
**FUNDAMENTAL
PETROLEUM
TRENDS**

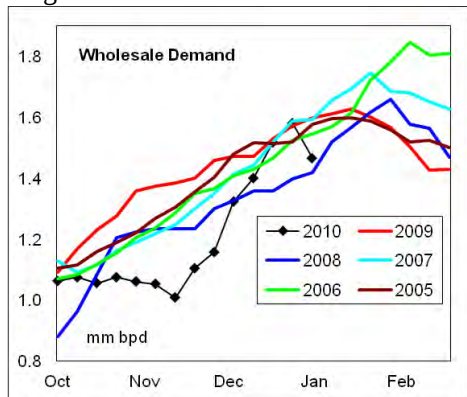
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

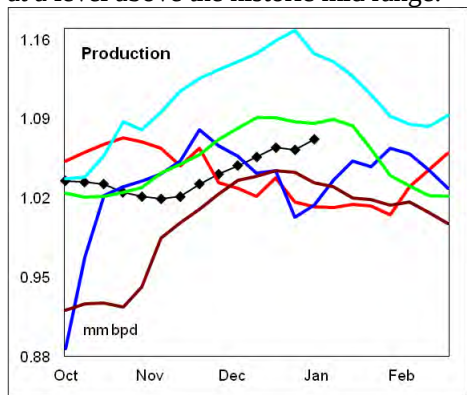
 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, January 05, 2011


Summary¹:

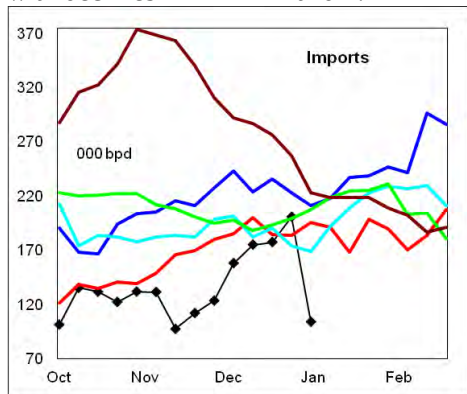
Wholesale demand declined -46,000 bpd last week, to a level below the mid range.



Production was unchanged on the week at a level above the historic mid range.



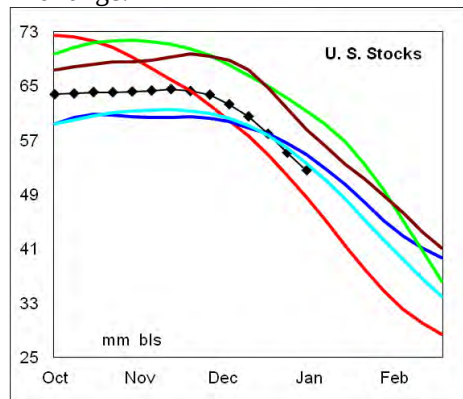
Imports fell -80,000 bpd on the week with declines in PADD 1 and 2.



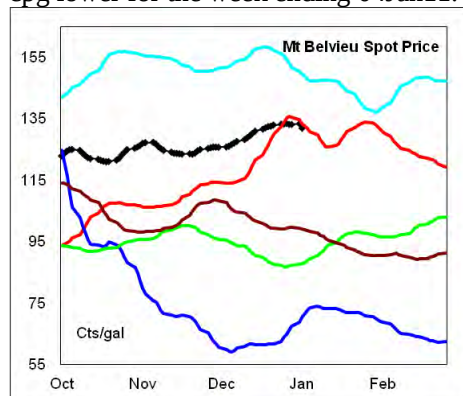
Combined production and imports during the latest 4-wk period were +35,000 bpd above a year ago. Production was +48,000 bpd above last

year, and above the mid range while imports were -13,000 bpd lower. The latest 4-wk average demand was -39,000 bpd below last year.

Stocks decreased -2.7 million barrels this week, driving the 4-wk draw to a level at the upper end of the 5-year range. The U.S. stock level is below the mid range.



Price and Spreads Mt Belvieu spot prices decreased -1.5 cpg and Conway was -1 cpg lower for the week ending 04Jan11.



The Conway – Mt Belvieu price spread trended higher for the week ending 04Jan11. The spread ended the week at the low end of the historic range.

