



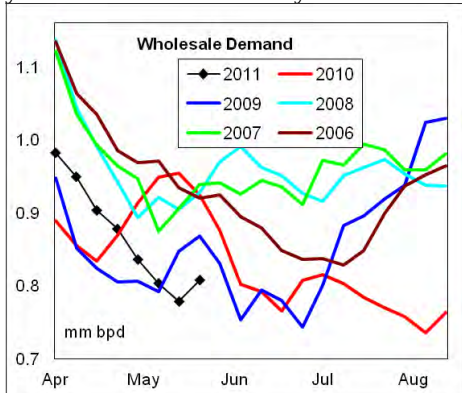
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

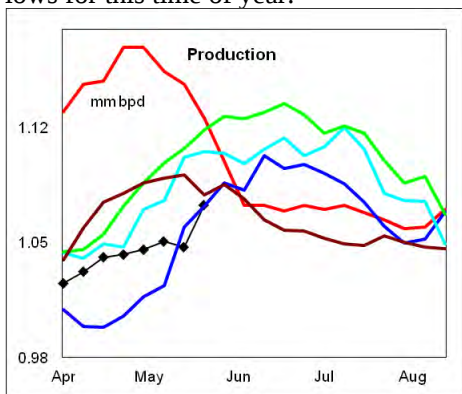
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, June 02, 2011

Summary?

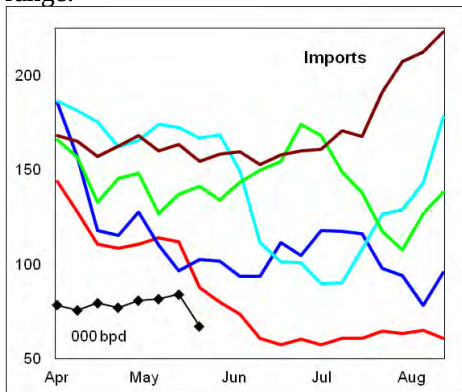
Wholesale demand was unchanged on the week, with the level comparable to 5-year lows for this time of year.



Production increased +26,000 bpd on the week, with the level matching 5-year lows for this time of year.



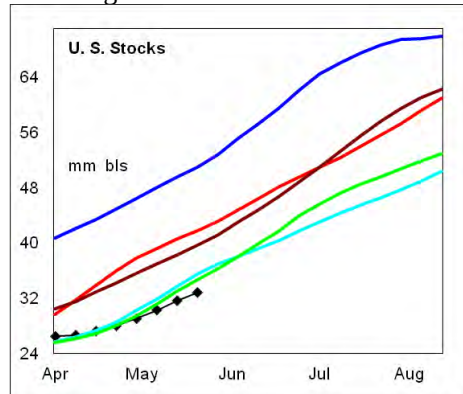
Imports decreased -15,000 bpd on the week, with the level below the 5-year range.



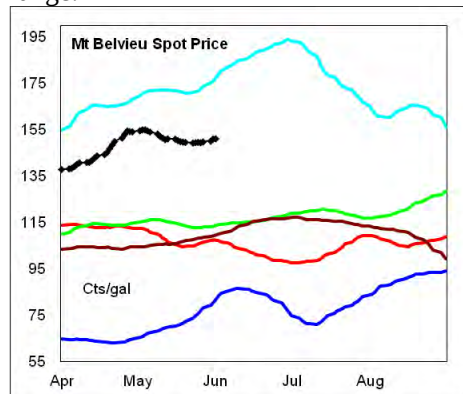
Combined production and imports during the latest 4-wk period were -143,000 bpd below a year ago. Production was -107,000 bpd below last

year, while imports were -36,000 bpd lower. The latest 4-wk average demand was -167,000 bpd below last year.

Stocks increased +1.2 million barrels this week, including a +0.6 million barrel propylene stock build. Stock levels remain below the 5-year range. The 4-wk stock change was a build of +4.8 million barrels compared to an average build of +6.7 million barrels.



Price and Spreads Mt Belvieu spot prices increased +2 cpg while Conway decreased -1.5 cpg for the week ending 02June11. The price level ended the week at the upper end of the 5-year range.



The Conway – Mt Belvieu price spread fell last week to a discount of -13 cpg, matching lows of the quarter and well below the historic range.

