WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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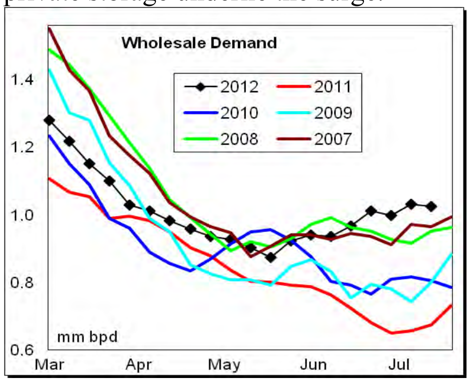
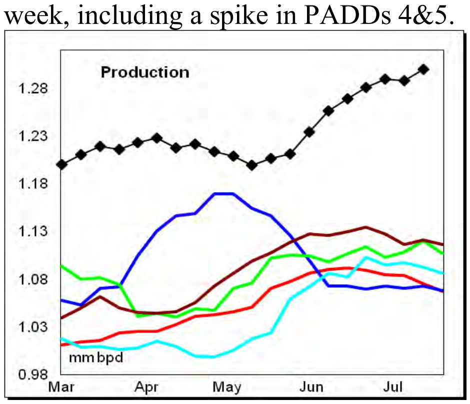
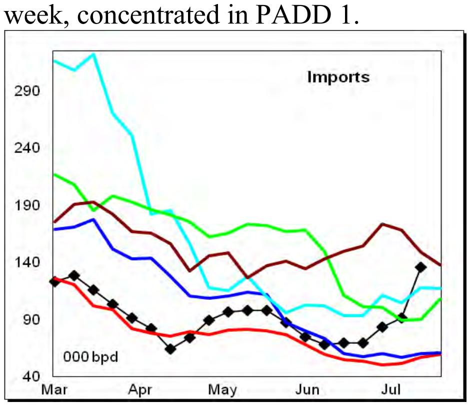
Summary[1]:
Wholesale demand decreased -14,000 bpd on the week, with the level sharply above the 5-year range. Demand for the latest 4-wk period shows the increase is broad based across all regional markets. Fuel substitution and deliveries into private storage underlie the surge.



Production increased +5,000 bpd last week, including a spike in PADDs 4&5.



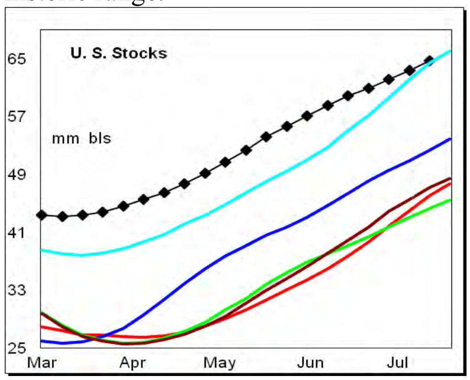
Imports jumped +68,000 bpd on the week, concentrated in PADD 1.



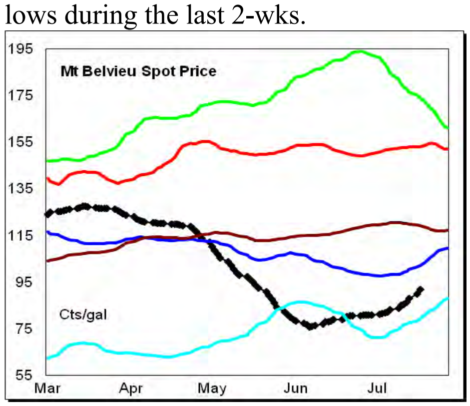
Combined production and imports during the latest 4-wk period were +241,000 bpd above a year ago.

Production was +205,000 bpd above last year (+19%), while imports were +36,000 bpd higher. The latest 4-wk average demand was +367,000 bpd above last year, +54%.

Stocks increased +1.6 million barrels last week, and are now +39% above a year ago. The 4-wk stock change was a build of +5.1 million barrels, a level at the low end of the historic range.



Price and Spreads Mt Belvieu spot prices increased +9 cpg for the week ending 17Jul12, while Conway increased +11.5 cpg during the same week. Prices in each region have rebounded from 5-year lows during the last 2-wks.



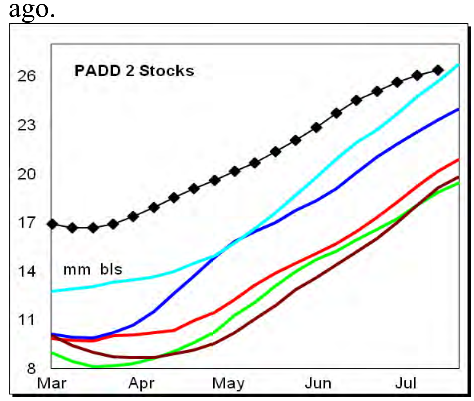
The Conway – Mt Belvieu price spread trended higher last week, ending the week at -28 cpg.

