



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino

(212) 624-1132 (888) 885-6100

www.e-windham.com

ENERGY MARKET REPORT FOR MAY 8, 2009

Iran's OPEC Governor, Mohammad Ali Khatibi said OPEC is expected to cut its output ceiling when it meets on May 28th. He said such a move would help reduce world stockpiles, which has increased to an average of 61 days of forward supply from an average of 52 days.

Venezuela's President Hugo Chavez and officials from PDVSA officially started the takeover process of various oil services firms in the state of Zulia. He said the government will quickly take over some oil

May Calendar Averages

CL – \$55.53
HO – \$1.4540
RB – \$1.6124

Market Watch

The US Labor Department reported that non-farm payrolls in April fell by 539,000 to 132.414 million. The non-farm payrolls for March fell by a revised 699,000 to 132.953 million compared with the previous estimate of a fall of 663,000 jobs. The US unemployment rate for April is 8.9%, up from 8.5% in March.

The Economic Cycle Research Institute said its Weekly Leading Index increased to a 17-week high of 109.3 in the week ending May 1 from 107.7 in the previous week. The index's annualized growth rate increased to a 30 week high of negative 16.1% from the prior week's rate of negative 17.5%. The index increased due to higher stock prices and stronger housing activity.

The Commerce Department reported that US wholesale inventories fell for the seventh consecutive month by 1.6% to \$411.7 billion, the lowest level since November 2007. Sales fell by 2.4% to \$310.9 billion, which was the lowest level since November 2005.

The chairman of the House Financial Services Committee, Rep. Barney Frank said he expects Congress will give the US Securities and Exchange Commission authority over hedge funds in the near future. He previously said he expects to require hedge funds to register under a broad financial regulation package he plans to introduce later this year.

Japan's TEPCO will restart its 1,356 Mw No. 7 reactor at the Kashiwazaki-Kariwa plant for a trial run, nearly two years after it was damaged in an earthquake. The restart of the unit could cut TEPCO's annual fuel purchases by more than 70 billion yen or \$713 million and cut carbon dioxide emissions by more than 5 million tons.

service companies' assets. On Thursday, Venezuela's national assembly passed a law allowing the government to take over the assets of certain oil service sectors. Venezuela's Oil Minister Rafael Ramirez said the government is taking over 300 boats from several companies. The government has yet to give the name of the companies that will be

affected.

According to the AAA Daily Fuel Gauge Report, the US average retail price of gasoline increased by 2.8 cents to \$2.169/gallon on Friday.

Refinery News

Alon USA Energy Inc reported a brief interruption in electrical power at its Big Spring refinery in Texas. A reformer and hydrotreater unit are currently shut and undergoing planned work until May 10th while its crude and catalytic cracking units are operating at about 67% of its capacity during the work. It previously said there will be no supply interruptions during the maintenance period.

