FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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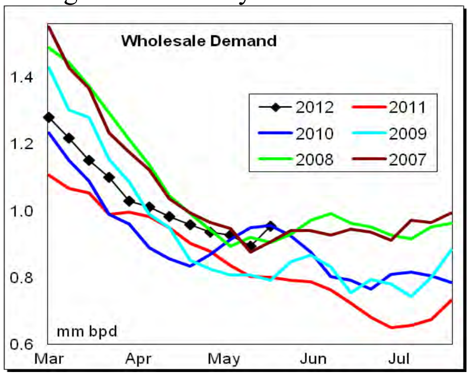
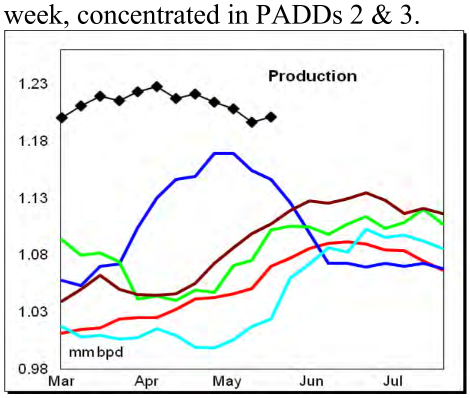
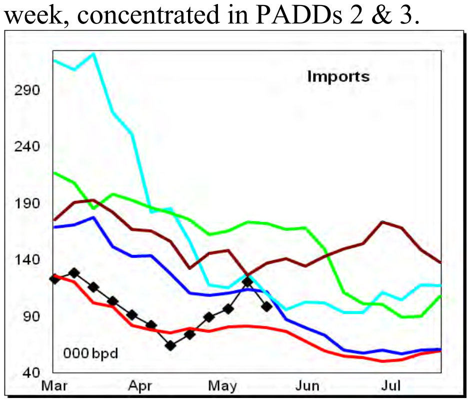
Summary[1]:
Wholesale demand increased +66,000 bpd on the week, to a level above the average of the last 3-years.



Production increased +48,000 bpd last week, concentrated in PADDs 2 & 3.



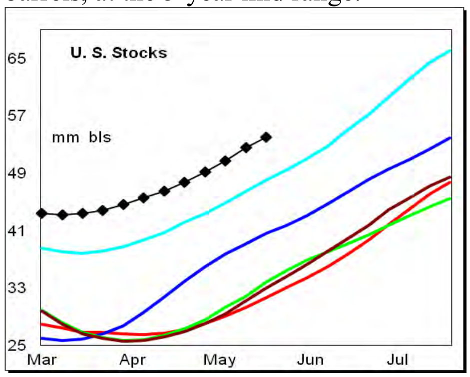
Imports decreased -43,000 bpd on the week, concentrated in PADDs 2 & 3.



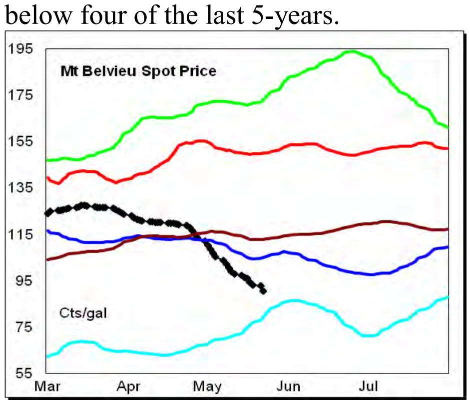
Combined production and imports during the latest 4-wk period were +175,000 bpd above a year ago. Production was +153,000 bpd above last year (+15%), while imports were +22,000 bpd higher. The latest 4-wk average demand was +107,000 bpd above last year.

[1] Source is latest EIA Weekly Statistics

Stocks increased +1.3 million barrels last week, and are now +71% above a year ago. The 4-wk stock change was a build of +6.1 million barrels, at the 5-year mid range.



Price and Spreads Mt Belvieu spot prices decreased -6 cpg on the week ending 22May12, while Conway decreased -5.5 cpg during the same week. Conway and Mt Beliveu price levels are each well below four of the last 5-years.



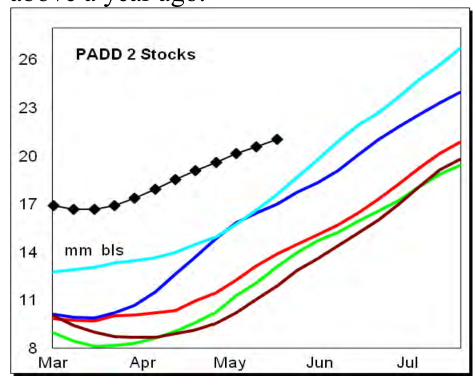
The Conway – Mt Belvieu price spread traded lower last week, ending the week at -19 cpg.

The propane to natural gas price extended the recent downtrend on strength in gas prices and weak propane prices, ending at a level comparable with a year ago.

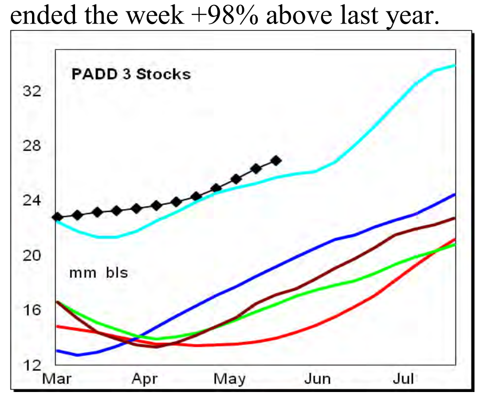
The propane / crude oil price spread extended the downtrend last week, on relative weakness in propane prices; ending the week at a new record low.

PADD 1 stocks increased +0.3 million barrels last week, on higher production. Supply fell -9,000 bpd due to lower imports. Stock levels ended the week at record highs. Supply for the latest 4-wk period was +36,000 bpd above last year, on higher imports and production.

PADD 2 stocks increased +0.5 million barrels on the week. Supply climbed +14,000 bpd on a +38,000 bpd rise in imports that offset a -24,000 bpd decline in production. The latest 4-wk average supply was +28,000 bpd above a year ago. Stock levels ended the week +50% above a year ago.



