



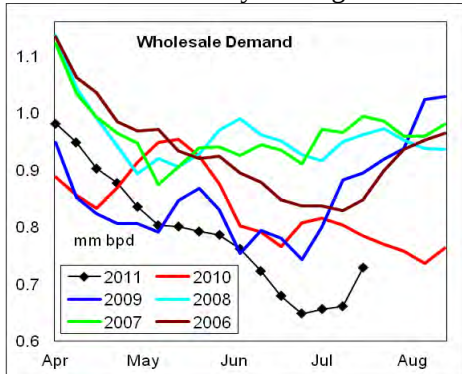
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

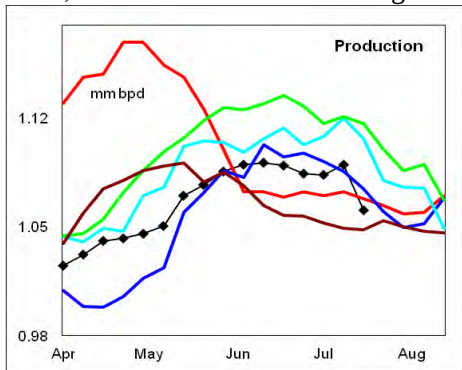
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, July 27, 2011

Summary¹:

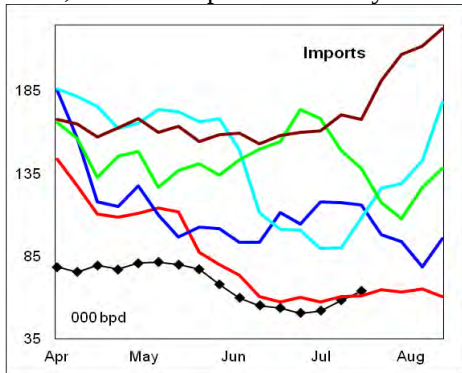
Wholesale demand increased +42,000 bpd on the week, although the level remains below the 5-year range..



Production decreased -11,000 bpd on the week, to a level below the mid range.



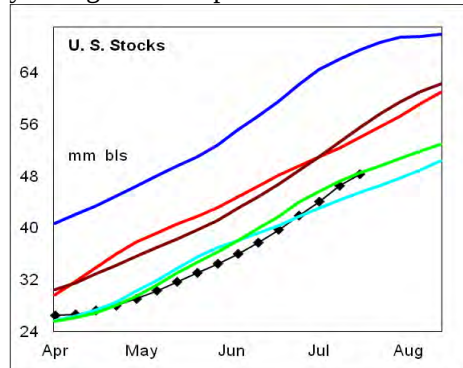
Imports decreased -3,000 bpd on the week, a level comparable to last year.



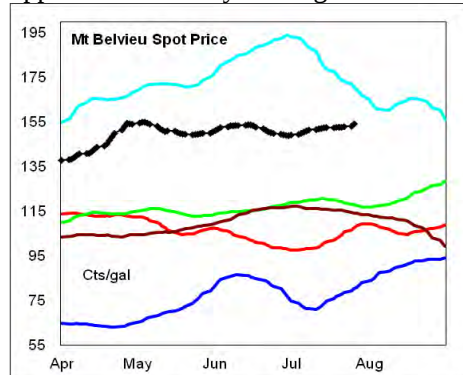
Combined production and imports during the latest 4-wk period were +7,000 bpd above a year ago. Production was +10,000 bpd above last year, while imports were -3,000 bpd lower. The latest 4-wk average demand was -183,000 bpd below last year, a

record low level.

Stocks increased +1.6 million barrels last week with builds in all regions. Stock levels ended the week at the low end of the historic range. The 4-wk stock change was a build of +8.6 million barrels, a level that matched 5-year highs for the period.



Price and Spreads Mt Belvieu spot prices increased +1.25 cpg while Conway increased +0.50 cpg for the week ending 26Jul11. The price level remains at the upper end of the 5-year range..



The Conway – Mt Belvieu price spread trended lower last week in favor of Mt Belvieu. The spread ended the week at levels below four of the last 5-years.

