FUNDAMENTAL PETROLEUM TRENDS

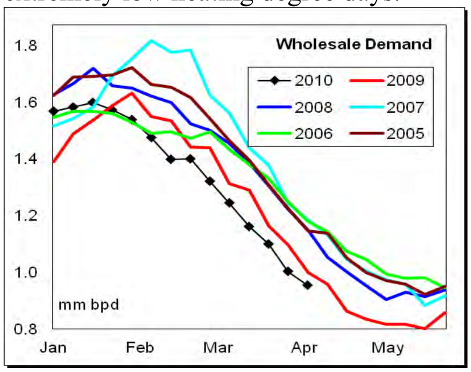
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

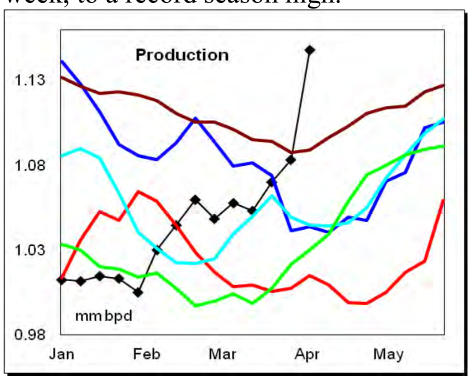
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, April 07, 2010

Table of Contents

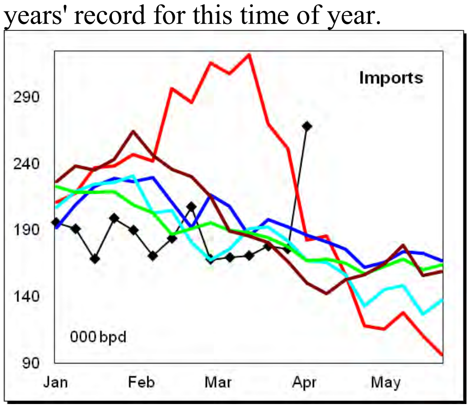
Summary[1]: Wholesale demand declined -78,000 bpd last week, due in part to extremely low heating degree days.



Production increased +90,000 bpd on the week, to a record season high.

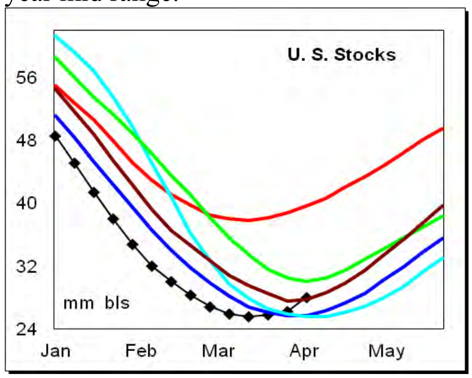


Imports increased +110,000 bpd on the week, with the increased concentrated in PADD 02. The level exceeded last years' record for this time of year.

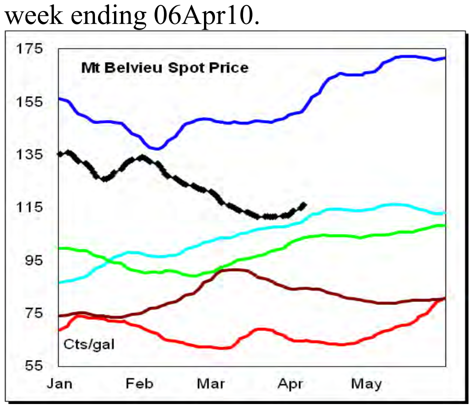


Combined production and imports during the latest 4-wk period were -71,000 bpd below a year ago. Imports declined -124,000 bpd during the period, partially offset by a +53,000 bpd rise in production. Compared to the lower supply, demand fell -141,000 bpd for the same 4-wk period.

Stocks increased +2.4 million barrels on the week, with large increases in all major regional markets. The latest 4-wk stock change was a build of 2.5 million barrels, a record build for this time of year. Stock levels are at the 5-year mid range.



Price and Spreads Mt Belvieu prices increased +5.5 cts/gal while Conway prices increased +6.5 cts/gal for the week ending 06Apr10.

