

Snapshot of spot market for PV modules – quarterly report Q3 2011

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ABSTRACT

Solar enterprises will each be faced with the occasional surplus or lack of solar modules in their lifetimes. In these instances, it is useful to adjust stock levels for modules at short notice, thus creating a spot market. Spot markets serve the short-term trade in different products, by enabling the seller to permanently or temporarily offload surplus, while buyers are able to access attractive offers on surplus stocks and supplement existing supply arrangements as a last resort.

Price trends

Throughout the year, until the end of the third quarter, prices of solar modules on the spot market have fallen by 22–23%, depending on their technology and origin. The price for Chinese crystalline modules has even dropped by 33.5% between January and September. Prices of crystalline modules made in Japan, Korea and Germany have dropped by 22%.

“The price of silicon fell below the level of US\$50/kg in September.”

Due to the current fall in prices along the whole value chain, module prices will also continue to decline until the end of the year. The price of silicon fell below the level of US\$50/kg in September and the prices of wafers and cells are also in a free fall, forcing some cell producers to scale down or even stop production to avoid further losses.

Strong pressure on prices and competition by crystalline modules forced manufacturers of thin-film modules to revise their prices downwards by 26–28%.

Demand

Demand in the third quarter has not met expectations at all, especially on the large European PV markets. Even the most optimistic analysts have adjusted their predictions downwards to 5.5–6GW for newly installed capacity in Germany in 2011. Compared to the previous year, demand for thin-film modules on the spot market suffered a sharp decline.

Increasing difficulties in finding financial support for PV projects is the reason for weak demand in Europe, as many analysts explained during PVSEC in Hamburg. Price falls for solar components will not ease the tensions on the financial markets either. Imminent elections in some of the most important PV countries in southern Europe cause even more insecurity among the creditors. In Germany, the largest and most secure PV market for investors, many

installers and project developers have been waiting until the end of the third quarter for further price cuts.

The second half of September brought a recovery in demand in Europe, not only in the traditional markets like Germany and Italy, but also in Eastern Europe and the UK, where numerous projects were connected to the grid in recent weeks.

News

High conversion efficiency modules from Suntech Power as well as CSI, Yingli and Trinasolar were the best-selling products on the spot market. CSI and Yingli were two of the few companies reporting an increase in shipments and a positive operating margin in the second quarter of 2011 in spite of strong pressure on margins. The vertically

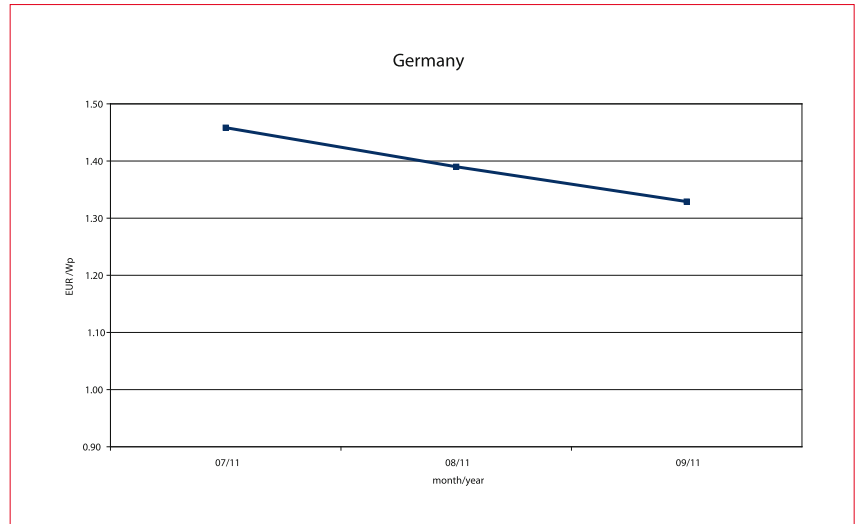


Figure 1. Development of module prices for modules produced by German manufacturers from July 2011 to September 2011.

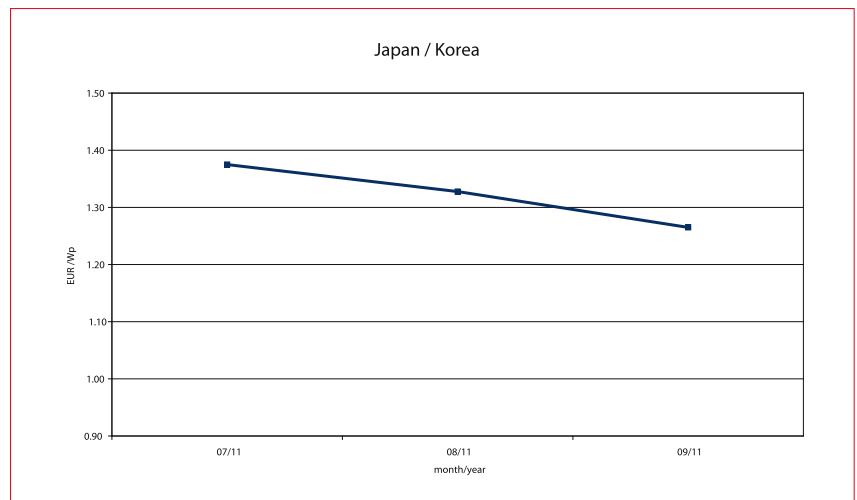


Figure 2. Development of module prices for modules produced by Japanese or Korean manufacturers from July 2011 to September 2011.

