FUNDAMENTAL PETROLEUM TRENDS

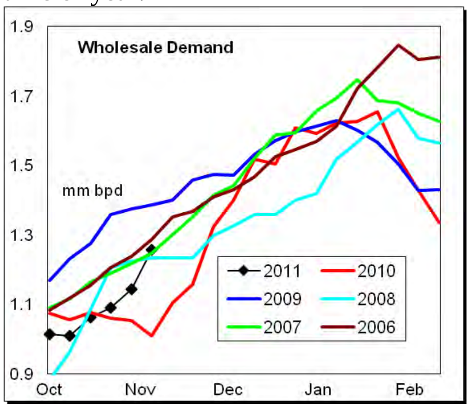
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

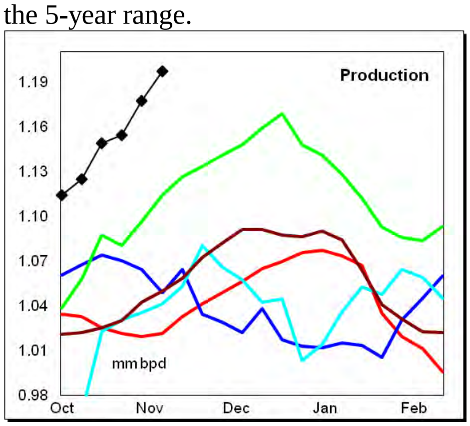
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, November 16, 2011

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

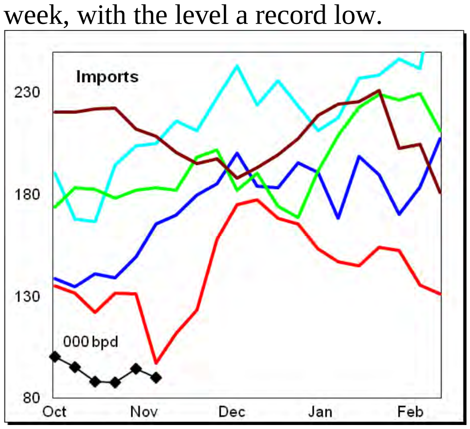
Wholesale demand increased +61,000 bpd on the week, on the seasonal increase in heating degree days. The level was near the mid range for this time of year.



Production increased +18,000 bpd last week, with the level significantly above the 5-year range.



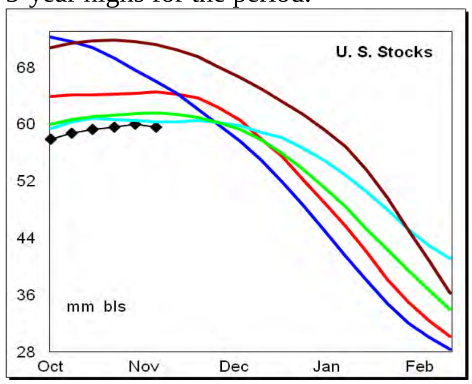
Imports decreased -16,000 bpd on the week, with the level a record low.



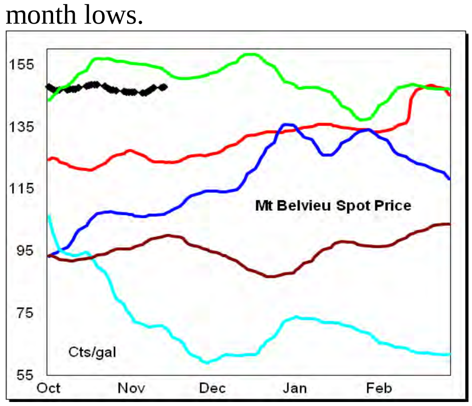
Combined production and imports during the latest 4-wk period were +101,000 bpd above a year ago.

Production was +149,000 bpd above last year (+15%), while imports were -48,000 bpd lower. The latest 4-wk average demand was +95,000 bpd above last year.

Stocks declined -0.6 million barrels last week. The 4-wk stock change was a build of +1 million barrels, a level near 5-year highs for the period.



Price and Spreads Mt Belvieu prices increased +2.5 cpg for the week ending 15Nov11, while Conway prices increased +1 cpg for the period. The Conway prices remain at a level near 6-month lows.



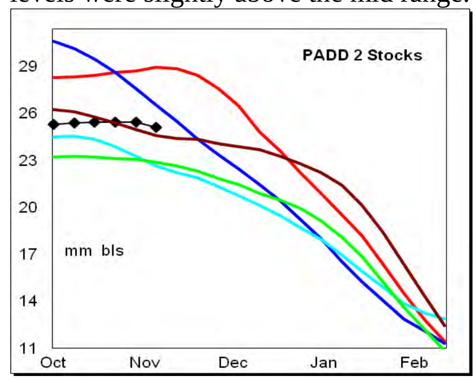
The Conway – Mt Belvieu price spread trended lower last week. The spread ended the week at a -17 cpg discount, a level well below the historic range for this time of year.

The propane to natural gas price spread trended higher last week, on record low natural gas prices.