PAD 3 stocks increased +0.4 million barrels on the week, with the 4-wk stock change a build of +3 million barrels, above the 5-year average. Stock levels ended the week +98% above last year.



PADDs 4 & 5 stocks were unchanged on the week. The stock level was +74% above a year ago.

Emerging Trends The drop in production and offsetting rise in imports reported 2-wks ago, was partially reversed this week; with higher production more than offsetting a drop in imports.

The propane market remains extremely over supplied, with Gulf Coast stocks double year ago levels. Expect continue price weakness.

PROPANE: Graph Link and Weekly Summary

May 23, 2012

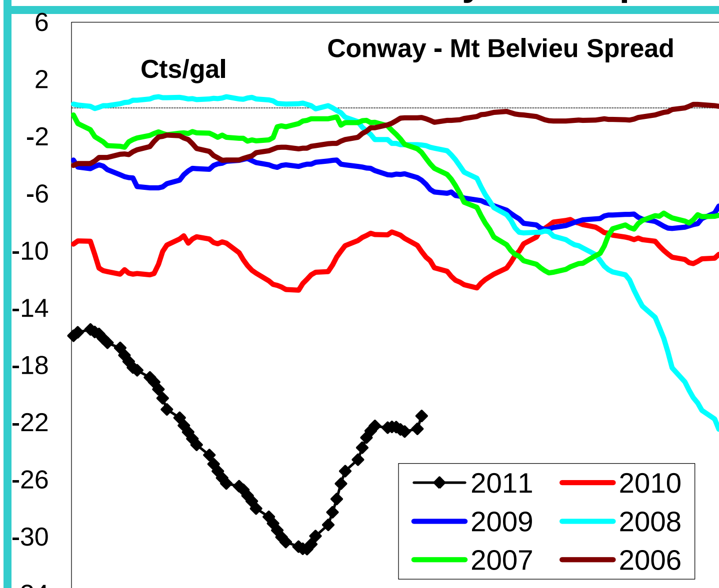
Fundamental Trends for the Week Ending: Friday, May 18, 2012

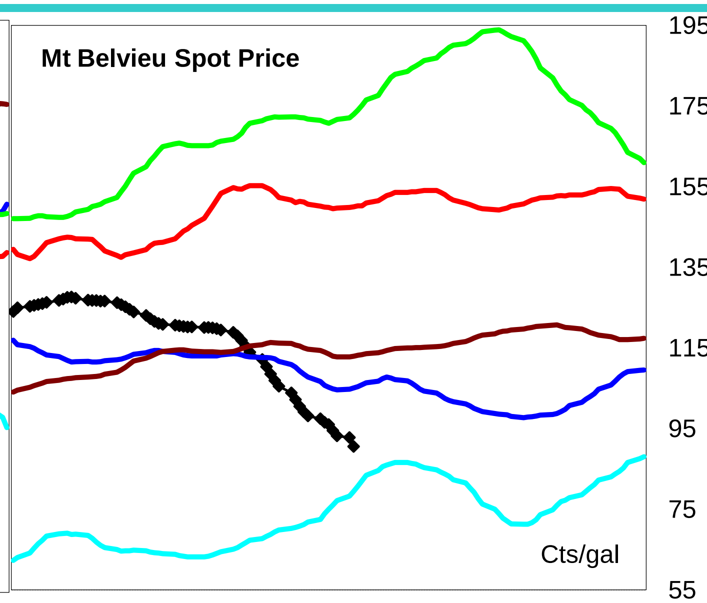
000 bpd / Stocks 000 bls	Weekly Supply-Demand U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	53,998	4,658	21,033	26,928	1,379	1,273	296	503	430	44
Propylene Stocks	3,572					-99				
Production	1,201	65	300	725	111	48	-10	38	17	3
Imports	99	33	56	2	8	-43	1	-24	-21	1
Whsle Demand	994					66				

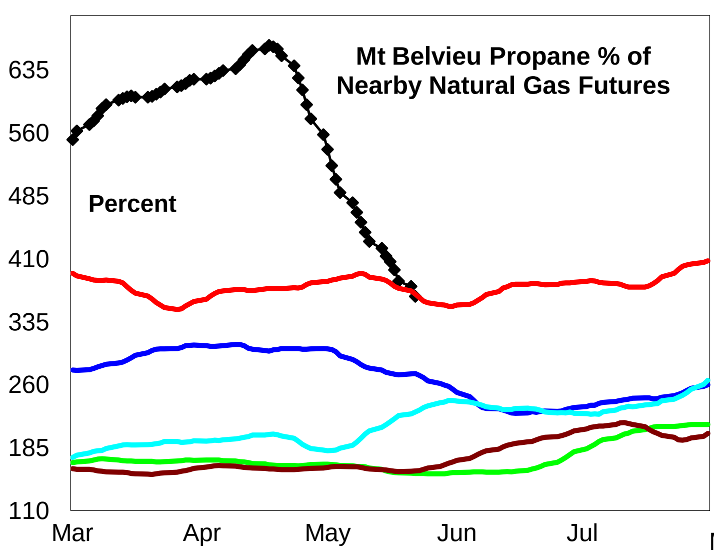
Price Trends for the Week Ending: Tuesday, May 22, 2012

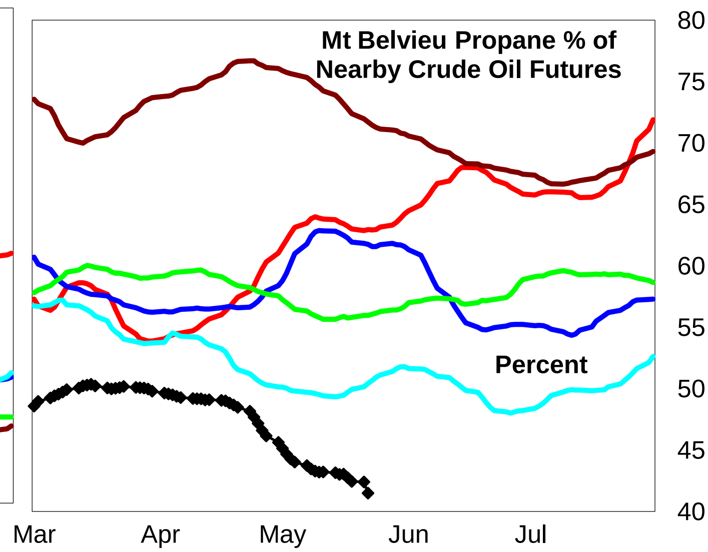
Cents/gal	Average for week ending: 5/22/12	5/15/12	4/24/12	5/25/11	Change from: 5/15/12	4/24/12	5/25/11	% change from: 5/15/12	4/24/12	5/25/11
Mont Belvieu Spot	93.2	99.5	119.3	148.6	-6.26	-19.82	-29.31	-6.3	-16.6	-19.7
Conway Spot	70.6	77.4	88.6	139.5	-6.80	-11.23	-50.92	-8.8	-12.7	-36.5