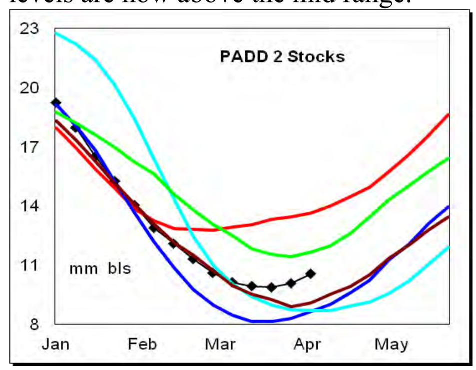


The Conway – Mt Belvieu price spread trended higher in favor of Conway for the week ending 06Apr10. The spread ended the week below the 5-year range on strength Gulf propane exports.

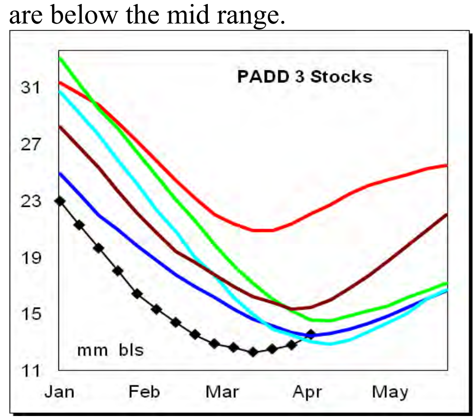
The propane to natural gas price spread extended the longer term uptrend, ending at new record highs. The propane / crude oil price spread extended a longer tem downtrend, ending the week at the low end of the historic range.

PADD 1 stocks increased +0.7 million barrels on the week as a result of exceptionally low heating demand, driven by much warmer than normal temperatures. Combined production and imports were near the 5-year mid range. Stock levels jumped to the upper end of the 5-year range.

PADD 2 stocks increased +0.8 million barrels last week. Combined imports and production surged +137,000 bpd on the week. Supply was +36,000 bpd above last year for the latest 4-wk period. The most recent 4-wk stock build of +0.2 million barrels was greater then four of the last five years. Stock levels are now above the mid range.



PAD 3 stocks increased +1 million barrels last week. Production increased +52,000 bpd on the week, to a record weekly high for the season. Stock levels are below the mid range.



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

Emerging Trends *show a spike in supply with both production and imports reaching record highs for this time of year. Extremely low heating degree days lifted the 4-wk stock build to a record high for the period. The Northwest Europe to Mt Belvieu price spread is at a record in favor of Europe. This differential underlies the current price strength in propane prices.*

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

April 7, 2010

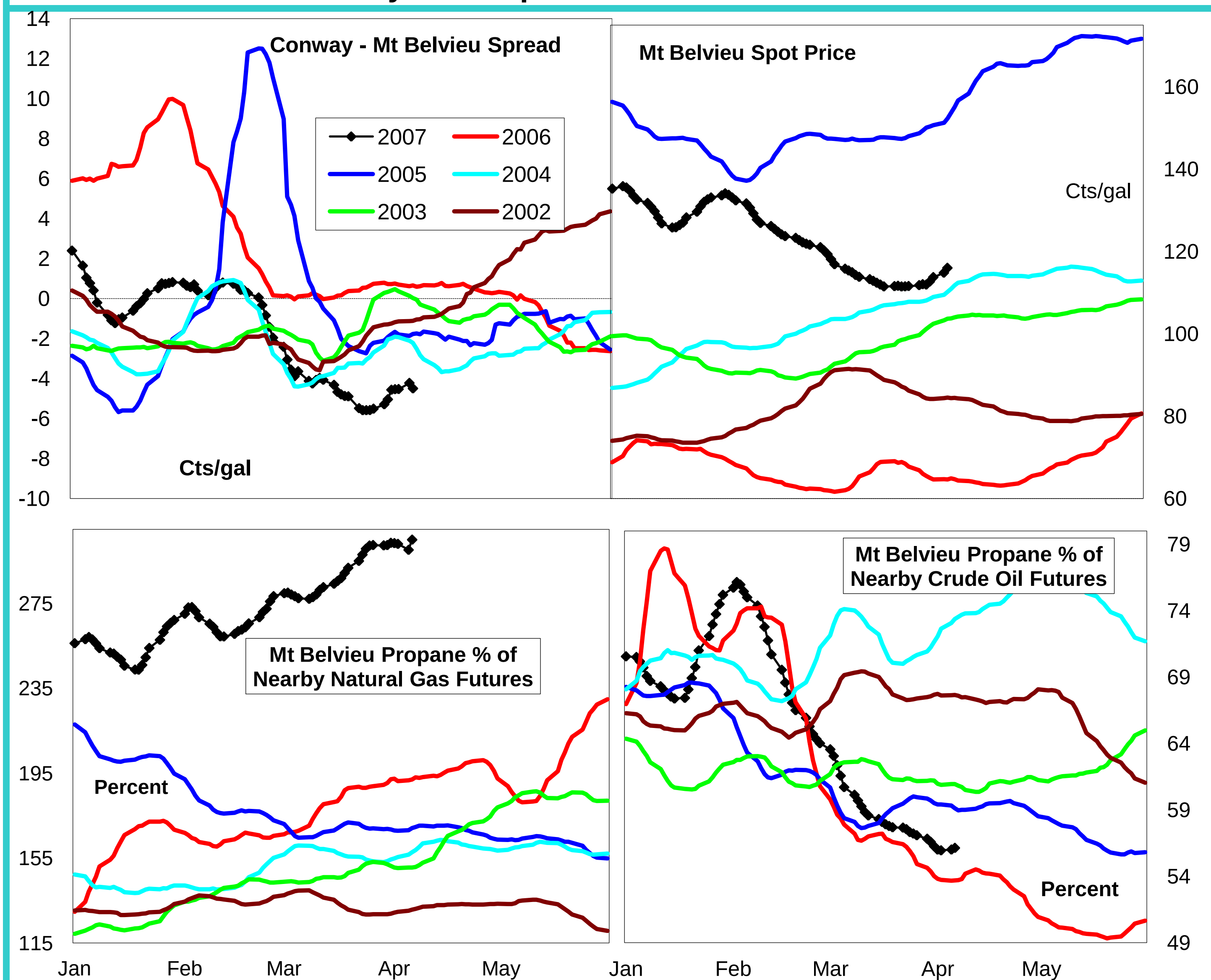
Fundamental Trends for the Week Ending: Friday, April 02, 2010

