WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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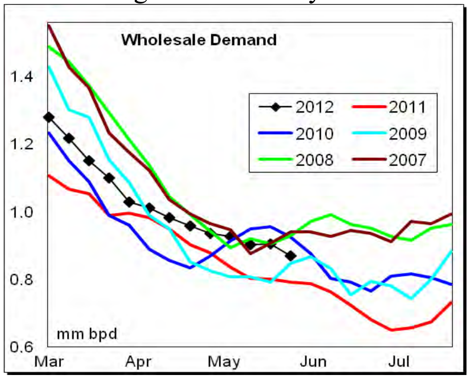
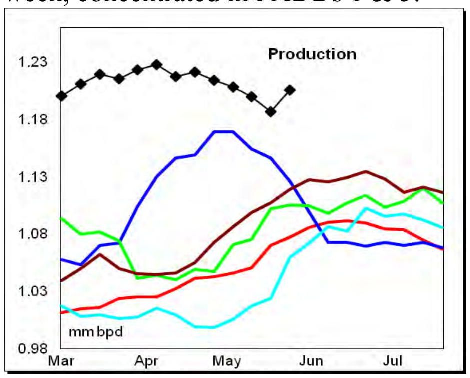
Table of Contents

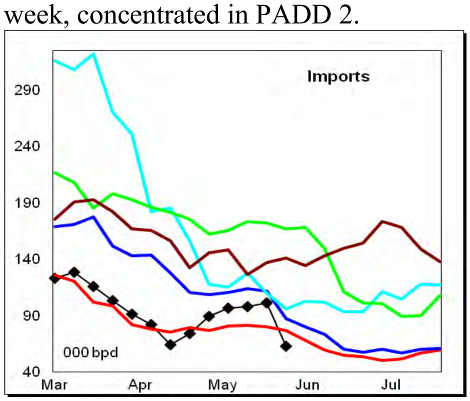
Summary[1]:
Wholesale demand decreased -85,000 bpd on the week, to a level comparable to the average of the last 3-years.



Production increased +5,000 bpd last week, concentrated in PADDs 1 & 5.



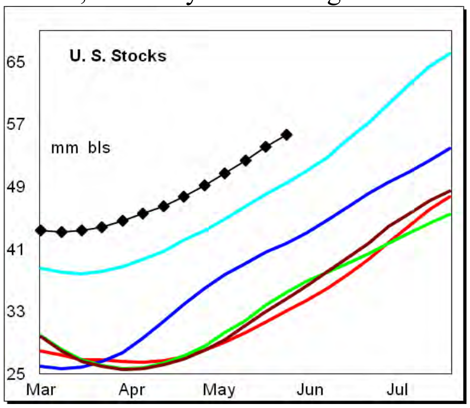
Imports decreased -36,000 bpd on the week, concentrated in PADD 2.



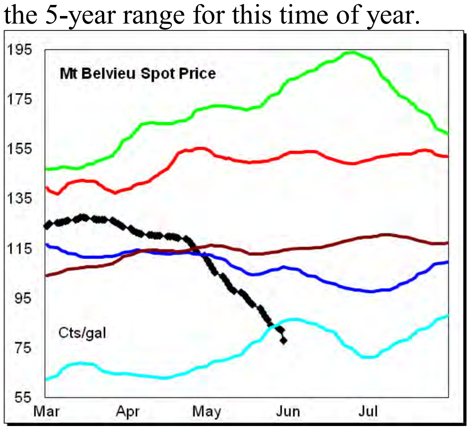
Combined production and imports during the latest 4-wk period were +167,000 bpd above a year ago. Production was +148,000 bpd above last year (+14%), while imports were +19,000 bpd higher. The latest 4-wk average demand was +82,000 bpd above last year.

[1] Source is latest EIA Weekly Statistics

Stocks increased +1.6 million barrels last week, and are now +70% above a year ago. The 4-wk stock change was a build of +6.6 million barrels, at the 5-year mid range.



Price and Spreads Mt Belvieu spot prices decreased - 7 cpg on the week ending 30May12, while Conway decreased -5.5 cpg during the same week. Conway and Mt Beliveu price levels are each below the 5-year range for this time of year.



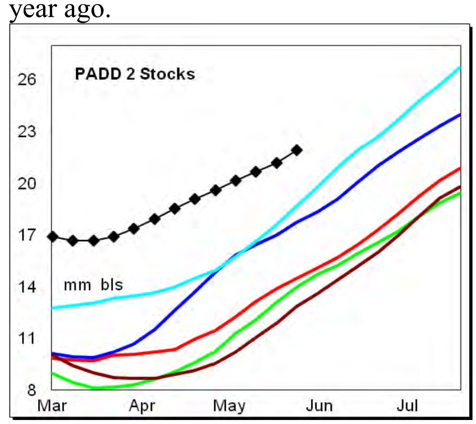
The Conway – Mt Belvieu price spread traded lower last week, ending the week at -18 cpg.

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.

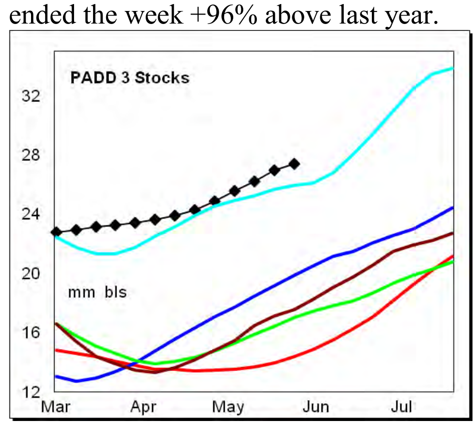
The propane / crude oil price spread extended the downtrend last week, on relative weakness in propane prices; ending the week at a new record low.

