

**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 2025**

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**Key Summary of the Report:**

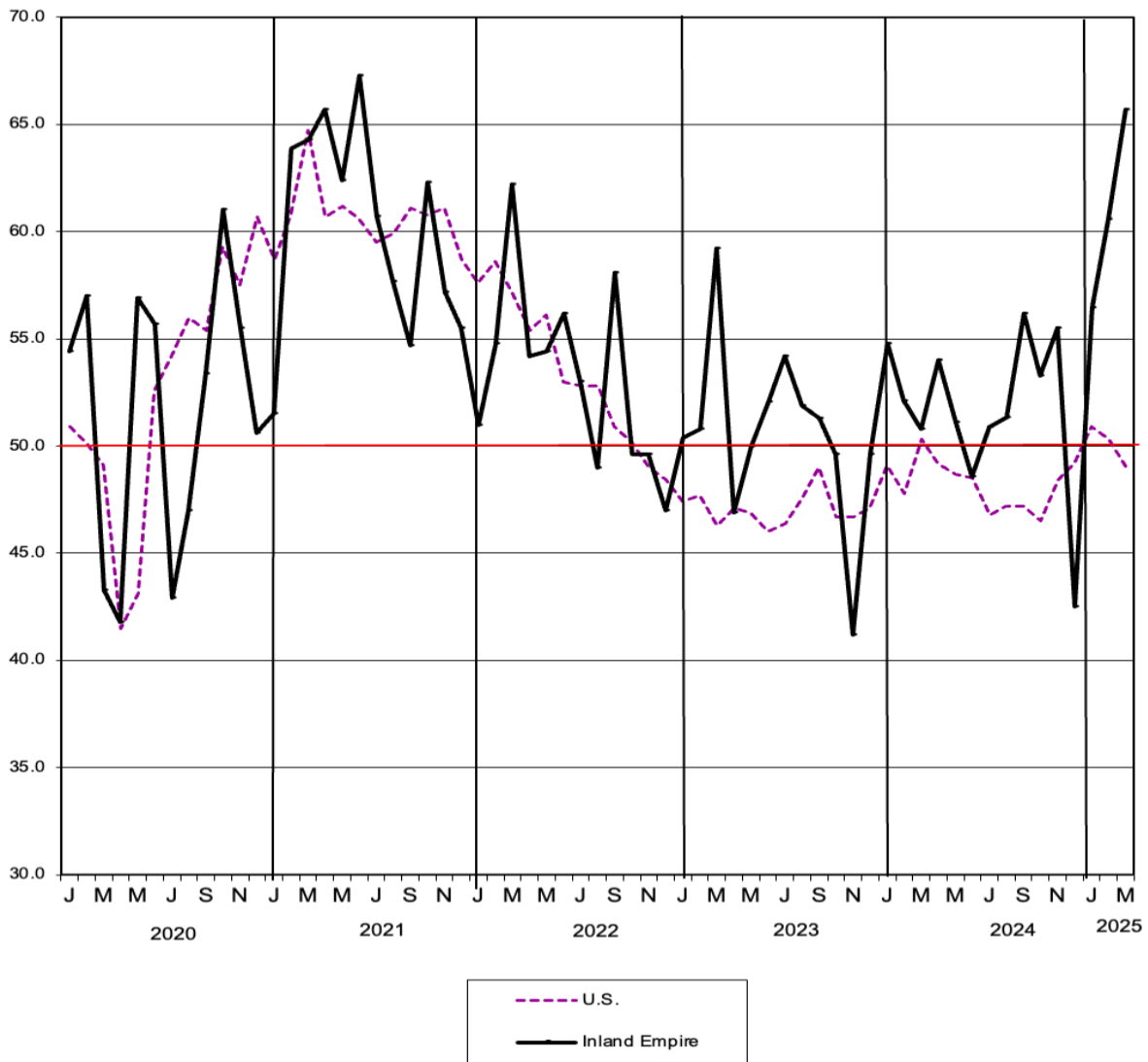
*The March 2025 report highlights a significant increase in the Inland Empire PMI, driven by a record-high New Orders Index, sustained strength in production, and improvement in employment.*

- **Sustained PMI Growth:** The PMI rose to 65.7, up from 60.0 in February, continuing to outperform the national level and marking the sixth consecutive month of expansion.
  - **Production Holding Strong:** Production maintained its position above the 50-point threshold and reflecting ongoing growth in manufacturing output.
  - **Surge in New Orders:** The New Orders Index climbed sharply to 78.6, indicating a strong increase in demand and marking one of the highest levels recorded in recent years.
  - **Strengthening Labor Market:** The Employment Index rose to 67.9, signaling accelerating hiring activity.
  - **Easing Input Cost Pressures:** The Commodity Price Index decreased to 67.9 from 75.0, suggesting that the rate of input cost increases is slowing.
  - **Policy Uncertainties:** Concerns were raised about the potential impact of new tariffs and ongoing uncertainty.
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**PMI**

