



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino
(212) 624-1132 (888) 885-6100

www.e-windham.com

ENERGY MARKET REPORT FOR APRIL 23, 2009

Iraq's Oil Minister Hussain al-Shahristani said current crude prices are not sustainable and added that \$70/barrel was an acceptable level for investment in the industry. He said current prices are not conducive to investment in new oil projects. He also said marginal producers will not be able to maintain their production levels.

Oil Movements reported that OPEC's crude oil exports, excluding Angola and Ecuador, are forecast to fall by 130,000 bpd to 22.27 million bpd in the four weeks ending May 9th. Middle East sailings are expected to fall by 70,000 bpd to

Market Watch

Royal Bank of Scotland revised down its oil price forecasts for 2009 and 2010. It predicts Brent prices will average \$56.10/barrel, down from a previous forecast of \$80/barrel for 2009 and \$75/barrel for 2010, down from an earlier forecast of \$76.25/barrel.

The International Monetary Fund said the world economy has fallen into a severe recession, cutting its forecast for global growth and calling for action to stimulate the economy. It said the world economy will likely contract by 1.3% this year in the deepest post World War II recession by far.

According to the Labor Department, initial claims for unemployment benefits increased by 27,000 to 640,000 in the week ending April 18th. The four week average fell by 4,250 to 646,750. Continuing unemployment claims increased a further 93,000 to 6,137,000, the highest level on record. The unemployment rate for workers with unemployment insurance increased 0.1% to 4.6%, its highest level since January 1, 1983.

The National Association of Realtors said sales of previously owned homes fell to 4.57 million in March from 4.71 million in February. The inventory of existing homes for sale fell by 1.6% to 3.74 million. The median national home price increased by 4.2% to \$175,200 from February. However prices are still down 12.4% from the same period a year ago.

Ecuador's President Rafael Correa vows to play tough with oil companies if he is reelected on Sunday, threatening to terminate deals if the companies do not sign new service contracts. He said he has no plans to nationalize the oil sector if the companies signed the new deals.

The Association of American Railroads said US freight traffic in the week ending April 18th fell by 21.7% on the year. For the first 15 weeks of the year, US rail freight was down 18.1% to 5.1 million carloads. US rail carloads increased by 2.8% to 255,269 in the week ending April 18th from 248,391 carloads the prior week.

April Calendar Averages

CL – \$49.70
HO – \$1.3900
RB – \$1.4460

16.13 million bpd in the four weeks. OPEC's compliance with the supply cuts is about 80%, which has been unchanged in recent weeks.

Gunmen in Nigeria have released two Turkish hostages kidnapped earlier this week off the coast of the Niger Delta. They were taken hostage on Tuesday when an oil tanker Ilena Mercan, a tanker chartered by Total, came under attack on its way to the Onne port.

