

The Iowa Leading Indicators Index (ILII) increased 0.1 percent to 107.6 (100=1999) in November from a revised 107.5 in October. The monthly diffusion index increased to 68.8 in November from 31.3 in October. The federal government shutdown has affected the release of housing data utilized in the ILII and therefore, the November 2025 ILII will present economic analysis based upon available components and neutralize the as yet unavailable component. When the September, October and November data become available retroactive revisions will be included in the ILII historical data.

During the six-month span through November 2025, the ILII increased 0.4 percent (an annualized rate of 0.9 percent). The six-month diffusion index decreased to 75.0 in November from 87.5 in October. The ILII was constructed to signal economic turning points with two key metrics that when seen together are considered a signal of a coming contraction: a six-month annualized change in the index below -2.0 percent and a six-month diffusion index below 50.0. Six of the eight component indicators increased more than 0.05 percent over the last half-year: The national yield spread, diesel fuel consumption, the Iowa Stock Market index, new orders index, initial unemployment insurance claims (inverted), and residential building permits. The agricultural futures profits index (AFPI) and average manufacturing hours decreased by more than 0.05 percent over the last six months.

Five of the eight components increased month-over-month in November 2025: diesel fuel consumption, the Iowa Stock Market Index, the national yield spread, the new orders index, and average weekly unemployment claims (inverted). The agricultural future profits index AFPI, and average weekly manufacturing hours were detractors from the Index. Residential building permits are as yet unrecorded in the ILII.

Figure 1. Iowa Leading Indicators Index and Iowa Nonfarm Employment Coincident Index: January 1999 - November 2025

