FUNDAMENTAL PETROLEUM TRENDS

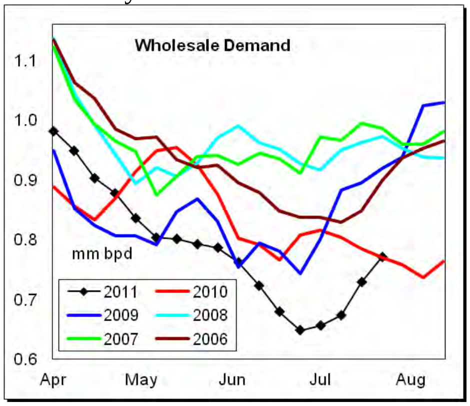
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

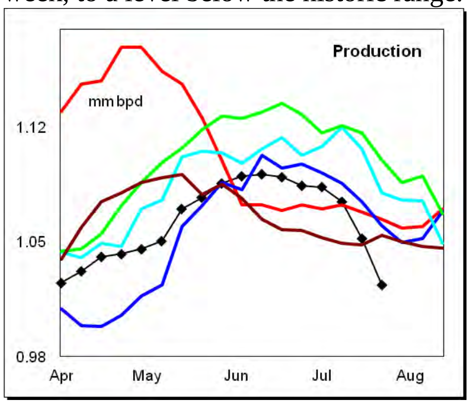
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, August 03, 2011

Summary[1]: Table of Contents

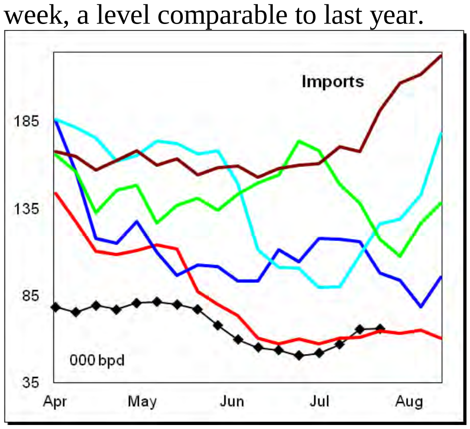
Wholesale demand increased +42,000 bpd on the week, lifting the level to match last years' record low.



Production decreased -37,000 bpd on the week, to a level below the historic range.

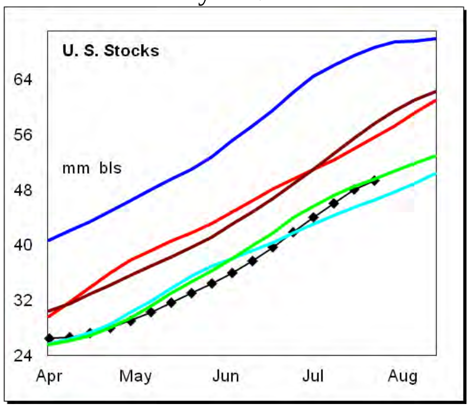


Imports increased +2,000 bpd on the week, a level comparable to last year.

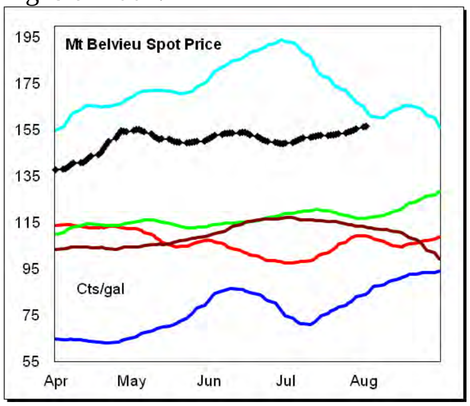


Combined production and imports during the latest 4-wk period were +5,000 bpd above a year ago. Production was +7,000 bpd above last year, while imports were -2,000 bpd lower. The latest 4-wk average demand was -123,000 bpd (-14%) below last year.

Stocks increased +1.1 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 +7.5 million barrels, a level that exceeded four of the last 5-years.



Price and Spreads Mt Belvieu spot prices increased +2.25 cpg while Conway increased +1.50 cpg for the week ending 02Aug11. The price level is near 5-year highs of 2007.



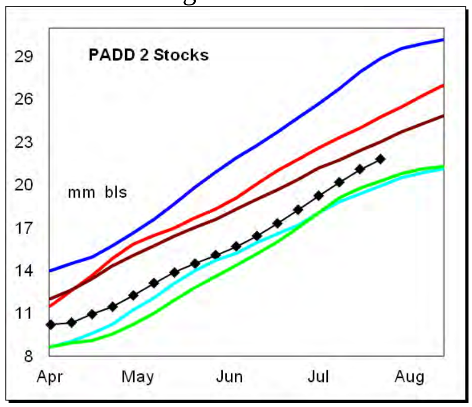
The Conway – Mt Belvieu price spread trended lower last week in favor of Mt Belvieu. The spread ended the week at levels well below four of the last 5-years.

