WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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

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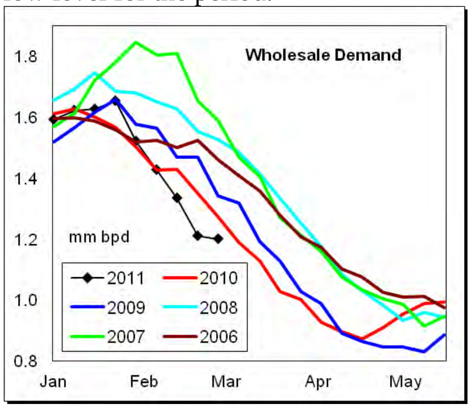
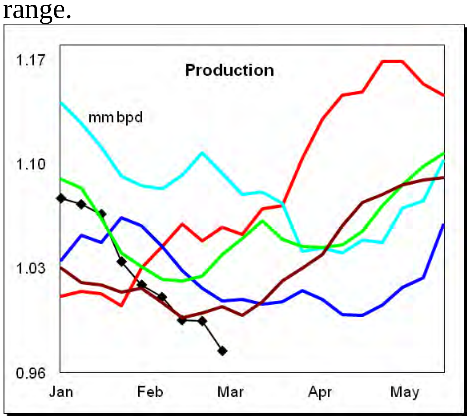
Summary[1]:

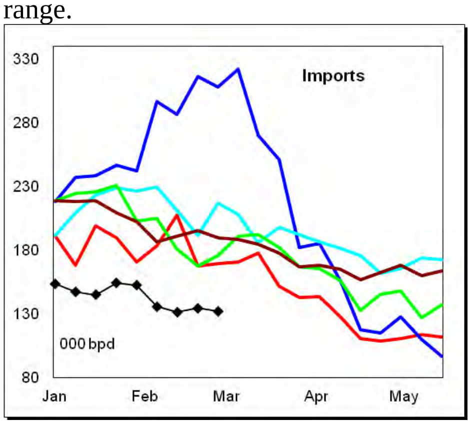
Wholesale demand decreased -22,000 bpd last week, with the level at a record low level for the period.



Production declined -37,000 bpd on the week, with the level below the historic range.

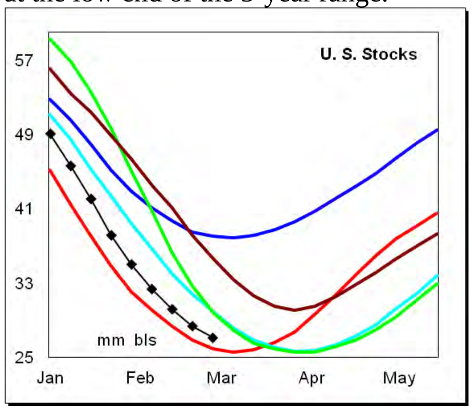


Imports decreased -38,000 bpd on the week, to a level well below the 5-year range.

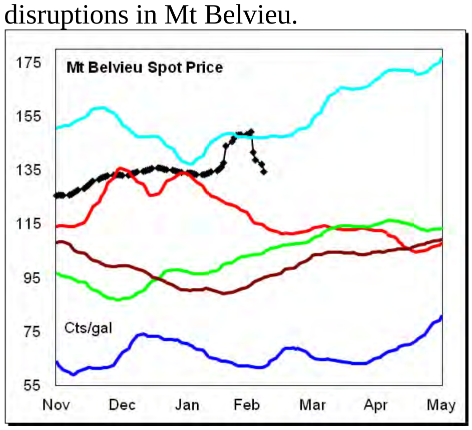


Combined production and imports during the latest 4-wk period were -111,000 bpd below a year ago. Production was -73,000 bpd below last year, while imports were -38,000 bpd lower. The latest 4-wk average demand was -121,000 bpd below last year.

Stocks decreased -1.4 million barrels this week, with a 4-wk draw of -7.9 million barrels, less than the average 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 -15 cpg while Conway declined -14 cpg for the week ending 08Mar11. Prices returned to levels seen before the late February spike on supply disruptions in Mt Belvieu.



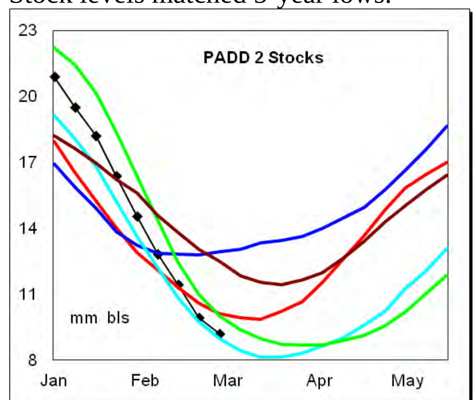
The Conway – Mt Belvieu price spread extended the uptrend in favor of Conway, following the price spike in Mt Belvieu last month. The level remains well below the 5-year historic range.

