FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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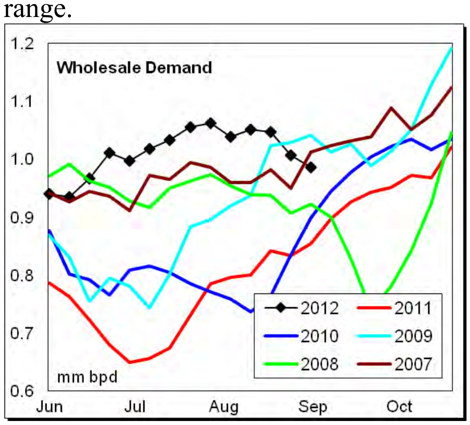
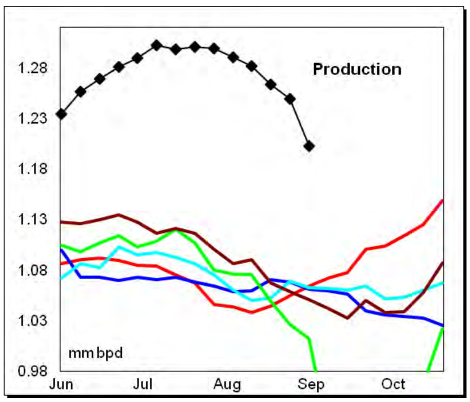
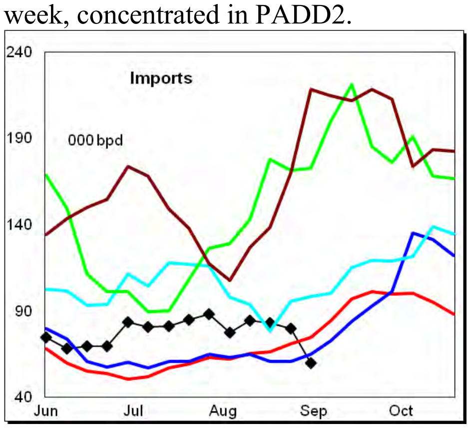
Summary[1]:
Wholesale demand fell -146,000 bpd on the week, to a level above the 5-year mid range.



Production fell -89,000 bpd last week, due to the hurricane in PADD 3.

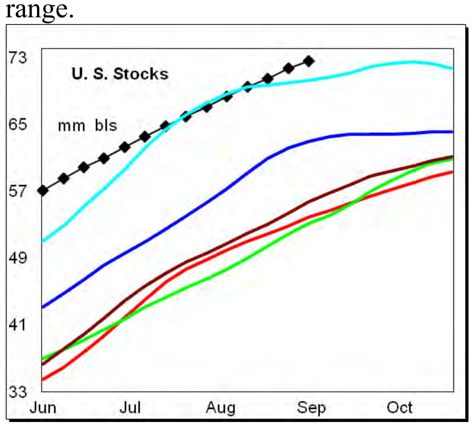


Imports declined -39,000 bpd on the week, concentrated in PADD2.

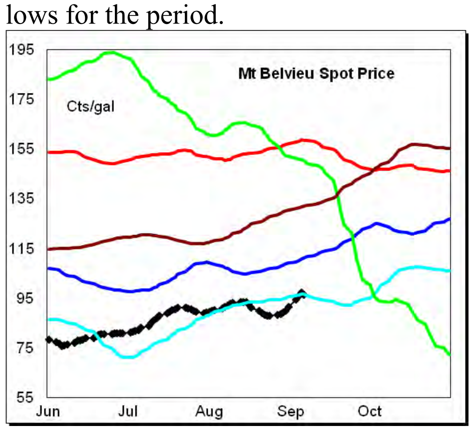


Combined production and imports during the latest 4-wk period were +227,000 bpd above a year ago. Production was +214,000 bpd above last year (+20%), while imports were +13,000 bpd higher. The latest 4-wk average demand was 198,000 bpd above last year, +23%.

Stocks increased +0.8 million barrels last week, and are now +35% above a year ago. The 4-wk stock change was a build of +4.2 million barrels, a level just below the 5-year mid range.



Price and Spreads Mt Belvieu spot prices climbed +5 cpg for the week ending 06Sep12, while Conway increased +3 cpg during the same week. Mt Belvieu prices ended the week matching historic lows for the period.



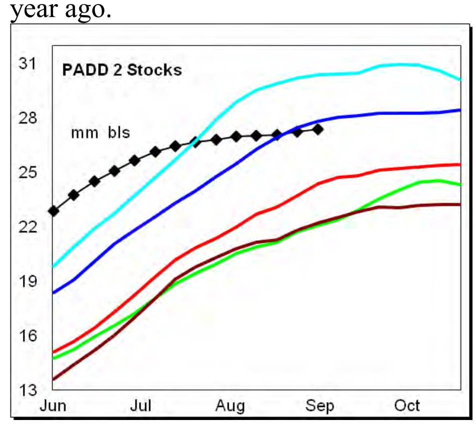
The Conway – Mt Belvieu price spread traded sideways last week, ending the week at -10 cpg.

The propane to natural gas price spread increased late in the week, ending at a level above four of the last 5-years.

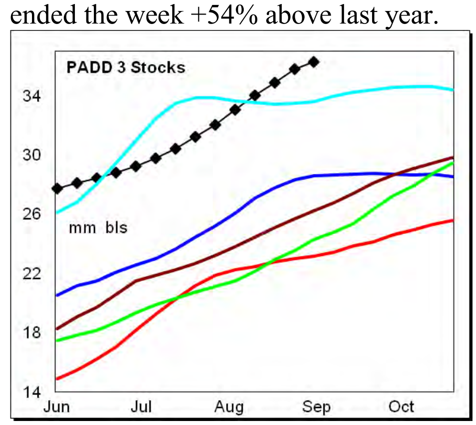
The propane / crude oil price spread trended higher last week ending at a level near earlier 5-year lows.

