



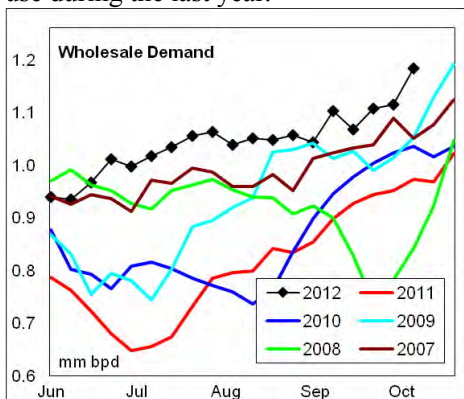
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

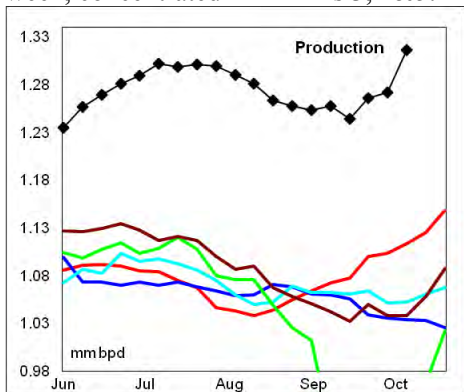
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

Summary¹:

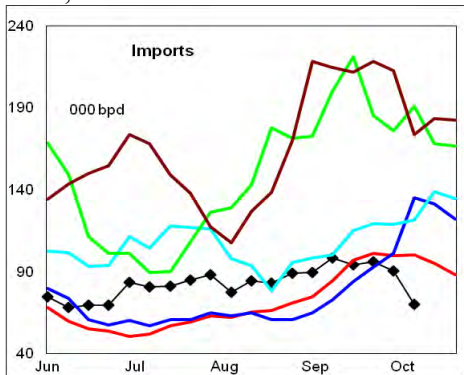
Wholesale demand climbed +226,000 bpd on the week, a level above the historic range. The increase in propane production and low BTU energy cost has led to fuel substitution, blending with crude oil and increased chemical plant use during the last year.



Production increased +93,000 bpd last week, concentrated in PADDs 3, 4&5.



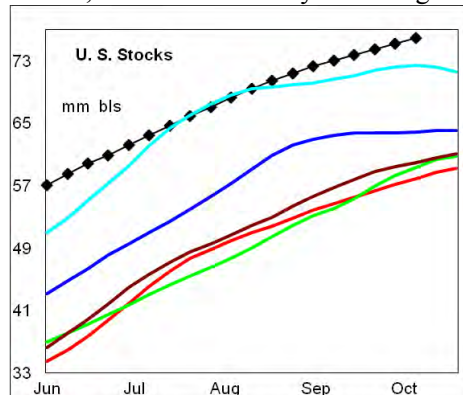
Imports decreased -7,000 bpd on the week, concentrated in PADD 2.



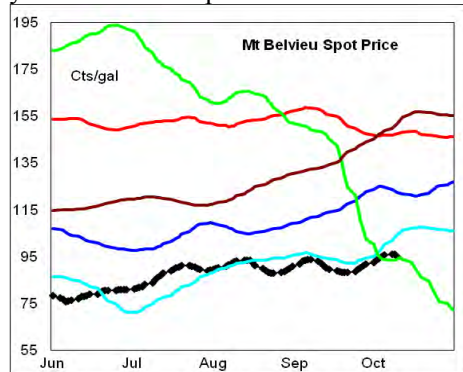
Combined production and imports during the latest 4-wk period were

+152,000 bpd above a year ago. Production was +168,000 bpd above last year (+15%), while imports were -16,000 bpd lower. The latest 4-wk average demand was +123,000 bpd above last year, +12%.

Stocks increased +0.3 million barrels last week, and are now +31% above a year ago. The 4-wk stock change was a build of +2.9 million barrels, a level near the 5-year average.



Price and Spreads Mt Belvieu spot prices increased +1 cpg for the week ending 10Oct12, while Conway increased +6 cpg during the same week. Mt Belvieu prices ended the week comparable to 5-year lows for the period.



The Conway – Mt Belvieu price spread trended sharply higher last week, ending the week at -8 cpg.

