WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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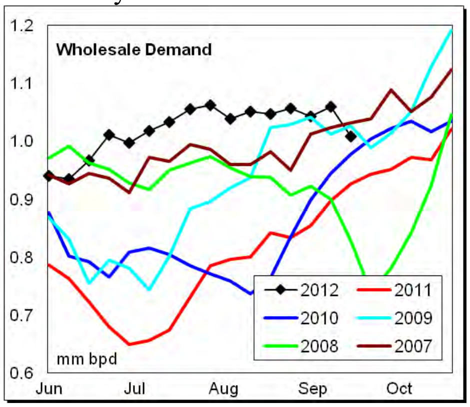
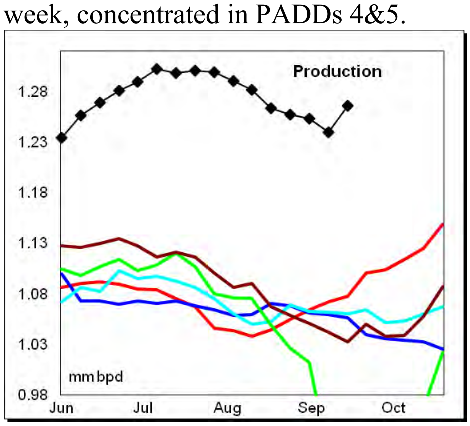
Summary[1]:

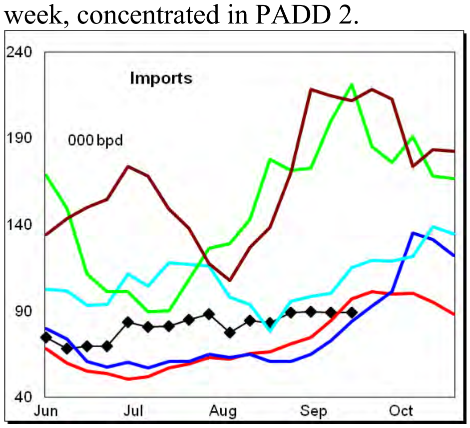
Wholesale demand fell -177,000 bpd on the week, to a level above the average of the last 3-years.



Production increased +15,000 bpd last week, concentrated in PADDs 4&5.

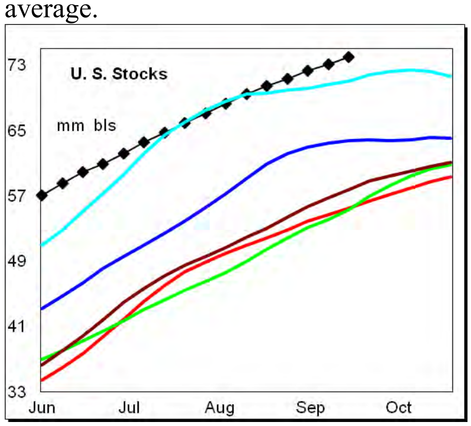


Imports decreased -30,000 bpd on the week, concentrated in PADD 2.

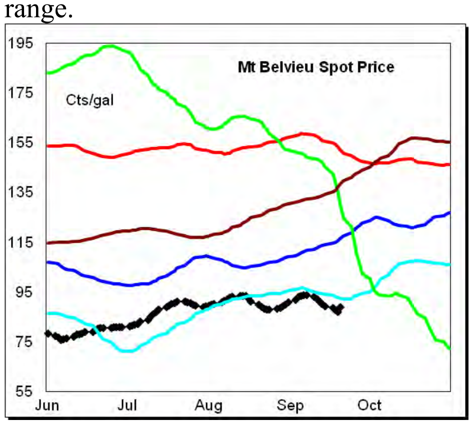


Combined production and imports during the latest 4-wk period were +202,000 bpd above a year ago. Production was +188,000 bpd above last year (+18%), while imports were +14,000 bpd higher. The latest 4-wk average demand was 195,000 bpd above last year, +21%.

Stocks increased +1.3 million barrels last week, and are now +34% above a year ago. The 4-wk stock change was a build of +3.6 million barrels, a level that matched the 5-year average.



Price and Spreads Mt Belvieu spot prices decreased -1.5 cpg for the week ending 20Sep12, while Conway fell -2.5 cpg during the same week. Mt Belvieu prices ended the week below the 5-year range.



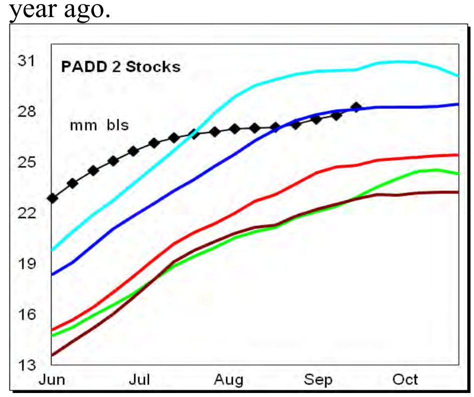
The Conway – Mt Belvieu price spread traded sideways last week, ending the week at -12 cpg.

