



WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

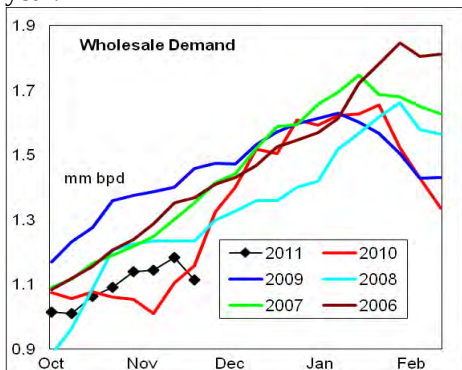
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, December 02, 2011

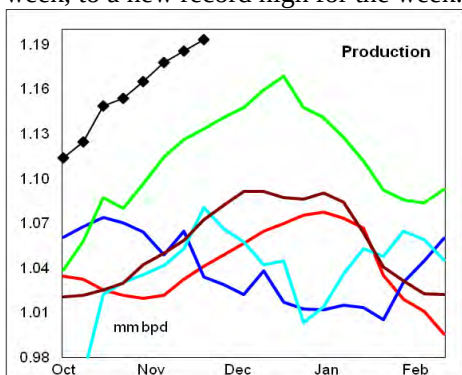
Summary¹:



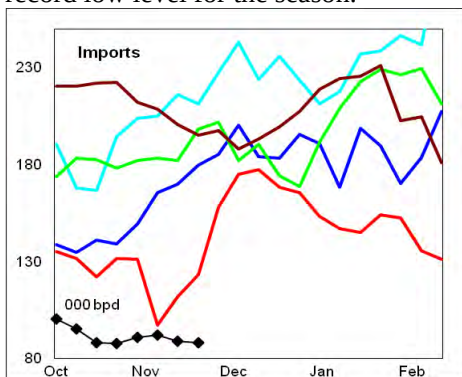
Wholesale demand declined -63,000 bpd on the week, due in part to below normal heating degree days. The level fell below the historic range for this time of year.



Production increased +27,000 bpd last week, to a new record high for the week.



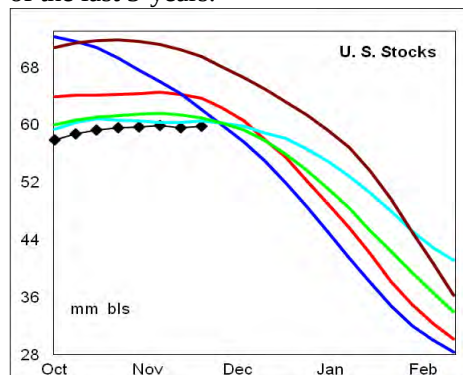
Imports were nearly unchanged, at a record low level for the season.



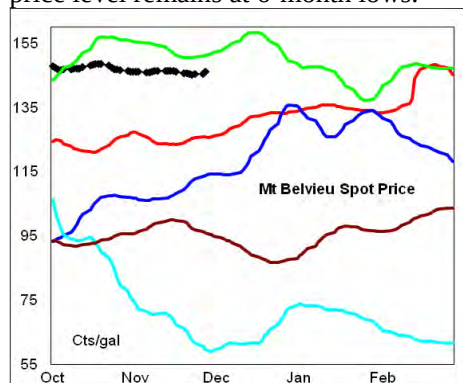
Combined production and imports during the latest 4-wk period were +158,000 bpd above a year ago. Production was +165,000 bpd above last year (+16.2%), while imports were -7,000 bpd lower. The latest 4-wk

average demand was +180,000 bpd above last year, although well below the years previous to 2010.

Stocks increased +0.4 million barrels last week. The 4-wk stock change was a build of +0.1 million barrels, compared to draws during each of the last 5-years.



Price and Spreads Mt Belvieu and Conway prices each increased +1 cpg for the week ending 29Nov11. The Conway price level remains at 6-month lows.



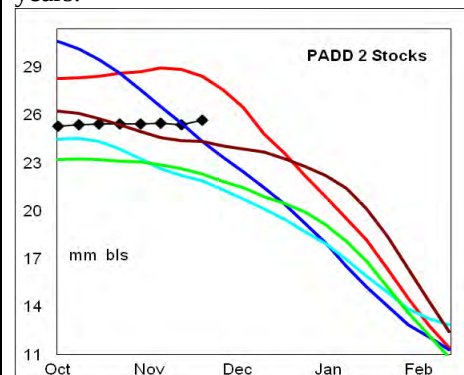
The Conway – Mt Belvieu price spread traded sideways last week. The spread ended the week at a -15 cpg discount, a level well below the historic range for this time of year.

