



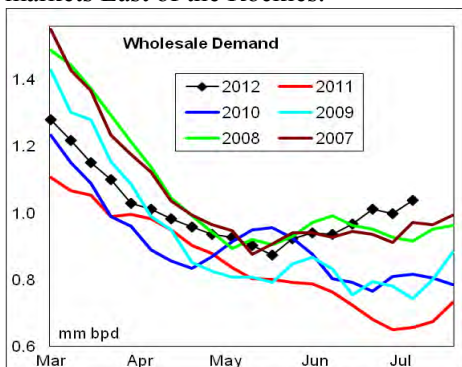
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

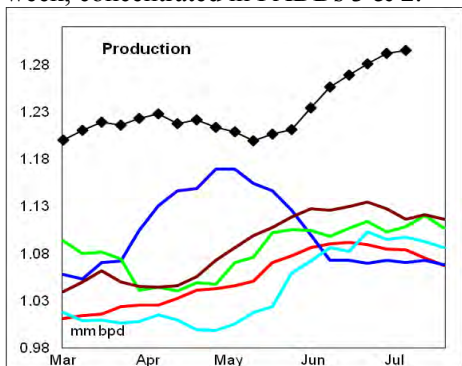
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

Summary¹:

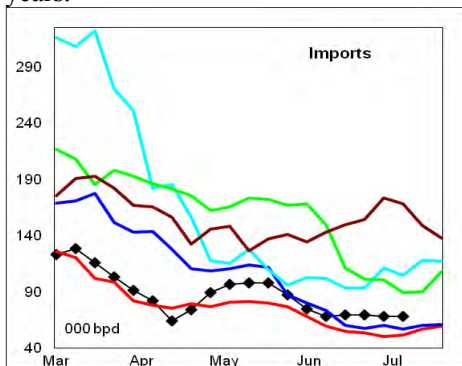
Wholesale demand increased +9,000 bpd on the week, with the level sharply above the 5-year range. Low prices have led to increased deliveries into private storage and chemical plant use. Drought has also increased use for irrigation in markets East of the Rockies.



Production increased +26,000 bpd last week, concentrated in PADDs 3 & 2.



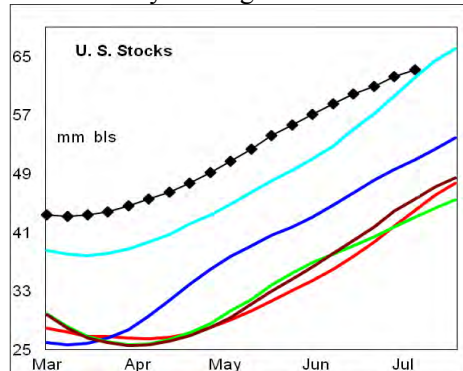
Imports decreased -3,000 bpd on the week, to a level slightly above the last 2-years.



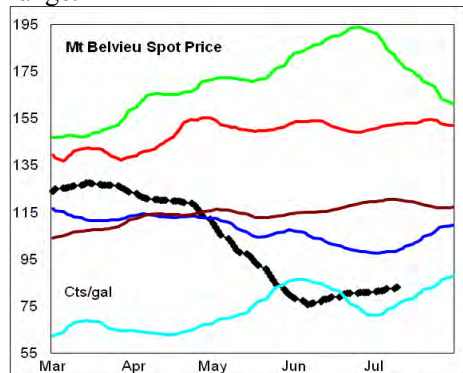
Combined production and imports during the latest 4-wk period were +223,000 bpd above a year ago.

Production was +199,000 bpd above last year (+18%), while imports were +24,000 bpd higher. The latest 4-wk average demand was +353,000 bpd above last year, +52%.

Stocks increased +1 million barrels last week, and are now +42% above a year ago. The 4-wk stock change was a build of +4.6 million barrels, a level below the 5-year range.



Price and Spreads Mt Belvieu spot prices were unchanged on the week ending 10Jul12, while Conway declined -2.5 cpg during the same week. Mt Belvieu prices are slightly above 5-year lows, while Conway price is below the 5-year range.



The Conway - Mt Belvieu price spread trended lower last week, ending the week at -31 cpg.

