WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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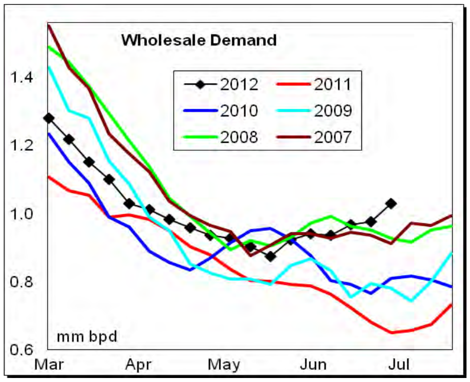
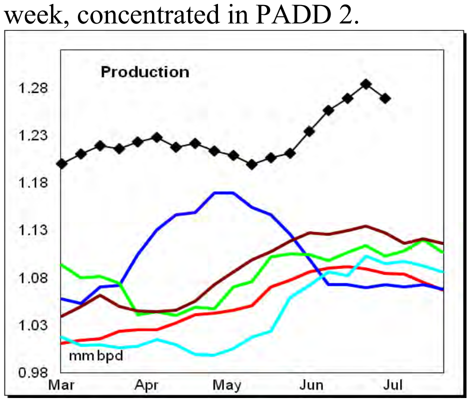
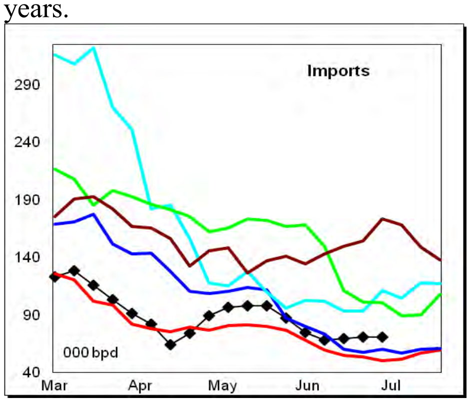
Summary[1]:
Wholesale demand increased +100,000 bpd on the week, to a level above the 5-year range. Record low prices have led to increased deliveries into private storage and chemical plant use. Drought has also increased use for irrigation in markets East of the Rockies.



Production declined -43,000 bpd last week, concentrated in PADD 2.

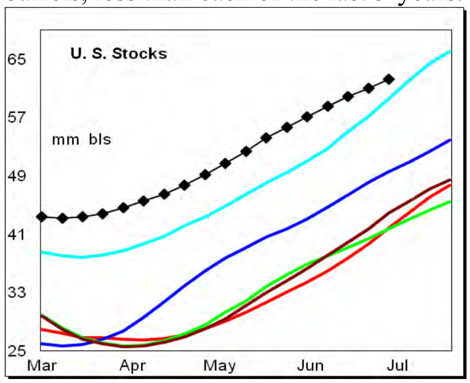


Imports increased +5,000 bpd on the week, at a level slightly above the last 2-years.

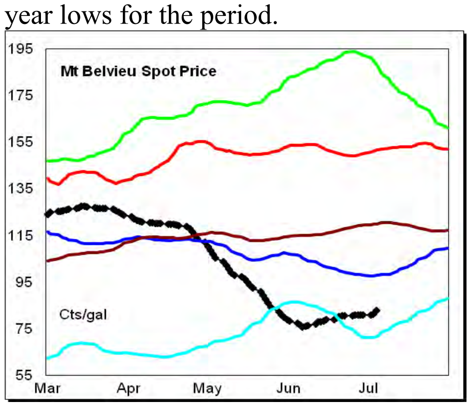


Combined production and imports during the latest 4-wk period were +2014,000 bpd above a year ago. Production was +200,000 bpd above last year (+18%), while imports were +14,000 bpd higher. The latest 4-wk average demand was +297,000 bpd above last year.

Stocks increased +0.9 million barrels last week, and are now +50% above a year ago. The 4-wk stock change was a build of +5.2 million barrels, less than each of the last 3-years.



Price and Spreads Mt Belvieu spot prices increased +1.5 cpg on the week ending 03Jul12, while Conway climbed +2.5 cpg during the same week. Conway and Mt Beliveu price levels are each near 5-year lows for the period.



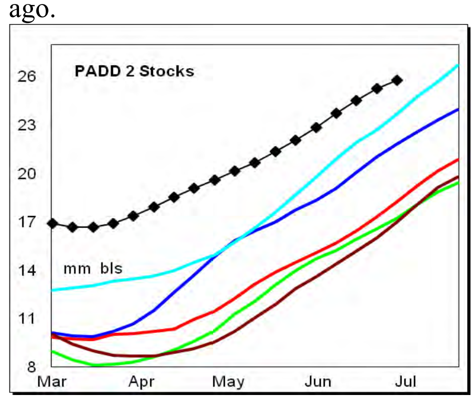
The Conway – Mt Belvieu price spread trended lower last week, ending the week at -28 cpg.

