

**FUNDAMENTAL
PETROLEUM
TRENDS**

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

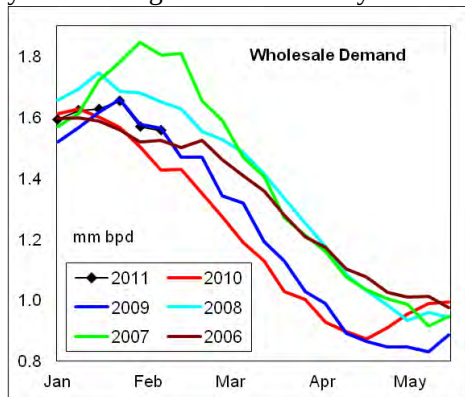
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, February 16, 2011

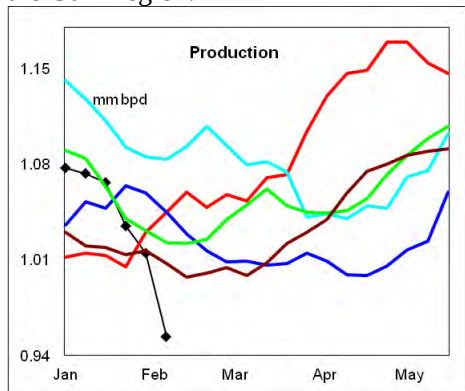


Summary¹:

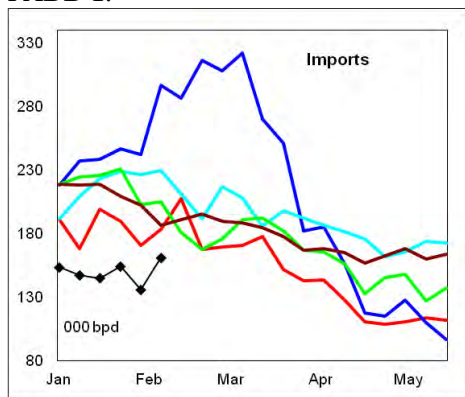
Wholesale demand increased +72,000 bpd last week, to a level that matched 5-year mid range for this time of year.



Production decreased -85,000 bpd on the week, with the decline concentrated in the Gulf Region.



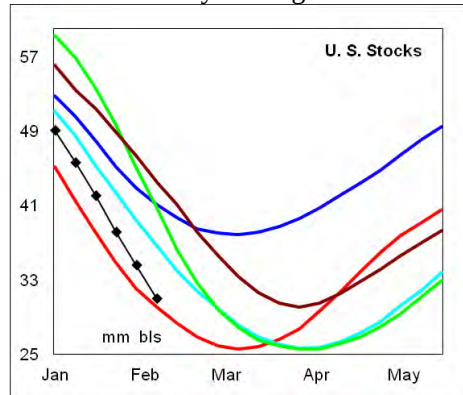
Imports increased +68,000 bpd on the week, with the increase concentrated in PADD 1.



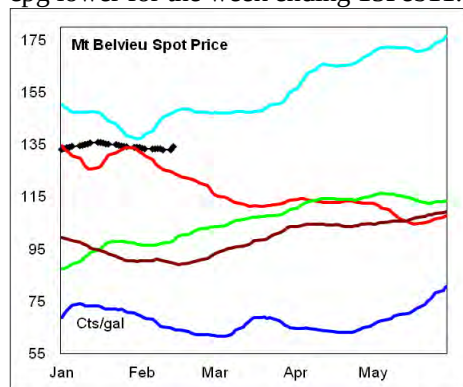
Combined production and imports during the latest 4-wk period were -

3,000 bpd below a year ago. Production was +7,000 bpd above last year, while imports were -10,000 bpd lower. The latest 4-wk average demand was +89,000 bpd above last year.

Stocks decreased -3.8 million barrels this week, with the 4-wk draw of -14.6 million barrels, exceeding four of the last 5-years. 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 -5.75 cpg lower for the week ending 15Feb11.



The Conway – Mt Belvieu price spread traded lower last week ending 15Feb11 on weakness in Midwest prices. The spread ended the week at a record low.

