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, March 30, 2011

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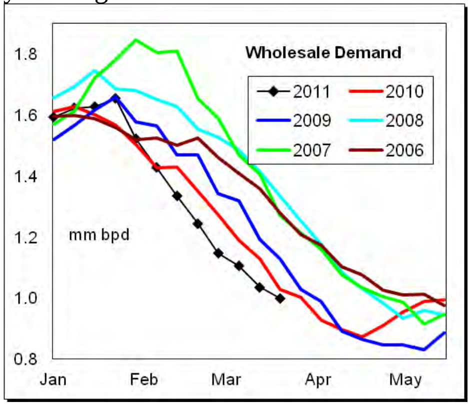
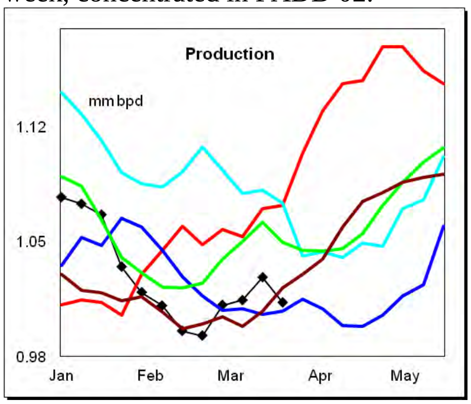
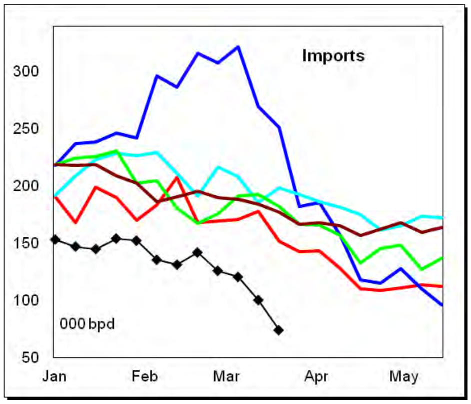
Summary[1]:
Wholesale demand declined -78,000 bpd last week, with the level below the 5-year range for the 6th consecutive week.



Production declined -34,000 bpd on the week, concentrated in PADD 02.



Imports decreased -7,000 bpd on the week, to a new record low level for the season.



Combined production and imports during the latest 4-wk period were -83,000 bpd below a year ago.

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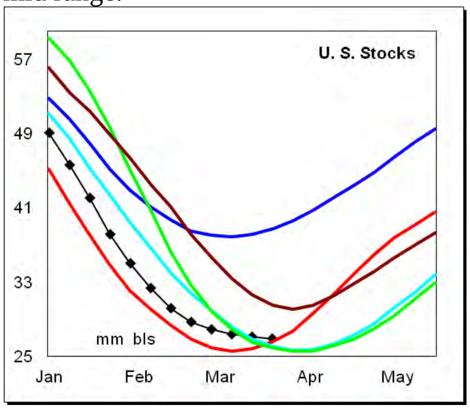
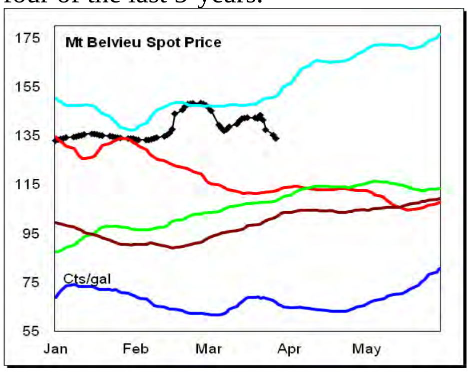
[1] Source is latest EIA Weekly Statistics

Production was -36,000 bpd below last year, while imports were -47,000 bpd lower. The latest 4-wk average demand was -88,000 bpd below last year.

Stocks decreased -0.1 million barrels this week, including a -0.4 million barrel decline in propylene stocks. The 4-wk stock draw was slightly greater than the last 2-years, with the stock level at the mid range.



Price and Spreads Mt Belvieu spot prices fell -18 cpg while Conway declined -15.50 cpg for the week ending 29Mar11. The price level ended the week above four of the last 5-years.



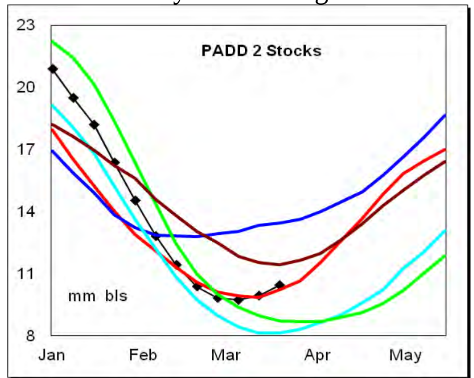
The Conway – Mt Belvieu price spread decreased last week in favor of Conway. The level remains well below the 5-year historic range.

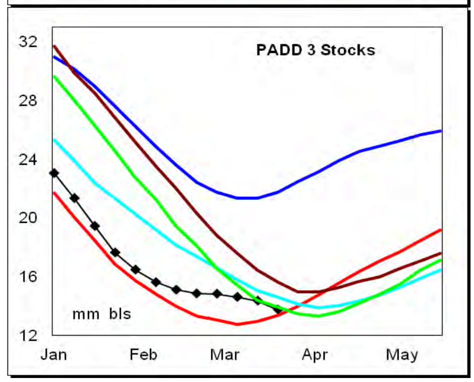
The propane to natural gas price spread trended lower on the week as gas prices strengthened. The spread remains above the 5-year range.

The propane / crude oil price spread fell sharply on the fall in propane prices. The level ended the week at 5-year lows.

PADD 1 stocks were nearly unchanged last week. Supply for the latest 4-wk period decreased -20,000 bpd, on lower imports. Stock levels were below the 5-year range.

