



WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

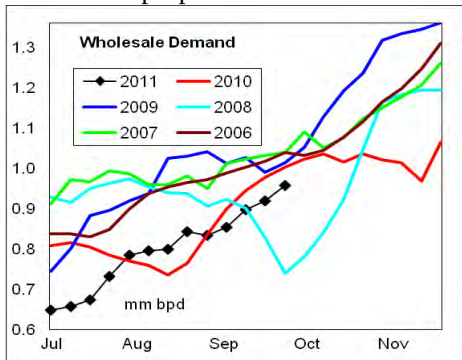
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, September 30, 2011

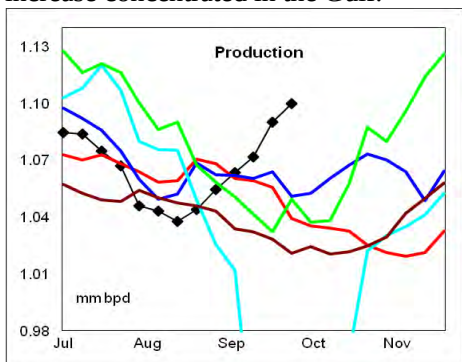
Summary¹:



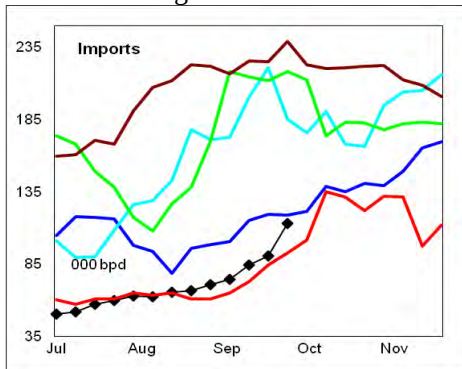
Wholesale demand increased +19,000 bpd on the week. Mild temperatures and dry weather for agriculture harvest has constrained propane use this fall.



Production increased +22,000 bpd on the week, with the level nearly +50,000 bpd above the historic range; with the increase concentrated in the Gulf.



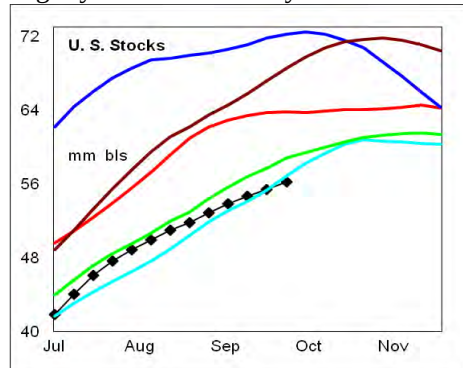
Imports increased +33,000 bpd on the week, with the increase concentrated in PADD 1 as cargoes arrived.



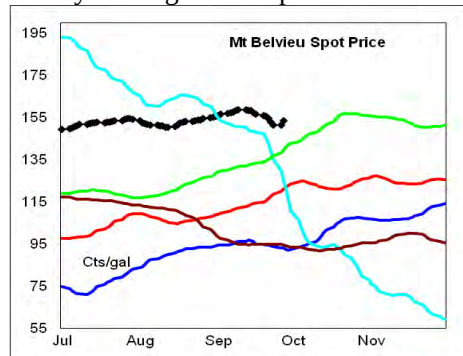
Combined production and imports during the latest 4-wk period were +31,000 bpd above a year ago. Production was +22,000 bpd above last

year, while imports were +9,000 bpd higher. The latest 4-wk average demand was -50,000 bpd below last year.

Stocks increased +0.9 million barrels last week, a level near 5-year lows. The 4-wk stock change was a build of +3.4 million barrels, a level slightly above the last 2-years.



Price and Spreads Mt Belvieu spot prices decreased -2 cpg for the week ending 27Sep11, while Conway spot prices increased +1.50 cpg for the same period. The price level ended the week above the 5-year range for the period.



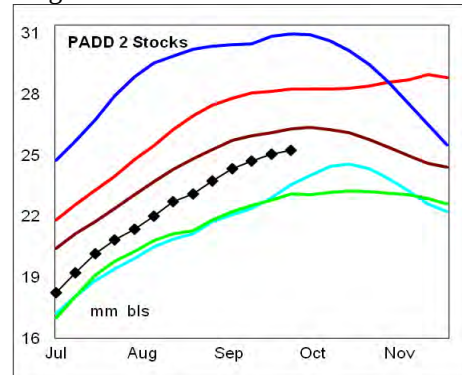
The Conway – Mt Belvieu price spread trended higher last week, in favor of Conway. The spread ended the week at levels below the 5-year range for this time of year.

