



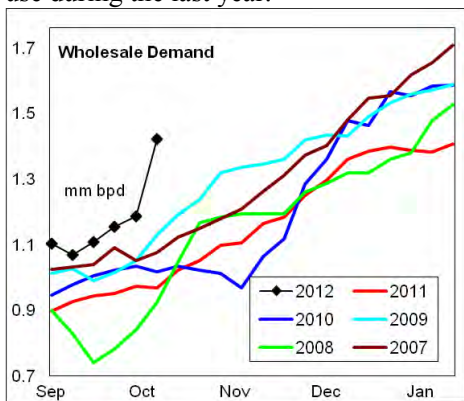
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

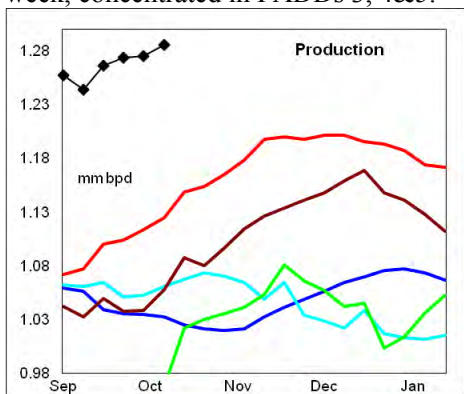
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

Summary¹:

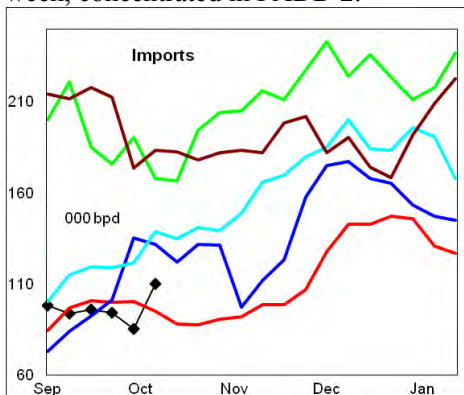
Wholesale demand climbed +239,000 bpd on the week, a level well above the historic range. The increase in propane production and low BTU energy cost has led to fuel substitution, blending with crude oil and increased chemical plant use during the last year.



Production decreased -30,000 bpd last week, concentrated in PADDs 3, 4&5.



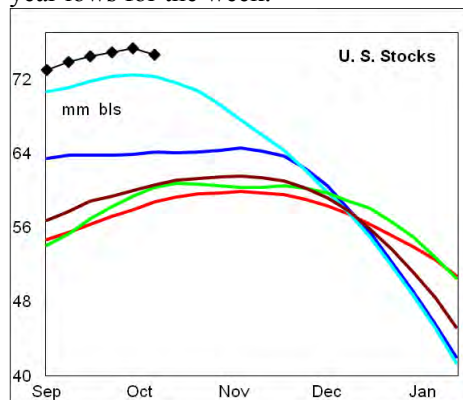
Imports climbed +40,000 bpd on the week, concentrated in PADD 2.



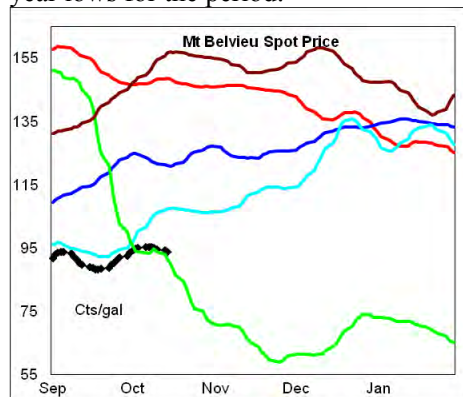
Combined production and imports

during the latest 4-wk period were +155,000 bpd above a year ago. Production was +165,000 bpd above last year (+15%), while imports were -10,000 bpd lower. The latest 4-wk average demand was +237,000 bpd above last year, +24%.

Stocks fell -1.3 million barrels last week, and are now +27% above a year ago. The 4-wk stock change was a build of +1.2 million barrels, a level near 5-year lows for the week.



Price and Spreads Mt Belvieu spot prices declined -3 cpg for the week ending 16Oct12, while Conway was unchanged 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 higher last week, ending the week at -7 cpg.

