



WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

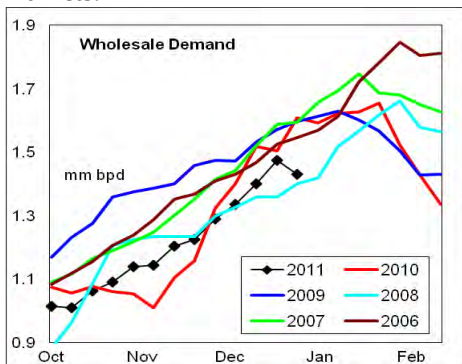
A Fundamental Petroleum Trends Weekly Report

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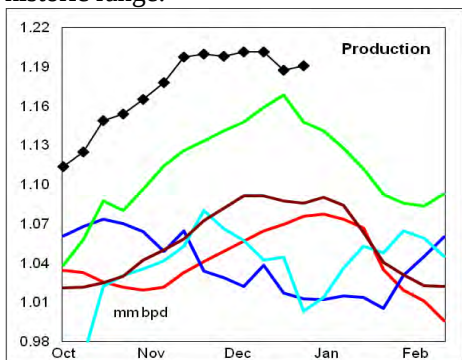
Summary¹:



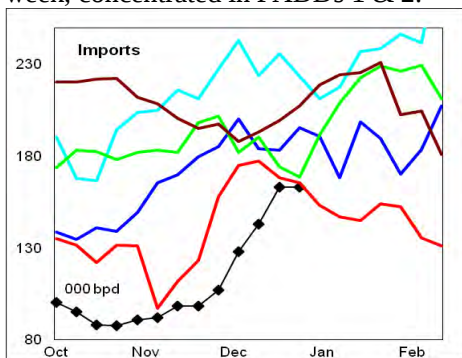
Wholesale demand increased +18,000 bpd on the week, much less than the seasonal trend; the result of heating degrees -15% below normal in key markets.



Production increased +7,000 bpd last week, with the level well above the historic range.



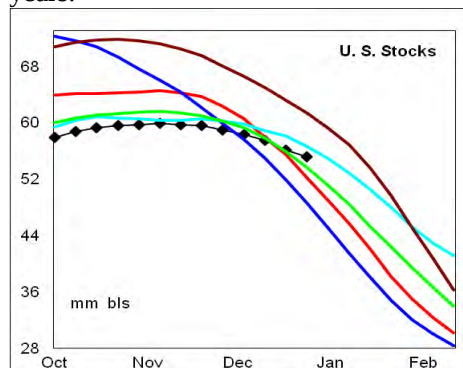
Imports declined -31,000 bpd on the week, concentrated in PADDs 1 & 2.



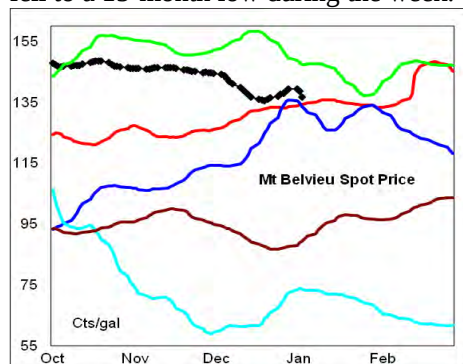
Combined production and imports during the latest 4-wk period were +97,000 bpd above a year ago. Production was +130,000 bpd above last year (+12%), while imports were -33,000 bpd lower. The latest 4-wk

average demand was -94,000 bpd below last year; driven by extremely low heating degree days in major markets.

Stocks decreased -1 million barrels last week. The 4-wk stock change was a draw of -3.6 million barrels, a level that matched the lowest draw of the last 5-years.



Price and Spreads Mt Belvieu spot prices decreased -3 cpg for the week ending 04Jan12 while Conway decreased -5 cpg during the same week. Conway prices fell to a 15-month low during the week.



The Conway – Mt Belvieu price spread extended the longer term downtrend, in favor of Mt Belvieu. The spread ended the week at a -26 cpg discount, a new record discount.

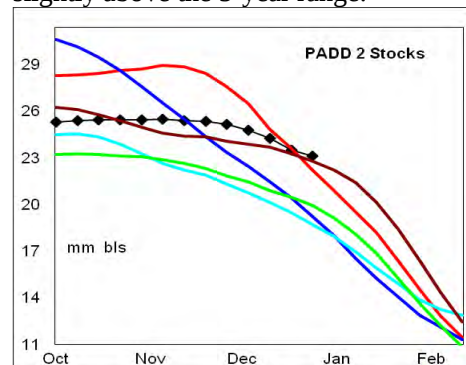
The propane to natural gas price spread traded sideways last week on a sharp drop in propane prices. The spread remains at record highs on extremely weak natural gas prices.

