Markovian projection method has emerged as an extremely versatile tool in the problems of volatility calibration in the series of works by Piterbarg (2005-2006). The idea of the method goes back to Dupire (1997) and is based on a result by Gyöngy (1986) which shows how a continuous process $X_t$ with a general adapted stochastic volatility $\sigma_t$ can be replaced by another continuous process $Y_t$ with a local volatility $\bar{\sigma}(Y,t)$ in such a way that all one-dimensional marginals remain unchanged. Specifically, ones needs to put $\bar{\sigma}^2(Y,t) = E[\sigma^2_t|X_t = Y]$. We introduce and study the counterpart of this method for a point process $N_t$ with the application to the modeling of aggregate loss in a basket of credits. Similarly to the volatility, the local intensity $\bar{\lambda}(N,t)$ can be obtained as a conditional expectation of the general adapted stochastic intensity $\lambda_t$ given the accumulated number of defaults $N_t = N$. Just as the local volatility, local intensity does not lead to satisfactory dynamics, however it is directly related to the one-dimensional data from CDO tranches, which makes it a useful intermediate object in the calibration of stochastic intensity models. (Received September 12, 2006)