WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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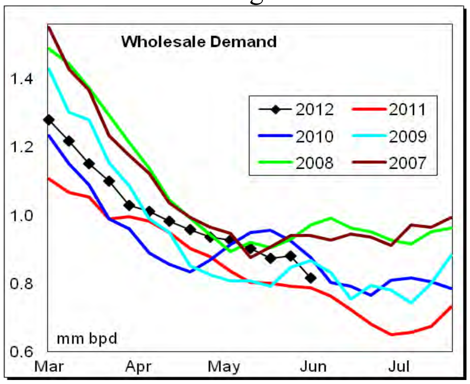
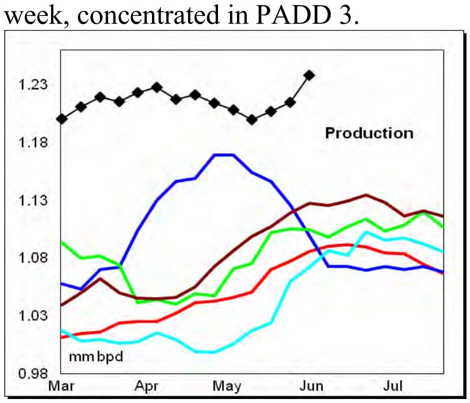
Summary[1]:

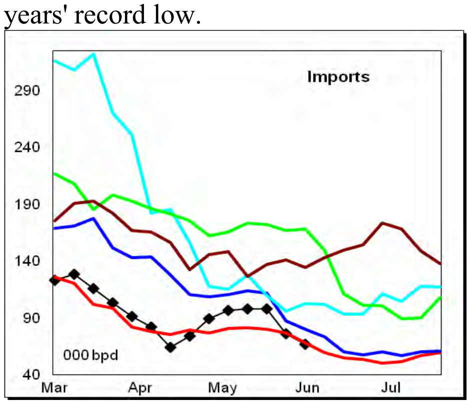
Wholesale demand decreased -52,000 bpd on the week, to a level at the low end of the historic range.



Production increased +32,000 bpd last week, concentrated in PADD 3.

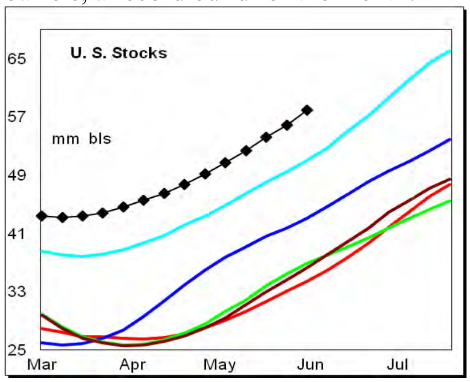


Imports increased +4,000 bpd on the week, but remain at a level near last years' record low.

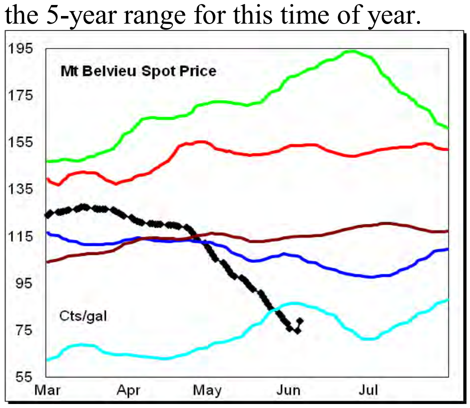


Combined production and imports during the latest 4-wk period were +144,000 bpd above a year ago. Production was +127,000 bpd above last year (+12%), while imports were +17,000 bpd higher. The latest 4-wk average demand was +102,000 bpd above last year.

Stocks increased +2.3 million barrels last week, and are now +67% above a year ago. The 4-wk stock change was a build of +6.9 million barrels, a record build for the month.



Price and Spreads Mt Belvieu spot prices decreased -4.5 cpg on the week ending 05Jun12, while Conway decreased -8 cpg during the same week. Conway and Mt Beliveu price levels are each below the 5-year range for this time of year.



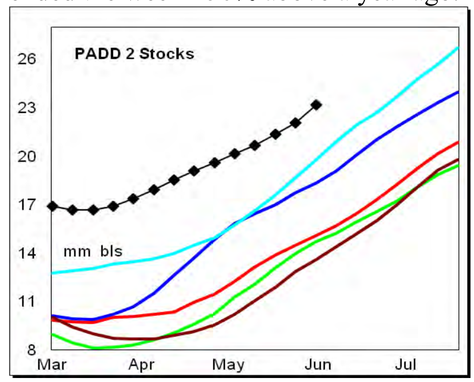
The Conway – Mt Belvieu price spread traded sideways last week, ending the week at -19 cpg.

