

**FUNDAMENTAL
PETROLEUM
TRENDS**

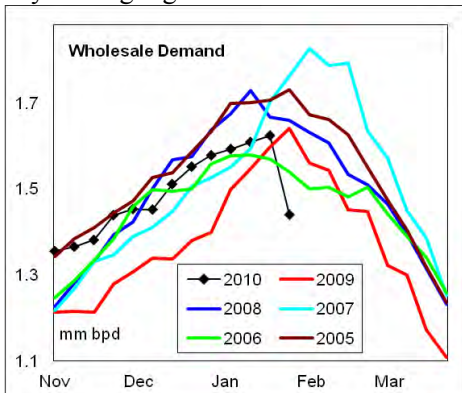
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

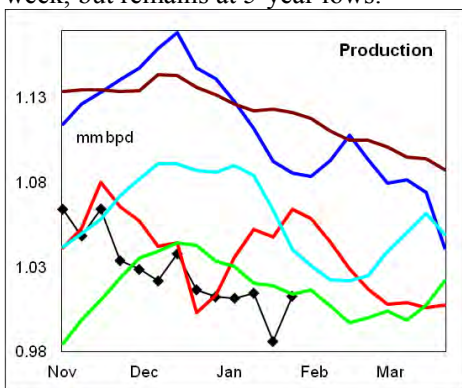
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, February 03, 2010



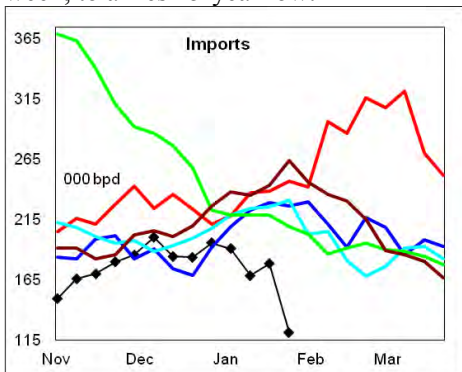
Summary¹: Wholesale demand declined -217,000 bpd last week, with the latest 4-wk average -25,000 bpd below last year. Weekly demand has turned sharply lower on reduced heating degree days in key heating regions.



Production increased +23,000 bpd on the week, but remains at 5-year lows.



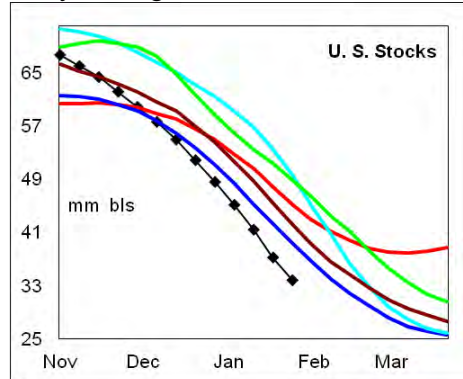
Imports decreased -45,000 bpd last week, to a fresh 5-year low.



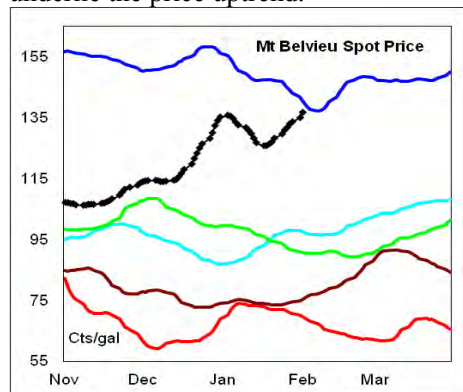
Combined production and imports during the last 4-wk period were -115,000 bpd below last year, compared

to the -25,000 bpd decrease 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 -14.7 million barrels, a record draw for the period. Stock levels are well below the five year range.



Price and Spreads Mt Belvieu and Conway spot prices increased +3.25 cts/gal and +0.50 cts/gal, respectively for the week ending 02Feb10. Record stock draws, due in part to very low supply underlie the price uptrend.



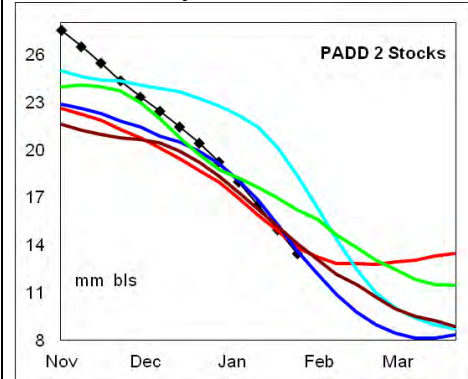
The Conway – Mt Belvieu price spread fell during the week. The spread ended the week at the 5-year mid range.

