WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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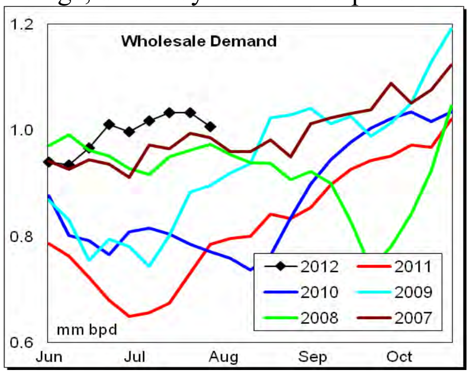
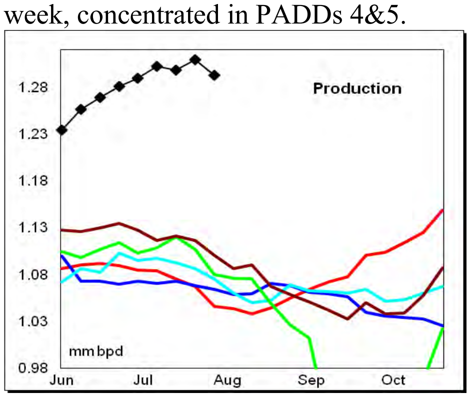
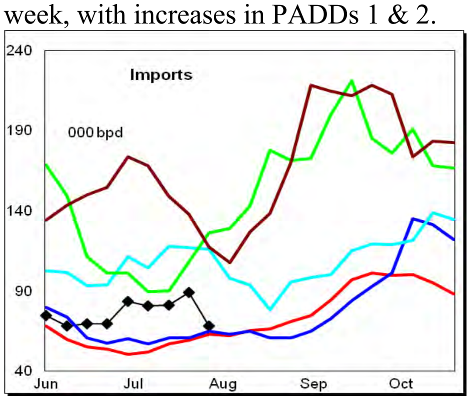
Summary[1]:
Wholesale demand decreased -62,000 bpd on the week, to a level above the 5-year range. Demand remains unusually high for the off season on fuel substitution and deliveries into private storage, driven by low relative price.



Production decreased -43,000 bpd last week, concentrated in PADDs 4&5.

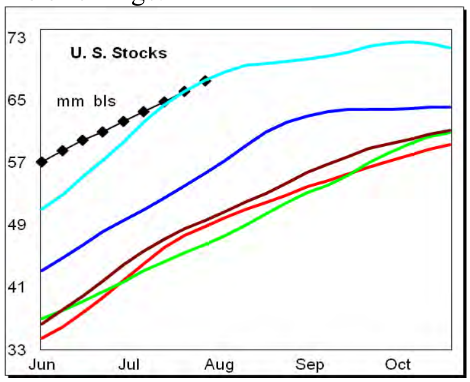


Imports increased +5,000 bpd on the week, with increases in PADDs 1 & 2.

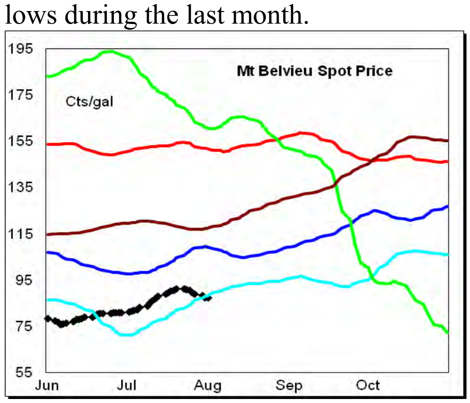


Combined production and imports during the latest 4-wk period were +256,000 bpd above a year ago. Production was +232,000 bpd above last year (+22%), while imports were +24,000 bpd higher. The latest 4-wk average demand was +346,000 bpd above last year, +47%.

Stocks increased +1.4 million barrels last week, and are now +37% above a year ago. The 4-wk stock change was a build of +5.2 million barrels, a level at the low end of the historic range.



Price and Spreads Mt Belvieu spot prices decreased -2.5 cpg for the week ending 01Aug12, while Conway was nearly unchanged during the same week. Prices in each region have bounced off 5-year lows during the last month.



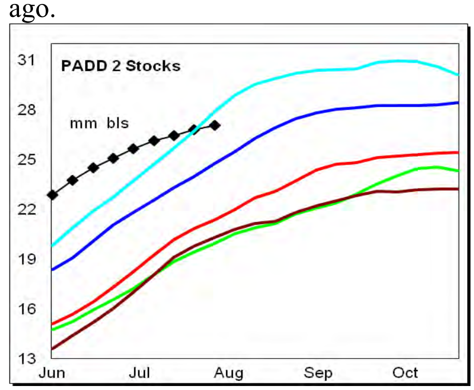
The Conway – Mt Belvieu price spread trended higher last week, ending the week at -27 cpg.

