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, March 03, 2010

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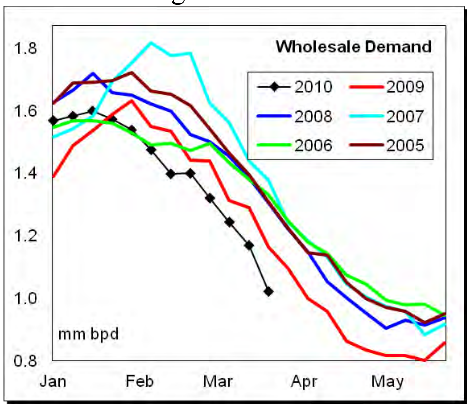
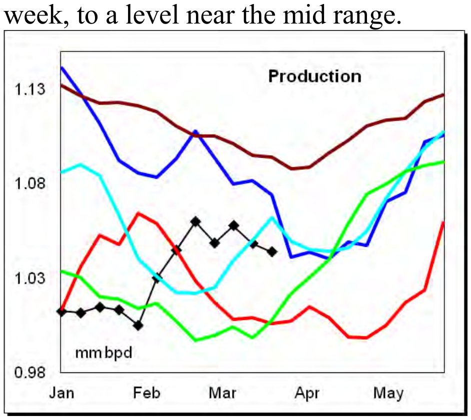
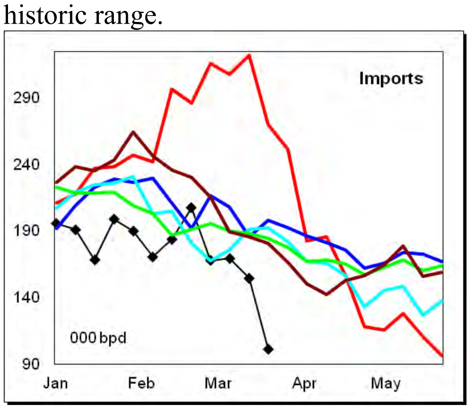
Summary[1]: Wholesale demand decreased -26,000 bpd last week, with the level of demand significantly below the historic range.



Production increased +31,000 bpd on the week, to a level near the mid range.

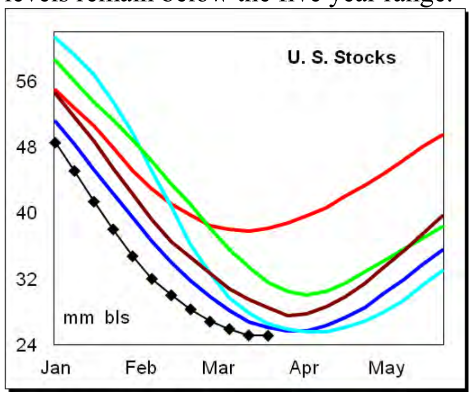


Imports declined -21,000 bpd on the week, to a level sharply below the historic range.

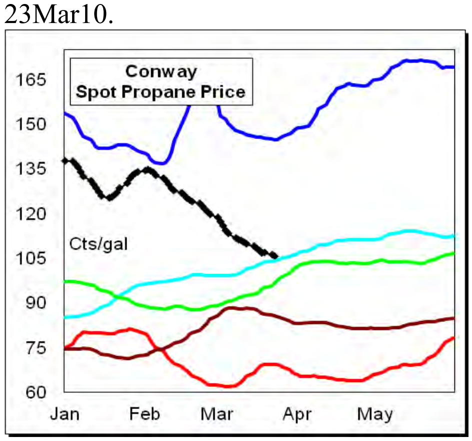


Combined production and imports during the last 4-wk period were -110,000 bpd below last year. Imports declined -157,000 bpd during the period, partially offset by a +47,000 bpd rise in production. The lower supply compares to a -133,000 bpd decrease in demand for the same period.

Stocks were nearly unchanged on the week, including a -0.4 million barrel draw in PADD 1 offset by builds in PADDs 2 and 3. The 4-wk stock change was a draw of -3.2 million barrels, less than four of the last five years. Stock levels remain below the five year range.



Price and Spreads Mt Belvieu prices were unchanged while Conway prices declined -2 cts/gal for the week ending 23Mar10.

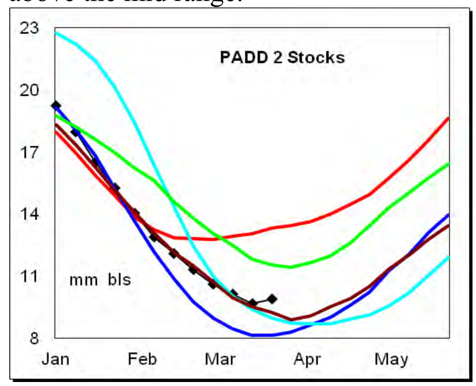


The Conway – Mt Belvieu price spread declined on the week in favor of Mt Belvieu for the week ending 23Mar10. The spread ended the week at a record discount of Conway under Mt Belvieu.

