



WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

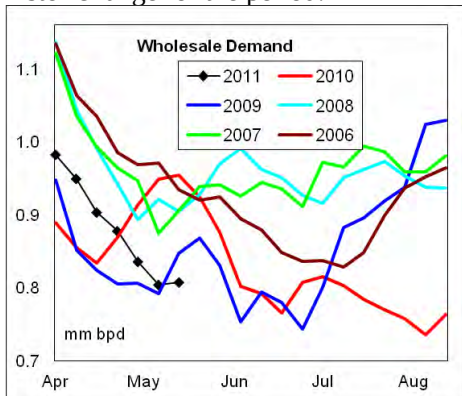
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, May 25, 2011

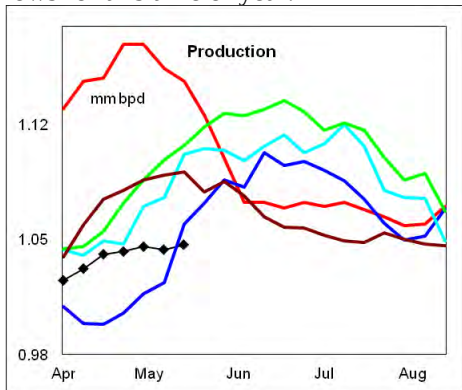


Summary¹:

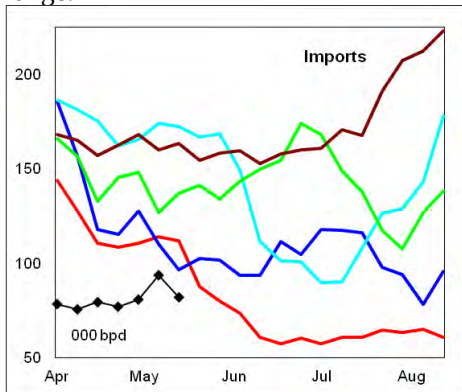
Wholesale demand increased +88,000 bpd last week, to a level below the historic range for the period.



Production increased +25,000 bpd on the week, with the level matching 5-year lows for this time of year.



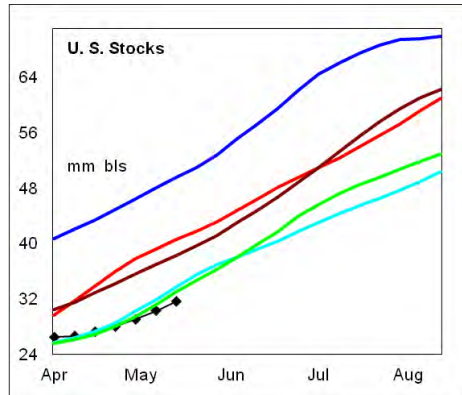
Imports decreased -21,000 bpd on the week, with the level below the 5-year range.



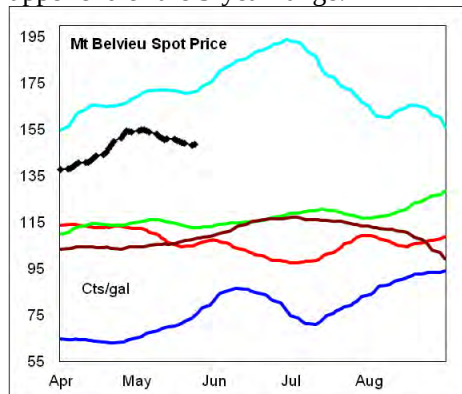
Combined production and imports during the latest 4-wk period were -

150,000 bpd below a year ago. Production was -123,000 bpd below last year, while imports were -27,000 bpd lower. The latest 4-wk average demand was -177,000 bpd below last year.

Stocks increased +1.1 million barrels this week, with the level below the 5-year range. The 4-wk stock change was a build of +4.4 million barrels compared to an average build of +6.5 million barrels.



Price and Spreads Mt Belvieu spot prices declined -1 cpg while Conway decreased -3.5 cpg for the week ending 24May11. The price level ended the week at the upper end of the 5-year range.



The Conway – Mt Belvieu price spread declined last week in favor of Mt Belvieu. The spread remains well below the historic range.

