
**FUNDAMENTAL
PETROLEUM
TRENDS**

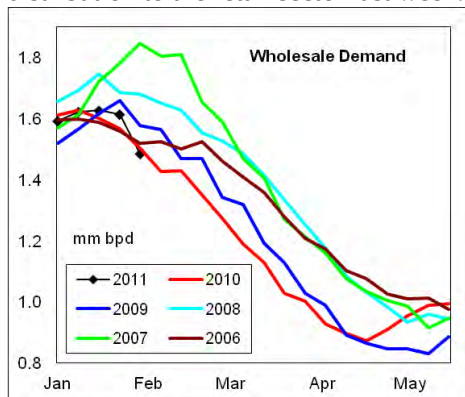
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

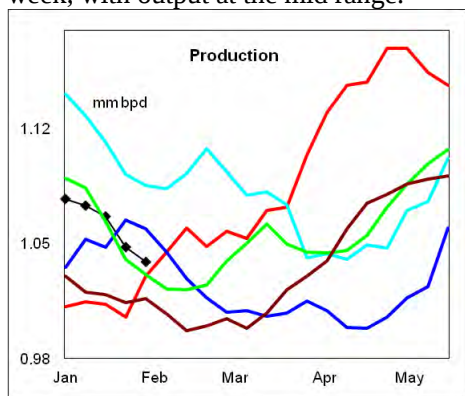
 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, February 09, 2011


Summary¹:

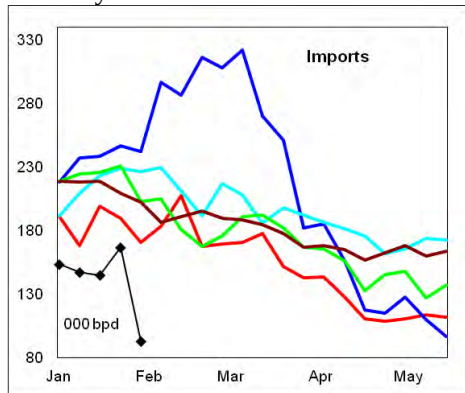
Wholesale demand decreased -179,000 bpd last week, to a level that matched 5-year lows for this time of year. Inclement weather likely limited distribution to the retail sector last week.



Production decreased -13,000 bpd on the week, with output at the mid range.



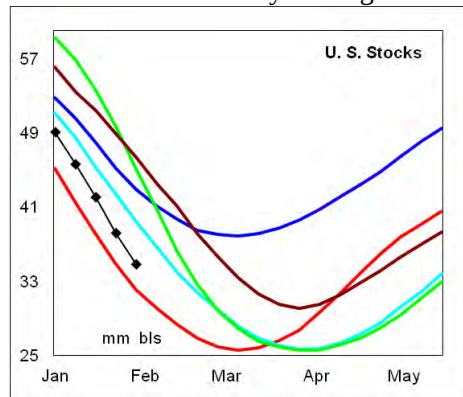
Imports declined -60,000 bpd on the week, to a record weekly low for this time of year.



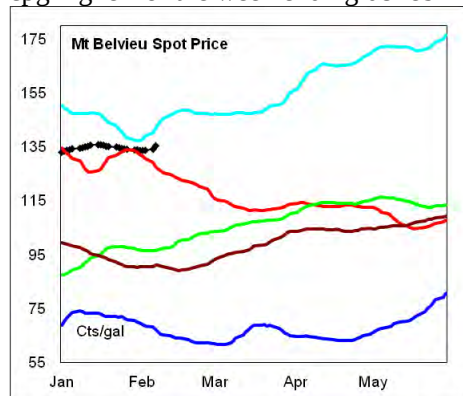
Combined production and imports

during the latest 4-wk period were -13,000 bpd below a year ago. Production was +48,000 bpd above last year, and above the mid range while imports were -61,000 bpd lower. The latest 4-wk average demand was +77,000 bpd above last year.

Stocks decreased -3.1 million barrels this week, with the 4-wk draw of -14.2 million barrels, matching the record draw set in 2007. The U.S. stock level is at the low end of the 5-year range.



Price and Spreads Mt Belvieu spot prices increased +2 cpg and Conway was +0.50 cpg higher for the week ending 08Feb11.



The Conway – Mt Belvieu price spread traded lower last week ending 08Feb11 on strength in Gulf prices. The spread ended the week well below the historic range.

