WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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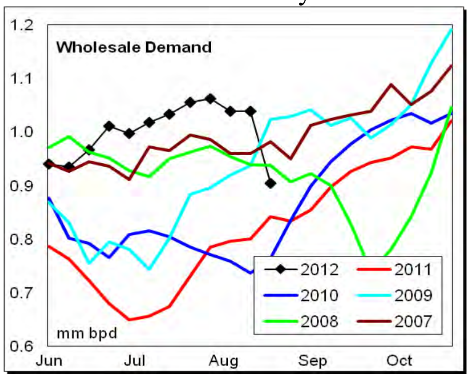
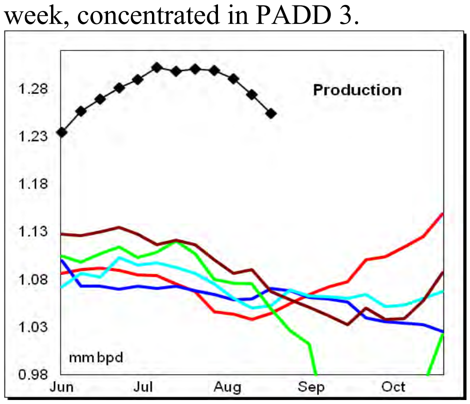
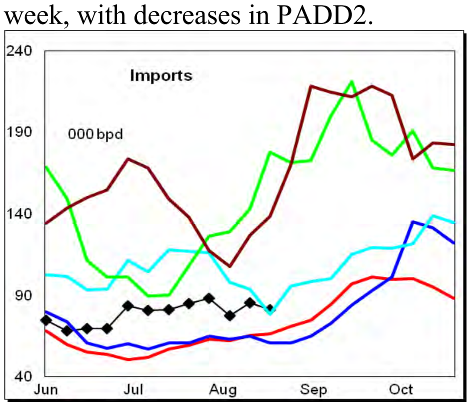
Summary[1]:
Wholesale demand fell -173,000 bpd on the week. Demand corrected sharply lower this last week, although still at a level still above the last 2-years.



Production decreased -33,000 bpd last week, concentrated in PADD 3.

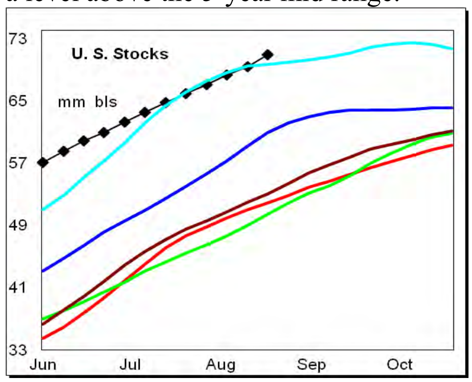


Imports decreased -5,000 bpd on the week, with decreases in PADD2.

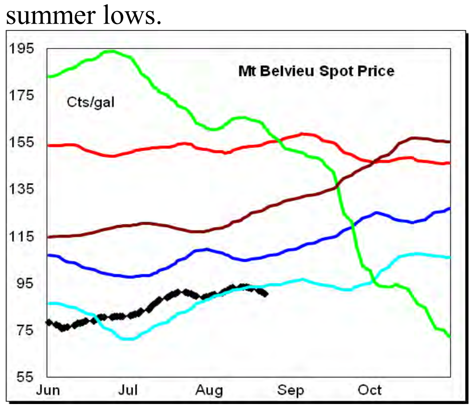


Combined production and imports during the latest 4-wk period were +259,000 bpd above a year ago. Production was +240,000 bpd above last year (+23%), while imports were +19,000 bpd higher. The latest 4-wk average demand was 219,000 bpd above last year, +26%.

Stocks increased +1.9 million barrels last week, and are now +36% above a year ago. The 4-wk stock change was a build of +5 million barrels, a level above the 5-year mid range.



Price and Spreads Mt Belvieu spot prices decreased -4 cpg for the week ending 22Aug12, while Conway decreased -1 cpg during the same week. Conway prices have surged +30 cpg from summer lows.



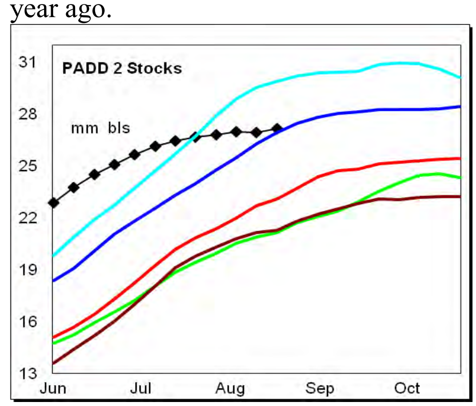
The Conway – Mt Belvieu price spread trended higher last week, ending the week at -9 cpg.

The propane to natural gas price spread pulled back last week, ending at a level equal to the average of the last 3-years.

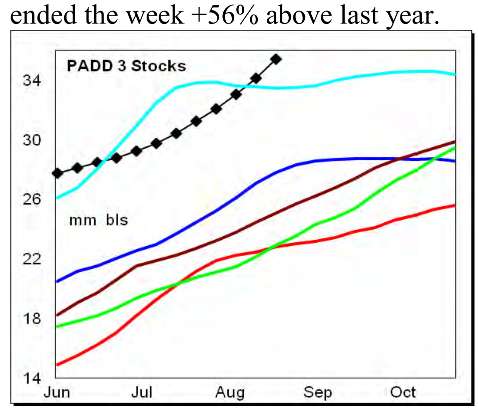
The propane / crude oil price spread trended lower last week ending at a level near earlier 5-year lows.

