



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR NOVEMBER 12, 2009

The IEA warned that the recent rise in the price of oil risks derailing the recovery as it continues. It increased its 2009 world oil demand estimate by 210,000 bpd from its previous estimate to 84.8 million bpd following a strengthening of the world economy. Next year, world oil demand is expected to average 86.2 million bpd following strong than expected preliminary data in North America and increased demand in non-OECD Asia and the Middle East. In regards to China's oil demand, the EIA estimates

Market Watch

The US Labor Department reported that the number of initial claims for unemployment benefits fell by 12,000 to 502,000 in the week ending November 7th. It is the lowest level since January 3rd. The previous week's level was revised to 514,000 from 512,000. The four week moving average of new claims fell by 4,500 to 519,750 from the previous week's revised average of 524,250. It reported that the number of continuing claims fell by 139,000 to 5,631,000 in the week ending October 31st.

The US Transportation Department said the US Freight Transportation Services Index fell in September to its lowest level since 1996. The index fell 9.9%, also the largest September year on year decline.

The Baltic Exchange's main sea freight index was close to reaching a new 2009 high on Thursday with Chinese demand for iron ore and coal driving the gains. The index increased 5.5% or 206 points to 3,964 points and was at its highest since June 22nd. The Baltic's capsize index increased by 7.13% on Thursday and was its highest level since July 1st.

Traders and shipbrokers said 980,000 tons or 7.35 million barrels of Asian distillates are provisionally booked for November lifting to be stored off Europe, adding to the 83.5 million barrels held in tankers worldwide.

Mexico's Pemex said it will invest \$12.1 billion in new pipeline projects and maintenance of its existing facilities over the next 10 years in a bid to increase output. Over the next 5 year, Pemex will spend \$5.5 billion to build new pipelines, pumps and storage facilities.

ICE Clear said physical delivery against the expired ICE November gas oil futures contract was 357,500 tons or 3,575 lots, up from 210,000 tons in October.

DOE Stocks

Crude – up 1.762 million barrels
Distillate – up 349,000 barrels
Gasoline – up 2.56 million barrels
Refinery runs – down 0.7%, at 79.9%

China's oil demand will average 8.3 million bpd in 2009, up 5.7% on the year. It is up 40,000 bpd from its previous estimate. The IEA however said demand for OPEC crude will fall by 190,000 bpd in 2010, more than the 160,000 bpd decline that OPEC itself forecast. In regards to OPEC's oil production, OPEC production in October increased by 150,000 bpd to 26.48 million bpd. It said compliance with

output cuts fell to 61% in October from 64% in September. Production from all 12 OPEC members increased to 28.95 million bpd last month. Saudi Arabia produced 8.2 million bpd in October, up 1.9% from its 8.051 million bpd quota. The EIA also stated that stocks of oil in OECD countries are still very high, although stocks fell to the equivalent of 60 days of forward demand at the end of September, down from 60.9 days at the end of August. Global oil refiners will process less crude in October-December than previously expected, as high crude prices and weak end-user demand has hit profit margins. It cut its fourth quarter estimate by 300,000 bpd to 72.8 million bpd. Initial data showed crude runs averaged 73.1 million bpd worldwide in the third quarter.

<p>November Calendar Averages CL – 78.88 HO – 2.0480 RB – 1.9786</p>

According to Oil Movements, OPEC's oil exports, excluding Angola and Ecuador, will increase by 180,000 bpd to 22.75 million bpd in the four weeks ending November 28th. It estimated OPEC was meeting over 60% of its promised cutbacks.

Refinery News

The Louisiana Offshore Oil Port resumed normal tanker unloading operations after rough seas had forced it to shutdown since Sunday.

ConocoPhillips will carry out repairs at a fluid catalytic cracking unit at its 247,000 bpd Sweeny, Texas refinery from November 12th-14th due to a leak on an expansion joint on the overhead line from the reactor.

