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Windham Group



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino
(212) 624-1132 (888) 885-6100

www.e-windham.com

ENERGY MARKET REPORT FOR APRIL 3, 2009

France's CGT union said energy workers in France will strike for 24 hours on April 9th to protest over salaries and to safeguard jobs in the public sector. Workers at Total SA's Gonfreville refinery are planning a strike April 9 to protest against the company's plans for an overhaul of the unit.

Refinery News

The average weekly US ethanol margins fell into negative territory on a rise in corn prices and weaker prices for the alternative motor fuel. Spot ethanol prices in the Midwest fell about 5 cents to \$1.60/gallon on weak demand. Volatile gasoline prices have kept refiners and blenders from buying ethanol. The net margins for

Market Watch

Credit Suisse Group AG and BNP Paribas SA said crude oil may rally to \$68/barrel. Analysts aid oil may repeat the \$18.07/barrel gain of that December-January advance, giving a target of about \$68.50/barrel.

The US continued to cut jobs in March, pushing the total losses since the recession started 16 months ago to 5.1 million. The US Labor Department reported that nonfarm payrolls fell by 663,000 in March, up from 651,000 in February but down from an upwardly revised 741,000 in January. The unemployment rate increased 0.4% to 8.5%, the highest level since November 1983. The average hourly wage increased by \$0.03 or 0.2% to \$18.50, up 3.4% on the year.

The Institute for Supply Management said its non-manufacturing index fell to 40.8 last month from 41.6 in February. Business activity in the US service sector fell for a sixth consecutive month in March.

In Europe, companies also continued to cut jobs, driving the Markit Eurozone Composite PMI employment index to a new low of 40.3, down from February's 40.8.

Traders and shipping brokers said a widening contango and falling freight rates are expected to trigger more floating storage of crude oil and added that negotiations for at least five supertankers are underway. Vitol Holding B.V. plans to charter three Very Large Crude Carriers to store crude in the US Gulf of Mexico. All three VLCCs have an option of 30-90 days of storage at a cost of \$45,000/day. Meanwhile, Royal Dutch Shell is in talks to charter the TI Europe with an option of two to four months of storage in West Africa at a cost of \$64,000/day while Clearlake plans to book the VLCC La Madrina to load crude from Skaw to the US Gulf with an option of 30-120 days of storage at a cost of \$45,000/day.

Three US senators have introduced a bill that will create an Energy Department loan guarantee program for the construction of renewable fuel pipelines. The bill would authorize up to \$5 billion in loan guarantees for pipelines to transport both ethanol and biodiesel to market. It would also DOE to guarantee up to 90% of the total cost of pipeline projects.

China's power generation in March fell by 0.7% on the year, indicating that the country's economic recovery has not started yet.

April Calendar Averages

CL – \$51.18
HO – \$1.4103
RB – \$1.4446

ethanol are between –16 and –6 cents/gallon.

Sinopec Corp's Guangzhou refinery will postpone a 45 day maintenance of its 160,000 bpd crude unit to late April, a month behind its previous schedule. The 270,000 bpd refinery plans to

process 219,000 bpd in April, down from 223,700 bpd in March.

Saudi Aramco is testing a new thermal cracking unit at its Rabigh refinery, a process which is producing excess amounts of cracked fuel oil. This has prompted Saudi Aramco to offer an 80,000 ton cracked fuel oil cargo for loading on April 19-21. It is the third such parcel in the past month. France's Total purchased the two previous cargoes loading on March 20-24 and April 5-7. Meanwhile, Saudi Aramco is offering an unprecedented eighth cargo of straight run fuel oil for the past month for May 10-12 loading from its Ras Tanura refinery, as its hydrocracker is not due to restart until at least mid-May.

Petrovietnam said it will start implementing a crude oil supply contract with BP for the country's first oil refinery, Dung Quat, in the second quarter of 2009.

Gasoline inventories in China's two oil majors CNPC and Sinopec at the end of February fell 2.7% on the month to 31.9 million barrels. Their diesel stocks fell by 0.2% to 53.7 billion barrels. China's crude oil inventories stood at 36.6 million tons at the end of February compared with 37.2 million tons at the end of January.

