



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 29, 2009

World oil demand is forecast to fall this year by much more than previously expected.

According to a Reuters survey, world oil demand will fall by an average of 1.56 million bpd in 2009 to 84.10 million bpd. Demand is predicted to recover by 700,000 bpd in 2010 but will remain more than 1 million bpd below the 86 million bpd demand level seen in 2007. The survey sees demand growing in countries outside the OECD by 120,000 bpd in 2009 compared with 650,000 bpd in its previous survey.

Venezuela's President Hugo Chavez said oil prices are stabilizing between \$40 and \$50/barrel.

Refinery News

Colonial Pipeline will allocate cycle 26 for the main gasoline pipeline north of Collins, Mississippi as demand for space exceeds capacity.

Market Watch

According to the Commerce Department, Gross Domestic Product fell at a seasonally adjusted 6.1% annual rate in the first quarter despite rising consumer spending. GDP in the fourth quarter fell by 6.3%. Price indicators suggested inflationary pressures increased in the first quarter of 2009, easing fears of deflation. The price index for personal consumption expenditures fell by 1%, a decline much smaller than the fall of 4.9% in the fourth quarter of 2008.

US Federal Reserve policymakers signaled they may increase the size of the program to buy mortgage related and Treasury securities if needed to keep borrowing costs down. The Federal Open Market Committee voted unanimously to keep the target federal funds rate for interbank lending in a range near zero. The discount rate for commercial and investment banks was also left unchanged at 0.5%.

Royal Dutch Shell's Chief Financial Officer said oil and gas prices are unlikely to increase significantly in the next 12-18 months due to the economic crisis.

Europe's largest port, Rotterdam, may be running out of space to store crude amid the decline in global oil demand. Some ships have been diverted or are waiting outside the port until space is available. Some on-shore storage tanks for oil products are either full or have no unreserved space available. According to port data, the port of Rotterdam can store 11.9 million cubic meters or 75 million barrels of crude.

Russia will increase its oil export duty to \$137.70/ton from \$110/ton as of May 1. The duty on light petroleum products will increase to \$105.10/ton from the current level of \$86.40/ton while the duty on heavy petroleum products will increase to \$56.60/ton from \$46.50/ton.

April Calendar Averages

CL – \$49.89

HO – \$1.3789

RB – \$1.4414

DOE Stocks

Crude – up 4.1 million barrels
Distillate – up 1.8 million barrels
Gasoline – down 4.7 million barrels
Refinery runs – down 0.7%, at 82.7%

ConocoPhillips has shut a fluid catalytic cracking unit at its 306,000 bpd Wood River refinery in Illinois for unplanned maintenance.

Shell Oil Co expects its 145,000 bpd Anacortes, Washington refinery to return to normal operations by Wednesday afternoon as it completes its restart following a power outage on April 23rd.

Royal Dutch Shell Plc said more than 10% of its global refining capacity was shut in the first quarter due to weak demand for oil products and low prices.

