

January
2026

THE MAINSTREET ECONOMIC REPORT

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

Rural Mainstreet Economy Expands in December: Farm and Ranchland Prices: Highest in 20 Months

December-at-a-Glance:

- For only the second time in 2025, the overall Rural Mainstreet Index (RMI) climbed above growth neutral 50.0.
- Half of bank CEOs identified the reduction of tariffs and trade restrictions as the most effective policy change needed to boost farm income.
- For only the second time in the past 20 months, farmland prices expanded above growth neutral to their highest level since April 2024.
- For the 28th straight month, the farm equipment sales index slumped below growth neutral.
- According to most recent trade data from the International Trade Association (ITA), regional exports of agriculture goods and livestock for 2025, compared to the same period in 2024, fell by 3.6%.
- For the first nine months of 2025, compared to the same period in 2024, exports of agriculture and livestock to China plummeted by 87.6%.

(Continued next page)
(Tables on final page)



Happy New Year! Welcome to Creighton's January Bank CEO Report covering December 2025 survey results. The overall December reading from bank CEOs and bank executives in 10 Rural Mainstreet States climbed above growth neutral for the first time in almost two years. Bank executives reported rising farmland prices and declining ag equipment sales. Thank you for your input. Ernie.

Is the Fed Giving Up on the Inflation Fight? Higher Prices & Interest Rates Ahead?

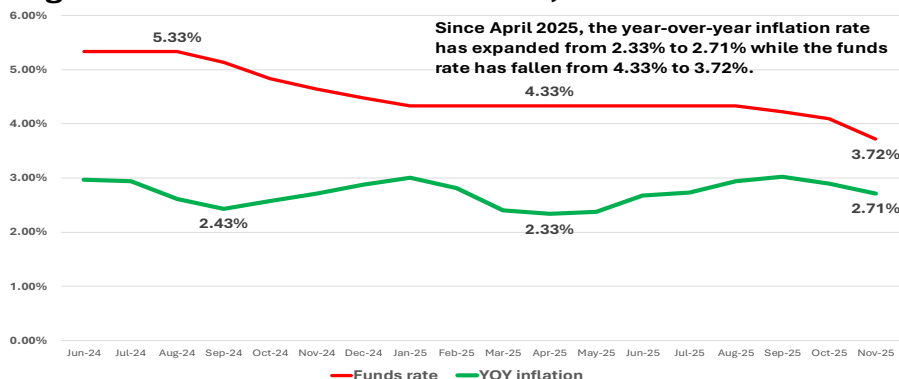
The U.S. Federal Reserve, unlike the European Central Bank (which focuses solely on price stability), must juggle a dual mandate: maximize employment and stabilize prices. "Stable prices" essentially means low inflation – roughly a 2% annual rate (a target made explicit in 2012). To achieve these goals, the Fed relies mainly on two tools: 1) Interest Rates: Raising or lowering the short-term federal funds rate to cool inflation or spur growth. 2) Quantitative Tightening/Easing: Selling or buying government bonds (Treasury bills) to contract or expand the money supply.

Fed's Recent Moves vs. Inflation. Normally, when inflation is above target, the Fed would hike rates and shrink its balance sheet to tame price growth. However, in late 2025, with inflation still well above 2%, the Fed did the opposite: it cut interest rates by a total of 0.5 percentage points and expanded its balance sheet by about \$27 billion. Chair Jerome Powell insists policy is "data-driven," yet he also signaled plans to buy

around \$40 billion in Treasuries per month – further loosening monetary conditions. These moves run counter to the usual inflation-fighting playbook and what economic data would suggest. The discrepancy raises doubts about the Fed's resolve, leading some observers to suspect factors beyond data – perhaps political pressure from President Trump, who has loudly criticized high rates – are influencing the Fed's approach.