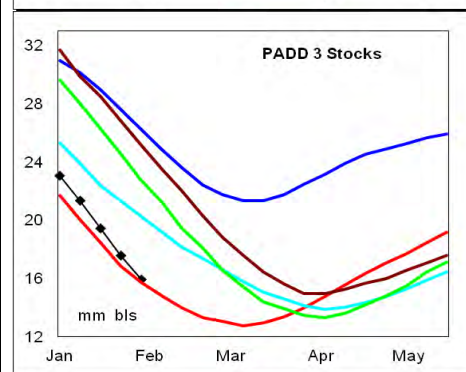
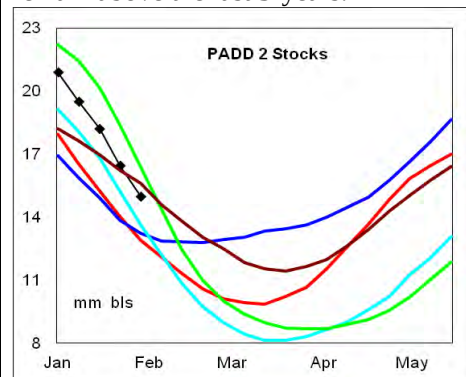
The propane to natural gas price spread trended sharply higher in favor of propane last week, on very weak gas prices. The spread reached a new record high for this time of year.

The propane / crude oil price spread increased last week in favor of propane on weak WTI crude oil prices, ending at

a level below the mid range.

PADD 1 stocks declined -0.3 million barrels on the week, due to a -46,000 bpd drop in imports. Supply for the latest 4-wk period decreased -16,000 bpd with both imports and production lower. Stock levels were above the last 2-years.

PADD 2 stocks declined -1.1 million barrels last week. Supply decreased -21,000 bpd on the week. The latest 4-wk average supply was -21,000 bpd below a year ago, on lower imports. Stock levels remain above the last 3-years.



PAD 3 stocks decreased -1.5 million barrels on the week. Production decreased -5,000 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 The impact of a fire at an Enterprise chemical storage facility in Mt Belvieu has had minimal impact on propane supplies. A forecast warming trend across key heating markets during the 2nd half of February should place downward pressure on propane spot prices.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

February 9, 2011

Fundamental Trends for the Week Ending:

Friday, February 04, 2011

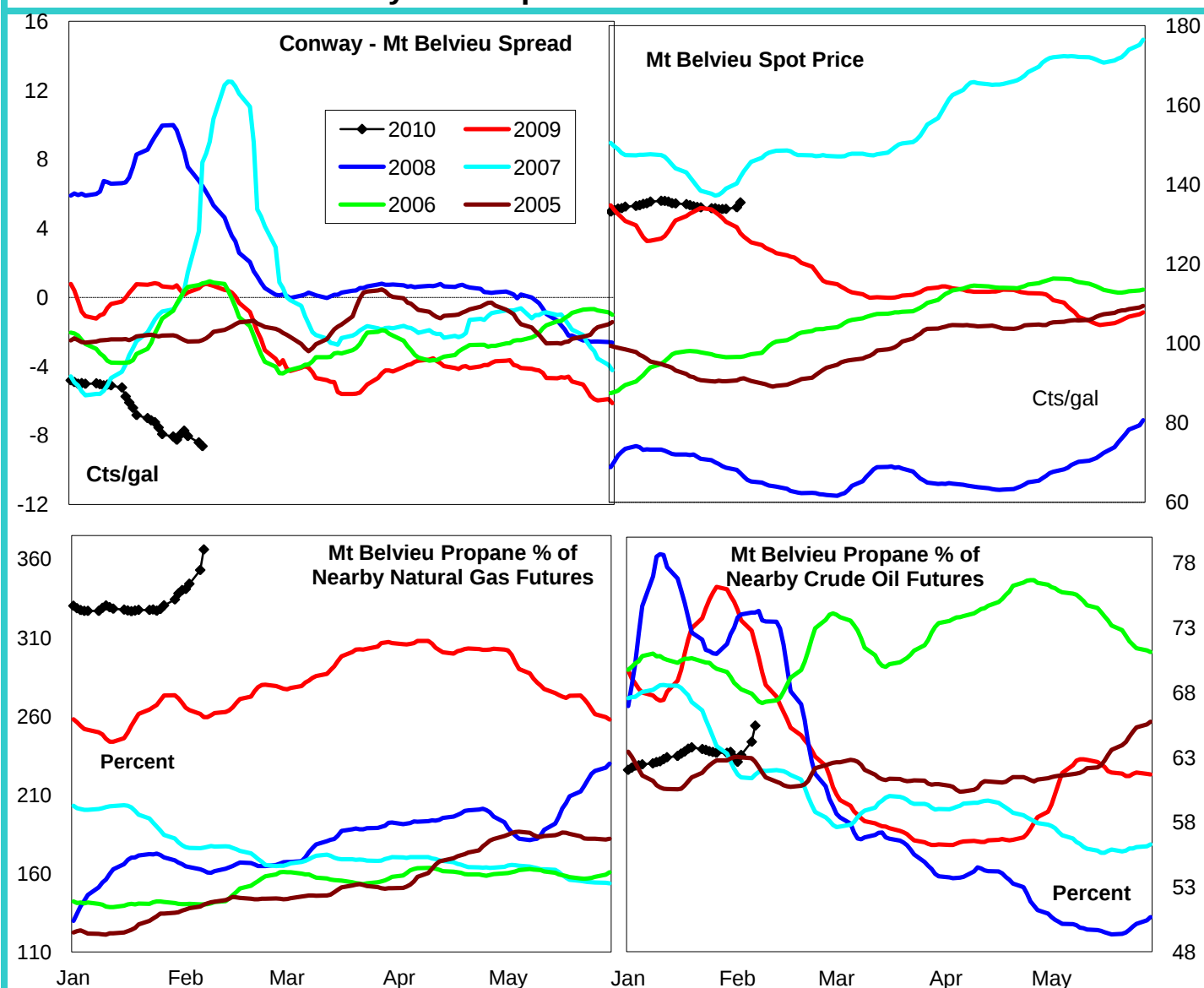
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	34,805	2,896	14,965	15,929	1,015	-3,124	-324	-1,143	-1,536	-121
Propylene Stocks	2,671					141				
Production	1,039	41	234	704	60	-13	-5	-11	-5	8
Imports	93	34	47	0	11	-60	-46	-10	0	-4
Whsle Demand	1,486					-179				