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

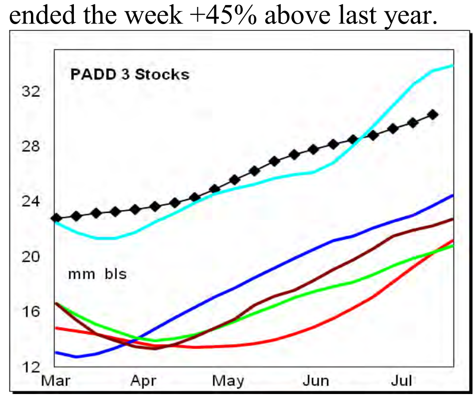
The propane / crude oil price spread trended higher last week at a level slightly above earlier lows.

PADD 1 stocks increased +0.5 million barrels last week, ending the week +46% above a year ago. Supply increased +74,000 bpd due to a surge in imports. Supply for the latest 4-wk period was +34,000 bpd above last year, on higher imports.

PADD 2 stocks increased +0.4 million barrels on the week. Supply decreased -20,000 bpd on the week, due to lower imports. The latest 4-wk supply was +35,000 bpd above a year ago. Stock levels ended the week 30% above a year ago.



PAD 3 stocks increased +0.5 million barrels on the week, with the 4-wk stock change a build of +1.9 million barrels, a record low for the week. Stock levels ended the week +45% above last year.



PADDs 4 & 5 stocks increased +0.1 million barrels on the week, a level well above the historic range. The stock level was +64% above a year ago.

Emerging Trends Wholesale demand remains exceptionally high, on fuel substitution, increased use for irrigation, chemical plants and transfers to private storage. Rising global energy prices have lifted propane prices, with the trend likely to continue on unrest in the Middle East.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

July 18, 2012

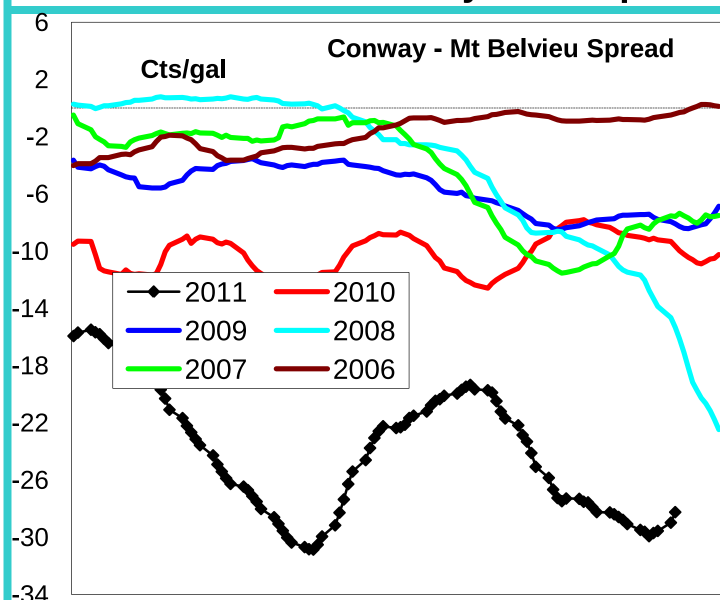
Fundamental Trends for the Week Ending: Friday, July 13, 2012

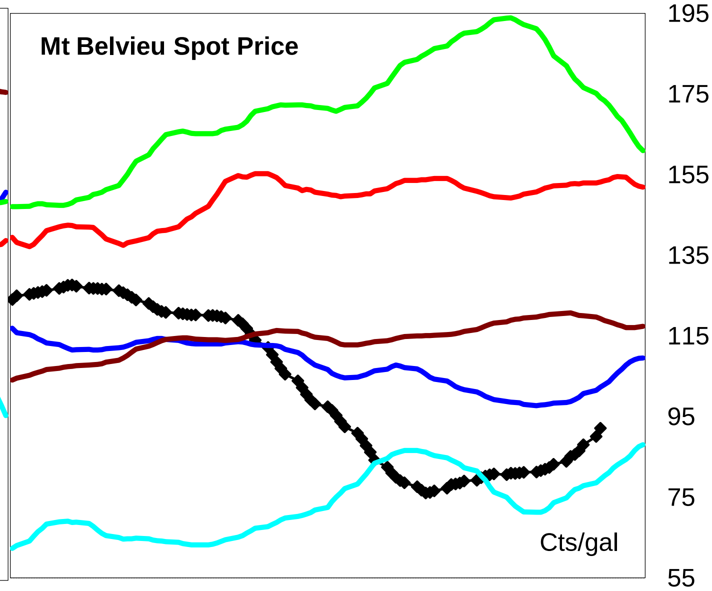
000 bpd / Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	64,745	5,920	26,384	30,306	2,135	1,562	544	390	507	121
Propylene Stocks	4,396					208				
Production	1,300	47	284	798	171	5	-9	1	-16	29
Imports	136	102	26	0	9	68	85	-21	0	4
Whsle Demand	1,064					-14				