The propane to natural gas price spread trended lower on the week, although the level remains near record highs.

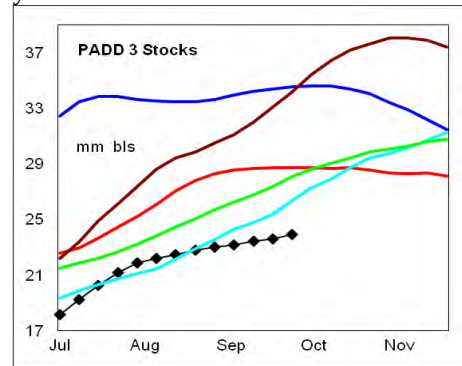
The propane / crude oil price spread trended higher on the week. The level reached new highs during the week, due to the pull back in WTI crude oil prices. **PADD 1** stocks increased +0.3 million barrels last week, as a result of higher imports. Stock levels were above the

mid range. Supply for the latest 4-wk period was +15,000 bpd above last year.

PADD 2 stocks increased +0.2 million barrels on the week. Supply declined -3,000 bpd on lower imports. The latest 4-wk average supply was -4,000 bpd below a year ago, on lower production. Stock levels are well below the mid range.



PAD 3 stocks increased +0.3 million barrels on the week, with the 4-wk rate of stock build comparable to the last 2-years. Stock levels ended the week well below the 5-year range for the week. Production increased +7,000 bpd on the week, to a record high for this time of year.



PADDs 4 & 5 stocks were unchanged on the week. The stock level was comparable to the last 2-years.

Emerging Trends Propane supplies remain tight even with the increase in Gulf production and low domestic use. Exports over 100,000 bpd continue to constrain seasonal stock building and support prices at record levels for this time of year. Slower global economic growth is the primary downside risk to prices.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

September 30, 2011

Fundamental Trends for the Week Ending:

Friday, September 23, 2011

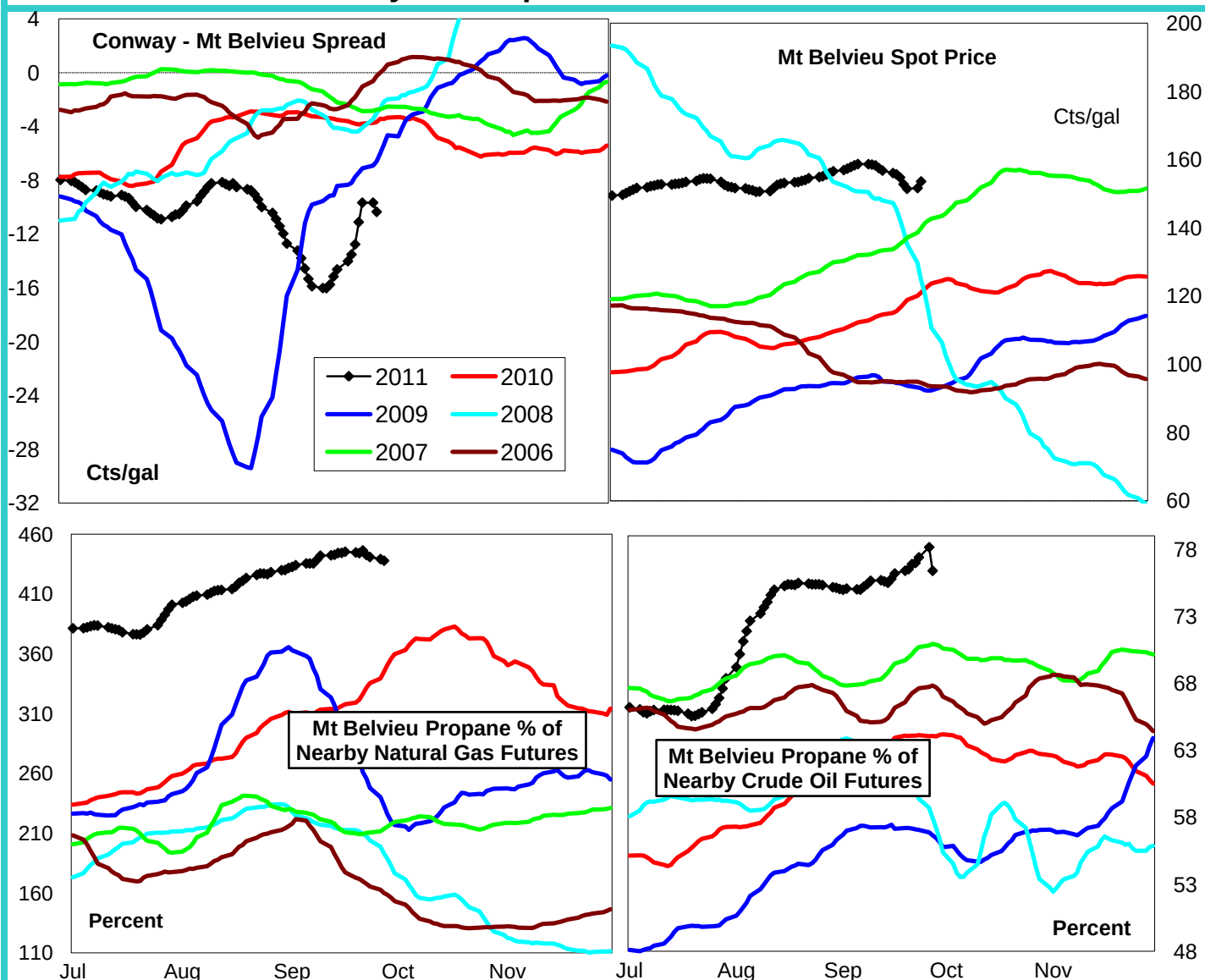
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	56,226	4,917	25,224	23,918	2,167	867	331	164	349	23
Propylene Stocks	3,196					128				
Production	1,100	55	254	733	58	22	3	7	7	5
Imports	113	59	42	0	12	33	40	-10	0	3
Whsle Demand	998					19				

