FUNDAMENTAL PETROLEUM TRENDS

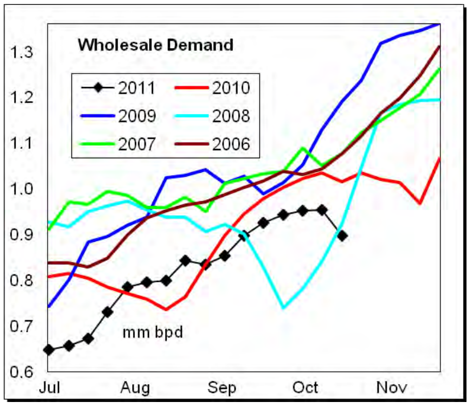
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

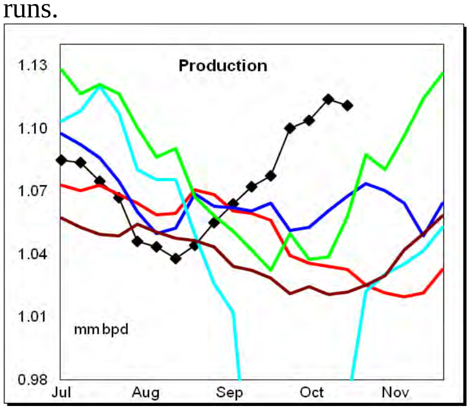
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, October 19, 2011

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

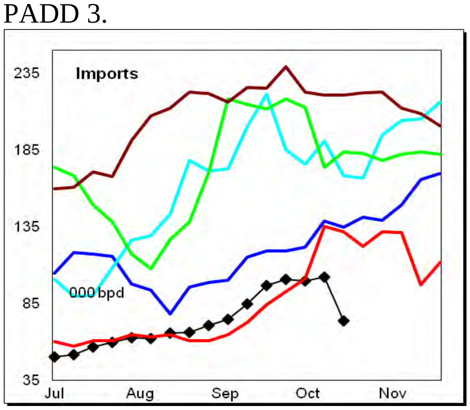
Wholesale demand fell -172,000 bpd on the week, the result of mild weather that reduced heating and grain drying demand.



Production decreased 59,000 bpd as refinery maintenance reduced crude oil runs.



Imports decreased -17,000 bpd on the week, with the fall concentrated in PADD 3.

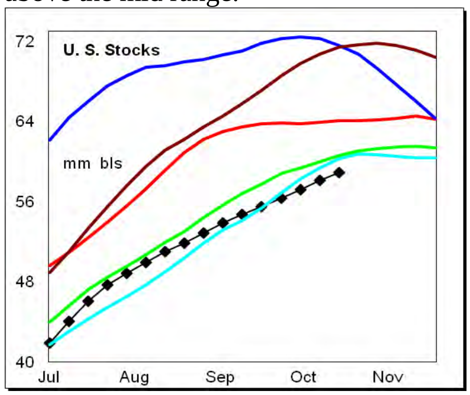


Combined production and imports during the latest 4-wk period were +75,000 bpd above a year ago.

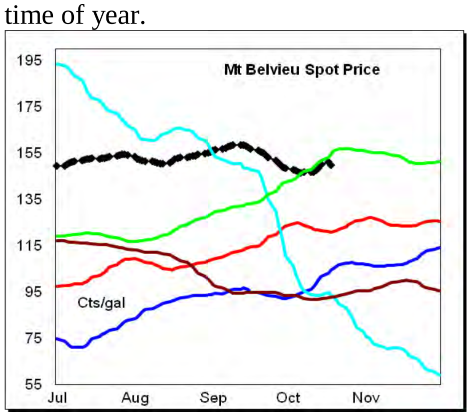
[1] Source is latest EIA Weekly Statistics

Production was +73,000 bpd above last year, while imports were +2,000 bpd higher. The latest 4-wk average demand was -74,000 bpd below last year.

Stocks increased +1 million barrels last week. The 4-wk stock change was a build of +3.5 million barrels, a level just above the mid range.



Price and Spreads Mt Belvieu spot prices increased +3.75 cpg for the week ending 18Oct11, while Conway spot prices declined -1.25 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.



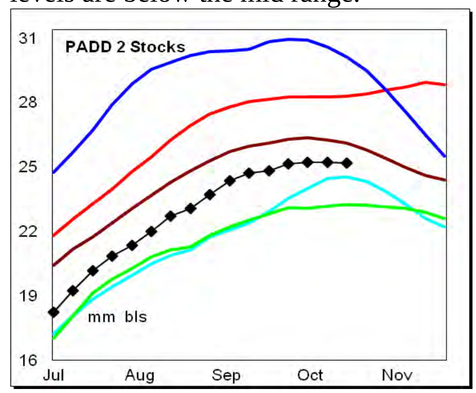
The Conway – Mt Belvieu price spread trended lower last week, in favor of Mt Belvieu. The spread ended the week at levels well below the historic range for this time of year.