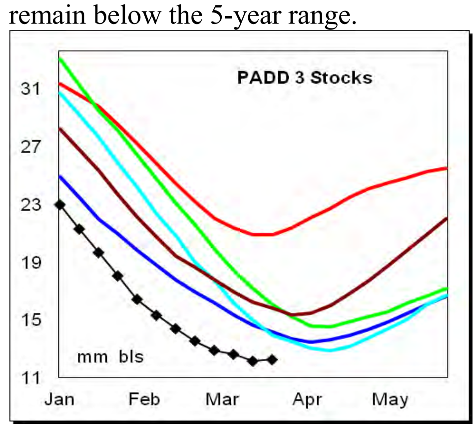
The propane to natural gas price spread extended the longer term uptrend, ending at new record highs. The propane / crude oil price spread traded sideways on the week, ending near 5-year lows.

PADD 1 stocks decreased -0.4 million barrels on the week as a result of late winter demand and record low supplies. Production and imports were each below the 5-year range for the week. Stock levels also dropped below the historic range.

PADD 2 stocks increased +0.3 million barrels last week. Combined imports and production decreased -35,000 barrels for the week. Supply was +24,000 bpd above last year for the latest 4-wk period. The most recent 4-wk stock draw of -1.46 million barrels was less than the average. Stock levels are now above the mid range.



PADD 3 stocks increased +0.1 million barrels last week. Production increased +42,000 bpd on the week, to the upper end of the 5-year range. Stock levels remain below the 5-year range.



PADDs 4 & 5 stocks were unchanged on the week. Stock levels are at the low end of the historic range.

Emerging Trends *point to very weak demand during the most recent 4-wk period, driven by continued weakness in the economy. Gulf prices have shown relative strength. Expect price weakness during the spring quarter.*

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

March 24, 2010

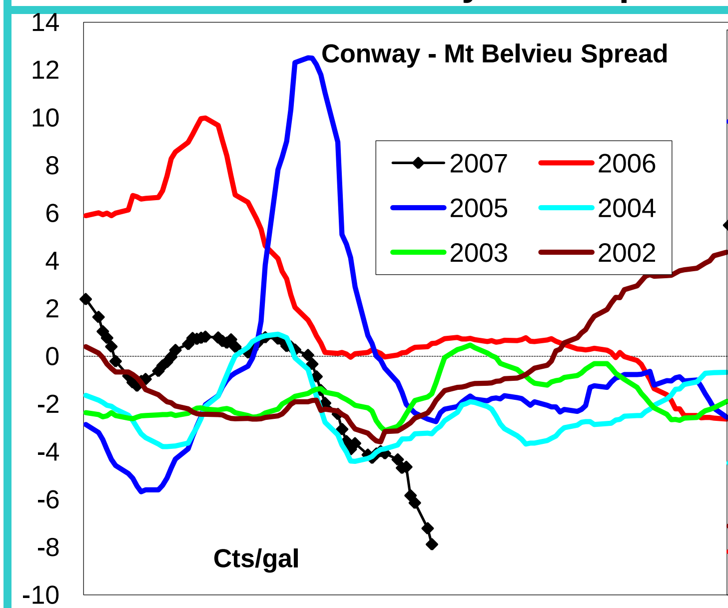
Fundamental Trends for the Week Ending: Friday, March 19, 2010

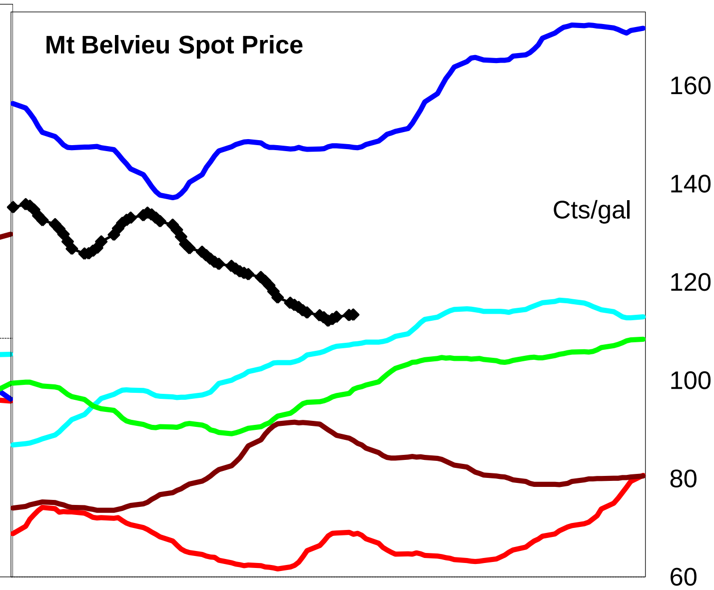
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	25,143	1,912	9,877	12,662	692	43	-396	335	142	-38
Propylene Stocks	2,257					72				
Production	1,044	39	243	699	63	31	-1	-13	42	3
Imports	101	26	69	0	6	-21	2	-22	0	-1
Whsle Demand	1,053					-26				

