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, April 21, 2011

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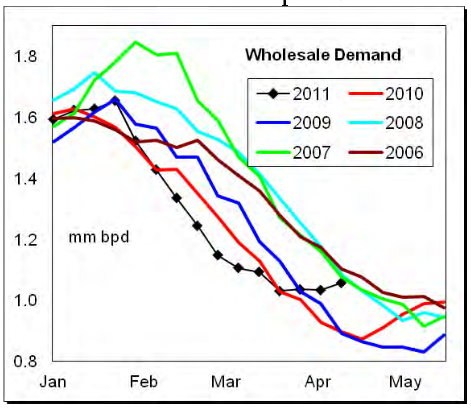
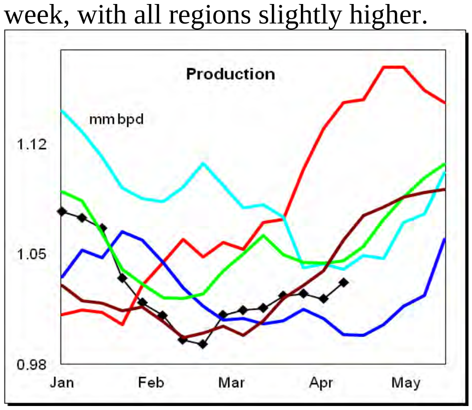
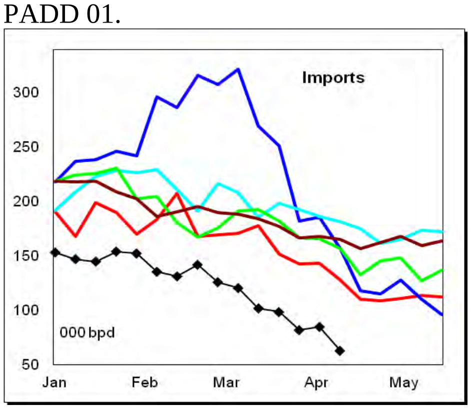
Summary[1]:
Wholesale demand increased +170,000 bpd last week, on late season demand in the Midwest and Gulf exports.



Production increased +18,000 bpd on the week, with all regions slightly higher.

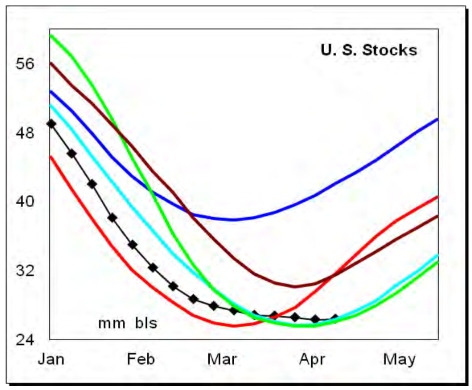


Imports fell -52,000 bpd on the week, including a +58,000 bpd decline in PADD 01.

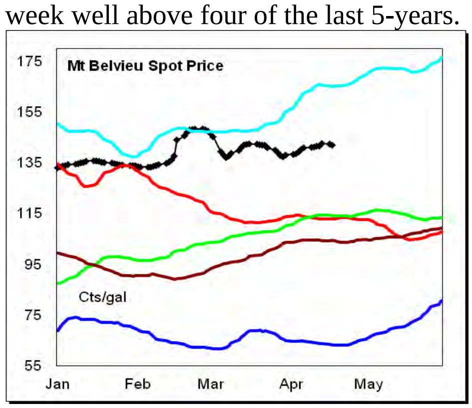


Combined production and imports during the latest 4-wk period were -171,000 bpd below a year ago. Production was -100,000 bpd below last year, while imports were -71,000 bpd lower. The latest 4-wk average demand was +37,000 bpd above last year.

Stocks declined -0.4 million barrels this week, including a +0.1 million barrel build in propylene stocks. The 4-wk stock draw matched the largest draw of the last 5-years for the period. Stock levels matched historic lows of the season.



Price and Spreads Mt Belvieu spot prices increased +4.25 cpg while Conway increased +2 cpg for the week ending 19Apr11. The price level ended the week well above four of the last 5-years.



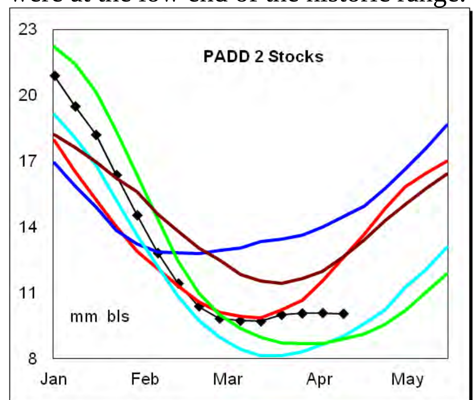
The Conway – Mt Belvieu price spread traded sideways last week. The spread ended the week well below the historic range, with Conway trading at a -10 cpg discount to Mt Belvieu.

