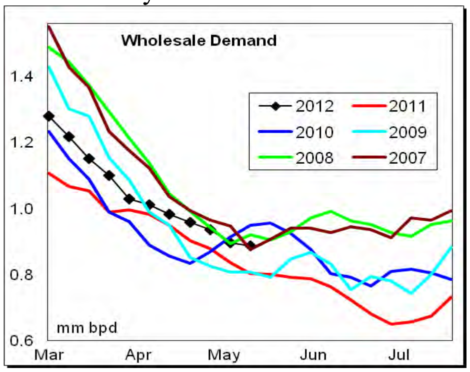
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

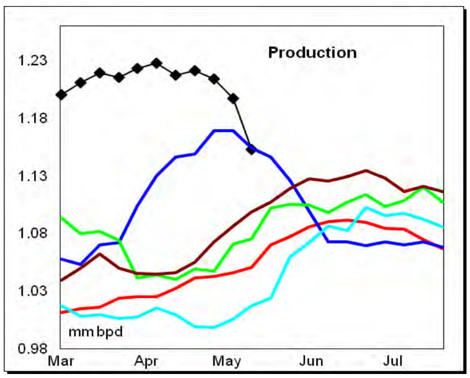
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

Table of Contents

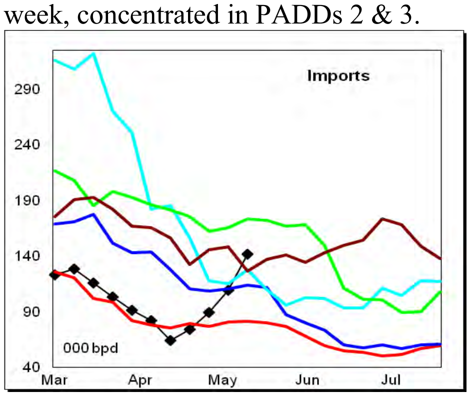
Summary[1]:
Wholesale demand increased +49,000 bpd on the week, to a level comparable to the last 3-years.



Production fell -83,000 bpd last week, concentrated in PADDs 2 & 3.

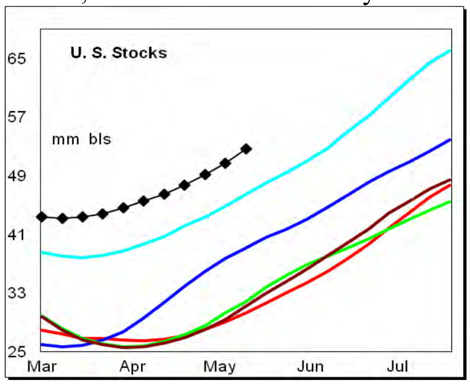


Imports increased +22,000 bpd on the week, concentrated in PADDs 2 & 3.

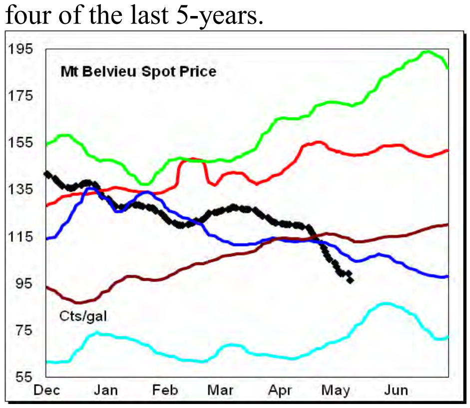


Combined production and imports during the latest 4-wk period were +181,000 bpd above a year ago. Production was +165,000 bpd above last year (+16%), while imports were +16,000 bpd higher. The latest 4-wk average demand was +76,000 bpd above last year.

Stocks increased +1.7 million barrels last week, and are now +73% above a year ago. The 4-wk stock change was a build of +6.2 million barrels, above four of the last 5-years.



Price and Spreads Mt Belvieu spot prices decreased -2 cpg on the week ending 15May12, while Conway decreased -2.5 cpg during the same week. Conway and Mt Beliveu price levels are each below four of the last 5-years.



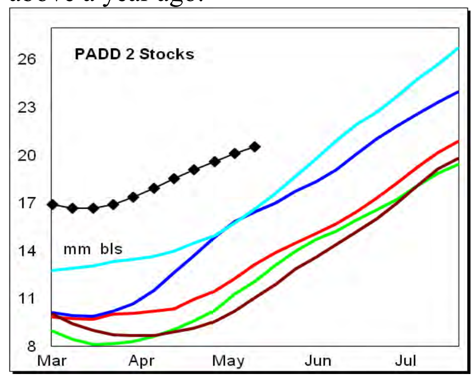
The Conway – Mt Belvieu price spread traded sideways last week, ending the week at -22 cpg.

