WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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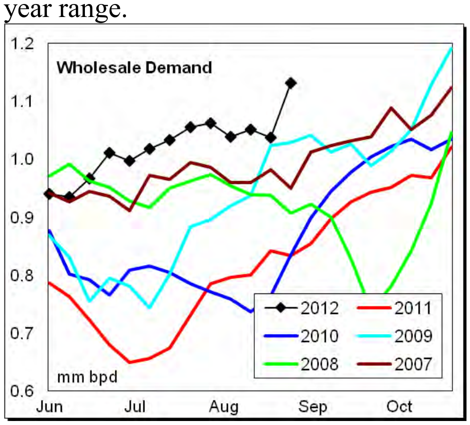
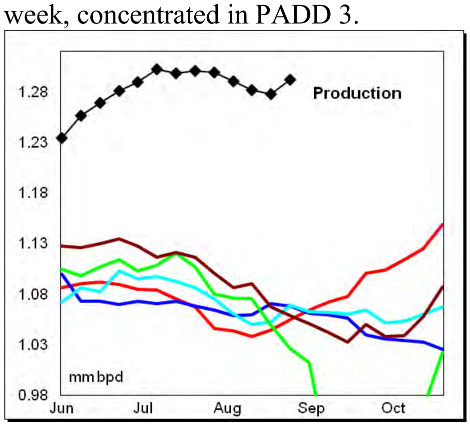
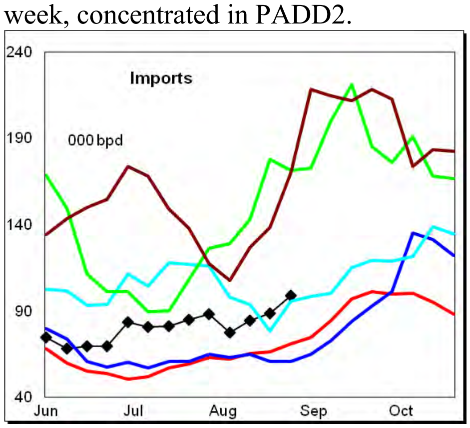
Summary[1]:
Wholesale demand jumped +228,000 bpd on the week, to a level above the 5-year range.



Production increased +38,000 bpd last week, concentrated in PADD 3.

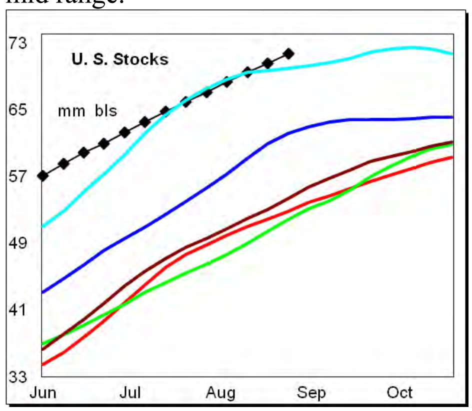


Imports increased +18,000 bpd on the week, concentrated in PADD2.

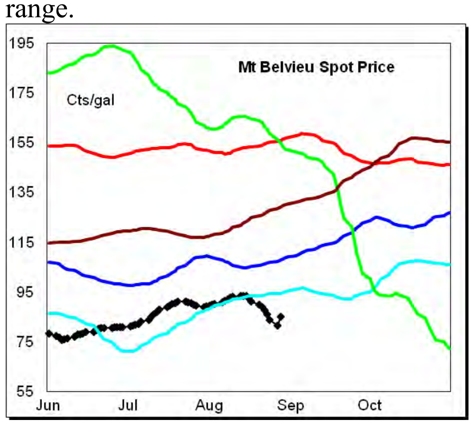


Combined production and imports during the latest 4-wk period were +260,000 bpd above a year ago. Production was +237,000 bpd above last year (+23%), while imports were +18,000 bpd higher. The latest 4-wk average demand was 256,000 bpd above last year, +30%.

Stocks increased +0.7 million barrels last week, and are now +34% above a year ago. The 4-wk stock change was a build of +4.6 million barrels, a level which matched the 5-year mid range.



Price and Spreads Mt Belvieu spot prices decreased -6.50 cpg for the week ending 28Aug12, while Conway decreased -6 cpg during the same week. Conway prices ended the week below the 5-year range.