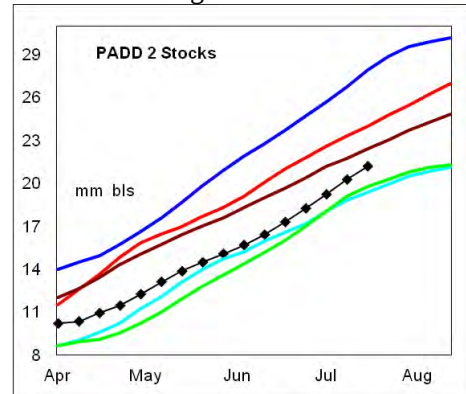
The propane to natural gas price spread trended higher on the week, with the level near record highs of this year.

The propane / crude oil price spread trended lower on the week, with the level at the upper end of the 5-year range.

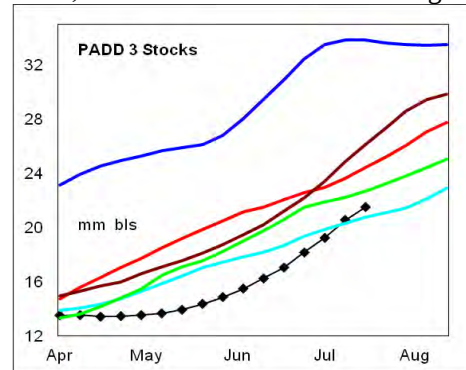
PADD 1 stocks increased +0.1 million barrels last week, with the level at the 5-year mid range. Supply for the latest 4-wk period was +6,000 bpd above a year ago.

PADD 2 stocks increased +0.9 million barrels on the week. Supply decreased -

11,000 bpd on lower production. The latest 4-wk average supply was -12,000 bpd below a year ago, on lower production. Stock levels are below the historic mid range.



PAD 3 stocks increased +0.5 million barrels on the week, with the 4-wk rate of stock build near 5-year highs. Production decreased -5,000 bpd on the week, with the level near the mid range.



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

Emerging Trends Propane stocks continue to build at a rate near 5-year highs for this time of year, driven by very low demand. The rate of stock building in the Gulf Region is near 5-year highs for this time of year, and sharply above last year. This trend indicates exports have slowed during July.

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 27, 2011

Fundamental Trends for the Week Ending:

Friday, July 22, 2011

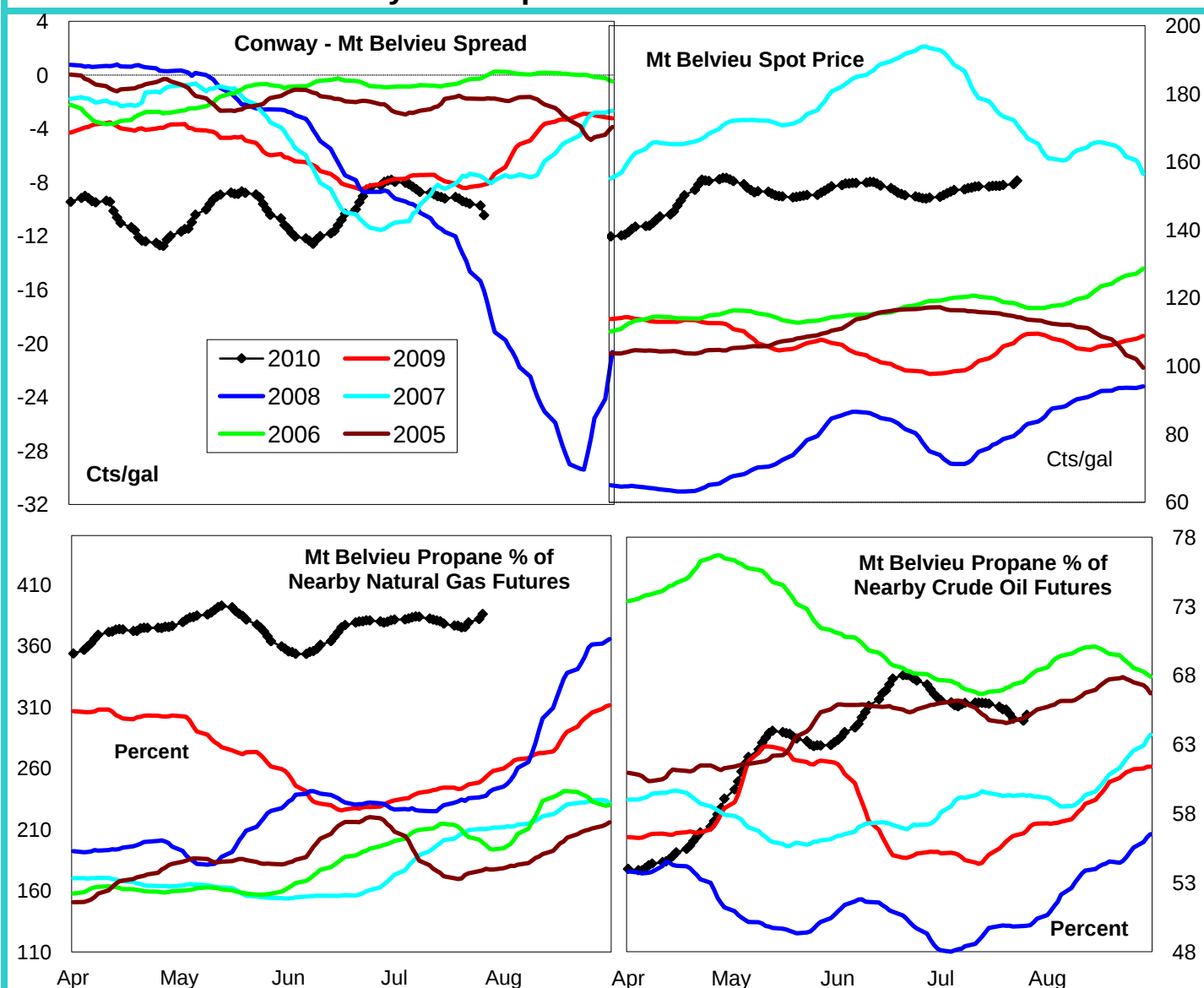
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	48,247	4,154	21,180	21,499	1,414	1,646	97	893	543	113
Propylene Stocks	2,662					-20				
Production	1,061	49	250	699	63	-11	1	-11	-5	4
Imports	64	14	43	0	7	-3	-6	0	0	2
Whsle Demand	769					42				

