

**FUNDAMENTAL
PETROLEUM
TRENDS**

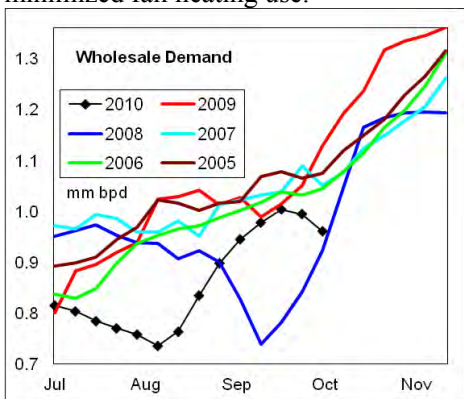
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

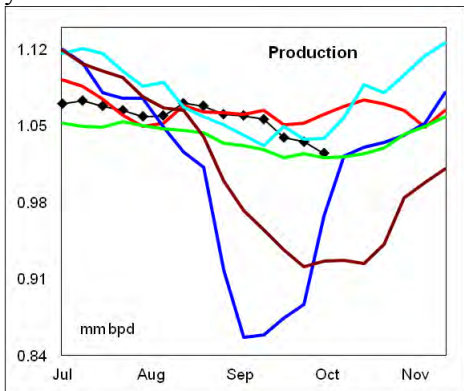
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, October 14, 2010



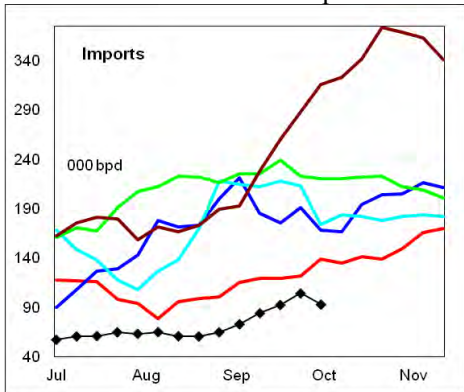
Summary¹: Wholesale demand increased +10,000 bpd last week, but remains extremely weak compared to prior years. An early grain harvest due to very dry weather has sharply cut drying demand. Unusually mild temperatures has also minimized fall heating use.



Production decreased -16,000 bpd on the week, to the low end of non hurricane years.

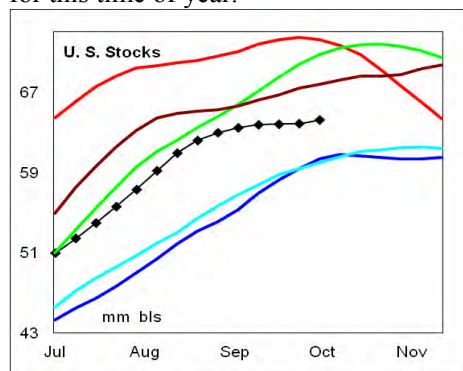


Imports declined -21,000 bpd last week, to a record low level for the period.

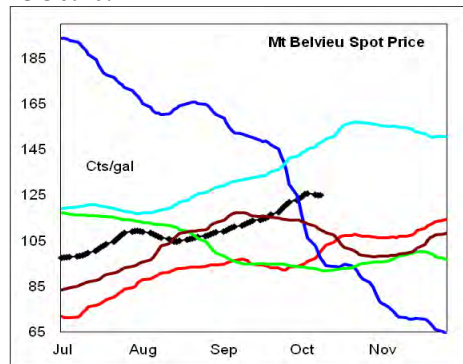


Combined production and imports during the latest 4-wk period were -40,000 bpd below a year ago. Both imports and production were lower than last year. The latest 4-wk average demand was -4,000 bpd below last year.

Stocks increased +0.3 million barrels this week, including a -0.3 million barrel propylene draw. 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 declined -2.25 cts/gal while Conway decreased -3 cts/gal for the week ending 13Oct10.



The Conway – Mt Belvieu price spread trended lower last week ending 13Oct10. The spread ended the week slightly below the historic range.

