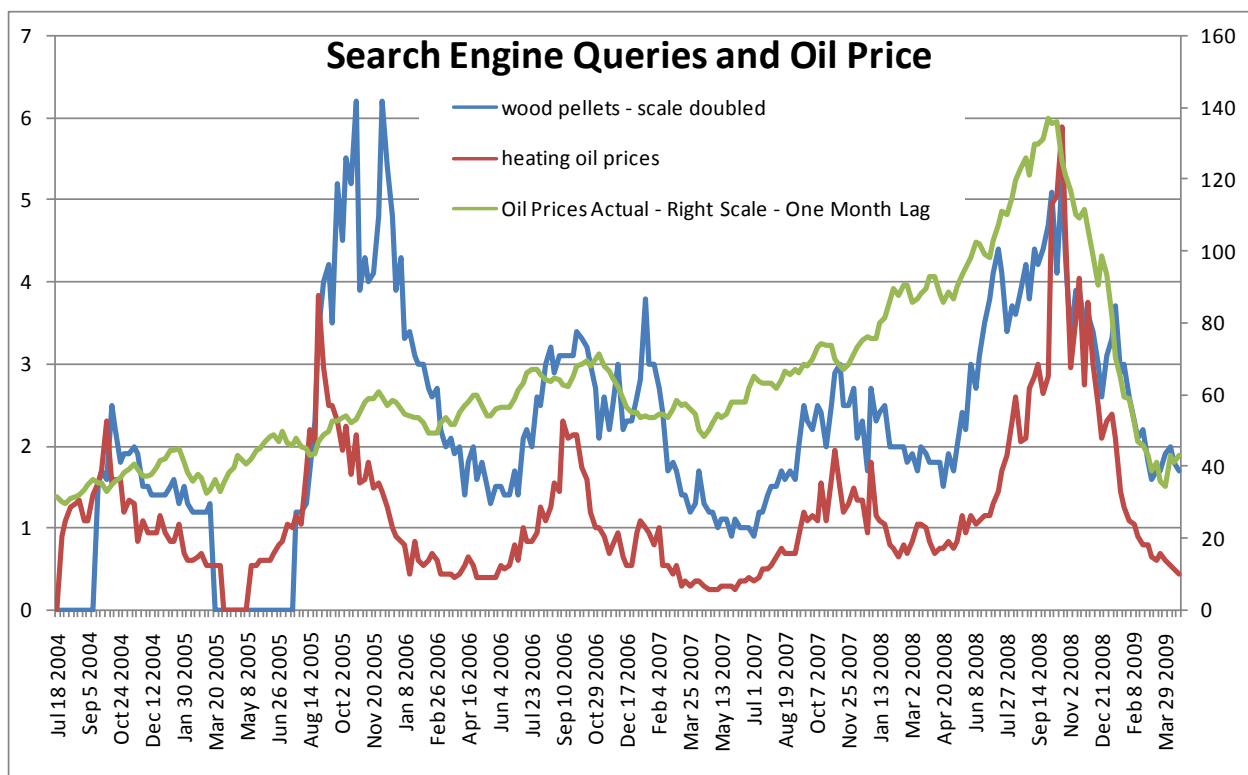


## Maine and the Northeast Send Signals: Wood Pellets Please when Oil is High

By Dr. William Strauss – April 27, 2009

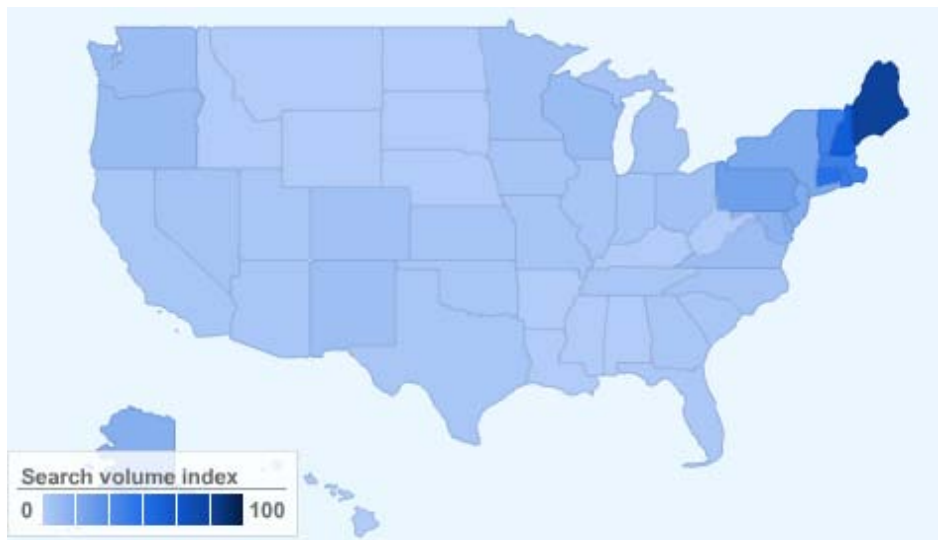
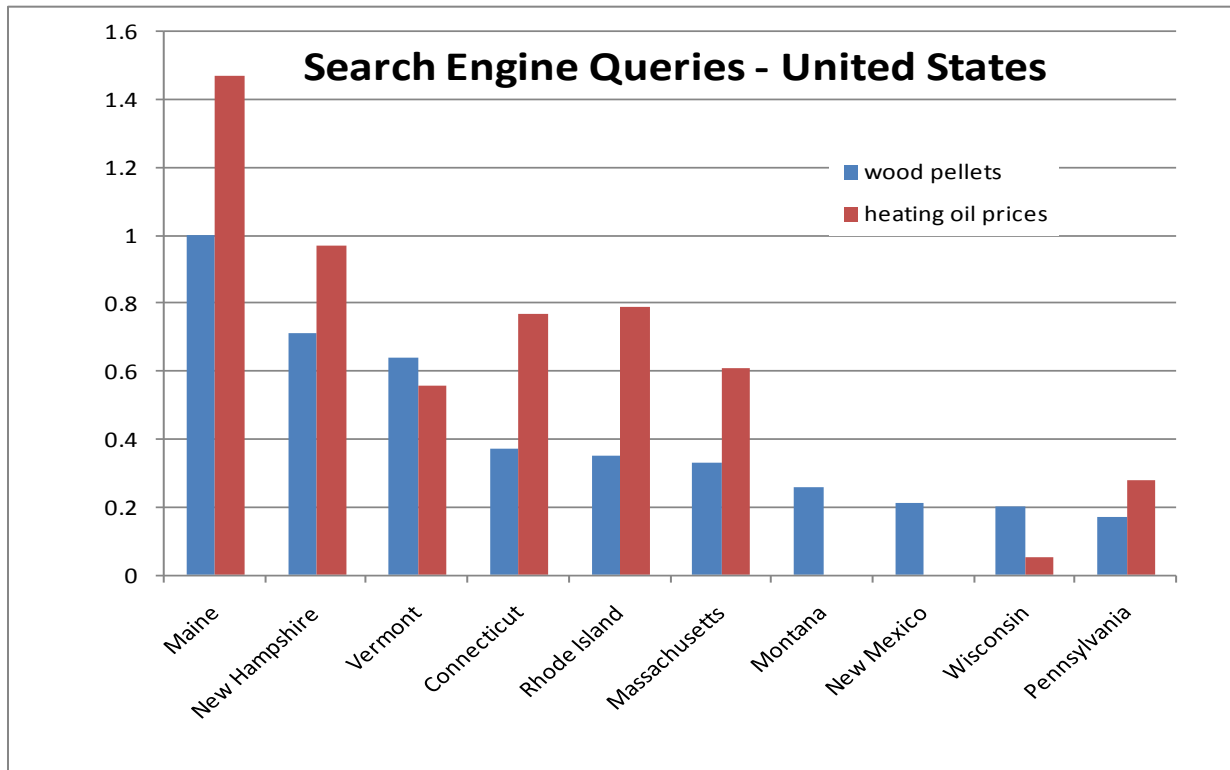
New studies have shown that there are very useful market signals contained in the volume of search engine queries. In this very brief presentation, we will look at queries that contained the words “heating oil” and “wood pellets.” As will be shown, Maine and the other northeastern states have a very strong connection between high heating oil prices and their interest in wood pellet fuel. The data used below is from Google Trends.

The first chart shows that there is a strong relationship between actual oil prices and search volumes on wood pellets and heating oil prices. The data in this chart is for searches within the US. This chart suggests that when oil prices rise again then the interest in wood pellets (and of course heating oil prices) will follow.

