

July
2025

THE MAINSTREET ECONOMIC REPORT

A monthly survey of community bank CEOs, and chief loan officers

Rural Mainstreet Economy Soars to Two-Year High: One in Four Farmers Expected to Experience Loss

June-at-a-Glance:

- Mainstreet Index (RMI) rose to its highest level since July 2023.
- Bank CEOs expect one in four farmers in their area to experience negative 2025 income.
- Bankers reported very low farm loan delinquency rates over the past six months.
- For the 13th time in the past 14 months, farmland prices sank below growth neutral.
- Farm equipment sales dropped below growth neutral for the 22nd straight month.
- Regional exports of agriculture goods and livestock for the first four months of 2025, compared to the same 2024 period, fell from \$4.5 billion in 2024 to \$3.7 billion in 2025 for a decline of 18.5%.
- Mexico was the top destination for regional ag exports, accounting for 55.1% of total regional agriculture and livestock exports.

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Welcome to Creighton's July Bank CEO Report covering June 2025 survey results. The overall June reading from bank CEOs and bank executives in 10 Rural Mainstreet States climbed into a range indicating that the Rural Mainstreet economy is improving, but with falling farmland prices and ag equipment sales. Thank you for your input for our June survey.
Ernie Goss

AI Strains Power Grid Nationwide Inflexible Renewables Hinder Growth Without Storage Solutions

The rapid growth of Artificial Intelligence (AI) applications—particularly large language models and other data-intensive services—is driving a sharp rise in electricity consumption. As a result, U.S. data centers are projected to account for nearly half of all national electricity demand growth through 2030. AI-related computing alone could more than triple its share of total U.S. electricity use by the end of the decade, reversing more than a decade of flat demand. By 2028, data center electricity use is expected to reach between 6.7% and 12% of total U.S. consumption, up from 4.4% in 2023.

In response to rising energy needs, many data centers have relocated or expanded in regions with greater grid capacity. The accompanying data table illustrates how Nebraska and neighboring states ranked in 2014 by data center employment concentration. That year, both Nebraska and Iowa had data center employment shares well above their proportion of the national population. The region as a whole accounted for 6.5% of the U.S. population but produced 39.4% of its electricity from renewable sources—far above the 10.7% average for the rest of the country.

However, from 2014 to 2024, data center growth in the region was constrained by the intermittent nature of renewable energy.

Solar power peaks midday and drops to zero at night, while wind production varies seasonally and often surges during periods of low electricity demand. This mismatch between renewable supply and data center load underscores the growing need for battery storage and other grid-balancing technologies to ensure reliability and attract further investment.

Some economic development officials question whether recruiting data centers is worthwhile, citing the relatively low number of jobs created per facility. However, data center positions command high wages: technicians earn an average of \$105,000, while directors can earn up to \$215,000—far above the 2025 national average salary of \$66,622. In addition, data centers contribute significant property tax revenues. In Sarpy County, Nebraska, each of the three major data centers examined paid between \$3 million & \$4 million annually in property taxes, making them the largest contributors in the county.

While many forward-looking utilities are embracing battery storage, others continue to resist its deployment when it challenges profits, centralized control, or outdated regulatory models. The transition from resistance to adoption is still underway and hinges largely on the role of state regulators, public utility commissions, and energy policy reform. For states with high renewable energy penetration, supporting large-scale battery storage is essential. These technologies are no longer optional—they are central to ensuring grid stability, enabling economic development, and keeping pace with the energy demands of the digital age. Ernie Goss.