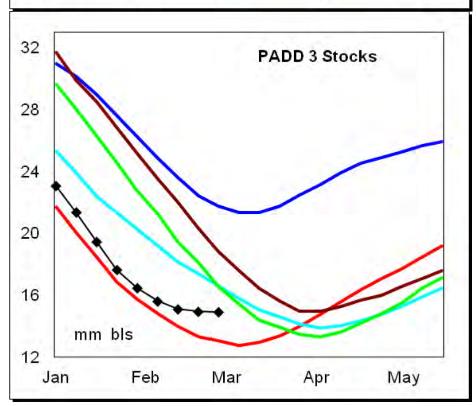
The propane to natural gas price spread trended lower in favor of natural gas last week, on the pull back in propane prices. The spread remains near recent record highs.

The propane / crude oil price spread collapsed last week in favor of crude oil. The level ended the week below the 5-year range.

PADD 1 stocks fell -0.8 million barrels on the week, due in part to a -58,000 bpd drop in supply. Supply for the latest 4-wk period decreased -21,000 bpd, on lower production and imports. Stock levels were near the historic mid range.

PADD 2 stocks declined -0.5 million barrels last week. Supply increased +22,000 bpd on the week. The latest 4-wk average supply was -32,000 bpd below a year ago, on lower imports. Stock levels matched 5-year lows.





PAD 3 stocks decreased -0.1 million barrels on the week. The latest 4-wk average supply was -56,000 bpd below a year ago. Stock levels remain at the low end of the historic range.

PADDs 4 & 5 stocks were unchanged on the week, at a level that matched historic lows.

Emerging Trends Heating degrees are forecast to be sharply below normal during the next 10-days as spring arrives to key propane heating markets. Expect seasonal price weakness as marketers work down end of season inventories.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

March 9, 2011

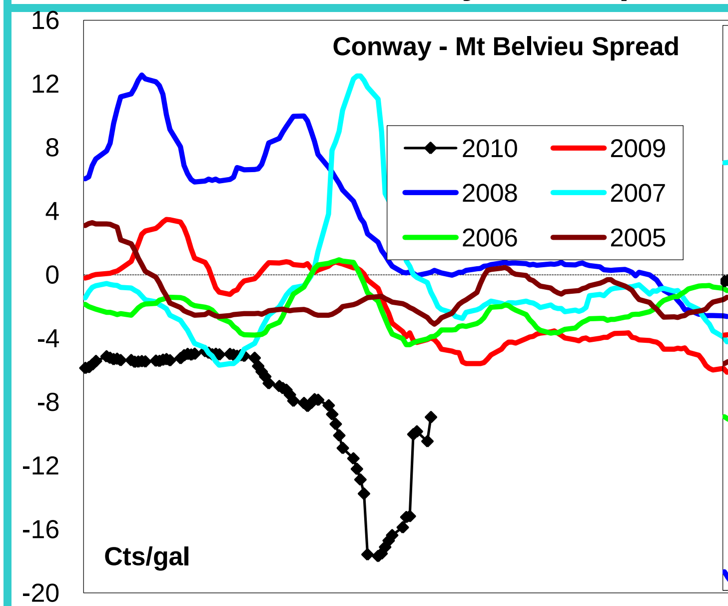
Fundamental Trends for the Week Ending: Friday, March 04, 2011

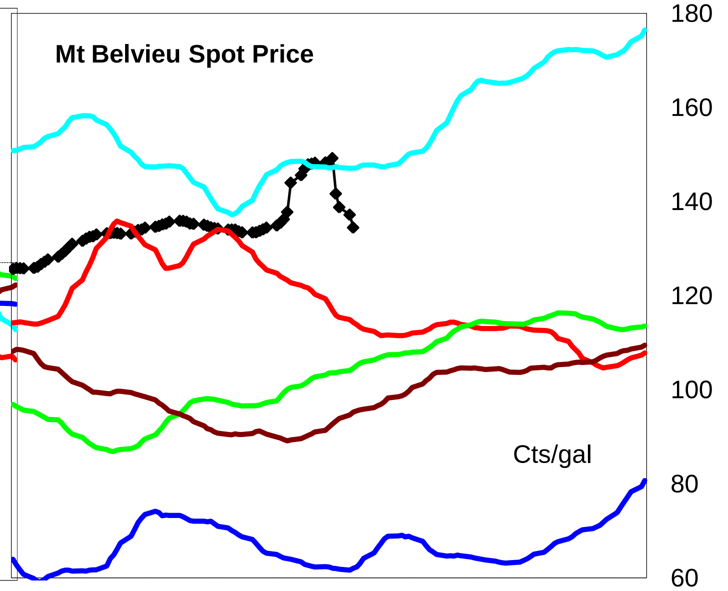
000 bpd Stocks 000 bls	Weekly Supply-Demand U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	27,086	2,324	9,178	14,908	676	-1,383	-758	-456	-134	-35
Propylene Stocks	2,524					-67				
Production	975	37	254	622	62	-37	-5	6	-43	5
Imports	132	43	76	0	13	-38	-53	16	0	-1
Whsle Demand	1,201					-22				

