
**FUNDAMENTAL
PETROLEUM
TRENDS**

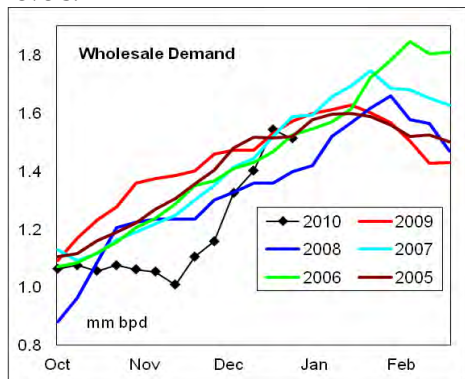
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

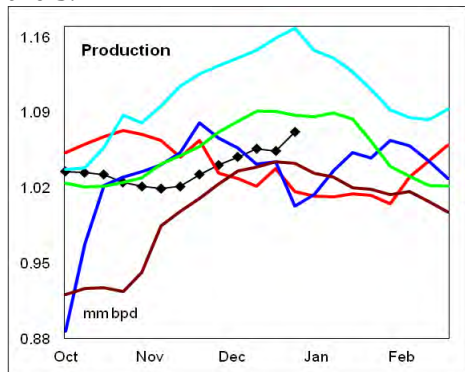
 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, December 31, 2010


Summary¹:

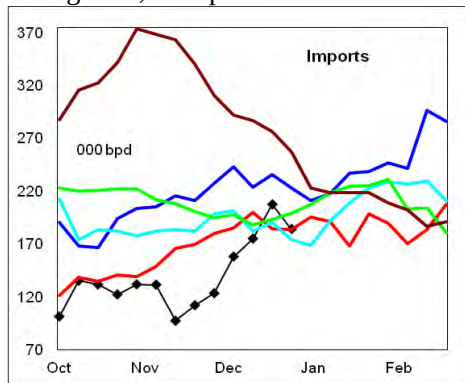
Wholesale demand declined -253,000 bpd last week, as heating degree days in key markets returned to near normal levels.



Production increased +28,000 bpd for the week, with increases in PADDs 2 and 3.



Imports reversed the prior week spike, falling -130,000 bpd on the week.

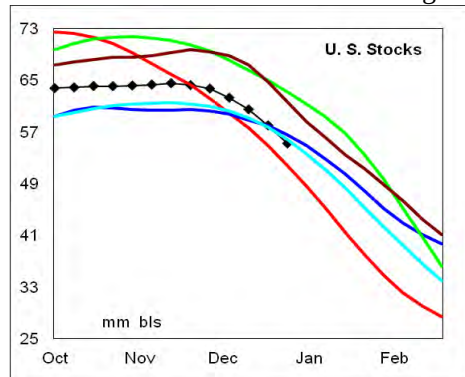


Combined production and imports during the latest 4-wk period were +41,000 bpd above a year ago.

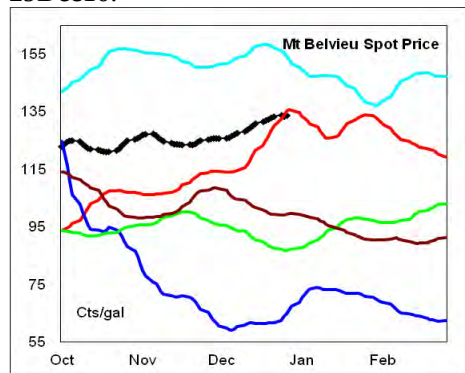
¹ Source is latest EIA Weekly Statistics

Production was +34,000 bpd above last year, and near the mid range while imports were +7,000 bpd higher. The latest 4-wk average demand was +20,000 bpd above last year.

Stocks decreased -2.4 million barrels this week, driving the 4-wk draw to a level above four of the last 5-years. The U.S. stock level is below the mid range.



Price and Spreads Mt Belvieu spot prices increased +.50 cts/gal and Conway was +2.5 cts/gal higher for the week ending 29Dec10.



The Conway – Mt Belvieu price spread trended higher for the week ending 29Dec10. The spread ended the week below the historic range.

