MARKET INDICATORS REPORT

ENERGY TRUST PROGRAMMATIC INDICATORS:

Existing Homes Report

- The PMC received 1773 incentive applications in November 2009.
    - ↑ 71.1% compared to the 1036 applications received in November of 2008.
- The PMC received 406 online Home Energy Review (HER) requests in November 2009.
- The Contact Center answered 3,337 inbound calls in November:
  ↑12.07% from 3,795 calls November 2008.
- In November, 253 participants attended workshops and presentations by the HES program.
- In November, the PMC completed twenty-two Multifamily projects, capturing 961,431kWh and 1,753 therms in savings.
- In addition to completing twenty-two Multifamily projects in November, the PMC has an established pipeline of an additional fifty-eight projects.
- Seventy-one contractors have signed the Form 871A Trade Ally Network Washington Addendum to becoming trade allies of Energy Trust in NW Natural territory in Southwest Washington.

Updates of NAHB forecasts of building permits for New Homes were not available at press time. Various other sources indicate the 'bottom' of the forecasted activity has held through Q3 2009 and is starting to climb out in late Q4.

MACROECONOMIC DATA

University of Oregon Index of Leading Economic Indicators

The University of Oregon Index of Economic Indicator rose 1.0 percent in November to 85.8 from an October figure of 85.0. This is the fourth consecutive month of increase in the index, and is consistent with expanding economic activity in the region. Despite solid gains in the overall index, the employment indicators remain weak, continuing to influence and validate many economists suggestions that job markets in Oregon will recover only slowly.

Residential building permits (smoothed) rose sharply for the second consecutive month, bringing permits to the highest level since May 2009. These gains in building permits should be interpreted cautiously though, as they are increasing off an extremely low base. Moreover, housing markets have been boosted artificially by both tax credits and Federal Reserve purchases of mortgage-based financial assets, which are both expected to end during the first half of 2010. Gains in manufacturing orders; however, highlight the substantial firming during the second half of 2009 of capital spending plans, an indication of improving confidence in the business sector.

Table 1: Summary Measures	2009					
	June	Jul.	Aug.	Sept.	Oct.	Nov.
U of O Index of Economic Indicators (1997 = 100)	84.3	84.0	84.3	84.5	85	85.8
% Change	-0.7	-0.5	0.5	0.2	0.6	1.0
Diffusion Index	71.4	42.9	50.0	57.1	35.7	78.6
6 Month % Change, Annualized	-4.0	-5.4	-2.6	-0.8	-0.2	2.1
6 Month Diffusion Index	42.9	57.1	64.3	71.4	57.1	71.4

Table 2: Index Components	2009					
	June	Jul.	Aug.	Sept.	Oct.	Nov.
OR Initial Unemployment Claims, SA	11,915	11,793	11,288	10,954	11,361	11,045
OR Employment Services Payrolls, SA	26,269	26,361	25,559	25,723	25,523	25,614
OR Residential Building Permits, SA, 5 MMA	469	411	401	398	469	590
OR Weight Distance Tax, $ Thousands, SA, 3 MMA	17,966	17,376	18,831	18,116	17,526	17,903
U of Michigan US Consumer Confidence, 5 MMA	63.6	65.6	67.3	68.9	69.3	68.6
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital goods, $ Millions, SA	33,166	32,845	32,404	33,350	32,888	33,948
Interest Rate Spread, 10 yr Treasury Bonds Less Fed Funds Rate	3.51	3.40	3.43	3.25	3.27	3.28

Institute for Supply Management Manufacturing Index

Month	*PMI*
Dec-09	55.9
Nov-09	53.6
Oct-09	55.7
Sept-09	52.6
Aug-09	52.9
July-09	48.9

Manufacturing growth accelerated in December, boosting the PMI index to 55.9 percent. This is an increase of 2.3 percentage points from November's reading of 53.6 percent, and is the fifth consecutive month of growth in the index, indicating continuing recovery in the sector at a faster rate of growth. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting.

- New Orders Index was at 65.5 percent in December
  - ↑5.2 percentage points from 60.3 percent in November.
- Production Index was at 61.8 percent in December
  - ↑ 1.9 percentage points from 59.9 percent in November.
- Employment Index was at 52.0 percent in December
  - ↑ 1.2 percentage from 50.8 percent reported in November. This is the third month of growth in manufacturing employment following 14 consecutive months of decline.

Unemployment

	Oregon (SA)	US (SA)
November 2009	11.1%	10.0%
October 2009	11.2%	10.2%
November 2008	7.8%	6.7%

Oregon's seasonally adjusted unemployment rate for November was essentially unchanged at 11.1 percent from the revised October figure of 11.2 percent. This was its lowest since the rate hit 10.7 percent in February, and was down from the high of 12.2 percent in May. In November, four major industries posted seasonally adjusted job losses of 900 or more: government, construction, financial activities, and other services. Financial activities dropped by 1,500 jobs in November, following a gain of 400 in October. None of the other major industries posted changes of more than 700.

