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<http://seekingalpha.com/article/510881-solar-energy-stocks-to-short-and-a-solar-etf-to-buy?source=yahoo>

## Solar Energy Stocks To Short And A Solar ETF To Buy

... analyst ... downgraded shares of First Solar, Inc. (FSLR) to sell and lowered the price target for shares of the firm to \$14. Recently, ... analysts also downgraded shares of the firm citing lack of near-term catalysts and an uncertain strategic direction. Shares of First Solar and competitors are in a secular bear market and could be trading below their fundamental values. We'll take a quick look at First Solar and its competitors to see if we can unlock value in the industry.

The harnessing of solar energy for the power generation industry is in both the embryonic and growth stages. The transition is marked by reduced costs, improving profitability and rapidly increasing demand. The industry was relatively high risk (embryonic stage) in the late 2000s and valuations have since declined substantially.

The ... and two other think tanks are pushing for a change in the methods of administering support for the clean energy industry. Many of the present support plans are set to phase out in the near future and the proposed plan may gain political support. The proposal provides incentives to firms to cut costs over time and develop more efficient technology.

In 2011, the U.S. attracted \$48 billion in clean energy investment; despite large investment in the industry, clean energy stocks have plummeted. The PowerShares WilderHill Clean Energy ETF (PBW) is down more than 47 percent over the last year.

A major contributing factor to the decline in valuation of clean energy firms is indecisive fiscal policy. The U.S. government is hurting the industry's ability to compete and turn U.S.-led innovation into manufacturing, deployment and export opportunities. In addition, Europe, the largest solar market, is

cutting subsidies. Subsidies in Europe are shifting from open field to roof top, which favors SunPower's panels ([SPWR](#)).

SunPower sales increased in every year since 2007. Although, the recent pace of sales growth has slowed. In the fourth quarter of 2011 sales fell roughly 40 percent compared with the year-ago quarter.

JA Solar Holdings Co., Ltd ([JASO](#)) announced its unaudited financial results for its fourth quarter and fiscal year ended December 31, 2011. Revenue in the fourth quarter of 2011 was \$309.1 million, a decrease of 21.4 percent from the third quarter of 2011 and a decline of almost 50 percent from the year-ago quarter.

Trina Solar ([TSL](#)) and Yingli Green Energy ([YGE](#)) are dependent on U.S. government contracts for revenue.

The solar power clean energy industry is dependent on government subsidies. While there may be long-term value in the industry, there are short-term road blocks in the path of unlocking value. ....