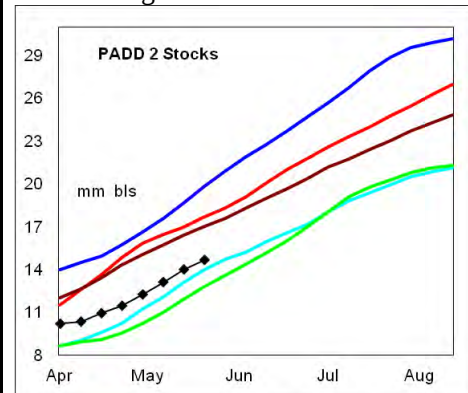
The propane to natural gas price spread trended lower in favor of natural gas, with the level well above the historic range.

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

PADD 1 stocks increased +0.1 million

bpd last week, with the level below the mid range. Supply for the latest 4-wk period was -17,000 bpd below a year ago.

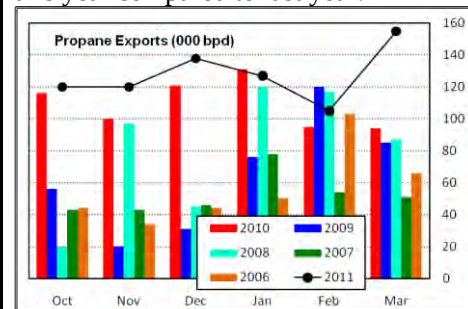
PADD 2 stocks increased +0.6 million barrels last week. Supply increased +10,000 bpd. The latest 4-wk average supply was -60,000 bpd below a year ago, on lower imports and production. Stock levels were at the low end of the historic range.



PAD 3 stocks increased +0.4 million barrels, including a +0.6 million barrel build in propylene. A sharp increase in exports has prevented a seasonal stock build. Stock levels are well below the historic range.

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

Emerging Trends The EIA reported exports were 155,000 bpd in March, 2011, the highest level ever reported and +60,000 bpd above a year ago. IF exports averaged +50,000 bpd above the prior year for the March - May period, this would 4.5 million barrels, equal to nearly 50% of the difference in stocks this year compared to last year.



Expect continued strength in propane spot prices in tightness in the market.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

June 2, 2011

Fundamental Trends for the Week Ending:

Friday, May 27, 2011

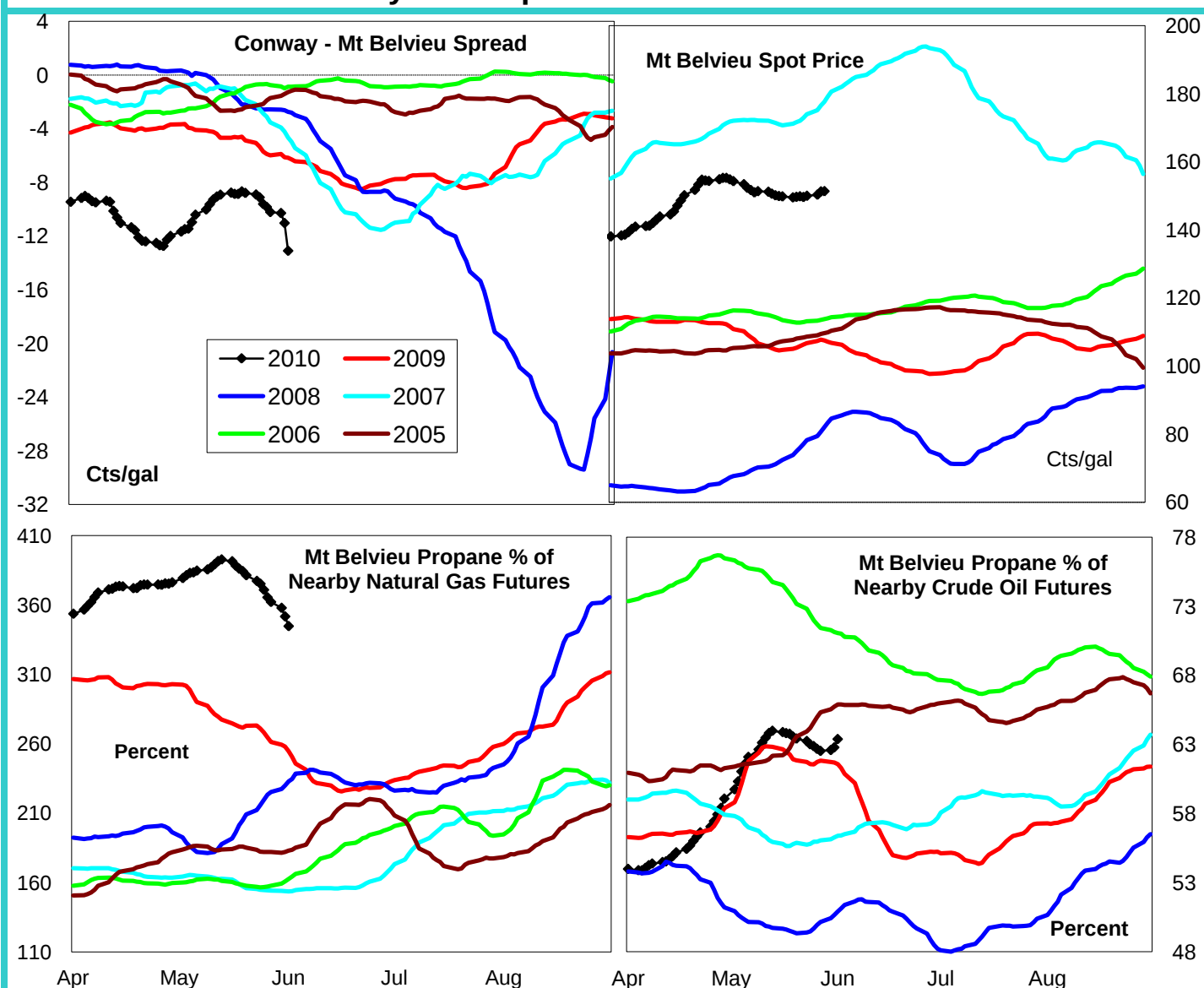
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	32,809	3,332	14,659	14,025	793	1,204	149	644	411	0
Propylene Stocks	2,363					553				
Production	1,073	47	273	702	51	26	1	-1	29	-3
Imports	67	17	46	0	4	-15	-1	11	-23	-2
Whsle Demand	848					0				

