FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

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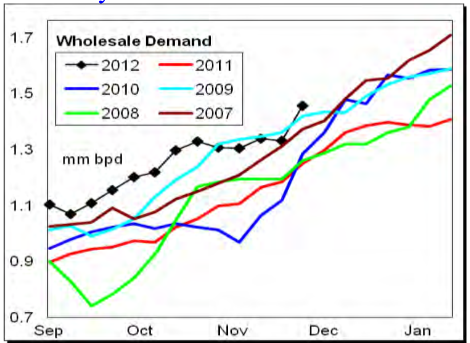
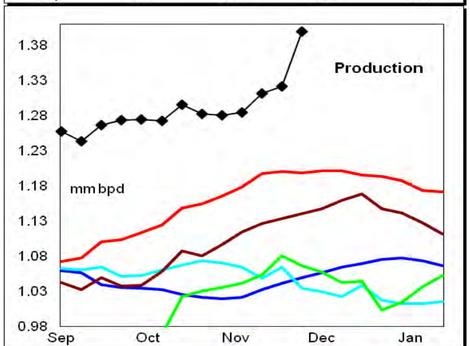
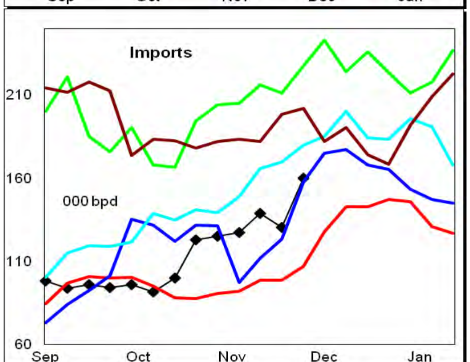
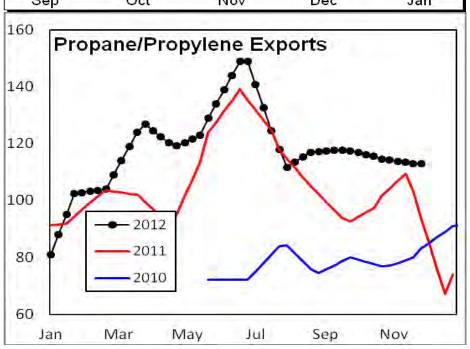


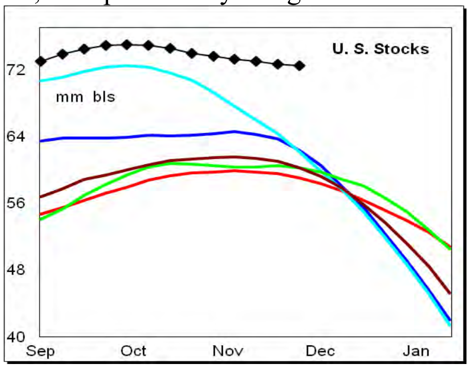






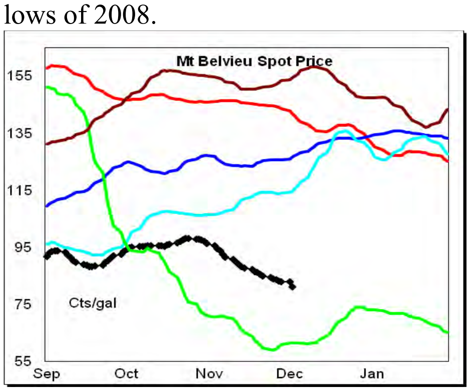
Wholesale demand jumped +232,000 bpd last week, with the level above the historic range for the period. Production increased +109,000 bpd last week, concentrated in PADDs 2 & 3. Imports increased +49,000 bpd on the week, concentrated in PADDs 1 & 2.

Combined production and imports during the latest 4-wk period were +150,000 bpd above a year ago. Production was +103,000 bpd above last year (+8.5%), while imports were +47,000 bpd higher. The latest 4-wk average demand was +170,000 bpd above last year, +14%. Exports for the most recent 4-wk were 113,000 bpd, up +1,000 bpd from a year ago.



Stocks decreased -0.3 million barrels last week, ending the week +12.8 million barrels above a year ago. The 4-wk stock change was a draw of -1.2 million barrels, a lower draw than two of the last 3-years.

Price and Spreads Mt Belvieu spot prices decreased -2.5 cpg for the week ending 04Dec12, while Conway prices decreased -1 cpg. Conway prices ended the week at a level equal to the 5-year lows of 2008.



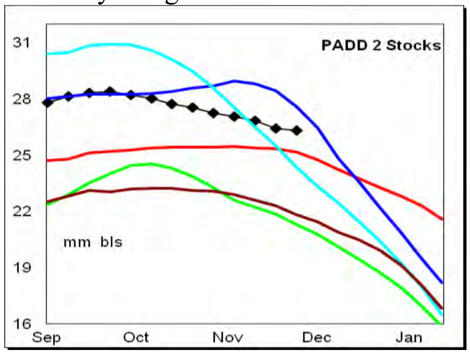
The Conway – Mt Belvieu price spread traded trended higher last week, ending the week at -7 cpg.

The propane to natural gas price spread traded sideways last week, ending at a level near the average of the last 5-years.

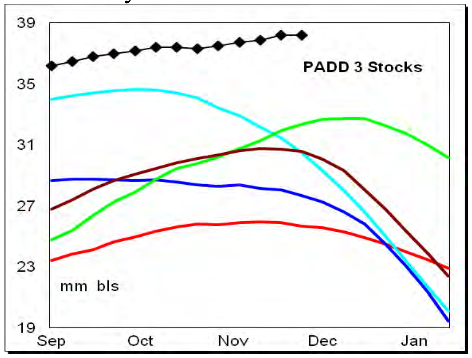
The propane / crude oil price spread extended the 6-wk downtrend last week, ending at a record low for the last 3-moonths.

