

**FUNDAMENTAL
PETROLEUM
TRENDS**

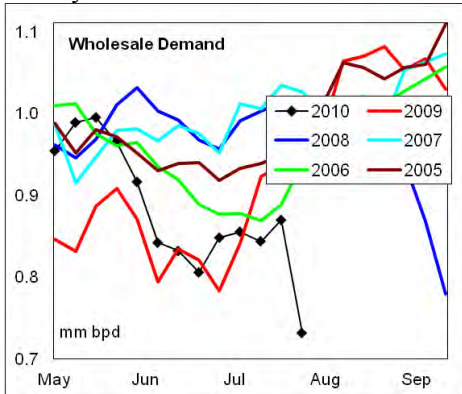
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

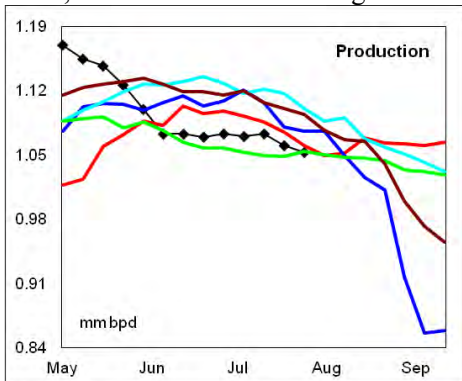
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, August 04, 2010



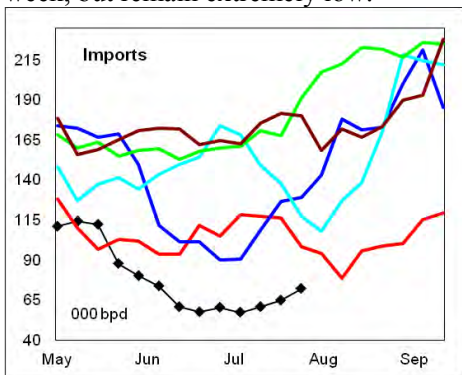
Summary¹: Wholesale demand fell -208,000 bpd last week, to a record weekly low.



Production declined -1,000 bpd on the week, to the low end of the range.



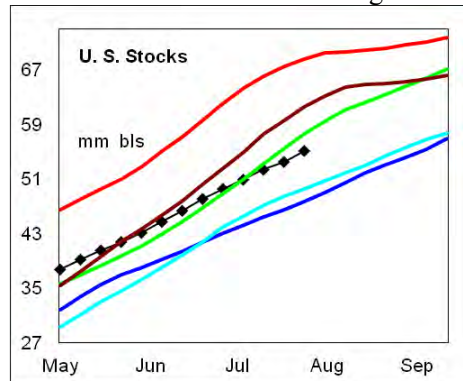
Imports increased +23,000 bpd last week, but remain extremely low.



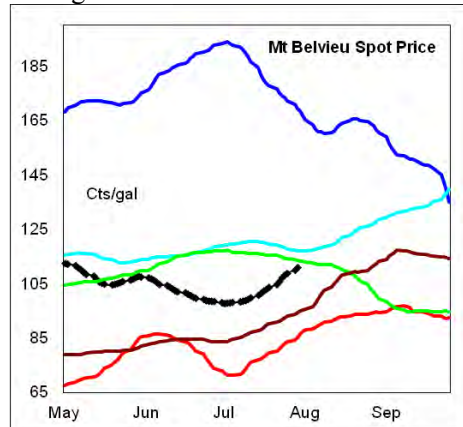
Combined production and imports during the latest 4-wk period were -69,000 bpd below a year ago. Imports declined -63,000 bpd during the period, while production was -6,000 bpd lower. The latest 4-wk average demand was -

56,000 bpd below last year.

Stocks increased +2.1 million barrels on the week. The latest 4-wk stock change was a build of +5.6 million barrels, below the mid range. Stock levels remain below the mid range.



Price and Spreads Mt Belvieu prices increased +5 cts/gal while Conway increased +8 cts/gal for the week ending 03Aug10.

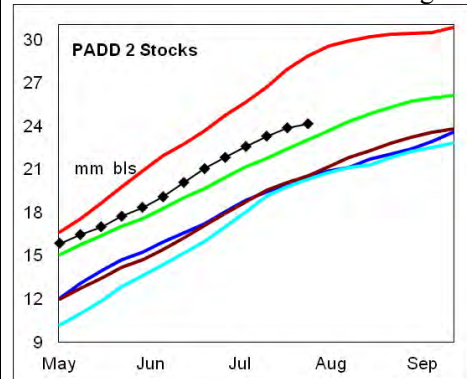


The Conway - Mt Belvieu price spread trended sharply higher late in the week ending 03Aug10. The spread ended the week above the last two years.