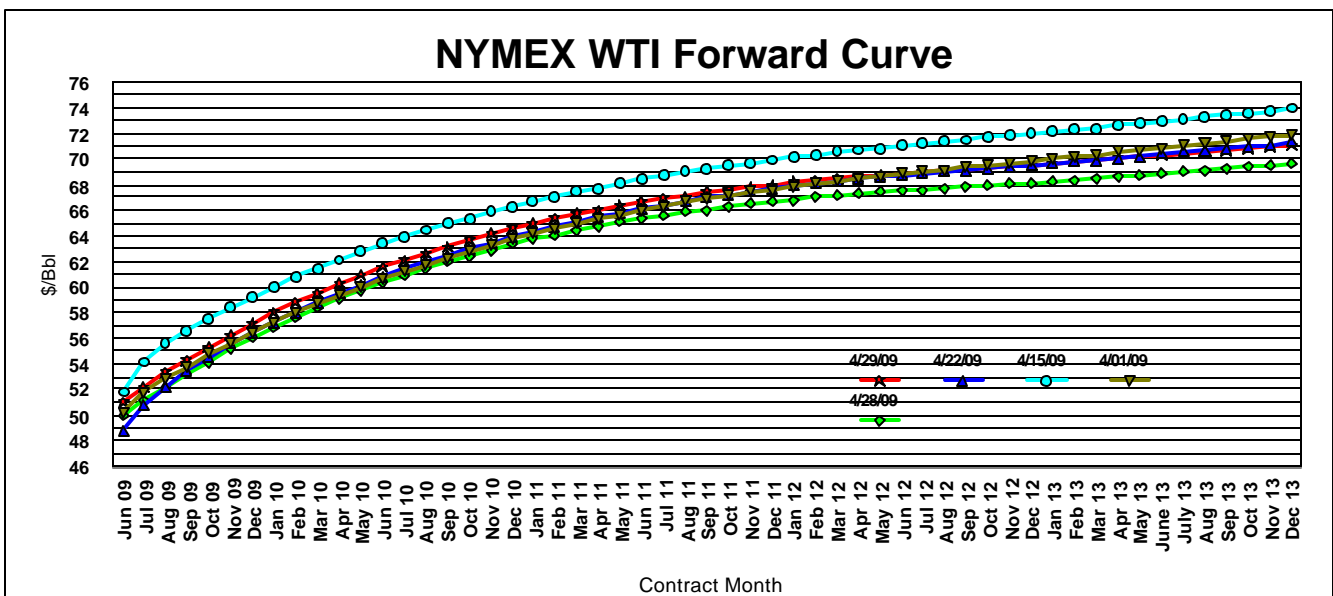
ExxonMobil Corp will shut a boiler at a fluid catalytic cracking unit at its 567,000 bpd Baytown, Texas refinery on Wednesday for planned maintenance. The company plans to restart the unit on May 1 and does not expect the work to have an impact on supplies.

Marathon Oil completed repairs on the crude oil pipeline feeding its 226,000 bpd refinery in Catlettsburg, Kentucky. The pipeline resumed operations following the completion of repairs on Tuesday.

China's Sinopec shut a 70,000 bpd crude unit and a catalytic cracking unit at its Changling refinery on Tuesday for regular maintenance scheduled to last 50 days.

Sinopec Corp said its first quarter refined fuel sales fell by 12.4% on the year and crude throughput fell by 3.3% to 40.51 million tons or 3.32 million bpd.

