



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR NOVEMBER 3, 2005

The IEA's chief economist Fatih Birol said the price of oil could increase by 50% by 2030 if Saudi Arabia does not invest in oil production. He said Saudi Arabia would have to almost double its current oil production of 10 million bpd to meet expected demand in 2030.

According to Oil Movements, OPEC's crude oil exports are

expected to fall by 110,000 bpd to 24.9 million bpd in the four weeks ending November 19 compared with 25.01 million bpd in the four weeks ending October 22 as demand for westbound sailings fall.

Market Watch

The World Bank forecast China's GDP growth at 9.3% for this year and 8.7% for 2006 with consumer price inflation averaging 2% in both years. It said recent developments strengthened the case for projecting a very soft landing.

China's Logistics and Purchasing Association reported that prices paid by Chinese manufacturers for production materials fell by 1.4% in October from September. It said prices will maintain a slight downtrend in the coming months as supply of resources is increasing faster than demand.

New orders at US factories fell by 1.7% in September as orders for both durable and non-durable goods fell. It was the second fall in three months in factory orders and followed an upwardly revised 2.9% increase in August. Analysts had expected a 1% decline.

Refinery News

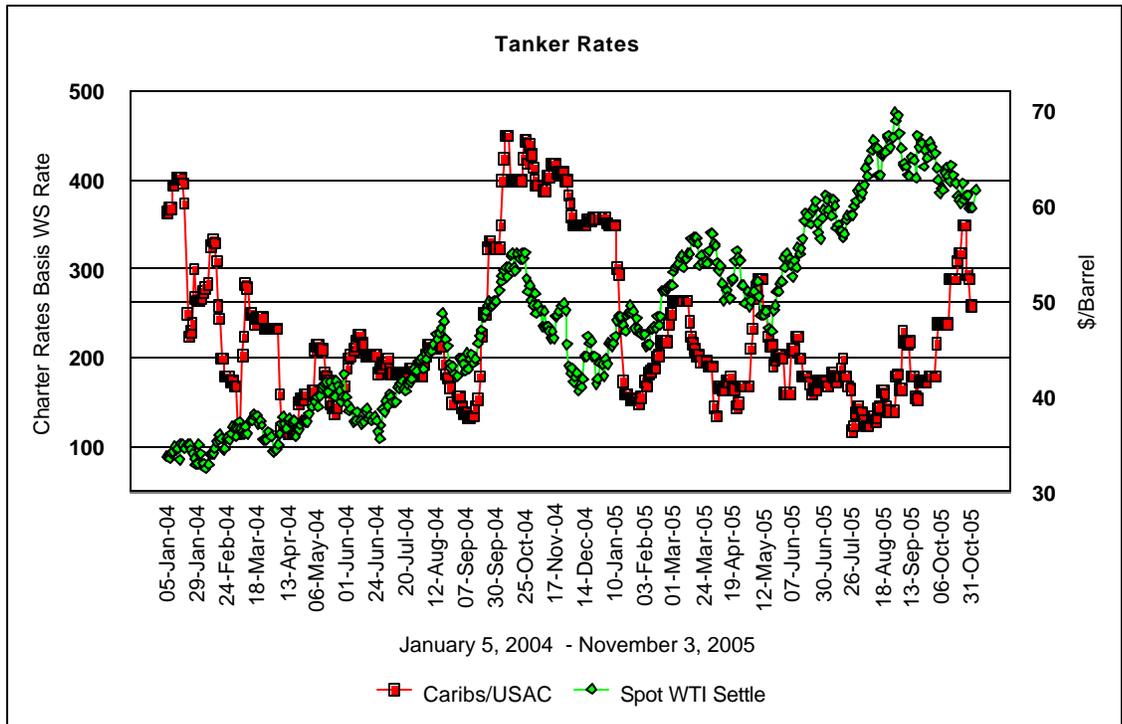
Motiva Enterprises LLC's 275,000 bpd Port Arthur, Texas refinery reported a problem with a compressor associated with a fluid catalytic cracking unit. A report filed with the Texas Commission on Environmental Quality did not specify whether the incident affected the catalytic cracker.

