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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR AUGUST 13, 2009

The head of Libya's National Oil Co, Shokri Ghanem said world oil demand has yet to show any sign of increasing and added that the market is oversupplied. He said it is too early to predict whether OPEC needed to make further changes to its oil output target when it meets in September.

According to Oil Movements, OPEC's oil exports are expected to increase by 70,000 bpd to 22.53 million bpd in the four weeks ending August 29th. It estimates OPEC is meeting about 70% of its promised cutbacks.

Market Watch

There are three tropical systems brewing in the Atlantic Ocean, which have the potential to develop into a tropical storm or hurricane over the next several days. Currently, one of these tropical waves is expected to cross over Cuba, Puerto Rico, Jamaica and part of South Florida, bringing with it drenching showers and gusty thunderstorms. It is also expected that this wave may reach into the Gulf of Mexico. The two other systems may turn towards the East Coast next week. In all cases the systems will move over very warm waters, which would contribute to development. It is possible by early next week that we have as many as three named Atlantic Basin systems: Ana, Bill and Claudette in operation at the same time.

Barclays Plc said the IEA remains too bearish on its outlook for oil demand this year and has overlooked US industrial output that will increase consumption in the coming months. It said the IEA is not accounting for signs of an economic recovery in the US. The IEA said world oil demand will increase in the second half of 2009 by about 300,000 bpd, far less than a 1.8 million bpd forecast by OPEC and a 1.9 million bpd forecast by the EIA. Barclays pegs the increase at 2.1 million bpd.

In economic news, the US Commerce Department said US retail sales unexpectedly fell in July by 0.1%. Economists had forecast a 0.8% increase in July retail sales. June sales increased by 0.8%, revised up from an originally reported 0.6% increase.

The Labor Department said the number of US workers filing initial claims for unemployment benefits increased by 4,000 to 558,000 on a seasonally adjusted basis in the week ending August 8th. The four week average of new claims increased by 8,500 to 565,000, the highest level since July 18th. The total number of continuing claims fell by 141,000 during the week ending August 1 to 6,202,000, the lowest level since April 11.

Traders said surcharges have been imposed for freight shipping due to low water levels on the Danube River.

Iran has asked the UN to consider a proposal which bans attacks on nuclear installations. The request was made in a letter sent to the IAEA's Director General Mohamed ElBaradei.

August Calendar Averages
CL – \$70.95
HO – \$1.9125
RB – \$2.0400

The Nigeria Labor Congress started the second phase of its protest rallies against a planned deregulation of the country's downstream oil sector.

Refinery News

According to a report from the US Coast Guard, Citgo Petroleum Corp's 167,000 bpd Lemont, Illinois refinery experienced an upset on Tuesday that resulted in sulfur dioxide emissions. A Citgo spokesman did not provide details on whether production at the refinery was affected.

Suncor is restarting units at its Edmonton, Alberta refinery that were shut following a loss of hydrogen and steam supply. A Suncor spokeswoman declined to say which production units were idled or how long it would be before the refinery returns to full operations.

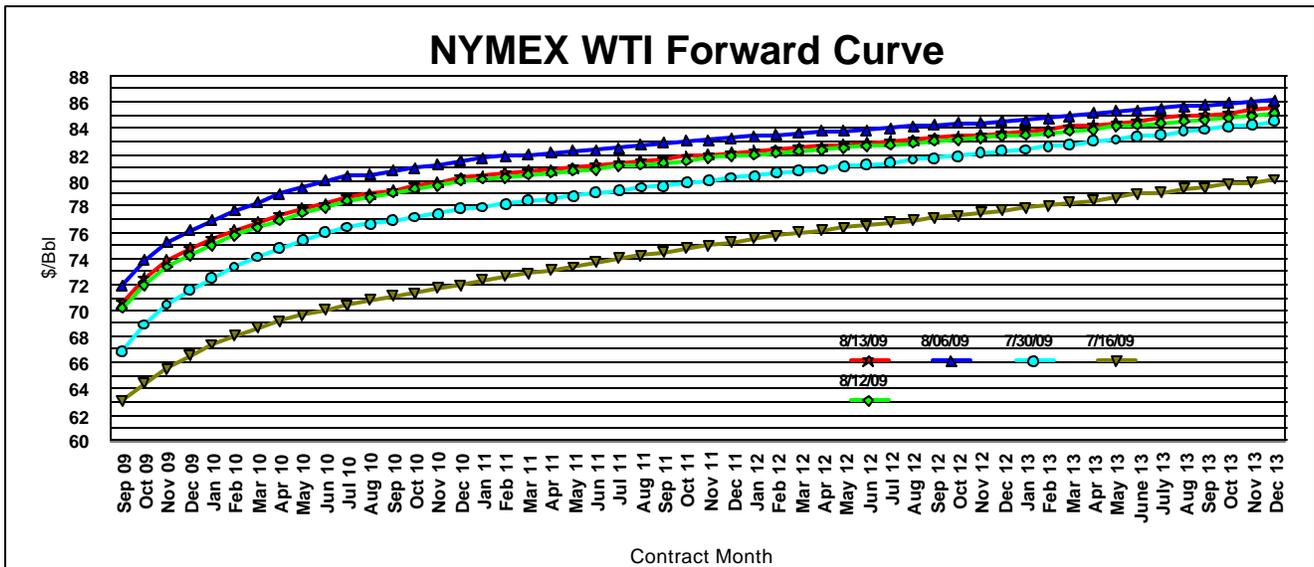
Total's 117,000 bpd Feyzin oil refinery has not been impacted by a pipeline incident in France last week. Feyzin is one of four refineries in France, Germany and Switzerland supplied by a pipeline that on Friday spilled crude oil.