Key Price Spreads and Differentials

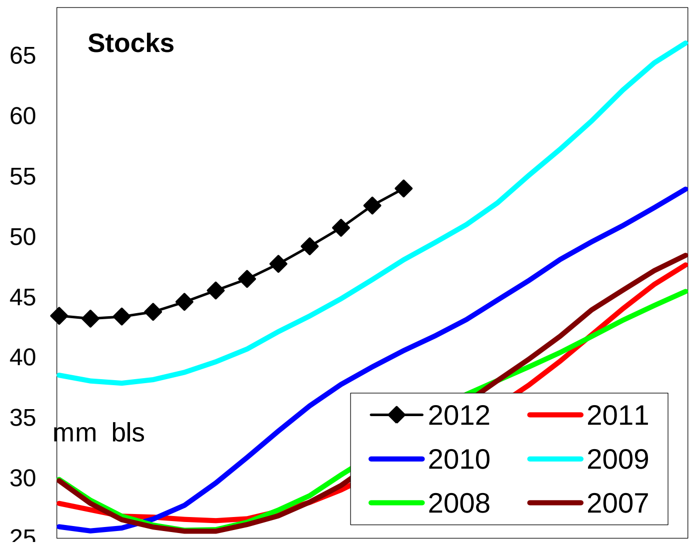


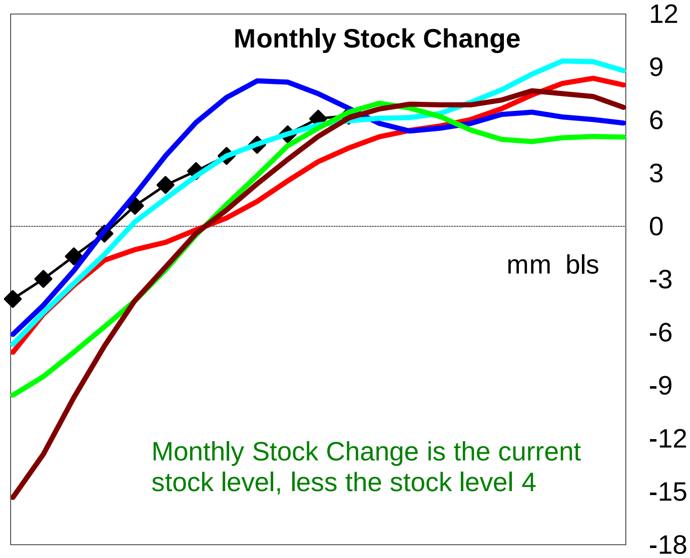


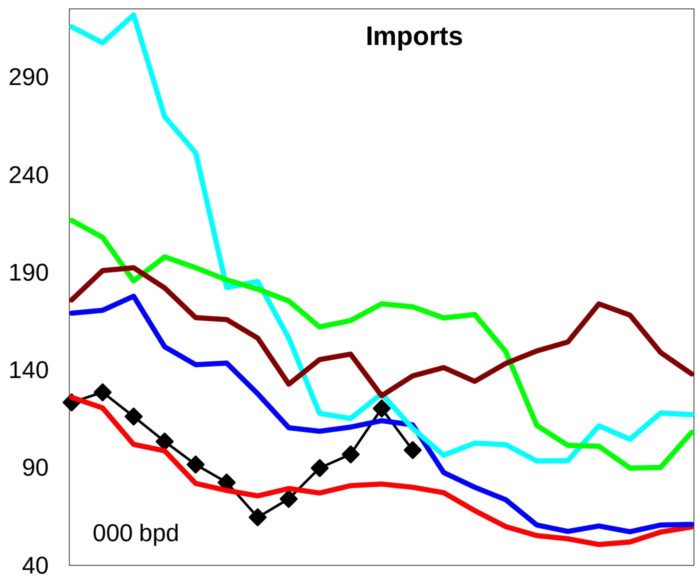


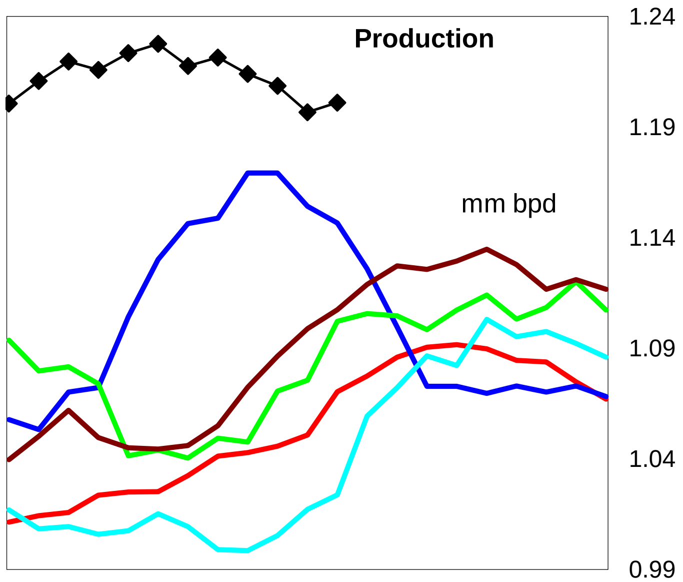


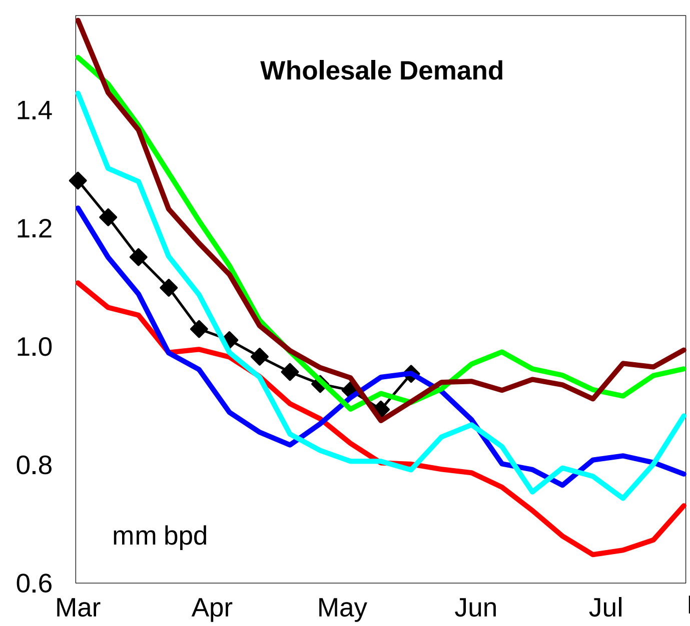
U. S. Propane Supply and Demand Balance

