WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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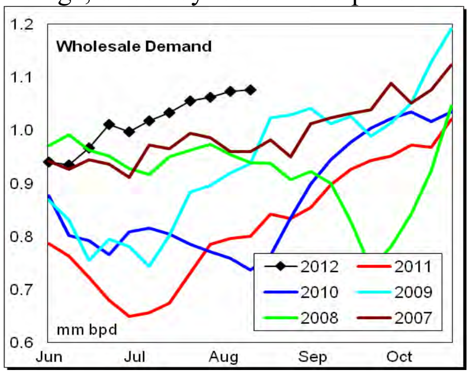
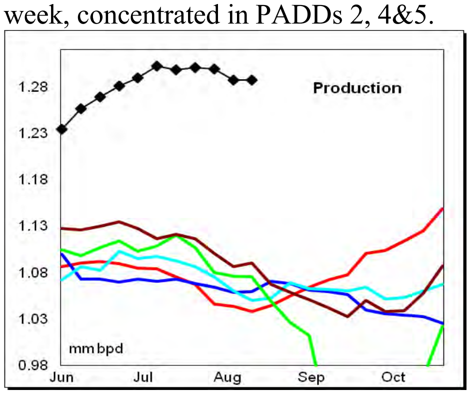
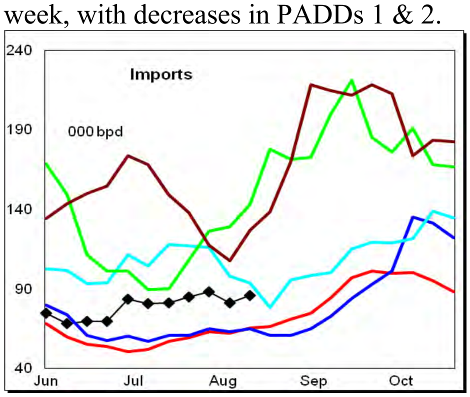
Summary[1]:
Wholesale demand decreased -60,000 bpd on the week, still a level well above the 5-year range. Demand remains unusually high for the off season on fuel substitution and deliveries into private storage, driven by low relative price.



Production increased +6,000 bpd last week, concentrated in PADDs 2, 4&5.

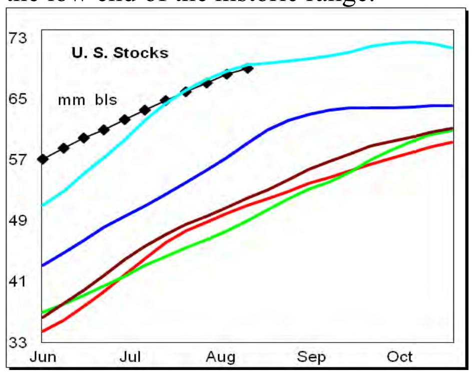


Imports decreased -3,000 bpd on the week, with decreases in PADDs 1 & 2.

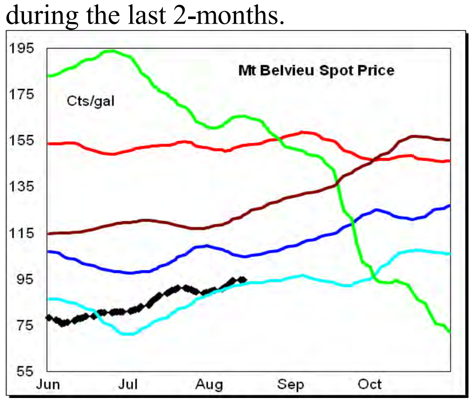


Combined production and imports during the latest 4-wk period were +275,000 bpd above a year ago. Production was +260,000 bpd above last year (+25%), while imports were +15,000 bpd higher. The latest 4-wk average demand was 263,000 bpd above last year, +31%.

Stocks increased +1 million barrels last week, and are now +37% above a year ago. The 4-wk stock change was a build of +4.3 million barrels, a level at the low end of the historic range.



Price and Spreads Mt Belvieu spot prices increased +3 cpg for the week ending 14Aug12, while Conway increased +8 cpg during the same week. Prices have increased +26 cpg from summer lows during the last 2-months.



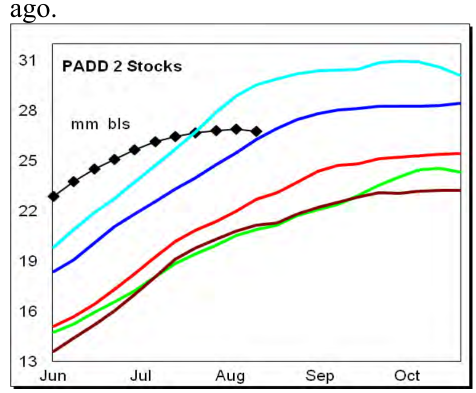
The Conway – Mt Belvieu price spread trended sharply higher last week, ending the week at -12 cpg.

