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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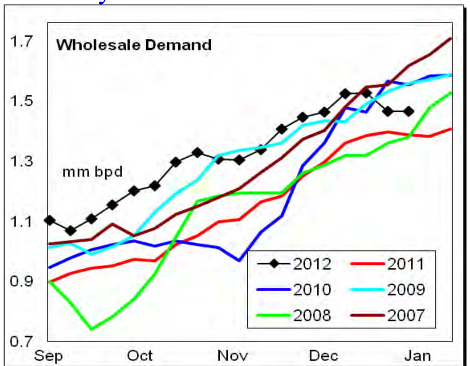
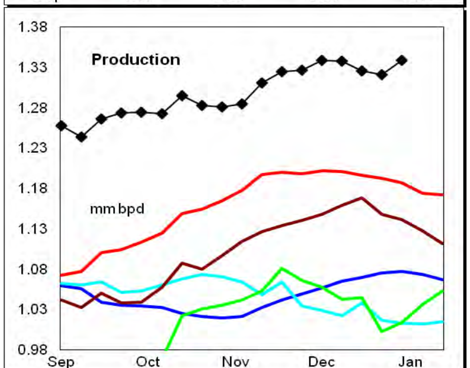
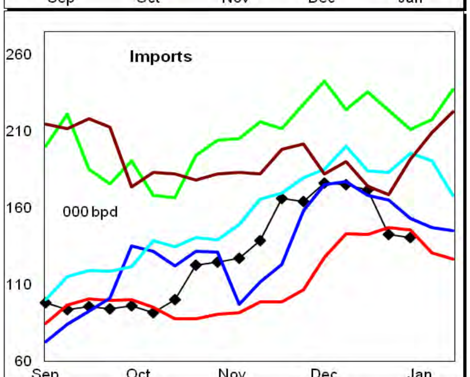
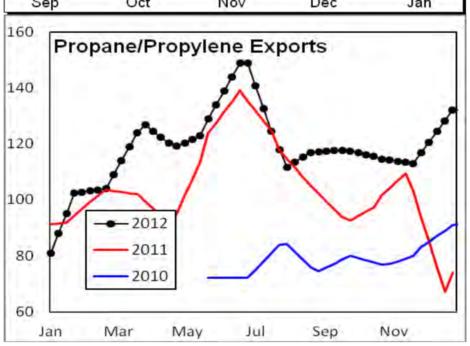


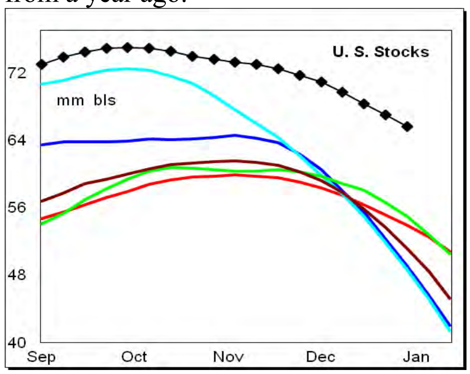






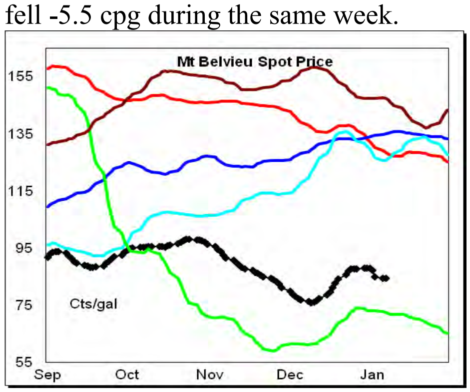
Wholesale demand decreased -70,000 on the week, to a level below the average of the last 3-years. Production increased +50,000 bpd on the week while imports increased +34,000 bpd.

Combined production and imports during the latest 4-wk period were +107,000 bpd above a year ago. Production was +109,000 bpd above last year (+9%), while imports were -2,000 bpd lower. The latest 4-wk average demand was +68,000 bpd above last year, +5%. Exports for the most recent 4-wk were 132,000 bpd, up +65,000 bpd from a year ago.



Stocks decreased -1.1 million barrels last week, ending the week +11.3 million barrels above a year ago. The 4-wk stock change was a draw of -5.4 million barrels, a lower draw than two of the last 3-years.

Price and Spreads Mt Belvieu spot price decreased -8.5 cpg for the week ending 08Jan13, while the Conway spot price fell -5.5 cpg during the same week.