The propane to natural gas price spread trended higher on the week, with the level reaching new record highs.

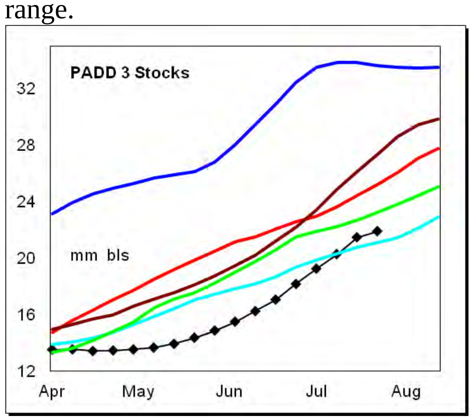
The propane / crude oil price spread trended sharply higher on the week, with the level above the 5-year range.

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 +5,000 bpd above a year ago.

PADD 2 stocks increased +0.6 million barrels on the week. Supply decreased -16,000 bpd on lower production. The latest 4-wk average supply was -11,000 bpd below a year ago, on lower production. Stock levels are below the historic mid range.



PAD 3 stocks increased +0.4 million barrels on the week, with the 4-wk rate of stock build near 5-year highs. Production decreased 19,000 bpd on the week, with the level below the mid range.



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

Emerging Trends Stocks increased at a slower rate last week on a continued uptrend in demand. However, the latest 4-wk rate of stock building remains near historic highs on weak demand and a slowdown in the rate of exports.

Expect above average stock builds for the next 30-days on weak demand and slower rate of exports, pointing to the potential of a price pull.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

August 3, 2011

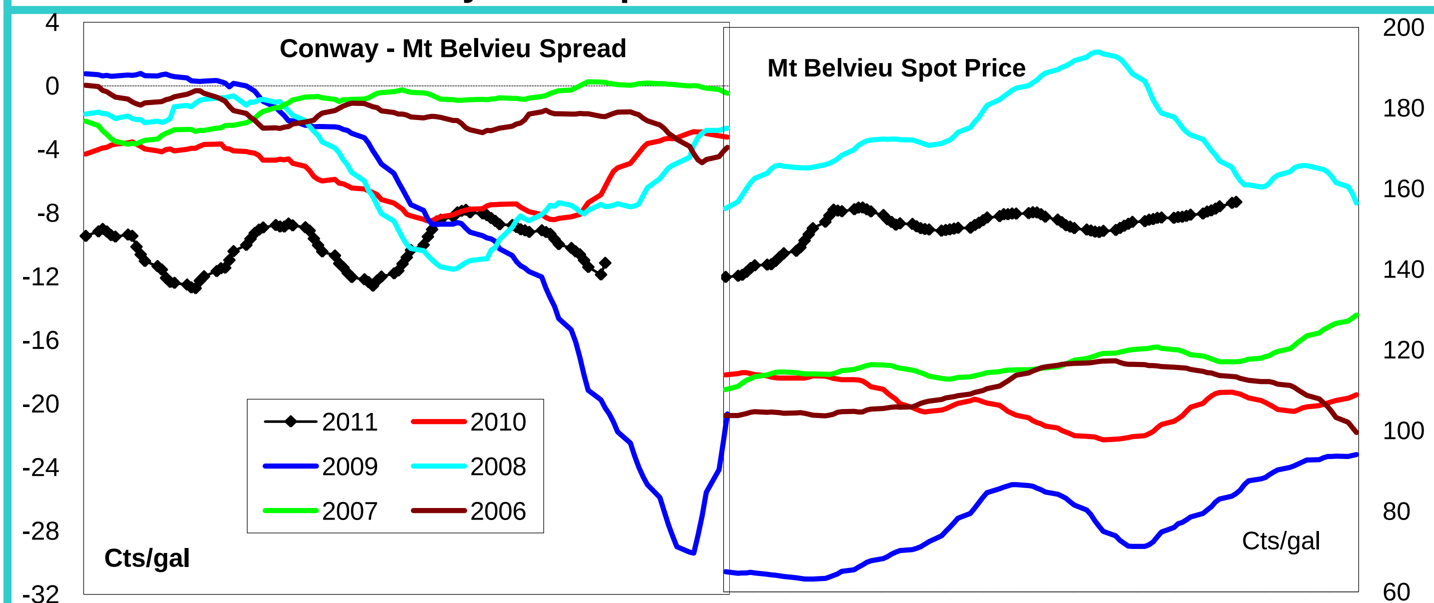
Fundamental Trends for the Week Ending: Friday, July 29, 2011

