
**FUNDAMENTAL
PETROLEUM
TRENDS**

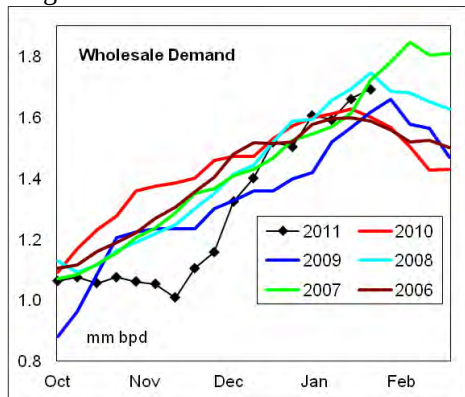
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

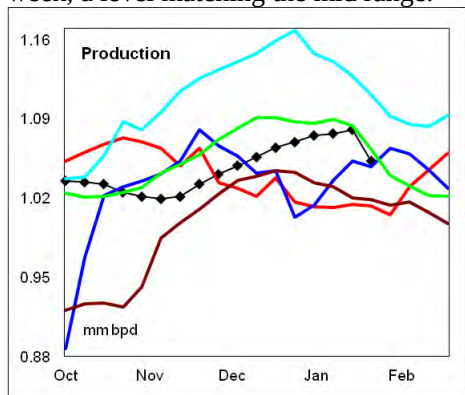
 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, January 26, 2011


Summary¹:

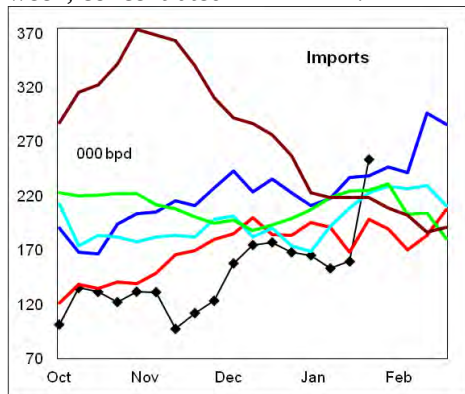
Wholesale demand fell -174,000 bpd last week, a level above the historic mid range.



Production decreased -23,000 bpd on the week, a level matching the mid range.



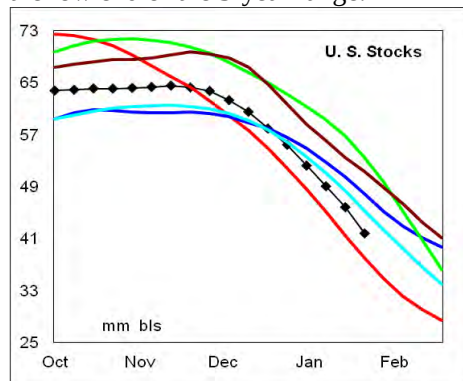
Imports surged +144,000 bpd on the week, concentrated in PADD 1.



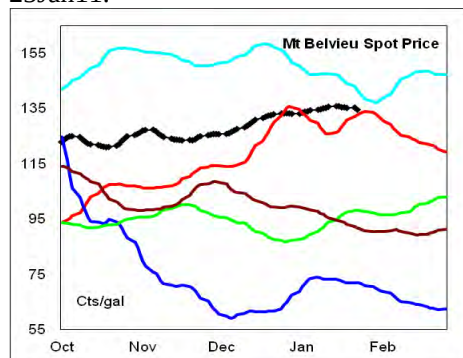
Combined production and imports during the latest 4-wk period were +29,000 bpd above a year ago. Production was +63,000 bpd above last

year, and above the mid range while imports were -34,000 bpd lower. The latest 4-wk average demand was -58,000 bpd below last year.

Stocks decreased -3.3 million barrels this week, with the 4-wk draw of -13.6 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 -1.50 cpg and Conway was -5.75 cpg lower for the week ending 25Jan11.



The Conway – Mt Belvieu price spread traded fell last week ending 25Jan11 on a sharp drop in Midwest prices. The spread ended the week at a record low.

