

IOWA DEPARTMENT OF REVENUE — IOWA LEADING INDICATORS INDEX

Overview. The Iowa Leading Indicators Index (ILII) is based on eight economic indicators determined by the Iowa Department of Revenue to be significantly correlated to the immediate future direction of the Iowa economy. The two measurements that, when seen together, are considered a signal of a coming Iowa economic contraction are a six-month annualized change (Figure 2) in the Index below -2.0% (dotted black line) and a six-month diffusion index below 50.0.

Historical Overview. The baseline 100 value of the ILII is associated with 1999 through 2001. The ILII started dropping six months before the declared start date of the U.S. recession that took place in 2001, demonstrating that Iowa businesses were changing behaviors prior to the national economy being impacted. However, the ILII did not start consistently decreasing until the sixth month of the U.S. recession that began in December 2007.

Current Status. The Index is currently at 106.7 for June 2023, compared to 106.7 in May 2023 and 110.1 in June 2022. Four of the eight components contributed positively to the Index month over month for June, as outlined in Figure 3.

The six-month diffusion index (January through June) remained at 12.5 for the third consecutive month. This is the lowest the six-month diffusion index has been since May 2009. The diffusion index measures the proportion of the eight components that rose during the most recent half year, based on actual changes. Average manufacturing hours was the only June indicator below that showed an increase of greater than 0.05% over six months.

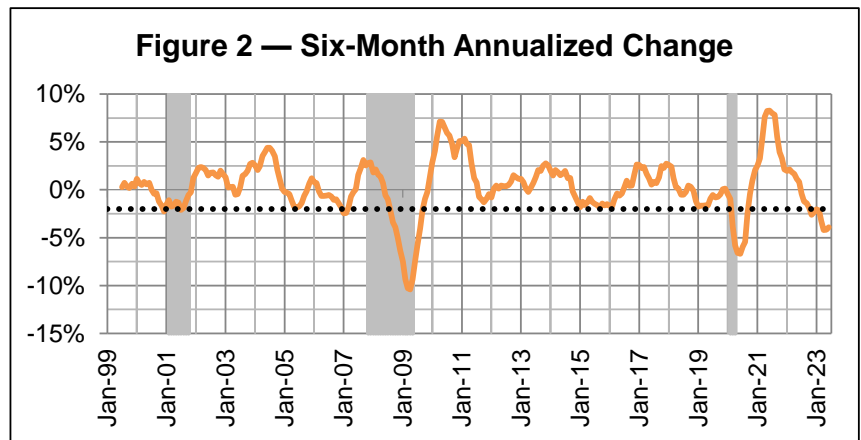
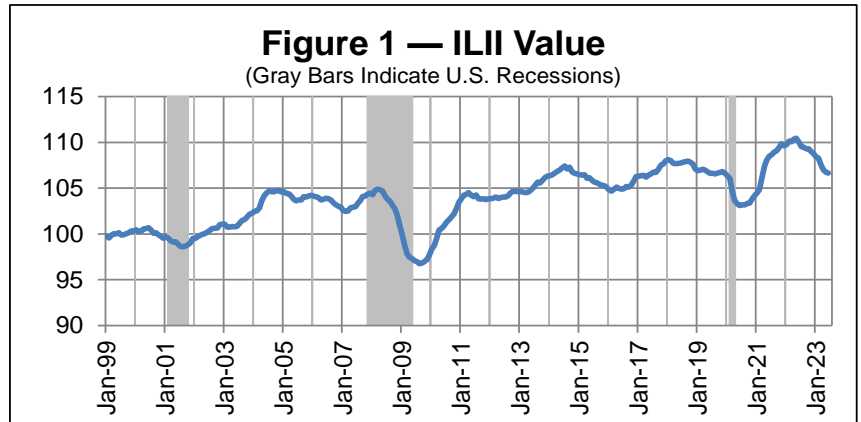


Figure 3 — Monthly Change of ILII Components

	Average Manufacturing Hours	Residential Building Permits	New Orders Index	Average Weekly Unemployment Claims	National Yield Spread	Diesel Fuel Consumption	Iowa Stock Market Index	Agricultural Futures Profits Index
Jun-22	Neutral	Positive	Negative	Positive	Negative	Negative	Negative	Positive
Jul-22	Negative	Negative	Negative	Positive	Negative	Negative	Negative	Positive
Aug-22	Negative	Positive	Negative	Positive	Negative	Positive	Positive	Negative
Sep-22	Positive	Negative	Negative	Positive	Positive	Negative	Negative	Negative
Oct-22	Positive	Negative	Negative	Positive	Negative	Positive	Positive	Positive
Nov-22	Positive	Negative	Negative	Negative	Negative	Negative	Positive	Positive
Dec-22	Negative	Neutral	Negative	Negative	Negative	Positive	Negative	Negative
Jan-23	Positive	Negative	Negative	Positive	Negative	Negative	Positive	Negative
Feb-23	Negative	Positive	Negative	Negative	Positive	Negative	Positive	Negative
Mar-23	Positive	Negative	Negative	Negative	Negative	Negative	Negative	Negative
Apr-23	Positive	Negative	Negative	Negative	Negative	Positive	Negative	Negative
May-23	Negative	Positive	Negative	Negative	Negative	Negative	Negative	Negative
Jun-23	Positive	Negative	Negative	Negative	Positive	Positive	Positive	Negative

More Data. Additional information can be found on the Legislative Services Agency's [Economic Trends webpage](#), which includes links to source sites and the underlying data for each Economic Trends indicator.