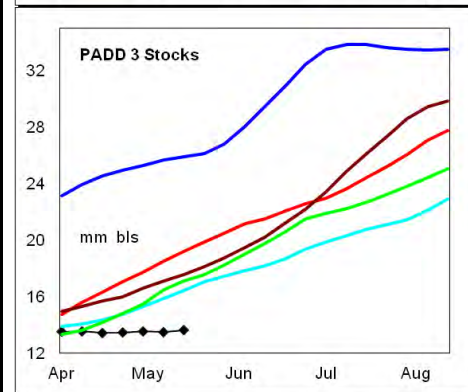
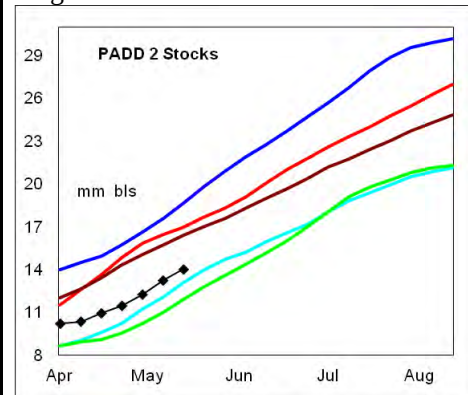
The propane to natural gas price spread trended lower in favor of natural gas, with the level near recent record highs.

The propane / crude oil price spread trended lower during the week, ending at a level above each of the last 3-years.

PADD 1 stocks increased +0.3 million

bpd last week, with the level at the low end of the historic range. Supply for the latest 4-wk period was -21,000 bpd below a year ago.

PADD 2 stocks increased +0.7 million barrels last week. Supply was nearly unchanged. The latest 4-wk average supply was -60,000 bpd below a year ago, on lower imports and production. Stock levels were well below the mid range.



PAD 3 stocks have been nearly unchanged for the last 8-wks, with the level -27% below last year. High exports and low production have prevented a seasonal stock build.

PADDs 4 & 5 stocks were unchanged on the week. The stock level matched historic lows.

Emerging Trends Gulf coast stocks have failed to experience a seasonal build during the last 2-months on low production and high exports. Stock levels remain extremely low in the Gulf region. These fundamentals point to continued strength in propane prices.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

May 25, 2011

Fundamental Trends for the Week Ending:

Friday, May 20, 2011

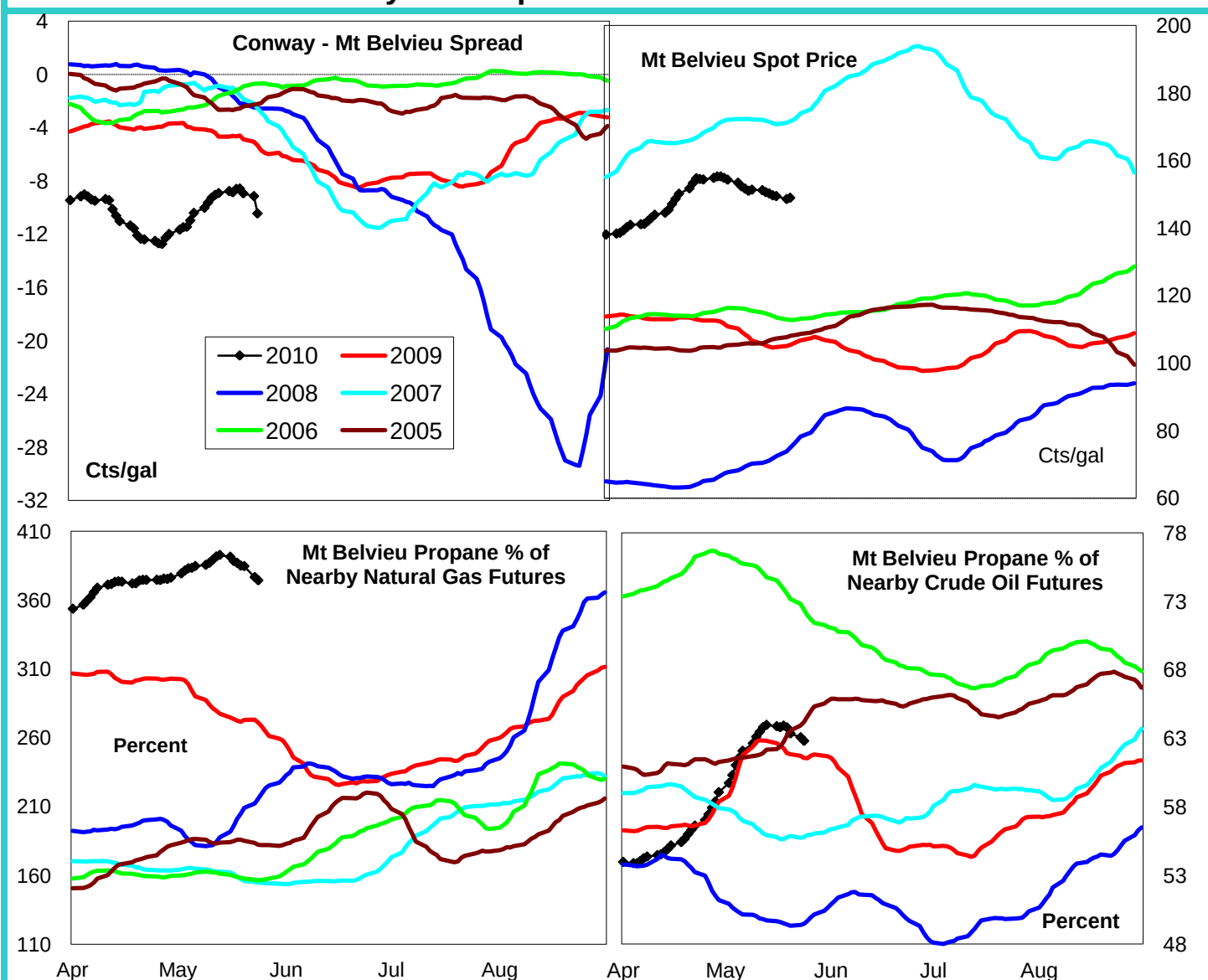
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	31,605	3,183	14,015	13,614	793	1,127	315	714	60	38
Propylene Stocks	1,810					134				
Production	1,047	46	274	673	54	25	-1	24	-1	3
Imports	82	18	35	23	6	-21	-25	-20	23	1
Whsle Demand	848					88				

