WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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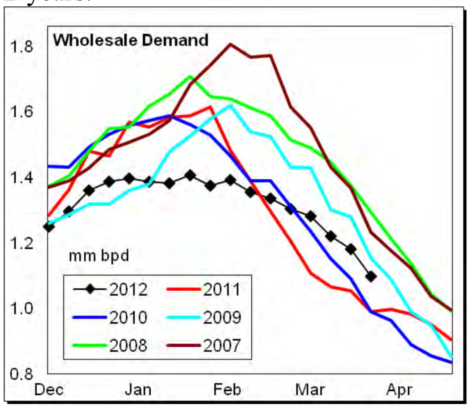
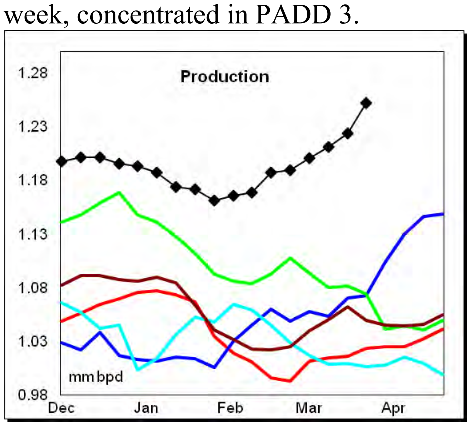
Summary[1]: ? **Table of Contents**

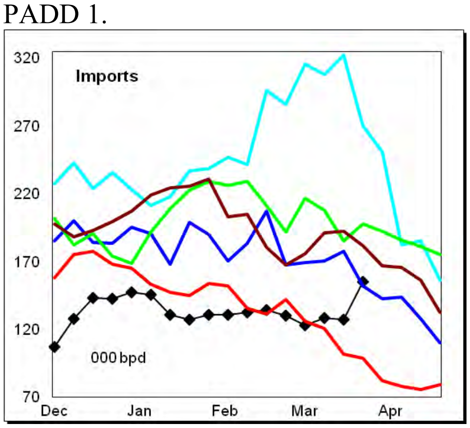
Wholesale demand increased +12,000 bpd on the week, at a level above thelast 2-years.



Production increased +22,000 bpd last week, concentrated in PADD 3.

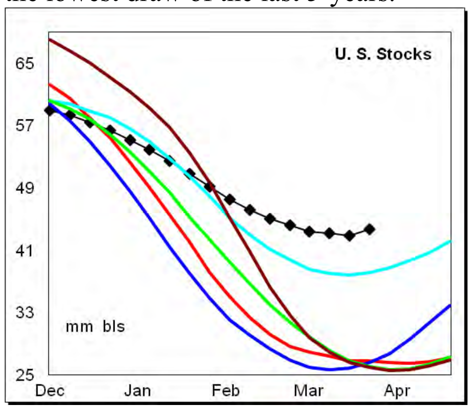


Imports jumped +52,000 bpd on the week, driven by arrival of a cargo into PADD 1.

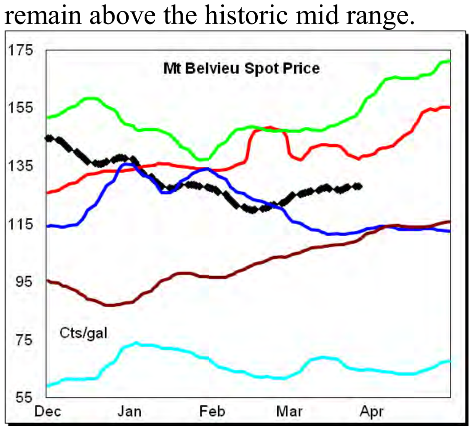


Combined production and imports during the latest 4-wk period were +224,000 bpd above a year ago. Production was +205,000 bpd above last year (+20%), while imports were +19,000 bpd higher. The latest 4-wk average demand was +160,000 bpd above last year, driven by exports from the gulf and restocking private inventory.

Stocks increased +1 million barrels last week. The 4-wk stock change was a draw of -0.2 million barrels, matching the lowest draw of the last 5-years.



Price and Spreads Mt Belvieu spot prices increased +1 cpg on the week ending 27Mar12, while Conway declined -1 cpg during the same week. Price levels remain above the historic mid range.



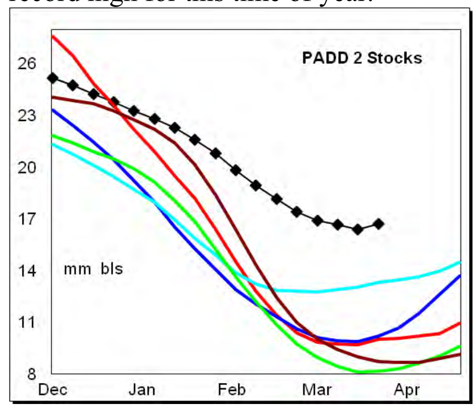
The Conway – Mt **Belvieu** price spread trended extended the recent downtrend, with the spread falling to -22 cpg.

The propane to natural gas price spread trended higher on the week, due to extremely weak natural gas prices.

