



## ***ENERGY RISK MANAGEMENT***

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

**www.e-windham.com**

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### **ENERGY MARKET REPORT FOR JUNE 15, 2009**

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Iran's Interior Ministry announced on Saturday that President Mahmoud Ahmadinejad won Friday's election. The ministry and President Ahmadinejad have rejected charges of fraud. Opposition candidate Mirhossein Mousavi appealed to the Guardian Council to investigate the result called for supporters to rally on Monday. However Iran's

Interior Ministry said that defeated presidential candidate will be responsible for any consequences if he proceeds with the rally in Tehran. Reformist former president Mohammad Khatami criticized Iranian authorities on Monday for denying permission for a rally in Tehran. Supreme Leader Ayatollah Ali Khamenei, who upheld the election result said complaints should be pursued calmly and legally. The election outcome has disconcerted Western powers. France said it supported Iranian opposition calls for an inquiry into the vote. The European Union urged Iran not to use violence against protestors and to look into complaints of irregularities while US leaders have reacted cautiously, in the hope of keeping alive President Barack Obama's strategy of engagement with Iran. The US State Department however said it is troubled by reports of violence and voting irregularities and urged Iran to thoroughly investigate the results. The Guardian Council said it will rule within 10 days on two official complaints

#### **June Calendar Averages**

**CL – \$69.57**  
**HO – \$1.7983**  
**RB – \$1.9770**

#### **Market Watch**

US President Barack Obama's administration on Sunday welcomed Israeli Prime Minister Benjamin Netanyahu's endorsement of a separate Palestinian state, calling it an important step forward.

Royal Dutch Shell Plc increased its floating storage capacity for fuel by about 1.3 million barrels. It booked a 90,000 deadweight ton clean petroleum tanker the River Pride and a second tanker, the Survetta, of similar size.

T. Boone Pickens said he is betting crude and natural gas prices will increase further. He said he is long oil and long natural gas and added that prices for oil and natural gas will have to increase to make alternative energy attractive. Earlier this year, he said oil prices will reach \$75/barrel in 2009.

Low water surcharges have been imposed on freight shipping on the Danube river in Germany after water levels fell over the weekend. Surcharges are imposed on cargo customers to compensate vessel owners for lost revenue as their ships must sail partly loaded because of low water.

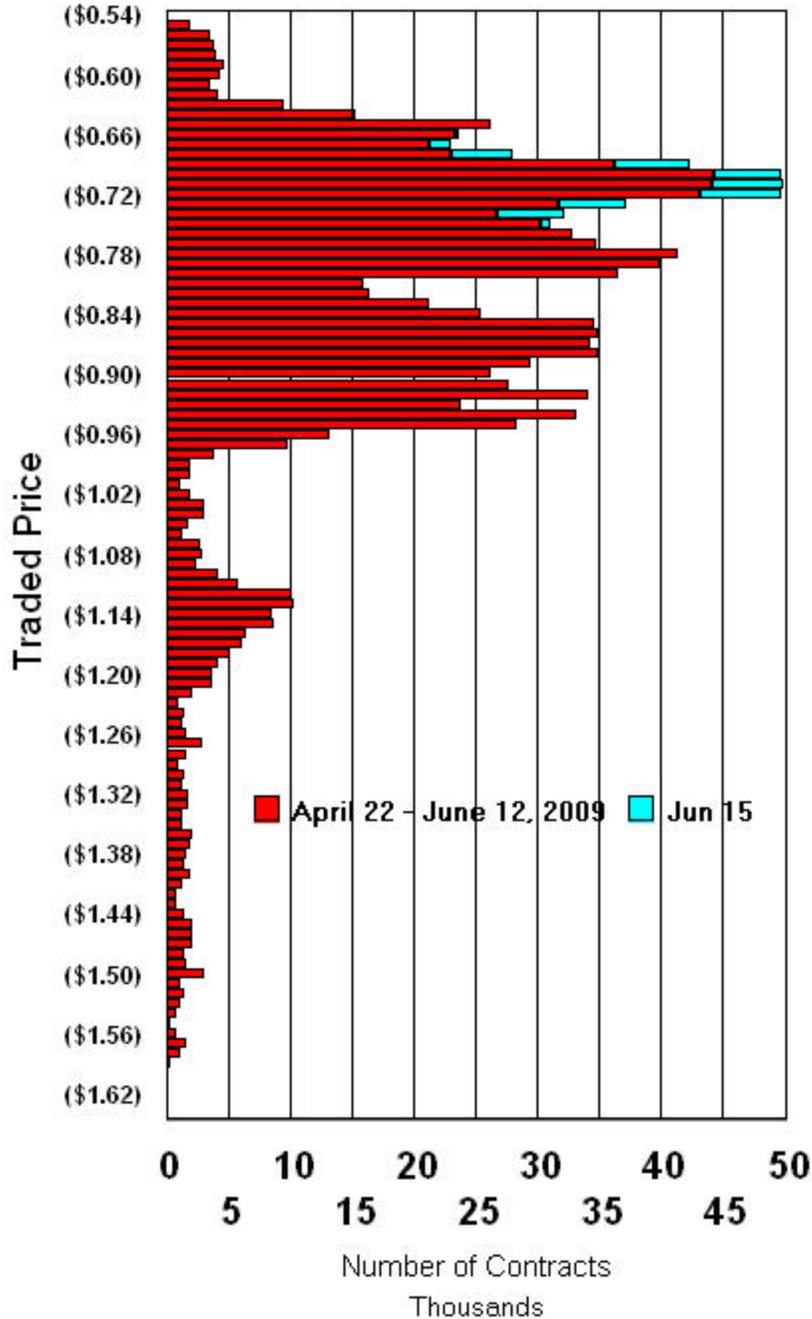
it had received from Mousavi and another candidate, Mohsen Rezaie. The presidential candidate, Mirhossein Mousavi, said he is ready to take part in a new election.

