
**FUNDAMENTAL
PETROLEUM
TRENDS**

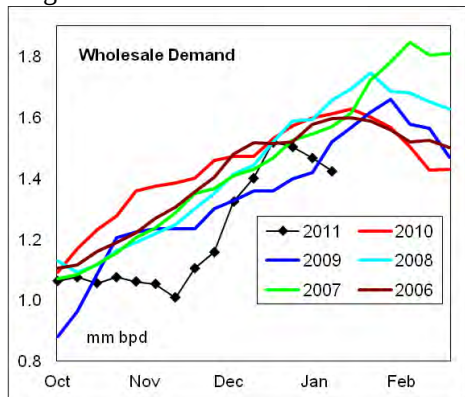
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

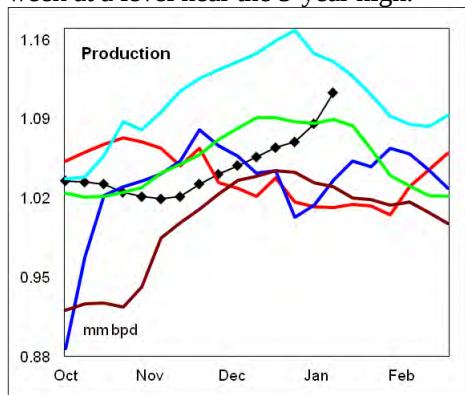
 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, January 12, 2011


Summary¹:

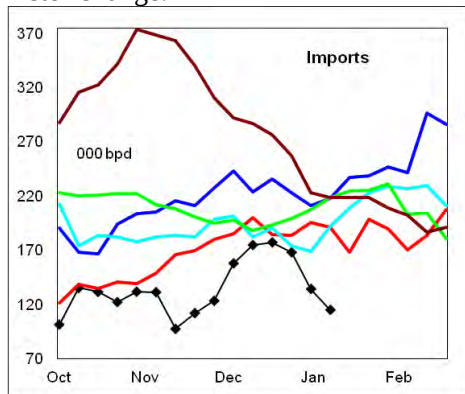
Wholesale demand declined -43,000 bpd last week, to a level below the 5-year range.



Production increased +41,000 bpd on the week at a level near the 5-year high.



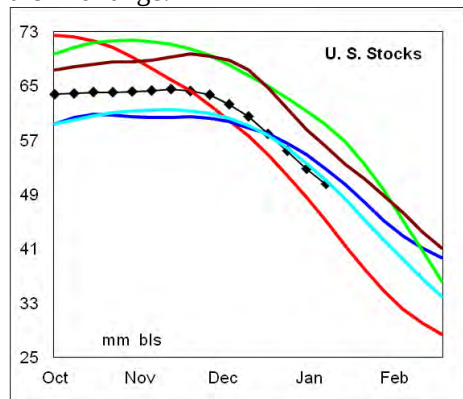
Import levels remain well below the historic range.



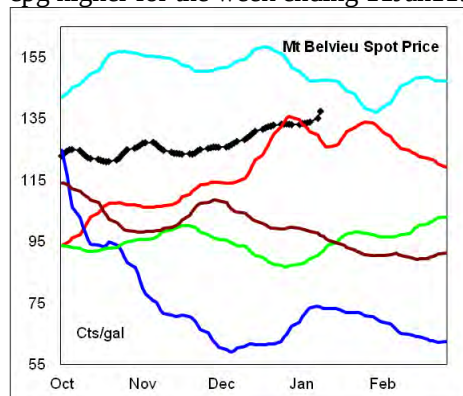
Combined production and imports during the latest 4-wk period were +46,000 bpd above a year ago. Production was +49,000 bpd above last

year, and above the mid range while imports were -3,000 bpd lower. The latest 4-wk average demand was -6,000 bpd below last year.

Stocks decreased -2 million barrels this week, with the 4-wk draw of -10 million barrels, greater than the historic mid range. The U.S. stock level is below the mid range.



Price and Spreads Mt Belvieu spot prices increased +5.50 cpg and Conway was +4 cpg higher for the week ending 11Jan11.



The Conway – Mt Belvieu price spread trended lower late in the week ending 11Jan11. The spread ended the week at the low end of the historic range.