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

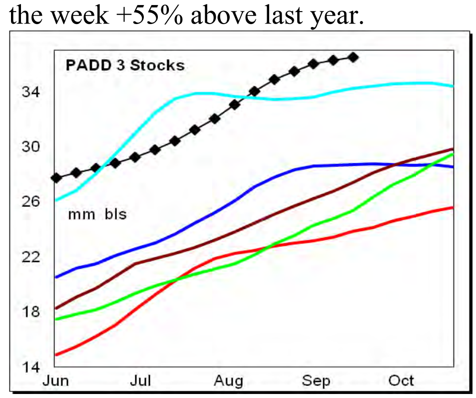
The propane / crude oil price spread traded sideways last week ending at a level near earlier 5-year lows.

PADD 1 stocks increased +0.1 million barrels on the week, ending the week +39% above a year ago. Supply increased +16,000 bpd on the week. Supply for the latest 4-wk period was +14,000 bpd above last year, on higher imports and production.

PADD 2 stocks increased +0.6 million barrels on the week. Supply decreased -37,000 bpd on the week, due to lower imports. The latest 4-wk supply was +39,000 bpd above a year ago. Stock levels ended the week +13% above a year ago.



PAD 3 stocks increased +0.5 million barrels on the week, as refiners returned to full operation, with the 4-wk stock change a build of +1.6 million barrels. The build exceeded each of the last 3-years for the week. Stock levels ended the week +55% 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 +36% above a year ago.

Emerging Trends Stocks ended the week +34% above a year ago, with the Gulf region up +55%. Mt Belvieu prices continue to trade below 5-year lows set in 2009, and have not yet experienced a seasonal uptrend. 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 21, 2012

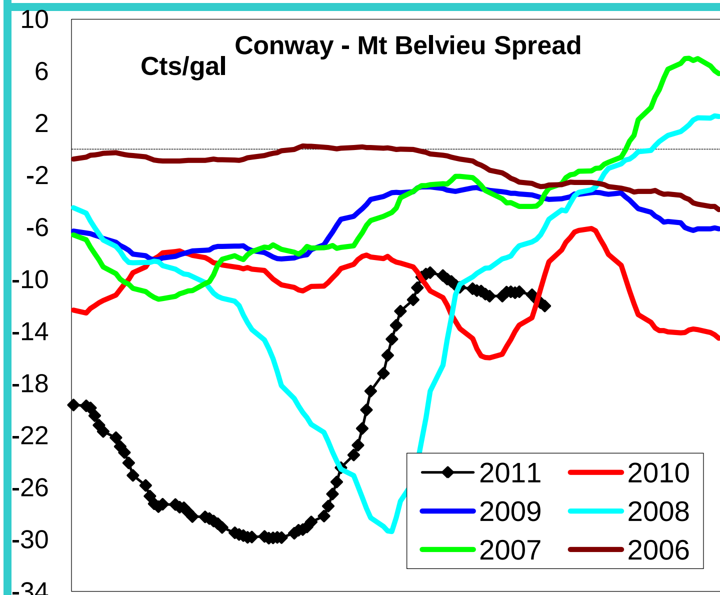
Fundamental Trends for the Week Ending: Friday, September 14, 2012

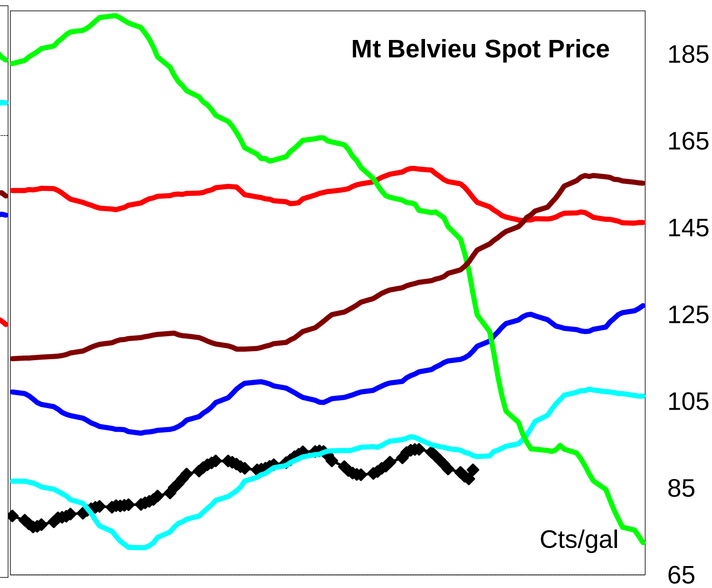
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	74,017	6,359	28,244	36,494	2,920	1,322	101	572	506	143
Propylene Stocks	4,761					-66				
Production	1,266	62	287	751	166	15	3	8	-20	24
Imports	89	32	45	1	11	-30	13	-45	1	1
Whsle Demand	1,048					-177				

