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ENERGY MARKET REPORT FOR APRIL 14, 2011

According to Oil Movements, OPEC's oil exports are expected to remain unchanged in the four weeks ending April 30th to 22.83 million bpd.

UN Secretary General Ban Ki-moon called for a political solution and immediate ceasefire to the conflict in Libya. Meanwhile, Libya's Foreign Minister expressed hopes for a political solution to end the conflict in Libya. He reiterated a commitment to the initiative of the African Union and the hope for a political solution.

Fighting erupted around the battleground Libyan oil refinery town of Ajdabiya on Thursday. Meanwhile, four

Market Watch

Oil prices could increase well above the \$150/barrel level before it tips the developed world into a recession, leaving some room for producer nations to continue earning petrodollars without destroying fuel demand.

The US Labor Department said initial claims for unemployment benefits increased by 27,000 to a seasonally adjusted 412,000 in the week ending April 9th. The prior week's figures were revised up to 385,000 from an originally reported 382,000. The four week moving average of new claims increased by 5,500 to 395,750 in the week ending April 9th. It said that the number of continuing claims fell by 58,000 to 3,680,000 in the week ending April 2nd, the lowest level since September 2008. The unemployment rate for workers with unemployment insurance was 2.9% in the week ending April 2nd, down from 3% the prior week.

The Labor Department said US producer prices continued to increase in March amid rising energy costs. The Producer Price Index increased to a seasonally adjusted 0.7% in March. It followed a 1.6% increase in February. The gain in March was driven by a 2.6% increase in energy costs, including a 5.7% increase in gasoline prices. The core PPI increased by 0.3% in March.

According to ICAP's New York Funding Rate, the three month borrowing rates for US banks were 0.2775% on April 14th compared with the previous session's 0.2837%.

According to a Bloomberg index, US consumer confidence improved for the fourth consecutive week. The overall consumer comfort index was -43 on a scale of -100 to +100, up from -44.5 the prior week.

Fed Governor Elizabeth Duke said the Federal Reserve cannot react hastily to swings in volatile prices such as oil prices. She said it would not be helpful if monetary policy reacted to every move in a volatile price. He said the Federal Reserve could act to combat inflation but has not seen enough evidence yet to act.

The World Bank warned that higher global food and energy prices are affecting more developing countries than in the beginning of the year, threatening to push more people into poverty. It said ongoing unrest in the Middle East and North Africa had driven the price of oil 21% higher in the first three months of the year, leading to increased food volatility and inflation in many countries. It said a 10% increase in oil prices pushed the bank's food price index, up 2.7%. The index is currently 36% above its level a year ago close to its 2008 peak.

China's annual inflation increased to between 5.3 and 5.4% in March.

China's National Energy Administration reported that the country's overall power consumption in March increased by 13.41% on the year to 388.8 billion kilowatt hours. Electricity consumption in the first three months increased by 12.72% on the year to 1,091.1 billion kwh.

April
Calendar Averages
CL – \$108.81
HO – \$3.2025
RB – \$3.2003

explosions were held in the Libyan capital of Tripoli on Thursday.

Suncor Energy Inc said reliable oil supplies are key to the security of the US and Canada. Suncor's chief executive Rick George said the US needs to engage the public on the importance of oil sands. He said proven oil sands reserves could double over the next ten to twenty years. Oil sands are becoming an increasingly important segment of US crude imports. Pipeline companies are increasing their capacity to deliver oil produced in Canada to the US but have met regulatory hurdles. He said if the extension of the Keystone pipeline failed to obtain regulatory approval, the Canadian government would need to help oil producers in pursuing outlets to the west coast of the country for foreign export.

