



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino

(212) 624-1132 (888) 885-6100

www.e-windham.com

ENERGY MARKET REPORT FOR JULY 8, 2009

OPEC Secretary General Abdullah al-Badri said oil prices are comfortable but are still below the level OPEC is aiming for.

In its 2009 World Oil Outlook, OPEC said demand for its oil will not return to 31 million bpd, the level it averaged before the economic crisis cut demand, until 2013. The report predicted world oil demand will increase slower than previously expected over the medium and longer term, although supplies will also be lower. It said that by 2030, world oil demand is expected to reach 105.6 million bpd, down 7.7 million bpd. In the medium term, demand will fall to

84.2 million bpd this year from 85.6 million bpd last year and increase to 87.9 million bpd by 2013. Its 2013 estimate is down 5.7 million bpd from its previous estimate. OPEC said world demand for

Market Watch

G8 leaders believe the world economy still faces significant risks and may need further help. Much of the needed stimulus money pledged by governments around the world has yet to feed into the economy but fears that steadily rising unemployment may strangle any recovery have prompted calls for even more spending. Meanwhile, the Group of Eight called for reduced volatility in energy markets and said unpredictable prices impaired the industry's ability to invest. According to a spokeswoman for Russia's President Dmitry Medvedev said G8 leaders agreed that \$70-\$80 was a fair price to pay for a barrel of oil.

The International Monetary Fund said the risks to the world financial system have moderated since April but added that it is too soon for governments to withdraw stimulus and support. It estimates that world GDP in 2008 stood at 3.1% while GDP in 2009 is expected to fall by 1.4%, down 0.1% from its previous forecast. GDP in 2010 is forecast to increase by 2.5%, up 0.6% from its previous forecast. The IMF also reported that US GDP grew by 1.1% in 2008 but is forecast to fall by 2.6% this year and increase by 0.8% in 2010.

German industrial output increased strongly in May, boosting hopes that the recession is bottoming out. German output rose 3.7%.

Federal Reserve Bank of Chicago President Charles Evans said the recession appears to be ending and signaled the current state of central bank monetary policy will likely remain in place for a while. He said the Fed's mix of zero-percent interest rates, emergency lending programs and efforts to buy Treasury and mortgage related securities, is in good sharp to aid a recovery.

Barclays Bank booked a VLCC to store gas oil. The bank is expected to take delivery of the VLCC sometime between the end of the month and early August. So far about 62 million barrels of gas oil and jet fuel are stored in vessels off Europe due to poor world demand.

The Baltic Exchange's main sea freight index fell to a six month low on Wednesday due to weaker Chinese imports of iron ore. The index fell by 3.39% or 109 points to 3,107 points on Wednesday and was at its lowest level since May 26th when it reached 2,942 points. The Baltic's Capesize index fell 5.84% on Wednesday, also reaching a six week low.

DOE Stocks

Crude – down 2.9 million barrels
Distillate – up 3.7 million barrels
Gasoline – up 1.9 million barrels
Refinery runs – down 0.2%, at 86.8%

middle distillate fuel will increase faster than any other refined oil products toward 2030. It expects world demand for diesel and gas oil will increase to 34.2 million bpd by 2030 from 24.5 million bpd in 2008. Gasoline demand will increase to about 25.1 million bpd from 21.4 million bpd over the same period. OPEC also said it needs to spend less to develop new oil reserves. OPEC members have delayed or postponed more

than 35 projects, representing about 5 million bpd of oil capacity, until after 2013. It said it needs to invest \$110 billion to \$120 billion compared with its previous estimate of \$165 billion. In regards to supply, it expects non-OPEC crude and natural gas liquids supplies to remain flat to 2013, when they will reach 45.1 million bpd. It is more than 3 million bpd less than expected last year. OPEC also forecast that global refining capacity will increase sharply by about 6.1 million bpd between 2009 and 2015, with about half the growth in capacity coming from Asia, mainly China and India. By the end of the year, surplus refining capacity could reach 3 million bpd and increase to over 4 million bpd next year and to 5 million bpd by 2015. Additionally, global refiners are expected to construct 5 million bpd of new conversion capacity and 6 million bpd of desulfurization capacity in 2009-2015. OPEC also reported that its income from oil and gas exports increased 35% to more than \$1 trillion last year. It saw the total value of its petroleum sales abroad reach almost \$1.007 trillion in 2008, up from \$746 billion in 2007. OPEC's proven crude oil reserves grew 7.9% last year to 1.027 trillion barrels, up from 952 billion barrels in 2007 and 940 billion barrels in 2006.

