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

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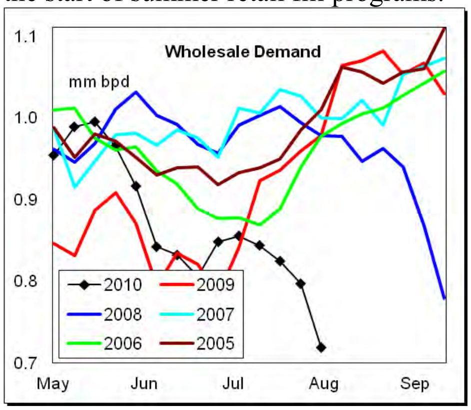
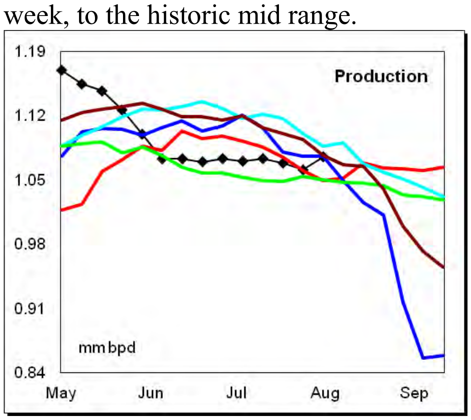
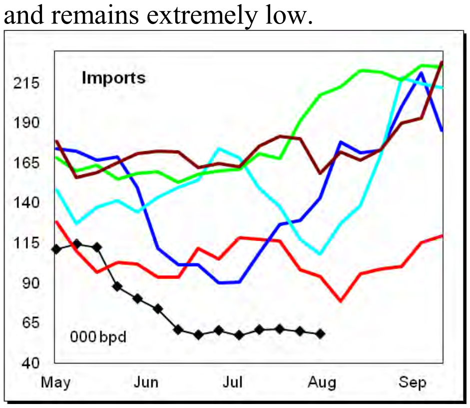
Summary[1]: Wholesale demand decreased -13,000 bpd last week, falling to a record low level. Slow economic growth has reduced petro chemical demand while extreme heat has delayed the start of summer retail fill programs.



Production increased +22,000 bpd on the week, to the historic mid range.

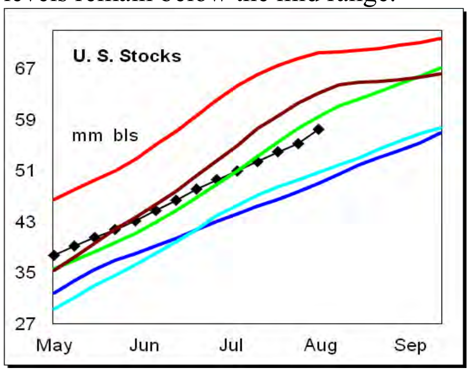


Imports declined -14,000 bpd last week, and remains extremely low.

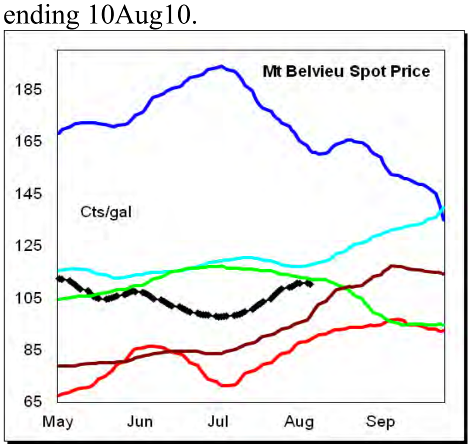


Combined production and imports during the latest 4-wk period were -44,000 bpd below a year ago. Imports declined -42,000 bpd during the period, while production was -2,000 bpd lower. The latest 4-wk average demand was -113,000 bpd below last year.

Stocks increased +2.3 million barrels on the week. The latest 4-wk stock change was a build of +6.5 million barrels, above the mid range. Stock levels remain below the mid range.



Price and Spreads Mt Belvieu prices decreased -1 ct/gal while Conway increased +1.5 cts/gal for the week ending 10Aug10.

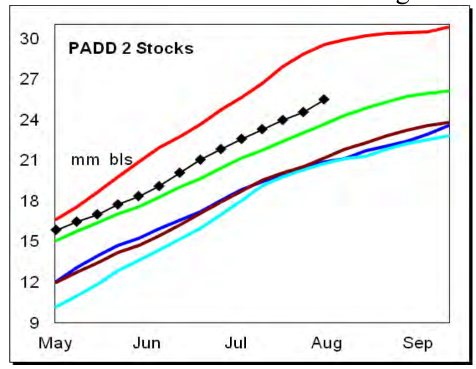


The Conway – Mt Belvieu price spread trended higher last week ending 10Aug10. The spread ended the week well above the last two years.

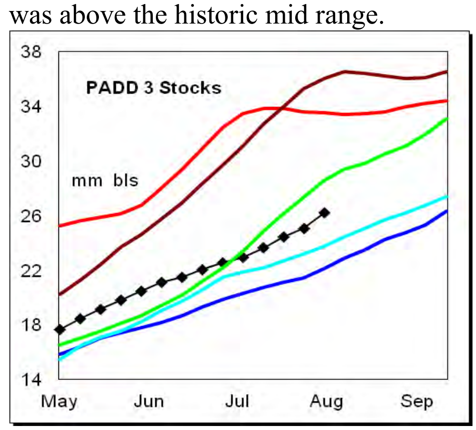
The propane to natural gas price spread trended higher on the week as a result of weak gas prices. The spread matches the 5-year highs set last year.

The propane / crude oil price spread trended higher last 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 declined -12,000 bpd on the week, with the level below the historic range. Supply for the latest 4-wk period was -37,000 bpd below a year ago. Stock levels were near the mid range.