PADD 1 stocks declined -0.1 million barrels on the week. Supply increased +31,000 bpd on the week. Supply for the latest 4-wk period was +21,000 bpd above last year.

PADD 2 stocks decreased -0.1 million barrels on the week. Supply increased +63,000 bpd on the week, due to higher production and imports. The latest 4-wk supply was +26,000 bpd above a year ago. Stock levels ended the week +3.3% above a year ago.



PAD 3 stocks decreased -0.2 million barrels last week, with the 4-wk stock change a build of +0.7 million barrels, greater than four of the last 5-years. Stock levels ended the week +46% above last year.



PADDs 4 & 5 stocks were unchanged last week. The stock level was +48% above a year ago.

Emerging Trends Temperatures remain above normal in key heating markets. Stock levels remain very high in the Gulf. While prices should remain weak in the near term, should temperatures turn colder than normal, prices may bounce off current extreme low levels.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

December 5, 2012

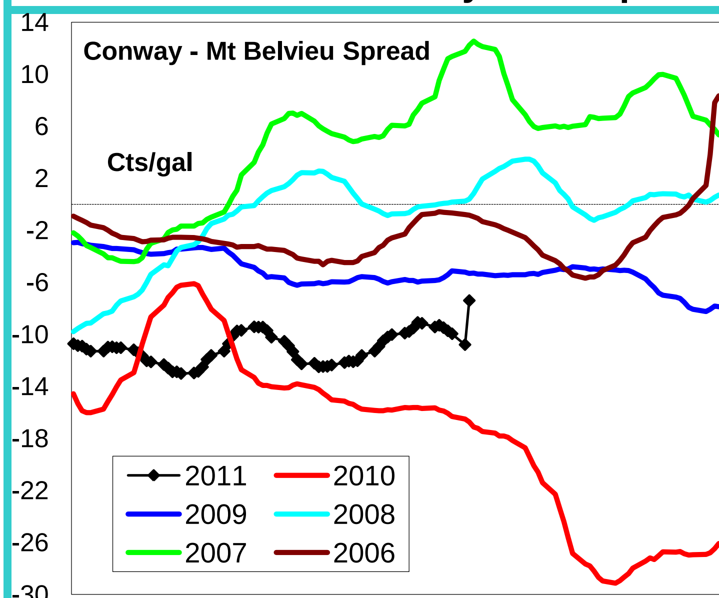
Fundamental Trends for the Week Ending: Friday, November 30, 2012

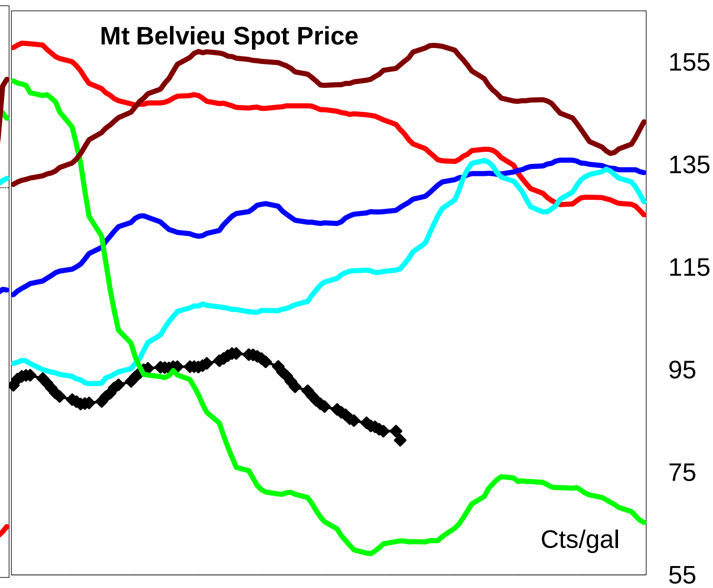
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	72,510	4,997	26,327	38,207	2,979	-337	-67	-89	-201	20
Propylene Stocks	4,079					-133				
Production	1,400	67	301	834	198	109	8	41	27	33
Imports	160	78	62	0	20	49	23	22	0	5
Whsle Demand	1,495					232				

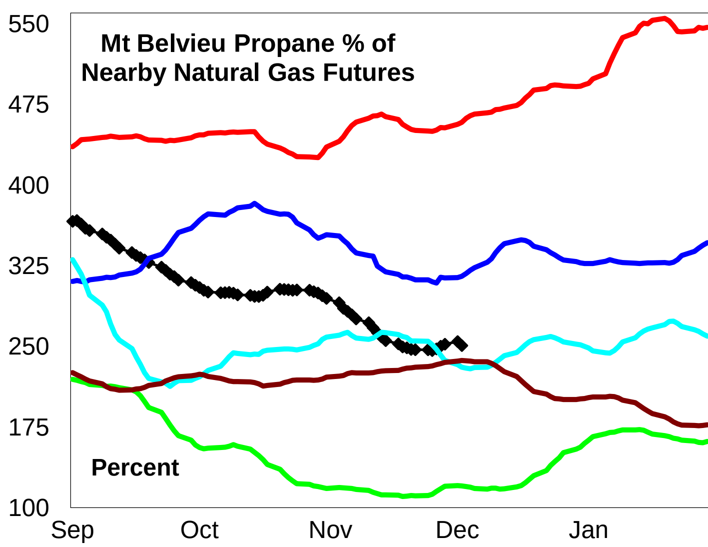
Price Trends for the Week Ending: Tuesday, December 04, 2012

