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ENERGY MARKET REPORT FOR APRIL 28, 2011

The EIA reported that its US oil demand estimate for February was revised down by 3.1% or 600,000 bpd to 18.869 million bpd or 9,000 bpd above a year ago. It reported that gasoline demand in February averaged 8.648 million bpd, down 3,000 or 3.9% from its previous estimate. The EIA's distillate demand estimate for February was up 5,000 bpd on the year at 3.871 million bpd. The EIA stated that the average retail price of gasoline was \$3.211/gallon in February, up 21.4% on the year while the average price of diesel increased by 28.7% on the year to \$3.583/gallon.

Libyan rebel fighters pulled back towards a border crossing with Tunisia on Thursday after forces loyal to Libyan

Market Watch

The US Labor Department said the number of initial unemployment claims increased by 25,000 to a seasonally adjusted 429,000 in the week ending April 23rd. The prior week's figure was revised to 404,000 from an originally reported 403,000. The four week moving average of new claims increased by 9,250 to 408,500 in the week ending April 23rd. The Labor Department also stated that the number of continuing claims fell by 68,000 to 3,641,000 in the week ending April 16th. The unemployment rate for workers with unemployment insurance was 2.9% in the week ending April 16th, compared with 3% a week earlier.

US economic growth slowed more than expected in the first quarter as higher food and energy prices dampened consumer spending. The US Commerce Department said GDP increased at an inflation adjusted annual rate of 1.8% in the first quarter. The modest increase marked a significant slowdown from the economy's pace in the fourth quarter, when GDP increased by 3.1%. The Commerce Department said consumer spending, accounting for about 70% of GDP, increased at a 2.7% rate in the first quarter, down from the 4% pace registered in the fourth quarter. Higher energy and food prices pushed the PCE Price Index up to 3.8% in the first quarter from 1.7% in the fourth quarter.

The National Association of Realtors' seasonally adjusted index for pending sales of existing homes increased by 5.1% on the month to 94.1. It is the highest level since November. February's reading was revised down to 89.5 from an original reading of 90.8.

The Federal Reserve Bank of Chicago's national activity index in March stood at +0.26 compared with +0.16 in February.

The Federal Reserve Bank of Kansas City's monthly manufacturing index fell to 17 in April from 39 in March.

According to a Bloomberg Index, US consumer confidence fell in the week ending April 24th following four consecutive weeks of improving sentiment. The index's overall consumer-comfort index reading was -45.1, down from -42.6 a week ago. The gauge of sentiment on the economy improved to -74.3 from -78.2.

Royal Dutch Shell Plc's CFO Simon Henry said the company expects some demand destruction due to the increase in oil prices.

ExxonMobil Corp said the world economic recovery remained uncertain in part due to higher oil prices.

The EIA Administrator Richard Newell said a 14% cut in the final 2011 fiscal year budget from the year earlier would force the EIA to cut back some energy data and analysis. It said its weekly reports on oil and natural gas inventories would not be affected. The budget provides \$95.4 million for the EIA, down \$15.2 million from the fiscal year 2010 level.

April
Calendar Averages
CL – \$109.83
HO – \$3.2070
RB – \$3.2576

leader Muammar Gaddafi advanced towards them. Meanwhile, Libyan officials stated that in recent weeks the Libyan government has started arming and training civilians across government controlled western Libya, in an effort to put the country's volunteer army at the forefront of the fight against NATO attacks. The volunteer army is being trained to fight against any NATO ground invasion.

Industry sources said fuel deliveries to Libya's rebel held ports restarted with Vitol shipping at least one cargo of diesel to the port of Benghazi last week. A diesel cargo aboard the tanker Delos was loaded in Malta, where Vitol has floating storage capacity and shipped across the Mediterranean Sea to eastern Libya just over a week ago. Vitol fixed a gasoline cargo to Benghazi earlier this month but it was not clear if it arrived.