The propane to natural gas price extended the recent downtrend on strength in gas prices and weak propane prices.

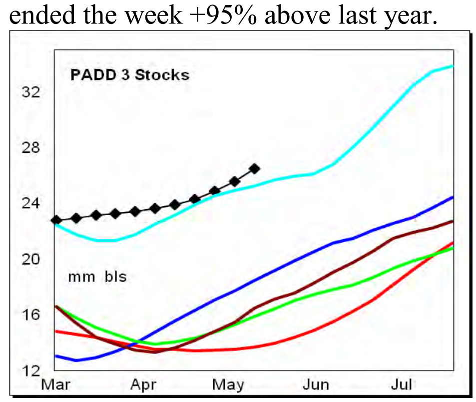
The propane / crude oil price spread extended the downtrend last week, on relative weakness in propane prices; ending the week at a new record low.

PADD 1 stocks increased +0.3 million barrels last week, on higher production. Supply fell -38,000 bpd due to lower imports imports. Stock levels ended the week at record highs. Supply for the latest 4-wk period was +34,000 bpd above last year, on higher imports and production.

PADD 2 stocks increased +0.4 million barrels on the week. Supply climbed +13,000 bpd on a +51,000 bpd rise in imports that offset a -38,000 bpd decline in production. The latest 4-wk average supply was +22,000 bpd above a year ago. Stock levels ended the week +54% above a year ago.



PAD 3 stocks increased +0.9 million barrels on the week, with the 4-wk stock change a build of +2.9 million barrels, above the 5-year average. Stock levels ended the week +95% above last year.



PADDs 4 & 5 stocks increased +0.1 million barrels on the week. The stock level was +77% above a year ago.

Emerging Trends Production fell -83,000 bpd last week, with declines in PADDs 2, 3 and 4/5.

Excluding the drop in PADD 1 imports (driven by arrival of a cargo 2-wks ago), imports in PADDs 2 & 3 jumped +74,000 bpd last week. This counter seasonal jump in imports to the Midwest & Gulf points to Canadian and foreign marketers possibly 'dumping' propane in the U.S. If imports continue at elevated levels, prices may see added downward pressure.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

May 16, 2012

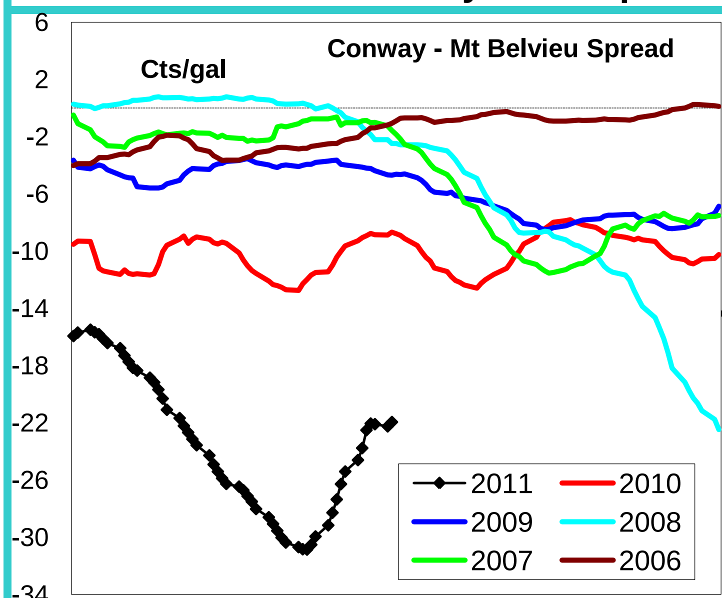
Fundamental Trends for the Week Ending: Friday, May 11, 2012

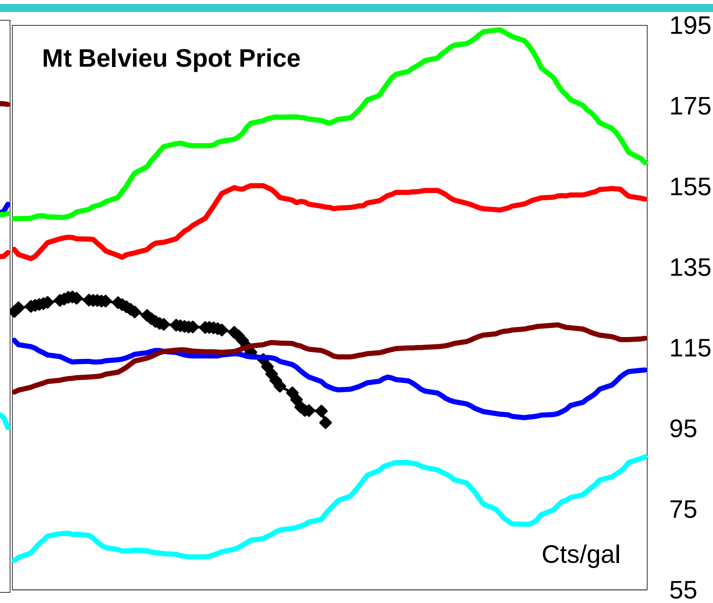
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	52,725	4,362	20,530	26,498	1,335	1,702	309	406	908	79
Propylene Stocks	3,671					45				
Production	1,153	75	262	708	108	-83	15	-38	-53	-7
Imports	142	32	79	23	8	22	-53	51	23	2
Whsle Demand	928					49				

