

June
2026

THE MAINSTREET ECONOMIC REPORT

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

Rural Mainstreet Index Falls Below Growth Neutral for the Fourth Straight Time: Weak Grain Prices the Prime Foe

May-at-a-Glance:

- The overall RMI dropped below growth neutral for the fourth straight month.
- More than half, or 56.6%, bank CEOs reported that weak grain prices were the top factor constraining farming financial conditions in their area.
- Almost 3 of 6 bankers recommend no change to Federal Reserve interest rates at their next meetings on June 16/17.
- Agriculture equipment sales sank below growth neutral for the 33rd straight month.
- After three straight months of falling farm and ranchland values, the region's farm and ranchland price index expanded for May.
- This month, approximately 47.8% of bank CEOs reported that financial conditions for farmers and ranchers had deteriorated from 2025 to 2026.
- According to International Trade Association (ITA) data, regional agriculture goods and livestock for the first quarter of 2026, compared to the same period in 2025, increased by 7.5% to \$2.93 billion.
- ITA data indicate that regional exports of agriculture goods and livestock to China for the first quarter of 2026 compared to the same p2025 rose by 76.9% to \$206.7 million.

(Continued next page)
(Tables on final page)



Welcome to Creighton's June Bank CEO Report covering May 2026 survey results. The overall May reading from bank CEOs and bank executives in 10 Rural Mainstreet States sank below growth neutral for the 15th time since January 2025. Bank executives reported weak farmland prices with ag equipment sales declining for the 33rd straight month. Thank you for your input. Ernie.

Government Is Plucking the Financial Feathers of High Income Workers

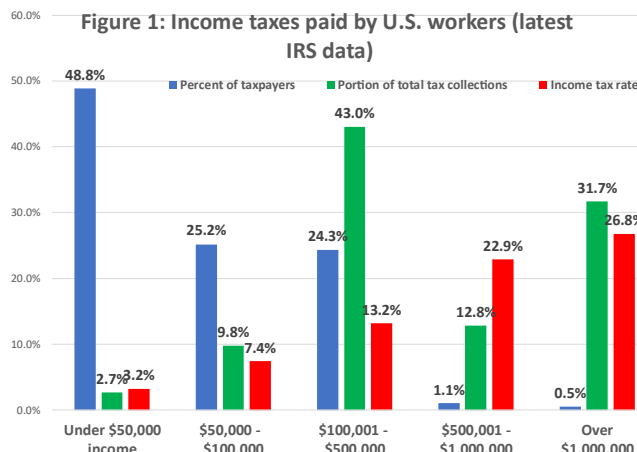
Across the U.S. political activists are calling for taxing the wealthy more heavily since it is argued that they are not paying their "fair share." In addition, some politicians, such as Congresswoman Alexander Cortez, claim that the existence of billion dollar fortunes is evidence of systemic failure, not an accomplishment. As such, these two arguments form the basis for taxing billionaires and other high income earners more heavily.

To quote Jean-Baptiste Colbert, former French Minister of Finance, "The art of taxation consists in so plucking the goose as to obtain the largest amount of feathers with the least amount of hissing." Thus, not surprisingly, the current high income taxes and proposed tax increases are foisted on the few at benefit of the many. As presented in Figure 1, the U.S. is indeed plucking the few taxpayers earning more than \$1,000,000, representing only 1/2%, at a tax rate of

26.8% while taxing the many who earn less than \$50,000 representing 48.8% of taxpayers at a rate of 3.2%. As a result of this differential, the percent of total tax collections from millionaires were 31.7%, and collections from lower income taxpayers were only 2.8%.

But states joined in on the financial plucking with the State of Washington in 2026, for example, enacted a historic 9.9% state income tax for high earners, referred to as the "millionaires' tax"(note: not billions). California, Maine, Minnesota, and New York are proposing to one up Washington's piggish financial taking.

