# Briefing Paper
## Market Indicators Quarterly Report

October 24, 2011

The purpose of this report is to track and assess changes in key economic indicators in an attempt to gain a better understanding of how demand for Energy Trust programs will respond to changing market dynamics. By monitoring the behavior of several widely used macro-level indicators we hope to stay closely attuned to any signs of improvement or further worsening of economic conditions, thereby providing Energy Trust program managers with the ability to respond to changes accordingly.

Patterns of sluggish growth early in 2011 have continued to inhibit a desperately needed recession recovery from reaching its full-stride. The national unemployment rate has been stuck stubbornly near 9% since early in the year, and shows little signs of moving much lower in the near term. Nationally, the rate of new home construction is only at about one-third of its average level in recent decades. Concerns about debt crises in euro-zone countries, as well as about the debt exposures of the European banking system, have been a significant source of stress in global financial markets, which in turn has had a negative impact on consumer confidence and credit conditions in the US. In light of these market signals, the Federal Open Market Committee (FOMC) has revised its near term growth rate estimates downward, as persistent factors continue to restrain the pace of recovery.

Alternatively, overall inflation has begun to moderate, as predicted by the FOMC earlier in the summer. The Committee also recently announced that it will take further action to lower long-term interest rates through the purchase of long-term Treasury Securities.

Federal Reserve Chairman Ben Bernanke summarized the current state of the US economy and near-term growth prospects in his recent Oct.4th testimony before the US congress;

> "The functioning of financial markets and the banking system in the United States has improved significantly. Manufacturing production in the United States has risen nearly 15 percent since its trough, driven substantially by growth in exports…, business investment in equipment and software has continued to expand, and productivity gains in some industries have been impressive. Nevertheless, it is clear that, overall, the recovery from the crisis has been much less robust than we had hoped. …Slow economic growth has in turn led to slow rates of increase in jobs and household incomes."[1]

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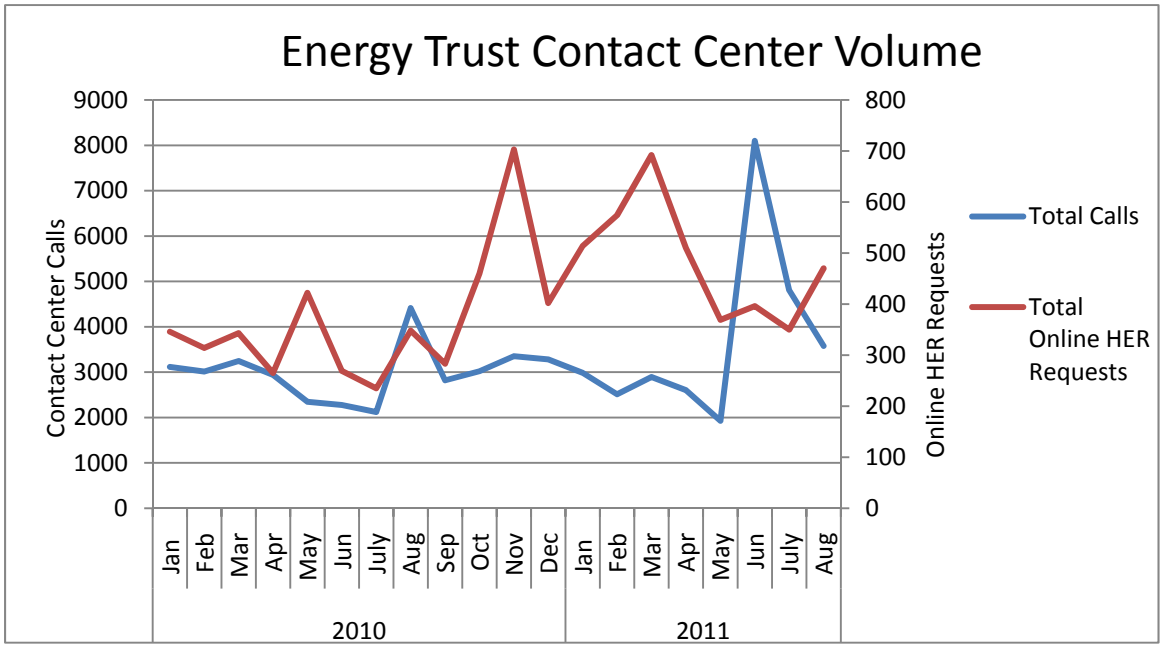
**1** -FED Chairman Ben S. Bernanke in his speech "*Economic Outlook and Recent Monetary Policy Actions", b*efore the Joint Economic Committee, U.S. Congress, Washington, D.C. October 4, 2011.

