

# Snapshot of spot market for PV modules – quarterly report Q1 2009

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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 these stock levels at short notice, thus creating a spot market. Spot markets serve the short-term trade of different products, where the seller is able to permanently or temporarily offset surplus, while buyers are able to access attractive offers on surplus stocks and supplement existing supply arrangements as a last resort.

## Introduction

A spot market always shows the up-to-date prices of solar modules, because it does not consider the long-term delivery contracts of the producers. These days, the spot market for PV modules is global, because the short-term satisfaction of local supply deficits is possible with short transportation times and relatively low logistics costs. pvXchange provides a closed online trading platform for sellers going 'public' with a short-term offer. Other participants of the market can decide if they want to buy the goods at that price, while potential buyers may post their interest and in turn be contacted by interested sellers. Each issue of *Photovoltaics International* will enable the tracking of spot prices of modules through statistics provided by the pvXchange trading platform.

## Sustainable growth perspectives of global PV 'buyers' market'

The trading volumes and prices for PV modules on pvXchange in the first quarter of 2009 reflect the global shift from sellers' to buyers' market, in which for the first time in years a massive oversupply situation has been experienced. In the wake of the sudden contraction of the Spanish market, Germany has turned into the main 'backstop market' for available

modules worldwide. After a rather sluggish start during the first two months, the German market picked up a strong momentum in March 2009, and most actors are optimistic that by the end of the year a newly installed capacity of at least 1.7-2.0GW is feasible. Among the various emerging PV markets worldwide, Italy (+300-400MW) and the US (+350MW) in particular show solid growth perspectives for 2009, followed by a long trail of further emerging markets across the globe.

A high hidden potential is also identified in China, where the government seems committed to supporting the export-dependent national PV industry by promoting the fledgling home market. Overall, the total demand worldwide for 2009 is still quite difficult to predict at this early stage of the year, but most pundits like EPIA reckon that 7GW is a realistic figure.

## Strong increase in volumes traded on pvXchange in 2009

The number of new suppliers and module types offered on pvXchange has been increasing drastically since 2008. Among the many newcomers are thin-film producers (most of whom are using amorphous and micro-amorphous silicon technology) that have a very hard time finding buyers in competition with the established and very price-competitive

c-Si brands. It is evident that many large contingents of volumes >200kW are offered on pvXchange by both well-known and 'no-name' suppliers. On the buyer's side, we notice a clear trend back to established brands with proven quality. The vast majority of purchase requests are from German and Italian buyers, reflecting the dominance of these markets on a European scale. Based on the volumes traded during the first quarter (11.7MW), we expect a total volume of approximately 130MW by the end of the year.

## Spot market prices for modules slumping by 20%

Prices for PV volumes traded on pvXchange show a very fast decline since the beginning of the year, with average price levels decreasing by 10.8 % from 2.76€/Wp to 2.48€/Wp between January 1st and March 31st 2009 on average (mono-Si). Over the last six months (October 2008 to March 2009), prices for mono-Si modules decreased by roughly 20%, beaten only by modules from First Solar, whose CdTe modules lost about 24.5% since October 2008.

A drastic slump in prices is noticeable for the so-called no-name brands, especially those produced by Chinese manufacturers. However, established brands have also shown a massive downward trend.

