FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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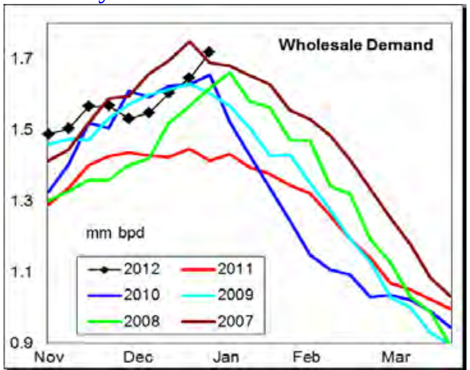
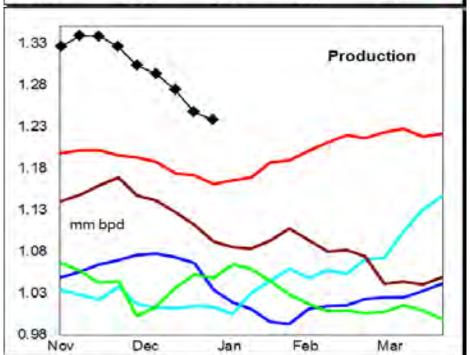
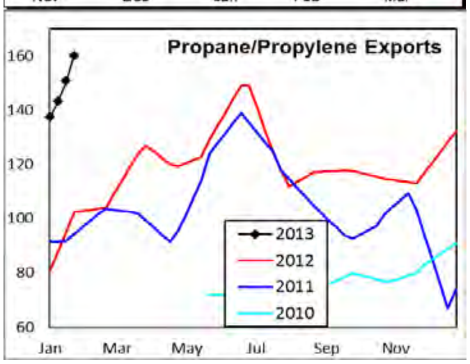
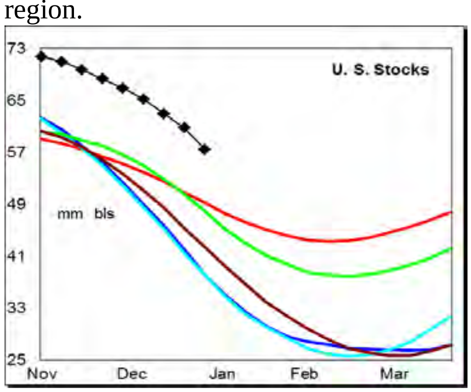






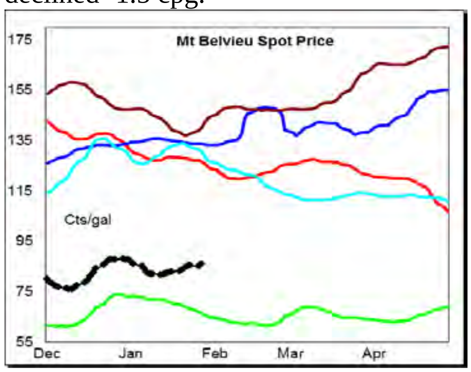
Wholesale demand increased +53,000 on the week, driven by above normal heating degree days in PADDs 4 & 5. Production increased +26,000 bpd on the week, while imports declined -27,000 bpd.

Combined production and imports during the latest 4-wk period were +134,000 bpd above a year ago. Production was +101,000 bpd above last year (+8.6%), while imports were +33,000 bpd higher. The latest 4-wk average demand was +190,000 bpd above last year, +13%. Exports of 160,000 bpd last week, exceeded year ago levels by +60,000 bpd. This represents a meaningful increase, driven the extreme over supply in the Gulf region.



Stocks decreased -3.5 million barrels last week, ending the week +8.4 million barrels above a year ago. The 4-wk stock change was a draw of -9.4 million barrels, a lower draw than the 5-year mid range.

Price and Spreads Mt Belvieu spot price decreased -0.5 cpg for the week ending 29Jan13, while the Conway spot price declined -1.5 cpg.



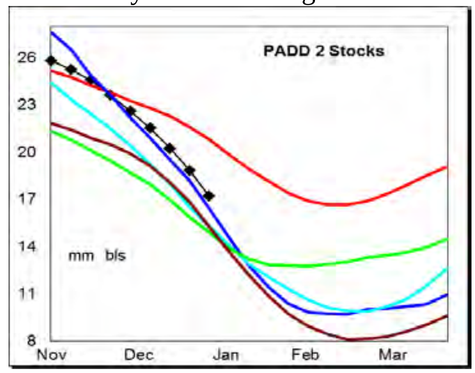
The Conway – Mt Belvieu price spread traded sideways last week, ending the week at -3 cpg.