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

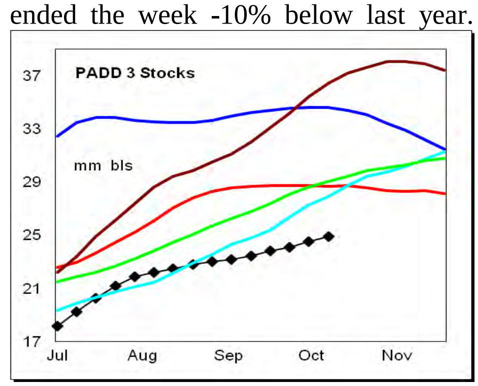
The propane / crude oil price spread trended lower on the week. The level was slightly above the historic range due to strength in WTI crude oil prices.

PADD 1 stocks increased +0.1 million barrels last week. Stock levels were above the historic range. Supply for the latest 4-wk period was +39,000 bpd above last year.

PADD 2 stocks decreased -0.1 million barrels on the week. Supply increased +4,000 bpd. The latest 4-wk average supply was -13,000 bpd below a year ago, on extremely low imports. Stock levels are below the mid range.



PAD 3 stocks increased +0.9 million barrels on the week, with the 4-wk rate of stock building well above the last 2-years. Supply fell -69,000 bpd on a sharp drop in production. Stock levels ended the week -10% below last year.



PADDs 4 & 5 stocks increased +0.1 million barrels on the week. The stock level was slightly above the last 2-years.

Emerging Trends Demand continues to lag behind previous years, the result of mild temperatures and dry weather. Production has increased +73,000 bpd above a year ago, leading to an above average rate of stock building during the latest 4-wk period. Stock levels remain at the low end of the historic range.

The risk of slower global economic growth that reduces export demand may partially offset higher heating demand, constraining the seasonal price uptrend.

PROPANE: Graph Link and Weekly Summary

October 19, 2011

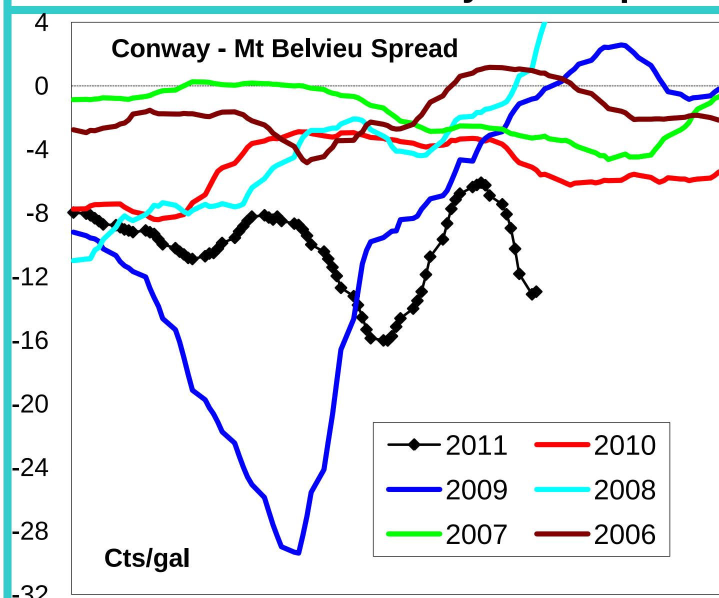
Fundamental Trends for the Week Ending: Friday, October 14, 2011

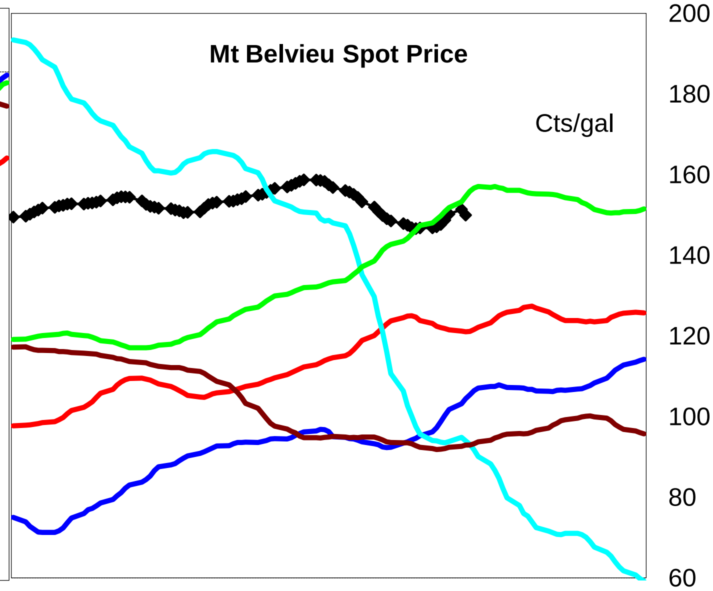
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	58,929	5,588	25,188	25,848	2,305	1,036	108	-70	933	65
Propylene Stocks	3,536					115				
Production	1,111	65	269	664	113	-59	-12	10	-57	0
Imports	74	25	38	0	11	-17	3	-6	-12	-2
Whsle Demand	938					-172				

