

**FUNDAMENTAL
PETROLEUM
TRENDS**

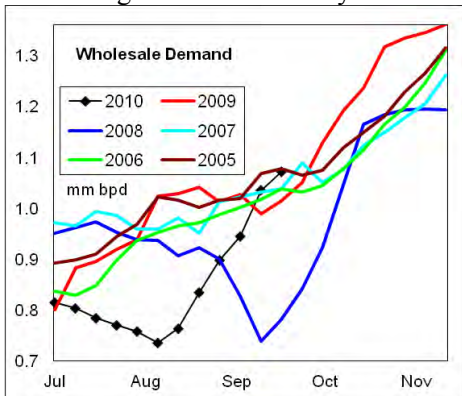
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

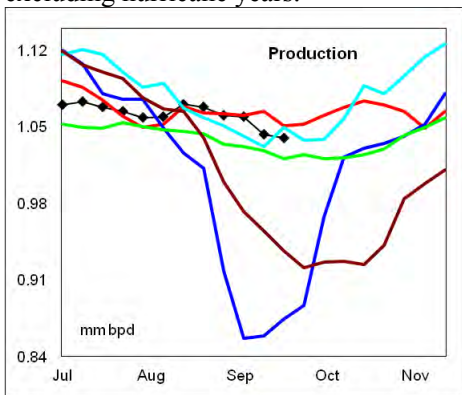
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, September 29, 2010



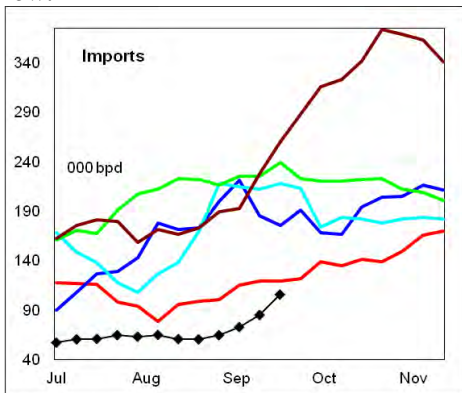
Summary¹: Wholesale demand increased +70,000 bpd last week, to a level near historic highs for this time of year.



Production was nearly unchanged on the week, at a level near the mid range, excluding hurricane years.



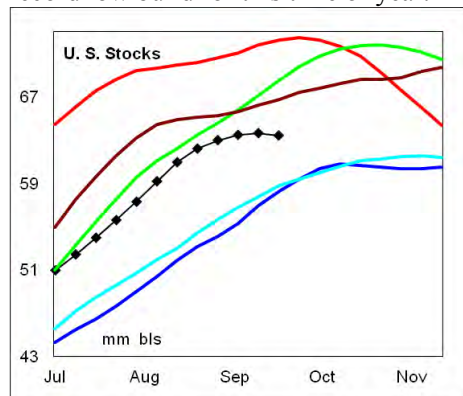
Imports increased +24,000 bpd last week, to a level near last years' record low.



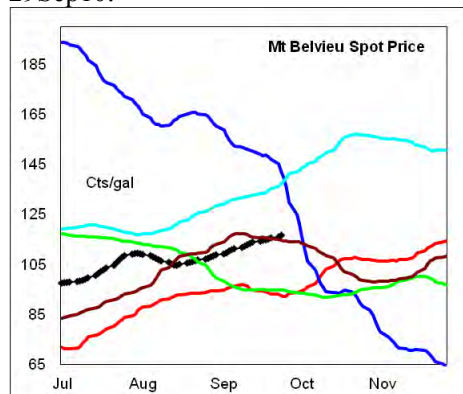
Combined production and imports during the latest 4-wk period were -42,000 bpd below a year ago.

Production was +4,000 bpd higher while imports were off -46,000 bpd from last year. The latest 4-wk average demand was +26,000 bpd above last year.

Stocks declined -0.3 million barrels this week. The latest 4-wk stock change was a build of +1.2 million barrels, a record low build for this time of year.



Price and Spreads Mt Belvieu prices increased +2.50 cts/gal while Conway increased +2 cts/gal for the week ending 29Sep10.