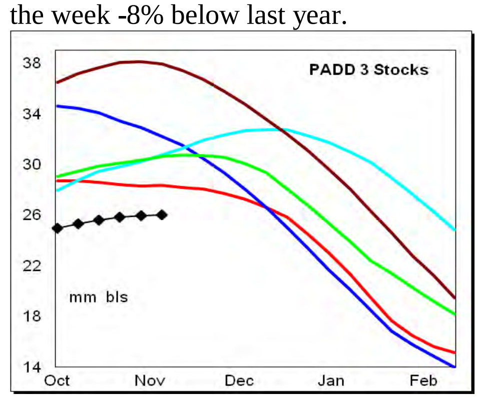
The propane / crude oil price spread extended the longer term downtrend on strength in WTI prices. The level ended the week at a level at the upper end of the last 3-years.

PADD 1 stocks decreased -0.1 million barrels last week. Stocks are at record highs for this time of year; +0.9 above a year ago. Supply for the latest 4-wk period was -17,000 bpd below last year.

PADD 2 stocks decreased -0.3 million barrels on the week. Supply decreased -16,000 bpd last week. The latest 4-wk average supply was +7,000 bpd above a year ago, on very low imports. Stock levels were slightly above the mid range.



PAD 3 stocks decreased -0.1 million barrels on the week, with the 4-wk rate of stock building well above the last 2-years. Supply increased +12,000 bpd on higher production. Stock levels ended the week -8% below last year.



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

Emerging Trends Production averaged +15% above last year as gas processing plants maximize liquids extraction due to the record low natural gas prices. Record production, after offset by lower imports, represented a +3 million barrel; increase in supply for the latest 4-wk period. IF this trend continues, supplies would increase +9 million barrels over last year through January.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

November 16, 2011

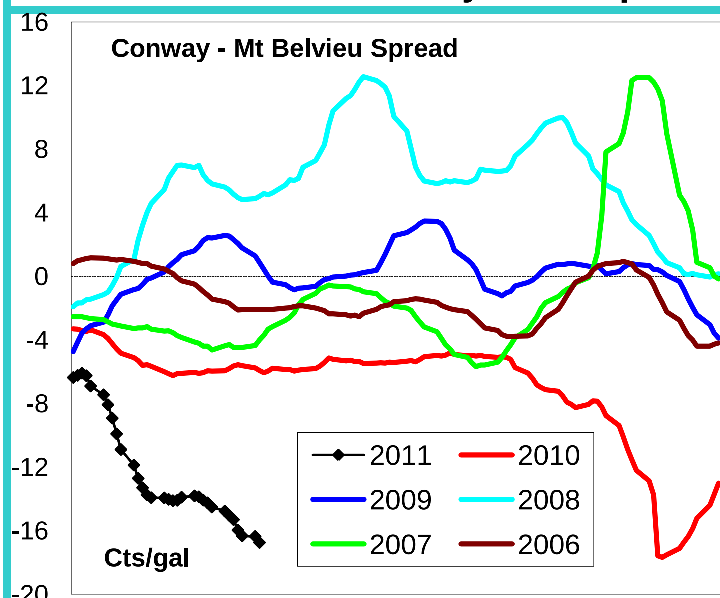
Fundamental Trends for the Week Ending: Friday, November 11, 2011

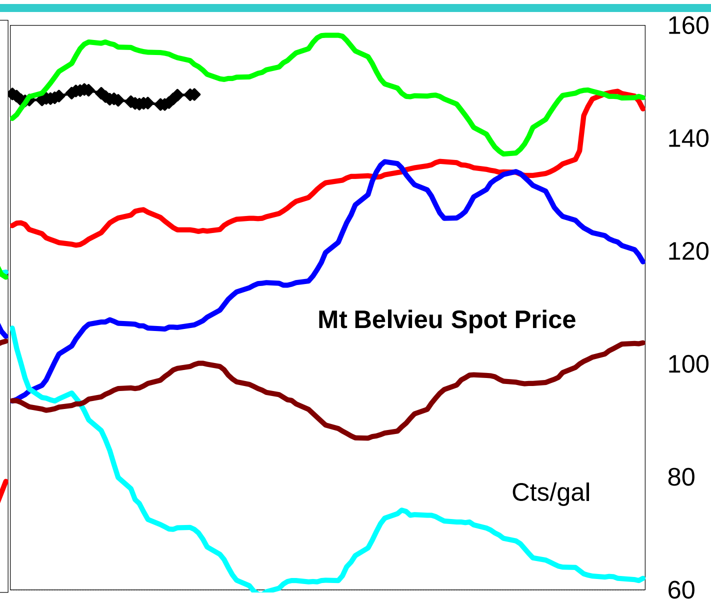
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	59,620	6,339	25,103	25,993	2,185	-572	-56	-341	-137	-38
Propylene Stocks	3,857					71				
Production	1,197	69	267	757	104	18	0	7	12	-1
Imports	90	32	46	0	12	-16	6	-23	0	1
Whsle Demand	1,257					61				