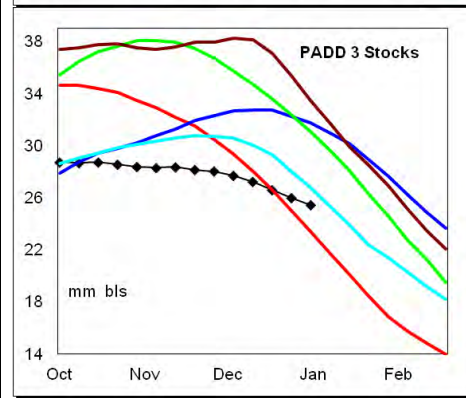
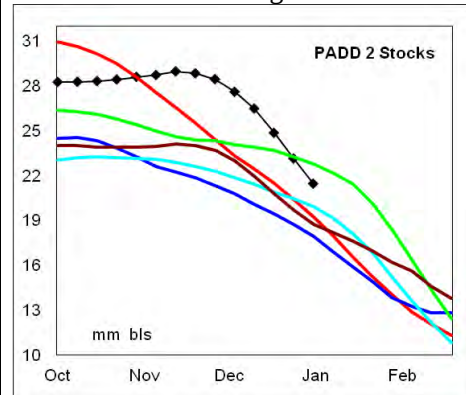
The propane to natural gas price spread trended lower last week on strength in gas prices. The spread remains well above the historic range.

The propane / crude oil price spread traded sideways on the week, ending at the low end of the historic range.

PADD 1 stocks declined -0.4 million barrels last week on higher heating demand and lower imports. Production was unchanged on the week at a level below the historic range. Supply for the

latest 4-wk period increased +3,000 bpd compared to a year ago. Stock levels were below the mid range.

PADD 2 stocks declined -1.7 million barrels last week. Production was unchanged while imports decreased -12,000 bpd. The latest 4-wk average supply was -28,000 bpd below a year ago, on lower imports. Stock levels are now above the mid range.



PAD 3 stocks decreased -0.5 million barrels on the week. Production was unchanged. Stock levels were at the low end of the 5-year range.

PADDs 4 & 5 stocks decreased -0.1 million barrels with the level below the historic range.

Emerging Trends Colder than normal temperatures are forecast across major heating regions over the next 10-days. Stock levels are now below the 5-year mid range. Expect price trends to be very weather dependent, with an upward bias in the near term.

Propane spot prices continue to exhibit significant weakness relative to crude oil, the result of very strong global demand for crude oil.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

January 5, 2011

Fundamental Trends for the Week Ending:

Friday, December 31, 2010

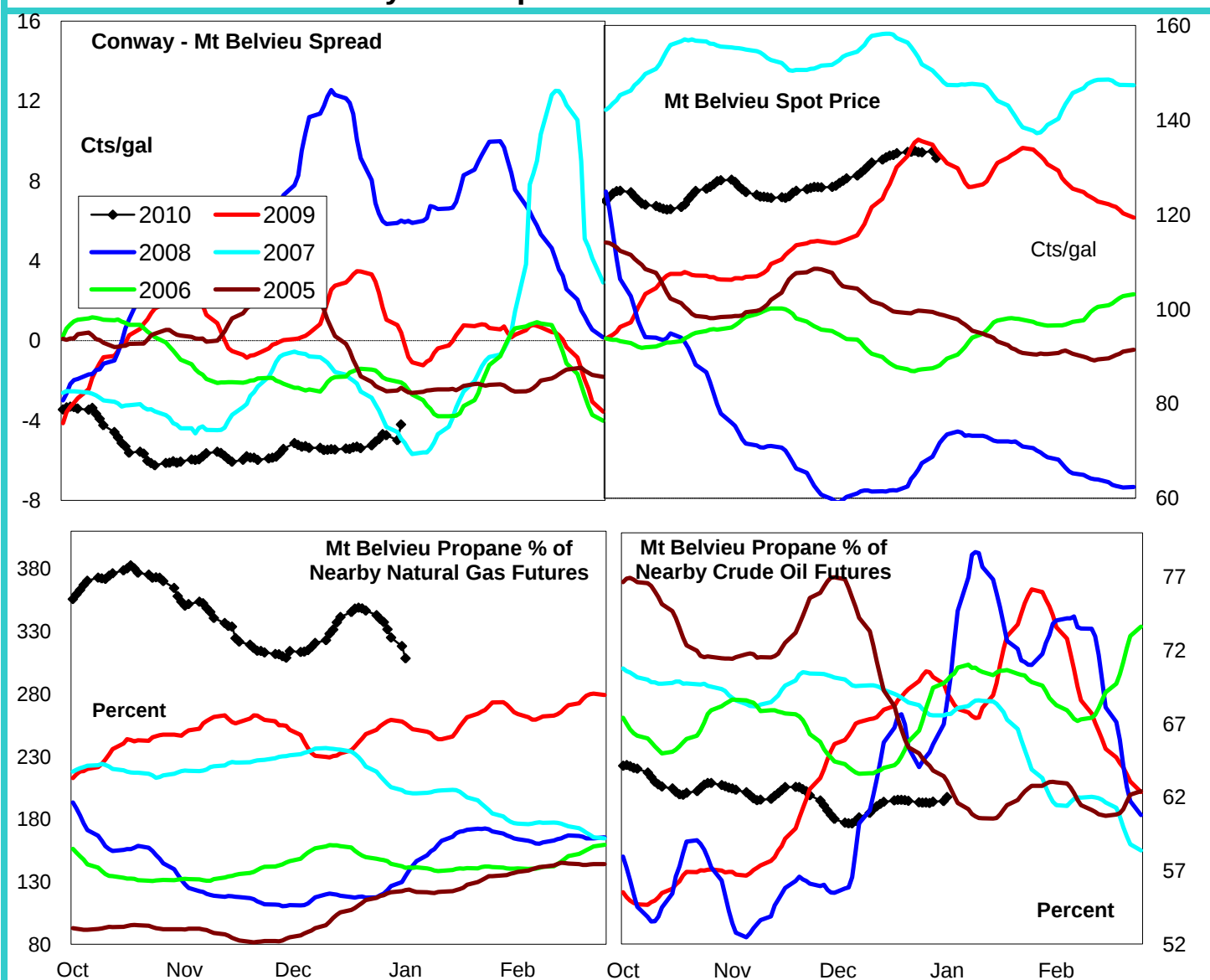
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	52,558	4,156	21,435	25,430	1,537	-2,677	-383	-1,660	-521	-113
Propylene Stocks	2,166					-23				
Production	1,072	41	248	730	53	0	1	4	0	-5
Imports	104	34	56	0	14	-80	-65	-12	0	-4
Whsle Demand	1,467					-46				

Price Trends for the Week Ending:

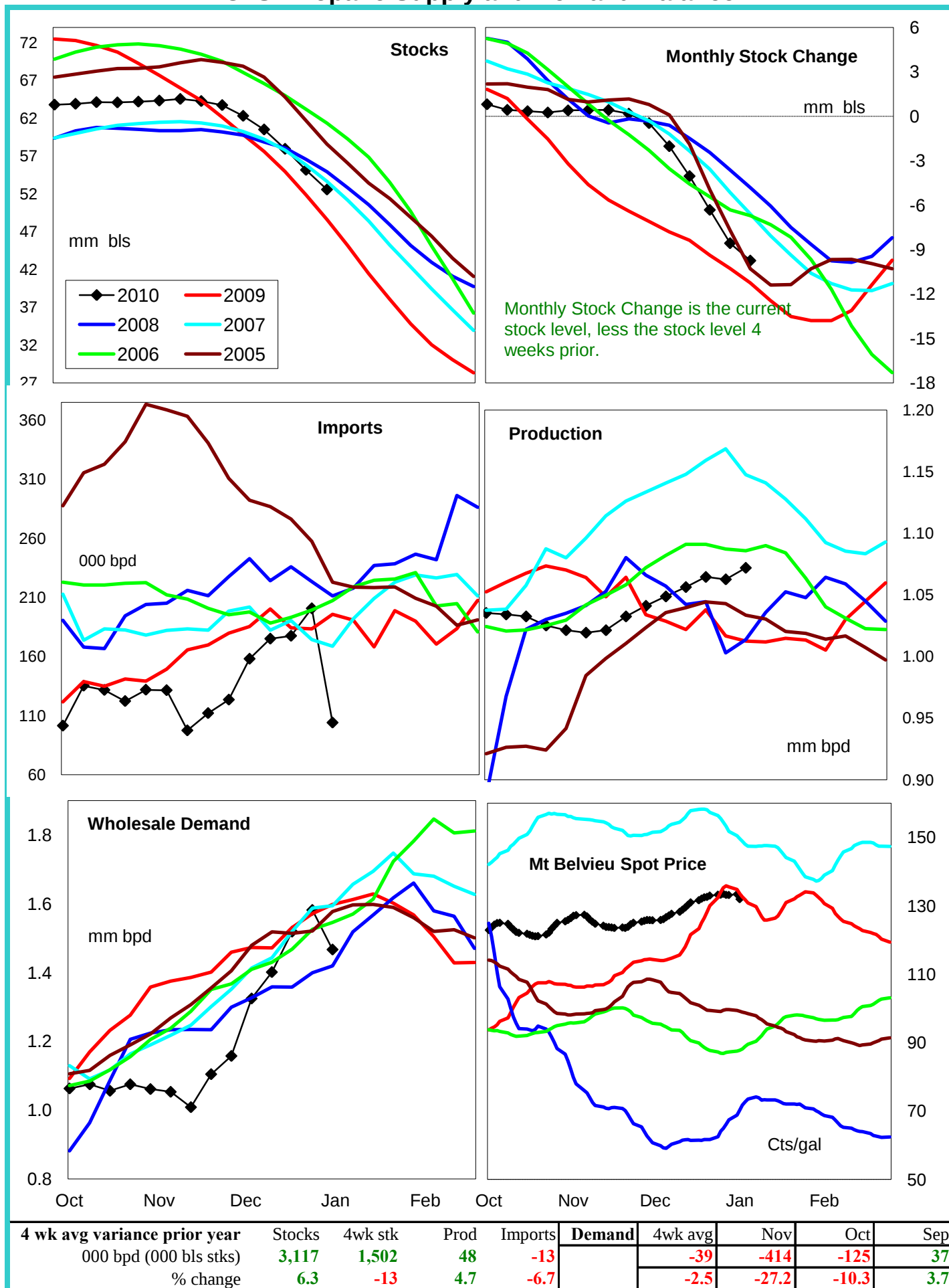
Tuesday, October 26, 2010

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	133.2	133.6	125.2	139.1	-0.46	8.40	-13.93	-0.3	6.7	-10.0
Conway Spot	128.4	128.4	119.8	140.6	0.01	8.64	-20.83	0.0	7.2	-14.8