Table 1 provides evidence that the state financial plucking has pushed households to abandon the higher tax locations. One interesting pattern is that virtually every state that has recently experienced strong net in-migration—such as Florida, Texas, Tennessee, North Carolina, and Georgia—either has no income tax or has been reducing its income-tax rate. Migration data indicate in the end, tax collections will not match expectations due to geographic mobility, both internationally and domestically. Ernie Goss.



| Table 1: States with highest & lowest income taxes, and 2024-25 migration | | |
|---|----------|---------------|
| High tax | Top rate | Net migration |
| California | 13.2% | -64,100 |
| Hawaii | 11.0% | 8,900 |
| New York | 10.9% | -64,800 |
| New Jersey | 10.8% | -67,600 |
| D.C. | 10.8% | -9,100 |
| Oregon | 9.9% | 12,300 |
| Wash. (2027) | 9.9% | 21,900 |
| Minnesota | 9.9% | -12,000 |
| Massachusetts | 9.0% | -41,900 |
| Vermont | 8.8% | 145,900 |
| Low income tax rates | | |
| Alaska | 0.0% | -139,700 |
| Florida | 0.0% | 33,000 |
| Nevada | 0.0% | 126,100 |
| New Hampshire | 0.0% | 48,600 |
| South Dakota | 0.0% | -64,300 |
| Tenn. | 0.0% | 50,700 |
| Texas | 0.0% | 24,600 |
| Wyoming | 0.0% | 110,000 |

Source: Tax Foundation

BULLISH NEWS

➤ U.S. economy added 172,000 jobs for May (well above expectations) and the unemployment rate was unchanged at 4.3%.

➤ The New York Federal Reserve estimates Q2 GDP growth to come in at an OK 2.7% (annualized).

➤ U.S. job growth has averaged 188,000 over the last 3 months compared to a lousy 9,700 per month last year.

➤ The Case-Shiller National House Price Index rose for a 8th straight month by 0.7% for the 12 months ending in March (smallest gain in the 7 months).

➤ ISM's & Creighton's May manufacturing readings climbed above growth neutral.

BEARISH NEWS

- The Consumer Price Index increased 0.5% in May. For the 12 months ending in May the CPI climbed by 4.2%.

- Average hourly earnings expanded in May by from 12 months earlier by 3.4% or below the rate of inflation.

- The labor participation rate (individuals in the labor market) stood at 61.8% in May. Too many workers sitting on the sidelines.

- The U.S. budget deficit for fiscal 2026 will again hit \$2.0 trillion or 5.8%. It will continue to put upward pressure on long term interest rates.

Main\$street on Your Street

According to the May survey of bank CEOs in rural areas of a 10-state region dependent on agriculture and/or energy, the overall Rural Mainstreet Index (RMI) dropped below growth neutral for the fourth straight month.

Overall: The region's overall reading for May dropped to 45.7 from April's 47.9. This marks the 15th time since January 2025 that the index has moved below the growth neutral threshold. The index ranges between 0 and 100, with a reading of 50.0 representing growth neutral.

Weakness in farm commodity prices and elevated agriculture input costs are spilling over into the rural business community. Approximately, 47.8% of bankers reported that the financial position of farmers in their area had deteriorated in 2026 from 2025.

Farming and ranchland prices: After three straight months of falling farm and ranchland values, the region's farm and ranchland price index expanded for May to a tepid 50.1 from 48.0 in April. Though farm and ranchland values have been holding up much better than farm income, weak farm income, lower farm liquidity, and tougher credit standards have restrained farmland values.

Jim Eckert, Executive VP and Trust Officer of Anchor State Bank in Anchor, Illinois, reported that, "Crops in our area of Central Illinois are mostly planted. Recent rains have improved ground moisture levels. Timely rains will still be necessary to raise a good crop. The combination of low grain prices and higher fuel and input costs have all our farmers worried."

According to the most recent trade data from the International Trade Association (ITA), regional exports of agriculture goods and livestock for the first quarter of 2026, compared to the same period in 2025, climbed by 7.5% to \$2.93 billion. Regional exports of agriculture goods and livestock to China for the first quarter of 2026 compared to the same period in 2025 rose by 76.9% to \$206.7 million.