Price Trends for the Week Ending:

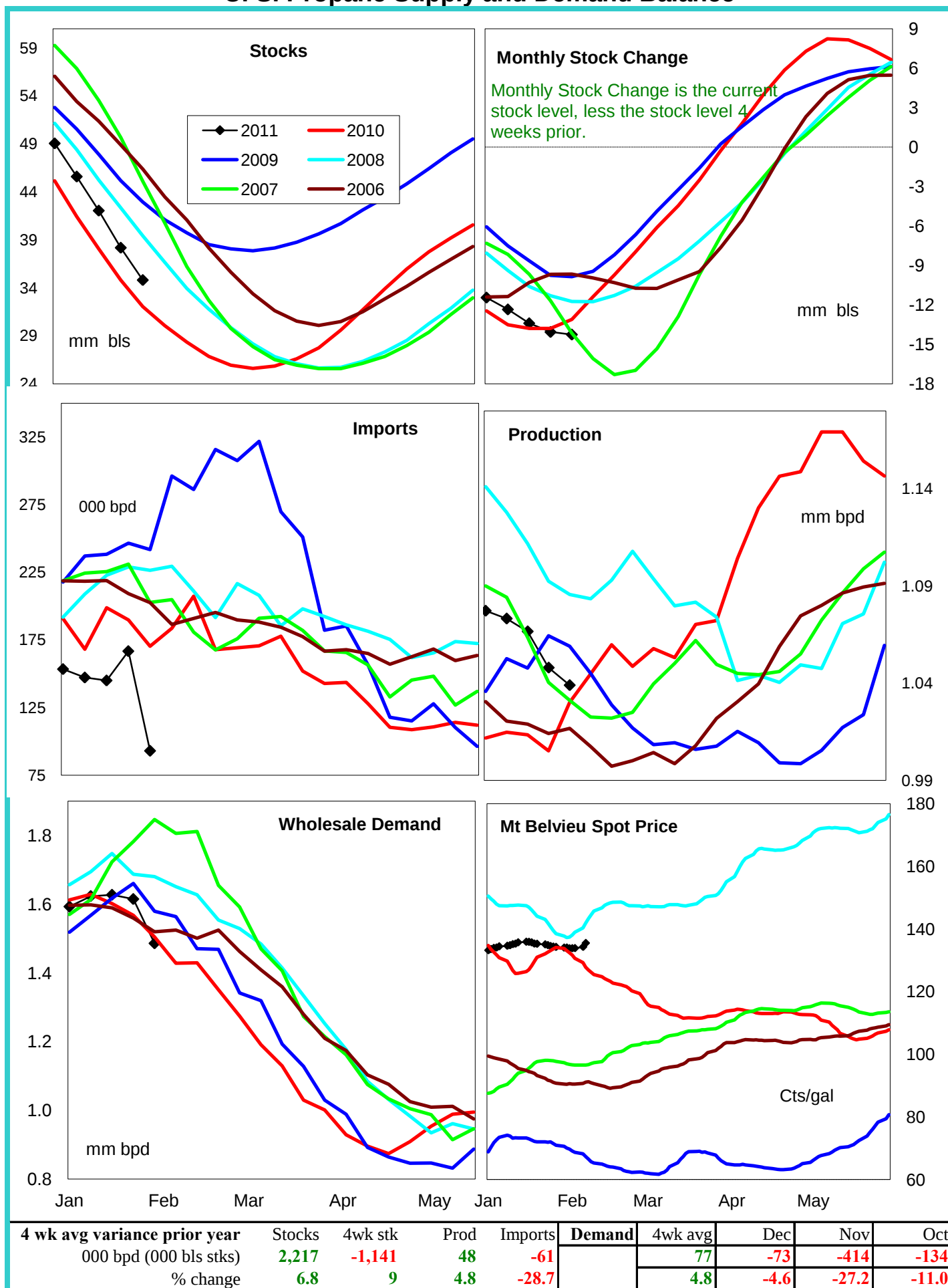
Tuesday, February 08, 2011

Cents/gal	Average for week ending:				Change from:			% change from:		
	2/8/11	2/1/11	1/11/11	2/4/10	2/1/11	1/11/11	2/4/10	2/1/11	1/11/11	2/4/10
Mont Belvieu Spot	133.8	134.1	134.0	131.2	-0.23	0.09	2.78	-0.2	0.1	2.1
Conway Spot	125.8	125.9	128.8	133.1	-0.10	-2.92	-4.31	-0.1	-2.3	-3.2