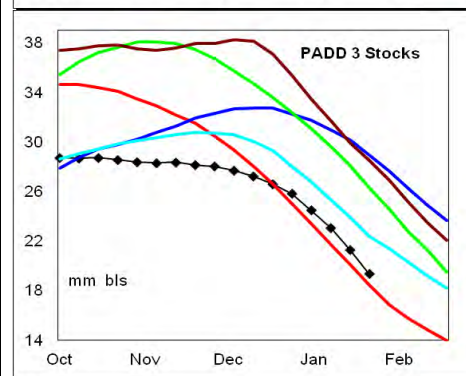
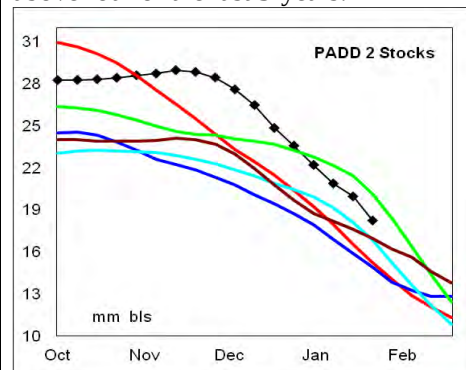
The propane to natural gas price spread was nearly unchanged last week. The spread remains well above the historic range on weak gas prices

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

PADD 1 stocks were unchanged on the week, with a +154,000 bpd spike in imports offset by extremely high heating demand and receipts into private storage. Supply for the latest 4-wk period was unchanged compared to a year. Stock

levels were comparable to the last 2-years.

PADD 2 stocks declined -1.8 million barrels last week. Production decreased -8,000 bpd while imports declined -11,000 bpd. The latest 4-wk average supply was -23,000 bpd below a year ago, on lower imports. Stock levels are above four of the last 5-years.



PAD 3 stocks fell -1.4 million barrels on the week. Production decreased -7,000 bpd, although the level remains above the historic range. Stock levels matched last years' 5-year lows.

PADDs 4 & 5 stocks decreased -0.1 million barrels to a level than matches 5-year lows.

Emerging Trends Heating degree days are forecast to remain well above normal into early February for key propane markets. Stock levels in regions other than PADD 2 are near historic lows. Price strength in Atlantic Basin markets continue to support Gulf prices, although weakness has emerged in the Midwest on ample stock levels. Expect prices to be supported by high HDD's in the near term.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

January 26, 2011

Fundamental Trends for the Week Ending:

Friday, January 21, 2011

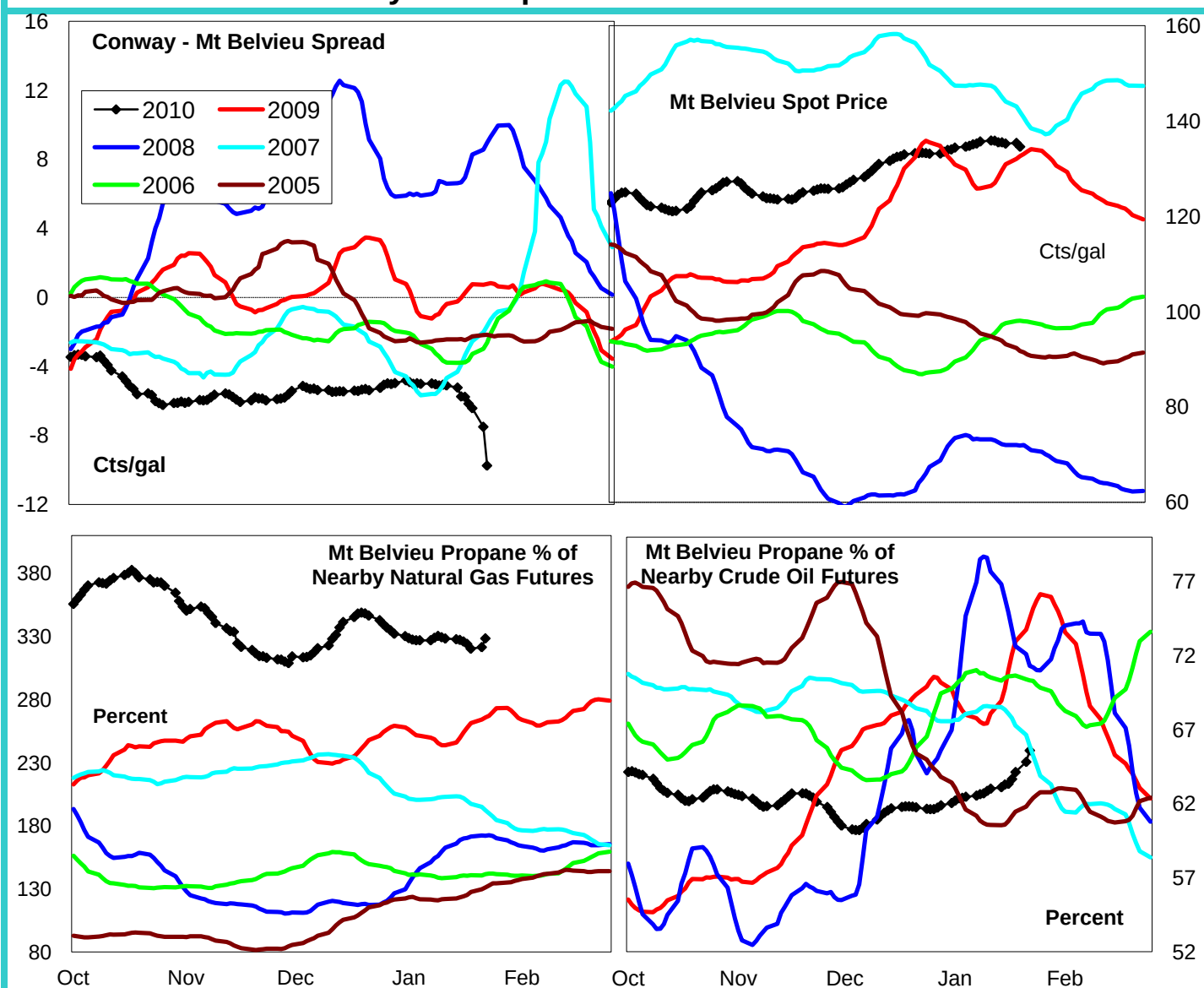
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	41,794	3,055	18,234	19,312	1,193	-3,347	-3	-1,840	-1,381	-123
Propylene Stocks	2,480					-51				
Production	1,053	41	238	716	58	-23	-2	-11	-7	-3
Imports	254	185	58	0	11	144	154	-8	0	-2
Whsle Demand	1,693					-174				

