

IAR'S INLAND EMPIRE REPORT ON BUSINESS

Prepared by: *The Institute of Applied Research*

at California State University, San Bernardino

Report for April 2007

Sponsor: CSUSB College of Business and Public Administration

MANUFACTURING SECTOR CONTINUES TO GROW, WITH ALL KEY INDICATORS SHOWING STRENGTH

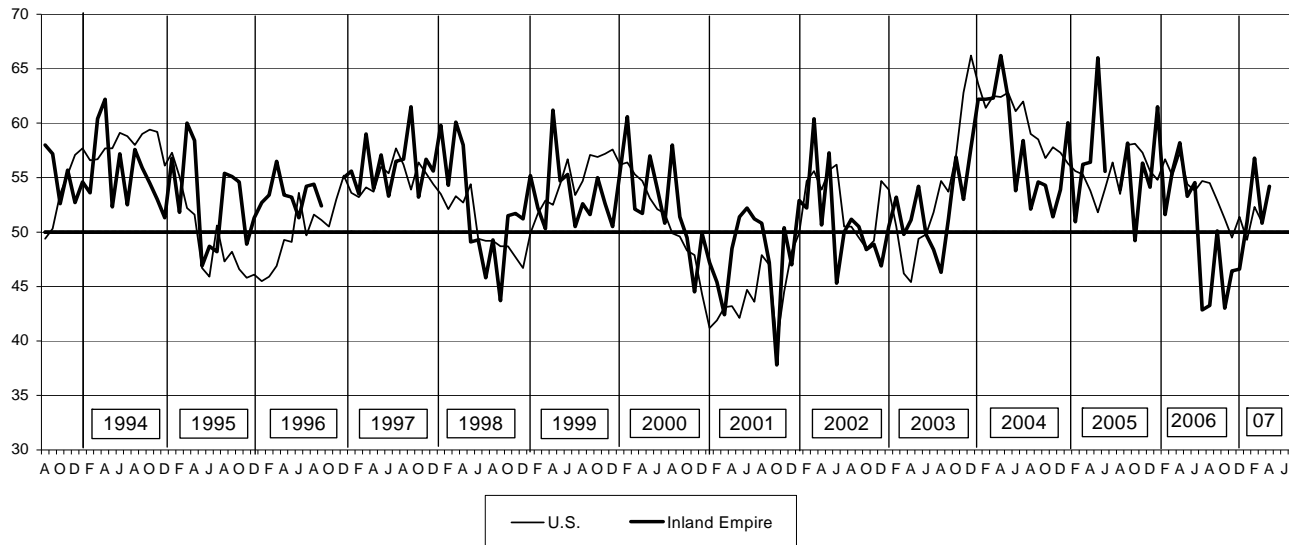
According to Shel Bockman, Barbara Sirotnik, Christen Ruiz (Co-Directors of the Institute of Applied Research), and Nirav Patel (Project Coordinator), "This month's PMI (54.2) continues to remain above 50% mark, thus suggesting a strengthening in the local manufacturing sector as well as the local economy in general. All key indicators register growth this month. But commodity prices continue to remain high, thus indicating that Purchasing Managers perceive inflationary pressures in San Bernardino and Riverside counties. This is a strong start for the second quarter and Purchasing Managers seem to agree.

Following are some highlights from this month's report:

April 2007 Business Survey at a Glance				
	Series Index		Direction*	Rate of Change
	Last Month	This Month	From 50	From last index
Local PMI	50.8	54.2	Growing	Faster
Commodity Prices	70.0	73.9	Increasing	Faster
Production	54.0	56.5	Growing	Faster
New Orders	52.0	56.5	Growing	Faster
Inventory	46.0	54.3	Growing	From Contracting
Employment	48.0	54.3	Increasing	From Contracting
Supplier Deliveries	50.0	45.7	Faster	From Unchanged

