FUNDAMENTAL PETROLEUM TRENDS

# WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

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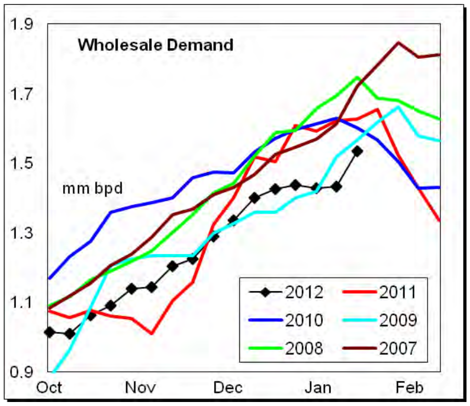
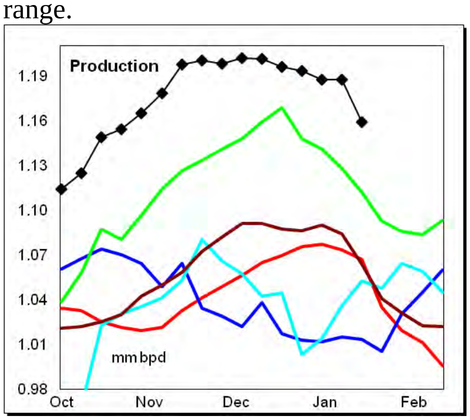
Summary[1]: Table of Contents

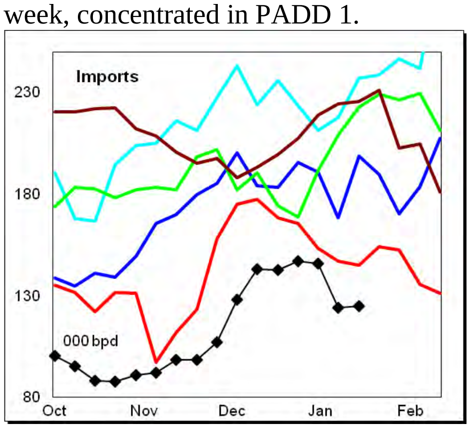
Wholesale demand climbed +180,000 bpd on the week, reflecting a return to near normal heating degree days for the week.




Production declined -18,000 bpd last week, a level well above the 5-year range.

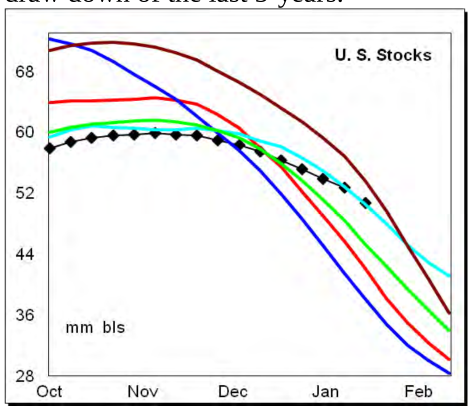



Imports decreased -3,000 bpd on the week, concentrated in PADD 1.

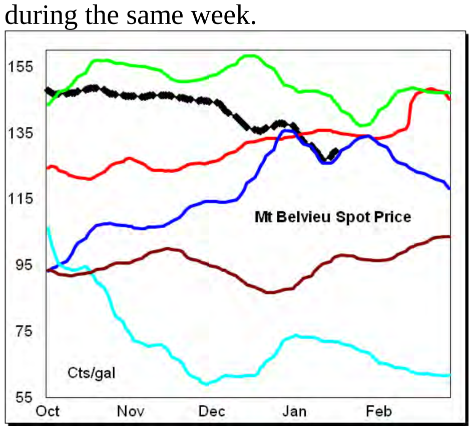



Combined production and imports during the latest 4-wk period were +98,000 bpd above a year ago. Production was +110,000 bpd above last year (+10%), while imports were -12,000 bpd lower. The latest 4-wk average demand was -182,000 bpd below last year; driven by low heating degree days in major markets.

Stocks decreased -2.5 million barrels last week. The 4-wk stock change was a draw of -5.6 million barrels, the lowest draw down of the last 5-years.




Price and Spreads Mt Belvieu spot prices decreased -2 cpg for the week ending 24Jan12 while Conway decreased -1 cpg during the same week.



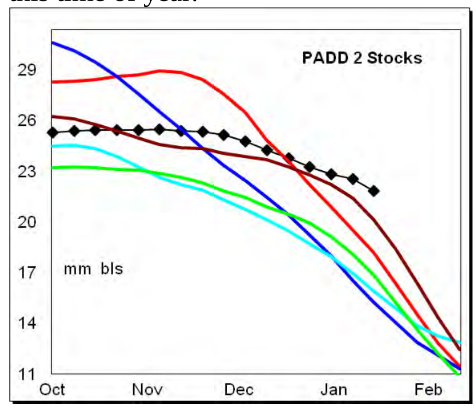

**The Conway – Mt Belvieu** price spread traded slightly higher last week, ending the week at -27 cpg discount.

The propane to natural gas price spread trended higher last week on continued weak natural gas prices. The spread reached new record highs in favor of propane.