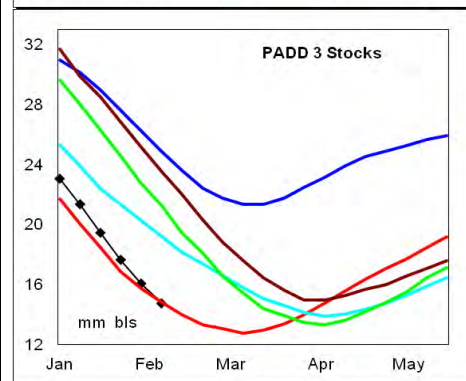
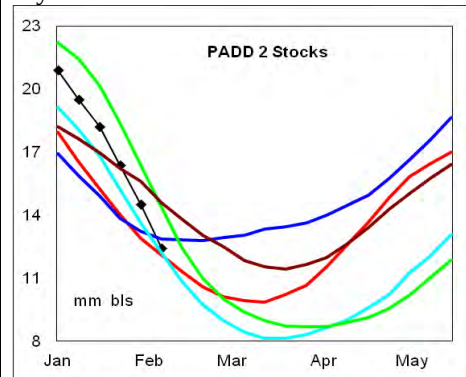
The propane to natural gas price spread trended higher in favor of propane last week, on very weak gas prices. The spread reached a new record high for this time of year.

The propane / crude oil price spread increased last week in favor of propane on weak WTI crude oil prices, ending at a level equal to the 5-year mid range.

PADD 1 stocks increased +0.1 million barrels on the week, due to a +51,000

bpd jump in imports. Supply for the latest 4-wk period increased +21,000 bpd, on higher imports. Stock levels were above the last 2-years.

PADD 2 stocks declined -2.6 million barrels last week. Supply increased +32,000 bpd on the week. The latest 4-wk average supply was -12,000 bpd below a year ago, on lower imports. Stock levels were comparable to the last 3-years.



PAD 3 stocks decreased -1.2 million barrels on the week. Production fell -101,000 bpd, as refiners began winter maintenance. 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 -20% below normal for the current week, following 3-months of above normal levels. This warming trend has been partially offset by the sharp drop in propane production on the Gulf and near record stock draws. Expect spot prices in the Midwest to see weakness, while the Gulf is supported by a sharp drop in production.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

February 16, 2011

Fundamental Trends for the Week Ending:

Friday, February 11, 2011

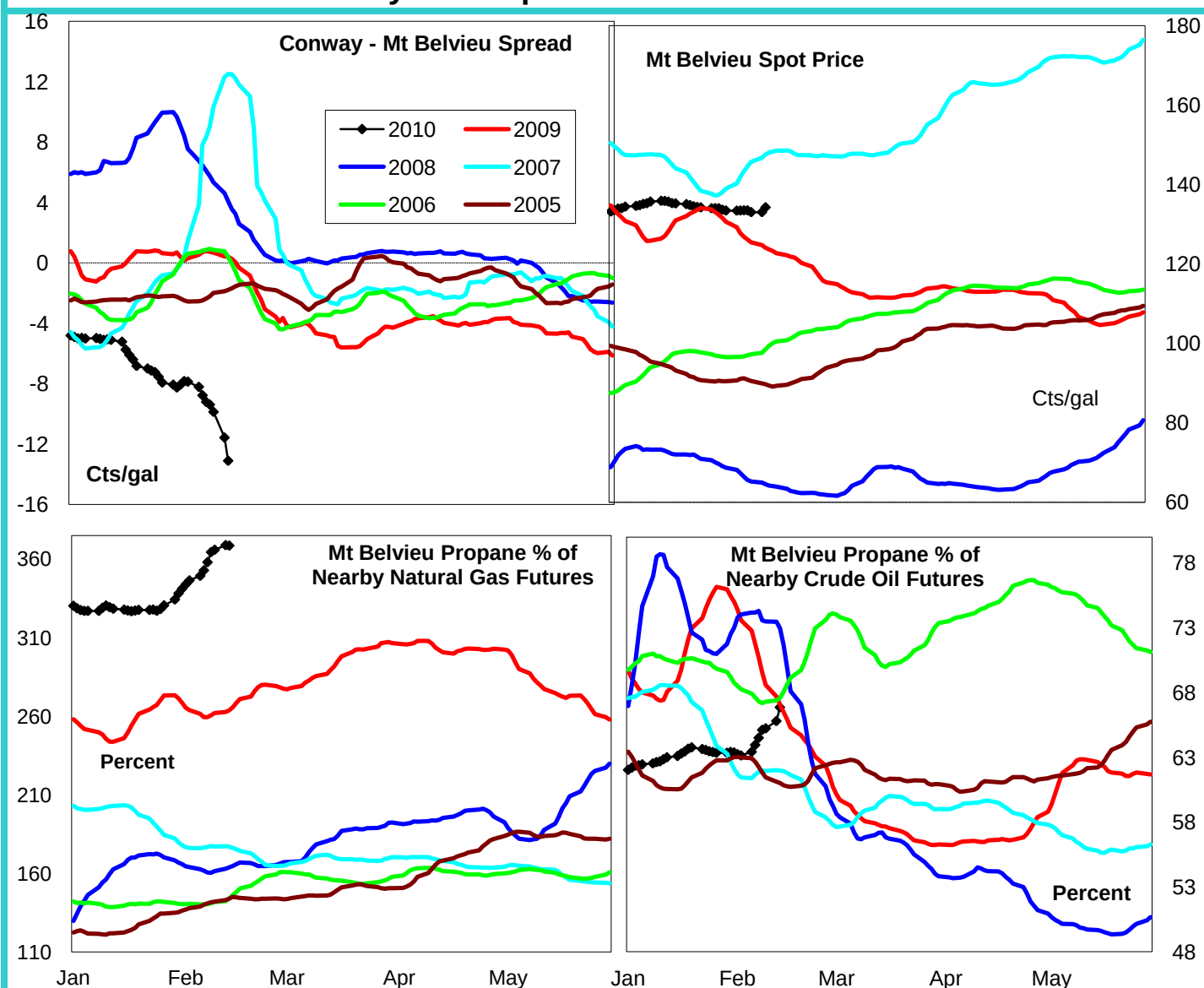
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	30,973	2,957	12,408	14,722	886	-3,832	61	-2,557	-1,207	-129
Propylene Stocks	2,619					-52				
Production	954	47	248	603	56	-85	6	14	-101	-4
Imports	161	85	65	0	11	68	51	18	0	0
Whsle Demand	1,558					72				