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

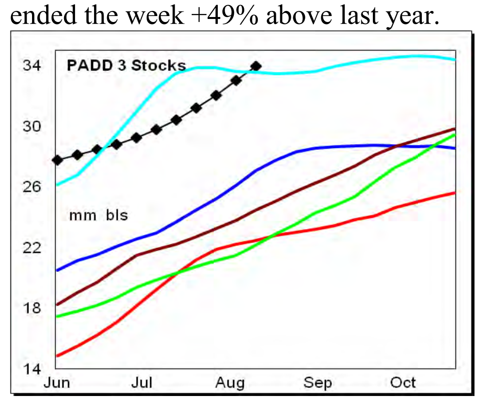
The propane / crude oil price spread traded sideways last week ending at a level well below the 5-year range.

PADD 1 stocks were unchanged on the week, ending the week +45% above a year ago. Supply was nearly unchanged on the week. Supply for the latest 4-wk period was +11,000 bpd above last year, on higher imports and production.

PADD 2 stocks decreased -0.1 million barrels on the week. Supply increased +13,000 bpd on the week, due to higher production. The latest 4-wk supply was +41,000 bpd above a year ago. Stock levels ended the week 22% above a year ago.



PAD 3 stocks increased +0.9 million barrels on the week, with the 4-wk stock change a build of +3.5 million barrels, matching 5-year highs. Stock levels ended the week +49% 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 +45% above a year ago.

Emerging Trends The rate of stock building continues at a record low level for this time of year. The decrease is concentrated in the Midwest, with stock builds in the Gulf matching 5-year highs. Conway spot prices reflect the lack of stock builds in the Midwest, rising sharply compared to Mt Belvieu in the last 2-wks. From summer lows of nearly -30 cpg, the spread is now -12 cpg. The overall market remains well supplied; 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 15, 2012

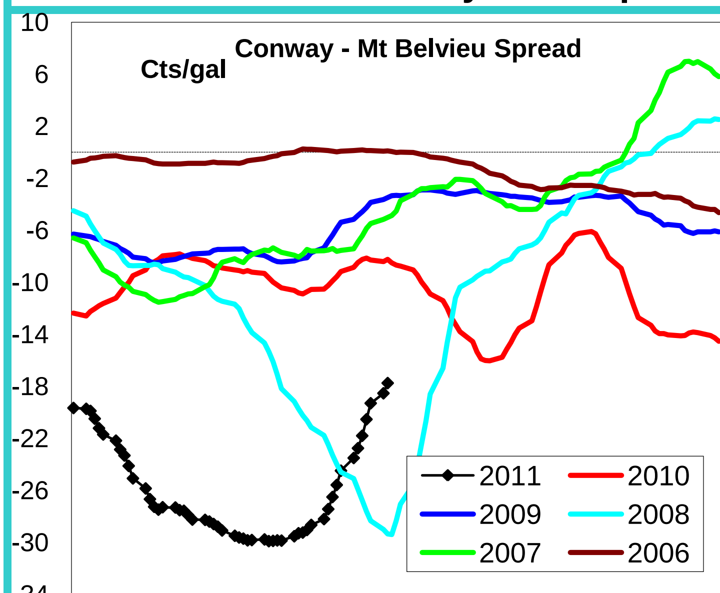
Fundamental Trends for the Week Ending: Friday, August 10, 2012

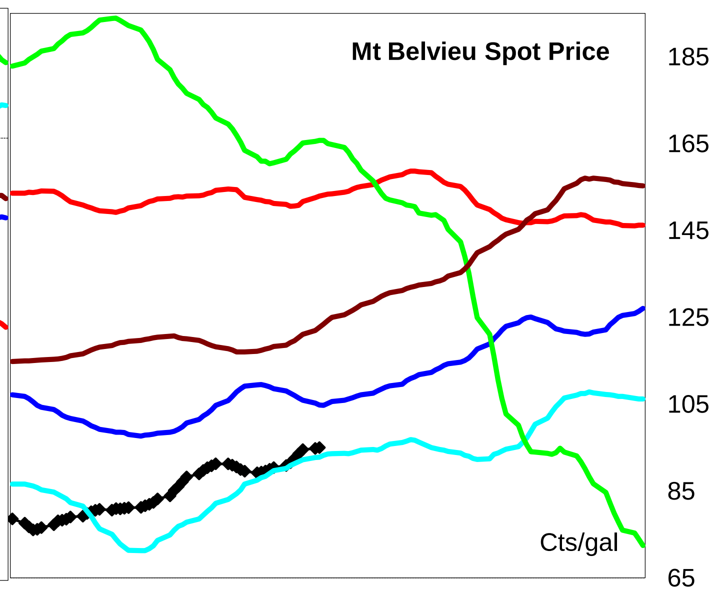
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	69,027	5,891	26,766	33,947	2,423	971	18	-98	939	112
Propylene Stocks	5,172					205				
Production	1,287	51	275	795	166	6	3	17	-30	16
Imports	86	26	52	0	9	-3	-2	-4	0	3
Whsle Demand	1,117					-60				