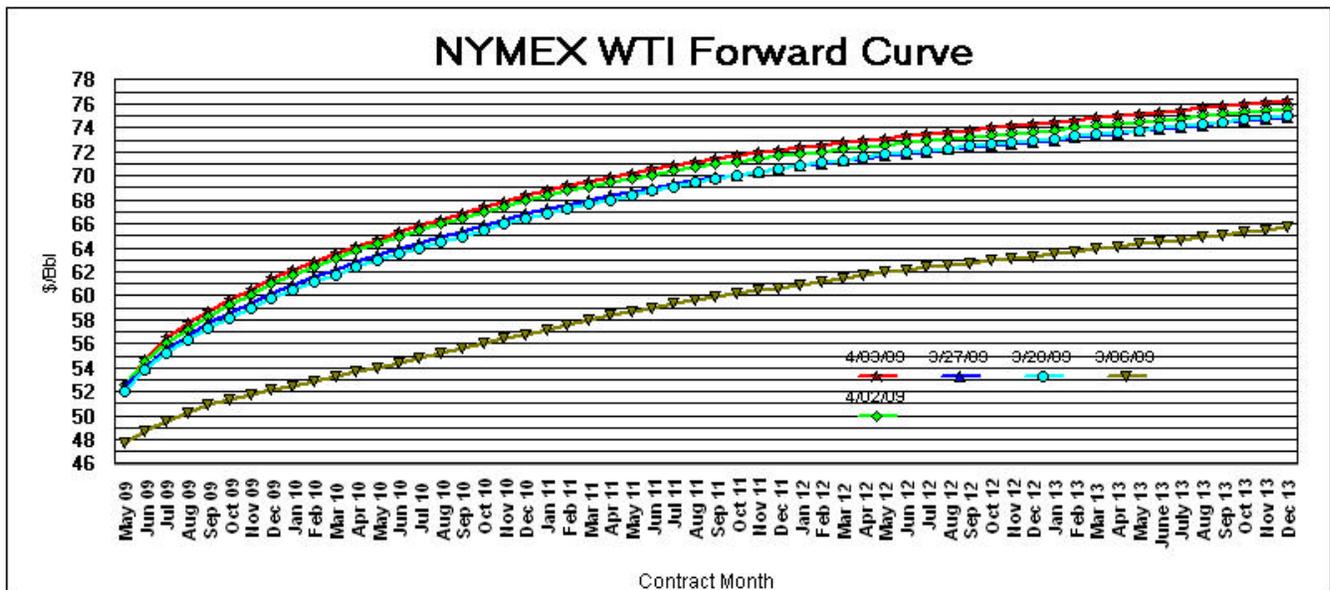
The Caspian Pipeline Consortium reported that Kazakh and Russian oil exports via CPC increased to a record high of 767,688 bpd in March, up 1.2% on the month.

Production News

Norway's Oseberg crude system is scheduled to load 6.65 million barrels in May.

Turkey's Botas said oil supplies on the Kirkuk-Ceyhan pipeline were temporarily halted due to a leak on the Iraqi section of the pipeline. The flow on the pipeline was halted on Thursday and is expected to resume later on Friday following the completion of repairs.