PADD 1 stocks were unchanged on the week, ending the week +43% above a year ago. Supply increased +8,000 bpd 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 increased +0.4 million barrels on the week. Supply decreased -7,000 bpd on the week, due to lower imports. The latest 4-wk supply was +34,000 bpd above a year ago. Stock levels ended the week +16% above a year ago.



PAD 3 stocks increased +1.5 million barrels on the week, with the 4-wk stock change a build of +4.2 million barrels, a record for this time of year. Stock levels ended the week +56% above last year.



PADDs 4 & 5 stocks increased +0.1 million barrels on the week, to a level well above the historic range. The stock level was +40% above a year ago.

Emerging Trends The rate of stock builds in the Gulf Region is at a record high, lifting stock levels +56% above last year. Midwest stock builds are at a record low, with stock levels only +16% above last year. These trends have strengthened Conway against Mt Belvieu to the lowest differential of the year.

5-year highs. 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 23, 2012

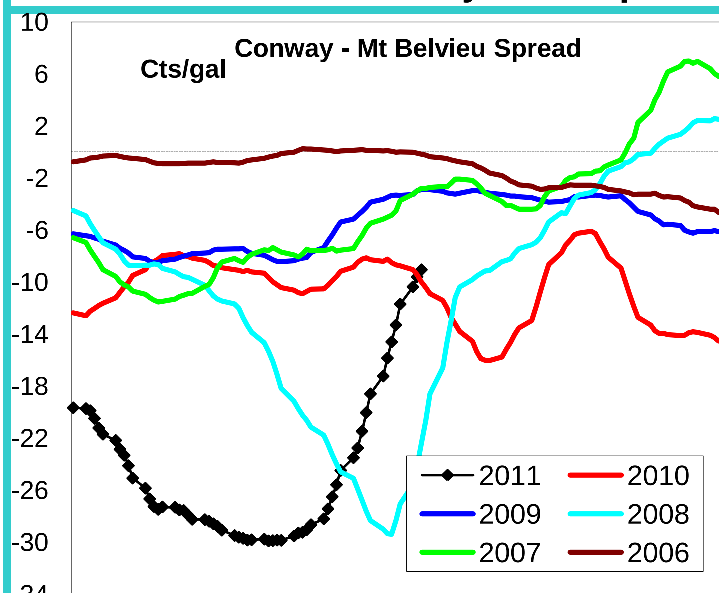
Fundamental Trends for the Week Ending: Friday, August 17, 2012

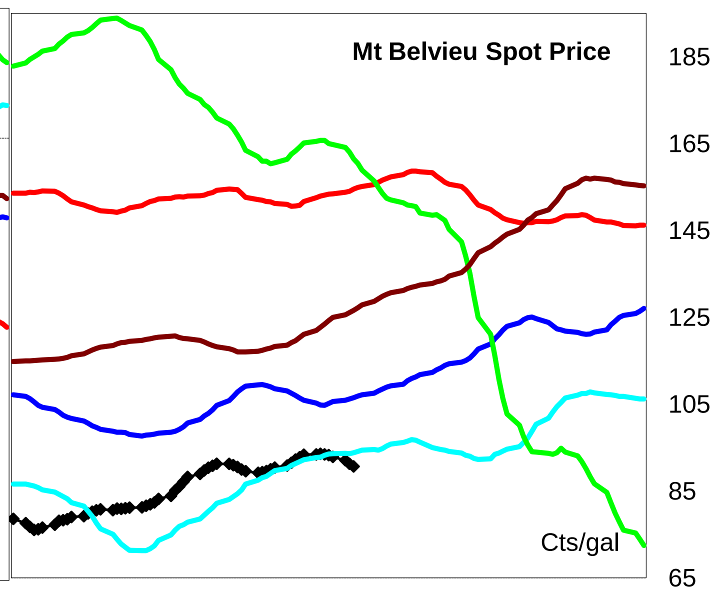
000 bpd Stocks 000 bls	Weekly Supply-Demand U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	70,942	5,909	27,153	35,400	2,480	1,915	18	387	1,453	57
Propylene Stocks	5,190					18				
Production	1,254	51	283	759	161	-33	0	8	-36	-5
Imports	81	33	37	1	10	-5	8	-15	1	1
Whsle Demand	944					-173				

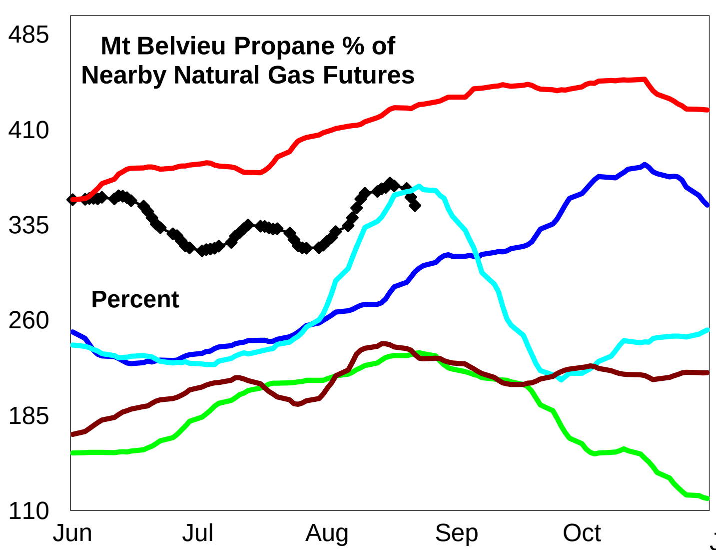
Price Trends for the Week Ending: Wednesday, August 22, 2012

