



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 30, 2009

Iraq's Oil
Minister al-
Hussain Shahrستاني said world oil markets seem to be coming into balance and added that OPEC's compliance with agreed output cuts is at a good level. He however did not rule out a further output cut at its next OPEC meeting on May 28 if data showed world oil demand is falling further.

Oil Movements reported that OPEC's oil exports in the four weeks ending May 16th are expected to fall by 190,000 bpd to 22.1 million bpd. Middle East

Market Watch

According to shipping analysts and traders, about 100 million barrels of crude oil and 25 million barrels of refined products is held in fleets of VLCCs in Europe, West Africa, the US Gulf and off Asian ports. The monthly cost of storing oil is about 90 cents/barrel. Provided the spread between oil futures months is wider than the cost of storing oil, trading companies can buy discounted prompt oil, sell a similar quantity of forward oil futures and put the oil in a tanker for a month or longer. Land based storage points are also fairly full with stocks at Cushing, Oklahoma at about 30 million barrels. Oil tanks in the port of Rotterdam are also fairly full and demand for storage has supported storage rates, making floating storage more attractive.

The Economic Cycle Research Institute said today that the current U.S. recession would probably end before the end of this summer. Meanwhile the Institute of Supply Management said today its business barometer increased to 40.1, the highest level since September, up from last month's 31.4. Readings below 50 though signal contraction. Separately, the Federal Reserve Bank of Kansas City's monthly manufacturing index was -6 in April compared -21 in March.

The US Labor Department said the number of initial unemployment claims fell by 14,000 to 631,000 in the week ending April 25th. It said the employment cost index increased 0.3% on a quarterly basis in the first quarter, the smallest gain since the government started keeping track in 1982. Wages and salaries increased 0.3% last quarter, down from an increase of 0.5% in the fourth quarter.

The Commerce Department reported that personal consumption in March fell at a seasonally adjusted rate of 0.2%. It was the fourth decline in six months. Spending in February increased a revised 0.4% in February. Personal income in March fell by 0.3% compared with the previous month.

Japan reported that the country's industrial output in March increased by 1.6% on the month, with predictions that production will increase further in April and May by 4.3% and 6.1%, respectively. Japan's factory output increased for the first time in six months, raising hopes that the country's worst recession since WWII may have bottomed out. Industrial output was up from February's 9.4% decline and January's record 10.2% decline. However the optimistic news was tempered by an announcement from the Bank of Japan that it now expects the Japanese economy to shrink by 3.1% in the fiscal year ending March.

April Calendar Averages

CL – \$49.95
HO – \$1.3758
RB – \$1.4429

sailings are expected to fall by 140,000 bpd to 16.01 million bpd. OPEC's compliance with the supply cuts is about 80%.

