
**FUNDAMENTAL
PETROLEUM
TRENDS**

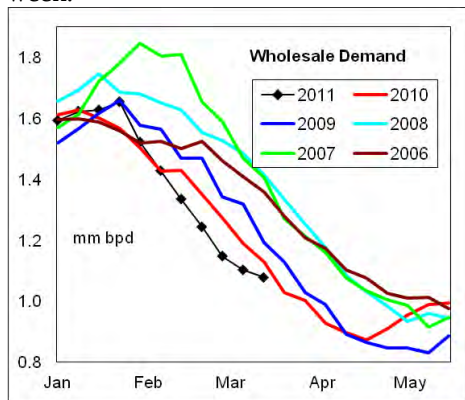
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

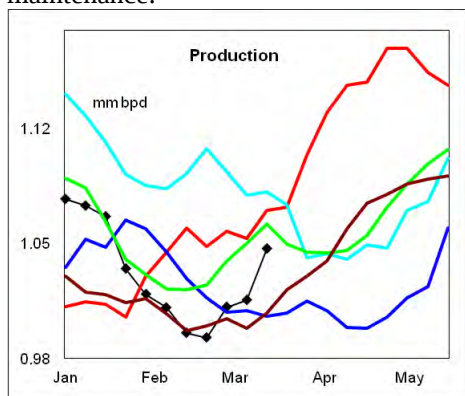
 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, March 24, 2011


Summary¹:

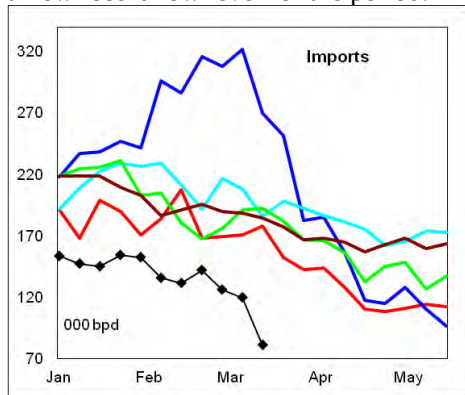
Wholesale demand increased +48,000 bpd last week, with the level below the 5-year range for the 5th consecutive week.



Production increased +22,000 bpd on the week, Gulf as refiners return from maintenance.



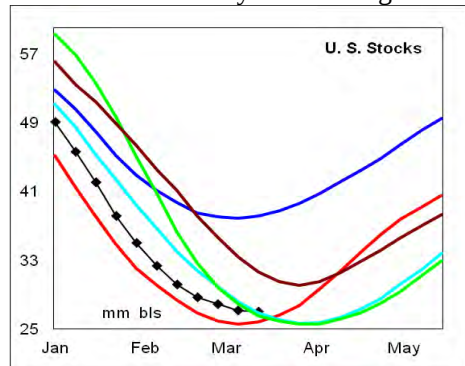
Imports fell -65,000 bpd on the week, to a new record low level for the period.



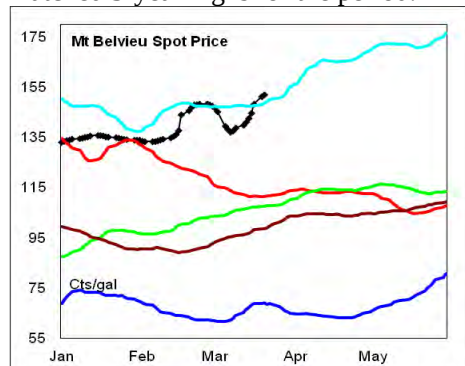
Combined production and imports during the latest 4-wk period were -

79,000 bpd below a year ago. Production was -37,000 bpd below last year, while imports were -42,000 bpd lower. The latest 4-wk average demand was -90,000 bpd below last year.

Stocks decreased -0.4 million barrels this week, with a 4-wk draw comparable to that of the last 2-years. The stock level matched the 5-year mid range.



Price and Spreads Mt Belvieu spot prices spiked +17.75 cpg while Conway increased +13.255 cpg for the week ending 22Mar11. The price level matched 5-year highs for the period.



The Conway – Mt Belvieu price spread increased last week in favor of Mt Belvieu. The level remains well below the 5-year historic range.