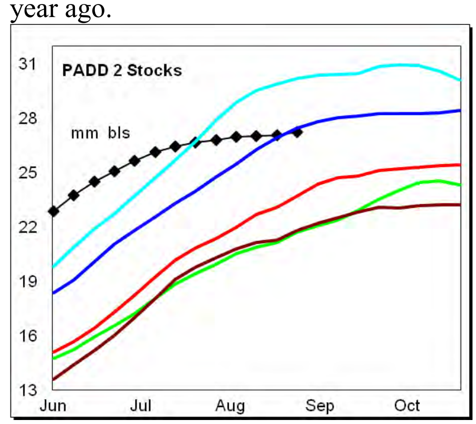
The Conway – Mt Belvieu price spread traded sideways last week, ending the week at -9 cpg.

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

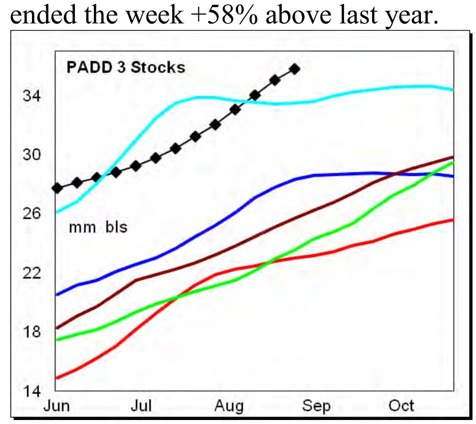
The propane / crude oil price spread trended lower last week ending at a level near earlier 5-year lows.

PADD 1 stocks increased +0.2 million barrels on the week, ending the week +39% above a year ago. Supply decreased -3,000 bpd on the week. Supply for the latest 4-wk period was +13,000 bpd above last year, on higher imports and production.

PADD 2 stocks increased +0.1 million barrels on the week. Supply climbed +30,000 bpd on the week, due to higher imports. The latest 4-wk supply was +47,000 bpd above a year ago. Stock levels ended the week +10% above a year ago.



PAD 3 stocks increased +0.4 million barrels on the week, with the 4-wk stock change a build of +3.7 million barrels, a record for this time of year. Stock levels ended the week +58% 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 EIA data this week did not include the impact of hurricane Isaac, which should support a renewed uptrend in prices on reduced short term supply. The Gulf market is extremely over 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 29, 2012

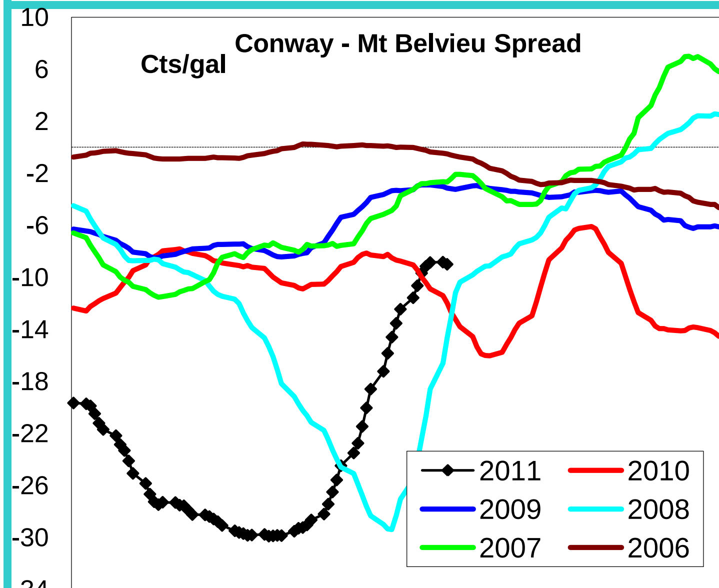
Fundamental Trends for the Week Ending: Friday, August 24, 2012

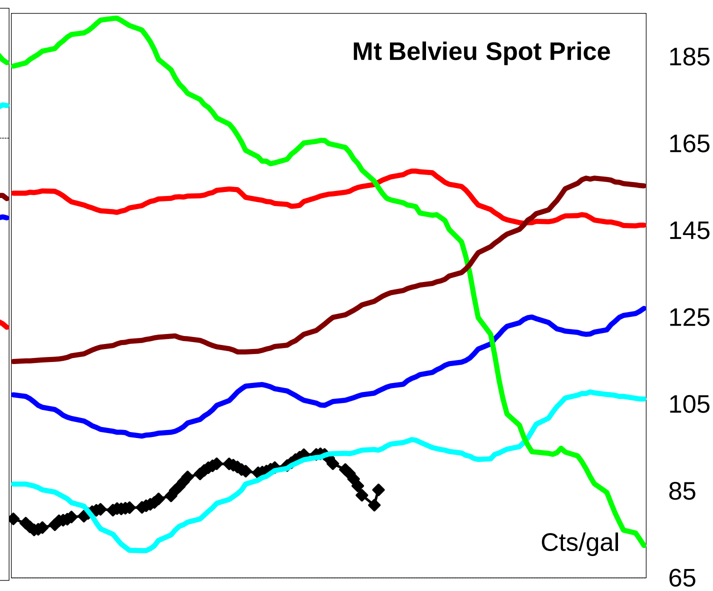
000 bpd Stocks 000 bls	Weekly Supply-Demand U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	71,658	6,062	27,213	35,787	2,596	716	153	60	387	116
Propylene Stocks	5,194					4				
Production	1,292	52	293	801	146	38	1	10	42	-15
Imports	99	29	58	0	13	18	-4	20	-1	3
Whsle Demand	1,172					228				