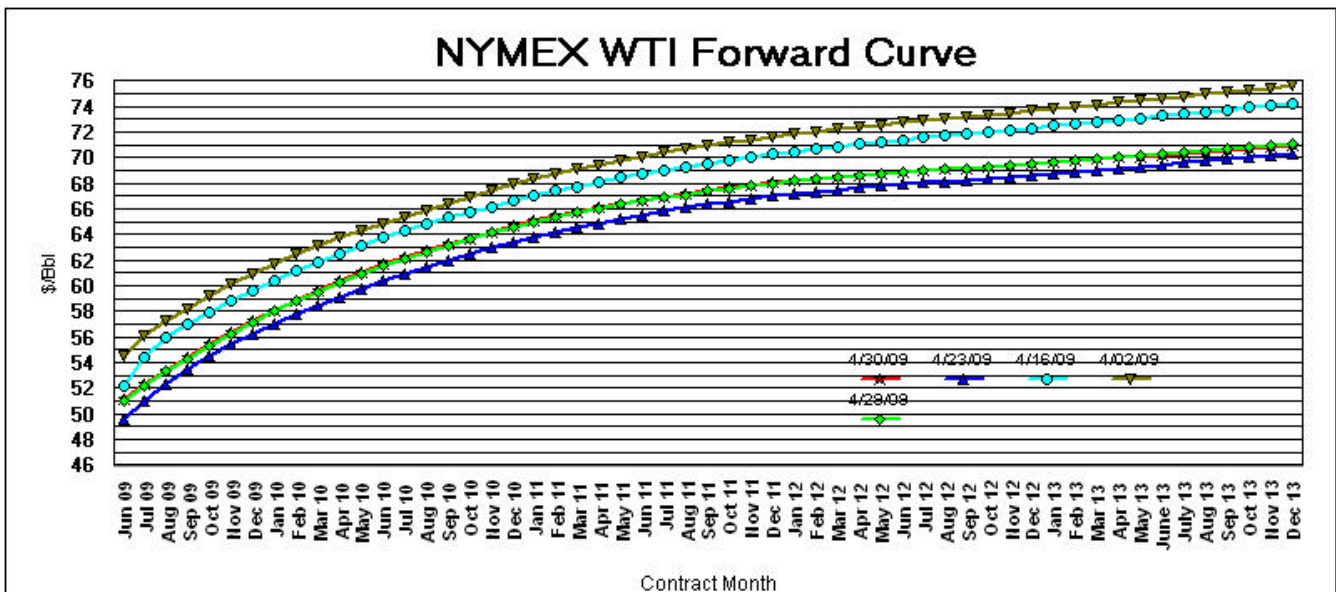
An official at National Iranian Oil Co said Iran will find gasoline supplies even if the US imposes sanctions targeting companies that ship fuel to the country. This follows the news that 25 US senators from both parties on Tuesday proposed giving President Barack Obama new leverage in the dispute over Iran's nuclear program by giving him the authority to sanction companies supplying gasoline to Iran. The legislation introduced by the US Senate is similar to a bill introduced last week in the House of Representatives. Secretary of State Hillary Clinton last week threatened to impose "crippling" sanctions against Iran if it did not end its nuclear program.

The EIA reported that US oil demand in February was revised down 4% or 780,000 bpd from its previous estimates to 18.7 million bpd. Demand was 5.4% below a year ago, in the 19th consecutive month of year on year demand declines. Gasoline demand averaged 8.816 million bpd in February, down more than 200,000 bpd or 2.4% from estimated levels while distillate demand averaged 3.915 million bpd, down 2.9% from its previous estimate. The EIA also reported that US crude oil imports in February fell by 647,000 bpd or 6.6% on the month to 9.205 million bpd. Canada supplied the US with 1.913 million bpd in February, down 33,000 bpd on the month while Mexico supplied the US with 1.219 million bpd, down 80,000 bpd on the month and Saudi Arabia supplied 1.099 million bpd, down 238,000 bpd.

The White House has cleared the way for the US EPA to propose a federal standard for measuring greenhouse gas emissions from biofuels. The EPA said the agency will determine what further action to take. A spokeswoman did not say when the EPA would issue the proposal.

The DOE late last week declared viable a contract with Vitol Holding BV to fill the country's SPR. Following a congressionally requested probe of the contract, US Energy Secretary Steven Chu said a letter that the deal to fill the SPR with 1 million barrels of crude was determined to be in the best interest of the government. Vitol pleaded guilty in late 2007 to grand larceny in connection with kickbacks paid to the Iraqi government in 2001-2002 and agreed to pay a fine of \$17.5 million.

A senior official at the Nigerian National Petroleum Corp said a Nigerian government plan to end subsidies on petroleum products and fully deregulate the downstream oil sector is partly responsible



for the severe shortage of fuel in the country. The shortage now in its fifth day has slowed social and economic activities across the country. Major marketers stopped importing products due to the suspension of subsidy payments. The official also attributed the shortage to a fire at a pipeline which moves petroleum products from Atlas Cove to fuel depots in several Nigerian cities.

Refinery News

ExxonMobil plans to temporarily shut a fluid catalytic cracker CO boiler at its 348,000 bpd in Beaumont, Texas, starting Thursday, to install a unit. The work will be completed by May 1.