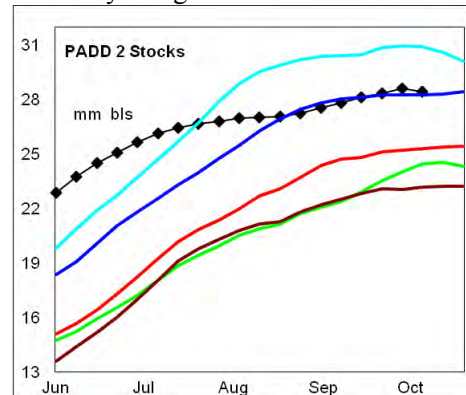
The propane to natural gas price spread declined last week, ending at a level well below the last 2-years.

The propane / crude oil price spread trended higher last week ending at the highest level of the last 4-months.

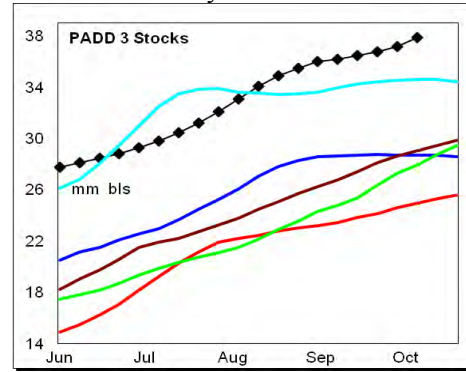
PADD 1 stocks increased +0.1 million barrels on the week, ending the week +17% above a year ago. Supply

increased +3,000 bpd on the week. Supply for the latest 4-wk period was -16,000 bpd below last year, on lower imports.

PADD 2 stocks decreased -0.5 million barrels on the week. Supply declined -20,000 bpd on the week, due to lower imports and production. The latest 4-wk supply was +30,000 bpd above a year ago. Stock levels ended the week +12% above a year ago.



PAD 3 stocks increased +0.7 million barrels on the week, with the 4-wk stock change a build of +1.7 million barrels. The build exceeded each of the last 3-years. Stock levels ended the week +52% above last year.



PADDs 4 & 5 stocks were nearly unchanged on the week. The stock level was +42% above a year ago.

Emerging Trends Near normal temperatures are forecast for key heating markets during the next 2-wks. Fall agriculture use has peaked. Stock levels remain extremely high, particularly in the Gulf. 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

October 11, 2012

Fundamental Trends for the Week Ending:

Friday, October 05, 2012

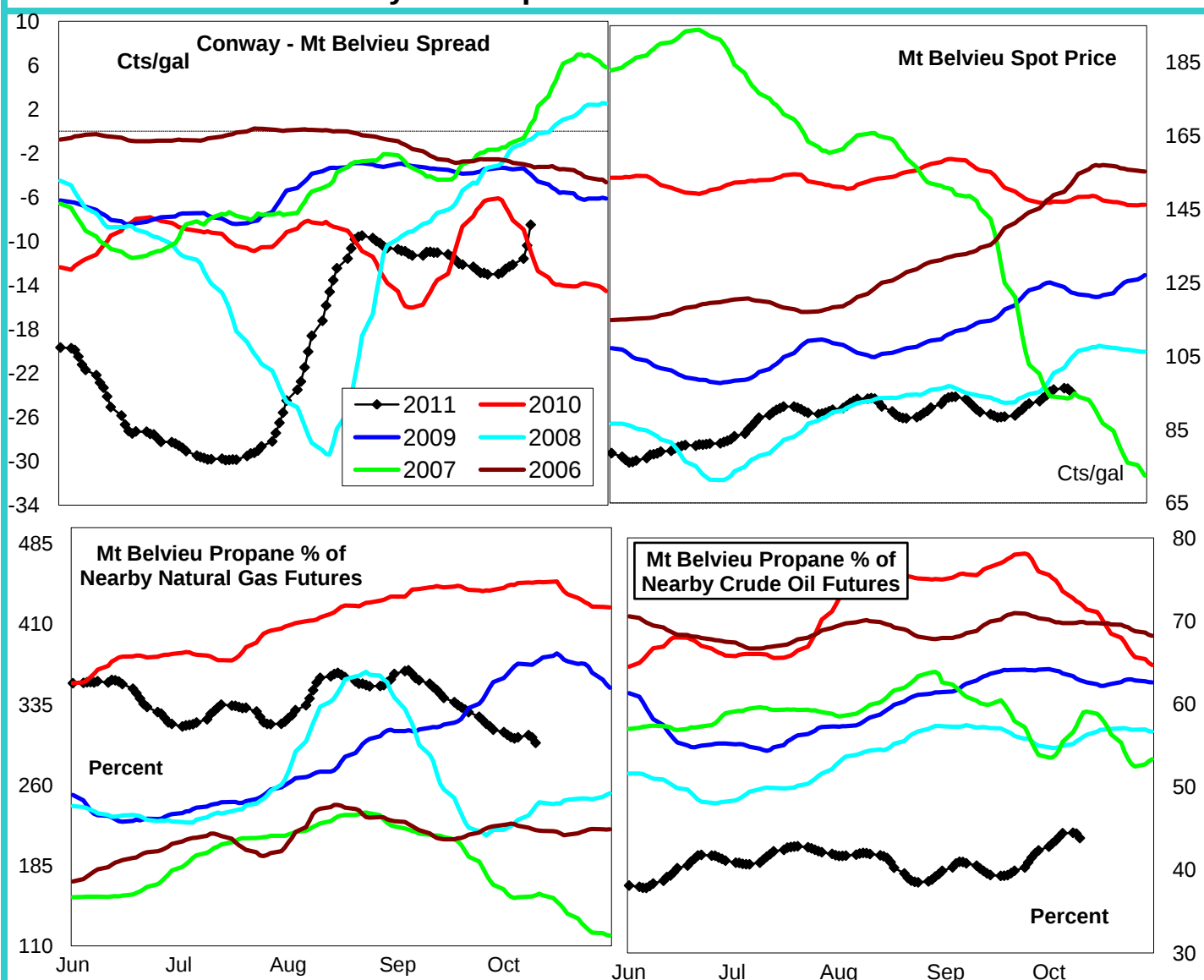
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	75,896	6,411	28,404	37,890	3,191	312	52	-457	678	39
Propylene Stocks	4,406					-105				
Production	1,316	59	260	824	173	93	3	-12	78	24
Imports	70	21	37	0	12	-7	0	-8	0	1
Whsle Demand	1,223					226				