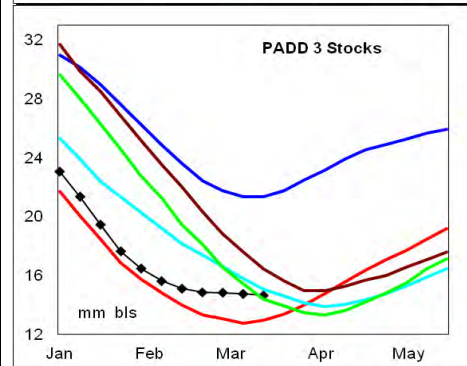
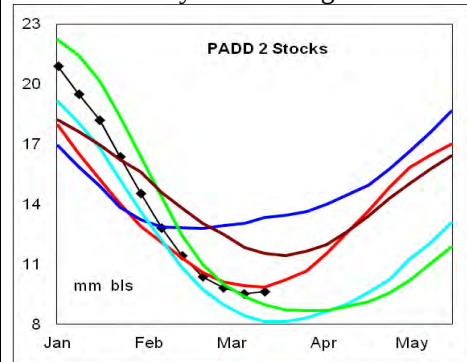
The propane to natural gas price spread traded sideways on the week as gas prices also strengthened. The spread remains near recent record highs.

The propane / crude oil price spread increased on the surge in propane prices. The level ended the week at a level above the last 3-years.

PADD 1 stocks decreased -0.1 million barrels last week, due in part to a -33,000 bpd decrease in imports. Supply for the latest 4-wk period decreased -20,000

bpd, on lower production and imports. Stock levels were at 5-year lows.

PADD 2 stocks decreased -0.1 million barrels last week. Supply decreased -20,000 bpd on the week. The latest 4-wk average supply was -31,000 bpd below a year ago, on lower imports. Stock levels matched the 5-year mid range.



PADD 3 stocks were unchanged on the week. The latest 4-wk average supply was -33,000 bpd below a year ago. Stock levels were near the mid range for the period.

PADDs 4 & 5 stocks decreased -0.1 million barrels on the week, with the level below the 5-year range.

Emerging Trends A surge in demand for propane and LNG in Japan to offset lost liquid fuels and nuclear energy has driven a counter seasonal price rise in propane prices. U.S. domestic demand remains extremely weak, compared to the last 5-years, in addition to the seasonal wind down in heating use. Expect Gulf exports, and alternative uses such as blending with Canadian crude imports and refinery fuel to support prices.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

March 24, 2011

Fundamental Trends for the Week Ending:

Friday, March 18, 2011

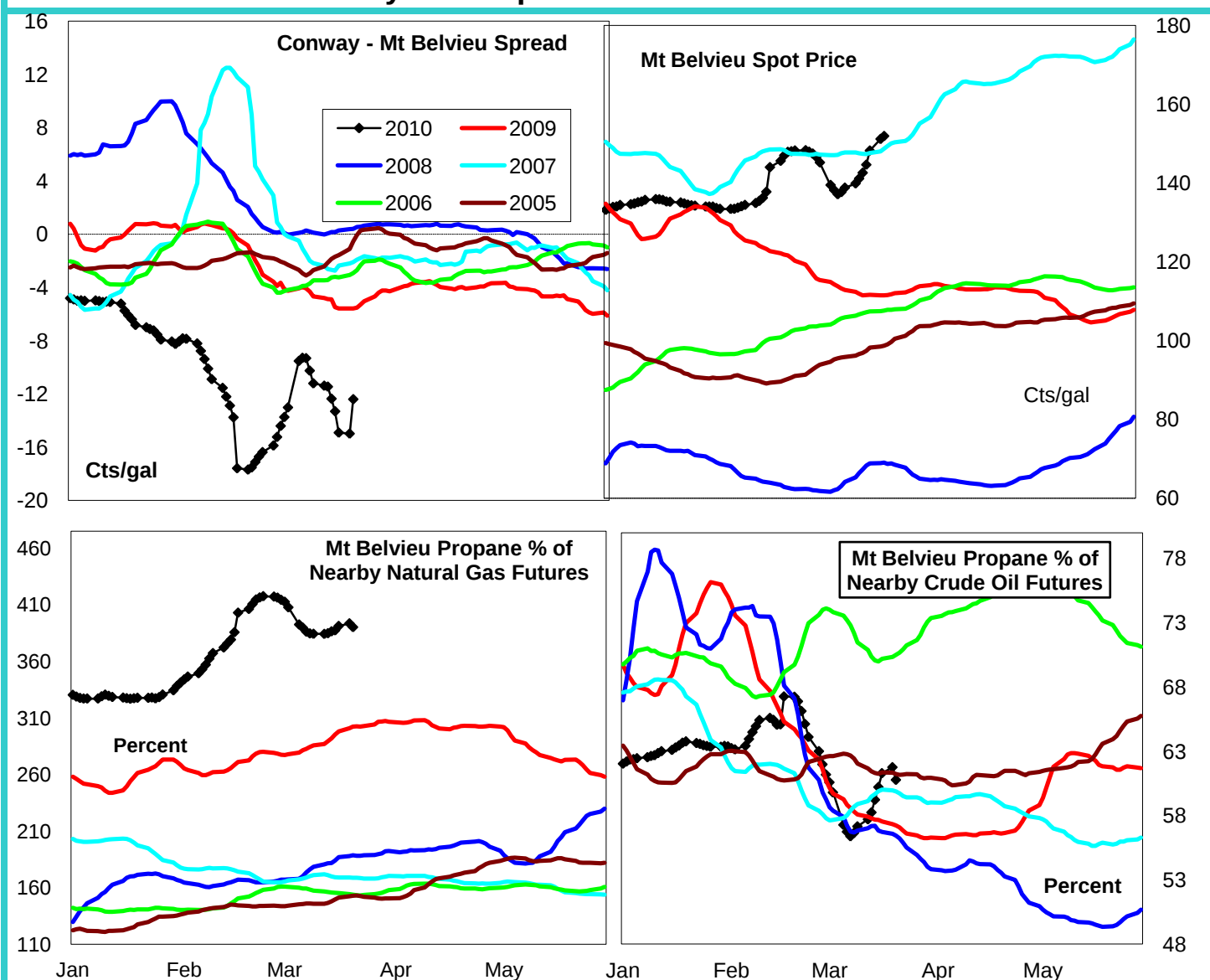
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	27,001	2,202	9,629	14,632	538	-361	-152	-118	-32	-59
Propylene Stocks	2,100					-368				
Production	1,047	44	255	688	60	22	-4	0	27	-1
Imports	81	28	37	0	16	-65	-33	-20	-12	0
Whsle Demand	1,078					48				

Price Trends for the Week Ending:

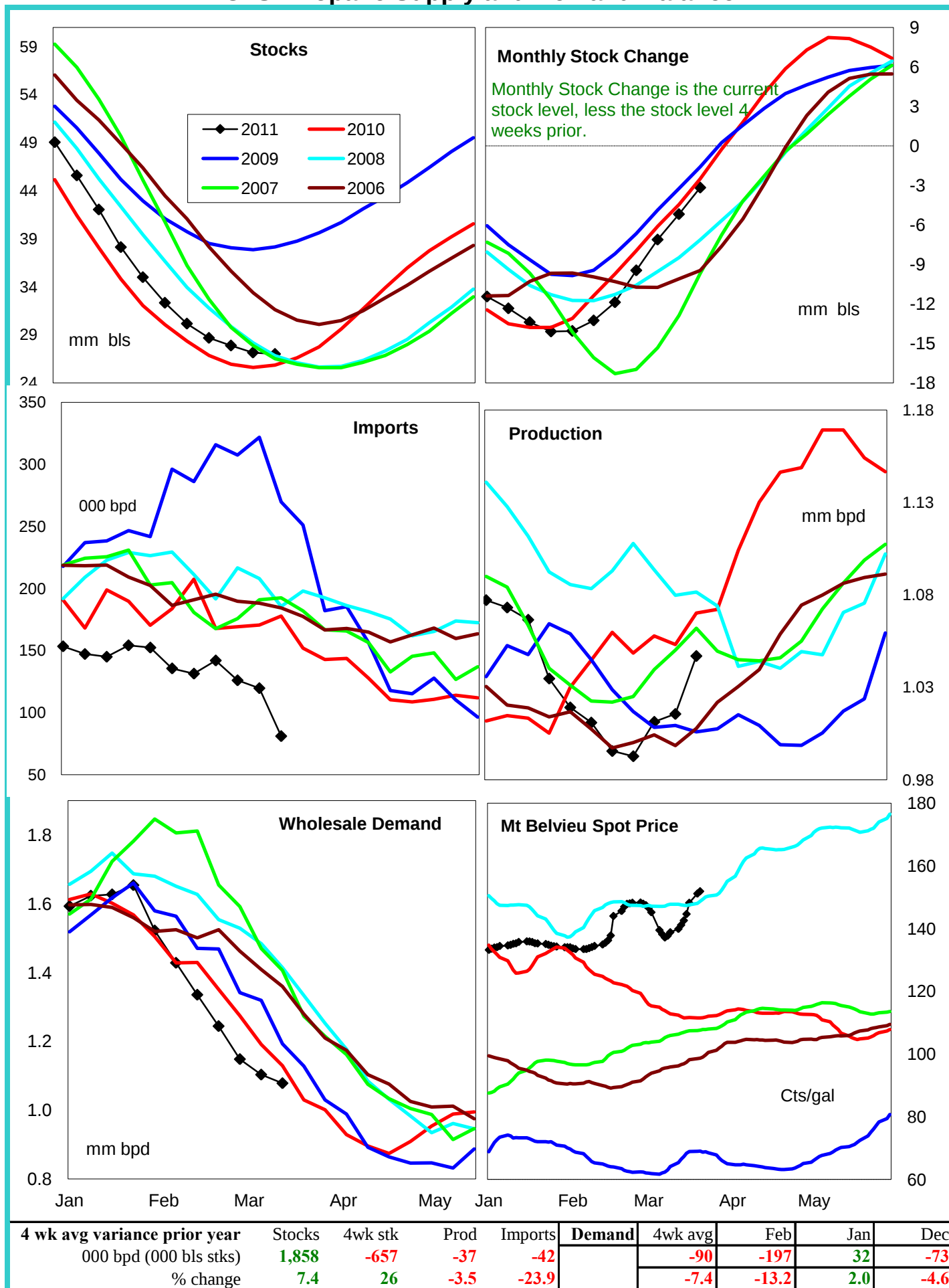
Tuesday, March 22, 2011

Cents/gal	Average for week ending:				Change from:			% change from:		
	3/22/11	3/15/11	2/22/11	2/19/10	3/15/11	2/22/11	2/19/10	3/15/11	2/22/11	2/19/10
Mont Belvieu Spot	148.2	135.4	137.8	112.4	12.84	-2.47	25.49	9.5	-1.8	22.7
Conway Spot	133.3	126.9	122.6	105.6	6.44	4.28	16.95	5.1	3.5	16.0

