

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 April 2025

Key Summary of the Report:

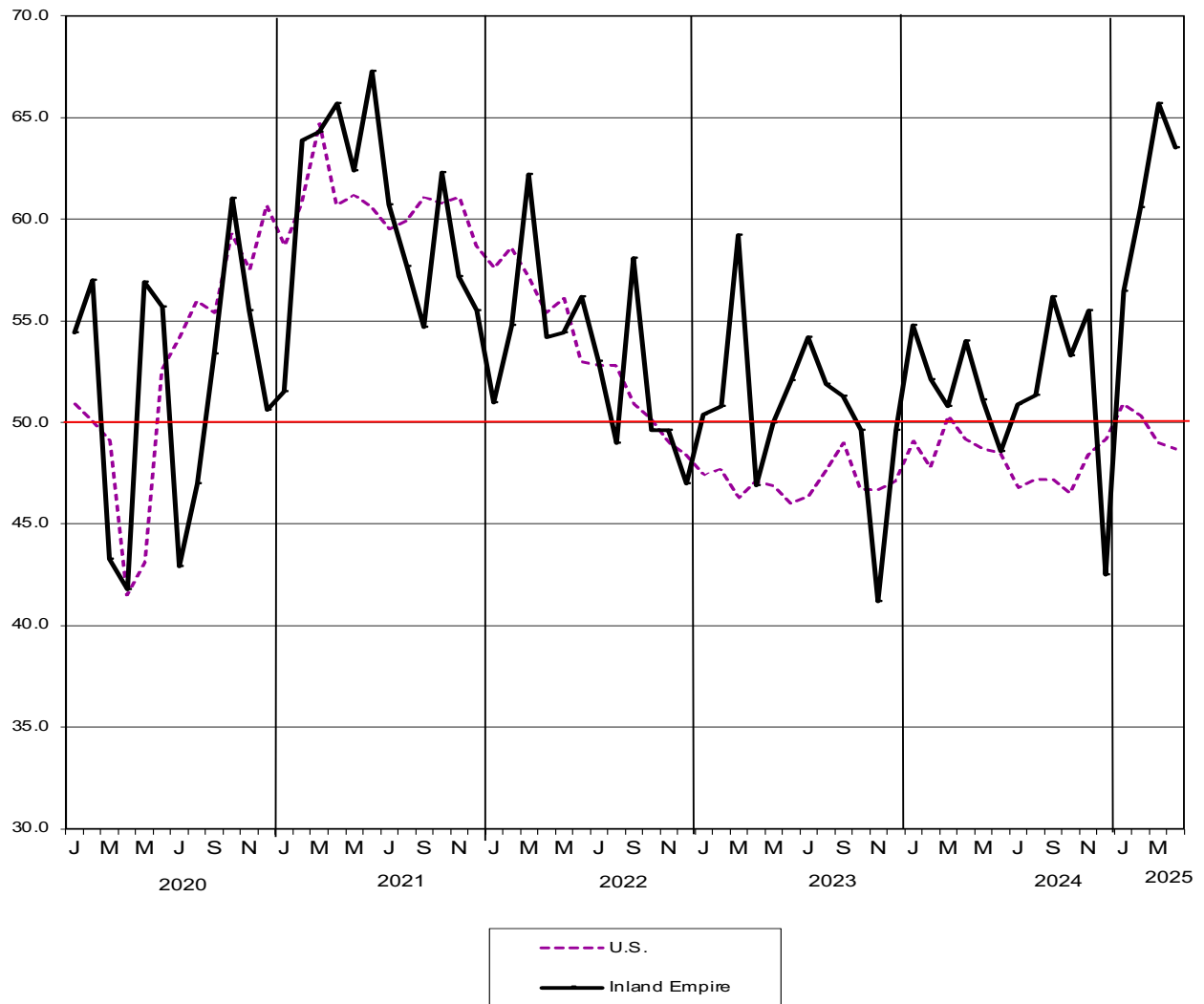
The April 2025 report reflects ongoing expansion in the Inland Empire manufacturing sector, despite some signs of a slower pace of growth.

