WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, January 20, 2011

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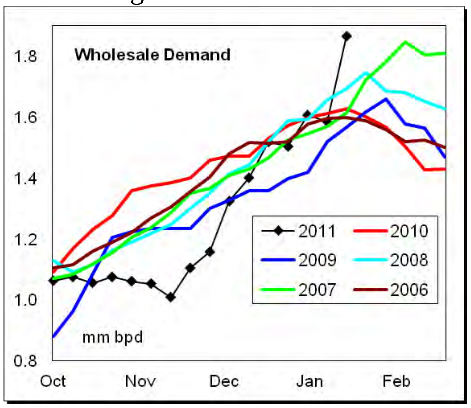
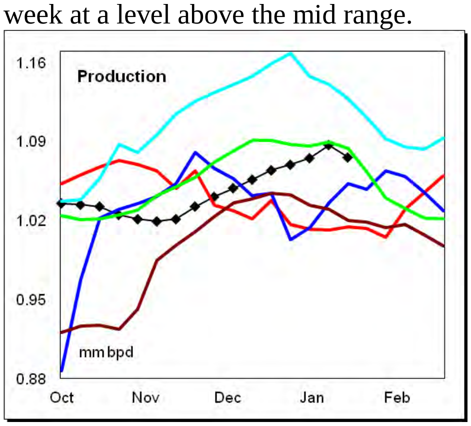
Summary[1]:

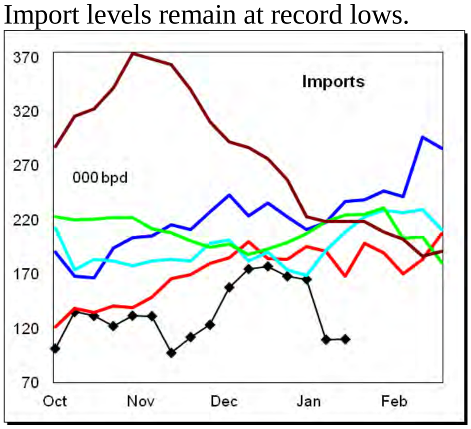
Wholesale demand surged +443,000 bpd last week, a level sharply above the historic range.



Production decreased -37,000 bpd on the week at a level above the mid range.

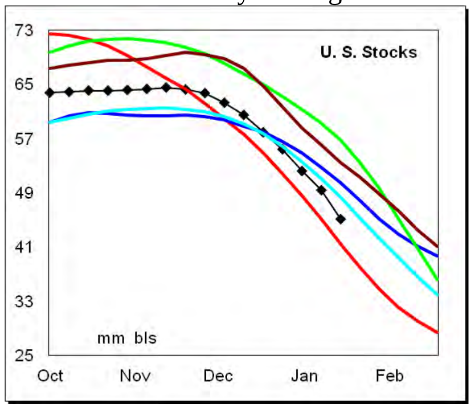


Import levels remain at record lows.

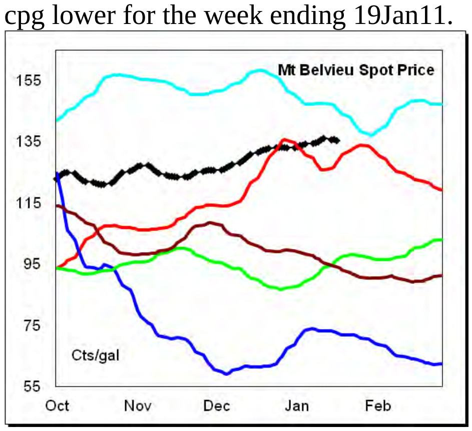


Combined production and imports during the latest 4-wk period were -3,000 bpd below a year ago. Production was +66,000 bpd above last year, and above the mid range while imports were -69,000 bpd lower. The latest 4-wk average demand was -28,000 bpd below last year.

Stocks decreased -5.4 million barrels this week, with the 4-wk draw of -12.8 million barrels, comparable to last years' record draw. The U.S. stock level is at the low end of the 5-year range.



Price and Spreads Mt Belvieu spot prices decreased -2 cpg and Conway was -2.25 cpg lower for the week ending 19Jan11.



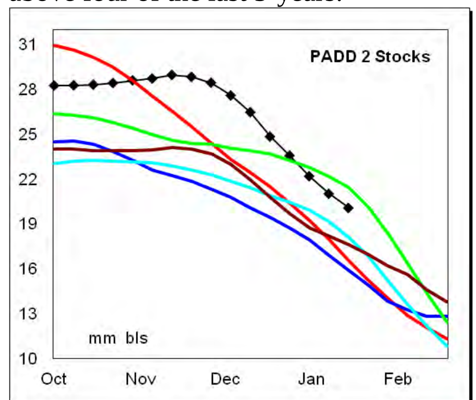
The Conway – Mt Belvieu price spread traded sideways last week ending 19Jan11. The spread ended the week at the low end of the historic range.