Price Trends for the Week Ending:

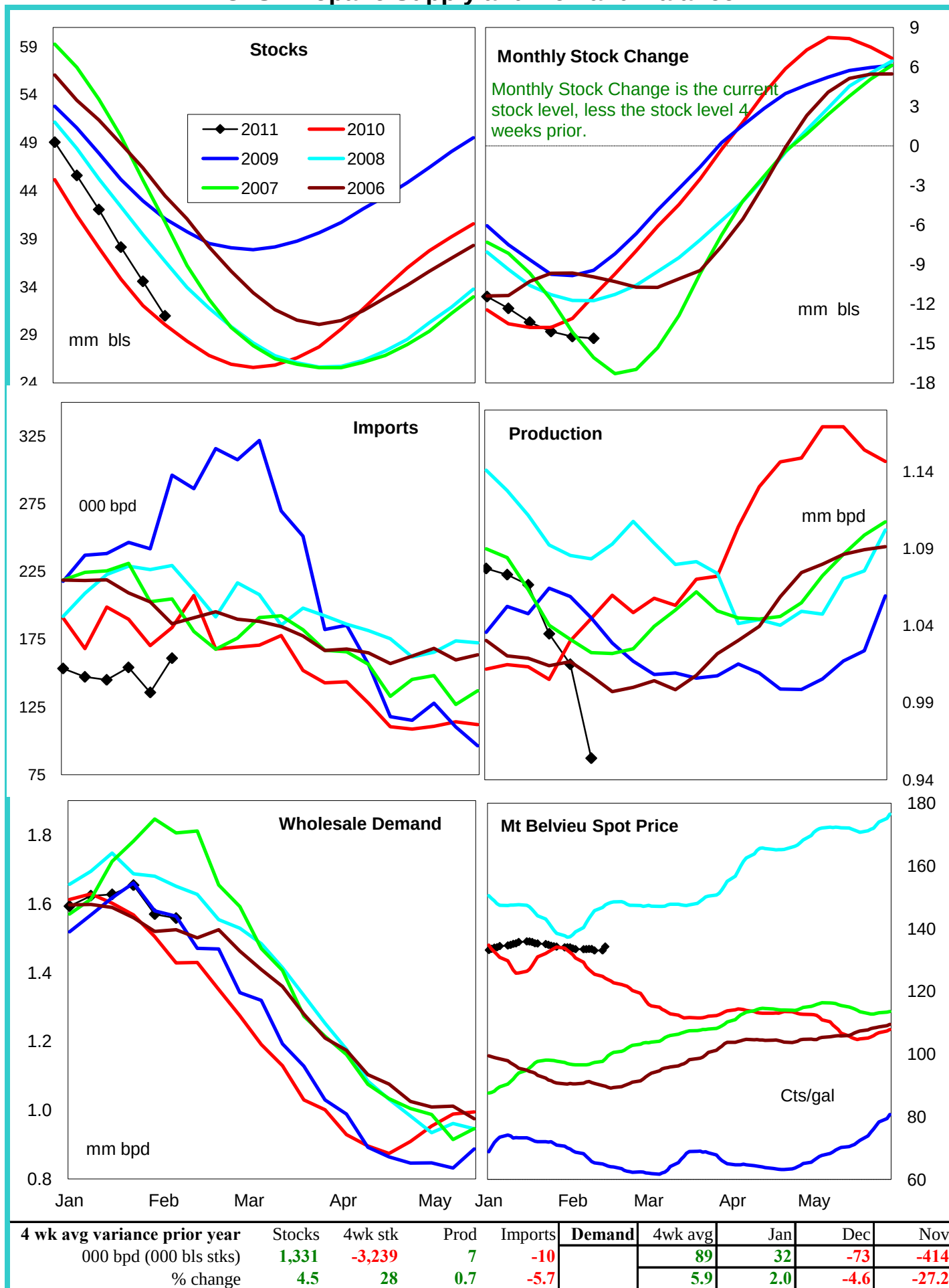
Tuesday, October 26, 2010

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	133.0	133.8	136.1	123.1	-0.82	-2.30	13.05	-0.6	-1.7	10.6
Conway Spot	123.2	125.8	131.1	122.7	-2.65	-5.26	8.36	-2.1	-4.0	6.8

