WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, August 18, 2010

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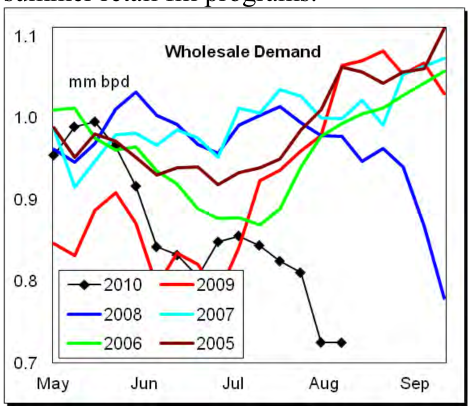
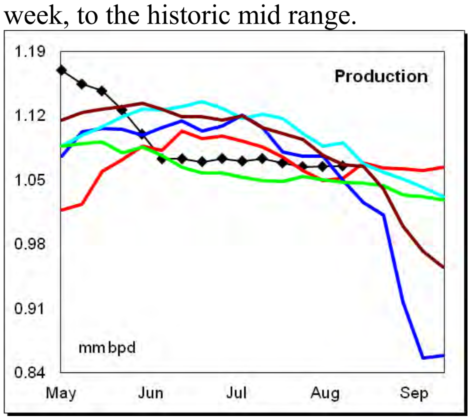
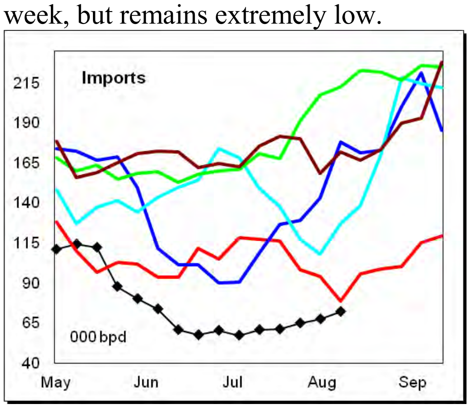
Summary[1]: Wholesale demand was nearly unchanged last week, fat a record low level. Slow economic growth has reduced petro chemical demand while extreme heat has delayed the start of summer retail fill programs.



Production decreased -10,000 bpd on the week, to the historic mid range.

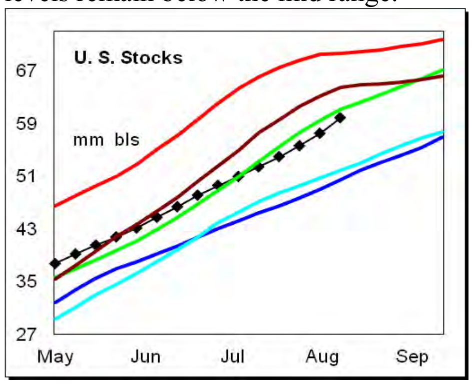


Imports increased +14,000 bpd last week, but remains extremely low.

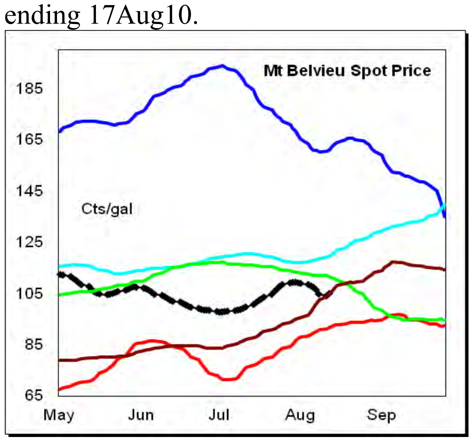


Combined production and imports during the latest 4-wk period were -29,000 bpd below a year ago. Imports declined -38,000 bpd during the period, while production was +9,000 bpd higher. The latest 4-wk average demand was -209,000 bpd below last year.

Stocks increased +2.4 million barrels on the week. The latest 4-wk stock change was a build of +6.8 million barrels, near the historic high. Stock levels remain below the mid range.



Price and Spreads Mt Belvieu prices decreased -5.5 ct/gal while Conway declined -4.75 cts/gal for the week ending 17Aug10.

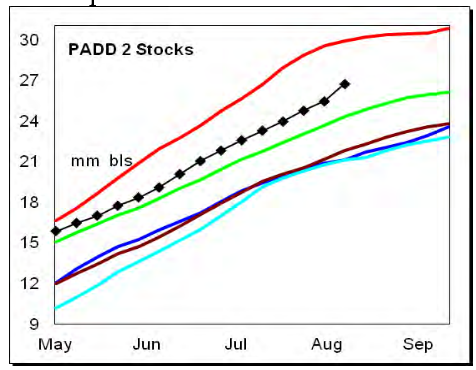


The Conway – Mt Belvieu price spread trended higher last week ending 17Aug10. The spread ended the week well near the5-year mid range.