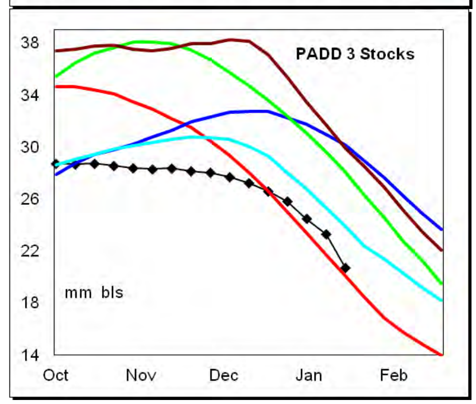
The propane to natural gas price spread was nearly unchanged last week. The spread remains well above the historic range on weak gas prices

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

PADD 1 stocks declined -0.6 million barrels last week on peak season demand. Supply decreased -19,000 bpd on the week, to a level at the low end of the historic range. Supply for the latest 4-wk period fell -43,000 bpd compared to a year ago on record low imports. Stock levels were near historic lows for this time of year.

PADD 2 stocks declined -1.5 million barrels last week. Production increased +9,000 bpd while imports were +14,000 bpd higher. The latest 4-wk average supply was -19,000 bpd below a year ago, on lower imports. Stock levels are above four of the last 5-years.





PAD 3 stocks fell -3.1 million barrels on the week. Production decreased -37,000 bpd, although the level remains above the historic range. Stock levels matched last years' 5-year lows.

PADDs 4 & 5 stocks decreased -0.2 million barrels to a level than matches 5-year lows.

Emerging Trends A very wide snow pack across key heating markets, very low stock levels in all regional markets outside the Midwest, and strength in foreign markets for Gulf exports points to the risk of a supply squeeze in late winter. Price trends should be driven by winter heating demand in the near term.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

January 20, 2011

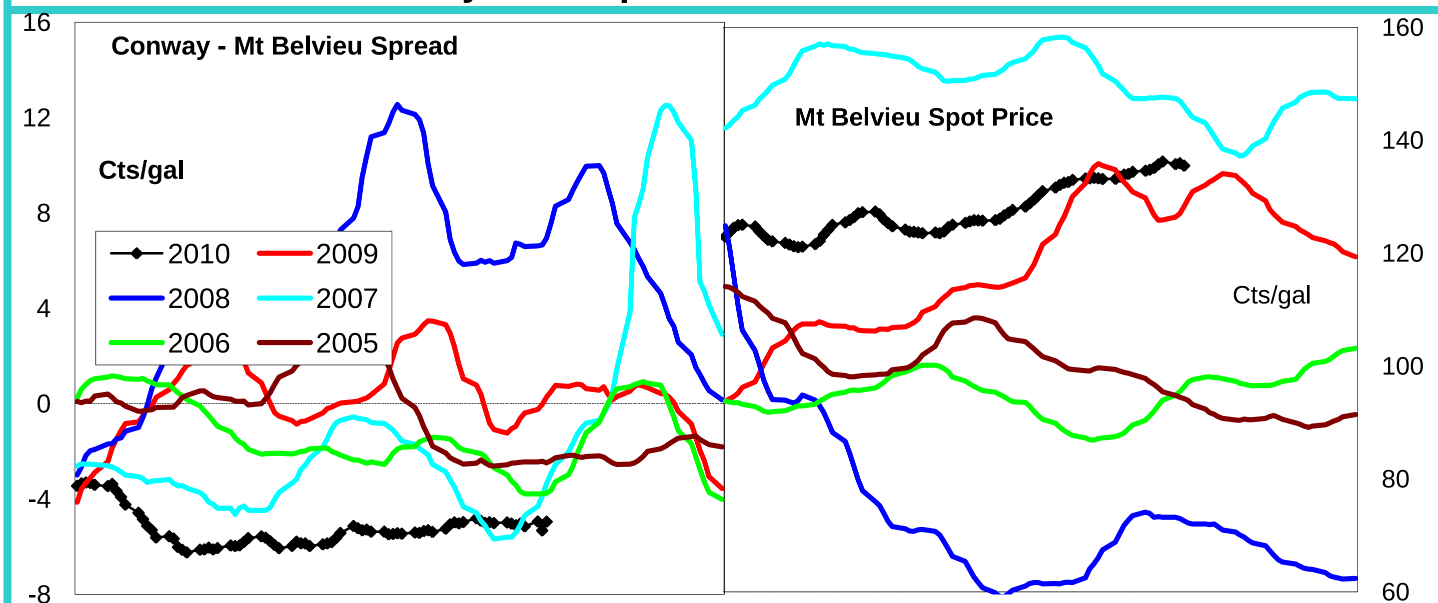
Fundamental Trends for the Week Ending: Friday, January 14, 2011

