



WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

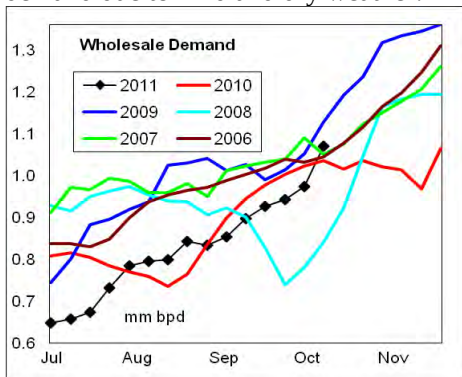
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, October 14, 2011

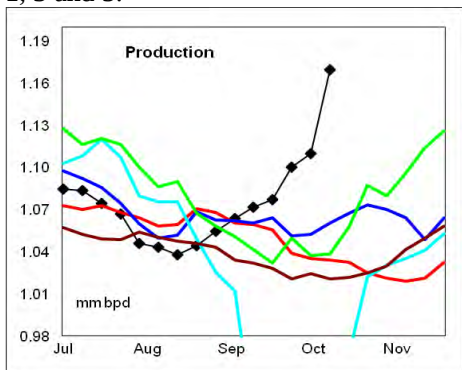
Summary¹



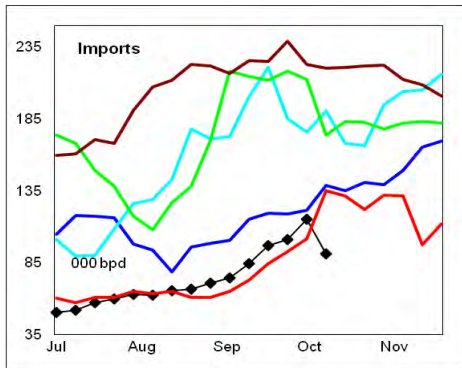
Wholesale demand increased +177,000 bpd on the week, the result of a peak in agriculture harvest, and stock building by the downstream supply chain following the recent price pull back. Demand due to mild and dry weather.



Production jumped +110,000 bpd as refinery process unit maintenance led to an increase in propane output for PADDs 1, 3 and 5.



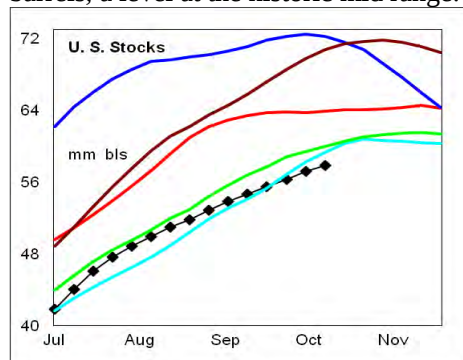
Imports decreased -51,000 bpd on the week, with the fall concentrated in PADD 1.



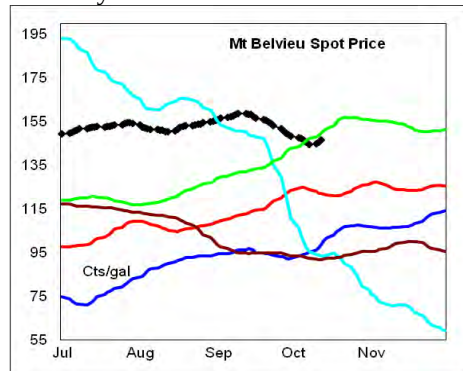
Combined production and imports during the latest 4-wk period were

+74,000 bpd above a year ago. Production was +69,000 bpd above last year, while imports were +5,000 bpd higher. The latest 4-wk average demand was -32,000 bpd below last year.

Stocks increased +0.4 million barrels last week. The 4-wk stock change was a build of +3.2 million barrels, a level at the historic mid range.



Price and Spreads Mt Belvieu spot prices increased +1.5 cpg for the week ending 12Oct11, while Conway spot prices declined -3.25 cpg for the same period. The price level ended the week at the upper end of the 5-year range for this time of year.



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

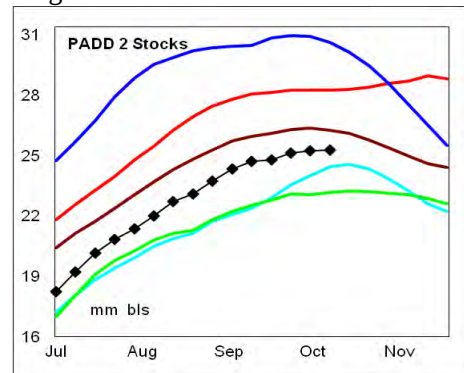
The propane to natural gas price spread trended higher last week, with the level at new record highs.