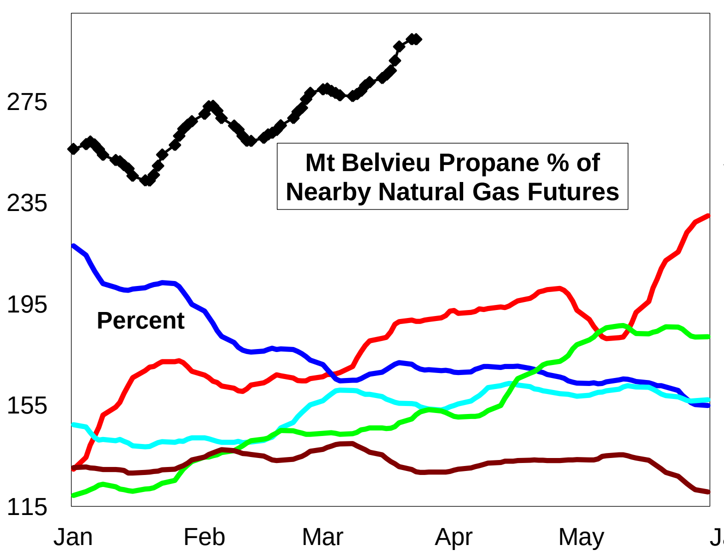
Price Trends for the Week Ending: Tuesday, March 23, 2010

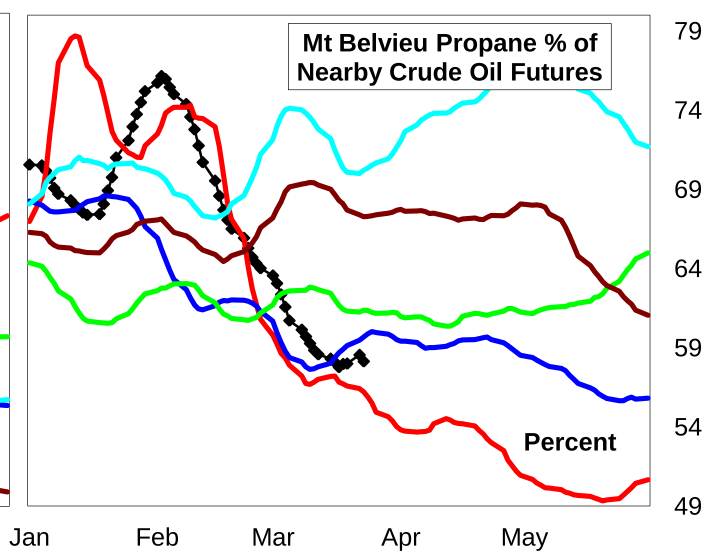
Cents/gal	Average for week ending:				Change from:			% change from:		
	3/23/10	2/16/10	2/23/10	3/13/09	2/16/10	2/23/10	3/13/09	2/16/10	2/23/10	3/13/09
Mont Belvieu Spot	112.9	112.0	123.7	72.3	0.96	-11.73	51.42	0.9	-9.5	71.1
Conway Spot	106.8	108.9	124.9	72.4	-2.05	-16.09	52.56	-1.9	-12.9	72.6