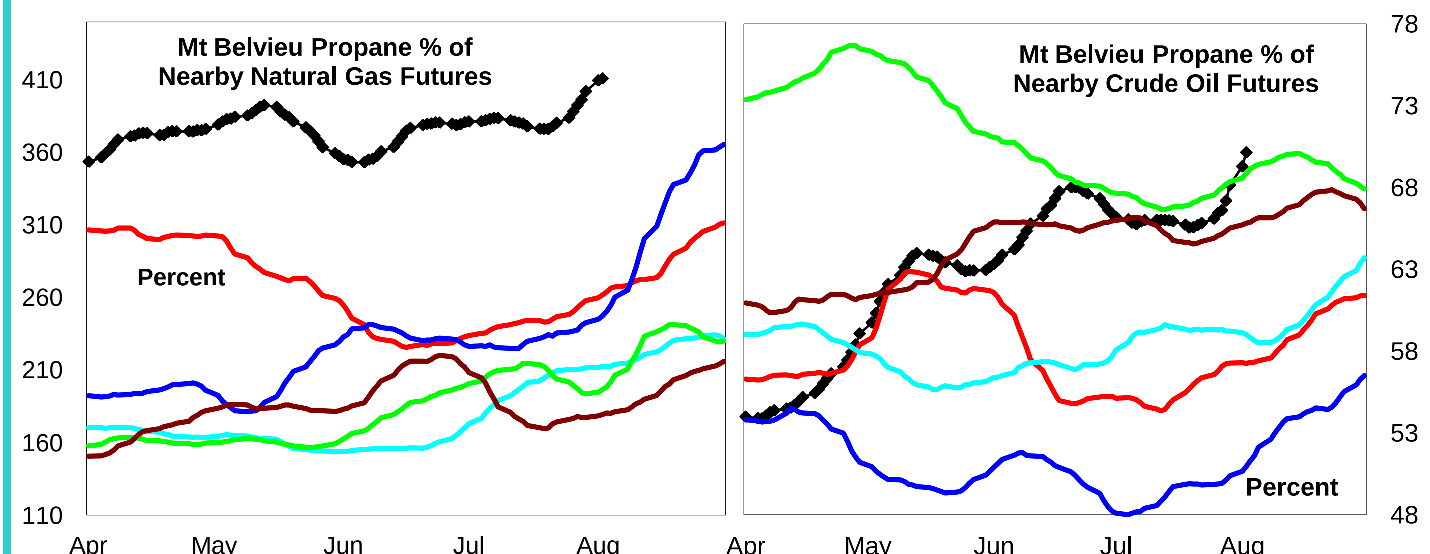
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	49,354	4,206	21,786	21,878	1,484	1,107	52	606	379	70
Propylene Stocks	2,442					-220				
Production	1,024	48	238	680	58	-37	-1	-12	-19	-5
Imports	66	21	39	0	6	2	8	-4	0	-2
Whsle Demand	811					42				

