

For comment, please contact Michael Kelleher, 087 917 2420

## **Bord Gáis Energy Index: Embargoed until 00:01, 4<sup>th</sup> July 2011**

### **5% FALL IN OIL PRICES PUSHES ENERGY INDEX LOWER**

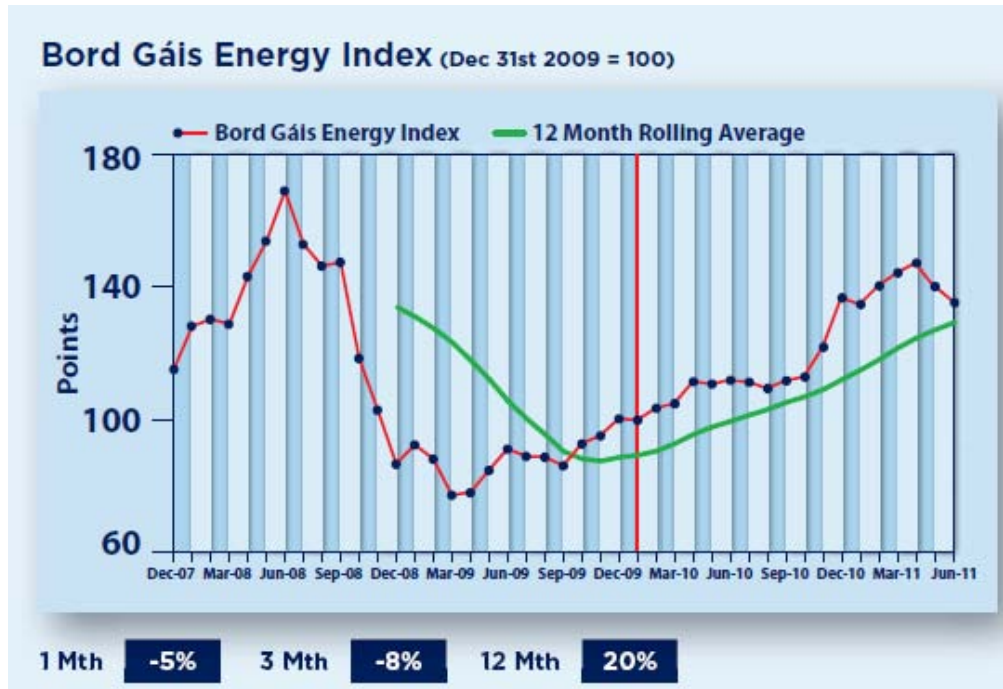
#### **- Index's 12 month rolling average up 20% -**

The wholesale price of natural gas and coal were little changed during June but a fall in electricity and oil prices pushed the Bord Gáis Energy Index (BGEI) down by 5% in June 2011. However the Index remained above the 12 month rolling average – up 20%, rising from 112 in June 2010 to 132 in June 2011.

**Commenting on the Bord Gáis Energy Index for June, Michael Kelleher, Energy Trading Analyst at Bord Gáis Energy, said:**

“Although the index has risen over 20% in the last 12 months, a decline in the price of oil and electricity caused it to fall in June. A sharp sell-off in Brent crude oil was the result of an announcement by the International Energy Agency (IEA) of its intentions to release 60 million barrels of oil from its stockpiles while the fall in electricity prices was linked to the drop in demand over the summer months, . The strengthening of the Euro versus the US Dollar and Sterling made oil, natural gas and coal relatively cheaper for Irish buyers.

A number of concerns in the market, among them the possibility of a large increase in the natural gas requirements of German power generators and the belief that the IEA's actions are a very short term solution to the problem of growing demand for oil versus shrinking production capacity, suggests that the Energy Index may increase again in Q4.”



**The following are the key trends recorded for the month of June:**

**Oil:** The oil element of the Index is down 5% to 142. After closing at \$117 per barrel in May, oil prices rose steadily to over \$120 in the first half of June. However, prices began to retreat after the IEA's announcement, in response to ongoing disruption in supplies from Libya, to release 60 million barrels of oil from emergency stockpiles over a 30 day period. This saw oil trade down to \$103 but much of the losses were regained and it closed at \$112 per barrel.

**Natural Gas:** The natural gas element of the Index is down 1% to 183. Prices were up 1p per therm on May due to increased German powered demand as a result of the nuclear shutdown coupled with maintenance at a number of natural gas fields; however the strengthening of the Euro versus Sterling resulted in a net 1% drop in natural gas prices in Euro terms.

**Coal:** The coal element of the Index is down 1% to 145. Coal remained little changed in June, trading in the \$120 to \$130 per tonne range, eventually settling at \$123. The expected increase in demand due to the shutdown of German nuclear plants did not materialize in June. Buying interest from China prevented prices from dropping below \$120 while weak demand due to comfortable European stock levels along with strong supplies from Colombia and the US capped prices at \$130.

**Electricity:** The electricity element of the Index is down 6% to 111. This is a result of a drop in demand during the summer months combined with steady availability of low cost generators in June.

**ENDS**

**For further information please contact:**

Aidan McLaughlin, Fleishman-Hillard: 01 618 98425 / 085 749 0484

Larry Donald, Bord Gais Energy: 087 258 1787