Price Trends for the Week Ending:

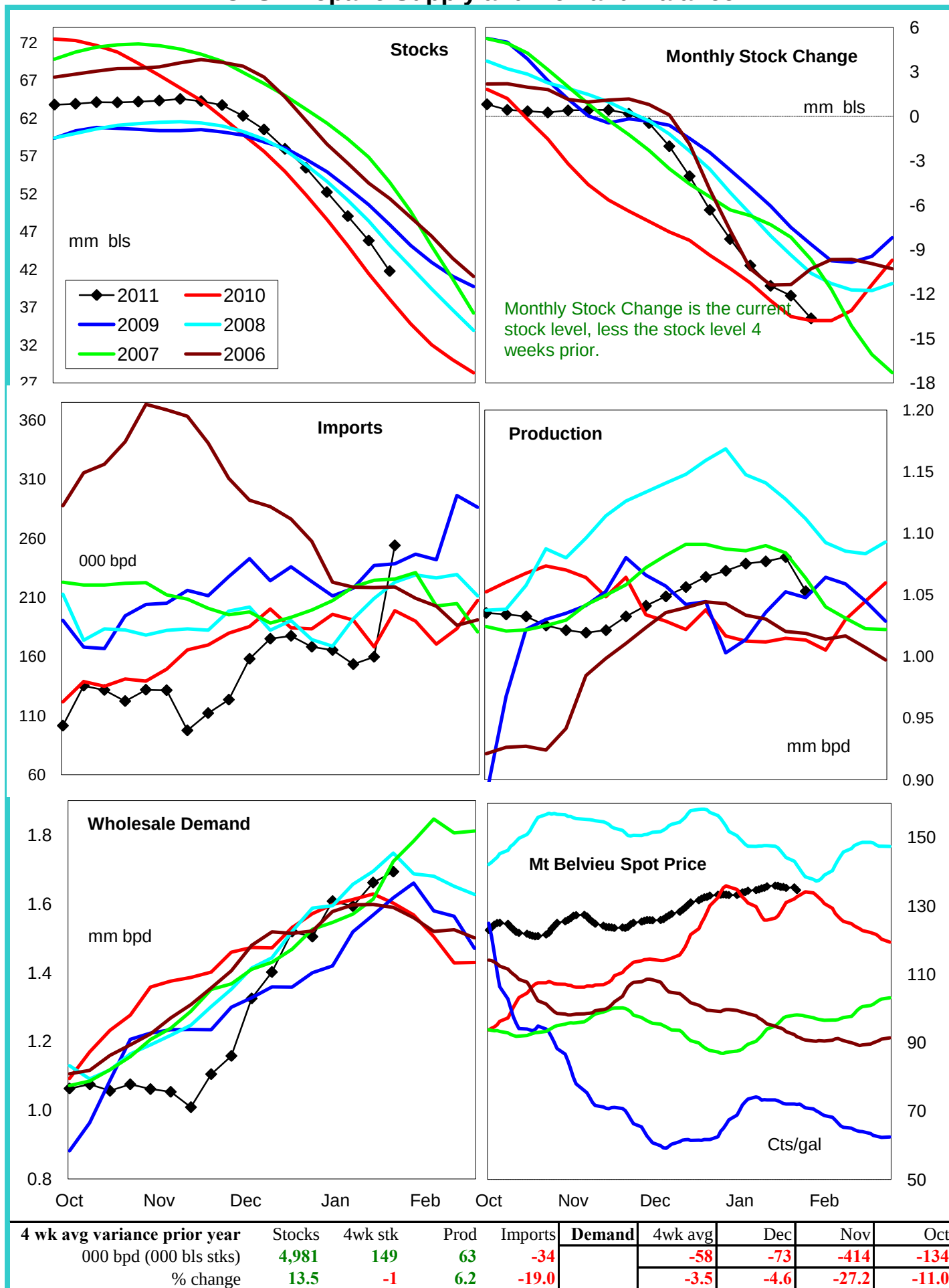
Tuesday, January 25, 2011

Cents/gal	Average for week ending:				Change from:			% change from:		
	1/25/11	1/18/11	12/28/10	1/21/10	1/18/11	12/28/10	1/21/10	1/18/11	12/28/10	1/21/10
Mont Belvieu Spot	135.3	136.1	133.6	130.7	-0.89	2.53	2.96	-0.7	1.9	2.3
Conway Spot	128.8	131.1	128.4	132.6	-2.23	2.66	-4.20	-1.7	2.1	-3.2