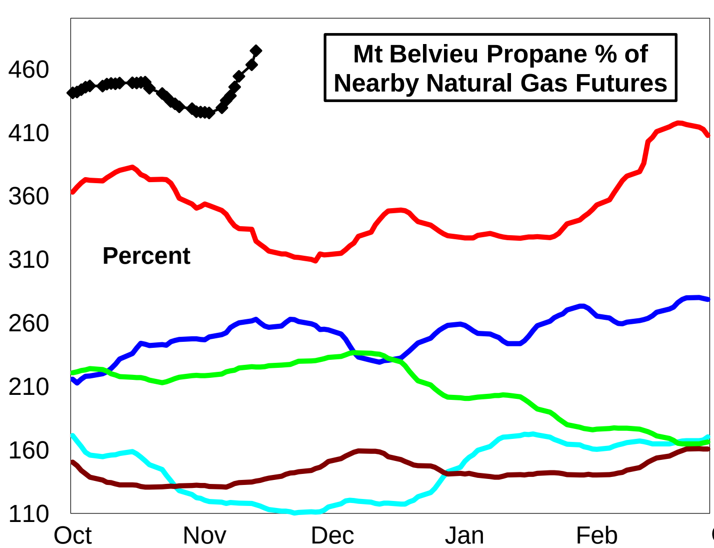
Price Trends for the Week Ending: Tuesday, November 15, 2011

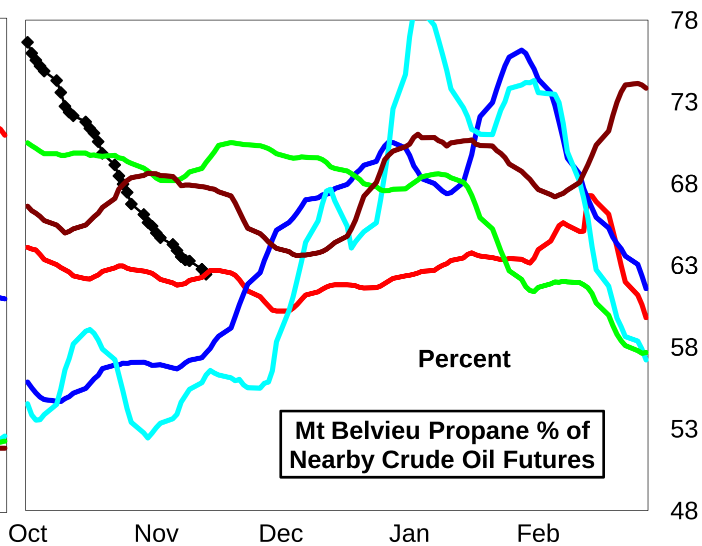
Cents/gal	Average for week ending:				Change from:			% change from:		
	11/15/11	11/8/11	10/18/11	11/17/10	11/8/11	10/18/11	11/17/10	11/8/11	10/18/11	11/17/10
Mont Belvieu Spot	147.6	144.7	150.2	122.0	2.93	-5.53	28.23	2.0	-3.7	23.1
Conway Spot	131.3	130.7	138.4	116.8	0.60	-7.70	21.61	0.5	-5.6	18.5