Price Trends for the Week Ending:

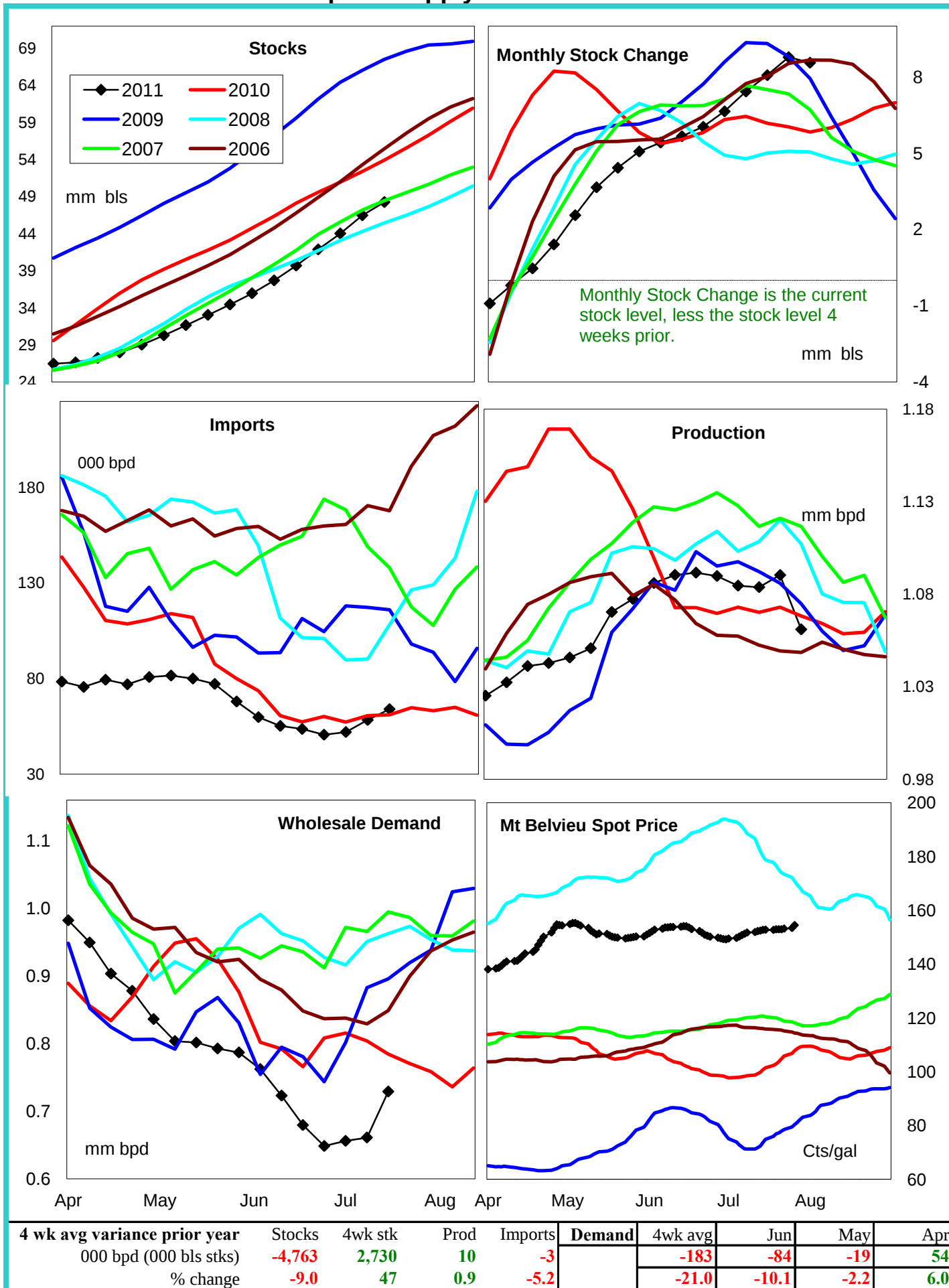
Tuesday, July 26, 2011

Cents/gal	Average for week ending:				Change from:			% change from:		
	7/26/11	7/19/11	6/28/11	7/28/10	7/19/11	6/28/11	7/28/10	7/19/11	6/28/11	7/28/10
Mont Belvieu Spot	153.2	152.7	149.5	106.4	0.50	3.16	43.12	0.3	2.1	40.5
Conway Spot	143.6	143.8	141.6	97.0	-0.19	2.17	44.63	-0.1	1.5	46.0