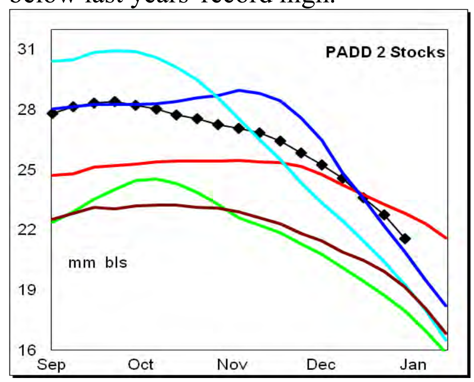
The Conway – Mt Belvieu price spread traded sideways last week, ending the week at -7 cpg.

The propane to natural gas price spread traded sideways last week, ending at a level above the 5-year mid range.

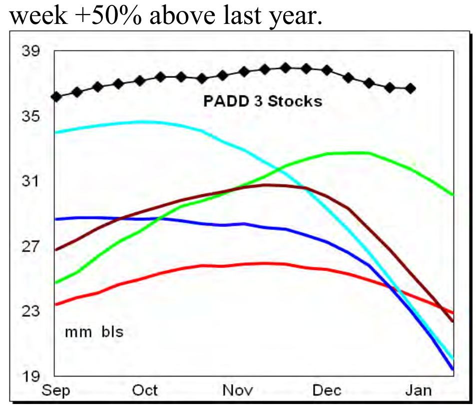
The propane / crude oil price spread trended lower on the week, ending at a level near earlier record lows.

PADD 1 stocks decreased -0.1 million barrels on the week. Supply was unchanged last week. Supply for the latest 4-wk period was +16,000 bpd above last year.

PADD 2 stocks declined -1.5 million barrels on the week. Supply increased +32,000 bpd on the week, due to higher imports and production. The latest 4-wk supply was +4,000 bpd above a year ago. Stock levels ended the week -6.4% below last years' record high.



PAD 3 stocks increased +0.7 million barrels last week, on a +36,000 bpd rise in production. Stock levels ended the week +50% above last year.



PADDs 4 & 5 stocks decreased -0.1 million barrels on the week. The stock level was +25% above a year ago.

Emerging Trends Temperatures are forecast to be colder than normal in the western 2/3rds of the country for the next 10-days, while warmer than normal in the eastern 1/3rd of the country. Near normal heating demand and high stock levels risk further price weakness.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

January 9, 2013

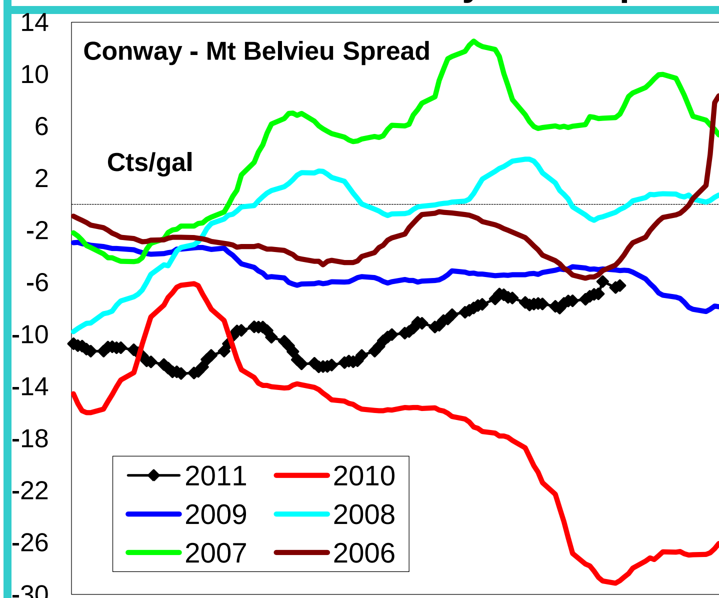
Fundamental Trends for the Week Ending: Friday, January 04, 2013

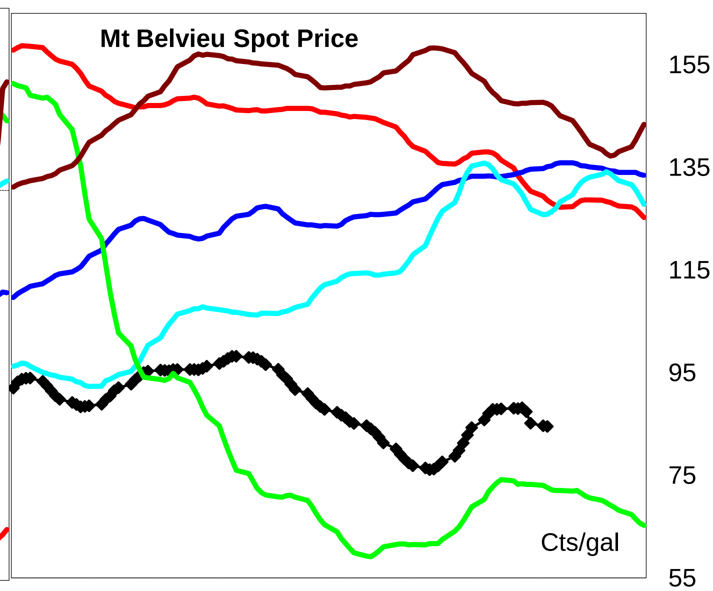
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	65,572	5,023	21,555	36,679	2,315	-1,098	-124	-1,509	654	-119
Propylene Stocks	3,475					-270				
Production	1,339	72	287	840	140	50	-2	10	36	6
Imports	141	60	52	0	29	34	2	22	0	9
Whsle Demand	1,505					-70				

