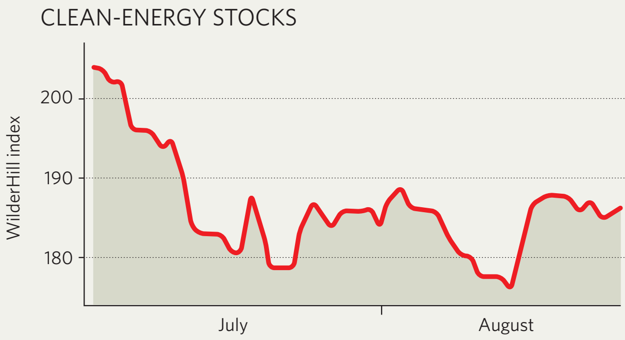
MARKET WATCH



SOURCE:WILDERSHARES

Clean-energy stocks have continued to drop over the past two months, although analysts say the plunge is a natural stock-market correction rather than any sign that the industry is in trouble.

Companies that specialize in solar, wind, biofuels and other clean energy technologies continue to thrive overall — even though the WilderHill Clean Energy Index (ECO on the American Stock Exchange) has dropped markedly since May.

The fall reflects pessimism in the stock market as a whole, says Robert Wilder, chief executive of WilderShares in Encinitas, California, which maintains the index.

"The industry is catching up with a bulge of investment that happened over the past 18 months," adds Michael Liebreich, chief executive officer of New Energy Finance in London.

Now it's up to companies to make good on all the recent investor interest — for instance, by increasing the manufacture of wind turbines or silicon for solar cells.

Public share offerings have quieted down through the summer, but several clean-energy companies — such as Hawkeye Holdings, an ethanol producer based in Iowa — are expected to go public soon.

Liebreich says that clean-energy stocks should begin to rise again before the end of the year, as growth takes off again after the correction. "Directionally there's no question where it's going," he says.

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