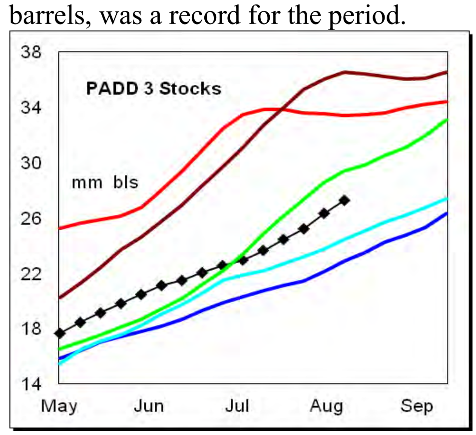
The propane to natural gas price spread traded sideways on the week. The spread was near the 5-year high set last year.

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

PADD 1 stocks were unchanged last week. Combined production and imports increased +8,000 bpd on the week, with the level well below the historic range. Supply for the latest 4-wk period was -31,000 bpd below a year ago. Stock levels matched historic lows for the period.



PADD 2 stocks increased +1.3 million barrels last week, with stock levels -4 million barrels below the 5-year high for the period. Combined imports and production increased +4,000 bpd last week on higher imports. The most recent 4-wk stock build of +3.5 million barrels, was a record for the period.



PAD 3 stocks increased +1.1 million barrels. Supply declined -16,000 bpd on lower production, with the 4-wk average +20,000 bpd above last year. Stock levels were below the mid range.

PADDs 4 & 5 stocks increased +0.1 million barrels last week. Stock levels were near historic lows.

Emerging Trends *show very weak demand, likely due in part to lower exports from the Gulf, delayed start of summer fill, driven by extreme heat and slower economic growth. Imports remain very low. Rate of stock builds has surged the last two weeks. Expect summer fill programs to drive seasonal demand growth in the near term; providing support to prices.*

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

August 18, 2010

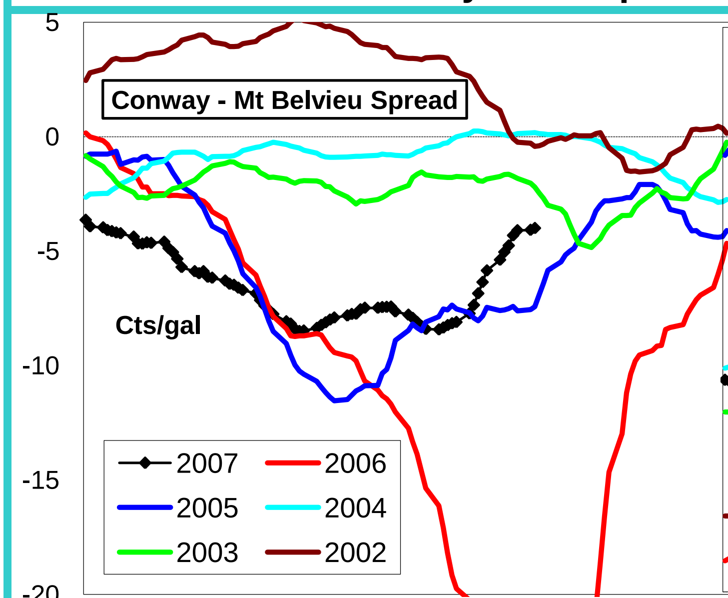
Fundamental Trends for the Week Ending: Friday, August 13, 2010

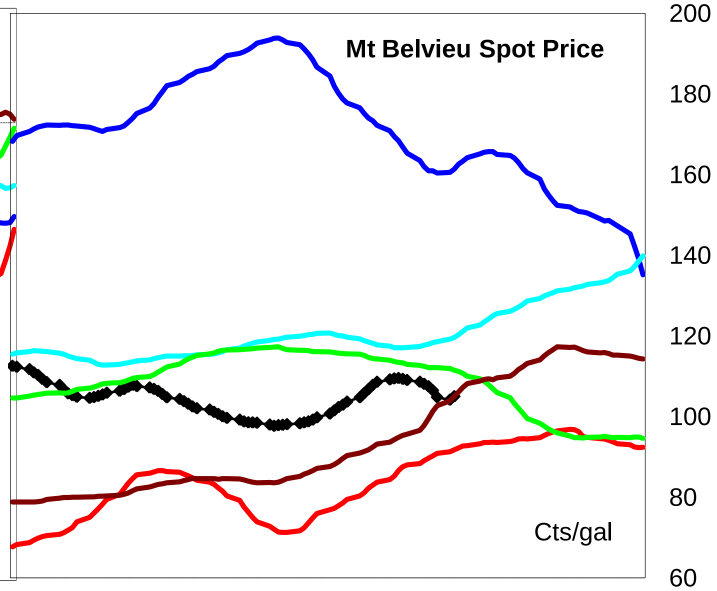
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	59,821	4,177	26,738	27,269	1,637	2,376	-26	1,257	1,050	95
Propylene Stocks	2,566					-255				
Production	1,065	45	258	707	55	-10	5	-3	-16	4
Imports	72	15	51	0	6	14	3	7	0	3
Whsle Demand	725					6				