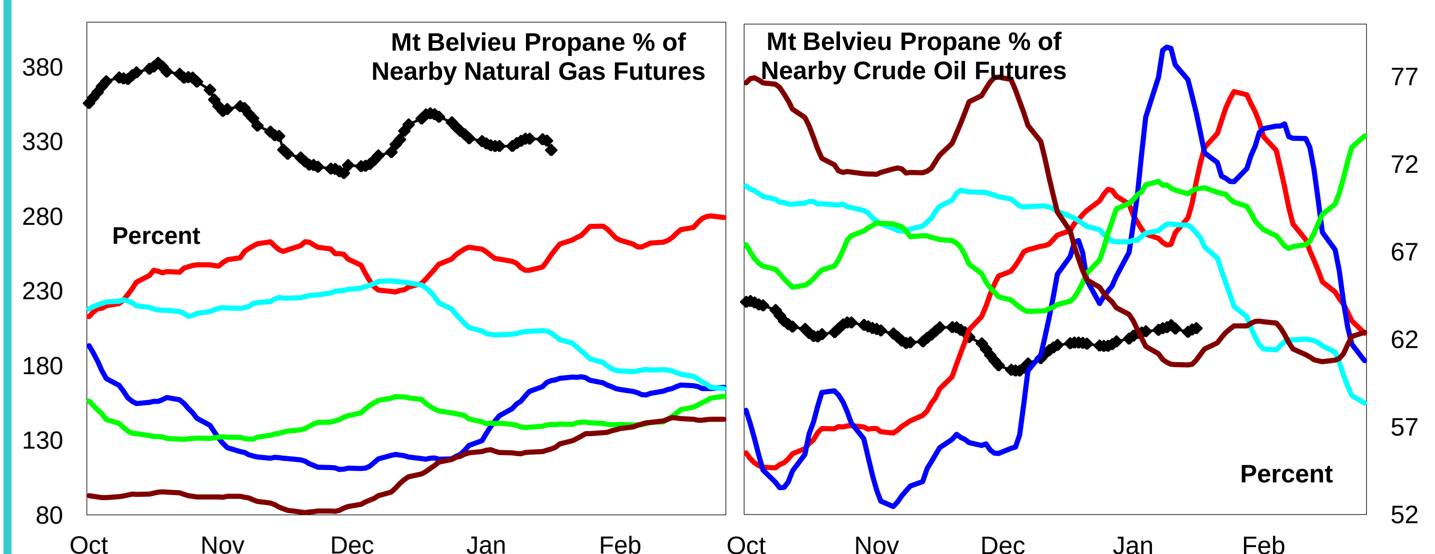
000 bpd / Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	45,141	3,058	20,074	20,693	1,316	-5,409	-645	-1,475	-3,050	-239
Propylene Stocks	2,531					179				
Production	1,076	43	249	723	61	-37	-5	9	-37	-4
Imports	110	31	66	0	14	-5	-14	11	0	-2
Whsle Demand	1,867					443				

Price Trends for the Week Ending: Tuesday, October 26, 2010

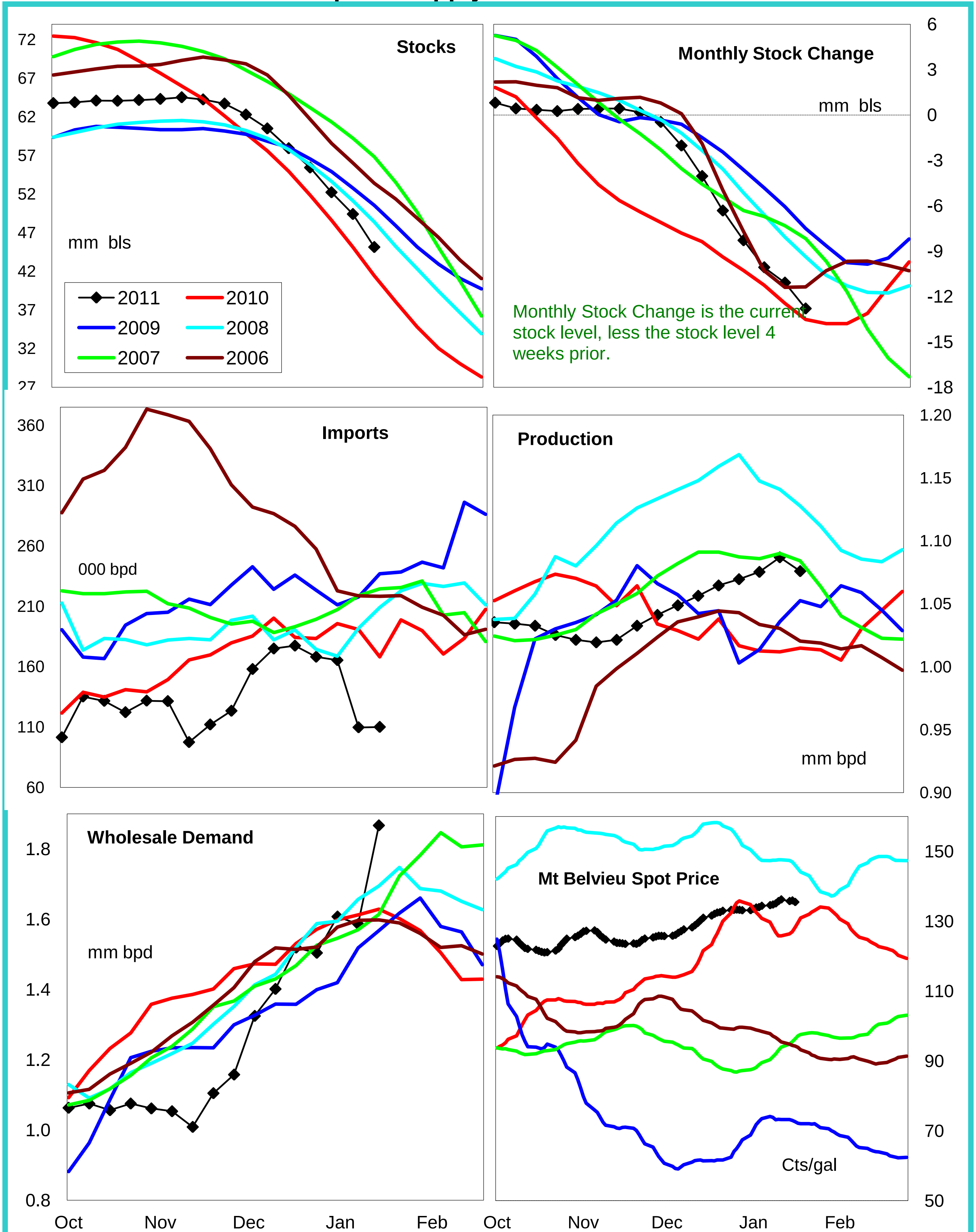
Cents/gal	Average for week ending:				Change from:			% change from:		
	10/26/10	10/19/10	9/28/10	10/16/09	10/19/10	9/28/10	10/16/09	10/19/10	9/28/10	10/16/09
Mont Belvieu Spot	135.8	134.9	131.4	126.4	0.88	3.45	5.06	0.6	2.6	4.0
Conway Spot	130.8	129.6	125.7	126.2	1.20	3.97	-0.53	0.9	3.2	-0.4