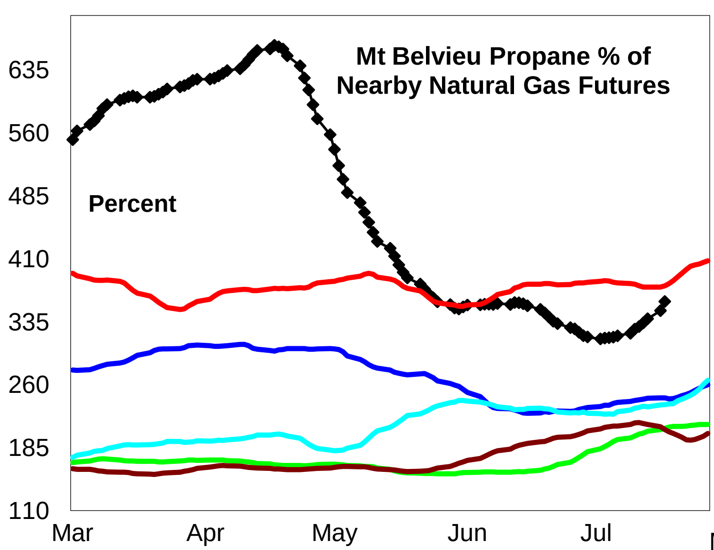
Price Trends for the Week Ending: Tuesday, July 17, 2012

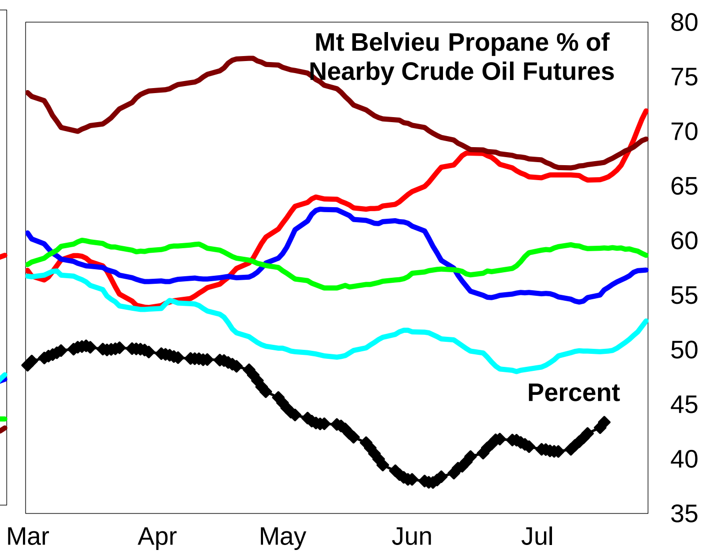
Cents/gal	Average for week ending:				Change from:			% change from:		
	7/17/12	7/10/12	6/19/12	7/20/11	7/10/12	6/19/12	7/20/11	7/10/12	6/19/12	7/20/11
Mont Belvieu Spot	88.0	82.6	79.7	152.8	5.37	2.91	-73.05	6.5	3.6	-47.8
Conway Spot	58.5	52.7	53.6	143.5	5.77	-0.87	-89.91	11.0	-1.6	-62.7

