

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 2013

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

POSITIVE ECONOMIC NEWS – PMI SHOWS GROWTH TREND

According to Barbara Sirotnik (Director, Institute of Applied Research), and Lori Aldana (Project Coordinator, Institute of Applied Research), "This month's PMI registered 55.3, an increase over last month's figure (50.7). This is the third month it has remained above the 50% benchmark, thus re-establishing a trend of growth in the manufacturing sector."

"All indices which comprise the PMI showed stability or improvement since last month. Especially positive is the fact that the Production Index jumped from 58.9 last month to 67.2 this month, and New Orders registered a slight increase from 58.9 last month to 59.4 this month. The Employment Index (an especially critical measure) returned to 50.0 after 4 months of figures below the 50% baseline. Commodity Prices (53.1) were virtually unchanged from last month, and Supplier Deliveries decreased from 51.8 to 48.4 (indicating that supplier deliveries were faster than the previous month)."

"Purchasing Managers continue to be less than enthusiastic about the state of the local economy, with 23% of purchasing managers predicting that the local economy will become stronger in the coming months (down slightly from 26%) and the same amount predicting it will become weaker. The remaining 55% of purchasing managers believe the local economy will remain unchanged. Considering that the local economy has been "limping along" over the past few months, it is not overwhelmingly great news to see that approximately 78% of respondents are predicting that the economy will become weaker or remain stable."

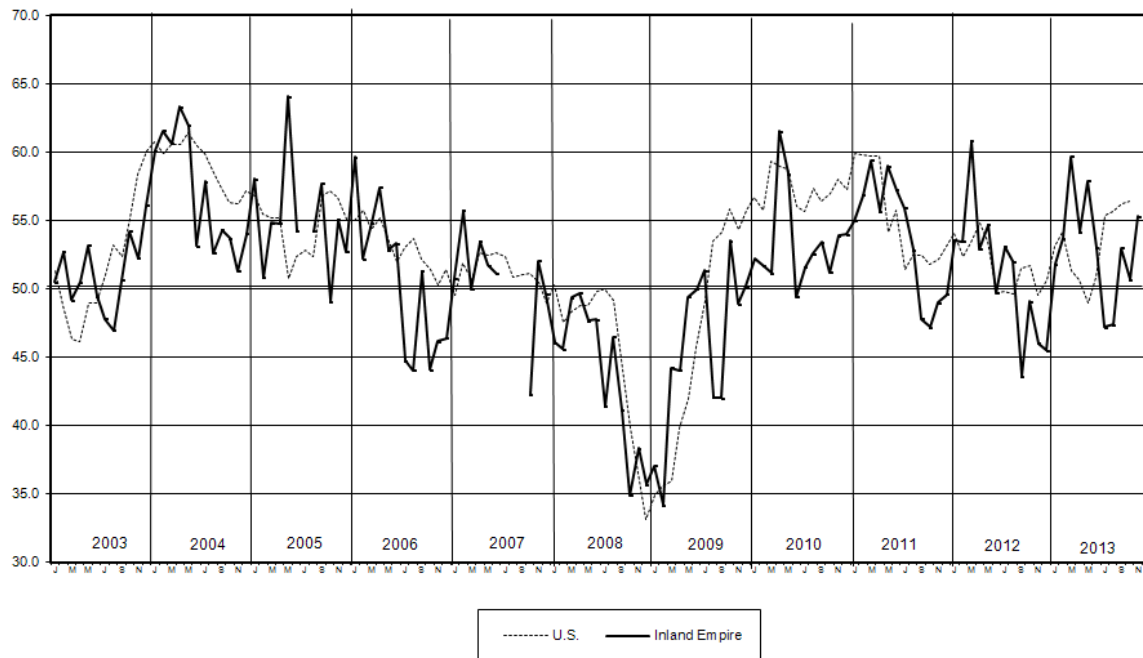
"Exports showed a slight increase from last month's 50.0 to 53.6, and Imports showed no change (50.0)."

