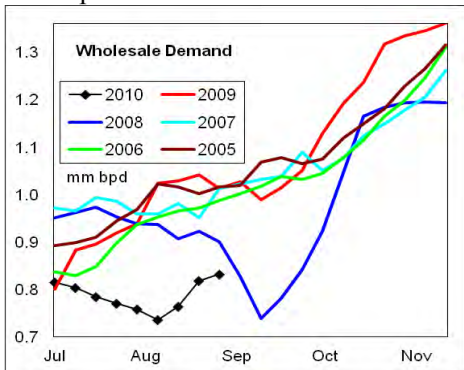

**FUNDAMENTAL
PETROLEUM
TRENDS**

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

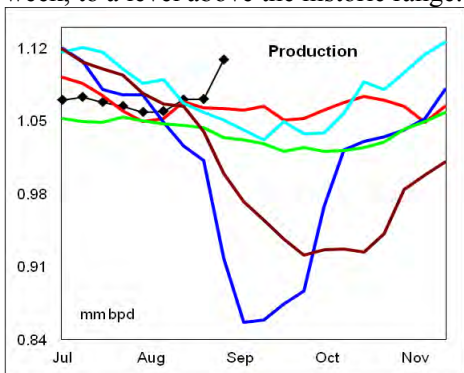
A Fundamental Petroleum Trends Weekly Report

 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, September 09, 2010

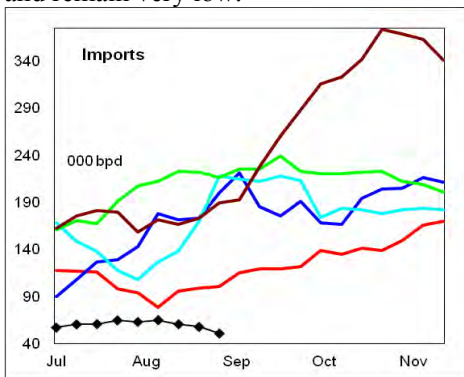

Summary¹: Wholesale demand increased +45,000 bpd last week. Demand remains well below the historic range on weak petro chemical consumption, lack of summer fill due to extreme heat and low exports.



Production increased +51,000 bpd on the week, to a level above the historic range.



Imports decreased -7,000 bpd last week, and remain very low.

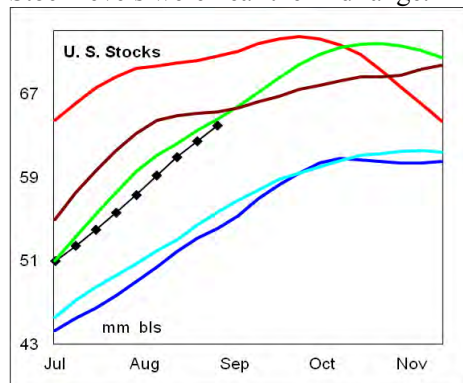


Combined production and imports during the latest 4-wk period were -33,000 bpd below a year ago. Imports declined -38,000 bpd during the period,

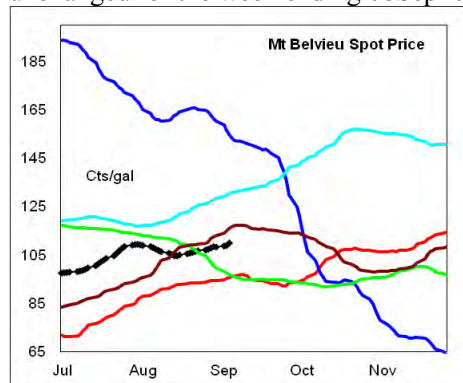
¹ Source is latest EIA Weekly Statistics

while production was +5,000 bpd higher. The latest 4-wk average demand was -249,000 bpd below last year.

Stocks increased +1.5 million barrels on the week, with the increase concentrated in PADD 1. The latest 4-wk stock change was a build of +6.7 million barrels, above the historic high. Stock levels were near the mid range.



Price and Spreads Mt Belvieu prices increased +2 cts/gal while Conway was unchanged for the week ending 08Sep10.



