FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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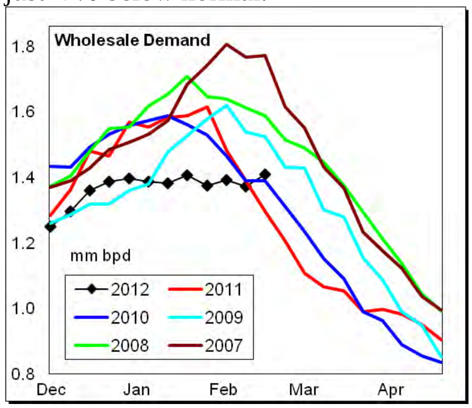
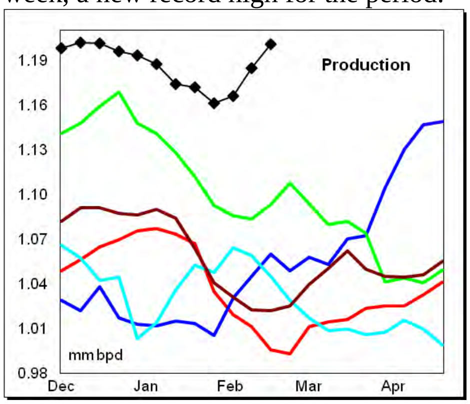
Summary[1]: ? **Table of Contents**

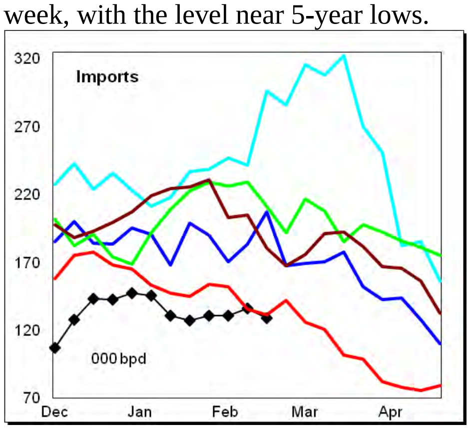
Wholesale demand increased +208,000 bpd on the week, on heating degree days just -7% below normal.



Production increased +28,000 bpd last week, a new record high for the period.

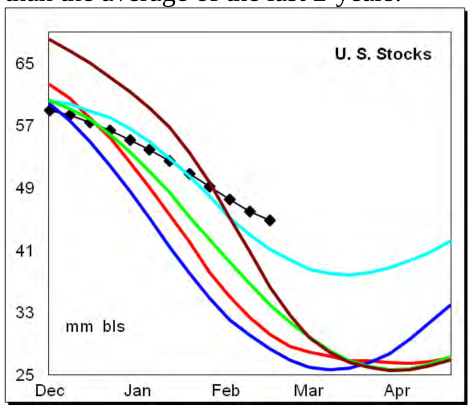


Imports decreased -8,000 bpd on the week, with the level near 5-year lows.

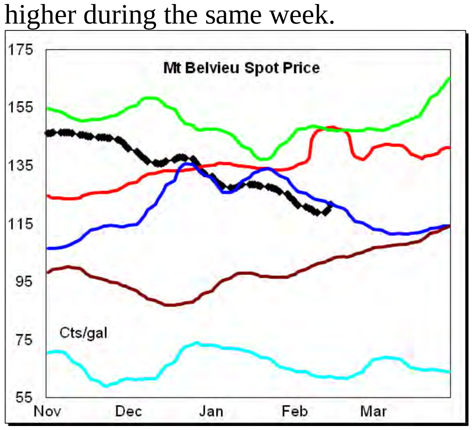


Combined production and imports during the latest 4-wk period were +162,000 bpd above a year ago. Production was +157,000 bpd above last year (+16%), while imports were +5,000 bpd higher. The latest 4-wk average demand was -73,000 bpd below last year; driven by low heating degree days in major markets.

Stocks decreased -1.6 million barrels last week. The 4-wk stock change was a draw of -5.9 million barrels, -50% less than the average of the last 2-years.



Price and Spreads Mt Belvieu spot prices increased +4 cpg for the week ending 22Feb12 while Conway was +3.25 cpg higher during the same week.



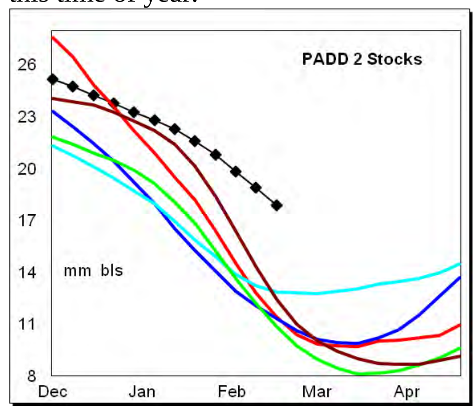
The Conway – Mt Belvieu price spread traded sideways during the week, ending at a -18 cpg discount.

The propane to natural gas price spread trended lower last week on modest strength in natural gas prices. The spread was still near record highs in favor of propane.

