

**FUNDAMENTAL
PETROLEUM
TRENDS**

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

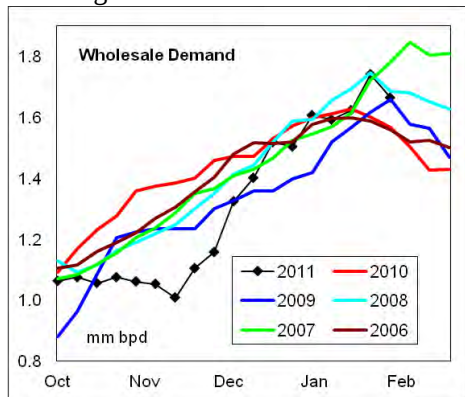
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, February 02, 2011

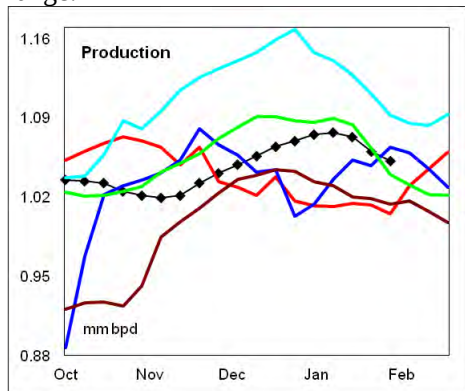


Summary¹:

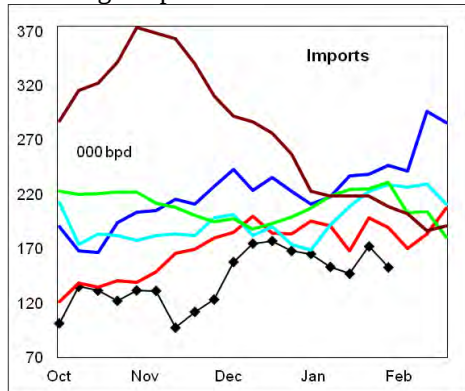
Wholesale demand decreased -28,000 bpd last week, to a level that matched the mid range.



Production was nearly unchanged on the week, at a level that matched the mid range.



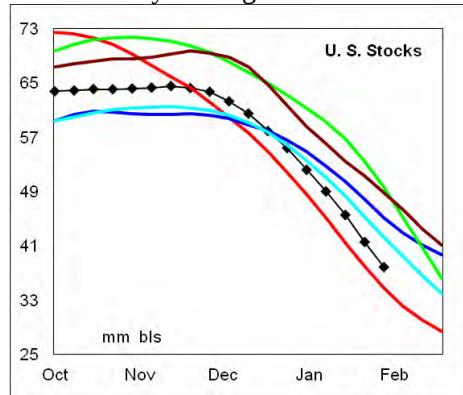
Imports fell -101,000 bpd on the week, reversing the prior week increase.



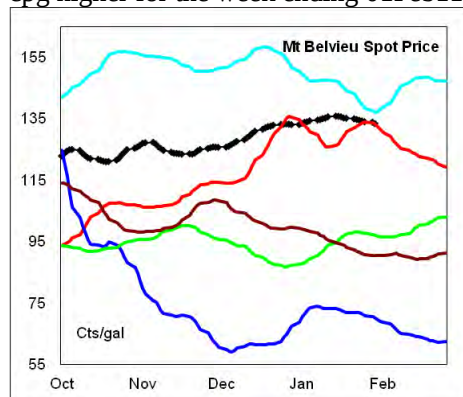
Combined production and imports during the latest 4-wk period were +63,000 bpd above a year ago.

Production was +74,000 bpd above last year, and above the mid range while imports were -11,000 bpd lower. The latest 4-wk average demand was +28,000 bpd below last year.

Stocks decreased -3.9 million barrels this week, with the 4-wk draw of -13.8 million barrels, a record draw for the period. The U.S. stock level is at the low end of the 5-year range.



Price and Spreads Mt Belvieu spot prices decreased -1 cpg and Conway was +1.50 cpg higher for the week ending 01Feb11.



The Conway – Mt Belvieu price spread traded higher late last week ending 01Feb11 on an increase in Midwest prices. The spread ended the week well below the historic range.