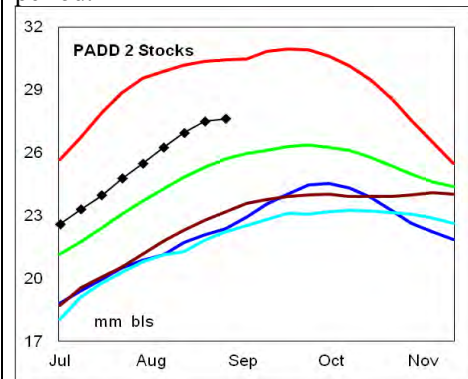
The Conway – Mt Belvieu price spread trended lower last week ending 08Aug10. The spread ended the week below the 5-year mid range.

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

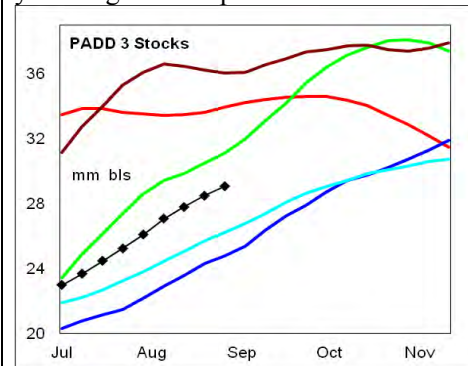
The propane / crude oil price spread trended higher last week. The level ended the week below the mid range.

PADD 1 stocks increased +1.1million barrels last week; where such a large increase in the absence of higher imports points to a one time revision in the data. Combined production and imports increased +1,000 bpd on the week, with

the level below the historic range. Supply for the latest 4-wk period was -19,000 bpd below a year ago. Stock levels were at a record high for the period.



PADD 2 stocks decreased -0.3 million barrels last week, with stock levels -2.7 million barrels below the 5-year high for the period. Combined imports and production decreased -10,000 bpd last week. The most recent 4-wk stock build of +2 million barrels, was above the 5-year range for the period.



PAD 3 stocks increased +0.6 million barrels. Supply increased +46,000 bpd on the week, with the 4-wk average +5,000 bpd above last year. Stock levels were below the mid range.

PADDs 4 & 5 stocks were unchanged on the week. Stock levels were near historic lows.

Emerging Trends show continued weak demand. Above normal temperatures are delaying summer fill and reducing demand for the fall grain drying season. Petro chemical demand and exports are also lower. Supply and stock levels are each at the mid range. Based on these fundamental trends expect only modest price strength.



PROPANE: Graph Link and Weekly Summary

September 9, 2010

Fundamental Trends for the Week Ending:

Friday, September 03, 2010

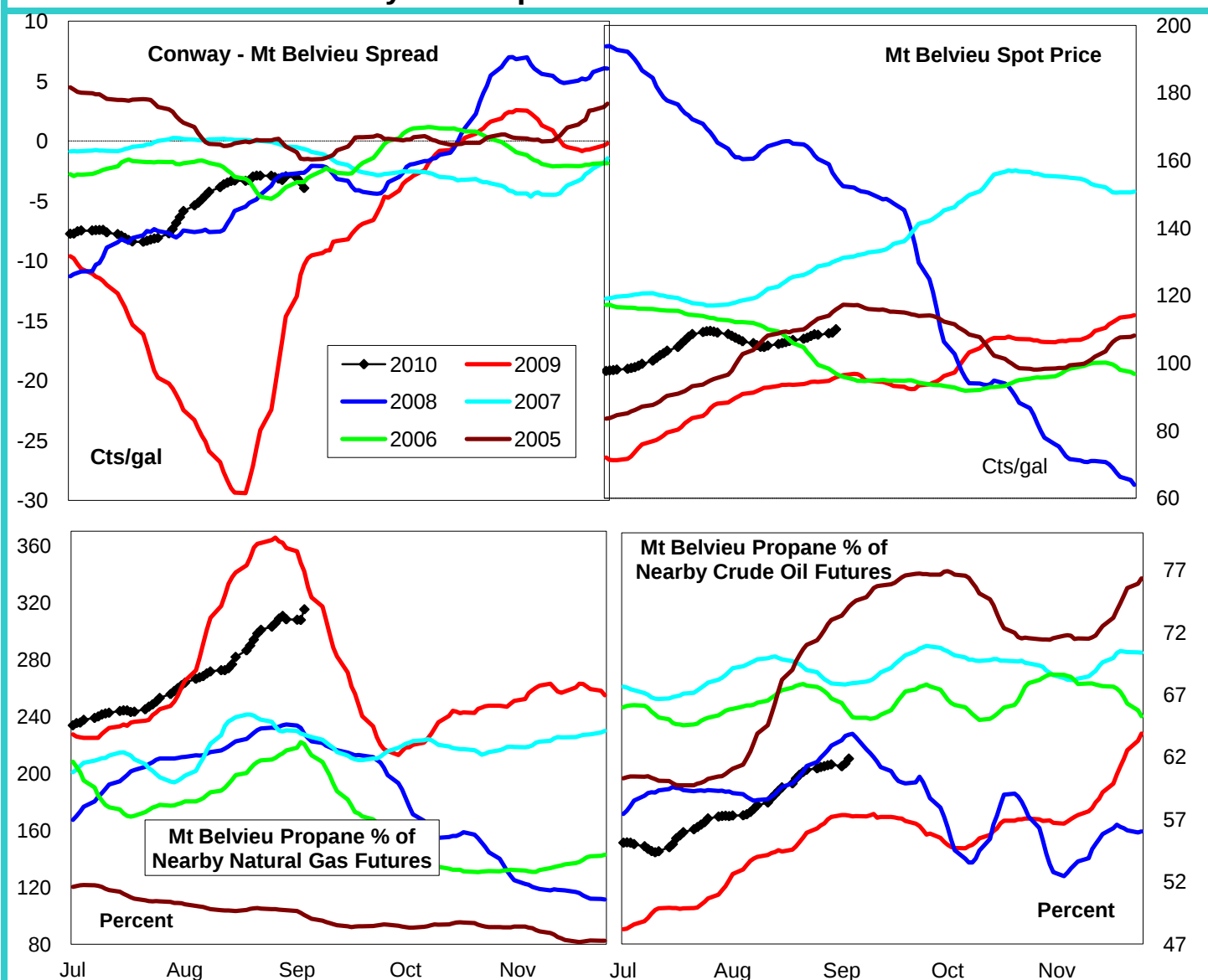
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	63,970	5,473	27,622	29,063	1,812	1,506	1,079	-258	638	47
Propylene Stocks	2,448					-260				
Production	1,109	49	259	746	55	51	2	-3	46	6
Imports	51	14	31	0	6	-7	-1	-7	0	1
Whsle Demand	872					45				

Price Trends for the Week Ending:

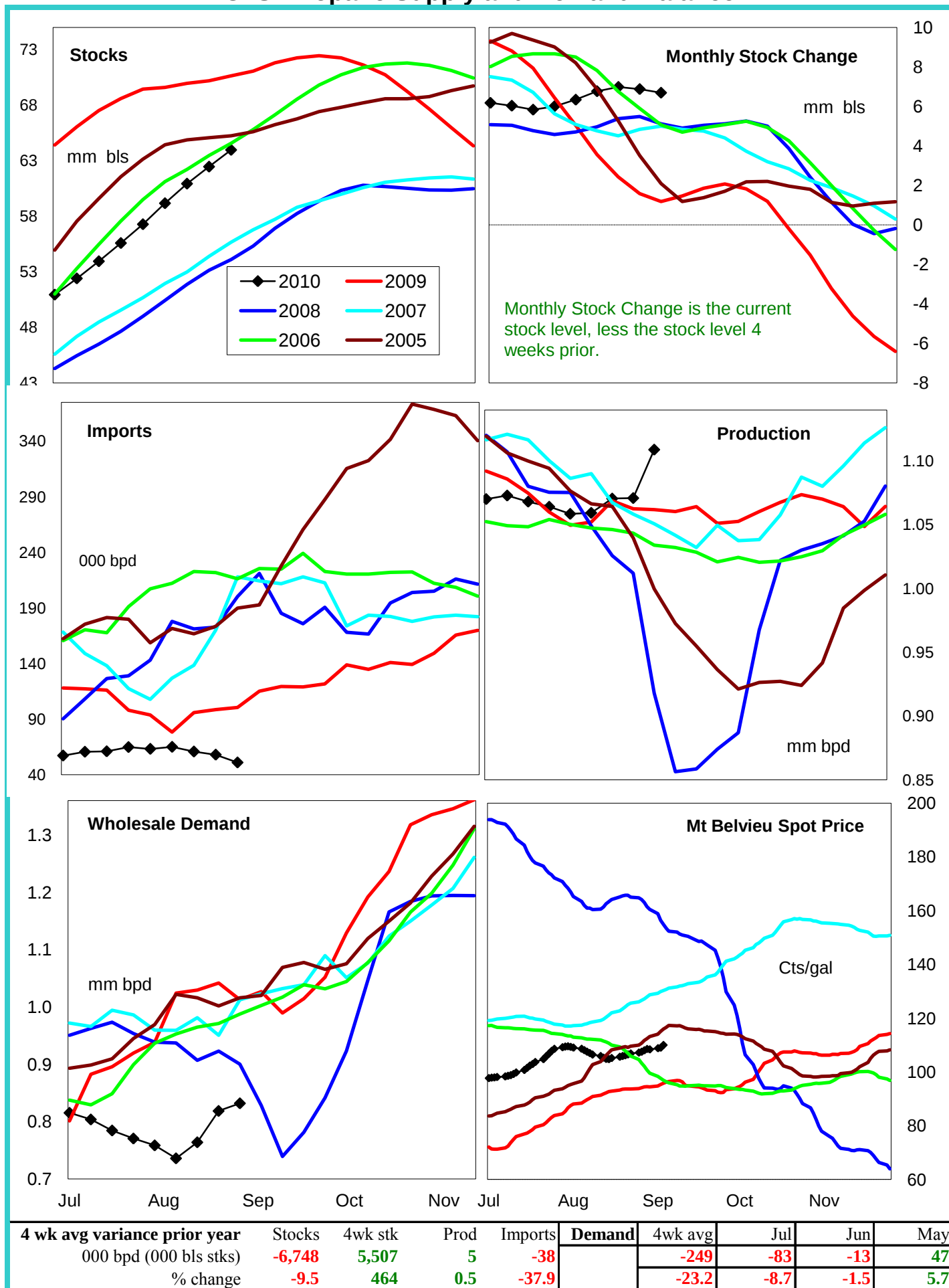
Wednesday, September 08, 2010

Cents/gal	Average for week ending:				Change from:			% change from:		
	9/8/10	8/31/10	8/10/10	8/28/09	8/31/10	8/10/10	8/28/09	8/31/10	8/10/10	8/28/09
Mont Belvieu Spot	108.8	107.8	110.1	95.6	1.02	-2.28	14.44	1.0	-2.1	15.1
Conway Spot	105.7	104.5	104.8	84.2	1.20	-0.30	20.67	1.1	-0.3	24.6

