WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, October 20, 2010

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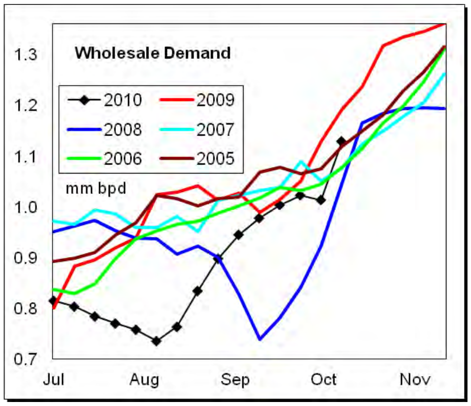
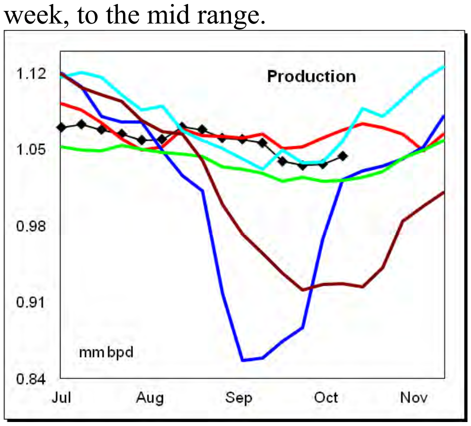
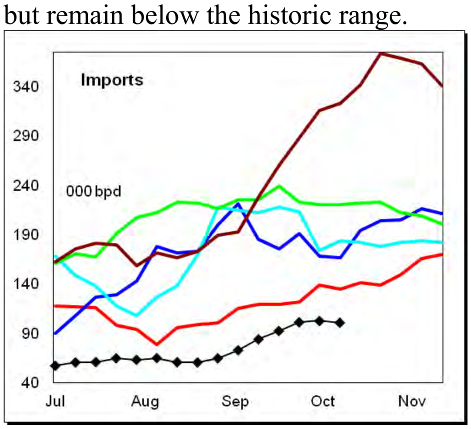
Summary[1]: Wholesale demand increased +168,000 bpd last week, to a level above the mid range. Peak grain drying usage and fall fills contributed to the increase.



Production increased +19,000 bpd on the week, to the mid range.

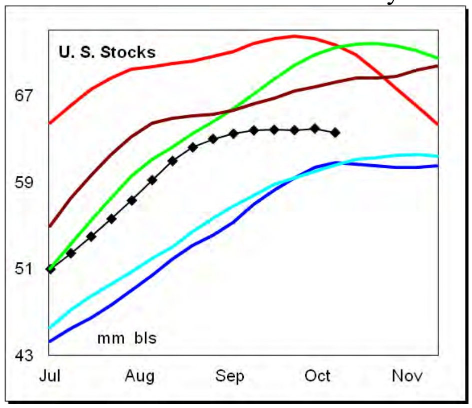


Imports increased +8,000 bpd last week, but remain below the historic range.

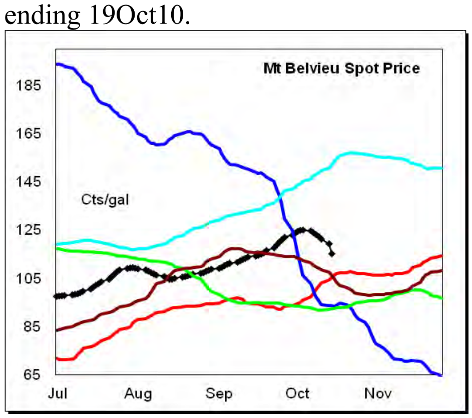


Combined production and imports during the latest 4-wk period were -49,000 bpd below a year ago. Imports were -22% below last years' record low rate. The latest 4-wk average demand was -79,000 bpd below last year.

Stocks declined -0.7 million barrels this week, and are now at a level well below the mid range. The latest 4-wk stock change was a draw of -0.2 million barrels, compared to an average build of +3 million barrels for this time of year.



Price and Spreads Mt Belvieu prices declined -9 cts/gal while Conway decreased -9.5 cts/gal for the week ending 19Oct10.



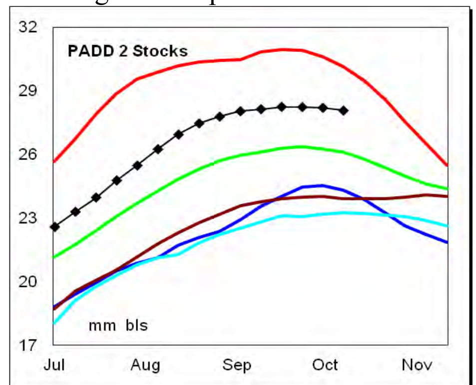
The Conway – Mt Belvieu price spread traded flat last week ending 19Oct10. The spread ended the week slightly below the historic range.

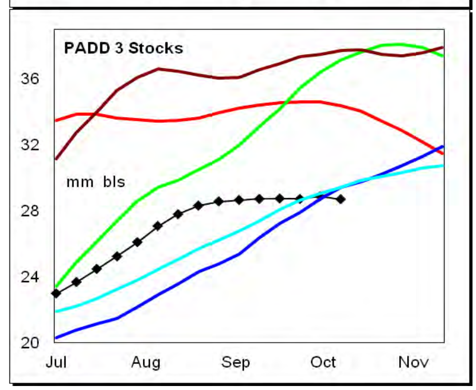
The propane to natural gas price spread traded flat last week, but remains at record high levels.

The propane / crude oil price spread trended sharply lower on the week, ending well below the 5-year mid range.

