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ISM - HOUSTON BUSINESS REPORT

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Press Release

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by Ross S. Harvison

Health Care and Wholesale Trade Show Strength

Oil & Gas Exploration Remains Weak

(Houston, Texas) – Area Supply Chain leaders indicate that economic activity in Houston contracted in March for the sixteenth consecutive month.

The Houston Purchasing Managers Index (H-PMI) fell from its March level of 45.9 to 44.2 in April. The seasonally adjusted Finished Goods Inventory and Prices Paid Indices, the only two indicators that are inversely correlated with economic activity, continue to predict economic expansion near term. All other indicators (Sales/New Orders, Production, Employment, Lead Times, Purchases, and Purchased Inventory) continue to point towards contraction.

The Houston PMI indicates likely shifts in Production three or four months in advance. This indicator has a possible range of 0 to 100. Readings over 50 generally indicate production expansion over the near term, while readings below 50 show coming contraction. This index is based on diffusion indices for eight underlying indicators: Sales/New Orders, Production, Employment, Purchases, Prices Paid, Lead Times, Purchase Inventory, and Finished Goods Inventory.

The Institute for Supply Management - Houston has published the Houston Purchasing Managers Index monthly since January 1995 as a service to its members and the greater Houston business community.

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