



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR JUNE 11, 2009

The IEA said world oil demand will contract less than expected in 2009 in light of stronger than expected demand early in the year in developed countries. Global oil demand in 2009 is expected to fall by 2.47 million bpd to 83.3 million bpd. It previously forecast demand to fall by 2.56 million bpd. It noted that some support for the oil market is coming from the market's own fundamentals. Total US oil demand was revised up by 50,000 bpd, though consumption is still expected to fall this year by 4.8% or 1 million bpd to 18.6 million bpd. China's oil demand was revised up by 40,000 bpd. Total demand is expected to fall by 0.4% this year to 7.9 million bpd. It said crude oil processing in refineries is increasing, OPEC supply restraints remain in place and gasoline markets are starting to tighten. Also, oil stocks in developed countries fell to 62 days of

Market Watch

The US Labor Department said initial claims for unemployment benefits fell by 24,000 to 601,000 in the week ending June 6th. The four week average of new claims fell by 10,500 to 621,750, the lowest level since mid-February. Continuing claims increased by 59,000 to 6,816,000, the 19th consecutive record high. The unemployment rate for worker with unemployment insurance was 5.1%, unchanged on the previous week.

The US Commerce Department said US retail sales increased by 0.5% in May, the third increase in five months. Overall retail sales in April were revised higher, falling by 0.2% instead of 0.4% as previously reported. Separately, the Commerce Department said US business inventories fell for the eighth consecutive month in April by 1.1% as stocks of motor vehicles and parts fell. The decline in inventories in March was also revised to show a larger fall to 1.3% from 1%. Business sales also fell by 0.3%.

The World Bank said the global economy is set to contract by close to 3% this year, worse than its previous estimate of a 1.75% decline.

The Association of American Railroads said freight traffic across North America in the week ending June 6th fell by 20.8% on the year, including a 19.9% decline in US rail freight. For the 22 weeks of the year, North American rail freight was down 20.2% to 7.3 million carloads from the same 2008 period. US rail carloads increased by 11.6% to 260,282 on the week, the highest in nine weeks from 233,195 carloads the prior week.

According to the New York Times, China's economy is relying more on growth at home than on exports. A decline in exports has limited economic growth while government spending has led to higher domestic investments. Economists are concerned that China is becoming too reliant on investment spending and that the government's economic stimulus program may be making this worse. China's exports in May fell by 26.4% on the year while investments increased substantially. The National Bureau of Statistics reported that investments in the first five months increased by 32.9% on the year. It has to be seen how long China's economy can remain strong without the support of exports.

Norway's statistics agency increased its forecast for 2009 investment in the country's oil and gas sector and said that 2010 investment will likely remain high. It revised up this year's investment total to 145.2 billion Norwegian crowns or \$22.88 billion, up from 137.4 billion Norwegian crowns. It forecast preliminary 2010 oil and gas investment at 136.1 billion crowns or \$21.37 billion.

The ICE said physical delivery against the expired ICE June gas oil futures contract was 4,384 lots or 438,400 tons, up from 1,200 lots for May.

