
**FUNDAMENTAL
PETROLEUM
TRENDS**

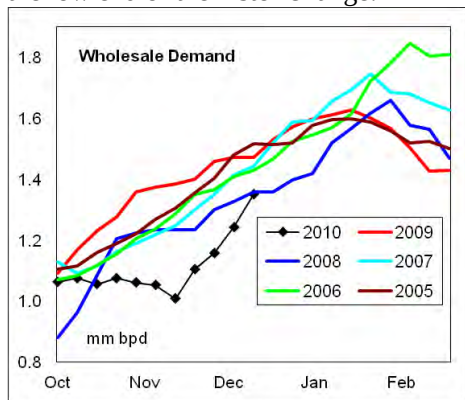
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

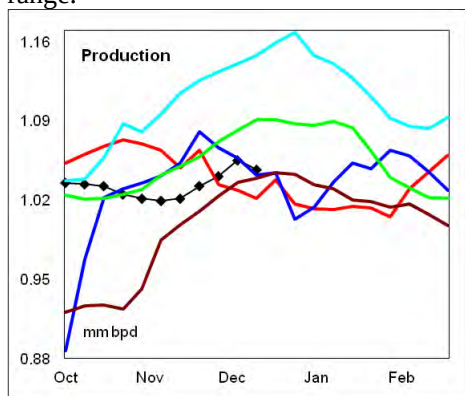
 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, December 15, 2010


Summary¹:

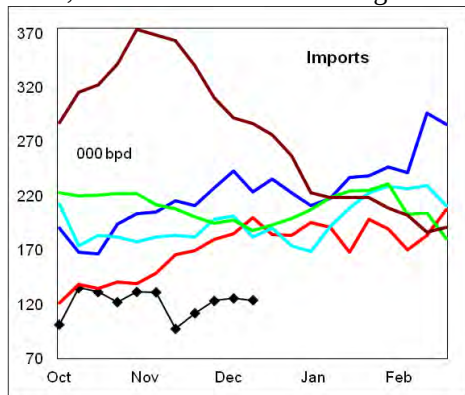
Wholesale demand decreased -147,000 bpd last week, partially offsetting the prior week surge. Demand remains at the low end of the historic range.



Production declined -41,000 bpd on the week, with the level now at the mid range.



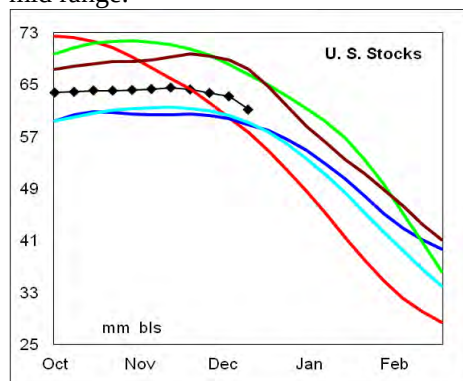
Imports decreased -37,000 bpd last week, still below the historic range.



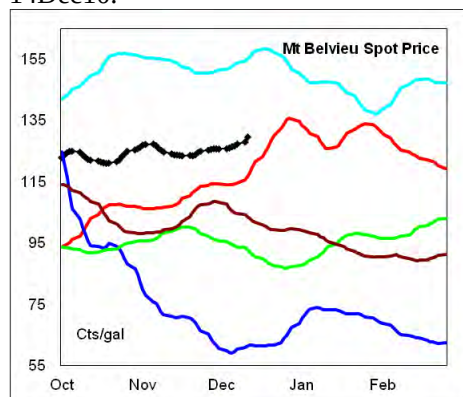
Combined production and imports during the latest 4-wk period were -

52,000 bpd below a year ago. Production was +13,000 bpd below last year, and near the mid range while imports were off -65,000 bpd. The latest 4-wk average demand was -226,000 bpd below last year, a -16% drop.

Stocks decreased -1.9 million barrels this week, driving the 4-wk draw to a level greater than the mid range. The U.S. stock level is now above the 5-year mid range.



Price and Spreads Mt Belvieu spot prices increased +4.50 cts/gal and Conway was +5 cts/gal higher for the week ending 14Dec10.



The Conway – Mt Belvieu price spread was trended higher for the week ending 14Dec10. The spread ended the week well below the historic range.