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	28,039	2,938	10,551	13,957	593	2,422	725	765	965	-33
Propylene Stocks	2,349					171				
Production	1,148	46	263	776	63	90	5	29	52	4
Imports	268	83	179	0	6	110	2	108	0	0
Whsle Demand	984					-78				

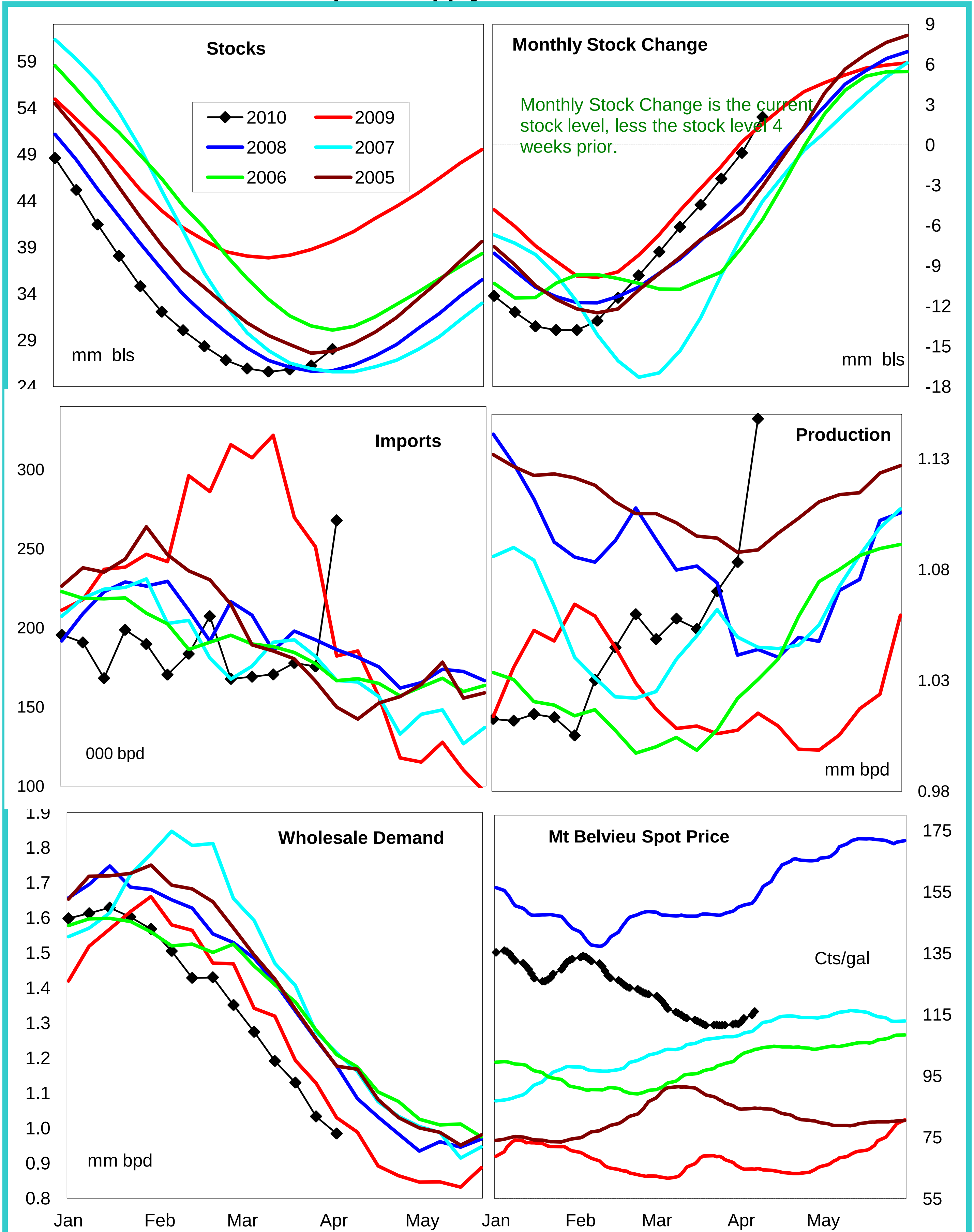
Price Trends for the Week Ending: Tuesday, April 06, 2010