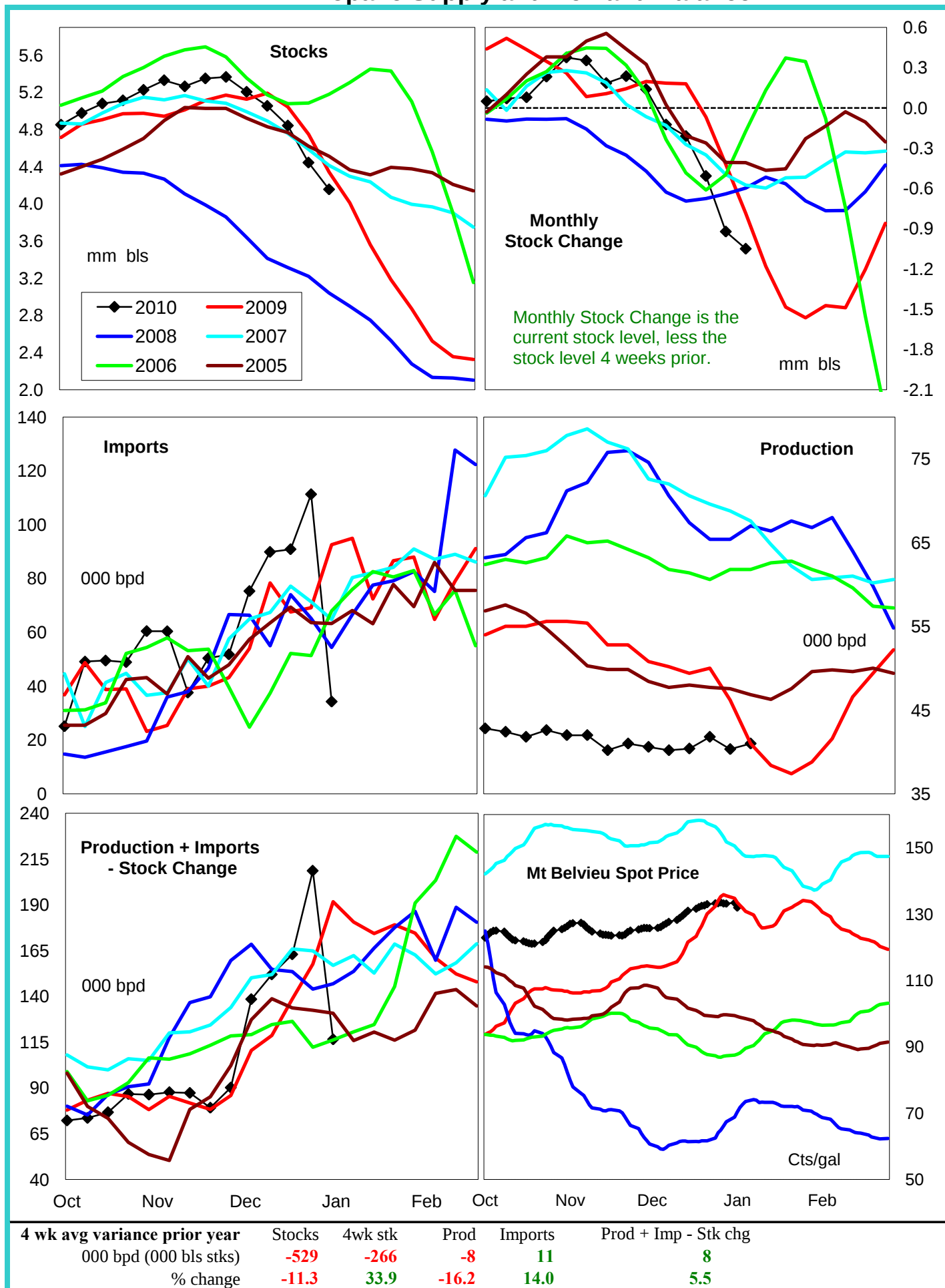
Key Price Spreads and Differentials



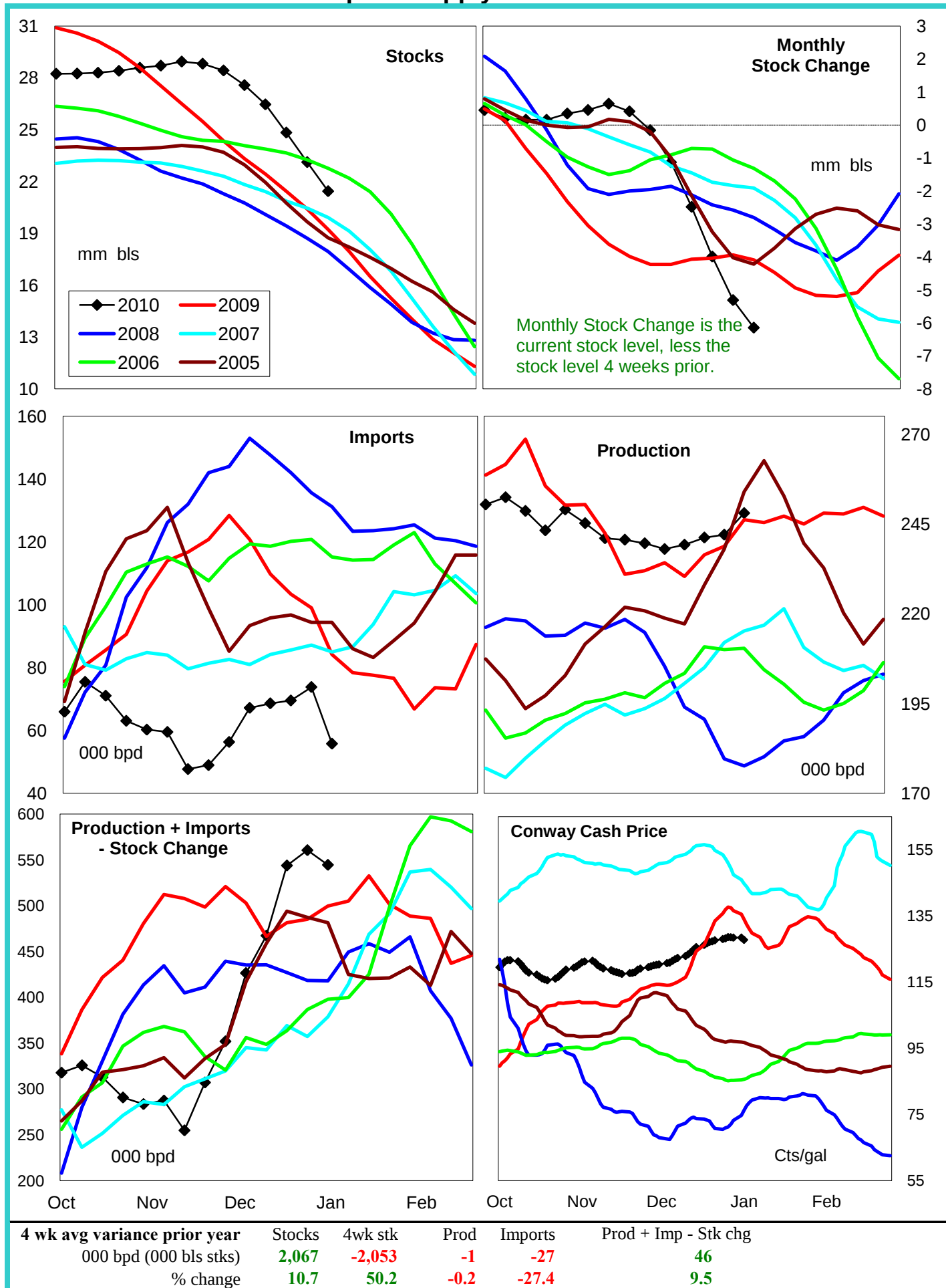
