MARKET INDICATORS REPORT
MACROECONOMIC DATA

University of Oregon Index of Leading Economic Indicators

Table 1: Summary Measures	2008				2009	
	Sep	Oct	Nov	Dec	Jan	Feb
U of O Index of Economic Indicators (1997 = 100)	90.4	89.4	88	86.1	86.4	85.6
% Change	-0.3	-1.1	-0.9	-2.8	0.3	-0.9
Diffusion Index	35.7	21.4	42.9	7.1	64.3	28
6 Month % Change, Annualized	-7.8	-9.4	-9.7	-12.8	-10.9	-10.9
6 Month Diffusion Index	28.6	14.3	14.3	14.3	14.3	14.3
Table 2: Index Components	2008				2009	
	Sep	Oct	Nov	Dec	Jan	Feb
OR Initial Unemployment Claims, SA	9,648	10,780	13,615	15,504	13,865	14,679
OR Employment Services Payrolls, SA	34,920	33,141	31,609	28,959	29,833	28,809
OR Residential Building Permits, SA, 5 MMA	999	987	959	872	947	918
OR Weight Distance Tax, $ Thousands, SA, 3 MMA	20,730	19,304	19,748	18,661	18,387	17,747
U of Michigan US Consumer Confidence, 5 MMA	62.1	61.7	61.5	61.3	60.9	58.1
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital goods, $ Millions, SA	40,249	37,419	37,769	35,485	31,307	33,353
Interest Rate Spread, 10 yr Treasury Bonds Less Fed Funds Rate	1.88	2.84	3.14	2.26	2.37	2.65

Unemployment

	Oregon (SA)	**US (SA)**
March 2009	12.1%	8.5%
February 2009	10.7%	8.1%
March 2008	5.5%	5.1%

The increases in Oregon's unemployment rate have been particularly rapid during the most recent five-month period. In October 2008, Oregon's unemployment rate was 7.2 percent. This means that over the past five months, the average increase in Oregon's unemployment rate was one full percentage point per month. Overall, employment has declined in Oregon for 14 consecutive months.

From Energy Trust of Oregon's perspective, it is perhaps more instructive to see the numbers of jobs lost in key industries for the last 12 months, in percentage terms:

- Total non-farm employment: 5.3% decrease.
- Total private employment: 6.8% decrease.
- Construction: 19.1% decrease.
- Manufacturing: 13% decrease.
    - wood products employment 19% decrease.

  - computer & electronic manufacturing: 11.5% decrease.
- Accommodation and Food Services employment: 5.2% decrease.

Consumer Price Index (CPI)
The index has decreased 0.4 percent over the last year, the first 12 month decline since August 1955. A significant, prolonged period of deflation would provide enormous challenges for businesses or households in debt, as the real value of their existing debt would increase given a falling price level.

Percent Changes in CPI for all Urban Consumers (CPI-U) from preceding month:					
	Jan-09	Feb-09	Mar-09	3 mo. Compound annual rate end Feb 2009	Unadjusted 12 months end Feb 2009
All Items	0.3	.4	-0.1	2.2	-0.4
All Items less Food and Energy	0.2	0.2	0.2	2.2	1.8

ENERGY TRUST PROGRAMMATIC INDICATORS:

Existing Homes Report from CSG (monthly)
- Completed 806 HERs in March, 700 in February and 401 in March 2008.
- The PMC received 433 Online Home Energy Review (HER) requests in March.
- The Contact Center answered 4,329 inbound calls in March 2009; this is an increase compared to 2,349 calls answered in March 2008.
- The program exceeded both of the March monthly stretch case goals (electric by 21%, gas by 9%).
- Single family participant incentive savings were 164% of March 2008 with all program tracks exceeding the savings realized during this period last year.
- The program has still not experienced a drop in single family application volume as a result of the economic downturn.

New Homes Report (weekly)
- New SF starts in Oregon are down 63% year over year in February (732 to 272).
- New SF starts in Oregon are down 80% from Feb 2009 to Feb 2007.

Foreclosure Data
- Oregon ranked 9th nationally in foreclosures in February, 12th in March.
- RealtyTrac: Oregon had 10,547 foreclosure filings in the first quarter.

Multifamily
- Only 30 multifamily transactions with total sales volume of $62 million were recorded in the first quarter of 2009. Only 3 properties had more than 50 units.
- In the first quarter of 2008, 49 transactions worth $483 million were recorded.