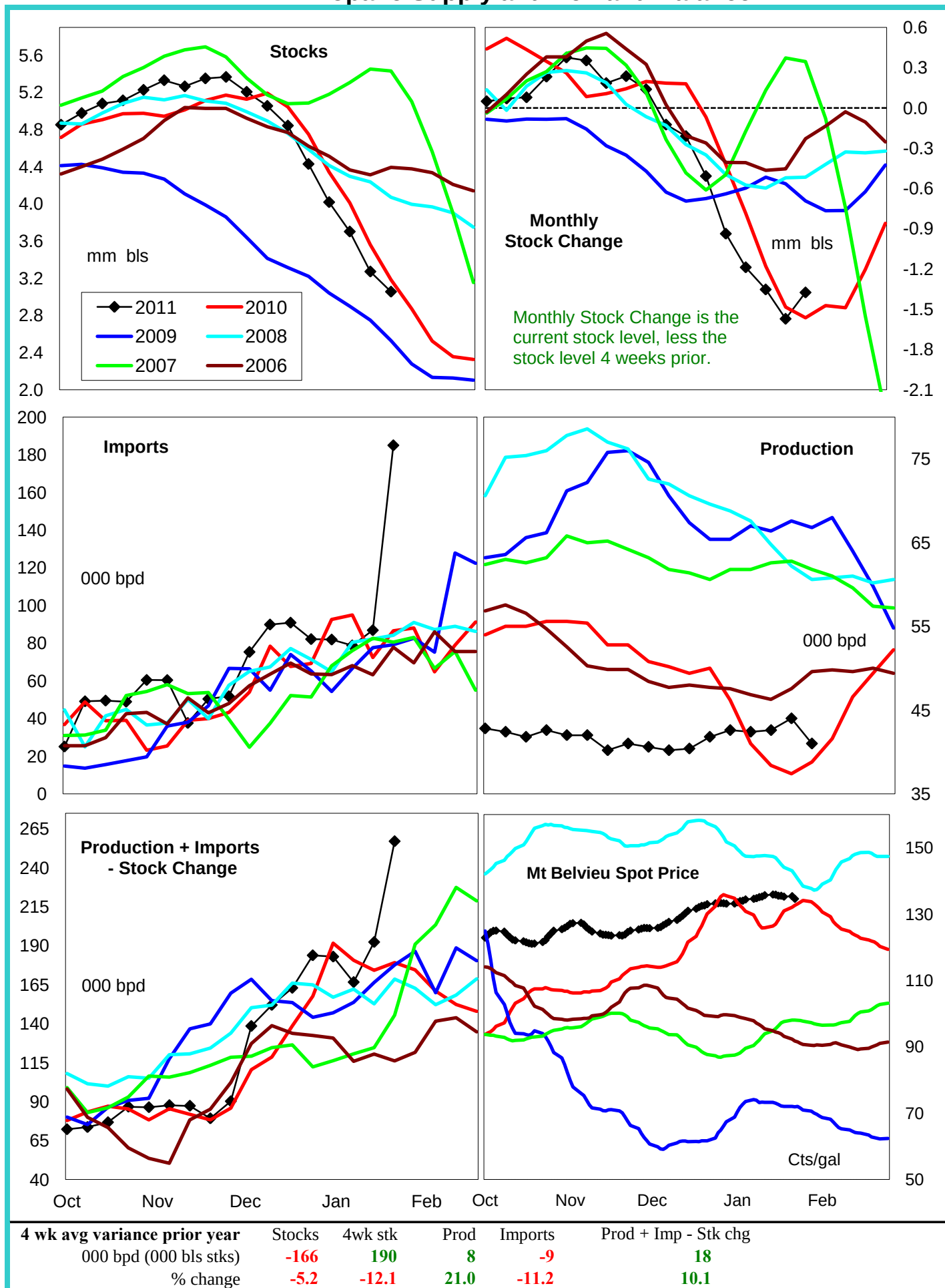
Key Price Spreads and Differentials



