WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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

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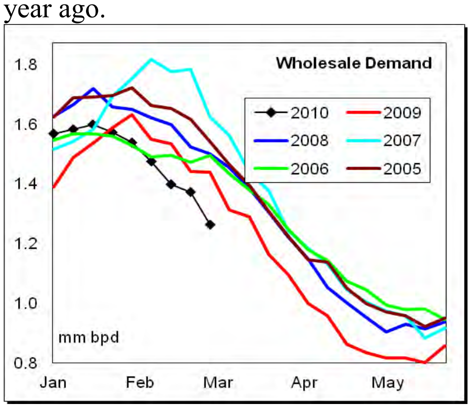
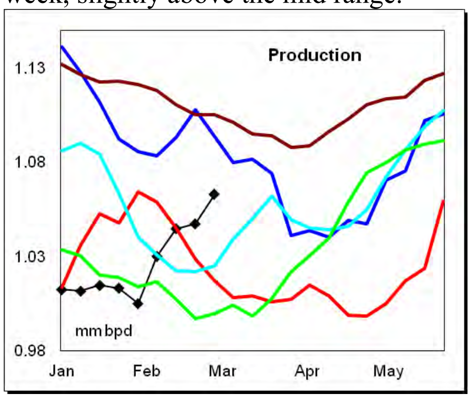
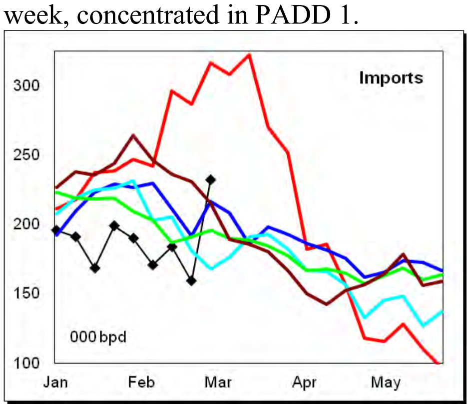
Summary[1]: Winter is over and wholesale demand is running -113,000 bpd below a year ago.



Production decreased -18,000 bpd on the week, slightly above the mid range.

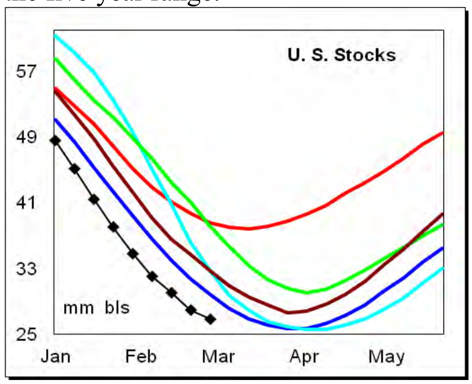


Imports increased +81,000 bpd last week, concentrated in PADD 1.

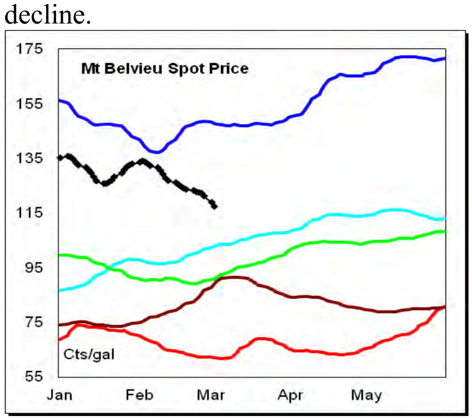


Combined production and imports during the last 4-wk period were -95,000 bpd below last year, compared to the -113,000 bpd decrease in demand for the same period.

Stocks decreased -0.5 million barrels on the week, including a -1.7 million barrel draw in the Gulf region. The 4-wk stock change was a draw of -7.8 million barrels, was less than four of the last five years. Stock levels are below the five year range.



Price and Spreads Mt Belvieu prices decreased -8 cts/gal while Conway decreased -15 cts/gal for the week ending 02Mar10. An end to peak winter demand in the Midwest led to the sharp decline.

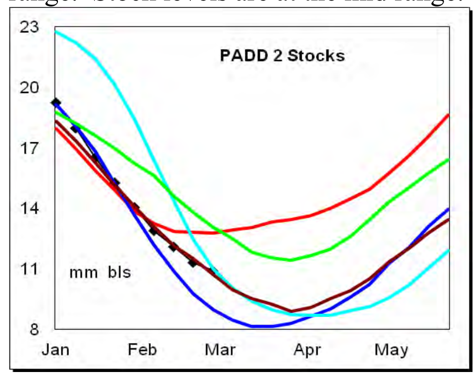


The Conway – Mt Belvieu price spread fell sharply in favor of Mt Belvieu for the week ending 02Mar10. The spread ended the week below the 5-year range.

