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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 1, 2009

The head of the IEA's oil-industry and markets division, David Fyfe, said downgrades this week in world economic forecasts are likely to impact the IEA's next oil demand estimates. The IEA is set to release its next monthly report April 10th.

The EIA stated that US gasoline prices are unlikely to increase as high as \$3/gallon this summer due to continuing surplus refining capacity and the effect of the economic downturn on fuel demand. Meanwhile, the EIA reported that US oil demand in January fell by 989,000 bpd

or 4.9% on the year to 19.125 million bpd, the lowest level since 2000. It revised down its estimate by 2.2% or 440,000 bpd from its previous forecast. Gasoline demand fell by 1.4% or 124,000 bpd on the year to 8.69 million bpd. It revised gasoline demand down from a drop of 1.1% or 99,000 bpd from a previous estimate. The EIA also reported that distillate demand averaged 4.075 million bpd in January, down 3.2% or 134,000 bpd on the year. It was revised up from a previous estimate of 4.066 million bpd. US crude oil imports

Market Watch

Goldman Sachs raised its forecast for Brent crude to \$50.20/barrel for 2009, up 12% from its previous estimate, citing recent production cuts by OPEC. It said it believes that the combination of reduced OPEC supply, accelerating non-OPEC supply reductions and moderating year over year demand declines will result in crude oil prices averaging at least \$50-\$60/barrel in the second half of 2009.

According to PVM Oil Associates Ltd, crude oil may fall to \$46.81/barrel as prices give up some of last month's rally and move toward their 34 day moving average. It said oil will extend this week's 9% decline if prices in New York settle again below \$48.55. Its said oil will fall to its 50% retracement level at \$46.81.

A new IEA report confirmed that new efficiencies in farming and production techniques show corn ethanol dramatically reduces harmful greenhouse gas emissions. It expects greenhouse gas emissions reduction from corn ethanol of 54.9% by 2015 when compared with gasoline. It would more than double from 26.2% reported in 1995.

According to ADP and consultancy Macroeconomic Advisers, private sector jobs in the US fell by 742,000 in March. Chairman of Macroeconomic Advisers said despite some recent indication that stocks prices, consumer spending and housing activity may be bottoming out, employment is likely to remain very weak for at least several more months. It projects economic growth will not increase until the second half of the year. The ADP report indicated that large business with 500 employees or more cut 128,000 jobs while medium sized businesses lost 330,000 jobs last month and small businesses with fewer than 50 workers cut 284,000 jobs.

DOE Stocks

Crude – up 2.8 million barrels
Distillate – up 300,000 barrels
Gasoline – up 2.2 million barrels
Refinery runs – down 0.3%, at 81.7%

fell by 1.5% or 148,000 bpd to 9.852 million bpd in January. Canada remained the top crude supplier for the 35th consecutive month, with a total of 1.946 million bpd, down from 2.033 million bpd in December. Saudi Arabia was the second largest US crude source, with 1.337 million bpd, while Mexico supplied 1.299 million bpd of crude. Venezuela supplied 1.172 million bpd, up from 1.08 million bpd in December while Iraq supplied 568,000 bpd, up from 519,000 bpd in December. Separately, the EIA said US ethanol production totaled 630,000 bpd in January. Ethanol imports totaled 11,968 bpd with imports primarily from Trinidad and Tobago. At these levels, the US would produce 9.7 billion gallons of ethanol a year and import 183.5 million gallons, leaving the country short of the 10.5 billion gallons needed to meet a federal ethanol mandate. For January, the US had 14.1 million gallons of ethanol in storage.

April Calendar Averages
CL – \$48.39
HO – \$1.3458
RB – \$1.3717

The EIA said US retail gasoline prices will likely average about \$2/gallon this summer but are not expected to reach \$3/gallon due to surplus refining capacity and the weak economy.