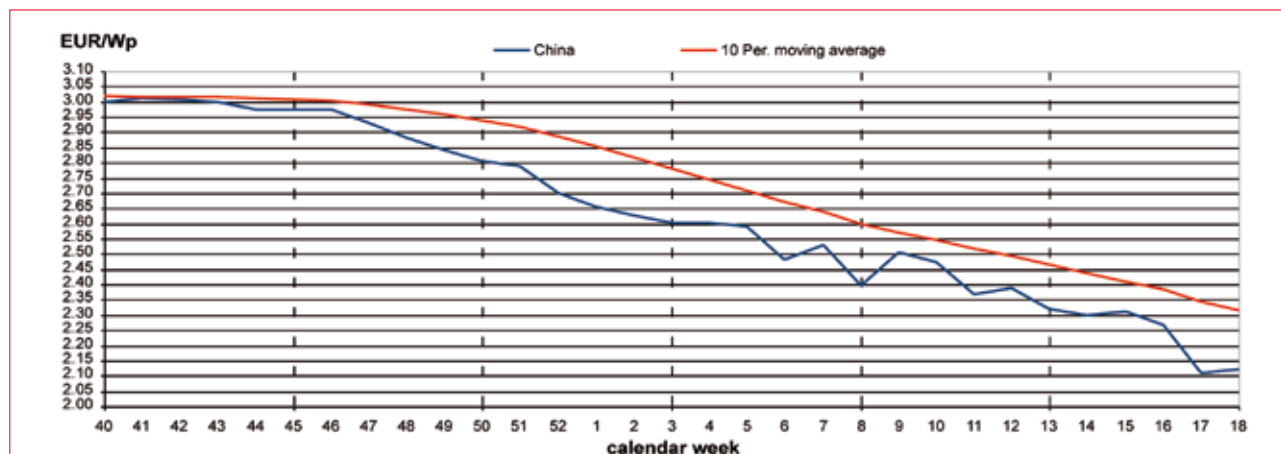


Figure 1. Development of market prices for modules produced by Chinese manufacturers from Oct. 2008 to Apr. 2009 (in EUR/Wp).

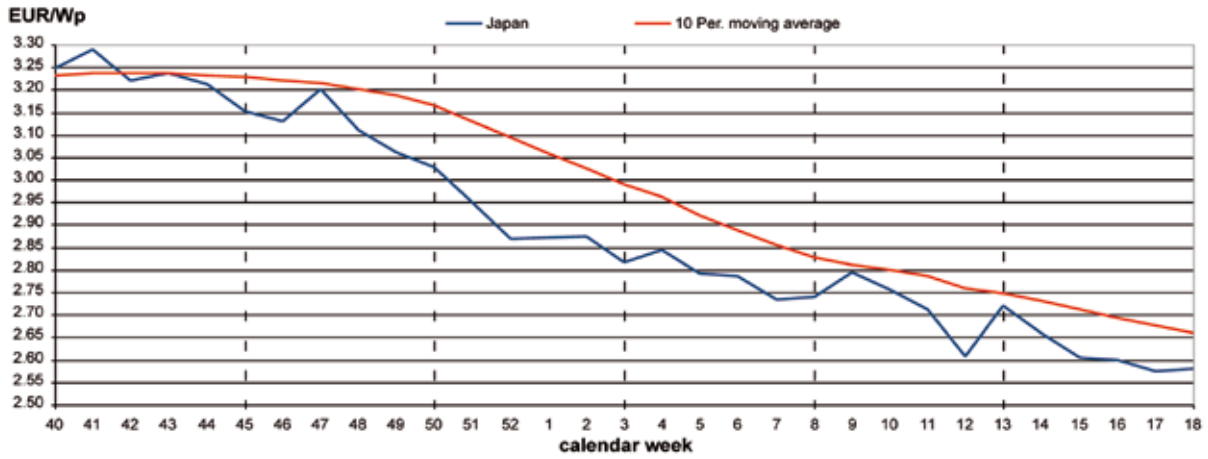


Figure 2. Development of market prices for modules produced by Japanese manufacturers from Oct. 2008 to Apr. 2009 (in EUR/Wp).