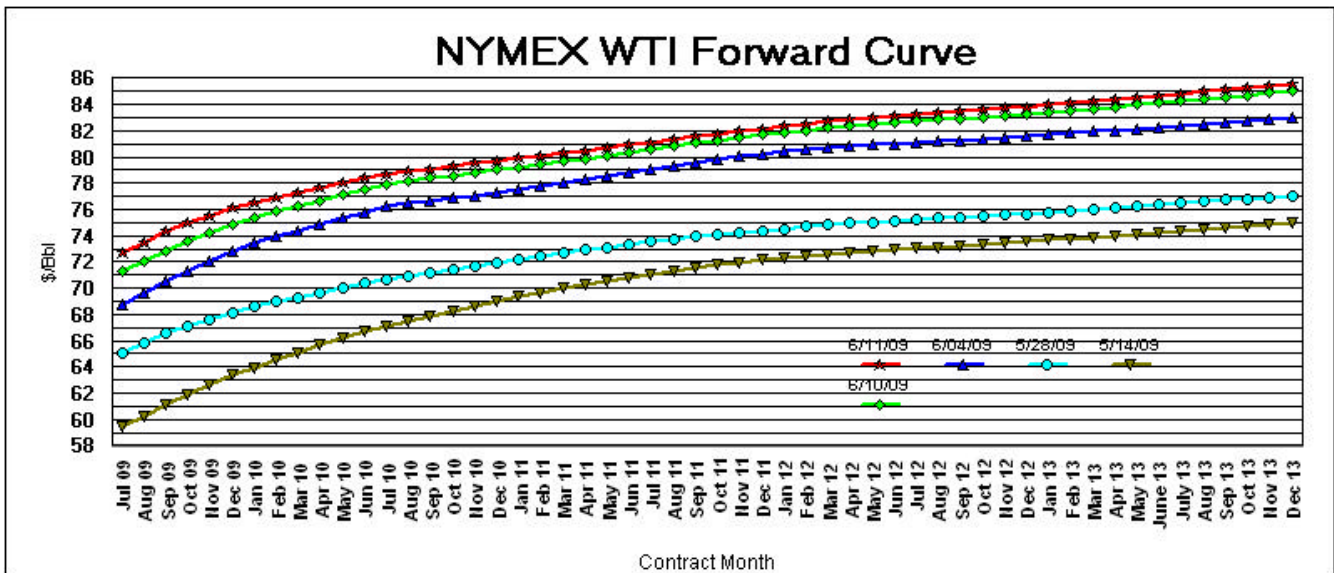
forward supply at the end of April. The IEA also stated that higher oil output in May cut OPEC's compliance rate with its pledged supply cuts to 74% compared with 76% in April. OPEC's crude oil production in May increased by 160,000 bpd to 28.4 million bpd. OPEC-11 output increased by 110,000 bpd to 26 million bpd, about 1.1 million bpd over its 24.85 million bpd target. The IEA expects crude runs in the second quarter to average 71.3 million bpd, up 200,000 bpd while crude throughput for the third quarter is expected to reach 72.8 million bpd. It said the volume of crude oil stored in floating storage fell to 80-85 million barrels by the end of May from 110-115 million barrels at the end of April. In contrast, the volume of products stored in floating tankers increased to more than 30 million barrels due to the contango on ICE gas oil futures.

June Calendar Averages	
CL	– \$69.18
HO	– \$1.7920
RB	– \$1.9612

Oil Movements reported that OPEC's seaborne crude oil exports, excluding Angola and Ecuador, will increase by 140,000 bpd to 22.72 million bpd in the four weeks ending June 27th. OPEC's compliance with the supply cuts has fallen in April and May, partly due to rising prices. It estimates OPEC is delivering 70-75% of its cutbacks.

The DOE announced more than \$300 million in investments for renewable energy technologies. It said it will invest up to \$240 million in high efficiency commercial and passenger vehicles. It will also include up to \$22 million from the American Recovery and Reinvestment Act for 24 new solar projects. The DOE will also invest up to \$27 million in solar installation training. The DOE will fund nine projects capturing carbon dioxide and storage from coal fired power plants with \$11.3 million.