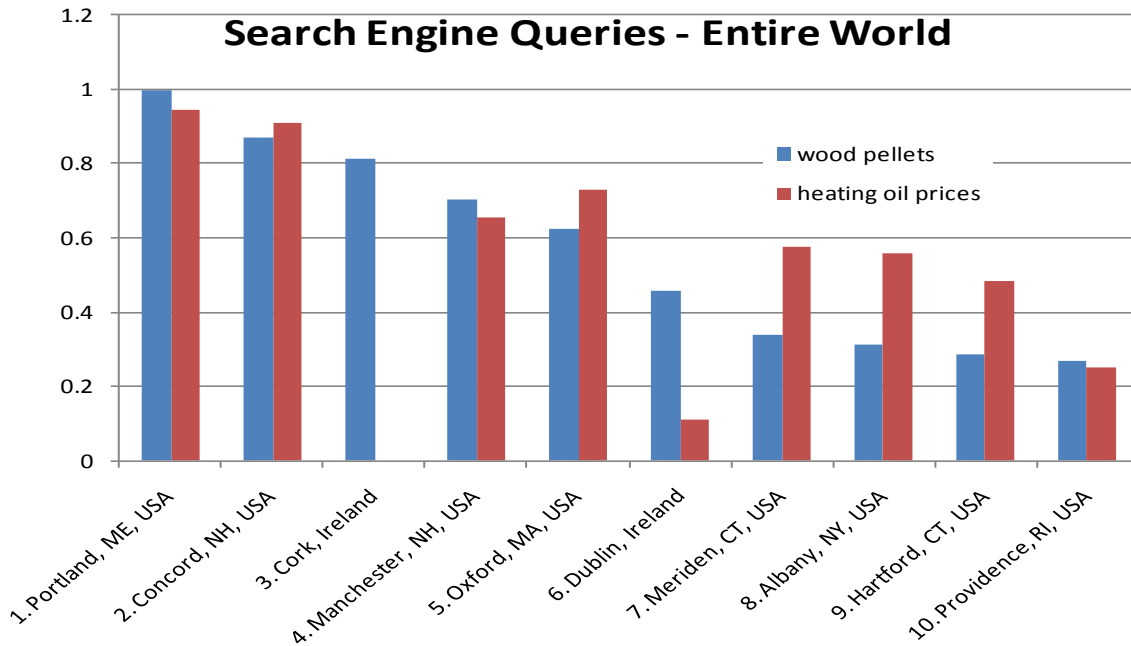


The early (in the summer of 2005) very steep spike in wood pellet interest that coincides with the spike in oil price interest, and the similar maximum reached in the summer of 2008, suggests that the next time oil prices rise from their current low levels, there will be a similar rapid increase in consumer interest in this renewable and cost saving fuel.

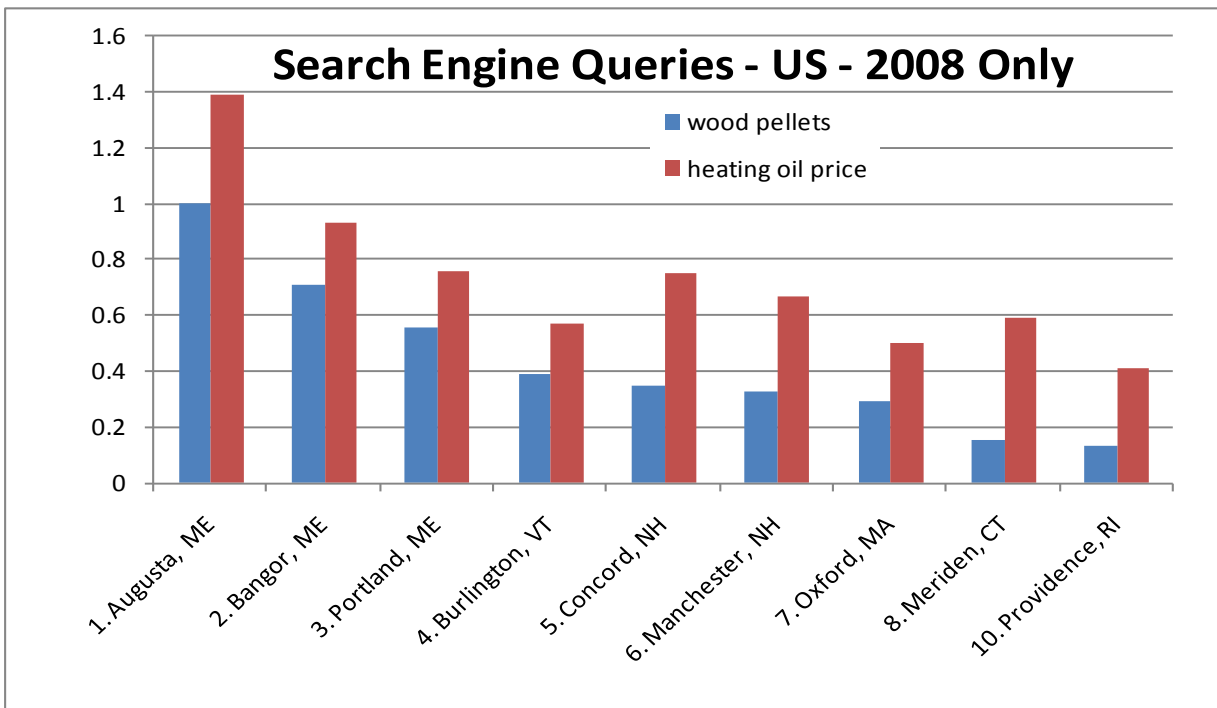
The query data also identifies the geographical regions that initiate the search volume. The state that initiated the highest number of queries is Maine. The New England states dominate the list. The charts below illustrate this data.



Expanding the scope to the entire world, Portland, Maine is highest on the list. That is, based on data from 2004 to the present, no other city in the world more strongly correlates high oil prices with high interest in wood pellets.



Finally, looking only at the United States in 2008, the year in which oil prices reached record levels, we see that Maine has the top three cities, Vermont is fourth, New Hampshire is fifth and sixth, and other New England Cities round out the top 10.



This brief analysis suggests that Maine is very sensitive to heating oil prices and literally leads the world in its awareness of the value of wood pellet fuel as an alternative to heating oil. Other New England states also lead the US and in most cases the world.