Price Trends for the Week Ending:

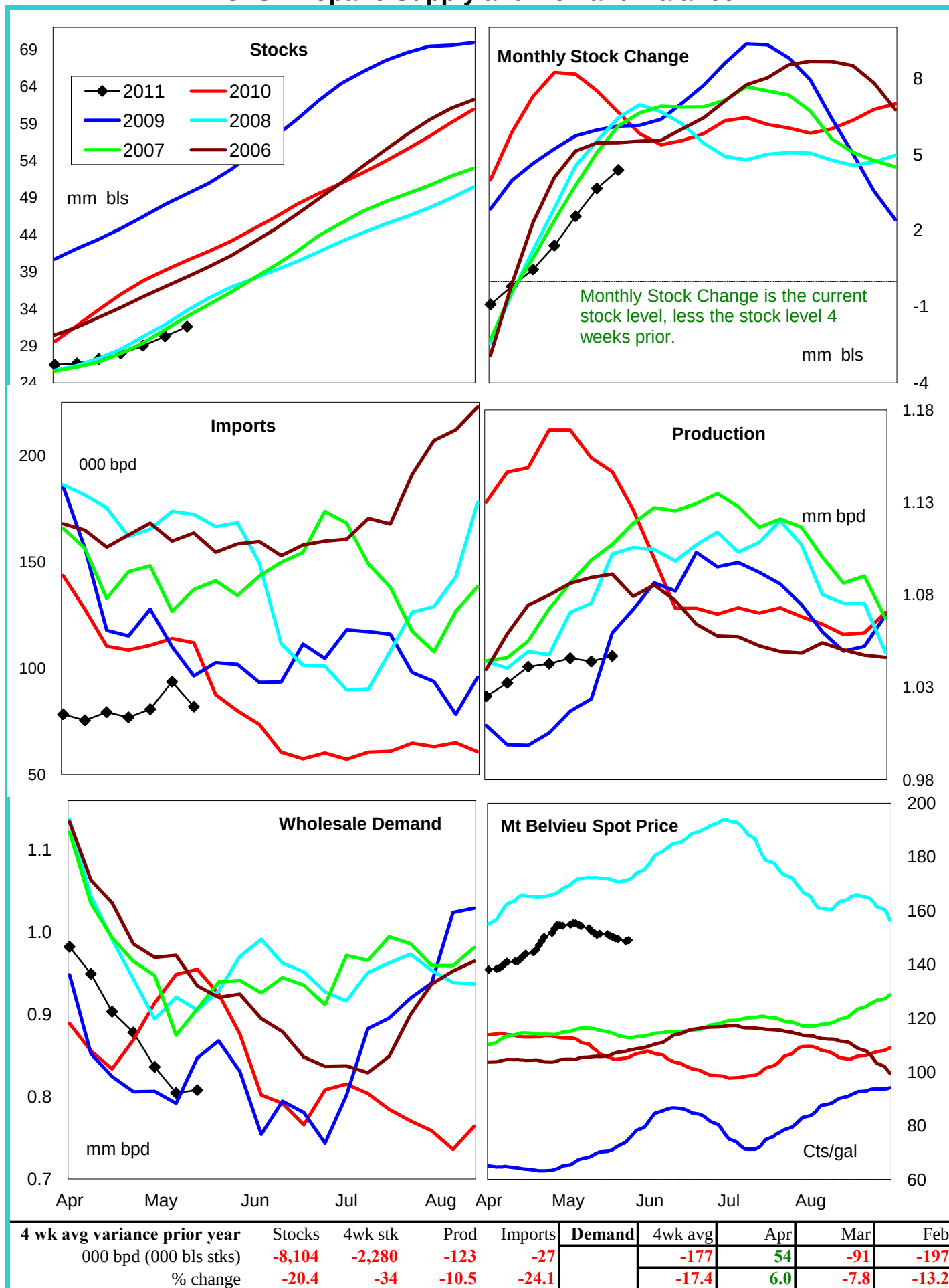
Tuesday, May 24, 2011

Cents/gal	Average for week ending:				Change from:			% change from:		
	5/24/11	5/17/11	4/26/11	5/24/10	5/17/11	4/26/11	5/24/10	5/17/11	4/26/11	5/24/10
Mont Belvieu Spot	149.4	151.0	149.8	102.3	-1.55	1.19	47.52	-1.0	0.8	46.5
Conway Spot	140.5	142.3	137.1	97.5	-1.84	5.29	39.55	-1.3	3.9	40.6