- Total non-farm employment:↓5.19%
- Construction: ↓15.12%
- Manufacturing: ↓14.0%
- Accommodation and Food Services employment: ↓6.46%

Consumer Price Index (CPI, National)

On a seasonally adjusted basis, the December, Consumer Price Index for All Urban Consumers rose 0.1 percent. Grocery store food indexes showed the largest increases, leading to the food index rising 0.2 percent, its largest one-month advance in over a year. The energy index also rose 0.2 percent; but this was its smallest increase in five months. The indexes for fuel oil and gasoline rose, but the electricity index was unchanged and the natural gas index declined.

Seasonally Adjusted Consumer Price Index

	Aug '09	Sept '09	Oct '09	Nov '09	Dec '09	Unadjusted 12 months end December 2009
All Items	0.4	0.2	0.3	0.4	0.1	2.7

Portland – Salem metro area has been tracking the national trends for urban areas the last three semi annual reporting periods. The national trend is up for 2nd half 2009, but not having an estimate for Portland-Salem for 2nd half at this point, we will have to wait until next month's actuals are reported.

	CPI All Items							
	Semi-annual indexes				Percent change from preceding semi-annual average			
	2nd half 2007	*1st half 2008*	*2nd half 2008*	*1st half 2009*	*1st half 2008*	*2nd half 2008*	*1st half 2009*	*2nd half 2009*
US City Avg	208.9976	214.429	216.177	213.139	2.6%	0.8%	-1.4%	going up
PDX-Salem OR-WA	210.46	214.619	216.159	214.102	2.0%	0.7%	-1.0%	??

Summary

A measure of recession probability developed by Jeremy Piger, a University of Oregon associate professor of economics, now singles out August 2009 as the last month of recession in Oregon. While the Oregon economy, like the national economy, is no longer in recession, considerable uncertainty about the pace of the recovery remains. While near-term improvements can be expected as firms restock inventories and pent-up demand returns to the marketplace, the picture in the second half of 2010 is clouded by the expected fading of federal stimulus efforts in the months ahead. In the absence of these factors, the underlying rate of growth is likely impaired by ongoing transition away from the debt-driven dynamic that supported activity during the housing boom.

SYNOPSIS of Recent Market Activity (October 10, 2009)

- Keystone RV Company in Pendleton plans to hire 50 to 80 workers to roll out a new line of recreational vehicles at the former Fleetwood site it purchased once the plant has been converted, which could happen by next spring or summer. Long term, it could hire as many as 300 workers. *East Oregonian, 1-4-10*
    - The transportation equipment manufacturing industry in Lane County, which is dominated by RV manufacturers, has declined rapidly during the current recession, going from 4,500 workers in 2005 to a low of 900 in 2009. Experts expect a slow recovery, especially for highend RVs costing a $1 million or more. *Register-Guard, 12-13-09*

- Novellus Systems Inc. in Tualatin, which manufactures and sells processing equipment for the semi-conductor industry, received a $400,000 Strategic Reserve Fund grant that will help it create 135 jobs. The state grant is intended to help offset workforce training costs and will not have to be repaid if the company creates and maintains the new jobs through mid-2012. *Tualatin Times, 12-28-09*

- Les Schwab Tire Centers plans to build a 9,830-square-foot tire center in southeast Vancouver. *The Columbian, 12-16-09*

- Georgia-Pacific will indefinitely shut down one of its older paper machines at the Wauna Mill near Astoria. It will affect 28 employees, but it isn't known whether any of them will be laid off. *Daily Astorian, 12-4-09*

- Wal-Mart will build an 86,000-square-foot store at Hayden Meadows in north Portland that will employ about 300 people. A timetable has not been set for construction. The company also plans to expand its store on Southeast 82nd

Avenue in order to accommodate a full grocery. It will hire roughly 100 new workers as a result. *Portland Business Journal, 12-22-09*

- General Electric Corp. received a $1.4-billion contract to supply turbines for a 845- megawatt wind farm project in Gilliam and Morrow counties. Caithness Energy's Shepherds Flat project has received most of the government permits it needs. It will employ 400 workers during construction and 35 during operation. Construction on the 338- turbine wind farm will start next year and is expected to be finished in 2012. *Portland Business Journal, 12-10-09*

- Construction of the natural gas Ruby Pipeline, which is planned to start in 2010, is expected to employ up to 800 workers in Lake County and 600 workers in Klamath County at the peak of the summer construction season. *Herald and News, 12-8-09*

- A biodiesel fuel blending facility is under construction in Ontario. PC Energy LLC − a joint project of Poole Oil in Ontario and Campo Oil from Fruitland, Idaho − hopes to use Connect Oregon funds to improve rail infrastructure to the facility, which could add five jobs. *Argus Observer, 12-3-09*

- The Home Depot Inc. plans to build a $30.5 million, 465,000-square-foot distribution warehouse at the Mill Creek Corporate Center in Salem. It will employ about 175 people. *Statesman Journal, 12-16-09*

- Wal-Mart plans to build a 187,000-square-foot store in Albany. It will employ 300 to 350 people. Construction is expected to take about a year after planning with the city is complete. *KDRV.com, 12-14-09*