PADD 2 stocks increased +0.8 million barrels last week. Supply decreased -17,000 bpd on the week. The latest 4-wk average supply was -33,000 bpd below a year ago, on lower imports. Stock levels matched the 5-year mid range.





PAD 3 stocks fell -0.9 million barrels on the week, including a -0.4 million barrel drop in propylene stocks. The latest 4-wk average supply was -35,000 bpd below a year ago. Stock levels were near 5-year lows for the period.

PADDs 4 & 5 stocks were unchanged on the week, with the level below the 5-year range.

Emerging Trends The late winter surge in propane prices was short lived, with the recent spike fully offset by last weeks' sharp sell off. Propane values fell to 5-year lows compared to crude oil. The low value of propane compared to liquid fuels should result in higher demand for alternative uses such as crude oil blending and refinery fuel (limited by natural gas availability). Expect alternative uses and exports to support prices during the 2nd quarter.

PROPANE: Graph Link and Weekly Summary

March 30, 2011

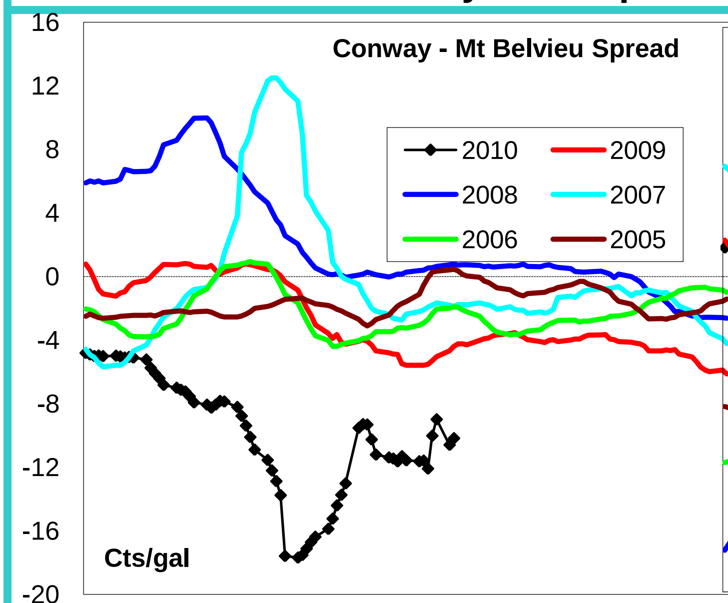
Fundamental Trends for the Week Ending: Friday, March 25, 2011

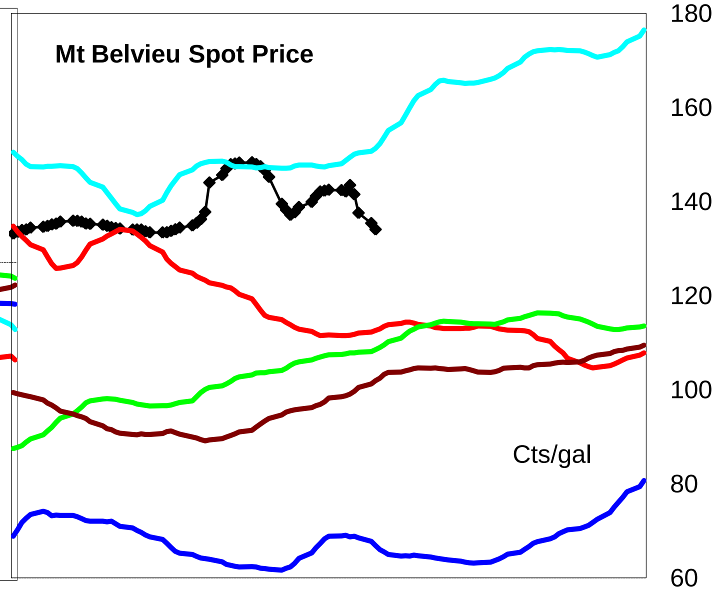
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	26,895	2,162	10,436	13,737	560	-106	-40	807	-895	22
Propylene Stocks	1,736					-364				
Production	1,013	40	235	680	58	-34	-4	-20	-8	-2
Imports	74	19	40	0	15	-7	-9	3	0	-1
Whsle Demand	1,000					-78				

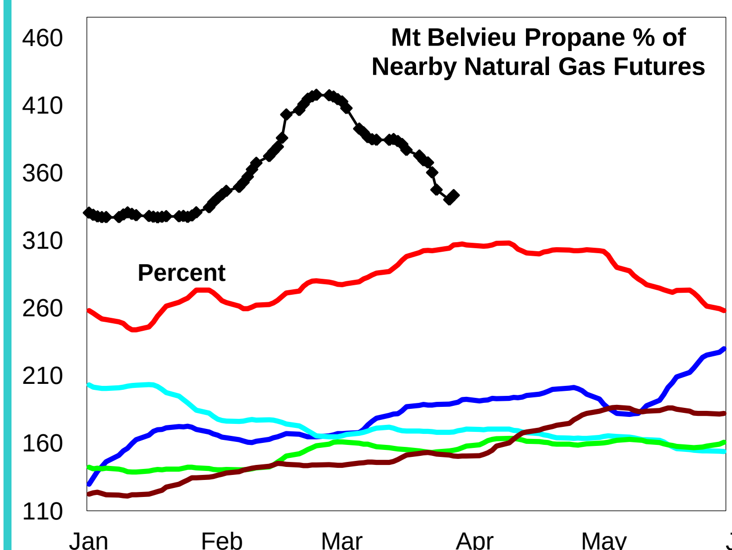
Price Trends for the Week Ending: Tuesday, March 29, 2011