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

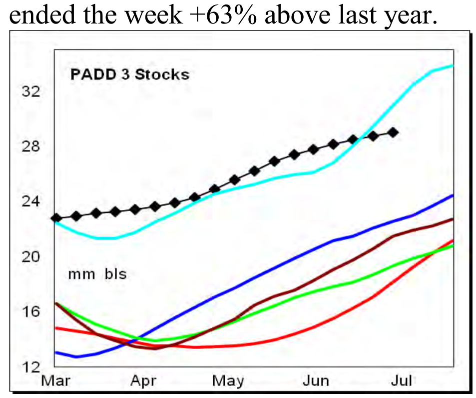
The propane / crude oil price spread trended lower last week on strength in WTI crude oil. The spread level remains well below the 5-year range.

PADD 1 stocks increased +0.2 million barrels last week, ending the week +21% above a year ago. Supply decreased -3,000 bpd due to lower production. Supply for the latest 4-wk period was +19,000 bpd above last year, on higher production.

PADD 2 stocks increased +0.3 million barrels on the week. Supply fell -22,000 bpd on the week, due to lower production. The latest 4-wk supply was +34,000 bpd above a year ago. Stock levels ended the week 41% above a year ago.



PAD 3 stocks increased +0.2 million barrels on the week, with the 4-wk stock change a build of +1.3 million barrels, a record low for the week. Stock levels ended the week +63% above last year.



PADDs 4 & 5 stocks climbed +0.1 million barrels on the week, to a new record high. The stock level was +90% above a year ago.

Emerging Trends Wholesale demand is exceptional. Transfers to private storage, increase use in chemical plants, irrigation demand have each contributed to the increase. Production exceeds year ago levels by 200,000 bpd, offsetting much of the increase in demand. Expect prices to remain weak for the summer quarter.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

July 5, 2012

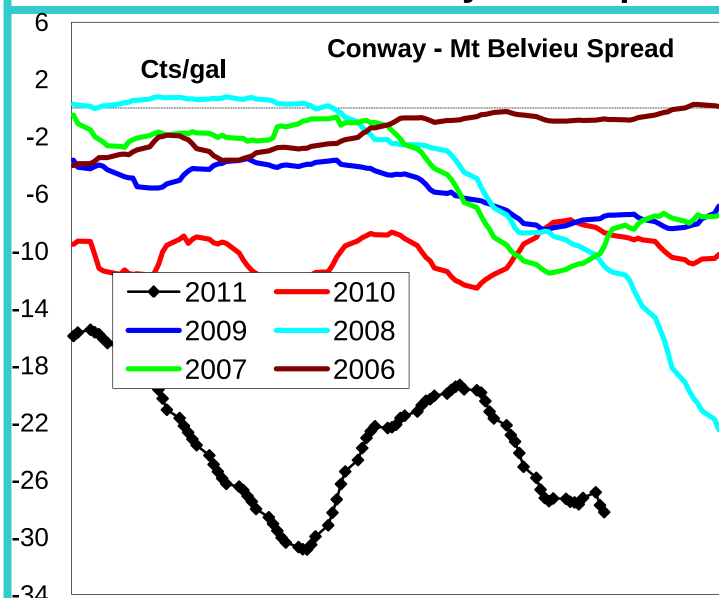
Fundamental Trends for the Week Ending: Friday, June 29, 2012

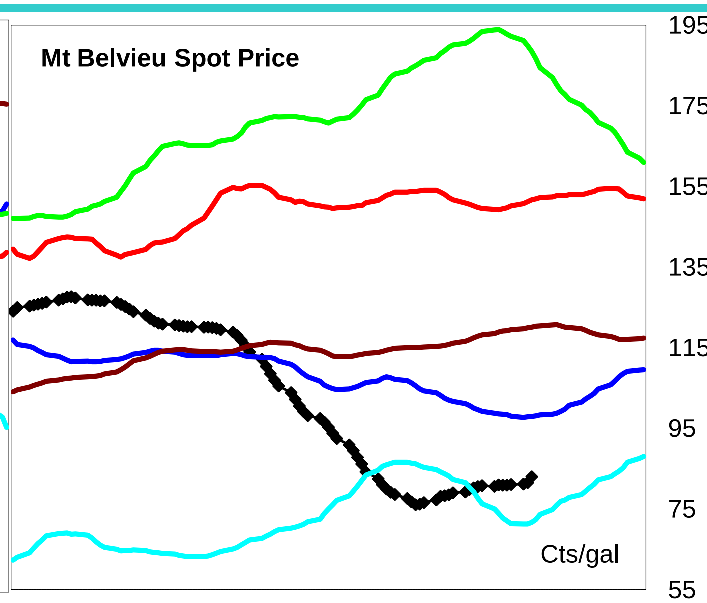
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	62,233	5,253	25,757	29,020	2,203	857	247	275	223	112
Propylene Stocks	4,147					412				
Production	1,269	67	273	778	151	-43	-2	-32	4	-13
Imports	71	22	44	0	5	5	-1	10	0	-3
Whsle Demand	1,069					100				

