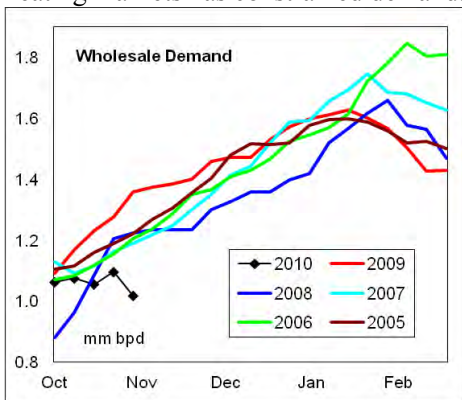

**FUNDAMENTAL
PETROLEUM
TRENDS**

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

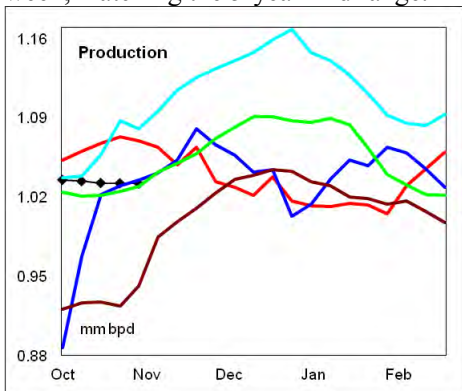
A Fundamental Petroleum Trends Weekly Report

 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, November 03, 2010

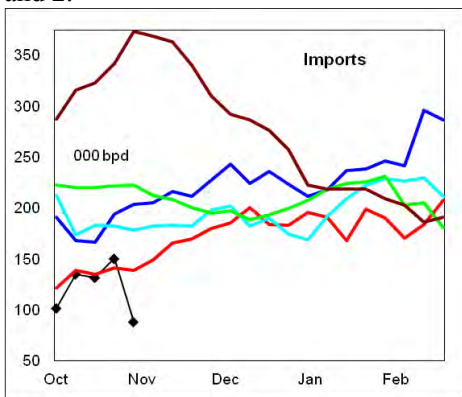

Summary¹: Wholesale demand decreased -84,000 bpd last week, to a level well below the historic range. Above normal temperatures in key heating markets has constrained demand.



Production increased +11,000 bpd on the week, matching the 5-year mid range.



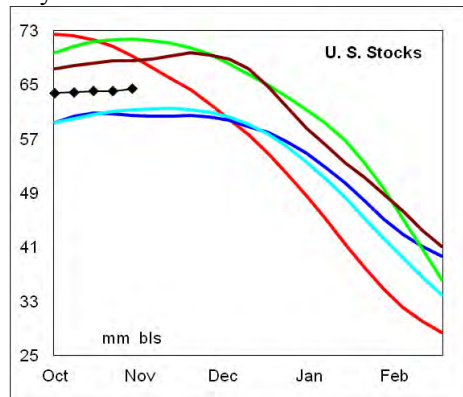
Imports fell -174,000 bpd last week, with the decrease concentrated in PADDs 1 and 2.



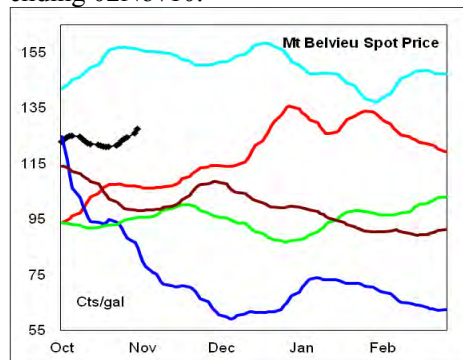
Combined production and imports during the latest 4-wk period were -

35,000 bpd below a year ago. production was -29,000 bpd below last years' record low rate. The latest 4-wk average demand was -180,000 bpd below last year.

Stocks increased +0.2 million barrels this week, including a propylene draw of -0.3 million barrels. The latest 4-wk stock change was a build of +1.1 million barrels, compared to an average build of +2 million barrels for this time of year.



Price and Spreads Mt Belvieu prices increased +5 cts/gal while Conway increased +5.75 cts/gal for the week ending 02Nov10.



The Conway - Mt Belvieu price spread trended lower last week ending 02Nov10. The spread ended the week below the historic range.