Renewable electricity production & data center jobs/companies: Nebraska & border states

Area	Share of U.S. Population	Renewable Electricity As % of Total	Share of data center jobs		Share of U.S. data center firms	
			2014	2024	2014	2024
Iowa	1.0%	65.0%	2.1%	0.7%	2.0%	1.0%
S. Dakota	0.3%	62.4%	0.0%	0.1%	3.5%	0.3%
Kansas	0.9%	50.6%	0.6%	0.6%	2.5%	0.8%
Colorado	1.7%	39.3%	3.0%	3.1%	0.2%	2.6%
Nebraska	0.6%	33.8%	1.7%	0.4%	2.3%	0.7%
Wyoming	0.2%	25.6%	0.1%	0.0%	3.8%	0.2%
Missouri	1.9%	10.0%	3.7%	3.0%	0.2%	1.6%
Region	6.5%	39.3%	11.1%	7.9%	14.4%	7.1%
Rest of U. S.	93.5%	10.7%	88.9%	92.1%	85.6%	92.9%

Sources: U.S. Bureau of Labor Statistics, U.S. Energy Information Agency

BULLISH NEWS

- The U.S. economy added 147,000 jobs in June and the unemployment rate fell to 4.1%.
- Driven by passive investing (i.e. ETFs), the S&P index climbed to an all time high in the first week of July. In my judgment, the risks outweigh the potential gains.

BEARISH NEWS

- The U.S. trade deficit rose to \$71.5 billion for May.
- Continuing claims for unemployment insurance rose by 118,000 over the past 12 months.
- U.S. ISM manufacturing employment index fell below growth neutral for June.
- Bankruptcy filings have increased by 10% for the first half of 2025 compared to the same period in 2024.
- U.S. consumer spending fell by 0.1% in May from the previous month.
- The Case-Shiller home price index sank by 0.4% in May from the previous month. New York again reported the highest annual gain with a 7.9% increase followed by Chicago and Detroit.
- The unemployment rate for recent college graduates rose above 6.0%--the highest level since the 2008-10 recession.

Main\$tre\$ on Your \$treet

The overall June Rural Mainstreet Index (RMI) climbed above 50.0 growth neutral reading, marking its highest level since July 2023, according to the monthly survey of bank CEOs in rural areas of a 10-state region dependent on agriculture and/or energy.

Overall: The region's overall reading for June rose to 51.9 from May's 44.0. The index ranges between 0 and 100, with a reading of 50.0 representing growth neutral.

This is only the third time in two years that the overall index has moved above growth neutral. Despite the significant increase for the month, on average, bankers expect approximately one in four farmers to experience negative income for farmers in their area.

Regarding the Fed's short-term interest rate decision this week, three out of four bank CEOs agreed with the Fed's decision to maintain the current rate. Approximately 22.2% recommended a 0.25% (25 basis points) rate cut.

According to Casey Regan, CEO of Premier Banks in Maplewood, Minn., "Flyover country is being ignored despite relatively solid growth prospects. Customers remain cautiously positive and willing to invest."

Other comments from bankers in June:

>Jim Eckert, Executive VP and Trust Officer of Anchor State Bank in Anchor, Ill. said, "We have had adequate rain in our area of Central Illinois. The corn crop looks very good, but soybeans are behind. Farmers continue to be concerned about low commodity prices and higher input costs."

>Jeff Bonnett, President of Havana Bank in Havana, Ill. reported, "Thanks to irrigation on the east side of the Illinois River, some of our farm producers will be able to grow specialty crops (green beans, melons, popcorn & potatoes), which will allow them to be profitable for 2025."

>Casey Regan, CEO of Premier Banks in Maplewood, Minn. added, "Economic trends in Minnesota are positive despite the negative economic headlines referenced on the coasts."

Farming and ranch land prices: For the 13th time in the past 14 months, farmland prices slumped below growth neutral. The region's farmland price increased slightly to a weak 40.9



from May's 39.6. Elevated interest rates, higher input costs and volatility from tariffs have put downward pressure on farmland prices. On average, bankers expect one in four farmers in their area to experience negative 2025 income.

According to trade data from the International Trade Association (ITA), regional exports of agriculture goods & livestock for the first 4 months of 2025, compared to the same 2024 period, fell from \$4.5 billion in 2024 to \$3.7 billion in 2025 for a decline of 18.5%. For the first 4 months of 2025, Mexico was the top destination for regional ag exports, accounting for 55.1% of total regional AG exports.

Farm equipment sales: The farm equipment sales index slumped to a very weak 22.7 from 23.9 in May. This is the 22nd straight month that the index has fallen below growth neutral. High input prices, tighter credit conditions, low farm commodity prices and market volatility from tariffs are having a negative impact on the purchases of farm equipment.