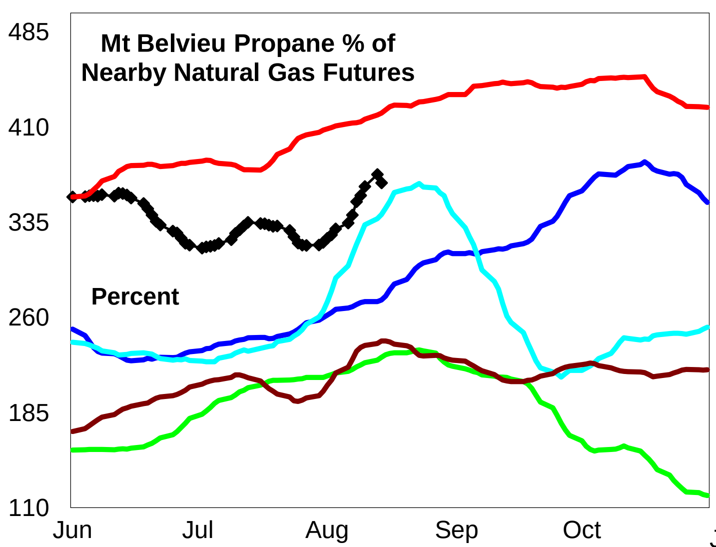
Price Trends for the Week Ending: Tuesday, August 14, 2012

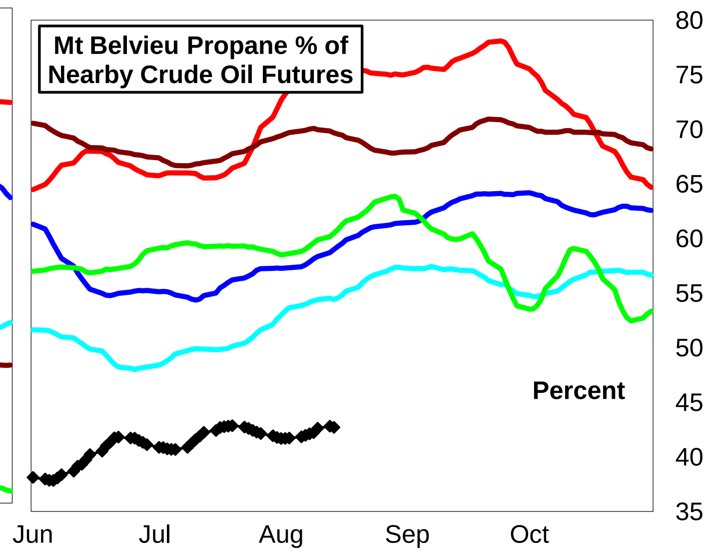
Cents/gal	Average for week ending:				Change from:			% change from:		
	8/14/12	8/7/12	7/17/12	8/17/11	8/7/12	7/17/12	8/17/11	8/7/12	7/17/12	8/17/11
Mont Belvieu Spot	94.5	89.5	88.0	153.0	5.06	1.46	-65.03	5.7	1.7	-42.5
Conway Spot	75.2	64.0	58.5	145.2	11.24	5.54	-86.70	17.6	9.5	-59.7