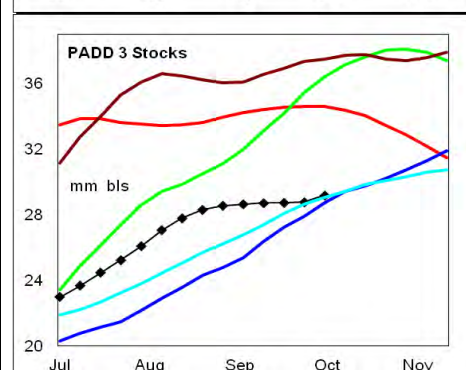
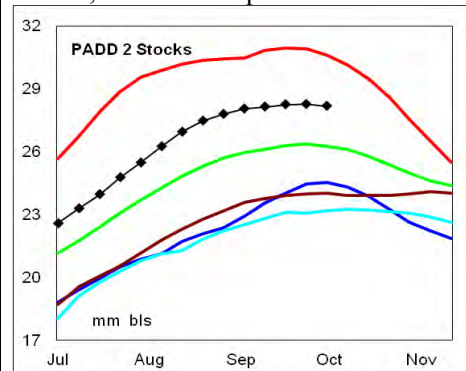
The propane to natural gas price spread trended lower late in the week, but remains at record high levels.

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

PADD 1 stocks were nearly unchanged last week. Combined production and imports were flat on the week, with the level well below the historic range.

Supply for the latest 4-wk period was -29,000 bpd below a year ago. Stock levels were at the mid range for this time of year.

PADD 2 stocks decreased -0.2 million barrels last week, with stock levels at the upper end of the historic range. Combined imports and production fell -63,000 bpd on the week. The most recent 4-wk stock build of +0.1 million barrels, matched the prior record low.



PAD 3 stocks increased +0.4 million barrels. Supply increased +21,000 bpd on the week, with the 4-wk average +14,000 bpd above 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 the 5-year mid range.

Emerging Trends show very low demand for grain drying and continued mild temperatures that should limit heating use through month end. Stock levels are very ample in the key mid west region, although near 5-year lows on the Gulf. Expect a meaningful pull back in prices before the start of winter heating.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

October 14, 2010

Fundamental Trends for the Week Ending:

Friday, October 08, 2010

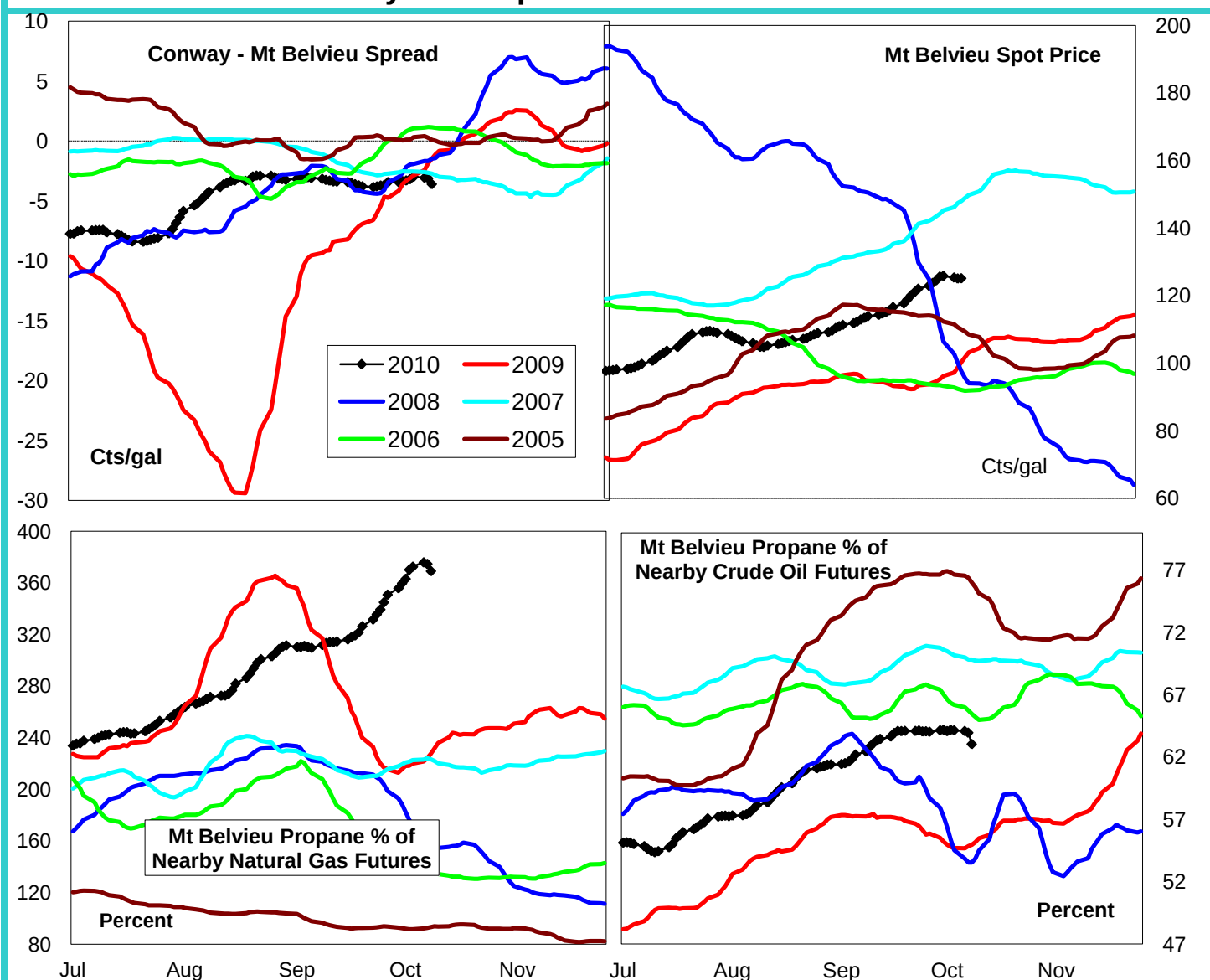
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	64,250	4,874	28,173	29,181	2,022	262	13	-195	433	11
Propylene Stocks	2,145					-311				
Production	1,025	45	213	711	56	-16	3	-51	29	3
Imports	93	25	58	0	10	-21	-3	-13	-8	3
Whsle Demand	1,001					10				

