

**FUNDAMENTAL
PETROLEUM
TRENDS**

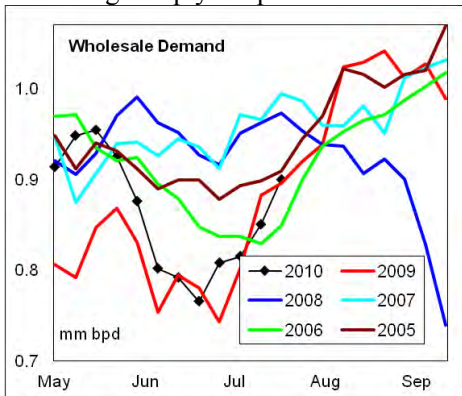
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

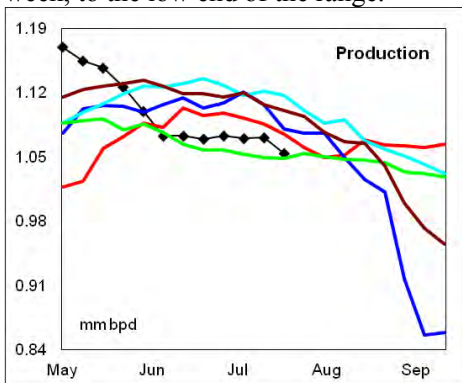
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, July 28, 2010



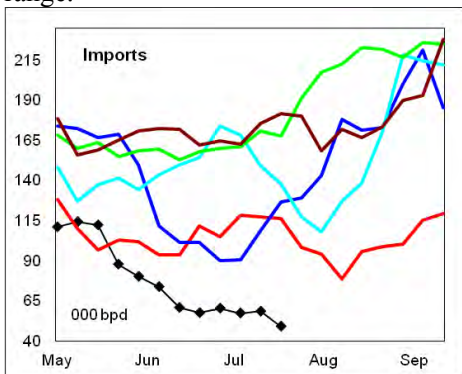
Summary¹: Wholesale demand was nearly unchanged last week, after increasing sharply the prior week.



Production declined -20,000 bpd on the week, to the low end of the range.



Imports decreased -24,000 bpd last week, to a level sharply below the 5-year range.

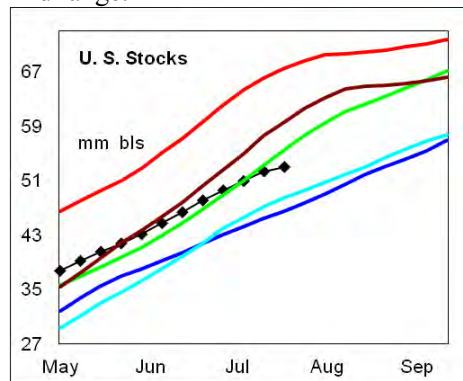


Combined production and imports during the latest 4-wk period were -92,000 bpd below a year ago. Imports declined -67,000 bpd during the period, while production was -25,000 bpd lower.

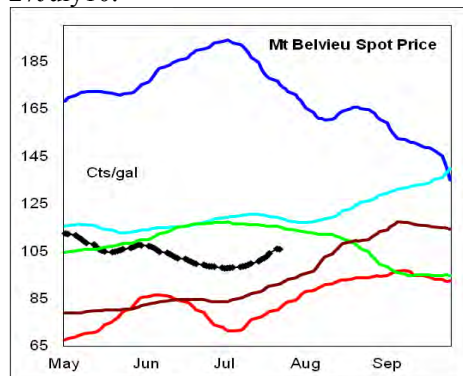
¹ Source is latest EIA Weekly Statistics

The latest 4-wk average demand was -38,000 bpd below last year.

Stocks increased +0.5 million barrels on the week. The latest 4-wk stock change was a build of +4.8 million barrels, matching the low of the historic range. Stock levels are now below the mid range.



Price and Spreads Mt Belvieu prices increased +6 cts/gal while Conway increased +4 cts/gal for the week ending 27July10.



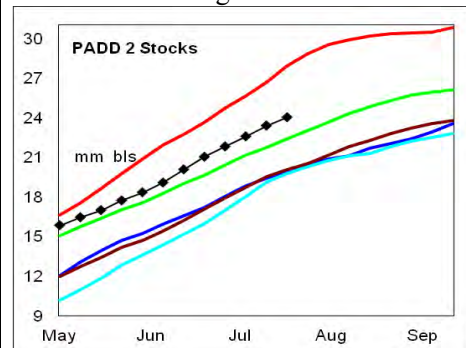
The Conway - Mt Belvieu price spread trended lower during the week ending 27July10. The spread ended the week at the low end of the historic range.