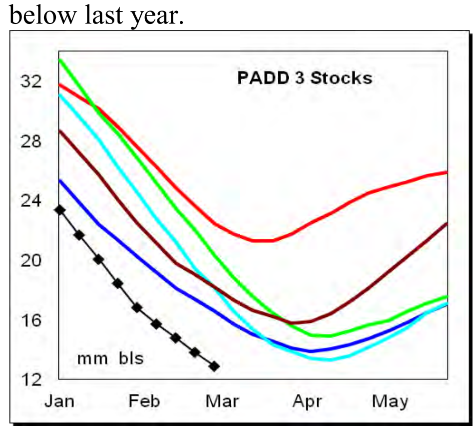
The propane to natural gas price spread trended lower during the week, ending near recent record highs. The propane / crude oil price spread extended the recent downtrend on strength in crude oil prices.

PADD 1 stocks increased +1 million barrels on the week as a result of a surge in imports and lower demand. Production remains below the mid range and stock levels at the low end of the historic range.

PADD 2 stocks increased +0.2 million barrels last week on lower demand. Combined production and imports were comparable to a year ago for the latest 4-wk period. The latest 4-wk stock draw of -3.1 million barrels was at the mid range. Stock levels are at the mid range.



PADD 3 stocks fell -1.7 million barrels last week on higher exports and petro chemical use. Combined production and imports were +80,000 bpd above last year for the most recent 4-wk period. Stock levels were -9 million barrels below last year.



PADDs 4 & 5 stocks were unchanged on the week. Stock levels are well below the historic range.

Emerging Trends *indicate that heating use is particularly weak, given the very high heating degree days of latest quarter.*

Exports averaged 112,000 bpd during the 4th quarter compared to 36,000 bpd for the prior year. Exports from the Gulf and consumption by the petro chemical industry appears to be driving stocks to the record low levels in that region.

Expect meaningful price weakness as the heating season ends.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

March 3, 2010

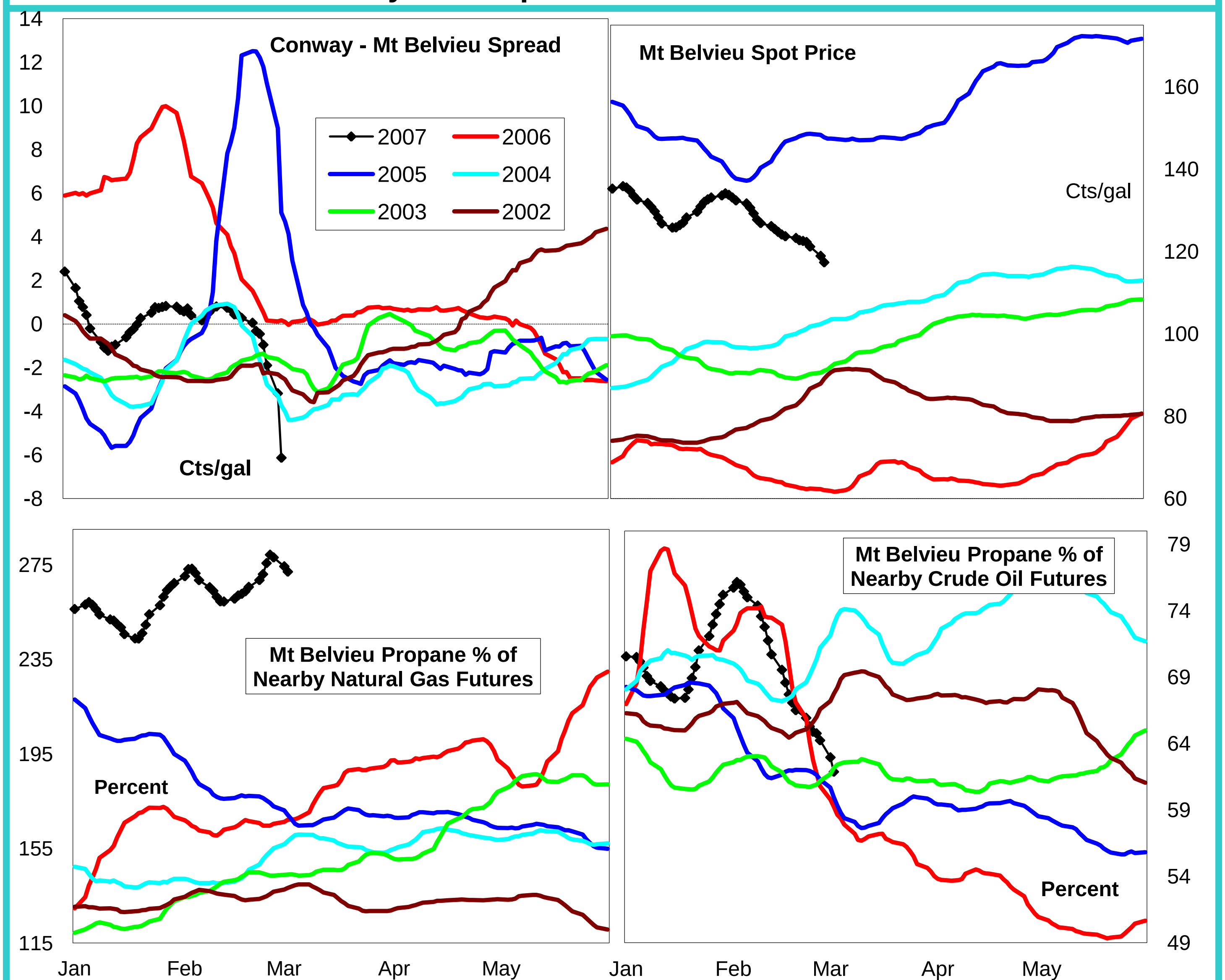
Fundamental Trends for the Week Ending: Friday, February 26, 2010