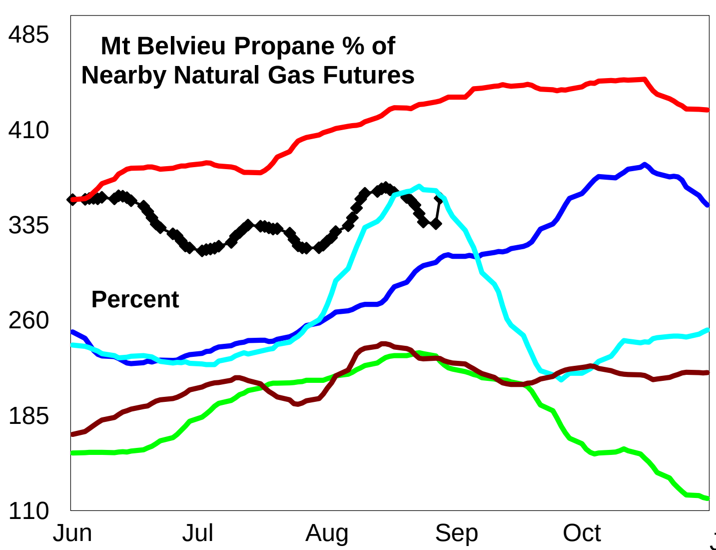
Price Trends for the Week Ending: Tuesday, August 28, 2012

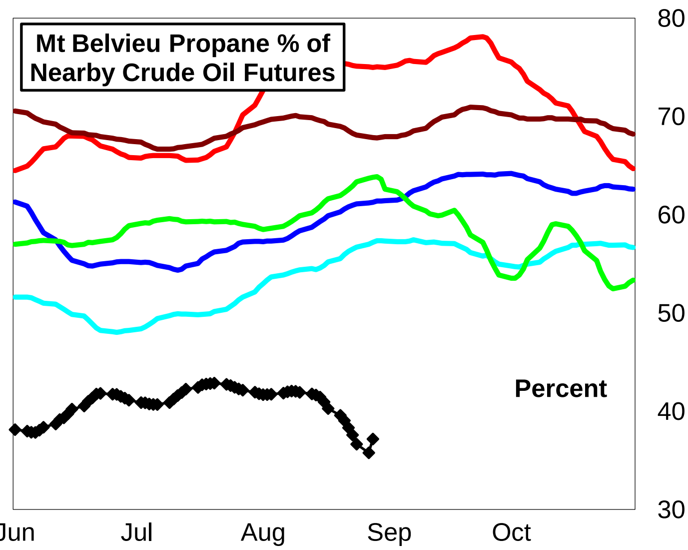
Cents/gal	Average for week ending: 8/28/12	8/21/12	7/31/12	8/31/11	Change from: 8/21/12	7/31/12	8/31/11	% change from: 8/21/12	7/31/12	8/31/11
Mont Belvieu Spot	84.0	92.9	88.9	155.5	-8.85	3.97	-66.63	-9.5	4.5	-42.8
Conway Spot	75.2	81.9	60.1	145.2	-6.70	21.71	-85.01	-8.2	36.1	-58.6

