The Windham Group
Energy Futures Brokerage

ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR NOVEMBER 10, 2009

Iran said that it was ready to help restore security in Yemen, which is currently engaged in a conflict with the armed Houthi opposition group. This comes a day after the Iranian government warned Middle Eastern governments against interfering in the affairs of Yemen. Earlier this week Saudi Arabia launched attacks against the Houthis along its border. The Houthis are a Shia sect. The Yeman government quickly rejected the Iranian offer.

ICAP estimated today that oil product volumes stored in floating storage has risen to 90.3 million barrels, some 15 million barrels more than just a month ago. Based on current bookings the company expects to see an additional 6.5 million barrels added to floating storage of products. The group also estimated that current floating stocks of crude were 37 million barrels.

Market Watch

Singapore Airlines said today that it has reduced its fuel hedging to 22% of its fuel volumes by the end of October. The company said it had been hedging 30% of its needs. The company said its reduction was the result of its estimates that oil prices will stay around current levels for the near term.

Credit Suisse in a research note to customers yesterday said that they see commodity prices breaking higher bolstered by improving fundamental conditions as the world economy emerges from recession. They feel the trend upward in commodity indices, which appeared to move higher starting in October should last through much of 2010 and possibly even longer. The bank sees energy prices to consolidate and even fall slightly in the fourth quarter, checked by large inventories of heating oil, but prices should begin a sustained rally in 2010 and carry on through to 2011. The bank forecast WTI crude oil rising to $90-$95 by the end of the first quarter of 2011.

The People's bank of China said it would improve the yuan exchange rate mechanism based on capital flows and fluctuations in the values of major currencies. It said it would stick to its loose monetary policy stance and keep sufficient liquidity in the banking system.

China reported overnight that its exports and imports fell more steeply than expected in October from a year earlier. Exports were down 13.8% year on year while imports were down 6.4% year on year. Chinese industrial output was up 16.1% a 19 month high in the year and retail sales were up 16.2%. The government reported that power generation in October increased by 17.1% from a year earlier.

The Intercontinental Exchange announced today the introduction of two cash settled futures contracts based on the Argus Sour Crude Index. The new contracts are the ICE Argus Sour Crude Index, which is an outright contract, and the ICE Argus Sour Crude Index Differential Future, which is the differential between the ASCI and the WTI price. The futures contracts will be listed on ICE and will begin trading on December 7th pending regulatory approval. The exchange previously announced the November 13th availability of two ASCI-based cleared OTC contracts. The ASCI sour crude index represents the daily value of the U.S. Gulf Coast medium sour crude based on physical spot market transactions. The daily price is volume weighted average of all transactions for three grades of Gulf Coast crude combined: Mars, Poseidon and Southern Green Canyon.

Refinery News

Colonial Pipeline said it has allocated shipments of distillate fuels for cycle 65 on its main line north of Collins, Mississippi, as demand exceeds pipeline capacity. Cycle 65 begins closing on November 17th.

Saudi Aramco was expected to shut the crude distillation unit at its Ras Tanura refinery in mid-December for planned maintenance. The 325,000 b/d crude processing unit was expected to be off line for 30-50 days.

The Petroleum Association of Japan reported that for the week ending November 7th. Kerosene stocks in Japan rose just over 1% on the week but still stood at some 22% below last year. Crude oil stocks were essentially unchanged on the week.

ExxonMobil said Wednesday that it has restarted a vacuum distillation unit at its Joliet, Illinois refinery earlier this week after completing scheduled maintenance.

PDVSA said a minor spill occurred at the El Palito refinery due to the overflow of a containing wall for effluents. The company did not say if the 140,000 b/d refinery was shut down after the spill was discovered.

Royal Dutch Shell said the commissioning phase of a mega Pearl gas to liquids, or GTL, project in Qatar, has started the company announced today. The project's central control room has been completed. The $18 billion project is scheduled to begin commercial operations by the end of 2010.

Production News

The U.S. Minerals Management Service reported this afternoon that as of midday today, according to the 30 companies reporting (some 13 less than yesterday) 401,120 b/d of crude production remained shut in, some 59,079 b/d less than Tuesday and only 0.532 bcf/d of gas production some 425 MMcf/d less than yesterday.

