



WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

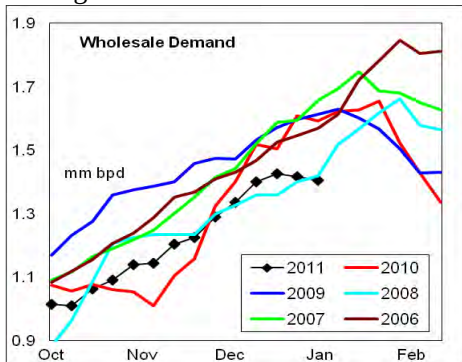
A Fundamental Petroleum Trends Weekly Report

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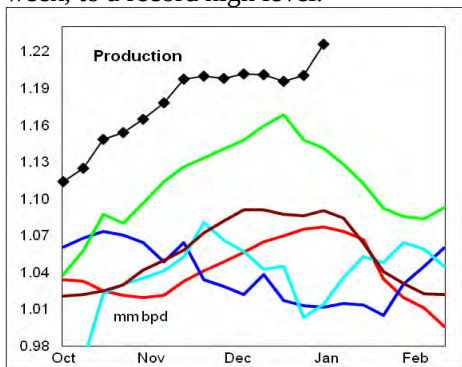
Summary¹:



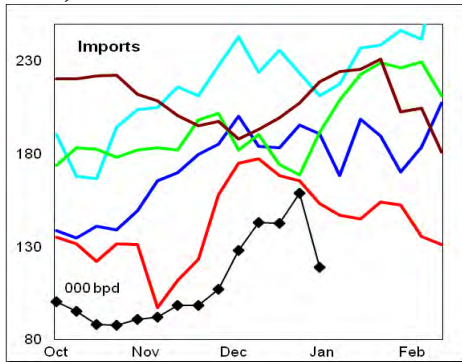
Wholesale demand decreased -25,000 bpd on the week, reflecting the continued mild temperatures in key heating markets.



Production increased +35,000 bpd last week, to a record high level.



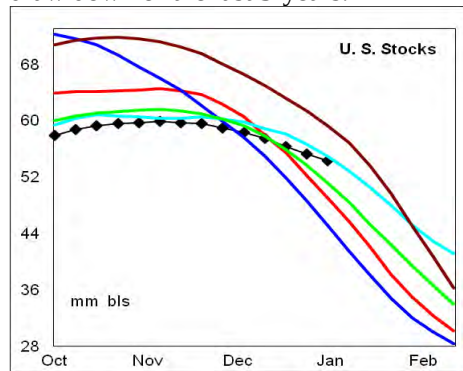
Imports declined -44,000 bpd on the week, concentrated in PADD 1.



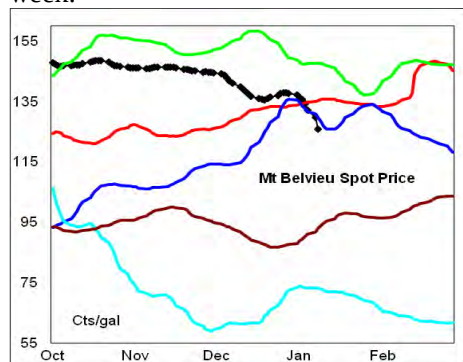
Combined production and imports during the latest 4-wk period were +95,000 bpd above a year ago. Production was +122,000 bpd above last year (+11%), while imports were -27,000 bpd lower. The latest 4-wk average demand was -86,000 bpd below last year; driven by low heating degree

days in major markets.

Stocks decreased -0.9 million barrels last week. The 4-wk stock change was a draw of -4.1 million barrels, the lowest draw down of the last 5-years.



Price and Spreads Mt Belvieu spot prices decreased -14 cpg for the week ending 10Jan12 while Conway decreased -20 cpg during the same week. Conway prices fell to an 18-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 -30 cpg discount, a new record discount for Conway.

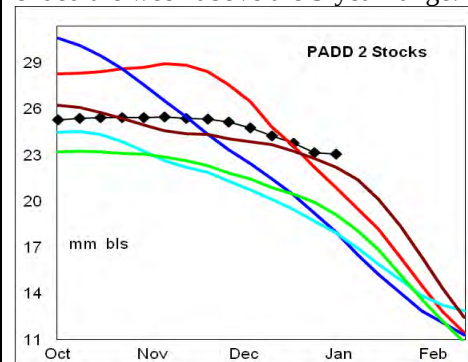
The propane to natural gas price spread trended lower last week on new record low natural gas prices. The spread remains near record highs on extremely weak natural gas prices.