PADD 1 stocks increased +0.1 million barrels on the week, ending the week +42% above a year ago. Supply decreased -9,000 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 decreased -23,000 bpd on the week, due to lower imports. The latest 4-wk supply was +42,000 bpd above a year ago. Stock levels ended the week +16% above a year ago.



PAD 3 stocks increased +0.5 million barrels on the week, with the 4-wk stock change a build of +3.2 million barrels, a record for this time of year. Stock levels ended the week +54% 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 +37% above a year ago.

Emerging Trends Hurricane Isaac cut production -90,000 bpd in the Gulf. Demand also fell so that stock builds continued at a well above average rate. Markets remain very 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

September 9, 2012

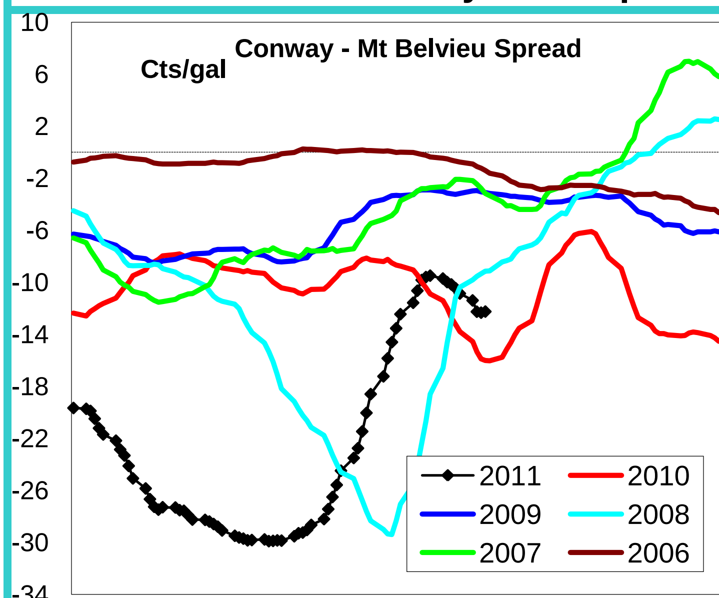
Fundamental Trends for the Week Ending: Friday, August 31, 2012

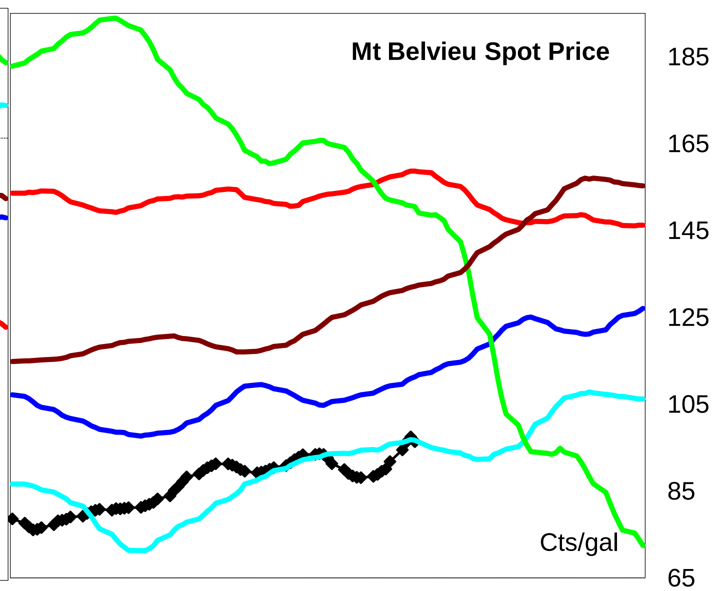
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	72,496	6,167	27,351	36,278	2,700	838	105	138	491	104
Propylene Stocks	5,002					-192				
Production	1,203	50	299	711	143	-89	-2	6	-90	-3
Imports	60	22	29	0	9	-39	-7	-29	0	-4
Whsle Demand	1,026					-146				

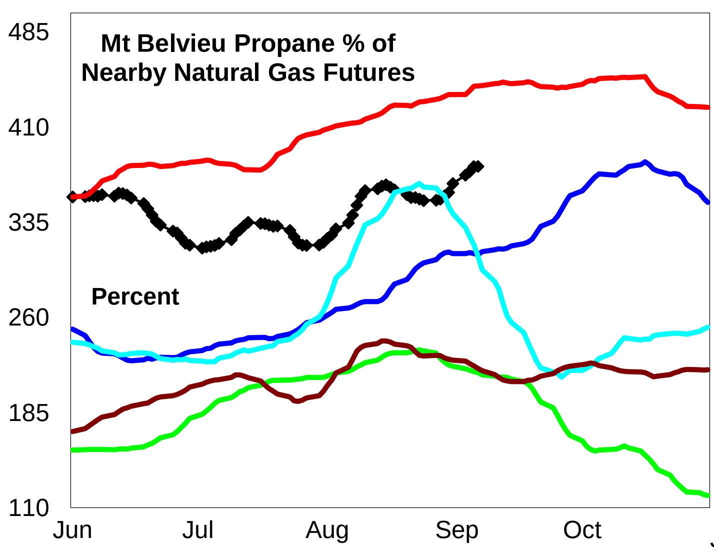
Price Trends for the Week Ending: Thursday, September 06, 2012