Valero Energy Corp restarted a fluid catalytic cracking unit at its 210,000 bpd Delaware City, Delaware refinery after the refinery was shut for an overhaul in March. It said other units will restart in sequence. Separately, Valero said it has delayed two Gulf Coast refinery hydrocracker construction projects by a year due to the effects of the economic recession. Valero's St. Charles, Louisiana hydrocracker project is now scheduled for completion in 2012 while its Port Arthur, Texas hydrocracker project is now scheduled for completion in 2011.

ConocoPhillips said a compressor was shut briefly on Thursday at its 139,000 bpd Carson, California refinery causing flaring.

Marathon Oil Corp completed 85% of its expansion project at its 245,000 bpd refinery in Garyville, Louisiana. The project is on schedule to start up in the fourth quarter of 2009. The expansion will increase the refinery's crude oil refining capacity by 180,000 bpd to a total capacity of 425,000 bpd. Marathon is also upgrading its 100,000 bpd refinery in Detroit, with a projected completion date of mid-2012. Marathon Oil said it will adjust the crude throughput at its refineries to meet demand in the second quarter. During the first quarter, some plants' throughput rates were reduced because Light Louisiana Sweet crude sold at a premium to WTI. Additionally, the first quarter saw significant downtime at Marathon's refineries due to planned turnarounds. Marathon also reported that US wholesale diesel demand is down 15% from last year's levels. Meanwhile gasoline demand is up about 0.5%.

Poland's PKN Orlen SA will close its Lithuanian unit Mazeikiu Nafta for full maintenance. The outage will take place in 2010.

India's refinery runs growth slowed to 3.3% year on year in March due to falling oil demand and the world recession. Indian refiners processed 3.305 million bpd of crude in March. In the 2008/09 financial year that ended in March, crude processing increased 3% to 3.215 million bpd, the slowest pace in three years. Crude oil output in March fell by 2.3% to 675,550 bpd while its natural gas production increased by 3.2% to 2.83 billion cubic meters on the year.

Iran's May gasoline imports are expected to increase 37% on the year to 128,000 bpd as Iran continues to build inventories ahead of the presidential elections in June. An official from the National Iranian Oil Co said earlier this month that Iran is storing about 7.7 million barrels of gasoline on ships anchored off Kharg Island.