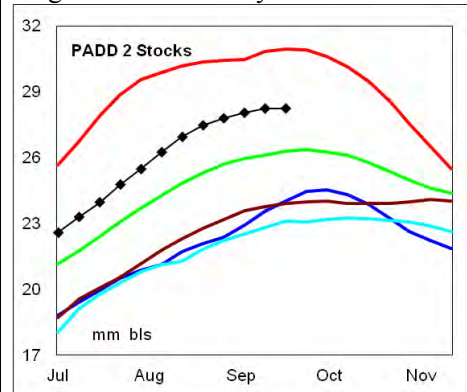
The Conway – Mt Belvieu price spread trended lower last week ending 29Sep10. The spread ended the week below the 5-year mid range.

The propane to natural gas price spread extended the record high for the period.

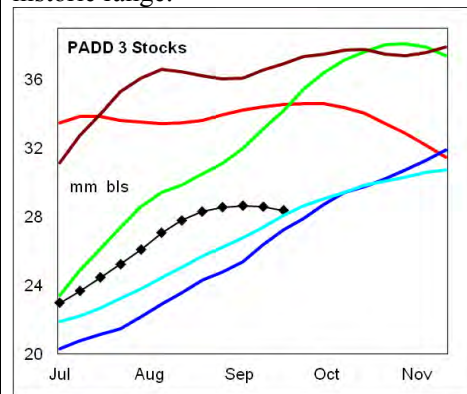
The propane / crude oil price spread trended higher late in the week, ending the week near the 5-year mid range.

PADD 1 stocks decreased -0.1 million barrels last week. Combined production and imports increased +11,000 bpd on the week, with the level well below the historic range. Supply for the latest 4-wk period was -27,000 bpd below a year

ago. Stock levels were above the mid range for this time of year.



PADD 2 stocks declined -0.1 million barrels last week, with stock levels well above four of the last five years. Combined imports and production increased +20,000 bpd on the week. The most recent 4-wk stock build of +1 million barrels, was at the low end of the historic range.



PADD 3 stocks decreased -0.2 million barrels. Supply increased +8,000 bpd on the week, with the 4-wk average -20,000 bpd below last year. Stock levels were at the low end of the historic range.

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

Emerging Trends point to particular strength in the Northwest European propane market with prices a +20 ct/gal premium over Mt Belvieu. Combined with a preseason draw down in Gulf stocks indicate that significant volumes are being exported from the Gulf. On balance these trends point to continued price strength during the quarter.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

September 29, 2010

Fundamental Trends for the Week Ending:

Friday, September 24, 2010

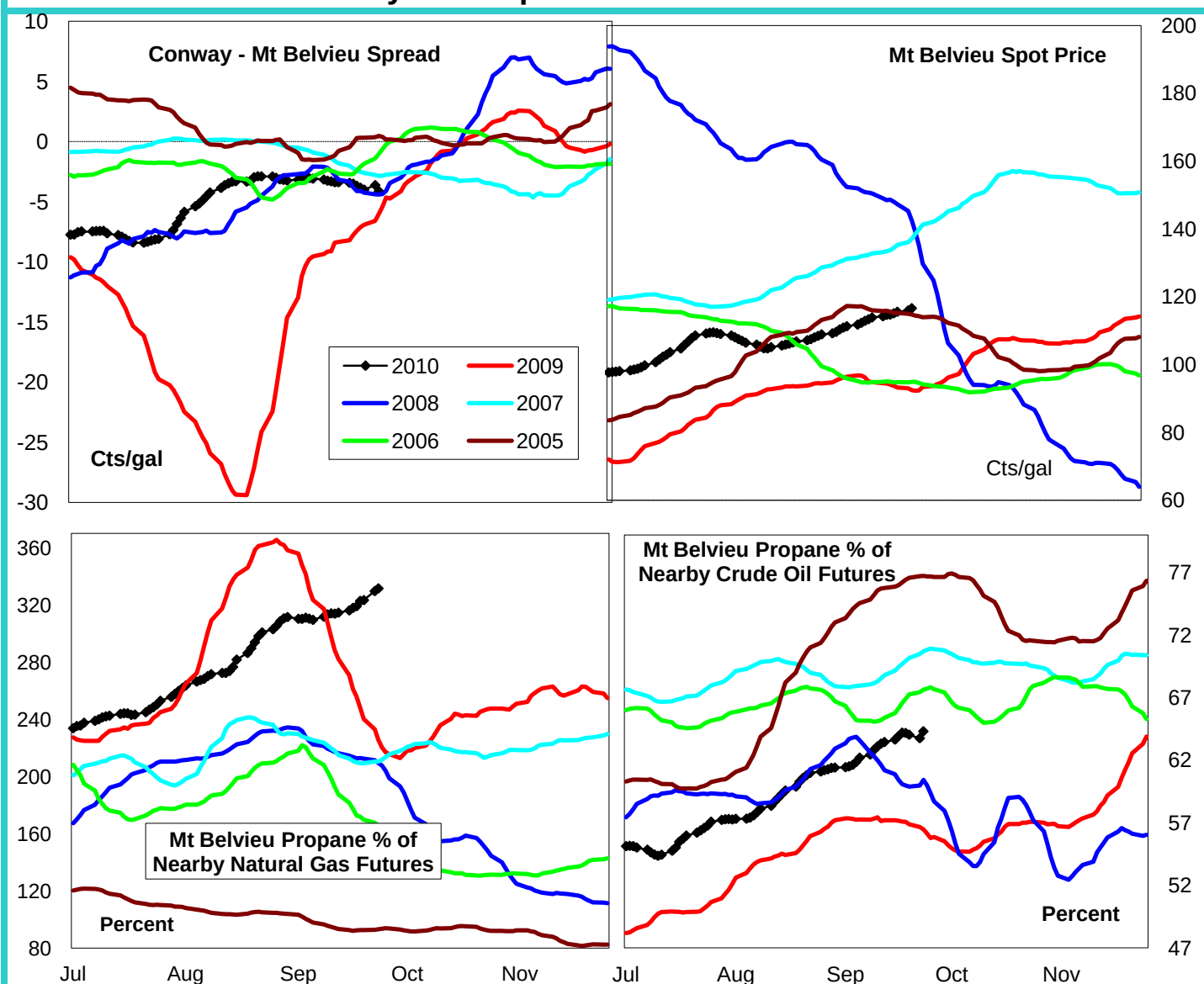
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	63,400	4,830	28,236	28,378	1,956	-320	-84	-100	-166	30
Propylene Stocks	2,493					-66				
Production	1,040	43	269	672	56	13	-2	20	-3	-2
Imports	106	23	74	0	10	13	0	11	0	2
Whsle Demand	1,112					70				