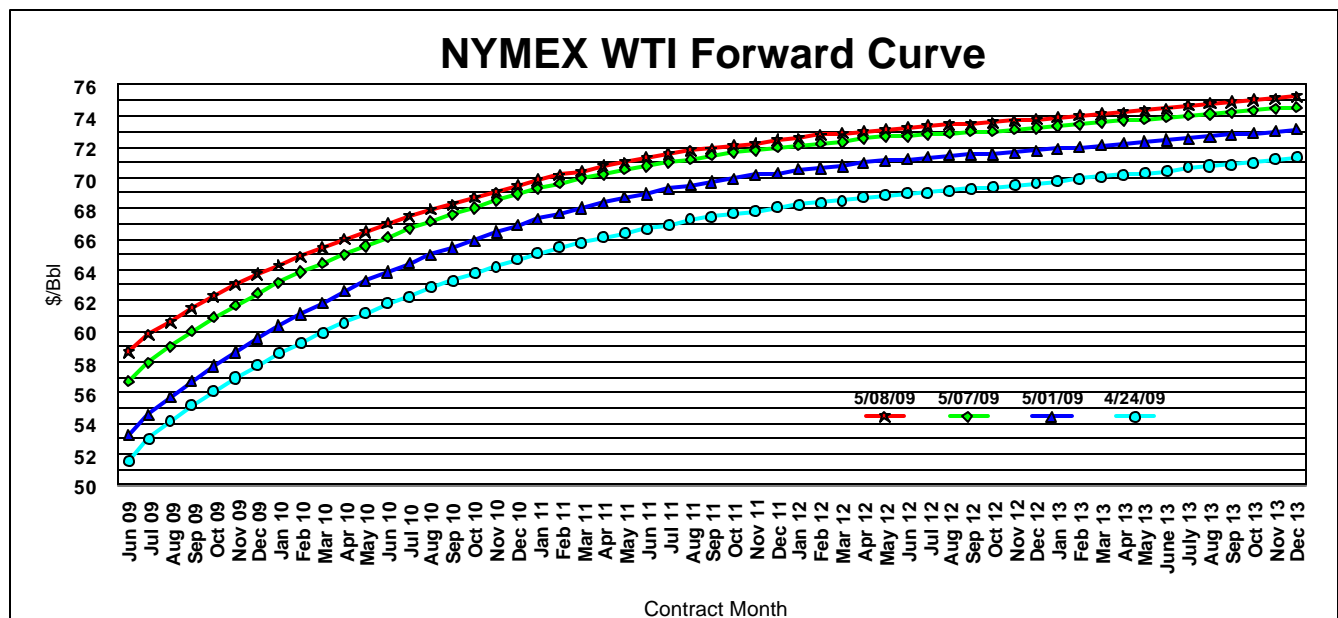
The timing of the restart of ExxonMobil's fluid catalytic cracking unit at its 241,000 bpd refinery in Baton Rouge, Louisiana is not known as repairs and inspections continue. The unit was shut after a leak was found in the expansion joint of the unit.

BP Plc said the evacuation of an area currently involved in planned turnaround maintenance at its Whiting, Indiana refinery was a precautionary measure when a pump failed earlier in the day. The refinery continued to operate at planned rates while some 400 