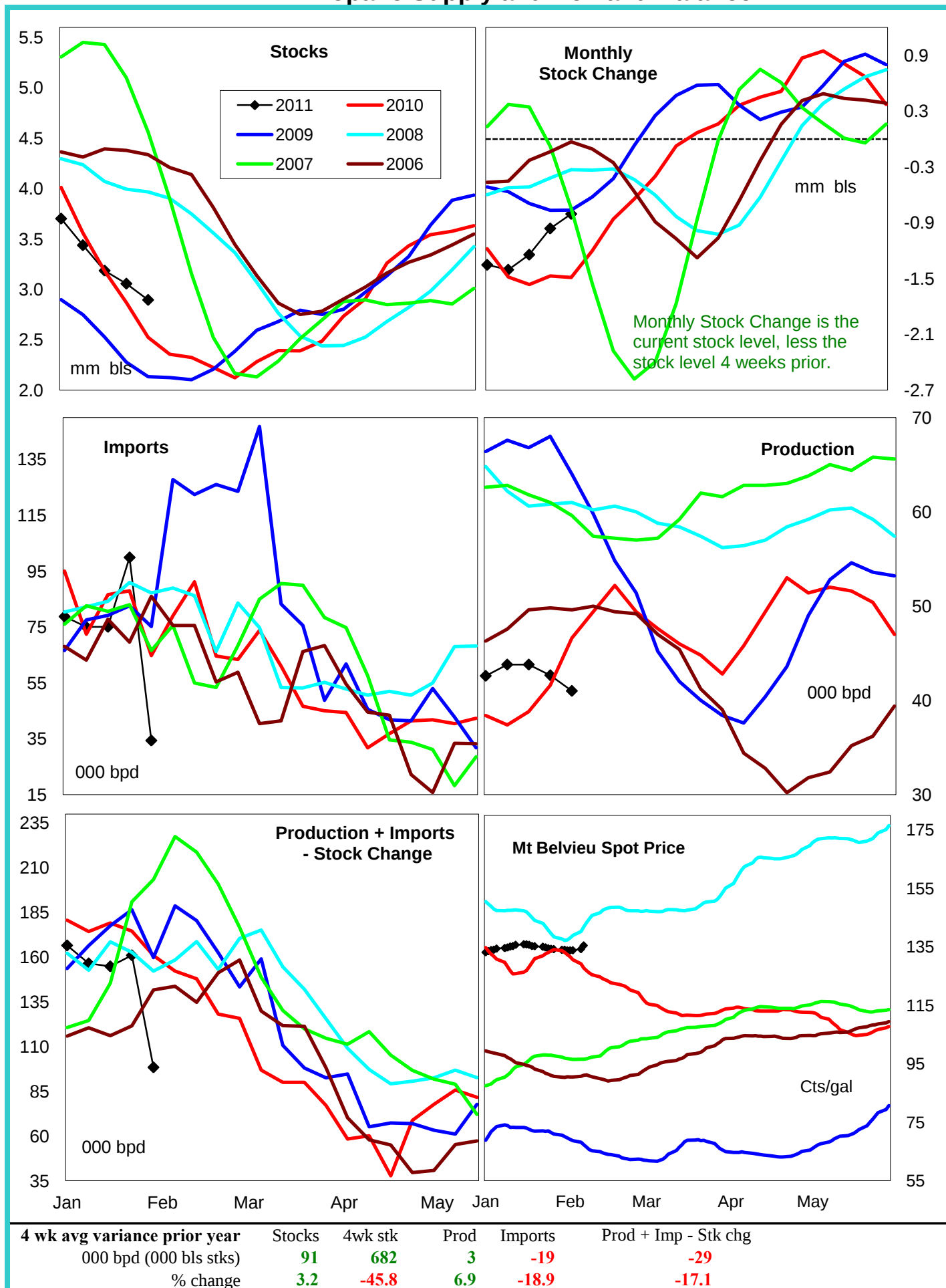
Key Price Spreads and Differentials



