

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 April 2014

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

THE SKY IS NOT FALLING – PMI BACK ABOVE 50

According to Barbara Sirotnik (Director, Institute of Applied Research), and Lori Aldana (Project Coordinator, Institute of Applied Research), "This month's PMI (59.1) was a significant increase from last month's figure (49.0), indicating that last month's dip below 50 was an anomaly rather than the beginning of a new trend."

"All indices which comprise the PMI showed stability or improvement since last month. Especially positive is the fact that the Production Index jumped from 48.3 last month to 65.2 this month, and New Orders registered also a jump from 50.0 to 65.2 this month. The Employment Index (an especially critical measure) returned to 54.5 after dropping to 46.7 last month. Commodity Prices (65.2) increased over last month's 60.0, and Supplier Deliveries also increased from 51.7 to 56.1 this month."

"Purchasing Managers are somewhat more optimistic than last month about the state of the local economy for the coming quarter. This month, 29% forecasted that the economy would be stronger, up from 17% last month. In contrast 13% predicted that the economy will be weaker (down from 21% last month), and the remaining 58% predicted that the economy will remain unchanged. These numbers are the most encouraging since our February 2011 forecast."

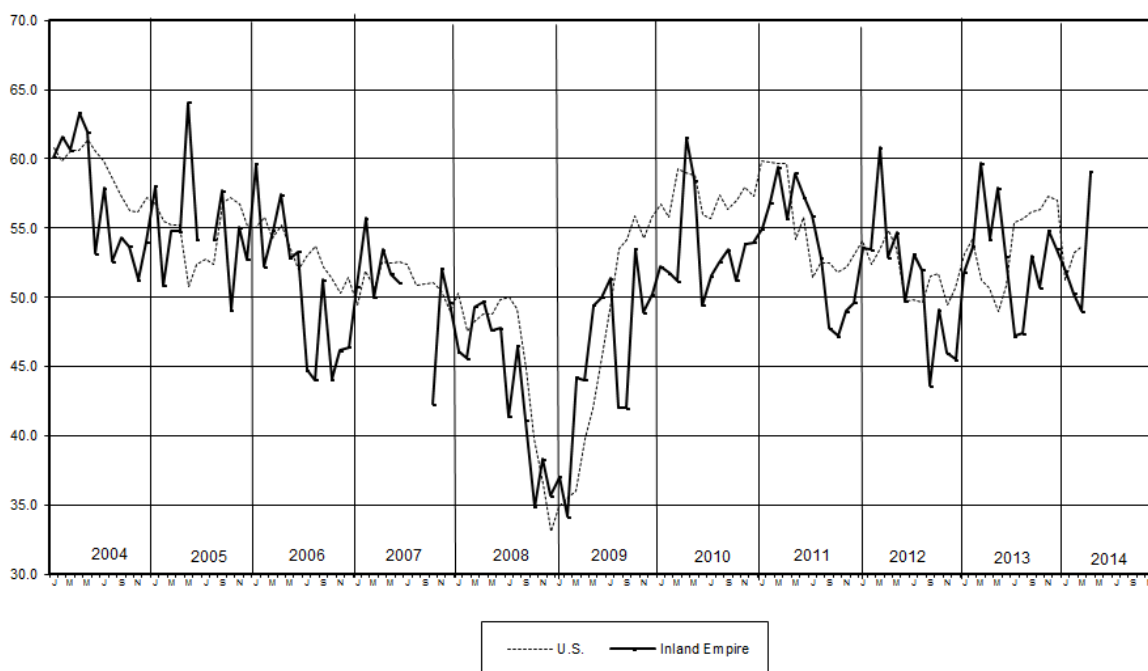
Exports showed a jump from last month's 35.0 to 77.3 (perhaps a correction from last month's figure). Imports showed growth from 46.7 to 50.0. Comments made to explain these increases included: "Exporting to Mexico," "New large contract in Saudi Arabia," "Busier with sales right now," and "We are working on a special project that involves a foreign market need..."