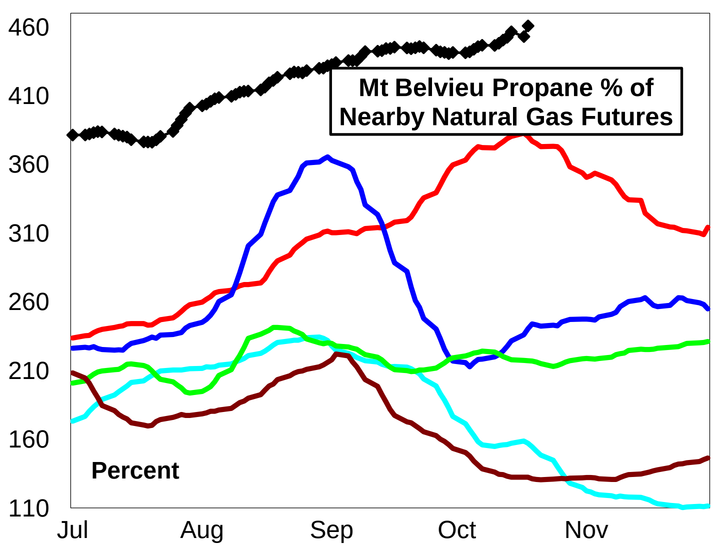
Price Trends for the Week Ending: Tuesday, October 18, 2011

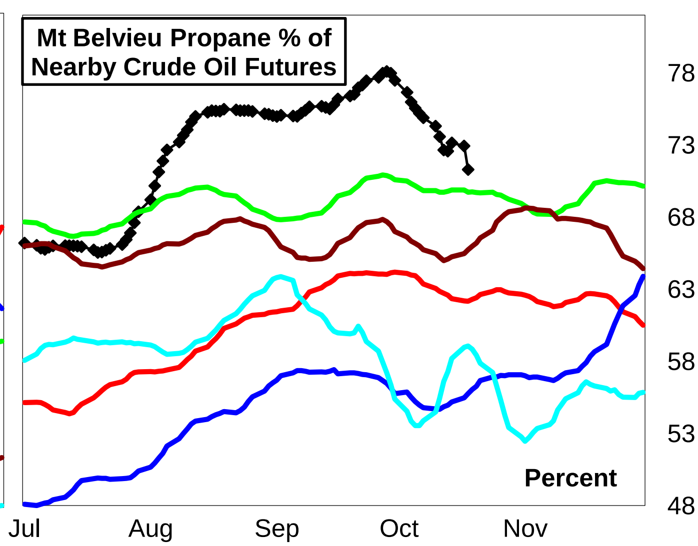
Cents/gal	Average for week ending:				Change from:			% change from:		
	10/18/11	10/11/11	9/19/11	10/20/10	10/11/11	9/19/11	10/20/10	10/11/11	9/19/11	10/20/10
Mont Belvieu Spot	150.2	144.5	159.2	119.2	5.76	-14.75	40.06	4.0	-9.3	33.6
Conway Spot	138.4	139.4	142.3	114.4	-1.00	-2.85	27.85	-0.7	-2.0	24.3

