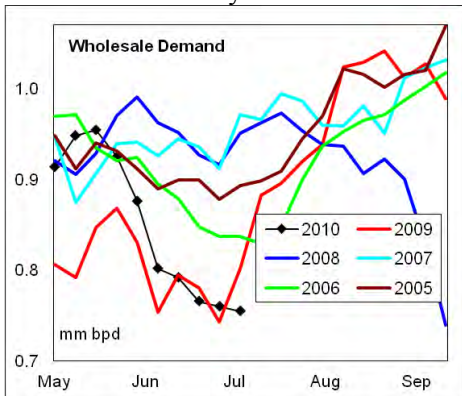

**FUNDAMENTAL
PETROLEUM
TRENDS**

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

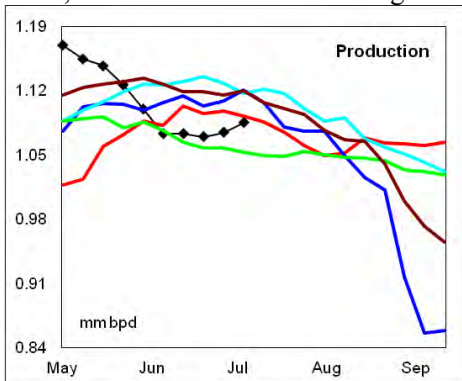
A Fundamental Petroleum Trends Weekly Report

 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, July 14, 2010

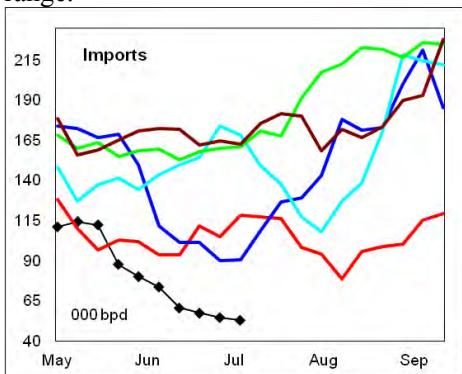

Summary¹: Wholesale demand decreased -20,000 bpd last week, with the level below last years' record lows.



Production declined -14,000 bpd on the week, to a level below the mid range.



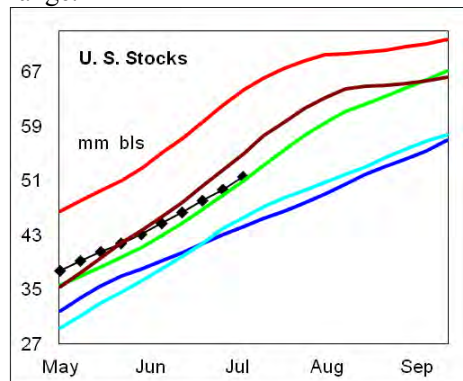
Imports were nearly unchanged on the week, at a level well below the historic range.



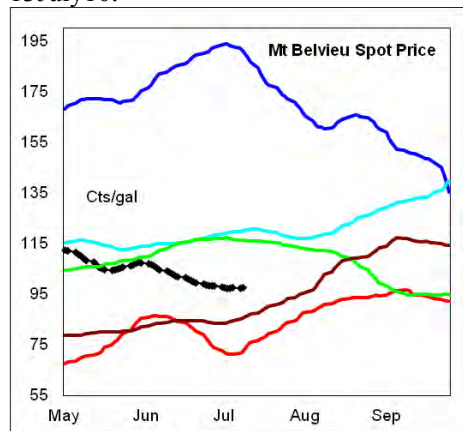
Combined production and imports during the latest 4-wk period were -79,000 bpd below a year ago. Imports declined -52,000 bpd during the period, while production was -27,000 bpd lower.

The latest 4-wk average demand was +58,000 bpd above last year.

Stocks increased +1.9 million barrels on the week. The latest 4-wk stock change was a build of +6.9 million barrels, well below the 5-year average. Stock levels were slightly above the mid range.



Price and Spreads Mt Belvieu prices increased +1 ct/gal while Conway was unchanged for the week ending 13Jul10.

