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

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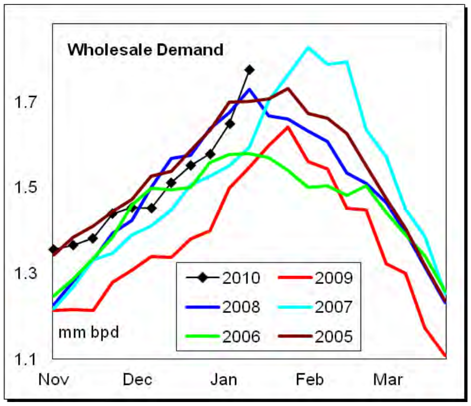
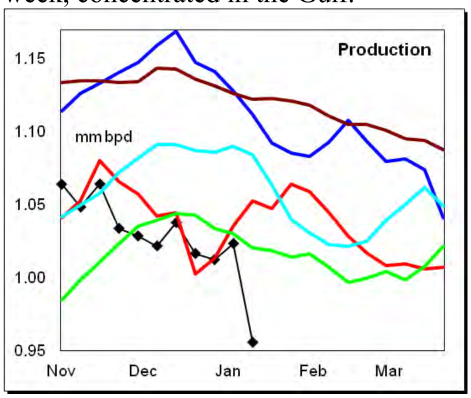
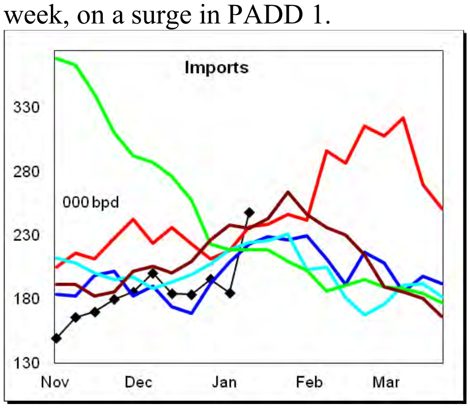
Summary[1]: Wholesale demand increased +188,000 bpd last week, with the latest 4-wk average +142,000 bpd above last year. Weekly demand reached a season high as dealers/consumer restocked following the record heating degree days and inclement weather.



Production declined -83,000 bpd on the week, concentrated in the Gulf.

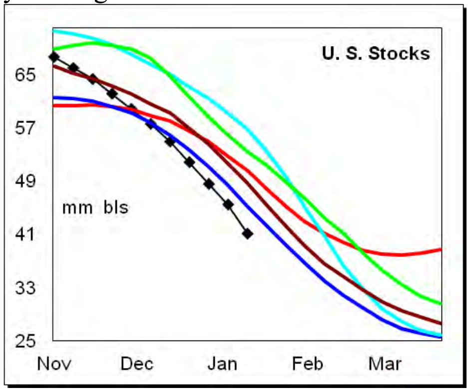


Imports increased +109,000 bpd last week, on a surge in PADD 1.

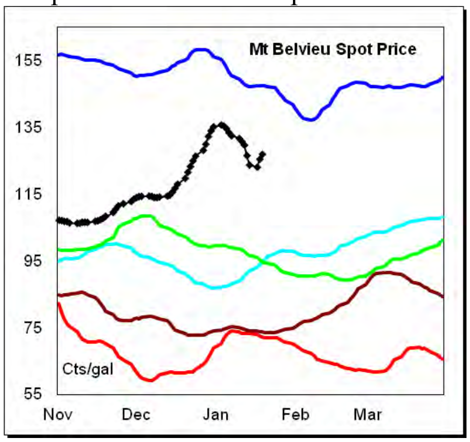


Combined production and imports during the last 4-wk period were -9,000 bpd below last year, compared to the +142,000 bpd increase in demand for the same period.

This supply/demand imbalance led to a -4.8 million barrel stock draw. The 4-wk stock change was a draw of -13.8 million barrels, a record draw for the period. Stock levels are below the five year range.



Price and Spreads Mt Belvieu and Conway spot prices were unchanged on the week ending 20Jan10, increasing early in the week and then declining by week end. Heating degree days -25% below normal for the latest week in key markets and a weak over all energy complex underlie the flat price trend.

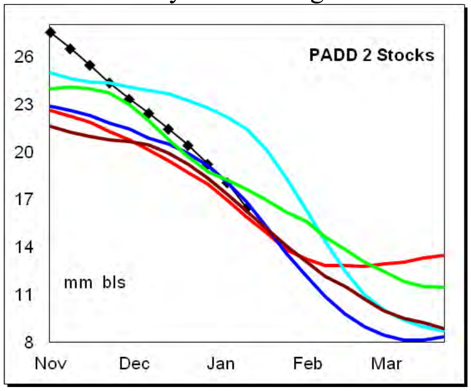


The Conway – Mt Belvieu price spread increased in favor of Conway lae in teh week. The spread ended the week above the five year mid range.