Price Trends for the Week Ending:

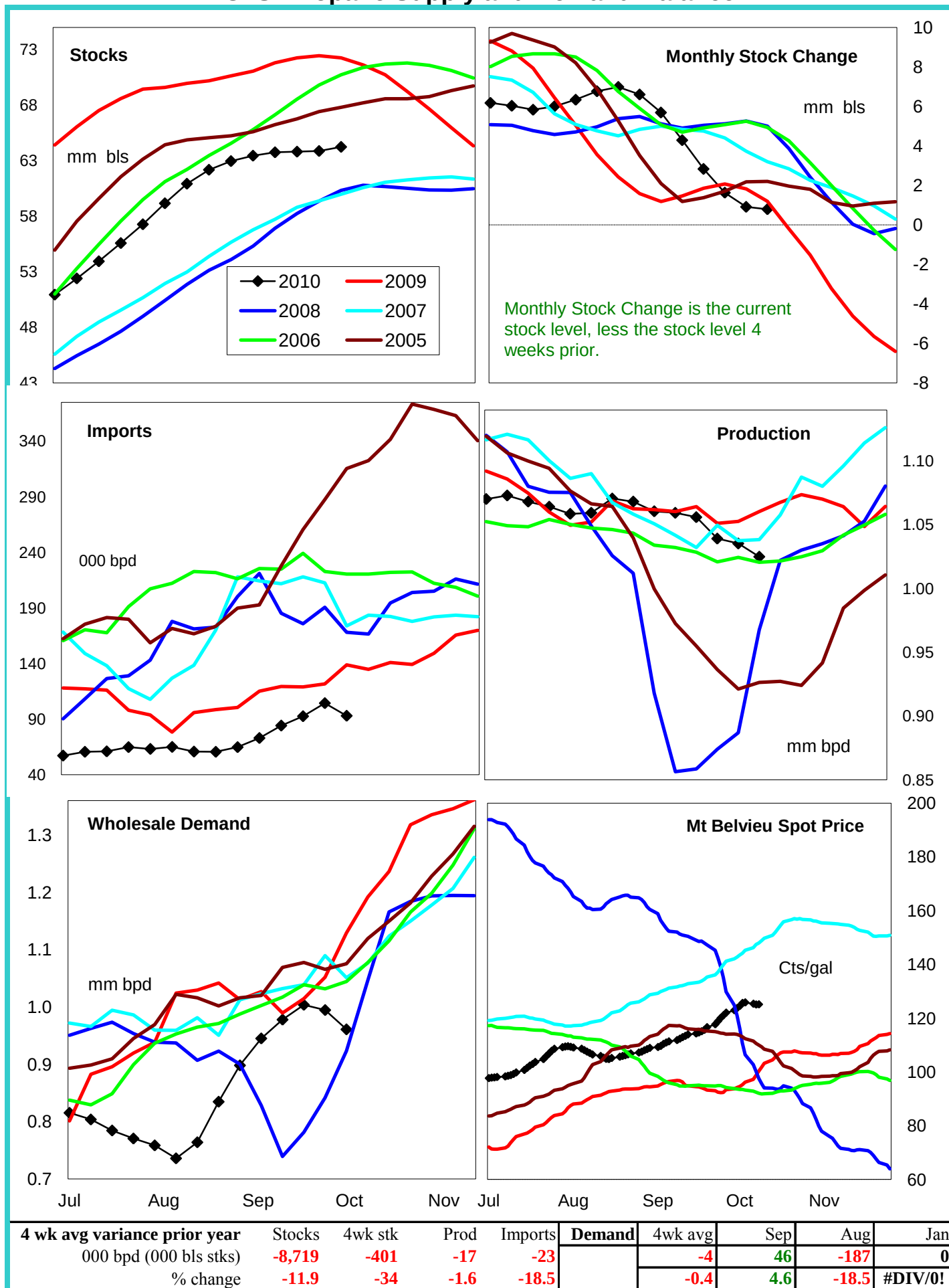
Wednesday, October 13, 2010

Cents/gal	Average for week ending:				Change from:			% change from:		
	10/13/10	10/6/10	9/15/10	10/5/09	10/6/10	9/15/10	10/5/09	10/6/10	9/15/10	10/5/09
Mont Belvieu Spot	125.3	124.9	112.4	95.9	0.44	12.47	16.47	0.4	11.1	17.2
Conway Spot	122.3	121.4	109.4	94.2	0.85	11.97	15.26	0.7	10.9	16.2

