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http://www.altenergystocks.com/archives/2011/12/navigating_the_clean_and_bloody_streets_of_europe.html

Navigating the Clean and Bloody Streets of Europe

Blood In the Streets

Baron Rothschild was an 18th century British nobleman who supposedly originated the phrase "Buy when there's blood in the streets, even if the blood is your own." Although accounts differ, Rothschild was a successful banker, and supposedly made a fortune buying in the panic that followed the Battle of Waterloo against Napoleon.

True or not, the tale of Rothschild buying when everyone else was panicking is an excellent illustration of contrarian investing: the notion that the best bargains are to be had when nobody else wants them. As a contrarian investor myself, the Eurozone turmoil and accompanying declines in European stock markets have piqued my interest.

Clean and Bloody Europe

Europe, with its high energy prices and early acceptance of the science of climate change has for many years been growing industries with the technology and skills to confront peak oil and climate change. These stocks have been falling along with most other European stocks as a break-up of the Euro zone has begun to look increasingly likely. If the Euro zone were to fall apart, it would likely be disastrous for all European economies. Many companies in debtor nations leaving the Euro would be unable to repay their Euro-denominated debt and have to declare bankruptcy, while companies in stronger economies such as Germany would find it increasingly difficult to compete because of a rapidly appreciating currency.

The coordinated action of six central banks led by the US Federal Reserve on November 30th gave European leaders some breathing room to work out a way to deal with the spiraling cost of financing peripheral economies' debt. But they must come up with something much more decisive than previous deals if a crisis is to be averted. If a deal can be reached, now could easily turn out to be one of the best buying opportunities for European stocks at extremely attractive valuations for years. A deal would also likely lead to a short term rally in the US as well.   If not, it may simply be a good way to lose a lot of money.

My Strategy

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I normally follow North American stocks, and this eclectic group are simply European stocks which have caught my interest over the last few years and currently seem fairly cheap. Since the Euro crisis is making stocks fall across the board, I polled my panel of green money mangers to see what they thought of the current opportunities across the Atlantic, and to see if they had any specific picks of their own.

Robert Wilder
Dr. Robert Wilder is the CEO of Wildershares, and co-founded and manages the WilderHill Clean Energy Index (ECO) which underlies the largest clean energy ETF, PBW. He also co-manages two other Wilderhill indexes, WHPRO and NEX. As an indexer, he was not willing to pick stocks, but he did have some thoughts to share on the situation in Europe:
On Solar:
Overcapacity from China taking poly[silicon] costs near $25/kg and c-Si solar modules under $1 on top of low prices, has been very painful for all European listed (and American) competitors.
That fact depressed many solar stocks on European markets in 2011, and some consolidation is expected in 2012. A few higher-cost firms have already failed.
Whether that means it's time to buy, is a different matter. ….
On the broader market:
Macro-level debt risk too in Europe is adding to woes there. Financing has become more difficult, and Eurozone subsidies are uncertain.
So there is 'blood on the streets' in Q4.
[T]here's no certainty, but one thing for sure is renewable energy is trading far below where it was just 6 months ago, as November 2011 concludes.
[Some] feel clean tech and solar in particular has still farther to fall in 2012. Others contend that to some extent, bad news is already priced into stocks on European markets, and optimism about fixing the Euro crisis along with return to the risk-assets like clean energy could possibly turn things around in a hurry. Especially since this sector has been quite beaten down the past 3-4 years.
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