

IAR INLAND EMPIRE REPORT ON BUSINESS

Report for June 2007
For Immediate Release on July 2, 2007

Prepared by:



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

LOCAL ECONOMY CONTINUES TO GROW, BUT SOME KEY INDICATORS SHOW WEAKNESS

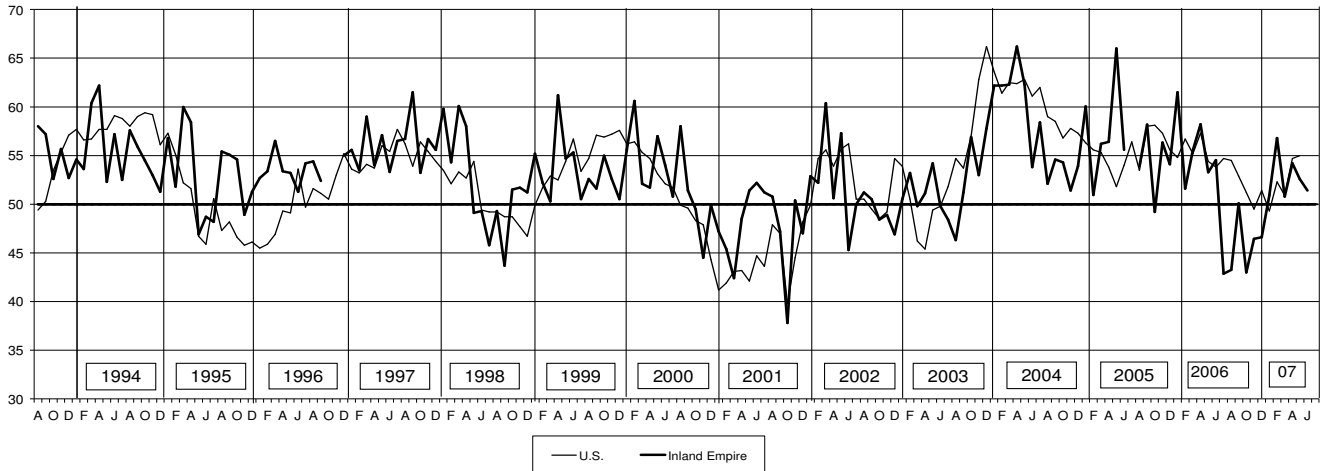
According to Shel Bockman, Barbara Sirotnik, Christen Ruiz (Co-Directors of the Institute of Applied Research), and Nirav Patel (Project Coordinator), “This month’s PMI (51.4) decreased from last month’s PMI (52.6), but continues to remain above the 50% mark. This indicates that the manufacturing sector continues to grow, but at a slower pace for this month when compared with the previous month. One of the key indicators (Production) registered growth this month. On the other hand, the volatile Commodity Prices Index increased sharply, which suggests that inflationary pressures in the local area may not be subsiding. Meanwhile, Purchasing Managers continue to be less than enthusiastic about the outlook for the coming quarter.”

Following are some highlights from this month’s report:

June 2007 Business Survey at a Glance				
	Series Index		Direction*	Rate of Change
	Last Month	This Month	From 50	From last index
Local PMI	52.6	51.4	Growing	Slower
Commodity Prices	54.3	64.8	Increasing	Faster
Production	54.3	57.4	Growing	Faster
New Orders	54.3	50.0	Unchanged	Growing
Inventory	47.8	48.1	Contracting	Slower
Employment	52.2	44.4	Decreasing	From Increasing
Supplier Deliveries	50.0	55.6	Slowing	From Unchanged

