FUNDAMENTAL PETROLEUM TRENDS

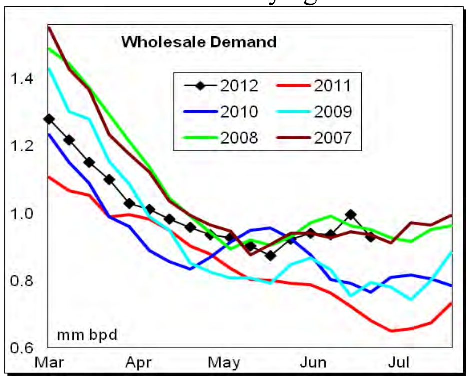
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

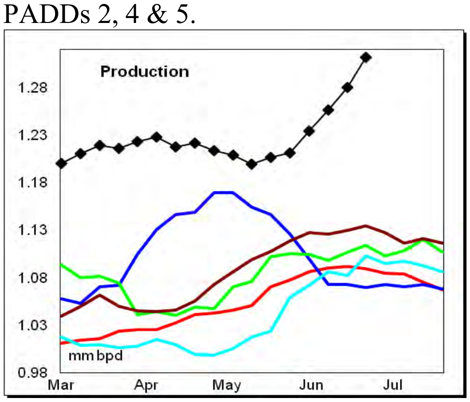
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

Table of Contents

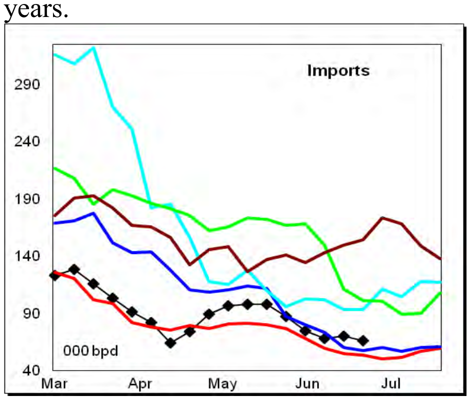
Summary[1]:
Wholesale demand decreased -41,000 bpd on the week, although the level remains well above the last 3-years on increased distributor buying.



Production increased +41,000 bpd last week, with the increase concentrated in PADDs 2, 4 & 5.

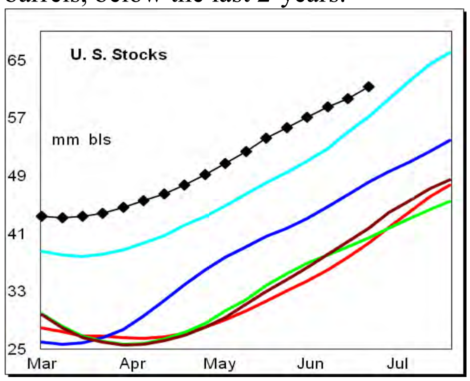


Imports declined -10,000 bpd on the week, at a level slightly above the last 2-years.

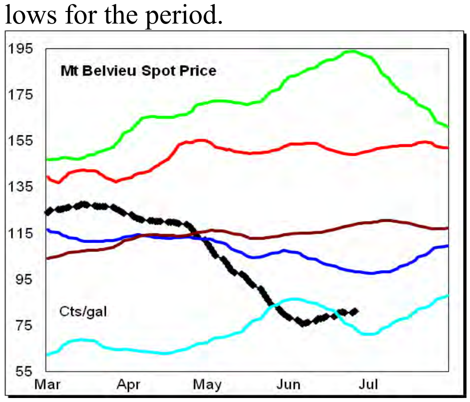


Combined production and imports during the latest 4-wk period were +186,000 bpd above a year ago. Production was +175,000 bpd above last year (+16%), while imports were +11,000 bpd higher. The latest 4-wk average demand was +201,000 bpd above last year.

Stocks increased +1.8 million barrels last week, and are now +57% above a year ago. The 4-wk stock change was a build of +6.3 million barrels, below the last 2-years.



Price and Spreads Mt Belvieu spot prices decreased -2.5 cpg on the week ending 27Jun12, while Conway fell -3.5 cpg during the same week. Conway and Mt Beliveu price levels are each near 5-year lows for the period.



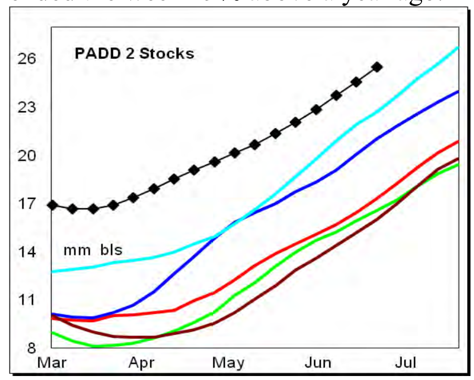
The Conway – Mt Belvieu price spread trended lower last week, ending the week at -27 cpg.

The propane to natural gas price spread trended lower last week, on strength in natural gas prices.