The propane to natural gas price spread trended lower last week, on an uptrend in natural gas prices.

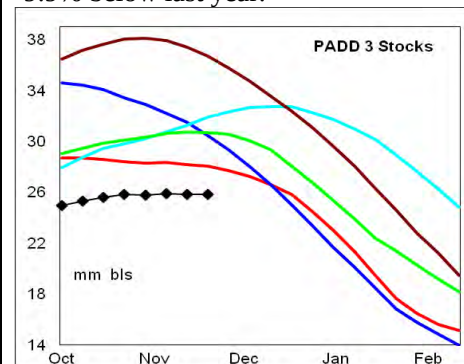
The propane / crude oil price spread traded lower last week. The spread ended the week at a level near the midrange end of the last 3-years.

PADD 1 stocks decreased -0.1 million barrels last week. Stocks remain at a level well above the 5-year range. Supply for the latest 4-wk period was +18,000 bpd above last year.

PADD 2 stocks increased +0.4 million barrels on the week. Supply decreased -9,000 bpd last week. The latest 4-wk average supply was +23,000 bpd above a year ago, on record production. Stock levels were above four of the last 5-years.



PADD 3 stocks increased +0.2 million barrels on the week, with the 4-wk rate of stock less than the last 2-years. Supply increased +29,000 bpd on higher production. Stock levels ended the week -9.9% below last year.



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

Emerging Trends Propylene stocks, which are concentrated in the Gulf were more than double the level of a year ago, and at an all time record high. This trend points to an oversupply of gas liquids in the region on increased gas liquids extraction.

Weak propane demand, record high production, and rising relative stock levels in the key PADD 2 heating region have prevented a seasonal upturn in propane price. Without a much colder than normal winter, prices risk a counter seasonal decline.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

December 2, 2011

Fundamental Trends for the Week Ending:

Friday, November 25, 2011

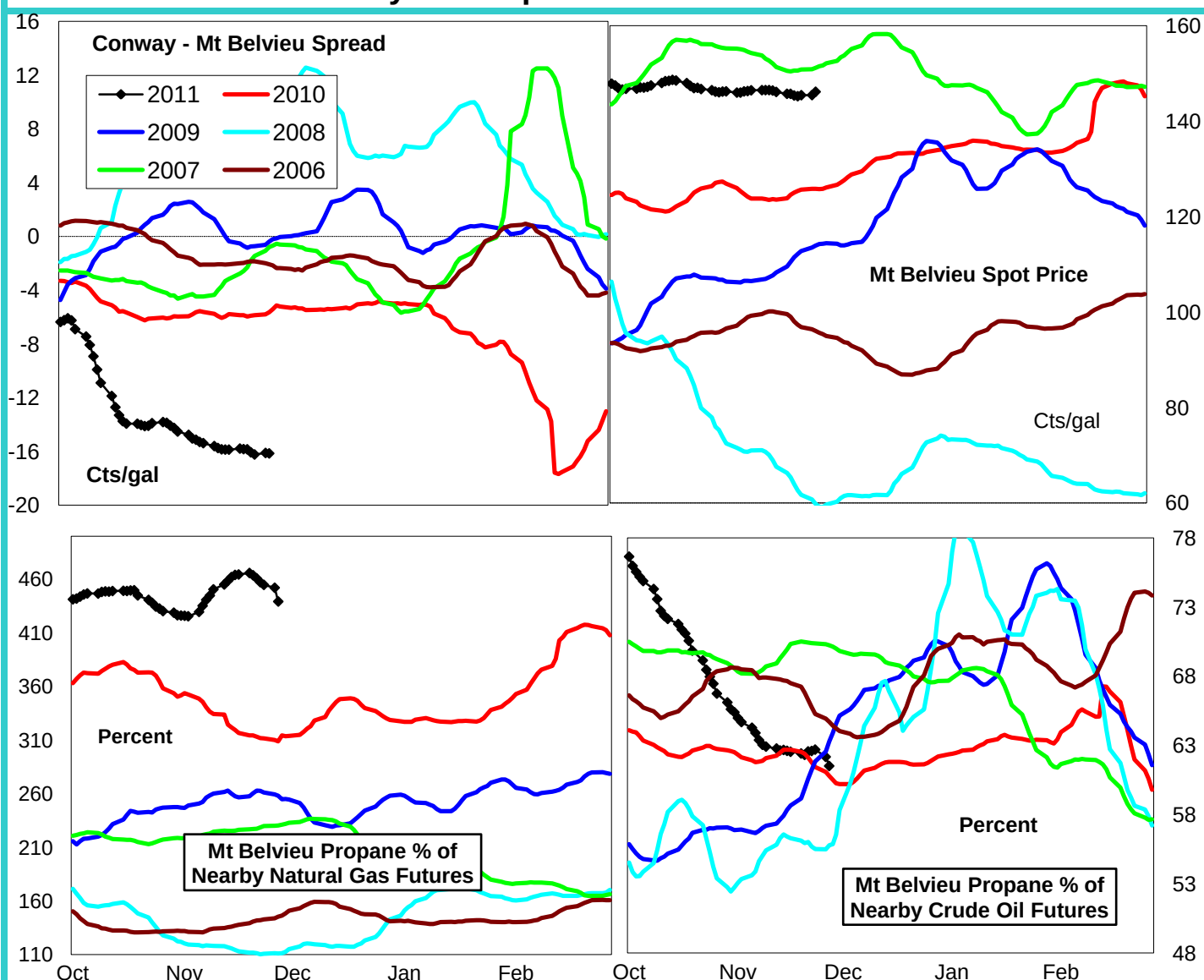
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	59,771	6,198	25,670	25,797	2,106	386	-96	370	156	-44
Propylene Stocks	4,359					229				
Production	1,193	66	257	743	127	27	-1	-11	23	16
Imports	88	30	39	6	13	-1	-6	2	6	-3
Whsle Demand	1,114					-63				