PADD 2 stocks increased +1.3 million barrels last week, with stock levels -4.1 million barrels below the 5-year high for the period. Combined imports and production decreased -3,000 bpd last week on lower imports. The most recent 4-wk stock build of +2.8 million barrels, was above the historic mid range.



PAD 3 stocks increased +0.7 million barrels. Supply increased +21,000 bpd on higher production, with the 4-wk average +18,000 bpd above last year. Stock levels were below the mid range.

PADDs 4 & 5 stocks increased +0.1 million barrels last week. Stock levels match 5-year lows for the period.

Emerging Trends *show exceptionally weak demand; driven in part by a slowing in petro chemical demand and extreme heat that has delayed start of summer fill programs in key winter heating markets. Extremely low imports have held stock levels below the historic mid range. Expect summer fill programs 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 11, 2010

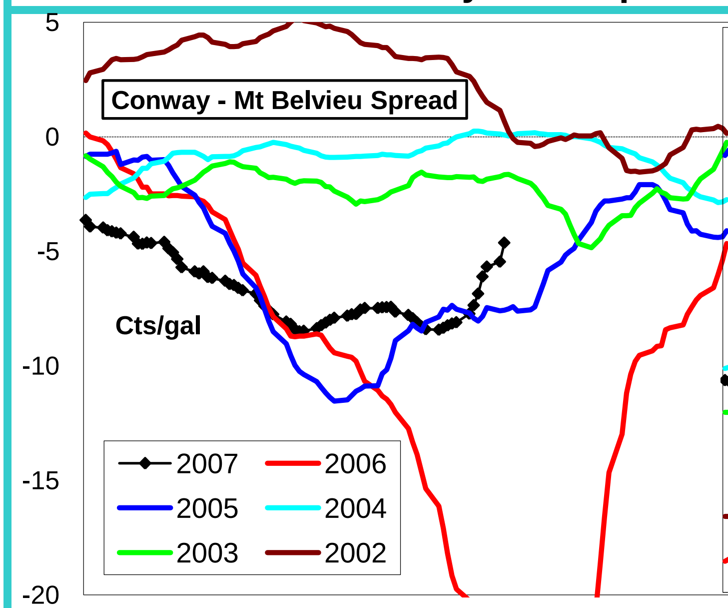
Fundamental Trends for the Week Ending: Friday, August 06, 2010

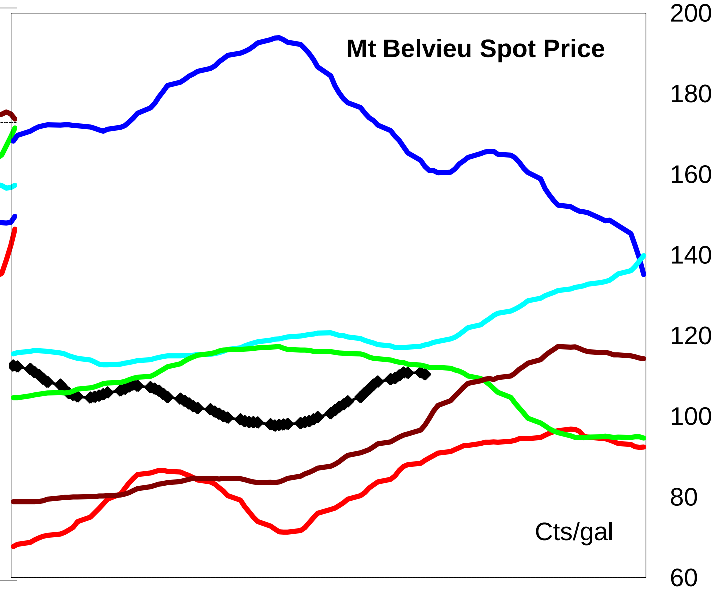
000 bpd Stocks 000 bls	Weekly Supply-Demand U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	57,445	4,203	25,481	26,219	1,542	2,290	124	1,329	730	107
Propylene Stocks	2,821					-216				
Production	1,075	40	261	723	51	22	-5	1	21	5
Imports	58	12	43	0	3	-14	-7	-4	0	-2
Whsle Demand	719					-13				

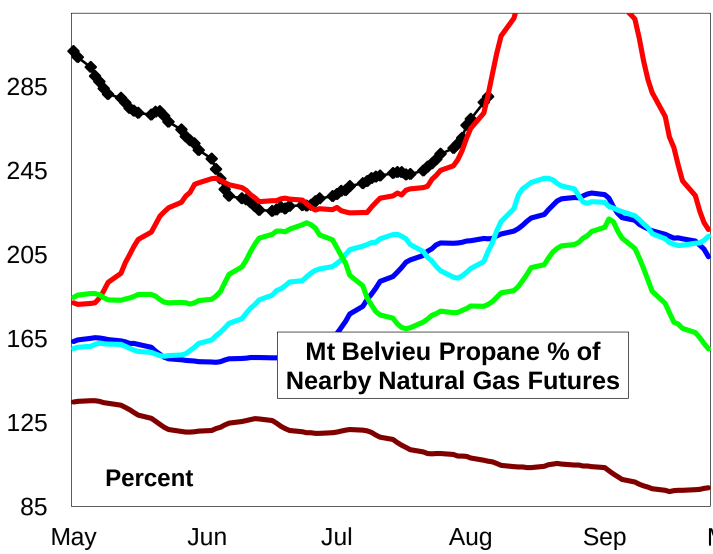
Price Trends for the Week Ending: Tuesday, August 10, 2010