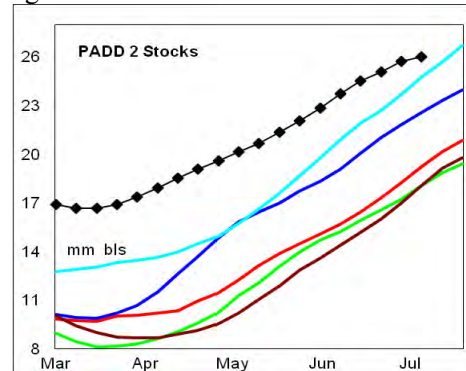
The propane to natural gas price spread traded sideways last week, at a level below a year ago.

The propane / crude oil price spread traded sideways last week at a level slightly above record earlier lows.

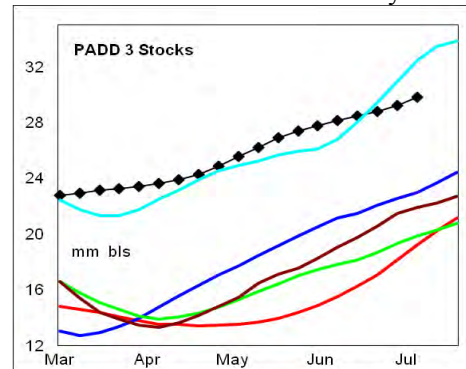
PADD 1 stocks increased +0.1 million barrels last week, ending the week +11% above a year ago. Supply decreased -16,000 bpd due to lower production and

imports. Supply for the latest 4-wk period was +22,000 bpd above last year, on higher production.

PADD 2 stocks increased +0.2 million barrels on the week. Supply increased +13,000 bpd on the week, due to higher production. The latest 4-wk supply was +40,000 bpd above a year ago. Stock levels ended the week 35% above a year ago.



PADD 3 stocks increased +0.8 million barrels on the week, with the 4-wk stock change a build of +1.8 million barrels, a record low for the week. Stock levels ended the week +55% above last year.



PADDs 4 & 5 stocks decreased -0.2 million barrels on the week, a level still well above the historic range. The stock level was +67% above a year ago.

Emerging Trends Wholesale demand continues exceptionally high, up +52% over last years' record low level and above the historic range.. Transfers to private storage, increase use in chemical plants, irrigation demand have each contributed to the increase. Supply exceeds year ago levels by 2230,000 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 11, 2012

Fundamental Trends for the Week Ending:

Friday, July 06, 2012

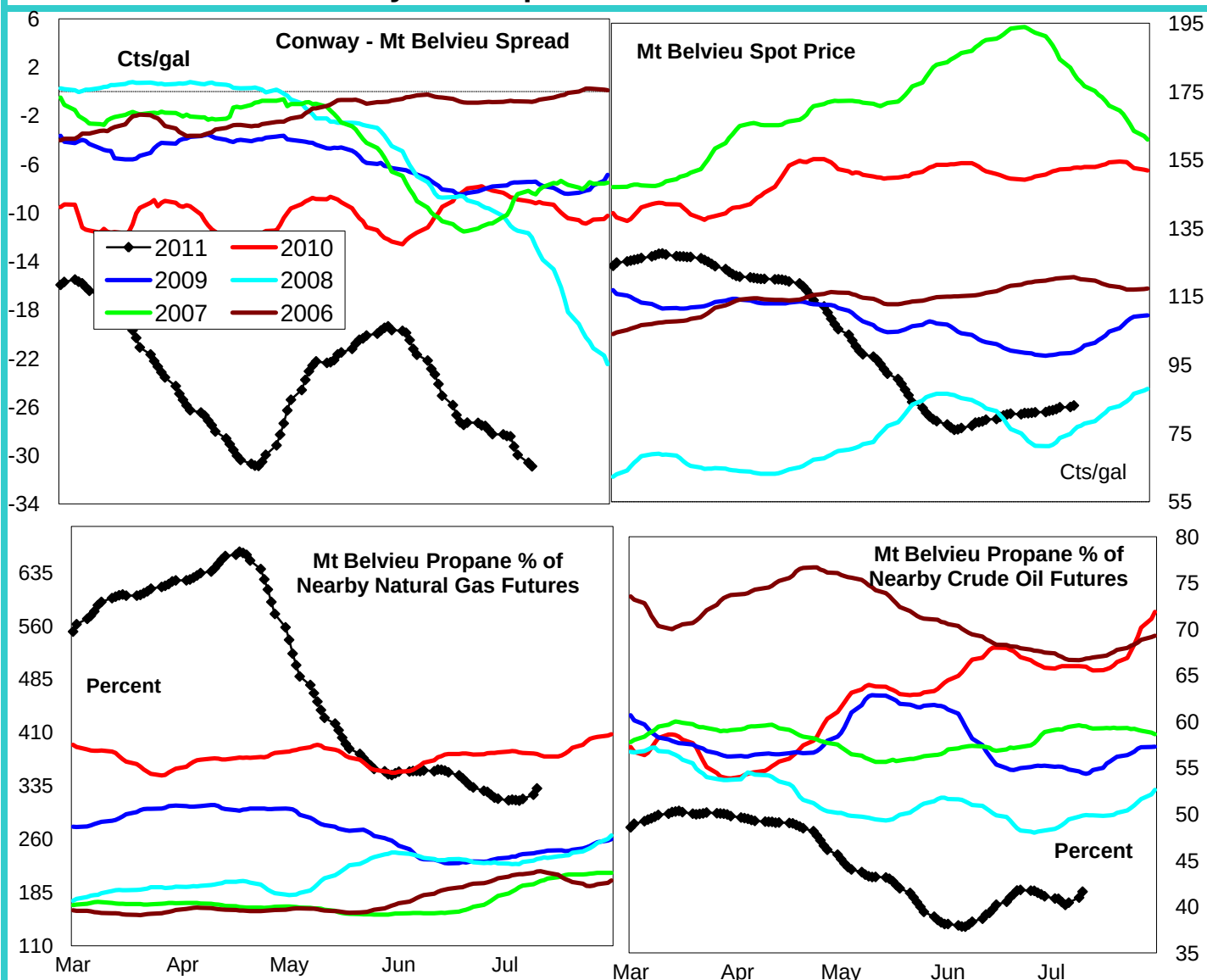
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	63,183	5,376	25,994	29,799	2,014	950	123	237	779	-189
Propylene Stocks	4,188					41				
Production	1,295	56	283	814	142	26	-11	10	36	-9
Imports	68	17	47	0	4	-3	-5	3	0	-1
Whsle Demand	1,078					9				