Price Trends for the Week Ending:

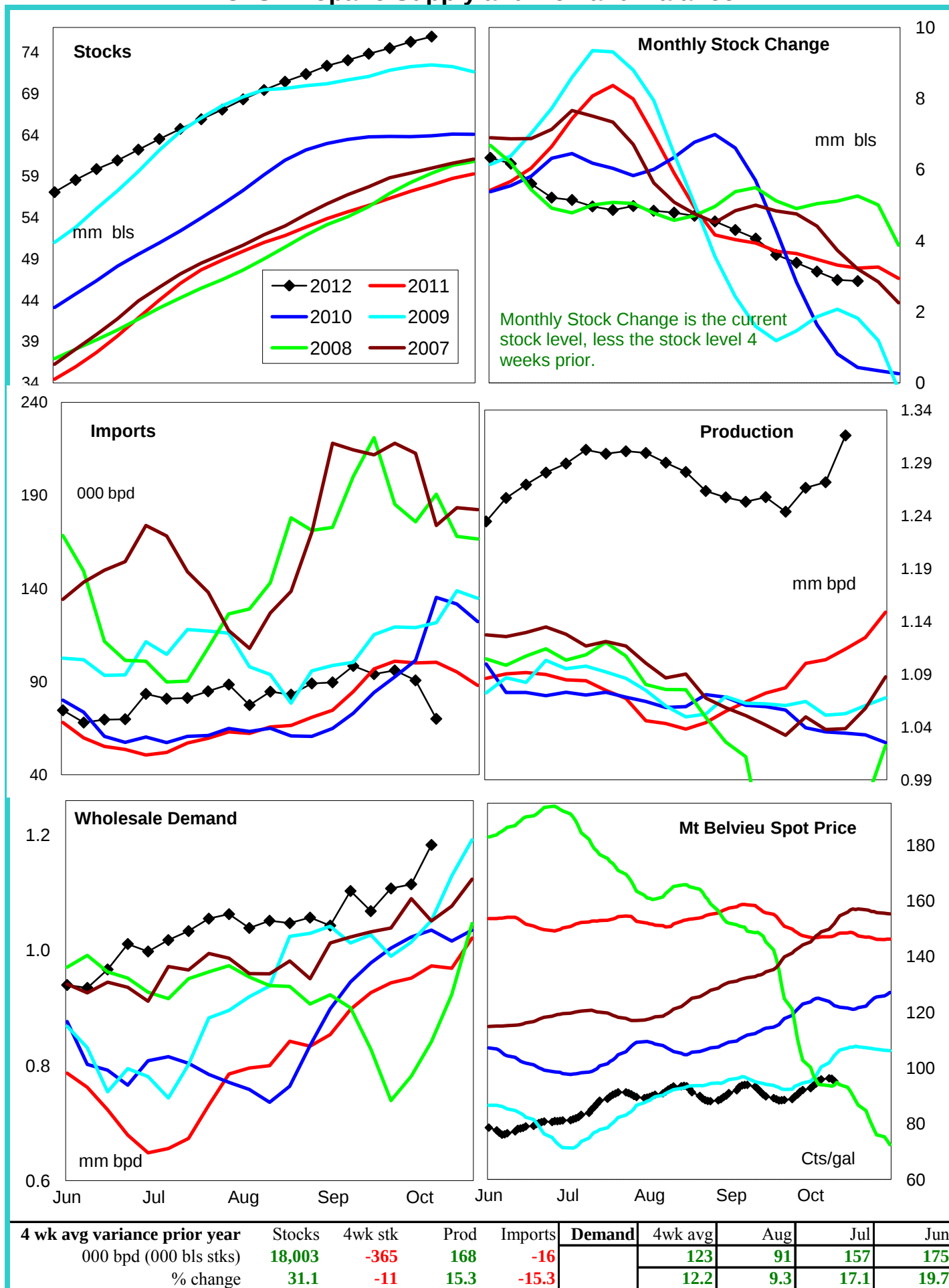
Tuesday, October 02, 2012

Cents/gal	Average for week ending:				Change from:			% change from:		
	10/2/12	9/25/12	8/28/12	9/28/11	9/25/12	8/28/12	9/28/11	9/25/12	8/28/12	9/28/11
Mont Belvieu Spot	96.3	93.7	93.2	148.1	2.54	0.55	-54.94	2.7	0.6	-37.1
Conway Spot	84.7	80.5	82.7	138.9	4.24	-2.24	-56.21	5.3	-2.7	-40.5