Shell reached an agreement with the unions to end a strike over pensions on Thursday. A negotiator for the CNV union said Shell met the demands of the unions to offer workers the opportunity to retire at around 60 years of age. In return, workers would start paying towards their pension. Earlier sources stated that production at most units at Shell's 418,000 bpd Pernis refinery in Rotterdam was cut back by 50%-80% of capacity due to strike action. Also workers at Shell's NAM joint venture were due to start a strike at its plant on Thursday. NAM workers had been set to strike on Wednesday but delayed that by a day after Shell management invited unions to new talks aimed at resolving a strike over pension arrangements. Meanwhile, European oil products were pushed higher by crude and products futures gains amid the strike at the Pernis refinery.

Production at China's oil refineries are expected to rebound to near record levels in November in light of improved margins. Its 12 refineries will process 2.24 million bpd of crude in November, up 4% on the month.

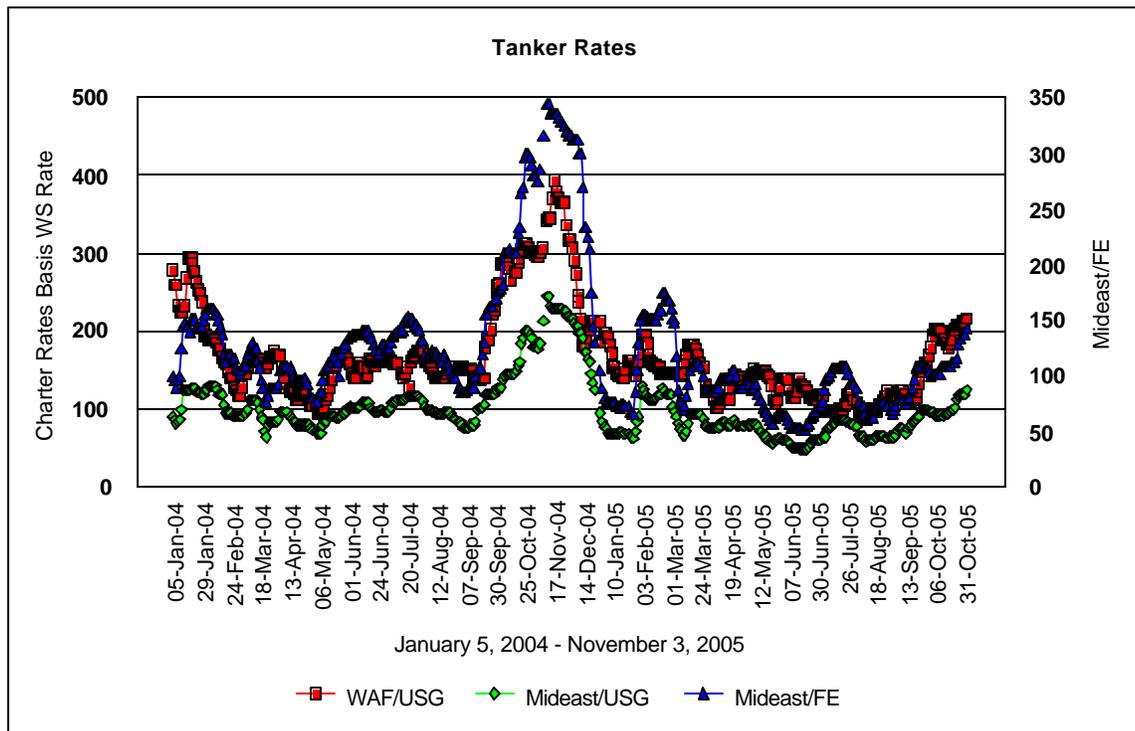
Production News

The MMS reported a major improvement in the amount of shut in oil production in the Gulf of Mexico on Thursday. It reported that the amount of shut in oil production fell by 790,610 bpd, down from 957,978 bpd.



