



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 1, 2011

The chairman of Libya's National Oil Corp, Shokri Ghanem said it would be premature to discuss any exemption of Libya from OPEC's production quota. Libya's quota stands at 1.469 million bpd however its production has fallen significantly due to the unrest in the country.

Libyan rebels said that Muammar Gaddafi must withdraw troops from western cities and grant citizens freedoms in any ceasefire deal and their demand that Libyan leader Muammar Gaddafi quit was unchanged. The head of the national council in the eastern rebel stronghold of Benghazi, Mustafa Abdel Jalil said rebels would need more weapons if Gaddafi's forces did not halt military action.

Market Watch

The US Labor Department reported that nonfarm payrolls in March increased by 216,000 as the private sector added 230,000 jobs. The nonfarm payrolls for February were revised to show an increase of 194,000 jobs from a previously estimated gain of 192,000. The unemployment rate fell to 8.8% in March, the lowest level since March 2009. It reported that the hourly earnings were unchanged at \$22.87.

The National Federation of Independent Business said its survey of 811 businesses found that job creation in March was steady on the month. However the net percent of owners planning to create new jobs lost 3 points, falling to a net 2% of all firms.

The US Commerce Department said spending on construction projects in the US unexpectedly fell to the lowest level in more than 11 years in February. Construction spending fell by 1.4% to a seasonally adjusted annual rate of \$760.56 billion compared to the prior month. It was the third consecutive decline and the lowest level since October 1999.

The Institute for Supply Management's index of national factory activity fell to 61.2 in March from 61.4 in February. It reported that its prices paid component increased to 85 from 82 while the employment index fell to 63 in March from February's 64.5. The ISM's reading of new orders fell to 63.3 from 68 the month before. Exports also fell to 56 from 62.5.

Global manufacturing activity expanded at a slower rate in March. The Global Manufacturing PMI, compiled by JP Morgan, fell to 55.8 in March from 57.4 in February. It was above the 50 level for the 21st consecutive month.

New York Federal Reserve Bank President William Dudley said it would be a surprise if the US Federal Reserve did not complete its \$600 billion in bond purchases. He said the benefits of further quantitative easing have diminished because of the risk of deflation. He said the Fed has the tools to eventually reverse course.

Separately, a top rebel finance official from the Transitional National Council said Qatar would provide fuel, medicine, food and other humanitarian needs to rebels as part of a deal to market oil from rebel held eastern Libya. He said rebels set up a quasi-ministry of oil and oil staff were working under that body or for the Arabian Gulf Oil Co, which said it cut ties with its parent, state owned National Oil Corp. He said that under the deal aimed at circumventing international sanctions, Qatar would market the oil and use the proceeds to purchase humanitarian supplies for the rebels.

April
Calendar Averages
CL – \$107.94
HO – \$3.1345
RB – \$3.1513

Forces loyal to Libyan leader Muammar Gaddafi were mounting an intense artillery bombardment of rebel held Misrata on Friday. Meanwhile, rebels moved heavier weaponry towards the oil town of Brega, seeking to retake the oil town and regain momentum against Muammar Gaddafi's forces. The UN special envoy to Libya Abdelilah al-Khatib arrived in Benghazi to meet officials of the rebels' provisional council.

Syrian activists said protests broke out in three Syrian cities against Baath Party rule after prayers on Friday.

Yemeni President Ali Abdullah Saleh told a rally of supporters on Friday that he would sacrifice everything for his country, suggesting he had no plans to step down yet.

Hundreds of Omani protesters seeking jobs and better wages clashed with security forces in the industrial town of Sohar on Friday. The clashes came three days after a crackdown on protesters to try to clear a main Sohar roundabout where 100 people had been camped out for weeks.

Hundreds of Saudi Shi'ites staged peaceful protests in the country's east on Friday in support of Shi'ites in Bahrain and political freedoms at home. The protesters called for an end to what they say is sectarian discrimination against Saudi Arabia's Shi'ite Muslims by the Sunni absolute monarchy.