Price Trends for the Week Ending:

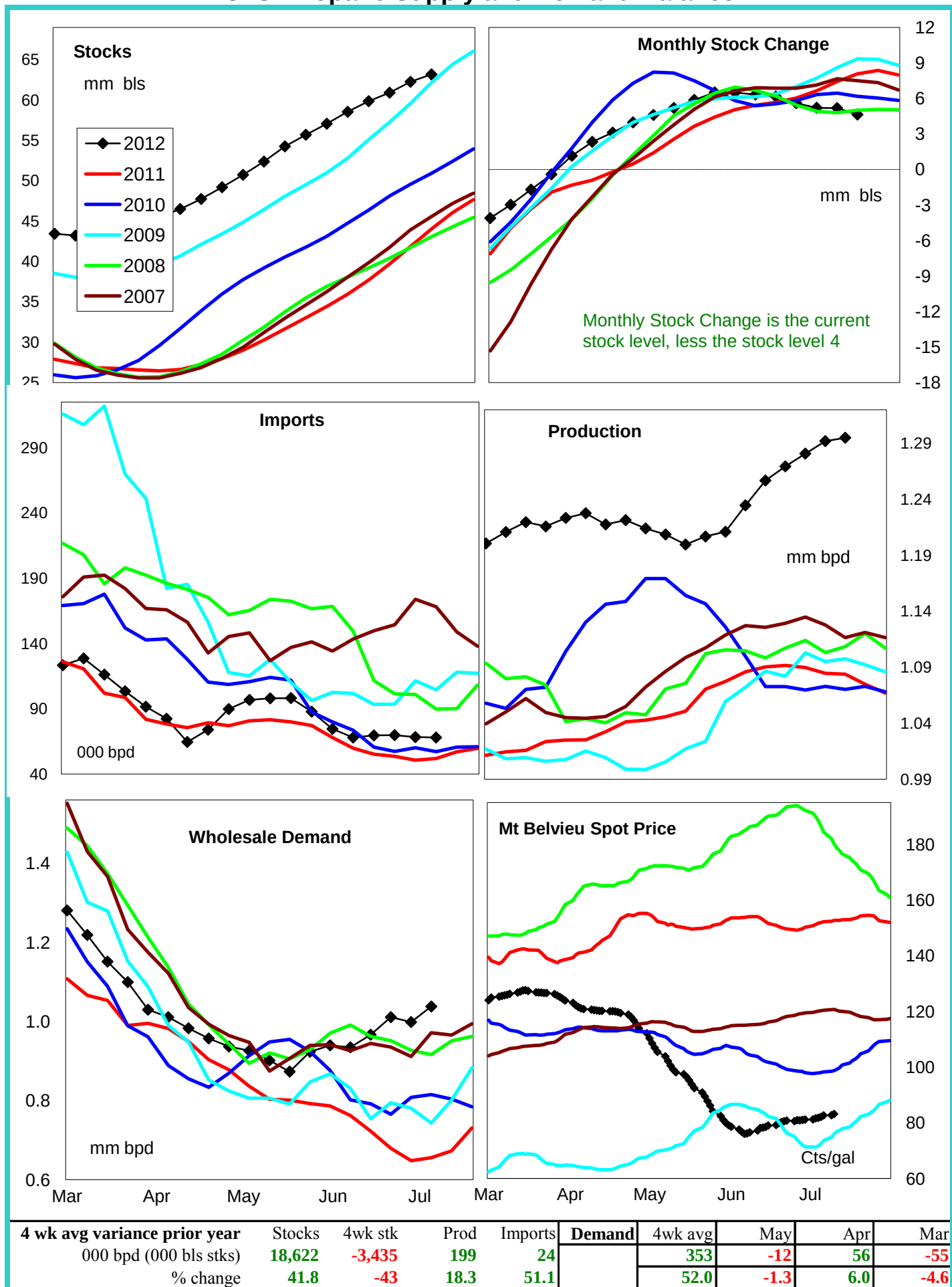
Tuesday, July 10, 2012

Cents/gal	Average for week ending:				Change from:			% change from:		
	7/10/12	7/3/12	6/12/12	7/13/11	7/3/12	6/12/12	7/13/11	7/3/12	6/12/12	7/13/11
Mont Belvieu Spot	82.6	80.6	76.4	152.7	2.04	4.24	-76.33	2.5	5.6	-50.0
Conway Spot	52.7	53.9	56.5	143.6	-1.21	-2.56	-87.19	-2.2	-4.5	-60.7

