

Market Scan Solar Sector Radiates Hope For Chinese Subsidy Melinda Peer, 03.26.09, 06:25 PM EDT

Beijing intends to support solar power with generous payments that could strengthen the sector.

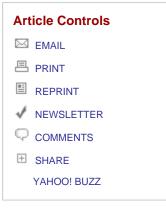
Trina Solar Limited
03/26/2009 4:02PM ET
\$12.19 \$3.53 40.76%
At A Glance Chart News People
Suntech Power Holdings Co., Ltd.
BATS Real-Time Market Data by Xignite

News that the Chinese government plans to subsidize solar power installations spread optimistic rays across the industry on Thursday, energizing shares of

companies that have suffered from weak pricing and tight credit markets.

On Thursday, the Chinese government said sun-powered projects producing more than 50 kilowatts in energy output qualify for government-provided funding equal to 20 yuan (\$2.92) per watt.

"This level of subsidy is substantial given that even in Germany panels are today being sold at close to 2 euros/Wp (\$2.70)," said JPMorgan analyst Sandeep Deshpande, referring to watts peak, or maximum power output. "Thus the Chinese government will virtually fund the entire panel, which seems an extremely high upfront subsidy."



The American depositary reciepts of Chinese solar companies soared on the news and closed Thursday's trading session significantly higher. **Trina Solar** (nyse: TSL - news - people)

ADVERTISEMENT

Ameriprise

ROLLOVER YOUR 401(k) WITH A FREE FOR LIFE IR

CLICK HERE to schedule a complimenta review with an Ameriprise financial advis

LEGAL TERMS >> Ameriprise Financial Services, Inc., Member FINR

added \$3.54, or 40.8%, to close at \$12.19, **Suntech Power Holdings** (nyse: STP - news - people)' shares gained \$3.44, or 43.8%, to \$11.29, and **JA Solar Holdings** (nasdaq: JASO news - people) closed ahead by \$1.11, or 41.7%, at \$3.77.

Deshpande sees the potential for significant growth in solar demand based on similar subsidy plans in Germany and Spain and also sees rising prices for solar panels, which have suffered from an inventory glut.

"Polysilicon pricing had started to collapse in 2008's fourth quarter due to the oversupply of panels and inventories of Chinese manufactured modules in European markets. The Chinese subsidy program will increase domestic demand in China and will help pricing of panels and potentially stabilize polysilicon prices," Deshpande said but advised investors to be cautious until the Chinese government reveals specific requirements of the plan.

Shares of U.S. solar companies also closed Thursday's session broadly higher. **First Solar** (nasdaq: FSLR - news - people)'s stock gained \$16.41, or 12.3%, at \$150.39 and **SunPower** (nasdaq: SPWRA - news - people) shares added \$2.64, or 11.0%, to close at \$26.68.

Comment On This Story

Although President Barack Obama has yet to detail specific solar subsidies for the United States, he has put forth a broad plan to invest \$150.0 billion in clean energy initiatives, including specific loans for wind and solar projects, and intends to make sure that 10.0% of U.S.'s electricity comes from renewable sources by 2012 and 25.0% by 2025.

Thomson Reuters contributed to this article.

ADVERTISEMENTS

Govt. Grants (100% Free) \$17,000 in Free Money Grants Never Repay - Everyone Approved! www.Grant-Reviews-2009.com

Beat The Tax Deadline. Pay online with your Visa card. It's easy, convenient and secure. visa.com/taxpay

Smart Term Life Insurance \$25k to \$500k. Online Instant Policy if Qualified. As low as \$8 month www.smartlifeinsurance.com

Get Stories By Email



People Who Read This Also Read...

Sector Snap: Solar surged on Chinese subs

UPDATE 1-Solar shares rally on new Chines subsidy

First Solar Hires Dennis Fitzgibbons as Vice President, Federal Affairs

Surviving The Solar Shakeout With Innovation Research and Markets: Australia Solar Photo Market Analysis, Including Forecasts throug

Recommendations by loomia

Buy a link here