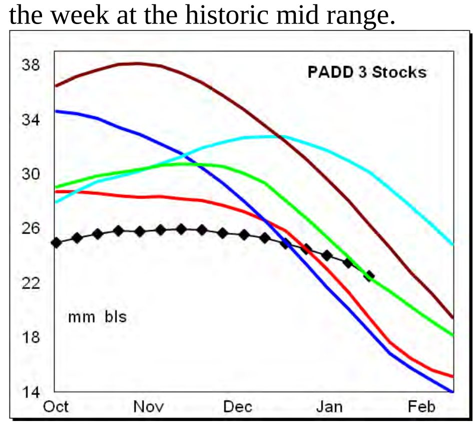
The propane / crude oil price spread traded sideways for the week at a level near the recent record lows.

PADD 1 stocks were unchanged last week. Stock levels ended the week near 5-year highs. Supply for the latest 4-wk period was -9,000 bpd below last year on record low imports.

PADD 2 stocks decreased -0.9 million barrels on the week. Supply increased +5,000 bpd on the week; with the latest 4-wk average +29,000 bpd above a year ago. Stock levels ended the week +20% above a year ago, and a record high for this time of year.




PAD 3 stocks decreased -01.3 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 at the historic mid range.




PADDs 4 & 5 stocks decreased d-0.2 million barrels. The stock level was +34% above a year ago.

**Emerging Trends** Temperatures are forecast to be warmer than normal across nearly the entire country for the next 10-days. Record high stocks in the Midwest and high production should keep the market extremely well supplied.

Expect price weakness through the end of the heating season, offset by pre buying for the next season on relatively low price levels.

[1] Source is latest EIA Weekly Statistics

# PROPANE: Graph Link and Weekly Summary

January 25, 2012

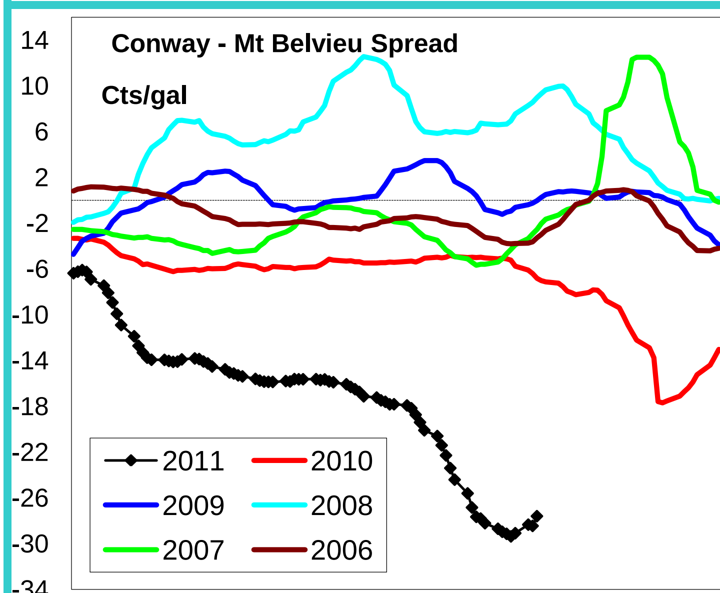
## Fundamental Trends for the Week Ending: Friday, January 20, 2012

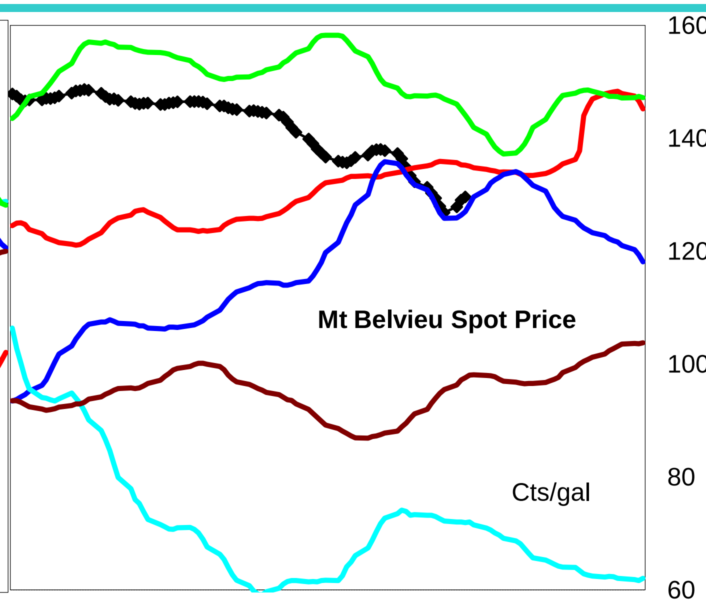
| 000 bpd Stocks 000 bls | Weekly Supply-Demand | | | | | Change from prior week: | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | U.S. Total | PADD 1 | PADD 2 | PADD 3 | PADD 4&5 | U.S. Total | PADD 1 | PADD 2 | PADD 3 | PADD 4&5 |
| Stocks | 50,752 | 4,802 | 21,833 | 22,511 | 1,606 | -2,472 | -41 | -917 | -1,308 | -206 |
| Propylene Stocks | 5,256 | | | | | -46 | | | | |
| Production | 1,159 | 59 | 267 | 723 | 110 | -18 | -4 | 1 | 7 | -22 |
| Imports | 125 | 33 | 73 | 0 | 19 | -3 | -7 | 4 | 0 | 0 |
| Whsle Demand | 1,535 | | | | | 180 | | | | |