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	26,831	2,386	10,885	12,898	662	-533	977	167	-1,687	10
Propylene Stocks	2,513					-237				
Production	1,063	52	252	694	65	-18	3	-3	-14	-4
Imports	232	147	73	1	11	81	118	-38	1	0
Whsle Demand	1,293					-186				

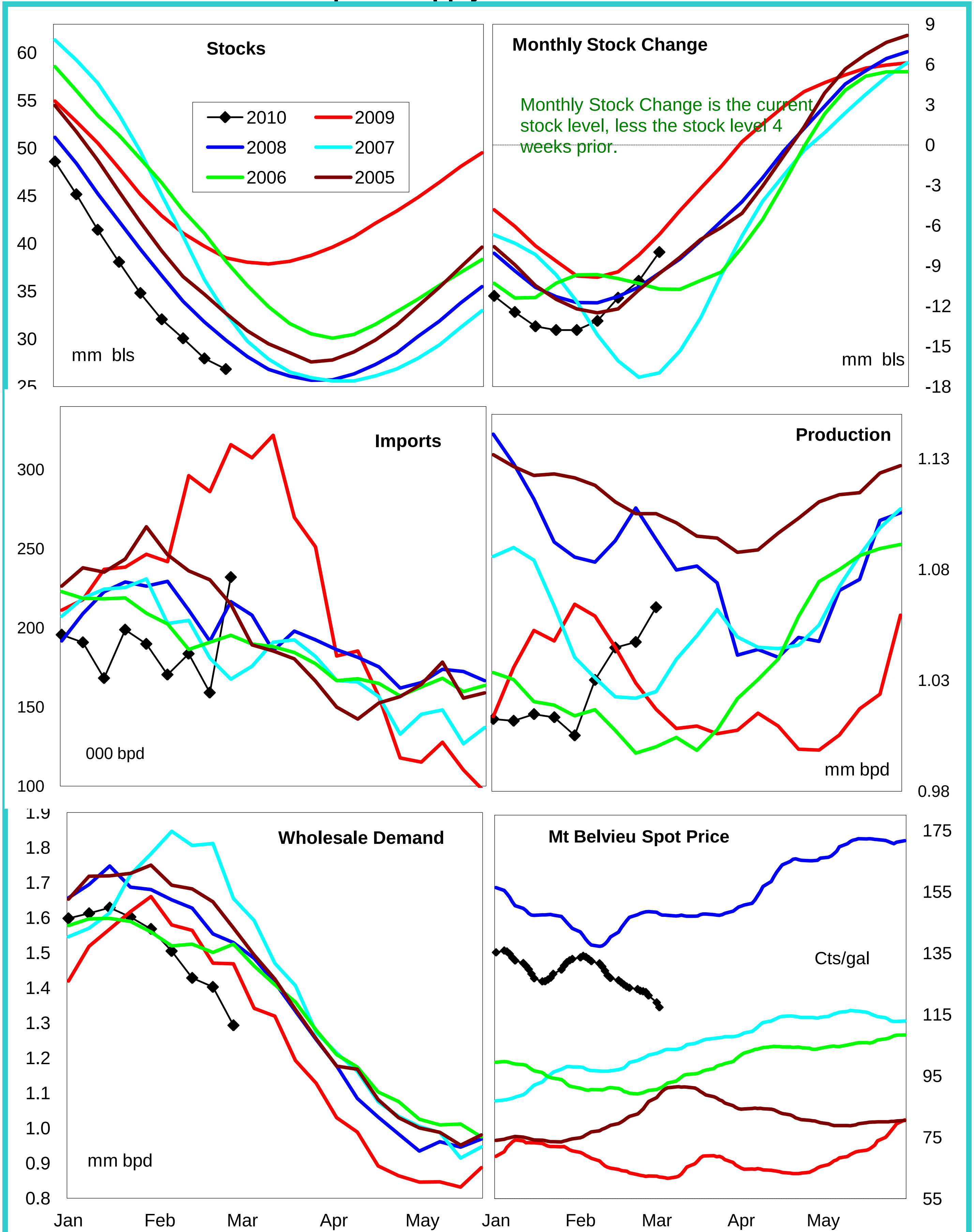
Price Trends for the Week Ending: Tuesday, March 02, 2010

