

## **Houston PMI at 51.5 (down 0.9 points)**

**Sales/New Orders Expanding**

**Production Expanding**

**Employment Expanding**

**Prices Paid Expanding**

**Lead Times Expanding**

**Finished Goods Inventories Expanding**

(Houston, Texas) – According to Houston area supply chain executives the Houston economy expanded again in April. The manufacturing sector expanded for the fourth month, and non-manufacturing expanded for the third month. The overall Houston economy expanded for the 71st month in a row.

The Houston Purchasing Managers Index fell 0.9 points to 51.4, indicating continued modest growth in the overall economy. All three of the underlying indicators that have a strong direct correlation with economic activity (sales/new orders, employment, and lead times) are pointing to strength. The sales/new orders index fell 0.5 points to 53.5 points, the employment index fell 0.3 points to 50.7, and the lead times index fell 3.0 points to 51.0 points. The finished goods inventory index, the underlying indicator that has the strongest inverse correlation with economic activity, rose 0.6 points to 51.3, pointing to modest economic contraction for the second month.

The Houston Manufacturing PMI rose 1.3 points during the month to 52.2 points, indicating modestly stronger expansion in this sector. Durable goods manufacturing continued to report weakness, while non-durable goods reported strength. The non-manufacturing PMI fell 1.3 points to 51.3, indicating modest weakening from last month.

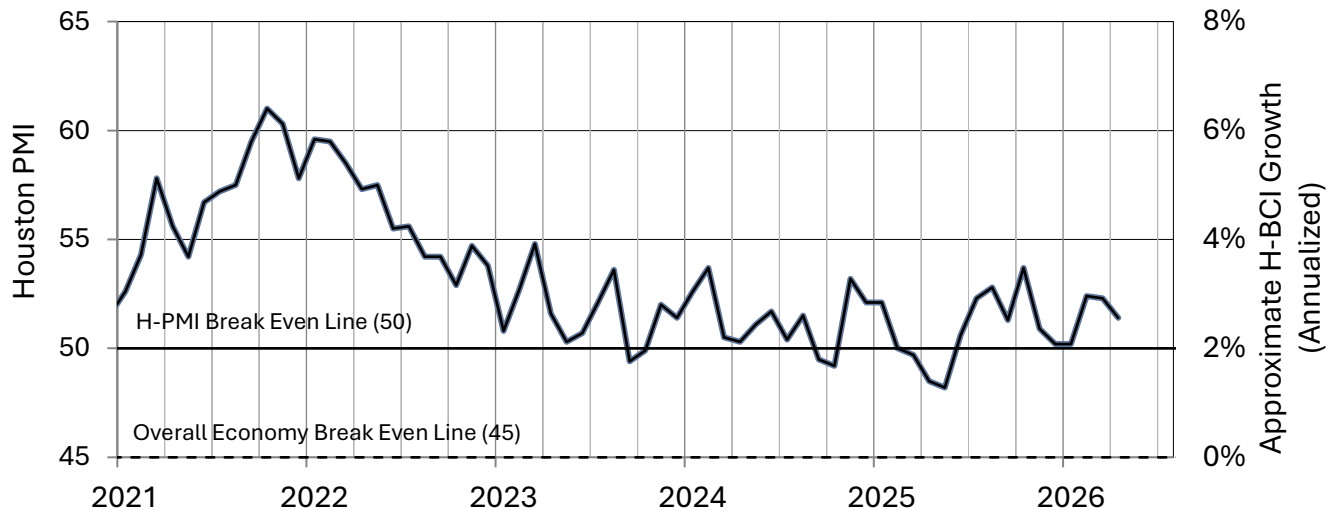
On an industry specific basis construction, professional services, nondurable goods manufacturing, and trade/transportation/warehousing reported strong expansion. Oil and gas extraction and durable goods manufacturing continue to report weakness.

# ISM-Houston Business Report

April 2026



## Houston PMI Trend



## Indices at a Glance

Houston PMI readings over fifty indicate that respondents see their activities as expanding. An H-PMI above 45 normally correlates with expansion of the Houston-The Woodlands-Sugar Land Business Cycle Index.