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

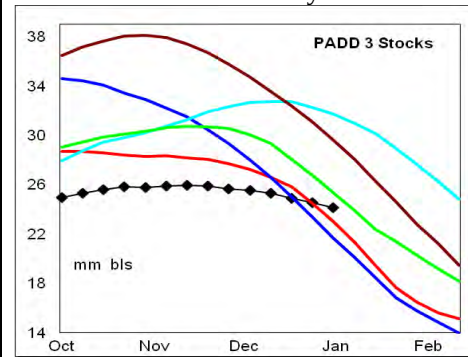
PADD 1 stocks decreased -0.4 million barrels last week. Stock levels match 5-year highs. Supply for the latest 4-wk period was -15,000 bpd below last year.

PADD 2 stocks decreased -0.1 million

barrels on the week. Supply increased +18,000 bpd last week on higher production. The latest 4-wk average supply was +21,000 bpd above a year ago, on higher production. Stock levels ended the week above the 5-year range.



PADD 3 stocks decreased -0.3 million barrels on the week, with the 4-wk rate of stock draw matching the lowest draw of the last 5-years. Stock levels ended the week above the last 2-years.



PADDs 4 & 5 stocks decreased -0.1 million barrels on the week. The stock level was +50% above a year ago.

Emerging Trends A return to near normal temperatures in key heating markets this week should lift demand. However, the forecast is for a return to much warmer than normal temperatures across much of the country before year end. Lack of a widespread snowpack points to warmer than normal temperatures for the foreseeable future. With record stocks in the Midwest and high production levels, expect further price weakness through the end of the heating season.

¹ Source is latest EIA Weekly Statistics



PROPANE: Graph Link and Weekly Summary

January 11, 2012

Fundamental Trends for the Week Ending:

Friday, January 06, 2012

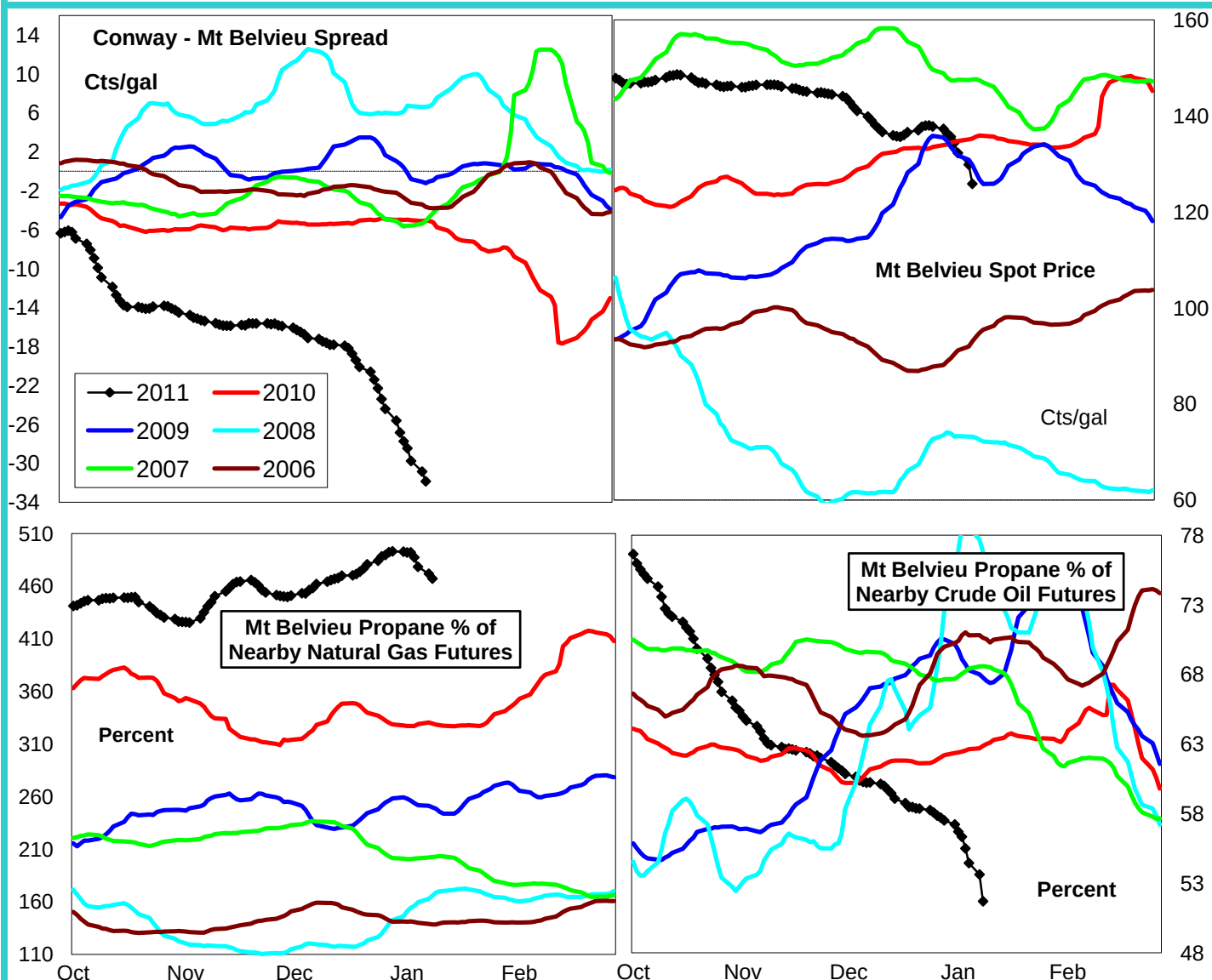
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	54,285	5,287	23,033	24,106	1,859	-891	-358	-74	-323	-136
Propylene Stocks	5,633					152				
Production	1,226	63	263	769	131	35	2	14	8	11
Imports	119	33	71	0	15	-44	-47	4	0	-2
Whsle Demand	1,405					-25				