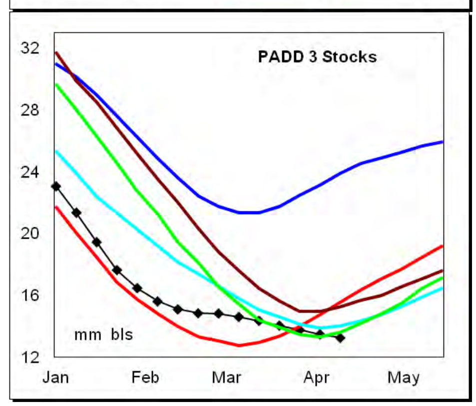
The propane to natural gas price spread trended lower late in the week strength in gas prices. The spread remains above the 5-year range.

The propane / crude oil price spread continued to trade near record lows, with propane at an unusually large discount to crude oil.

PADD 1 stocks increased +0.4 million bpd last week, with the level below the 5-year range. Supply for the latest 4-wk period was -25,000 bpd below a year ago.

PADD 2 stocks fell -0.6 million barrels last week. Supply increased +10,000 bpd on the week. The latest 4-wk average supply was -71,000 bpd below a year ago, on lower imports. Stock levels were at the low end of the historic range.





PAD 3 stocks decreased -0.1 million barrels on the week, including a +0.1 million barrel build in propylene stocks. The latest 4-wk average production was -75,000 bpd below a year ago. Stock levels ended the week at 5-year lows.

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

Emerging Trends Carryout stocks match 5-year lows on imports that were -100,000 bpd below the historic range and production near record lows. Such low levels of supply are driven by alternative uses for propane (refinery fuel, crude oil blending). These fundamental trends reduce the likelihood of a meaningful off season pull back in prices.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

April 21, 2011

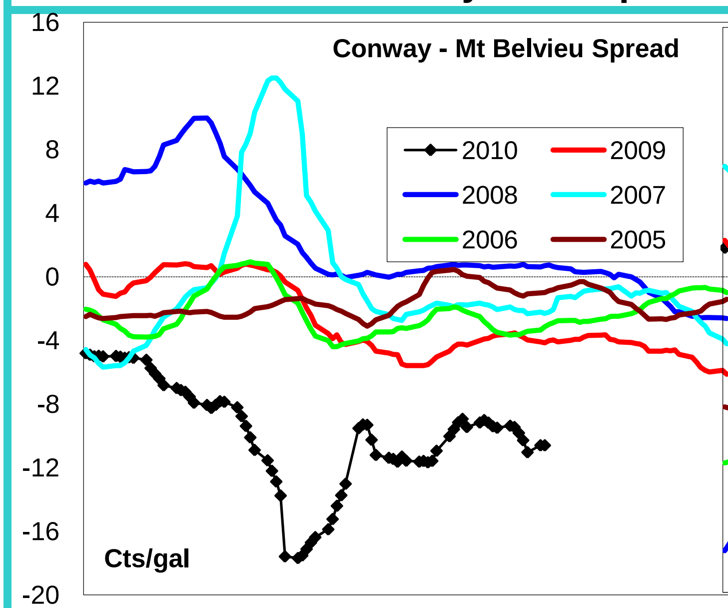
Fundamental Trends for the Week Ending: Friday, April 15, 2011

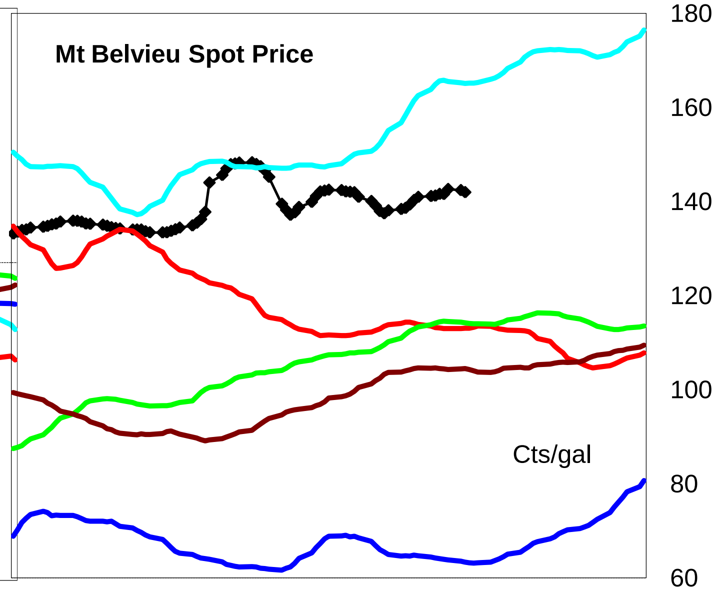
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	26,386	2,485	10,043	13,252	606	-360	363	-644	-104	25
Propylene Stocks	1,584					61				
Production	1,032	36	245	691	60	18	4	2	9	3
Imports	63	21	37	0	6	-52	-58	8	0	-1
Whsle Demand	1,057					170				