The propane to natural gas price spread trended higher on the week. The spread now matches the high of the historic range.

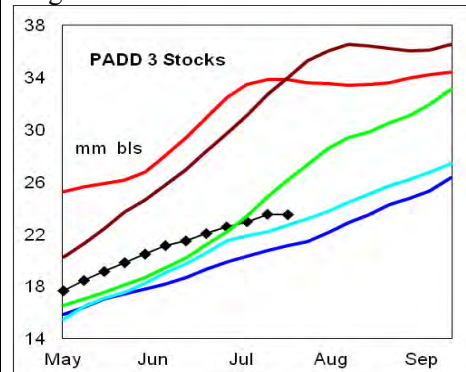
The propane / crude oil price spread trended higher on the week. The level remains below 4 of the last 5 years.

PADD 1 stocks were unchanged last week. Combined production and imports increased +4,000 bpd for the week, however, the level remains well below the historic range. Supply for the latest 4-wk period was -47,000 bpd

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



PADD 2 stocks increased +0.6 million barrels last week, with stock levels -3.7 million barrels below the 5-year high for the period. Combined imports and production decreased -22,000 bpd last week on a sharp drop in imports. The most recent 4-wk stock build of +3 million barrels, was at the historic mid range.



PAD 3 stocks decreased -0.1 million barrels last week. Supply declined -24,000 bpd on lower production, with the 4-wk average unchanged from a year ago. Stock levels were well below the mid range.

PADDs 4 & 5 stocks increased +0.1 million barrels last week. Stock levels were below the historic range.

Emerging Trends to a weak values for propane compared to crude oil; leading crude oil producers and refiners to minimize extraction. The result is low imports and production, that has driven stock levels to well below the 5-year mid range. These fundamental trends should provide support to prices for the balance of the quarter.



PROPANE: Graph Link and Weekly Summary

July 28, 2010

Fundamental Trends for the Week Ending:

Friday, July 23, 2010

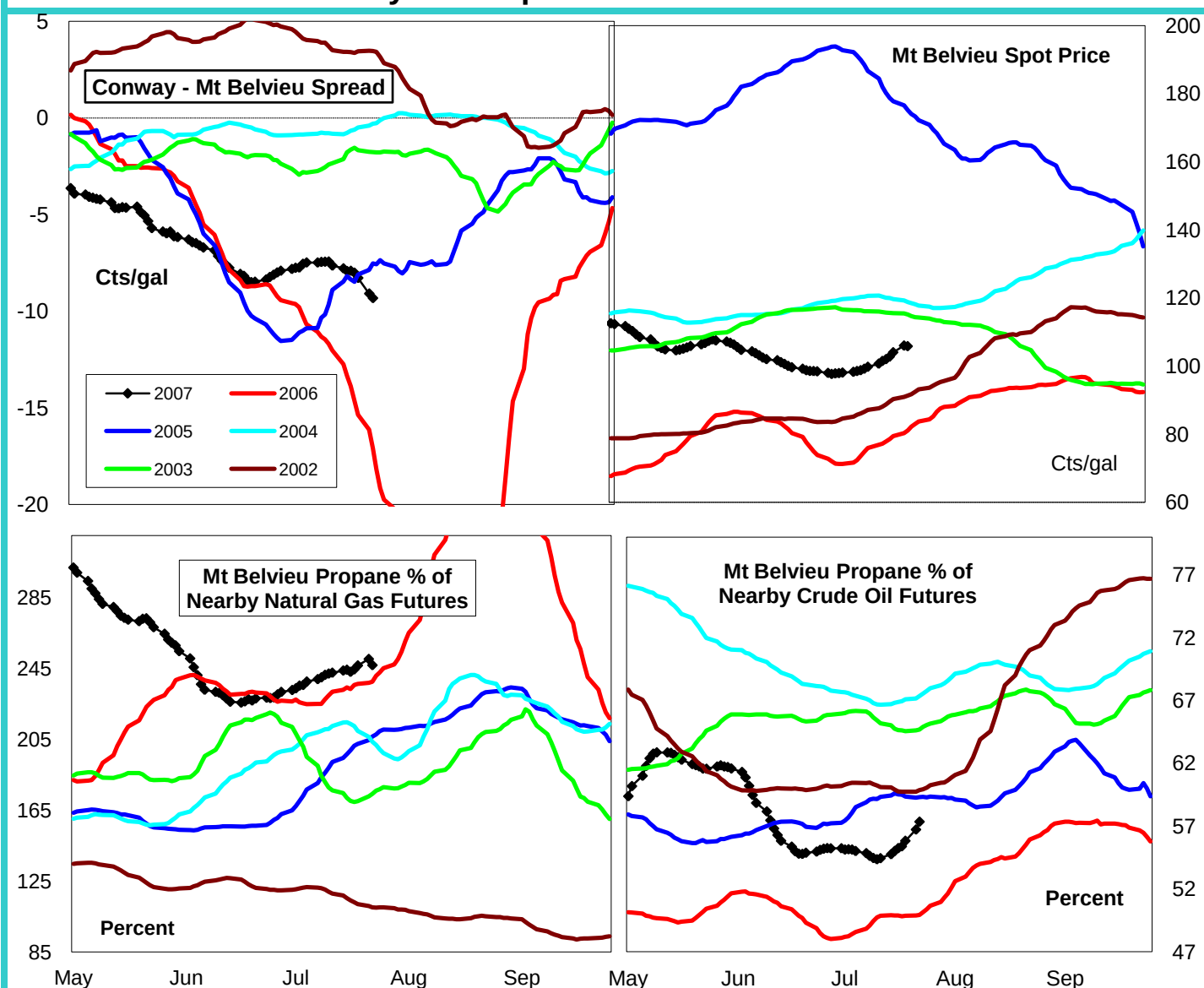
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	53,010	4,012	24,015	23,496	1,487	532	5	577	-118	68
Propylene Stocks	2,886					-257				
Production	1,054	45	263	687	59	-20	3	2	-24	-1
Imports	49	19	26	0	4	-24	1	-24	0	-1
Whsle Demand	940					3				