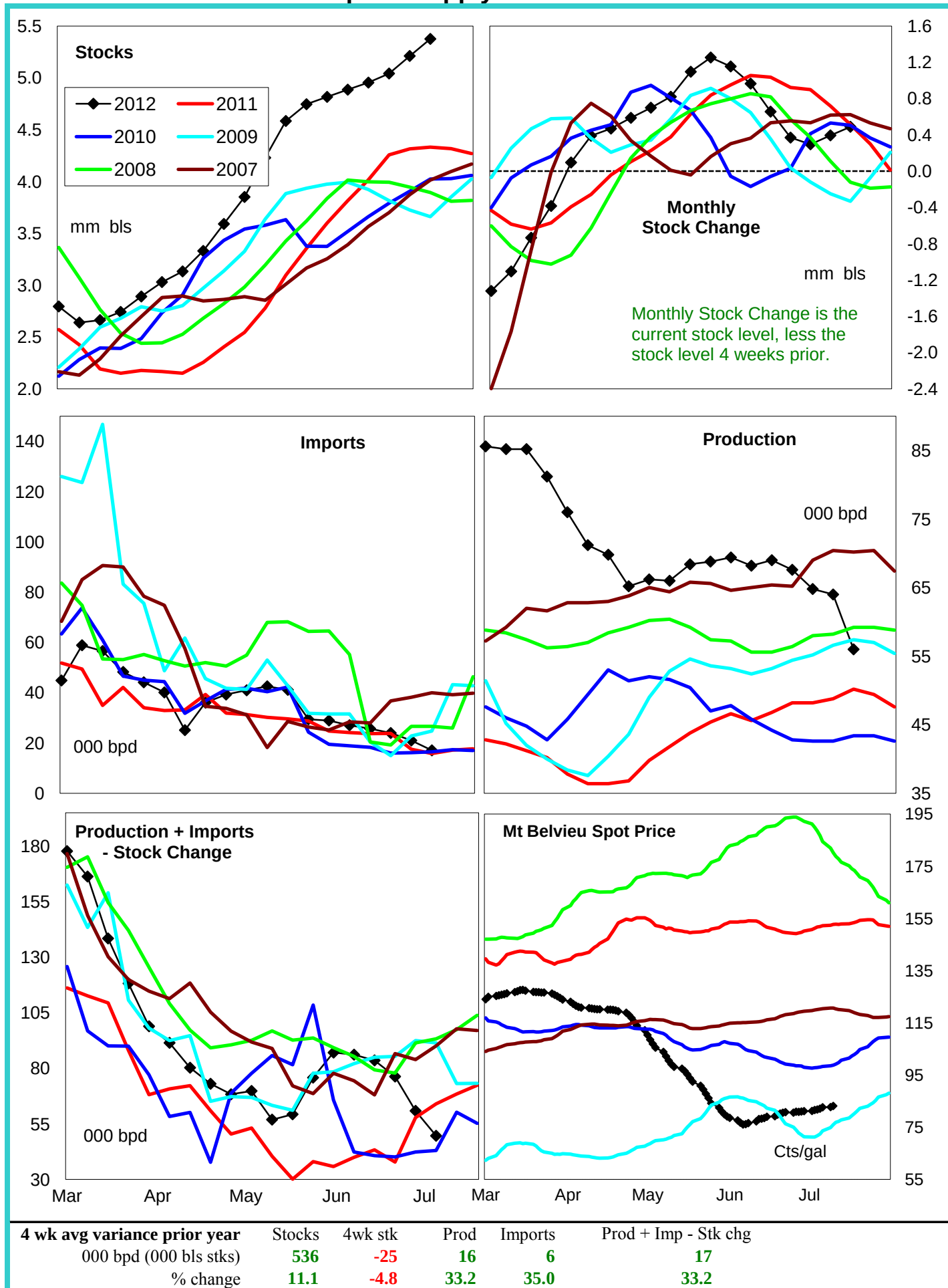
Key Price Spreads and Differentials