Banking: The June loan volume index declined to 73.1 from 75.0 in May. The checking deposit index fell to 40.4 from May's 45.8. The index for certificates of deposits (CDs) and other savings instruments dropped to 50.2 from 60.4 in May. CD purchases have risen above growth neutral for 31 straight months.

Hiring: The new hiring index for June slipped to 52.0 from May's 52.1. Job gains for non-farm employers have been positive but soft for the last several months.

Confidence: Rural bankers remain pessimistic about economic growth for their area over the next six months. The June confidence index increased to a frail 37.0 from May's 30.0. Weak grain prices and negative farm cash flows, combined with tariff retaliation concerns, pushed banker confidence lower.

On average, bankers project that 24.7% of farmers will experience negative income for

GOSS EGGS

RECENT DUMB

Economic Steps, Inactions, and/or Lies

Medicaid Funding

Critics falsely allege that the 2025 “One Big Beautiful Act” kicks recipients off of Medicaid coverage.

It DOES potentially tighten coverage by altering eligibility requirements.

The bill DOES introduce biannual income verification and mandatory work or education requirements for able-bodied adults aged 19 to 64

The bill DOES NOT change the eligibility requirements for disabled workers and those under age 19 or over age 64.

The legislation mandates that able-bodied adults aged 19 to 64, without young children, engage in at least 80 hours per month of qualifying activities to maintain Medicaid eligibility. These activities encompass employment, community service, educational programs, or participation in job training.

There are now approximately 37 million Americans living below the poverty line, but 72 million Americans on Medicaid. Not surprisingly, Medicaid spending has risen 60% since 2019. What a novel approach: Requiring work or community service to receive a federal benefit.

4 OF 5 GOSS EGGS



2025. Despite weak farm income for 2023, 2024 and now 2025, bankers reported that

farm loan delinquency rates have risen by only 1.1% over the past six months.

Home and retail sales: Home sales strengthened slightly to 51.9 from May's 47.9. Regional retail sales, much like national retail June sales were weak with a reading of 44.2, up from May's 41.7.

Below are the state reports:

Colorado: The state's Rural Mainstreet Index (RMI) for June improved to 50.9 from 47.9 in May. The farmland and ranchland price index for June increased to 42.0 from May's 40.8. The state's new hiring index dipped to 52.2 from May's 52.3. According to trade data from the International Trade Association (ITA), Colorado exports of agriculture goods and livestock for the first four months of 2025, compared to the same period in 2024, rose by \$13.8 million for a 10.9% gain. South Africa was the top destination to begin 2025, accounting for 27.2% of 2025 Colorado agriculture and livestock exports.

Illinois: The state's June RMI advanced to 52.7 from 37.6 in May. The farmland price index for June increased to 42.3 from 37.9 in May. The state's new hiring index for June climbed to 53.8 from 48.6. According to trade data from ITA, Illinois exports of agriculture goods and livestock for the first four months of 2025, compared to the same period in 2024, sank by \$753.0 million for a decline of 43.1%. China was the top destination for state exports, accounting for 27.9% of 2025 Illinois agriculture and livestock exports.

Iowa: June's RMI for the state climbed to 51.0 from 46.8 in May. Iowa's farmland price index for June dropped to 39.3 from 41.6 in May. Iowa's new hiring index for June dipped to 44.8 from May's 44.9. According to trade data from ITA, Iowa exports of agriculture goods and livestock for the first four months of 2025, compared to the same period in 2024, sank by \$11.9 million for a decline of 1.8%. Mexico was the top destination for state exports, accounting for 74.5% of 2025 Iowa agriculture and livestock exports.

Kansas: The Kansas RMI for June climbed to 49.1 from May's 36.8. The state's farmland price index moved to 36.1 from 31.6 in May. The new hiring index rose to 46.0 from 40.9 in May. According to trade data from ITA, Kansas exports of agriculture goods and livestock for the first four months of 2025, compared to the same period in 2024, sank by \$24.2 million for a decline of 4.8%. Mexico was the top destination for state exports, accounting for 77.0% of 2025 Kansas agriculture/livestock exports.