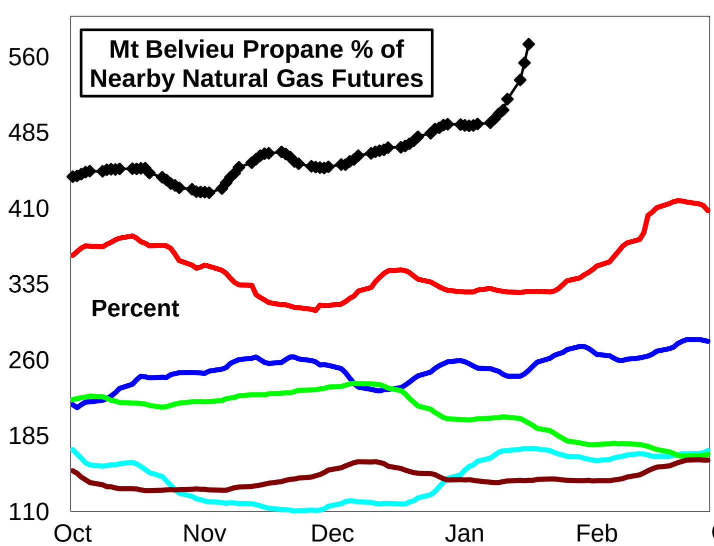
## Price Trends for the Week Ending: Wednesday, January 04, 2012

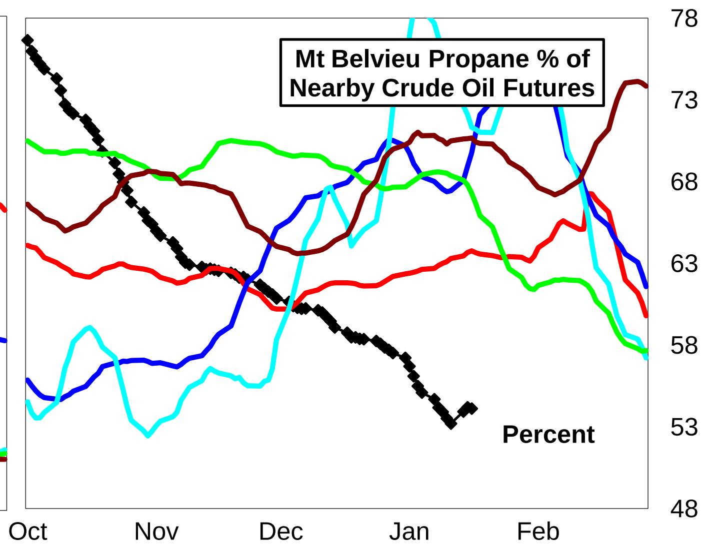
| Cents/gal | Average for week ending: | | | | Change from: | | | % change from: | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1/4/12 | 12/28/11 | 12/7/11 | 1/6/11 | 12/28/11 | 12/7/11 | 1/6/11 | 12/28/11 | 12/7/11 | 1/6/11 |
| Mont Belvieu Spot | 128.2 | 126.5 | 136.3 | 134.9 | 1.76 | -9.84 | 1.36 | 1.4 | -7.2 | 1.0 |
| Conway Spot | 101.9 | 97.6 | 117.7 | 126.7 | 4.24 | -20.07 | -9.03 | 4.3 | -17.1 | -7.1 |