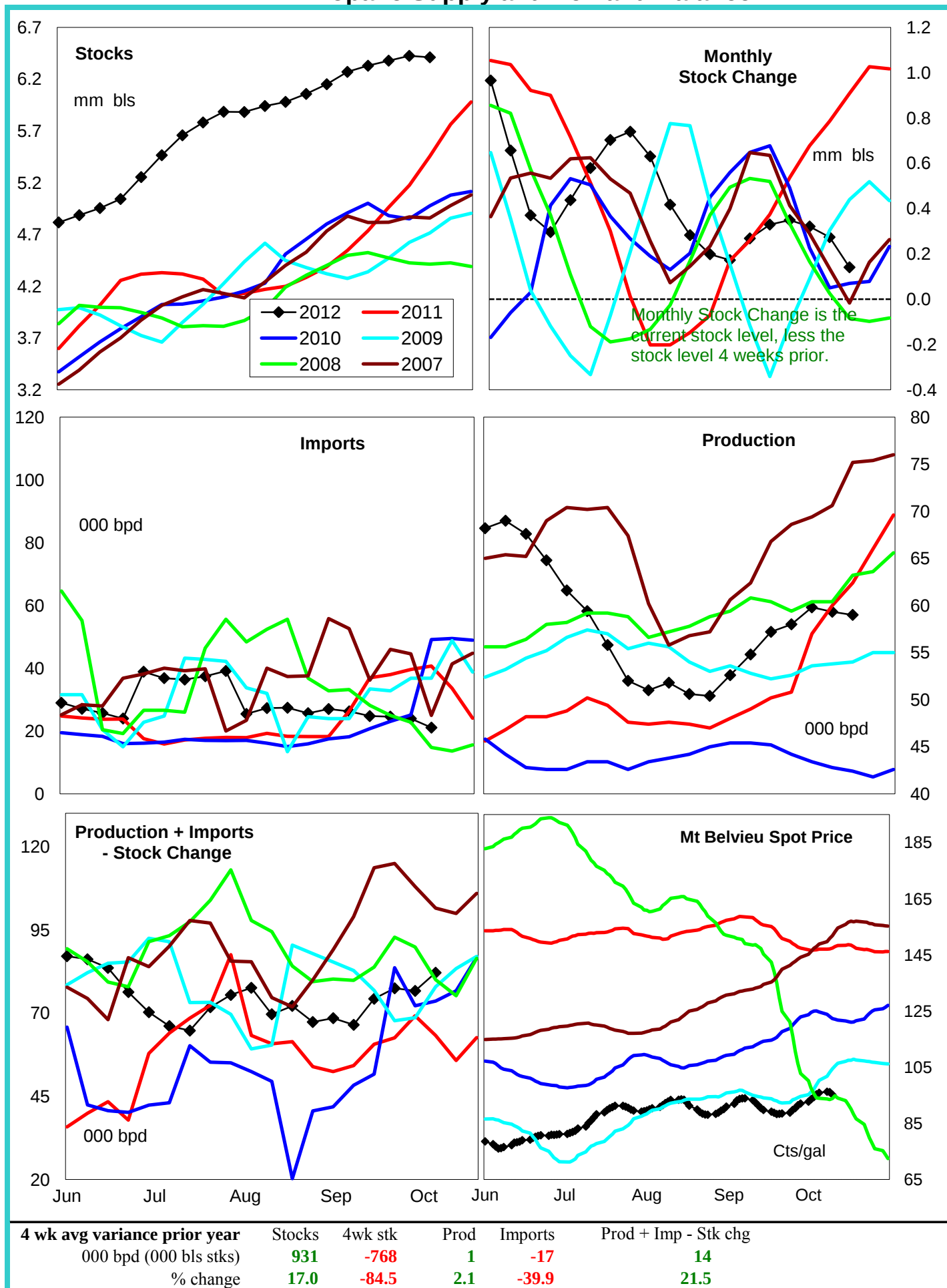
Key Price Spreads and Differentials