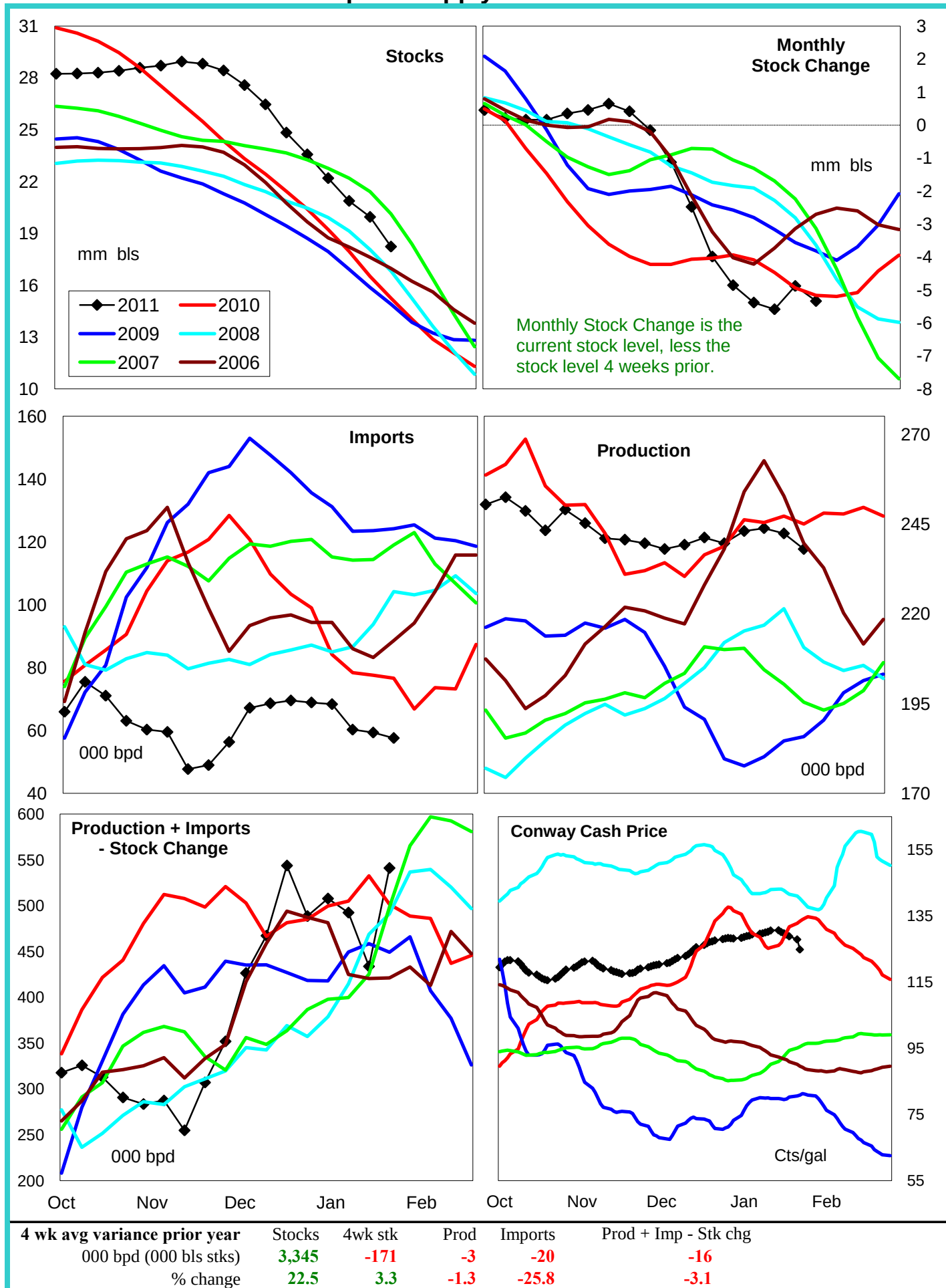
U. S. Propane Supply and Demand Balance