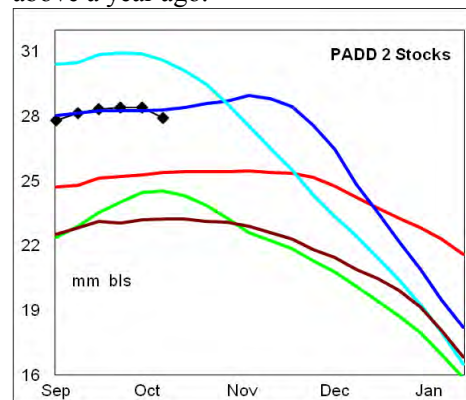
The propane to natural gas price spread traded sideways last week, ending at a level well below the last 2-years.

The propane / crude oil price spread trended lower last week ending at a level near 4-month highs.

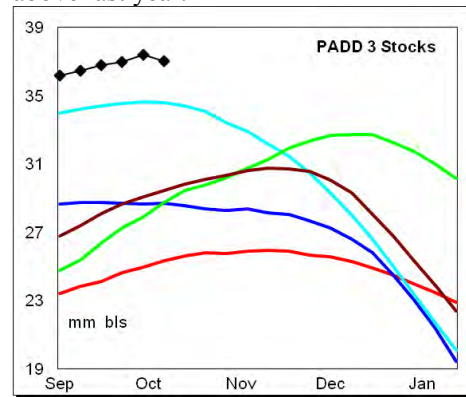
PADD 1 stocks increased +0.1 million

barrels on the week, ending the week +16% above a year ago. Supply was unchanged last week. Supply for the latest 4-wk period was -22,000 bpd below last year, on lower imports.

PADD 2 stocks decreased -0.5 million barrels on the week. Supply increased +68,000 bpd on the week, due to higher imports and production. The latest 4-wk supply was +35,000 bpd above a year ago. Stock levels ended the week +11% above a year ago.



PADD 3 stocks fell -0.9 million barrels on the week, with the 4-wk stock change a build of +0.6 million barrels. The build matched the average of the last 3-years. Stock levels ended the week +43% above last year.



PADDs 4 & 5 stocks were nearly unchanged on the week. The stock level was +39% above a year ago.

Emerging Trends Much below normal temperatures are forecast for key heating markets during the next 10-days. 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 17, 2012

Fundamental Trends for the Week Ending:

Friday, October 12, 2012

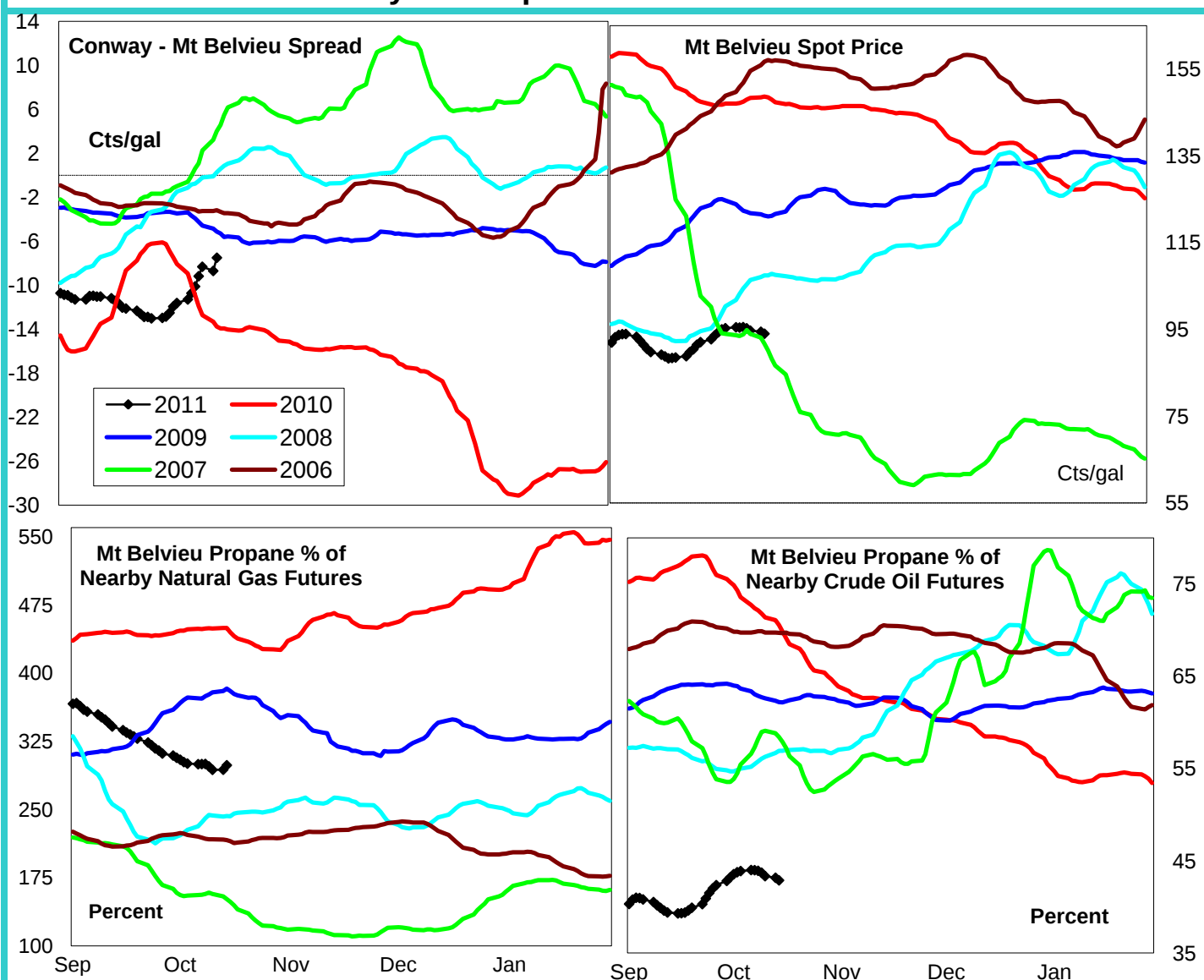
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD				U.S. Total	PADD			
		1	2	3	4&5		1	2	3	4&5
Stocks	74,628	6,498	27,894	37,033	3,203	-1,268	87	-510	-857	12
Propylene Stocks	4,270					-136				
Production	1,286	63	287	781	155	-30	4	27	-43	-18
Imports	110	17	78	0	15	40	-4	41	0	3
Whsle Demand	1,462					239				