Key Price Spreads and Differentials

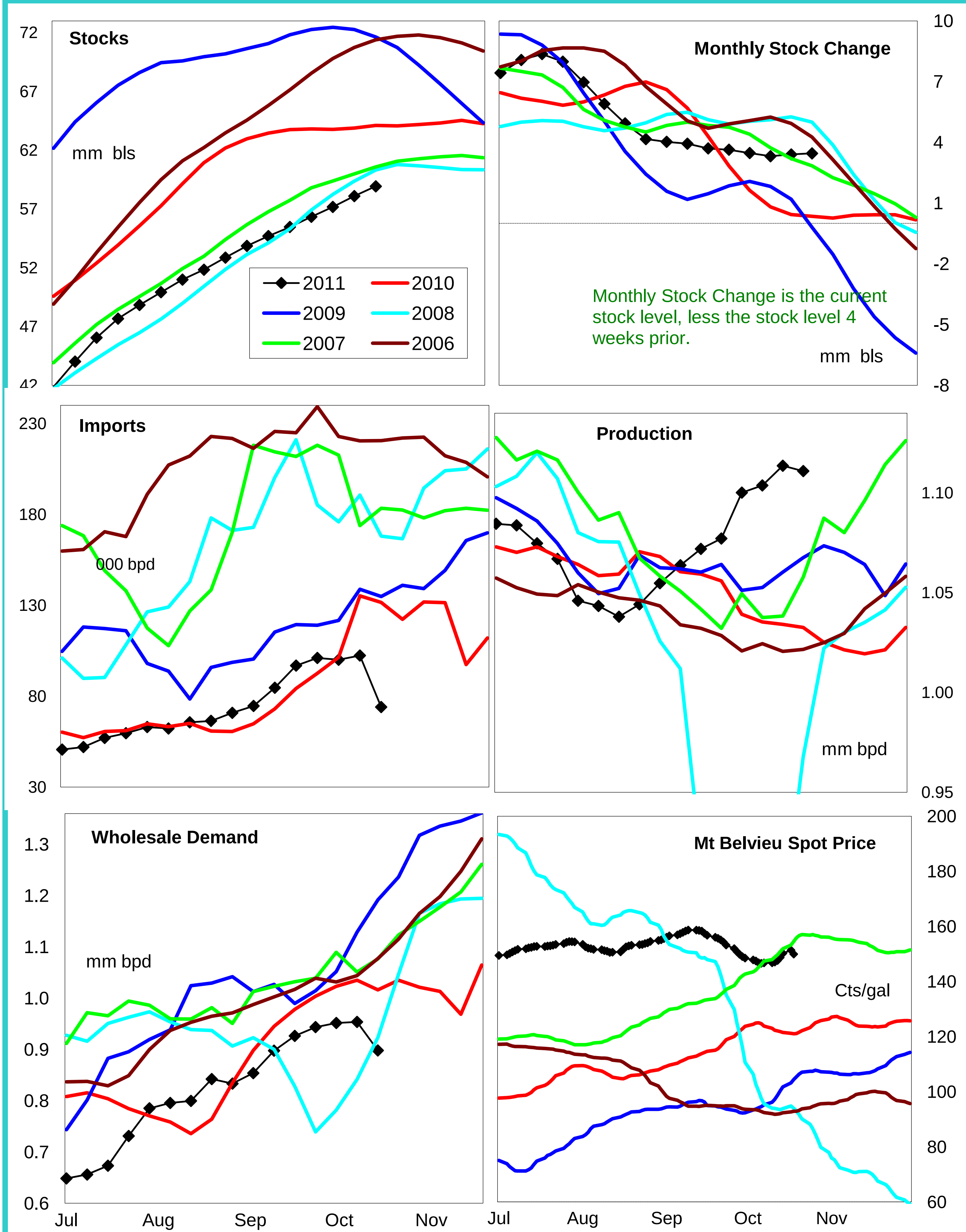








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Sep	Aug	Jul
000 bpd (000 bls stks)	-4,620	3,111	73	2		-74	-88	-106	3
% change	-7.3	901	7.0	1.4		-6.9	-8.5	-10.9	0.3