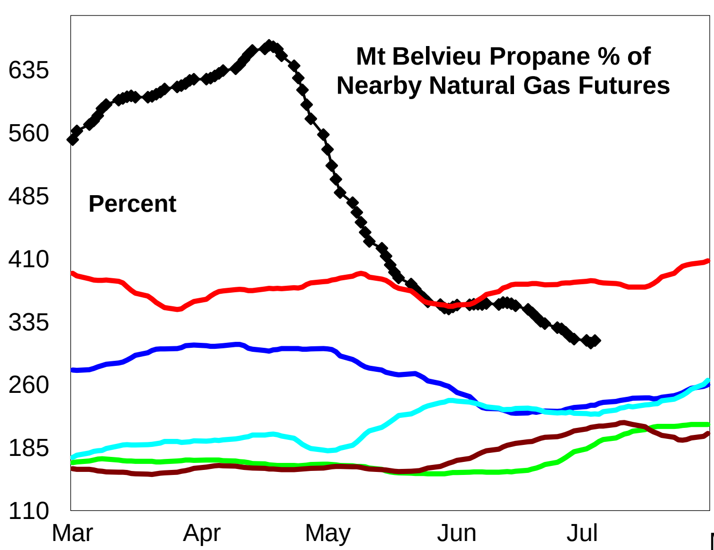
Price Trends for the Week Ending: Wednesday, July 04, 2012

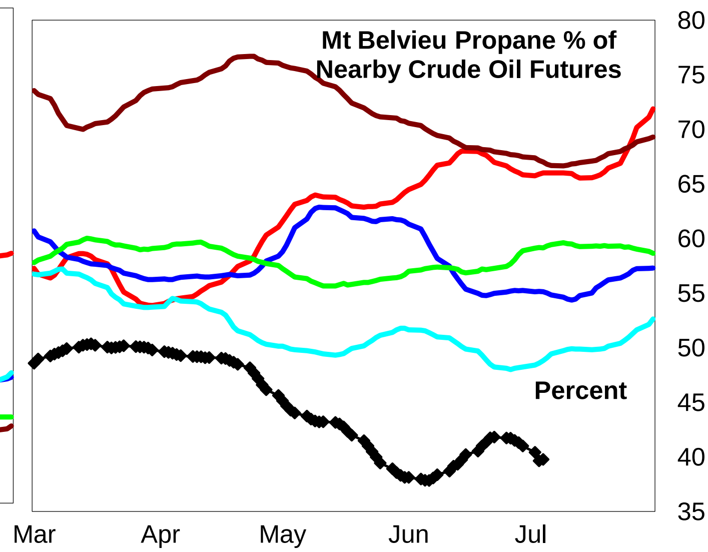
Cents/gal	Average for week ending:				Change from:			% change from:		
	7/4/12	6/27/12	6/6/12	7/7/11	6/27/12	6/6/12	7/7/11	6/27/12	6/6/12	7/7/11
Mont Belvieu Spot	81.2	80.7	75.9	151.1	0.51	4.78	-75.24	0.6	6.3	-49.8
Conway Spot	54.3	52.1	55.4	142.4	2.23	-3.33	-86.99	4.3	-6.0	-61.1