# 1.1 Energy Trust Programmatic Indicators

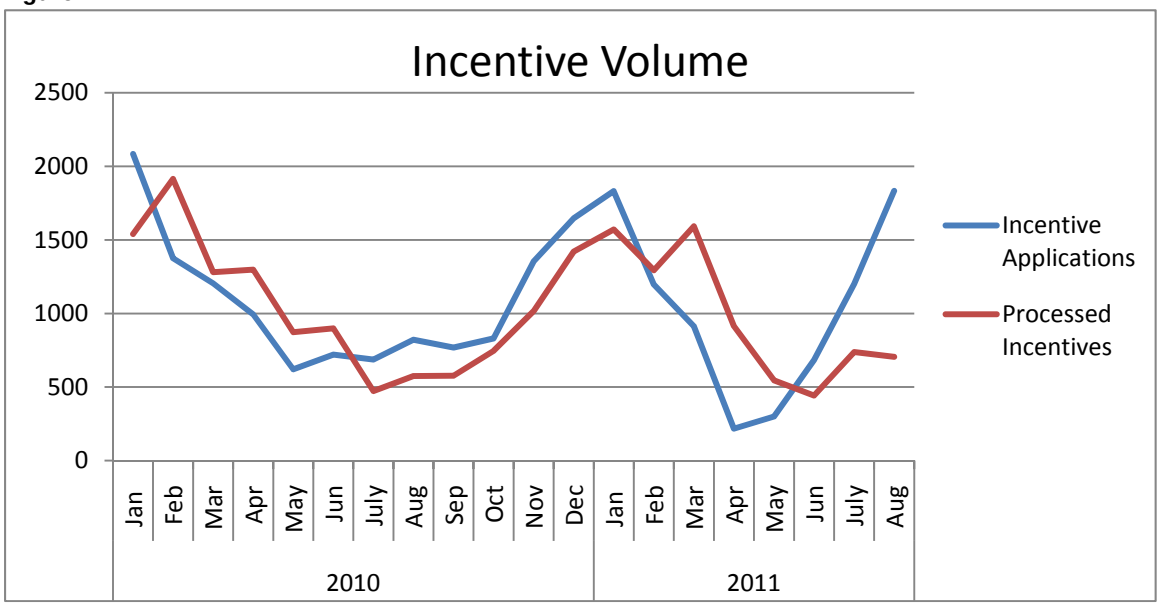
### ETO Contact Center –

**Figure 1.1**




After a large June spike in contact center call volume due to a PGE Energy Saver Kit Marketing blitz, customer contact via phone dropped off somewhat in July and August. Call volume is expected to increase however over the coming months due to seasonal trends as well as several planned marketing campaigns for Home Energy Reviews.