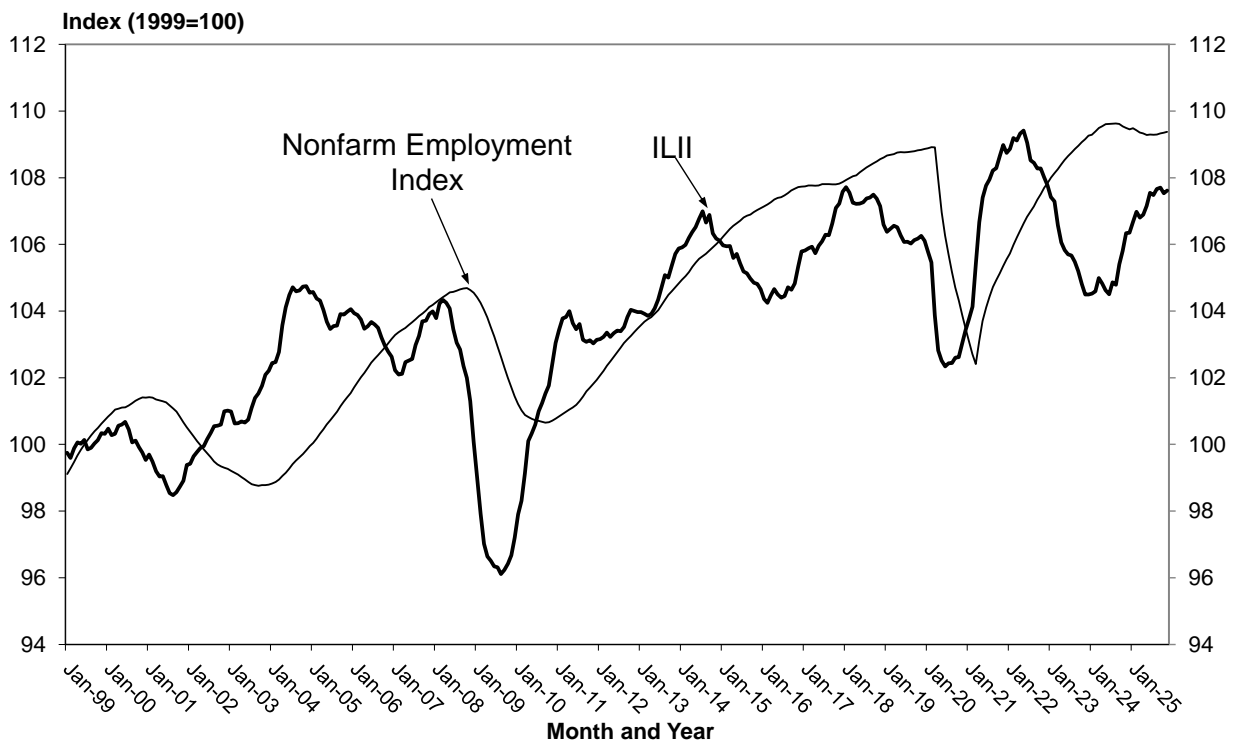


Table 1. Iowa Leading Indicators Index: Six Month Overview

Monthly Values	2025					
	June	July	Aug	Sept	Oct	Nov
ILII	107.5	107.5	107.7	107.7	107.5	107.6
Percentage Change ^a	0.4%	-0.1%	0.2%	0.0%	-0.2%	0.1%
Diffusion Index ^b	75.0	43.8	75.0	56.3	31.3	68.8
Six-Month Values	Jan to Jun	Feb to Jul	Mar to Aug	Apr to Sept	May to Oct	Jun to Nov
ILII						
Percentage Change	1.1%	0.7%	0.6%	0.8%	0.6%	0.4%
Annualized Percentage Change	2.3%	1.5%	1.3%	1.7%	1.2%	0.9%
Diffusion Index	81.3	62.5	75.0	100	87.5	75.0

Source: Tax Research Bureau, Iowa Department of Revenue, produced January 7, 2026.

a. Percentage changes in the ILII do not always equal changes in the level of the ILII due to rounding.

b. A diffusion index measures the proportion of components that are rising based on the actual changes (not the standardized contributions to the ILII). Components experiencing increases greater than 0.05 percent are assigned a value of 1.0, components that experience changes less than an absolute value of 0.05 percent are assigned a value of 0.5, and components experiencing decreases greater than 0.05 percent are assigned a value of 0.0.

Table 2. Iowa Leading Indicators Index Components: Six Month Overview

Component Series Monthly Values ^a		2025					
		Jun	Jul	Aug	Sept	Oct	Nov
AFPI ^b	↓ ^c						
Corn Profits (cents per bushel)		4.3	7.1	9.9	12.9	15.5	18.2
Soybean Profits (cents per bushel)		-134.9	-141.9	-130.3	-121.4	-110.3	-93.0
Hog Profits (cents per pound)		35.3	34.8	35.9	35.8	34.0	30.3
Cattle Profits (cents per pound)		7.7	6.9	4.9	3.0	-0.2	0.3
Iowa Stock Market Index (10=1984-86)	↑	164.09	170.61	166.10	168.25	167.51	171.04
Yield Spread (10-year less 3-month)	↑	-0.04	-0.02	-0.04	0.05	0.08	0.15
Residential Building Permits	*	1,153	1,127	1,136	1,136	1,136	1,136
Average Weekly Unemployment Claims ^d	↑	2,579	2,560	2,544	2,483	2,447	2,423
Average Weekly Manufacturing Hours	↓	41.20	41.28	41.28	41.18	41.16	41.09
New Orders Index (percent)	↑	48.4	47.9	48.6	49.4	48.7	49.0
Diesel Fuel Consumption (mil gallons)	↑	65.71	65.41	65.82	65.78	65.62	66.10

Source: Tax Research Bureau, Iowa Department of Revenue, produced January 7, 2026.

a. For all component series except for the yield spread and the Iowa stock market index, the values represent 12-month backward moving averages.

b. The agricultural futures profits index is computed as the sum of the standardized symmetric percent changes in the four series, each weighted by the commodity's annual share of Iowa cash farm income (updated September 2, 2025).

c. Arrows indicate the direction of the series' contribution to the ILII for the latest month.

d. Changes in average weekly initial unemployment insurance claims are inverted when added to the ILII, thus a negative change in the series contributes positively to the index.

* Data currently unavailable due to federal government shutdown. Data from November 2024 used in order to neutralize impact of component