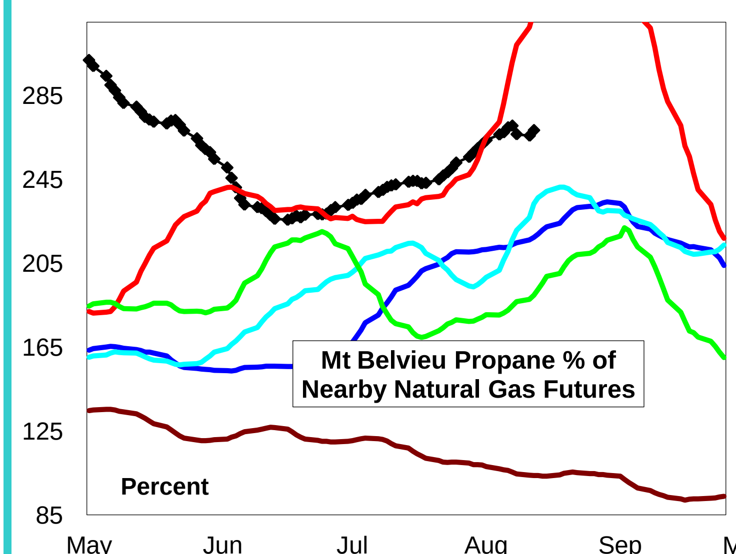
Price Trends for the Week Ending: Tuesday, August 17, 2010

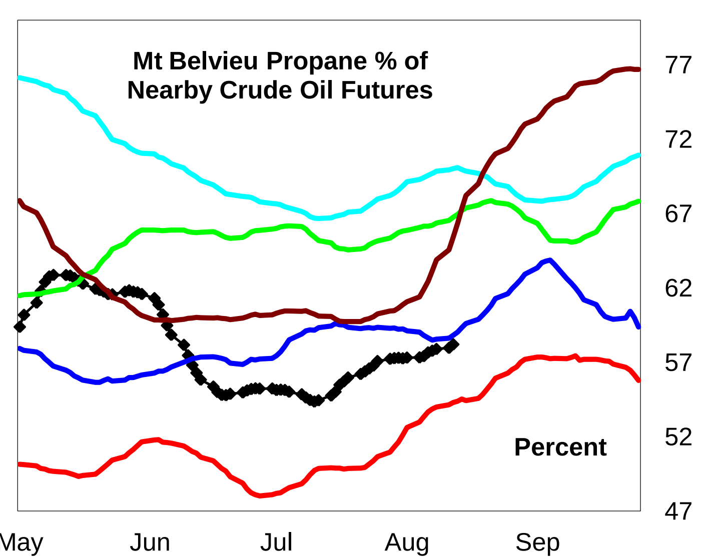
Cents/gal	Average for week ending:				Change from:			% change from:		
	8/17/10	8/10/10	7/20/10	8/7/09	8/10/10	7/20/10	8/7/09	8/10/10	7/20/10	8/7/09
Mont Belvieu Spot	104.8	110.7	99.7	90.2	-5.94	11.06	9.44	-5.4	11.1	10.5
Conway Spot	100.7	105.1	92.1	64.2	-4.36	12.95	27.95	-4.2	14.1	43.6