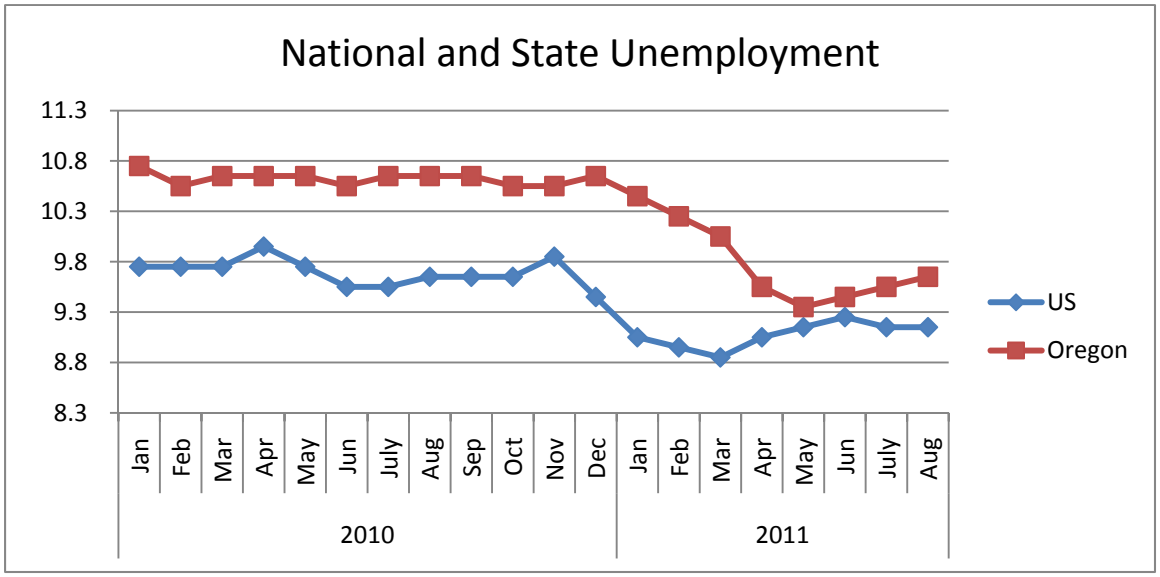
**Figure 1.2**



## 2.1 Macroeconomic Indicators

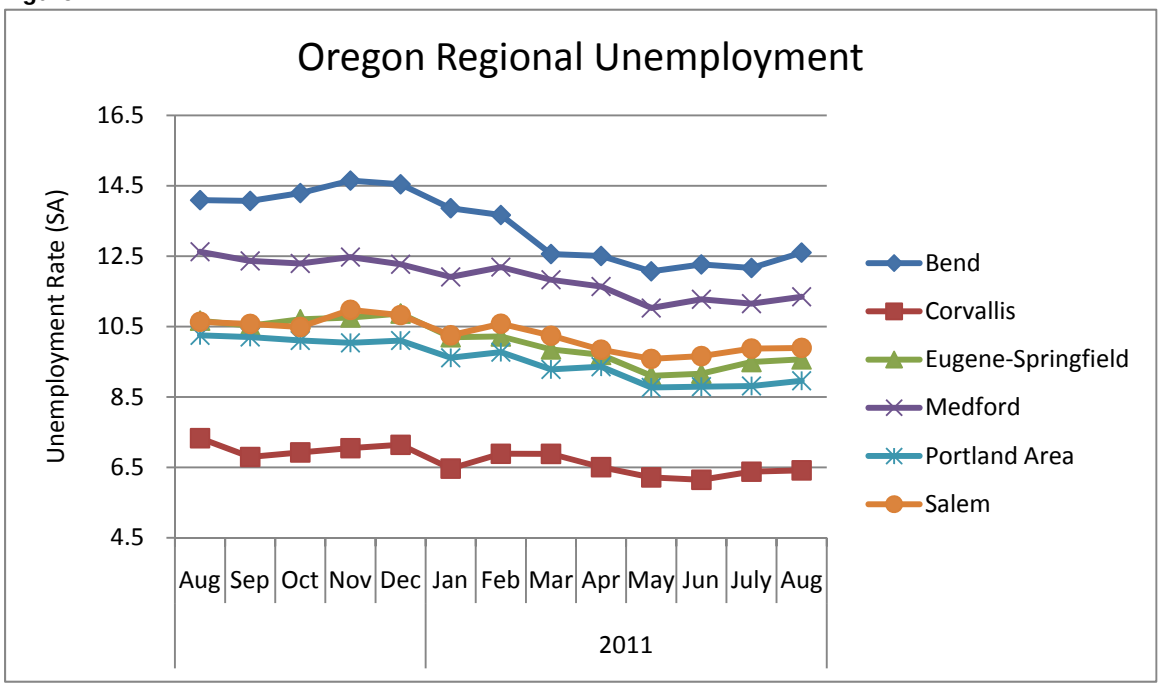
### Unemployment-

**Figure 2.1**



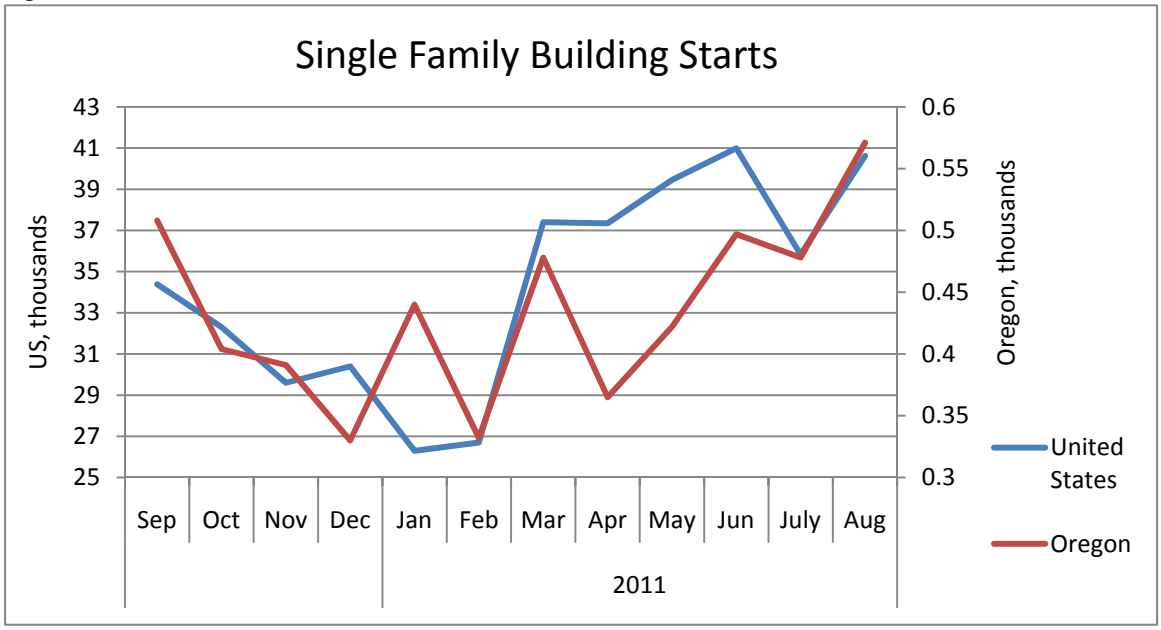

Nationally, the unemployment rate has hovered around 9% for several months, despite the US economy adding 103,000 jobs in September, according to the latest Labor Department data release. Within the state, the unemployment rate increased in August from the previous month for *all* of the major regions shown in the graph below. Central Oregon's exceptionally high unemployment rate of 12.6% serves as a reminder of the greater impact the housing market collapse had on local economies that were invested heavily in real estate and construction industries when the recession began.