The propane to natural gas price spread traded sideways last week at a level that matched last year.

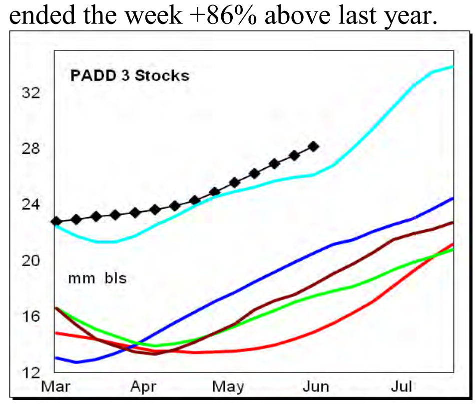
The propane / crude oil price spread trended higher late in the week on weakness in WTI price relative to propane. The spread level remains at an all time low in favor of crude oil.

PADD 1 stocks were unchanged last week, at a level +36% above a year ago. Supply decreased -7,000 bpd due to lower production and imports. Supply for the latest 4-wk period was +31,000 bpd above last year, on higher imports and production.

PADD 2 stocks increased +1.3 million barrels on the week. Supply increased +9,000 bpd on higher imports. The latest 4-wk average supply was +26,000 bpd above a year ago. Stock levels ended the week +56% above a year ago.



PAD 3 stocks increased +0.7 million barrels on the week, with the 4-wk stock change a build of +2.7 million barrels, above the 5-year average. Stock levels ended the week +86% above last year.



PADDs 4 & 5 stocks increased +0.3 million barrels on the week. The stock level was +83% above a year ago.

Emerging Trends The market remains extremely over supplied, even as distributors appear to have increased purchases into private storage, lifting demand +12% above a year ago. Expect price weakness to continue, following the recent bounce on distributor buying and market expectations that developed countries central banks will take actions to offset the financial crisis in Europe.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

June 6, 2012

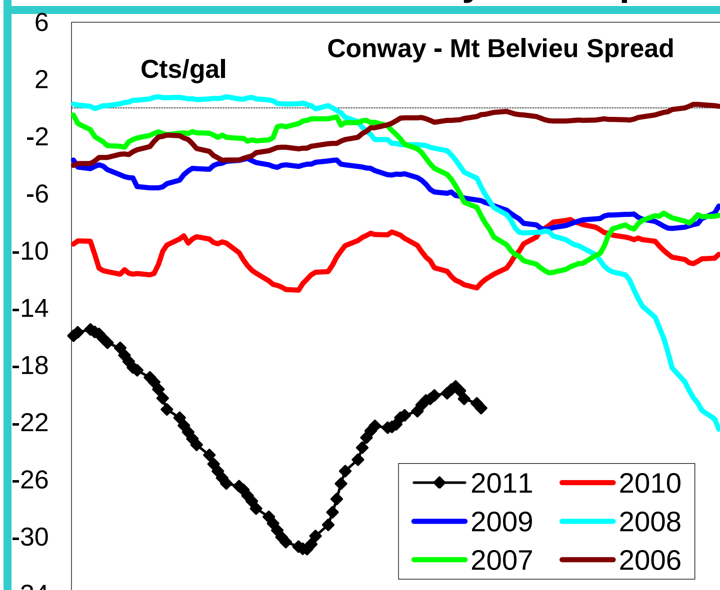
Fundamental Trends for the Week Ending: Friday, June 01, 2012

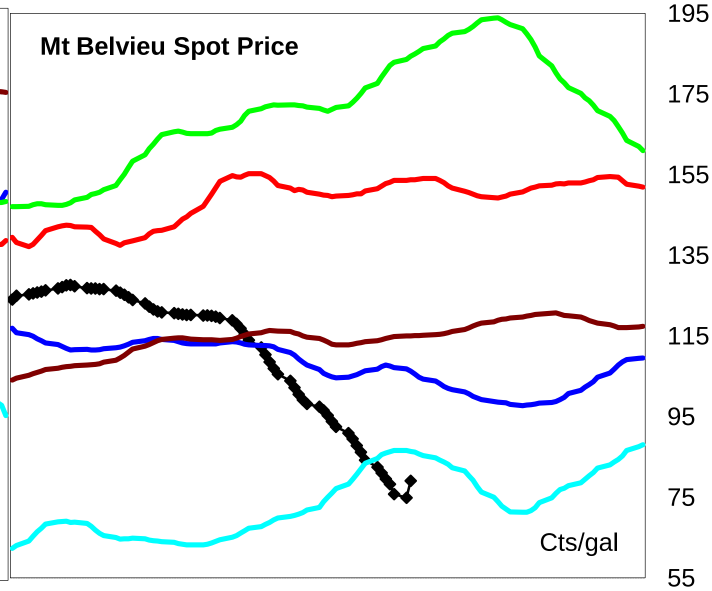
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	57,915	4,938	23,170	28,120	1,687	2,268	27	1,261	701	279
Propylene Stocks	3,556					66				
Production	1,238	70	290	763	115	32	-4	0	41	-5
Imports	67	26	36	0	5	4	-3	9	0	-2
Whsle Demand	857					-52				