Key Price Spreads and Differentials

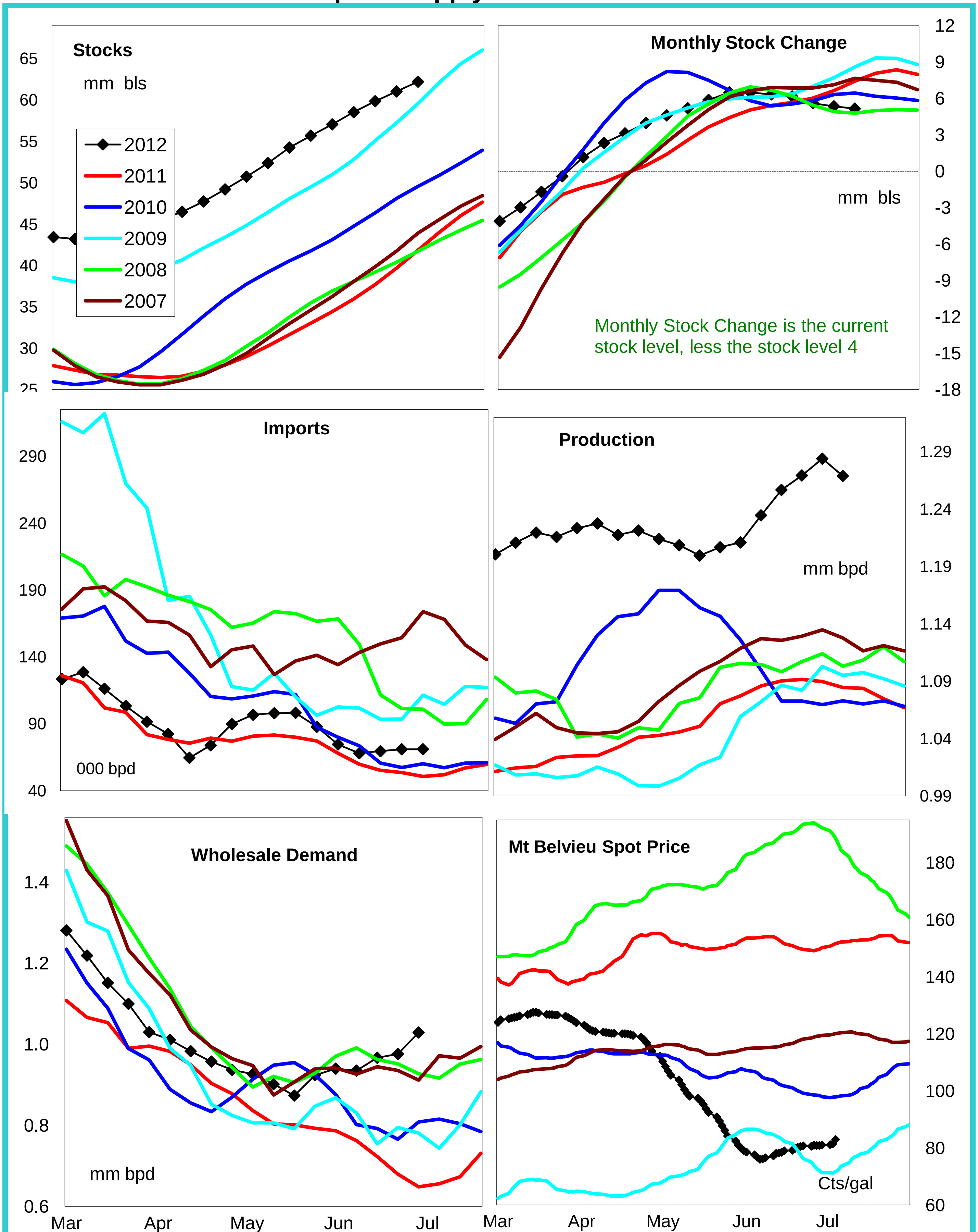








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	May	Apr	Mar
000 bpd (000 bls stks)	20,725	-2,270	200	14		297	-12	56	-55
% change	49.9	-31	18.5	25.4		39.7	-1.3	6.0	-4.6