Minnesota: The June RMI for Minnesota climbed to 54.5 from 48.2 in May. Minnesota's farmland price index increased to 45.2 from 40.9 in May. The new hiring index for June rose to 57.5 from 52.4 in May. According to trade data from ITA, Minnesota exports of agriculture goods and livestock for the first four months of 2025, compared to the same

period in 2024, sank by \$90.1 million for a decline of 24.0%. Mexico was the top destination for state exports, accounting for 35.1% of 2025 Minnesota agriculture and livestock exports.

Missouri: The state's June RMI advanced to 50.3 from 40.1 in May. The farmland price index for June increased to 38.2 from May's 33.8. The state's new hiring gauge for June moved to 48.7 from May's 43.6. According to trade data from ITA, Missouri exports of agriculture goods and livestock for the first four months of 2025, compared to the same period in 2024, fell by \$59.3 million for a decline of 16.9%. Mexico was the top destination for state exports, accounting for 86.2% of 2025 agriculture and livestock exports.

Nebraska: The Nebraska RMI for June jumped to 52.4 from 35.8 in May. The state's farmland price index for June increased to 41.8 from May's 37.3. Nebraska's new hiring index climbed to 53.1 from May's 48.0. According to trade data from the International Trade Association (ITA), Nebraska exports of agriculture goods and livestock for the first four months of 2025, compared to the same period in 2024, rose by \$63.1 million for a 16.6% gain. Mexico was the top destination to begin 2025, accounting for 66.8% of 2025 Nebraska agriculture and livestock exports.

North Dakota: The state's overall RMI for June improved to 53.5 from May's 42.0. The state's farmland price index increased to 43.6 from May's 39.1. The state's new hiring index rose to 55.3 from 50.2 in May. According to trade data from ITA, state exports of agriculture goods and livestock for the first four months of 2025, compared to the same period in 2024, fell by \$18.9 million for a decline of 6.0%. Mexico was the top destination for state exports, accounting for 48.6% of 2025 North Dakota agriculture/livestock exports.

South Dakota: The June RMI for South Dakota climbed to 52.3 from 40.8 in May. The state's farmland price index increased to 43.2 from 38.8 in May. South Dakota's June new hiring index rose to 54.9 from May's 49.8. According to trade data from the International Trade Association (ITA), state exports of agriculture goods and livestock for the first four months of 2025, compared to the same period in 2024, rose by \$18.4 million for a 40.4% gain. Mexico was the top destination to begin 2025, accounting for 79.8% of 2025 South Dakota agriculture and livestock exports.

Wyoming: The June overall RMI for Wyoming jumped to 54.0 from 45.0 in May. The June farmland and ranchland price index increased to 44.4 from May's 40.0. Wyoming's new hiring index rose to 56.4 from 51.3 in May. According to trade data from the International Trade Association (ITA), Wyoming exports of agriculture goods and livestock for the first four months of 2025, compared to the same period in 2024, rose by \$2.7 million for a 273.5% gain. Canada was the top destination to begin 2025, accounting for 61.0% of 2025 Wyoming agriculture and livestock exports.

Tables 1 and 2 summarize the survey findings. Next month's survey results will be released on the third Thursday of the month, July 17, 2025.



KEEP AN EYE ON

Keep an eye on the yield on the 10-yr U.S. Treasury bond. Higher yields foreshadow expanding inflation and international investors dumping U.S. Treasury bonds. Rates below 4.1% point to a slowing economy.

Consumer price index (CPI). On July 15, the U.S. BLS releases its CPI estimate for June. Rising inflation—bad for mortgage rates. I expect moderation instead due to a slowing U.S. economy.

Employment Report for May. On August 1, the U.S. BLS releases its job report for July. A significant uptick in the unemployment rate will support a Fed rate cut in September.

Federal Reserve interest rate meetings (FOMC) on July 29/30 will be important, but no change in rates. Fed is caught between inflation and potential recession/slowdown. I expect rates to come down in Sept.