A spokesman for the LOOP this morning said the facility remained shut for tanker unloading early Wednesday but was expected to reopen later in the day. The facility remained closed this morning due to sea conditions. Late in the afternoon, the company announced the facility should resume normal operations Thursday.

OPEC raised its monthly forecast for world oil demand growth for 2010 by 50,000 b/d to 750,000 b/d. It said its while signs were pointing to rebounding demand there were risks to the downside. "A potentially weak economic recovery along with higher prices are the two main factors that may dampen world oil demand in the coming year." OPEC said demand for its crude oil in 2010 would be 28.51 mbd. The cartel said it remains to be seen that if the economic recovery materializes, whether demand would return to pre-crisis levels.

Gazprom Neft said Wednesday that it had signed a memorandum of understanding with the NIOC to study the development of two Iranian oilfields, the Azar and Shangule deposits.

Royal Dutch Shell has restarted operations at its 115,000 b/d EA oilfield in Nigeria. The field has been off line for two months to repair a floating production storage and offloading unit. Production resumed on November 8th and is ramping up currently.

Russia is likely to raise its oil export duty in December to between $271 and $273 per tonne, up 17-18% from the current month.

Qatar's oil minister said today that he did not expect OPEC to substantially alter output plans when it meets next month, given that oil inventories remain high and there is no shortage in the market. He noted the current 62 days of forward supply of oil inventories would need to slide back towards levels seen two to three years ago of just 52 days of forward supply before OPEC should consider a production change.

China reported this morning that its October crude imports totaled 19.34 million tones compared with 17.2 million tones in September and up 19.7% from a year ago. Imports for the first 10 months rose 9.4%.

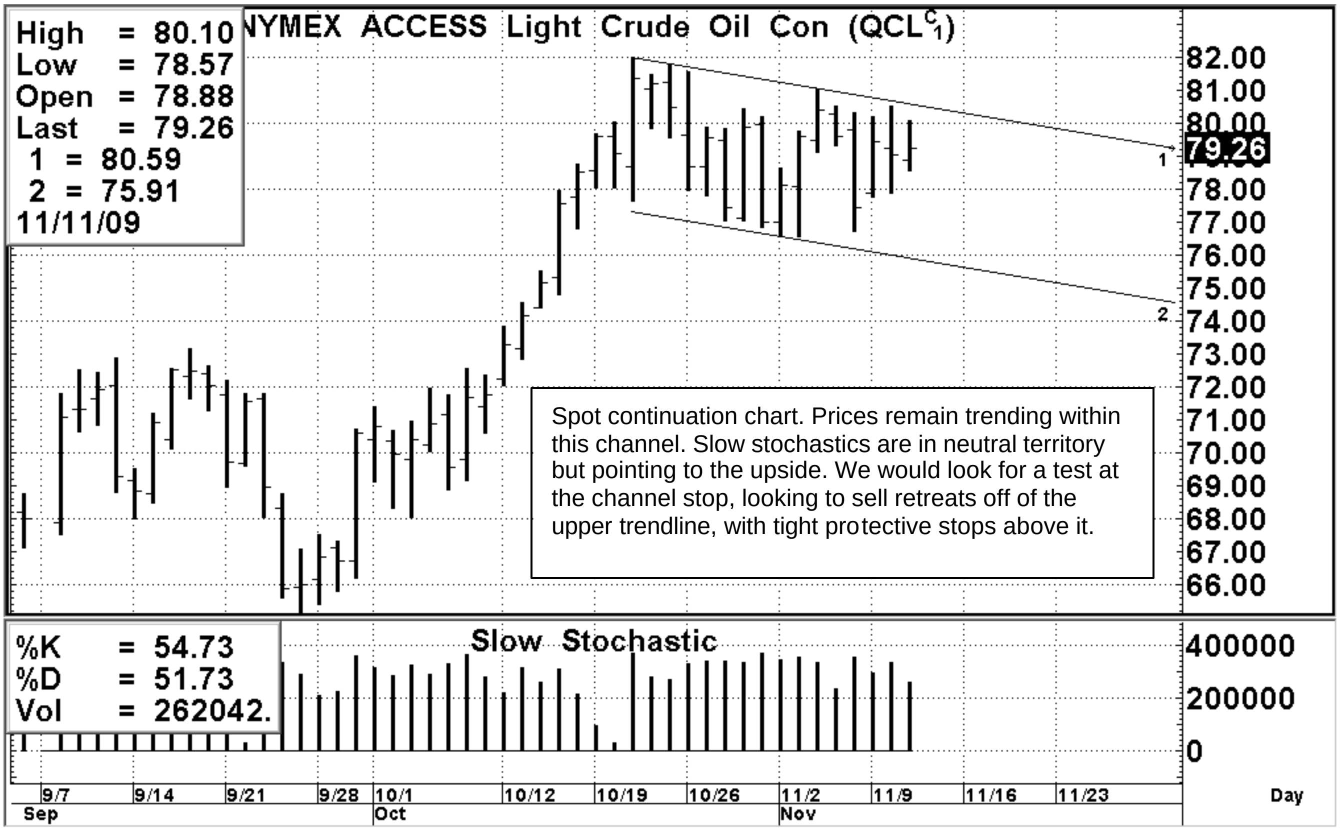
Nigeria's foreign ministry said today that Nigeria would ban gas flaring starting January 2010. Nigeria the world's second biggest gas flarer after Russia accounts for 13% of the gas flared worldwide. The government said the nation would be able to save enough gas for its local needs and also meet demands for the West African gas pipeline as well as the Trans-Saharan gas project.