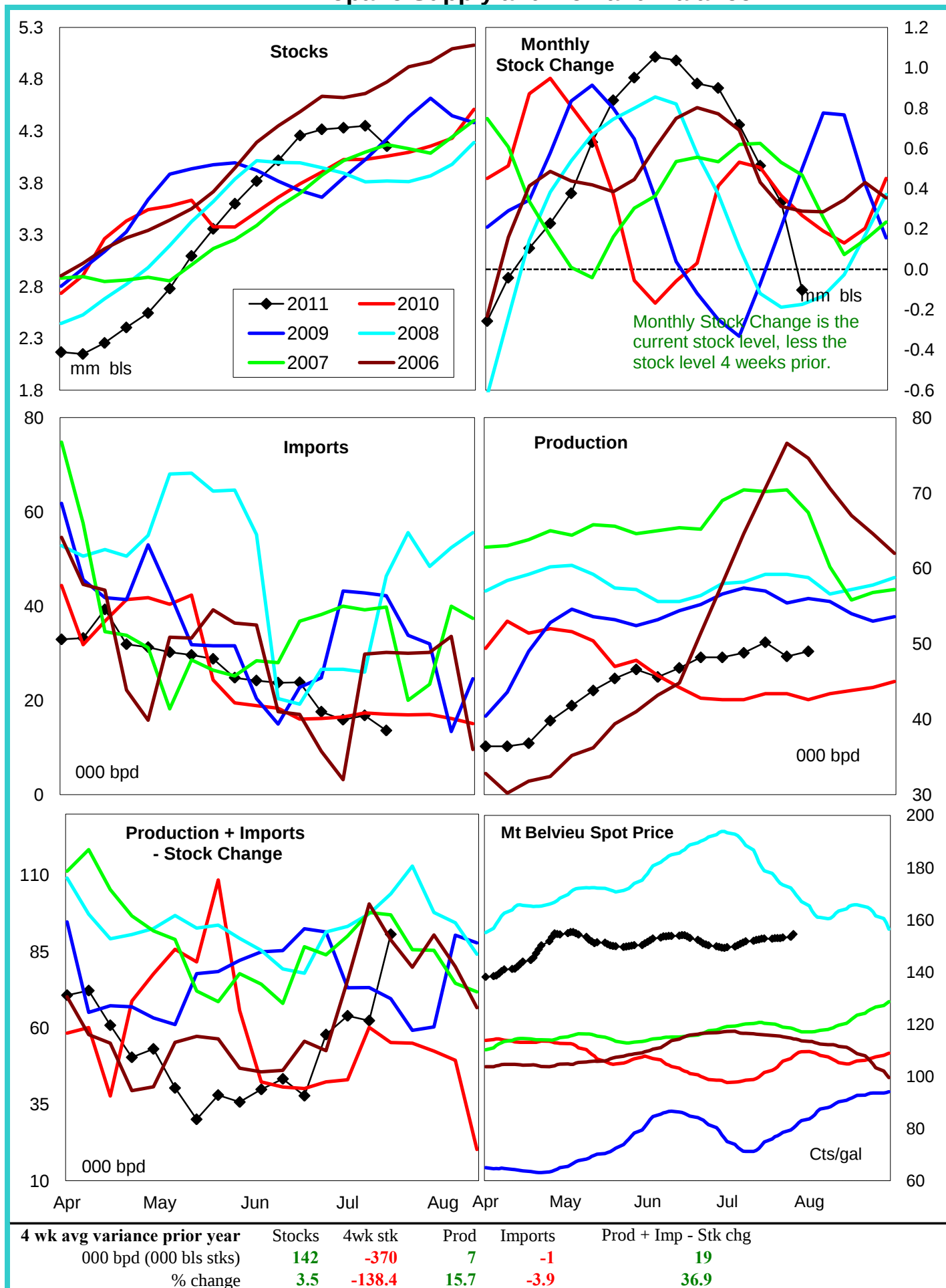
Key Price Spreads and Differentials



