



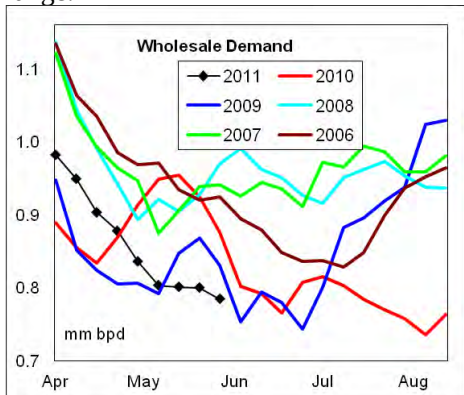
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

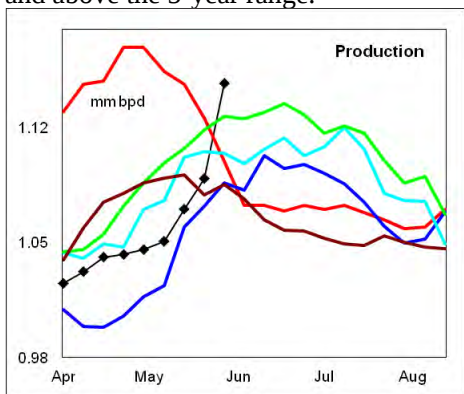
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, June 08, 2011

Summary¹:

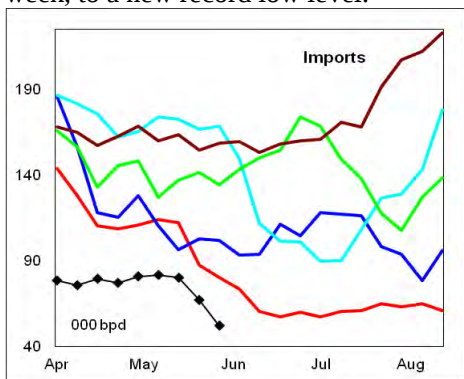
Wholesale demand declined -23,000 bpd on the week, to a level below the 5-year range.



Production increased +74,000 bpd on the week, to the highest level of the year, and above the 5-year range.



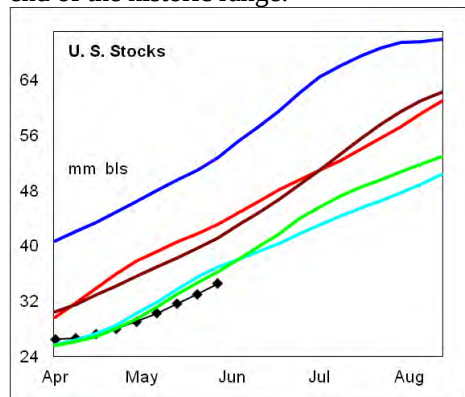
Imports decreased -15,000 bpd on the week, to a new record low level.



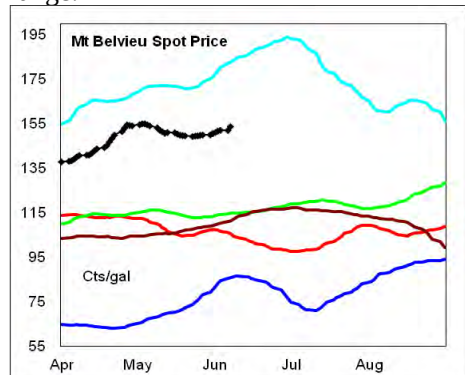
Combined production and imports during the latest 4-wk period were -90,000 bpd below a year ago. Production was -71,000 bpd below last year, while imports were -19,000 bpd

lower. The latest 4-wk average demand was -205,000 bpd below last year.

Stocks increased +1.8 million barrels this week, including a +1.1 million barrel build in the Gulf. Stock levels remain below the 5-year range. The 4-wk stock change was a build of +5.5 million barrels a level at the low end of the historic range.



Price and Spreads Mt Belvieu spot prices increased +1.5 cpg while Conway decreased -2.25 cpg for the week ending 07June11. The price level ended the week at the upper end of the 5-year range.