Farm equipment sales: The May farm equipment sales index slumped to a very weak 18.2 from April's 26.1. "This is the 33rd



straight month that the index has fallen below growth neutral. The 2026 conflict in Iran has created even more volatility in the agricultural sector, impacting agricultural equipment sales by tightening farmer operating margins via increasing input costs and shifting farmer planting decisions,

Banking: The May loan volume index rose to a strong 67.4 from 65.2 in April. The checking deposit index fell to 54.3 from 60.9 in April. The region's index for certificates of deposits (CDs) increased to 60.9 from 56.5 in April.

As stated by Larry Winum CEO of Glenwood State Bank in Glenwood, Iowa, "The US national debt will most likely exceed \$40 trillion before the end of the year and is for the first time since WW II larger than the US economy (over 100% of GDP). It was encouraging to see Senator Grassley address this on the Senate floor, but there still is no serious conversation in Congress about a plan to balance the budget and reduce our debt."

Winum singled out this issue as the single biggest economic threat to the future of the U.S.

Hiring: The new hiring index for May sank to 43.5 from 50.0 in April. The rural job market for farms, ranches and non-farm rural employers has remained weak for the last several months. In April, only 4.2% of bankers reported an upturn in hiring for the month..

Confidence: Rural bankers remain pessimistic about economic growth for their area over the next six months. The May economic confidence index slumped to 34.8 from 39.1 in April. In spite of the potential for year round E-15 ethanol sales, weak grain prices, higher input prices and expected negative farm cash flows continued to weigh on banker confidence.

This month, approximately 47.8% of bank CEOs reported that financial conditions for

GOSS EGGS

RECENT DUMB

Economic Steps, Inactions, and/or Lies

Great Britain's Woke Have Put Their Youth to Sleep

Approximately 60% of Brits under 25 are out of work, and remain bone-idle during work hours. Furthermore, nearly half of the idle youth claim a work-limiting disability with 42% citing mental health issues curbing their ability to work. As result, the U.K. spent £52 billion on youth health related benefits up from £38 billion only five years earlier.

A report authored by former Labour Health Secretary estimates the cost to the British economy at £125 billion which is more than national spending on education.

Despite the lethargic youth, the Labour Party revolted last year when Prime Minister Starner introduced measures to tighten eligibility. Furthermore, laws and regulations discourage hiring and working as the payroll tax rises significantly with company payroll. Additionally, the British minimum wage has risen by 84% since 2019 making less productive youth less employable. As a result, the U.S. economy has expanded at roughly three times the rate of the British economy since 2023.

As declared by former U.K. Prime Minister Winston Churchill: "Continuous effort—not strength or intelligence—is the key to unlocking our potential." Churchill would indeed be disappointed by the youth of today's Great Britain and the political leaders that have incentivized their destructive behavior.

4 OF 5 GOSS EGGS



farmers and ranchers had deteriorated in 2026 compared to 2025.

Home and retail sales: Weak income from grain, combined with escalating input costs, spilled over into the housing and retail sales markets. May home sales increased slightly to 47.8 from April's 45.8. The regional retail sales index increased to 41.3 from 39.1 in April.

Below are the state reports:

Colorado: The state's Rural Mainstreet Index (RMI) for May dropped to 48.6 from 50.9 in April. The farm and ranchland price index for May improved to 53.4 from April's 51.2. The state's new hiring index slumped to 44.7 from 51.4 in April. According to trade data from the ITA, Colorado exports of agriculture goods and livestock for the first quarter of 2026, compared to the same period in 2025, fell by 35.3% to \$79.7 million.

Illinois: The state's May Rural Mainstreet Index (RMI) declined to 41.4 from 43.4 in April. The farm and ranchland price index for May increased to 45.1 from April's 43.2. The state's new hiring index for May sank to 37.3 from April's 42.9. According to trade data from the ITA, Illinois exports of agriculture goods and livestock for the first quarter of 2026, compared to the same period in 2025, expanded by 3.5% to \$807.3 million.