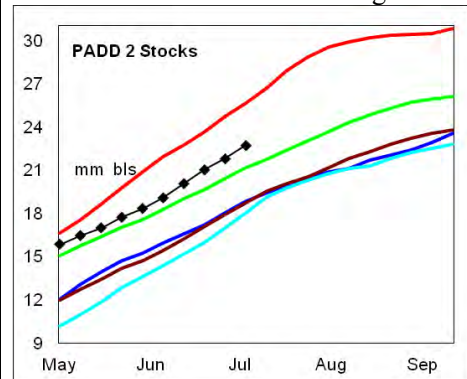


The Conway - Mt Belvieu price spread trended lower late in the week ending 13Jul10. The spread ended the week above the last two years.

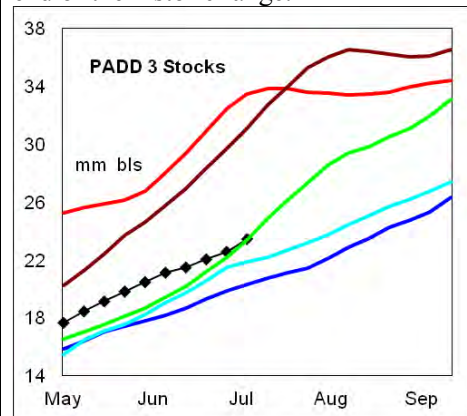
The propane to natural gas price spread trended higher on the week. The spread remains above the historic range.

The propane / crude oil price spread trended lower on the week. The level was at the low end of the historic range. **PADD 1** stocks decreased -0.1 million barrels on the week. Combined production and imports were unchanged on the week, at a level below the historic range. Supply for the latest 4-wk period

was -24,000 bpd below a year ago. Stock levels were at the mid range.



PADD 2 stocks increased +0.6 million barrels last week, with stock levels -3.3 million barrels below the 5-year high for the period. Combined imports and production decreased -9,000 bpd last week. The most recent 4-wk stock build of +3.7 million barrels, was at the upper end of the historic range.



PADD 3 stocks increased +1.2 million barrels last week. Supply was nearly unchanged on the week, with the 4-wk average -3,000 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 point toward a significant uptrend in seasonal demand beginning in the very near term, driven by summer fill programs. Imports continue at nearly -50% below year ago levels while production is slightly below last year. Stock levels are at the 5-year mid range. These fundamental trends should provide support to prices for the balance of the quarter.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

July 14, 2010

Fundamental Trends for the Week Ending:

Friday, July 09, 2010

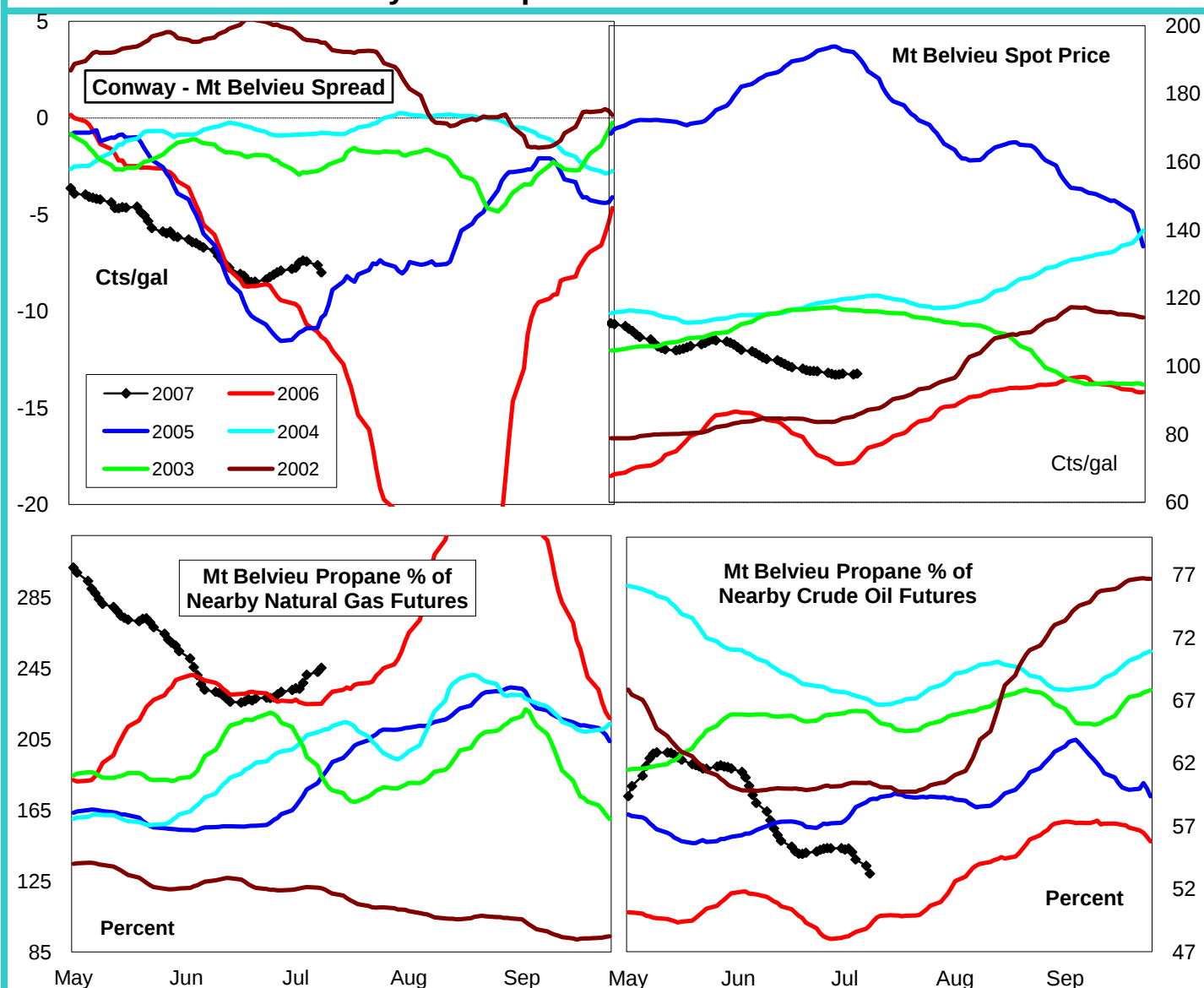
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	51,618	3,992	22,713	23,456	1,457	1,894	-56	609	1,212	129
Propylene Stocks	3,128					-237				
Production	1,085	41	266	727	51	-14	-3	-4	1	-8
Imports	53	16	34	0	3	-3	3	-5	0	-1
Whsle Demand	795					-20				