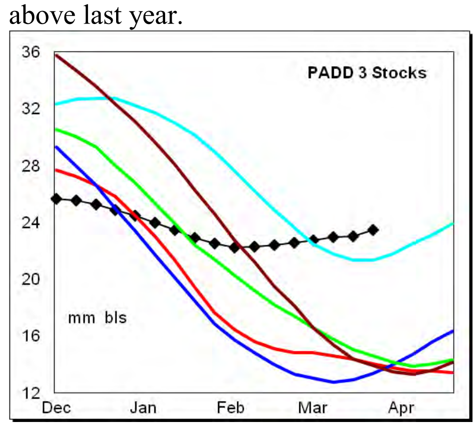
The propane / crude oil price spread traded sideways last week, and remains slightly above recent all time lows.

PADD 1 stocks increased +0.3 million barrels on the week. Stock levels ended the week above the mid range. Supply for the latest 4-wk period was +69,000 bpd above last year, on record production and higher imports.

PADD 2 stocks increased +0.1 million barrels on the week. Supply decreased -14,000 bpd on lower imports. The latest 4-wk average supply was unchanged from last year. Stock levels ended the week +60% above a year ago, and a record high for this time of year.



PAD 3 stocks increased +0.5 million barrels on the week, with the 4-wk stock change a build of +0.9 million barrels compared to an average draw of -1 million barrels for the last 2-years. Stock levels ended the week +71% above last year.



PADDs 4 & 5 stocks were unchanged last week. The stock level was +63% above a year ago.

Emerging Trends Production during the latest 4-wk period increased +205,000 bpd above a year ago with significant increases in all regions except the Midwest. This rise in output, combined with the end to winter heating, should lead to above average stock builds during the next quarter; to be constrained by a lack of storage capacity. Expect price weakness over the next 2-quarters.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

March 28, 2012

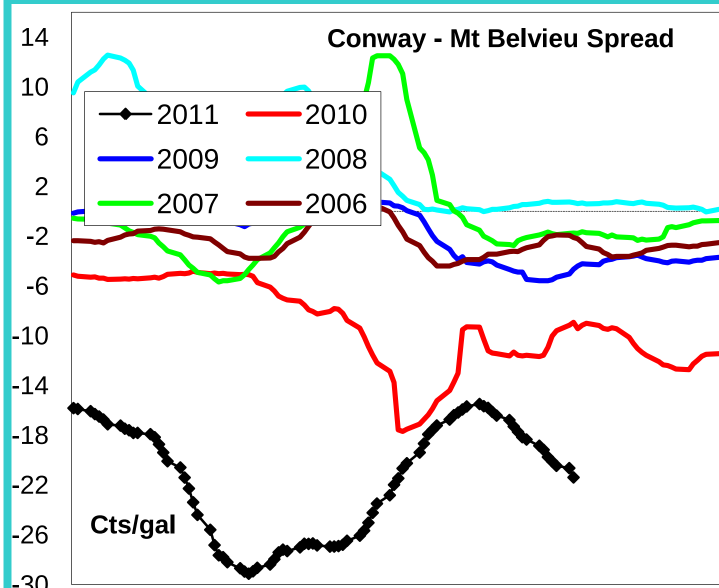
Fundamental Trends for the Week Ending: Friday, March 23, 2012

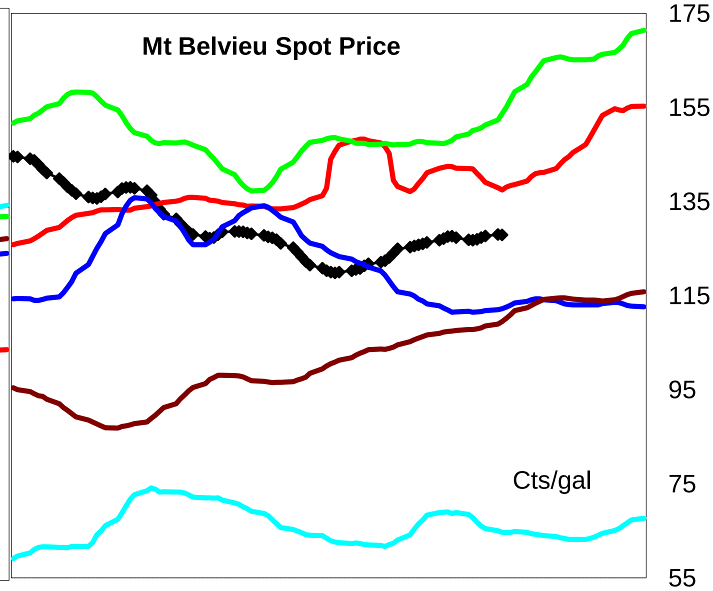
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	43,709	2,651	16,700	23,444	914	979	328	148	471	32
Propylene Stocks	4,175					-326				
Production	1,252	75	285	758	134	22	-11	2	28	3
Imports	155	108	29	1	18	52	66	-16	0	1
Whsle Demand	1,138					12				