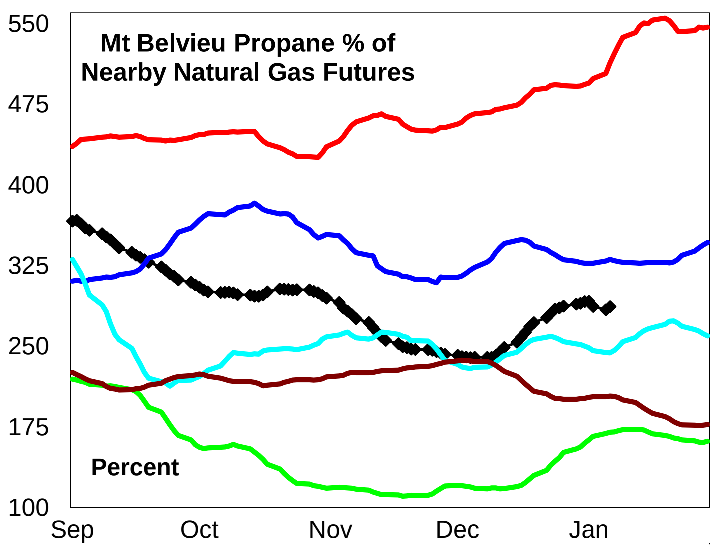
Price Trends for the Week Ending: Friday, January 04, 2013

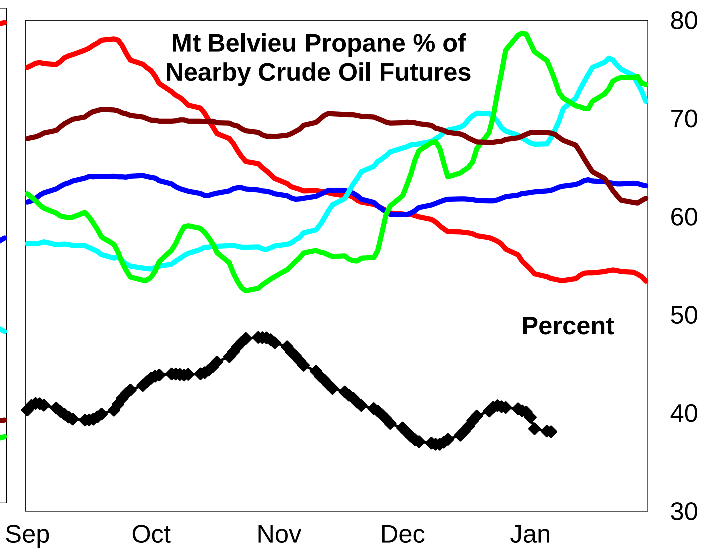
Cents/gal	Average for week ending:				Change from:			% change from:		
	1/4/13	12/28/12	12/7/12	1/3/12	12/28/12	12/7/12	1/3/12	12/28/12	12/7/12	1/3/12
Mont Belvieu Spot	85.1	91.4	74.2	127.1	-6.26	17.18	-52.90	-6.9	23.2	-41.6
Conway Spot	79.2	83.5	68.1	97.3	-4.32	15.45	-29.28	-5.2	22.7	-30.1