Price Trends for the Week Ending:

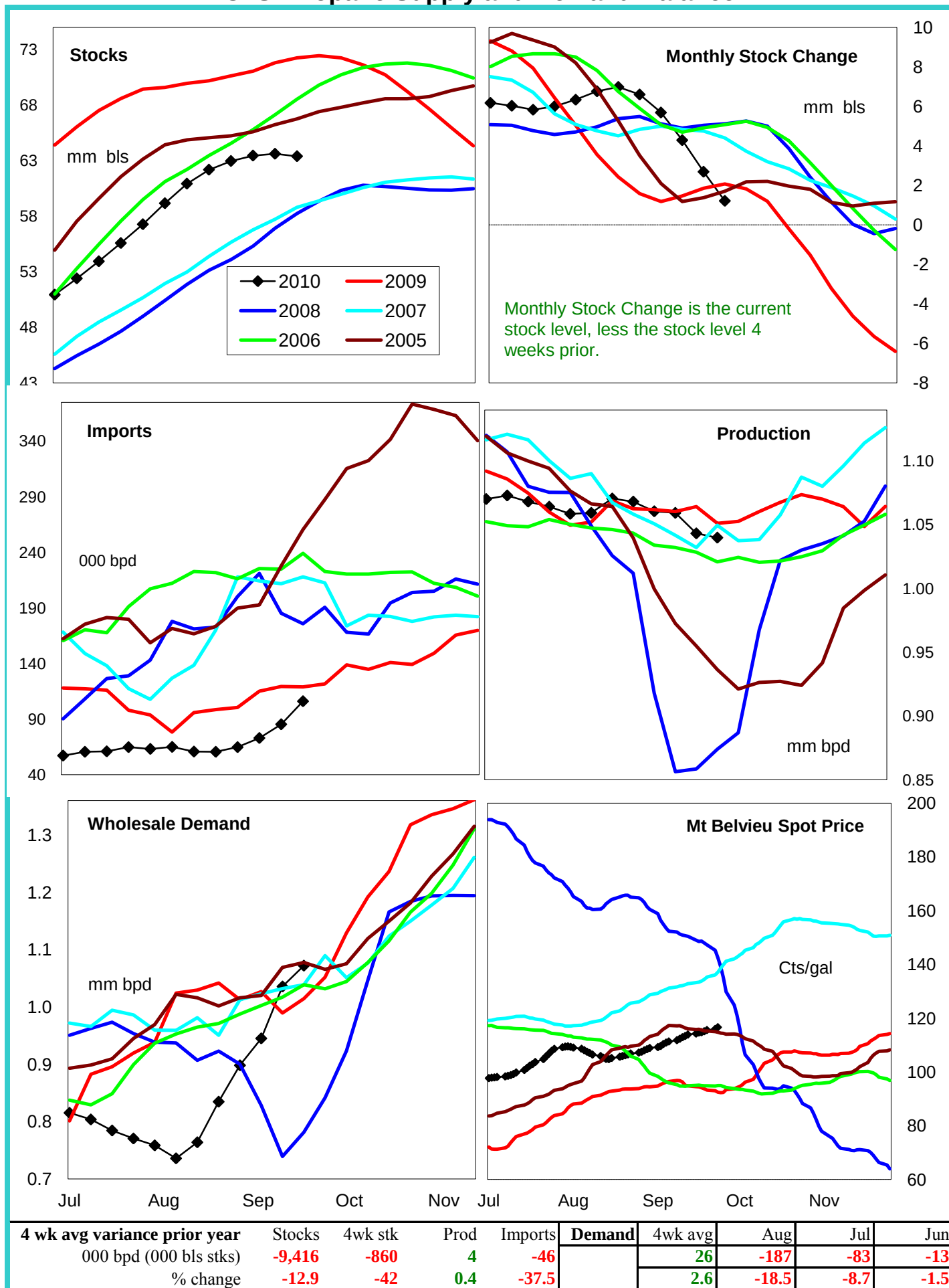
Tuesday, September 28, 2010

Cents/gal	Average for week ending:				Change from:			% change from:		
	9/28/10	9/21/10	8/30/10	9/18/09	9/21/10	8/30/10	9/18/09	9/21/10	8/30/10	9/18/09
Mont Belvieu Spot	115.6	113.9	107.2	90.9	1.66	6.69	16.37	1.5	6.2	18.0
Conway Spot	111.6	110.7	103.8	84.5	0.90	6.90	19.26	0.8	6.6	22.8