The propane to natural gas price spread trended lower last week, ending at a level midway between the last 3-years.

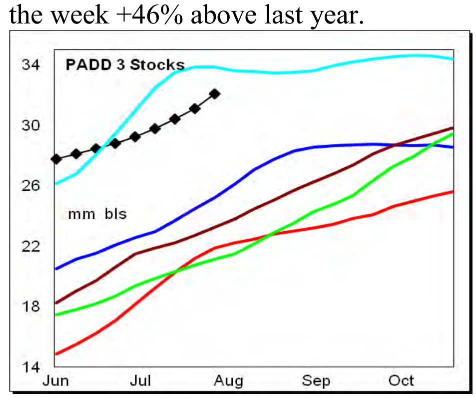
The propane / crude oil price spread trended lower last week ending at a level well below the last 5-years.

PADD 1 stocks increased +0.2 million barrels last week, ending the week +42% above a year ago. Supply decreased -5,000 bpd on lower production. Supply for the latest 4-wk period was +27,000 bpd above last year, on higher imports.

PADD 2 stocks increased +0.1 million barrels on the week. Supply decreased -2,000 bpd on the week, due to lower production. The latest 4-wk supply was +27,000 bpd above a year ago. Stock levels ended the week 24% above a year ago.



PAD 3 stocks increased +1.1 million barrels on the week, with the 4-wk stock change a build of +2.9 million barrels, at the 5-year mid range. Stock levels ended the week +46% above last year.



PADDs 4 & 5 stocks were unchanged on the week, a level well above the historic range. The stock level was +59% above a year ago.

Emerging Trends Wholesale demand continues at a level above the last 5-years. Offsetting the robust demand are record production, high stock levels and low fall demand in the Midwest due to the drought. Look for prices to remain at the low end of the 5-year range.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

August 2, 2012

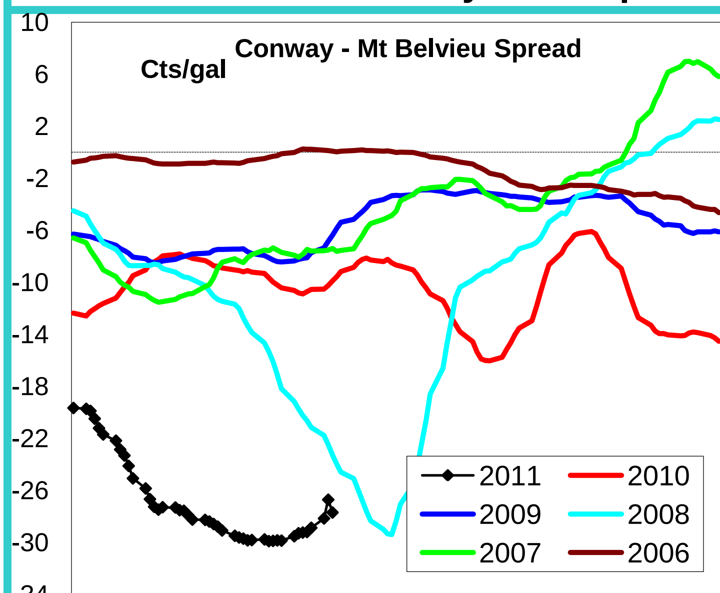
Fundamental Trends for the Week Ending: Friday, July 27, 2012

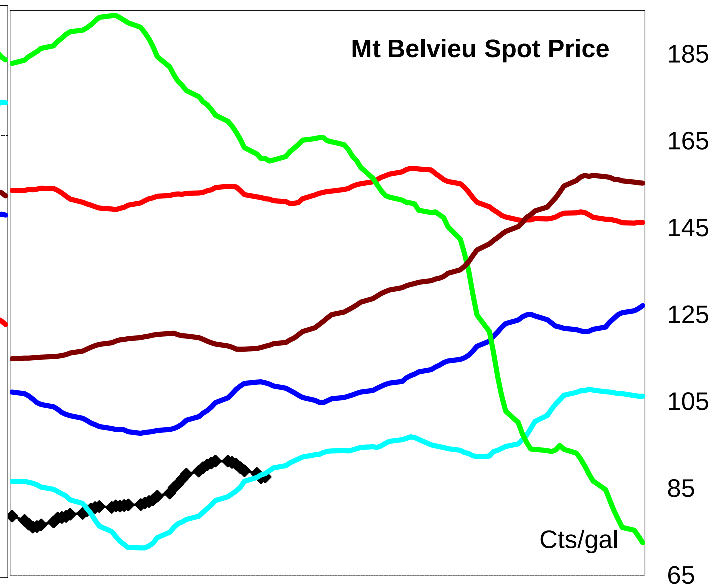
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	67,463	5,968	27,061	32,067	2,367	1,445	196	144	1,147	-42
Propylene Stocks	4,912					265				
Production	1,293	51	275	807	160	-43	-7	-9	-1	-26
Imports	68	21	41	0	6	5	2	8	0	-4
Whsle Demand	1,047					-62				