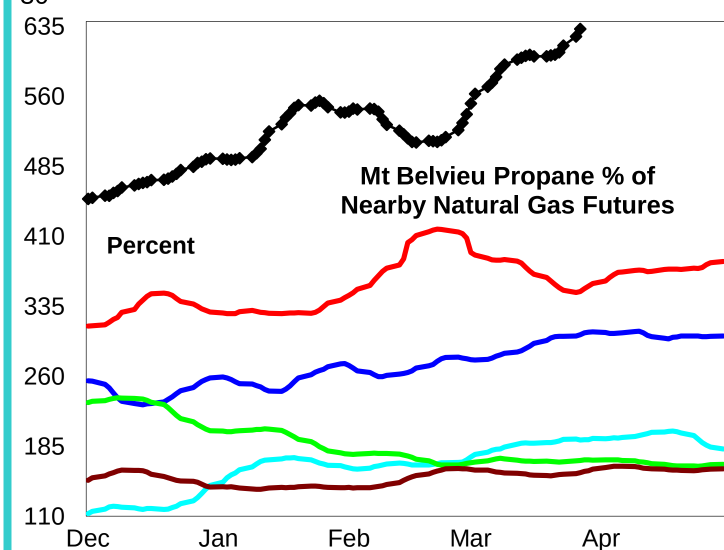
Price Trends for the Week Ending: Tuesday, March 27, 2012

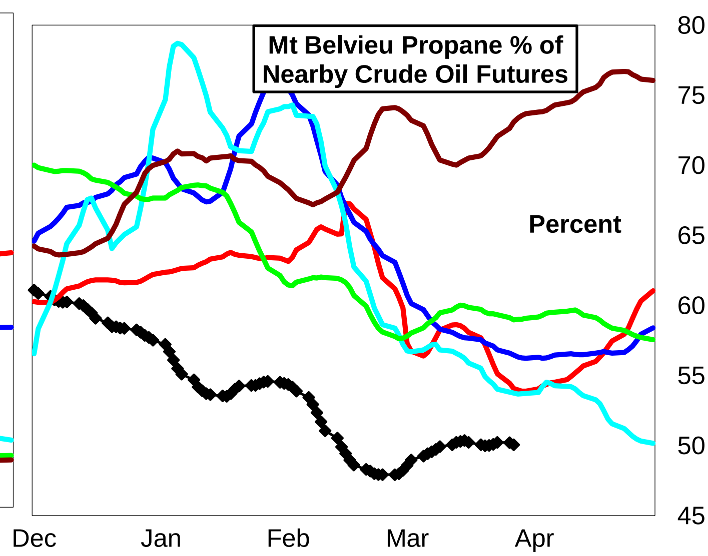
Cents/gal	Average for week ending:				Change from:			% change from:		
	3/27/12	3/20/12	2/28/12	3/30/11	3/20/12	2/28/12	3/30/11	3/20/12	2/28/12	3/30/11
Mont Belvieu Spot	127.7	126.0	123.2	135.2	1.71	2.80	-12.08	1.4	2.3	-8.9
Conway Spot	107.2	107.6	105.6	125.2	-0.35	1.97	-19.59	-0.3	1.9	-15.7