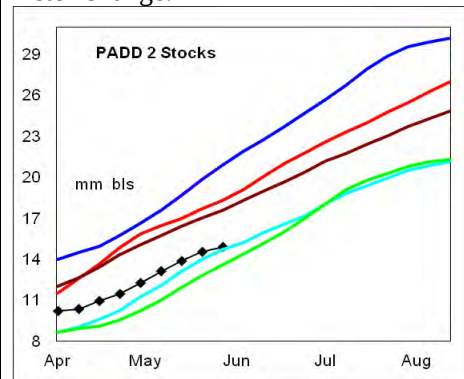
The Conway – Mt Belvieu price spread remains at a discount of -13 cpg, a record low for this time of year.

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

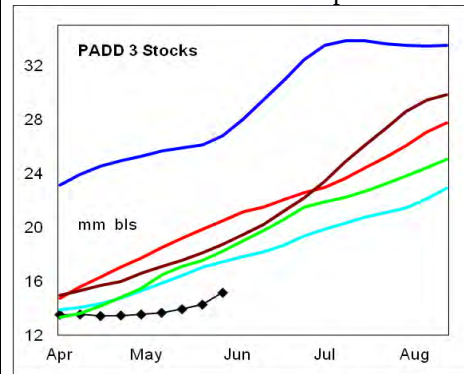
The propane / crude oil price spread trended higher during the week, ending at a level well above each of the last 3-years.

PADD 1 stocks increased +0.3 million bpd last week, with the level near the mid range. Supply for the latest 4-wk

period was -4,000 bpd below a year ago. **PADD 2** stocks increased +0.2 million barrels last week. Supply decreased -19,000 bpd. The latest 4-wk average supply was -45,000 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 +1.1million barrels on the week, due to a +60,000 bpd jump in production. Very high exports have limited the seasonal stock build. Expect production levels to return to levels of the last 2-years so that stock builds continue at a reduced pace.



PADDs 4 & 5 stocks increased +0.1million barrels last week. The stock level matched historic lows.

Emerging Trends Record levels of exports are likely continuing as indicated by limited stock building in the Gulf Region (with this weeks' build due to a one-off spike in production). Expect the tight propane market to support prices during the upcoming quarter so that any pull back in prices will stimulate aggressive marketer purchases for the fall heating season.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

June 8, 2011

Fundamental Trends for the Week Ending:

Friday, June 03, 2011

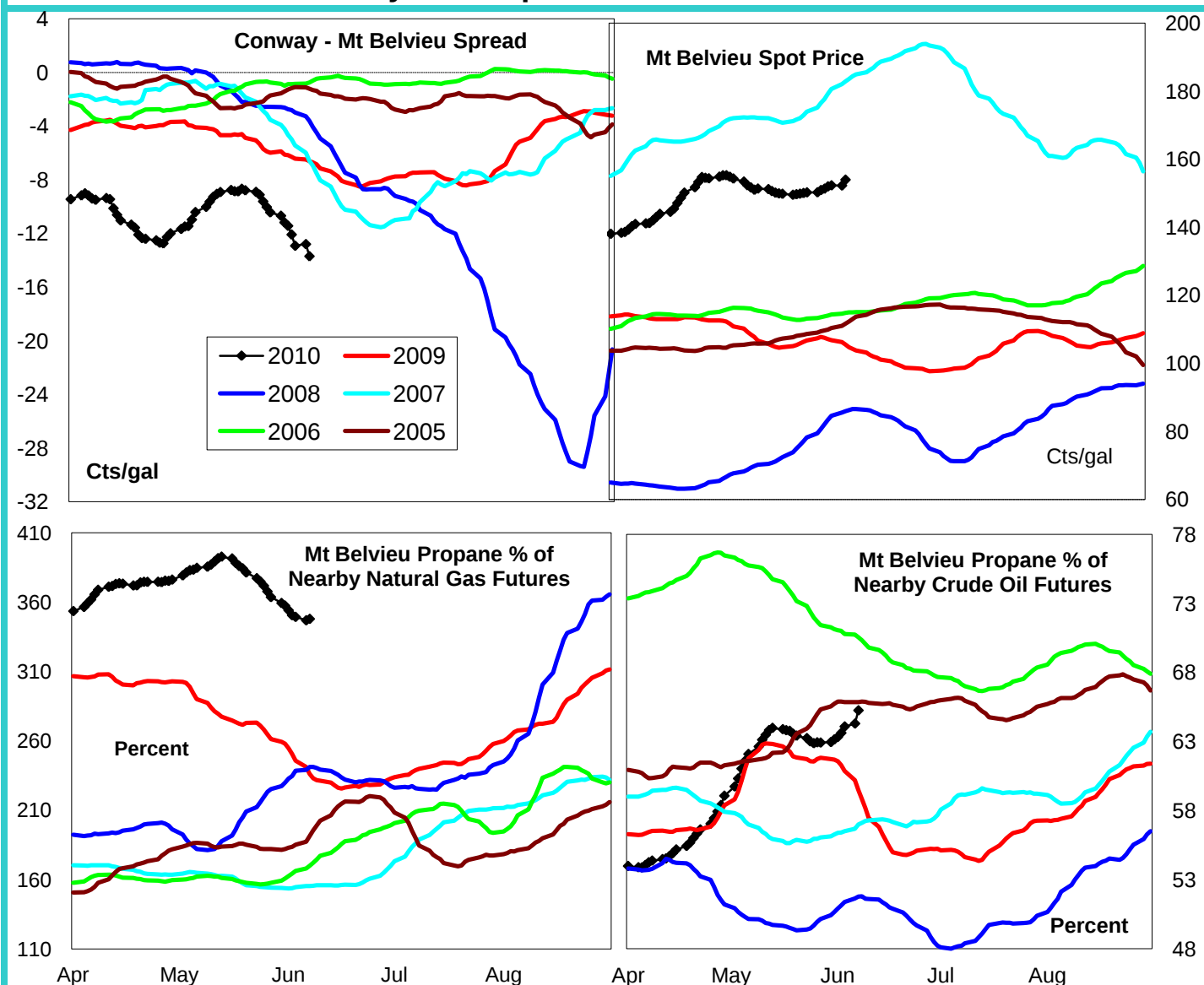
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	34,587	3,643	14,877	15,147	920	1,778	311	218	1,122	127
Propylene Stocks	2,449					86				
Production	1,147	48	268	762	69	74	1	-5	60	18
Imports	52	17	32	0	3	-15	1	-14	0	-2
Whsle Demand	825					-23				