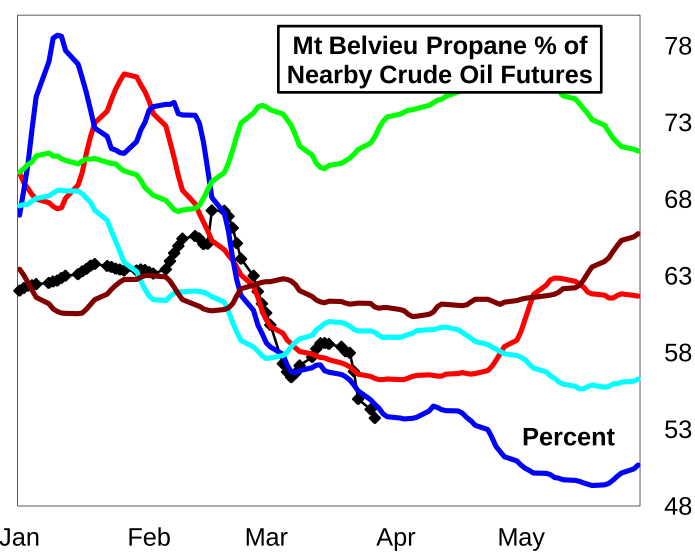
Cents/gal	Average for week ending:				Change from:			% change from:		
	3/29/11	3/22/11	3/1/11	3/26/10	3/22/11	3/1/11	3/26/10	3/22/11	3/1/11	3/26/10
Mont Belvieu Spot	137.6	148.2	158.7	110.5	-10.65	-10.46	48.16	-7.2	-6.6	43.6
Conway Spot	128.6	133.3	138.0	105.9	-4.73	-4.70	32.07	-3.5	-3.4	30.3