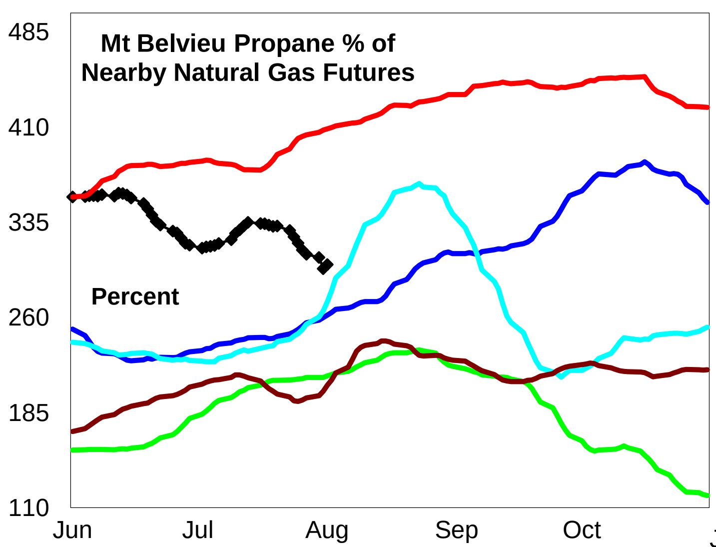
Price Trends for the Week Ending: Wednesday, August 01, 2012

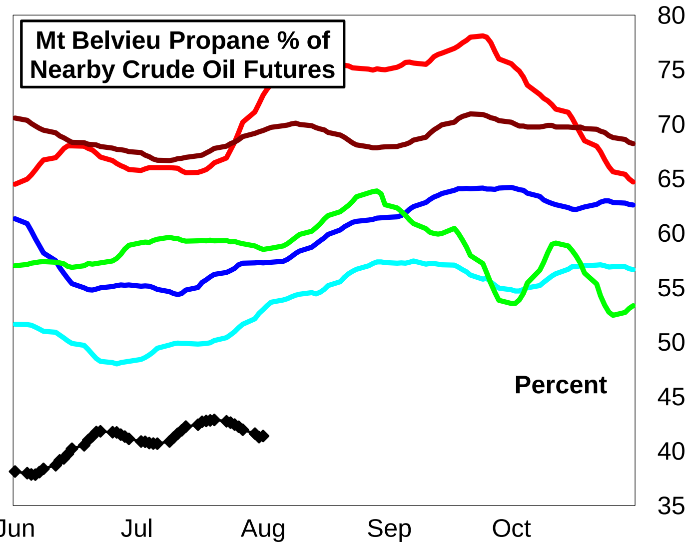
Cents/gal	Average for week ending:				Change from:			% change from:		
	8/1/12	7/25/12	7/4/12	8/4/11	7/25/12	7/4/12	8/4/11	7/25/12	7/4/12	8/4/11
Mont Belvieu Spot	88.4	92.1	81.2	154.8	-3.74	10.97	-73.63	-4.1	13.5	-47.6
Conway Spot	60.2	61.8	54.3	143.5	-1.56	7.49	-89.14	-2.5	13.8	-62.1