Key Price Spreads and Differentials

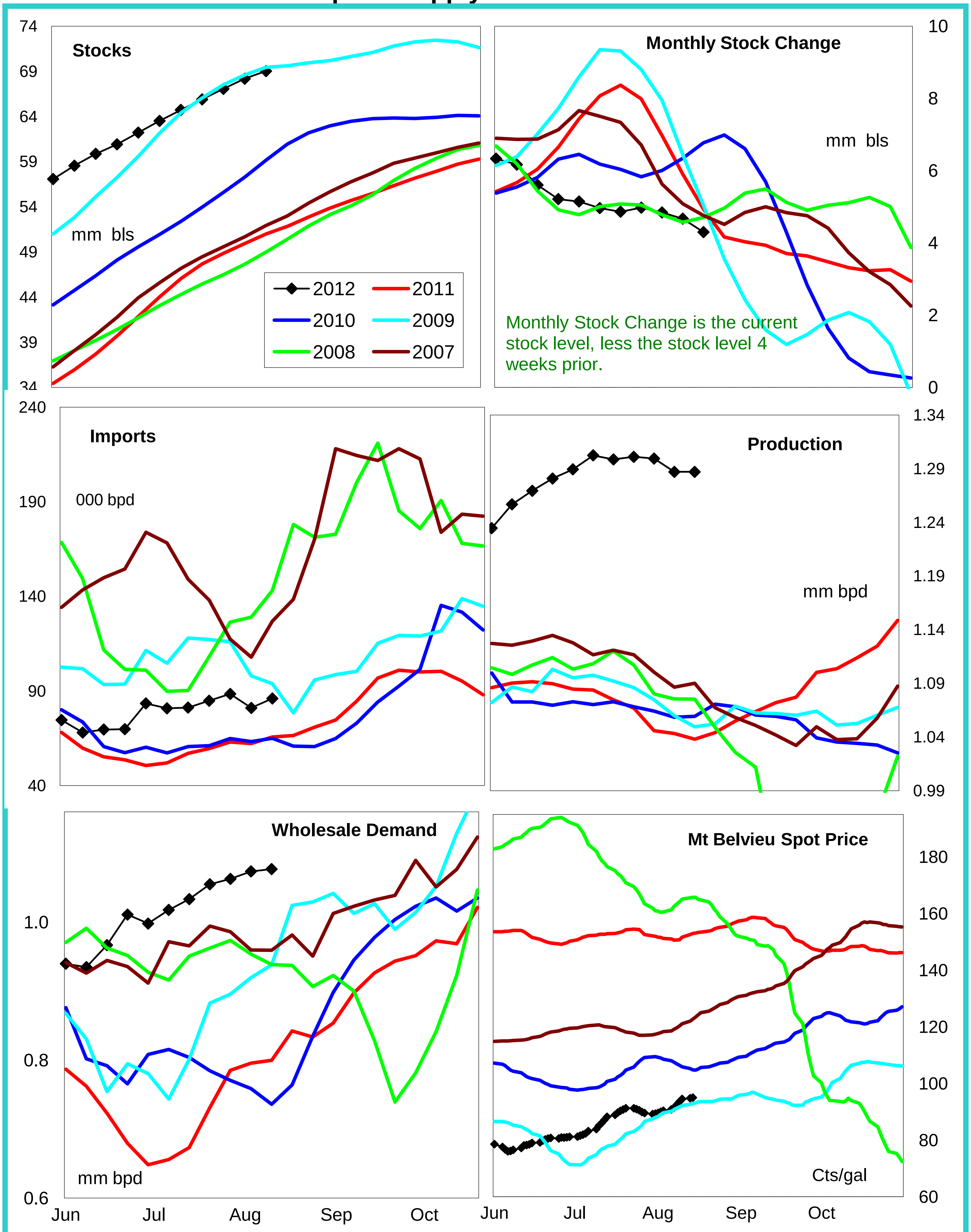








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jul	Jun	May
000 bpd (000 bls stks)	18,645	-640	260	15		263	181	155	161
% change	37.0	-13	25.0	23.4		30.9	19.7	17.4	17.2

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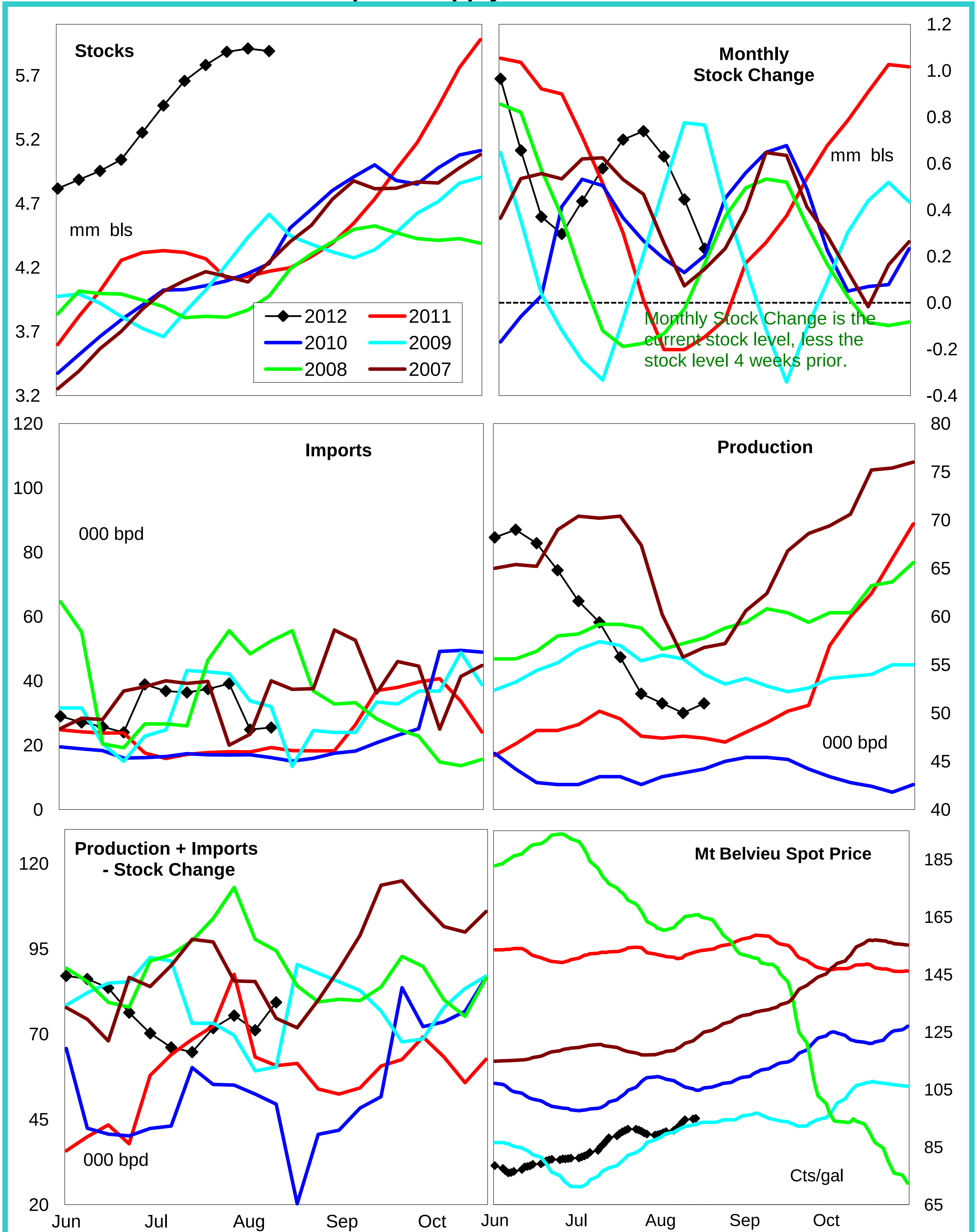
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,825	380	5	6	3
% change	44.9	-258.4	10.1	32.9	4.8

