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## **ISM - HOUSTON BUSINESS REPORT**

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### **Press Release**

July 11, 2016

by Ross S. Harvison

## **Non-Durable Goods Continue Measured Growth**

### **Employment Losses in Oil & Gas Slow**

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

The Houston Purchasing Managers Index (H-PMI) fell from its May level of 45.8 to 43.7 in June. The seasonally adjusted Finished Goods Inventory Index and the Prices Paid Index, the two indicators that are inversely correlated with economic activity, are both predicting economic expansion near term. All other indicators (Sales/New Orders, Production, Employment, Lead Times, Purchases, and Purchased Inventory) are pointing 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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