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, May 04, 2011

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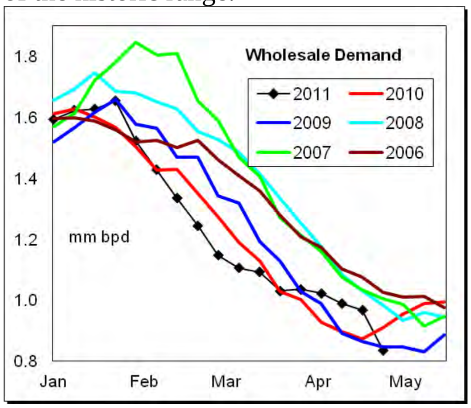
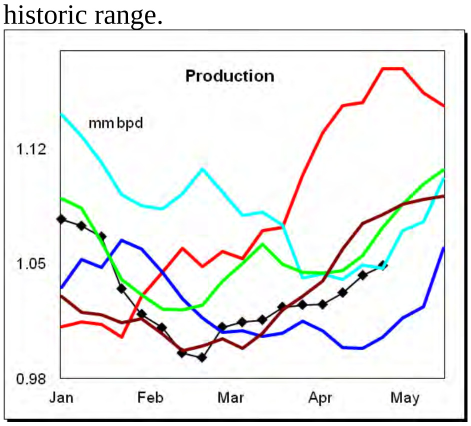
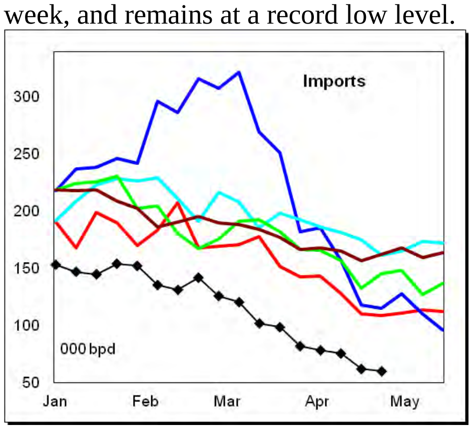
Summary[1]:
Wholesale demand decreased -175,000 bpd last week, to a level at the low end of the historic range.



Production increased +1,000 bpd on the week, with the level at the low end of the historic range.

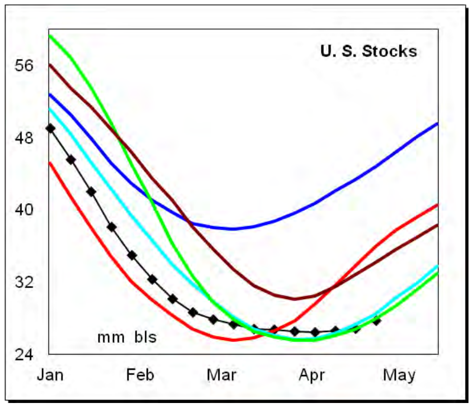


Imports decreased -3,000 bpd on the week, and remains at a record low level.

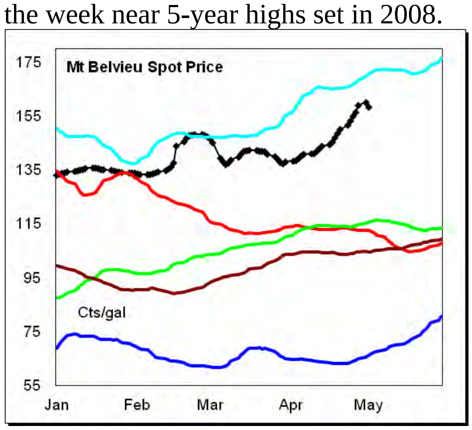


Combined production and imports during the latest 4-wk period were -128,000 bpd below a year ago. Production was -110,000 bpd below last year, while imports were -18,000 bpd lower. The latest 4-wk average demand was +74,000 bpd above last year.

Stocks increased +1.3 million barrels this week, with the level below the 5-year range. The 4-wk stock change was a build of +1.2 million barrels compared to an average build of +6 million barrels.



Price and Spreads Mt Belvieu spot price increased +8.50 cpg while Conway increased +6.75 cpg; cpg for the week ending 30May11. The price level ended the week near 5-year highs set in 2008.



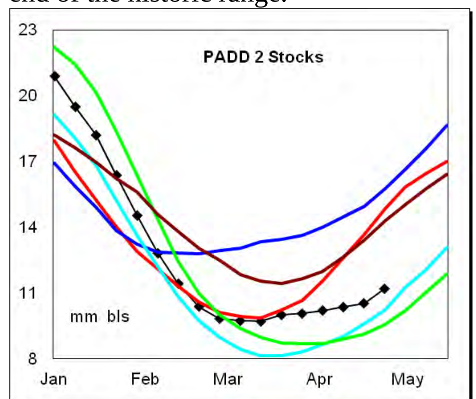
The Conway – Mt Belvieu price spread continued to trade in a narrow range for the last 60-days, near -12 cpg.