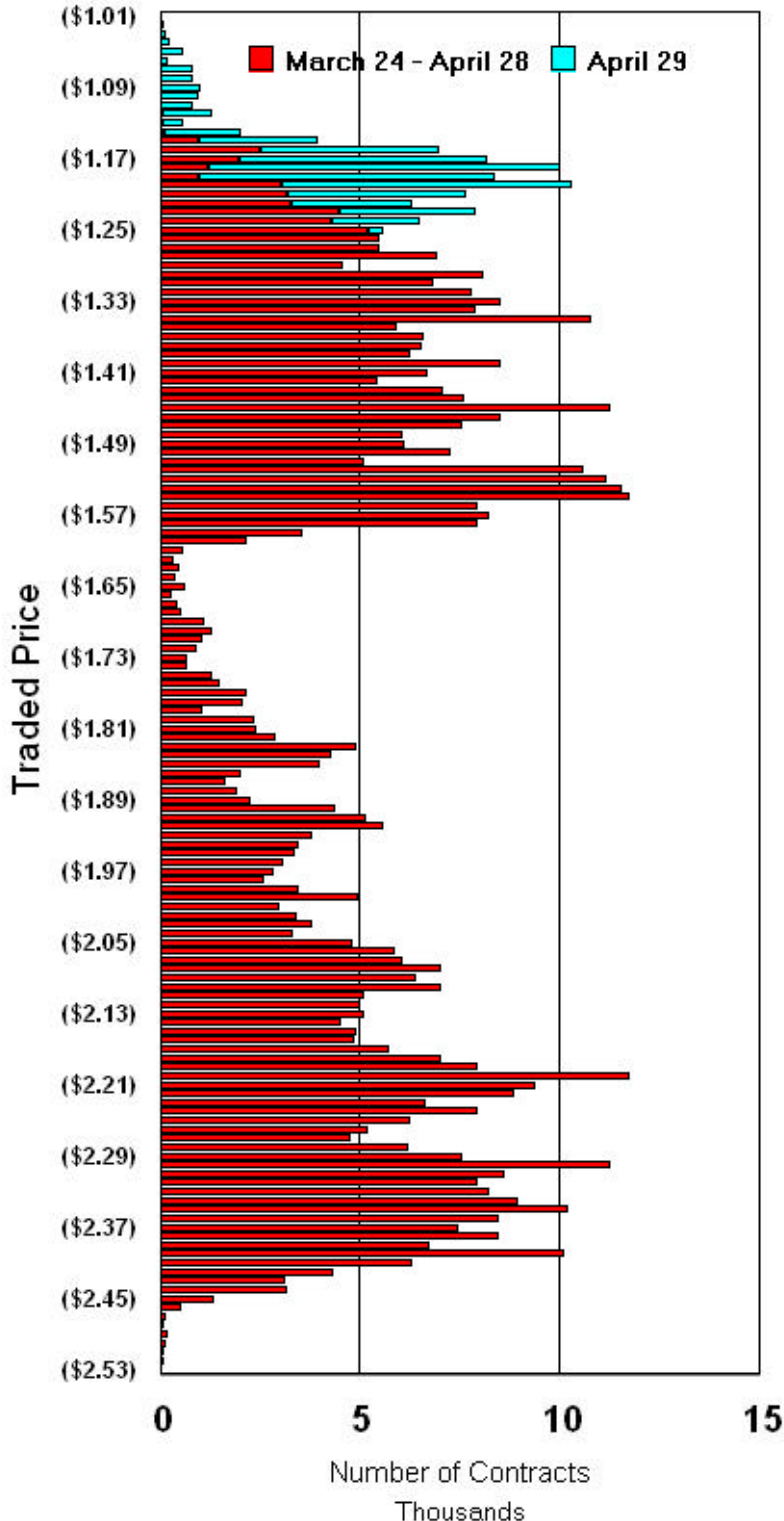
China will cut its diesel exports in May by 40% on the month to 180,000 tons to meet rising domestic demand and stockpiling at a time of refinery maintenance. Its exports of gasoline will remain unchanged at 180,000 tons as consumption remains steady. Sinopec Corp and PetroChina are expected to cut diesel exports from this April's export level of 300,000 tons due to the peak farming season and increased stockpiling. Maintenance shutdowns will also cut China's production, prompting refiners to rein in diesel exports.



NYMEX WTI: June July Spread

Price Vs Volume for March 24 - April 29, 2009

Trade Weighted 4/27 -1.42, 4/28 -1.11, 4/29 -1.18



India's refinery throughput increased by 3.3% on the year in March to 3.07 million bpd mainly due to start of the 580,000 bpd Jamnagar refinery. Refinery runs in the year ending March 31st, increased by 3% on the year to 2.99 million bpd. Crude oil production in March fell by 2.3% on the year to 675,000 bpd while output in the financial year fell by 1.8% to 671,000 bpd. India's petroleum product sales in the year ending March 31st increased at the slowest pace in three years. Sales of petroleum products increased by 3.5% compared with 6.7% and 6.8% growth in the previous two financial years, respectively. Demand increased by 3.9% on the year in March to 12.2 million metric tons, with an 8.6% increase in diesel sales and a 13% increase in gasoline sales. India's crude oil imports increased by 12% on the year to 11.69 million tons or 2.76 million bpd while its product imports fell by 37% to 1.2 million tons. Total exports fell by 7.7% in March to 3.14 million tons.

