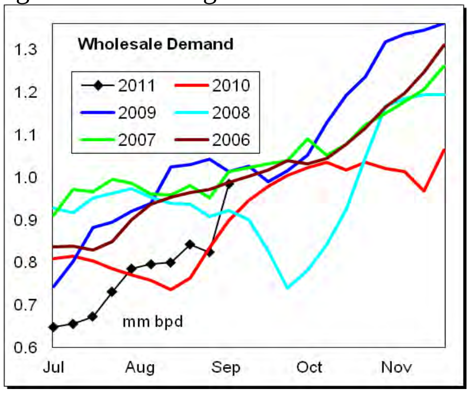
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

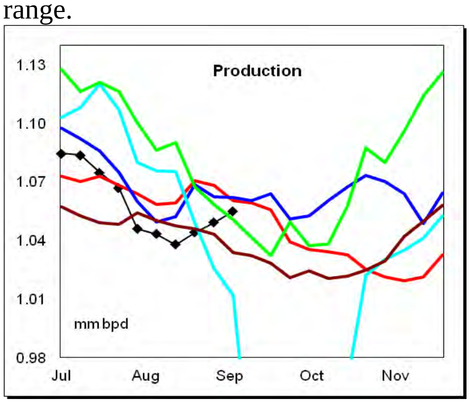
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, September 08, 2011

Summary[1]: Table of Contents

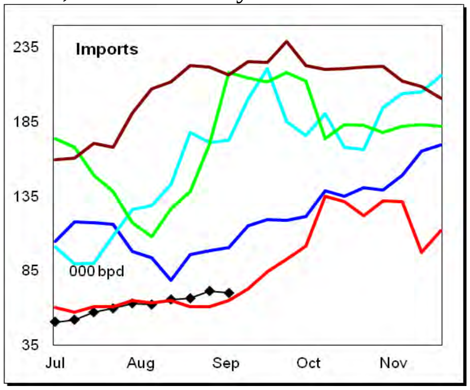
Wholesale demand jumped +235,000 bpd on the week, as fall tank fills and agriculture use began.



Production increased +21,000 bpd on the week, with the level at the historic mid range.

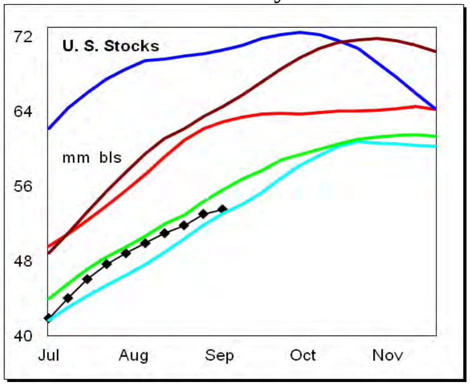


Imports decreased -11,000 bpd on the week, a level near 5-year lows

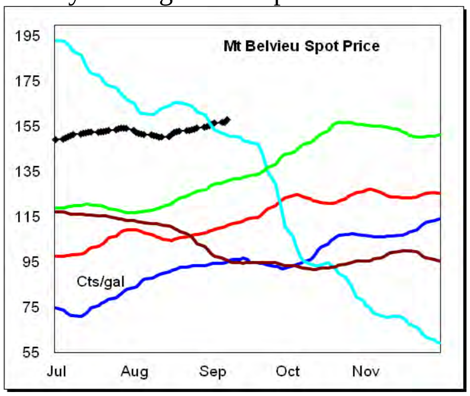


Combined production and imports during the latest 4-wk period were -17,000 bpd below a year ago. Production was -24,000 bpd below last year, while imports were +7,000 bpd higher. The latest 4-wk average demand was +42,000 bpd above last year.

Stocks were unchanged on last week, at a level that matched 5-year lows. The 4-wk stock change was a build of +3.6 million barrels, a level below four of the last 5-years.



Price and Spreads Mt Belvieu spot prices increased +1.25 cpg for the week ending 07Sep11, while Conway spot prices declined -3 cpg for the same period. The price level ended the week above the 5-year range for the period.



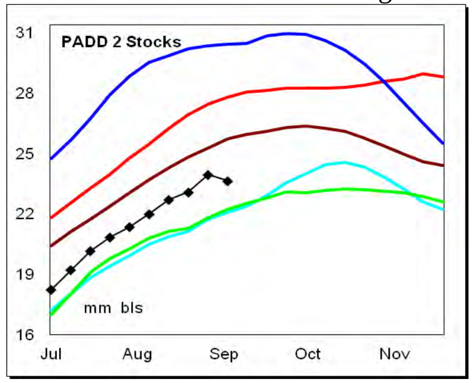
The Conway – Mt Belvieu price spread trended sharply lower last week. The spread ended the week at levels comparable to 5-year lows for this time of year.