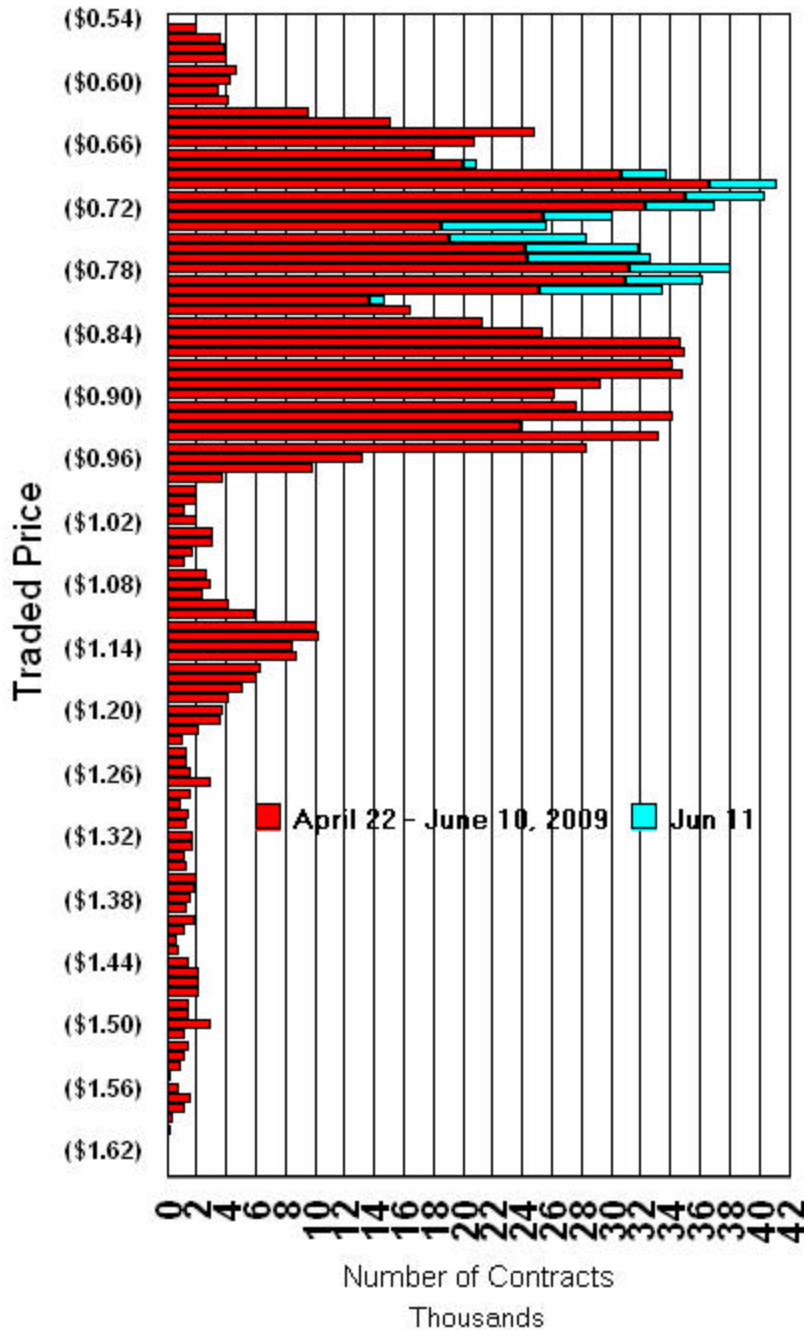
Nigeria's main labor union, the Nigerian Labour Congress, said it will resume its protest rallies next week because the government failed to meet its concerns over fuel prices. It said it will hold a mass demonstration in the northern city of Kano on Monday. It said the government has failed to meet its demands. One of the unions' major demands is that the government drop plans to deregulate the downstream oil sector, which the labor movement fears will lead to further fuel shortages and force pump prices even higher. Also, the government has agreed to set up a committee to negotiate new minimum wage but had yet to produce any concrete results.



Iran's air force is scheduled to hold a week long drill to test its mastery in low-altitude flight operations and bombing tactics in the Persian Gulf and Sea of Oman. The Milad-e Nour-e Velayat aerial drill will begin in the coming weeks.

NYMEX WTI: July Aug Spread Price Vs Volume for April 22 - June 11, 2009

Trade Weighted: 6/9 -.80, 6/10 -0.68, 6/11 -0.75



Diplomats stated that Iran has refused a request by the IAEA to install more surveillance cameras at its Natanz uranium enrichment site. They also stated that they are worried about a recent denial of access to inspectors seeking a surprise visit.

