WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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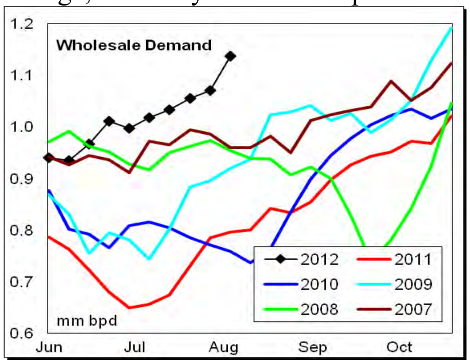
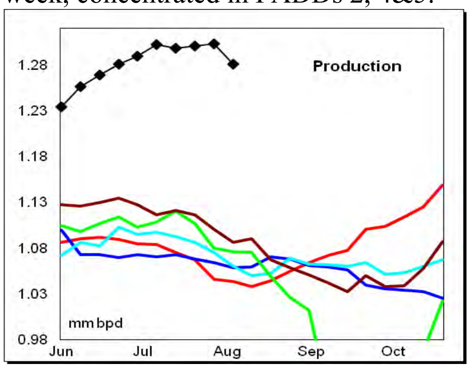
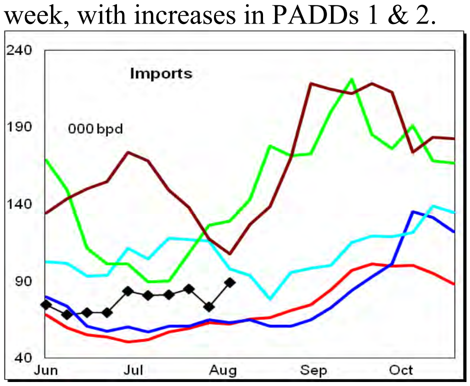
Summary[1]:
Wholesale demand jumped +130,000 bpd on the week, to a level well above the 5-year range. Demand remains unusually high for the off season on fuel substitution and deliveries into private storage, driven by low relative price.



Production decreased -12,000 bpd last week, concentrated in PADDs 2, 4&5.

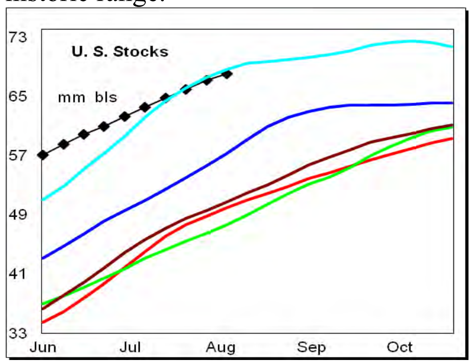


Imports increased +21,000 bpd on the week, with increases in PADDs 1 & 2.

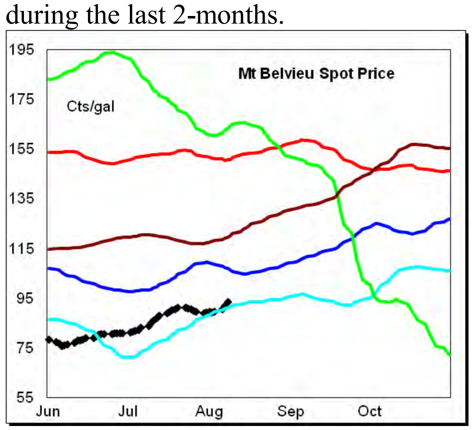


Combined production and imports during the latest 4-wk period were +279,000 bpd above a year ago. Production was +253,000 bpd above last year (+24%), while imports were +26,000 bpd higher. The latest 4-wk average demand was +287,000 bpd above last year, +35%.

Stocks increased +0.6 million barrels last week, and are now +37% above a year ago. The 4-wk stock change was a build of +4.6 million barrels, a level at the low end of the historic range.



Price and Spreads Mt Belvieu spot prices increased +6 cpg for the week ending 08Aug12, while Conway increased +13 cpg during the same week. Prices have increased +20 cpg from summer lows during the last 2-months.



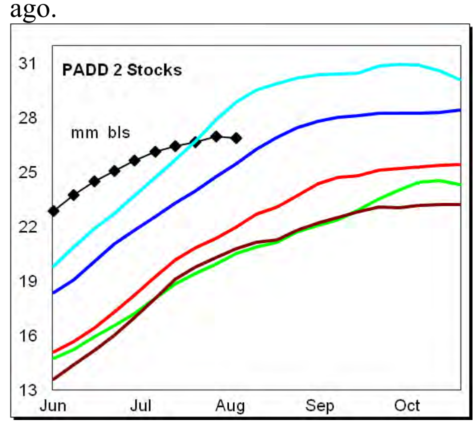
The Conway – Mt Belvieu price spread trended higher last week, ending the week at -20 cpg.

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

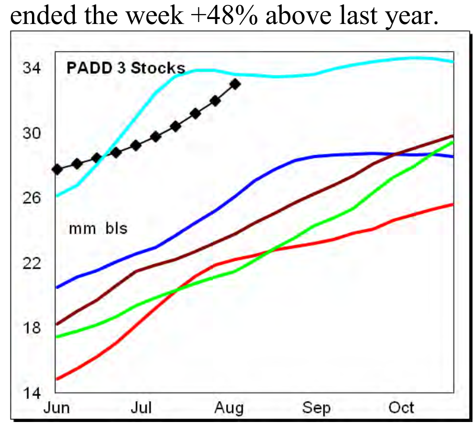
The propane / crude oil price spread traded sideways last week ending at a level well below the 5-year range.

PADD 1 stocks decreased -0.1 million barrels last week, ending the week +44% above a year ago. Supply increased +3,000 bpd on higher imports. Supply for the latest 4-wk period was +29,000 bpd above last year, on higher imports.

PADD 2 stocks decreased -0.2 million barrels on the week. Supply decreased -2,000 bpd on the week, due to lower production. The latest 4-wk supply was +28,000 bpd above a year ago. Stock levels ended the week 24% above a year ago.



PAD 3 stocks increased +0.9 million barrels on the week, with the 4-wk stock change a build of +3.2 million barrels, matching 5-year highs. Stock levels ended the week +48% above last year.