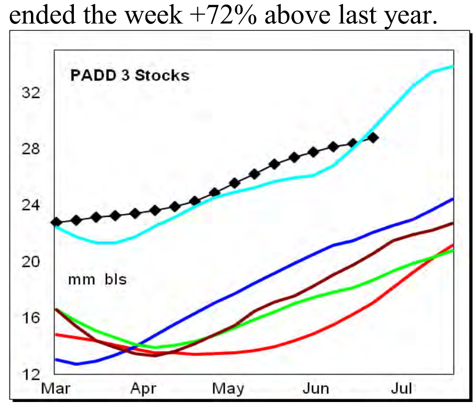
The propane / crude oil price spread trended higher last week on weakness in WTI crude oil. The spread level remains well below the 5-year range.

PADD 1 stocks increased +0.3 million barrels last week, ending the week +17% above a year ago. Supply decreased -6,000 bpd due to lower imports. Supply for the latest 4-wk period was +22,000 bpd above last year, on higher production.

PADD 2 stocks increased +0.9 million barrels on the week. Supply increased +26,000 bpd. The latest 4-wk average supply was +31,000 bpd above a year ago on higher production. Stock levels ended the week 49% above a year ago.



PAD 3 stocks increased +0.5 million barrels on the week, with the 4-wk stock change a build of +1.4 million barrels, a record low for the week. Stock levels ended the week +72% above last year.



PADDs 4 & 5 stocks climbed +0.2 million barrels on the week, to a new record high. The stock level was +89% above a year ago.

Emerging Trends The latest 4-wk average demand continued at a rate well above that of the last 3-years; driven by distributor buying on record low prices. Production increased +41,000 bpd on the week to a new record high. All regional markets remain extremely over supplied.

Combined with slow U.S. economic growth, weak prices are likely for the next quarter.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

June 27, 2012

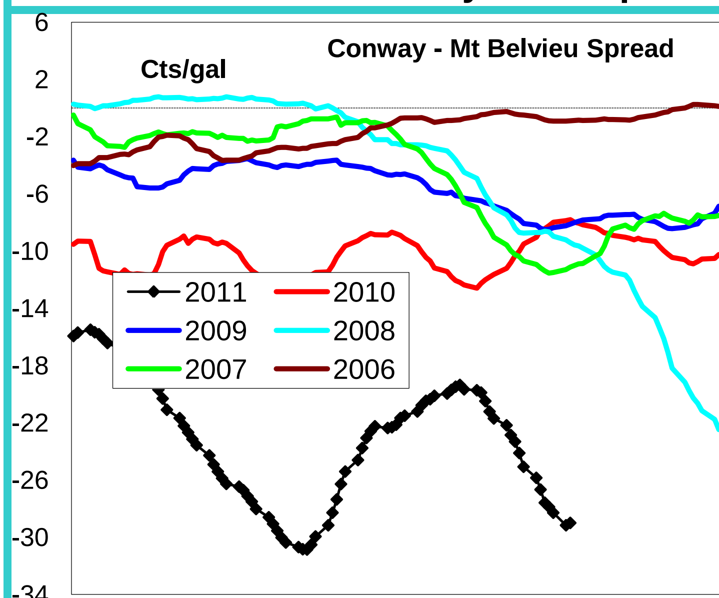
Fundamental Trends for the Week Ending: Friday, June 22, 2012

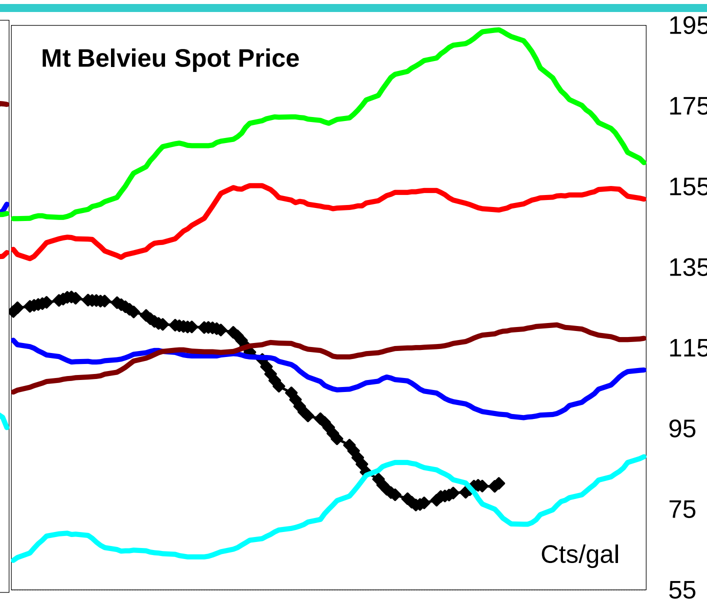
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	61,376	5,006	25,482	28,797	2,091	1,820	290	891	464	175
Propylene Stocks	3,735					-69				
Production	1,312	69	305	774	164	41	0	25	-15	31
Imports	66	24	34	0	9	-10	-6	1	0	-5
Whsle Demand	969					-41				