- **Slight Dip in PMI, Growth Continues:** The PMI declined slightly but remained well above the 50-point threshold, continuing to outperform the national figure.
 - **Production Holding Strong:** The Production Index edged up, signaling a faster pace of manufacturing output.
 - **Steady Employment Growth:** Employment remained in a growth trend for the fourth consecutive month, though at a slower rate.
 - **Supplier Delivery Improvement:** Supply chain conditions improved modestly, as reflected in a lower Supplier Deliveries Index.
 - **Proactive Inventory Strategies:** Businesses are managing uncertainty by increasing inventories and purchasing in advance.
 - **Policy Concerns:** Panelists expressed ongoing concerns over the potential impact of new tariffs and continued trade policy uncertainty.
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PMI

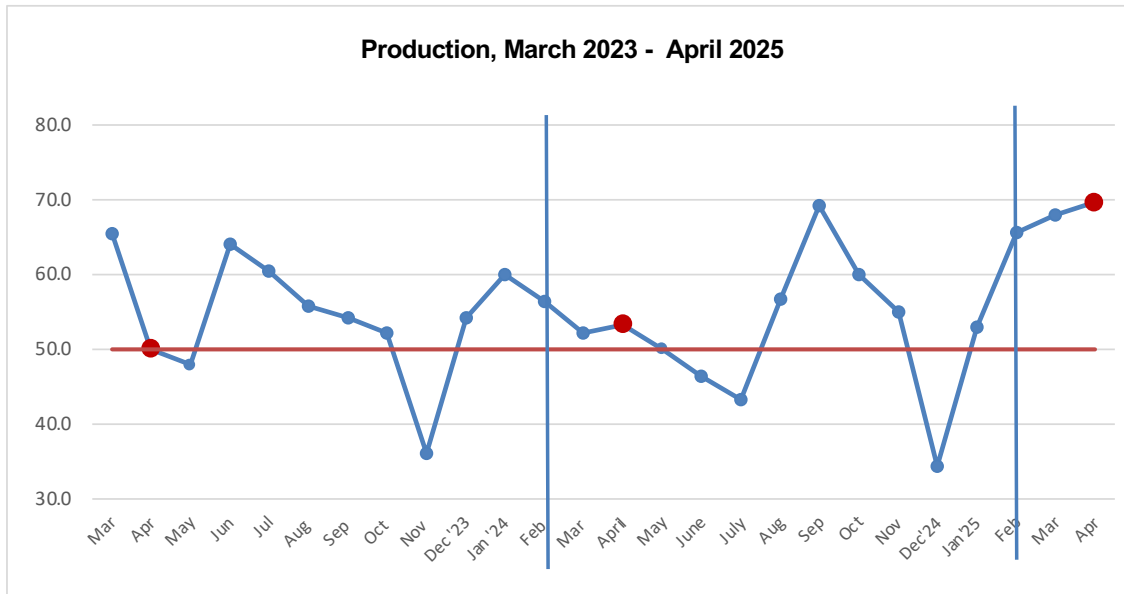
According to Dr. Anna Long and Dr. Peiyi Jia from the Institute of Applied Research the Inland Empire **Purchasing Managers' Index (PMI)** for April 2025 registered a slight decline to **63.5**, down from 65.7 in April. This minor decrease aligns with broader national trends, yet the region continues to outperform the national figure, underscoring the Inland Empire's relative strength in the manufacturing sector. Despite the dip, the PMI remains well above the 50-point threshold, indicating continued expansion in local manufacturing activity

Purchasing Managers' Index



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

The **Production Index** for April 2025 rose slightly to **69.6**, up from 67.9 in March. This marks the fourth consecutive month above the 50-point benchmark, signaling a sustaining expansion in production activity across the region. Notably, this figure represents one of the highest readings recorded in the past two years, reflecting robust momentum in the Inland Empire's manufacturing output.