Separately, Iranian President Mahmoud Ahmadinejad said Iran's nuclear



## NYMEX WTI: July Aug Spread Price Vs Volume for April 22 - June 15, 2009

Trade Weighted: 6/11 -0.75, 6/12 -0.73, 6/15 -0.71



its facilities in the fourth quarter of 2008.

### Production News

Kazakhstan's State Statistics Agency said the country's oil and gas condensate output totaled 6.2 million tons in May 2009, up 1.5% on the year.

Holly Corp expects to finish an ultra-low sulfur diesel facility at the 85,000 bpd Tulsa, Oklahoma refinery in the summer of 2011.

Total said talks with the contractor workforce have broken down. About 1,200 contractors walked out during an unofficial strike at the Lindsey oil refinery on Friday. Total said the construction site will remain closed until the dispute is resolved but the refinery will operate as normal. Further talks between union officials and contractor management will take place on Tuesday.

Indonesia's Pertamina said its 230,000 bpd crude distillation unit at its Cilacap refinery is operating at 90% capacity. The unit was shut on June 3<sup>rd</sup> after an emergency tube burst, causing a fire. It restarted the unit at a low capacity on June 9<sup>th</sup>.

A Chinese Commerce Ministry official said China has not stopped issuing import licenses for some grades of fuel oil, denying reports that it had.

India's Hindustan Petroleum Corp bought 1 million barrels of Nigerian Escravos crude for August loading via its regular monthly tender.

Saudi Arabia will start gasoline production at its Rabigh Refining and Petrochemical Co in July. PetroRabigh will have the capacity to produce up to 60,000 bpd of high octane gasoline that will be converted from fuel oil. The refinery started partial operation of

Pemex said Mexico's oil production in May fell by 6.2% on the year to 2.617 million bpd. It said the company remains on track to end the year with production of 2.7 million bpd due to its plans to start new wells at its Chicantepec project.

Russia's Finance Ministry said the country will increase its oil export duty by 39% to \$212.60/ton from July 1, reflecting a steep increase in crude prices over the last month. The duty was set at \$152.80/ton for June. Export duties on light refined products, such as gasoline and gas oil, will increase to \$155.5/ton in July, up from \$115.20/ton in June. Its heavy refined products, such as fuel oil, will increase to \$83.80/ton, up from \$62.10/ton.

Italy's Eni SpA declined to comment on a report that it planned to sell most of its North Sea oil fields for more than \$1 billion. The fields produce about 20,000 bpd of oil and contain 120 million barrels of reserves.

OPEC's news agency reported that OPEC's basket of crudes fell to \$70.45/barrel on Friday, down from Thursday's \$70.87/barrel level.

**Market Commentary**

Crude oil sold off today in reaction to a strong dollar, which influenced the appeal of commodities as an inflation hedge. A strong dollar will continue to put pressure on prices, as will weakness in the equities markets. Profit takers stepped in, pushing the July contract below \$70.00 a barrel. Today's lower move ignored tensions in Iran as protests grew over recent presidential elections. Unrest in Iran may down the line, have an impact on stability in the Mideast and possibly disrupt supplies in that region. Both this situation and the direction of the stock market should be closely monitored, as both will influence market direction. Speculators continue to add to their length as is evident in the bullish consensus report. Speculative long positions overshadowed short positions by 47,883 contracts on NYMEX. Any continued strength in the dollar will bring additional pressure on crude oil, forcing longs to liquidate. The 200-day moving average, based on a spot continuation chart continues to hold to the downside. Should the dollar remain on the defensive, we would look for prices to head further lower, with a test at \$63.16, the current 200-day moving average.

Crude Oil JUL.09 134,388 -17,768 AUG.09 242,837 -1,929 SEP.09 126,546 +1,940 OCT.09 42,675 -377 Totals: 1,206,264 -21,654 N.Y. Heating Oil (HO) JUL.09 46,171 -3,035 AUG.09 43,145 +340 SEP.09 33,555 +1,034 CT.09 21,284 -38 Totals: 285,526 +1,314 NEW YORK HARBOR RBOB (RB) JUL.09 62,262 -1,311 AUG.09 59,411 -128 SEP.09 39,886 -292 OCT.09 21,031 +266 Totals: 222,122 -1,637

<b>Crude Support</b>	<b>Crude Resistance</b>
<b>Spot 200 day MA 63.1</b> , 60.50 , 59.85, 58.90, 56.75,55.45,54.49,	74.50, 76.10
<b>Heat Support</b>	<b>Heat resistance</b>
1.6780, 1.6512, 1.6235, 1.5615	1.9090
<b>Gasoline support</b>	<b>Gasoline resistance</b>
1.5370, 1.5260, 1.3560, 1.3400, 131.80,1.2700, 1.2625 1.1680,1.0128, .9590	2.0650, 2.1600

Spot continuation chart for crude oil. Since trading above the 200-day moving average, prices have continued higher. The current average is set at \$63.16. Slow stochastics have crossed to the downside in overbought territory. This is bearish for prices.