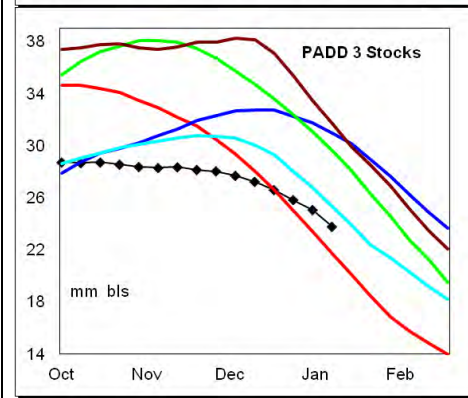
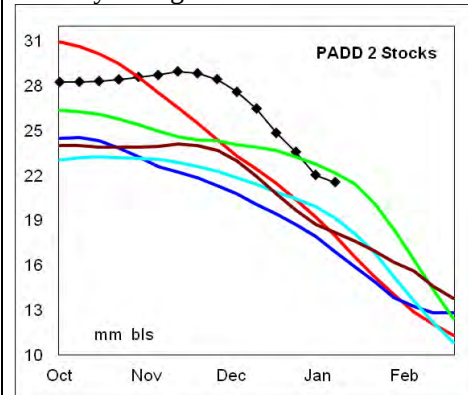
The propane to natural gas price spread trended higher last week on strength in propane prices. The spread remains well above the historic range.

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

PADD 1 stocks declined -0.5 million barrels last week on peak season demand. Supply increased +17,000 bpd on the week, to a level at the low end of the historic range. Supply for the latest

4-wk period increased +12,000 bpd compared to a year ago. Stock levels were well below the mid range.

PADD 2 stocks increased +0.1 million barrels last week. Production decreased -8,000 bpd while imports were -1,000 bpd lower. The latest 4-wk average supply was -19,000 bpd below a year ago, on lower imports. Stock levels are near 5-year highs.



PAD 3 stocks decreased -1.7 million barrels on the week. Production increased +30,000 bpd, to a new 5-year season high. Stock levels were at the low end of the 5-year range.

PADDs 4 & 5 stocks were unchanged on the week with the level matching 5-year lows.

Emerging Trends Heating degree days continue at above normal levels for the next 10-days. Stock levels remain very ample in the Midwest, but near 5-year lows in other regions. Supplies are near the historic mid range.

Propane spot prices are unusually sensitive to heating demand. Expect near term strength, with downside risk on any warming trends.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

January 12, 2011

Fundamental Trends for the Week Ending:

