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ENERGY MARKET REPORT FOR NOVEMBER 23, 2010

Qatar's Energy Minister Abdullah al-Attiyah said OPEC is not likely to change its production quotas at its next meeting in December in Ecuador if oil prices remain at current levels. He also stated that he was not concerned about Ireland's debt crisis and the potential effect for crude oil demand and prices. The Irish government on Sunday said it formally applied for tens of billions of euros in aid from the European Union and the International Monetary Fund. European Union officials estimate that a rescue package for Ireland may include about 467.1 billion to help finance the Irish government while \$46.9 billion would be earmarked for the country's banks.

Market Watch

The US Commerce Department said the US economy expanded at a slightly faster pace than previously believed in the third quarter. It reported that GDP increased at an annual seasonally adjusted rate of 2.5% in July through September. GDP was previously estimated to have increased by 2% in the third quarter following a 1.7% growth rate in the second quarter.

The National Association of Realtors said sales of previously owned homes fell more than expected in October, possibly due to delayed foreclosures and as banks imposed stricter lending standards. Sales fell 2.2% to a seasonally adjusted annual unit rate of 4.3 million units from September's 4.53 million unit pace. Sales have declined 25.9% over the past year while median prices have fallen 0.9% in the past year to \$170,500.

Genscape will not release its mid-week Cushing Oil Storage Report on Thursday, November 25th due to the Thanksgiving holiday. The next report will be released on Thursday, December 2nd at 10:40 am EST.

The Baltic Exchange's main sea freight index increased on Tuesday with Chinese coal imports increasing activity on the larger capesize vessels. The index increased by 0.92% or 20 points to 2,199 points in the second consecutive session of gains following 17 consecutive days of declines. The Baltic's capesize index increased by 0.22% while its panama index increased by 2.47%.

According to the minutes of the Fed meeting, the US Federal Reserve considered even more drastic options to stimulate the economy before it settled on buying \$600 billion in bonds. The Fed minutes depicted the November policy move in part as an insurance policy against the threat of further disinflation and potentially a bout of deflation. However several participants believed a further increase in Fed credit to the banking system risked future inflation. Its current bond buying program is set to expire at the end of June.

North Korea fired artillery shells at Yeonpyeong, a South Korean island, on Tuesday, killing two soldiers and wounding 17. South Korea was conducting military drills in the area at the time but said it had not been firing at the North. The attack followed revelations over the weekend that North Korea is developing another source of material to make atomic bombs.

API Stocks

Crude – up 5.189 million barrels
Distillate – down 311,000 barrels
Gasoline – down 499,000 barrels
Refinery runs – up 2.1% at 83.6%

UN Secretary General Ban Ki Moon condemned North Korea for firing artillery shells on a South Korean island. He called for immediate restraint. The US also condemned North Korea's artillery attack but said it was too soon to discuss ways the US military might deter the country from another strike. Meanwhile, Russia sees a danger of an escalation in

fighting on the Korean peninsula after North Korea's artillery attacked a South Korean island.

An IAEA report revealed that Iran's uranium enrichment activities were completely halted for at least one day earlier this month, amid speculation the activities were the target of a cyber attack. Last week, computer security firm Symantec Corp said Stuxnet may have been specially designed to disrupt the motors that power gas centrifuges used to enrich uranium. The IAEA said it remained concerned about possible activity in Iran to develop a nuclear payload for a missile. Meanwhile, Iran's atomic chief Ali Akbar Salehi welcomed the new IAEA report on its nuclear program and again denied uranium enrichment was halted one day this month.

According to a SpendingPulse report by MasterCard Advisors LLC, US gasoline demand fell by 0.9% to 9.119 million bpd in the week ending November 19th. The 83,000 bpd decline was the fourth in the past five weeks and the largest in a month. Demand increased by 0.5% or 43,000 bpd on the year. In the last four weeks, demand averaged 9.083 million bpd, down 1% or 94,000 bpd on the year. It reported that the US average retail price of gasoline increased by 2 cents to \$2.88/gallon on the week.

Refinery News

Colonial Pipeline said it was freezing nominations for gasoline and distillate for cycle 63 on its Linden Line 6 as demand for space is greater than capacity.