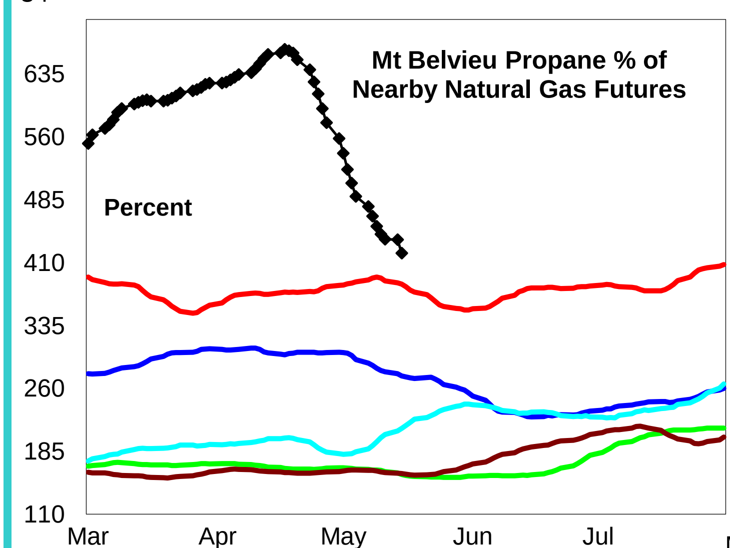
Price Trends for the Week Ending: Tuesday, May 15, 2012

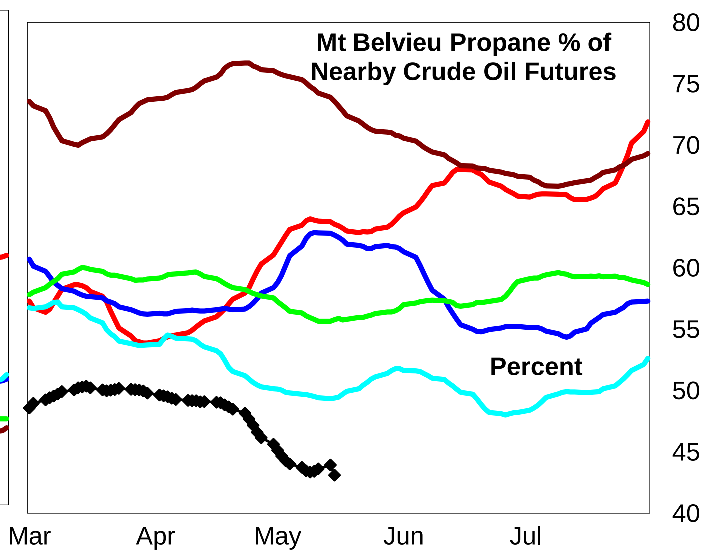
Cents/gal	Average for week ending:				Change from:			% change from:		
	5/15/12	5/8/12	4/17/12	5/18/11	5/8/12	4/17/12	5/18/11	5/8/12	4/17/12	5/18/11
Mont Belvieu Spot	99.5	102.8	121.1	151.0	-3.39	-18.27	-29.89	-3.3	-15.1	-19.8
Conway Spot	77.4	78.7	93.4	142.7	-1.34	-14.66	-49.39	-1.7	-15.7	-34.6