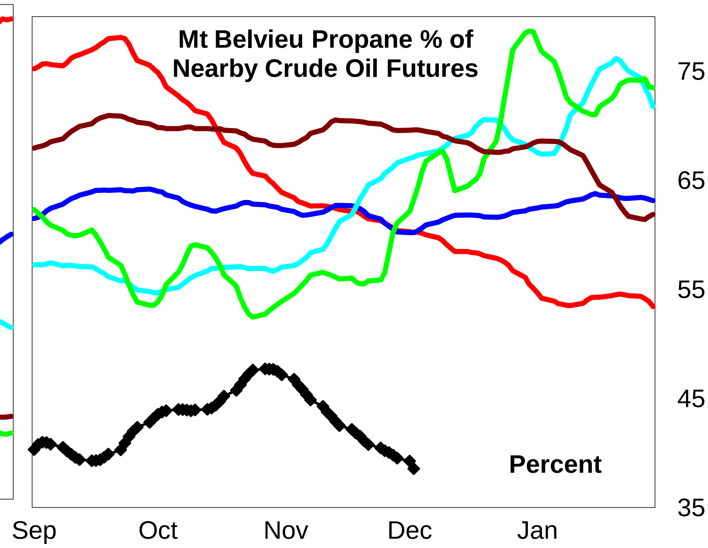
Cents/gal	Average for week ending:				Change from:			% change from:		
	12/4/12	11/27/12	11/6/12	12/1/11	11/27/12	11/6/12	12/1/11	11/27/12	11/6/12	12/1/11
Mont Belvieu Spot	83.0	85.0	97.3	144.1	-2.03	-12.28	-46.76	-2.4	-12.6	-32.5
Conway Spot	73.1	76.2	84.4	128.1	-3.14	-8.19	-43.72	-4.1	-9.7	-34.1

Key Price Spreads and Differentials

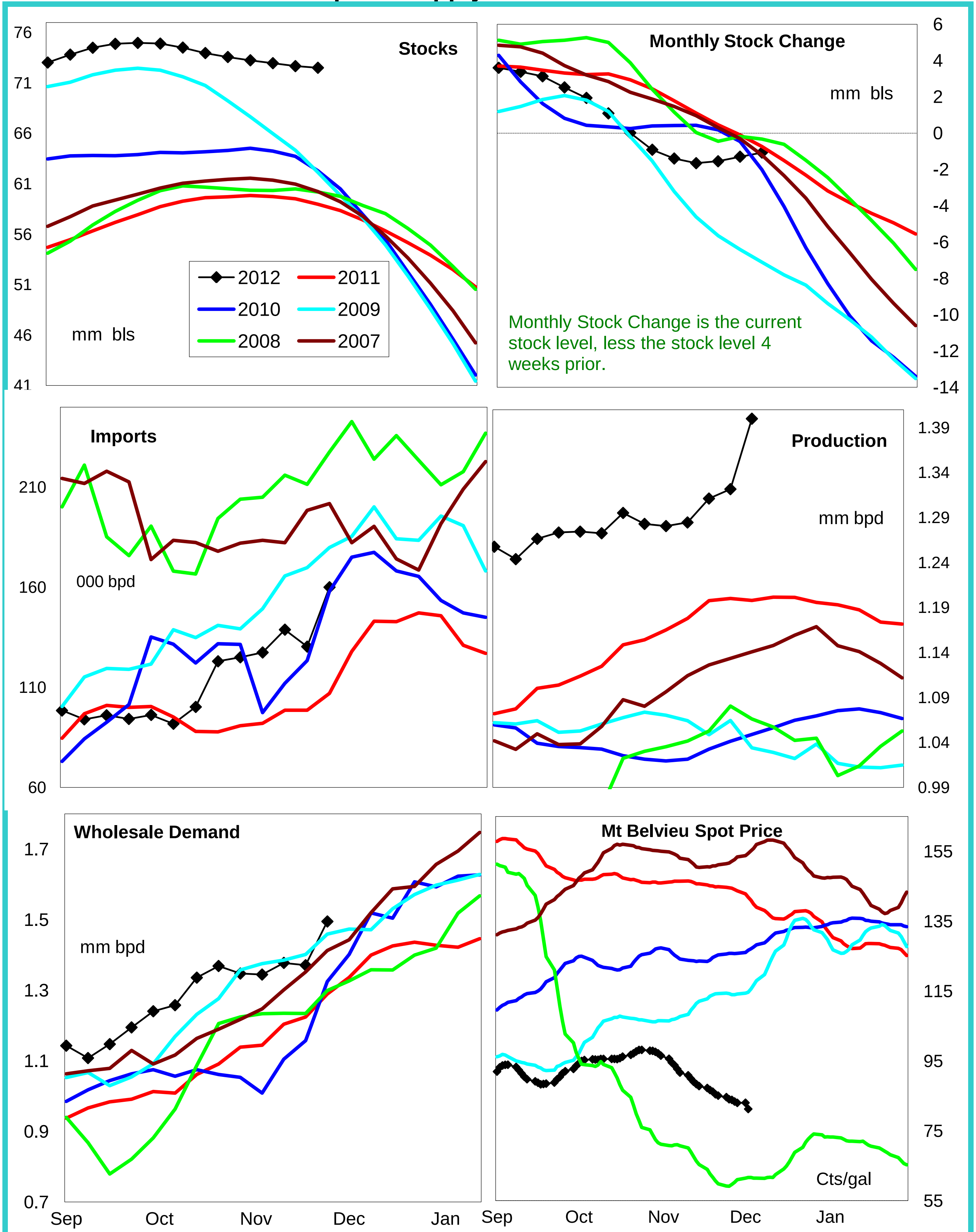








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Oct	Sep	Aug
000 bpd (000 bls stks)	12,832	-335	103	47		170	169	108	-16
% change	21.5	46	8.5	48.6		14.1	14.1	10.6	-1.5

