FUNDAMENTAL PETROLEUM TRENDS

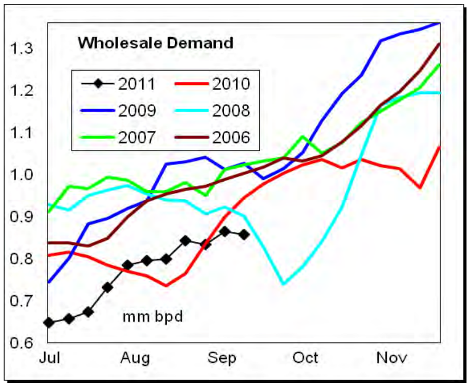
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

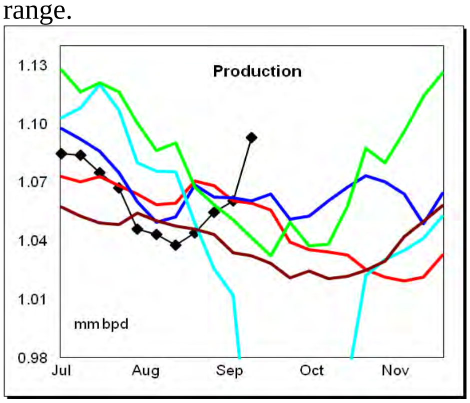
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, September 14, 2011

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

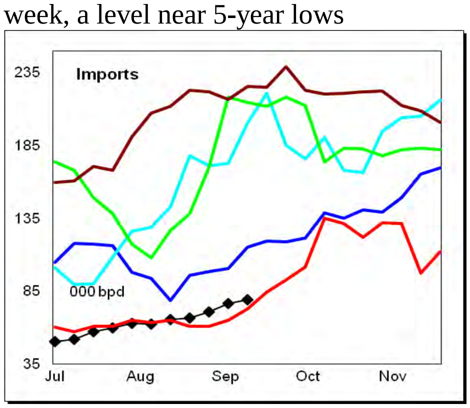
Wholesale demand declined -126,000 bpd on the week, due in part to weather disruptions of tropical storm Lee and hurricane Irene.



Production increased +38,000 bpd on the week, lifting the level above the 5-year range.

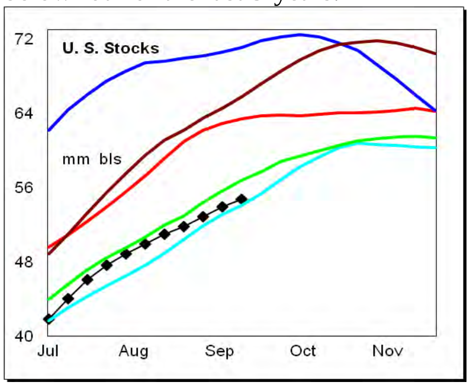


Imports increased +9,000 bpd on the week, a level near 5-year lows

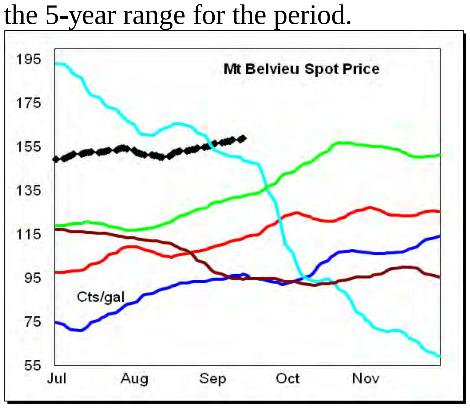


Combined production and imports during the latest 4-wk period were +7,000 bpd above a year ago. Production was -9,000 bpd below last year, while imports were +16,000 bpd higher. The latest 4-wk average demand was -45,000 bpd below last year.

Stocks increased +1.2 million barrels last week, at a level that matched 5-year lows. The 4-wk stock change was a build of +3.8 million barrels, a level below four of the last 5-years.



Price and Spreads Mt Belvieu spot prices increased +3.25 cpg for the week ending 13Sep11, while Conway spot prices increased +1.75 cpg for the same period. The price level ended the week above the 5-year range for the period.



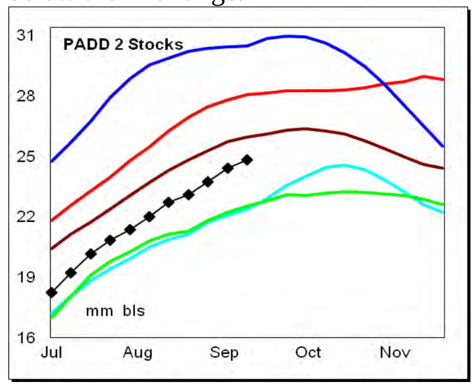
The Conway – Mt Belvieu price spread trended sharply lower last week. The spread ended the week at levels below the 5-year range for this time of year.