Price Trends for the Week Ending:

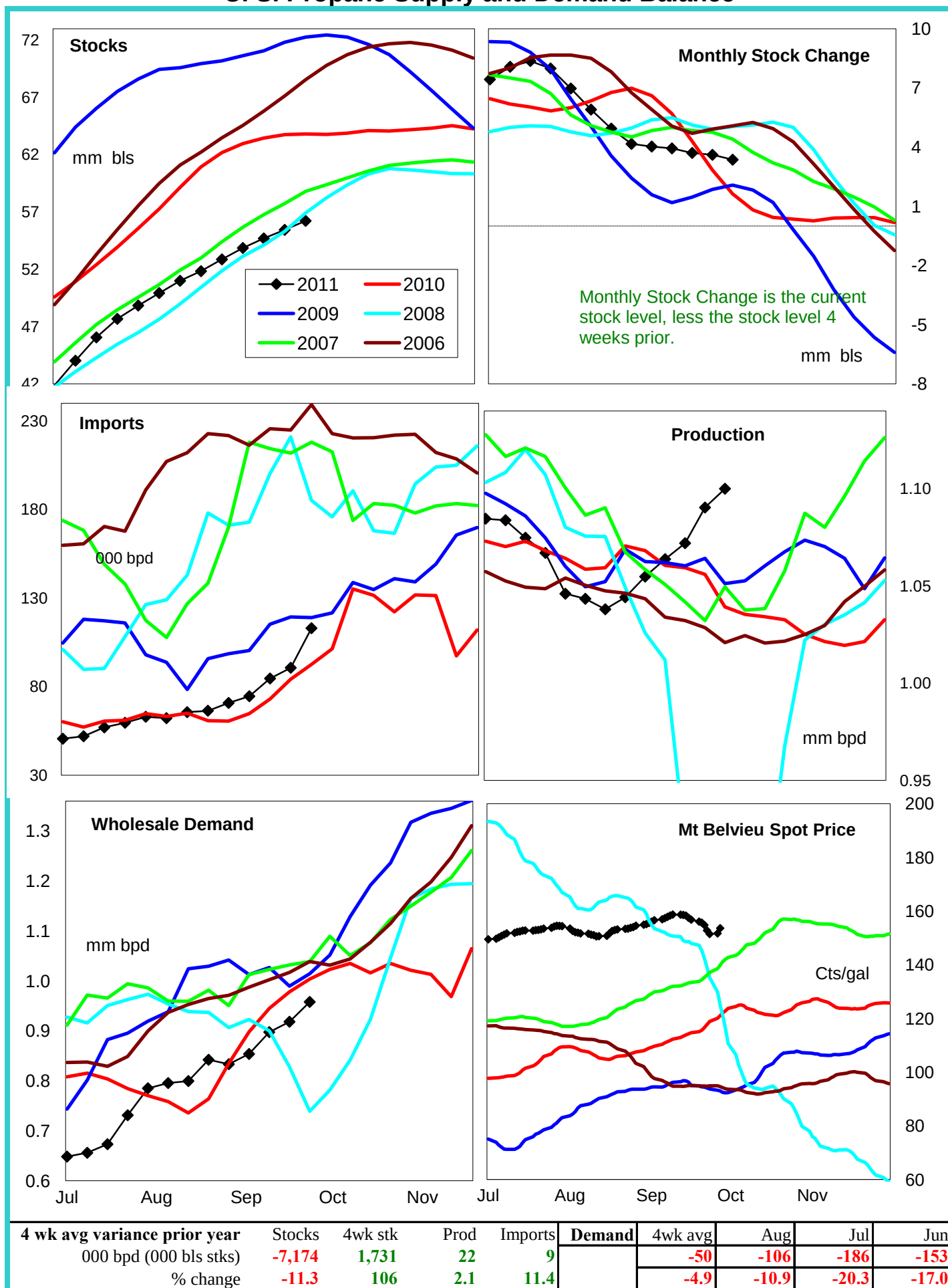
Tuesday, September 27, 2011

Cents/gal	Average for week ending:				Change from:			% change from:		
	9/27/11	9/20/11	8/30/11	9/30/10	9/20/11	8/30/11	9/30/10	9/20/11	8/30/11	9/30/10
Mont Belvieu Spot	151.5	159.2	153.9	117.3	-7.77	5.35	36.53	-4.9	3.5	31.1
Conway Spot	141.8	142.3	144.7	113.7	-0.47	-2.40	31.00	-0.3	-1.7	27.3