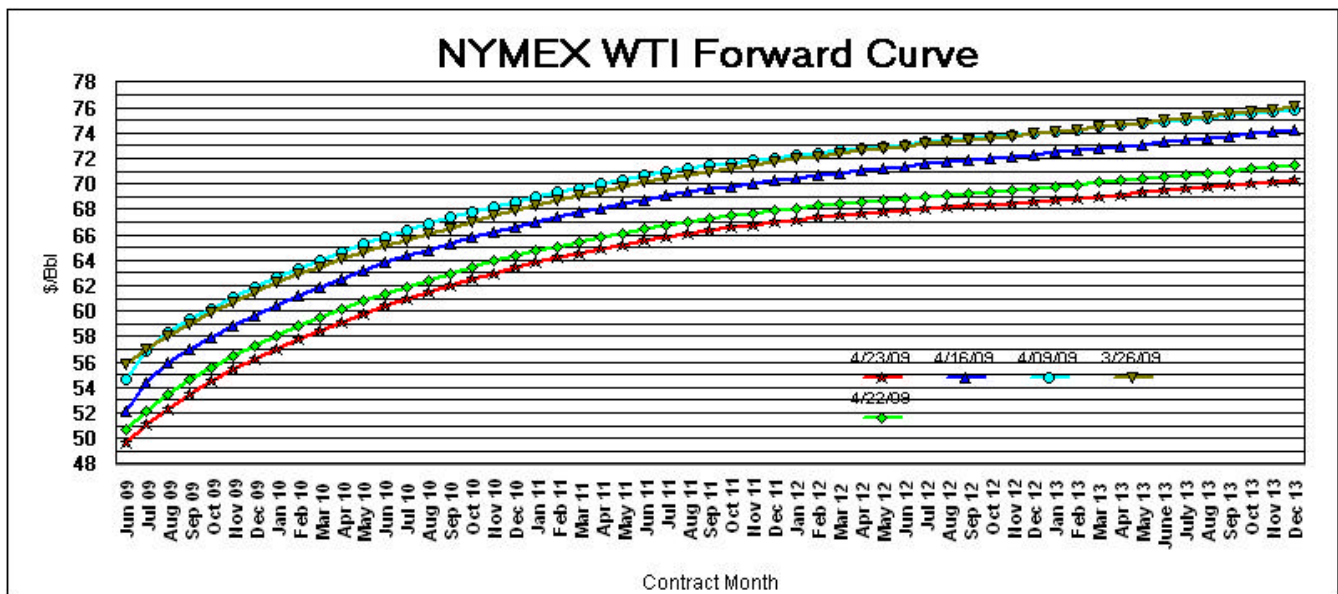
Refinery News

Colonial Pipeline Co extended restrictions on its gasoline shipments to the Northeast. It enacted its Capacity Allocation Program to 25th cycle shipments through its gasoline mainline, Line 01, between Collins, Mississippi and Greensboro, North Carolina as nominations exceed the company's ability to maintain its five day lifting cycle.

Sunoco Inc temporarily shut a fluid catalytic cracking unit and a crude unit at its Philadelphia refinery on April 20 due to poor margins. The two units are located in the Point Breeze section of the 330,000 bpd Philadelphia refinery. Sunoco expects refining market conditions to remain weak throughout 2009.

Alon USA's 53,000 bpd Paramount, California refinery is running at reduced rates following an explosion at a heater unit in the hydrotreater section of the refinery on Wednesday. The company did not say when the refinery is expected to resume normal operations.

Husky Energy Inc said there was no impact to production from minor repair work at a fluid catalytic cracking unit at its 160,000 bpd Lima, Ohio refinery. The unit was at slightly lower rates beginning April 12th and was expected to return to normal rates by April 21st.



Japan's Idemitsu Kosan Co plans to refine 2.3 million kiloliters or 467,000 bpd of crude in May, down 16% on the year mainly due to scheduled maintenance. It shut a 220,000 bpd crude distillation unit for maintenance starting April 6 until May 16 and it will shut a 140,000 bpd crude distillation unit between June 1 and July 28.