Price Trends for the Week Ending:

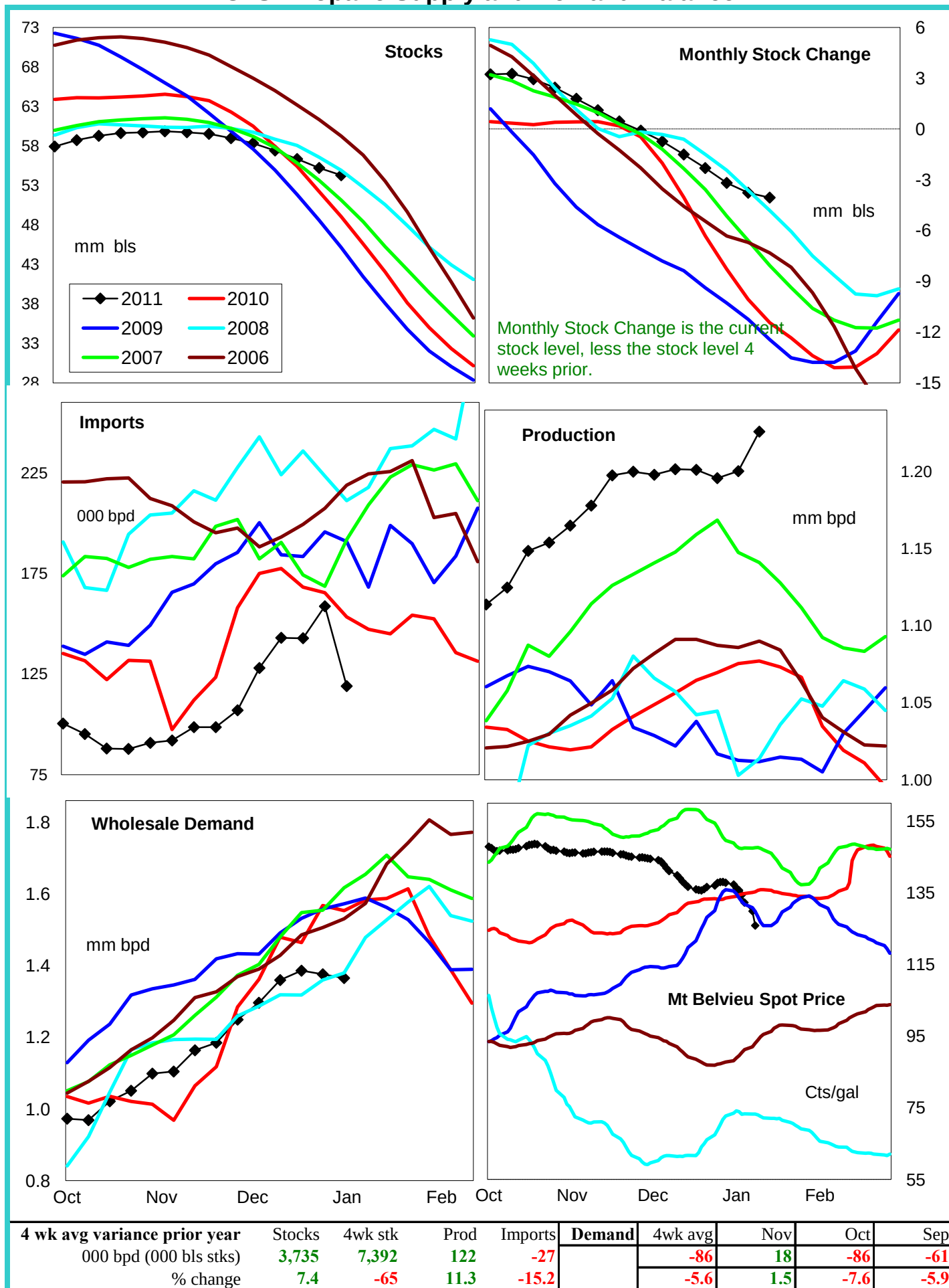
Wednesday, January 04, 2012

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	132.3	139.9	142.7	135.6	-7.62	-2.85	7.15	-5.4	-2.0	5.3
Conway Spot	102.5	114.8	125.2	130.7	-12.30	-10.35	-5.57	-10.7	-8.3	-4.3

