

**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 November 2024**

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**Key Summary of the Report:**

*This month's PMI report for the Inland Empire highlights sustained growth in manufacturing and production, stabilizing supplier deliveries, increased inventory levels for the holiday season, and an optimistic economic outlook for the next quarter.*

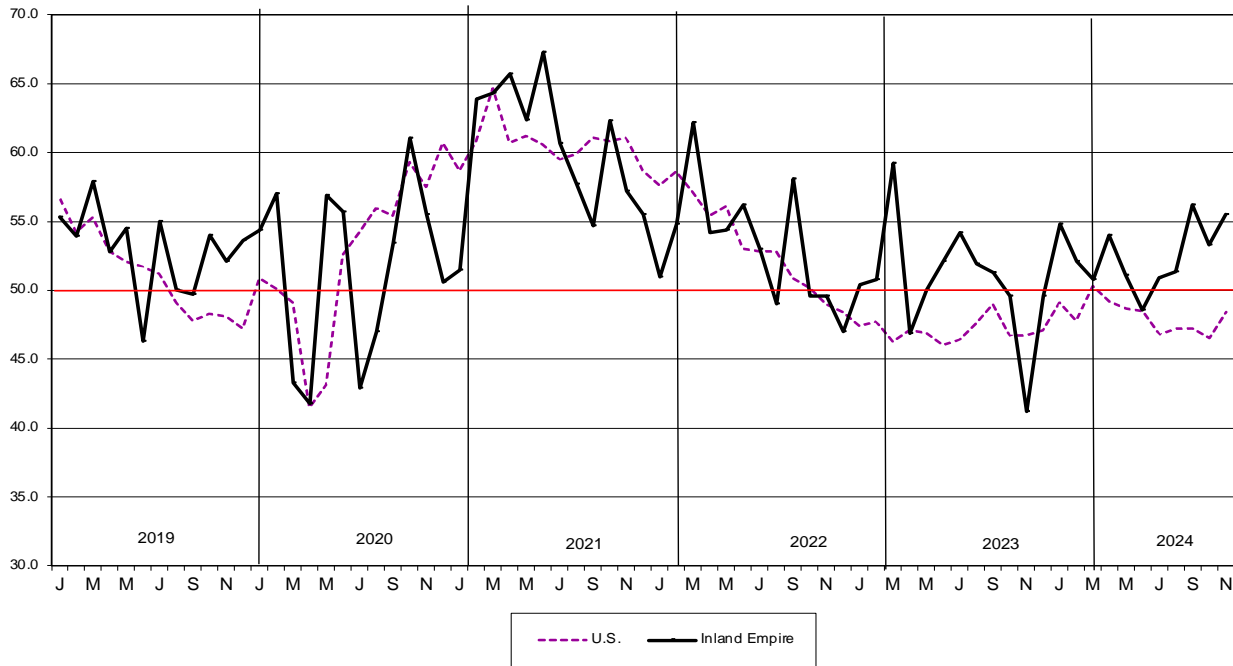
- **Sustained Growth in PMI:** The Inland Empire PMI has remained above the 50 threshold for the fifth consecutive month, continuing to outperform the national level. This indicates ongoing, albeit slower, expansion in the manufacturing sector.
- **Consistent Growth in Production:** The Production Index remains above 50, reflecting sustained growth in production activities..
- **Slower but Stabilizing Supplier Deliveries:** Although deliveries remain slower due to the recent East Coast port strike, the rate of delay has decreased, indicating early signs of recovery in supply chain conditions.
- **Increased Inventory Levels:** Inventory levels have risen significantly, driven by preparations for the holiday season.
- **Optimistic Economic Outlook:** A majority of panelists expressed a positive sentiment, with most anticipating that the economy will remain stable or improve over the next quarter.