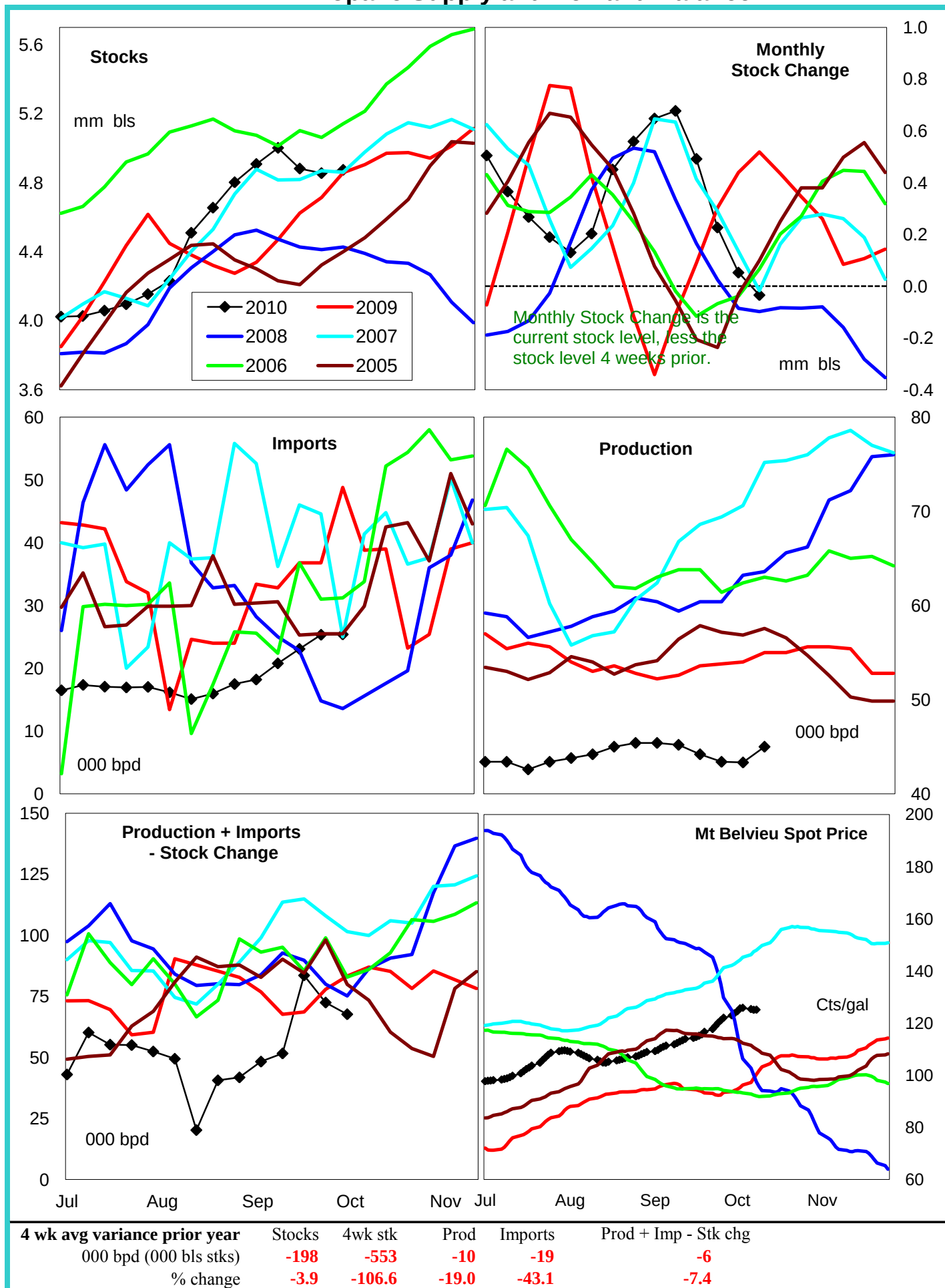
Key Price Spreads and Differentials