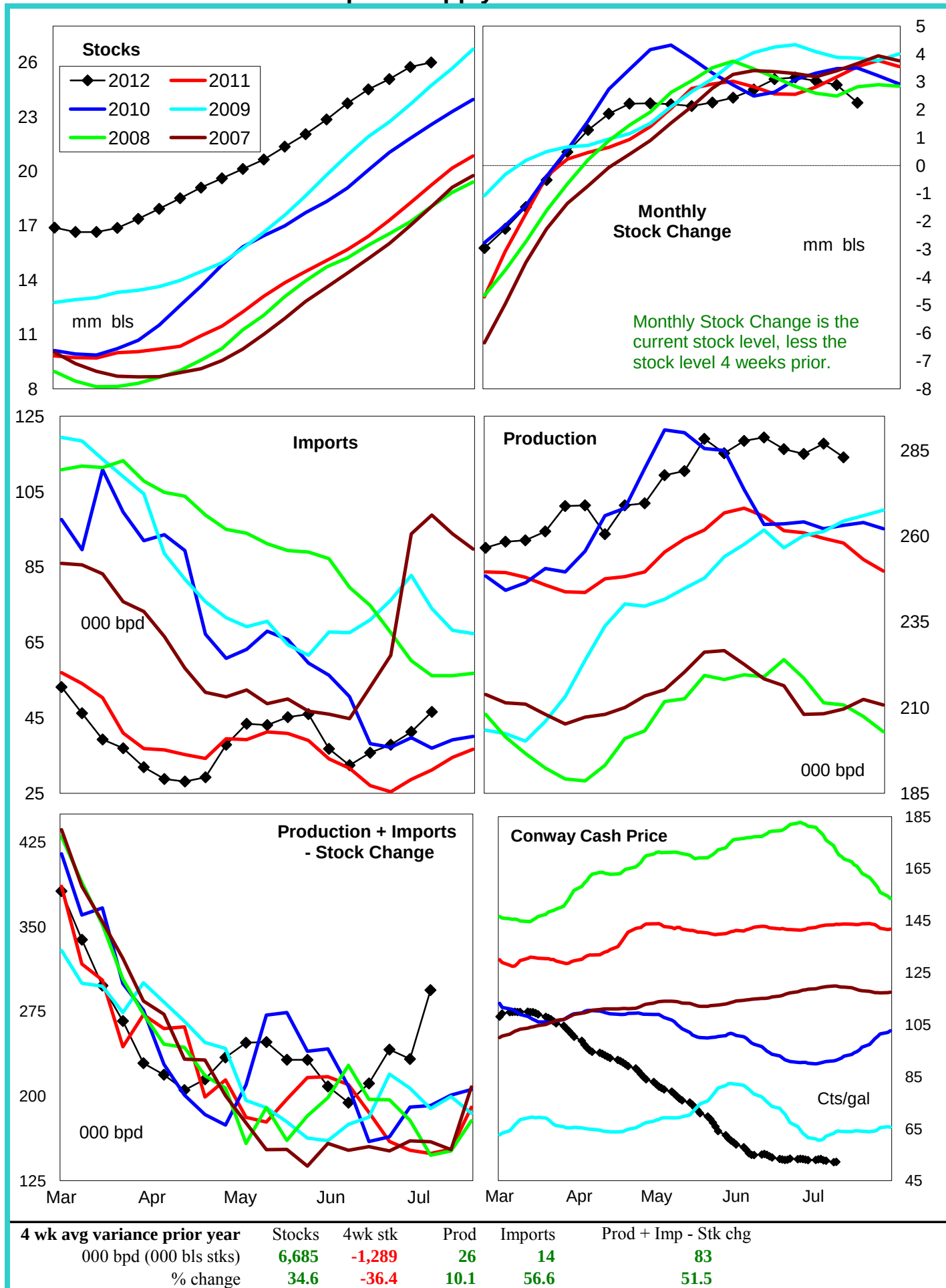
U. S. Propane Supply and Demand Balance



