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<http://www.businessgreen.com/business-green/news/2214649/clean-energy-stocks-battering>

Clean energy stocks take a battering

But analysts insist the long-term outlook remains rosy

James Murray, BusinessGreen,

Clean energy stocks endured a bruising start to the year as global financial uncertainty prompted investors to steer clear of the sector.

That is the finding of research from analyst [New Energy Finance](#), which noted that the value of the [Wilderhill New Energy Global Innovation Index](#) (NEX) slumped 17.9 per cent during the first quarter of the year.

The performance of the index, which tracks clean tech firms, highlighted the volatility of the sector by falling further than both the NASDAQ and S&P500 in the same way as it outperformed conventional indices throughout last year.

Angus McCrone, chief editor at New Energy Finance, predicted clean tech stocks were likely to continue their poor run of form as long as investor confidence remained low. "A lot of these companies are young and growing, but they do not have a long history of profitability and as such represent high-risk, high-reward stocks," he explained. "When the stock market is jittery, sectors such as clean tech tend not to do so well as people look for lower-risk options."

The solar sector was particularly badly hit by falling share prices with valuations falling by 31.6 per cent. Fuel cell firms also suffered, with the sector seeing share prices fall 24.6 per cent over three months, while biofuel firms also continued their recent poor run.

In contrast, more mature renewables sectors such as wind fared better

with valuations falling by just 8.1 per cent, while power-storage companies prospered with the sector gaining in value by 10 per cent.

However, despite the recent slump in valuations, McCrone insisted the long-term outlook for the sector remained extremely strong. "Our research suggests clean tech investment will increase from \$150bn (£75bn) last year to \$450bn (£226bn) by 2012 as long as policies remain in place to support it," he said. "The growth fundamentals for the sector are very good, although that means individual companies will see intense competition."