The propane to natural gas price spread increased during the week, ending at a new record high. The propane / crude oil price spread trended higher on the week, ending at the upper end of the historic range.

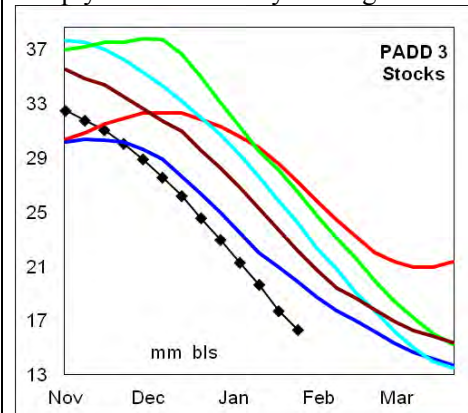
PADD 1 stocks decreased -0.5 million barrels on the week, as a result of a -46,000 bpd drop in imports. Production remains below the historic range. Stock levels are near the 5-year low.

PADD 2 stocks decreased -1.5 million

barrels last week on low receipts from the gulf and imports. Production remains above the historic range. Supply for the latest 4-wk period was +17,000 bpd above last year. The latest 4-wk stock draw of -5.8 million barrels was a record for the period. Stock levels match the five year low.



PADD 3 stocks declined -0.8 million barrels last week. Production increased +14,000 bpd on the week, with output above the mid range. Stock levels are sharply below the five year range.



PADDs 4 & 5 stocks declined -0.2 million barrels, to a fresh five year low for the period. Supply remains well below the historic range.

Emerging Trends show a sharp drop in demand after the cold snap early in the month. Combined production and imports averaged -115,000 bpd below a year ago, and at a five year low. Stocks are at five year lows. Regional markets remain at risk of a supply squeeze should temperatures turn colder than normal during the next 45-days.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

February 3, 2010

Fundamental Trends for the Week Ending:

Friday, January 29, 2010

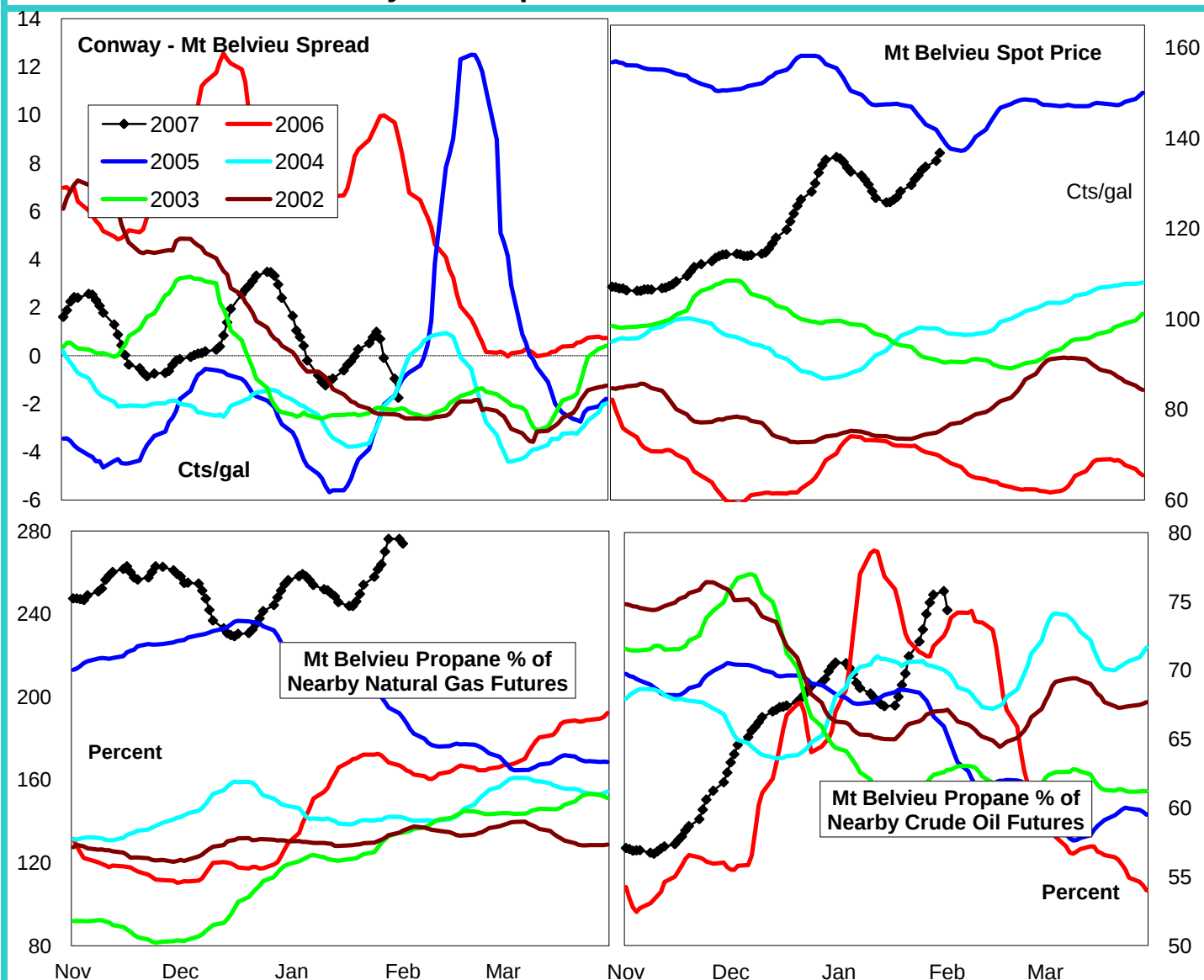
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	33,855	2,756	13,432	16,735	932	-2,958	-465	-1,457	-810	-226
Propylene Stocks	2,898					-204				
Production	1,013	44	248	672	49	23	6	5	14	-2
Imports	121	30	73	0	18	-45	-46	-2	0	3
Whsle Demand	1,460					-217				