U. S. Propane Supply and Demand Balance



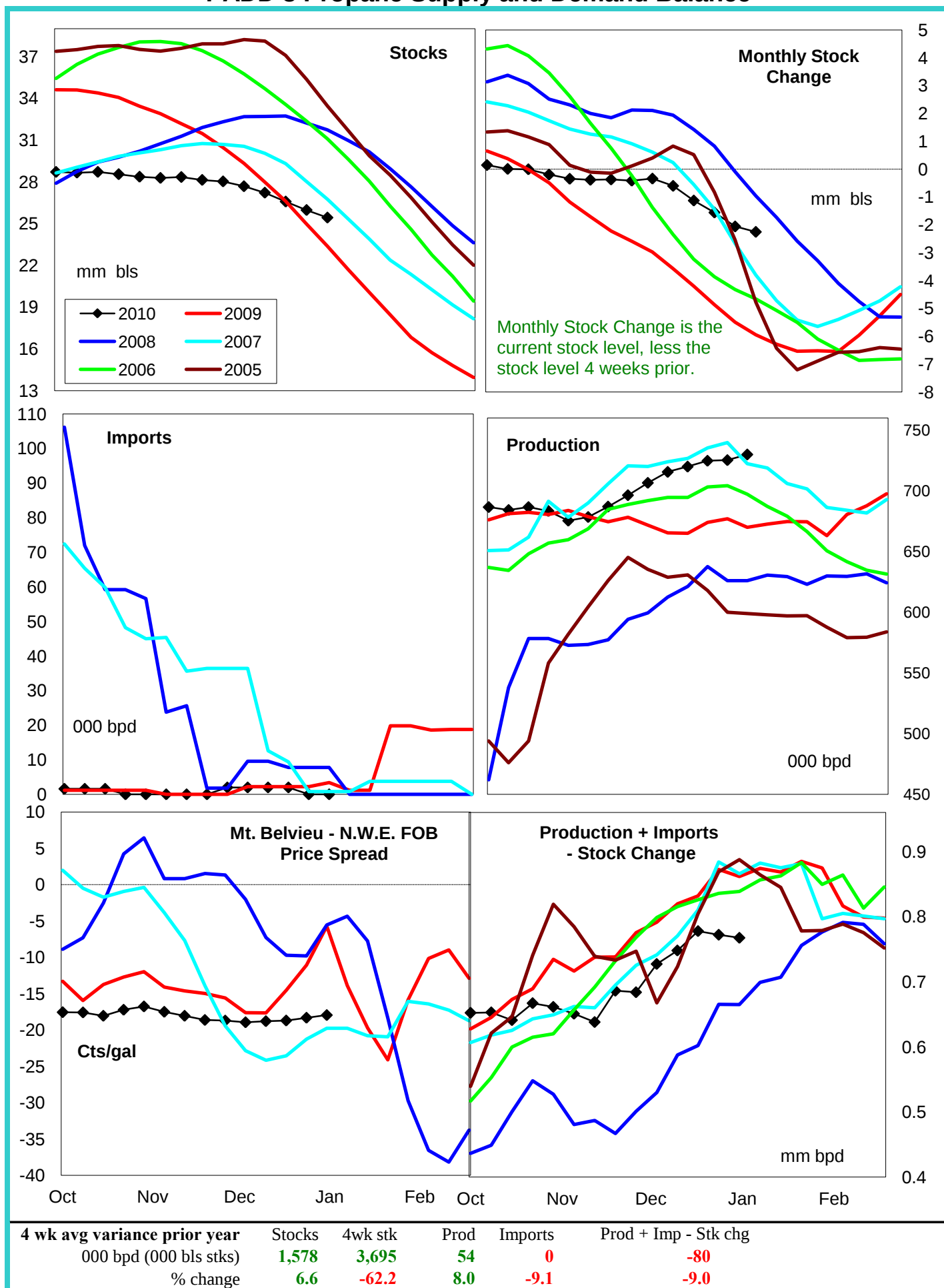
PADD 1 Propane Supply and Demand Balance