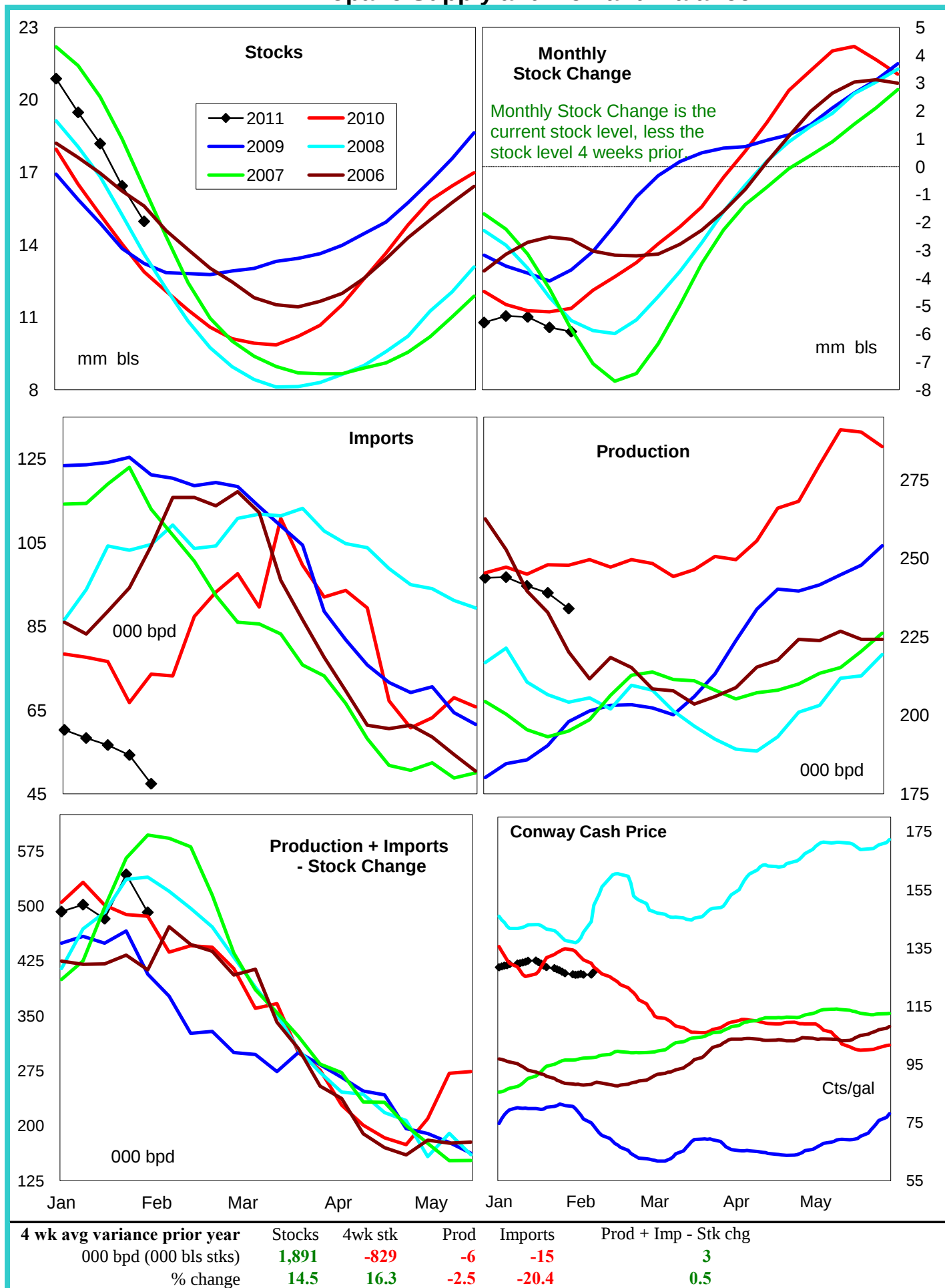
U. S. Propane Supply and Demand Balance