Refinery News

A problem in a crude unit at BP Plc's 475,000 bpd refinery in Texas City, Texas on Tuesday did not impact production. Separately, BP Plc restarted a crude vacuum unit at its 160,000 bpd Toledo, Ohio refinery earlier this week. The unit was shut in late June due to a compressor fire.

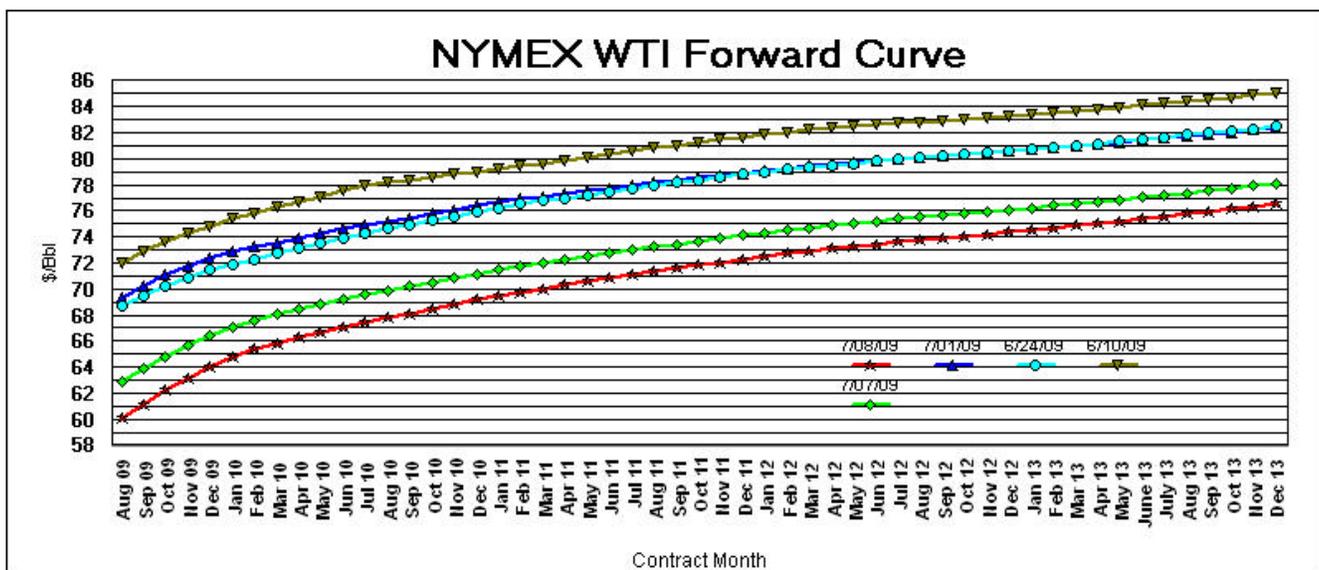
July Calendar Averages

CL – \$64.63
HO – \$1.6465
RB – \$1.7513

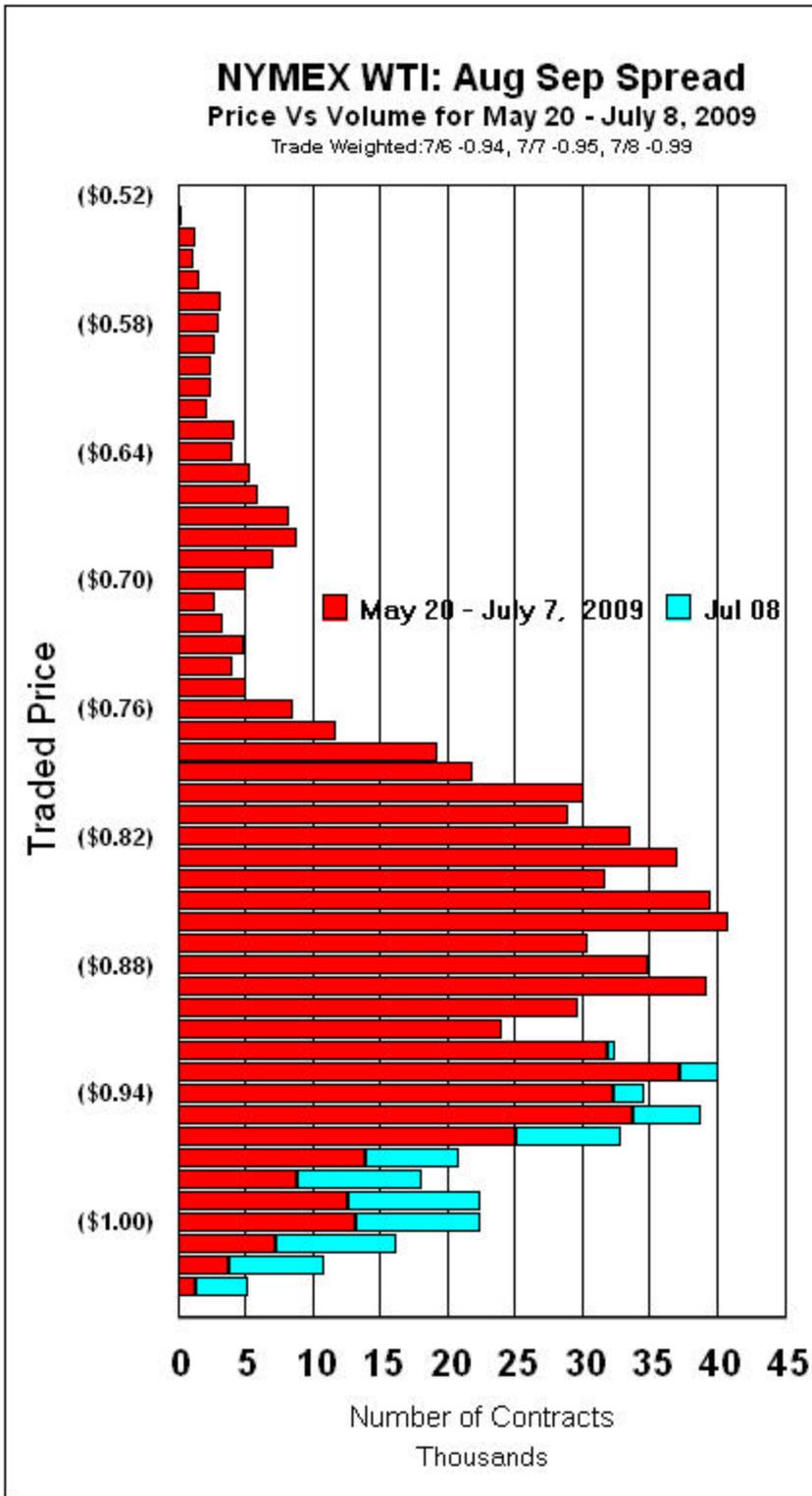
Chevron Corp reported a release of ammonia over a recent 11 day period at its 279,000 bpd refinery in El Segundo, California.

Australia's Caltex Ltd's Lytton Refinery will partially shutdown for about six weeks during the third quarter for maintenance. It also said it started production at a new diesel unit at the refinery.

Germany's Mineraloelraffinerie Oberrhein is planning a partial shutdown of its Karlsruhe oil refinery for maintenance reasons between mid-February and the end of March. The shutdown will last for about



five to six weeks.



China's twelve major refineries will process 2.67 million bpd of crude in July, up from than 1% from the 2.64 million bpd in June amid recent fuel prices increases and increasing sales due to signs of economic recovery.

Sinopec Corp will cut its crude processing at its 270,000 bpd Jinling refinery in July by about 12% on the month due to regular maintenance scheduled for some secondary facilities. It will process 240,200 bpd in July.

China is estimated to have imported 1.95-2 million tons of fuel oil for June, down 15-17% from its May import level of 2.36 million tons due to the wider use of liquefied natural gas.

South Korea's LG Chem will expand its 900,000 ton/year naphtha cracker at Yeosu by 100,000 ton/year by April 2010.

South Korea's Yeochun Naphtha Cracking Center will shut down its No. 3 naphtha cracker for a 45 day regular maintenance output in May-June 2010.