workers were evacuated when a pump went offline during testing. Planned maintenance that started in early March continues and is unclear when the work will conclude.

Tesoro Corp warned pollution regulators on Friday of planned flaring between Sunday and Tuesday at its 100,000 bpd refinery in Los Angeles.

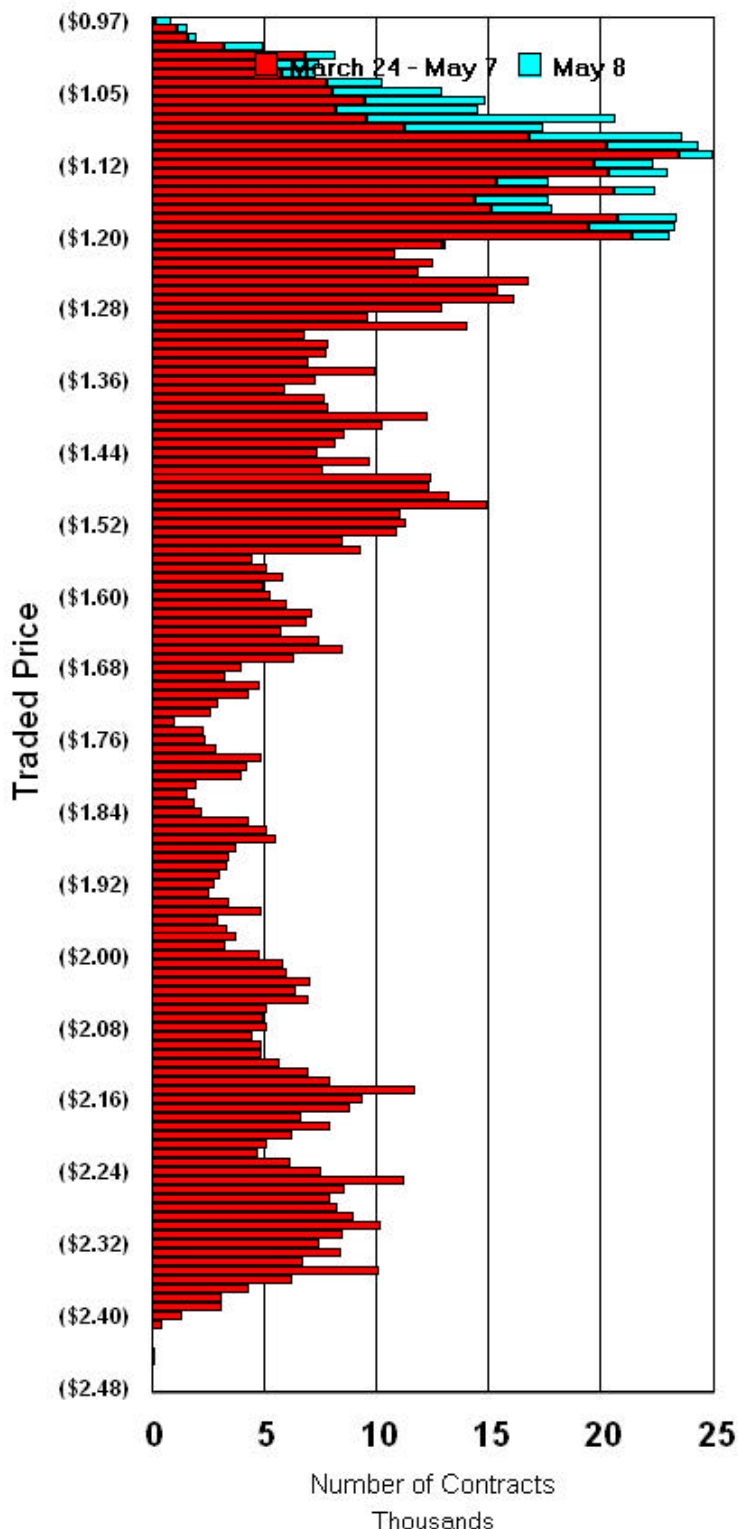
ConocoPhillips is expected to restart one of two fluid catalytic cracking units at its 306,000 bpd refinery in Wood River, Illinois early next week following unplanned work. The unit was shut in late April.