Cents/gal	Average for week ending:				Change from:			% change from:		
	3/2/10	2/23/10	2/1/10	2/20/09	2/23/10	2/1/10	2/20/09	2/23/10	2/1/10	2/20/09
Mont Belvieu Spot	121.2	123.7	133.7	62.9	-2.50	-9.97	70.80	-2.0	-7.5	112.6
Conway Spot	119.3	124.9	133.6	62.8	-5.63	-8.64	70.81	-4.5	-6.5	112.8

Key Price Spreads and Differentials

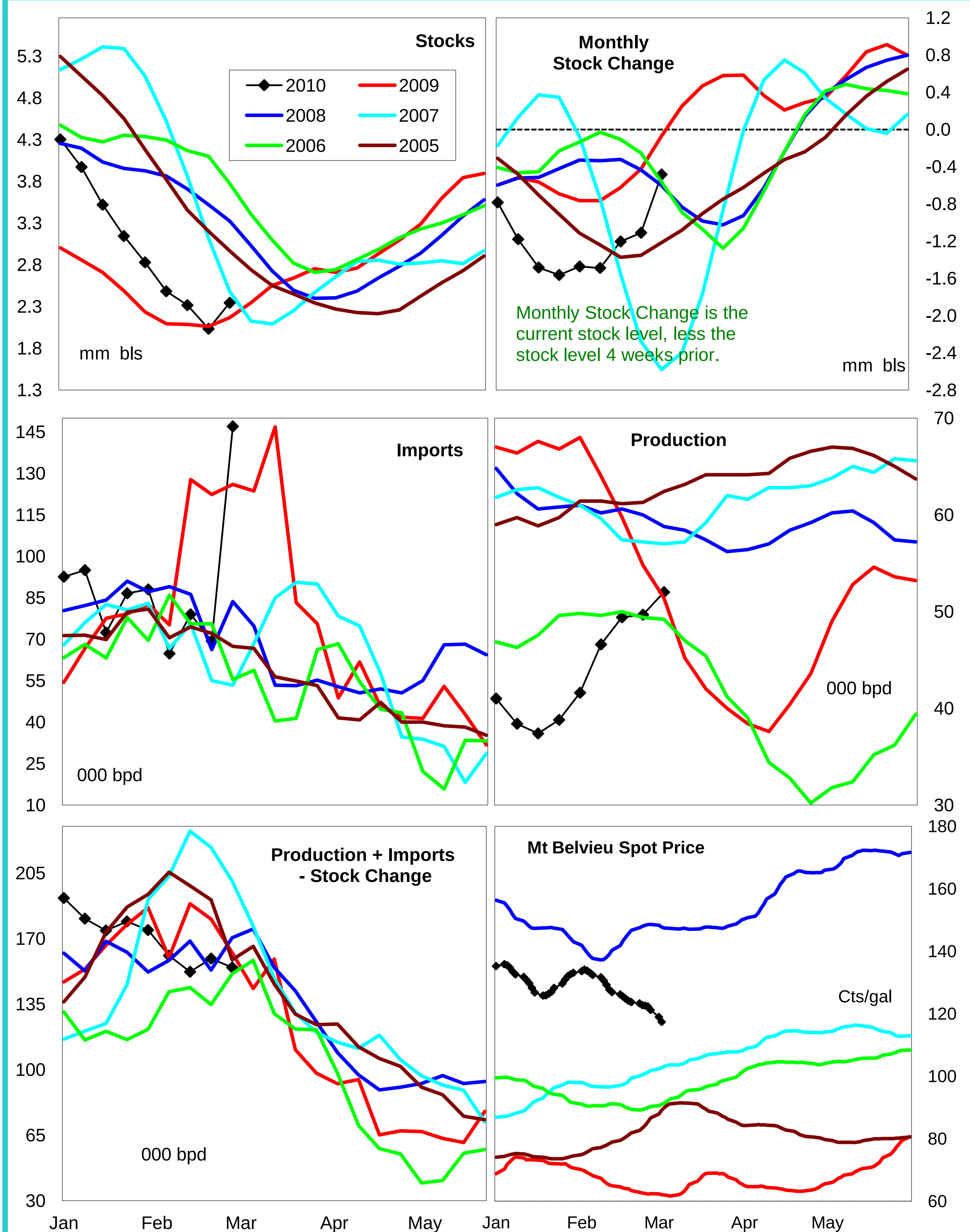


U. S. Propane Supply and Demand Balance



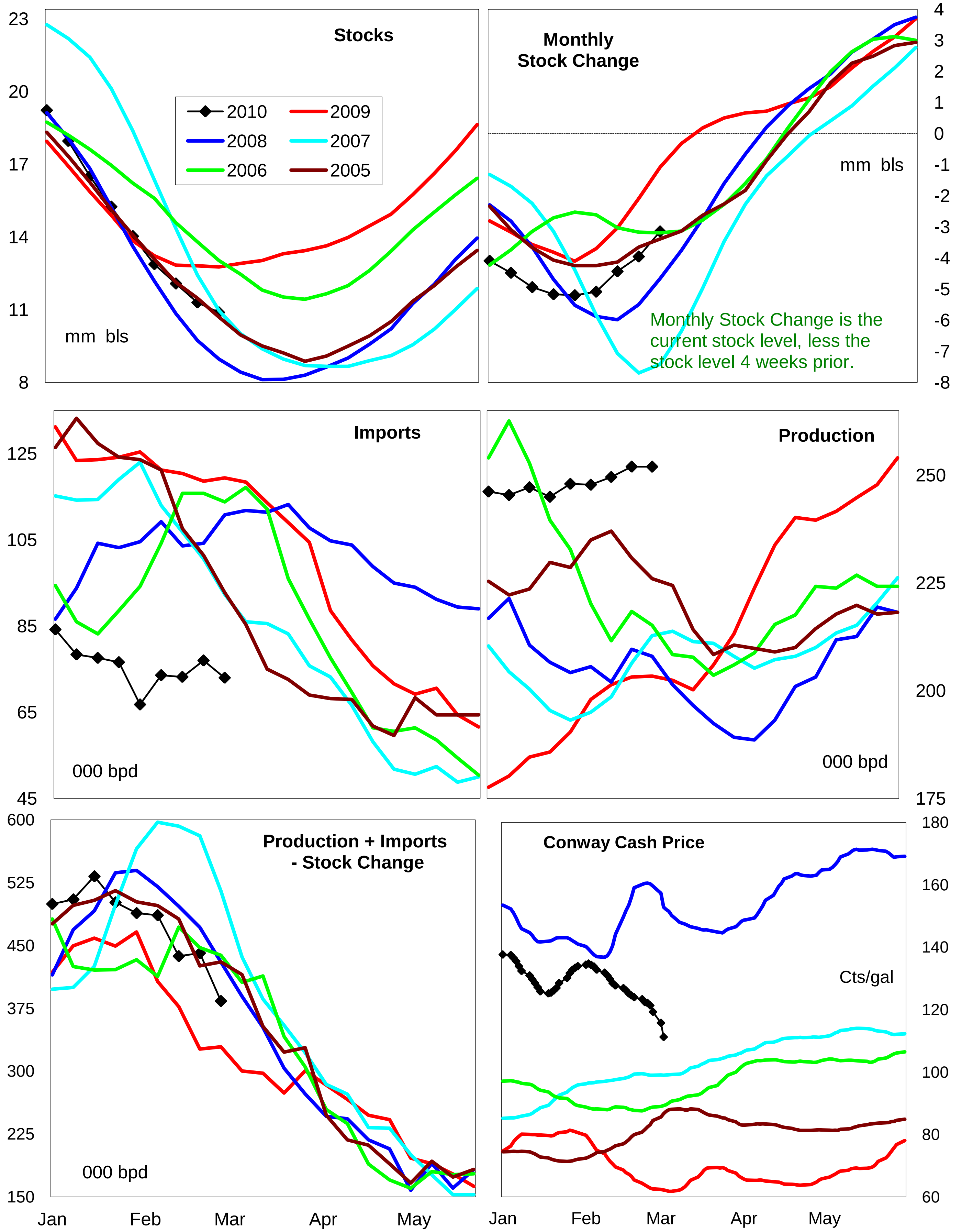
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jan	Dec	Nov
000 bpd (000 bls stks)	-11,456	-1,309	12	-107		-113	181	204	236
% change	-29.9	20	1.1	-35.0		-7.3	12.6	15.2	20.2