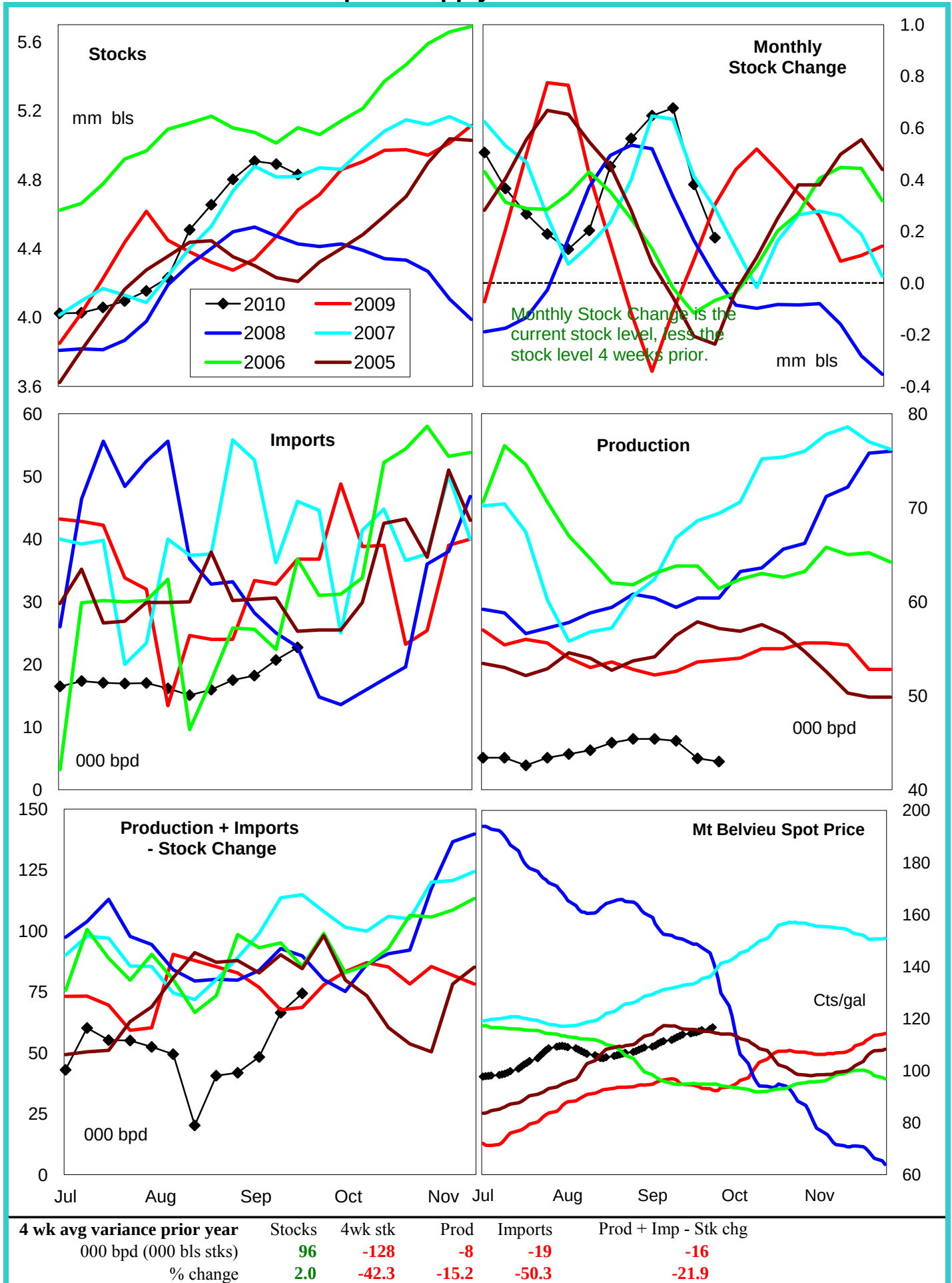
Key Price Spreads and Differentials