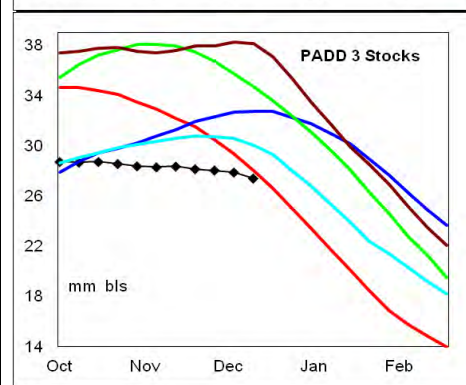
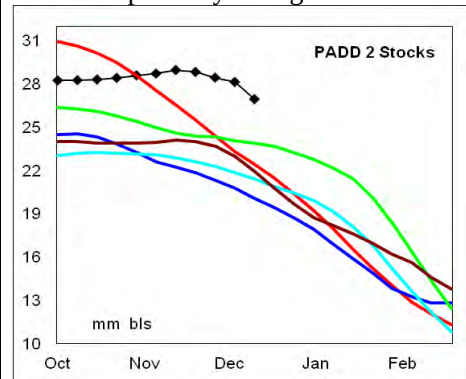
The propane to natural gas price spread trended higher last week on strength in propane prices. The spread remains well above the historic range.

The propane / crude oil price spread trended higher on the week, ending at 5-year lows.

PADD 1 stocks fell -0.7 million barrels on -56,000 bpd drop in imports.

Production was unchanged on the week. Supply for the latest 4-wk period decreased -17,000 bpd compared to a year ago. Stock levels match 5-year highs.

PADD 2 stocks declined -0.9 million barrels last week. Production was slightly above the historic range. Imports were -52% below last year. Stock levels are now +3 million barrels above the prior 5-year high.



PAD 3 stocks decreased -0.2 million barrels on the week. Production declined -14,000 bpd on the week, to a level slightly below historic highs. Stock levels were -0.7 million barrels below the previous 5-year low for the period.

PADDs 4 & 5 stocks decreased -0.1 million barrels on the week. Stock levels were below the 5-year range.

Emerging Trends Above normal heating degree days this week, and near normal degree days in key markets for the next 10-says should support propane prices. Stock levels remain above the mid range, while exports from the Gulf have kept supplies in that region tight.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

December 15, 2010

Fundamental Trends for the Week Ending:

Friday, December 10, 2010

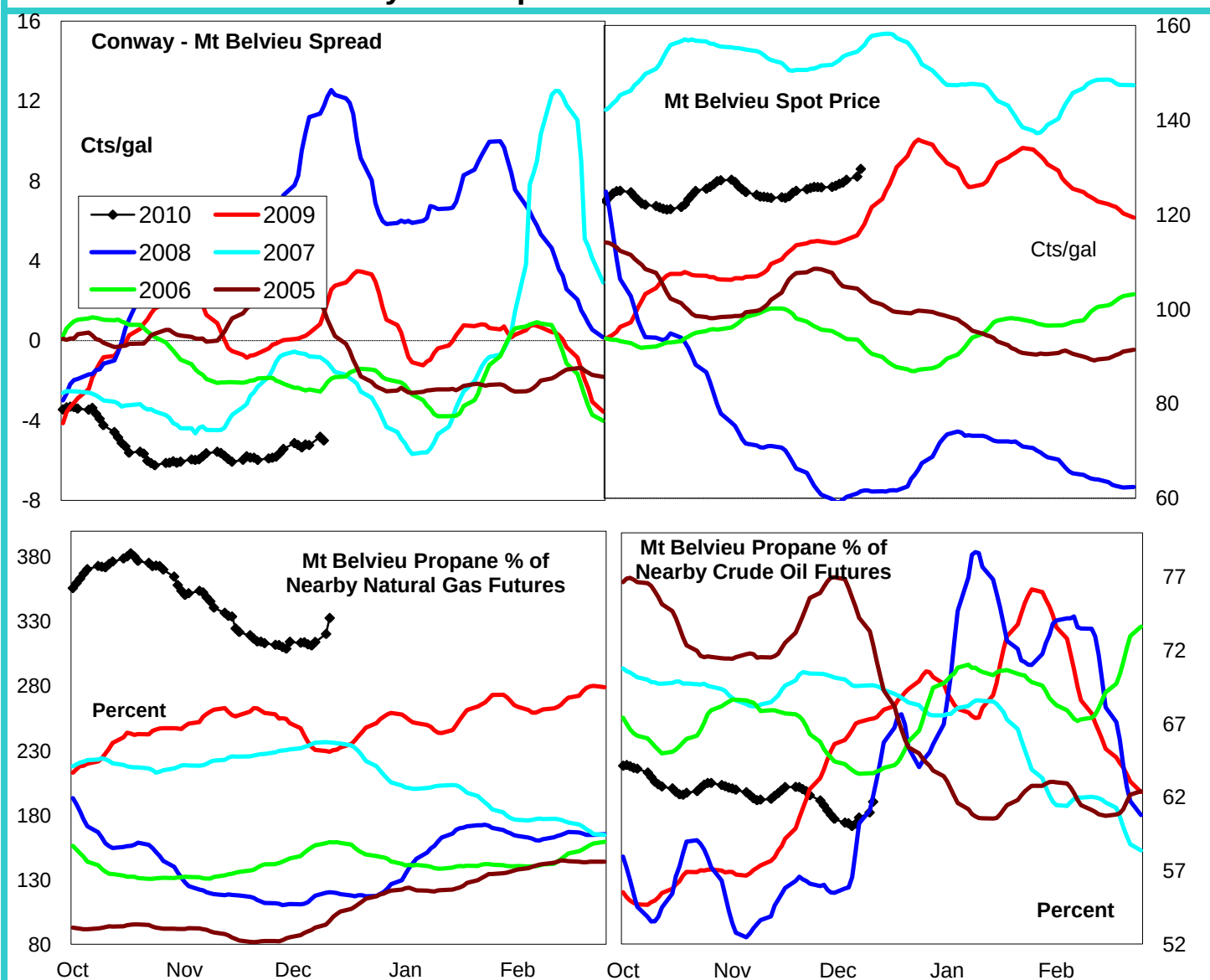
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	61,166	5,111	26,948	27,391	1,716	-1,896	-659	-905	-204	-128
Propylene Stocks	1,875					68				
Production	1,047	44	232	717	54	-41	0	-16	-14	-11
Imports	124	32	68	10	14	-37	-56	10	10	-1
Whsle Demand	1,351					-147				

Price Trends for the Week Ending:

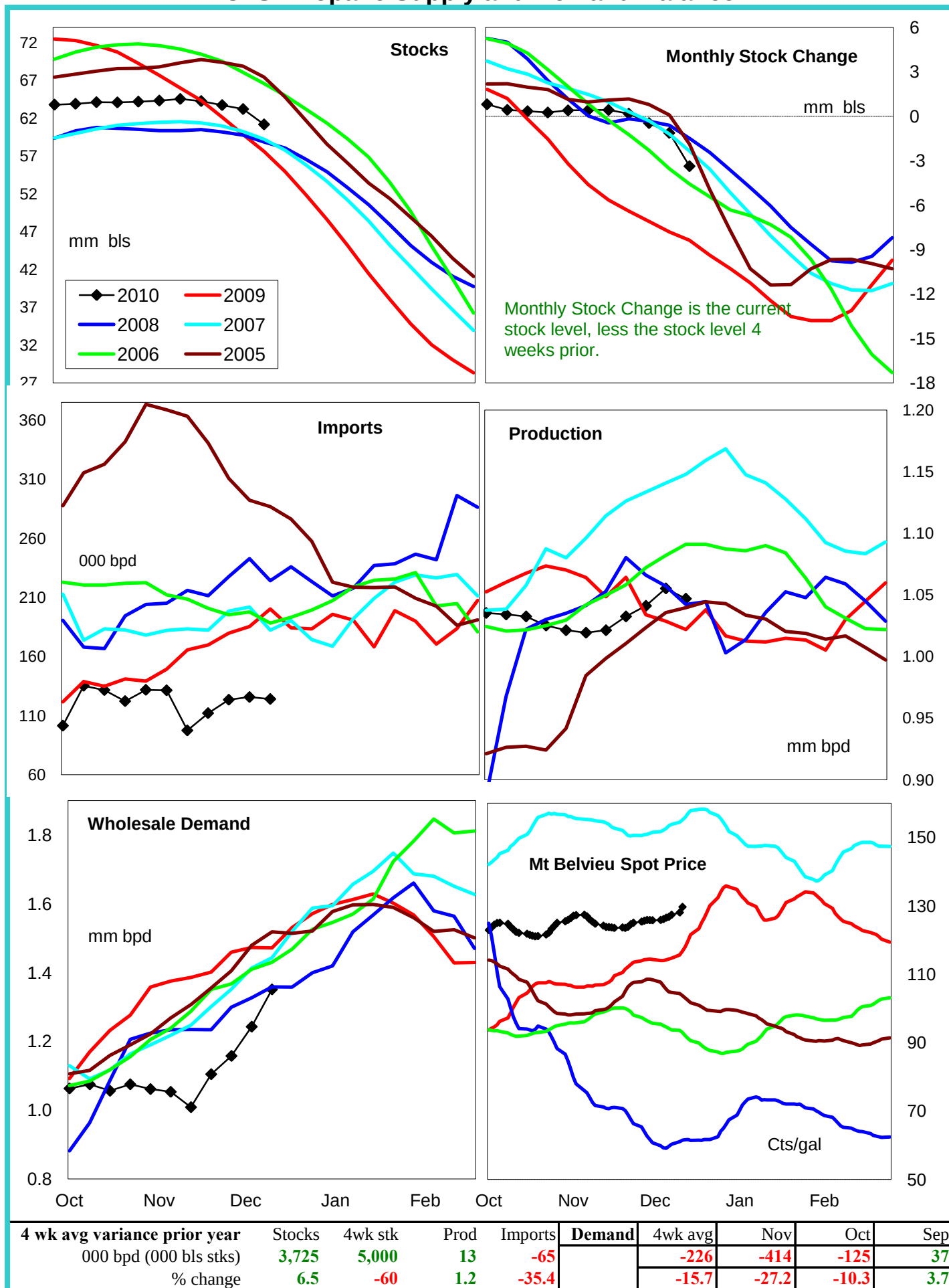
Tuesday, October 26, 2010

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	127.4	125.2	125.8	112.9	2.15	-0.55	12.91	1.7	-0.4	11.4
Conway Spot	122.1	119.8	120.3	112.6	2.37	-0.53	7.66	2.0	-0.4	6.8