Key Price Spreads and Differentials

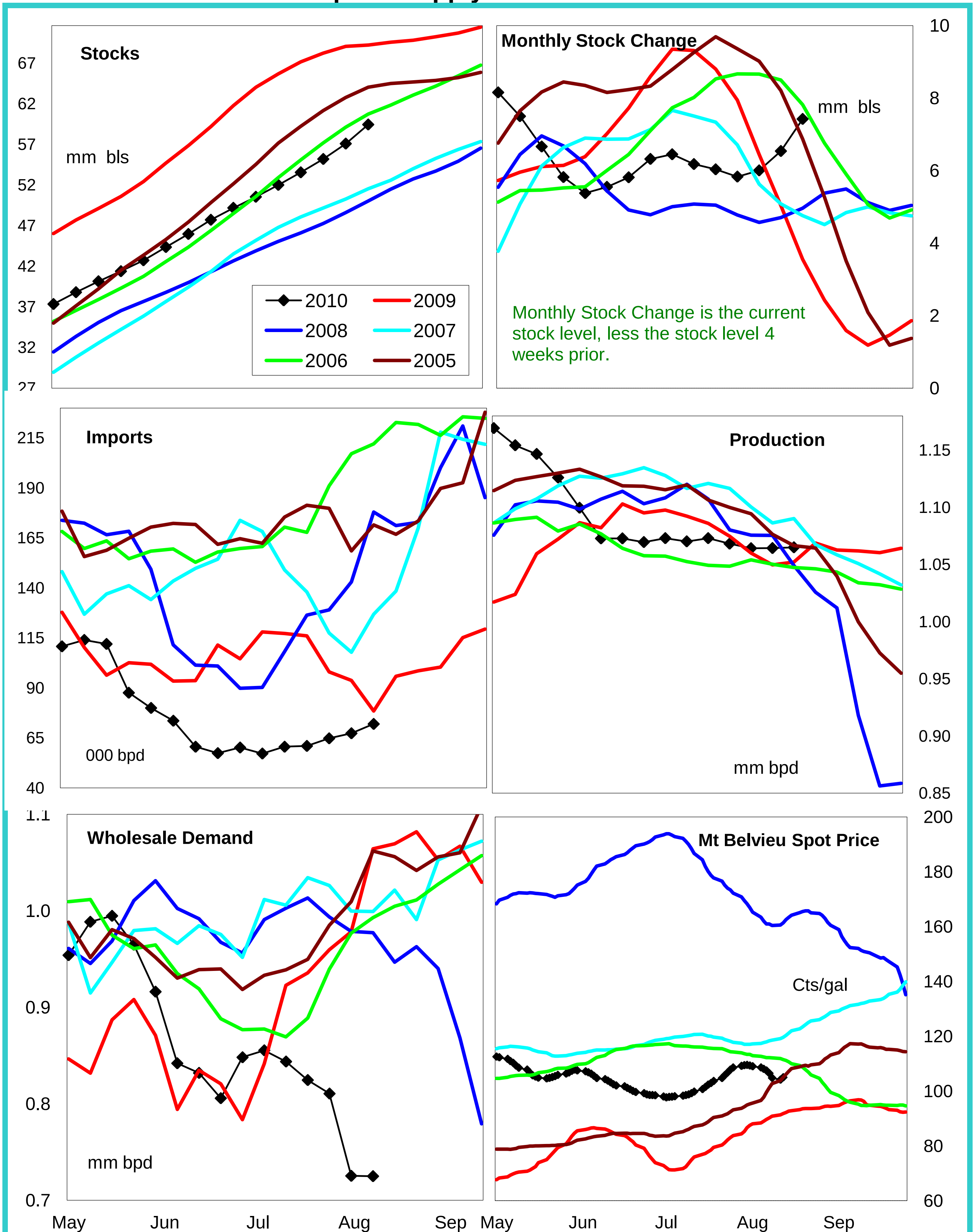








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jul	Jun	May
000 bpd (000 bls stks)	-9,981	3,868	9	-38		-209	-83	-13	47
% change	-14.3	109	0.9	-37.4		-21.2	-8.7	-1.5	5.7