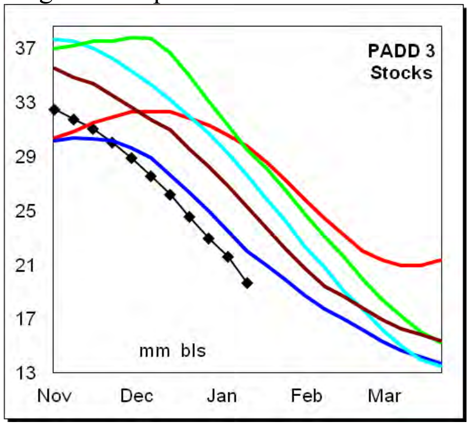
The propane to natural gas price spread increased late in the week, ending near the recent record high. The propane / crude oil price spread increased late in the week, ending the week at the mid range for this period.

PADD 1 stocks decreased -0.9 million barrels on the week, as a result of downstream restocking. Imports surged +120,000 bpd on the week. Production remains at a record low. Stock levels are near the 5-year low.

PADD 2 stocks decreased -1.9 million barrels last week on strong heating demand. Production matched record highs while imports fell below the five year range. Stock levels are slightly above the five year mid range.



PADD 3 stocks declined -2 million barrels last week. Production was at the upper end of the historic range. Stock levels remain well below the historic range for the period.



PADDs 4 & 5 stocks were unchanged last week. Supply decreased -7,000 bpd. Stock levels remain extremely low.

Emerging Trends *point to colder than normal weather by month end in key markets. Because of very low stock levels, expect the colder weather to support prices into early February.*

[1] Source is latest EIA Weekly Statistics

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PROPANE: Graph Link and Weekly Summary

January 21, 2010

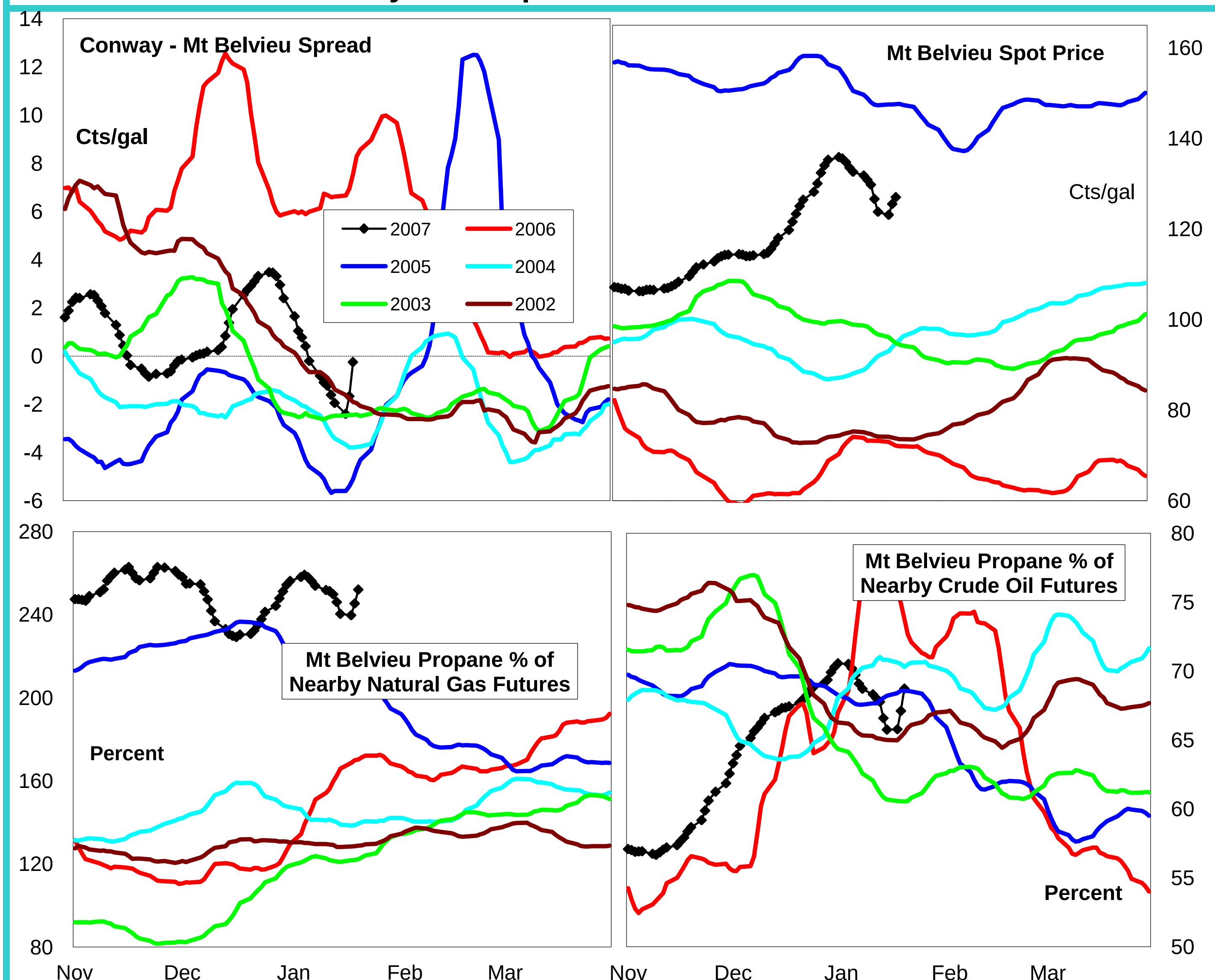
Fundamental Trends for the Week Ending: Friday, January 15, 2010