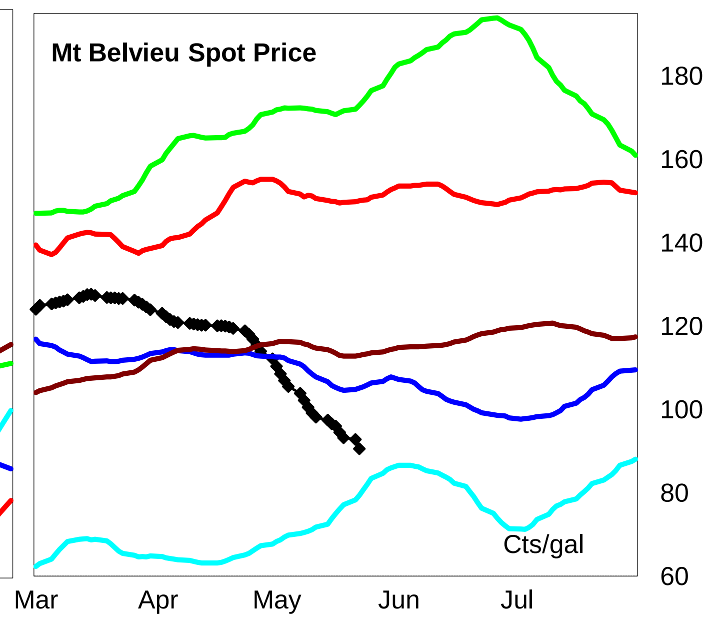






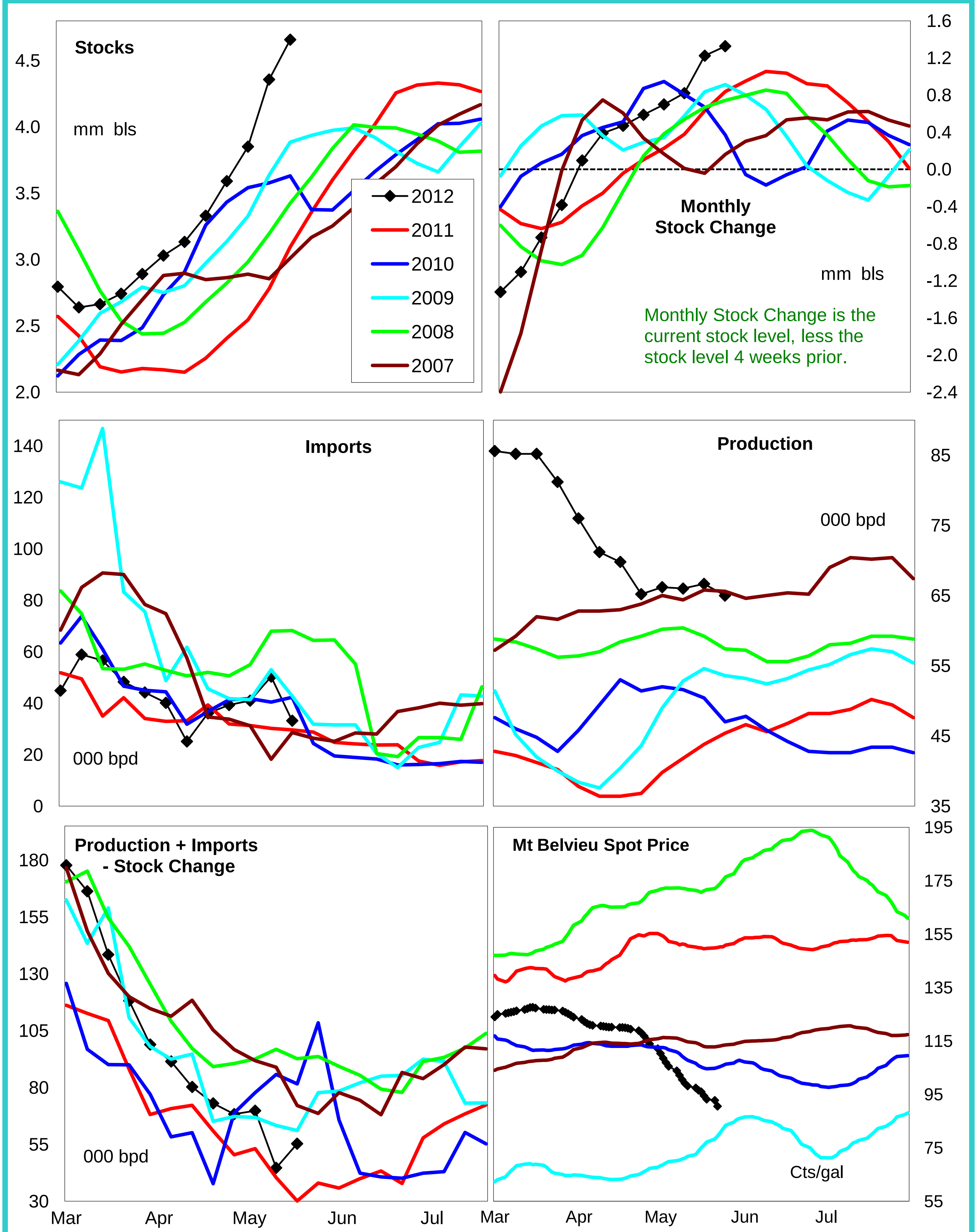






4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Apr	Mar	Feb
000 bpd (000 bls stks)	22,393	1,823	153	22		107	56	-22	-80
% change	70.9	41	14.6	25.2		12.7	6.0	-1.9	-5.6