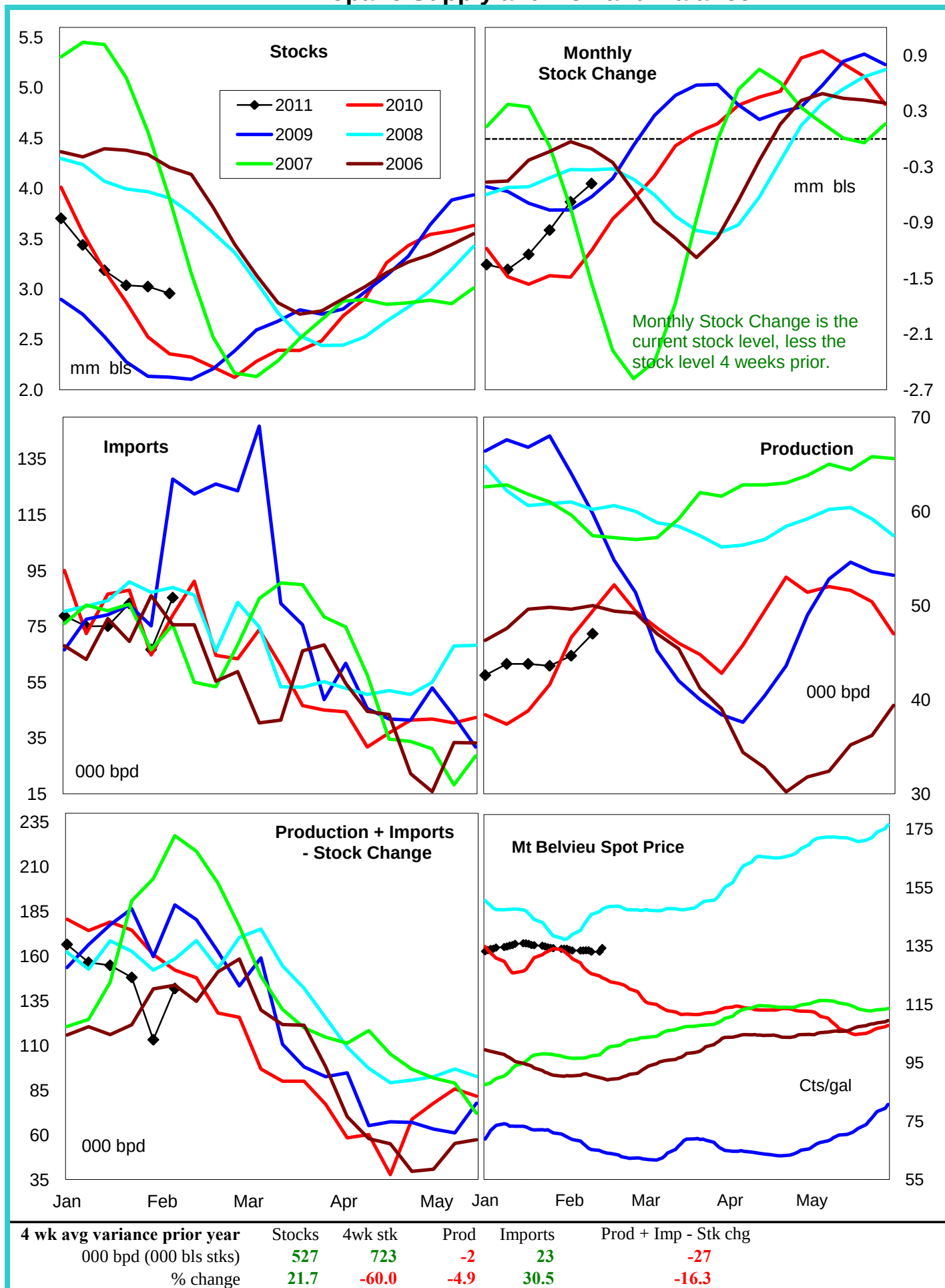
Key Price Spreads and Differentials



