

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 February 2015

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

PMI CONTINUES TO SIGNAL GROWTH

According to Barbara Sirotnik (Director, Institute of Applied Research), and Lori Aldana (Project Coordinator, Institute of Applied Research), "This month's PMI (59.0) is a significant increase from last month's figure (53.5), and is the fifth month in a row that it has registered above the 50% benchmark. This five month series signifies growth in the Inland Empire manufacturing sector and the economy as a whole."

"When we break down the PMI in terms of its five key components, we can easily see the many positive signs of a growing economy. Production increased from 54.8 last month to 64.5 this month, and New Orders increased from 57.8 last month to 62.9 this month. This indicates that although statistics such as the national Consumer Confidence Index weakened in February, consumers are still confident about their financial futures and are buying goods. The Commodity Price Index remained at 51.6. Supplier Deliveries slowed a bit from 51.6 last month to 53.2 – a good sign since slower deliveries are typically due to higher demand for commodities, thus reflecting increasing business activity. One of the most positive factors of this report is that the Employment Index increased from 51.6 to 59.7 this month."

"Purchasing Managers continue to be relatively upbeat about the state of the local economy. Only seventeen percent of Purchasing Managers predict that the local economy will become weaker in the upcoming months while twenty-three percent believe the local economy will become stronger by next quarter. The remaining sixty percent of Purchasing Managers believe the local economy will stay the same."

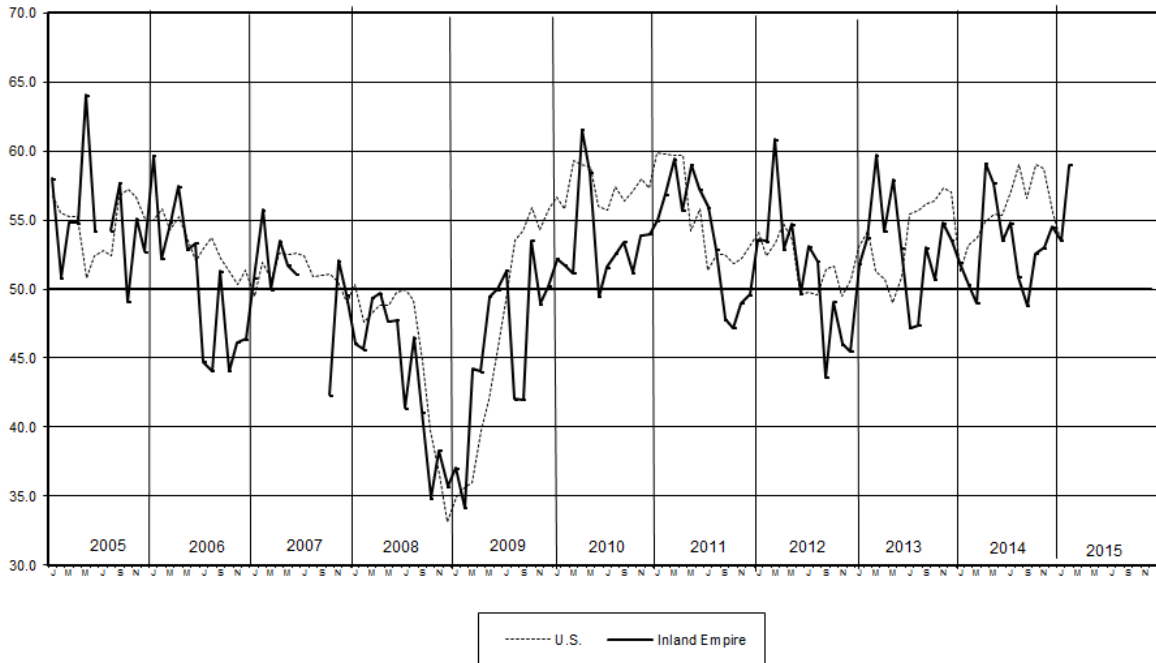
Following are some highlights from this month's report:

February 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	53.5	59.0	Growing	Faster	5
Commodity Prices	51.6	51.6	Increasing	Unchanged	32
Production	54.8	64.5	Growing	Faster	11
New Orders	57.8	62.9	Growing	Faster	5
Inventory	54.7	54.8	Increasing	Faster	3
Employment	51.6	59.7	Growing	Faster	4
Supplier Deliveries	51.6	53.2	Slowing	Faster	9
Purchasing Managers' Confidence in the State of the Local Economy					
% Stronger	23%	23%			
% Same	64%	60%			
% Weaker	13%	17%			

