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Trading idea

08.07.2025

IQQH ETF long

Entry: 6.75 EUR
Stop: 6.29 EUR
Target: 7.81 EUR
Risk/return: ~2.3

IQQH ETF: The worst may be over for renewables

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Although the Trump administration's new legislative package will lead to cuts in renewable energy subsidies, as promised, the sector has not fallen further in recent days and some stocks have even seen impressive gains. This confirms that investors may have already priced in a lot of bad news for the sector, sentiment is quite negative, and since the original US proposals have been softened somewhat, this alone was enough to trigger a visible rally. Given the very negative investor positioning, we see a chance that this rally will continue in the short term, with technically attractive reversal signals emerging. We are trying to capitalize on this situation through the purchase of the IQQH ETF, which tracks renewables and thus better diversifies individual company risks, while maintaining strict risk management.

IQQH ETF, daily chart

Technical picture: The downward trend projected from mid-2022 broke in early May. Since then, it has managed to hold the breakout level (6.25), so the recent upturn can be interpreted as a buy signal.

We would place the risk below the previous swing low (6.29). The target price could be around 7.8, at the top of the range established in 2024.

The longer-term curve suggests an even more positive picture, but the holding period may be extended.

Key Facts			
Name	ISHAR GL CL EN TR UCI ETF-US		
Benchmark	S&P Global Clean Energy Transition Index		
Price	6,74	Asset Class	Equity
NAV (m)	2 268	ISIN	IE00B1XNHC34
Shares out. (m)	267	Exchange	Xetra ETF
30 Day avg vol. (th)	194	Expense ratio (%)	0,65

Price change %	3 month	1 year	5 year
ISHAR GL CL EN TR UCI ETF-US	16,4	-5,6	1,2
X MSCI WORLD UTILITIES 1C	2,6	14,0	8,4

TOP 9 holding	
First Solar	8,9%
SSE Plc	6,1%
Vestas Wind Systems	6,1%
Iberdrola	5,6%
Nextracker	4,6%
China Yangtze Power	4,0%
EDP	3,7%
Equatorial	3,4%
Suzlon Energy	3,0%
Enphase Energy	2,7%

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Investment thesis

In the renewable energy sector, government subsidies play an important role in the return on investment of projects, so it is bad news that the Trump administration's latest draft legislation will cut them back in the coming years. Overall, this is not good news, although the impact within the sector is likely to vary greatly at the individual company level. It should not be forgotten that investors have already priced in these negatives for some time (it was one of Trump's campaign themes), the sector as a whole is still trading at half of its 2021 highs, and investor positioning and sentiment are both negative. That is why we view it as positive that the bad news has not been followed by another wave of selling, and that an attractive short-term turnaround is emerging in some stocks and in ETFs tracking the sector.

More on the renewables segment:
https://www.otpbank.hu/static/privatebanking/other/reports/1201_MarketSnapshot20250707.pdf

Although there may be relative winners of the current regulatory changes, such as First Solar, the upcoming quarterly flash report and the resulting risk of stock price movements prompt us to try to play the turnaround through sector-level ETFs, which spread out individual risks.

Risk management is important, as we are talking about a sector that is operating in the face of regulatory headwinds in the US, and if long-term bond yields were to rise from here, this would also hinder any upward momentum. We are monitoring these closely, and if the stock price reaches the levels we have set as stops, we would consider it justified to close our long positions.

István Kecskeméti
Senior technical analyst

Dávid Sándor
Chief investment strategist

Ákos Szemán
Senior Analyst