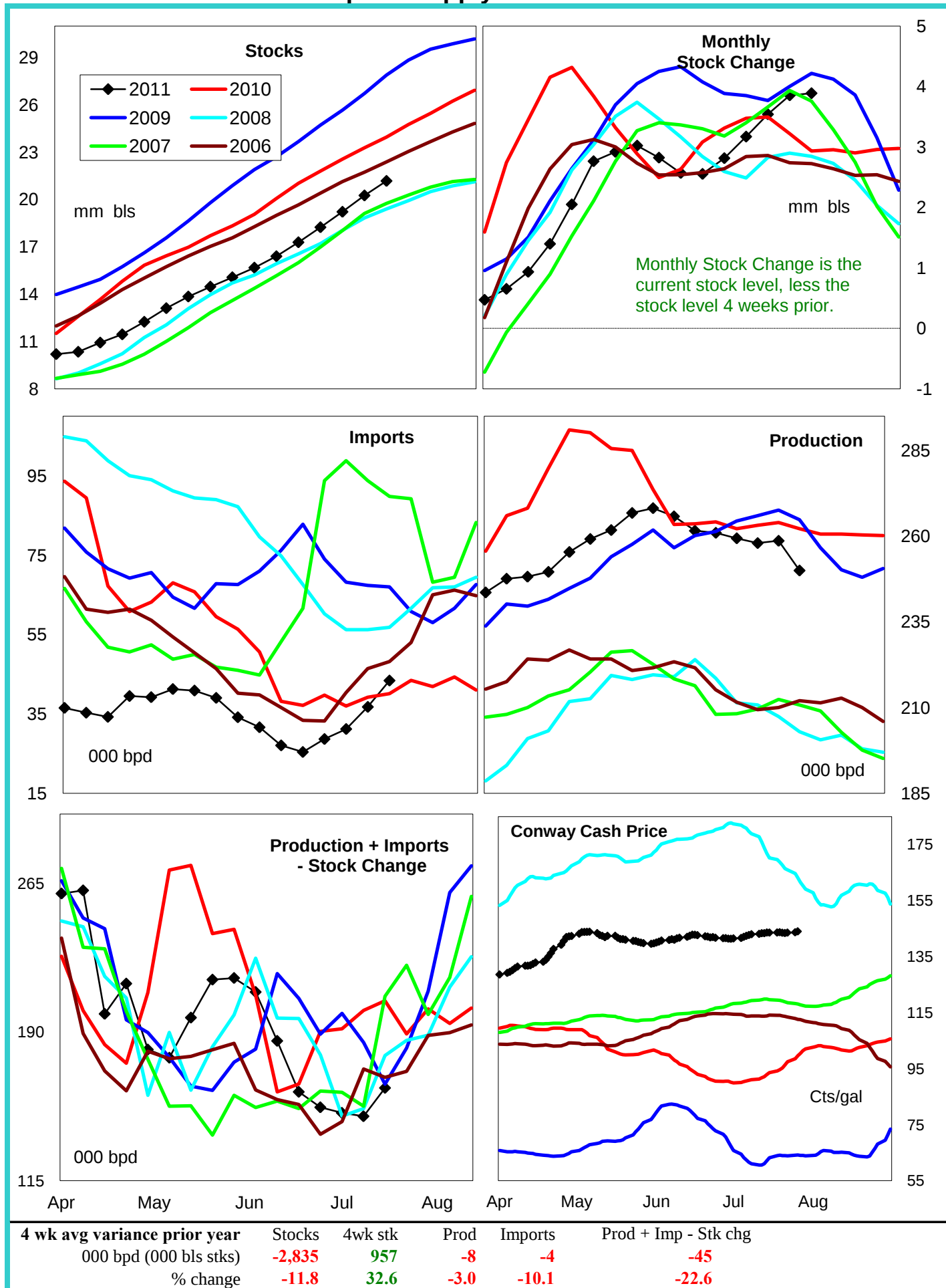
U. S. Propane Supply and Demand Balance