Price Trends for the Week Ending:

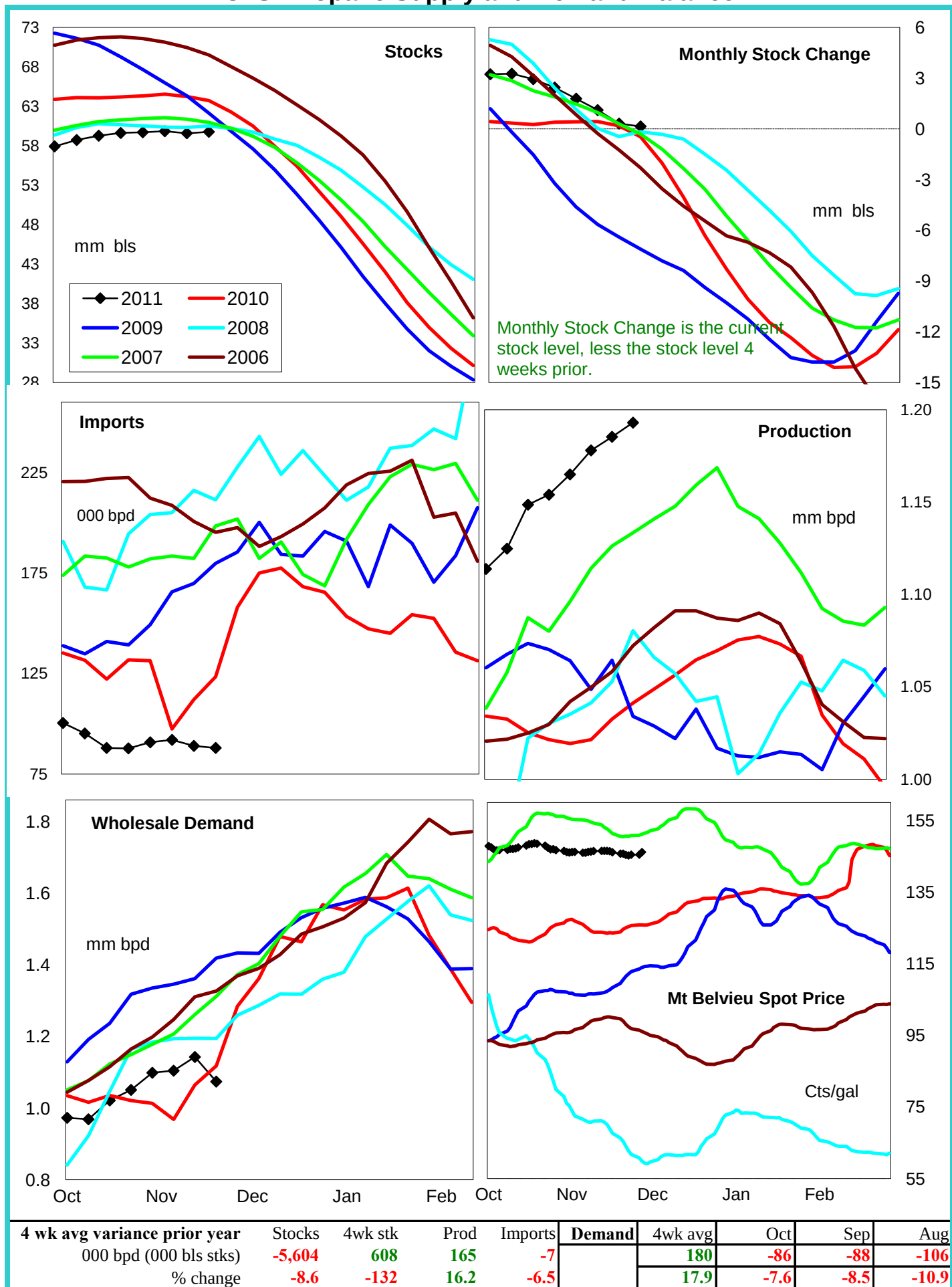
Tuesday, November 29, 2011

Cents/gal	Average for week ending:				Change from:			% change from:		
	11/29/11	11/22/11	11/1/11	12/1/10	11/22/11	11/1/11	12/1/10	11/22/11	11/1/11	12/1/10
Mont Belvieu Spot	145.4	145.6	147.3	125.7	-0.16	-1.71	21.64	-0.1	-1.2	17.2
Conway Spot	129.2	130.3	133.6	120.4	-1.14	-3.21	13.15	-0.9	-2.4	10.9