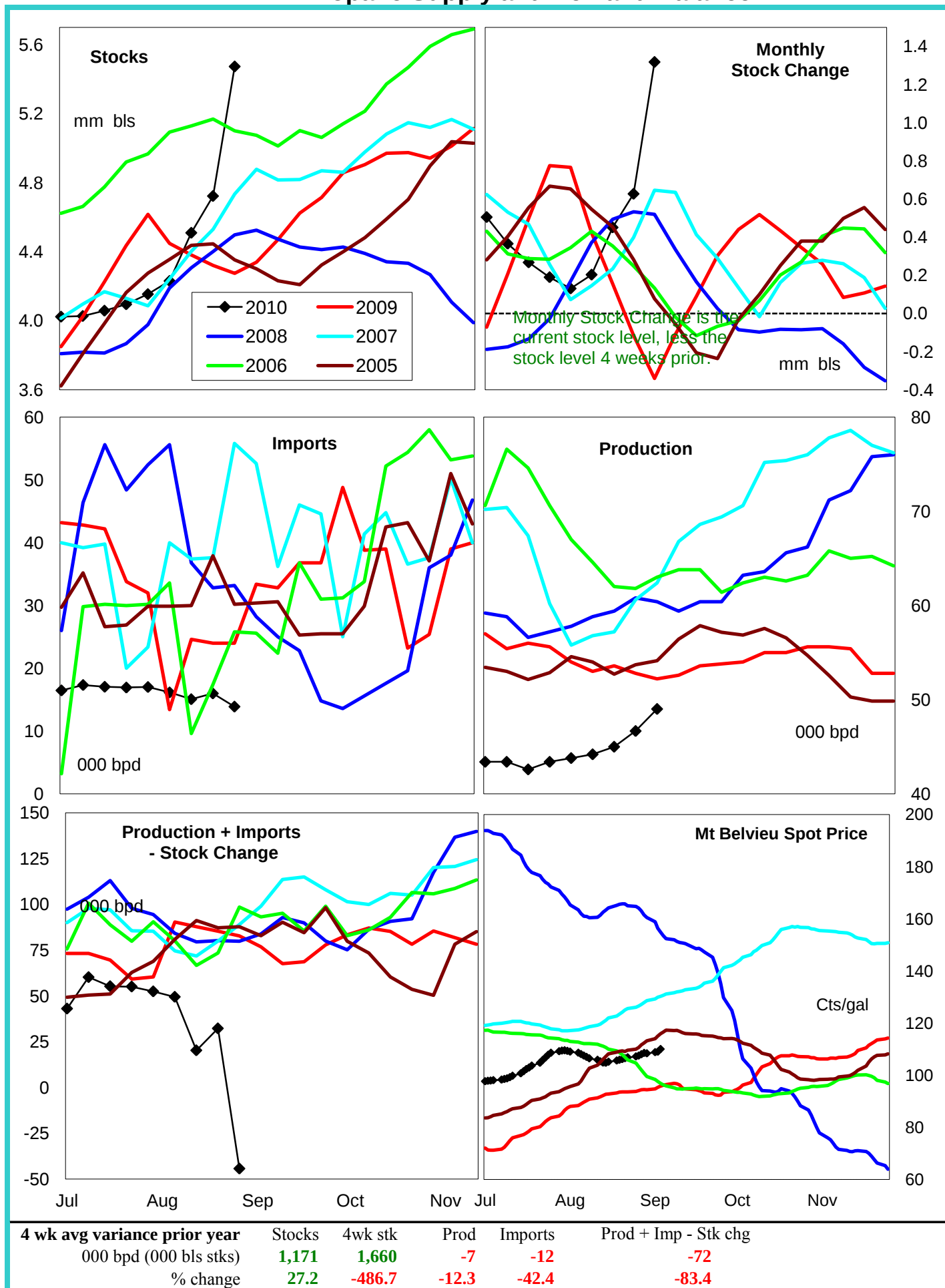
Key Price Spreads and Differentials



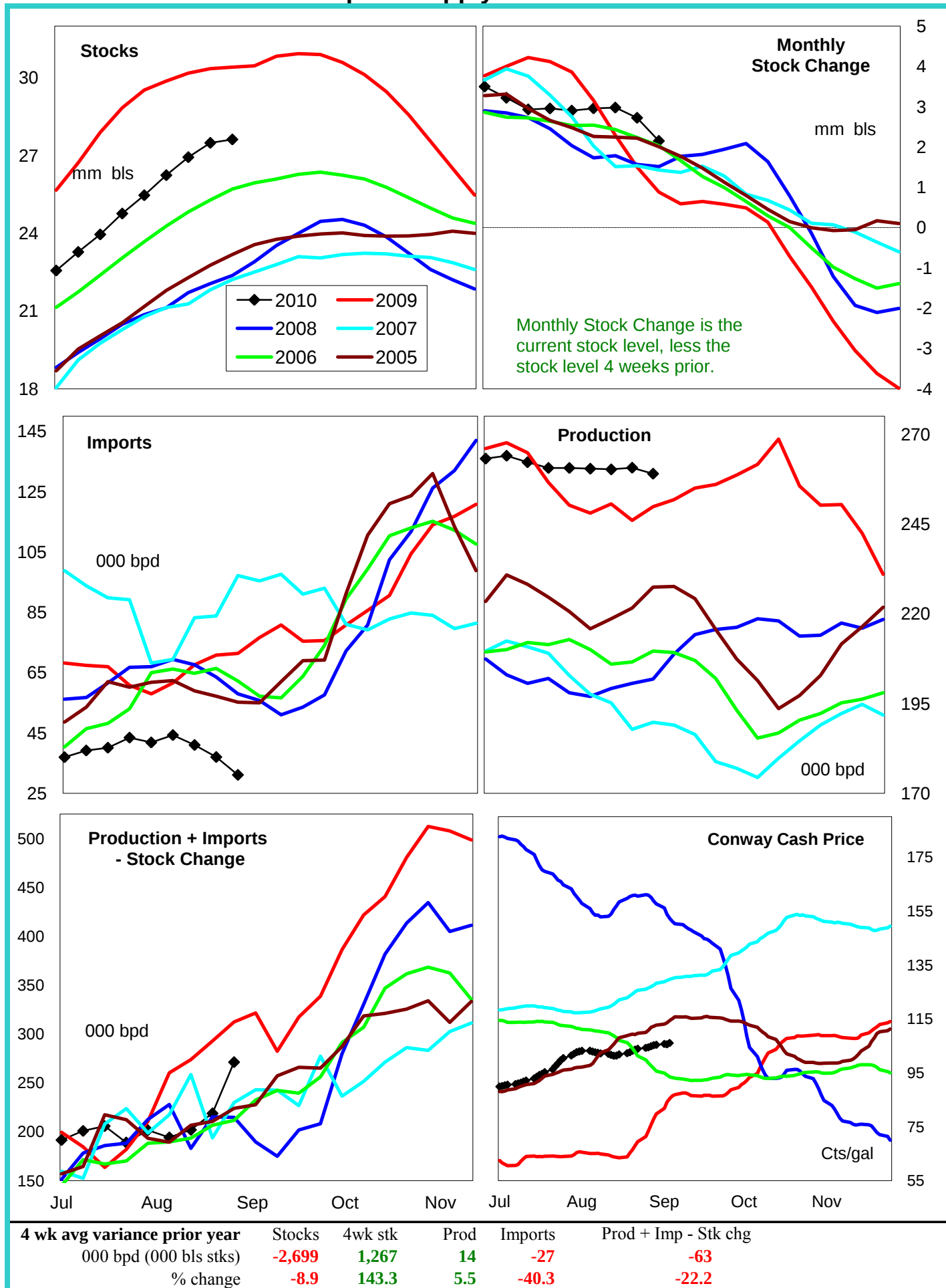