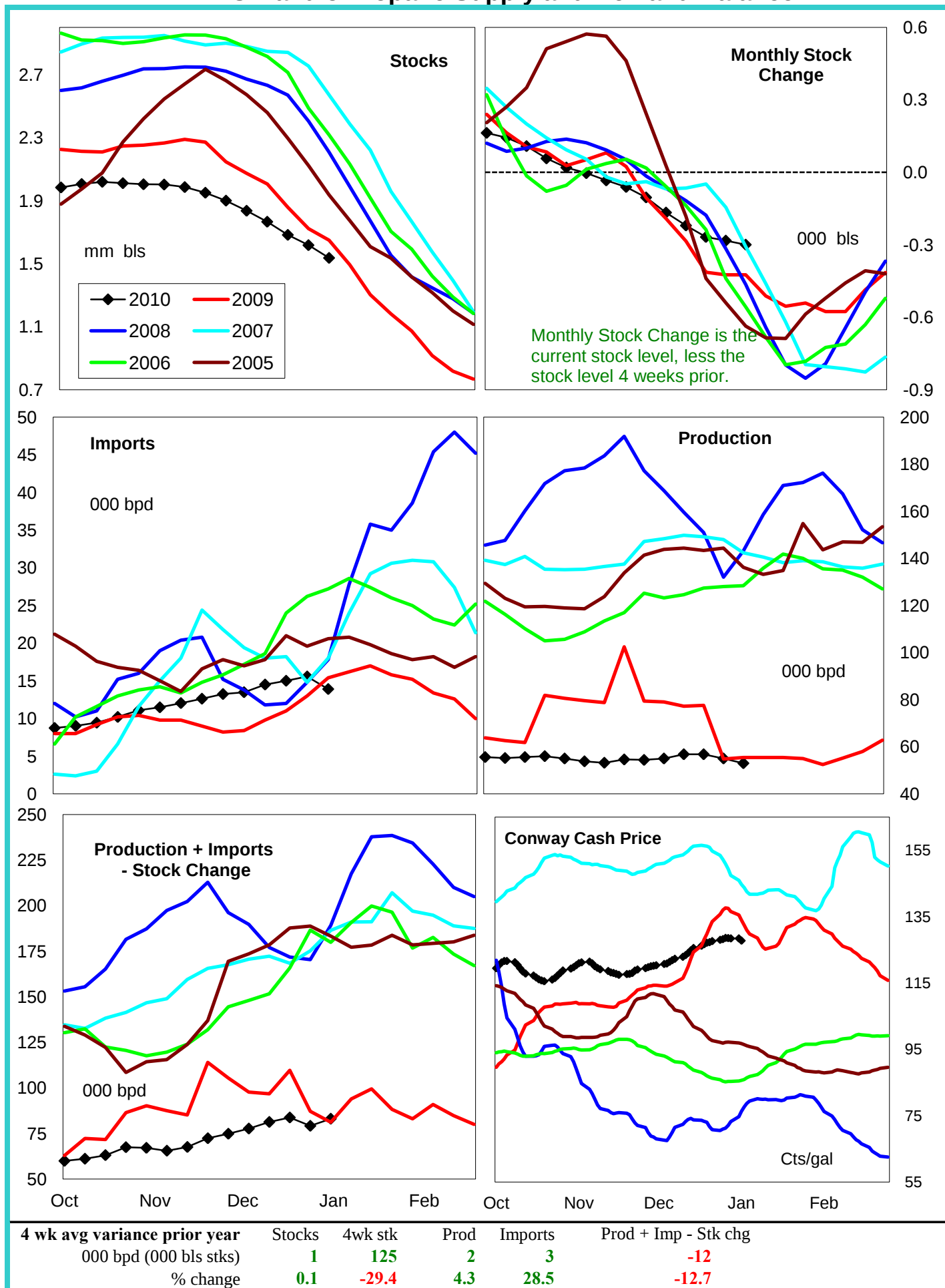
PADD 2 Propane Supply and Demand Balance