Iowa: May's RMI for the state fell to 44.3 from April's 46.4. Iowa's farm and ranchland price index for May expanded to 48.4 from 46.4 in April. Iowa's new hiring index for May sank to 40.3 from April's 46.3. According to trade data from the ITA, Iowa exports of agriculture goods and livestock for the first quarter of 2026, compared to the same period in 2025, climbed by 25.4% to \$583.1 million.

Kansas: The Kansas RMI for May declined to 54.3 from 56.9 in April. The state's farm and ranchland price index climbed to 60.1 from April's 57.6. The new hiring index for Kansas fell to 50.6 from 58.2 in April. According to trade data from the ITA, Kansas exports of agriculture goods and livestock for the first quarter of 2026, compared to the same period in 2025, climbed by 63.6% to \$561.8 million.

Minnesota: The May RMI for Minnesota dropped to 49.4 from April's 41.3. Minnesota's farm and ranchland price index inched higher to 42.8 from 41.0 in April. The new hiring index for May sank to 35.8 from April's 40.5. According to trade data from the ITA, Minnesota exports of agriculture goods and livestock for the first quarter of 2026, compared to the same

period in 2025, climbed by 12.3% to \$226.7 million.

Missouri: The May RMI for the state decreased to 40.0 from 41.9 in April. The farm and ranchland price index for May rose to 43.4 from April's 41.6. The state's new hiring gauge for May sank to 35.8 from April's 41.2. According to trade data from the ITA, Missouri exports of agriculture goods and livestock for the first quarter of 2026, compared to the same period in 2025, fell by 13.2% to \$184.0 million.

Nebraska: The state's Rural Mainstreet Index for May decreased to 51.4 from 53.9 in April. The state's farm and ranchland price index for May declined to 51.8 from 54.4 in April. Nebraska's new hiring index dropped to 47.7 from 54.8 in April. According to trade data from the ITA, Nebraska exports of agriculture goods and livestock for the first quarter of 2026, compared to the same period in 2025, sank by 16.6% to \$271.7 million.

North Dakota: The state's overall RMI for May decreased to 42.8 from 44.9 in April. The state's farm and ranchland price index for May increased to 46.8 from 44.8 in April. The state's new hiring index fell to 38.8 from 44.6 in April. According to trade data from the ITA, North Dakota exports of agriculture goods and livestock for the first quarter of 2026, compared to the same period in 2025, declined by 13.1% to \$182.4 million.

South Dakota: The May RMI for South Dakota declined to 45.7 from 47.9 in April. The state's farm and ranchland price index climbed to 52.3 from April's 48.0. South Dakota's May new hiring index sank to 44.8 from 48.0 in April. According to trade data from the ITA, South Dakota exports of agriculture goods and livestock for the quarter of 2026, compared to the same period in 2025, fell by 55.1% to \$25.6 million.

Wyoming: The overall RMI for Wyoming for May decreased to 44.4 from 46.5 in April. The May farm and ranchland price index climbed to 50.3 from 48.2 in April. Wyoming's new hiring index slumped to 42.5 from April's 48.9. According to trade data from the ITA, Wyoming exports of agriculture goods and livestock for the first quarter of 2026, compared to the same period in 2025, fell by 0.2% to \$2.9 million.

Tables 1 and 2 summarize the survey findings. Next month's survey results will be released on the third Thursday of the month, July 16, 2026.



KEEP AN EYE ON

1. The Federal Reserve Open Market Committee (FOMC) meets June 16-17. Listen for Warsh to identify changes to the Fed’s bond buying (formerly QE). There will be no change in rates but listen to Warsh’s post-meeting discussion (very, very big deal for the bond market).

2. Keep an eye on Case-Shiller home price index to be released on June 30. I expected the year-over-year average price to be falling, but that has not happened. A month-over-month gain would be an important and positive signal for the housing market. I remain pessimistic on the U.S. housing market.

3. On July 1 and 3, ADP and the U.S. BLS respectively, release their jobs report for June. Both have been stronger than expected. Look for investors to put a smile on the values regardless of the weakness. Keep an eye on the monthly unemployment rate released on July 3 from the U.S. BLS.