U. S. Propane Supply and Demand Balance



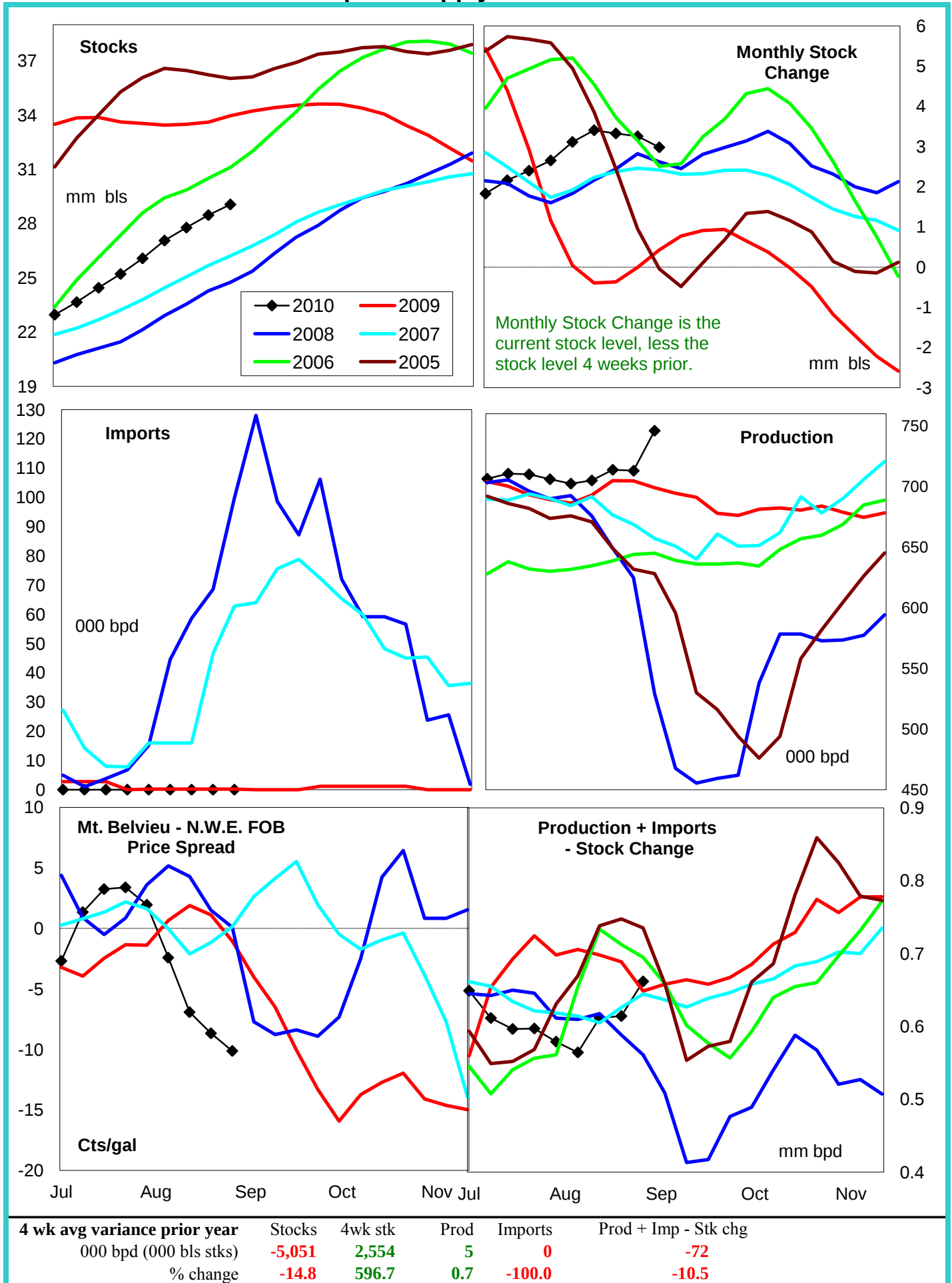
PADD 1 Propane Supply and Demand Balance