Refinery News

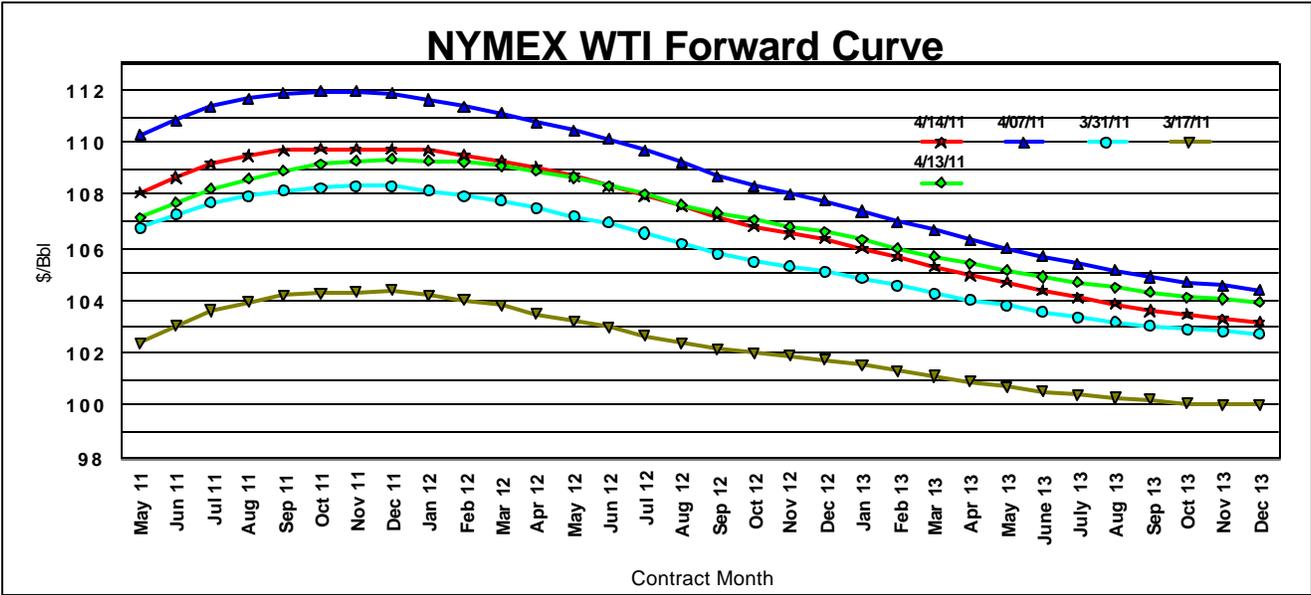
Colonial Pipeline allocated Cycle 23 shipments on its Line 20 carrying distillates from Atlanta, Georgia to Nashville, Tennessee.

Marathon Petroleum Corp shut a compressor following a valve leak at its 206,000 bpd refinery in Robinson, Illinois.

Valero Energy Corp said a crude unit at its 310,000 bpd Port Arthur, Texas refinery was restarted on Wednesday and was increasing to planned rates. The unit was shutdown to repair a leak.

Sunoco shutdown a 90,000 bpd fluid catalytic cracking in the Girard Point section of its 335,000 bpd Philadelphia, PA refinery due to at least one fire overnight. The unit was shutdown but is expected to return to service shortly. The unit had restarted late last week after being shut for unplanned repairs in early March.

Gasoline stocks held in independent storage in the Amsterdam-Rotterdam-Antwerp area in the week ending April 14th fell by 7.41% on the week and by 21.92% on the year to 812,000 tons. Gas oil stocks fell by 8.57% on the week but increased by 25.47% on the year to 2.655 million tons while fuel oil stocks fell by 5.35% on the week and by 25.92% on the year to 726,000 tons. Naphtha stocks increased by 1.79% on the week but fell by 49.11% on the year to 57,000 tons while jet fuel stocks fell by 12.06% on the week and by 32.96% on the year to 598,000 tons.



Singapore's International Enterprise reported that the country's residual fuel stocks in the week ending April 14th increased by 717,000 barrels to 21.389 million barrels. It also reported that the country's light distillate stocks fell by 322,000 barrels to 11.659 million barrels while its middle distillate stocks fell by 699,000 barrels to 11.612 million barrels on the week.

Production News

Kuwait resumed oil exports on Thursday after halting shipments temporarily on Wednesday due a sandstorm.