The propane / crude oil price spread trended sharply lower on the week. The level was slightly above the historic range due to the surge in WTI crude oil prices.

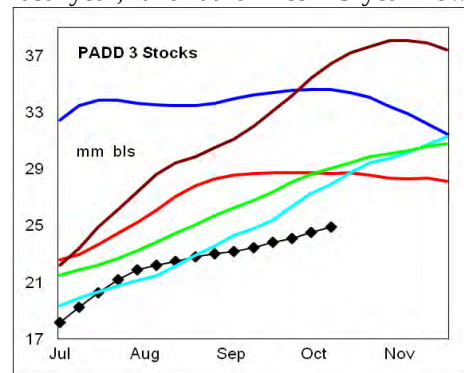
PADD 1 stocks increased +0.2 million

barrels last week, as a result of the jump in production. Stock levels were above the historic range. Supply for the latest 4-wk period was +34,000 bpd above last year.

PADD 2 stocks were unchanged on the week. Supply decreased -9,000 bpd on lower production and imports. The latest 4-wk average supply was -13,000 bpd below a year ago, on lower imports. Stock levels are well below the mid range.



PADD 3 stocks increased +0.2 million barrels on the week, with the 4-wk rate of stock building above the last 2-years. Production increased +27,000 bpd on the week, to a level above the historic range. Stock levels ended the week -15% below last year, and at a fresh 5-year low.



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

Emerging Trends The recent pull back in prices has led to a jump in purchases by distributors for fall customer pre-fills. A rebound in prices is underway with Mt Belvieu leading Conway; indicating export demand.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

October 14, 2011

Fundamental Trends for the Week Ending:

Friday, October 07, 2011

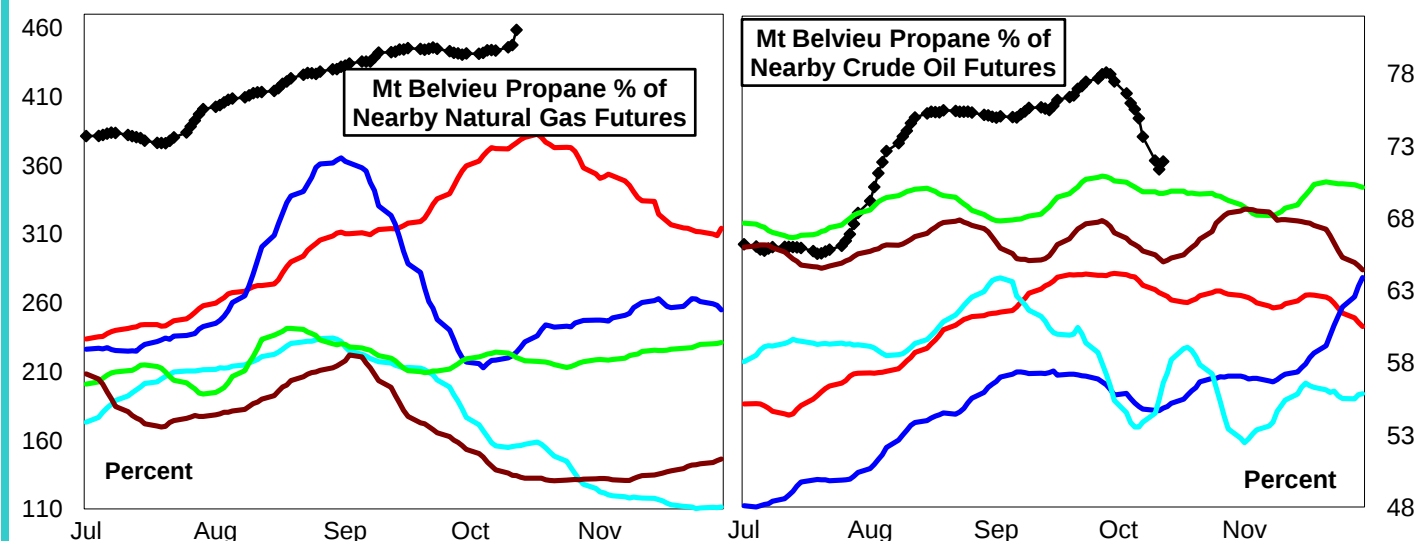
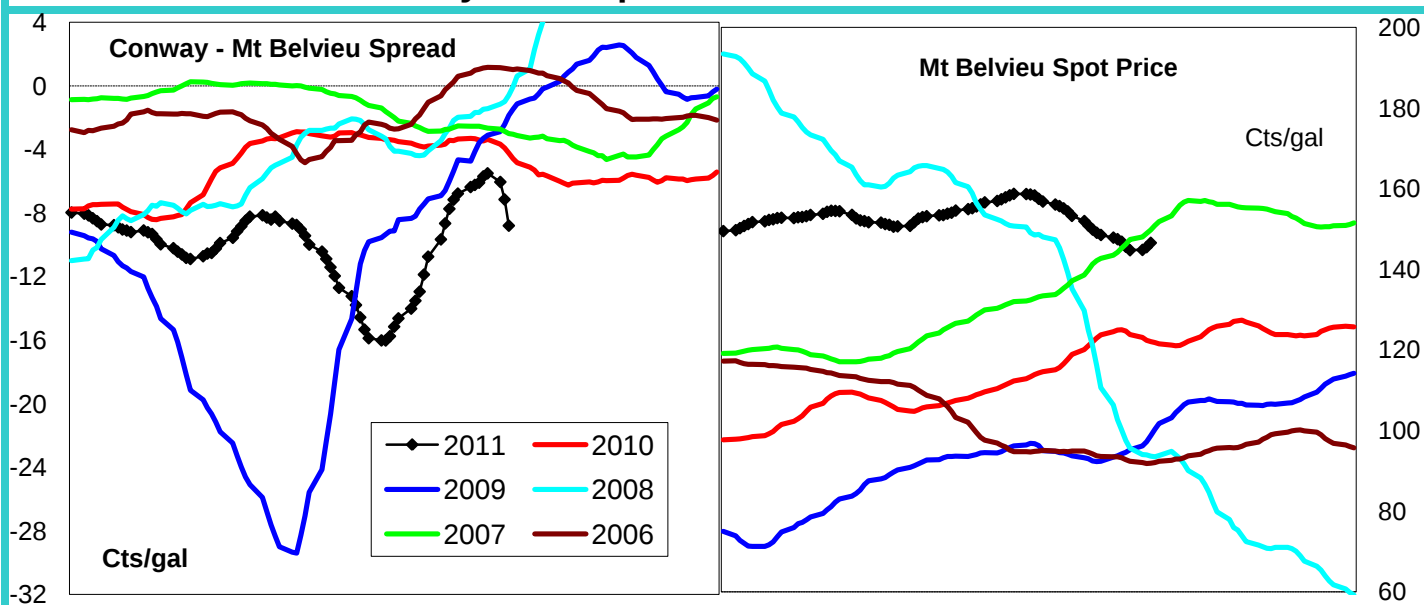
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	57,893	5,480	25,258	24,915	2,240	420	173	28	185	34
Propylene Stocks	3,421					67				
Production	1,170	77	259	721	113	110	26	-1	27	58
Imports	91	22	44	12	13	-51	-52	-8	7	1
Whsle Demand	1,110					177				

Price Trends for the Week Ending:

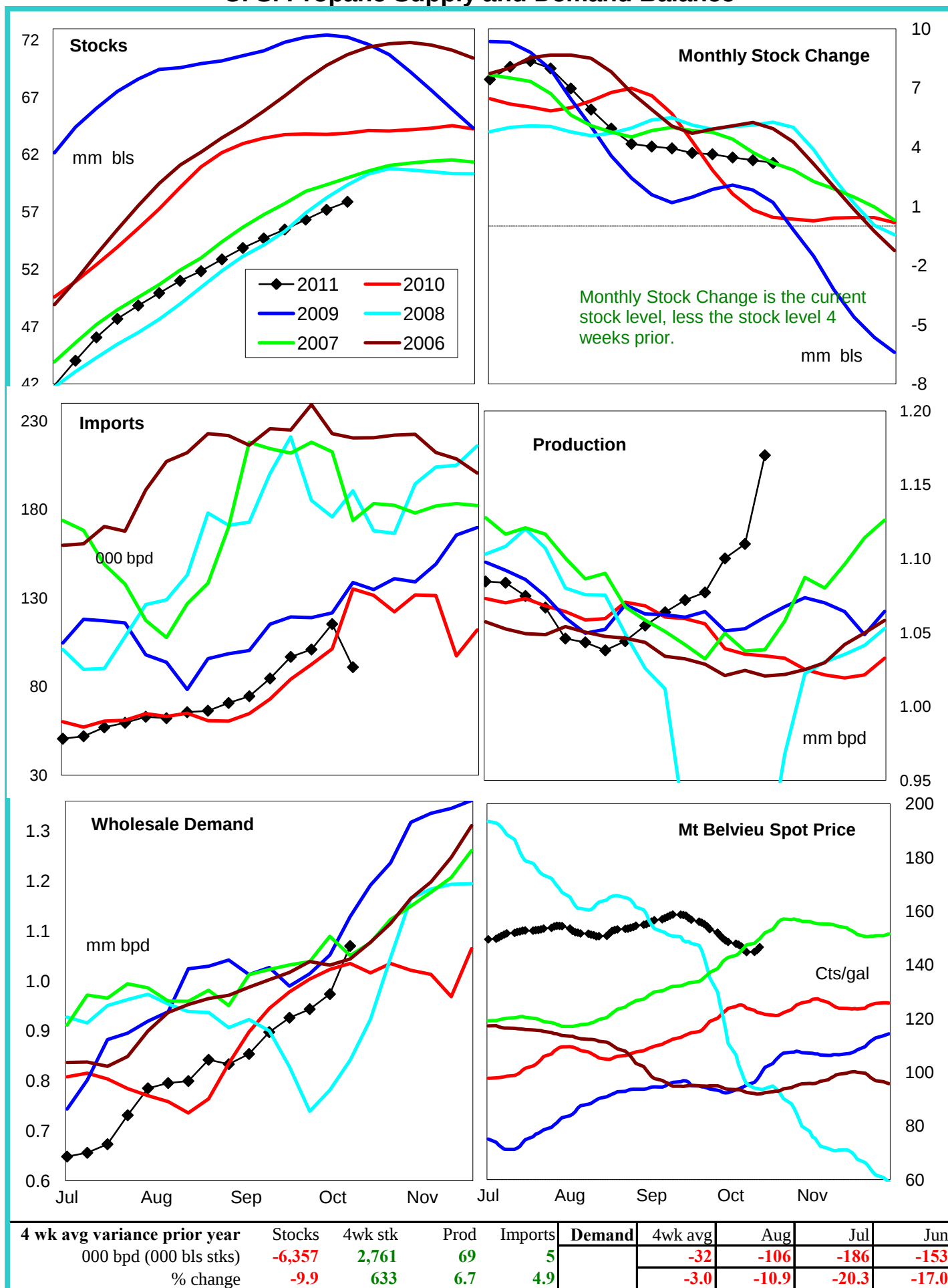
Wednesday, October 12, 2011

Cents/gal	Average for week ending:				Change from:			% change from:		
	10/12/11	10/5/11	9/13/11	10/14/10	10/5/11	9/13/11	10/14/10	10/5/11	9/13/11	10/14/10
Mont Belvieu Spot	144.8	147.7	158.8	124.0	-2.86	-11.17	34.86	-1.9	-7.0	28.1
Conway Spot	138.8	142.2	142.7	120.4	-3.40	-0.52	22.32	-2.4	-0.4	18.5