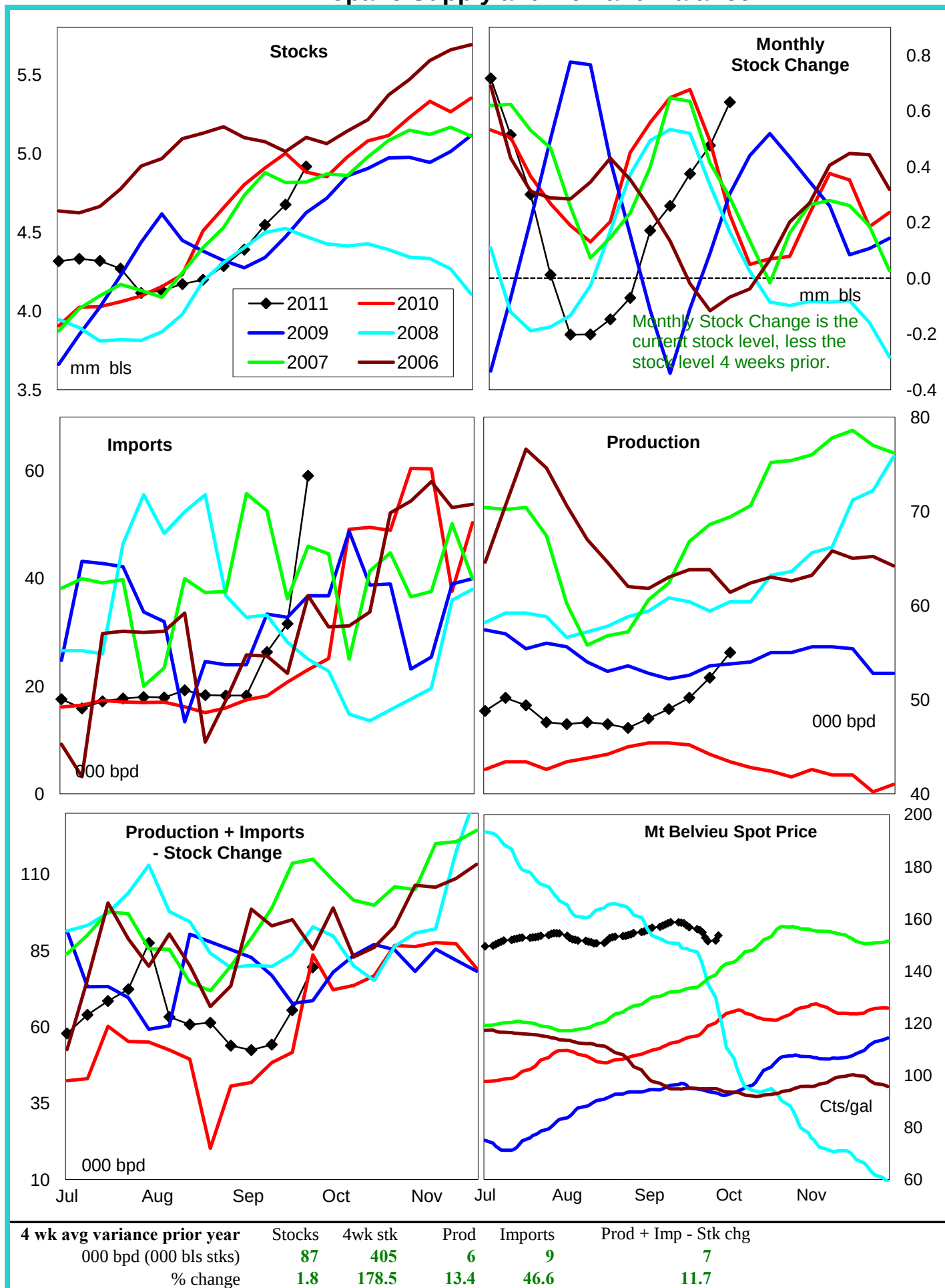
Key Price Spreads and Differentials