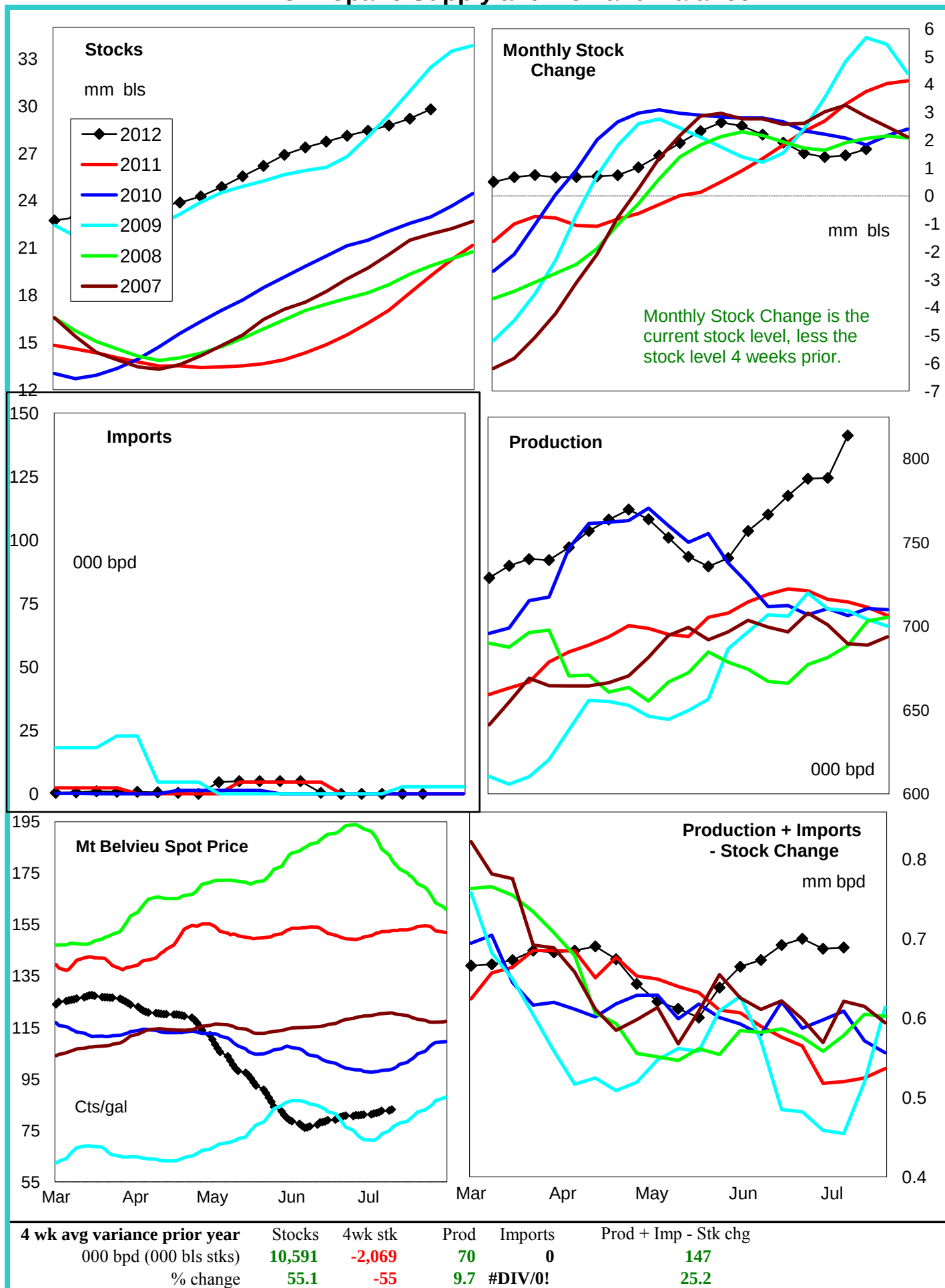
PADD 1 Propane Supply and Demand Balance