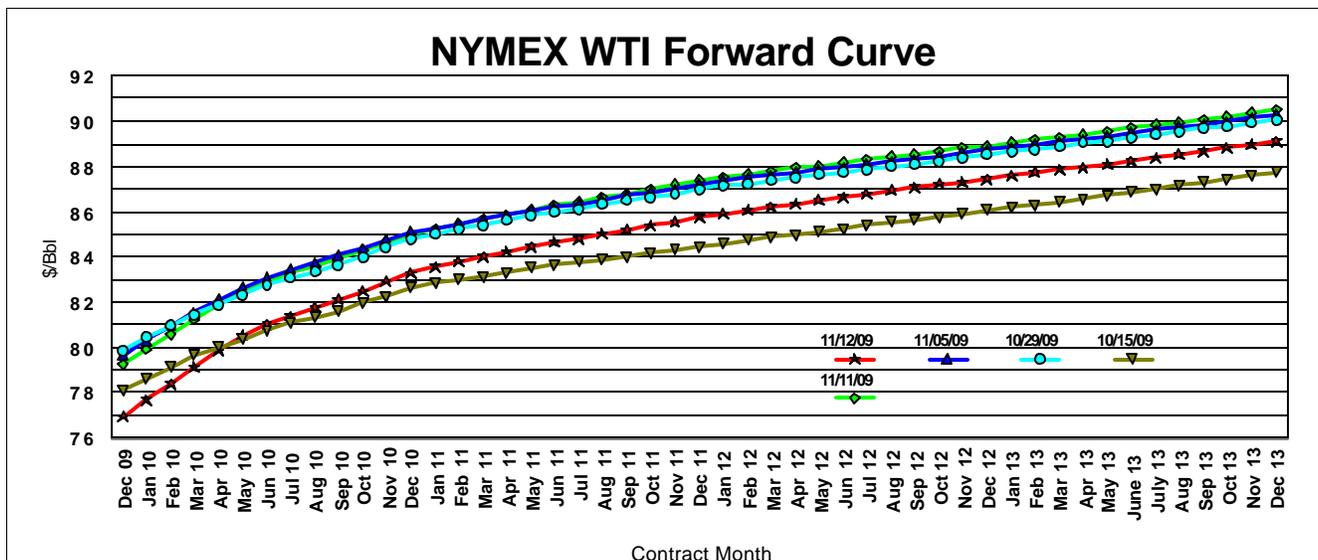
Royal Dutch Shell Plc said maintenance is underway at its Scotford refinery in Alberta, Canada late Wednesday and will cause flaring for a 24 hour period.

Indonesia's Pertamina has shut a hydrocracker unit at its 120,000 bpd Dumai refinery for scheduled maintenance that will take more than two weeks.

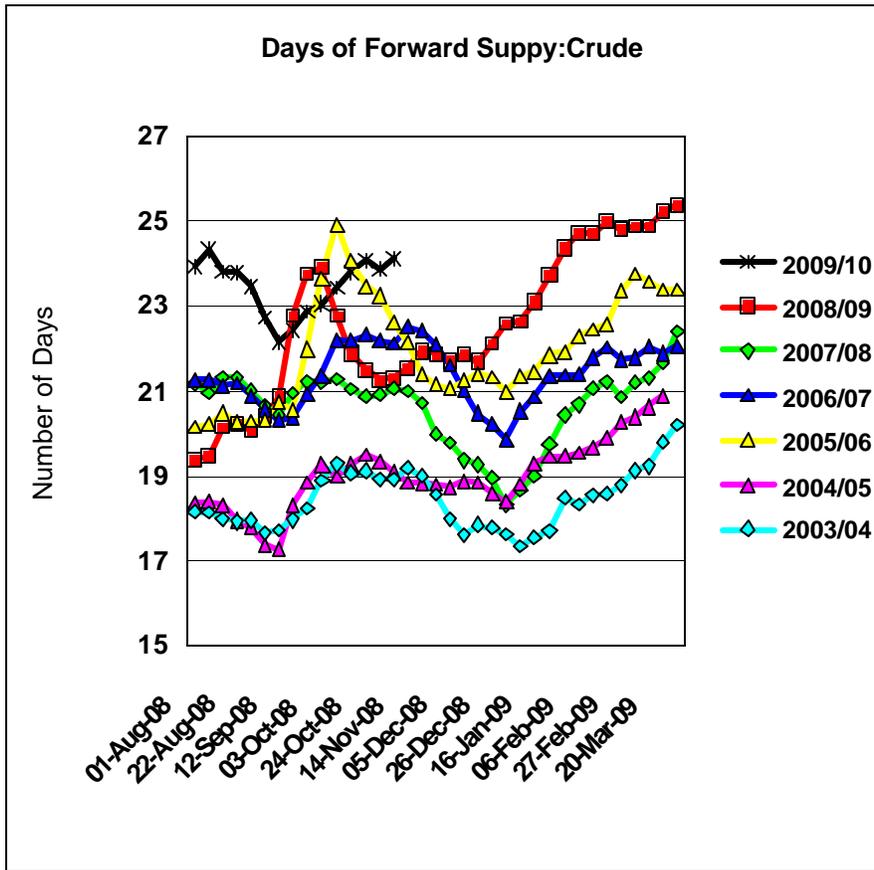
Taiwan's Formosa Petrochemical Corp will shut a 180,000 bpd crude distillation unit for 40 days and an 84,000 bpd residual fluid catalytic cracking unit for 50 days starting March of next year for maintenance.