PADD 1 Propane Supply and Demand Balance



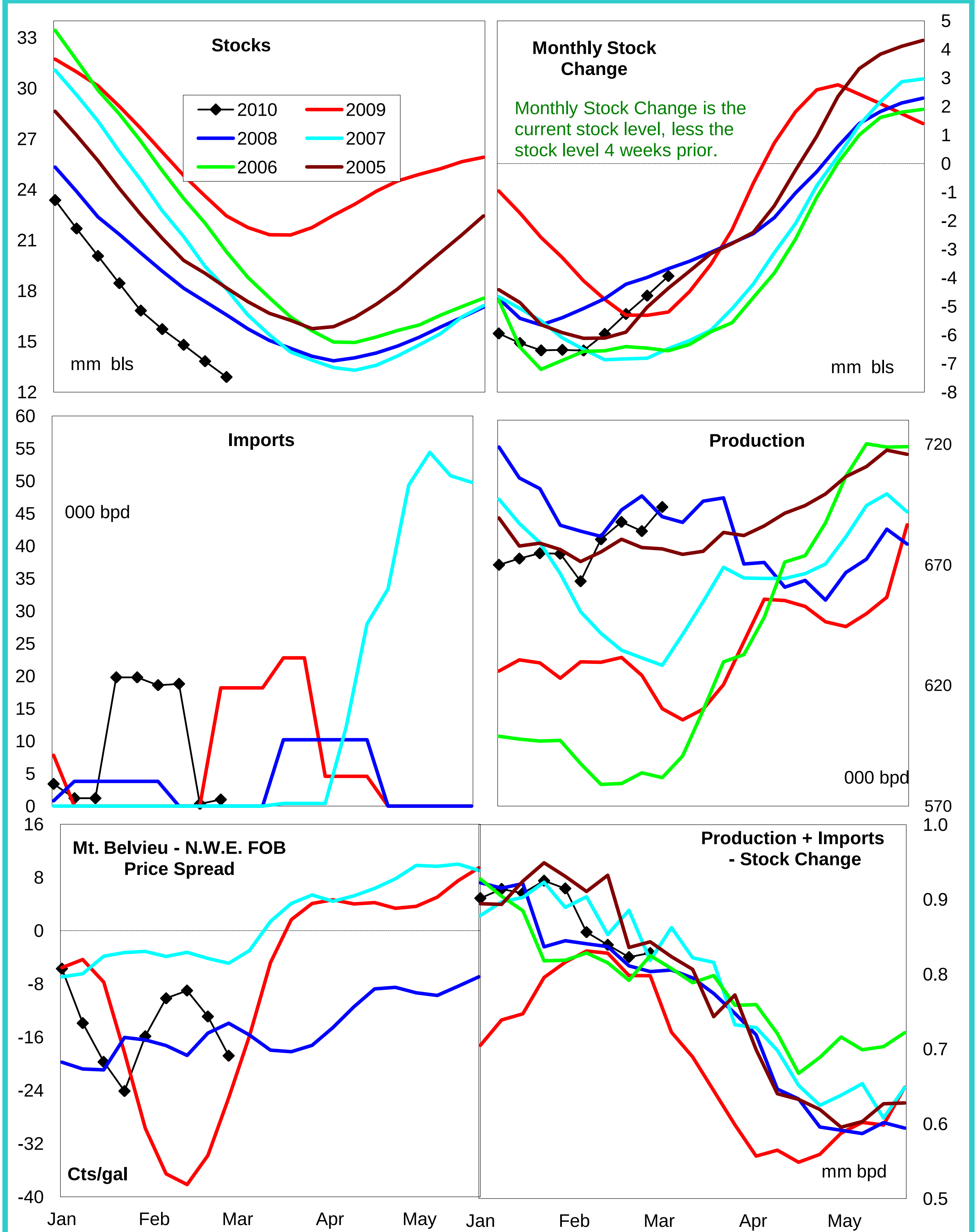
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	6	-415	-7	-48	-16
% change	0.3	596.3	-11.7	-34.5	-9.3

