

**IAR'S INLAND EMPIRE REPORT ON BUSINESS**  
**Prepared by: The Institute of Applied Research**

**Housed in CSUSB's Jack H. Brown**  
**College of Business and Public Administration**

**Report for June 2024**

---

**Key Summary of the Report:**

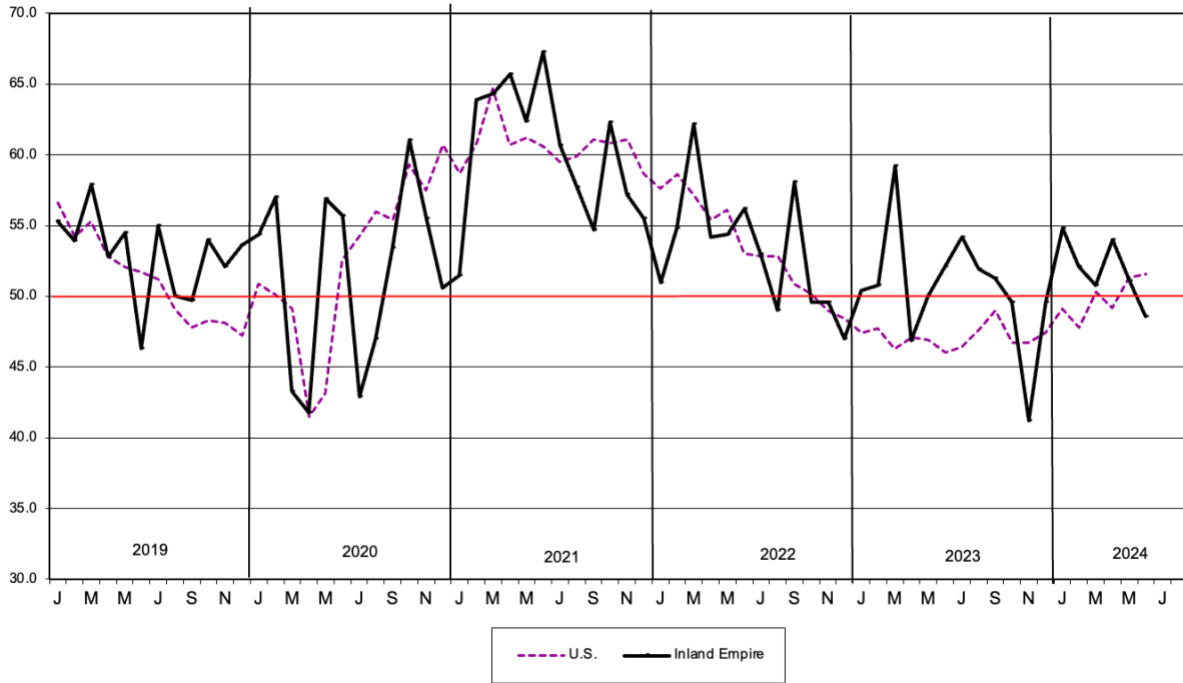
*This month's report highlights a complex economic landscape in the Inland Empire, introducing signs of contraction for the first time since January.*

- **Sign of Contraction:** For the first time since January, the Inland Empire's manufacturing sector recorded both its PMI and Production Index below 50, signaling the onset of a contraction.
  - **Stable Commodity Prices:** The Commodity Price Index for the Inland Empire stopped its upward trend in June, dropping to 57.1 from last month's 75.0. This decrease indicates a slowdown in the rise of production costs.
  - **Recovering Employment Index:** the index fell sharply to 41.7 last month but rebounded to **53.6** this month, continuing the previous recovery trend and alleviating concerns from the previous month.
- 