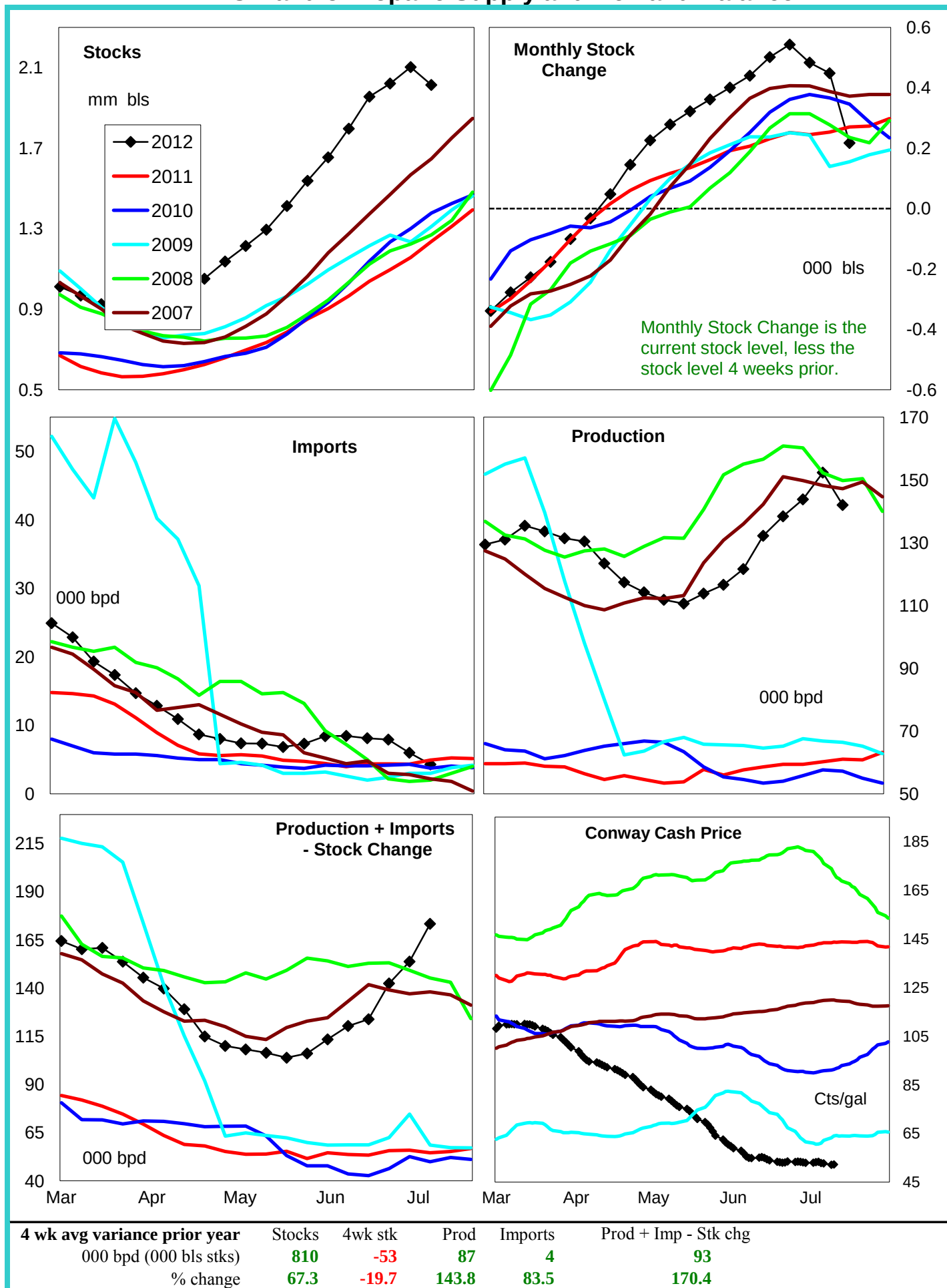
PADD 2 Propane Supply and Demand Balance