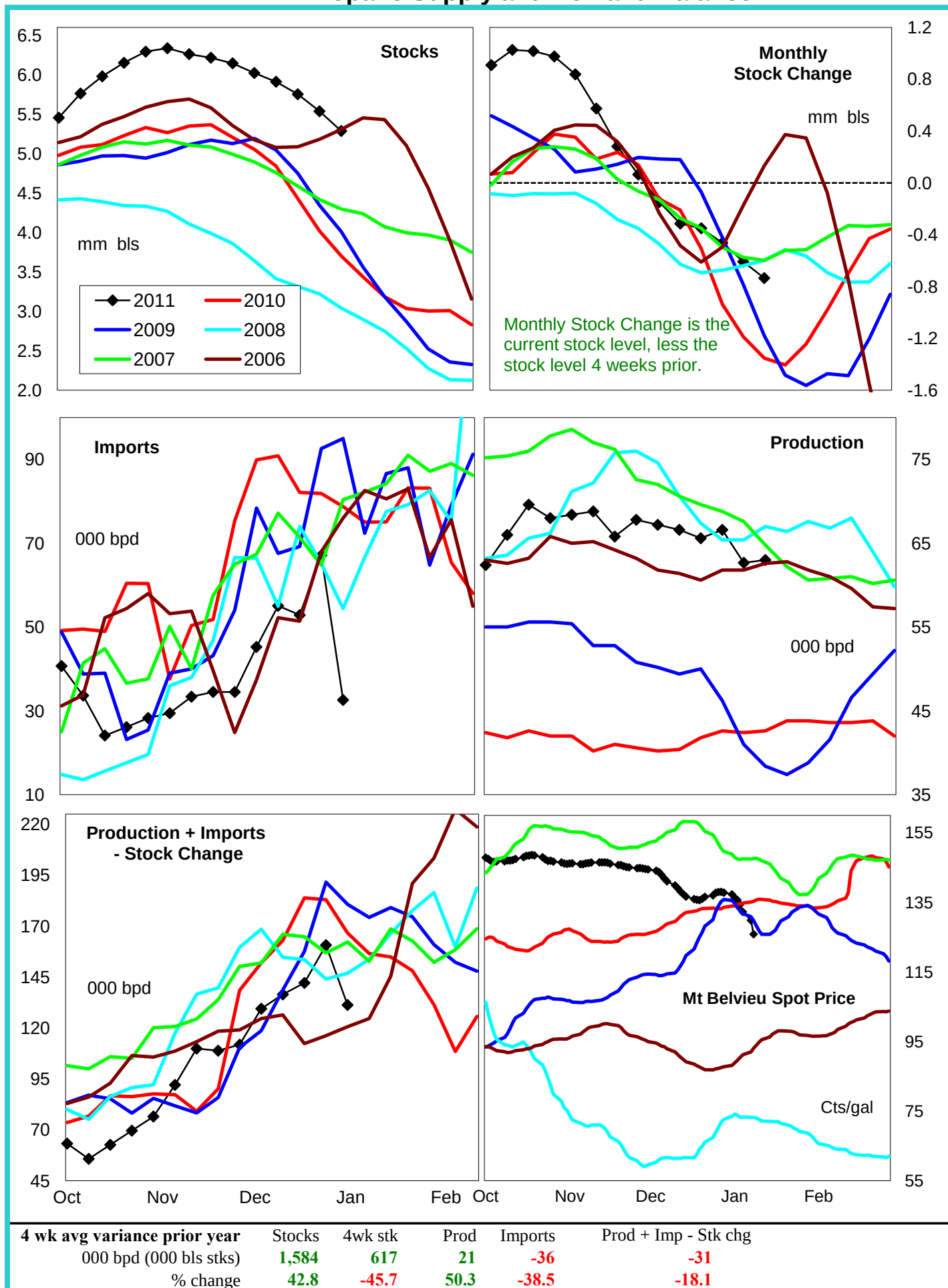
Key Price Spreads and Differentials