**Figure 2.2**



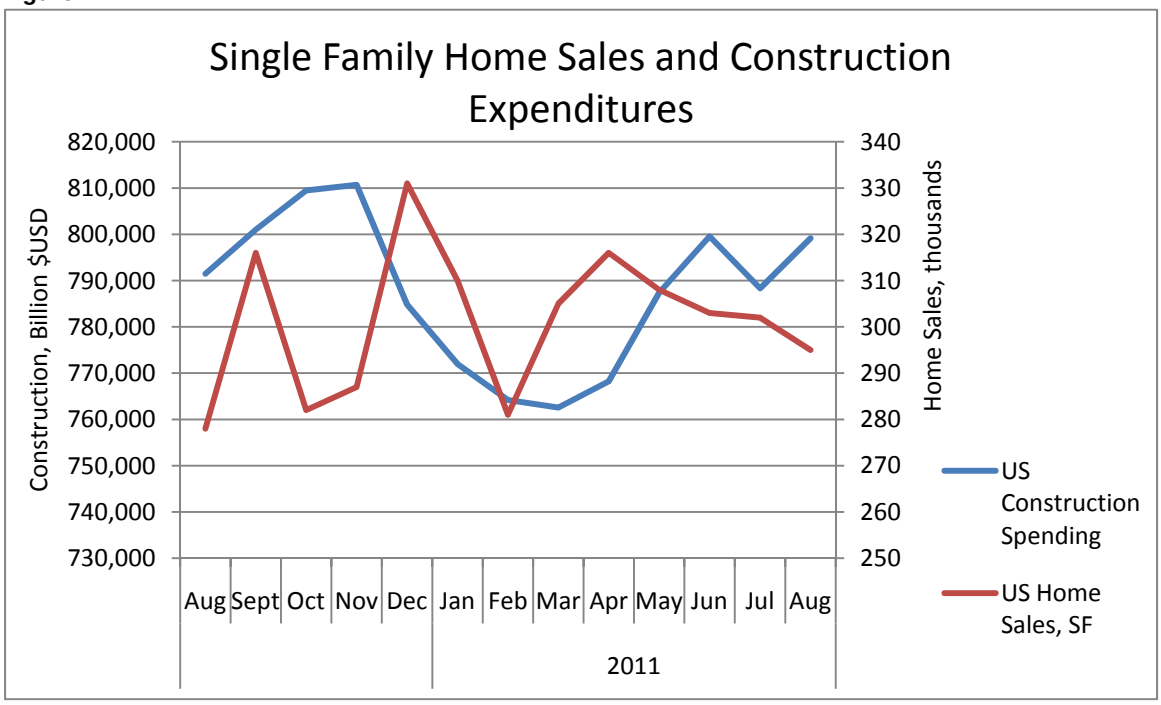
## New Homes Report-

**Figure 2.3**




## National Construction Expenditures-

**Figure 2.4**



## Foreclosures-

**Figure 2.5**

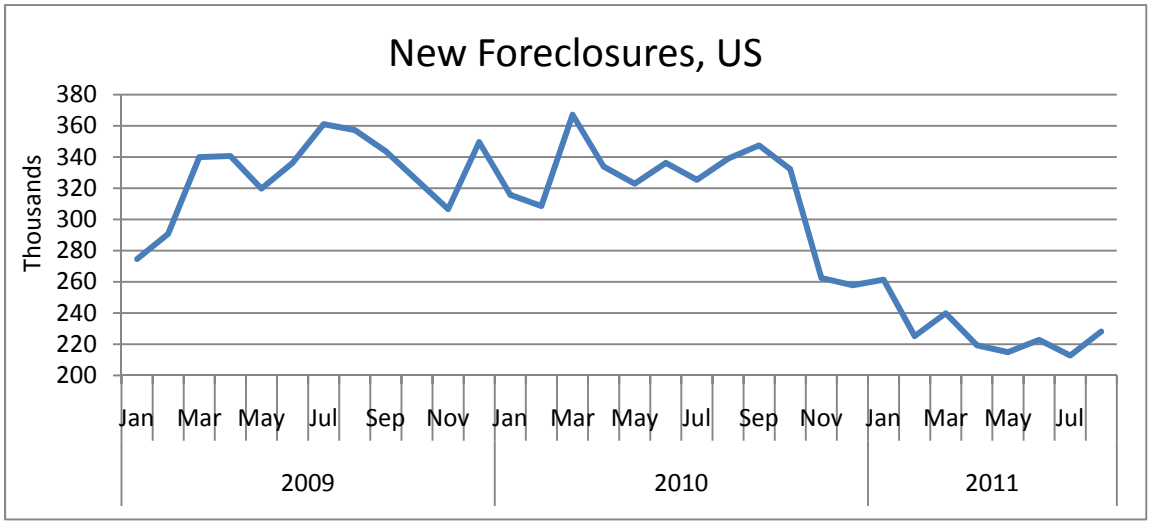
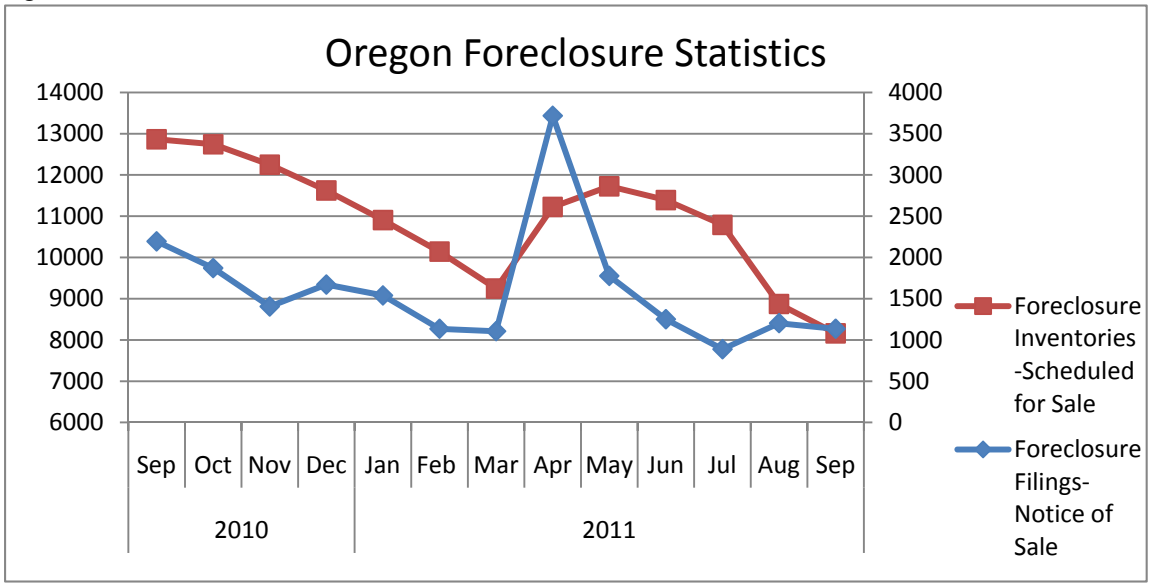