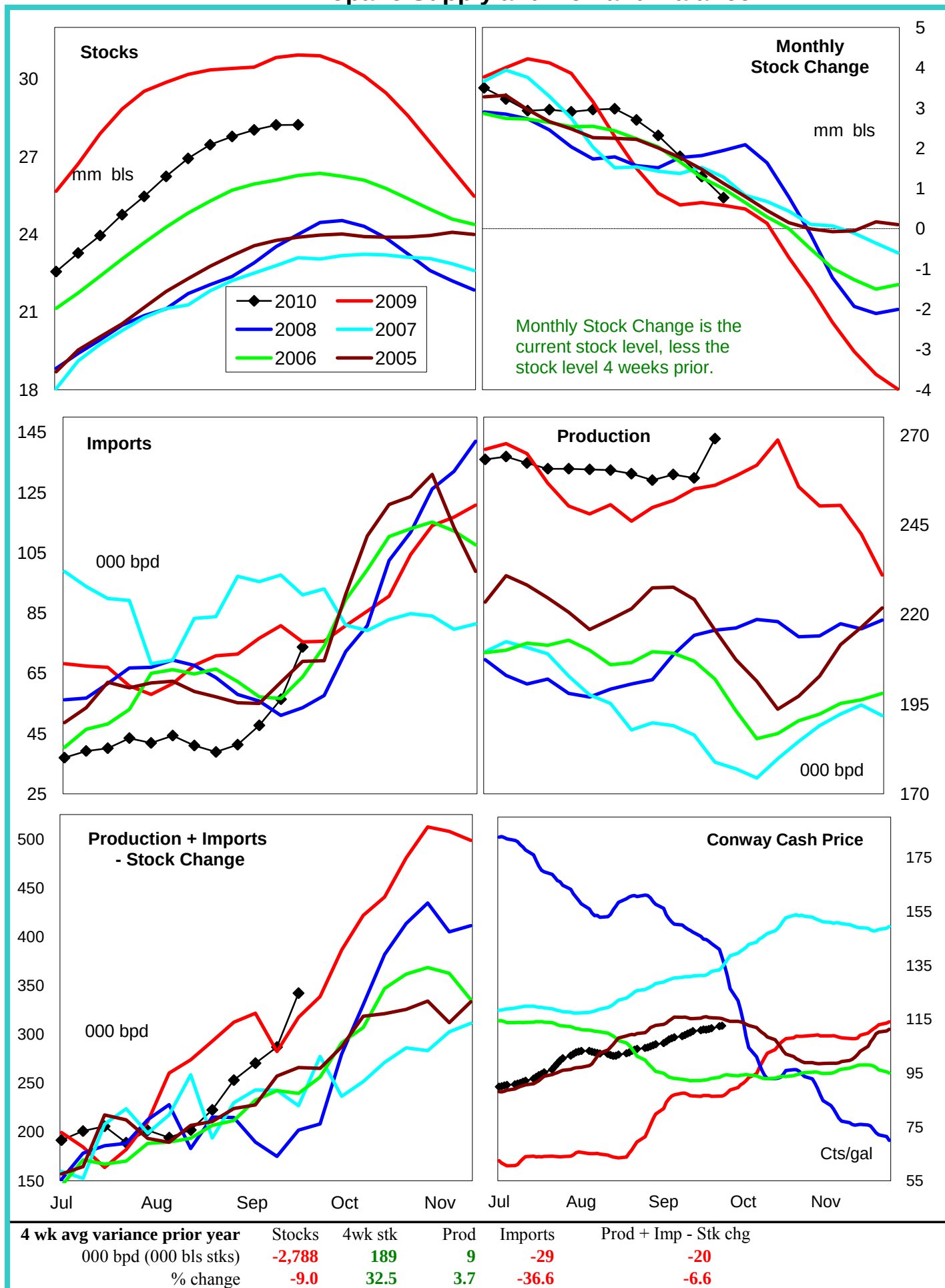
U. S. Propane Supply and Demand Balance