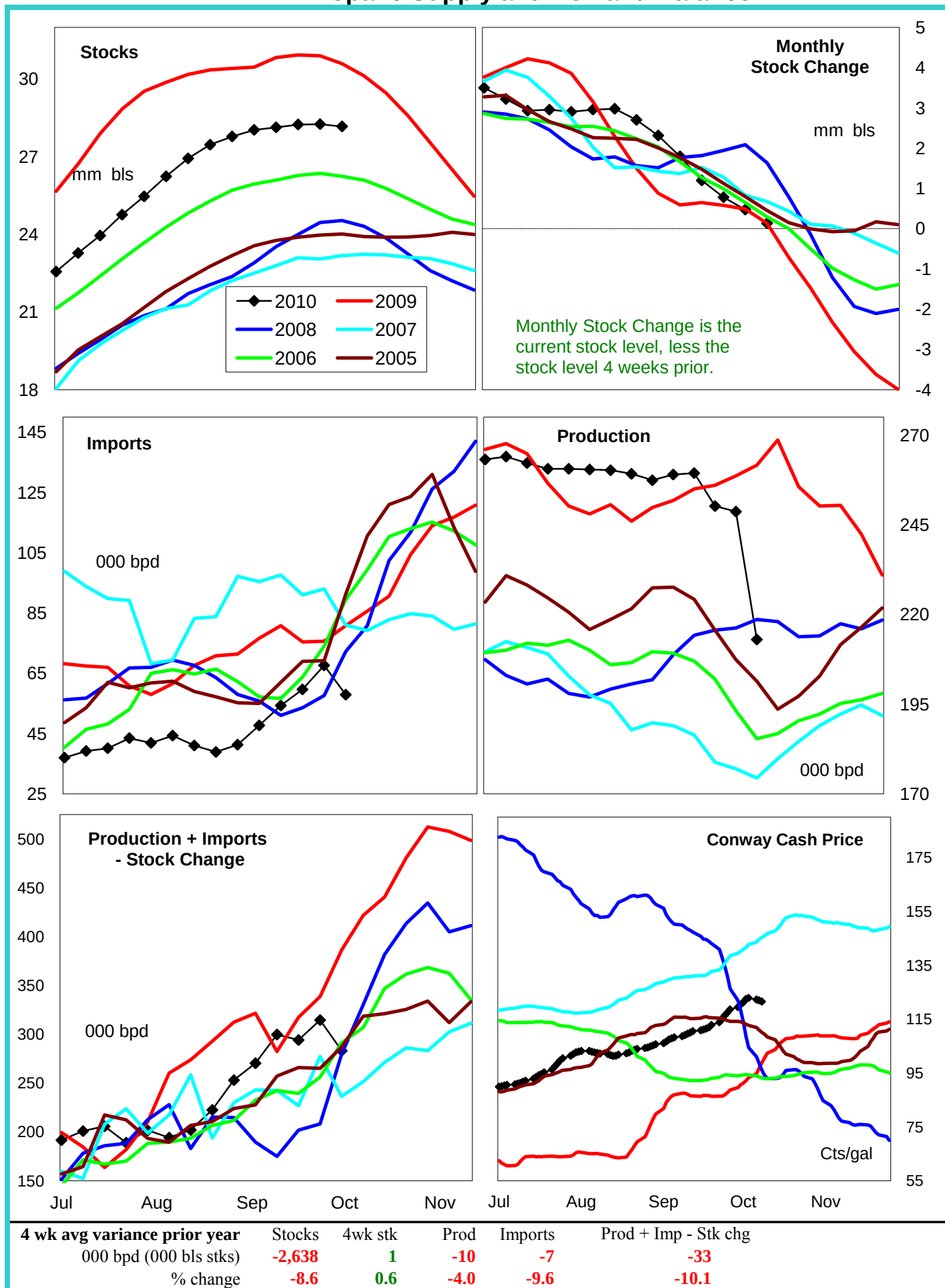
U. S. Propane Supply and Demand Balance