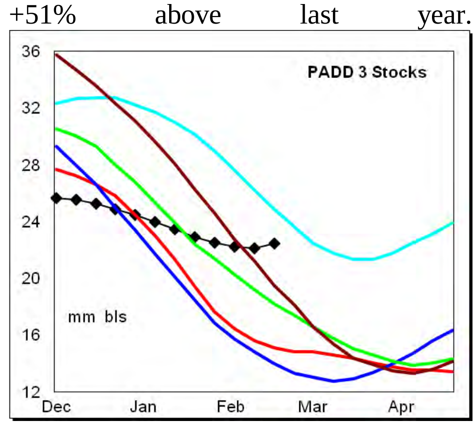
The propane / crude oil price spread extended the longer term downtrend last week, falling to new all time record lows for the season.

PADD 1 stocks fell -0.5 million barrels on the week. Stock levels remain well above the last 3-years. Supply for the latest 4-wk period unchanged from a year ago.

PADD 2 stocks decreased -1.2 million barrels on the week. Supply increased +25,000 barrels on higher imports and production. The latest 4-wk average supply was +35,000 bpd above a year ago, driven by record high production. Stock levels ended the week +64% above a year ago, and a record high for this time of year.



PAD 3 stocks increased +0.3 million barrels on the week, with the 4-wk rate of stock draw -0.5 million barrels compared to an average -4.5 million barrels. Stock levels ended the week +51% above last year.



PADDs 4 & 5 stocks decreased -0.1 million barrels. The stock level was +37% above a year ago.

Emerging Trends U.S. 'propane only' (excluding propylene) stocks are +49% above last year and a record high for this time of year. Production was +157,000 bpd above a year ago for the latest 4-wk average. Expect price weakness during the next quarter, and extending until export infrastructure projects are completed to support higher exports.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

February 23, 2012

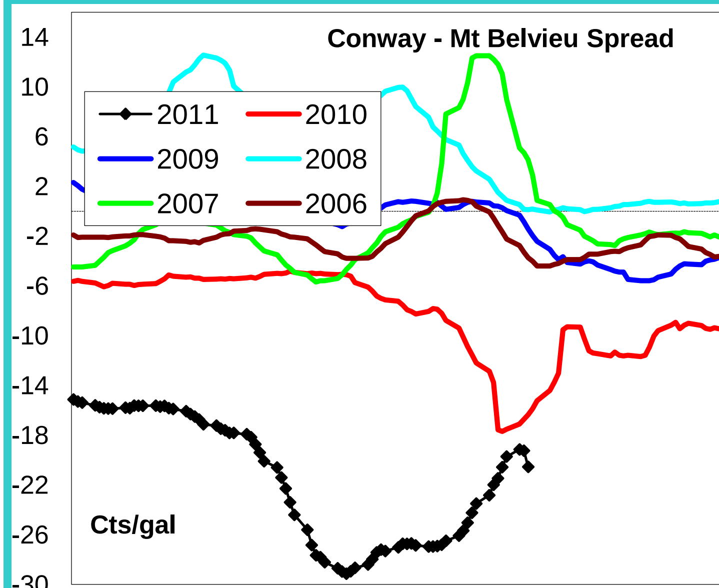
Fundamental Trends for the Week Ending: Friday, February 17, 2012

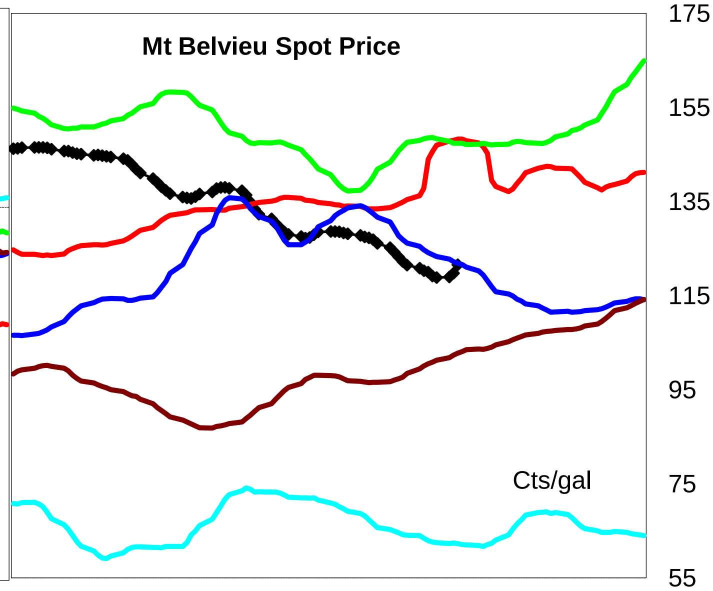
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	44,884	3,428	17,889	22,433	1,134	-1,555	-548	-1,179	271	-99
Propylene Stocks	4,768					-165				
Production	1,201	77	276	722	126	28	16	15	0	-3
Imports	129	38	64	0	28	-8	-9	10	0	-8
Whsle Demand	1,448					208				

