

**FUNDAMENTAL
PETROLEUM
TRENDS**

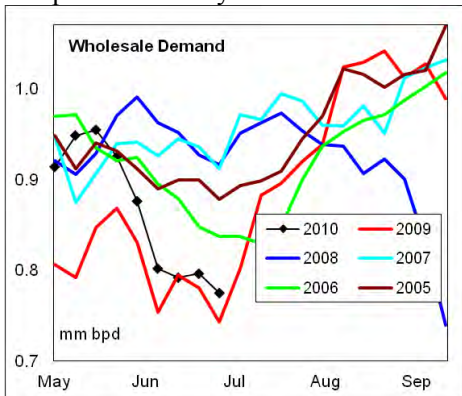
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

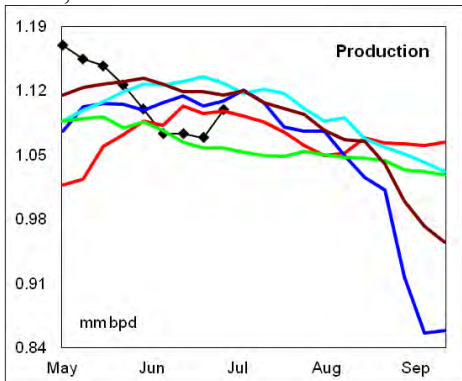
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, July 09, 2010



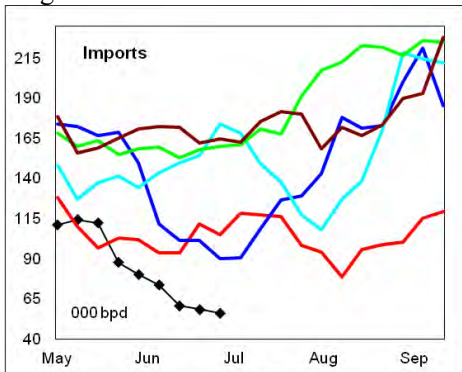
Summary¹: Wholesale demand increased +25,000 bpd last week, with the level comparable to last years' record lows.



Production increased +60,000 bpd on the week, with increases in PADDs 3 & 2.



Imports were nearly unchanged on the week, at a level well below the historic range.

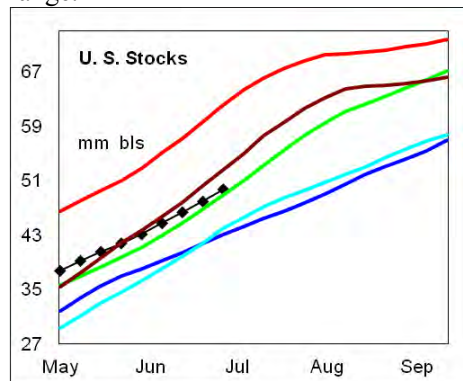


Combined production and imports during the latest 4-wk period were -66,000 bpd below a year ago. Imports declined -41,000 bpd during the period, while production was -25,000 bpd lower.

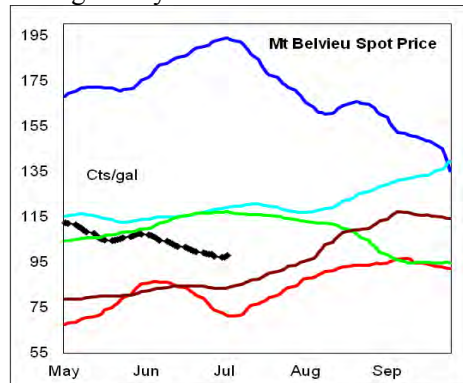
¹ Source is latest EIA Weekly Statistics

The latest 4-wk average demand was +7,000 bpd above last year.

Stocks increased +1.9 million barrels on the week. The latest 4-wk stock change was a build of +6.6 million barrels, well below the 5-year average. Stock levels were slightly above the mid range.



Price and Spreads Mt Belvieu prices decreased -1 ct/gal while Conway increased +1.5 cts/gal for the week ending 07July10.



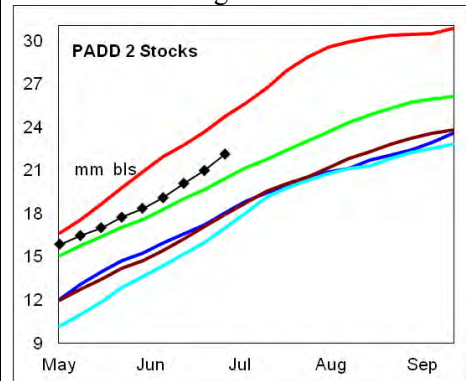
The Conway - Mt Belvieu price spread trended higher during the week ending 07July10. The spread ended the week above the last two years.

