FUNDAMENTAL PETROLEUM TRENDS

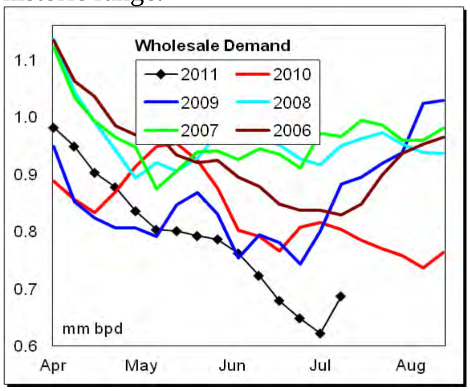
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

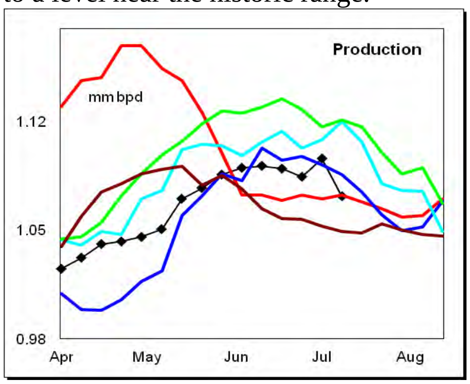
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, July 20, 2011

Summary[1]: ? **Table of Contents**

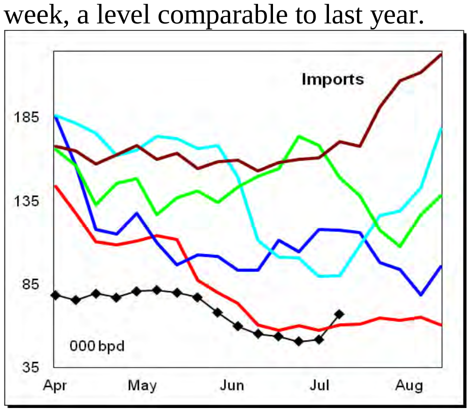
Wholesale demand increased +120,000 bpd on the week, a level well below the historic range.



Production fell -66,000 bpd on the week, to a level near the historic range.

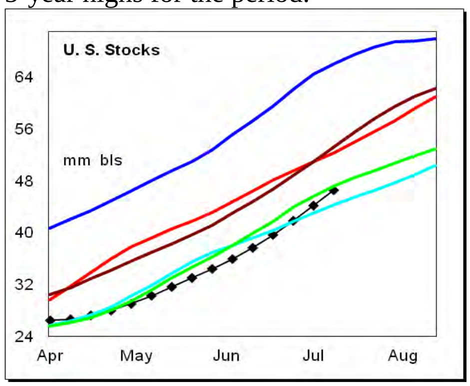


Imports increased +23,000 bpd on the week, a level comparable to last year.

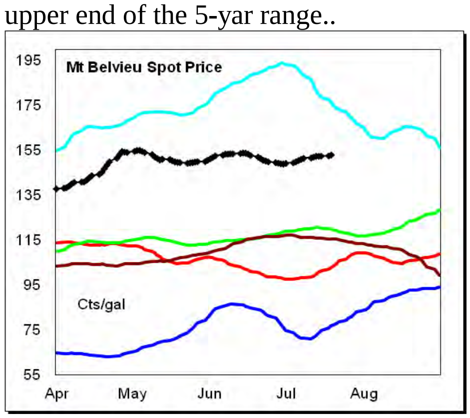


Combined production and imports during the latest 4-wk period were +5,000 bpd above a year ago. Production was +15,000 bpd above last year, while imports were -10,000 bpd lower. The latest 4-wk average demand was -157,000 bpd below last year, a record low level.

Stocks increased +2 million barrels this week, with builds in the key PADD 2 and 3 regions. Stock levels ended the week at the low end of the historic range. The 4-wk stock change was a build of +8.8 million barrels, a level that matched 5-year highs for the period.



Price and Spreads Mt Belvieu spot prices increased +0.50 cpg while Conway decreased -0.50 cpg for the week ending 19Jul11. The price level remains at the upper end of the 5-yar range..



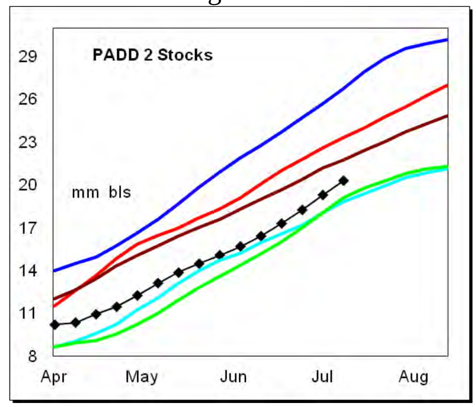
The Conway – Mt Belvieu price spread trended lower last week in favor of Mt Belvieu. The spread ended the week at levels comparable to the last 3-years.

The propane to natural gas price spread trended lower on the week, with the level near record highs of this year.