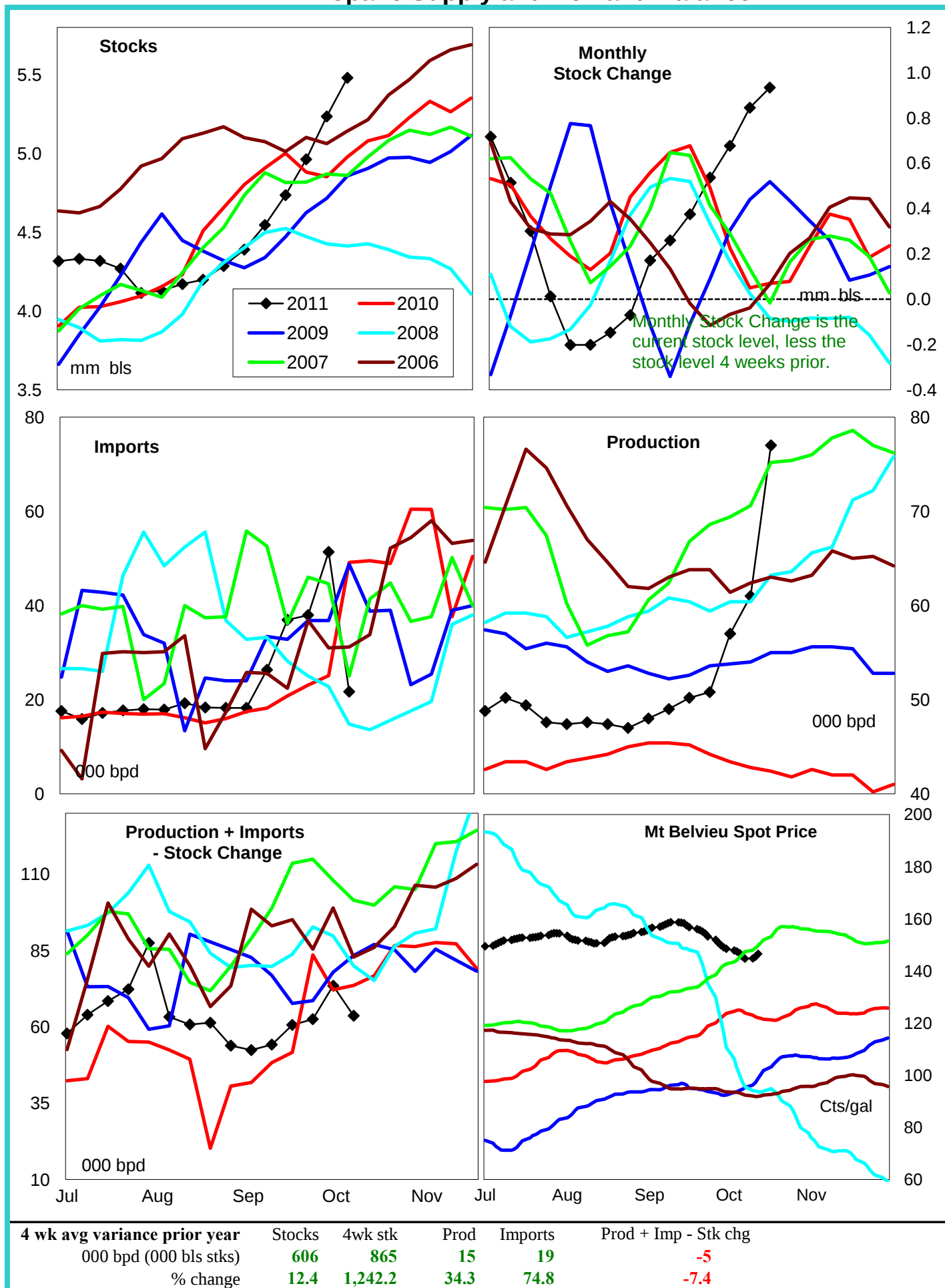
Key Price Spreads and Differentials



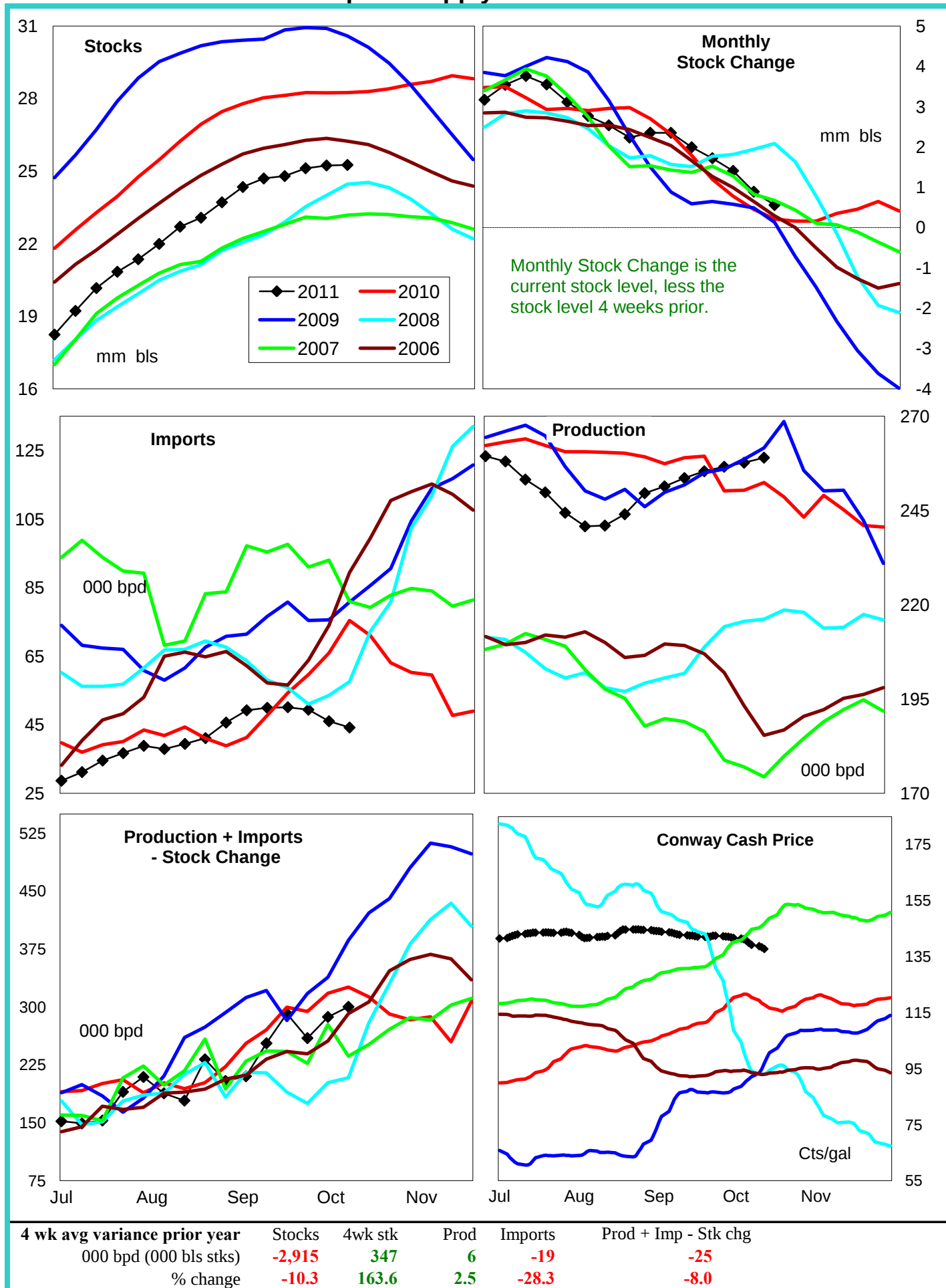