Separately, Petroplus said it shut its Cressier refinery in Switzerland and reduced operations at Reichstett in France following the pipeline incident.

Germany's Miro refinery in Karlsruhe, Germany has been using an alternative pipeline for crude oil supply following last week's incident at another pipeline linked to the plant. Miro is receiving more crude oil via the Transalpine Pipeline after another line run by Societe du Pipeline Sud-European burst.

BP Plc said it restarted operations at its 137,000 bpd Kwinana refinery in Western Australia following a pump failure. The refinery was shut early last week following an unexpected failure of a pump that was used in the manufacturing of unleaded petrol but repair work has already been completed with no impact on supplies. However plans by union workers to escalate work stoppages could impact a planned maintenance in coming weeks. A union said it would increase daily work stoppages at the refinery to five hours from the previous one hour due to a wage dispute.

Royal Dutch Shell will build a new hydrodesulphurization plant at its 400,000 bpd Pernis refinery in the Netherlands to increase production of cleaner fuels. The unit is expected to come onstream in the second half of 2011 and will produce low-sulfur fuel.



China's Sinochem is building its first wholly owned refinery in southern China. It is building a 240,000 bpd refinery in Quanzhou city in the southeastern Fujian province, scheduled for completion in 2012. Sinochem is hoping to partner with Kuwait and France's Total.

According to China's energy information portal CI Energy, the country's fuel oil imports in August are estimated to fall by 18% on the month to about 1.8 million metric tons due to lower demand from teapot refineries and the bunker sector.

Singapore's International Enterprise reported that the country's residual fuel stocks built by 1.953 million barrels to 21.273 million barrels in the week ending August 12th. It also reported that the country's light distillate stocks built by 288,000 barrels to 10.404 million barrels while its middle distillate stocks built by 499,000 barrels to 14.333 million barrels.

Gas oil inventories in independent tanks in the Amsterdam-Rotterdam-Antwerp area increased to record highs due to the continuing contango trading play and relatively weak demand. It said gas oil inventories in the week ending August 13th increased by 2.15% on the week and by 60.86% on the year to 2.897 million tons. Gasoline inventories fell by 3.41% on the week and by 24.21% on the year to 651,000 tons on continuing runs cuts at European refineries and demand from Americas and Africa. Fuel oil stocks increased by 22.2% on the week but fell by 32.93% on the year to 501,000 tons, while naphtha stocks fell by 15.96% on the week and by 34.17% on the year to 79,000 tons and jet fuel stocks fell by 2.39% on the week but increased by 102.61% on the year to 776,000 tons.

Germany's MWV reported that sales of oil products fell by 9.6% on the year in July to 6.15 million metric tons. Germany's gasoline sales fell by 1.5% on the year to 1.77 million tons while diesel sales increased by 0.5% to 2.7 million tons. Heating gasoil sales fell by 31.5% on the year to 1.23 million tons while fuel oil sales fell by 14.8% on the year to 450,000 tons.

Production News

Norway's North Sea Gullfaks crude oil stream is scheduled to load about 215,433 bpd or 6.46 million barrels in September, up from 176,290 bpd or 5.47 million barrels in August.

CITIC Resources Holdings said it will start producing its first domestic crude in the second quarter of 2010 in the Bohai Sea off the coast of northern China. It said the offshore Yuedong field in the Hainan-Yuedong block in Bohai would peak at about 36,000 bpd in 2014. Yuedong was estimated to have recoverable proven, probable and possible oil reserves of about 63.5 million barrels.

Mexico's Pemex said it needs oil to average above \$70/barrel to sustain a \$19.5 billion investment plan this year aimed at developing deep-sea wells. Mexico plans to spend a record amount this year and \$20 billion annually next year through 2012 to fund exploration in waters deeper than 500 meters and at its Chicontepec development.