Key Price Spreads and Differentials

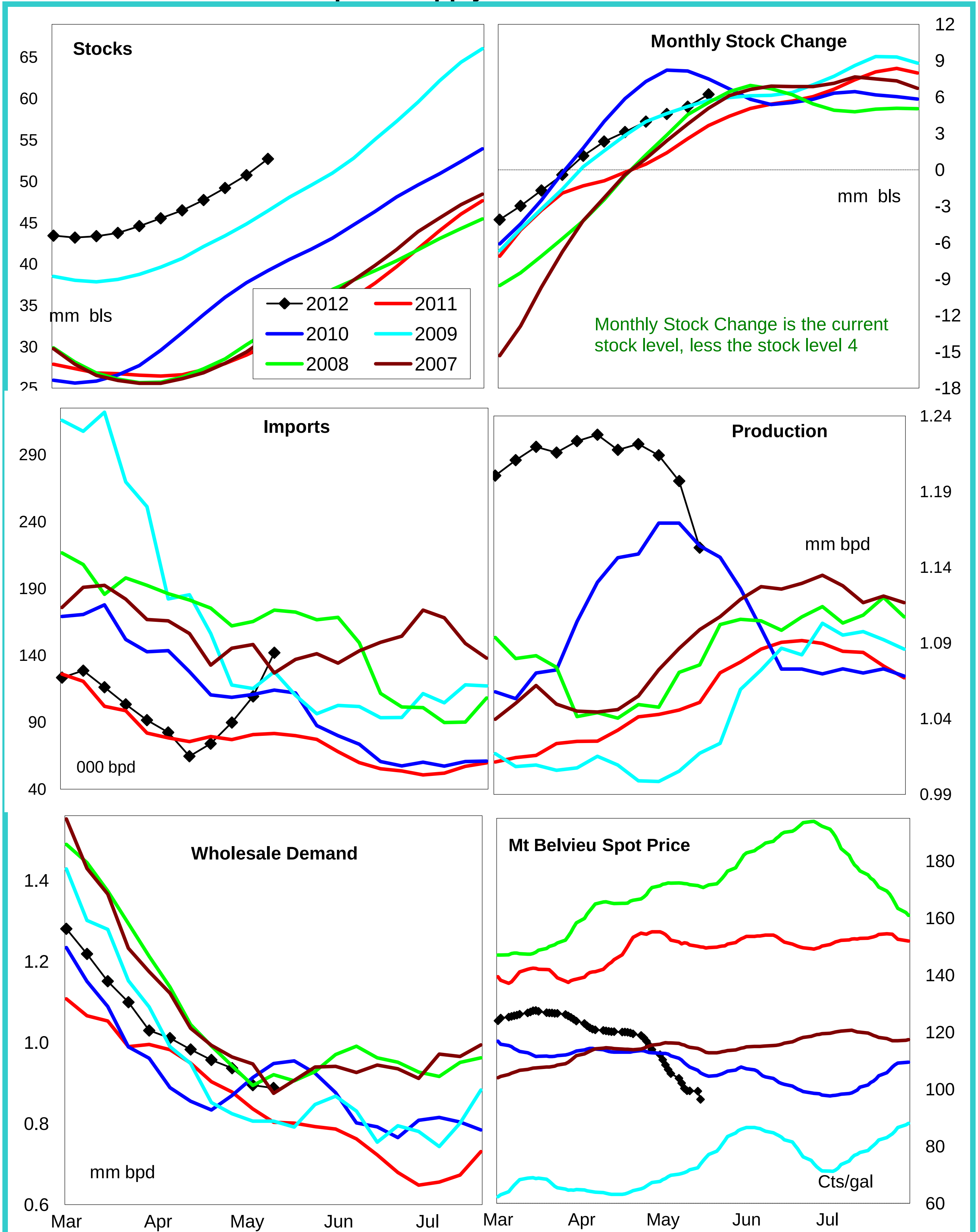








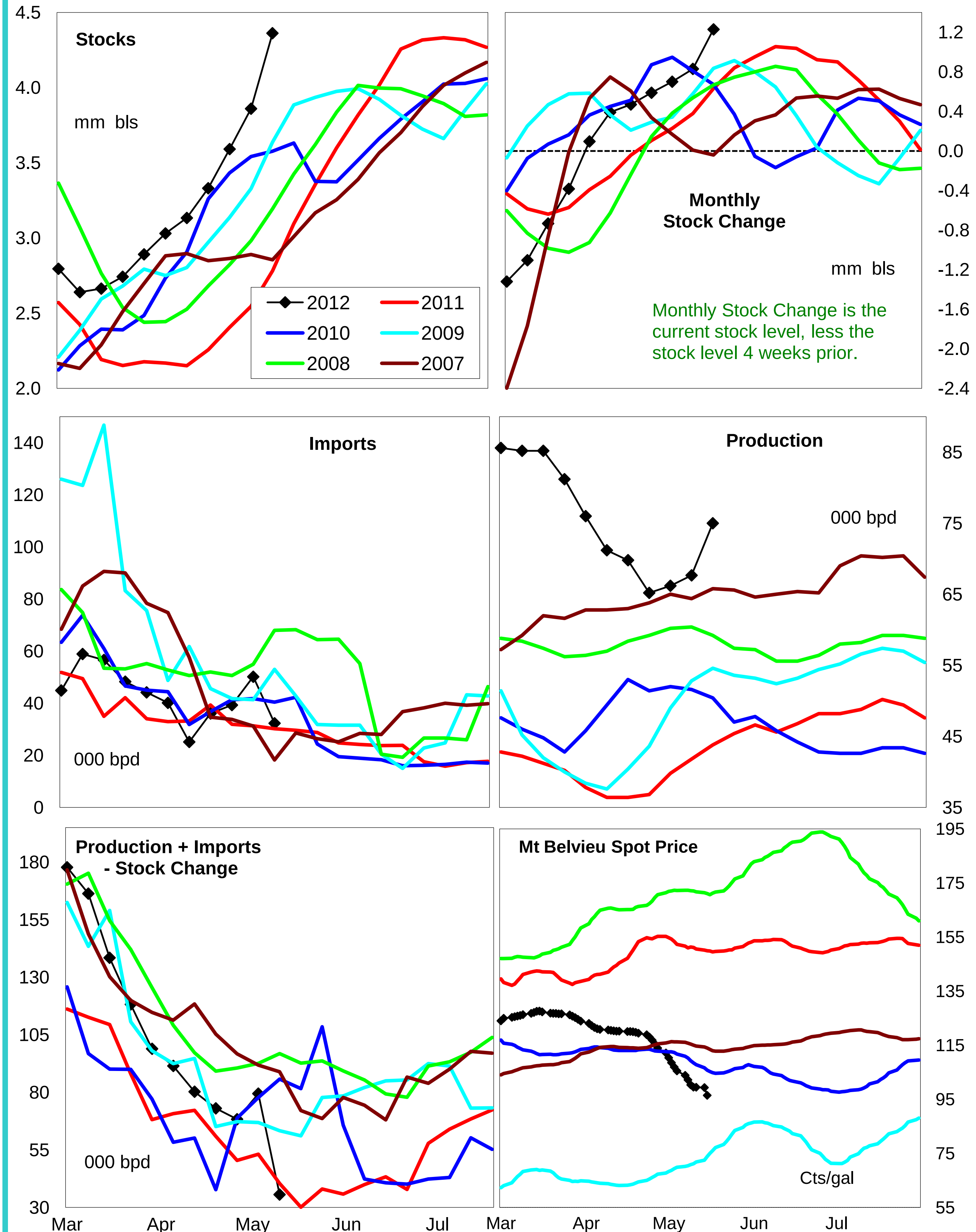
U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Apr	Mar	Feb
000 bpd (000 bls stks)	22,247	2,566	165	16		76	56	-22	-80
% change	73.0	70	15.8	19.6		8.6	6.0	-1.9	-5.6