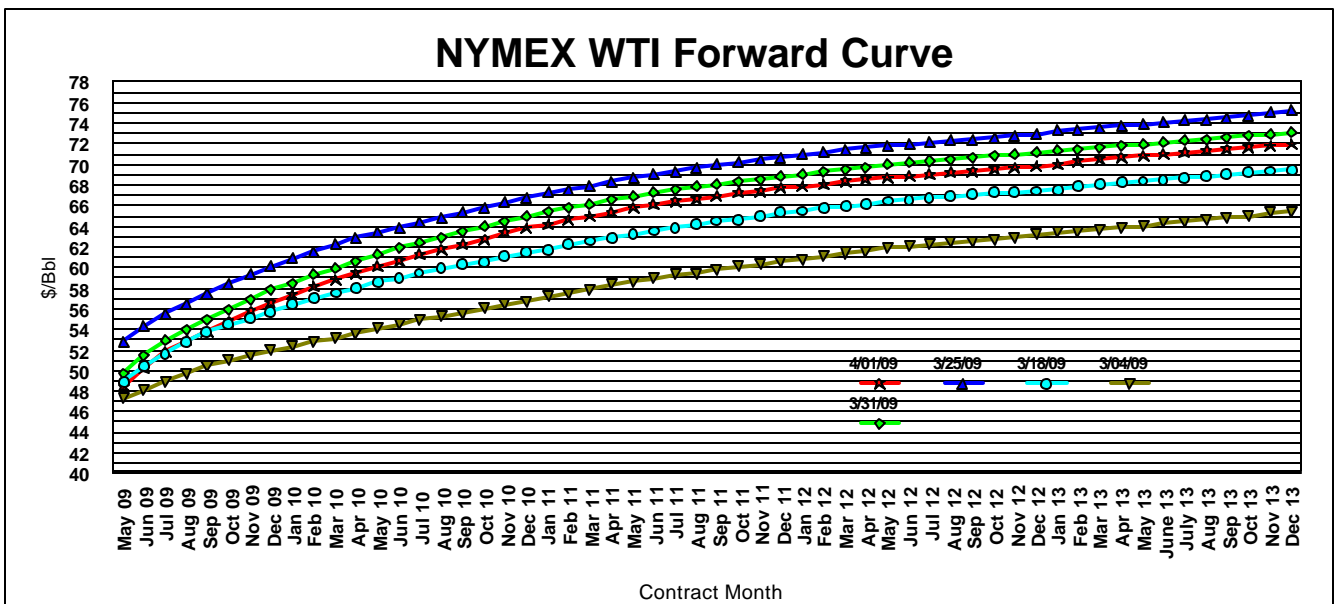
US President Barack Obama and his Russian counterpart Dmitry Medvedev called on Iran to cooperate with the UN's IAEA and prove its nuclear program is peaceful in nature. The two leaders issued a statement after their talks in London recognizing that Iran had a right to a "civilian nuclear program" but added Iran needed to restore confidence in the initiative's "exclusively peaceful nature."