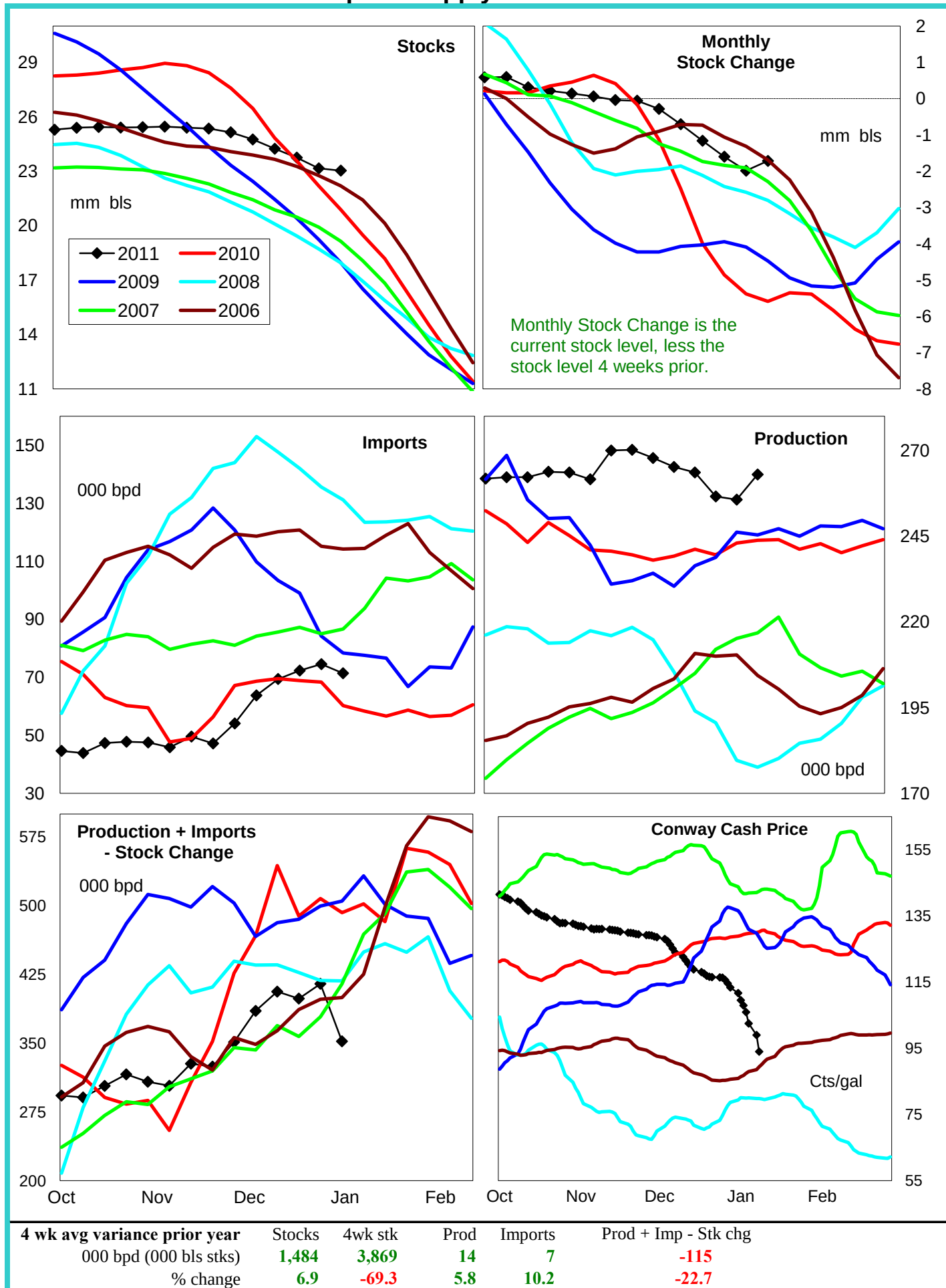
U. S. Propane Supply and Demand Balance