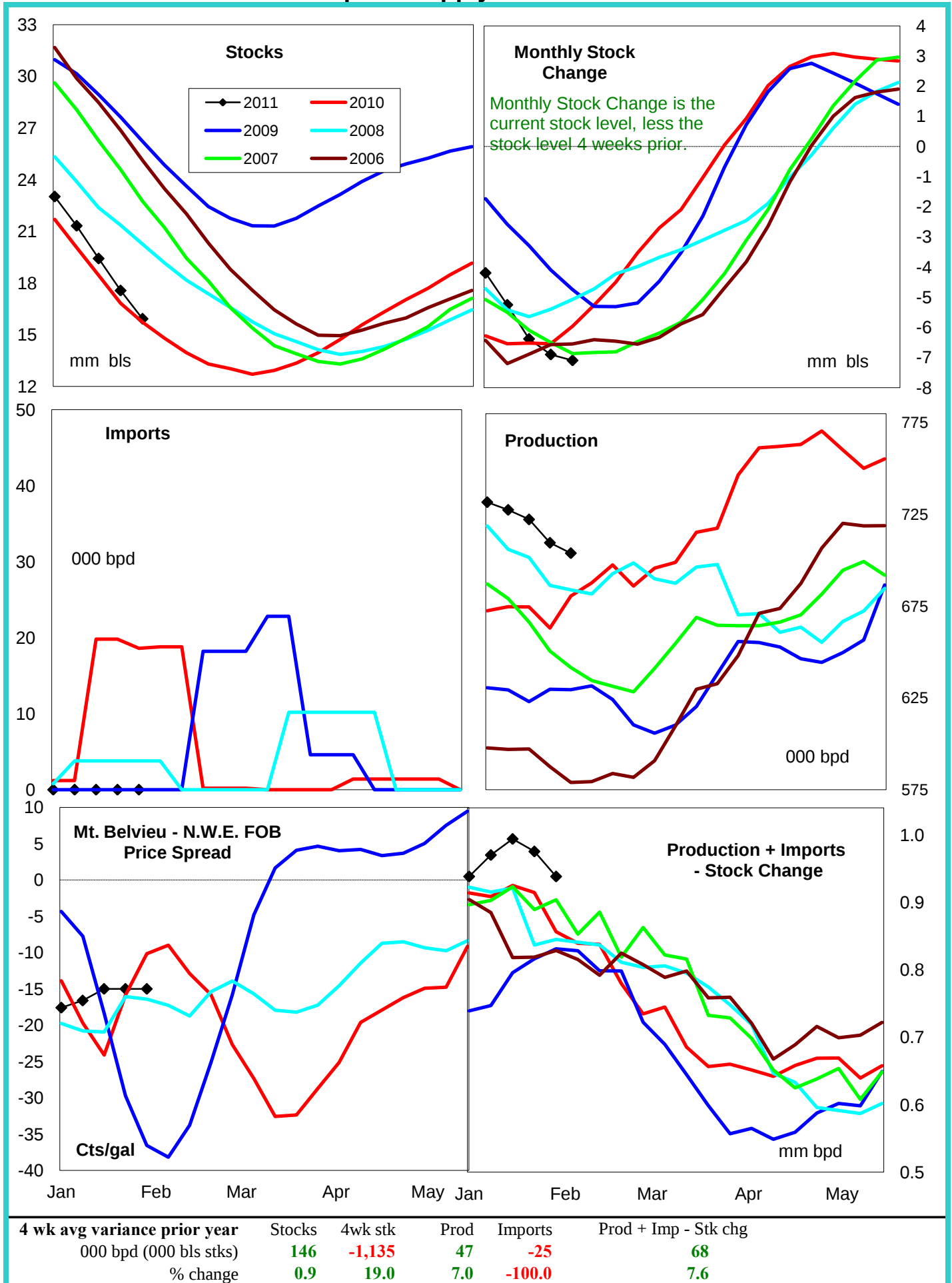
PADD 1 Propane Supply and Demand Balance



