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ISM - HOUSTON BUSINESS REPORT

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Press Release

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by Ross S. Harvison

Oil & Gas and Manufacturing Strengthen

Health Care Expansion Continues at a Slower Pace

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

The Houston Purchasing Managers Index (H-PMI) rose from its July level of 43.8 to 46.1 in August showing continued economic contraction at a somewhat slower pace. The Sales/New Orders, Purchases, and Finished Goods Inventory indices are now pointing to expansion along with the Prices Paid Index. The Production, Employment, Lead Times, and Purchased Goods Inventory indices continue to point to near term economic 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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