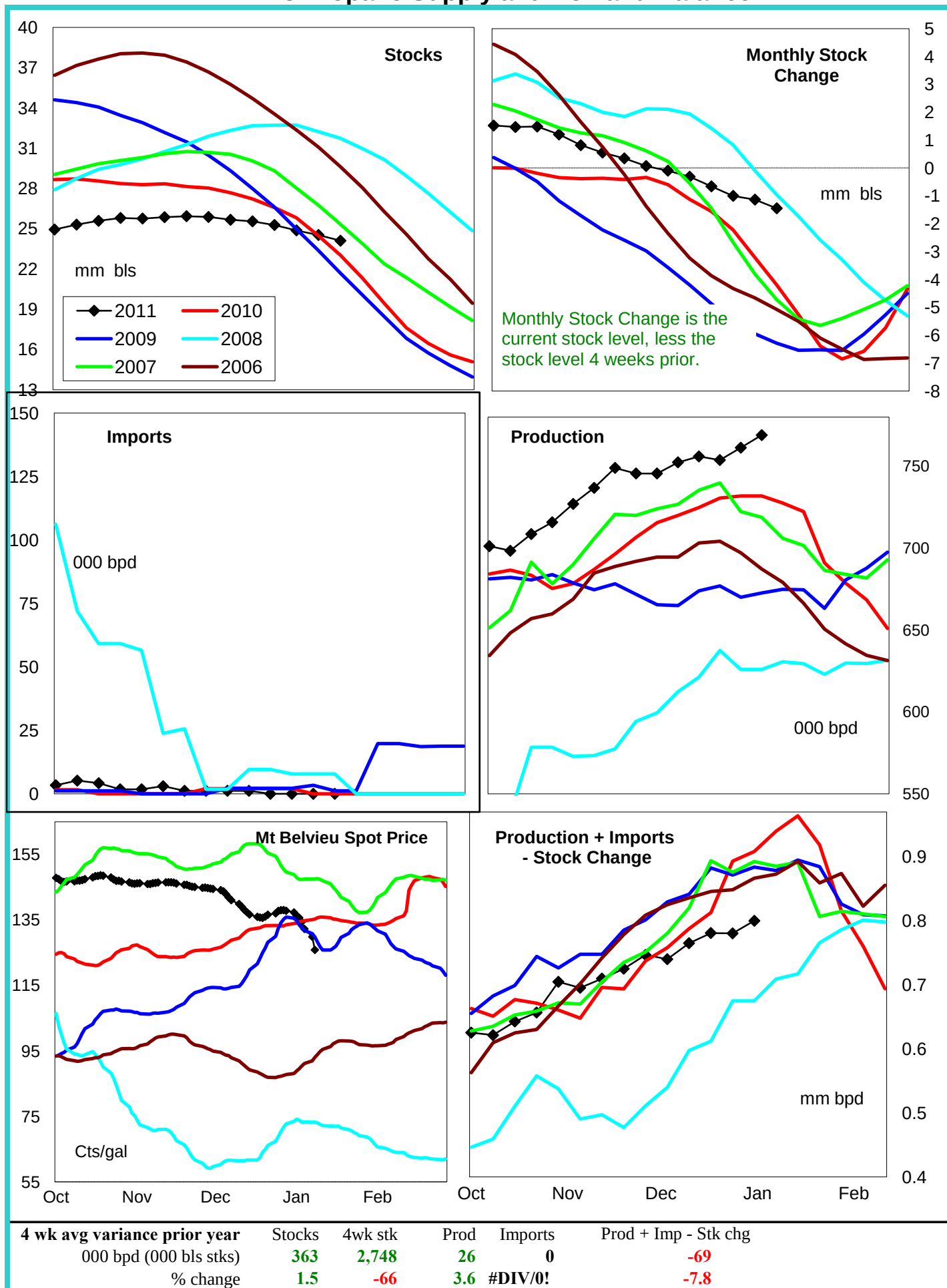
PADD 1 Propane Supply and Demand Balance