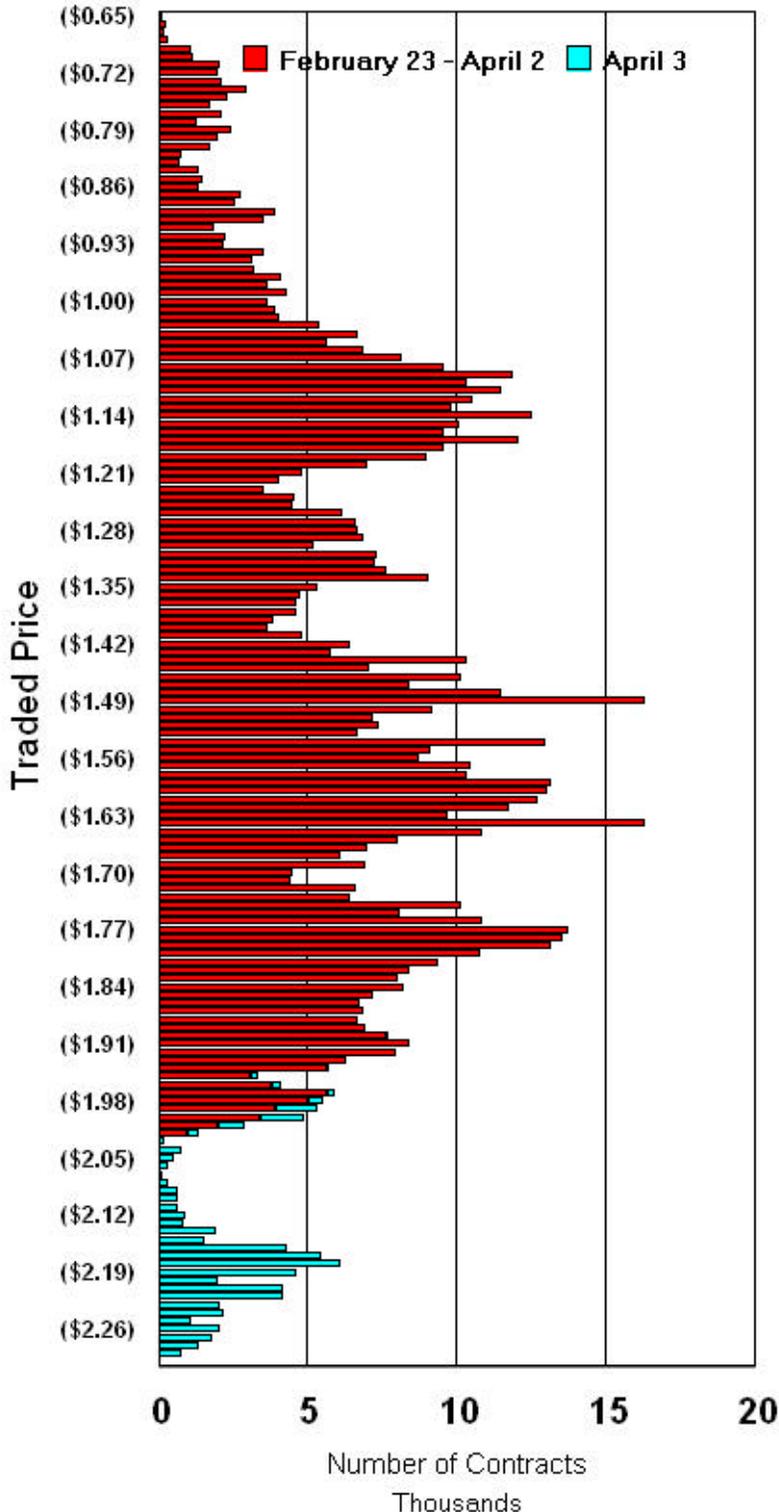
Korea National Oil Corp and SK Energy said they failed to pass the pre-qualification process for oil exploration rights in Iraq. The firms said they were not informed of the reasons. Some industry



NYMEX WTI: May June Spread

Price Vs Volume for February 23 - April 3, 2009

Trade Weighted Avg 4/1 -1.77, 4/2 -1.88, 4/3 -2.13



sources and a report from Baghdad said it was due to their involvement in Iraq's autonomous Kurdish region. Iraq's Oil Ministry has qualified nine foreign oil firms out of 38 interested parties for a second round of bidding for contracts in some of its oil and gas fields.

Sinopec signed a \$350 million drilling deal with Kuwait this week and vowed to work more with the country on new joint ventures and crude oil trading. KPC aims to increase total crude exports to China to 500,000 bpd by 2015, however the economic crisis and fall in oil prices has put many of its plans in danger.

Saudi Arabia may lower its prices for oil bound for Asia for the first time in four months as processing profits declined. Saudi Aramco may cut its Arab Heavy crude by \$1/barrel and its Arab Medium crude by about 50 cents/barrel for May. Saudi Aramco is scheduled to release its prices next week.

Mexico's Pemex is making progress in drafting contracts that could bring major international oil companies into the country as service providers. Legislation enacted last year allows Pemex to offer incentive based contracts that Mexican officials say should be sufficient to bring in foreign companies to help reverse Mexico's declining oil production.

OPEC's news agency reported that OPEC's basket of crudes increased to \$50.00/barrel on Thursday from \$47.18/barrel on Wednesday.