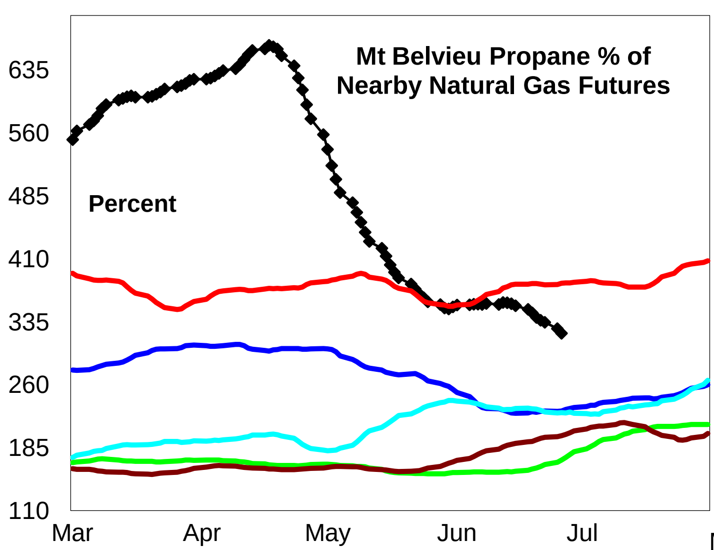
Price Trends for the Week Ending: Tuesday, June 26, 2012

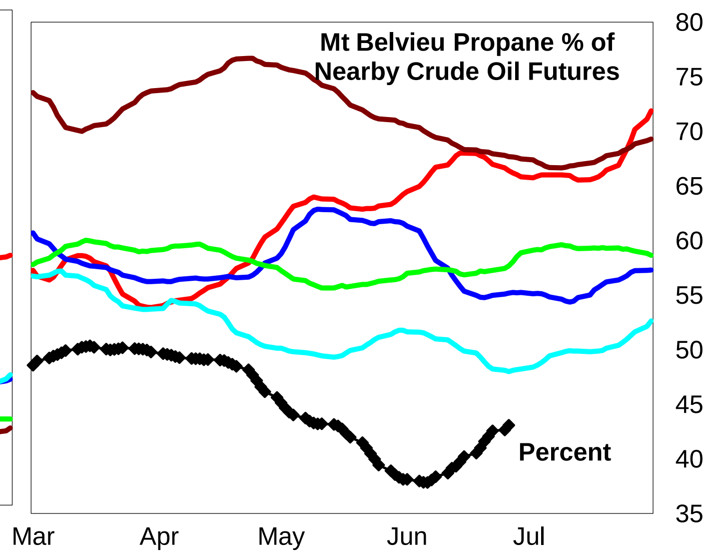
Cents/gal	Average for week ending:				Change from:			% change from:		
	6/26/12	6/19/12	5/29/12	6/29/11	6/19/12	5/29/12	6/29/11	6/19/12	5/29/12	6/29/11
Mont Belvieu Spot	80.7	79.7	84.4	147.9	1.01	-4.62	-63.50	1.3	-5.5	-42.9
Conway Spot	52.5	53.6	65.7	140.7	-1.10	-12.12	-75.01	-2.1	-18.5	-53.3