Key Price Spreads and Differentials

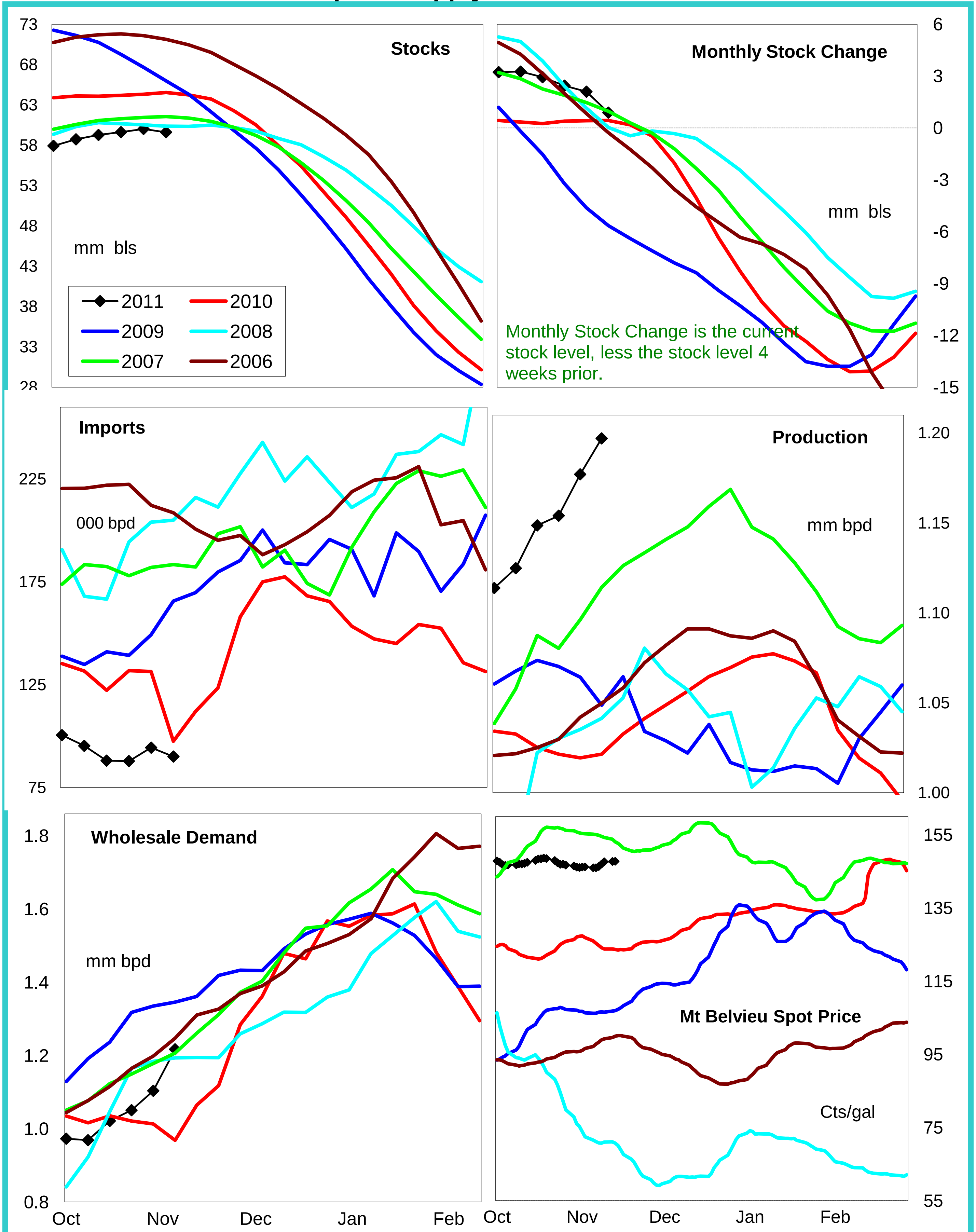






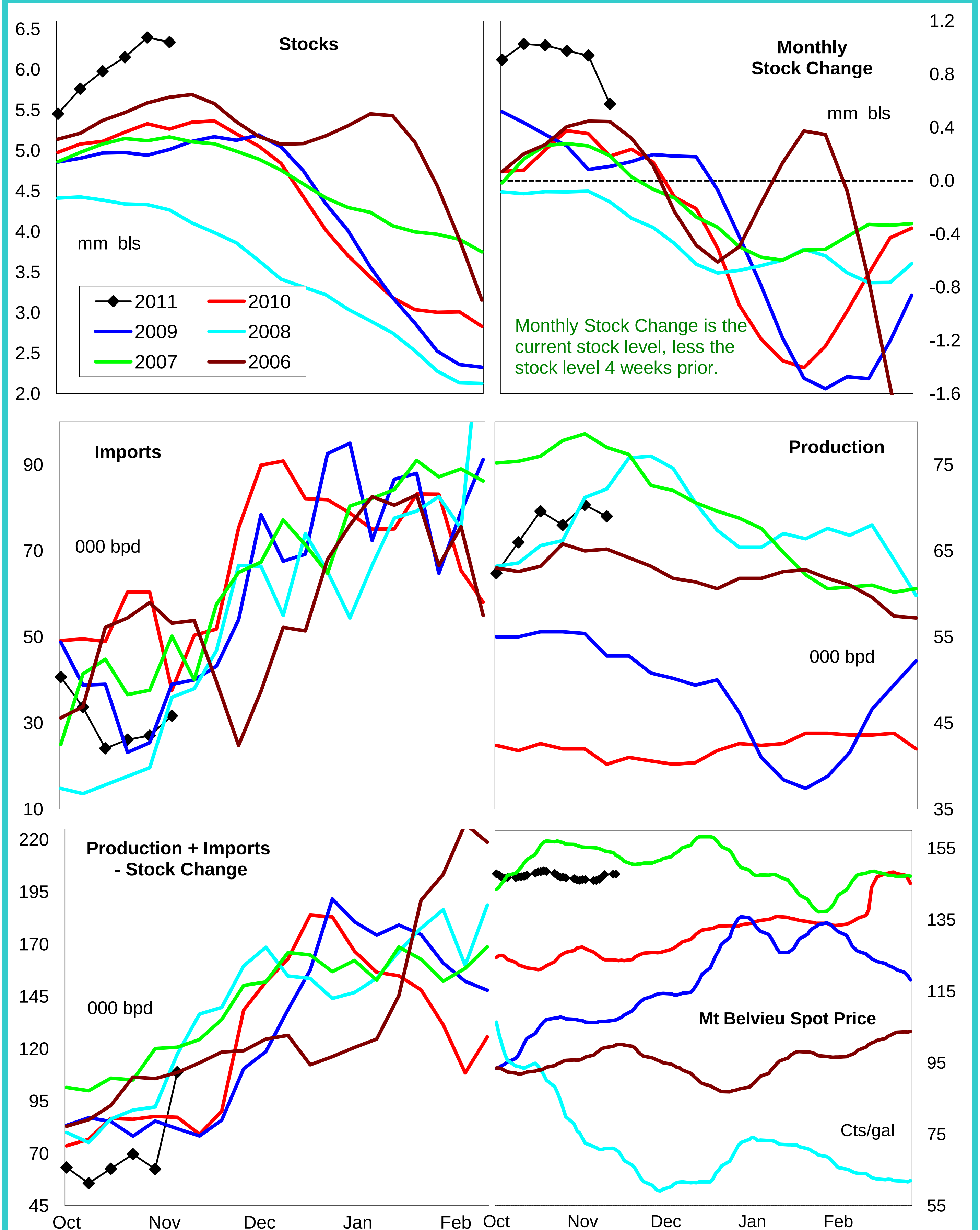


U. S. Propane Supply and Demand Balance



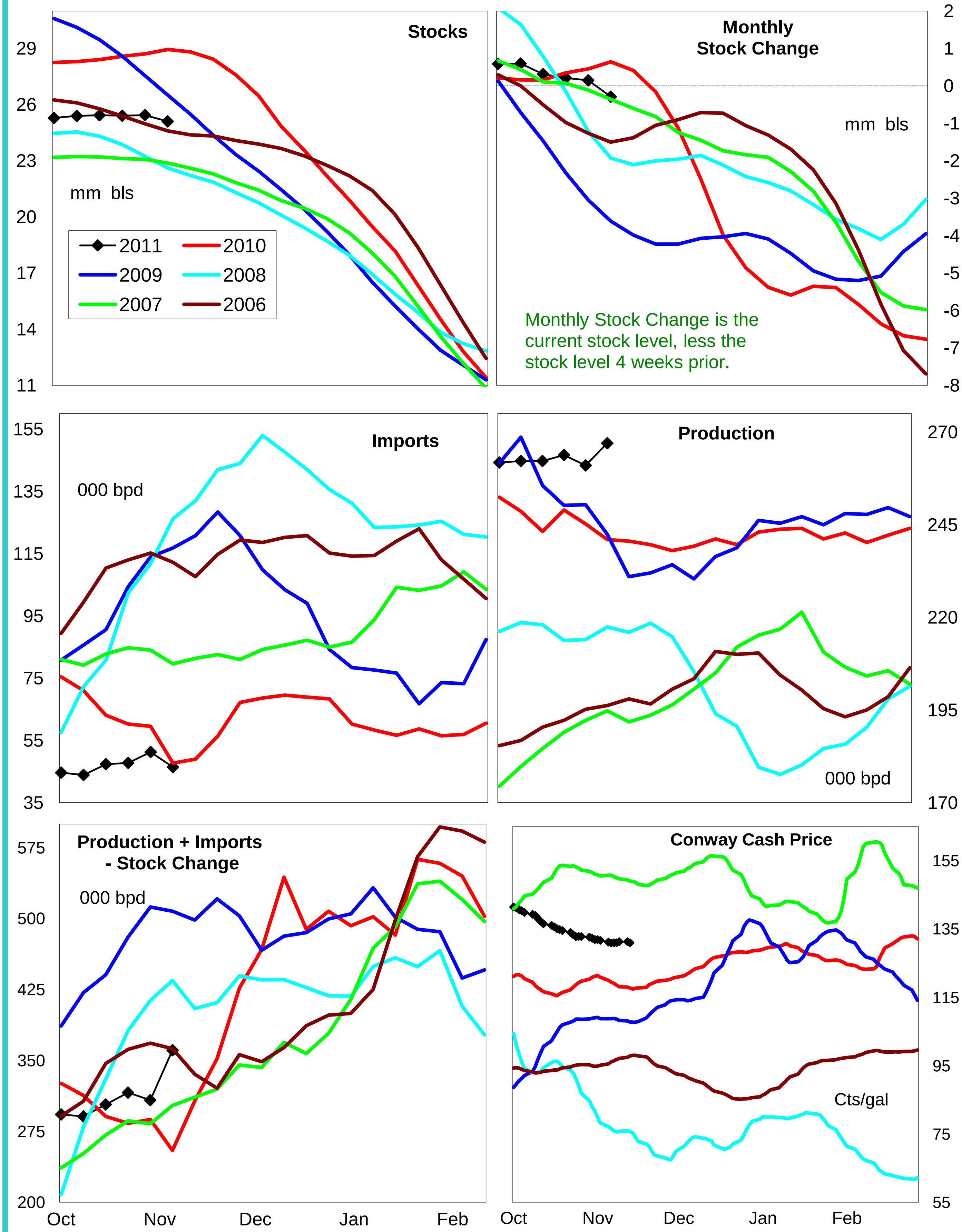
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Oct	Sep	Aug
000 bpd (000 bls stks)	-5,156	457	149	-48		95	-86	-88	-106
% change	-8.0	106	14.7	-34.6		9.2	-7.6	-8.5	-10.9

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)	900	392	26	-43	-11
% change	16.5	212.2	60.8	-61.7	-12.7

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)	-3,970	-936	16	-9	43
% change	-13.7	-145.0	6.3	-15.3	15.4

