

# **IAR'S INLAND EMPIRE REPORT ON BUSINESS**

**Prepared by: *The Institute of Applied Research***

at California State University, San Bernardino

***Report for October 2010***

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

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## **Inland Empire economy continues to show signs of recovery, but the employment picture remains a concern**

According to Shel Bockman, Barbara Sirotnik, and Christen Ruiz (Co-Directors of the Institute of Applied Research), and Lori Aldana (Project Coordinator, Institute of Applied Research), "This month's PMI (52.3) registered a slight decrease over last month's figure (53.7) but continued to stay above the baseline 50% mark for the thirteenth consecutive month."

"Production increased significantly from 50.0 last month to 56.1 this month, and New Orders (56.1) registered only a slight change from last month's figure (57.8). Both of these key indices continue to be well-above the 50% baseline, reflecting the anticipation that consumer purchases will increase in the coming months. Balancing this optimism is the fact that the Employment Index once again dropped below the 50% benchmark, from 51.6 last month to 43.9 this month. We have noted in previous reports that much of the new hiring for was temporary positions. This month, all of the Purchasing Managers reporting an increase in employment said that they had hired people for permanent positions. The Commodity Price Index increased again this month (71.2) from last month (68.8)."

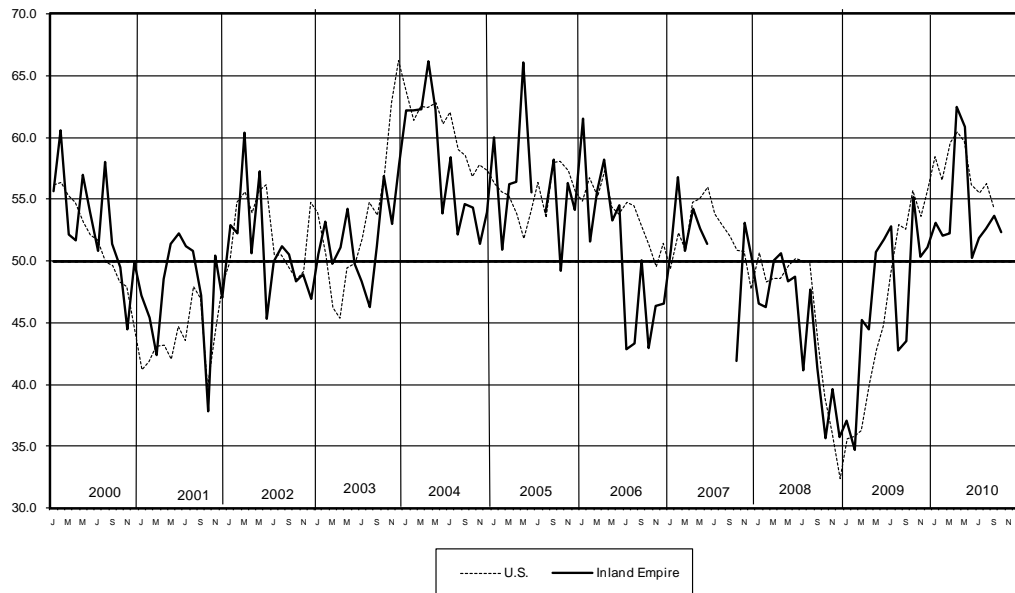
"Purchasing Managers' confidence in the economy for the coming quarter slightly improved, with 18% believing the economy will be stronger (up from 13% last month). Twenty-one percent think that the local economy will be weaker in the coming quarter (down from 32%), and the remaining 61% believe that the coming quarter's economy will not change significantly. "

Following are some highlights from this month's report:

<b>October 2010 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>52.3</b>	Growing	Slower
Commodity Prices	68.8	<b>71.2</b>	Increasing	Faster
Production	50.0	<b>56.1</b>	Growing	From Unchanged
New Orders	57.8	<b>56.1</b>	Growing	Slower
Inventory	53.1	<b>45.5</b>	Decreasing	From Increasing
Employment	51.6	<b>43.9</b>	Decreasing	From Increasing
Supplier Deliveries	54.7	<b>54.5</b>	Slowing	Slower
<b>Purchasing Managers' Confidence in the State of the Local Economy</b>				
% Stronger	13%	18%		
% Same	55%	61%		
% Weaker	32%	21%		

