

# **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 2013***

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

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## **PMI above 50% for the sixth month in a row**

According to Barbara Sirotnik and Shel Bockman (Co-Directors of the Institute of Applied Research), and Lori Aldana (Project Coordinator, Institute of Applied Research), "This month's PMI (53.0) registered above the 50% benchmark for the sixth month in a row, reflecting growth for both the local manufacturing sector and the Inland Empire economy as a whole. The PMI declined from 57.9 last month, indicating that the growth occurred at a slower pace than last month."

"All key indicators of the PMI remained at or above the baseline 50% mark. Production decreased from 61.1 last month to 51.4 this month. New Orders registered a drop from 58.1 to 54.3. The Employment Index decreased from 60.8 last month to 52.9 this month (although on a positive note, the companies which were hiring indicated that the hires were for permanent – not temporary – positions). The Supplier Deliveries Index increased from 52.8 to 56.3 this month indicating slower delivery times (an indication that the suppliers are busy). Inventories remained flat at 50.0 (down from 56.8), and the Commodity Prices Index decreased slightly from 58.1 last month to 52.9."

"The Imports Index dropped from 58.7 to 47.5 and the Export Index decreased from 53.6 to 46.2. One Purchasing Manager commented that there is a lack of orders from overseas customers, however two others made comments reflecting an increase in exports: "We are in negotiations for projects that could involve major growth in our exports."

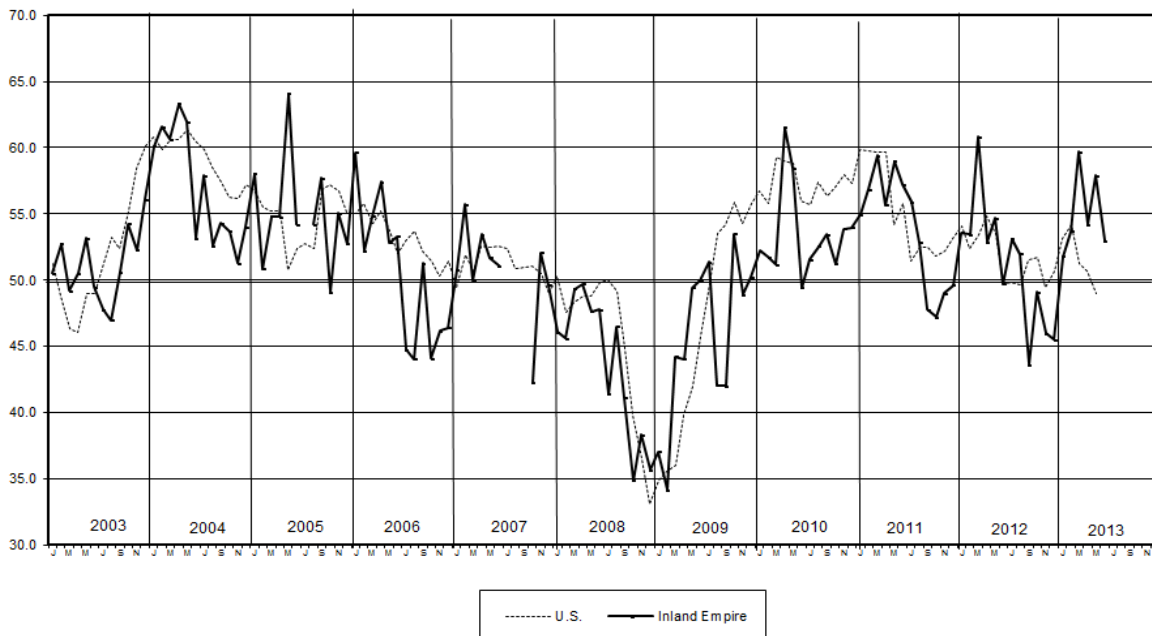
"Purchasing Managers are somewhat less optimistic this month in their projections about the state of the local economy for the coming quarter. This month, 25% forecasted that the economy would be stronger (down from 35% last month). In contrast, 28% predicted that the economy will be weaker, up from 21% last month, and the remaining 47% predicted that the economy will remain unchanged."

Following are some highlights from this month's report:

## June 2013 Business Survey at a Glance

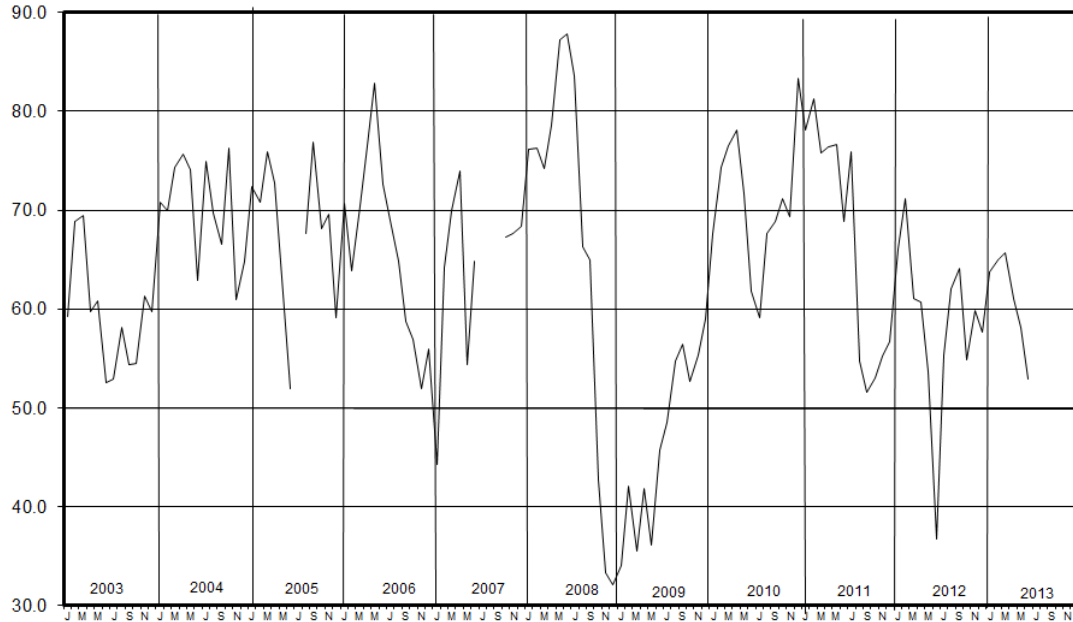
	Series Index		Direction from 50	Rate of Change from Last Index
	Last Month	This Month		
Local PMI	57.9	<b>53.0</b>	Growing	Slower
Commodity Prices	58.1	<b>52.9</b>	Increasing	Slower
Production	61.1	<b>51.4</b>	Growing	Slower
New Orders	58.1	<b>54.3</b>	Growing	Slower
Inventory	56.8	<b>50.0</b>	Unchanged	From Increasing
Employment	60.8	<b>52.9</b>	Increasing	Slower
Supplier Deliveries	52.8	<b>56.3</b>	Slowing	Faster
Imports	58.7	<b>47.5</b>	Contracting	From Increasing
Exports	53.6	<b>46.2</b>	Contracting	From Increasing
<b>Purchasing Managers' Confidence in the State of the Local Economy</b>				
% Stronger	35%	25%		
% Same	44%	47%		
% Weaker	21%	28%		

## Purchasing Managers' Index



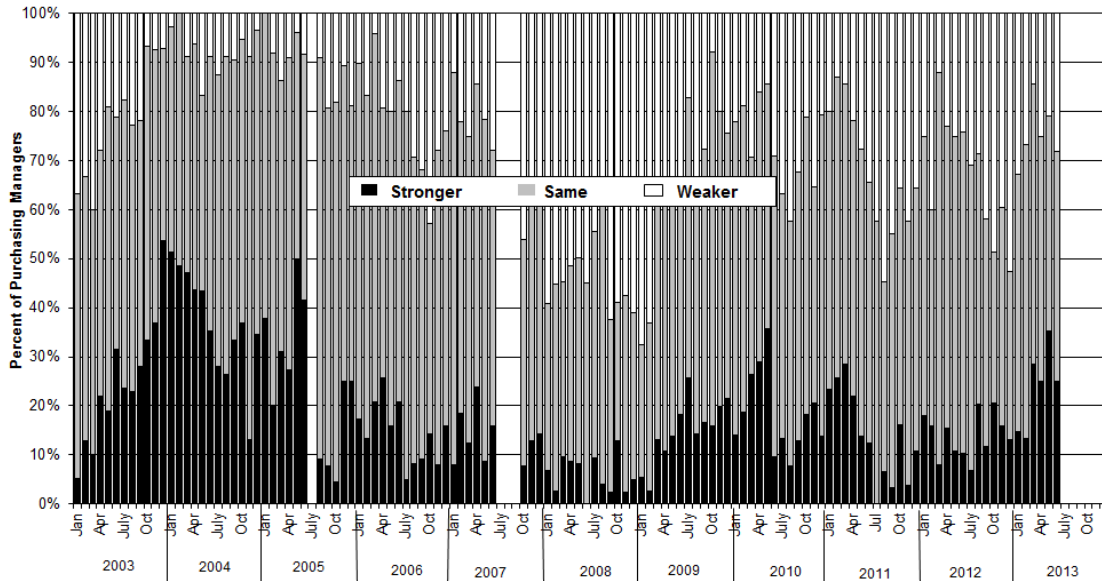
Note: Inland Empire data were not collected for the months of October and November 1996, and July 2005 and July through September 2007.

## Commodity Prices



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## State of the Local Economy



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### STATE OF THE ECONOMY: DATA FROM 6/2012 THROUGH 6/2013

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Weaker</b>	24	31	29	42	49	39	53	32	27	14	25	21	28
<b>Same</b>	66	62	51	47	31	45	34	53	60	57	50	44	47
<b>Stronger</b>	10	7	20	12	21	16	13	15	13	29	25	35	25

Positive remarks made by the Purchasing Managers included: "Business remains very strong, so all 'same' answers are actually indicative of strong business conditions," "Each month business seems to be getting better," "Business has increased a little from a couple of months ago but is still below the level of the same time last year," "Business is growing exponentially at this time, with our backlog doubling over the past quarter or so," "Sales are starting to pick up (finally)," and "We see a slow improvement. California is lagging slightly when compared to AZ and NV."

Negative remarks from Purchasing Managers included: "Business is still slow – not much going on for smaller shops," "Domestic sales are down and international sales are flat," "Significantly fewer orders from previous months. Do not know what the reasons might be," "Orders very slow coming in—worst time since 2009!" "The business is a bit seasonal, slower in the summer, and we generally expect summer to have fewer orders and lower total dollars than in winter months" and "Still same as last year so far and this is our busy season."

In summary, recent business reports have remarked on an improving economy for the nation as a whole and for the Inland Empire region. This month's report is an encouraging confirmation of those reports. Production and New Orders are up, reflecting improving consumer confidence and ability to buy products; and Employment is up, showing that businesses are finally willing to take a chance and hire.

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

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