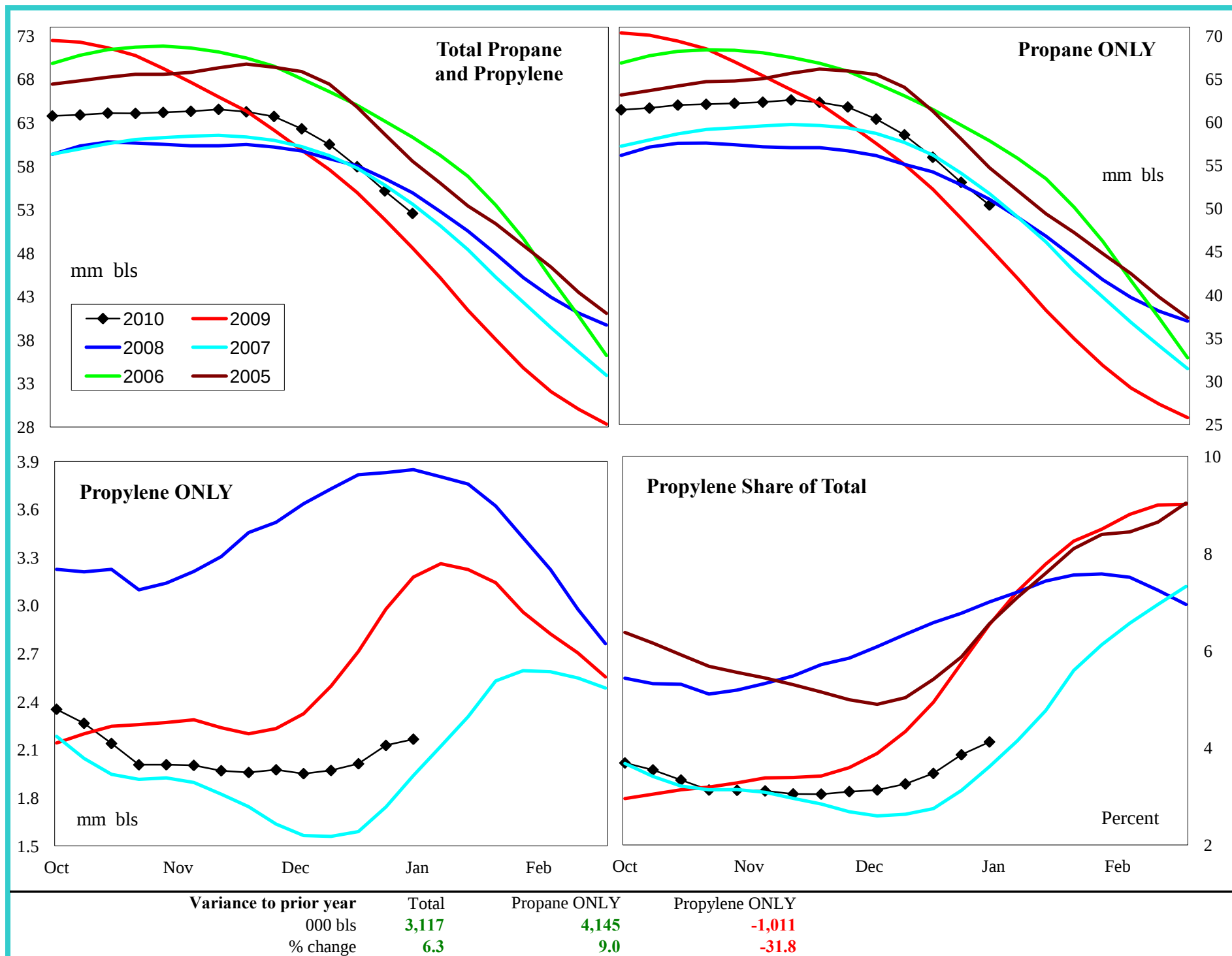
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