Refinery News

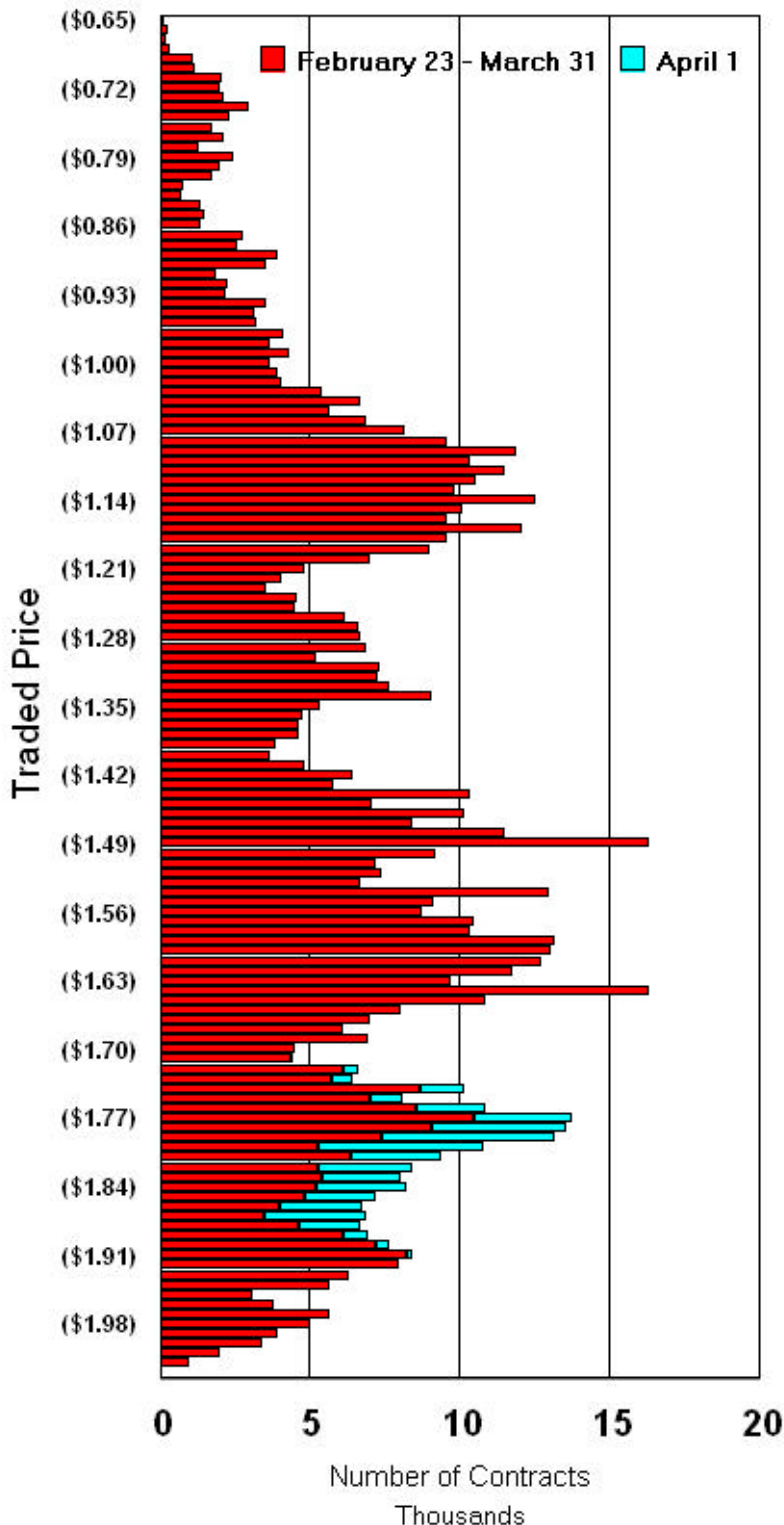
Analysts stated that oil refiners will face lower margins over the next two years as weak demand causes a build up of excess refining capacity. UBS cut its 2009 and 2010 refining margin forecast for Northwest Europe by 27% to an average of \$2/barrel for both years compared with its previous estimate of \$2.75/barrel. Merrill Lynch also cut its forecast for middle distillates. It expects gasoil crack spreads in Europe to average \$7.97/barel in 2009 compared with its previous forecast of \$19.72/barrel. Goldman Sachs also cut its 2010 refinery margin estimate for Europe to \$4.50/barrel from a previous estimate of \$4.75/barrel.

Cargo traffic on the Bosphorus Strait, which connects Black Sea ports of Poti, Supsa and Novorossiisk with international waters, resumed on Wednesday morning following a short closure. The strait was closed due to poor visibility.

India's Reliance Industries Ltd confirmed that a minor fire started in a part of its Reliance Petroleum unit's new 580,000 bpd refinery in Jamnagar.



