

Reproduced with permission of Bloomberg New Energy Finance

Source: Bloomberg New Energy Finance analysis
Author: Stephen Munro
Publication Date: 29 June 2012
Category: Weekly Market Reports

NEX Delivers a Lemon in a Generally Sour Quarter for Stocks

The WilderHill New Energy Global Innovation Index, or NEX, retreated 15.5% in the second quarter of 2012, severely underperforming broader market indexes that also sank amid global concerns over government deficits in the West and slowing growth in Asia.

The NEX closed out the quarter on a mildly positive note by rising 1.2% in its final trading week. Still, the global basket of clean energy stocks finished the first half down 11.5% versus a 4.7% decline in the same period of 2011.

Effective with trading on 29 June, WilderHill made four changes to the NEX's composition. Dialight PLC, a UK manufacturer of LED products, was added. Deleted were Trony Solar Holdings Co. Ltd. (China), NPC Inc. (Japan) and Centrotherm Photovoltaics AG (Germany). The reconstituted index has 96 component stocks.

The NEX's worst-performing sector in the quarter was energy conversion, which swooned 23%. The sector, made up of four stocks, was hostage to the 36% retreat of its largest component, US rare-earth mineral producer Molycorp Inc. The solar, energy storage and wind sectors slumped 20%, 22.5% and 22%, respectively. In relative terms, energy efficiency had the best quarter with a decline of 6.3%.

In the quarter, the large-capitalization S&P 500 lost about 3.3%, while the technology-centric Nasdaq Composite Index slipped 5%. The MSCI AC World Index of global equities slumped more than 6%.

The top share-price gainer among NEX components in the first quarter was Elster Group SE of Germany, which rose 28% on news that it would be acquired by UK investment manager Melrose Plc. The shares of Elster, an energy metering technology provider, actually ended the period up 45% from their level on June 12, when press reports emerged that its majority owner, Rembrandt Holdings, was considering a divestiture.

Other top NEX gainers in the quarter were Veeco Instruments Inc. (US; 20%), Dalian East New Energy Development Co. Ltd. (China; 18%), Polypore International Inc. (US; 15%) and American Superconductor Corp. (US; 14%).

Centrotherm was the NEX's worst price performer in the second quarter. The Germany solar manufacturer's shares plunged 78% in a period when it lost merchandise credit insurance coverage due to what it described as "strained financing" resulting from a "poor market environment."

Other top decliners in the second quarter were Maxwell Technologies Inc. (US; -64%), Gevo Inc. (US; -46%), Vestas Wind Systems A/S (Denmark; -46%) and Solarworld AG (Germany; -45%).

WILDERHILL NEW ENERGY GLOBAL INNOVATION INDEX Q2 2012 PERFORMANCE

Top 5 performers		Primary sector	Country	Weight	Change
Elster Group	Energy Efficiency	United States	2.37%	28%	
Veeco Instruments	Energy Efficiency	United States	1.99%	20.1%	
Dalian East New Energy Development	Energy Efficiency	China	0.56%	17.8%	
Polypore International	Energy Storage	United States	1.17%	14.9%	
American Superconductor	Wind	United States	0.66%	14.1%	
Bottom 5 performers		Primary sector	Country	Weight	Change
Centrotherm Photovoltaics	Solar	Germany	0.13%	-78%	
Maxwell Technologies	Energy Storage	United States	0.11%	-64.2%	
Gevo	Biofuels & Biomass	United States	0.40%	-45.9%	
Vestas Wind Systems	Wind	Denmark	0.98%	-45.6%	
Solarworld	Solar	Germany	0.24%	-44.6%	
Sector performance				Change	
Biofuels & Biomass				-13.7%	
Energy Conversion				-22.9%	
Energy Efficiency				-6.3%	
Other				-18.0%	
Energy Storage				-21.9%	
Solar				-22.5%	
Wind				-19.6%	
Regional performance				Change	
Americas				-18.9%	
Asia & Oceania				-13.3%	
Europe, Middle East & Africa				-12.2%	
Total				15.5%	
<i>Note: Weights as of 29 June 2012. % change between 30 March 2011 and 29 June 2012.</i>					