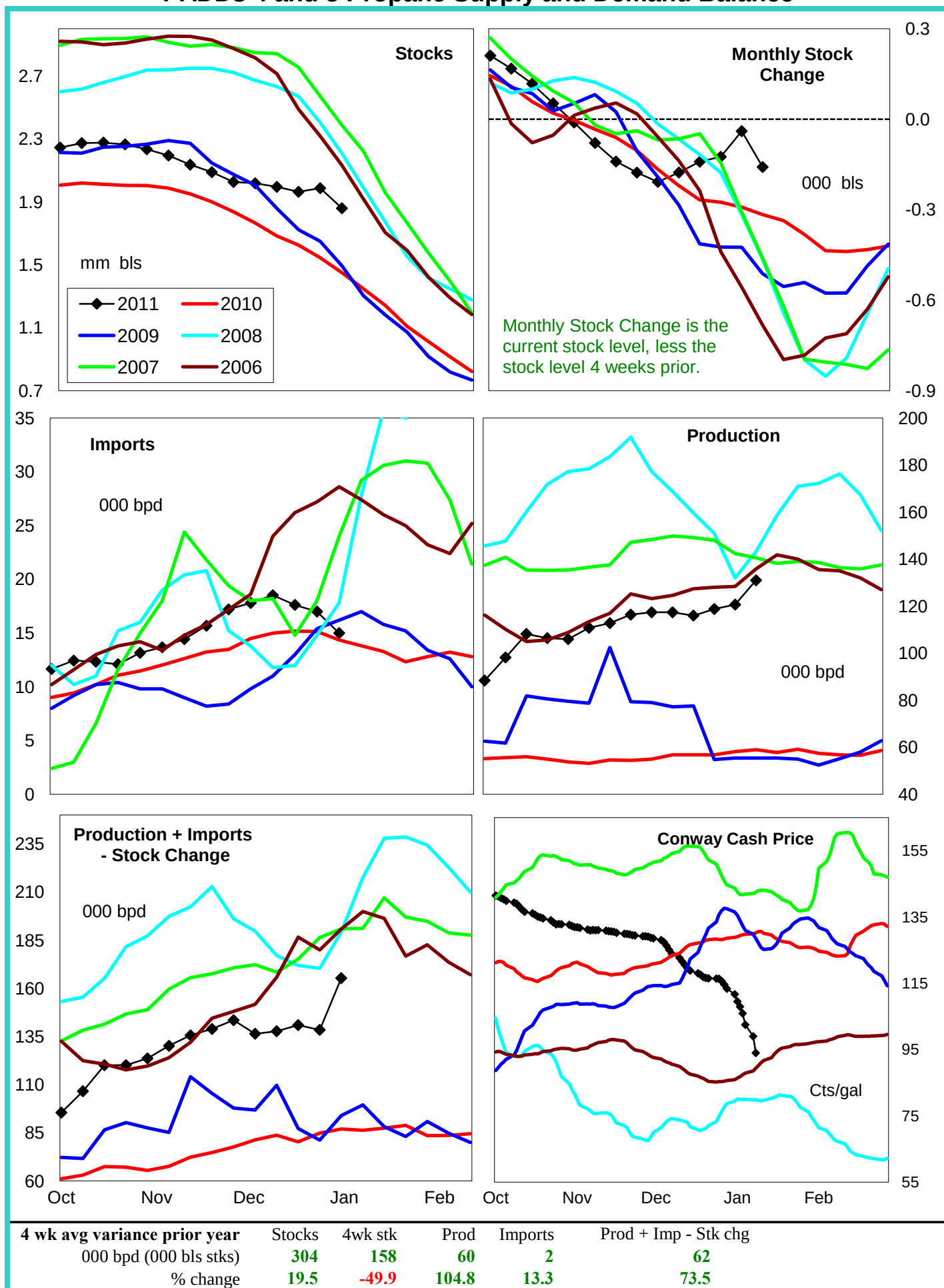
PADD 2 Propane Supply and Demand Balance