PADD 1 stocks were decreased -0.1 million barrels last week. Combined production and imports decreased -5,000 bpd, 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 below the mid range for this time of year.

PADD 2 stocks decreased -0.1 million barrels last week, with stock levels at the upper end of the historic range. Combined imports and production increased +50,000 bpd on the week. The most recent 4-wk stock change was a draw of -0.1 million barrels, at the 5-year mid range for the period.





PAD 3 stocks declined -0.5 million barrels. Supply decreased -18,000 bpd on the week, with the 4-wk average +12,000 bpd above last year. Stock levels fell below the historic range.

PADDs 4 & 5 stocks were unchanged on the week. Stock levels were below the 5-year mid range.

Emerging Trends *show a pickup in demand as fall fills and grain drying usage, while low, peaked. Of particular note are the extremely low stocks on the Gulf, driven by robust exports. These low stock levels point toward potential tightness in winter quarter supplies if demand exceeds historic norms. Spreads between Conway and the Gulf may also expand significantly.*

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

October 20, 2010

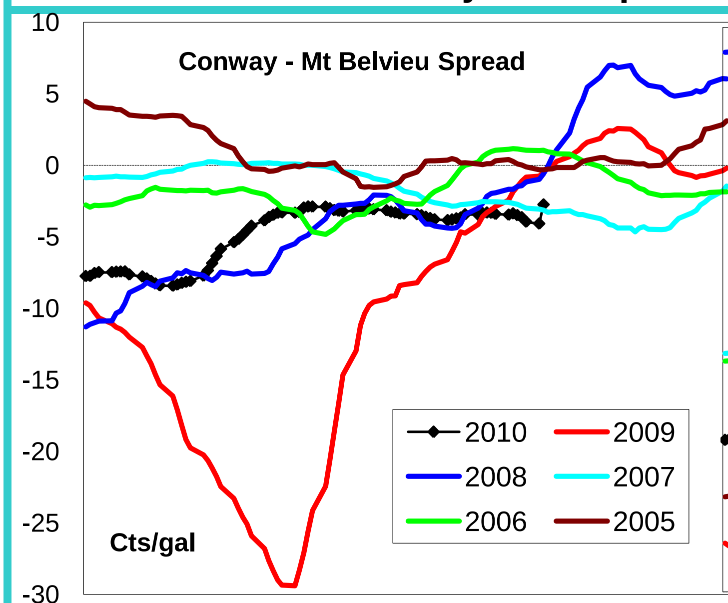
Fundamental Trends for the Week Ending: Friday, October 15, 2010

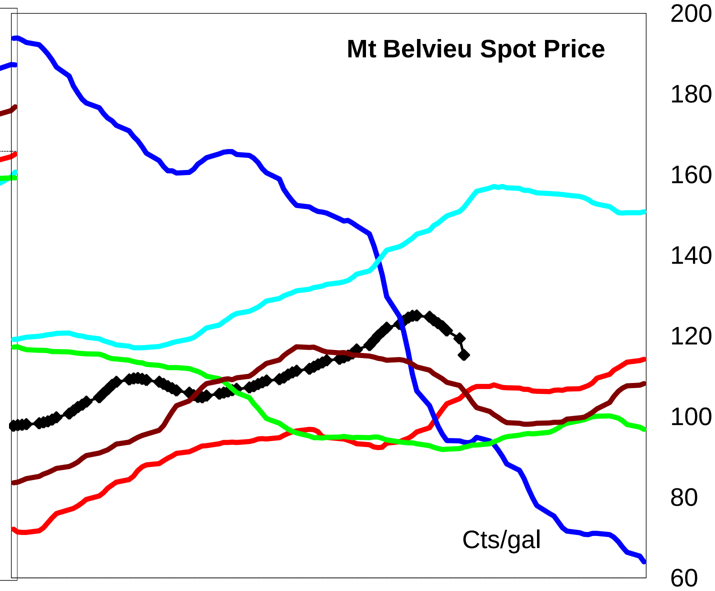
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	63,549	4,780	28,071	28,692	2,006	-701	-94	-102	-489	-16
Propylene Stocks	2,111					-34				
Production	1,044	39	257	693	55	19	-6	44	-18	-1
Imports	101	27	64	0	10	8	1	6	0	1
Whsle Demand	1,169					168				

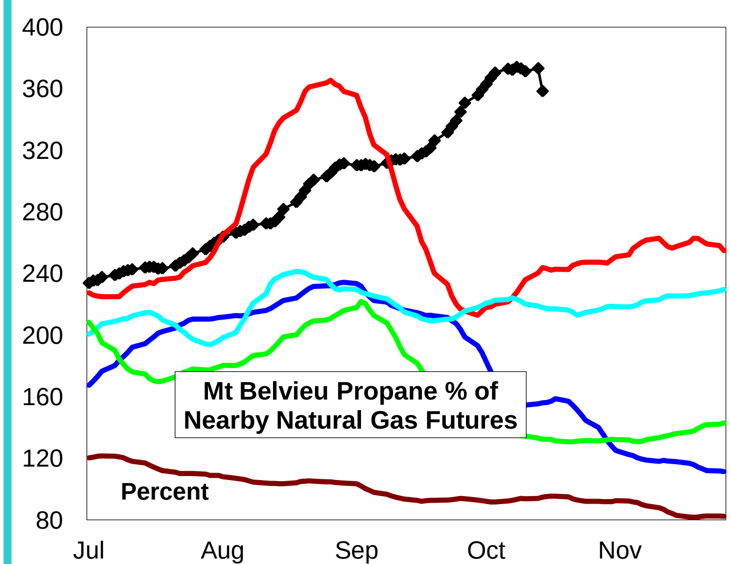
Price Trends for the Week Ending: Wednesday, October 13, 2010