Impact on Consumers. If the Fed is easing up on its inflation fight, consumers should prepare for higher prices and even higher interest rates down the road as inflation moves even higher. Even a small uptick in inflation can dramatically erode purchasing power over time. For example, \$10,000 kept in cash for ten years would be worth about \$8,200 in today's dollars at 2% inflation, but only around \$7,440 at 3%. That extra percentage point of inflation destroys significantly more value, illustrating how higher inflation accelerates the loss of buying power. If the Fed now tolerates 3% inflation instead of 2%, households will feel the pinch through steeper prices and diminished savings and ultimately higher interest rates as the Fed is forced to raise the funds rate. Ernie Goss

Figure 1: Fed Funds Rate & Inflation, June 2024 – Dec. 2025



BULLISH NEWS

➤ The New York Federal Reserve estimates Q4 GDP growth to come in at an OK 2.1% and Q1 2026 at 2.2%. (both annualized).

➤ The Case-Shiller National House Price Index rose by 1.4% for the 12 months ending in October.

➤ Trump's tariffs cut the U.S. trade deficit from \$136.4 billion to \$52.8 billion in September.

➤ National Association of Realtors reported that existing home sales rose by 0.5% in November. YOY median existing home sales prices increased to \$409,200 for a 1.2% gain.

BEARISH NEWS

- As a harbinger of higher global risks, gold, silver and other metals have risen to record heights.
- U.S. job additions continue to plummet. November net additions were 64,000, but the estimated ranged from a loss of 71,000 to a gain of 200,000.
- U.S. manufacturing lost 5,000 jobs in Nov. according to the BLS. That's 9 straight months of job losses.
- U.S. bankruptcies rose 10.6% for the year ending September 30, 2025 compared to the previous 12 months.
- Both Creighton's regional and ISM's national survey of manufacturers remained weak in December.

Main\$tre\$ on Your Street

For only the second time in 2025, the overall Rural Mainstreet Index (RMI) climbed above growth neutral 50.0, 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 December increased to 50.1, its highest reading since July 2025, and was up from November's 44.0. The index ranges between 0 and 100, with a reading of 50.0 representing growth neutral.

However, weak agriculture commodity prices and high input costs for grain producers continue to restrain economic activity in the 10-state region.

When asked to identify the most effective policy changes to boost farm income, half of the bank CEOs named the reduction of farm tariffs and trade restrictions as the most effective or useful. Fewer than one in five named the passage of a five-year Farm Bill, and almost the same share identified the recent \$12 billion farm aid program as a top priority.

Jim Eckert, Executive VP and Trust Officer of Anchor State Bank in Anchor, Ill. said, "Low grain prices and higher input cost continue to plague our area farmers. The Trump \$12B payment to producers will help but is not a cure."

Jeffrey Gerhart, former Chairman of the Independent Community Bankers Association said, "Tariffs continue to be a negative factor for the farming sector. We've worked hard to build good trading relationships with our trading partners across the globe, only to see it torn apart in less than twelve months."

Farming and ranchland prices: For only the second time in the past 20 months, farmland prices expanded above growth neutral. The region's farmland price index improved to 52.5, its highest level since April 2024, and was up from 43.2 in November.

Bankers reported that farm loan delinquencies expanded by only 1.6% over the past six months. As the farm economy has weakened significantly over the past two years, farm loan delinquencies have remained virtually flat. Even so, one-third of bankers indicated that their banks had tightened credit standards.



According to trade data from the International Trade Association (ITA), regional exports of agriculture goods and livestock for the first nine months of 2025, compared to the same period in 2024, fell from \$8.7 billion in 2024 to \$8.4 billion in 2025, for a decline of 3.6%. Exports of agriculture and livestock for the nine-month period to the region's major trading partner, Mexico, advanced by 2.1%, while the export of agriculture and livestock to China plummeted by 87.6%.

Farm equipment sales: The farm equipment sales index slightly declined to a very weak 15.0 from November's 15.1. This is the 28th straight month that the index has fallen below growth neutral. Lower interest rates have yet to stimulate farm equipment purchases.