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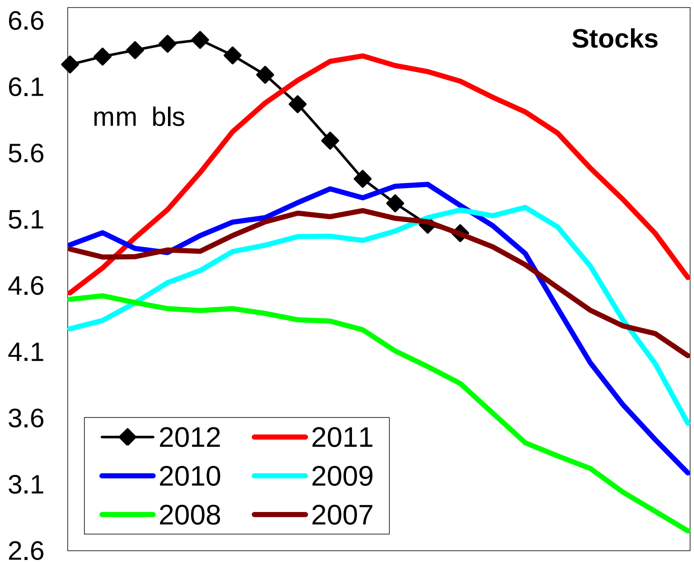
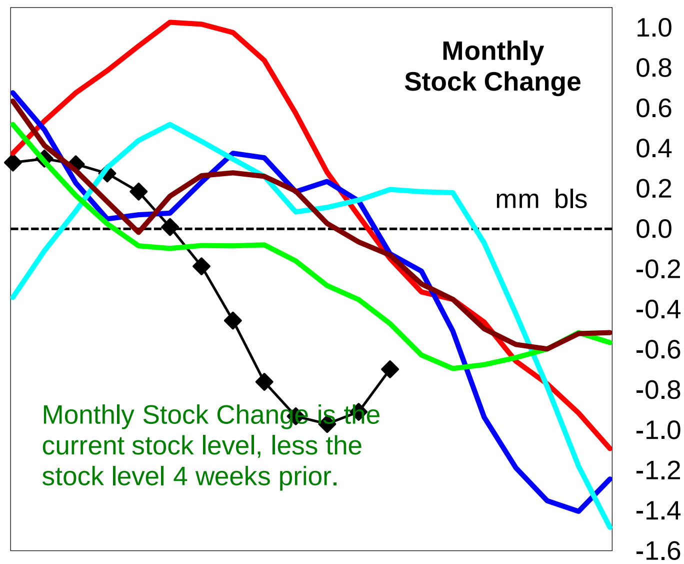
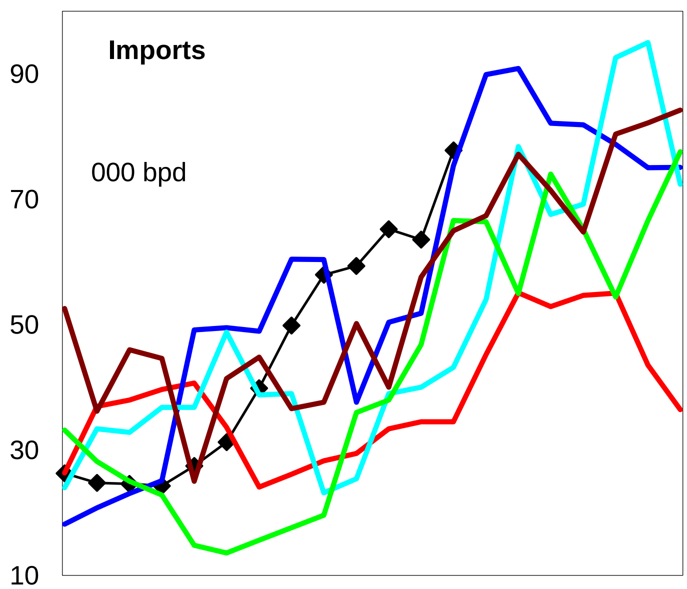
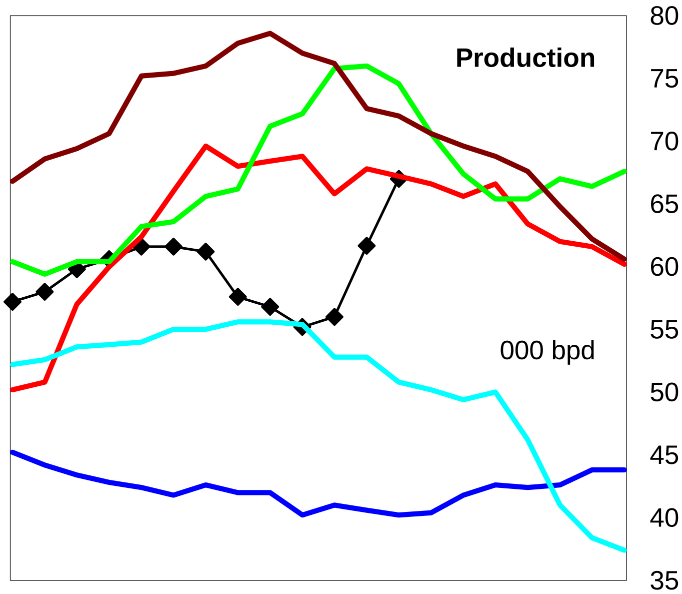
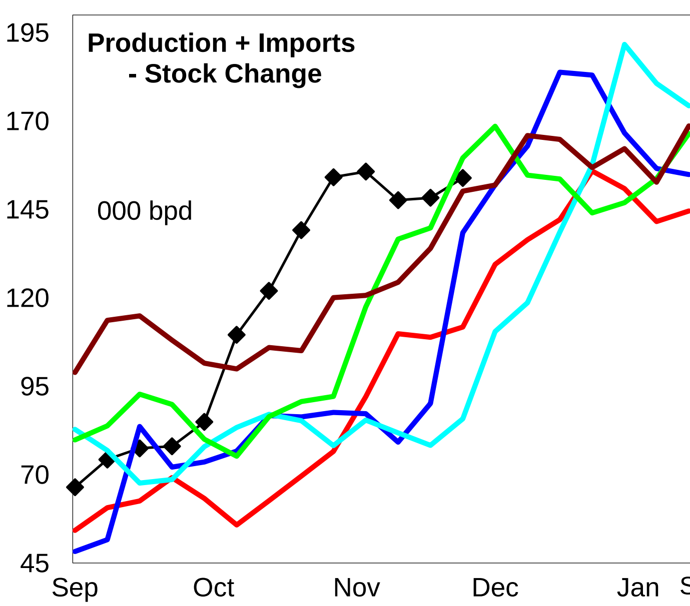
PADD 1 Propane Supply and Demand Balance