Price Trends for the Week Ending:

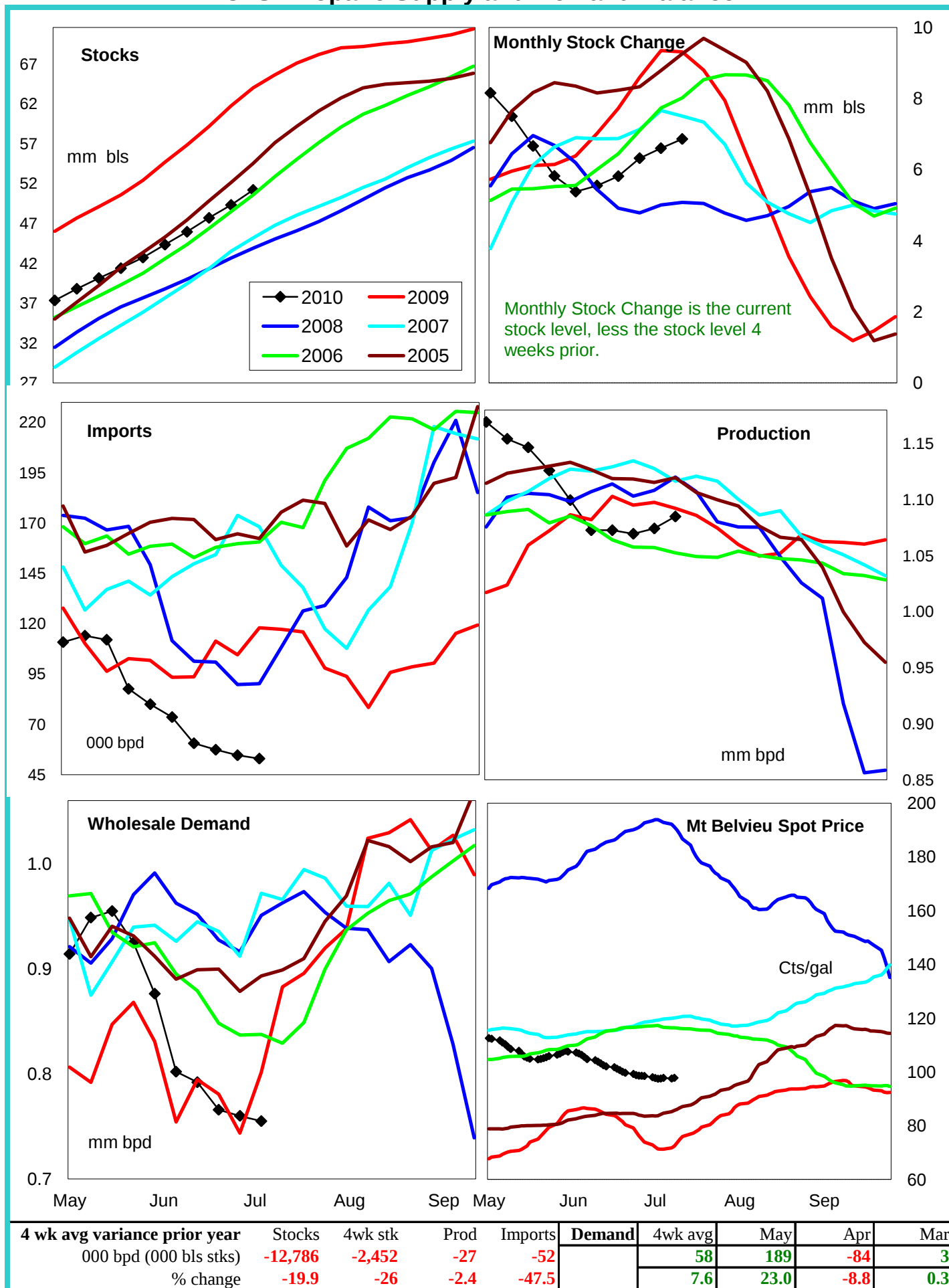
Tuesday, July 13, 2010

Cents/gal	Average for week ending:				Change from:			% change from:		
	7/13/10	7/6/10	6/14/10	7/2/09	7/6/10	6/14/10	7/2/09	7/6/10	6/14/10	7/2/09
Mont Belvieu Spot	97.7	97.4	105.5	70.2	0.34	-8.05	35.21	0.3	-7.6	50.1
Conway Spot	90.3	89.4	99.0	58.7	0.90	-9.61	40.36	1.0	-9.7	68.8