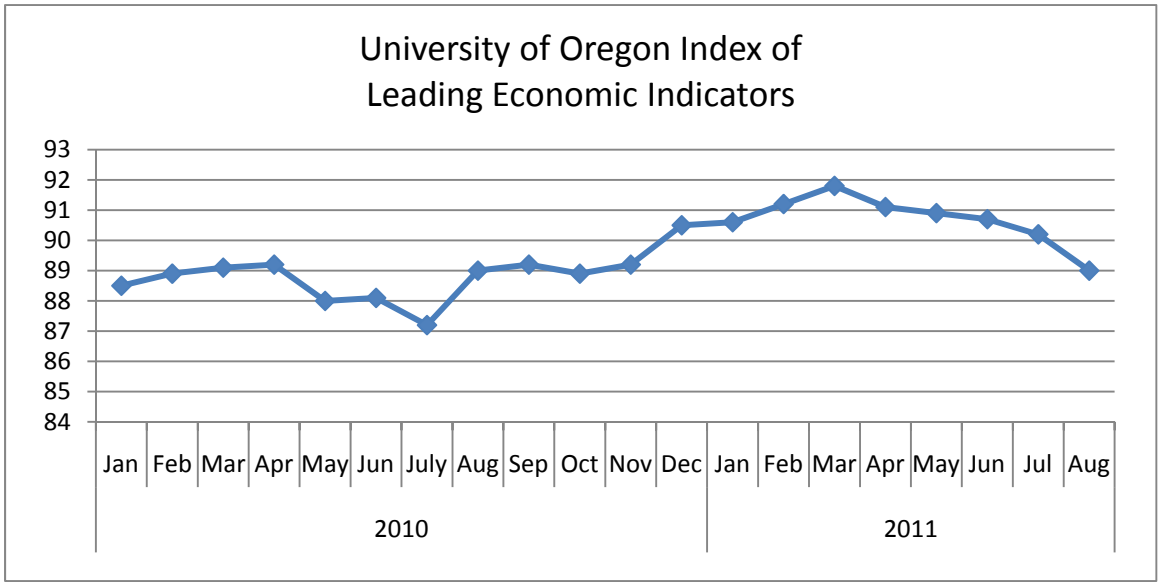

**Figure 2.6**




**As seen in Figure 2.5, the overall trend in foreclosures, nationwide, has been downward since almost 13 months ago. Within the State of Oregon however, many homeowners continue to struggle with mortgage payments and little marked improvement in housing sectors (Figure 2.6).**

