

IAR'S INLAND EMPIRE REPORT ON BUSINESS

Prepared by: *The Institute of Applied Research*

Housed in CSUSB's *College of Business and Public Administration*

Report for April 2015

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

EMPLOYMENT INDEX DROPPED BUT ORDERS ARE STILL COMING IN

According to Barbara Sirotnik (Director, Institute of Applied Research), and Lori Aldana (Project Coordinator, Institute of Applied Research), "This month's PMI (60.0) is up slightly from last month's figure (59.1), and is the seventh month in a row that it has registered above the 50% benchmark, indicating that the local economy is still in strong growth mode."

"The only slightly disappointing figure was the Employment Index which decreased this month from 57.8 to 48.4. This is the first decline below the 50% benchmark since October 2014. On the other hand, the Production Index registered an increase from last month's figure 70.3 to 74.2 this month, and New Orders Index decreased only slightly from last month's 65.6 to 62.5 this month. The fact that these two key components of the PMI remain solidly above the 50% indicate that manufacturing companies anticipate increasing purchases from consumers. Inventories increased from 53.1 to 62.5, and Commodity Prices were virtually unchanged, registering 53.2 rather than last month's 53.1. Supplier deliveries remained unchanged at 48.4 indicating that deliveries are getting slightly faster. This is not necessarily a good sign since faster deliveries mean that suppliers may not be as busy as they were."

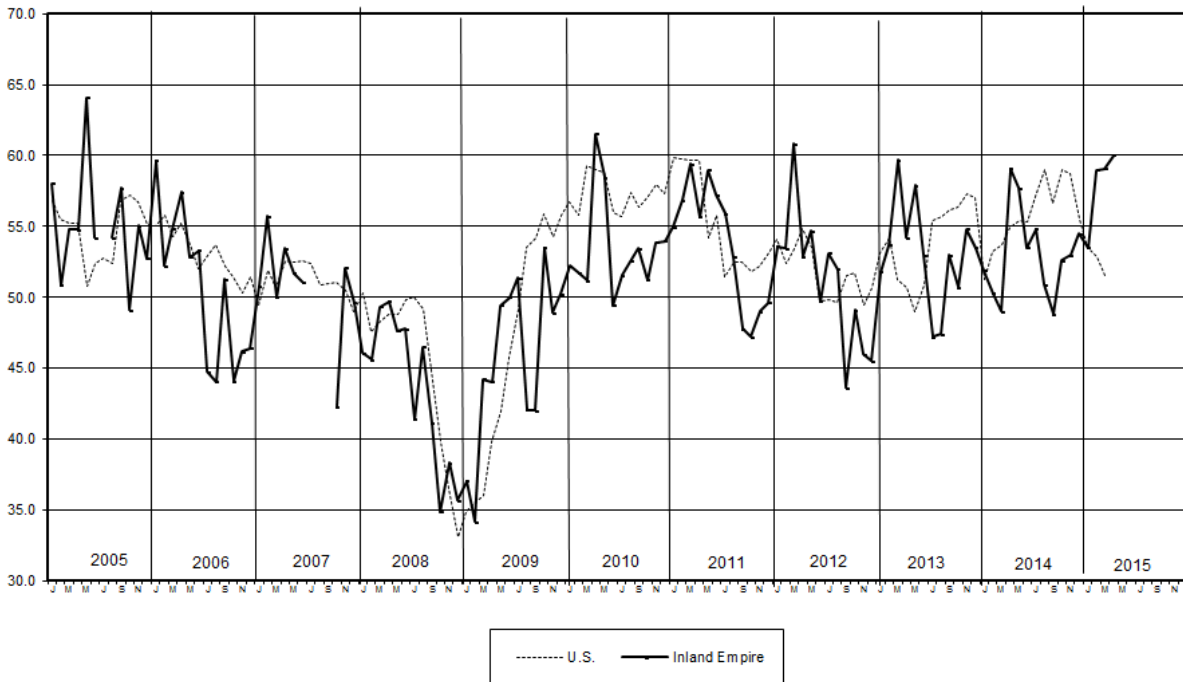
"Purchasing Manager's confidence in the local economy showed very little change from last month. This month 28% of Purchasing Managers forecasted that the local economy will improve in the coming quarter (virtually unchanged from last month's 31%). Only 13% thought it will be weaker (up slightly from 9%) and the rest (59%) projected that the economy will remain unchanged."