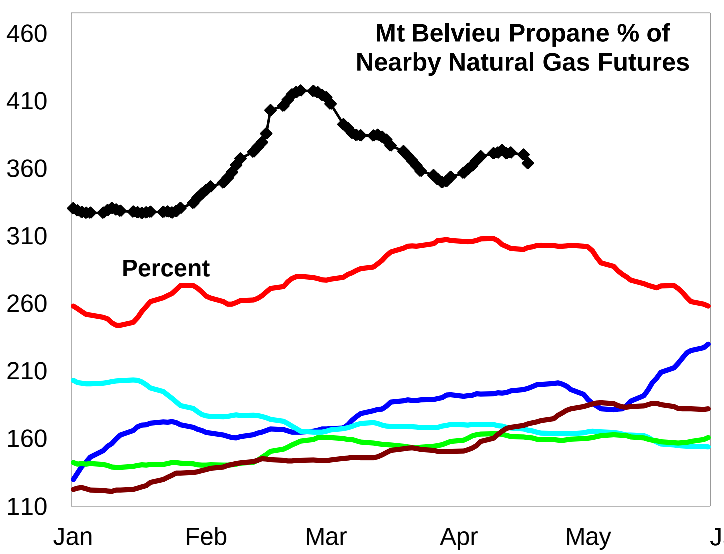
Price Trends for the Week Ending: Tuesday, April 19, 2011

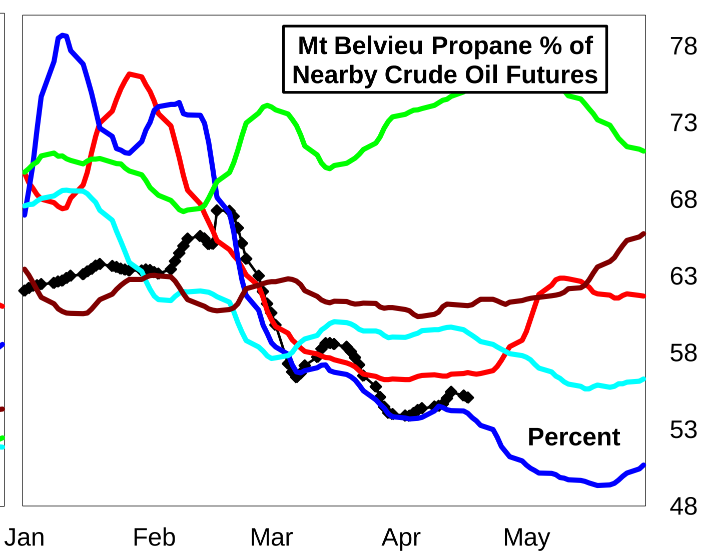
Cents/gal	Average for week ending:				Change from:			% change from:		
	4/19/11	4/12/11	3/22/11	4/19/10	4/12/11	3/22/11	4/19/10	4/12/11	3/22/11	4/19/10
Mont Belvieu Spot	142.6	140.1	148.2	112.2	2.55	-8.14	36.04	1.8	-5.5	32.1
Conway Spot	131.6	131.9	133.3	108.9	-0.32	-1.40	24.40	-0.2	-1.1	22.4