Key Price Spreads and Differentials

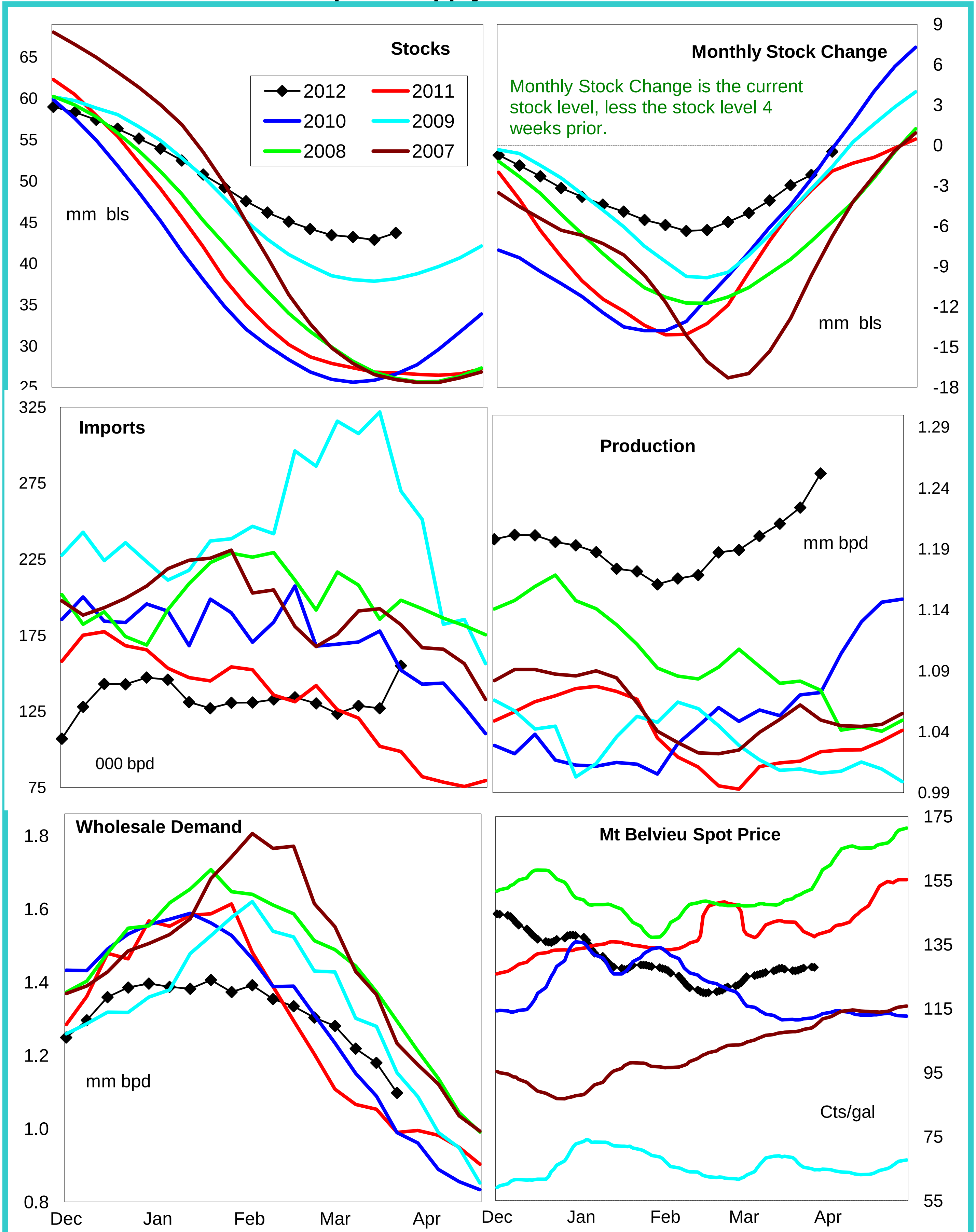








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Feb	Jan	Dec
000 bpd (000 bls stks)	16,814	1,448	205	19		160	-92	-195	-203
% change	62.5	-75	20.2	17.3		14.9	-6.5	-11.8	-12.4

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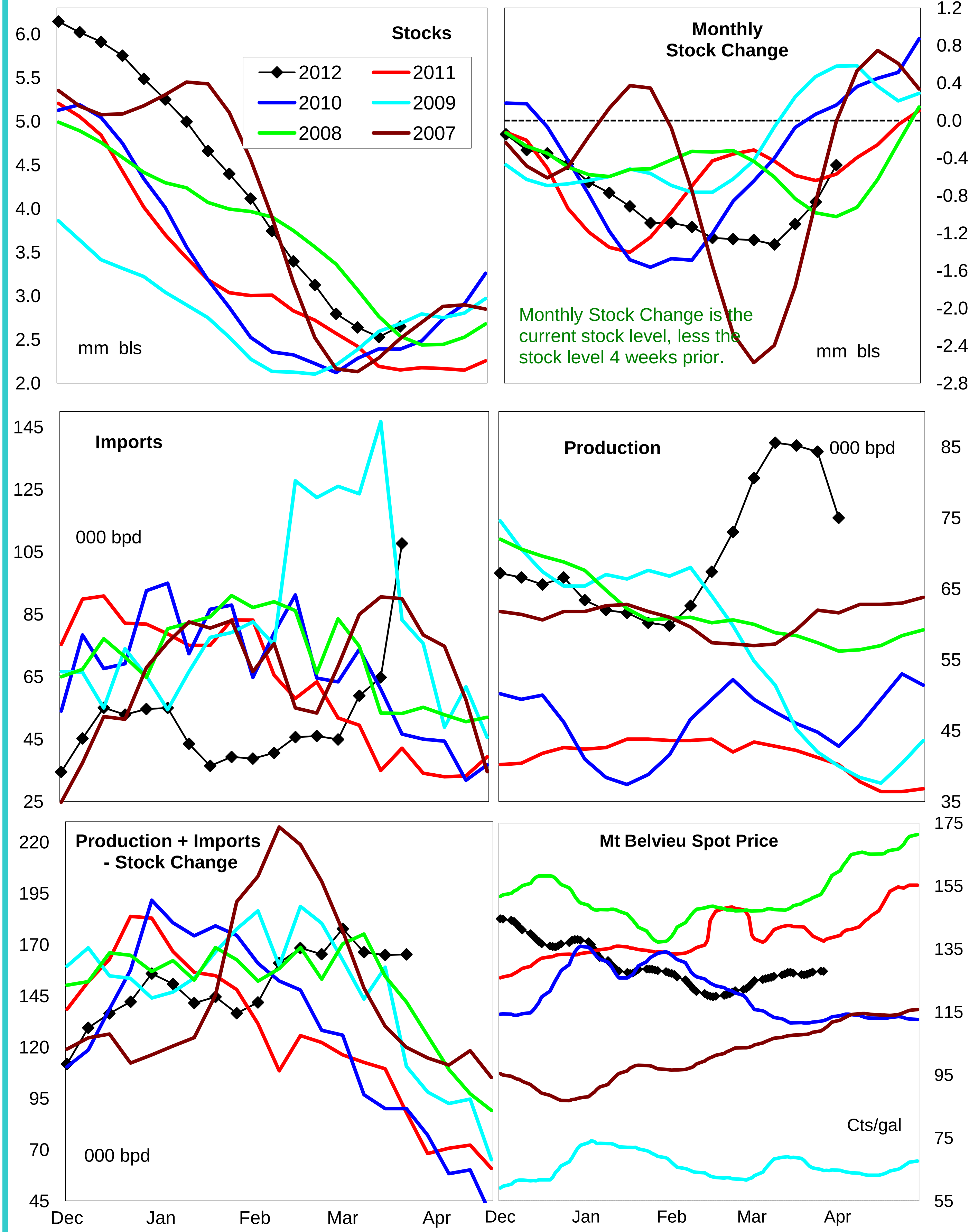
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	489	96	44	25	62
% change	22.6	-16.8	103.0	67.2	58.2