PADD 1 stocks increased +0.3 million barrels last week, on higher production and imports. Supply increased +5,000 bpd due to higher production. 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 +0.9 million barrels on the week. Supply fell -39,000 bpd on lower imports and production. The latest 4-wk average supply was +32,000 bpd above a year ago. Stock levels ended the week +50% above a year ago.



PAD 3 stocks increased +0.5 million barrels on the week, with the 4-wk stock change a build of +2.8 million barrels, above the 5-year average. Stock levels ended the week +96% above last year.



PADDs 4 & 5 stocks were unchanged on the week. The stock level was +78% above a year ago.

Emerging Trends Production for the latest 4-wk period was +14% above a year ago, driving stocks to +70% above last year. The market remains extremely over supplied; driving prices to 5-year lows and leading to increased fuel use by refiners. Expect continue price weakness.

PROPANE: Graph Link and Weekly Summary

May 31, 2012

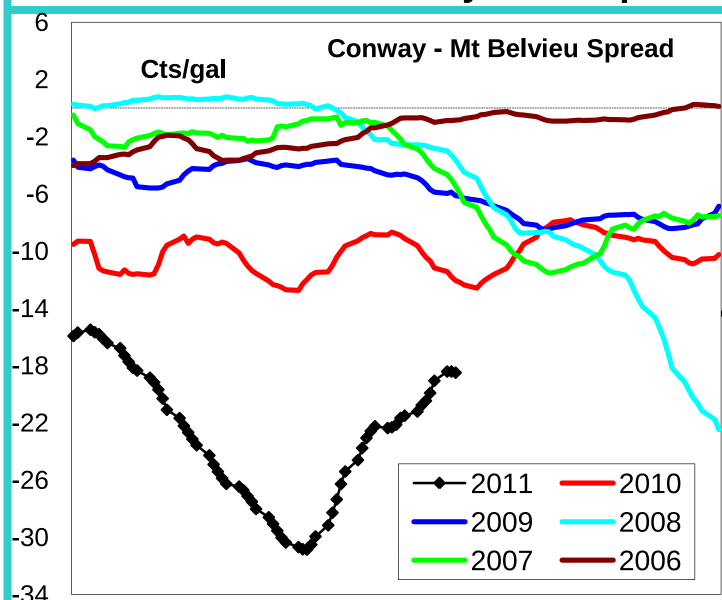
Fundamental Trends for the Week Ending: Friday, May 25, 2012

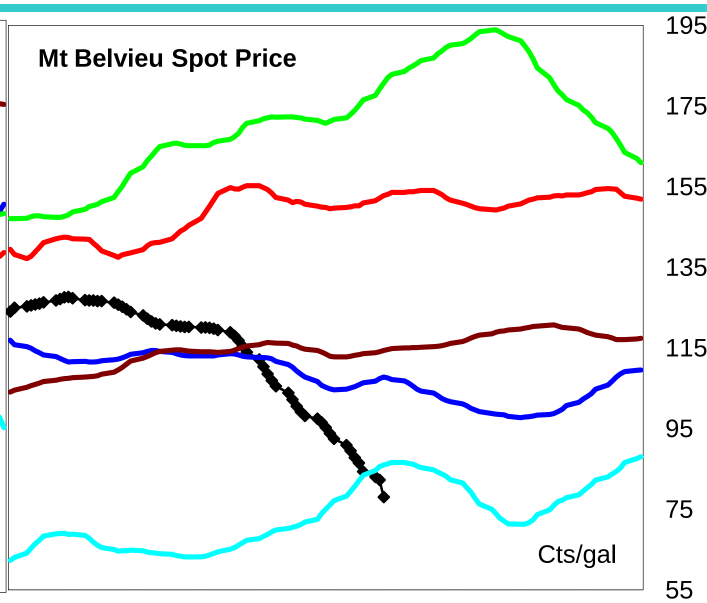
000 bpd Stocks 000 bls	Weekly Supply-Demand U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	55,647	4,911	21,909	27,419	1,408	1,649	253	876	491	29
Propylene Stocks	3,490					-82				
Production	1,206	74	290	722	120	5	9	-10	-3	9
Imports	63	29	27	0	7	-36	-4	-29	-2	-1
Whsle Demand	909					-85				

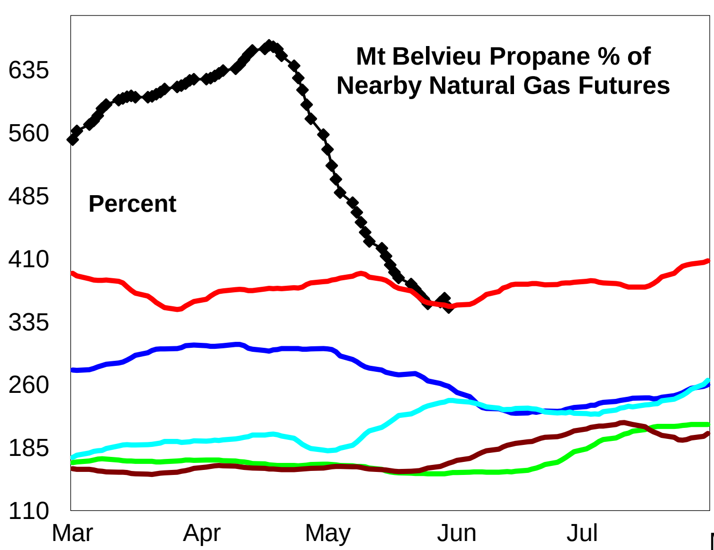
Price Trends for the Week Ending: Wednesday, May 30, 2012