• STATISTIC(S) OF THE MONTH

31.1%

The share of 16 to 19-year-olds holding a summer job has fallen from 48.5% in 1979 to 31.1% in 2026.

THE OUTLOOK. National Association of Business Economics (May/June 2026). “The latest NABE Business Conditions Survey results indicate that while a majority of respondents expect stable profits over the next three months, only 13% expect profits to rise—the lowest share since 2023,” said NABE President Gregory Daco, chief economist, EY-Parthenon, Ernst & Young LLP. “More than two-thirds of respondents report rising materials costs over the past three months, the largest share since 2022, while 44% note that costs have risen moderately to significantly. To date, nearly half of respondents report a negative business impact from the conflict, with nearly one-quarter reporting plans to scale back investment and hiring over the next six months.”

“Sales over the past three months were steady, but materials costs increased and profit margins declined,” added Survey Chair Martha Moore, chief economist and managing director, American Chemistry Council. “Looking ahead, expectations softened across several indicators in the May survey, including sales, capital spending, and employment. Also, expectations for prices and costs have accelerated compared to previous surveys. Recession odds are slightly higher than they were in the January survey.” <https://tinyurl.com/4e3fjp8m>

BANKER READING ROOM

Reimagining Community Banking Technology in an Era of AI

When technology feels like it’s reached the pinnacle of what’s possible, another wave comes along and changes everything. Remember how the iPhone fundamentally reshaped how consumers interact with financial services? Then, cloud computing changed how fast companies could build, scale and bring ideas to market. And now, in the last 18 to 24 months, artificial intelligence (AI) has changed the course of technology again.

For financial institutions, regardless of budget, expectations are changing. Whether you’re in a small Kansas town or located in bustling San Francisco,

customers now expect Uber-like experiences: instant answers, fast decisions and clear next steps.

It is increasingly imperative that institutions translate their existing policies, credit standards and workflows into intuitive web and mobile experiences without compromising the relationship-driven model that defines community banking. AI can facilitate these changes by reshaping how banks operate internally.

The AI tools that are significantly reshaping internal operations are agentic rather than automated — they mimic humans by accomplishing what you tell them is the end goal. <https://tinyurl.com/2zdr9djr>