Index	Apr	Mar	Change	Track	Rate	Trend*
<b>Houston Overall PMI</b>	<b>51.4</b>	<b>52.3</b>	<b>-0.9</b>	<b>Expanding</b>	<b>Slower</b>	<b>11</b>
Houston Manufacturing PMI	52.2	50.9	1.3	Expanding	Faster	4
Houston Non-Manufacturing PMI	51.3	52.6	-1.3	Expanding	Slower	3
Sales/New Orders	53.5	54.0	-0.5	Expanding	Slower	4
Production	50.4	47.4	3.0	Expanding	Fr. Cont.	1
Employment	50.7	51.0	-0.3	Expanding	Slower	3
Purchases	53.8	54.1	-0.3	Expanding	Slower	28
Prices Paid	64.3	59.5	4.8	Expanding	Faster	7
Lead Times	51.0	54.0	-3.0	Expanding	Slower	5
Purchased Inventory	49.2	48.3	0.9	Contracting	Slower	2
Finished Goods Inventory	51.3	50.7	0.6	Expanding	Faster	2
<b>Overall Houston Economy</b>				<b>Expanding</b>	<b>Slower</b>	<b>71</b>

\* Number of months on current track

## Commodities Reported to be Up/Down in Price or in Short Supply

**Up in Price:** Crude oil, gasoline, jet fuel; propane, normal butane, isobutane, natural gasoline; ethylene, propylene, PE resins, PP resins, film, selective chemicals, EO and PO product derivatives, hydrofluoric acid; copper, nickel, aluminum shapes and castings, stainless steel, carbon steel<sup>‡</sup>; engineered equipment, actuated valves, pumps, gas compression equipment, rotating equipment; electrical equipment, electrical components, electrical gear, generators, transformers; cement; bulk chemical trucking, dry bulk freight, ocean container freight.

**Down in Price:** Some property related services; natural gas; ethane; tape; precious metals (silver, platinum, palladium, rhodium); carbon steel<sup>‡</sup>.

**In Short Supply:** skilled labor, skill technical labor; motor fuels; resins, EO derivatives, PO derivatives, chemical additives, acetic acid; stainless steel forgings, tungsten, electrical steel, electrical equipment, electrical components, electrical gear, generators, transformers, medium voltage cable; gas compression equipment, rotating equipment; bulk chemical trucking.

<sup>‡</sup> Noted as being up or down by different respondents.

## What Our Respondents Are Saying:

### Oil and Gas Exploration, and Key Support Services:

- We are seeing the effects of the closing of the Straits.
- Oil field chemical shortages and price increases continue due to Gulf War impacts.
- *This sector reported contraction again this month. While the sales and prices paid indices showed significant strength, the lead times index joined the employment and purchases indices in showing weakness.*

### Construction:

- Lumber prices have remained stable for the last several months.
- The conflict in Iran is causing higher prices for goods and services globally.
- *This sector continues to experience strong expansion. The sales/new orders, employment, purchases, prices paid, and lead times indices continue to point to significant strength.*

### **Durable Goods Manufacturing:**

- *This sector showed weakness again in April. While the sales/new orders and purchases indices joined the prices paid index in reporting strength, the employment index continued to be reported as very weak. The inventory indices fell to near neutral, which is a positive signal. Significant strengthening of the production index may indicate that this sector will see improvement over the next several months.*

### **Non-durable Goods Manufacturing:**

- Except for ethane, cracker feedstock prices rose again in April.
- Third party sales are becoming difficult to come by as producers are protecting their own inventories for internal use.
- Seeing huge issues with securing iso containers; trucking is also tight but if we don't start seeing flow from the straits, I foresee trucking becoming more available.
- *This sector showed moderate strength again this month with the employment, purchases, prices paid, and lead times indices all reported as expanding at a strong pace. The finished goods inventory index also pointed to continued expansion. The production index strengthened indicating potential further improvement over the forecast horizon.*

### **Trade, Transportation, and Warehousing:**

- Air passenger traffic fell in April consistent with normal seasonal trends.
- *This sector was reported as expanding at a moderate to strong pace again this month with sales/new orders, purchases, and prices paid indices registering as expanding at a rapid pace. The lead times index joined all other indices being reported near neutral.*

