

INLAND EMPIRE REPORT ON BUSINESS

Prepared by: *The Institute of Applied Research*

at California State University, San Bernardino

Report for April 2009

For Immediate Release on May 1, 2009

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

Supporter: College of Business and Public Administration, CSUSB

According to Shel Bockman and Barbara Sirotnik (Co-Directors of the Institute of Applied Research), and Lori Aldana (Project Coordinator, Institute of Applied Research), "As readers of this report might recall, last month we reported a substantial gain in the PMI and suggested that this may be the start of a welcome rebound. At that time we noted that two more months of data would be necessary to determine whether the somewhat optimistic figure was an anomaly or the beginning of a new trend. This month's PMI (44.5) registered a slight decline from last month's PMI (45.2) but still remained above the baseline 41.1%, suggesting that the Inland Empire economy is still highly vulnerable but at the same time is showing possible signs of recovery (or at least "bottoming out").

"It is encouraging that the Production Index increased from 44.7 to 45.9; New Orders declined slightly from 50.0 to 47.3; and the Employment index (37.8) showed a decline when compared with last month's figure (39.5), remaining well below the 50% baseline as it has for over a year. Inflationary pressures continue to be a non-issue within the Inland Empire, with the Commodity Prices Index registering below 50% again this month (41.9).

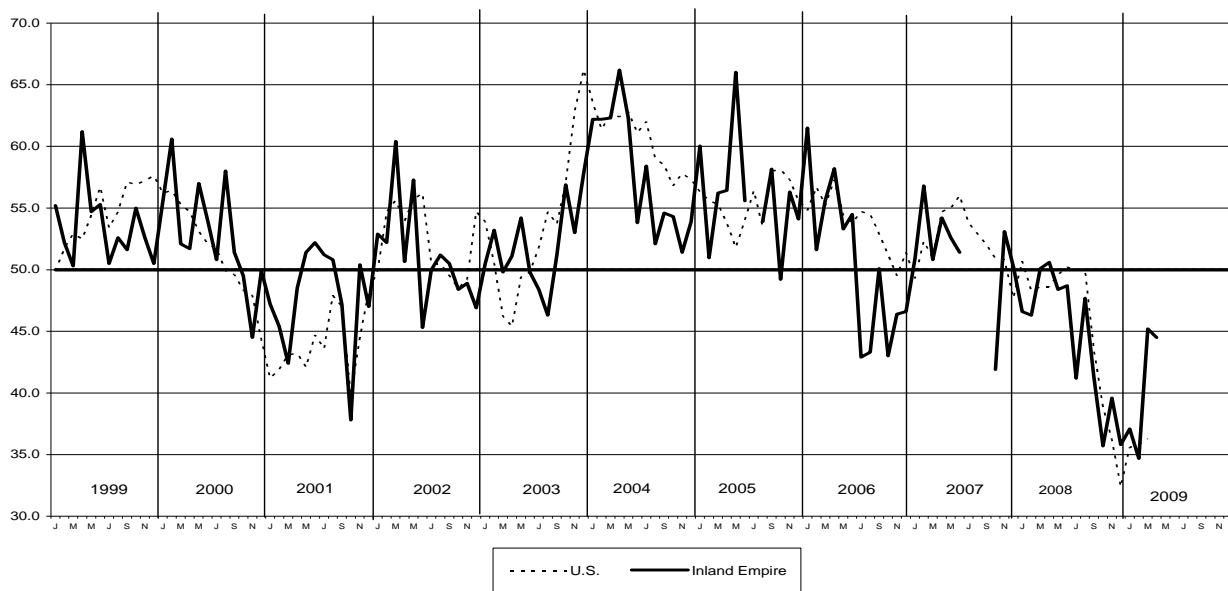
A few of the industries that are seeing a slight improvement in business this month over last are food manufacturing companies, shipping and packaging, furniture, security products (e.g. safes, guns), and aggregate manufacturing companies. The companies that are still feeling the decline in business are companies within the housing and construction industries, recreational toys, boating, and off road vehicles.

Following are some highlights from this month's report:

April 2009 Business Survey at a Glance				
	Series Index		Direction from 50*	Rate of Change from Last Index
	Last Month	This Month		
Local PMI	45.2	44.5	Contracting	Faster
Commodity Prices	35.5	41.9	Decreasing	Slower
Production	44.7	45.9	Contracting	Slower
New Orders	50.0	47.3	Contracting	From Unchanged
Inventory	38.2	41.9	Decreasing	Slower
Employment	39.5	37.8	Decreasing	Faster
Supplier Deliveries	48.7	47.3	Slowing	Faster
Purchasing Managers' Confidence in the State of the Local Economy				
% Stronger	13%	11%		
% Same	50%	51%		
% Weaker	37%	38%		