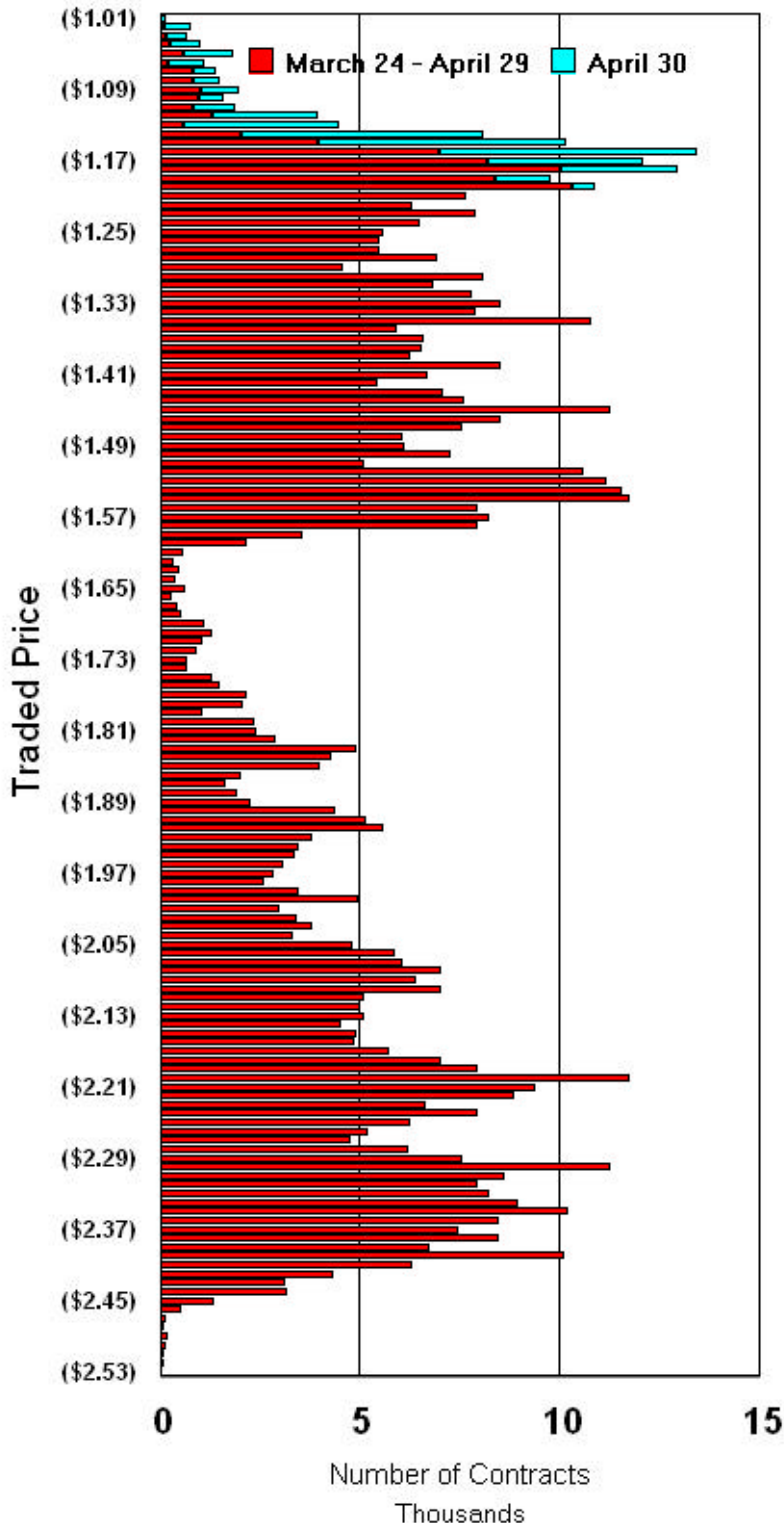
Russia's Transneftproduct hopes to increase its exports this year to 30 million tons from 29 million tons last year despite weak global demand. Its first quarter volumes were 300,000-400,000 tons above the same period last year due to higher shipments to foreign markets.

According to the Petroleum Association of Japan, the country's crude stocks in the week ending April 25th fell by 1.92 million barrels on the week but increased by 7.5 million barrels to 101.8 million barrels. It reported that Japan's gasoline stocks increased by 400,000 barrels on the week and by 520,000 barrels on the year to 15.35 million barrels while gasoline sales fell by 10.1% on the week and by

NYMEX WTI: June July Spread

Price Vs Volume for March 24 - April 30, 2009

Trade Weighted 4/28 -1.11, 4/29 -1.18, 4/30 -1.14



14.8% on the year to 900,000 bpd. Meanwhile kerosene stocks increased by 50,000 barrels on the week and by 310,000 barrels on the year to 10.89 million barrels while naphtha stocks fell by 360,000 barrels on the week to 11.33 million barrels. It reported that Japanese refiners ran their facilities at an average 73.3% of total capacity of 4.83 million bpd, up 0.1% from the previous week.

Japan's Trade Ministry said overall oil product sales fell by 4.2% in March to 17.6 million kiloliters or about 3.57 million bpd. Japan's total oil product sales were down for the 10th consecutive month. For the year ending March 31, sales fell by 8% to 200.99 million kl or 3.46 million bpd as the world economic crisis slowed industrial activity. Japan's crude oil imports fell by 16.7% to 18.69 million kl or 3.792 million bpd in March, down for the sixth consecutive month as refiners continue to import less crude in the face of run cuts that started last year. Its oil product imports fell by 3.5% on the year to 475,875 bpd while its exports increased by 5.2% to 530,794 bpd. Japan's total refinery output fell by 7.9% to 3.638 million bpd. Japan's Trade Ministry also reported that the country's crude oil inventory increased by 14.6% on the year to 103.286 million barrels while its product inventory increased by 2.2% to 74.179 million barrels.