Key Price Spreads and Differentials

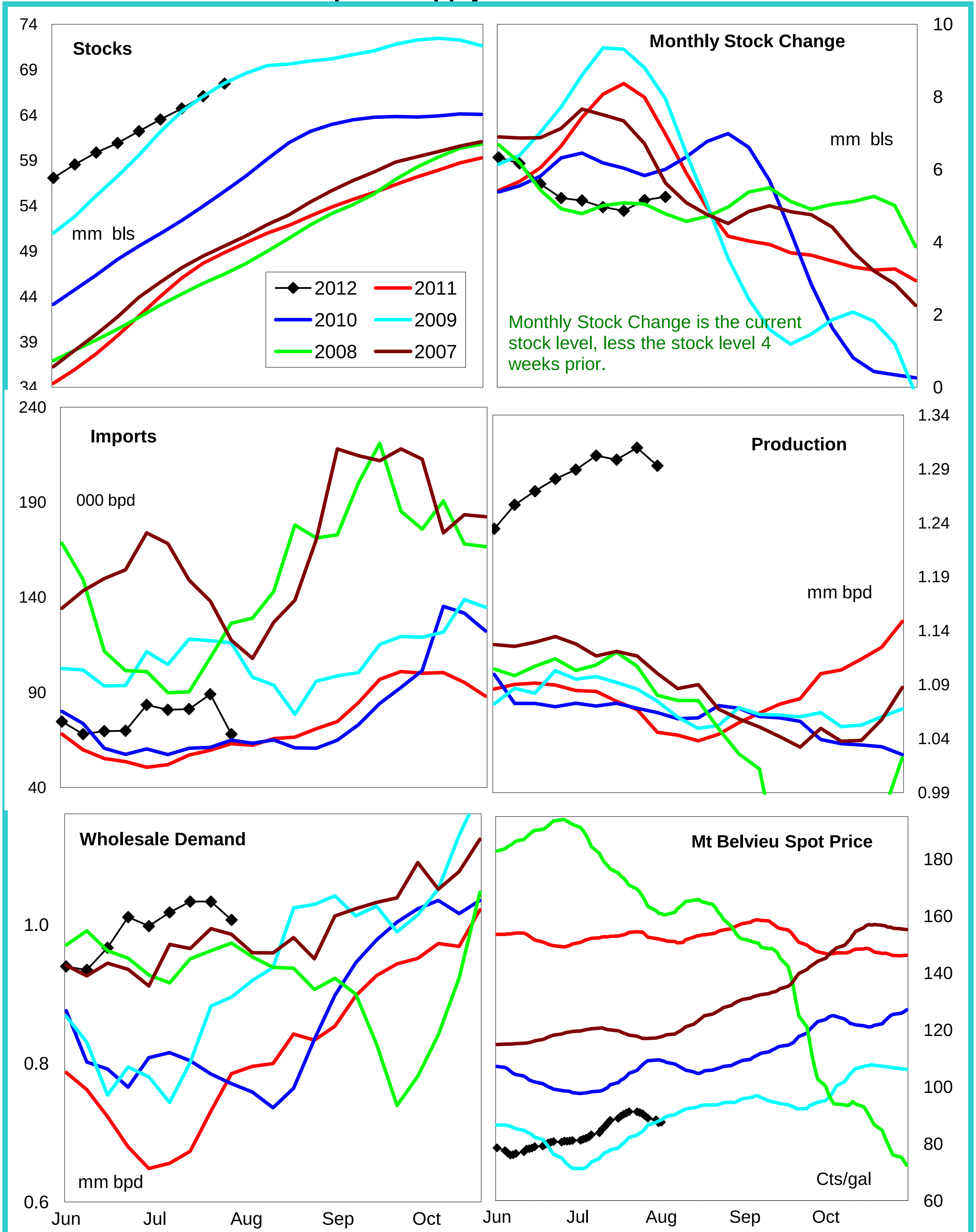








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jun	May	Apr
000 bpd (000 bls stks)	18,109	-1,727	232	24		346	155	-12	53
% change	36.7	-25	21.6	39.0		47.5	17.4	-1.3	5.7