Price Trends for the Week Ending: Tuesday, August 02, 2011

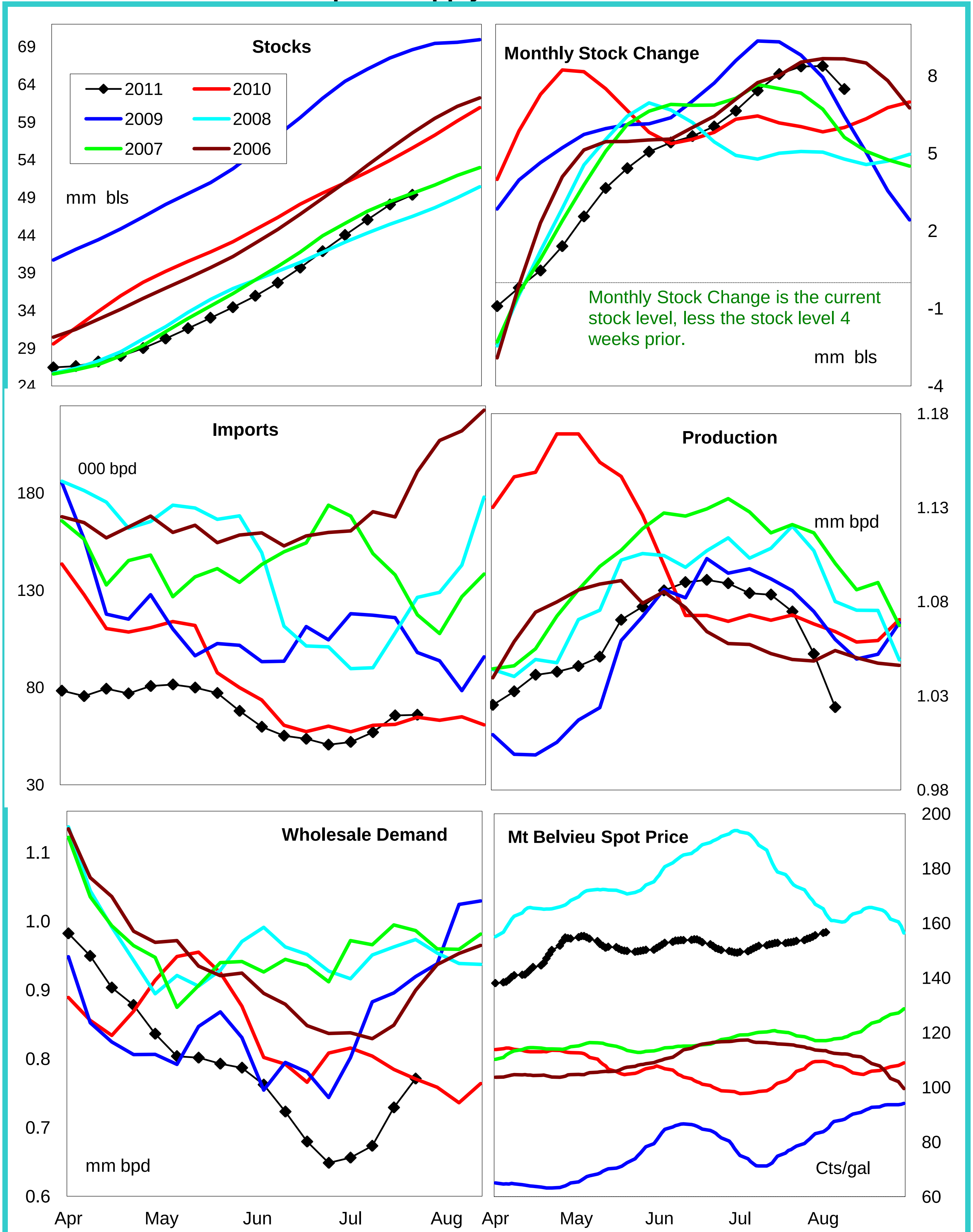
Cents/gal	Average for week ending:				Change from:			% change from:		
	8/2/11	7/26/11	7/5/11	8/4/10	7/26/11	7/5/11	8/4/10	7/26/11	7/5/11	8/4/10
Mont Belvieu Spot	155.5	153.2	149.0	110.3	2.38	4.16	38.75	1.6	2.8	35.1
Conway Spot	144.1	143.6	141.3	103.2	0.57	2.26	38.12	0.4	1.6	36.9