Price Trends for the Week Ending:

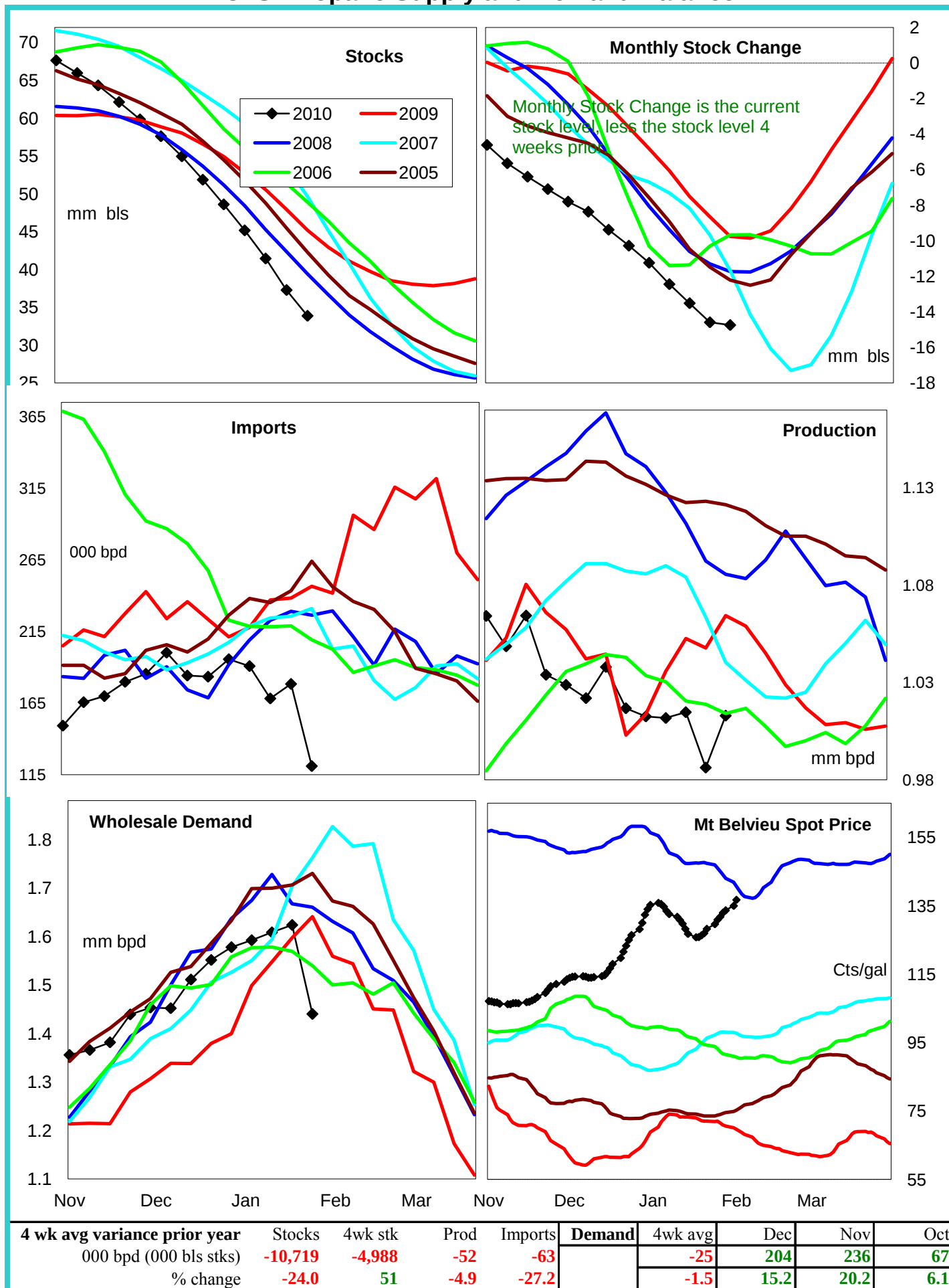
Tuesday, February 02, 2010

Cents/gal	Average for week ending:				Change from:			% change from:		
	2/2/10	1/26/10	1/4/10	1/23/09	1/26/10	1/4/10	1/23/09	1/26/10	1/4/10	1/23/09
Mont Belvieu Spot	133.7	129.0	134.1	72.4	4.70	-5.10	61.65	3.6	-3.8	85.1
Conway Spot	133.6	130.8	136.1	82.9	2.78	-5.29	53.16	2.1	-3.9	64.1