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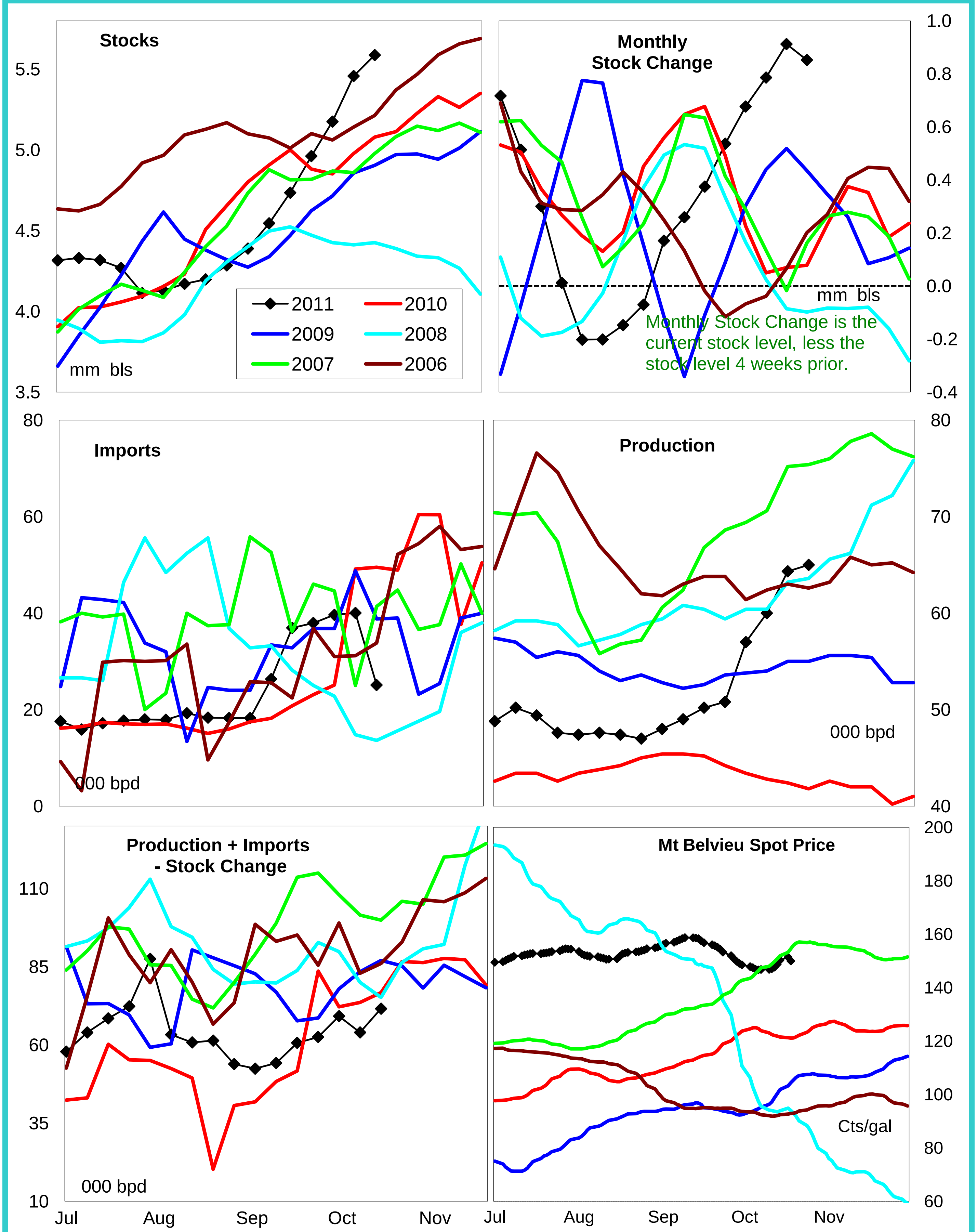
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	808	774	20	19	-10
% change	16.9	984.7	46.7	74.7	-12.7