000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	41,138	3,141	16,482	20,083	1,432	-4,809	-862	-1,883	-2,035	-29
Propylene Stocks	3,434					-59				
Production	956	24	256	621	55	-83	-10	22	-86	-9
Imports	248	145	77	6	20	109	120	-19	6	2
Whsle Demand	1,794					188				

Price Trends for the Week Ending: Wednesday, January 20, 2010

Cents/gal	Average for week ending:				Change from:			% change from:		
	1/20/10	1/12/10	12/18/09	1/9/09	1/12/10	12/18/09	1/9/09	1/12/10	12/18/09	1/9/09
Mont Belvieu Spot	123.1	133.5	119.4	72.1	-10.36	14.11	47.29	-7.8	11.8	65.6
Conway Spot	120.7	133.2	121.1	76.5	-12.48	12.05	44.60	-9.4	9.9	58.3

Key Price Spreads and Differentials



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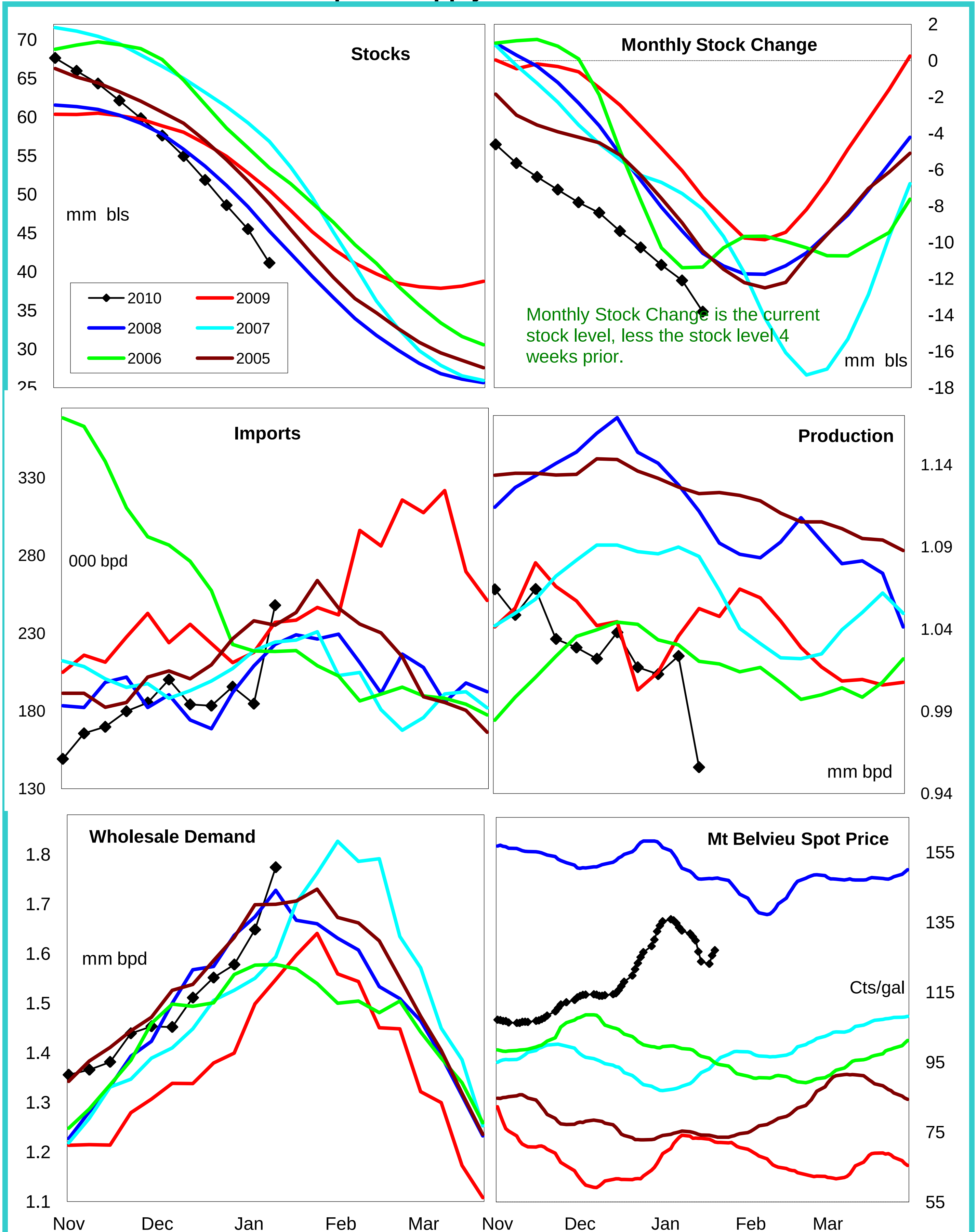
U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Dec	Nov	Oct
000 bpd (000 bls stks)	-9,457	-6,313	-2	-7		142	204	236	67
% change	-18.7	84	-0.2	-3.4		9.7	15.2	20.2	6.1