Key Price Spreads and Differentials

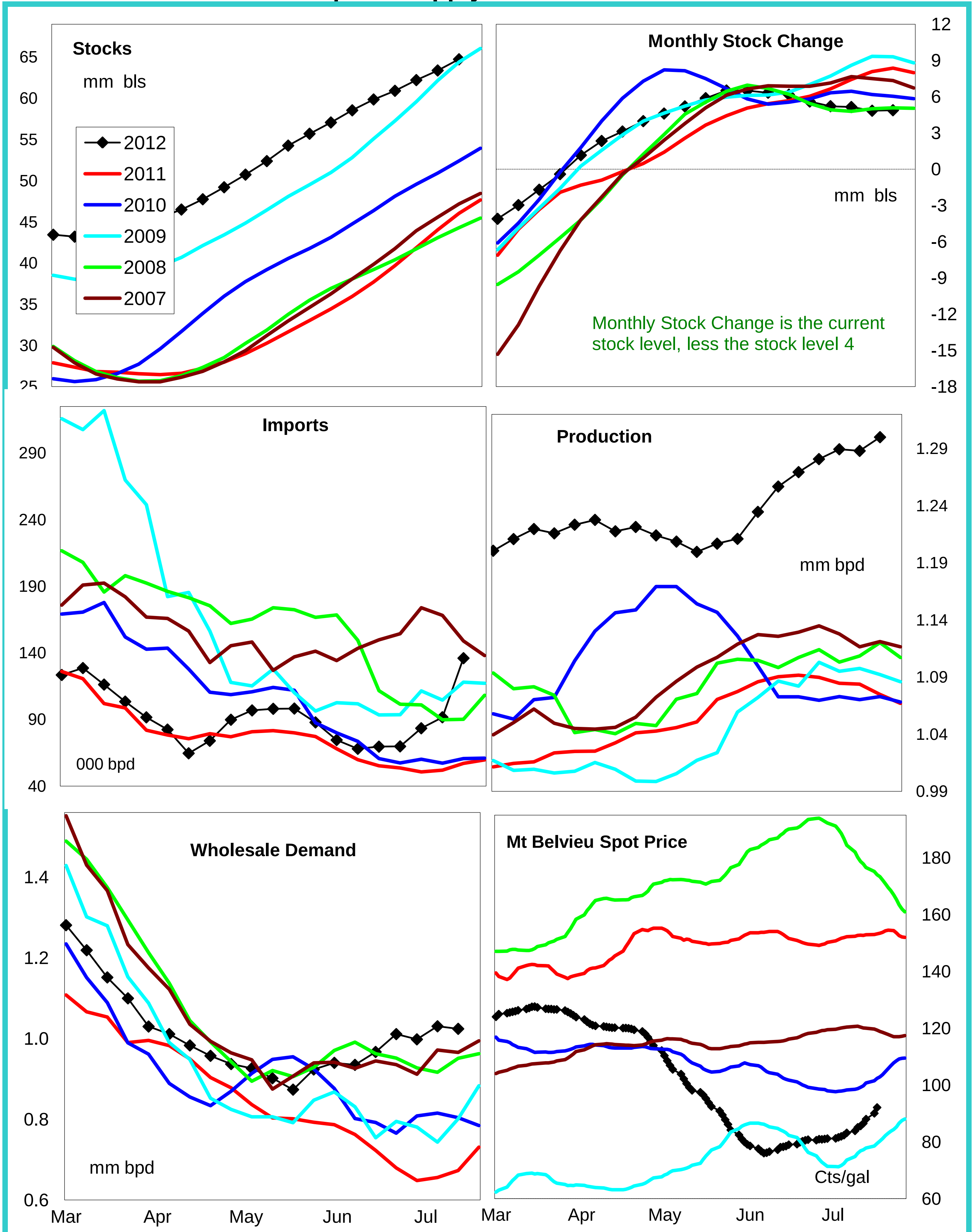








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jun	May	Apr
000 bpd (000 bls stks)	18,144	-3,484	205	36		367	155	-12	-933
% change	38.9	-42	18.8	74.0		54.2	17.4	-1.3	-100.0

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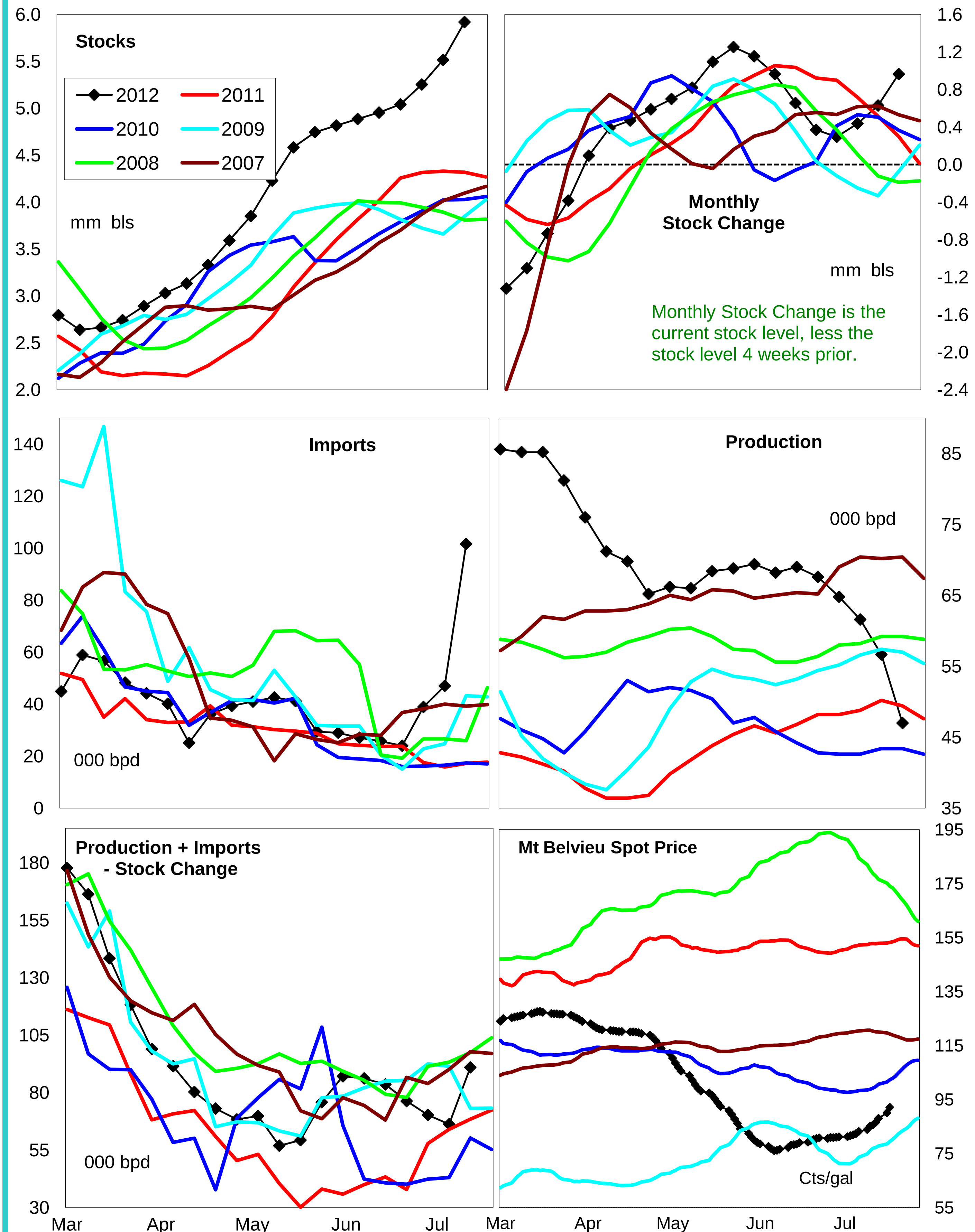
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,863	664	9	25	19
% change	45.9	220.9	18.3	150.3	33.1