Price Trends for the Week Ending:

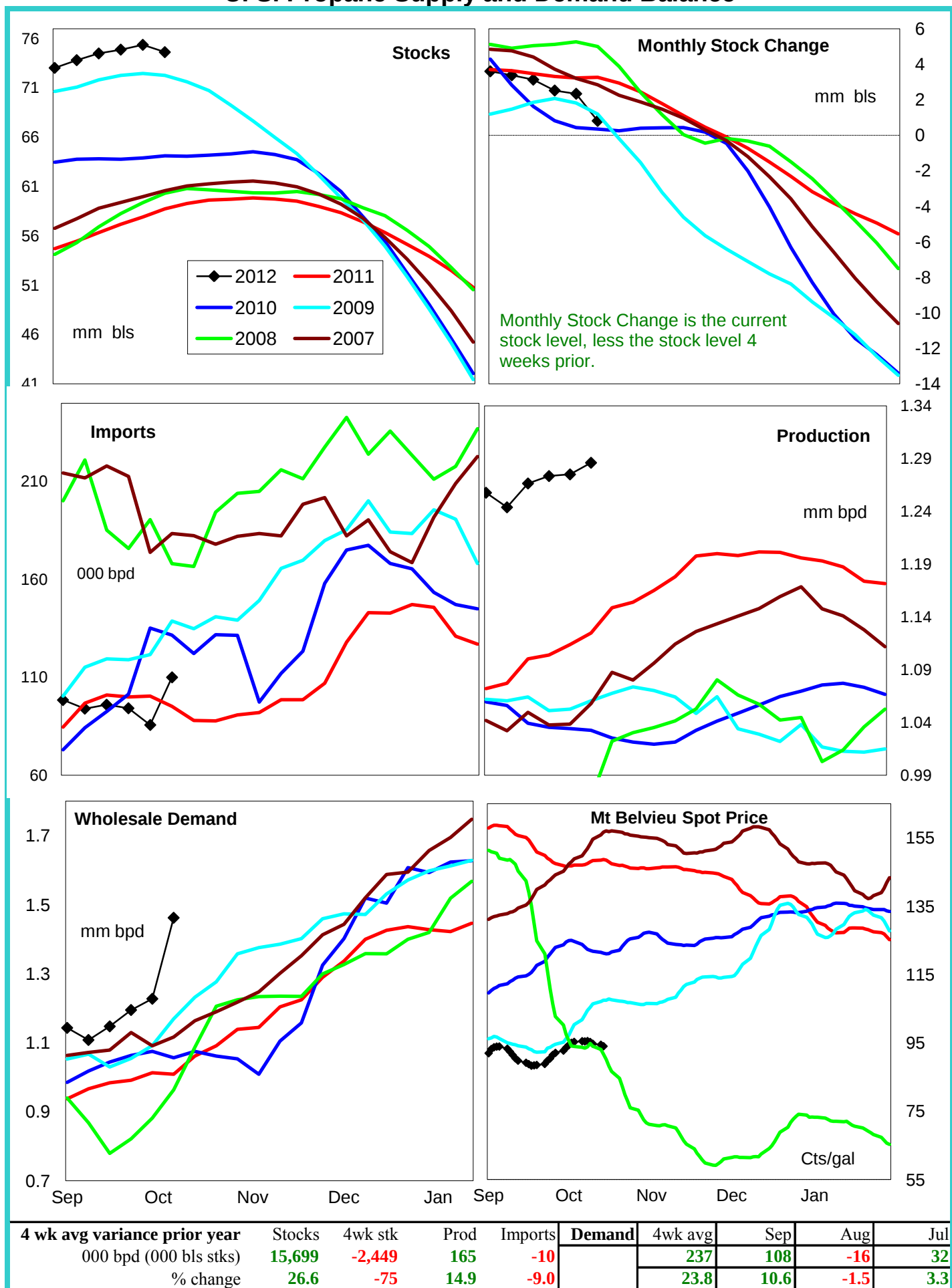
Friday, October 12, 2012

Cents/gal	Average for week ending:				Change from:			% change from:		
	10/12/12	10/5/12	9/7/12	10/11/11	10/5/12	9/7/12	10/11/11	10/5/12	9/7/12	10/11/11
Mont Belvieu Spot	94.7	96.0	89.1	148.9	-1.25	6.87	-59.76	-1.3	7.7	-40.1
Conway Spot	86.4	83.4	78.5	135.3	2.96	4.94	-56.80	3.5	6.3	-42.0