Price Trends for the Week Ending:

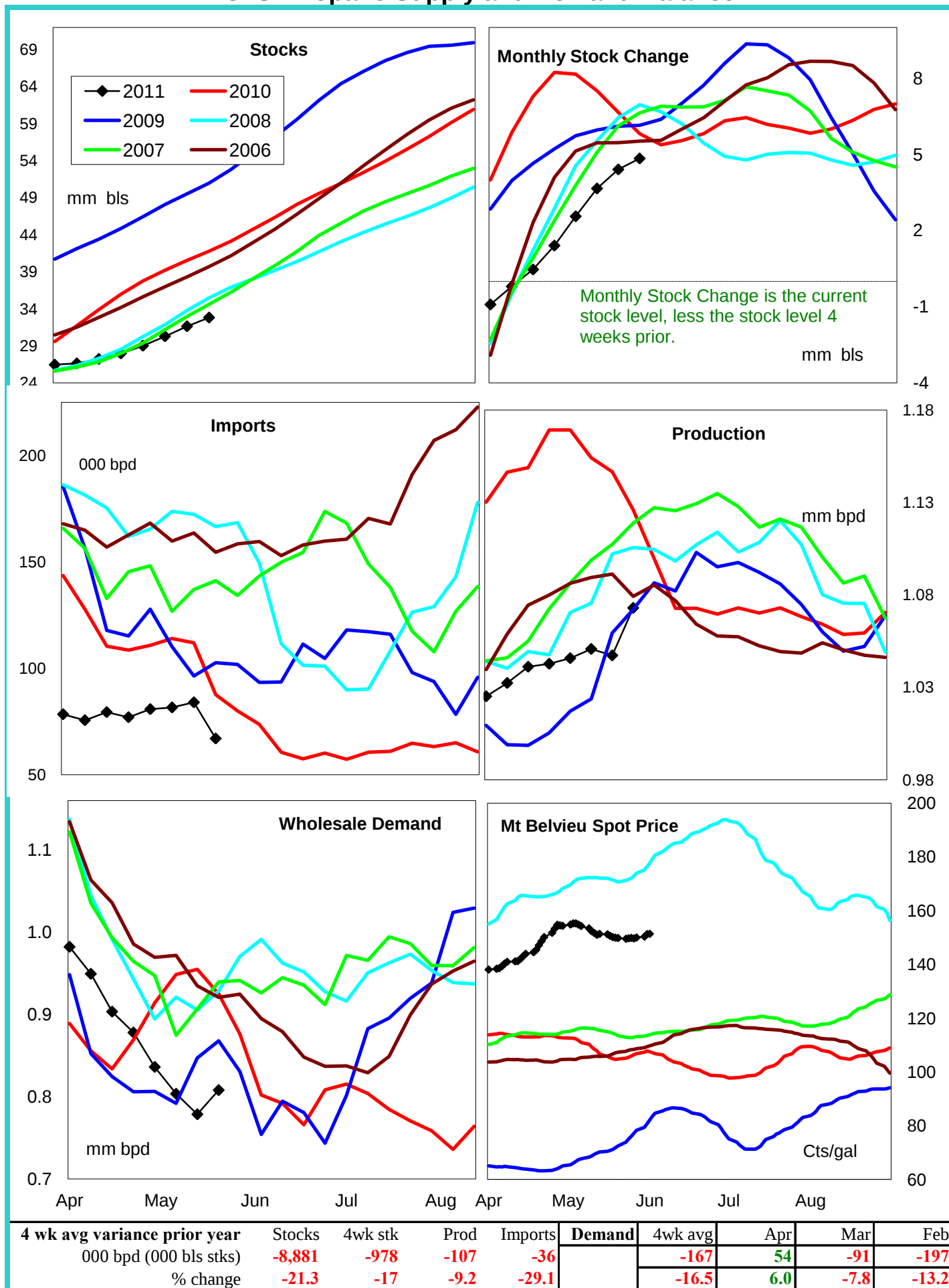
Wednesday, June 01, 2011

Cents/gal	Average for week ending:				Change from:			% change from:		
	6/1/11	5/25/11	5/4/11	6/2/10	5/25/11	5/4/11	6/2/10	5/25/11	5/4/11	6/2/10
Mont Belvieu Spot	150.3	149.1	159.4	108.9	1.27	-10.30	50.46	0.9	-6.5	46.3
Conway Spot	140.0	139.9	146.9	102.3	0.14	-7.00	44.65	0.1	-4.8	43.7