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

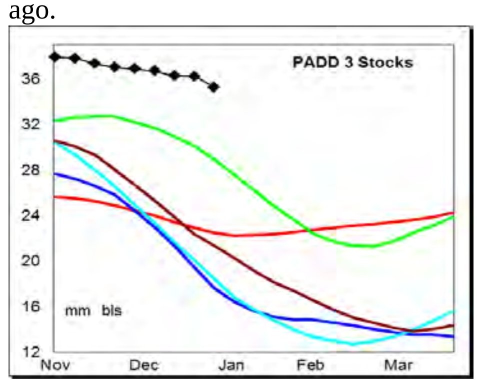
The propane / crude oil price spread traded sideways on the week, ending at a record low for the winter season.

PADD 1 stocks decreased -0.5 million barrels on the week. Supply declined -13,000 bpd last week. Supply for the latest 4-wk period was +43,000 bpd above last year.

PADD 2 stocks declined -1.7 million barrels on the week. Supply declined -16,000 bpd on the week, due to lower production & imports. The latest 4-wk supply was +11,000 bpd above a year ago. Stock levels ended the week -17% below last years' record high.



PAD 3 stocks fell -1 million barrels last week, driven by a -62,000 bpd, although the level remains +58% above a year ago.



PADDs 4 & 5 stocks decreased -0.3 million barrels on the week. The stock level was -16% below a year ago.

Emerging Trends A major warming trend across the central 2/3rds of the country over the next 10-days should sharply reduce propane demand. The timing will correspond to an end to peak seasonal use, and should lead to price weakness.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

February 1, 2013

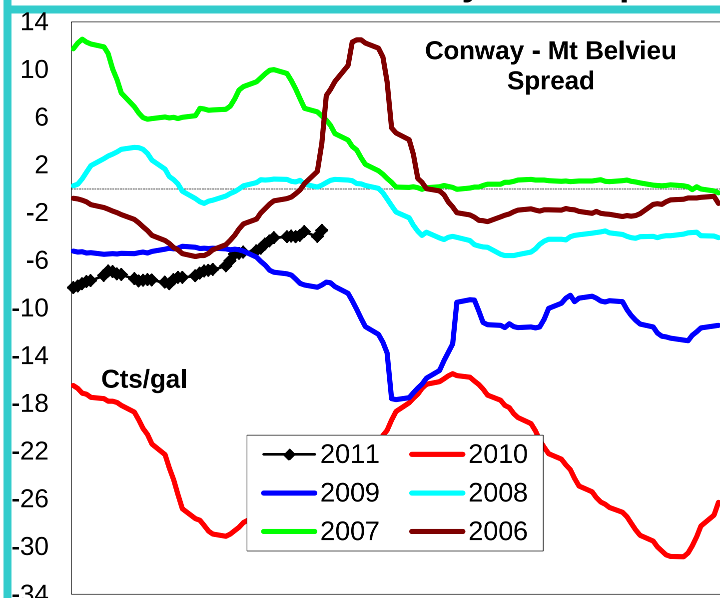
Fundamental Trends for the Week Ending: Friday, January 25, 2013

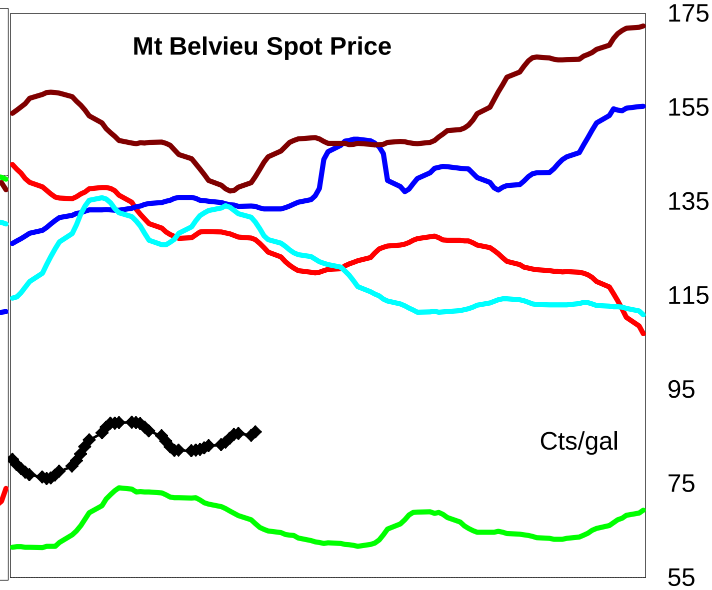
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	57,433	3,734	17,182	35,286	1,231	-3,450	-462	-1,709	-996	-283
Propylene Stocks	2,965					-81				
Production	1,238	71	270	754	143	26	-1	-9	32	4
Imports	146	63	65	0	18	-27	-12	-7	0	-8
Whsle Demand	1,717					53				