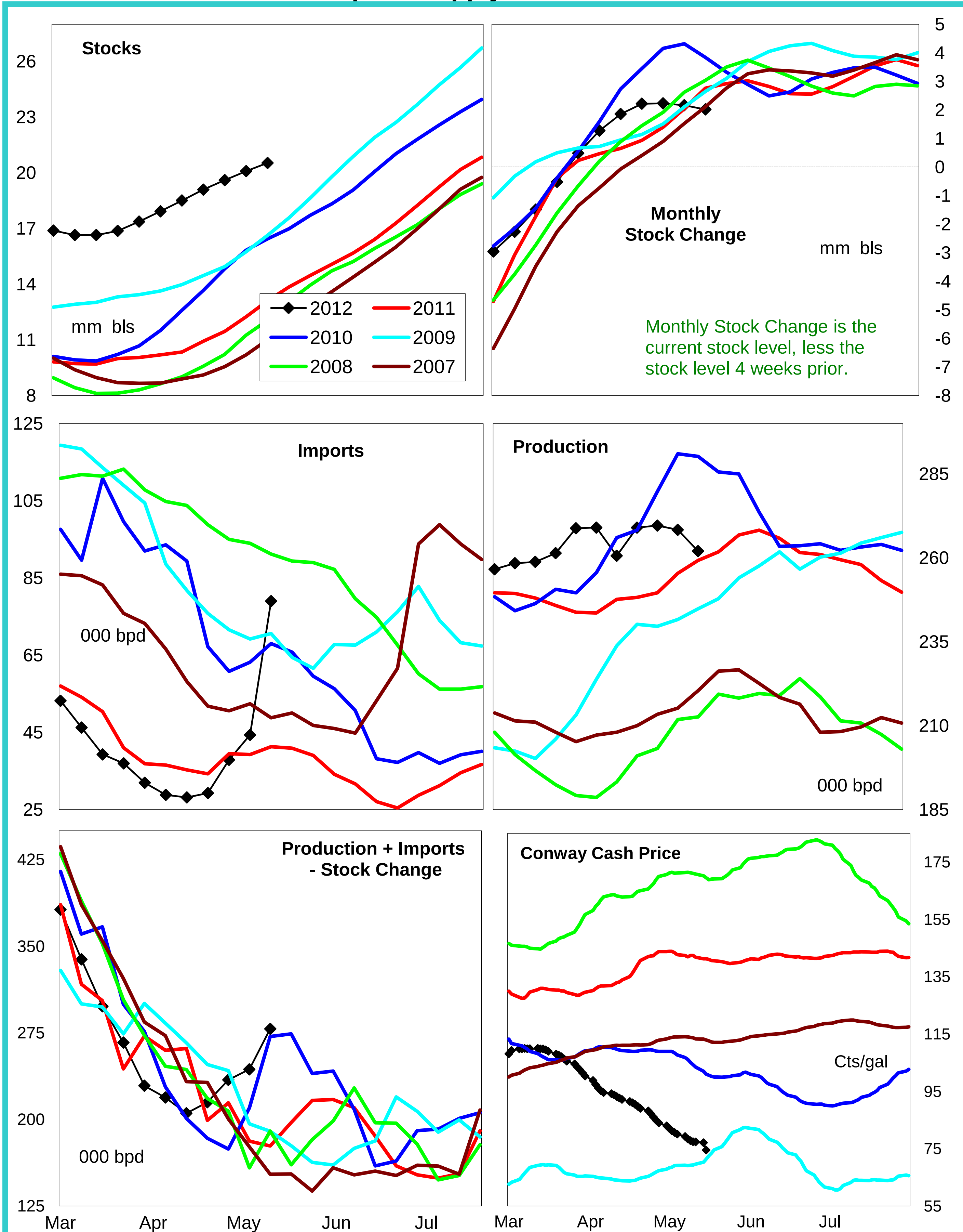
Lehi German Tel: 816-505-0980

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)	1,494	598	26	8	13
% change	52.1	94.7	62.6	23.7	25.2

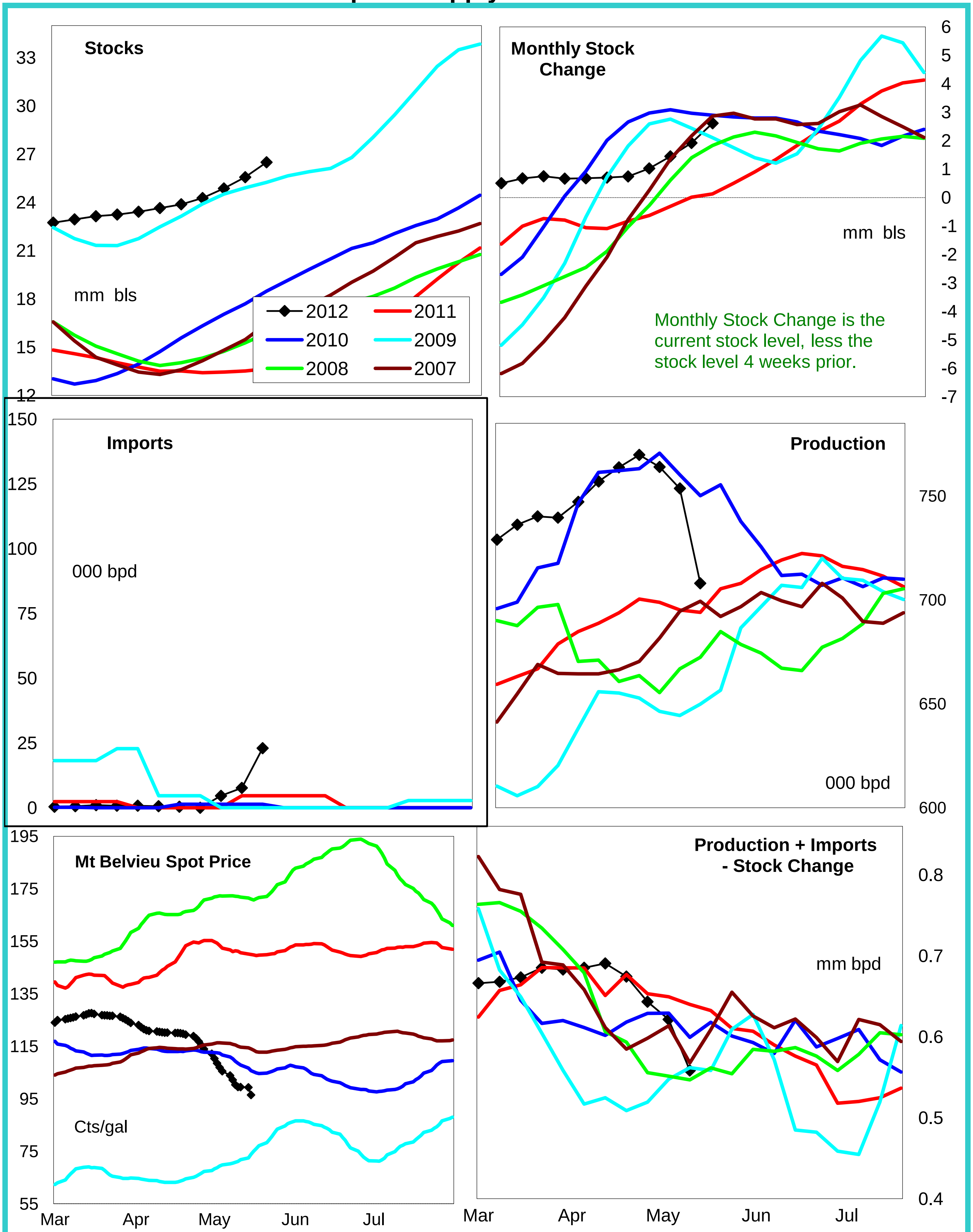
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	7,229	-744	22	0	50
% change	54.3	-26.9	8.6	0.5	25.8