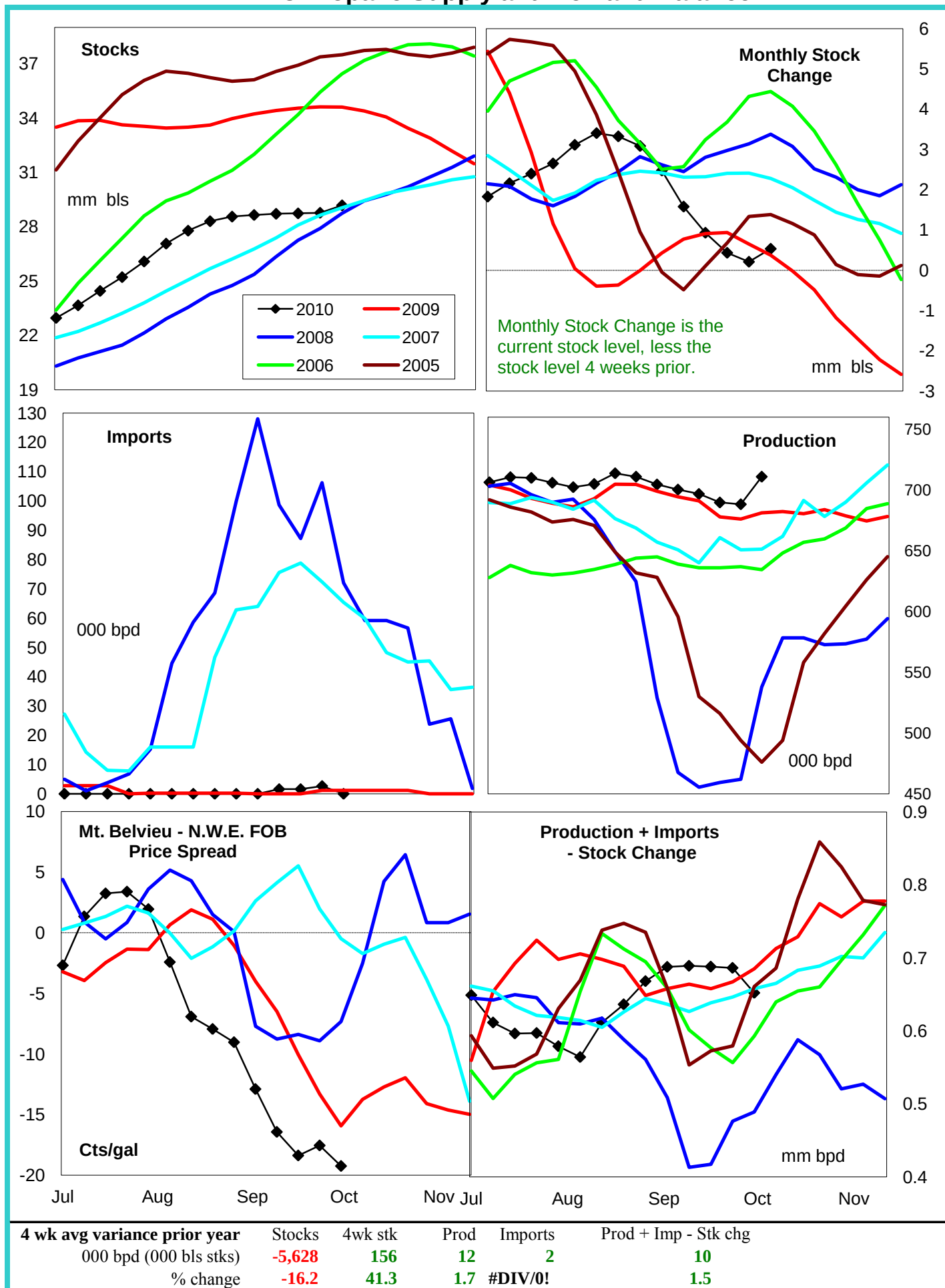
PADD 1 Propane Supply and Demand Balance