Cents/gal	Average for week ending:				Change from:			% change from:		
	4/6/10	3/29/10	3/8/10	3/26/09	3/29/10	3/8/10	3/26/09	3/29/10	3/8/10	3/26/09
Mont Belvieu Spot	113.7	110.0	118.3	65.0	3.70	-8.27	53.31	3.4	-7.0	82.0
Conway Spot	109.2	105.1	113.3	65.5	4.15	-8.25	47.85	4.0	-7.3	73.1

Key Price Spreads and Differentials

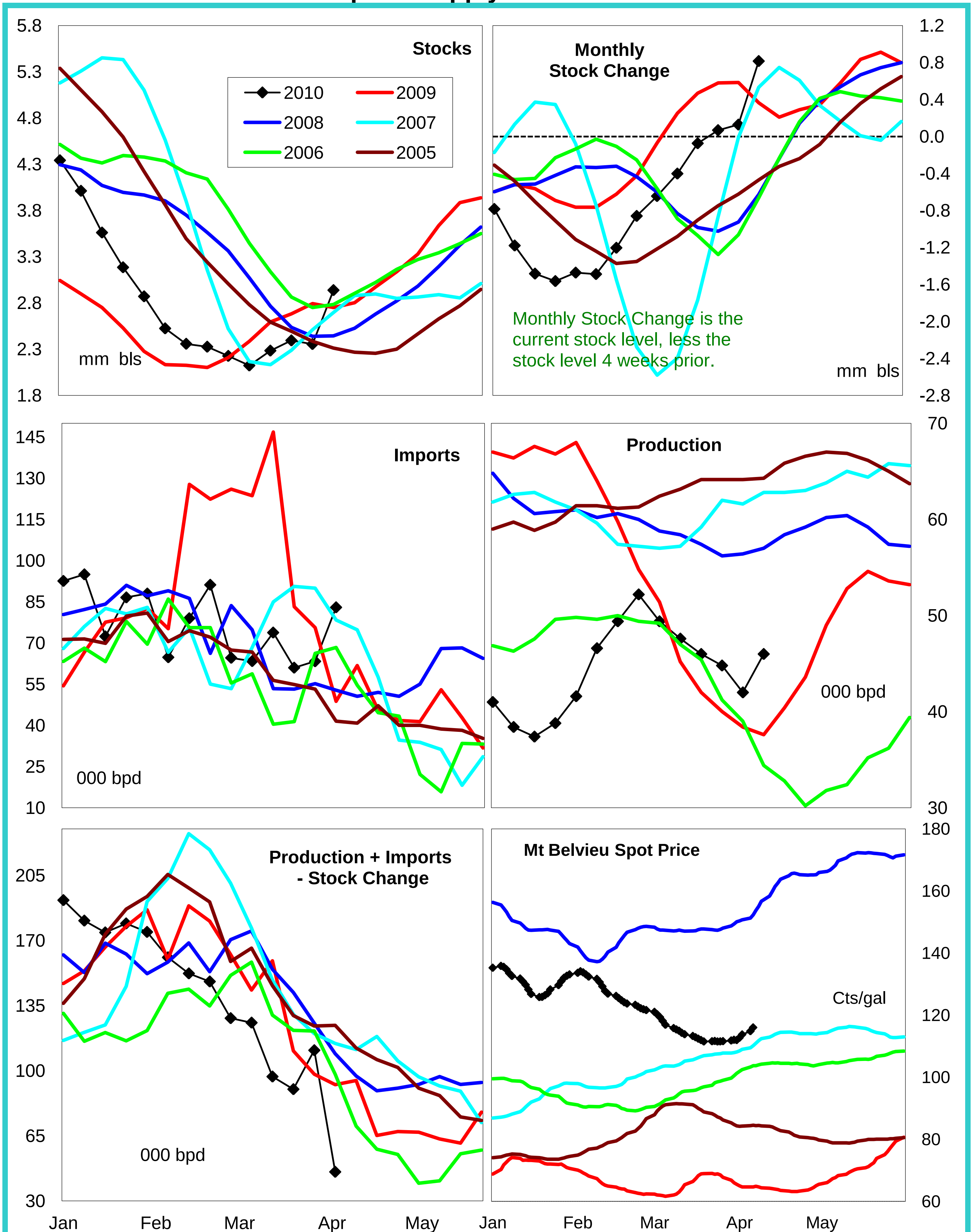


U. S. Propane Supply and Demand Balance



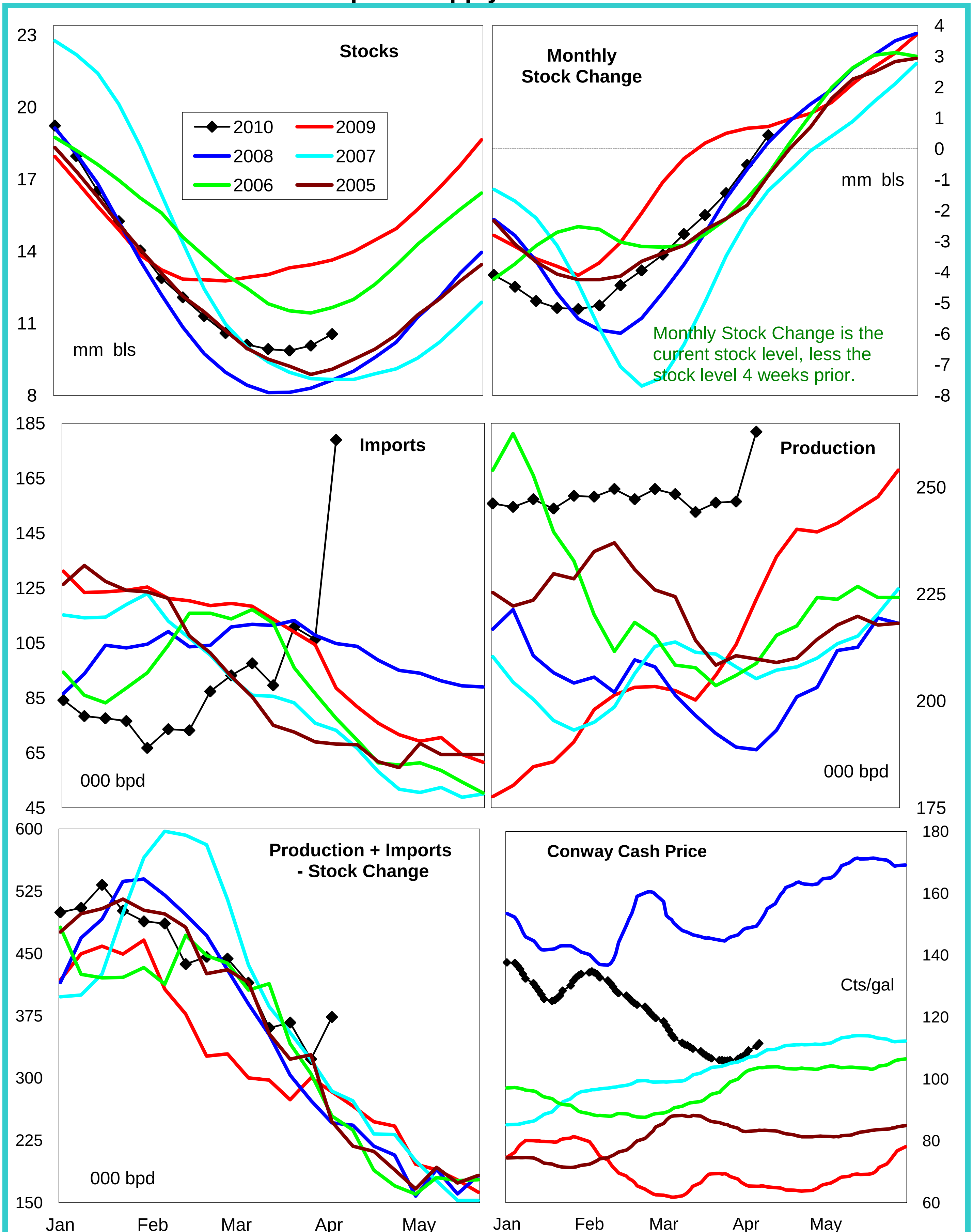
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Feb	Jan	Dec
000 bpd (000 bls stks)	-11,697	518	53	-124		-141	133	181	204
% change	-29.4	33	5.3	-43.3		-11.9	10.3	12.6	15.2