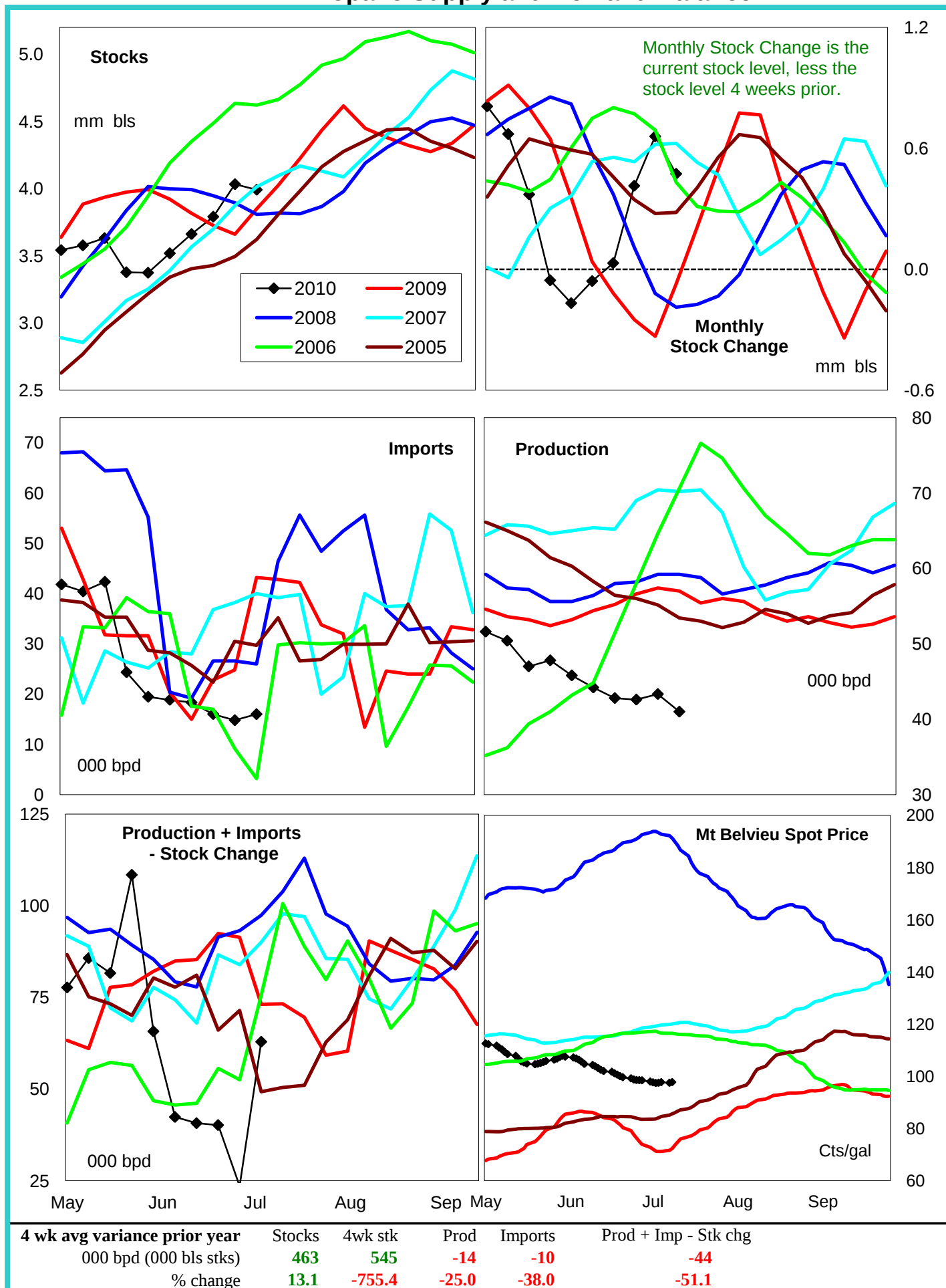
Key Price Spreads and Differentials