Following is a summary of highlights from this month's report:

April 2015 Business Survey at a Glance

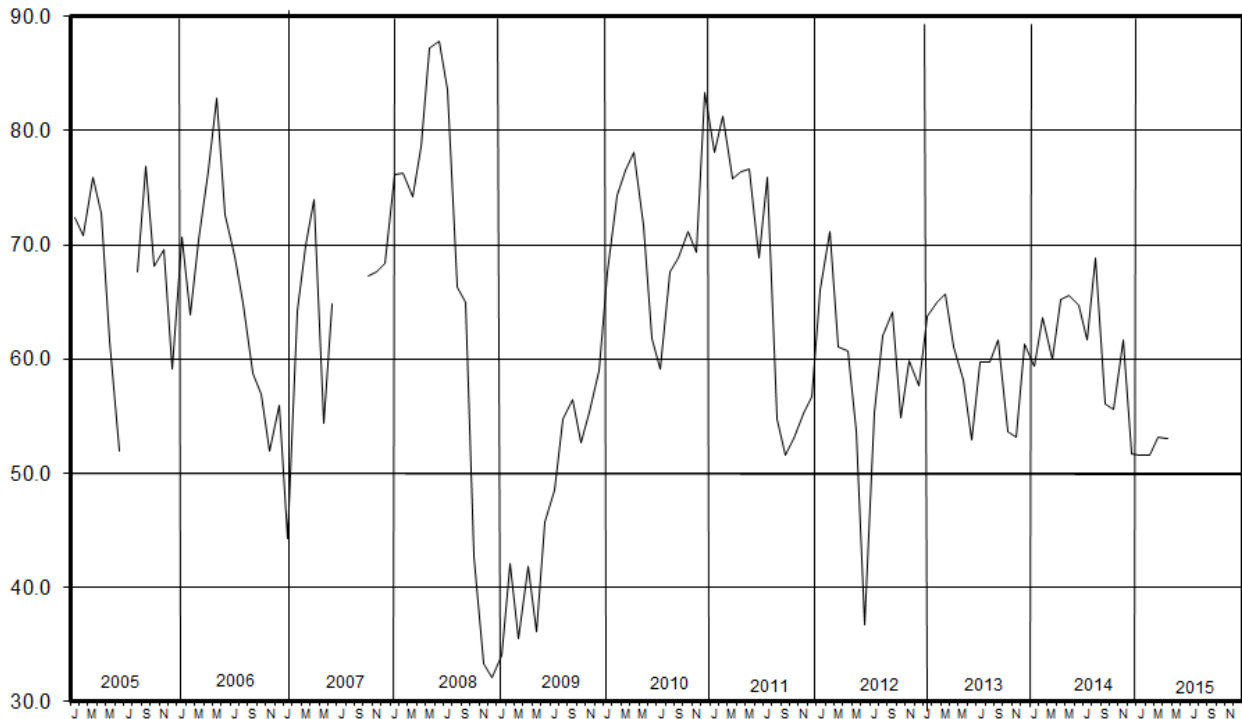
	Series Index		Direction from 50	Rate of Change from Last Index	Trend (Months)
	Last Month	This Month			
Local PMI	59.1	60.0	Growing	Faster	7
Commodity Prices	53.2	53.1	Increasing	Slower	34
Production	70.3	74.2	Growing	Faster	13
New Orders	65.6	62.5	Growing	Slower	7
Inventory	53.1	62.5	Increasing	Faster	5
Employment	57.8	48.4	Contracting	From Growing	1
Supplier Deliveries	48.4	48.4	Getting Faster	Unchanged	2
Purchasing Managers' Confidence in the State of the Local Economy					
% Stronger	31%	28%			
% Same	60%	59%			
% Weaker	9%	13%			

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



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STATE OF THE ECONOMY: DATA FROM 4/2014 THROUGH 4/2015

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Weaker	13	16	26	23	22	31	15	10	7	13	17	9	13
Same	58	53	39	43	56	50	55	66	72	64	60	60	59
Stronger	29	31	35	33	22	19	30	24	21	23	23	31	28

When Purchasing Managers were asked for their remarks about current business conditions, overall the responses were positive: “We see improvement in both domestic and international markets,” “Another record month,” “Business conditions still strong, slowing slightly toward end of month,” “First quarter results were approximately 10% above actual plan. Direct results of increased export sales,” “With a significant influx of orders, particularly in our technical/aerospace market, we have had to increase our purchases to meet those requirements,” “Exports are higher despite the Euro value,” and “Combined efforts of Asia Division and US Division for consolidated delivery.”

As usual there were also a few negative comments from Purchasing Managers: “Business conditions remain slow,” “April schedule was less than March due to the ending of a good sized program. We are hopeful of a reorder but it has not occurred,” “Same slow,” and “Demand has just been less.”

In summary, recent reports show that the US economy is barely growing, partially due to the remnants of labor disputes at the West Coast ports. Yet the Inland Empire economy continues to beat the odds with slow and steady growth. Since the height of the recession, the region has added back jobs at an incredible pace, and the slight dip in the Employment Index this month might just be a reflection of the region “taking a breather” before it continues its slow and steady pace of growth.

FOR QUESTIONS OR FURTHER INFORMATION, CONTACT:

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