Banking: The December loan volume index advanced to 71.4 from November's 64.6. The checking deposit index improved to 69.0 from 58.3 in November. The region's index for certificates of deposits (CDs) improved to 52.4 from November's 47.9. The Federal Reserve's recent interest rate cuts have weakened CD purchases with the index standing at 60.0 three months earlier.

Hiring: The new hiring index for December sank to 45.0 from November's 49.5. Job gains for non-farm employers have been soft for the last several months.

Confidence: Rural bankers remain pessimistic about economic growth for their area over the next six months. The December confidence index rose to 40.9, its highest reading since January of this year, and was up from 32.0 in November. Weak grain prices and negative farm cash flows, combined with tariff retaliation concerns, continue to weigh on banker confidence.

Home and retail sales: December home sales slumped to a weak 42.9 from November's 43.8. Regional retail sales rebounded to a solid 54.8 from 41.7 in November.

Gregory R. Hohl, CEO and Board Director of Wahoo State Bank in Wahoo, Neb. said,

GOSS EGGS

RECENT DUMB
Economic Steps, Inac-
tions, and/or Lies

Mamdani Slept Through College Classes

Wacky economics is spreading! New Yorkers elected Mayor Zolton Mamdani who appears to have learned nothing from his college education at the London School of Economics (LSE). For the benefit of New Yorkers, he should have joined 1960s LSE student, Mick Jagger, and entered the music profession.

For example, his and New Yorkers' economic ignorance, was on display as he voiced, and New Yorkers saluted, his rent control proposals. Globally and locally such efforts have never, and will never assist renters, landlords, or the overall economy. They only serve politicians and result in unit shortages, lack of maintenance, and "black markets."

The Twin Cities provide a good laboratory for the more scientific. A 2021 St. Paul referendum imposed a draconian version of rent control while across the river, Minneapolis made it easier to build new housing.

As a result, multifamily development tumbled in St. Paul as investors and lenders rejected projects that could were now unprofitable. In Minneapolis, housing permits nearly quadrupled in 2022. From 2022 to 2024, rents in capitalist Minneapolis went up only 0.7%, versus 1.8% in rent-controlled St. Paul.

In May 2025, St. Paul walked back its rent controls. Nothing like the laws of supply and demand to educate politicians (they ARE laws, not good ideas).

4 OF 5 GOSS EGGS



Interest rates are definitely impacting housing starts and sales along with higher insurance premiums and property tax obligations. This would be a third year of shortfalls with our farmers and does not bode well for many to continue."

Below are December state reports:

Colorado: The state's Rural Mainstreet Index (RMI) for December climbed to 50.1 from 41.9 in November. The farm and ranchland price index for December rose to 52.1 from November's 41.8. The state's new hiring index sank to 45.1 from 47.9 in November. According to the latest trade data from the ITA, Colorado exports of agriculture goods and livestock for 2025 year-to-date stood at \$281.3 million from \$295.1 million from the same period in 2024, for a 4.7% decline.

Illinois: The state's December Rural Mainstreet Index (RMI) advanced to 53.4 from 42.9 in November. The farm and ranchland price index for December jumped to 53.2 from November's 42.5. The state's new hiring index for December slumped to 46.9 from 48.7 in November. According to the latest ITA trade data, Illinois' year-to-date exports of agricultural goods and livestock were \$2.3 billion in 2025, down 28.9% from \$3.3 billion during the same period in 2024.

Iowa: December's RMI for the state increased to 47.6 from 47.0 in November. Iowa's farm and ranchland price index for December advanced to 51.3 from November's 45.2. Iowa's new hiring index for December sank to 43.7 from November's 51.8. Iowa's year-to-date exports of agricultural goods and livestock reached \$1.4 billion in 2025, up 30.5% from \$1.1 billion during the same period in 2024, according to the latest data from the ITA.