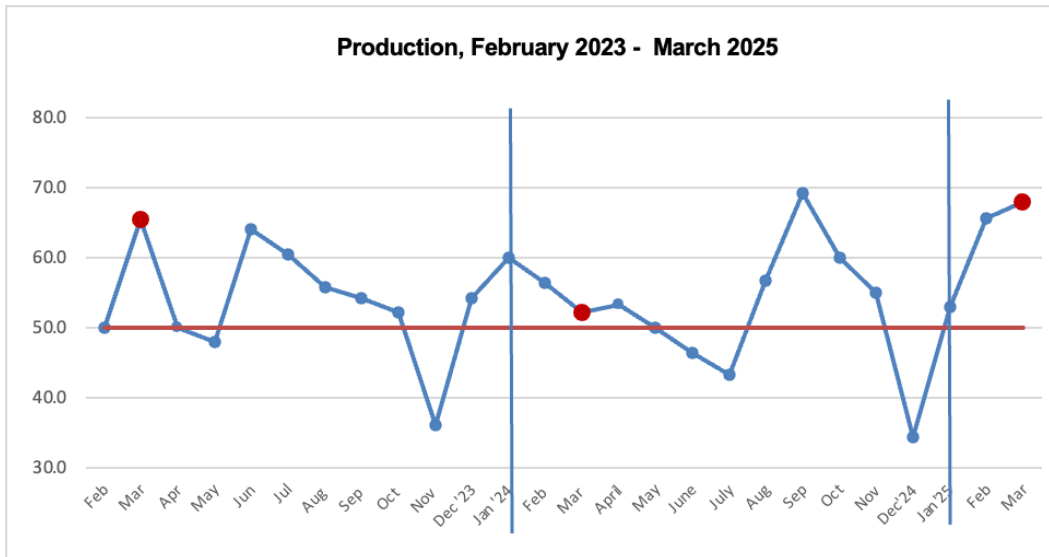
According to Dr. Anna Long and Dr. Peiyi Jia from the Institute of Applied Research the Inland Empire **Purchasing Managers' Index (PMI)** for March 2025 rose to **65.7**, up from 60.0 in February. This marks a continued upward trend and reflects robust expansion in the region's manufacturing sector. Notably, the Inland Empire PMI once again outpaced the national figure, which dipped below the 50-point threshold to 49.0 in March. This contrast underscores the Inland Empire's relative economic strength and resilience in manufacturing sector compared to the national level.

## Purchasing Managers' Index

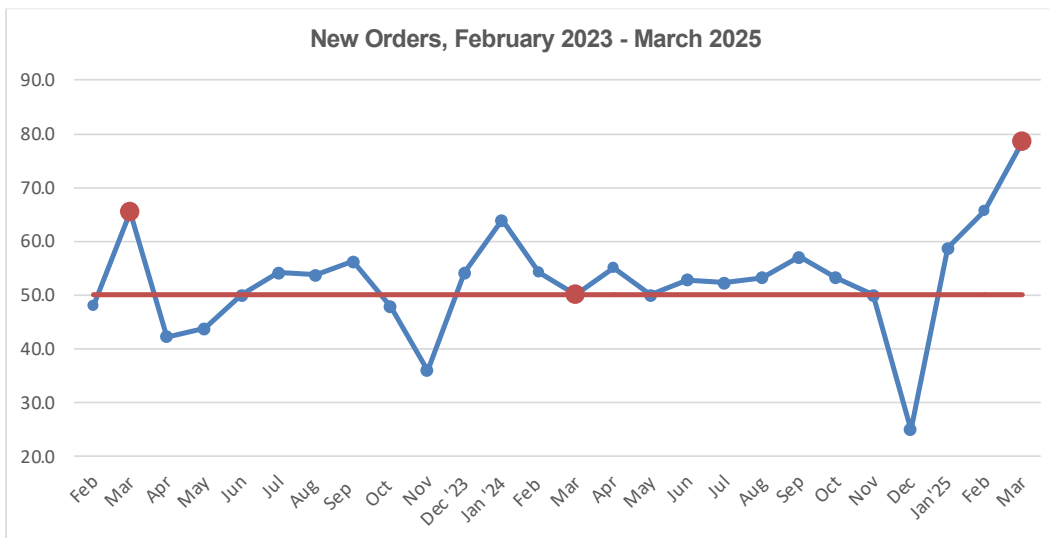


Source of U.S. PMI®: Institute for Supply Management®, Source of IE PMI®: Institute of Applied Research

The **Production Index** for March 2025 rose slightly to **67.9**, up from 65.6 in February. This marks the third consecutive month above the 50-point benchmark, signaling a sustained recovery in production activity across the region. Additionally, this figure represents a year-over-year improvement, which indicates a faster growth in production activity compared to the same period in prior years.