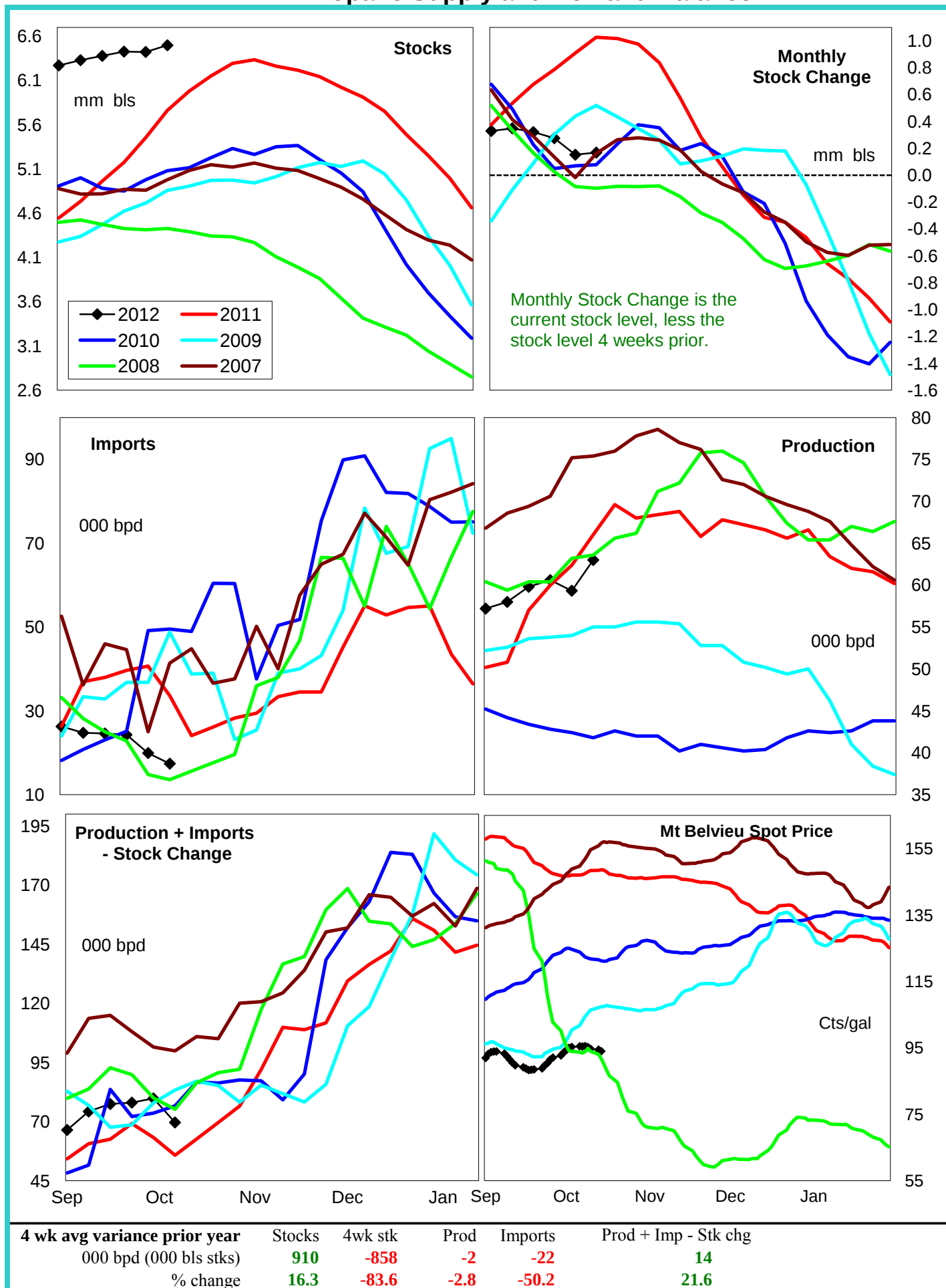
Key Price Spreads and Differentials