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)	1,475	488	24	12	16
% change	46.3	58.2	55.8	36.7	36.8

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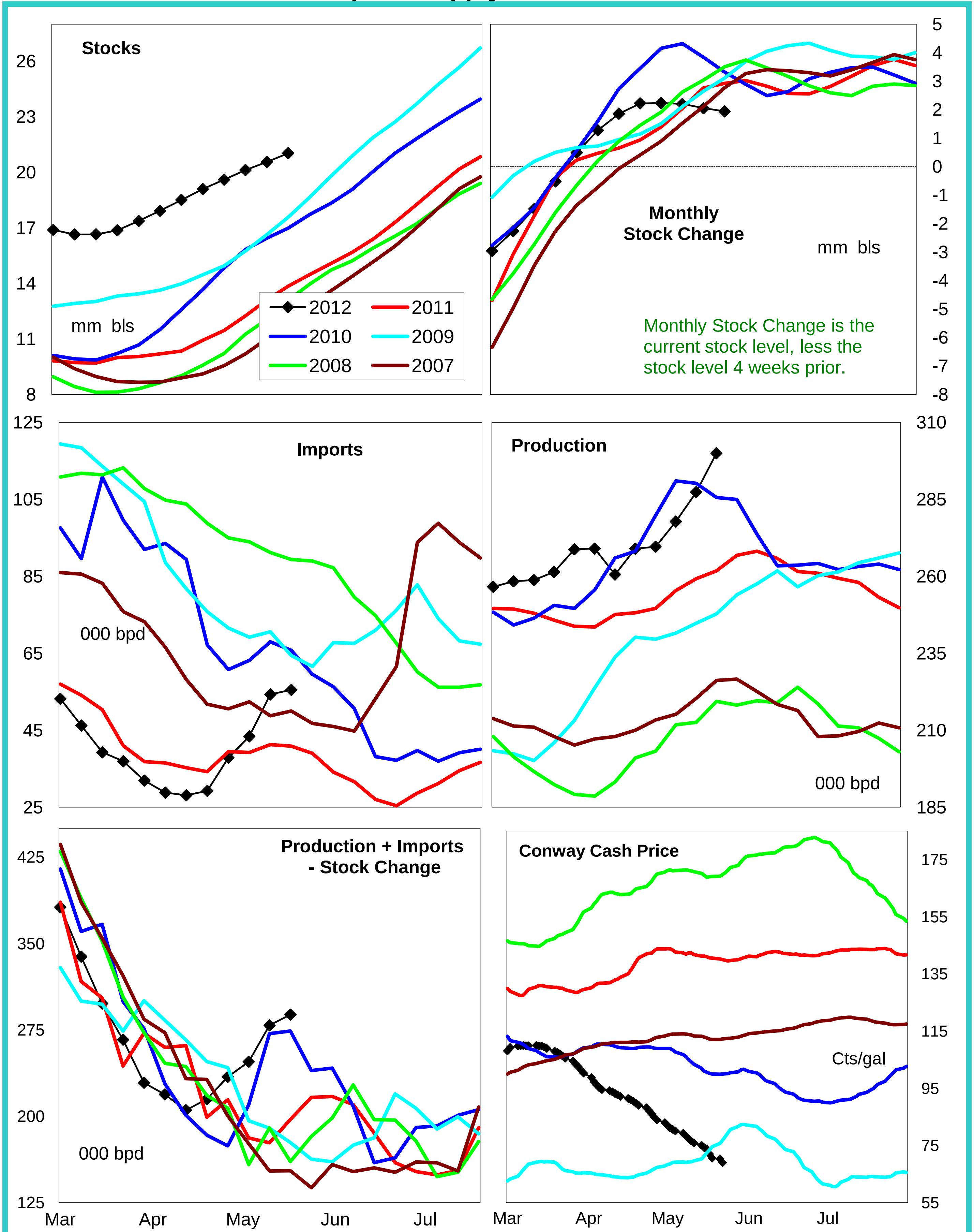
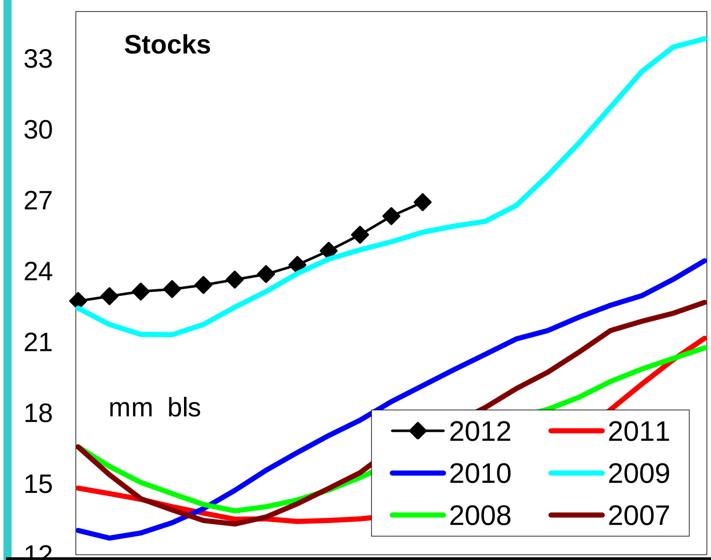
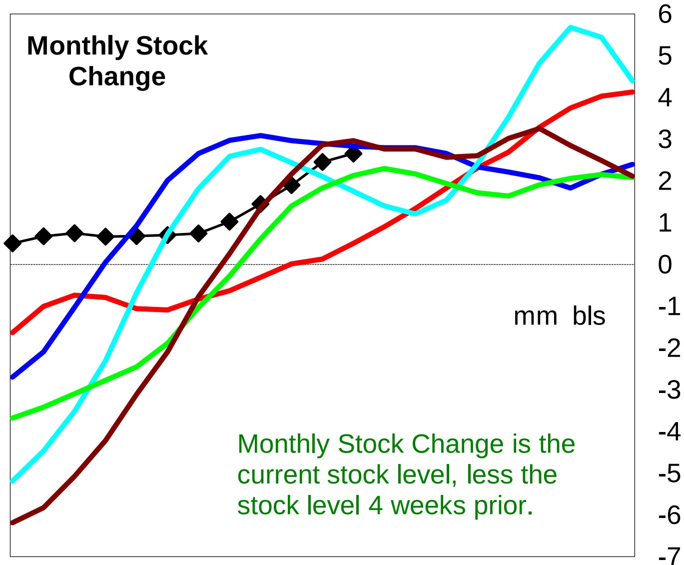
PADD 2 Propane Supply and Demand Balance