Friday, January 07, 2011

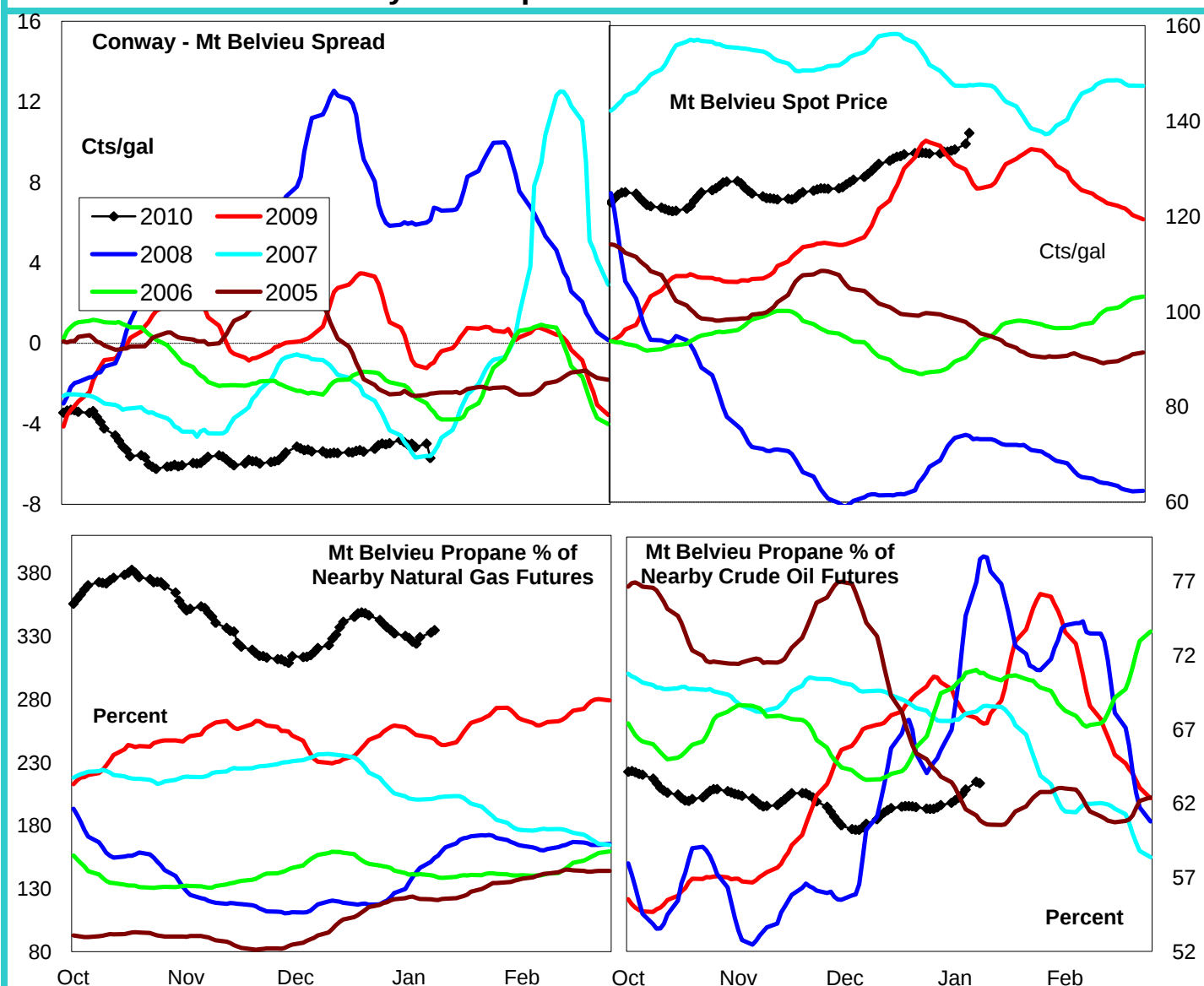
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	50,550	3,703	21,549	23,743	1,555	-2,008	-453	114	-1,687	18
Propylene Stocks	2,352					186				
Production	1,113	48	240	760	65	41	7	-8	30	12
Imports	115	45	55	0	16	11	10	-1	0	2
Whsle Demand	1,424					-43				

Price Trends for the Week Ending:

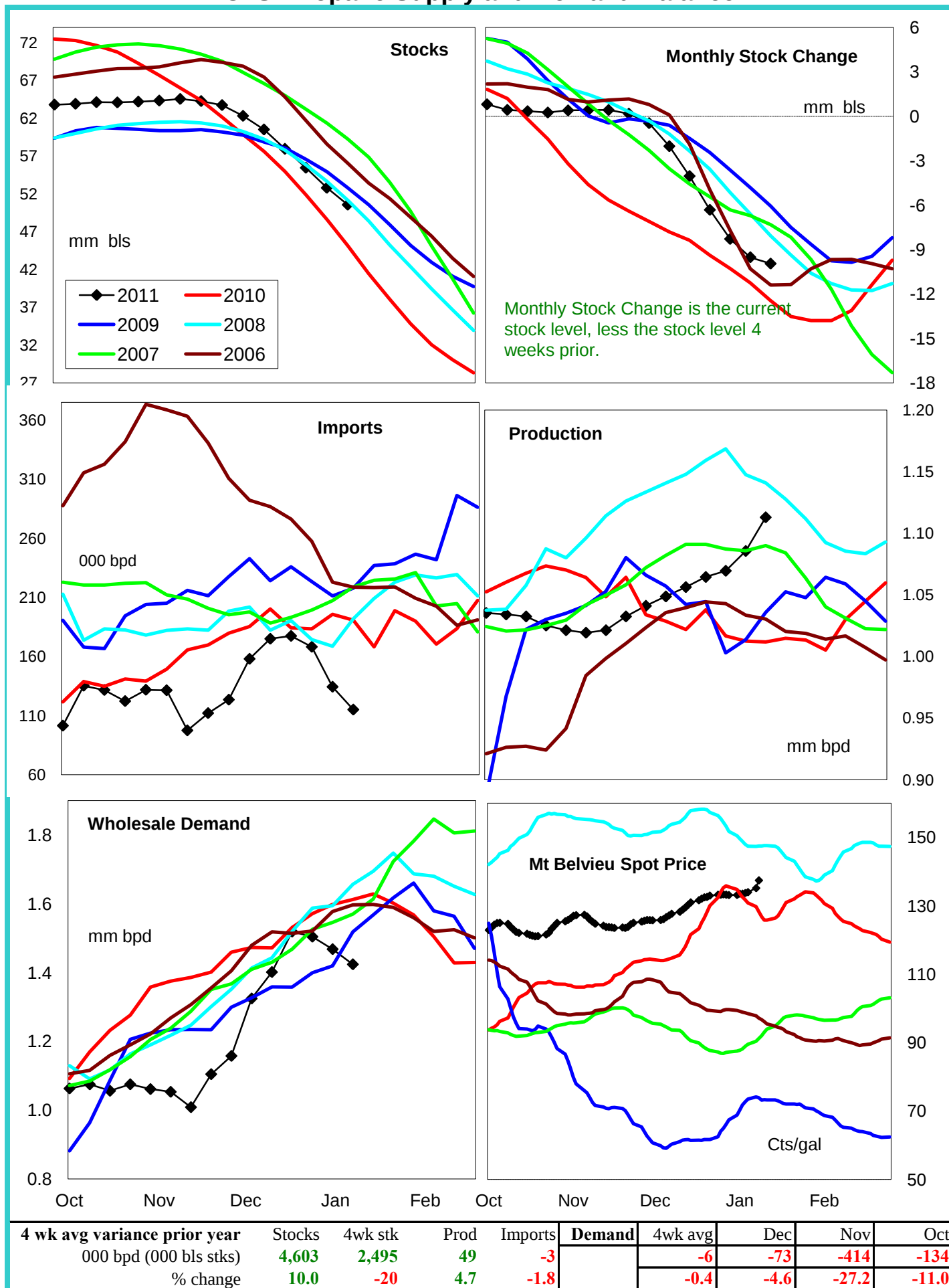
Tuesday, January 11, 2011

Cents/gal	Average for week ending:				Change from:			% change from:		
	1/11/11	1/4/11	12/14/10	1/6/10	1/4/11	12/14/10	1/6/10	1/4/11	12/14/10	1/6/10
Mont Belvieu Spot	134.0	133.2	127.4	128.3	0.83	5.79	-0.92	0.6	4.5	-0.7
Conway Spot	128.8	128.4	122.1	127.3	0.41	6.28	-5.15	0.3	5.1	-4.0