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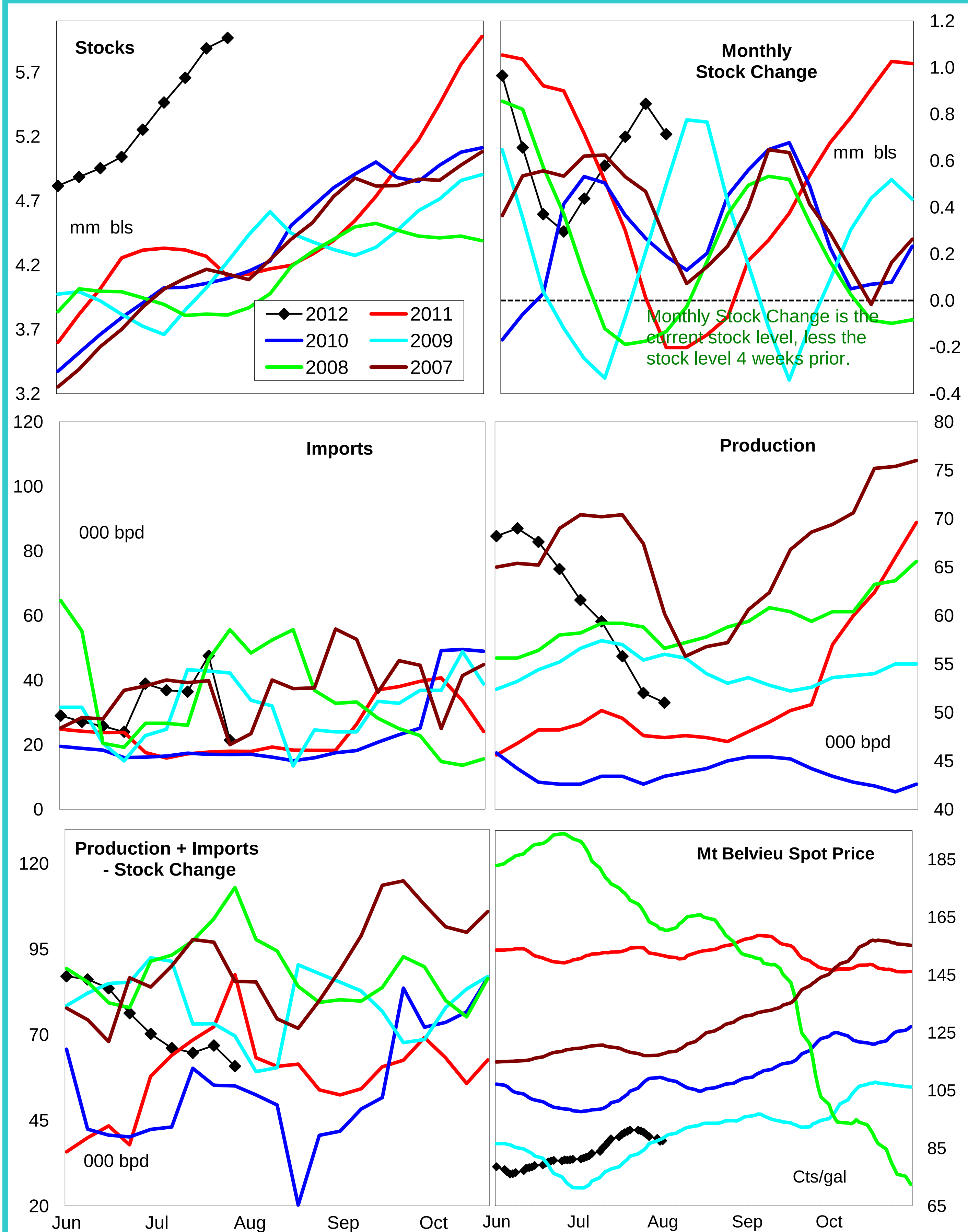
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,762	916	5	22	-8
% change	41.9	-453.0	9.8	123.4	-11.6

