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ENERGY MARKET REPORT FOR APRIL 13, 2010

The IEA warned in its latest Oil Market Report that increasing oil prices could impact economic recovery in the US and other industrialized countries. It reported that world oil demand will increase by 1.67 million bpd in 2010, up 100,000 bpd from its previous forecast. World oil demand in 2010 is estimated to reach 86.6 million bpd, up from 84.93 million bpd in 2009. It said the extra demand will largely be met by production from non-OPEC producers. The IEA increased its forecast for non-OPEC output in 2010 by 220,000 bpd to about 52 million bpd due to higher output by OECD countries. It estimates that

demand for OPEC crude and stocks will fall by 200,000 bpd to 29.1 million bpd this year. It said production by the 11 OPEC members bound by OPEC output targets increased by 30,000 bpd. OPEC's compliance fell to about 55% at the end of March, down from its previous estimate of 56% at the end of February. Oil stocks in OECD countries increased to about 60 days of forward demand at

Market Watch

The US Labor Department said US import prices increased in March for the seventh time in the past eight months, led by higher oil prices. It said prices of goods imported into the US increased by 0.7% in March following a revised 0.2% drop in February. Fuel import prices increased by a monthly 2.9% in March following a revised 1.2% decline in February. A 4% increase in petroleum import prices was slightly offset by a 12.4% decline in natural gas prices. Excluding petroleum, import prices fell 0.2% in March, the first decline since July 2009.

The US Commerce Department reported that the US trade deficit increased more than expected in February as increasing imports of consumer goods and industrial supplies outweighed the impact of oil imports falling to their lowest level in 11 years. The US deficit in international trade of goods and services increased 7.4% to \$39.7 billion in February from a revised \$36.95 billion in January. The US bill for crude oil imports in February fell to \$17.74 billion from \$18.12 billion the previous month. Crude import volumes fell to 243.31 million barrels, the lowest level since February 1999, from 245.27 million barrels in January.

According to an IMF report, banks worldwide could have to post as much as \$150 billion in collateral if central clearing is required for over-the-counter derivatives. The initial cost could discourage voluntary adoption in the \$450 trillion market. The report said that as an incentive for dealers to go to central clearing, it may be necessary to consider a charge against their remaining bilateral positions.

Kurdish and federal Iraqi officials have agreed on potential mechanisms for paying oil firms operating in the Kurdish north but the proposals must be approved by the Iraqi cabinet. The Finance Ministry will have the final say on repaying contractors working in the region and after receiving its approval export would resume from Kurdish oilfields within two to three days.

China's National Energy Administration reported that the country's power consumption in the first quarter increased 24.19% on the year to 969.5 billion kilowatt hours. Power consumption in March totaled 343.5 billion kWh, up 21.04% on the year.

API Stocks

Crude – up 1.405 million barrels
Distillate – up 1.714 million barrels
Gasoline – up 1.61 million barrels
Refinery runs – up 0.1%, at 84.8%

the end of February from about 59.5 days at the end of January. The IEA also stated that world refinery runs are forecast to increase in the second quarter on improving demand. It forecast second quarter refinery throughput would increase to 72.9 million bpd, up 1 million bpd on the year, as global oil product demand growth gathers pace. The IEA estimated that world refinery throughputs in the first

quarter increased on year for the first time since the second quarter of 2008 to 72.5 million barrels, up 800,000 barrels compared to the previous year.

OPEC delegates said OPEC would consider increasing crude output if the price of oil increased to about \$90-\$95/barrel. The chairman of Libya's National Oil Co, Shokri Ghanem said crude oil prices trading between \$80 and \$90/barrel will not be harmful to the world economic recovery. He said he sees \$90/barrel oil becoming a reality, although this may take months rather than weeks. He said OPEC would need a sustained rally in oil prices to prompt the group to consider a formal increase in its crude output.

Iran's Foreign Ministry said it did not believe China was close to approving new sanctions which the US wants to pressure Iran over its nuclear program. US President Barack Obama and China's President Hu Jintao met at a nuclear security summit in Washington, where according to a US official, China's President said his government would help craft a new Security Council resolution on Iran. A Chinese spokesman said China's President told his US counterpart that China shared the goal of reining in Iran's nuclear program but stopped short of saying he explicitly backed new sanctions. On Tuesday, China's Foreign Ministry said the country supported a dual-track strategy towards Iran, implying sanctions were a possibility, but stressed the importance of negotiations to resolve the nuclear standoff.