Price Trends for the Week Ending:

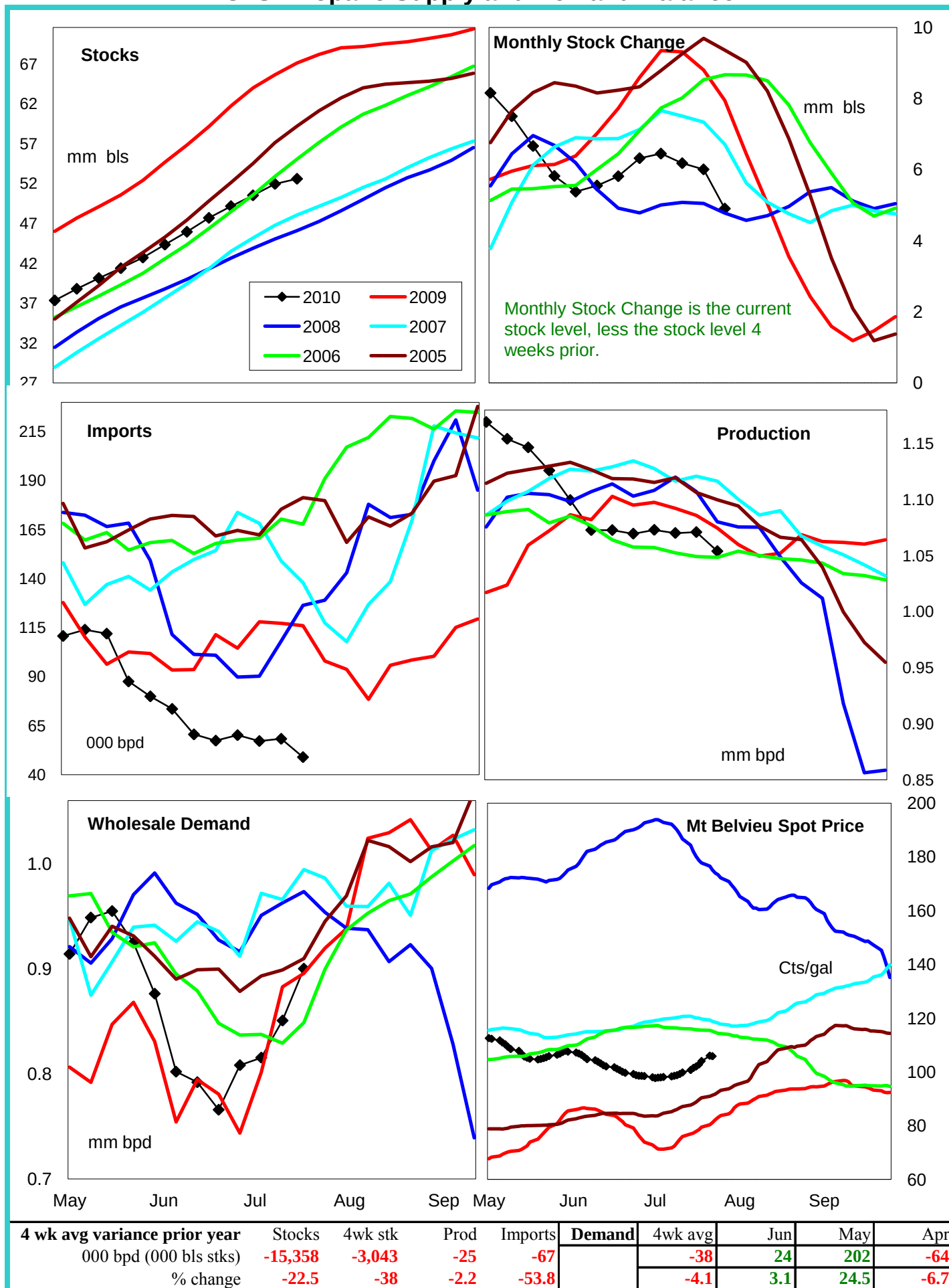
Tuesday, July 27, 2010

Cents/gal	Average for week ending:				Change from:			% change from:		
	7/27/10	7/20/10	6/28/10	7/17/09	7/20/10	6/28/10	7/17/09	7/20/10	6/28/10	7/17/09
Mont Belvieu Spot	104.0	99.7	99.8	79.2	4.36	-0.12	20.55	4.4	-0.1	25.9
Conway Spot	95.8	92.1	91.4	63.5	3.65	0.70	27.95	4.0	0.8	44.0