U. S. Propane Supply and Demand Balance



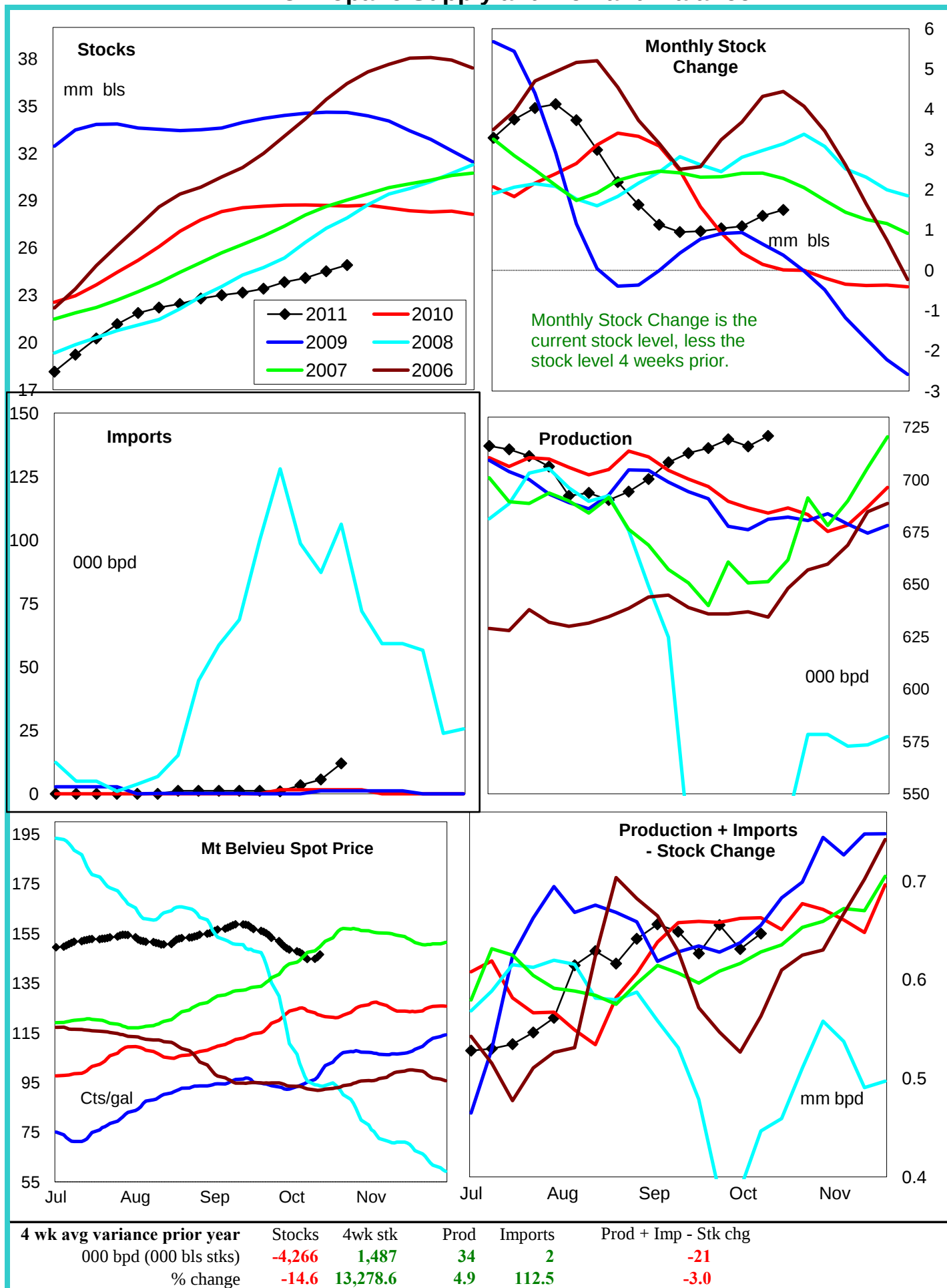
PADD 1 Propane Supply and Demand Balance