According to a report by MasterCard Advisors LLC, US gasoline demand fell by 3.6% to 9.298 million bpd in the week ending April 9th. Demand was down 1.1% from the year earlier level. Demand in the last four weeks increased by 1.1% or 107,000 bpd from the year earlier level at 9.53 million bpd. Year to date gasoline demand is up 1.4% from the same period in 2009. It reported that the US average retail price of gasoline increased by 0.4 cents on the week to \$2.84/gallon, the highest price since October 17, 2008. The price is 39.2% above a year ago.

Refinery News

Colonial Pipeline again restricted gasoline shipments to the Northeast. It allocated shipping space for cycle 23 on the main gasoline line north of Collins, Mississippi to Greensboro, North Carolina. This is the third consecutive cycle where high demand for space has restricted shipping volumes.

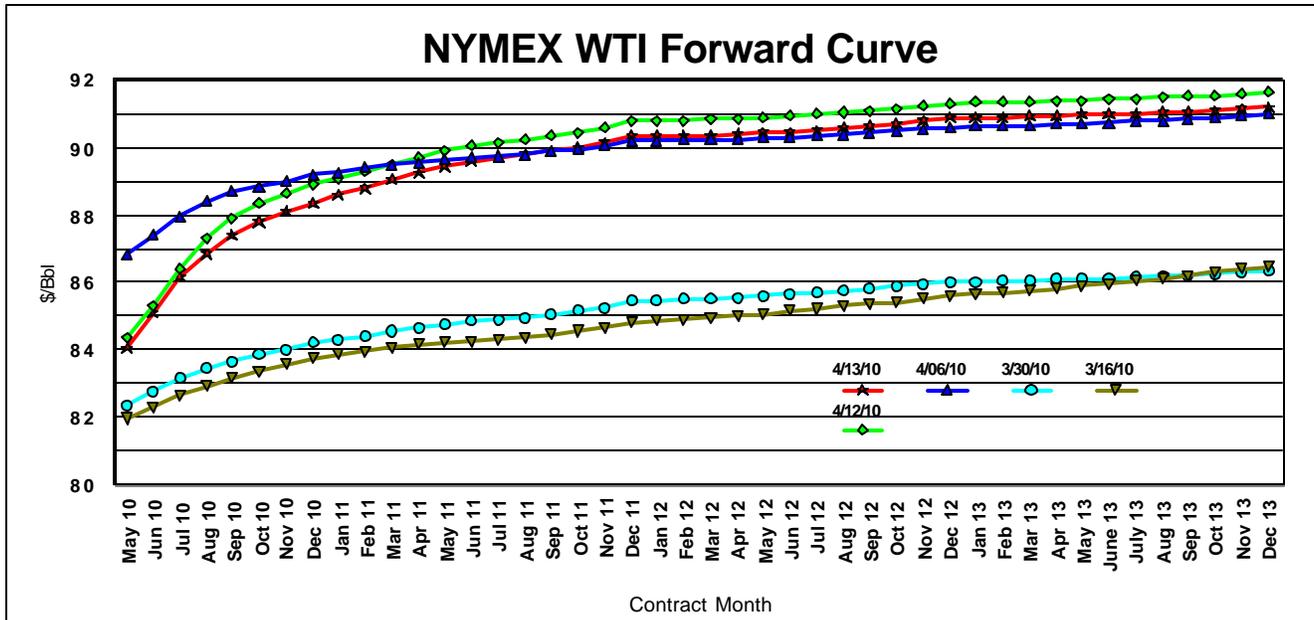
BP Plc's 265,000 bpd Carson, California refinery reported that planned flaring will start on Wednesday. The flaring activity is expected to end on April 20th. It did not disclose the cause of the flaring.

ConocoPhillips completed planned work at its 306,000 bpd refinery in Wood River, Illinois. The work started in February.

Valero Energy Corp is shutting complex 1 and 3 in the West Plant of its 315,000 bpd Corpus Christi, Texas refinery for maintenance, which is expected to last until April 16th.

Italy's Eni and Kuwait Petroleum Corp will shut part of their jointly owned Milazzo refinery for 30 days of planned maintenance starting in early May.

**April
Calendar Averages
CL – \$85.36
HO – \$2.2355
RB – \$2.3162**



The Federation of Electric Power Companies of Japan said the country's 10 utilities consumed less fuel oil and crude oil in March than a year earlier. The utilities burned 430,000 kiloliters of fuel oil last month compared with 617,000 kl a year earlier.

Production News

Venezuela's PDVSA said contract workers have stopped work over pay paralyzing 12 drilling rigs operated by foreign service companies in eastern Venezuela. PDVSA said the stoppage by 800 workers that started on Monday had not affected oil production as the 12 rigs were not yet producing. PDVSA said the stoppage was illegal and that it did not rule out taking legal steps against the strikers.