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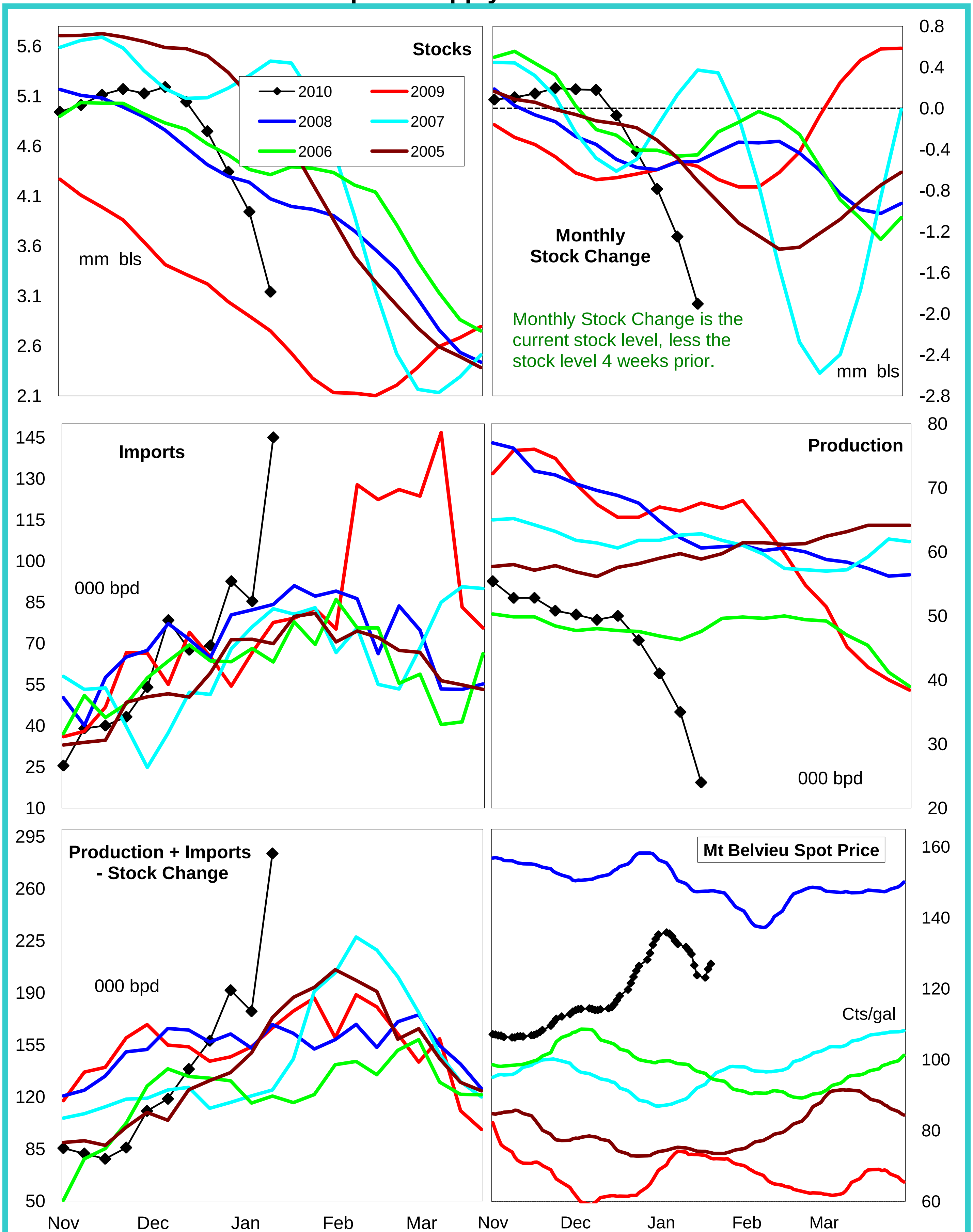
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	574	-1,339	-29	39	50
% change	22.4	236.8	-42.8	63.5	32.6