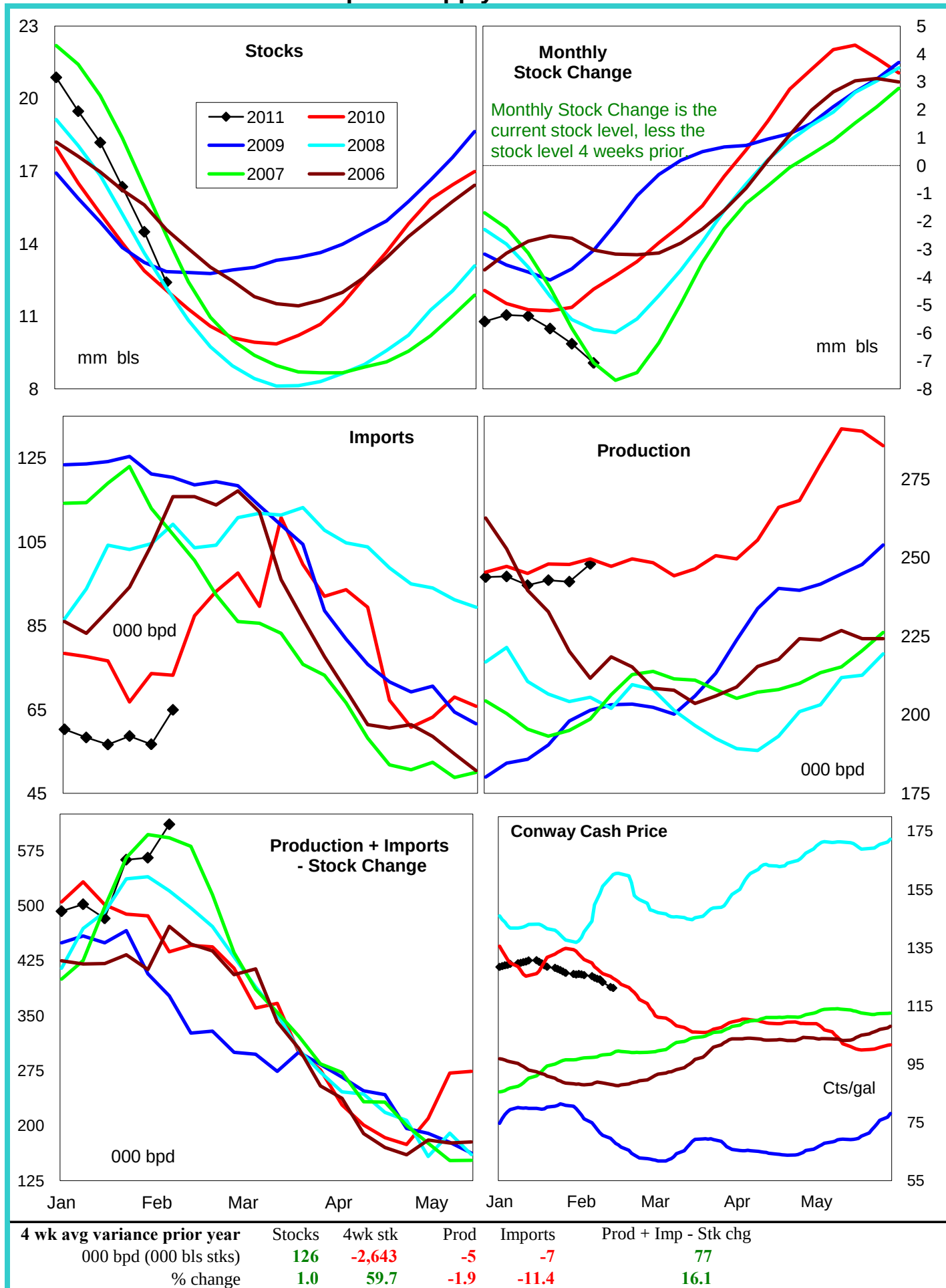
U. S. Propane Supply and Demand Balance



