

# **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 November 2014***

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

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## **PMI REMAINS ABOVE 50 FOR THE SECOND MONTH**

According to Barbara Sirotnik (Director, Institute of Applied Research), and Lori Aldana (Project Coordinator, Institute of Applied Research), "This month's PMI (53.0) is virtually unchanged from last month's figure (52.6). This is the second month in a row that it is above the 50% benchmark which signifies growth in the Inland Empire manufacturing sector."

"Production decreased to 51.7 from last month's 64.8, and New Orders decreased from 55.6 last month to 51.7. Neither decrease should be cause for alarm since both figures are still above 50, and a decrease is somewhat expected due to seasonal slowdowns for some manufacturing companies. The Employment Index surged to 51.7 from last month's 44.4. This indicates that our firms have increased staffing for the first time since July of this year. The Commodity Price Index increased from 55.6 to 61.7 this month. Supplier deliveries changed from 51.9 to 56.7, an indication that deliveries are slowing at a faster rate since last month."

"Purchasing Managers are in "holding mode" relative to their projections about the state of the local economy for the coming quarter. This month, 66 percent predicted that the economy will be the same (up from 56%). Only 10 percent of purchasing managers predicted the local economy will be weaker in the upcoming months (down from 15 percent last month, and the lowest figure since 2009). The remainder (24 percent) predicted that the economy will be stronger in the coming quarter."

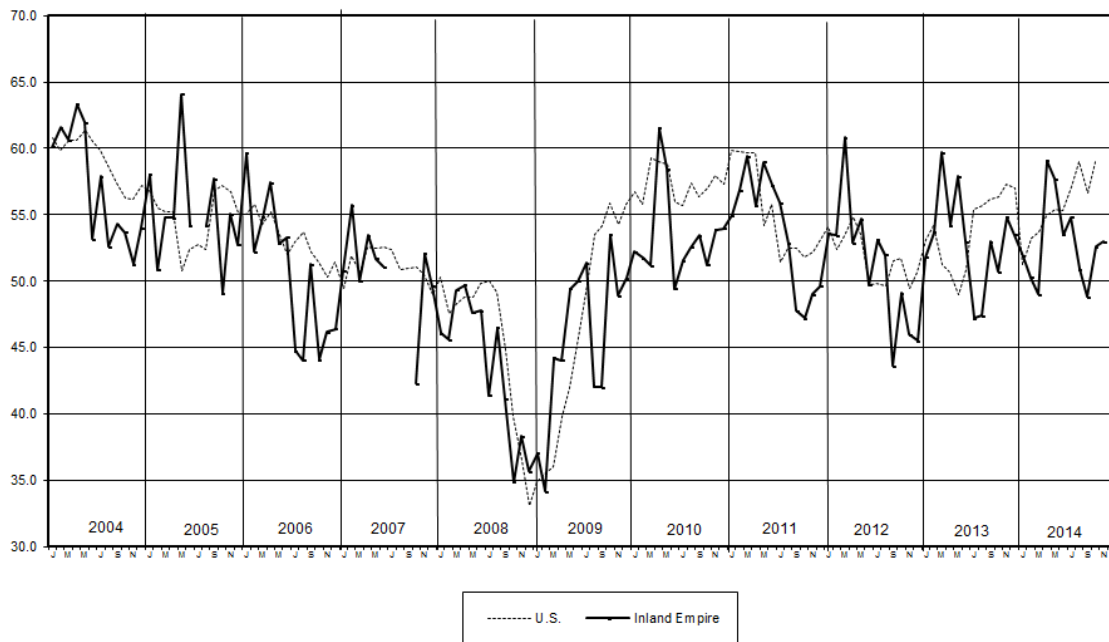
Following are some highlights from this month's report:

## November 2014 Business Survey at a Glance

	Series Index		Direction from 50	Rate of Change from Last Index	Trend (Months)
	Last Month	This Month			
Local PMI	52.6	53.0	Growing	Faster	2
Commodity Prices	55.6	61.7	Increasing	Faster	29
Production	64.8	51.7	Growing	Slower	8
New Orders	55.6	51.7	Growing	Slower	2
Inventory	46.3	53.3	Increasing	From Decreasing	1
Employment	44.4	51.7	Growing	From Contracting	1
Supplier Deliveries	51.9	56.7	Slowing	Faster	6
<b>Purchasing Managers' Confidence in the State of the Local Economy</b>					
% Stronger	30%	24%			
% Same	55%	66%			
% Weaker	15%	10%			

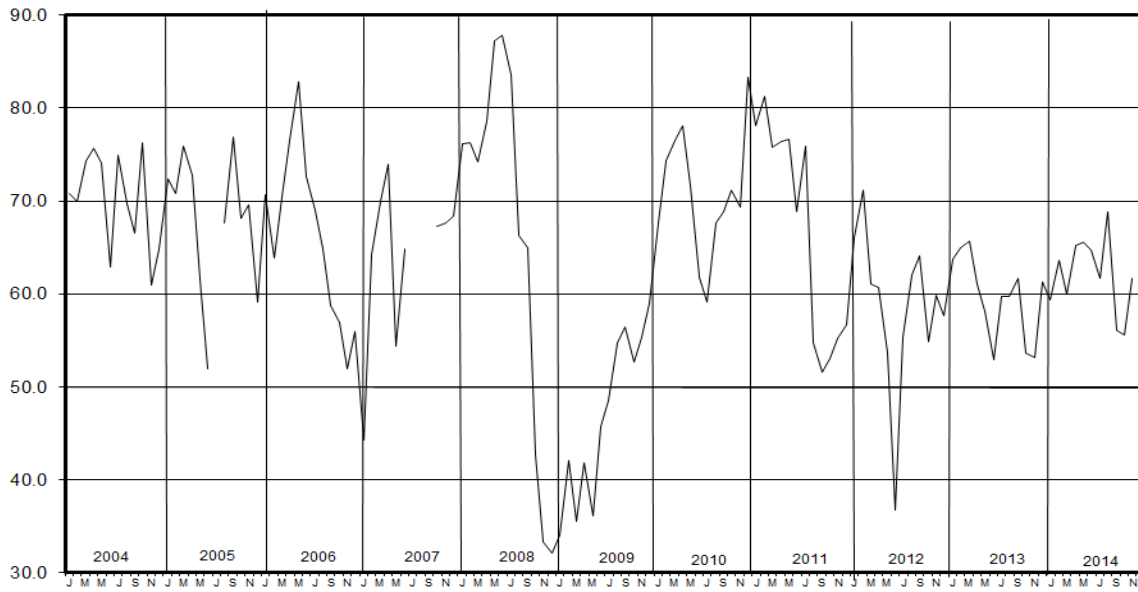
Note: Inland Empire data were not collected for the months of October and November 1996, and July 2005 and July through September 2007.

## Purchasing Managers' Index



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## Commodity Prices



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### STATE OF THE ECONOMY: DATA FROM 11/2013 THROUGH 11/2014

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
<b>Weaker</b>	23	16	23	29	21	13	16	26	23	22	31	15	10
<b>Same</b>	55	52	58	45	62	58	53	39	43	56	50	55	66
<b>Stronger</b>	23	32	19	26	17	29	31	35	33	22	19	30	24

Positive remarks from Purchasing Managers included: “It seems that with the improvements in the economy, we are experiencing an increase in orders and backlog, but slower payments,” “Expanding market in EU/Asia” and “We have seen an increase in inquiries for specific products of interest for export.”

Negative remarks from Purchasing Managers included: “Business level down about 10% from past month, normal as we head into holiday season,” and “New orders have slowed. This is a seasonal slowdown.”

In summary, the data from this month’s survey point to slow and steady growth in the Inland Empire. Even the Employment Index which had been stubbornly low appears to have rebounded somewhat. The Inland Empire economy might not be out of the woods yet, but it is certainly heading in the right direction.

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

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