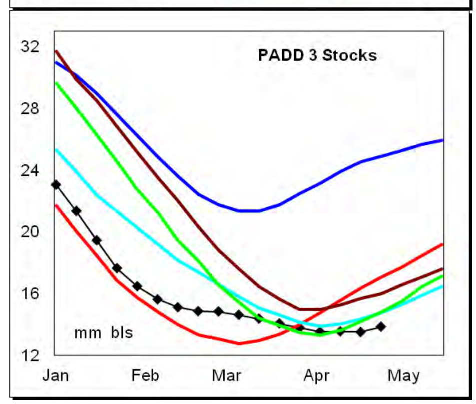
The propane to natural gas price spread traded sideways at a level well above the historic range

The propane / crude oil price spread trended sharply higher on the week, ending at a level above the 5-year mid range.

PADD 1 stocks decreased -0.1 million bpd last week, with the level well below the 5-year range. Supply for the latest 4-wk period was -2,000 bpd below a year ago.

PADD 2 stocks increased +0.8 million barrels last week. Supply decreased -1,000 bpd on the week. The latest 4-wk average supply was -51,000 bpd below a year ago, on both lower imports and production. Stock levels were at the low end of the historic range.





PAD 3 stocks increased +0.5 million barrels on the week. The latest 4-wk average production was -62,000 bpd below a year ago. Stock levels ended the week below the 5-year range.

PADDs 4 & 5 stocks increased +0.1 million barrels on the week. The stock level was at the low end of the historic range.

Emerging Trends Record low imports and very low production has contributed to the extremely low carry out stock levels. Demand fell last week to a level near 5-year lows, although the 4-wk average remains above the last 2-years. Recent price strength has driven the propane/crude spread to the highest level of the year. These trends indicate a seasonal pull back in prices is less likely.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

May 4, 2011

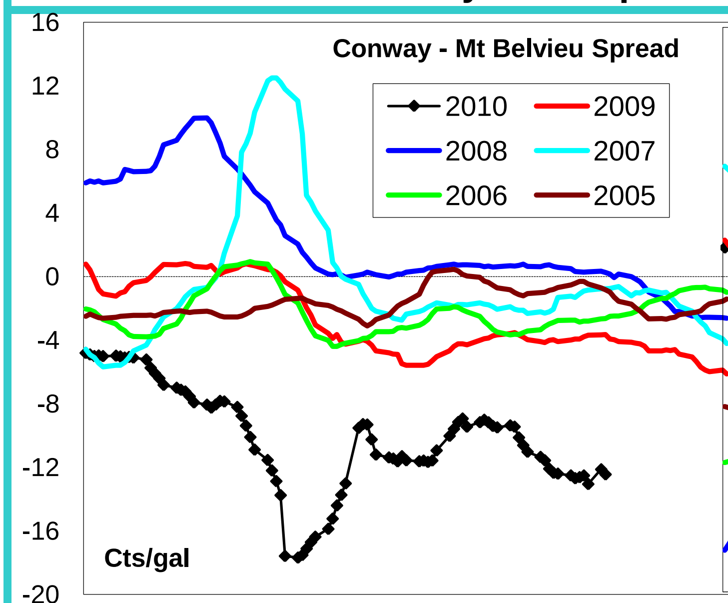
Fundamental Trends for the Week Ending: Friday, April 29, 2011

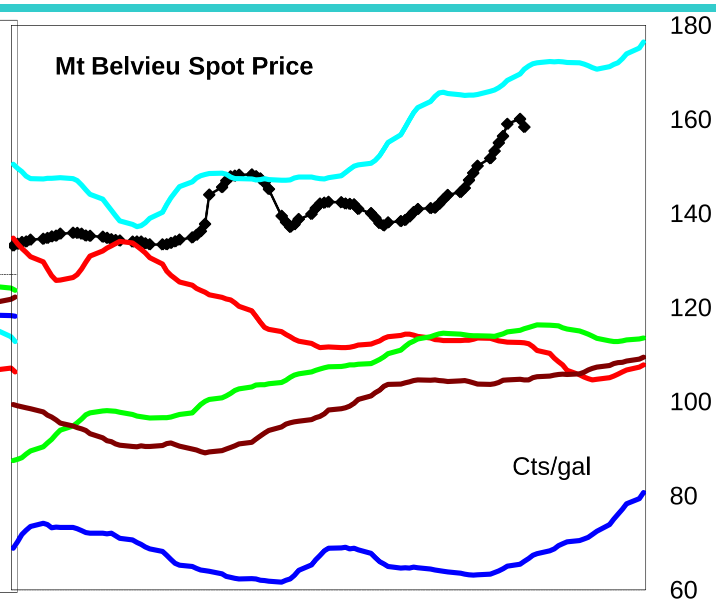
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	27,751	2,071	11,187	13,832	661	1,286	-83	849	462	58
Propylene Stocks	1,662					89				
Production	1,049	40	255	705	49	1	3	1	-3	0
Imports	60	20	34	0	6	-3	-2	-2	0	1
Whsle Demand	836					-175				