Saudi Aramco has sold two cargoes of 380 centistoke fuel oil for late November lifting from Jubail, bringing its total exports so far this month to three cargoes, similar to October's level.

Gas oil stocks in independent storage in the Amsterdam-Rotterdam-Antwerp terminal increased by 3.56% on the week and by 73.92% on the year to 2.767 million tons during the week ending



November 12th. Gasoline stocks fell by 2.27% on the week but increased by 20.56% on the year to 733,000 tons while fuel oil stocks fell by 15.68% on the week but increased by 36.17% on the year to 640,000 tons. Naphtha stocks fell by 18.18% on the week and by 63.27% on the year to 36,000 tons while jet fuel stocks fell by 8.05% on the week but increased by 47.98% on the year.



Singapore's International Enterprise reported that the country's residual fuel stocks built by 180,000 barrels to 21.133 million barrels in the week ending November 11th. It also reported that the country's light distillate stocks fell by 159,000 barrels to 9.438 million barrels while its middle distillate stocks built by 154,000 barrels to 13.450 million barrels on the week.

Production News

The US Minerals Management Service reported that about 2.22% of oil production and 2.66% of natural gas production in the US Gulf of Mexico remained offline after production was disrupted due to Tropical Storm Ida. It said about 28,889 bpd of oil and 186 million cubic feet/day of natural gas remained shut in.

Mexico reopened three of its main oil exporting ports, the Cayo Arcas, Coatzacoalcos and Dos Bocas ports, in the Gulf of Mexico on Thursday after they were closed due to bad weather conditions.

The North Sea Statfjord crude stream is scheduled to load seven cargoes of 855,000 barrels each or a total of 193,000 bpd in December, down from 199,500 bpd in November. Separately, the North Sea Gullfaks crude stream is scheduled to load 248,000 bpd in December, down from 256,500 bpd in November.

Norway's Petroleum Directorate reported that the country's oil production increased to 1.954 million bpd in October from 1.868 million bpd in September. Production of natural gas liquids and condensate increased to 340,000 bpd in October from 304,000 bpd in September.

Kazakhstan increased its oil and gas condensate output in January-October by 7.8% on year to 63 million tons. It plans to produce 75 million tons of oil and condensate this year, up from 70.7 million tons in 2008.

China's CNOOC Ltd said production at one of its oil fields on China's Bohai Bay was halted after it was hit by strong winds. The BZ25-1 field, which has a production rate of 27,000 bpd, has been closed since Tuesday.

A.P. Moller Maersk's chief executive Nils Smedegaard Andersen said the company is pursuing a high level of oil and gas exploration. However he warned that the unit's output from Qatar's Al Shaheen field will decline over time due to its production sharing agreement and expectations of higher oil prices.