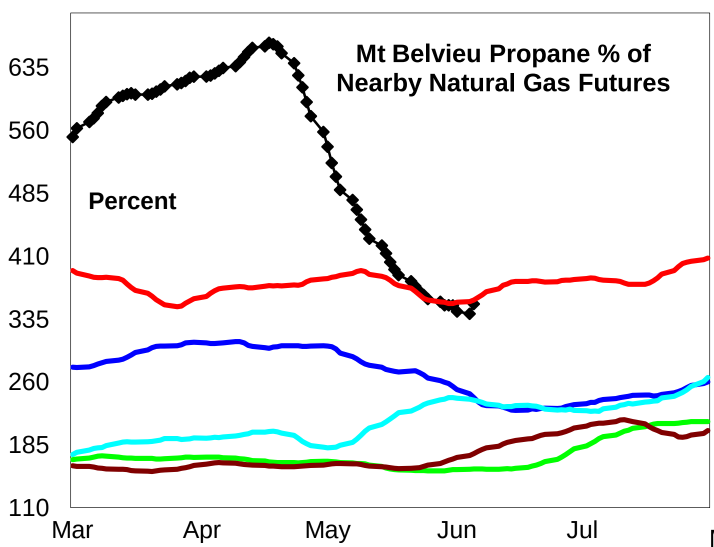
Price Trends for the Week Ending: Wednesday, May 30, 2012

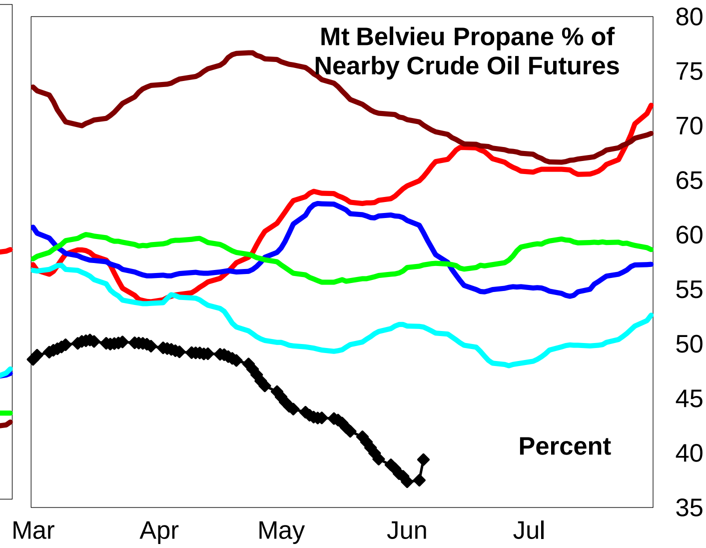
Cents/gal	Average for week ending:				Change from:			% change from:		
	5/30/12	5/23/12	5/2/12	6/2/11	5/23/12	5/2/12	6/2/11	5/23/12	5/2/12	6/2/11
Mont Belvieu Spot	75.8	84.4	102.8	153.6	-8.59	-18.49	-50.79	-10.2	-18.0	-33.1
Conway Spot	55.4	65.7	78.7	140.6	-10.26	-13.02	-61.93	-15.6	-16.5	-44.0