Key Price Spreads and Differentials

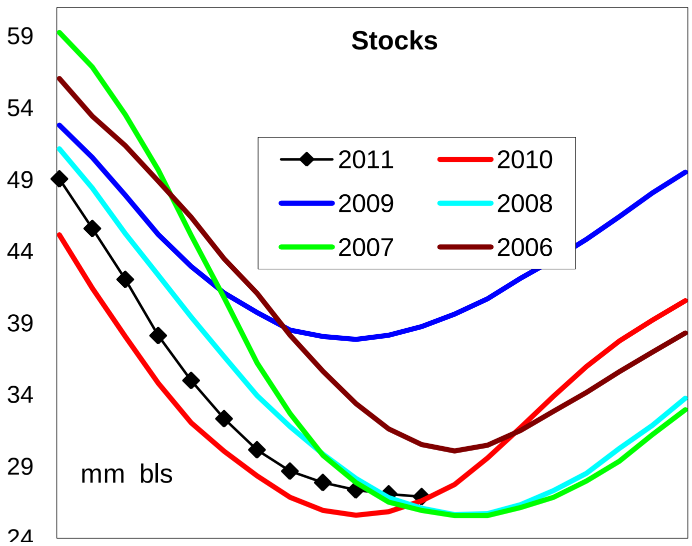


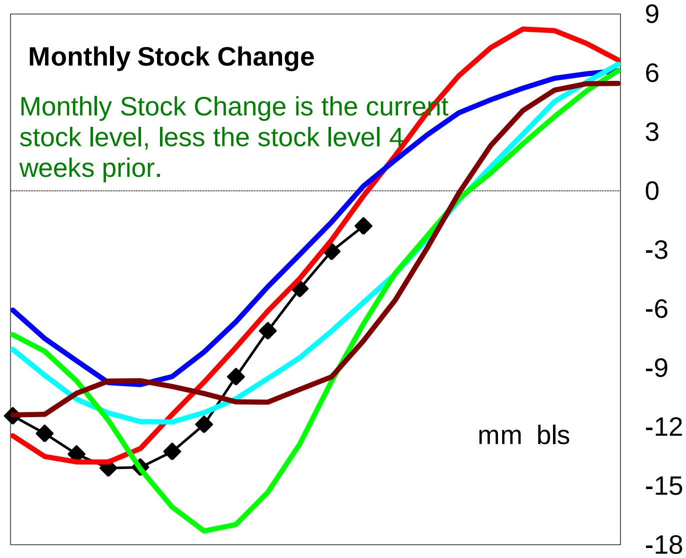


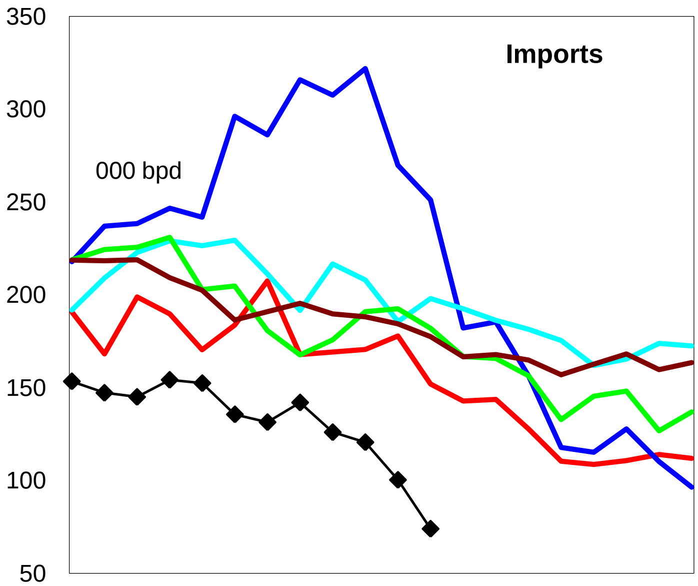


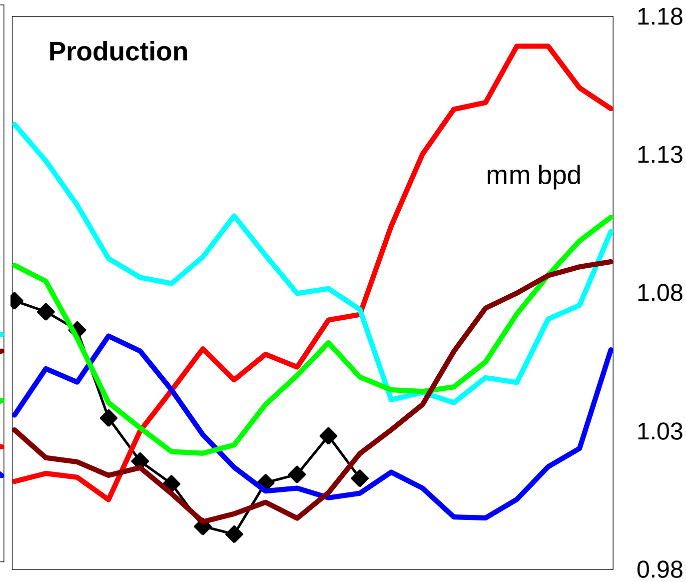


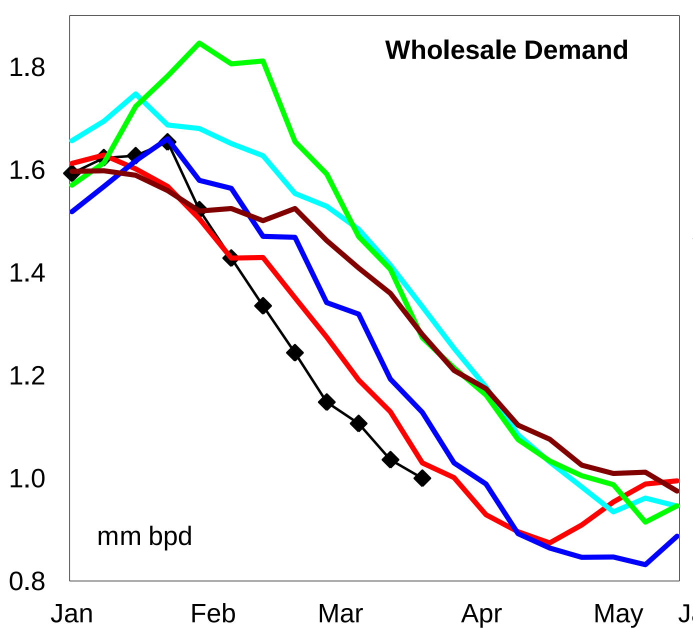
U. S. Propane Supply and Demand Balance

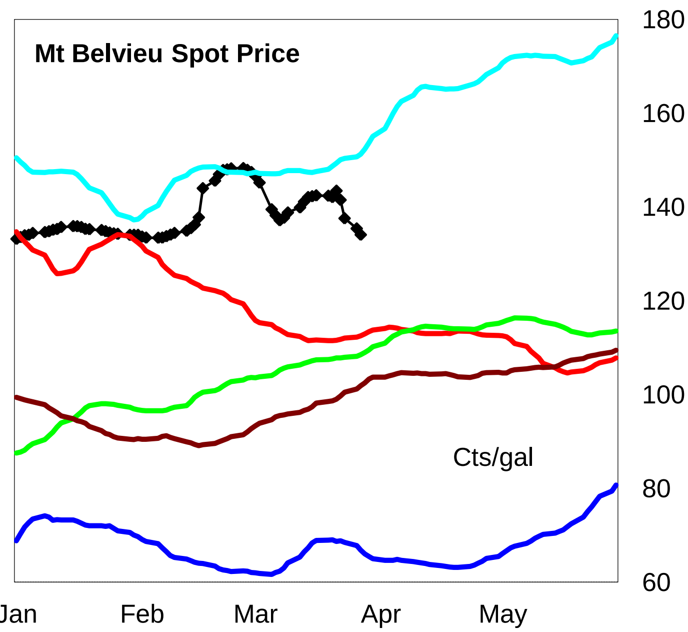












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Feb	Jan	Dec
000 bpd (000 bls stks)	1,278	-1,532	-36	-47		-88	-197	32	-73
% change	5.0	620	-3.4	-30.3		-7.6	-13.2	2.0	-4.6