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 07/08/2009									
				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
LC	12	10C	100	3.31	3.44	1500	0	0	
LC	12	9P	47.5	2.07	1.6	1000	0	0	
LO	8	9P	60	2	0.98	10404	2.05	1.16	
LO	9	9P	50	0.99	0.65	10284	1.05	0.7	
LO	8	9P	55	0.52	0.22	6374	0.53	0.26	
LO	9	9P	60	3.89	2.76	5881	4	3.1	
LO	8	9C	65	0.51	1.17	5711	0.95	0.37	
LO	8	9C	70	0.07	0.21	4095	0.16	0.05	
LO	12	11C	100	5.39	5.58	3850	0	0	
LO	9	9P	55	2.03	1.4	3718	2.12	1.6	
LO	12	9C	85	1.95	2.16	3636	1.95	1.93	
LO	9	9P	40	0.16	0.11	3531	0.2	0.1	
LO	12	9C	110	0.36	0.38	3350	0.49	0.49	
LO	10	9C	80	1.18	1.4	3026	1.35	1.08	
LO	10	9C	65	4.73	5.78	2827	5.5	4.75	
LO	8	9P	57	0.93	0.41	2723	0.94	0.5	
LO	12	9P	60	5.95	4.9	2605	5.95	5.25	
LO	10	9P	60	4.91	3.79	2355	4.75	4.08	
LO	8	9P	50	0.1	0.04	2355	0.14	0.07	
LO	12	9C	100	0.71	0.76	2339	0.83	0.65	
LO	9	9P	58	3.05	2.11	2245	3.22	2.46	
LO	12	9C	75	3.75	4.31	2153	0	0	
LO	12	9P	45	1.59	1.22	2143	1.65	1.55	
LO	8	9C	71	0.05	0.14	2137	0.1	0.05	
LO	10	9C	90	0.46	0.53	2114	0.51	0.4	
LO	8	9C	73	0.02	0.05	2106	0.08	0.05	
LO	10	9C	68.5	3.45	4.26	2100	0	0	
LO	8	9C	64	0.71	1.55	2082	1.25	0.55	
LO	12	10C	70	10.86	11.71	2050	0	0	
LO	10	9P	50	1.74	1.27	2044	1.68	1.38	
LO	11	9C	90	0.86	0.96	2043	0.9	0.9	
LO	12	9P	63	7.31	6.1	2002	6.51	6.49	
LO	11	9C	100	0.38	0.41	2000	0	0	
OB	8	9P	1.5	0.0314	0.0128	452	0.032	0.03	
OB	8	9C	1.7	0.0564	0.1017	375	0	0	
OH	2	10C	2	0.1655	0.182	1212	0	0	
OH	2	10C	1.8	0.2331	0.2578	686	0.26	0.26	
OH	6	10P	1.35	0.1051	0.0858	575	0	0	
OH	12	10C	2	0.3336	0.3454	575	0	0	
OH	12	9C	2	0.1098	0.1299	525	0	0	
OH	12	9P	1.45	0.1042	0.0807	525	0	0	
OH	12	9C	1.74	0.1953	0.2242	361	0.22	0.22	
OH	9	9C	2.8	0.0004	0.0007	360	0.001	0.001	
OH	12	9C	2.75	0.0213	0.0243	350	0.025	0.025	
OH	12	10P	1.96	0.3718		350	0	0	

The Petroleum Association of Japan reported that the country's crude oil inventories in the week ending July 4th fell by 760,000 barrels on the week but increased by 6.52 million barrels on the year to 107.97 million barrels. Japanese refiners ran their facilities at an average 69.6% of total capacity of 4.83 million bpd, up 3.6% on the week but down 6.9% on the year. Gasoline stocks fell by 110,000 barrels on the week but increased by 120,000 barrels on the year to 13.87 million barrels while kerosene stocks built by 10,000 barrels on the week and by 2.66 million barrels on the year to 14.01 million barrels and naphtha stocks fell by 270,000 barrels on the week to 9.37 million barrels. It also reported that total oil product sales fell by 5.6% on the week but increased by 17.4% on the year to 2.88 million bpd. Japan's gasoline sales increased by 7.2% on the week and by 6.2% on the year to 1.02 million

bpd while gas oil sales increased by 4.9% on the week and by 26% on the year to 640,000 bpd. Kerosene sales increased by 8% on the week and by 20.3% on the year to 640,000 bpd, naphtha sales fell by 5.1% but increased by 123.7% on the year to 410,000 bpd and jet fuel sales fell by 38.3% on the week and by 13.1% on the year to 85,000 bpd.

Indonesia's Pertamina bought 4.75 million barrels of sweet crude for September arrival via tender, up from 2.85 million barrels bought for August arrival.

Production News

According to Baker Hughes, the number of drilling rigs operating globally in June increased by 4 to 1,987 from 1,983 in May. US rig count in June was 895, down 23 from 918 in May.

Nigeria's main militant group, the Movement for the Emancipation of the Niger Delta, said it sabotaged oil pipelines operated by Shell and Agip. It said gunmen attacked the pipelines in two separate attacks near Nembe creek in Bayelsa state in the Niger Delta. Shell, Agip and Chevron have cut a total of 273,000 bpd of oil production in the past six weeks due to the militant attacks. Royal Dutch Shell said it is investigating reports of an attack on a pipeline in Bayelsa state. Italy's Eni later confirmed that an act of sabotage on a Nigerian pipeline, resulted in oil production loss of 24,000 bpd. It said its equity share of the production loss was 4,800 bpd.