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)	119	450	3	-37	-29
% change	4.2	123.4	6.4	-40.7	-25.4

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)	-3,400	-286	41	-5	67
% change	-24.4	-39.5	19.9	-4.9	23.2

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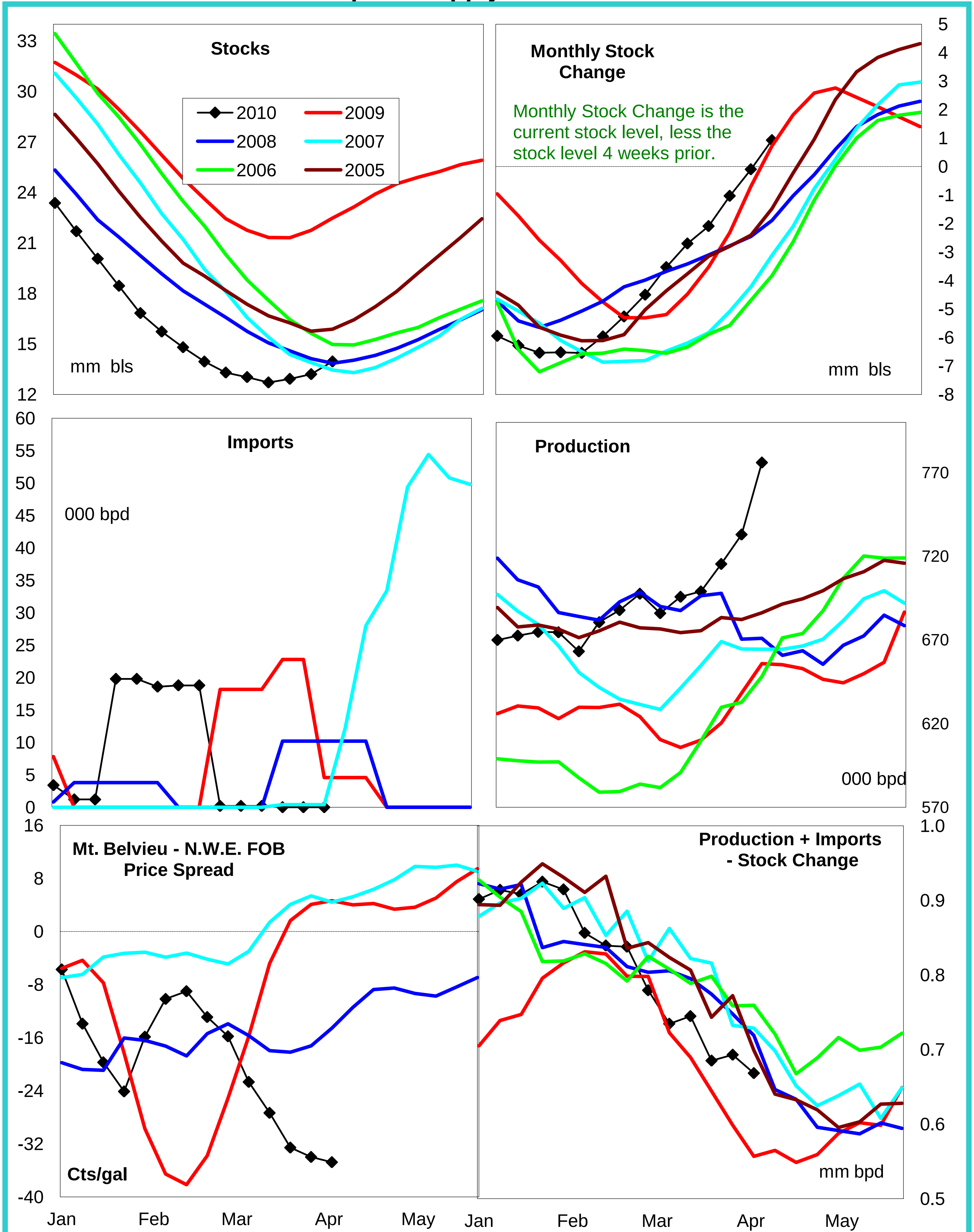
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-8,304	200	83	-29	76
% change	-37.3	27.5	13.1	-100.0	12.1