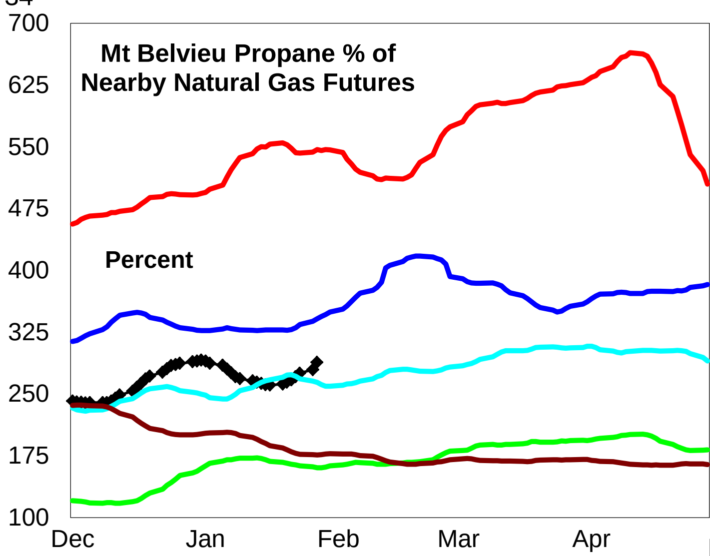
Price Trends for the Week Ending: Tuesday, January 29, 2013

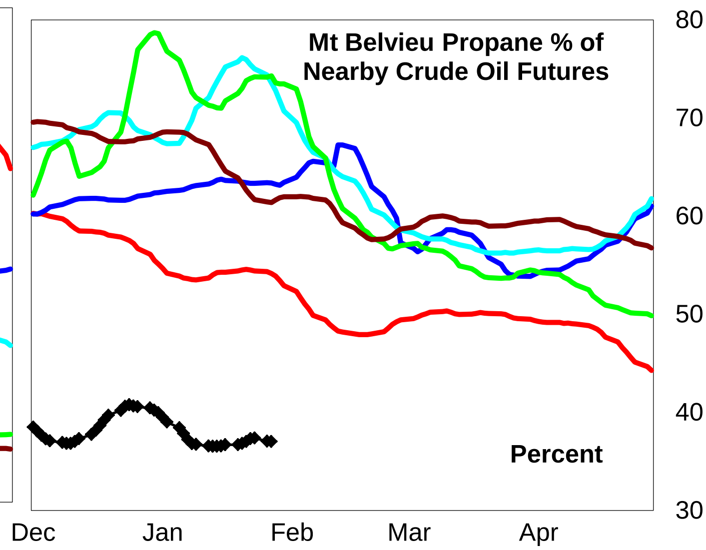
Cents/gal	Average for week ending:				Change from:			% change from:		
	1/29/13	1/22/13	1/1/13	1/26/12	1/22/13	1/1/13	1/26/12	1/22/13	1/1/13	1/26/12
Mont Belvieu Spot	85.7	82.7	91.4	128.7	2.97	-8.70	-37.28	3.6	-9.5	-29.0
Conway Spot	82.1	78.4	83.5	101.4	3.65	-5.10	-17.92	4.7	-6.1	-17.7