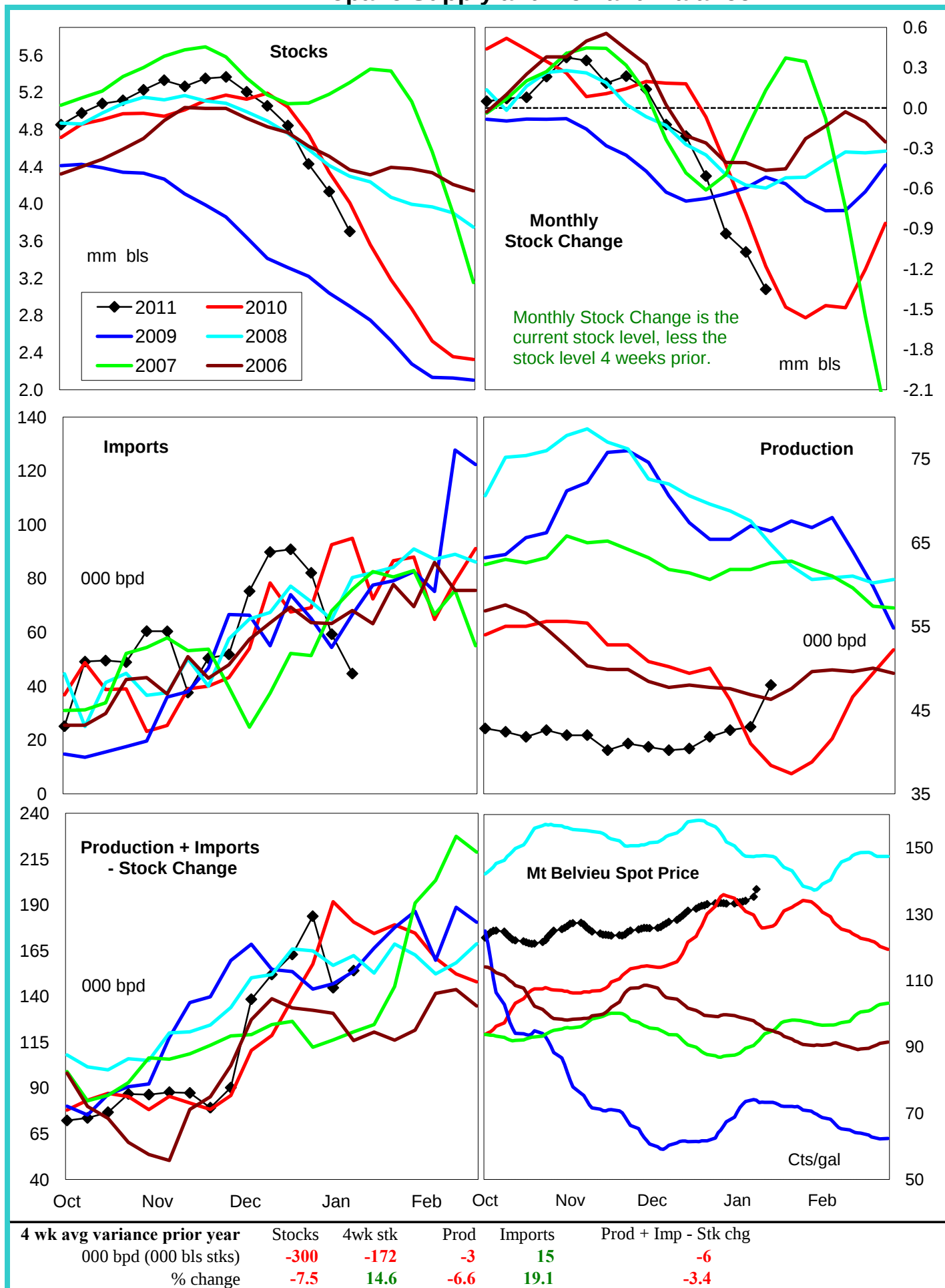
Key Price Spreads and Differentials



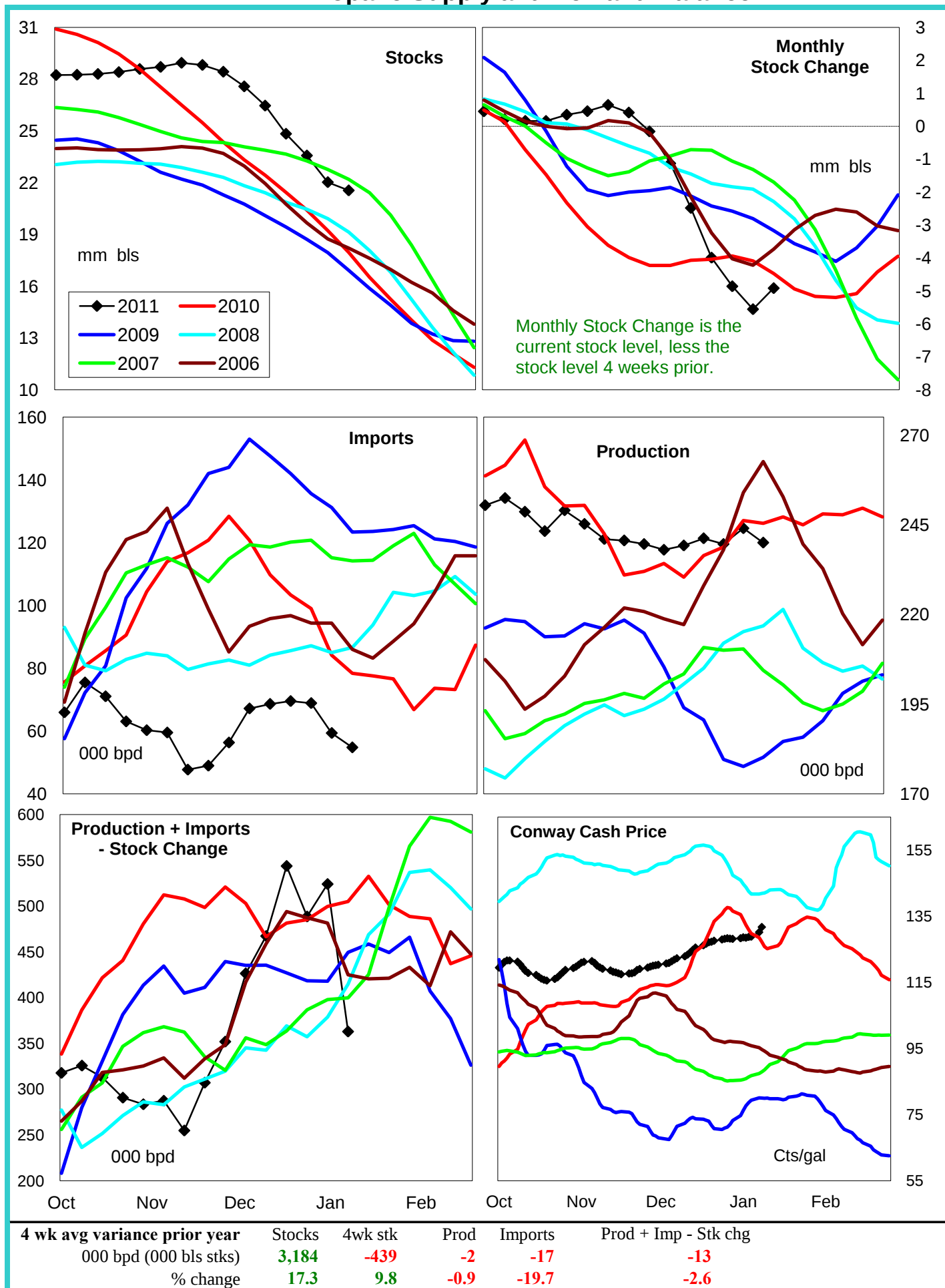