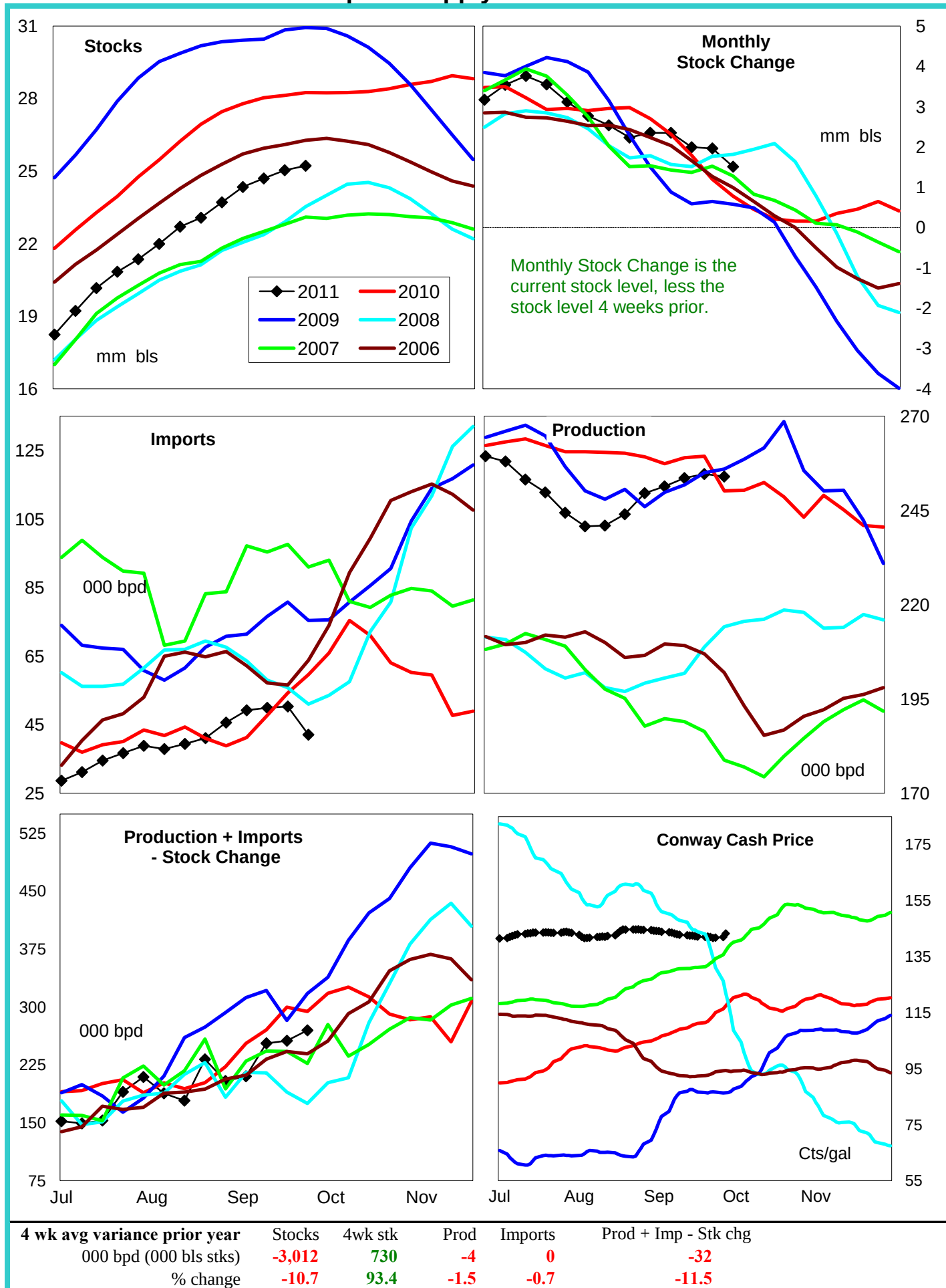
U. S. Propane Supply and Demand Balance