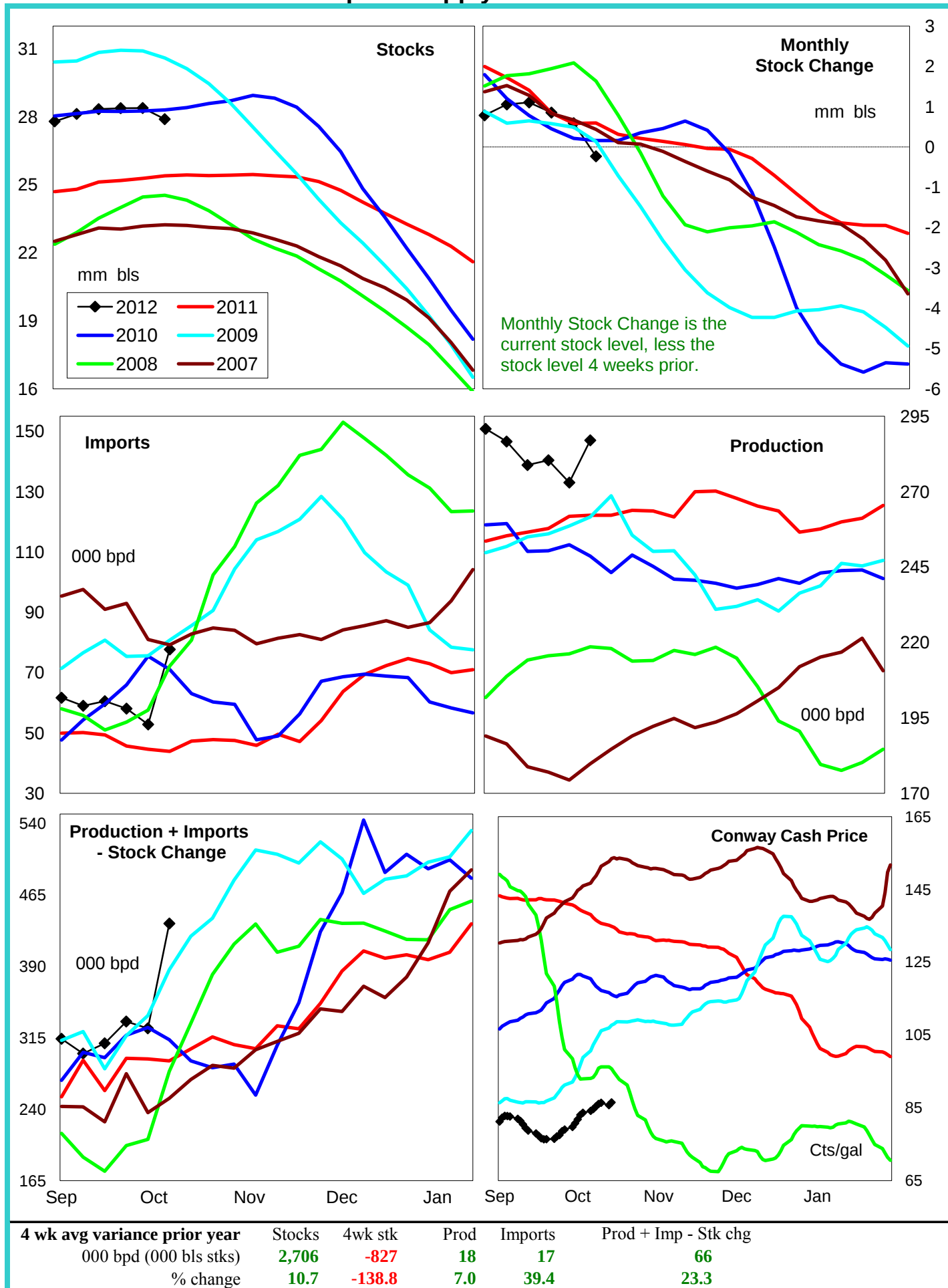
U. S. Propane Supply and Demand Balance