THE OUTLOOK. National Association of Business Economics- SUMMARY: “The NABE Outlook Survey panel’s forecasts for economic growth in 2025 and 2026 are little changed from NABE’s special April Flash Survey,” said NABE President Emily Kolinski Morris, CBE, global chief economist, Ford Motor Company, “but they are lower than the pre-April 2 projections.” “The median forecast calls for real GDP growth of 1.3% in 2025 and 1.4% in 2026, down from 1.9% projected for both years in the pre-April 2 Outlook survey. In addition, a majority of respondents, 78%, sees tariff impacts as the greatest downside risk to economic growth over the next 12 months.”

“The median forecasts for inflation for this year have eased from the April Flash Survey but remain elevated and above the pre-April 2 forecasts,” added NABE Outlook Survey Chair Kathy Bostjancic, chief economist, Nationwide. “The personal consumption expenditure price index, which is the Federal Reserve’s preferred inflation measure, is forecasted to be 3.1% from the fourth quarter of 2024 to the fourth quarter of 2025. While it is projected to cool to 2.3% by the end of 2026, this still exceeds the Fed’s 2% target. Panelists look for the Federal Open Market Committee to lower the federal funds rate by half a percentage point by year-end, followed by another half-percentage-point reduction in 2026.” <https://tinyurl.com/muw6umdu>

BANKER READING ROOM

How AI Is Used in Banking

Fraud Detection and Prevention.

Real-time monitoring: AI models analyze transactions in real time to detect anomalies and flag potential fraud. **Behavioral analysis:** Machine learning profiles customer habits to catch suspicious activity. **Reduced false positives:** More accurate detection reduces unnecessary alerts for customers. For example, JPMorgan Chase uses AI to scan millions of transactions to prevent card fraud.

Customer Service and Chatbots. AI-

powered chatbots (e.g., Erica by Bank of America) handle millions of queries related to account balances, bill payments, or transaction history. **Natural Language Processing (NLP)** enables more human-like conversations. Available **24/7**, reducing call center costs and improving customer satisfaction.

Credit Scoring and Loan Underwriting.

AI analyzes **alternative data** (e.g., payment history, spending habits, utility bills) to assess creditworthiness — especially useful for underbanked populations.

<https://tinyurl.com/y3vbhrhs>

STATISTIC(S) OF THE MONTH 26

The median duration of unemployment for job seekers aged 55-64 is 26 weeks compared to 19 weeks for individuals aged 25-34.

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<https://www.creighton.edu/economicoutlook/>

For ongoing commentary on recent economic developments, visit:

Goss monthly interview at: <https://bit.ly/MidAmericaBCIJune2025YouTube>

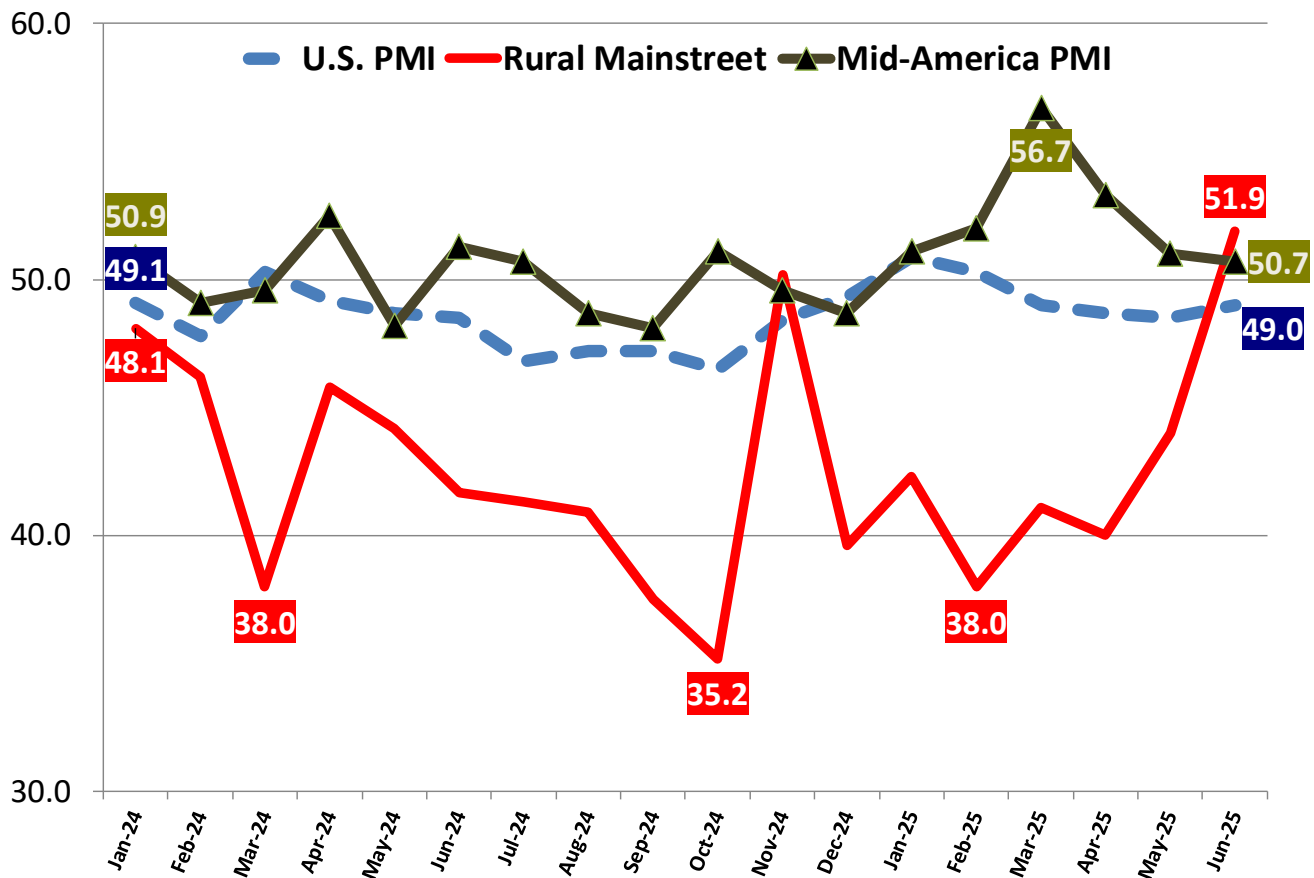
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This month's survey results will be released on the third Thursday of the month.

The Rural Mainstreet Economic Report July 2025

Economic Indicators for U.S., Rural Mainstreet, & Mid-America

Leading Economic Indicators, last 18 months (50.0 = Growth Neutral)



SURVEY RESULTS

Table 1: Rural Mainstreet Economy Last 2 Months & One Year Ago: (Index > 50 indicates expansion)			
	June 2024	May 2025	June 2025
Area Economic Index	41.7	44.0	51.9
Loan Volume	79.2	75.0	73.1
Checking Deposits	34.8	45.8	40.4
Certificates of Deposit and Savings Instruments	63.0	60.4	50.2
Farmland Prices	49.9	39.6	40.9
Farm Equipment Sales	31.8	23.9	22.7
Home Sales	62.5	47.9	51.9
Hiring	47.7	52.1	52.0
Retail Business	41.3	41.7	44.2
Confidence Index (area economy six months out)	29.2	30.0	37.0

Table 2: The Rural Mainstreet Economy, June 2025

	Percentage of Bankers Reporting				
	Leave Short-Term Interest Rates Unchanged	Cut Short-Term Interest Rate by 0.25%	Raise Rates by 0.25%		
The Federal Reserve (Fed) meets next week to consider changing interest rates. The Fed should:	74.1%	22.1%	3.8%		
	Percentage of Bankers Reporting				
	Moderately Higher (1% to 4%)	Little or No Change (0% - 0.9%)			
Farm loan delinquency rates for your bank over the past six months are:	30.8%	69.2%			
	Percentage of Bankers Reporting				
	1% to 4%	5% to 9%	10% to 14%	15% to 49%	50% to 75%
What percentage of farmers in your area do you estimate will have negative net income for 2025?	15.3%	11.4%	19.2%	38.5%	15.6%