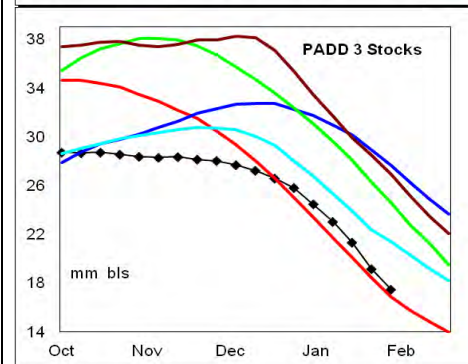
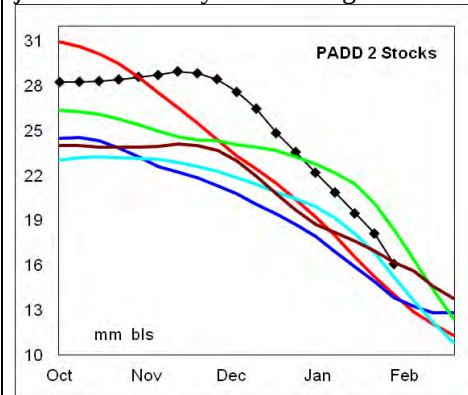
The propane to natural gas price spread was nearly unchanged last week. The spread remains well above the historic range on weak gas prices.

The propane / crude oil price spread fell late in the week, ending at the low end of the historic range.

PADD 1 stocks increased +0.2 million barrels on the week, even with a -105,000 bpd drop in imports. Supply

for the latest 4-wk period increased +26,000 bpd with both imports and production higher. Stock levels slightly above the last 2-years.

PADD 2 stocks declined -2.1 million barrels last week. Production increased +7,000 bpd. The latest 4-wk average supply was -23,000 bpd below a year ago, on lower imports. Stock levels are just above the 5-year mid range.



PAD 3 stocks decreased -1.8 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 be significantly above normal for the next 2-wks in key propane markets. PADD 2 stock levels are slightly above the mid range with levels in other regions near 5-year lows. Expect prices to be supported by high HDD's in the near term, with risk of a late winter supply squeeze driven by a very large snowpack in all heating markets.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

February 2, 2011

Fundamental Trends for the Week Ending:

Friday, January 28, 2011

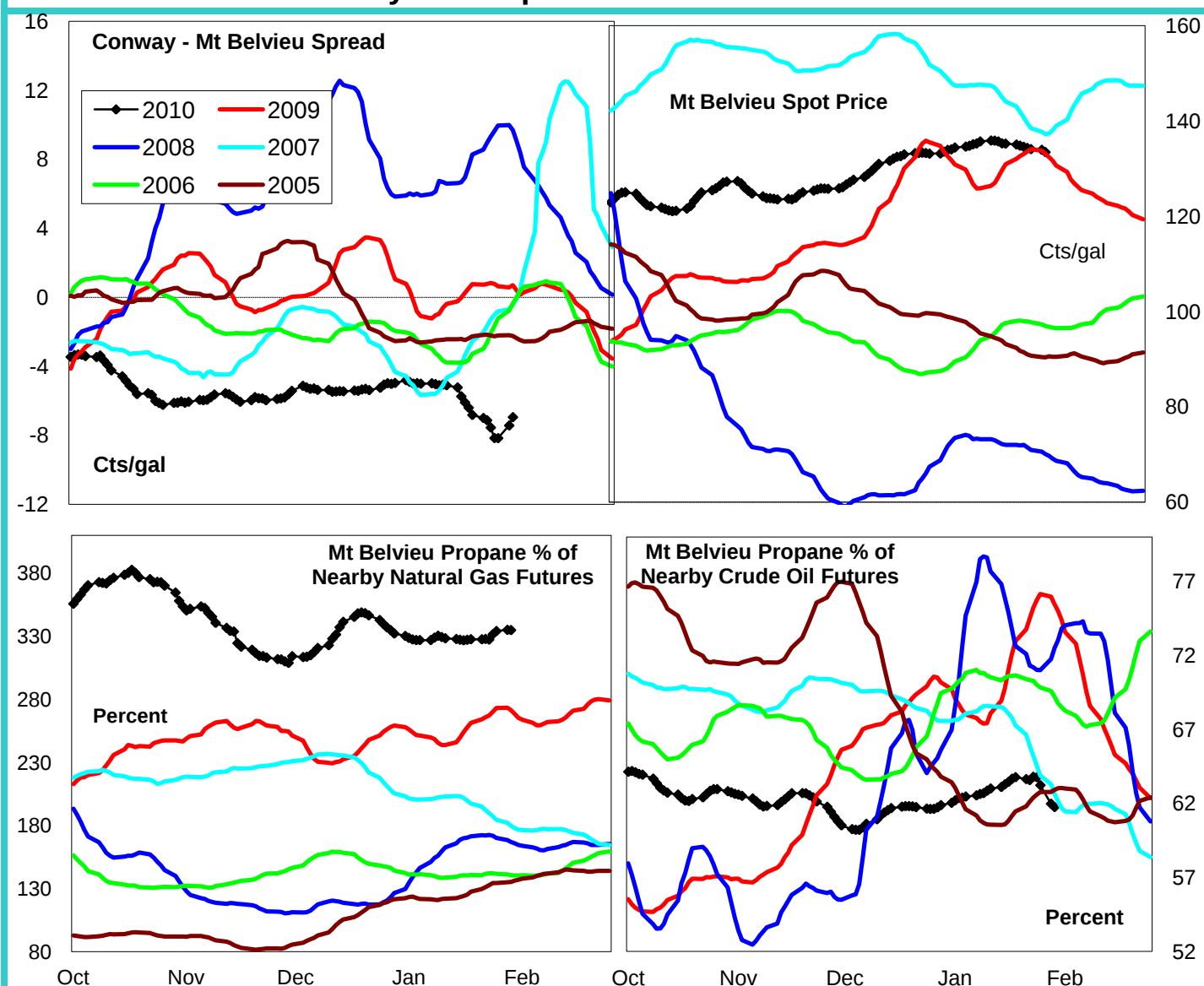
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	37,929	3,220	16,108	17,465	1,136	-3,865	165	-2,126	-1,847	-57
Propylene Stocks	2,530					50				
Production	1,052	46	245	709	52	-1	5	7	-7	-6
Imports	153	80	58	0	15	-101	-105	0	0	3
Whsle Demand	1,665					-28				