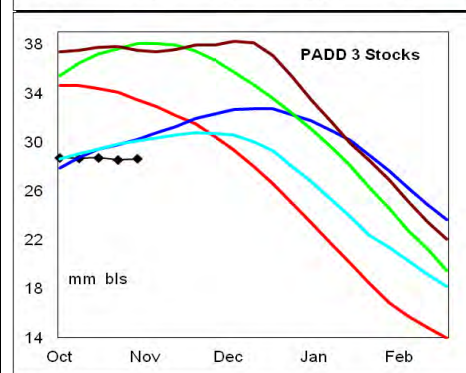
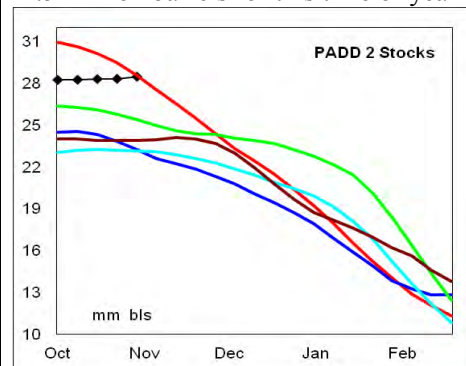
The propane to natural gas price spread trended lower last week on the roll over in the November to December gas contract.

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

PADD 1 stocks were declined -0.2 million barrels on -119,000 bpd decline

in imports. Combined production and imports fell -122,000 bpd, with the level below the historic range. Supply for the latest 4-wk period was -4,000 bpd below a year ago. Stock levels were at the upper end of the historic range.

PADD 2 stocks increased +0.1 million barrels last week, on very weak demand. Supply declined -68,000 bpd on the week. The most recent 4-wk stock change was a build of +0.2 million barrels, compared to an average draw of -1.5 million barrels for this time of year



PAD 3 stocks increased +0.3 million barrels. Supply increased +21,000 bpd on the week, with the 4-wk average -7,000 bpd below last year. Stock levels were below the historic range.

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

Emerging Trends show very weak demand on much above normal temperatures in key heating markets. Imports fell sharply, reversing the prior week surge. Stock levels in the Gulf remain extremely low. Expect prices to be sensitive to weather forecasts in key heating markets.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

November 3, 2010

Fundamental Trends for the Week Ending:

Friday, October 29, 2010

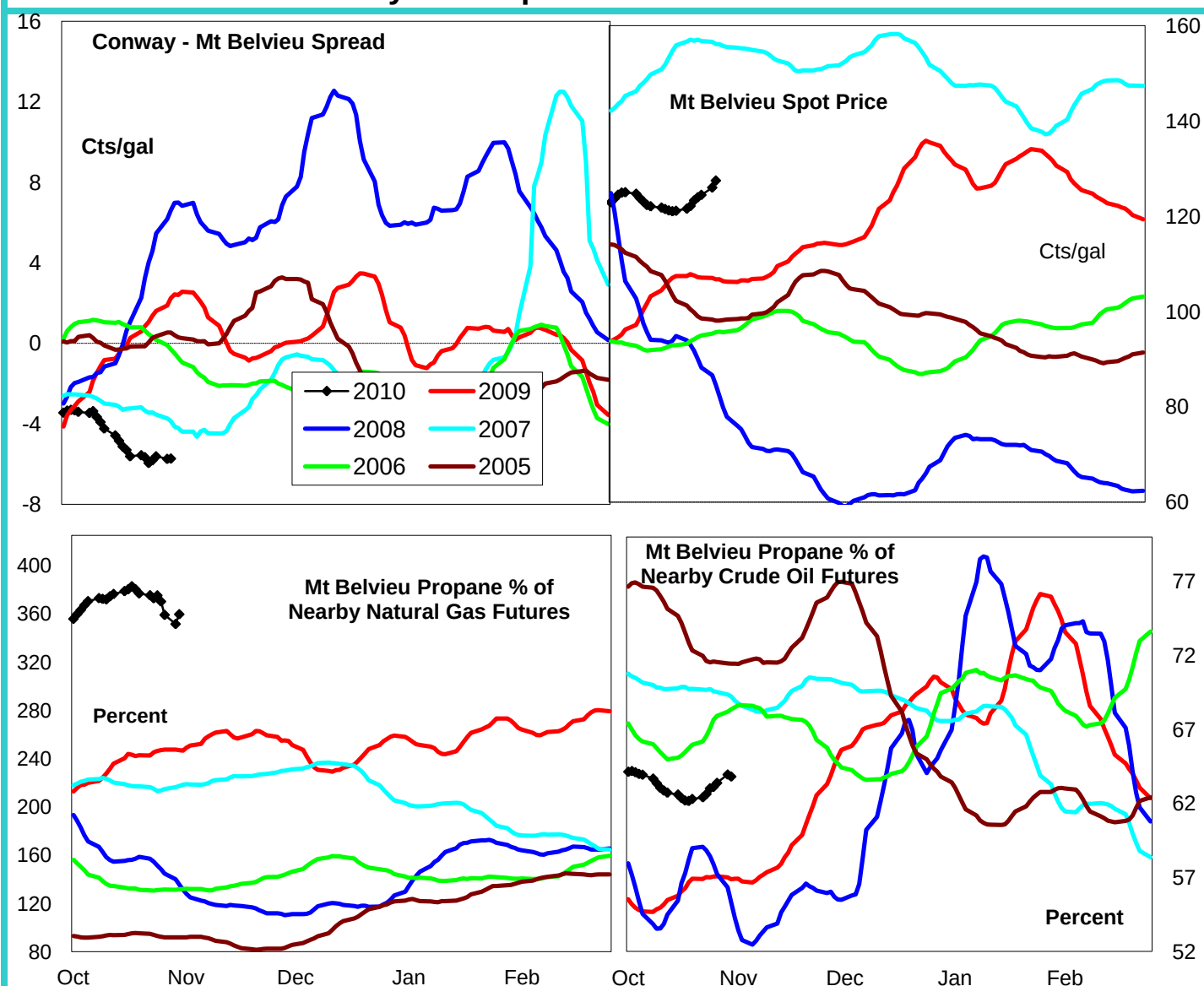
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	64,469	5,342	28,468	28,634	2,025	185	-201	60	336	-10
Propylene Stocks	1,863					-259				
Production	1,032	40	250	684	58	11	-3	-9	21	2
Imports	88	25	52	0	12	-174	-119	-59	0	3
Whsle Demand	1,018					-84				