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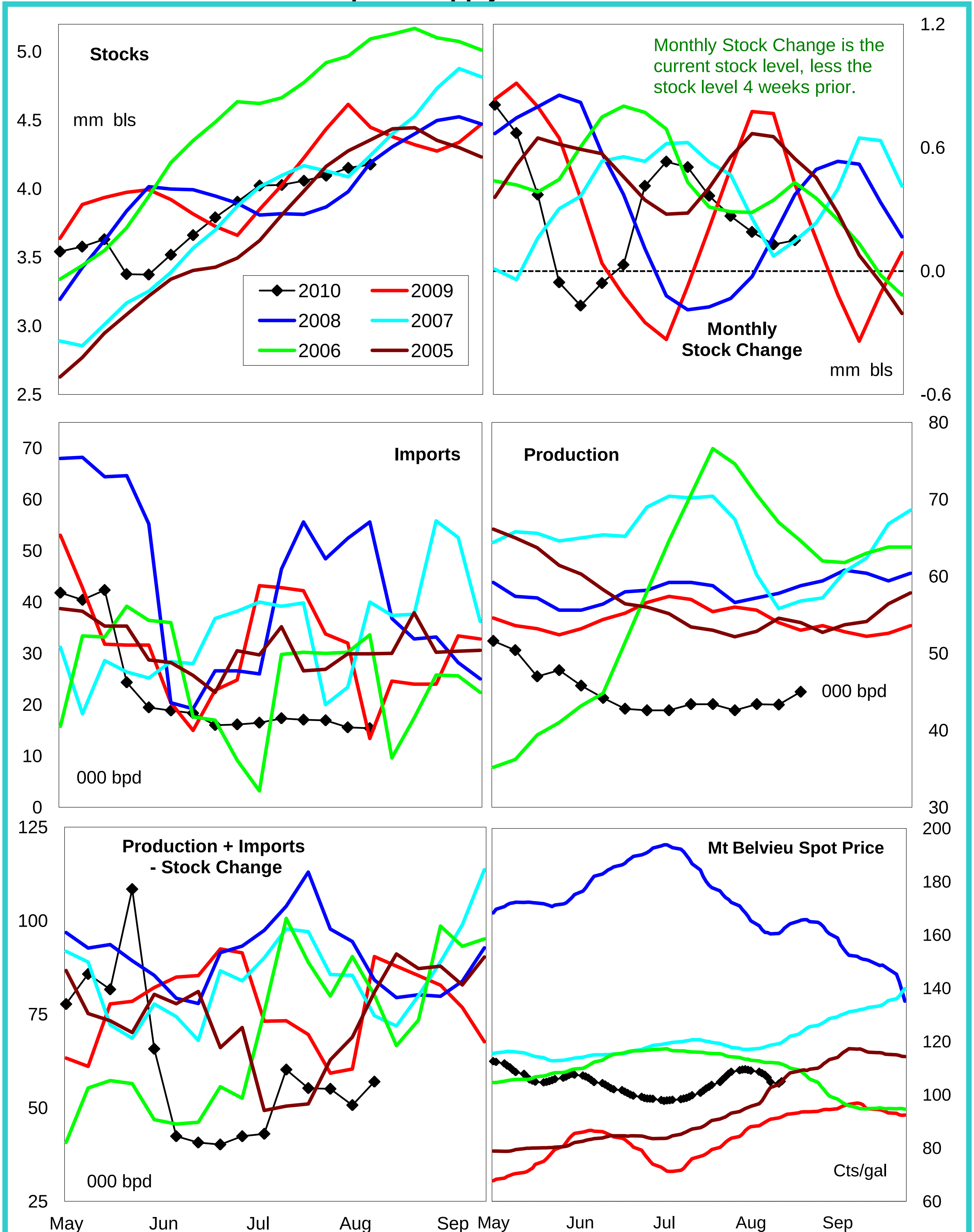
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-408	-274	-11	-20	-15
% change	-8.9	-64.7	-20.1	-54.5	-22.0