Key Price Spreads and Differentials

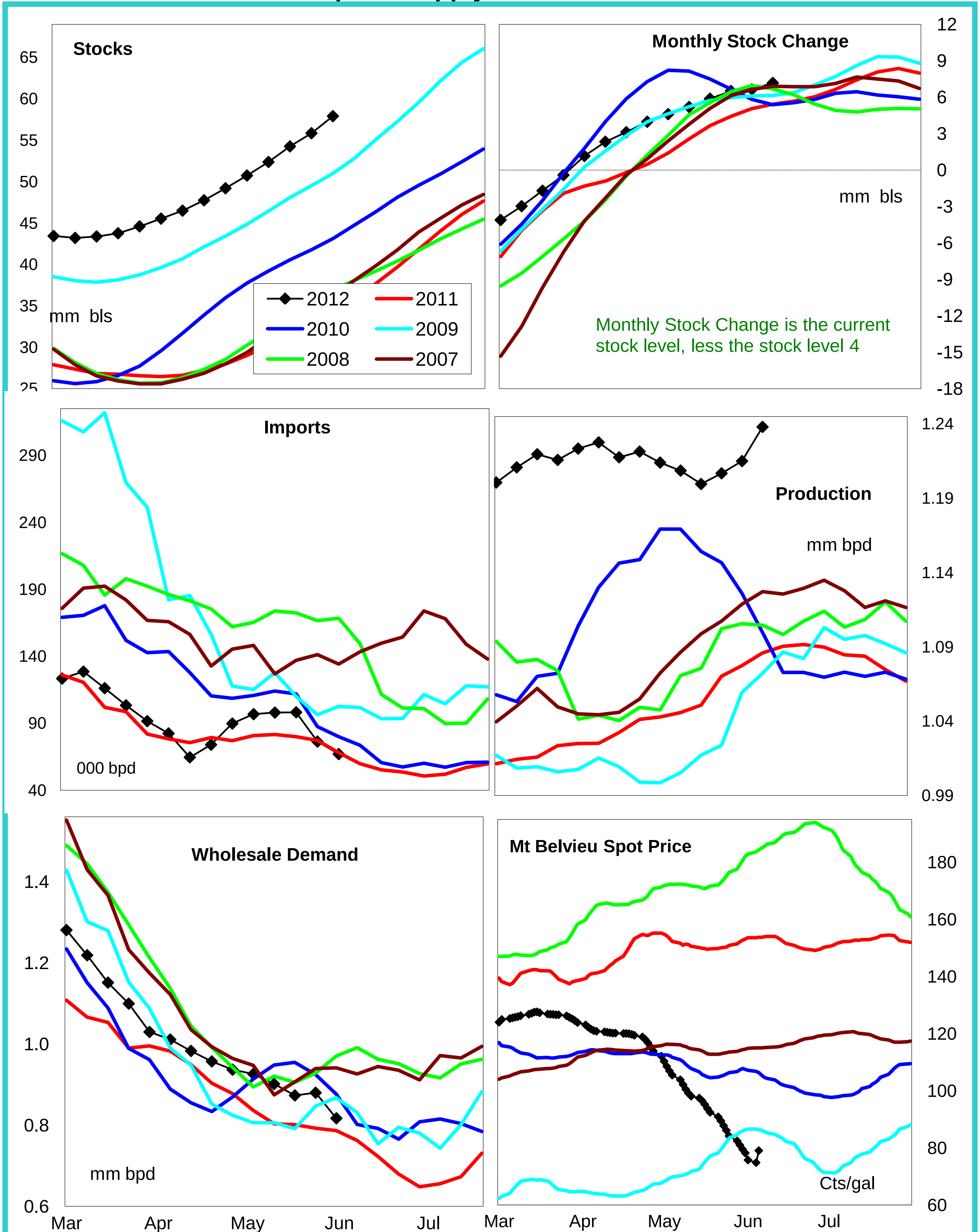








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Apr	Mar	Feb
000 bpd (000 bls stks)	23,328	1,755	127	17		102	56	-22	-80
% change	67.4	32	11.9	22.0		12.4	6.0	-1.9	-5.6