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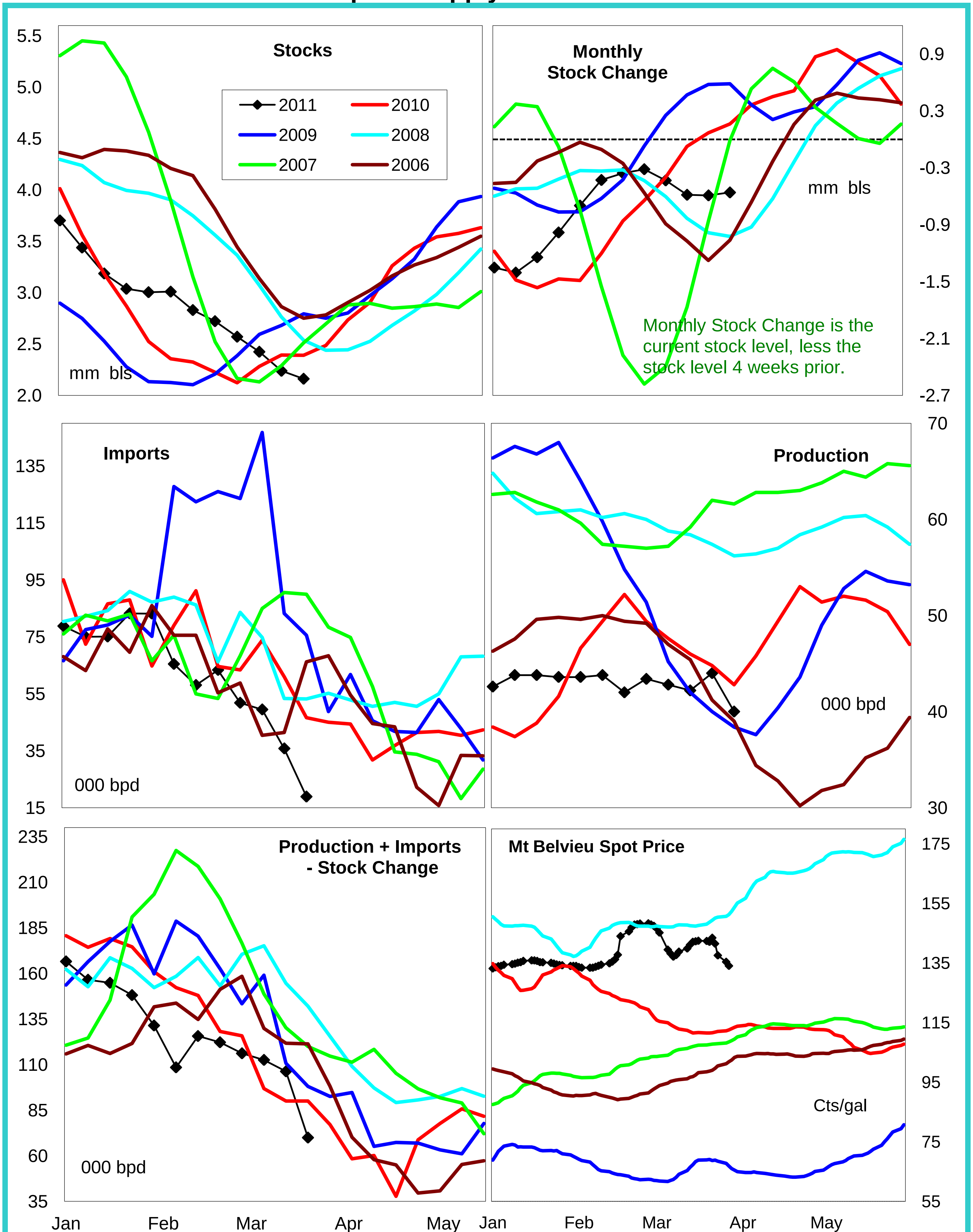
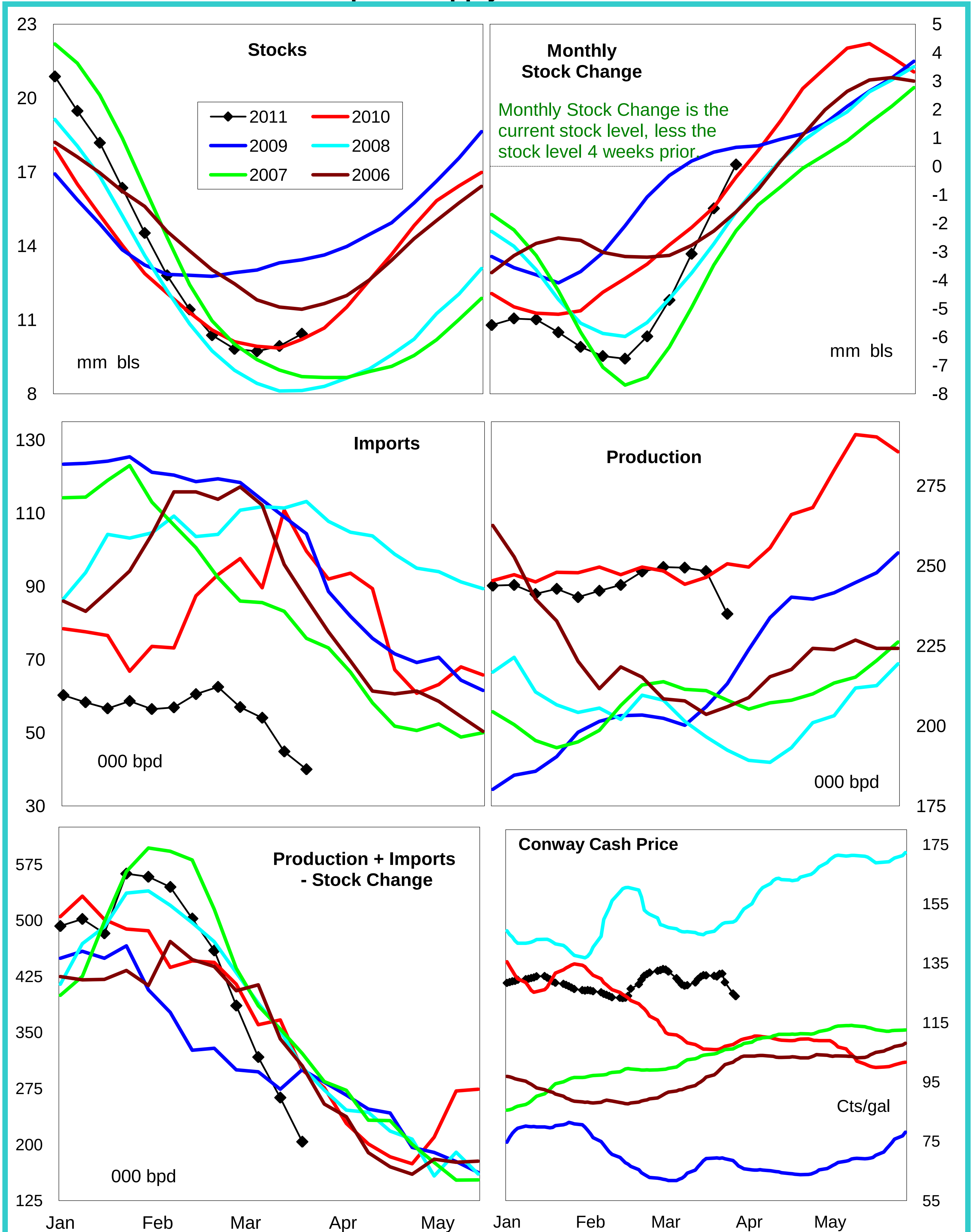
PADD 1 Propane Supply and Demand Balance