**FIRST MONTH THIS YEAR TO SHOW SIGN OF CONTRACTION**

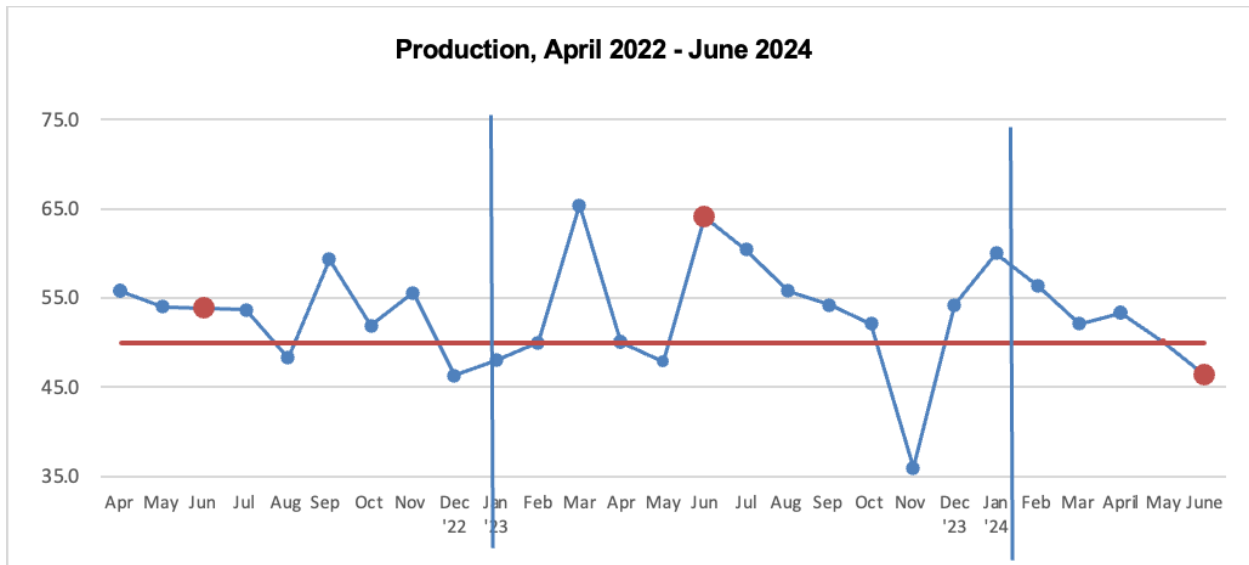
According to Dr. Anna Long and Dr. Peiyi Jia from the Institute of Applied Research, the Inland Empire **Purchasing Managers' Index (PMI)** for **June** recorded a decrease to **48.6** from last month's 51.1. After five consecutive months of figures above 50, this month's reading indicates that the Inland Empire's manufacturing sector is beginning to show signs of contraction.

### Purchasing Managers' Index

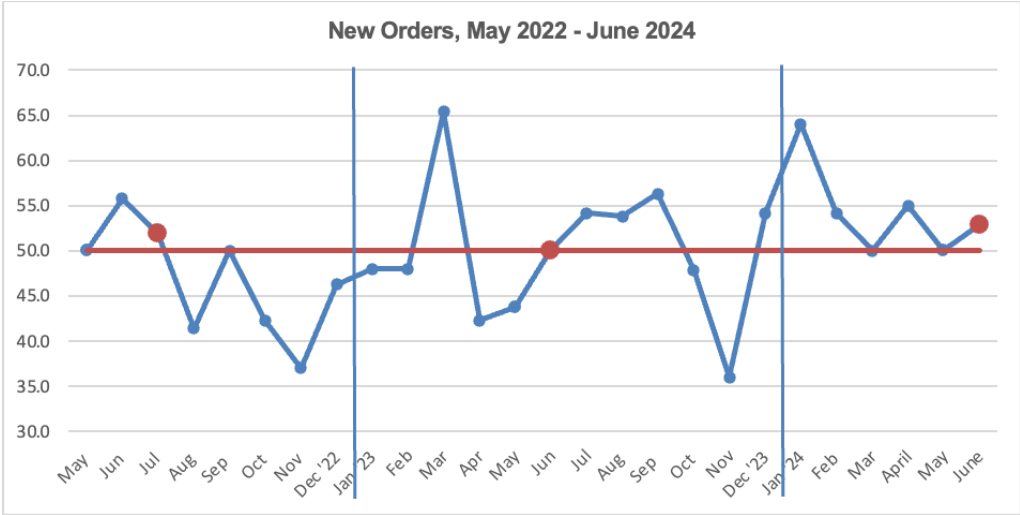


Source of U.S. PMI®: Institute for Supply Management®, Source of IE PMI®: Institute of Applied Research

The **Production Index** is one of the two key components of the PMI. This figure has fallen to **46.4** this month after maintaining levels at or above 50 over the previous six months. This decrease marks a contraction in production activities. We will continue to monitor these developments closely to inform strategic planning and optimization.