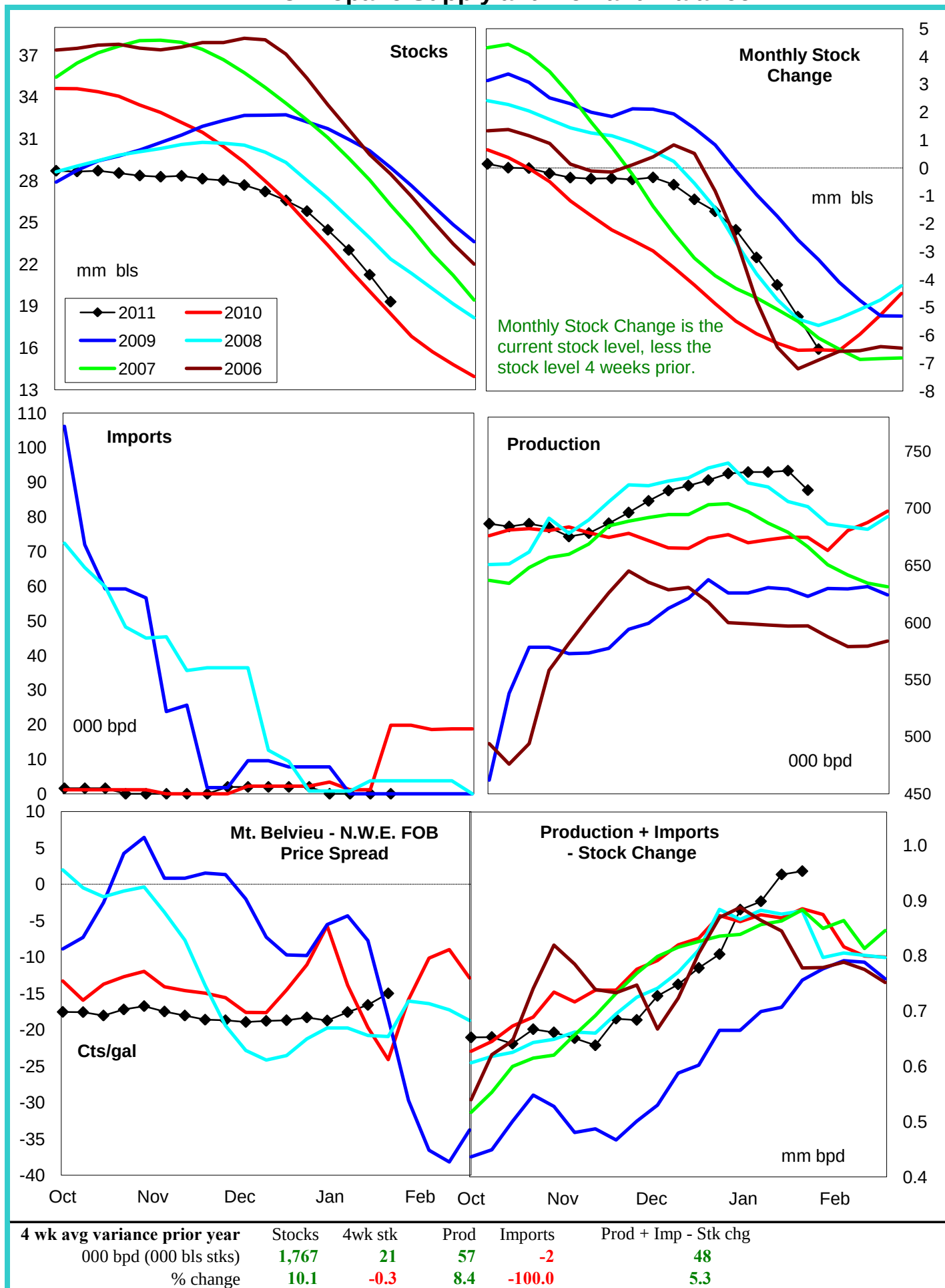
PADD 1 Propane Supply and Demand Balance