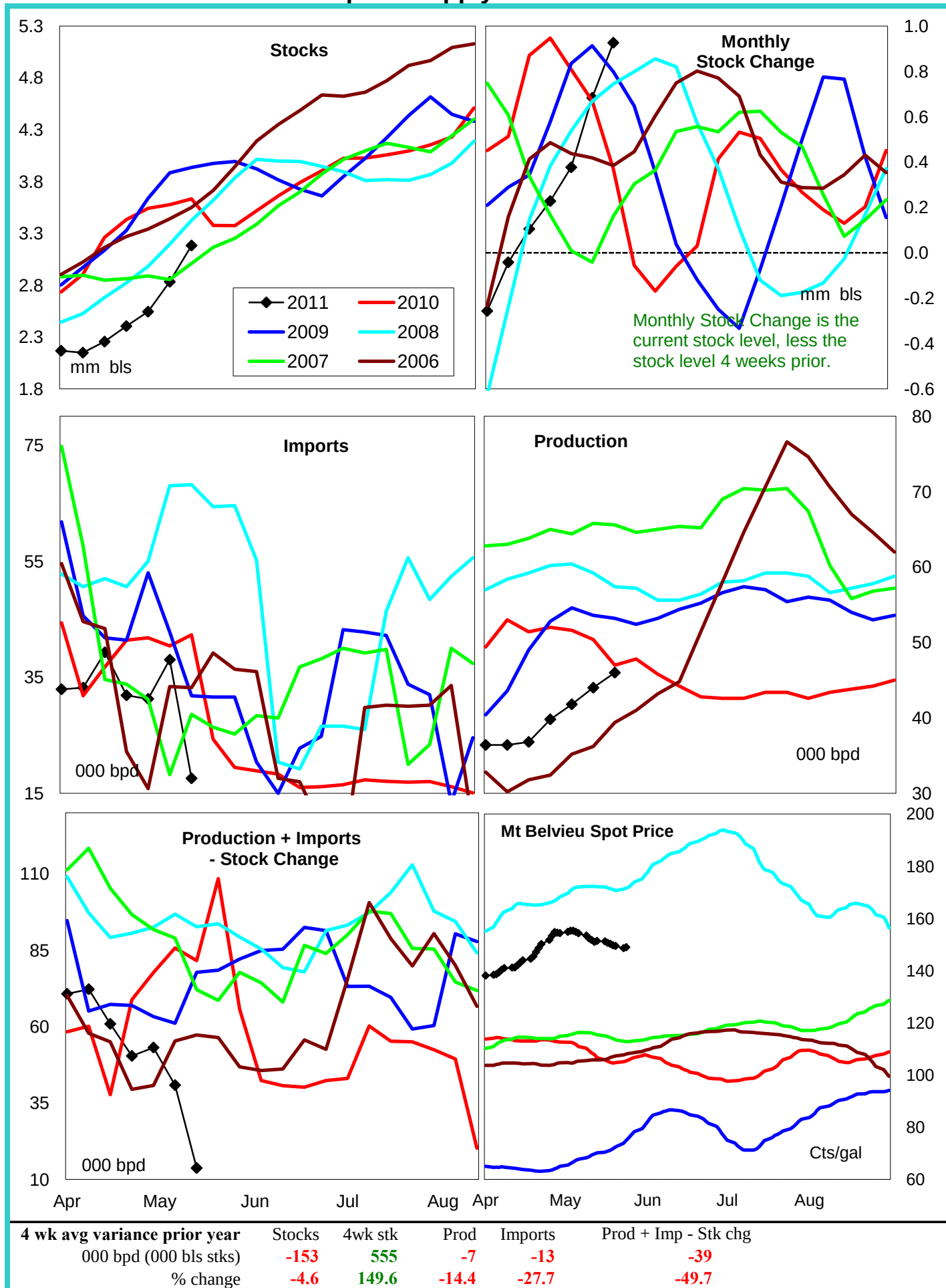
Key Price Spreads and Differentials