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

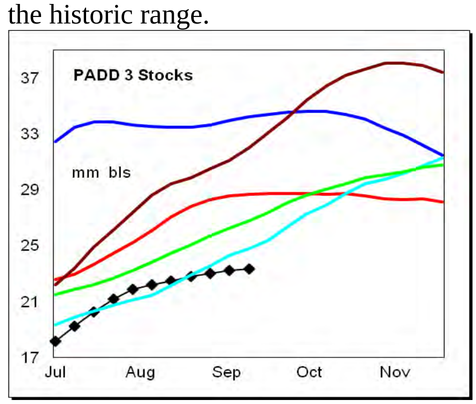
The propane / crude oil price spread traded sideways on the week. The level remains significantly above the historic range in favor of propane, on particularly weak WTI pricing.

PADD 1 stocks increased +0.2 million barrels last week, with the level at the low end of the historic range for the period. Supply for the latest 4-wk period was +5,000 bpd above a year ago.

PADD 2 stocks increased +1.2 million barrels on the week. Supply increased +19,000 bpd on higher production and imports. The latest 4-wk average supply was +6,000 bpd above a year ago, on higher imports. Stock levels are well below the mid range.



PAD 3 stocks decreased -0.3 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 well below the 5-year range for the week. Production increased +23,000 bpd on the week, with the level above the historic range.



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

Emerging Trends Supply increased nearly +50,000 bpd last week, while demand remains unusually weak, at a level below the 5-year range. However, stock levels remain quite low in all regions

On-balance, the supply-demand balance remains relatively tight; which should provide support to prices.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

September 14, 2011

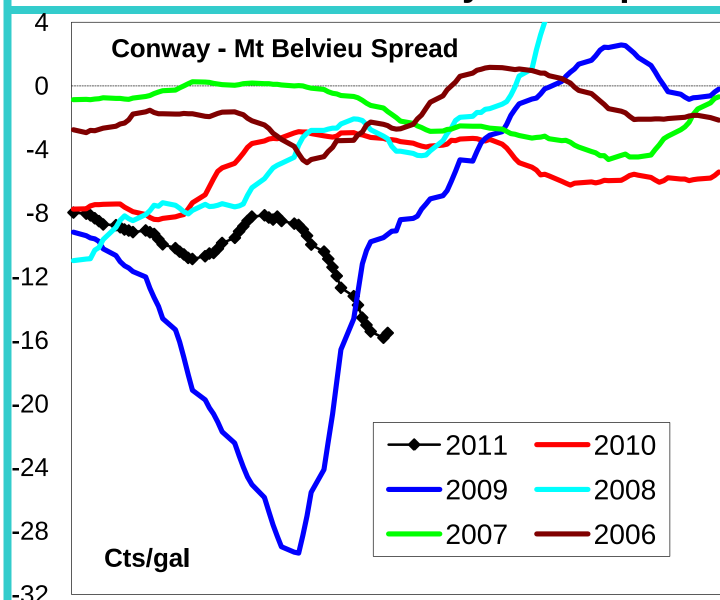
Fundamental Trends for the Week Ending: Friday, September 09, 2011

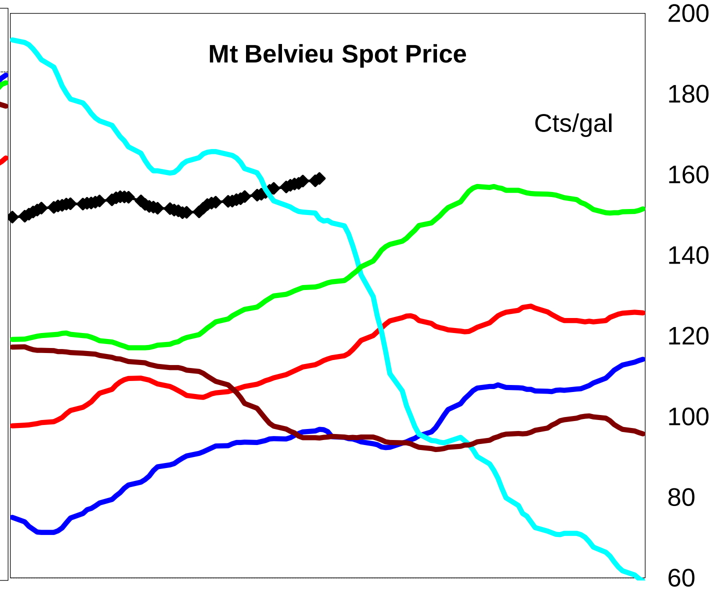
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	54,745	4,522	24,836	23,350	2,037	1,184	177	1,199	-254	62
Propylene Stocks	2,897					-50				
Production	1,093	50	263	723	57	38	4	10	23	1
Imports	79	17	57	0	6	9	0	9	0	0
Whsle Demand	898					-126				