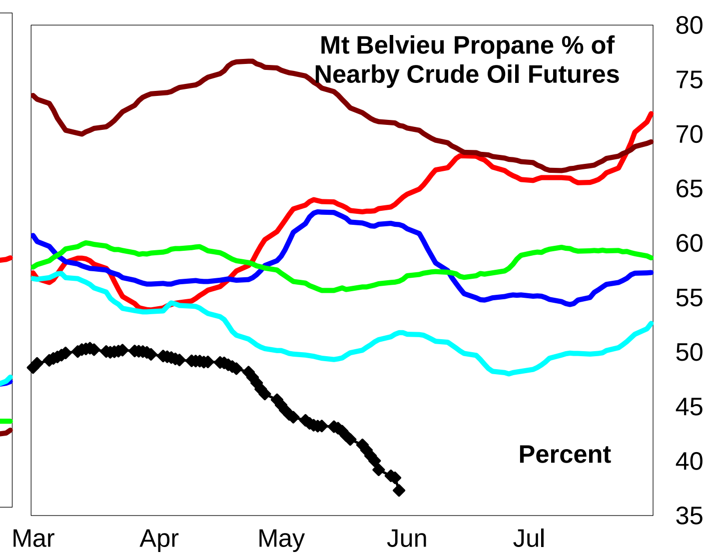
Cents/gal	Average for week ending: 5/30/12	5/23/12	5/2/12	6/2/11	Change from: 5/23/12	5/2/12	6/2/11	% change from: 5/23/12	5/2/12	6/2/11
Mont Belvieu Spot	83.0	91.3	114.2	151.9	-8.32	-22.93	-37.68	-9.1	-20.1	-24.8
Conway Spot	64.6	69.2	83.6	140.1	-4.63	-14.39	-56.46	-6.7	-17.2	-40.3