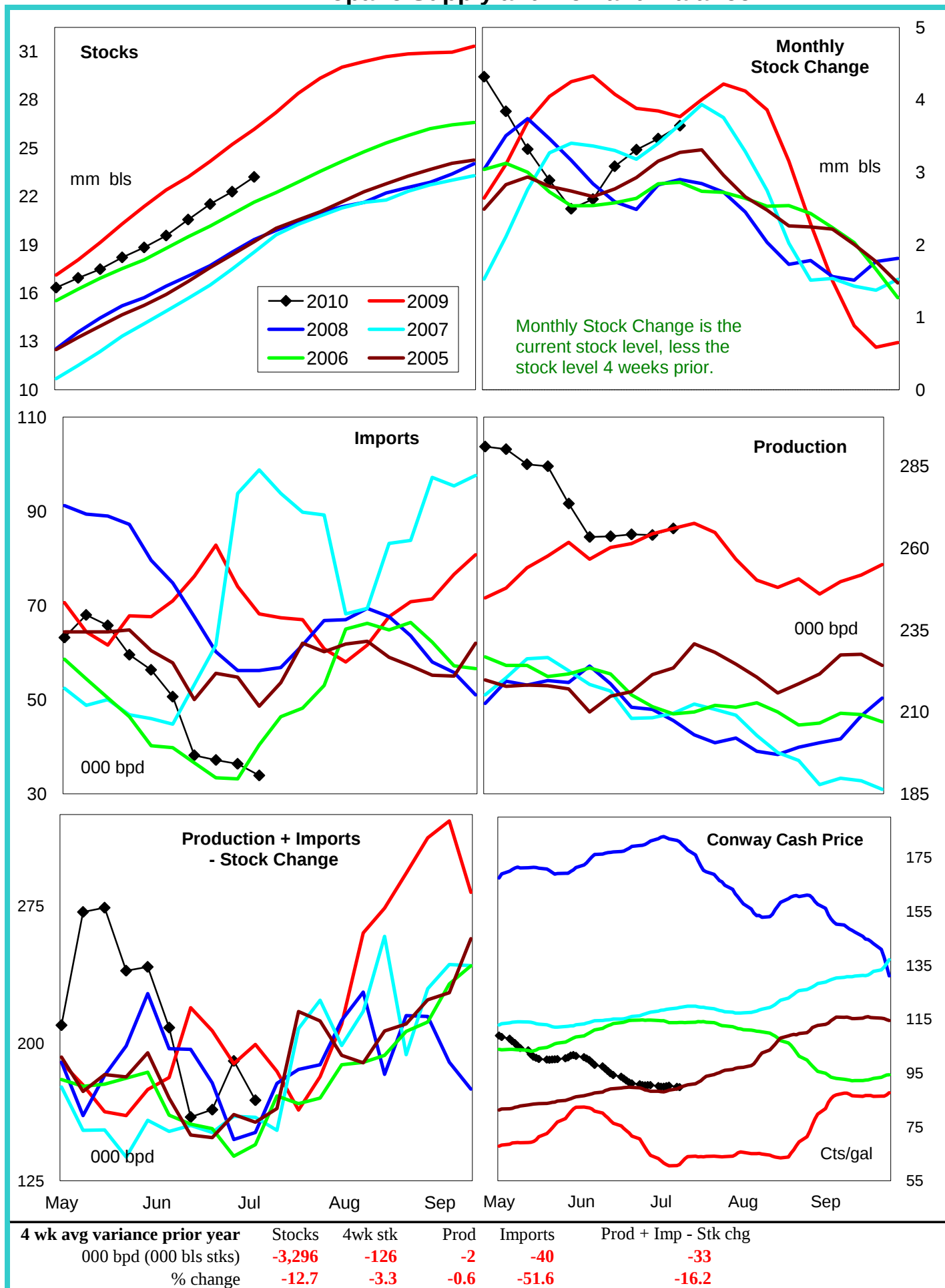
U. S. Propane Supply and Demand Balance