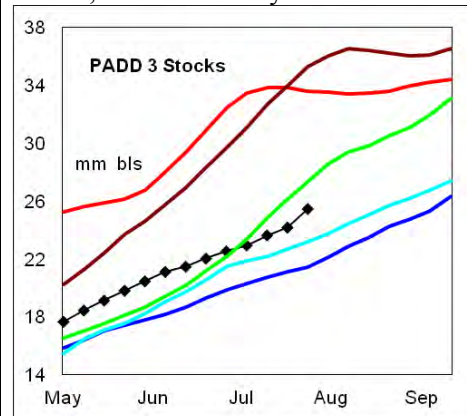
The propane to natural gas price spread trended higher on the week. The spread now matches the high of the historic range.

The propane / crude oil price spread trended lower late in the week. The level remains below 4 of the last 5 years. **PADD 1** stocks increased +0.1 million barrels last week. Combined production and imports were unchanged for the week, with the level below the historic range. Supply for the latest 4-wk period was -44,000 bpd below a year ago.

Stock levels were below the mid range.



PADD 2 stocks increased +0.1 million barrels last week, with stock levels -4.6 million barrels below the 5-year high for the period. Combined imports and production increased +19,000 bpd last week on higher imports. The most recent 4-wk stock build of +2.3 million barrels, matched the 5-year low.



PADD 3 stocks jumped +2 million barrels last week. Supply increased +15,000 bpd on higher production, with the 4-wk average +11,000 bpd above last year. Stock levels were below the mid range.

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

Emerging Trends show weak propane demand, due in part to a slowing of demand by the petro chemical industry. These trends confirm slower growth in the U.S. economy. Supply also has declined compared to prior years, leading to a very slow rate of stock building. Expect summer fill demand to drive seasonal demand growth in the near term; supporting prices for the balance of the quarter.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

August 4, 2010

Fundamental Trends for the Week Ending:

Friday, July 30, 2010

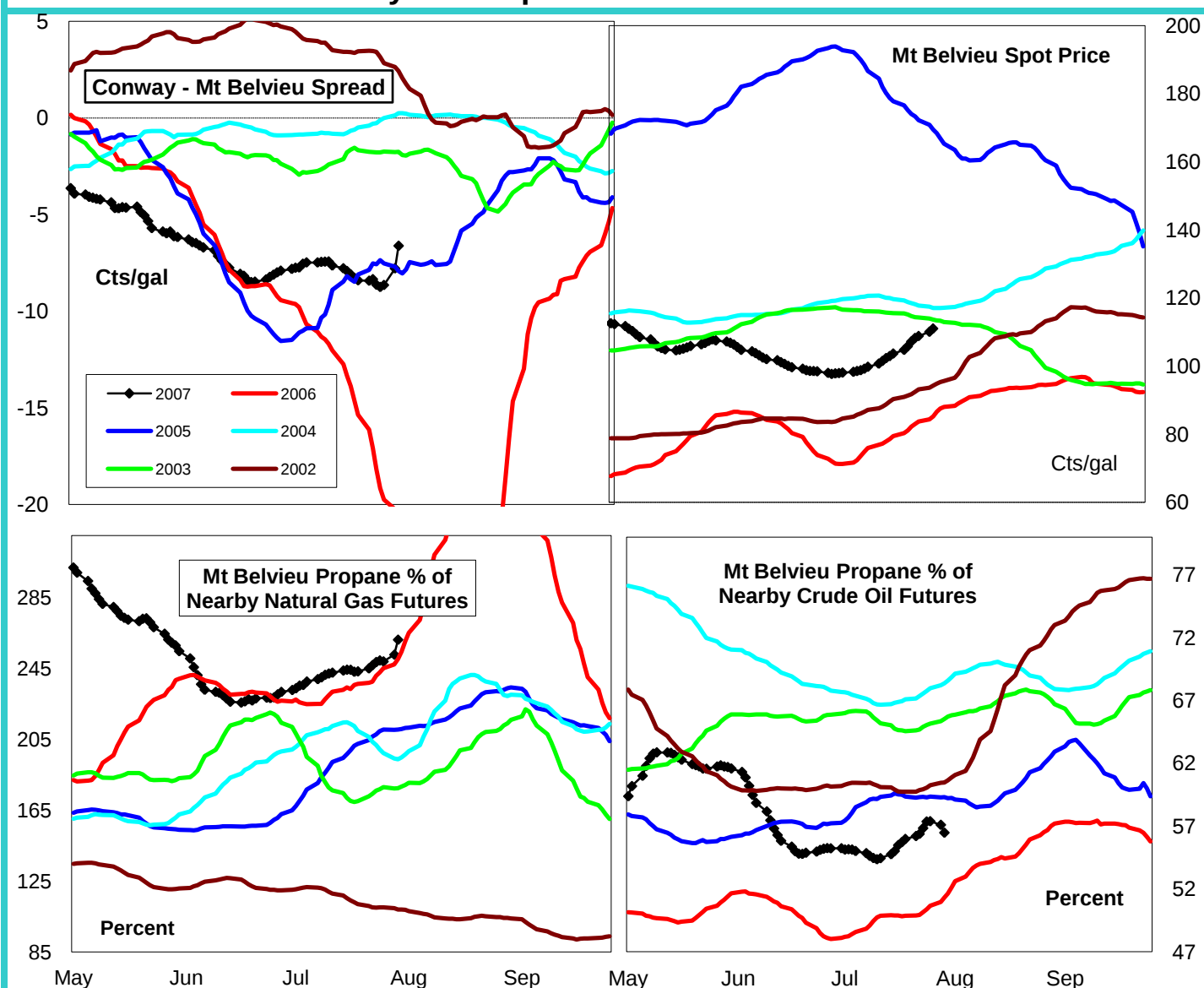
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	55,155	4,079	24,152	25,489	1,435	2,145	67	137	1,993	-52
Propylene Stocks	3,037					151				
Production	1,053	45	260	702	46	-1	0	-3	15	-13
Imports	72	19	48	0	5	23	0	22	0	2
Whsle Demand	732					-208				