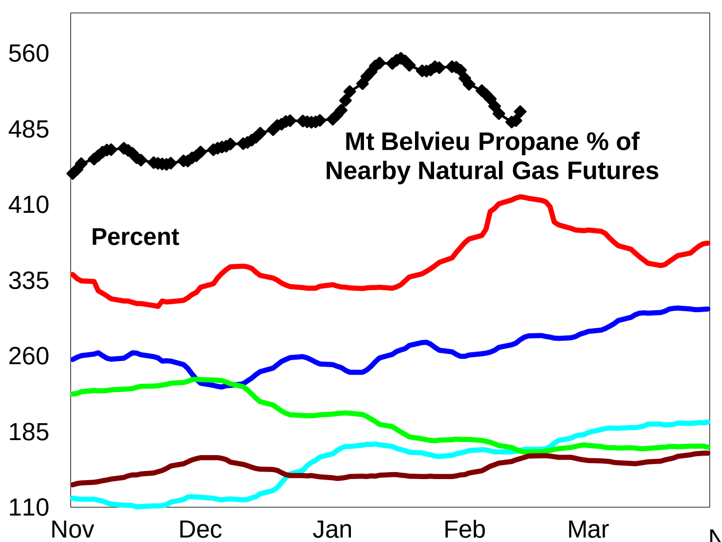
Price Trends for the Week Ending: Wednesday, February 22, 2012

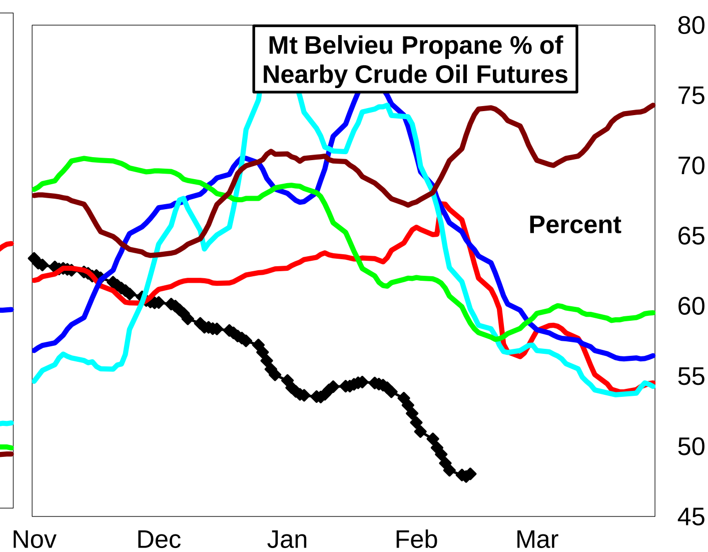
Cents/gal	Average for week ending:				Change from:			% change from:		
	2/22/12	2/15/12	1/25/12	2/24/11	2/15/12	1/25/12	2/24/11	2/15/12	1/25/12	2/24/11
Mont Belvieu Spot	119.0	120.1	127.8	154.8	-1.19	-7.62	-27.05	-1.0	-6.0	-17.5
Conway Spot	99.8	97.3	101.8	132.1	2.46	-4.43	-30.36	2.5	-4.4	-23.0