Refinery News

Valero Energy Corp is planning to shut its 235,000 bpd Aruba refinery for two to three months due to poor margins. The shutdown is expected to begin in late June and will be completely offline by early July. It said it will reevaluate the economics before restarting the refinery. It said low margins on distillate products and a narrowing spread between the price of heavy and light crudes make operating the refinery uneconomical now. Separately, Valero Energy Corp said it is still assessing the damage to the crude unit, vacuum and coker unit at its 186,000 bpd St. Charles refinery in Norco, Louisiana following a fire early Tuesday.

ConocoPhillips is restarting a distillate hydrodesulfurization unit at its East Refinery at the Borger, Texas facility starting Thursday through Saturday.

Sunoco Inc's 90,000 bpd fluid catalytic cracking unit at its Philadelphia refinery will begin the process of restarting late Thursday or Friday. The unit was shut on June 4th for unplanned maintenance that was expected to take one week.

Construction workers at Total's 200,000 bpd Lindsey refinery started an unofficial strike on Thursday. The strike has not affected the refinery's operations. Total said it is working with the contractors to try to resolve the situation as soon as possible. Workers at the Lindsey refinery were among hundreds of workers at UK facilities who went on a two day strike in May, protesting the use of foreign labor at the South Hook liquefied natural gas terminal at Milford Haven.

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 06/11/2009									
				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
LC	9	9 C	85	1.72	1.38	1725	1.6	1.6	
LC	9	9 C	100	0.32	0.23	1700	0	0	
LO	12	9 P	70	5.4	5.77	6479	5.6	5.6	
LO	7	9 C	75	0.78	0.55	5726	0.84	0.52	
LO	12	9 C	70	11.49	10.6	5635	11.5	11.5	
LO	9	9 P	50	0.27	0.3	4465	0.3	0.25	
LO	12	9 C	100	1.6	1.35	3854	1.6	1.35	
LO	7	9 P	70	0.72	1.27	3743	1.01	0.58	
LO	9	9 C	90	0.99	0.78	3344	1	0.8	
LO	8	9 P	60	0.53	0.65	3021	0.58	0.48	
LO	12	9 C	80	6.3	5.64	2959	6.3	5.81	
LO	9	9 P	60	1.13	1.27	2955	1.2	1.09	
LO	8	9 P	65	1.23	1.49	2922	1.34	1.1	
LO	12	9 C	90	3.16	2.73	2814	3.1	2.87	
LO	12	9 P	65	3.76	4.04	2802	0	0	
LO	12	9 P	60	2.52	2.73	2553	2.59	2.5	
LO	7	9 C	77	0.34	0.23	2324	0.45	0.22	
LO	7	9 C	78	0.21	0.15	2155	0.22	0.14	
LO	7	9 P	65	0.11	0.24	2123	0.21	0.1	
LO	7	9 C	80	0.07	0.06	1845	0.13	0.03	
LO	9	9 P	40	0.04	0.04	1778	0.05	0.05	
OB	9	9 C	1.94	0.2065	0.1815	295	0	0	
OB	8	9 P	1.4	0.0012	0.0018	275	0.004	0.003	
OB	9	9 C	1.88	0.2422	0.2149	269	0	0	
OB	9	9 C	2.1	0.1309	0.1139	203	0.13	0.13	
OB	12	9 P	1.7	0.1194	0.1298	200	0	0	
OH	8	9 C	1.9	0.1123	0.1013	346	0.1149	0.1125	
OH	1	10 P	1.94	0.1837	0.1921	300	0	0	
OH	9	9 C	2.02	0.1108	0.1006	300	0	0	
OH	11	9 C	2.16	0.1409	0.1315	266	0	0	
OH	11	9 C	2.22	0.1226		261	0	0	
OH	2	10 P	2.08	0.2565		200	0	0	
WA	9	9 P	-0.75	0.36	0.4	750	0	0	
WA	7	9 C	0	0.05	0.08	500	0.05	0.05	
WA	7	9 P	-0.75	0.3	0.27	200	0	0	
WA	7	9 C	-0.75	0.25	0.32	200	0	0	
WA	3	10 P	-0.5	0.62	0.66	150	0	0	
WA	4	10 P	-0.5	0.62	0.66	150	0	0	
WA	2	10 P	-0.5	0.58	0.62	150	0	0	
WA	1	10 P	-0.5	0.56	0.61	150	0	0	
WA	11	10 P	-0.5	0.53	0.54	150	0	0	
WA	10	10 P	-0.5	0.53	0.53	150	0	0	
WA	12	10 P	-0.5	0.52	0.53	150	0	0	
WA	8	10 P	-0.5	0.52	0.52	150	0	0	
WA	9	10 P	-0.5	0.52	0.52	150	0	0	
WA	7	10 P	-0.5	0.53	0.54	150	0	0	
WA	5	10 P	-0.5	0.64	0.68	150	0	0	
WA	6	10 P	-0.5	0.6	0.63	150	0	0	

