

**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 September 2019**

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

**September's Inland Empire Dropped to 49.7%**

According to Dr. Barbara Sirotnik (Director, Institute of Applied Research) and Lori Aldana (Project Coordinator, Institute of Applied Research), "The September Inland Empire Purchasing Managers' Index (PMI) dipped below 50 again, registering 49.7. For the past few months the **local** PMI has shown a great deal of variability: it was 46.3 in June, 55.0 in July, and 50.0 in August. This trend is somewhat of concern, especially since the **National** PMI also dipped below 50 in the month of August (for the first time in 35 months), reflecting weakness in the manufacturing sector. If in fact the local PMI remains below 50% for another two months, there will be indications that the local manufacturing sector has changed direction and is now contracting."

"There are two positive notes for this month's report. First, the Production and New Orders Indices (two of the key indicators in the PMI) have remained above the 50% baseline, indicating growth. Production had a significant increase from 48.3 to 56.7 this month and New Orders increased from 51.7 to 53.3. Second, even though the PMI fell below 50 in September, it is nowhere near the figure needed to show that the economy is contracting (42.9). We also must note that it would take two more months of below-50 figures to establish a new trend of negative growth in the manufacturing sector. Countering this positive news is the fact that the Employment Index dropped again from 46.7 to 41.7, showing that employment is down."

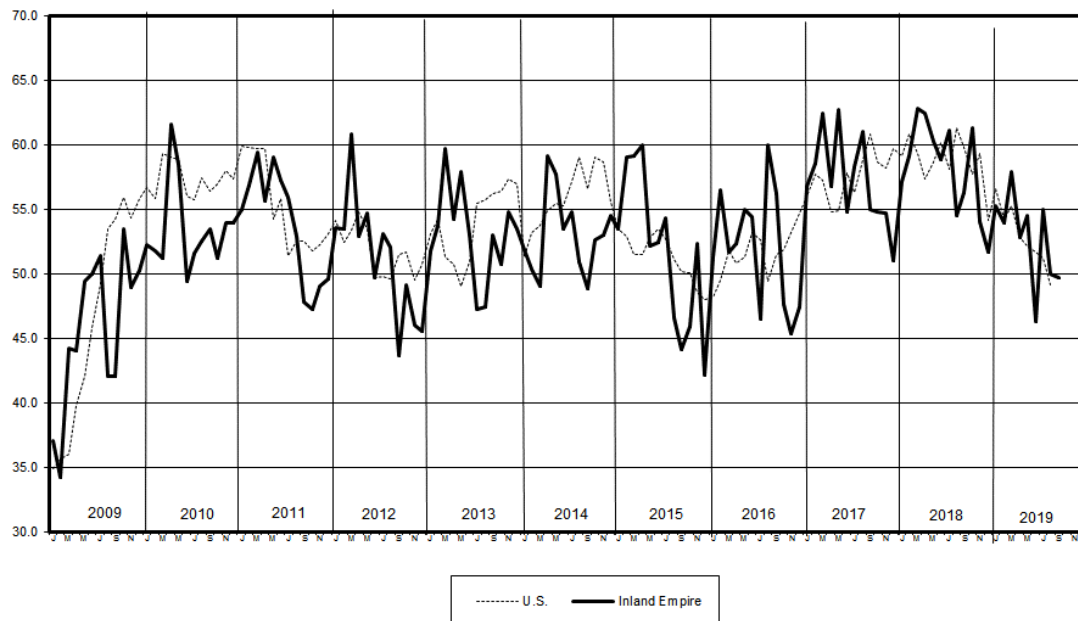
"Purchasing Managers' optimism about the state of the local economy for the coming quarter hasn't changed much from last month: only sixteen percent (16%) predicted that

the local economy will become stronger in the upcoming months (up from 15%), and (19%) believe the local economy will become *weaker* over the next quarter (down from 22%). Nearly two-thirds (65%) think the economy will stay the same – a figure virtually unchanged from last month’s 63%.”