The propane to natural gas price spread trended higher late in the week. The spread remains at the upper end of the historic range.

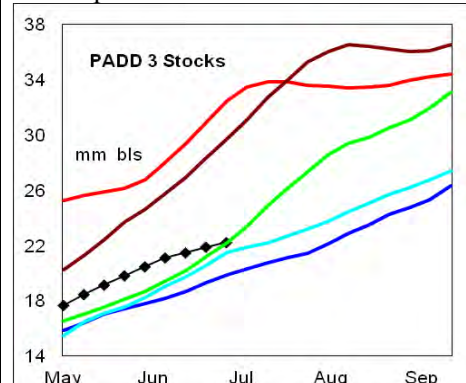
The propane / crude oil price spread pulled back late in the week after trending higher the prior 10-days. The level remains below the mid range.

PADD 1 stocks were unchanged on the week. Combined production and imports decreased -3,000 bpd with supply below the historic range. Supply for the latest 4-wk period was -13,000

bpd below a year ago. Stock levels were above the mid range.



PADD 2 stocks increased +1.5 million barrels last week, lifting stock levels to the upper end of the range. Combined imports and production increased +16,000 bpd last week. Imports were -44,000 bpd below a year ago while production was +5,000 bpd higher. The most recent 4-wk stock build of +3.8 million barrels, matched the historic high for the period.



PAD 3 stocks increased +0.2 million barrels last week. Production increased +45,000 bpd on the week, with the 4-wk average -7,000 bpd below last year. Stock levels match the mid range.

PADDs 4 & 5 stocks increased +0.1 million barrels on the week. Stock levels are below the mid range.

Emerging Trends show a tightening of supply with combined imports and production down -66,000 bpd from last year. As seasonal demand increase in the next quarter, the rate of stock building, all ready low, may fall further. These trends point to price strength during the next quarter.



PROPANE: Graph Link and Weekly Summary

July 9, 2010

Fundamental Trends for the Week Ending:

Friday, July 02, 2010

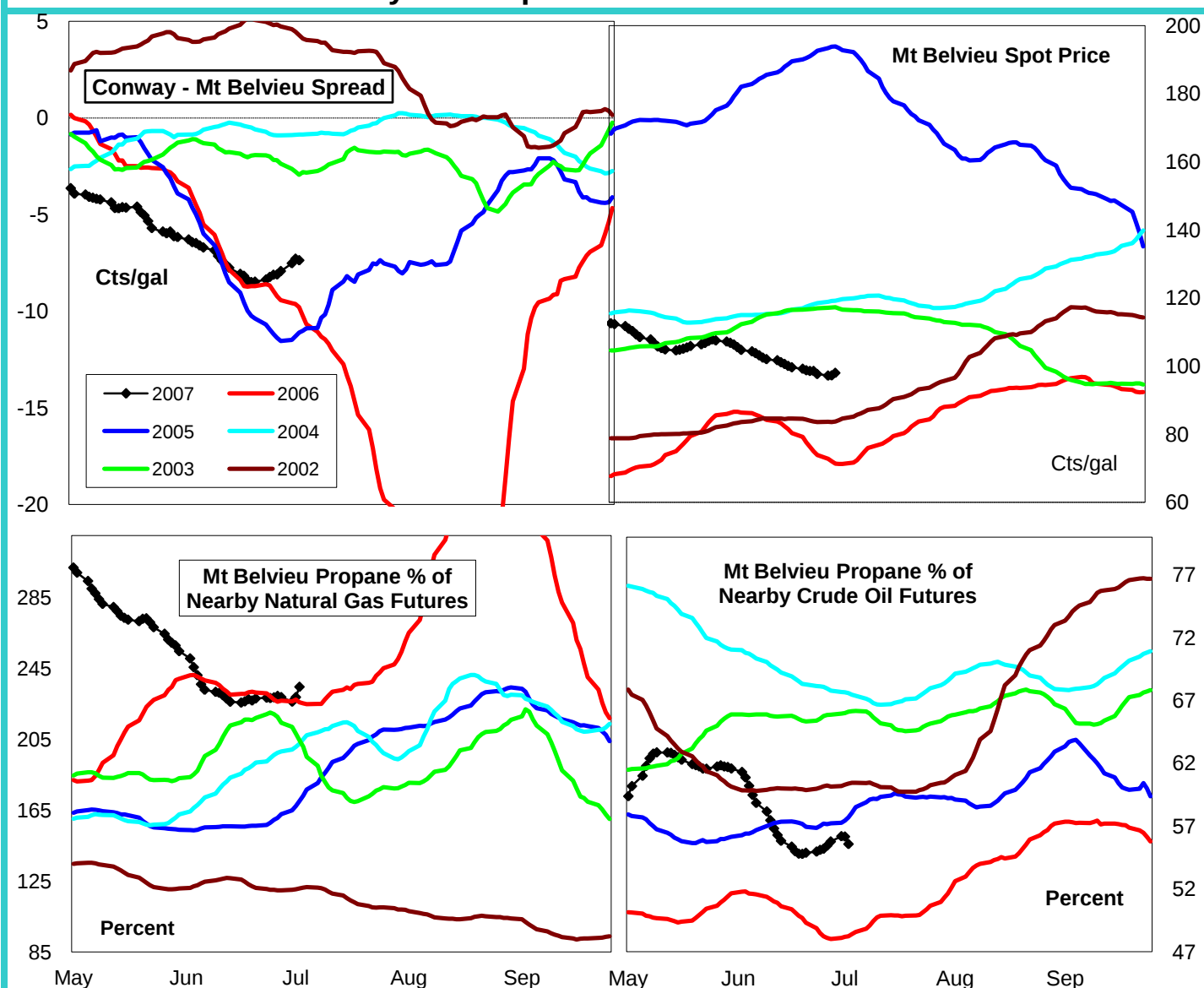
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	49,724	4,048	22,104	22,244	1,328	1,877	-12	1,531	224	134
Propylene Stocks	3,224					0				
Production	1,099	44	270	726	59	60	-1	14	45	2
Imports	56	13	39	0	4	1	-2	2	0	0
Whsle Demand	815					25				

