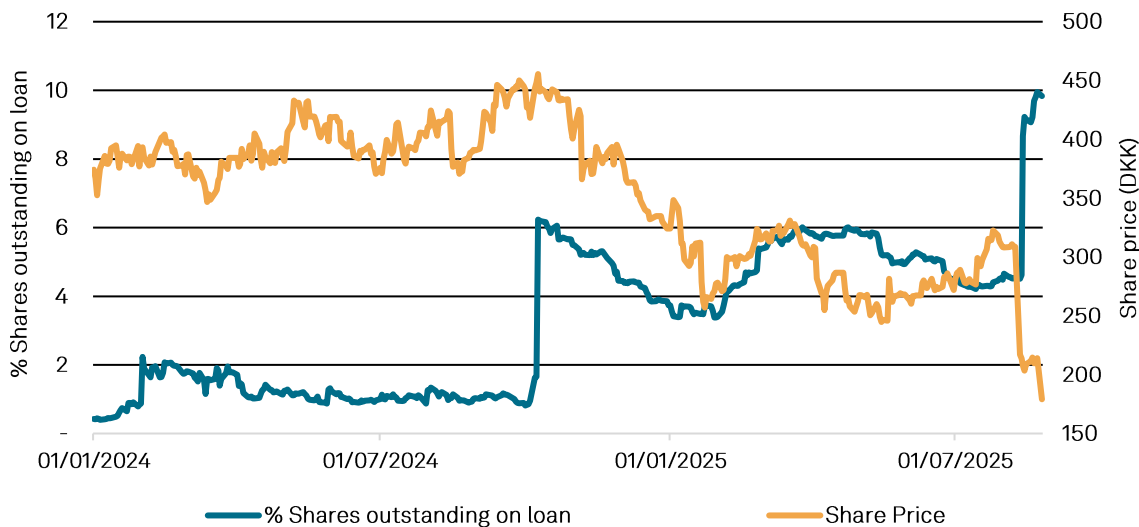


# Caught in the Crosswinds: Ørsted's Rise in Short Interest.

Ørsted's share price recently declined, leading to a rise in short interest to 10% of the company's outstanding shares on loan.



Source: S&P Global Market Intelligence Securities Finance

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Ørsted, a significant entity in the renewable energy sector, has recently experienced a decline in its share price, with short interest reaching 10% of outstanding shares on loan. This downturn is linked to a combination of political, financial, and operational challenges, particularly in its U.S. offshore wind projects. Below are the key factors contributing to Ørsted's current situation.

## U.S. Policy Shift Against Wind Energy

A notable challenge for Ørsted arises from a political shift in the United States. The Trump administration has taken a stance against wind energy, suspending new or renewed offshore wind leases and publicly criticizing wind turbines. This political environment has implications for companies like Ørsted that are invested in U.S. offshore wind projects.

The Revolution Wind project, which was nearly completed at 80% and had power purchase agreements in place, has faced delays due to this policy direction. The suspension of further lease

agreements and the administration's stance on wind energy have introduced uncertainties regarding the viability of Ørsted's U.S. projects.

### **Collapse of Project Divestments**

Ørsted had planned to partially divest its Sunrise Wind project to strengthen its capital structure. However, adverse market conditions and regulatory uncertainty led to the cancellation of this divestment plan.

The inability to secure this funding source resulted in a funding gap for Ørsted. In response, the company announced a DKK 60 billion (\$9.4 billion) rights issue, which prompted a sell-off of its shares. This capital infusion was necessary to address financial needs but highlighted the company's financial position.

### **Financial Pressures and Impairments**

Ørsted's financial circumstances are further complicated by impairments estimated at up to \$2.3 billion across its U.S. operations. These impairments are attributed to several factors, including supply chain delays, high interest rates, and uncertainty surrounding federal tax credits.

Key projects such as Ocean Wind 1, Sunrise Wind, and Revolution Wind are affected by these financial pressures. The combination of rising costs and operational delays has impacted Ørsted's financial resources and may influence investor perceptions of the company's commitments.

### **Market Sentiment and Technical Breakdown**

The market sentiment surrounding Ørsted has shifted, with the stock declining over 86% from its all-time high. This long-term downtrend has been affected by a recent technical breakdown, where the stock fell below key support levels. Such movements in stock price can lead to further selling as investors reassess their positions. The rise in short interest to 10% of outstanding shares on loan also indicates a shift in market sentiment regarding Ørsted.

### **Industry-Wide Challenges**

Ørsted is part of a broader offshore wind sector that is experiencing rising costs, regulatory hurdles, and financing challenges. As a major player in this industry, Ørsted is affected by these systemic issues.

The complexities of project financing, along with regulatory uncertainties, have created a challenging environment for companies in the offshore wind space. Ørsted must navigate these challenges while addressing its operational and financial issues.

### **The Road Ahead**

The decline in Ørsted's share price and the increase in short interest reflect a combination of political, financial, and operational challenges. The U.S. policy shift against wind energy, the cancellation of key project divestments, financial impairments, and industry challenges contribute to Ørsted's current situation.

As the company works to stabilize its operations and address these challenges, it will need to navigate a complex landscape. Stakeholders will be monitoring developments as Ørsted continues to address these multifaceted issues.

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