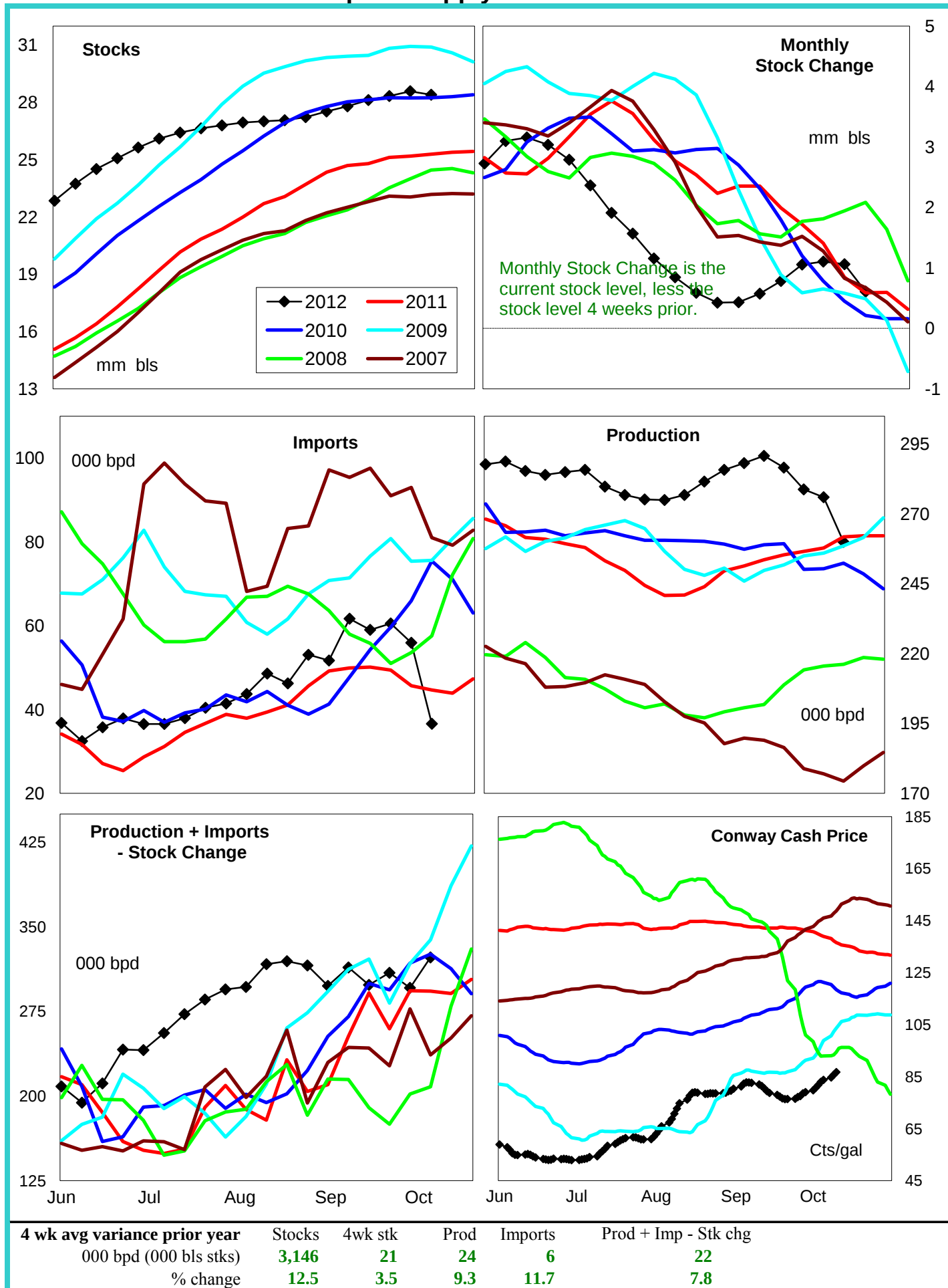
U. S. Propane Supply and Demand Balance