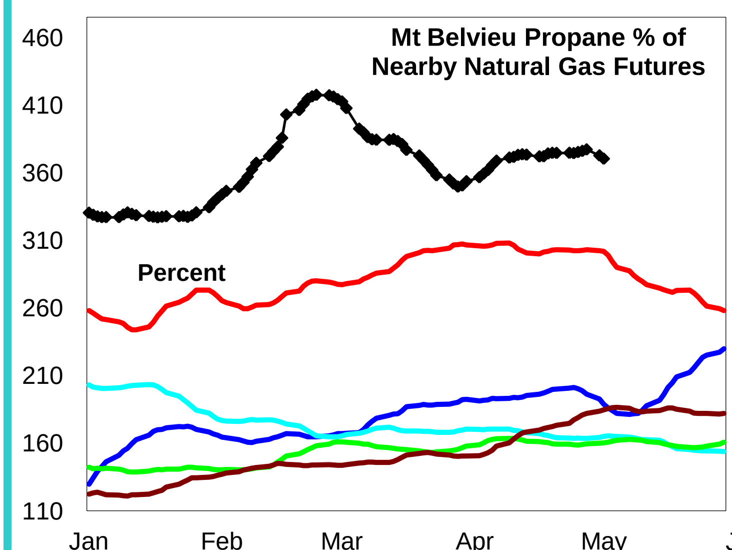
Price Trends for the Week Ending: Tuesday, May 03, 2011

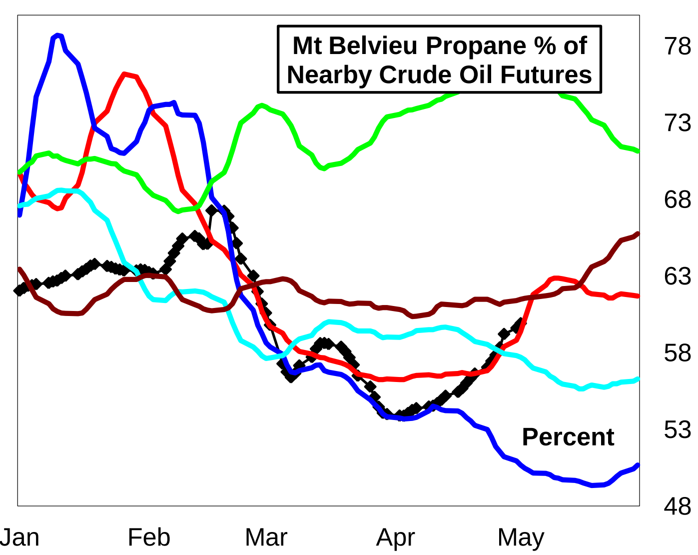
Cents/gal	Average for week ending:				Change from:			% change from:		
	5/3/11	4/26/11	4/5/11	5/3/10	4/26/11	4/5/11	5/3/10	4/26/11	4/5/11	5/3/10
Mont Belvieu Spot	159.1	149.8	138.0	112.9	9.25	11.76	25.10	6.2	8.5	22.2
Conway Spot	146.0	137.1	128.4	109.8	8.94	8.64	18.57	6.5	6.7	16.9