Price Trends for the Week Ending:

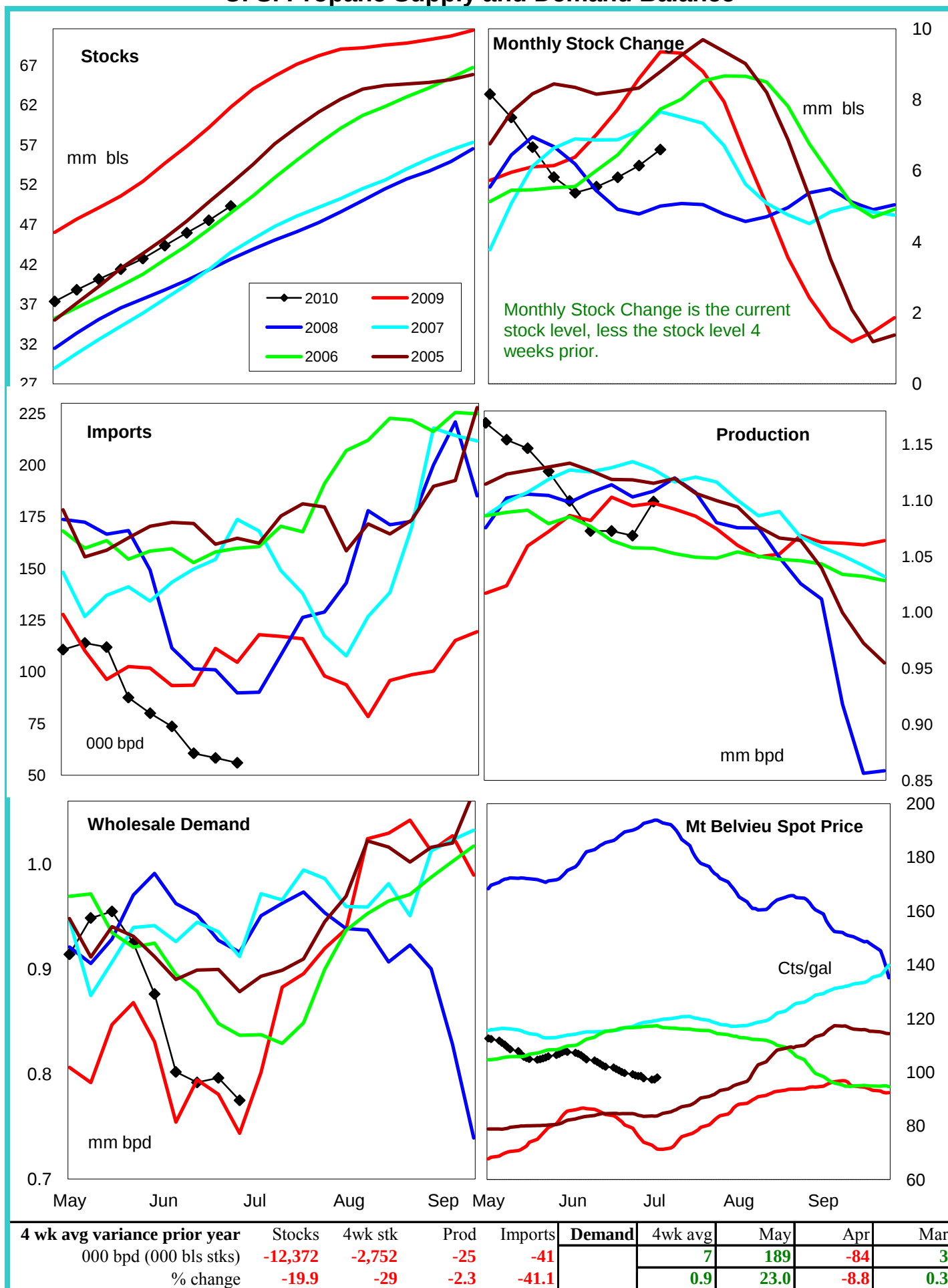
Wednesday, July 07, 2010

Cents/gal	Average for week ending:				Change from:			% change from:		
	7/7/10	6/29/10	6/8/10	6/26/09	6/29/10	6/8/10	6/26/09	6/29/10	6/8/10	6/26/09
Mont Belvieu Spot	97.2	99.9	106.9	70.1	-2.69	-7.00	36.80	-2.7	-6.5	52.5
Conway Spot	89.7	91.2	100.6	61.2	-1.52	-9.39	39.39	-1.7	-9.3	64.4