PADDs 4 & 5 stocks decreased -0.1 million barrels on the week, a level well above the historic range. The stock level was +48% above a year ago.

Emerging Trends Distributor summer fill programs should support increased wholesale demand during the next 60-days. Rising global energy prices have also supported the recent uptrend in propane prices. Low fall demand in the Midwest due to the drought and extremely high production assure very ample supplies. 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 8, 2012

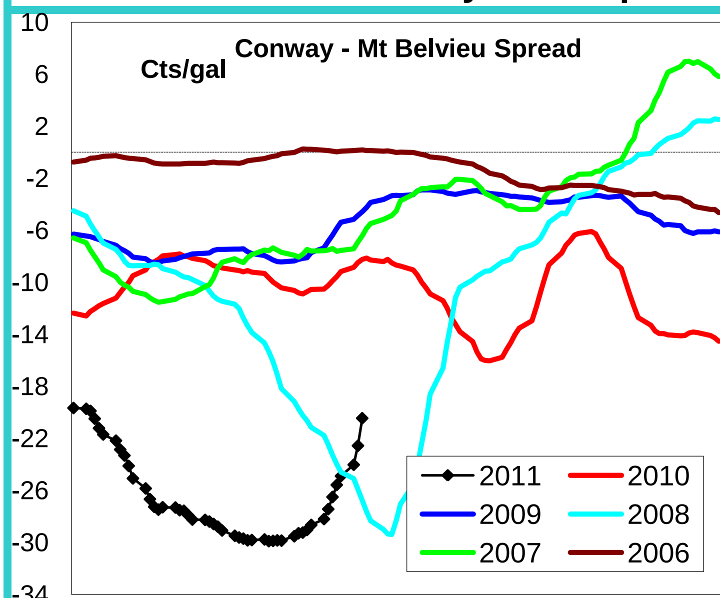
Fundamental Trends for the Week Ending: Friday, August 03, 2012

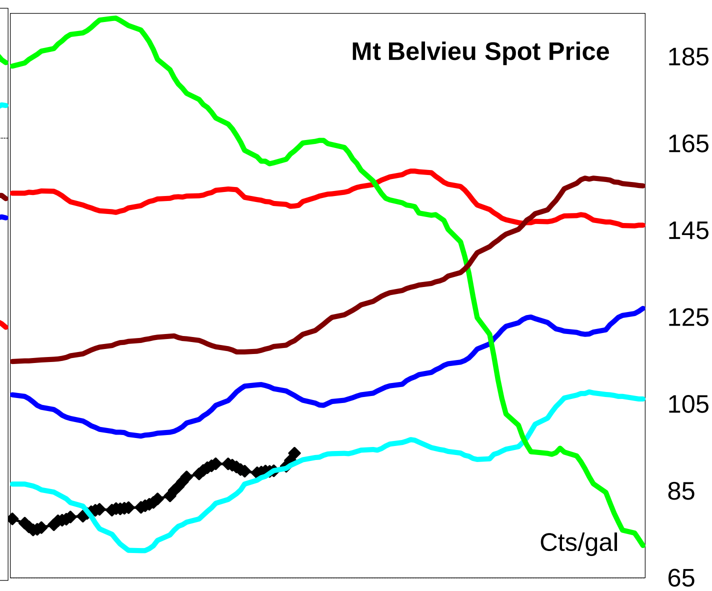
000 bpd / Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	68,056	5,873	26,864	33,008	2,311	593	-95	-197	941	-56
Propylene Stocks	4,967					55				
Production	1,281	48	258	825	150	-12	-3	-17	18	-10
Imports	89	28	56	0	6	21	6	15	0	0
Whsle Demand	1,177					130				

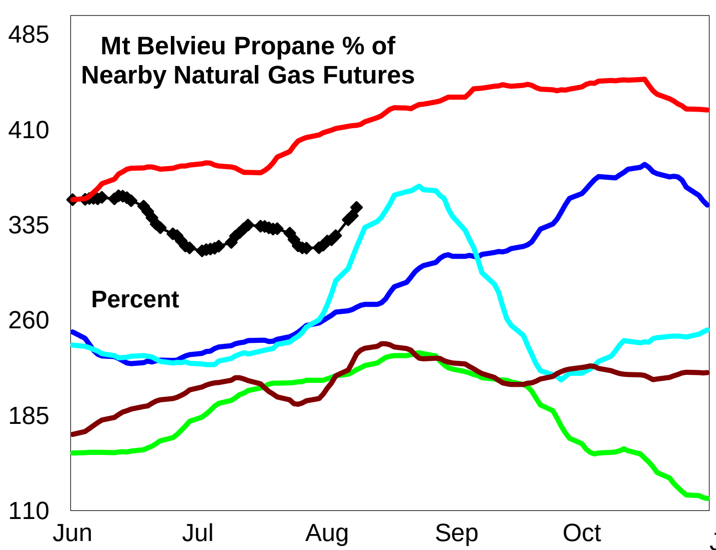
Price Trends for the Week Ending: Wednesday, August 08, 2012

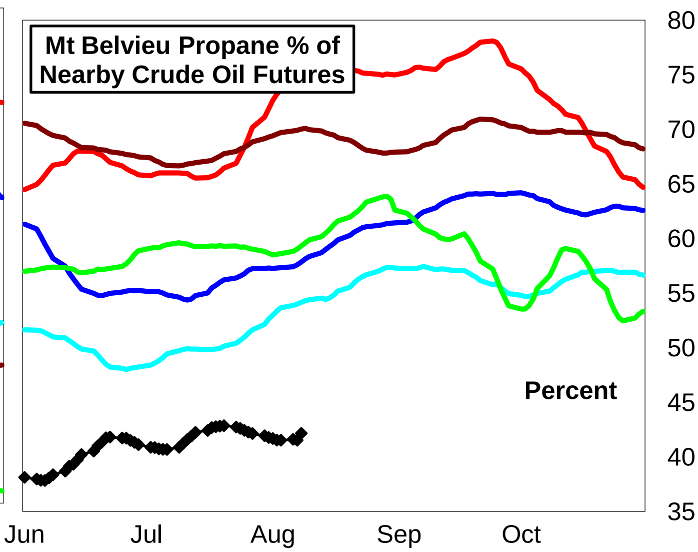
Cents/gal	Average for week ending:				Change from:			% change from:		
	8/8/12	8/1/12	7/11/12	8/11/11	8/1/12	7/11/12	8/11/11	8/1/12	7/11/12	8/11/11
Mont Belvieu Spot	90.7	88.4	83.1	147.8	2.29	5.34	-64.70	2.6	6.4	-43.8
Conway Spot	66.7	60.2	52.5	139.9	6.42	7.71	-87.32	10.7	14.7	-62.4