Market Commentary

The true fundamentals of the market proved too much for this market, pushing prices lower once again. Weak demand and oversupplied inventories in the U.S. leave the

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 04/03/2009									
				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
AO	7	9	P	40	1.07	1.16	550	0	0
AO	6	9	P	40	0.77	0.84	550	0	0
AO	5	9	P	40	0.4	0.47	550	0	0
AO	10	9	P	40	1.63	1.71	550	0	0
AO	8	9	P	40	1.33	1.42	550	0	0
AO	9	9	P	40	1.48	1.56	550	0	0
AO	11	9	P	40	1.81	1.87	550	0	0
AO	12	9	P	40	1.73	1.8	550	0	0
LC	9	9	P	150	90.75		500	0	0
LC	9	9	C	150	0.04		500	0	0
LC	5	9	C	55	1.73	1.97	500	0	0
LO	6	9	P	40	0.59	0.67	5111	0.7	0.55
LO	12	12	C	75	14.75	14.47	2250	0	0
LO	12	12	C	100	7.77	7.66	2250	0	0
LO	5	9	P	48	1.08	1.21	2161	1.38	1.05
LO	6	9	C	60	2.62	2.69	1981	2.58	2.15
LO	7	9	P	30	0.14	0.16	1907	0	0
LO	6	9	P	50	2.72	2.89	1813	3.1	2.75
LO	5	9	P	52	2.52	2.66	1683	2.8	2.55
LO	5	9	P	40	0.12	0.16	1681	0.16	0.12
LO	5	9	P	47	0.86	0.98	1564	1.15	0.81
LO	6	9	P	45	1.36	1.49	1560	1.7	1.34
LO	6	9	C	65	1.42	1.49	1394	1.5	1.12
OB	5	9	C	1.8	0.0205	0.0183	200	0	0
OB	8	9	C	1.3	0.3298	0.3152	130	0	0
OB	7	9	C	1.2	0.3738	0.3571	115	0	0
OH	6	9	P	1.4	0.1046	0.1081	75	0	0
OH	6	9	P	1.3	0.0649	0.0676	75	0	0
WA	4	10	C	0	0.67	0.64	100	0	0
WA	7	10	C	0	0.69	0.66	100	0	0
WA	3	10	C	0	0.67	0.64	100	0	0
WA	2	10	C	0	0.68	0.62	100	0	0
WA	8	10	C	0	0.69	0.65	100	0	0
WA	6	10	C	0	0.67	0.65	100	0	0
WA	11	10	C	0	0.69	0.67	100	0	0
WA	5	10	C	0	0.66	0.63	100	0	0
WA	12	10	C	0	0.7	0.66	100	0	0
WA	1	10	C	0	0.64	0.58	100	0	0
WA	10	10	C	0	0.7	0.65	100	0	0
WA	9	10	C	0	0.67	0.65	100	0	0