The propane / crude oil price spread trended lower last week on strength in crude oil prices. The spread ended the week at a new record low.

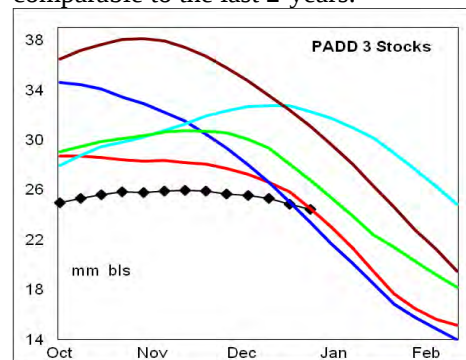
PADD 1 stocks were unchanged last week. Stocks remain at a level above the 5-year range. Supply for the latest 4-

wk period was -14,000 bpd below last year.

PADD 2 stocks decreased -0.2 million barrels on the week. Supply decreased -24,000 bpd last week on lower imports. The latest 4-wk average supply was +16,000 bpd above a year ago, on higher production. Stock levels ended the week slightly above the 5-year range.



PADD 3 stocks decreased -0.6 million barrels on the week, with the 4-wk rate of stock draw less than four of the last 5-years. Stock levels ended the week comparable to the last 2-years.



PADDs 4 & 5 stocks decreased -0.1 million barrels on the week. The stock level was +30% above a year ago.

Emerging Trends Unusually warm weather is limiting demand, driving stock levels to 5-year highs for this time of year in PADDs 1 and 2. Temperatures are forecast to remain well above normal for the next week, then return to near normal in major heating markets after mid month.

Colder temperatures in the 2nd half of the month may arrest the decline in Midwest prices; although, risk of record carry out stocks in PADD 2 should lead to further price weakness later in the quarter.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

January 5, 2012

Fundamental Trends for the Week Ending:

Friday, December 30, 2011

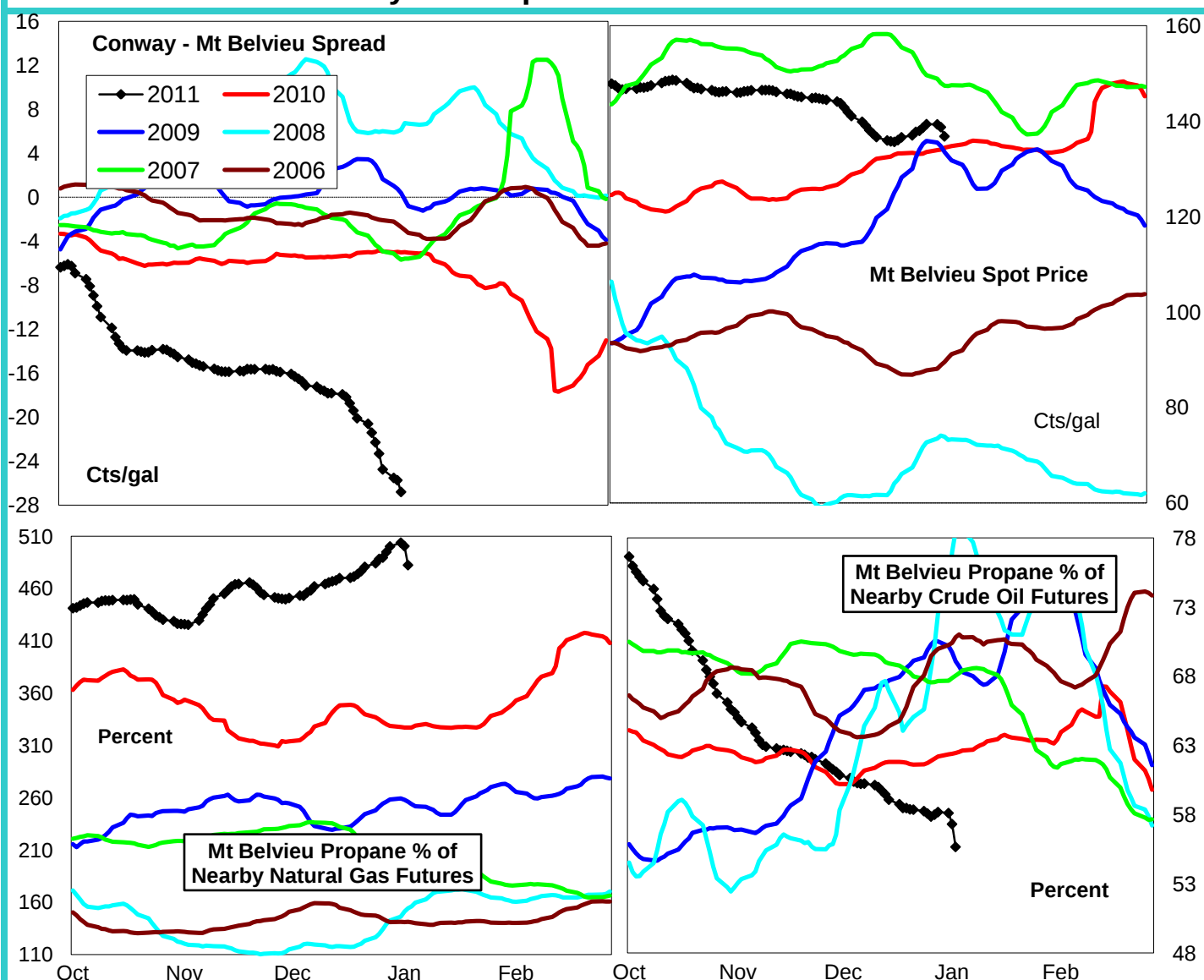
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	55,176	5,645	23,107	24,429	1,995	-1,002	-33	-223	-635	-111
Propylene Stocks	5,481					206				
Production	1,191	61	249	761	120	7	-3	-6	7	9
Imports	163	79	67	0	17	-31	-11	-18	0	-2
Whsle Demand	1,430					18				