Price Trends for the Week Ending:

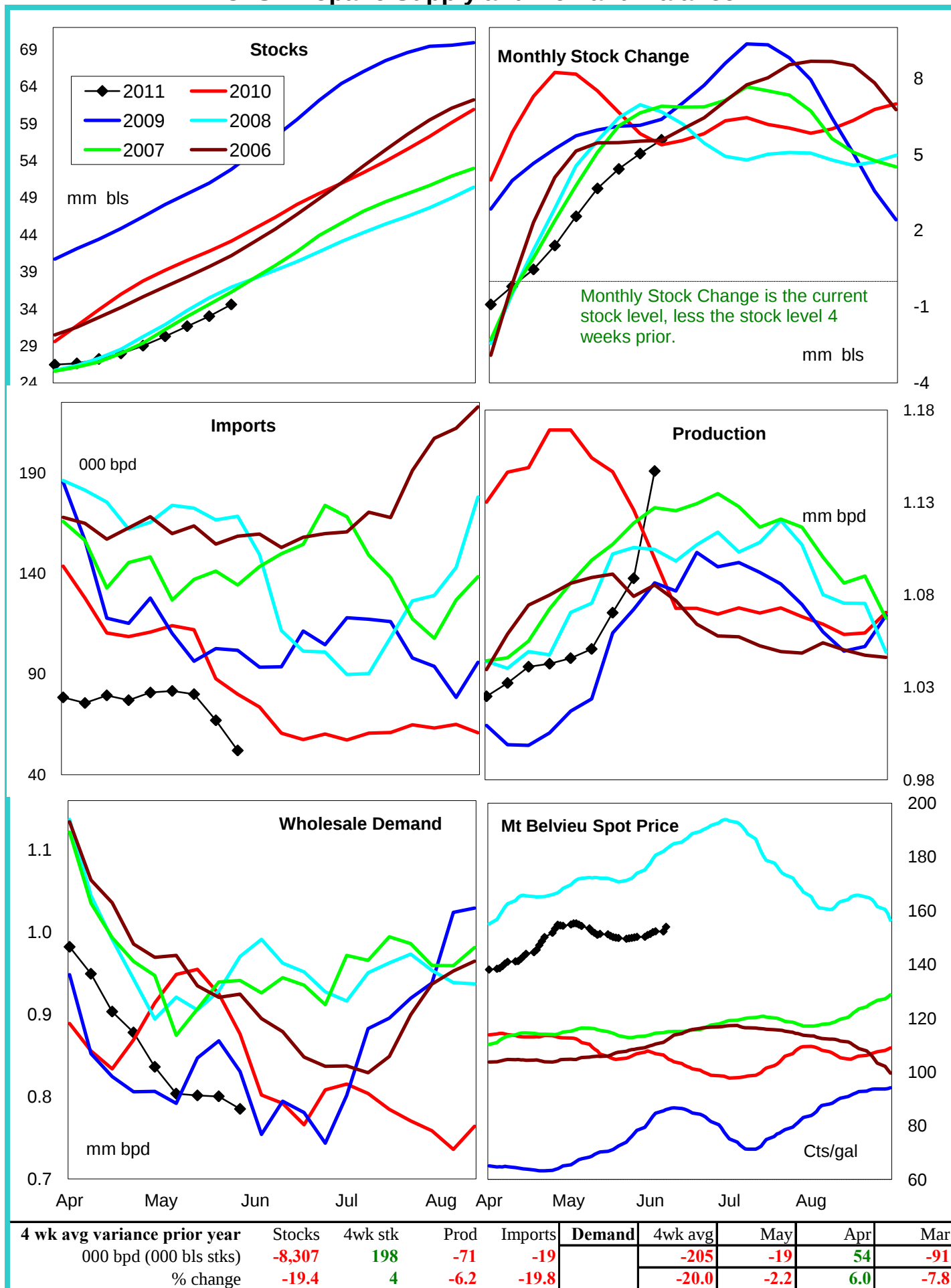
Tuesday, June 07, 2011

Cents/gal	Average for week ending:				Change from:			% change from:		
	6/7/11	5/31/11	5/10/11	6/8/10	5/31/11	5/10/11	6/8/10	5/31/11	5/10/11	6/8/10
Mont Belvieu Spot	152.3	149.9	152.4	106.2	2.35	-2.50	46.24	1.6	-1.6	43.5
Conway Spot	139.4	140.3	142.4	100.1	-0.98	-2.04	42.33	-0.7	-1.4	42.3