Key Price Spreads and Differentials

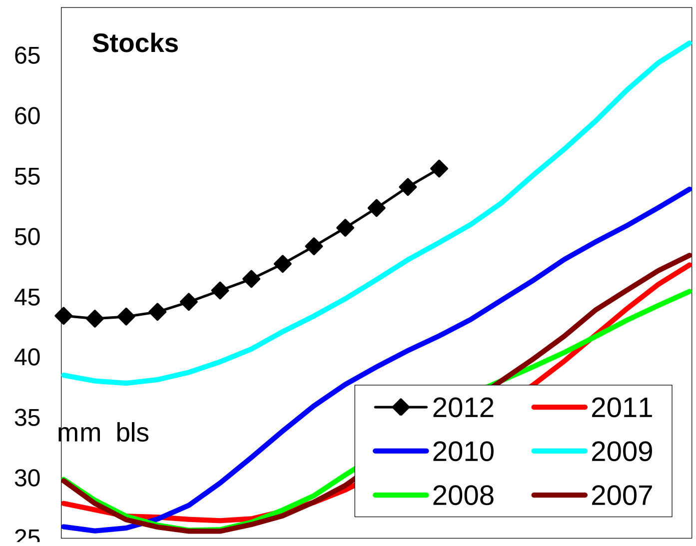


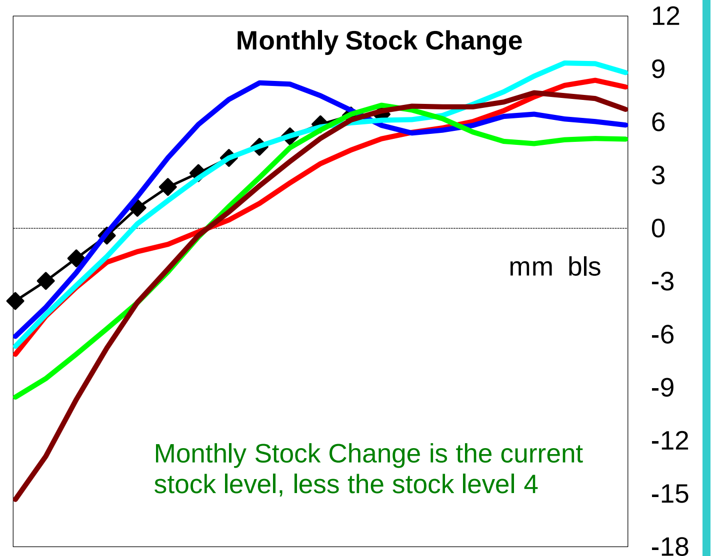


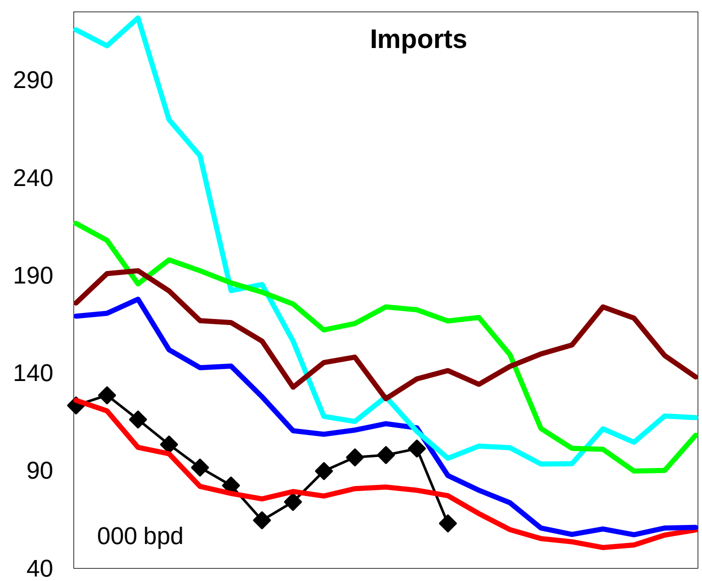


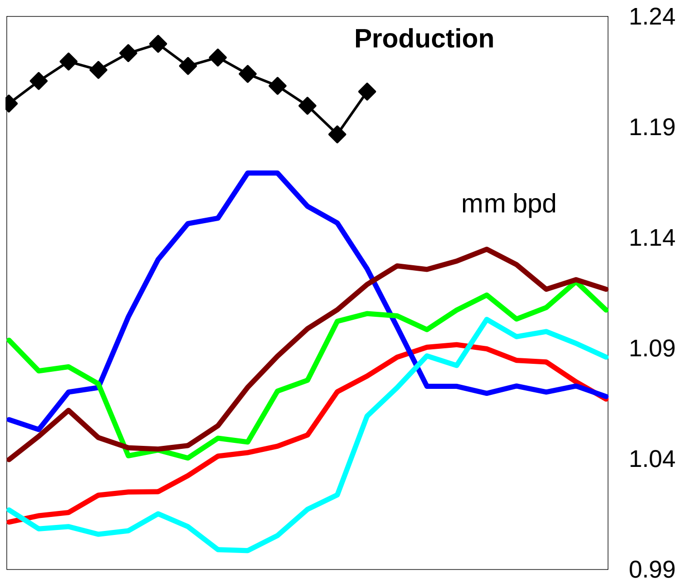


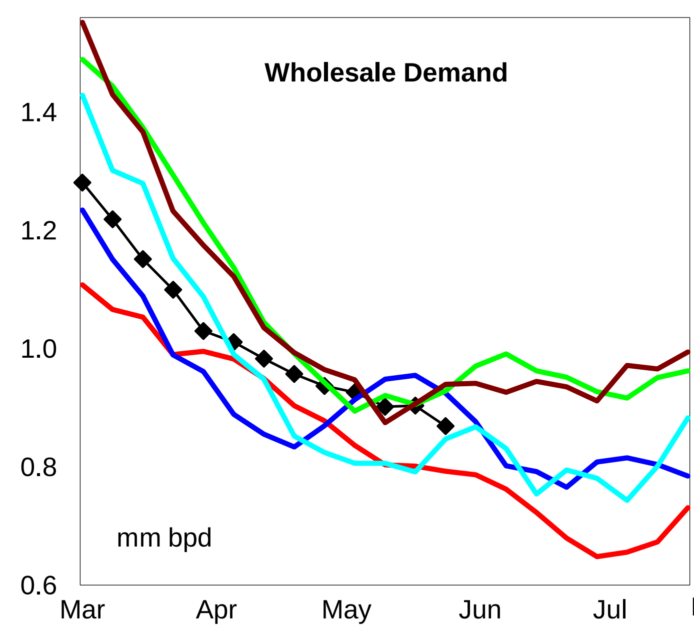
U. S. Propane Supply and Demand Balance

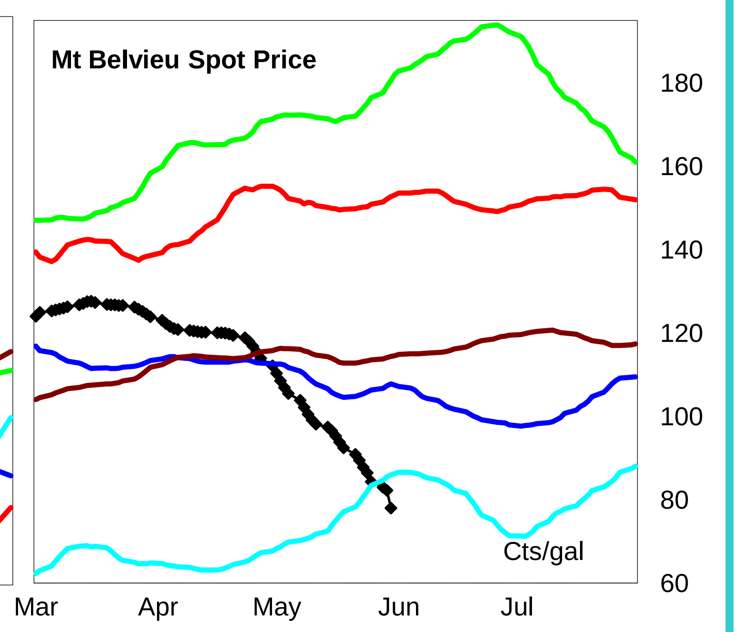












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Apr	Mar	Feb
000 bpd (000 bls stks)	22,838	1,374	148	19		82	56	-22	-80
% change	69.6	27	14.1	21.8		9.7	6.0	-1.9	-5.6