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

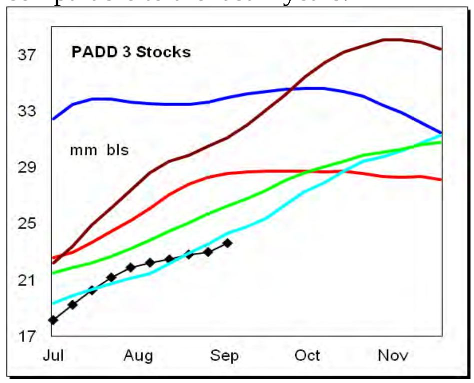
The propane / crude oil price spread traded sideways on the week. The level remains significantly above the historic range in favor of propane, on particularly weak WTI pricing.

PADD 1 stocks were unchanged last week, with the level at the low end of the historic range for the period. Supply for the latest 4-wk period was +4,000 bpd above a year ago.

PADD 2 stocks fell -1.1 million barrels on the week. Supply decreased -1,000 bpd on lower imports. The latest 4-wk average supply was -12,000 bpd below a year ago, on lower production. Stock levels are well below the mid range.



PAD 3 stocks increased +1 million barrels on the week, with the 4-wk rate of stock build at the low end of the historic range. Stock levels ended the week below the 5-year range for the week. Production increased +18,000 bpd on the week, with the level comparable to the last 2-years.



PADDs 4 & 5 stocks increased +0.1 million barrels. The stock level was comparable to the last 2-years.

Emerging Trends Stock levels in all regional markets were at the low end of the historic range, including an early season draw in PADD 2 last week.

Exports averaged +149,000 bpd for the April - June 2011 quarter, up +47,000 bpd from a year ago. This increase in exports offsets the decline in stocks for PADDs 2 and 3. Tight supplies should provide continued price support.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

September 8, 2011

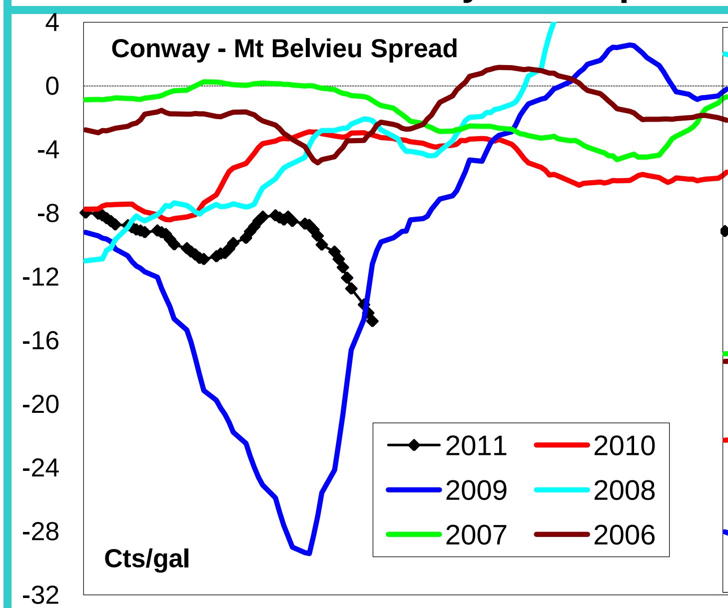
Fundamental Trends for the Week Ending: Friday, September 02, 2011

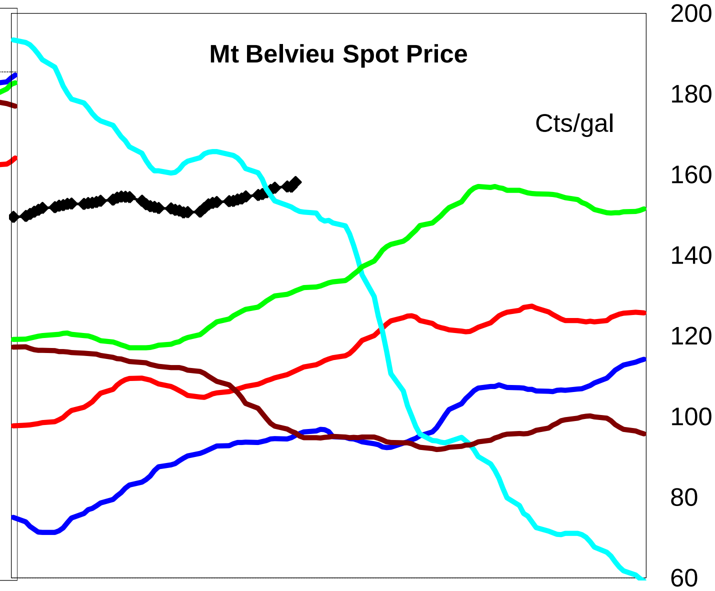
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	53,561	4,345	23,637	23,604	1,975	-29	-14	-1,102	962	125
Propylene Stocks	2,947					600				
Production	1,055	46	253	700	56	21	-2	2	18	3
Imports	70	17	48	0	6	-11	-4	-3	-6	2
Whsle Demand	1,024					235				

