

# Investments - Flash



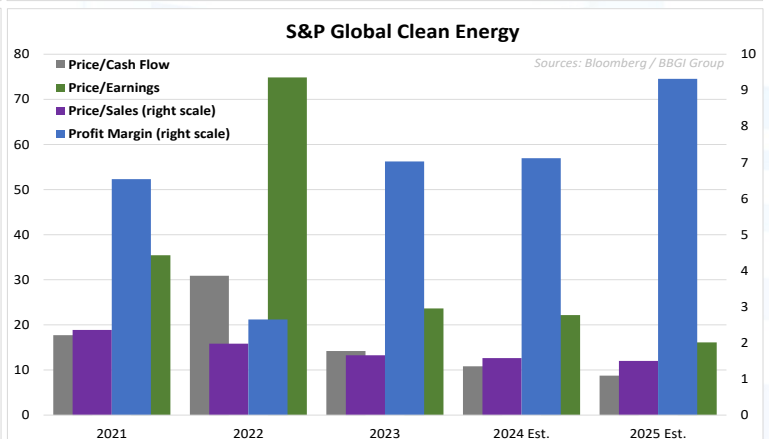
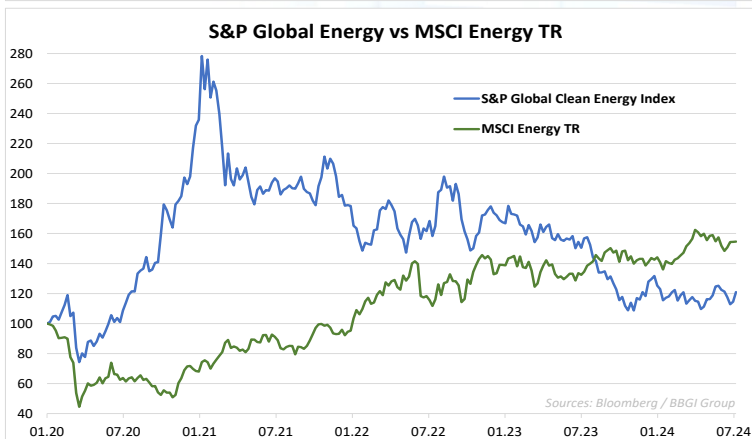
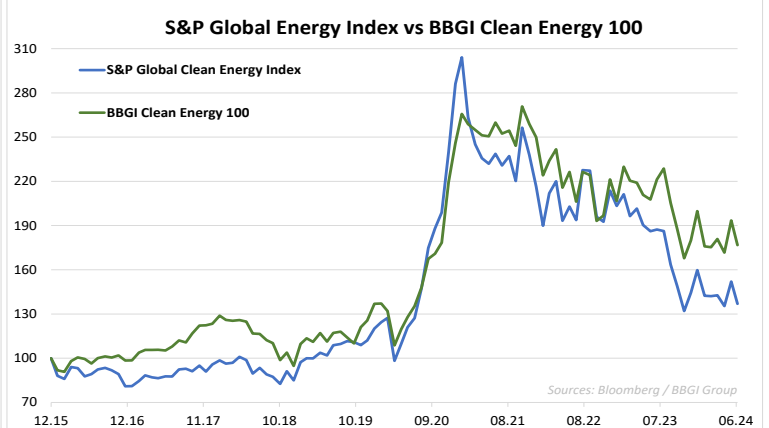
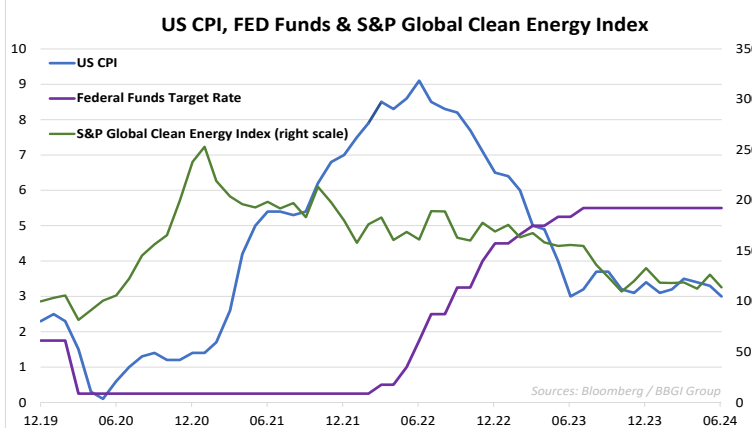
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## LOWER INTEREST RATES WILL BOOST ALTERNATIVE ENERGIES

Attractive valuations for 2025 : earnings growth +22% - PE16x

While the cycle of negative monetary conditions for alternative energies has already reached its inflection point in the Eurozone, it is now very close to reversing in the USA. A cycle of key rate cuts will be synonymous with declining financing costs and lower capitalization rates. In June, the consumer price index recorded its first month-on-month contraction of -0.1% since the price collapse of May 2020, opening the door wider for the Federal Reserve to begin a cycle of monetary policy adjustment. Having raised its key rates eleven times since 2022, the Fed is now preparing for its first rate cut. We estimate that this could take place in September, and could exceed -0.25%. For the alternative energies sector, which is highly sensitive to interest rates, the start of a downward cycle is an extremely favorable factor and a game changer.

After several years of penalizing conditions, the horizon seems to be clearing for the sector. Especially since, at current valuations, companies in this sector are clearly not overvalued. In our view, current levels can be an extremely attractive entry point for those who recognize that the fundamentals of the sector's listed stocks will benefit from this development in 2025. The overall valuation of the S&P Global Clean Energy index has fallen from a particularly high PE of 74x for 2022 to just 22x for the current year and 16x for 2025. Compared with the S&P500 (20.4x) or Nasdaq (27x), the sector now offers a discount of -22% to -40%. Expected earnings growth for 2024 is +26.6%, and +23% for 2025 (S&P500 +12.7% 2024 and +8.1% 2025). A new cycle is in the making for the sector.



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