U. S. Propane Supply and Demand Balance



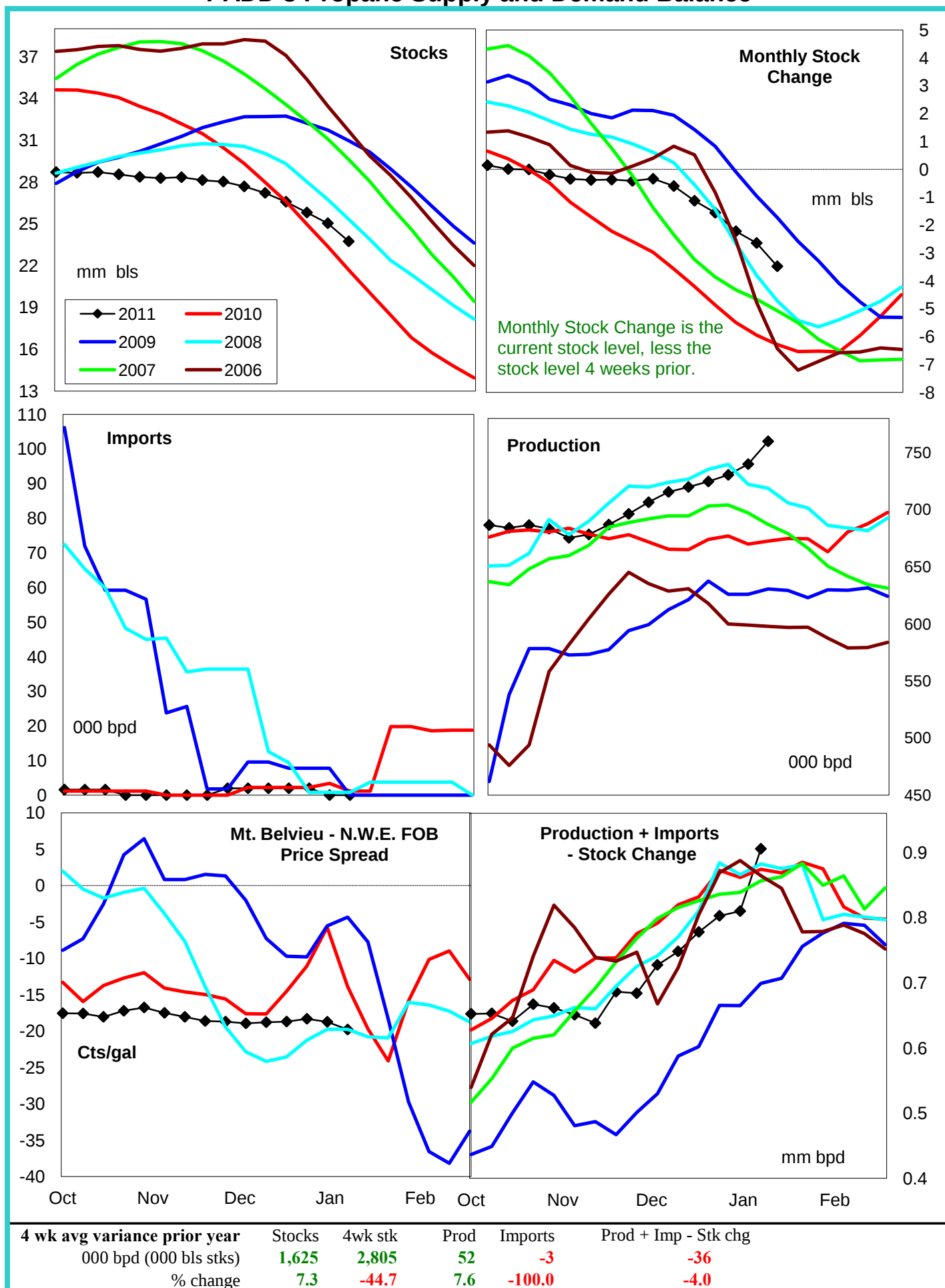
PADD 1 Propane Supply and Demand Balance