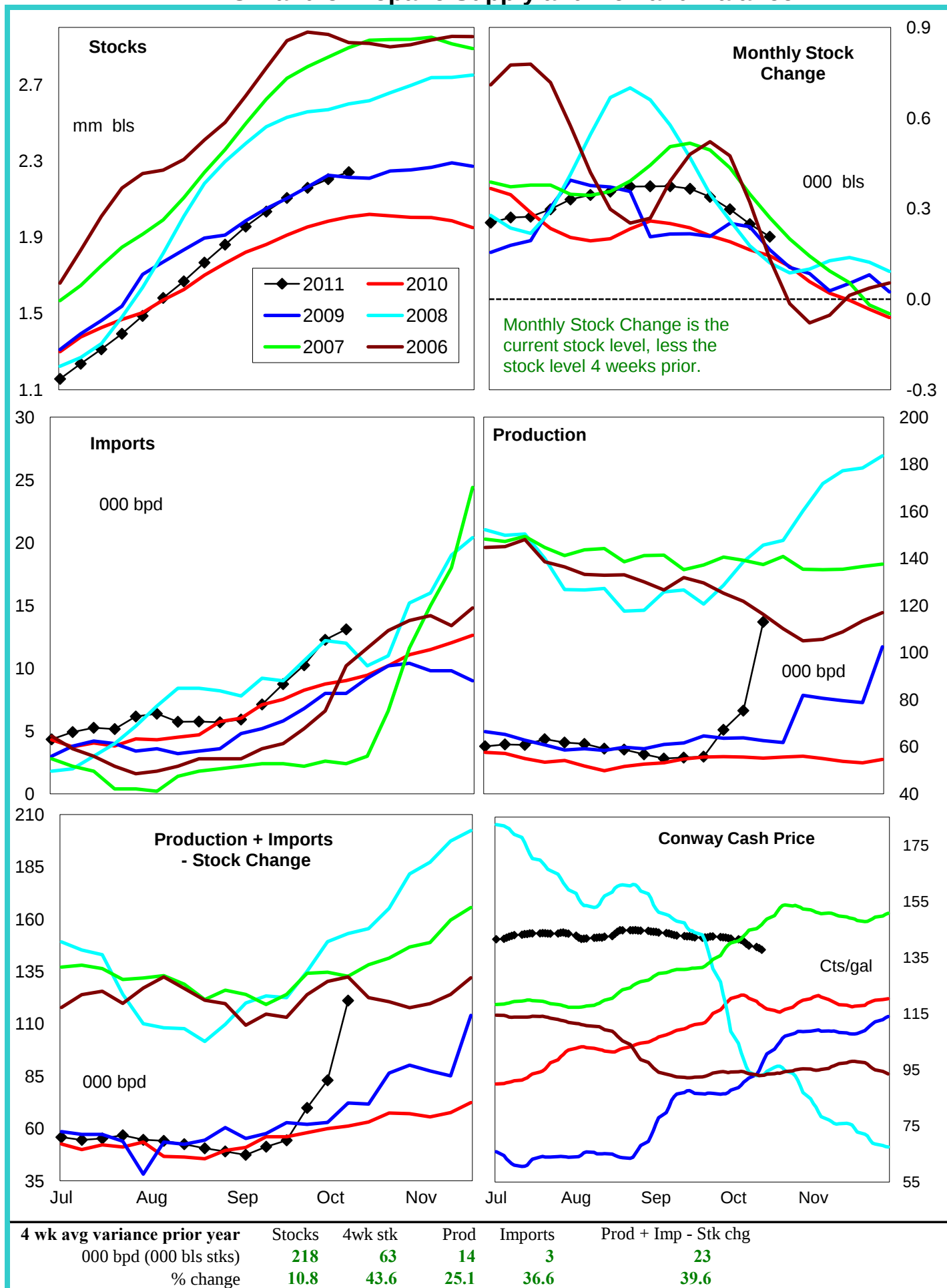
PADD 2 Propane Supply and Demand Balance