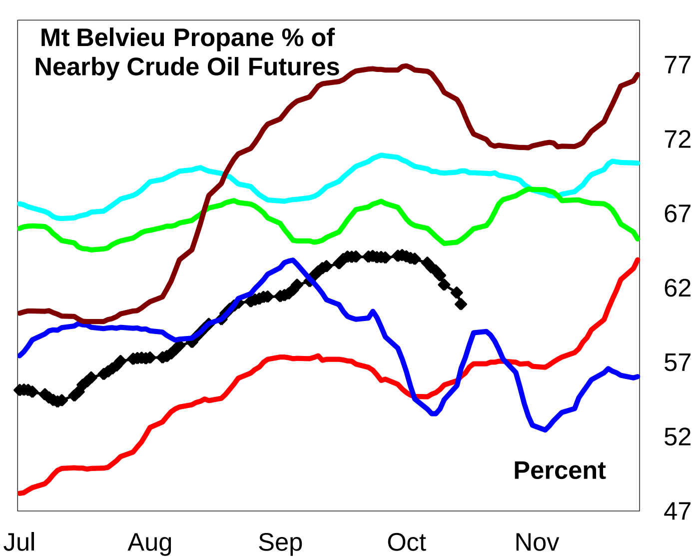
Cents/gal	Average for week ending:				Change from:			% change from:		
	10/13/10	10/6/10	9/15/10	10/5/09	10/6/10	9/15/10	10/5/09	10/6/10	9/15/10	10/5/09
Mont Belvieu Spot	121.3	125.8	113.9	104.0	-4.46	11.84	9.89	-3.5	10.4	9.5
Conway Spot	117.4	122.9	110.7	103.0	-5.50	12.17	7.65	-4.5	11.0	7.4

