

Chinese Tier-2 PV Module Prices Fall Below \$1/W in January, But Price Cuts Slow

Written by IMS Research
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Wellingborough, UK – 16th February 2012: The average price of Chinese Tier-2 crystalline PV modules fell to \$0.96 per watt in January 2012, according to the latest PV [module pricing report](#)

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. Annualized price declines (ignoring seasonality) slowed to 22% in January, having exceeded 50% in December, as incentive levels were reduced in a number of major PV markets at the end of 2011.

Highly competitive pricing from Chinese Tier-2 manufacturers has continued into 2012 according to the new report, and the average crystalline PV module price from these suppliers declined twice as quickly as the total market in January dropping to \$0.96/W. Although many spot prices were offered below this in recent months, this is the first time that the global average price had fallen below this industry milestone. Prices as low as \$0.80/W (~€0.60/W) were recorded for Chinese Tier-2 module suppliers in January, typically for large orders from German distributors.

The report also found that significant pricing variations throughout the supply chain with distributors seeing an even faster fall in prices. Research analyst and report author, Jessica Jin commented, “ *Having enjoyed less price pressure than manufacturers in December ahead of FiT cuts in major markets, distributors’ prices were found to have declined faster than manufacturers’ prices in January. However, the average distributor price for Chinese Tier-2 crystalline prices still remained 25% higher than manufacturer pricing.*”

Although January saw module prices decline once again to new record lows, declines actually slowed in comparison to previous months in response to strong demand in Europe. “ *Following the political response to Germany installing 7.5 GW in 2011, significantly more than the Government’s annual target, it is considered highly likely that major amendments or cuts will be made to the FiT in the world’s largest market in the first half of 2012. The threat of these changes, combined with the attractive returns offered by the current system prices in Germany, is driving demand to remain unusually high in the first few months of the year,*” commented Jin.

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Detailed analysis of supply and demand dynamics in this market is available from IMS Research's latest [Monthly PV Module Price Tracker](#)

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About PV cell and module analysis

IMS Research has been publishing research on the global PV market since 2007. Its coverage extends from polysilicon to PV modules, as well as all other areas of the industry. Its team of analysts collects data from hundreds of suppliers and regularly publishes reports that are used by many of the world's largest suppliers.

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