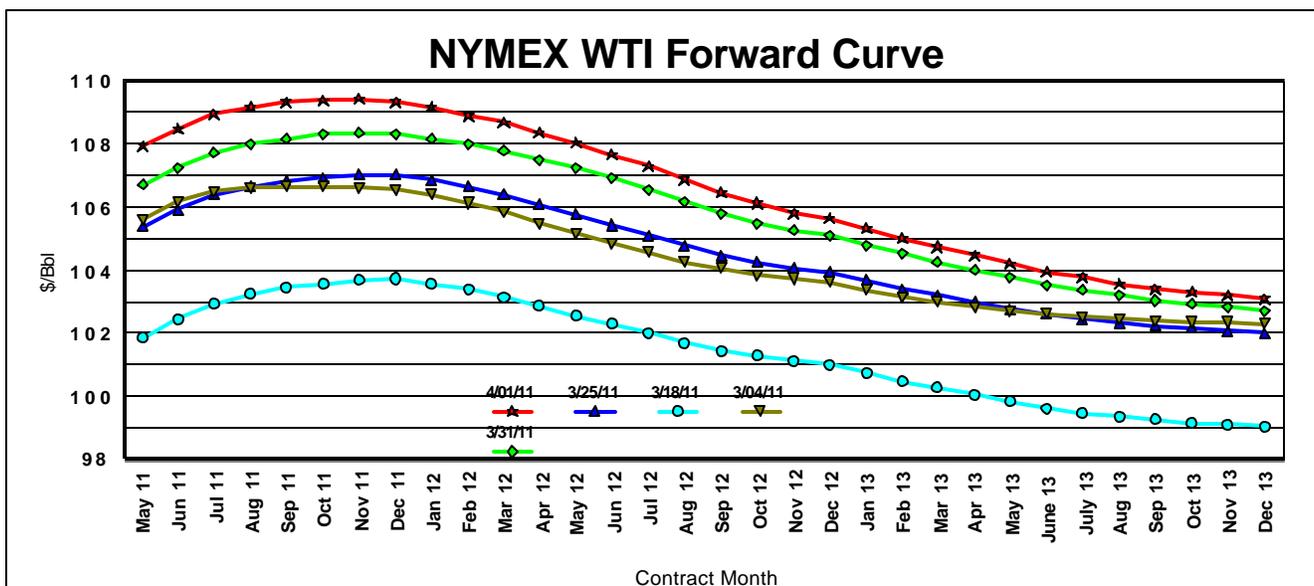
Refinery News

Colonial Pipeline allocated Cycle 20 shipments on its Line 20 carrying distillates from Atlanta, Georgia to Nashville, Tennessee.

The US Coast Guard said it reopened the Calcasieu Ship Channel near Cameron, Louisiana to all traffic on Friday after a ruptured pipeline forced the channel's closure late Wednesday. An offshore natural gas pipeline was ruptured during a dredging operation.

BP Plc reported a leak in a relief valve, resulting in a release of hydrogen sulfide on Thursday at its 437,080 bpd Texas City, Texas refinery.

ExxonMobil Corp restarted units at its 149,500 bpd refinery in Torrance, California that was shut down for unplanned maintenance in early March.



A fluid catalytic cracking unit at LyondellBasell's Houston, Texas refinery resumed planned rates following the completion of its turnaround.

Valero Energy Corp started a maintenance turnaround on its 30,000 bpd hydrocracker unit at its 170,000 bpd McKee, Texas refinery. The turnaround is expected to last for about 24 days. Valero also reported that a hydrocracking unit remained shut temporarily for repairs at its 287,000 bpd Port Arthur, Texas refinery. The unit was shut on Thursday due to a leak in a seal.

Tesoro Corp said a sulfur recovery plant incinerator at its 96,860 bpd Wilmington, California refinery suffered flaring. Operators were restarting a process unit following the completion of routine, scheduled maintenance. It said there was no impact on production or its ability to meet regional product supply commitments.

Alon USA Energy Inc restarted its 53,000 bpd Paramount, California refinery. It shut its Bakersfield and asphalt-making Paramount refineries in December to integrate their operations.

Shell Oil Co's 340,000 bpd refinery in Deer Park, Texas shut down its DU2 Crude Column V-5102 distillation unit after discovering a leak of light naphtha on Thursday. Separately, Royal Dutch Shell said it closed its 140,000 bpd Wesseling refining unit on the south side of its Rheinland refinery in Germany for maintenance. The closure started in stages on March 9th and would last until April 16th.

