



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 21, 2011

Oil Movements reported that OPEC's oil exports, excluding Angola and Ecuador, would fall by 330,000 bpd to 22.67 million bpd in the four weeks ending May 7th.

The IEA called on oil producing nations to reassure the market after unrest in the Middle East and concerns about supply disruptions in the region pushed crude oil prices higher. IEA chief economist Fatih Birol said oil prices were particularly impacting the poorest nations in the world. The IEA sees a six month to one year lag before current high oil prices start impacting the global economy.

Separately, the head of the IEA's renewable unit said

Market Watch

The US Labor Department said the number of initial claims for unemployment benefits fell by 13,000 to a seasonally adjusted 403,000 in the week ending April 16th. The prior week's figures were revised up to 416,000 from an originally reported 412,000. The four week moving average of new claims increased by 2,250 to 399,000 in the week ending April 16th. The Labor Department reported that the number of continuing claims fell by 7,000 to 3,695,000 in the week ending April 9th, the lowest level since September 2008. The unemployment rate for workers with unemployment insurance was 2.9% in the week ending April 9th, unchanged from the prior week.

The Conference Board's Leading Economic Index increased for the ninth consecutive month by 0.4% in March to 114.1. The coincident index also increased by 0.2% in March while the lagging index also increased 0.3%.

The Economic Cycle Research Institute said its Weekly Leading Index increased to 131.6 in the week ending April 15th from 130.5 in the previous week. The index's annualized growth rate increased to 7.7% from 6.7% a week earlier.

Factory activity in the US Mid-Atlantic region fell far more than expected in April. The Philadelphia Federal Reserve Bank said its business activity index fell to 18.5 in April from 43.4 in March.

The US Justice Department said BP Plc agreed to provide \$1 billion toward initial projects in the Gulf of Mexico to address damage to natural resources stemming from last year's oil spill. The agreement represented the first step towards fulfilling BP's obligation to fund the complete restoration of harmed public resources. The states of Florida, Alabama, Mississippi, Louisiana and Texas will each select and implement \$100 million projects while the remainder of the money would be used projects selected by the federal government or by trustees for the oil spill.

The National Oceanic and Atmospheric Administration said the center third of the country, coast-to-coast and New England states show equal chance of normal, below-normal or above normal temperatures in May through July. Below normal temperatures are expected from the Pacific Northwest to the Mid-Atlantic states while above normal temperatures expected in the desert Southwest extending across the US Gulf states into most of Florida.

Morgan Stanley's commodities value at risk increased by 27% in the first quarter to \$33 million compared with \$26 million in the fourth quarter of last year. Morgan Stanley's first quarter profit fell by nearly 50% to \$736 million, down from \$1.411 billion in the first quarter last year.

**April
Calendar Averages**
CL – \$109.12
HO – \$3.2051
RB – \$3.2243

increasing the world's use of biofuels could actually help increase global food production by encouraging investment in agriculture.

The API said US crude oil and petroleum product demand in March increased by 7.3% or 1.392 million bpd on the year to 20.462 million bpd as rising gasoline prices failed to cut into demand. US gasoline demand in March increased by 6.1% to 9.324 million bpd while distillate demand increased by 11.3% to 4.277 million bpd. The API reported that crude oil production in March increased by 0.3% to 5.547 million bpd. Crude oil and petroleum product imports averaged 11.3 million bpd, down 2.5% on the year.

US Attorney General Eric Holder said a new task force would crack down on fraud in oil and gas markets, amid rising gasoline prices. The Oil and Gas Price Fraud Working Group will look for potential violations of criminal or civil laws. The group will explore whether there is any evidence of manipulation of oil and gas prices, collusion, fraud, or misrepresentations at the retail or wholesale levels that violates state or federal laws. The group will also examine investor practices, supply and demand factors and the role of speculators and index traders in oil futures markets.