All three of Mexico's main oil exporting ports in the Gulf of Mexico were closed due to bad weather. The ports were closed Tuesday afternoon due to poor weather

<u>Market Commentary</u>

Crude oil experienced an early session run – up as it responded to Chinese crude oil imports, which posted their second – highest level ever. Increased production in China sparked an increase in fuel demand. There was also an increase in their industrial production and trade surplus, which was viewed as a signal that an economic recovery in the world's second biggest oil consuming country is occurring. Prices fell as the dollar rebounded and commodities lost their appeal as a financial hedge. Crude oil, so far, as continued to struggle above $80.00 a barrel, despite the boost it has received from the equities markets and an ever - changing dollar. Inventory levels and stagnant demand will continue to pull on this market, limiting its upside potential. Worth noting, is the fact that although this market moved $17.00 in a month's time from the end of September to the end of October, volume during that period wasn't any greater on a day to day basis, than it was when the market started to fall off to its recent low of $76.56. Volume remains steady, as this market appears to be consolidating between the range of $82.00 and $76.50. The descending channel that can be depicted on the spot continuation chart has provided good buying and selling points in this market. Moving oscillators remain trending in neutral territory, with percent K trending slightly above percent D. Based on this, we would look for the market to test the top of the aforementioned channel ($80.50). We would be comfortable sellers up at this level, working with tight stops above for protection.

Crude DEC. 244,084 –14,142JAN.10 245,974 +24,246 FEB.10 74,156 +1,405 MAR.10 63,733 +1,022 Totals: 1,235,255 +20,015 Heating DEC.09 67,743 –5,900 Jan.10 72,826 +2,361. FEB 10 32,951 +623 MAR.10 23,803 -107 Totals: 323,655 –1,229 Gasoline DEC.09 62,836 –9,866 JAN.10 79,509 +8,194 FEB.10 21,901 +317 MAR.10 23,909 +546 Totals: 250,273 -325.



Crude Support	**Crude Resistance**
76.24, 75.82, 73.52, 71.52, 64.70, 63.38, 62.70, 61.61, 60.95,	80.50, 84.83, 85.40, 86.60, 88.80
Heat Support	**Heat resistance**
1.9700, 1.8570, 1.7670,	2.2110, 2.2575, 2.4200
Gasoline support	**Gasoline resistance**
1.9210, 1.9065, 1.8840, 1.8480, 1.7900	2.1100, 2.1600, 2.3350