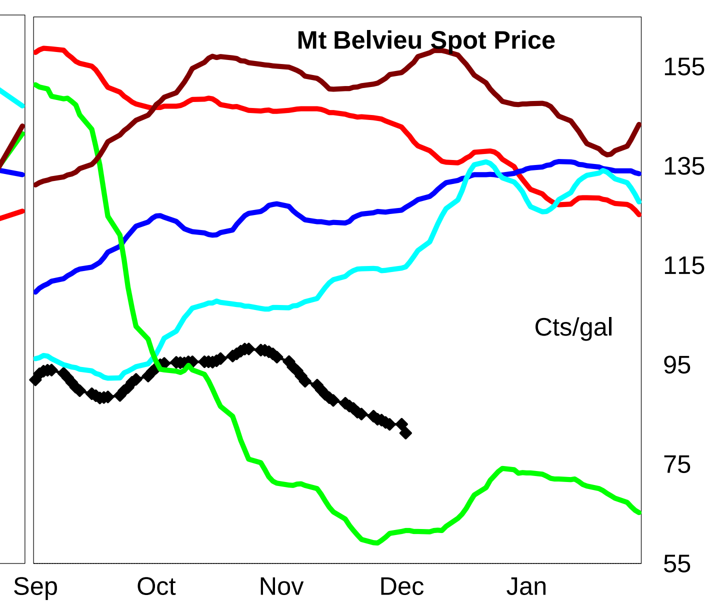












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-1,083	-550	-9	30	46
% change	-17.8	372.9	-13.1	85.3	43.3

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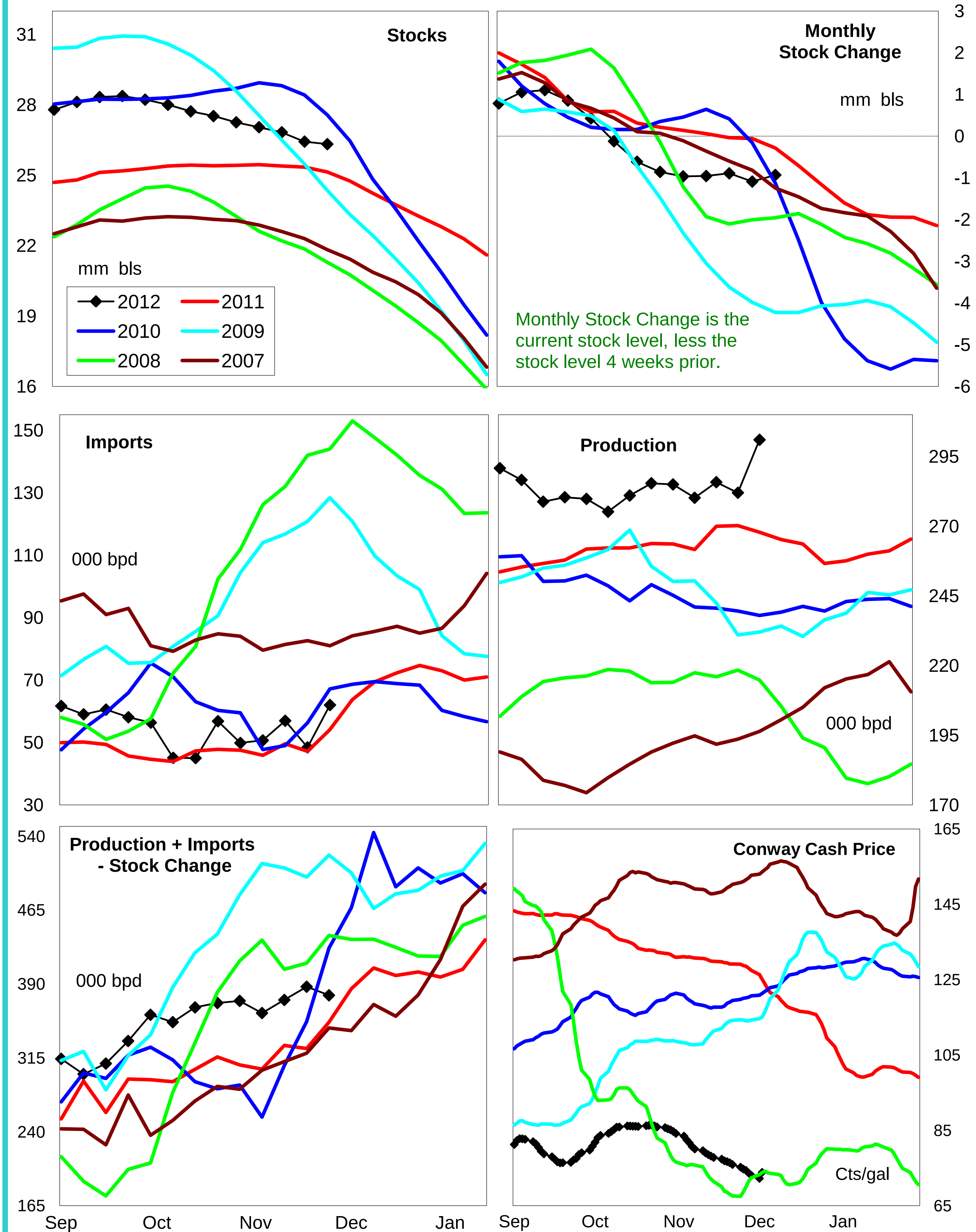
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	852	-647	10	16	48
% change	3.3	228.3	3.5	34.7	14.8