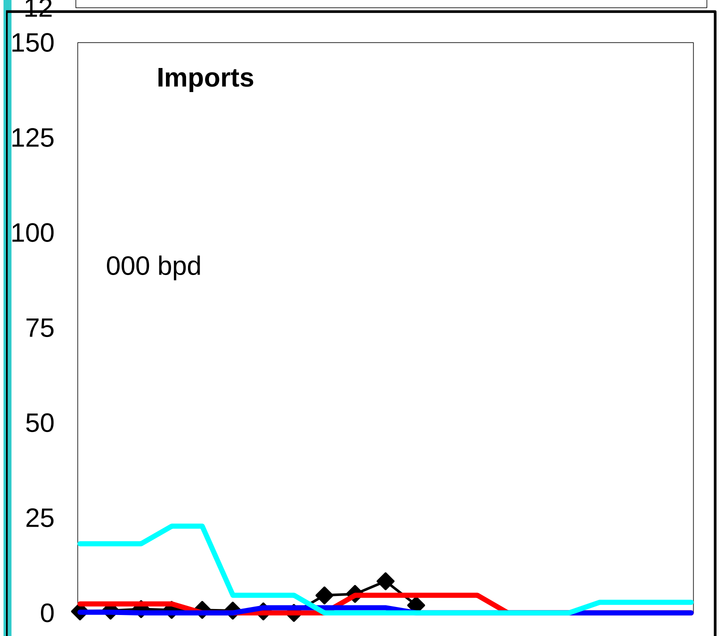


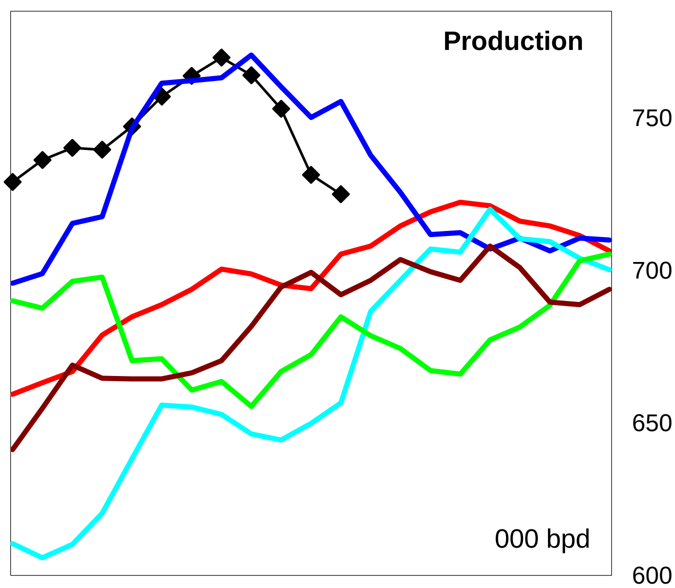
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	7,018	-980	21	7	70
% change	50.1	-33.6	8.0	17.5	36.2

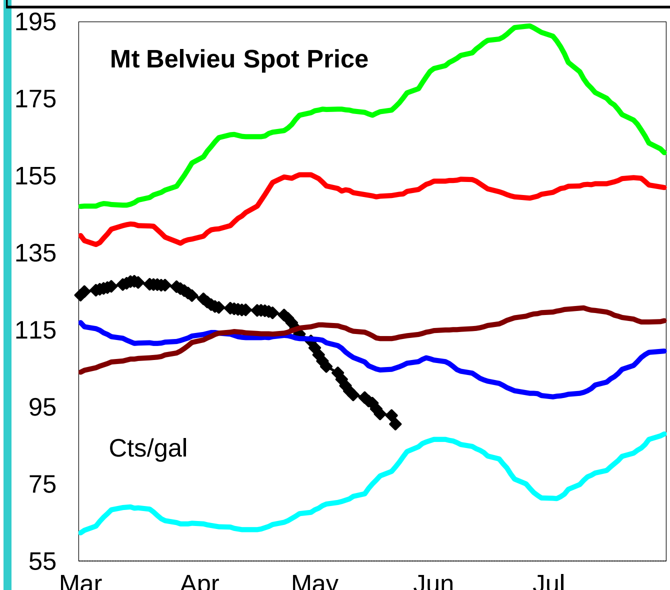
PADD 3 Propane Supply and Demand Balance