Price Trends for the Week Ending:

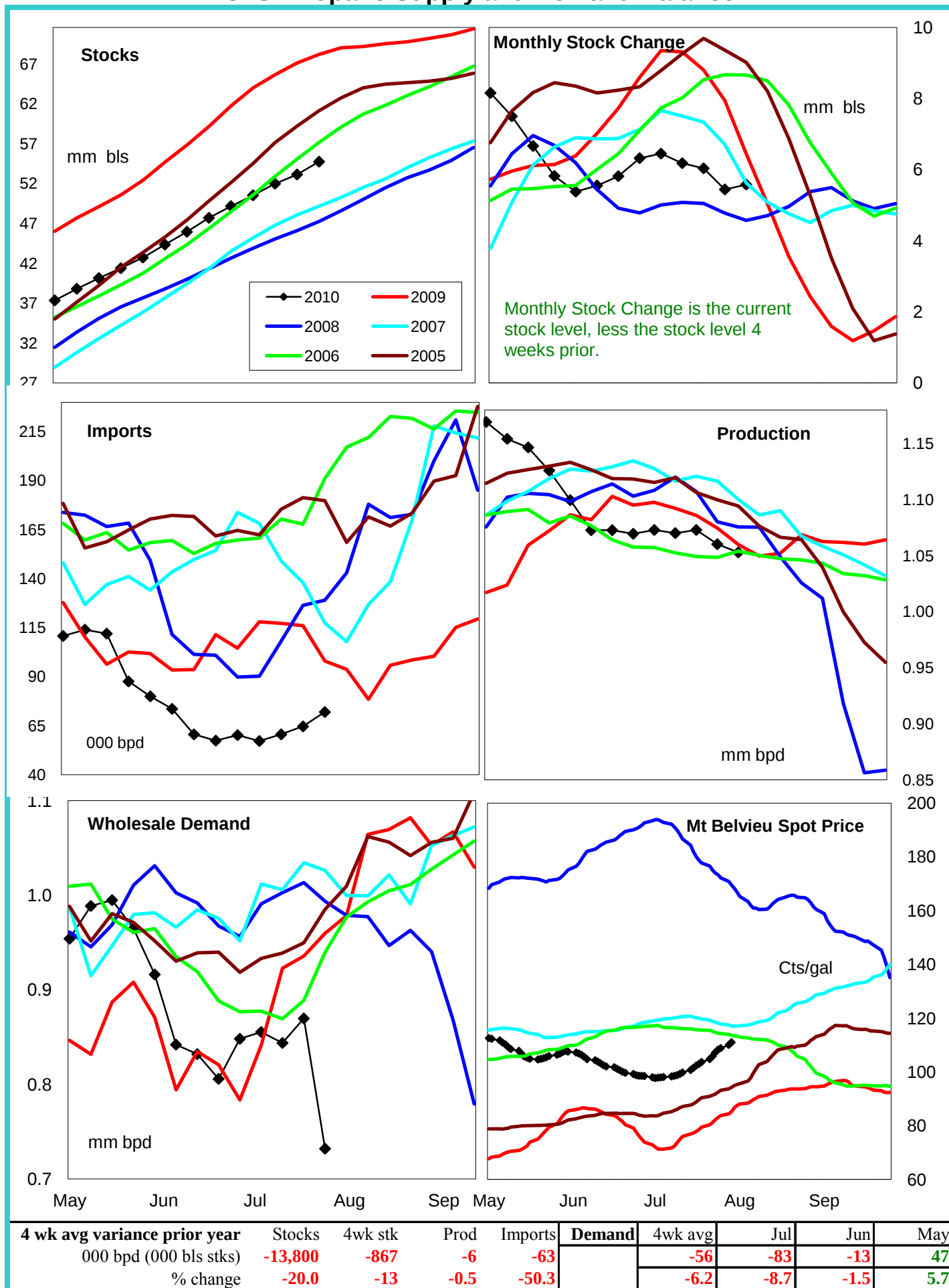
Tuesday, August 03, 2010

Cents/gal	Average for week ending:				Change from:			% change from:		
	8/3/10	7/27/10	7/6/10	7/24/09	7/27/10	7/6/10	7/24/09	7/27/10	7/6/10	7/24/09
Mont Belvieu Spot	108.8	104.0	97.4	84.0	4.77	6.63	13.37	4.6	6.8	15.9
Conway Spot	100.2	95.8	89.4	64.5	4.40	6.35	24.92	4.6	7.1	38.7