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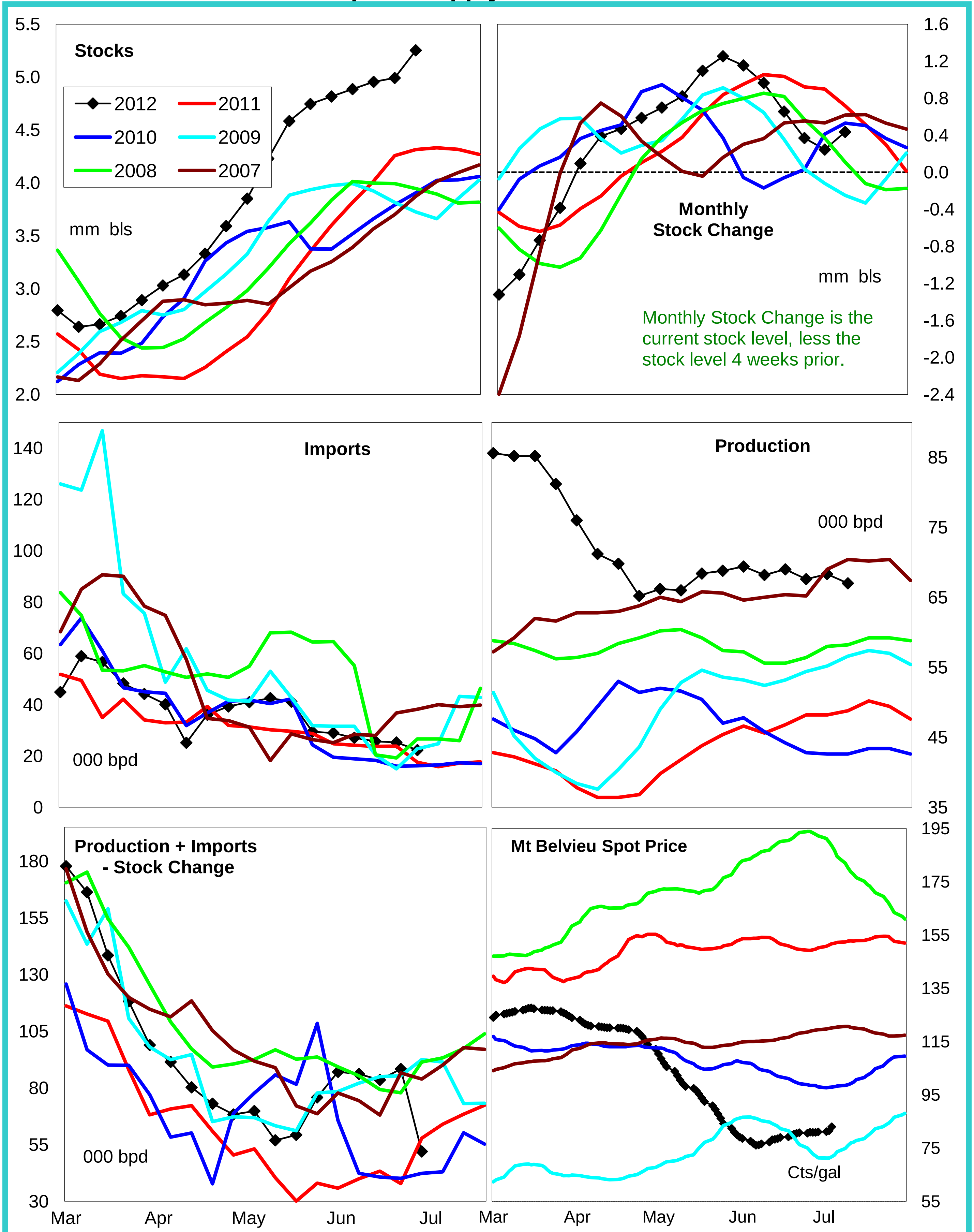
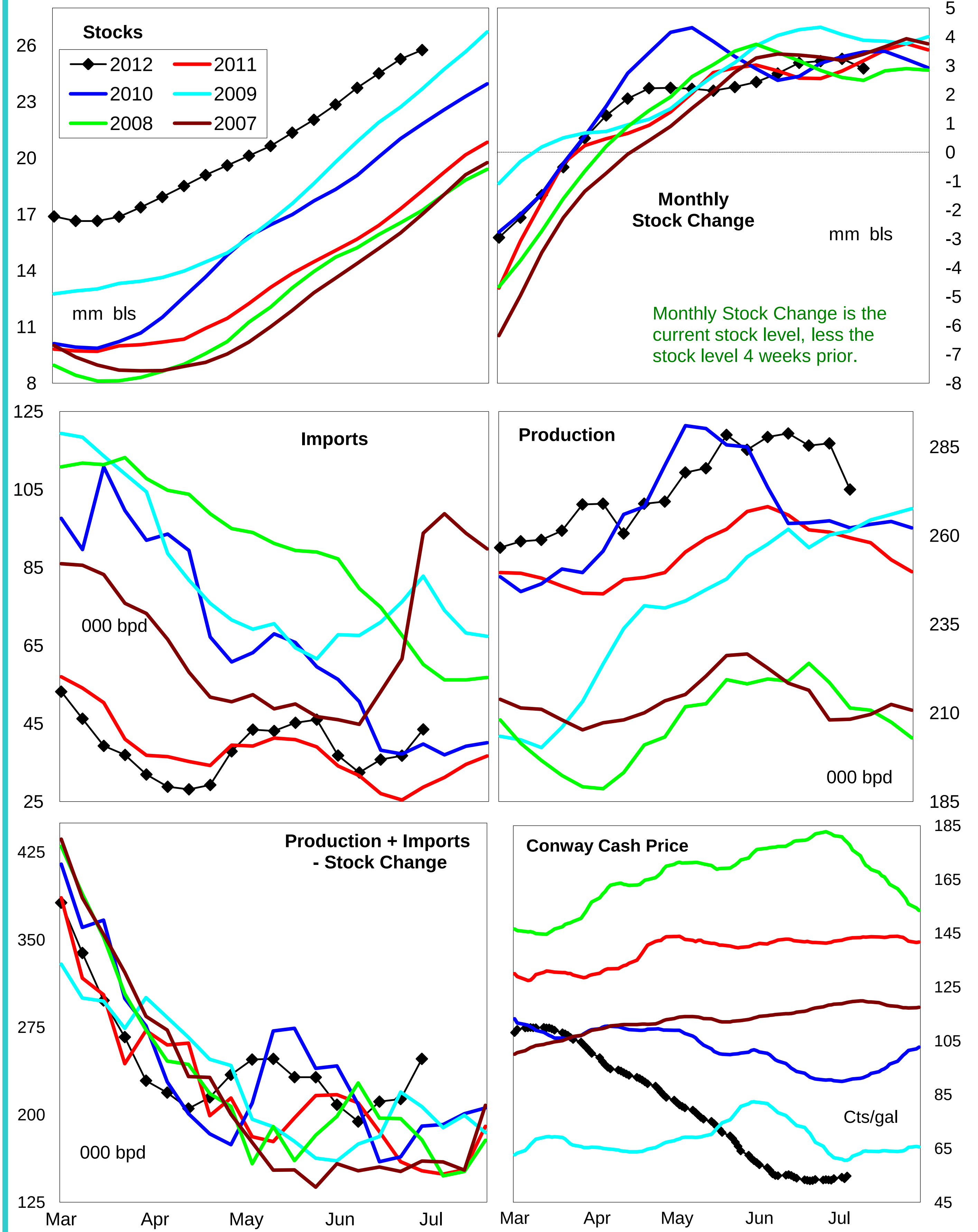
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	920	-281	19	0	33
% change	21.2	-39.2	38.9	1.5	73.3

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)	7,487	-267	24	10	40
% change	41.0	-8.4	9.3	38.1	22.5