Key Price Spreads and Differentials

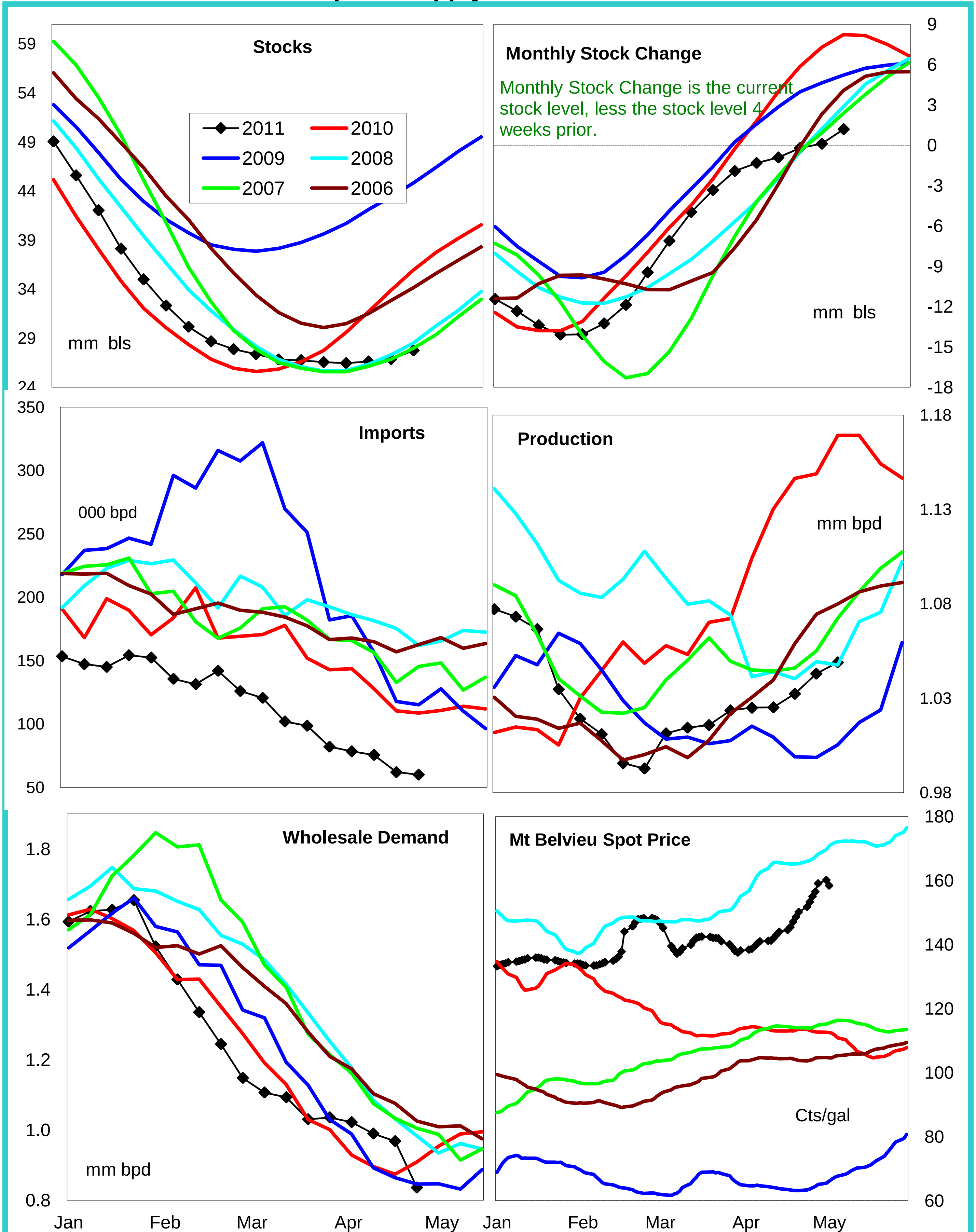








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Mar	Feb	Jan
000 bpd (000 bls stks)	-8,427	-7,036	-110	-18		74	-91	-197	22
% change	-23.3	-86	-9.6	-18.9		8.5	-7.8	-13.2	1.3