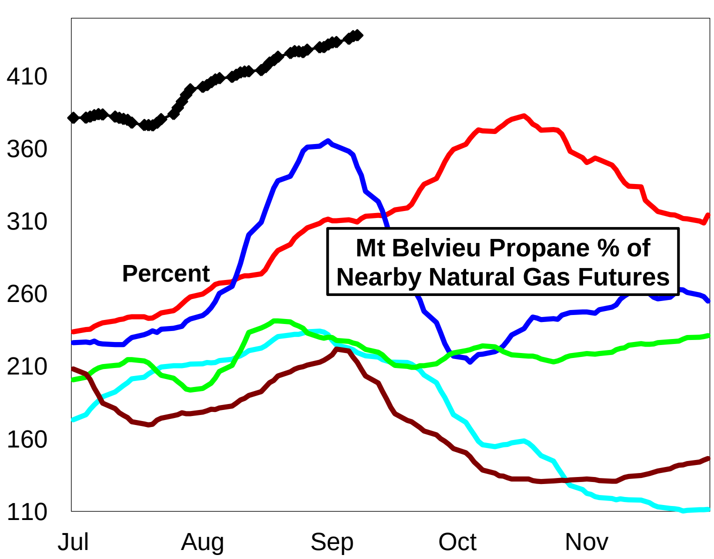
Price Trends for the Week Ending: Tuesday, August 30, 2011

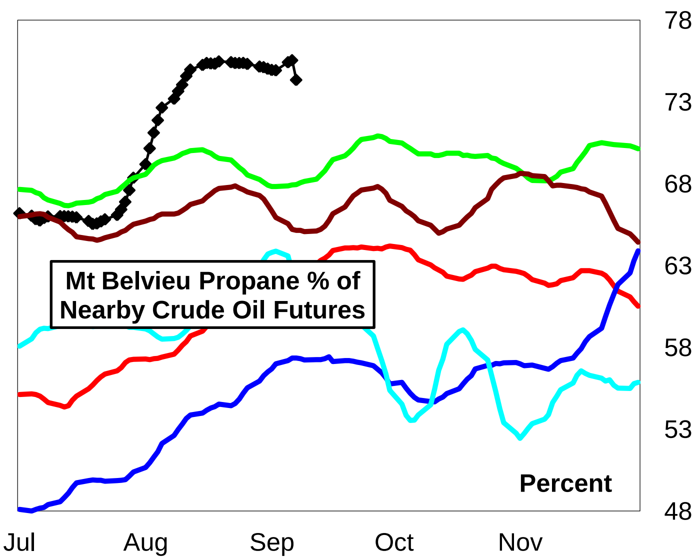
Cents/gal	Average for week ending:				Change from:			% change from:		
	8/30/11	8/23/11	8/2/11	9/1/10	8/23/11	8/2/11	9/1/10	8/23/11	8/2/11	9/1/10
Mont Belvieu Spot	157.0	154.7	147.9	109.7	2.36	6.78	38.25	1.5	4.6	34.9
Conway Spot	143.3	145.1	138.5	106.4	-1.83	6.60	32.15	-1.3	4.8	30.2