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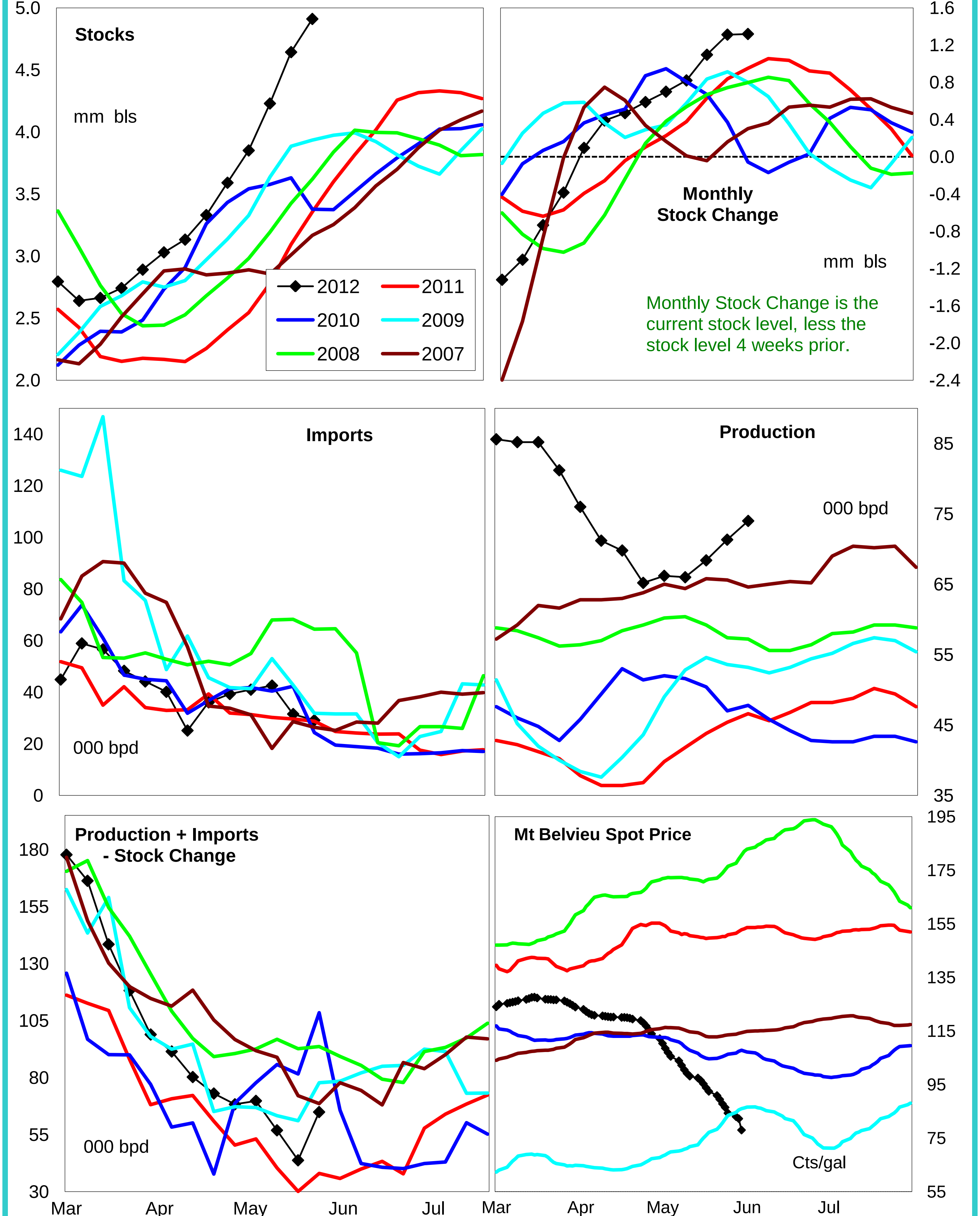
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,579	369	24	12	18
% change	47.4	38.8	53.1	37.7	45.6

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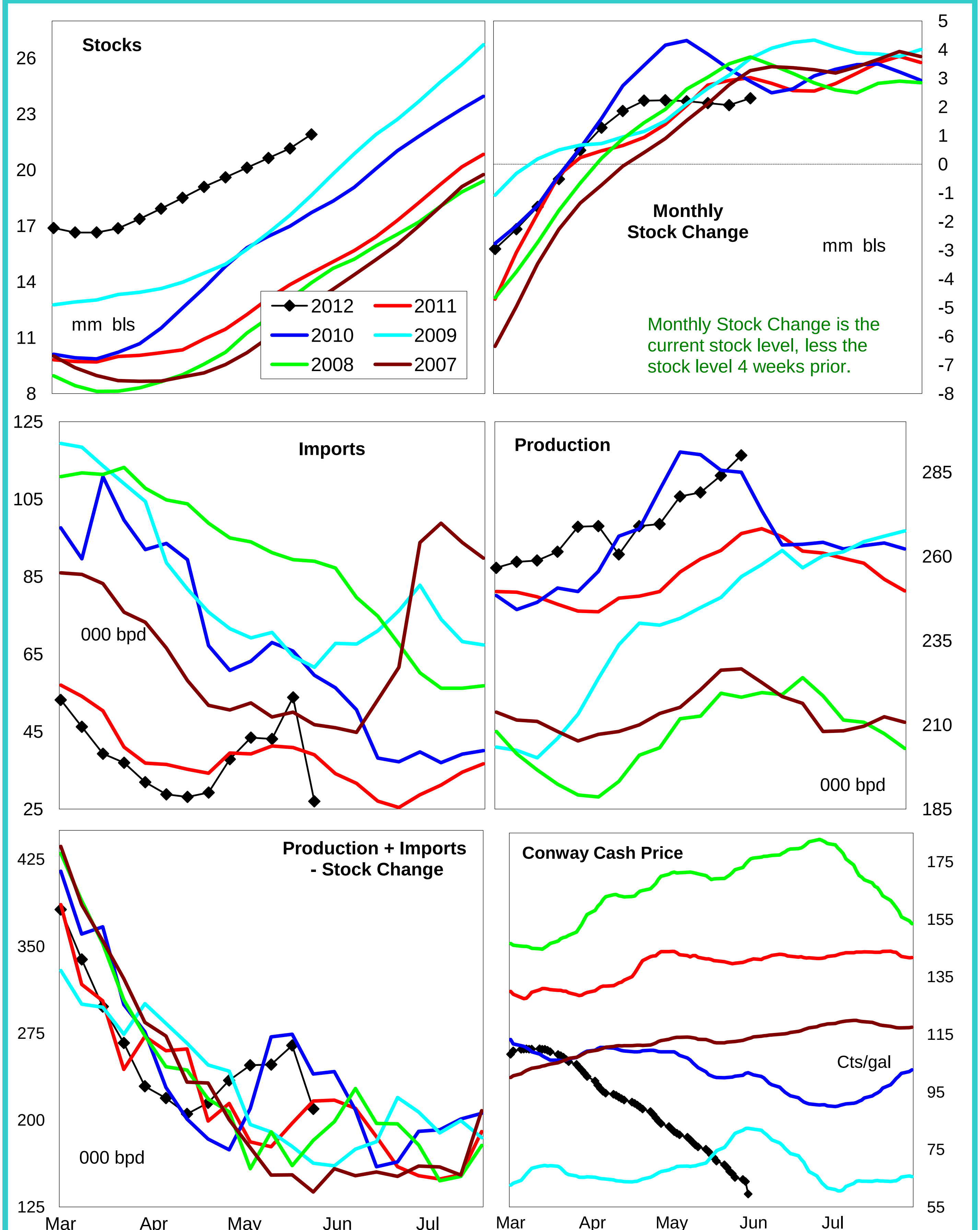
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	7,250	-720	28	4	49
% change	49.5	-23.8	10.7	10.2	25.6