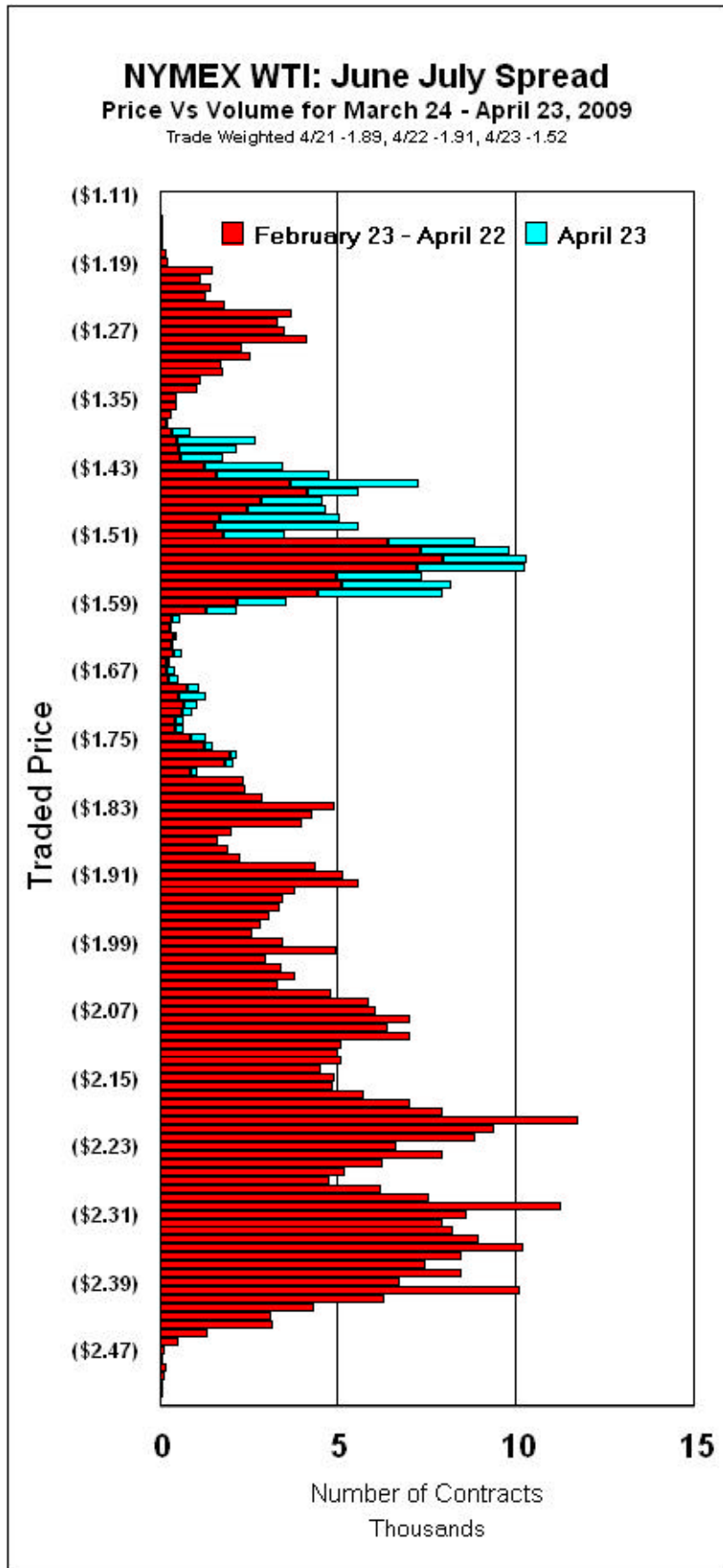
Taiwan's CPC will resume operations of its No. 3 naphtha unit in the beginning of May, ahead of its initial plan to restart operations at the end of May. It shut the unit at its 1.06 million ton/year cracking complex on April 1 due to weak contract prices for its ethylene supply and high feedstock costs.

Germany's biodiesel industry is currently operating at below 60% of its 4.8 million ton annual capacity due to higher taxes and reduced blending levels with fossil fuels. Germany is expected to consume about 2.5 million tons of biodiesel in 2009, down from 2.7 million tons in 2008 and 3.3 million tons in 2007.

Iraq's Oil Minister Hussein al-Shahristani and his Iranian counterpart, Gholam Hossein Nozari agreed to build an oil pipeline connecting the main Iraqi oil hub of Basra to the Iranian city of Abadan. Iran plans to import up to 200,000 bpd from Iraq to feed the Abadan refinery.

An official from the National Iranian Oil Products Distribution Co said Iran will resume its diesel exports before the end of the second quarter as higher gas supplies have cut consumption of diesel in power plants. It is considering monthly exports of up to 450,000 barrels through the third quarter. Iran's diesel demand has declined by about 2 million liters or about 48,000 bpd since March.