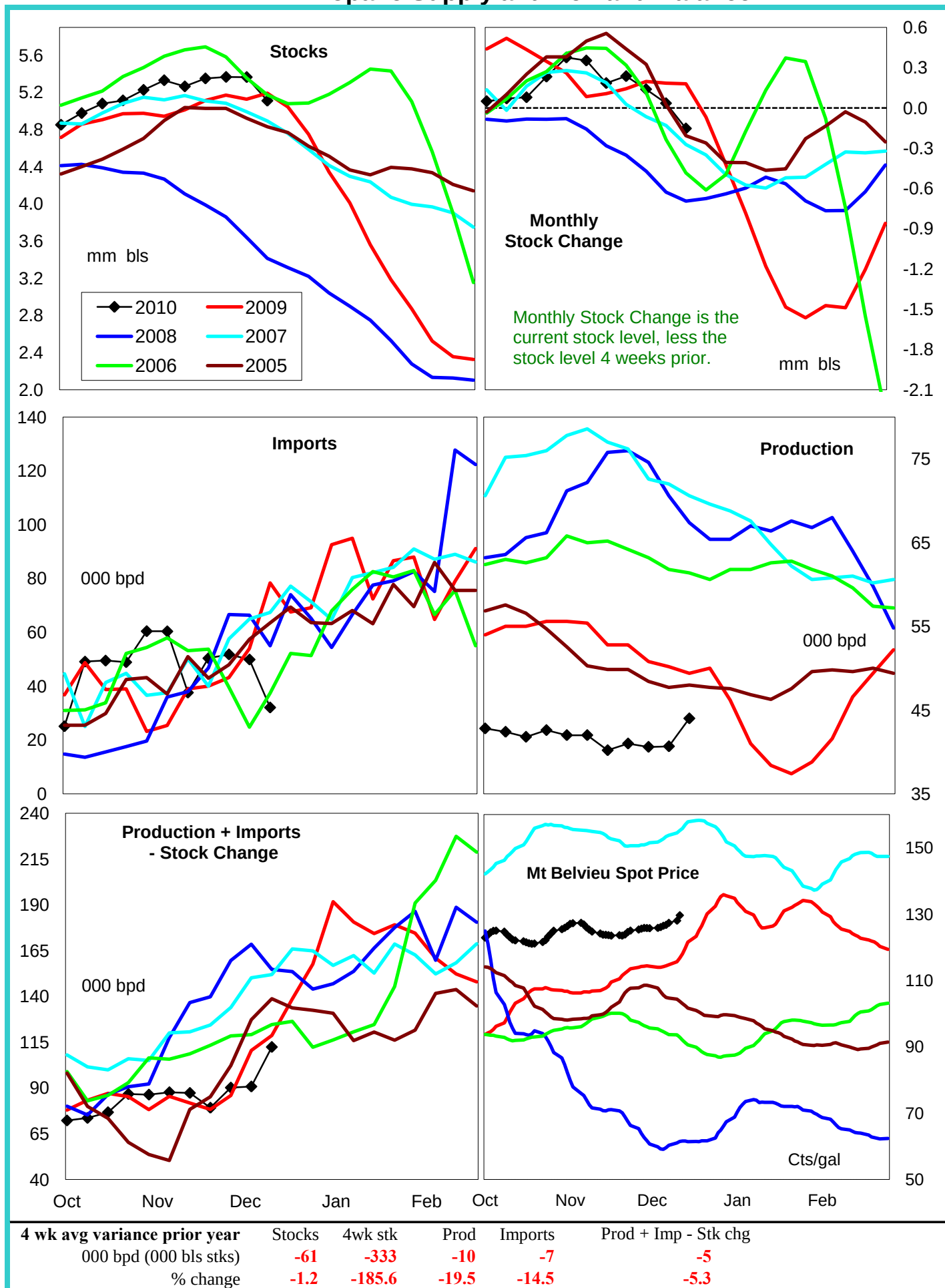
Key Price Spreads and Differentials



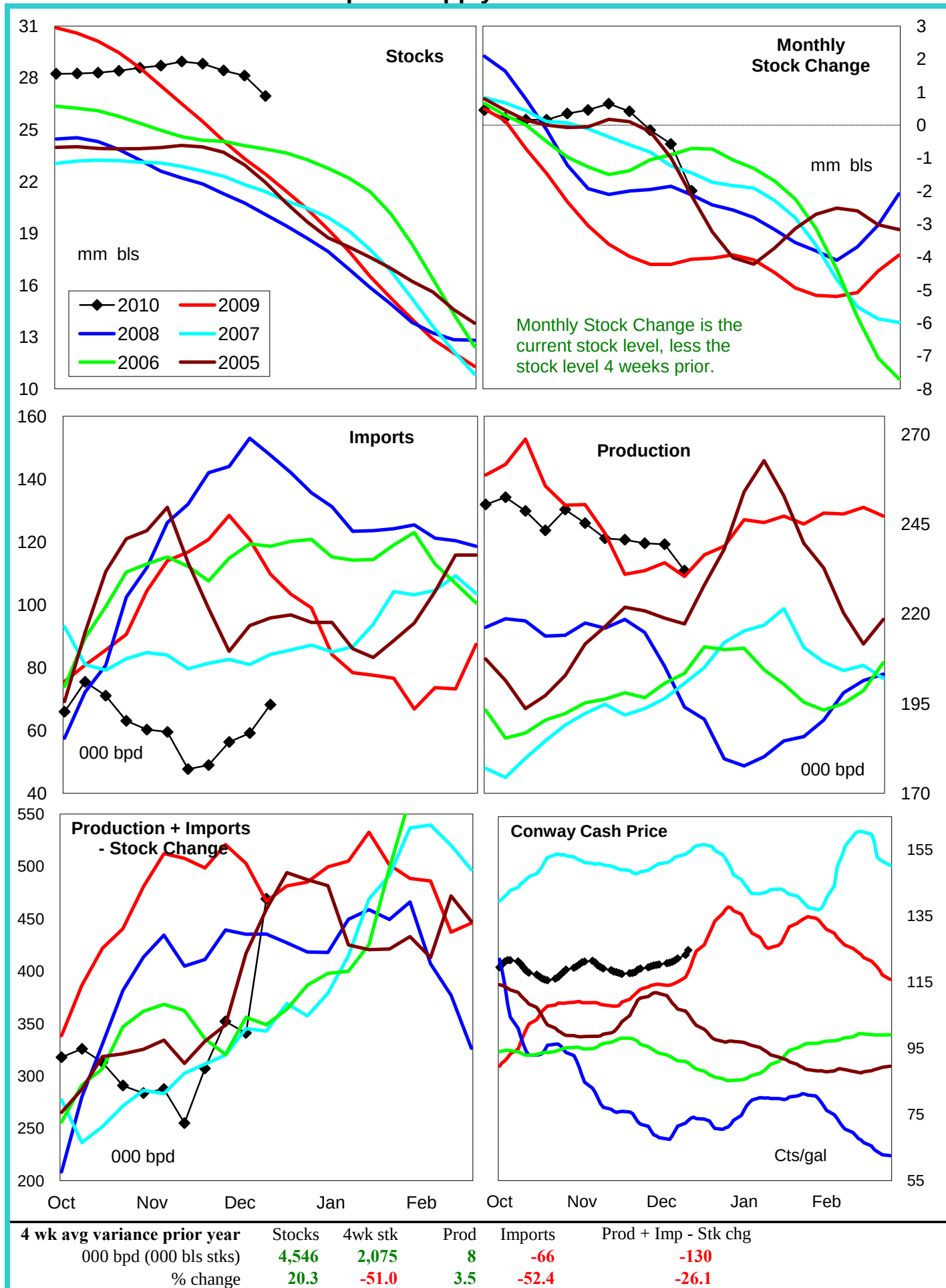
