

IAR INLAND EMPIRE REPORT ON BUSINESS

Report for April 2006
For Immediate Release on May 1, 2006

Prepared by:



Supporter: **CSUSB College of Business and Public Administration**

LOCAL ECONOMY GROWS AS NEW ORDER AND PRODUCTION SOAR

According to Shel Bockman and Barbara Sirotnik (Co-Directors of the Institute of Applied Research) and Candice Tsegga (Project Coordinator): "This month's PMI (58.2) continues to remain above the 50% mark, thus pointing towards sustained growth in the local manufacturing sector and economy as a whole. The majority of the factors have realized notable growth as well. In addition, Commodity Prices have continued to increase indicating that inflationary pressures are strong in the local area.

Following are some highlights from this month's report:

April 2006 Business Survey at a Glance				
	Series Index		Direction*	Rate of Change
	Last Month	This Month	From 50	From last index
Local PMI	55.6	58.2	Growing	Faster
Commodity Prices	70.4	76.5	Increasing	Faster
Production	55.6	58.6	Growing	Faster
New Orders	59.3	62.9	Growing	Faster
Inventory	53.7	54.3	Growing	Faster
Employment	53.7	51.4	Increasing	Slower
Supplier Deliveries	51.9	60.0	Slowing	Faster

* NOTE: In all cases except Supplier Deliveries, the "Direction" refers to whether the index is above 50% (growing) or below 50% (decreasing).

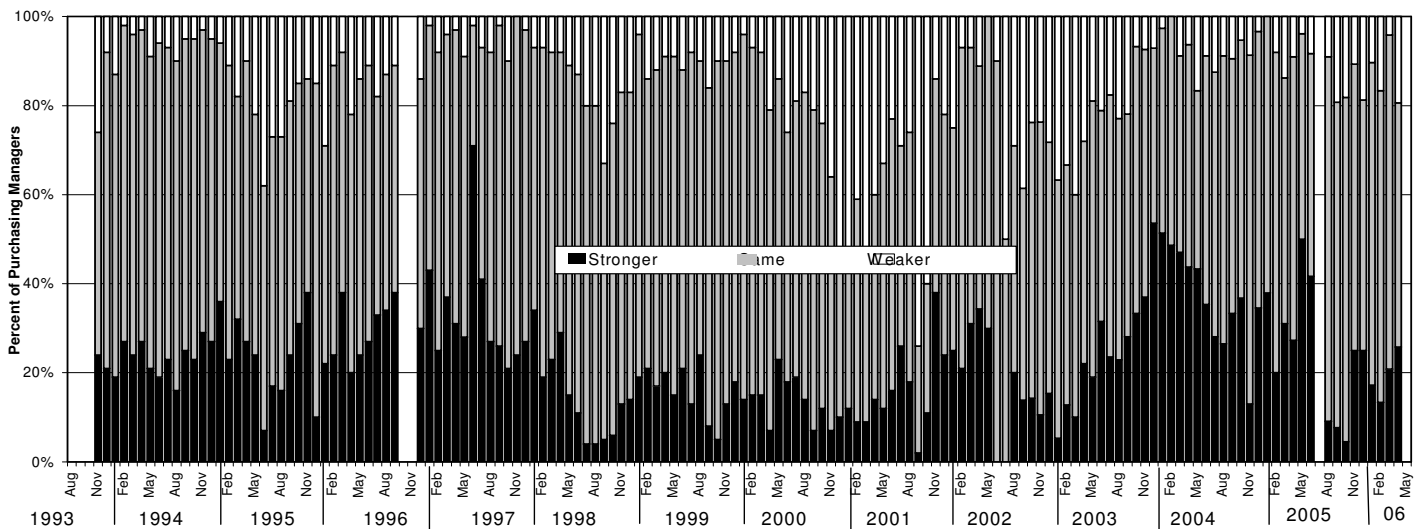
** In April the Employment Index decreased from 53.7 to 51.4, Production increased from 55.6 to 58.6, Inventories increased from 53.7 to 54.3, Supplier Deliveries increased from 51.9 to 60.0 (which means that deliveries have slowed, typically due to new orders overloading the transportation system), and New Orders increased from 59.3 to 62.9.

** Purchasing Managers continue to be upbeat about the state of the local economy, with twenty-six percent of purchasing managers predicting the local economy will become stronger in the next quarter. Fifty-five percent of Purchasing Managers believe the local economy will remain the same and nineteen percent believe the local economy will be weaker in the coming months.

STATE OF THE ECONOMY: DATA FROM 3/2005 THROUGH 3/2006

	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Weaker	9	4	8	10	9	19	18	11	19	10	17	4	19
Same	64	46	50	80	8	73	77	64	56	73	70	75	55
Stronger	27	50	42	10	9	8	5	25	25	17	13	21	26

State of the Local Economy



*** NOTE: Inland Empire data were not collected for the months of October and November, 1996 and July 2005.

When Purchasing managers were asked to make comments on the general business conditions that affected their company, they remarked positively: " 1st Quarter 2006 is the best in the history of company," and "Sales level has increased." Negative comments include: "Increased petroleum prices continues to negatively impact purchase price," " Material prices continue to

increase," " Increasing cost of oil, transportation of product, raw materials in plastic sheets" and "Prices on brass are 'out of sight'."

In summary, as we have noted for the past several months, "this little island" called the Inland Empire is continuing to manifest unparalleled and sustained growth of the manufacturing sector and the local economy as a whole. The growth in New Orders, one of the main indices of the PMI, indicates that the growth should continue for the next three months. On the other hand, the effects of inflation continue to be evident.

FOR QUESTIONS OR FURTHER INFORMATION, CONTACT:

Shel Bockman, Co-Director, Institute of Applied Research
(909) 880-5733

Barbara Sirotnik, Co-Director, Institute of Applied Research
(909) 880-5729