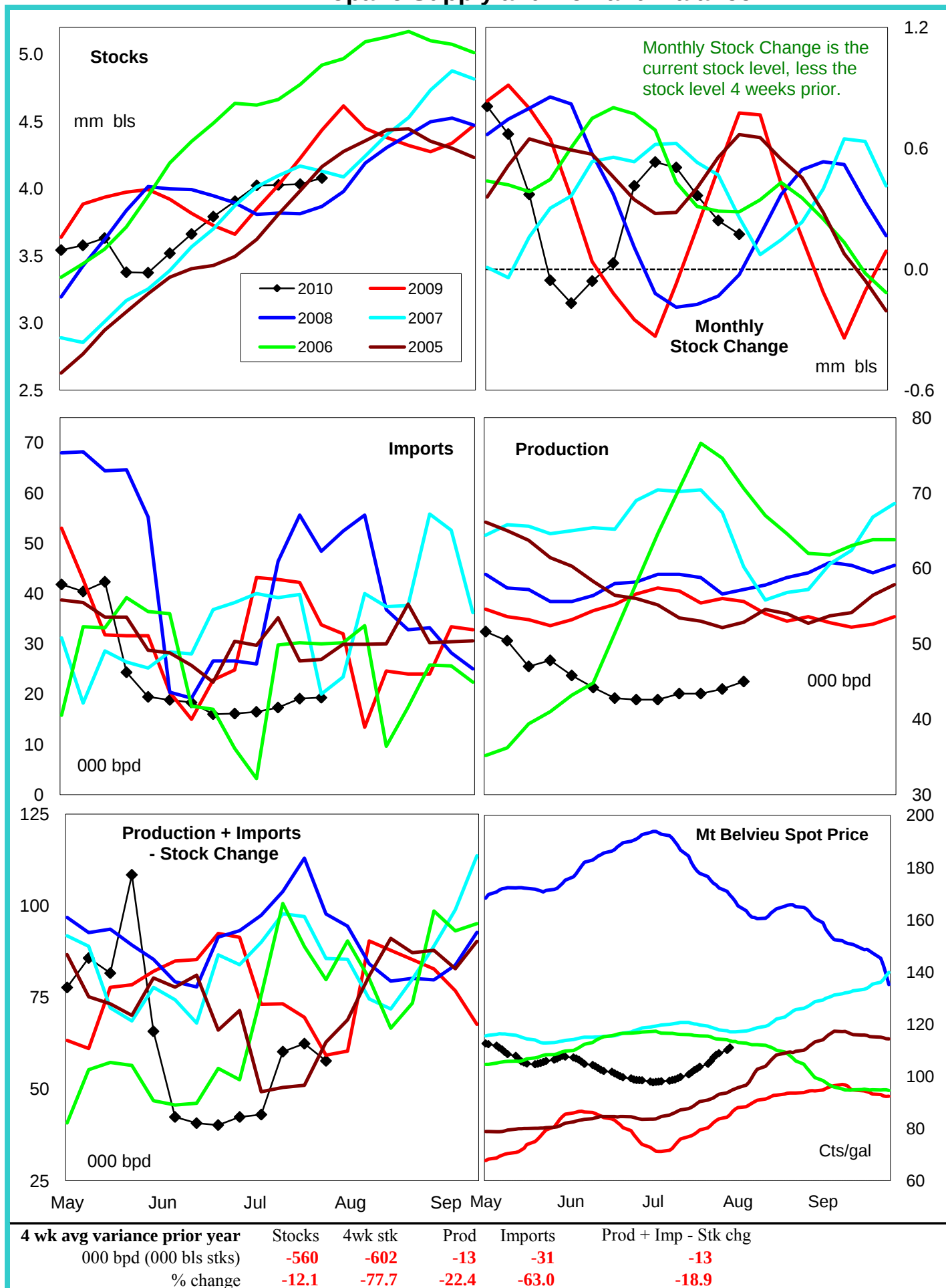
Key Price Spreads and Differentials