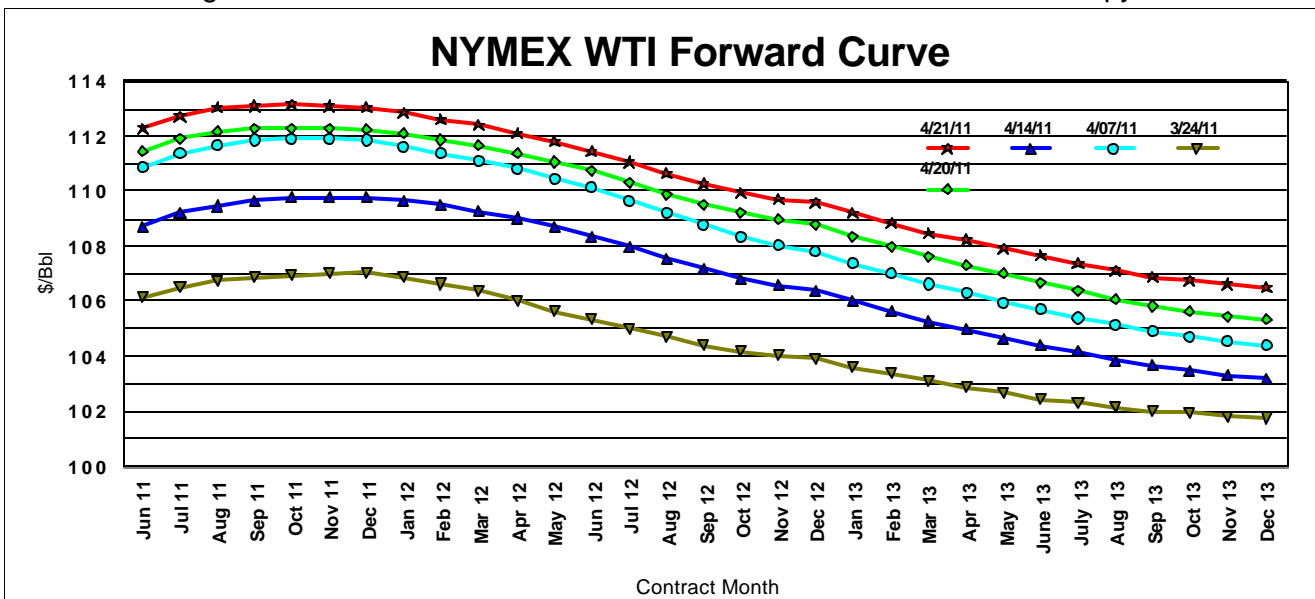
The North Atlantic Treaty Organization said it had no indications that an alliance air raid killed civilians in a Tripoli suburb. It said the target was a command and control bunker in a military compound. Libyan official media reported that seven civilians were killed and 18 wounded in an alliance air raid late Wednesday. Separately, NATO forces intercepted a Libyan oil tanker.

Russian Foreign Minister Sergei Lavrov warned against a Western ground operation in Libya. He said it would be a risky action with unpredictable consequences.

Libyan leader Muammar Gaddafi's forces attacked a rebel controlled oil pumping station in eastern Libya. The attack could delay efforts to restart production from the rebel controlled Sarir and Messla oilfields, where production has been suspended after an attack two weeks ago. Government troops also staged an attack on the Ramla oilfield.

Human Rights Watch said Saudi Arabia arrested over 160 activists since February as the absolute monarchy attempts to insulate itself from the mass uprisings that have swept the Arab world. The Sunni Muslim monarchy of Saudi Arabia does not tolerate any form of dissent.

Kuwait's Foreign Minister Sheikh Mohammad al-Salem al-Sabah said an Iranian spy cell uncovered



by the Gulf Arab state last year monitored the US military presence and possessed explosives to bomb strategic facilities. He said this showed bad intentions to harm Kuwaiti security.

A senior Yemeni official said a new version of a Gulf Arab proposal to end Yemen's political crisis called for a three month transition plan that would end with a presidential election. The proposal would see President Ali Abdullah Saleh step down within a month of signing the initiative and hand over powers to his vice president.

A consensus has emerged among the EU's 27 countries to exempt most companies and short term foreign exchange instruments from clearing obligations for derivatives.

Refinery News

Kinder Morgan Energy Partners LP said its Trans Mountain Pipeline System is apportioned for May. The pipeline will deliver 70% of nominated volumes next month. The Trans Mountain Pipeline System is expected to ship 280,980 bpd in May, 156,213 bpd for Puget Sound and 46,664 bpd for Westridge dock.

Enbridge Inc said it would apportion two of its pipelines next month due to higher shipper requests for space and temporary capacity restrictions. It said it would cut back shipper nominations on Line 5, which runs from Superior, Wisconsin to Sarnia, Ontario by 7%, allowing customers to ship 93% of what they requested. Enbridge's Line 6B, which runs from Griffith, Indiana to Sarnia is apportioned by 10%, allowing shipper 90% of their desired capacity.

Sunoco Inc continued the restart of a 90,000 bpd fluid catalytic cracking unit at its 335,000 bpd Philadelphia refinery on Thursday. It expects to resume operations on Thursday. It continues to return a 175,000 bpd crude unit to full production.