Key Price Spreads and Differentials

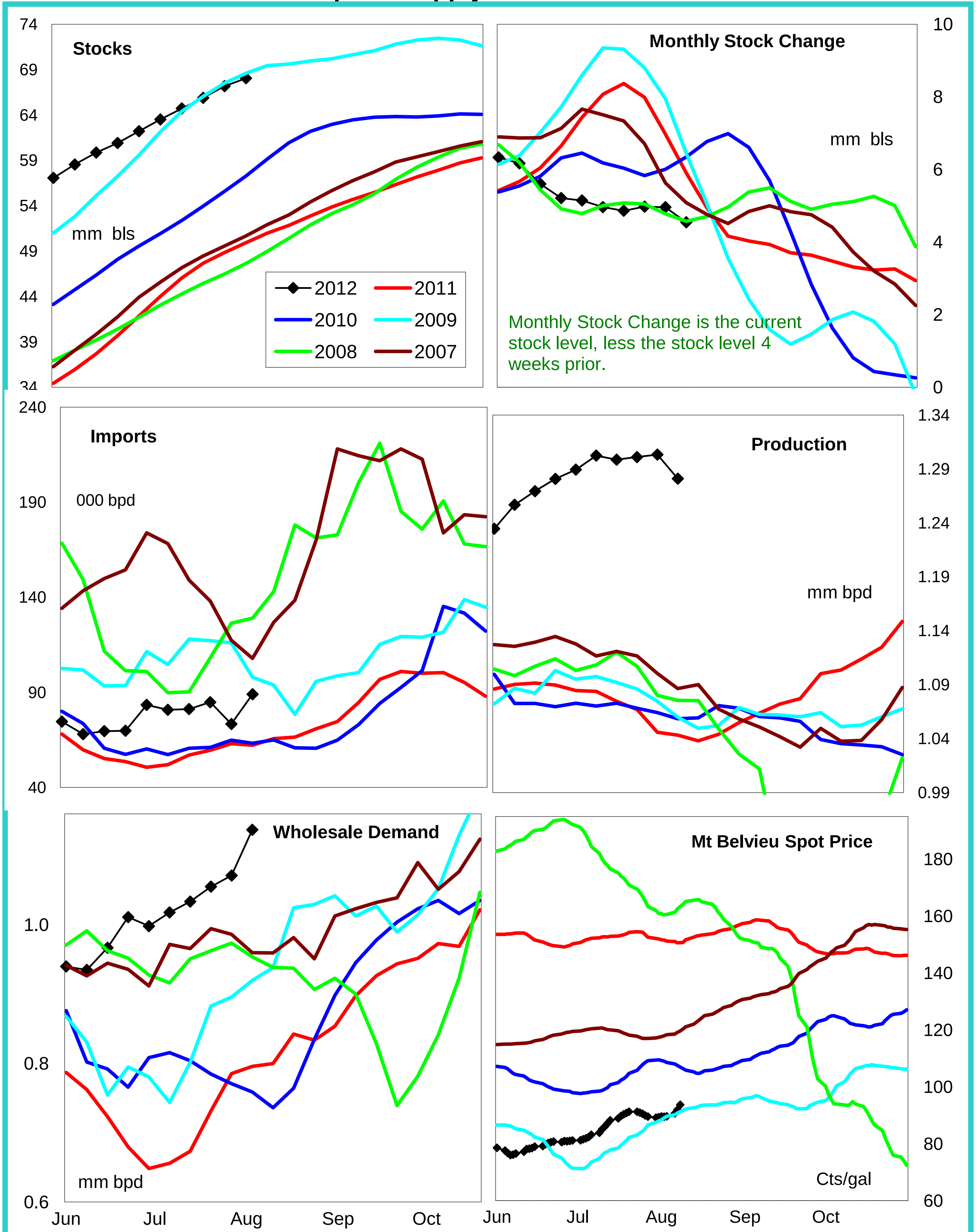








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jun	May	Apr
000 bpd (000 bls stks)	18,461	-1,359	253	26		287	155	-12	53
% change	37.2	-23	24.1	40.2		35.3	17.4	-1.3	5.7