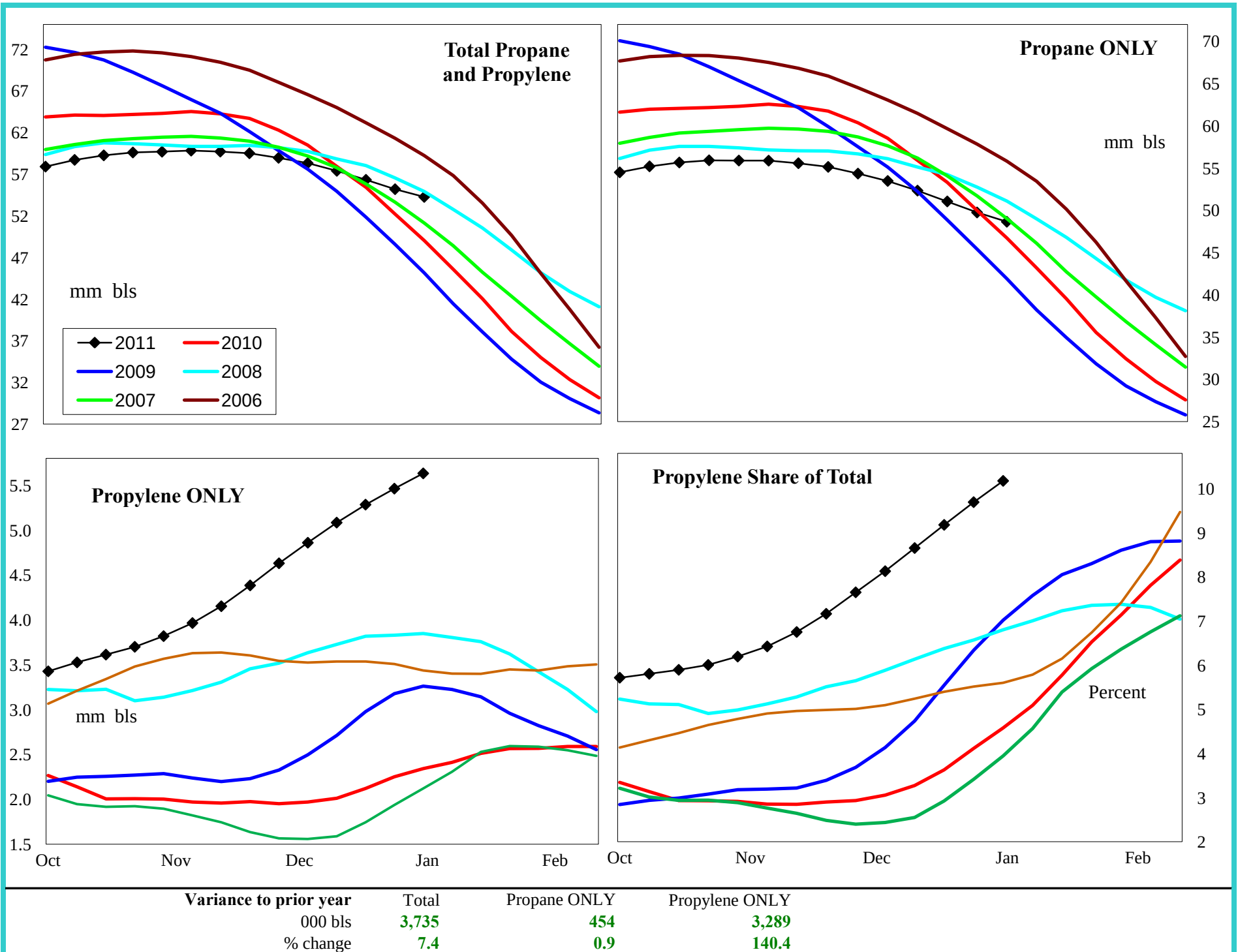
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