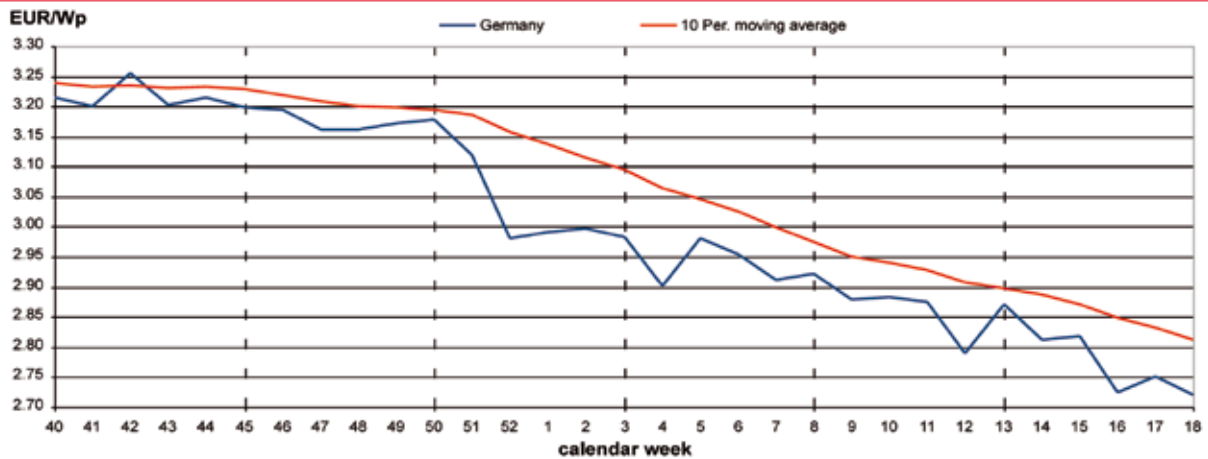


Figure 3. Development of market prices for modules produced by German manufacturers from Oct. 2008 to Apr. 2009 (in EUR/Wp).

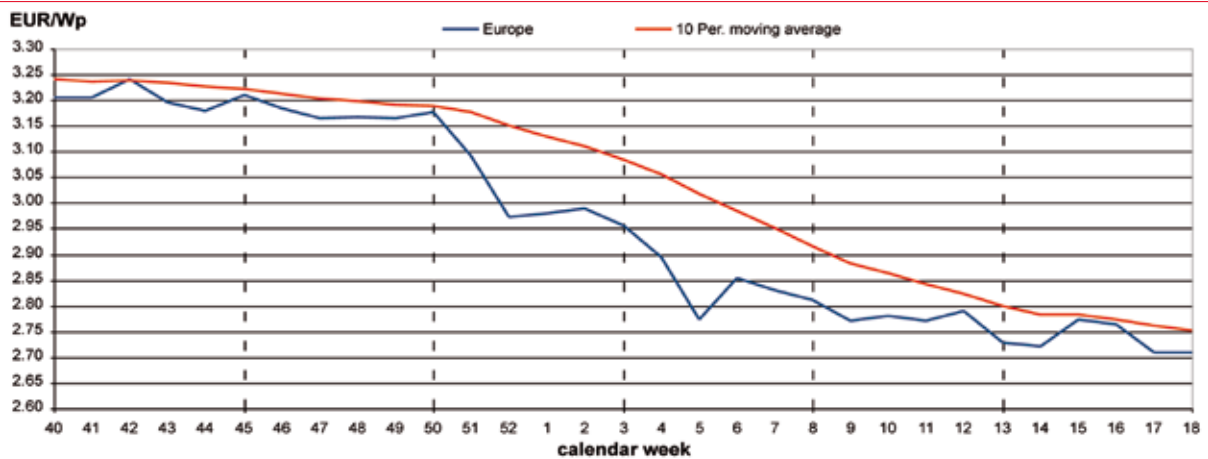


Figure 4. Development of market prices for modules produced by European manufacturers from Oct. 2008 to Apr. 2009 (in EUR/Wp).

In general, prices for Chinese modules decreased by 13.2% during the last 3 months and by 23.3% since October 2008. In contrast, prices for German-brand modules decreased by 'only' 6% during the last 3 months and by 12.4% during the last 6 months.

#### 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 2008, the company

procured solar modules with an output of around 100MW. This represents a trading volume of approximately €300 million. 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. This market report is a quarterly synopsis of a monthly updated analysis made in co-operation by *pvXchange* and *eclareon*.

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