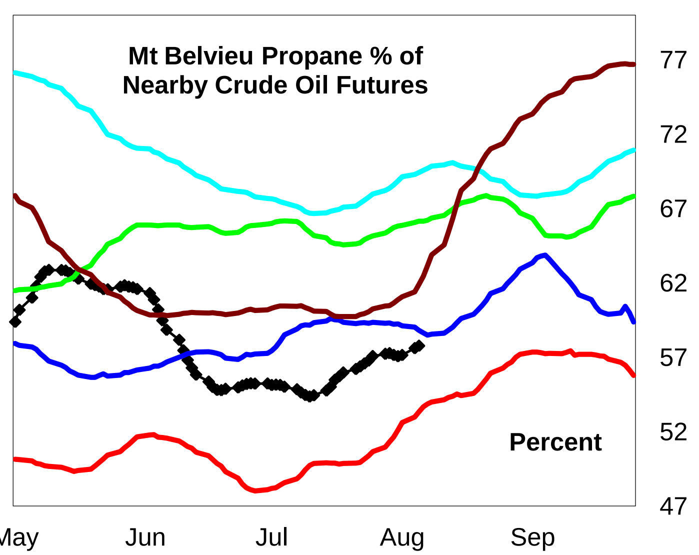
Cents/gal	Average for week ending: 8/10/10	8/3/10	7/13/10	7/31/09	Change from: 8/3/10	7/13/10	7/31/09	% change from: 8/3/10	7/13/10	7/31/09
Mont Belvieu Spot	110.7	108.8	97.7	88.4	1.93	11.06	9.35	1.8	11.3	10.6
Conway Spot	105.1	100.2	90.3	66.1	4.90	9.85	24.16	4.9	10.9	36.5