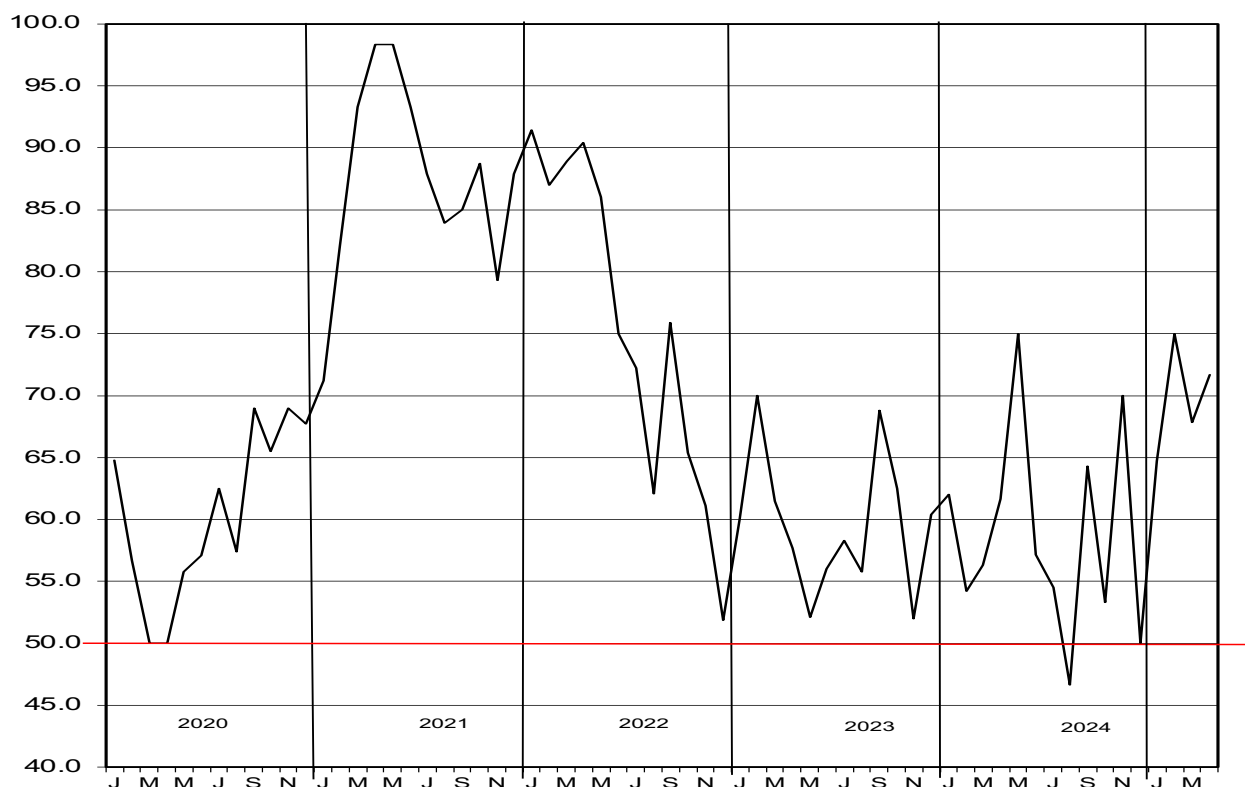
The **New Orders Index** for April 2025 registered a slight decline to **71.7**, down from 78.6 in March. Despite the dip, the index remains well above the 50-point benchmark, indicating continued growth in new orders, albeit at a slightly slower pace.



In April 2025, the **Employment Index** declined to **63.0**, down from 67.9 in March, it marks the fourth consecutive month that the figure recorded at or above the 50-point threshold. While the pace of hiring has moderated slightly, the sustained strength suggests that the recovery in the regional labor market remains on track.

The **Commodity Price Index** for April 2025 increased to **71.7** from last month's figure of 67.9, This rise suggests that input costs for manufacturers continue to climb, potentially adding inflationary pressure and impacting production budgets in the coming months.