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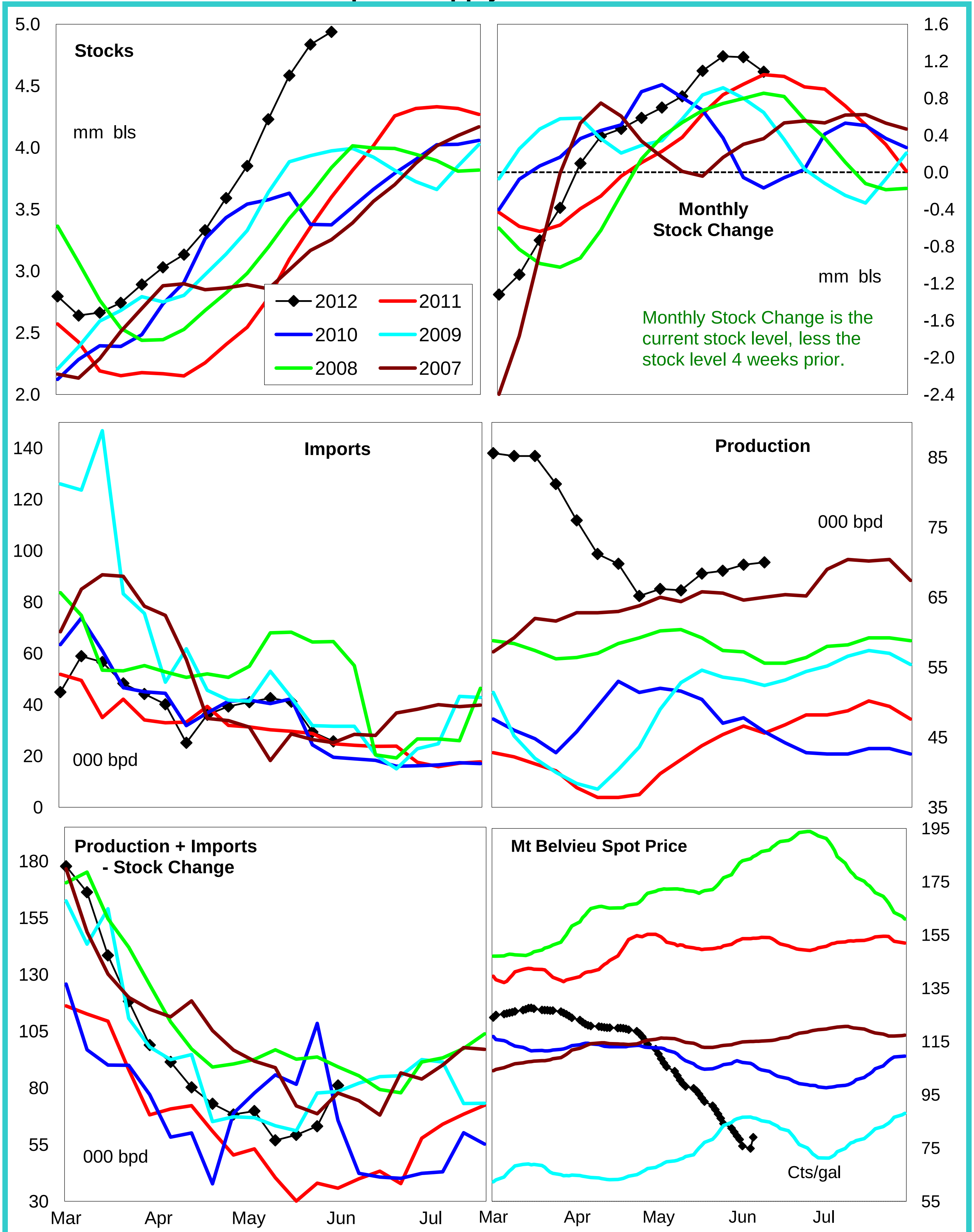
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,295	33	24	7	29
% change	35.5	3.1	51.1	28.4	80.5