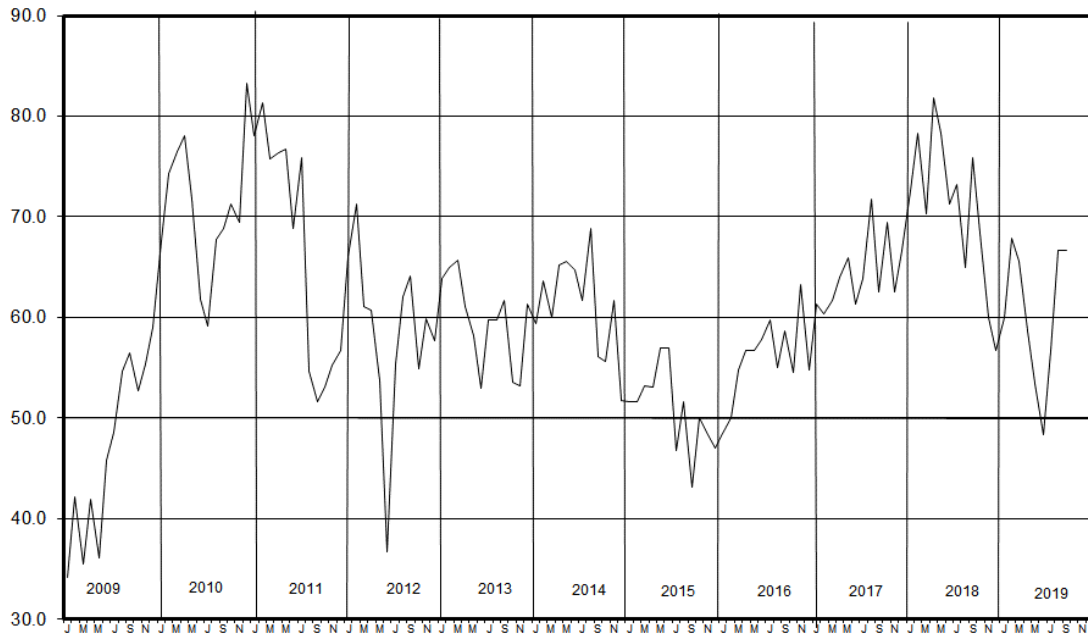
Following is a summary of highlights from this month’s report:

<b>September 2019 Business Survey at a Glance</b>					
	Series Index		Direction from 50	Rate of Change from Last Index	Trend Months
	Last Month	This Month			
Local PMI	50.0	49.7	Contracting	From Unchanged	1
Commodity Prices	66.7	66.7	Increasing	At the Same Rate	3
Production	48.3	56.7	Growing	From Contracting	1
New Orders	51.7	53.3	Growing	Faster	3
Inventory	48.3	50.0	Unchanged	From Decreasing	1
Employment	46.7	41.7	Contracting	Faster	2
Supplier Deliveries	55.0	46.7	Getting Faster	From Slowing	1
<b>Purchasing Managers' Confidence in the State of the Local Economy</b>					
% Stronger	15%	16%			
% Same	63%	65%			
% Weaker	22%	19%			