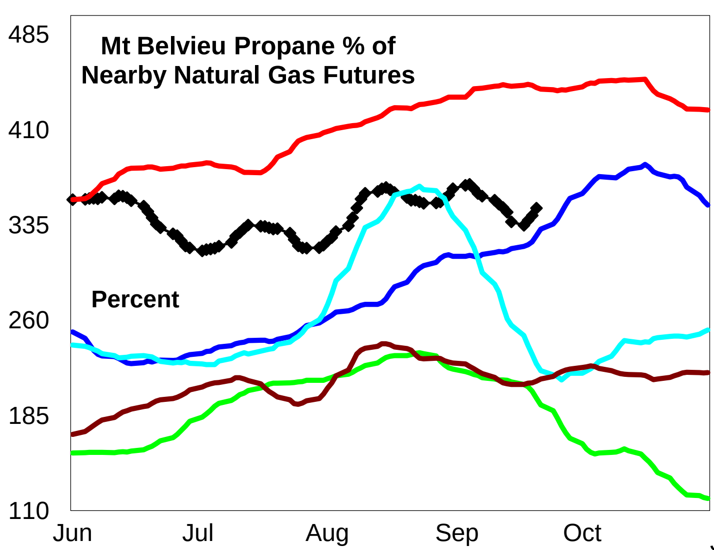
Price Trends for the Week Ending: Thursday, September 20, 2012

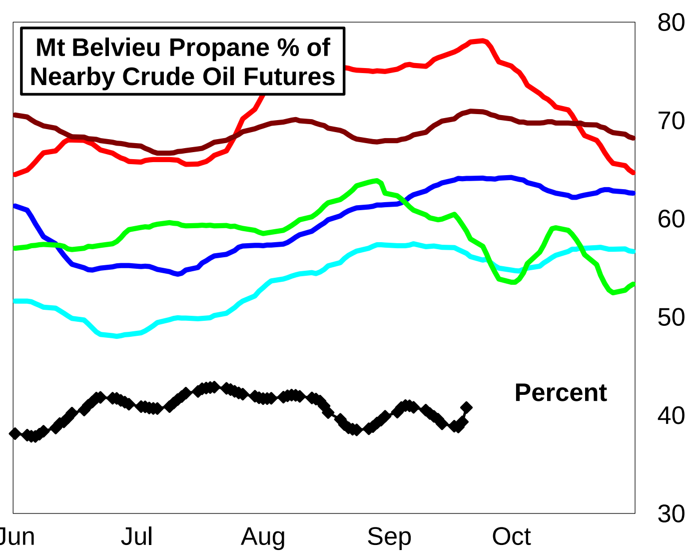
Cents/gal	Average for week ending:				Change from:			% change from:		
	9/20/12	9/6/12	8/16/12	9/16/11	9/6/12	8/16/12	9/16/11	9/6/12	8/16/12	9/16/11
Mont Belvieu Spot	87.7	92.1	90.2	151.9	-4.34	1.87	-61.69	-4.7	2.1	-40.6
Conway Spot	76.2	81.8	80.5	141.5	-5.58	1.30	-61.01	-6.8	1.6	-43.1