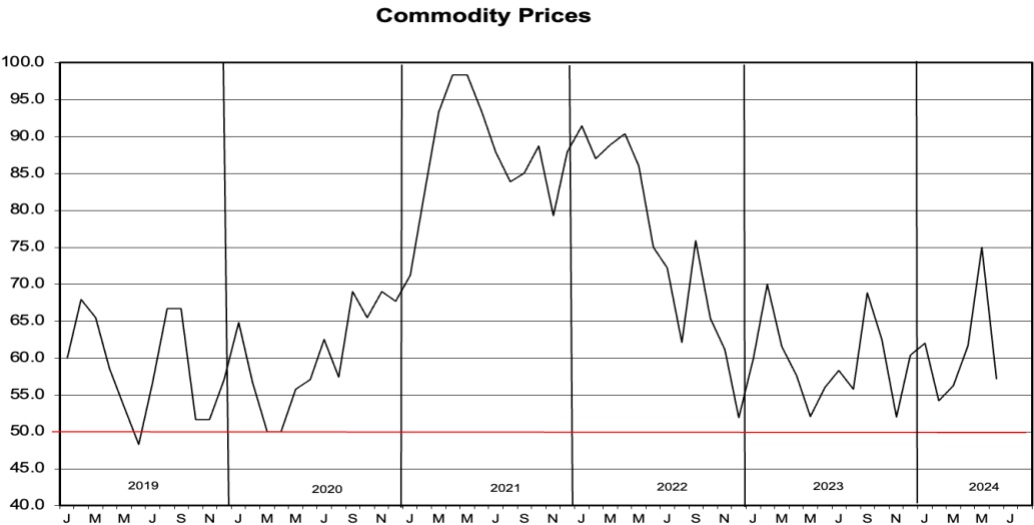


The **New Orders Index** (the other key component of the PMI) rebound to **52.9** from last month's 50 in the previous month, and this month marks the seventh consecutive time the index has registered at or above 50, It indicates the new orders has stabilized and that the pace of growth is faster compared to last month.



Since November 2023, the **Employment Index** recorded four months of below-50 figures followed by a recovery in March and April of this year. Last month, the index fell sharply to 41.7 but rebounded to **53.6** this month, continuing the previous recovery trend and alleviating concerns from the previous month.

the **Commodity Price Index** for the Inland Empire Inland Empire stopped its upward trend in June, dropping to **57.1** from last month's 75.0. This decrease indicates a slower increasing in production cost.

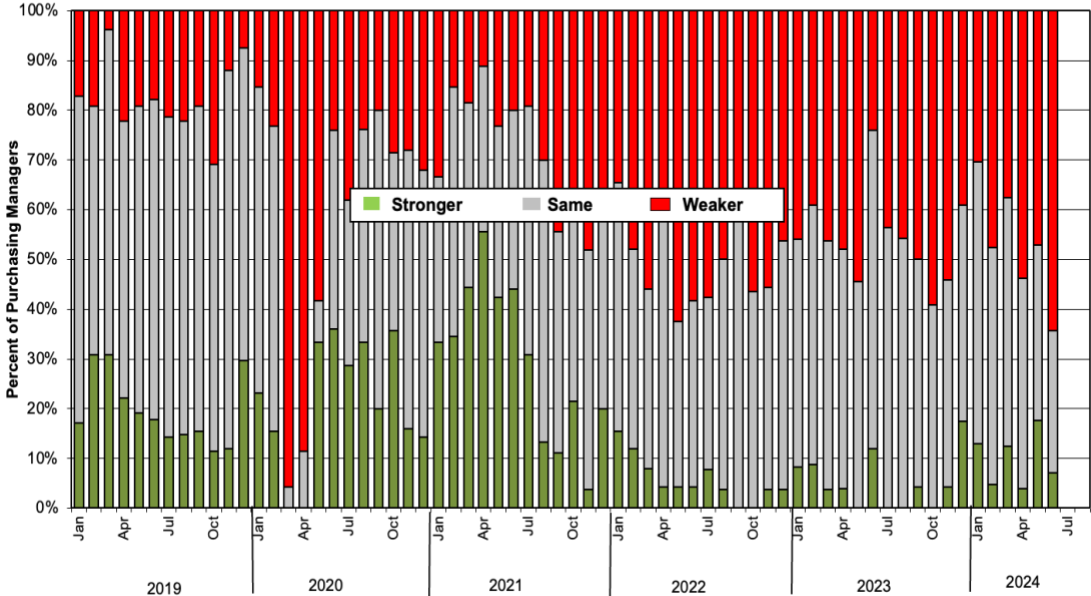


The **Supplier Deliveries Index** is a measure of the speed of supplier deliveries, with numbers above 50 indicating *slower* deliveries. This index registered at **53.6** this month, indicating that deliveries are continuing at a slower pace.

