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

Just as things looked like they were improving we have seen the dramatic events unfold in Libya, over the last month, on top of the existing tension in the Middle East and parts of North Africa. This escalated in the shutting down of the Libya oil supplies that accounts for approximately 1 to 2 % of the worlds oil supply. This at one point sent prices from \$102 a barrel to almost \$120 a barrel. These events have added a higher risk premium to both short term and long term prices as there is a risk of further turmoil spreading to other countries including the extremely influential supply countries of Iran and Saudi Arabia. These factors have heavily influenced UK gas and electricity prices and we have seen the instant return of an extremely volatile market, as it begins to over react to even the smallest of events that wouldn't normally influence prices so immediately. Prior to these events prices were beginning to soften on the back of improved weather conditions and an upturn in economical growth. This growth albeit already slower than first thought, may be threatened further if we continue to see an increase in oil prices that are already having an impact on UK businesses.

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

The long term need for significant investment into the UK energy infrastructure 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 forms of renewable energy.

### **Views and Recommendations**

The market is currently extremely volatile at the moment, and we believe it will remain this way until the current geopolitical tension subsides. However as we have seen, these events can suddenly increase without warning and this would have an immediate impact on market prices. 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 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.