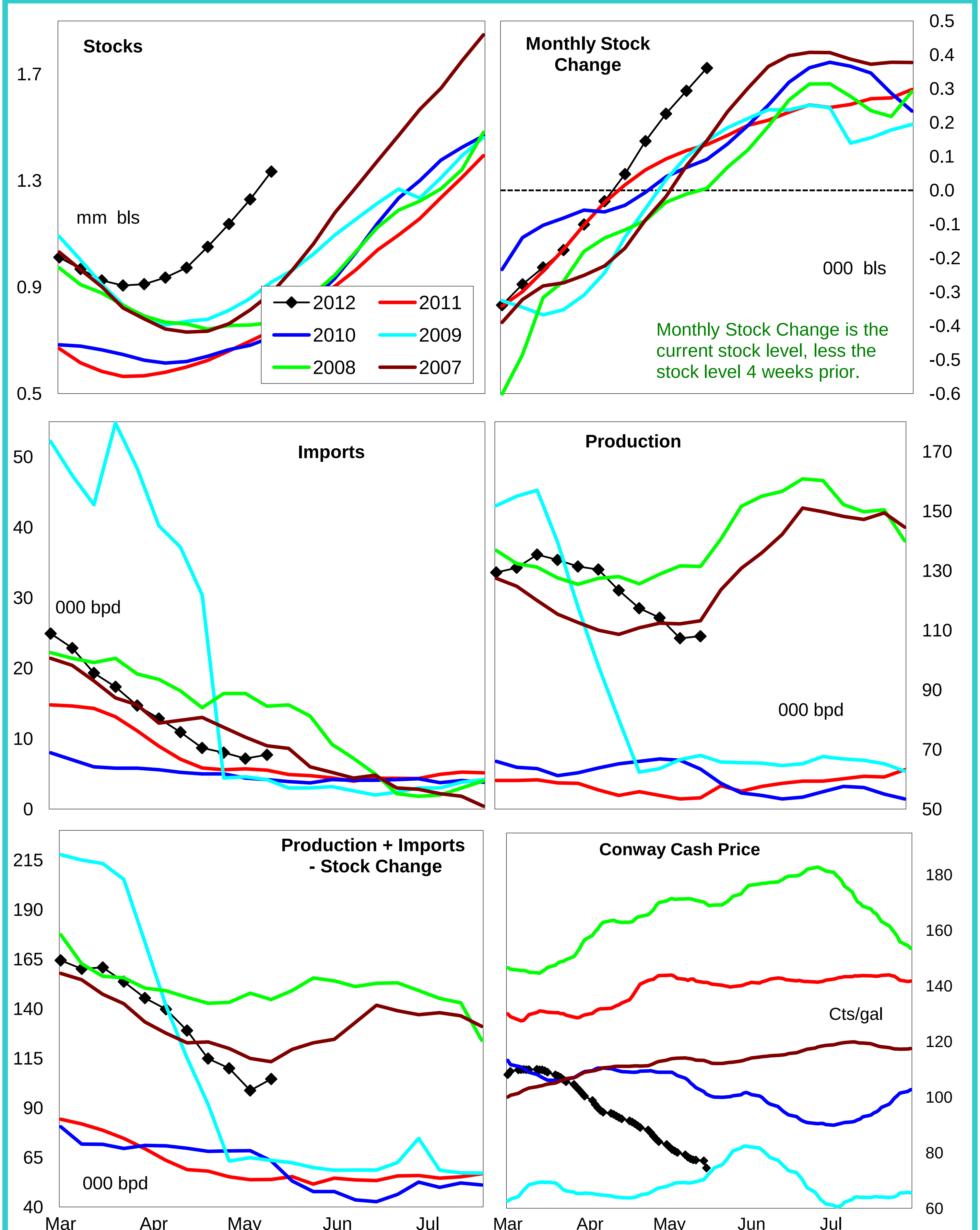
Lehi German Tel: 816-505-0980

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)	12,944	2,485	59	6	-30
% change	95.5	1,951	8.5	#DIV/0!	-4.4