Key Price Spreads and Differentials

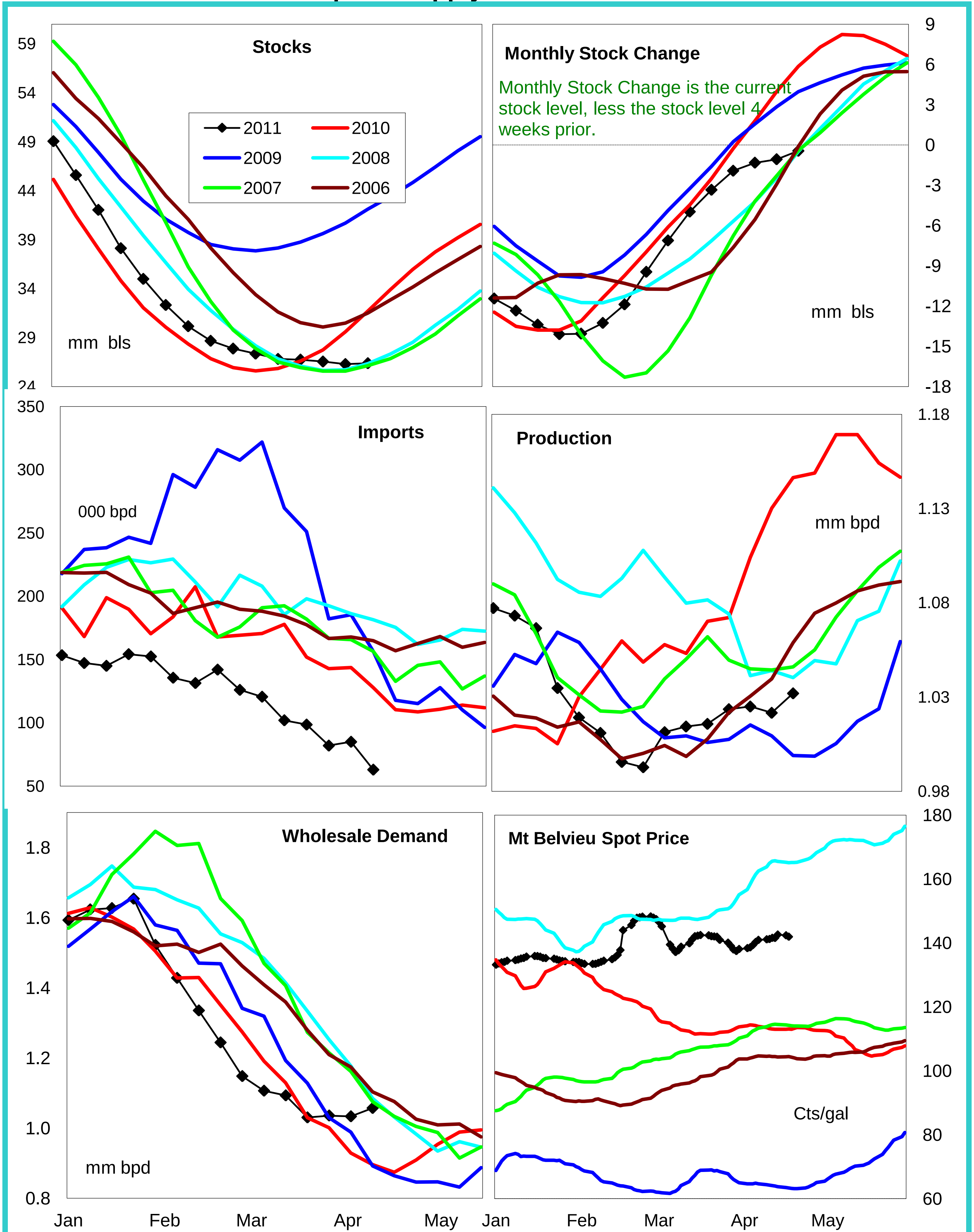








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Mar	Feb	Jan
000 bpd (000 bls stks)	-4,412	-6,302	-100	-71		37	-91	-197	22
% change	-14.3	-107	-8.9	-46.3		3.7	-7.8	-13.2	1.3