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

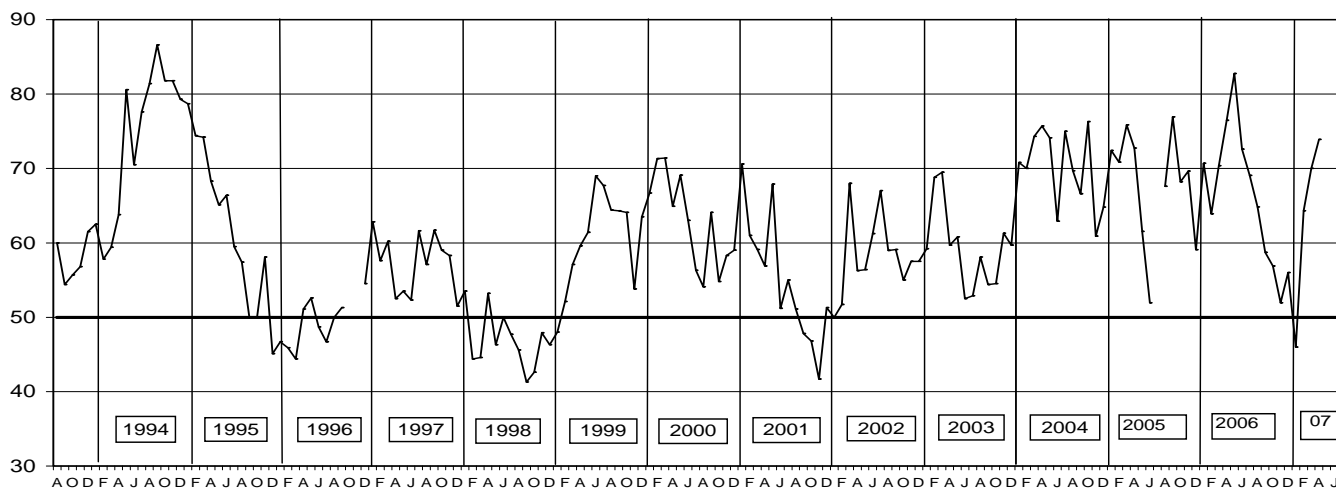
Purchasing Managers' Index



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

April's Commodity Price Index of 73.9 increased from last month's figure of 70.0, showing that inflationary pressures in the Riverside and San Bernardino County areas remain present. This is the highest level of the index since June, 2006, and may represent some seasonality.

Commodity Prices



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

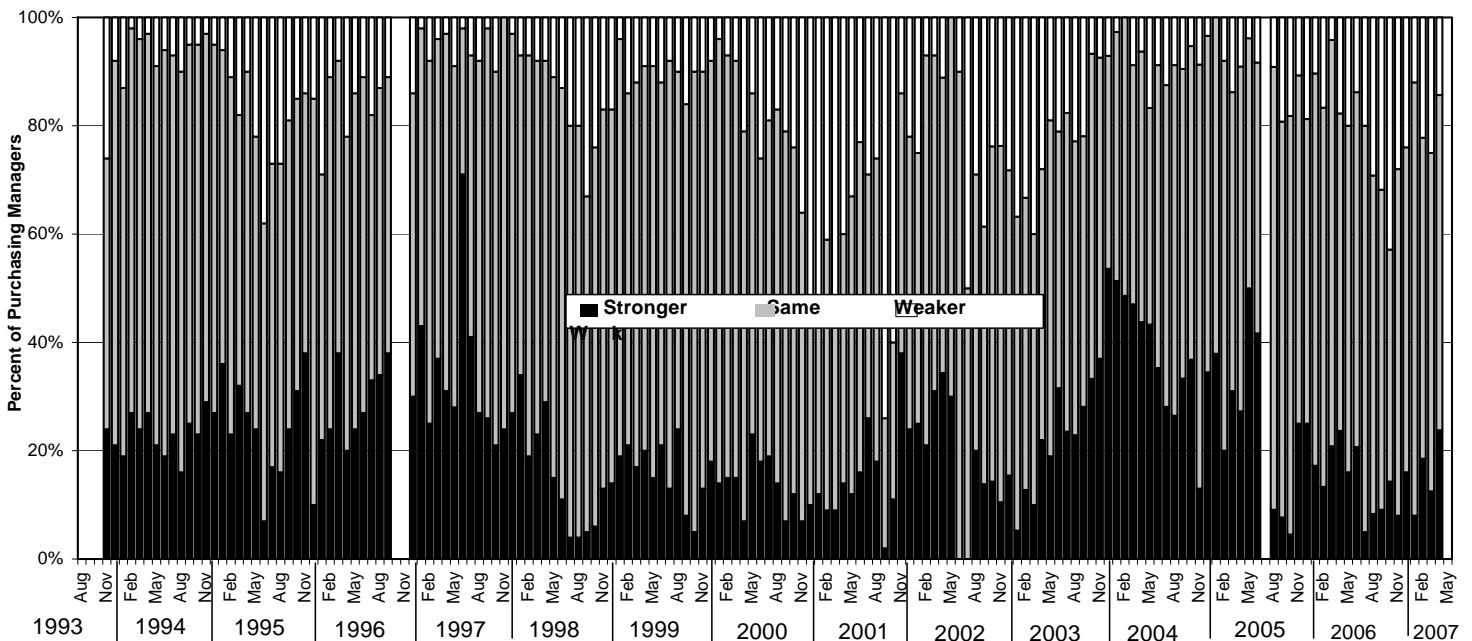
In April, the Employment Index increased from 48.0 to 54.3, Production increased from 54.0 to 56.5, Inventories increased from 46.0 to 54.3, Supplier Deliveries are faster than the previous month (50.0 to 45.7), and New Orders increased from 52.0 to 56.5.

Purchasing Managers are more enthusiastic than last month about the state of the local economy. Twenty-four percent of purchasing managers predict that the local economy will become stronger in the upcoming months. Sixty-two percent of purchasing managers believe the local economy will remain unchanged, while the remaining fourteen percent believe the local economy will become weaker by next quarter.

STATE OF THE ECONOMY: DATA FROM 04/2006 THROUGH 04/2007

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Weaker	19	20	14	20	29	32	43	29	24	12	22	25	14
Same	56	64	65	75	63	59	43	63	60	80	59	63	62
Stronger	25	16	21	5	8	9	14	8	16	8	19	12	24

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, some remarked positively: "Our activities have

been strongly influenced by imports from China," "Expect latest trend to continue," "Better business started spring time," "Still strong."

There were no negative comments for this month.

In conclusion, IAR views this report as highly positive for the local manufacturing sector and in the economy as a whole, especially in the areas that portend sustained growth – New Orders and Production. After a brief dip, the Commodity Price index is increasing again within the two-county region.

FOR QUESTIONS OR FURTHER INFORMATION, CONTACT:

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