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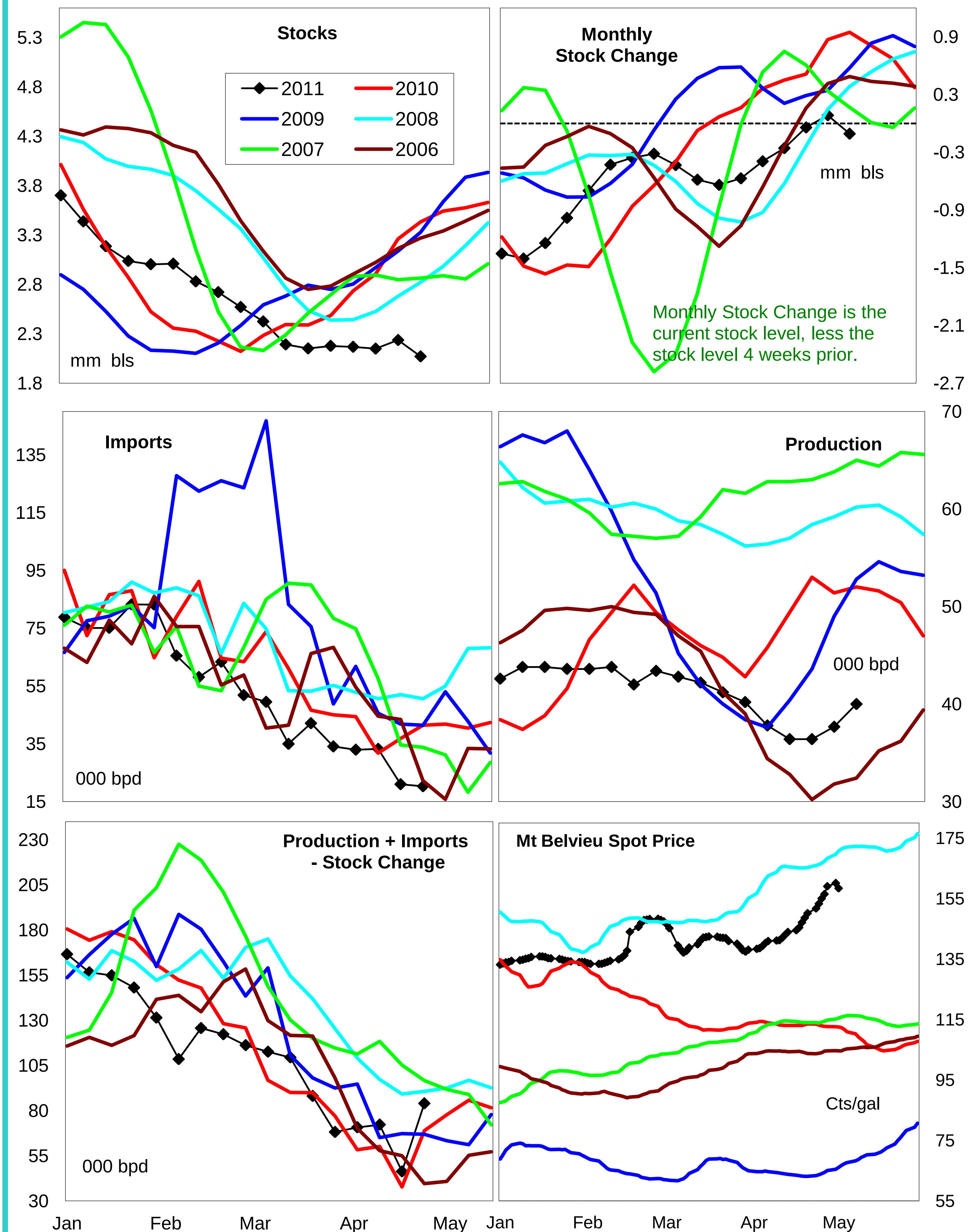
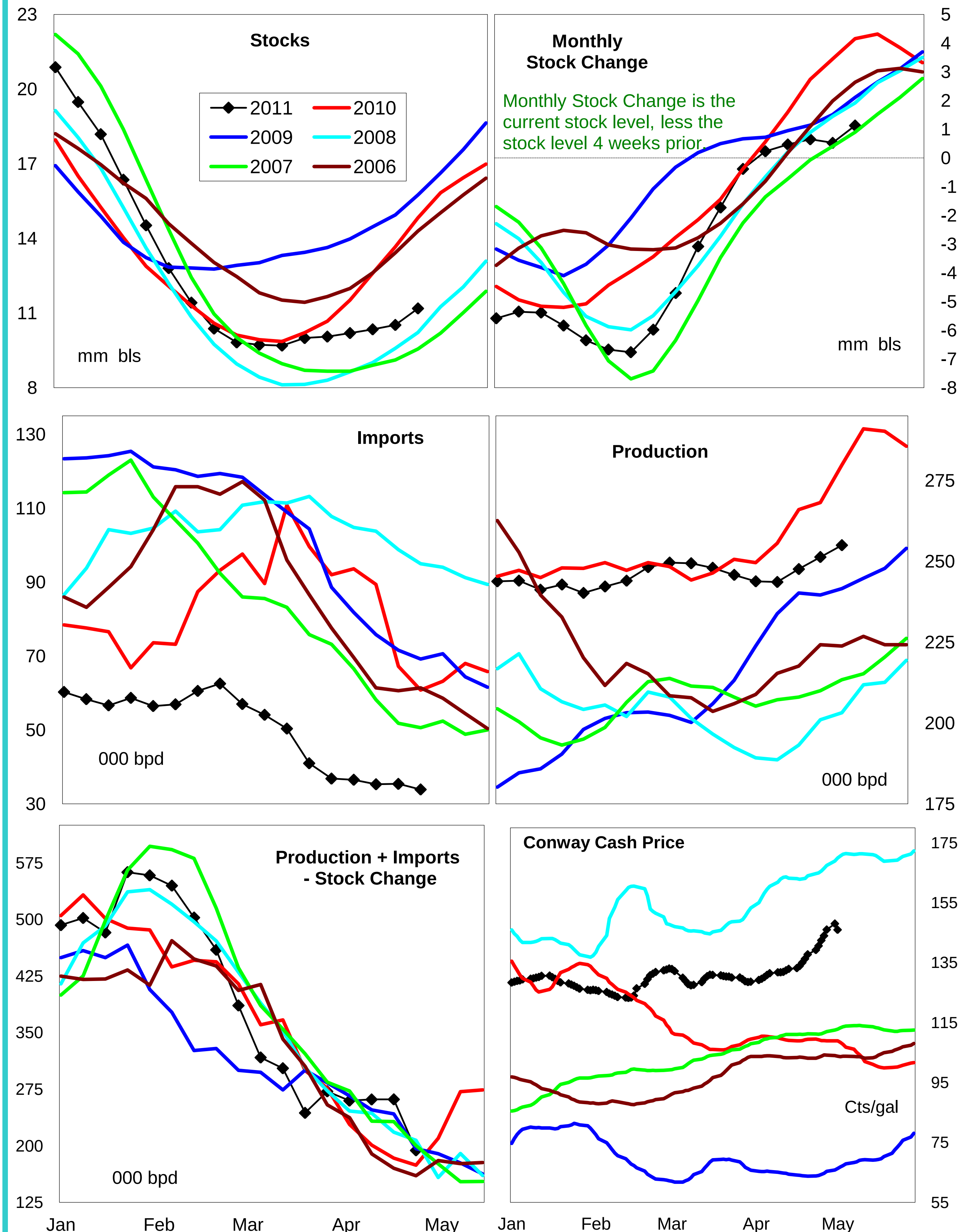
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-1,006	-1,054	-19	17	12
% change	-32.7	-111.3	-33.8	87.0	21.4

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)	-4,008	-3,022	-18	-33	47
% change	-26.4	-72.7	-6.6	-49.6	24.1