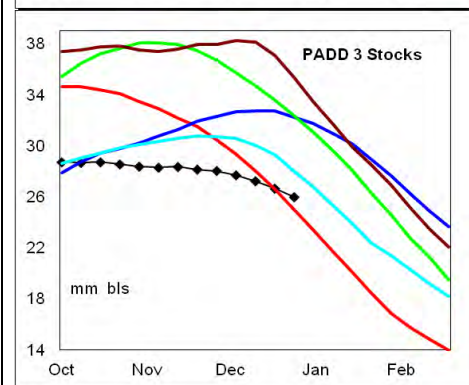
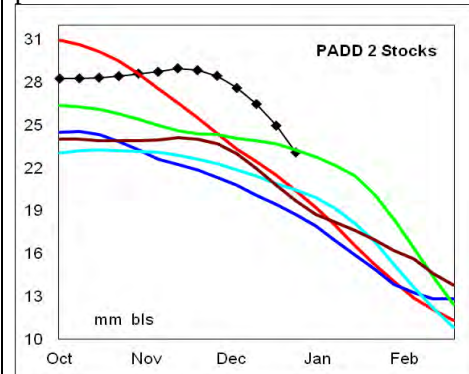
The propane to natural gas price spread trended lower last week on weakness in gas prices. The spread remains sharply above the historic range.

The propane / crude oil price spread traded sideways on the week, ending at a record low for this time of year.

PADD 1 stocks declined -0.1 million barrels last week on lower heating demand; partially offset by sharply lower imports. Production was unchanged on the week. Supply for the latest 4-wk

period increased +31,000 bpd compared to a year ago. Stock levels were below the mid range.

PADD 2 stocks declined -1.7 million barrels last week. Production climbed +10,000 bpd while imports fell -31,000 bpd. The latest 4-wk average supply was -32,000 bpd below a year ago. Stock levels now match 5-year highs for the period.



PAD 3 stocks decreased -0.6 million barrels on the week. Production increased +14,000 bpd. Stock levels were last years' record lows.

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

Emerging Trends A return to near normal heating degree days should lead to a modest price pull back. However another cold front by mid month will lift heating degree days to above normal, and should drive a renewed uptrend in prices as stock levels are now below the 5-year mid range.

Exports were 120,000 bpd during October, the latest month for which data are available. This rate confirms continued robust foreign demand.



PROPANE: Graph Link and Weekly Summary

December 31, 2010

Fundamental Trends for the Week Ending:

Friday, December 24, 2010

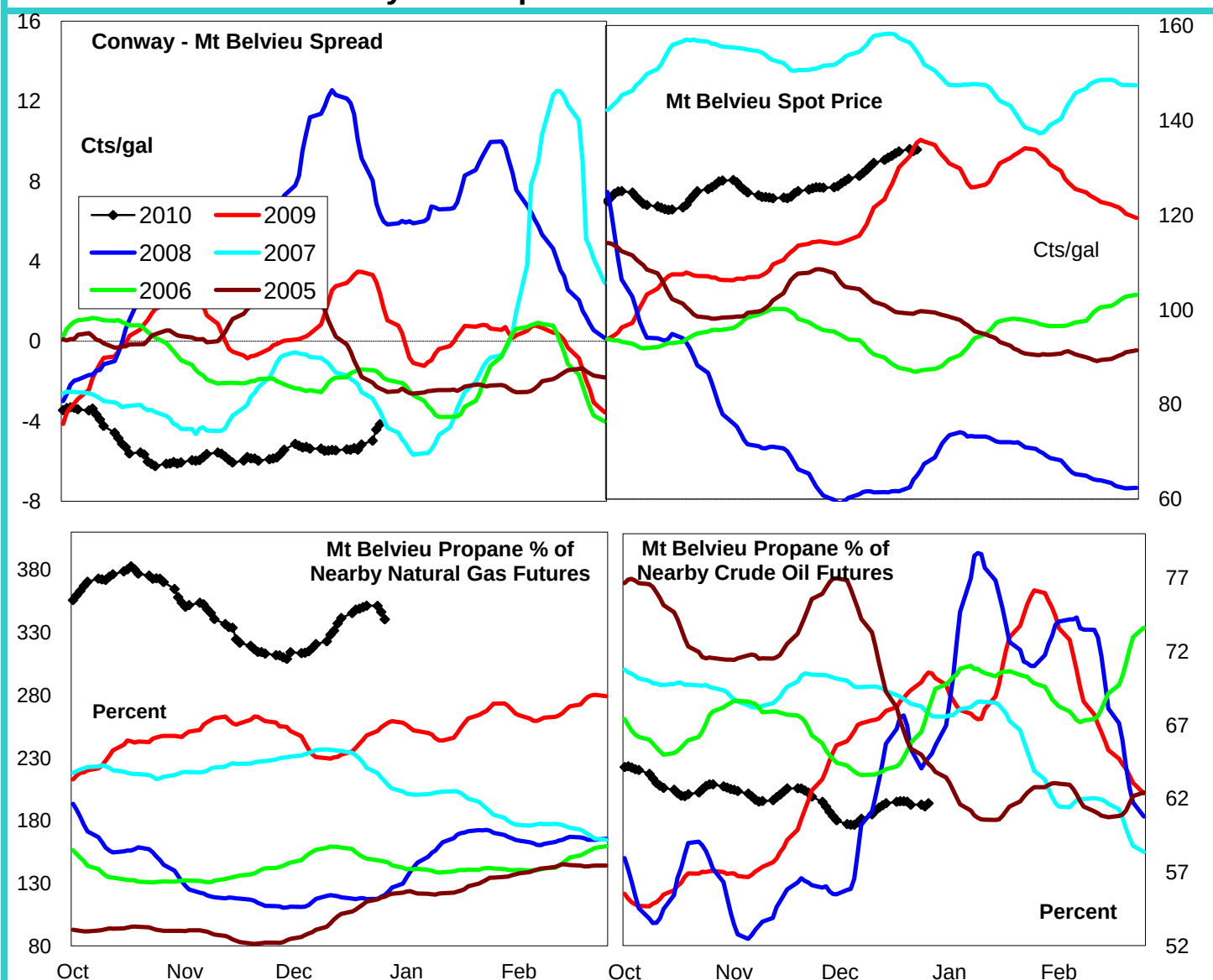
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	55,235	4,539	23,095	25,951	1,650	-2,435	-99	-1,733	-586	-17
Propylene Stocks	2,189					162				
Production	1,072	40	244	730	58	28	0	10	14	4
Imports	184	99	68	0	18	-130	-102	-31	0	2
Whsle Demand	1,513					-253				

