

Excerpt from Seeking Alpha, June 14, 2010

<http://seekingalpha.com/article/209870-pbw-the-perfect-short-for-all-seasons>

PBW: The Perfect Short for All Seasons

Looking for a short play that could do well no matter what the broader markets do? You might not need to look any further than [PBW](#) - an ETF play on clean energy.

....

Most clean energy companies are based on such terrible business ideas that you could say they are "perfectly hedged." They lose money in both good economic times and bad economic times. Their share prices are able to sink in both bull markets and bear markets.

For a picture of this hedged condition, we present the past two years of trading in the PowerShares Clean Energy Fund ([PBW](#)). As an easy, "one click" way to go long solar, wind, and various other clean energy companies, this fund has drawn in hundreds of millions of investor dollars over the past few years.

You can read Brian's entire piece [here](#) (at bottom of page). I agree with Brian's analysis; PBW is almost sure to get thrashed again if markets turn south and make a run at their March 2009 lows - as we are expecting. These types of projects usually have questionable economics even in good times, when energy prices are high - and credit is loose.

Now we have the opposite - credit is tight, which puts pressure on these boondoggles, which typically have huge capital expenditure requirements. Furthermore, [crude oil has already topped](#), and is in the process of turning down once again; that is sure to put serious pressure on clean energy economics.

Another reason to doubt clean energy? It's often subsidized or funded by the federal government - the ultimate herd. Whenever a sector is a point of favorable emphasis of Uncle Sam, you're probably best off taking the other side of that trade.

....