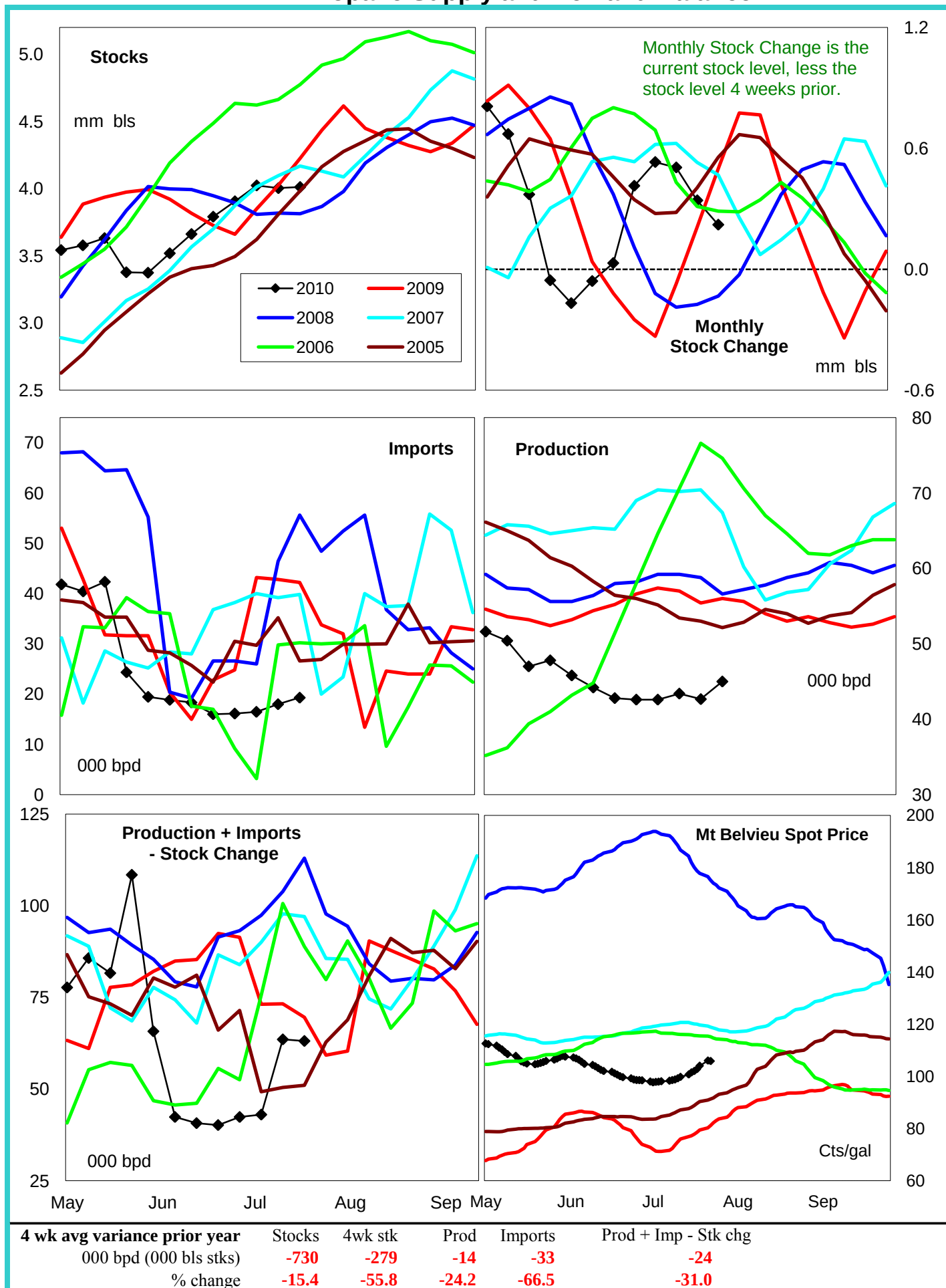
Key Price Spreads and Differentials