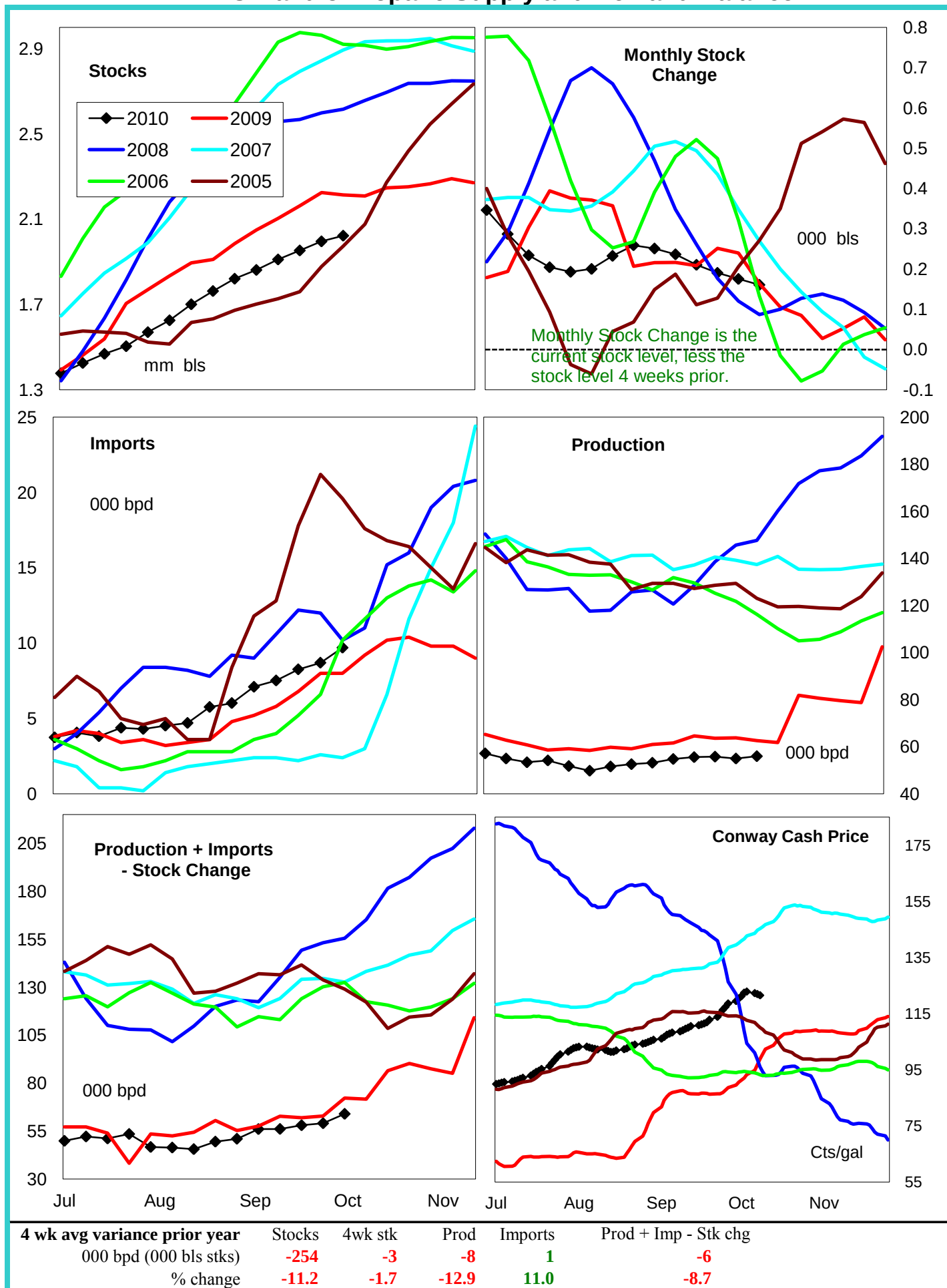
PADD 2 Propane Supply and Demand Balance