Key Price Spreads and Differentials



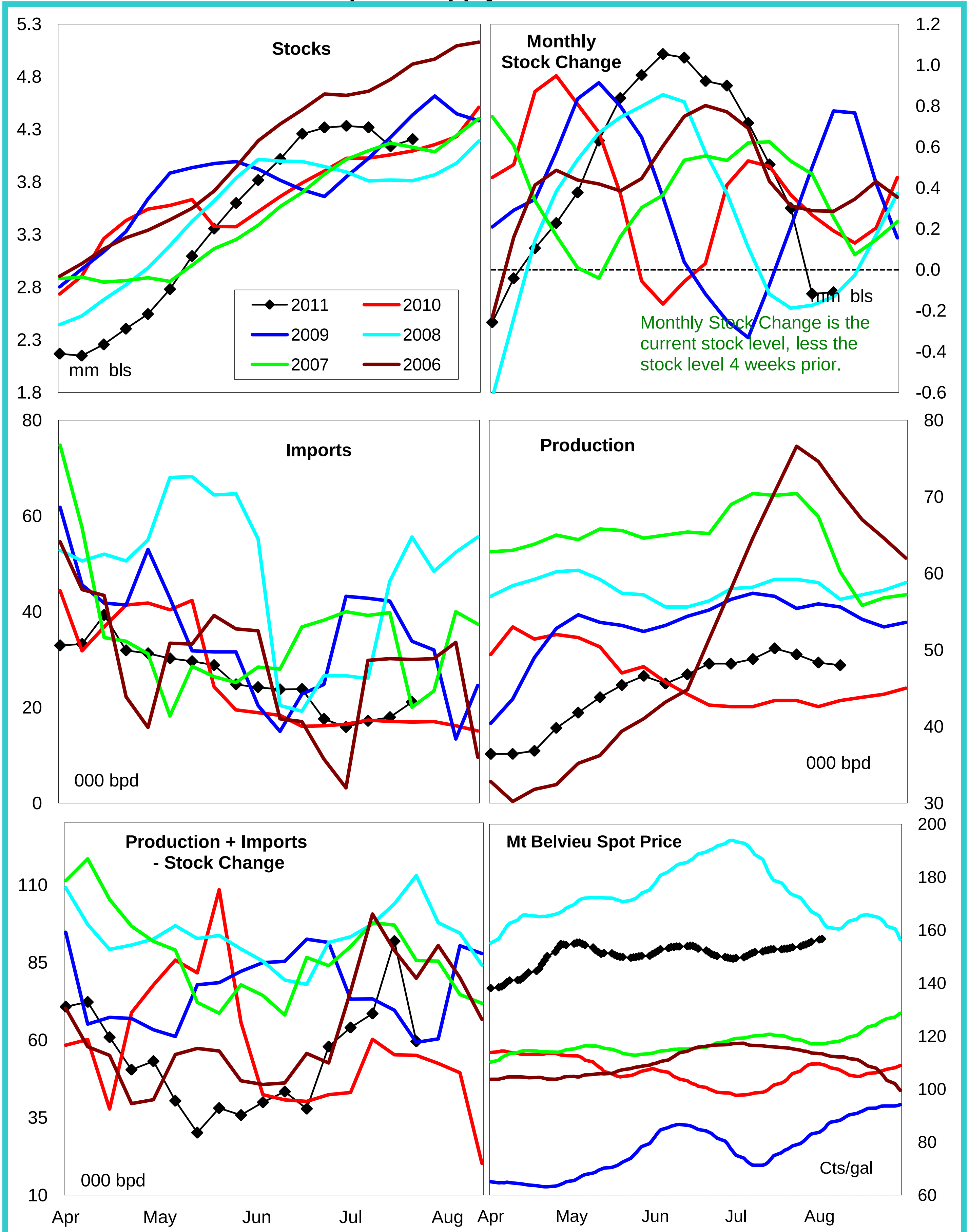


U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jun	May	Apr
000 bpd (000 bls stks)	-5,801	1,486	7	-2		-123	-84	-19	54
% change	-10.5	25	0.7	-2.4		-14.4	-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)	127	-300	5	0	18
% change	3.1	-158.2	11.6	-2.5	32.9