Gasoline stocks in independent storage tanks in the Amsterdam-Rotterdam-Antwerp area during the week ending April 30th fell by 6.32% on the week and by 30.19% on the year to 800,000 tons. Gas oil stocks increased by 3.26% on the week and by 107.07% on the year to 2.344 million tons while fuel oil stocks fell by 10.3% on the week but increased by 2.12% on the year to 673,000 tons. Naphtha stocks increased by 20% on the week but fell by 69.23% on the

year to 36,000 tons while its jet fuel stocks fell by 1.83% on the week but increased by 284.43% on the year to 642,000 tons.

Singapore's International Enterprise reported that the country's residual fuel stocks built by 2.65 million barrels to 20.531 million barrels in the week ending April 29th. It also reported that Singapore's light distillate stocks built by 620,000 barrels to 9.245 million barrels and its middle distillate stocks built by 32,000 barrels to 10.675 million barrels on the week.

Production News

Mexico's state oil industry is still operating despite the swine flu outbreak that forced the government to declare a national holiday from May 1 to May 5 to combat contagion. Pemex said its operations are normal and that strategic activities such as oil production are excluded from the government's work stoppage.

Qatar will supply full term volumes of crude for June to its Asian customers, up from a 4% cut in Qatar Marine volumes for May. In contrast, the UAE's Abu Dhabi National Oil Co said on Tuesday it will reduce June supplies of its four main crude grades to Asia by 16-18% compared with 10-15% for May.

Brazil's Petrobras will use testing at the Tupi field to improve development of its subsalt oil deposits. Petrobras is scheduled to pump the first oil from the Santos Basin's Tupi field on Friday. The long-term test will produce about 30,000 bpd when it reached full capacity later this year.

Russia's Transneft expects stable Russian crude production this year, despite the economic slowdown and will receive the first part of a \$10 billion loan from China by the end of May.