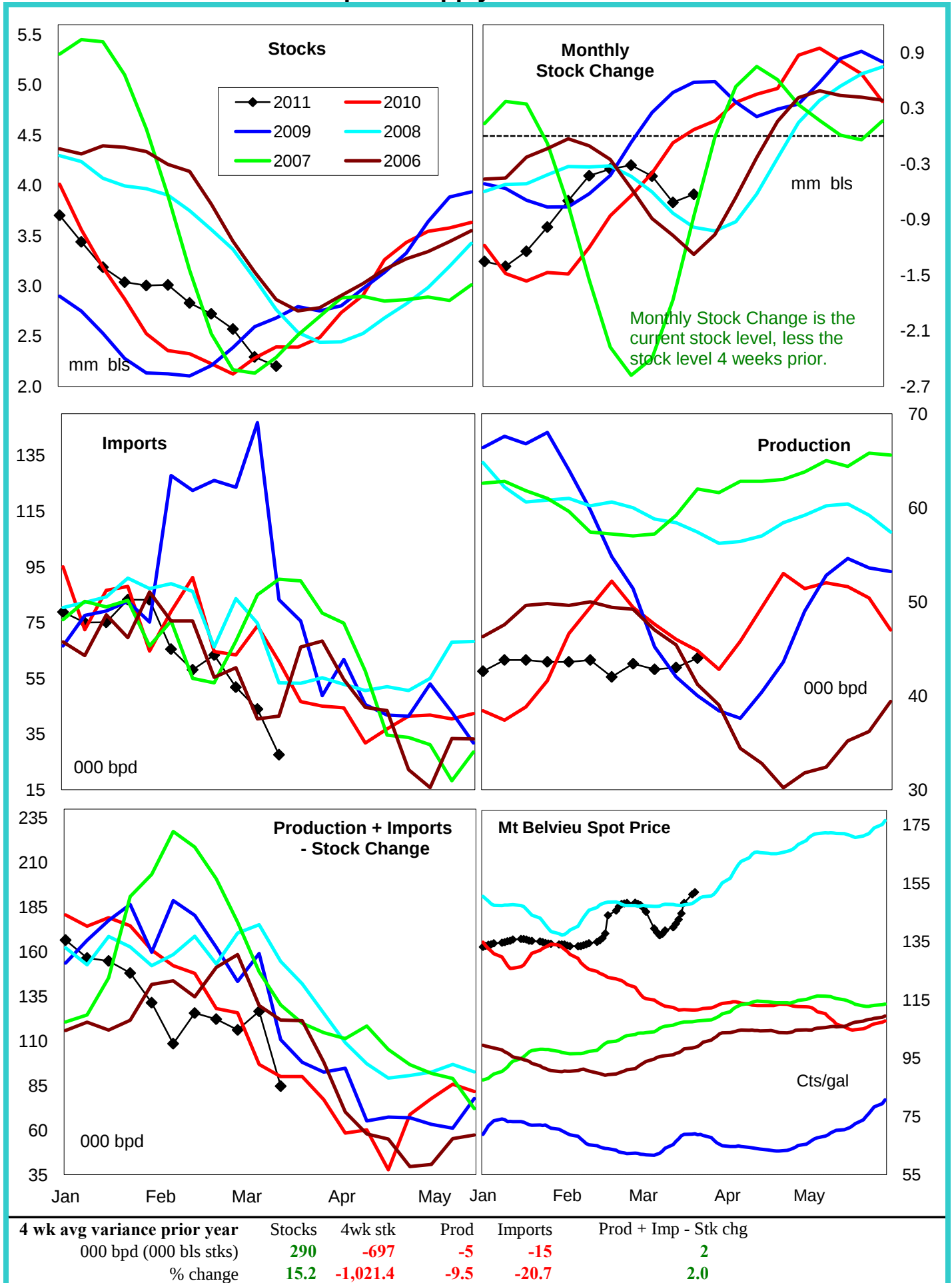
Key Price Spreads and Differentials



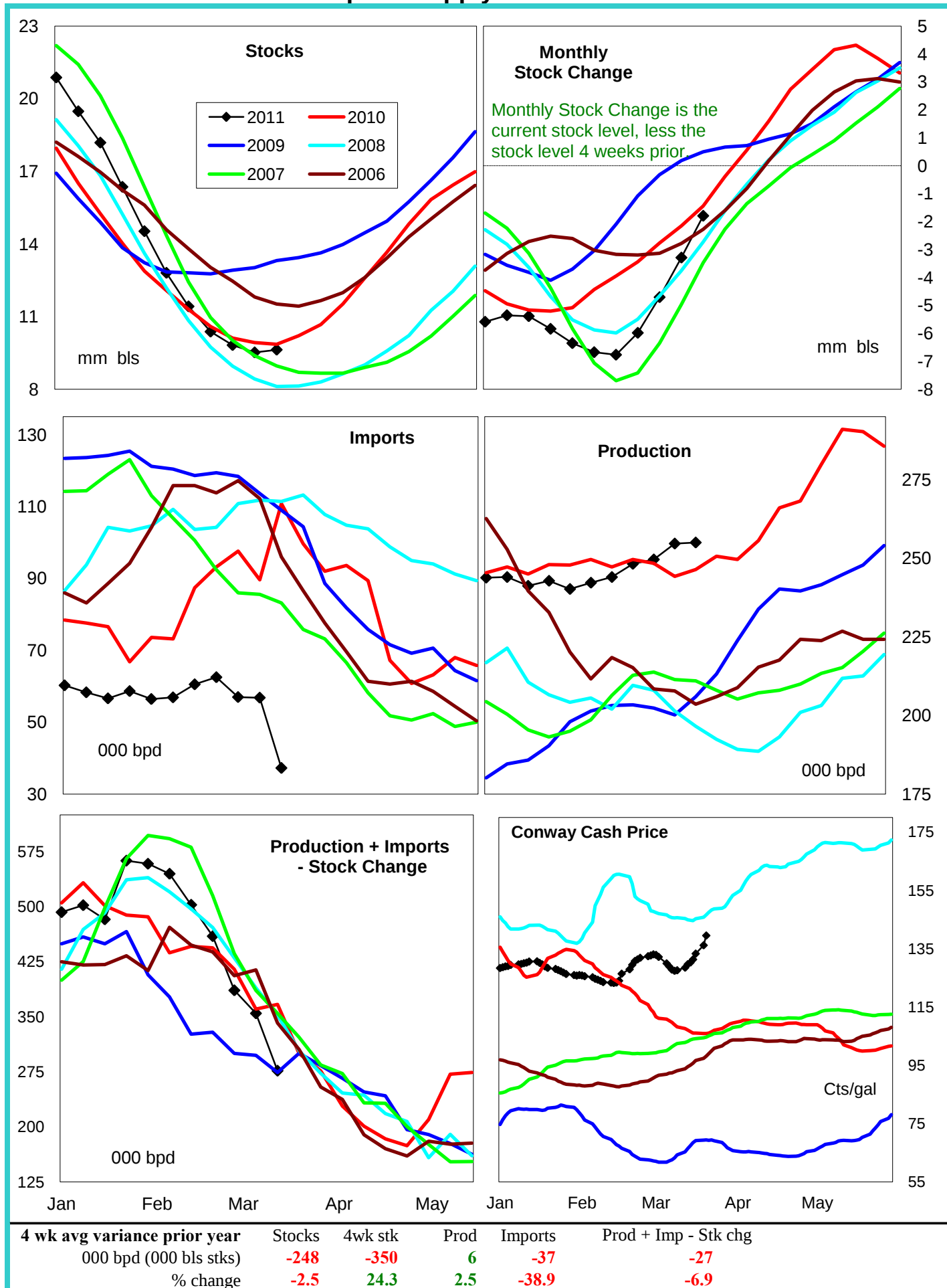