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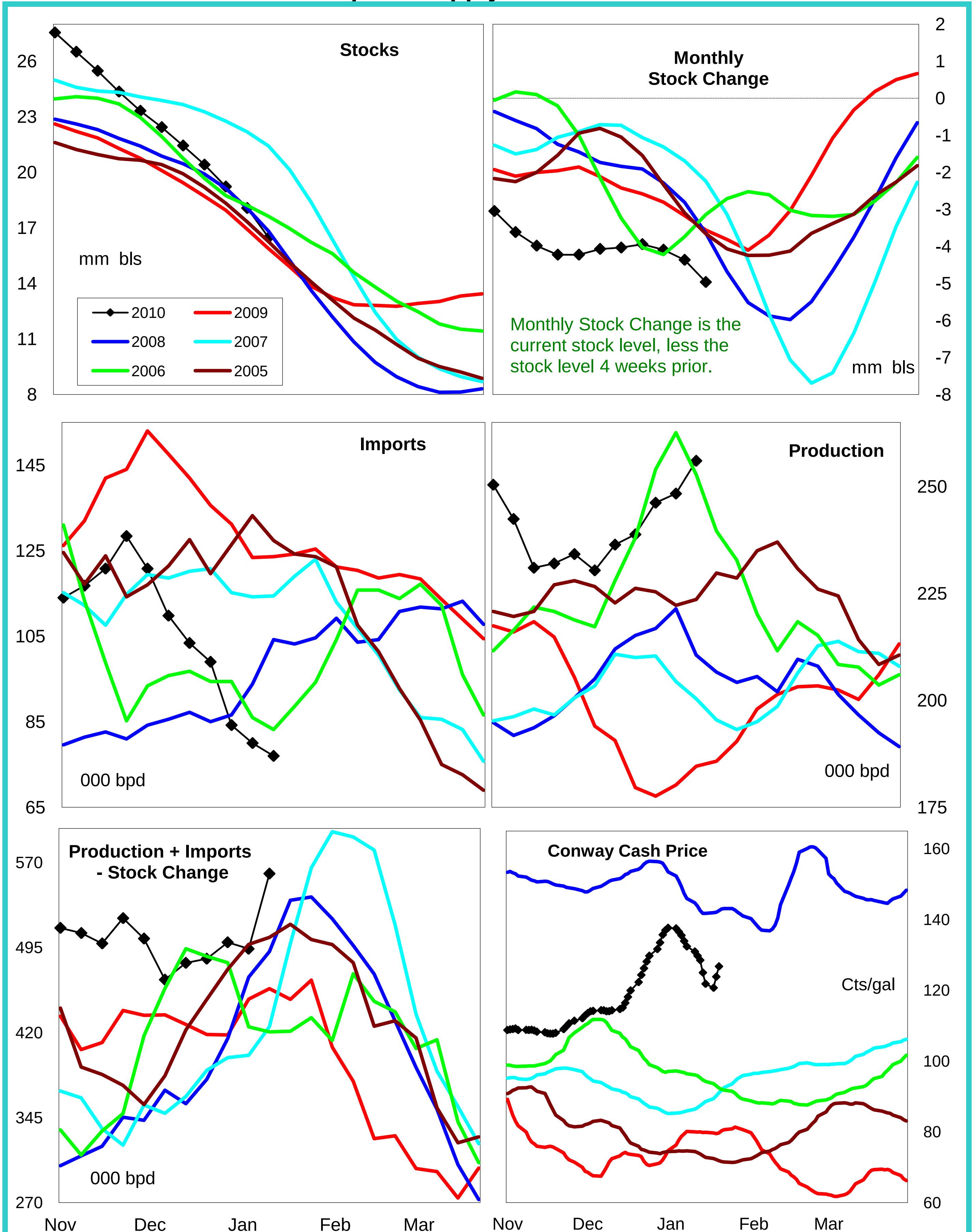
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	520	-1,402	68	-44	74
% change	3.3	39.4	38.4	-35.8	16.9