Saudi Aramco sold four lots of A960 fuel oil for May loading from its Ras Tanura refinery as the restart of its hydrocracker is delayed further. Saudi Aramco has offered 11 cargoes or a record of almost 1 million tons of A960 fuel oil, since the hydrocracker suffered an outage in early March.



Traders said about 130,000 tons of diesel from Taiwan and South Korea have been booked for shipments to the West for early-May lifting. The volumes so far are lower than the total volumes for April lifting when 160,000 tons of Asian diesel was shipped to Europe.

Gasoline stocks in independent storage in the Amsterdam-Rotterdam-Antwerp area in the week ending April 23rd increased by 6.22% on the week but fell by 21.65% on the year to 854,000 tons. Exports of gasoline from the ARA tanks were shipped to Canada, Iran, Mexico and Nigeria while imports came from France, Sweden and the UK. Gas oil stocks increased by 0.09% on the week and by 97.91% on the year to 2.27 million tons while fuel oil stocks fell by 9.21% on the week but increased by 1.95% on the year to 680,000 tons. Naphtha stocks fell by 61.54% on the week and by 71.96% on the year to 30,000 tons while jet fuel stocks fell by 9.92% on the week but increased by 242.41% on the year to 654,000 tons.

BP is hoping its recent plea to the California Air Resources Board will result in a removal of tariffs on its Brazil-based ethanol. The board is holding a public hearing Thursday to consider adoption of a proposed regulation to reduce carbon intensity in gasoline by at least 10% from 2006 levels.

Production News

Royal Dutch Shell said its hurricane damaged South Timbalier 301 platform in the Gulf of Mexico resumed operations. The platform was the last producing facility Shell took off line after Hurricane Ike and Gustav hit the Gulf of Mexico last summer.

Saudi Arabia will keep its output steady at just under 8 million bpd in May. Saudi Aramco has notified some refiners in Asia and Europe they will receive lower supplies than in April, with the possible implication Saudi Arabia was cutting its exports ahead of its OPEC meeting on May 28th. Saudi Arabia has shouldered the majority of the 4.2 million bpd of cuts agreed by OPEC since last September. Despite the cuts, oil stocks have continued to increase. In addition to increasing onshore inventories, industry officials have said about 100 million barrels have been placed in floating storage.

Nigeria will export five cargoes of Bonga crude and eight cargoes of Qua Iboe crude in June. Also, three 950,000 barrel cargoes of Akpo crude will be exported in June. In addition, three cargoes of 950,000 barrels of Yoho crude, six 950,000 barrels of Agbami and two parcels of 475,000 and 200,000 barrels are expected to load.

ADCO, the onshore division of the UAE's ADNOC, plans to award around \$2 billion of contracts to expand its production capacity before the end of the year. ADCO plans to increase its capacity by 200,000 bpd in 2012 to 1.6 million bpd and by another 200,000 bpd to 1.8 million bpd by 2016.

Brazil's Petrobras notified the National Petroleum Agency late Wednesday that it discovered signs of oil at an inland exploration block. It found traces of oil and gas in a wildcat well drilled at the ES-T-364 inland block in the Espirito Santo Basin.

Separately, Brazil's Petrobras has started talks with Japan Bank for International Cooperation about strategic oil supply to Japan from sources including Brazil's offshore pre-salt reservoirs.

Ecuador's central bank reported that the country's oil product export revenue in February increased by 40% to \$98 million from \$70 million reported in the same month of 2008. Ecuador exported 1.6 million barrels in February, up 64% from the 977,000 barrels exported in February 2008.

ConocoPhillips' first quarter net income fell 80% to \$840 million and its revenue fell 44% to \$30.7 billion for the oil company. Daily output averaged 1.93 million barrels of oil equivalent, up 58,000 barrels from the prior quarter.