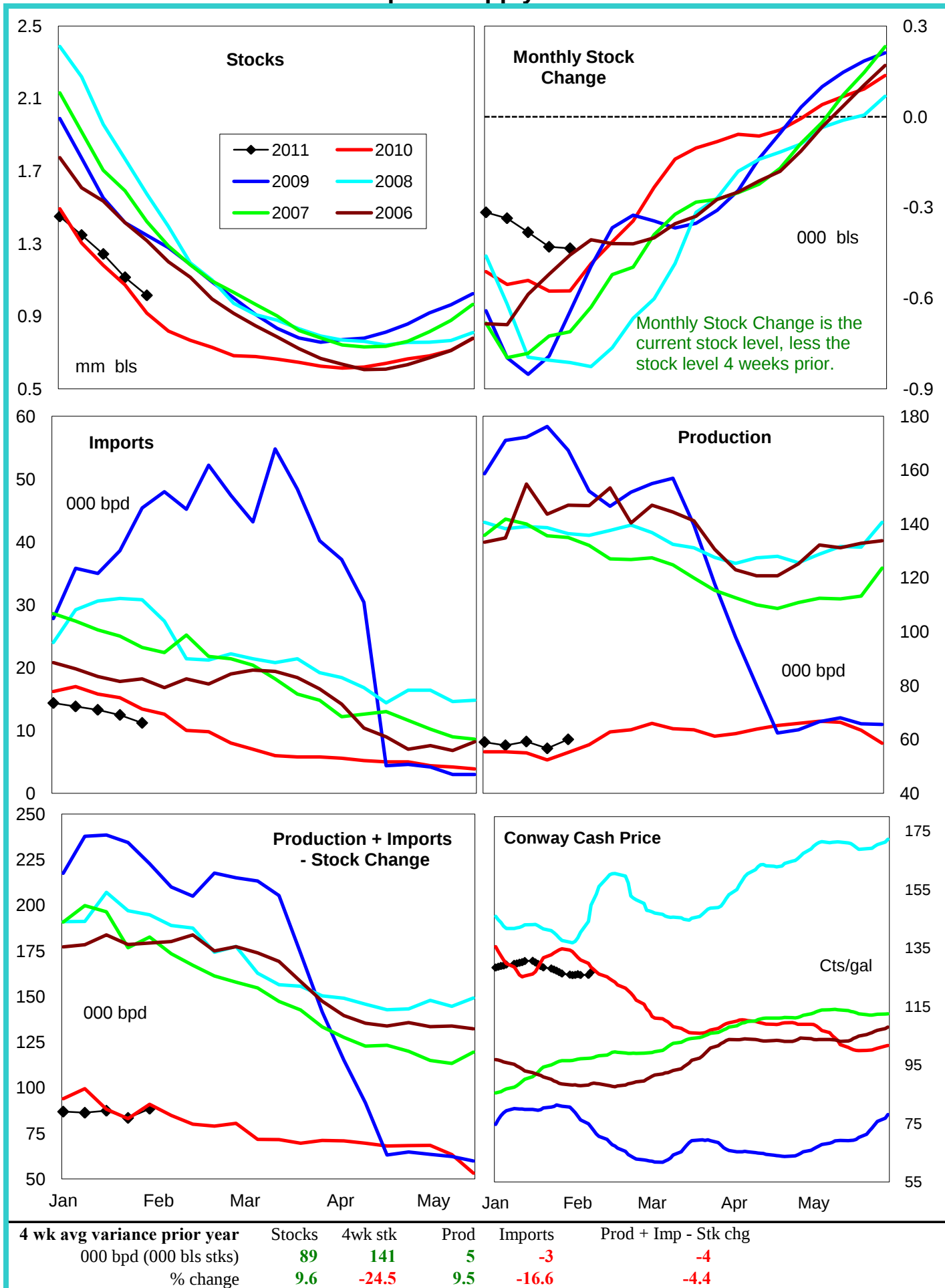
PADD 2 Propane Supply and Demand Balance