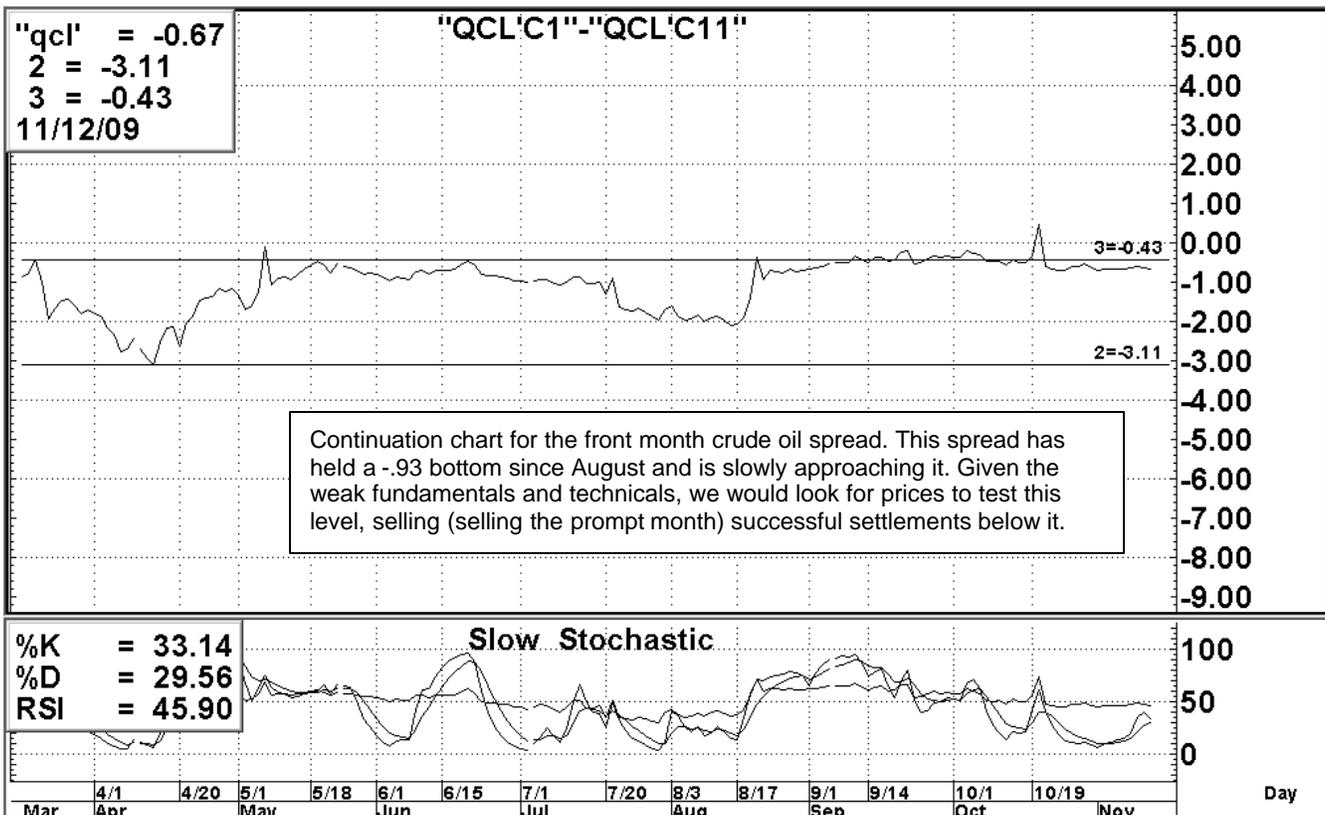
Ecuador's Central Bank reported that the country exported 90.09 million barrels or 328,785 bpd in the first nine months of the year, down 6% from 96.01 million barrels or 350,409 bpd reported last year.

Kuwait has lowered the official selling price for its crude loading in December to Asian customers by 15 cents to 85 cents/barrel below the Oman/Dubai average.