Price Trends for the Week Ending:

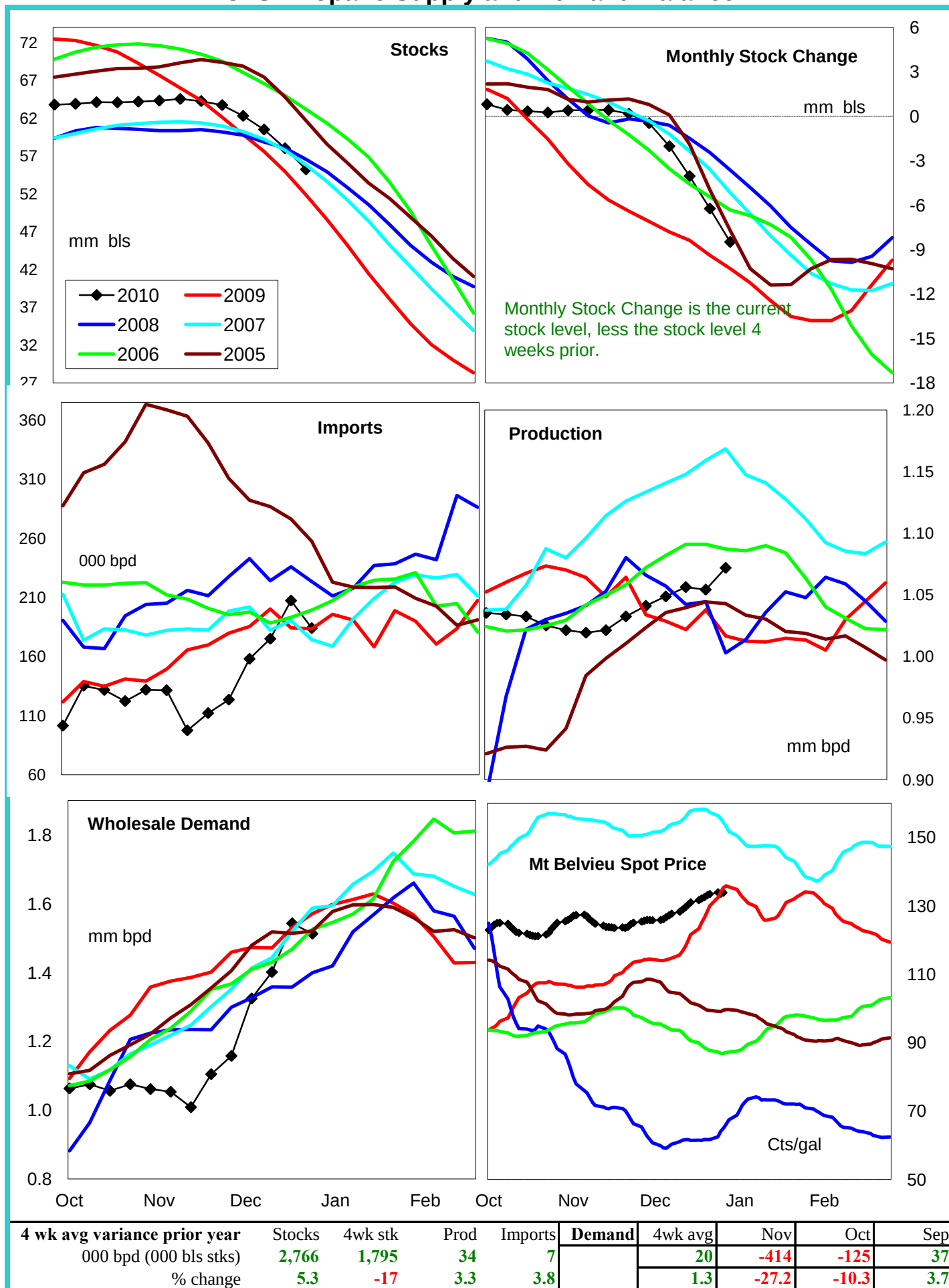
Tuesday, October 26, 2010

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	133.9	131.4	125.9	131.4	2.46	5.52	-5.51	1.9	4.4	-4.2
Conway Spot	128.9	125.7	120.3	134.2	3.28	5.40	-13.98	2.6	4.5	-10.4