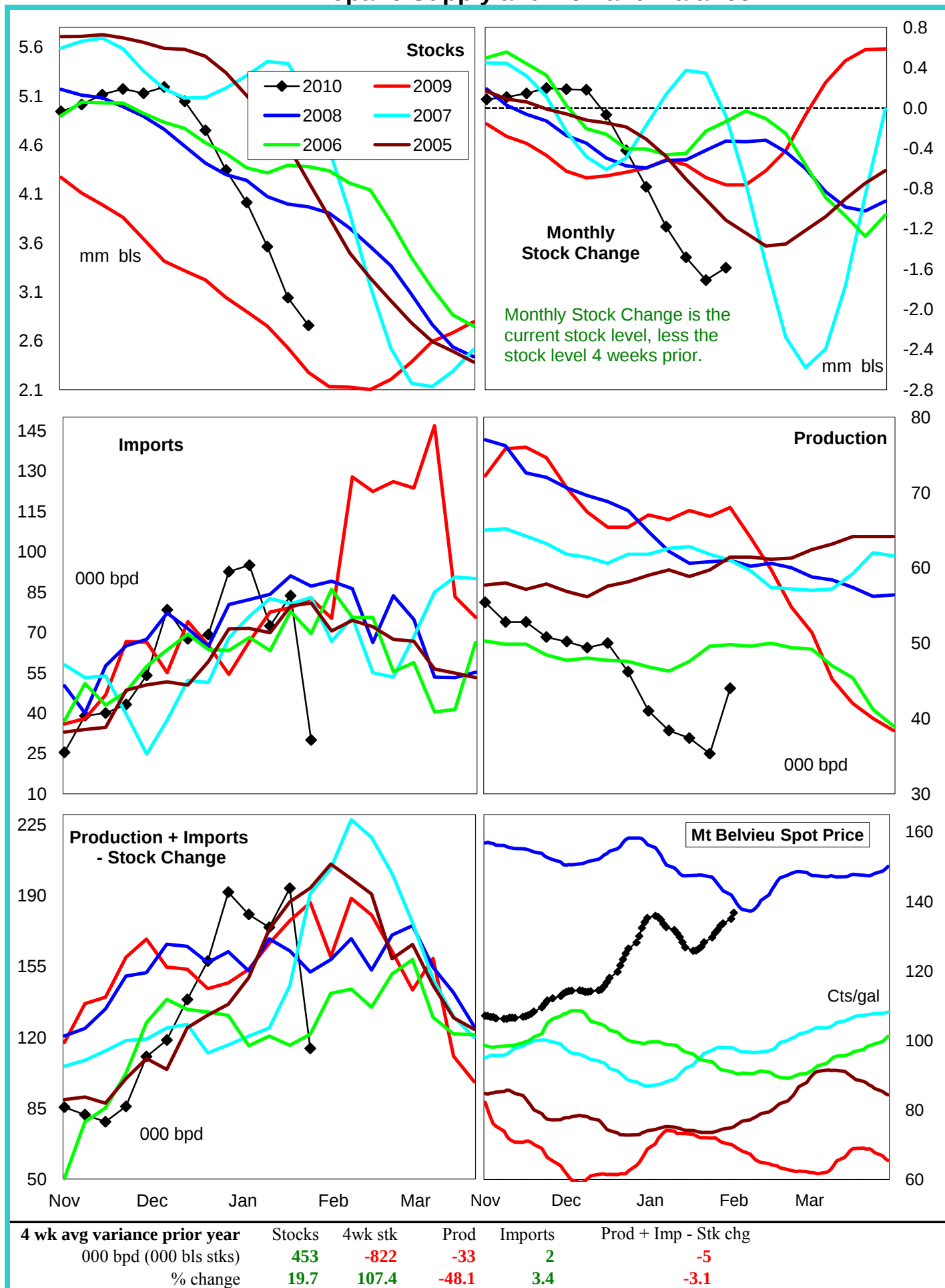
Key Price Spreads and Differentials