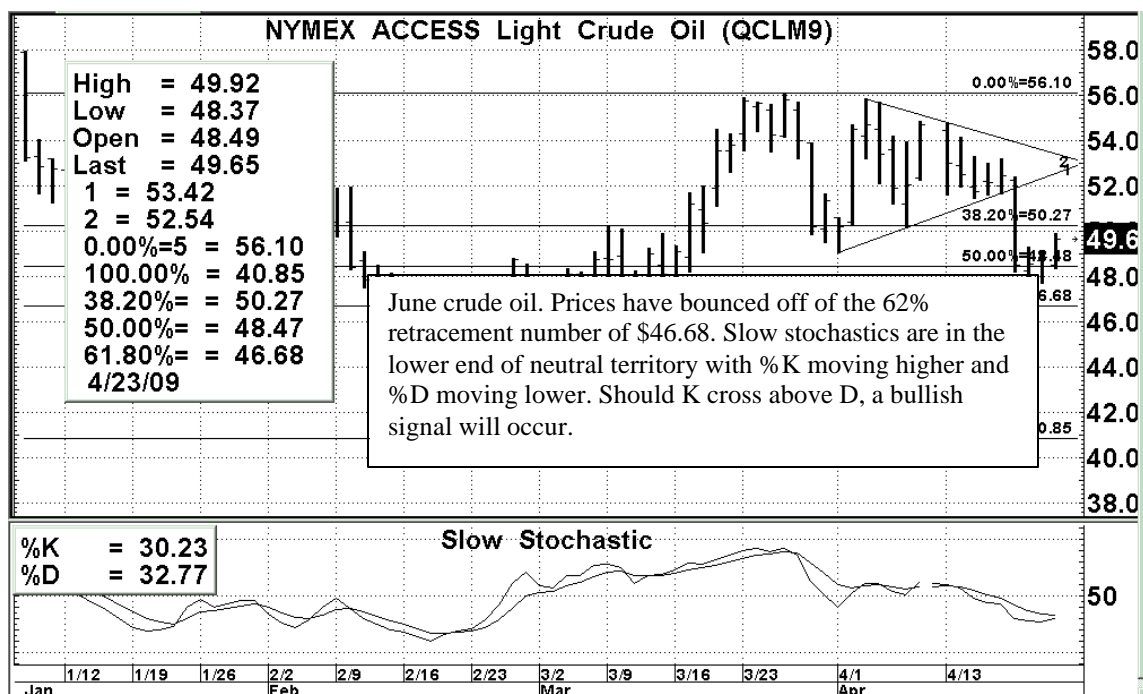
Italy's Eni SpA, Japan's Nippon Oil Corp and Spain's Repsol submitted new technical and commercial offers for Iraq's Nassiriyah oil field in southern Iraq. A senior Iraqi official said he did not know how long it will take Iraq to award the contract. Separately, the Iraqi official said the Iraqi Oil Ministry will ask international oil companies to submit bids for developing eight oil and gas fields at the end of June.

