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[http://www.forbes.com/finance/2008/04/04/solar-evergreen-ldk-pf-ii-in\\_jd\\_0404options\\_inl.html](http://www.forbes.com/finance/2008/04/04/solar-evergreen-ldk-pf-ii-in_jd_0404options_inl.html)

## Solar Stock Resurrection

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Last year proved to be the year of the solar stock, as more than one of the group's components doubled in value before the close of 2007.

However, the sector was also one of the hardest hit in the first quarter of 2008, as the PowerShares Wilder Hill Clean Energy Portfolio (PBW), a decent proxy for the solar group, dropped almost 29%.

Undoubtedly, a number of investors got burned on solar stocks, but it may be time to jump back in as these stocks rebound from their lows.

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Another solar stock that is trying to bounce back from its lows is **Evergreen Solar** (nasdaq: [ESLR - news - people](#) ). The equity has rallied from its March 20 low of \$7.52, gaining more than 39%. In fact, the shares have climbed back above the 10 level and finished their first week above their 10-week trend line since early January.

Much like LDK Solar, Wall Street has become quite skeptical of Evergreen. Zacks reports that the company has been awarded seven "buy" ratings compared with 10 "holds" and one "strong sell." This configuration leaves the door wide open for potential upgrades.

Meanwhile, options players are starting to jump on the stock's bandwagon. The security's put/call open interest ratio has steadily declined from its annual peak of 0.95 on March 24 to its current reading of 0.76. This decrease shows that investors have started to load up on optimistic call positions. However, the current reading is still higher than 93% of all those taken during the past year--far from an optimistic extreme. As more of the former bears jump on the stock, Evergreen will be pushed higher by the fresh buying power. To ride this rally higher, options players should consider the stock's May or June 10 call.

One interesting component of the solar sector is **Applied Materials**

(nasdaq: [AMAT](#) - [news](#) - [people](#) ). While the company is well known for being the world's largest maker of semiconductor production equipment, many may forget that it is also involved in the solar sector. With its 2006 acquisition of Applied Films, the company moved into the market for equipment used in making solar power cells.

Technically speaking, the security has climbed along its 10-day and 20-day moving averages since reaching a low of 16.13 on January 11--a gain of 30%. Furthermore, the equity's brief pullback in March was halted by support at its rising 10-week moving average. The one concern for the stock is some chart congestion in the 22-23 region. This area halted the security's rally attempts from July through October 2007.

Despite the stock's uptrend, options players have grown quite skeptical of Applied Materials. The Schaeffer's put/call open interest ratio for Applied jumped from 1.32 on Thursday to its current reading of 1.42 due to a heavy increase in put-open interest. This reading is higher than 98% of all those taken during the past year. Simply put, short-term options speculators have been more pessimistically aligned toward the shares just 2% of the time during the past 52 weeks.

In addition, one group that could still give the security a boost is Wall Street. According to data from *Zacks*, the stock has earned 10 "buy" ratings, seven "holds" and one "strong sell." This configuration leaves room for potential upgrades, which could win more investors to the stock's bandwagon. Options speculators should consider a July 20 call to take advantage of the stock's rally. By purchasing an option with a little more time, you will be able to better weather any slowdown in the 22-23 region.