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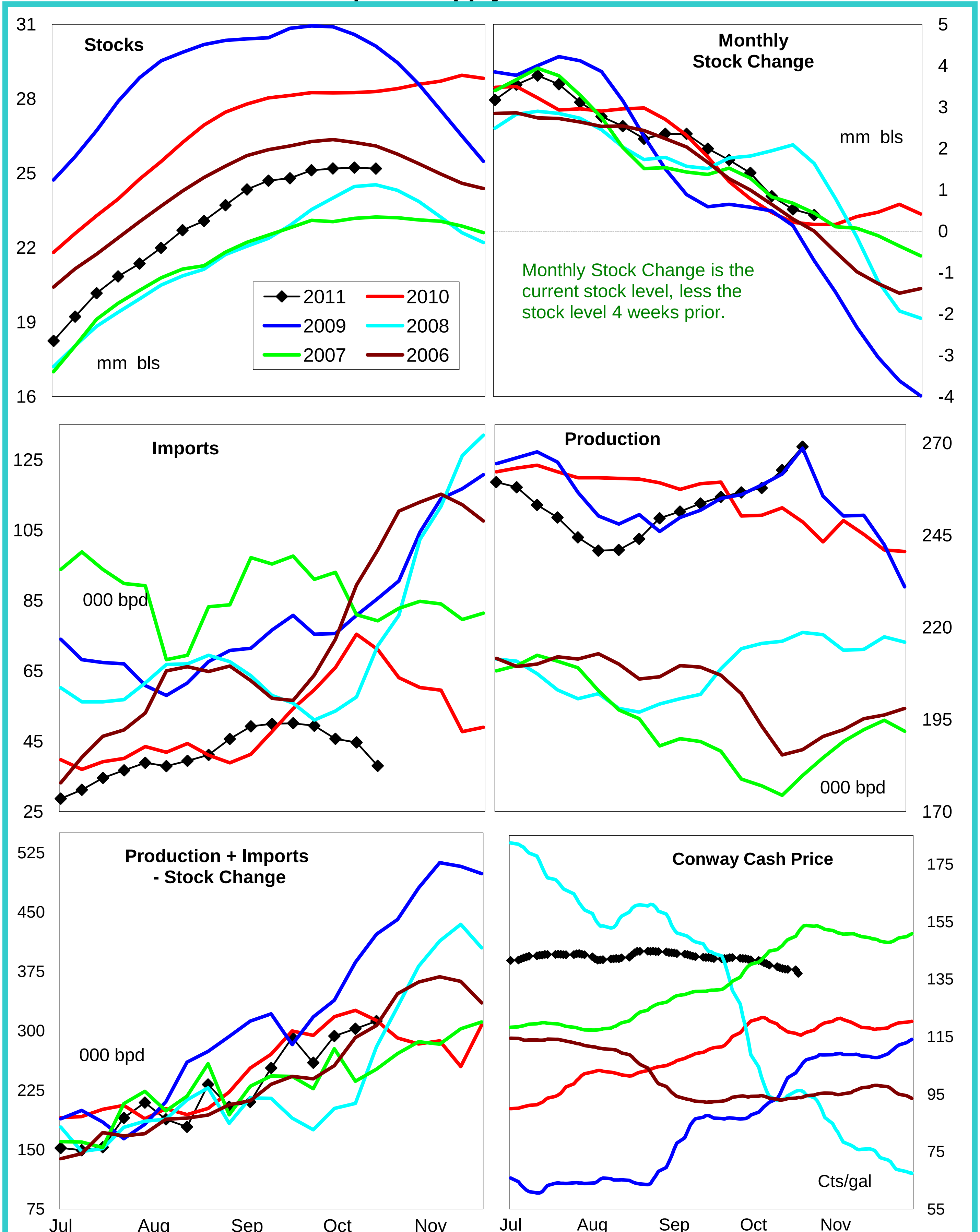
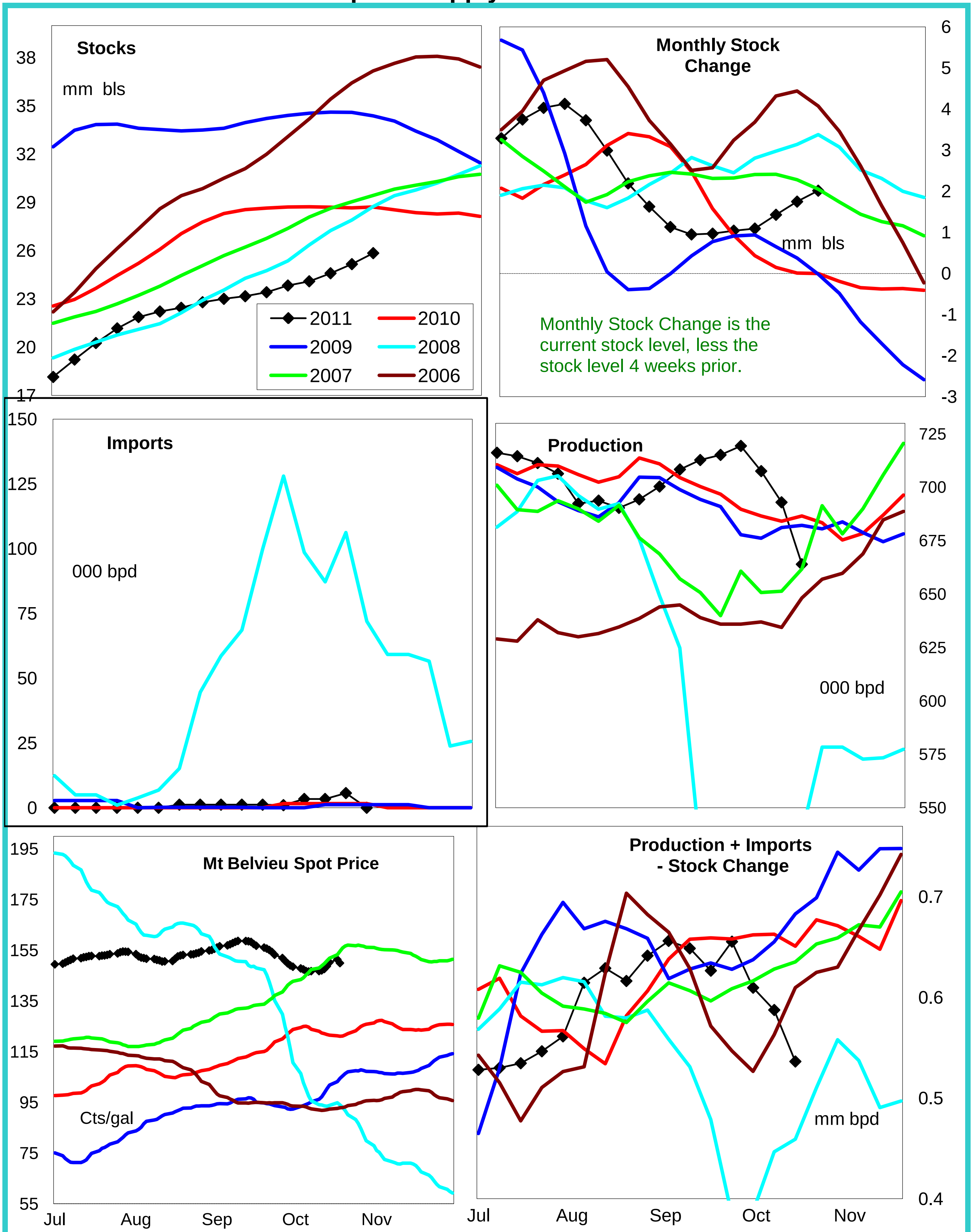
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-2,883	230	10	-23	-21
% change	-10.3	142.9	3.9	-34.0	-6.6