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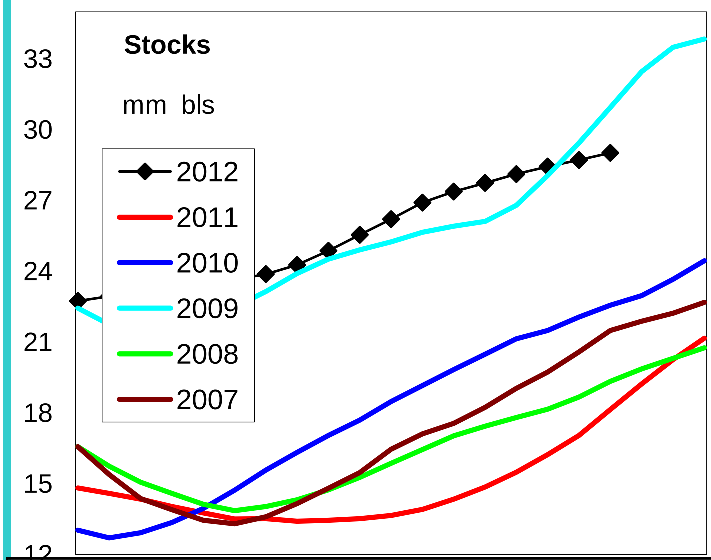
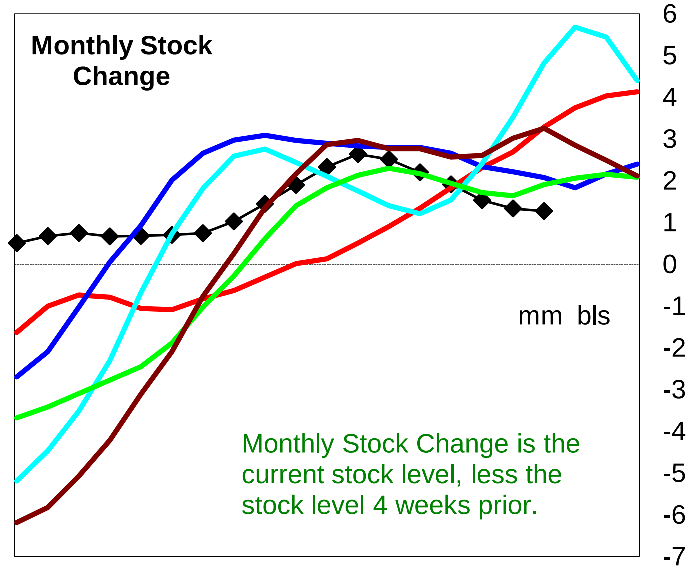
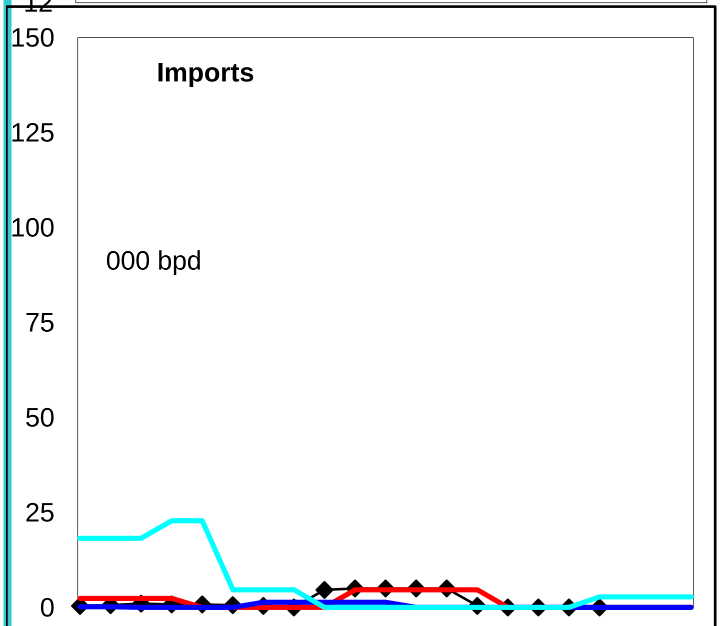
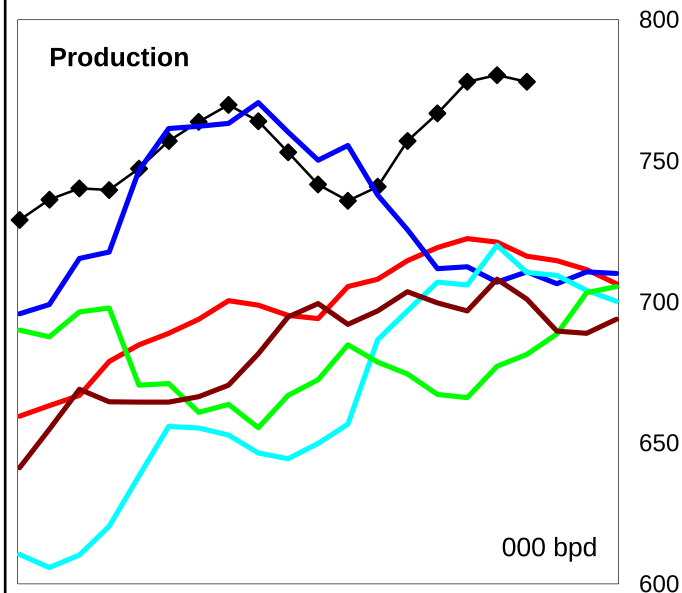
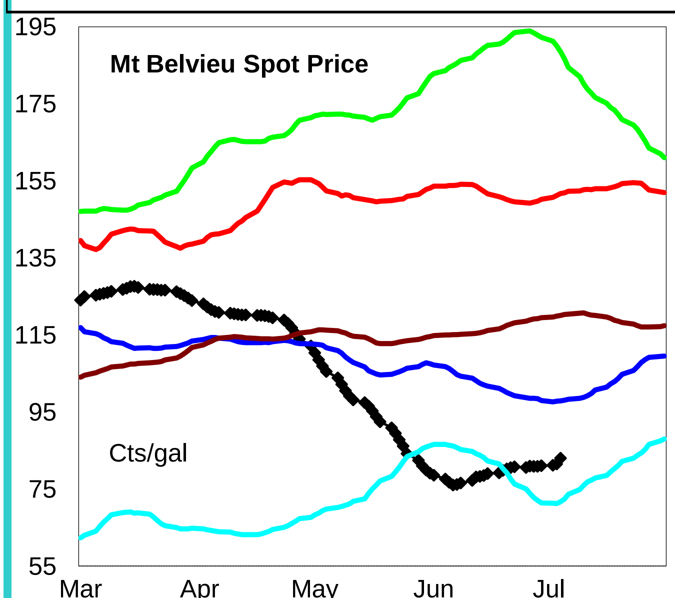
PADD 3 Propane Supply and Demand Balance