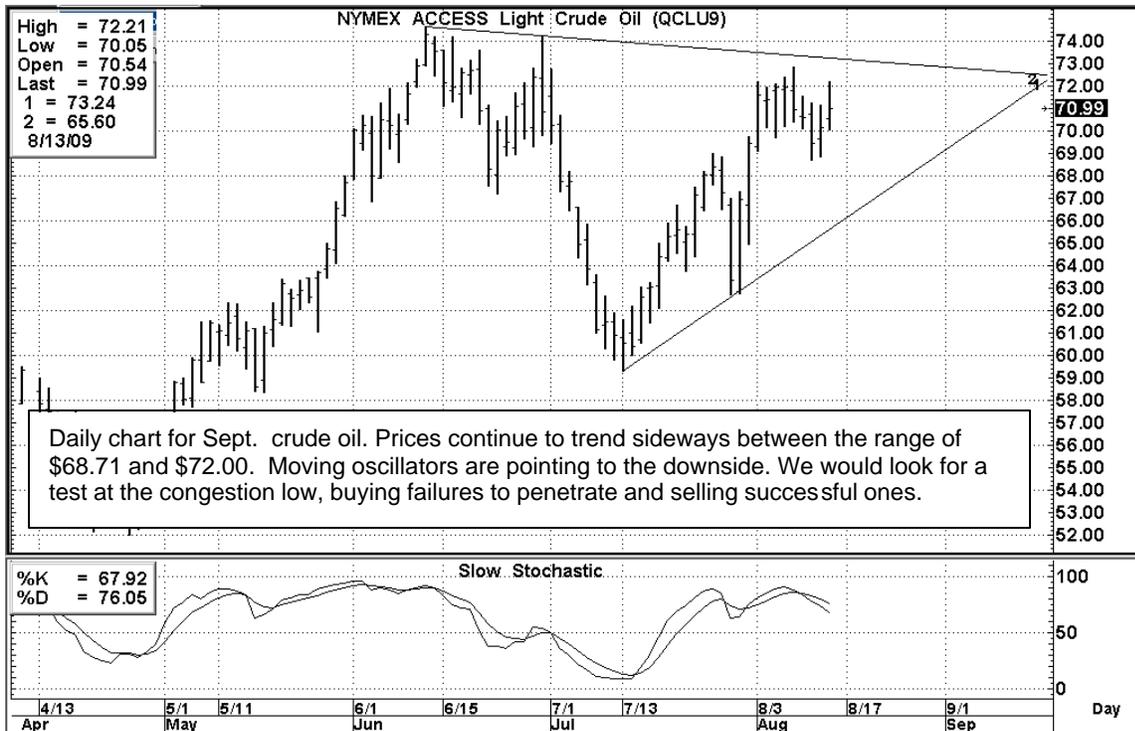
OPEC's news agency reported that OPEC's basket of crudes fell further to \$71.04/barrel on Wednesday from \$71.06/barrel on Tuesday.

Market Commentary

A late session sell-off in U.S. stocks helped push crude oil well off of its highs of the day. Disparaging retail sales figures and an unexpected jump in U.S. jobless claims helped to put a lid on prices. Currently, there are three tropical waves forming over the Atlantic Ocean, with two of these features having the possibility of turning into a tropical storm or hurricane. One of these developing systems is cause for concern due to its potential to organize over the Atlantic Ocean as it heads towards the Gulf of Mexico. This system has a better than average chance to become a tropical depression or storm by

the weekend as it tracks westward. Should this occur, prices have the possibility of reaching over \$80.00 a barrel. From a technical standpoint, prices appear to have more downside potential. Barring any major developments in the aforementioned weather conditions, we would look for the September contract to test support set at \$68.70.

Crude Oil (SEP.09 167,244 -31,376 OCT.09 188,928 +25,603 NOV.09 96,343 +9,543 DEC.09 160,362 +70 JAN.10 39,835 -392 FEB.10 29,554 +465 Totals: 1,180,791 +8,406 Heating Oil (SEP.09 53,257 -3,669 OCT.09 52,232 +5,238 NOV.09 30,724 +1,285 DEC.09 43,153 +991 JAN.10 21,879 +180 FEB.10 15,309 +195 Totals: 310,551 +4,728 Harbor RBOB SEP.09 76,207 -3,629 OCT.09 53,066 +5,175 NOV.09 25,370 +2,664 DEC.09 28,442 +1,785 JAN.10 11,911 +87 FEB.10 3,738 +36 Totals: 222,393 +6,836



Crude Support	Crude Resistance
68.70, 66.20, 63.74, 62.70, 61.61, 60.95,	72.85. 73.38, 74.50, 76.13
Heat Support	Heat resistance
1.8775, 1.8655, 1.8000, 1.7340, 1.4220, 1.4130, 1.3720	2.0000, 2.0420, 204.65
Gasoline support	Gasoline resistance
1.9841, 1.9490, 1.9070, 1.8450, 1.7989, 1.7895, 1.5887, 1.5370, 1.5260, 1.3560, 1.3400,	2.1100, 2.1600, 2.3350

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