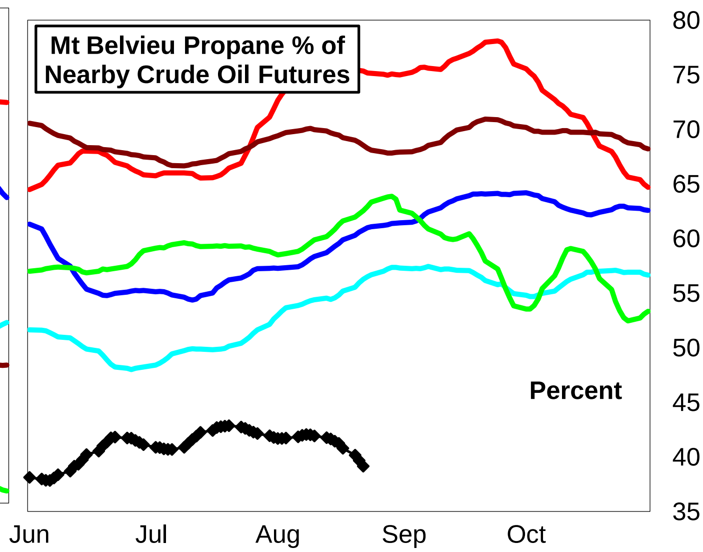
Cents/gal	Average for week ending: 8/22/12	8/15/12	7/25/12	8/25/11	Change from: 8/15/12	7/25/12	8/25/11	% change from: 8/15/12	7/25/12	8/25/11
Mont Belvieu Spot	92.1	94.7	92.1	153.3	-2.62	2.56	-61.16	-2.8	2.8	-39.9
Conway Spot	81.7	77.0	61.8	144.3	4.67	15.24	-82.50	6.1	24.7	-57.2