An industry source said Italy's Eni booked a crude tanker loaded from its fields in west Libya to Italy. It would be the first shipment from Gaddafi held territory in weeks. It said it planned to transport as much as possible of its own oil stored in a Western Libyan terminal to Venice for safety reasons. The crude had been stored before Eni halted its oil production in the country. The tanker Aqua was booked to load the crude from a port near Tripoli. The tanker has the capacity to carry up to 600,000 barrels of oil.

Royal Dutch Shell resumed production at its Nigerian Bonga offshore oil and gas facility after routine maintenance which started in February. The facility has a capacity of more than 200,000 bpd, about 10% of total Nigerian output. It also has the capacity to produce 150 million cubic feet/day of gas. Bonga crude exports were expected to increase steadily to about 130,000 bpd in April and 155,000 bpd in May.

Striking energy workers who have halted oil production in southern Argentina for the last two weeks may meet with company officials on Friday. The protest halted output in northern Santa Cruz, a Patagonian province that produces about 20% of Argentina's total crude. However while energy companies hope negotiations will put an end to the strike, provincial leaders said they would decide on Thursday evening whether to attend the talks.

Azerbaijan's state statistics agency reported that the country produced 12 million metric tons of crude in January to March, down 2.5% on the year. It expects oil production in 2011 to total 51.55 million tons. Azerbaijan's gas output over the three months fell by 3.2% on the year to 6.3 billion cubic meters.

Norway's Statoil announced an oil find near the Peregrino field in the Campos Basin, offshore Brazil. It said two proven oil reservoirs near its Peregrino field could jointly hold 100-300 million barrels of oil. Oil production from the Peregrino field started last week and will gradually increase to a plateau of 100,000 bpd of oil equivalent.

Russia's Energy Minister Sergei Shmatko said the country may increase export duties on oil products to avoid a fuel deficit on the domestic market as oil prices continue to rise.

Brazil's industry association Unica said ninety mills have started crushing Brazil's 2011/12 cane crop(April-March), adding that about 200 more are expected to begin operating over the next few weeks. This season, high ethanol prices are inducing mills to begin crushing.

Market Commentary

The oil market settled in positive territory for the second consecutive session as it continued to retrace the sharp losses seen earlier in the week. The crude market traded mostly sideways in overnight trading and posted a low of \$105.77 in early morning trading. The market however bounced off that level and never looked back. It was supported ahead of the May crude option expiration at the close and news that Saudi Arabia had cut production by 300,000 bpd, even though this was previously reported earlier in the week. The market's strength was also attributed to the news that Sunoco shut

a fluid catalytic cracking unit at the Girard Point section of its Philadelphia, Pennsylvania. The crude market rallied to a high of \$108.55 and settled up \$1 at \$108.11. Meanwhile the gasoline market, which should have been driven higher by the refinery news, settled in negative territory, down 77 points at \$3.2347. While the crude market will likely retrace some of today's gains on Friday, the market is seen remaining supported ahead of the weekend. The market is seen finding support at \$107.30, \$106.80, its low of \$105.77 and \$104.70, basis its support line. Resistance is seen at its high of \$108.55 followed by \$110.24 and \$113.46.

Crude oil: May 11 140,054 -37,106 June 11 291,951 +24,229 July 11 183,242 +8,720 Totals 1,588,835 +4,318 Heating oil: May 11 72,369 -7,616 June 11 68,914 +5,968 July 11 38,937 +1,202 Totals 302,280 -281 Rbob: May 11 75,050 -5,748 June 11 68,303 +5,620 July 11 42,925 +2,817 Totals 299,048 +5,216.

Crude Oil		Heating Oil		Rbob	
Support	Resistance	Support	Resistance	Support	Resistance
10730	10855	31755	32100	32260	32470
10680	11024	31576	32245	32125	32679
10577	11346	31515	32810	32100	32715
10470	11563	30925	33225	31621	
10270	11703	30525	33300	31309	
10000	12126	30183		30983	
9702	14933			30575	

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