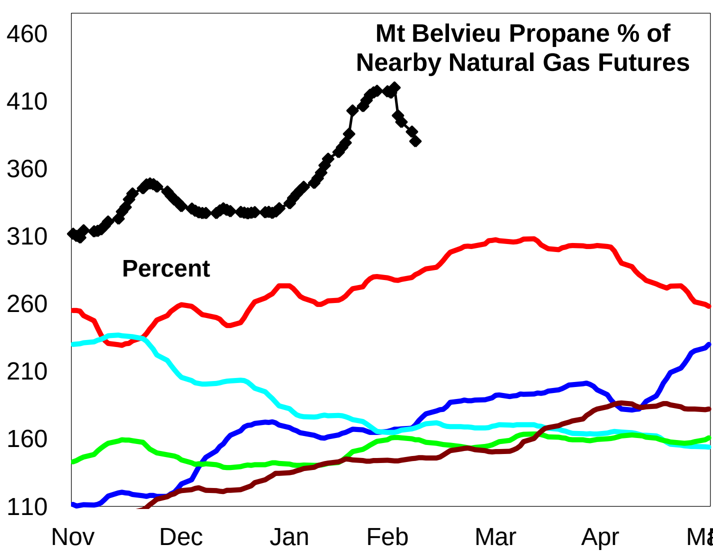
Price Trends for the Week Ending: Tuesday, March 08, 2011

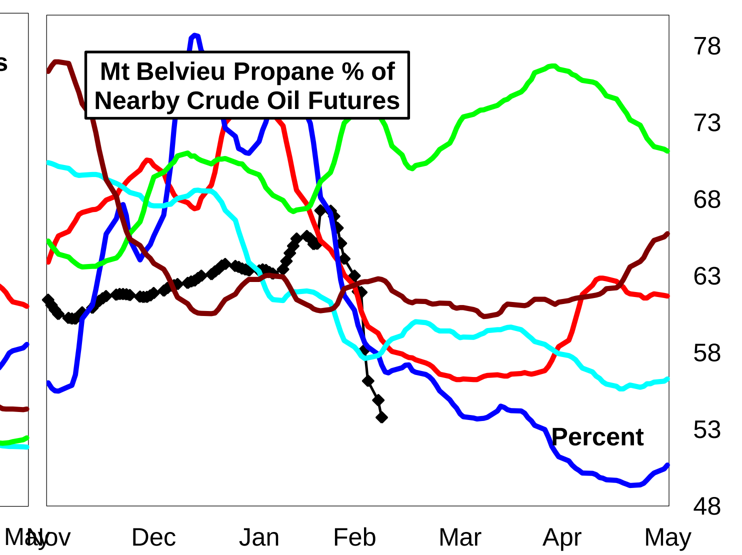
Cents/gal	Average for week ending: 3/8/11	3/1/11	2/8/11	3/5/10	Change from: 3/1/11	2/8/11	3/5/10	% change from: 3/1/11	2/8/11	3/5/10
Mont Belvieu Spot	138.8	158.7	133.8	116.5	-19.89	24.83	17.30	-12.5	18.6	14.8
Conway Spot	128.9	138.0	125.8	112.2	-9.07	12.20	13.62	-6.6	9.7	12.1