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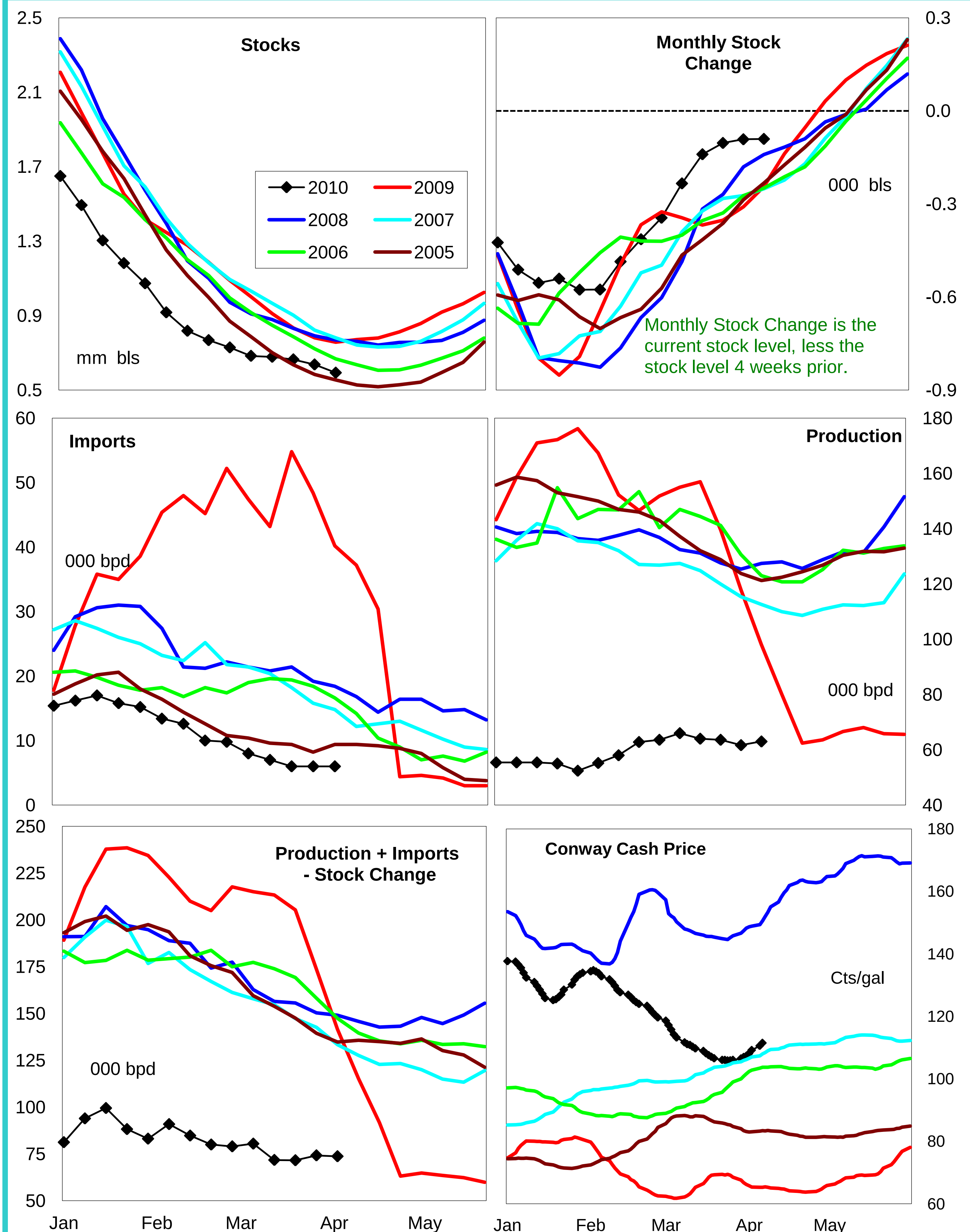
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-112	154	-73	-53	-111
% change	-15.9	-63.0	-54.5	-89.5	-60.3