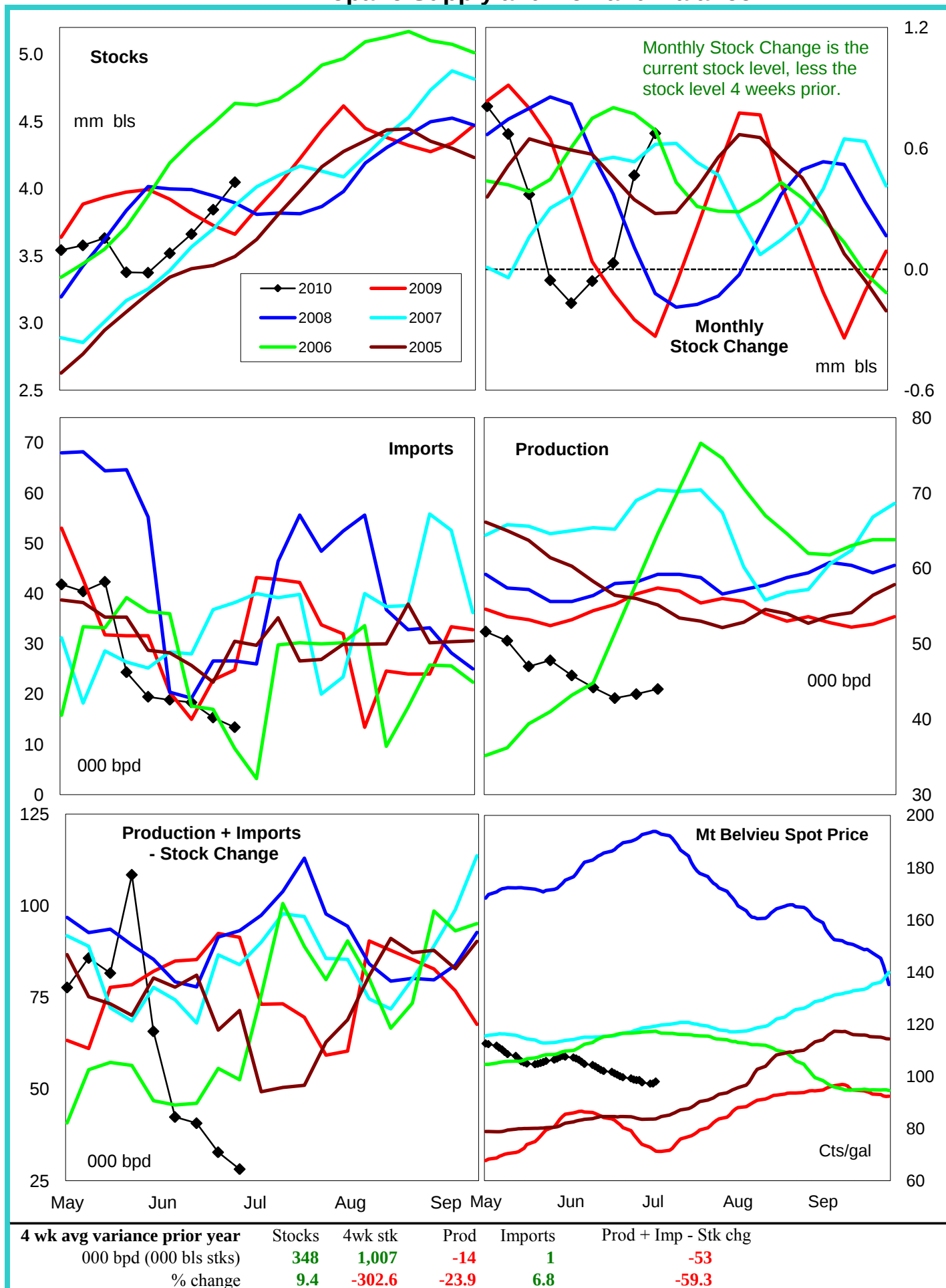
Key Price Spreads and Differentials