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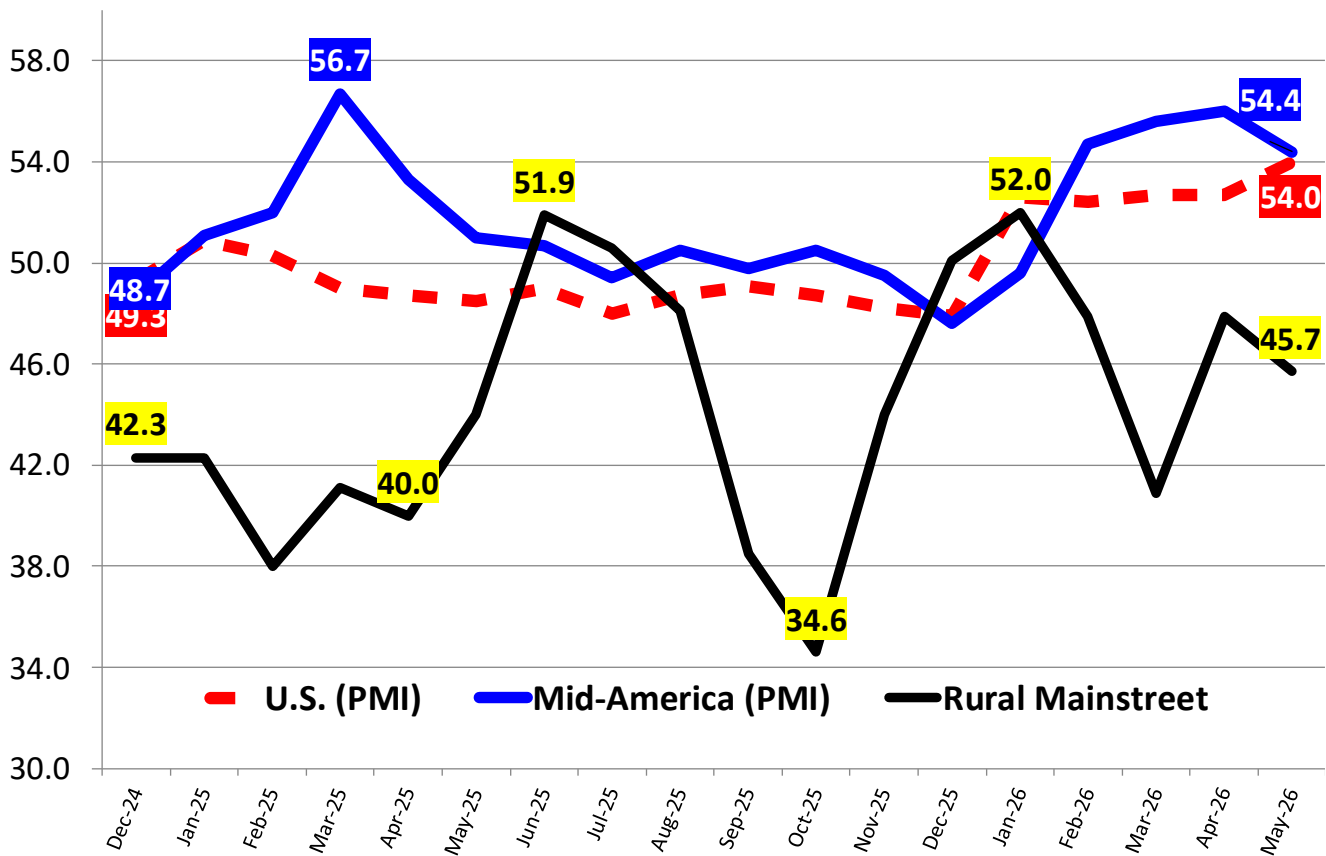
Media assets: https://drive.google.com/drive/folders/1r81oV0-sO61SjOTigBeBge8y_aSb0cjY

Rural Banker Survey: <https://substack.com/home/post/p-199601411>

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

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

Creighton & U.S. PMIs, last 18 months (50.0 = Growth Neutral)



SURVEY RESULTS

| | May 2025 | April 2026 | May 2026 |
|---|----------|------------|----------|
| Area Economic Index | 44.0 | 47.9 | 45.7 |
| Loan Volume | 75.0 | 65.2 | 67.4 |
| Checking Deposits | 45.8 | 60.9 | 54.3 |
| Certificates of Deposit and Savings Instruments | 60.4 | 56.5 | 60.9 |
| Farmland Prices | 39.6 | 48.0 | 50.1 |
| Farm Equipment Sales | 23.9 | 26.1 | 18.2 |
| Home Sales | 47.9 | 45.8 | 47.8 |
| Hiring | 52.1 | 50.0 | 43.5 |
| Retail Business | 41.7 | 39.1 | 41.3 |
| Confidence Index (area economy six months out) | 30.0 | 39.1 | 34.8 |

| | Percentage of Bankers Reporting | | | |
|--|---------------------------------|--------------------------------|-------------------|-------------------|
| | Higher fuel costs | Soaring input costs | Drought/weather | Low grain prices |
| Regarding recent negative impacts on farms in your area, which of the following has had the greatest harmful effect on the farm economy: | 8.7% | 13.1% | 21.7% | 56.5% |
| | | | | |
| | Lower interest rates by ¼% | Leave interest rates unchanged | Raise rates by ¼% | |
| What action should the Fed take at their next meeting on June 16-17? | 12.9% | 73.9% | 13.2% | |
| | | | | |
| | Improved slightly | No change | Worsened slightly | Worsened modestly |
| Farm financial conditions in your area for 2026 compared to 2025 have: | 17.4% | 34.8% | 39.0% | 8.8% |