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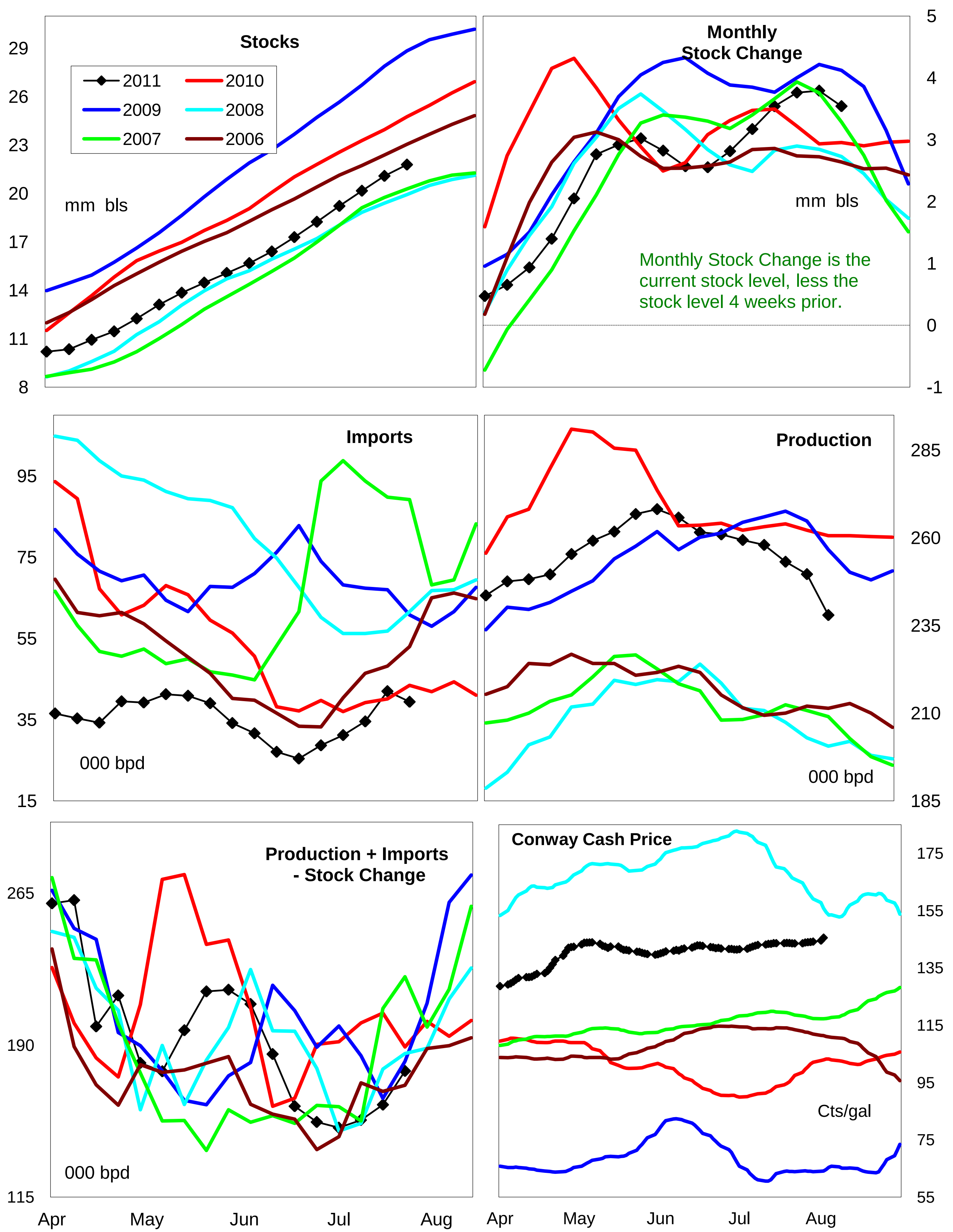
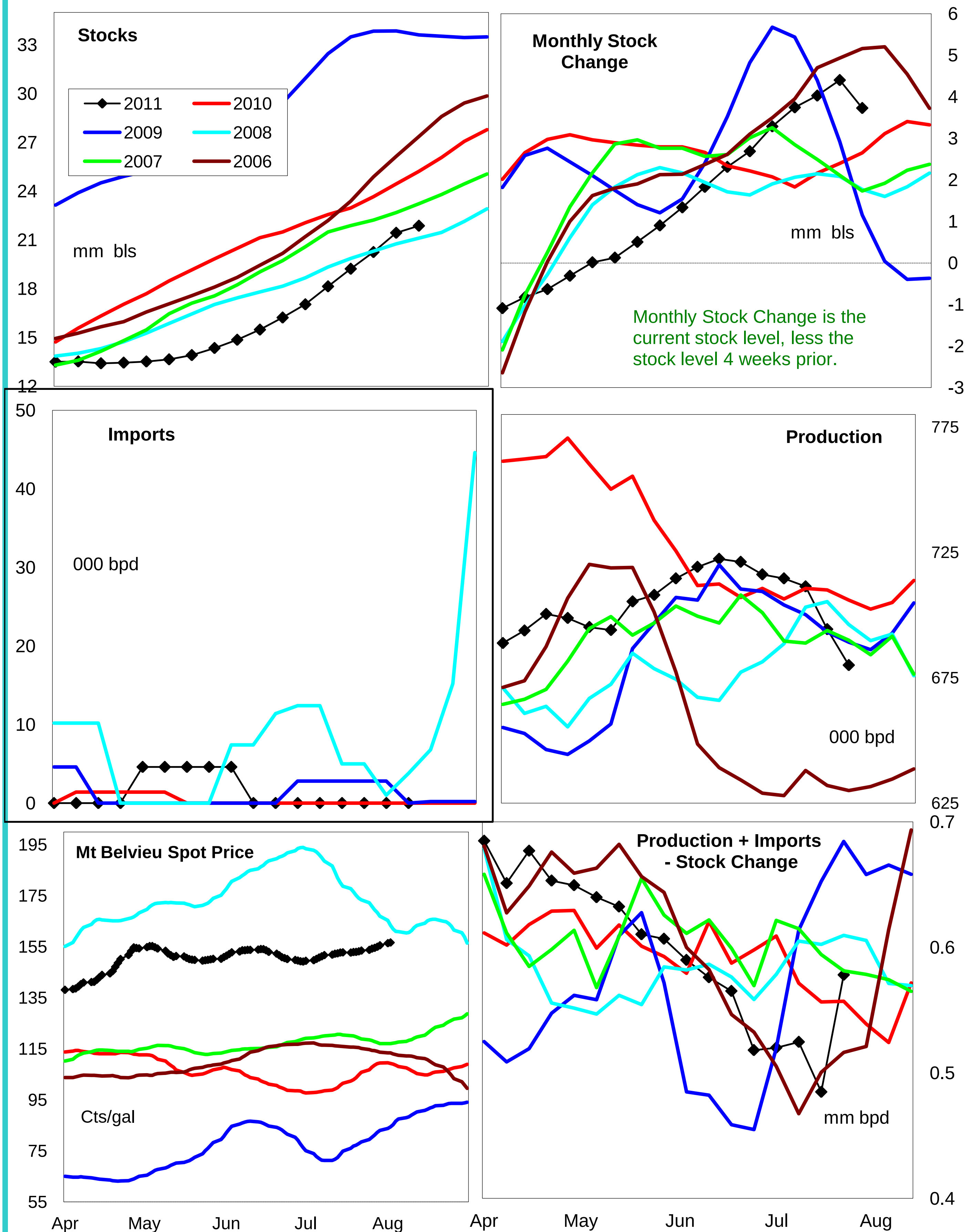
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-2,366	587	-9	-2	-37
% change	-9.8	19.9	-3.4	-4.8	-18.7