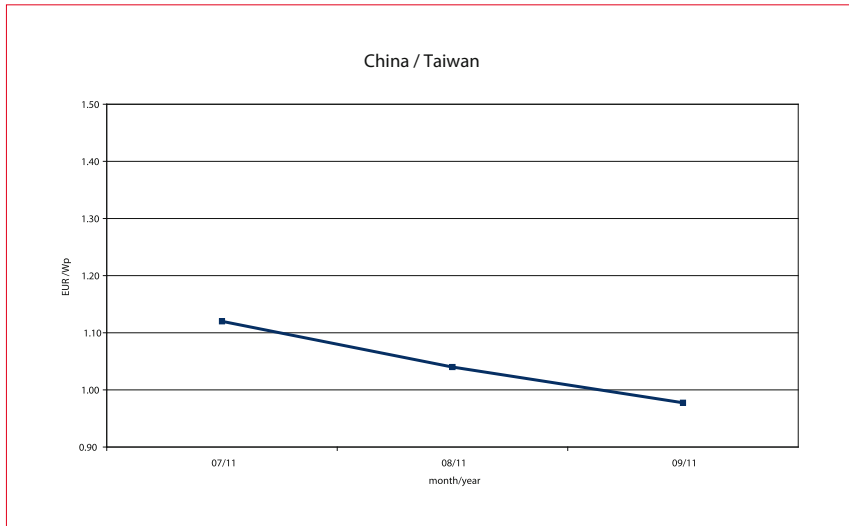


Figure 3. Development of module prices for modules produced by Chinese or Taiwanese manufacturers from July 2011 to September 2011.

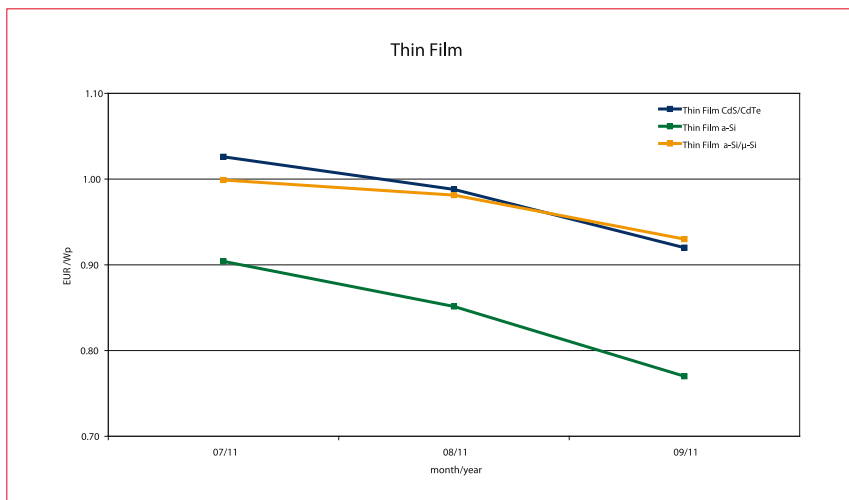


Figure 4. Development of module prices for thin-film modules from July 2011 to September 2011.

integrated production capacities of these companies, as well as their presence in all large and small PV markets worldwide, are some of the reasons for their success in the most difficult times for the PV industry.

Buyers do not seem to be very interested in thin-film manufacturers other than First Solar (Cd-Te modules), even though amorphous and tandem module prices

have seen a stronger decline than in previous months.

Cautious optimism prevails with regard to the development of the global market thanks to a few bits of good news: a national feed-in tariff in China and the high demand of the American market (where a 166% higher growth than in 2010 is expected, equating to 2.4 GW of newly

installed capacity), as well as a 35% higher growth than in 2010 in Japan because of 1.3 GW of newly installed capacity.

“The global PV market could grow by 20% compared to the previous year.”

Outlook

The news from China, the USA and Japan has led analysts to upwardly revise their demand prediction for 2011. The global PV market could grow by 20% compared to the previous year.

Despite global growth, module manufacturers will have to put up with slumps in profit due to the price decline. Many companies – such as Q-Cells, Solon and Centrosolar – have lowered their expectations for 2011. Nevertheless, for most companies, the outlook for the rest of the year is positive.

About the Authors

Founded in Berlin in 2004, **pvXchange GmbH** has established itself as the global market leader in the procurement of photovoltaic products for business customers. In 2010 the company procured solar modules with an output of around 180MW. With its international network and complementary services, pvXchange is constantly developing its position in the renewable energy market, a market which continues to grow on a global scale. Based in Europe, pvXchange also has a presence in Asia and the USA.

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