Key Price Spreads and Differentials

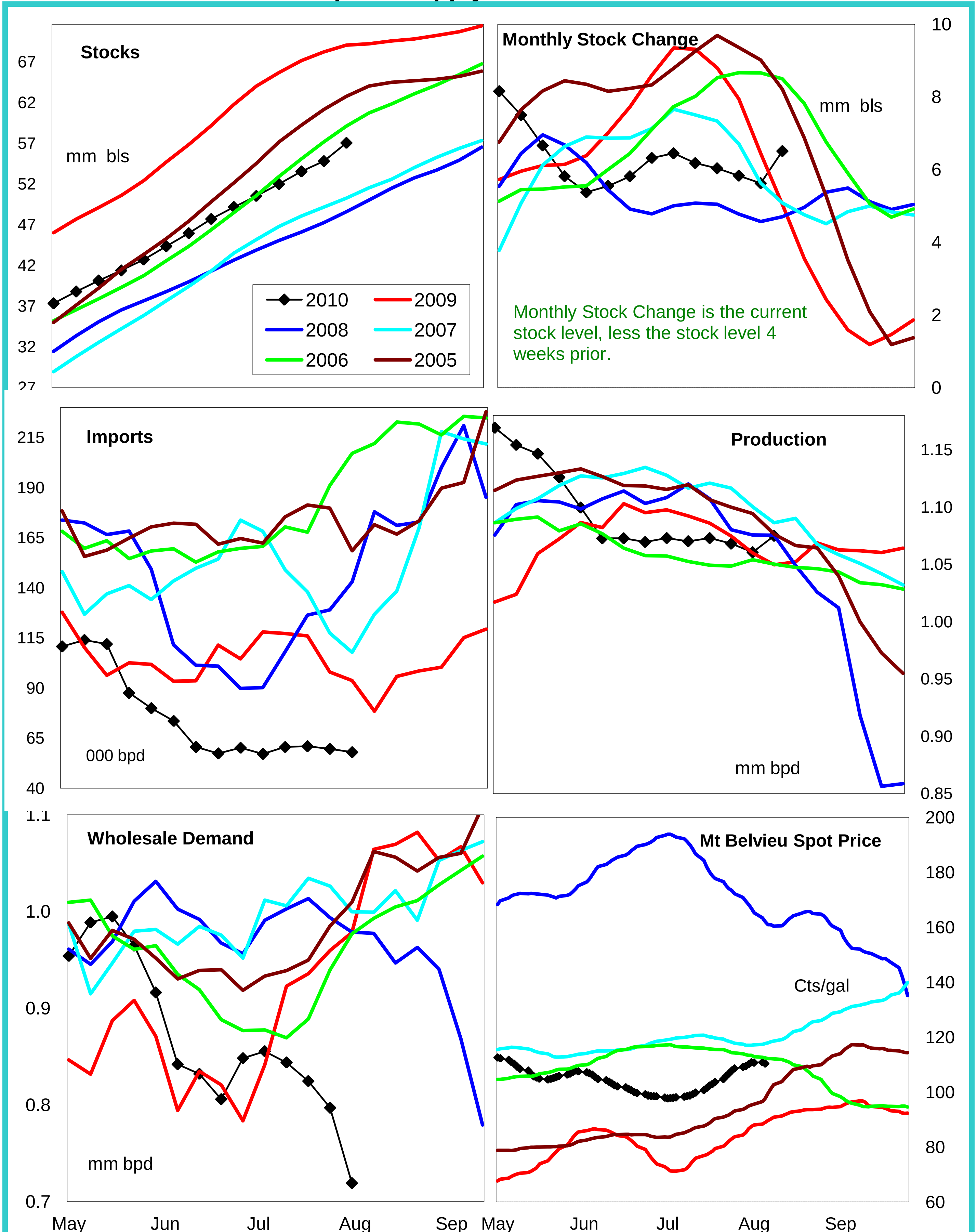






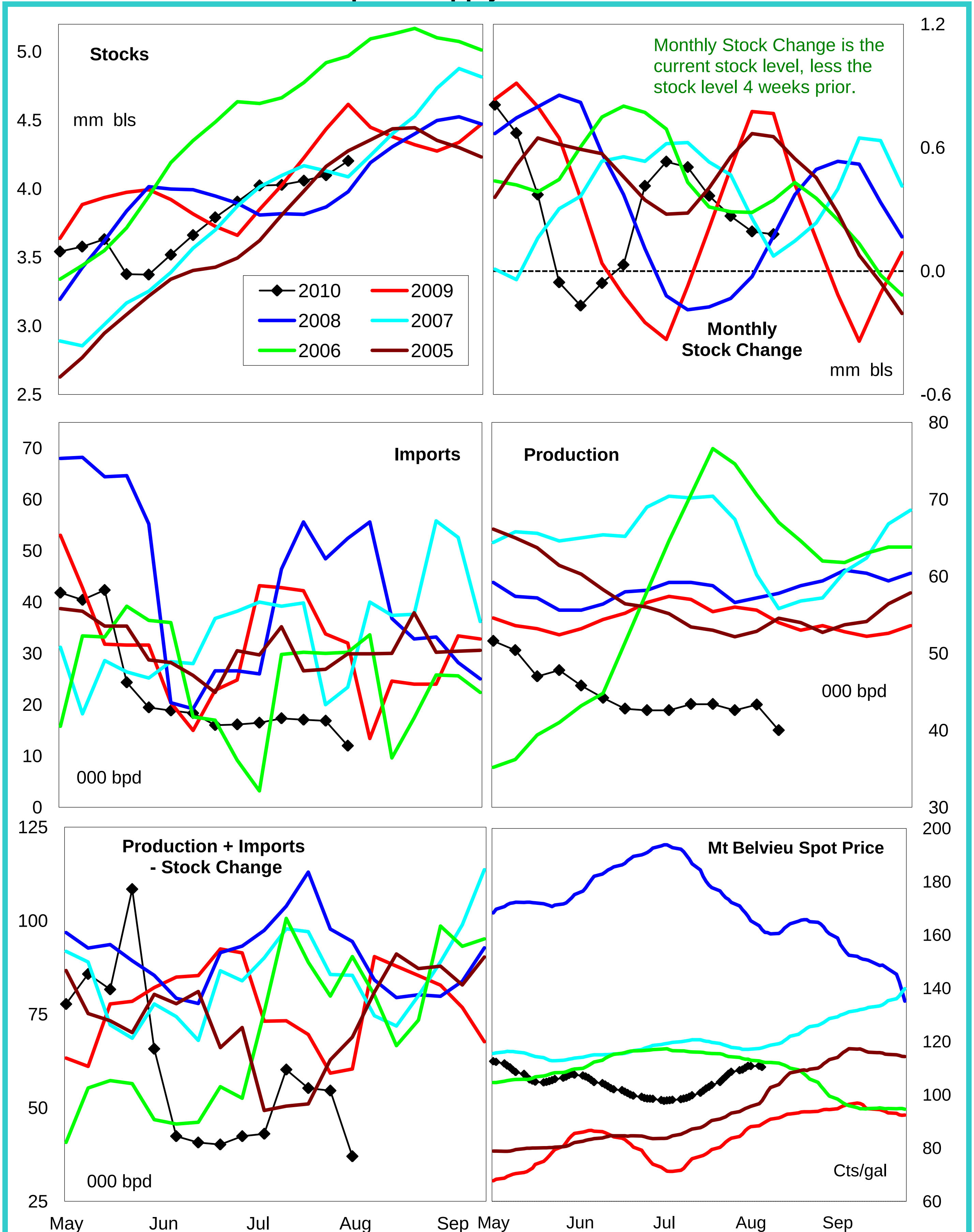


U. S. Propane Supply and Demand Balance



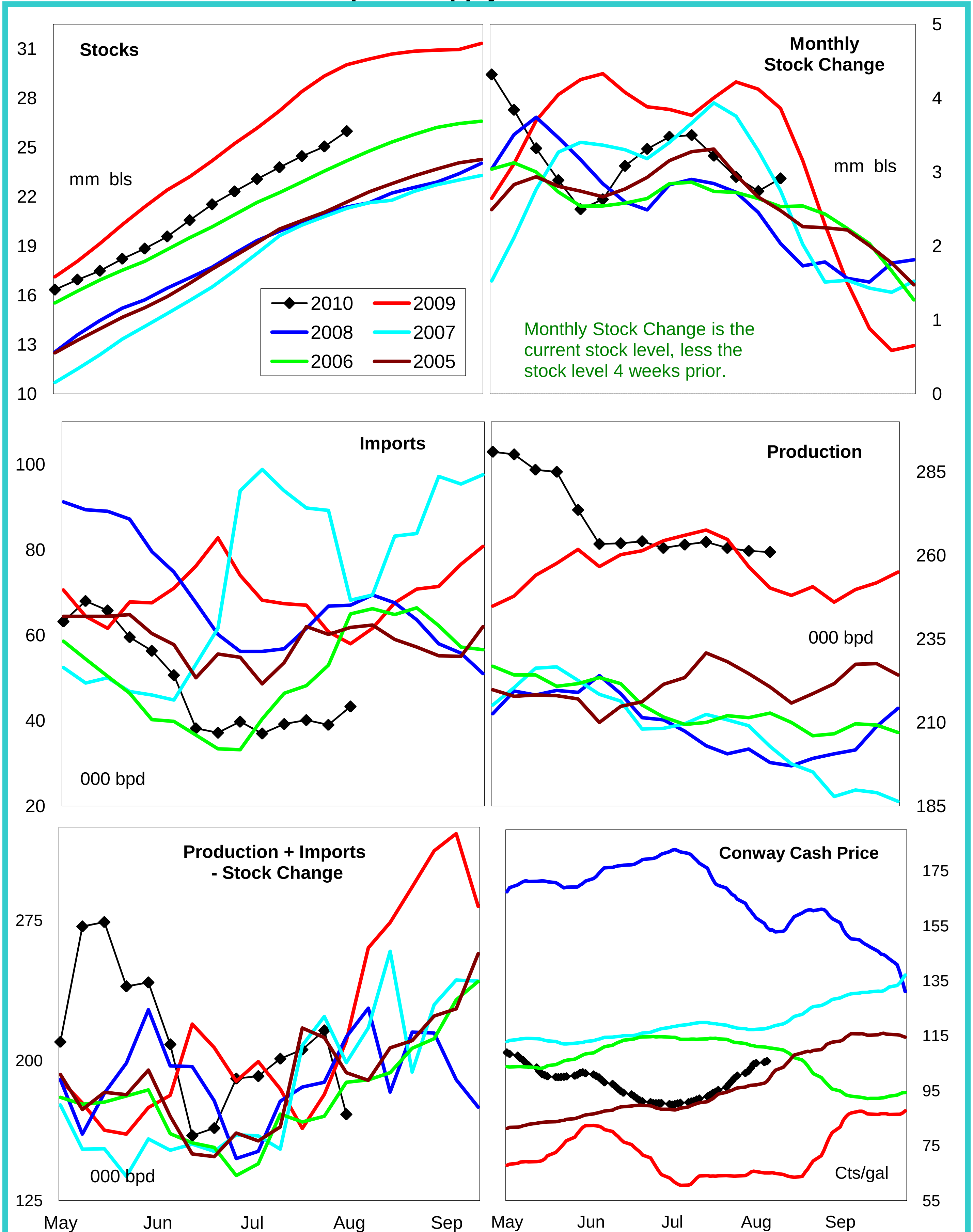
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jul	Jun	May