Indonesia's Pertamina is set to import 8.6 million barrels of oil products in May, with diesel purchases doubling as stocks ease from months of oversupply. The overall May volumes are the highest since December 2008. It will cut its gasoline imports to a three month low of 5.4 million barrels from 6 million barrels in April while its diesel imports increase to 2.4 million barrels from 1.2 million barrels in April. Jet fuel imports in May will increase to 280,000 barrels while fuel oil imports will remain steady at 510,000 barrels.

Vitol will ship at least 35,000 tons of gasoline to the US West Coast for end-April loading from Singapore.

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 04/29/2009									
-----CONTRACT-----				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
				SETTLE	SETTLE	VOLUME	HIGH	LOW	
AO	12	9	P	45	2.9	3.09	200	0	0
AO	8	9	C	60	3.7	3.31	200	0	0
AO	11	9	C	60	6.42	5.89	200	0	0
AO	12	9	C	60	7.24	6.67	200	0	0
AO	10	9	C	60	5.59	5.12	200	0	0
AO	9	9	C	60	4.62	4.2	200	0	0
AO	7	9	C	60	2.56	2.29	200	0	0
AO	9	9	P	45	2.37	2.65	200	0	0
AO	11	9	P	45	2.74	2.97	200	0	0
AO	7	9	P	45	1.7	2.01	200	0	0
AO	8	9	P	45	2.15	2.43	200	0	0
AO	10	9	P	45	2.54	2.8	200	0	0
LC	6	9	P	45	0.71	1.01	1025	0	0
LC	6	9	C	55	1.15	0.99	1025	0	0
LC	8	9	P	43	1.49		600	0	0
LC	7	9	P	45	1.55	1.9	600	0	0
LO	7	9	P	30	0.03	0.05	5455	0.11	0.08
LO	7	9	P	35	0.17	0.24	4079	0.29	0.2
LO	6	9	P	45	0.71	1.01	3209	1.01	0.68
LO	6	9	P	50	2.22	2.85	2608	2.48	2.19
LO	6	9	C	55	1.15	0.99	2421	1.3	1
LO	6	9	P	40	0.18	0.29	2396	0.27	0.15
LO	9	9	C	80	0.51	0.45	2114	0.5	0.46
LO	12	11	C	150	1.4	1.32	2100	0	0
LO	9	9	C	65	2.36	2.07	2070	0	0
LO	6	9	C	52	2.2	1.9	1957	2.3	1.9
LO	8	9	P	45	1.99	2.33	1576	0	0
LO	7	9	C	65	0.73	0.65	1444	0.7	0.7
OB	12	9	P	1.23	0.1327	0.1435	600	0	0
OB	12	9	C	1.63	0.1352	0.1222	300	0	0
OH	12	9	C	2.66	0.0296	0.0274	500	0	0
OH	12	9	C	3.1	0.0153	0.0142	500	0	0
WA	6	9	P	-2	0.28	0.27	300	0.25	0.25
WA	12	10	C	0	0.68	0.51	250	0	0
WA	9	10	C	0	0.61	0.47	250	0	0
WA	5	10	C	0	0.53	0.42	250	0	0
WA	7	10	C	0	0.59	0.47	250	0	0
WA	2	10	C	0	0.46	0.39	250	0	0
WA	4	10	C	0	0.5	0.41	250	0	0
WA	11	10	C	0	0.64	0.49	250	0	0
WA	8	10	C	0	0.6	0.48	250	0	0
WA	1	10	C	0	0.43	0.35	250	0	0
WA	10	10	C	0	0.62	0.49	250	0	0
WA	3	10	C	0	0.49	0.4	250	0	0
WA	6	10	C	0	0.56	0.46	250	0	0

Kuwait is expected to increase its crude exports to China by 36% this year to 8 million tons. Kuwait has agreed to supply Sinopec and PetroChina with 6 million tons and 2 million tons of crude oil this year, respectively.

Production News

Brazil's National Petroleum Agency reported that the country continued to increase its exports of crude oil and oil products in February amid light demand for imported fuels and strong overseas sales of the country's heavy grade crudes. In February, Brazil exported a total of 16.333 million barrels of crude while it imported 12.060 million barrels. Brazil exported 7.546 million barrels of oil products while it imported 4.495 million barrels.