Key Price Spreads and Differentials

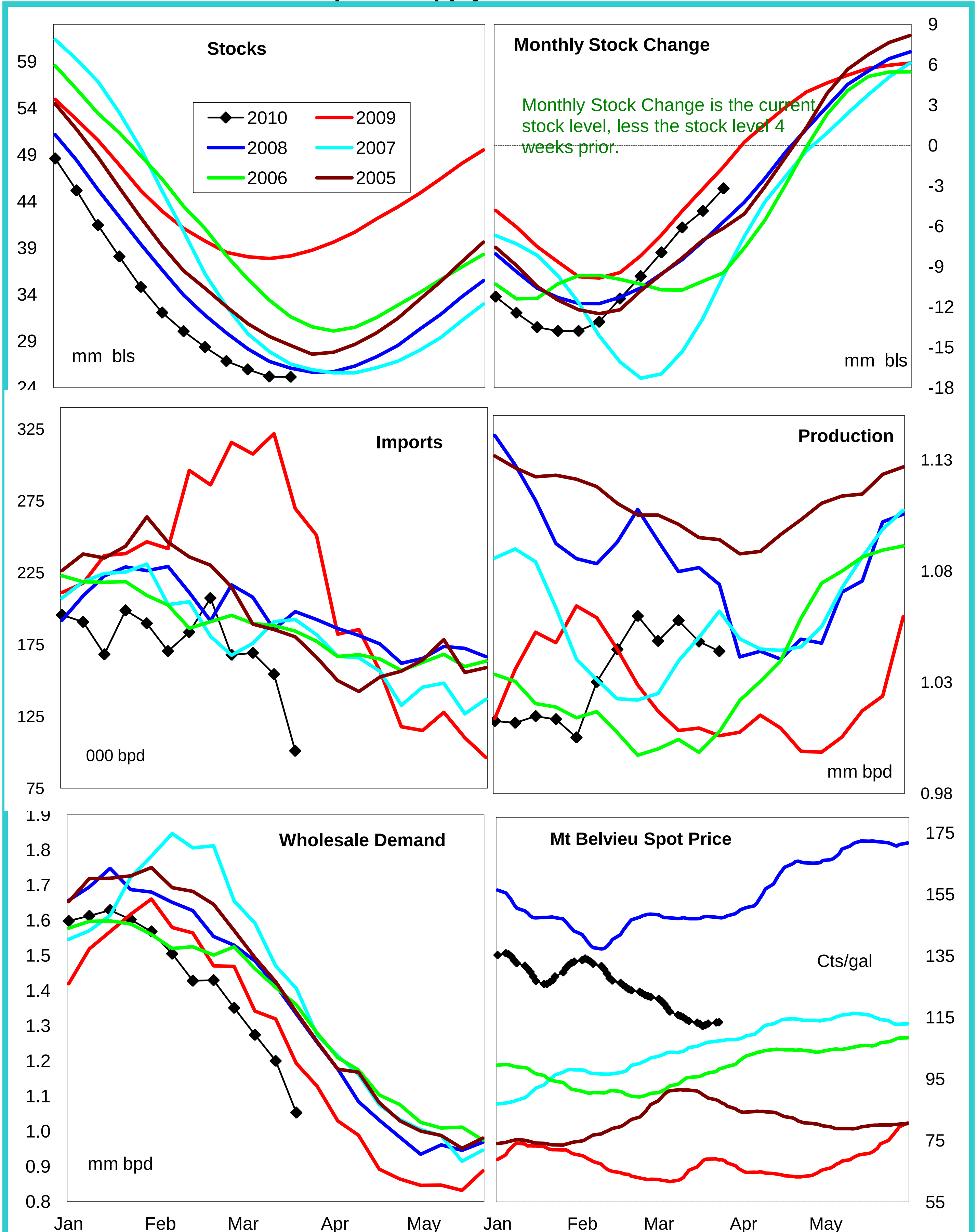








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Feb	Jan	Dec
000 bpd (000 bls stks)	-12,595	-1,622	47	-157		-133	133	181	204
% change	-33.4	103	4.6	-47.5		-9.8	10.3	12.6	15.2

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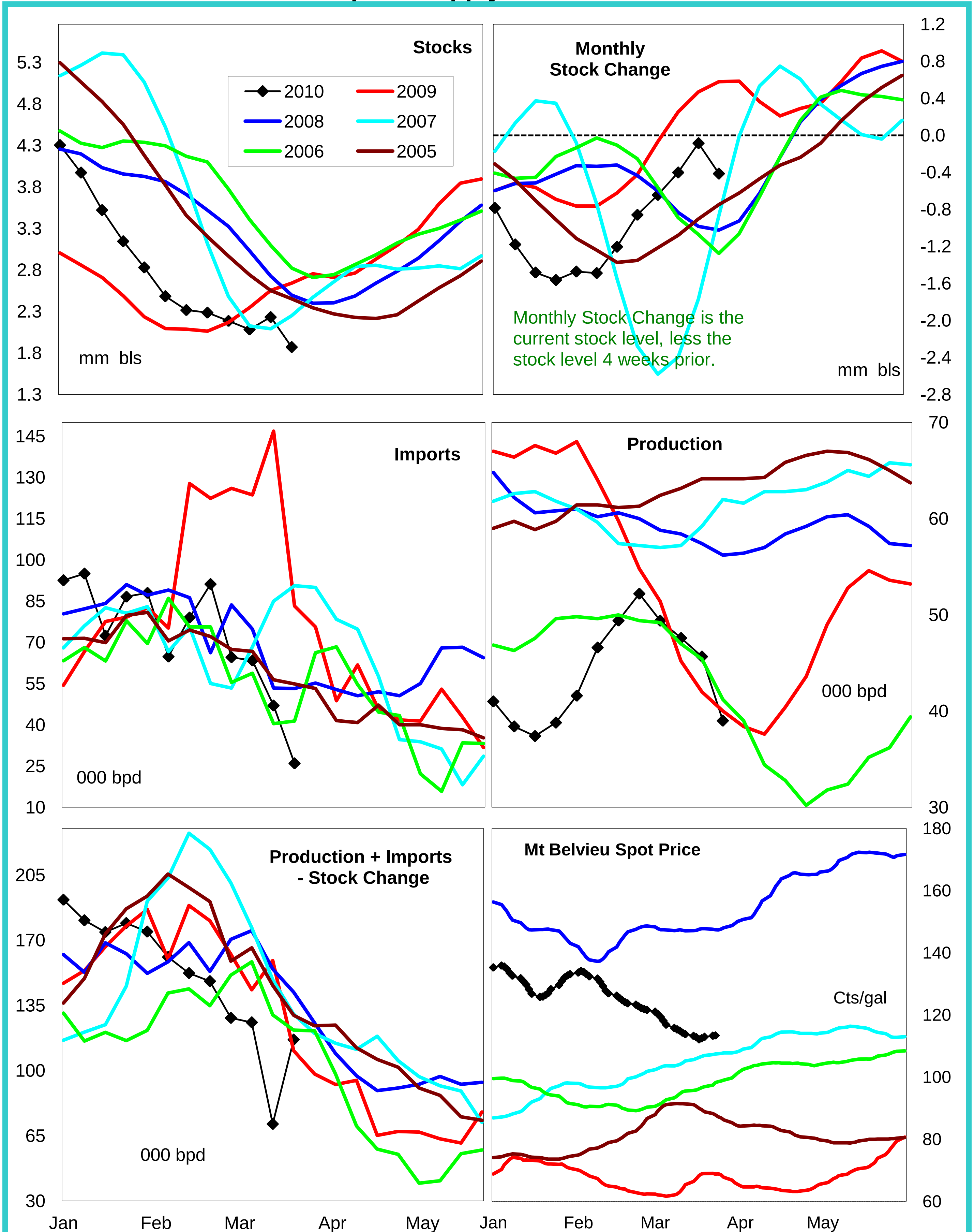
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-818	-992	4	-74	-33
% change	-30.0	-171.5	8.6	-50.6	-23.2