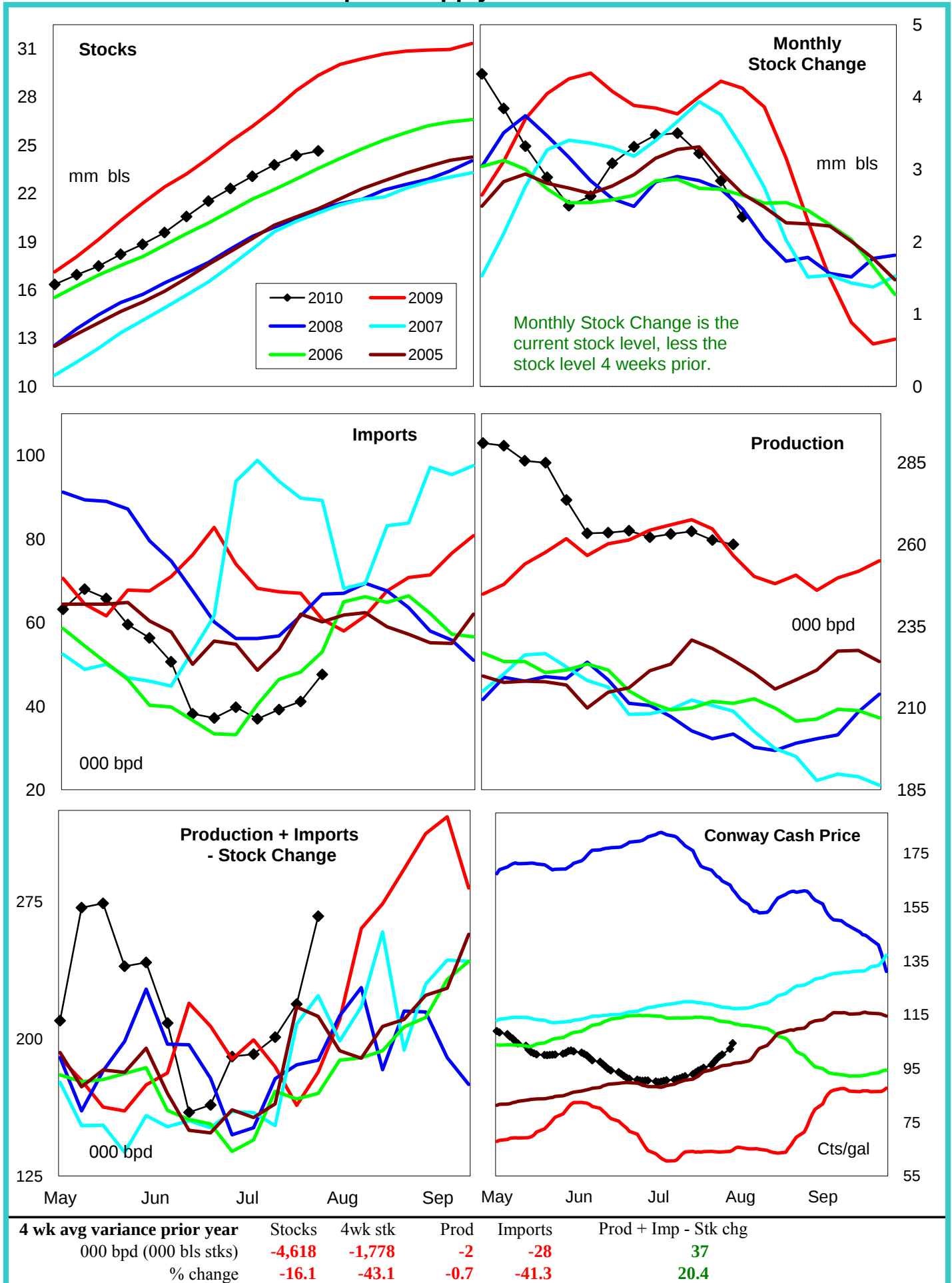
U. S. Propane Supply and Demand Balance