The **New Orders Index** for March 2025 jumped to **78.6**, extending the upward movement that began in January. While any figure above 50 signals growth, the notable rise this month suggests a faster pace of increase in new orders. Notably, this level represents one of the highest recorded in recent years. However, it remains to be seen whether this level of activity can be sustained.

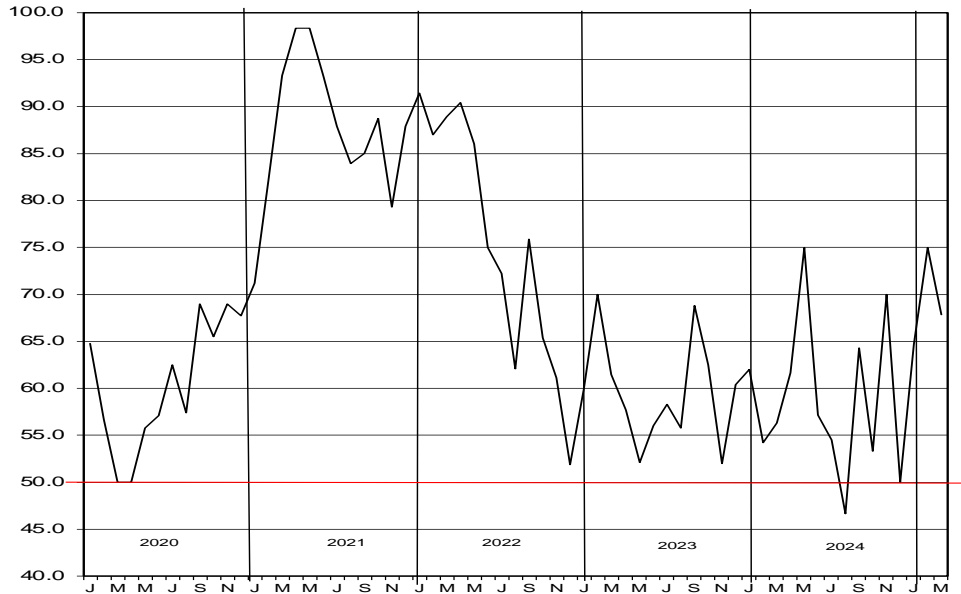


In March 2025, the **Employment Index** rose to **67.9**, up from 59.4 in February, it marks the third consecutive month that the figure recorded at or above the 50-point threshold. The continued upward trend indicates that the recovery in the manufacturing job market is gaining strength. While the sharp increase reflects a notable pickup in hiring activity, it remains important to monitor whether this pace of growth will continue in the coming

months.

The **Commodity Price Index** for March 2025 decreased to **67.9** from last month's figure of 75.0, This decline suggests that the rise in input cost for manufacturers has eased.