Key Price Spreads and Differentials





U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Dec	Nov	Oct
000 bpd (000 bls stks)	4,003	718	66	-69		-28	-73	-414	-134
% change	9.7	-5	6.5	-34.9		-1.8	-4.6	-27.2	-11.0

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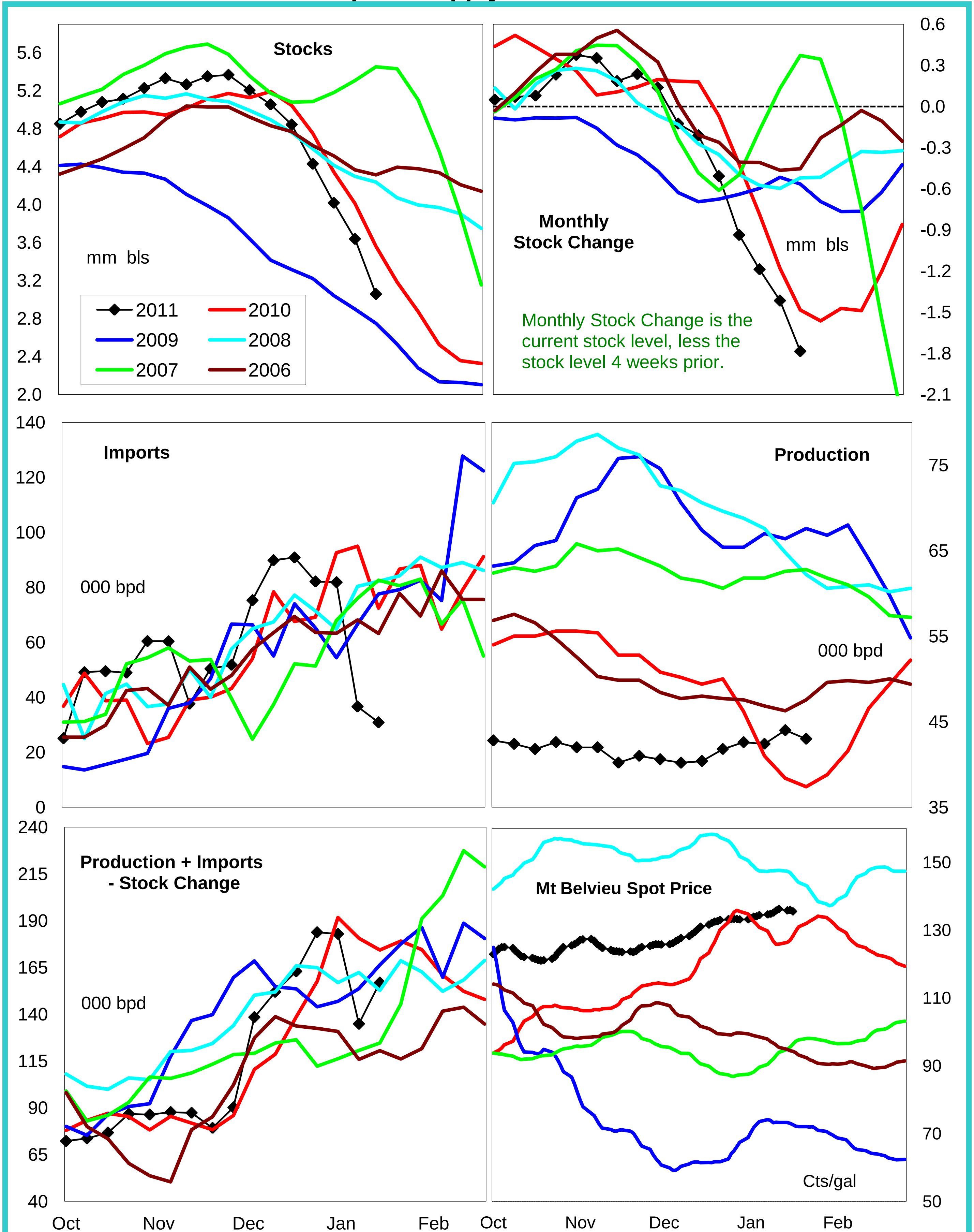
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-83	-301	5	-48	-11
% change	-2.6	20.3	11.7	-47.6	-6.5