Kansas: The Kansas RMI for December climbed to 49.3 from 45.0 in November. The state's farm and ranch land price index increased to 51.8 from November's 43.9. The new hiring index for Kansas increased to 44.6 from November's 43.9. Kansas' year-to-date exports of agricultural goods and livestock expanded to \$1.1 billion in 2025, up from \$983.8 million in the same period of 2024, for a gain of 13.6%, according to ITA trade data.

Minnesota: The December RMI for Minnesota jumped to 52.6 from November's 43.0. Minnesota's farm and ranch land price index soared to 52.9 from November's 42.5. The new hiring index for December dropped to 46.5 from 48.7 in November. Minnesota's year-to-date exports of agricultural goods and livestock sank to \$743.7 million in 2025, down 11.0% from \$835.7 million during the same period of 2024, according to data from the ITA.

Missouri: The December RMI for the state climbed to 50.9 from 47.9 in November. The farm and ranchland price index for December expanded to 52.4 from November's 45.7. The state's new hiring gauge for December fell to 45.5 from 52.4 in November. Missouri's year-to-date exports of agricultural goods and livestock sank to \$649.6 million in 2025, falling 5.5% from \$687.4 million during the same period of 2024, according to the latest data from the ITA.

Nebraska: The state's Rural Mainstreet Index for December increased to a regional high of 54.2 from 49.2 in November. The state's farm and ranchland price index for December rose to 53.0 from November's 46.6. Nebraska's new hiring index slumped to 46.4 from November's 53.4. Nebraska's year-to-date exports of agricultural goods and livestock expanded to \$957.2 million in 2025, up from \$622.7 million during the same period of 2024, for a gain of 53.7%.

North Dakota: The state's overall RMI for December climbed to 51.7 from 45.7 in November. The state's farm and ranchland price index jumped to 52.7 from 44.3 in November. The state's new hiring index dropped to 46.0 from 50.8 in November. North Dakota's year-to-date exports of agricultural goods and livestock fell to \$777.9 million in 2025, down from \$805.7 million during the same period of 2024, for a decline of 3.5%.

South Dakota: The December RMI for South Dakota rose to 48.4 from November's 41.8. The state's farm and ranchland price index climbed to 51.6 from 41.8 in November. South Dakota's December new hiring index sank to 44.1 from November's 47.9. South Dakota's year-to-date exports of agricultural goods and livestock expanded to \$124.2 million in 2025, up 2.7% from \$120.9 million during the same period of 2024.

Wyoming: The December overall RMI for Wyoming rose to 46.8 from 43.2 in November. The December farm and ranch land price index climbed to 51.0 from 42.6 in November. Wyoming's new hiring index declined to 43.2 from November's 48.9. Wyoming's year-to-date exports of agricultural goods and livestock expanded to \$5.5 million in 2025, up 119.1% from \$2.5 million during the same period of 2024.

Tables 1 and 2 summarize the survey findings. Next month's survey results will be released on the third Thursday of the month, January 15, 2025.



THE OUTLOOK. (Goldman Sachs Forecasts). “The Global Economy Is Forecast to Post ‘Sturdy’ Growth of 2.8% in 2026.” “Global GDP is projected by Goldman Sachs Research to increase 2.8% in 2026 (versus the consensus forecast of 2.5%). US economic growth is expected to accelerate to 2.6%, while China’s GDP expands 4.8% as strong exports outweigh sluggish domestic demand. Despite longer-term challenges, our economists predict the euro area economy will increase 1.3%, owing to fiscal stimulus in Germany and strong growth in Spain.”

“The US is expected to substantially outperform consensus estimates because of tax cuts, easier financial conditions, and a reduced drag on the economy from tariffs. As a result of tax cuts, for example, consumers will receive around an extra \$100 billion (0.4% of annual disposable income) in tax refunds in the first half of next year.”