Key Price Spreads and Differentials

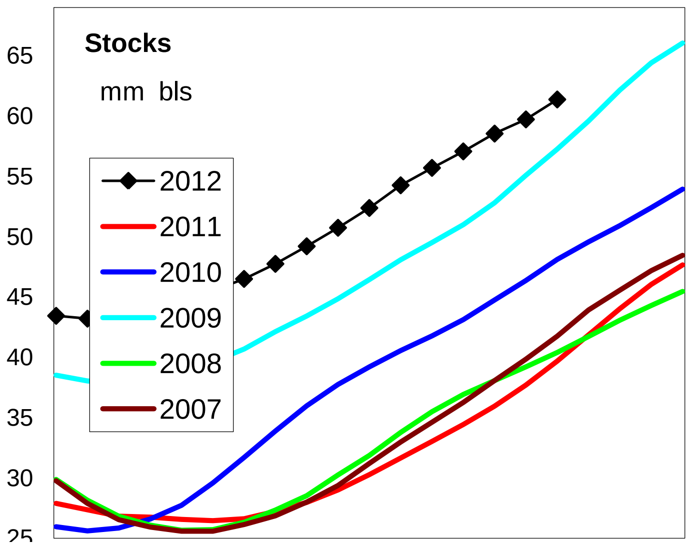


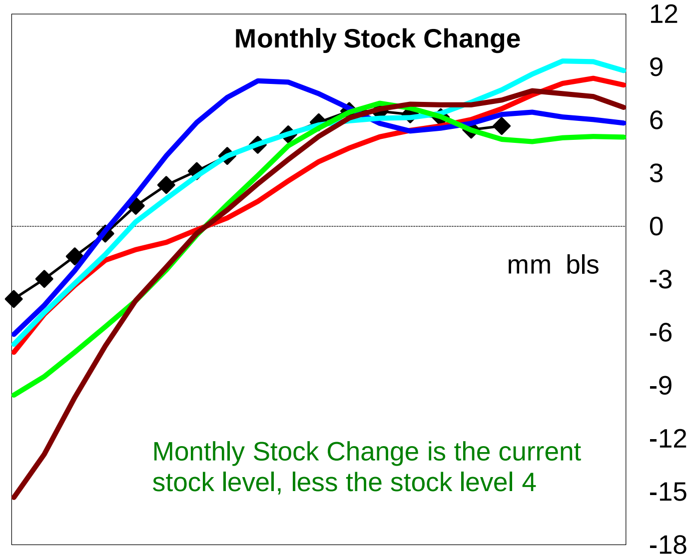


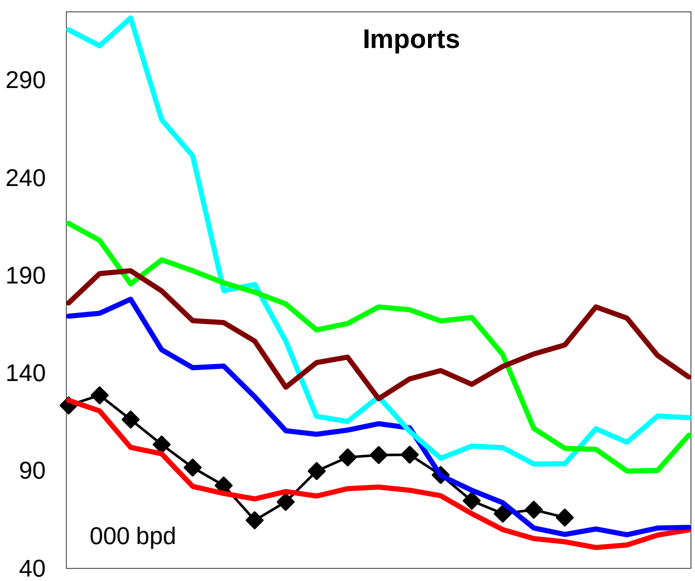


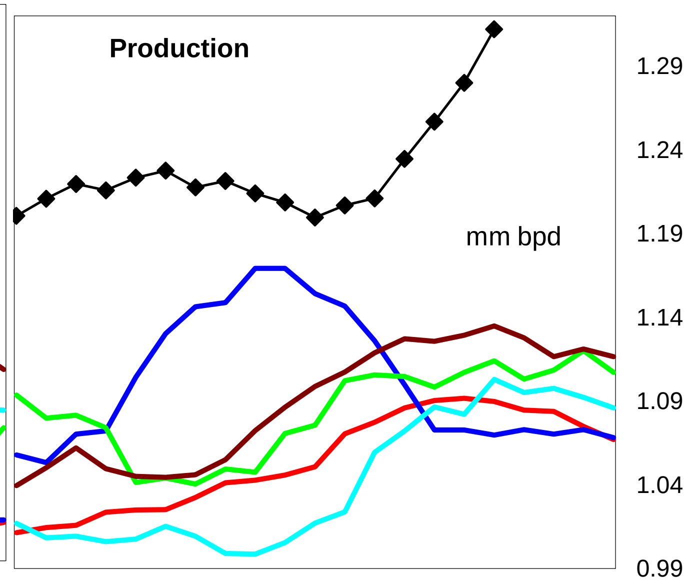


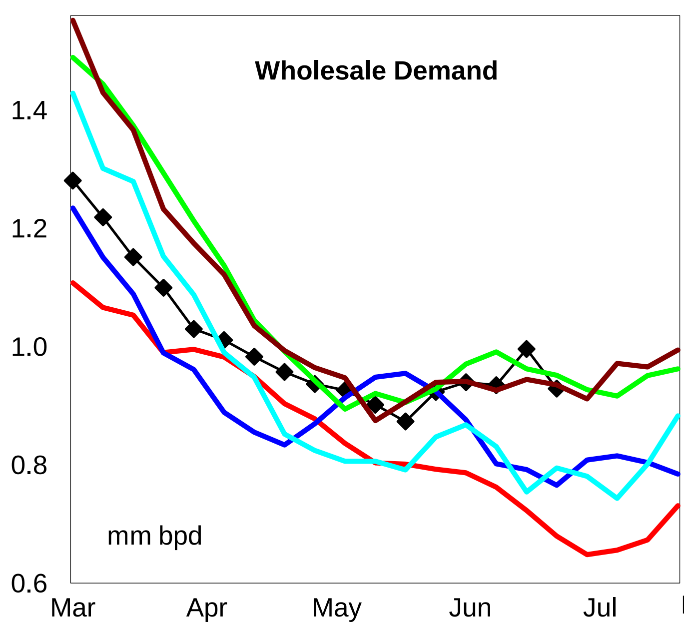
U. S. Propane Supply and Demand Balance