Key Price Spreads and Differentials

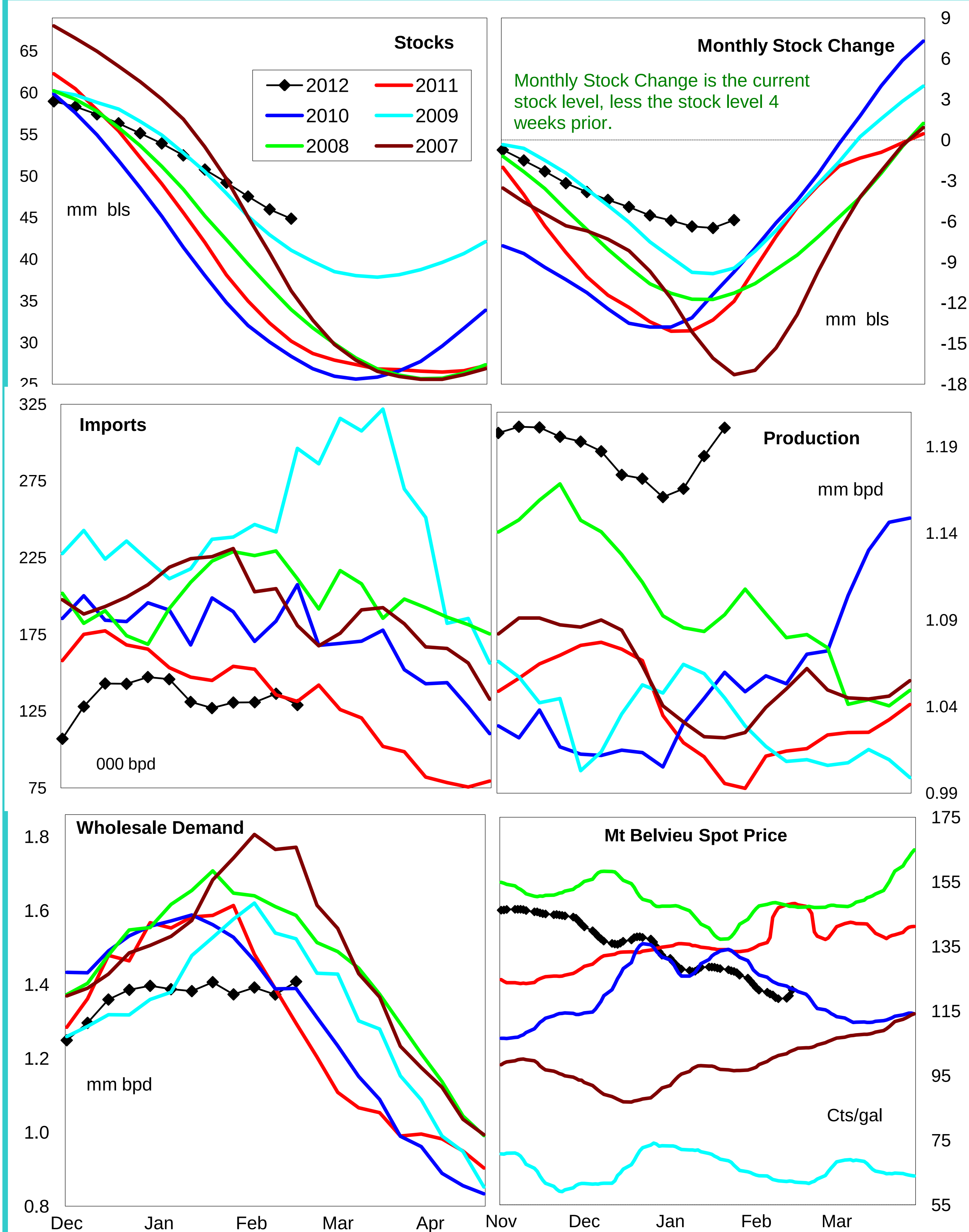






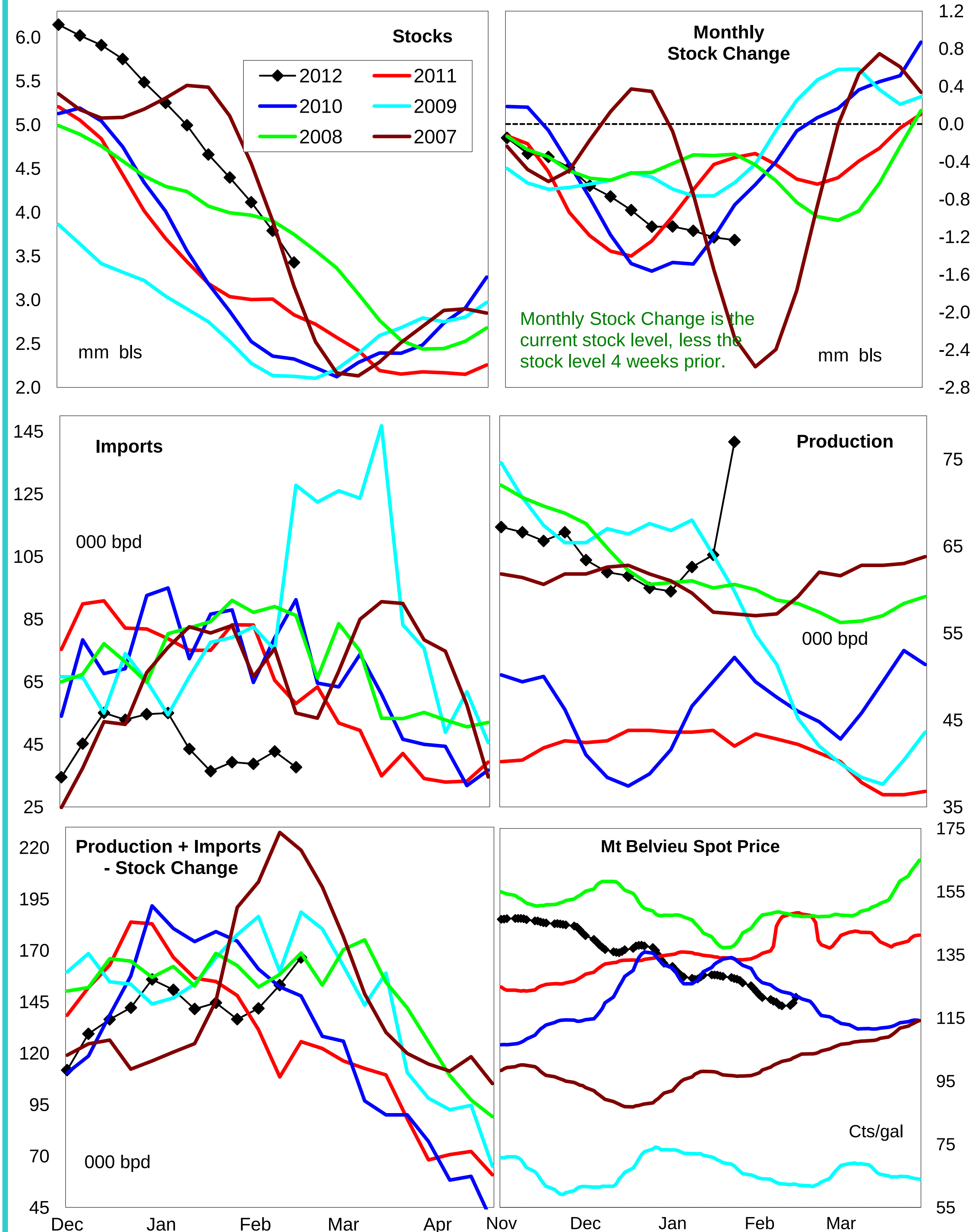


U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jan	Dec	Nov
000 bpd (000 bls stks)	15,403	5,980	157	5		-73	-195	-203	18
% change	52.2	-50	15.5	4.1		-4.9	-11.8	-12.4	1.5