“The Core inflation in developed markets is expected to fall to levels that are broadly consistent with policy targets in 2026. In the US, the main reason why core Personal Consumption Expenditures (PCE) inflation has remained elevated in 2025 because of tariff pass-through. Excluding tariffs, our economists estimate that inflation has continued to fall and now stands at 2.3%. And although tariff pass-through will likely rise modestly further (assuming tariffs stay around their current levels), the impact on year-on-year inflation will diminish sharply in the second half of 2026 because of favorable so-called base effects.” <https://tinyurl.com/bmy49v5c>

BANKER READING ROOM

“How Consumers Are Impacting U.S. Banks’ Asset Quality,” Moody’s.

“Trends in delinquencies and charge-offs provide valuable insights into banks’ overall asset quality. Consumer credit performance has broadly improved after delinquencies for credit card and auto loans peaked in 2024, and we expect asset quality metrics to remain relatively stable in the near term.”

Since the 2007–08 financial crisis, debt burdens as a percentage of income have steadily eased, as has consumer debt to US GDP. Yet, lower- and middle-income borrowers have not seen the same benefits from rising wealth and have been disproportionately affected by inflation. While most banks focus on prime borrowers, those with greater exposure to near-prime and subprime customers face heightened risks as economic cycles shift.

At the same time, banks have been ceding ground to nonbank lenders. Although major US banks still hold a significant share of consumer loans, their market share has declined steadily over the past decade, especially in residential mortgages and student loans. Nonbanks, which are less diversified and lack access to stable, low-cost deposit funding, are more vulnerable to credit deterioration.

A sharp contraction in nonbank lending could have ripple effects across the economy, indirectly impacting bank performance.

“This risk has increased as banks ratchet up their lending to nonbanks that extend credit to both businesses and consumers.”

<https://tinyurl.com/2bw2782r>

KEEP AN EYE ON

1. The Federal Reserve Open Market Committee (FOMC) meets on Jan. 28/29. Although no interest rate change is expected, listen for Powell to identify changes to the Fed’s bond buying (formerly QE). Increased buying (more than \$50 billion) would indicate concern in the Fed over a slowing economy.

2. Keep an eye on the yield on the 10-yr U.S. Treasury bond. Higher yields (> 4.4%) foreshadow expanding inflation and international investors dumping U.S. Treasury bonds. Rates below 4.0% point to a slowing economy.

3. Case-Shiller Home Price Index: On Jan. 27, this index will be released for Nov. I expect the year-over-year home price change to fall to approximately 0.2%.

STATISTIC(S) OF THE MONTH

73%

If the 30 million current homeowners with mortgage rates below 4% moved and purchased the median priced U.S. home, their monthly payment would increase by 73%.