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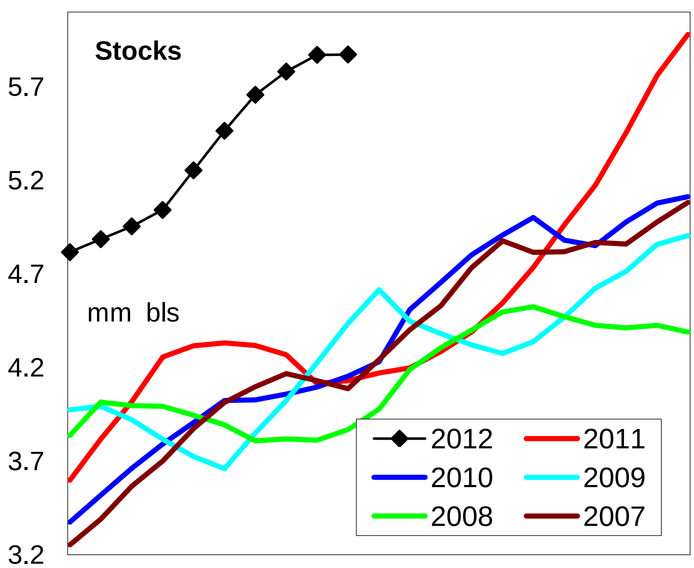
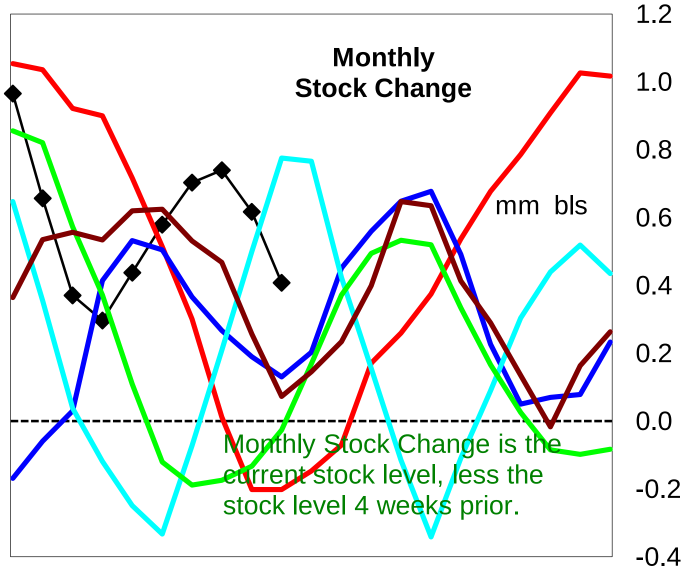
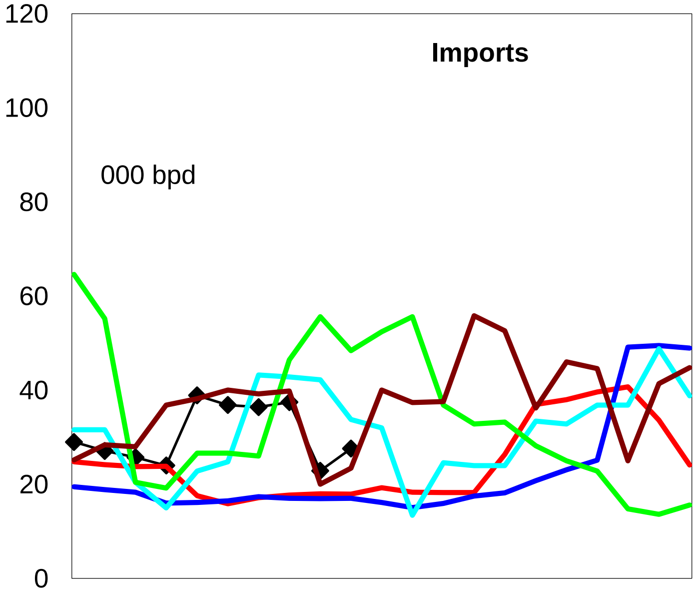
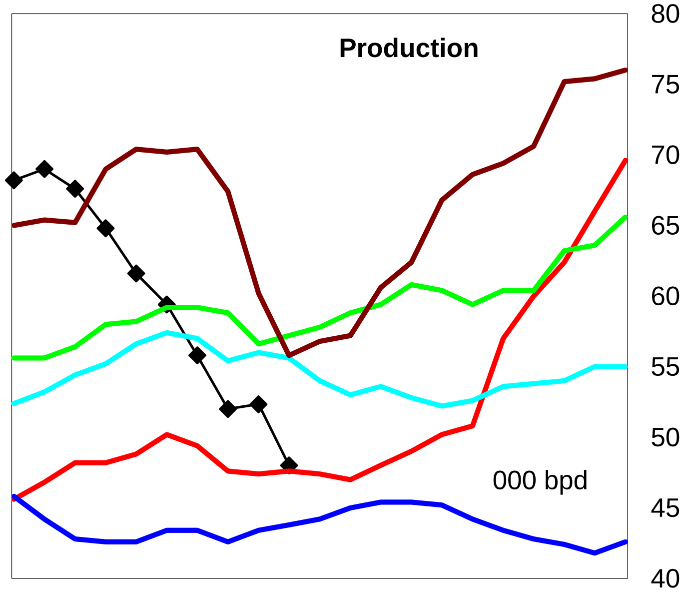
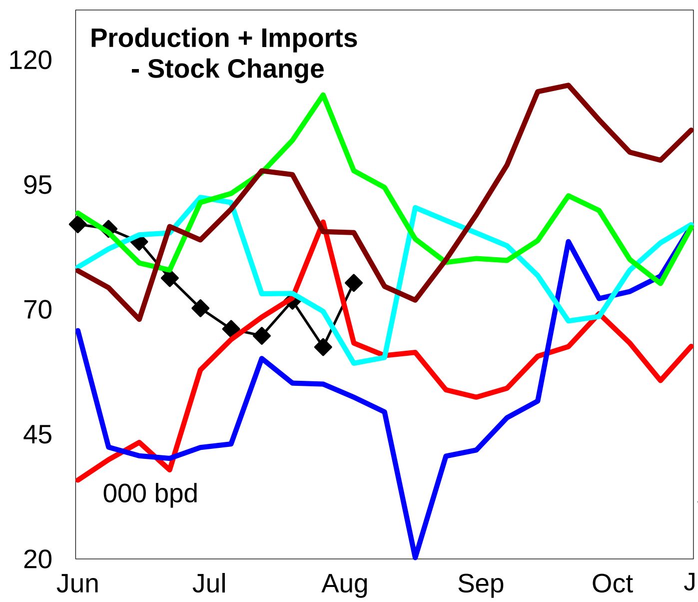
PADD 1 Propane Supply and Demand Balance

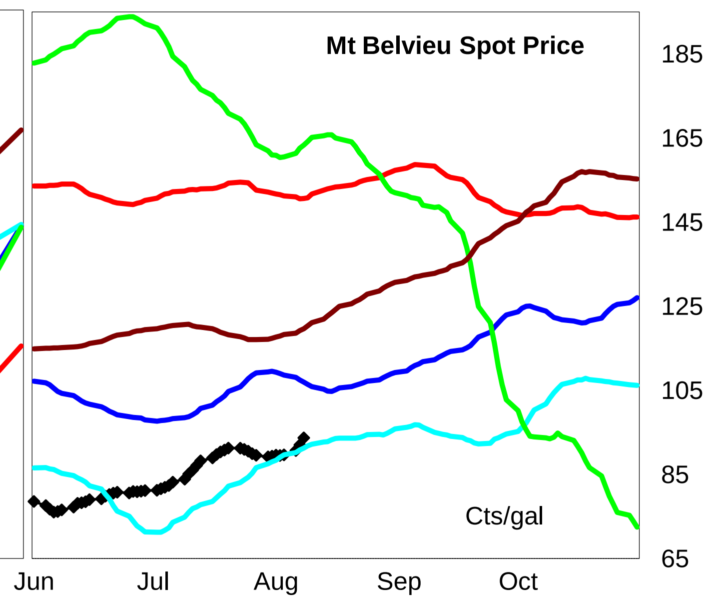












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,785	609	4	25	-4
% change	43.7	-302.4	7.4	140.1	-5.9