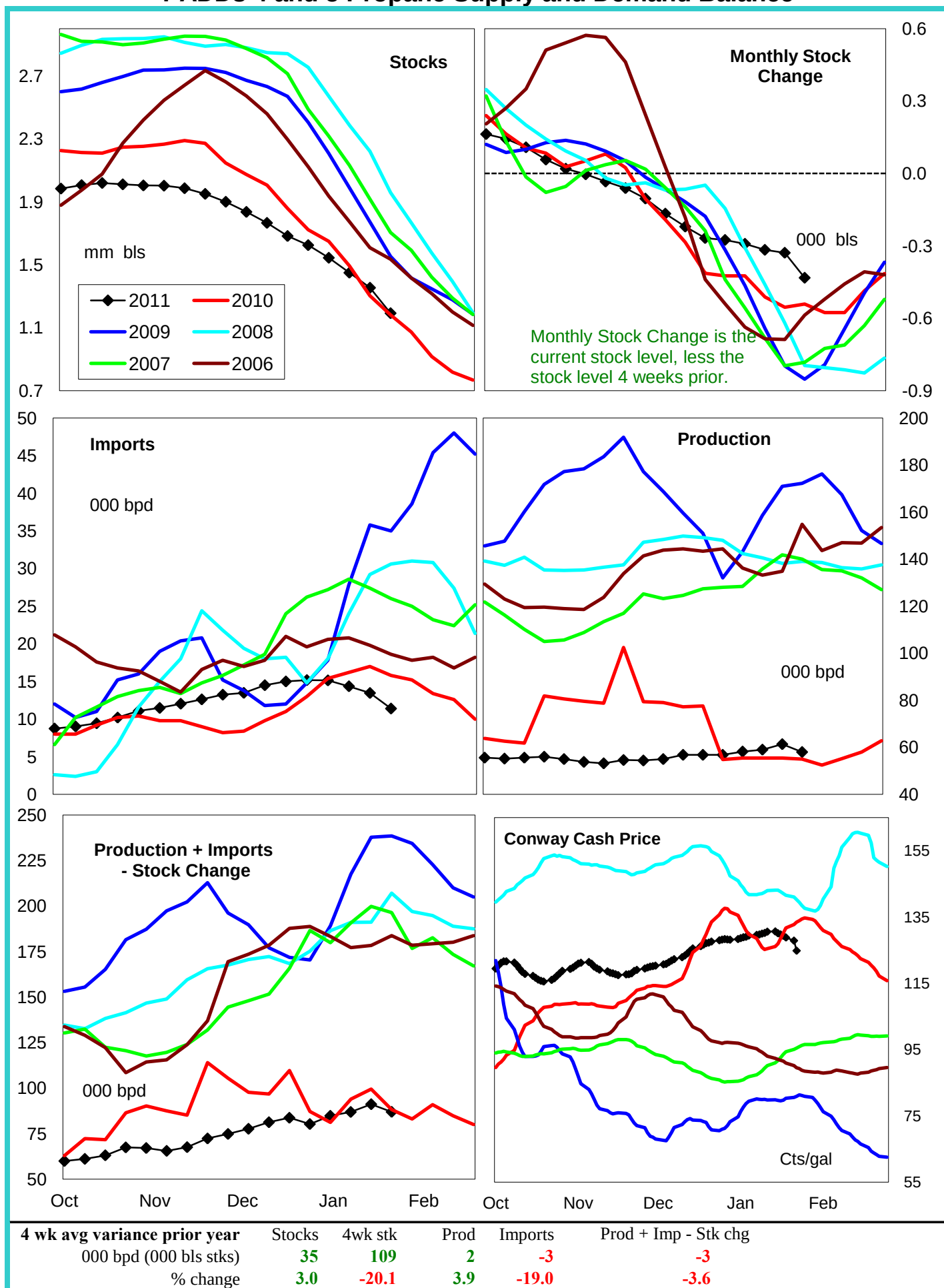
PADD 2 Propane Supply and Demand Balance