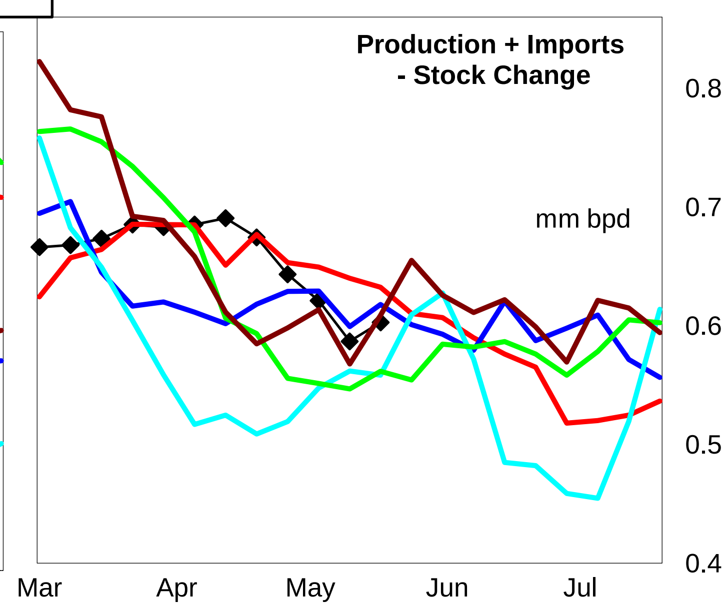






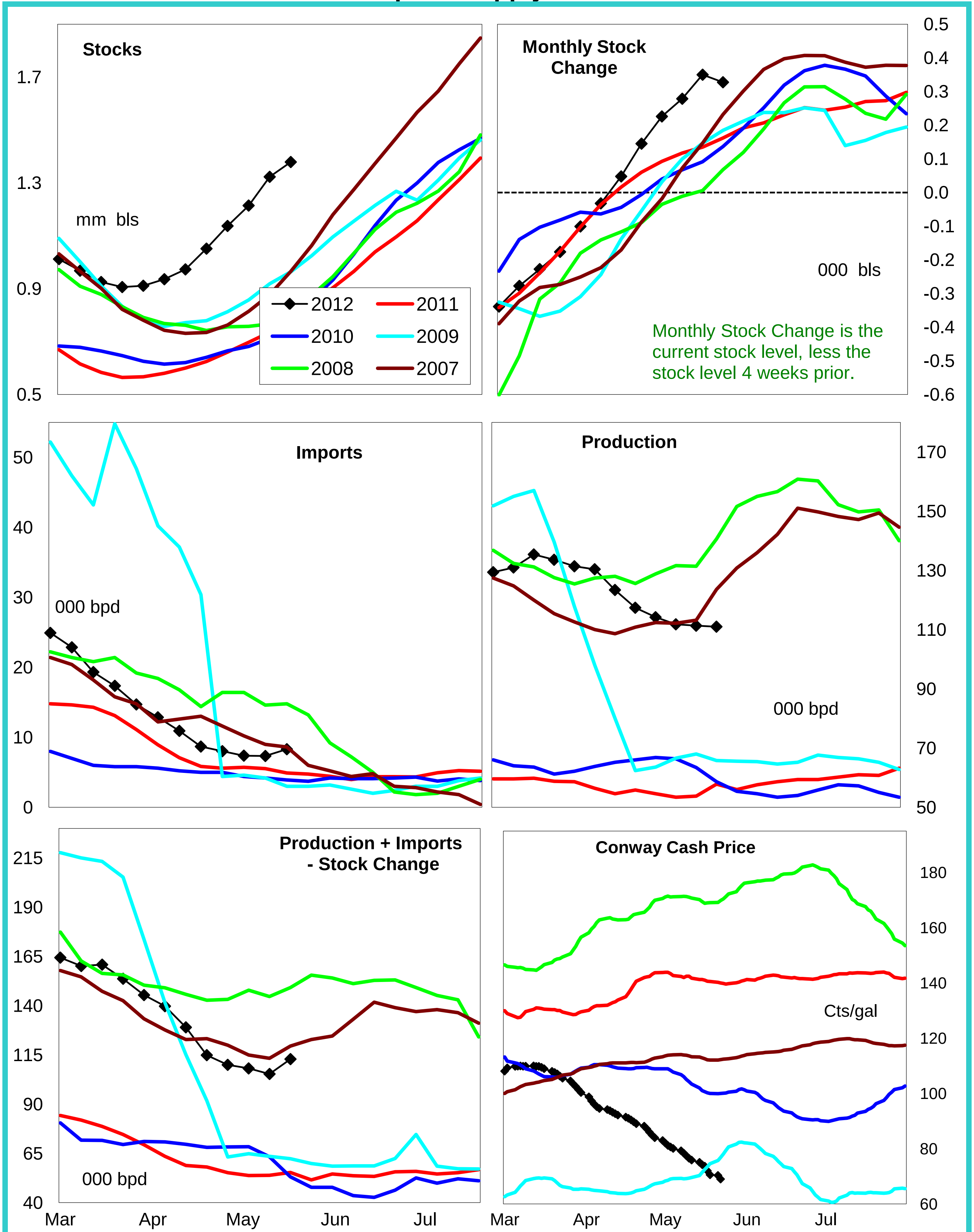






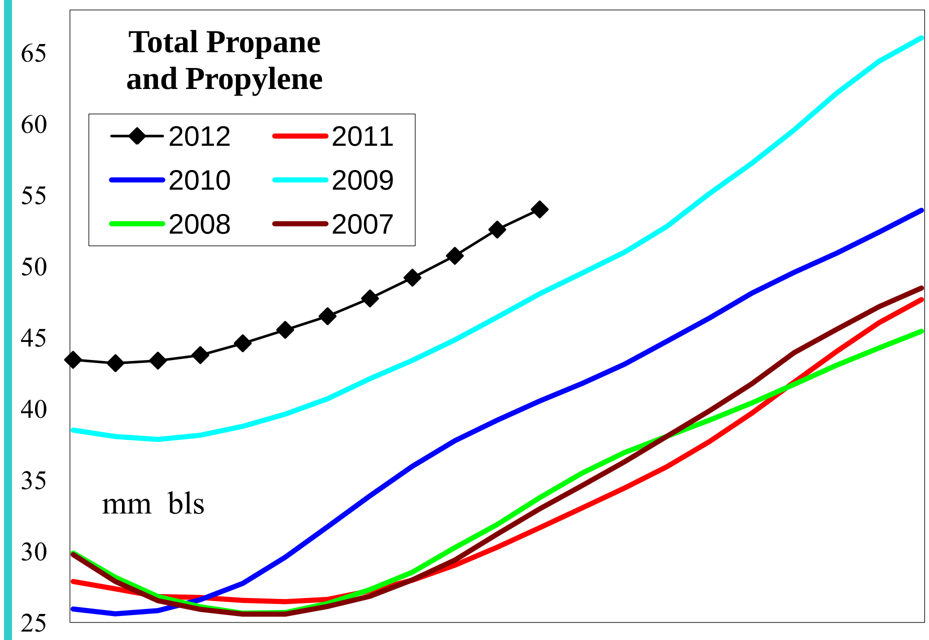
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	13,314	2,149	55	1	-30
% change	97.8	425	7.9	8.7	-4.4