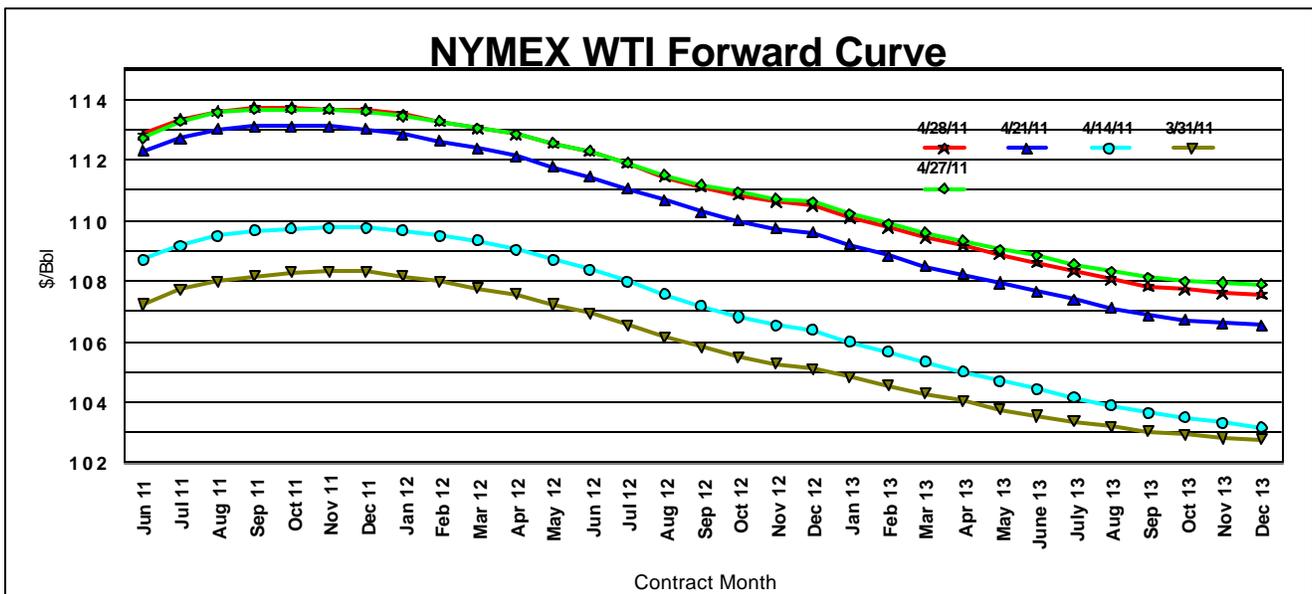
Palestinian President Mahmoud Abbas signaled that peace talks with Israel would still be possible during the term of a new interim government formed as part of a unity deal with Hamas. He said the Palestinian Liberation Organization would still be responsible for handling politics and negotiations.

Refinery News

Colonial Pipeline said it experienced power outages impacting Alabama and Tennessee due to the recent storms. It however said it has not experienced any direct damage to its system and its lines continue to operate. Separately, Colonial Pipeline said it was freezing nominations for its main distillate line north of Collins, Mississippi for Cycle 25, as nominations for its line exceed the company's ability to meet the 5 day lifting cycle. Colonial also issued a nomination freeze notice for its main gasoline line, Line 01 for Cycle 25.

Kinder Morgan Energy Partners LP restarted its 300,000 bpd Trans Mountain pipeline on Wednesday night. The pipeline has been down for repairs since Friday evening after a small spill was discovered. The cause of the spill is still under investigation. It said it would meet with Canadian regulators over the next week to return the pipeline to full operating pressure.

BP Plc said it may not begin restarting its 475,000 bpd Texas City, Texas refinery until the weekend as electricity provider Texas New Mexico Power continues to work on the plant's electrical supply. It had notified Texas state environmental regulators of its intention to restart a fluid catalytic cracking unit after a power outage on Tuesday forced a plantwide shutdown.



Shell Oil Co said bad weather had no impact at its Alabama refinery.

Marathon Oil Corp is beginning to restart units at its 78,000 bpd Canton, Ohio refinery following a planned turnaround.

Valero Energy Corp said a crude unit at its Aruba refinery remains down to repair a leak. Valero Energy also reported that it is in the process of restarting units at the east plant of its 142,000 bpd Corpus Christi, Texas refinery after it suffered a power outage on Wednesday evening. Valero stated that restart procedures were continuing and making progress at its 245,000 bpd Texas City, Texas refinery following the power outages earlier in the week.

Russia's Energy Ministry said Russian oil refinery runs in March fell by 2% on the month but increased by 1.7% on the year to 5 million bpd. It reported that its gasoline production fell by 0.3% on the month and by 1.5% on the year while gasoil output fell by 2.9% on the month but increased by 0.9% on the year. Fuel oil production fell by 0.1% on the month but increased by 2.7% on the year and jet kerosene production increased by 9% on the month but fell by 4.9% on the year.

South Korea said it would receive at least 250,000 bpd of crude in emergency situations under a deal with Iraq. The supply is equivalent to about 10% of South Korea's total daily crude oil imports.

Gasoline inventories held in independent storage in the Amsterdam-Rotterdam-Antwerp area in the week ending April 28th increased by 6.37% on the week but fell by 33.24% on the year to 685,000 tons. Gasoil stocks increased by 5.99% on the week and by 14.61% on the year to 2.69 million tons while fuel oil stocks increased by 10.77% on the week but fell by 17.47% on the year to 751,000 tons. Naphtha stocks increased by 45% on the week but fell by 4.92% on the year to 58,000 tons and jet fuel stocks fell by 5.13% on the week and by 25.16% on the year to 592,000 tons.

Singapore's International Enterprise reported that the country's residual fuels stocks in the week ending April 27th built by 145,000 barrels to 23.189 million barrels. Singapore's light distillate stocks fell by 996,000 barrels to 11.386 million barrels while middle distillate stocks fell by 1.482 million barrels to 9.497 million barrels on the week.