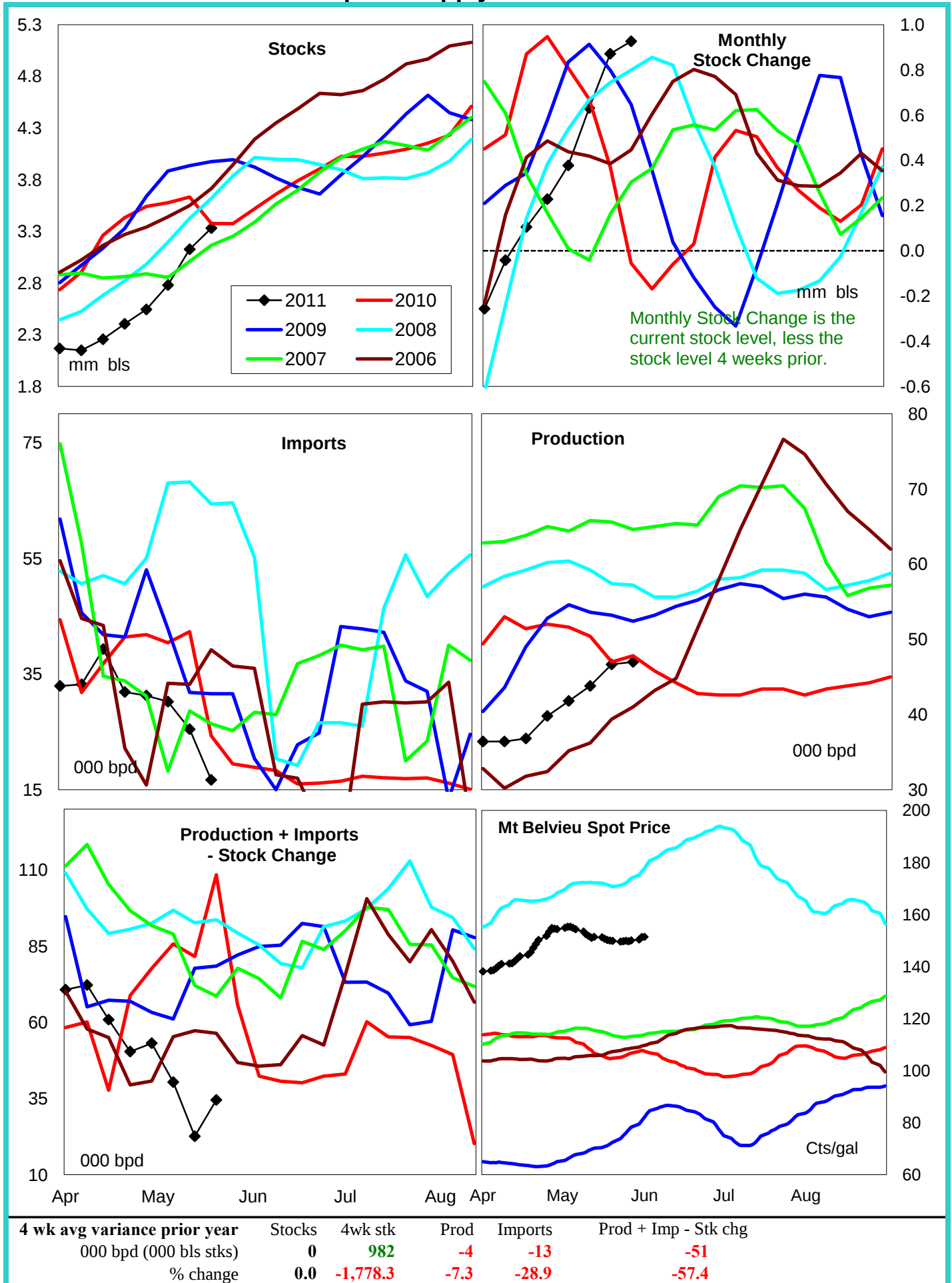
Key Price Spreads and Differentials