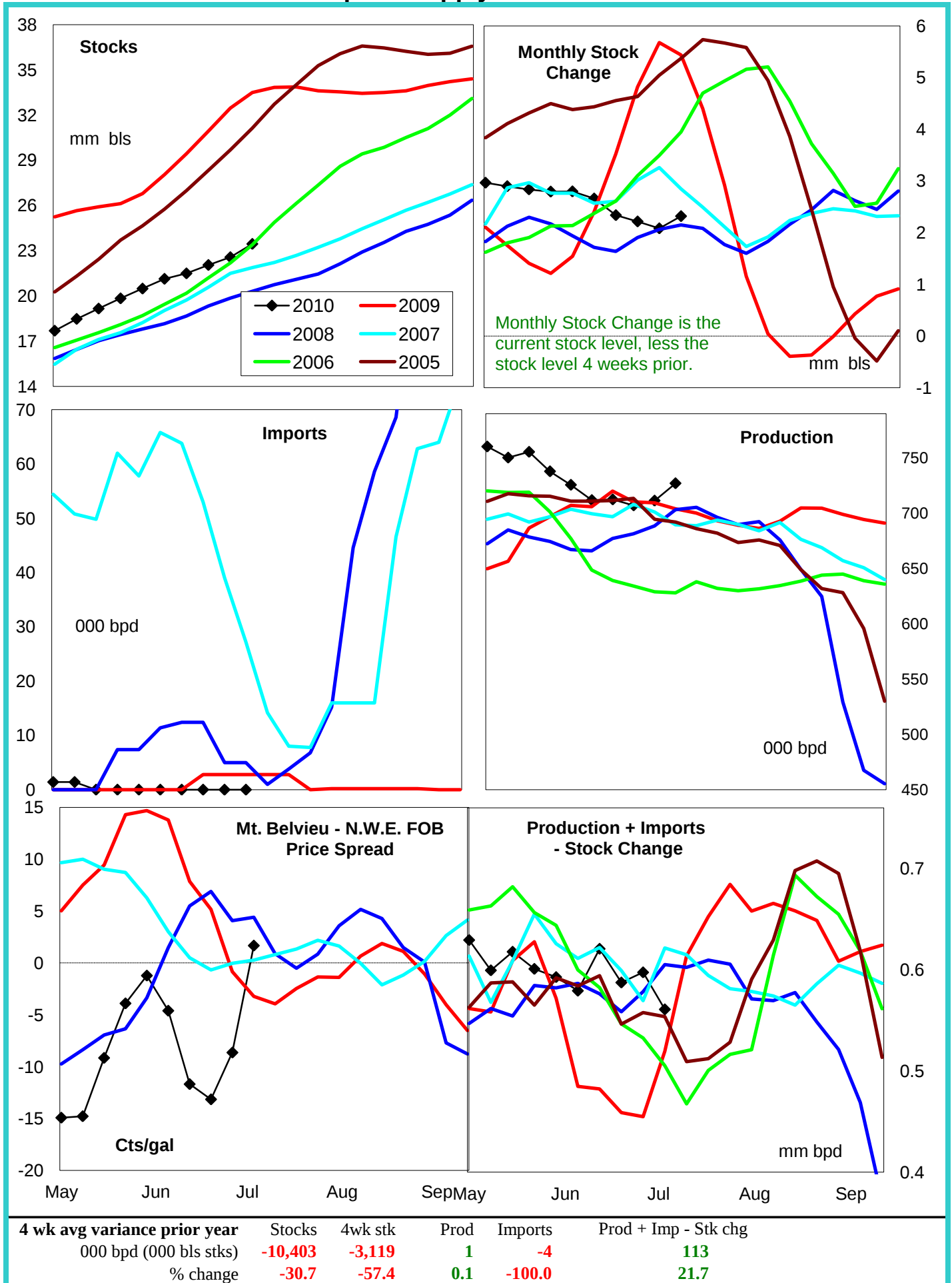
PADD 1 Propane Supply and Demand Balance