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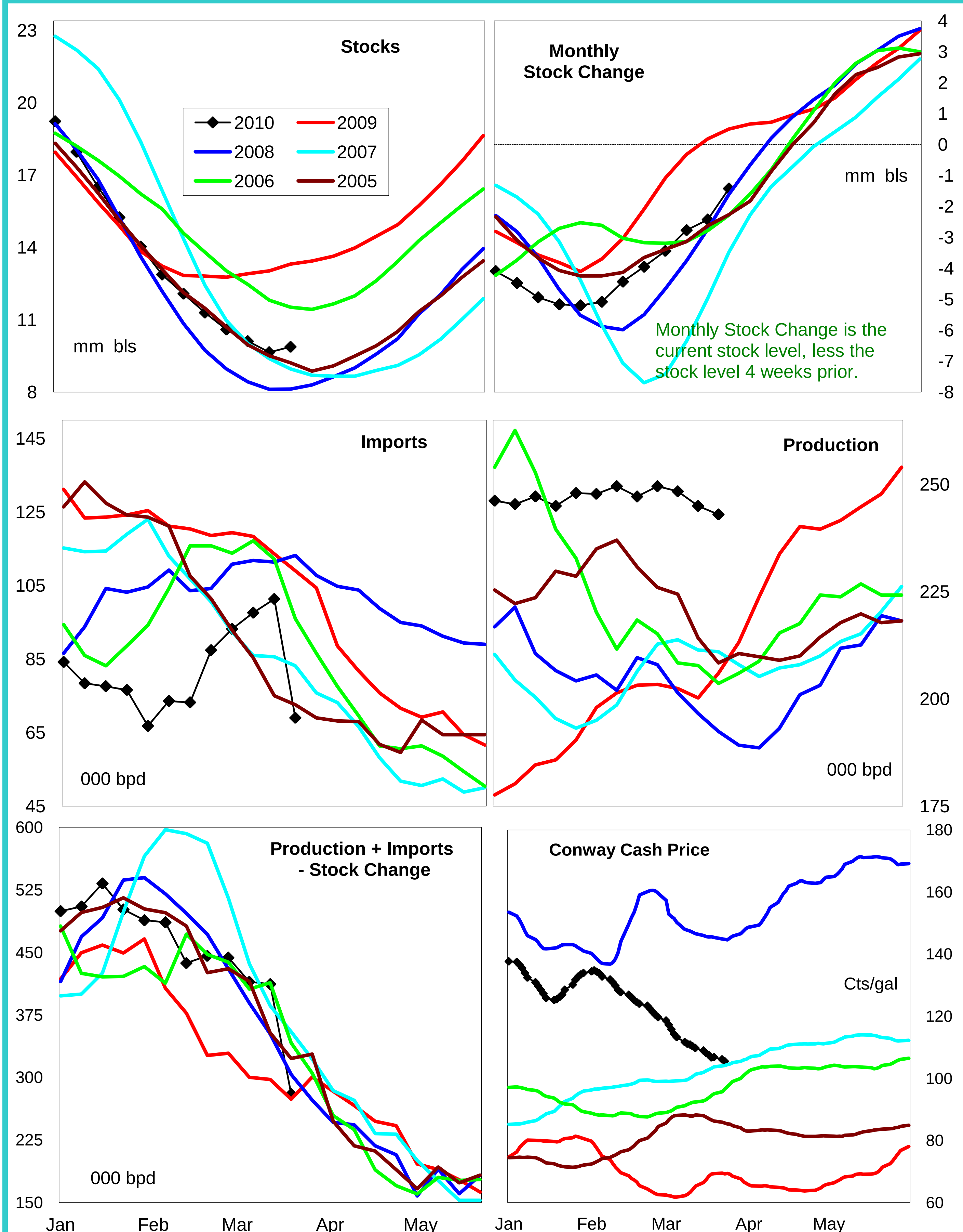
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-3,320	-1,926	47	-23	87
% change	-25.2	-383.1	23.7	-19.8	29.1

