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Catalyst Commercial Services Energy Market Report: August 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

Yet another month of mixed reactions to world events have assisted in pulling energy prices both up and down this month. With the announcement of the investment required to bring the UK's energy infrastructure up to date we would have expected more of a reaction; however healthy supplies, lower demand and a positive outlook have helped to stabilise prices from the previous extreme volatility that we have witnessed. This has been largely influenced by a surplus of gas and as a result of further LNG gas arrivals, prices have softened further. In addition to this several power stations have come back on line also helping to improve the market outlook.

Long-Term Risk Drivers

It has now been announced that a minimum investment of £100 billion will be required to upgrade our ageing electrical infrastructure, although many analysts still think that this figure is way off the mark and estimate the true cost to be nearer the £200 billion mark. Whatever the final cost is, it will be factored into the cost of generation and delivery at some point. This investment needs to support the UK's long term energy requirements, which will include nuclear and forms of renewable energy.

Views and Recommendations

We believe that gas prices should continue to ease as lower demand and plentiful supplies are beginning to impact on both short and long term prices. If this situation improves further then we may also see an improvement in energy prices as this will also filter down to longer term prices as the risk and uncertainty is removed. However 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.