The Norwegian Petroleum Directorate said Norway's oil production fell to 1.78 million bpd on average in June from 1.81 million bpd in May.

Norway's StatoilHydro started production from its Tyrihans oil and gas field in the North Sea, the largest field that is coming on stream in Norway this year.

Oil and Gas UK said British oil and gas production risks an accelerating decline over the next decade unless new investment is encouraged in the North Sea. It said British oil and gas output could fall to about 500,000 bpd of oil equivalent by 2020 or just 12% of the country's expected demand. However if sufficient investment were brought into the industry over the next few years, oil and gas output could be as high as 2 million bpd of oil equivalent.

The BP-led Baku-Tbilisi-Ceyhan pipeline is expected to ship 26.02 million barrels in August.

PDVSA has officially cancelled oil shipments to Honduras that part of the PetroCaribe energy accord until Honduras' President Manuel Zelaya is restored to power. Venezuela has a quota of 20,000 bpd for the country as part of the PetroCaribe agreement.

OPEC's news agency reported that OPEC's basket of crudes fell further to \$62.97/barrel on Tuesday, down from \$63.66/barrel on Monday.

Market Commentary

The oil complex remained pressured during today's session in light of the bearish DOE inventory report. While the markets were trading lower in follow through selling seen on Tuesday, the markets were further pressured amid larger than expected builds reported in product stocks. The crude market posted a high of \$62.68 in overnight trading before it retraced its gains ahead of the opening of the open outcry session. The market sold off further and retraced nearly 62% of its move from a low of \$50.82 to a high of \$73.90 as it attempted to test its support at the \$60 level amid the sharp losses in the product markets. It posted a low of \$60.01 ahead of the close and settled down \$2.79 at \$60.14. The oil market is still seen testing its support below the \$60 level at \$59.64, its 62% retracement level, followed by \$59.12. More distant support is seen at \$58.96 and a double bottom at \$57.57-.52. The product markets led the complex lower with the heating oil market settling down

6.28 cents at \$1.5379 and the RBOB market settling down 9.95 cents at \$1.6333. The heating oil market sold off sharply in light of the large build in distillate stocks. The market retraced more than 62% of its move from a low of \$1.3537 to a high of \$1.9138 as it sold off to a low of \$1.5324 in early afternoon trading. The market later retraced some of its losses and remained rangebound ahead of the close. Distillate stocks are now at 24 year highs and will continue to pressure the market. The heating oil market is seen finding support at \$1.5324, \$1.52, \$1.4944, its 62% retracement off a low of \$1.2351 and a high of \$1.9138 and \$1.4758. Meanwhile the RBOB market, which posted the sharpest declines on the day, will continue to trade lower. It is seen finding support at \$1.6185, \$1.5773, \$1.5283, \$1.5260 and \$1.5085, its 62% retracement off a low of \$1.1525 to a high of \$2.0844. The RBOB crack, which settled at \$8.46, is seen trading to \$8.00 followed by more distant support at \$6.00.

Crude Oil AUG.09 222,866 -2,768 SEP.09 175,733 +5,482 OCT.09 67,9899 +4,057 NOV.09 28,054 +2,237 Totals: 1,162,597 +11,106 N.Y. Heating Oil (HO) AUG.09 56,828 -2,974 SEP.09 40,928 +2,183 OCT.09 29,744 +1,254 NOV.09 16,275 +21 Totals: 282,187 +1,513 NEW YORK HARBOR RBOB (RB) AUG.09 69,316 +1,298 SEP.09 47,254 +2,215 OCT.09 27,673 +329 NOV.09 11,861 +444 Totals: 196,234 +4,238.

Crude Support	Crude Resistance
60.00, 59.64, 59.12, 58.96, 57.57-57.52, 56.75, 55.45, 54.49	60.45, 61.25, 62.15, 62.68, 64.91, 65.65, 67.17, 68.50, 69.74, 70.10, 72.15, 73.90
Heat Support	Heat resistance
1.5324, 1.52, 1.4944, 1.4758, 1.4590, 1.4062	1.5565, 1.5690, 1.582, 1.591, 1.61, 1.6370, 1.6421, 1.6705, 1.6750, 1.7099, 1.77, 1.8291, 1.9090
Gasoline support	Gasoline resistance
1.6290, 1.6185, 1.5773, 1.5283, 1.5260, 1.5085, 1.4689, 1.3810	1.72, 1.74, 1.75, 1.7677, 1.80, 1.8696, 1.9506, 1.9807, 2.0650, 2.1600