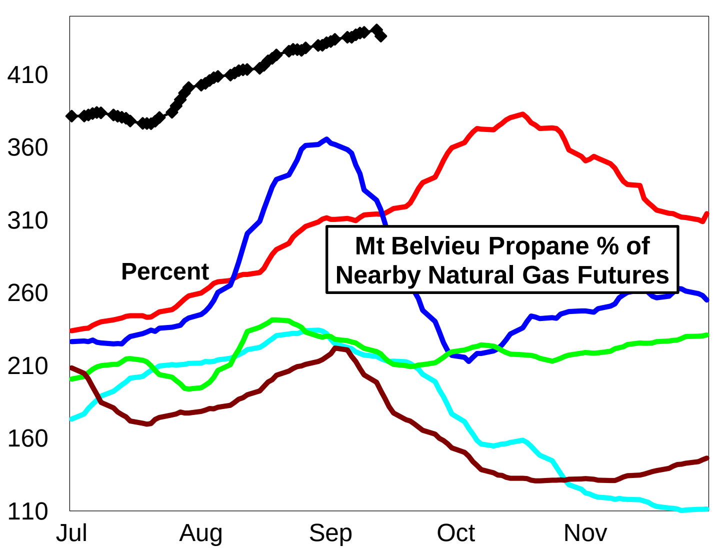
Price Trends for the Week Ending: Tuesday, September 13, 2011

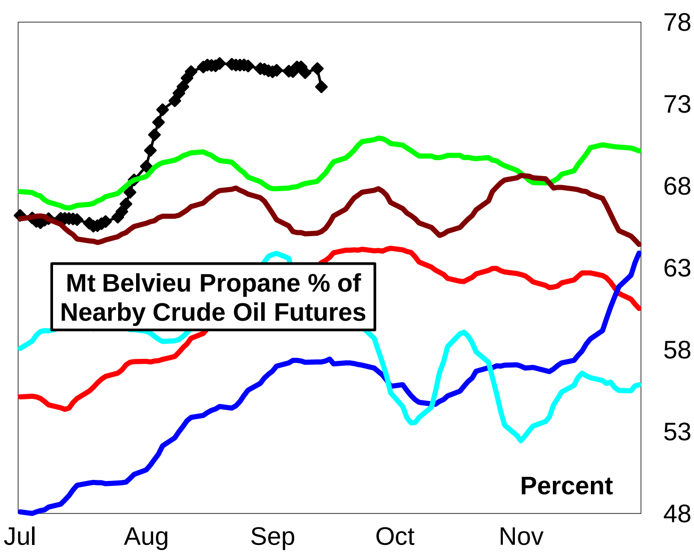
Cents/gal	Average for week ending:				Change from:			% change from:		
	9/13/11	9/6/11	8/16/11	9/16/10	9/6/11	8/16/11	9/16/10	9/6/11	8/16/11	9/16/10
Mont Belvieu Spot	158.4	156.8	152.0	113.2	1.62	4.77	38.84	1.0	3.1	34.3
Conway Spot	142.9	143.9	143.8	110.3	-0.91	0.05	33.55	-0.6	0.0	30.4