Key Price Spreads and Differentials

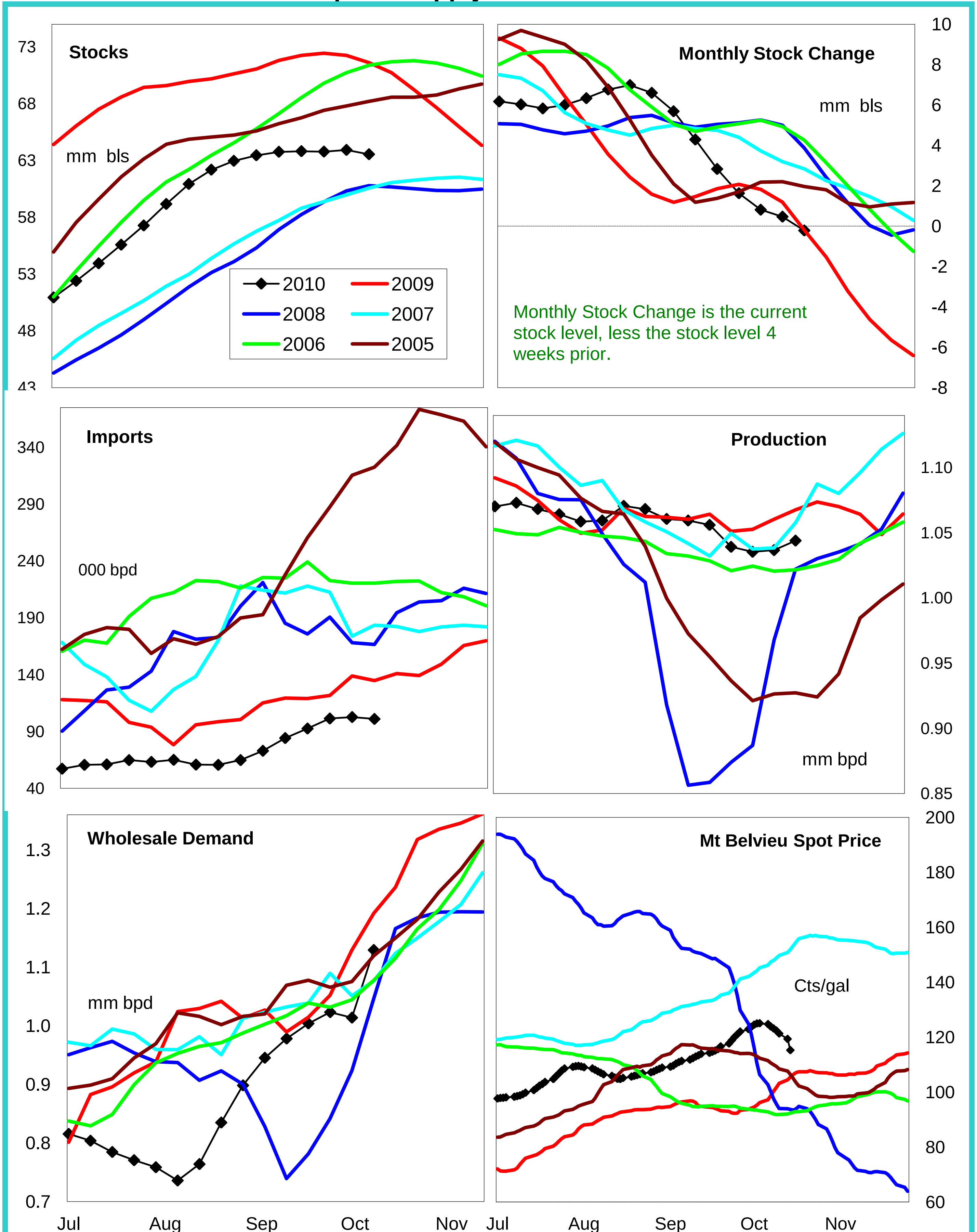






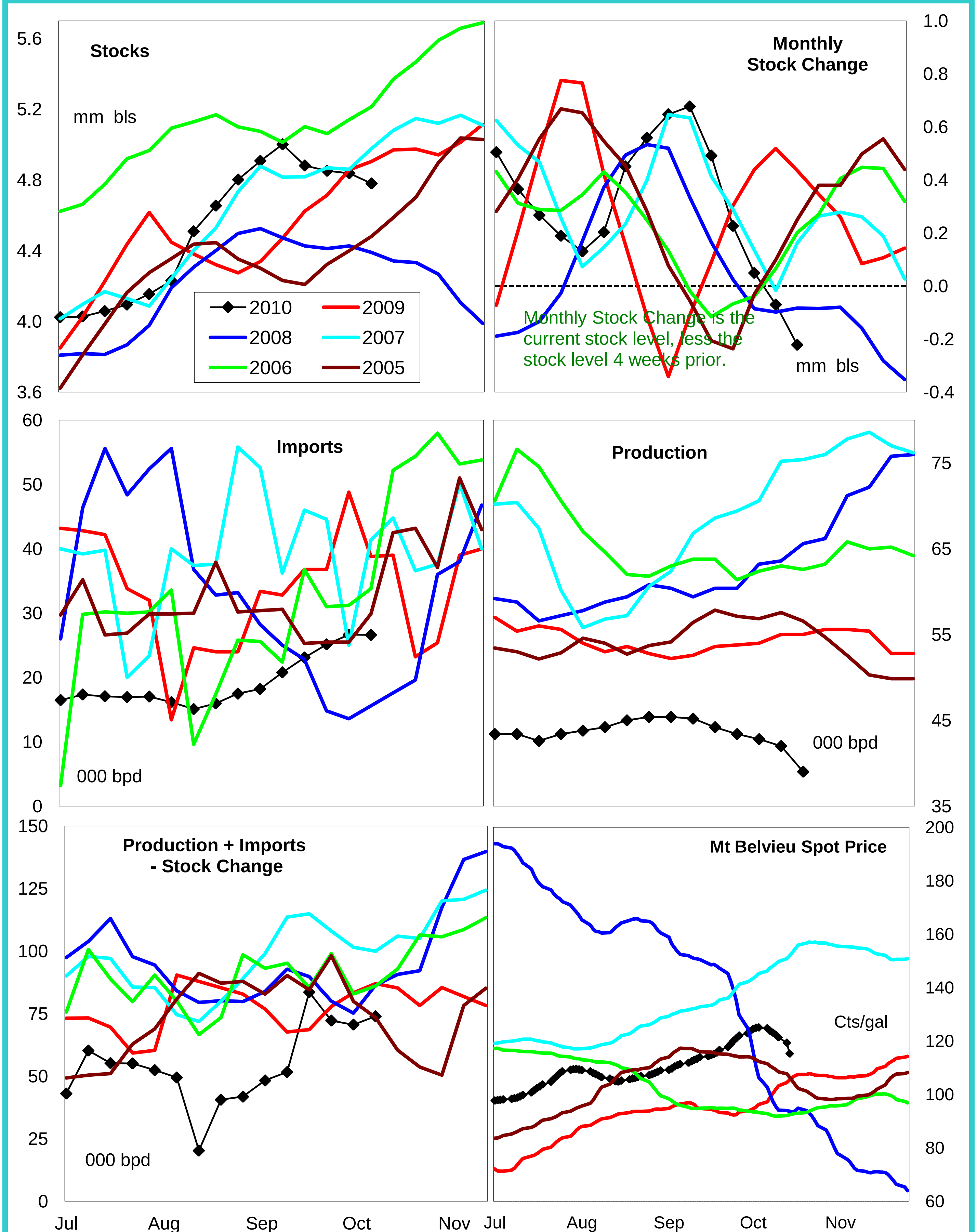


U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Sep	Aug	Jan
000 bpd (000 bls stks)	-8,085	-24	-20	-29		-79	46	-187	0
% change	-11.3	13	-1.8	-21.7		-6.8	4.6	-18.5	#DIV/0!

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)	-74	-656	-12	-17	-4
% change	-1.5	-150.9	-22.5	-40.3	-5.2