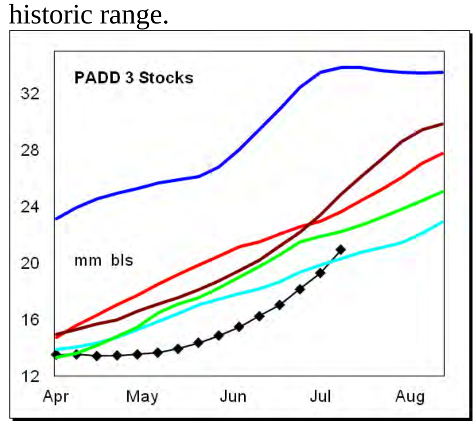
The propane / crude oil price spread traded sideways on the week, with the level near 5-year highs for this time of year.

PADD 1 stocks fell -0.8 million barrels last week, with the level at the 5-year mid range. Supply for the latest 4-wk period was +1,000 bpd above a year ago.

PADD 2 stocks increased +0.9 million barrels on the week. Supply increased +16,000 bpd on higher imports. The latest 4-wk average supply was -15,000 bpd below a year ago, on record low imports. Stock levels are at the low end of the historic range.



PAD 3 stocks increased +1.7 million barrels on the week, with the 4-wk rate of stock build matching the 5-year high. Production ell -52,000 bpd on the week, with the level at the upper end of the historic range.



PADDs 4 & 5 stocks increased +0.1 million barrels. The stock level remains below the 5-year range.

Emerging Trends Propane stocks increased at a record rate during the latest 4-wk period, on extremely low demand. The rate of build in the Gulf region points to a slowdown in exports.

While stock levels remain low, the rate of stock building points to a meaningful improvement in the supply balance. A continued low rate of demand will contribute to above average stock builds, with the potential for price weakness later in the summer quarter.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

July 20, 2011

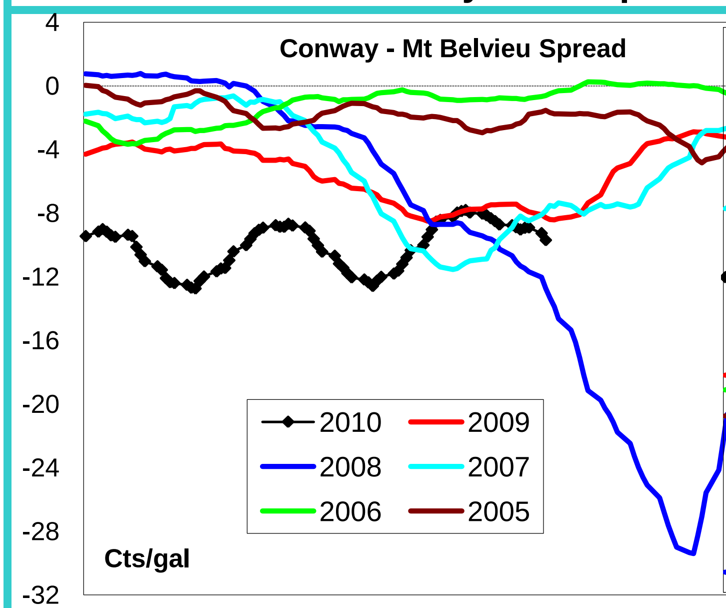
Fundamental Trends for the Week Ending: Friday, July 15, 2011

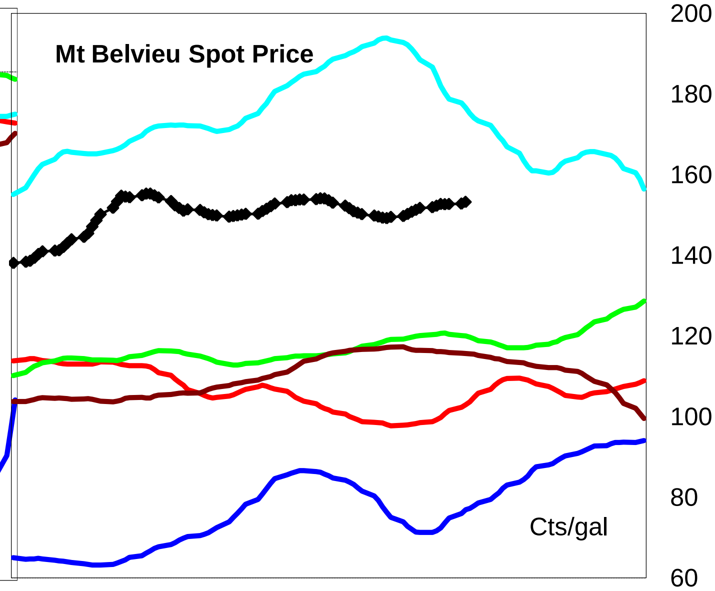
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	46,601	4,057	20,287	20,956	1,301	2,040	-783	978	1,748	97
Propylene Stocks	2,682					207				
Production	1,072	48	261	704	59	-66	0	-4	-52	-10
Imports	67	19	43	0	5	23	1	20	0	2
Whsle Demand	727					120				