Enbridge Inc said the restart of its 290,000 bpd Line 6B oil pipeline has been delayed by another day to Thursday. The line was shut last Wednesday for what was supposed to be a two day halt after maintenance checks found areas that required further inspection.

Shell Oil's 360,000 bpd Houma, Louisiana to Houston, Texas crude oil pipeline has restarted after it was shut due to a leak last week.

The US Coast Guard said the Houston Ship Channel was reopened after it was closed early Tuesday morning due to fog. There were 14 inbound vessels waiting to enter the channel while eight were scheduled to leave by early Tuesday.

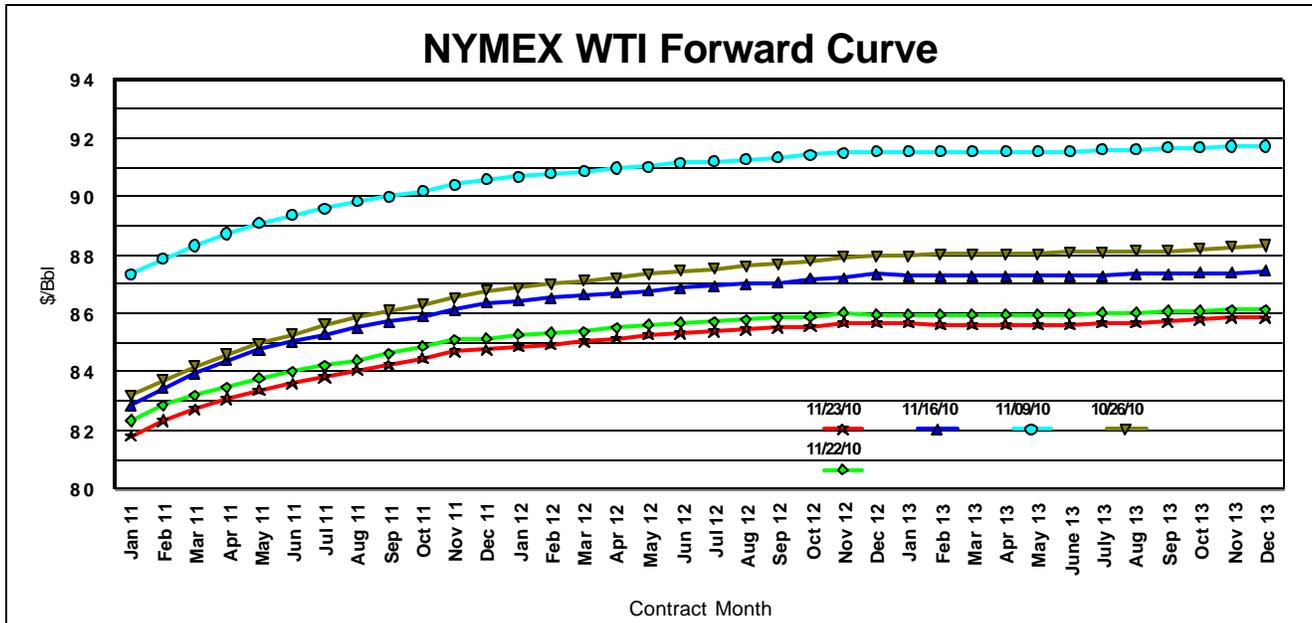
Irving Oil resumed operations on all process units at its refinery in Saint John, New Brunswick, Canada after completing the restart process over the weekend. The units were shut in late September for turnaround maintenance.

Kuwait National Petroleum Co shut down several units at its Mina al-Ahmadi and Mina Abdullah refineries for maintenance, which will last about three weeks to 40 days.

ExxonMobil Corp will build a new hydrotreater at its Singapore refinery to increase its ultra low-sulfur diesel output by more than 9 million liters/day to meeting increasing regional demand. When the unit is completed, the refinery's total low sulfur diesel capacity will increase to more than 25 million liters/day.