Key Price Spreads and Differentials

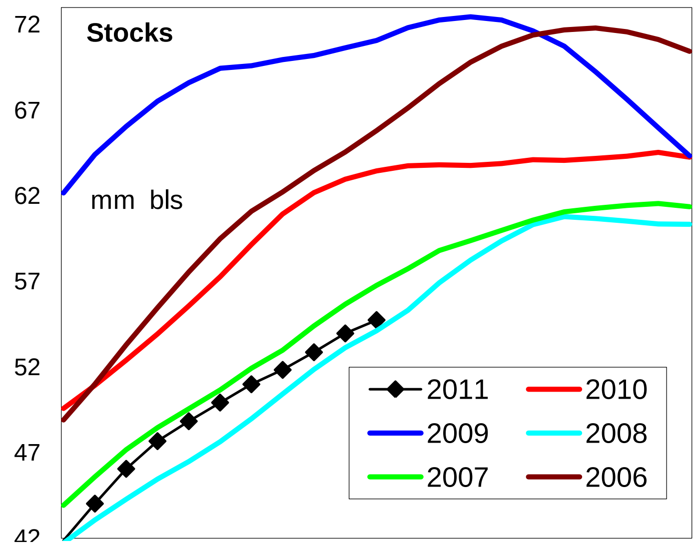


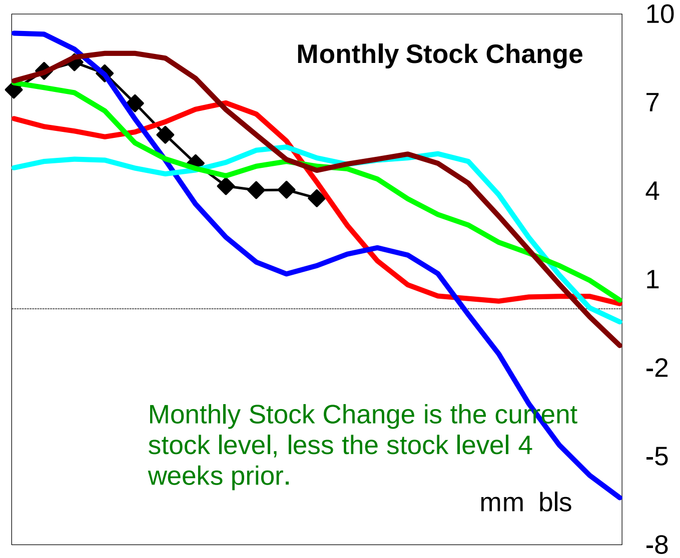


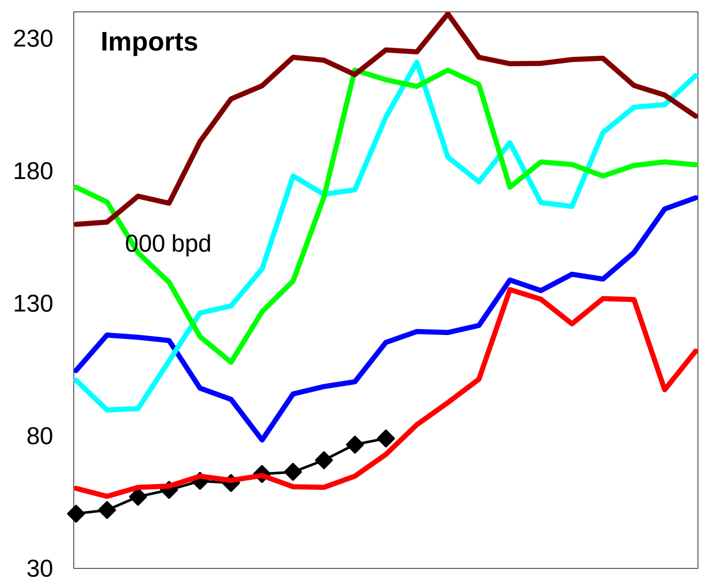


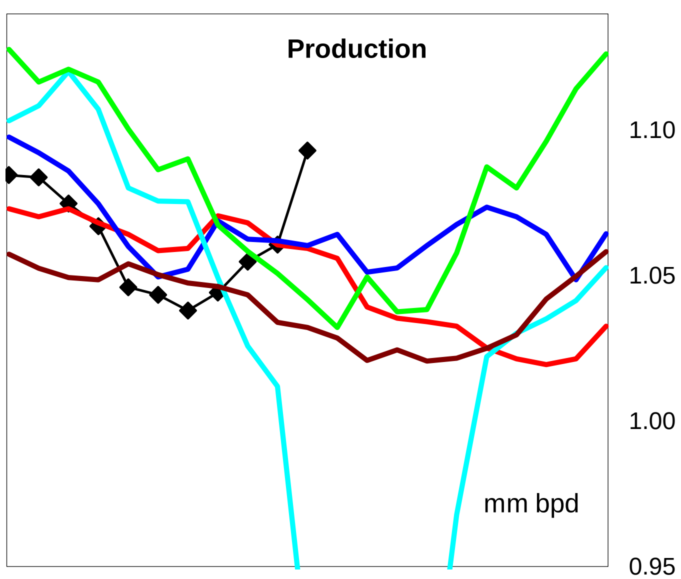


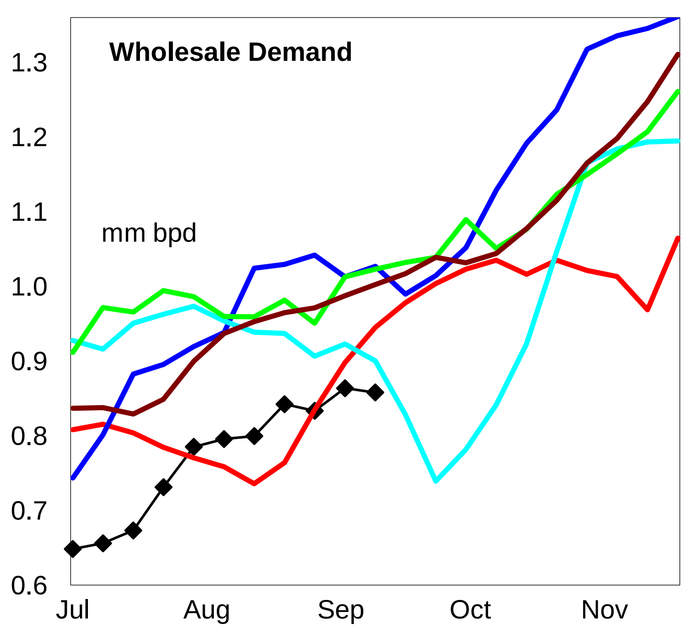