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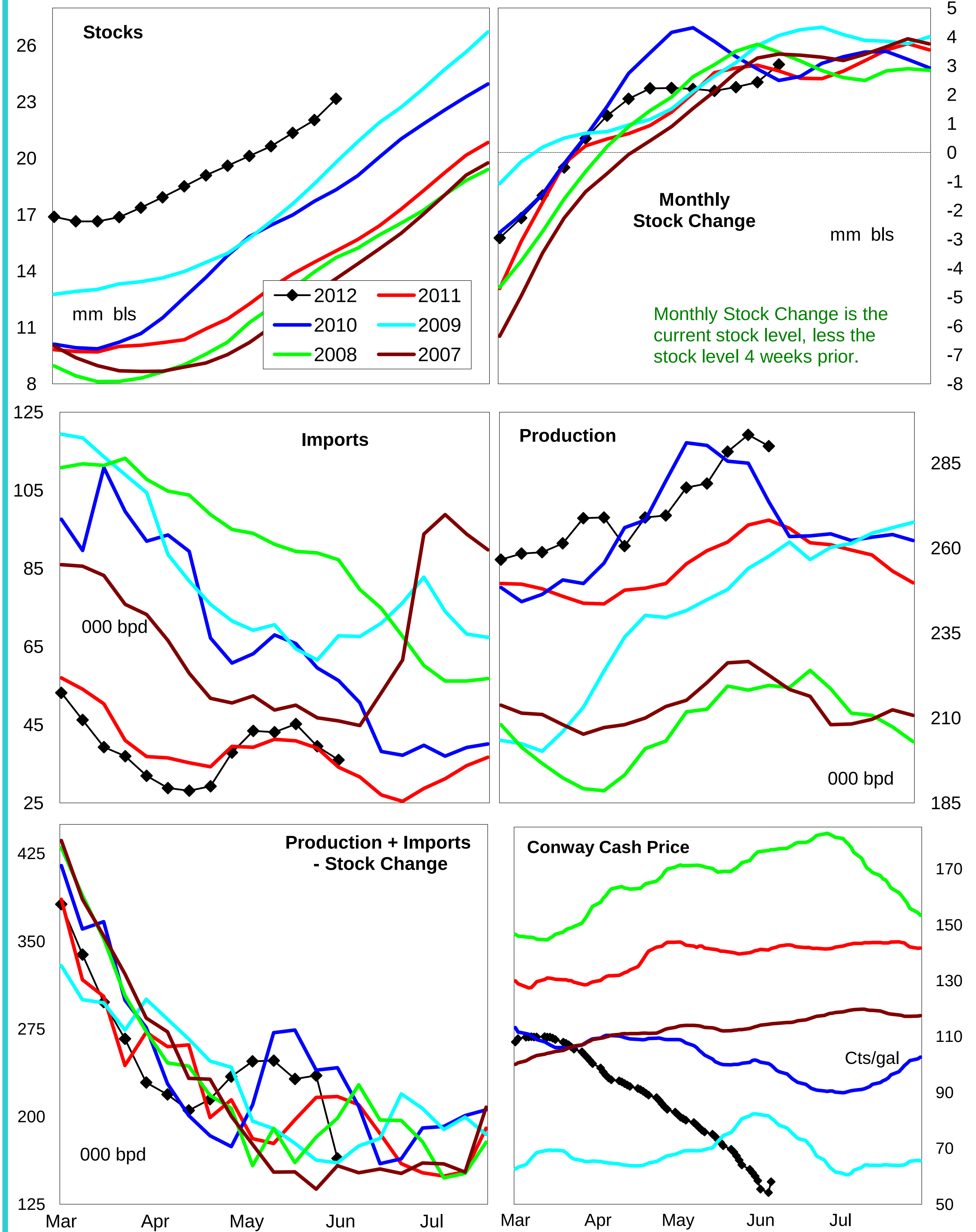
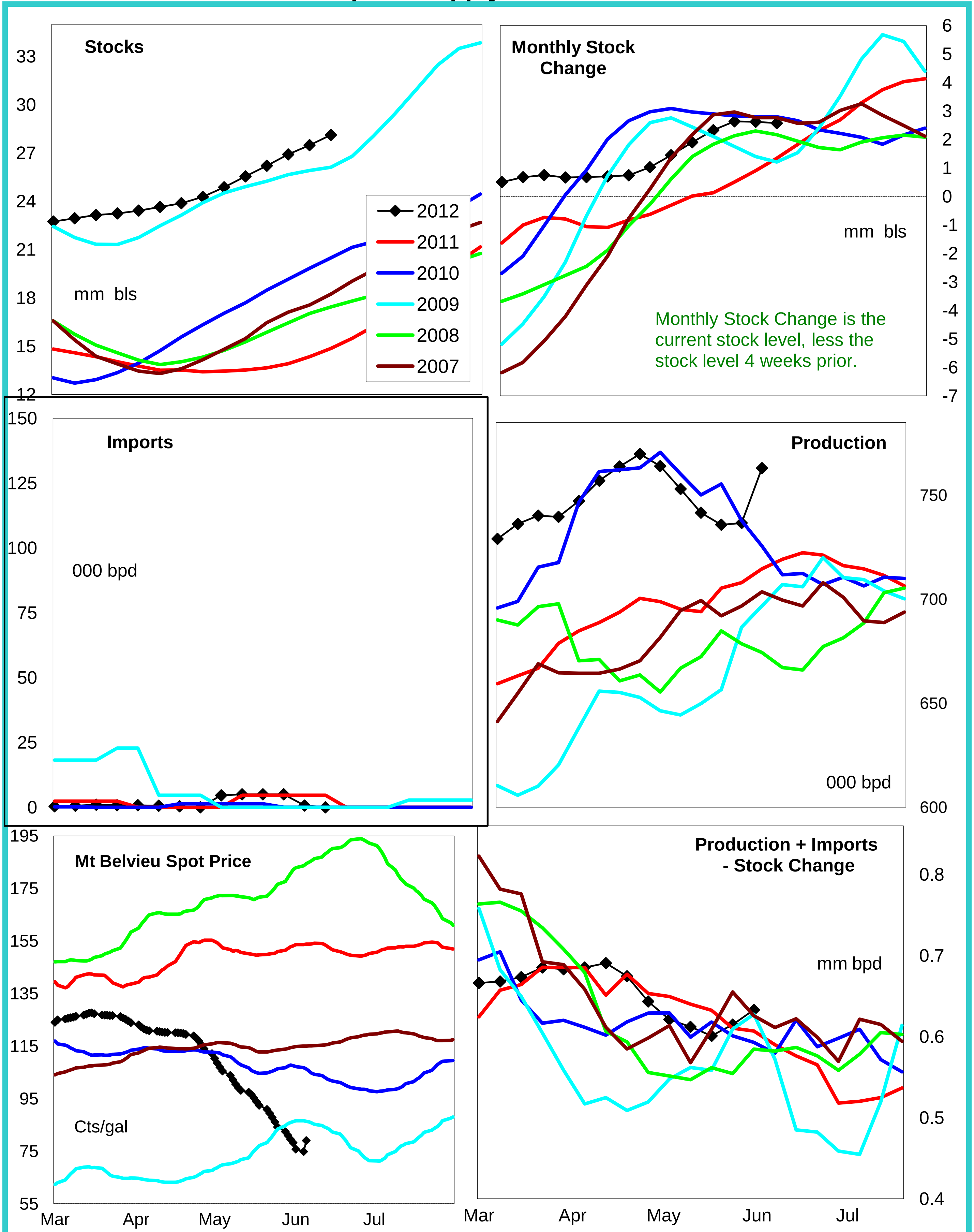
PADD 2 Propane Supply and Demand Balance



