

May  
2026

# THE MAINSTREET ECONOMIC REPORT

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



Welcome to Creighton's May Bank CEO Report covering April 2026 survey results. The overall April reading from bank CEOs and bank executives in 10 Rural Mainstreet States sank below growth neutral for the 14<sup>th</sup> time since January 2025. Bank executives reported weak farmland prices with ag equipment sales declined for the 32<sup>nd</sup> straight month. Thank you for your input. Ernie.

## Rural Mainstreet Index Falls Below Growth Neutral Again: More Than Half of Bankers Report Recessionary Conditions

### April-at-a-Glance:

- The overall RMI dropped below growth neutral for the third straight month.
- More than half of bankers reported that their local economy was in a recession.
- Jeff Bonnett, CEO of Havana National Bank in Illinois stated that, "Our local economy is driven by Ag, and right now our local economy is suffering."
- Agriculture equipment sales sank below growth neutral for the 32<sup>nd</sup> straight month.
- Approximately 62.5% of bank CEOs reported that the \$12 billion Farm Bridge Assistance Program has had only a slight positive to no impact on the rural economy.
- Almost eight of ten bankers recommend no change in the Federal Reserve's short-term interest rates at their April 28/29 meetings.
- According to International Trade Association (ITA) data, regional exports of agriculture goods and livestock for the first two months of 2026, compared to the same period in 2025, increased by 5.0% to \$1.88 billion.

(Continued next page)  
(Tables on final page)

## Raising Interest Rates: Fed Is Damned If They Do and Damned If They Don't

Rising federal debt and persistent budget deficits continue to place upward pressure on interest rates and inflation. U.S. federal debt is approaching \$40 trillion, with annual deficits exceeding \$2 trillion and yearly interest payments nearing \$1.2 trillion.

Excessive government, consumer, and business spending also fuels inflation and stronger job growth, a combination commonly referred to as **demand-pull inflation**. In response, the Federal Reserve typically raises interest rates to cool inflationary pressures and moderate an overheated labor market.

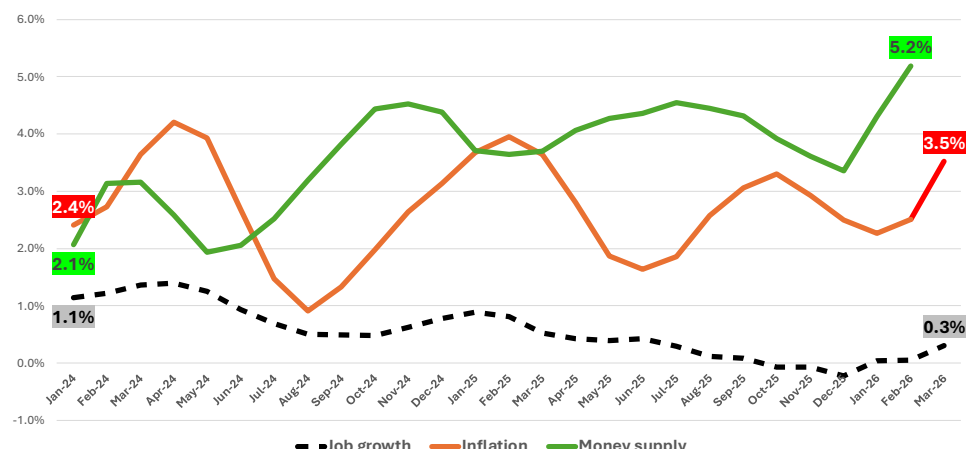
A different inflation dynamic emerges when inflation is driven by supply disruptions rather than excessive demand. Supply-chain interruptions tied to geopolitical conflicts, including the War in Iran, can raise production and transportation costs while simultaneously weakening economic activity and employment growth. This form of inflation,

known as **cost-push inflation**, creates a difficult environment for the Federal Reserve. Unlike demand-pull inflation, where higher interest rates can slow both inflation and excessive hiring, aggressive rate hikes during periods of cost-push inflation risk further weakening an already fragile labor market as inflation is reduced.

**With supply chain disruptions expected to mount, the Fed is very unlikely to reduce interest rates at their next meetings June 16/17 or for the remainder of 2026**

As illustrated in the accompanying figure, current inflation remains above the Fed's 2.0% target and continues to climb even as labor market conditions soften—hallmarks of cost-push inflation. During periods of cost-push inflation caused by war, supply disruptions, or transportation bottlenecks, the Fed's policy tools are far less effective with raising interest rates weakening an already weak labor market. With supply chain disruptions expected to mount, the Fed is very unlikely to reduce interest rates at their next meetings June 16/17, or for the remainder of 2026. Ernie Goss.