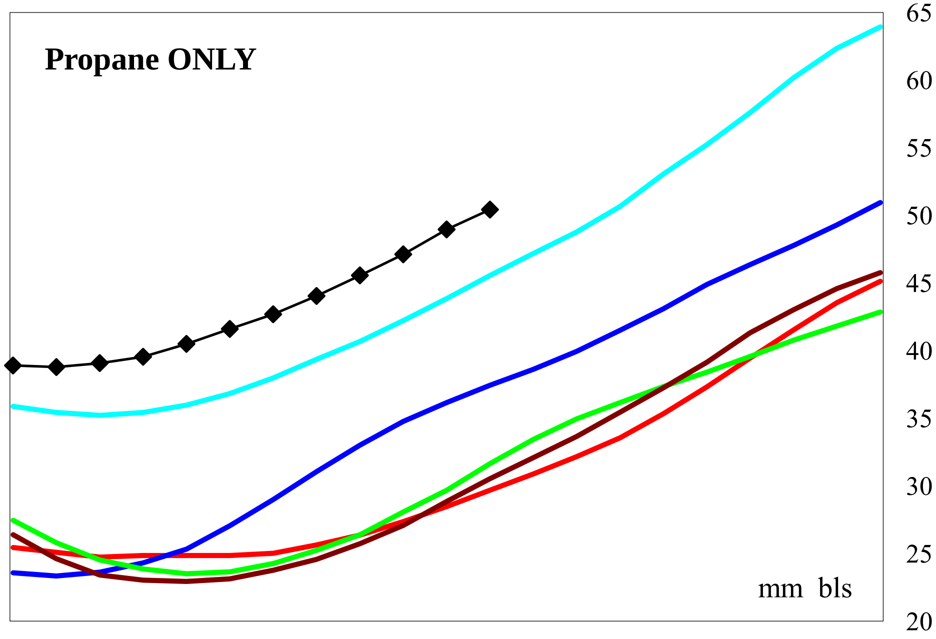
PADDs 4 and 5 Propane Supply and Demand Balance

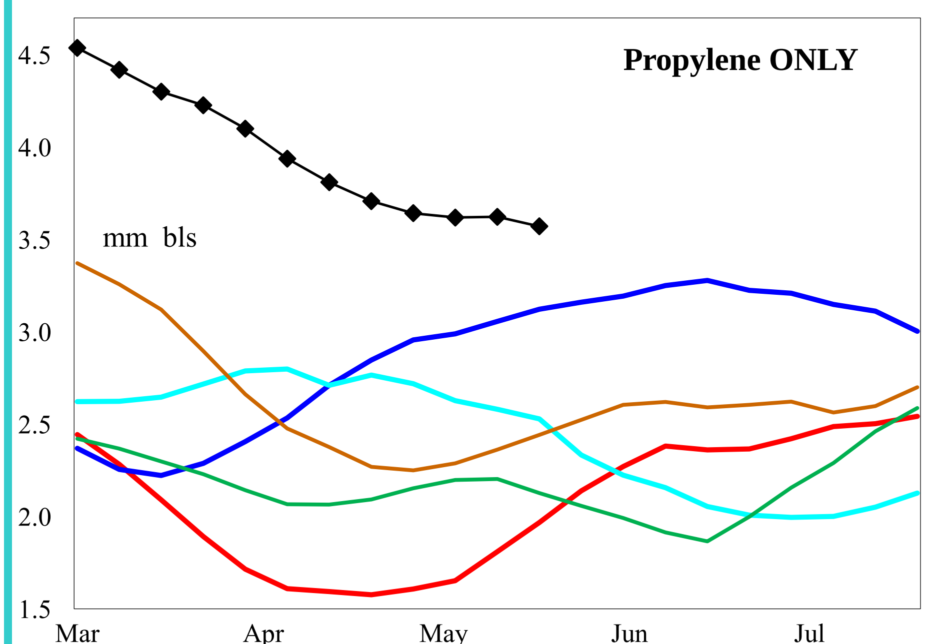


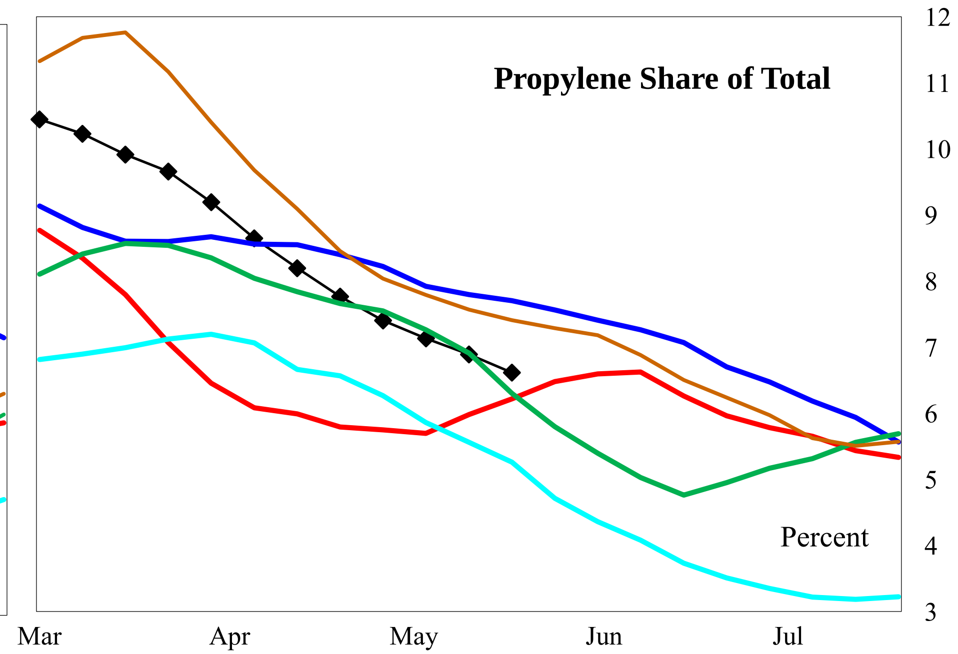
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	586	166	54	2	55
% change	73.9	102.2	98.6	28.4	100.0

U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	22,393	20,631	1,604
% change	70.9	69.2	81.5

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

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