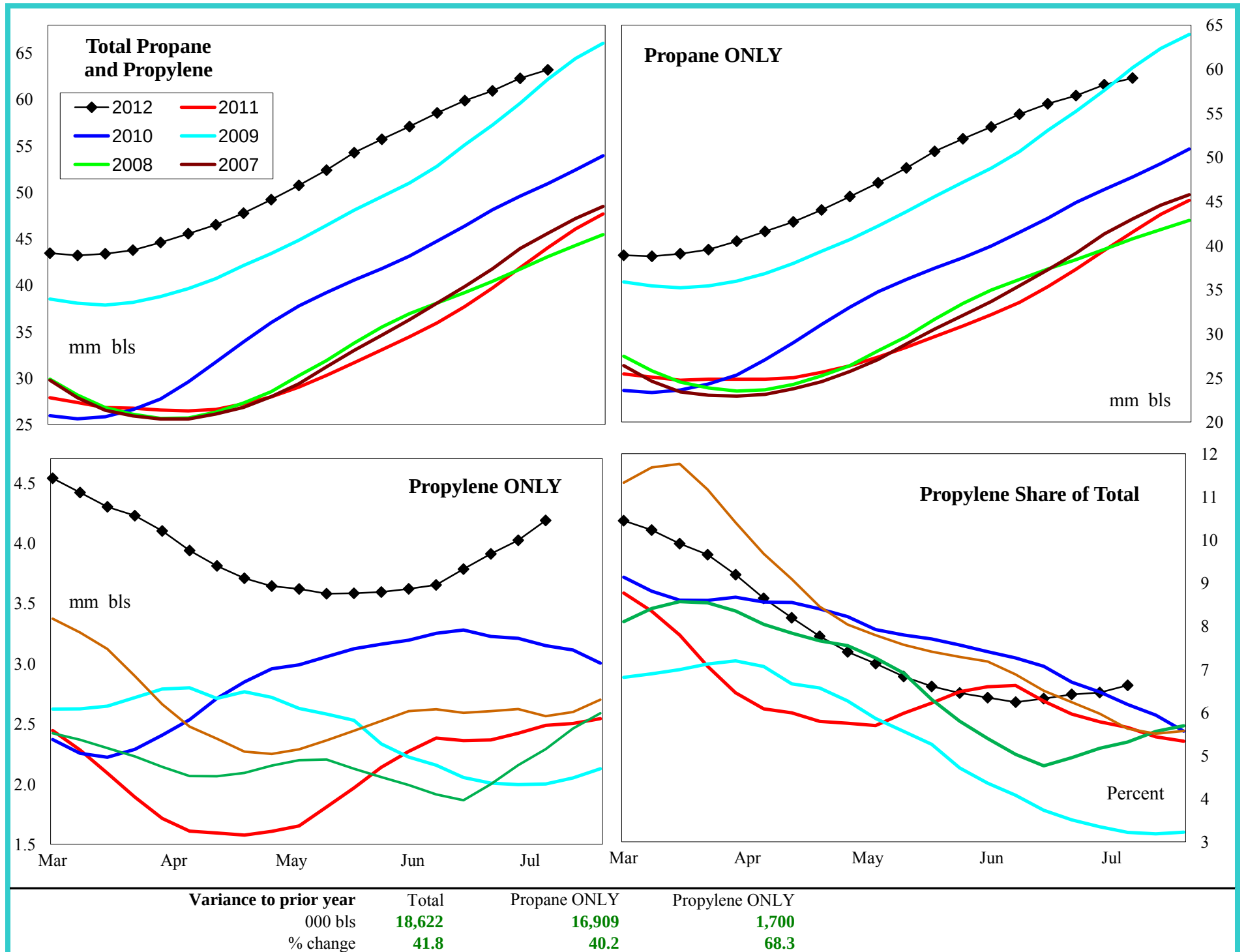
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