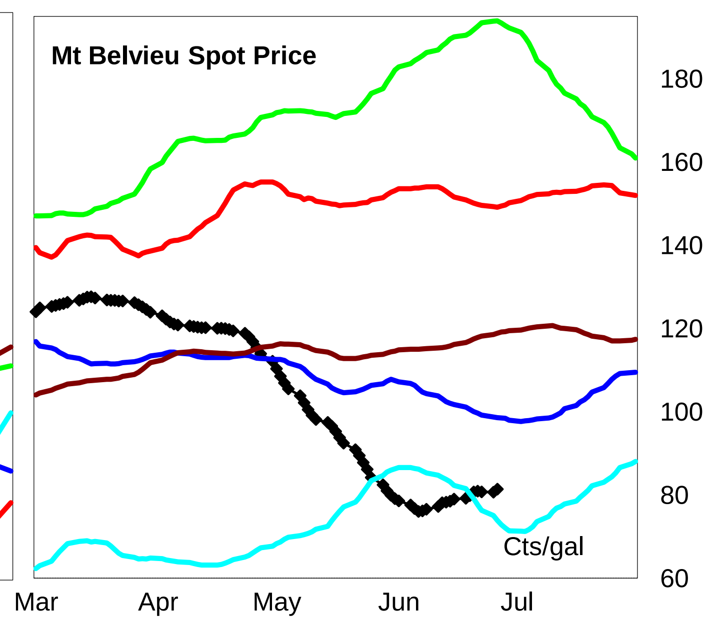








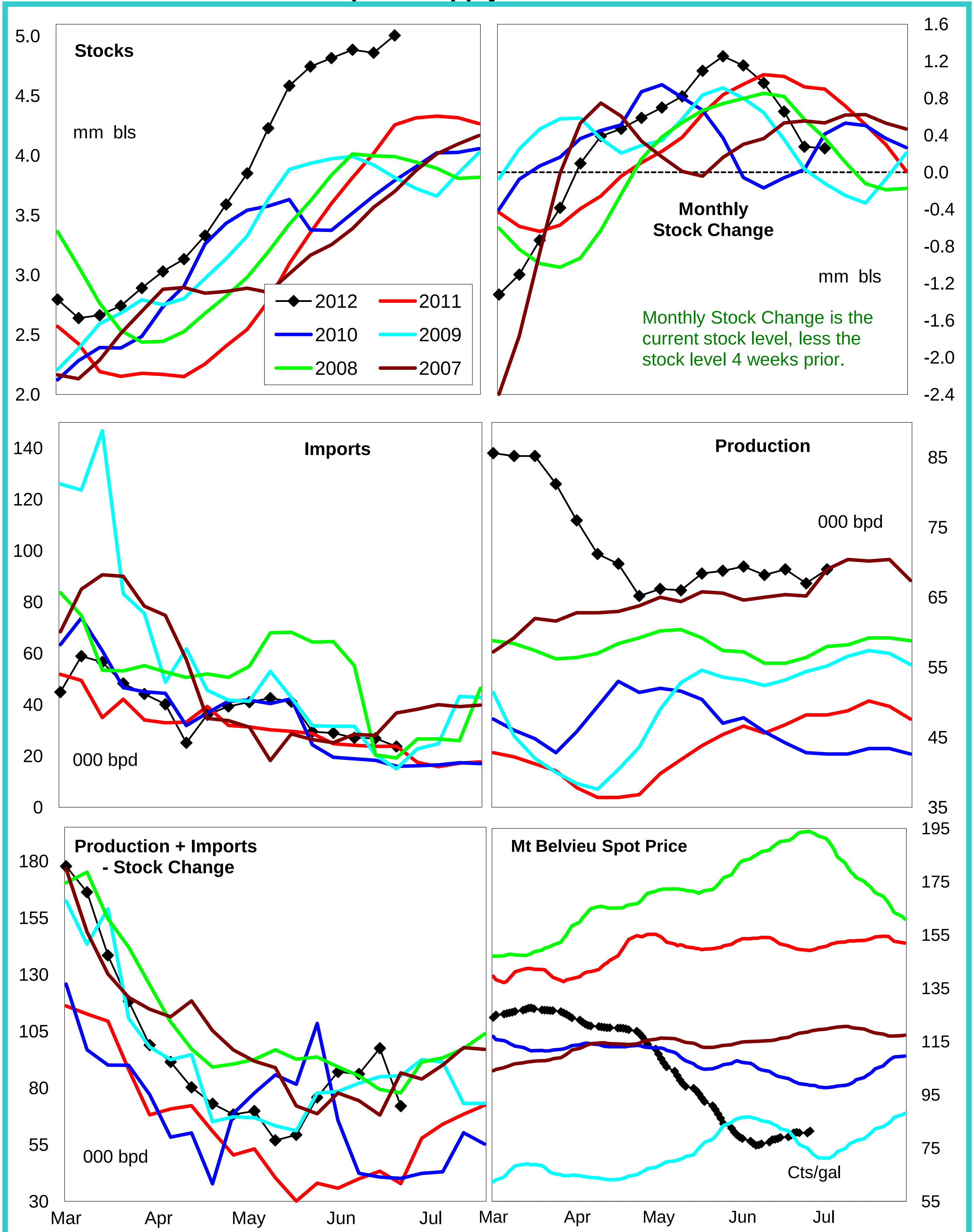




4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	May	Apr	Mar
000 bpd (000 bls stks)	22,189	-978	175	11		201	-12	56	-55
% change	56.6	-15	16.0	19.4		25.4	-1.3	6.0	-4.6