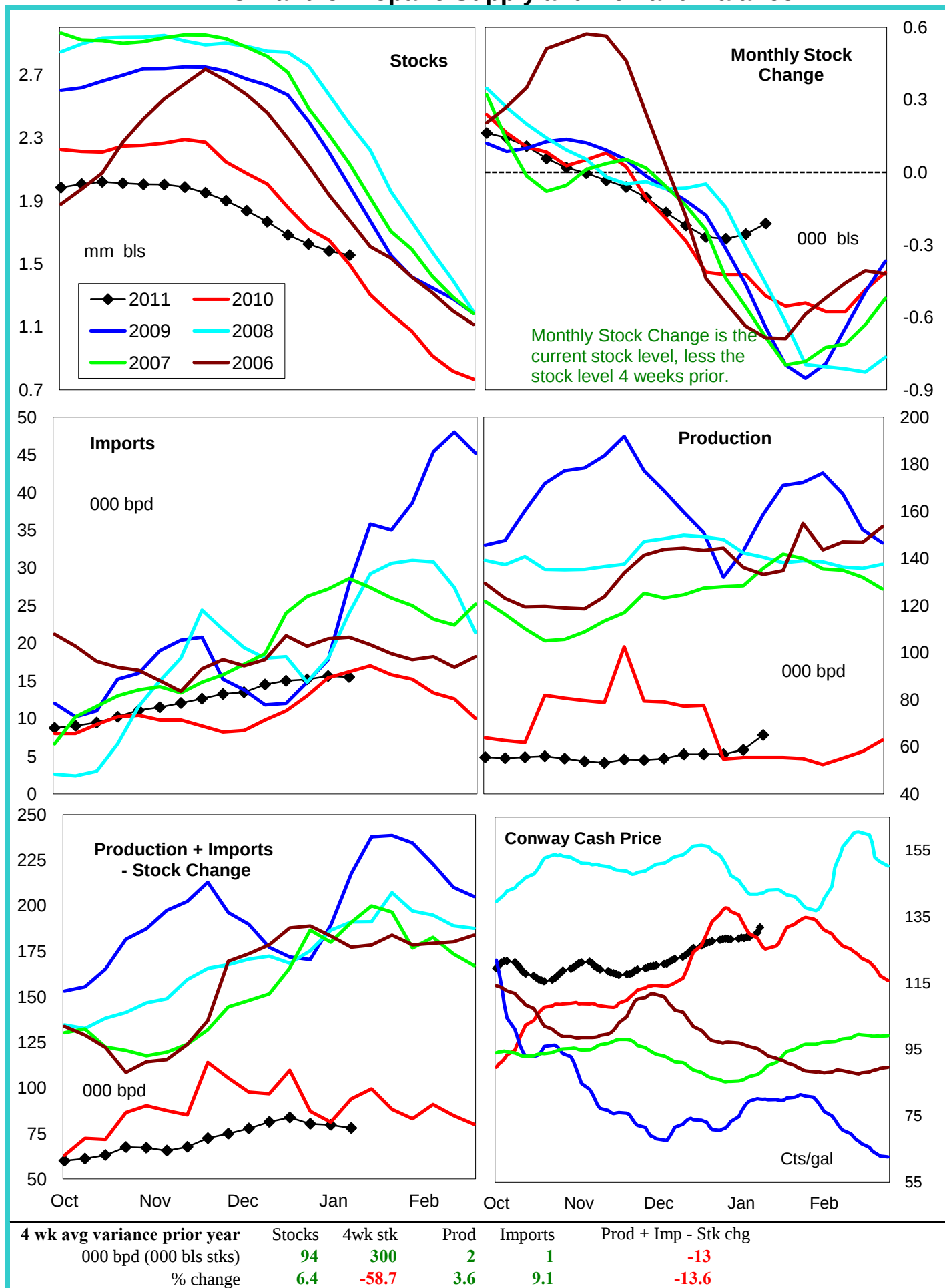
PADD 2 Propane Supply and Demand Balance