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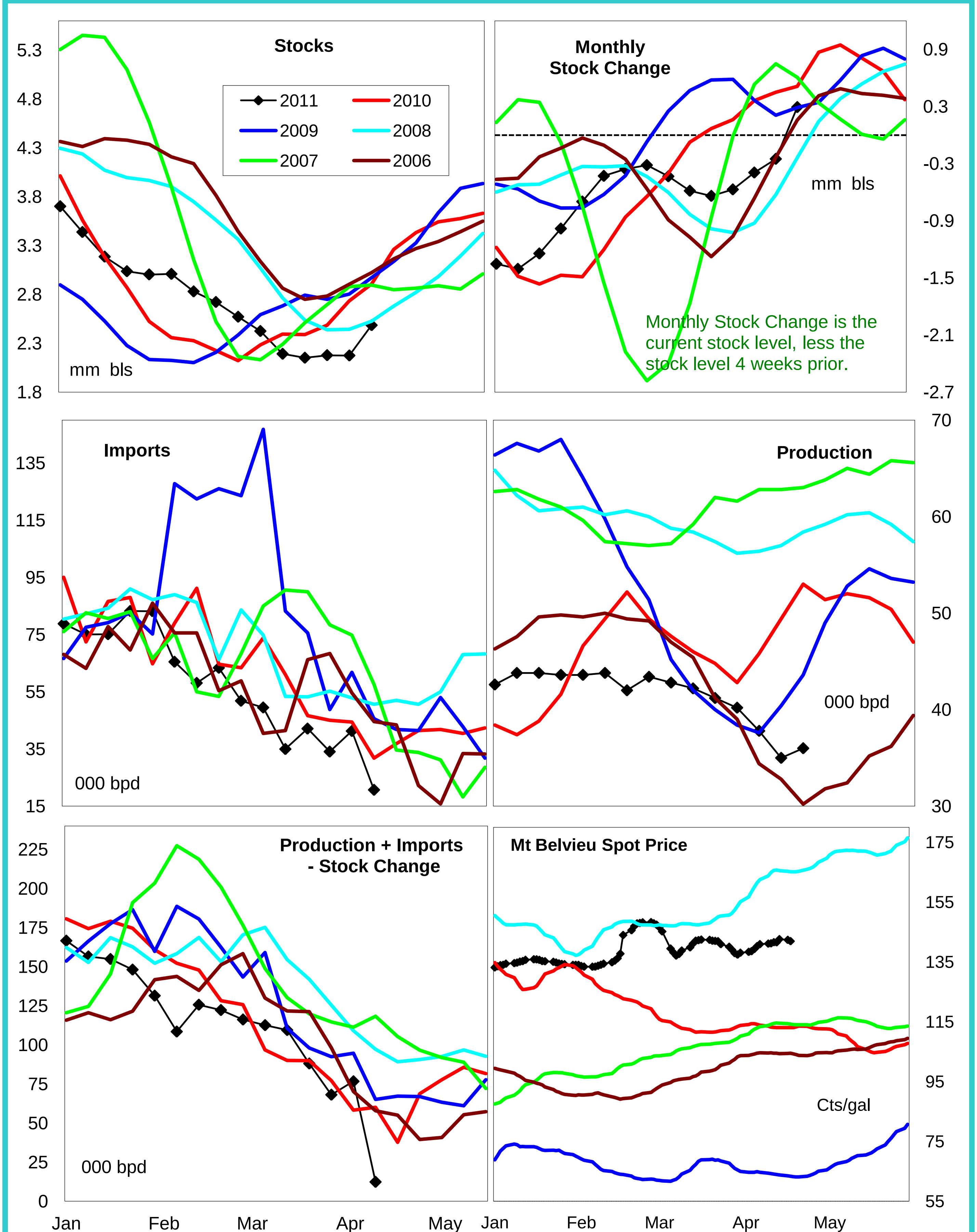
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-302	-220	-11	-14	-10
% change	-10.8	-42.9	-23.7	-28.3	-14.1