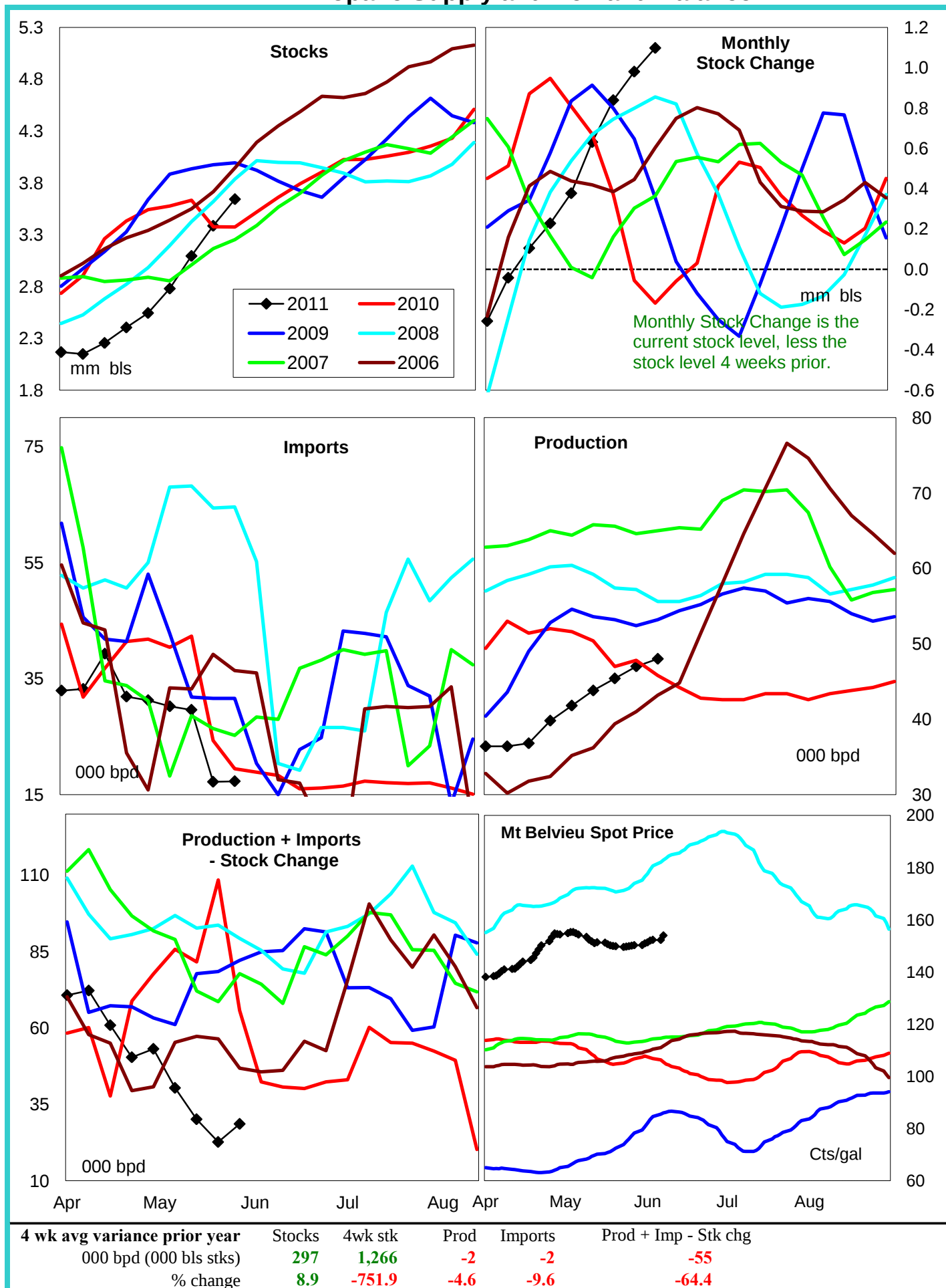
Key Price Spreads and Differentials