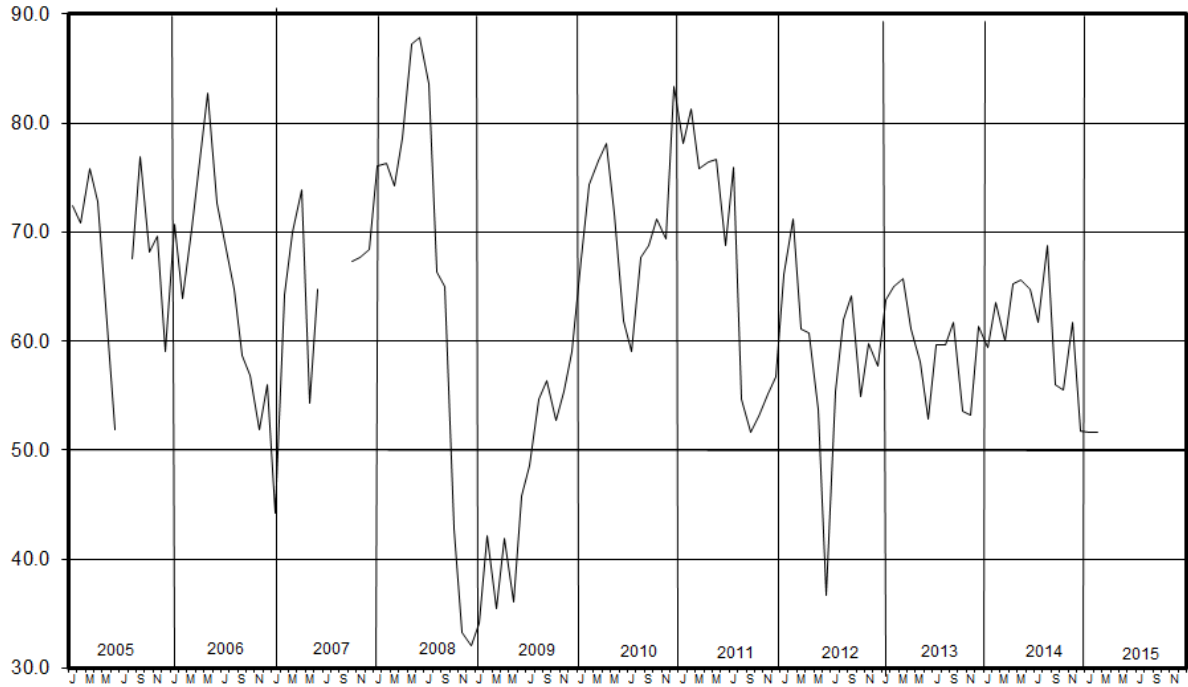
Note: Inland Empire data were not collected for the months of October and November 1996, and July 2005 and July through September 2007.

Purchasing Managers' Index



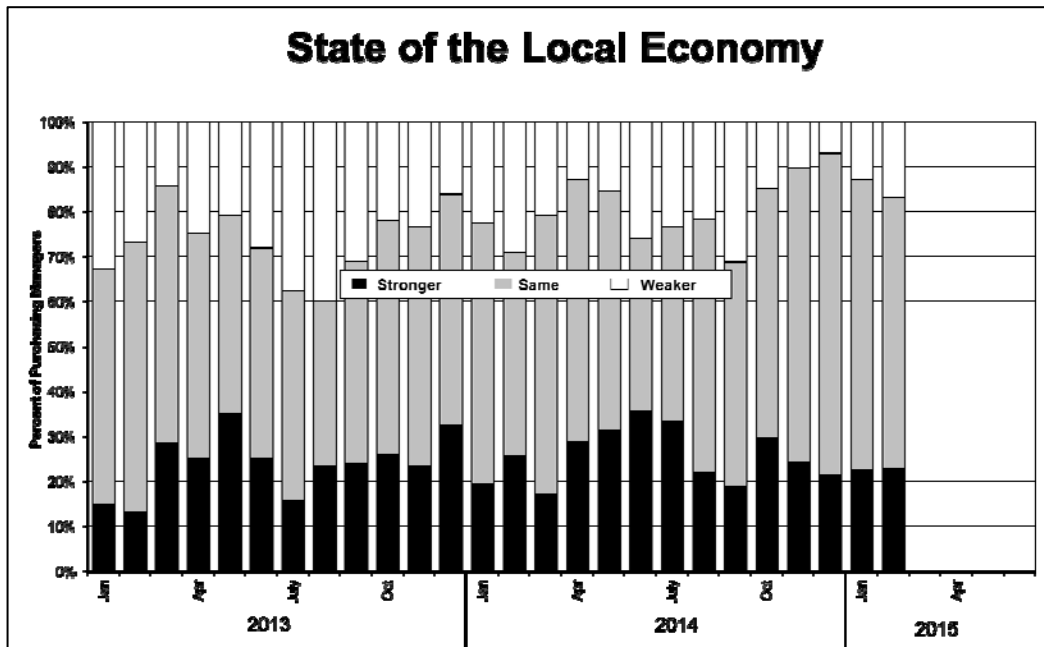
Note: Inland Empire data were not collected for the months of October and November 1996, and July 2005 and July through September 2007.

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



STATE OF THE ECONOMY: DATA FROM 2/2014 THROUGH 2/2015

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Weaker	29	21	13	16	26	23	22	31	15	10	7	13	17
Same	45	62	58	53	39	43	56	50	55	66	72	64	60
Stronger	26	17	29	31	35	33	22	19	30	24	21	23	23

Positive remarks from Purchasing Managers included: “February has been good with lots of jobs on the production schedule. March looks good as well with a spike in the aircraft sector,” “Local business still pretty good, but not as strong as January,” “Sales continue at a brisk pace even though this is our slow month usually,” “February remained solid, export bookings continue to remain very strong. The port congestion was very costly for us,” and “Our business is moving forward well, but there is concern about potential shutdowns at the federal level that could cause a slowdown in the general economy.”

Negative comments from Purchasing Managers included: “Business for us has been slow since November 2014,” and “Business has slowed down due to the US weather.”

In summary, manufacturing in the Inland Empire has had a difficult month due to the port strike, stormy weather in the eastern part of the country, and political concerns at the federal level. Yet Purchasing Managers indicate that the Inland Empire manufacturing sector is holding its own, and they remain relatively upbeat about the future of the Inland Empire economy.

FOR QUESTIONS OR FURTHER INFORMATION, CONTACT:

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

Larry Vaupel
Administrator, San Bernardino County Economic Development Agency
(909) 387-9801

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

Dr. Lawrence Rose
Dean, College of Business and Public Administration, CSUSB
(909) 537-3703