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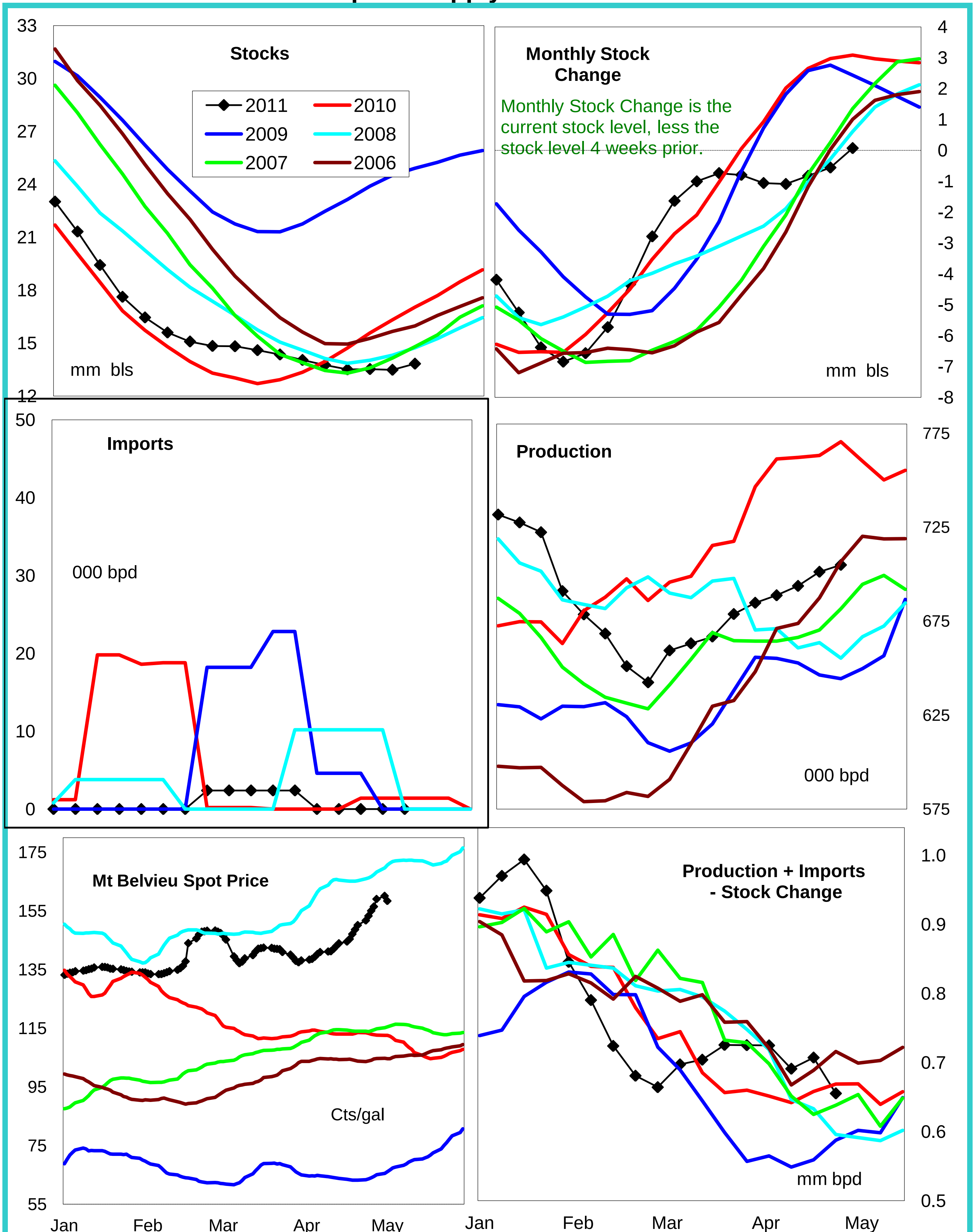
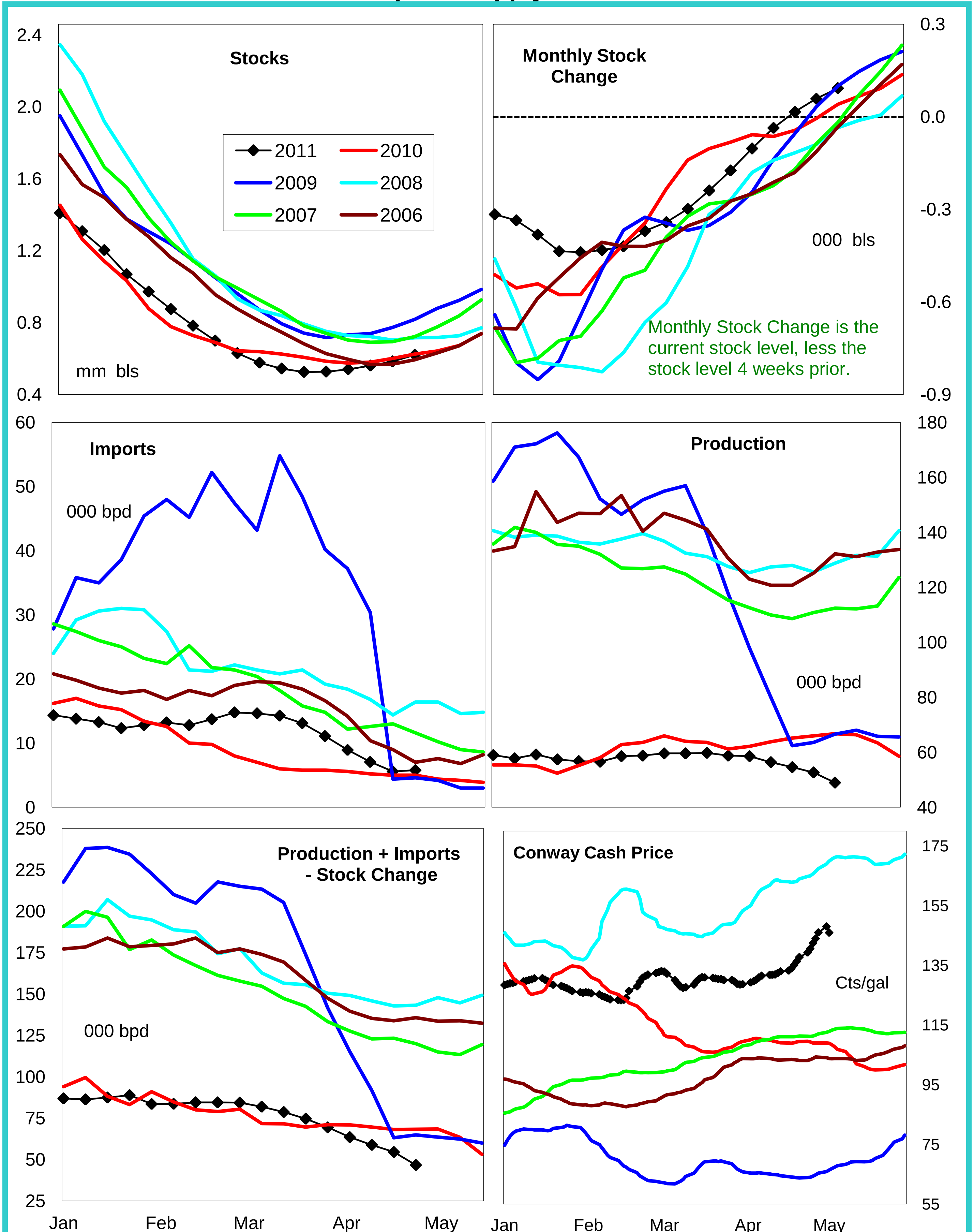
PADD 3 Propane Supply and Demand Balance