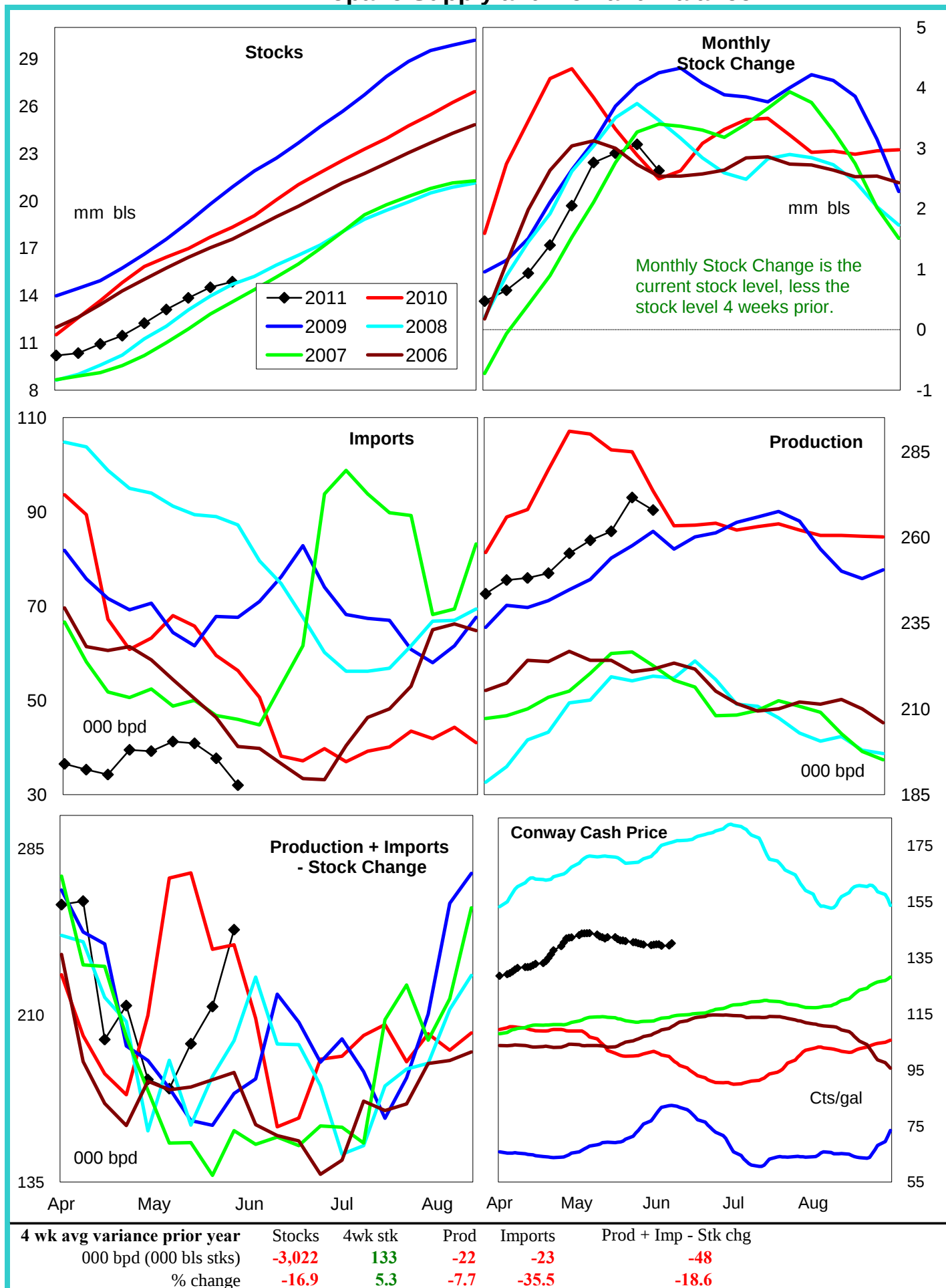
U. S. Propane Supply and Demand Balance