Russia's Sakhalin-1 Sokol oilfield will be shut for seasonal maintenance this summer. Traders said they expect the oilfield, which produced 8.2 million tons or 165,000 bpd in 2009, to be shut for about three to four weeks sometime in August or September.

Kazakhstan produced 6.9 million tons of oil and gas condensate in March, up 10.9% on the month. It produced 5.77 million tons in March, up 10.1% on the month and 12.7% on the year.

Colombia's crude oil output in March increased to an average of 763,000 bpd from 647,000 bpd in the same month last year.

Ecuador's central bank reported that the country's oil exports in February fell to 303,278 bpd from 337,900 bpd last year.

Petroecuador reported that it exported 8.12 million bpd in March, up 35% from 6.03 million bpd in February. Its exports of Oriente crude in March totaled 6.06 million barrels while exports of Napo crude totaled 2.06 million barrels. Petroecuador reported oil export revenue of \$597 million March, a 41% increase from the \$423 million reported in the previous month.

Brazil's ETH, one of the country's largest ethanol producers, expects local prices of the biofuel to stabilize at higher levels. He said expectations of less volatile ethanol prices would be due in part to increased production capacity that will come on-line from this year.

China's National Development and Reform Commission said China will increase retail prices for gasoline and diesel by 320 yuan or \$46.88/ton or about 4% starting Wednesday. This is the first increase since last November when China increased fuel prices by about 7%.



Market Commentary

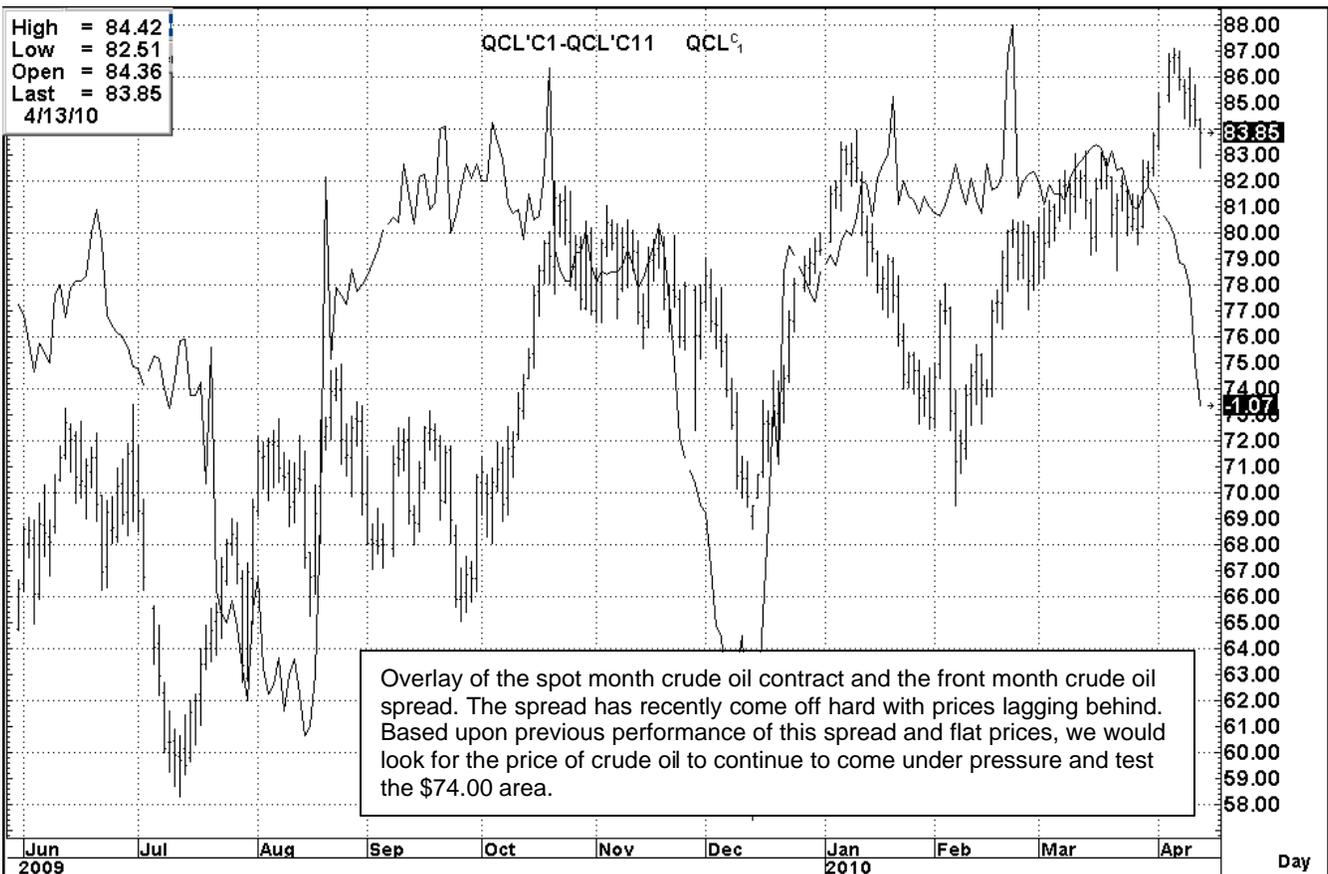
Prices continued lower today in a choppy fashion as they reacted to expectations of inventory builds and waning demand due to high prices. Gasoline continues to hang on just ahead of the U.S. driving season despite overflowing supplies and indications by the MasterCard Inc. Spending Pulse that gasoline demand slipped to an eight week low. Investors, who have been turning to commodities as a financial hedge, will have to start rethinking their positions if they haven't done so already. The front month spread in crude oil, which is currently the May/June spread, has come under significant pressure over the last few trading sessions. This spread settled the session at \$1.06. In the past, when this spread was trading at this level, the price of a barrel of crude oil was trading in the \$74.00 dollar range. If the spread is an indication where prices are going, then the \$74.00 level is coming. A penetration by the May crude oil contract of the bottom trendline on the ascending channel was met with a lack of follow-through, causing technical traders to take short profits. Short-term technicals are calling for a correction to the upside. We would look for a slight move higher and for prices to test the \$85.50 area. Should the May crude oil contract settle below the bottom trendline of the channel set between \$91.03 and \$82.98, we would look for a test at \$74.90.