Key Price Spreads and Differentials

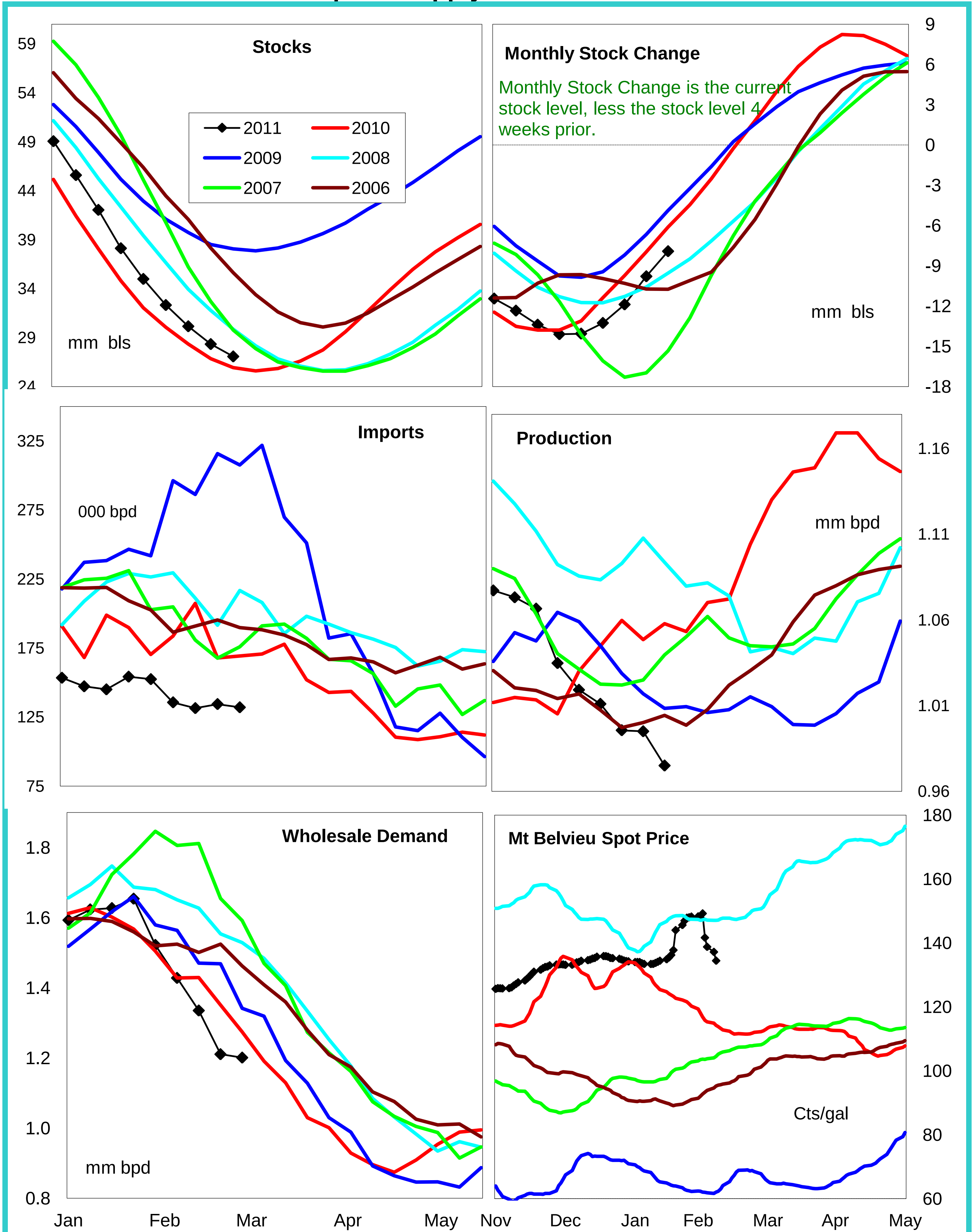






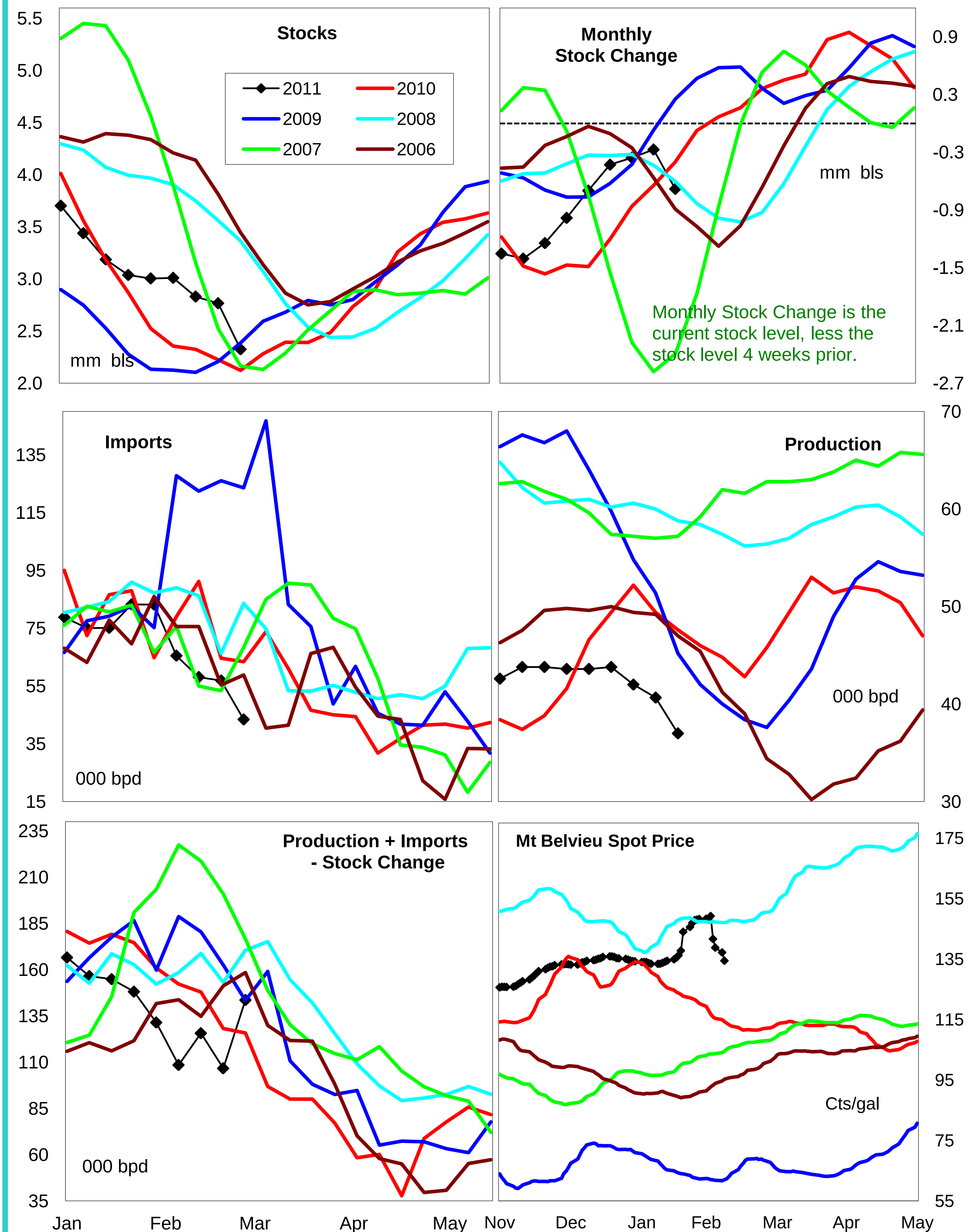


U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jan	Dec	Nov
000 bpd (000 bls stks)	1,778	-1,807	-73	-38		-121	32	-73	-414
% change	7.0	30	-6.9	-21.3		-8.5	2.0	-4.6	-27.2

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)	-274	-279	-10	-11	-17
% change	-10.5	69.4	-18.4	-14.4	-12.6

