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ISM - HOUSTON BUSINESS REPORT

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Houston PMI Moves Back to Expansion

Sales and Production Show Strength

(Houston, Texas) – Area Supply Chain leaders indicate that economic activity in Houston expanded for the first time in almost two years.

The Houston Purchasing Managers Index (H-PMI) rose from its September level of 48.5 to 51.1 in October, its first time above the neutral level of 50 since December of 2014. The Sales/New Orders and Production indices moved strongly into the expansion range overcoming weakness in the other indicators. Employment, Purchases, Lead Times, and Inventories are pointing to contraction near term.

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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