Following are some highlights from this month's report:

November 2013 Business Survey at a Glance

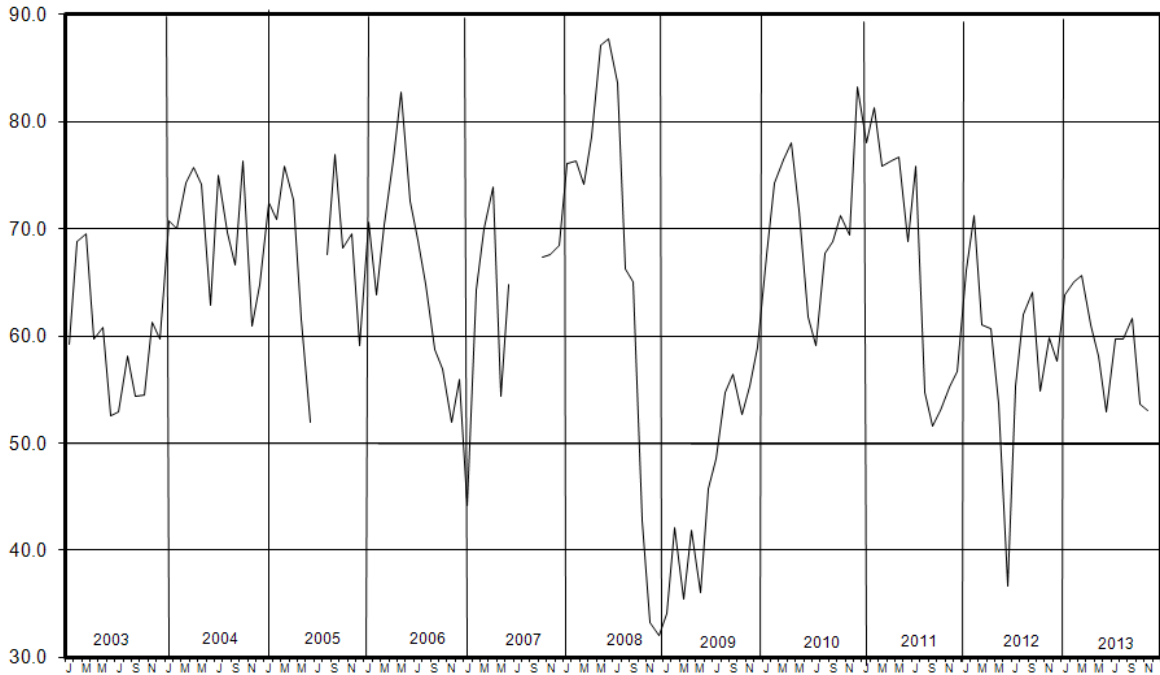
	Series Index		Direction from 50	Rate of Change from Last Index	Trend (Months)
	Last Month	This Month			
Local PMI	50.7	55.3	Growing	Faster	3
Commodity Prices	53.6	53.1	Increasing	Slower	17
Production	58.9	67.2	Growing	Faster	3
New Orders	58.9	59.4	Growing	Faster	3
Inventory	44.6	51.6	Increasing	From Decreasing	1
Employment	39.3	50.0	Unchanged	From Decreasing	1
Supplier Deliveries	51.8	48.4	Getting Faster	From Slowing	1
Imports	50.0	50.0	Unchanged	From Unchanged	3
Exports	50.0	53.6	Growing	From Unchanged	3
Purchasing Managers' Confidence in the State of the Local Economy					
% Stronger	26%	23%			
% Same	52%	55%			
% Weaker	22%	23%			

Purchasing Managers' Index



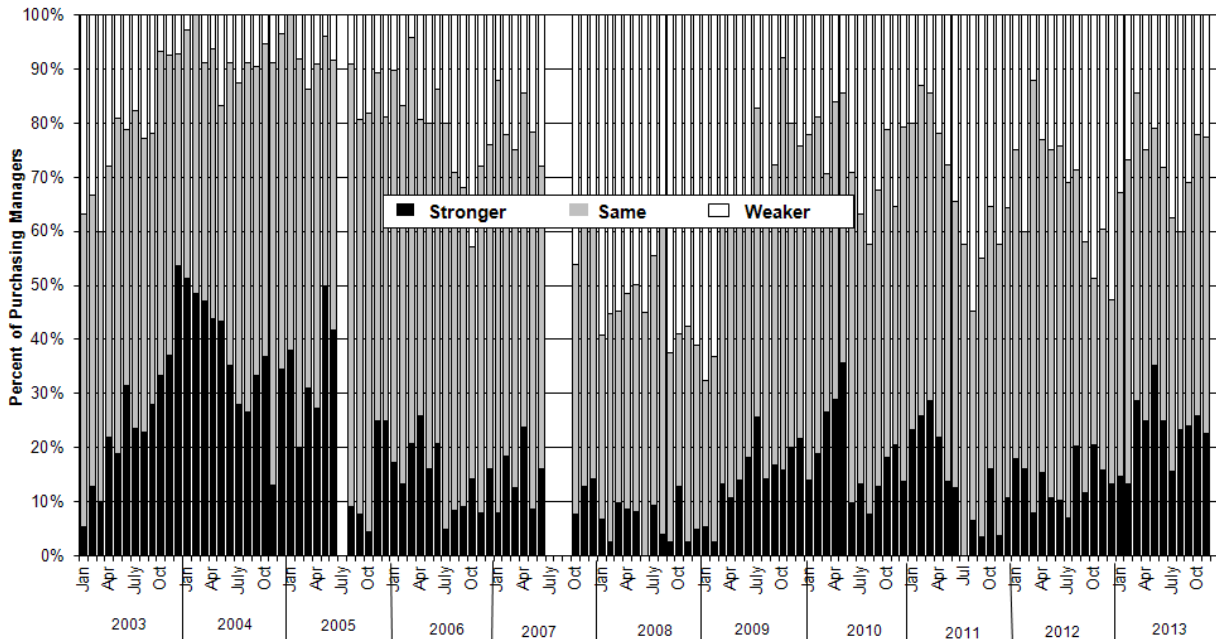
Note: Inland Empire data were not collected for the months of October and November 1996, and July 2005 and July through September 2007.