Key Price Spreads and Differentials

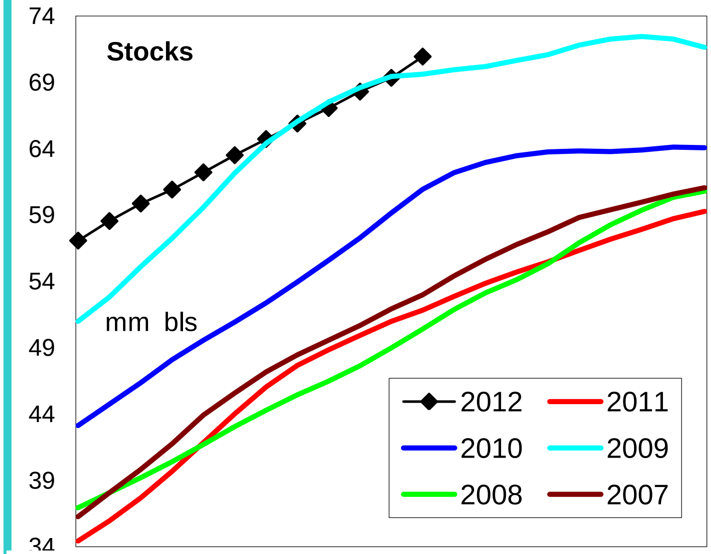


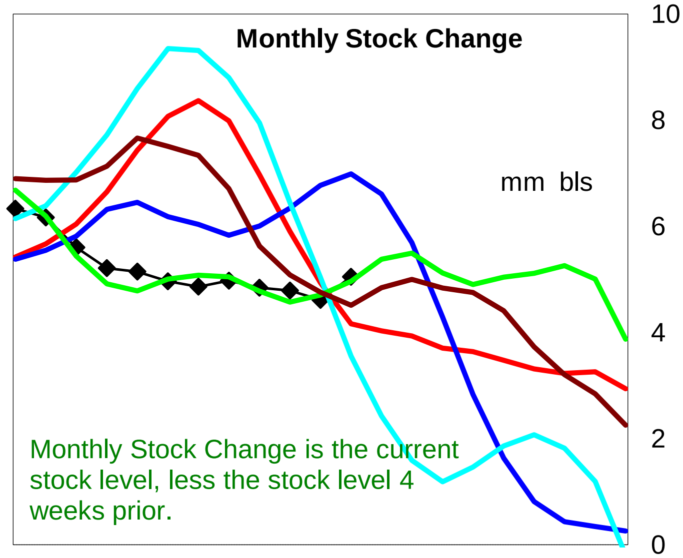


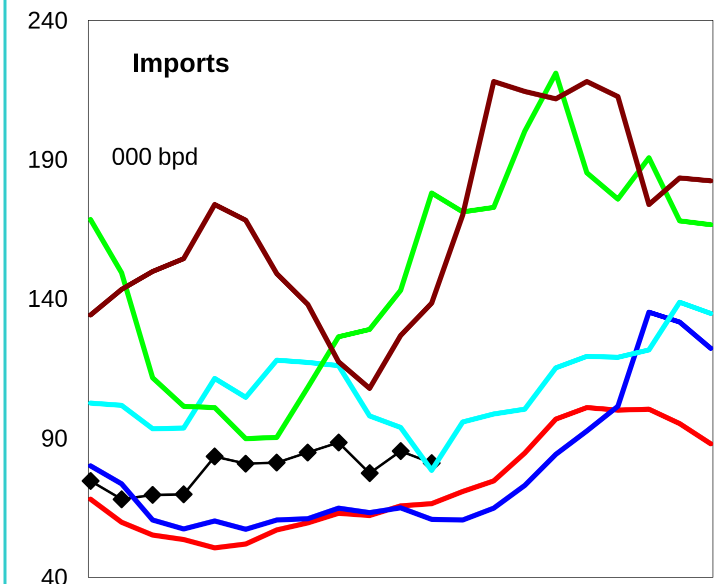


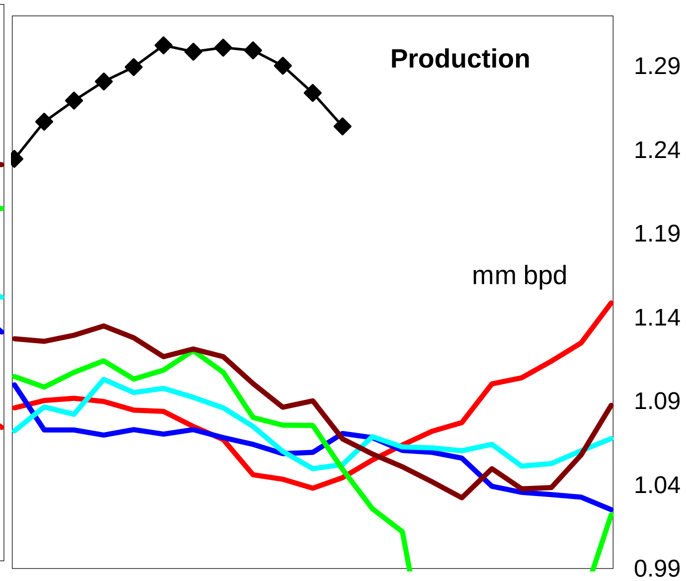


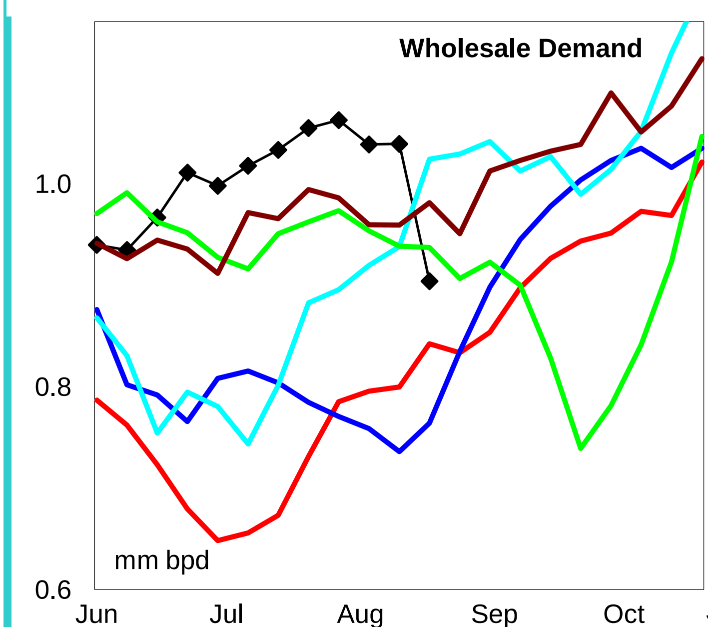
U. S. Propane Supply and Demand Balance

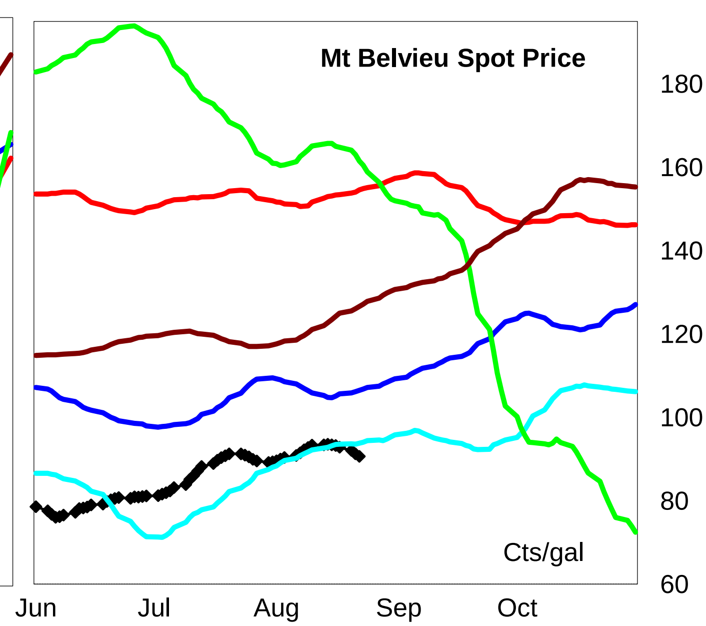












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jul	Jun	May
000 bpd (000 bls stks)	18,897	886	240	19		219	181	155	161
% change	36.3	21	23.1	31.2		25.7	19.7	17.4	17.2