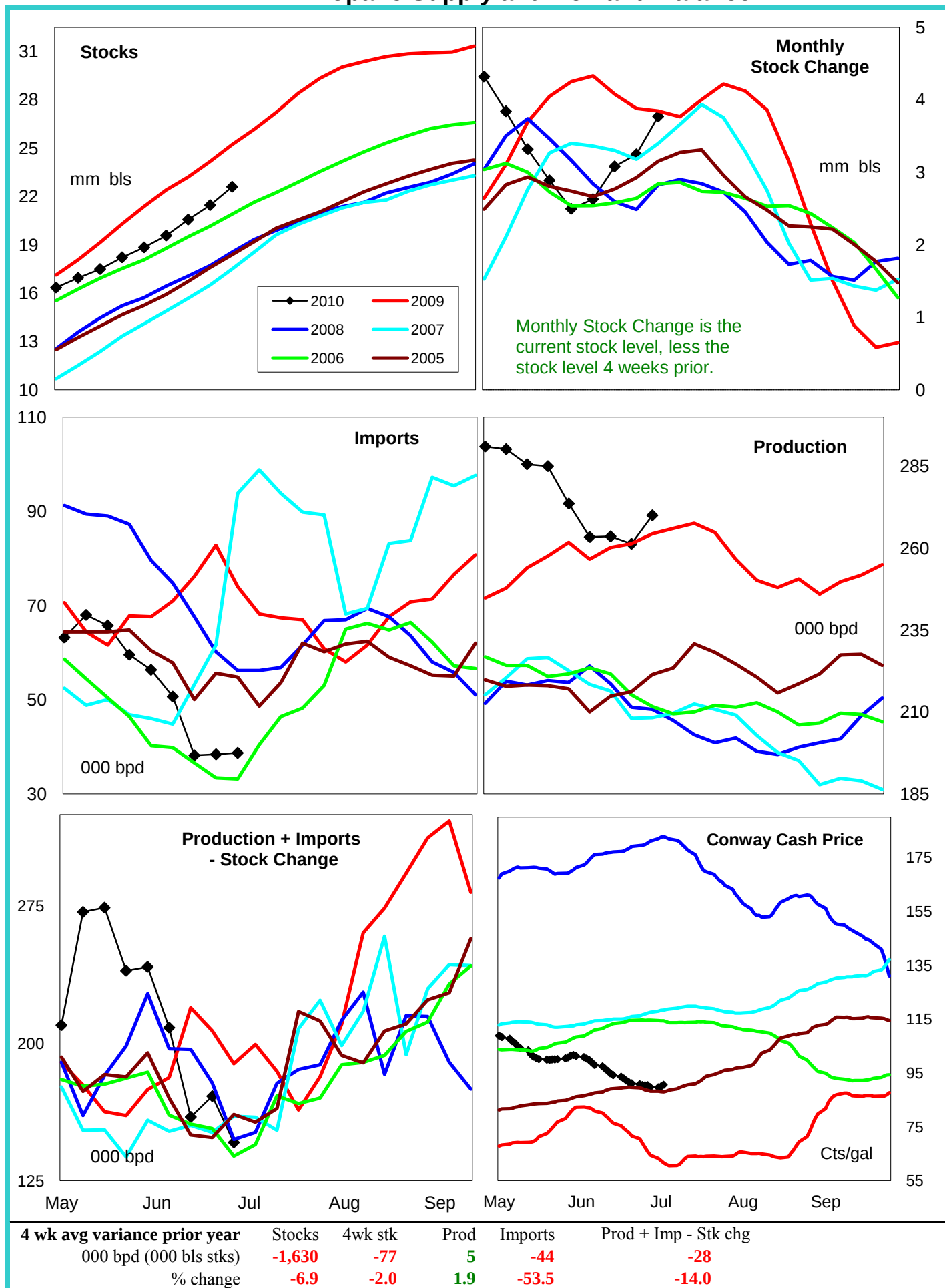
U. S. Propane Supply and Demand Balance



