

**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 March 2026**

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**Key Summary of the Report:**

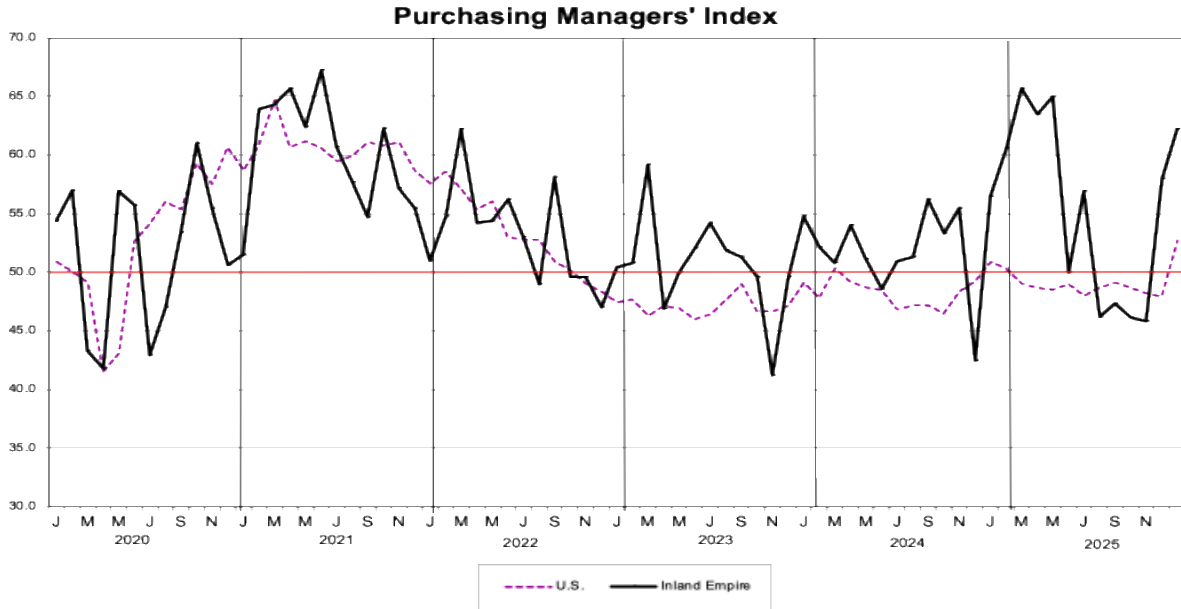
*The March 2026 report points to continued expansion in the Inland Empire manufacturing sector, with the PMI rising further above both the December 2025 level and the national reading in March 2026. Production and new orders remained strong, suggesting sustained business activity and demand. At the same time, cost pressures and supply chain challenges intensified, while employment growth slowed.*

- **PMI:** Increased to 62.2, signaling continued expansion and exceeding the national level.
  - **New Orders:** Rose 5% to 66.7, indicating continued strength in regional demand.
  - **Production:** Increased 13% to 63.9, signaling a solid rebound in production activity.
  - **Employment:** Fell 12% to 55.6, indicating slower but continued growth.
  - **Commodity Prices:** Rose to 86.1, marking the highest level in the past three years and indicating intensified cost pressures.
  - **Supplier Deliveries:** Increased to 66.7, indicating slower deliveries and worsening supply chain performance.
  - **Economic Sentiment:** Most panelists expected the economy to remain unchanged or weaken over the next three months, while comments reflected both optimism about sales and backlog growth and concern about tariffs, fuel costs, and market uncertainty.
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**PMI**