Key Price Spreads and Differentials

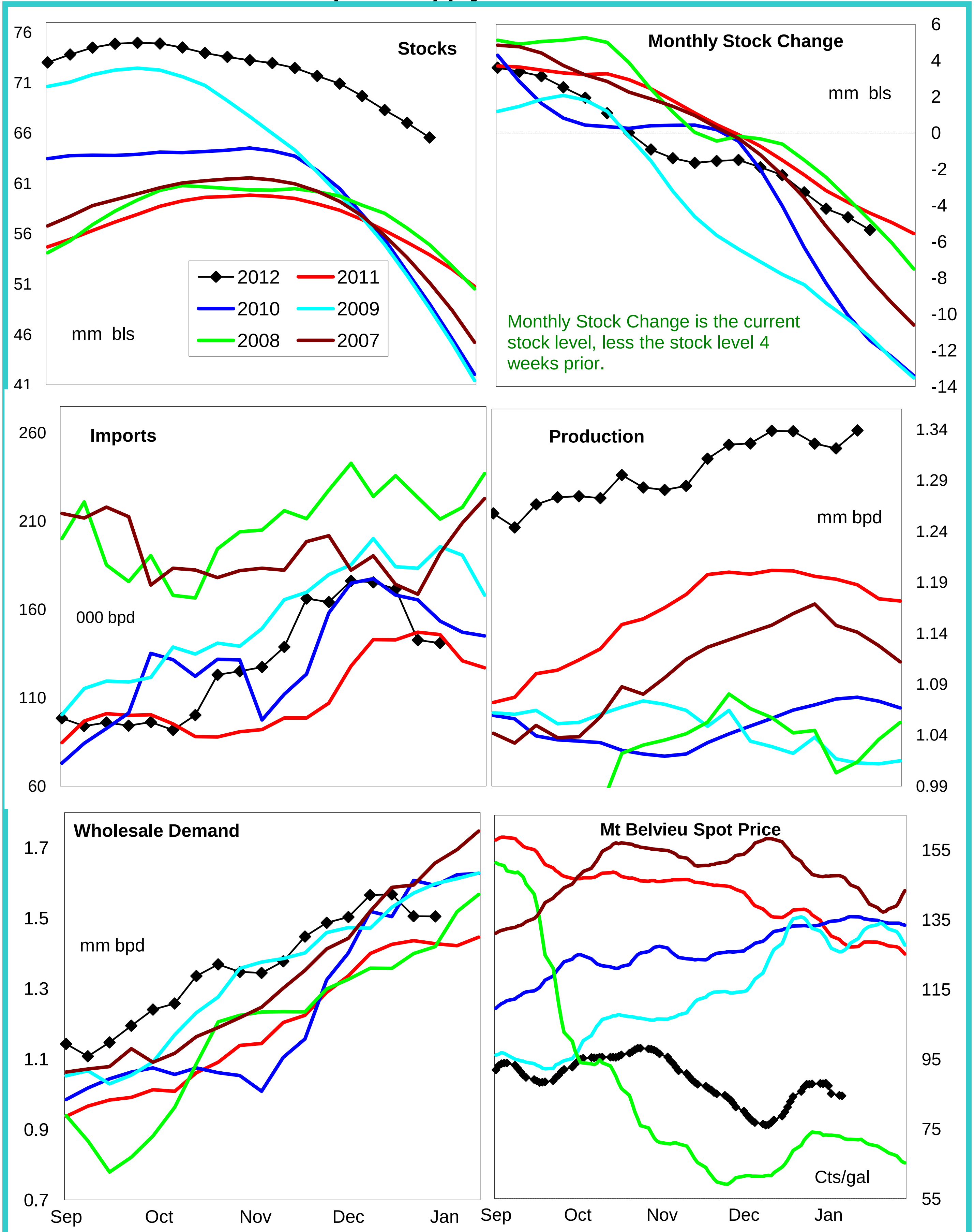








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Nov	Oct	Sep
000 bpd (000 bls stks)	11,287	-934	109	-2		68	83	169	108
% change	20.8	21	9.1	-1.0		4.7	6.4	14.1	10.6

