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Catalyst Commercial Services Energy Market Report: August 2010

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 - 2010 Catalyst Commercial Services Limited. - All Rights Reserved.

Short -Term Risk Drivers

Healthy supply conditions and an increase in LNG supplies have helped to soften both gas and electricity prices over the last month. These additional LNG supplies have been supported by an increase in LNG production and limited recovery of global demand. In addition to this the end of major maintenance work has coincided with these healthy supplies, at a time when demand requirements are below expectations for this time of year, on the back of cooler weather conditions across Europe. The restart of LNG production by the Qataris, who own a majority stake in the South Hook terminal in south Wales has delivered good news across both the gas and power markets, with further confidence in supply activity going forward. While LNG demand into Asia has picked up in recent weeks, the UK is seen as one of the most attractively priced destinations for LNG currently.

Long-Term Risk Drivers

We expect routine maintenance operations during this time of year as plants moth ball for routine inspections, before the heavy winter period commences. Any additional system issues could affect the supply and demand chain and could impact heavily on short term prices should a sustained period commence.

Views and Recommendations

As expected prices had over accelerated over the last few months and as a consequence when healthy conditions have returned, prices have corrected in line with the current market conditions. Although prices now show a sign of softening further on healthy supply predictions, experience has taught us that the energy markets do follow trends and this could be a long term signal that confidence in the economy and the demand for energy will increase at a time when concerns on supply are abundant. We believe that you should monitor both the gas and electricity markets very carefully at the moment, and select an opportunity to secure offers on a day when prices present a good offer. As always proceed with caution as long term volatility and unexpected price increases could commence without warning at any time. 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 and independent suppliers. Our procurement solutions make it simple, so contact a member of our team to discuss your requirements.