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**PMI**

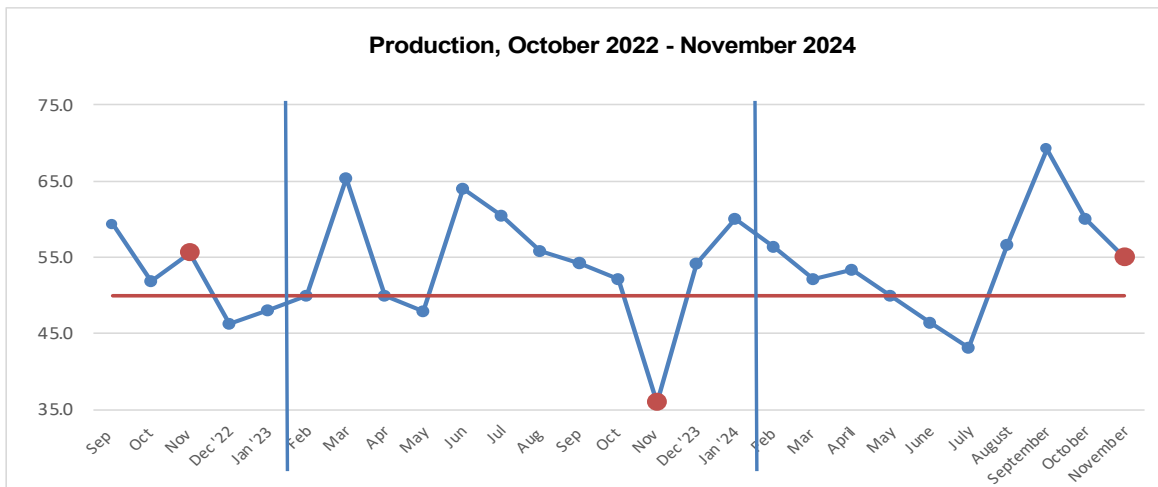
According to Dr. Anna Long and Dr. Peiyi Jia from the Institute of Applied Research, the Inland Empire **Purchasing Managers' Index (PMI)** for **November** is **55.5**, a slight increase from the previous month's figure of 53.3. This figure surpasses the national PMI, highlighting stronger regional growth compared to national trends. Notably, October marks the fifth consecutive month with a PMI above 50, signaling sustained expansion in the Inland Empire's manufacturing sector.

### Purchasing Managers' Index

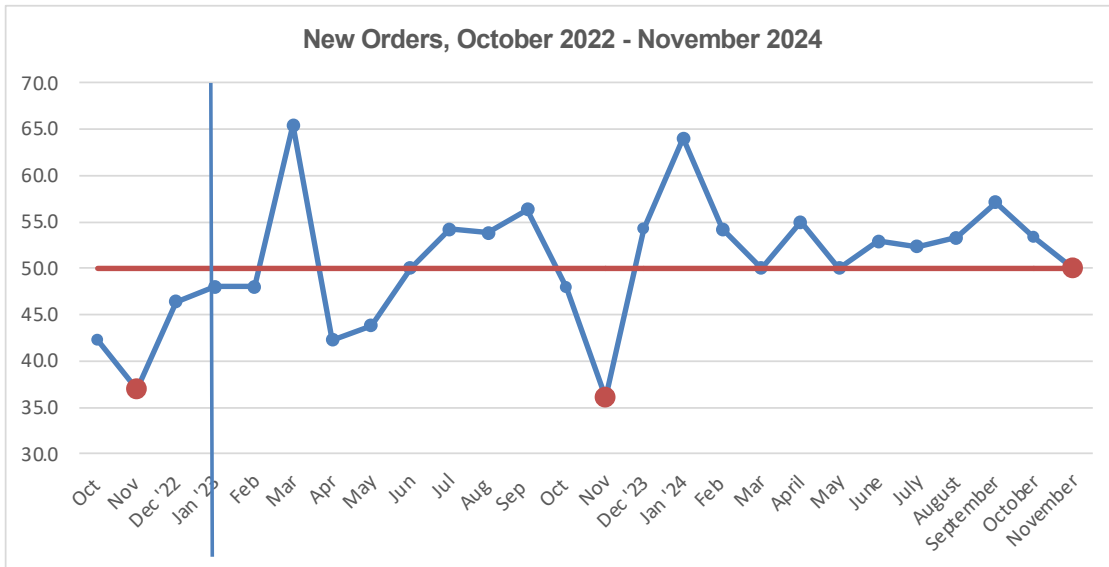


Source of U.S. PMI®: Institute for Supply Management®, Source of IE PMI®: Institute of Applied Research