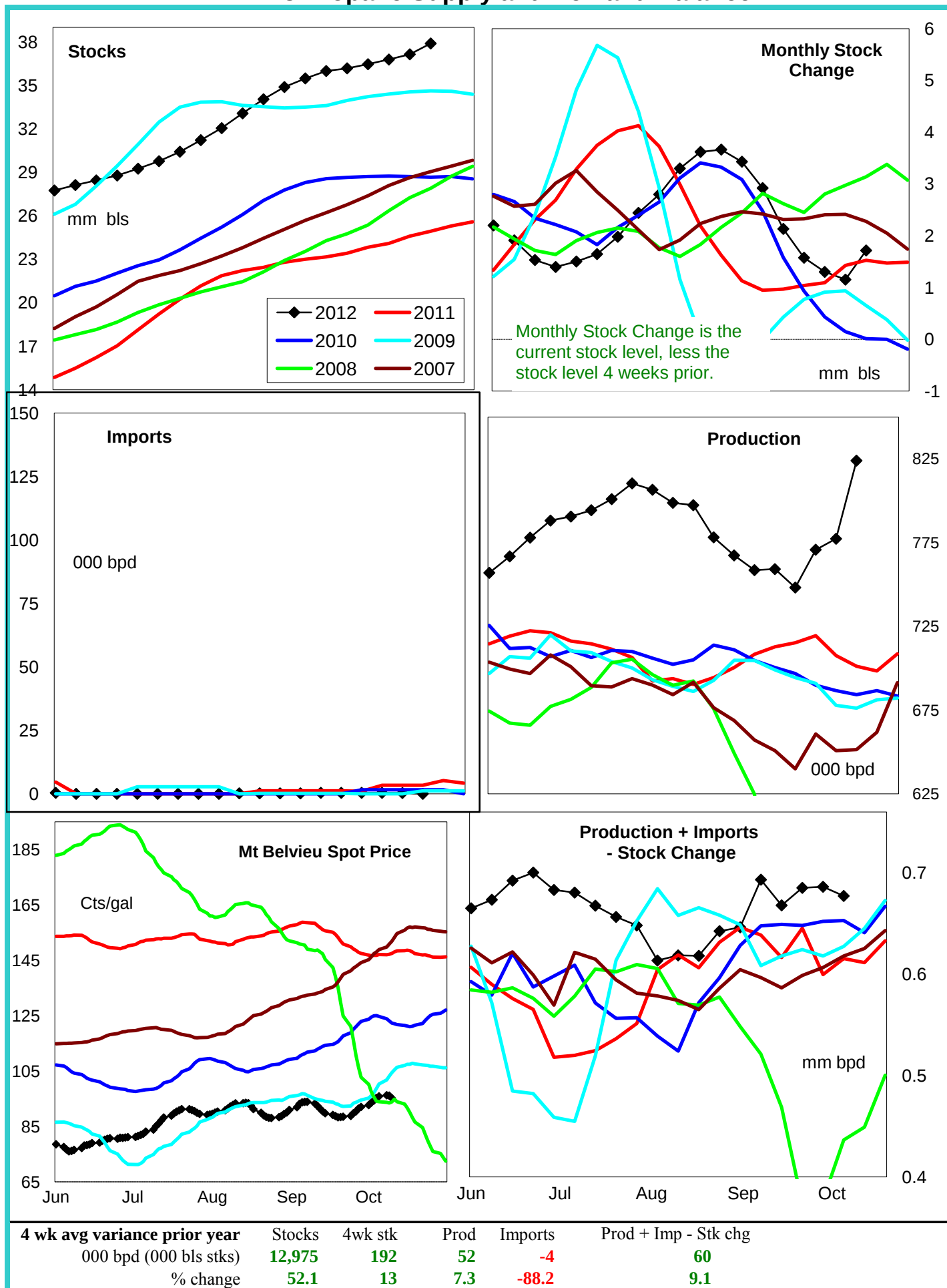
PADD 1 Propane Supply and Demand Balance