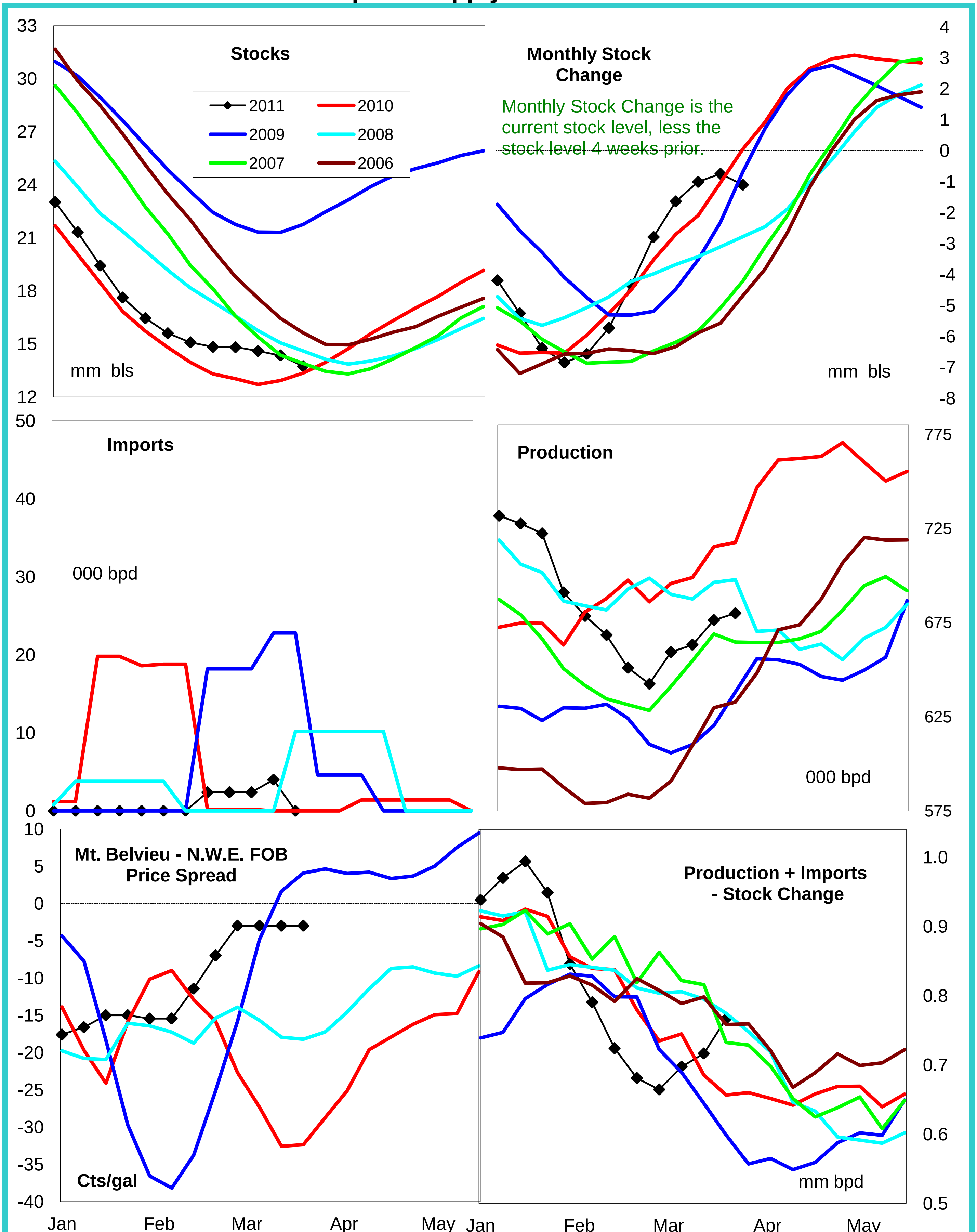
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-51	-724	-2	-18	1
% change	-2.3	-442.3	-5.1	-32.1	0.6

PADD 2 Propane Supply and Demand Balance



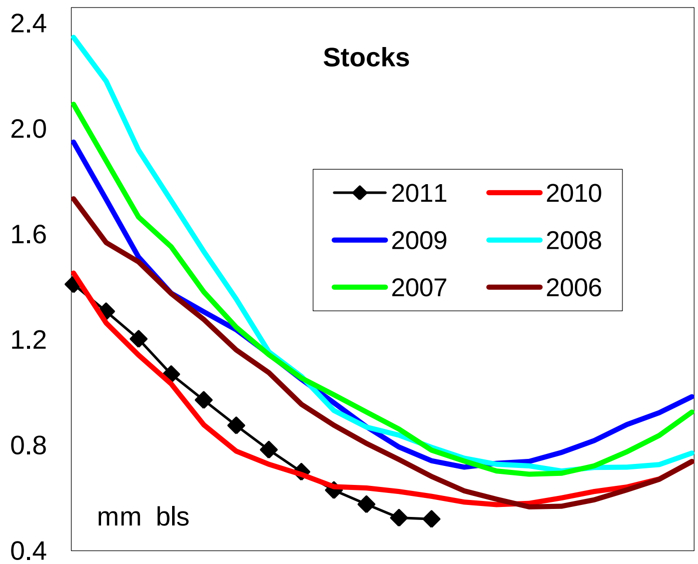
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	650	440	8	-41	-68
% change	6.6	-115.8	3.1	-43.9	-18.9