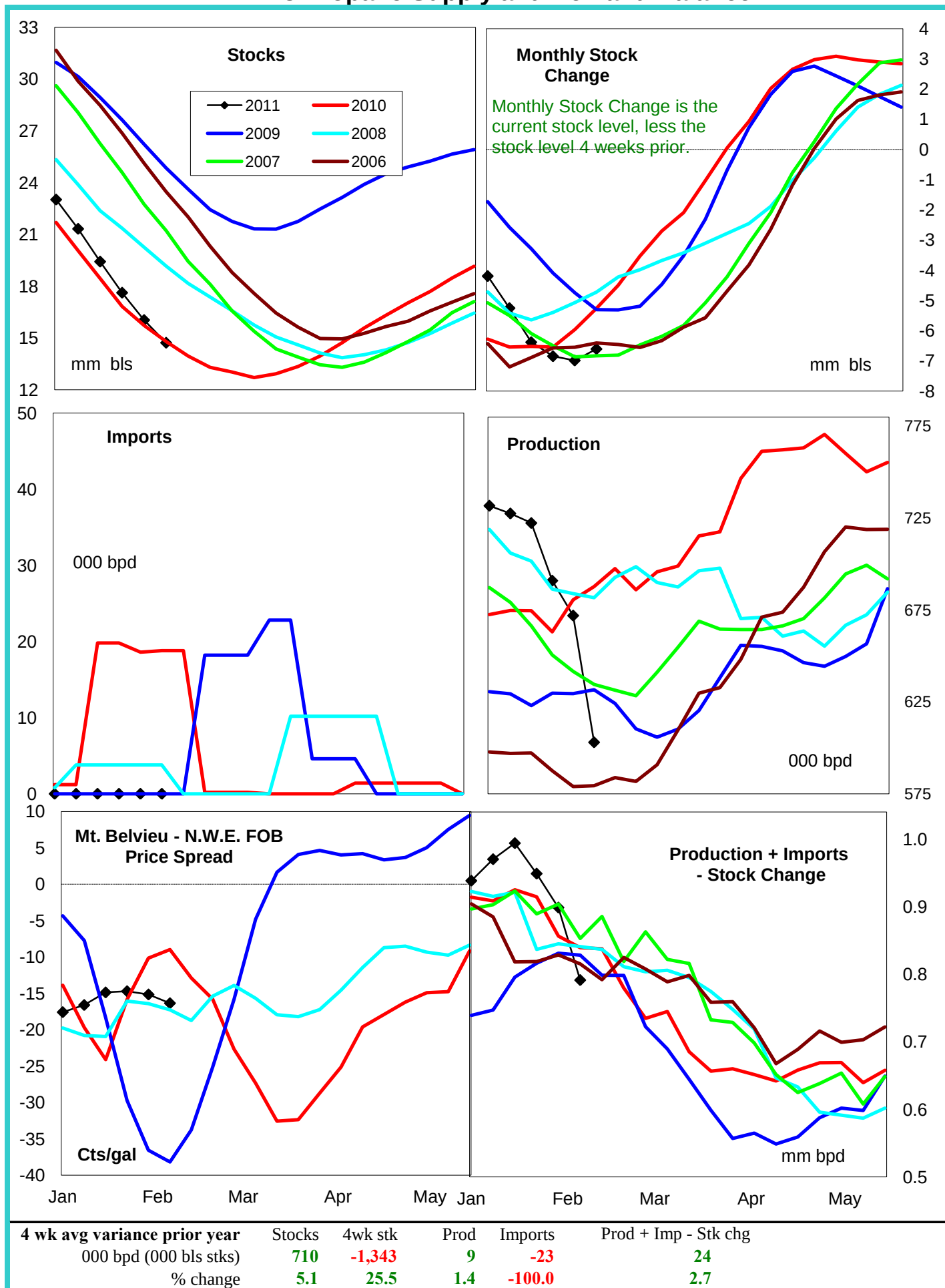
PADD 1 Propane Supply and Demand Balance