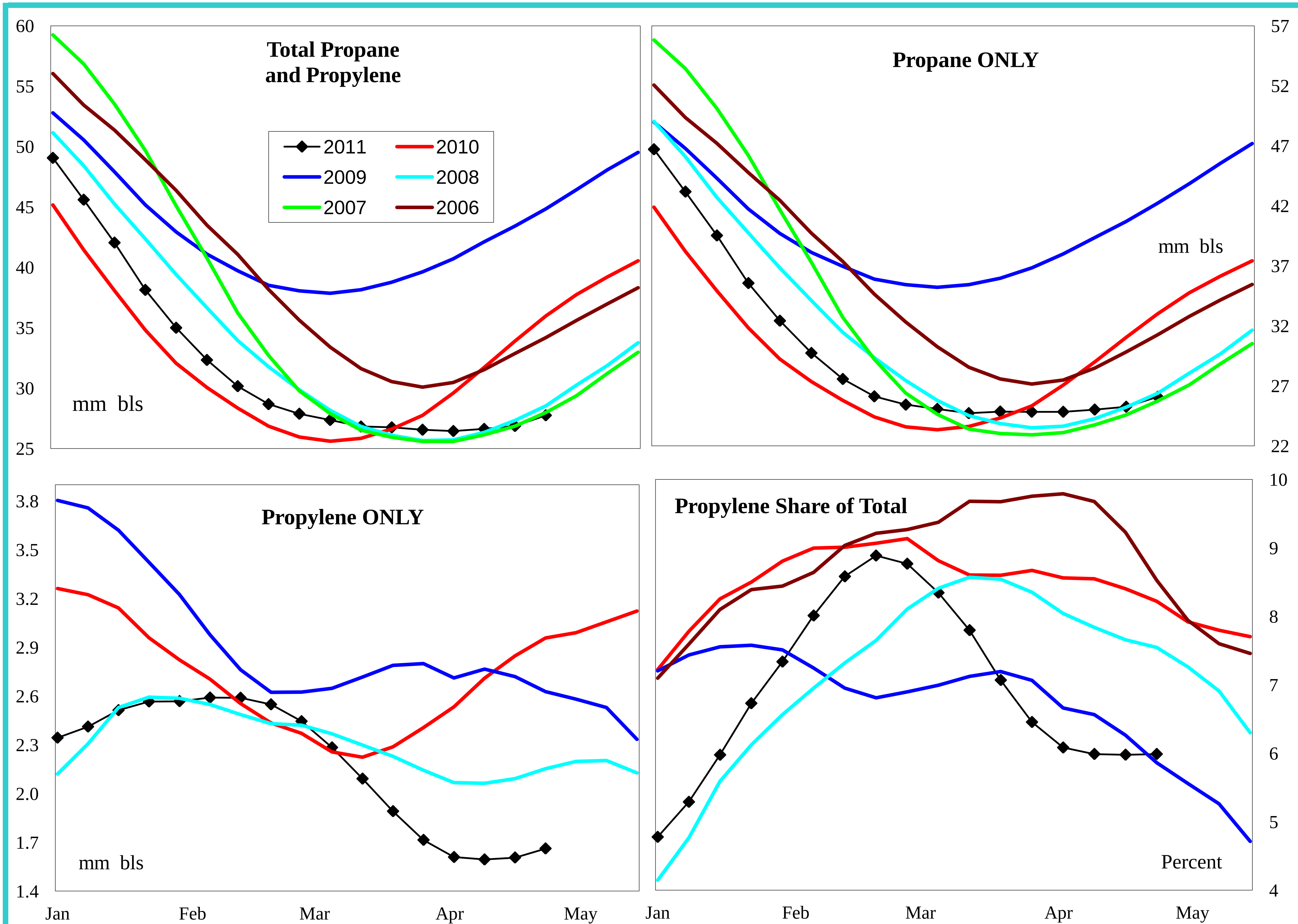
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-3,421	-3,015	-62	-2	40
% change	-19.8	-97.6	-8.2	-100.0	6.0

