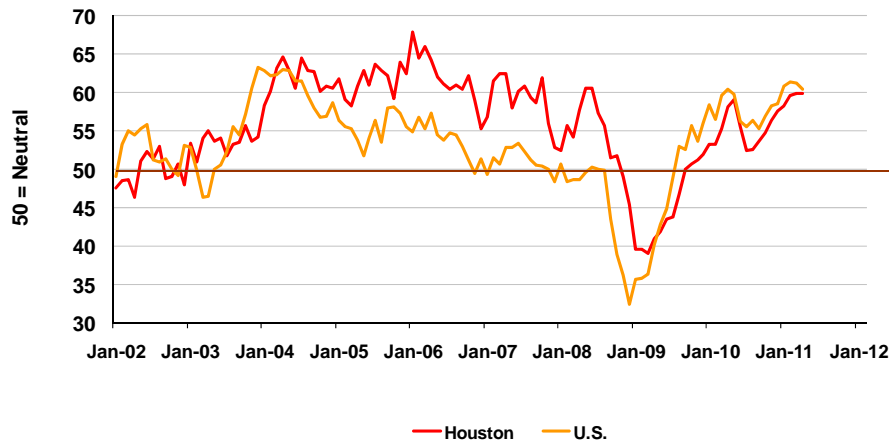


# Purchasing Managers Index

Houston's production decline has been reversed.

## Purchasing Managers Index

2002 - 2012



**Sources:** Institute of Supply Management - Houston, Inc., May 2011; Inst. for Supply Management, May 2011

### DATA

- The Houston Purchasing Managers Index (PMI), a short-term leading indicator of regional production, soared to 67.9 in January '06 — the strongest reading for the Houston PMI since it was introduced in January '95 — and then trended downward over the next two years before collapsing in late '08. (Readings below 50 signal likely contraction within the next three or four months.)
- The Houston PMI is based on a survey of some 80 purchasing executives in key Houston industries — oil and gas exploration and production, manufacturing, engineering and construction, chemicals, distribution, health care, and business and financial services. It measures over-the-month changes in sales (new orders), production, employment, purchases of new equipment, prices paid for major purchases, lead times from sellers, purchased materials inventory and finished goods inventory.
- The Houston PMI turned positive at the beginning of '03 and signaled expanding regional production for 70 consecutive months. The abrupt deterioration of the national economy in August '08 and worsening prospects locally are reflected in the steep decline of the Houston PMI into the opening months of '09 before edging upward from a record low of 39.0 in March '09.
- The PMI returned to 50.0 in September '09, with consistent plus-50 readings since October '09. The PMI has remained above 50 for 19 consecutive months.
- The PMI was at 59.9 in April '11, the highest since June '08, and now stands at pre-recession levels. The reading signals continued growth for Houston well into '11.