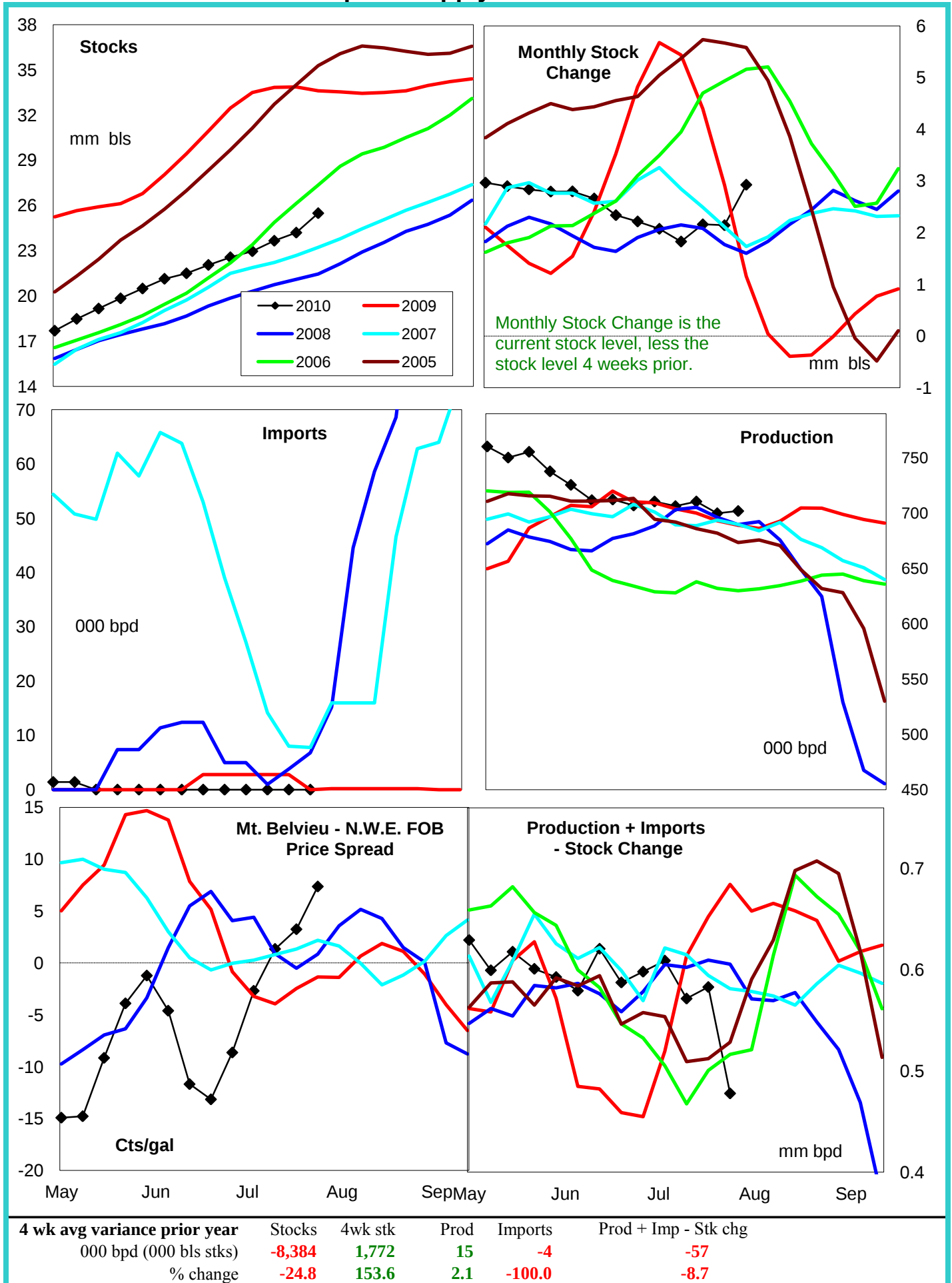
PADD 1 Propane Supply and Demand Balance