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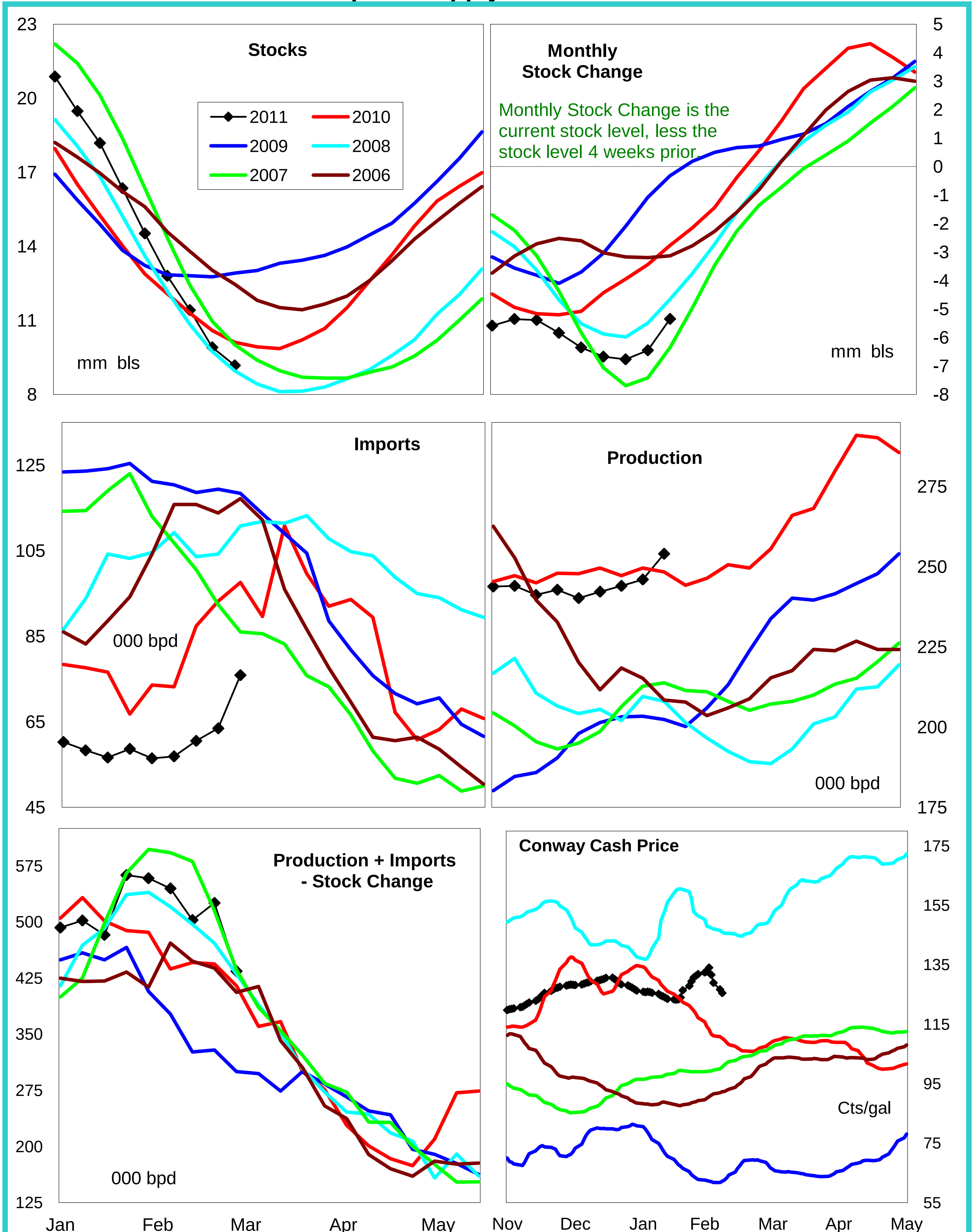
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-363	-2,581	-2	-30	66
% change	-3.8	93.3	-0.6	-31.9	15.2

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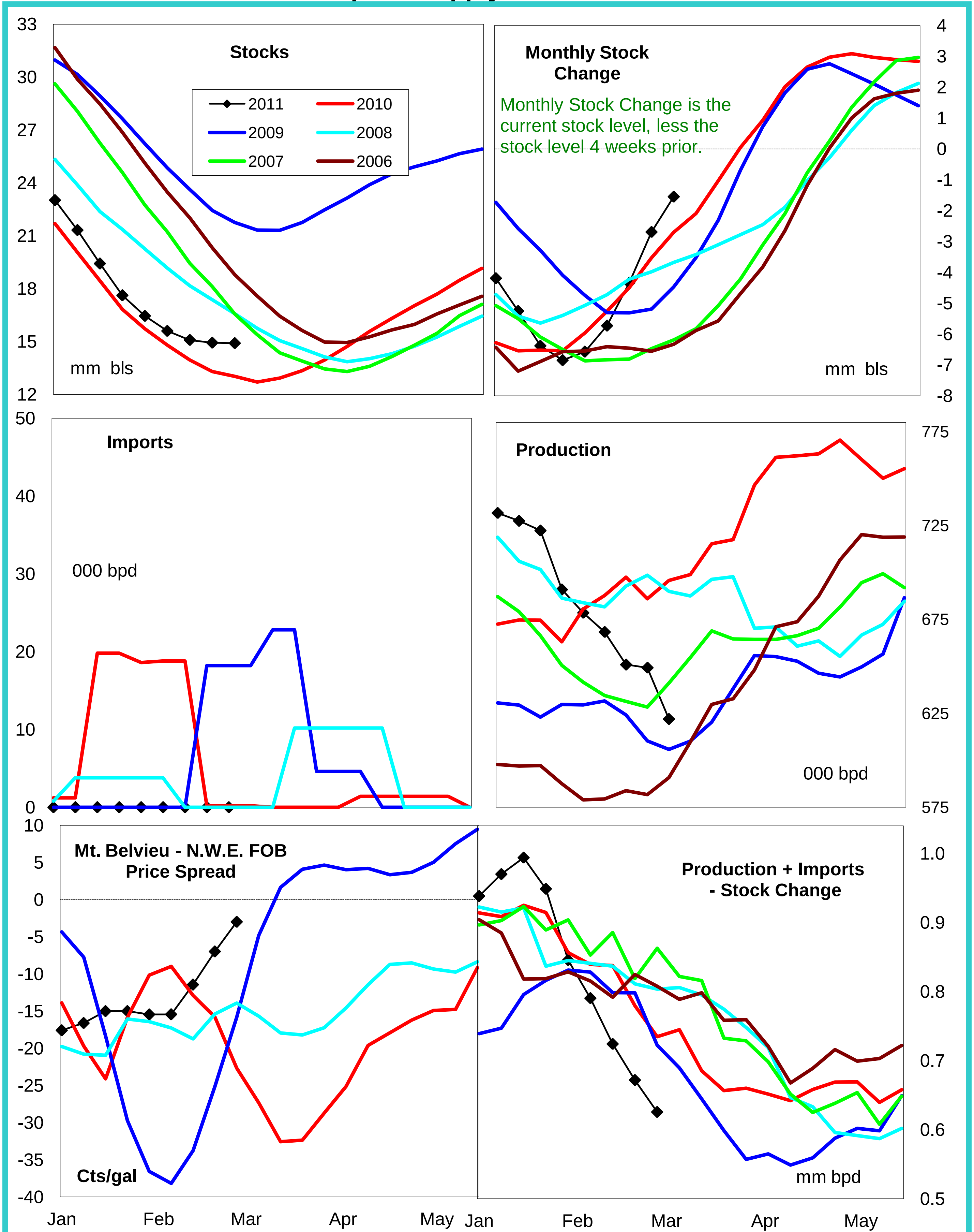
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	2,420	1,154	-56	0	-95
% change	19.4	-42.7	-8.0	-100.0	-11.9