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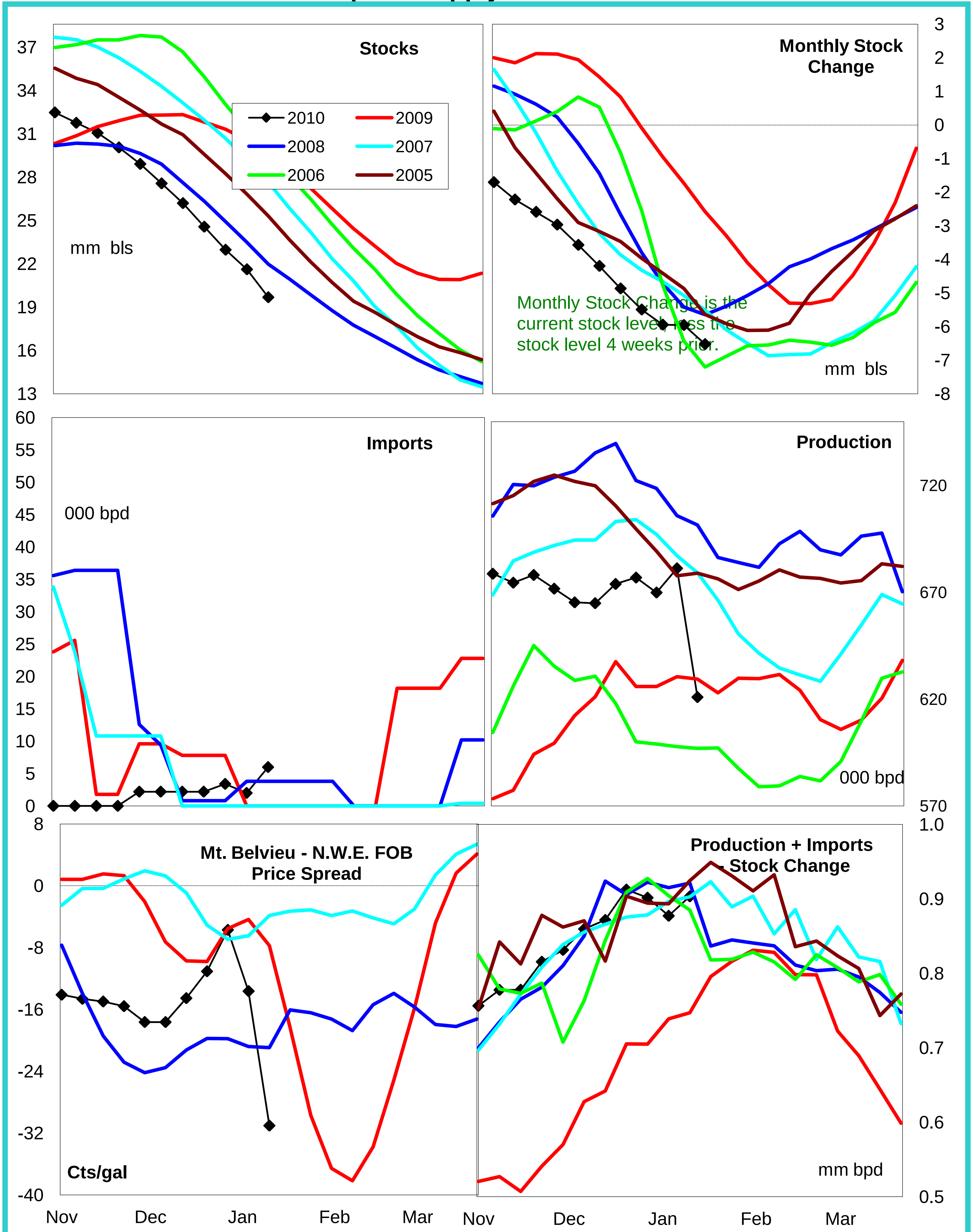
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-10,344	-3,943	46	2	175
% change	-34.0	152.9	7.3	#DIV/0!	24.1

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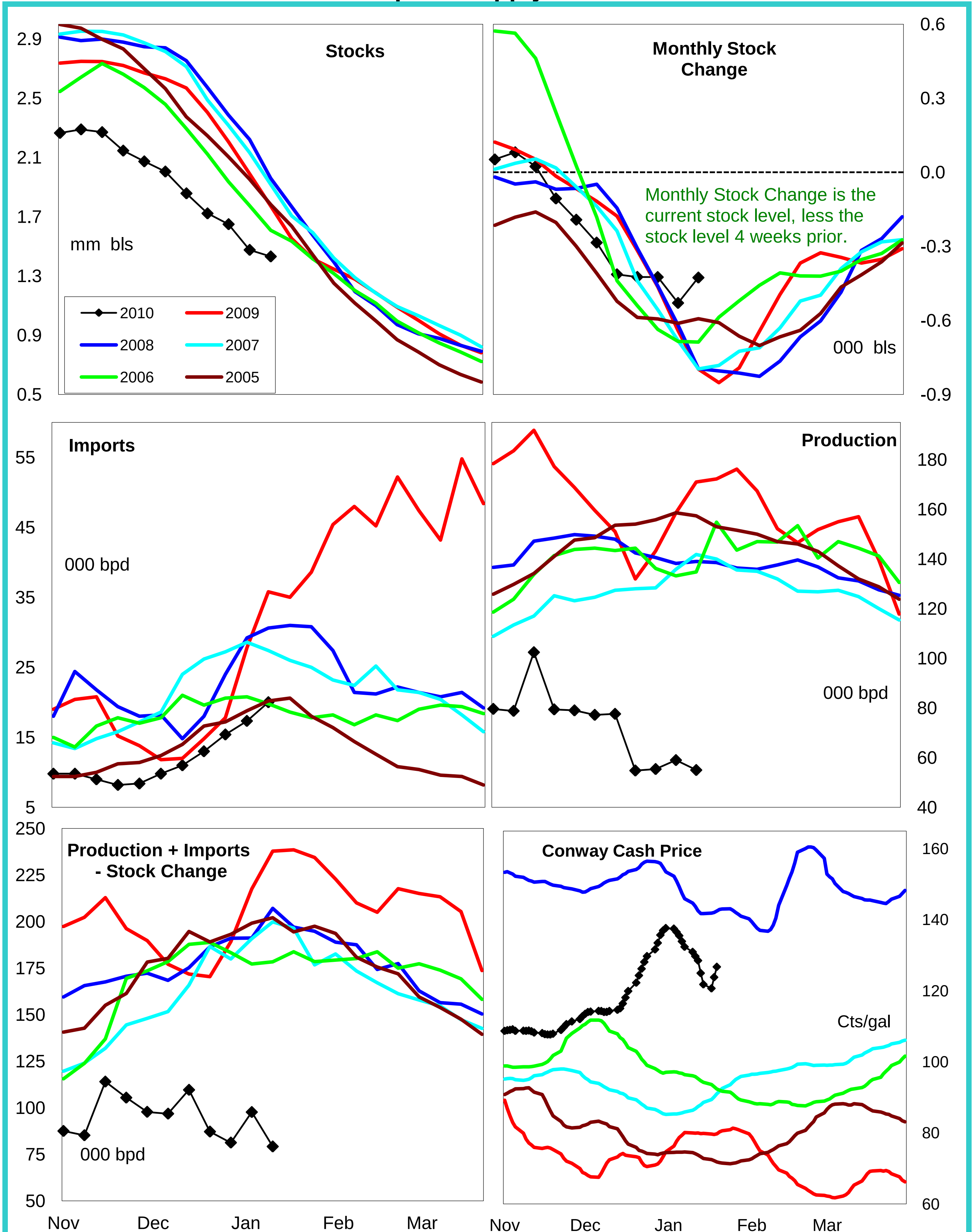
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-207	371	-87	-3	-117
% change	-12.6	-46.6	-60.7	-15.4	-57.6