NYMEX WTI: May June Spread
Price Vs Volume for February 23 - April 1, 2009
 Trade Weighted Avg 3/30 -1.81, 3/31 -1.89, 4/1 -1.77



China's CNOOC will invest \$6.5 billion to almost double the capacity of its major refinery in southern China. It signed an investment contract with the Huizhou city government of Guangdong province aiming to increase its annual crude processing capacity of its Huizhou plant to 22 million tons from 12 million tons by 2015.

Japan's naphtha cracking production is set to increase in April, with at least two petrochemical producers increasing their operating rates and three others will soon follow. Japan, which has a capacity of about 7.8 million tons/year of ethylene, was operating its crackers at an average of 75% since the fourth quarter of last year. However Nippon Oil Corp has increased its runs at its 404,000 tpy cracker in Kawasaki to about 90%, up from about 85% in March. Sumitomo Chemical increased its output at its 380,000 tpy Chiba cracker to about 90% from about 80% in March. Showa Denko, Mitsui Chemicals and Maruzen Petrochemical, which have a total capacity of more than 2 million tpy of ethylene, will increase its production between 5 and 10% to an average of 85-90% in April.

The Petroleum Association of Japan reported that the country's crude oil inventories in the week ending March 28th increased by 5.22 million barrels on the week and by 10.37 million barrels on the year to 102.85 million barrels. Japan's gasoline stocks built by 310,000 barrels on the week but fell by 350,000 barrels to 14.78 million barrels while kerosene stocks fell by 940,000 barrels on the week and by 310,000 barrels on the year to 11.2 million barrels. It reported that crude runs increased by 30,000 bpd on the week but fell by 450,000 bpd on the year to 3.79 million bpd. The PAJ also reported that total oil product

sales increased by 5.4% on the week and by 3.7% on the year to 3.25 million bpd, with gasoline sales increasing by 7.4% on the week and by 24.2% on the year to 1.05 million bpd. It also reported that kerosene sales increased by 27% on the week and by 40.9% on the year to 530,000 bpd while gas oil sales increased by 17.1% on the week and by 13.8% on the year to 580,000 bpd.

Japan's Oil Information Center reported that the average retail gasoline price was unchanged at 111.5 yen/liter or \$4.28/gallon in the week ending March 30th following 10 consecutive weeks of price increases.

Indian Oil Corp is assessing tender offers to buy 240,000 tons of kerosene for May-October as well as 160,000 tons of gas oil for prompt April delivery.

Saudi Arabia has sold its first cracked fuel oil cargo to Europe and more westbound cargos could be sold to meet steady bunker demand as refineries cut capacity due to poor margins. Above average volumes of Western arbitrage cargoes are estimated for April at 3.5 million tons. However flows are expected to fall for May arrivals to below 3 million tons.

Production News

According to a Reuters survey, OPEC's oil production, excluding Iraq's, fell to 25.72 million bpd in March from a revised 25.83 million bpd in February. Supply remains 880,000 bpd above its 24.84 million bpd production target. The 11 OPEC members are 79% in compliance with their output cuts, up from 76% in February. OPEC's total oil production fell to 27.95 million bpd from 28.09 million in February. It reported that Saudi Arabia's production remained unchanged at 7.95 million bpd. Meanwhile, Iraq's oil production fell by 30,000 bpd on the month to 2.23 million bpd in March.

Petrologistics reported that OPEC members bound by quotas produced 700,000 bpd above their commitments in March compared with its previous estimate that put the overproduction at about 1 million bpd. It reported that OPEC's production averaged 25.5 million bpd in March, down from 25.93 million bpd in February. Saudi Arabia produced an estimated 7.95 million bpd in March, under its quota of 8 million bpd. It reported that Iran however is producing 3.82 million bpd, 480,000 bpd above its 3.336 million bpd quota. Venezuela and Angola are also producing above their quota.

Nigeria's crude oil exports are expected to average 1.88 million bpd in May, steady with April levels and well above the country's OPEC quota of 1.67 million bpd.