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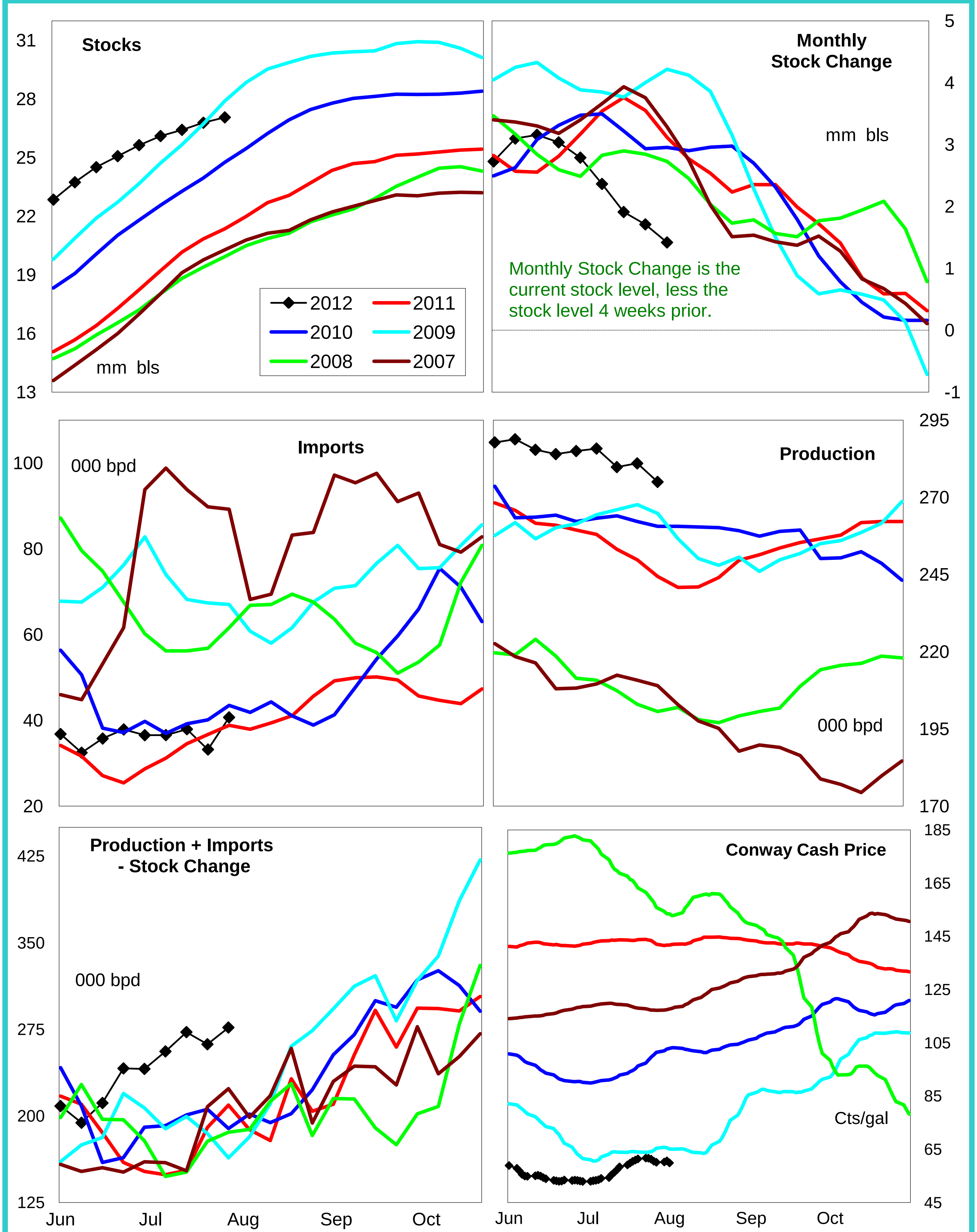
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	5,275	-1,697	28	-1	91
% change	24.2	-54.5	11.0	-2.3	52.1