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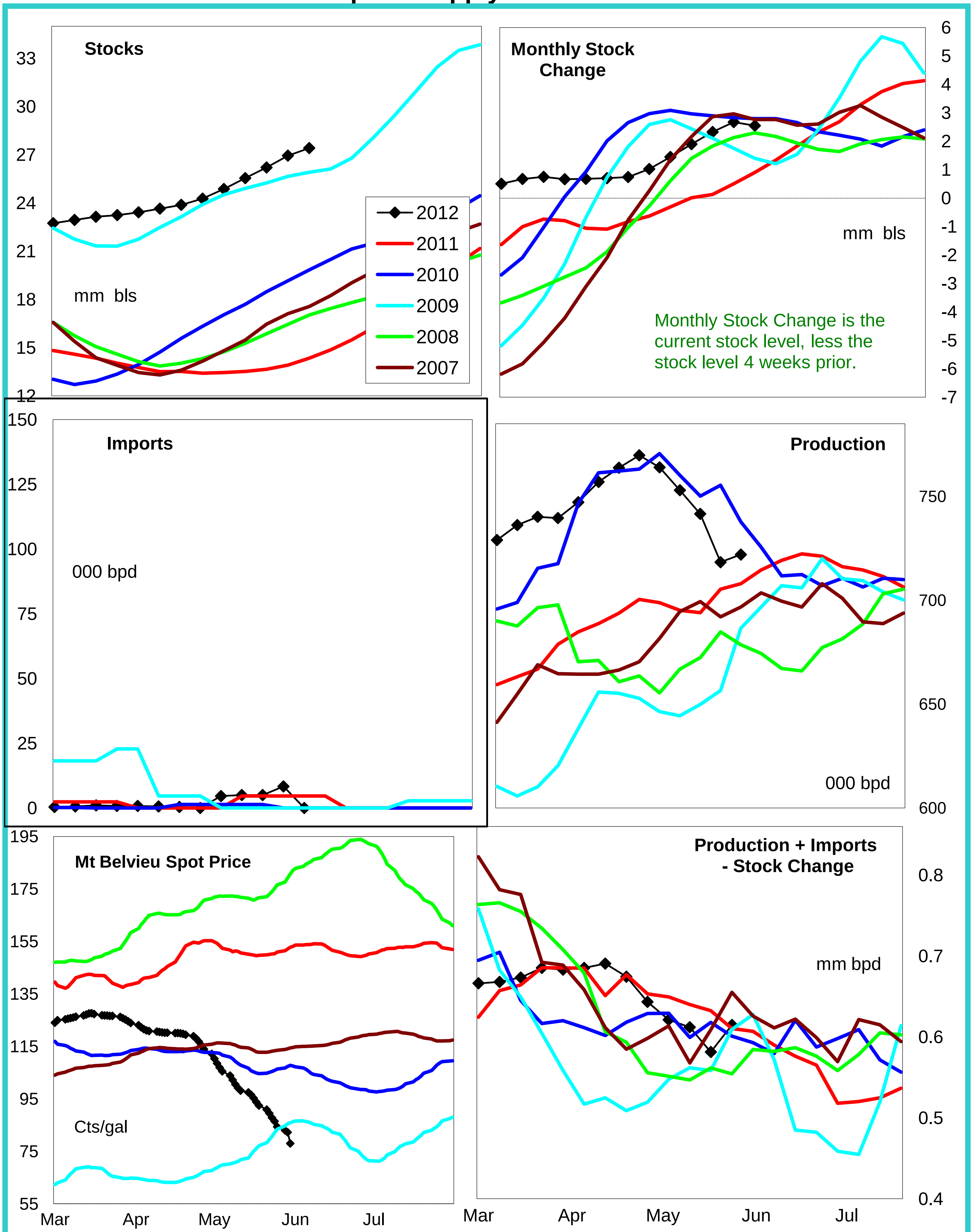
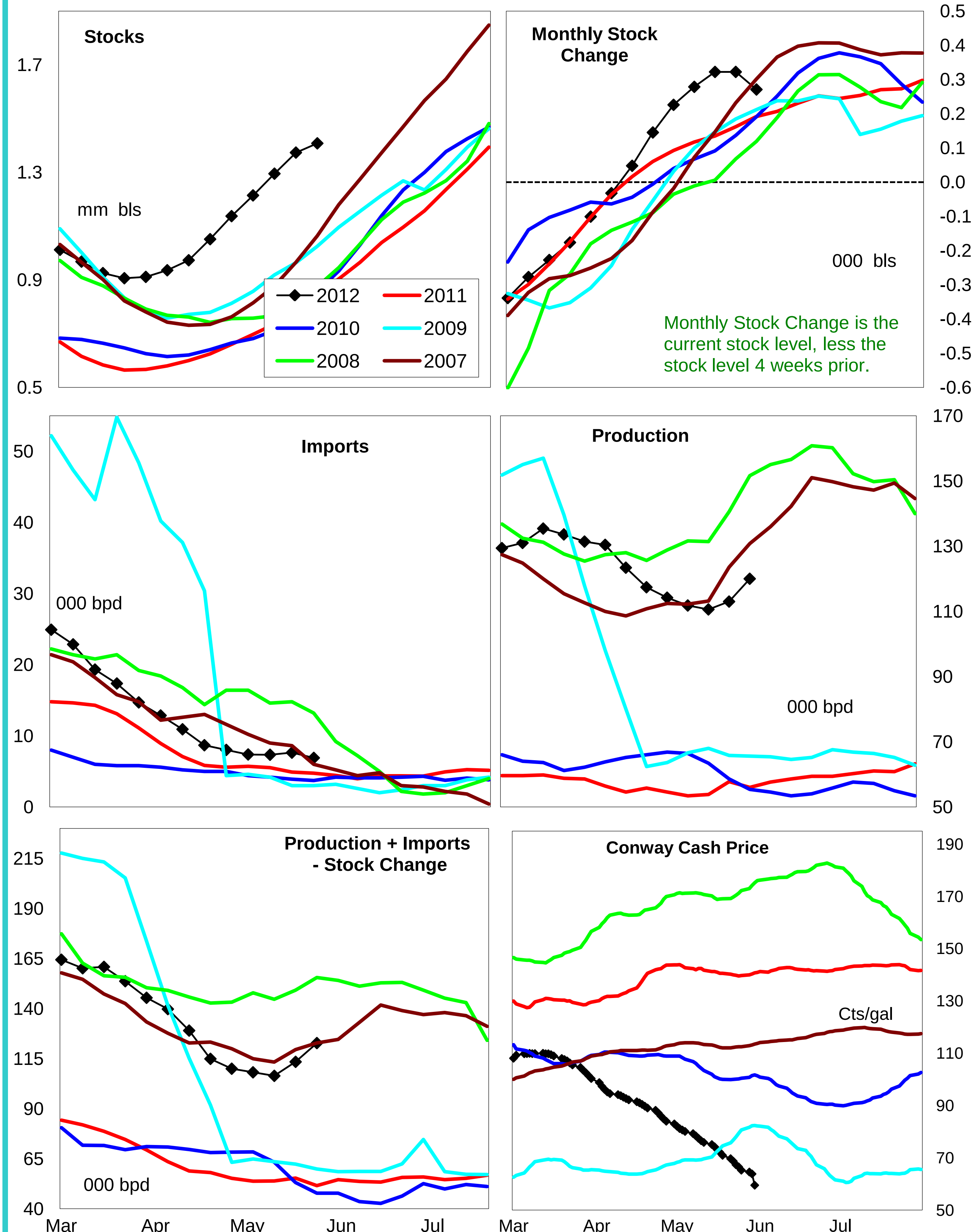
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	13,394	1,646	38	1	-26
% change	95.5	182	5.5	8.7	-3.8