Key Price Spreads and Differentials

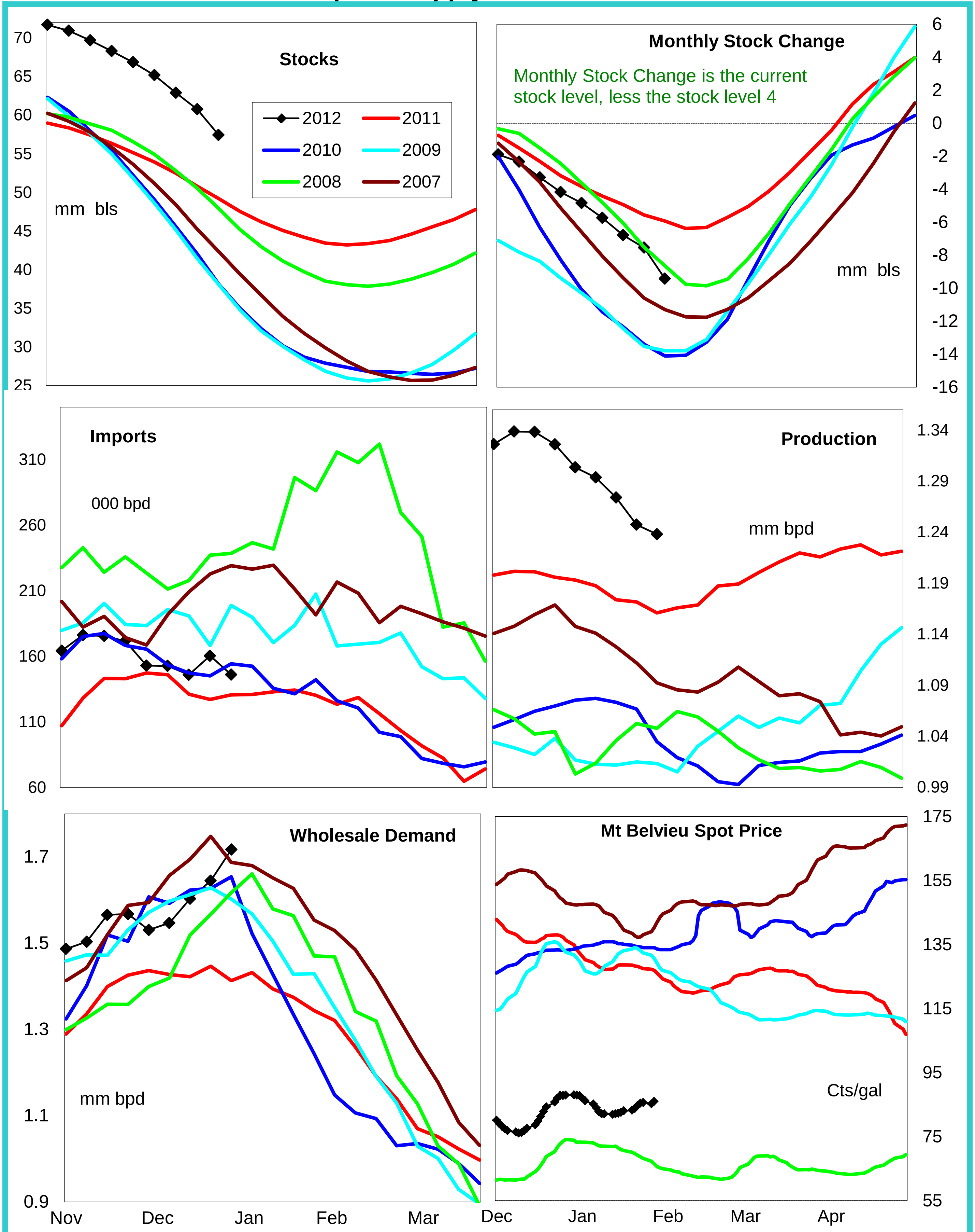








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Dec	Nov	Oct
000 bpd (000 bls stks)	8,444	-3,487	101	33		190	67	83	78
% change	17.2	59	8.6	26.4		13.3	4.6	6.4	6.5