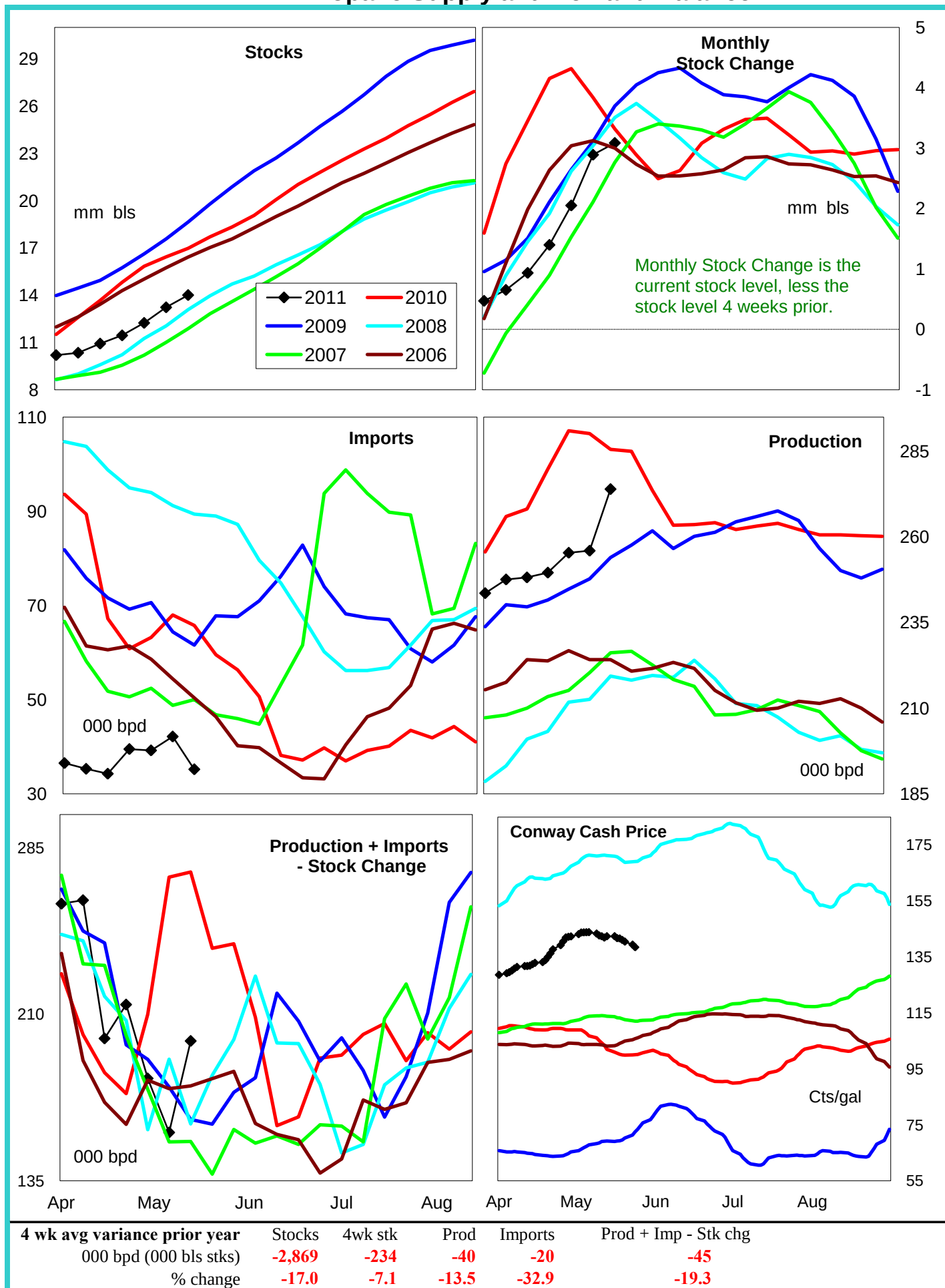
U. S. Propane Supply and Demand Balance