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)	535	-877	19	-18	21
% change	18.5	246.3	43.5	-30.4	16.4

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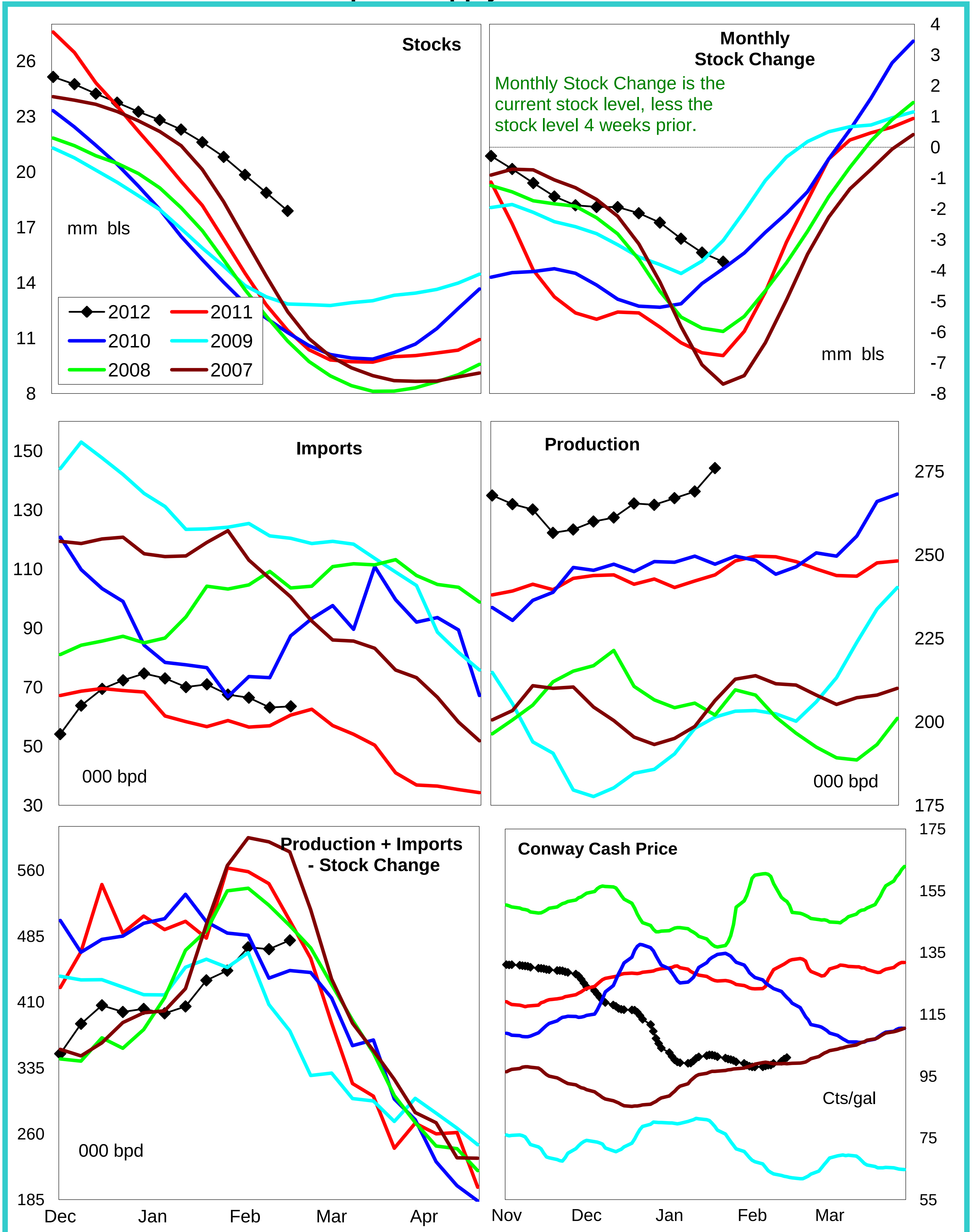
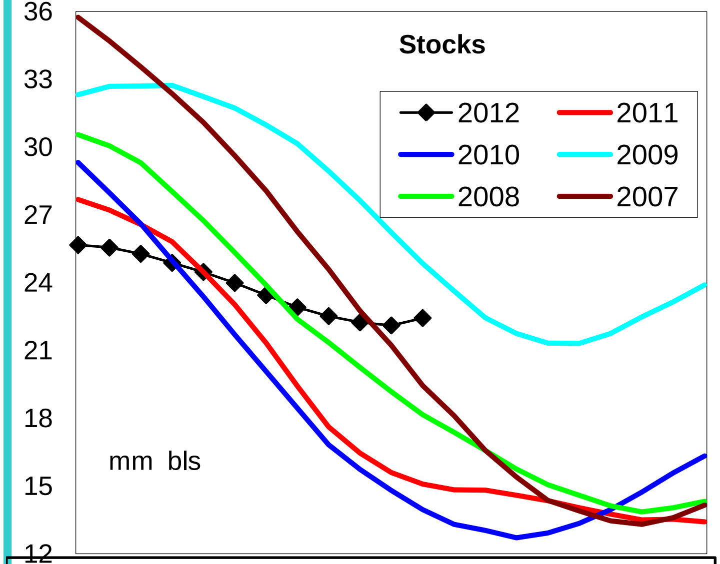
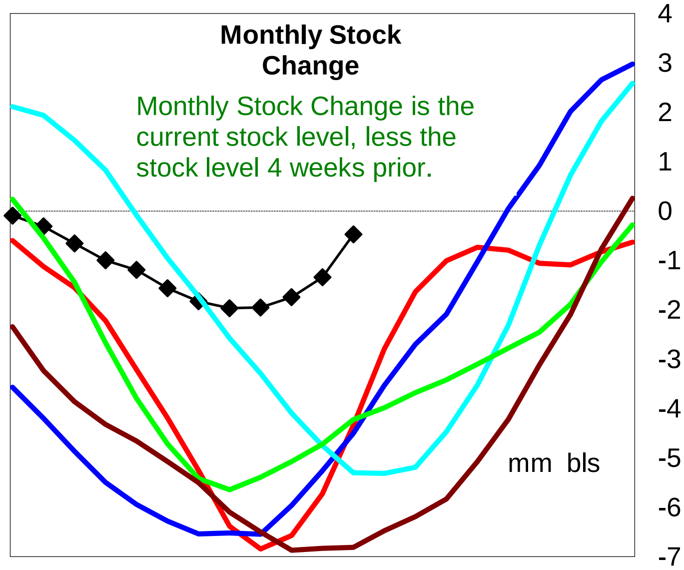
PADD 2 Propane Supply and Demand Balance