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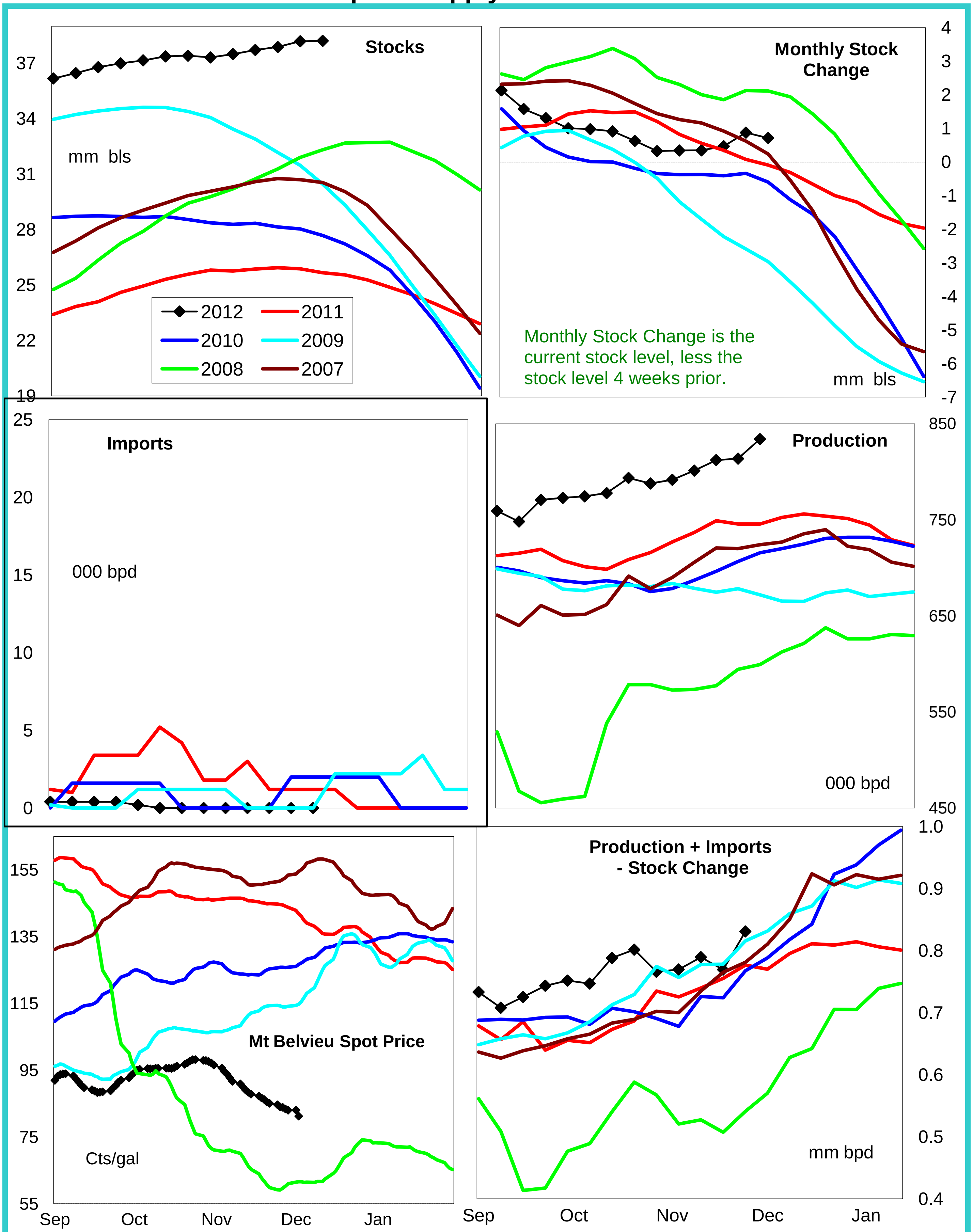
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	12,101	808	59	-2	40
% change	46.4	-856	7.9	-100.0	5.4