Key Price Spreads and Differentials

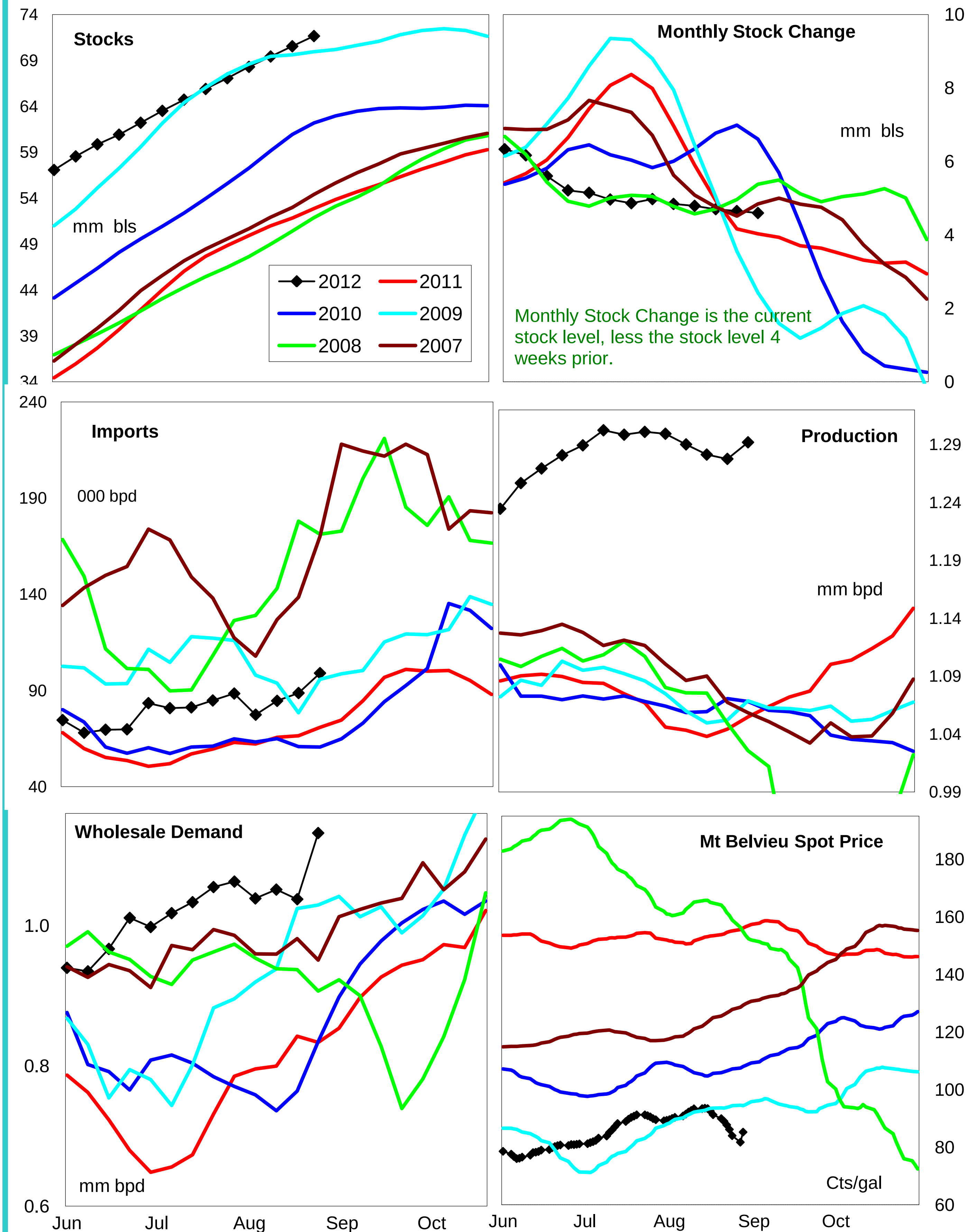








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jul	Jun	May
000 bpd (000 bls stks)	18,068	567	237	23		256	181	155	161
% change	33.7	14	22.8	35.5		30.2	19.7	17.4	17.2

