

IAR'S INLAND EMPIRE REPORT ON BUSINESS

Prepared by: *The Institute of Applied Research*

at California State University, San Bernardino

Report for April 2011

**Sponsor: San Bernardino County Economic Development Agency
Riverside County Economic Development Agency**

MANUFACTURING SECTOR AND LOCAL ECONOMY SHOW SUSTAINED GROWTH

According to Shel Bockman, Barbara Sirotnik, and Christen Ruiz (Co-Directors of the Institute of Applied Research), and Lori Aldana (Project Coordinator, Institute of Applied Research), "This month's PMI (56.8) registered a decrease from last month's figure (61.1) but remained above the baseline 50% as it has since October 2009."

"As noted in previous reports, the Production Index and New Orders Index are the two key components of the PMI. This month the Production Index registered a drop from last month's figure (69.4) to 55.6 which was not unexpected since last month's figure was at an almost record high. The New Orders Index decreased slightly from 61.3 to 59.7. The fact that these two key components of the PMI remain solidly above 50 indicate that manufacturing companies are experiencing increasing sales to consumers. An especially encouraging sign is that the Employment Index (58.3) stayed the same between last month and this month, remaining well above the 50% benchmark for the third month in a row. Of those 9 companies who indicated that they are hiring, 5 further specified that they have hired temporary staff and 2 stated they filled permanent positions. The Commodity Prices Index continued to indicate that inflationary pressures continue to be present in the Inland Empire, with the Index registering 76.4 this month (up from 75.8)."

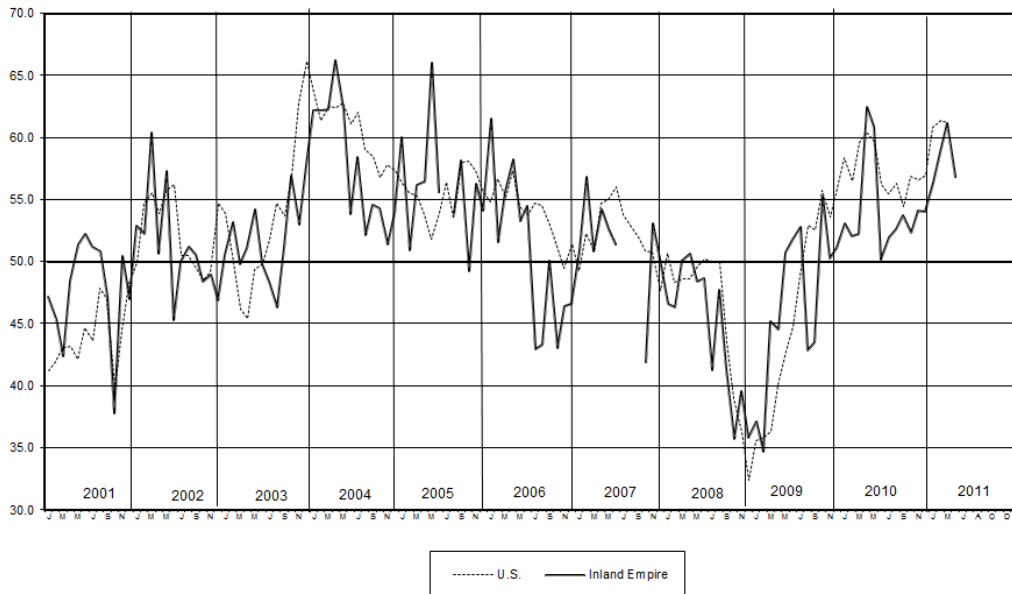
"Twenty-two percent (22%) of purchasing managers predicted that the local economy will become stronger in the upcoming months (down from last month's 29%). Fifty-six percent of purchasing managers believe the local economy will remain unchanged, and the remaining 22% believe the local economy will become weaker over the next quarter (up from 14% last month)."

Following are some highlights from this month's report:

April 2011 Business Survey at a Glance				
	Series Index		Direction from 50*	Rate of Change from Last Index
	Last Month	This Month		
Local PMI	61.1	56.8	Growing	Slower
Commodity Prices	75.8	76.4	Increasing	Faster
Production	69.4	55.6	Growing	Slower
New Orders	61.3	59.7	Growing	Slower
Inventory	50.0	47.2	Decreasing	From unchanged
Employment	58.3	58.3	Increasing	Unchanged
Supplier Deliveries	58.1	57.6	Slowing	Slower
Purchasing Managers' Confidence in the State of the Local Economy				
% Stronger	29%	22%		
% Same	57%	56%		
% Weaker	14%	22%		