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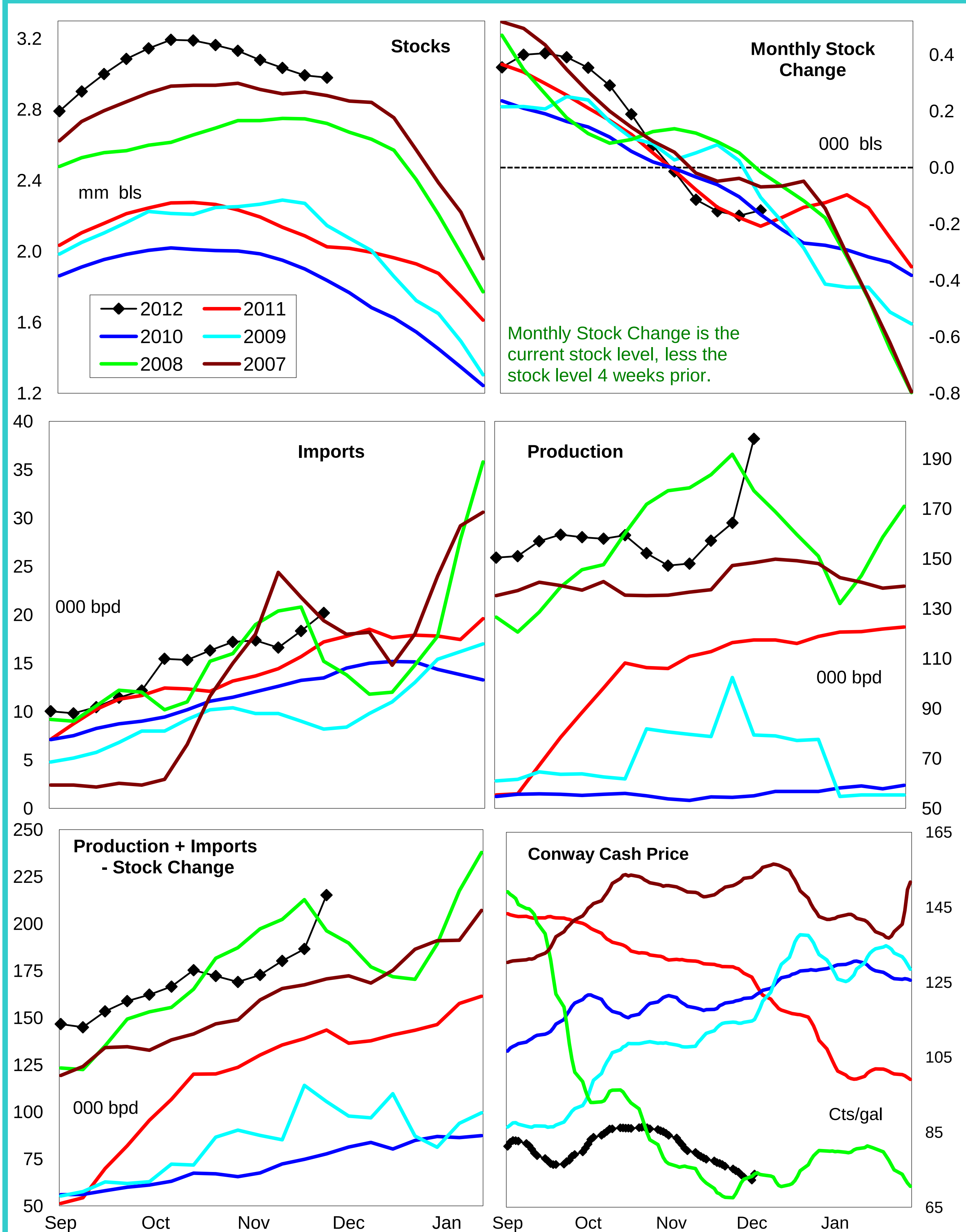
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	964	56	43	3	52
% change	47.8	-27.0	37.3	18.8	37.7

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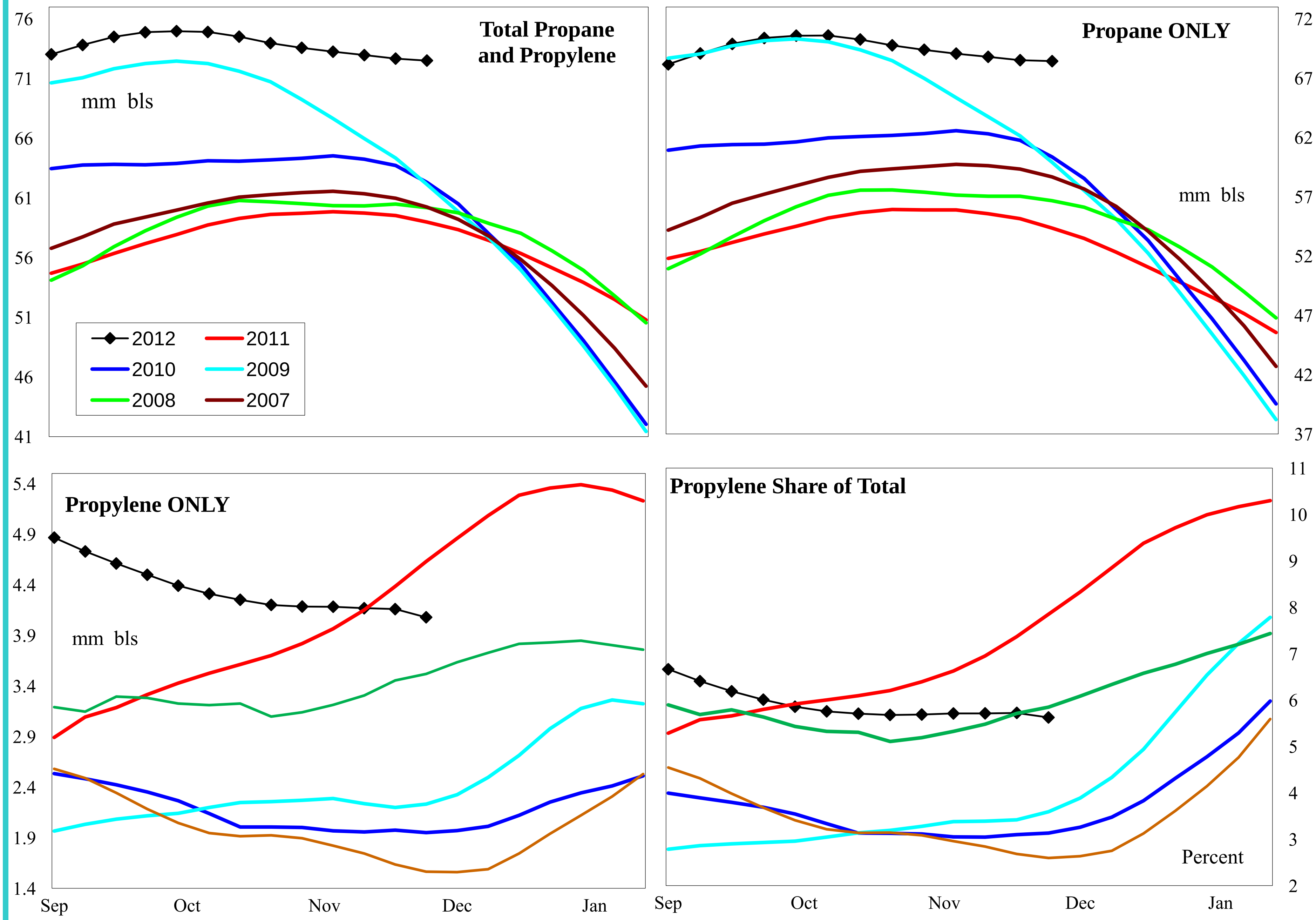
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	12,832	13,384	-552
% change	21.5	24.3	-11.9