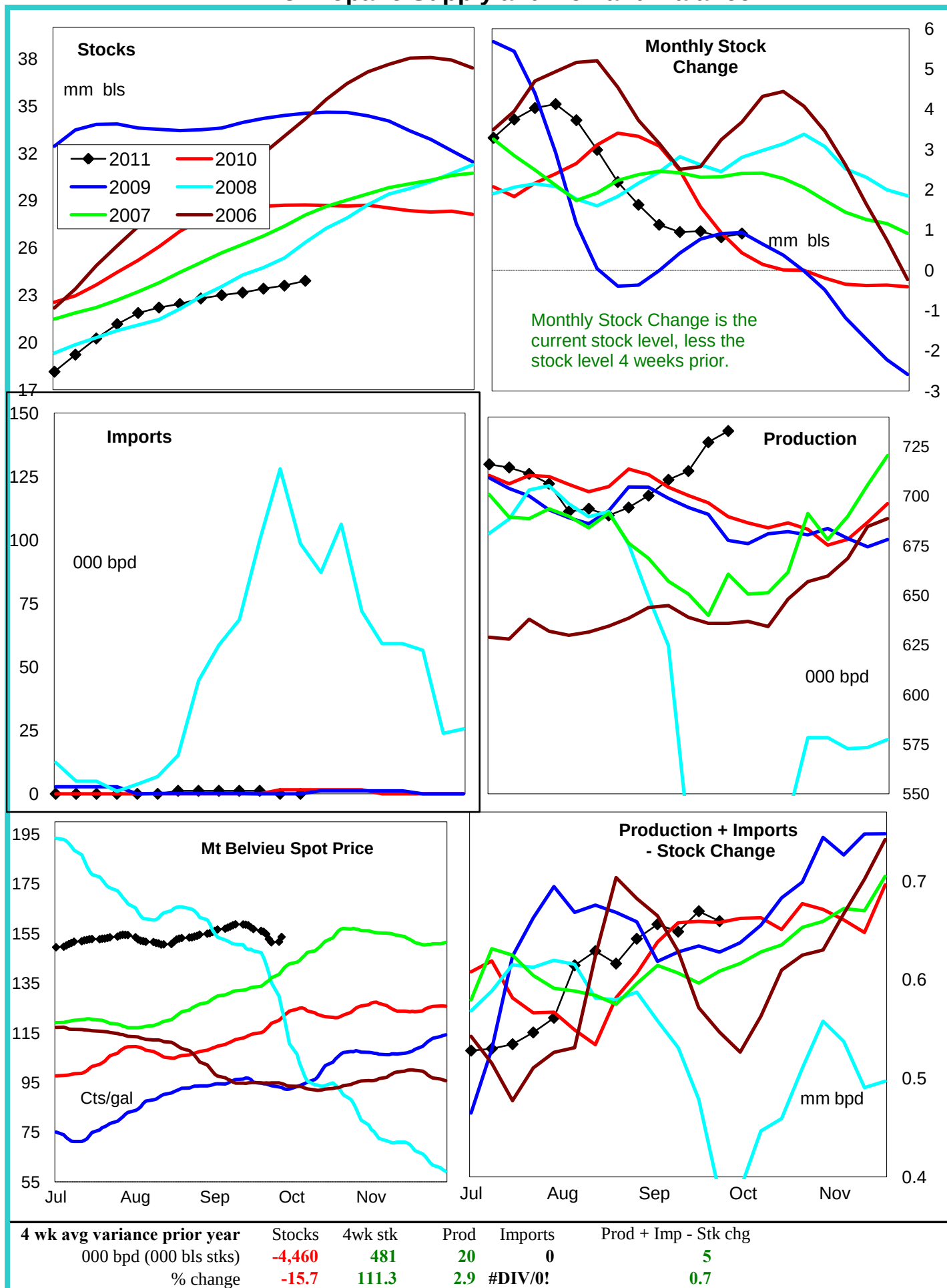
PADD 1 Propane Supply and Demand Balance