Key Price Spreads and Differentials









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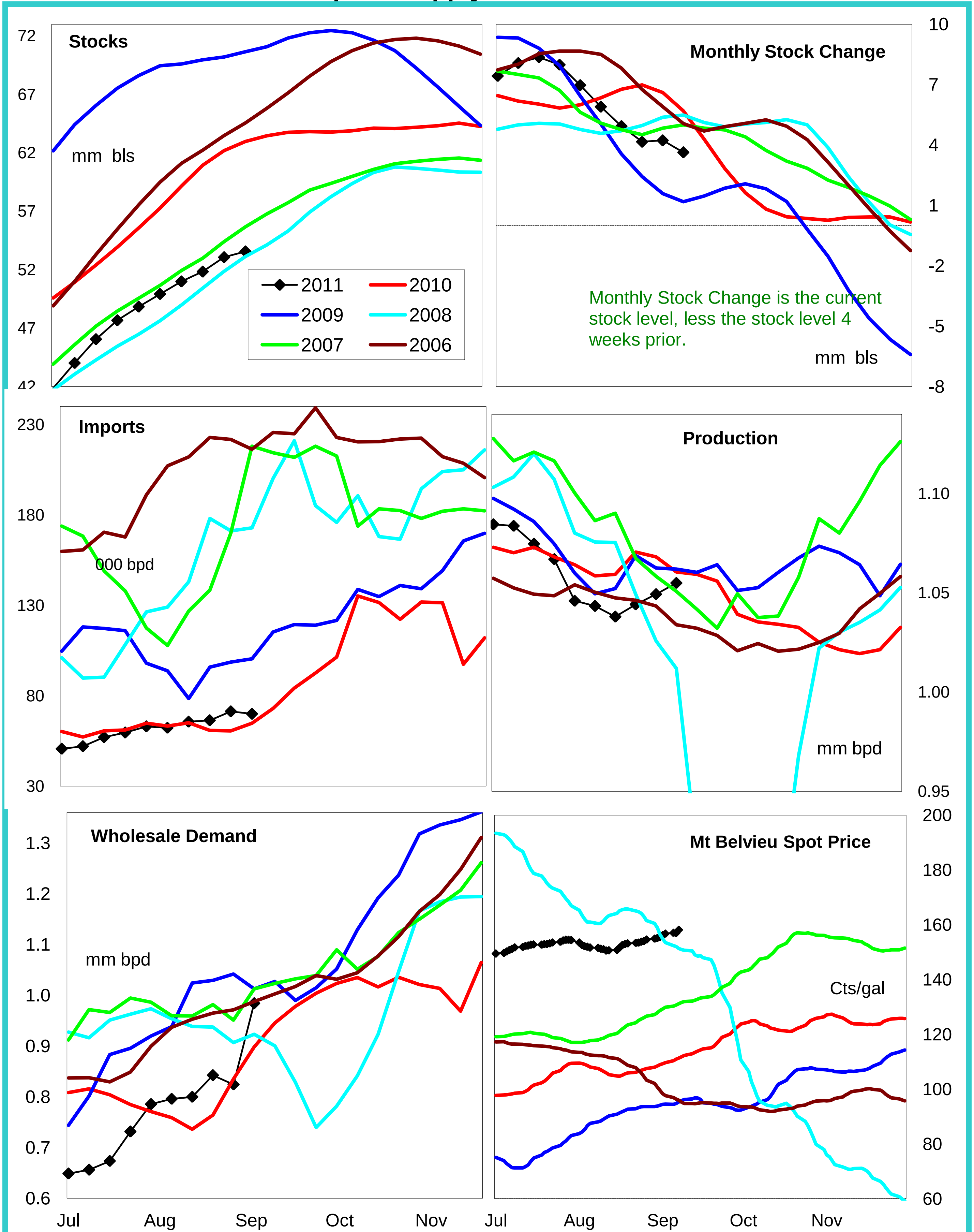
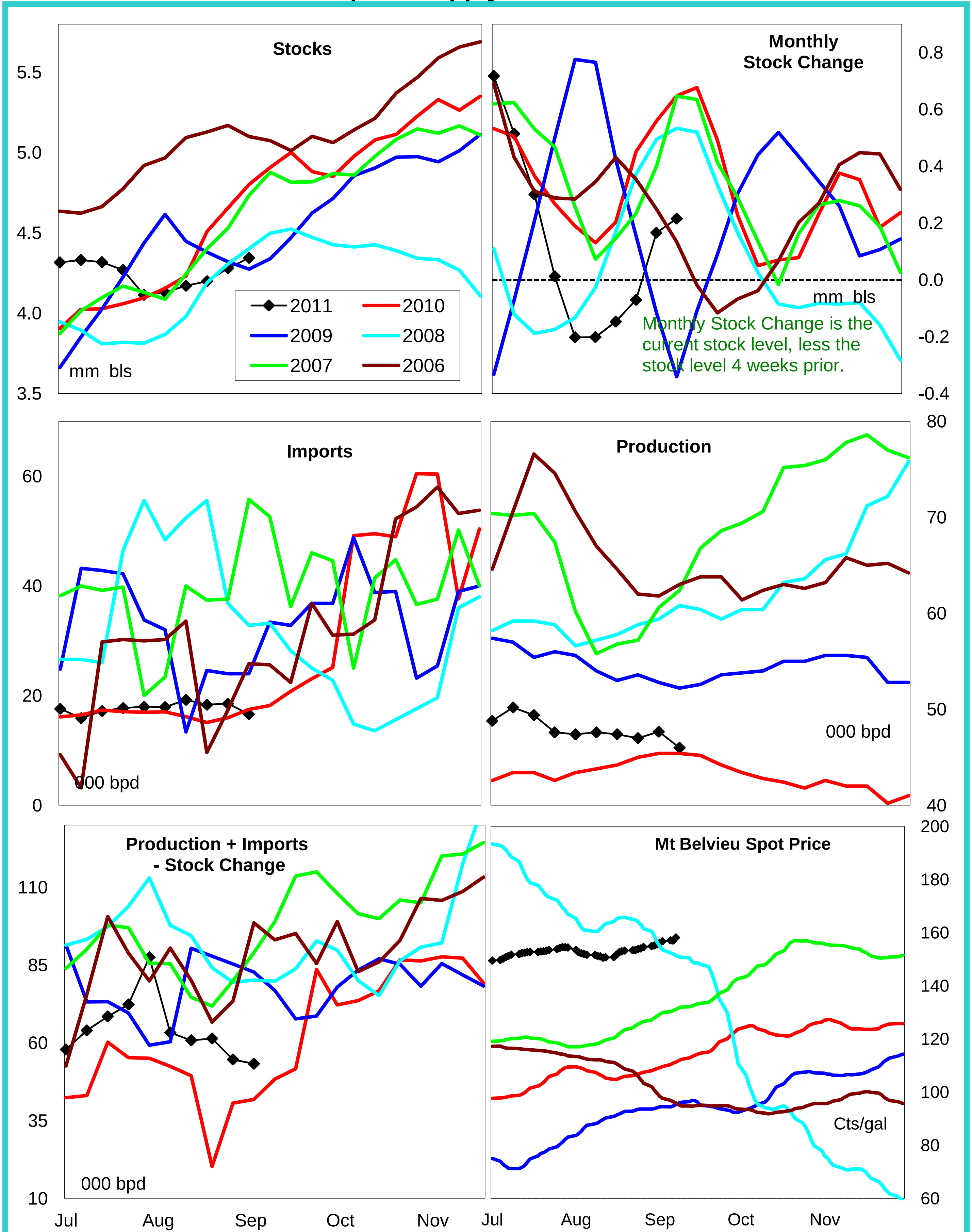
U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jul	Jun	May
000 bpd (000 bls stks)	-10,409	-2,055	-24	7		42	-186	-153	43
% change	-16.3	-36	-2.3	11.8		5.1	-20.3	-17.0	4.8