China's crude oil imports in May increased by 5.5% on the year to 17.09 million tons or 4.02 million bpd, according to the General Administration of Customs. It is the second month of year on year growth this year and the second highest volume on record. The increase in crude imports contrasts to that of net refined fuel imports, which fell by 46.6% on year to 1.63 million tons. In the first five months, crude oil imports fell by 2.4% to 74.16 million tons. An analyst said China may not be able to sustain the surge in imports given the recent price rally. Also, data from the General Administration of Customs showed a fourth consecutive month of record copper imports. Import of unwrought copper and semi-finished copper products reached a new record of 422,666 tons in May, up 5.7% on the month. An analyst however said the collapse of the arbitrage favoring copper imports may also result in lower shipments while a stalemate between China's steel mills, which are seeking a 40-45% cut in annual iron ore prices, and Australian miners, who are offering 33%, could lead to a reduction in imports.

China's Sinopec recently won government approval to build 2.4 million cubic meters or about 15 million barrels of crude oil storage tanks in Rizhao. It also won approval from the

National Development and Reform Commission to build a new crude oil berth that would be able to dock very large crude carriers and a pipeline linking Rizhao and Yizheng in Jiansu province. The Rizhao port will have a crude throughput capacity of 20 million tons/year. China has completed the first phase of state strategic oil reserves bases that can hold about 102 million barrels of oil.

Petral, the trading arm of Indonesia's Pertamina, has issued a second tender to buy sweet crude for August arrival. In the first August tender, Petral bought 1.9 million barrels of sweet crude, down from 5.25 million barrels purchased for July arrival.

Mexico plans to cut its gasoline imports to 22% of total sales by 2017 by expanding its domestic refining capacity. Pemex said Mexico currently imports about 40% of the gasoline it sells. The head of Pemex, Reyes Heróles said the construction of a new refinery at Tula and refinery upgrades at Salina Cruz and Salamanca will increase the country's capacity. He also said the revamp of the Minatitlan refinery will expand capacity by about 100,000 bpd.

Gas oil inventories in independent tanks in the Amsterdam-Rotterdam-Antwerp area in the week ending June 11th increased by 4.74% on the week and by 90.36% on the year to 2.627 million tons. Imports of gas oil to the ARA tanks came from India and the US. Outflows went to West Africa and floating storage. Gasoline inventories increased by 10.84% on the week but fell by 24.97% on the year to 685,000 tons while fuel oil stocks fell by 13.43% on the week and by 22.56% on the year to 580,000 tons. Naphtha stocks increased by 19.39% on the week but fell by 2.5% on the year to 117,000 tons while jet fuel stocks fell by 3.23% on the week but increased by 204.7% on the year to 719,000 tons.

