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Catalyst Commercial Services Energy Market Report: December 2008

Any views and recommendations are offered for your consideration, but may be wrong as the market is highly uncertain, with additional risks which are unknown until they arise. Statements in this press release regarding Catalyst's business that are not historical facts are "forward-looking statements" that involve risks and uncertainties. © 2001 - 2008 Catalyst Commercial Services Limited. - All Rights Reserved.

Short -Term Risk Drivers

This month continues to see the effects of the current financial crisis impact heavily on the UK energy market with energy prices falling further on the back of a poor economic outlook, and confirmation of a global recession as demand for energy consumption continues to fall worldwide. Despite a cut in production from OPEC, oil has continued to trend lower during the last month as world economical factors begin to increasingly play apart in future world energy costs. Generation margin also look comfortable for both electricity and gas ahead of any cold snaps that could descend on the UK. With this brings more stability to market prices, against a back drop of extreme volatility over the past few months.

Long-Term Risk Drivers

Economic fundamentals continue to suggest that market price risk is on the upside. World energy demand forecasts are increasing, despite forecasts that predicted a levelling off.

Views and Recommendations

We believe that UK energy markets will commence an upward trend once the global economy emerges from the current recession. However, it is uncertain how deep and how long the recession will last and energy prices could eventually rise higher than this year's levels in the face of dwindling oil supplies and climate change goals. Short term, our view is that energy prices will continue falling as the global economic outlook continues to deteriorate, however geo-political risks could still result in unexpected price increases. We recommend stringent monitoring of prices for potentially further falls as this would signal a good opportunity to secure a 2 to 3 year supply contract. This will position your company well in a long-term upward trend. Our independent approach enables clients to manage their exposure to energy price risk, whilst at the same time benefiting from a first class service from a range of major suppliers. Our procurement solutions make it simple, so contact a member of our team to discuss your requirements.