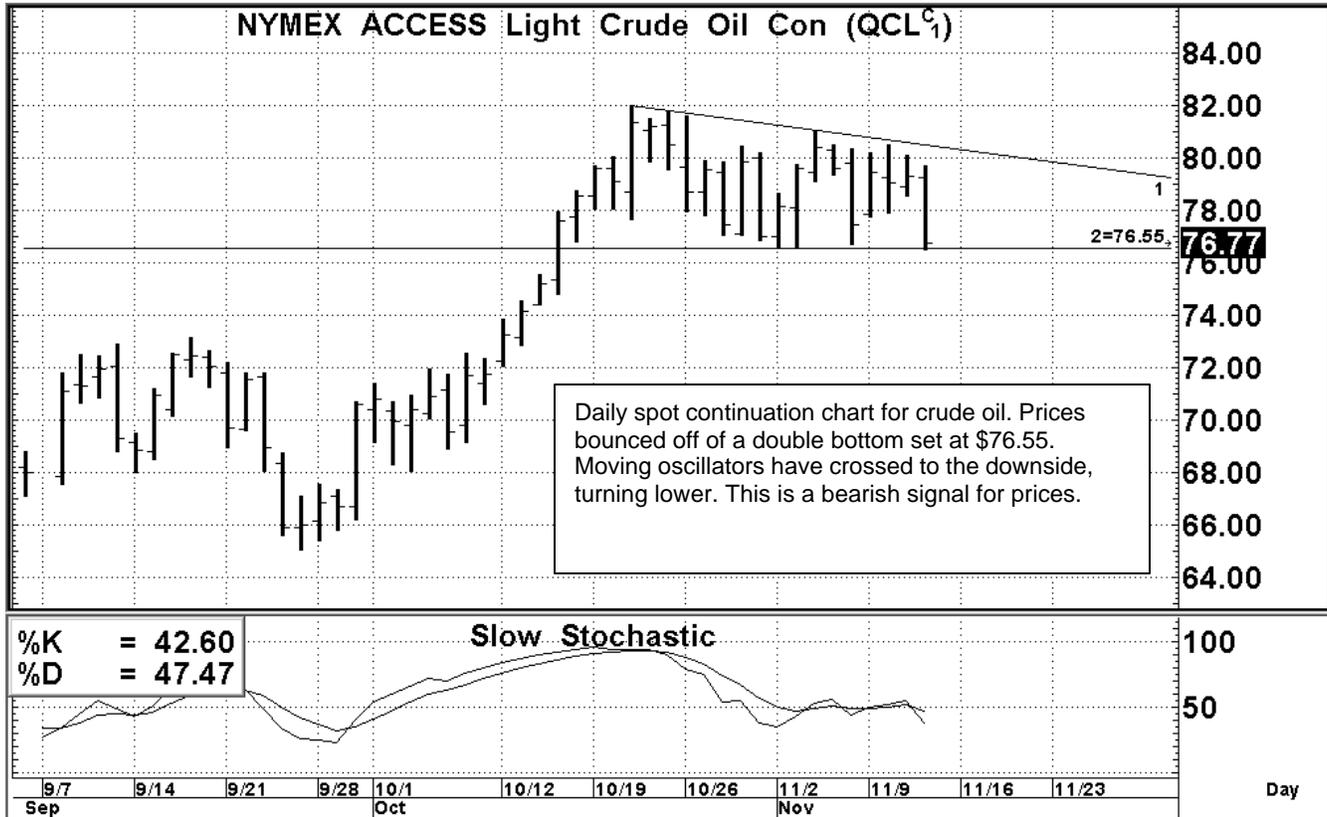
OPEC's news agency reported that OPEC's basket of crudes increased by 39 cents to \$76.89/barrel on Wednesday from \$76.50/barrel on Tuesday.

Market Commentary

Larger than expected builds in U.S. inventory levels sent crude oil and its products spiraling downward. Refiners, feeling the pinch from demand destruction, have cut refinery runs, putting them at their lowest level in more than a year. The front month crude oil spread is slowly approaching a crucial low of -.93. This low has held since August. With current days of forward supply at seasonal highs, we would look for this spread to succumb to additional pressure. Should the December/January spread settle below the aforementioned support number, it could easily fall another dollar. Previous hopes of an economic recovery were dashed, putting investment traders into selling mode, in an effort to stave off investment losses. A lack of follow-through of the December contract upon its penetration of a previous double bottom set at \$76.55 forced weak shorts for cover. Coming into tomorrow's session we would look for a test at this level, selling successful attempts to trade below today's low of \$76.52 and buying unsuccessful ones.



Crude DEC. 227,690 -16,394 JAN.10 266,846 +20,872 FEB.10 73,741 -685 MAR.10 63,987 +254
 Totals: 1,245,322 +10,067 Heating DEC.09 63,493 -4,250 Jan.10 75,313 +2,487. FEB 10 32,989 +38
 MAR.10 24,334 +531 Totals: 322,568 -1,087 Gasoline DEC.09 57,610 -5,226 JAN.10 86,331 +6,822
 FEB.10 21,878 -23 MAR.10 24,001 +92 Totals: 252,159 +1,886.



Crude Support	Crude Resistance
76.55, 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

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