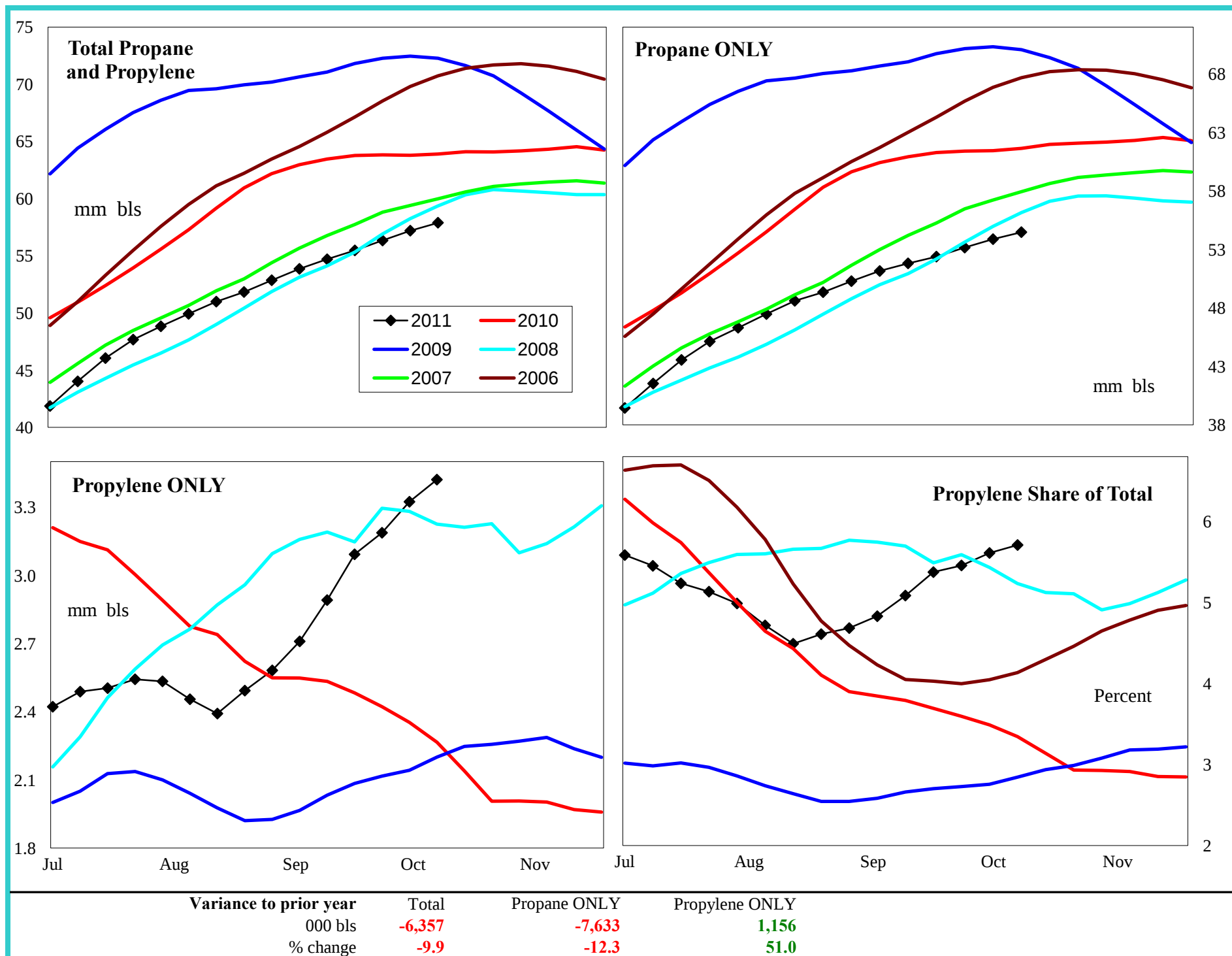
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