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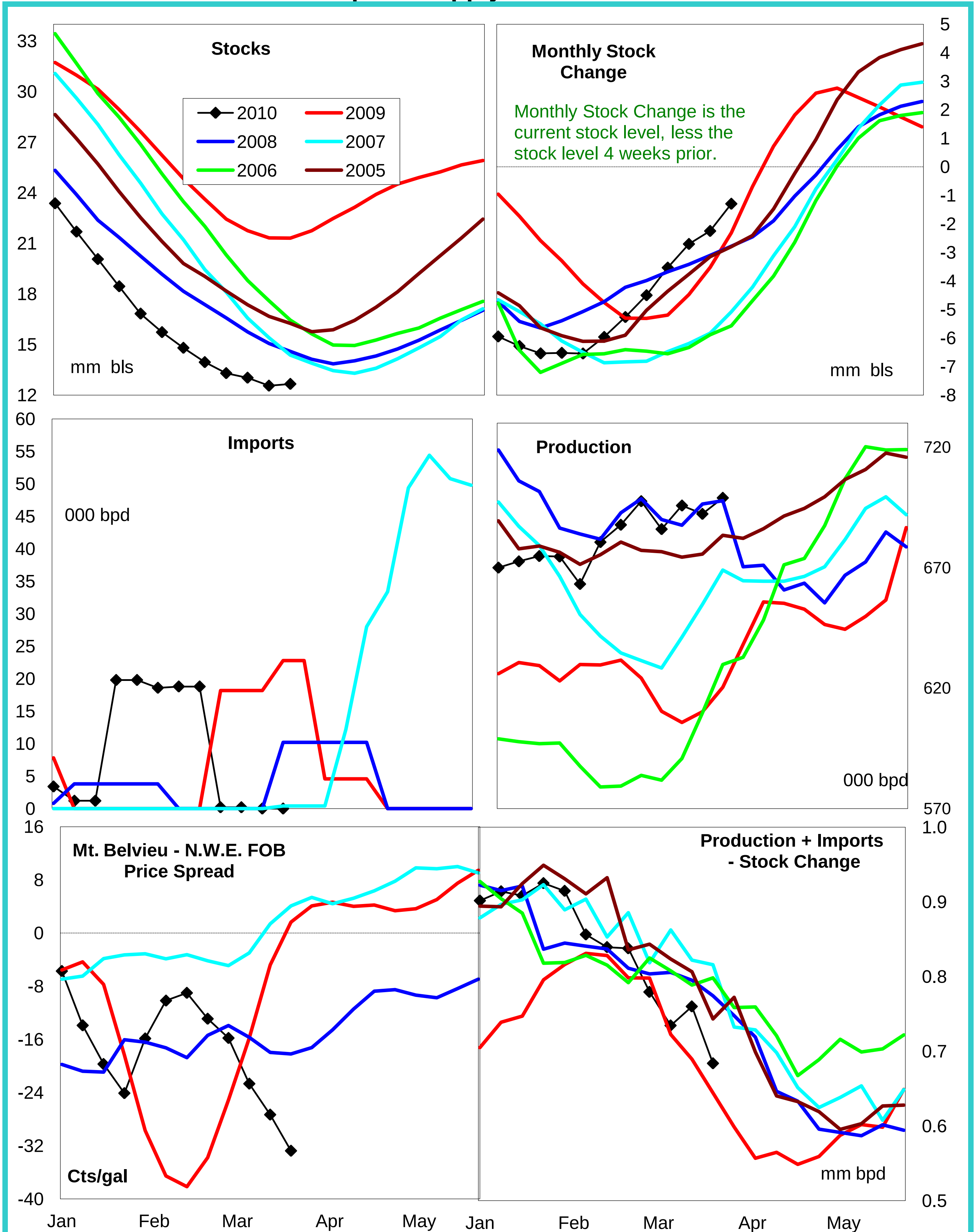
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-8,329	1,020	86	-23	26
% change	-39.7	-44.1	14.2	-98.9	3.6