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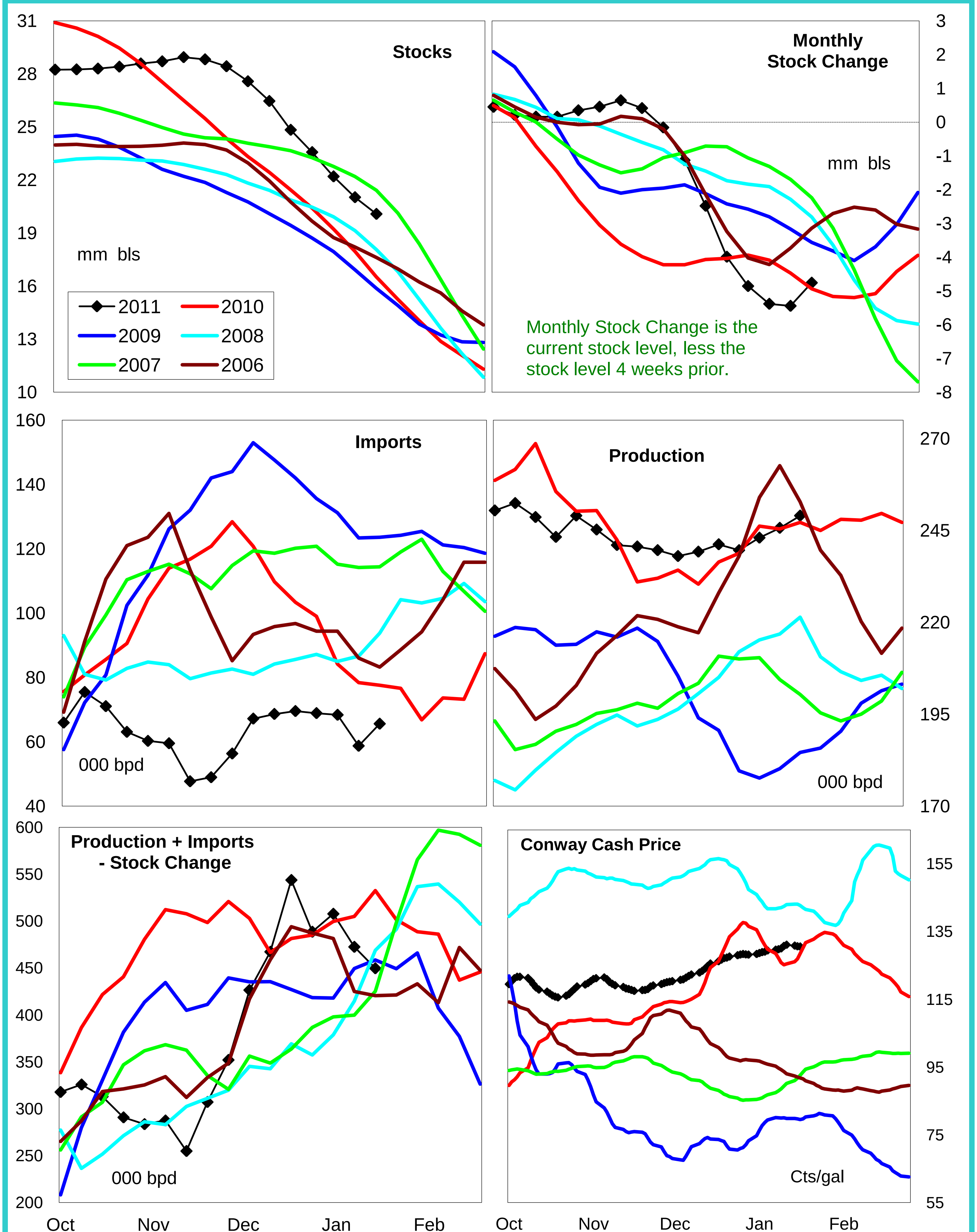
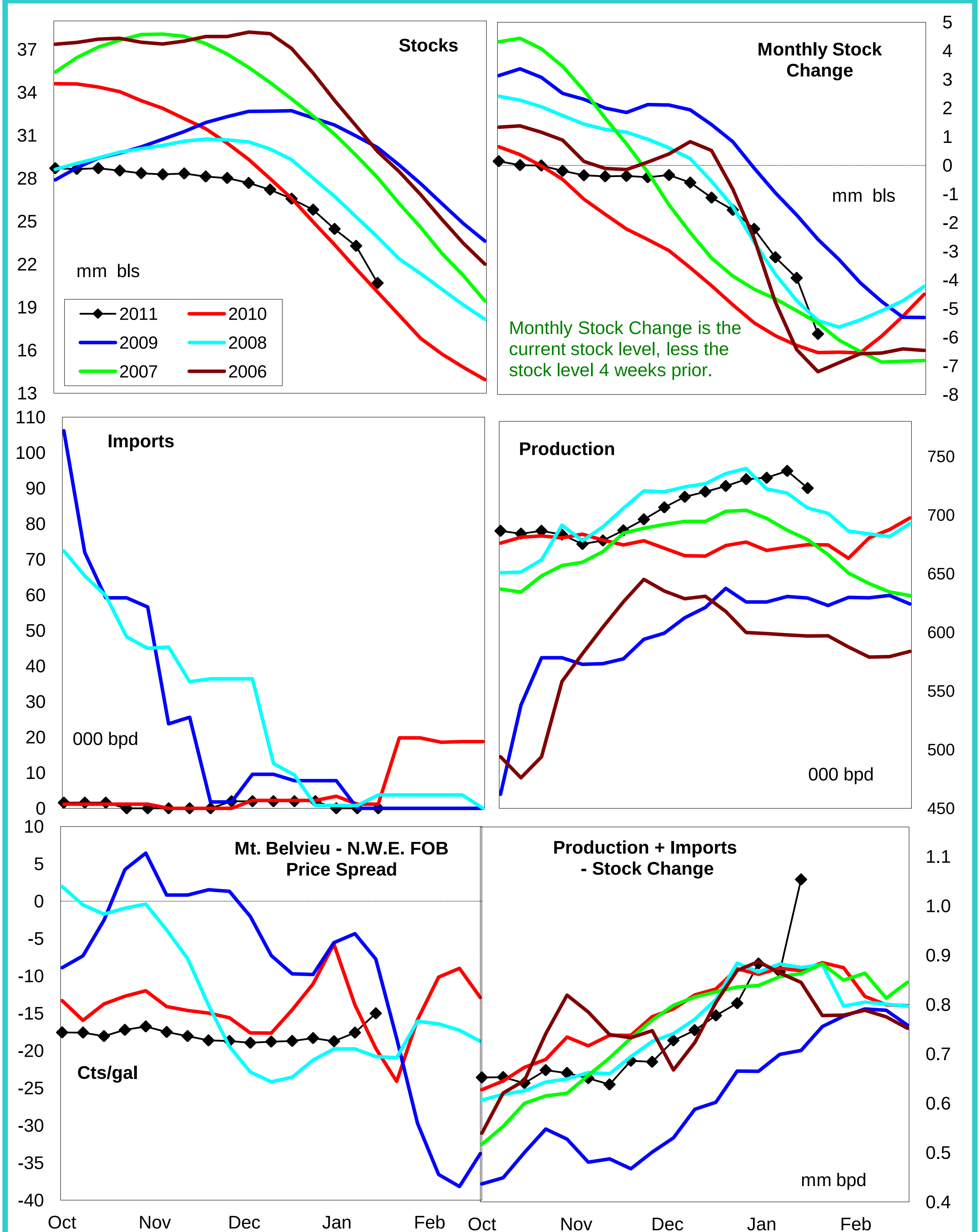
PADD 2 Propane Supply and Demand Balance



