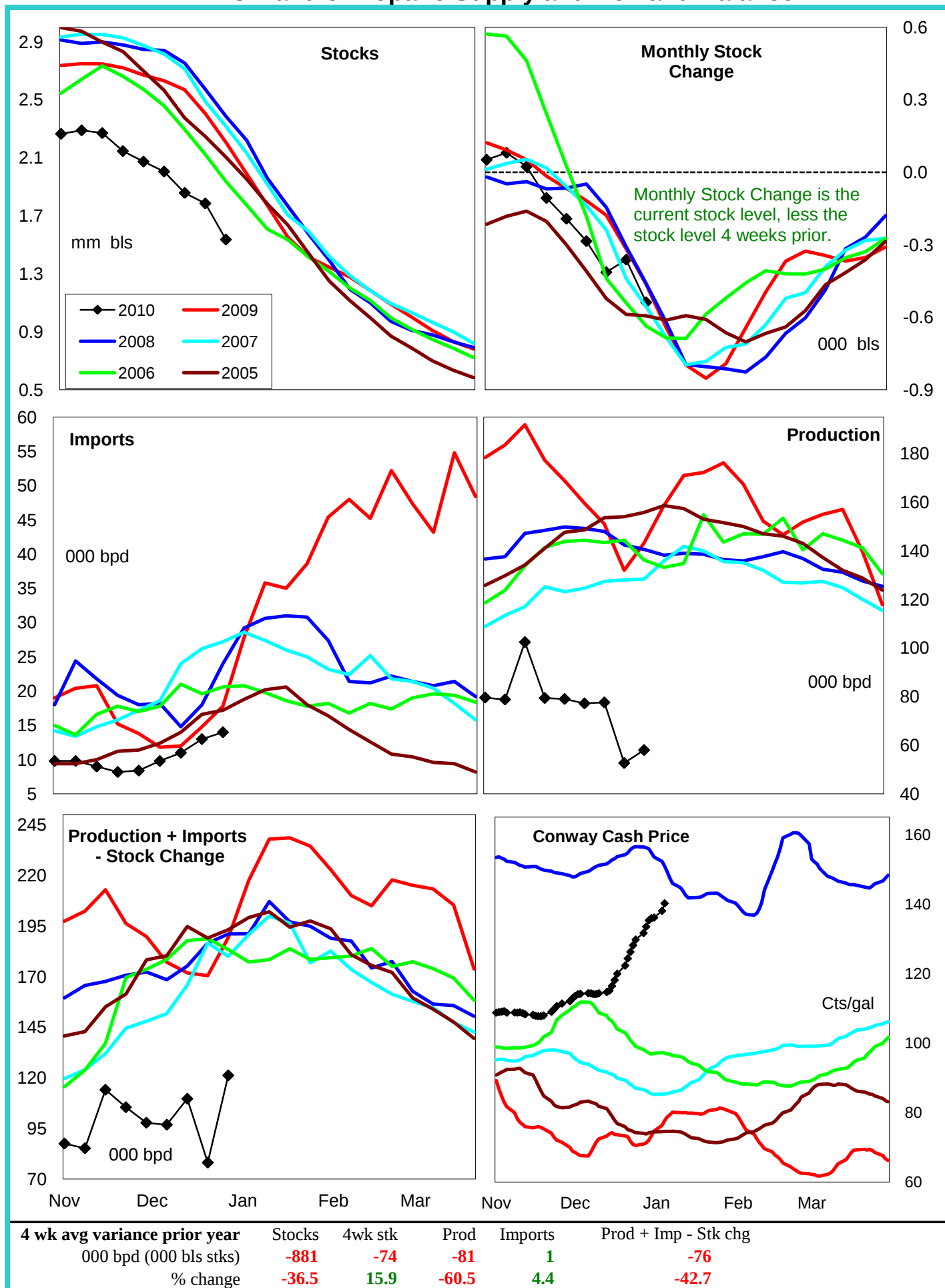
PADD 2 Propane Supply and Demand Balance