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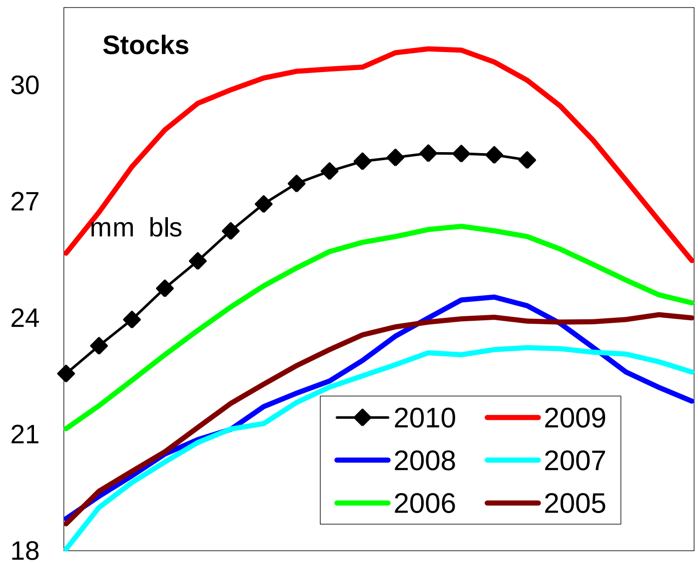
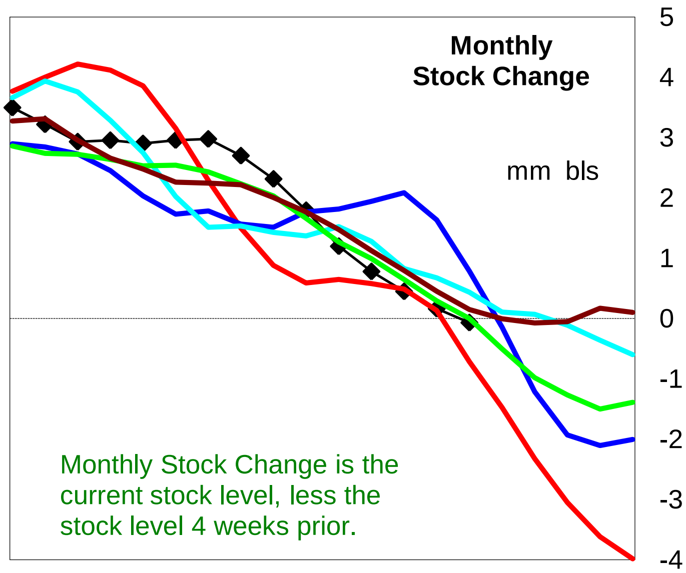
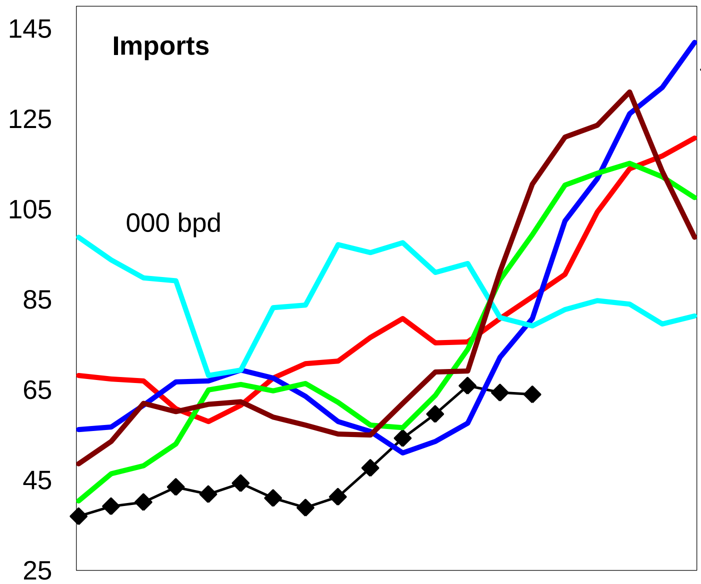
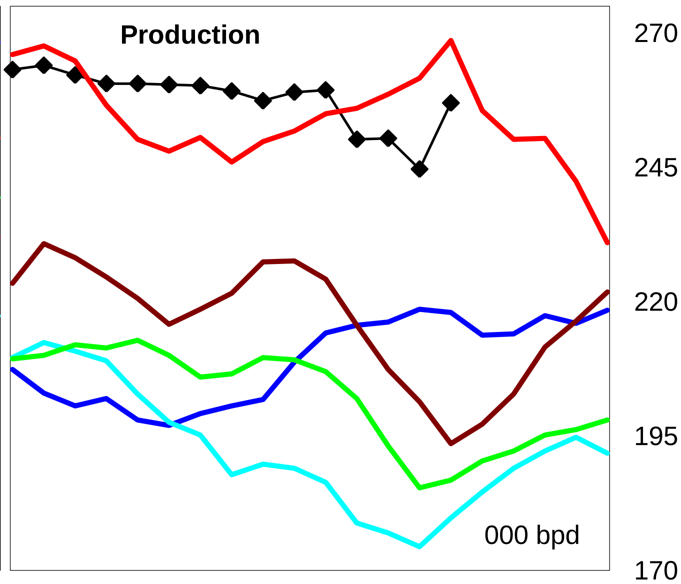
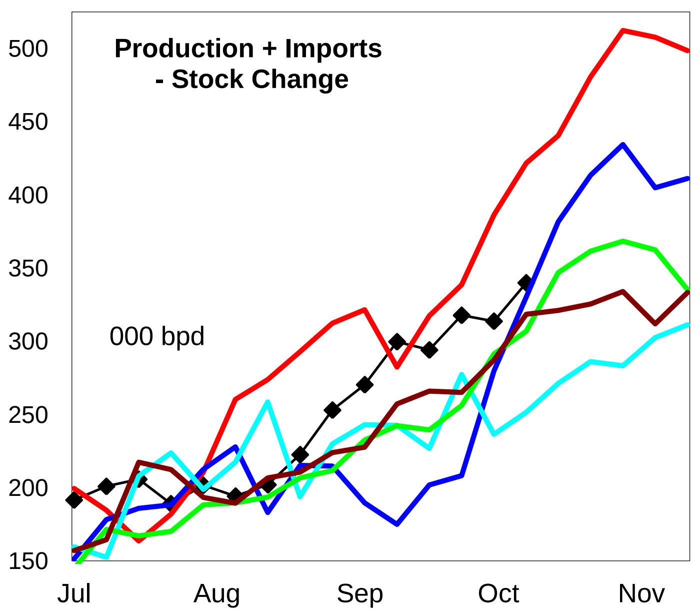
PADD 2 Propane Supply and Demand Balance