Kuwait Foreign Petroleum Exploration Co plans to increase its daily production by more than 30% to 100,000 barrels of oil equivalent by 2010 and to 200,000 bpd of oil equivalent by 2020.

The head of Iraq's State Oil Marketing Organization, Falah al-Amri said Iraq's monthly crude oil exports increased to 1.815 million bpd in March, up from 1.804 million bpd in February. The average exports from the southern Basra terminal increased to 1.393 million bpd from 1.354 million bpd in February while its exports from the northern Kirkuk fields fell to 422,000 bpd in March from 450,000 bpd in February.

Italy's Eni SpA will present its offer for Iraq's Nassiriyah oil field by Thursday. Separately, Iraq has selected nine companies to compete in a second oil bidding round. Iraq selected Russia's Rosneft and OAO Tatneft, Kazakhstan's JSC KazMunaiGas Exploration and Production, Vietnam's Petrovietnam Exploration and Production Corp, Angola's Sonangol, Pakistan Petroleum Ltd, India Ltd, the UK's Cairn Energy Plc and Japan Oil, Gas and Metals National Corp. The fields announced in the second round could increase oil production by up to 2.5 million bpd in a few years.

Russia's Gazprom has signed a memorandum of understanding to explore three oil blocks in the Chad Basin and Benue Trough in northern Nigeria with the New Nigeria Development Co.

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 04/01/2009									
				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
LC	5	9	P	45	1.49	1.28	1700	0	0
LC	12	11	C	100	4.88	5.08	1100	0	0
LC	12	11	C	150	1.78	1.84	1100	0	0
LC	12	12	C	200	1.03		1000	0	0
LC	12	12	C	100	6.34	6.59	1000	0	0
LO	12	9	P	35	1.54	1.38	5500	0	0
LO	12	12	C	100	6.5	6.74	4550	6.7	6.6
LO	5	9	P	40	0.43	0.38	4520	0.66	0.4
LO	6	9	P	35	0.46	0.4	4482	0.55	0.47
LO	9	9	C	85	0.96	1.07	4120	0	0
LO	12	9	P	55	7.98	7.4	3723	8.25	7.95
LO	6	9	P	25	0.03	0.03	3517	0.08	0.06
LO	6	9	P	40	1.15	1.02	3115	1.35	1.08
LO	12	12	C	150	2.32	2.39	3000	0	0
LO	12	9	C	100	0.91	0.95	2575	0	0
LO	6	9	P	45	2.43	2.16	2286	2.8	2.64
LO	5	9	P	45	1.49	1.28	2055	1.9	1.28
LO	12	9	P	40	2.58	2.34	2025	2.93	2.83
LO	6	9	P	50	4.53	4.05	1919	0	0
LO	5	9	C	50	2.08	2.93	1875	2.25	1.75
OB	6	9	C	2	0.0175	0.0221	1250	0	0
OB	12	9	P	1	0.0689	0.0633	350	0	0
OB	6	9	C	1.4	0.1366	0.1607	326	0	0
OB	6	9	P	1.22	0.069	0.0579	325	0	0
OH	5	9	C	1.45	0.0534	0.0635	200	0.0385	0.038
OH	12	10	P	1.5	0.1646	0.1613	140	0	0
WA	6	9	P	-2	0.64	0.51	525	0	0
WA	7	9	P	-2	0.45	0.43	525	0	0
WA	8	9	P	-2	0.42	0.42	525	0	0
WA	5	9	P	-2	0.64	0.55	525	0	0
WA	8	9	C	0	0.4	0.41	500	0	0
WA	7	9	P	-2.5	0.35	0.32	500	0	0
WA	6	9	C	0	0.3	0.31	500	0	0
WA	8	9	P	-2.5	0.33	0.31	500	0	0
WA	9	9	P	-2.5	0.26	0.3	500	0	0
WA	6	9	P	-2.5	0.48	0.43	500	0	0
WA	10	9	P	-2.5	0.35	0.4	500	0	0
WA	7	9	C	0	0.4	0.34	500	0	0
WA	11	9	P	-2.5	0.32	0.38	500	0	0
WA	12	9	C	0	0.42	0.45	500	0	0
WA	10	9	C	0	0.36	0.38	500	0	0
WA	11	9	C	0	0.4	0.43	500	0	0
WA	12	9	P	-2.5	0.42	0.47	500	0	0
WA	9	9	C	0	0.4	0.43	500	0	0