PADDs 4 and 5 Propane Supply and Demand Balance



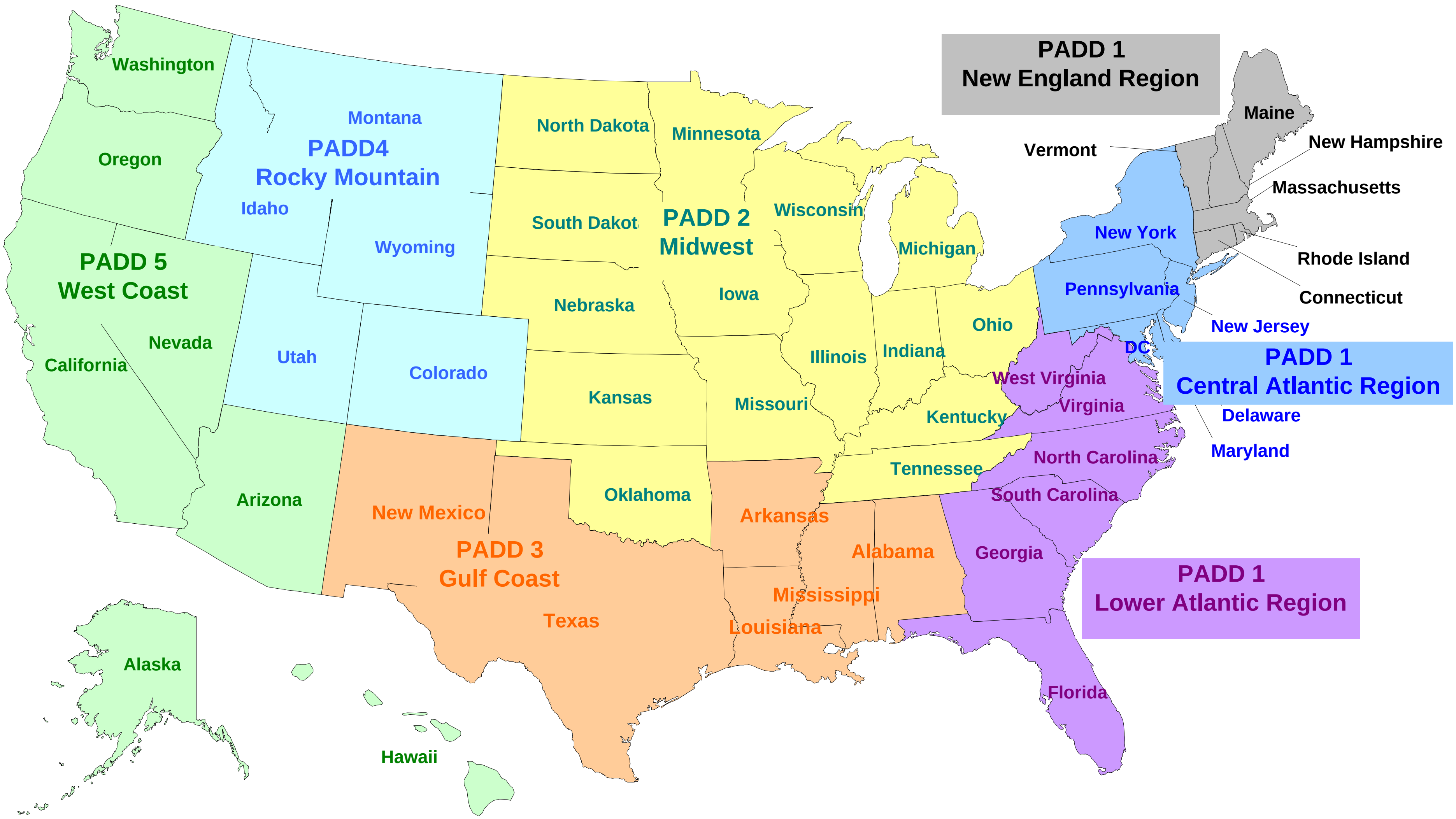
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	7	53	-12	1	-13
% change	1.1	132.5	-18.3	18.5	-19.3

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**-8,427**	**-7,025**	**-1,295**
% change	**-23.3**	**-21.2**	**-43.8**

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



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