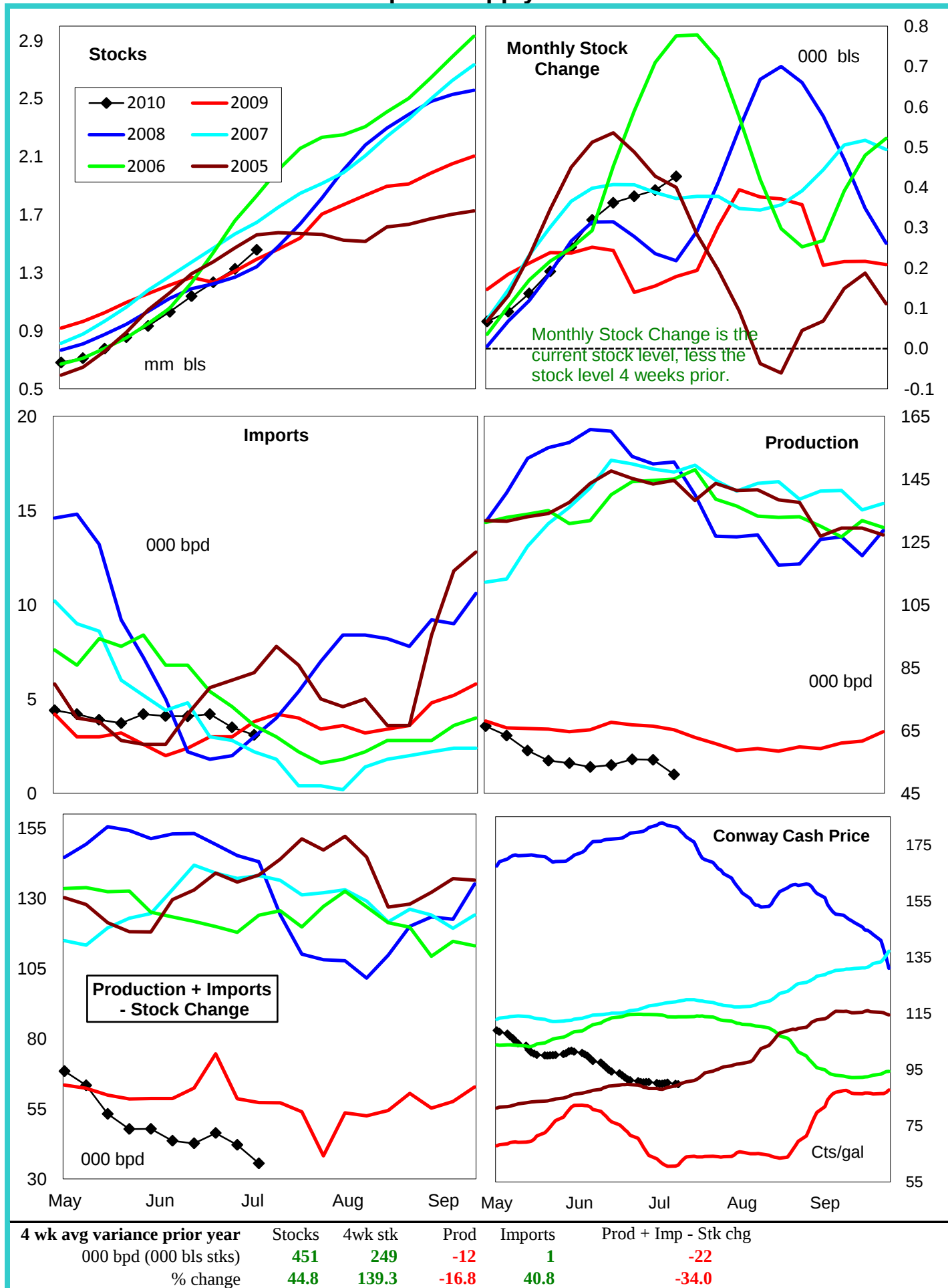
PADD 2 Propane Supply and Demand Balance