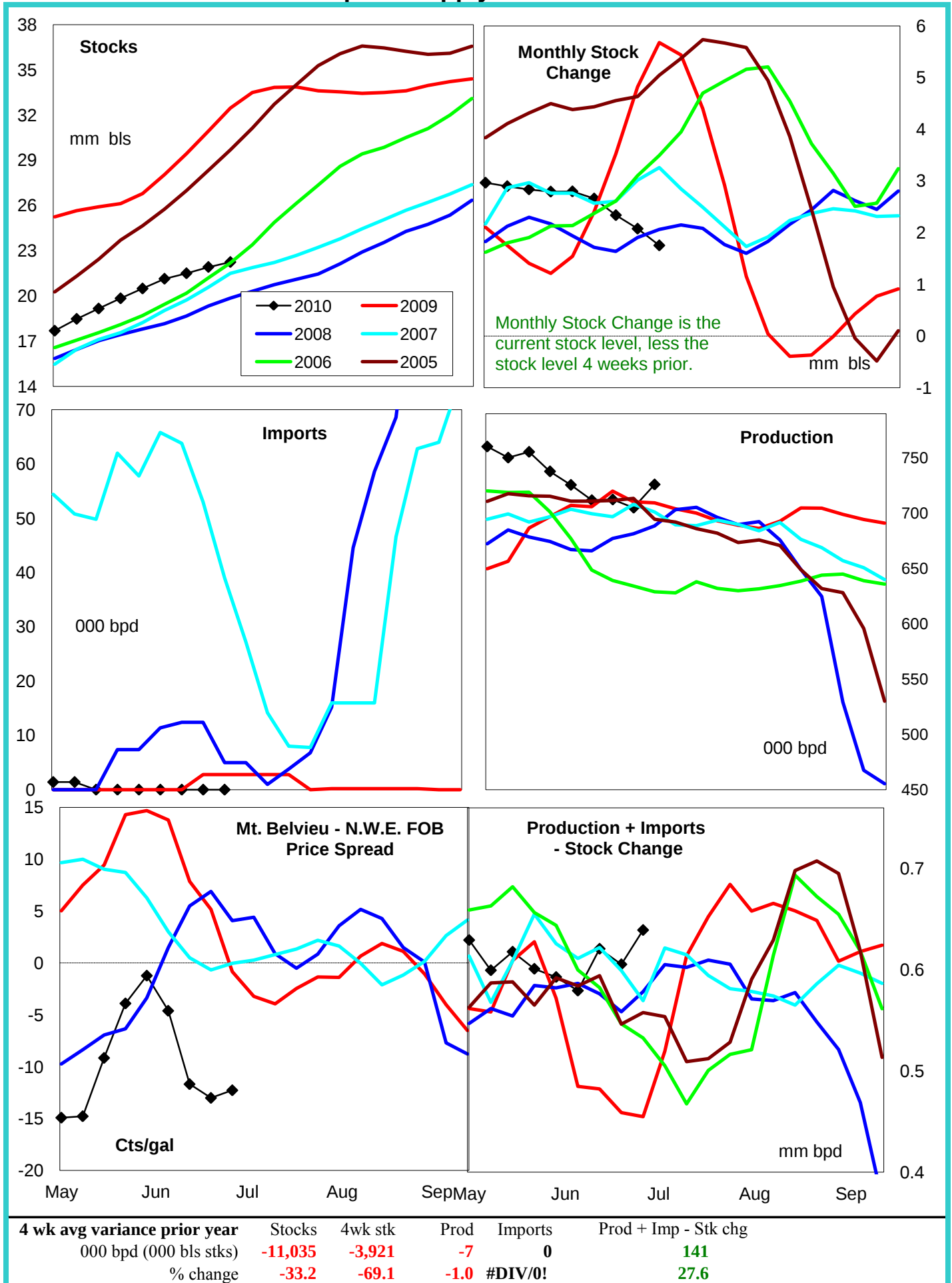
PADD 1 Propane Supply and Demand Balance