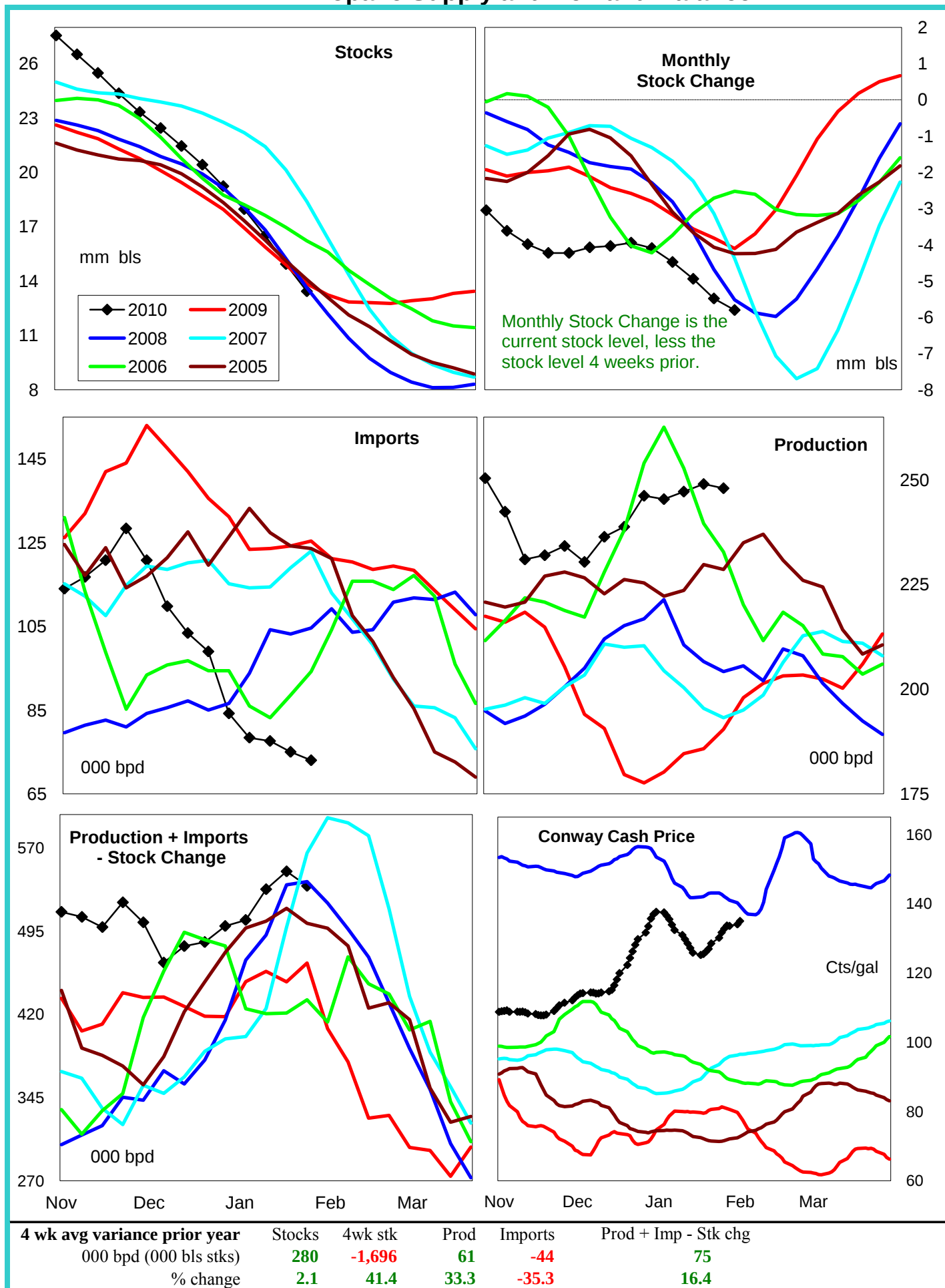
U. S. Propane Supply and Demand Balance