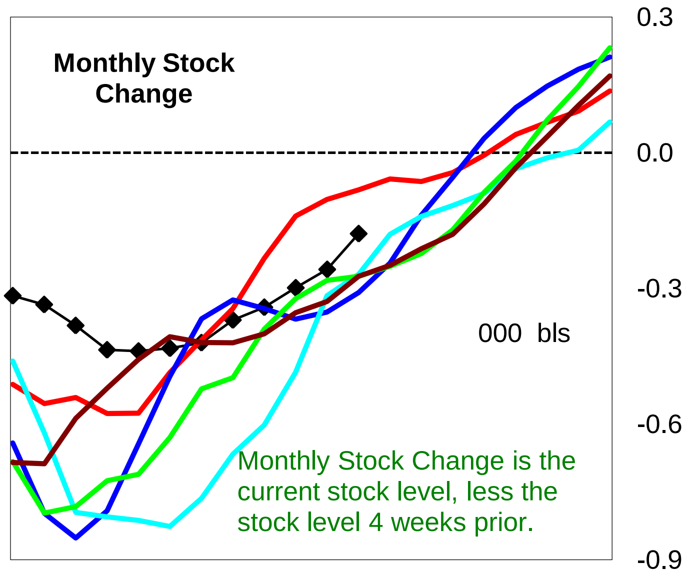
PADD 3 Propane Supply and Demand Balance

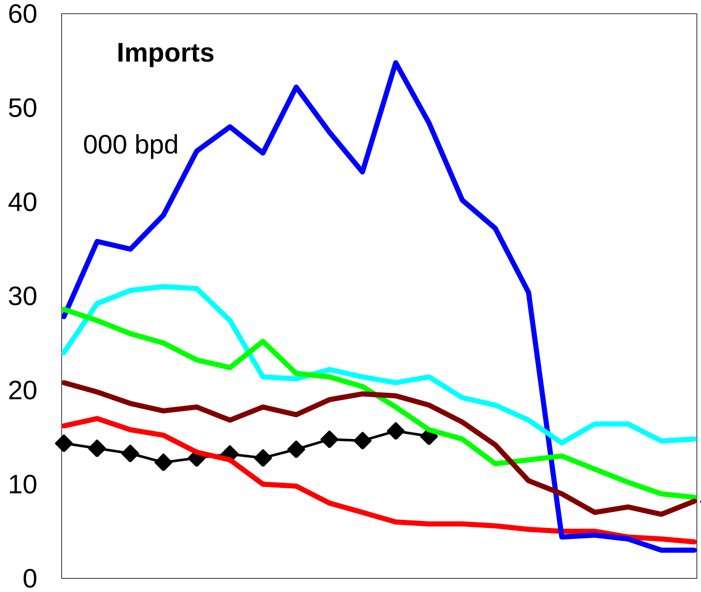


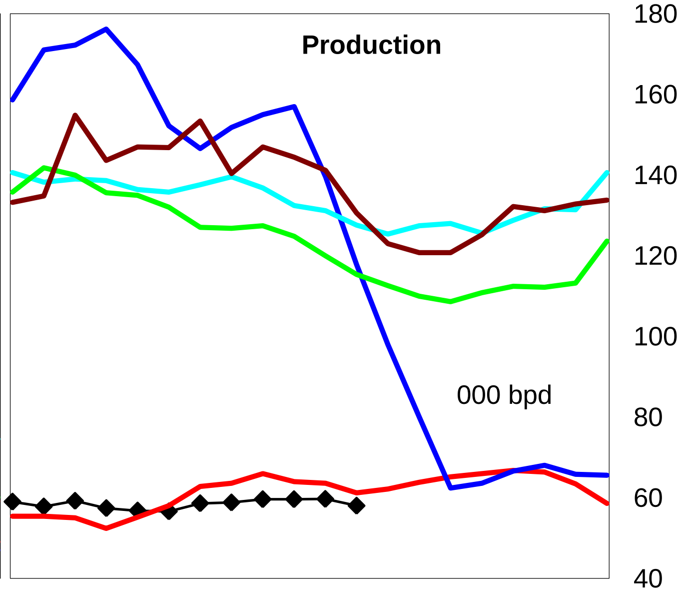
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	745	-1,151	-38	3	6
% change	5.7	-2,239.7	-5.4	#DIV/0!	0.9

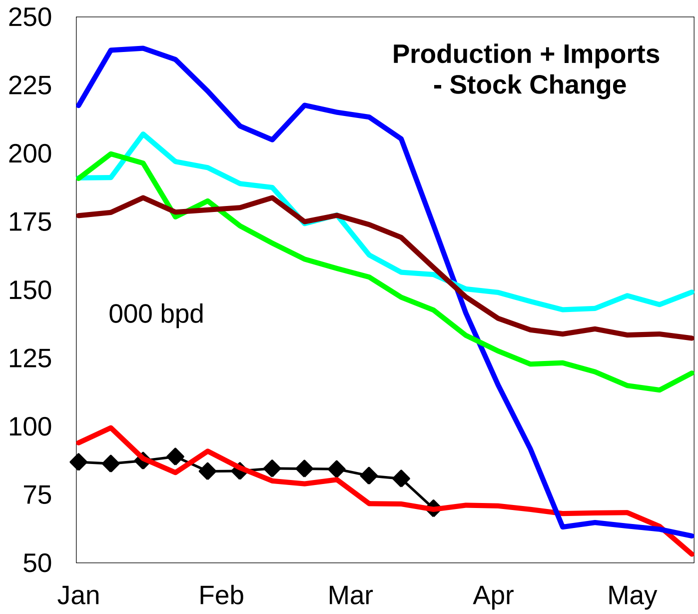
PADDs 4 and 5 Propane Supply and Demand Balance