Commodity Prices

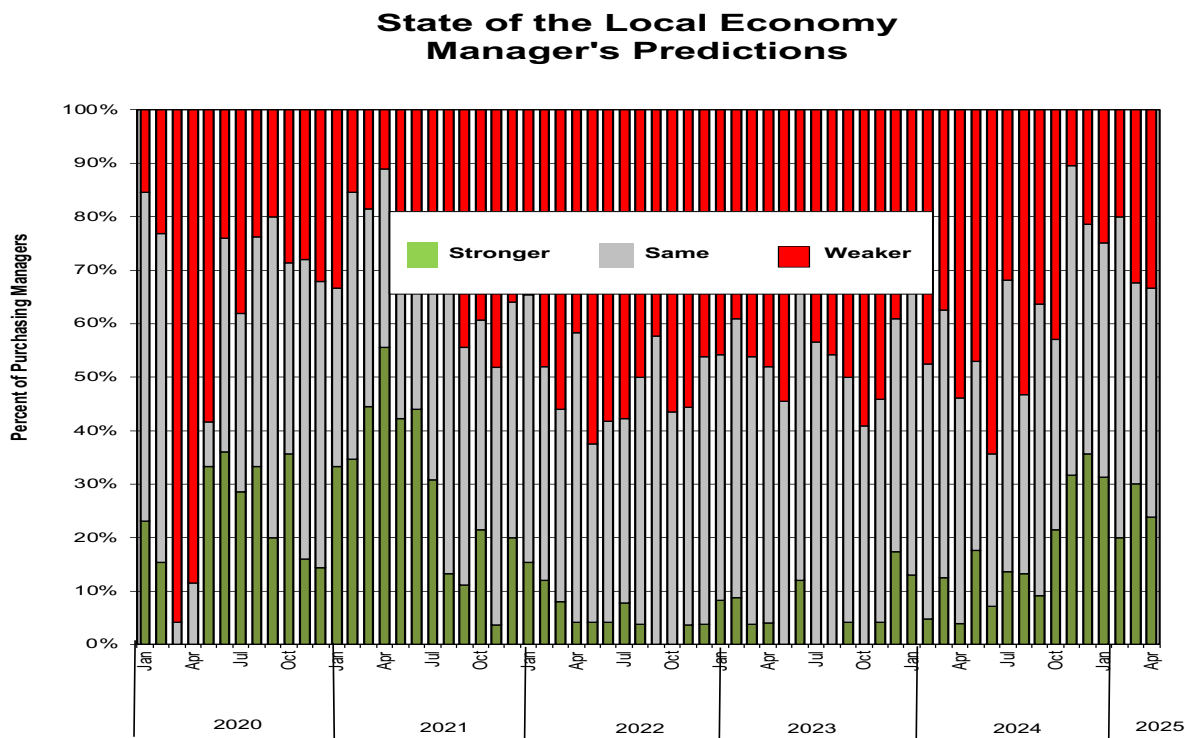


The **Supplier Deliveries Index** for April 2025 declined to **56.5**, down from 57.1 in March. A reading above 50 indicates slower deliveries, suggesting that supply chain delays persist, though the pace of those delays has eased slightly.

The **Overall inventory** level for April 2025 registered at 56.5, down from 57.1 in March. While the figure remains above the 50-point threshold—indicating a continued increase in inventory levels—the slight decline suggests that the pace of inventory accumulation has moderated compared to the previous month. Companies are taking a proactive inventory strategy—purchasing in advance to minimize disruption risks.

Panelists were asked to forecast the state of the local economy over the next three months. **42.9%** of the panelists believe the economy will remain unchanged, a

significant decrease from last month 60%. Meanwhile, **33.3%** expect it to strengthen, while another **23.8%** anticipate a weaker economy.