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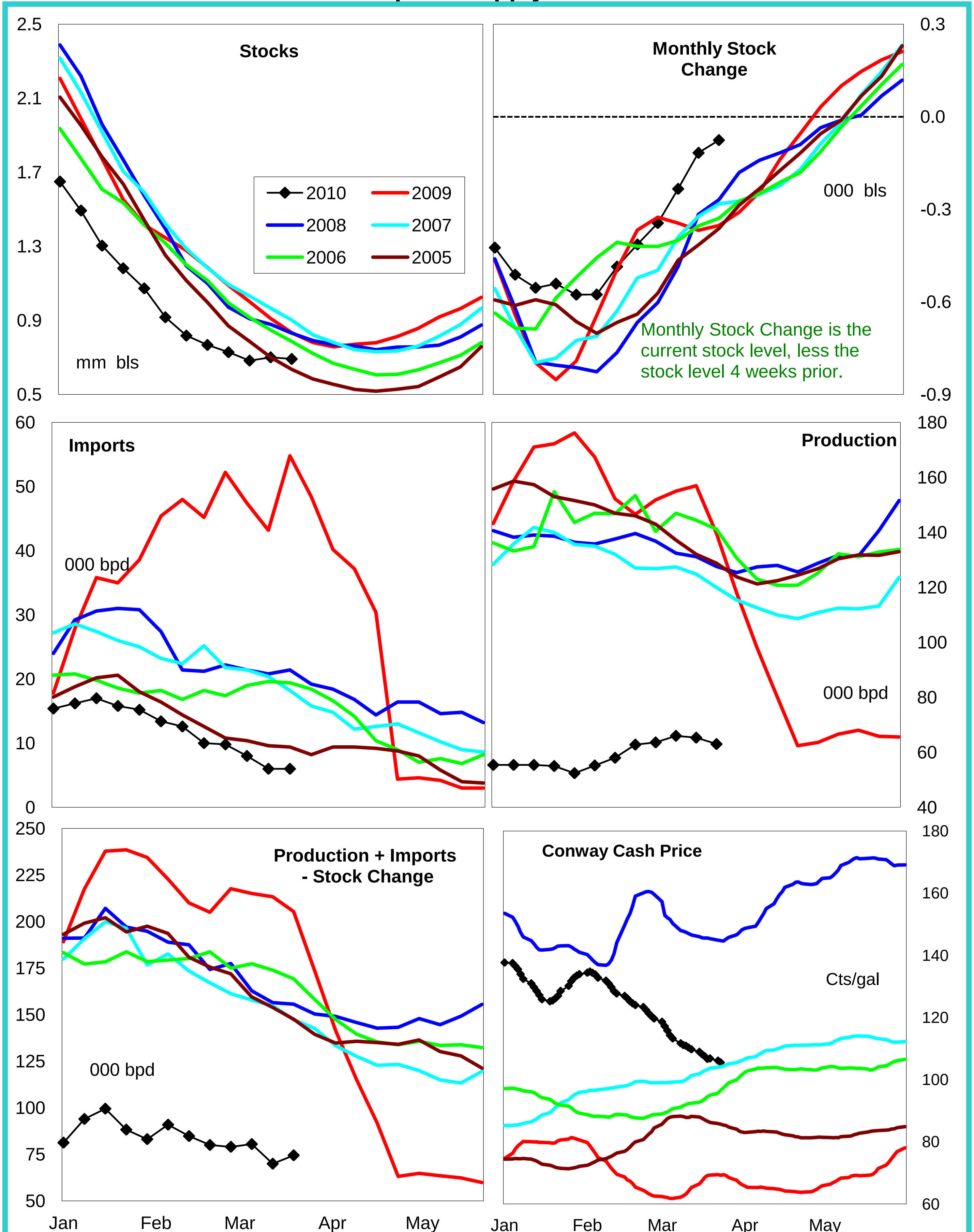
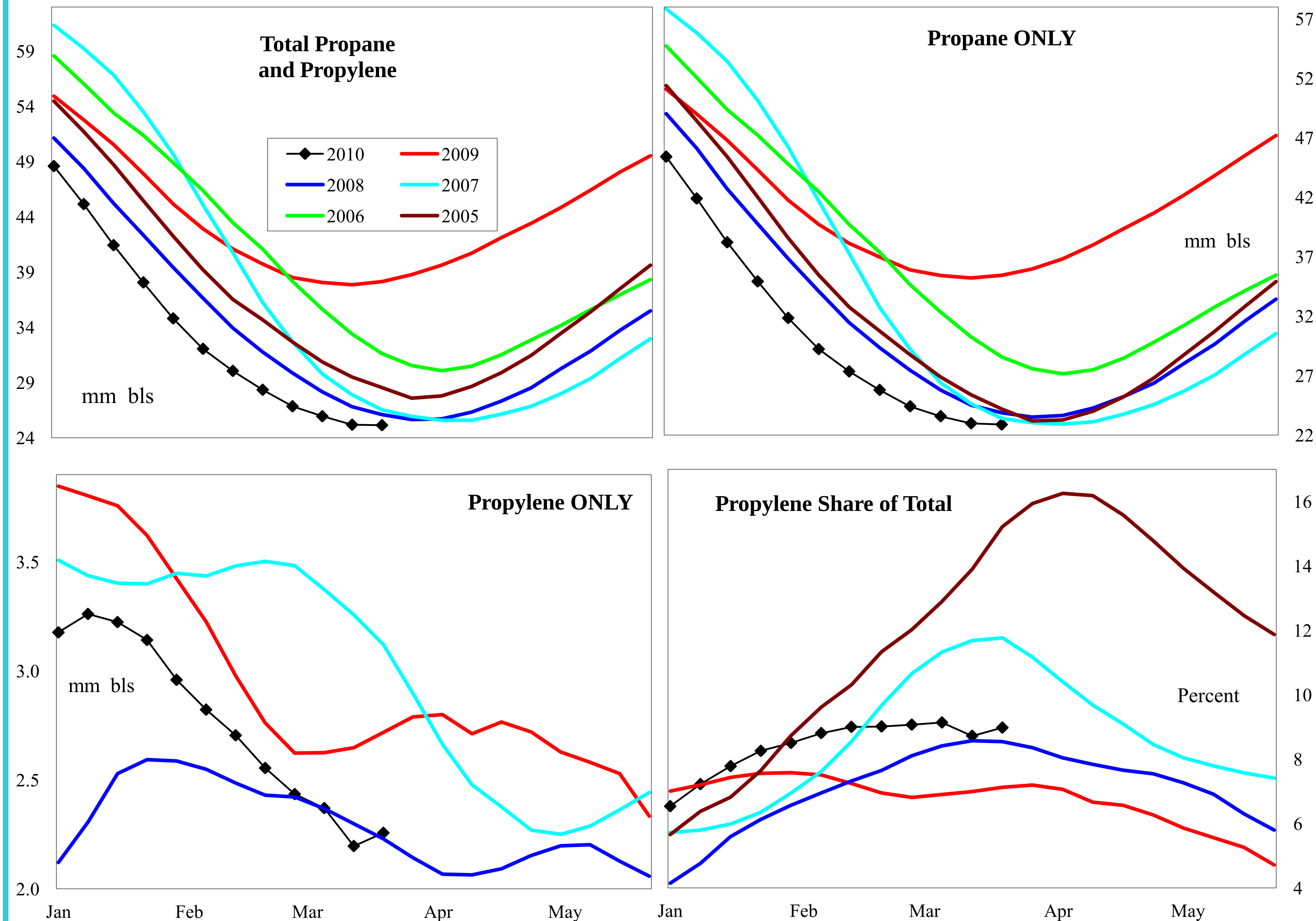
PADDs 4 and 5 Propane Supply and Demand Balance