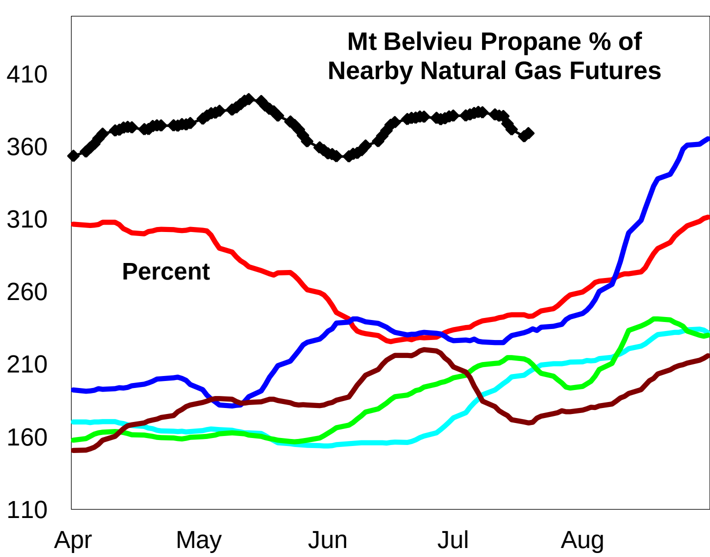
Price Trends for the Week Ending: Tuesday, July 19, 2011

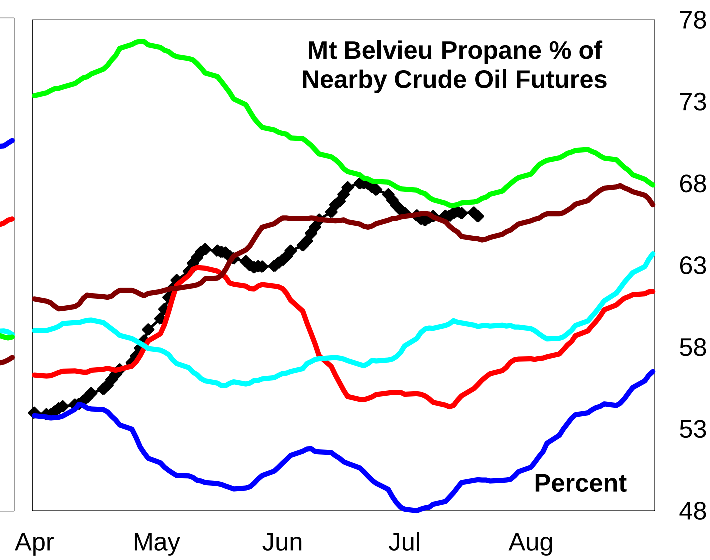
Cents/gal	Average for week ending:				Change from:			% change from:		
	7/19/11	7/12/11	6/21/11	7/21/10	7/12/11	6/21/11	7/21/10	7/12/11	6/21/11	7/21/10
Mont Belvieu Spot	152.7	152.1	153.0	100.0	0.60	-0.96	53.00	0.4	-0.6	53.0
Conway Spot	143.8	143.0	142.5	92.8	0.76	0.54	49.70	0.5	0.4	53.6