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)	-3,611	1,077	3	0	-47
% change	-14.2	40.6	0.4	#DIV/0!	-7.6

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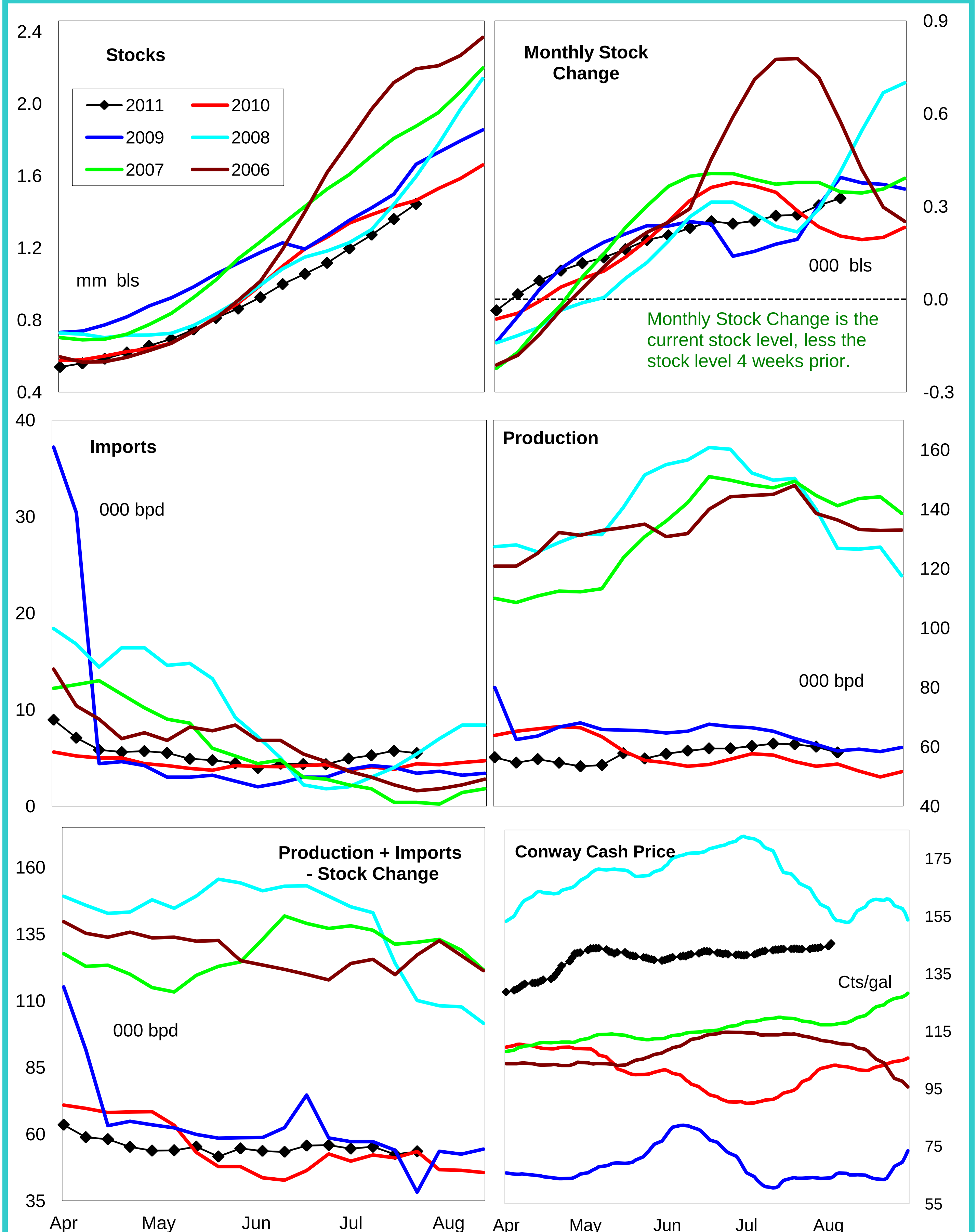
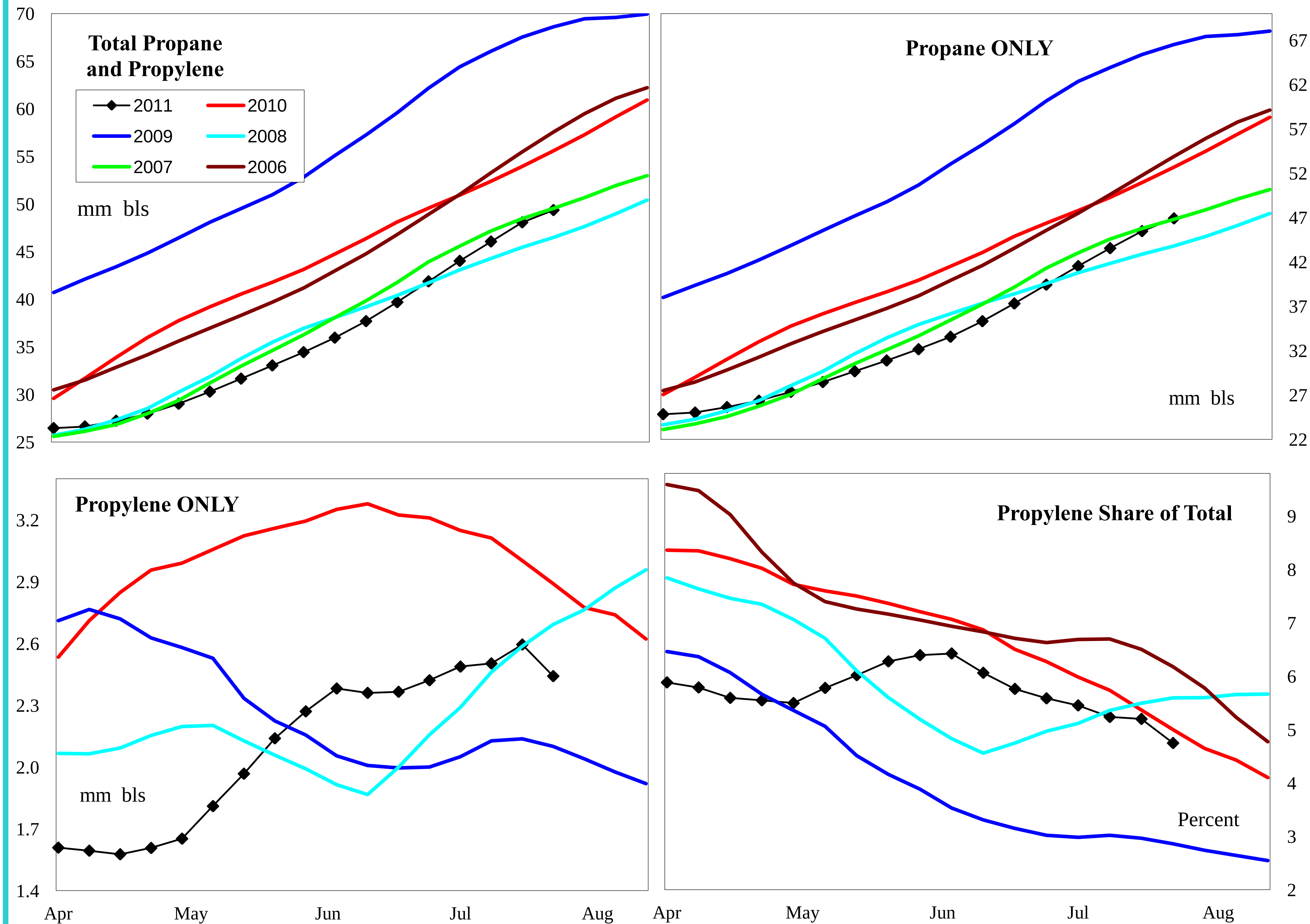
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	48	123	8	1	2
% change	3.3	60.0	15.3	20.7	4.4

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-5,801	-5,206	-449
% change	-10.5	-10.0	-15.5

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