

Excerpt from Zacks, November 8, 2023

<https://www.zacks.com/stock/news/2181110/renewable-energy-etfs-value-play-or-value-trap>

also in NASDAQ, <https://www.nasdaq.com/articles/renewable-energy-etfs-value-play-or-value-trap>

Renewable Energy ETFs: Value Play or Value Trap?

Renewable energy stocks have experienced a significant decline in recent months, lagging behind fossil fuel companies. This decline is primarily attributed to the impact of higher interest rates on the sector. The ... has plummeted by 20.2% over the past two months. This performance marks its worst annual showing since 2013, in stark contrast to the 6% gain observed in the oil and gas-heavy S&P 500 Energy Index, ...

..., **Invesco WilderHill Clean Energy ETF [PBW](#)**, ..., and ... have lost in the range of 15.3% to 19.8% in the past one month (as of Oct 27, 2023).

Challenges Faced by Renewable Energy Sector

Despite substantial financial incentives such as tax credits, subsidies, and loans offered by governments in the United States and Europe to green energy companies, the renewable sector remains vulnerable to rising interest rates. This vulnerability stems from long-term energy price contracts and increased costs due to global inflation ...

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Stiff Competition from China?

European solar module manufacturers have raised concerns about cheap Chinese alternatives pricing local companies out of the market, contributing to supply-demand imbalances. Even Chinese manufacturers dominating the solar supply chain have seen significant share price losses, with some constituents of ..., such as ..., ..., and ..., falling by -32%, -33%, and -44% respectively since January.

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Due to cheap valuation, some investors, like ... , have shifted their stance on solar companies, no longer shorting them and even investing in some stocks, believing that much of the value destruction in the sector has already occurred, the ... indicated.

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