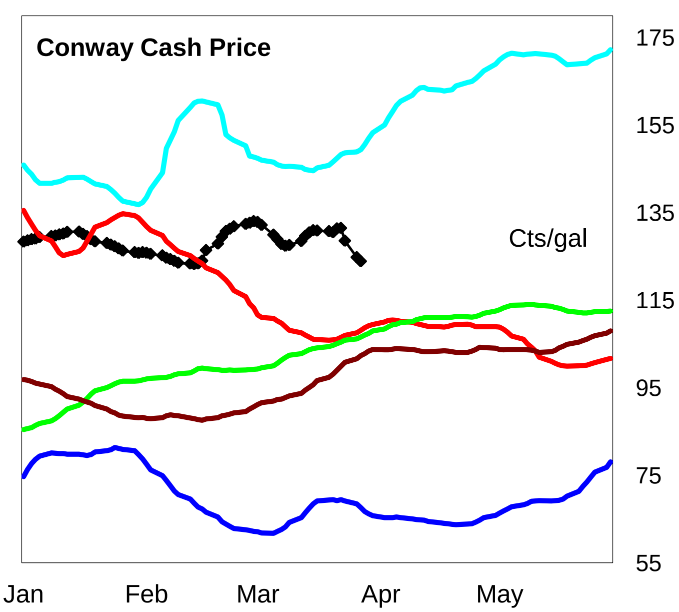












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-66	-97	-4	9	6
% change	-10.5	118.3	-5.5	148.8	8.1

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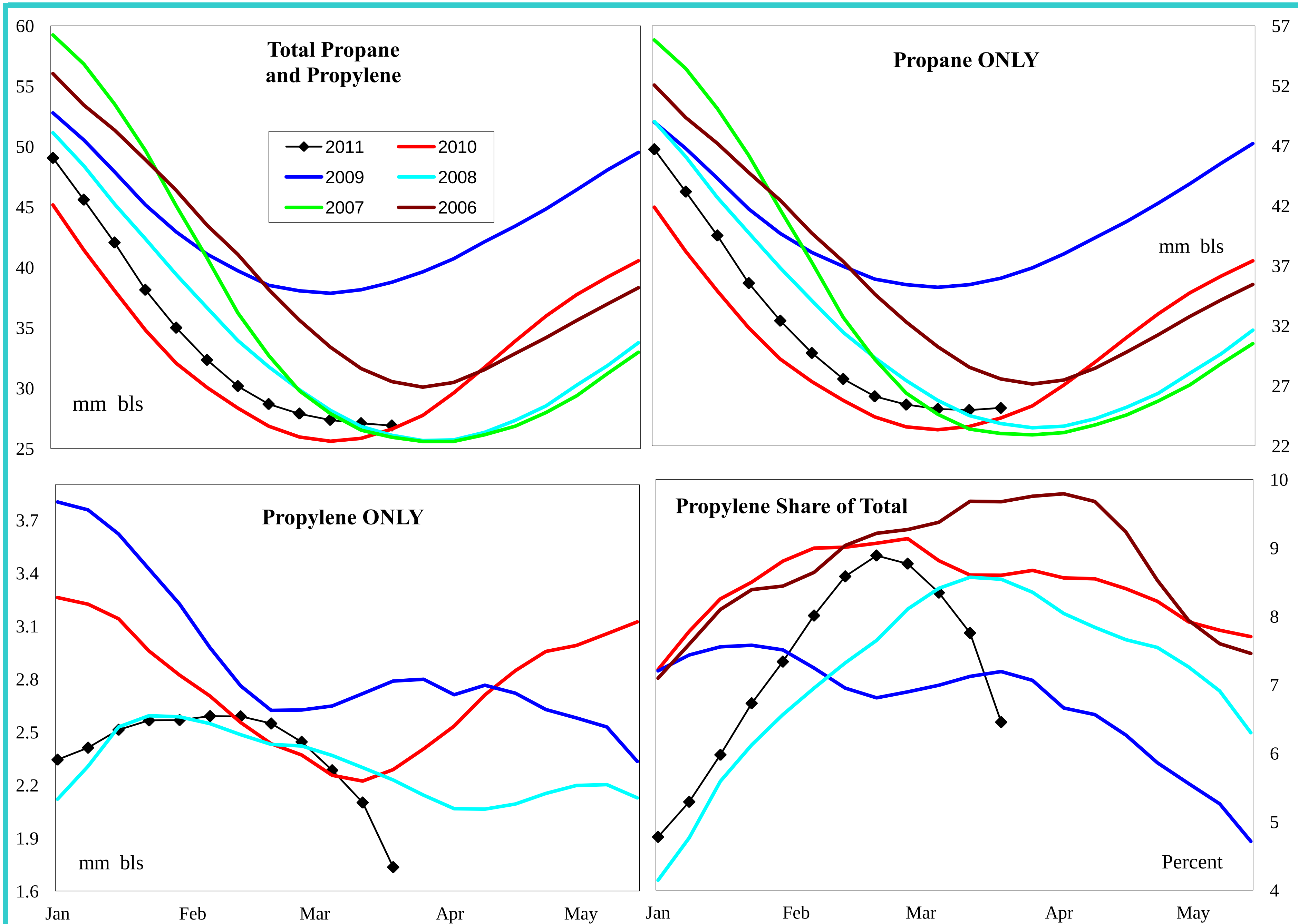
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	1,278	1,720	-552
% change	5.0	7.3	-24.1

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