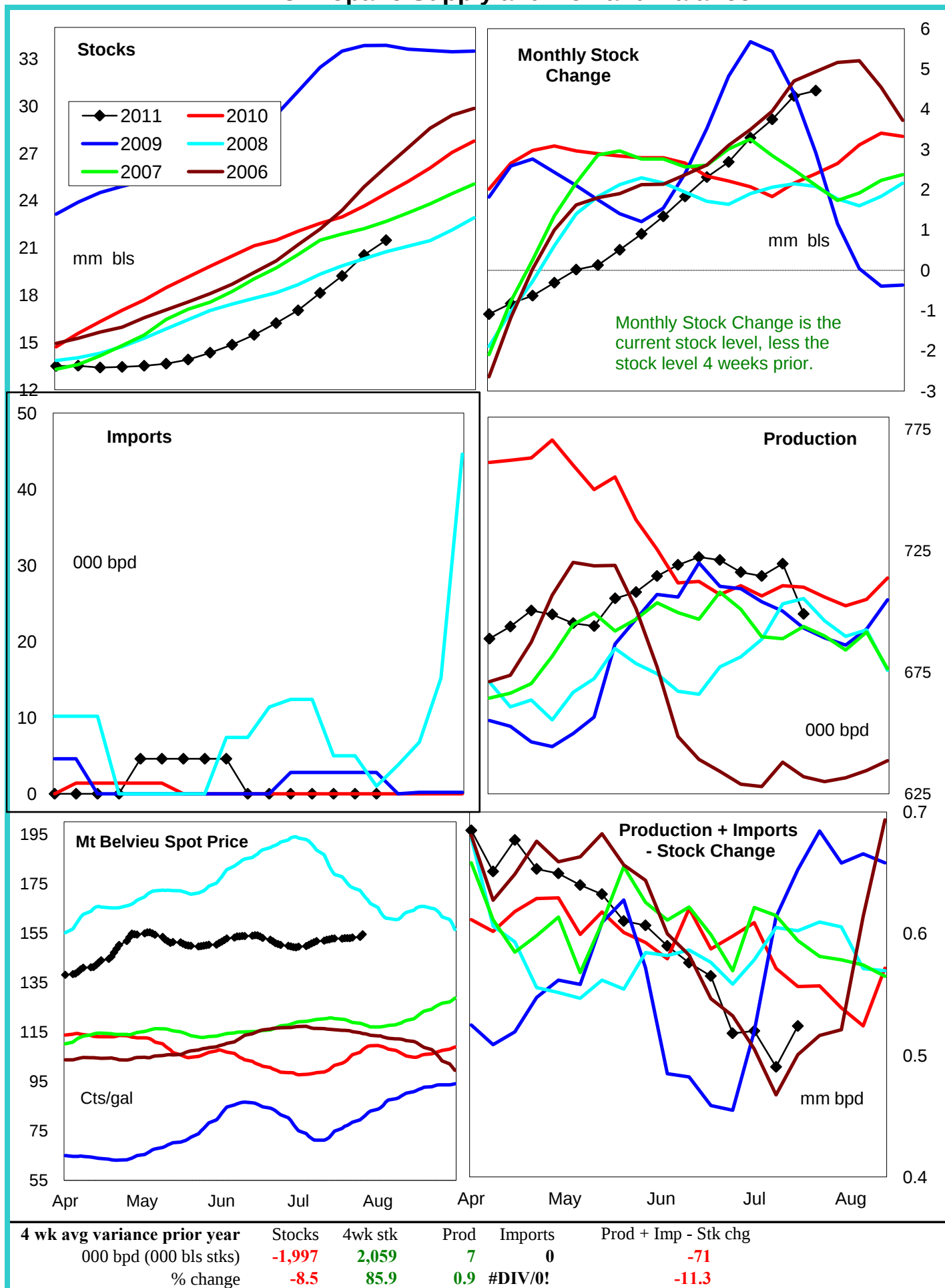
PADD 1 Propane Supply and Demand Balance