Key Price Spreads and Differentials



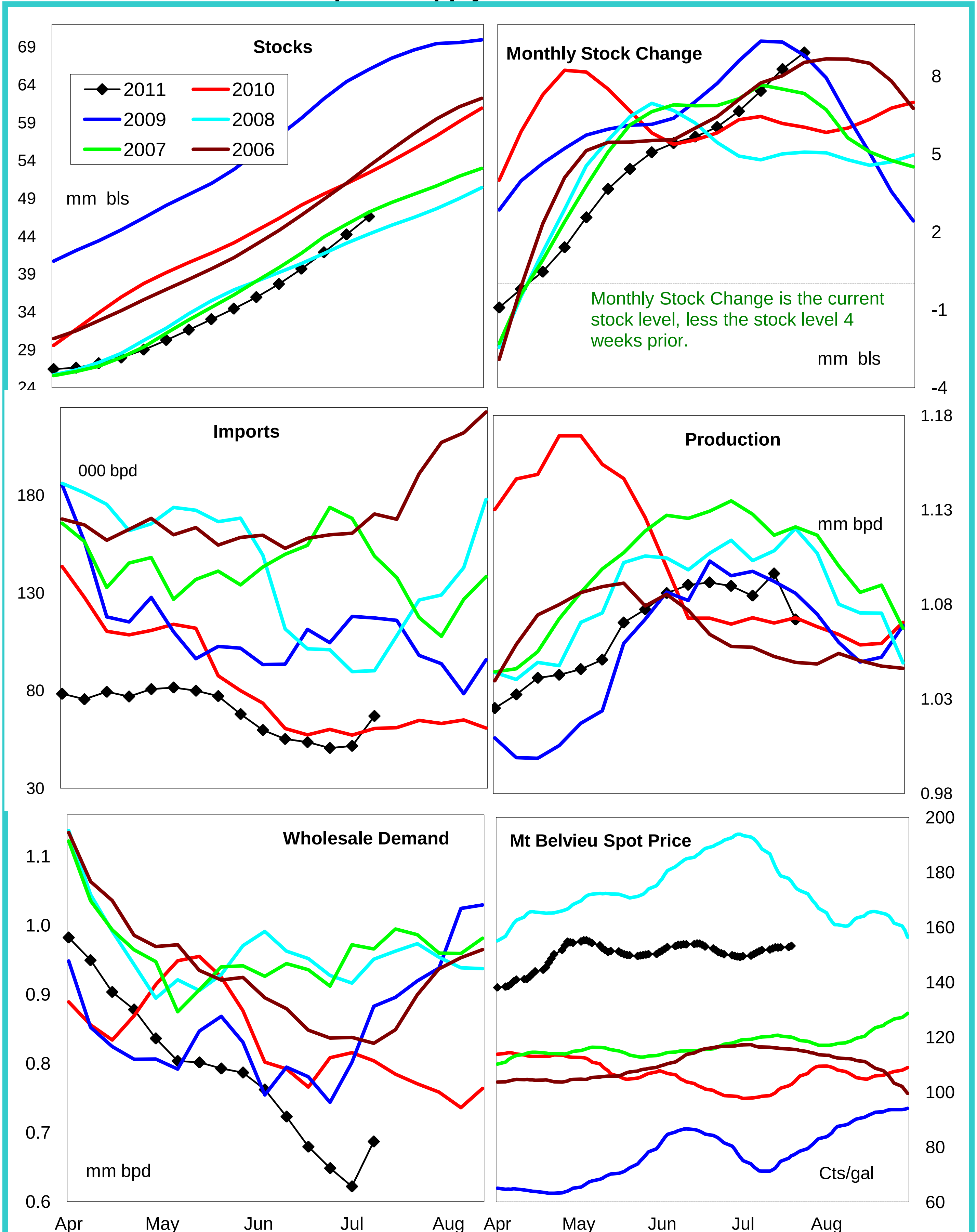






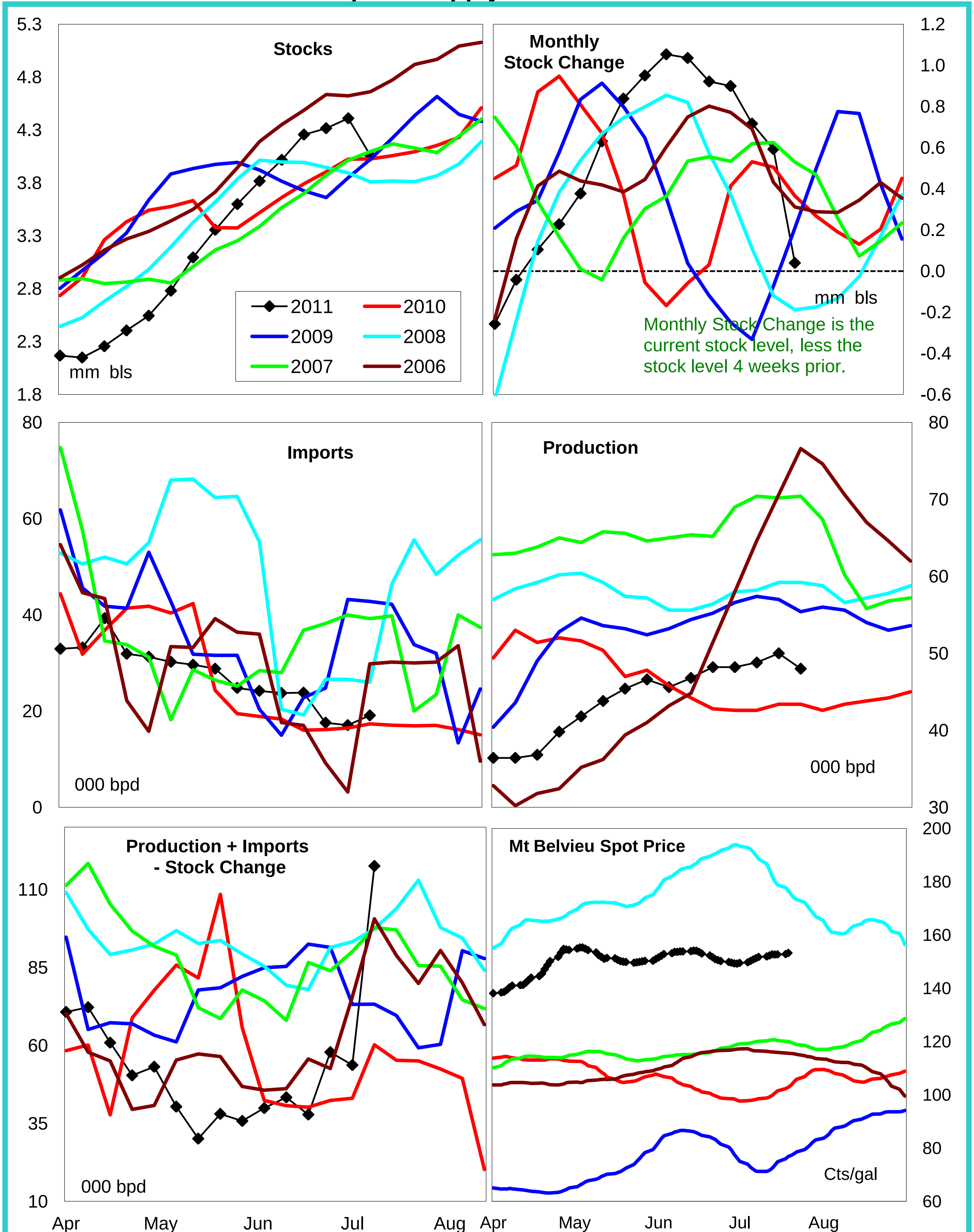
  Lehi German Tel: 816-505-0980

U. S. Propane Supply and Demand Balance



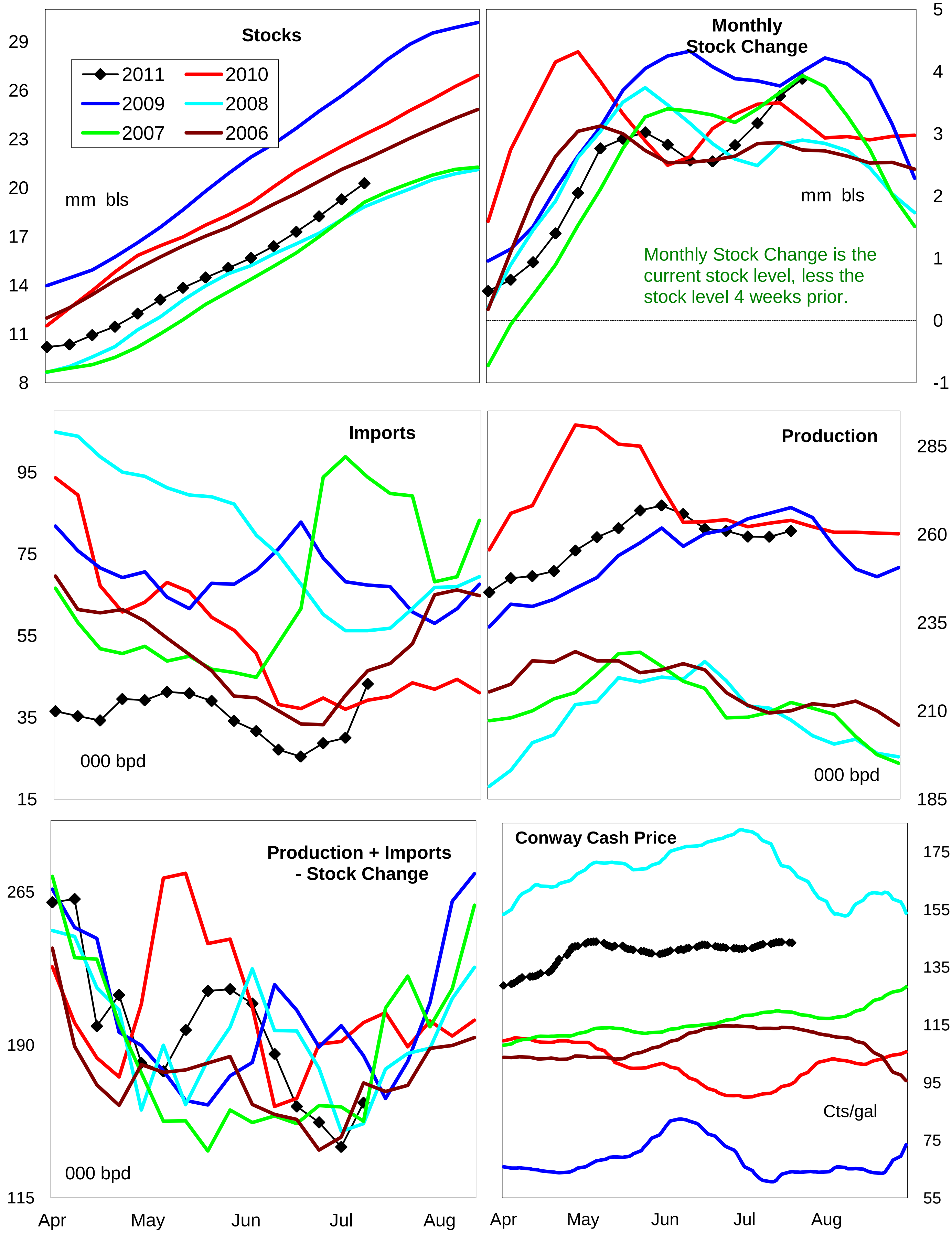
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jun	May	Apr
000 bpd (000 bls stks)	-5,877	2,879	15	-10		-157	-84	-19	54
% change	-11.2	48	1.4	-17.3		-18.8	-10.1	-2.2	6.0

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)	50	-326	8	1	20
% change	1.2	-89.1	17.4	4.3	43.7