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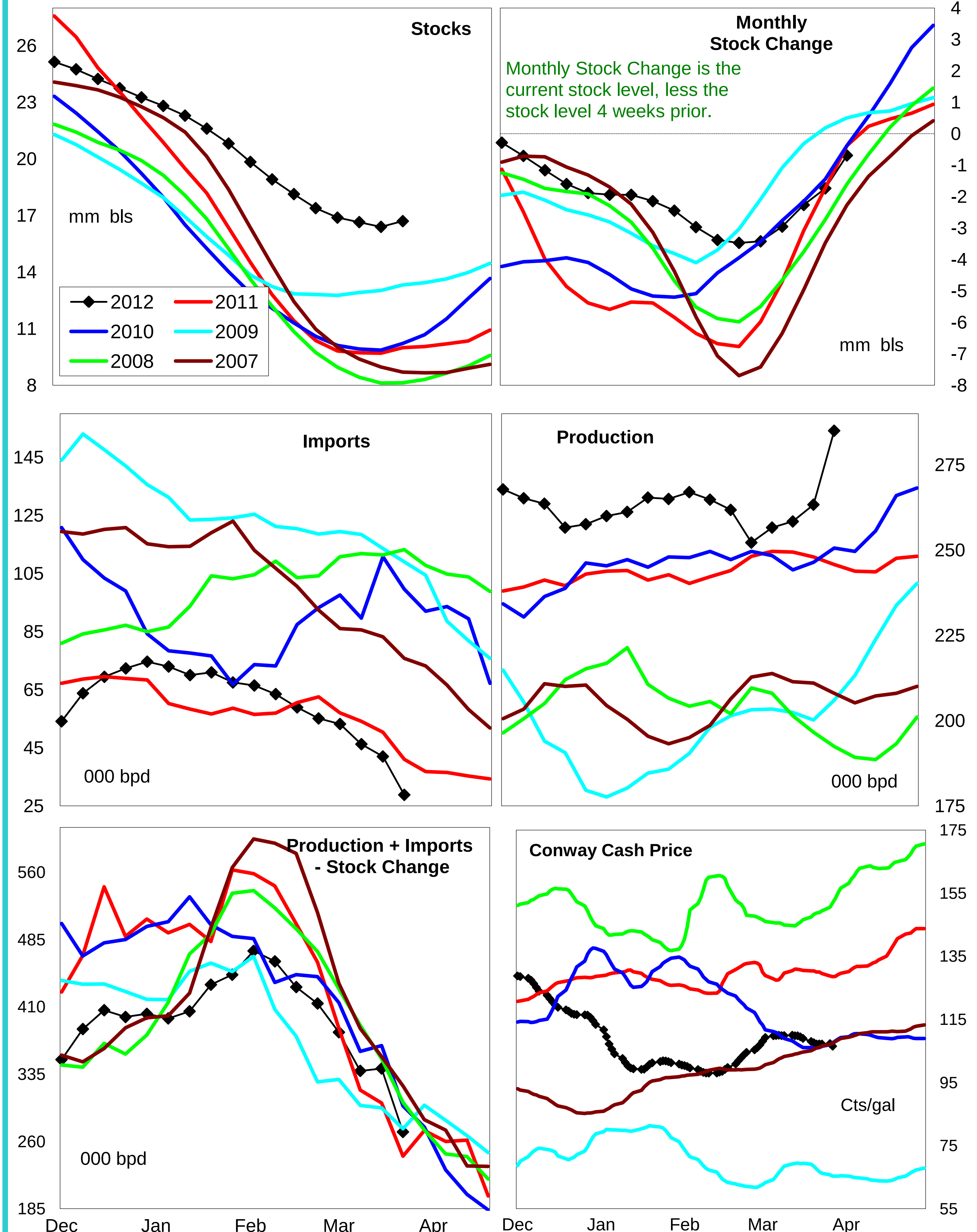
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	6,264	-309	9	-9	21
% change	60.0	81.3	3.7	-17.6	6.6