### **Professional and Business Services:**

- The People Staffing and Hiring business remains very stable. Houston companies are not engaged in employee expansion as was done in years past.
- There continues to be ample supply of qualified people when job opportunities arise.
- More technical and specialized roles could present some temporary shortages.
- We are seeing a slight increase in prices being paid for contract staffing positions. For direct hire, companies continue to watch their expenditures, and their priority is to get more qualified people at less than expected salaries. This is the normal HR strategy for most companies.
- We do not see any significant downward movement in the contracting and permanent hiring situations.
- *This sector continues to report expansion with the sales/new orders, employment, and purchases, indices showing strength. All other indices reported near neutral.*

### Trend of Underlying Indicators

#### Sales/New Order Index

The sales/new orders index softened minimally during the month, falling 0.5 points to 53.5 points. Manufacturing industries joined non-manufacturing showing growth in this index.

Sales/New Orders	Higher	Same	Lower	Net	Index
Nov 2025	11%	83%	6%	5%	54.4
Dec 2025	11%	74%	15%	-4%	49.9
Jan 2026	18%	72%	10%	8%	52.5
Feb 2026	22%	75%	3%	19%	56.6
Mar 2026	19%	74%	7%	12%	54.0
Apr 2026	17%	78%	5%	12%	53.5

#### Production Index

The production index rose 3.0 points to 50.4 with both non-manufacturing and manufacturing reporting at or just above neutral.

Production	Higher	Same	Lower	Net	Index
Nov 2025	9%	86%	5%	4%	52.6
Dec 2025	3%	91%	6%	-3%	51.7
Jan 2026	9%	89%	2%	7%	52.4
Feb 2026	6%	92%	2%	4%	51.0
Mar 2026	4%	89%	7%	-3%	47.4
Apr 2026	5%	93%	2%	3%	50.4

### Trend of Underlying Indicators (Continued)

#### Employment Index

The employment index fell 0.3 points to 50.7, indicating minimal expansion for the third month. Both manufacturing and non-manufacturing reported near this level.

Employment	Higher	Same	Lower	Net	Index
Nov 2025	9%	83%	8%	1%	51.2
Dec 2025	2%	91%	7%	-5%	49.3
Jan 2026	6%	84%	10%	-4%	46.7
Feb 2026	10%	84%	6%	4%	50.9
Mar 2026	6%	90%	4%	2%	51.0
Apr 2026	8%	88%	4%	4%	50.7

#### Purchases Index

The purchases index fell 0.3 points to 53.8 points with both non-manufacturing reporting at a similar level to last month and manufacturing improving to strong expansion.

Purchases	Higher	Same	Lower	Net	Index
Nov 2025	14%	71%	15%	-1%	51.5
Dec 2025	7%	81%	12%	-5%	50.7
Jan 2026	19%	73%	8%	11%	53.3
Feb 2026	21%	77%	2%	19%	57.9
Mar 2026	17%	77%	6%	11%	54.1
Apr 2026	19%	75%	6%	13%	53.8

### Trend of Underlying Indicators (Continued)

#### Prices Paid Index

The purchases index rose 4.8 points to 64.3 points with both non-manufacturing and manufacturing reporting strong expansion.

Prices Paid	Higher	Same	Lower	Net	Index
Nov 2025	13%	75%	12%	1%	54.1
Dec 2025	9%	76%	15%	-6%	50.7
Jan 2026	25%	72%	3%	22%	60.3
Feb 2026	23%	74%	3%	20%	58.1
Mar 2026	25%	73%	2%	23%	59.5
Apr 2026	34%	64%	2%	32%	64.3

#### Lead Times Index

The purchases index fell 3.0 points to 51.0 points with manufacturing reporting strong expansion in the index and non-manufacturing reporting near neutral.

Lead Times	Higher	Same	Lower	Net	Index
Nov 2025	2%	89%	9%	-7%	47.8
Dec 2025	4%	94%	2%	2%	53.2
Jan 2026	8%	88%	4%	4%	54.5
Feb 2026	7%	89%	4%	3%	50.1
Mar 2026	17%	79%	4%	13%	54.0
Apr 2026	7%	91%	2%	5%	51.0

### Trend of Underlying Indicators (Continued)

#### Purchased Inventory Index

The purchased inventory index rose 0.9 points to 49.2. Both non-manufacturing and manufacturing reported near this level.