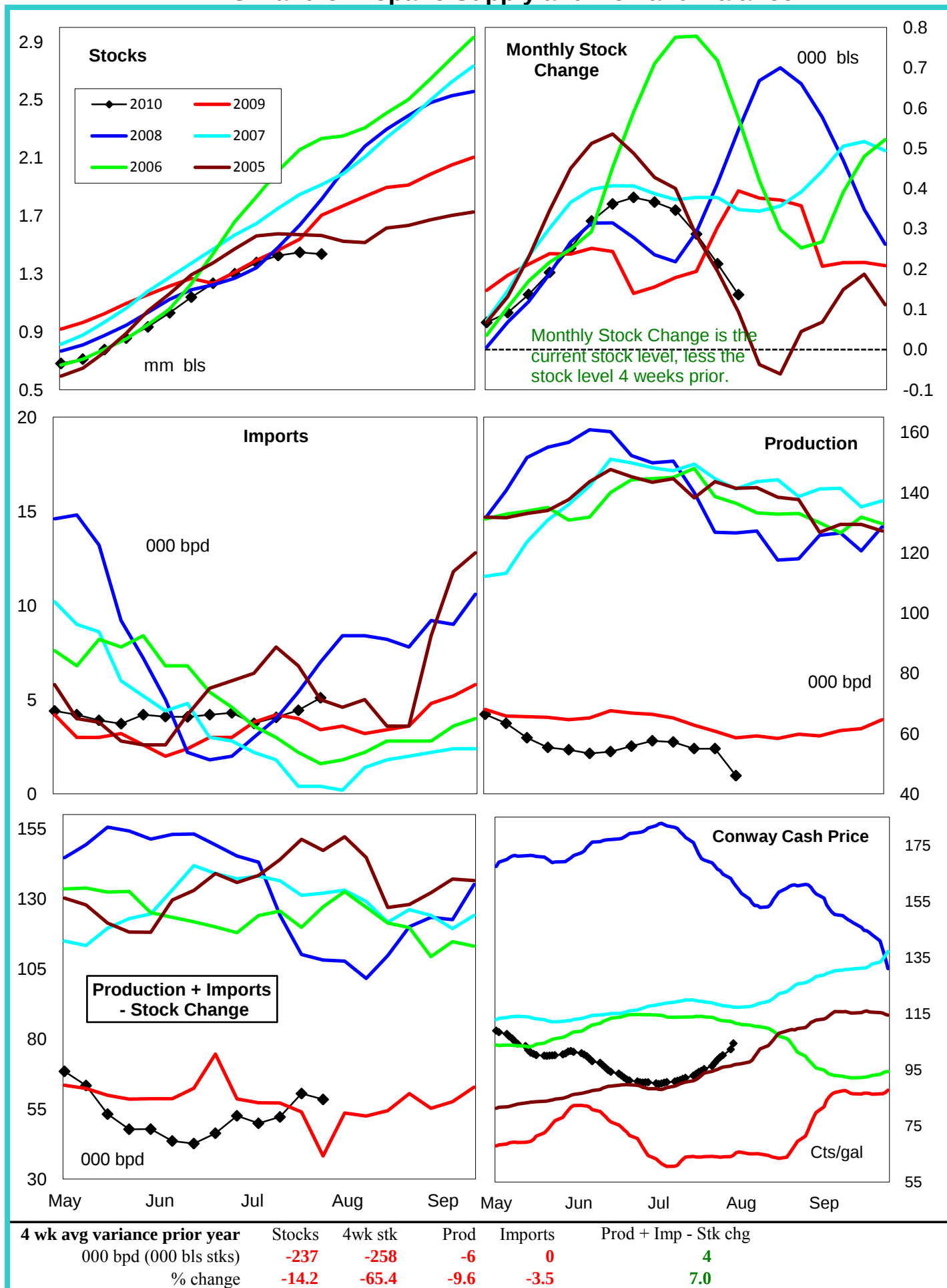
PADD 2 Propane Supply and Demand Balance