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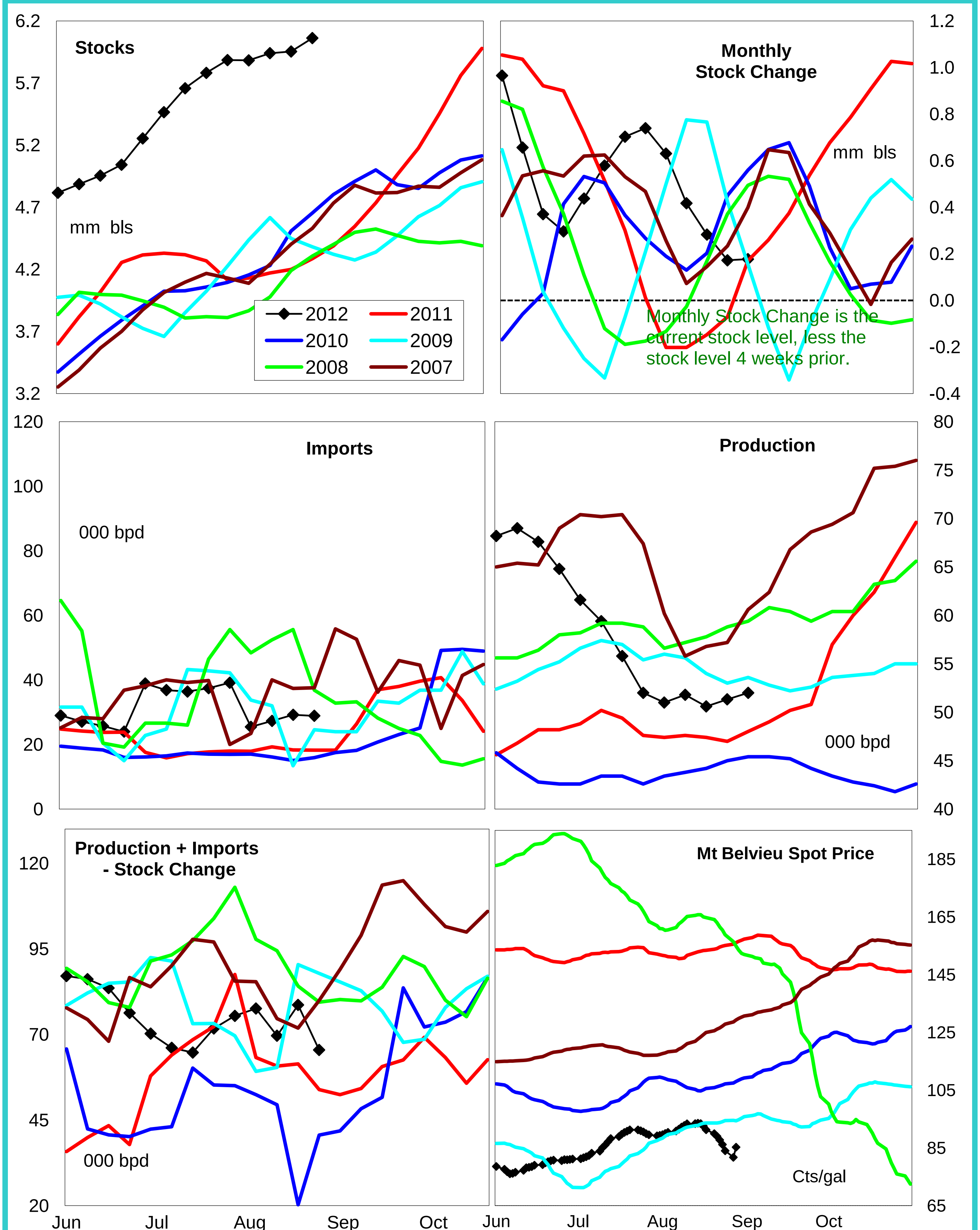
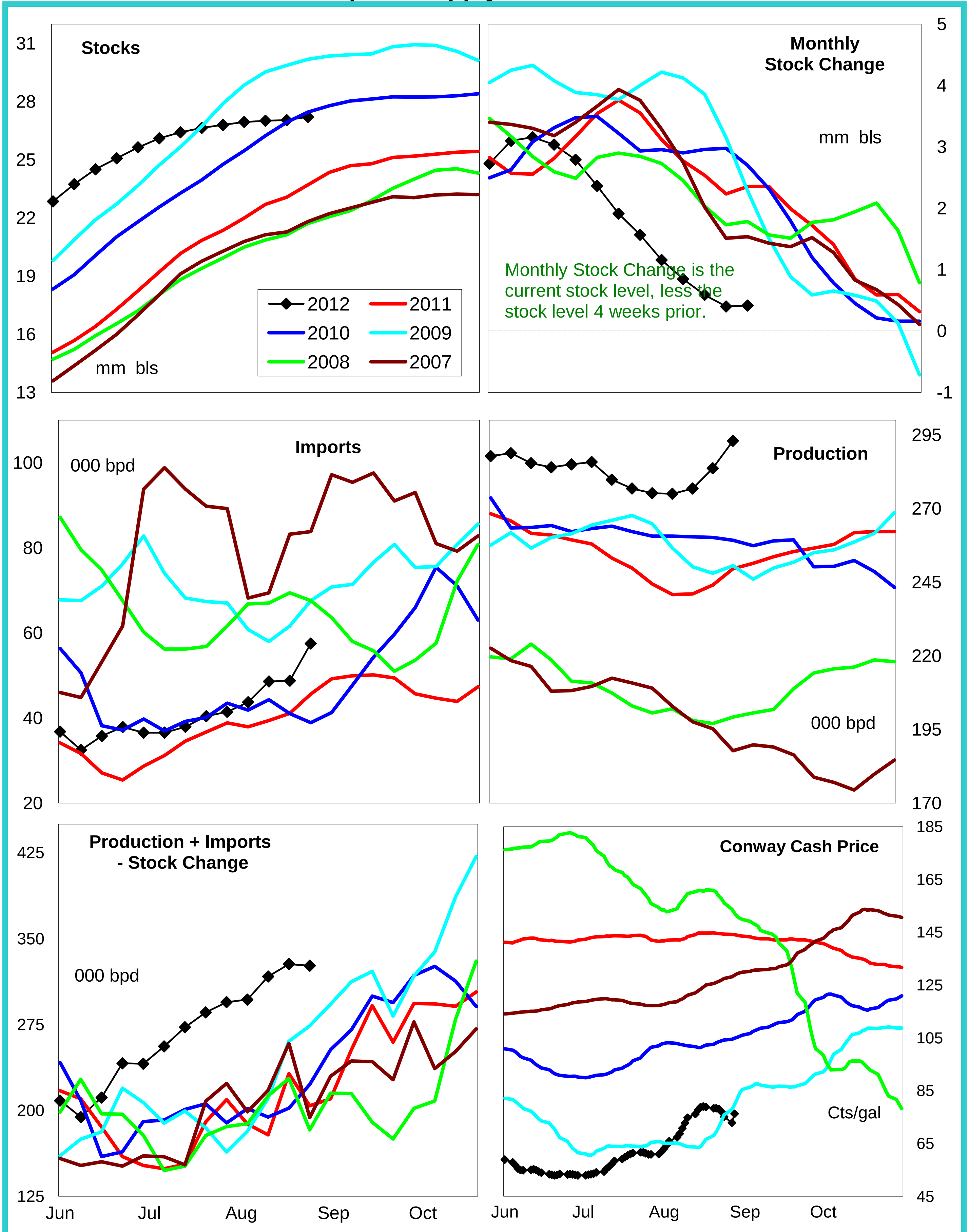
PADD 1 Propane Supply and Demand Balance