China's General Administration of Customs confirmed that March crude oil imports were 21.67 million metric tons or 5.1 million bpd, up 2.88% on the year. China's liquefied natural gas imports in March increased to 840,500 tons, up 40% on the year. China's gasoline and diesel exports increased unexpectedly in March despite tight domestic supplies. China's gasoline exports in March increased by 16% on the month but fell by 21% on the year to 469,259 metric tons. China's diesel exports in March increased by 61% on the month but fell by 44% on the year to 262,808 tons. Its kerosene exports in March reached 731,390 tons, up 6.7% on the year. Meanwhile, China's commercial crude oil stocks increased by 2% in March while total oil product stocks fell by 8% on the month. China's commercial diesel stocks fell 12% in March while kerosene stocks fell by 8.5% and gasoline stocks fell by 1.4% on the month.

Gasoline stocks held in independent storage in the Amsterdam-Rotterdam-Antwerp in the week ending April 21st fell by 20.69% on the week and by 33.2% on the year to 644,000 tons. Gasoil stocks fell by 4.41% on the week but increased by 21.15% on the year to 2.538 million tons while fuel oil stocks fell by 6.61% on the week and by 29.6% on the year to 678,000 tons. Naphtha stocks fell by 29.82% on the week and by 53.49% on the year to 40,000 tons while jet fuel stocks increased by 4.35% on the week but fell by 25.27% on the year to 624,000 tons.

Singapore's International Enterprise reported that the country's residual fuel stocks built by 1.655 million barrels to 23.044 million barrels in the week ending April 21st. It also reported that Singapore's light distillate stocks increased by 723,000 barrels to 12.382 million barrels while its middle distillate stocks fell by 633,000 barrels to 10.979 million barrels on the week.

Production News

A.P. Moller-Maersk said a fire broke out on an oil platform early Thursday morning. It said the platform is an accommodation platform in the Al Shaheen field. Maersk said the cause of the fire is unknown and an investigation is underway to establish the cause.

China's Foreign Ministry said China and Russia could resolve a payment dispute related to oil being delivered by pipeline between the two countries through friendly consultations. This follows reports that Russia's OAO Rosneft said it would take PetroChina Co to international arbitration over a payments dispute related to oil sent through the pipeline that extends from the eastern Russian town of Skovorodino to the Chinese oil production and refining hub of Daqing. PetroChina owes Russian companies \$180 million for unpaid oil bills in the first three months of the year. Under a loan-for-oil deal, China is providing Rosneft and Transneft with \$25 billion in longer term capital. In exchange, Russia would export 15 million tons/year of crude to China for 20 years from 2011.

Schlumberger Ltd said demand for oilfield services is increasing as oil producers, particularly national oil companies, seek to replace supply lost due to Libya's civil unrest.

Noble Corp said the odds are close to evenly split on whether it would move more rigs out of the Gulf of Mexico.

A Saudi-Kuwaiti oil joint venture has asked construction firms to bid for offshore and onshore work at the Hout oil field. Firms need to submit their bids for the work by June 6th. The project is expected to cost about \$500 million.