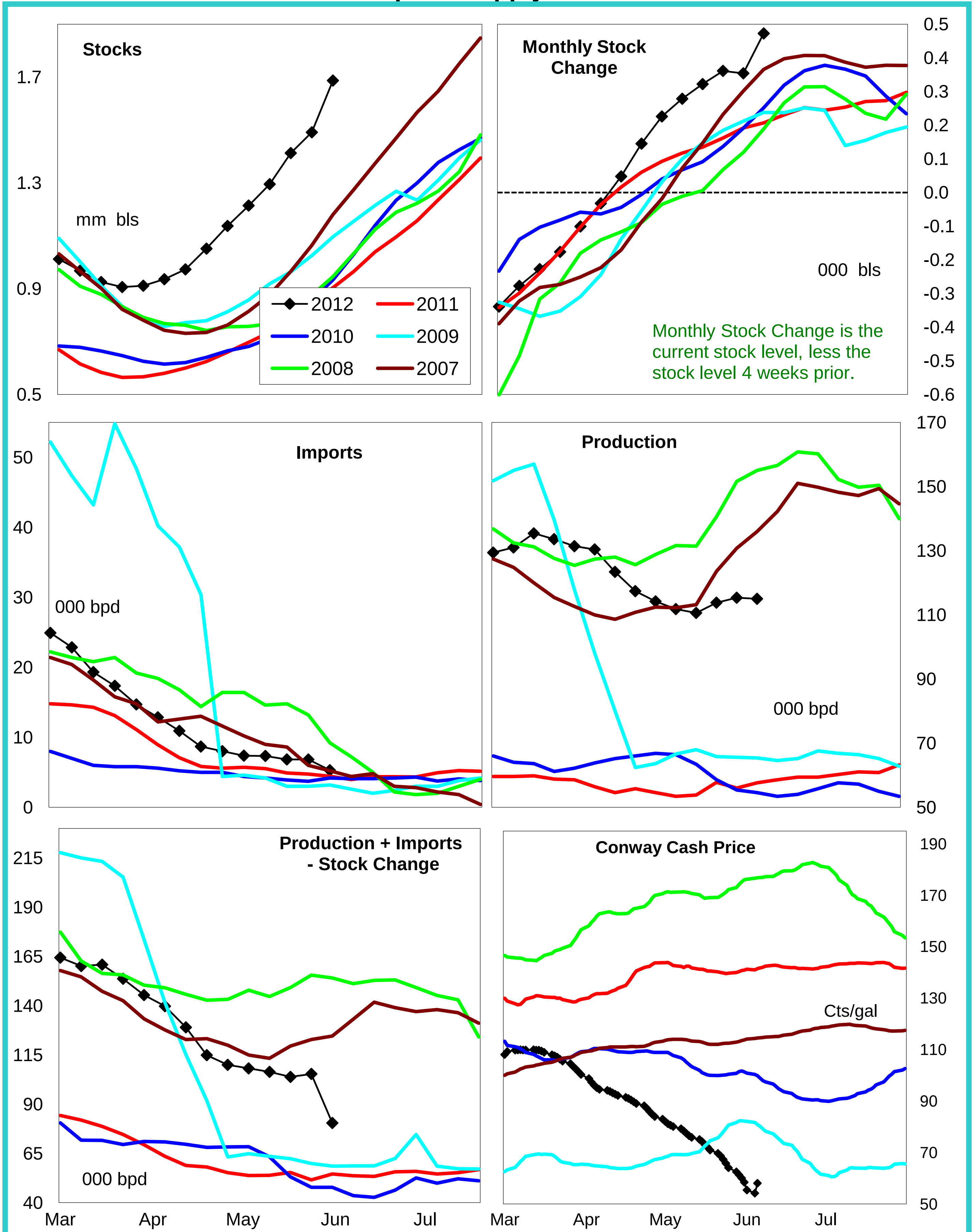
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	8,293	222	19	7	18
% change	55.7	7.9	7.2	17.3	8.8

