

## Are solar stocks bottoming out? (06-14-17)

**The gist:** Solar stocks, prone to periods of boom-and-bust via supply guts, may now be bottoming out again.

Solar stocks seem particularly prone to boom and bust. The last big solar bust resolved itself in 2013, as the market worked through a heavy supply glut.

In the SIR, we turned bullish on a basket of solar stocks around this time and prices doubled. Then solar slumped into another one of its bust periods.

The question now is: Could solar stocks be bottoming out again?

The price action is intriguing. TAN stopped declining more than six months ago, and broad indications suggest a rounding bottom.

In the long run solar could follow the trajectory of microchips.

The “waterfall” theory of tech investing says to look for a product where cost is going into freefall arithmetically, but demand is increasing exponentially.

Just to give a sense of magnitude, imagine solar economics reducing the cost of panels by 90%, even as total demand increases 90,000%.

There is also the question of where the next mania will be. Actually scratch that, we’ve already got a mania, as of this writing, in crypto-currencies (although the total market cap there still remains tiny).

At any rate, there are likely to be some powerful bull trends in solar stocks in the coming years – and Mr. Market might be working his way toward another one.