Indonesia's BPMIGAS reported that the country's crude oil output is expected to fall by 1.7% in April to 818,000 bpd from 832,200 bpd in March. The country's condensate production is expected to fall to 120,000 bpd in April from 123,000 bpd in March.

Indonesia's Mines and Energy Ministry said the country has awarded 11 oil and gas blocks to several companies, including Marathon, Hess and ExxonMobil. The total investment committed for the projects in the first three years is \$189 million.

China's CNOOC Ltd increased its oil and gas output to 566,860 barrels of oil equivalent in the first quarter, up 15% on the year. Meanwhile the company's revenue fell by 42% due to the sharp decline in oil prices.

OPEC's news agency reported that OPEC's basket of crudes fell further to \$48.70/barrel on Tuesday from \$49.21/barrel on Monday.

Market Commentary

A shocking decrease of 4.7 million barrels in gasoline inventories coupled with a rally in the stock market and a falling dollar, led energy prices higher today. Gasoline stocks were expected to increase by 200,000 barrels, a markedly different number than what was reported in today's DOE report. Gasoline demand based upon a four-week average was set at 9.1 million barrels per day, down 0.5 percent for the same period last year. Distillate inventories increased by 1.7 million barrels, with demand running 3.7 million barrels per day based on a four-week average, down 10.5 percent for the same four-week period last year. Industry sources closely tied to the cash market have indicated that movement of product inventory is very sluggish and continues to suffer due to the global economic situation. Crude oil inventories also showed signs of increasing, with total stocks reflecting builds of 4.1 million barrels. The U. S. economy is showing signs of bitter sweetness as the gross domestic product dropped at a 6.1 percent annual rate, greater than the 4.7 percent that some economists expected. This is bitter in the sense that it is an indication the U.S. economy is still in a recession, but sweet in the way that somewhere down the line, when demand picks up, there will be a need to replenish slumping manufacturing inventory, thereby leading to economic growth. Adding to the supportive side of this market was consumer confidence in April, which increased to 39.2, from 26.9 in March. The energy markets continue to react to outside influences like the stock market and a weak dollar, rather than the true fundamentals directly related. Although our sentiment is still bearish, we cannot discount the reaction of this market over that past couple of trading sessions. In the face of several key bearish fundamentals, prices have been able to sustain their strength. The June crude oil continues to be range bound between \$45.00 and \$56.00. Barring any major shifts in the underlying fundamentals and the global economic situation, we would look for this range to hold.

Crude Oil (CL) JUN.09 313,282 -8,602 JUL.09 189,089 -26 AUG.09 58,162 +2,311 SEP.09 41,789 +2,014 Totals: 1,139,336 -1,360 N.Y. Heating Oil (HOMAY.09 10,900 -4,444 JUN.09 67,447 +2,972 JUL.09 34,591 +471 AUG.09 19,830 +463 SEP.09 15,827 +161 OCT Totals: 266,538 + 342 NEW YORK HARBOR RBOB GASOLINE MAY.09 10,027 -4,559 JUN.09 79,761 +1,438 JUL.09 34,251 -284 AUG.09 22,580 +609 SEP.09 18,560 +205 Totals: 207,735 -2,609

Crude Support	Crude Resistance
48.00, 46.68, 45.10, 44.50, 43.80, 40.00, 38.95, 32.25, 29.66, 28.63, 26.65, 25.50	, 53.94, 54.65, 55.98, 57.20
Heat Support	Heat resistance
1.2715, 1.2300, 1.1359, 1.1095, 1.0520	1.4593, 1.4715, 1.4865, 1.5050, 1.5143, 1.5285, 1.5520, 1.67.15,
Gasoline support	Gasoline resistance
1.3560, 1.3400, 1.31.80, 1.2700, 1.2625, 1.1680, 1.0128, 9590,	1.4900, 1.1.5088, .5260, 1.5340, 1.5800,

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