Price Trends for the Week Ending:

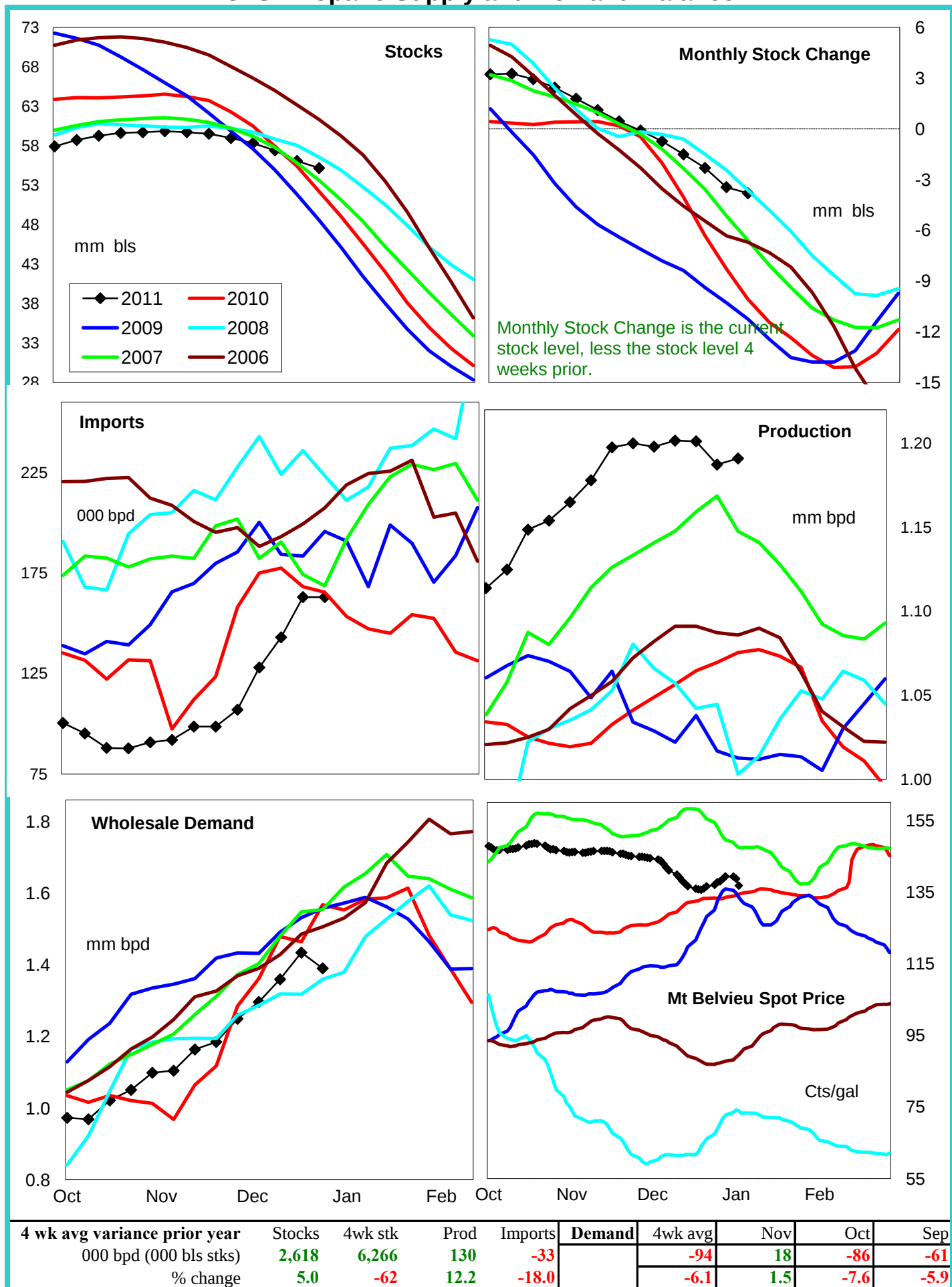
Wednesday, January 04, 2012

Cents/gal	Average for week ending:				Change from:			% change from:		
	1/4/12	12/28/11	12/7/11	1/6/11	12/28/11	12/7/11	1/6/11	12/28/11	12/7/11	1/6/11
Mont Belvieu Spot	139.3	137.3	144.2	132.7	2.00	-6.84	11.42	1.5	-4.7	8.6
Conway Spot	113.8	117.3	128.9	127.7	-3.45	-11.60	1.15	-2.9	-9.0	0.9