U. S. Propane Supply and Demand Balance

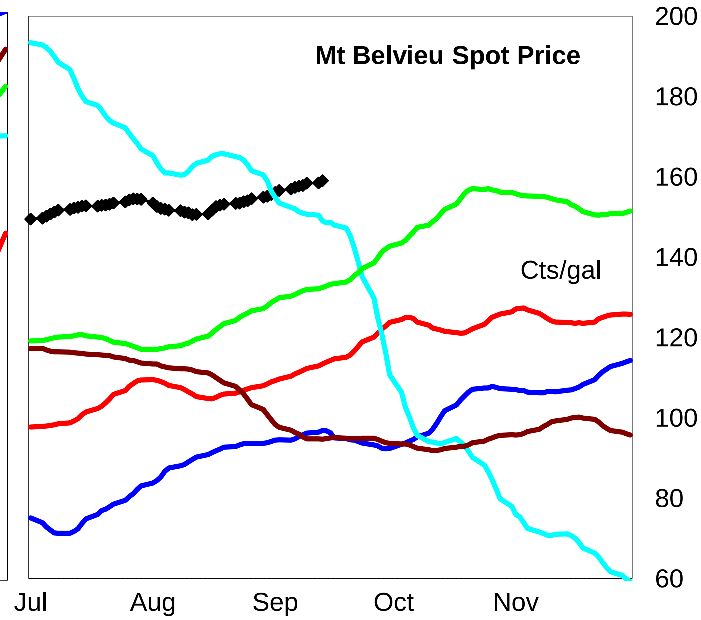












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Aug	Jul	Jun
000 bpd (000 bls stks)	-8,991	-539	-9	16		-45	-106	-186	-153
% change	-14.1	-13	-0.8	26.8		-4.9	-10.9	-20.3	-17.0