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)	-1,128	-433	1	3	19
% change	-20.6	-66.8	2.7	17.7	51.2

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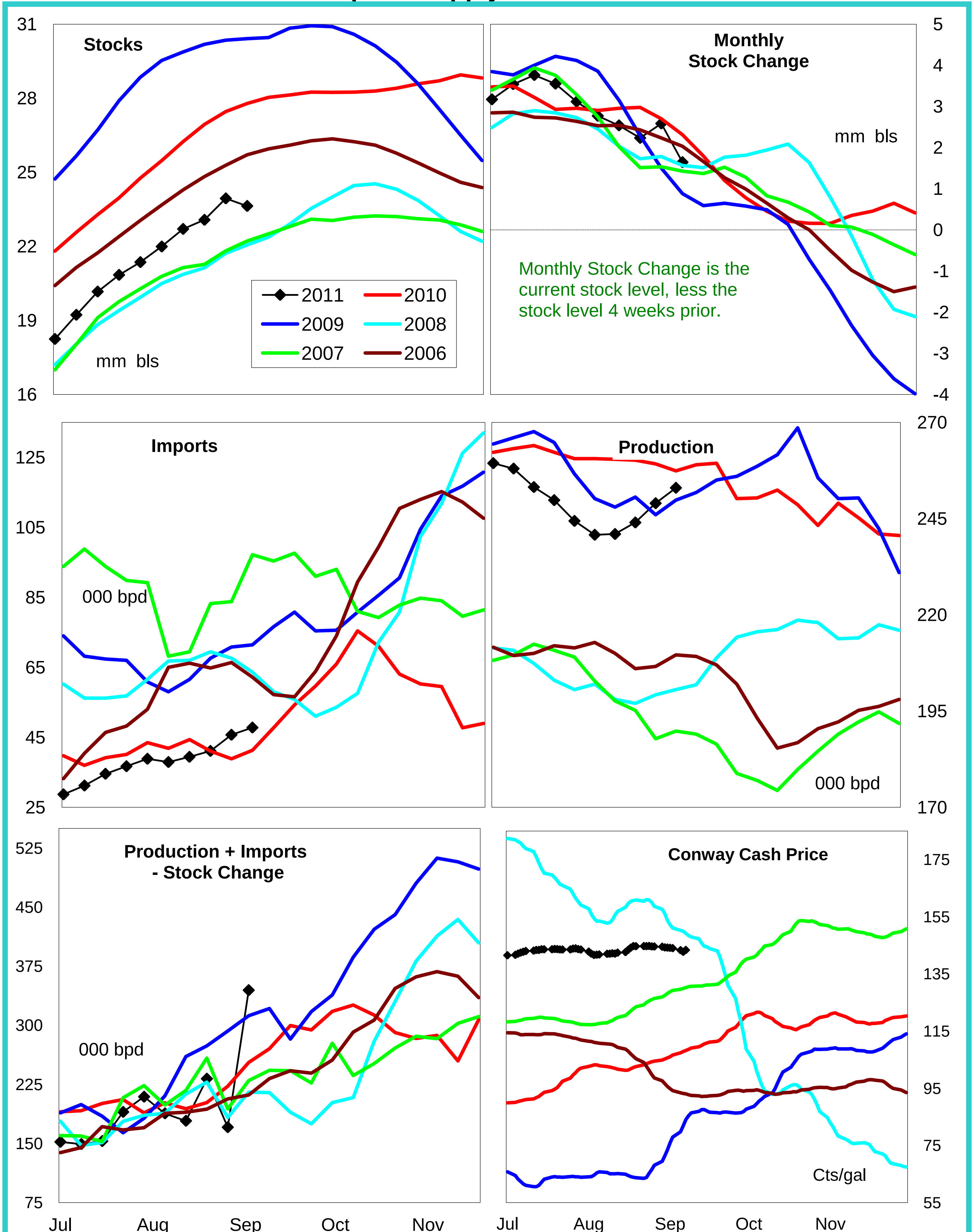
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-3,985	-671	-14	2	14
% change	-14.4	-29.0	-5.3	6.1	6.2