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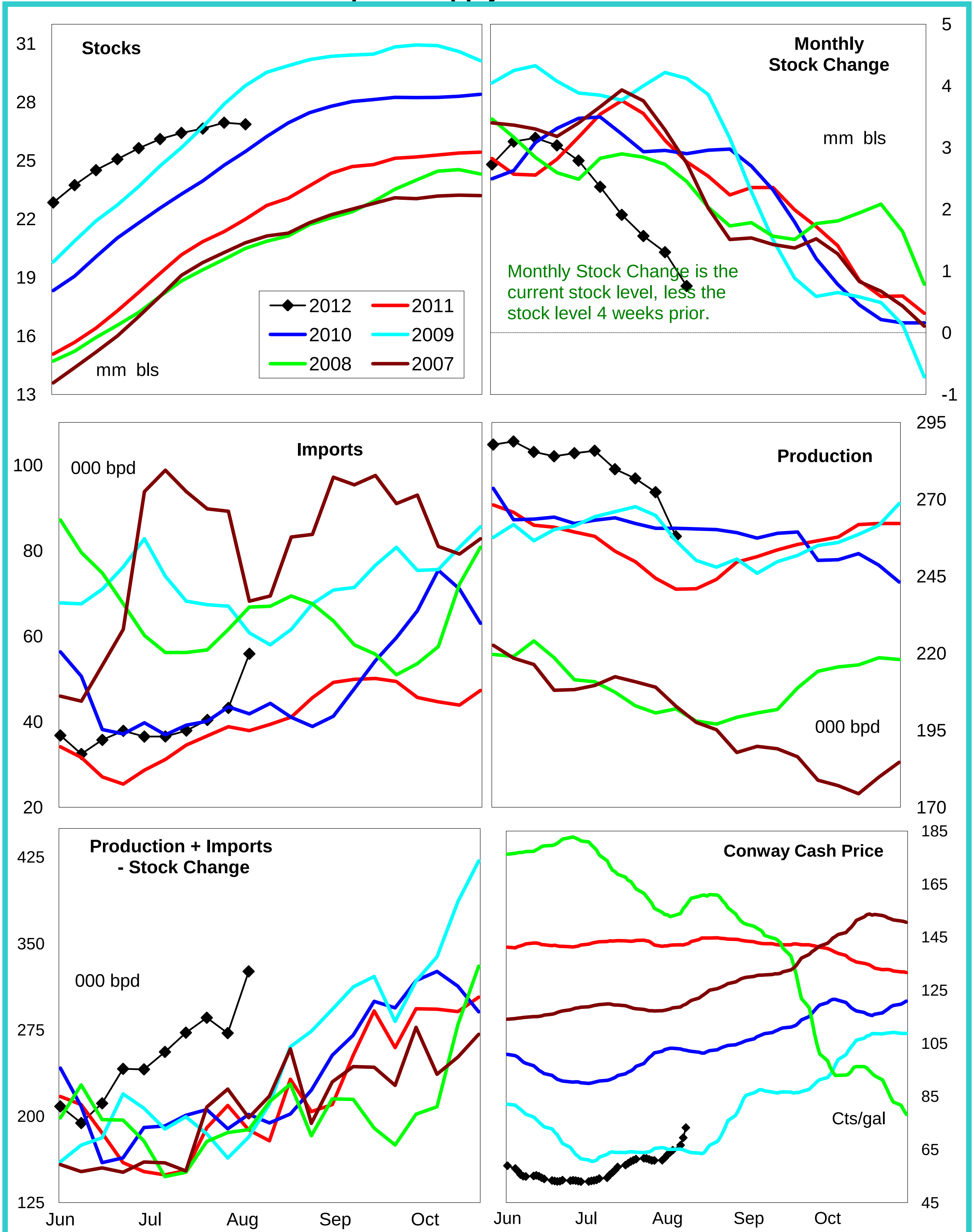
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	5,216	-2,013	29	-1	104
% change	24.1	-72.7	11.9	-2.8	56.1