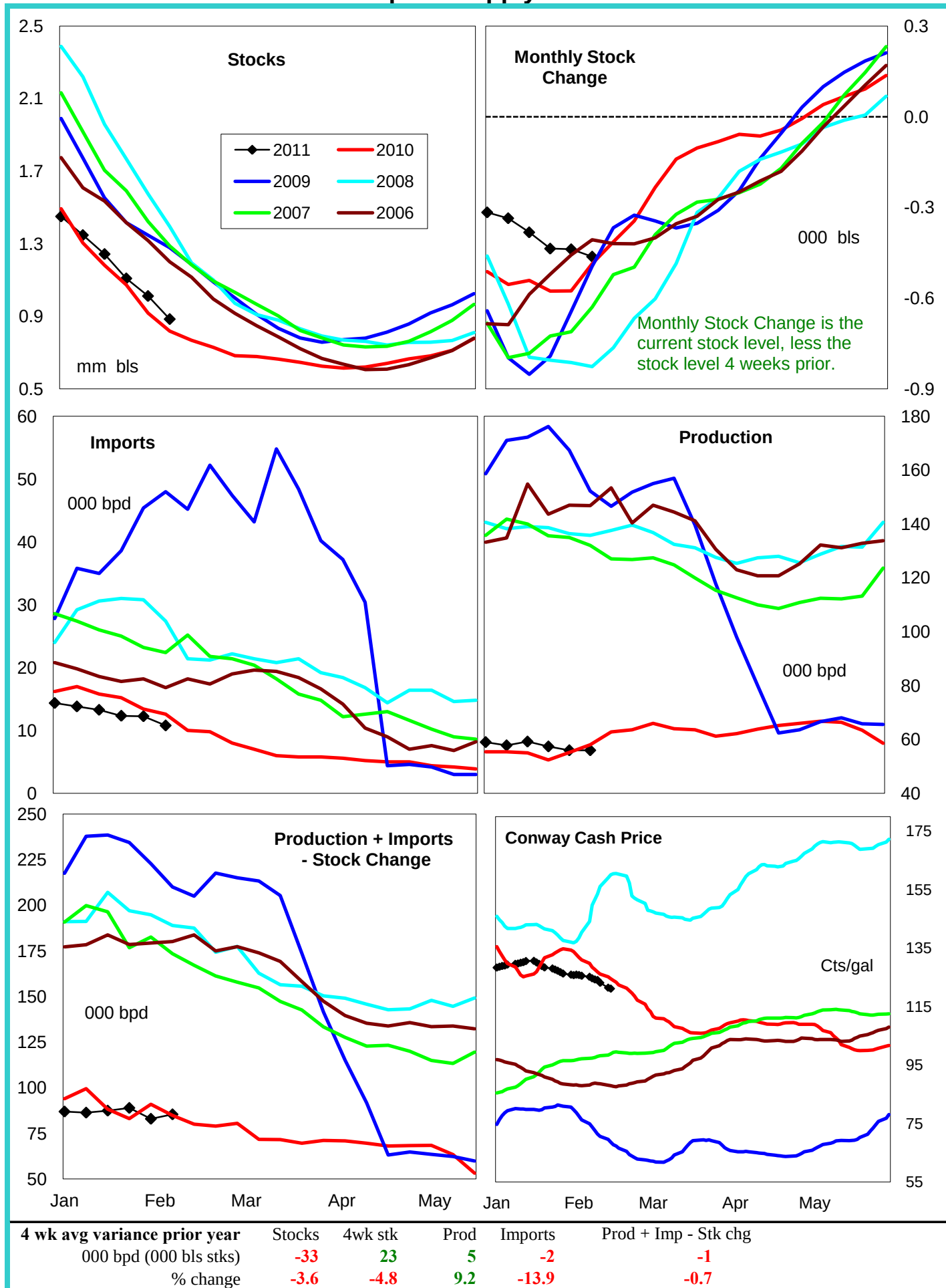
PADD 2 Propane Supply and Demand Balance