Price Trends for the Week Ending:

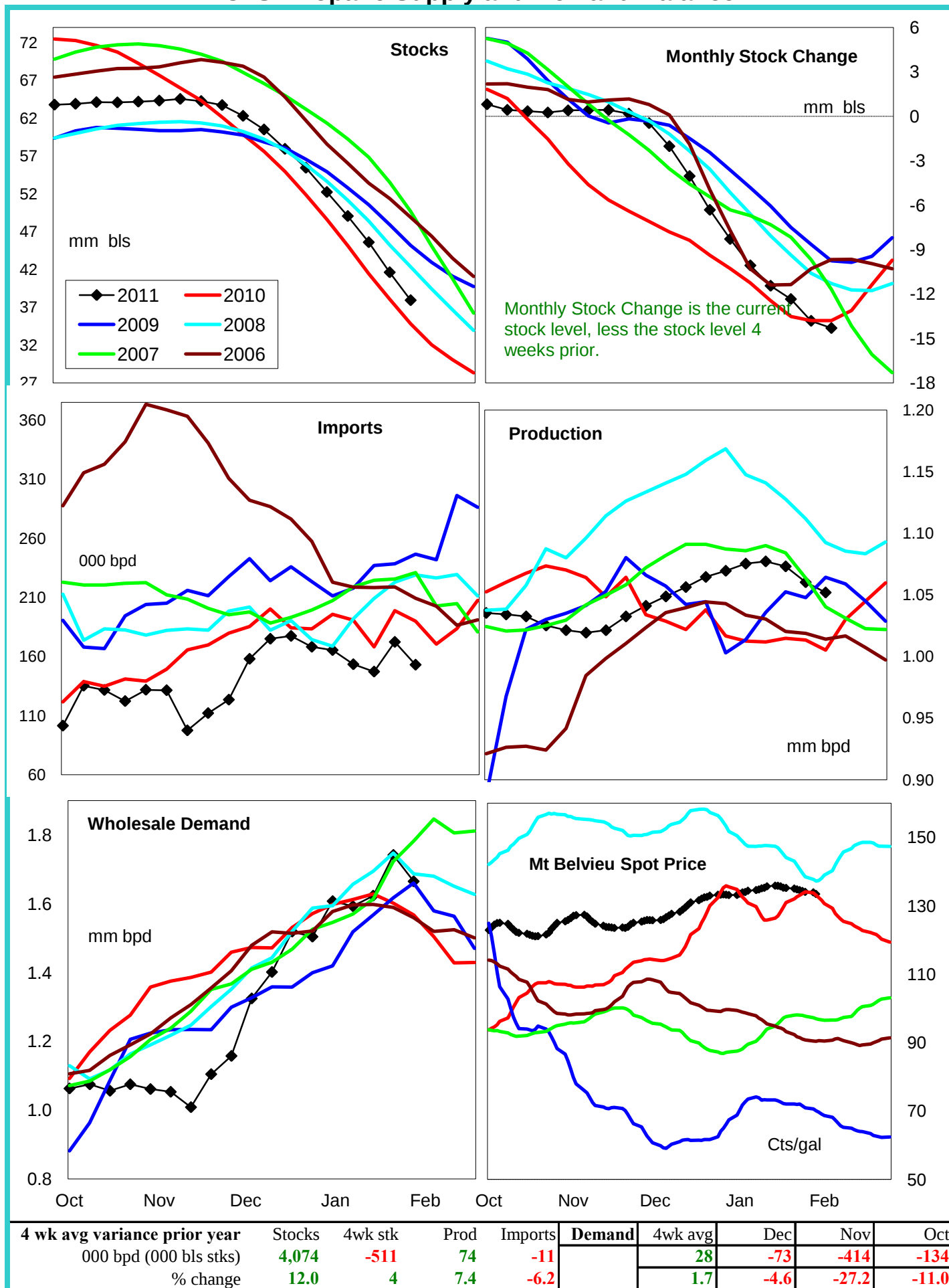
Tuesday, October 26, 2010

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	134.1	135.3	133.2	135.6	-1.18	2.10	-2.40	-0.9	1.6	-1.8
Conway Spot	125.9	128.8	128.4	134.9	-2.93	0.42	-6.49	-2.3	0.3	-4.8