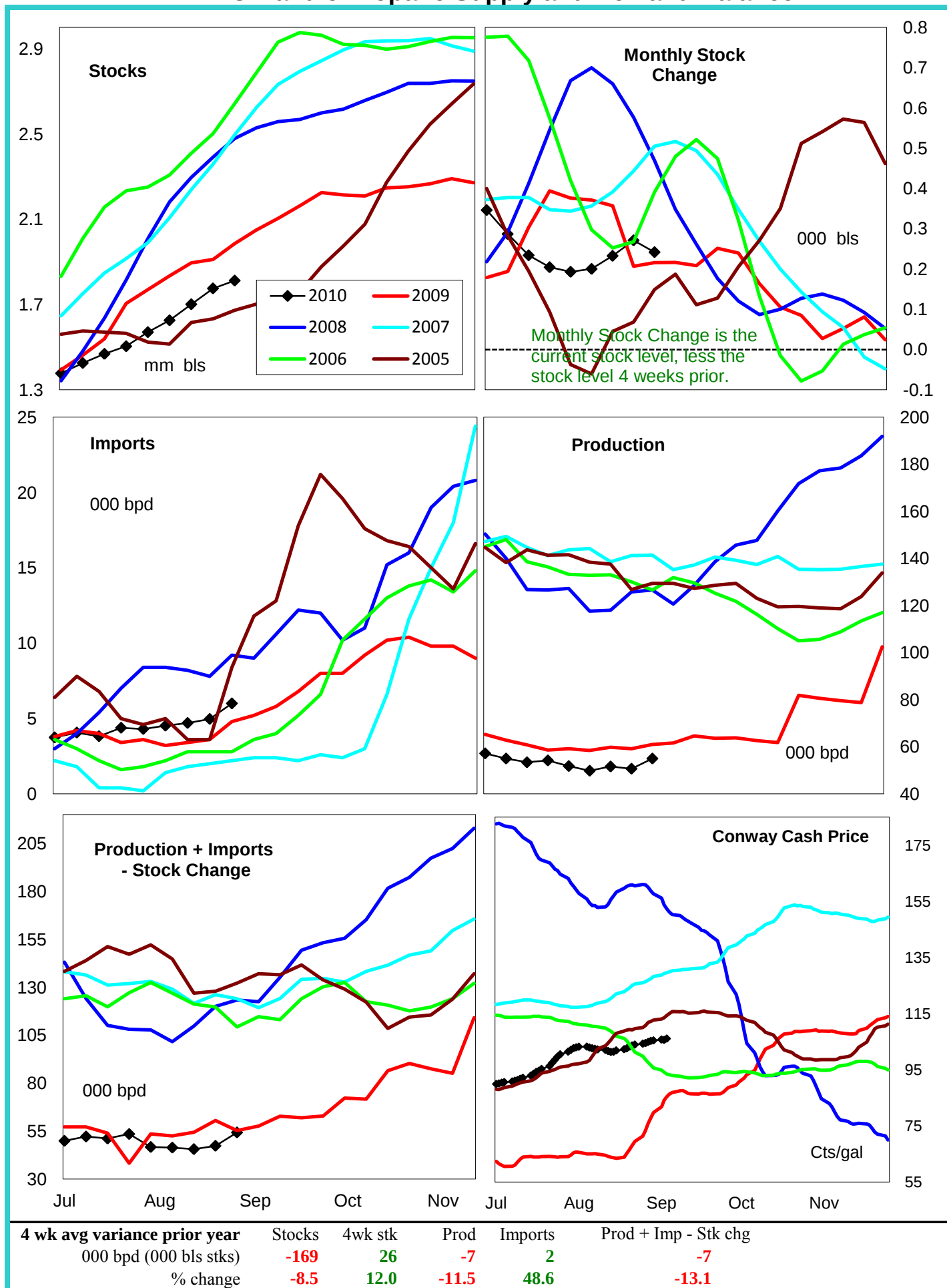
PADD 2 Propane Supply and Demand Balance



