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## **Catalyst Commercial Services Energy Market Report: June 2011**

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 - 2011 Catalyst Commercial Services Limited. - All Rights Reserved.

### **Short -Term Risk Drivers**

May 2011 was another month of price swings and additional volatility as more events contributed to the overall upward pressure on long term energy prices. Although prices remained consistent from the start of the month to the end of the month, we have experienced further swings in market movements. The latest of these knee jerk reactions was the announcement from the German government that they will suspend all nuclear activity by 2022. This immediately fed concern into the coal and gas markets, which will be the natural alternative fuel used to meet the supply gap left by behind once this is in place. So supply and demand fundamentals are once again playing their part in the overall complexity of the energy markets. Other major factors that are underlining these concerns remain the same such as global oil prices, economic growth and our own domestic supply and storage.

### **Long-Term Risk Drivers**

The long term need for significant investment into the UK energy infrastructure remains in place and will have to be factored into prices at some point, as suppliers will have an increased pressure to update the network to support the UK's long term energy requirements, which will include nuclear and additional forms of renewable energy. This is highly likely to have a significant impact on energy prices as the total estimated cost for upgrading the system has already been put at over £200 billion.

### **Views and Recommendations**

If you were to stand back and take a good look at the current big picture of the energy market at the moment, it would be apparent to see that opportunities to secure long term electricity contracts ahead of any further price increases are currently presenting themselves for a wide range of start dates. On the other hand you could also conclude that given the current factors and future planned events that more beneficial opportunities to secure long term gas contracts could be on the horizon. We also believe that you should closely monitor both the gas and electricity markets at the moment, and select an opportunity to secure offers at a time when prices present a good offer for your requirements. 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.