The **Production Index** for November 2024 is recorded at **55**, showing a decrease from the previous month's figure of 60. However, this level continues to be above the critical 50-mark. It signals a continued growth in production activity since August 2024.



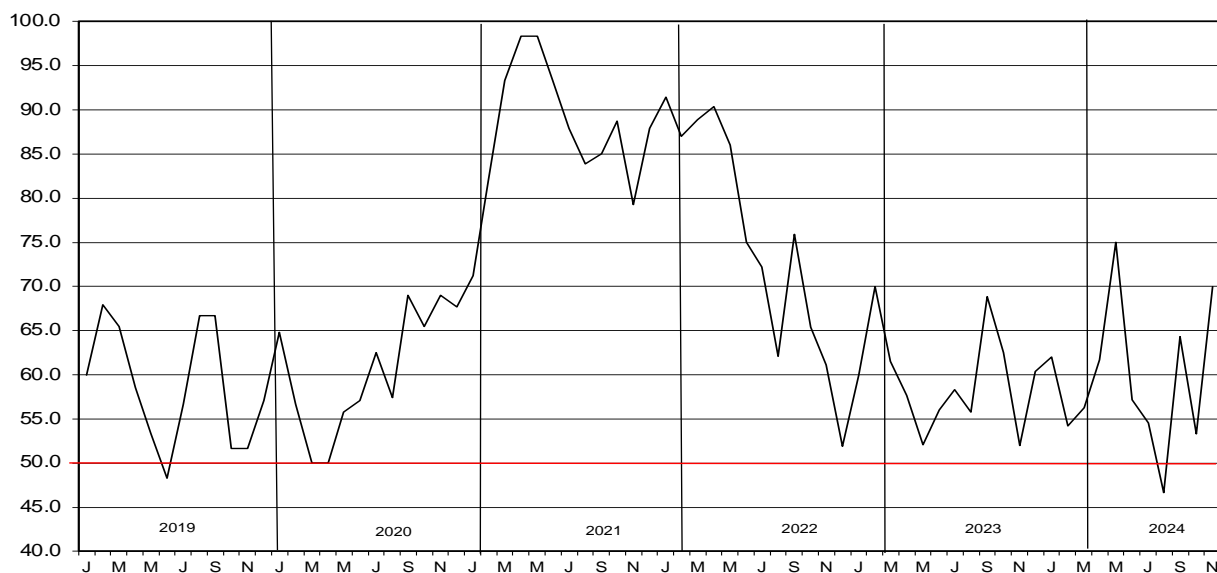
The **New Orders Index** remained stable in November, recording a slight decrease to **50.0** from 53.3 in the previous month. While growth has slowed, it continues at a steady pace. This marks the 12th consecutive month with the index at or above 50, indicating consistent growth in new orders within the Inland Empire region.



In November 2024, the **Employment Index** rose to 50.0, continuing its growth from 46.7 in the previous month. This figure reaches the 50 threshold, marking the fifth consecutive month at or below this level. This suggests that the trend of contraction in employment within the Inland Empire is easing.

