

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 2012

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

PMI SOARS ABOVE THE 50 MARK FOR THE THIRD MONTH IN A ROW AND THE EMPLOYMENT INDEX REACHES ITS HIGHEST LEVEL SINCE MAY 2005

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 (60.8) registered an impressive gain from last month's PMI (53.5), suggesting that the local manufacturing sector and the local economy are not only growing, but growing at a substantially faster rate than last month. Moreover, the Employment Index (an especially critical measure) jumped from 53.7 last month to 63.0 this month. To put the Employment Index's gain in perspective, it is now at the highest level since May 2005 where it registered 64.8. The dramatic improvement in local economy was also reflected in the other key indicators that underpin this report. Specifically, the New Orders Index increased from 50.0 to 66.7. Production jumped from 53.8 to 66.7. And the Commodity Price Index decreased this month from 71.2 to 61.1.

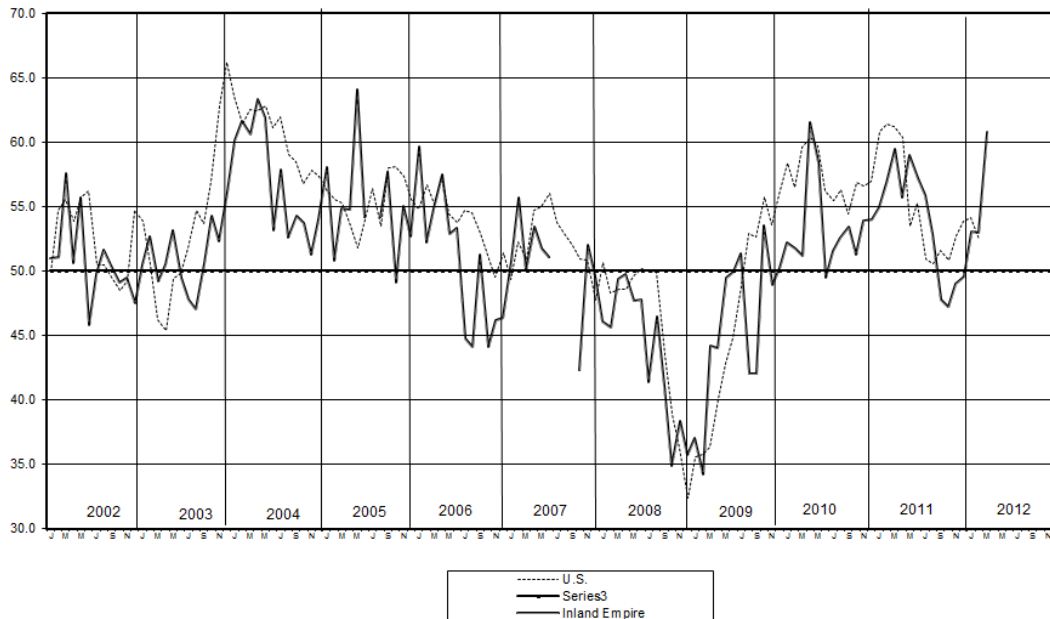
Eighty percent of the Purchasing Managers felt that the state of the local economy will stay the same in the coming months. Only 12% of Purchasing Managers predicted that the economy would be weaker in the coming quarter, while the remaining 8% believed the local economy would become even stronger by next quarter.

Following (next page) are some highlights from this month's report:

March 2012 Business Survey at a Glance

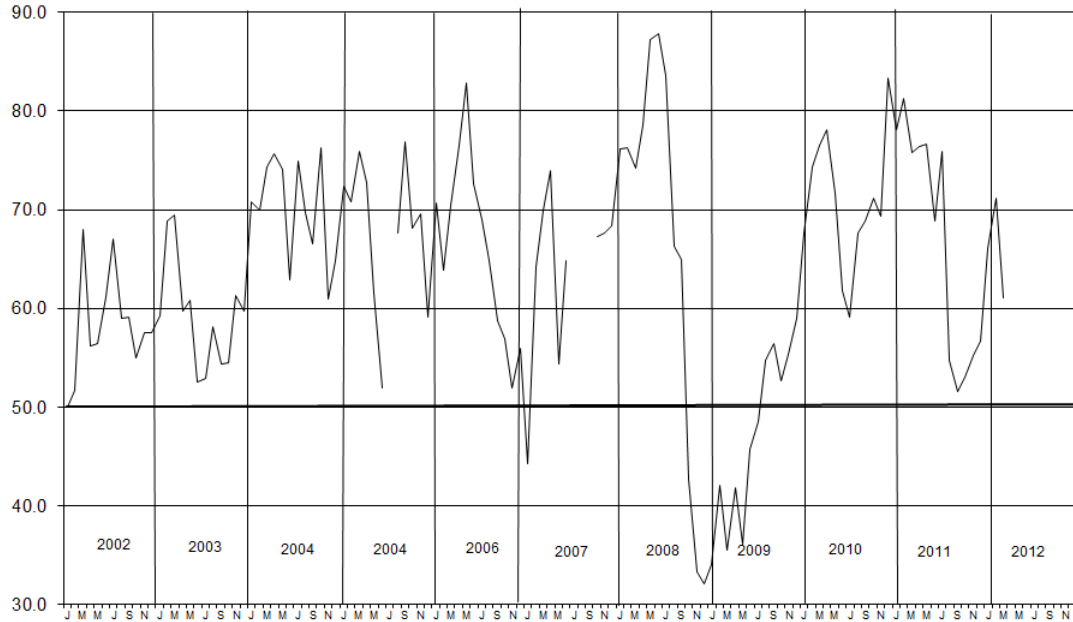
	Series Index		Direction from 50*	Rate of Change from Last Index
	Last Month	This Month		
Local PMI	53.5	60.8	Growing	Faster
Commodity Prices	71.2	61.1	Increasing	Slower
Production	53.8	66.7	Growing	Faster
New Orders	50.0	66.7	Growing	From Unchanged
Inventory	54.0	50.0	Unchanged	From Increasing
Employment	53.7	63.0	Increasing	Faster
Supplier Deliveries	55.8	57.7	Slowing	Faster
Imports	60.0	55.9	Increasing	Slower
Exports	50.0	50.0	Unchanged	Unchanged
Purchasing Managers' Confidence in the State of the Local Economy				
% Stronger	16%	8%		
% Same	44%	80%		
% Weaker	40%	12%		

Purchasing Managers' Index



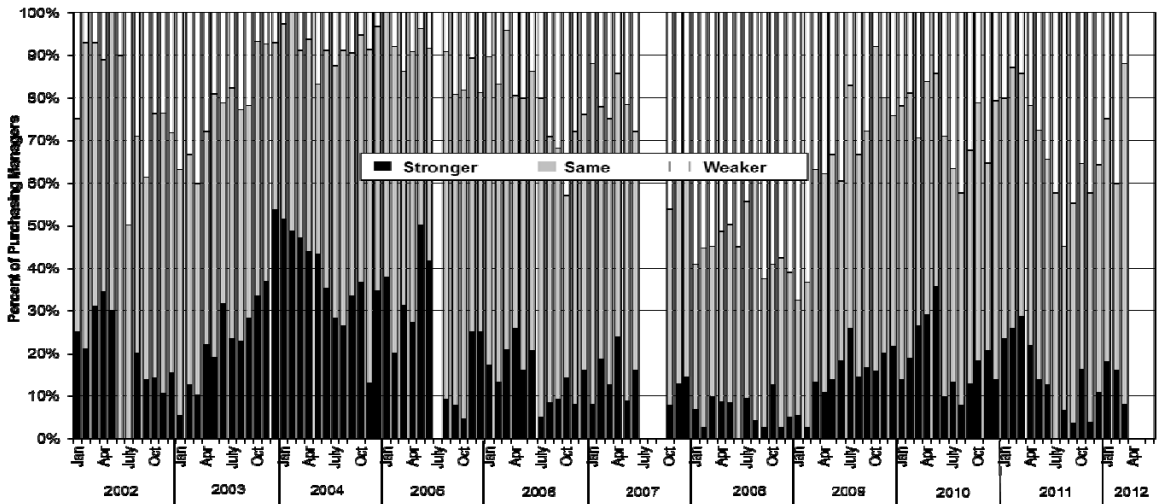
Note: Inland Empire data were not collected for the months of October and November 1996, and July 2005 and July through September 2007.

Commodity Prices



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State of the Local Economy



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STATE OF THE ECONOMY: DATA FROM 3/2011 THROUGH 3/2012

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Weaker	14	22	28	34	42	55	45	36	42	36	25	40	12
Same	57	56	59	53	58	39	52	48	54	53	57	44	80
Stronger	29	22	14	13	0	6	3	16	4	11	18	16	8

The general optimism reflected in all major indices of the PMI is also revealed in Purchasing Managers' comments. Positive remarks included: "Good weather and heading into spring will boost sales," "Many customers are expediting orders," "Production good and sales solid," and "Sales are up, and embarking on new marketing campaign." And in counter point only one Purchasing Manager offered a negative comment: "Been really slow four (4) months straight." Moreover the positive observations made by Purchasing Managers were validated by the fact that eight companies recorded hiring staff this month.

In summary, this report is especially strong suggesting that the recovery noted in recent prior ROB reports is gaining momentum. And it is particularly encouraging that there are no mixed signals: all data sources used to compile this report point towards growth in the local manufacturing sector and the local economy.

FOR QUESTIONS OR FURTHER INFORMATION, CONTACT:

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