China's Sinopec started test runs for a 2.8 million ton/year fluid catalytic cracking unit in its Changling refinery. The facility is part of its plan to double

October Calendar Averages
CL – \$84.30
HO – \$2.3360
RB – \$2.1742



Changling's crude oil refining capacity to 200,000 bpd by June 2011. It has completed the construction of a 2.4 million tpy diesel hydrotreater and upgrading a crude oil unit to 160,000 bpd. It is also adding other facilities, including a 1.7 million tpy residue hydrotreating unit, 1.2 million tpy gasoline desulfurizing unit and a 60,000 tpy sulfur recycling unit.

PetroChina will complete the expansion of its Daqing unit by June 2012, doubling the plant's ethylene capacity to 1.2 million tons/year, about a year later than previously planned.

China's National Development & Reform Commission said oil dealers were selling diesel above the state-set ceilings. It ordered authorities to seize revenues from some local oil refineries and wholesale fuel dealers for artificially increasing diesel prices. Industry officials said some oil dealers and local refineries took advantage of the supply squeeze and marked up diesel prices by up to 10% above the government set retail ceilings.

Production News

Crude oil output from nine of the main North Sea streams is expected to fall by 3% in December to 2.073 million bpd from 2.137 million bpd in November.

Nigeria's Bonny Light crude oil loadings will be affected in November through January after Royal Dutch Shell declared force majeure on Friday following pipeline damage. Nigeria is scheduled to export 10 Bonny Light crude cargoes or 317,000 bpd in November. At least one of the cargoes could be delayed into December based on the assumption that cargoes will be delayed by between 2-3 days. Nigerian production of Bonny Light crude has declined about 100,000 bpd to 210,000-220,000 bpd due to the latest supply disruption.

The 125,000 bpd Escravos Warri crude pipeline is being repaired following sabotage by militants. The Movement for the Emancipation of the Niger Delta said it carried out the attack on the pipeline early Sunday. It said it would attack more pipelines in the coming days.

The production capacity of Kuwait's northern oil fields will soon increase to 820,000 bpd. Kuwait Oil Co said current output from an early production facility will add 120,000 bpd once it reaches full capacity. It however did not state a specific time frame for the increase. Kuwait plans to increase output capacity to 4 million bpd by 2020 from the current 3.3 million bpd.

Italy's Eni SpA and its partners will increase oil production from Iraq's Zubair oil field by 10% above its previous level of about 180,000 bpd by the end of the year.

Apache Corp hired British oil and gas equipment manufacturer OGN Group to build a platform that will be deployed to its North Sea Forties field in 2012. The platform will enable Apache to maintain its current production levels into 2015.

OPEC's news agency reported that OPEC's basket of crudes fell by 45 cents to \$80.96/barrel on Monday from \$81.41/barrel on Friday.

Market Commentary

Crude oil traded in a choppy fashion as the market reacted to concerns regarding the European debt crisis and a strengthening dollar. The January contract dipped down towards the \$80.00 bouncing on technicals. The \$80.00 area is proving to be a psychological point for traders as they play the economic outlook against inventory levels. At this point any decrease in inventory levels will bring about a rash of buying interest. The January contract continues to hold the \$80.06 low from last week as prices experience what appears to be consolidation prior to the upcoming long Thanksgiving weekend. Market participants are awaiting the release of new home sales and that of U.S. durable goods orders to aid in further direction of this market. From a technical standpoint, we would look for another test at the \$80.00 level, buying bounces off of this number.

Crude oil: Jan 11 351,027 -2,681 Feb 11 109,642 -360 Mar 11 118,653 +4,132 Totals 1,334,929 -7,707 Heating oil: Dec 10 42,066 -6,388 Jan 11 91,232 -695 Feb 11 38,407 +1,534 Totals 318,053 Rbob: Dec 10 34,132 -4,291 Jan 11 98,184 -1,426 Feb 11 33,132 +1,129 Totals 282,749 -3,266

Crude Oil		Heating Oil		Rbob	
Support	Resistance	Support	Resistance	Support	Resistance
7993		22040	24680		22770
7871	8890	21860	24950	20300	23050
7783	9050	21375	26740	20130	24880
7671	9100	21140		18750	27085
7601	9385	20702		18240	
				16010	

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