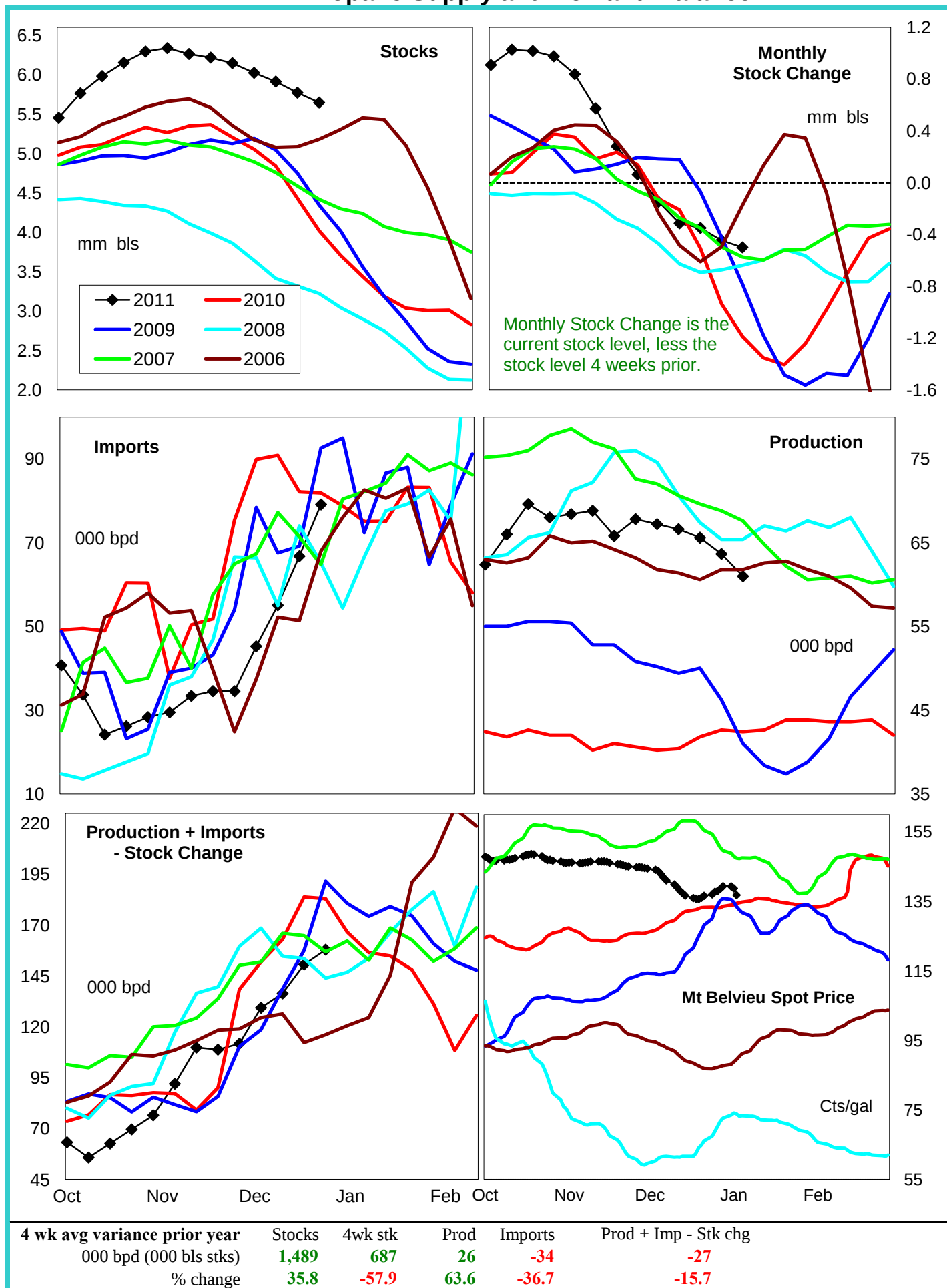
Key Price Spreads and Differentials