### Commodity Prices

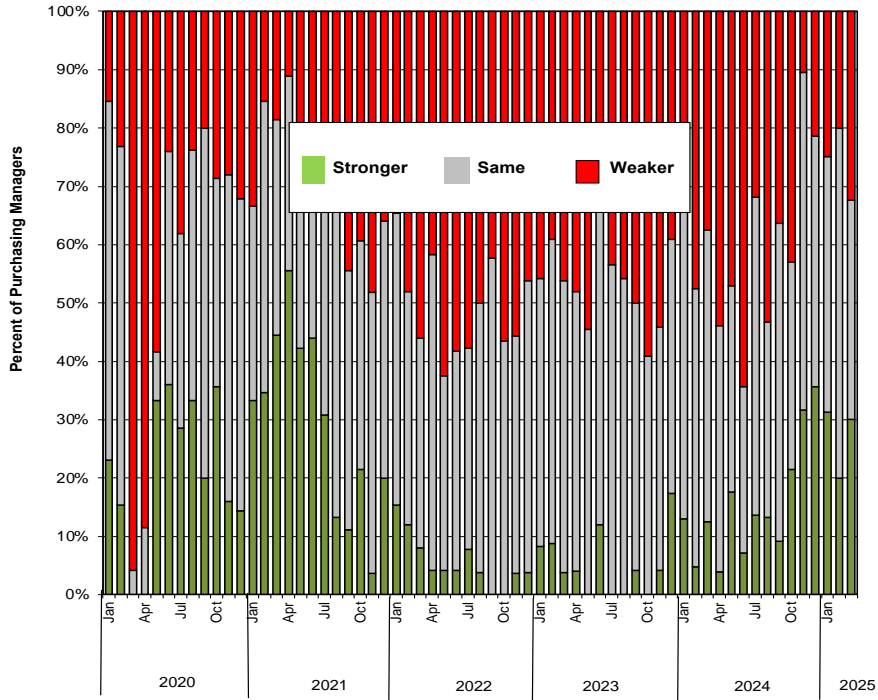


The **Supplier Deliveries Index** for March 2025 rose to **57.1**, up from 50.0 in February. A reading above 50 indicates slower deliveries, suggesting that supply chain delays have increased compared to the previous month.

The **Overall inventory level** for March 2025 registered at 57.1, down from 62.5 in February. While the figure remains above the 50-point threshold—indicating continued increase in inventory levels—the decline suggests that the pace of inventory accumulation has slowed compared to the previous month.

Panelists were asked to forecast the state of the local economy over the next three months. **35.7%** of the panelists believe the economy will remain unchanged, a significant decrease from last month 60%. Meanwhile, **28.6%** expect it to strengthen, while another **30.8%** anticipate a weaker economy.

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



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

<b>March 2025 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	60.0	65.7	Growing	Faster	3
Commodity Prices	75.0	67.9	Increasing	Slower	7
Production	65.6	67.9	Growing	Faster	3
New Orders	65.6	78.6	Growing	Faster	3
Inventory	62.5	57.1	Increasing	Slower	3
Employment	59.4	67.9	Growing	Faster	9
Supplier Deliveries	50.0	57.1	Slowing	From unchanged	15
<b>Purchasing Managers' Confidence in the State of the Local Economy</b>					
% Stronger	20.00%	28.60%			
% Same	60.00%	35.70%			
% Weaker	20.00%	30.80%			

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.

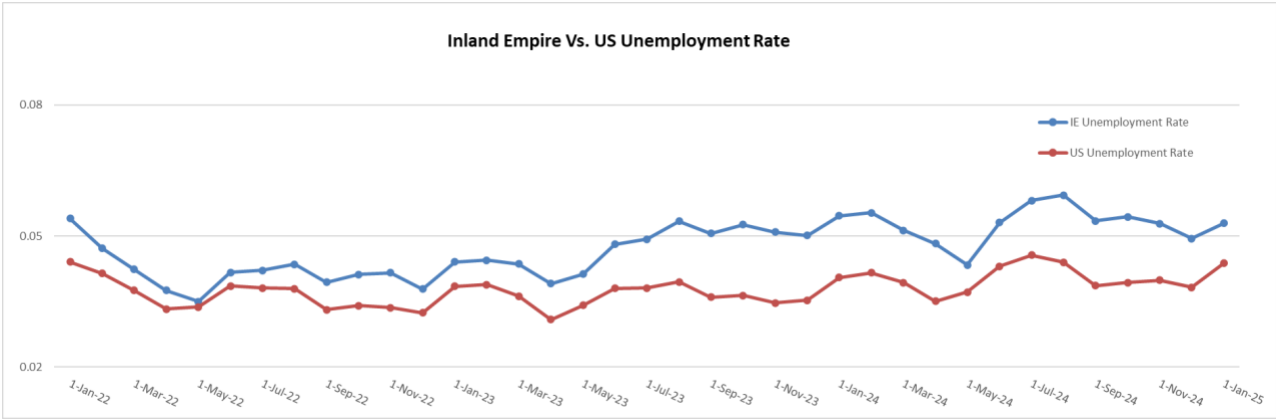
Some expresses stability and optimistic outlook for the future

- " 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 likes good things to come."

Some expressed the concerns

- "We are seeing a slowdown compared to last year this month."
- "The April 2 pending US traffics are a bit unnerving."
- "Improving?? How long will it last!"
- "concerned about tariffs and residual effects"
- "Unknown position on tariffs are having impacts in quotes and attempts to get materials across the borders."