Price Trends for the Week Ending:

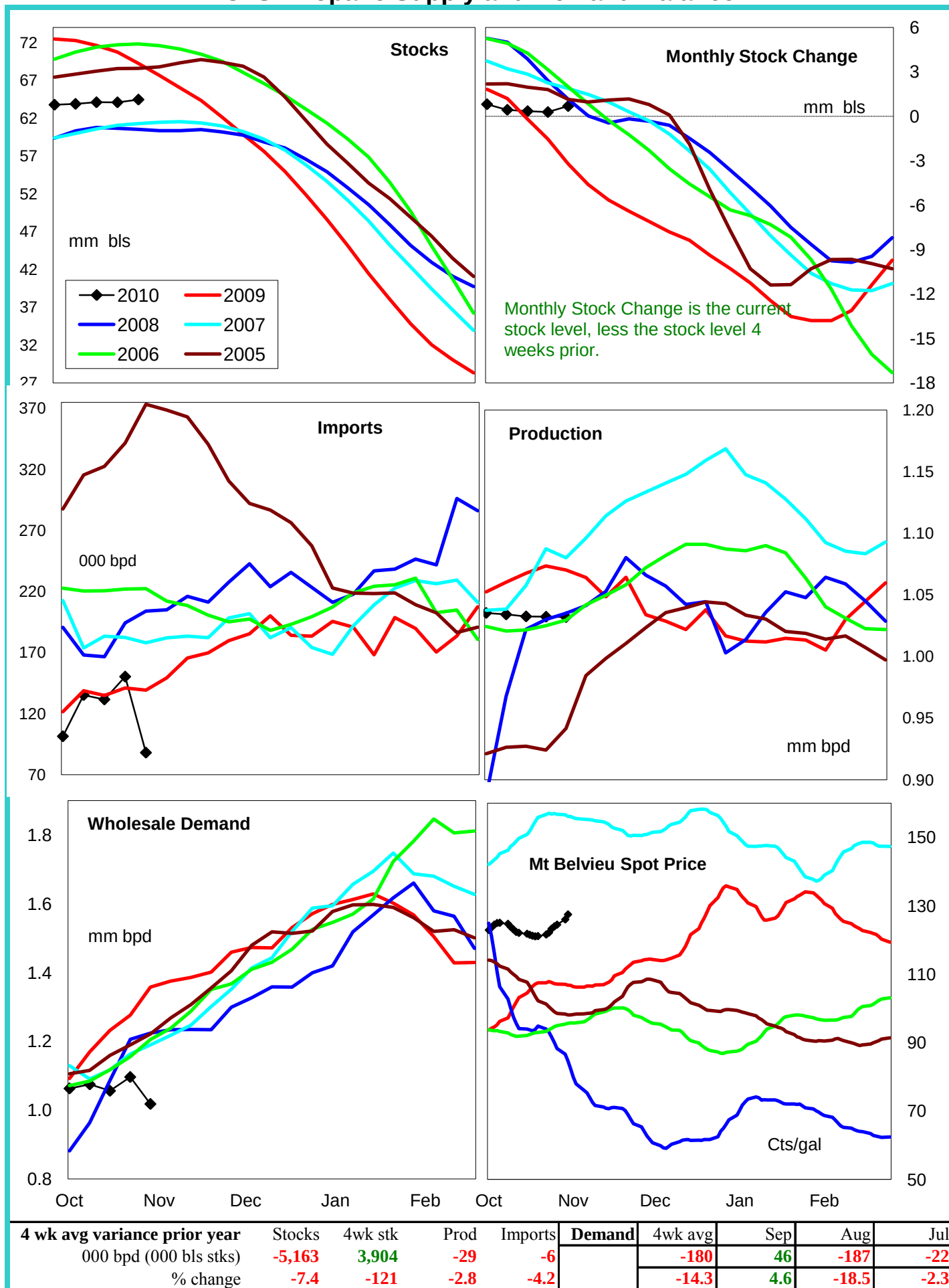
Tuesday, October 26, 2010

Cents/gal	Average for week ending:				Change from:			% change from:		
	10/26/10	10/19/10	9/28/10	10/16/09	10/19/10	9/28/10	10/16/09	10/19/10	9/28/10	10/16/09
Mont Belvieu Spot	124.5	121.2	123.1	106.5	3.29	-1.90	16.55	2.7	-1.5	15.5
Conway Spot	118.9	114.9	119.5	108.1	3.96	-4.55	11.36	3.4	-3.8	10.5