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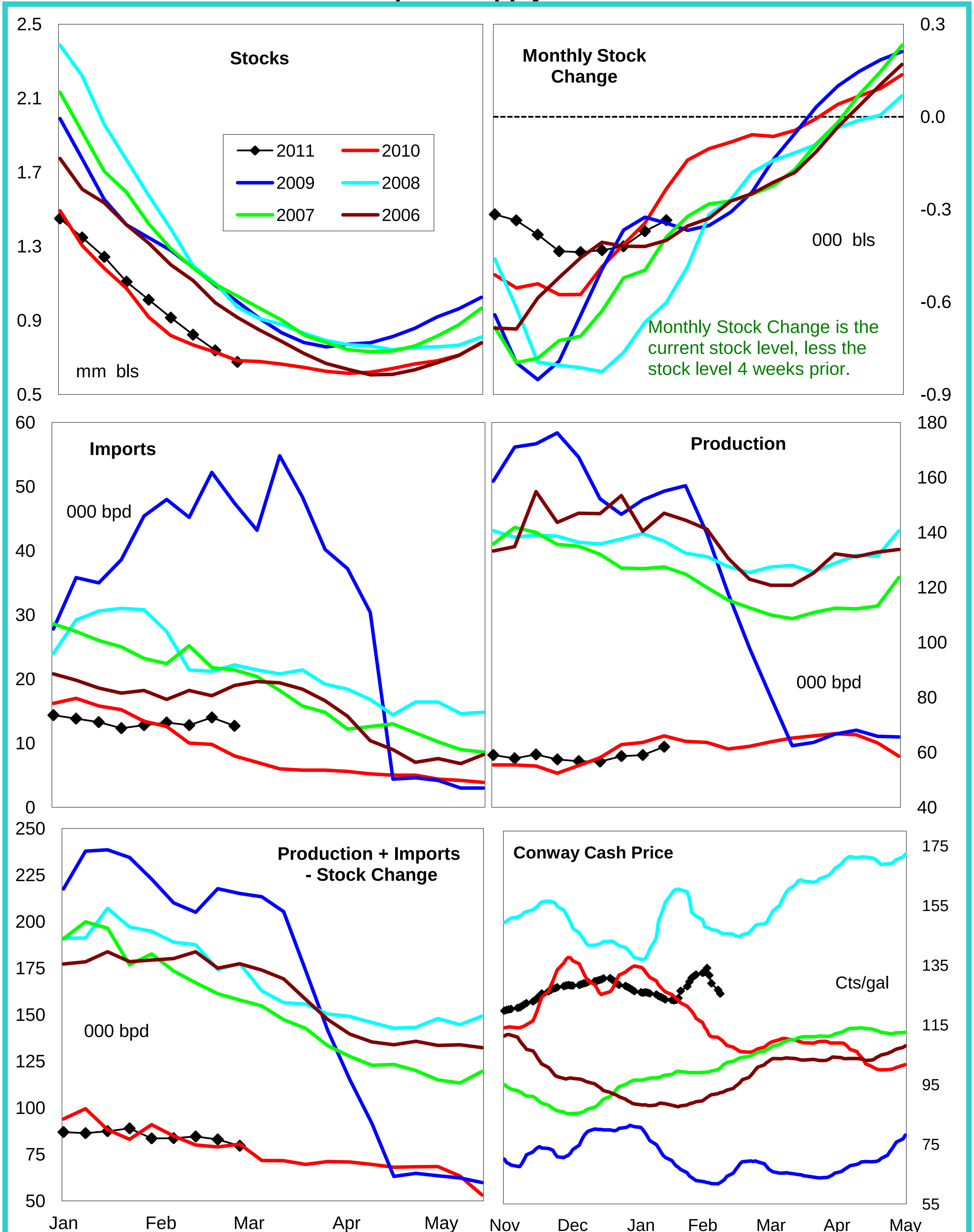
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-5	-102	-6	3	2
% change	-0.7	43.5	-9.7	25.7	2.0