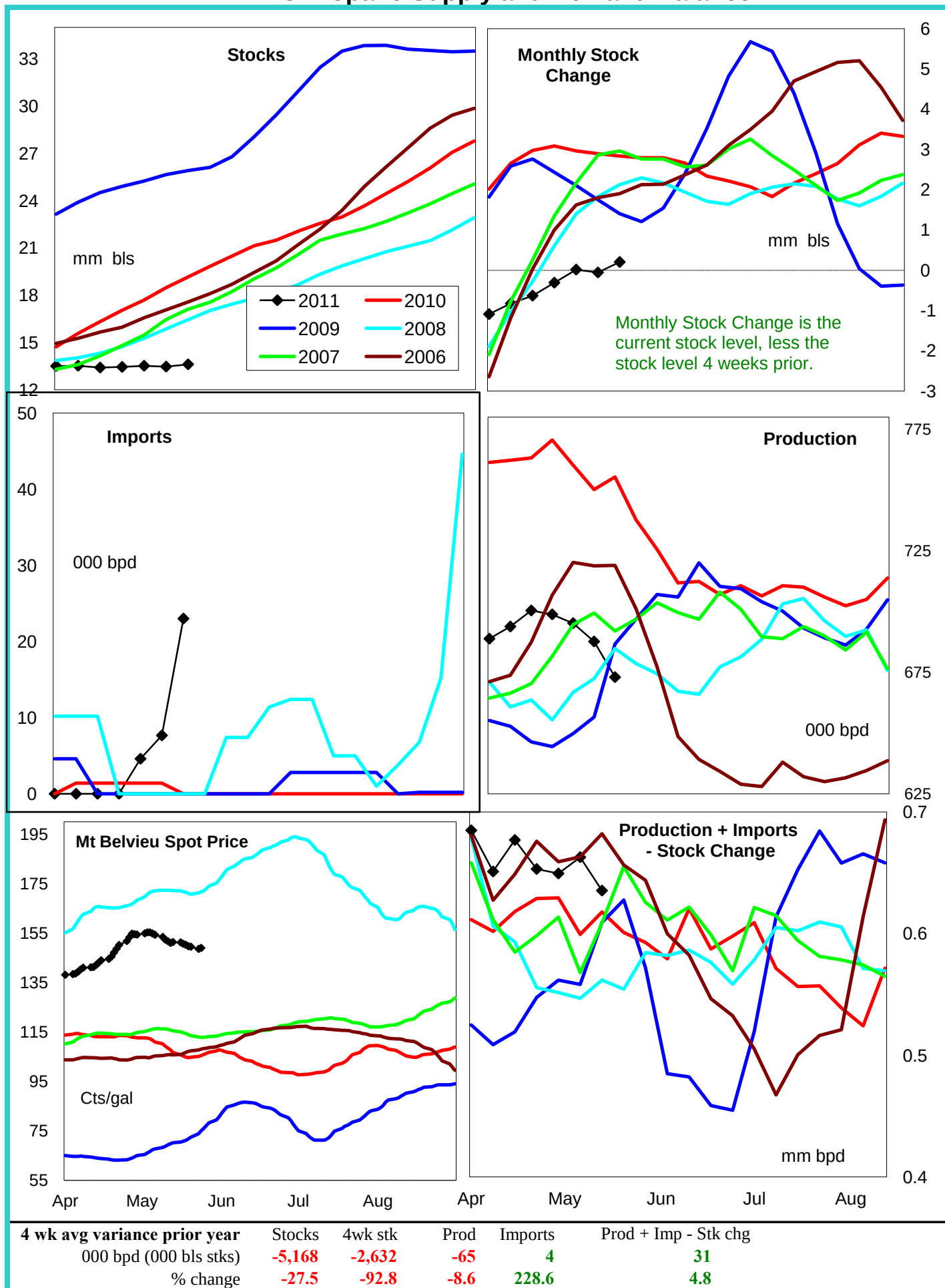
PADD 1 Propane Supply and Demand Balance