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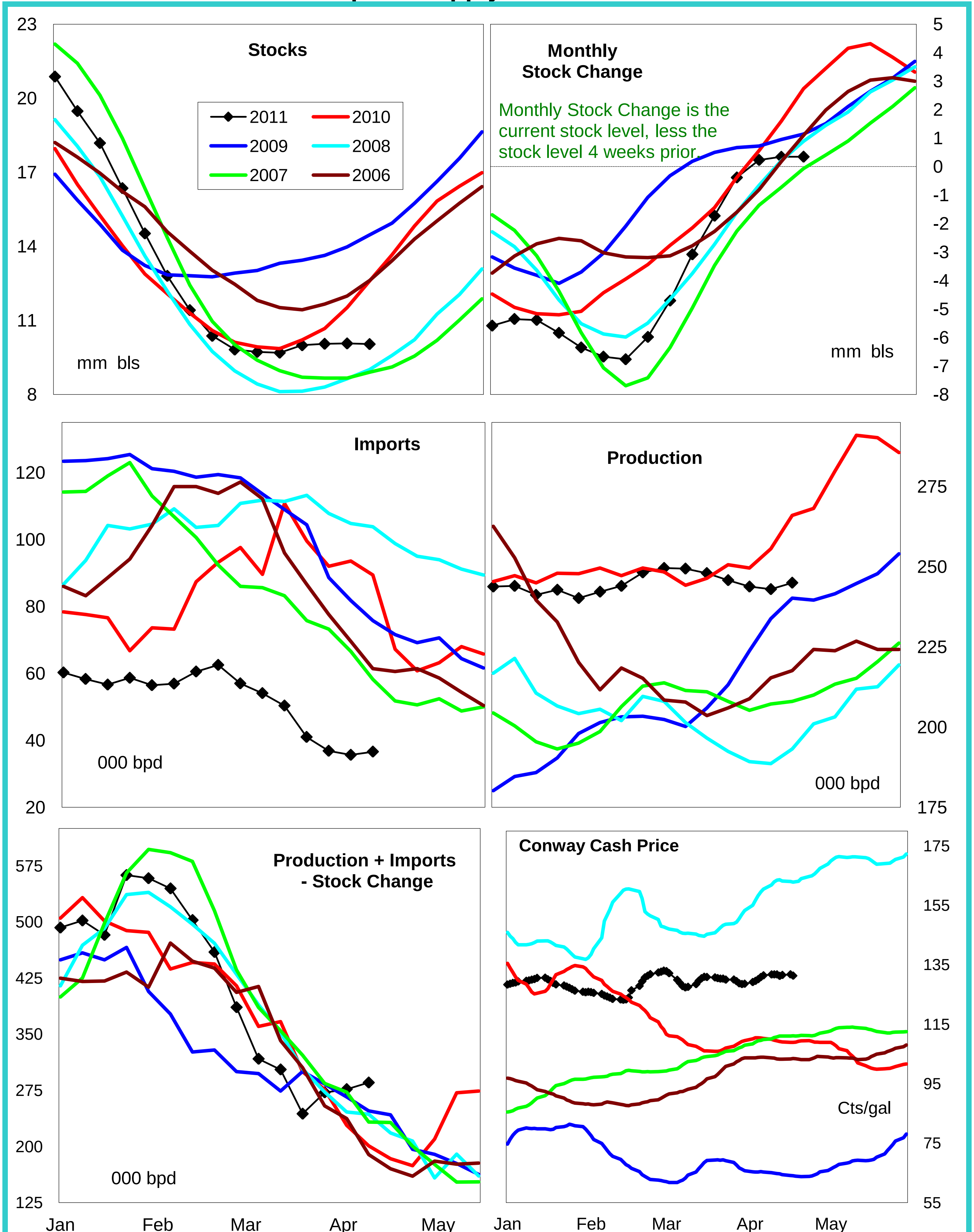
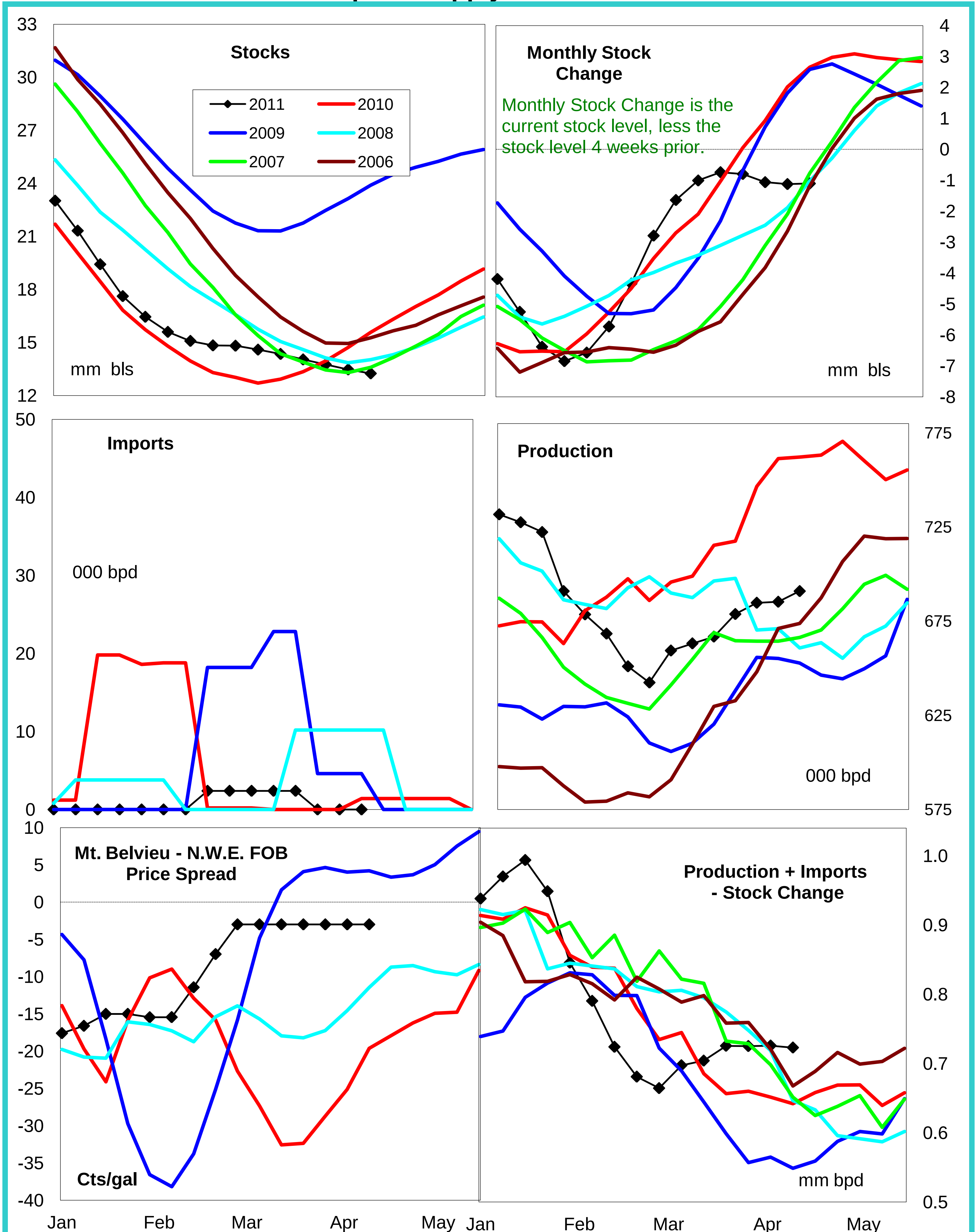
PADD 2 Propane Supply and Demand Balance