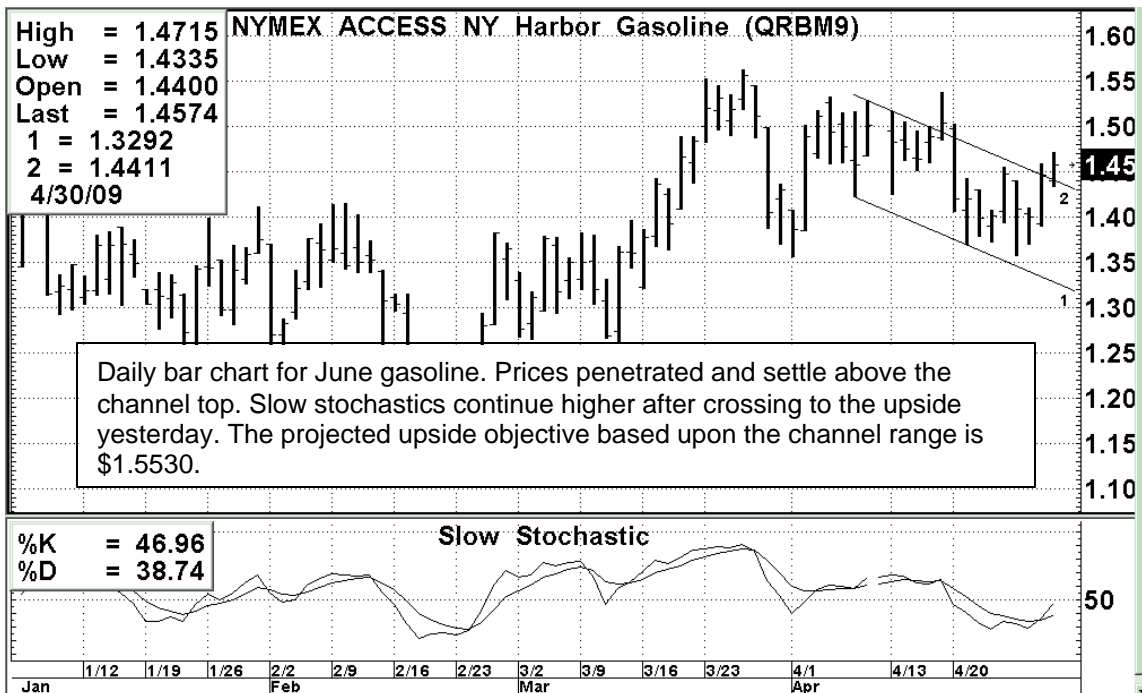
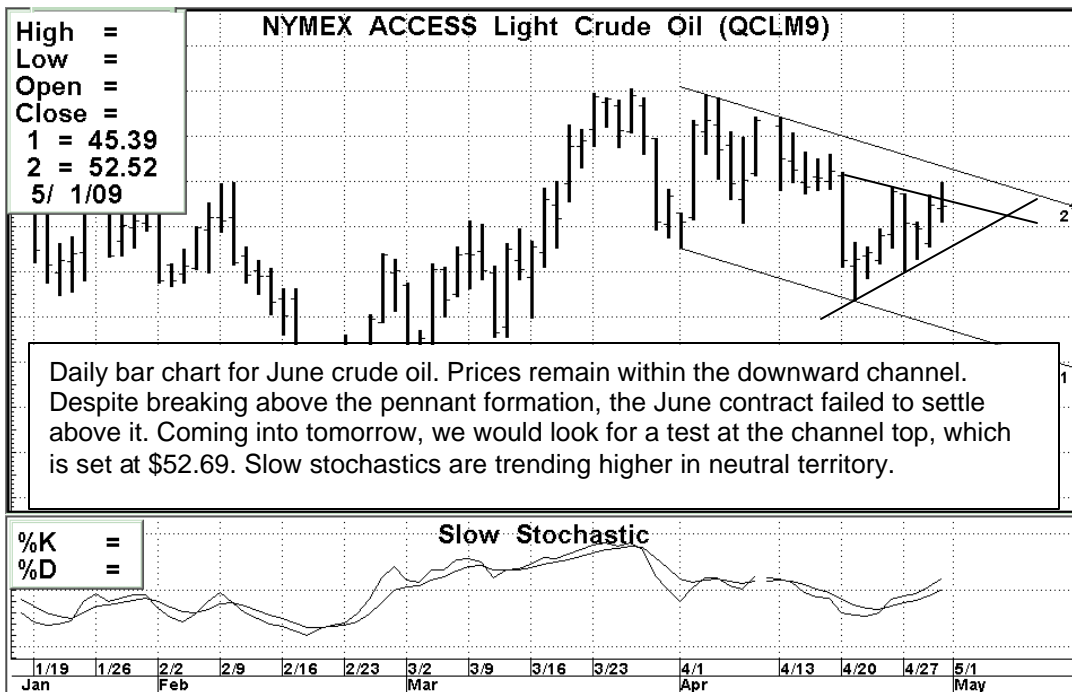
OPEC's news agency reported that OPEC's basket of crudes increased to \$49.98/barrel on Wednesday from \$48.70/barrel on Tuesday.