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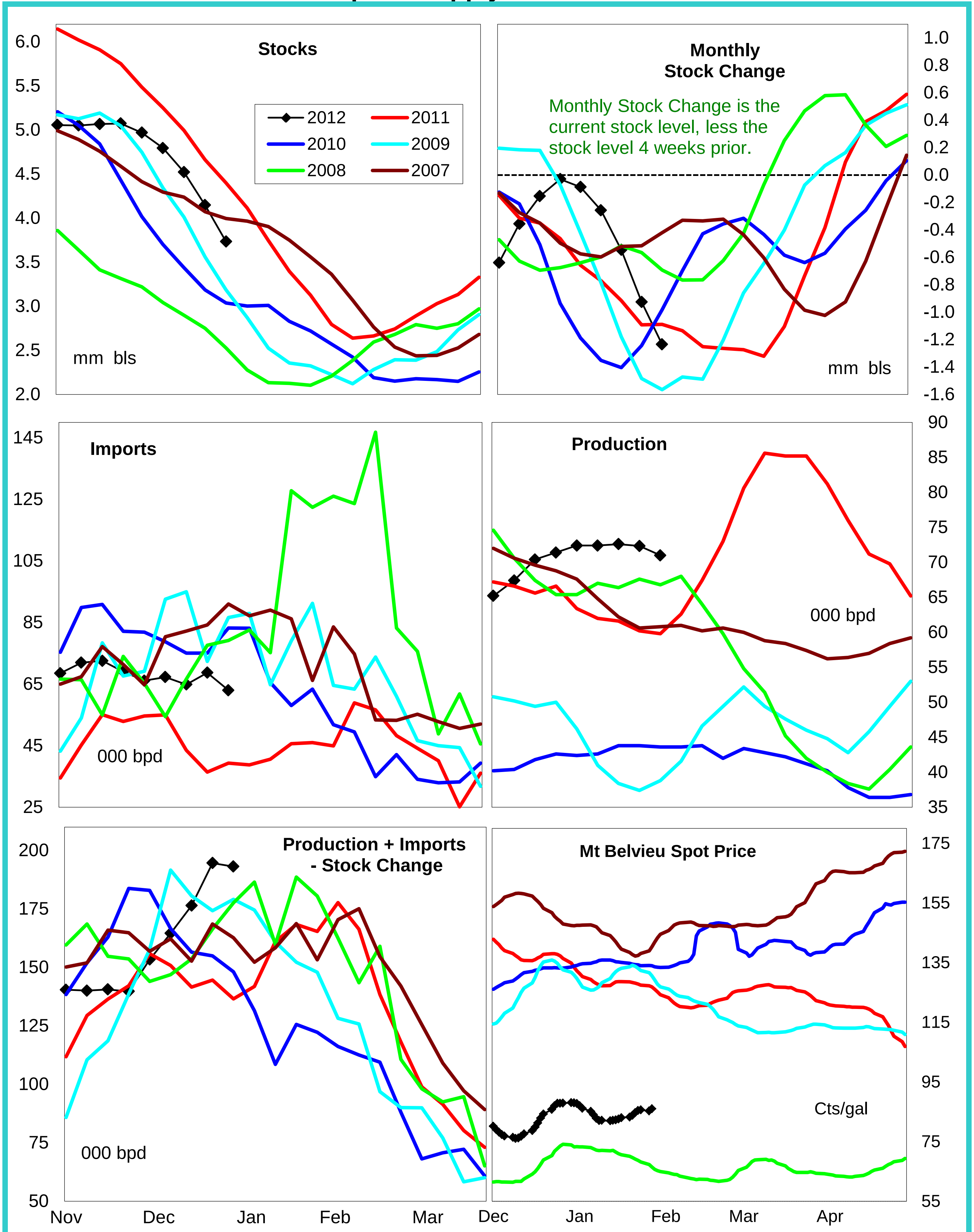
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-670	-146	11	32	39
% change	-15.2	13.4	17.0	92.2	27.1