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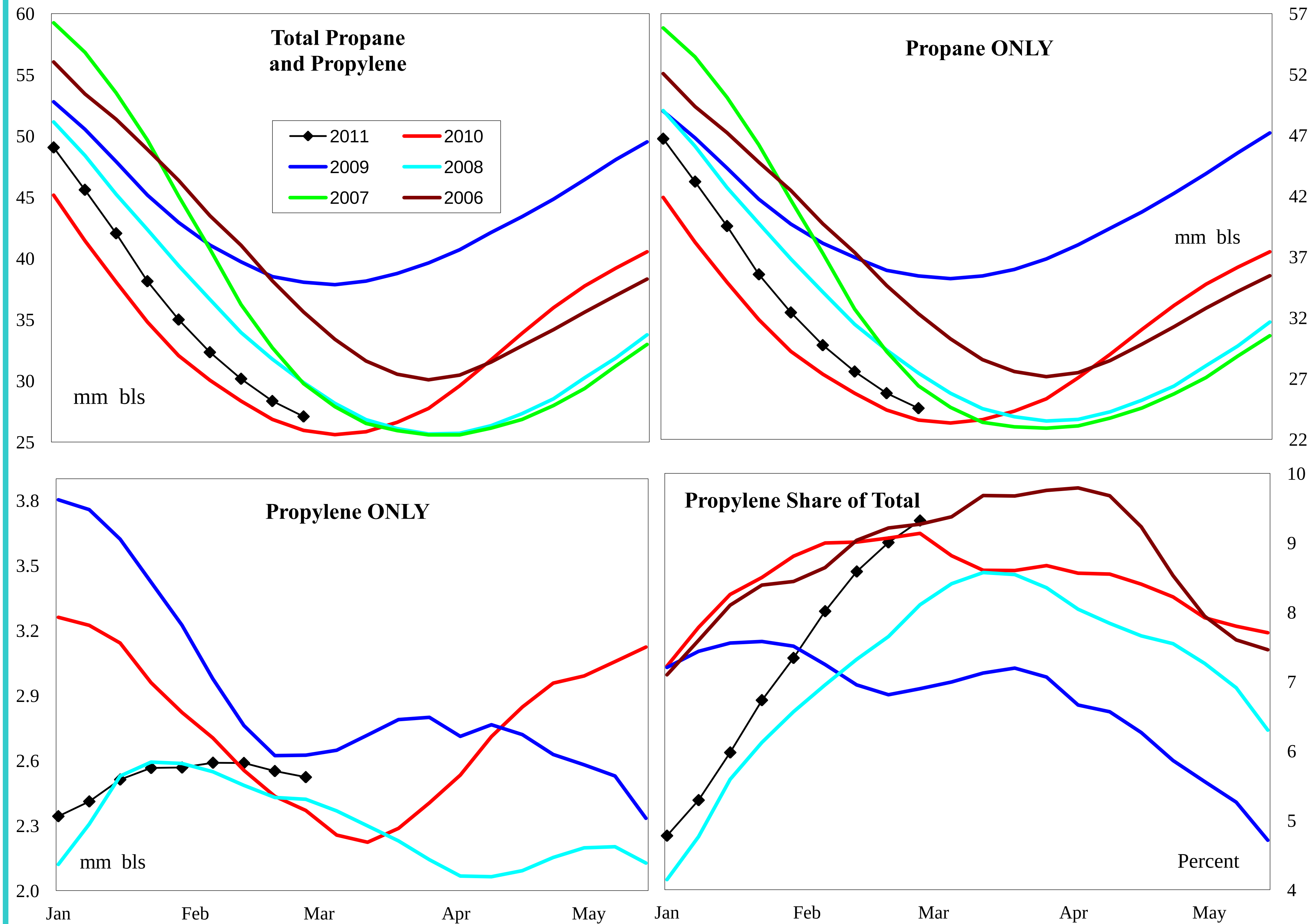
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	1,778	1,401	154
% change	7.0	6.0	6.5

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