Job, Inflation & Money Supply (3 month annualized growth, 2024-26)



**BULLISH NEWS**

- U.S. economy added 115,000 jobs for April (well above expectations).
- The New York Federal Reserve estimates Q2 GDP growth to come in at an OK 2.6% (annualized).
- Average hourly earnings for all private workers rose by 3.6% in April from 12 months earlier to \$37.41 per hour.
- The Case-Shiller National House Price Index rose for a 7<sup>th</sup> straight month by 1.3% for the 12 months ending in February (smallest gain in the 7 months).
- ISM's & Creighton's April manufacturing readings climbed above growth neutral.

**BEARISH NEWS**

- The Consumer Price Index increased 0.6% in April after rising 0.9% in March. For the 12 months ending in April the CPI climbed by 3.8%.
- The number of individuals employed part-time for economic reasons increased by 445,000 to 4.9 million in April
- The probability of a Fed interest rate HIKE by the end of 2026 rose to 33% this month.
- The U.S. trade deficit increased to \$60.3 billion in March 2026, up from \$57.8 billion in February.

**Main\$street on Your Street**

According to the April 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 third straight month.

**Overall:** The region's overall reading for April improved to a weak 47.9 from March's 40.9. This marks the 14<sup>th</sup> 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, 54.2% of bankers reported that their local economy was in a recession.

Jeff Bonnett, CEO of Havana National Bank in Illinois stated that, "Our local economy is driven by Ag, and right now our local economy is suffering."

**Farming and ranchland prices:** For the third time in 2026, the region's farm and ranchland price index sank below growth neutral to 48.0 from 40.2 in March. 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 pushed farmland values lower.

Jim Eckert, Executive VP and Trust Officer of Anchor State Bank in Anchor, Illinois, reported that, "Recent rains have improved the prospects for the 2026 crop, although with depleted ground water in our area, timely rains will be required to generate a good crop."

According to trade data from the International Trade Association (ITA), regional exports of agriculture goods and livestock for the first two months of 2026, compared to the same period in 2025, increased by 5.0% to \$1.88 billion.

**Farm equipment sales:** The April farm equipment sales index slumped to a very weak 26.1, down from 28.6 in March. "This is the 32<sup>nd</sup> 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 April loan volume index declined to a still strong 65.2 from March's 78.6. The checking deposit index fell to 60.9 from 64.3 in March. The region's index for certificates of deposits (CDs) increased to 56.5 from 52.4 in March.

**Hiring:** The new hiring index for March increased to 50.0 from 49.9 in March. Job gains for non-farm rural employers have remained soft for the last several months. In April, only 4.3% of bankers reported an upturn in hiring for the month.

According to Jeff Bonnett, CEO of Havana National Bank in Havana, Illinois, "Life on (Rural) Main Street in the communities that we serve here in West Central Illinois is still a struggle as our grain farmers face the ongoing challenge of operating just at or below break-even to raise their crops." As expected, he indicated that this has a direct and negative impact on small businesses in the area.

"The 11% increase in gas prices at the pump is not helping but adding to this challenge," reported Bonnett.

**Confidence:** Rural bankers remain pessimistic about economic growth for their area over the next six months. Even so, the April confidence index rose to a weak 39.1 from 29.5 in March. In spite of \$12 billion of federal farm support, weak grain prices, higher input prices and expected negative farm cash flows continued to weigh on banker confidence.

Approximately 62.5% of bank CEOs reported that the \$12 billion Farm Bridge

# GOSS EGGS

## RECENT DUMB

Economic Steps, Inactions, and/or Lies

Environmentalists Snuggle Up to Nuclear (Sort of)

Following Japan's 2011 Fukushima disaster, Germany, as well as other nations, embraced environmentalists and accelerated its nuclear phaseout under the Energiewende ("energy transition") strategy, permanently closing its final nuclear reactors in 2023.

The rapid decline in nuclear generation removed a major source of stable, low-cost baseload electricity. Other nations, such as Switzerland in 2011 and Belgium in 2003, have taken this same irresponsible path despite the fact that nuclear plants have historically supplied reliable power with minimal carbon emissions.