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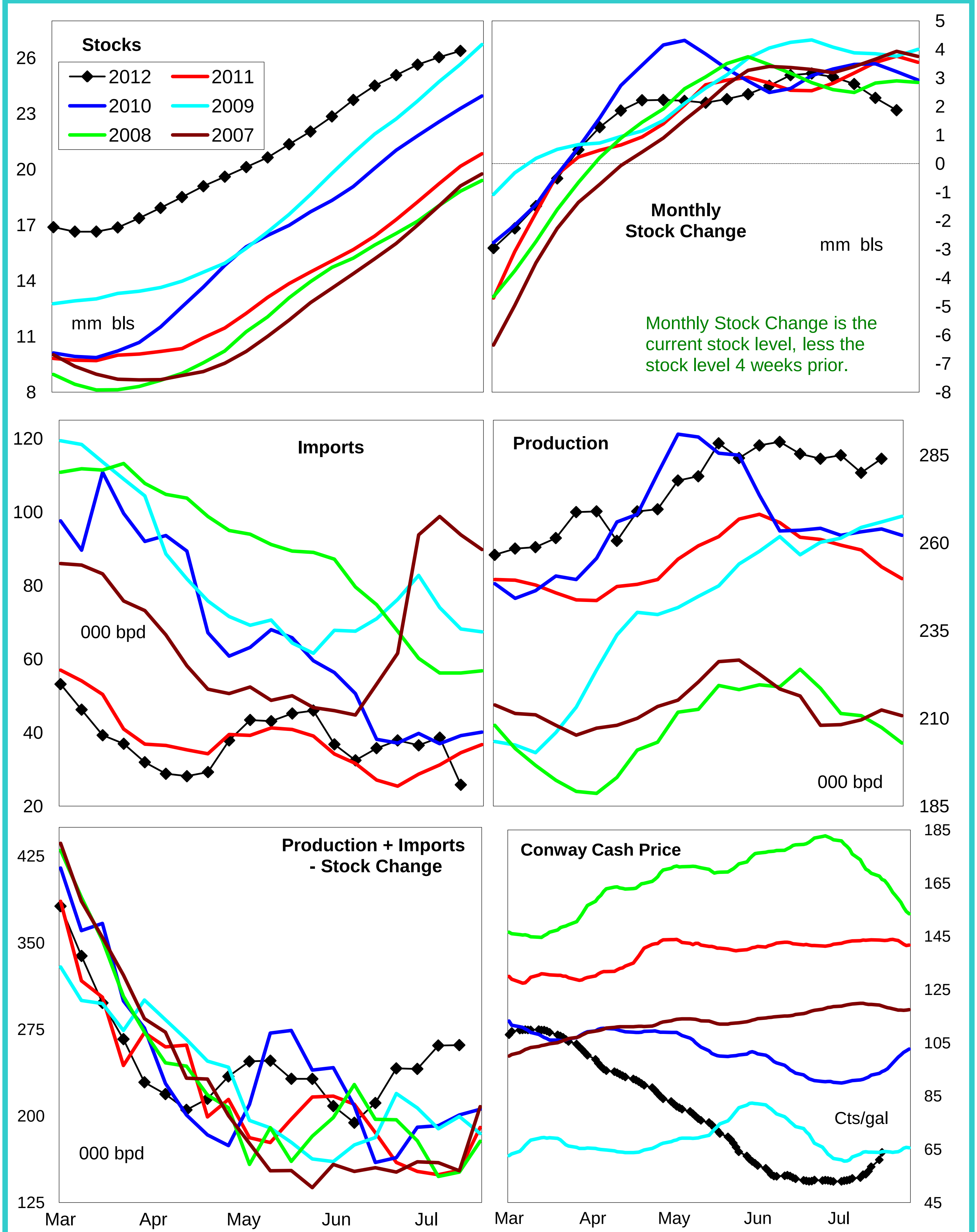
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	6,097	-1,890	26	9	98
% change	30.1	-50.2	10.1	32.9	63.6