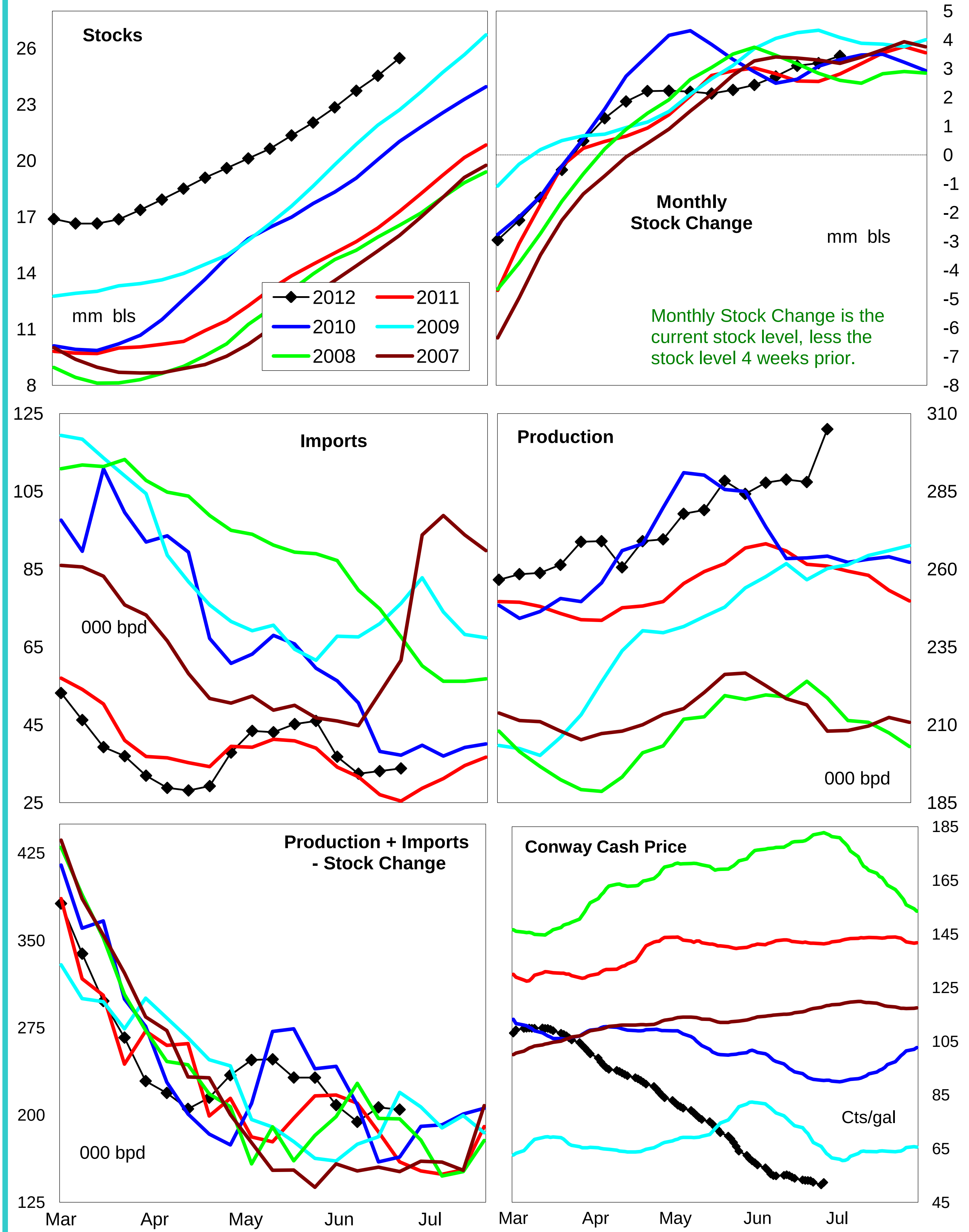
Lehi German Tel: 816-505-0980

PADD 1 Propane Supply and Demand Balance



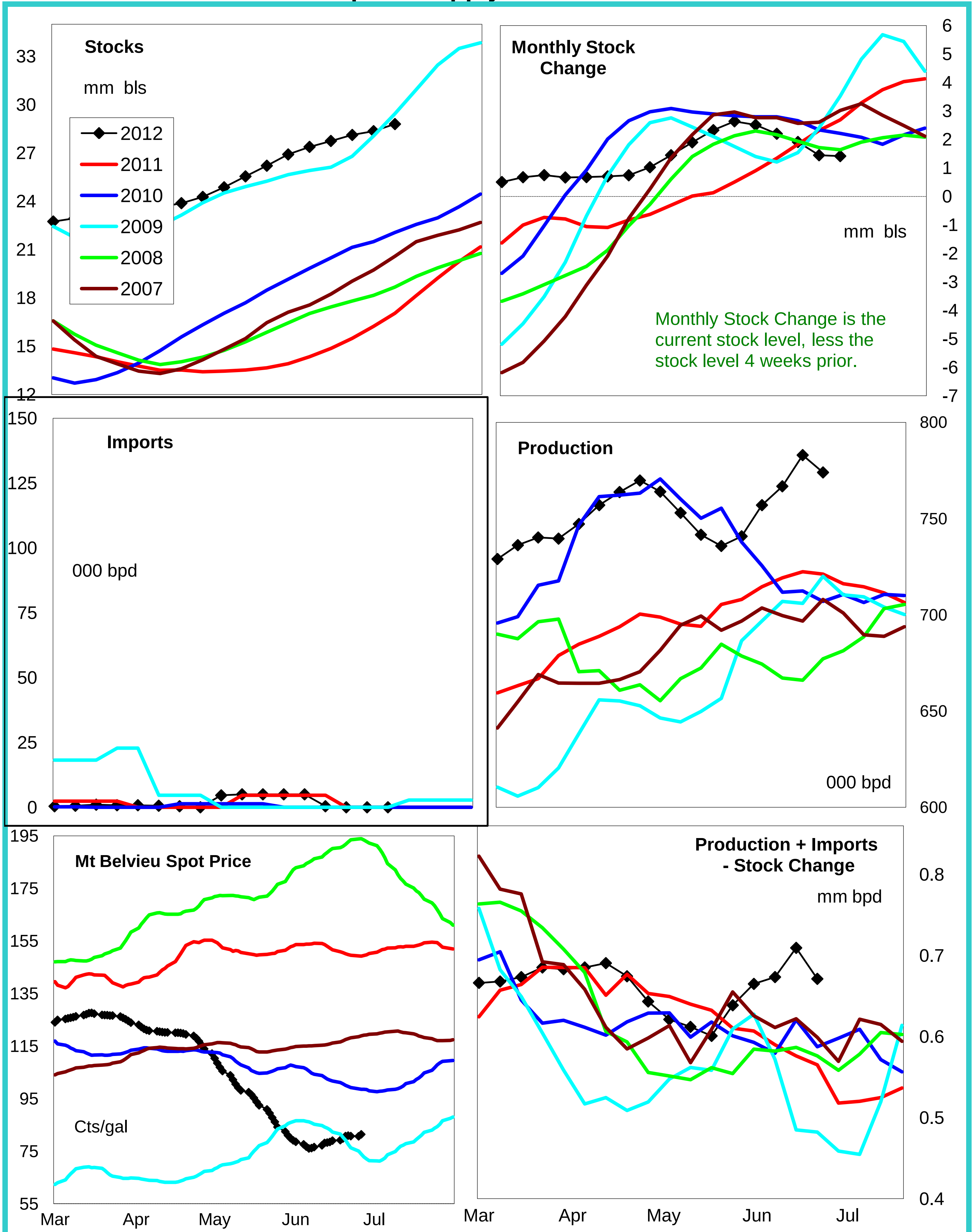
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	734	-640	21	1	46
% change	17.2	-71.1	44.9	1.9	118.5