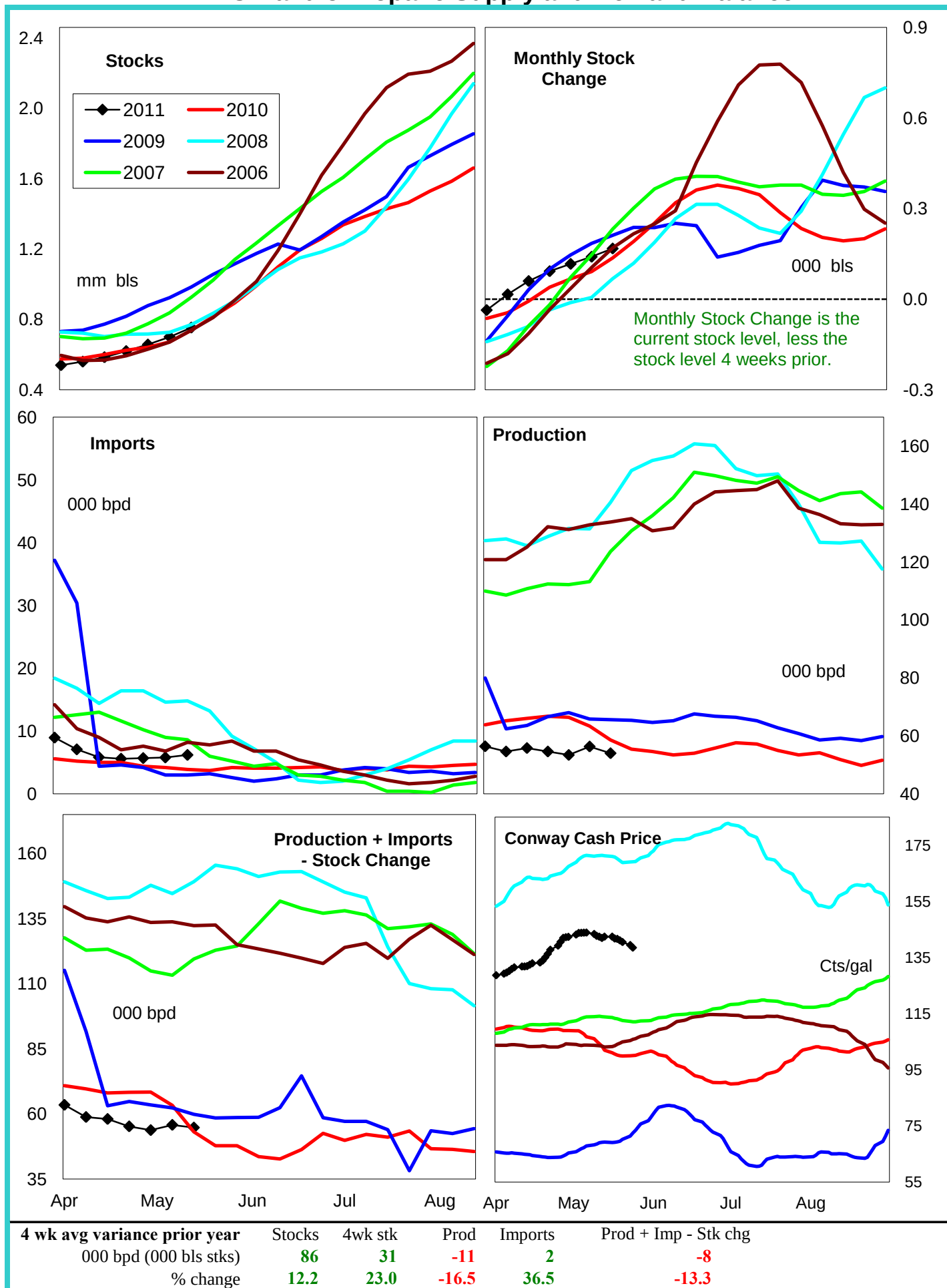
PADD 2 Propane Supply and Demand Balance