## UO Index-

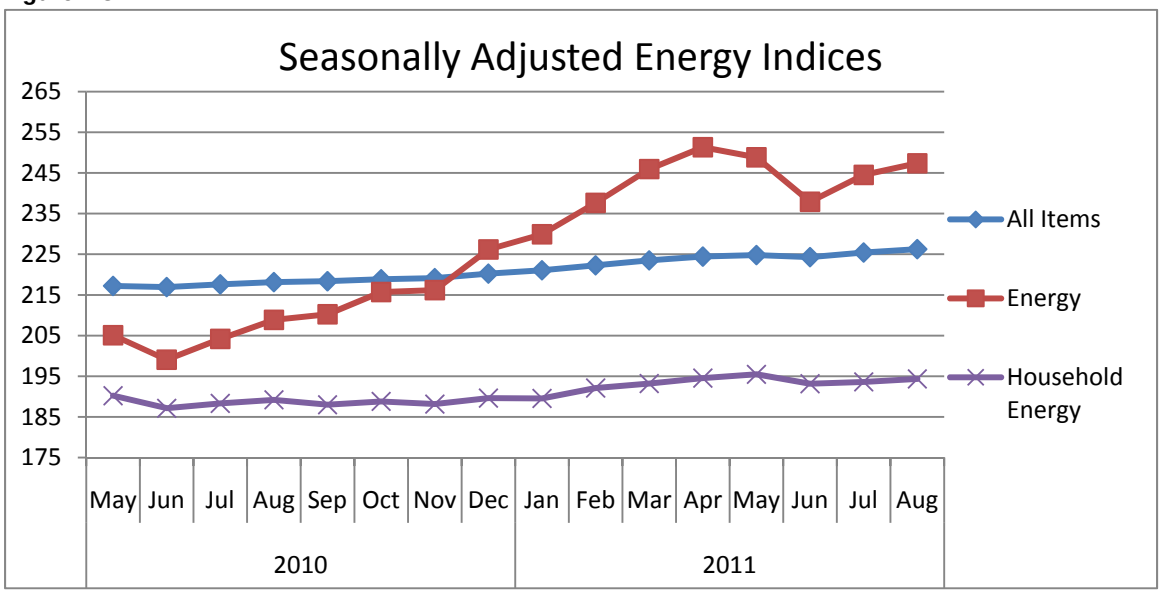
**Figure 2.7**




All of the components of the UO index are down compared to six months ago, with the exception of real manufacturers' new orders for nondefense, non-aircraft capital goods, which are slightly higher in August than they were in March (6 mo. prior).

