

PV Module Prices Increased by 7% in December, but Expected to fall 4% in January

Wellingborough, UK – 19th January 2012: PV module prices increased by 7% in December 2011 due to a temporary pick-up in demand ahead of FiT reductions in a number of key markets according to the latest monthly pricing report from IMS Research. Strong demand during the year-end rally saw installers buying PV modules from distributors at inflated prices. The survey found that installers were desperate to secure supply and complete installations before incentive levels were reduced, particularly in Germany where 3 GW of installations were connected in December alone. However, the survey also found that price increases were only temporary and both module suppliers and buyers expect price drops again in January.

Q4s strong spike in demand offered manufacturers much-needed relief from the intense price pressure that blighted them for much of 2011. According to IMS Research, prices of crystalline modules purchased direct from the manufacturer in December increased for the first time in the year, albeit by just 1%. Distributors, however, were able to take full advantage of spiraling demand in their local markets and their prices for crystalline PV modules increased by 10% on average. Distributors were also able to increase their mark-up on modules in December, on average selling crystalline modules for 22% more than they purchased them for, almost double the previous month. Sam Wilkinson, Senior Market Analyst at IMS Research commented, "The increases in prices of PV modules throughout the supply chain in December perhaps shows that the pricing free-fall of 2011 had ended, which I'm sure provided a welcome relief to suppliers. However, our checks indicate that further drops are expected in early 2012".

High channel inventory levels, as well as rapidly declining prices for PV modules throughout most of 2011 had plagued manufacturers and distributors with many having to write-down inventory and in some cases, sell at a loss. "A strong pick-up in demand came late in the year in many countries, most notably Germany which installed over 4 GW in Q411. This resulted in prices stabilizing, and distributors improving their margins and clearing their inventories," added Wilkinson.

Following a year of unprecedented price declines, price developments for 2012 are now a much talked about subject. As part of its monthly survey, collecting PV module pricing from suppliers, integrators, installers and distributors, IMS Research also identified expectations of how prices will develop throughout the supply chain in January 2012. The survey found that whilst on average distributors expected a decline of just 4%, their customers expected prices to decline by more than double that amount during the month.

Detailed analysis of PV module pricing is available from IMS Research's latest Monthly PV Module Price Tracker. To receive a free summary of the report, please

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contact Sam.Wilkinson@imsresearch.com [1] or visit the survey site [here](#) [2].

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Links:

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[2] <http://www.surveymonkey.com/s/imsresearchpvmodulepricesurvey>