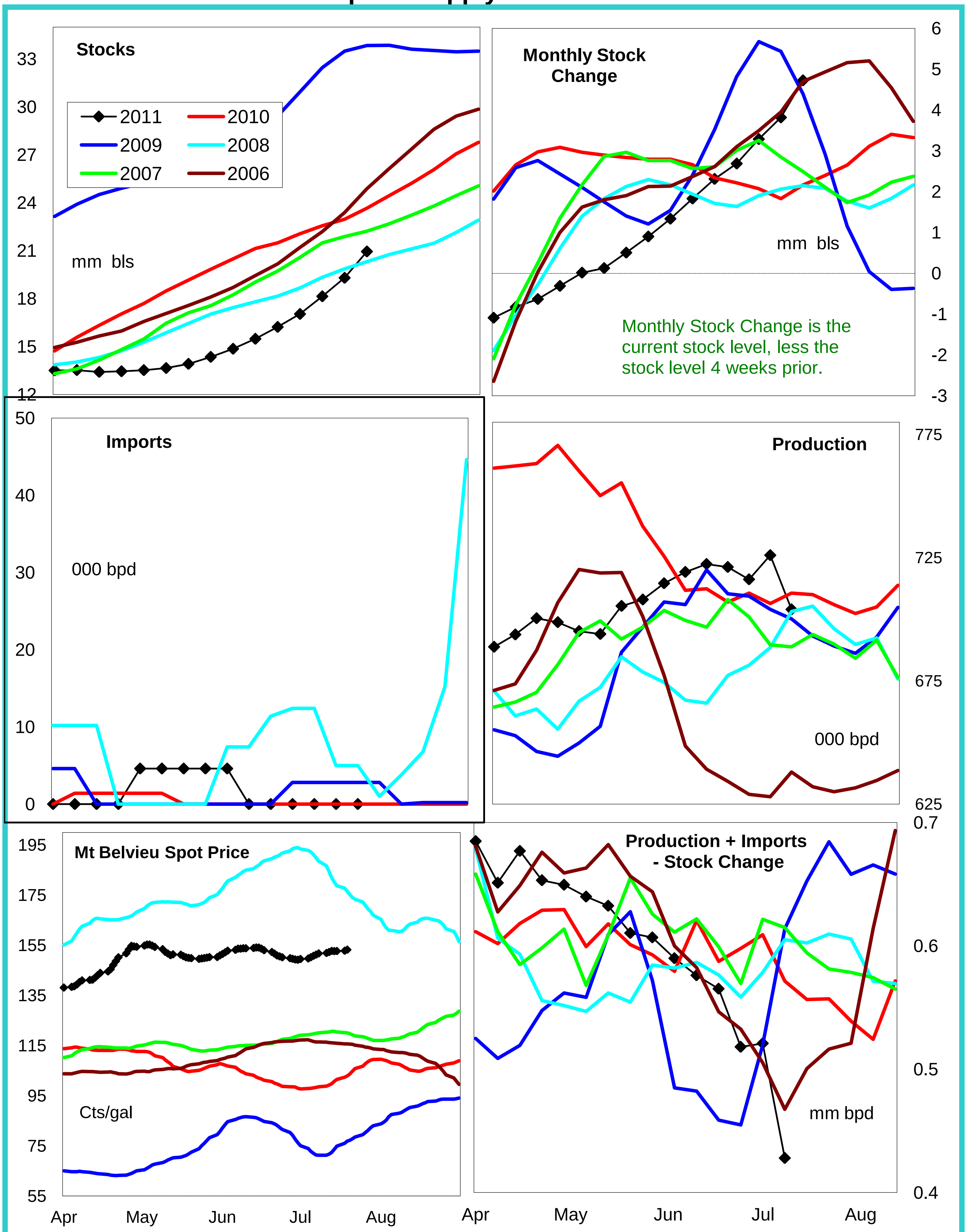
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-3,151	663	-3	-12	-33
% change	-13.4	20.6	-1.2	-29.1	-17.9