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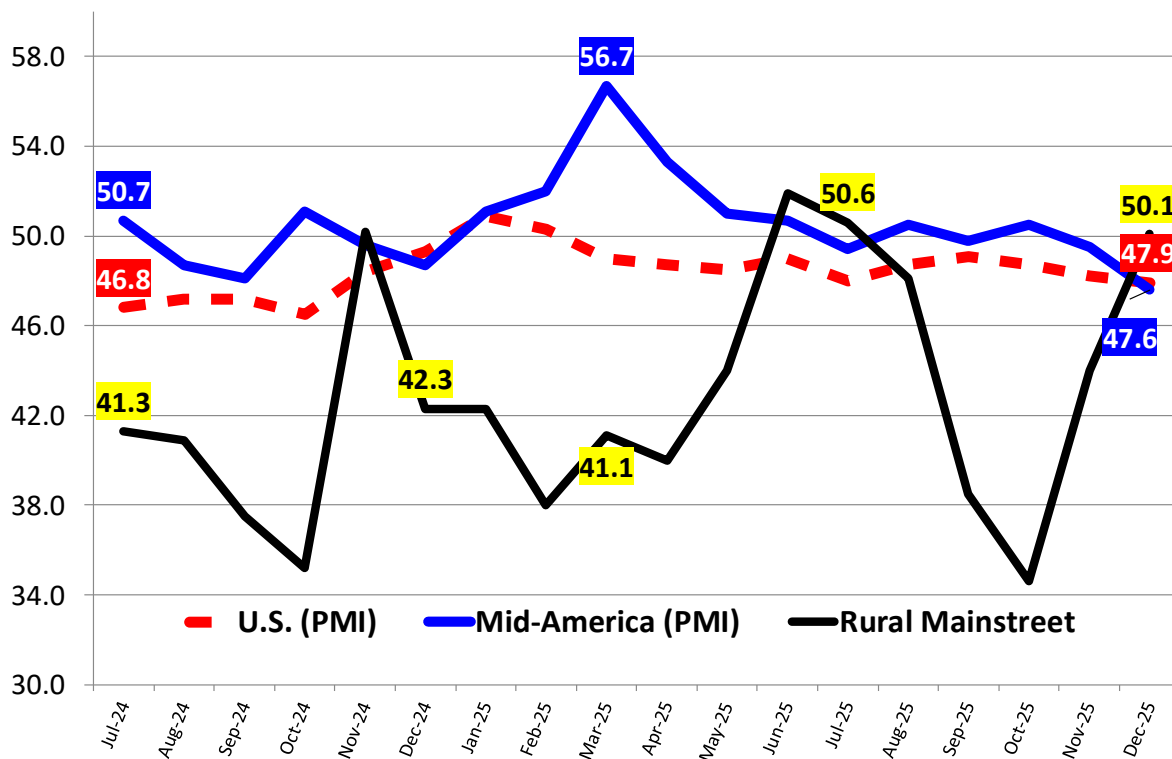
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This month's survey results will be released on the third Thursday of the month.

The Rural Mainstreet Economic Report January 2026

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

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



The Rural Mainstreet Economic Report January 2026

SURVEY RESULTS

Table 1: Rural Mainstreet Economy Last 2 Months & One Year Ago: (index > 50 indicates expansion)

| | Dec. 2024 | Nov. 2025 | Dec. 2025 |
|---|-----------|-----------|-----------|
| Area Economic Index | 39.6 | 44.0 | 50.1 |
| Loan Volume | 69.6 | 64.6 | 71.4 |
| Checking Deposits | 47.8 | 58.3 | 69.0 |
| Certificates of Deposit and Savings Instruments | 50.1 | 47.9 | 52.4 |
| Farmland Prices | 41.3 | 43.2 | 52.5 |
| Farm Equipment Sales | 14.3 | 15.1 | 15.0 |
| Home Sales | 43.5 | 43.8 | 42.9 |
| Hiring | 45.7 | 49.5 | 45.0 |
| Retail Business | 52.1 | 41.7 | 54.8 |
| Confidence Index (area economy six months out) | 37.5 | 32.0 | 40.9 |

Table 2: The Rural Mainstreet Economy, December 2025

| | Percentage of Bankers Reporting | | | |
|---|---------------------------------|--|------------------------------------|-------------------------------------|
| | Lower (Down 5% to 10%) | Little or No Change | Moderately Higher (1% to 4%) | Higher (5% to 10%) |
| Your bank loan delinquency rates over the past six months are: | 4.8% | 57.1% | 33.2% | 4.9% |
| | Percentage of Bankers Reporting | | | |
| | Lower Interest Rates | Recent \$12 Billion Farm Support Program | Passage of 5-year Farm Bill | Reduce Tariffs & Trade Restrictions |
| Which of the following would, or will better serve the interests of farmers in your area: | 13.6% | 18.0% | 18.4% | 50.0% |
| | Percentage of Bankers Reporting | | | |
| | No Change | Tightened | | |
| Compared to this time last year, which of the following best describes farm loan credit standards at your bank: | 66.8% | 33.2% | | |