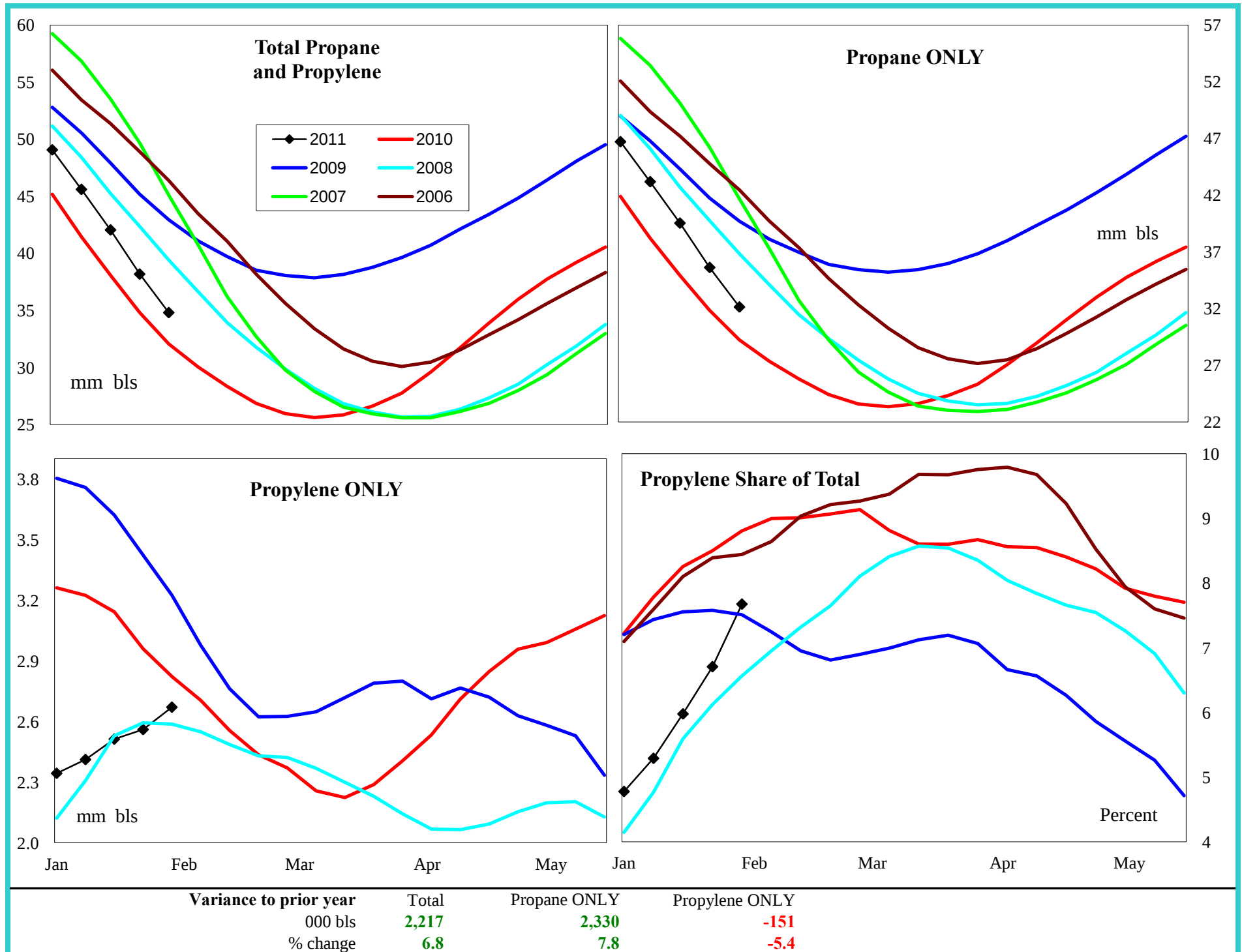
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