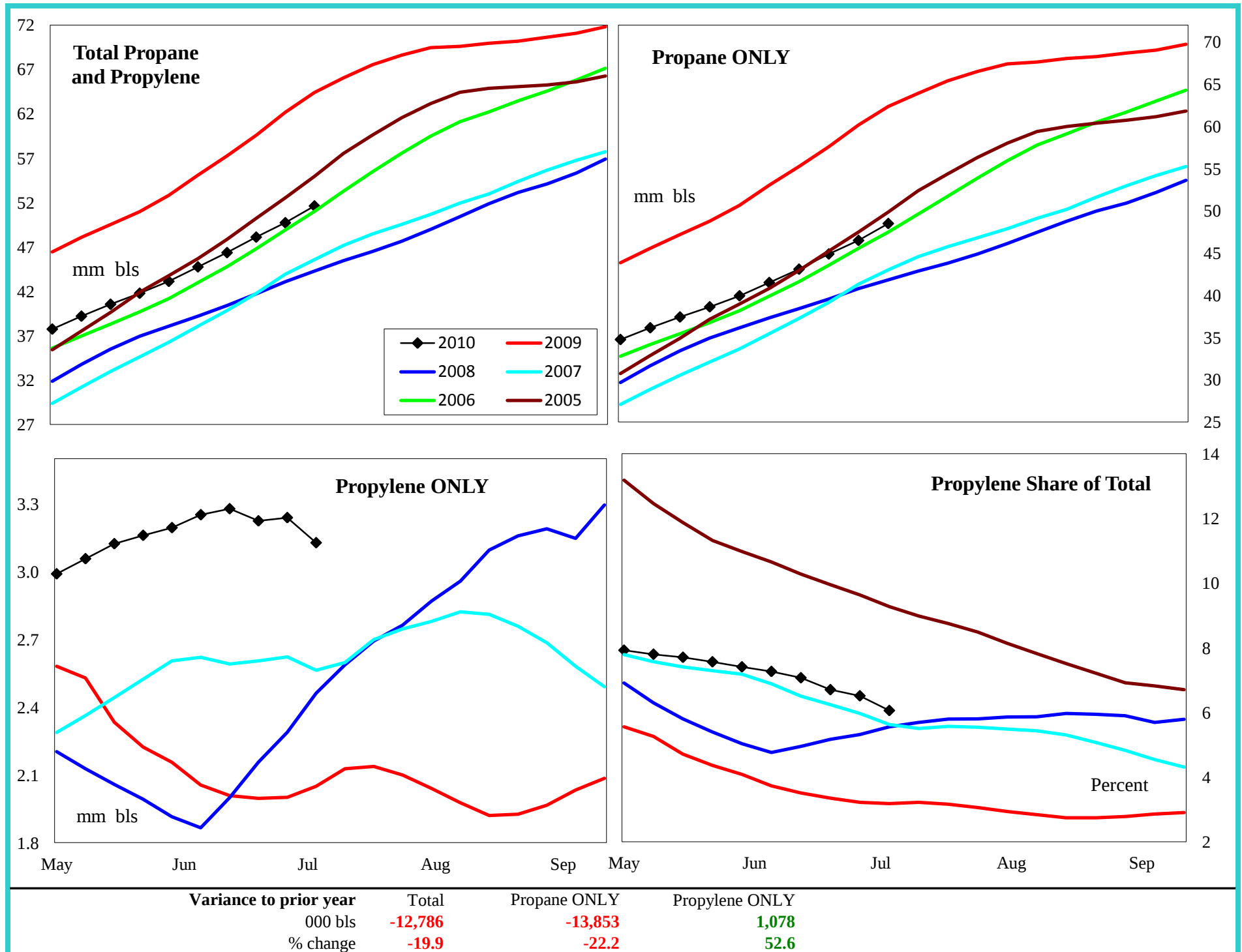
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