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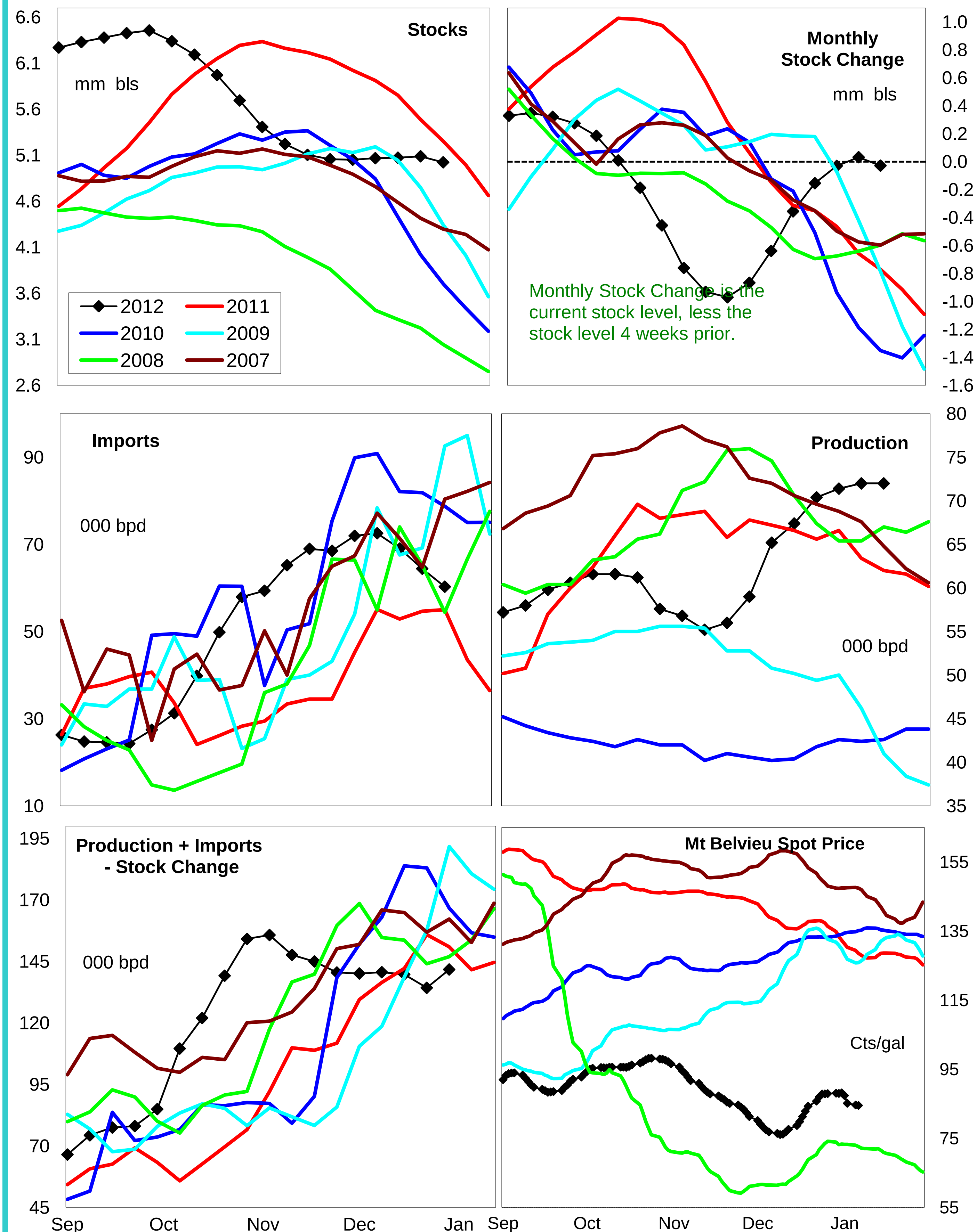
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-264	742	9	7	-7
% change	-5.0	-96.3	13.4	12.5	-5.0