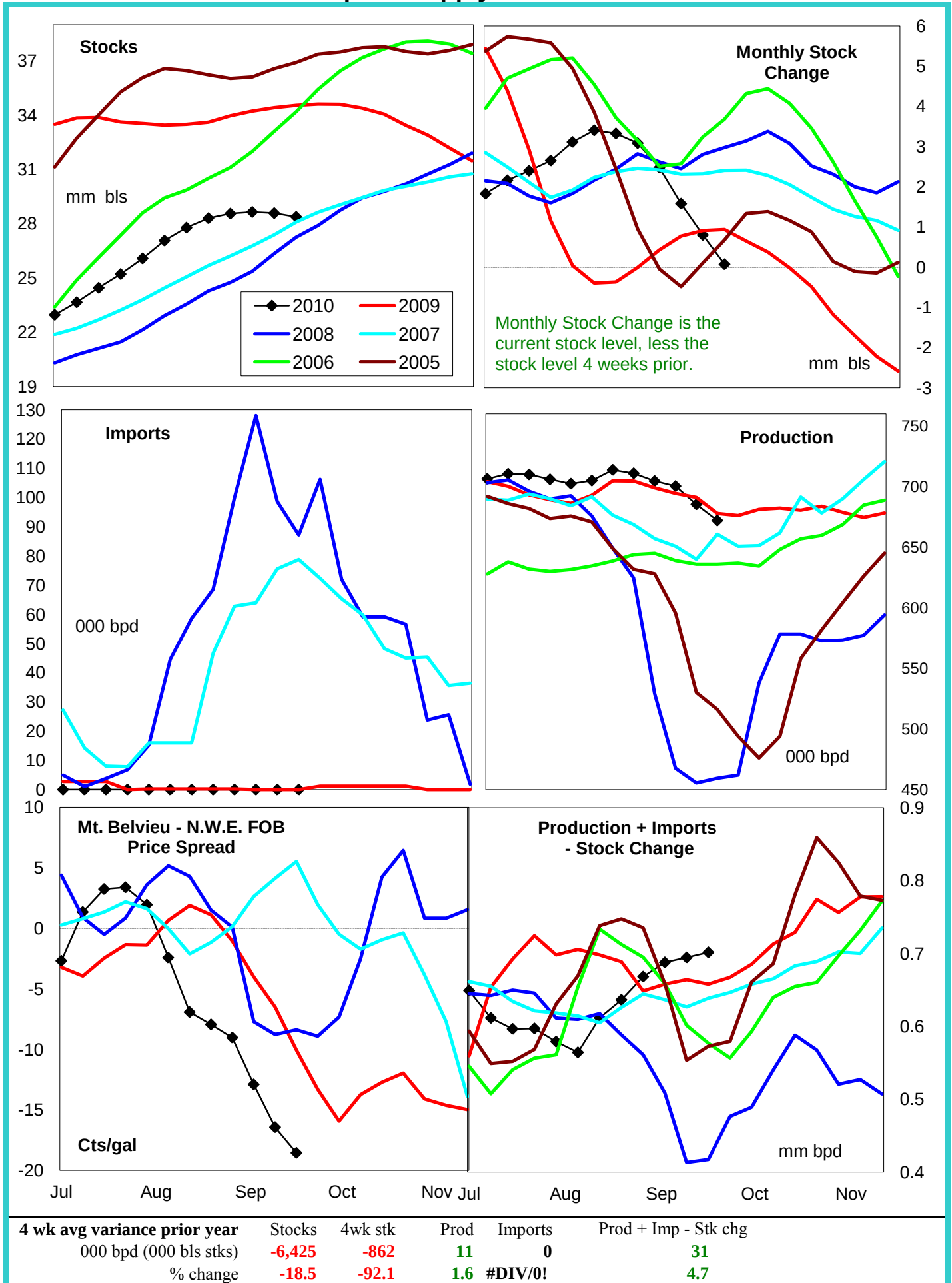
PADD 1 Propane Supply and Demand Balance