Japan's Cosmo Oil Co said it was unable to comment on the restart of its 220,000 bpd Chiba refinery that was shut after the earthquake and tsunami three weeks ago.

The Petroleum Association of Japan reported that China has given 10,000 tons of gasoline and 10,000 tons of diesel to Japan for disaster relief.

China's Sinopec Corp completed building a 12 million barrel commercial crude oil storage facility in Maoming city in southern Guangdong province, one month ahead of schedule. The facility, which is expected to be operational on April 20, is designed to store mainly Oman crude and Saudi Arabia's light crude. The new facility, able to store about two days of China's crude imports, would increase Maoming's total crude storage capacity to 3 million cubic meters or 18.9 million barrels.

Production News

Austria's OMV said it remains committed to Libya and Yemen despite the current regional turmoil. The group has pulled staff from the region over security concerns, leading to an oil production shutdown in Libya. It has also been unable to transport crude from Yemen for two weeks because of a damaged pipeline there.

Striking oil workers in Gabon are shutting down the country's oil fields to press for more local hiring in the sector. The Secretary General of the ONEP union said about 50% of the country's 220,000-240,000 bpd of crude production would be shut by the end of the day, with the remainder scheduled to be halted within 48 hours. The ONEP union represents about 4,000 of the country's 5,000 oil workers. The union said the strike would continue indefinitely. Meanwhile, Total confirmed that it halted oil production at its installations in Gabon due to the strike. In 2010, Total's Gabon operations produced 67,000 bpd of oil on average. Royal Dutch Shell shut down one of the fields it operates in Gabon due to the strike.

Norway's Statoil said it made a significant oil discovery in the Barents Sea. The Skrugard discovery is estimated to have recoverable volumes of 150-250 million barrels of oil equivalent. It is the largest find off Norway in the last decade. It said if the volumes are confirmed, it aims to develop the field as quickly as possible, which could take 5-10 years.

According to the final loading program, Russia is expected to export 6.3 million metric tons or 1.54 million bpd of Urals crude in April from its Baltic Sea port of Primorsk, slightly higher than March's 6.2 million tons. It is expected to export 3.275 million tons of Urals crude from the Black Sea port of Novorossiisk in April, down from 3.621 million tons in March and 310,000 tons of Siberian Light crude from the port of Tuapse in April, down from 340,000 tons in March.

OPEC's news agency reported that OPEC's basket of crudes increased further to \$111.42/barrel on Thursday from \$110.18/barrel on Wednesday.

Market Commentary

Crude oil rose for the third straight quarter, trading at its highest level in 2-1/2 years. A supportive U.S. jobs report and an escalating situation in Libya combined to prop up prices. The May crude oil contract settled up 1.1 percent on the day after achieving a high of \$108.23 in light volume. Brent also settled at its highest level in 2 years, settling above \$118.00 for the first time since August of 2008. There is uncertainty in going home short crude oil amongst market participants. Tensions in the Middle East along with an influx of new money via commodity funds should help to support prices at the onset of the second quarter. Based upon technical indicators, prices have the potential to test the \$110.00 area.

Crude oil: May 11 345,009 -1,579 June 11 164,314 +4,627 July 11 120,749 +5,459 Totals 1,537,660 +12,011 Heating oil: May 11 109,328 +1,447 June 11 55,443 +15 July 11 34,572 +1,147 Totals 309,079 -141 Rbob: May 11 102,848 -1,546 June11 46,961 +1,807 July 11 26,054 +1,652 Totals 274,580 -2,374

The latest Commitment of Traders report showed that non-commercial in the crude market increased their net long position by 1,166 contracts to 254,894 contracts in the week ending March 29th. The combined futures and options report showed that the funds in the crude market cut their net long position slightly by 383 contracts to 323,087 contracts. Meanwhile the disaggregated futures and options report showed that managed money funds increased their net long position by 5,254 contracts to 292,066 contracts on the week.

Crude Oil		Heating Oil		Rbob	
Support	Resistance	Support	Resistance	Support	Resistance
10695		30810		30130	
10136		27980	31525	26965	31970
10000	10880	26680	33510	26300	32450
9622	111.65	27375		25683	35915
9540	121.26	23685		25145	36310
9267		22960		24240	
9635				23631	
8385				23414	

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