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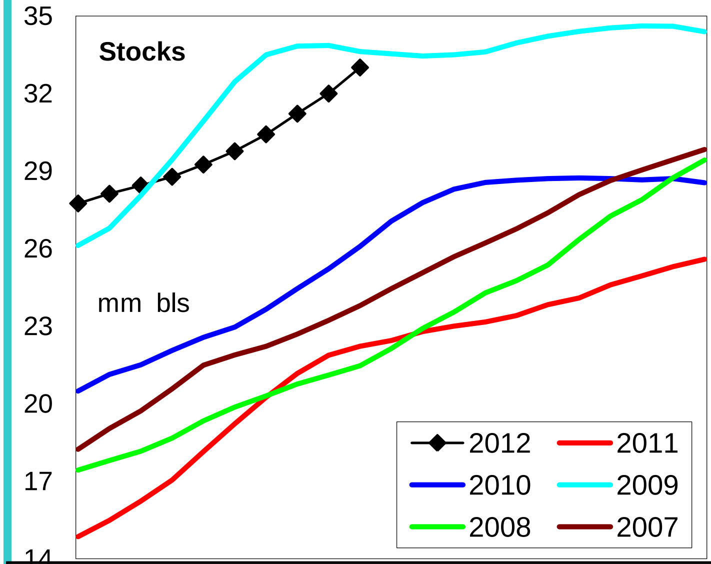
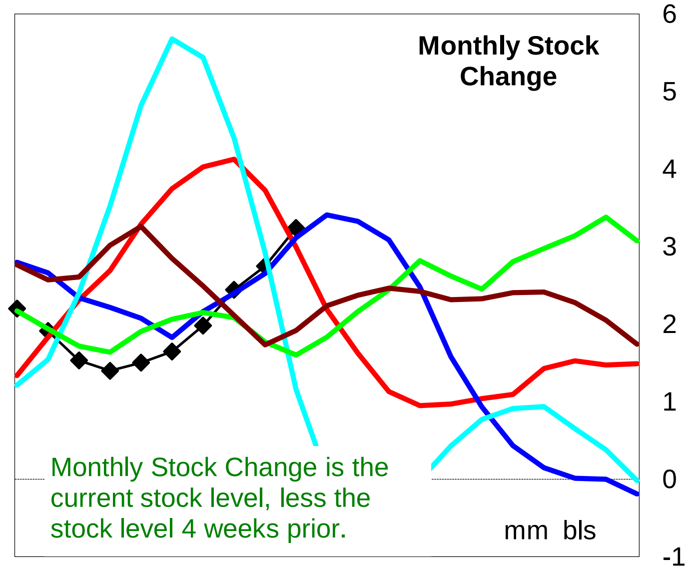
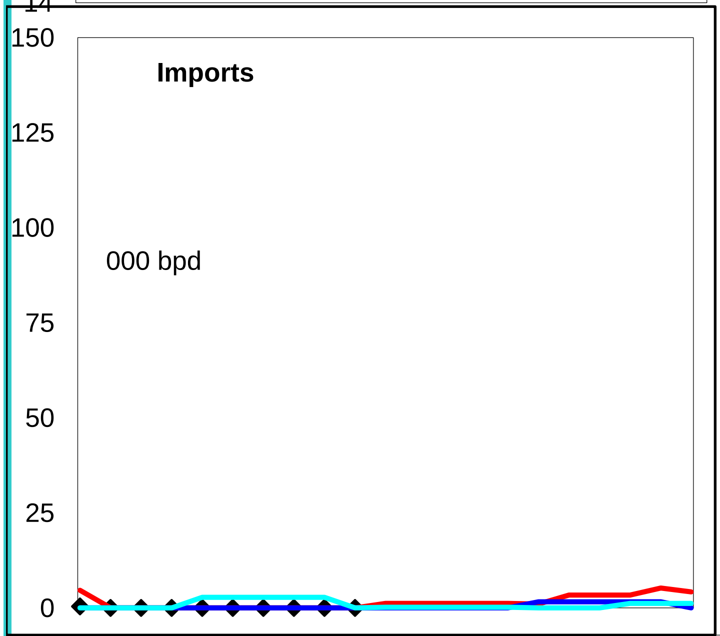
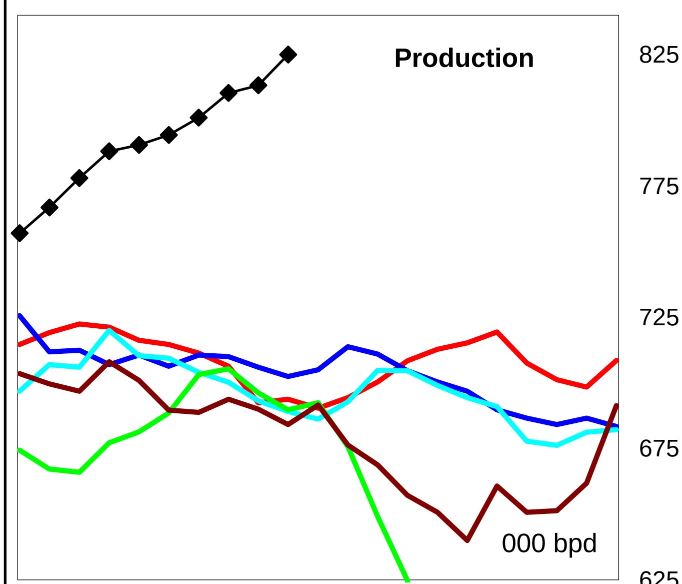
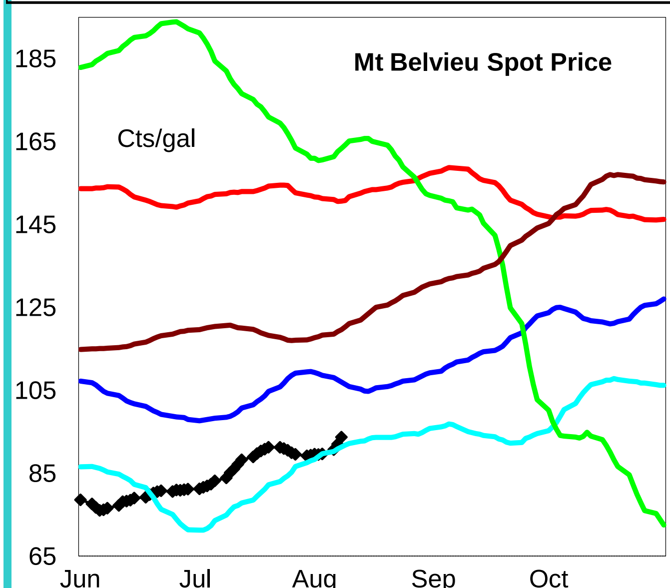
PADD 3 Propane Supply and Demand Balance

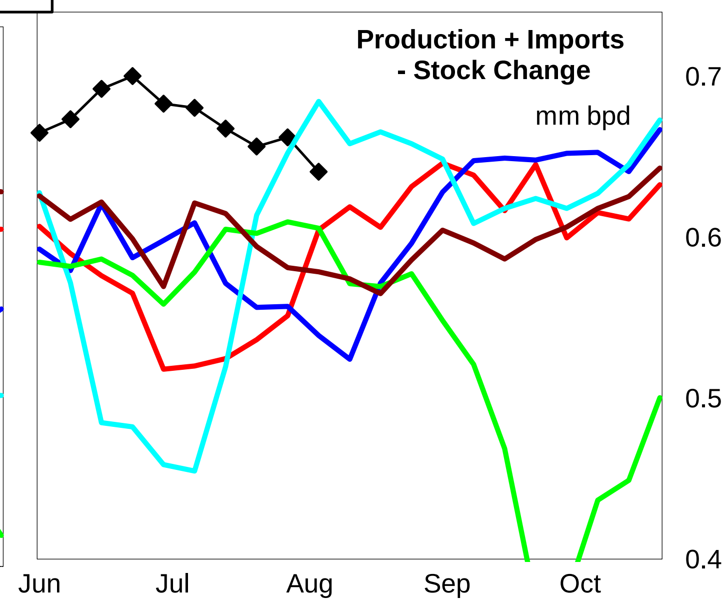












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	10,714	250	116	0	103
% change	48.1	8	16.6	#DIV/0!	17.3