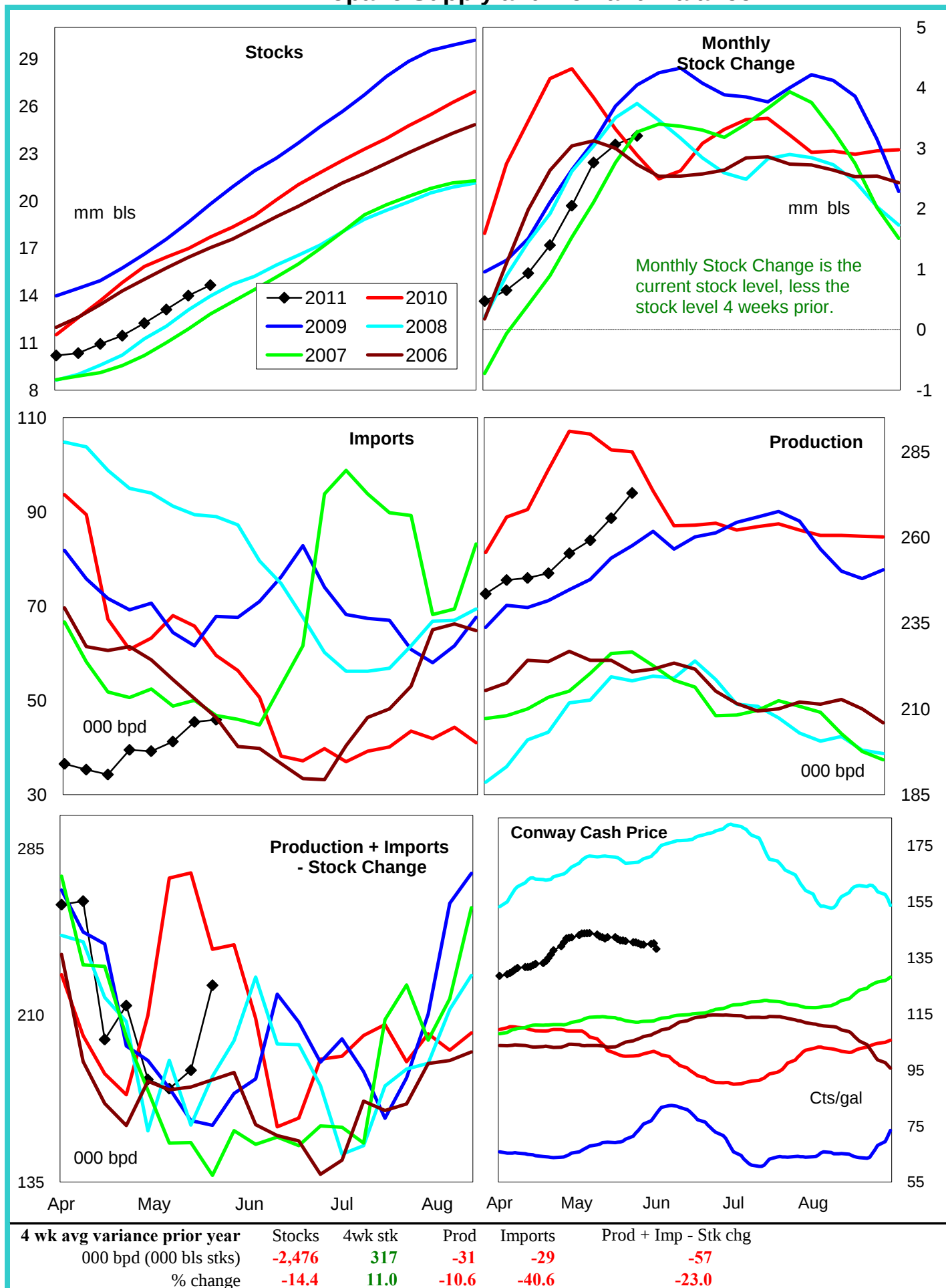
U. S. Propane Supply and Demand Balance