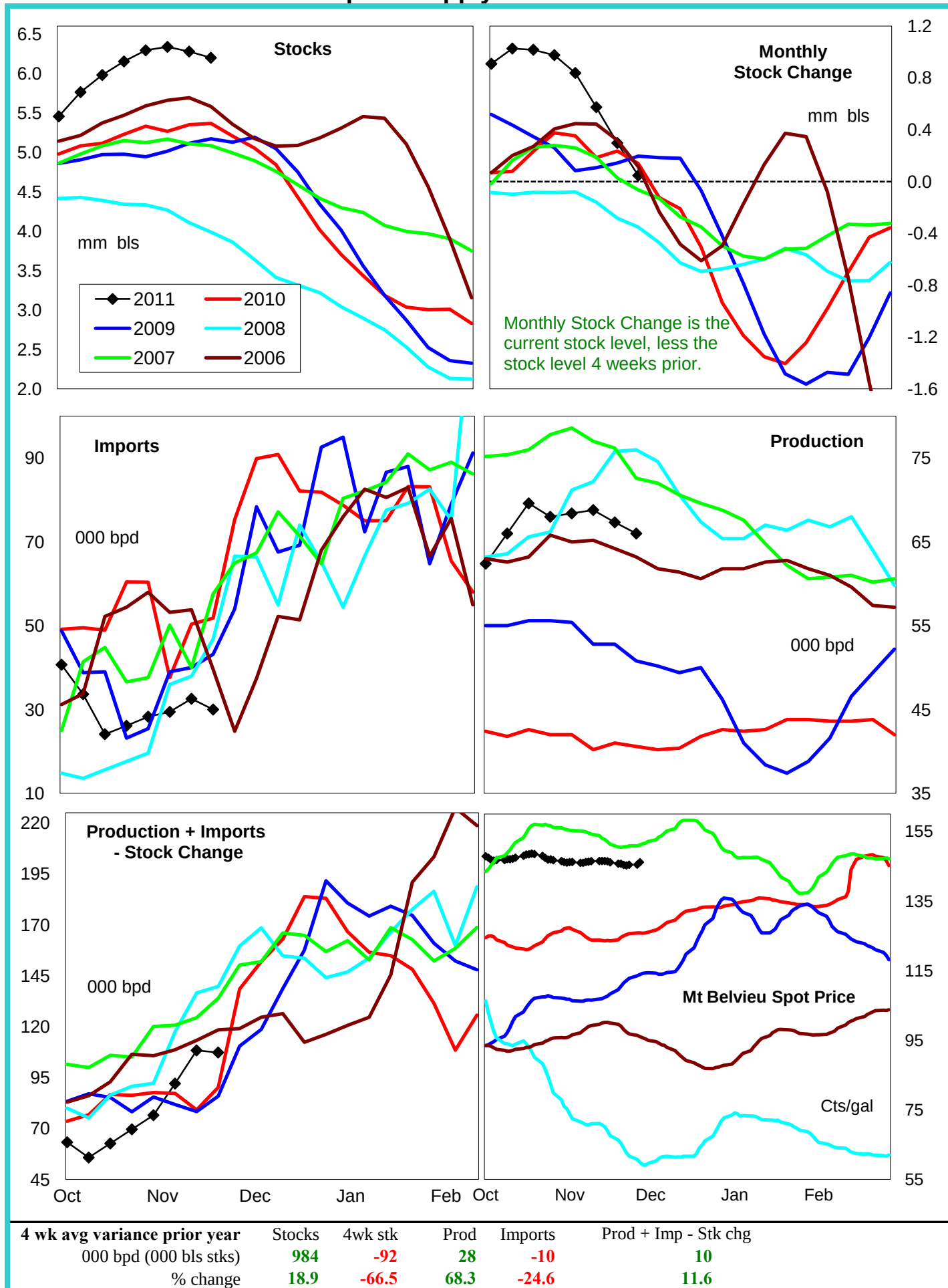
Key Price Spreads and Differentials