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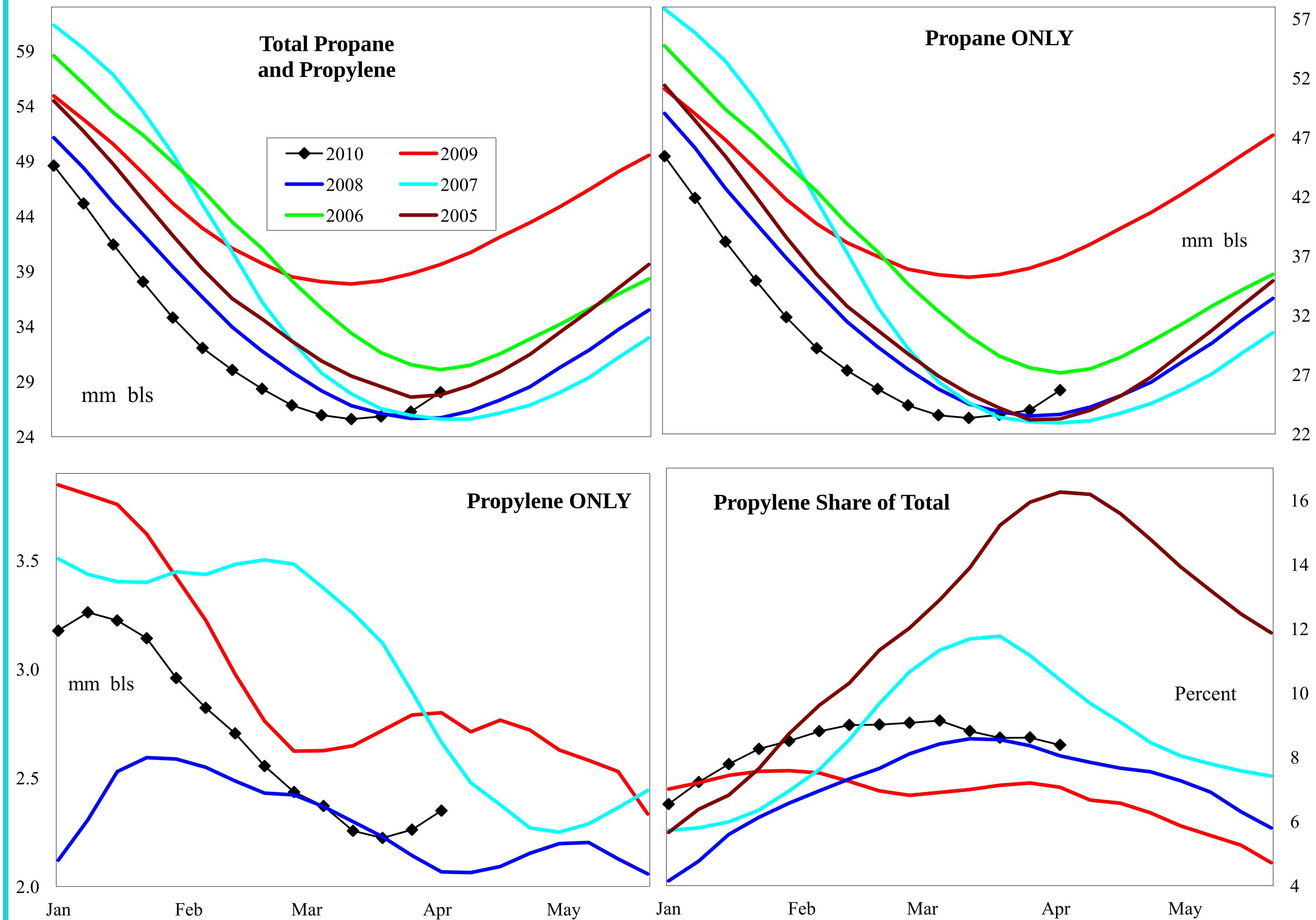
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-11,697	-11,210	-450
% change	-29.4	-30.4	-16.1

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