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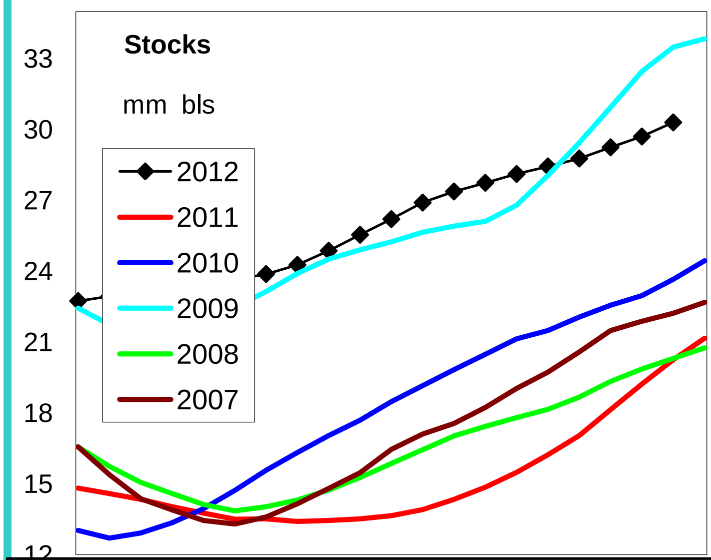
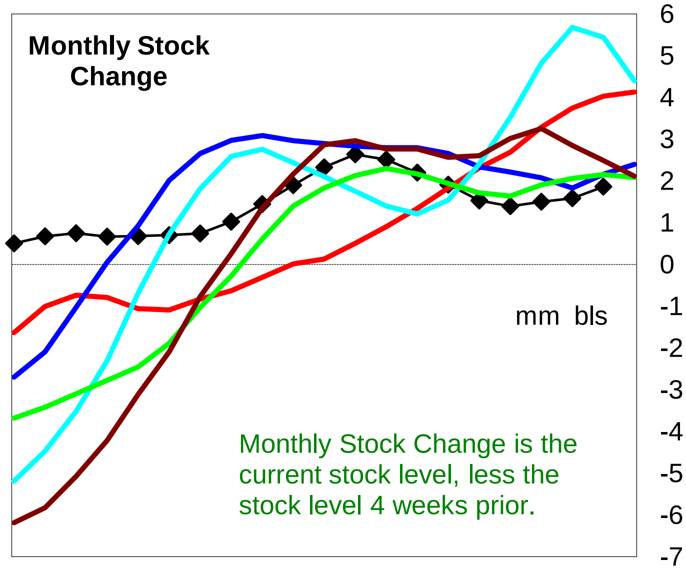
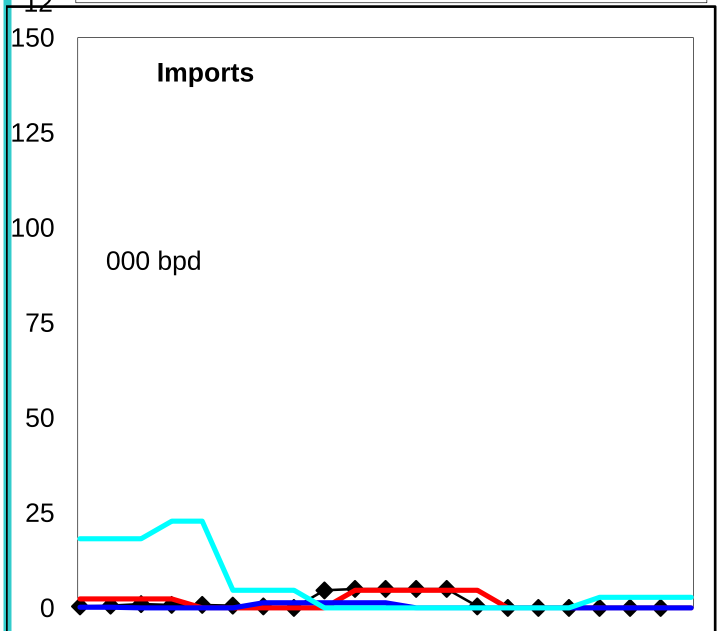
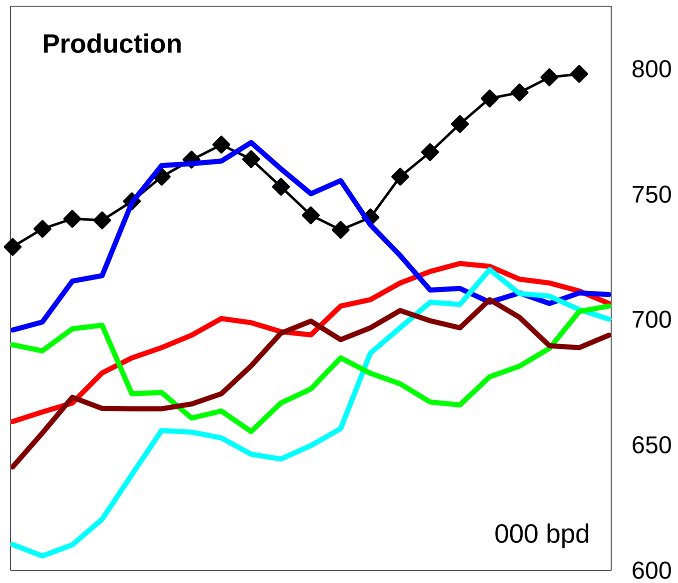
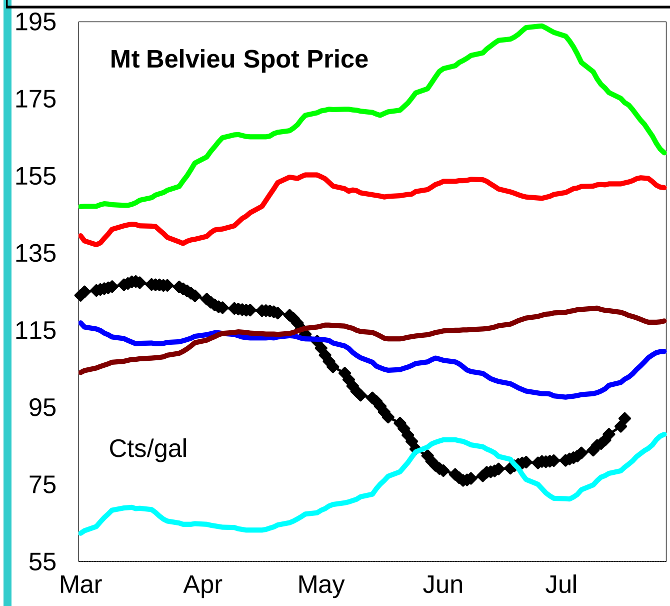
PADD 3 Propane Supply and Demand Balance