The **overall Inventory level** (units, not dollars) including raw, MRO (Maintenance, Repair, Operating), intermediates, etc. registered **46.4** this month, an decrease from last month's 61.1. This marks the first time in five months that the inventory level has fallen below the 50% baseline, indicating that companies are beginning to reduce their inventory levels.

Panelists were asked to forecast the state of the local economy over the next three months. A majority, **64.3%**, anticipate a weaker economy. **7.1%** of panelists believe that the local economy will improve. Meanwhile, **28.6%** expect the Inland Empire economy to remain unchanged in the coming quarter.

**State of the Local Economy  
Manager's Predictions**



Following is a summary of the figures shown in this month's report:

June 2024 Business Survey at a Glance					
	Series Index		Direction from 50	Rate of Change from Last Index	Trend Months
	Last Month	This Month			
Local PMI	51.1	48.6	Contracting	From Growing	1
Commodity Prices	75.0	57.1	Increasing	Slower	60
Production	50.0	46.4	Contracting	From Unchanged	1
New Orders	50.0	52.9	Growing	From Unchanged	7
Inventory	61.1	46.4	Decreasing	From Increasing	1
Employment	41.7	53.6	Growing	From Contracting	1
Supplier Deliveries	52.6	53.6	Slowing	Faster	6
Purchasing Managers' Confidence in the State of the Local Economy					
% Stronger	17.6%	7.1%			
% Same	35.3%	28.6%			
% Weaker	47.1%	64.3%			

Finally, our survey always includes an overall question asking the panelists to offer general remarks regarding any business condition (local, national, or international) that affects the purchasing operation or the outlook of their company or industry. We noticed some positive insights:

- *“The good news is that this year for our company we project the highest sales and profit in our history; the negative news is that the slow and unrealistic analysis and goals at the Fed are keeping interest rates at a level that negatively impacts the economy and is likely to “trickle down” to impact us as it is others.”*
- *“Summer months are always our busiest time due to school is out. Work is going well.”*
- *“Our new orders Domestic and International have improved to the level of very good. Note on material prices, the vendors are asking for price increase, however, accepting the original prices. We call that a soft price increase. Finished goods increase in inventory. The goods have been produced against firm orders. Waiting on customer payments or agreed upon dates.”*

However, a number of panelists made comments indicating a slowdown in the economy:

- *“Business in Q2 became much more challenging. It seemed that more of our customers (across the country and across different sectors) were complaining of slowing business. I remain cautious ahead of the election and expect more of the same until then. I continue to hold off on ordering some slow moving items or pushing out my dock dates an extra 90 days in order to keep inventory levels lower than normal.”*
- *“New Orders slowing but still OK! Having trouble finding quality help even on jobs that we will train. Suppliers not stocking as much material so there is a delay in*

*getting material that we need to manufacture the parts.”*

- *“Sales orders are slowing. and backlog is going down.”*
- *“Still Slow”*
- *“Things still seem to be a bit stagnant and just barely keeping up with the same revenue we had last year.”*

**To summarize**, the June 2024 Business Survey presents a complex economic landscape in the Inland Empire. After maintaining a PMI above 50 for five consecutive months, indicating sustained growth, the index dropped to 48.6 this month, signaling a potential slowdown. Companies Production has seen a contraction for the first time in six months, and the Inventory Levels have decreased sharply to 46.4, suggesting that companies are actively managing their inventories amid economic uncertainties. In a positive turn, the Employment Index has rebounded from last month, alleviating previous concerns about the labor market. Additionally, a drop in the Commodity Price Index suggests a deceleration in the rise of production costs. The Institute of Applied Research (IAR) will continue to closely monitor these developments.

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

Dr. Anna Long  
Assistant Professor, CSUSB  
[anna.long@csusb.edu](mailto:anna.long@csusb.edu)  
909-537-5779

Dr. Peiyi Jia  
Assistant Professor, CSUSB  
[peiyi.jia@csusb.edu](mailto:peiyi.jia@csusb.edu)  
909-537-3769

Dr. Tomás Gómez-Arias  
Dean  
The Jack H. Brown College of Business and Public Administration, CSUSB  
909-537-3703