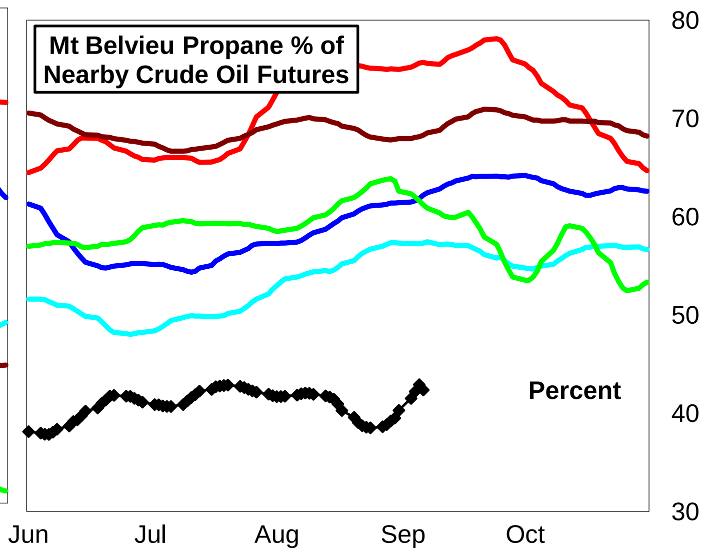
Cents/gal	Average for week ending:				Change from:			% change from:		
	9/6/12	8/30/12	8/9/12	9/9/11	8/30/12	8/9/12	9/9/11	8/30/12	8/9/12	9/9/11
Mont Belvieu Spot	96.3	85.0	92.3	157.8	11.27	-7.26	-65.49	13.3	-7.9	-41.5
Conway Spot	84.0	76.0	69.5	142.6	8.00	6.48	-73.05	10.5	9.3	-51.2

Key Price Spreads and Differentials

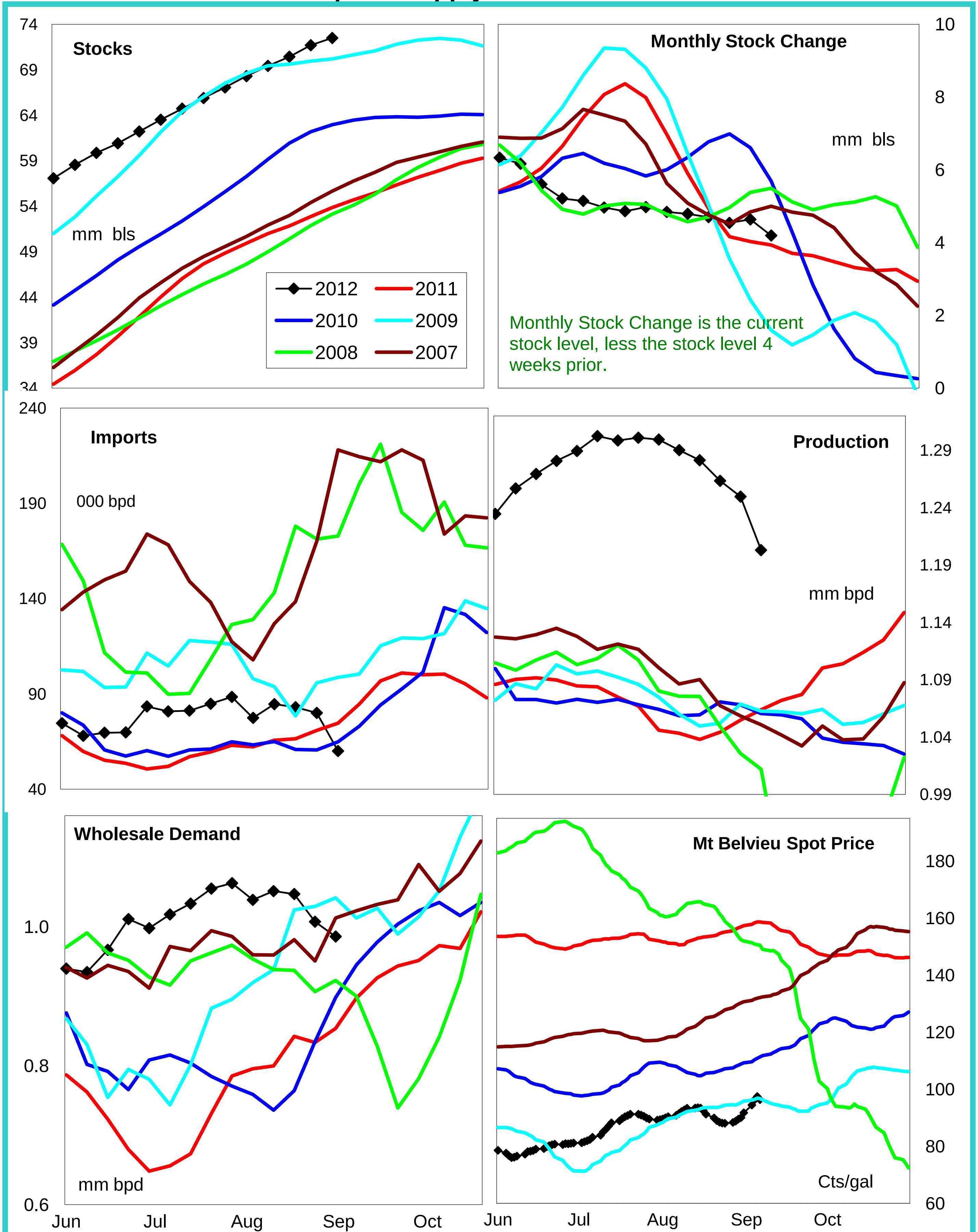








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jul	Jun	May
000 bpd (000 bls stks)	18,935	259	214	13		198	181	155	161
% change	35.4	7	20.4	18.5		22.8	19.7	17.4	17.2