Valero Energy Corp said it could shut its 180,000 bpd refinery in Memphis if state legislators pass a bill changing ethanol regulations. The bill will allow wholesalers and retailers to buy gasoline without any added ethanol and blend ethanol themselves. The bill will mandate that refiners may special ethanol-free gasoline, requiring additional storage tanks and infrastructure. Valero said the bill would require a \$130 million to \$150 million capital investment in the plant. Valero cut its capital budget for 2009 and 2010, due to current market conditions.



NYMEX WTI: June July Spread Price Vs Volume for March 24 - May 8, 2009

Trade Weighted 5/8 -1.21, 5/7 -1.02, 5/8 -1.15



Japan's Idemitsu Kosan Co restarted the 374,000 ton/year naphtha cracker unit at its Chiba refinery on May 5th. The unit, which was shut since March 24 for maintenance and repair work, was originally scheduled to restart on April 23 but was delayed due to a minor problem.

Refined fuel inventories held by China's Sinopec and CNPC fell by 15% to below 12 million tons during April, while their fuel sales increased 5.2%. Gasoline inventories held by Sinopec and CNPC fell by 5.3% in April while diesel inventories fell by 21.6%. Their inventories fell as their gasoline sales increased by 6.6% in April and their diesel sales increased by 7.4%.

Production News

Baker Hughes reported that the number of rigs drilling for oil and natural gas in the US fell by 17 to 928 in the week ending May 8th. The number of rigs searching for oil fell by 6 to 190 while the number of rigs searching for natural gas fell by 11 to 730.

Kuwait resumed its oil exports after they were halted on Thursday due to high wind and bad weather conditions.

Britain's North Sea Brent crude oil stream is scheduled to load about 122,000 bpd or 3.668 million barrels in June, down from 136,774 bpd or 4.24 million barrels in May.

Norway's North Sea Statfjord crude oil system is set to load about 171,000 bpd or 5.13 million barrels in June, down from 193,000 bpd or 5.985 million barrels in May. Norway's Oseberg crude oil stream is scheduled to load about 100,000 bpd or 3 million barrels in June, down from 214,516 bpd or 6.7 million barrels in May. Norway's Gullfaks crude oil stream is set to load 199,500 bpd or 5.985 million barrels in June compared with 193,065 bpd in May. The North Sea Forties crude system is scheduled to load 20.4 million barrels of crude in June, down from 21 million barrels in May.