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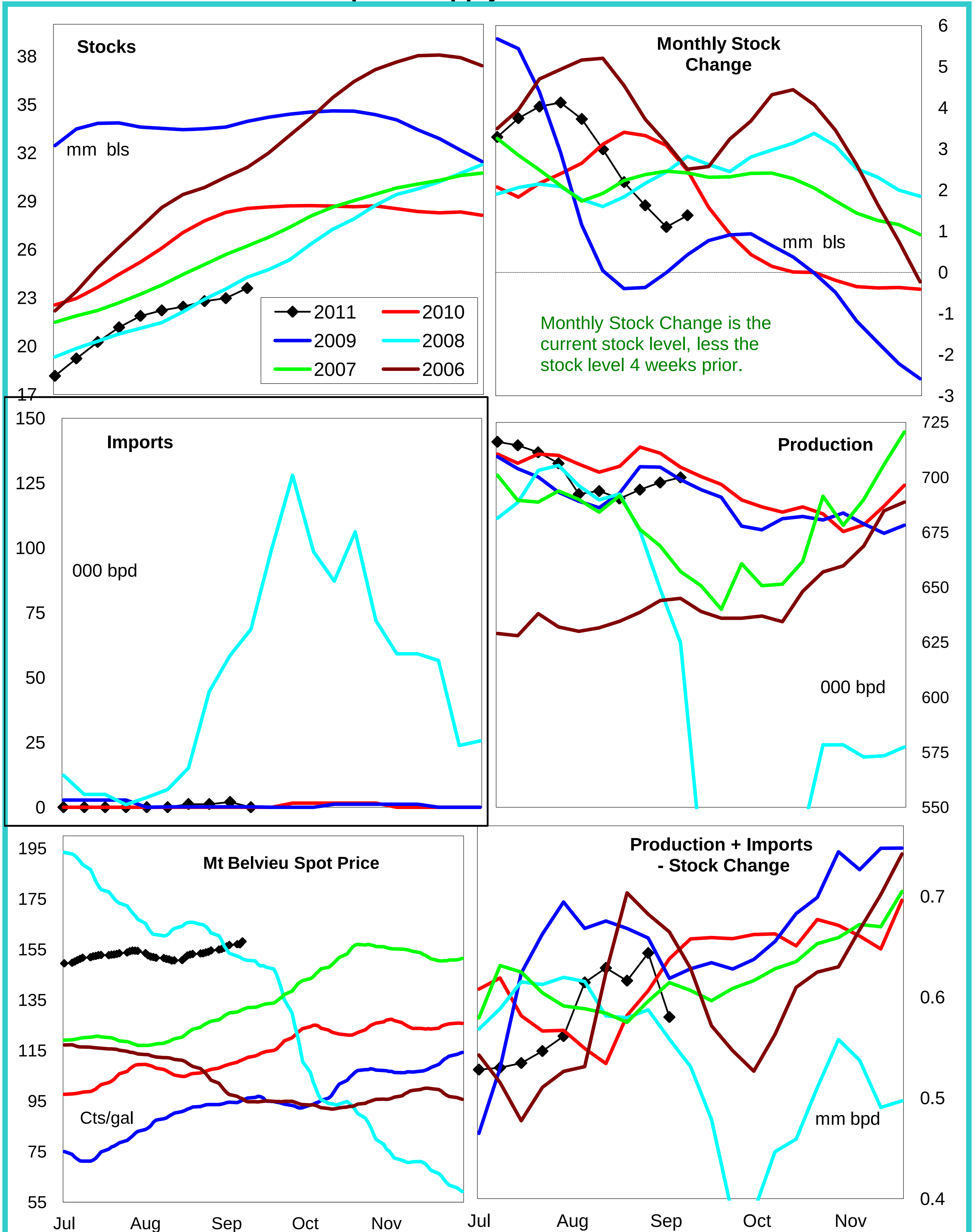
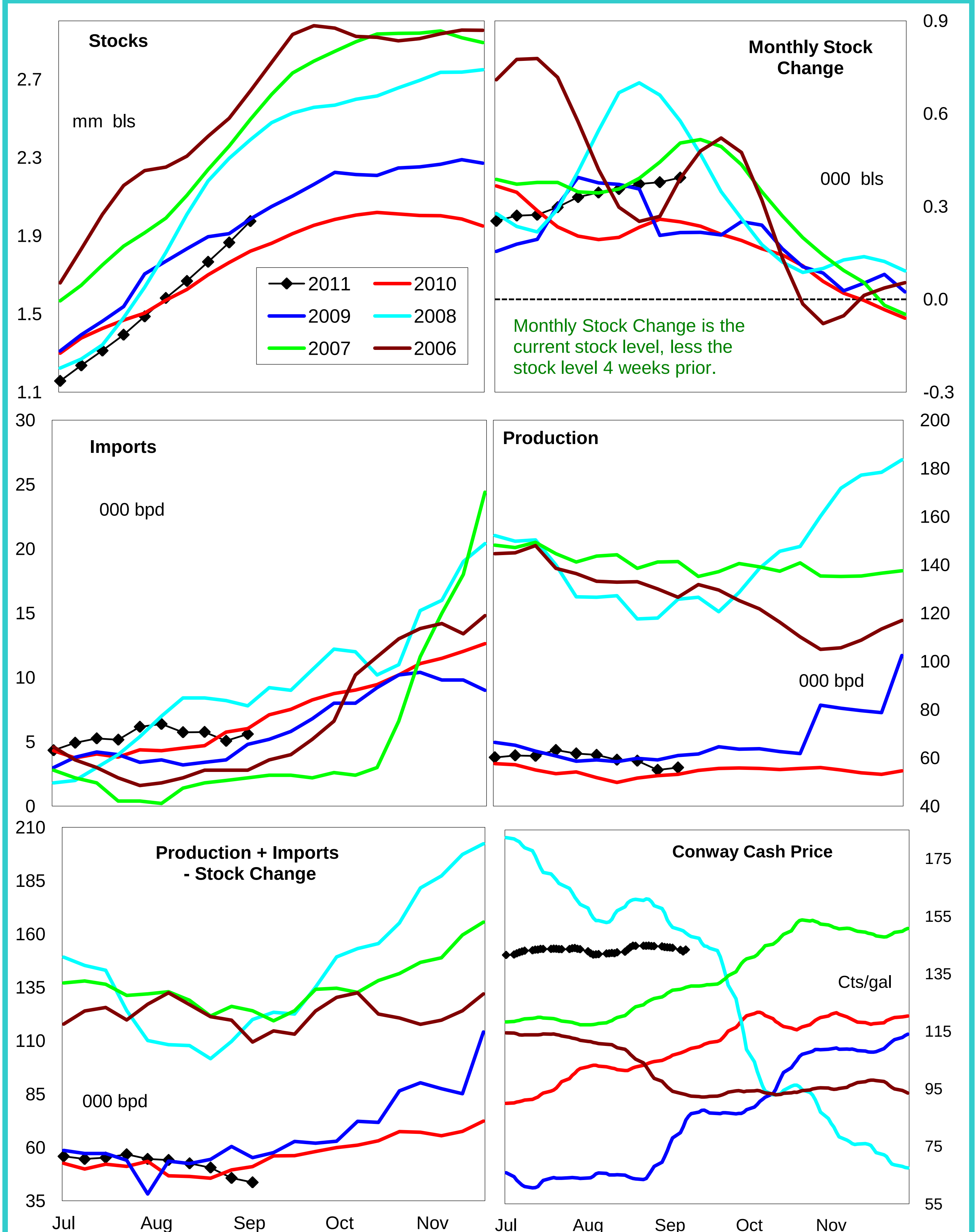
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-5,459	-1,094	-17	2	27
% change	-18.8	-44.1	-2.4	#DIV/0!	4.4