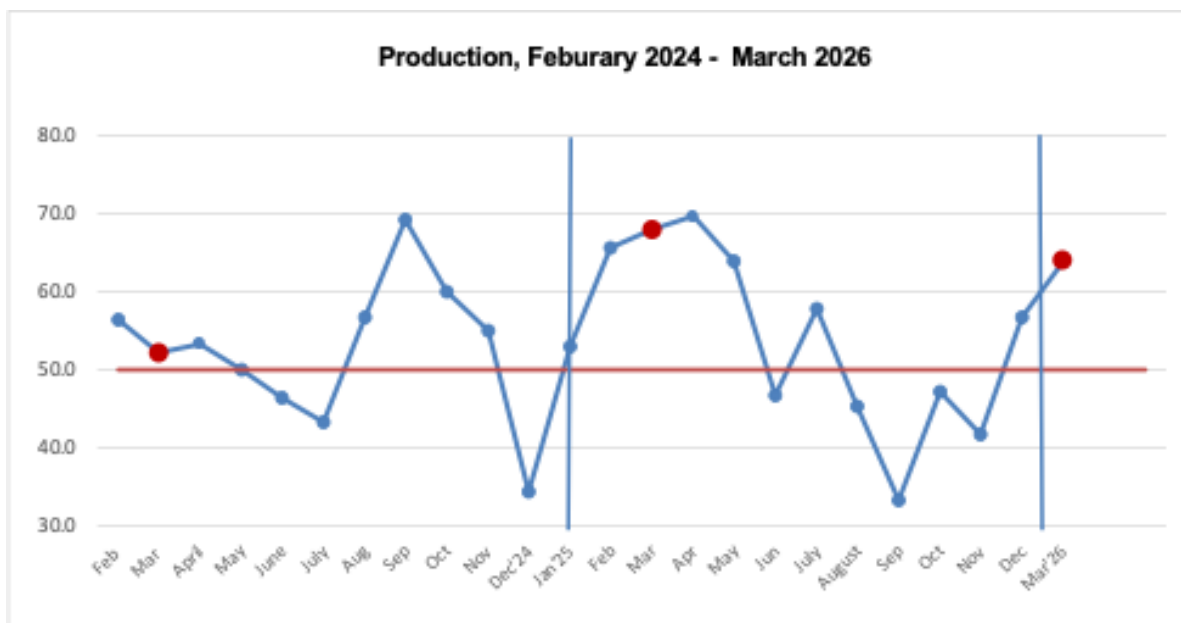
According to Dr. Anna Long, Dr. Peiyi Jia and Dr. Ezekiel Bonillas of the Institute of Applied Research (IAR), the Inland Empire **Purchasing Managers' Index (PMI)** rose to **62.2** in March 2026, representing an increase of approximately 7% from December 2025's reading of 50.0.

Notably, the Inland Empire PMI in March 2026 also exceeded the national level, signaling a potential economic rebound in the region.



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

The **Production Index** for March 2026 increased by 13% to **63.9**, up from 56.7 in December 2025, signaling a significant rebound in regional production activity.

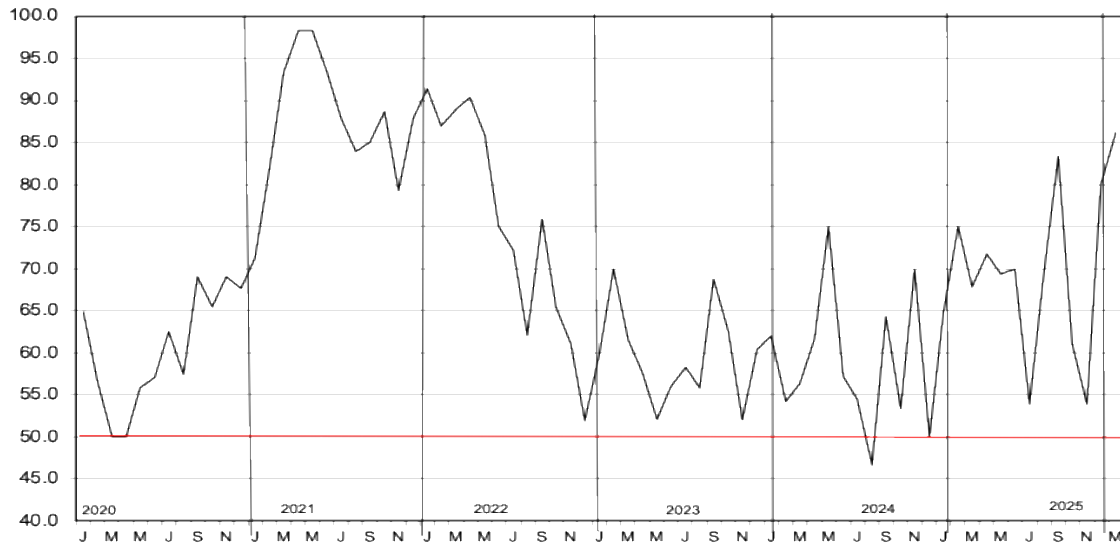


The **New Orders Index** for March 2026 increased by 5% to **66.7**, up from 63.3 in December 2026, indicating an acceleration in regional demand. This reading is well above the levels recorded in the same month two years ago but lower than one year ago.