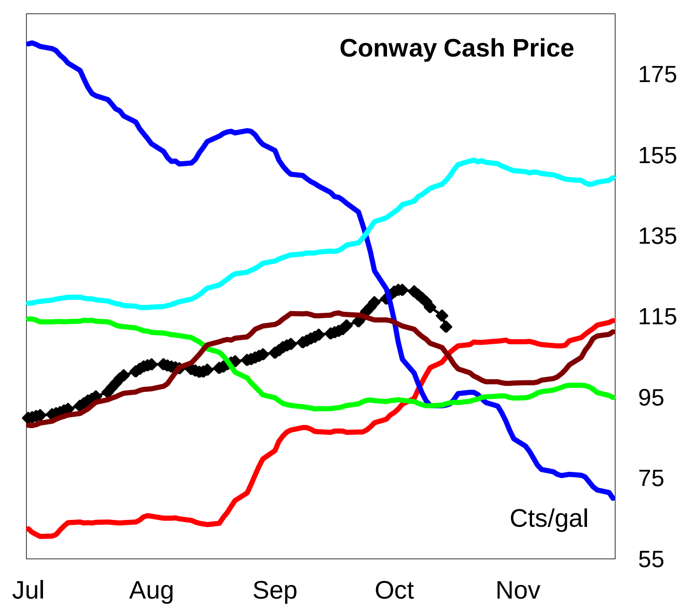






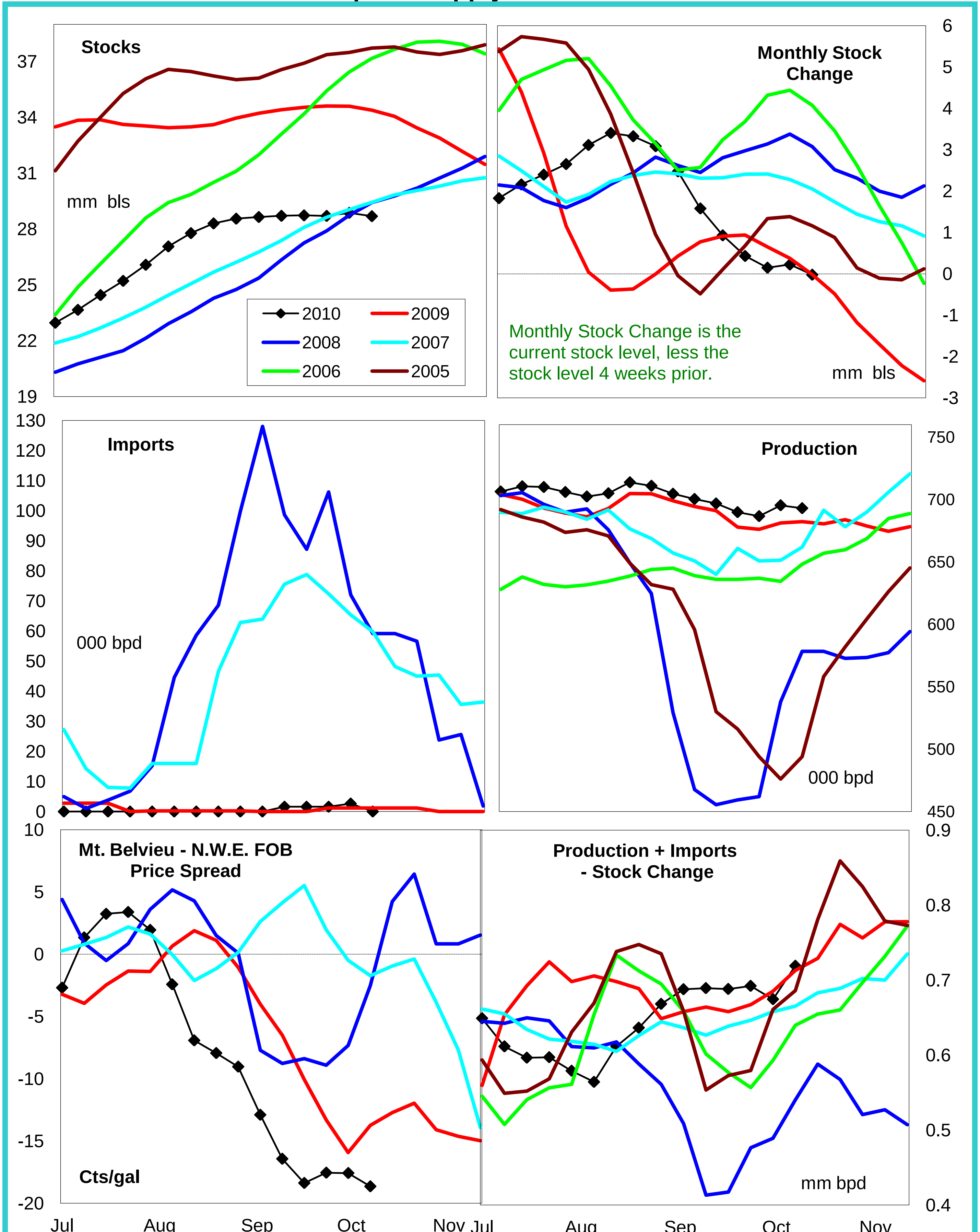






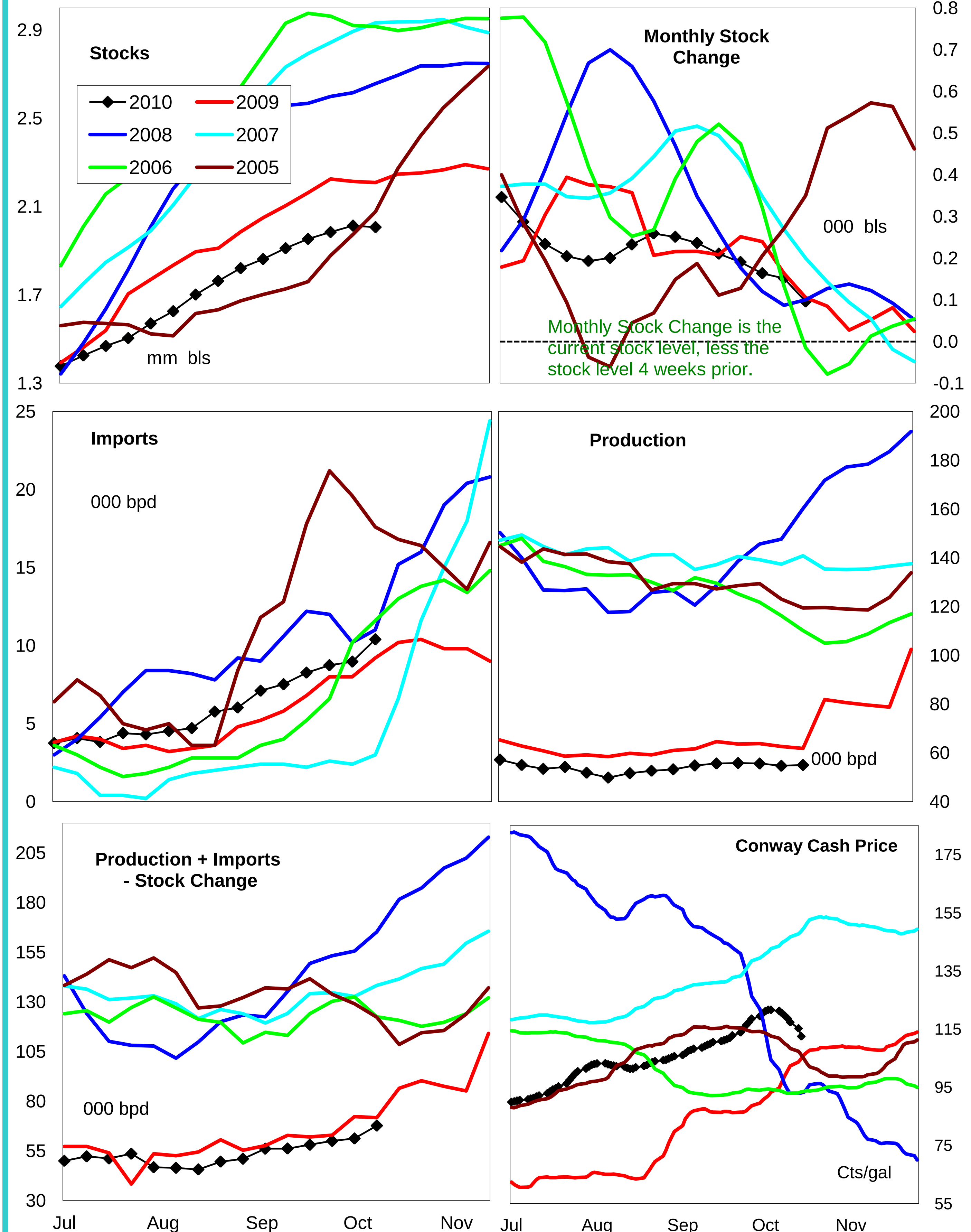
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-2,235	648	-10	-13	-50