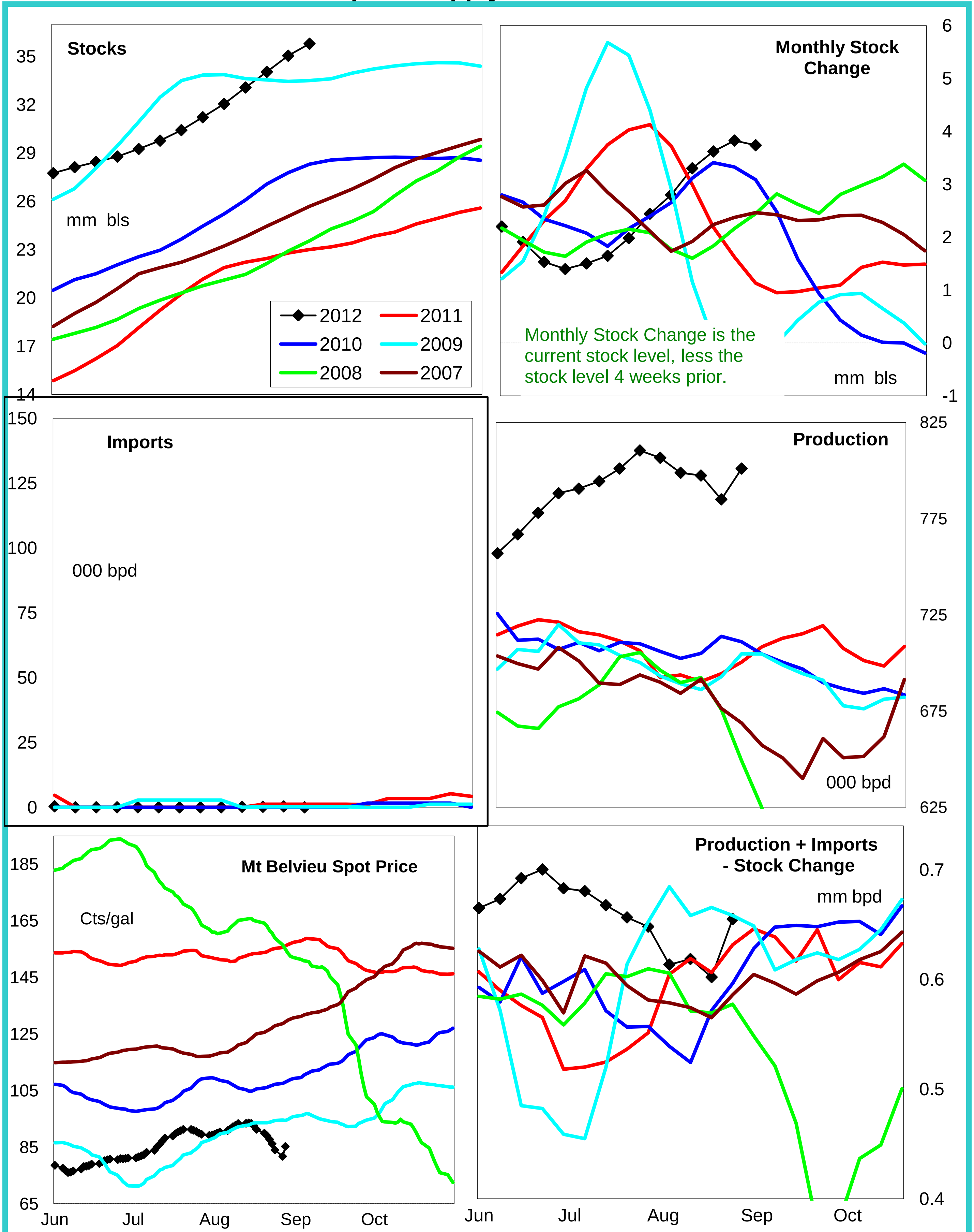
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,703	6	3	10	13
% change	39.1	3.5	6.9	53.4	21.7

