



## ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,  
& Karen Palladino

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

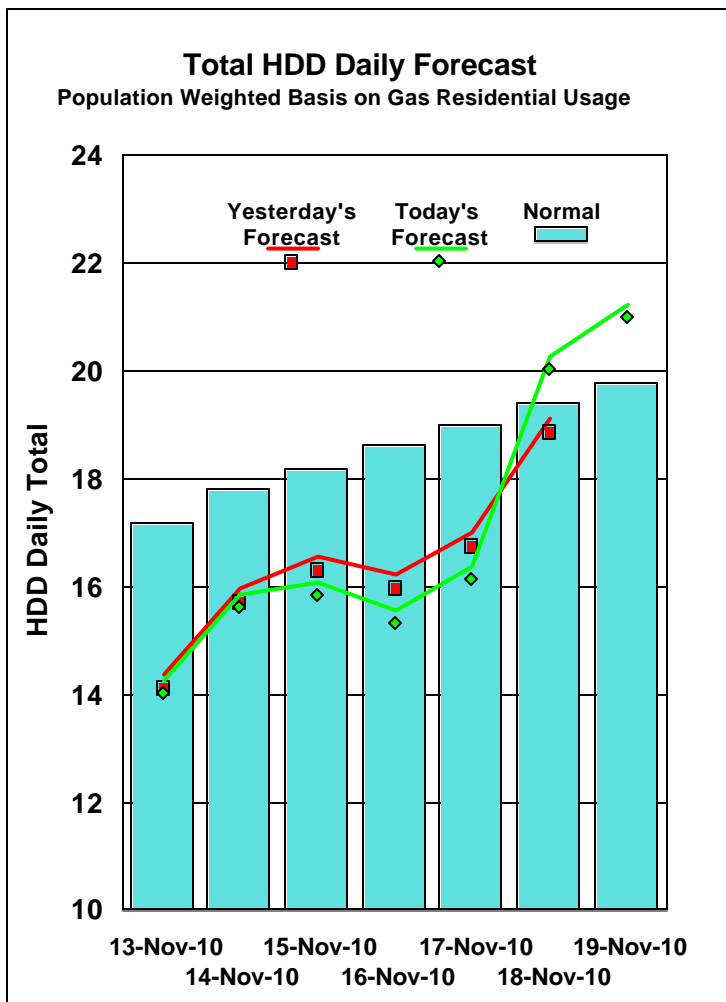
[www.e-windham.com](http://www.e-windham.com)

### NATURAL GAS & POWER MARKET REPORT FOR NOVEMBER 12, 2010

#### NATURAL GAS MARKET NEWS

The US National Hurricane Center said a low pressure system in the southern Caribbean Sea off the coast of Columbia has a 20% chance of strengthening into a depression over the next 48 hours. The system poses no threat to the Gulf of Mexico. It is too soon for weather models to show where it will make landfall, if at all, as it drifts slowly west towards Central America.

The NRC reported today that some 79,518 Mw of generating capacity was online today, up 0.81% from yesterday and 3.57% higher than the same day a year ago.