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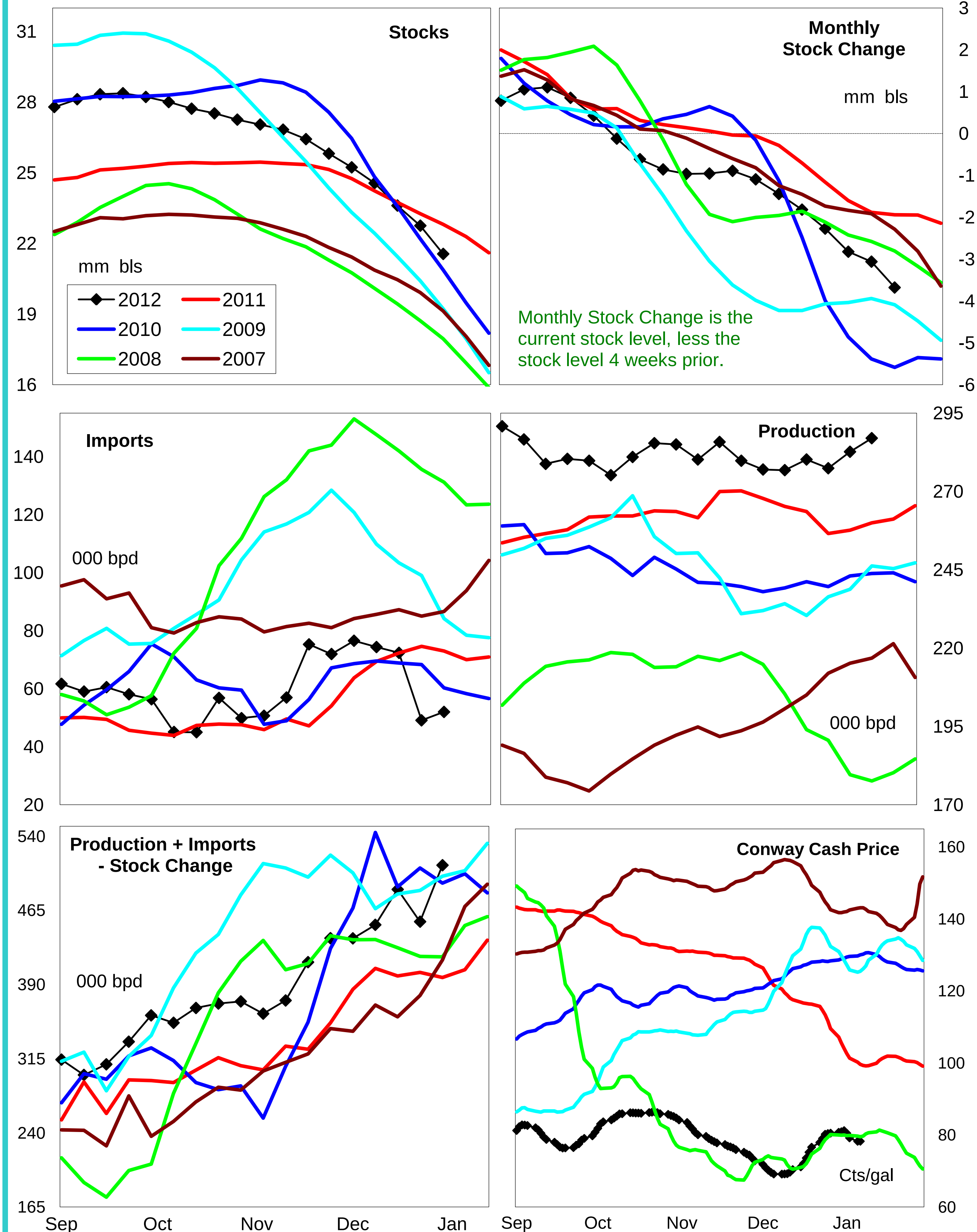
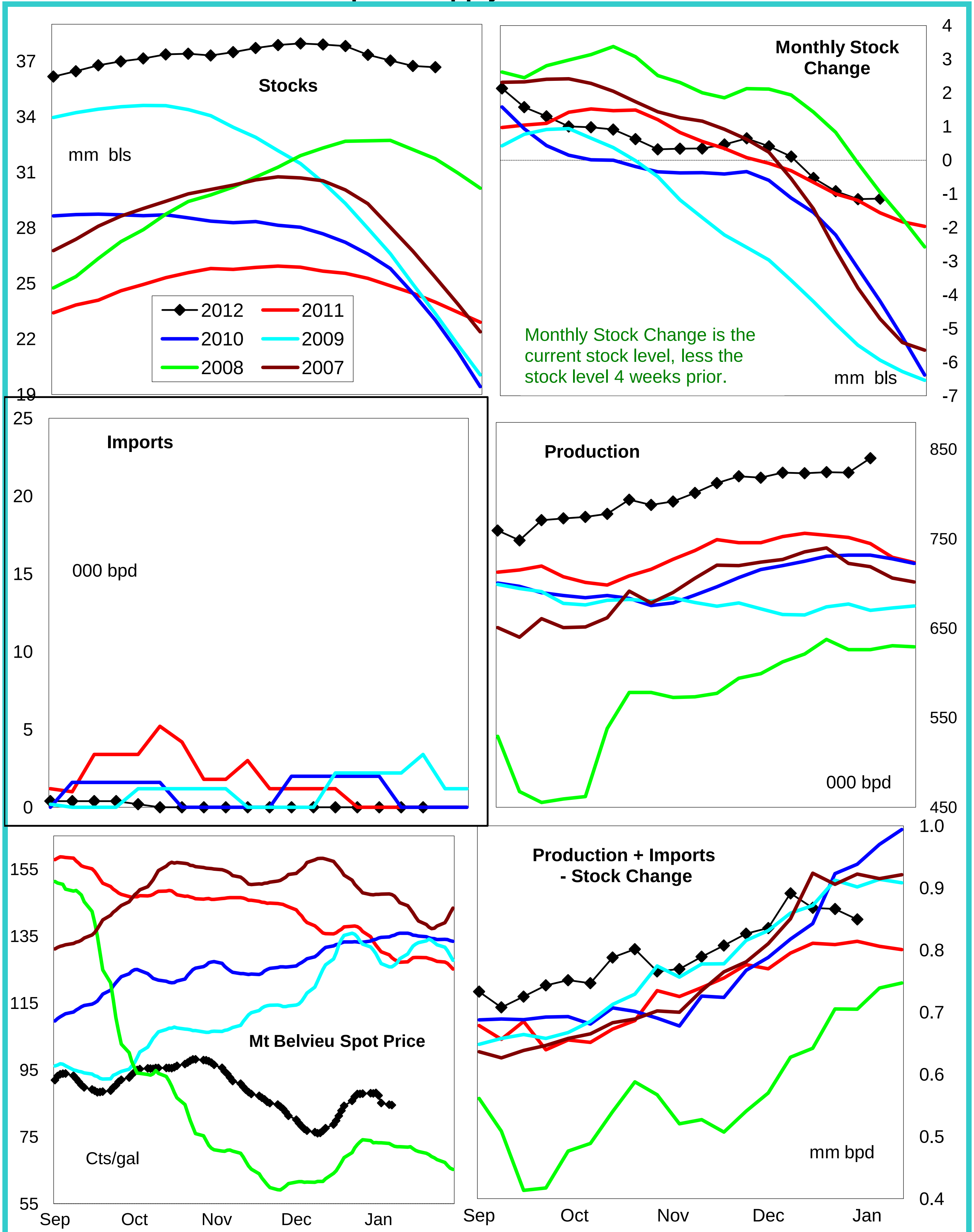
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-1,478	-1,739	24	-20	74
% change	-6.4	89.6	9.2	-25.6	18.5