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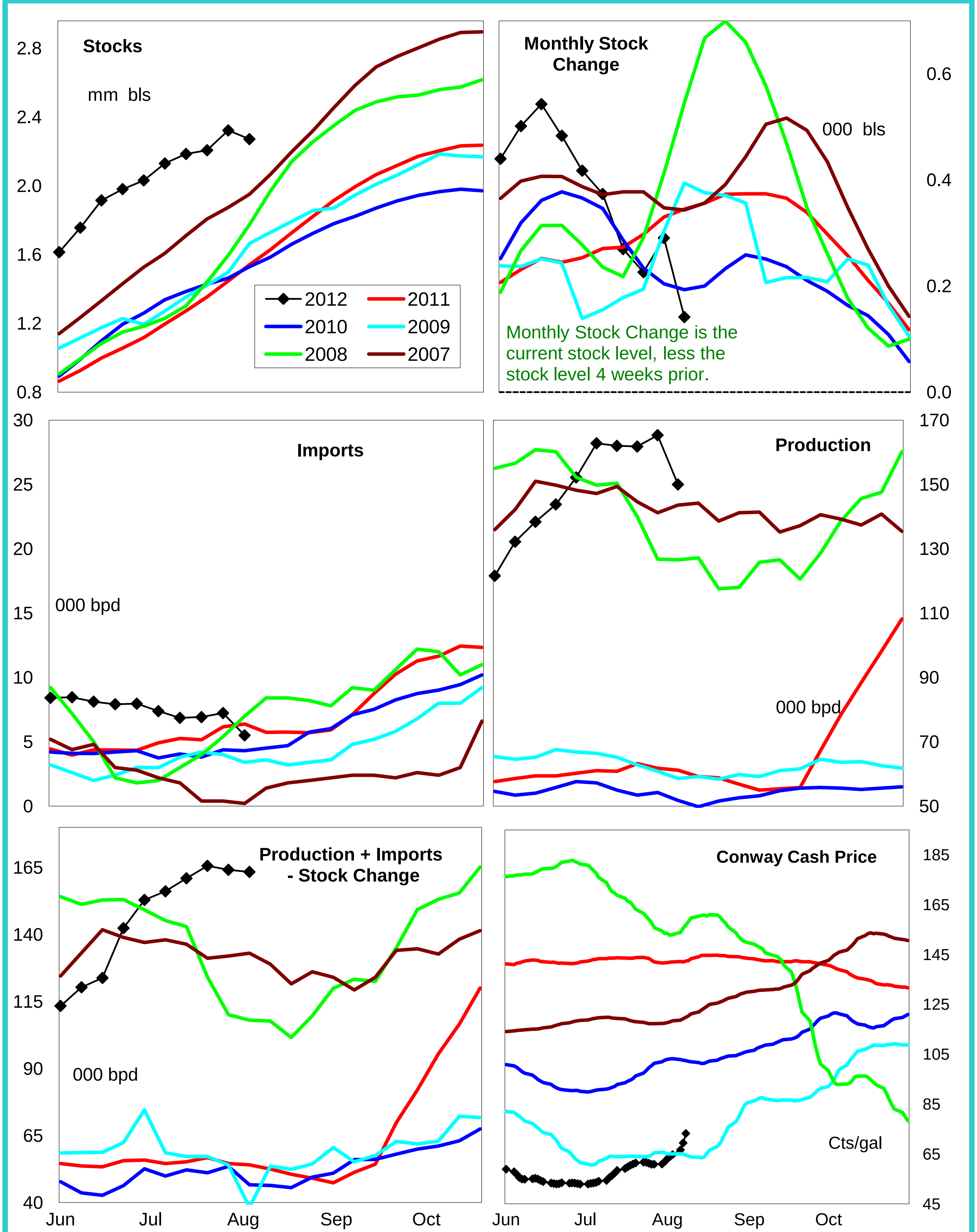
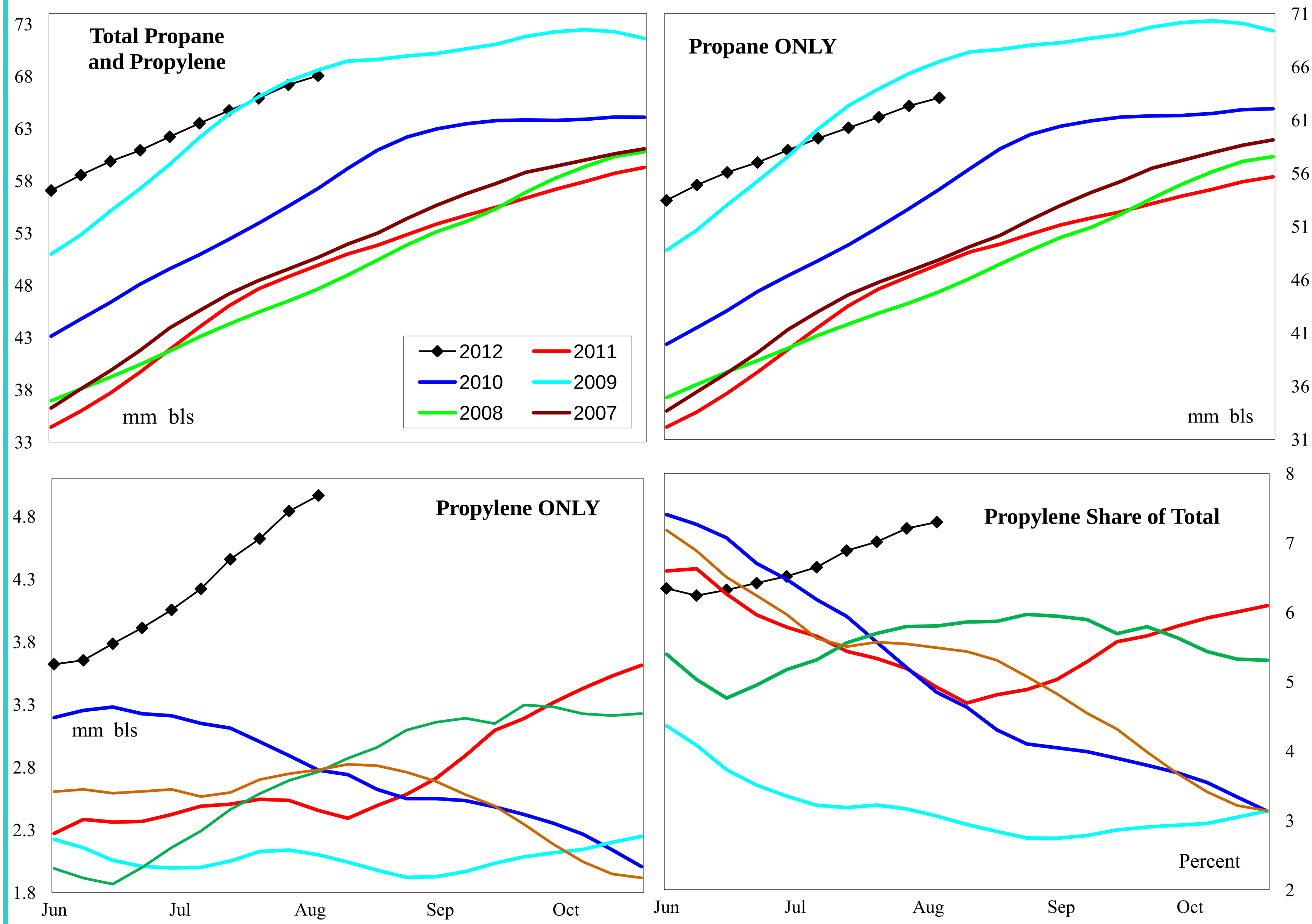
PADDs 4 and 5 Propane Supply and Demand Balance