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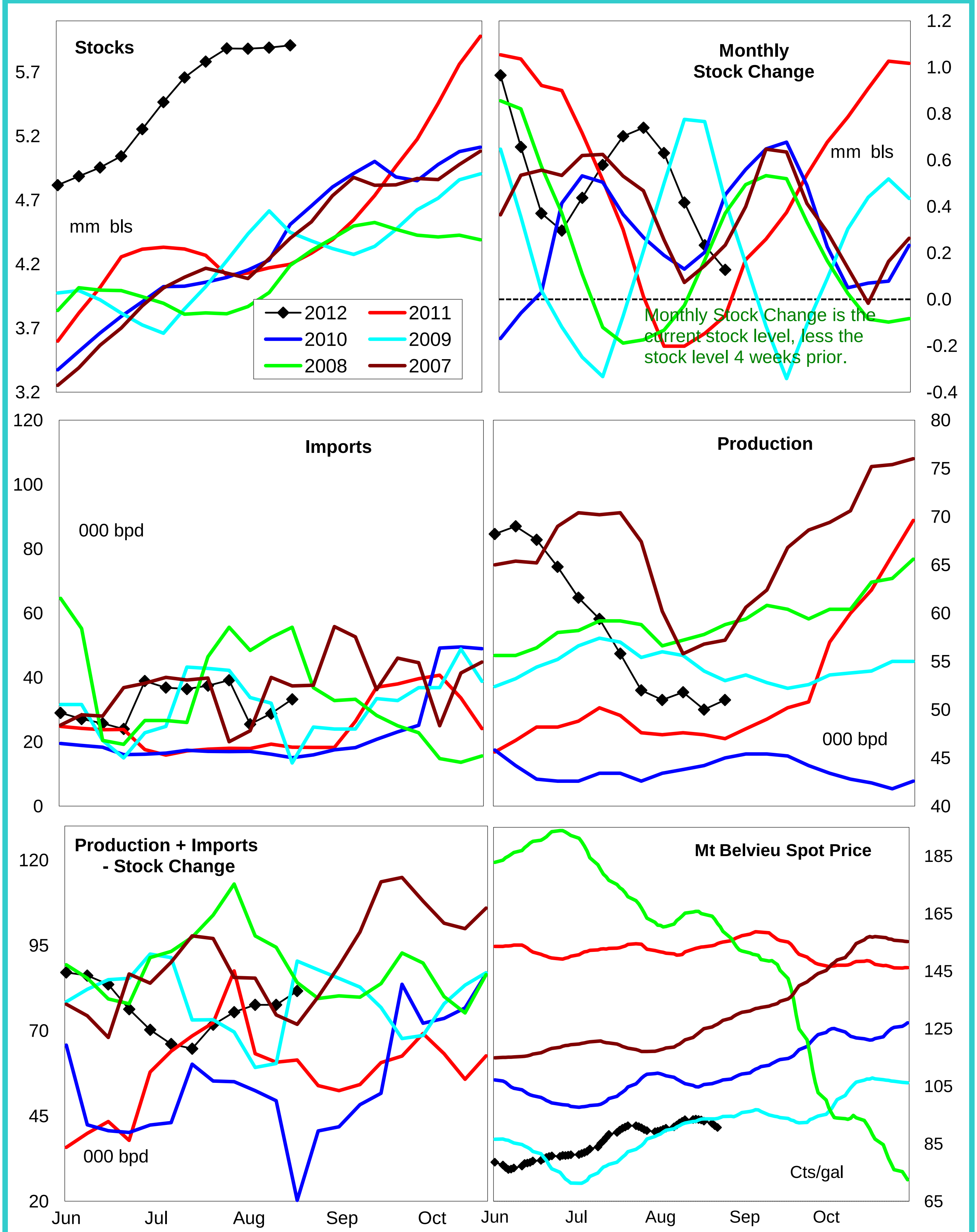
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,774	198	3	8	10
% change	42.9	-280.7	6.3	41.9	14.4

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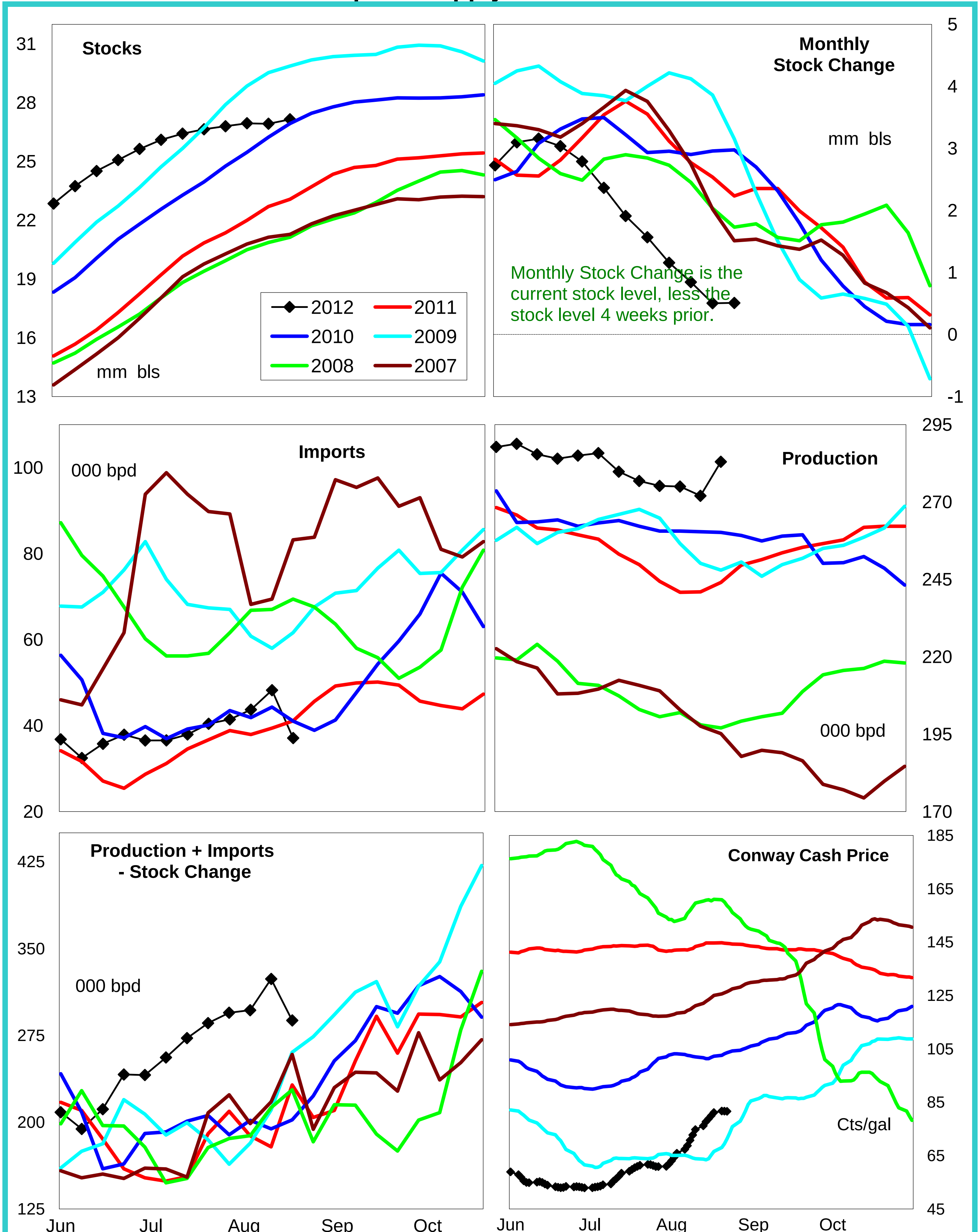
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	3,697	-1,724	34	10	99
% change	15.8	-77.2	14.4	26.8	48.8