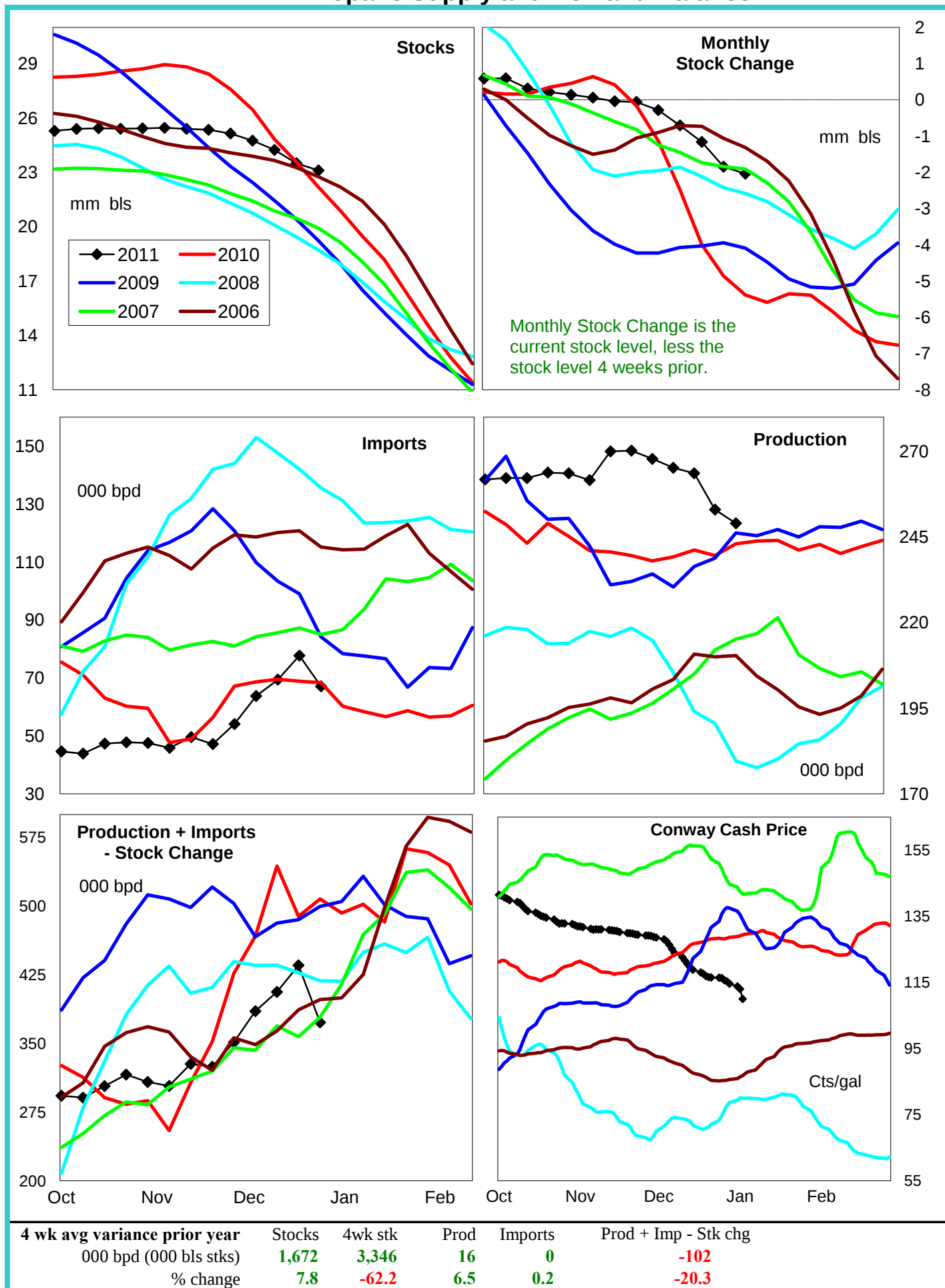
U. S. Propane Supply and Demand Balance