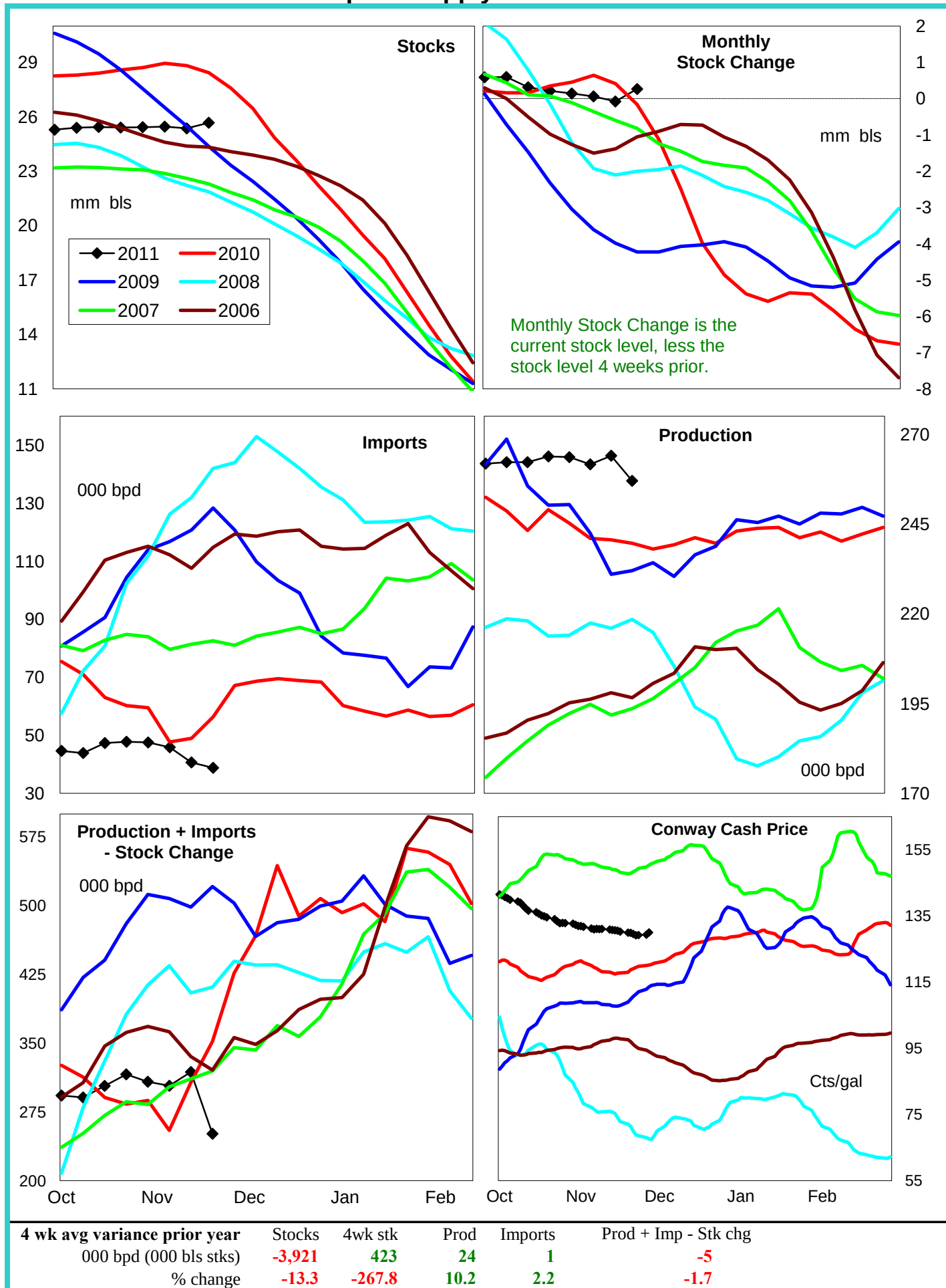
U. S. Propane Supply and Demand Balance