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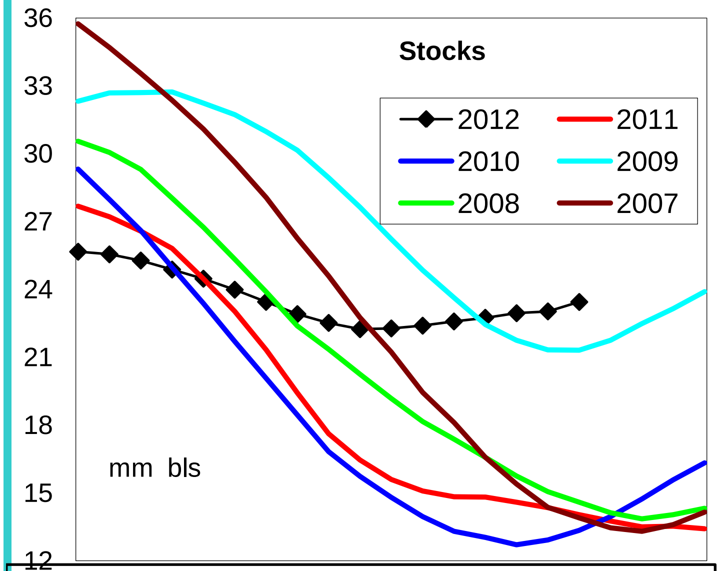
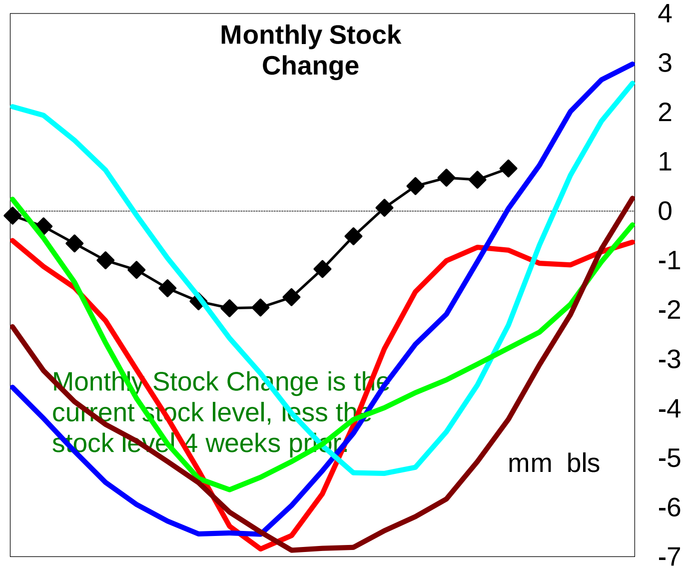
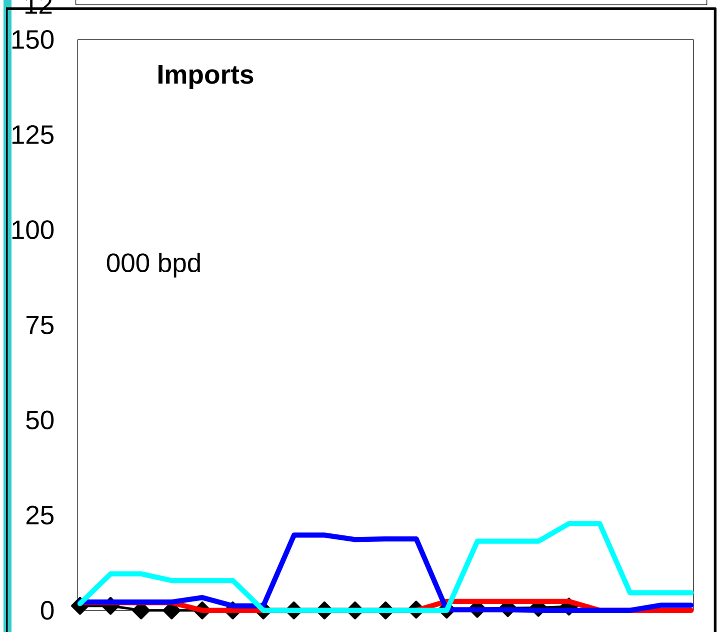
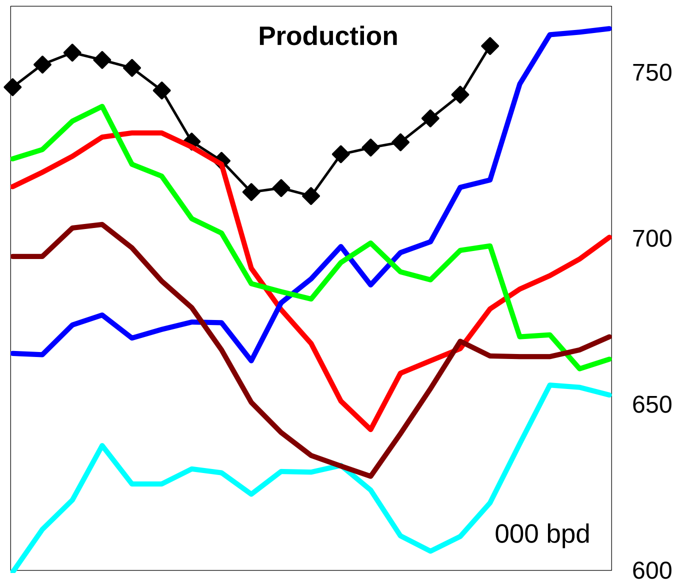
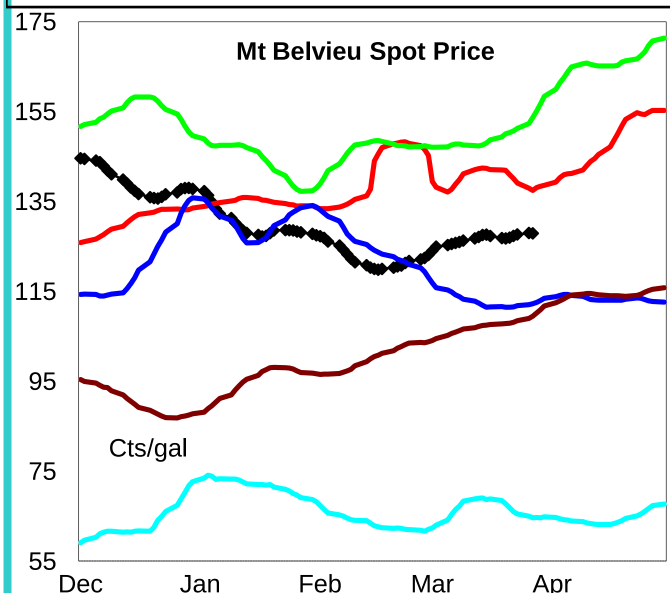
PADD 3 Propane Supply and Demand Balance