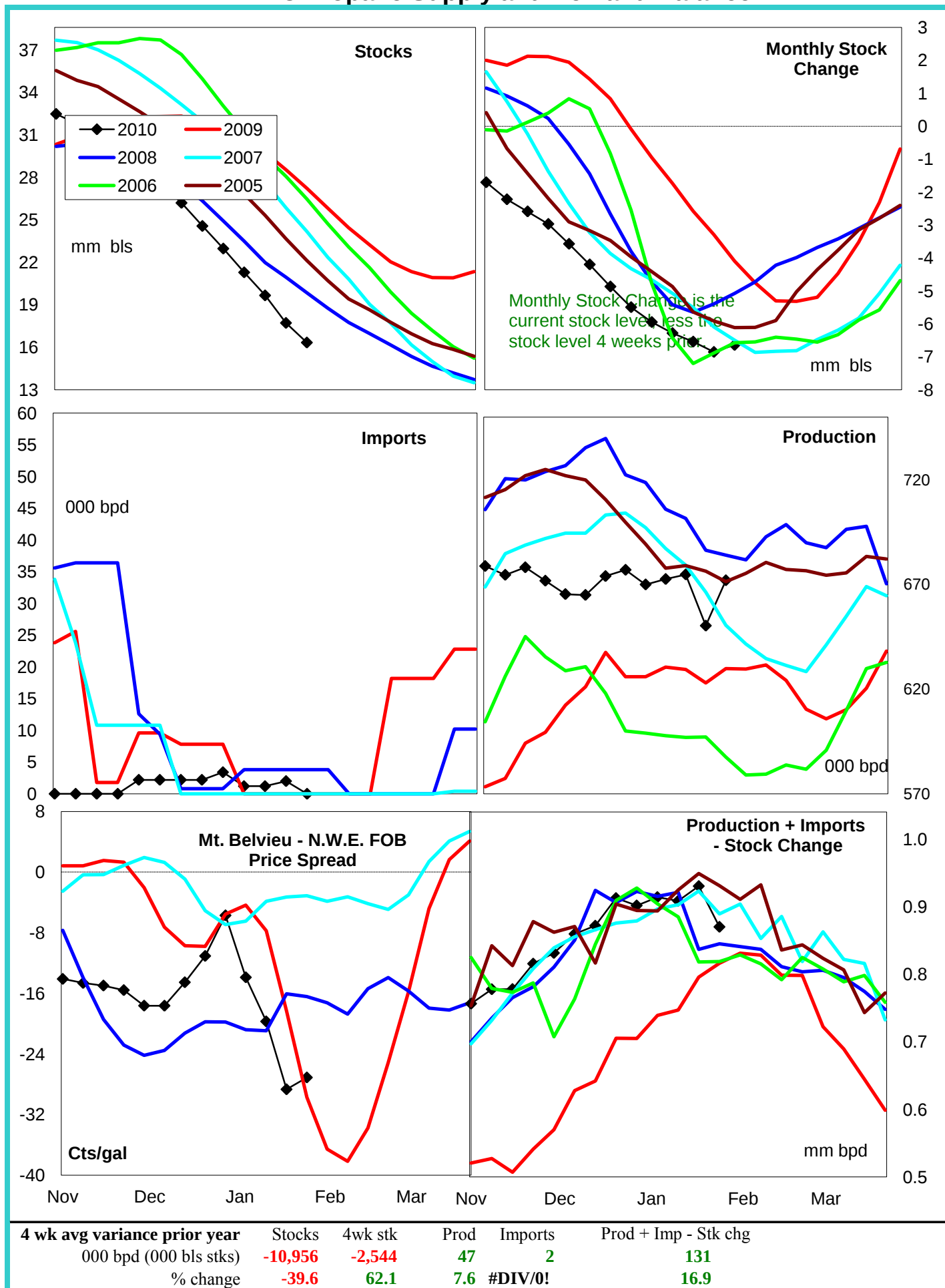
PADD 1 Propane Supply and Demand Balance