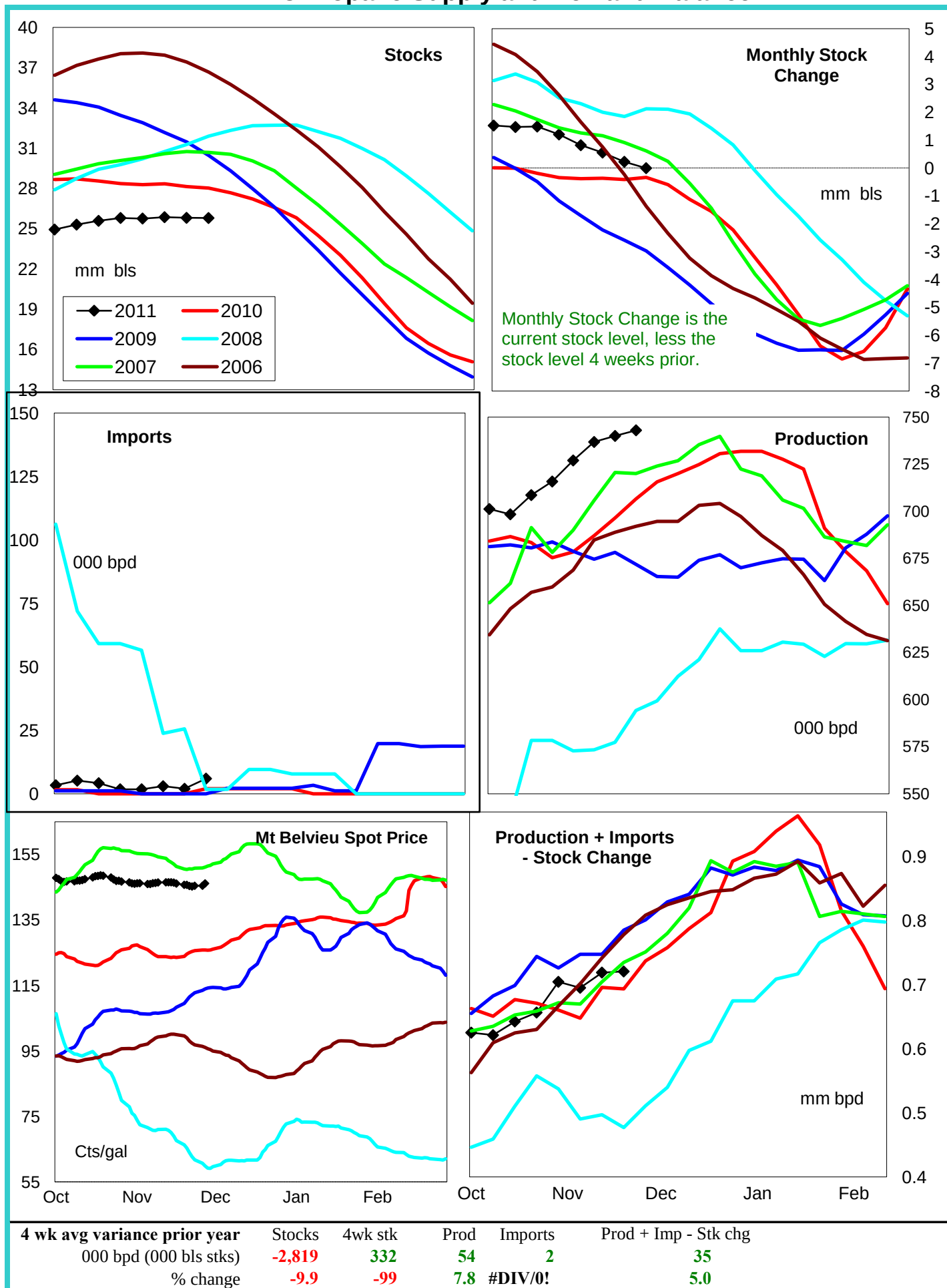
PADD 1 Propane Supply and Demand Balance



