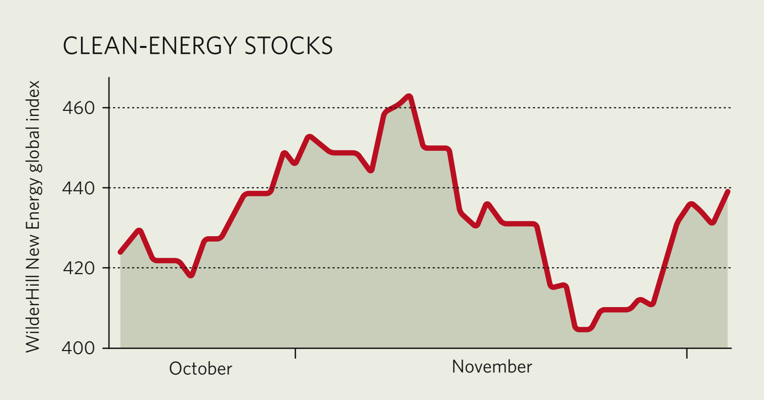
MARKET WATCH



The inexorable rise of global renewable energy stocks — as measured by the WilderHill New Energy Global Innovation Index (symbol NEX on the US stock exchange) juddered to a halt last month.

Specialists attribute the reverse to doubts about pending US energy legislation as well as to the global credit crunch, which has hit stock markets in general.

The US Congress is currently considering an energy bill that will provide tax credits for renewable energy. But growing doubts about the extent of the subsidies have worried investors who had hoped that the bill would spur demand for wind and solar-power equipment, says Robert Wilder, founder of WilderShares, a Californian consultancy that co-compiles the index with New Energy Finance of London. He adds that biofuels stocks have "crashed and burned" as doubts grow about the commercial usefulness of the technology.

However it is concern about the availability of credit in the economy that has hit shares hardest, says Michael Leibreich, founder of New Energy Finance. He says that the market has been on "a bit of a roller-coaster ride", but notes that when all is said and done, it is still up 50% since the start of the year. "This reflects the extraordinary level of interest in the sector, evidenced by the continuing wave of money washing into it," he says.

A huge initial public offering planned for 13 December by Iberdrola Renewables, the renewables arm of Madrid-based utility Iberdrola, could raise up to €6 billion (US$8.8 billion), reminding the markets of this strength, Leibreich says. ■

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