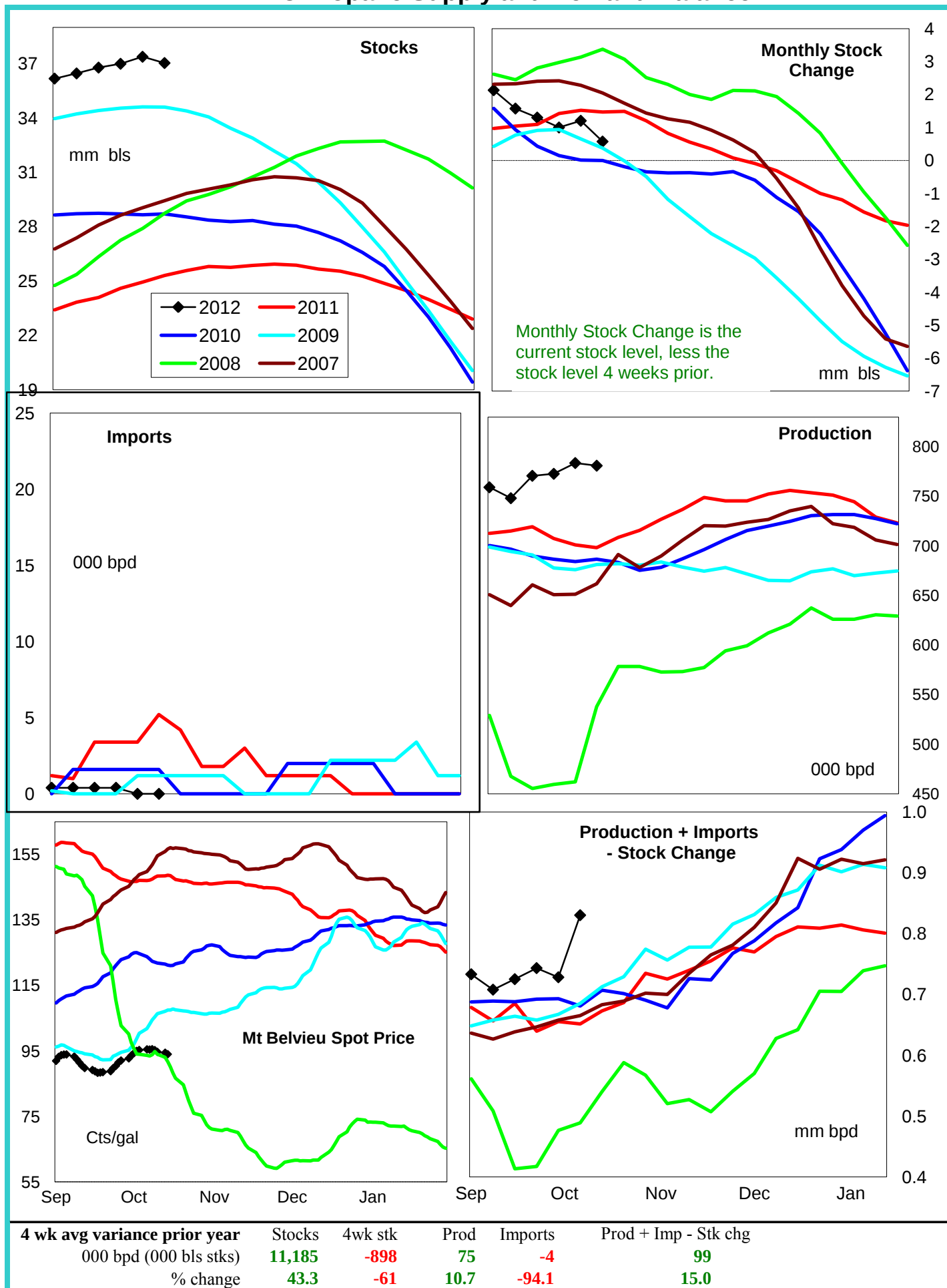
PADD 1 Propane Supply and Demand Balance