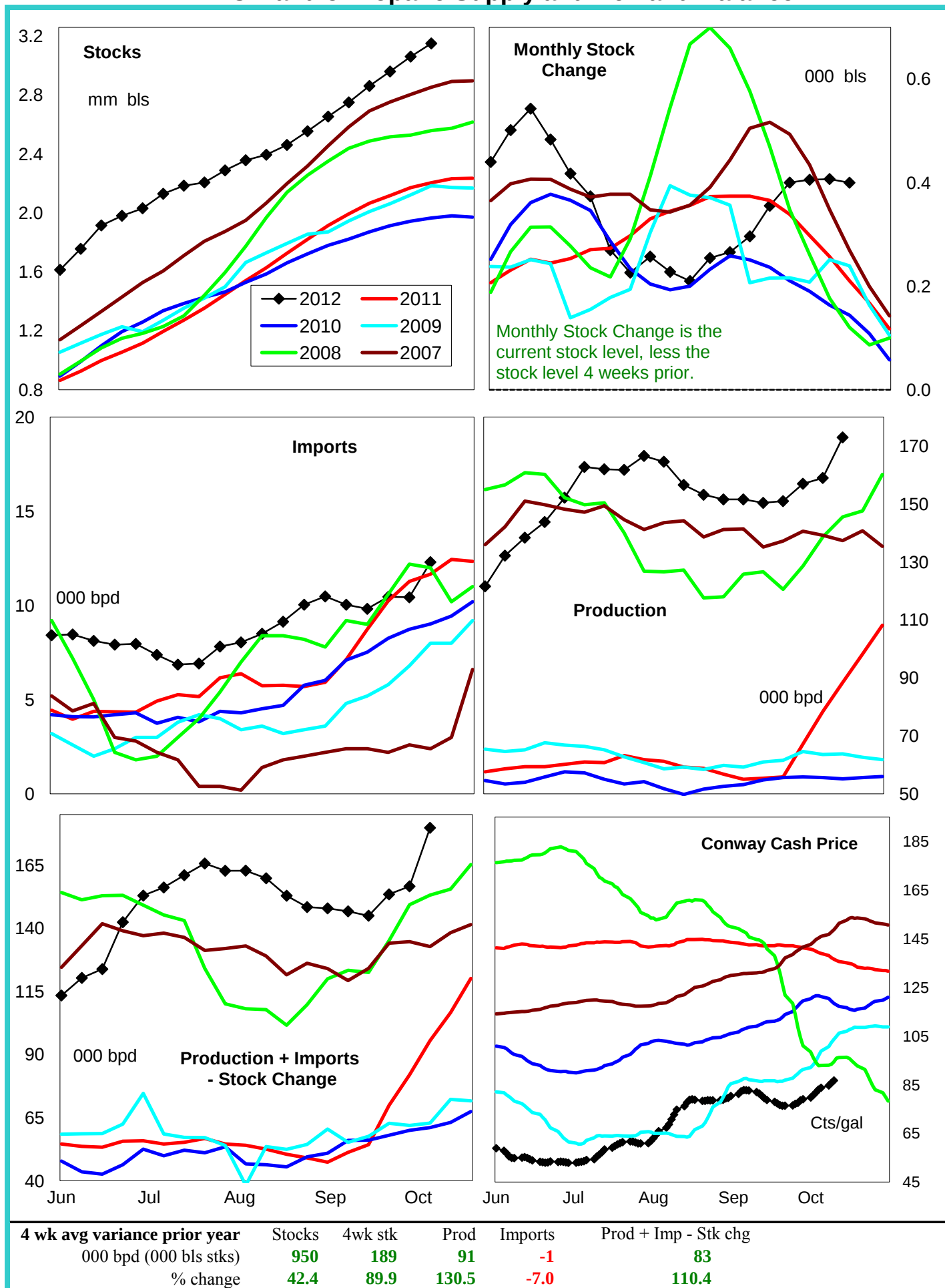
PADD 2 Propane Supply and Demand Balance