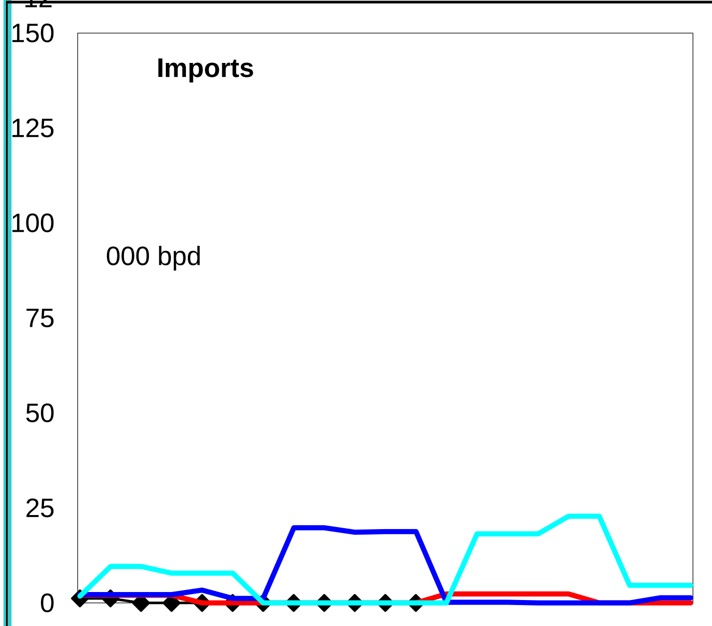


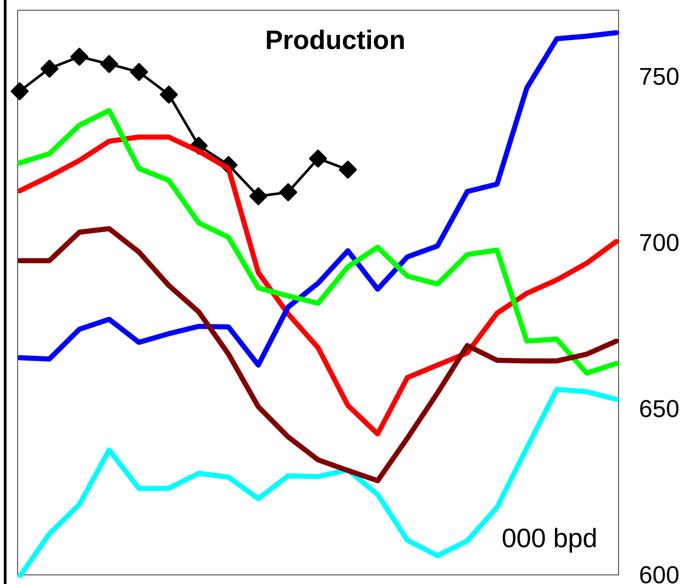
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	6,977	3,050	26	9	-75
% change	63.9	-45.1	10.9	15.6	-13.8