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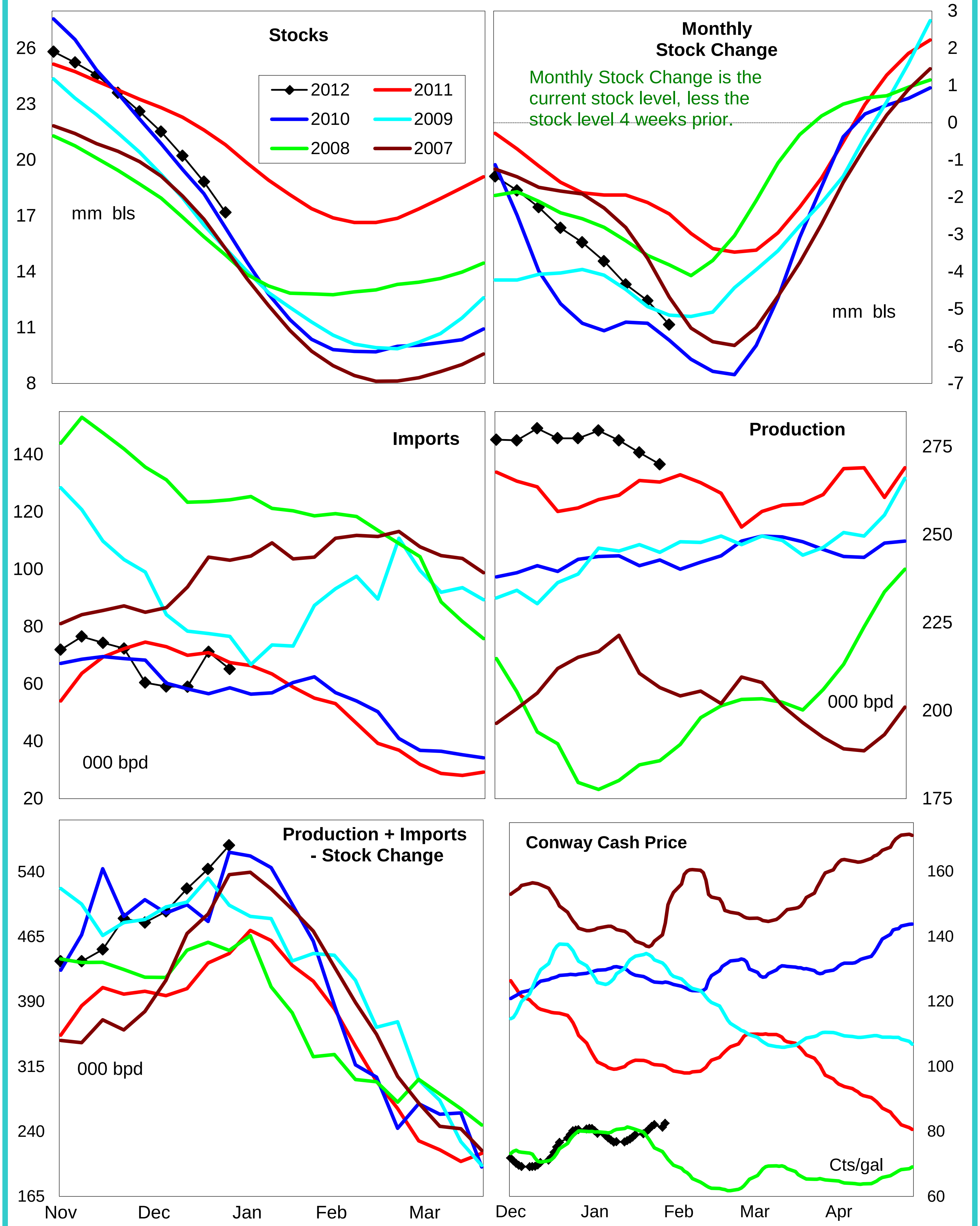
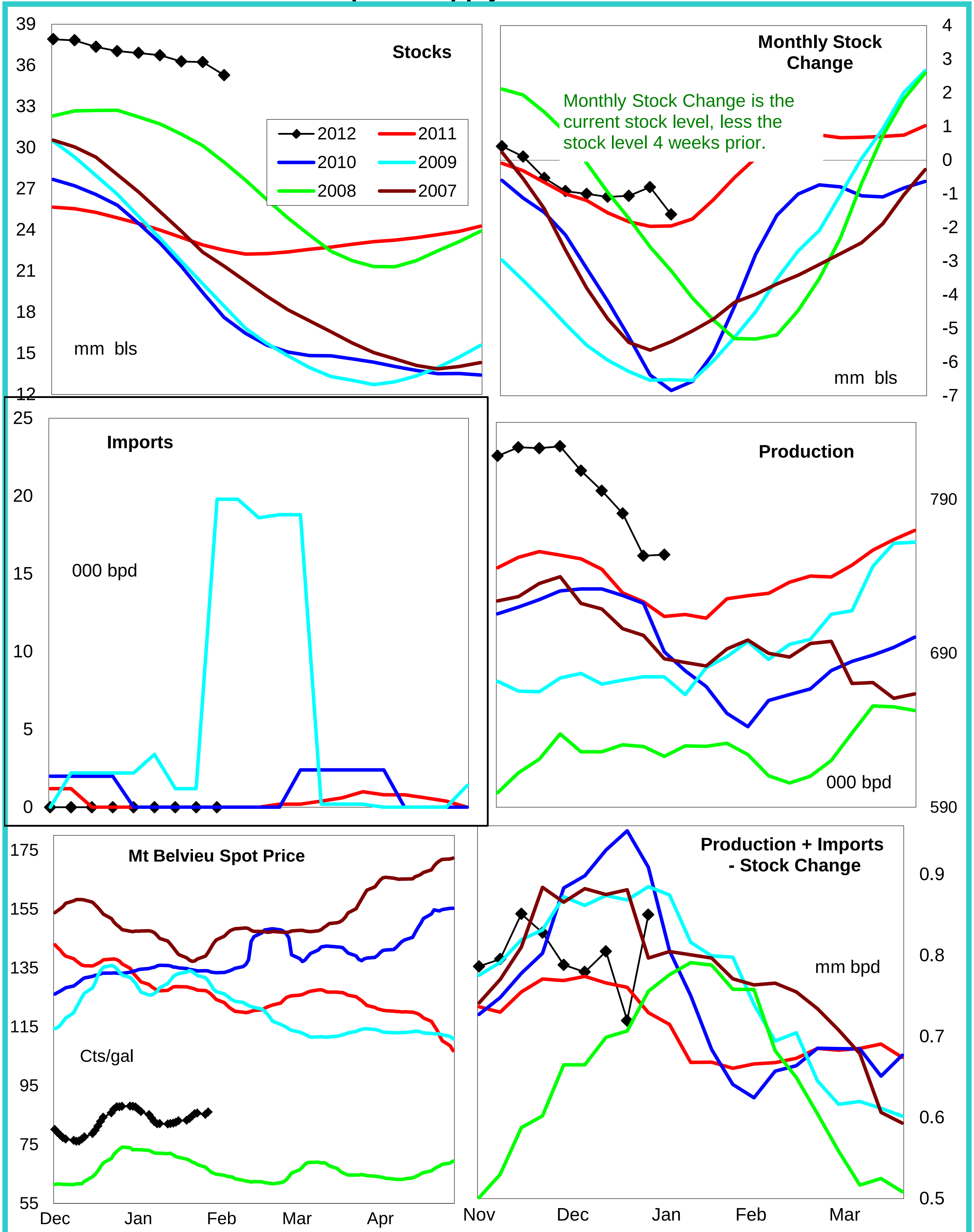
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-3,566	-2,975	13	-4	112
% change	-17.2	121.6	4.7	-6.2	26.5