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)	615	79	59	2	59
% change	77.6	41.3	106.4	32.6	110.1

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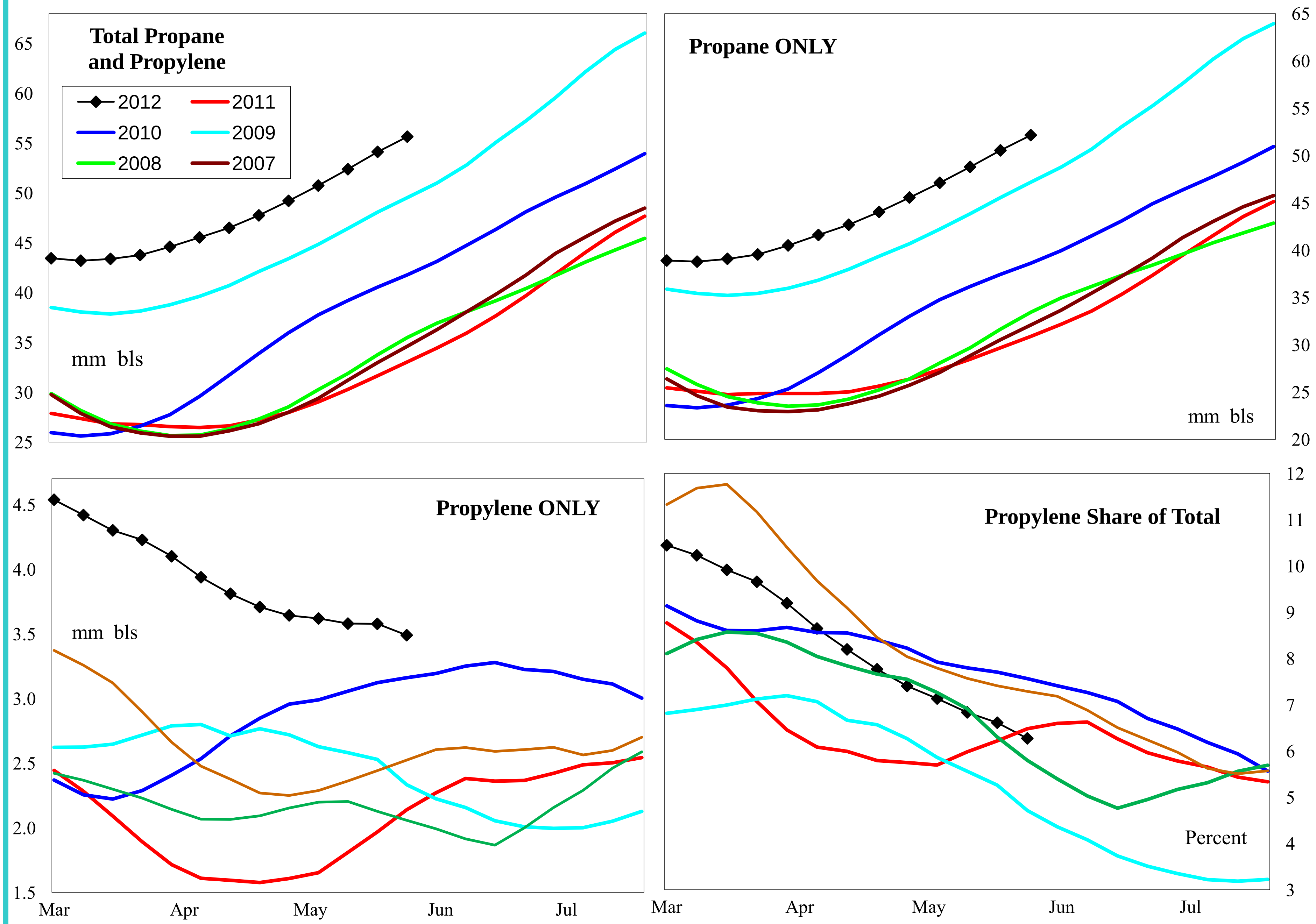
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	22,838	21,711	1,350
% change	69.6	71.3	63.1