In November 2024, the **Commodity Price Index** for the Inland Empire rose sharply to 70, a significant increase from last month's 53.3. This marks the third consecutive month the index has remained above the 50 threshold, indicating a continued upward trend in commodity prices

### Commodity Prices

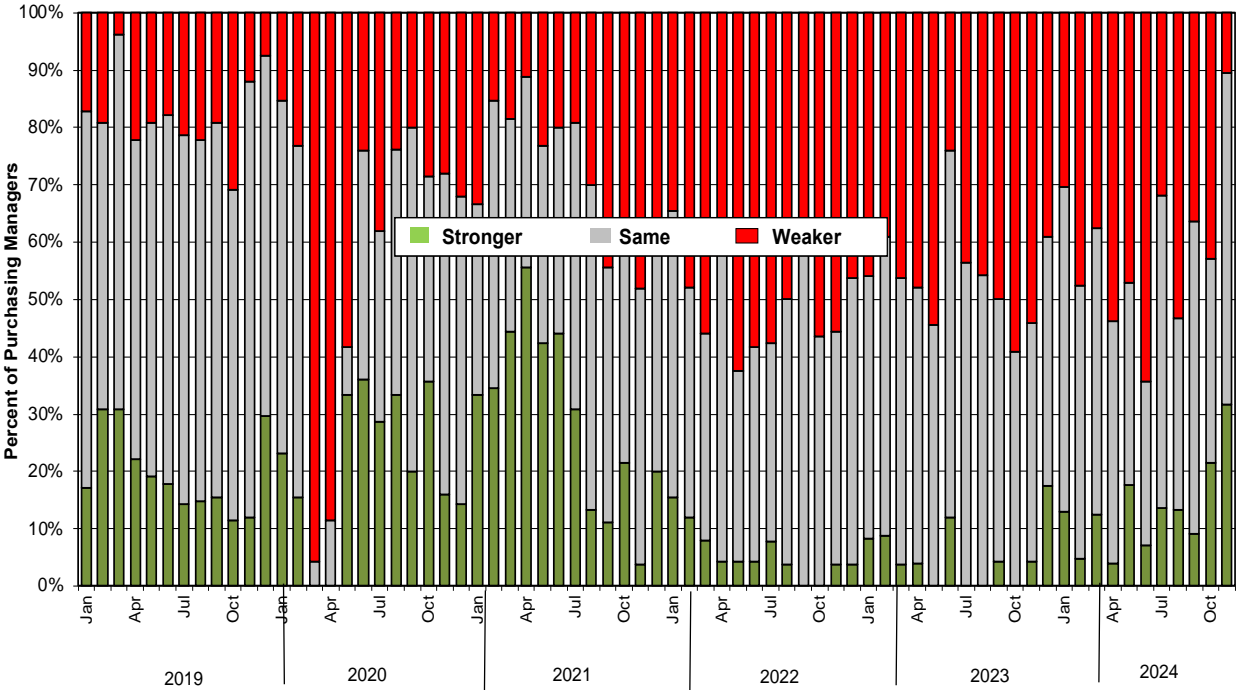


The **Supplier Deliveries Index** measures the speed of supplier deliveries, with a reading above 50 percent indicating slower deliveries. This month, the index registered at **55.0**, down from 60.0 in the previous month. This marks the 11th consecutive month the index has remained above 50, reflecting a trend of slower deliveries. However, the decrease suggests that the rate of slowing has eased, pointing to an improvement in supply chain conditions following last month's East Coast port strike.

The **overall Inventory level** registered at **67.5** this month, a significant increase from last month's 46.7. This figure has been volatile, fluctuating around the critical 50 threshold over the past four months. The current jump reflects the rising inventory levels typical of the holiday season.

Panelists were asked to forecast the state of the local economy over the next three months. A majority, 57.9%, believe the local economy will remain unchanged, while 31.6% expect it to strengthen. Only 10% anticipate a weaker economy in the coming quarter, reflecting an overall positive sentiment compared to previous months.