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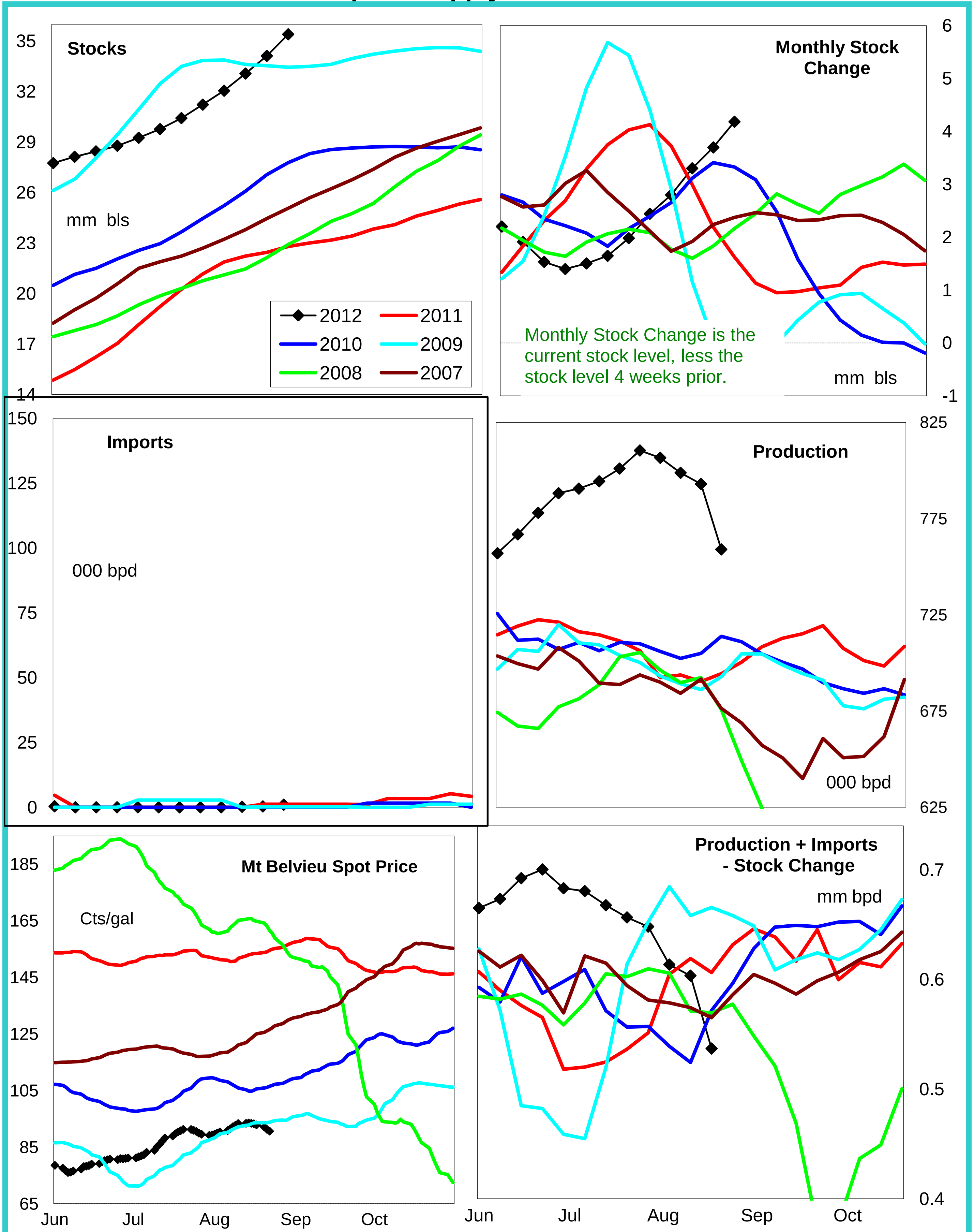
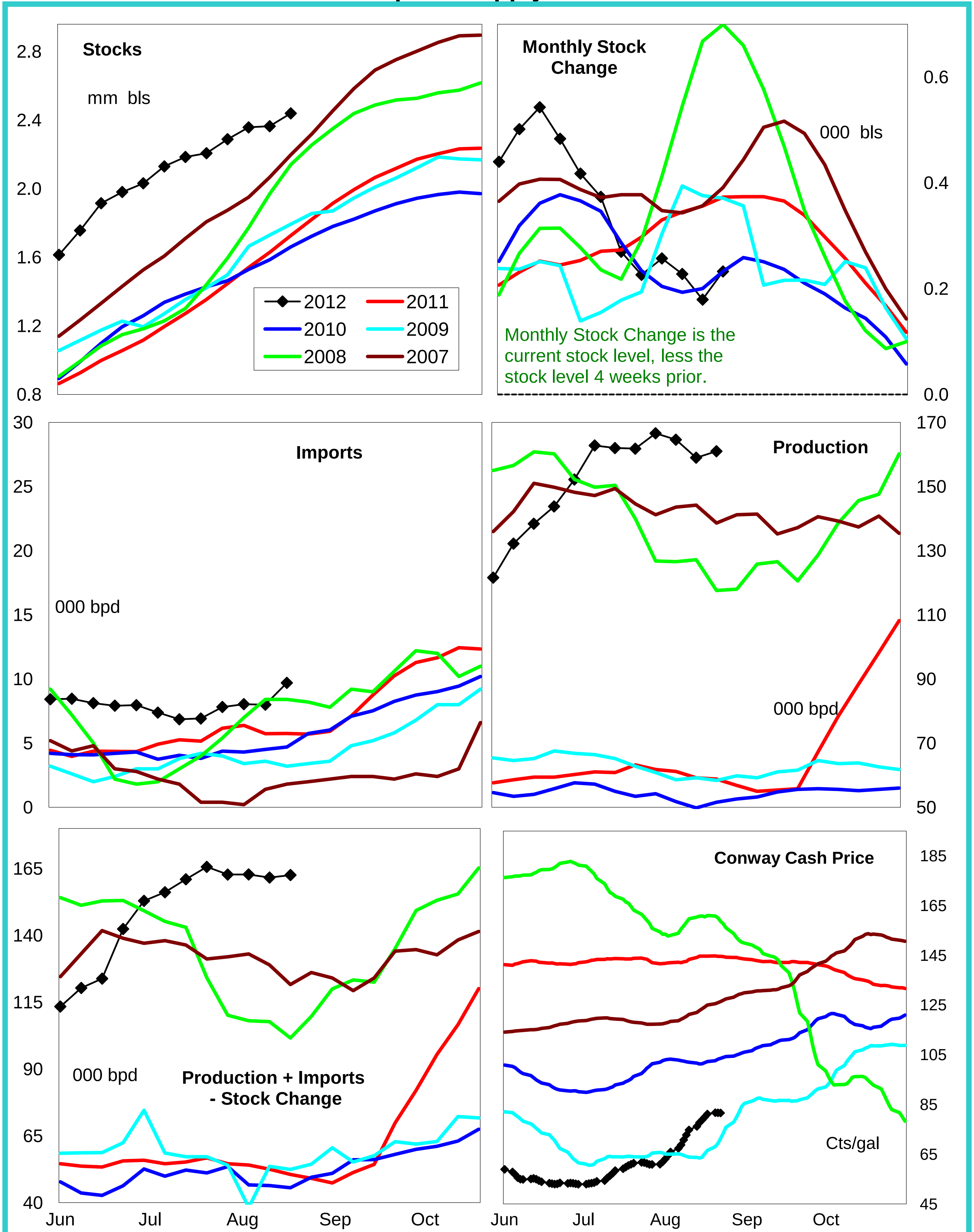
PADD 3 Propane Supply and Demand Balance