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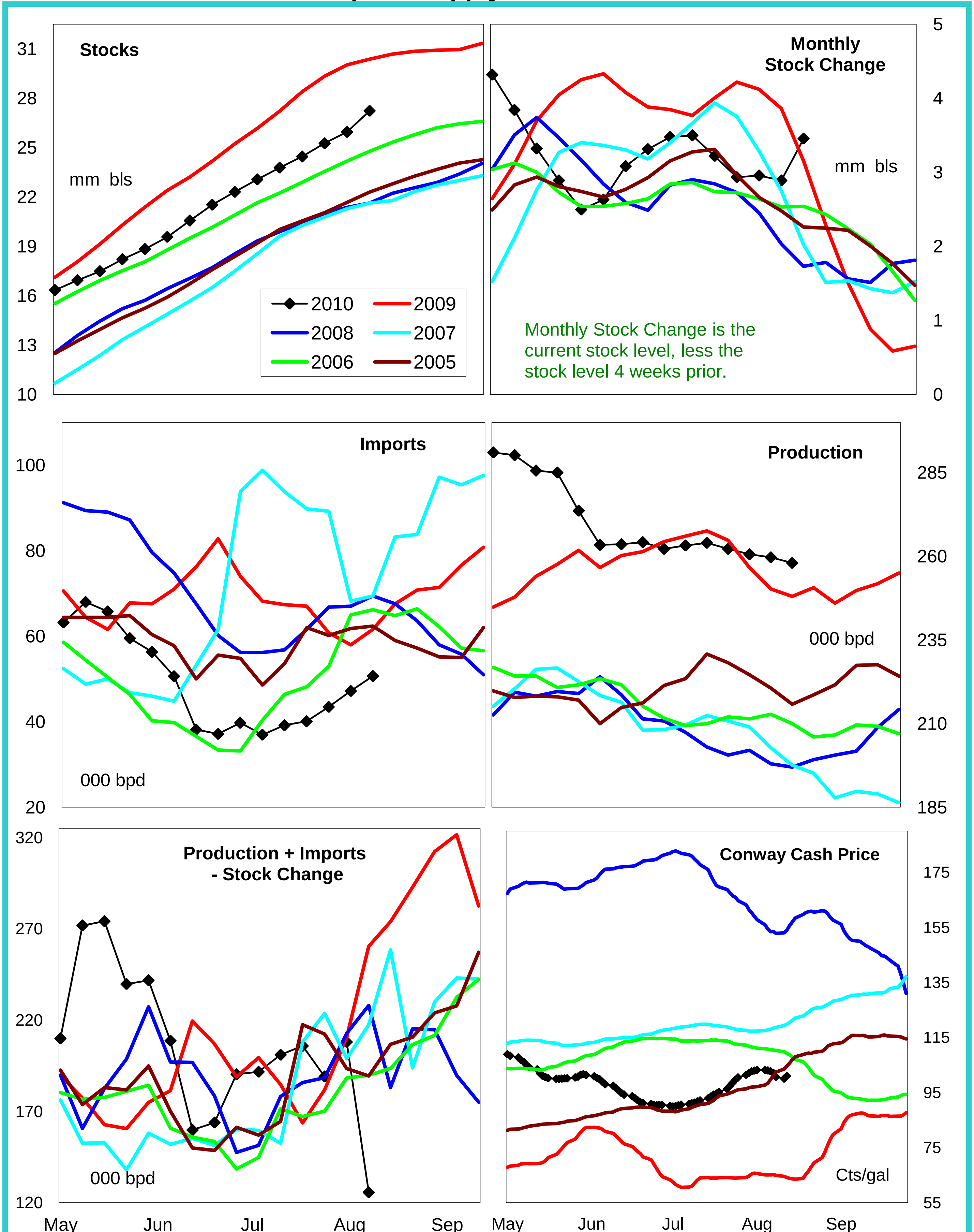
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-4,014	300	6	-19	-22
% change	-13.1	9.5	2.5	-30.7	-10.8