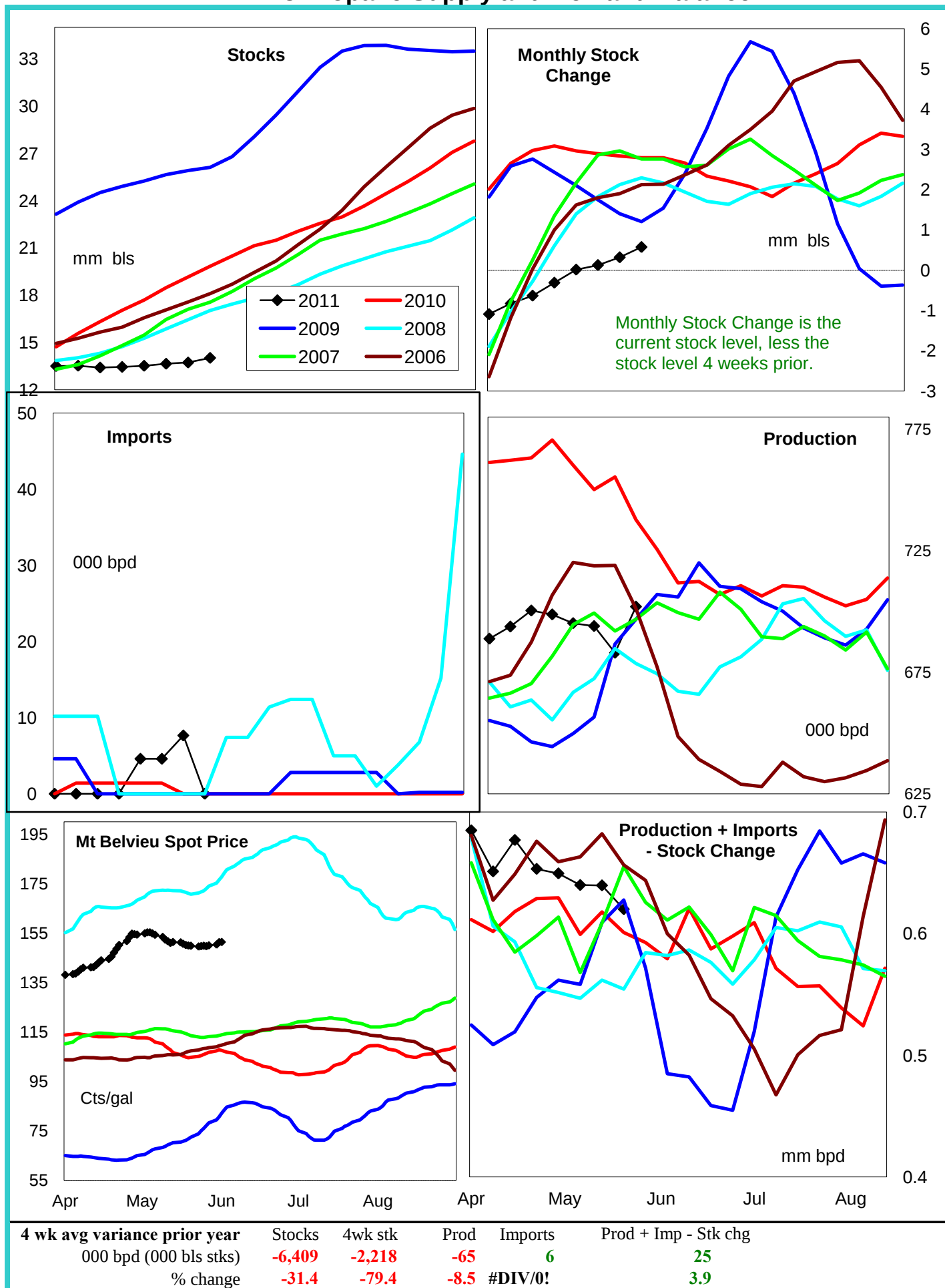
PADD 1 Propane Supply and Demand Balance