## Key Price Spreads and Differentials

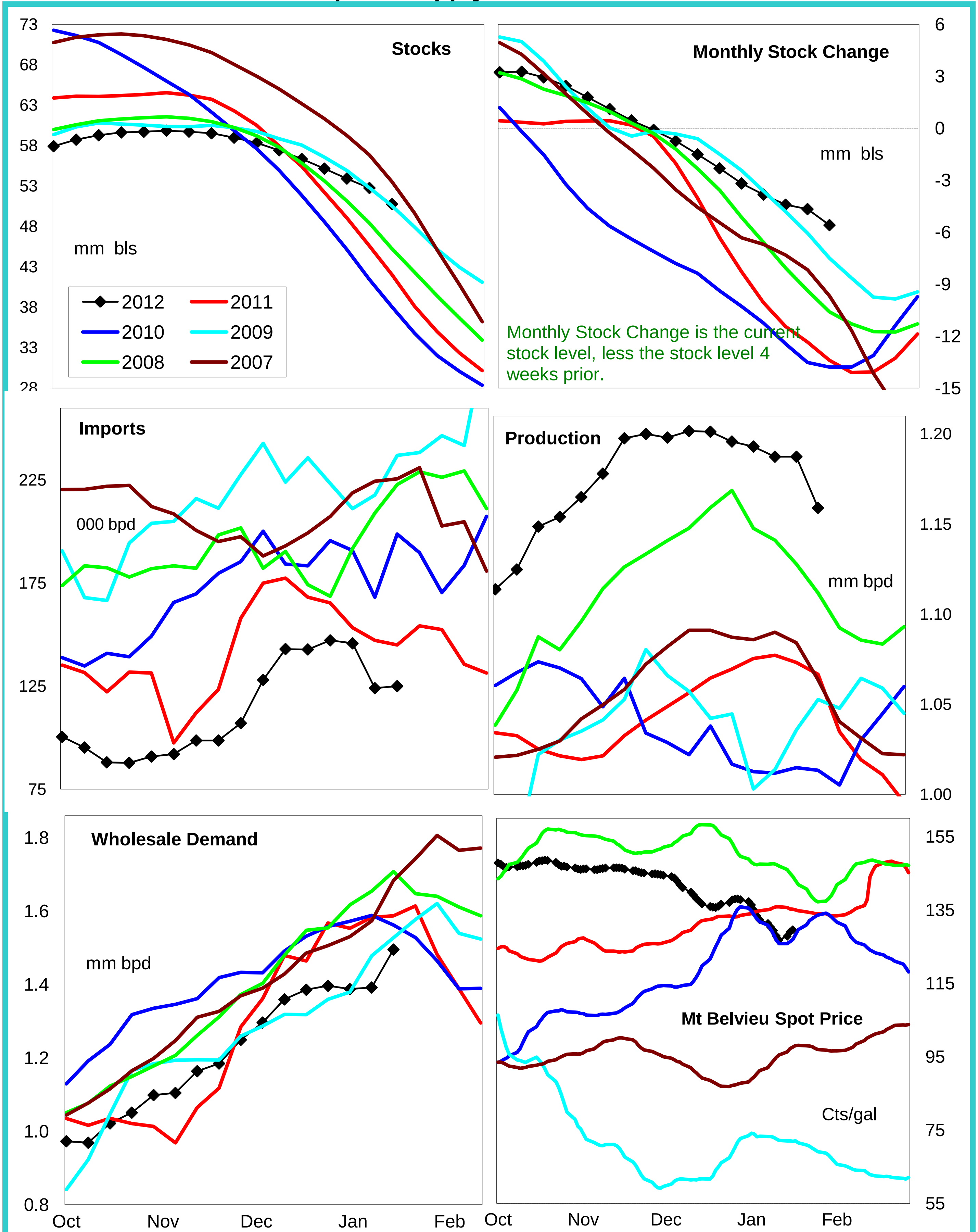


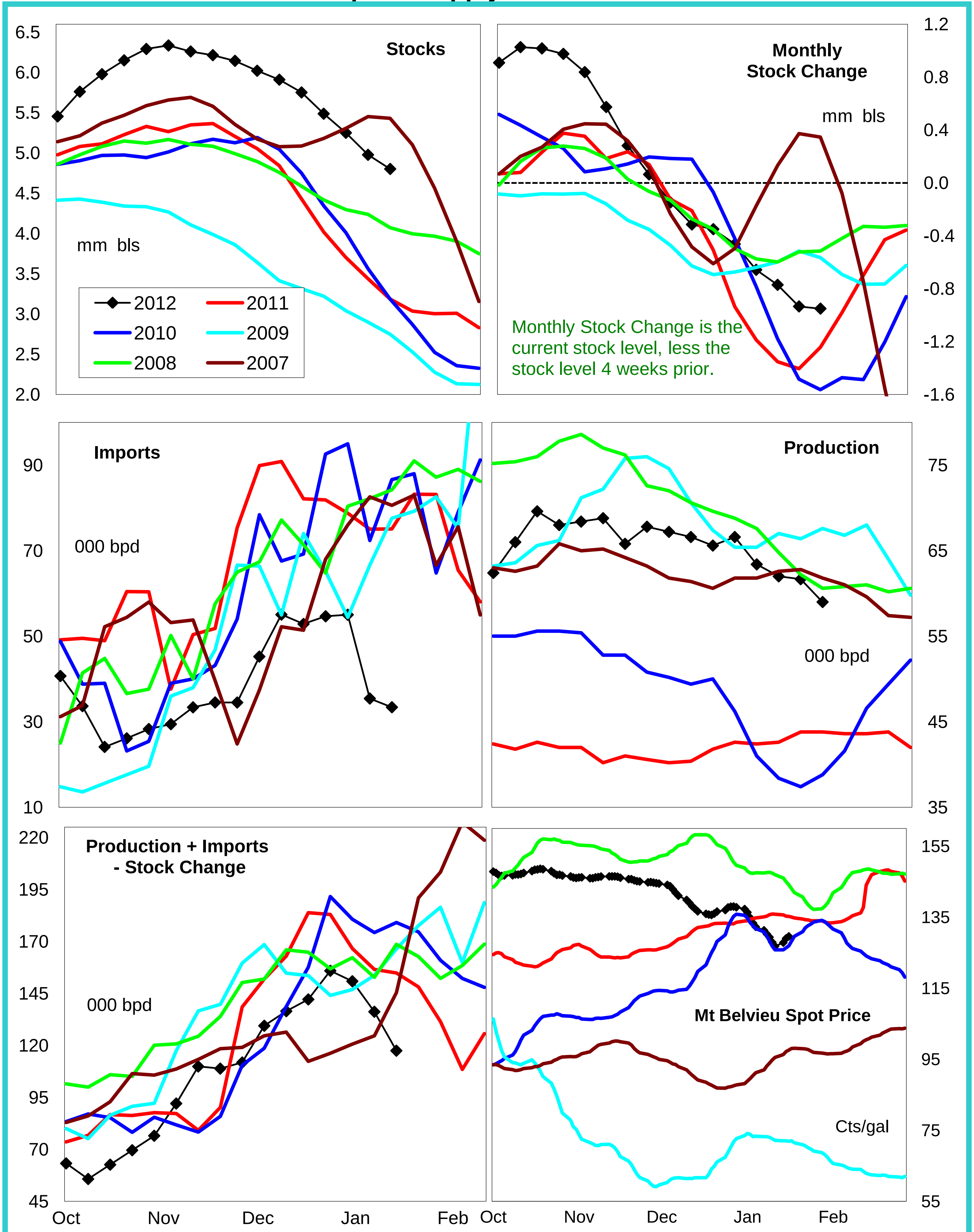



# U. S. Propane Supply and Demand Balance




| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Demand | 4wk avg | Dec | Nov | Oct |
|---|---|---|---|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | 8,958 | 7,802 | 110 | -12 | | -182 | -203 | 18 | -86 |
| % change | 21.4 | -58 | 10.2 | -8.2 | | -11.3 | -12.4 | 1.5 | -7.6 |