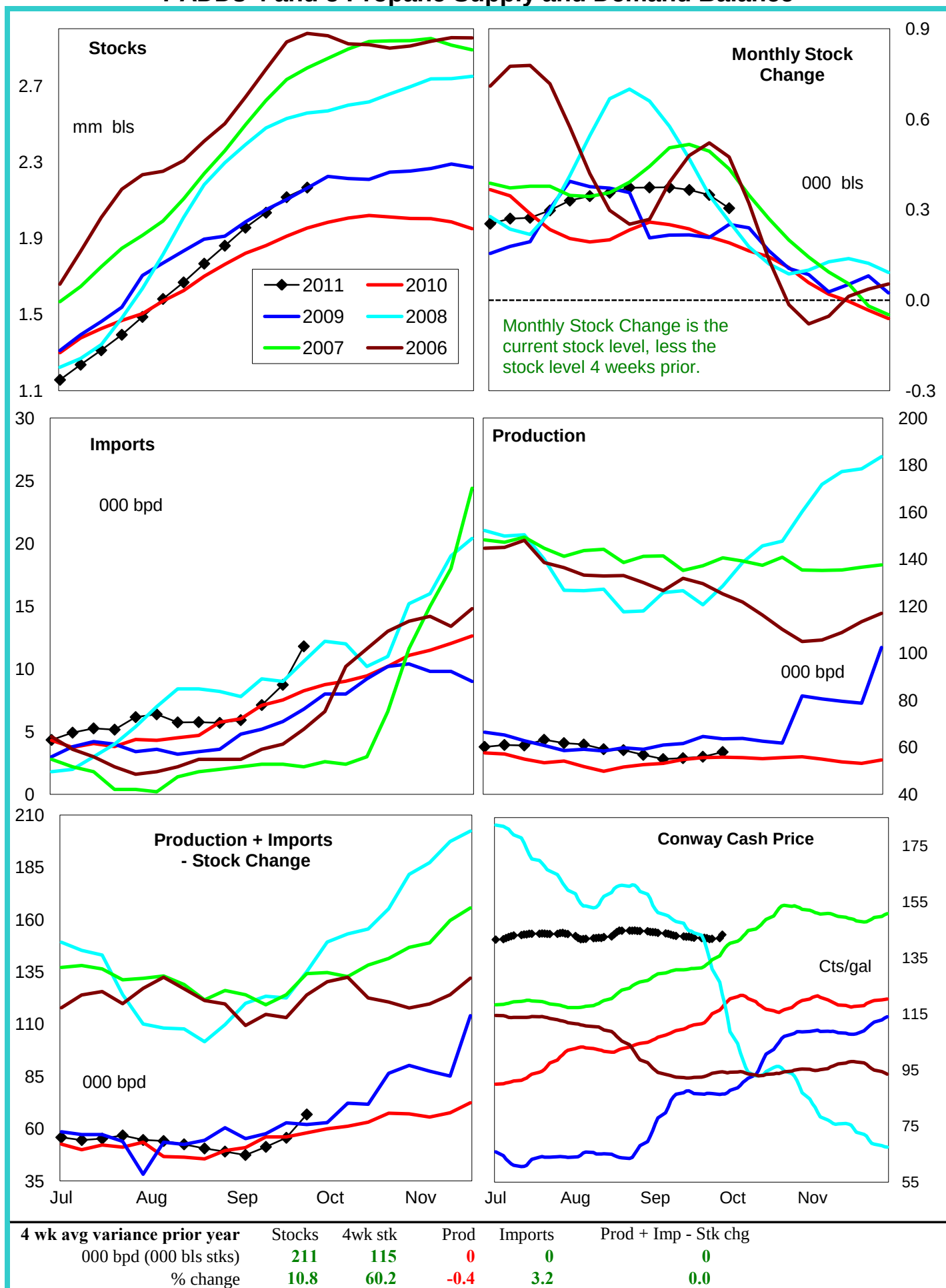
PADD 2 Propane Supply and Demand Balance