Key Price Spreads and Differentials

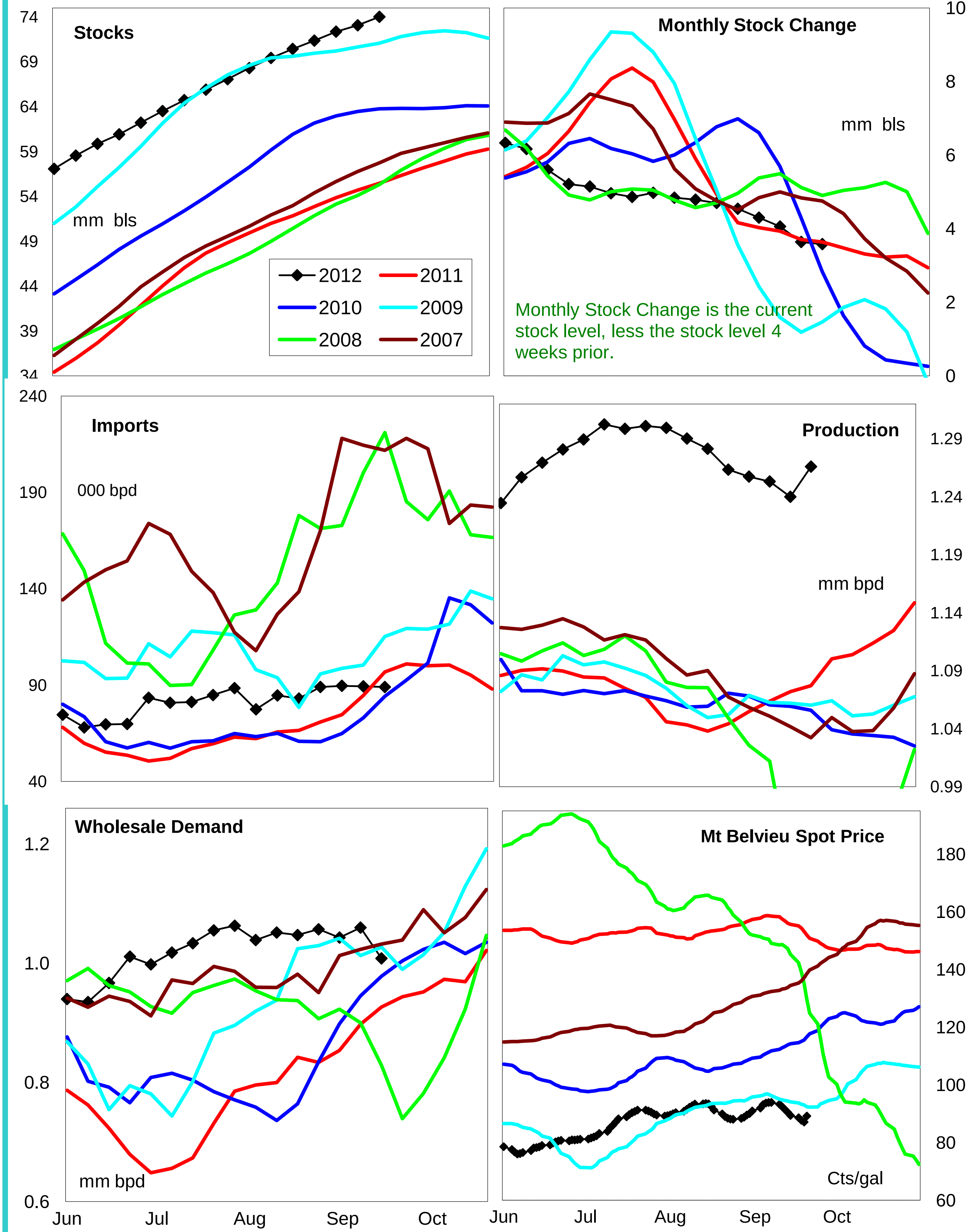






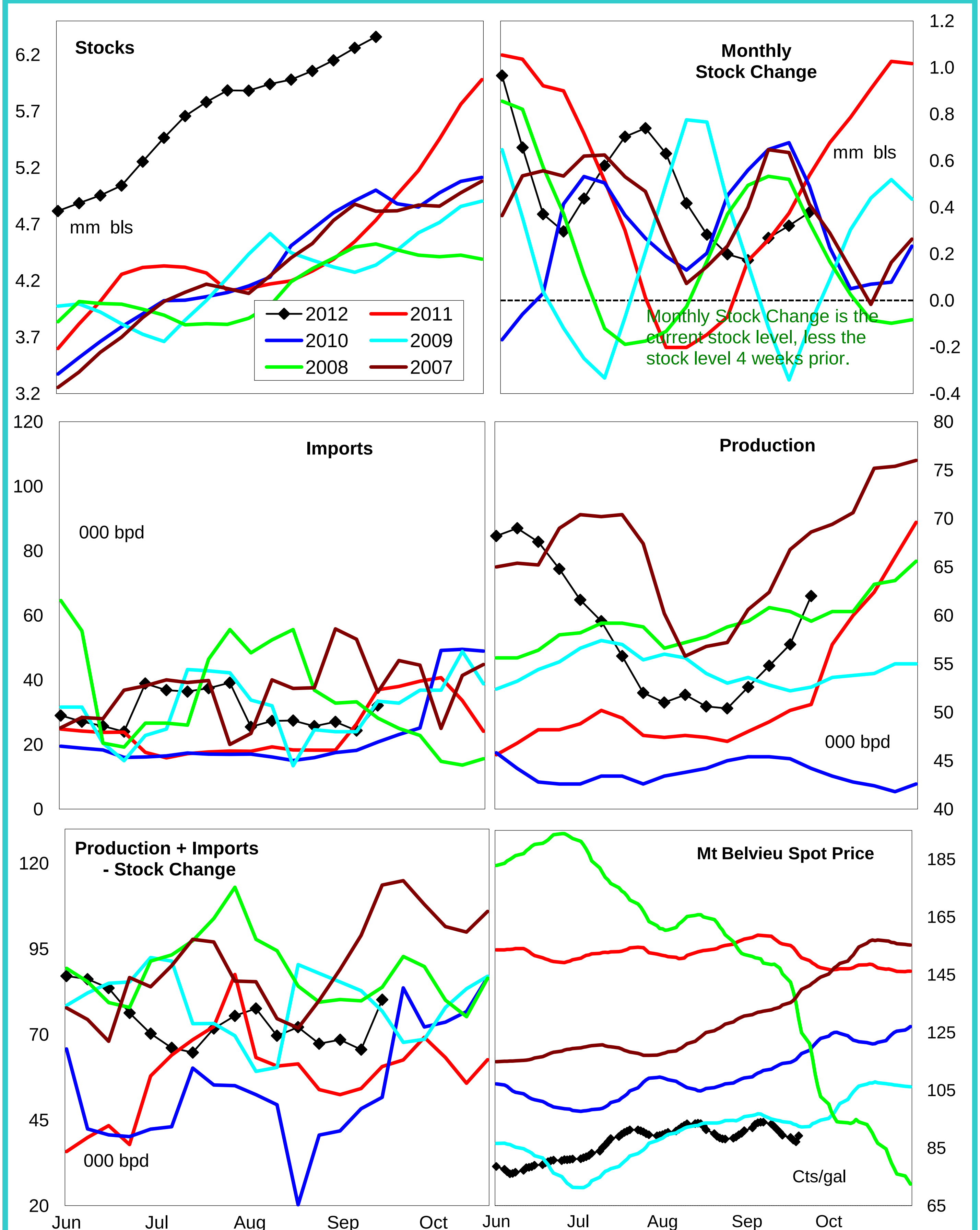


U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Aug	Jul	Jun
000 bpd (000 bls stks)	18,658	-57	188	14		195	91	157	175
% change	33.7	-2	17.7	18.4		21.2	9.3	17.1	19.7