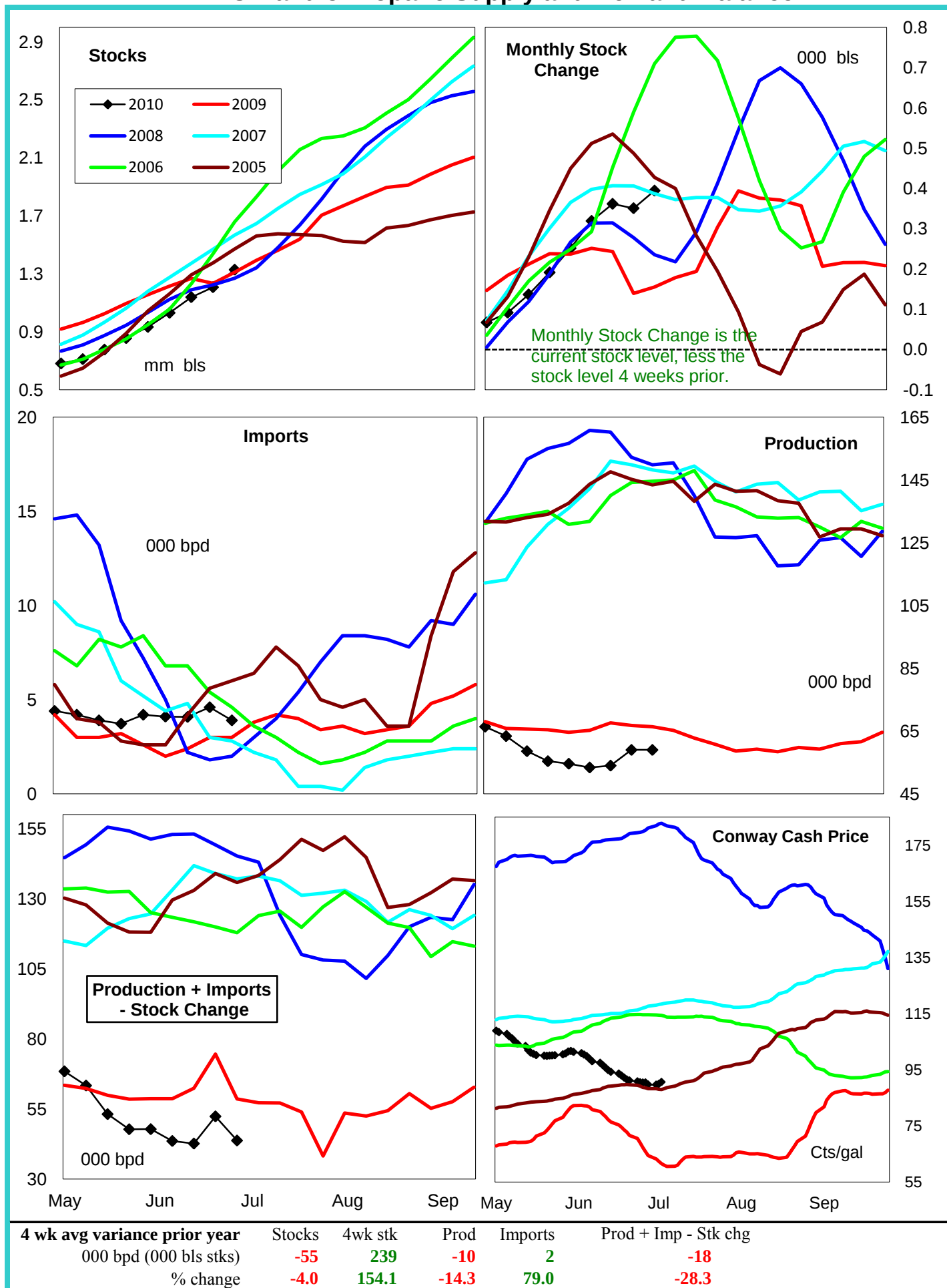
PADD 2 Propane Supply and Demand Balance