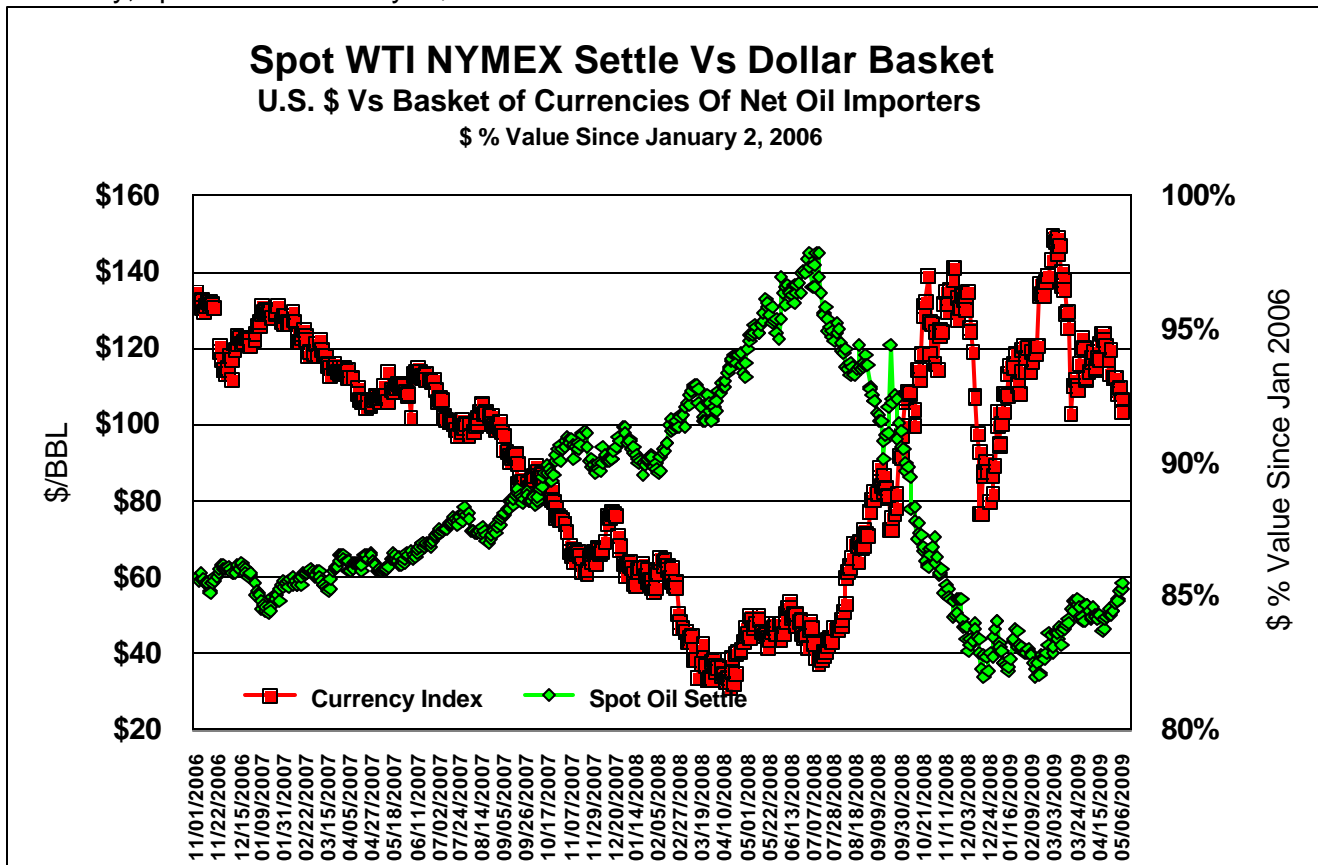
NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 05/08/2009									
				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
AO	12	10C	80	7	6.87	600	0	0	
AO	2	10C	80	3.48	3.27	600	0	0	
AO	6	10C	80	5.26	5.05	600	0	0	
AO	1	10C	80	3.24	3.03	600	0	0	
AO	8	10C	80	5.86	5.65	600	0	0	
AO	5	10C	80	4.66	4.42	600	0	0	
AO	3	10C	80	3.91	3.72	600	0	0	
AO	10	10C	80	6.48	6.32	600	0	0	
AO	9	10C	80	6.17	5.96	600	0	0	
AO	4	10C	80	4.28	4.06	600	0	0	
AO	7	10C	80	5.57	5.37	600	0	0	
AO	11	10C	80	6.7	6.55	600	0	0	
LC	12	9C	85	1.58	1.41	1300	0	0	
LC	12	9C	63	7.9	7.27	650	0	0	
LC	6	9C	58	1.93	1.23	600	0	0	
LO	6	9C	60	0.99	0.62	5432	1	0.6	
LO	6	9P	50	0.04	0.18	4491	0.15	0.1	
LO	6	9P	55	0.43	1.1	3805	1.6	0.42	
LO	7	9P	40	0.13	0.13	3666	0.16	0.13	
LO	6	9C	65	0.11	0.08	3180	0.12	0.06	
LO	8	9C	75	0.79	0.63	2873	0	0	
LO	6	9C	64	0.18	0.13	2781	0.16	0.1	
LO	8	9C	60	5.19	4.39	2620	5.1	5.1	
LO	6	9C	57	2.56	1.66	2453	2.45	1.85	
LO	6	9P	57	0.93	1.95	2370	1.42	0.95	
LO	12	9P	35	0.49	0.46	2300	0	0	
LO	12	10C	75	8.56	8.37	2260	0	0	
OB	10	9C	1.58	0.1914		350	0	0	
OB	9	9C	1.68	0.1838	0.1683	350	0	0	
OB	9	9P	0.85	0.0014	0.0017	345	0.002	0.002	
OB	10	9P	1.4	0.1069	0.1157	250	0	0	
OB	10	9P	1	0.0147	0.0165	250	0	0	
OB	8	9C	1.78	0.1259	0.113	231	0	0	
OB	8	9C	1.71	0.1529	0.1379	202	0	0	
OB	6	9P	1.5	0.0149	0.0222	200	0.015	0.015	
OH	11	9P	1.66	0.2036	0.2134	125	0	0	
OH	9	9P	1.59	0.1584		125	0	0	
OH	12	9P	1.69	0.2158	0.2246	125	0	0	
OH	11	9C	1.66	0.2241		125	0	0	
OH	9	9C	1.59	0.1824	0.1651	125	0	0	
OH	9	9P	1.6	0.1636	0.1788	125	0	0	
WA	9	9C	0	0.25	0.25	1050	0	0	
WA	7	9P	-1.5	0.37	0.32	650	0	0	
WA	6	9P	-2	0.13	0.15	650	0.1	0.1	
WA	7	9C	-0.5	0.44	0.32	650	0	0	