PADD 2 Propane Supply and Demand Balance



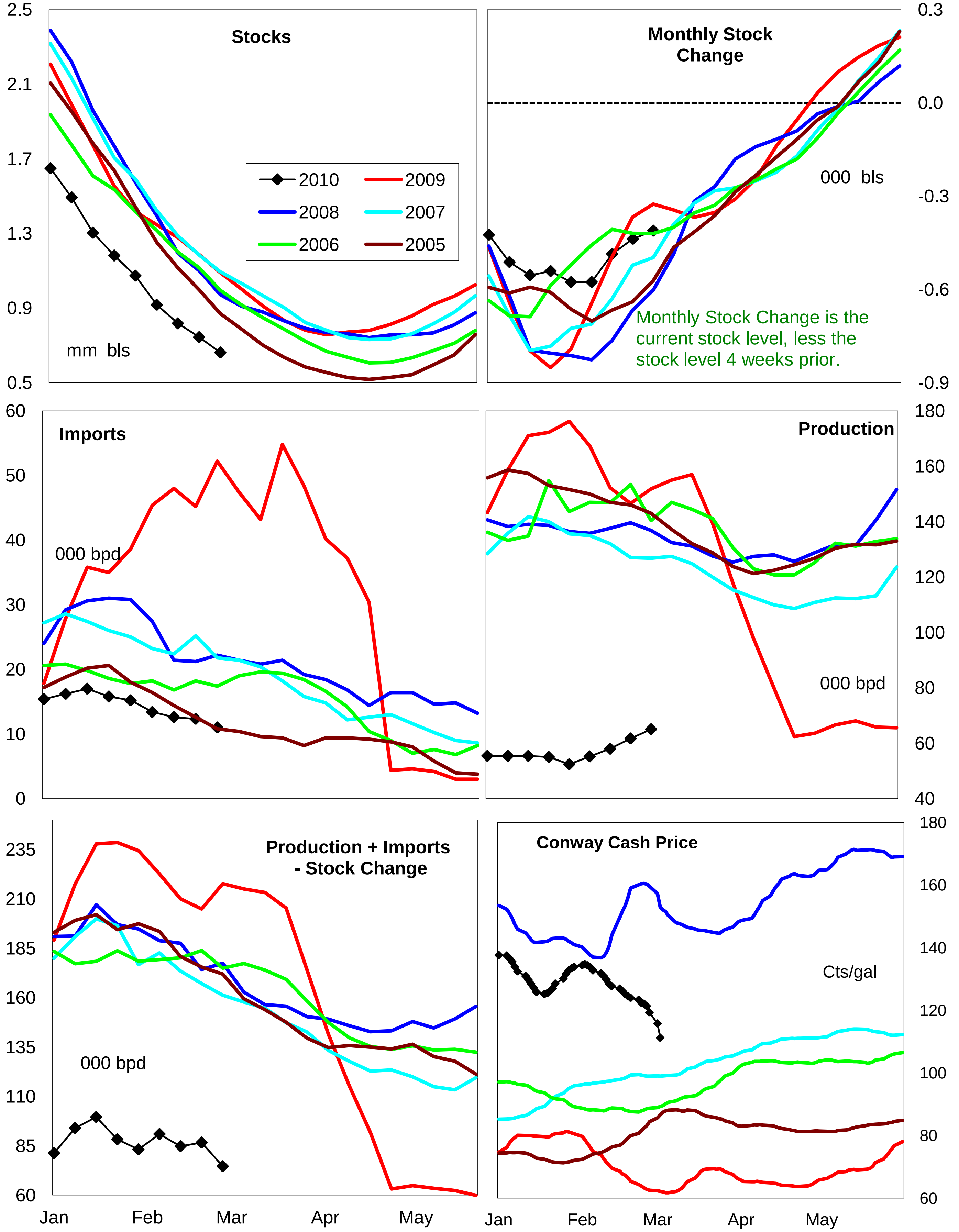
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-1,631	-2,068	46	-47	77
% change	-13.0	191.8	22.4	-38.8	21.4