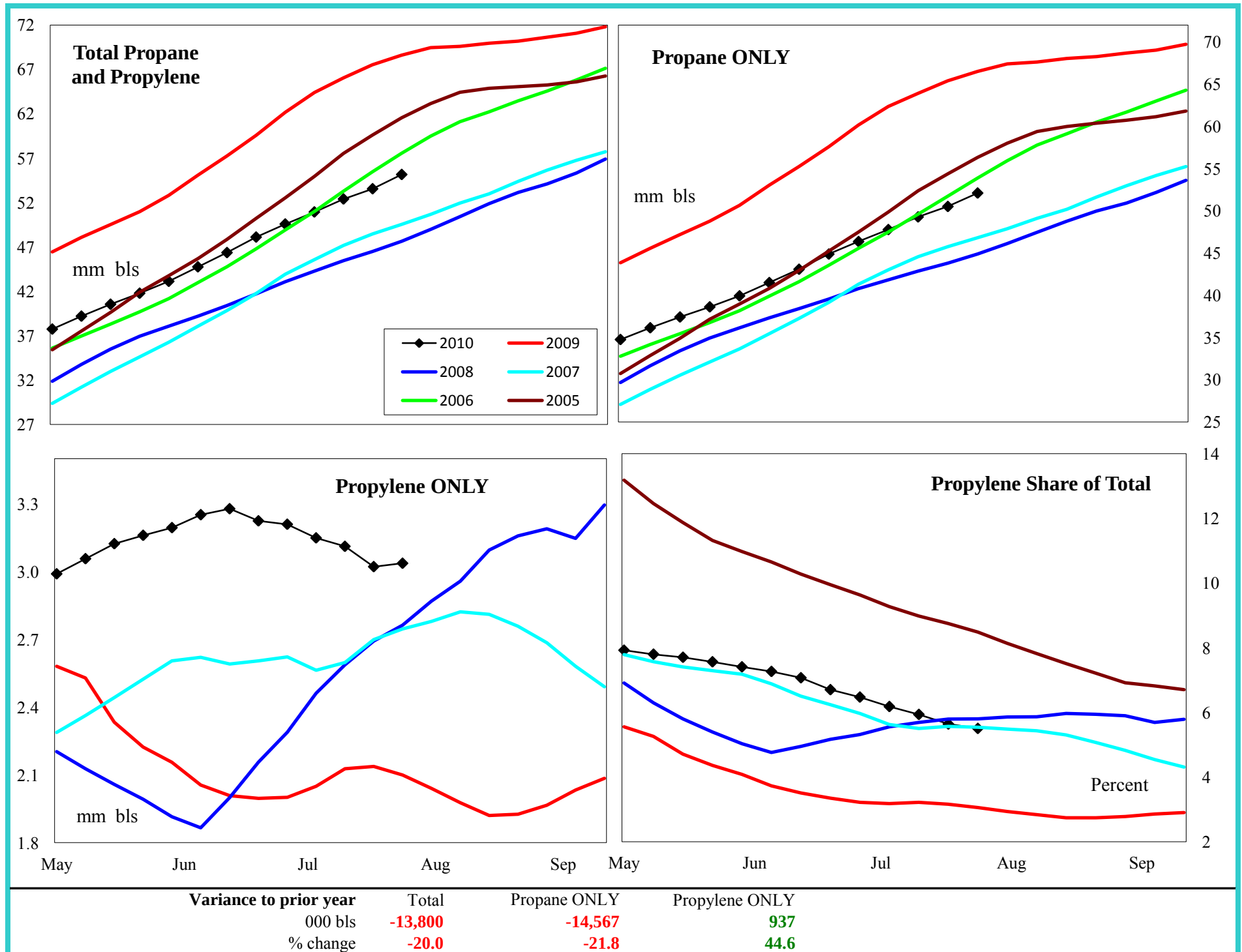
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