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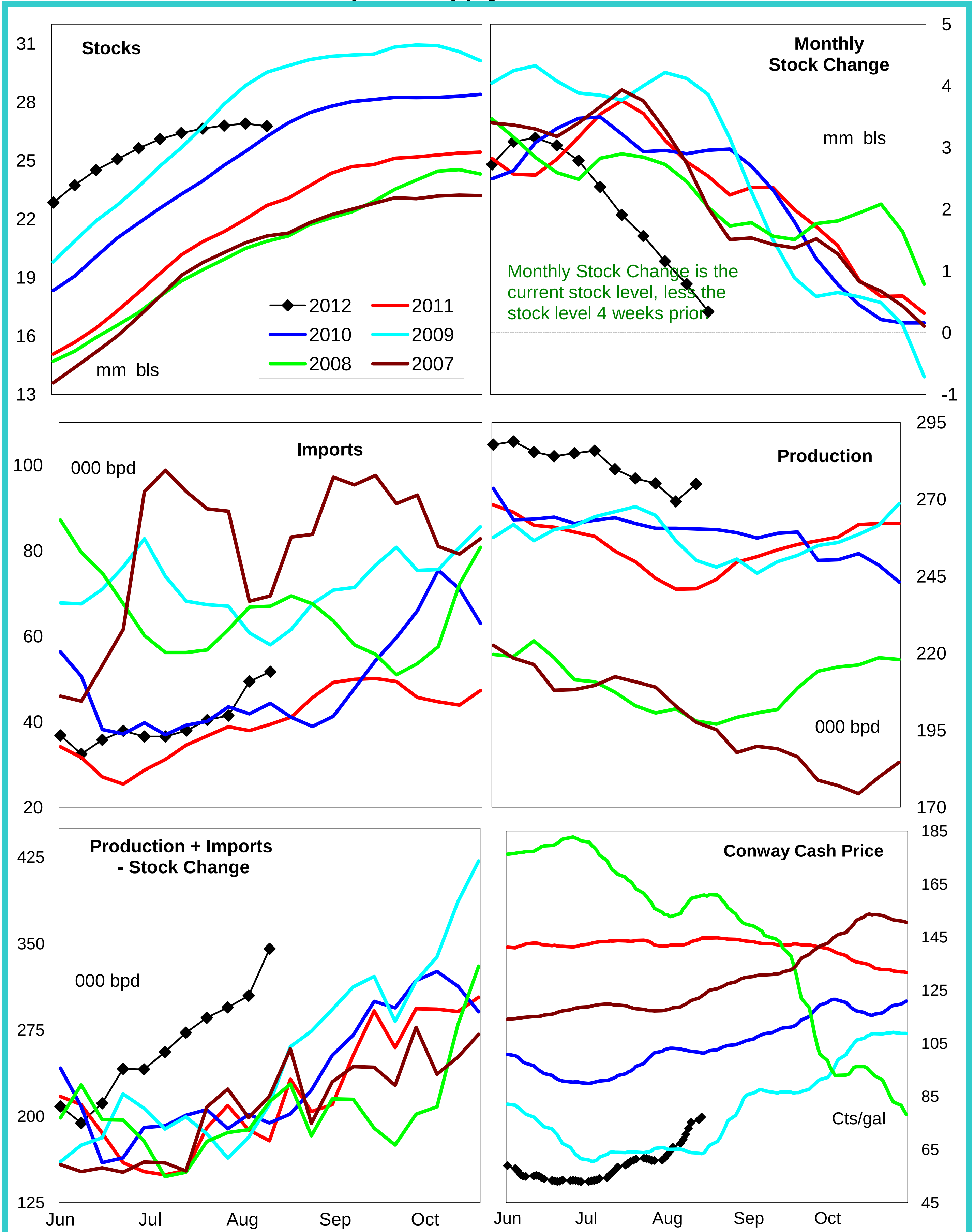
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	4,870	-2,195	33	8	116
% change	22.2	-86.5	13.6	20.1	60.6