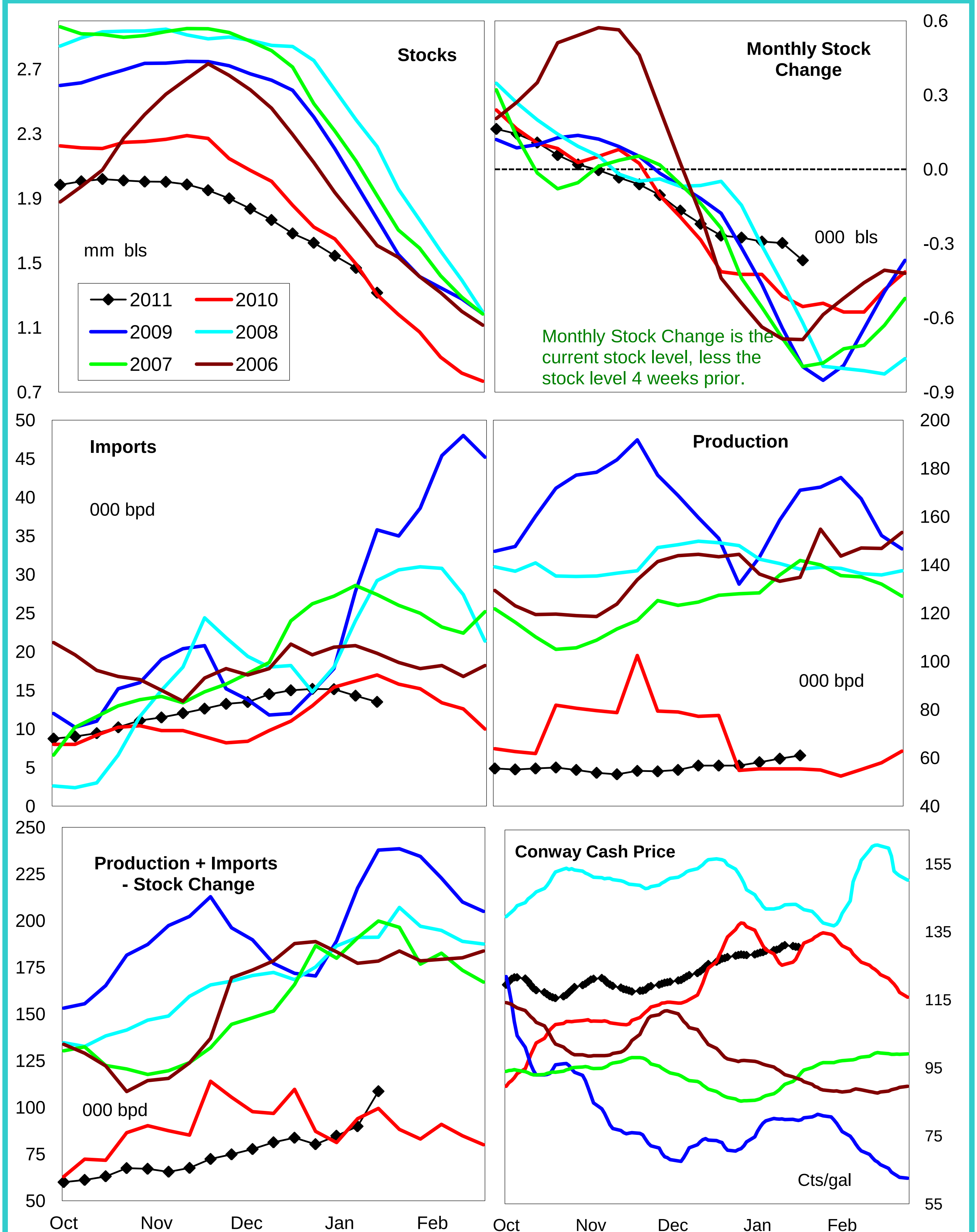
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	3,592	180	-1	-18	-26
% change	21.8	-3.6	-0.3	-23.1	-5.1

PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	610	651	60	-2	32
% change	3.0	-10.0	8.8	-100.0	3.6

PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-116	187	3	-1	0
% change	-8.1	-33.8	4.9	-8.5	0.5

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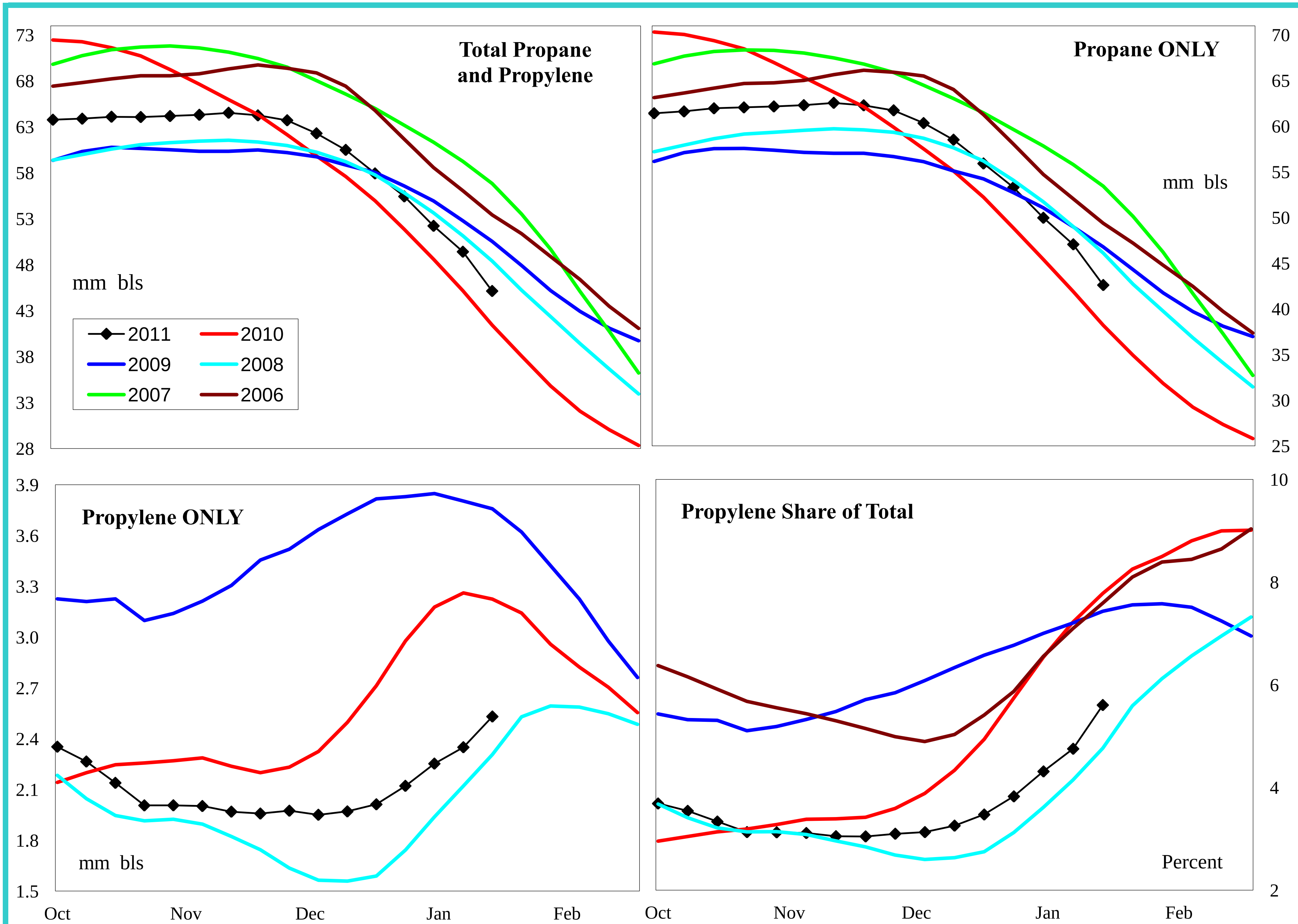
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	4,003	4,906	-693
% change	9.7	13.0	-21.5