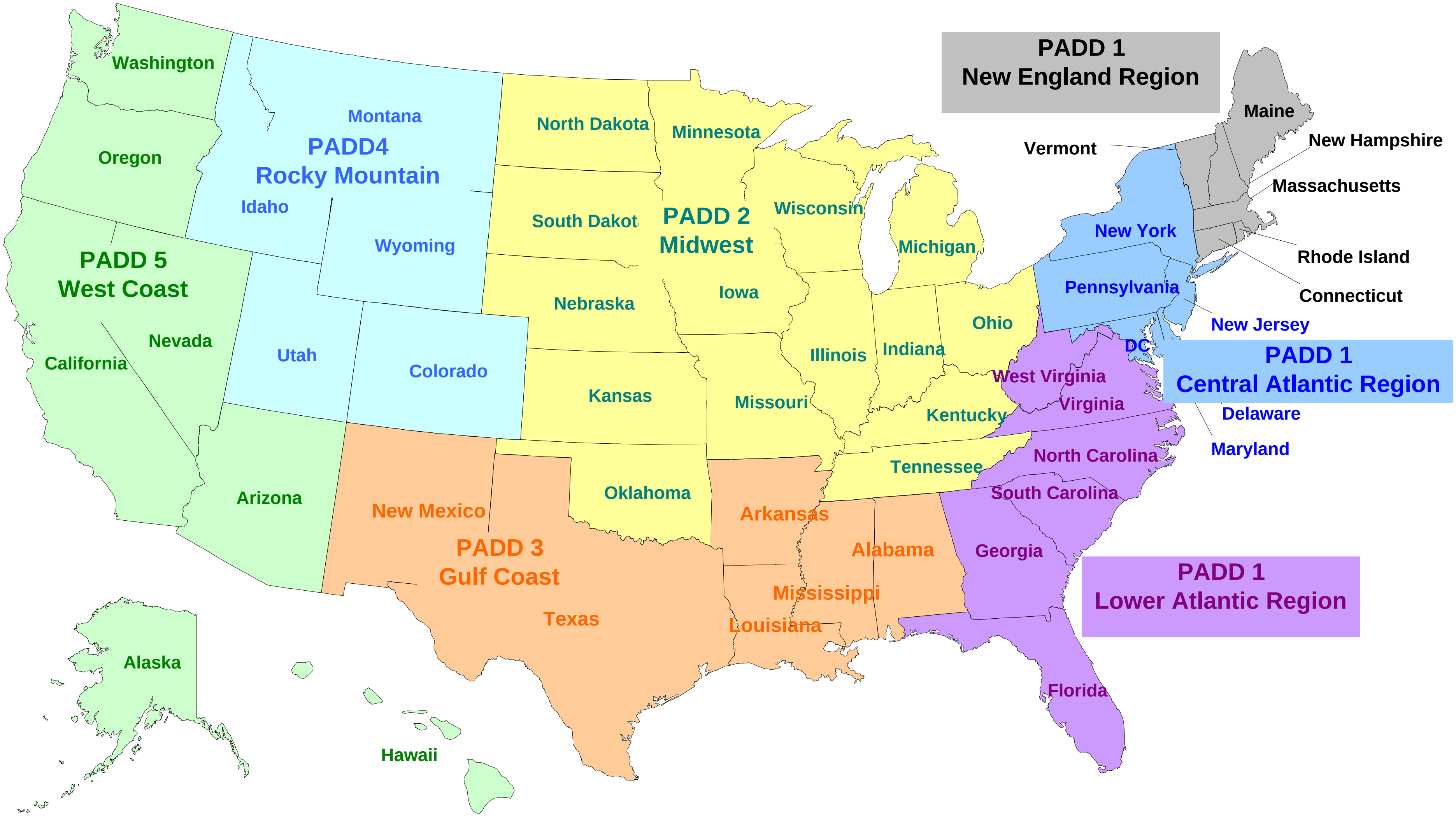
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-128	276	-91	-38	-137
% change	-15.6	-78.5	-58.2	-83.9	-64.3

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-12,595	-11,983	-461
% change	-33.4	-34.4	-16.9

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



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