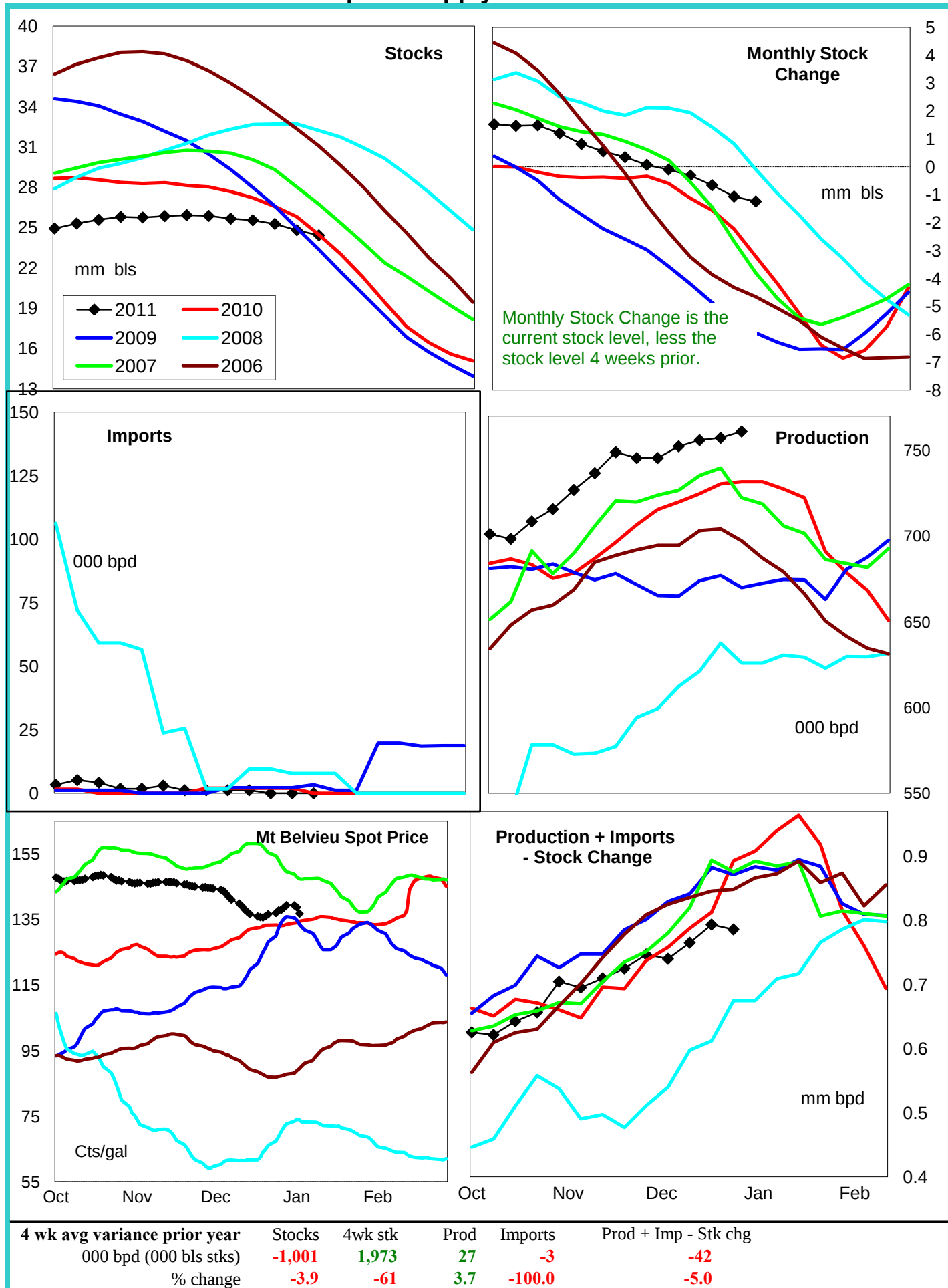
PADD 1 Propane Supply and Demand Balance