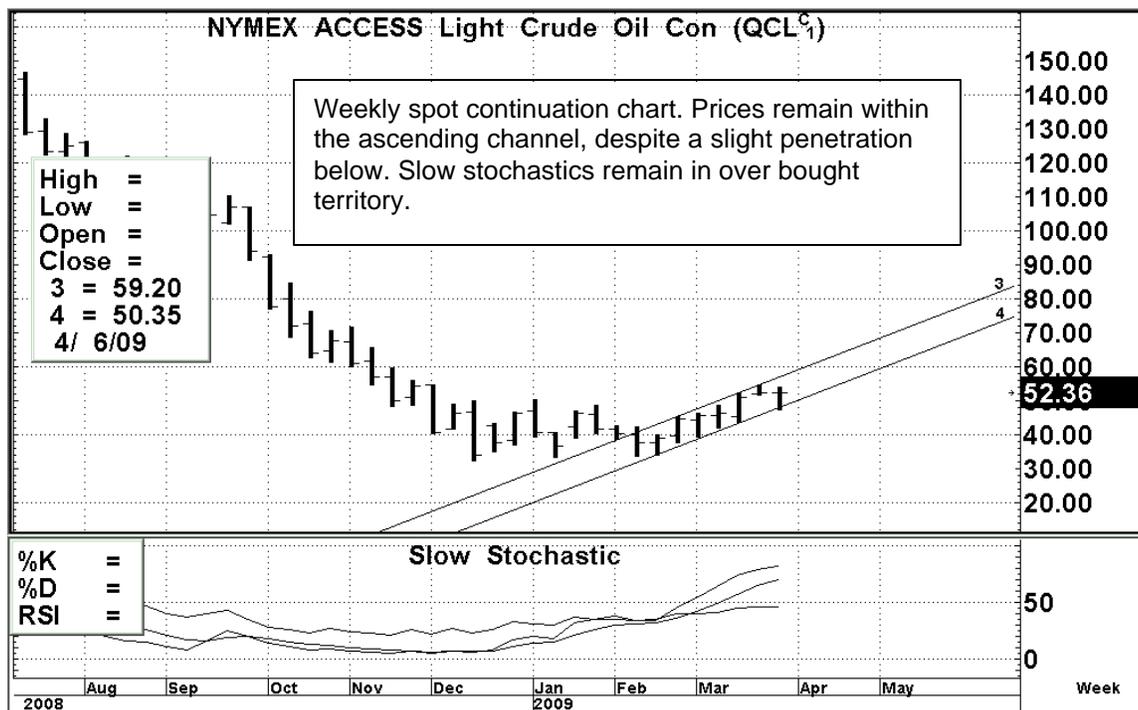
downside in oil vulnerable. Total daily fuel demand averaged over the past four weeks reached the lowest level since October, according to the Energy Department. Crude oil fell 3.3% on news that the U.S. unemployment rate hit a 25-year high. Service industries in the U.S. unexpectedly contracted in March at a faster pace as unemployment climbed and consumer confidence held near a record low, according to the Institute for Supply Management's index of non-manufacturing businesses. The shape of the forward curve reflects an oversupplied market with the front month spread losing .29 cents on the day. The May crude oil once again lost value against the May Brent, which can be attributed to two things. One is lower output levels out of Nigeria and the other is Canadian imports into the U.S. All of this adds a bearish tinge to the energy markets. Crude oil settled slightly higher on the week and remains within the ascending channel that can be drawn on a spot continuation chart. This channel will begin next week set between \$59.20 and \$50.35. Moving oscillators are in overbought territory and trended higher this week. Coming into next week, we would look for prices to remain within the aforementioned channel, with our bias to the downside.

The \$40 puts continue to attract attention by traders, with the June \$40 put being the most active oil option on the day trading over

5,000 times. Basis the open interest report released at midday, Thursday trading activity saw the May and June \$40 put open interest increase by 6,027 and 398 lots respectively. The May \$40 put now has

22,993 lots open with the June \$40 put 19,748 lots open. If prices do reach these levels again it could unlock a wave of fresh selling as seller of these options are forced to cover.

(CL) MAY.09 277,482 -1,148 JUN.09 203,462 -388 JUL.09 95,520 +1,676
 AUG.09 34,923 -555 Totals: 1,163,073 +2,569 Heating oil MAY.09 56,460 -933 JUN.09 40,484 -91
 JUL.09 23,904 +619 AUG.09 13,309 Totals: 251,461 -1,238 YORK HARBOR RBOB MAY.09 74,191 -
 949 JUN.09 34,608 -590 JUL.09 21,469 +592 AUG.09 15,372 Totals: 195,807 -1,997



The latest Commitment of Traders report showed that non-commercials in the crude market cut their net long position by 11,091 contracts to 6,546 contracts in the week ending March 31st. The combined futures and option report

showed that non-commercials cut their net long position by 12,018 contracts to 88,005 contracts on the week. The funds cut their total long position by 6,521 contracts to 193,952 contracts on the week as the market retraced its previous gains. The combined futures and options report also showed that non-commercials in the heating oil market increased their net long position by 2,503 contracts to 21,931 contracts while non-commercials in the RBOB market cut their net long position by 7,809 contracts to 49,391 contracts on the week.

Crude Support	Crude Resistance
41.00,40.00,38.95, 32.25, 29.66, 28.63, 26.65, 25.50	54.75, 55.98, 57.20
Heat Support	Heat resistance
1.3400, 1.3057, 1.1359, 1.10951.0520	1.4865, 1.5050,1.5285, 1.5520 167.15, 171.85, 176.70, 1.8500
Gasoline support	Gasoline resistance
1.2700, 1.2625 1.1680,1.0128,9590, .8978, .8755, 7850	1.4900,1.5260, 1.5340,1.5800,

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