16 OCTOBER 2025

Weekly Market Snapshot
Solar Energy shines again

Weekly Recap

- Following an announcement from China concerning new controls on exports, the US threatened to impose higher tariffs on the country. However, the American president mentioned during the weekend a willingness for negotiations and a possible ease of the tensions that appeared between the 2 countries.
- **France** has a new government.
- **Q3 earning season started this week** with several banks publishing their results first
- **A cease fire was signed between Israel and Hamas,** leading to a release of hostages and impacting oil prices.

Market	14 October Level	% Chg 1 Wk	Return Trend 1 Month	Return Trend 1 Year
Stocks				
S&P 500	6644	-1,0%	↗	↗
Euro STOXX 50	5552	-1,1%	↗	↗
FTSE 100	9453	-0,3%	↗	↗
Nikkei 225	47717	-0,5%	↗	↗
MSCI EM	1339	-2,4%	↗	↗
Bonds	***Yield***			
US 10Y	4,0	-2,6%	↗	↗
Gm 10Y	2,6	-3,7%	↗	↗
UK 10Y	4,6	-2,7%	↗	↗
Jp 10Y	1,7	-2,2%	→	↘
IG Credit	***Yield***			
US	4,9	-0,8%	↗	↗
EU	3,0	-1,2%	↗	↗
UK	5,3	-1,5%	↗	↗
Alternatives				
Gold	4191	+3,7%	↗	↗
Copper	5,1	-0,9%	↗	↗
S&P Global Infra	3511	-0,2%	↗	↗
EU REITs	1637	+2,2%	↗	↘
BBG Hedge Fds	1771	-	↗	↗

Snapshot

The S&P Global Clean Energy index enjoyed a 300% rally between January 2019 and January 2021 on the back of euphoria surrounding renewable energy investment. However, renewable energy funds then suffered a painful bear market from 2021 until early 2025, impacted by the sharp increase in the cost of debt funding and then a US shift away from clean energy with the November 2024 re-election of Donald Trump.

Since April, we have seen a recovery take place in renewable energies and particularly in solar power, with the S&P Global Clean Energy Index rising 50%. Lower interest rates combined with strong growth in electricity demand from AI-dedicated data centres and from electrical vehicles have led to a resurgence in demand for low-cost sources of energy. Today, solar energy represents a key source of low-carbon electricity in the EU. Thematic ETFs and funds are an effective way to invest in renewable energy generally, or in solar energy specifically.

SILVER HIGHEST LEVELS SINCE 1980

Source: BNP Paribas, Bloomberg

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Renewable energy highs and lows from 2019 to 2025

Following a period of increased interest in environment-related investment between 2019 and 2021, investments in renewable energy grew and performed strongly thanks to an Environmental, Social and Governance (ESG) push and aided by a zero-interest rate policy environment The result: the S&P Global Clean Energy index rose 272% from the beginning of 2019 to February 2021.

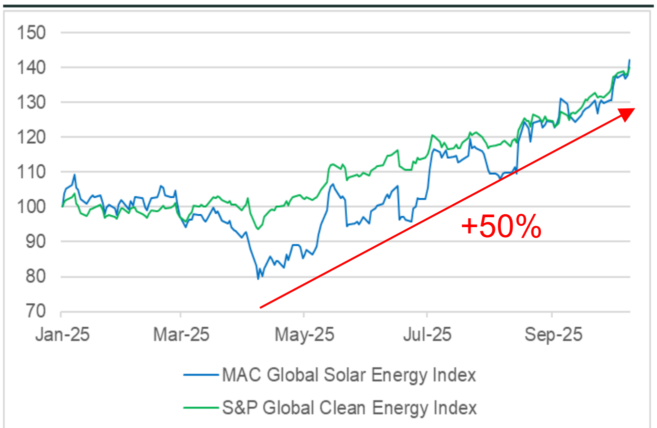
Since 2021, higher long-term interest rates have impacted renewable energy projects (given their dependence on long-term debt financing). Renewable energy investment also suffered a second blow from a shift away from ESG investing especially in the US with the re-election of Donald Trump at end of 2024.

A renewables renaissance since April

Since April 2025 we have seen a rebound in renewable energy indices and more particularly in solar energy. Energy think-tank Ember noted that in June 2025, solar was the largest source of electricity in the European Union for the first time.

By 2025 renewable energy stocks had moved from once being highly valued growth stocks to becoming value stocks, given the huge reset in valuations in this space from 2021 to 2025.

CHART 1 – CLEAN ENERGY INDEX RECOVERED 50% FROM LOWS IN APRIL



Source: BNP Paribas, Bloomberg

Solar Energy: an impressive recovery

With interest rates falling over the last 12 months, and with a substantial rise in future electricity and energy demand due to i) the growth in AI-related data centres, and to ii) the rise of electrical vehicles, the search for low-cost sources of energy is resurging. Solar energy, a relatively cheap energy source compared to other forms of electricity generation, can be developed, implemented and installed quickly. Today, it is the fastest growing source of renewable energy and according to the latest reports from the IEA, around 80% of the increase in renewable power will come from solar photovoltaic (PV) systems in the next five years.

Robust global solar power demand

Based on the current Bloomberg Energy outlook, 2025 should be a record year for new solar projects led by China but also with a growing investment in India, the Middle East and Africa. Not only does China represent one of the main producer of electricity through solar energy but it is also increasing its production of solar panels and lowering hence the unit cost for solar panels. Hybrid setups are also being installed with a combination of solar panels and industrial battery storage in order to have a more flexible source of energy and be able to store the additional power.

For now, this remains a relatively unpopular rally in solar stocks with relatively little retail investor participation. Instead, themes such as US mega-cap technology, quantum computing and even nuclear energy are more popular themes which continue to capture retail investor attention.

In contrast, investors remain wary of the renewable/solar energy theme after the painful 2021-2025 bear market when the S&P Global Clean Energy index fell 66% (in US dollars) from its January 2021 peak to April 2025 trough. Since then, the clean energy theme has recovered 50% from the lows and continues to trend higher.

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