

Excerpt from Energy & Capital, October 21, 2011

<http://email.angelnexus.com/hostedemail/email.htm?h=77bf11af28fbacb35b12ba5777296186&CID=10155225345&ch=58E4CE01657D7E36FA8BE380AE597967>

Clearance Sale: Energy Stocks

At first glance, the energy market of late can look like a danger zone. Both the NYSE Energy Sector Index (^NYSE) and the WilderHill New Energy Global Innovation Index (^NEX) have fallen further than the Dow over the last six months.



The Dow has shed about 6% in that time as volatility has reigned.

The Energy Sector Index fell about 15% while the New Energy Index fell more than 35%.

That doesn't really foster confidence.

But the truth is energy shares — almost across the board — are currently trading at a discount.

And if you're in the mood for some easy longer-term gains (and even dividends), you'd be well advised to go bargain hunting over the next few weeks.

....

A Contrarian Gander

A similar thing is happening on the cleaner side of the energy space.

Stock performance in the sector, as I told you above, has been abysmal. But all the other data is pointing in a different direction...

For starters, the third quarter of 2011 (July – September) saw more money invested in utility-scale clean energy projects than any other quarter in history.

Over \$41 billion was invested in that time — 9% higher than the previous quarter and 16% higher than the same quarter in 2010.

Another surprise is that the bulk of that money was NOT invested in Europe, which has led for a decade. It wasn't invested in China either, which has been grabbing most cleantech headlines lately.

Instead, 40% of that \$41 billion (or \$16.9 billion) was invested in the United States — a 156% increase over the third quarter in 2010...

All while cleantech stocks had one of their worst quarterly performances *ever*.

....

The front page story — Solyndra, Evergreen Solar, etc. — is a stark contrast to the bullish data being buried on the back page.

Overall, more money might be invested in cleantech this year than the \$243 billion invested globally in 2010. *Bloomberg* says "Given that the fourth quarter of each year tends to be a strong one, there is a chance that 2011 will run 2010 close, or even beat it."

Like with oil, companies in this sector are cheap as well.

JA Solar (NASDAQ: JASO), for example, has lost 73% of its share value this year. Yet it's trading at only 30% of its book value and less than four times forward earnings guidance.

Yingli Green Energy's (NYSE: YGE) CEO flat out said, "We believe our ADSs (American Depositary Shares) are currently undervalued." The company is repurchasing up to \$100 million worth of those undervalued shares.

....