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)	12,973	1,235	27	1	-7
% change	85.6	92	3.8	8.7	-1.1

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)	767	266	57	2	45
% change	83.4	128.8	101.8	48.4	83.9

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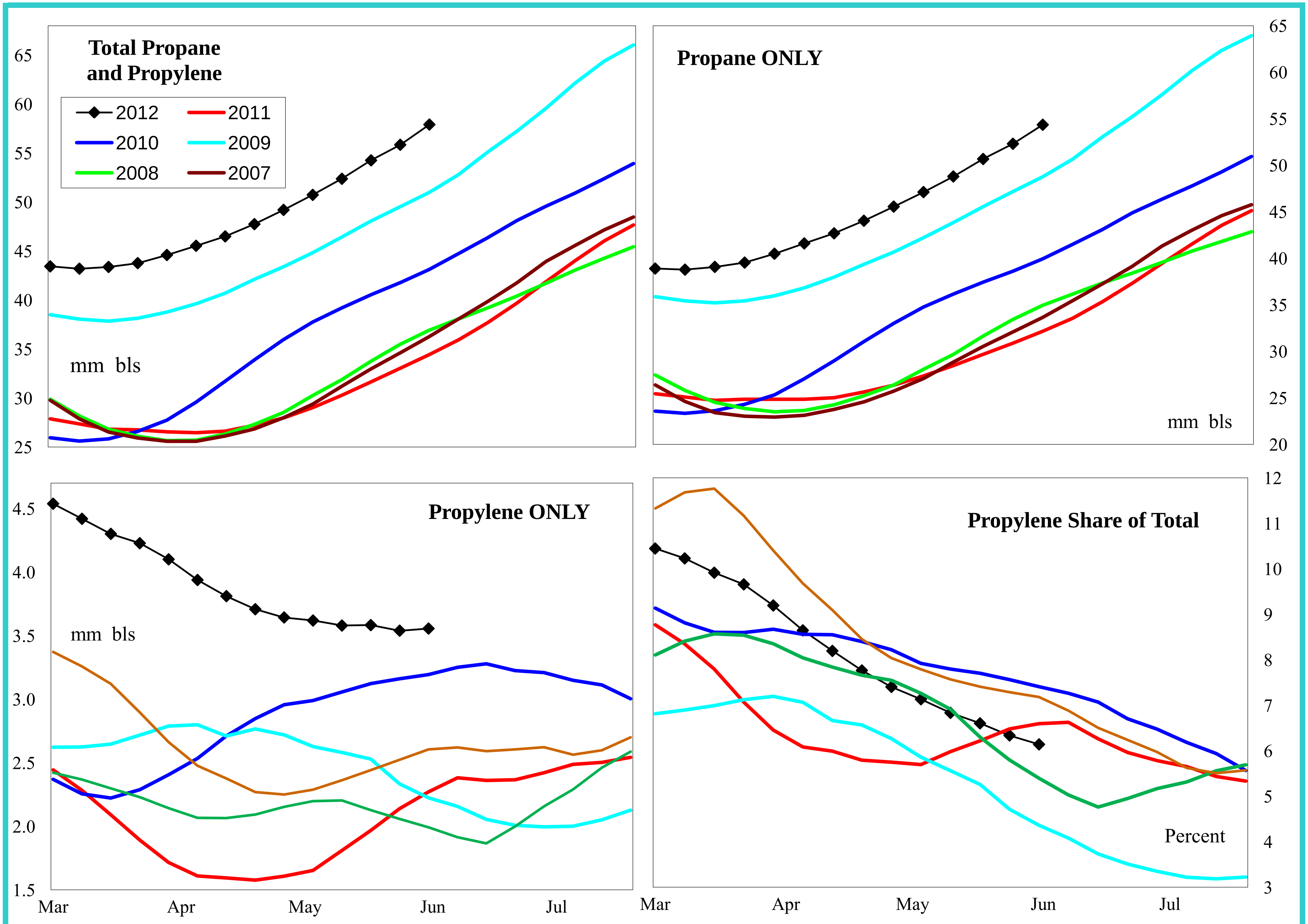
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	23,328	22,221	1,285
% change	67.4	69.1	56.6

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