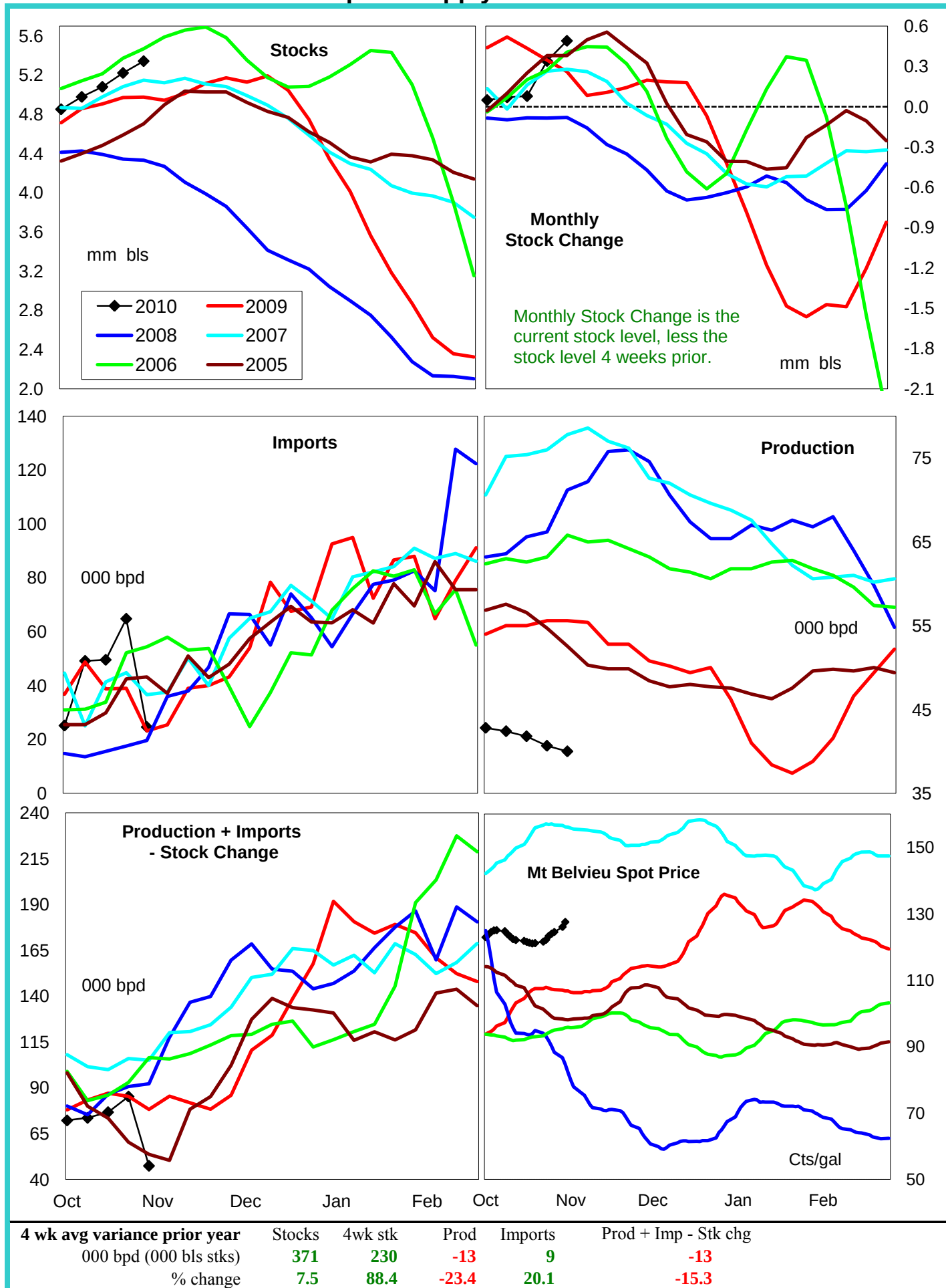
Key Price Spreads and Differentials