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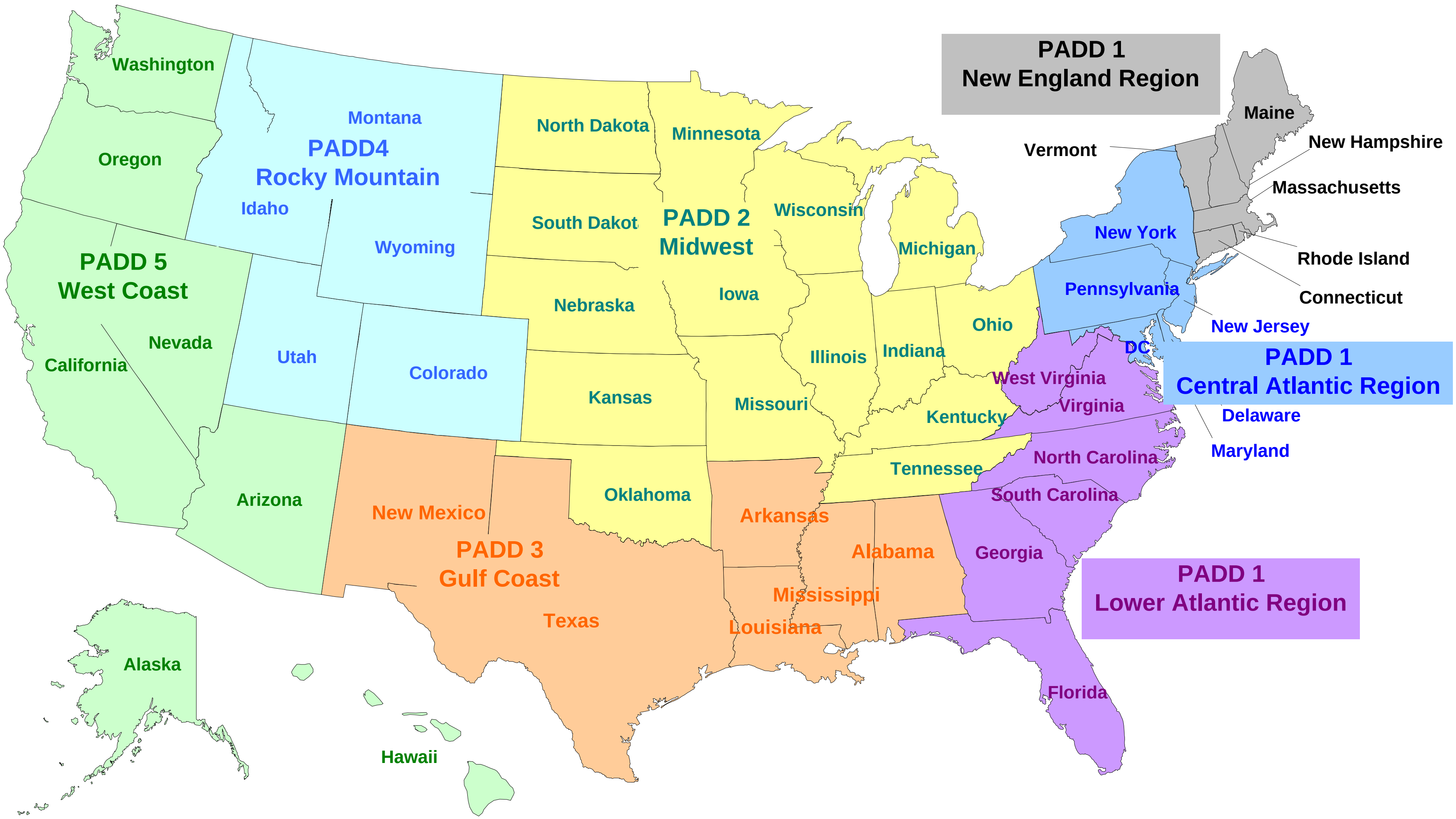
U. S. Petroleum Administrative for Defense Districts (PADDs)



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