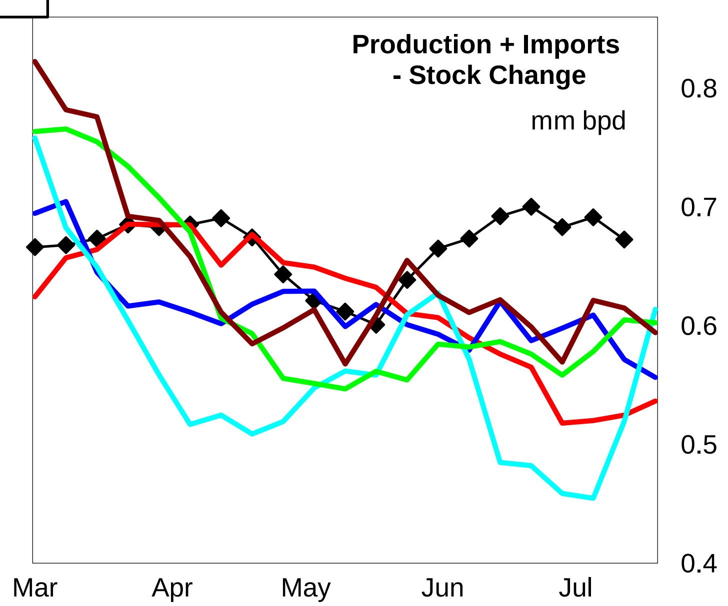












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	9,350	-2,165	73	0	155
% change	44.6	-54	10.1	#DIV/0!	27.1