Explorer

Pipeline Co said that operations were halted on Wednesday between its Wood River, Illinois and Chicago terminals after systems indicated the possibility of a small leak. It said shipments on the mainline between the Gulf Coast and Tulsa, Oklahoma were not affected by the shutdown.



Chevron Corp said its Empire, Louisiana oil terminal is full operational for the first time since suffering damage during Hurricane Katrina, restoring a link in the Gulf Coast oil delivery infrastructure. The terminal has the capacity to

take delivery of 400,000 barrels of light sweet crude from the Gulf of Mexico wells. The Empire terminal sends crude oil to Exxon Mobil Corp's Chalmette, Louisiana refinery. Chevron expects to begin delivering crude in to the St. James pipeline on Friday.

Russia's White Sea port of Vitino plans to export 400,000 tons of refined products before the year end to exceed the top end of its target for 2005. A terminal official said exports would amount to about 200,000 tons of fuel oil and gas oil a month in November and December with Lukoil and Sibneft remaining the key shippers.

Petersburg Oil Terminal said it will cut exports to 800,000 tons in November and 700,000 tons in December. A source at the port said tugboat workers may go on strike over pay from November 10, although the port authorities are challenging the strike in court. However the head of the union at the port said even if the strike proceeds, oil product exports would be unaffected.

Socar's oil production was flat on the year falling 0.2% to 7.478 million tons in January-October. Meanwhile Azerbaijan's oil product exports increased by 1.26% on the year to 1.822 million tons in January-September.

Market Commentary

The oil complex settled sharply higher after the markets rallied ahead of the close. The crude, which has continued to find good buying on dips, opened 60 cents higher at 60.35 amid reports that the strike at Shell's 418,000 bpd Pernis refinery was continuing and workers were threatening to extend the strike. The oil market settled in sideways trading pattern from 60.70 to its low of 60.10 early in the session amid the news that the strike had been settled. However it later breached its resistance and traded towards the 61.00 level. The market found further buying as it breached its double top at 61.40 and rallied to a high of 61.85 on the close. The oil market settled up \$2.03 at 61.78. Volume in the crude was light with 156,000 lots booked on the day. The product markets ended more than 5 cents higher with the gasoline market settling up 5.77 cents at 162.68 and the heating oil market settling up 5.07 cents at 183.36. The gasoline market opened up 2.59 cents at 159.50 and traded to 160.70 before it sold off to a low of 157.60 amid the reports that the strike was settled. The market however later bounced off its low and never looked back. It rallied over 6 cents as it posted a high of 163.00 ahead of the close. Similarly, the heating oil market traded to a high of 181.00 but retraced its gains as it sold off to a low of 178.50 early in the session. However it retraced its losses and rallied to a high of 183.50. Volumes in the product markets were light with 29,000 lots booked in the gasoline market and 27,000 lots booked in the heating oil market.

The oil market on Friday may continue to trade higher in follow through buying seen late today. However the market's overall trend is still lower as it remains in its

Technical Analysis			
	Levels	Explanation	
CL	Resistance 61.78, up \$2.03	62.81, 62.95 61.85	Basis trendline, Previous high Thursday's high
	Support	61.40, 61.00, 60.10 58.75	Thursday's low Previous low
HO	Resistance 183.36, up 5.07 cents	186.00 to 187.50, 190.76 183.50	Gap (October 31st), Basis trendline Thursday's high
	Support	182.00, 180.00, 178.50 175.00	Thursday's low Previous low
HU	Resistance 162.68, up 5.77 cents	164.50, 167.00 163.00	Previous highs Thursday's high
	Support	161.50, 159.50 157.60, 155.25	Thursday's low, Previous low

downward trending channel. Even though the news of the strike settlement at Shell's Pernis refinery was mostly shrugged off today, it may help limit the market's gains. It is seen finding resistance at 61.85 followed by 62.81 and 62.95. Meanwhile support is seen at 61.40, 61.00 and 60.10. More distant support is seen at its previous low of 58.75.