# 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) | 1,747 | 292 | 18 | -27 | -25 |
| % change | 57.2 | -23.5 | 42.2 | -37.1 | -15.2 |



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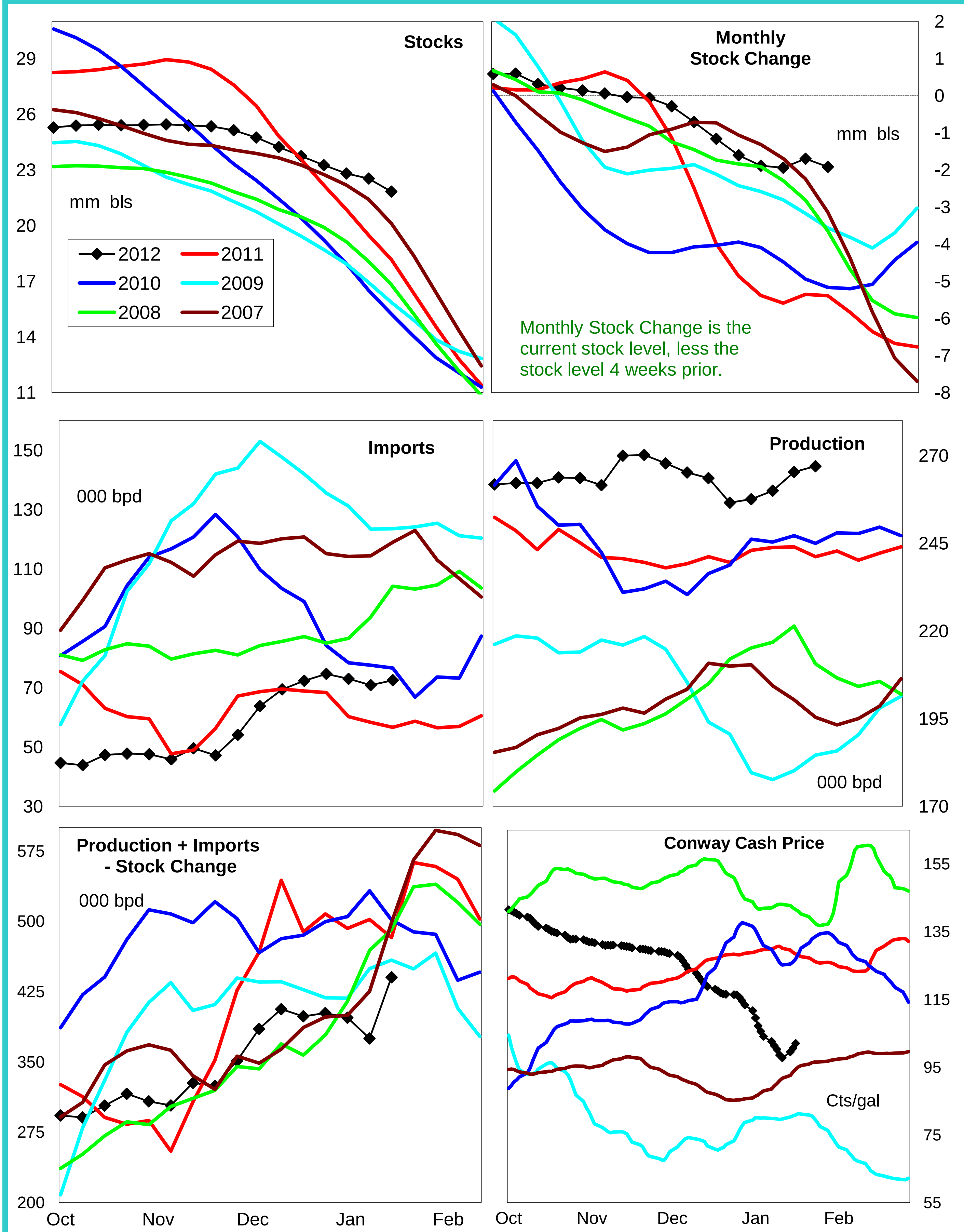
# PADD 2 Propane Supply and Demand Balance




| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Prod + Imp - Stk chg |
|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | 3,599 | 3,469 | 18 | 11 | -93 |
| % change | 19.7 | -64.4 | 7.2 | 19.6 | -18.7 |