The API reported that crude stocks built by 1.405 million barrels on the week, with a build of 1.307 million barrels in Padd 2. It reported that crude stocks in Cushing, Oklahoma built by 994,000 barrels on the week. It reported the build in stocks despite the slight increase in crude runs of 15,000 bpd to 14.522 million bpd and imports fell by 730,000 bpd to 9.21 million bpd on the week. The API reported a larger than expected build in distillate stocks of 1.714 million barrels on the week, with builds of 1.09 million barrels in Padd 2 and 1.441 million barrels in Padd 3. It reported the build as production and imports increased by 60,000 bpd or 1.5% to 4.059 million bpd and by 21,000 bpd or 13.1% to 181,000 bpd, respectively. It also reported the build as apparent demand fell by 1.5% on the week and by

2.4% on the year to 3.995 million bpd while apparent demand basis its three week moving average fell by 2.4% on the week and by 3.6% on the year to 4.037 million bpd. The API reported an unexpected build in gasoline stocks of 1.61 million barrels on the week, with a build of 1.855 million barrels in Padd 3. Gasoline stocks built as apparent demand fell by 7.4% on the week and by 6.2% on the year to 9.104 million bpd while apparent demand basis its three week moving average fell by 2.5% on the week but increased by 0.9% on the year to 9.503 million bpd. Gasoline production fell by 104,000 bpd or 1.1% on the week to 9.215 million bpd while imports increased by 25,000 bpd or 26.6% to 119,000 bpd.

Crude oil May 10 196,192 -42,733 June 10 273,224 +36,715, July 10 156,6337 +11,246 Totals 1,386,18 +8,357 Heating oil May 10 81,287 -7,000 June10 62,387 +1,400 July 10 32,946 +421 Totals: 309,281 -5,887. Gasoline May 10 96,094 -8,975 June 10 79,479+8,692 July 10 44,584 +2,210 Totals 321,828 +2,997

Crude Support	Crude Resistance
82.50, 82.19, 679.75-79.51, 78.43, 76.72, 75.00, 72.60, 71.31, 70.42, 69.50, 65.05, 64.70, 63.38, 62.70, 61.61, 60.95	84.40, 85.40, 85.85, 86.65, 87.85, 88.80, 89.10, 89.88, 92.75
Heat Support	Heat resistance
2.0180, 1.9975, 1.9860, 1.8570, 1.8280, 1.7670, 1.7565	2.4200, 2.4940,
Gasoline support	Gasoline resistance
2.1460, 2.1320, 2.0660, 2.0420, 1.9970, 1.9862, 1.8650, 1.85.65, 1.7900, 1.7200 1.6600	2.4850, 2.5040, 2.5115



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