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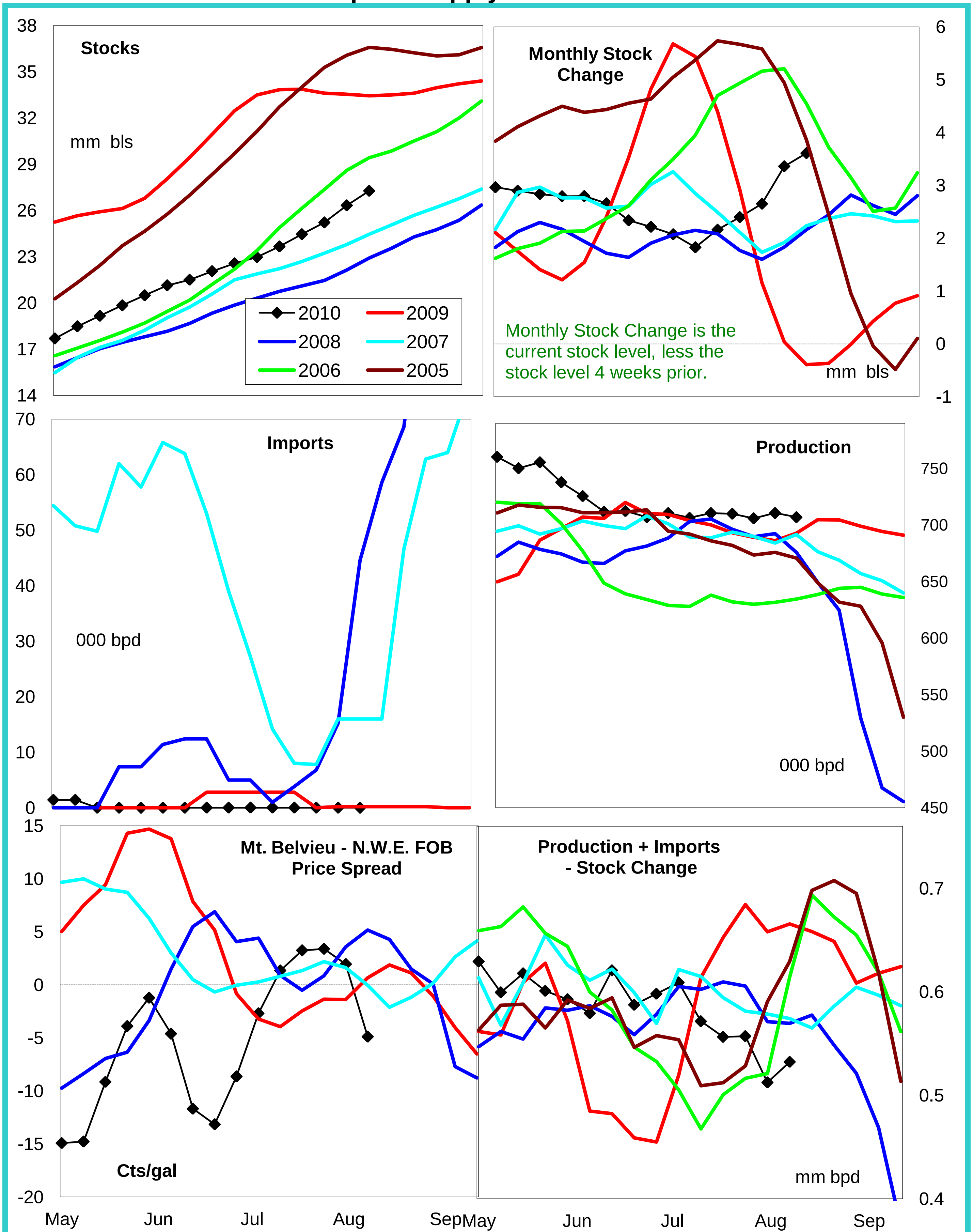
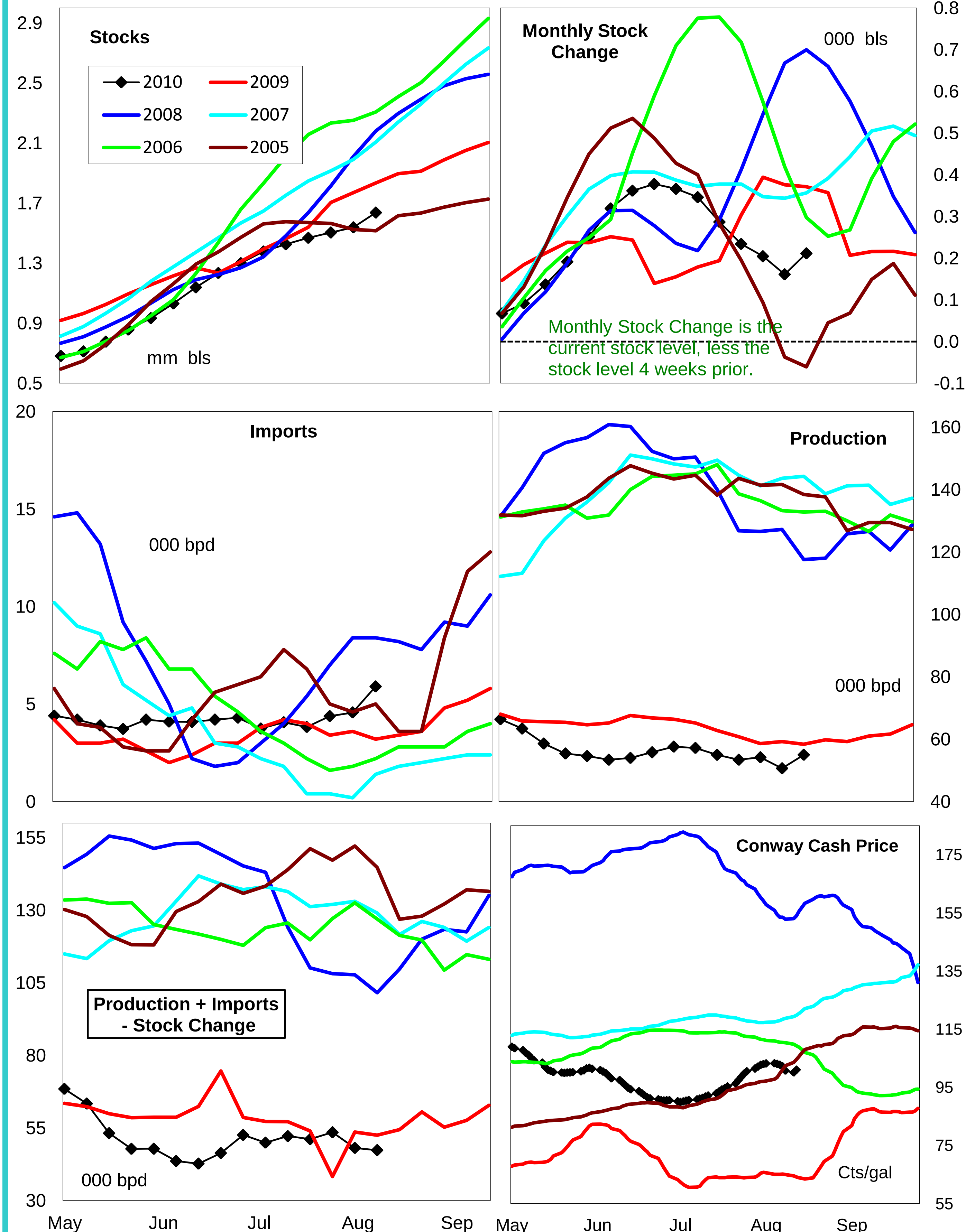
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-5,357	4,001	20	0	-126
% change	-16.4	-1,021.2	2.9	#DIV/0!	-17.8