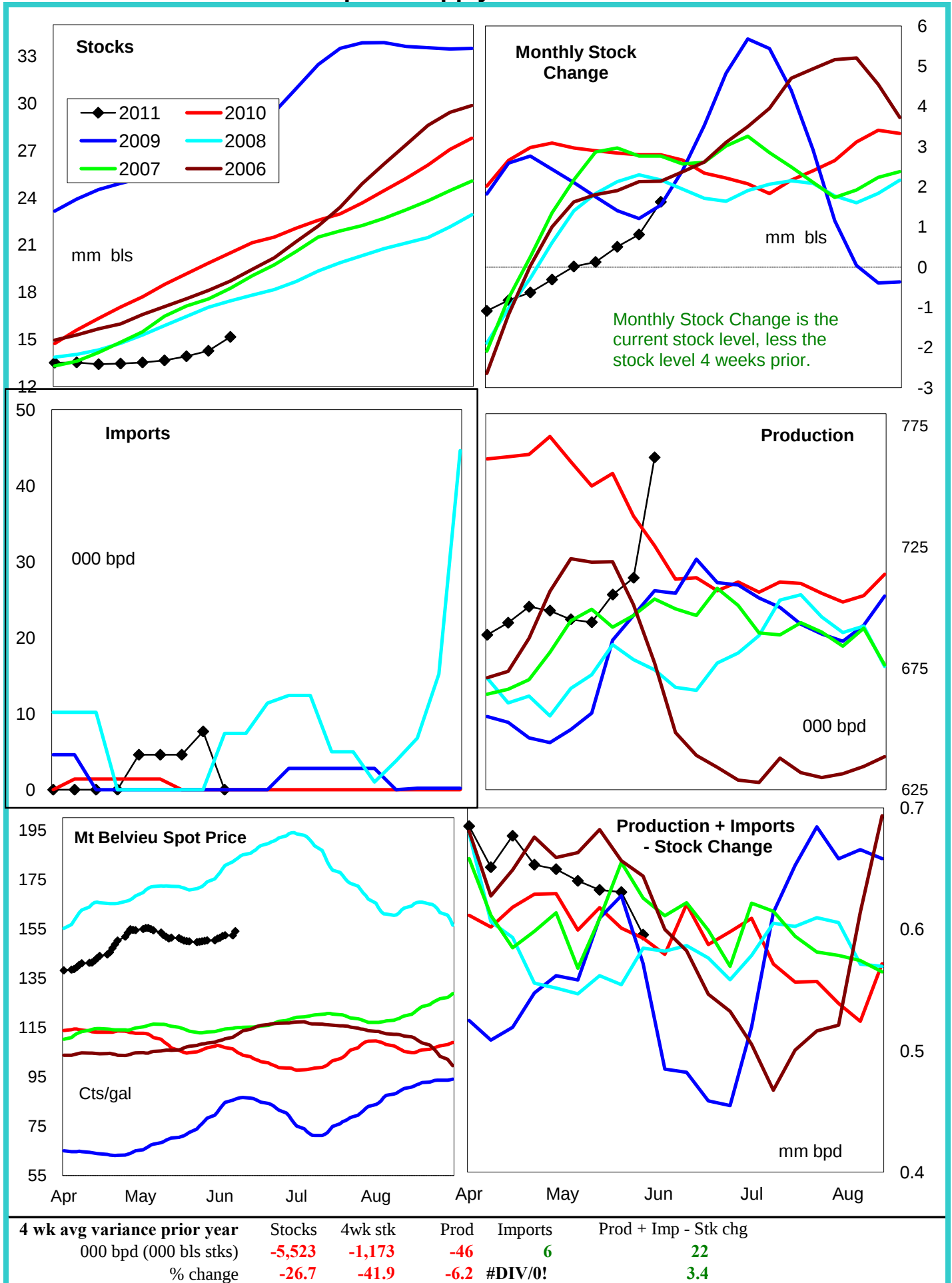
PADD 1 Propane Supply and Demand Balance