The **Commodity Price Index** for March 2026 rose to **86.1**, up from 80.0 in December 2025. This marks the 17th consecutive month above 50 and the highest reading in the past three years. High oil prices are a major driver of the elevated commodity price index.

### Commodity Prices



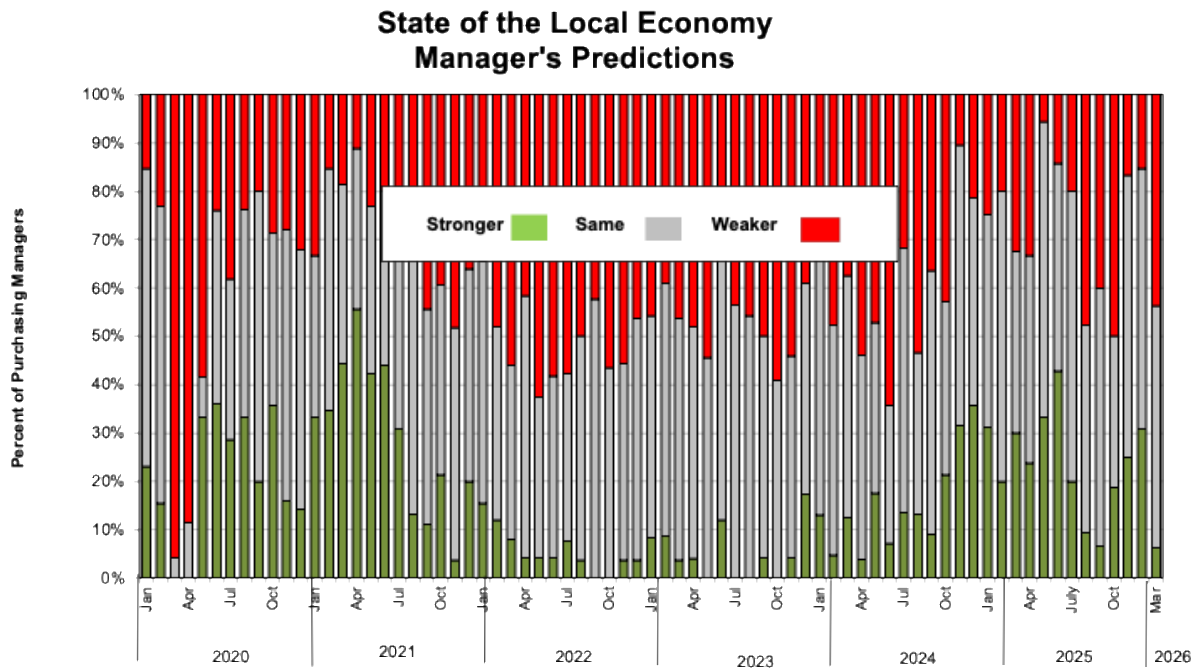
In March 2026, the **Employment Index** drop 12% from 63.3 in December 2025 to **55.6**. Although it declined, it remained in expansion territory, indicating continued but slower

growth.

The **Supplier Deliveries Index** for March 2026 registered at **66.7**, representing a 33% increase from December 2025. A reading above 50 indicates slower supplier deliveries, suggesting that supply chain performance deteriorated compared with December 2025. This slowdown may reflect broader logistics disruptions associated with the Iran war.

The **Overall inventory** level for March 2026 increased slightly to **58.3** from 56.7 in December 2025. Indicating that the overall inventory level is increasing.