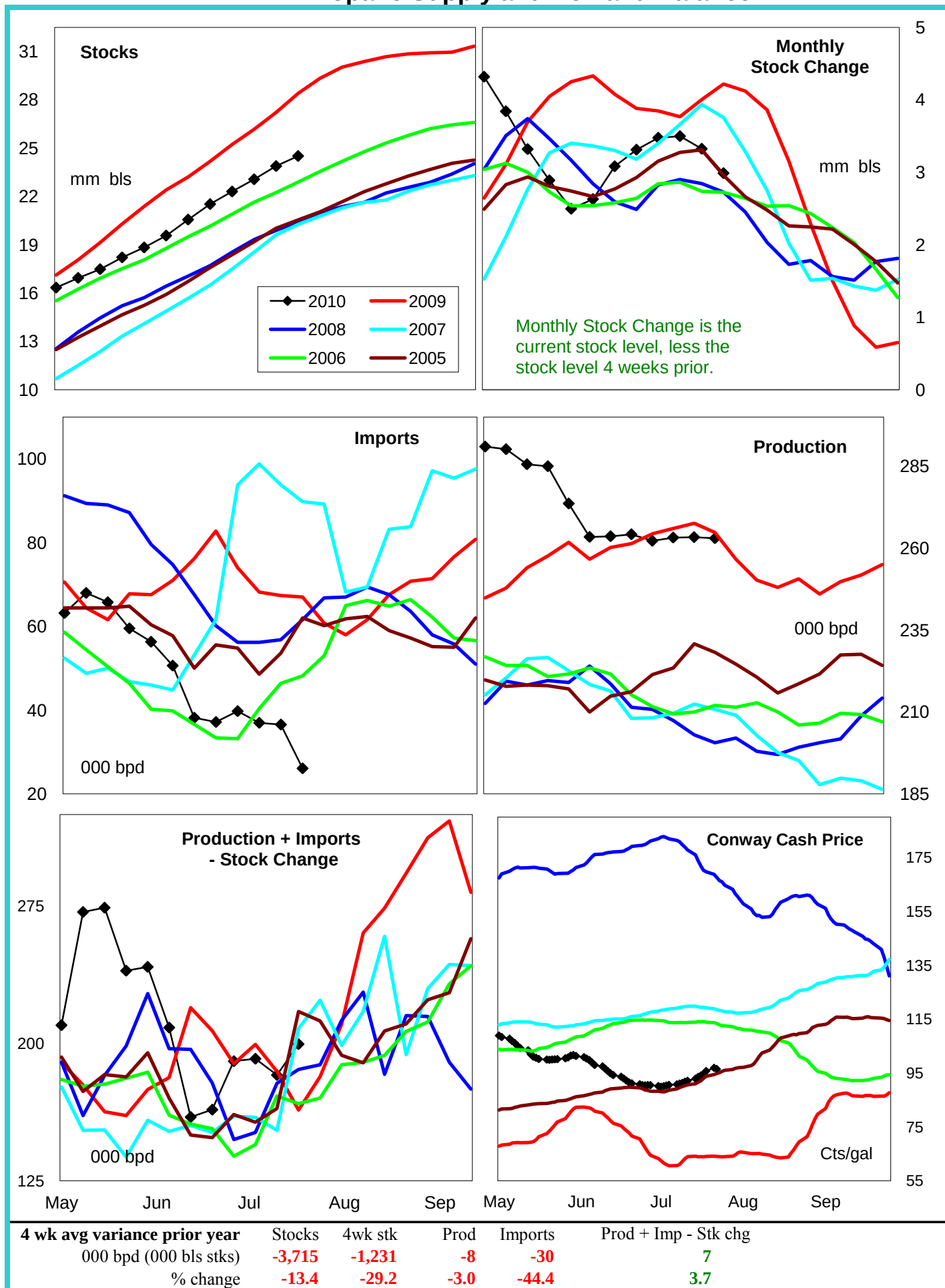
U. S. Propane Supply and Demand Balance