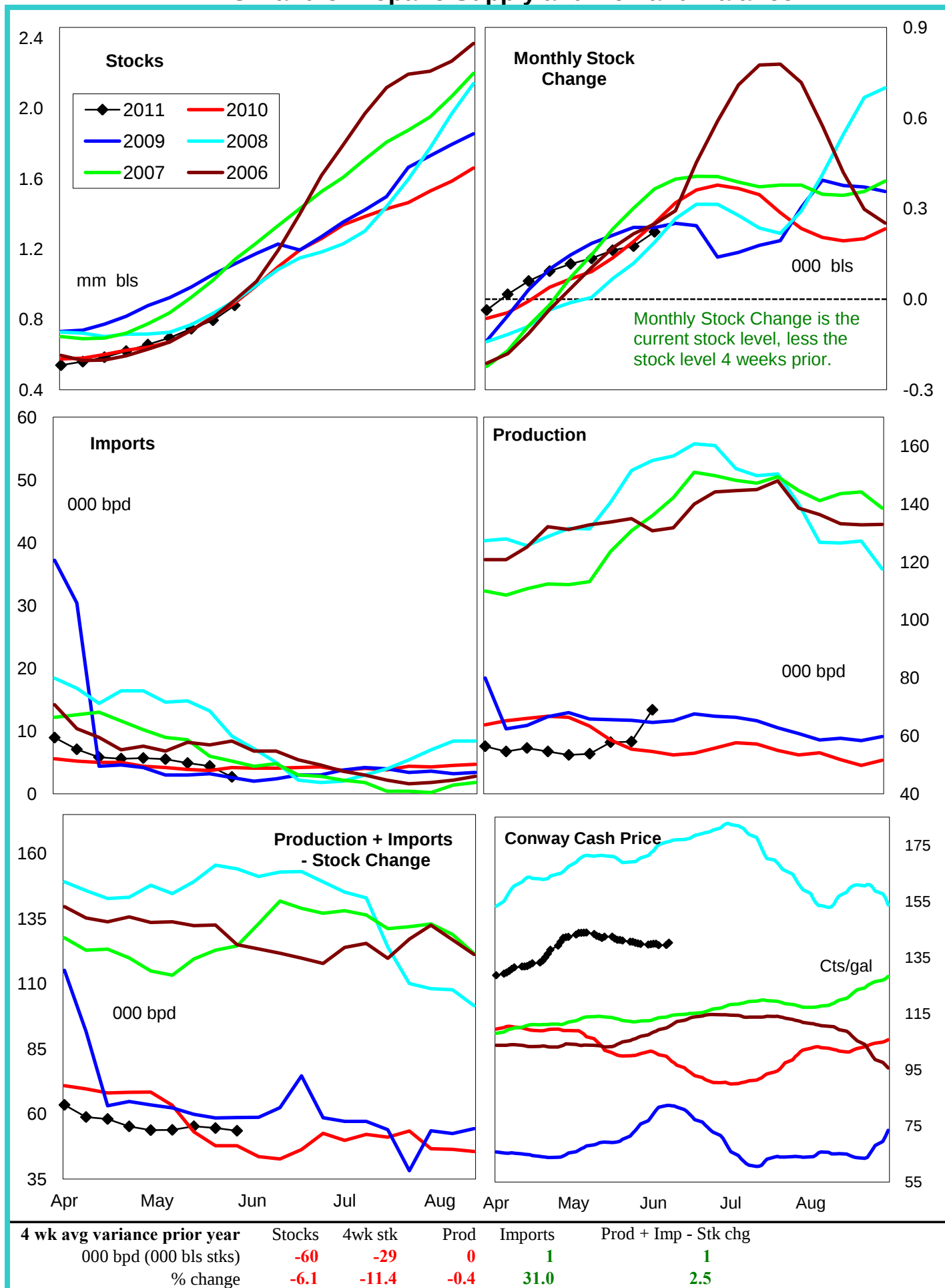
PADD 2 Propane Supply and Demand Balance