U. S. Propane Supply and Demand Balance



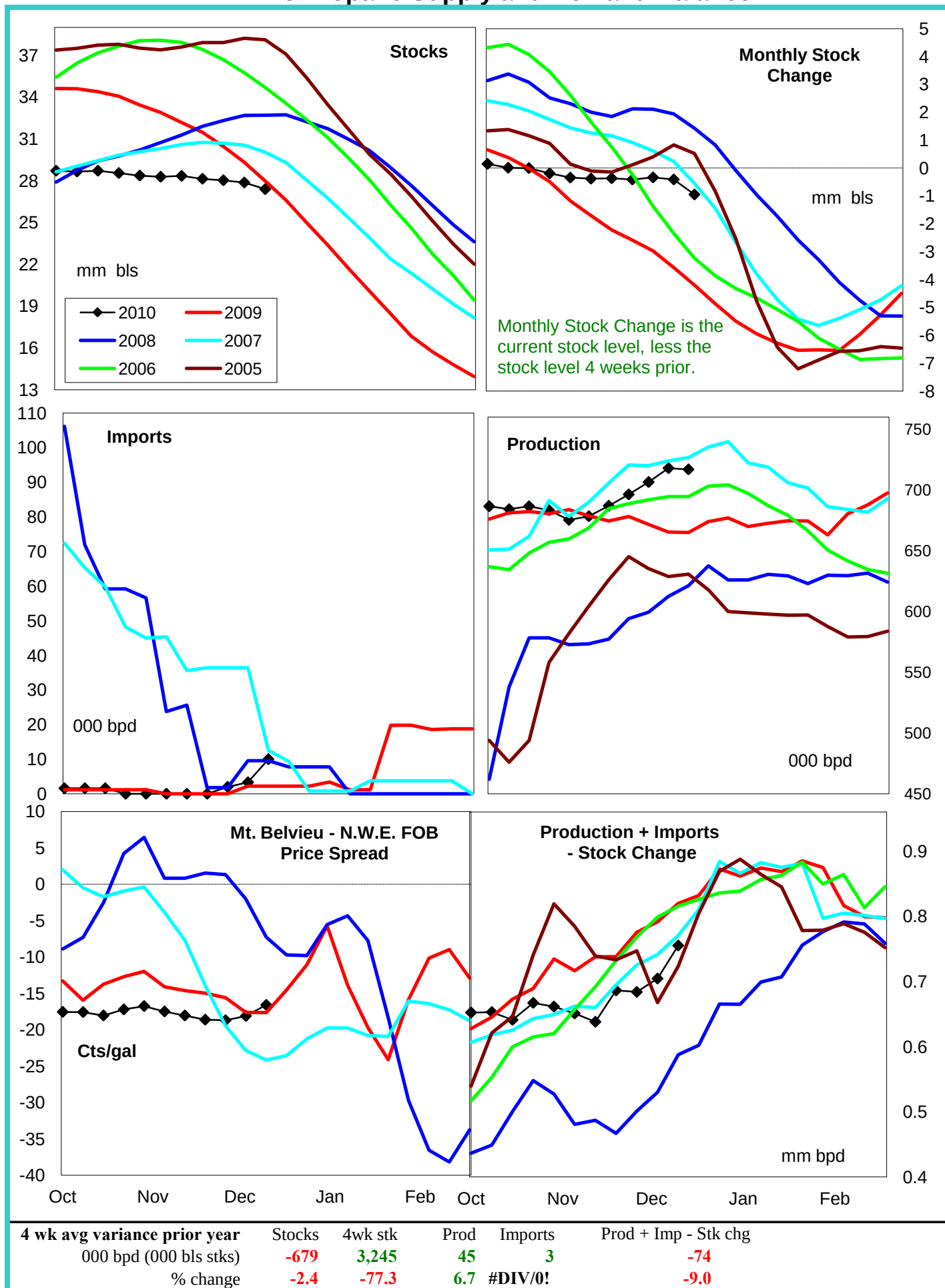
PADD 1 Propane Supply and Demand Balance