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)	1,773	-158	7	7	15
% change	38.7	-29.5	13.8	40.4	27.3

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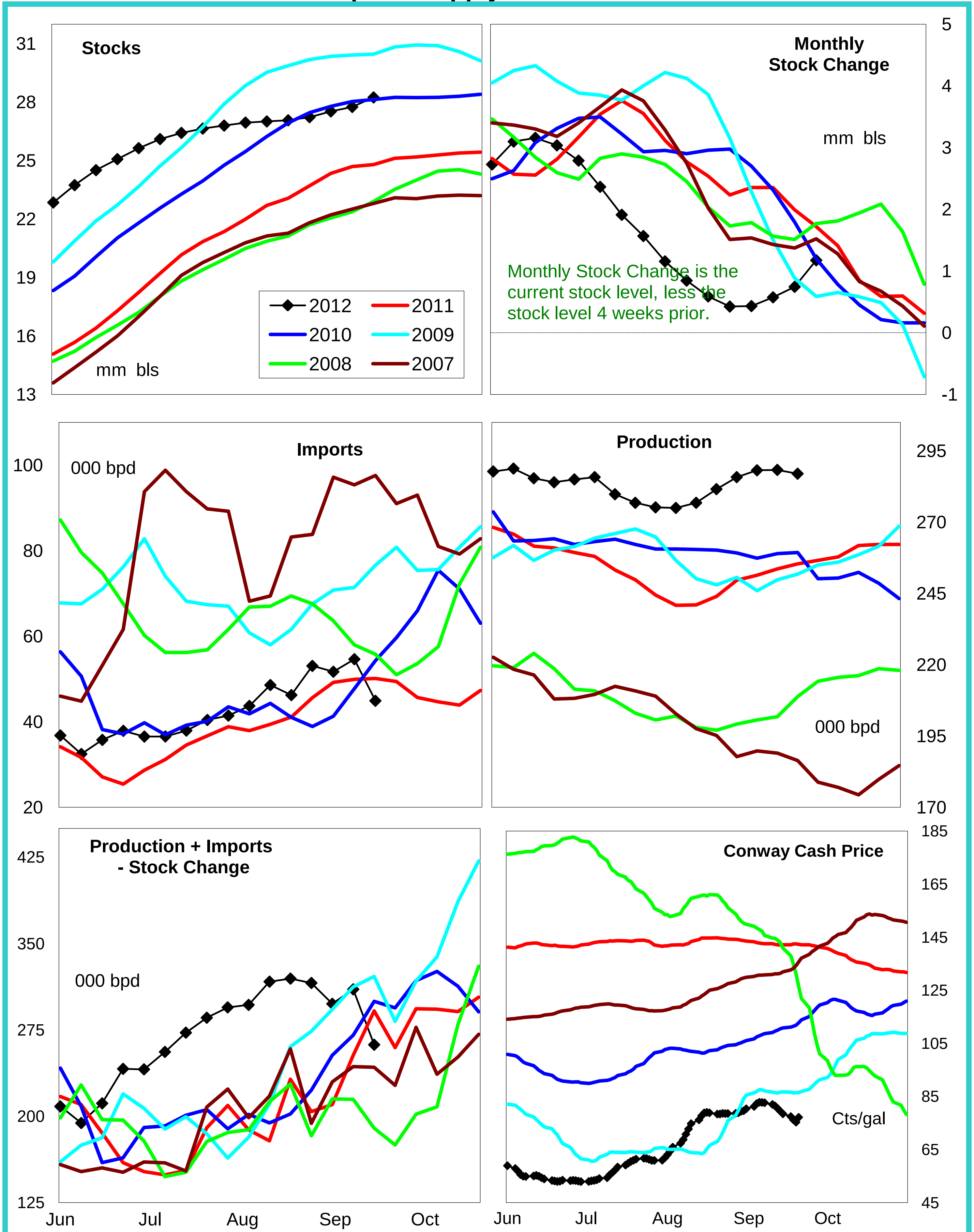
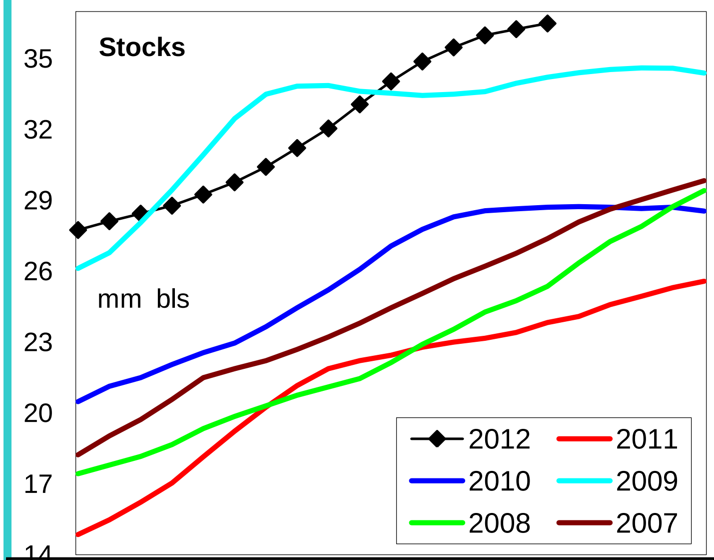
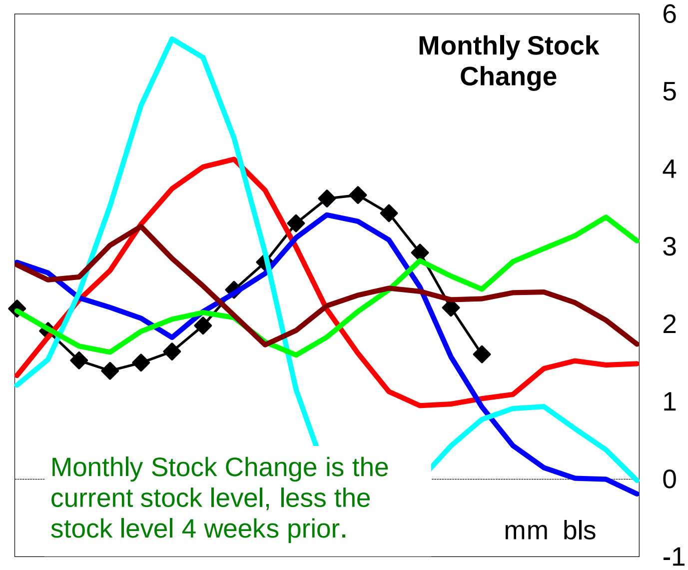
PADD 2 Propane Supply and Demand Balance