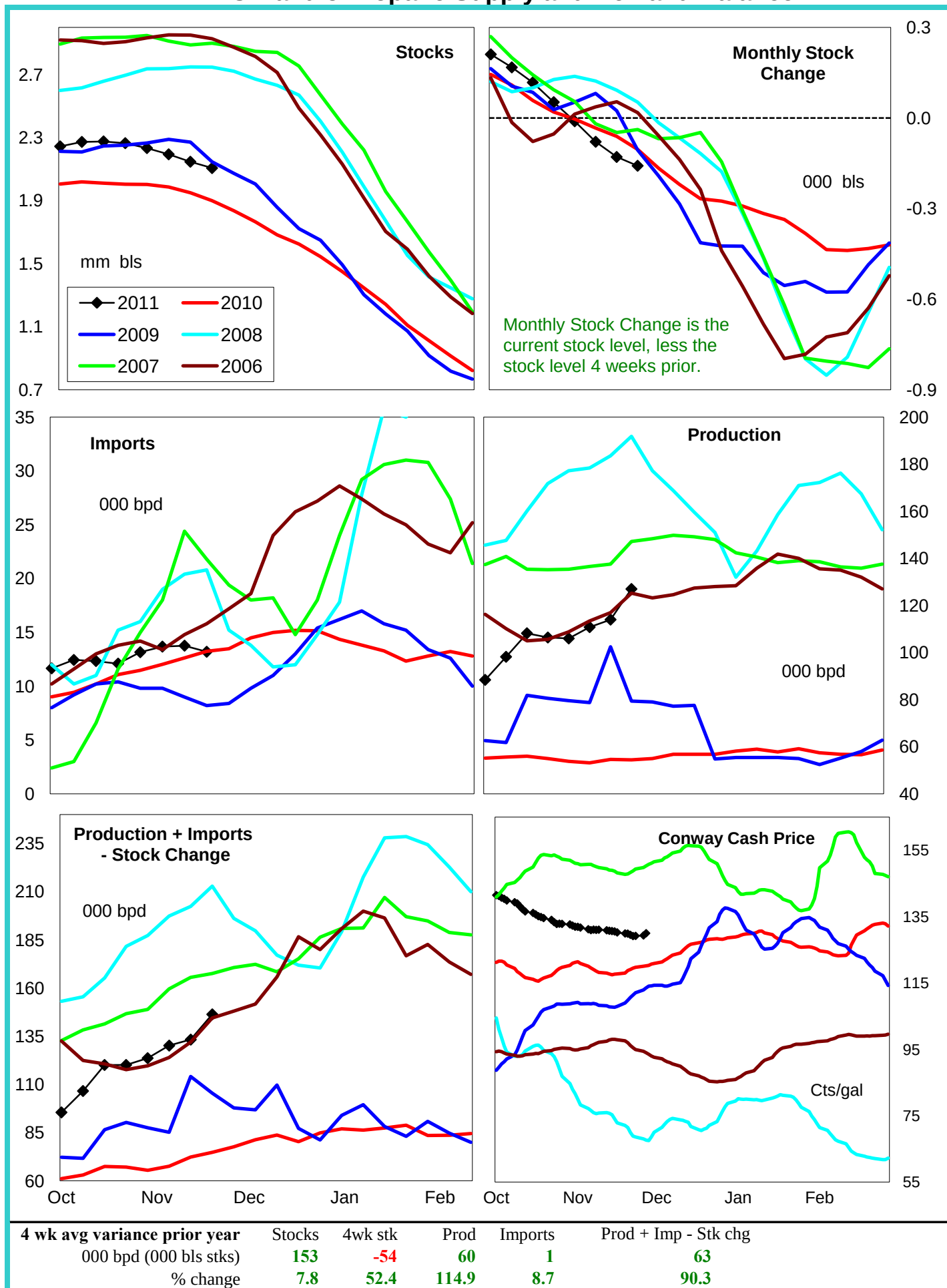
PADD 2 Propane Supply and Demand Balance