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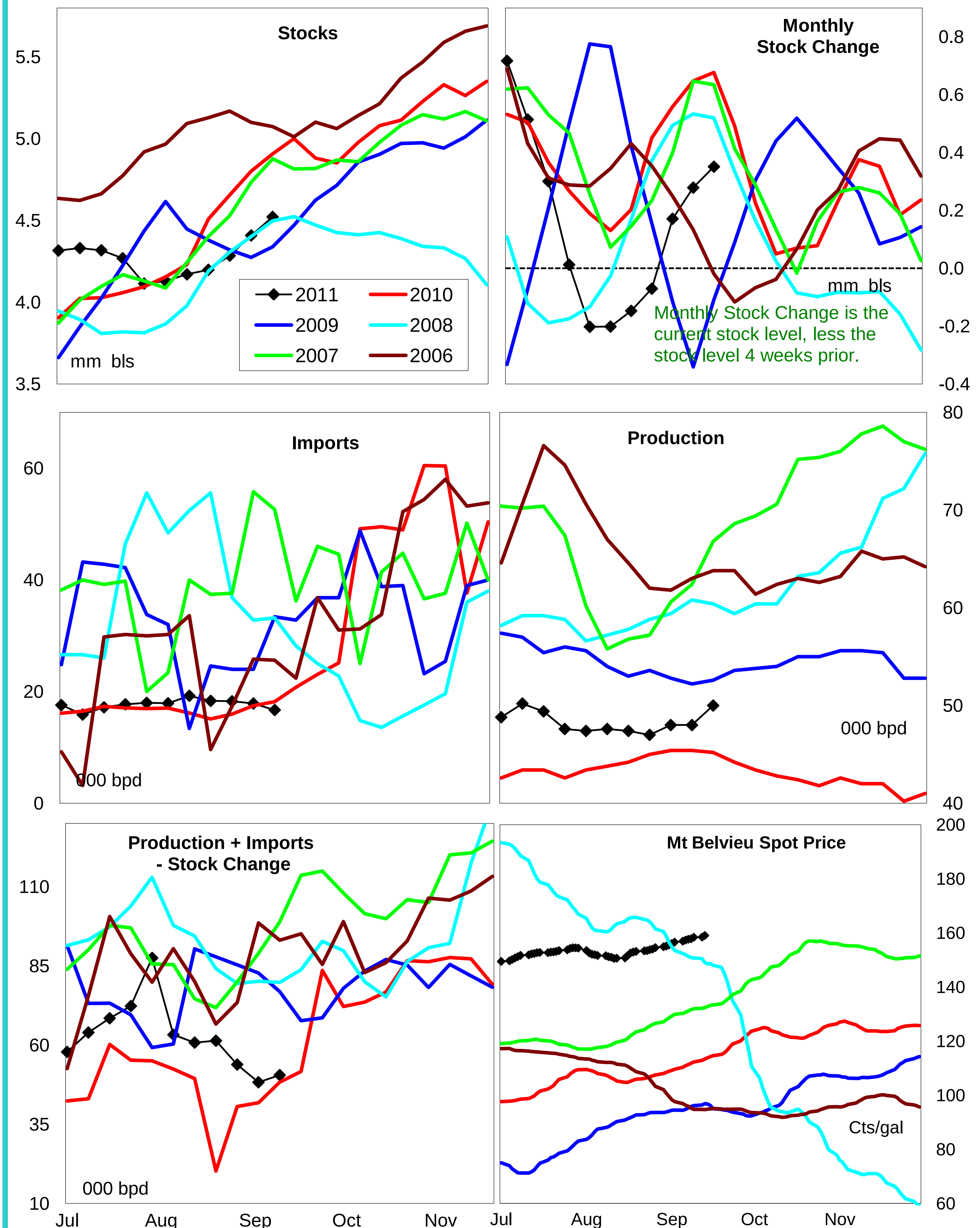
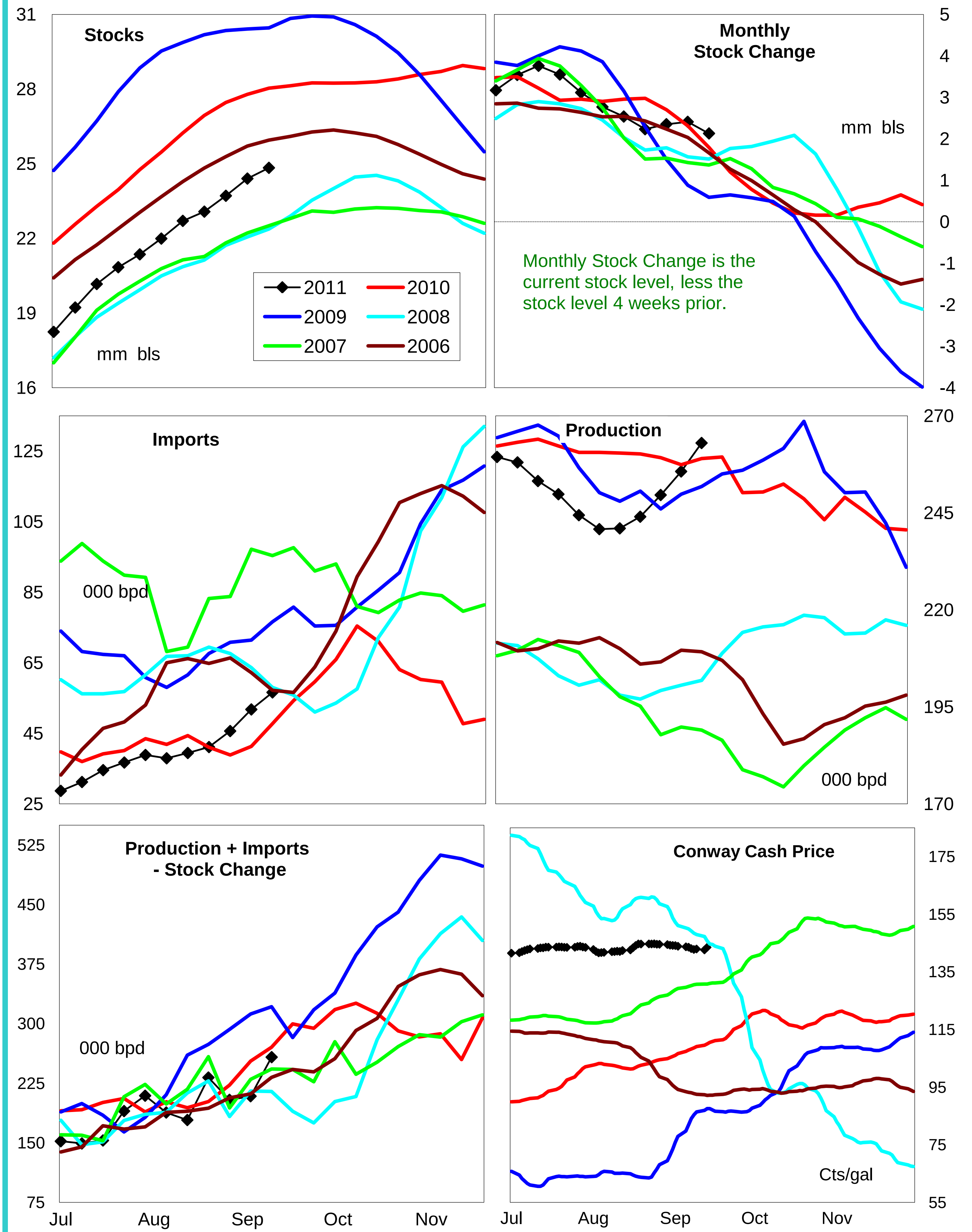
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-407	-326	3	2	16
% change	-8.3	-48.1	6.0	12.3	41.7