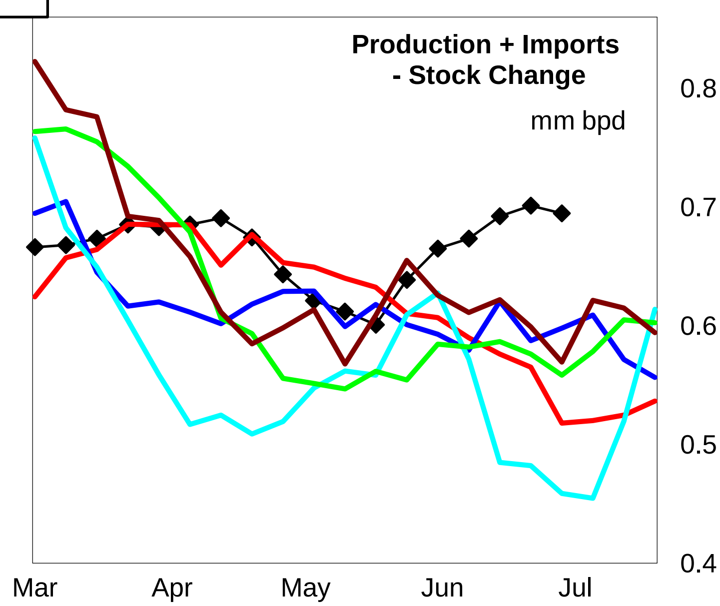












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	11,274	-2,017	69	0	128
% change	63.5	-61	9.7	#DIV/0!	21.3