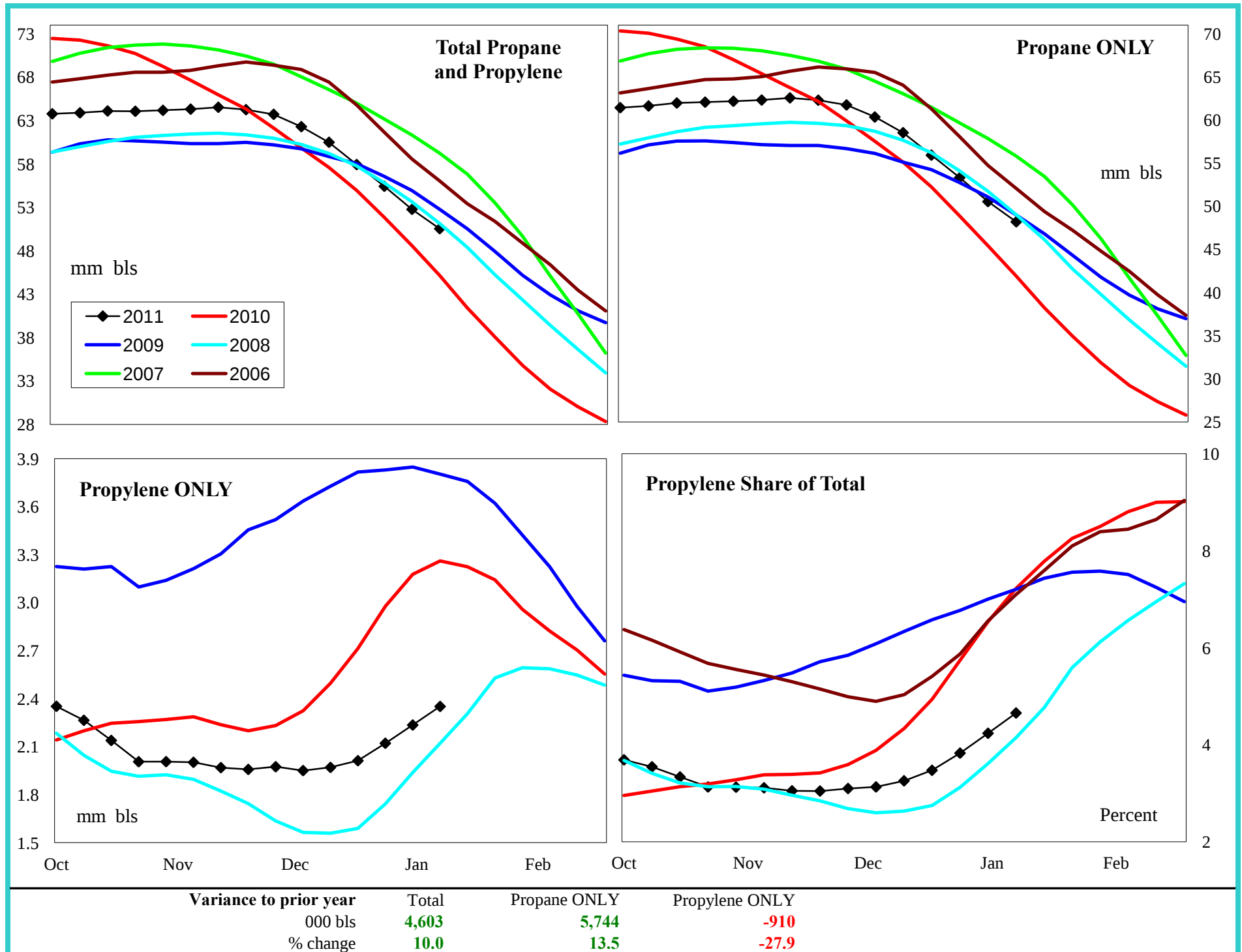
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