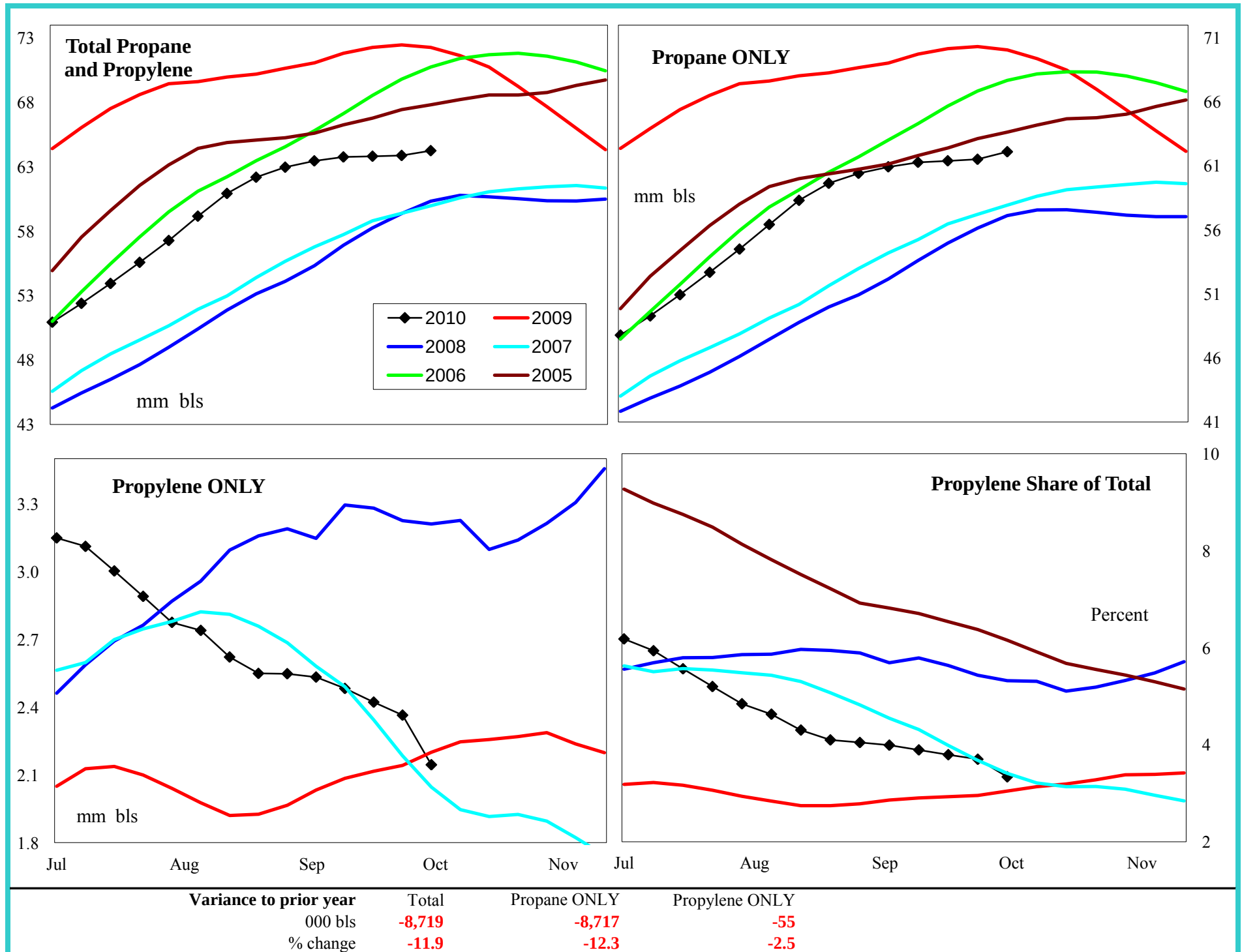
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