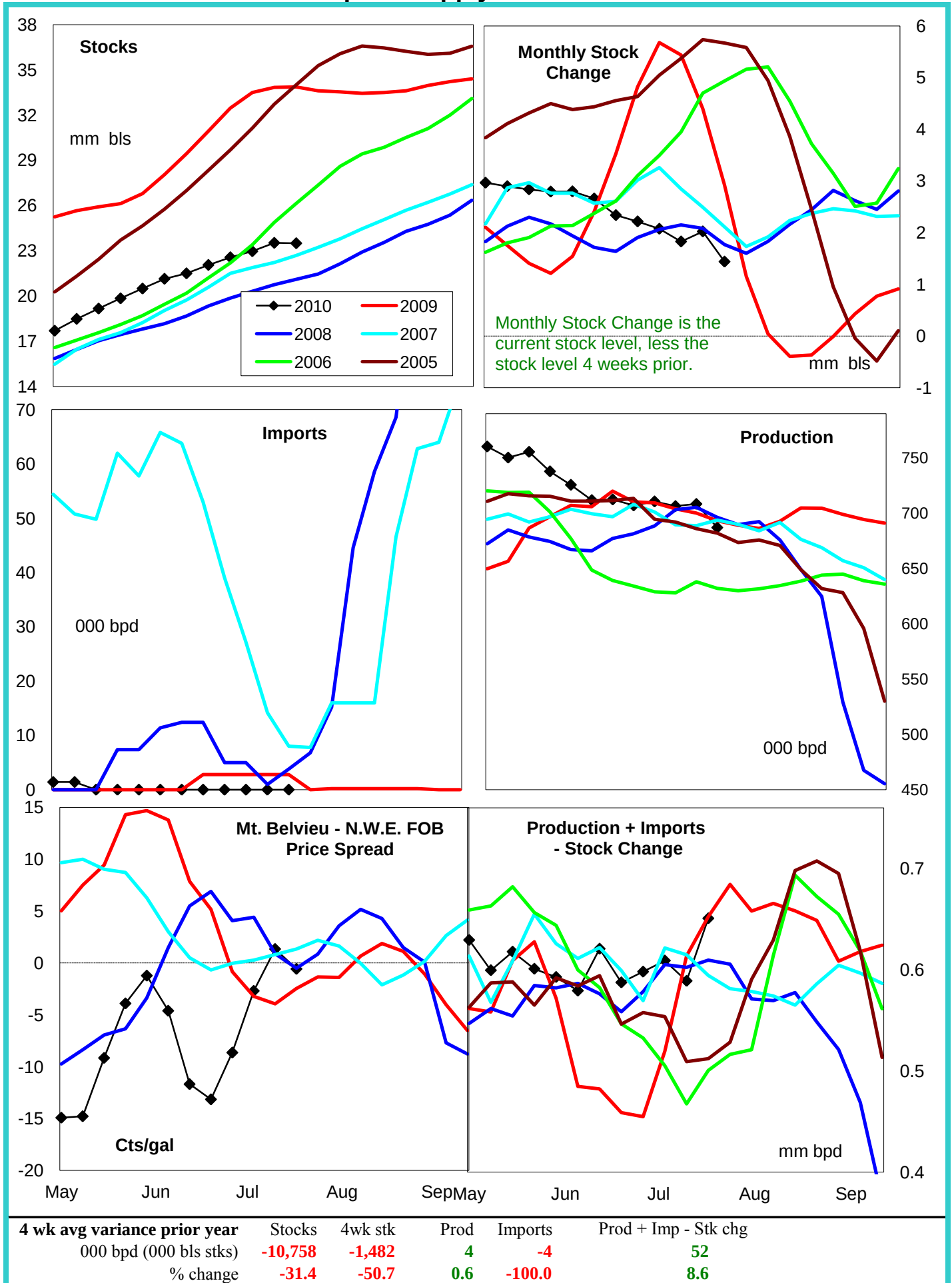
PADD 1 Propane Supply and Demand Balance