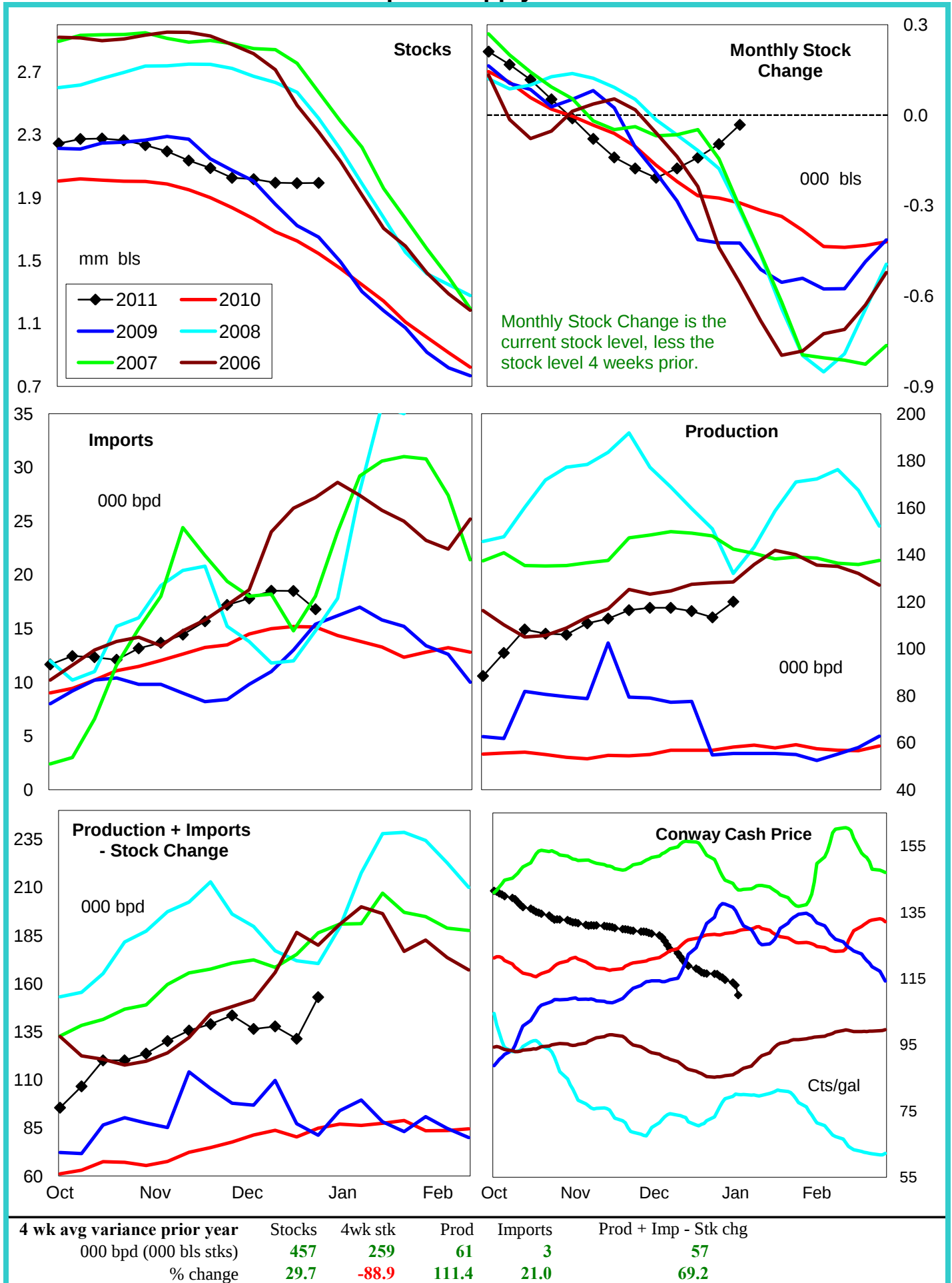
PADD 2 Propane Supply and Demand Balance