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



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

<b>November 2024 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>Last Month</b>	<b>This Month</b>			
Local PMI	53.3	55.5	Growing	Faster	5
Commodity Prices	53.3	70.0	Increasing	Faster	3
Production	60.0	55.0	Growing	Slower	4
New Orders	53.3	50.0	Unchanged	From Growing	12
Inventory	46.7	67.5	Increasing	From Decreasing	1
Employment	46.7	50.0	Unchanged	From Contracting	5
Supplier Deliveries	60.0	55.0	Slowing	Slower	11
<b>Purchasing Managers' Confidence in the State of the Local Economy</b>					
% Stronger	21.40%	31.60%			
% Same	35.70%	57.90%			
% Weaker	42.90%	10.00%			

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, concern, or a neutral stance.

Starting with optimistic perspectives:

- “Sales orders are increasing.”
- “We have been slow for over a year, and as of last month, we are getting busier.”
- “We see slightly improved orders Domestic and International.”

Some panelists expressed concerns:

- “We are still at the reduced sales rate we have seen for about a year now with no signs of getting back to 2022 levels.”
- “We have increased pricing by 10% in the last month to try to keep up with growing expenses and lack of profit.”
- “Slower”

Others shared neutral or mixed perspectives:

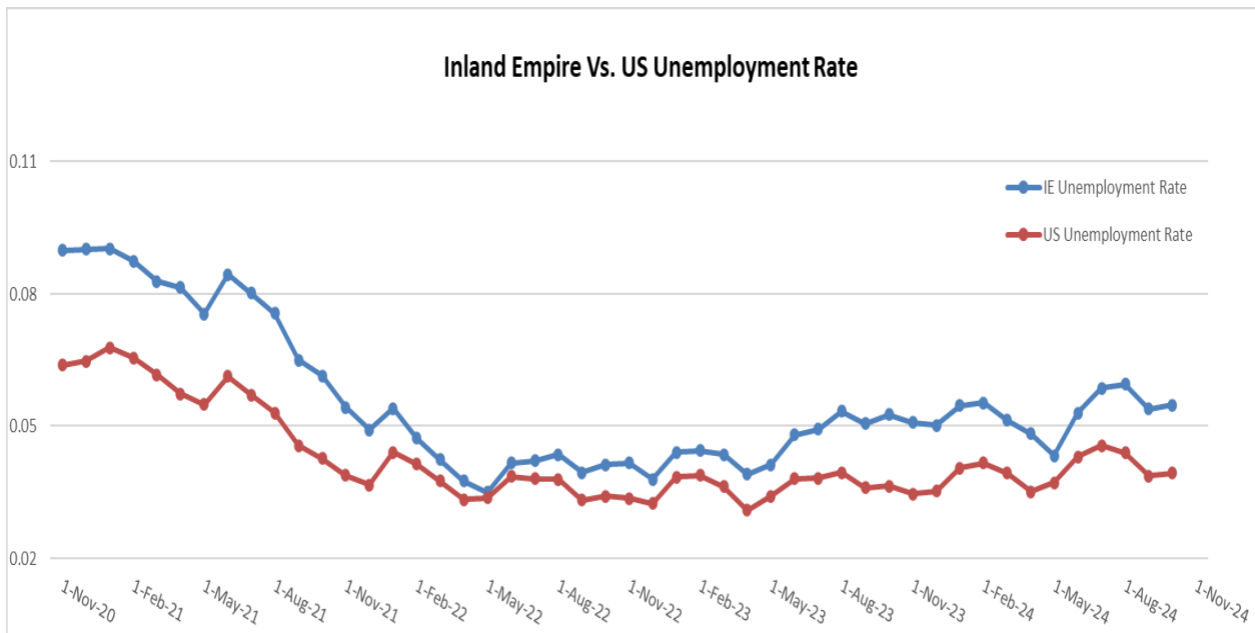
- “For our business in particular, we are showing both accelerated sales and profitability for both this year and for projections next year. Although we do not depend on imports to a large extent, questions related to proposals for increased import duties and the slow pace of the Fed in reducing interest rates create questions for the general economy of the United States that could impact us and

business in general. These questions equal increased risk, and increased risk is no friend to business.”