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)	8,413	627	25	6	10
% change	49.3	22.3	9.3	20.5	5.3

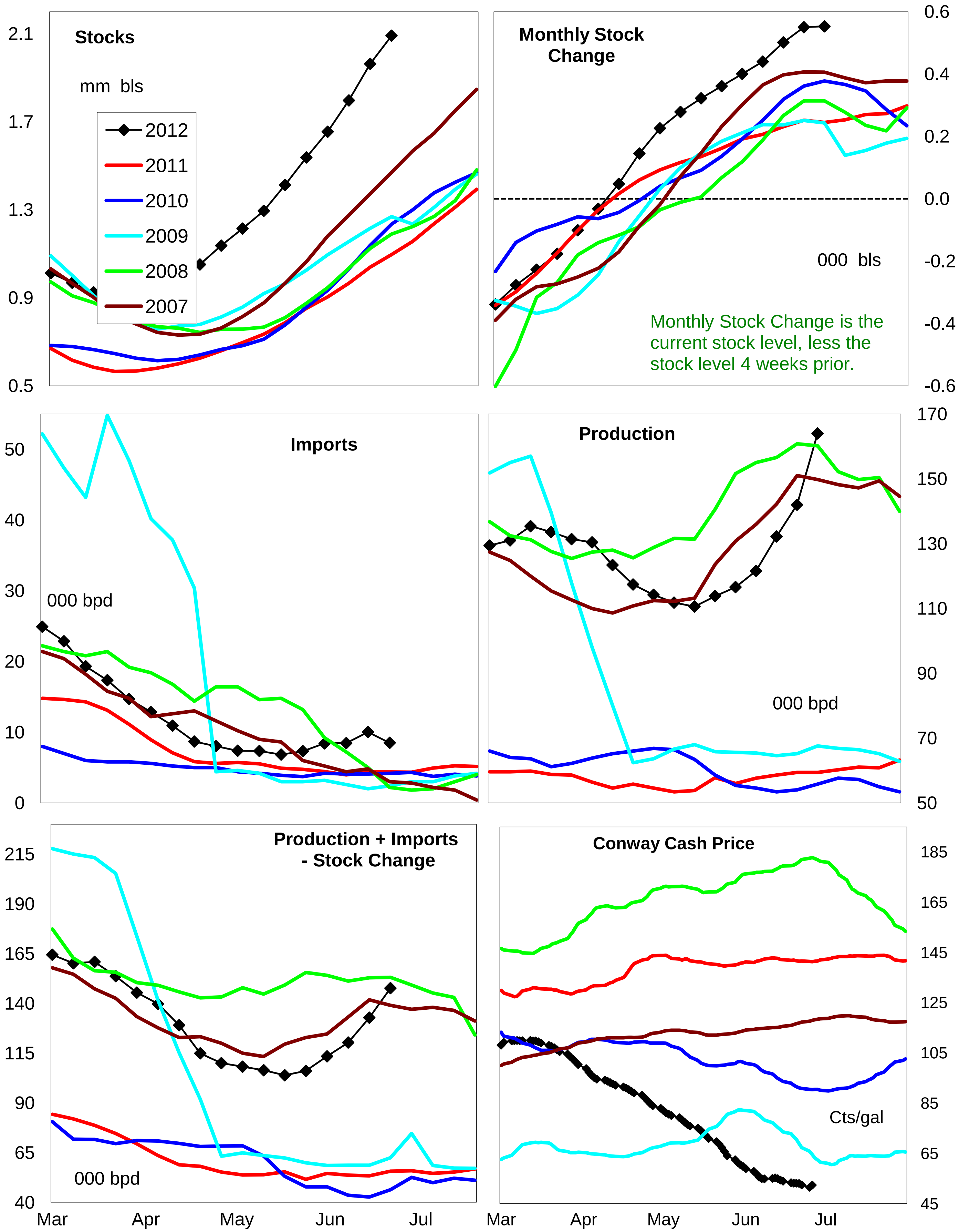
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	12,057	-1,273	55	0	95
% change	72.0	-47	7.5	#DIV/0!	15.3