% change	-7.4	-90.8	-3.8	-16.3	-13.6

PADD 3 Propane Supply and Demand Balance



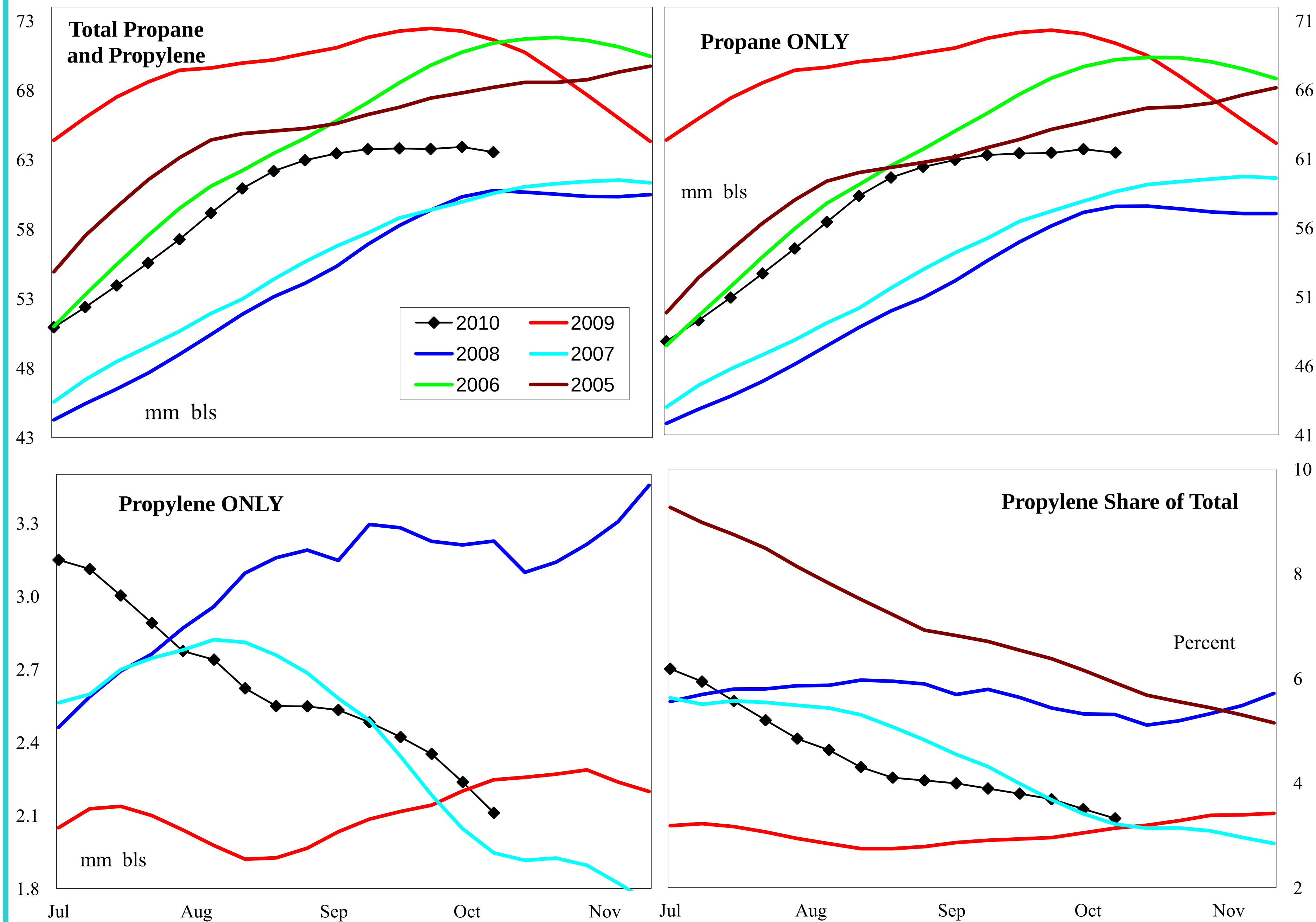
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-5,626	-4	11	1	13
% change	-16.4	25.3	1.6	33.3	1.8