Japan's Ministry of Economy, Trade and Industry said Japan's total oil product sales in March fell by 5.3% on the year to 3.425 million bpd. Gasoline sales in March fell by 4.5% on the year to 4.76 million kiloliters or 965,864 bpd while its kerosene sales increased by 2.3% on the year to 496,153 bpd. Meanwhile, crude oil imports in March fell by 6.3% on the year to 18.64 million kl or 3.78 million bpd. Japan's oil products imports in March fell by 0.2% on the year to 518,914 bpd while its exports fell by 15.4% on the year to 398,192 bpd. Japan's refinery output in March fell by 9.4% on the year to 3.212 million bpd. Crude inventories in March increased by 5.2% on the year to 97.964 million barrels while product inventories fell by 2.2% on the year to 65.045 million barrels.

Production News

Two cargos of North Sea Forties crude oil have been dropped from the May loading program. The cargos were originally scheduled to load May 14-16 and May 30-June 1.

Provisional loading programs showed that Nigerian oil exports are expected to increase in June to about 2.15 million bpd or 64.6 million barrels. It is up from 2.03 million bpd planned for May and 2.06 million bpd sold in April.

Traders said output of Upper Zakum crude from the Abu Dhabi National Oil Co in the UAE is expected to decline in late April and May by as much as 40% due to a partial field outage. Production during

the outage is expected to fall to between 300,000 and 320,000 bpd. Abu Dhabi's Zakum Development Co confirmed the outage but said it was for normal maintenance and would not affect monthly average production.

ExxonMobil's first quarter earnings increased by 69% as the company benefitted from high oil prices and stronger refining margins. It reported a profit of \$10.65 billion, up from \$6.3 billion a year earlier.

Apache Corp reported production of 732,000 bpd of oil equivalent in the first quarter of the year compared with 586,000 bpd of oil equivalent last year. Higher oil prices and production from new wells drilled during the quarter and assets acquired during 2010 combined to increase revenues to \$3.9 billion, up from \$2.7 billion last year. Meanwhile, Apache said it acquired 300,000 acres in Cook Inlet in Alaska for oil exploration.

Austria's OMV AG said its first quarter hydrocarbon output fell by 5% compared with the previous quarter due mainly to production outages in Libya. Its production in the first quarter totaled 304,000 bpd of oil equivalent, down from 320,000 bpd in the fourth quarter of 2010.

Italy's Saras said its first quarter results would not be affected by the unrest in Libya but warned that its full year results could suffer if the conflict was drawn out. Saras would probably have to replace Libyan crude with other alternatives starting in the second quarter. It was not aware of any significant damage to Libyan export terminals. Saras' chairman said the company did not breach the embargo on Libya.

Noble Energy Inc reported a lower first quarter profit, due to hedging losses and a charge for a rig in the deepwater Gulf of Mexico. Its profit in the first quarter was \$14 million compared with \$237 million.

China may increase fuel prices in the second week of May, according to the National Business Daily. It will likely increase the retail price of gasoline and diesel by CNY150-CNY200/metric ton.

Russia's Prime Minister Vladimir Putin ordered an increase of the export duty on oil products starting May 1st. He said companies would be compensated with a lower mineral extraction or excise tax. Meanwhile, a source said Russia is expected to increase the export duty for light oil products by 44% in May to cut exports and meet domestic demand. Light oil products exports duty would increase to \$408.30/ton in May from \$283.90/ton in April.

Market Commentary

Crude oil traded at a 31-month high, spurred by weakness in the dollar. Statements by Ben Bernanke saying that interest rates would remain low "for an extended period," pressured the dollar. As the dollar recovered, oil fell, achieving a new session low. Crude oil remains in an uptrend, however it is not a feel good bias. From a technical standpoint, the \$110.70 is a minor support area. As long as prices remain above this level, it appears that it is safe to remain long this market. A break below the aforementioned support level, sets prices up for a test at \$109 level. Gasoline was once again strong, as refiners continue to run at lower rates as they switch over. The U.S. GDP combined with higher unemployment claims; gives a clear indication that the economic recovery is slow in progression. This should put pressure on driving demand, hopefully bringing down prices.

Crude oil: June 11 348,610 +1,617 July 11 199,608 +6,173 Aug 11 75,336 +2,377 Totals 1,581,277 +27,573 Heating oil: June 11 114,053 +4,468 July 11 48,763 +969 Aug 11 27,471 +492 Totals 314,079 +2,206 Rbob: June 11 98,746 +2,733 July 11 48,691 +765 Aug 11 25,882 +1,493 Totals 294,846 -416

Crude Oil		Heating Oil		Rbob	
Support	Resistance	Support	Resistance	Support	Resistance
11070	11348	30810			35915
10988	11468	27980		30130	36310
10845	11563	26680	33510	26965	
10484	11703	27375		26300	
10270	12126	23685		25683	
10136	14933	22960		25145	
10000				24240	
9622				23631	
9540				23414	

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