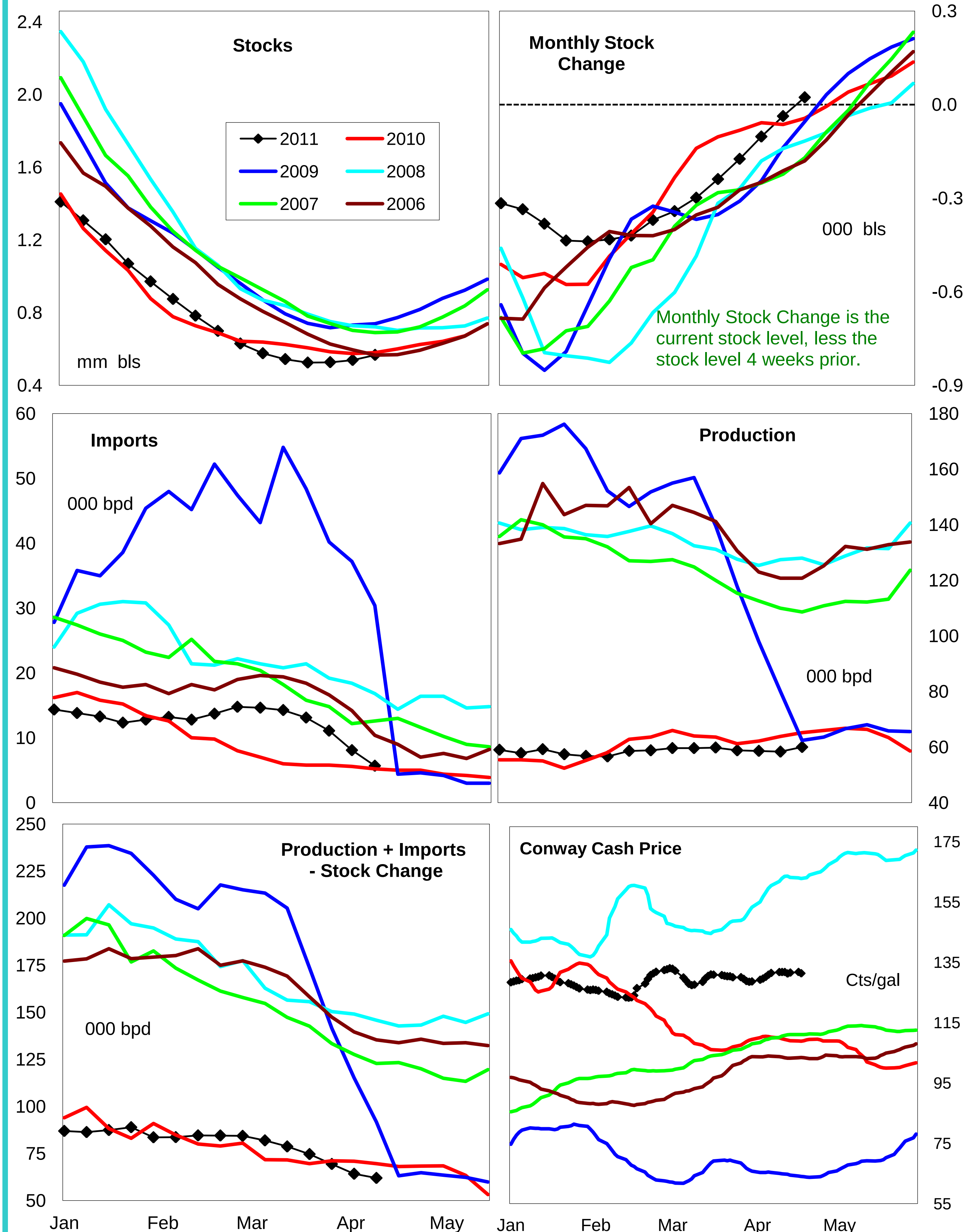
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-1,793	-2,392	-10	-61	18
% change	-15.1	-87.3	-4.1	-62.4	7.3