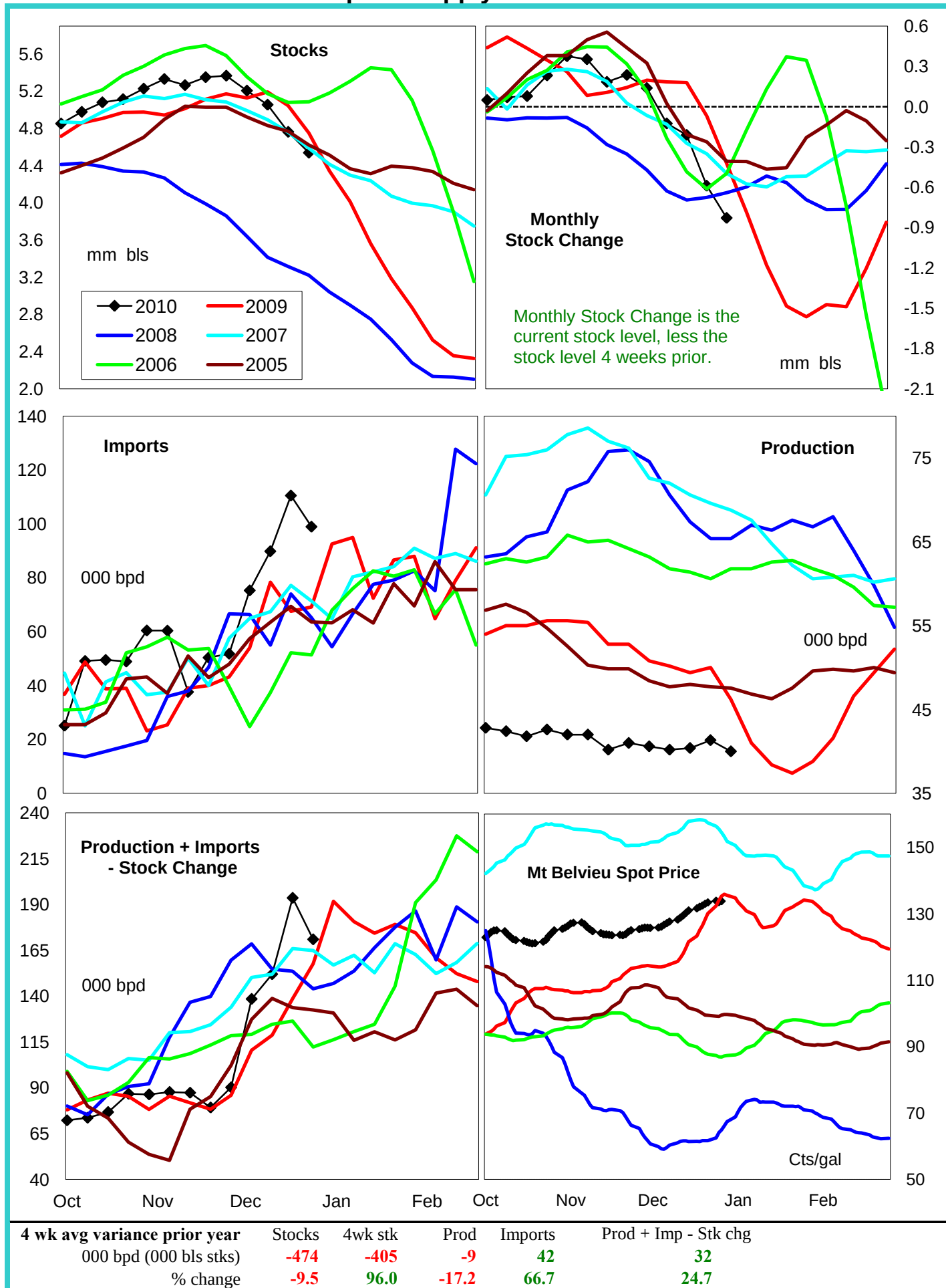
Key Price Spreads and Differentials