000 bpd (000 bls stks)	-12,040	1,466	-2	-42		-113	-83	-13	47
% change	-17.3	29	-0.1	-40.0		-12.0	-8.7	-1.5	5.7

PADD 1 Propane Supply and Demand Balance



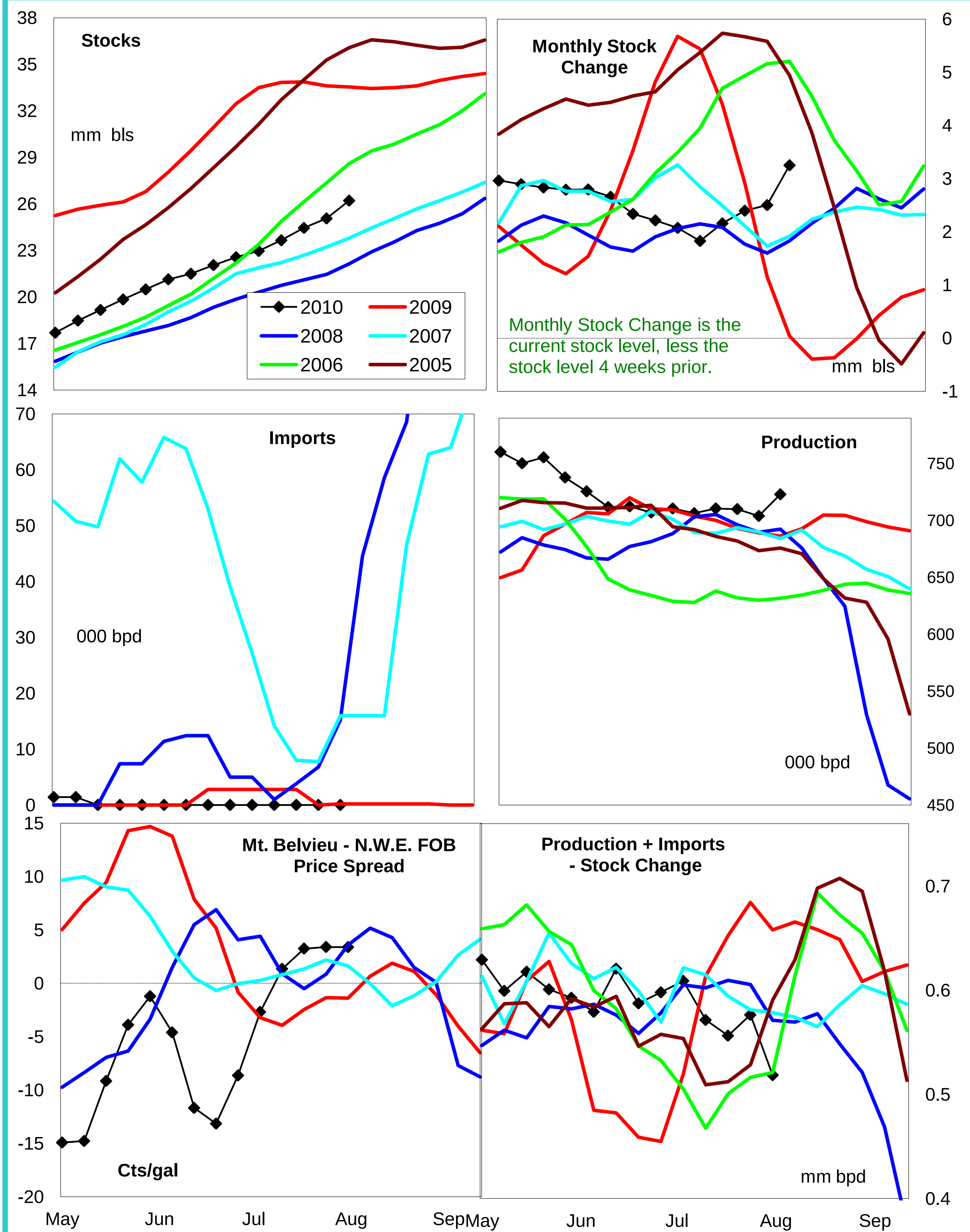
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-498	-587	-13	-22	-14
% change	-10.6	-76.6	-22.9	-55.9	-21.1

