

# **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 June 2015***

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

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## **EMPLOYMENT, NEW ORDERS, AND PRODUCTION ARE UP**

According to Barbara Sirotnik (Director, Institute of Applied Research), and Lori Aldana (Project Coordinator, Institute of Applied Research), "This month's Inland Empire Purchasing Managers' Index (PMI) is 52.4, virtually unchanged from last month's 52.1. This is the ninth month in a row that the PMI has remained above the 50% mark indicating growth in the local manufacturing sector and the local economy."

"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 an increase from 53.6 last month to 58.6, and New Orders also increased from 46.6 to 55.2 this month. The fact that these two key components of the PMI remain solidly above 50 portend increasing sales to consumers. Another encouraging sign is that the Employment Index (55.2) remained above 50 for the second month in a row. Considering that we have seen growth in the index for 7 out of the last 8 months, it appears that the employment picture in the Inland Empire is definitely improving. The Commodity Prices Index is unchanged from last month's 56.9."

"Nearly a quarter of the Purchasing Managers (24%) projected that the state of the local economy will improve in the coming quarter (a decrease from last month's 30%). Thirty-one percent (31%) of Purchasing Managers predicted that the economy would be weaker in the coming quarter – a figure virtually unchanged from last month's 30%. The predominant opinion, offered by 45% of Purchasing Managers, is that the local economy will continue its slow and steady growth for the foreseeable future."

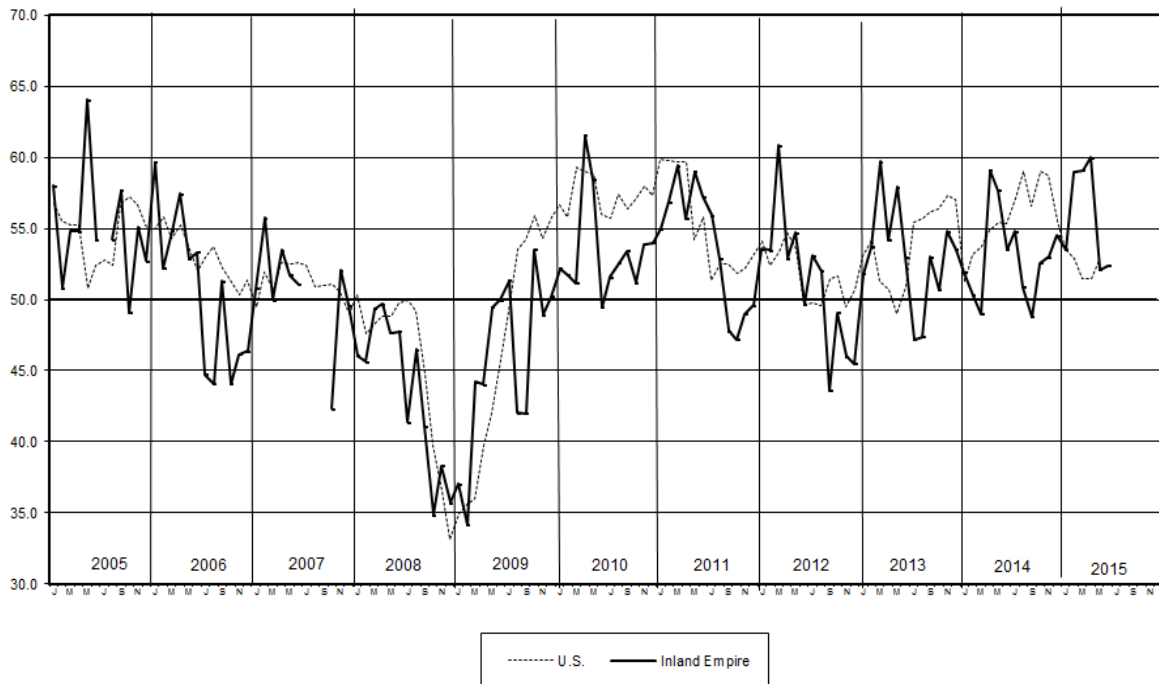
Following is a summary of highlights from this month's report:

## June 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	52.1	52.4	Growing	Faster	9
Commodity Prices	56.9	56.9	Increasing	Unchanged	36
Production	53.6	58.6	Growing	Faster	15
New Orders	46.6	55.2	Growing	From Contracting	1
Inventory	62.1	46.6	Decreasing	From Increasing	1
Employment	55.2	55.2	Growing	Unchanged	2
Supplier Deliveries	48.3	46.6	Getting Faster	Faster	4
<b>Purchasing Managers' Confidence in the State of the Local Economy</b>					
% Stronger	30%	24%			
% Same	40%	45%			
% Weaker	30%	31%			