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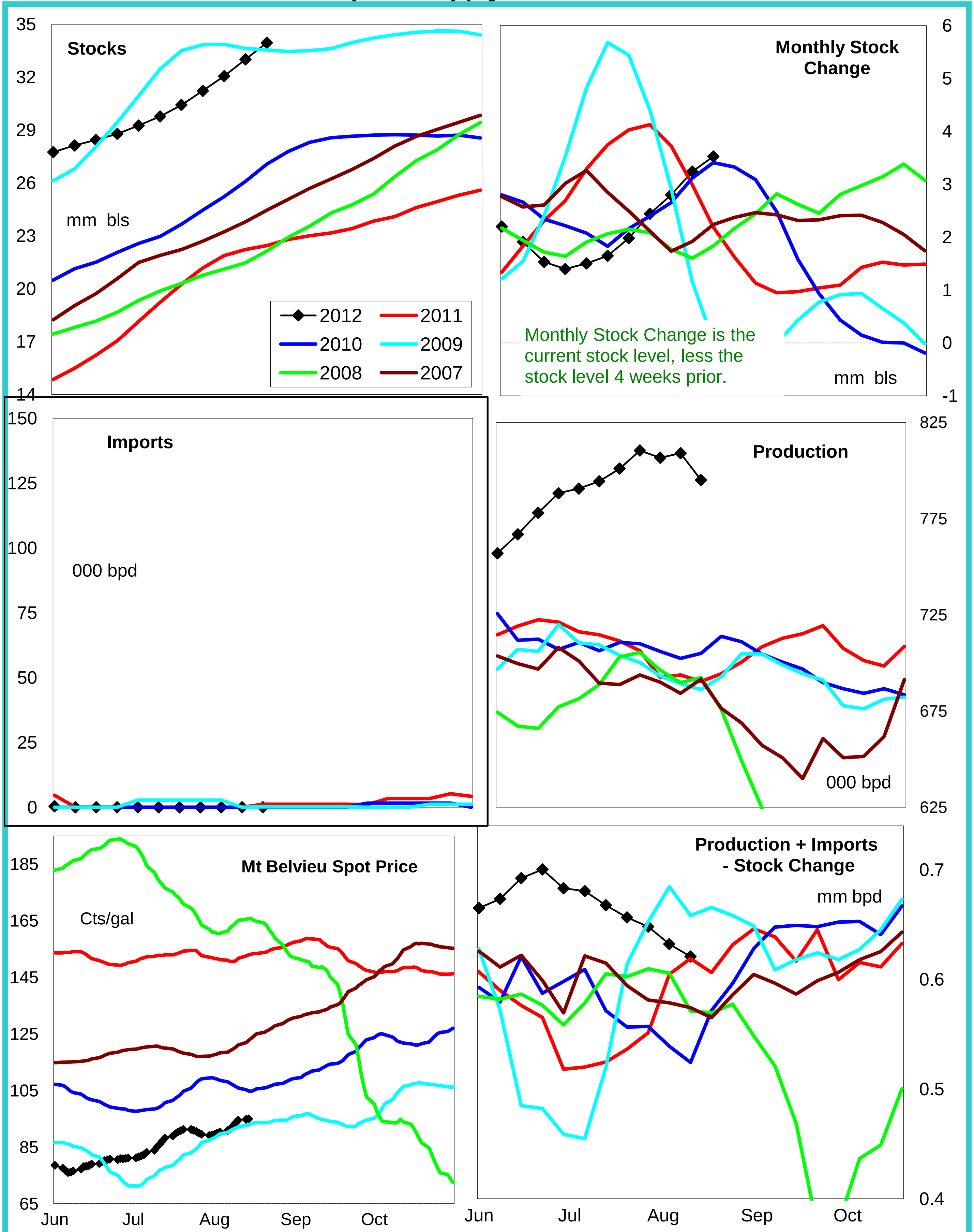
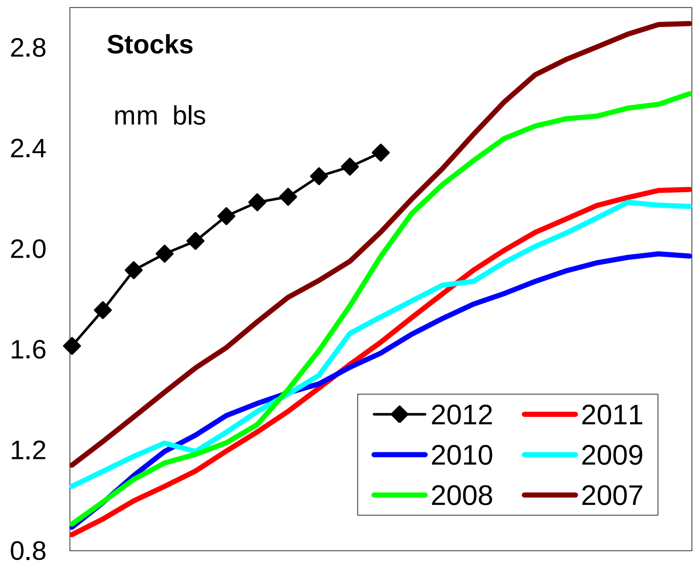
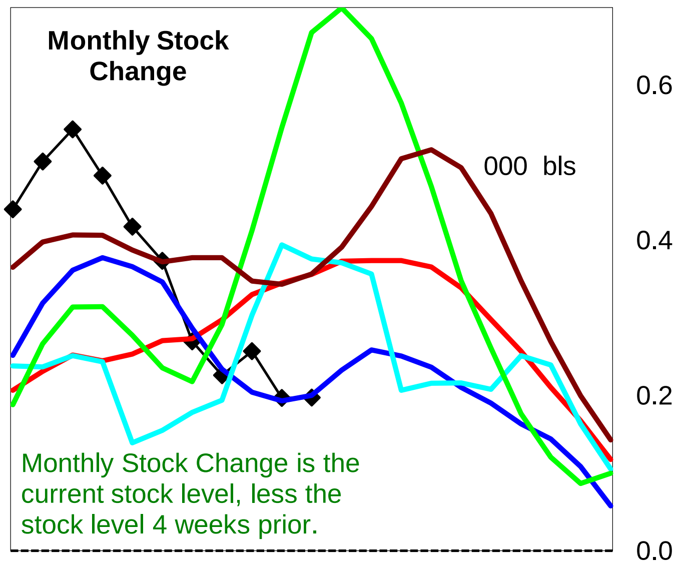
PADD 3 Propane Supply and Demand Balance