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)	2,474	-1,939	36	11	116
% change	10.0	-82.4	14.7	28.2	57.8

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)	13,145	2,608	102	-1	7
% change	58.1	231	14.7	-83.3	1.1

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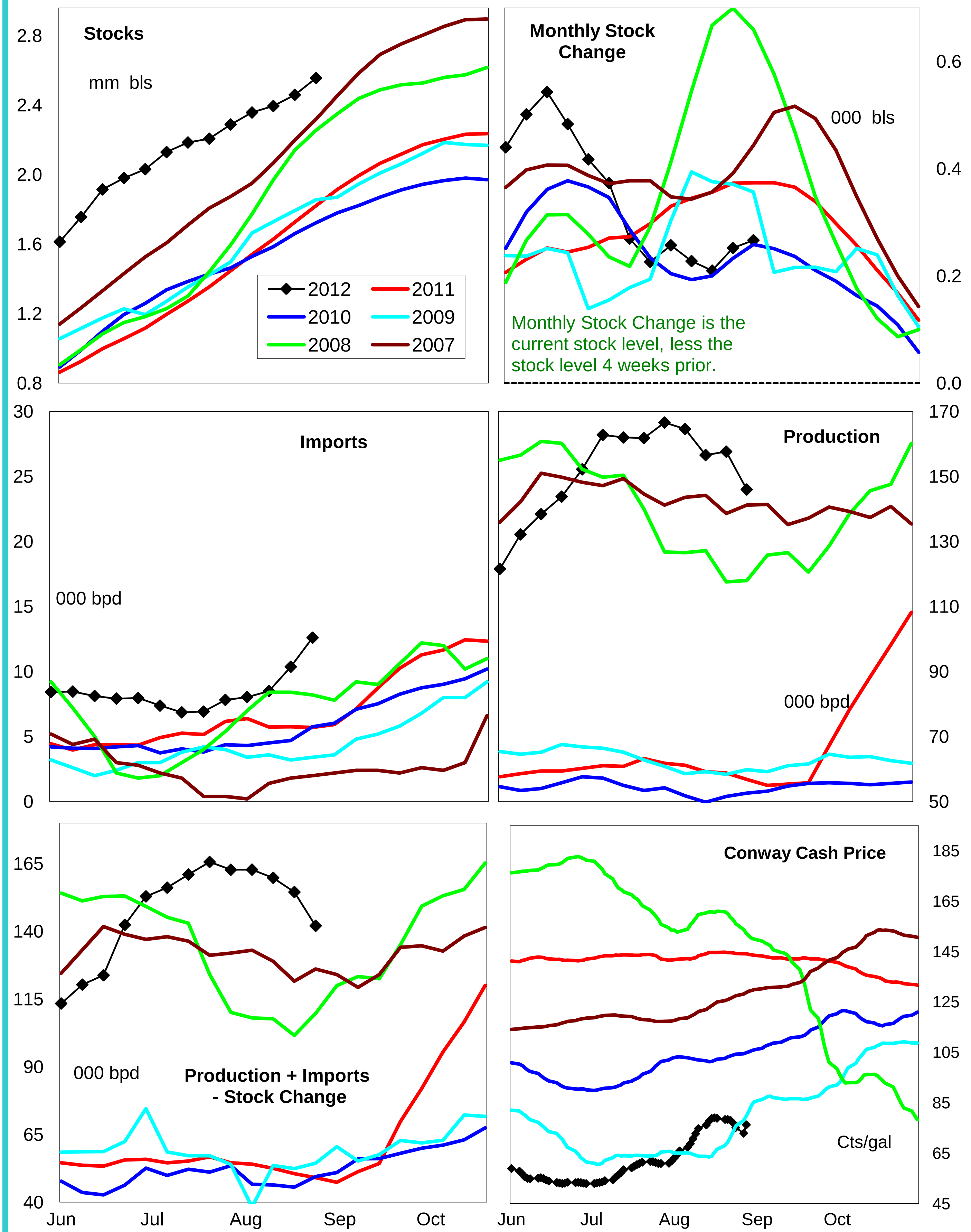
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	747	-107	96	3	103
% change	40.4	-28.6	161.8	57.8	200.3