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)	**-2,300**	**-3,756**	**-75**	**0**	**72**
% change	**-14.8**	**-141.4**	**-9.8**	**#DIV/0!**	**11.1**

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)	-16	67	-4	4	-3
% change	-2.6	-152.5	-6.0	71.3	-3.9

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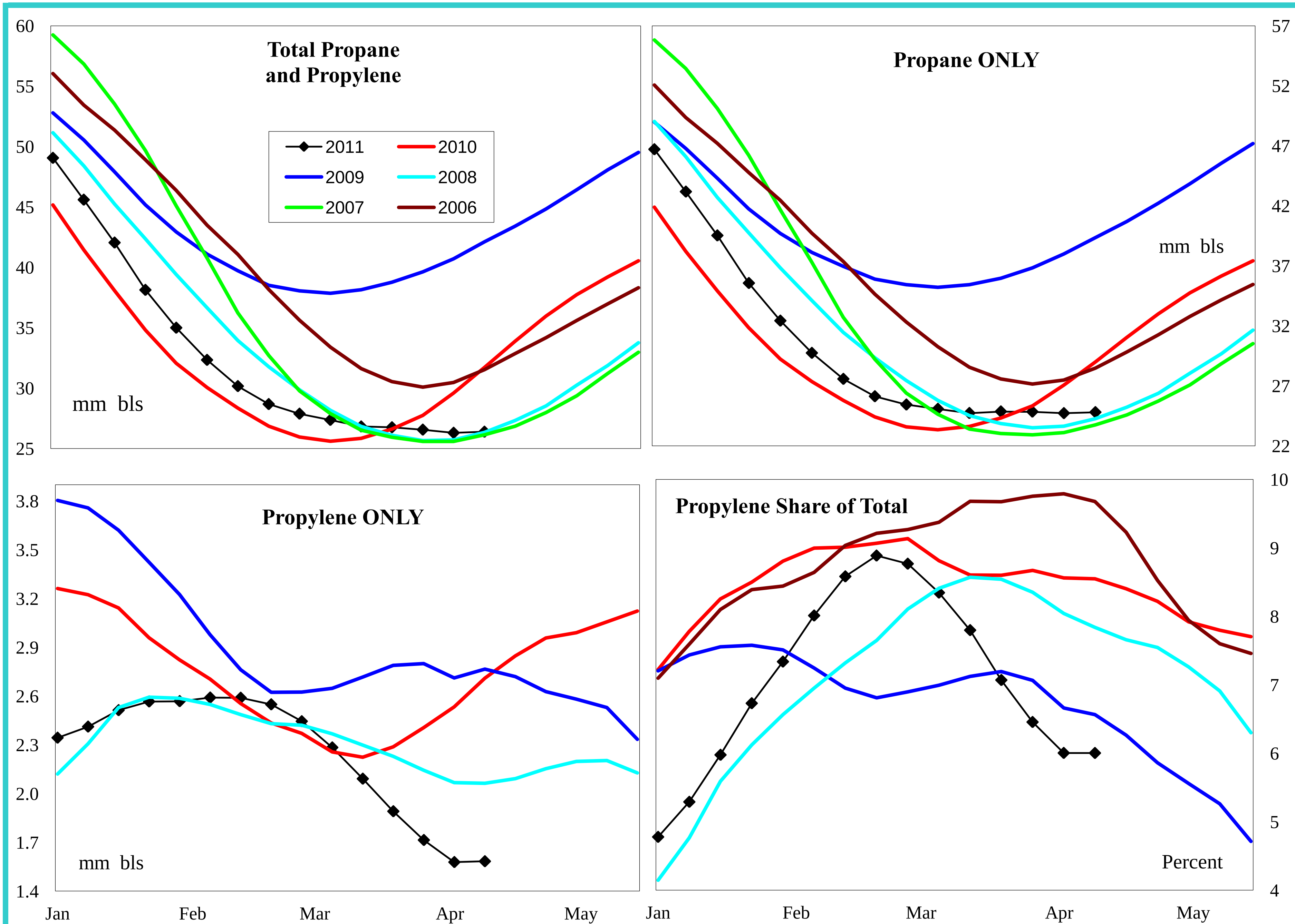
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**-4,412**	**-3,223**	**-1,127**
% change	**-14.3**	**-11.5**	**-41.6**

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