Panelists were asked to forecast the state of the local economy over the next three months. **50.0%** of the panelists believe the economy will remain unchanged. Meanwhile, **6.2%** expect it to strengthen, while another **43.8%** anticipate a weaker economy. Compared with prior months, these views show a more positive overall outlook.



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

<b>March 2026 Business Survey at a Glance</b>					
	<b>Series Index</b>		<b>Direction from 50</b>	<b>Rate of Change from Last Index</b>	<b>Trend Months</b>
	<b>December 2025'</b>	<b>This Month</b>			
Local PMI	58.0	62.2	Growing	Faster	2
Commodity Prices	80.0	86.1	Increasing	Faster	17
Production	56.7	63.9	Growing	Faster	2
New Orders	63.3	66.7	Growing	Faster	2
Inventory	56.7	58.3	Increasing	Faster	2
Employment	63.3	55.6	Growing	Slower	5
Supplier Deliveries	50.0	66.7	Slowing	From unchanged	8
<b>Purchasing Managers' Confidence in the State of the Local Economy</b>					
% Stronger	30.80%	6.30%			
% Same	53.80%	50.00%			
% Weaker	15.40%	43.80%			

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:

“up a little better (5% to 10%) than last year at this same time. military sales good, commercial and residential slightly down”

“Sales orders are firm and seem to be on an upward trend through May. Just a personal observation but the spike in fuel costs is a big concern and created a lot of uncertainty about upcoming costs overall. California is an expensive state to operate as a manufacturer. Making plans for the future is difficult when the playing field is not only uneven but in a topsy-turvy state. For every action there is a reaction!

“While domestic demand and selling prices are trending upward, rising material costs are limiting the net benefit of these market improvements. Key challenges include the current tariff structure and elevated fuel and oil prices driven by instability in the Middle East, which continue to increase costs for high-volume inputs.”

“While global events have heavily impacted the general business climate and economy, as our company continues to chart its own course for the future, we made a significant investment in our development in serving our customers last year. While that resulted in significant losses, this year has already produced the fruits of those investments and our backlog as well as our profits have borne this out.”

“Continued activity and growth in defense sectors as well as space/subsea connector applications.”

Some panelists expressed neutral or negative sentiment:

“General stabilization of sales currently - slowdown in EV sectors - TESLA to end Model S and X production in May”

“Slow”

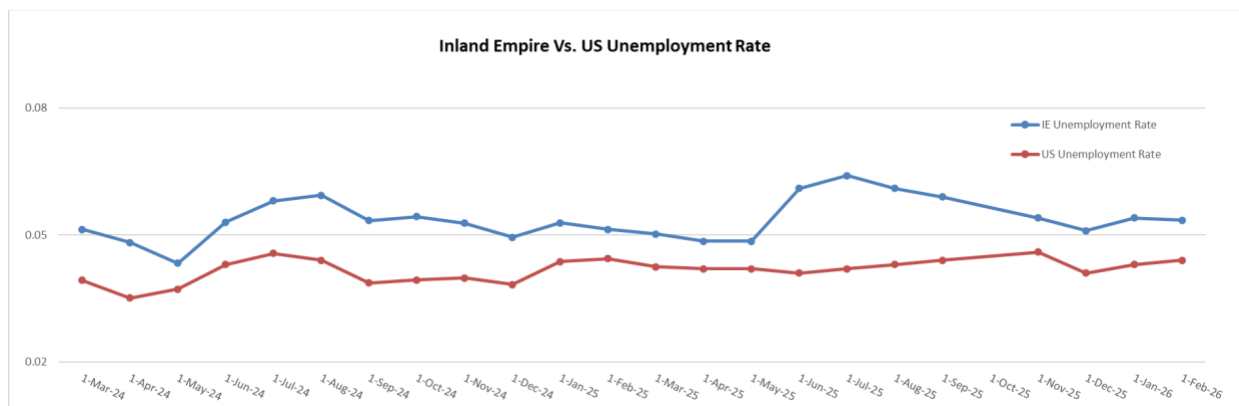
“tariffs and increasing commodity pricing is having a direct impact on yearly results 1st Quarter is down 10% from last year, but quotes and quote request are still high. Seems like people are taking a lot longer to make buying decisions or to get things started.”