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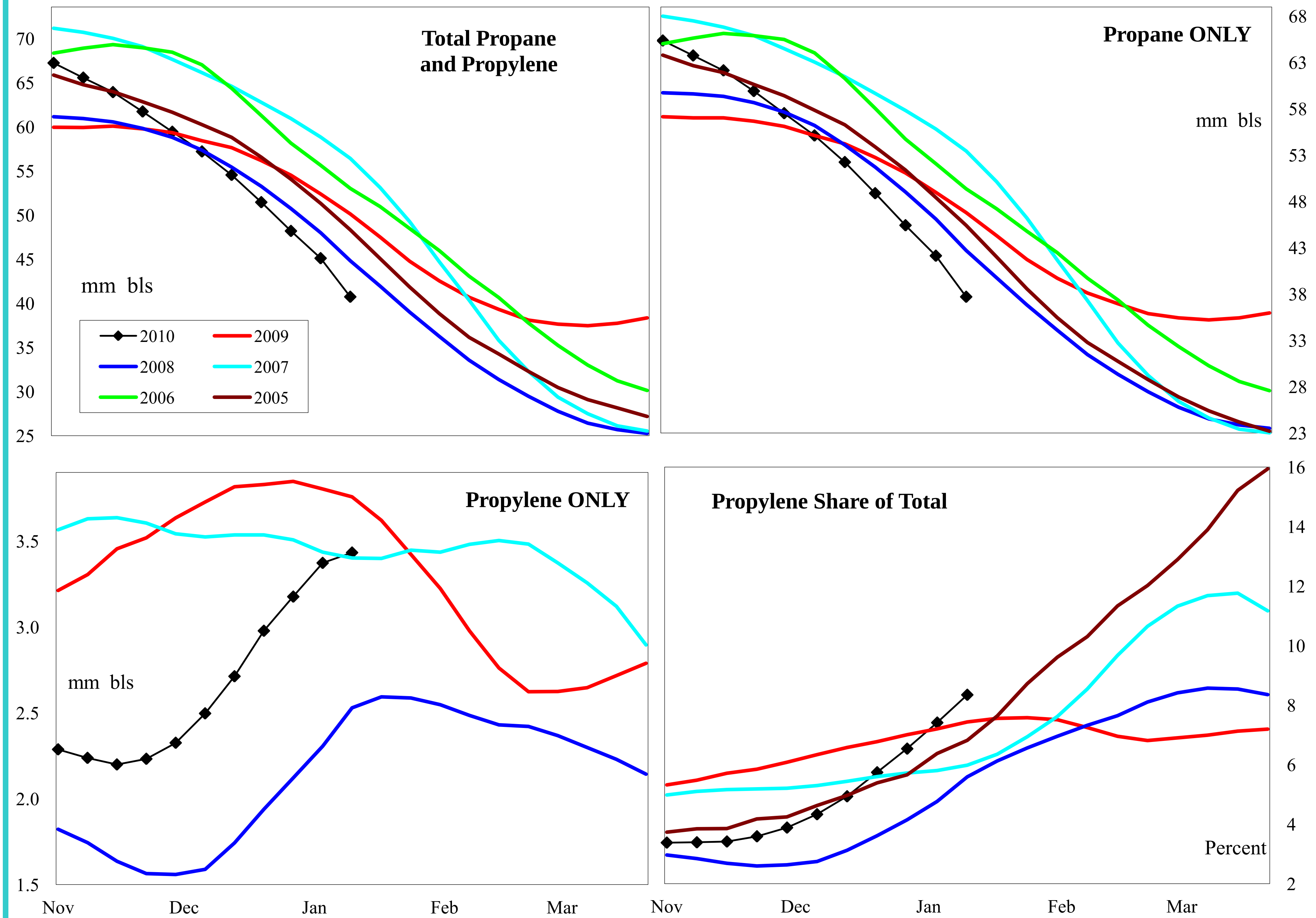
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-9,457	-9,182	-324
% change	-18.7	-19.6	-8.6