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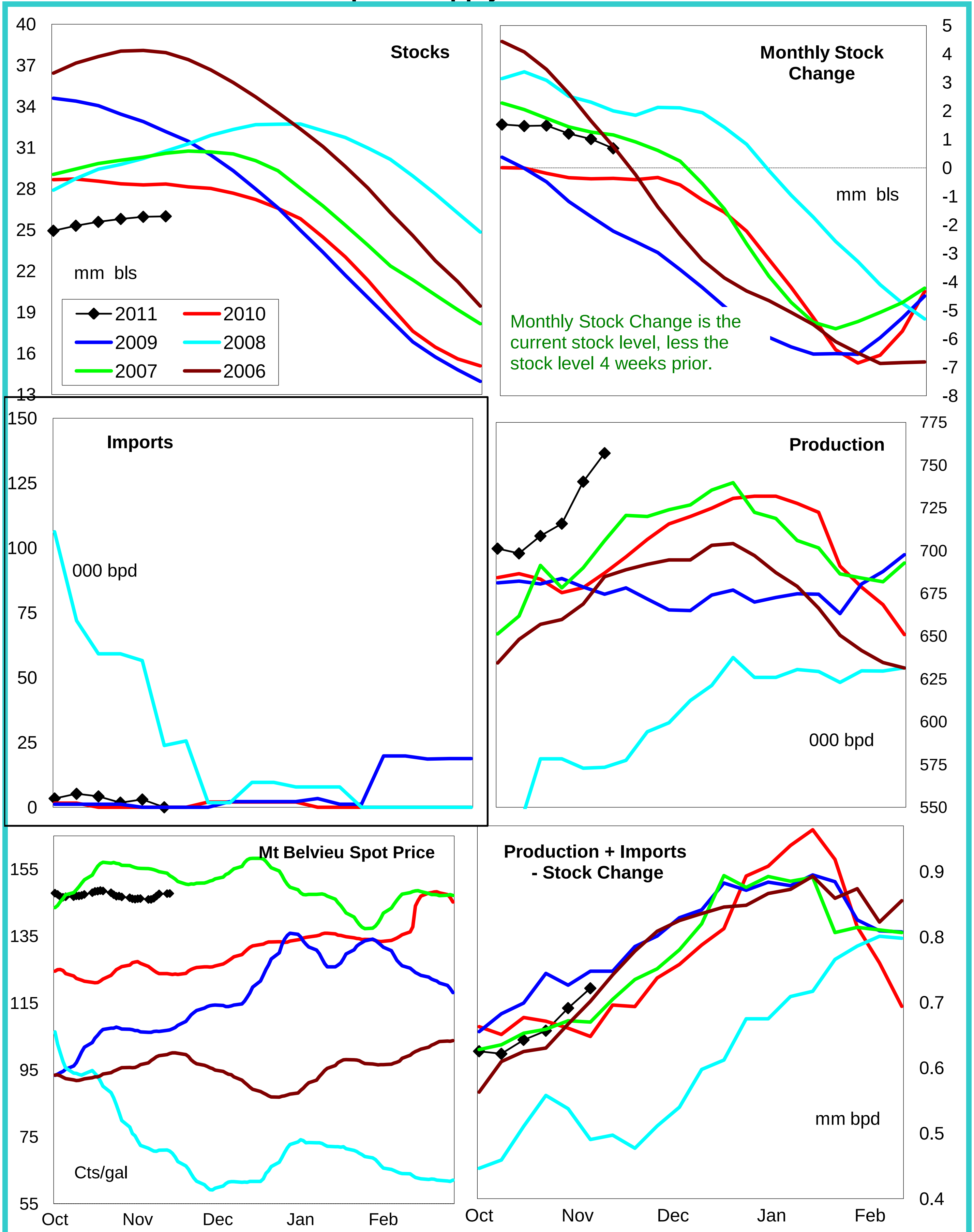
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-2,283	1,056	58	2	14
% change	-8.1	-287	8.6	#DIV/0!	2.0