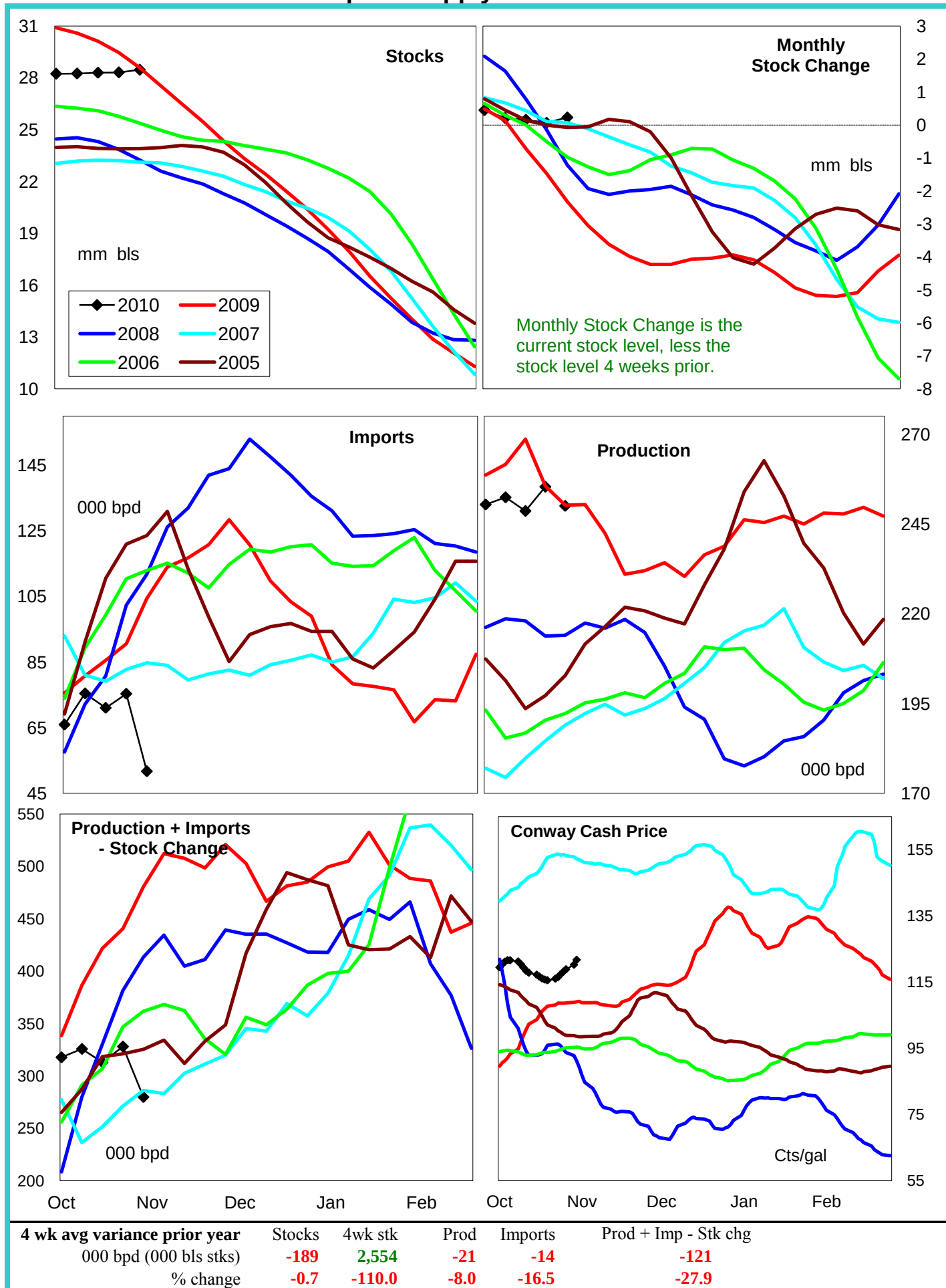
U. S. Propane Supply and Demand Balance