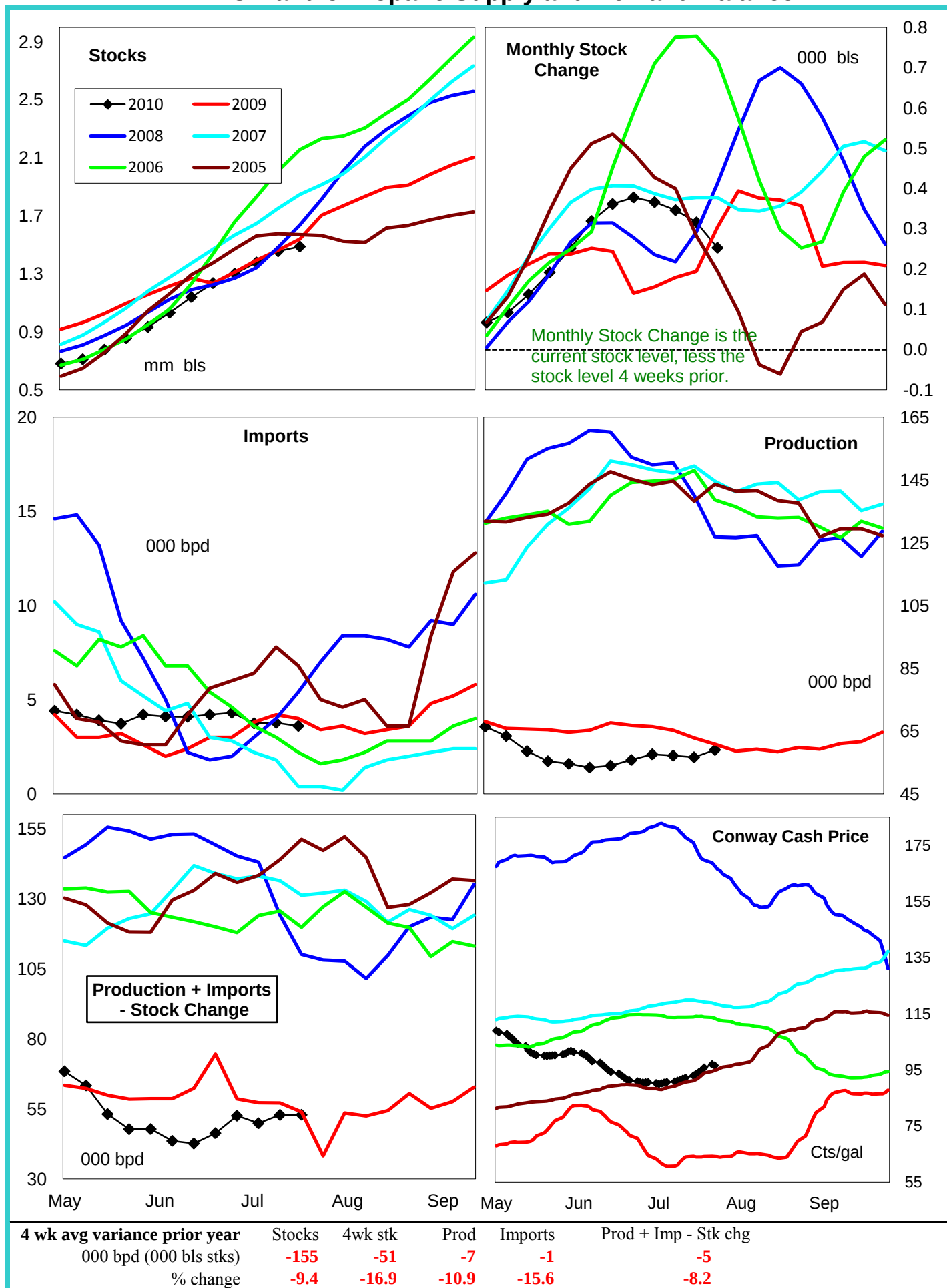
PADD 2 Propane Supply and Demand Balance