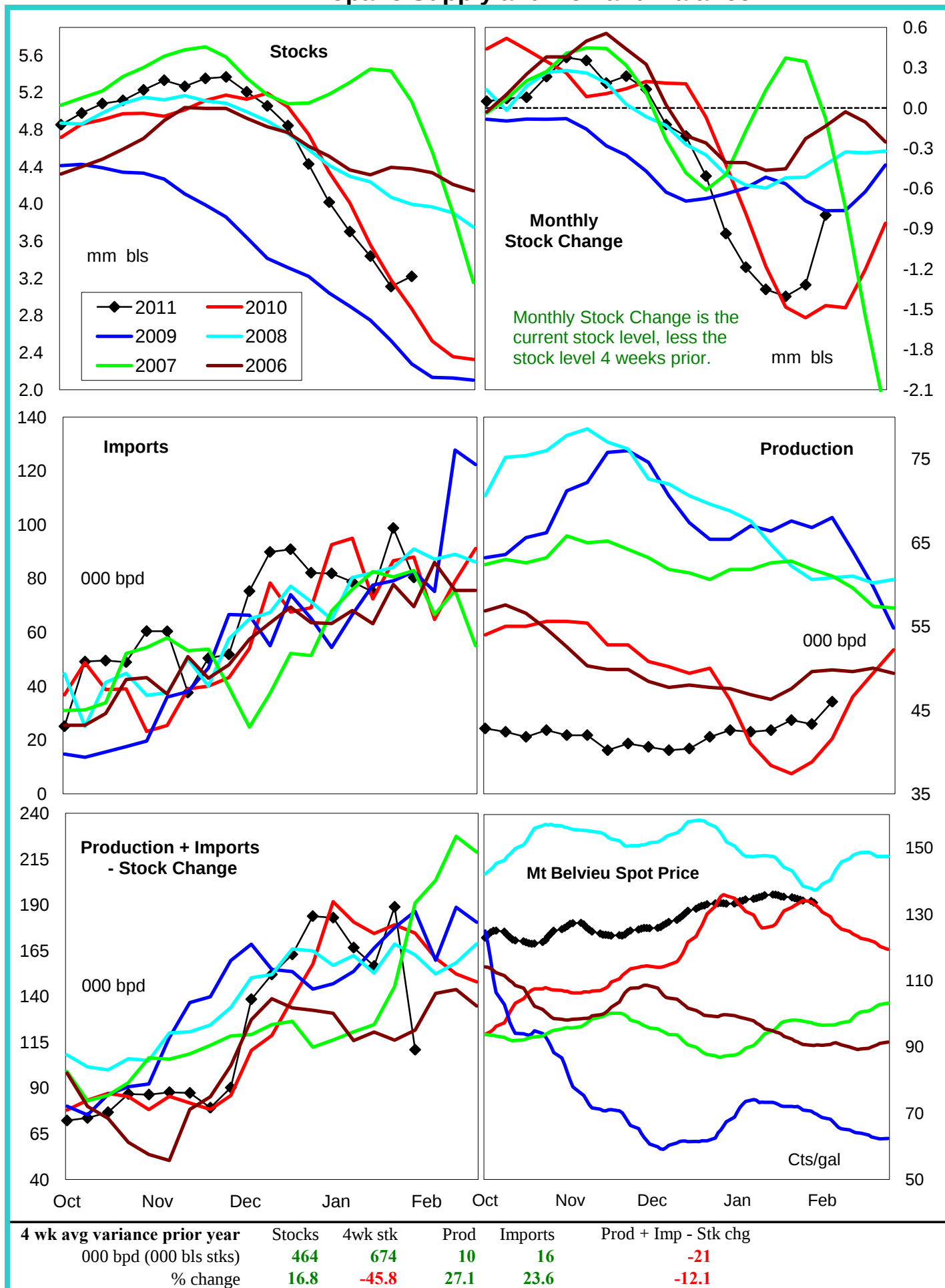
Key Price Spreads and Differentials