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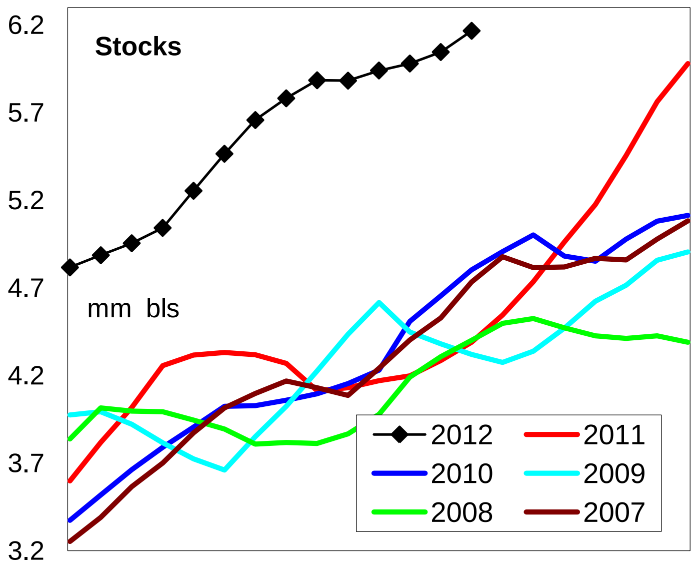
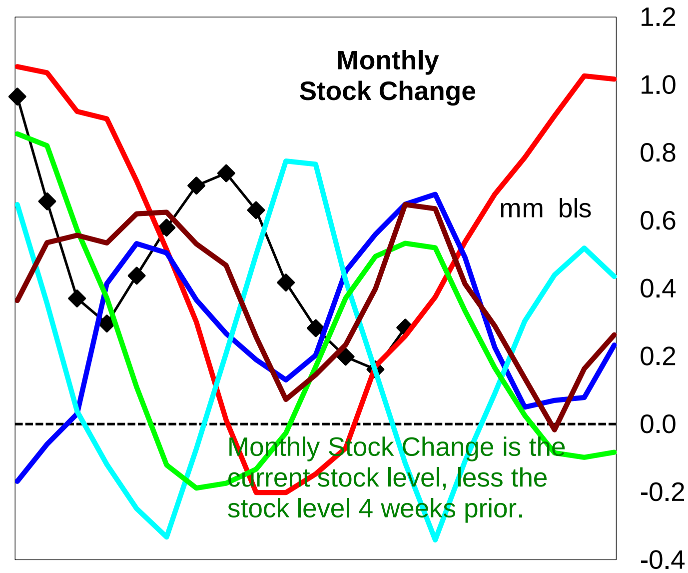
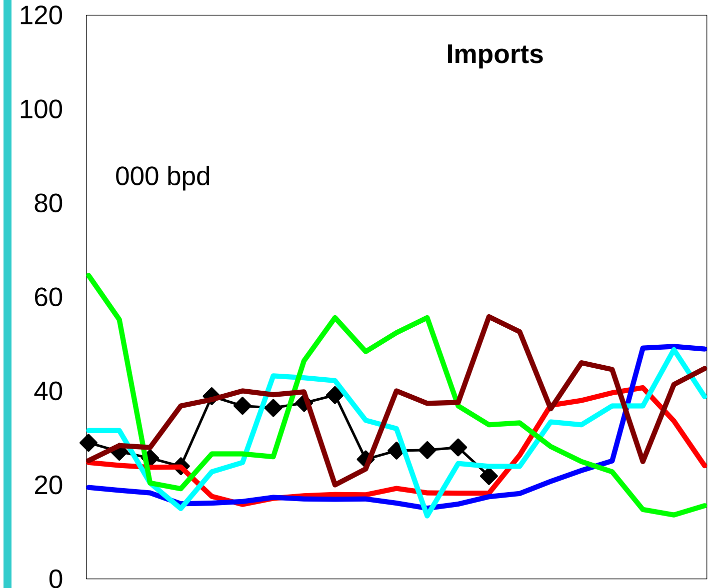
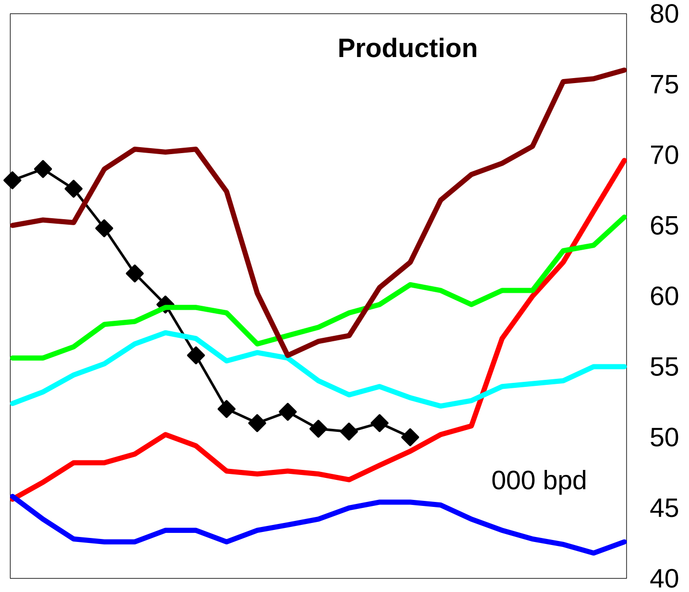
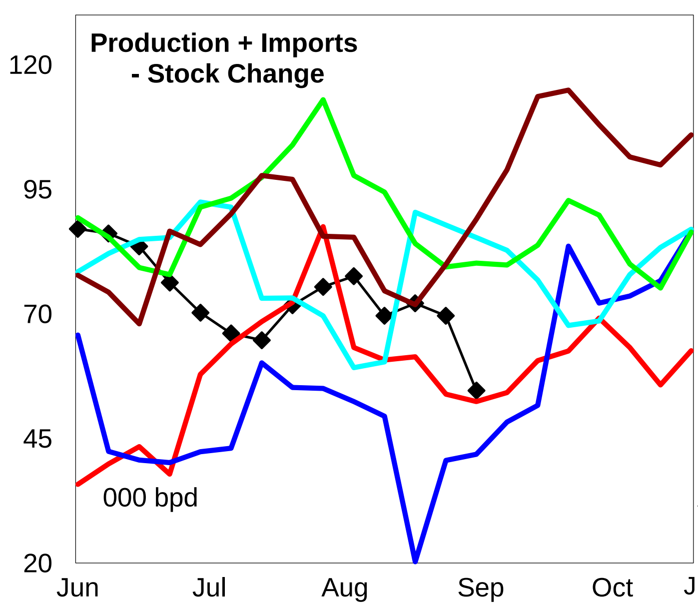
PADD 1 Propane Supply and Demand Balance