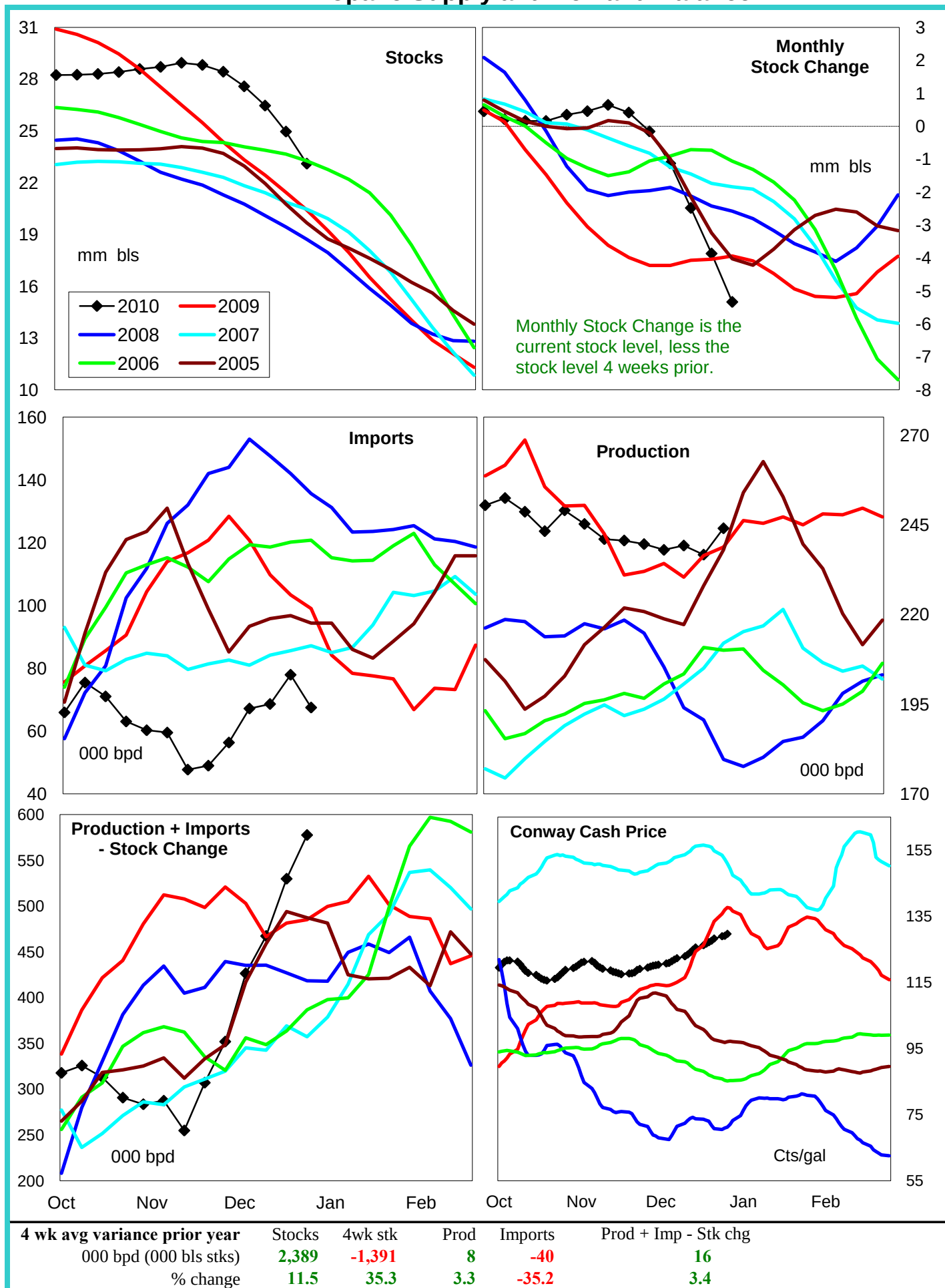
U. S. Propane Supply and Demand Balance