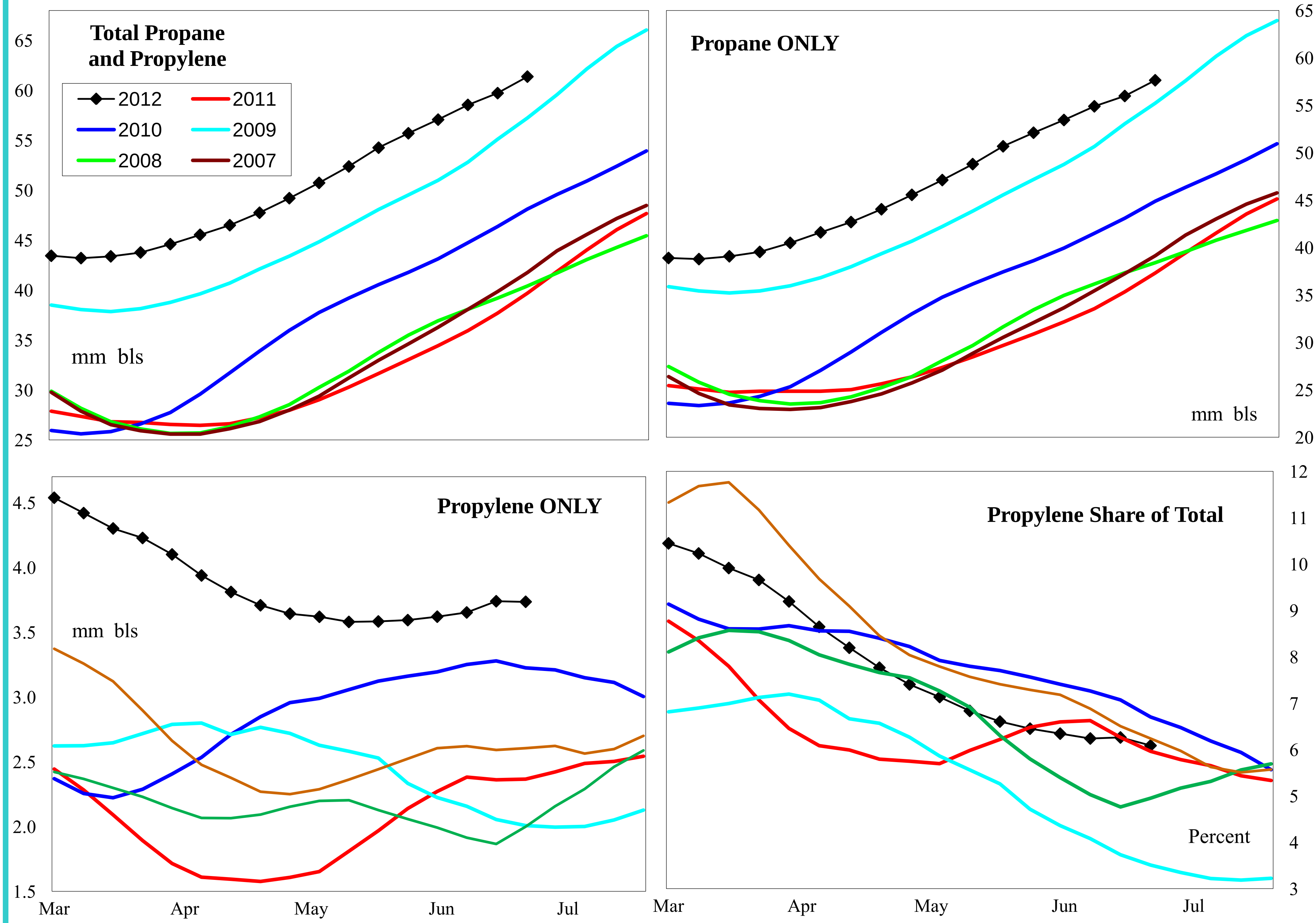
Lehi German Tel: 816-505-0980

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)	986	309	75	5	74
% change	89.2	126.2	123.6	129.9	136.7

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**22,189**	**20,819**	**1,369**
% change	**56.6**	**56.5**	**57.9**

Lehi German Tel: 816-505-0980

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