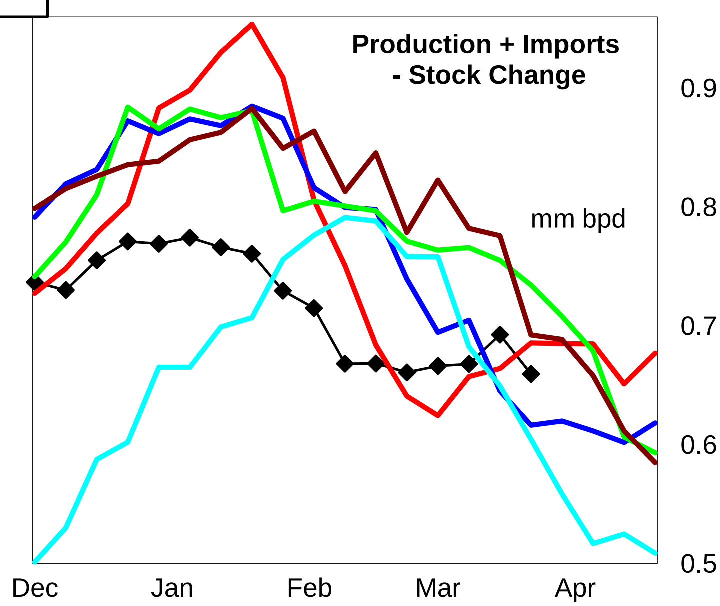






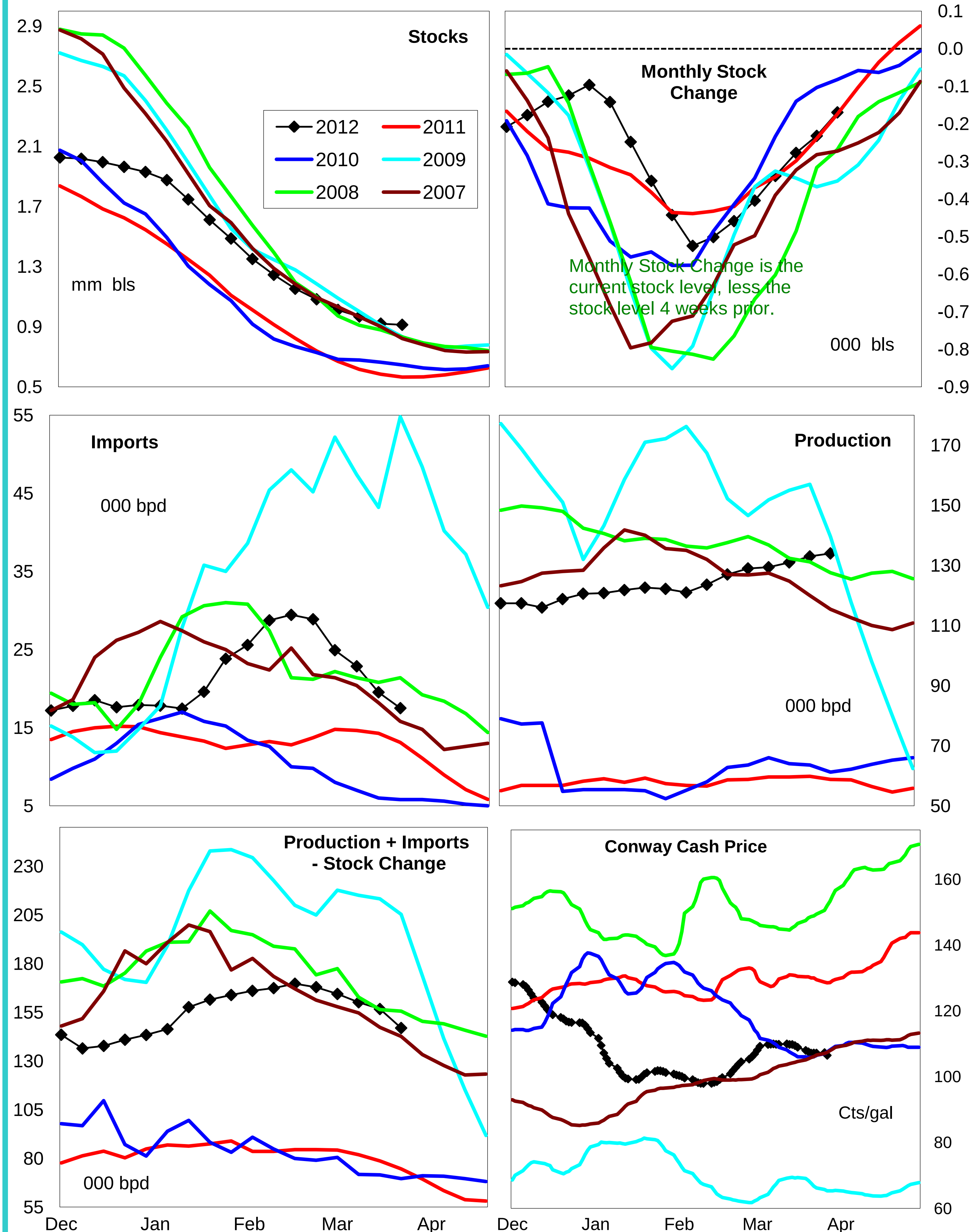






4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	9,707	1,656	80	-2	14
% change	70.7	-208	12.0	-75.0	2.0

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)	353	5	73	5	77