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)	-2,844	2,016	14	2	-61
% change	-9.9	-91,636.4	2.0	112.5	-8.9

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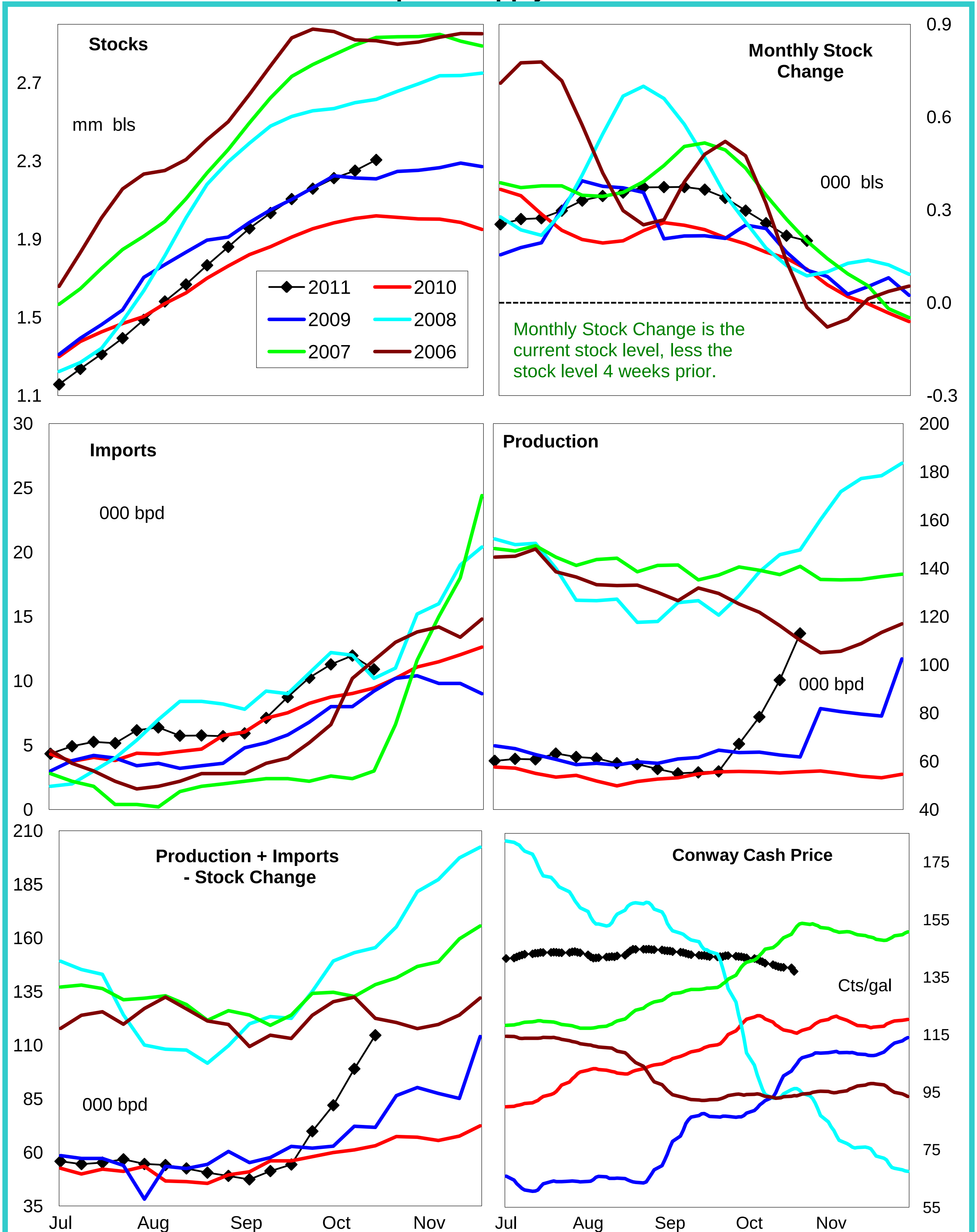
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	299	92	30	3	31
% change	14.9	84.5	54.1	30.7	50.9