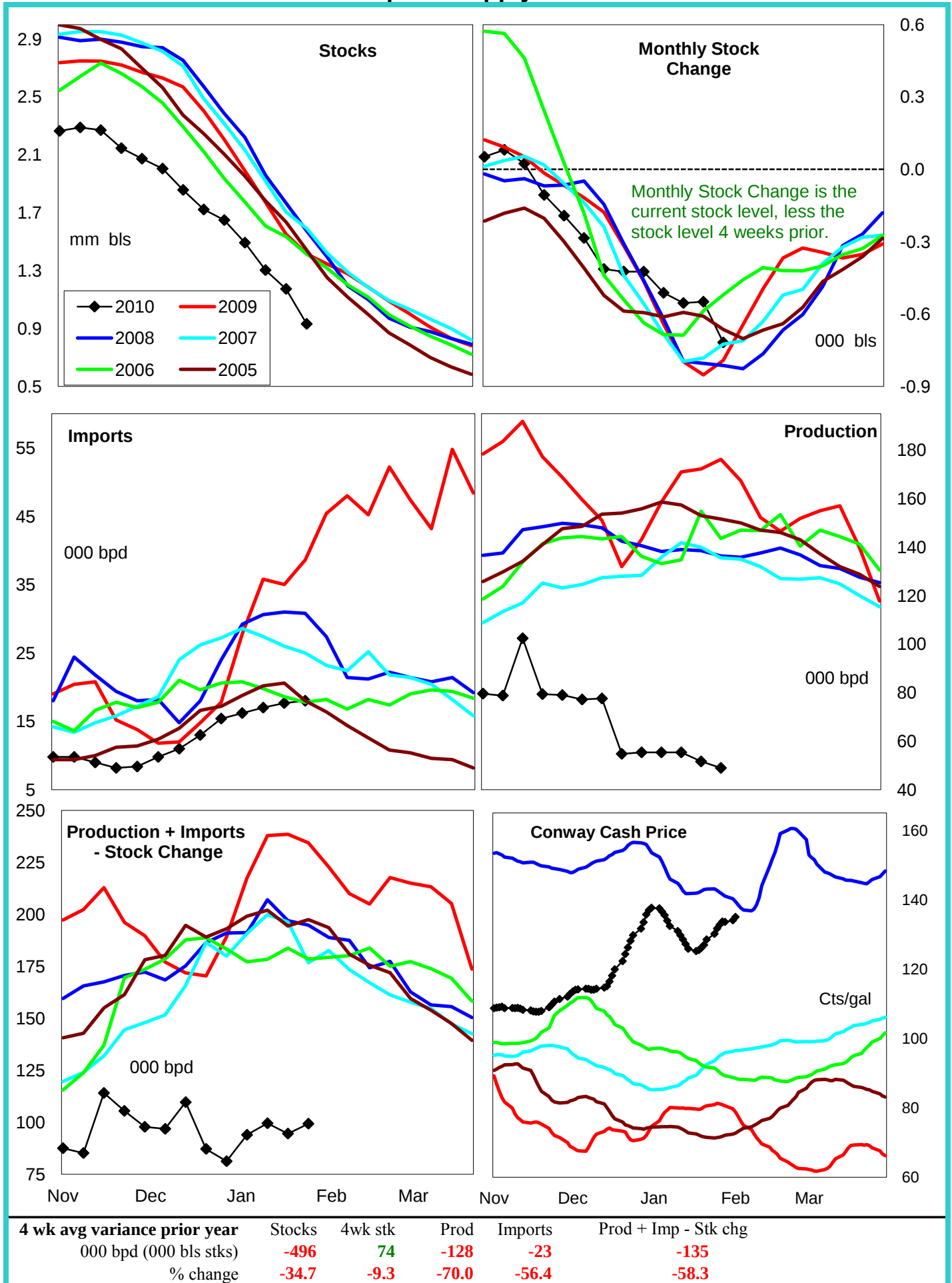
PADD 2 Propane Supply and Demand Balance