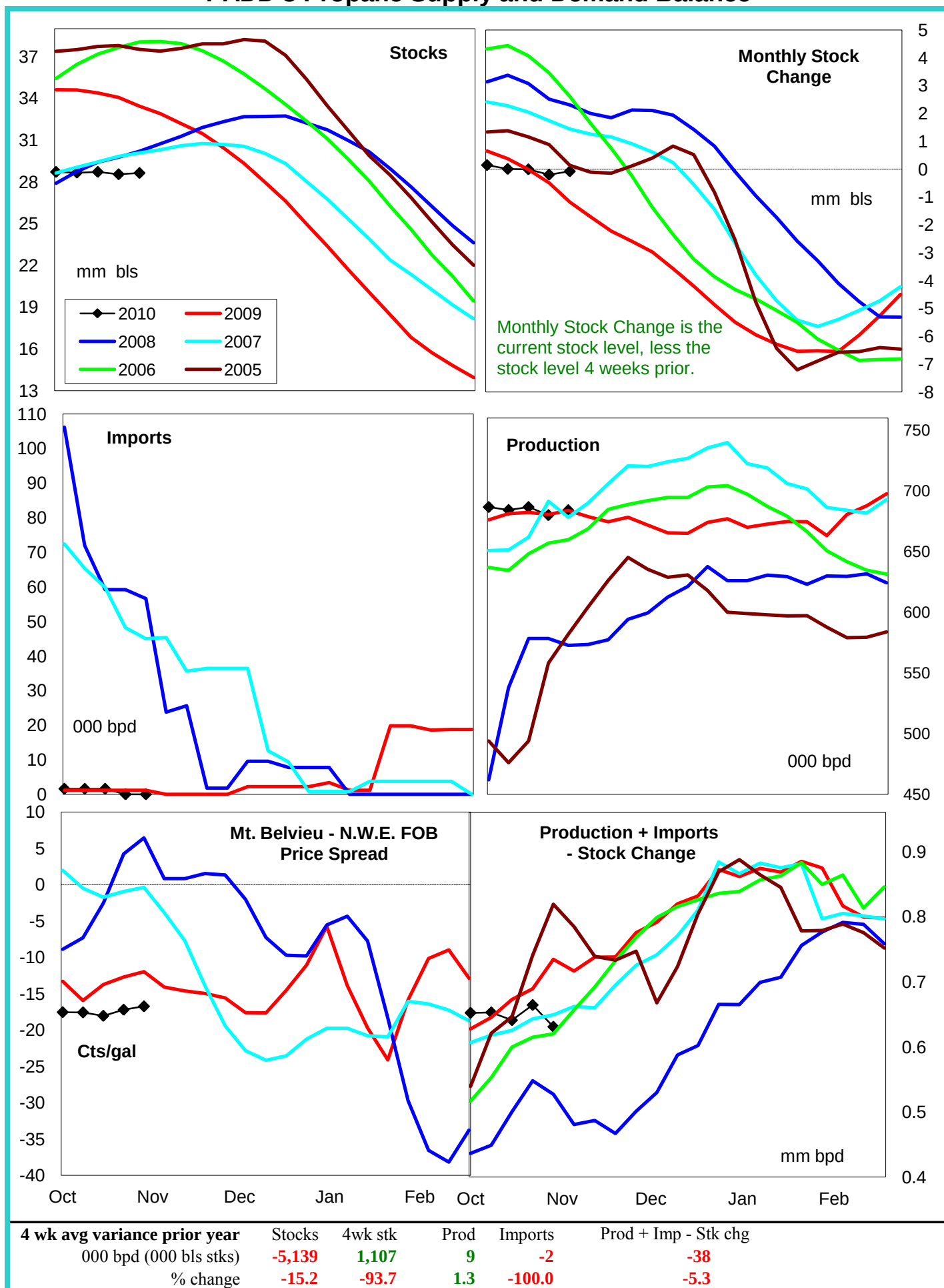
PADD 1 Propane Supply and Demand Balance