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)	-3,286	335	-7	13	-11
% change	-11.7	18.7	-2.7	34.9	-4.8

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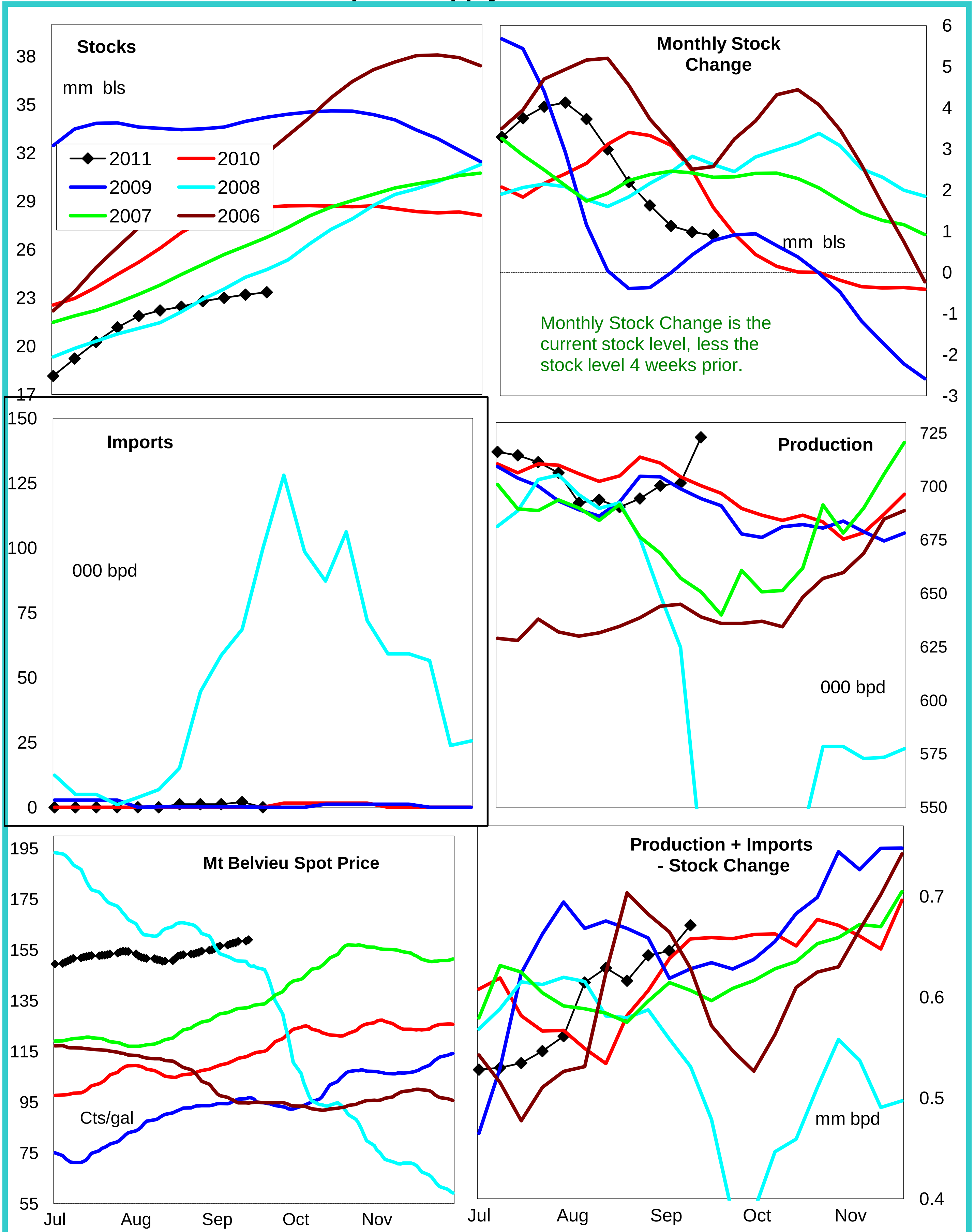
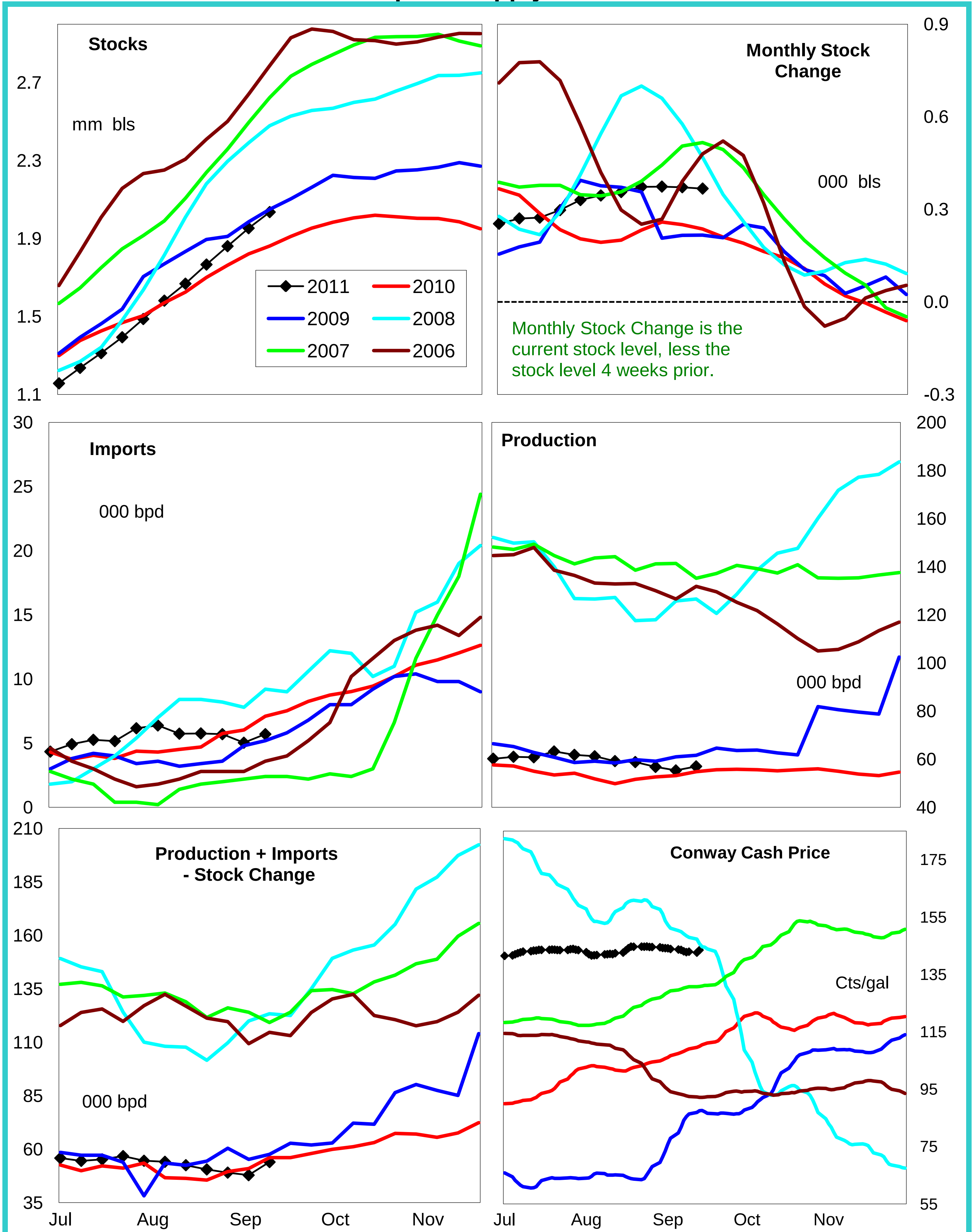
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-5,481	-679	-8	2	23
% change	-19.0	-43.0	-1.1	#DIV/0!	3.5