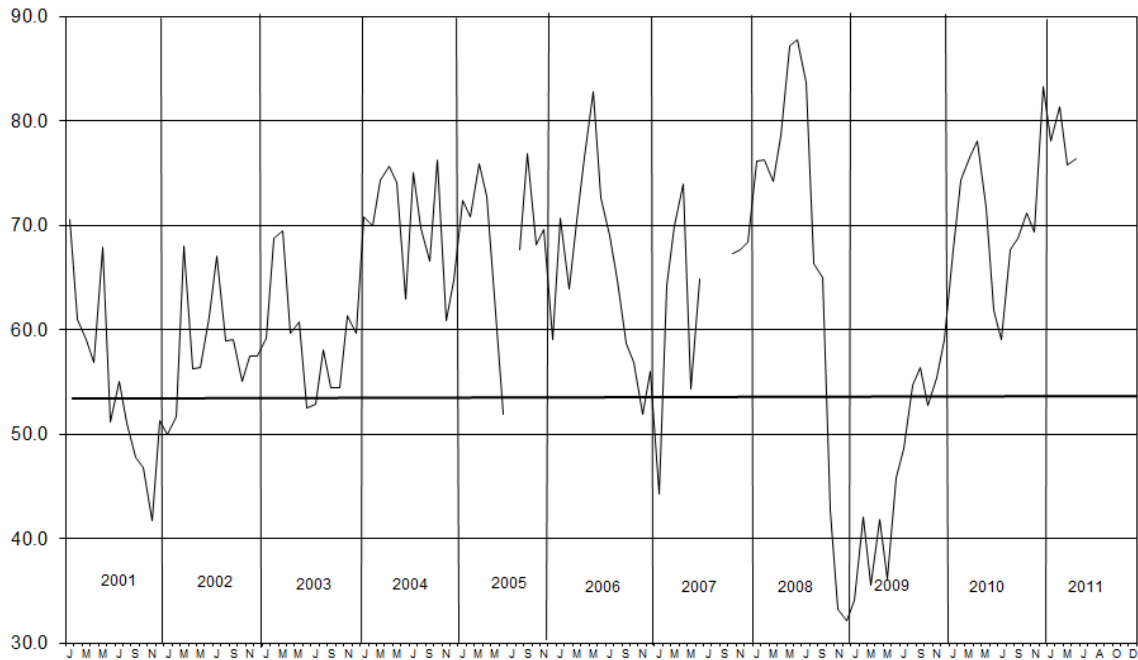
Note: Inland Empire data were not collected for the months of October and November 1996, and July 2005 and July through September 2007.

Purchasing Managers' Index



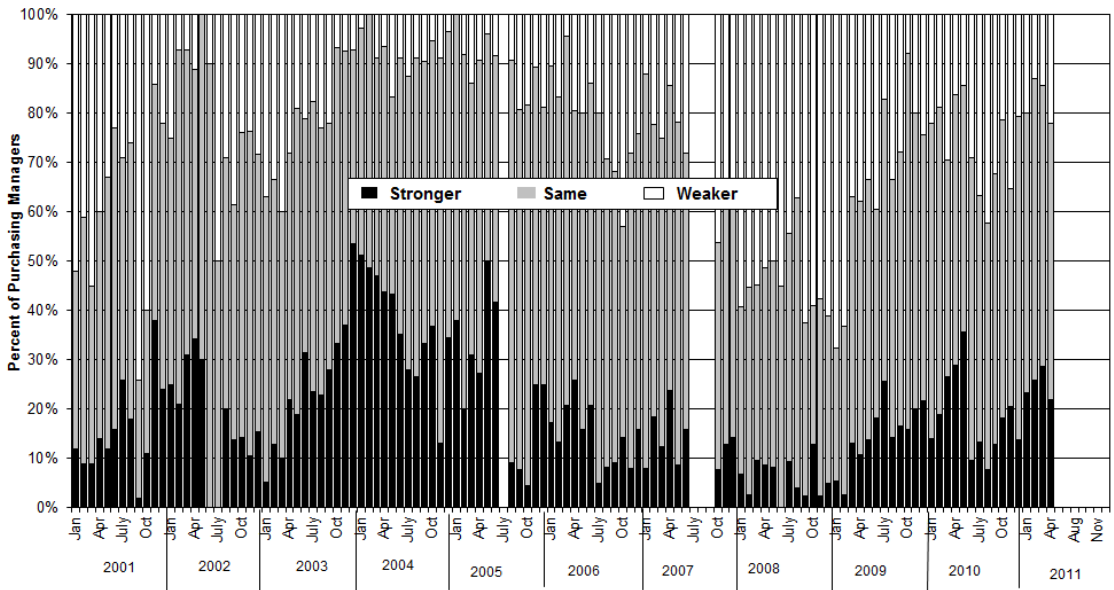
Note: Inland Empire data were not collected for the months of October and November 1996, and July 2005 and July through September 2007.

Commodity Prices



Note: Inland Empire data were not collected for the months of October and November 1996, and July 2005 and July through September 2007.

State of the Local Economy



Note: Inland Empire data were not collected for the months of October and November 1996, and July 2005 and July through September 2007.

STATE OF THE ECONOMY: DATA FROM 04/2010 THROUGH 04/2011

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Weaker	27	16	14	29	37	42	32	21	35	21	20	13	14	22
Same	44	55	50	61	50	50	55	61	44	64	57	61	57	56
Stronger	29	29	36	10	13	8	13	18	21	14	23	26	29	22

Positive remarks from Purchasing Managers included: "Business remains solid," and "Business is up."

Some Purchasing Managers had negative comments: "Commodity pricing remains a major concern," "Slowed from March," "Lack of sufficient infrastructure building continues to hurt sales," "Chinese activity in commodities has been detrimental," " Still slow, no signs of our busy season yet," and "Due to increases in raw material and freight costs, we initiated a price increase for our customers, effective 4/18/11."

In summary, although Purchasing Managers showed slightly less optimism about the coming quarter than was the case last month, it is encouraging that the most important indices (Production, New Orders, and Employment) are up. The bottom line: the manufacturing sector and the local economy are showing sustained growth.

FOR QUESTIONS OR FURTHER INFORMATION, CONTACT:

Shel Bockman
Co-Director, Institute of Applied Research
(909) 537-5733

Barbara Sirotnik
Co-Director, Institute of Applied Research
(909) 537-5729

Mary Jane Olhasso
Administrator, San Bernardino County Economic Development Agency
(909) 387-9802

Rob Moran
Economic Development Manager, Riverside County Economic Development Agency
(951) 955-6673