U. S. Propane Supply and Demand Balance



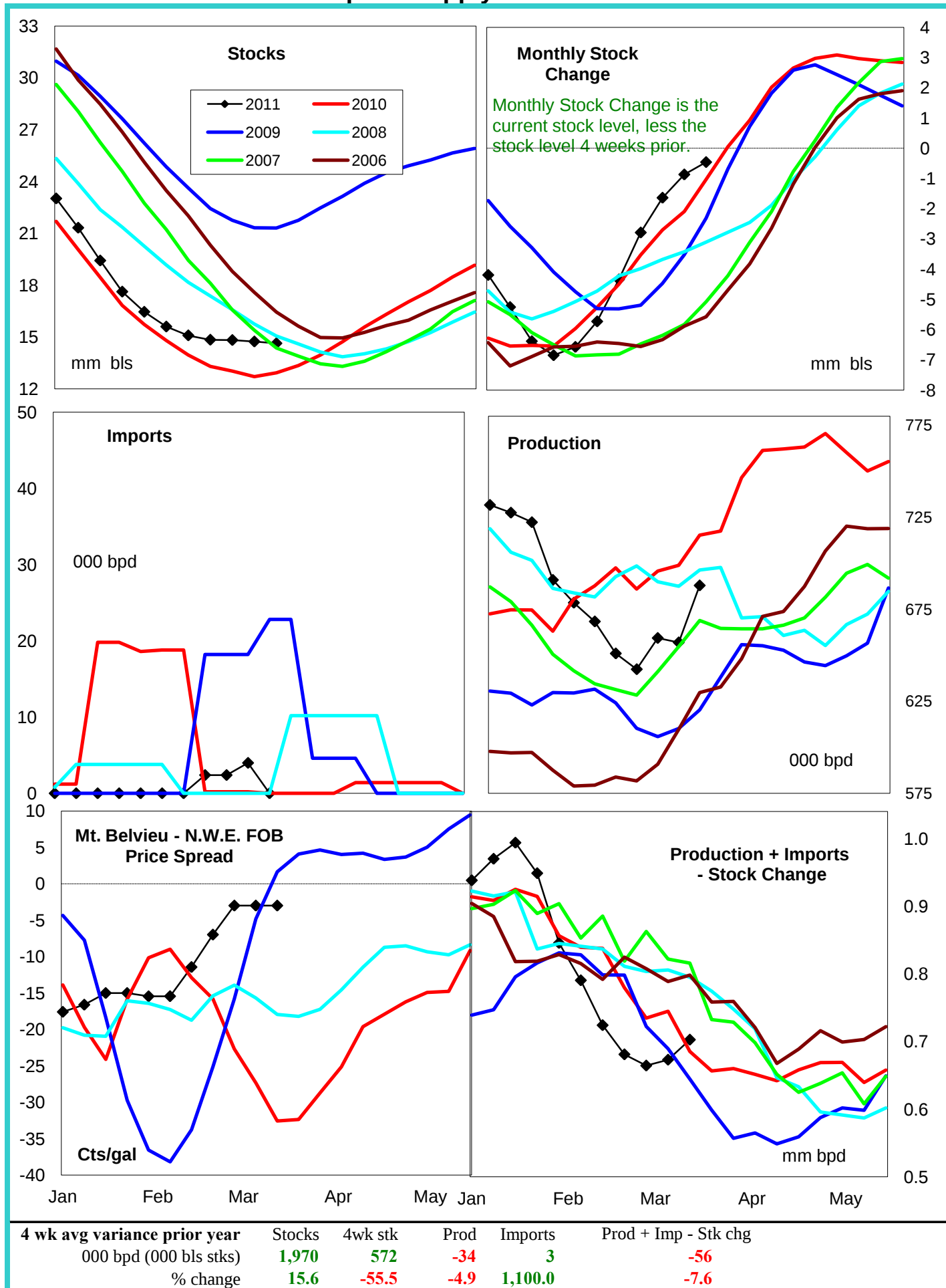
PADD 1 Propane Supply and Demand Balance