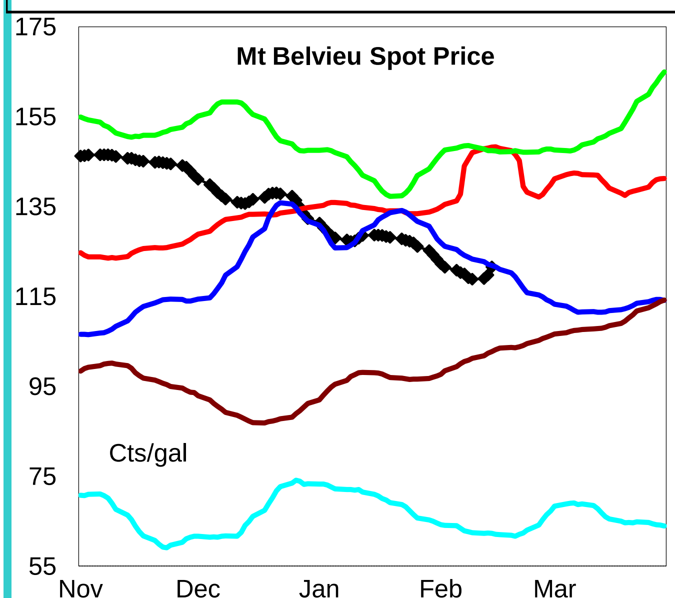
PADD 3 Propane Supply and Demand Balance