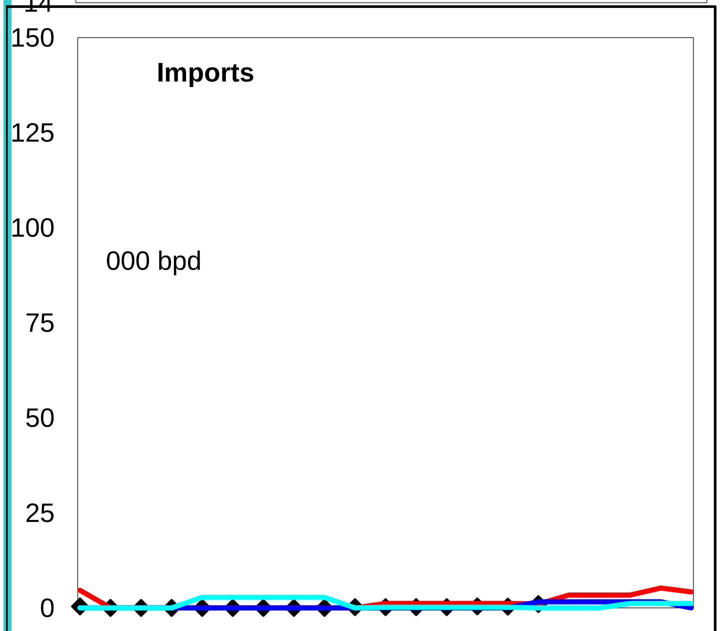


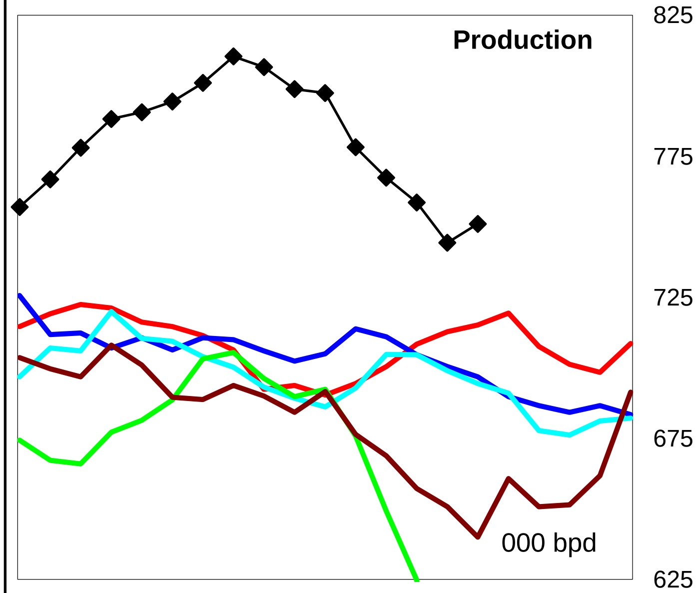
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	**3,184**	**-548**	**36**	**3**	**57**
% change	**12.7**	**-31.8**	**14.2**	**6.6**	**23.7**