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)	183	131	4	-1	0
% change	9.9	55.4	6.7	-8.7	-0.3

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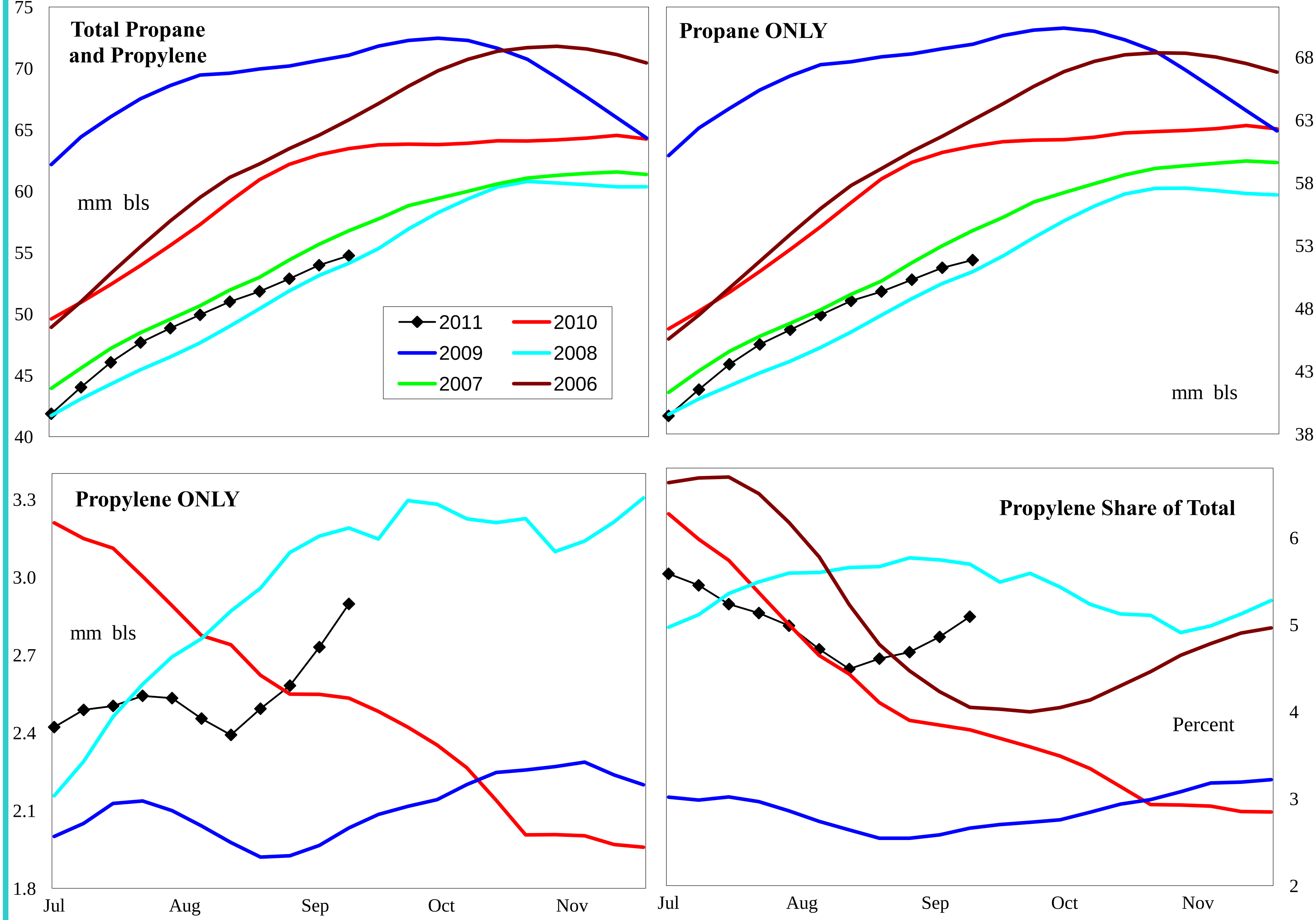
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-8,991	-9,430	364
% change	-14.1	-15.4	14.4

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