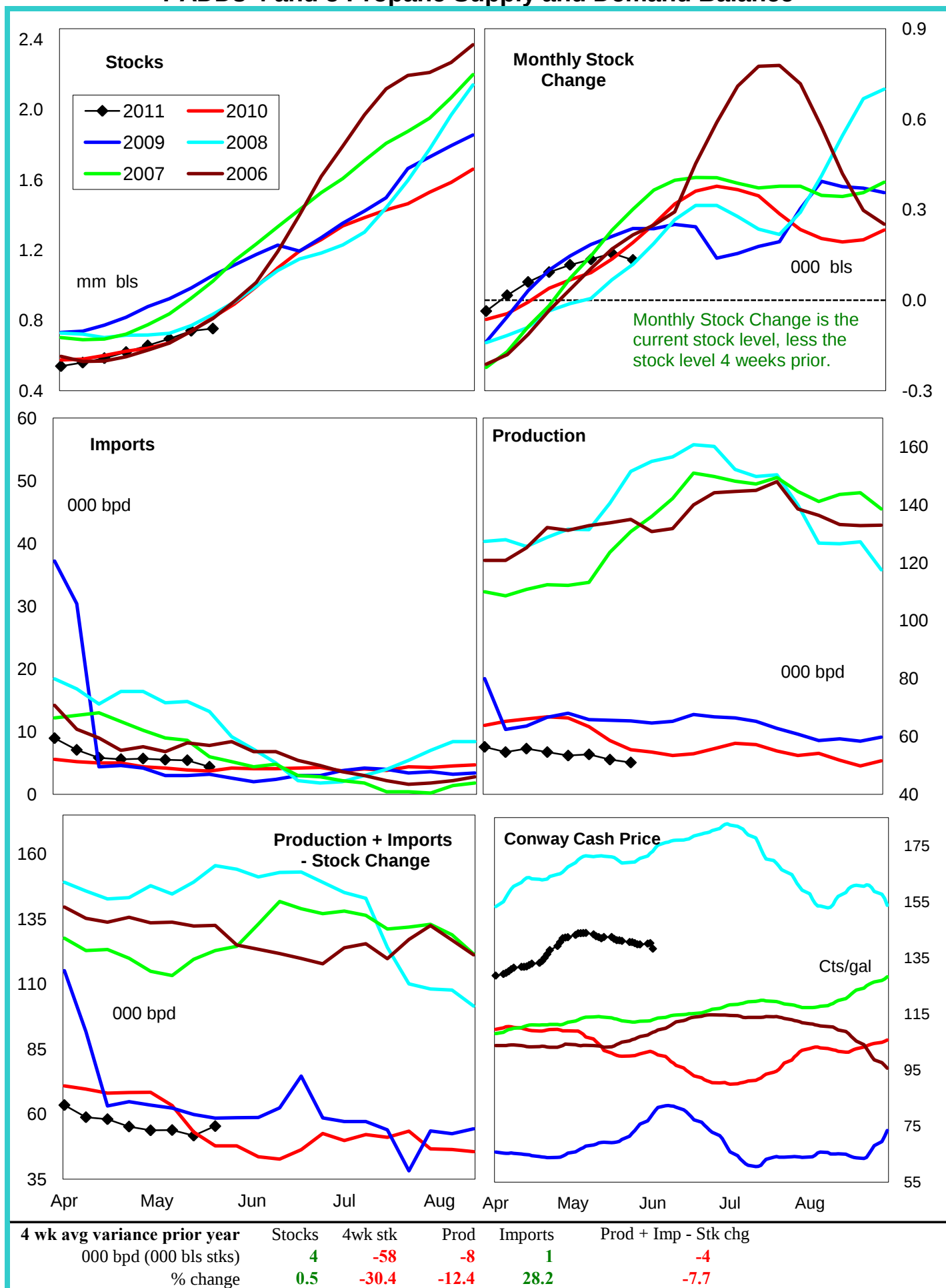
PADD 2 Propane Supply and Demand Balance