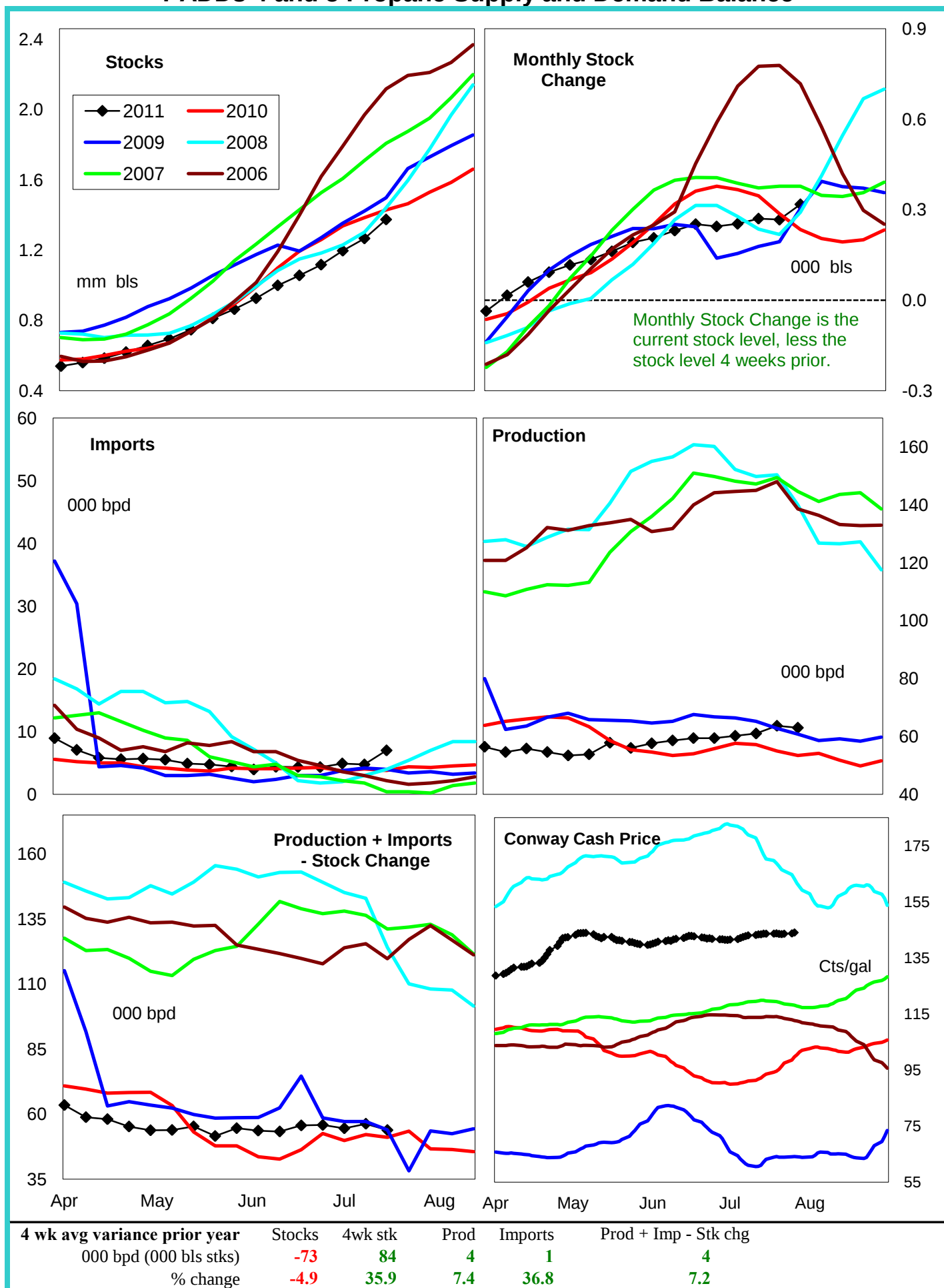
PADD 2 Propane Supply and Demand Balance