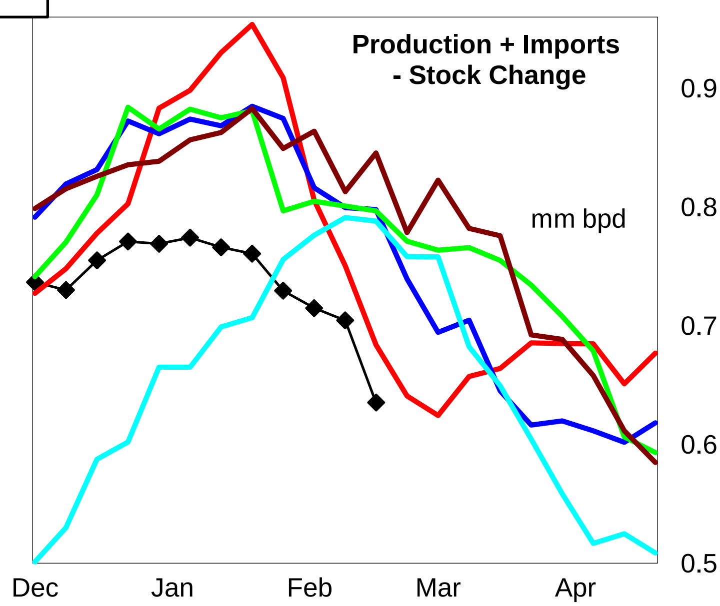






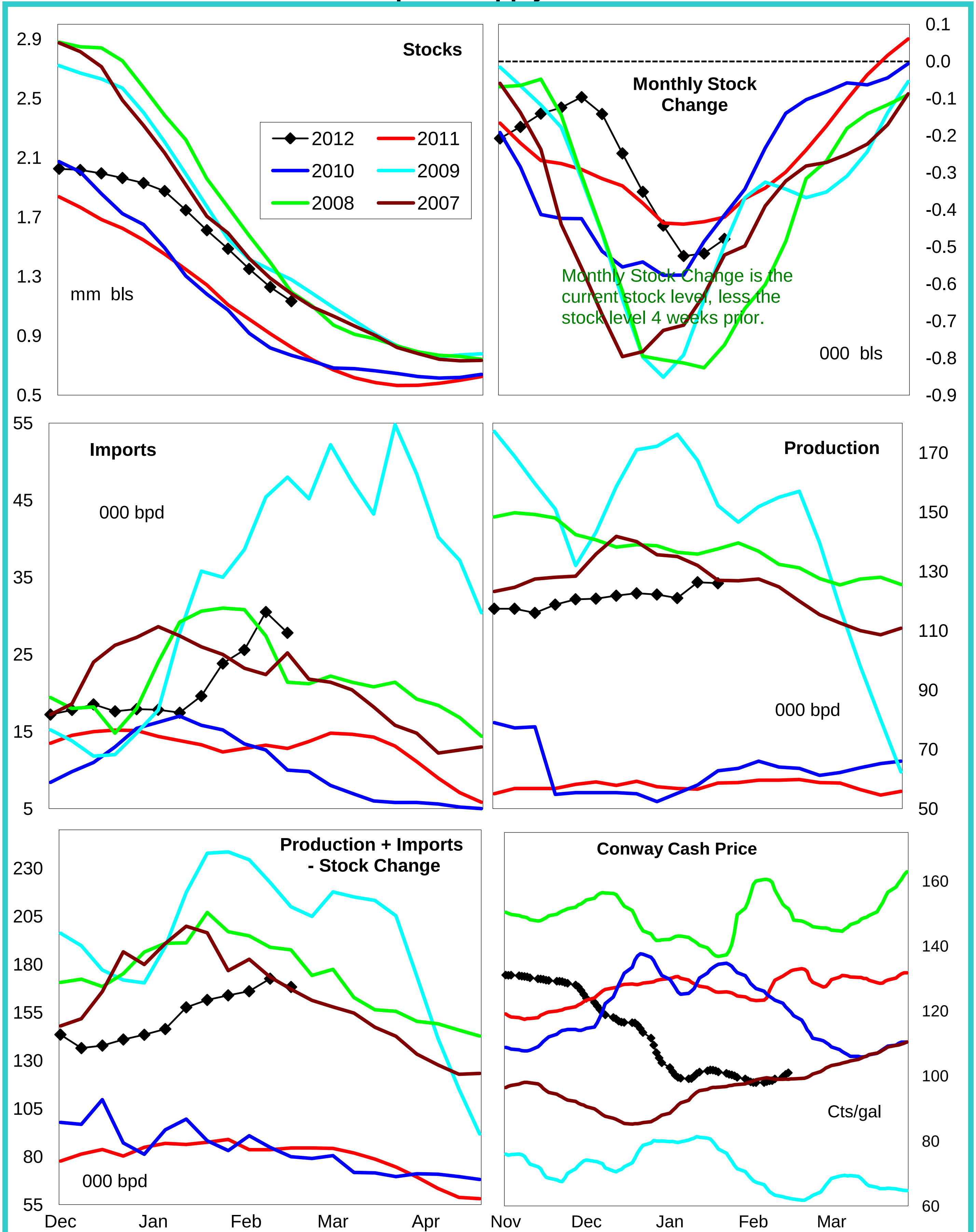






4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	7,585	3,865	44	0	-91
% change	51.1	-89	6.6	#DIV/0!	-11.0

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)	305	-59	67	14	83
% change	36.8	13.9	119.0	106.8	96.9

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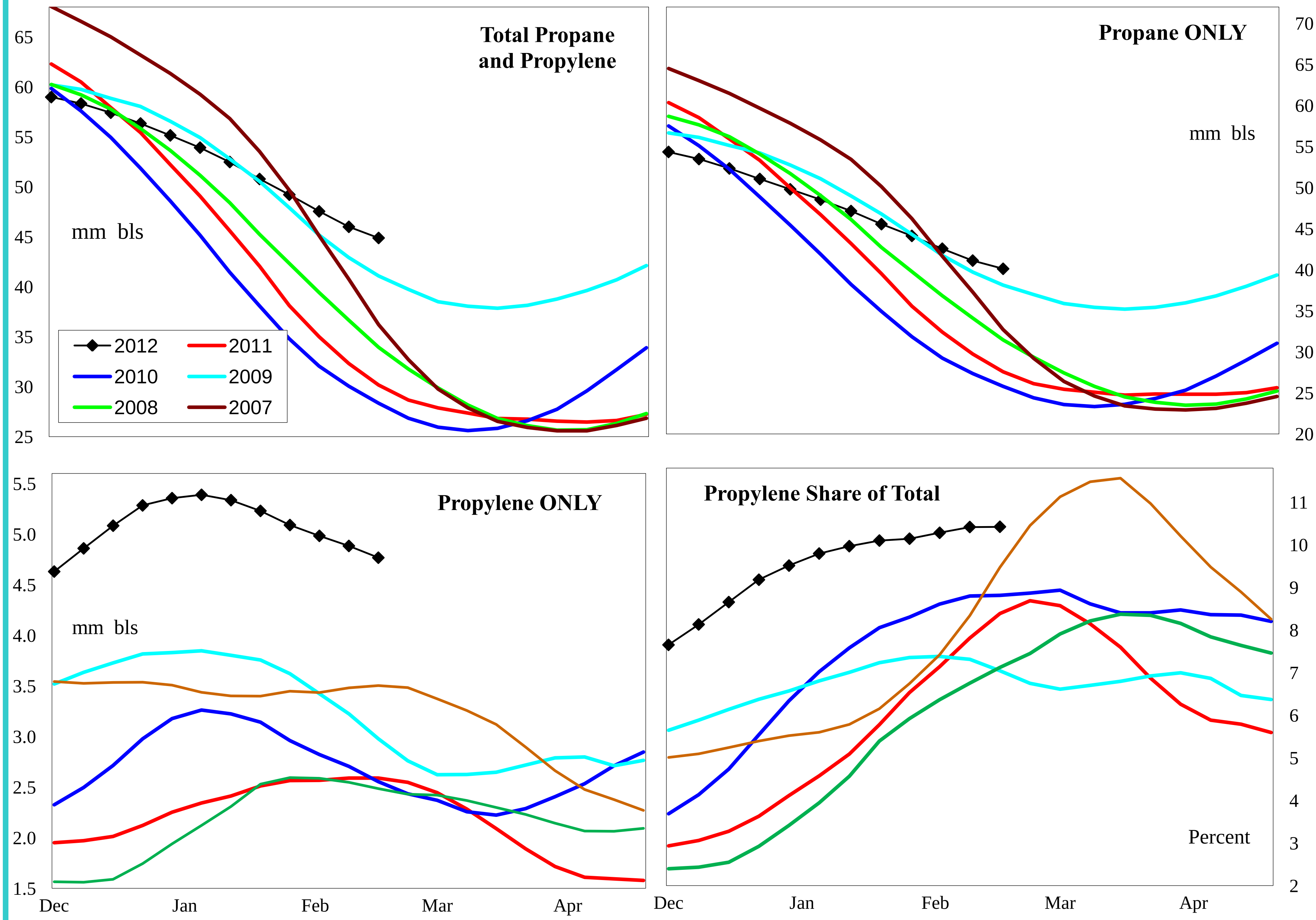
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**15,403**	**13,176**	**2,179**
% change	**52.2**	**48.9**	**84.1**

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