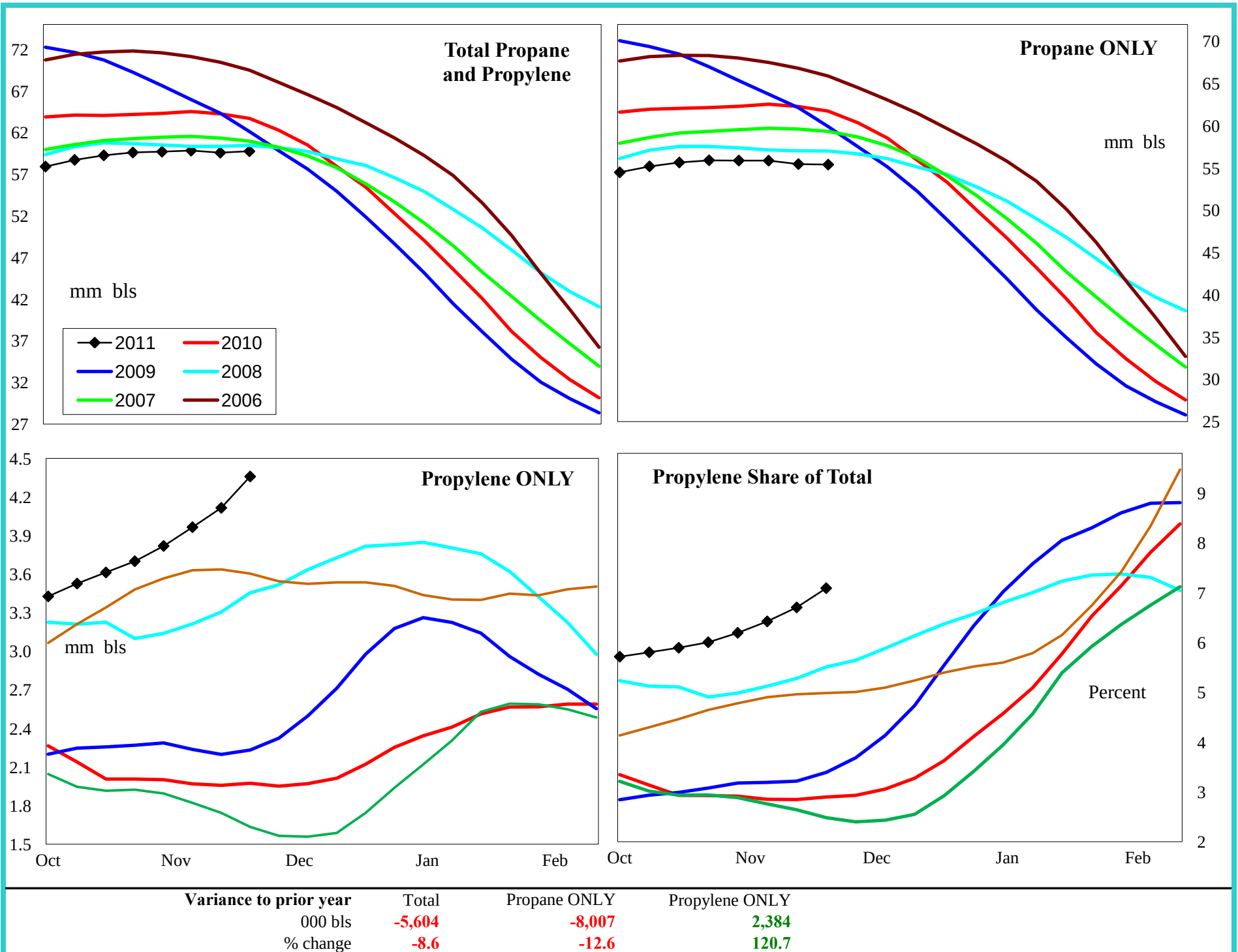
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