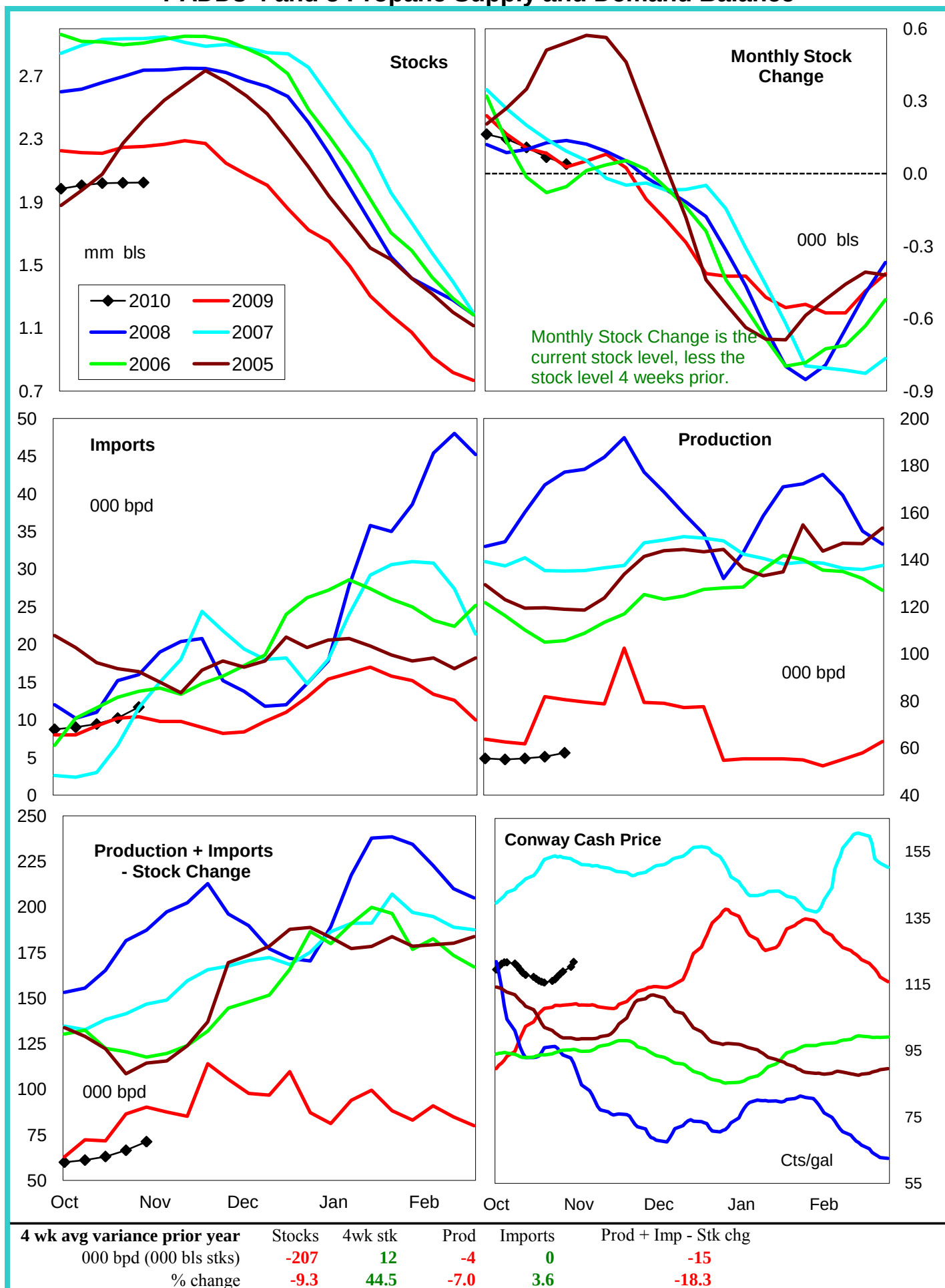
PADD 2 Propane Supply and Demand Balance