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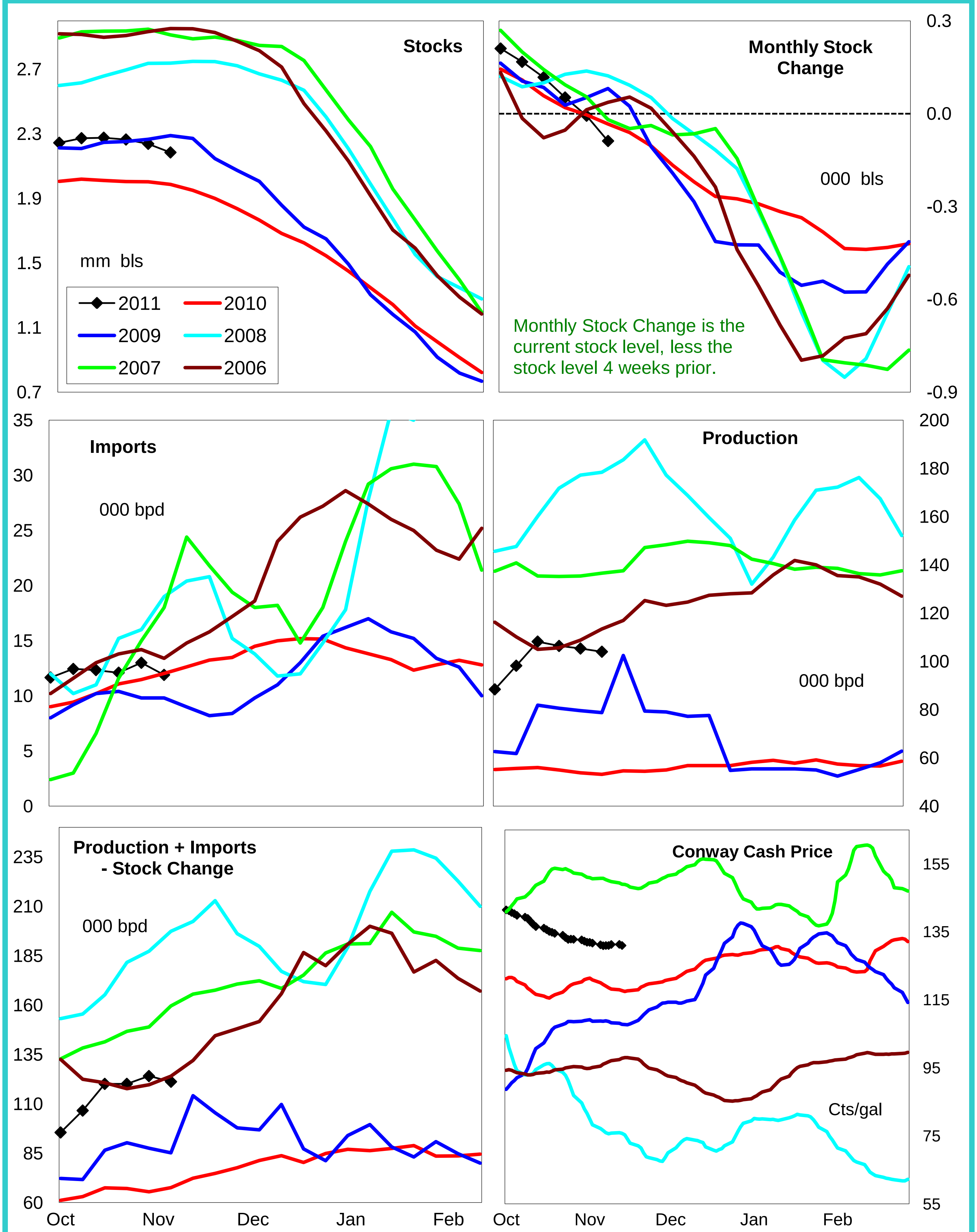
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	197	-55	50	1	54
% change	9.9	164.1	90.5	10.2	81.4

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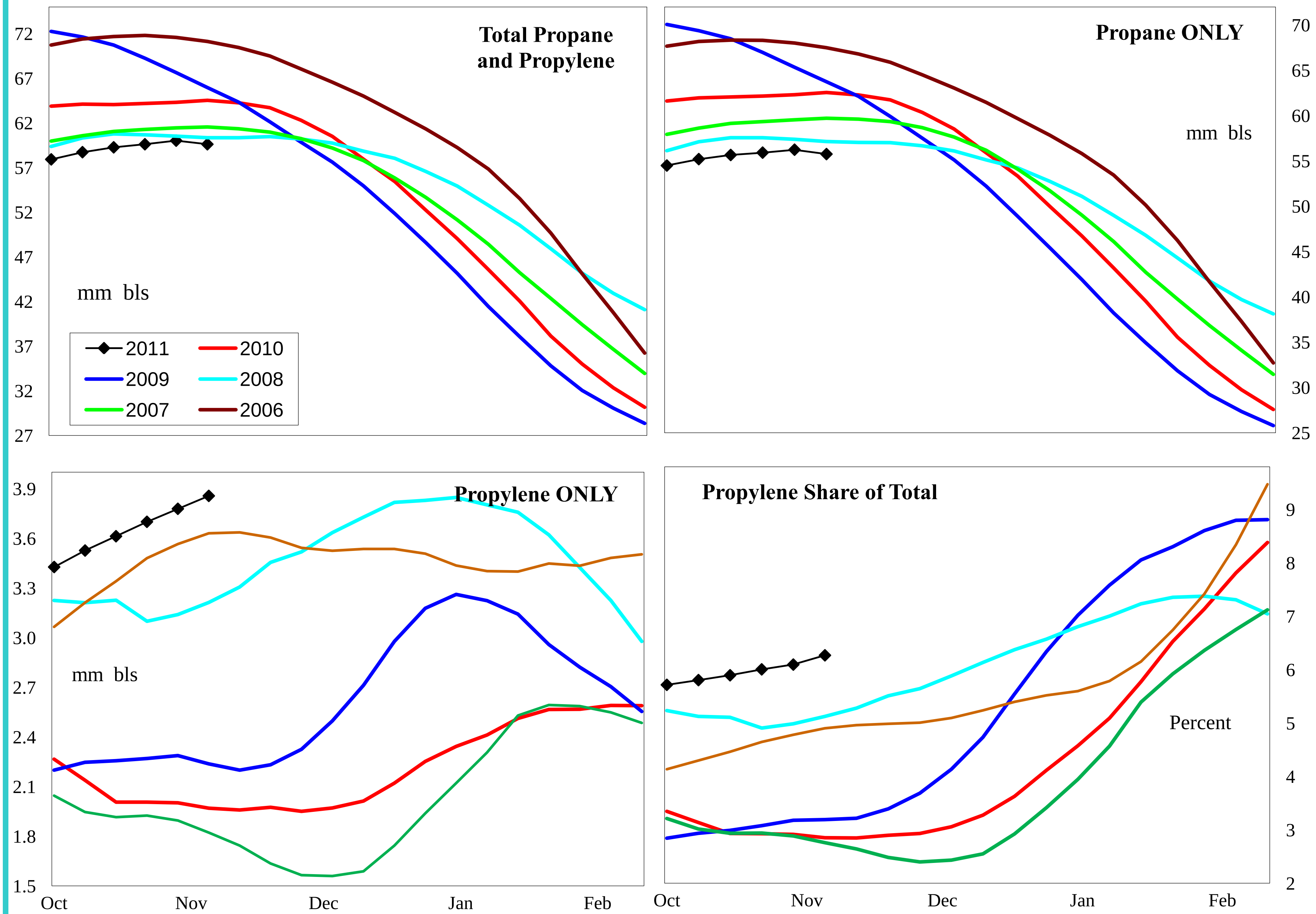
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-5,156	-6,866	1,888
% change	-8.0	-11.0	95.8