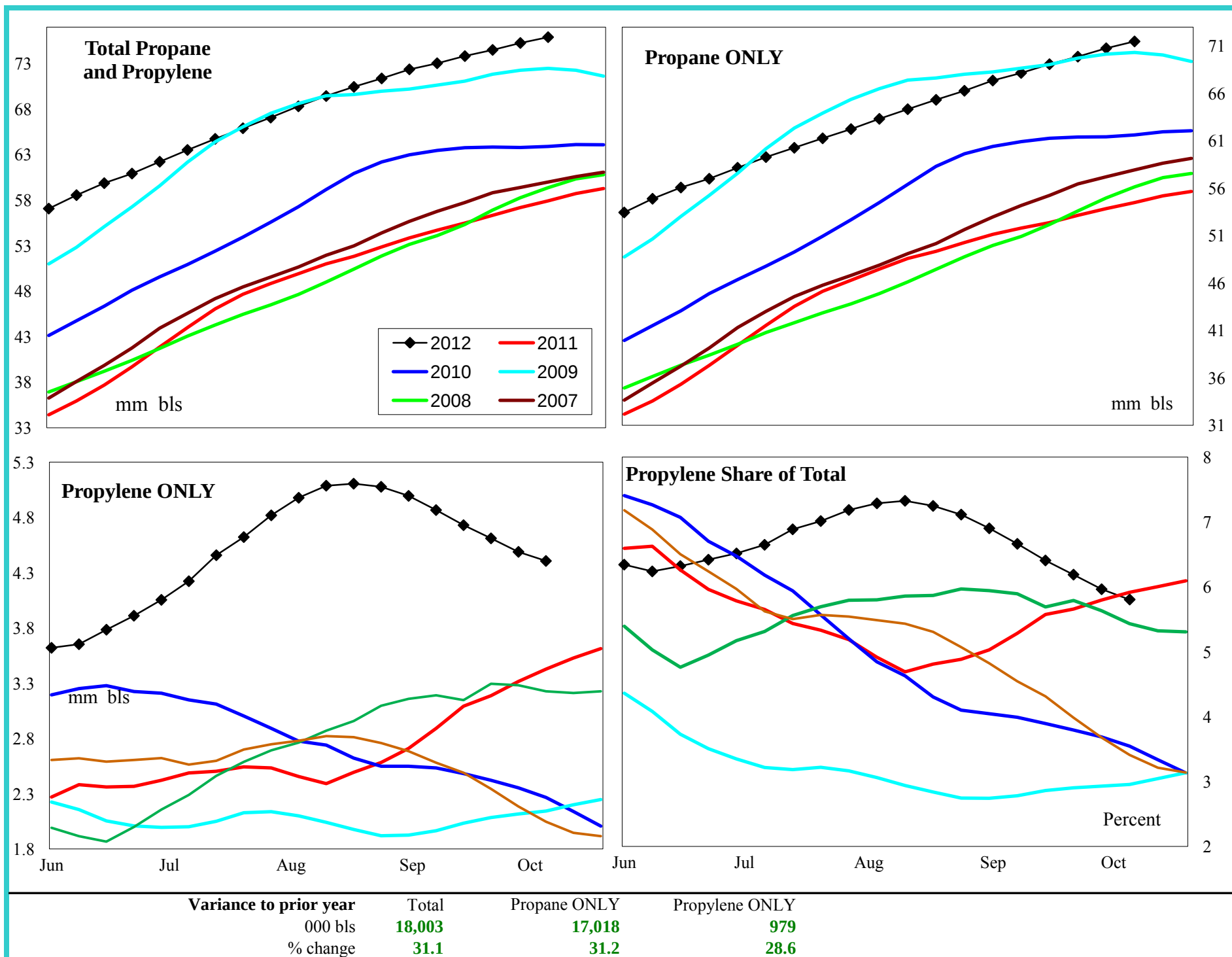
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