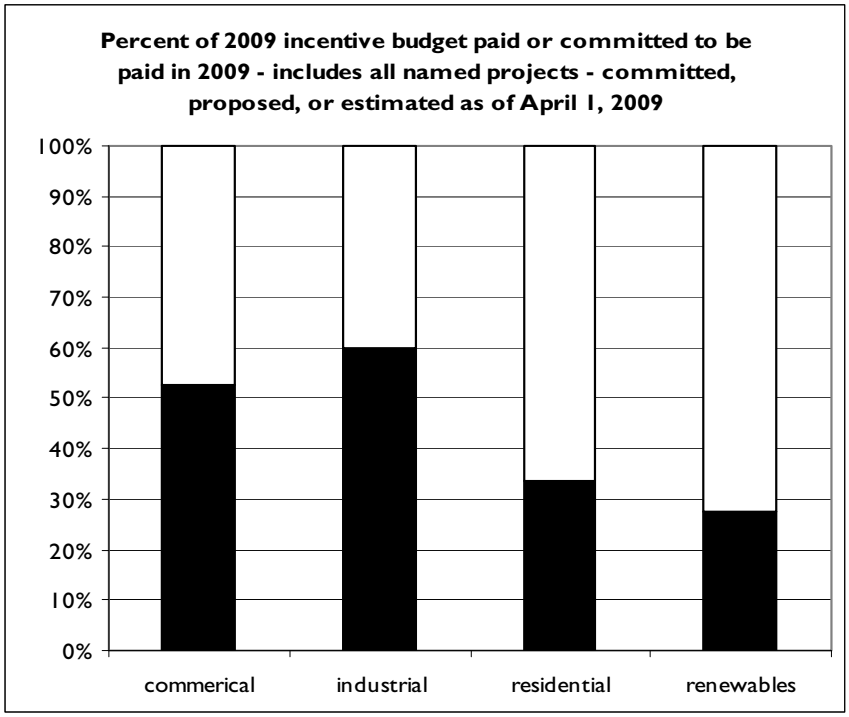
New Commercial Buildings

In February 2009, Oregon added $111.7 million in new contracts for new, addition, and major alteration projects, compared to $214.7 million in February 2008. Cumulative value for 2009 is down 46% from this time last year.

Permits:	February 2009	February 2008	Decrease
PDX-Salem-Vancouver	36	46	22%
Eugene	5	7	28%
Bend	14	50	72%
Medford	27	31	13%

As reported in the PMC's first quarter market assessment, the office, retail, and multifamily sectors pose serious challenges as new construction activity has undergone significant decline. To meet goals, emphasis and effort will be required to reach niche markets and smaller projects. .

Forecast Committed Incentives



SUMMARY REVIEW

The current economic climate provides many challenges to tracking the success of Energy Trust of Oregon's endeavors. From a macroeconomic standpoint, the rate of job losses is alarming, particularly in the above, highlighted sectors. While forecast savings and incentive levels for existing homes and existing buildings do not appear to be tapering off, activity in both new residential and commercial construction has become highly threatened, and will remain to be so until some sort of economic recovery takes place. Stabilization in the employment markets will serve as an indicator of possible recovery (or lack thereof). Until that happens, continual attention will be paid to the evidence and cases presented to Energy Trust of Oregon and it's PMCs.

SYNOPSIS of Recent Market Activity (April 24, 2009)

• **Country Coach**, an RV maker in **Junction City**, has laid off 460 workers who had been furloughed since mid-November. It recently restarted production and expects to have about 100 workers making one RV a week by the end of the month. *Register-Guard, 4-9-09.*

• **Hampton Affiliates** will curtail operations at a lumber mill in **Tillamook** on June 6, laying off 85 workers. The shutdown is indefinite but is expected to exceed six months. *Portland Business Journal, 4-7-09.*

• **B.J. Cummings Co.** in **Portland** will close by June, citing lack of work for its commercial construction services. It employs about 25 people. *Portland Business Journal, 4-3-09.*

• The **Crook County Planning Commission** approved a proposal from **West Butte Wind Power Project** to build the first wind farm in Central Oregon. It will sit on a 10,000 acre private ranch in southern Crook County. About 100 jobs would be created during construction and 10 to 12 jobs once it is operational. *Bend Bulletin, 3-27-09.*

• **Cascade Steel Rolling Mills** in **McMinnville**, which laid off 73 people in December, will lay off 76 more workers. *New-Register, 3-25-09.*

• **Element Power**, a global renewable energy company, has chosen **Portland** as its North American headquarters. The company works on utility-scale solar and wind energy projects across the country. It will employ 50 people. *Portland Business Journal, 3-23-09*

• About 200 construction workers will build a 210,000-square-foot facility at the 100-acre **Solar World** property in **Hillsboro**. By 2011, the Hillsboro campus is expected to employ up to 1,000 people and make enough cells to generate 500 megawatts of electricity a year. *KRDV.com, 3-23-09.*

• **Swanson Group**, a lumber company headquartered in **Glendale**, is cutting production. It will lay off about 45 workers at its **Roseburg** stud mill, 43 at its Glendale plywood mill, and 24 at other locations. *The News-Review, 3-18-09.*

• **Boise Cascade** will curtail the second shift at its stud mill in **Elgin** effective April 6. Thirty employees will be laid off. About 100 workers will remain at the mill once the curtailment is in effect. *The Observer, 3-17-09.*

• Window and door manufacturer **Jeld-Wen** will lay off about 50 people from its corporate headquarters in **Klamath Falls**. *KGW.com, 3-16-09.*

• **Weyerhaeuser** will lay off 59 employees at a sawmill in **Warrenton**. Affected employees will continue to receive pay and benefits through May 14. *Portland Business Journal, 3-10-09*.