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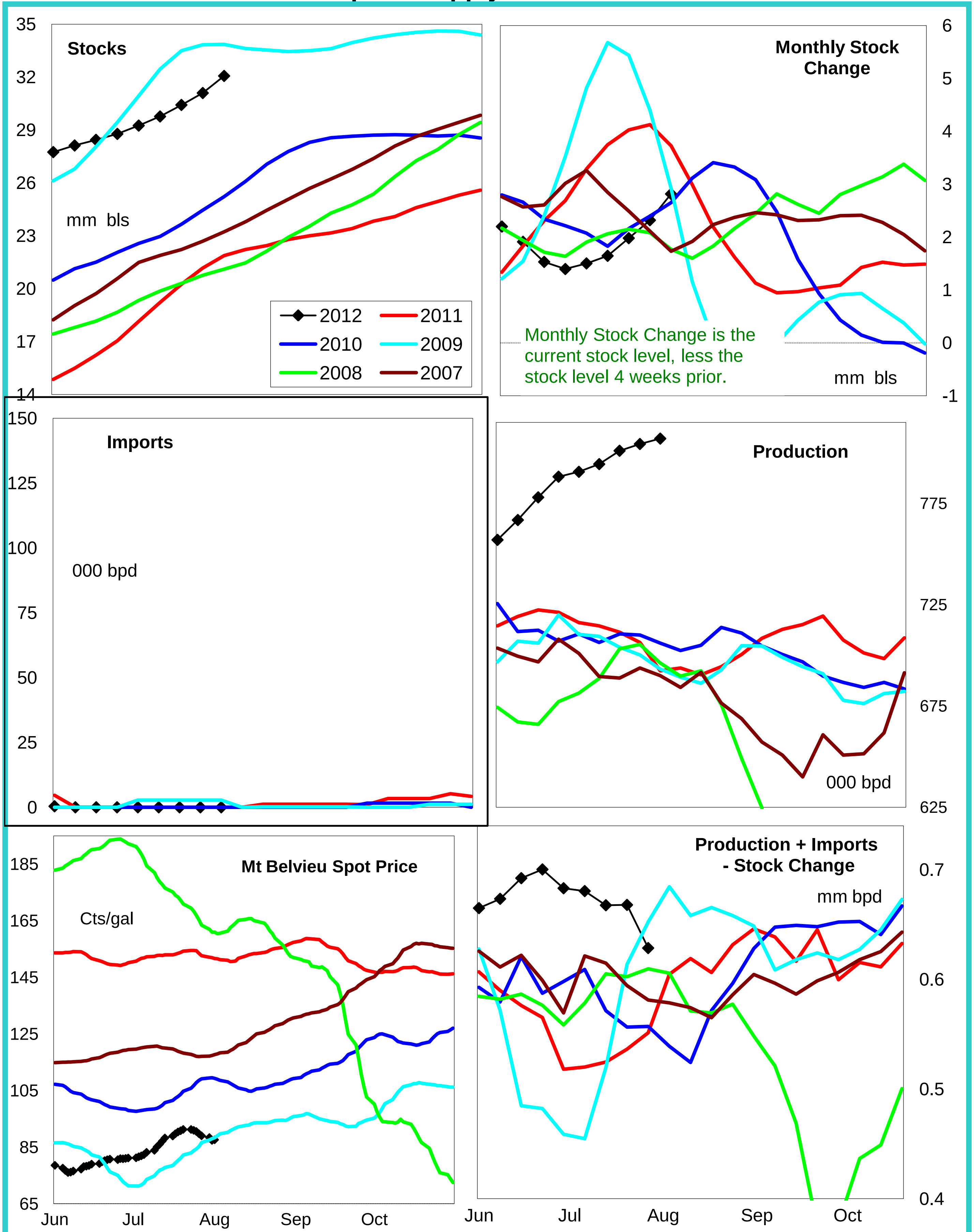
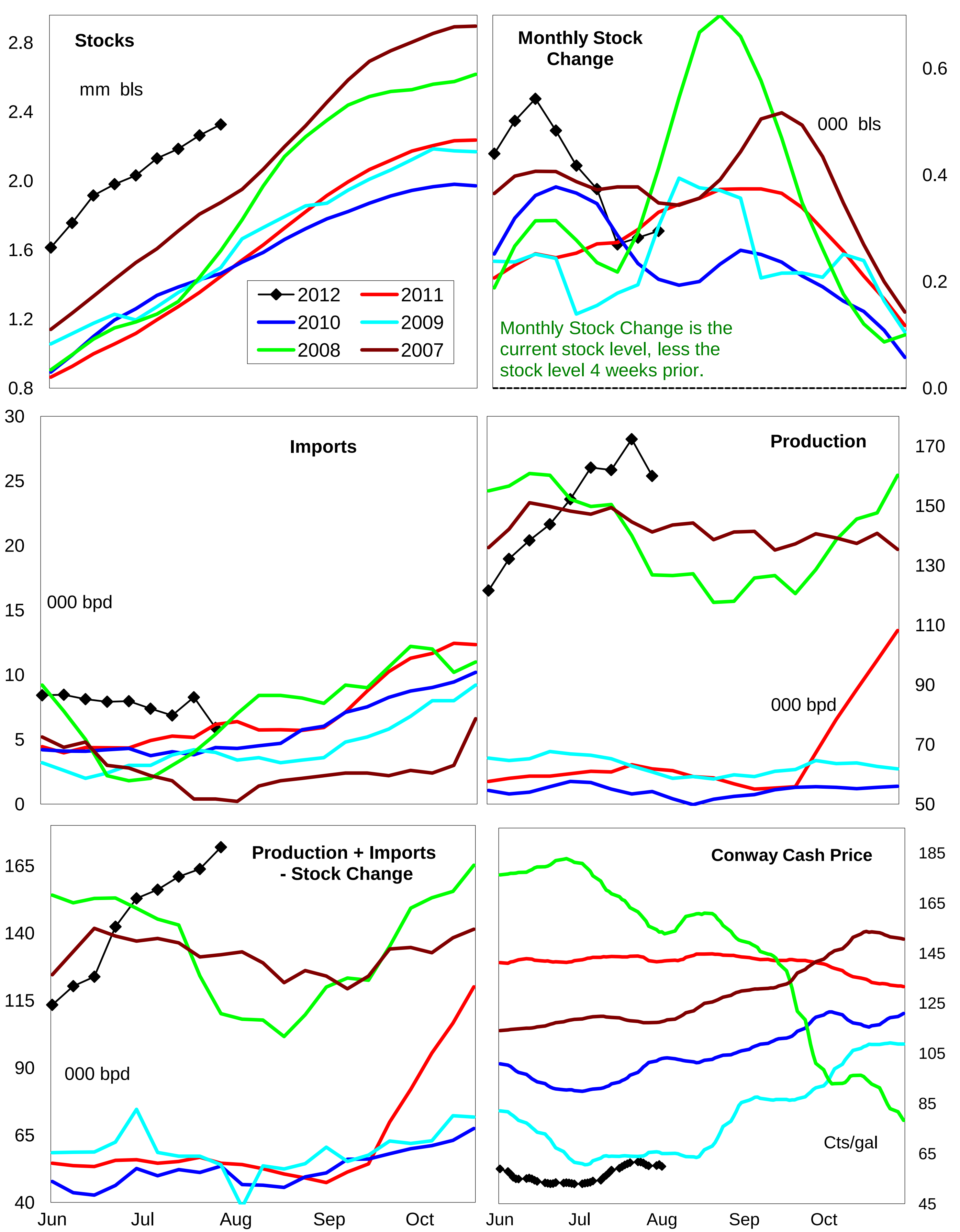
PADD 3 Propane Supply and Demand Balance