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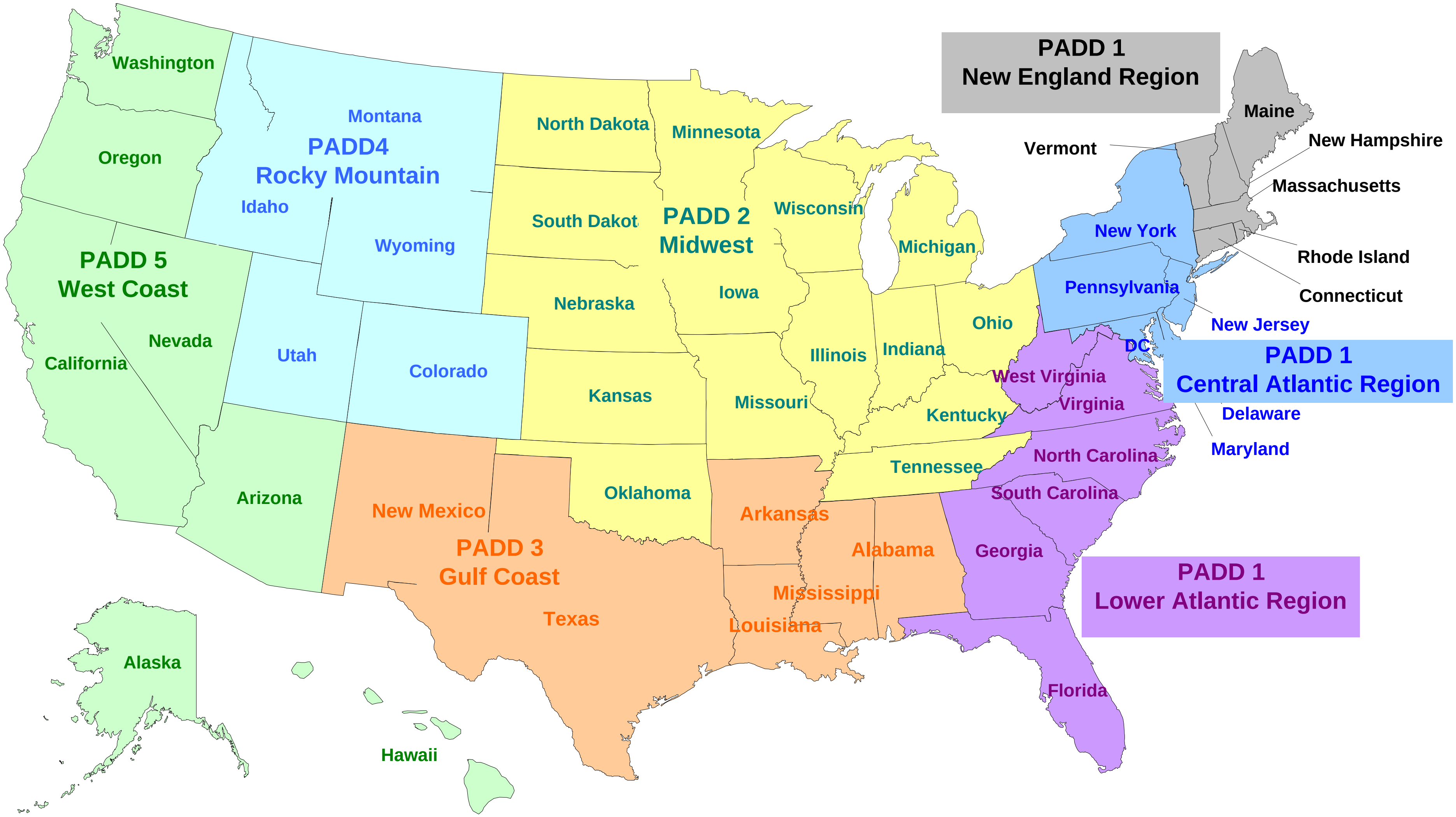
U. S. Petroleum Administrative for Defense Districts (PADDs)



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