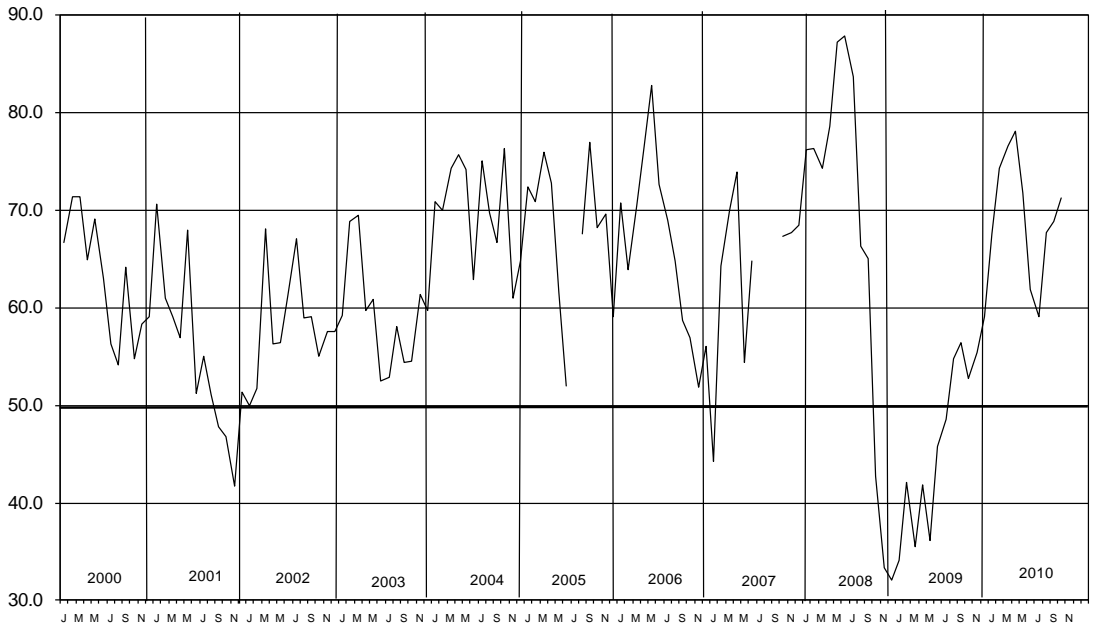
Note: Inland Empire data were not collected for the months of October and November 1996, and July 2005 and July through September 2007.

## Purchasing Managers' Index



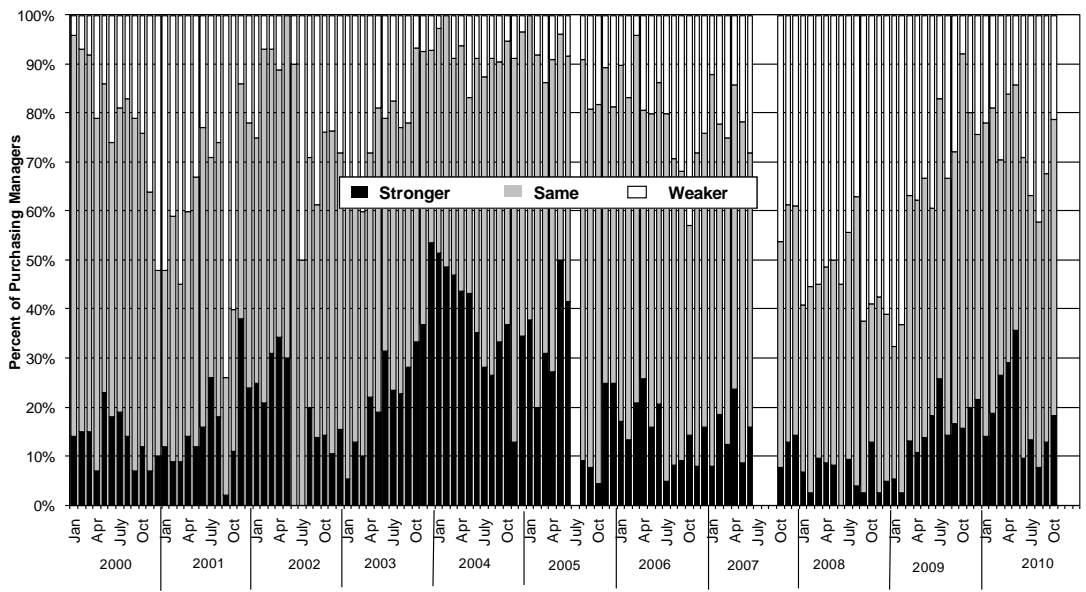
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## Commodity Prices



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## State of the Local Economy



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**STATE OF THE ECONOMY: DATA FROM 10/2009 THROUGH 10/2010**

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Weaker	8	20	24	22	19	27	16	14	29	37	42	32	21
Same	76	60	54	64	63	44	55	50	61	50	50	55	61
Stronger	16	20	22	14	19	29	29	36	10	13	8	13	18

When Purchasing Managers were asked to comment on the general business conditions that affected their company, positive remarks included: "Better than August," "4th quarter usually slow (and this year is no different), however, I anticipate a strong start of New Year," and "It's our slow season, but raw materials are stable."

Some Purchasing Managers had negative comments: "Raw material prices," "Business is stable but slower than usual seasonal history," "Longer time to order Latex due to high demand from China," and "Agricultural commodities are making for an interesting 2011."

In summary, this month's report is a continuation of the mixed picture we have reported over the past several months. It is encouraging that production and new orders are up, but employment continues to be of concern.

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

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