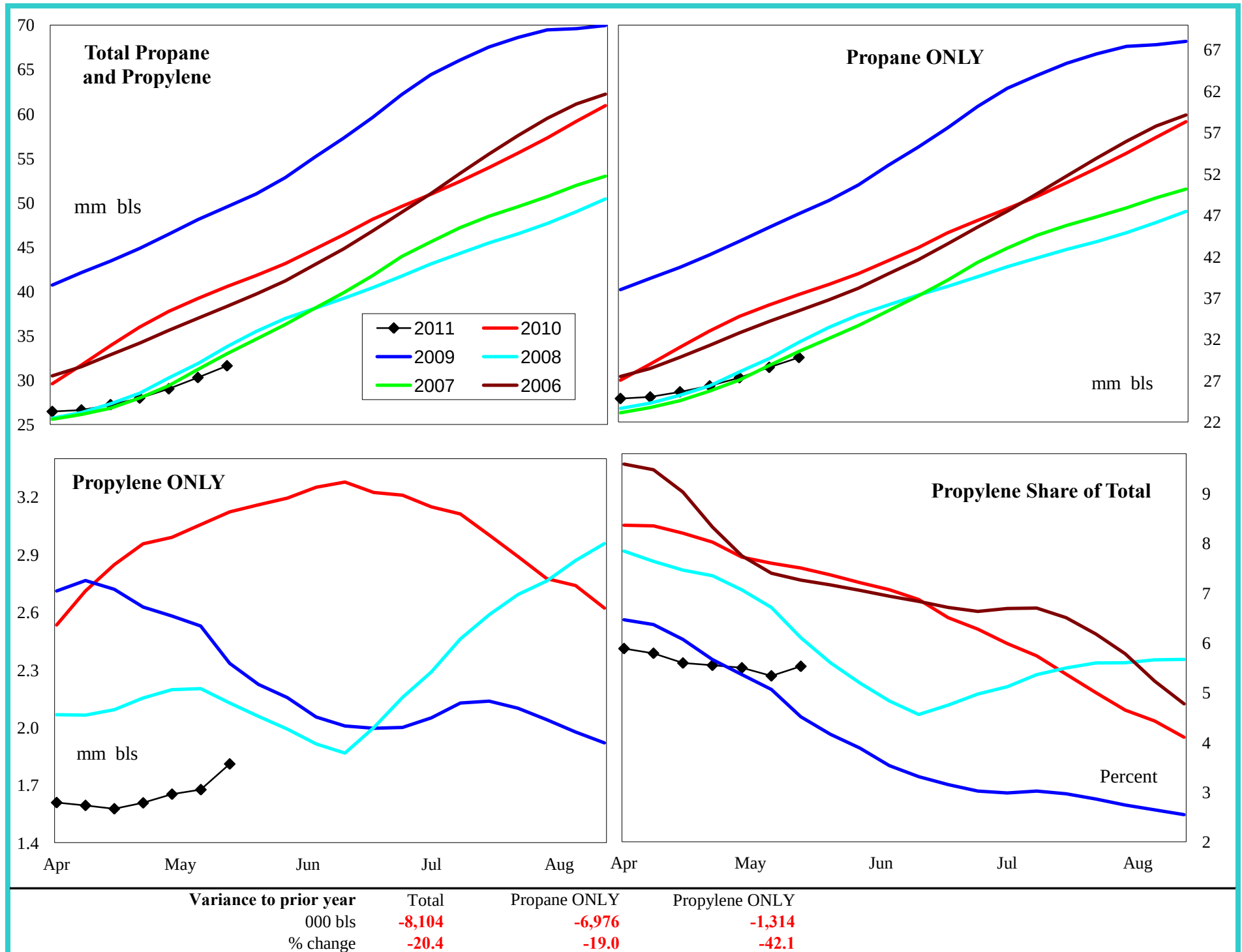
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