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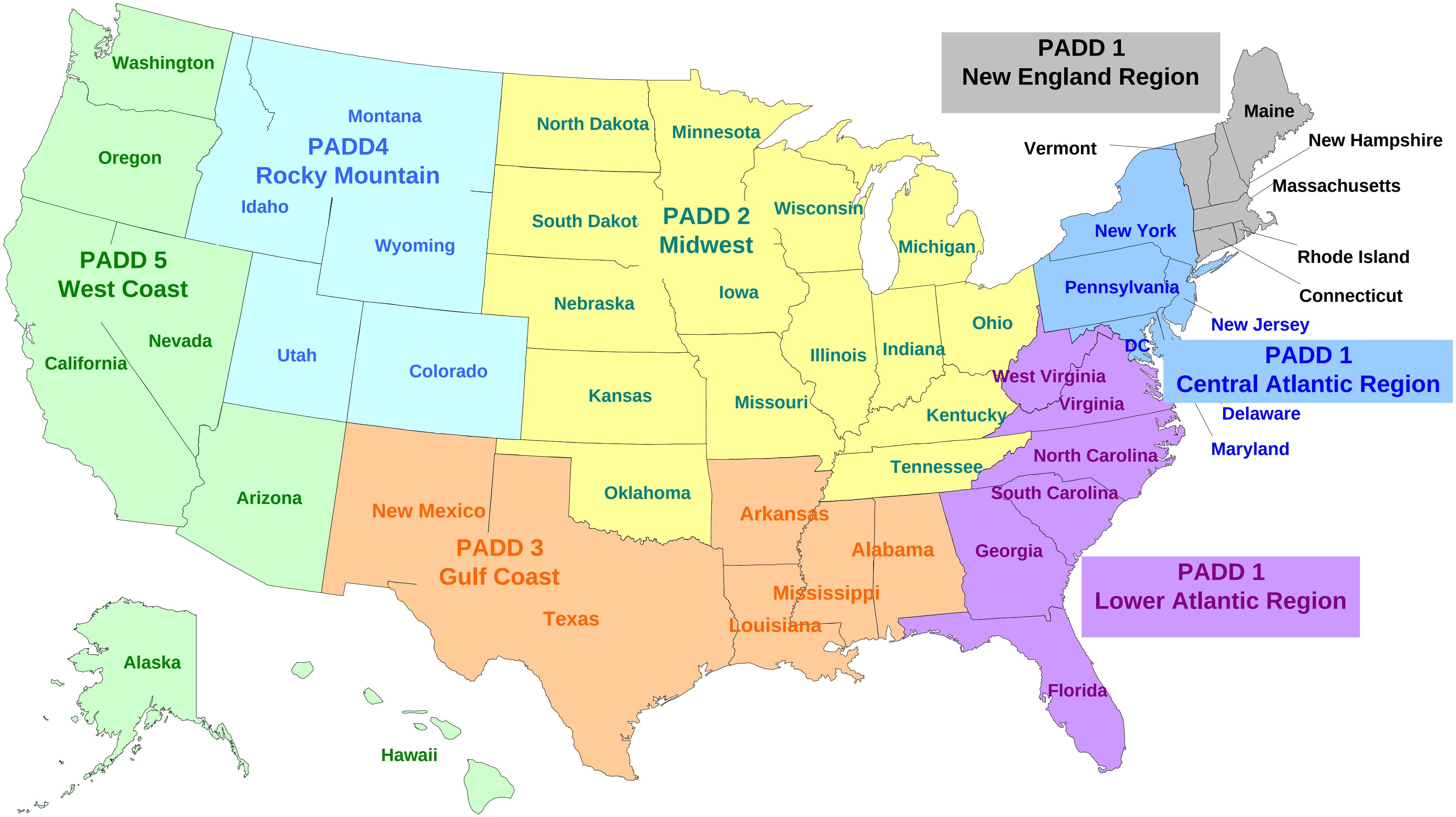
U. S. Petroleum Administrative for Defense Districts (PADDs)



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