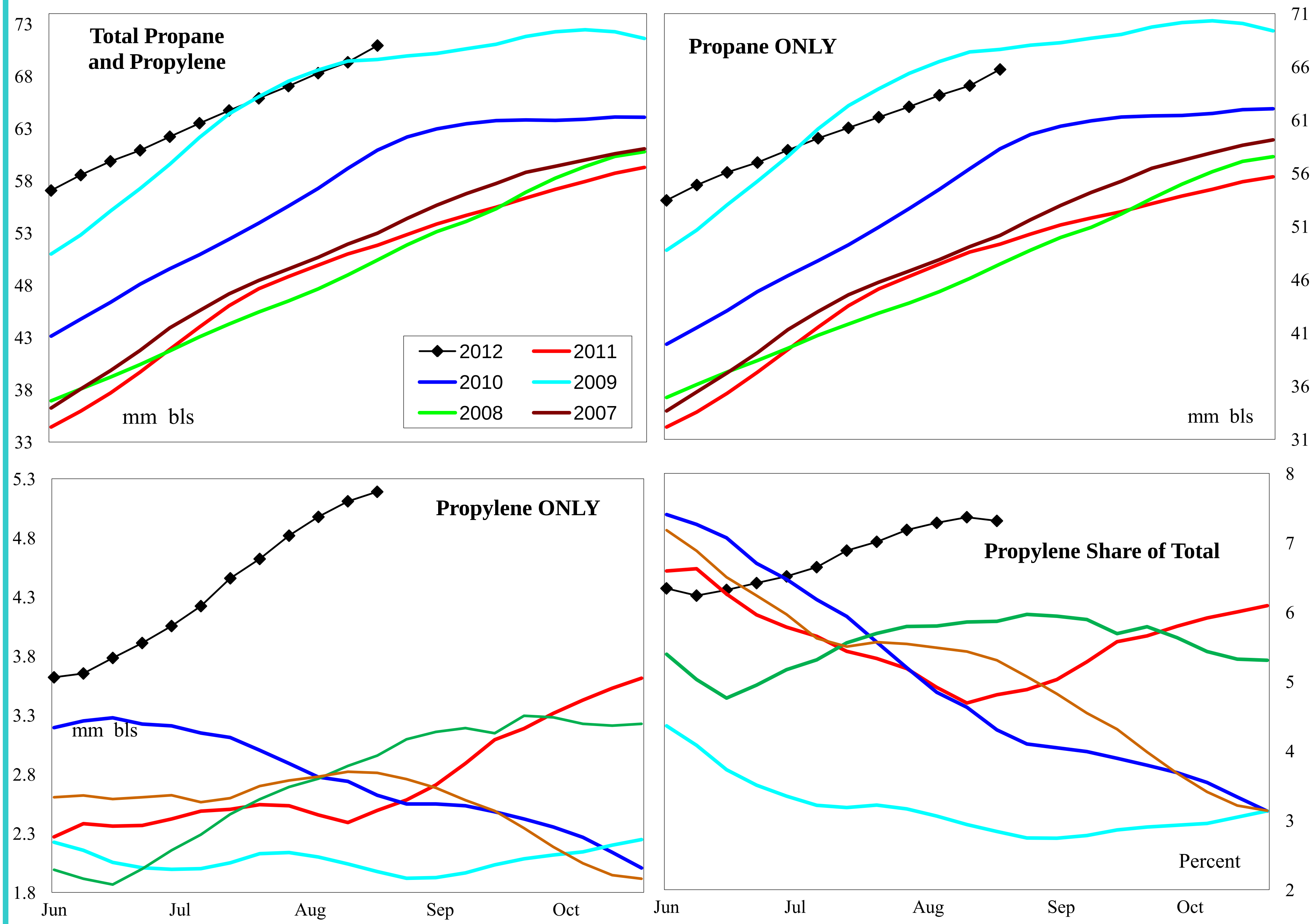
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	12,720	2,554	104	0	5
% change	56.1	157	15.0	#DIV/0!	0.8