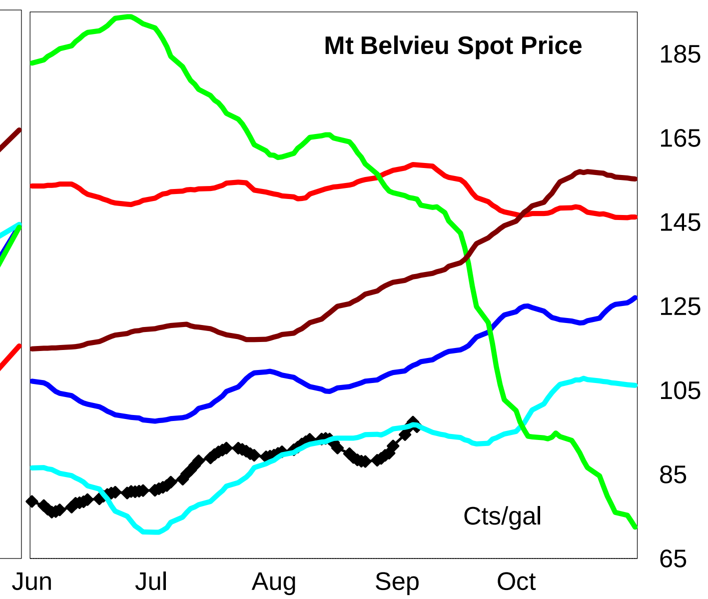












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	**1,822**	**25**	**4**	**9**	**9**
% change	**41.9**	**9.6**	**7.4**	**46.8**	**16.5**

