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## **Catalyst Commercial Services Energy Market Report: October 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**

With the return of summer like weather conditions and further concerns over the current economic stability, and with the possible return of a global recession, have all helped to push prices lower over the last month. But not without some periods of extreme volatility and concern, as financial events and the associated risk outlook have pulled prices in both directions. Historically the major ignition point for prices at this time of year has been the late demand for October round contracts, but this has had little or no effect this year as the market struggles to find direction. As the weather begins to return to seasonal conditions, it will be interesting to see if more traditional supply and demand factors begin to influence the price direction over the coming months.

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

Following the recent announcement that an investment fund of between £100 and £200 billion pounds will be required to upgrade our ageing electrical infrastructure. Suppliers will start to increase profit margins in preparation of this requirement. This investment needs to support the UK's long term energy requirements, which will include nuclear and forms of renewable energy.

### **Views and Recommendations**

If the UK's economic conditions continue to slide then we would expect prices to soften further, as supply and demand fundamentals will over take any other market concerns. However the pending infrastructure investment required can not be ignored, and we would expect continued volatility in the market as the market reacts to the global financial crises. We 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 exact requirements, and allow for budget certainty. 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.