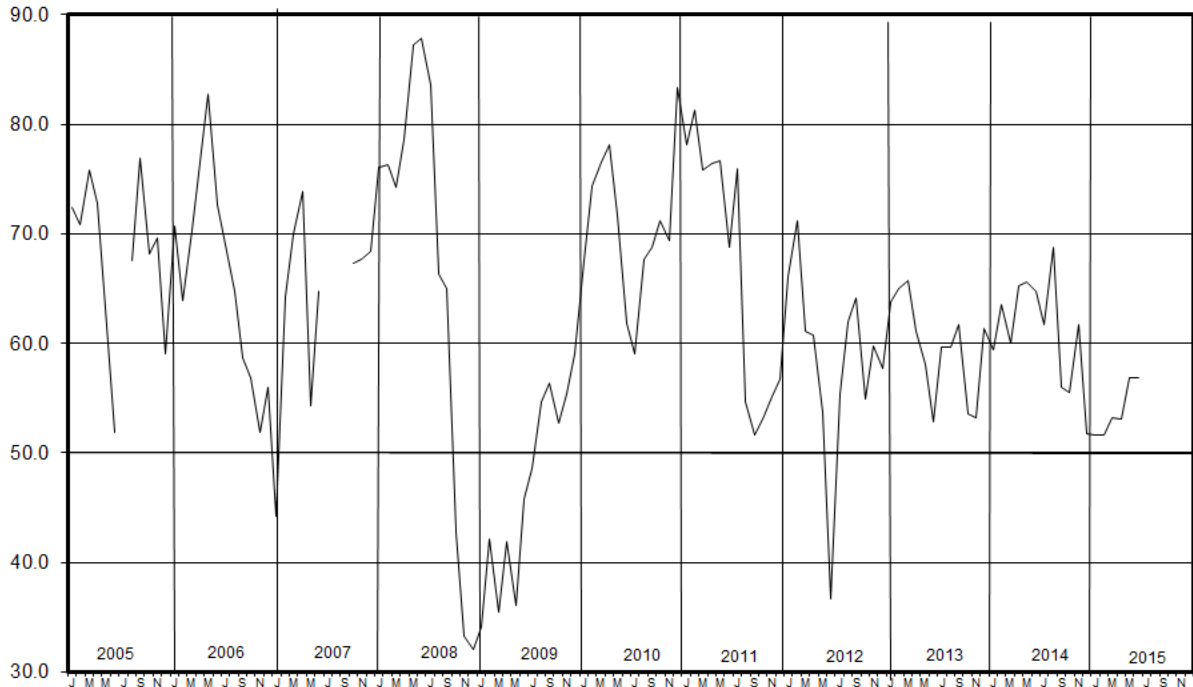
Note: Inland Empire data were not collected for the months of October and November 1996, and July 2005 and July through September 2007.

## Purchasing Managers' Index



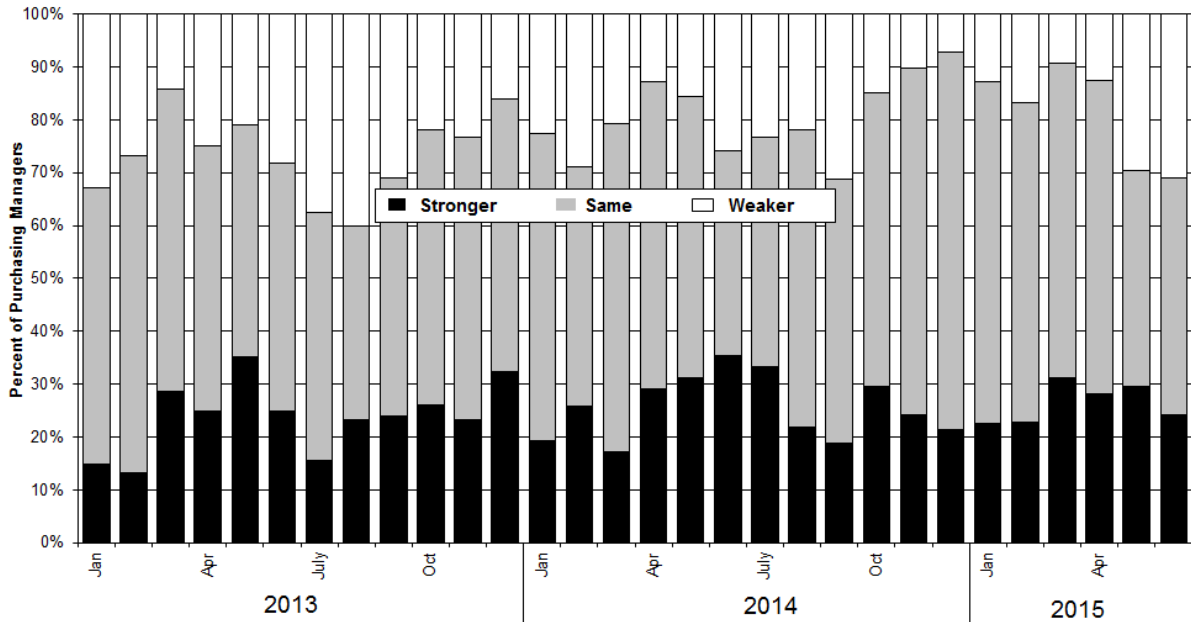
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## Commodity Prices



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## State of the Local Economy



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**STATE OF THE ECONOMY: DATA FROM 6/2014 THROUGH 6/2015**

	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>
<b>Weaker</b>	26	23	22	31	15	10	7	13	17	9	13	30	31
<b>Same</b>	39	43	56	50	55	66	72	64	60	60	59	40	45
<b>Stronger</b>	35	33	22	19	30	24	21	23	23	31	28	30	24

When Purchasing Managers were asked to comment on the general business conditions that affected their company, several commented that “orders are slowing” or “business continues to be slow.” One even said: “We likely will have a few lay-offs if things don't pick up soon.” But on a slightly more positive note, one remarked: “Sales are slowing but prospects are strong.”

In summary, this month’s report continues the trend of slow but steady growth. New Orders and Production are strong, which reinforces the national consumer sentiment statistics from the University of Michigan indicating that consumers are relatively upbeat about the economy and are increasing spending. Consumers are getting jobs, their incomes are improving, and mortgage delinquency is down. But this positive economic news could sour if economic trouble overseas gets worse.

**FOR QUESTIONS OR FURTHER INFORMATION, CONTACT:**

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