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

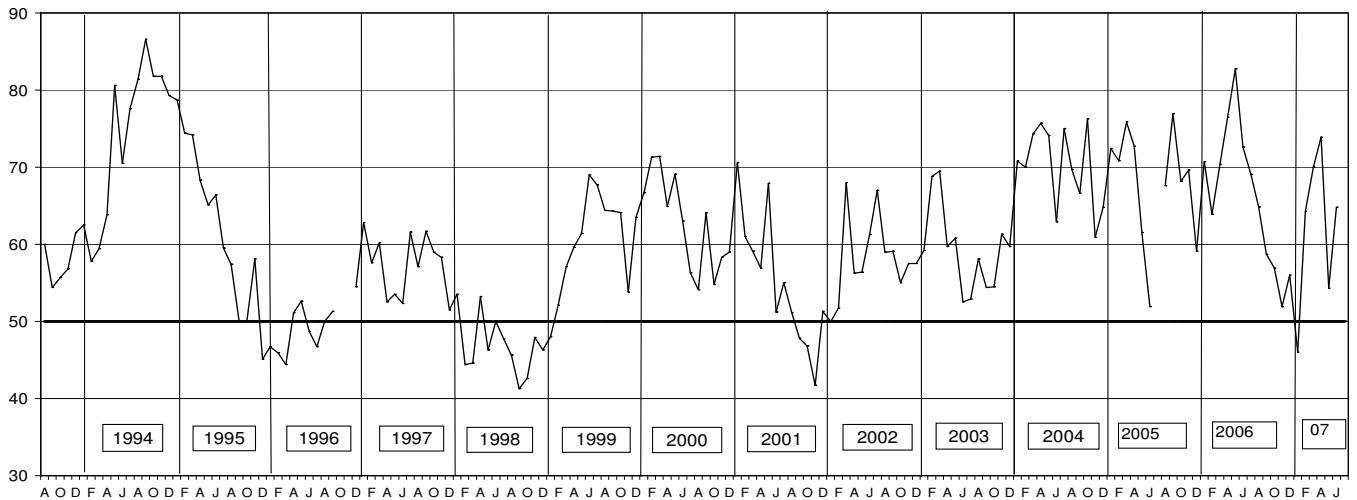
Purchasing Managers' Index



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

May's Commodity Price Index of 64.8 increased sharply from last month's figure of 54.3, showing that inflationary pressures in the Riverside and San Bernardino County have returned.

Commodity Prices



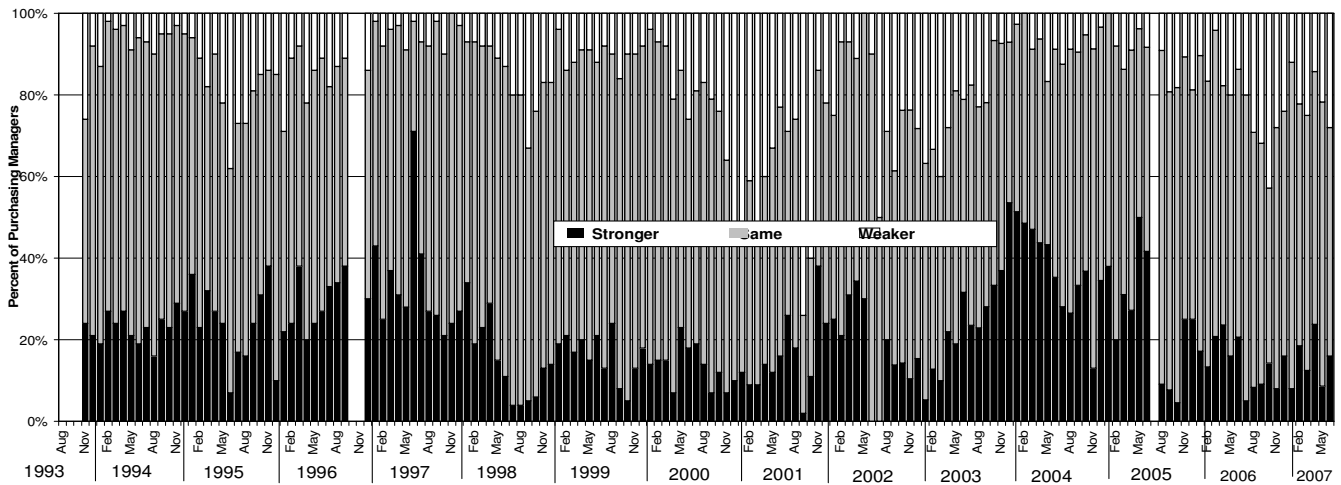
** NOTE: Inland Empire data were not collected for the months of October and November 1996, and July 2005.

Purchasing Managers continue to be less than enthusiastic about the state of the local economy. Only 16% of Purchasing Managers predict that the local economy will become stronger in the upcoming months (slightly up from 9% last month). Fifty-six percent of Purchasing Managers believe the local economy will remain unchanged. Meanwhile, the remaining 28% believe the local economy will become weaker by next quarter.

STATE OF THE ECONOMY: DATA FROM 06/2006 THROUGH 06/2007

	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Weaker	14	20	29	32	43	29	24	12	22	25	14	22	28
Same	65	75	63	59	43	63	60	80	59	63	62	69	56
Stronger	21	5	8	9	14	8	16	8	19	12	24	9	16

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, only one had a positive remark: "More job applicants." Negative comments included: "A little slower," "Housing and automotive are off. I see some real impact we haven't recognized yet.", "RV business still soft," and "Work seems to be slowing down,"

In conclusion, although this month's report is somewhat weaker than the previous month, it still portrays a growing manufacturing sector and a growing economy as a whole. Commodity prices continue to be a problem, not only for the Inland Empire, but for the nation as a whole. Purchasing Managers continue to be less than enthusiastic about the state of the local economy for the coming quarter.

FOR QUESTIONS OR FURTHER INFORMATION, CONTACT:

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