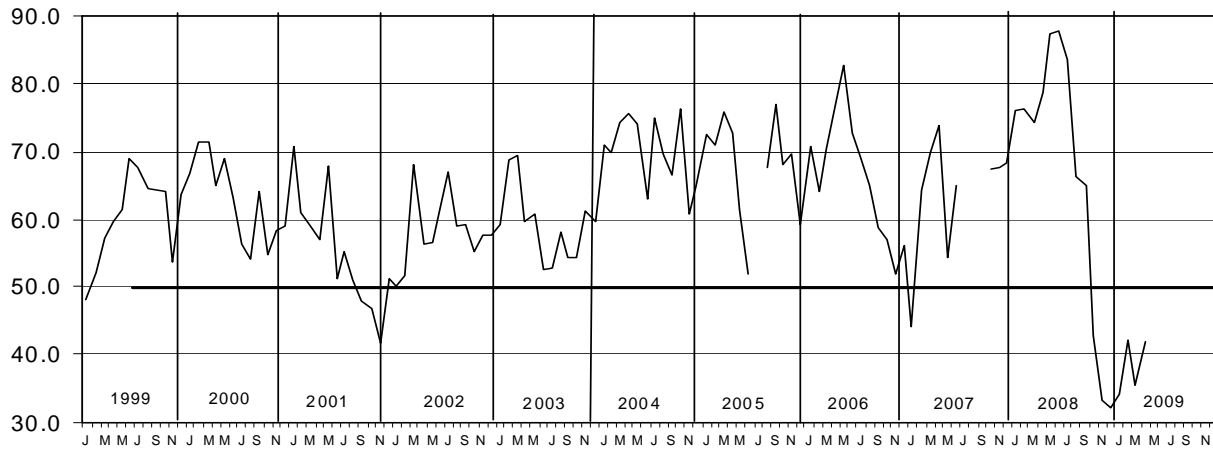
- NOTE: In all cases except Supplier Deliveries, the "Direction" refers to whether the index is above 50% (growing) or below 50% decreasing.

Purchasing Managers' Index



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

Purchasing Managers continue to be extremely cautious about the state of the local economy. Eleven percent of the purchasing managers predict that the local economy will become stronger in the upcoming months. Although that appears encouraging, the reader should note that fifty-one percent of purchasing managers believe the local economy will remain unchanged (where “unchanged” refers to a weak economy). Meanwhile, the remaining thirty-eight percent believe the local economy will become weaker by next quarter.

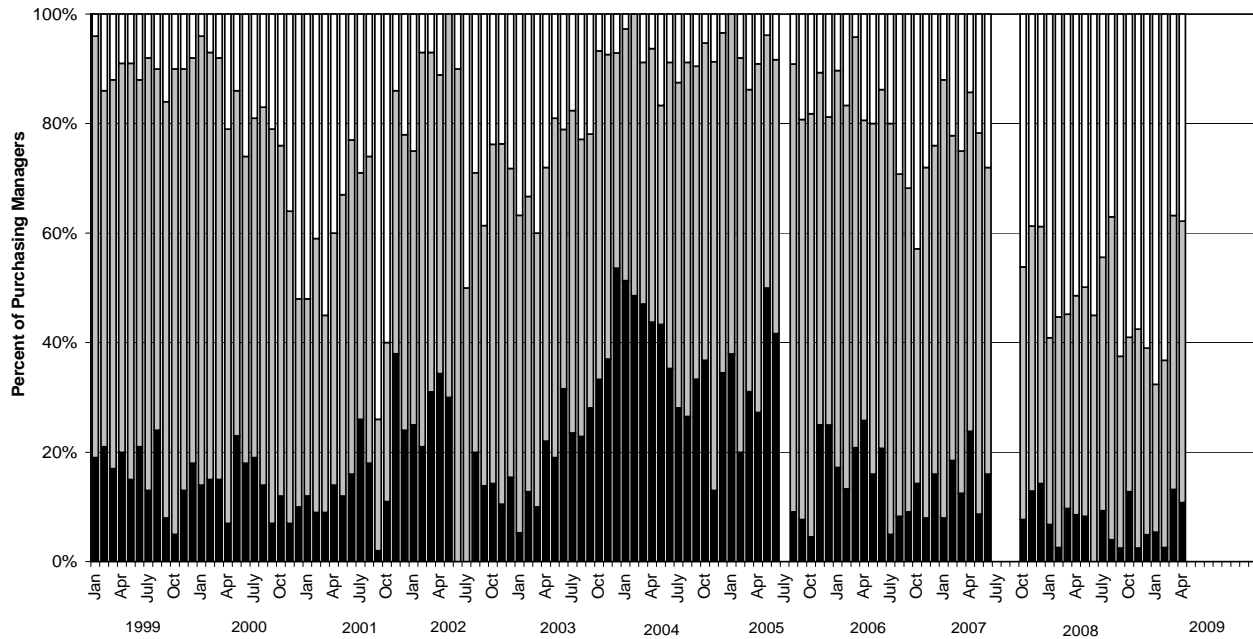
STATE OF THE ECONOMY: DATA FROM 4/2008 THROUGH 4/2009

	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Weaker	51	50	55	44	37	62	59	58	61	68	63	37	11
Same	40	42	46	46	59	35	28	40	34	27	34	50	51
Stronger	9	8	0	9	4	3	13	3	5	5	3	13	38

When Purchasing Managers were asked if they had any overall remarks to offer, a few had positive comments: "Business is good, we manufacture security products and safes (gun)," "Business has improved extensively, we are adding an additional two production lines," "Same as last month," "Economy appears to be rebounding," "I see a light at the end of the tunnel; let's hope the power stays on," "A slight increase in orders," and "We have new jobs on hold, awaiting funding."

Several Purchasing Managers expressed concerns about their business: "April is the slowest month so far for us," "Month of April is the lowest in years," "No indication yet as far as getting any better," "Plant closing doors after being in business since 1991. Just two years ago we employed more than 400," "Worldwide economic situation starting to have impact," "Economy is affecting the high-end restaurant trade with lower orders."

State of the Local Economy



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

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

Simone McFarland
Economic Development Director, San Bernardino County EDA
(909) 387-9839

Sarah Mundy
Deputy Director of Economic Development and Marketing, Riverside County EDA
(951) 955-8916