% change	63.0	-2.6	120.7	33.0	96.6

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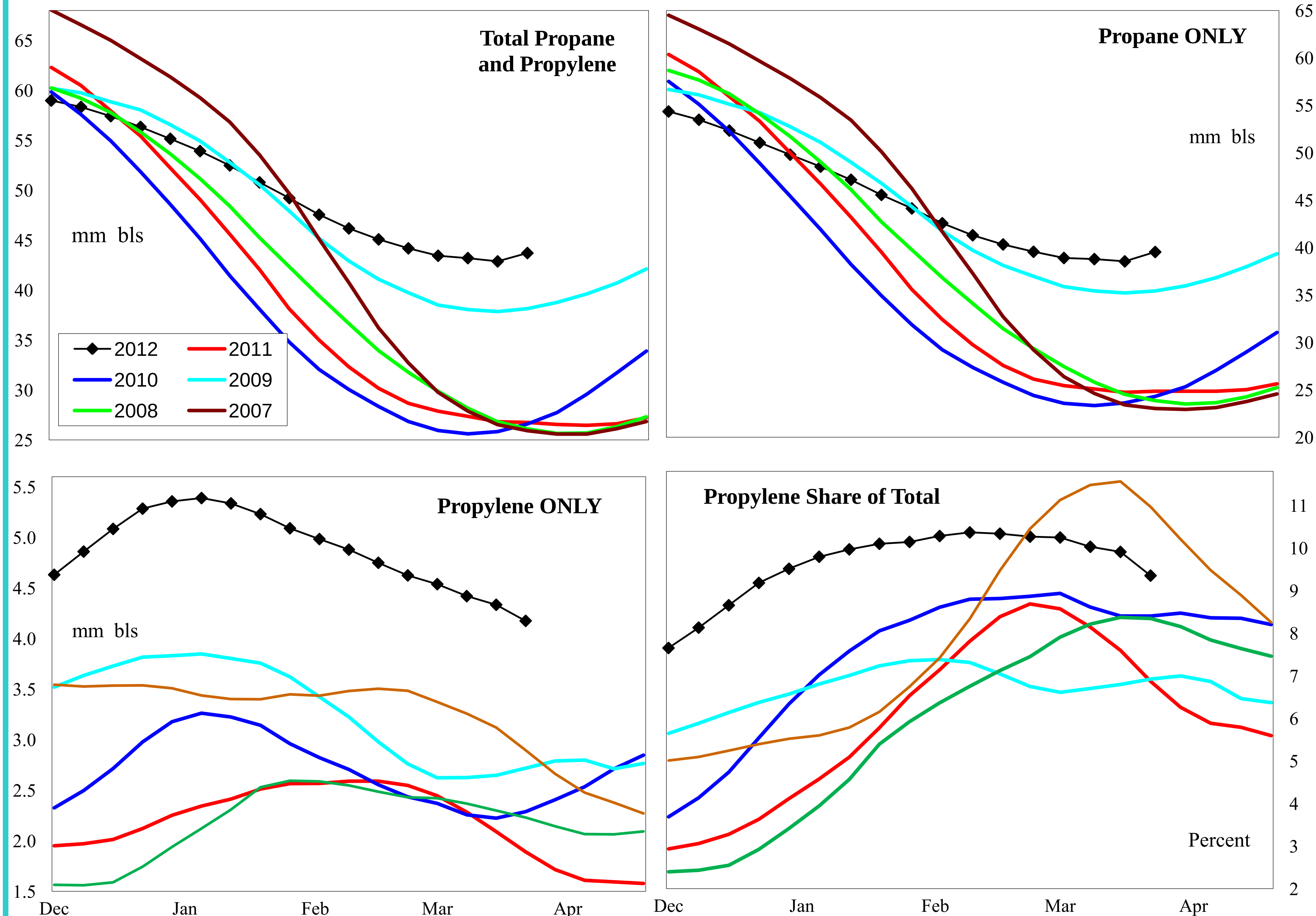
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**16,814**	**14,375**	**2,284**
% change	**62.5**	**57.1**	**120.7**

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