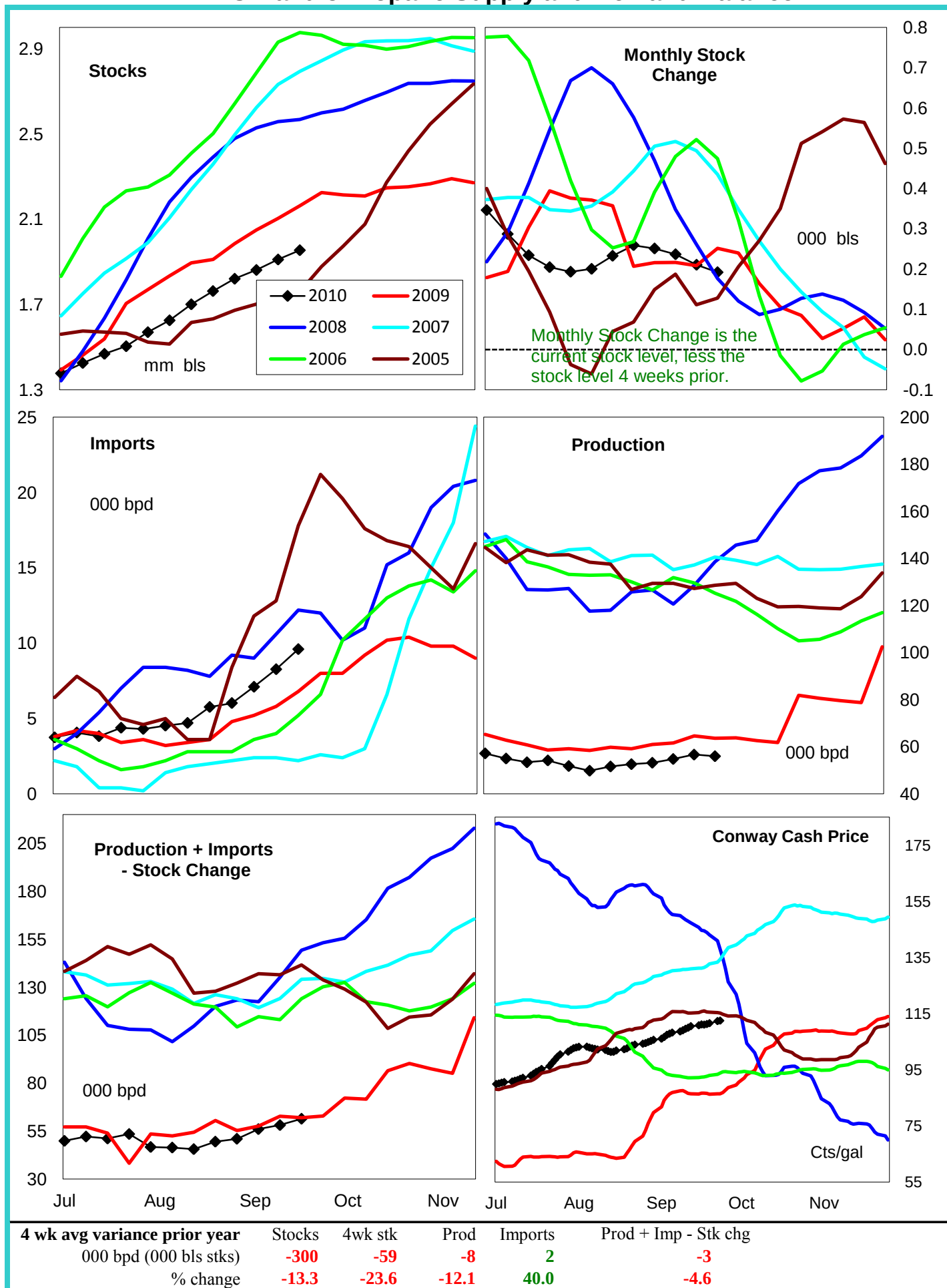
PADD 2 Propane Supply and Demand Balance