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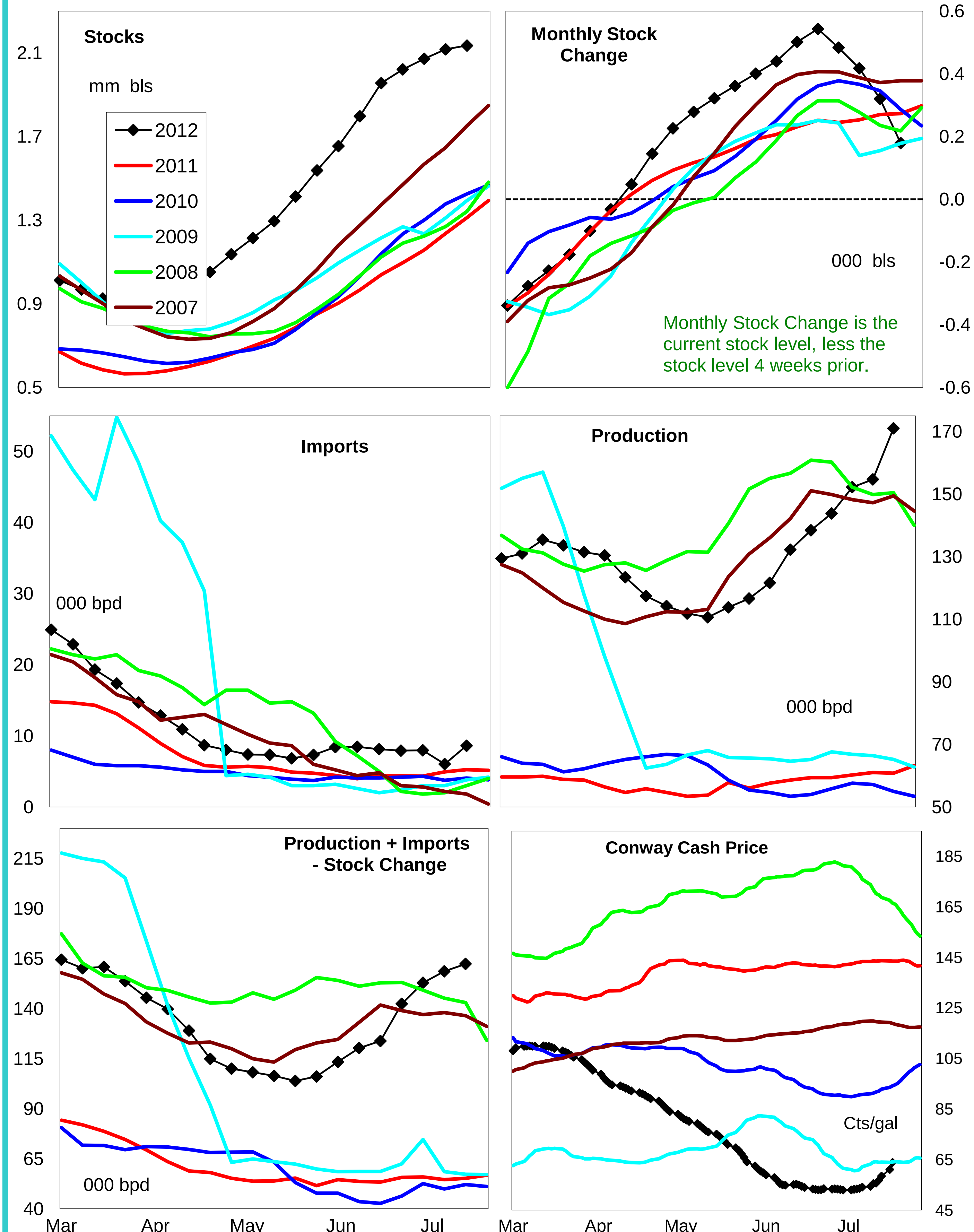
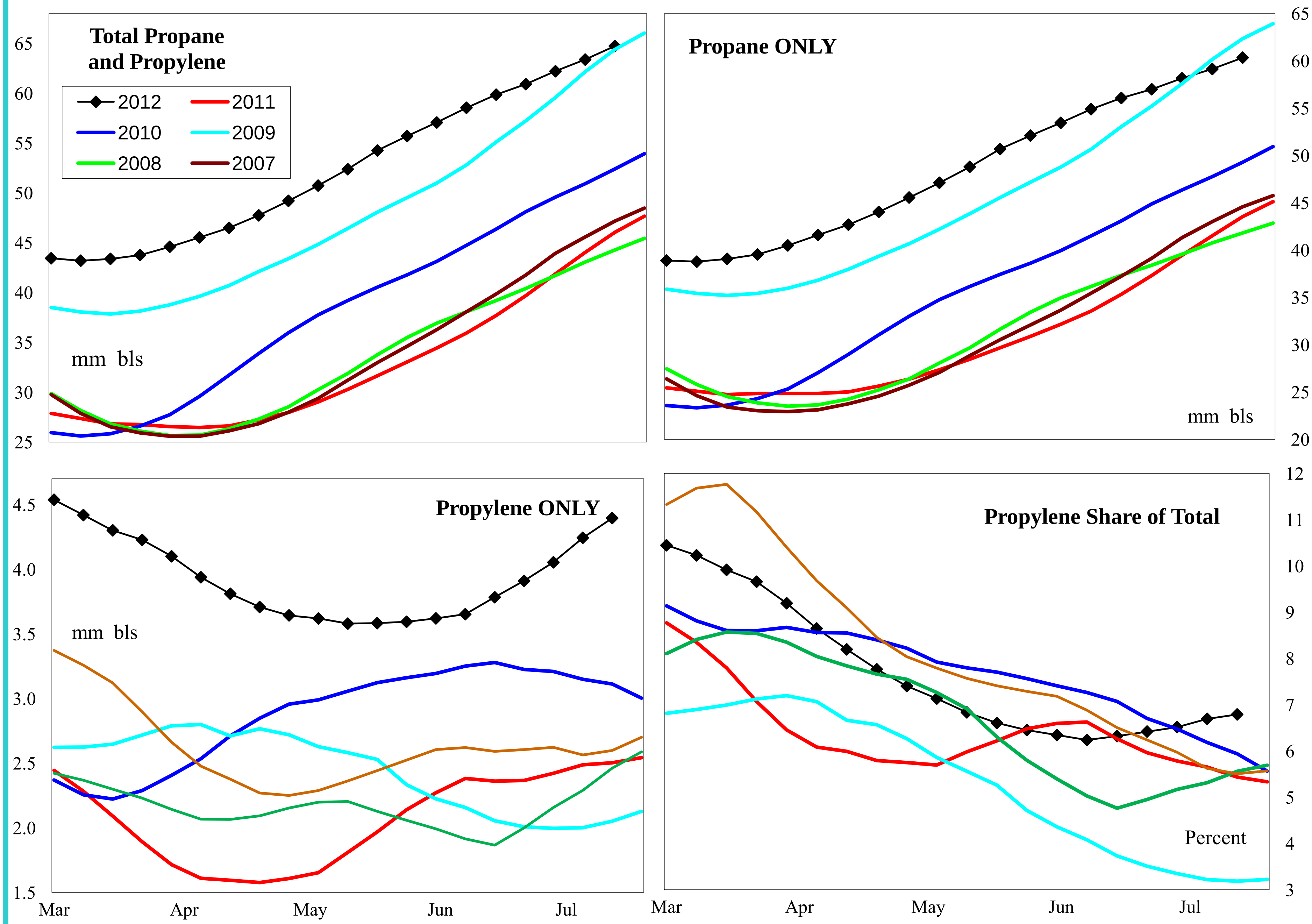
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	834	-94	97	2	99
% change	64.1	-34.4	159.5	51.1	178.5

U. S. Propane and Propylene Stocks



	Total	Propane ONLY	Propylene ONLY
Variance to prior year			
000 bls	**18,144**	**16,430**	**1,892**
% change	**38.9**	**37.4**	**75.6**

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