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)	-9,406	1,259	56	24	23
% change	-42.2	-24.3	8.8	#DIV/0!	2.8

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)	-425	-85	-83	-36	-130
% change	-39.1	26.2	-57.9	-76.3	-60.6

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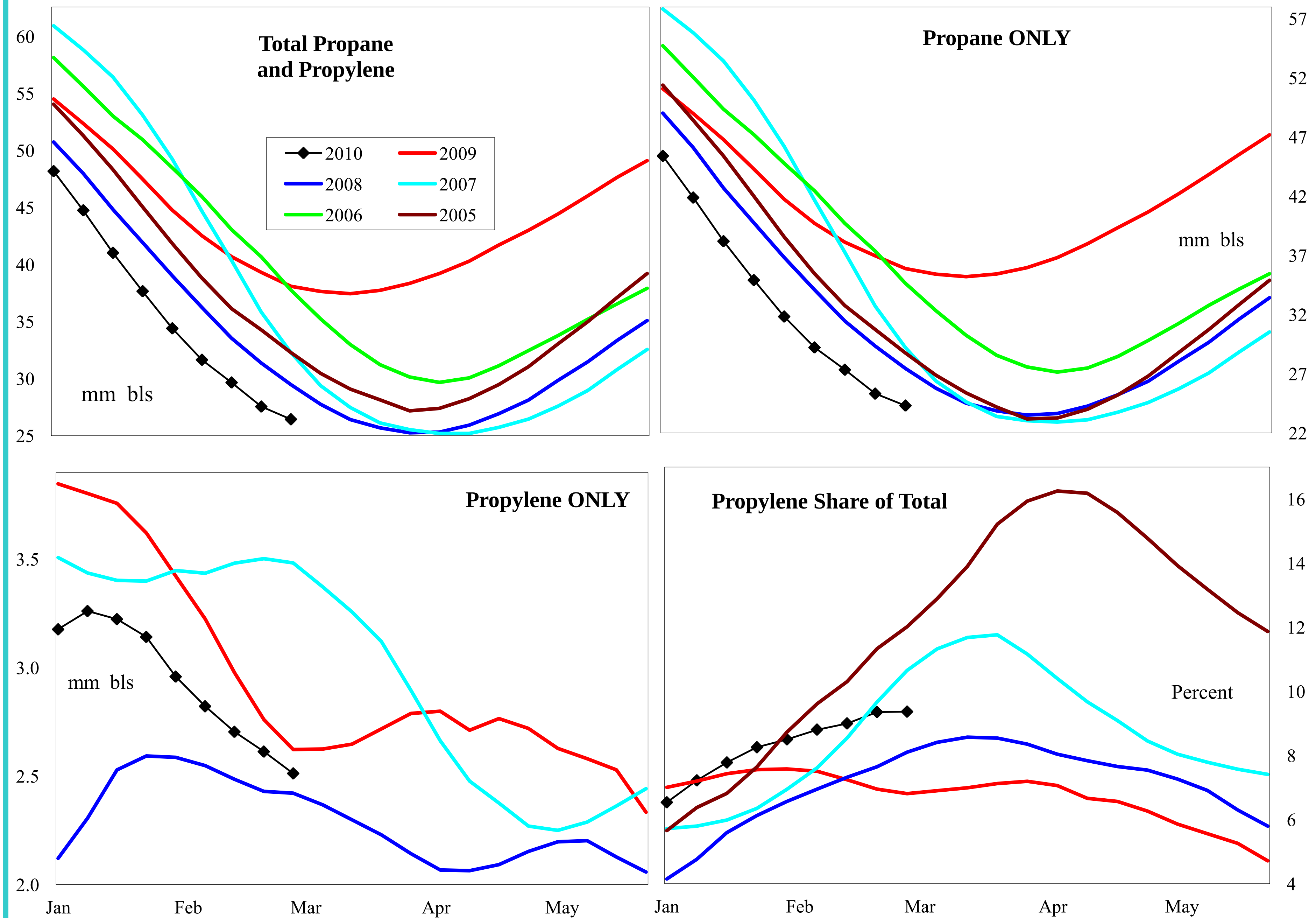
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-11,456	-11,484	-110
% change	-29.9	-32.1	-4.2

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