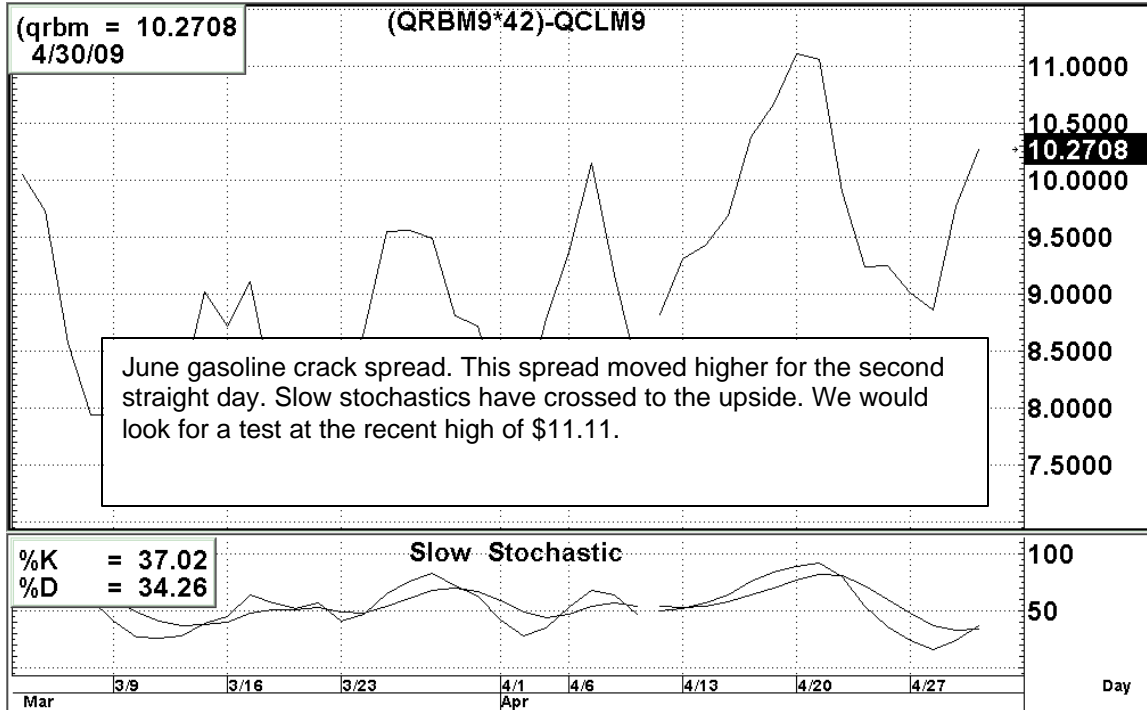
Market Commentary

Crude oil prices edged higher today on hopes that the global economy and fuel demand will pick up this year. Industrial output in Japan increased for the first time in six months while U.K. consumer confidence climbed to the highest level in a year. Another sign of promise was a report from the Institute for Supply Management—Chicago, which showed business activity contracted at a slower pace than forecast. The group's business barometer increased to 40.1, the highest level since September, from 31.4 the prior month. Readings below 50 signal a contraction. Separately, the Labor Department reported 631,000 Americans filed applications for jobless benefits in the week that ended April 25, and the total number of people on jobless rolls rose by 133,000 the prior week to 6.27 million, the 13th straight time the figure has set a record. Prices fell earlier on concerns that the spread of the swine flu would cut fuel demand. The shape of the forward curve has not changed and is still indicating that this market is awash in supply. Despite all the bearish news this week, the June crude oil surprisingly held up. Prices continue to trend within the descending channel on a daily bar chart, prices penetrated but did not settle through a pennant formation. Moving oscillators support higher prices. Gasoline worked higher today, gaining strength on the aforementioned fundamentals and supportive technicals. The June contract settled above the descending channel that can be depicted on a daily bar chart. This settlement above the channel sets prices up for a test at \$1.5530. The June gasoline crack spread gained strength again today, as gasoline strengthened against the crude oil. Slow stochastics for this spread have crossed to the upside, indicating further strength.

Crude Oil (CL) JUN.09 309,929 -3,353 198,848 +9,759 AUG.09 61,368 +3,206 SEP.09 41,940 +151
Totals: 1,150,820 +11,484 N.Y. Heating Oil (HO) MAY.09 5,754 -5,146 JUN.09 69,027 +1,580 JUL.09
34,582 -9 AUG.09 20,386 +556 SEP.09 16,644 +817 Totals: 264,705 -1,833 NEW YORK HARBOR

RBOB (RB) GASOLINE MAY.09 4,830 -5,197 JUN.09 83,349 +3,588 JUL.09 35,272 +1,021 AUG.09 21,895 -685 SEP.09 18,861 +301 Totals: 206,785 – 950





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, 1.6715,
Gasoline support	Gasoline resistance
1.3560, 1.3400, 1.3180, 1.2700, 1.2625, 1.1680, 1.0128, 9590,	1.4900, 1.5088, 1.5260, 1.5340, 1.5800,

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