

# **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 March 2013***

***(Embargoed release on April 1, 2013)***

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

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## **PMI registers above 50 for the third month in a row**

According to Shel Bockman and Barbara Sirotnik (Co-Directors of the Institute of Applied Research), and Lori Aldana (Project Coordinator, Institute of Applied Research), "This month's PMI (59.7) is up from last month's figure (53.7) and is the third month it has remained above the 50% benchmark. Since it takes three months to establish a new trend, we can now say that the manufacturing sector is back in growth mode."

"Moreover, this month's report shows strength in the key components of the PMI (the Production Index and New Orders Index). This month the Production Index registered a sharp increase from last month's figure (55.0) to 63.9. In addition, the New Orders Index increased from 56.7 to 63.9. The fact that these two key components of the PMI remain solidly above 50 indicate that manufacturing companies anticipate increasing purchases from consumers. Another good sign is that the Employment Index remained above 50 for the second month, increasing from 53.3 to 59.7. The Commodity Prices Index registered 65.7, virtually unchanged over last month's 65.0."

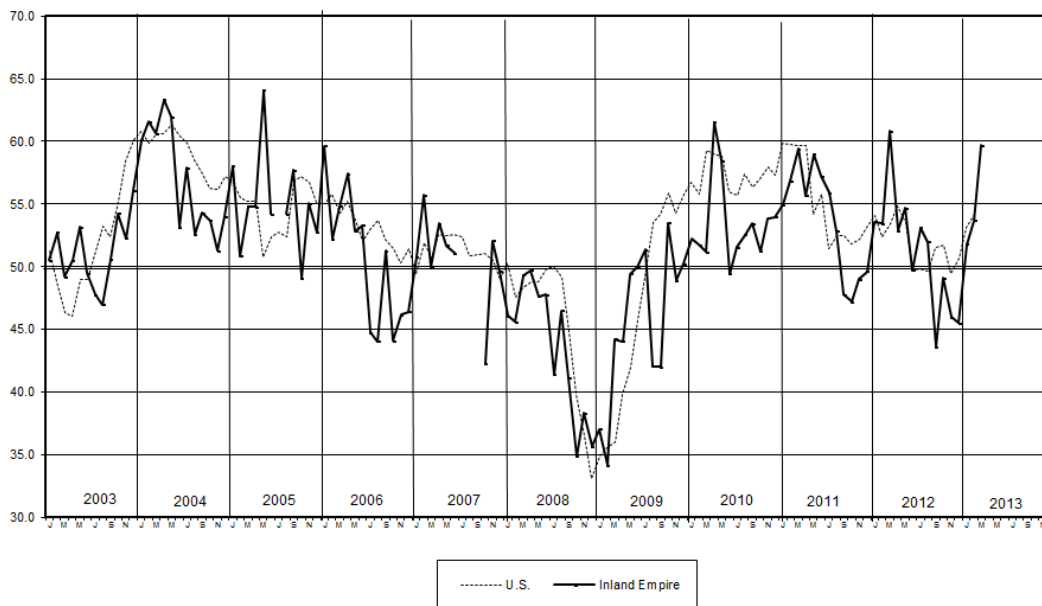
"Imports decreased from 57.1 to 52.8 and the Export Index increased from 62.5 to 64.3. Purchasing Managers comments included: "Recent sales trip helped close long selling cycle deals," "We are working harder to establish our exporting program and are achieving results from those efforts," "Better availability," "Some of our products require imported materials, so as our sales have risen so have our purchases of these materials," "Everyone is feeling an increase around the world, all markets, including Europe," and "Sales are higher."

Purchasing Managers are more optimistic about the state of the local economy than they were last month, with 29% of purchasing managers predicting that the local economy will become stronger in the coming months (up from last month's 16%). Fifty-seven percent of

Purchasing Managers believe the local economy will remain unchanged, and the remaining 14% believe the local economy will become weaker by next quarter (down from 27%). Following are some highlights from this month's report:

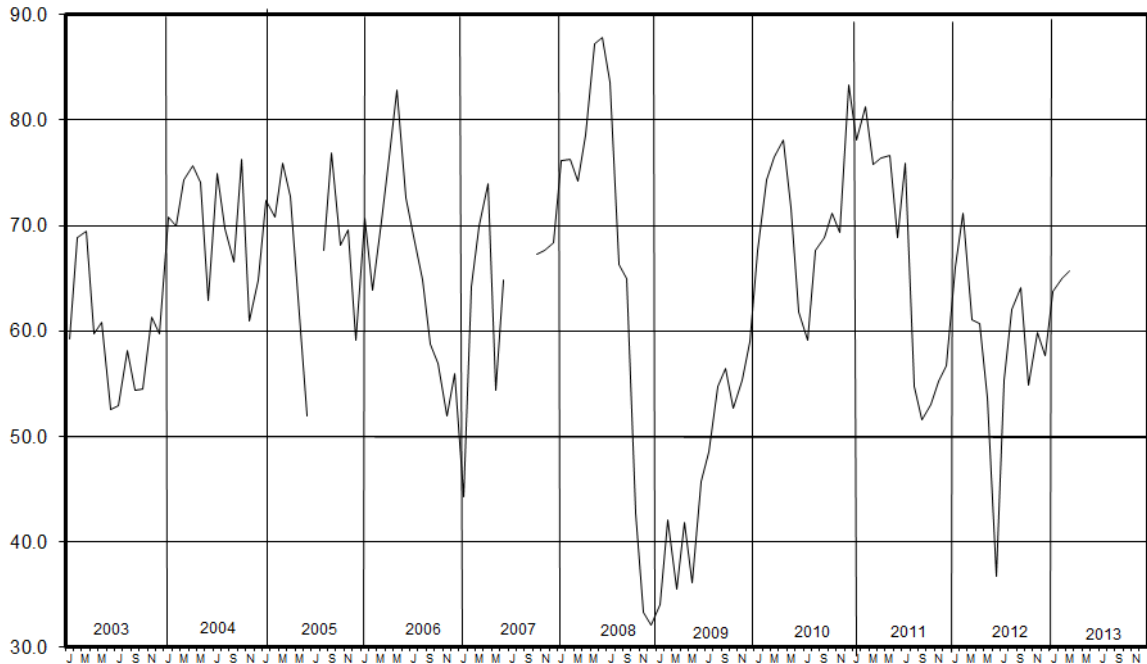
<b>March 2013 Business Survey at a Glance</b>				
	<b>Series Index</b>		<b>Direction from 50</b>	<b>Rate of Change from Last Index</b>
	<b>Last Month</b>	<b>This Month</b>		
Local PMI	53.7	<b>59.7</b>	Growing	Faster
Commodity Prices	65.0	<b>65.7</b>	Increasing	Faster
Production	55.0	<b>63.9</b>	Growing	Faster
New Orders	56.7	<b>63.9</b>	Growing	Faster
Inventory	53.3	<b>55.6</b>	Increasing	Faster
Employment	53.3	<b>59.7</b>	Increasing	Faster
Supplier Deliveries	50.0	<b>55.6</b>	Slowing	From unchanged
Imports	57.1	<b>52.8</b>	Growing	Slower
Exports	62.5	<b>64.3</b>	Growing	Faster
<b>Purchasing Managers' Confidence in the State of the Local Economy</b>				
% Stronger	16%	29%		
% Same	60%	57%		
% Weaker	27%	14%		

### Purchasing Managers' Index



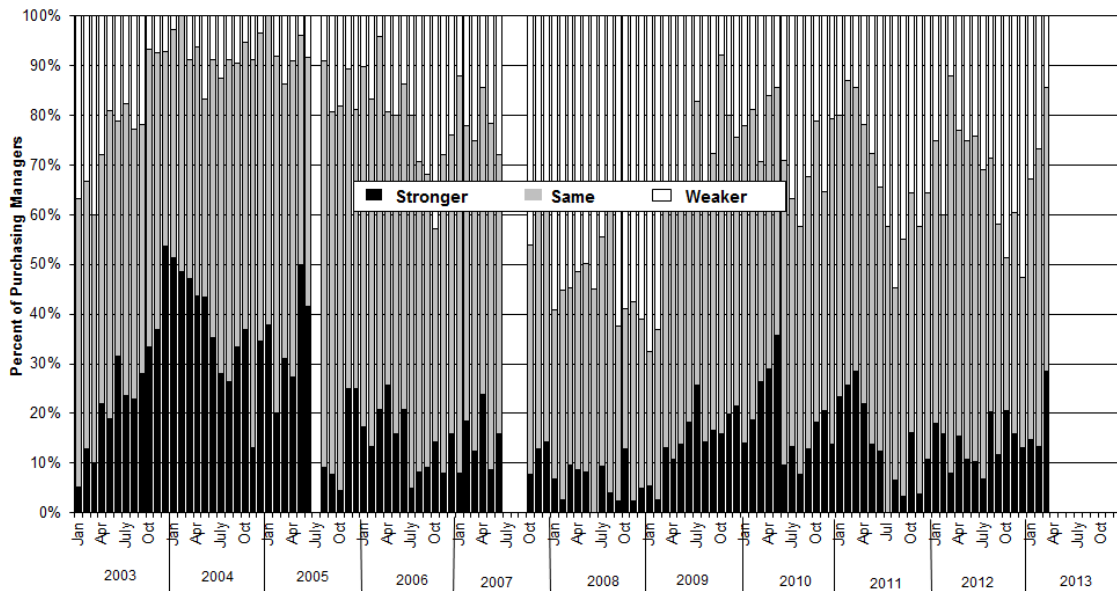
Note: Inland Empire data were not collected for the months of October and November 1996, and July 2005 and July through September 2007.

## Commodity Prices



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## State of the Local Economy



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**STATE OF THE ECONOMY: DATA FROM 3/2012 THROUGH 3/2013**

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
<b>Weaker</b>	40	12	23	25	24	31	29	42	49	39	53	32	27	14
<b>Same</b>	44	80	62	64	66	62	51	47	31	45	34	53	60	57
<b>Stronger</b>	16	8	15	11	10	7	20	12	21	16	13	15	13	29

A few remarks made by the Purchasing Managers included: “Economy showing modest signs of growth,” “Improving economic outlook on the retail sector,” “Business continues to be strong, price increases for paper going into effect in April (approximately 5%),” “Domestic and International business are both up,” and “Our company is still extremely busy as we have been since the beginning of the year.”

A few negative remarks included: “Government contracts are on hold due to sequestration,” “There have been insecurities due to the lack of political collaboration which in the short run erodes confidence in current economic policies, but worse yet, in the long run erodes confidence in our political system as it relates to the street reality of the country’s economy,” “Slow sales,” “Business very slow for the month of March,” and “Headed to our busy season – hope it’s better than the first quarter.”

In summary, this report signals a change in direction of the manufacturing sector and indicates that the local economy is continuing to grow. All indicators in this report look solid and appear to portend future consumer purchases and an improving economy.

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

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