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Associated Press

## Sector Snap: Solar sector falls on price declines

Associated Press, 12.15.08, 12:44 PM EST



Shares of solar companies slipped on Monday as prices of solar products continued their downward plunge due to a continued over supply and macroeconomic headwinds.

Shares of Energy Conservation Devices dropped \$1.15, or 5.1 percent, to \$21.44 in midday trading. **SunPower Corp.** (nasdaq: [SPWR](#) - [news](#) - [people](#) ) shares fell \$1.31, or 4 percent, to \$31.56. **First Solar** (nasdaq: [FSLR](#) - [news](#) - [people](#) ) Inc. shares slid \$1.29 to \$115.63.

Lazard Capital Markets analyst Sanjay Shrestha cut his price targets on several solar companies citing worsening industry turbulence and accelerating [price declines](#). He said while companies with strong liquidity will slow production until the market stabilizes, companies in need of cash will likely flood the market with their product, reinforcing the downward spiral in pricing.

Shrestha added that price declines have even reaching some high-quality cell manufacturers.

"However, we do not believe the entire solar value chain has been affected; high-quality downstream players with committed long-term contracts have likely seen modest pricing and demand declines relative to those experience by the polysilicon and cell manufacturers," he said. Still, he added, all players in the value chain will eventually be affected in varying degrees in

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<b>SPWRA</b>	<b>\$30.54</b>	<b>-7.09%</b>
<b>FSLR</b>	<b>\$111.20</b>	<b>-4.89%</b>
<b>JASO</b>	<b>\$2.92</b>	<b>-3.95%</b>
<b>ENER</b>	<b>\$20.86</b>	<b>-7.66%</b>
<b>SOL</b>	<b>\$3.18</b>	<b>-0.63%</b>

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As fourth quarter 2008 and full-year 2009 will be hurt by these trends, Shrestha reduced his price target on "Buy" rated stocks. Shrestha lowered his price target for **Energy Conversion Devices** (nasdaq: [ENER](#) - [news](#) - [people](#) ) to \$32 from \$50 and maintained the company's "Buy" rating, "as we

believe it is one of the best turnaround solar stories." He also cut his price target for [First Solar](#) to \$140 from \$210, for **JA Solar Holdings** (nasdaq: [JASO](#) - [news](#) - [people](#) ) Co. Ltd. to \$5 from \$6, for Renesola Ltd. to \$5 from \$6 and for SunPower Corp. to \$40 from \$65.

Shares of JA Solar fell 3 cents to \$3.01, while shares of Renesola lost 3 cents to \$3.17.

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Shrestha said he continues to believe that the companies that will emerge the strongest from this economic upheaval will be First Solar, Energy Conversion Devices and SunPower.

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The analyst added that President-elect Barack Obama's focus on alternative energy could brighten the solar sector and provide near-term trading opportunities for investors.

Meanwhile on Wall Street all three major stock indices dropped modestly on concerns over the beleaguered [auto industry](#) and the growing list of firms affected by investment manager Bernard Madoff.

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