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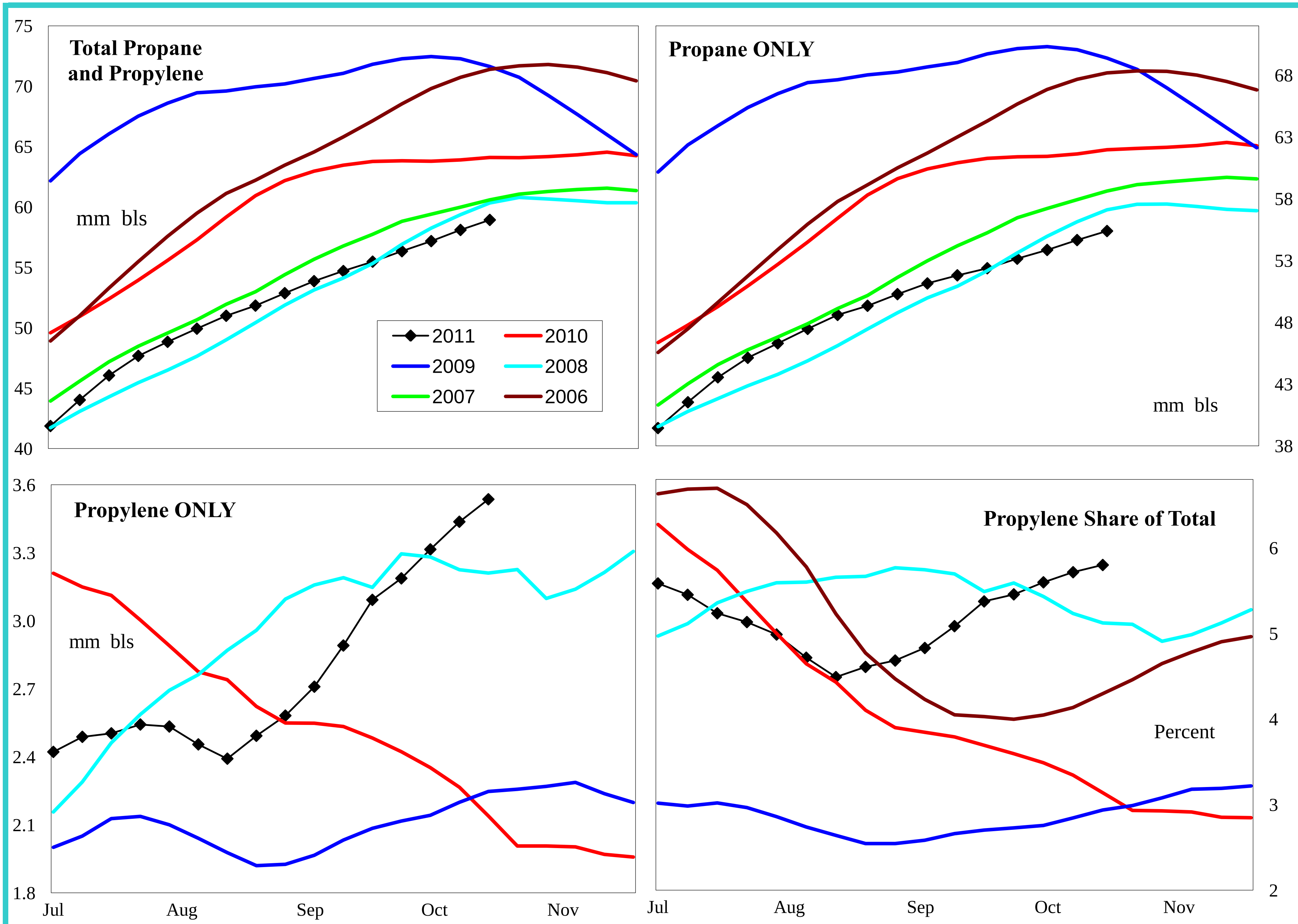
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-4,620	-6,045	1,397
% change	-7.3	-9.8	65.3

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

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