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)	-149	-10	-8	1	-5
% change	-6.9	-9.3	-13.0	14.1	-8.2

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-8,085	-8,054	-136
% change	-11.3	-11.6	-6.1

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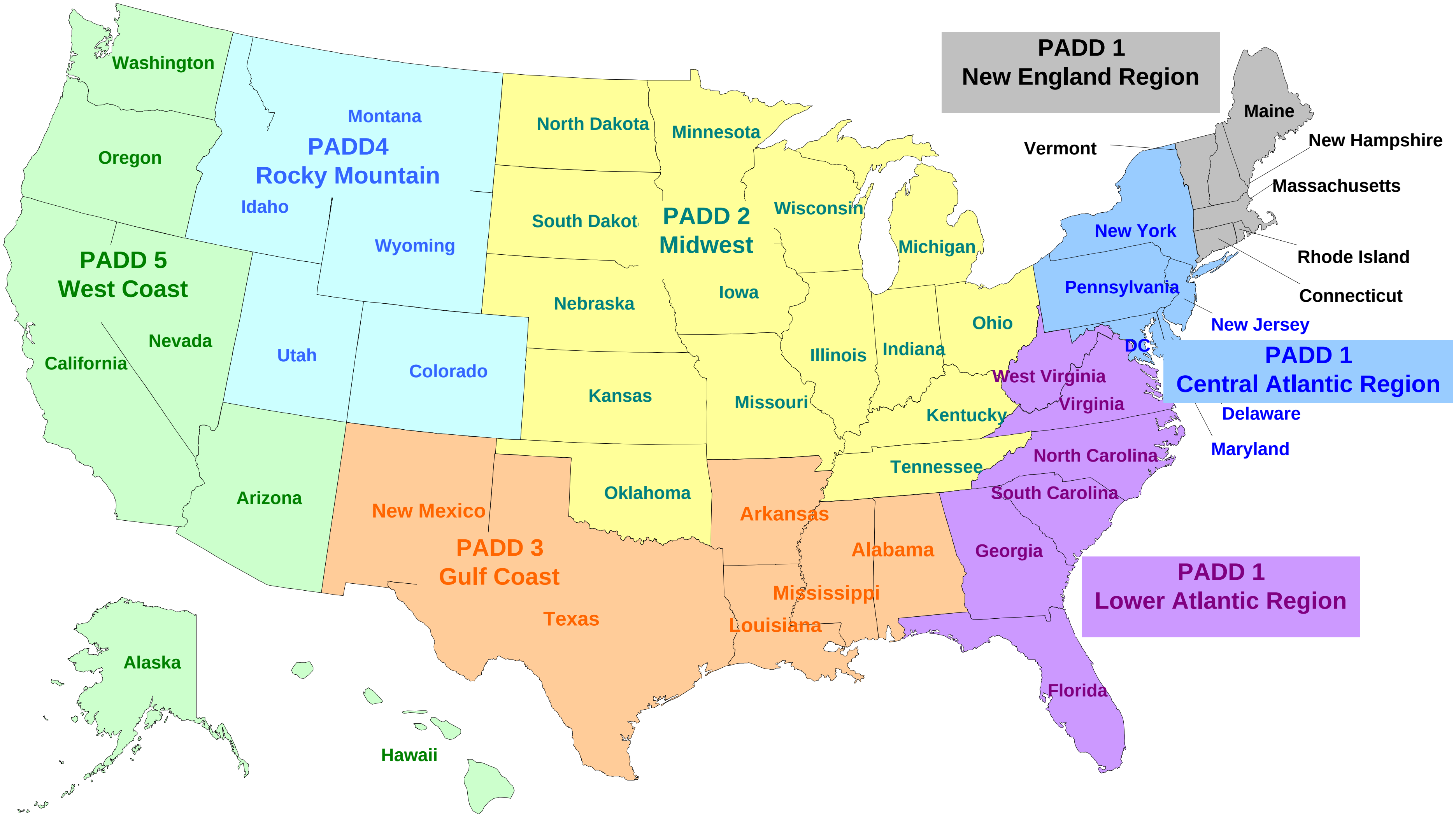
U. S. Petroleum Administrative for Defense Districts (PADDs)



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