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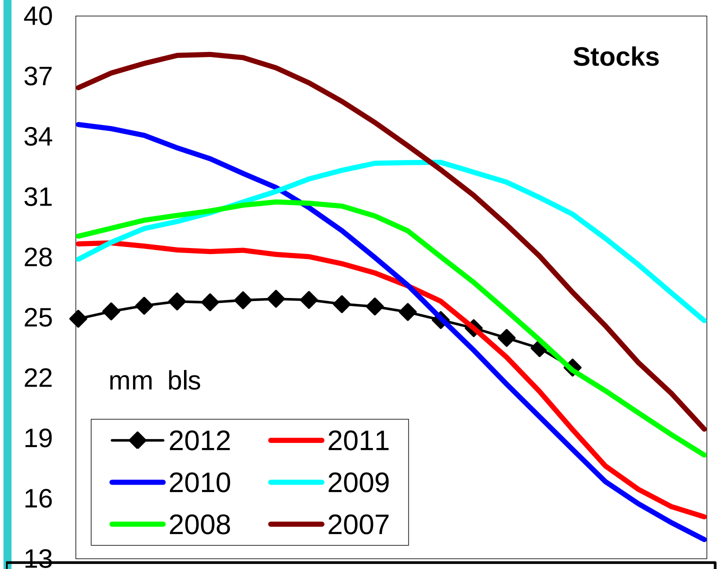
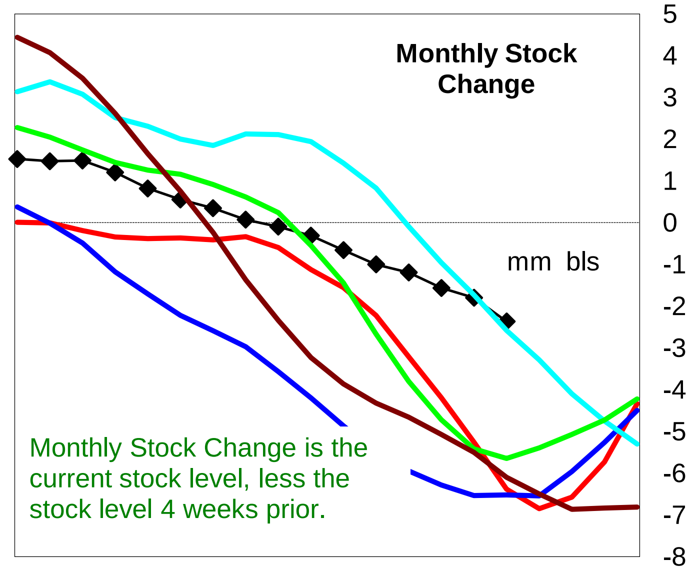
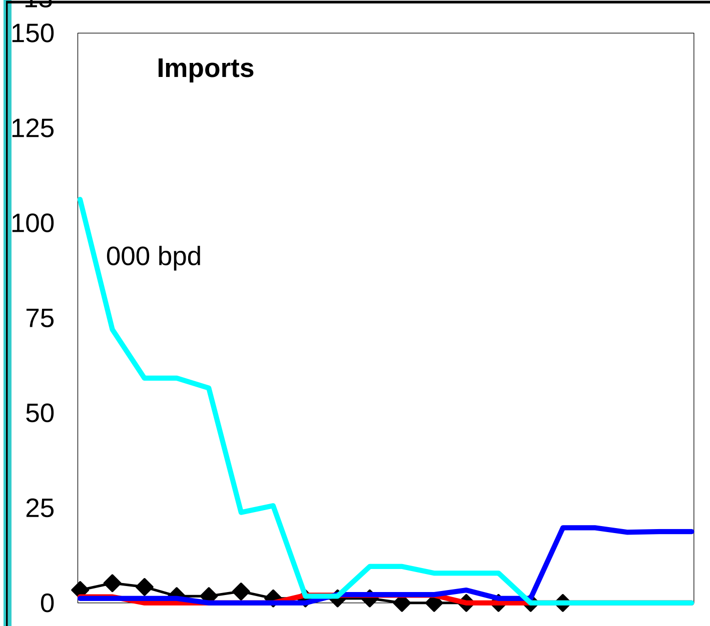
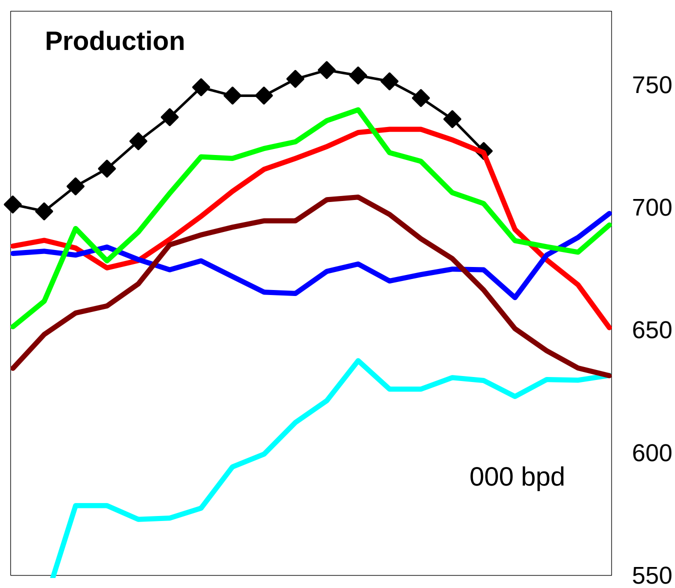
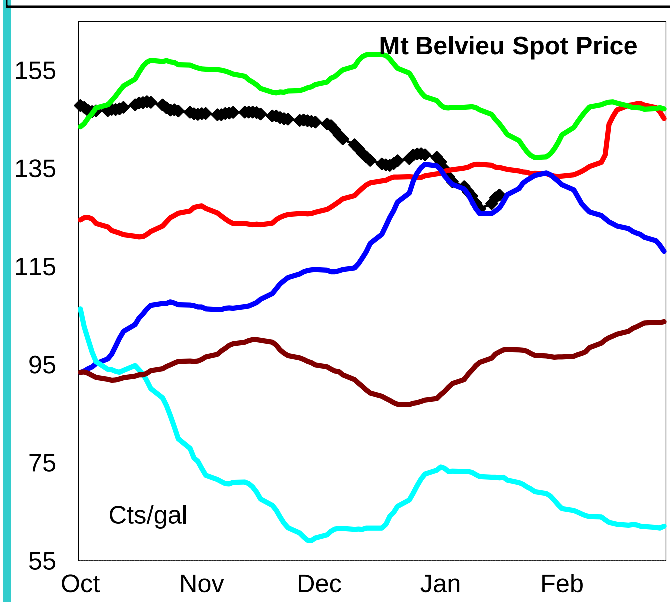
# PADD 3 Propane Supply and Demand Balance