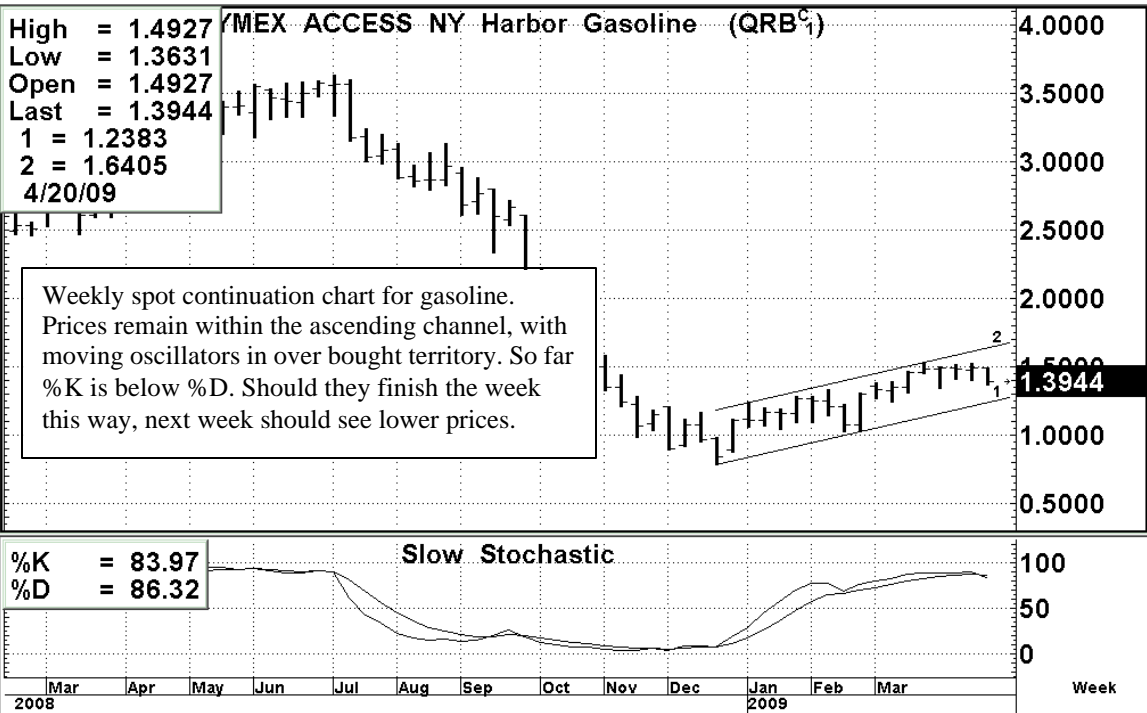
OPEC's news agency reported that OPEC's basket of crudes increased slightly to \$48.51/barrel on Wednesday from \$48.49/barrel the previous day.

Market Commentary

Crude oil prices rose again today gaining its strength from a weak U.S. dollar versus the euro. Investors once again flocked to commodities as a protective hedge against inflation. The true fundamentals of this market are not supportive of this higher move. Stockpiles are at 19-year highs, with total fuel demand running 6.5% below year-ago levels. This market will continue to be fundamentally sensitive in regards to the economy. Although our overall bias is to the downside, it appears that this market is range bound for the time being, working into a period of consolidation. We would look for the June09 crude oil to trade within the \$45.00-\$55.00 range while reacting to any global economic news. Slow stochastics are trending in the low range in neutral territory, appearing to get ready to cross to the upside, indicating that this market may head higher. From a technical standpoint, gasoline remains within the ascending channel that can be depict on a weekly spot continuation chart. Slow stochastics are in over bought territory, with percent K below percent D. Should they remain this way, lower prices should commence next week.

Crude Oil (CL) MAY.09 24 -6,265 JUN.09 339,018 -6,030 JUL.09 178,023 +6,480 AUG.09 50,876 +2,854 Totals: 1,139,781 - 449 N.Y. Heating Oil (HO) MAY.09 22,629 -1,472 JUN.09 63,210 +1,251 JUL.09 32,463 +920 AUG.09 17,365 +272 Totals: 268,447 +1,839 NEW YORK HARBOR RBOB GASOLINE (RBMAY.09 25,020 -3,241 JUN.09 69,879 +342 JUL.09 34,041 -106 AUG.09 21,058 +382 Totals: 208,940 -1,722





Crude Support	Crude Resistance
48.46, 46.68, 45.10, 44.50, 43.80, 40.00, 38.95, 32.25, 29.66, 28.63, 26.65, 25.50	50.79, 53.94, 55.98, 57.20
Heat Support	Heat resistance
1.3000, 1.1359, 1.10951.0520	1.4593, 1.4715, 1.4865, 1.5050, 1.5143,1.5285, 1.5520 167.15,
Gasoline support	Gasoline resistance
1.3400, 131.80,1.2700, 1.2625 1.1680,1.0128,9590,	1.4900,11.5088, .5260, 1.5340,1.5800,

The information contained in this letter is taken from sources, which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. The Windham Group bases its market recommendations solely on the judgment of its personnel. Reproduction in whole or part or other use without written permission is prohibited.