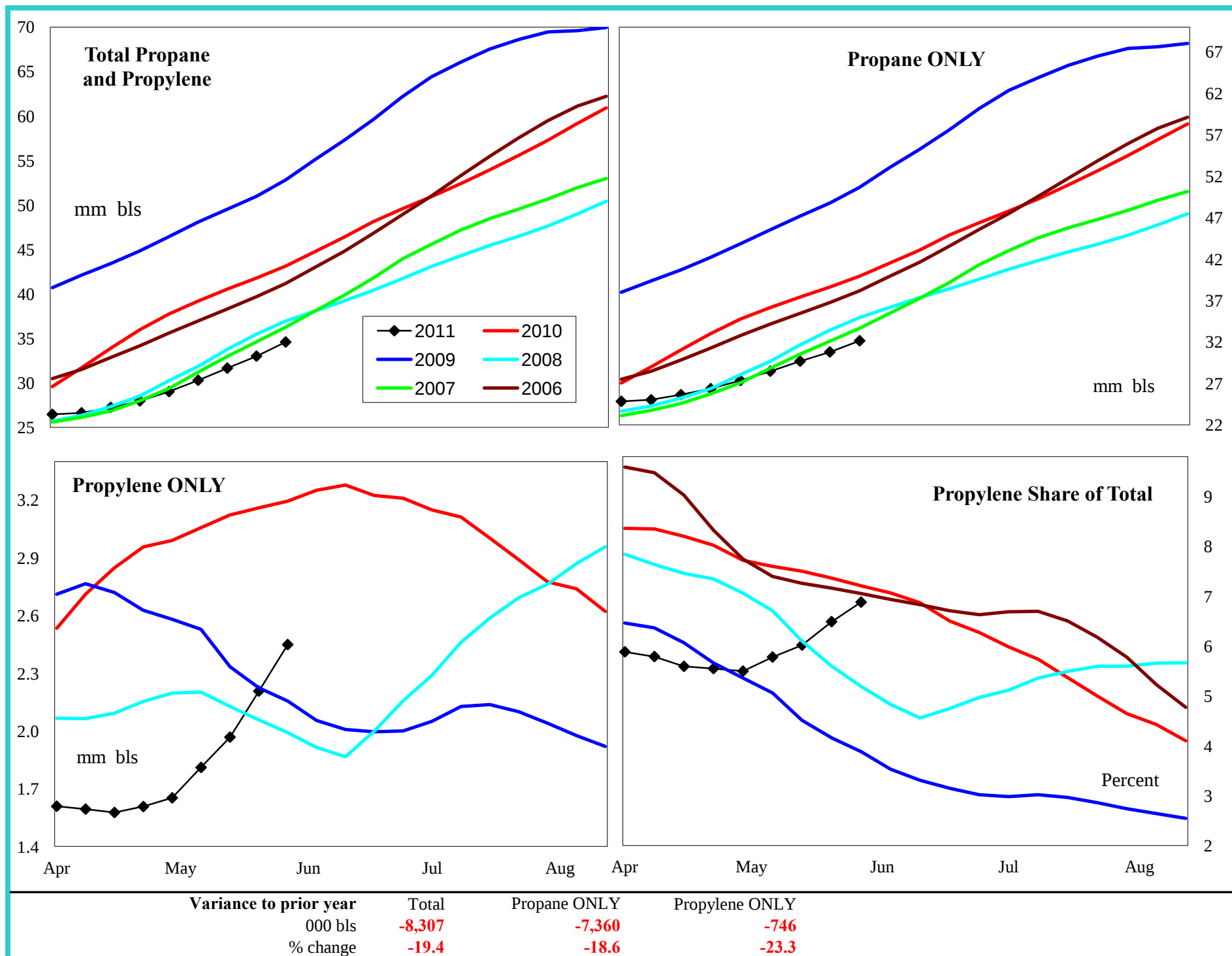
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