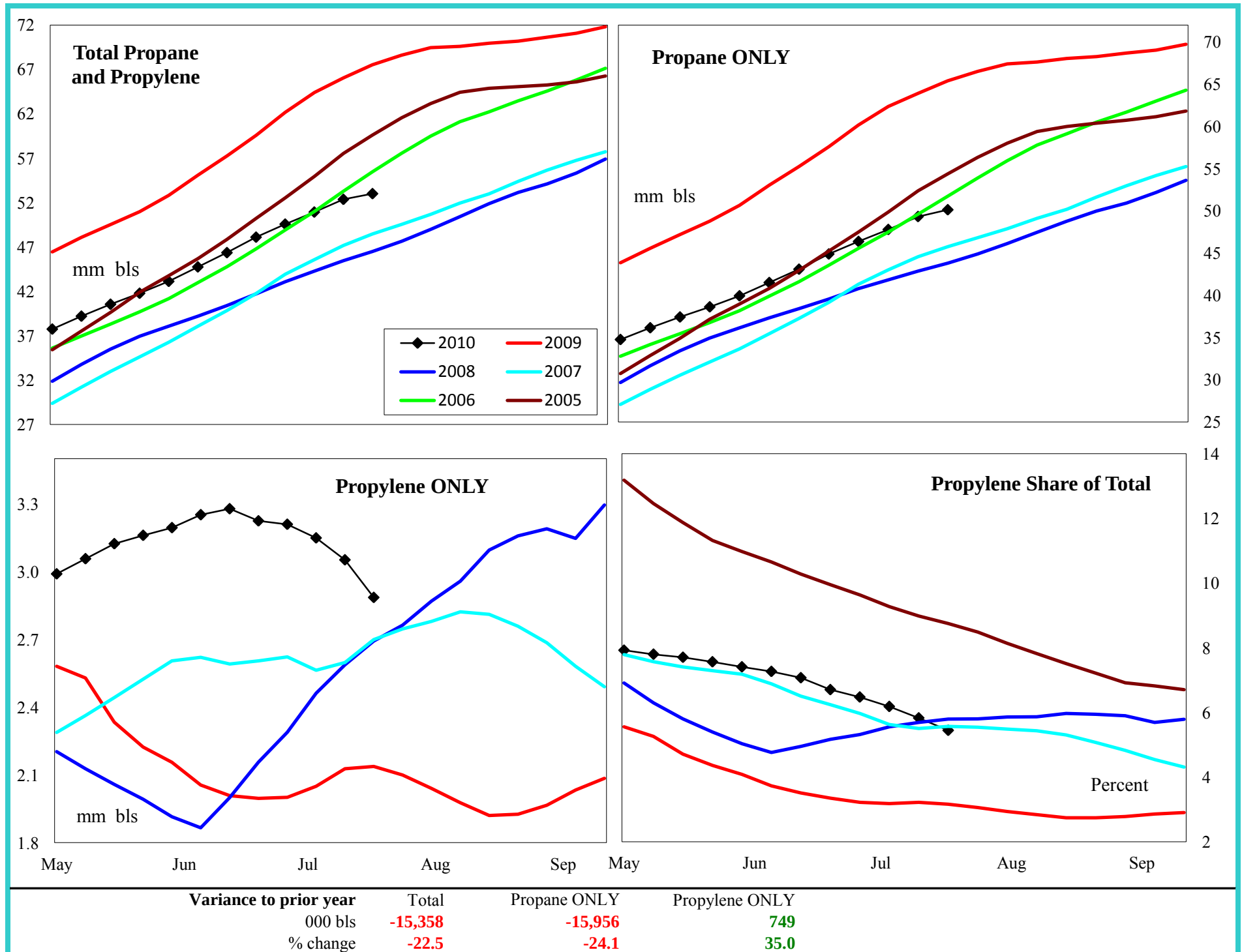
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