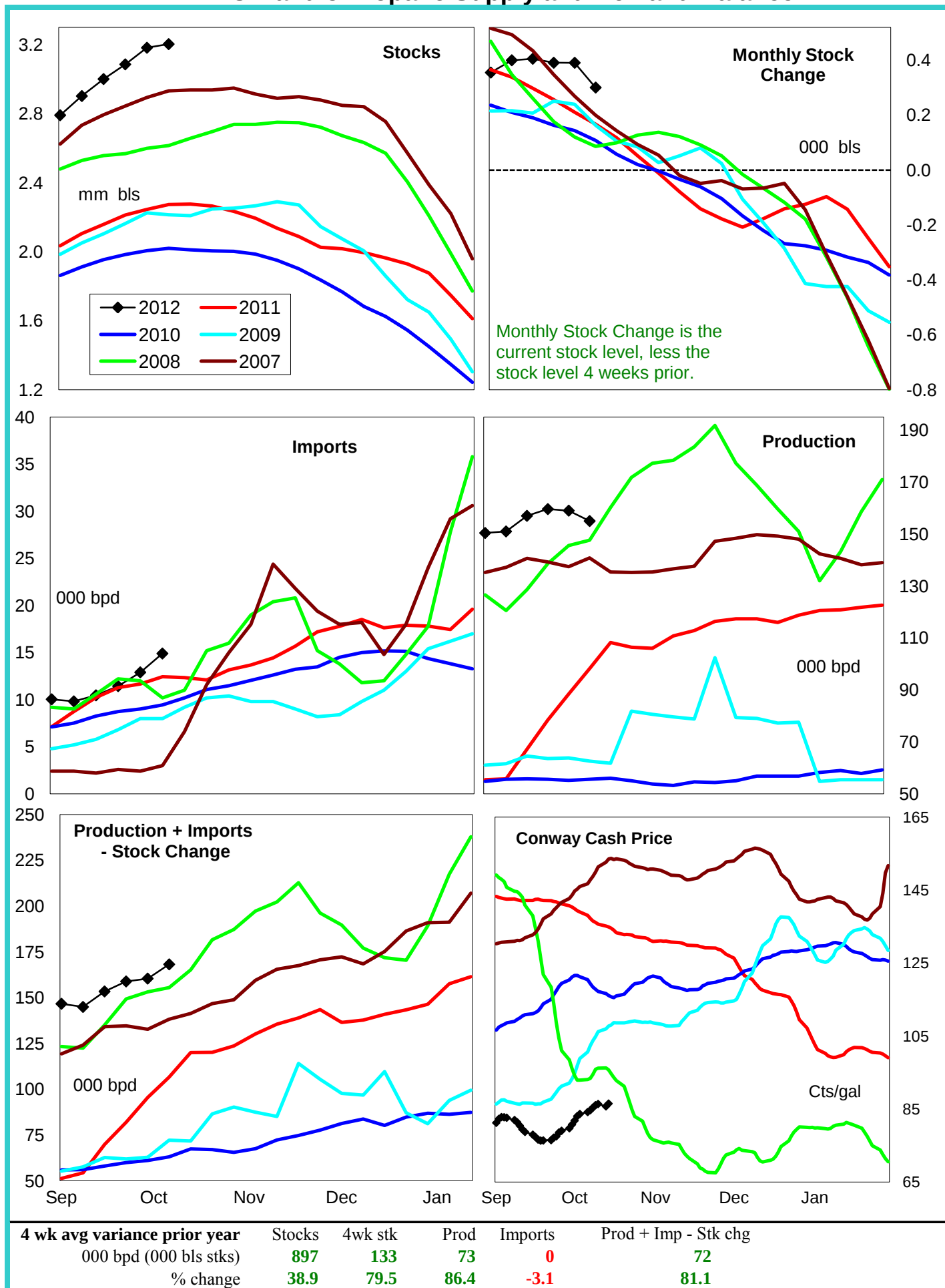
PADD 2 Propane Supply and Demand Balance