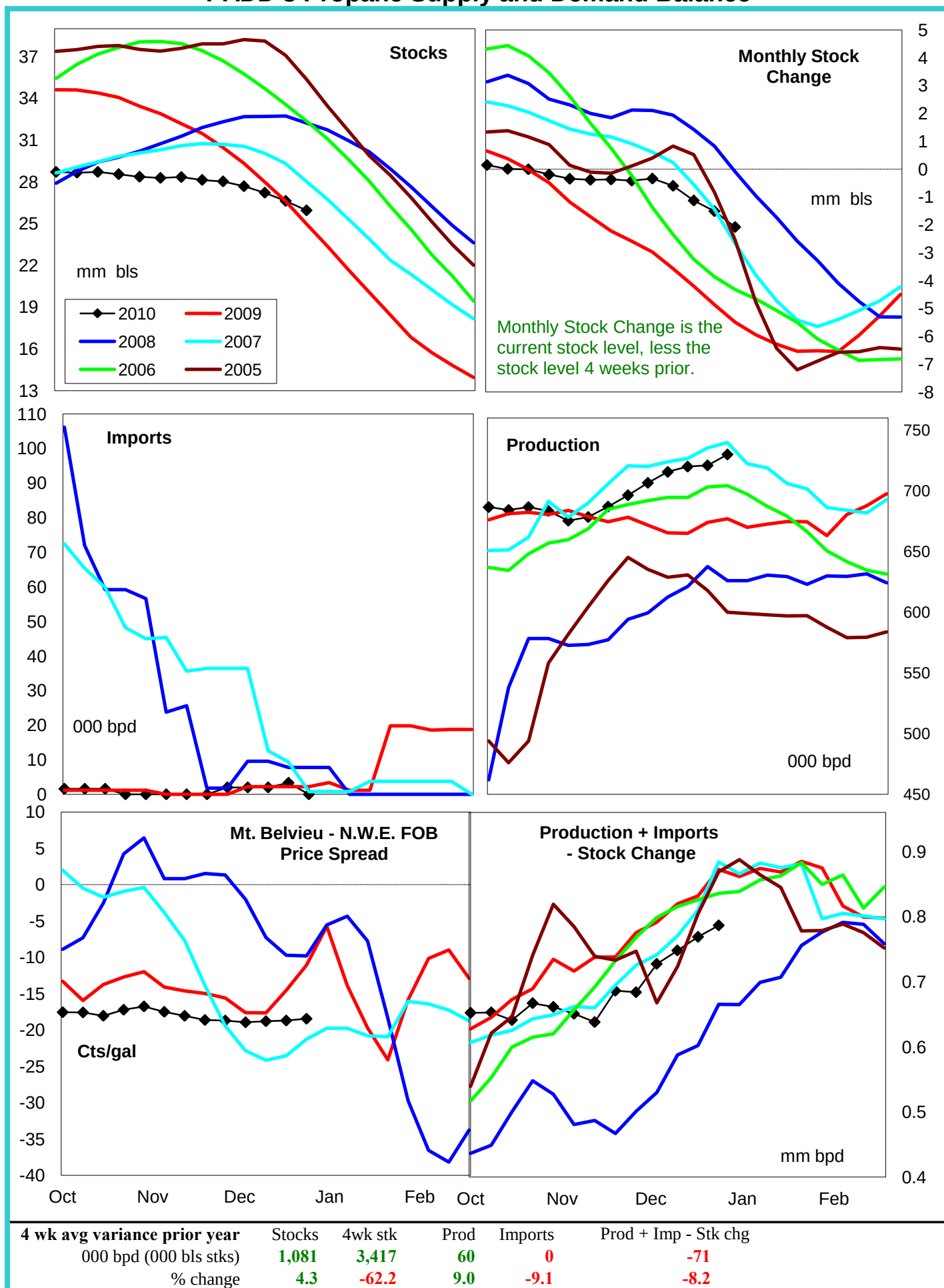
PADD 1 Propane Supply and Demand Balance