PADD 2 Propane Supply and Demand Balance



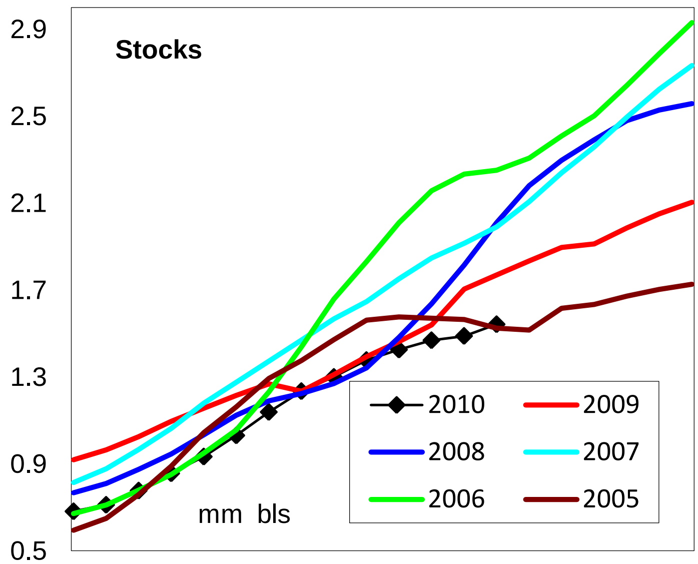
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-4,138	-948	-2	-20	13
% change	-14.0	-24.6	-0.7	-32.8	7.2

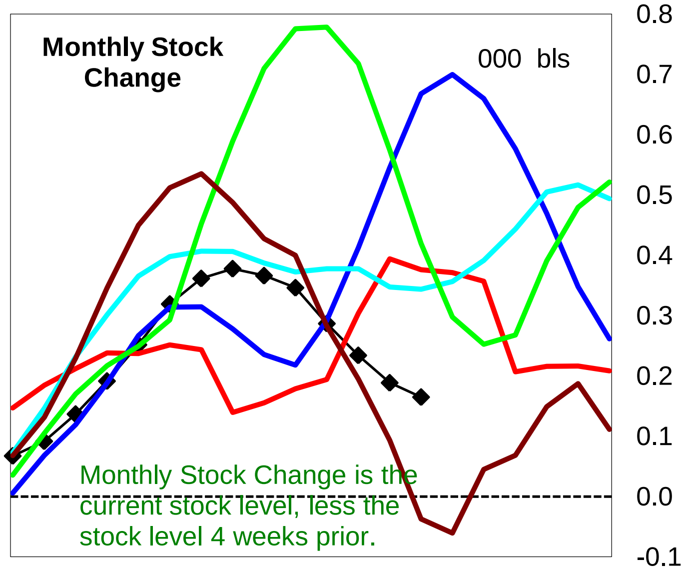
PADD 3 Propane Supply and Demand Balance

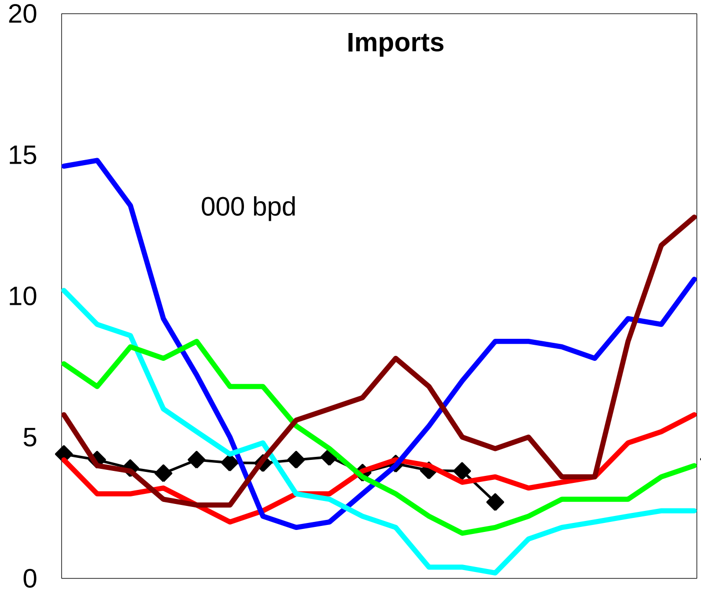


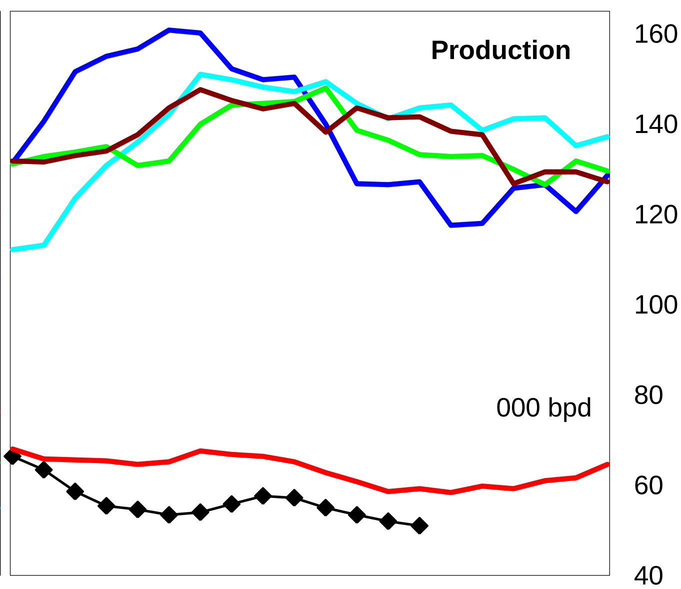
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-7,183	3,212	18	0	-96
% change	-21.5	7,834.1	2.6	#DIV/0!	-13.9