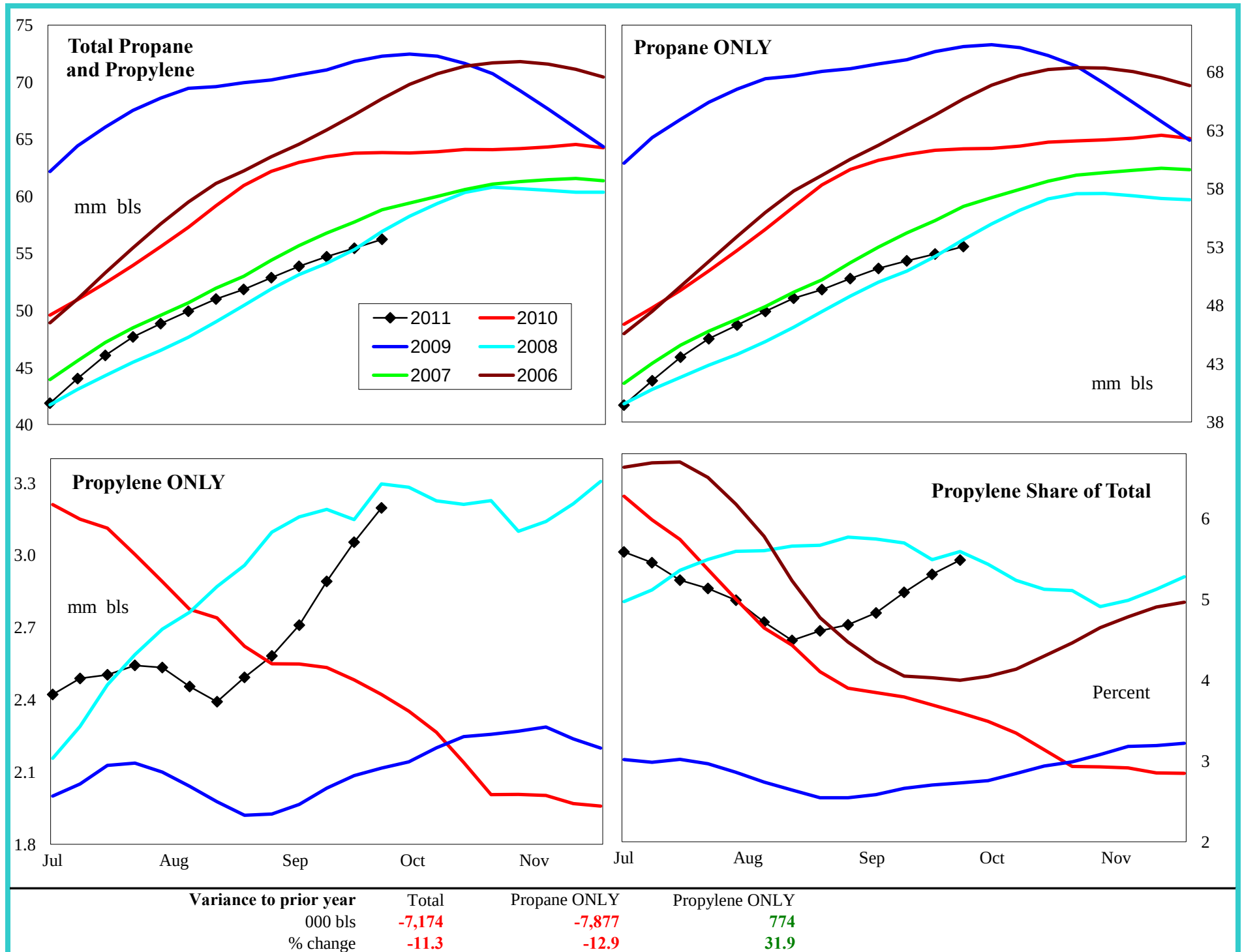
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