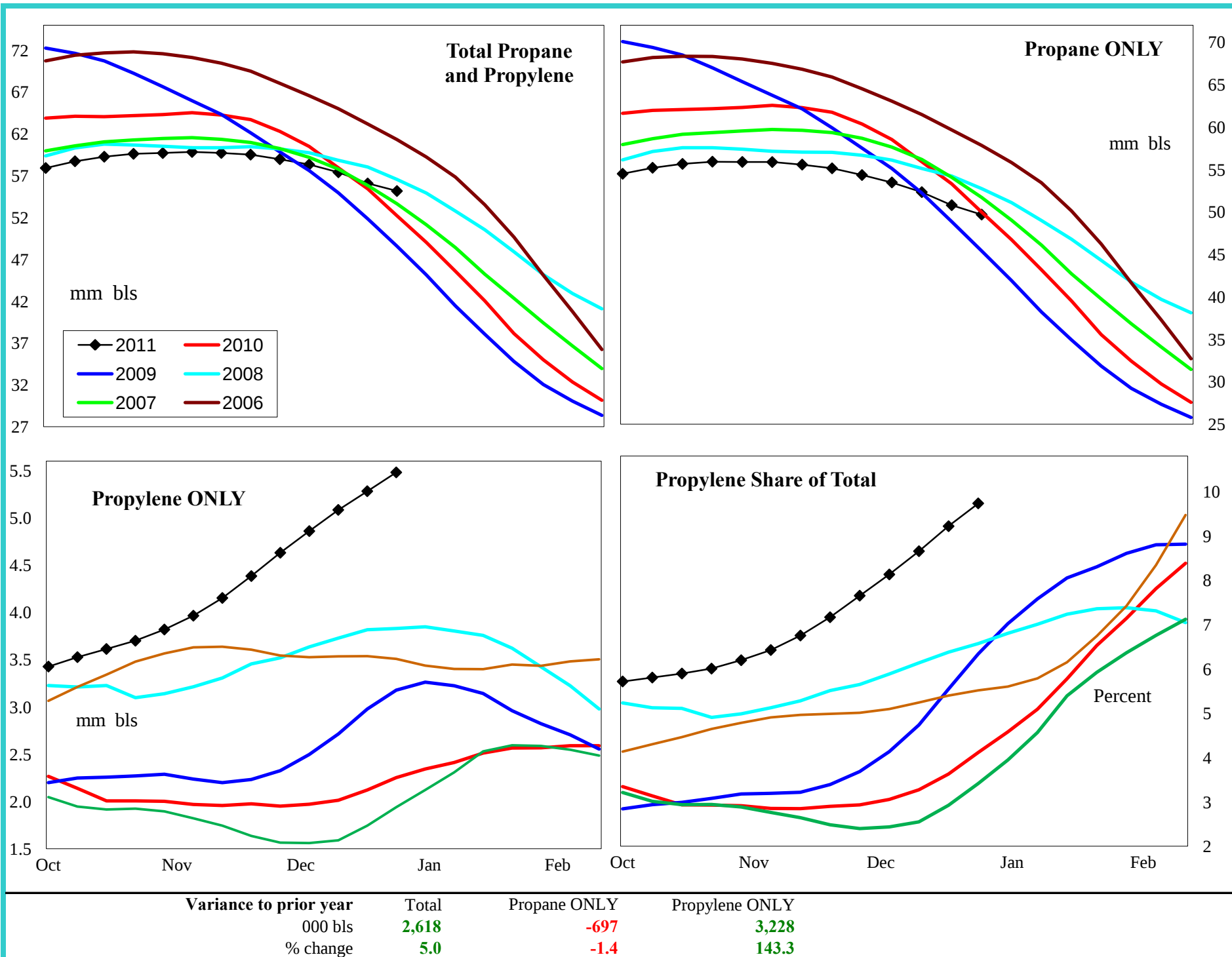
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