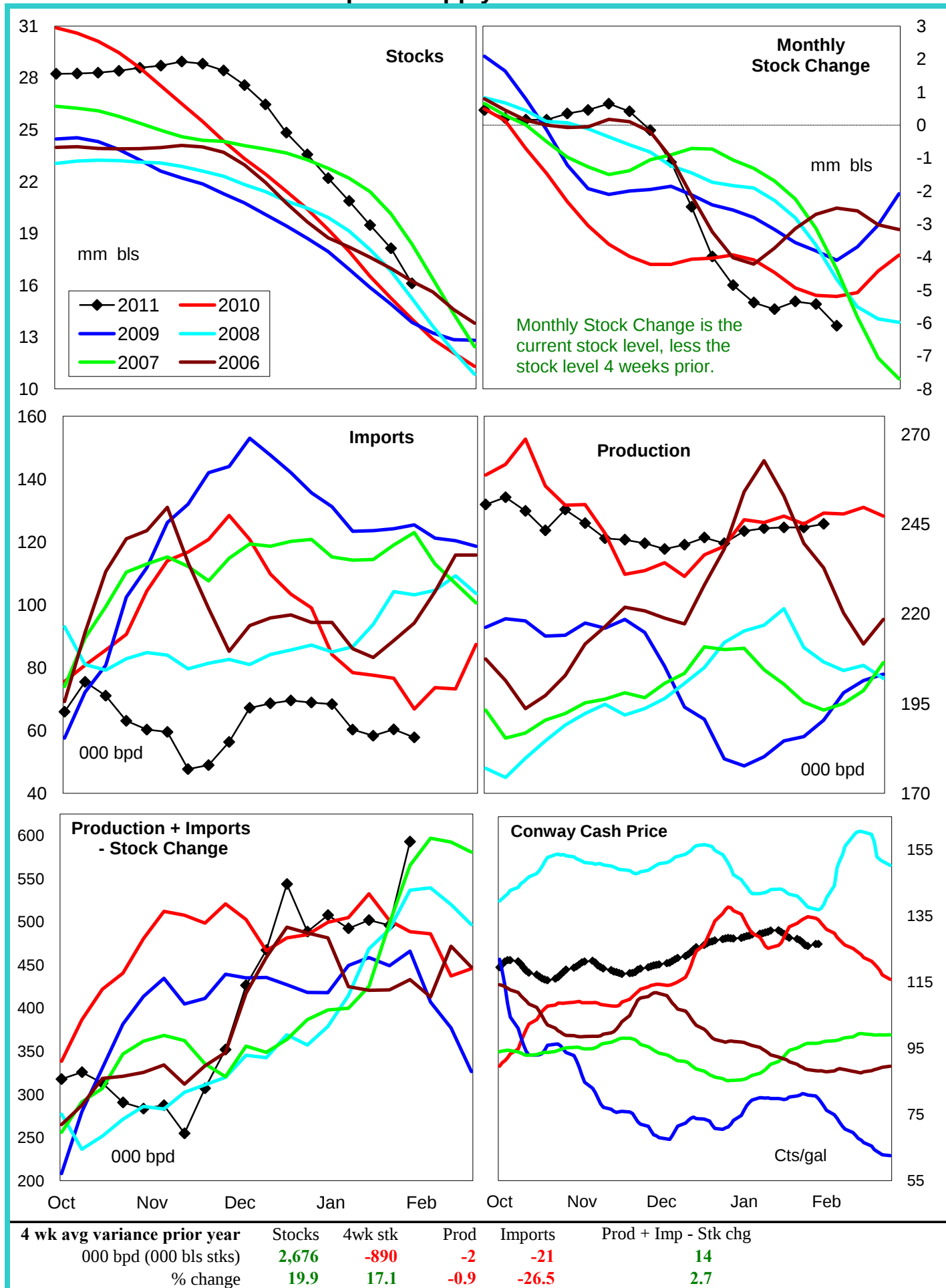
U. S. Propane Supply and Demand Balance