“Uncertainty in the market creates problems for us”

“Business is about the same as last year.”

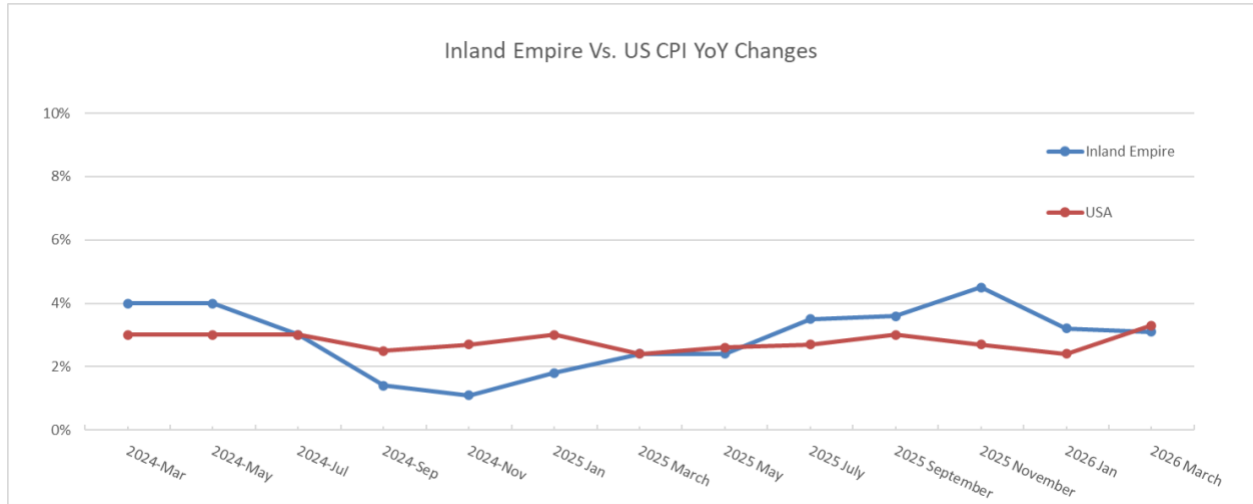
“No change from last month”

### Economic Context: Unemployment Rate



The Inland Empire unemployment rate remained consistently above the national level throughout the period, showing a wider and more volatile pattern compared to the relatively stable U.S. trend. IE unemployment fluctuated around the 5% range in 2024, then increased noticeably in mid-2025, peaking around July 2025 before gradually declining toward the end of the year. By early 2026, the IE rate appears to have stabilized slightly above 5%, while the national unemployment rate remained lower, generally in the low-to-mid 4% range. Overall, the IE labor market continues to show more sensitivity and fluctuation than the national labor market, suggesting that regional employment conditions remain somewhat weaker and more uneven despite recent improvement.

## Economic Context: CPI – Inflation



The Inland Empire CPI year-over-year change shows more volatility than the national trend. IE inflation started above the U.S. level in early 2024, then cooled sharply through late 2024, falling well below the national rate. However, beginning in 2025, IE inflation picked up again and rose above the U.S. level, peaking around late 2025. By early 2026, IE inflation moderated back to the low 3% range, while the national rate edged upward. Overall, the Inland Empire experienced a sharper inflation slowdown in 2024, followed by a stronger rebound in 2025, suggesting that regional price pressures have been more uneven than the national pattern.

## National and Regional PMI Comparison

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

The regional PMI trend is broadly stronger than the national manufacturing trend. Both the Inland Empire and the national economy show growth in the overall Manufacturing PMI, production, and new orders, suggesting that demand and output are improving at both levels. However, the key difference is in inventory and employment. Regionally, inventory is increasing and employment is growing, while nationally, both are contracting. This suggests that Inland Empire manufacturers may be responding more

actively to stronger demand by rebuilding inventory and expanding their workforce. Supplier deliveries are slowing at both the regional and national levels, which may indicate ongoing supply chain timing pressures. Overall, the Inland Empire manufacturing sector appears to be in a healthier and more expansionary position than the national manufacturing sector, particularly in labor and inventory conditions.

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*References are available upon request.*