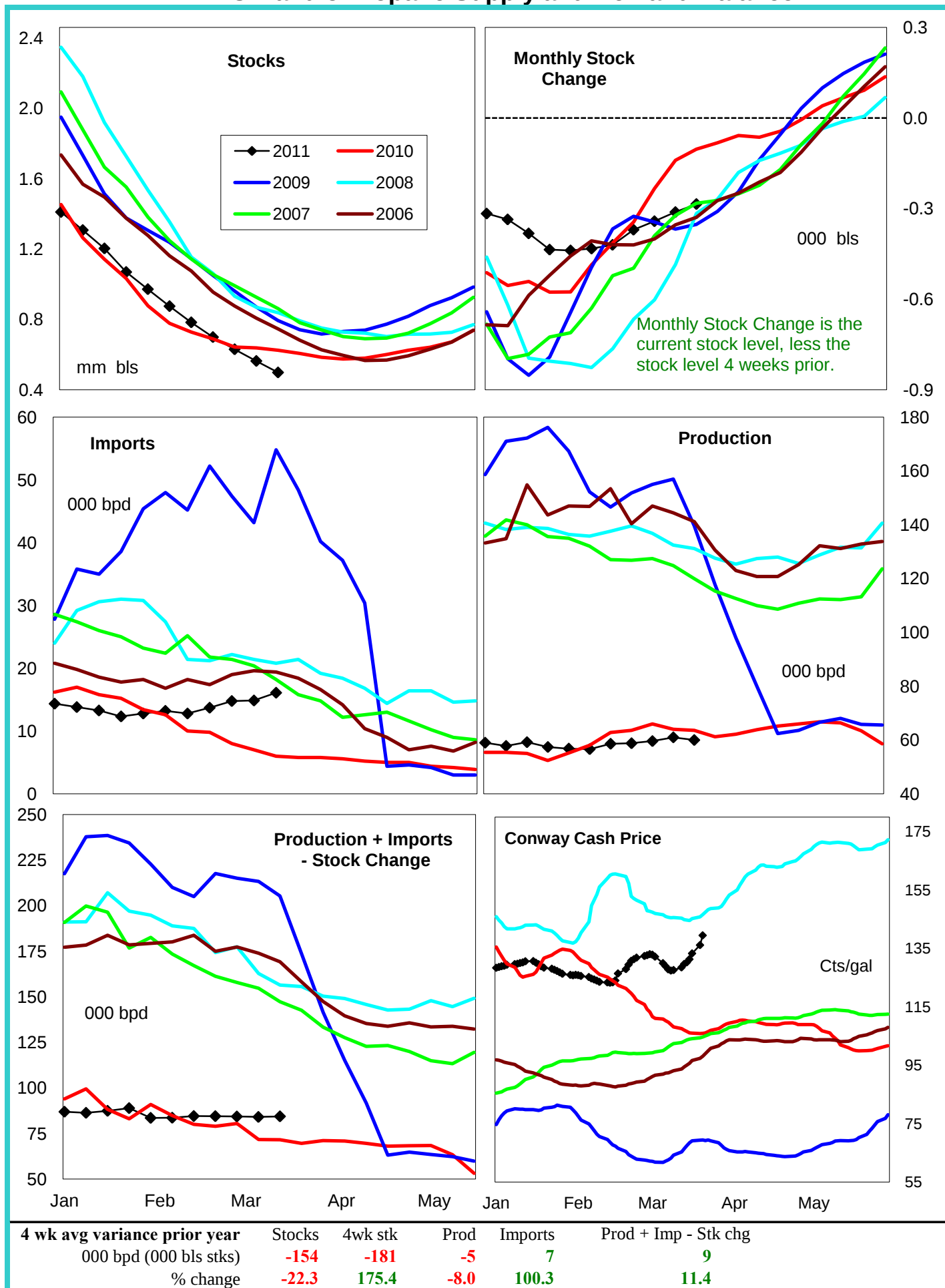
PADD 2 Propane Supply and Demand Balance