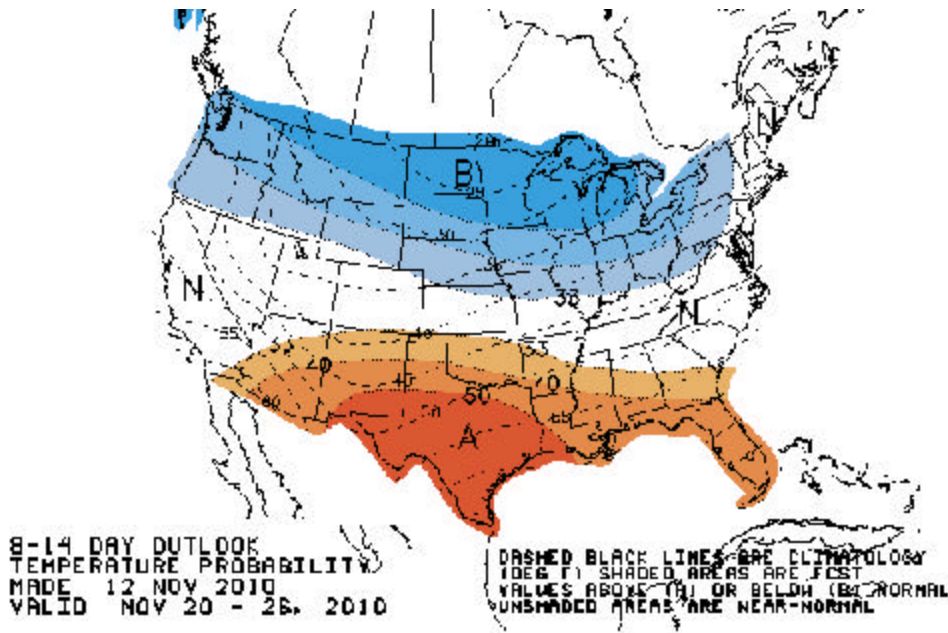


Baker Hughes reported that the number of rigs drilling for natural gas in the US was unchanged on the week at 955.

Ukraine's Naftogaz said the country will pay \$2 billion for Russian gas supplies in November to December. The figure is in line with the October payment of about \$1 billion and is based on the fourth quarter price of \$253 per 1,000 cubic meters. Ukraine is seeking to renegotiate the gas supply deal with Russia's Gazprom but a new agreement has yet to be reached.

Royal Dutch Shell won approval from the Australian government to proceed with the development of the world's first liquefied natural gas project using a floating plant. Its Prelude floating LNG facility off the western Australian coast was approved with strict conditions. Shell must comply with 13 requirements to protect the marine ecosystem and minimize the risk of oil spills. Prelude is expected to produce about 3.6 million metric tons of LNG annually and 1.3 million metric tons of condensate.

South Korea's Korea Gas Corp sold 2.1 million tons of liquefied natural gas in October, up 29.6% on the year. Of the total, 1.1 million



tons were for household and business consumption while the remainder went to power generation.

**ELECTRIC MARKET NEWS**

Genscape said US coal consumption this week increased by 4% on the week and by 6% on the year. Coal consumption in the East Coast was up 3% on the week and 5% on the year while in the West Coast, coal consumption fell by 1% on the week but increased by 3% on the

year.

**ECONOMIC NEWS**

Thomson Reuters/University of Michigan Surveys of Consumers' preliminary November consumer sentiment increased to 69.3 from 67.7 in October. The reading is just above the 68.2 average of the last four months but below the post-recession high of 76 from June. The survey's one-year inflation expectations measure also gained 3% from 2.7% in October. The index of current economic conditions increased to 79.7 from October's reading of 76.6. A gauge of consumer expectations increased to 62.7 from 61.9 in October.

**MARKET COMMENTARY**

The natural gas market extended its decline for the third consecutive day as moderate weather forecasts continued to weigh on sentiment. The natural gas market posted a high of \$3.94 early in the session before it erased its gains and continued its downward trend. The market retraced nearly 62% of its move from a low of \$3.50 to a high of \$4.249 as it sold off to a low of \$3.794 in afternoon trading. The market traded sideways during the remainder of the session and settled down 12.8 cents at \$3.799, down 3.5% on the week.

The natural gas market will continue to trade lower amid the lack of supportive fundamentals. The market is seen finding support at its low of \$3.794, \$3.786, its 62% retracement level, \$3.749, \$3.698 and \$3.603. More distant support is seen at \$3.50. Resistance is seen at \$3.85, \$3.895, \$3.94, \$3.99 and \$4.041.

The information contained in this letter is taken from sources, which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. The Windham Group bases its market recommendations solely on the judgment of its personnel. Reproduction in whole or part or other use without written permission is prohibited.