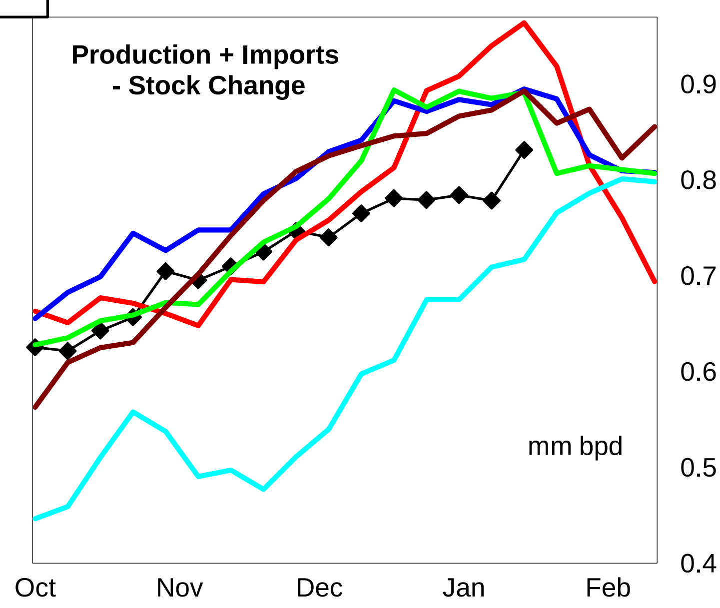


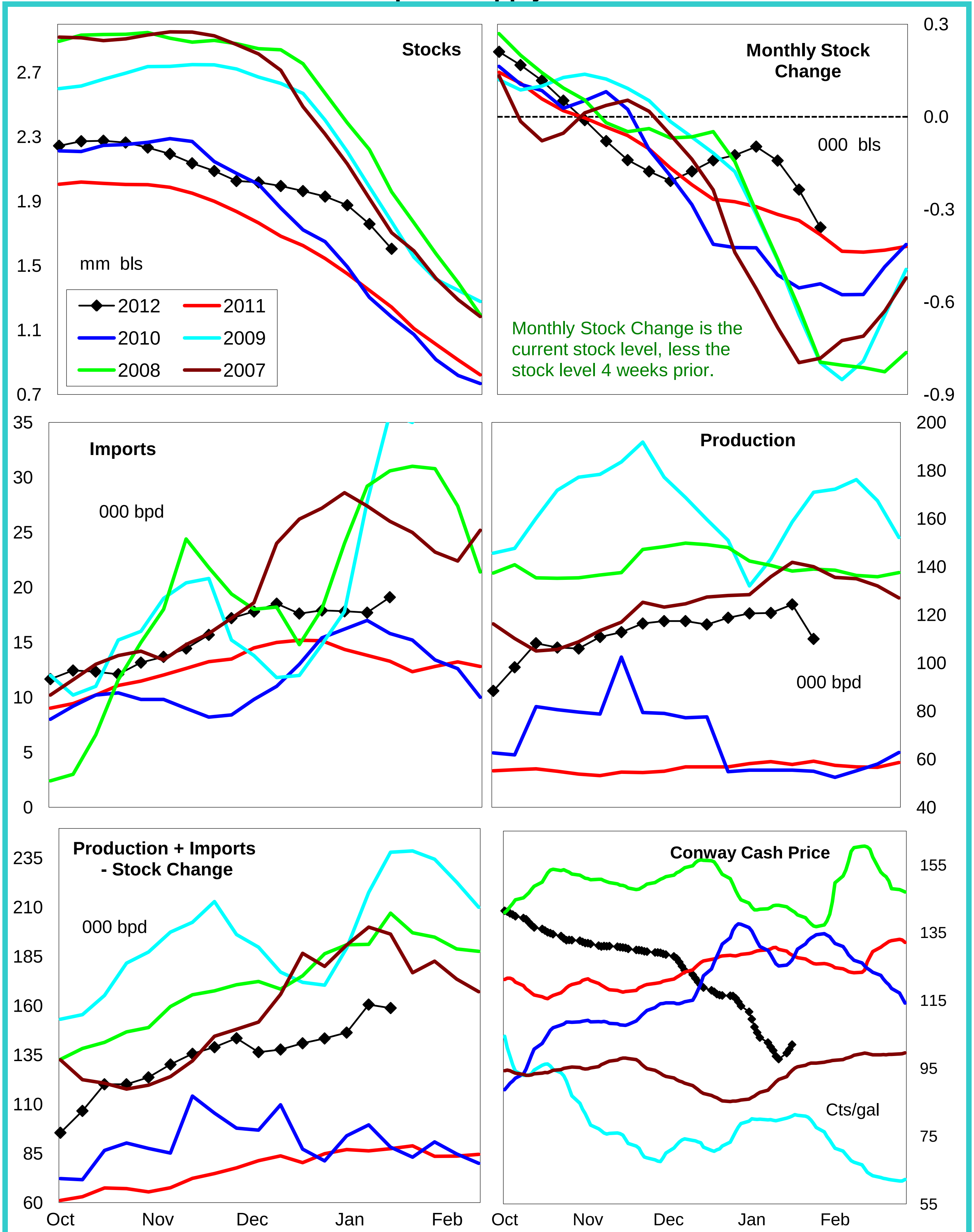




| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Prod + Imp - Stk chg |
|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | 3,199 | 4,017 | 10 | 0 | -133 |
| % change | 16.6 | -63 | 1.4 | #DIV/0! | -13.9 |

# 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) | 412 | 24 | 64 | 4 | 66 |
| % change | 34.5 | -6.2 | 108.0 | 28.7 | 76.3 |