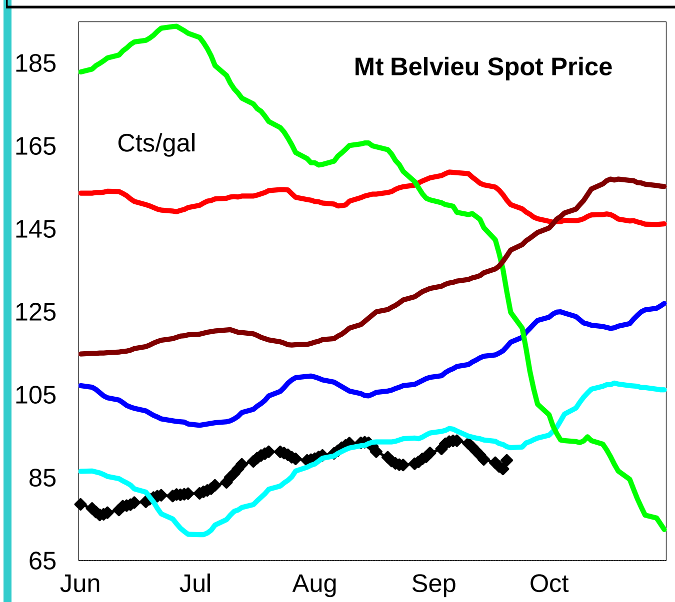
PADD 3 Propane Supply and Demand Balance