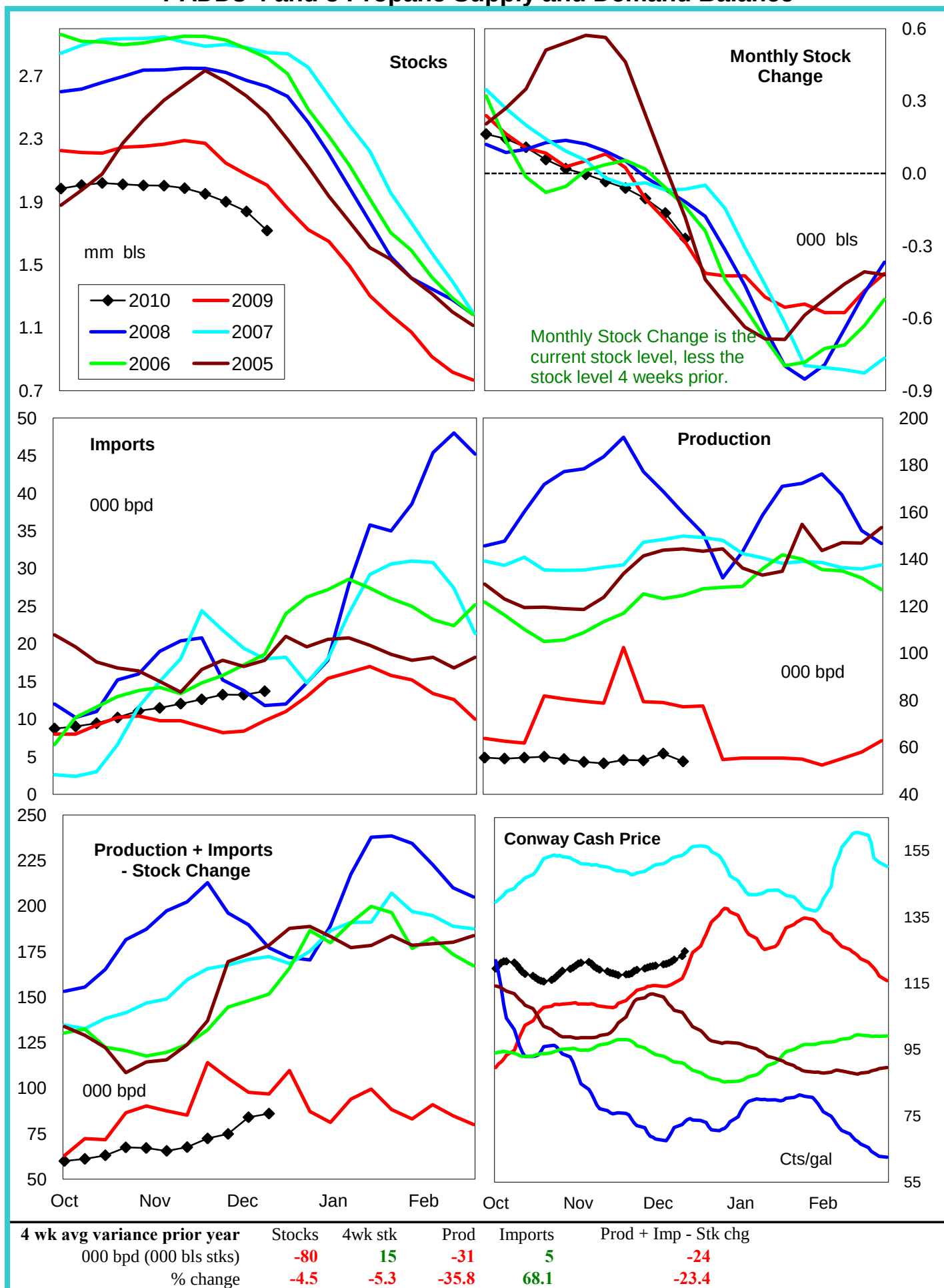
PADD 2 Propane Supply and Demand Balance