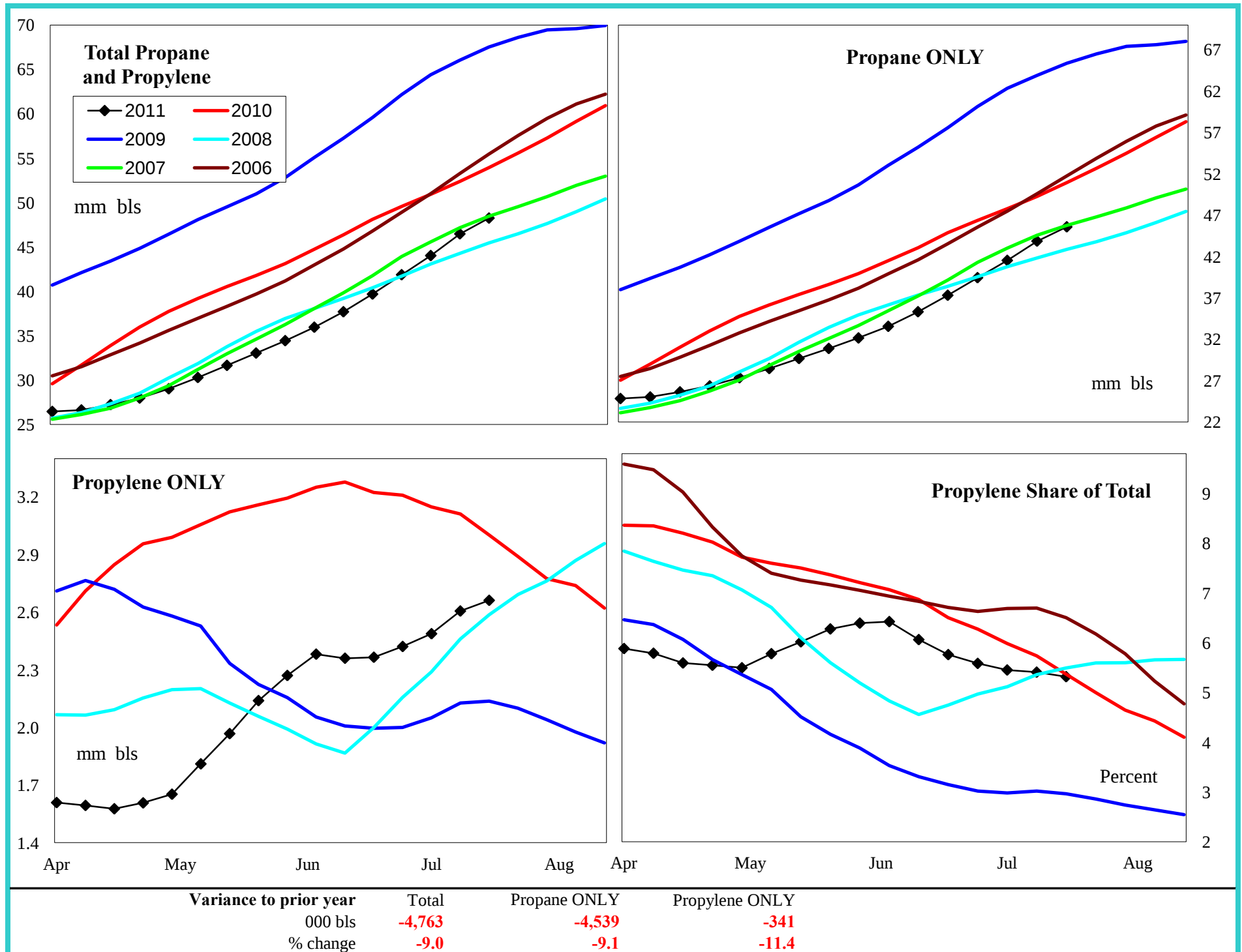
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