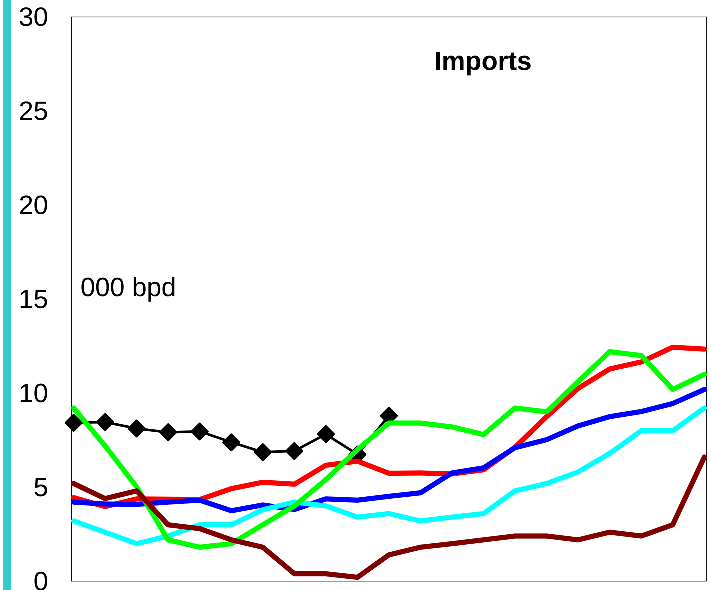


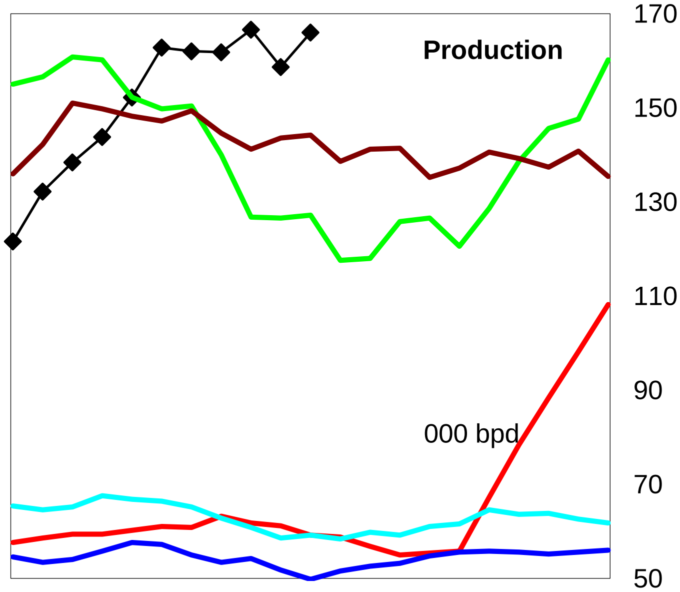
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	11,200	1,334	119	0	62
% change	49.2	61	17.3	#DIV/0!	10.0

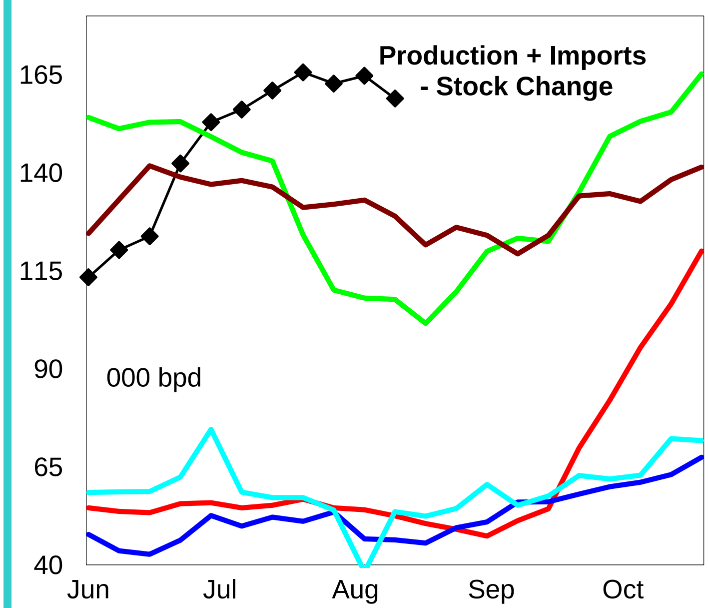
PADDs 4 and 5 Propane Supply and Demand Balance