The Kurdistan Regional Government said crude oil exports from the Tawke oil field in Iraq's northern Kurdish region will begin on June 1st. Exports will start at an initial rate of 60,000 bpd and an additional 40,000 bpd will be exported in June by truck from the Taq-Taq field and ultimately to the Iraq-Turkey export pipeline. However Iraq's Oil Ministry denies it has given the Kurdish Regional Government permission to use national pipelines. Kurdish Natural Resource Minister Ashti Hawrami said Iraq's State Oil Marketing Organization will handle the oil sales however the head of the company said he is not aware of anything regarding the oil sales.

The BP Plc-led Baku-Tbilisi-Ceyhan pipeline is expected to pump around 800,000 bpd in June, down from 871,000 bpd in May. The June shipments are scheduled to total 24 million barrels.

A 100,000 bpd expansion at Royal Dutch Shell Plc's Athabasca Oil Sands Project is expected to be completed and start operations in 2010, slightly behind schedule. The Athabasca development currently produces 155,000 bpd of bitumen from the oil sands mine, which is then processed into a higher grade synthetic fuel at the project's upgrader.

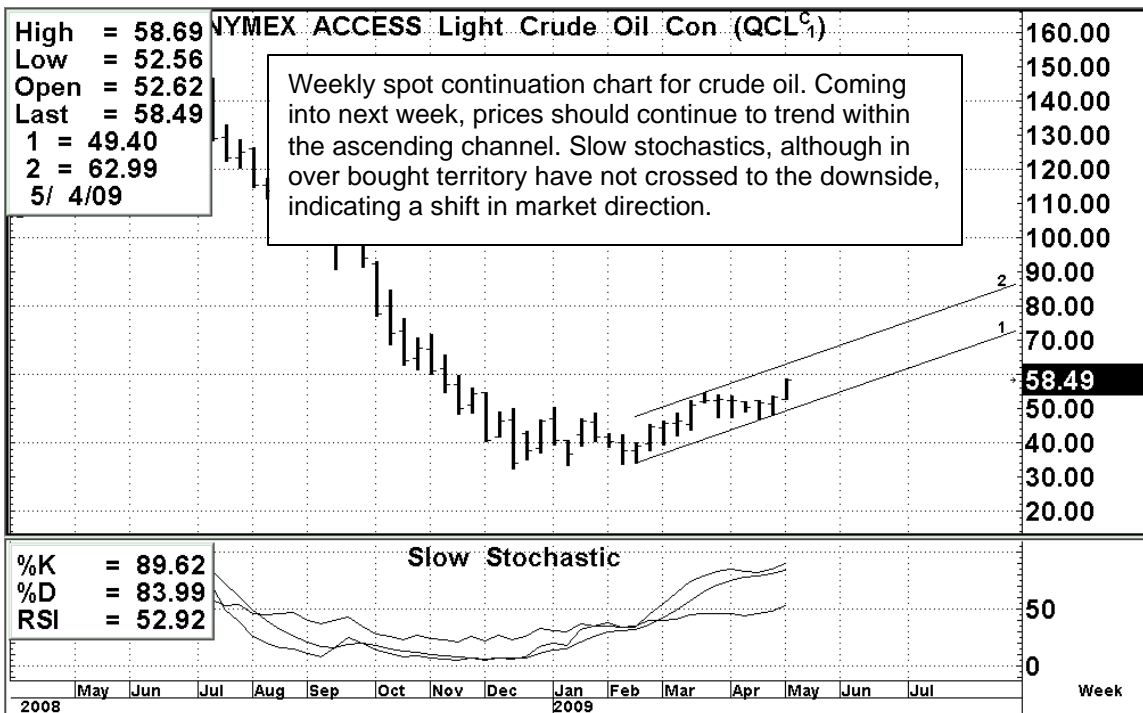
OPEC's news agency reported that OPEC's basket of crudes increased about \$2 to \$56.05/barrel on Thursday, up from Wednesday's \$54.09/barrel level.