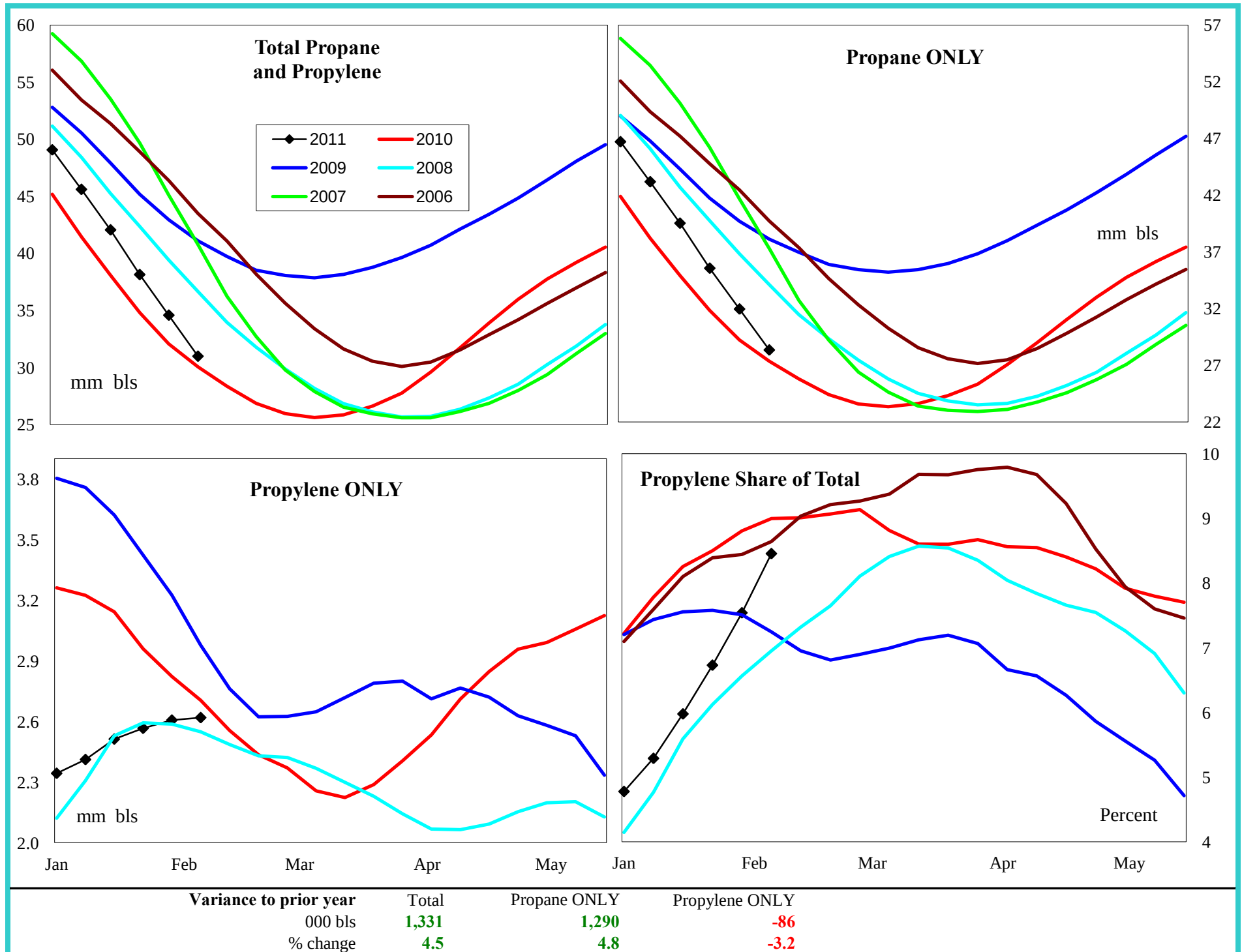
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