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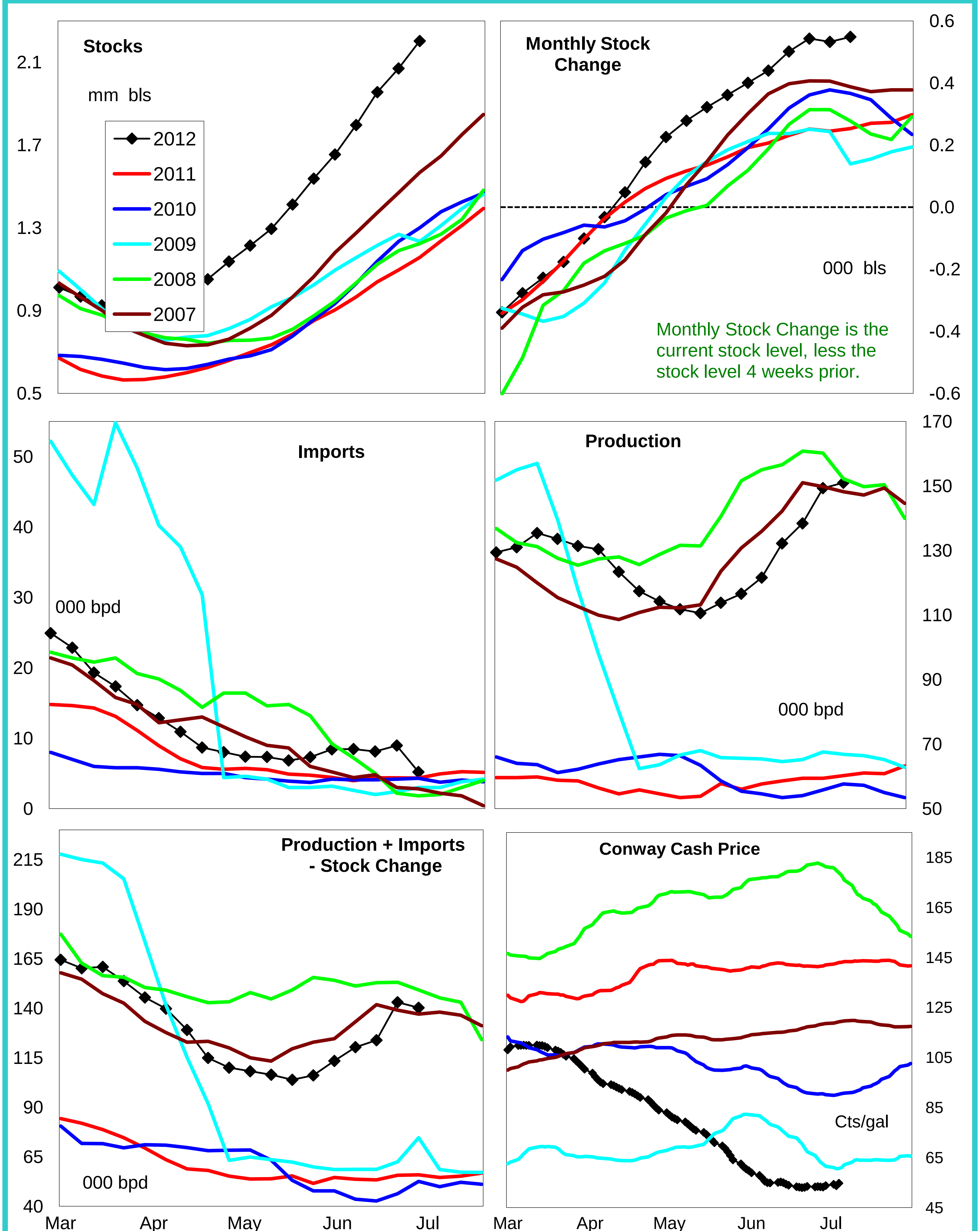
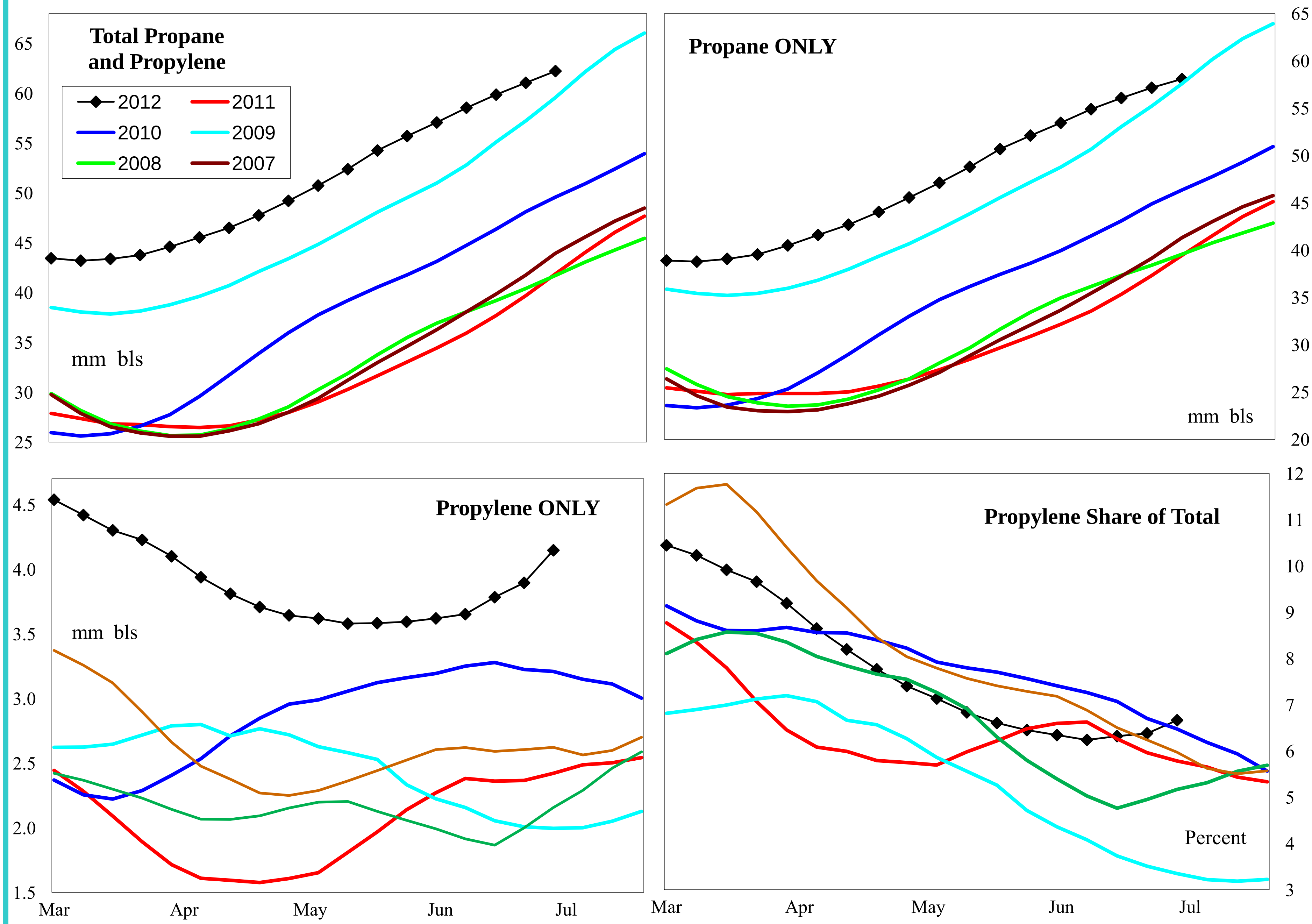
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,044	295	87	4	77
% change	90.1	116.5	153.1	83.9	141.4

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**20,725**	**18,835**	**1,725**
% change	**49.9**	**48.0**	**71.2**

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