Singapore's International Enterprise said the country's residual fuel stocks fell by 1.463 million barrels to 18.248 million barrels in the week ending June 10th. It also reported that the country's light distillate stocks fell by 230,000 barrels to 9.442 million barrels while middle distillate stocks built by 1.621 million barrels on the week.

Production News

The July loading plans for the North Sea Brent, Forties, Oseberg and Ekofisk crudes that form the North Sea BFOE benchmark will total about 1.387 million bpd in July, up from 1.257 million bpd in June. The North Sea Ekofisk crude oil production stream is set to load about 379,000 bpd in July, up from about 355,000 bpd in June.

Norway's DNO International linked its future investments in Iraq to quick payment from Iraq for oil exports, which started from its field in Iraq's Kurdish region at the beginning of the month. It has not received payment from Iraq for its oil exports yet. DNO said it will increase exports from its main Tawke field in Kurdistan to 50,000 bpd within four weeks and may launch production at its Benenan field in Kurdistan next year.

Nigeria's largest fuel distributor, Oando Plc is on track to reach its production target of 100,000 bpd within the next four years. The company dismissed concerns of obtaining investment funding that has affected many energy firms, saying all of the company's projects are fully funded. It predicted a world oil price of about \$75/barrel by the end of the year.

Alberta's Energy Resources Conservation Board said output from Alberta's oil sands region will increase to 3 million bpd by 2018. It expects production to more than double over the next nine years from about 1.3 million bpd last year. It lowered its estimate of the remaining recoverable oil sands reserves to 170.4 billion barrels from its 2008 estimate of 172.7 billion barrels due to more detailed technical data. It estimates that 3.7 billion barrels of oil will ultimately be found and recovered in Alberta through conventional methods.

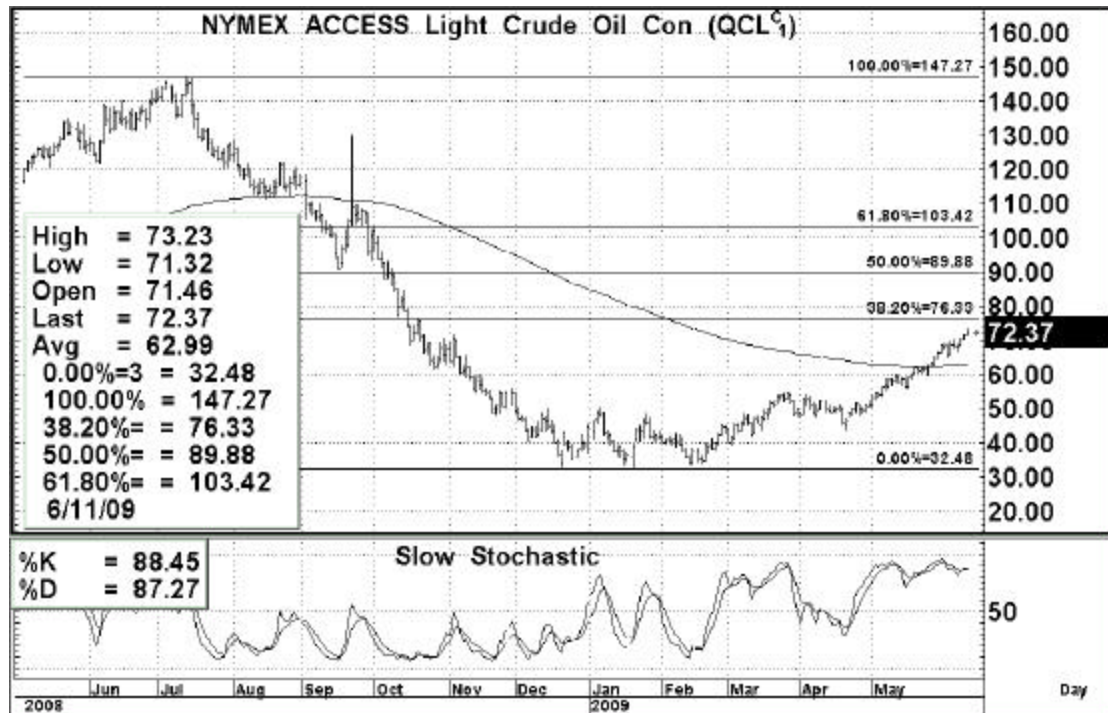
The National Iran Oil Co said it raised the official selling prices of all its crude for July. The price of its Iranian Light crude bound for Northwest Europe was increased by \$1.10 to BWAVE minus \$1.70 while the price of its Iran Heavy crude was increased by \$1.25 to BWAVE minus \$2.40 and the price of its Forozan crude was increased by \$1.25 to BWAVE minus \$2.25. The price of its Iranian Light crude bound for the Mediterranean increased by \$1.35 to BWAVE minus \$2.10, while the price of its Iran Heavy crude was increased by \$1.45 to BWAVE minus \$2.75 and the price of its Forozan crude was increased by \$1.45 to BWAVE minus \$2.60. The price of its Iranian Light crude bound for Asia increased by 44 cents to the Oman/Dubai average plus \$1.74 while the price of its Iranian Heavy crude was increased by 48 cents to the Oman/Dubai average plus 68 cents and the price of its Forozan crude was increased by 48 cents to the Oman/Dubai average plus 73 cents.