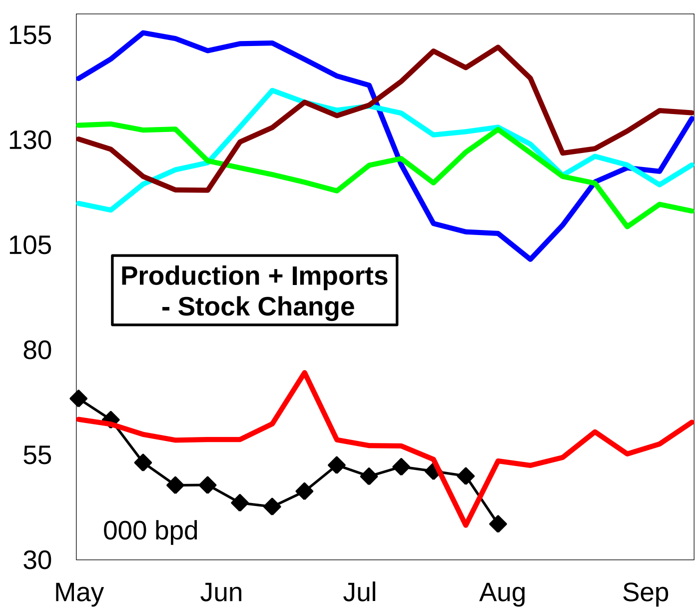
PADDs 4 and 5 Propane Supply and Demand Balance

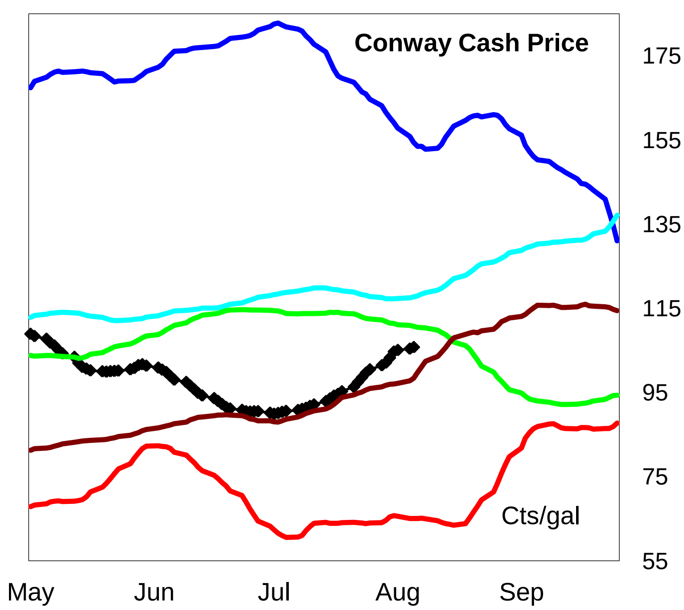












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-221	-211	-5	0	-3
% change	-12.5	-56.2	-8.5	6.7	-5.5

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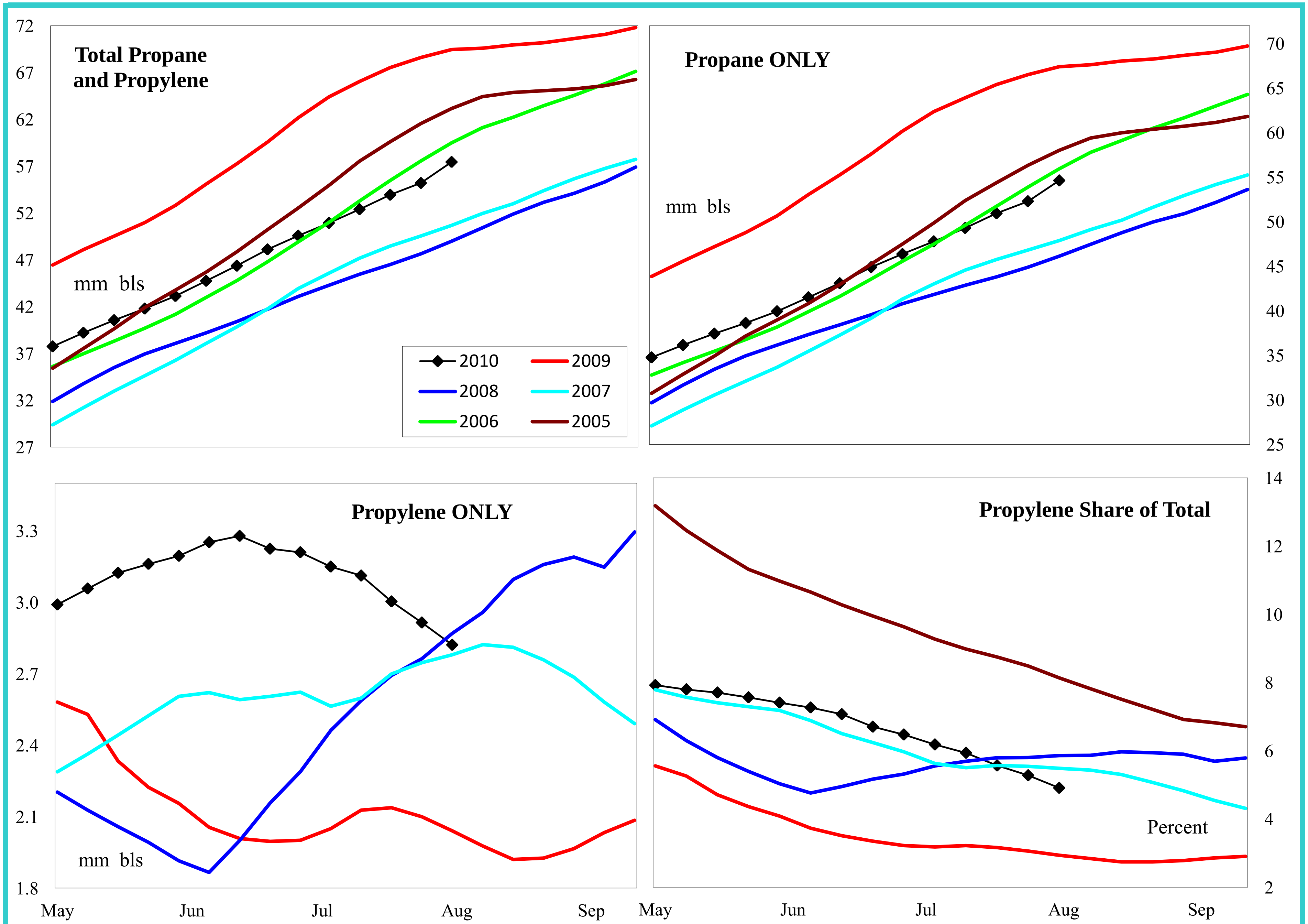
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-12,040	-12,876	780
% change	-17.3	-19.1	38.2