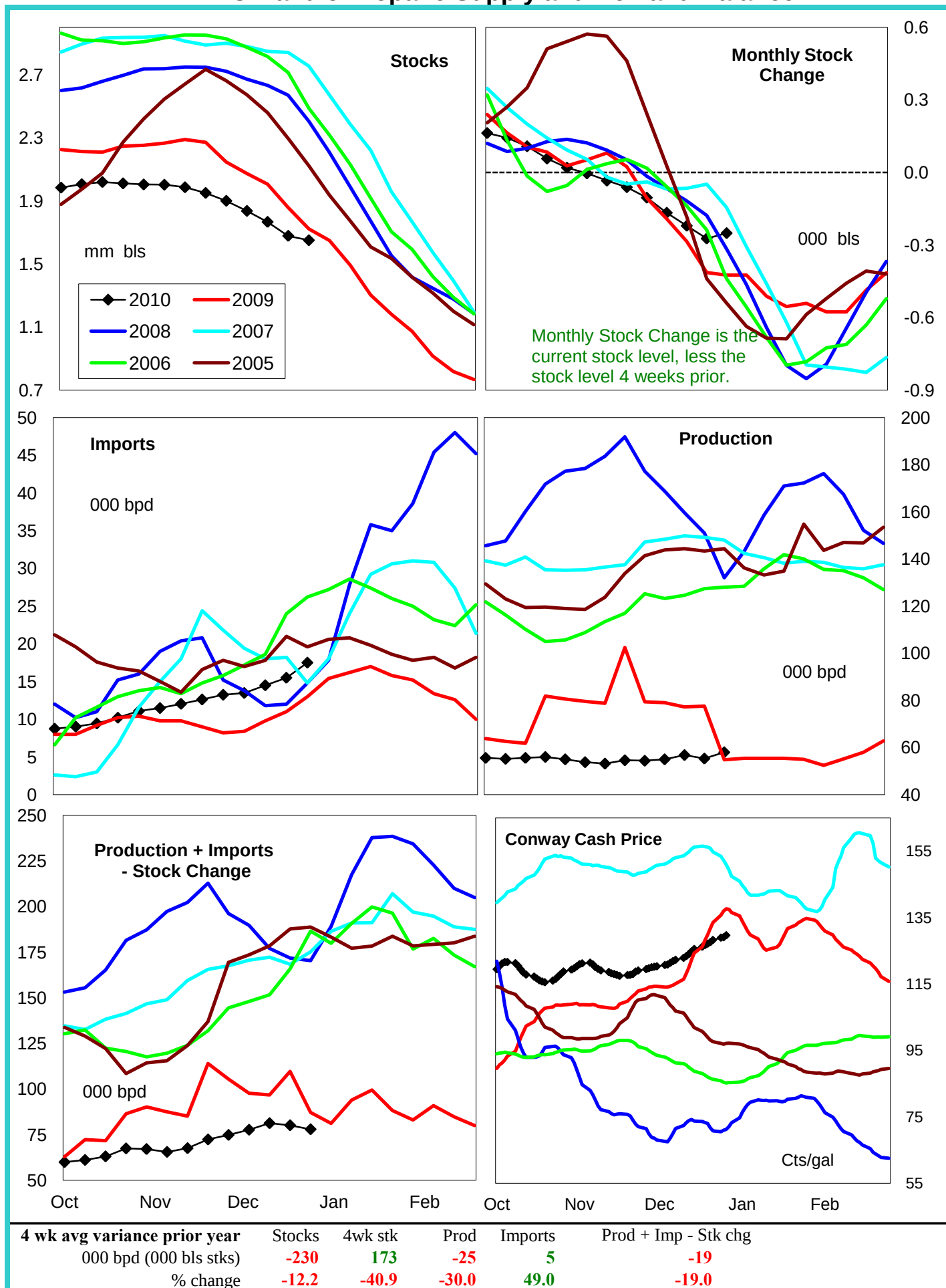
PADD 2 Propane Supply and Demand Balance