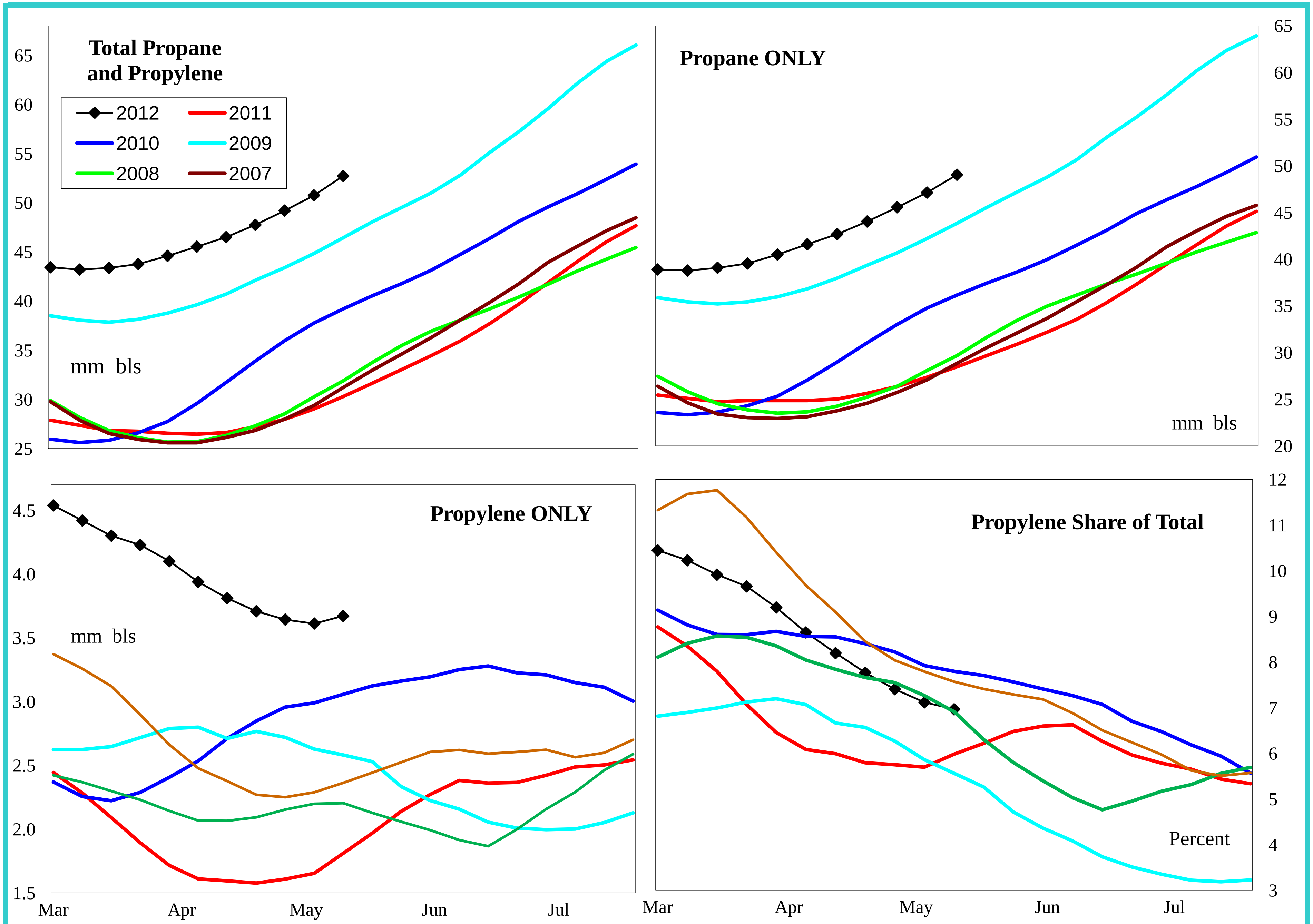
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	579	226	59	2	52
% change	76.7	167.4	110.3	28.3	93.8

Lehi German Tel: 816-505-0980

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	22,247	20,252	1,860
% change	73.0	70.3	102.7

Lehi German Tel: 816-505-0980

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

Lehi German Tel: 816-505-0980