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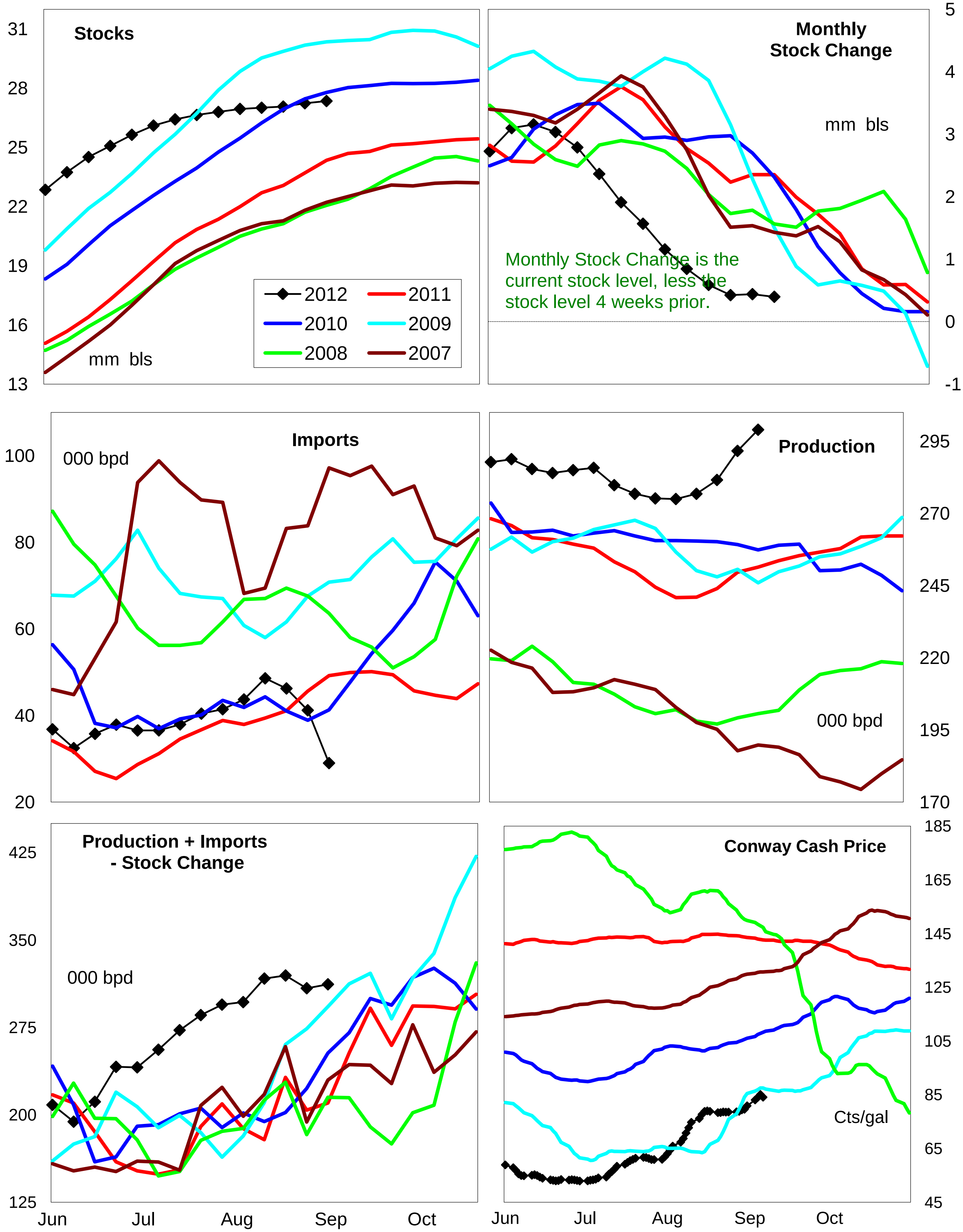
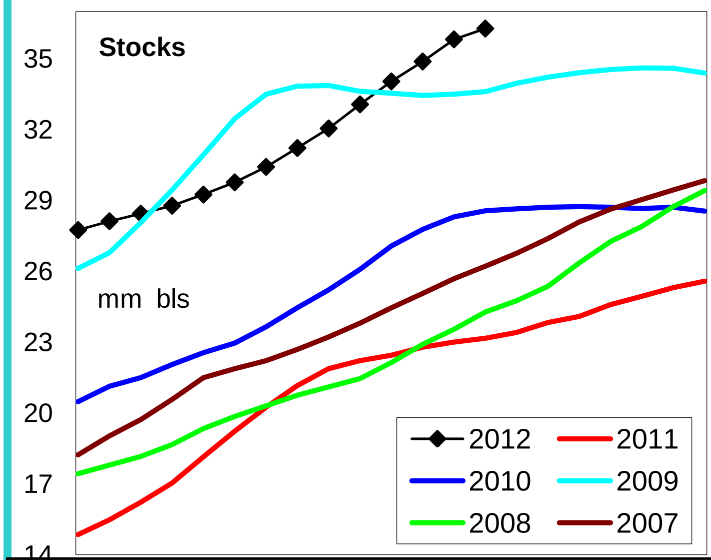
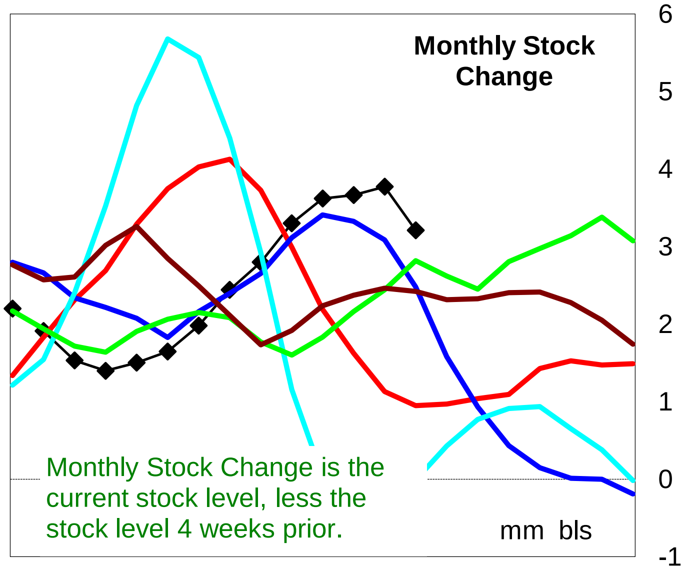
PADD 2 Propane Supply and Demand Balance

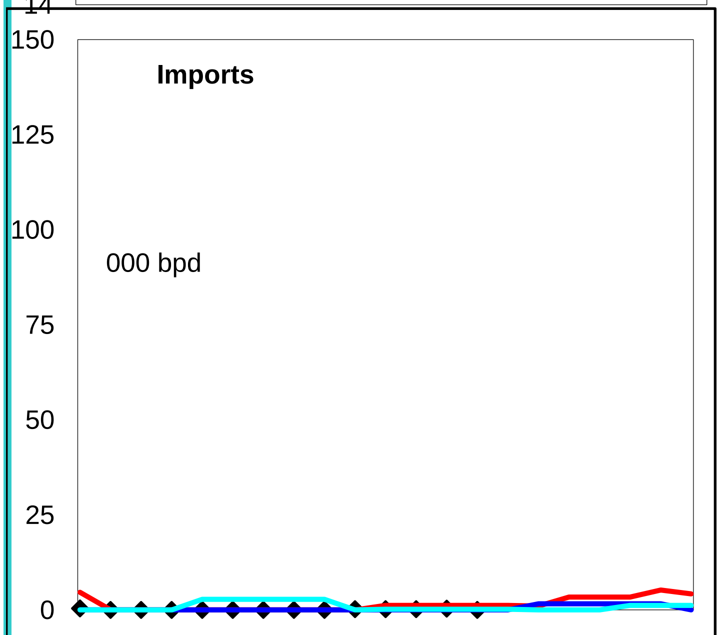


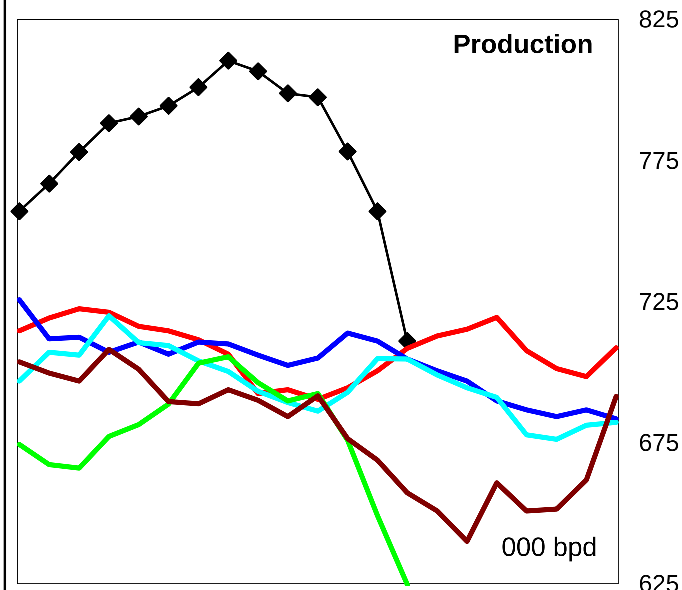
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	3,714	-1,954	41	1	108
% change	15.7	-83.0	16.8	2.2	52.3