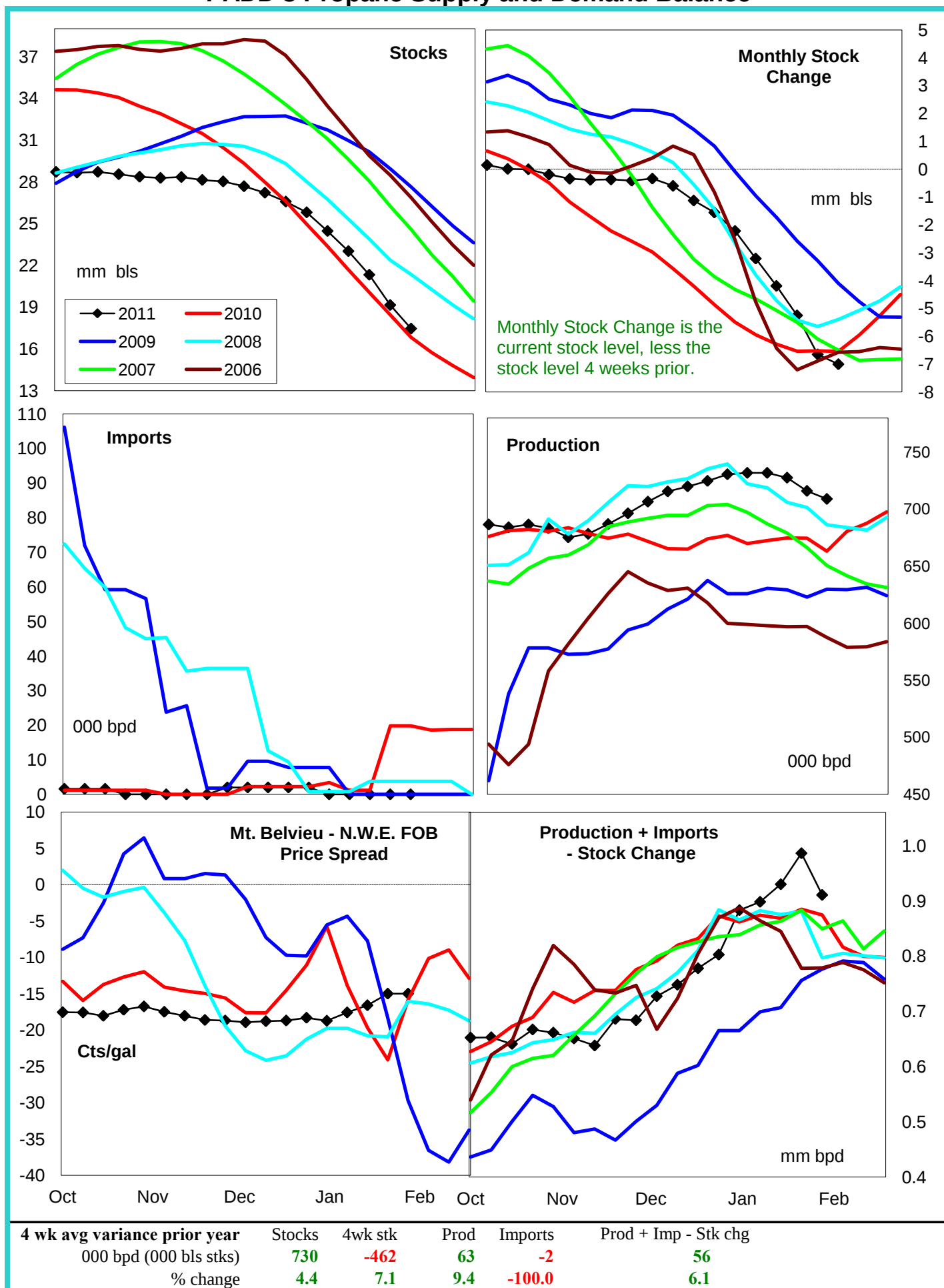
PADD 1 Propane Supply and Demand Balance