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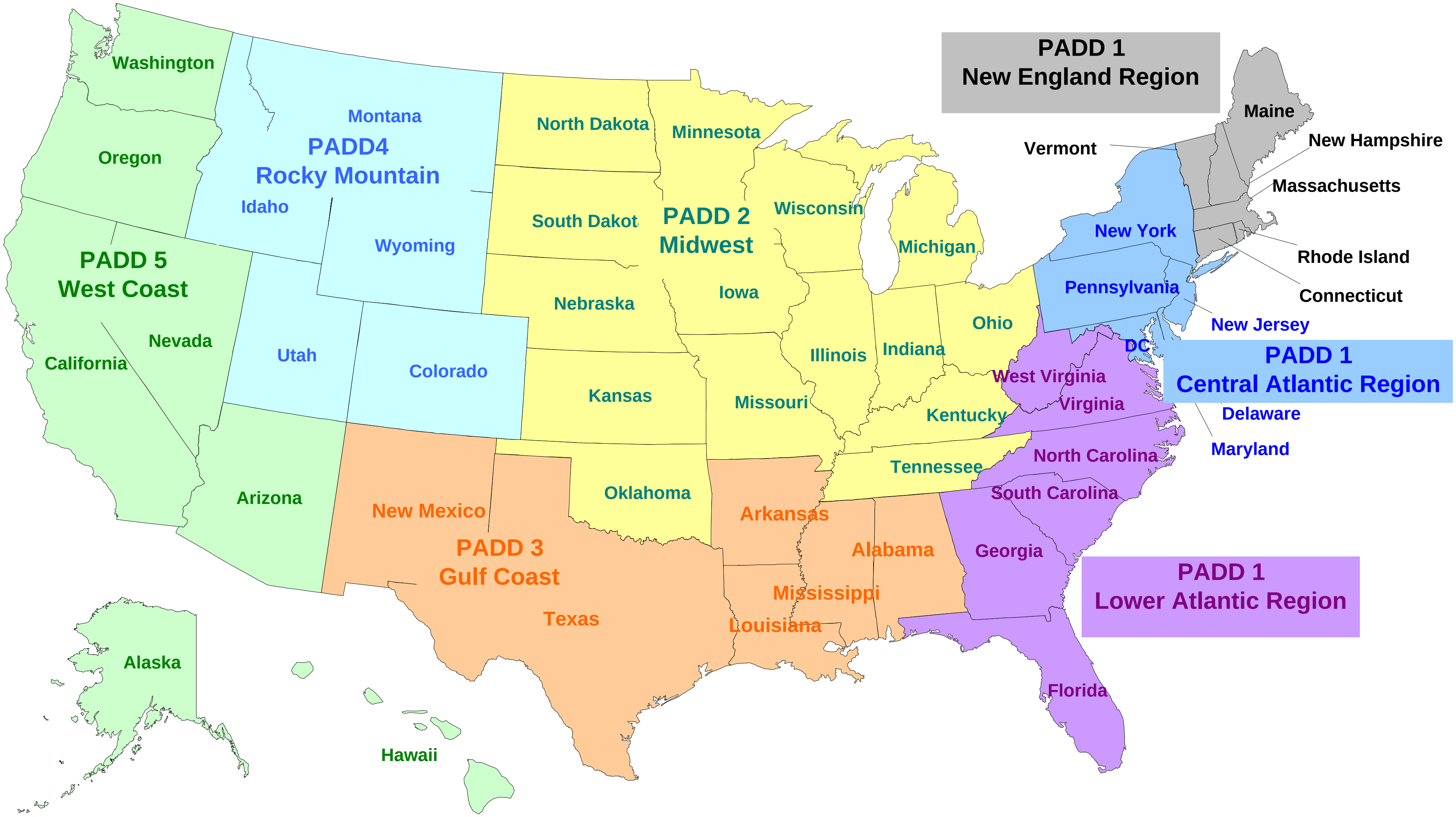
U. S. Petroleum Administrative for Defense Districts (PADDs)



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