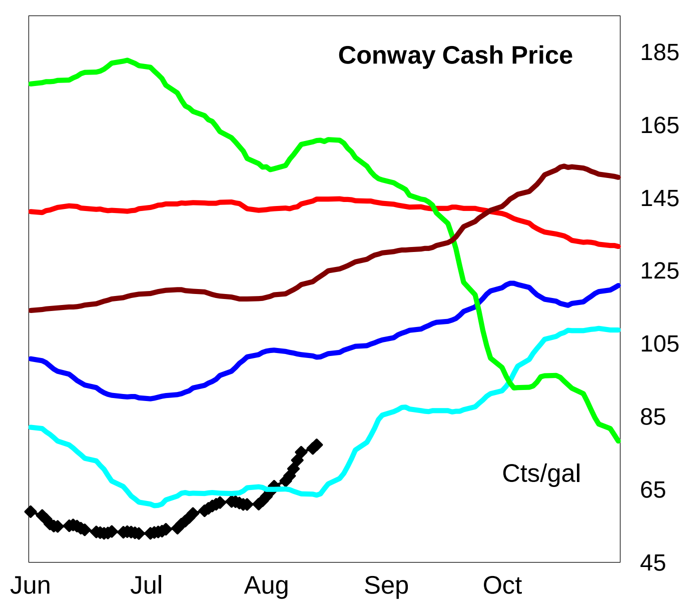












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	751	-159	103	1	109
% change	44.9	-44.6	164.8	16.9	199.2

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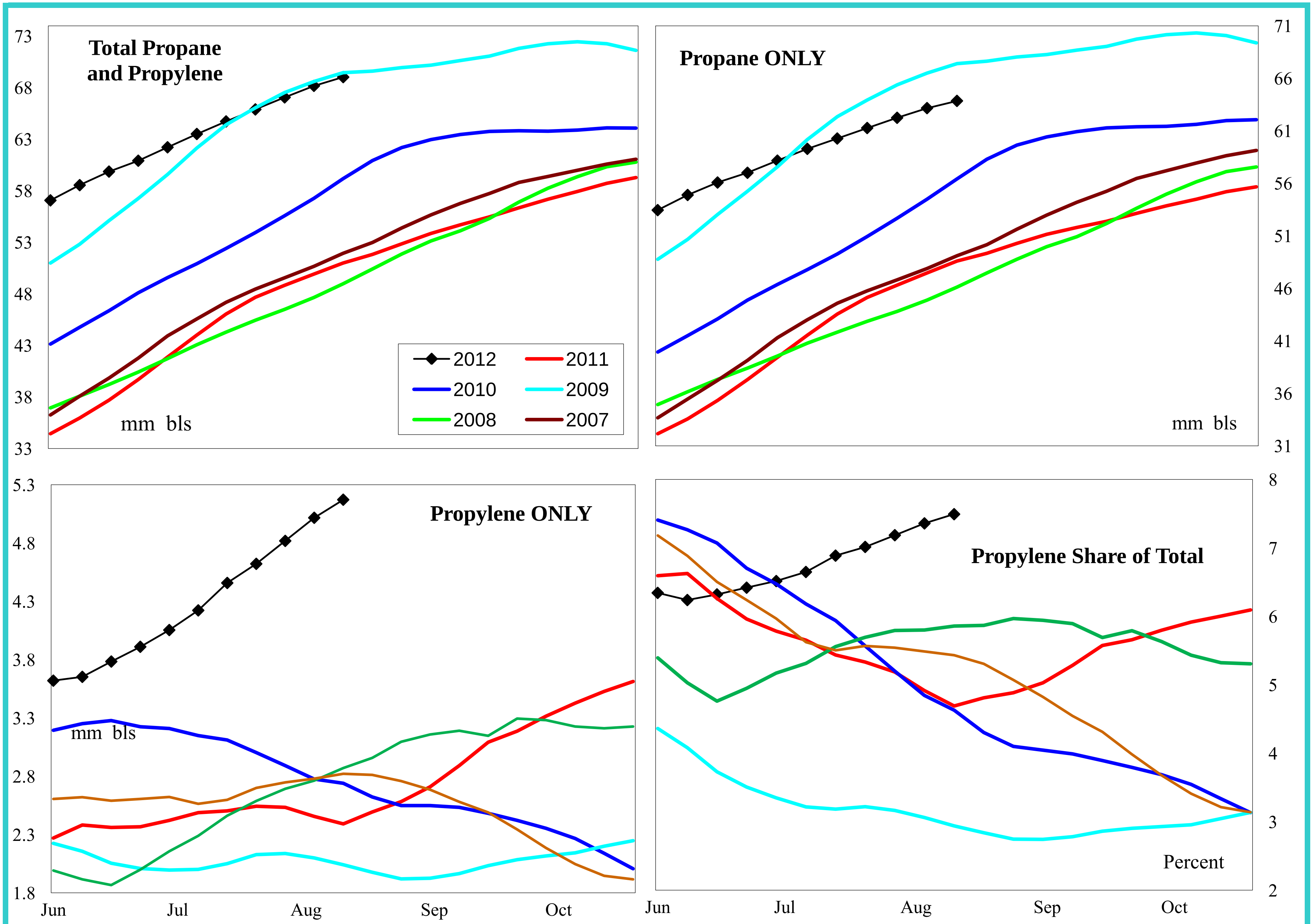
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	18,645	15,903	2,780
% change	37.0	33.2	116.2

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