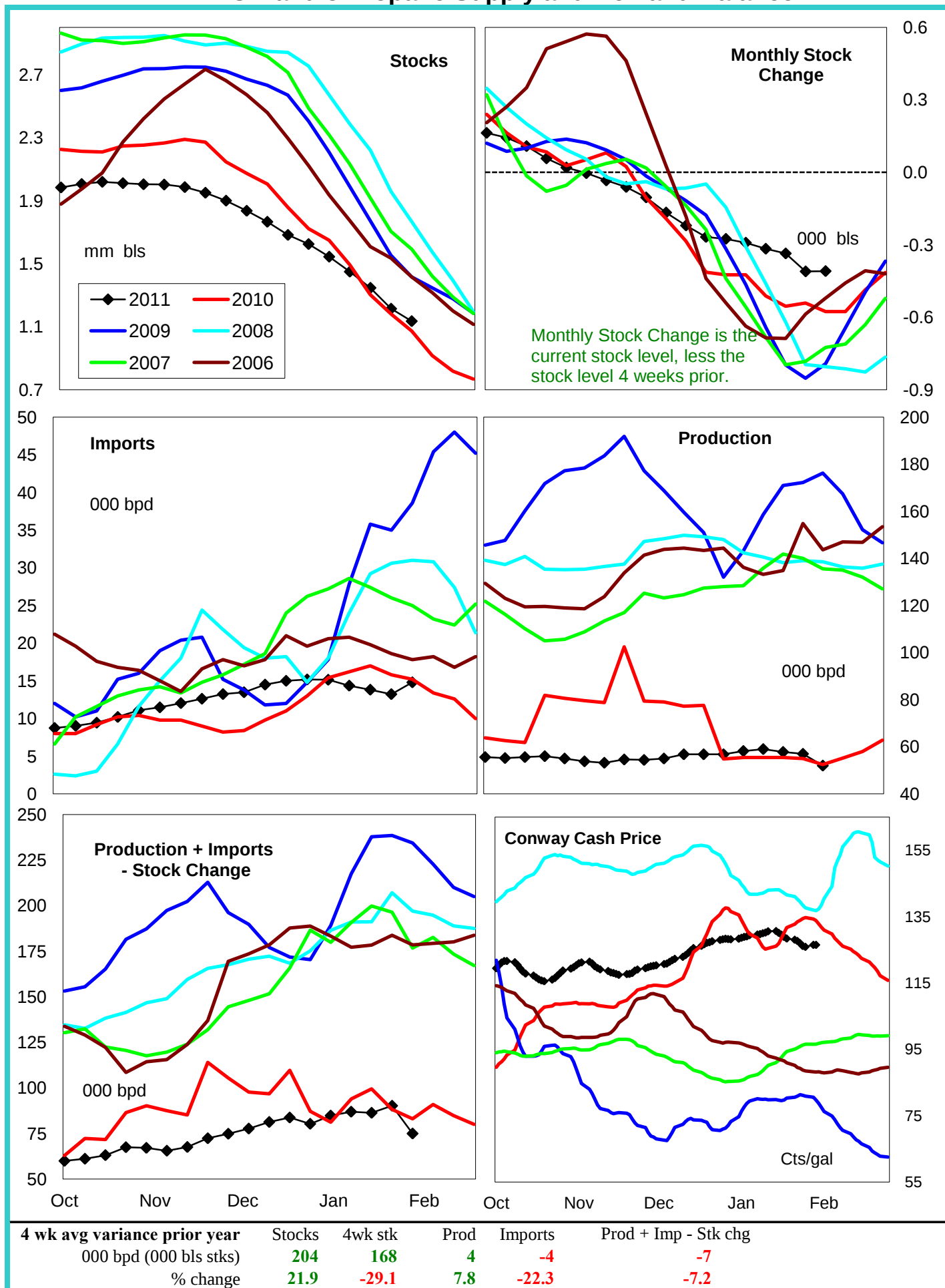
PADD 2 Propane Supply and Demand Balance