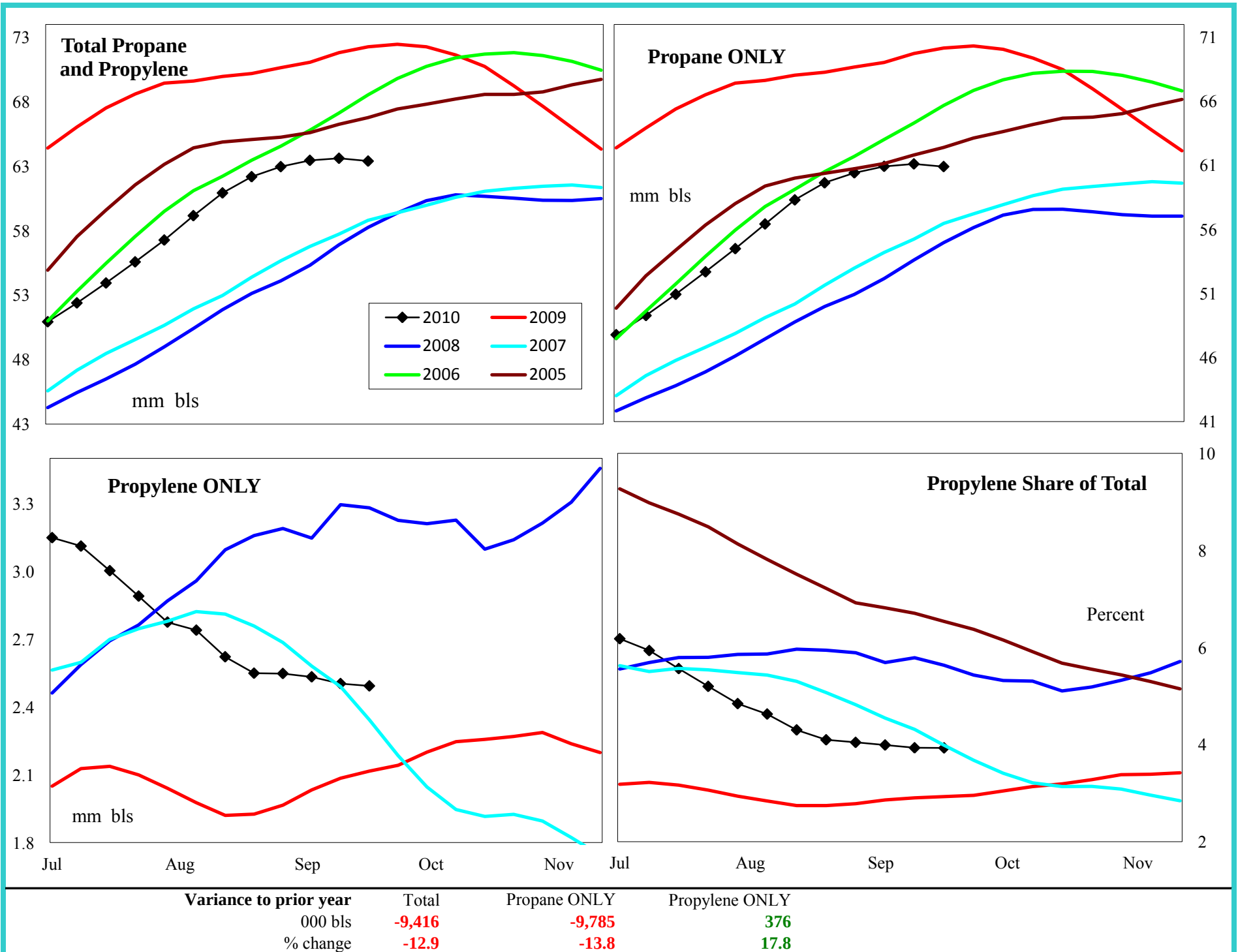
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