Market Commentary

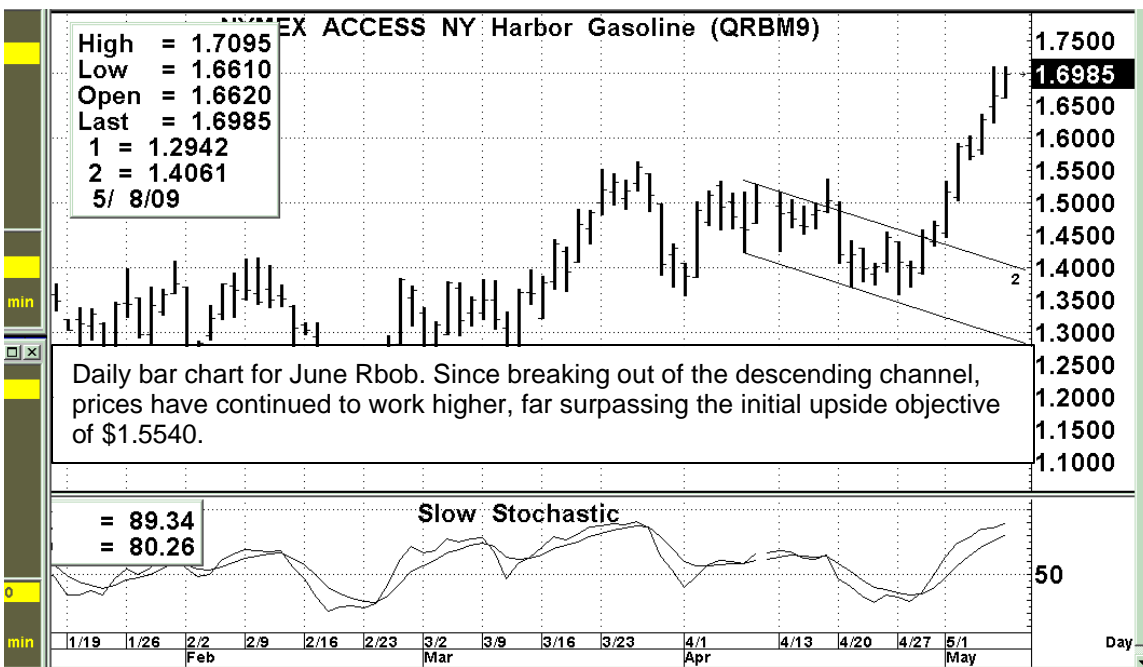
Several key factors pushed energy prices higher this week. Among these are: promising U.S. home sales, manufacturing in China, crude oil supplies rising less than forecasted and the U.S. jobless rate growing less than expected. A weaker dollar bolstered the appeal of commodities, sending investors into the energy markets. All of these fundamentals brought with them hopes of greater demand for oil. Crude oil prices are up 9 percent on the week in reaction to the aforementioned fundamentals. The true underlying fundamentals however are not as supportive. Crude oil supplies are set at 375.3 million barrels, according to last week's report, the highest level in 18 years. Despite refinery runs rising by 2.7 percent, U.S. crude inventories rose 605,000 barrels. Total fuel demand based on a four-week average, is down 7.9 percent from the same period last year. While this market may have found a near-term bottom, with the fundamentals the way they are, it is difficult to think that this rally will be able to sustain itself. The June crude oil contract continues to trend within the ascending channel on a weekly spot continuation chart. Moving oscillators are in overbought territory, but have yet to cross to the downside. As long as these technical indicators trend higher without crossing to the downside, we would look for a test at the aforementioned channel top, which will come in next week at \$62.99. Gasoline has also moved higher, following the historical pattern mentioned in our previous wires. We recommended going long the June contract on the fourth business day of the month. On this day, the June RBOB settled at \$1.6280 and has gained .775 cents since. If one were to follow this recommendation, the initial day to take profits or lighten up on positions would be May 13th, the ninth trading day of the month. If historicals hold true, gasoline should continue higher after a brief pause.

Crude Oil (CLJUN.09) 249,656 - 29,180 JUL.09 256,302 +21,222 AUG.09 80,409 +7,010 SEP.09 52,537 +3,858 Totals: 1,201,954 +12,485 N.Y. Heating Oil (HO) JUN.09 57,989 - 3,323 JUL.09 37,683 +1,918



20,794 -17 SEP.09 17,487 -100 Totals: 257,616 +1,994 NEW YORK HARBOR RBOB (RB) GASOLINE JUN.09 75,075 -4,094 JUL.09 46,959 +4,141 AUG.09 24,634 +561 SEP.09 19,098 -203 Totals: 209,350 + 155

The latest Commitment of Traders report showed that non-commercials in the crude market switched from a net long position of 308 lots to a net short position of 11,285 lots in the week ending May 5th. Non-commercials



increased their total short position by 12,728 contracts to 186,728 contracts on the week. The combined futures and options report showed that funds cut their net long position by 7,615 contracts to 69,279 contracts on the week. They increased their total short position by 4,777 contracts to 108,595 contracts on the week. The funds however have likely increased their net long position as prices have traded higher in the past few days. The combined futures and options report also showed that non-commercials in the heating oil market increased their net long position by 1,196 contracts to 18,365

contracts while non-commercials in the RBOB market increased their net long position by 10,274 contracts to 51,370 contracts.

Crude Support	Crude Resistance
55.45, 53.45, 52.33, 46.68, 45.10, 44.50, 43.80, 40.00, 38.95, 32.25, 29.66, 28.63, 26.65, 25.50	59.20, 59.66
Heat Support	Heat resistance
1.2715, 1.2300, 1.1359, 1.1095, 1.0520	1.5520, 1.6025, 1.6475, 1.6688, 1.6715
Gasoline support	Gasoline resistance
1.5370, 1.5260, 1.3560, 1.3400, 1.3180, 1.2700, 1.2625, 1.1680, 1.0128, .9590,	1.7372, 1.7555, 1.8800, 2.0700

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.