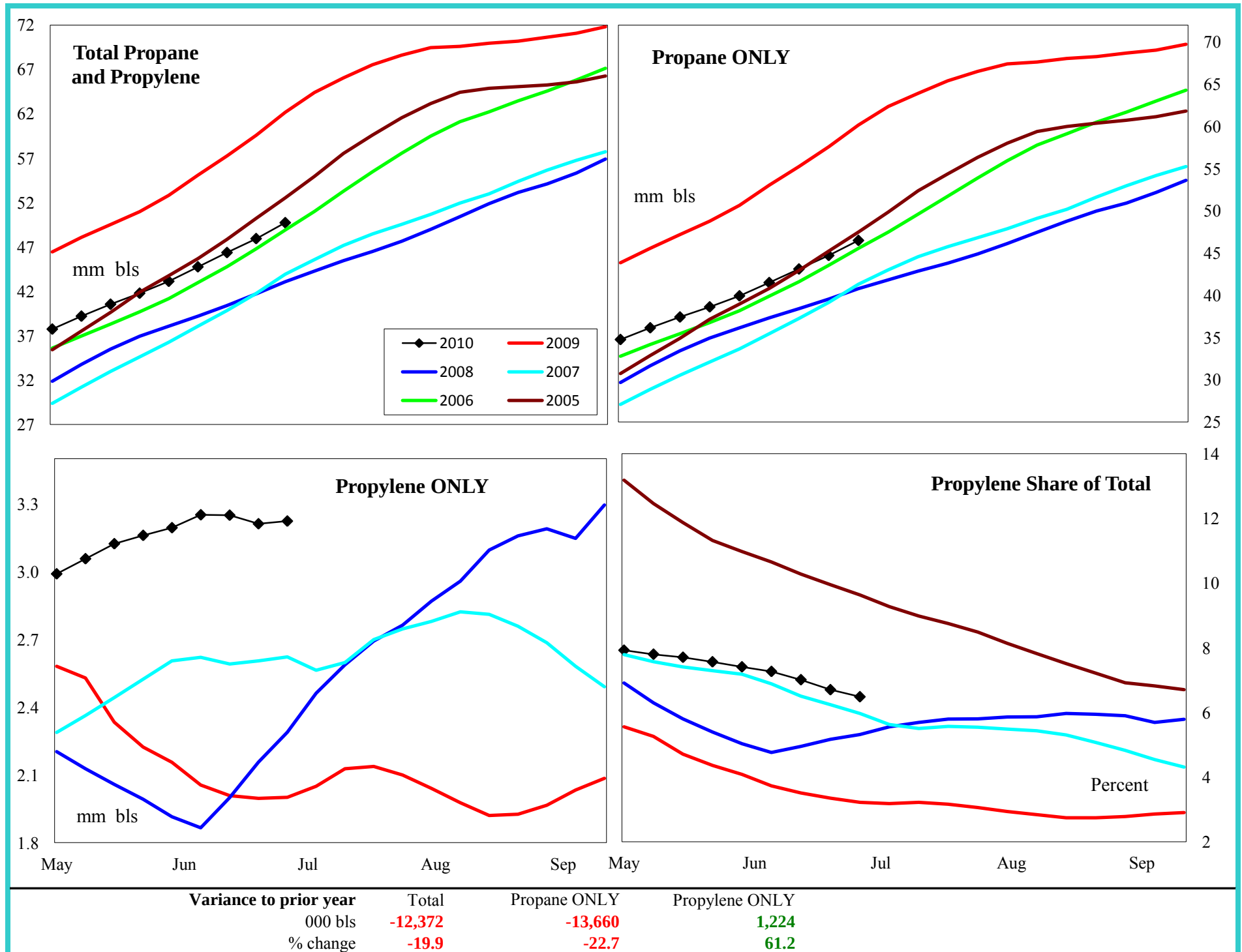
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