ILII Components

- **Diesel fuel consumption:** Number of taxable gallons of diesel fuel sold in Iowa. Changes are calculated based on a 12-month moving average. Diesel fuel consumption increased 7.5 percent between November 2024 and November 2025. The 12-month moving average increased to 66.10 million gallons in November from 65.62 million in October, contributing 0.12 to the ILII value.
- **Iowa stock market index:** Capitalization-weighted index of 27 Iowa-based or Iowa-concentrated publicly-traded companies. During November, 19 of the 27 companies increased in value, and eight of the nine financial-sector companies increased in value. With just over two-thirds of the stocks experiencing gains, the index increased to 171.04 in November from 167.51 in November, contributing 0.03 to the ILII.
- **Yield spread:** Difference between the yield on 10-year Treasury bonds and 3-month Treasury bills. During November, the yield spread contributed to the ILII, and remained out of inversion territory (below 0.00 percent), up from 0.08 percent in October to 0.15 percent in November. The long-term rate increased by 3 basis points in November while the short-term rate decreased by 4 basis points. For the month, the yield spread contributed 0.02 to the ILII value.
- **New orders index:** Diffusion index measuring the share of purchasing managers in Iowa reporting increases in orders received for manufacturing output. Changes are calculated based on a 12-month moving average. In November, the new orders index increased to 48.8 from 44.5 in October. Likewise, the 12-month moving average of the new orders index increased to 49.0 from 48.7 in October, and contributed 0.02 to the ILII.
- **Average weekly unemployment claims:** Weekly average of initial claims for unemployment insurance in Iowa. Changes are calculated based on a 12-month moving average and are inverted when added to the ILII. This component contributed 0.01 to the ILII value, with the 12-month moving average of claims declining from 2,447 to 2,423. Unemployment claims were 35.3 percent below November 2024 claims, and 48.0 percent below average historical claims for November (1988-2024).
- **Average weekly manufacturing hours:** Weekly average of hours worked in the manufacturing sector in Iowa. Changes are calculated based on a 12-month moving average. For November, this component detracted -0.05 from the ILII with the 12-month moving average decreasing to 41.09 in November from 41.16 in October. In November, average hours were 40.8, approximately three-quarters of an hour below the historical monthly average (1996-2024).
- **Agricultural futures profits index:** Composite measure of corn and soybean expected profits, measured as the 12-month moving average of the futures price less estimated breakeven costs, and cattle and hog expected profits, measured as the average of the crush margin for the next 12 months, weighted by the respective share of Iowa annual cash receipts averaged over the prior ten calendar years. During November 2025, this component detracted -0.08 from the ILII; expected profits increased in corn, soybean, and cattle, however hog commodities experienced an expected profit decrease. Compared to last year, new crop corn prices were 1.7 percent higher and soybean prices were also 10.9 percent higher. The November crush margin for cattle increased 160.2 percent from October while the crush margin for hogs decreased 10.9 percent from October.
- **Residential building permits:** Number of total permits issued in Iowa for the construction of residential housing units. Changes are calculated based on a 12-month moving average. In November, this component contributed 0.0 to the index as the U.S. Census Bureau has not yet released housing data due to the federal government shutdown.

Table 3. ILII Components and Standardization Factors for FY 2026

Iowa Leading Indicator Index Components	Standardization Factor
Agricultural Futures Profits Index	0.034
Iowa Stock Market Index	0.016
Yield Spread	0.350
Residential Building Permits	0.032
Average Weekly Unemployment Claims	0.015
Average Weekly Manufacturing Hours	0.325
New Orders Index	0.065
Diesel Fuel Consumption	0.162

Source: Tax Research Bureau, Iowa Department of Revenue, produced September 5, 2025

The standardization factors are the inverse of the standard deviation of the month-to-month changes in each component over the January 1999 to June 2025 period. These factors equalize the volatility of the contribution from each component and are normalized to one. The month-to-month changes are based on 12-month backward moving averages for all components except the agricultural futures profits index, the Iowa stock market index, and yield spread. The yield spread and new orders index changes are simple arithmetic changes; month-to-month changes for the rest of the components are computed as symmetric percentage changes.

The factors are updated annually during August.

Comments

The Iowa Leading Indicators Index (ILII) is designed to forecast the future direction of economic activity in the state of Iowa. The techniques used to build the ILII follow those used by The Conference Board to construct the national Leading Economics Index (LEI) prior to the 2001 revisions. A one-month movement in such an index does not produce a clear signal, rather it is necessary to consider the direction of the index over several consecutive months. A contraction signal in the ILII is considered reliable when two conditions are met: 1. The index declines by at least two percent over a six-month period (using an annualized rate); and, 2. A majority of the individual components decline over those six months (the six-month diffusion index less than 50.0).

The Iowa nonfarm employment coincident index measures the change in non-seasonally adjusted, total nonfarm employment in the state of Iowa. Changes are based on a 12-month moving average of employment and are computed as symmetric percentage changes. The index is a representation of overall economic activity in Iowa.

The employment index and the ILII are constructed to have a value of 100 in the year 1999.