OPEC's news agency reported that OPEC's basket of crudes fell further to \$46.65/barrel on Tuesday from Monday's \$47.72/barrel level.

Market Commentary

The oil market retraced Tuesday's gains and settled in negative territory in light of the bearish DOE inventory report. The market was also pressured by weak economic data, with ADP reporting that private sector jobs in the US fell by 742,000 in March. Also, the strength in the dollar kept the oil market on the defensive. The crude market opened at its high of \$48.96 and retraced its previous gains, posting an early low of \$47.35. The market, which erased some of its losses ahead of the release of the DOE weekly petroleum stock report, quickly traded back towards its lows in light of the bearish report. The DOE reported builds across the board, with a large build of 6.4 million barrels in total petroleum stock reports. The crude market posted a low of \$47.26 before it traded back towards the \$48.50 level ahead of the close amid the strength in the equities markets. The market settled down \$1.27 at \$48.39. The market, which failed to gain further strength as the bearish fundamentals outweighed the strength in the equities, is seen trading lower. The market is seen finding support at its support line at \$48.16, \$48.03, \$47.26, \$47.04, its 50% retracement level off a high of \$54.66 and a low of \$39.42, and \$45.24, its 62% retracement

level. Resistance is however seen at 48.96, \$49.94, \$52.25 and \$54.75. The product markets also ended mixed, with the RBOB market settling down 2.83 cents at \$1.3717 and the heating oil market settling up 20 points at \$1.3458. The RBOB market retraced 50% of its move from a low of \$1.1299 to a high of \$1.5546 as it sold off to a low of \$1.3411 in light of the unexpected build reported in gasoline stocks. The heating oil market also continued to trade lower and retraced more than 50% of its move from a low of \$1.2998 to a high of \$1.5154 as it sold off to a low of \$1.2998 on the unexpected build reported in distillate stocks. The market however erased its most of its earlier losses ahead of the close. The product markets seen trending lower, with the RBOB market finding support at \$1.3411, \$1.3184, \$1.2921, its 62% retracement level off a low of \$1.1299 and a high of \$1.5546, 1.2700, 1.2625 and 1.2561. The heating oil market is seen finding support at \$1.2998, \$1.2833, \$1.2473 and \$1.2039.

(CL) MAY.09 279,640 -5,389 JUN.09 194,250 +2,264 JUL.09 93,679 +3,236 AUG.09 34,644 +1,338
 Totals: 1,148,687 +2,039. Heating oil APR.09 2,176 -6,450 MAY.09 57,407 +545 JUN.09 39,955 +226
 JUL.09 23,396 +198 AUG.09 12,775 -65 Totals: 251,583 -5,342. RBOB APR.09 669 -4,338 MAY.09
 78,414 +24 JUN.09 34,112 -40 JUL.09 19,975 +769 AUG.09 15,267 +227 Totals: 198,386 -2,999.

Crude Support	Crude Resistance
48.16, 47.26, 47.04, 45.24, 44.72, 43.75, 41.00,40.00	48.96, 49.94, 52.25, 54.75, 55.98, 56.88, 57.20
Heat Support	Heat resistance
1.2998, 1.2833, 1.2473, 1.2039, 1.1399	1.3674, 1.3900, 1.4570, 1.4865, 1.5154
Gasoline support	Gasoline resistance
1.3411, 1.3184, 1.2921, 1.2700, 1.2625, 1.2561	1.3852, 1.4139, 1.4270, 1.4900, 1.5340,1.5800,

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