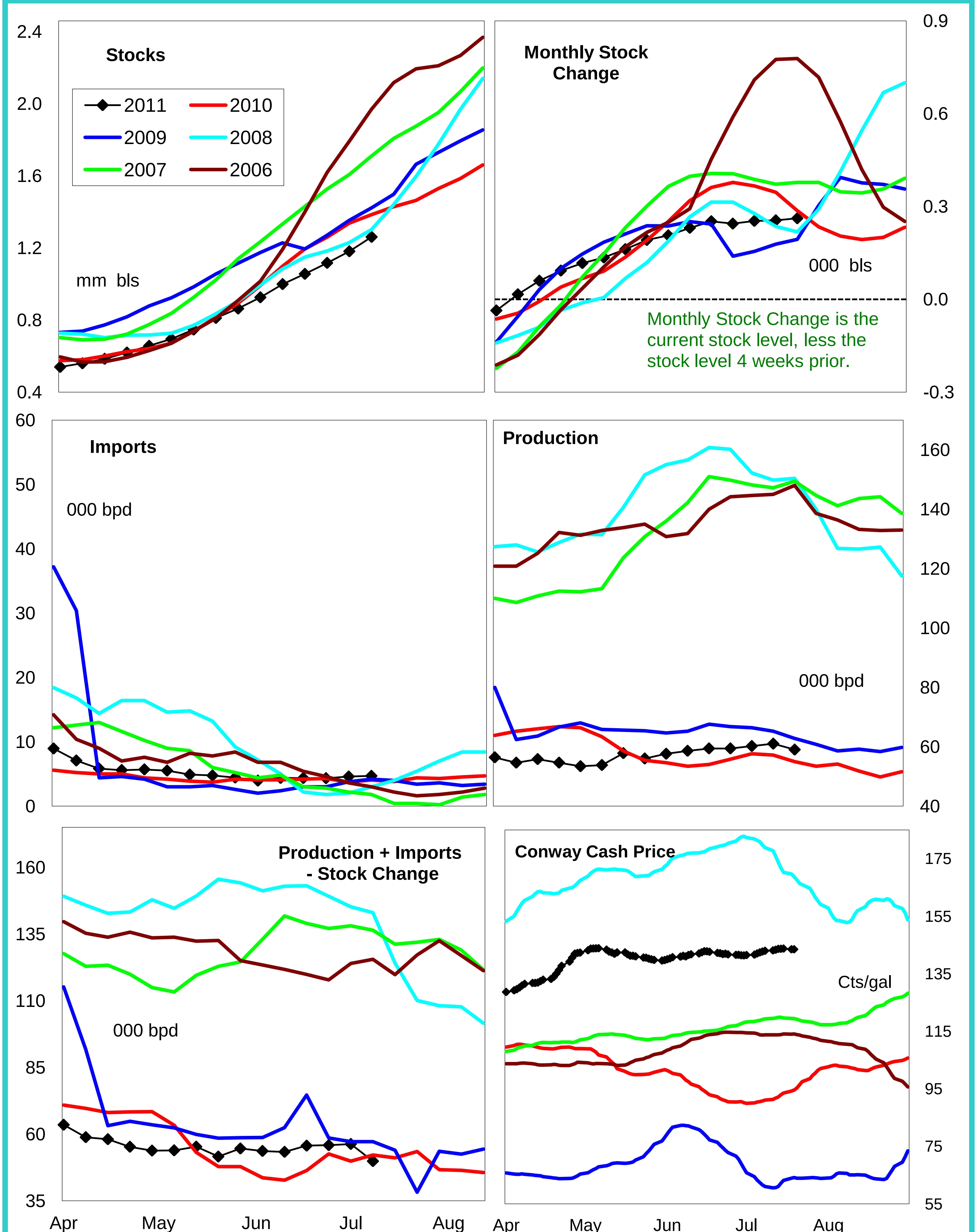
Lehi German Tel: 816-505-0980

PADD 3 Propane Supply and Demand Balance



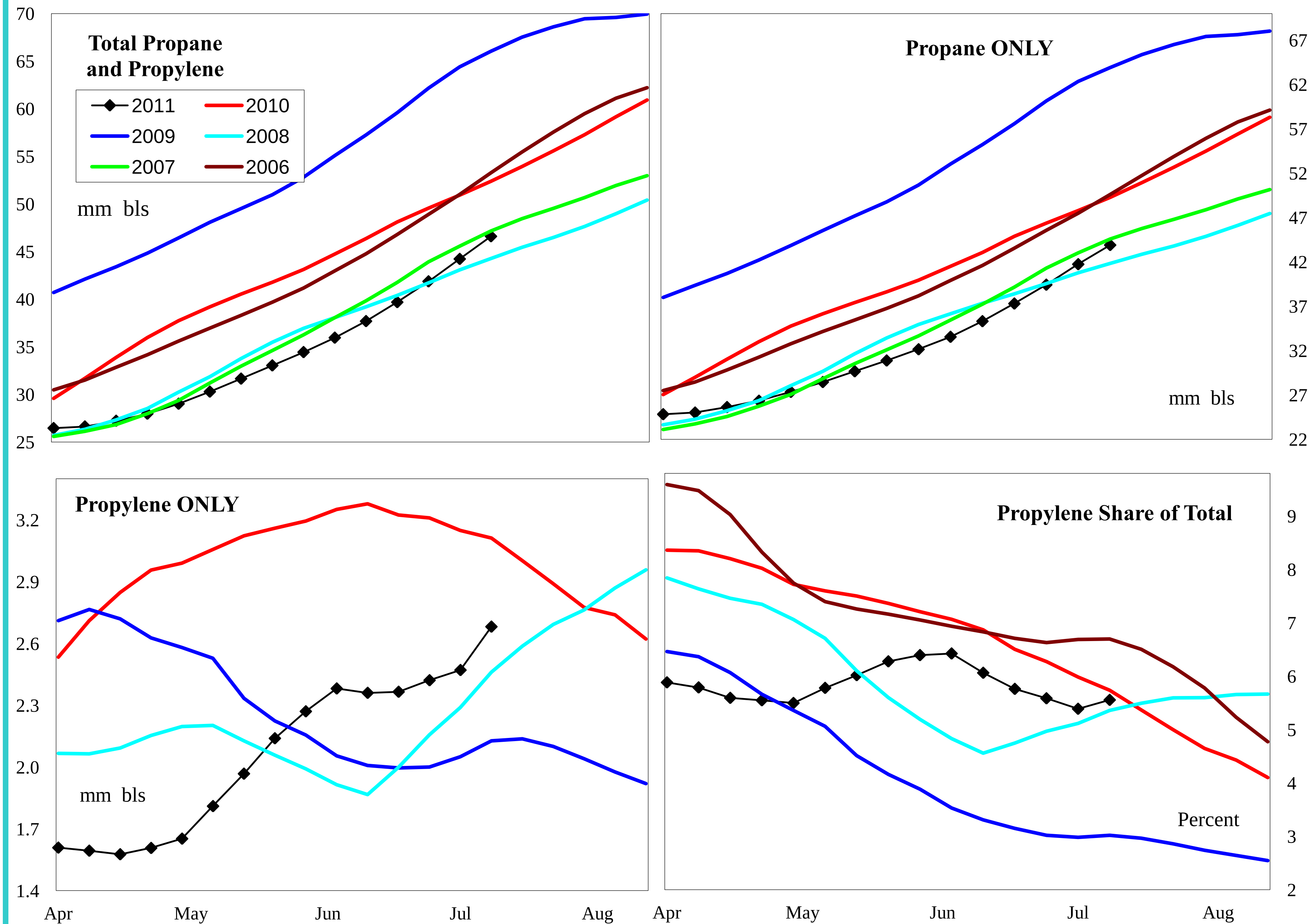
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-2,658	2,566	7	0	-83
% change	-11.3	118.8	1.0	#DIV/0!	-13.2