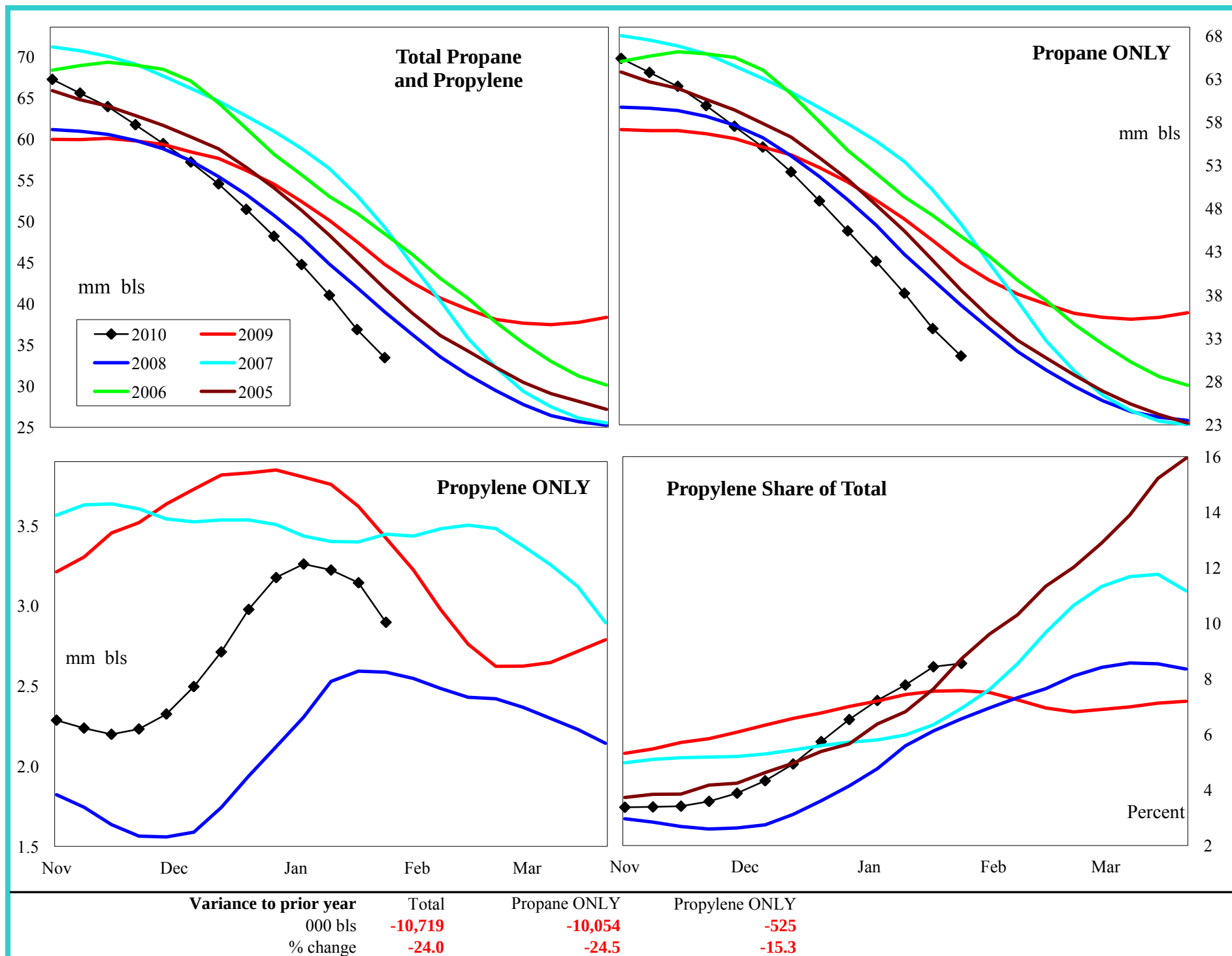
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