- “Everything seems to be business as usual. Some items taking longer to get from Suppliers but really nothing unusual”

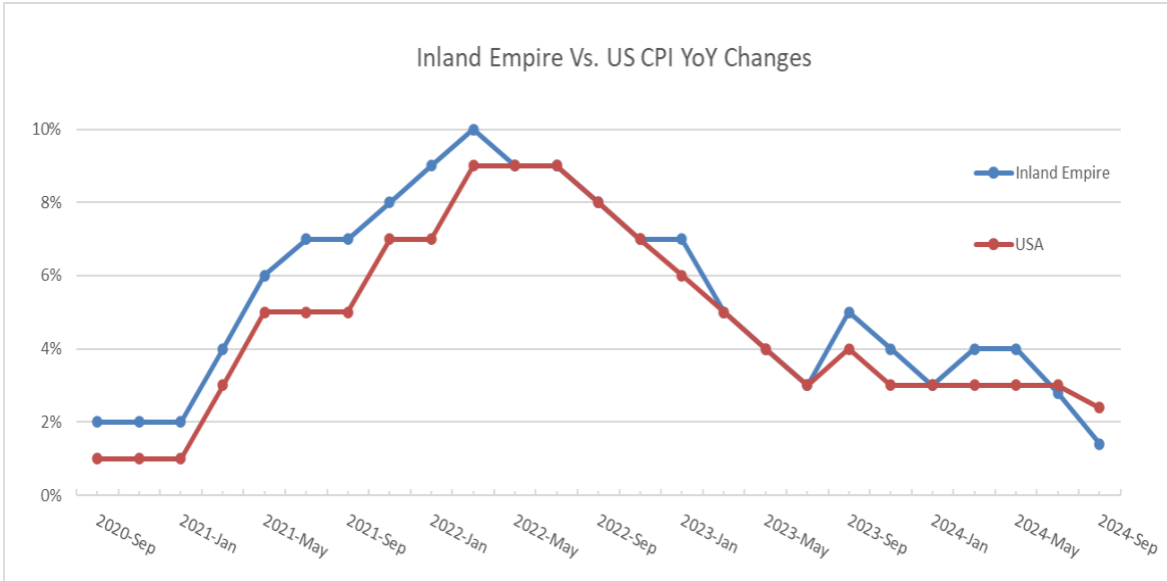
### Economic Context: Unemployment Rate

This month, the Inland Empire's unemployment rate has begun to edge downward after a brief period of increase, reflecting potential stabilization in the local job market. However, the region's rate remains higher than the national average, underscoring persistent disparities. The recent dip is a promising sign, but with economic uncertainty still present, it's crucial to keep an eye on emerging trends in the coming months.



### Economic Context: CPI – Inflation

Reflecting our PMI data, the region's current CPI level shows that inflation has cooled significantly, now dipping below the national average and nearing pre-pandemic levels. This suggests effective control over inflation locally and points to a broader market cooldown.



### National and Regional PMI Comparison

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

The November PMI data highlights steady growth in the Inland Empire region, showcasing its resilience and consistent performance compared to national trends. While the Inland Empire maintains stable expansion across key sectors such as manufacturing and logistics, the national trend reflects a recovery from prior contraction, with some regions experiencing accelerated momentum. The contrast underscores the Inland Empire's ability to sustain growth even amidst broader economic fluctuations, positioning it as a stable contributor to regional economic strength. This steady trajectory suggests the region's adaptability and robust economic fundamentals compared to the more variable national landscape.

In summary, in November 2024, the Purchasing Managers' Index (PMI) remained above the 50 threshold, showing a slight improvement, indicating continued growth in the manufacturing sector. The New Orders Index held steady, reflecting stable demand. The Commodity Price Index surged, and inventory levels increased as the holiday season approaches. The Supplier Deliveries Index declined but remained above 50 threshold, suggesting slower but stabilizing delivery after the disruption caused by the recent East Coast port strike. The Employment Index, recorded at 50, pointing to an easing of the contraction observed in previous months.

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

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