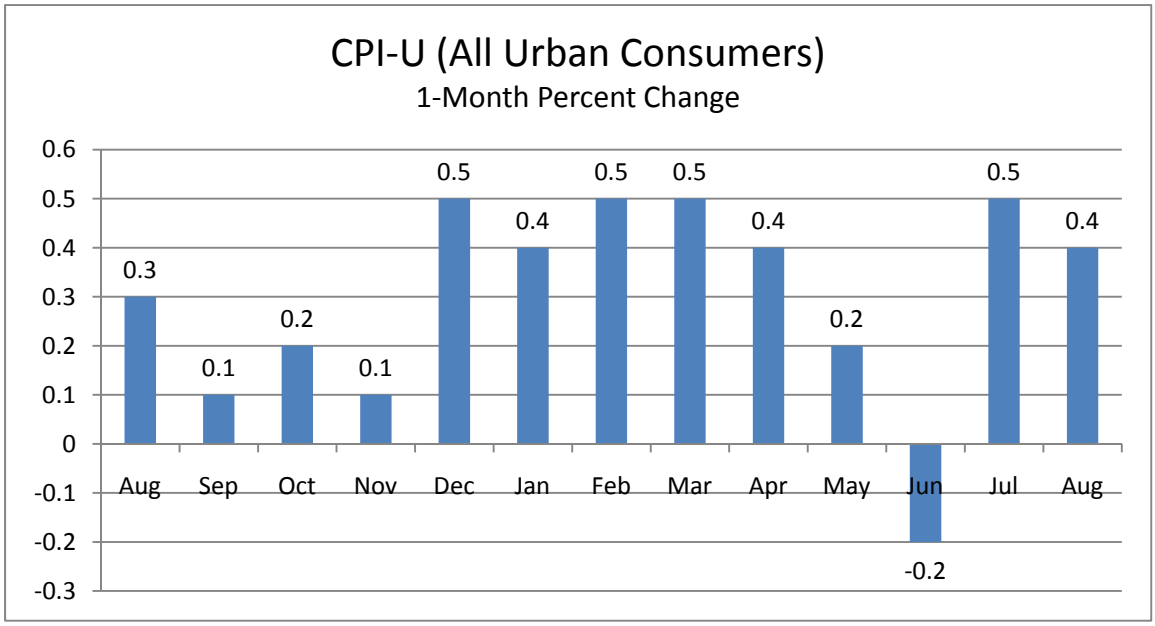
## Price Indices-

**Figure 2.8**



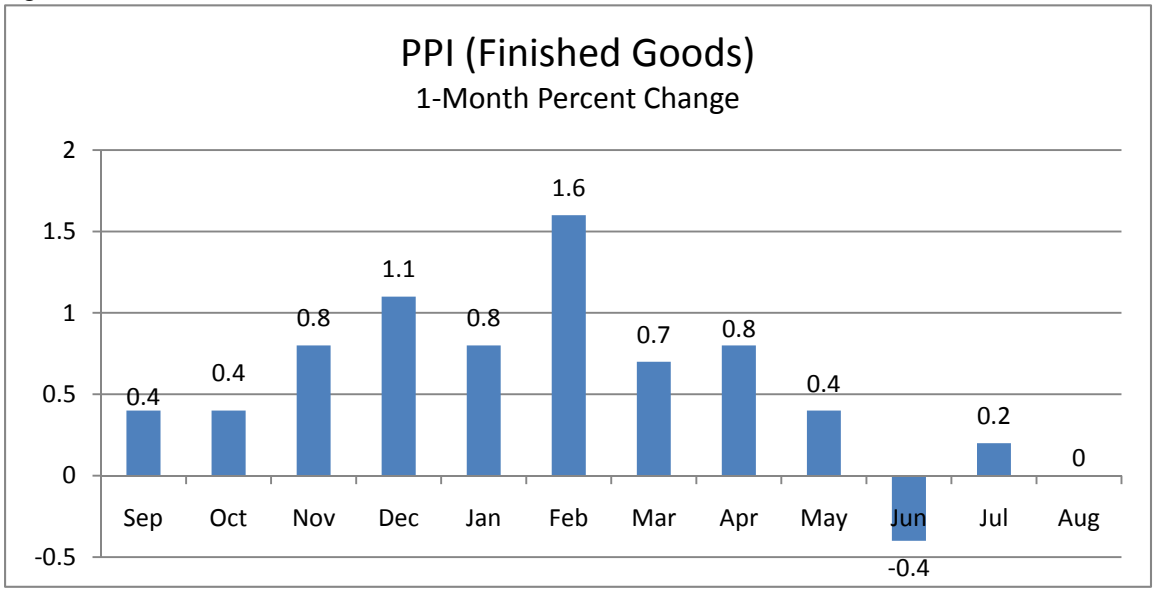
## Consumer Price Index

**Figure2.9**




## Producer Price Index- Finished Goods

**Figure 2.10**



**ISM Report on Business-**

As of the March release of the ISM's report on business, Economic activity in the manufacturing sector expanded in September for the 26th consecutive month, and the overall economy grew for the 28th consecutive month. Economic growth in the US has been particularly slow during the first half of 2011, with real GDP growing at an annual rate of less than 1 percent, which represents about half the rate that was forecasted by the US Commerce Department's Bureau of Economic Analysis earlier this year.[2]

> "Comments from respondents generally reflect concern over the sluggish economy, political and policy uncertainty in Washington, and forecasts of ongoing high unemployment that will continue to put pressure on demand for manufactured products."[3]

Around the State-

- Pressure Safe LLC, a food processing company, will open in Wood Village. It will use high pressure processing technology to sterilize and preserve meats and other food products. The plant will initially employ 25 to 30 workers and expand to 50 within a year. *The Outlook, 10/12/2011*
- Seneca Sawmill Co. bought the former Swanson Group Mfg.'s sawmill in Noti. About 100 of the mill's 125 workers will stay and become Seneca employees, while the others will transfer to Swanson's plywood mill in Springfield. *The Register-Guard, 9/30/2011*
- Energ2, a Seattle-based technology firm, plans to hire 35 people for its manufacturing facility in Albany. The plant will produce electrode material that will enhance power storage for electric vehicles. *Albany Democrat-Herald, 10/4/2011*
- The Eastern Oregon Higher Education Center in Hermiston is nearing completion. A joint venture of Blue Mountain Community College, Eastern Oregon University, and the city of Hermiston, the nearly $10-million, 22,000-square-foot building features 14 general purpose classrooms, science labs, a testing center, a conference room, and administration space. *East Oregonian, 9/9/2011*
- Walmart plans to open a 90,000-square-foot retail store at the Hayden Meadows shopping complex in north Portland. *The Oregonian, 9/22/2011*
- Pace American Enterprise Inc. closed its plant in Lebanon, laying off 35 workers. *Albany Democrat-Herald, 9/28/2011*
- Southwestern Oregon Community College's new Curry Campus north of Brookings will open in January 2012. It will accommodate 500 students. *Curry Coastal Pilot, 9/3/2011*
- Umpqua Dairy Products is building a 6,200-square-foot building across the street from its production facility in Roseburg that will house administrative offices. This will allow the company to update and expand its plant. *The News-Review, 9/4/2011*

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[2] Janet L. Yellen, Vice Chair of the Federal Reserve Board of Governors, Oct. 21st, 2011.

[3] Bradley J. Holcomb, CPSM, CPSD, chair of the ISM Manufacturing Business Survey Committee.