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)	707	-141	99	1	109
% change	39.9	-37.7	162.1	20.1	206.9

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	18,897	15,995	2,697
% change	36.3	32.1	108.2

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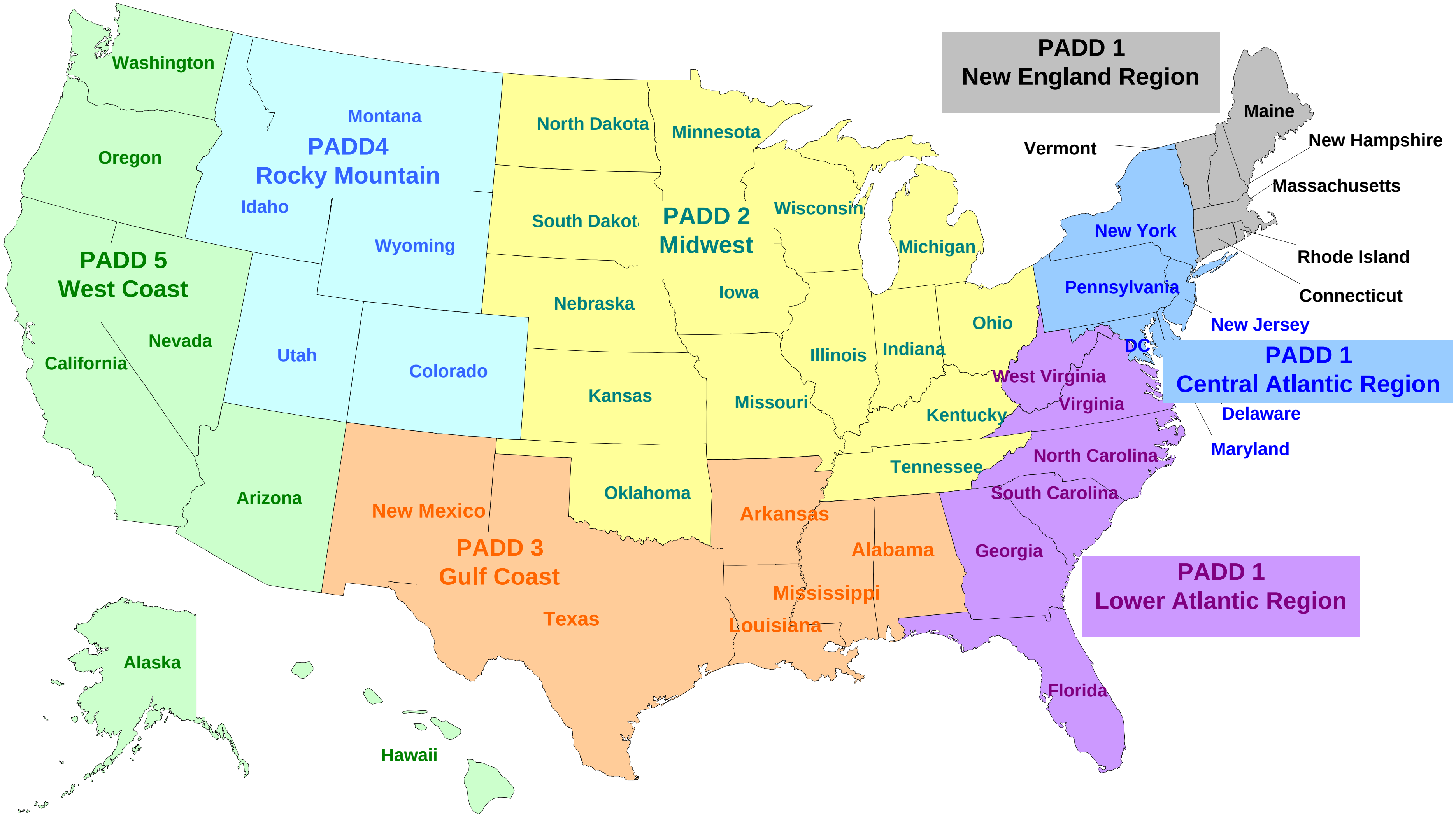
U. S. Petroleum Administrative for Defense Districts (PADDs)



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