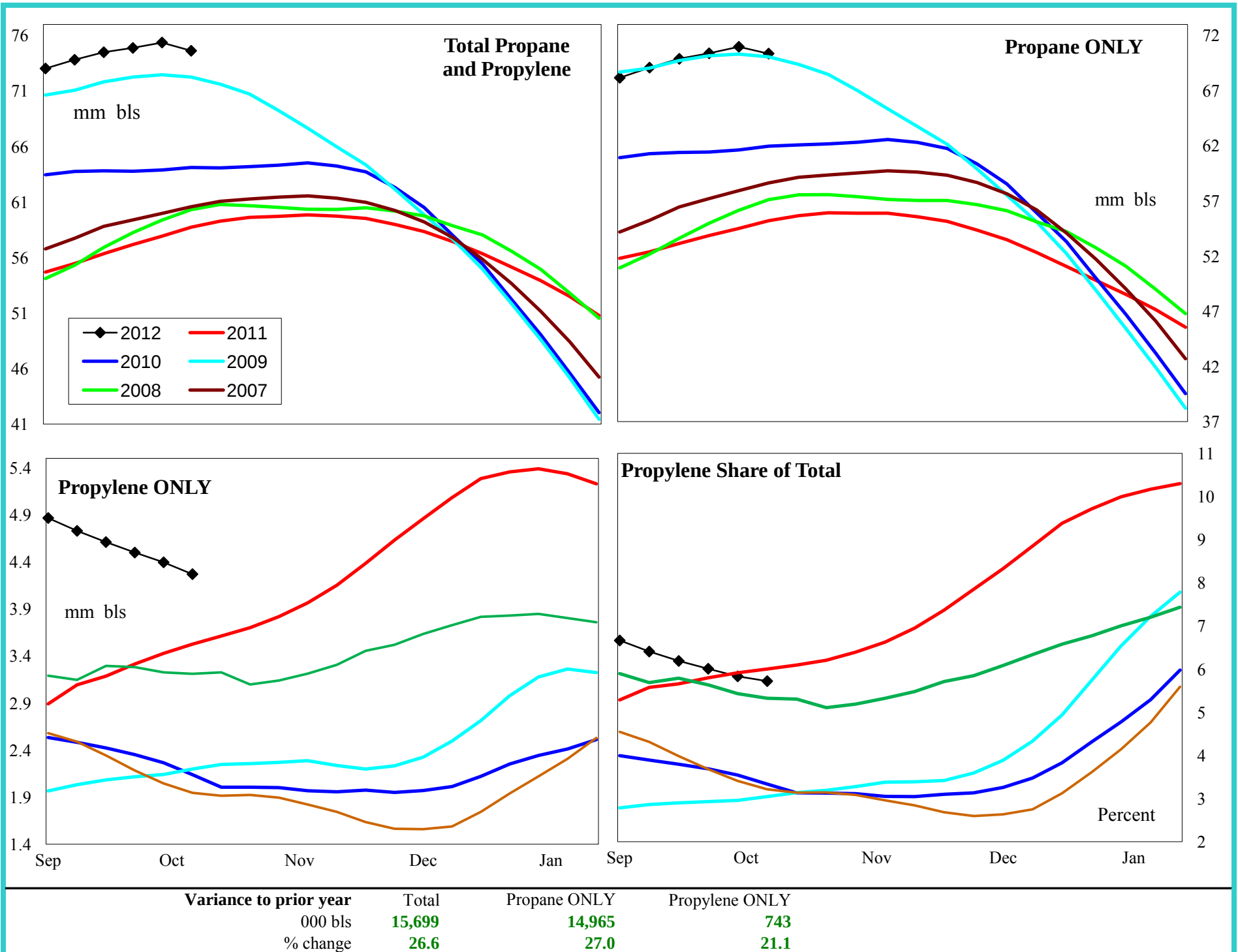
PADD 3 Propane Supply and Demand Balance



PADDs 4 and 5 Propane Supply and Demand Balance



U. S. Propane and Propylene Stocks



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

