

NEX'S 17% Q3 SLUMP REFLECTS TRADERS' WARINESS ON CHINA

2 October 2015

The WilderHill New Energy Global Innovation Index, or NEX, slumped 17% in Q3 2015, as global stock measures retreated in the face of China's decelerating economy and dissipating demand for commodities in general and energy in particular.

In the quarter, the MSCI AC World Index of global stocks retreated 10%. The NYSE Arca Exchange Oil Index sagged almost 19%. Greater China equity gauges Hong Kong Hang Seng Index and Shanghai Shenzhen CSI 300 Index cratered 20.6% and 28.4%, respectively.

The only NEX sector that avoided double-digit declines was wind, which fell 9.3% over the three months. Energy efficiency was 16.5% lower. Power storage discharged 17.7%. Biofuels and biomass decayed 25%. Energy conversion retreated 27%, and solar was down 29%.

On a regional basis, NEX EMEA stocks collectively shed 7.6% of their value. Asia and Oceania issues were down 21%, while Americas components retreated 25%.

Two Germany-based solar-focussed stocks bucked the sector's dismal quarterly trend and were the NEX's best performers in the period.

Shares of inverter maker SMS Solar Technology AG added 93%. Its run-up started when the company on 9 July raised its revenue and earnings outlook for 2015, and it continued rising as sales contracts were announced later in the summer.

Project investor Capital Stage AG's 38% quarterly gain also began with an upgraded business outlook issued in July. The Hamburg company in August announced that it had secured "very favourable" interest rates in renegotiations with its lenders on loans secured by solar and wind assets in its home country.

Other top-performing NEX stocks in the quarter were Dialight PLC (UK; 19.7%), Takuma Co. Ltd. (Japan; 18%) and Nordex SE (Germany; 14%).

The index's biggest quarterly decliner was US developer and yieldco operator SunEdison Inc., which surrendered 76%. Analysts and investors questioned the multiples SunEdison paid for projects as well as its practice of securing non-dedicated "warehouse" loans for future acquisitions.

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The other top-five NEX decliners in the period were LSB Industries Inc. (US; -62.5%), TerraForm Power Inc. (US; -62%) and Shunfeng International Clean Energy Ltd. (China; Hong Kong-traded; -54%).

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