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)	-118	-25	4	1	4
% change	-8.3	-8.7	6.6	16.6	8.3

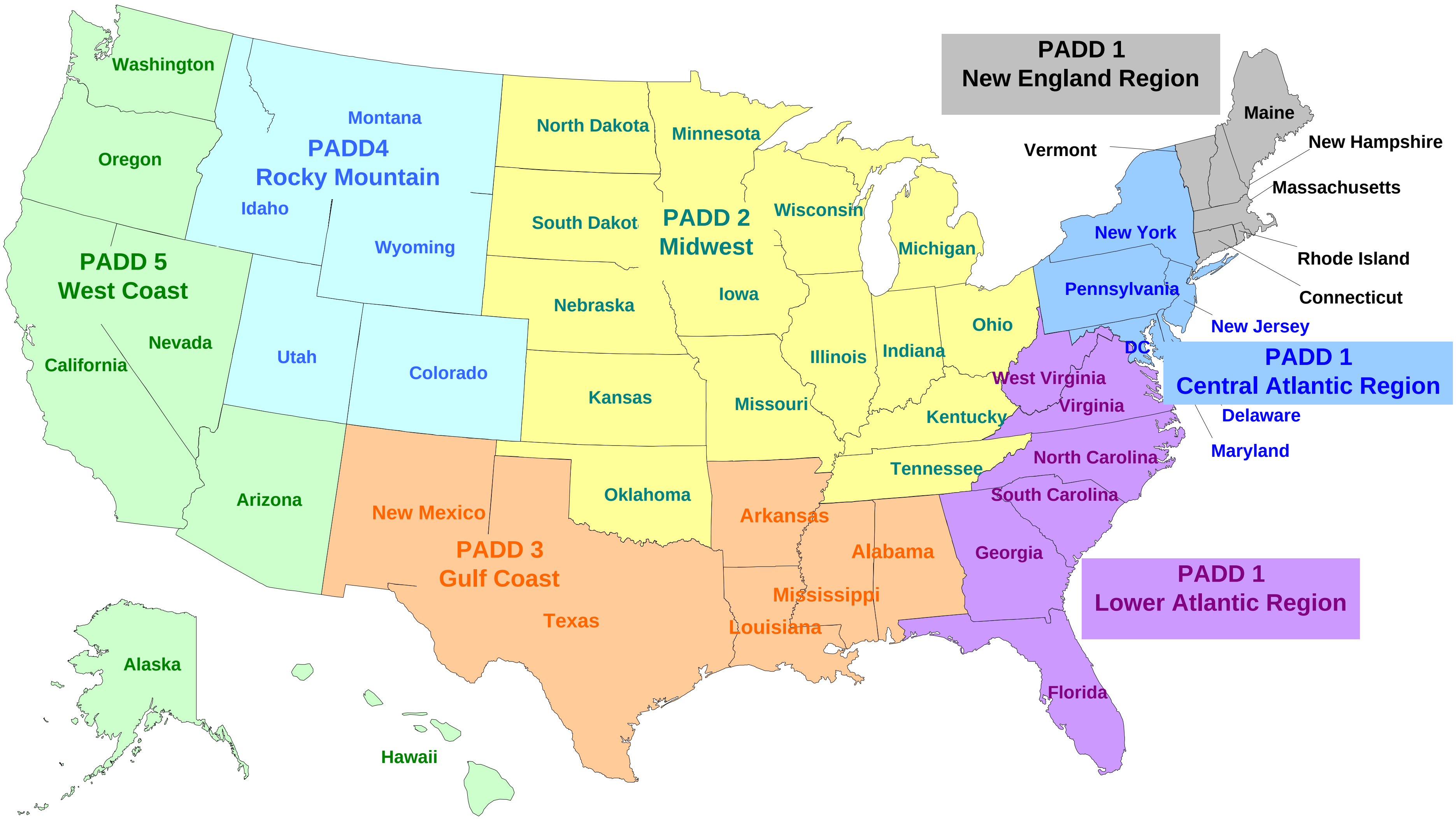
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-5,877	-5,416	-430
% change	-11.2	-11.0	-13.8

Lehi German Tel: 816-505-0980

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



Lehi German Tel: 816-505-0980