Following are some highlights from this month's report:

April 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	49.0	59.1	Growing	From Contracting	1
Commodity Prices	60.0	65.2	Increasing	Faster	22
Production	48.3	65.2	Growing	From Contracting	1
New Orders	50.0	65.2	Growing	From Unchanged	2
Inventory	48.3	56.3	Increasing	From Decreasing	1
Employment	46.7	54.5	Growing	From Contracting	1
Supplier Deliveries	51.7	56.1	Slowing	Faster	4
Imports	46.7	50.0	Unchanged	From Contracting	1
Exports	35.0	77.3	Growing	From Contracting	1
Purchasing Managers' Confidence in the State of the Local Economy					
% Stronger	17%	29%			
% Same	62%	58%			
% Weaker	21%	13%			

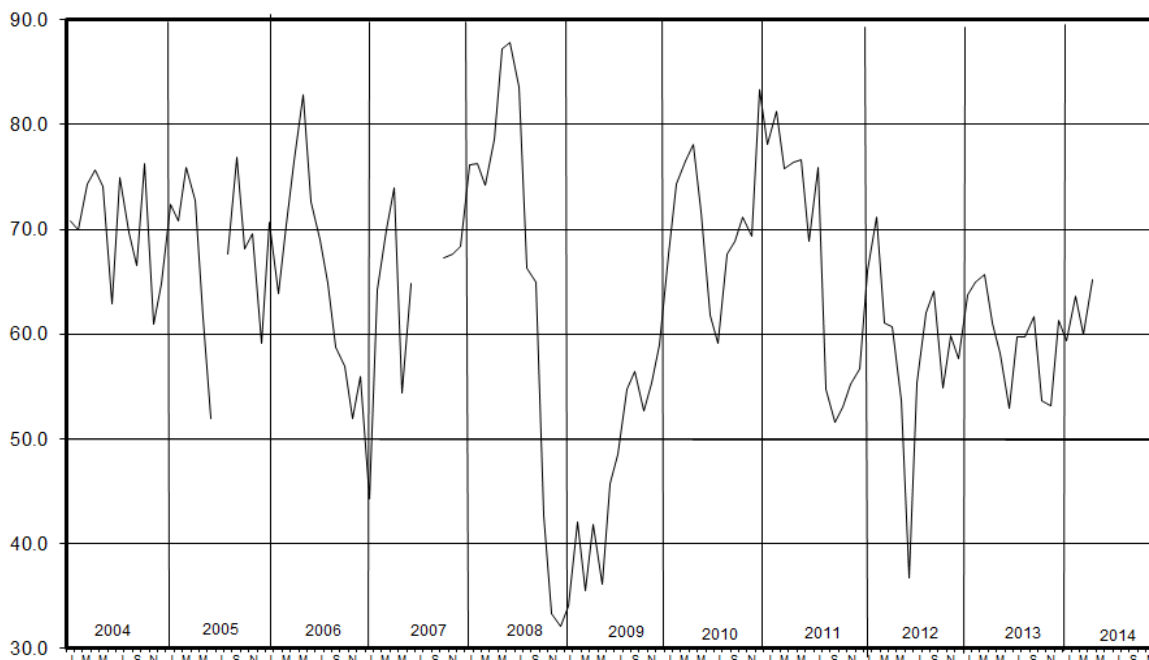
Note: Inland Empire data were not collected for the months of October and November 1996, and July 2005 and July through September 2007.

Purchasing Managers' Index



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Commodity Prices



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STATE OF THE ECONOMY: DATA FROM 4/2013 THROUGH 4/2014

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Mar
Weaker	25	21	28	37	40	31	22	23	16	23	29	21	13
Same	50	44	47	47	37	45	52	55	52	58	45	62	58
Stronger	25	35	25	16	23	24	26	23	32	19	26	17	29

All comments from Purchasing Managers were either positive or neutral (as opposed to negative): "We seem to be headed for a good summer as bookings this month easily exceed last month. Production from these new orders has not begun so April workload is similar to March. We will be ordering a lot of material for the new jobs. And we will be doing some hiring next month." "Same as last month," "Modest economic improvement," "Business strong, up 10% over April 2013," "Consistent," "Busy month, increase in orders, hiring again and purchasing equipment," and "After very flat November to January, February and now April have been very robust in both bookings of orders that are to be manufactured and shipped during the next ten months and also the production requirements for those orders. They run the gamut from our technical, industrial/commercial and architectural products."

In summary, last month's report showed a decrease in the PMI and other indices which now appears to have been a minor adjustment in the anemic growth seen over the past three years. The vast majority of the economic indices at the national, state, and local levels

appear to reflect a positive forecast for the near future, and at this point the PMI supports those figures.

FOR QUESTIONS OR FURTHER INFORMATION, CONTACT:

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