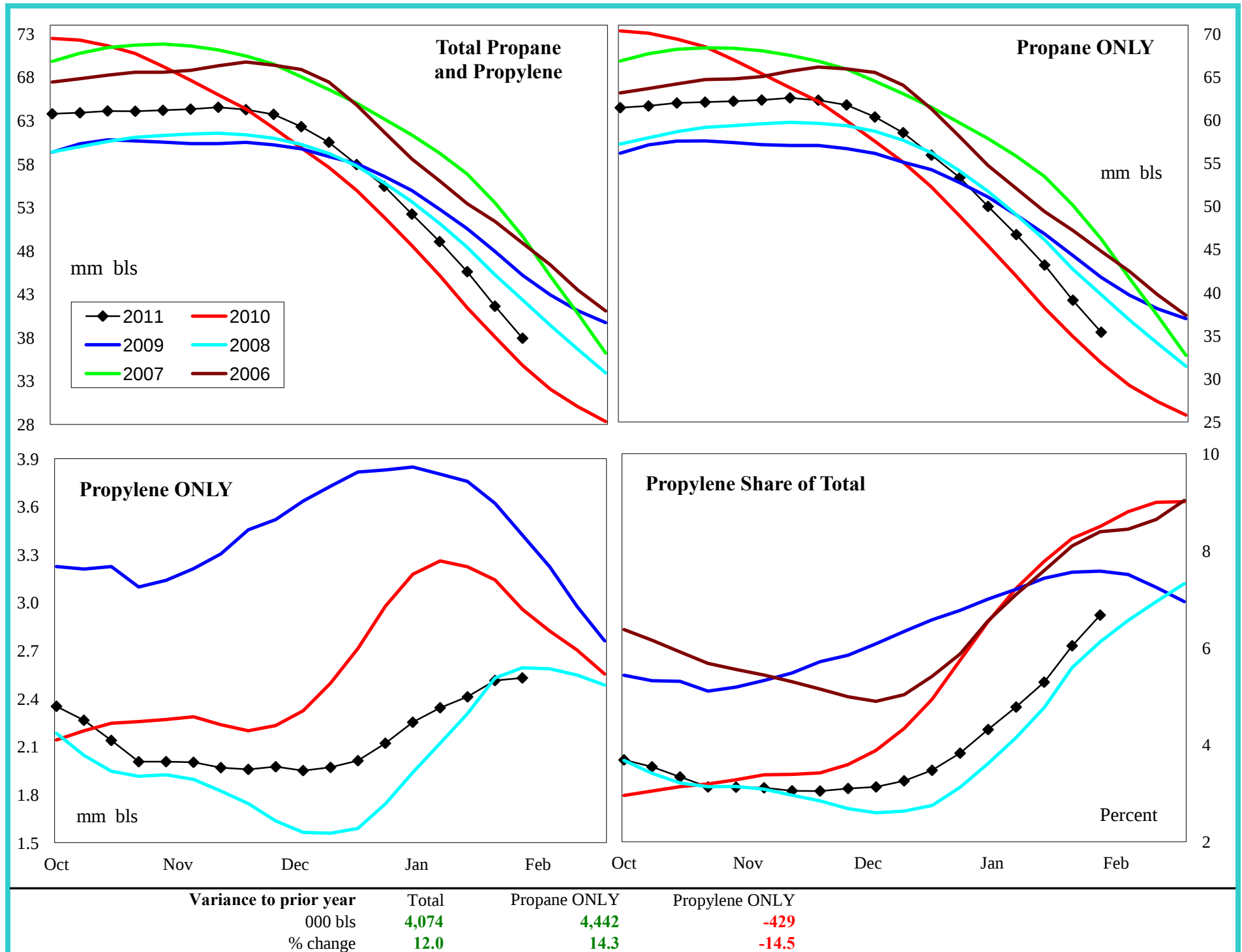
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