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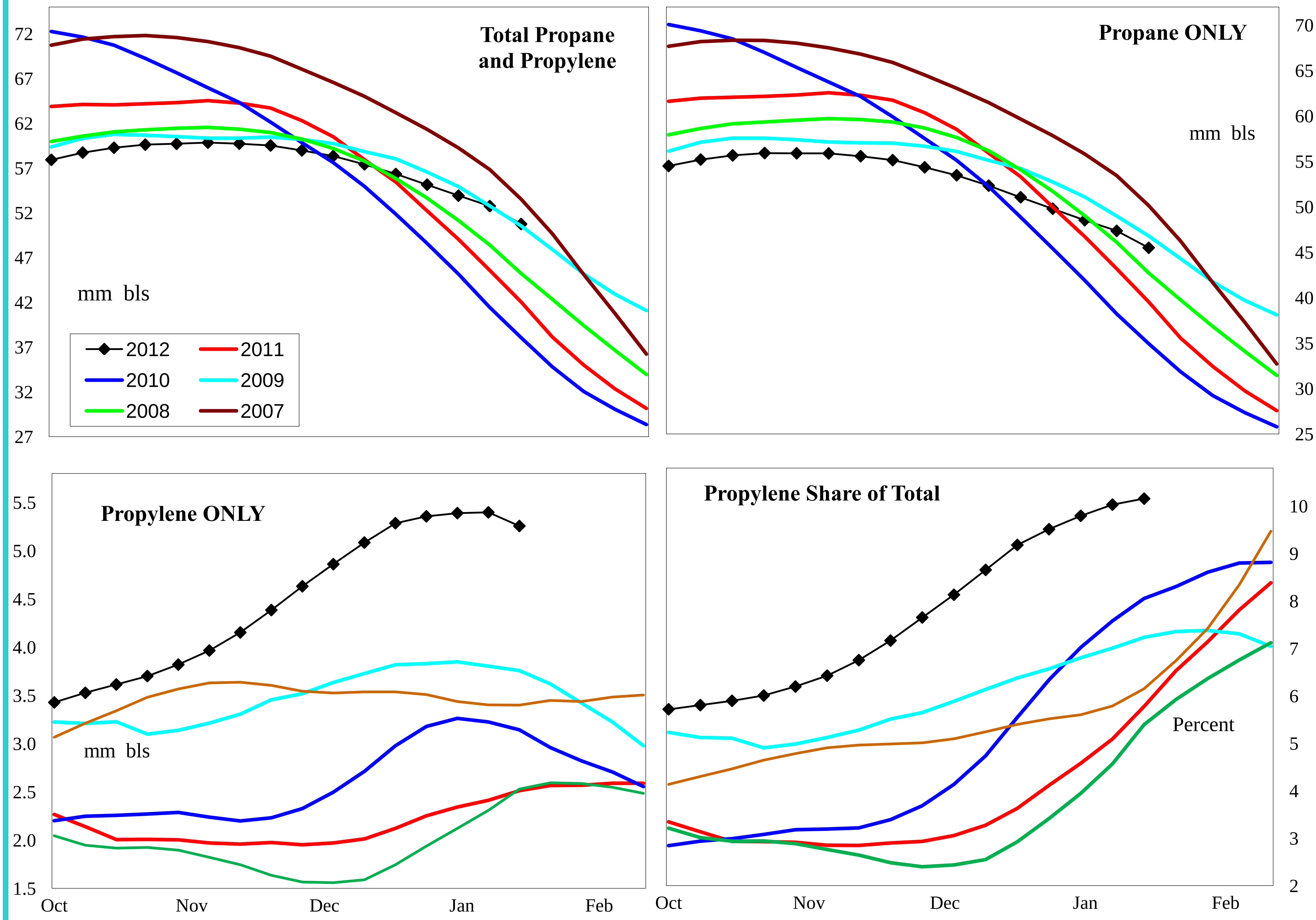
# U. S. Propane and Propylene Stocks




| Variance to prior year | Total | Propane ONLY | Propylene ONLY |
|---|---|---|---|
| 000 bls | 8,958 | 6,182 | 2,743 |
| % change | 21.4 | 15.7 | 109.2 |



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




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