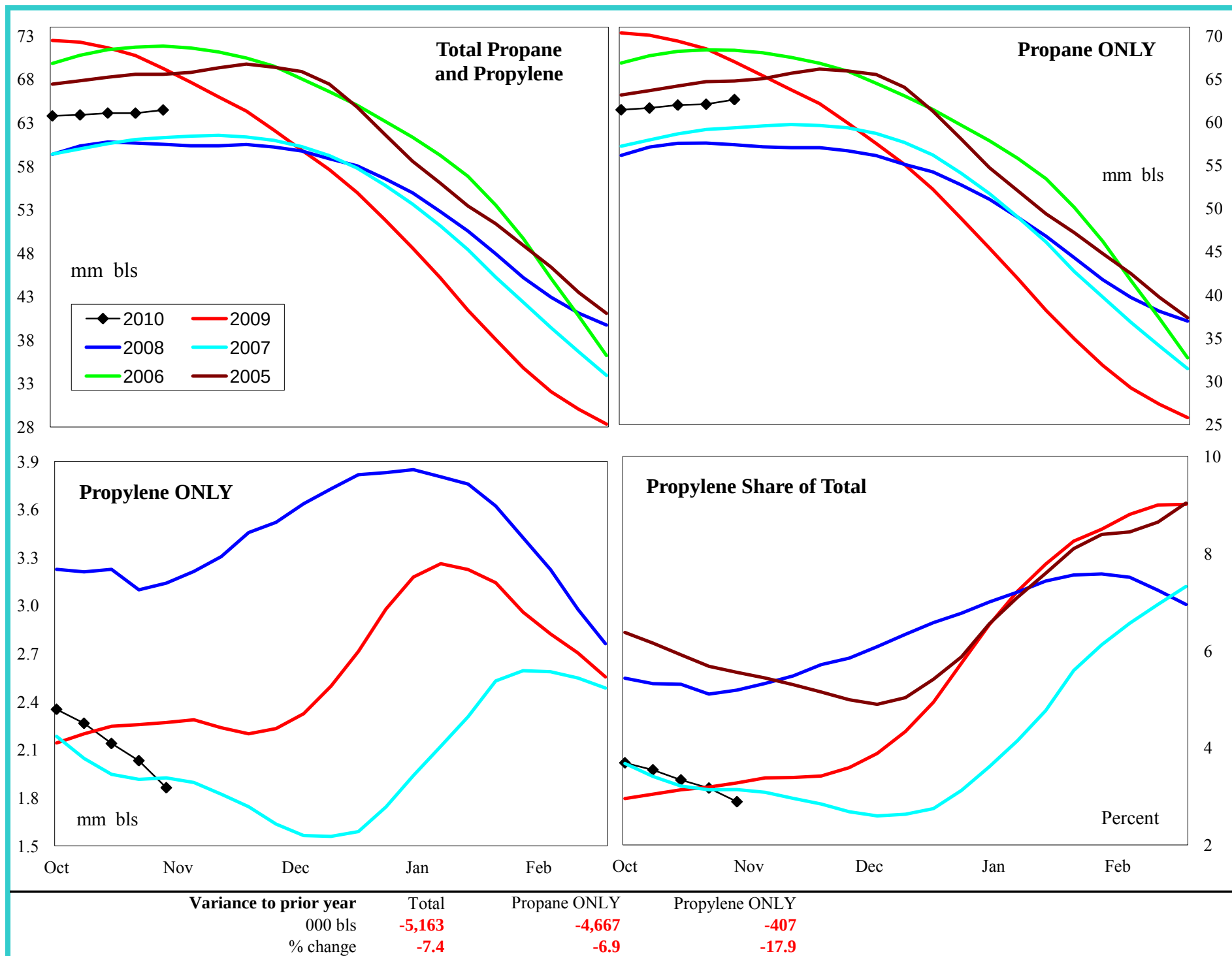
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