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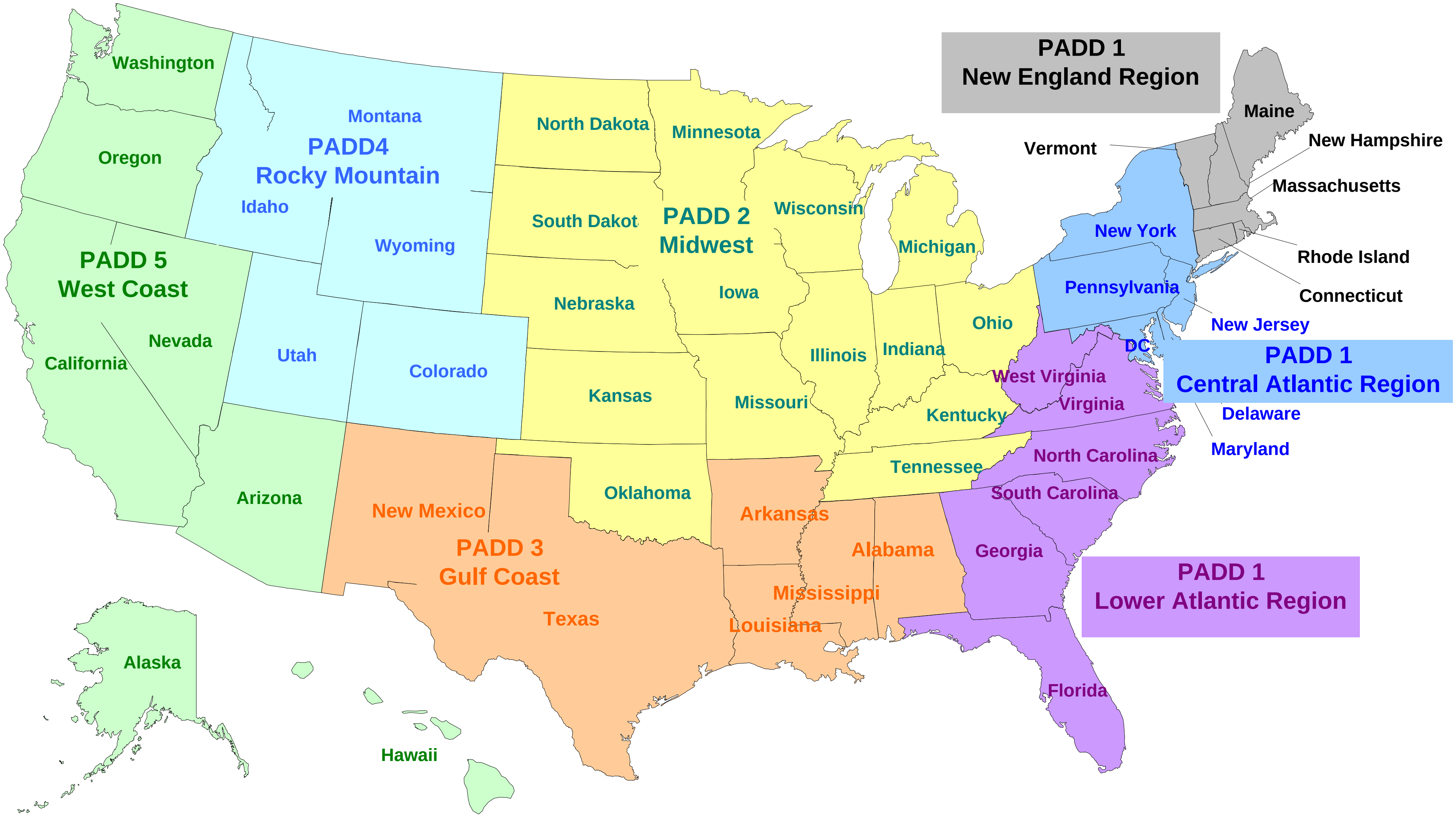
U. S. Petroleum Administrative for Defense Districts (PADDs)



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