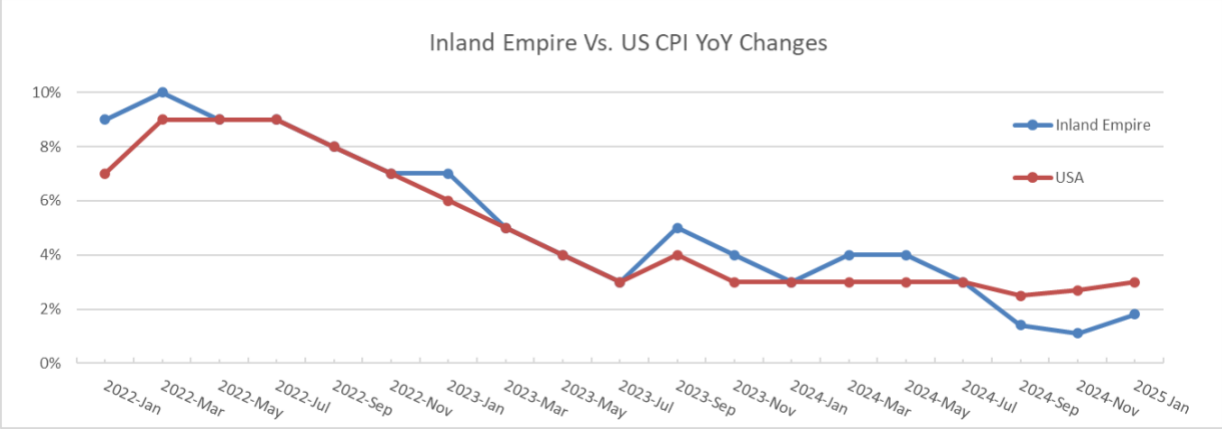
**Economic Context: Unemployment**



Over the past two months, unemployment has increased in both the Inland Empire (IE) and the United States, with the IE’s rate rising from 4.9 percent in December 2024 to just over 5.1 percent in January 2025, while the national rate climbed from 3.7 to 4.0 percent. Although both show an upward trend, the Inland Empire continues to experience higher and more volatile unemployment levels, highlighting its sensitivity to regional and industry-specific disruptions. With ongoing tariff uncertainty—particularly affecting the import of raw materials and the export of goods—sectors like logistics, manufacturing, and agriculture are expected to be disproportionately impacted. As a

result, the region is likely to face a mix of economic challenges and emerging opportunities, creating a more dynamic business environment.

**Economic Context: CPI – Inflation**



We observed the Inland Empire has seen a slight uptick in inflation, with year-over-year CPI increasing from just under 1.5 percent in November 2024 to nearly 2 percent in January 2025. While this remains well below the national average—which rose from approximately 3.0 to 3.3 percent over the same period—it signals a mild rebound in regional price growth after several months of low inflation. This could reflect a recovery in consumer demand or rising costs in specific sectors such as housing or energy. Nonetheless, the Inland Empire continues to experience significantly lower inflation than the broader U.S. economy, suggesting a more subdued pricing environment that may point to underlying economic softness or restrained spending in the region.

**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

The Inland Empire is experiencing a strong month in the manufacturing sector, showing significantly stronger economic momentum than the national average across key indicators. Employment, business activity, and new orders are all growing in the region,

while inventory levels and supplier deliveries are also increasing—signs of a robust and expanding local manufacturing base. In contrast, the national manufacturing landscape is weakening, with contractions reported in employment, business activity, new orders, and supplier deliveries, and only inventory levels showing growth. Meanwhile, prices are slowing in both the Inland Empire and the U.S., pointing to a continued easing of inflationary pressures. Overall, the Inland Empire stands out as a regional bright spot, maintaining healthier and more resilient manufacturing activity compared to national trends.

In summary, The March 2025 Inland Empire Report on Business reflects strong expansion in the region’s manufacturing sector, as the PMI climbed to 65.7. This increase was largely driven by a record-high New Orders Index of 78.6, signaling robust demand. Both the Production and Employment indices also posted gains, indicating sustained output growth and an improving labor market. While input costs remain elevated, the pace of commodity price increases has eased. However, supply chain delays have slightly worsened, as reflected in the rise of the Supplier Deliveries Index. Panelist expressed concerns over tariffs and trade policy uncertainty remain top of mind for many respondents. Looking ahead, we will continue to closely monitor these developments in the coming months. While potential policy changes may sound alarming, it may also create new opportunities for specific industries or sectors in the region, capitalizing on them in a sustainable way will require coordinated efforts and strategic long-term planning. Ensuring lasting prosperity will depend on how effectively the region can align its resources, stakeholders, and infrastructure to adapt to evolving economic conditions.

***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