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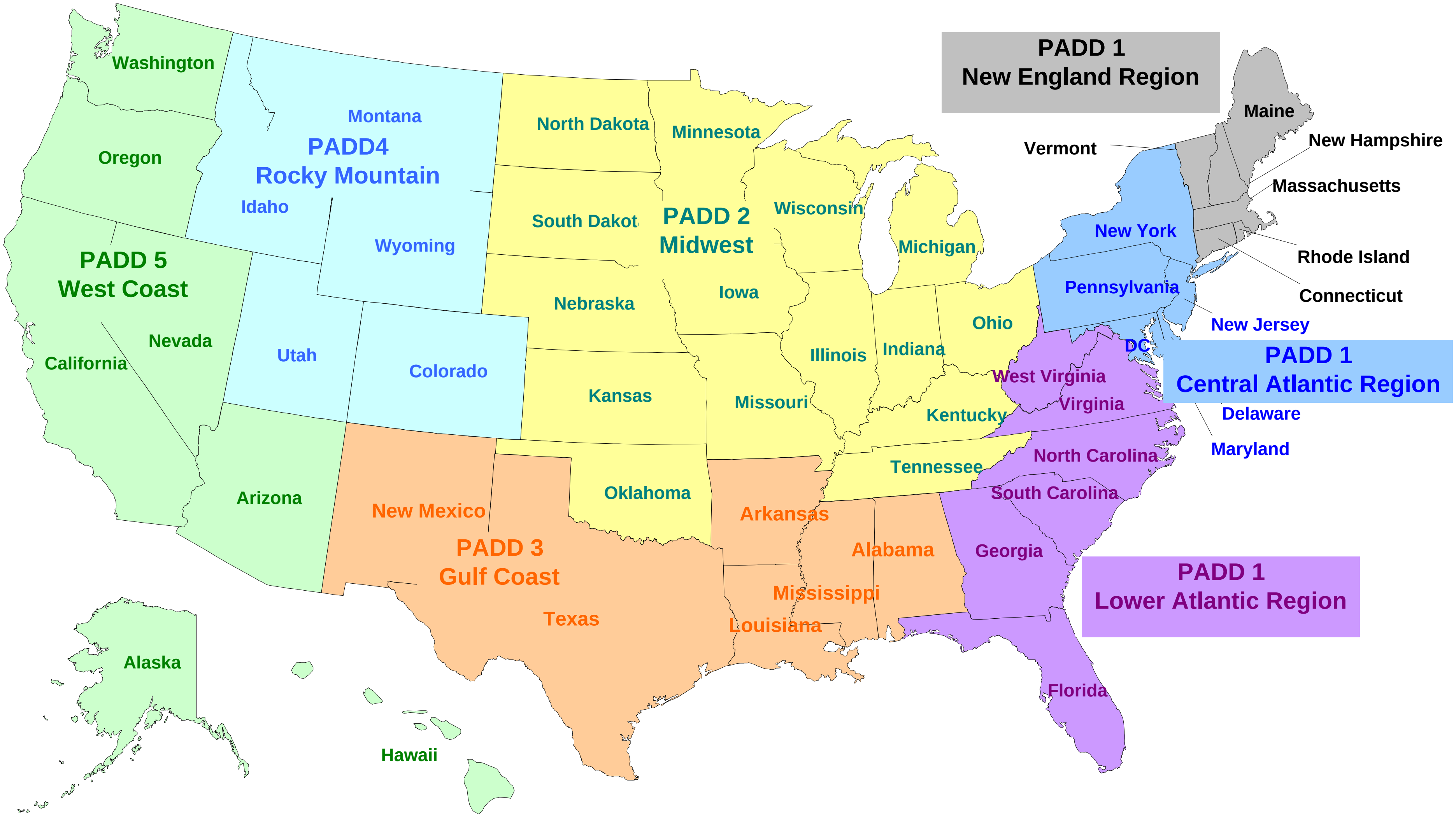
U. S. Petroleum Administrative for Defense Districts (PADDs)



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