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)	12,912	339	54	0	31
% change	57.7	-17	7.5	#DIV/0!	3.9

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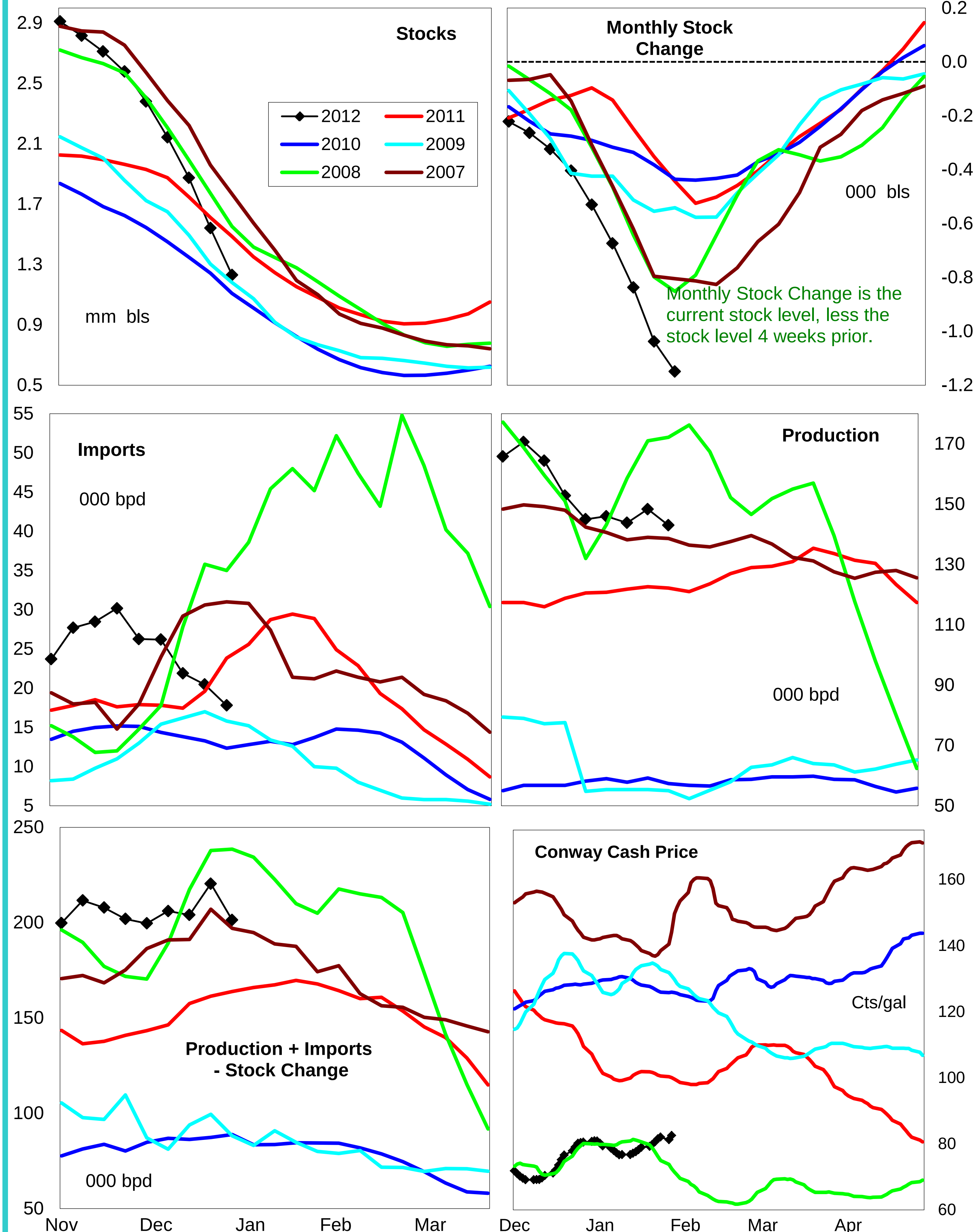
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-232	-706	24	5	51
% change	-15.9	159.5	19.6	28.0	32.2