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)	12,573	421	55	0	61
% change	52.2	-27	7.2	#DIV/0!	7.6

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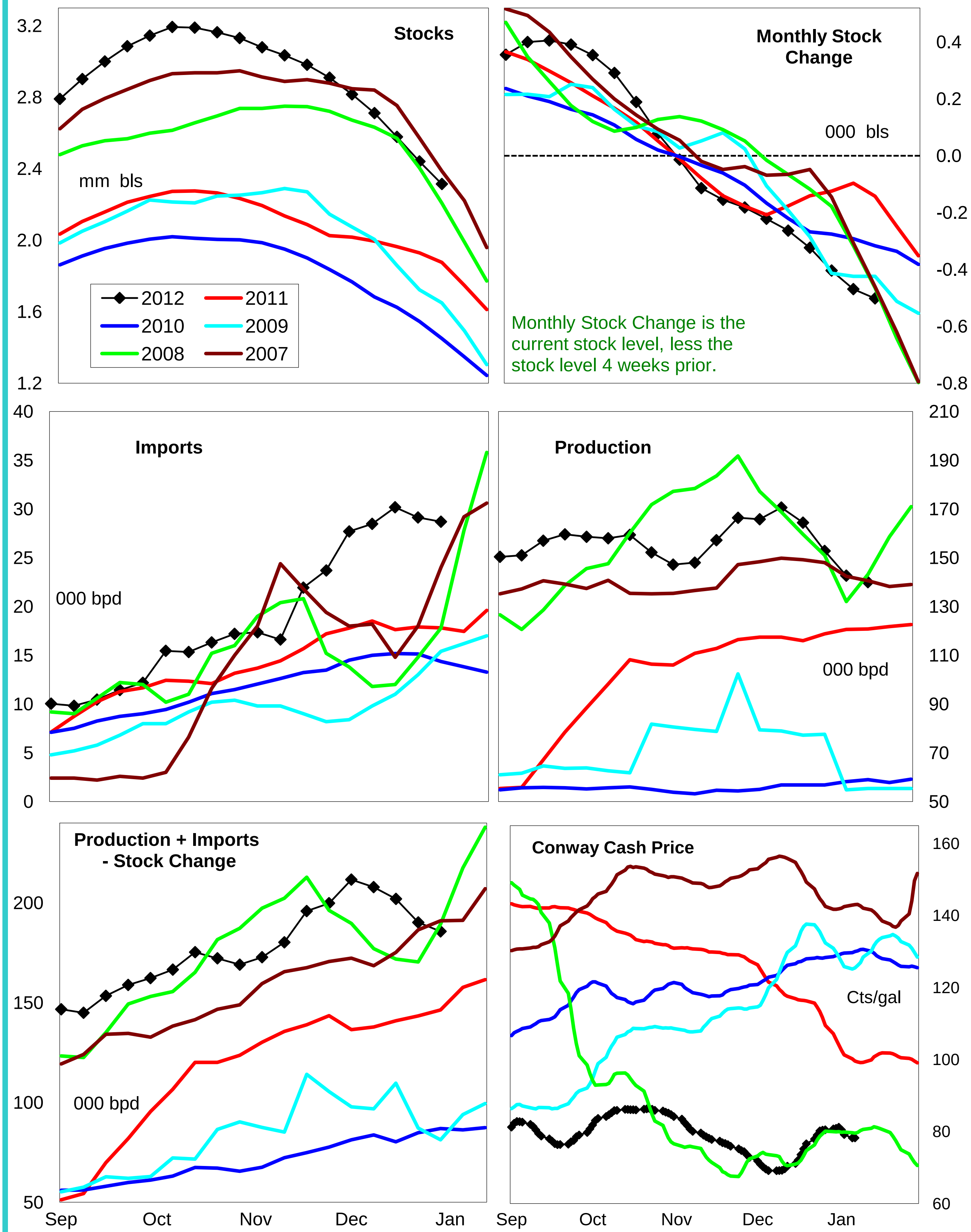
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	456	-360	23	11	54
% change	24.5	253.2	19.3	60.9	38.3