Market Commentary

For the first time since August, the International Energy Agency raised its forecast for global demand, which in turn had a positive impact on prices. Prices also gained as equities rose in reaction to lower U.S. jobless claims. This move higher appears to ignore reports that non-OPEC output is expected to rise by 170,000 barrels per day. With the economy showing sluggish signs of improvement coupled, with tumbling U.S. stockpiles and increases in demand by China, the energy markets could edge higher. Gasoline gained strength based upon hopes of improvements in demand in accordance with signs of economic growth. Retail sales rose 0.5 percent for the month of May. This number included sales of gasoline as well as building material. As long as consumers remain confident that the economy is turning around, gasoline could continue to gain. Should higher prices scare consumers away, we should see a correction in prices.

Crude Oil JUL.09 180,539 -41,156 AUG.09 222,437 +29,350 SEP.09 113,491 +8,857 OCT.09 44,346 -475 Totals: 1,208,771 +5,092 N.Y. Heating Oil (HO) JUL.09 52,101 -3,348 AUG.09 39,750 +816 SEP.09 31,582 +92 OCT.09 20,572 +1,774 Totals: 281,105 - 474 NEW YORK HARBOR RBOB (RB) JUL.09 68,291 -3,845 AUG.09 57,656 +4,673 SEP.09 37,084 +2,289 OCT.09 18,611 +1,648 Totals: 220,357 +5,728

Crude oil spot continuation chart. Prices continue to work towards 76.33, the 38.2% retracement between 147.27 and 32.48. Moving oscillators, although in over bought territory, are pointing higher still. Based on this chart, we would look for prices to continue higher, with a test at the aforementioned resistance level.



Daily bar chart for July gasoline. Prices continue to trade within the ascending channel, trading slightly above it but settling back within the channel. We would look to use the channel top as a pivotal area, buying breaks above and selling failed breakouts. Slow stochastics are trending in over bought territory, but have not crossed to the downside.



Crude Support	Crude Resistance
Spot 200 day MA 62.63, 60.50 , 59.85, 58.90, 56.75, 55.45, 54.49,	74.50, 76.10
Heat Support	Heat resistance
1.8300, 1.7545, 1.7400, 1.6780, 1.6512, 1.6235, 1.5615	1.83000, 1.8844, 1.9090, 1.9500329
Gasoline support	Gasoline resistance
1.9945, 1.9211, 1.5370, 1.5260, 1.3560, 1.3400, 131.80, 1.2700, 1.2625	2.0695, 2.1600

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