Commodity Prices



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State of the Local Economy



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STATE OF THE ECONOMY: DATA FROM 11/2012 THROUGH 11/2013

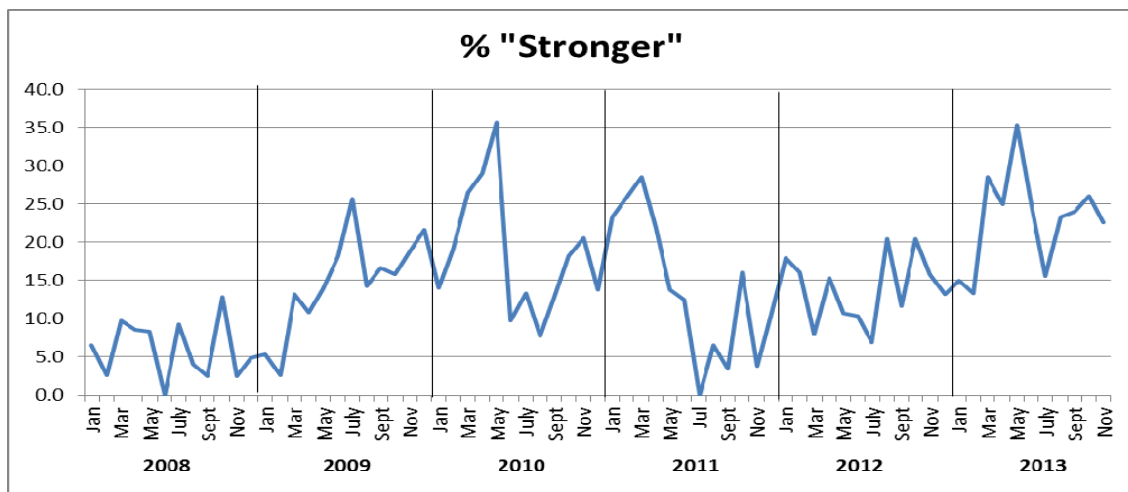
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Weaker	39	53	32	27	14	25	21	28	37	40	31	22	23
Same	45	34	53	60	57	50	44	47	47	37	45	52	55
Stronger	16	13	15	13	29	25	35	25	16	23	24	26	23

Positive remarks from Purchasing Managers included: “Holding steady at an above average pace,” “Our business is a bit seasonal so it picks up in the winter as a rule,” and “We are seeing both domestic and international sales trending up.”

Some Purchasing Managers had negative/cautionary comments: “Business remains slow,” “Same as last month,” “Slow time of the year for us, third year we are level...not going up or down,” “Markets still very unpredictable,” and “Slowdown in sales.”

In summary, there are some encouraging notes to this report. The PMI is above 50 for the first time in three months, indicating that the manufacturing sector should continue growing for the next few months. New orders and Production are up which means consumers should continue buying even after the purchasing frenzy of this holiday season is over. And of course, the overall economy is still growing since the figures have remained above 42.2 (the benchmark for the economy) since October of 2009.

That said, only 23% of Purchasing Managers are predicting a stronger economy in the months ahead. From one point of view that is a disturbing finding, however as the graph below shows, the trend over time is a positive one which hopefully will continue.



FOR QUESTIONS OR FURTHER INFORMATION, CONTACT:

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