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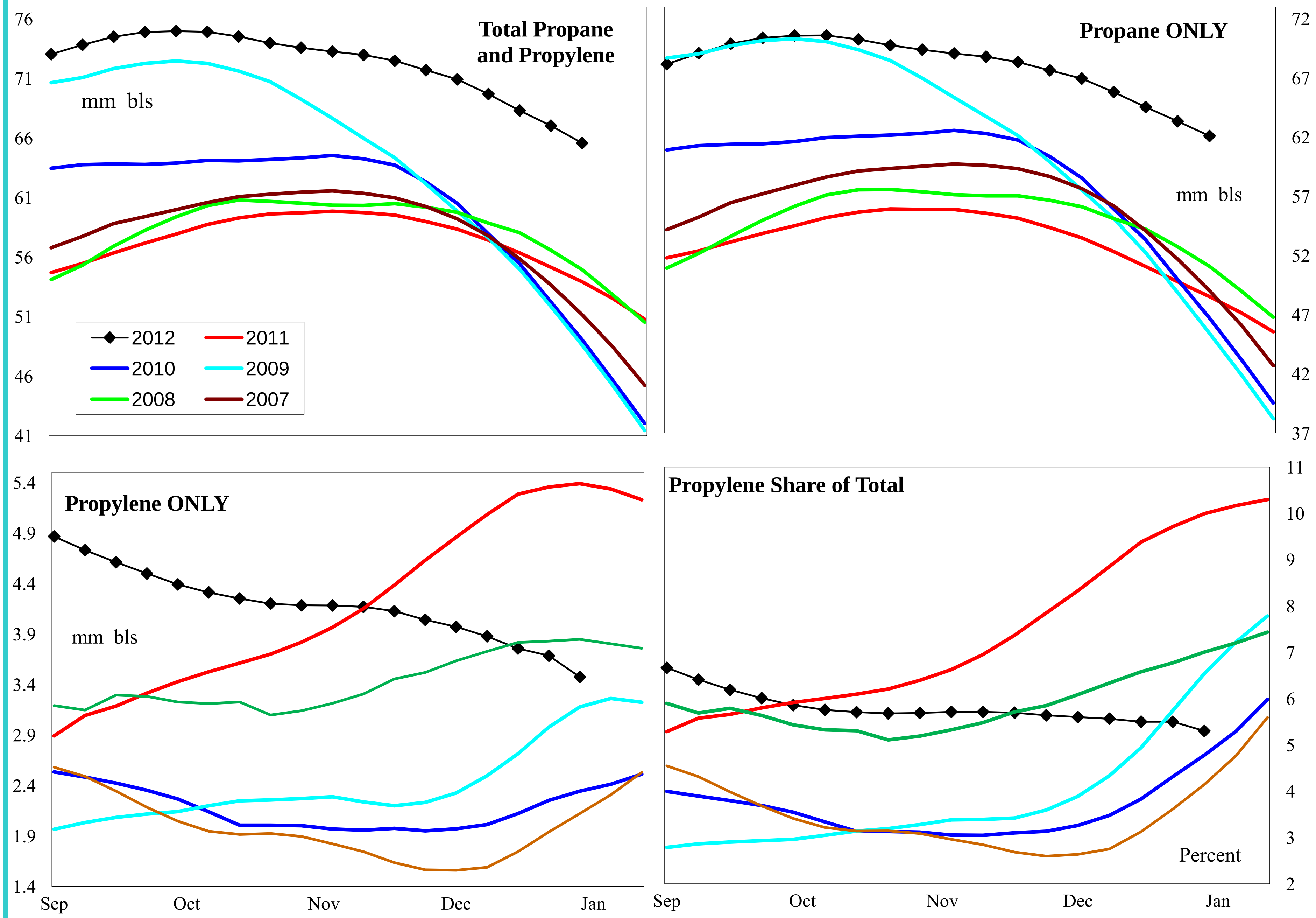
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	11,287	13,445	-1,914
% change	20.8	27.6	-35.5

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