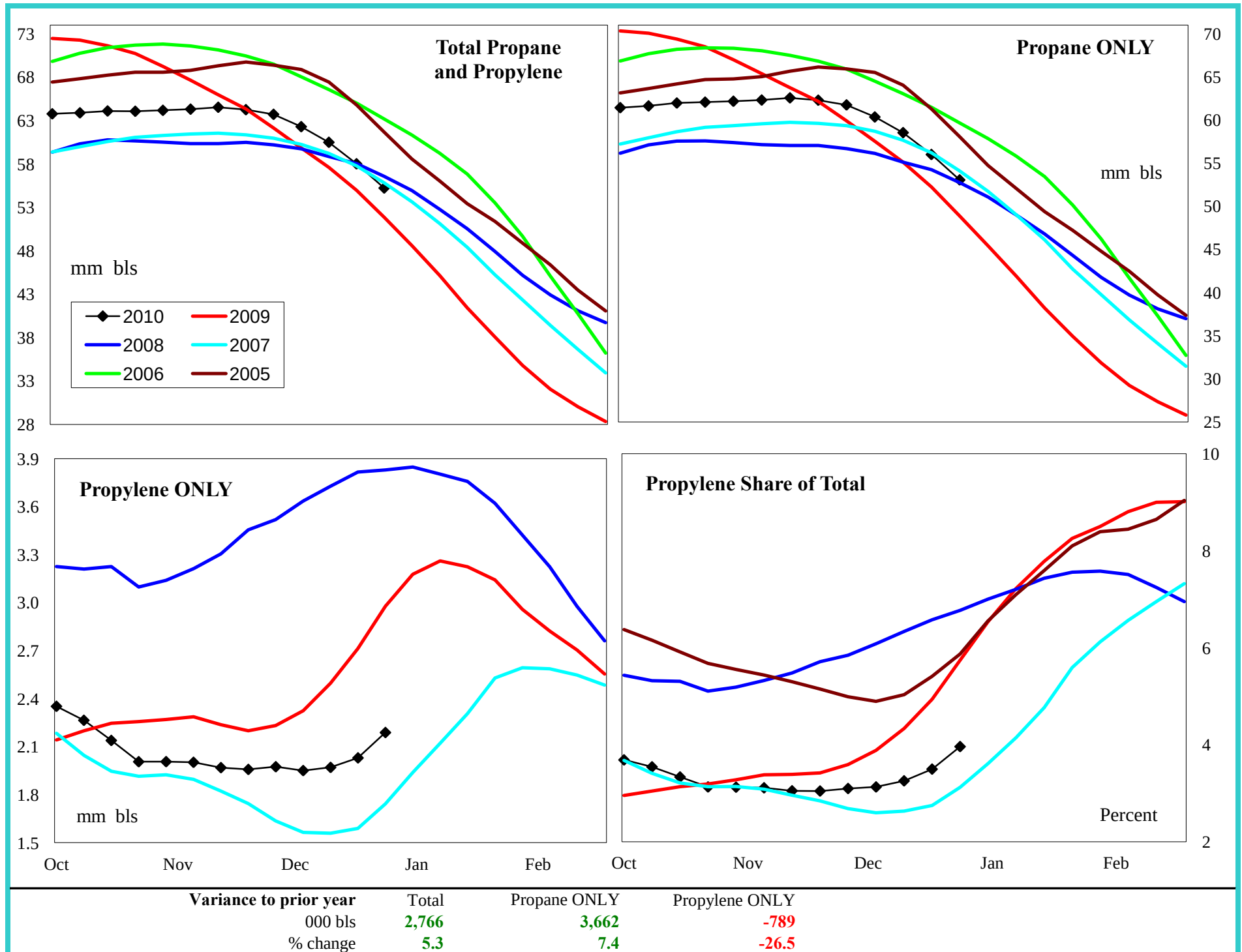
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