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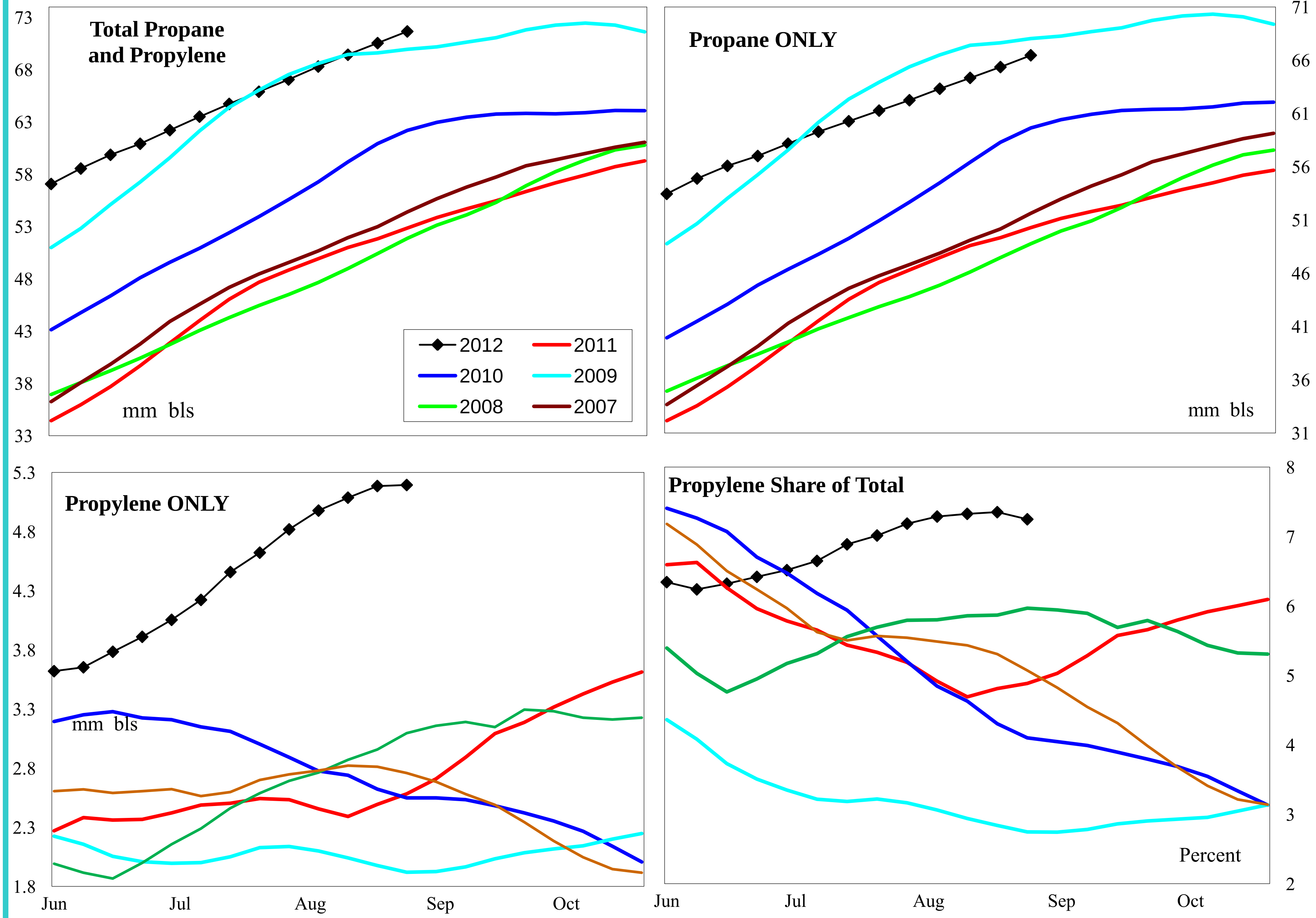
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	18,068	15,221	2,612
% change	33.7	29.7	101.2

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

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