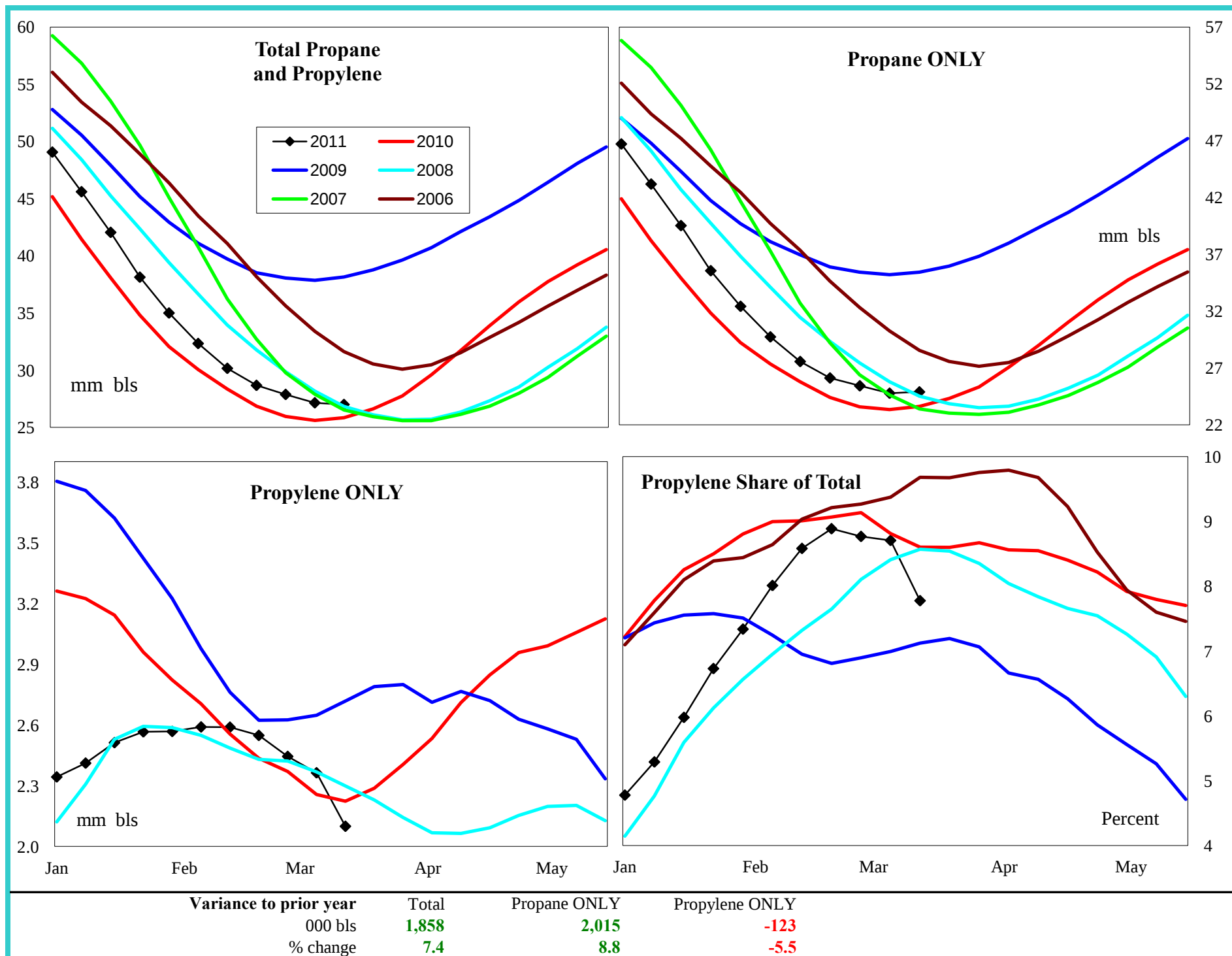
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