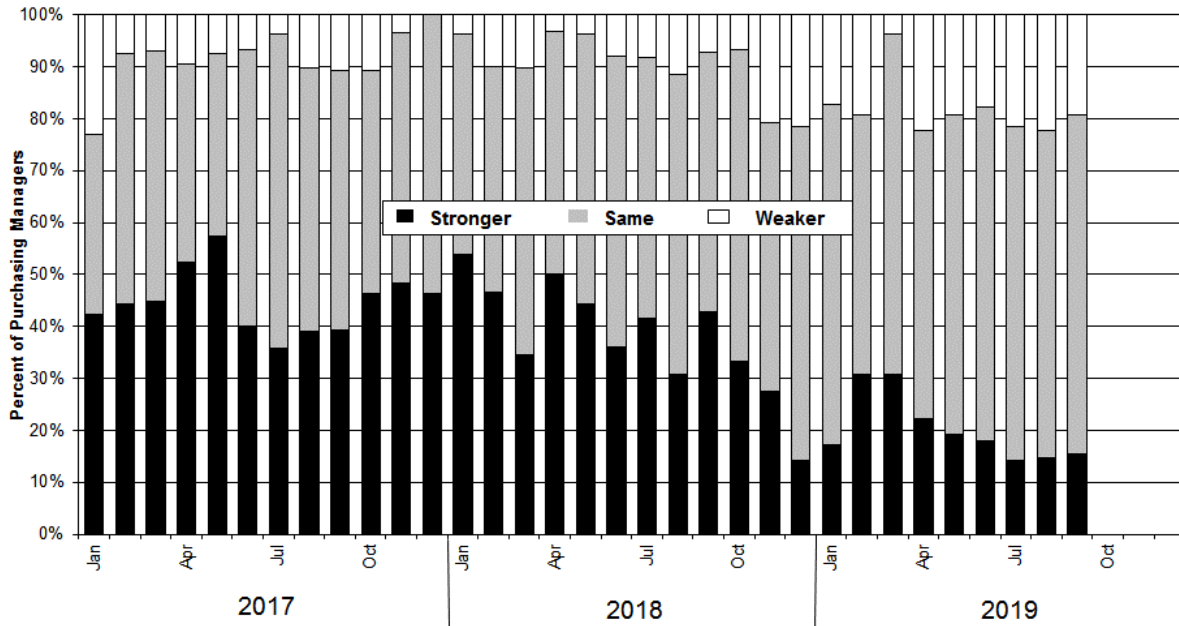
### Purchasing Managers' Index



### Commodity Prices



### State of the Local Economy



## STATE OF THE ECONOMY: DATA FROM 9/2018 THROUGH 9/2019

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>Weaker</b>	7	7	21	22	17	19	4	22	19	18	22	22	19
<b>Same</b>	50	60	52	64	66	50	65	56	62	64	64	63	65
<b>Stronger</b>	43	33	28	14	17	31	31	22	19	18	14	15	16

Following are positive comments from Purchasing Managers regarding general business conditions and/or reasons for import and export changes:

- "Business has picked up and we have a full book of orders and appointments still coming in. The end of the year looks like it will be strong."
- "Improved quotes and we hope that this leads to increased firm orders. We also see our competitors being more aggressive, so this indicates that they are hungry for business."
- "Business continues to be steady."

Mixed or cautionary comments include:

- "Slowed on imports due to tariffs."
- "Because of the specialized applications in what our company provides, we have just received significant contracts for aerospace and truck cover systems requirements, but these do not relate to the macro business issues that are impacting our economy, so as a result we must proceed cautiously despite these contracts."
- "Business has slowed down."
- "September is a little slower than August."
- "September was worse than I expected. Business across pretty much all industries that we serve are down."
- "Still slow."
- "Things are a bit slower right now, however we see an increase of "invitation to bid" coming out right now."
- "Imports, slower sales for last few months. Lead time is about three months. So finally, imports are reflecting slower sales."

In summary, the last few months of data have been quite mixed, and this month's report is no exception. The PMI has dropped below 50 again, and employment is down. Further, consumer confidence nationwide is down, and California consumer confidence is down for the month (although up from a year ago). The trade war with China, a global economic slowdown, and the specter of impeachment are all causing uncertainty for businesses and consumers alike.

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

Dr. Barbara Sirotnik  
Director, Institute of Applied Research  
(909) 537-5729

Soua Vang  
Manager – Business Attraction, Retention & International Trade  
Economic Development Agency, County of San Bernardino  
(909) 387-4385

Rob Moran  
Economic Development Manager, Riverside County Economic Development Agency  
(951) 955-6673

Dr. Lawrence Rose  
Dean, Jack H. Brown College of Business and Public Administration, CSUSB  
(909) 537-3703