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)	-202	-160	-6	1	0
% change	-11.0	-43.0	-10.2	23.6	0.9

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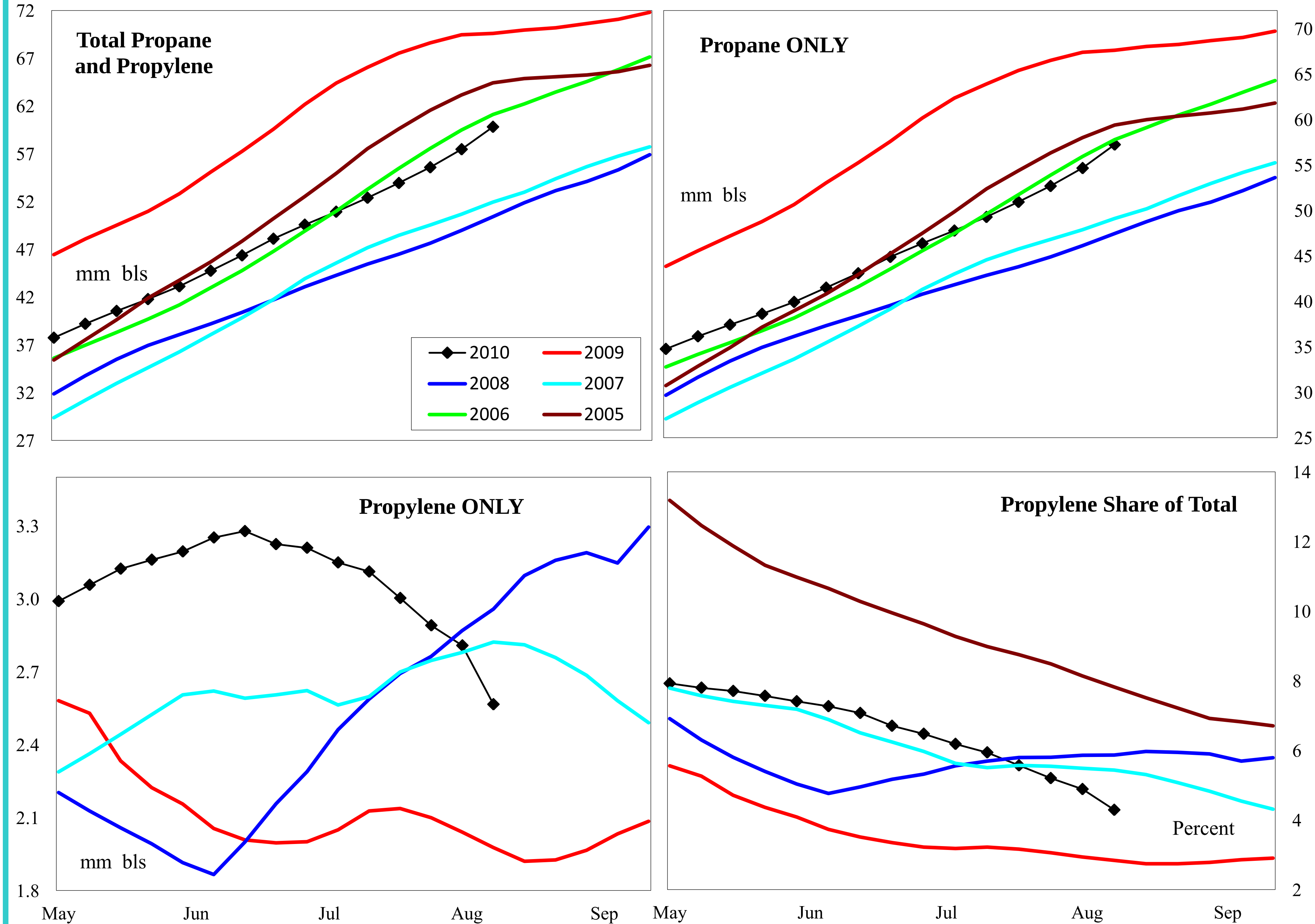
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-9,981	-10,672	589
% change	-14.3	-15.7	29.8

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