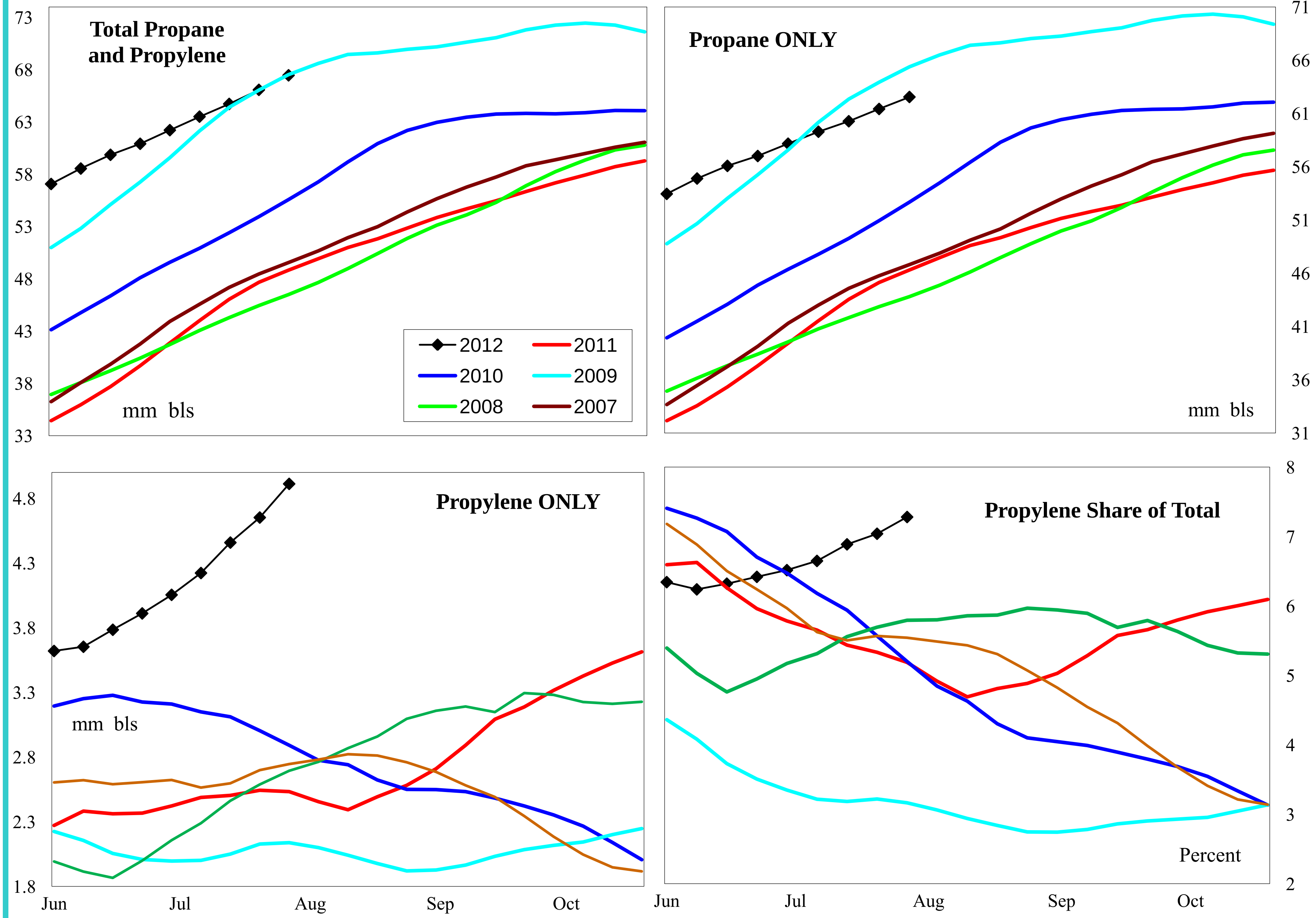
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	10,189	-911	97	0	128
% change	46.6	-24	13.7	#DIV/0!	22.3

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)	883	-35	103	2	108
% change	59.5	-10.7	164.7	47.0	195.2

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**18,109**	**15,639**	**2,378**
% change	**36.7**	**33.3**	**93.9**

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