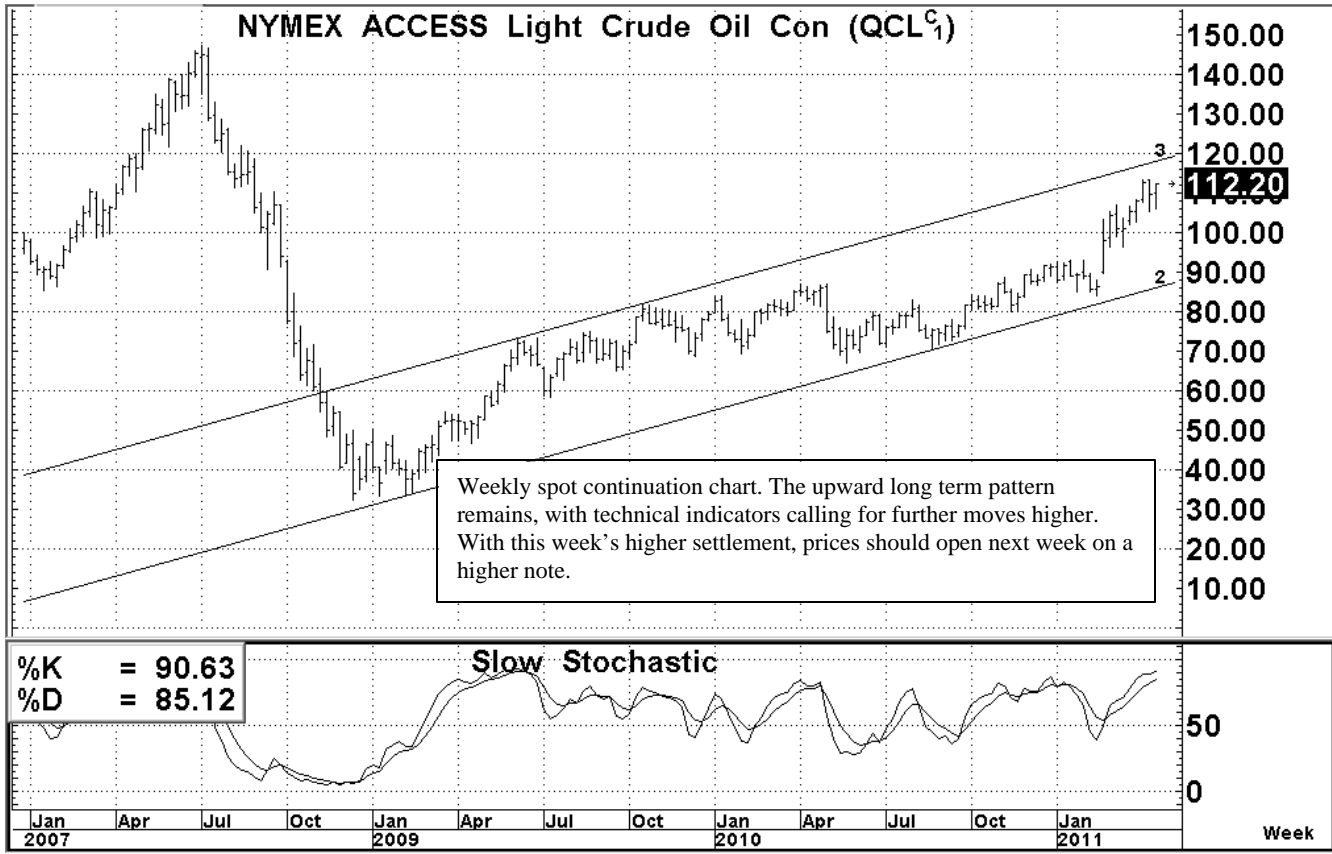
Nigeria's state oil company increased the official selling prices for its crude oil grades for May loading. It increased the price of its Bonny Light and Qua Iboe crude by 40 cents to a premium of \$3.80/barrel over Dated Brent, up from a premium of \$3.40/barrel in April.

The Automobile Association said British fuel prices increased to record highs in early April. The average British petrol price has increased by 15 pence to 135.8 pence or \$2.23/liter since last year's Easter holiday peak driving period while the average diesel price increased by 20 pence to 142 pence/liter.

Market Commentary

Crude oil rose for the third straight day, boosted by a weaker dollar and a stronger stock market. Low holiday volume contributed to the move. The dollar and crude oil have rekindled their relationship after parting ways late last year. A weaker dollar typically brings about a rise in crude oil to compensate for the loss of the dollar. There is however, caution in regards to an economic recovery. Although jobless claims in the U.S. fell, claims remain above the crucial 400,000 level, an indication that employment maybe slowing. Factory orders for the month of April also fell at a faster pace than expected. These key economic indicators raise a red flag in regards to demand. As long as traders have to monitor economic growth, they will continue to trade with vigilance. From a technical perspective, the uptrend is still intact. This week, prices experienced an inside trading session but settled lower on the week. Although slow stochastics are in over bought territory, they have not crossed to the downside. Coming into next week, prices should initially work higher.

Crude oil: June 11 361,085 +2,453 July 11 182,504 -3,696 Aug 11 70,632 -188 Totals 1,547,309 +7,414 Heating oil: May 11 44,953 -5,527 June 11 98,031 +5,580 July 11 45,711 +1,016 Totals 317,390 +1,354 Rbob: May 11 46,000 -7,374 June 11 88,707 +7,622 July 44,215 +1,400 Totals 302,389 +4,001



Crude Oil		Heating Oil		Rbob	
Support	Resistance	Support	Resistance	Support	Resistance
10845		30810			35915
10484		27980		30130	36310
10270	11563	26680	33510	26965	
10136	11703	27375		26300	
10000	12126	23685		25683	
9622	14933	22960		25145	
9540				24240	
9267				23631	
9635				23414	

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