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)	163	143	5	1	0
% change	9.0	56.9	9.7	9.6	0.0

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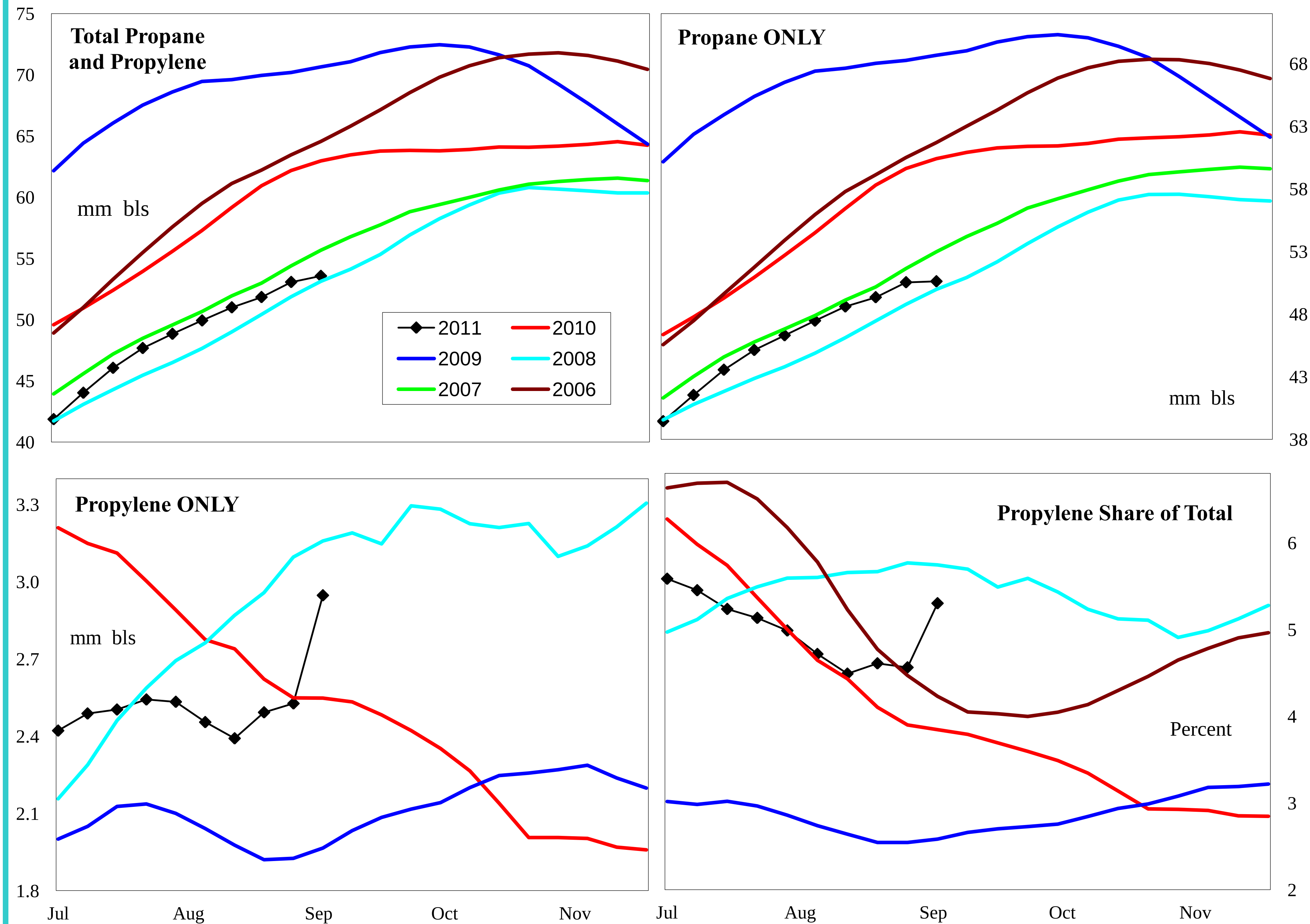
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-10,409	-10,908	399
% change	-16.3	-17.7	15.7

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