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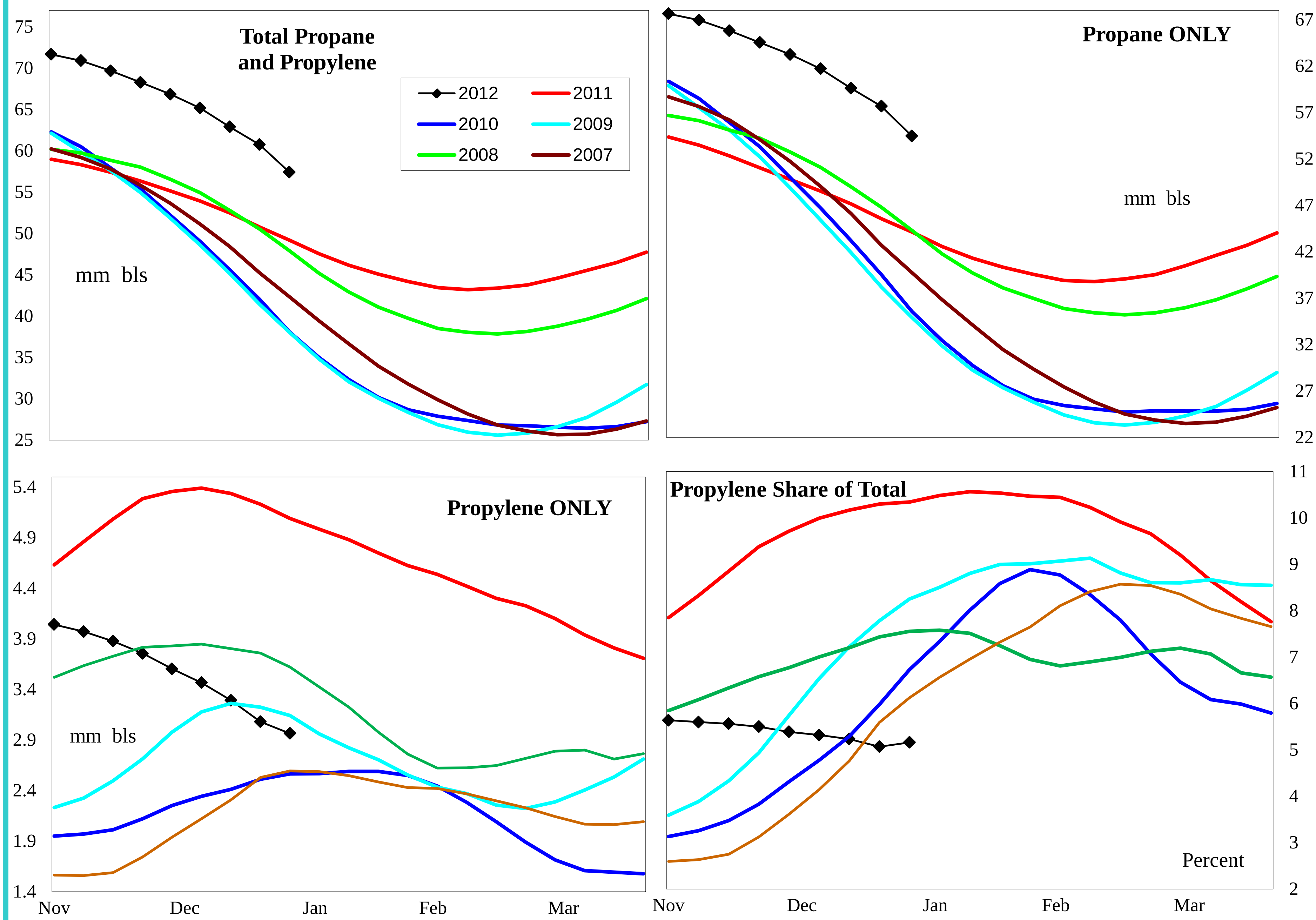
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**8,444**	**10,490**	**-2,126**
% change	**17.2**	**23.9**	**-41.8**

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