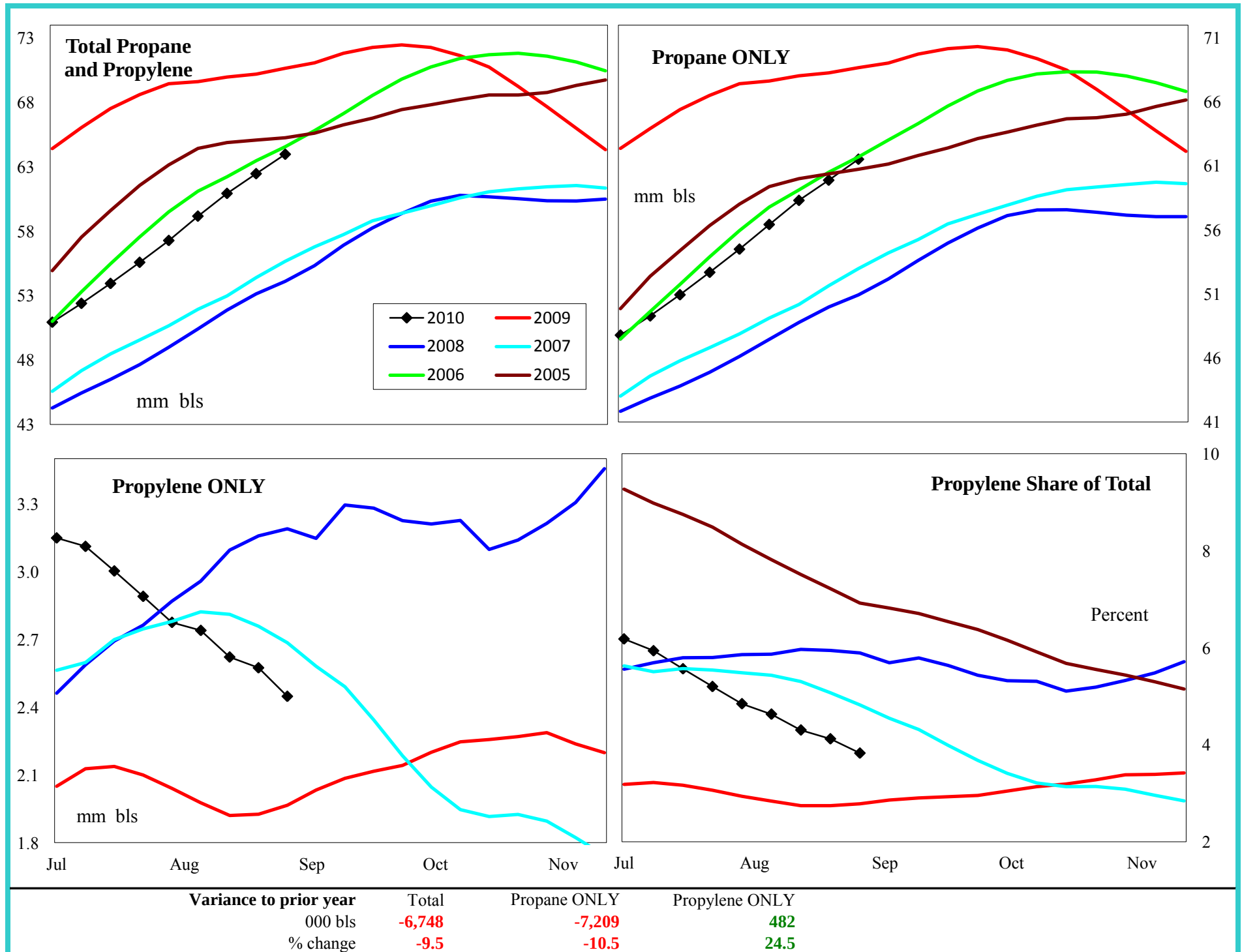
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