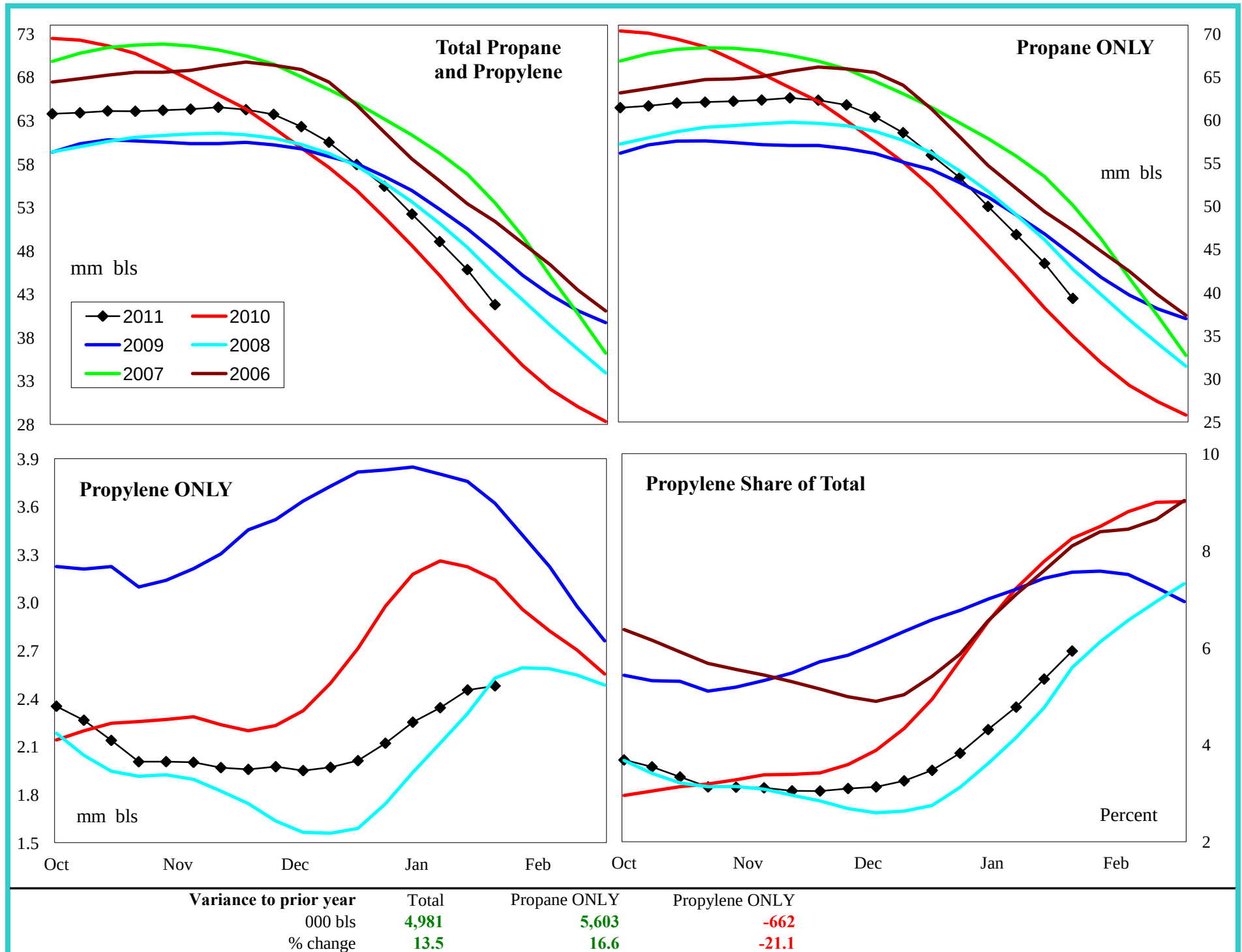
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