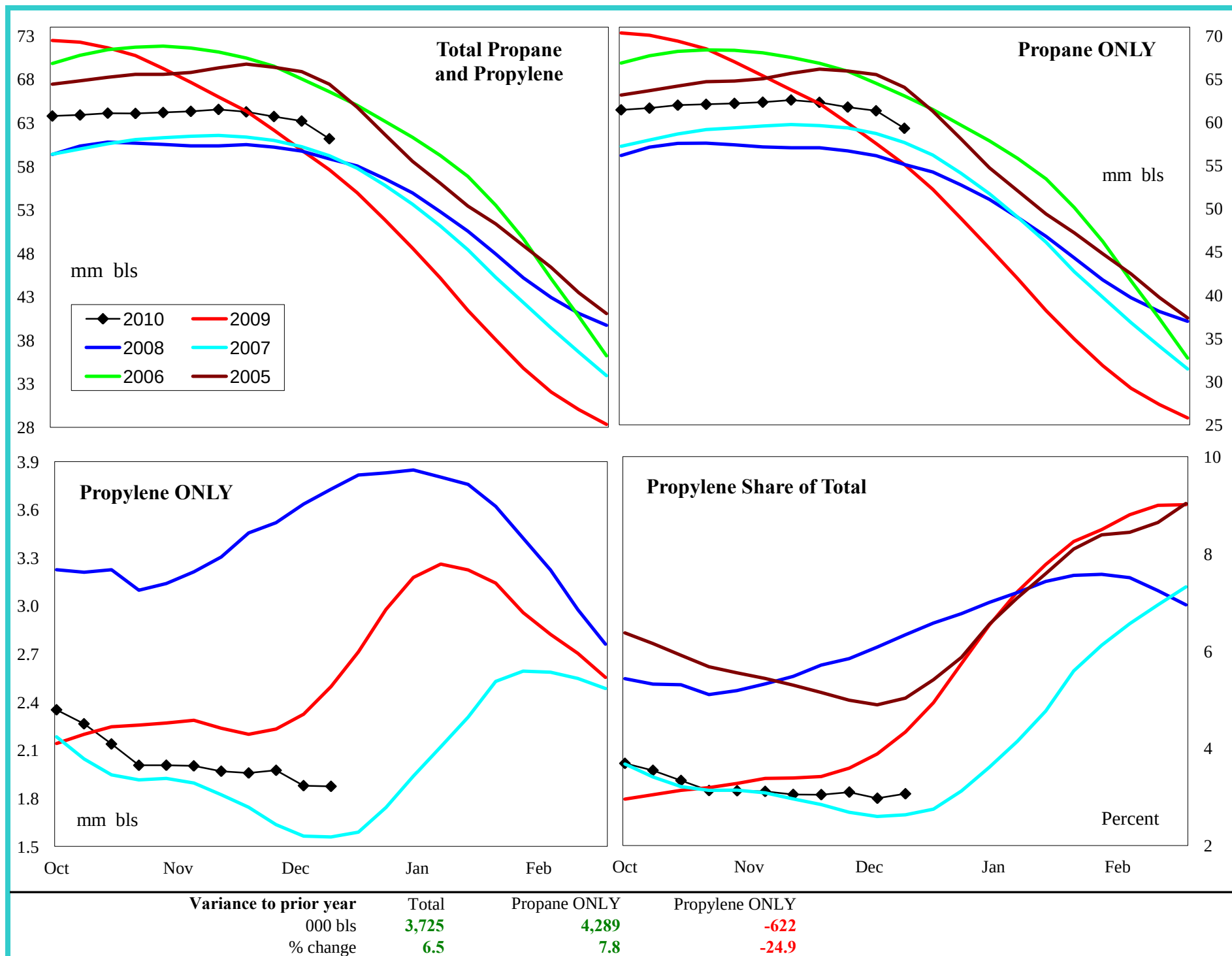
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