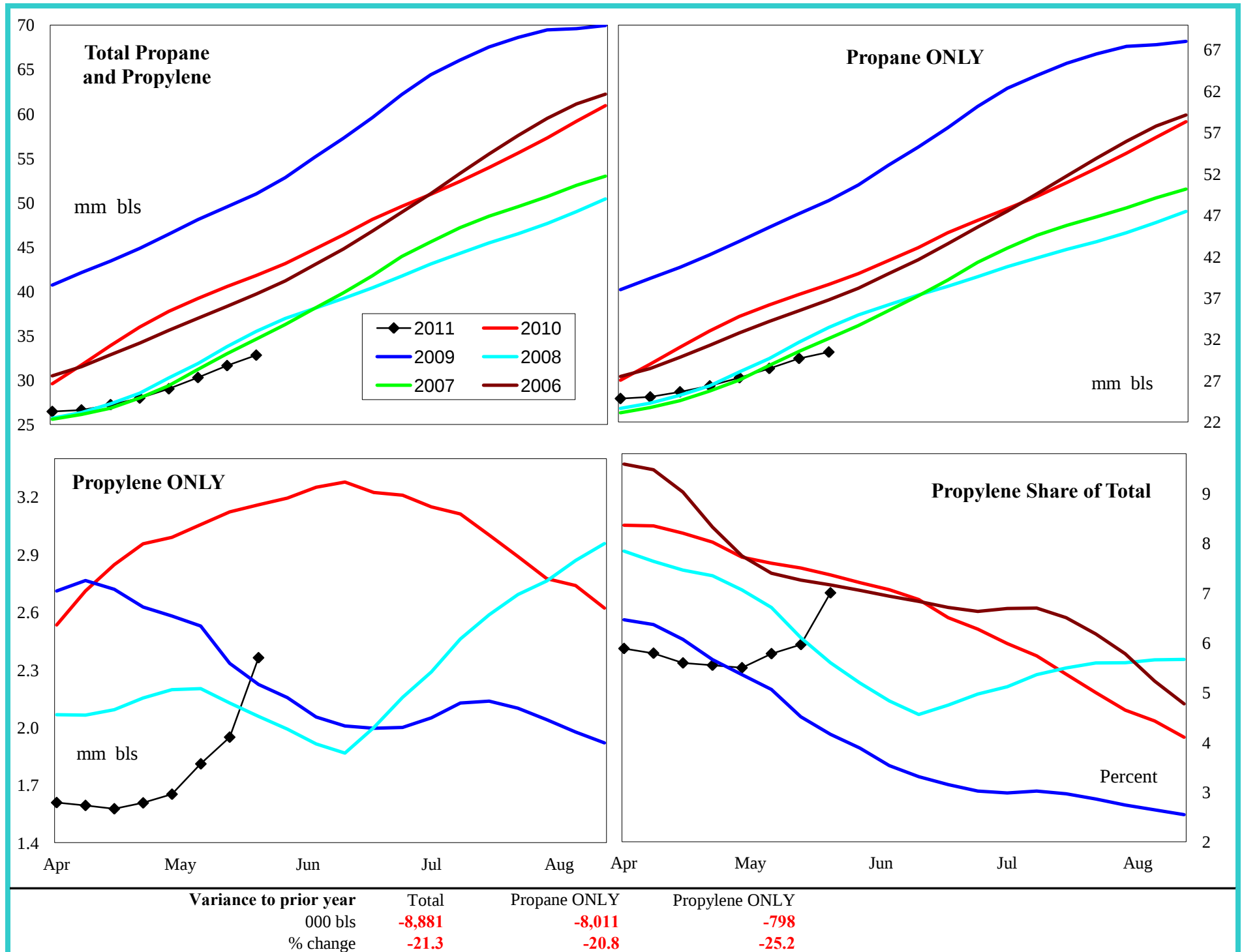
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

