

The Partnership sends updates for the most important economic indicators each month. If you would like to opt-in to receive these updates, please click [here](#).

Read Time: 2 minutes

For historic data, click [here](#).

November 10, 2020

Houston's economy continues to expand, according to the most recent Houston Purchasing Managers Index (PMI). The October PMI of 53.2, though down slightly from September's reading of 53.4, reflects the third consecutive reading above 50 and the fifth above 45. Readings above 45 correlate with expansion of the **service side of the** economy, below 45 a contraction, while readings above 50 signal expansion in Houston's **goods producing sectors**, below 50 a contraction. The PMI fell to 34.6 in April, the lowest reading on record, but began to improve in May and has trended up since.

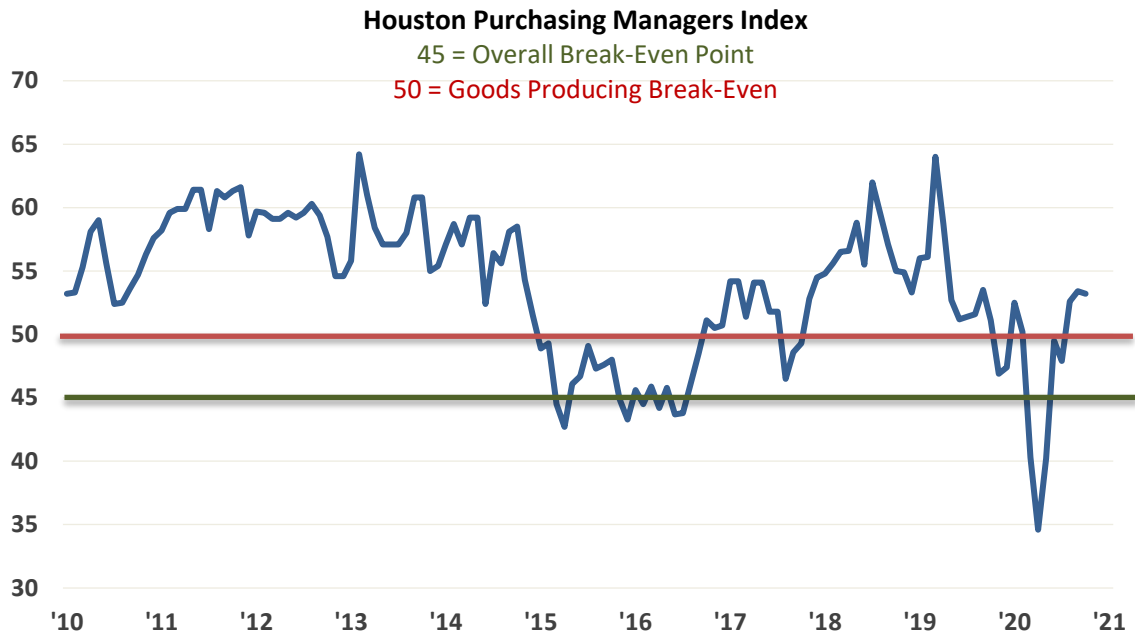
The index is composed of eight underlying indicators: sales or new orders, production, employment, purchases, prices paid for major purchases, lead times from sellers, purchased materials inventory (raw materials and supplies), and finished goods inventories. In the October PMI, two of the three sub-indexes that strongly correlate with growth—sales/new orders and lead times—pointed to expansion while the employment index continued to signal weak contraction.

Houston Purchasing Managers Index (PMI) Overall Components

Index	Oct	Sep	Change
Houston PMI	53.2	53.4	-0.2
Sales/New Orders	60.9	59.2	1.7
Production	50.4	53.3	-2.9
Employment	47.2	48.7	-1.5
Purchases	50.5	50.2	0.3
Prices Paid	50.4	51.5	-1.1
Lead Times	54.2	55.5	-1.3
Purchased Inventory	52.8	51.2	1.6
Finished Goods Inventory	48.1	49.6	-1.5

Source: Institute for Supply Management-Houston

On an industry specific basis, construction, wholesale trade, accommodations and foods services, and health care reported expansion in October. Durable goods manufacturing reported contraction. All other industries—oil and gas, professional services, real estate, and nondurable goods manufacturing—were near neutral.



The PMI is published monthly by the Institute for Supply Management – Houston and is based on a survey of supply chain executive in the region. For additional information on the index, click [here](#).

Prepared by Greater Houston Partnership Research

Patrick Jankowski
Senior Vice President, Research
713-844-3616
pjankowski@houston.org

Josh Pherigo
Director, Data Analytics
713-844-3617
jpherigo@houston.org