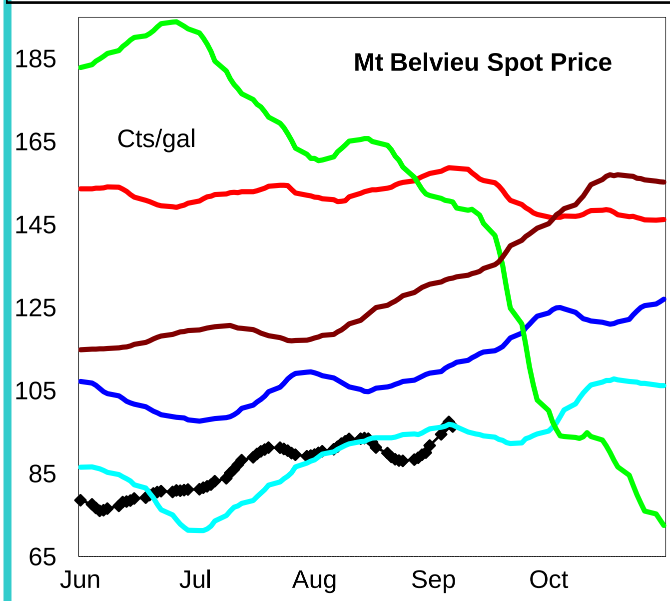
PADD 3 Propane Supply and Demand Balance

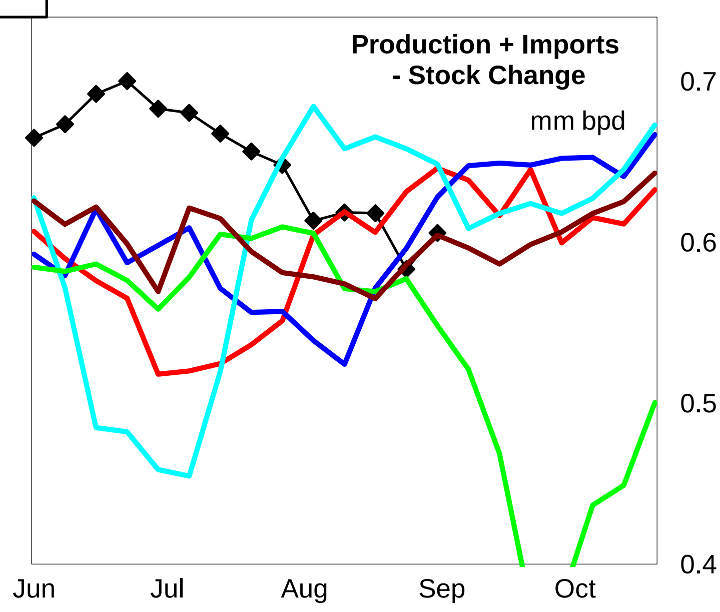












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	12,674	2,260	72	-1	-19
% change	53.7	238	10.3	-83.3	-2.9

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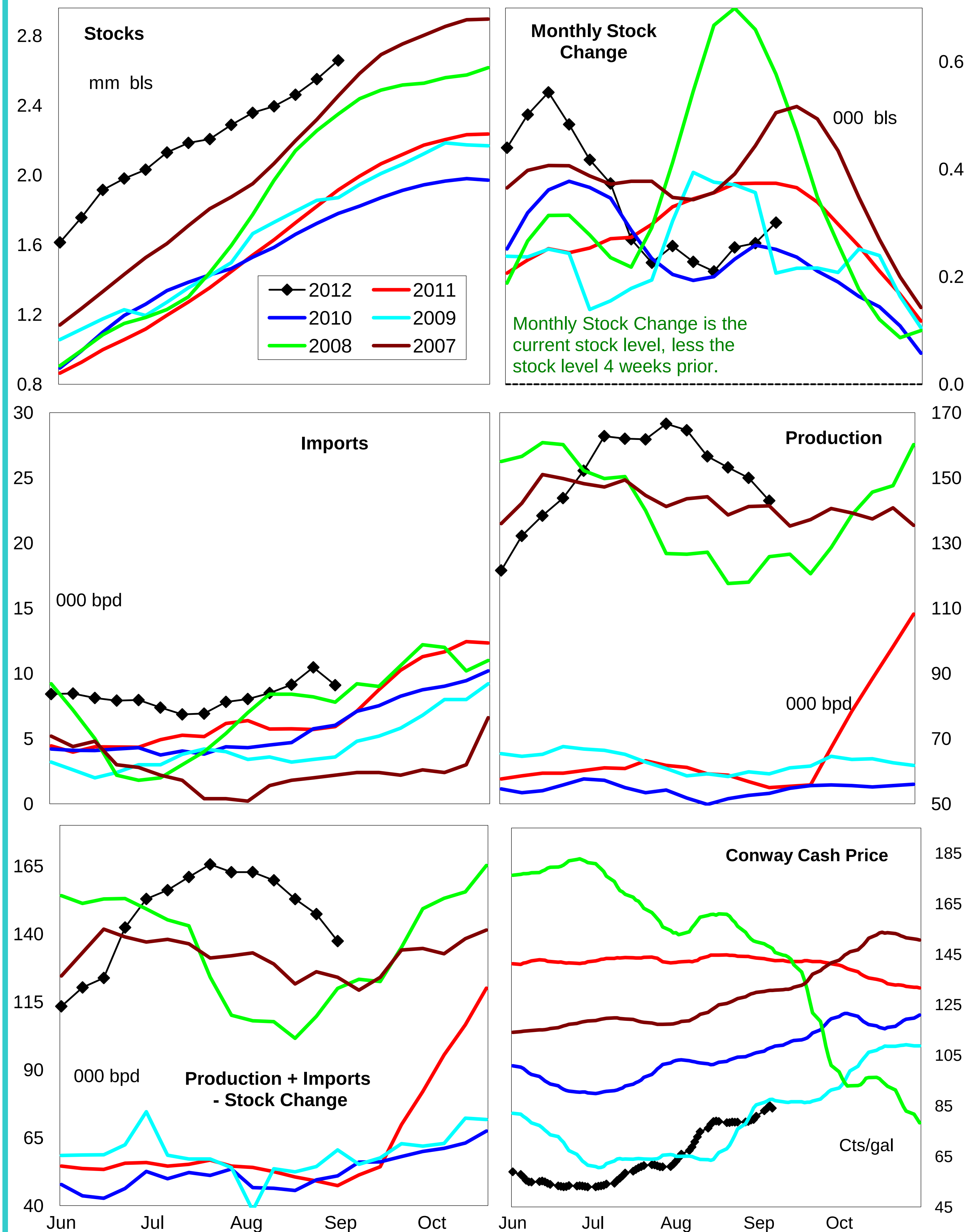
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	724	-73	97	4	99
% change	36.7	-19.6	171.4	76.3	199.4