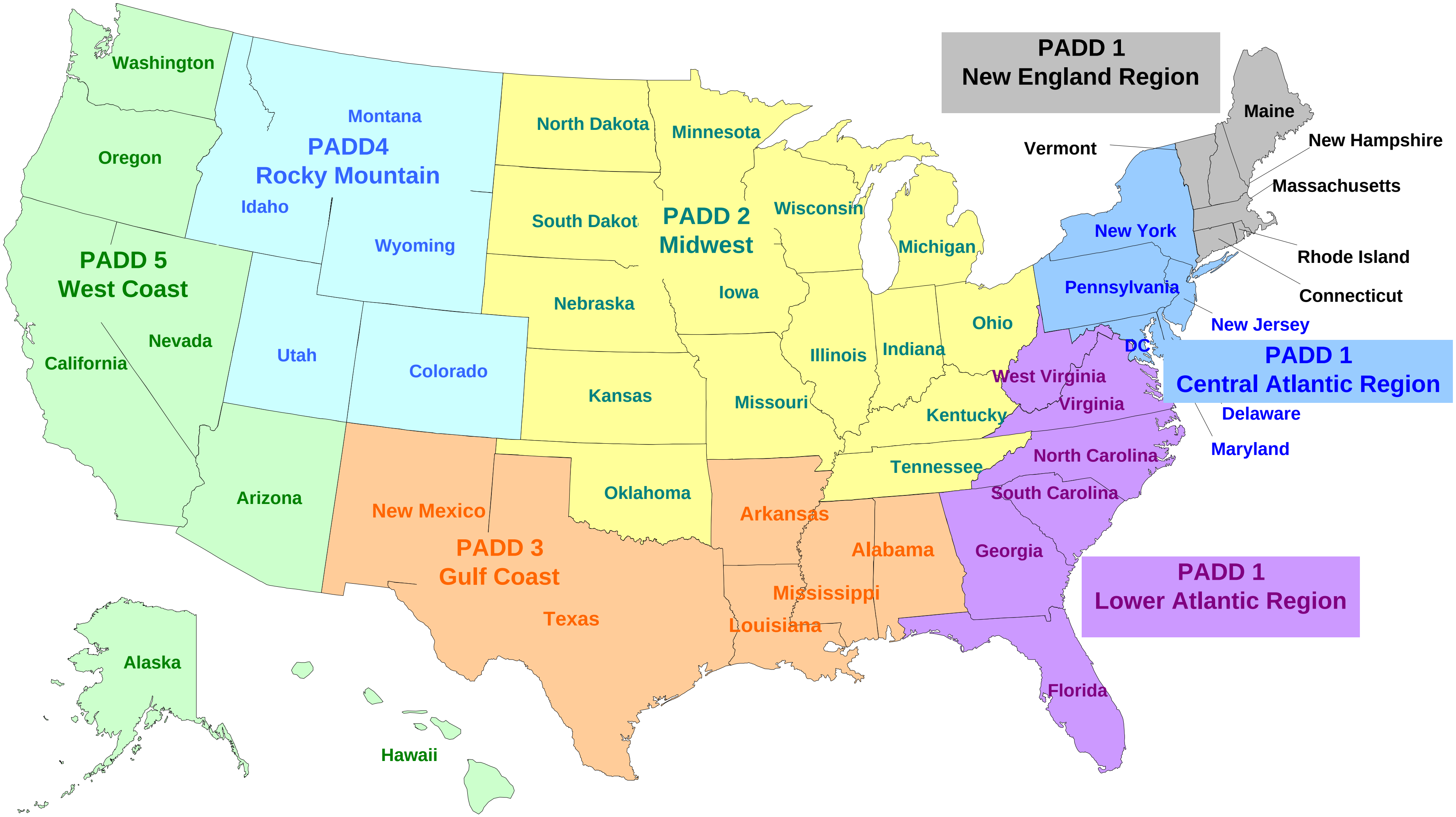
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	747	-203	105	2	108
% change	47.7	-59.0	170.0	30.6	196.4

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	18,461	15,946	2,512
% change	37.2	33.8	102.3

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



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