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

April 2025 Business Survey at a Glance					
	Series Index		Direction from 50	Rate of Change from Last Index	Trend Months
	Last Month	This Month			
Local PMI	65.7	63.5	Growing	Slower	4
Commodity Prices	67.9	71.7	Increasing	Faster	8
Production	67.9	69.6	Growing	Faster	4
New Orders	78.6	71.7	Growing	Slower	4
Inventory	57.1	56.5	Increasing	Slower	4
Employment	67.9	63.0	Growing	Slower	10
Supplier Deliveries	57.1	56.5	Slowing	Slower	16
Purchasing Managers' Confidence in the State of the Local Economy					
% Stronger	35.70%	33.30%			
% Same	30.80%	42.90%			
% Weaker	28.60%	23.80%			

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. This section yielded diverse insights, with responses reflecting optimism or concerns.

Some expresses stability and optimistic outlook for the future

- “New orders are exceptionally good this month, domestic and international.”
- “Sales orders continue to be strong and based on inquiries for quotes, the outlook through June seems very good.”
- “Business is going good. There is a lot of work out that that is going out for bid. Looks like good things to come.”
- “Policies on tariffs and federal agency activities regarding functions and staff to perform them, is constantly changing, and this can impact our aerospace business in currently unknown ways, so our strategy has been and continues to be to provide diversified products and services that have allowed us to show increased backlog over the past month.”

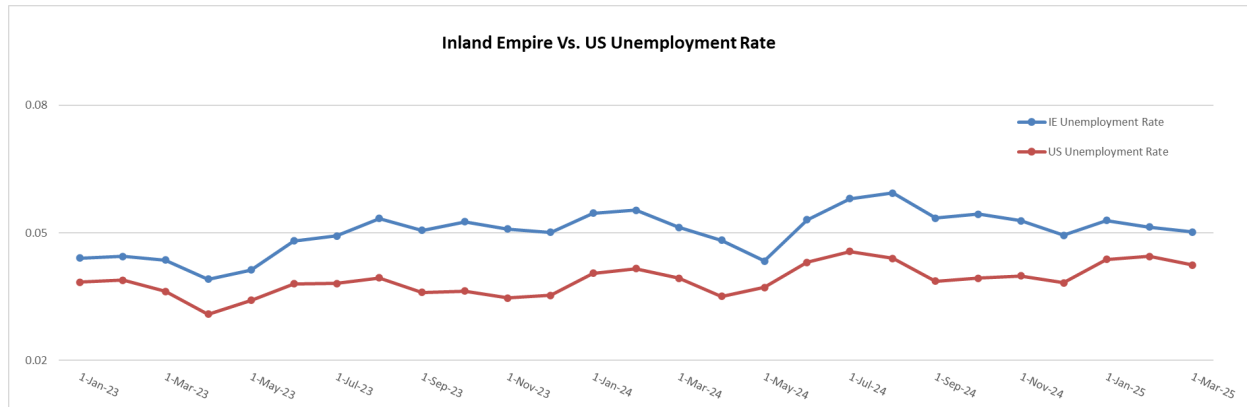
Others shared neutral or uncertain perspectives:

- “Everything about the same.”
- “Should be interesting on what will happen with tariffs.”
- “Improving?? How long will it last!”

Some expressed the concerns:

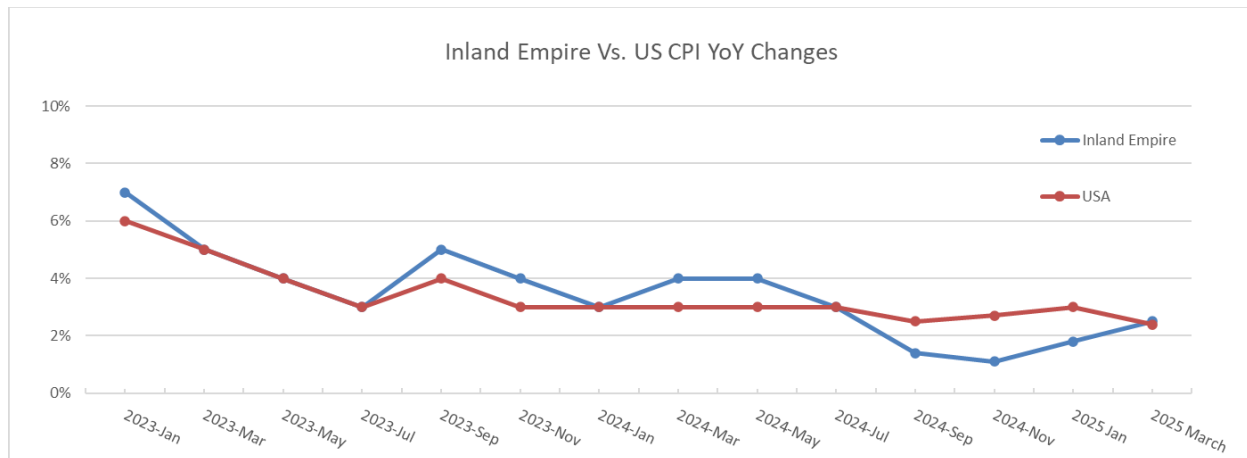
- “We are seeing a slowdown compared to last year this month.”
- “The April 2 pending US tariffs are a bit unnerving.”
- “Concerned about tariffs and residual effects.”
- “Unknown position on tariffs are having impacts in quotes and attempts to get materials across the borders.”
- “We have raised our pricing significantly for aluminum and other substrates we receive from our vendors. Pricing from vendors have gone up an average of 10%-15% since the beginning of the year.”
- “The US tariffs has us concern as our customer may experience a drop in business which will result in our orders and production demands.”

Economic Context: Unemployment



In the most recent two months shown on the chart (January and February 2025), the Inland Empire (IE) unemployment rate has remained slightly above 5.0%, showing a modest decline from a peak around December 2024. Meanwhile, the US unemployment rate has hovered just under 4.5%, also showing a slight decrease during the same period. The gap between the IE and national unemployment rates has persisted, with IE consistently higher by about 0.6 to 0.7 percentage points. Overall, both regions show signs of stabilization in early 2025 following minor fluctuations in late 2024.

Economic Context: CPI – Inflation



The recent trend indicates that the year-over-year Consumer Price Index (CPI) change in the Inland Empire shows a slight uptick—from around 2.0% in January to approximately 2.5% in March. This marks a continued recovery after hitting a low point in mid to late 2024. In contrast, the national CPI remained relatively stable, hovering just below 3.0% during the same period. By March 2025, both Inland Empire and U.S.

inflation rates have nearly converged, reflecting a narrowing gap after more volatile regional changes throughout 2023 and 2024.

National and Regional PMI Comparison

PMI Components	Regional Trend	National Trend
Manufacturing PMI	Growing	Contracting
Production	Growing	Contracting
New Orders	Growing	Contracting
Inventory	Increasing	Growing
Employment	Growing	Contracting
Supplier Deliveries	Slowing	Slowing

In the past month, the Inland Empire continuously show stronger economic momentum compared to national trends. Employment, consumer spending, business activity, and job openings are all growing regionally, while each of these indicators is contracting at the national level. Inflation in the Inland Empire is increasing slightly, whereas it continues to grow at a steadier pace across the U.S. Both the region and the nation are seeing a slowdown in new business applications, suggesting a broader hesitation in entrepreneurial activity. Overall, the Inland Empire appears to be weathering national economic headwinds with relative resilience and localized growth.

In summary, The April - May 2025 Inland Empire Report on Business reflects sustained expansion in the region's manufacturing sector. Although the PMI declined slightly, it remained well above the 50-point threshold and continued to outperform the national figure. The Production Index rose modestly, indicating a faster pace of production activity. Employment growth persisted, albeit at a slower rate, while supply chain delays showed slight improvement—reflected in the Supplier Deliveries Index and echoed in panelist remarks.

Tariff concerns and trade policy uncertainty remain top of mind for many respondents. In response, companies are taking proactive measures to manage inventory such as purchasing materials in advance to minimize disruption risks.

The Institute of Applied Research will continue to closely monitor these developments in the coming months.

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