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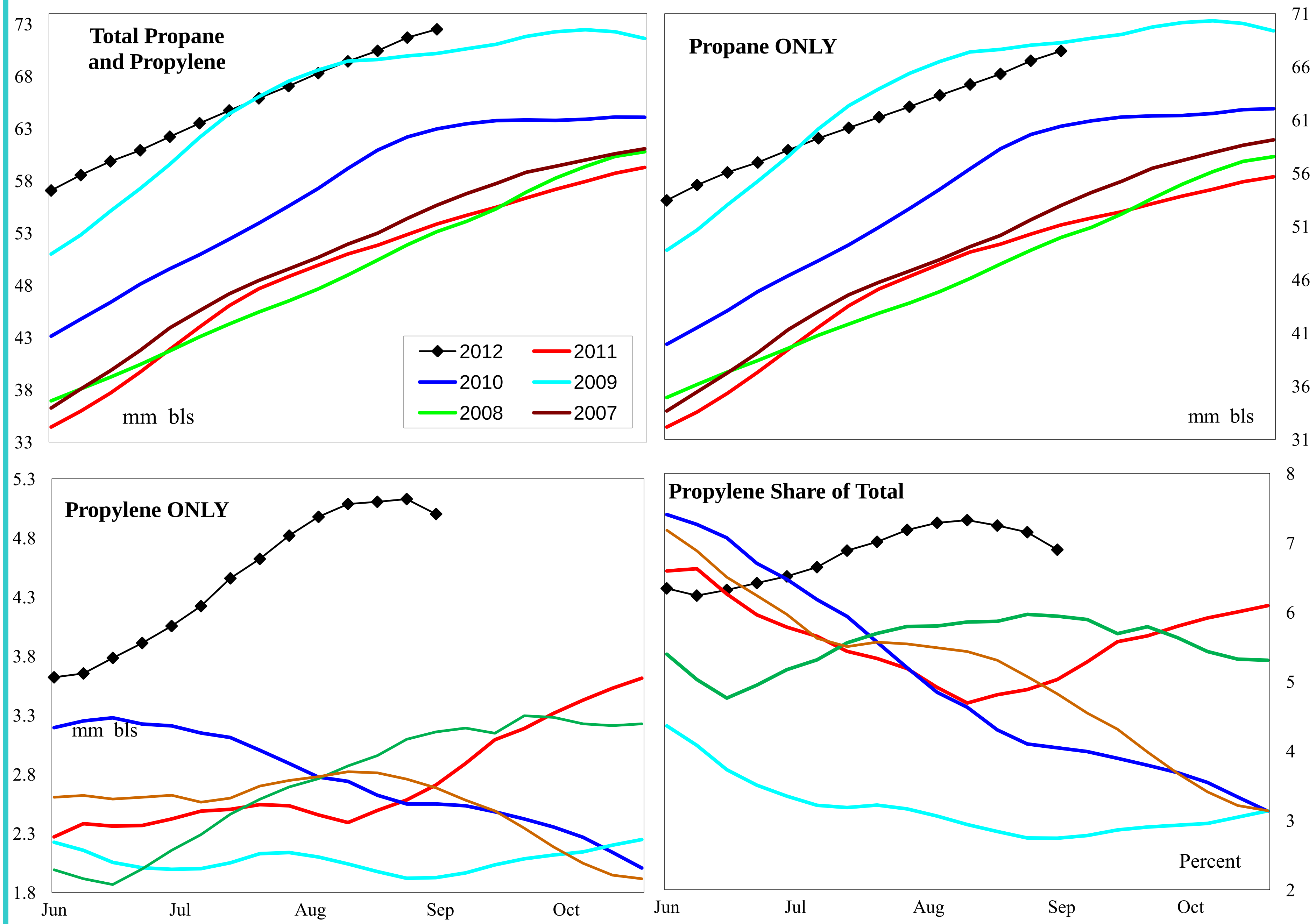
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	18,935	16,880	2,293
% change	35.4	33.4	84.6

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