Purchased Inventory	Higher	Same	Lower	Net	Index
Nov 2025	8%	89%	3%	5%	52.5
Dec 2025	5%	89%	6%	-1%	52.9
Jan 2026	5%	91%	4%	1%	48.9
Feb 2026	6%	91%	3%	3%	53.6
Mar 2026	5%	90%	5%	0%	48.3
Apr 2026	4%	90%	6%	-2%	49.2

#### Finished Goods Inventory Index

The finished goods inventory index moved further above neutral, rising 0.6 points to 51.3 with both manufacturing and non-manufacturing reporting at this level.

Finished Goods Inventories	Higher	Same	Lower	Net	Index
Nov 2025	13%	84%	3%	10%	54.5
Dec 2025	7%	89%	4%	3%	51.2
Jan 2026	6%	91%	3%	3%	51.2
Feb 2026	4%	91%	5%	-1%	49.7
Mar 2026	6%	89%	5%	1%	50.7
Apr 2026	8%	86%	6%	2%	51.3

## Houston PMI Calculation Methods

The Houston Purchasing Managers Index has been included as an integral part of the ISM-Houston Business Report since the Houston affiliate of the Institute for Supply Management started publishing this document in January 1995. The report and index are issued monthly as the primary deliverables from a survey of Houston area Supply Chain leaders regarding the status of key activities that provide insight into the strength of the economy. The respondents come from diverse organizations including construction, energy, engineering, health care, durable and non-durable goods manufacturing, financial and business services, wholesale and retail trade, and utilities related companies.

The Houston Purchasing Managers Index is determined from diffusion indices of the eight indicators of economic activity covered by the ISM-Houston Business Survey and Report. These underlying indicators are sales or new orders, production, employment, purchases, prices paid for major purchases, lead times from sellers, purchased materials inventory (raw materials and supplies), and finished goods inventories. The respondents to the survey report the direction of each of these activities as either up, the same, or down in comparison to the previous month. An index for each of these areas is then calculated by subtracting the percentage of respondents that sight a negative shift from the percentage that sight a positive shift. For indicators that are positively correlated with economic growth, this results in an underlying index that points to expansion when it is above zero. Indicators that are negatively correlated with growth point to expansion when they are below zero.

The final Houston PMI is calculated by applying optimal regression factors to each of the eight underlying indicators noted above. These regression factors are determined using standard regression techniques comparing these underlying indicators to the Houston-The Woodlands-Sugar Land Business Cycle Index (Houston BCI), which is reported monthly by the Federal Reserve Bank of Dallas. This top-level index is converted to a 0 to 100 scale to match that of the national Purchasing Managers Index® (PMI®) which is published monthly by the Institute for Supply Management® (ISM®). Readings over 50 for the HPMI generally indicate manufacturing expansion in Houston in the near term and readings below 50 show coming manufacturing contraction.

It is important to note that the manufacturing breakeven HPMI does not equate to the breakeven point for the overall Houston economy. ISM-Houston periodically reviews the capability of its correlations and adjusts the regression factors when appropriate. The most recent revision occurred in 2018 after it was determined that changes in the Houston economy over the previous decade had shifted the intercept of the correlation, causing a neutral Houston PMI to no longer align with a neutral Houston BCI. A Houston PMI of 45 points now equates to a neutral Houston economy as measured by the Houston BCI. A similar offset between the National PMI and the National economy has existed for some time.

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## ISM-Houston Business Report Background

The ISM-Houston Purchasing Manager Report has provided some of the best information regarding what is happening in the Greater Houston area economy for over 30 years. It delivers significant analytical data along with a summary of what Houston area Supply Chain Leaders are saying about the economy and is subscribed to by a wide range of global business leaders, economists, researchers, and reporters.

The report and index are published monthly as the primary deliverables from a survey of Houston area Supply Chain professionals. These highly engaged leaders provide information on key activities that are related to the strength of the economy. They come from diverse organizations including construction, energy, engineering, health care, durable and non-durable goods manufacturing, financial and business services, wholesale and retail trade, and utilities related companies.

We are always looking to improve our coverage of the industries that make up our economy. Please join us to help make our results even more representative of what's happening in Houston by completing this [signup form](#).