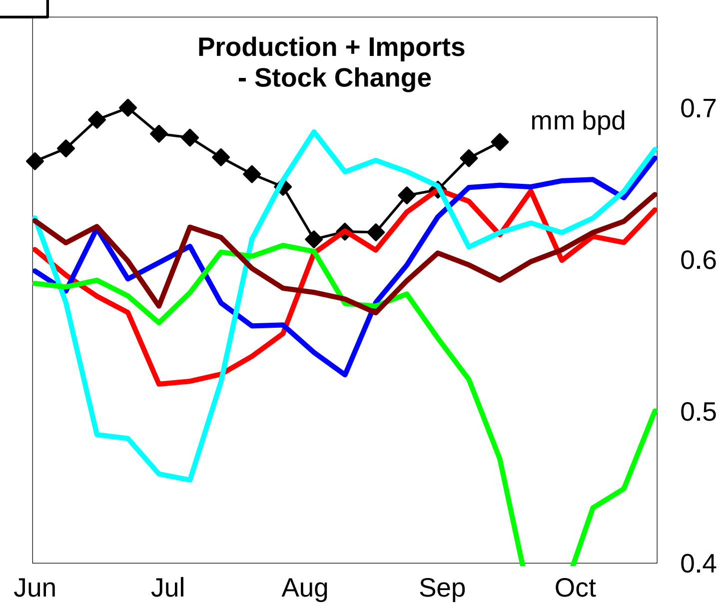






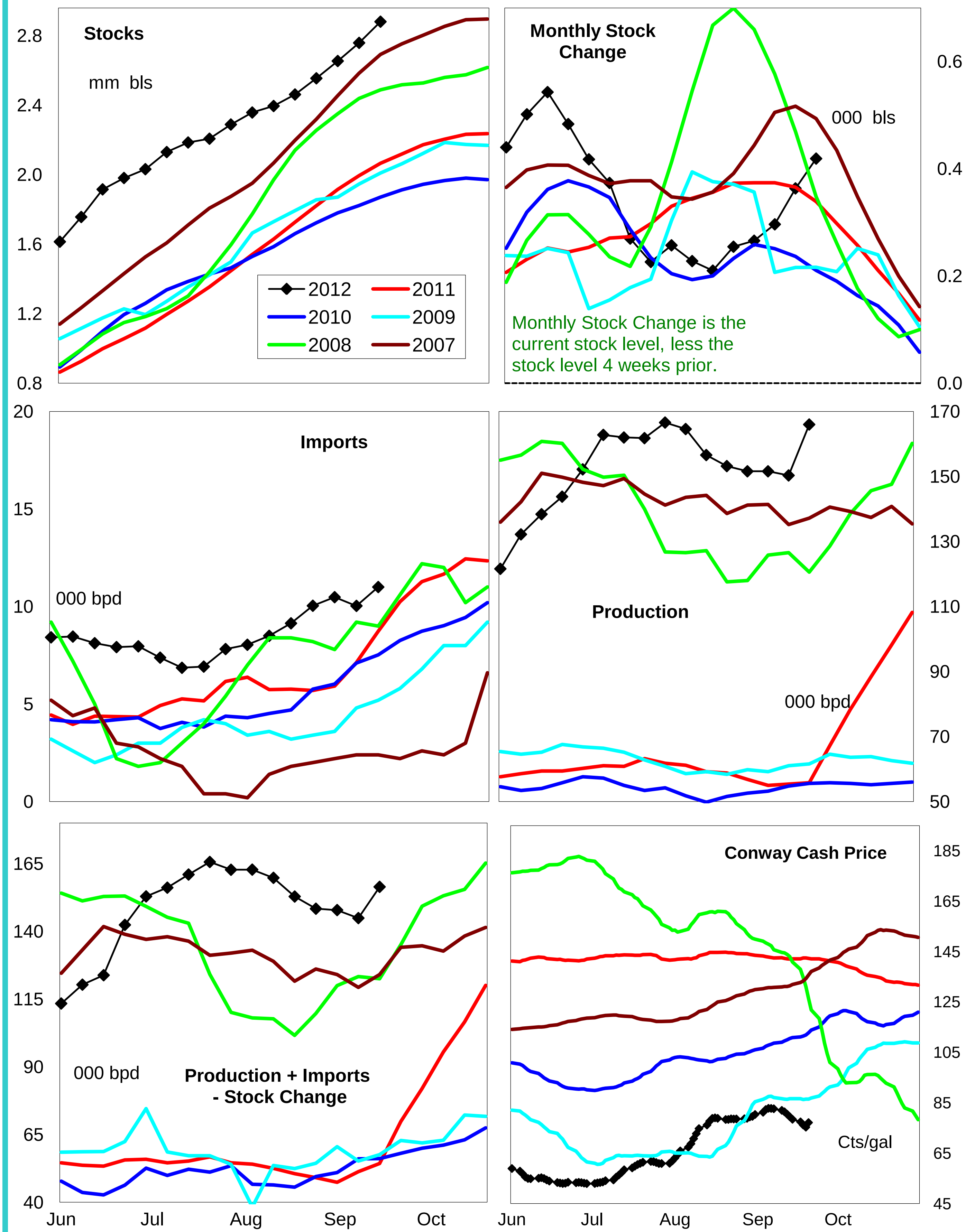






4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	12,925	569	51	-1	25
% change	54.8	55	7.2	-83.3	3.7

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)	776	80	95	5	99
% change	36.2	23.7	172.6	79.4	195.7

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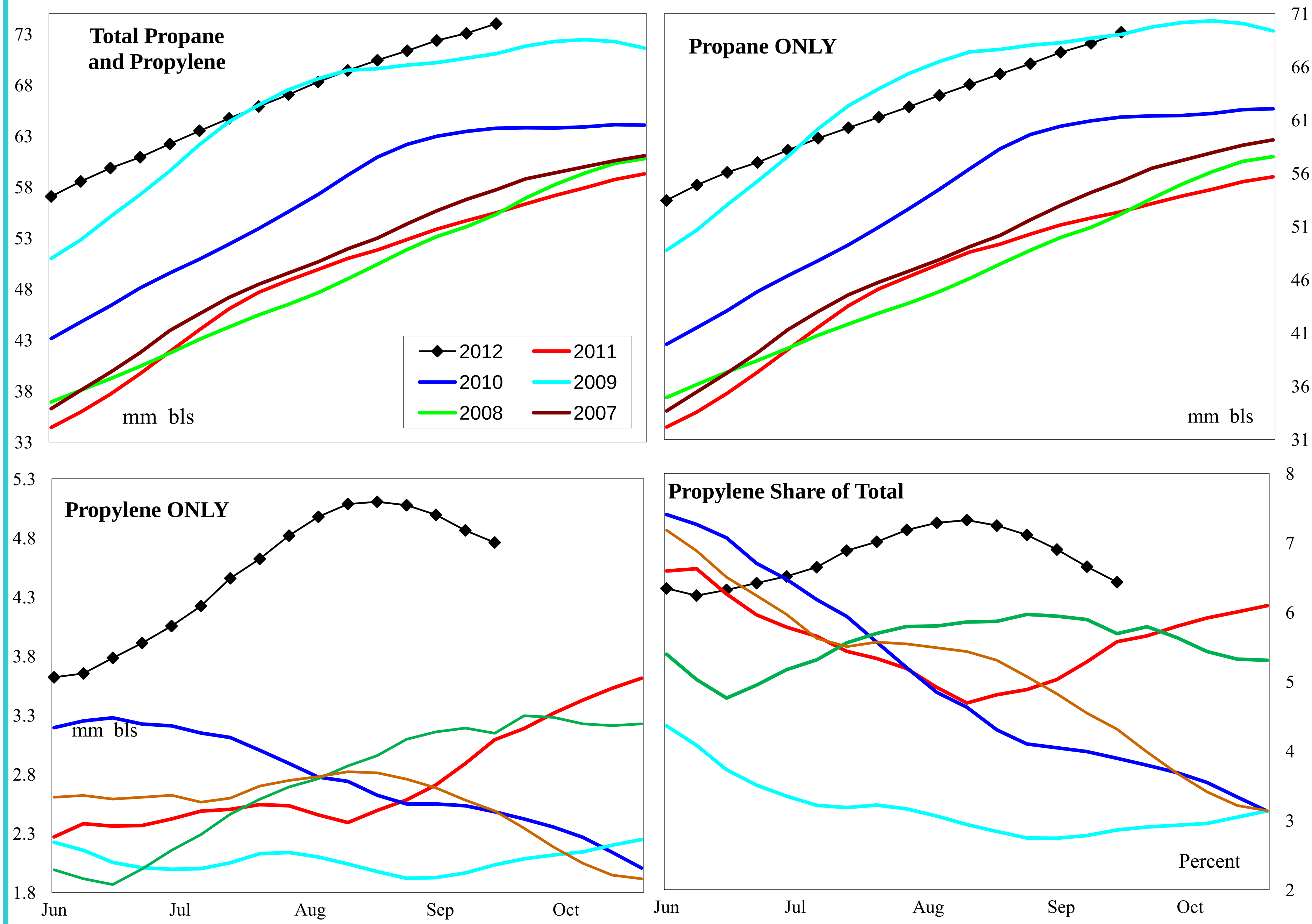
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**18,658**	**16,965**	**1,669**
% change	**33.7**	**32.4**	**54.0**

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

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