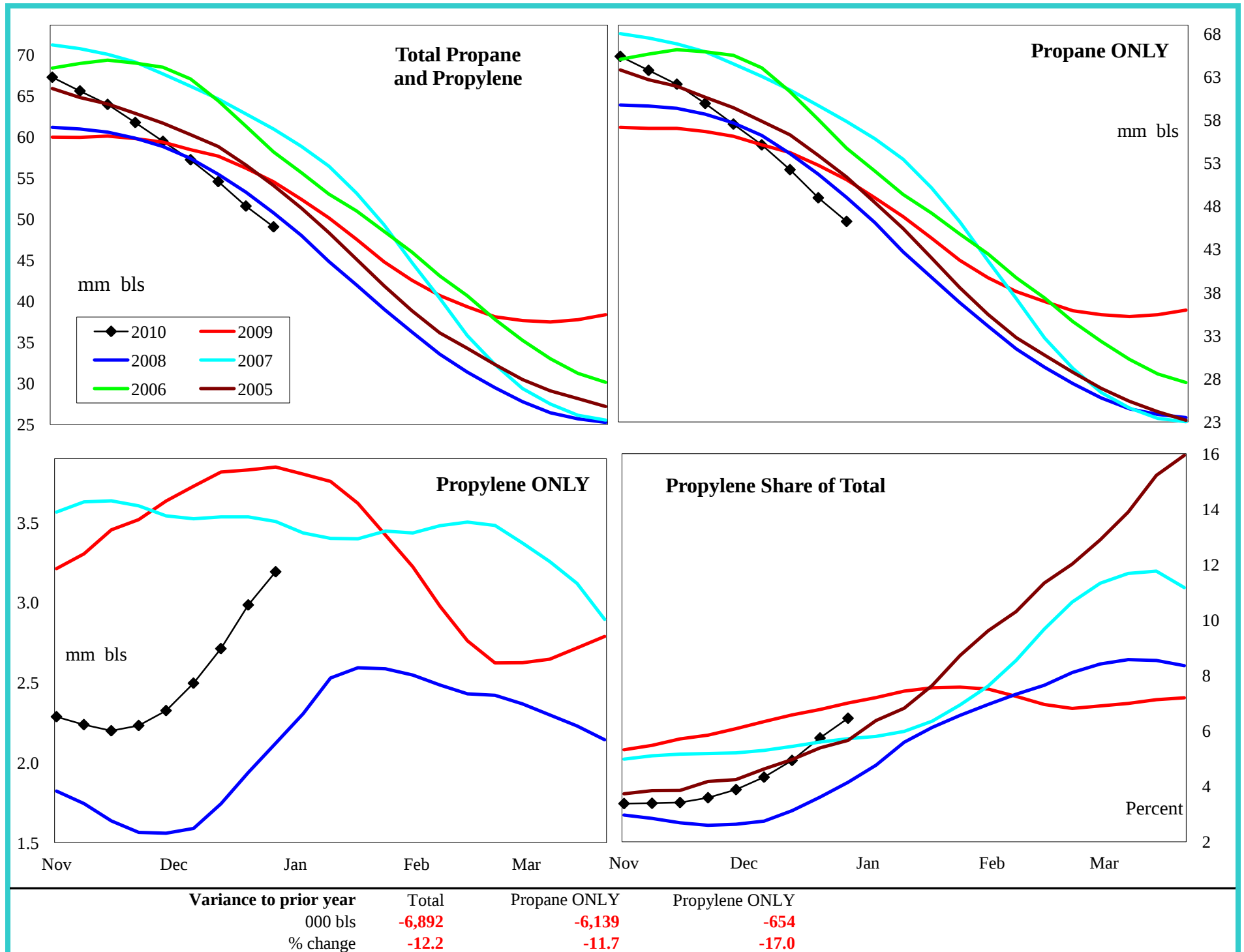
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