A 2024 peer-reviewed study estimated that postponing nuclear phaseouts would have lowered German electricity prices by about 9 Euros per MWh while also reducing gas-fired generation and CO<sub>2</sub> emissions.

Reversing gigantic errors of the past, German Chancellor Merz and French president Emmanuel Macron in Fall 2025 agreed to recognize the role of nuclear energy in Europe's energy transition, potentially easing years of tension between the two countries over energy policy and nuclear subsidies.

Investors, like nations, that have bet against nuclear have missed out on electrifying gains over the past year of: 113.7% for Nexgen ETF (NXE); 91.8% for Global X Uranium ETF (URA); 66.5% for Sprott Uranium Miners ETF (URNM); 55.4% for Van Eck Uranium and Nuclear ETF (NLR).

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Assistance Program has had only a slight positive to no impact on the rural economy.

**Home and retail sales:** Weak income from grain combined with escalating input costs spillover into the housing and retail sales. April home sales fell to 45.8 from 54.5 in March. Regional retail sales sank to 39.1 from 43.2 in March.

Below are the state reports:

**Colorado:** The state's Rural Mainstreet Index (RMI) for April climbed to 50.9 from 40.1 in March. The farm and ranchland price index for April improved to 51.2 from March's 49.5. The state's new hiring index increased to 51.4 from 49.4 in March. According to trade data from the ITA, Colorado exports of agriculture goods and livestock for the first two months of 2026, compared to the same period in 2025, fell by 42.6% to \$51.9 million.

**Illinois:** The state's April Rural Mainstreet Index (RMI) increased to 43.4 from 39.1 in March. The farm and ranchland price index for April sank to 43.2 from March's 48.3. The state's new hiring index for April fell to 42.9 from 48.1 in March. According to trade data from the ITA, Illinois exports of agriculture goods and livestock for the first two months of 2026, compared to the same period in 2025, expanded by 2.4% to \$536.7 million.

**Iowa:** April's RMI for the state rose to 46.4, up from March's 39.7. Iowa's farm and ranchland price index for April fell to 46.4 from 51.0 in March. Iowa's new hiring index for April declined to 46.3 from March's 48.7. According to trade data from the ITA, Iowa exports of agriculture goods and livestock for the first two months of 2026, compared to the same period in 2025, climbed by 29.9% to \$368.1 million.

**Kansas:** The Kansas RMI for April soared to 56.9 from 40.3 in March. The state's farm and ranchland price index climbed to 57.6 from 49.6 in March. The new hiring index for Kansas jumped to 58.2 from 49.5 in March. According to trade data from the ITA, Kansas exports of agriculture goods and livestock for the first two months of 2026, compared to the same period in 2025, climbed by 75.4% to \$352.8 million.

**Minnesota:** The April RMI for Minnesota dropped to 41.3 from March's 42.2. Minnesota's farm and ranchland price index sank to 41.0 from 52.1 in March. The new hiring index for April fell to 40.5 from 52.2 in March. According to trade data from the ITA, Minnesota exports of agriculture goods and livestock for the first two months of 2026, compared to the

same period in 2025, climbed by 14.5% to \$157.0 million.

**Missouri:** The April RMI for the state decreased to 41.9 from 45.3 in March. The farm and ranchland price index for April fell to 41.6 from March's 55.9. The state's new hiring gauge for April sank to 41.2 from March's 55.6. According to trade data from the ITA, Missouri exports of agriculture goods and livestock for the first two months of 2026, compared to the same period in 2025, fell by 21.3% to \$106.4 million.

**Nebraska:** The state's Rural Mainstreet Index for April jumped to 53.9 from 38.4 in March. The state's farm and ranchland price index for April advanced to 54.4 from 52.8 in March. Nebraska's new hiring index climbed to 54.8 from 47.3 in March. According to trade data from the ITA, Nebraska exports of agriculture goods and livestock for the first two months of 2026, compared to the same period in 2025, sank by 18.4% to \$188.4 million.

**North Dakota:** The state's overall RMI for April increased to 44.9 from 40.0 in March. The state's farm and ranchland price index for April declined to 44.8 from 48.8 in March. The state's new hiring index fell to 44.6 from 49.2 in March. According to trade data from the ITA, North Dakota exports of agriculture goods and livestock for the first two months of 2026, compared to the same period in 2025, declined by 29.0% to \$104.6 million.

**South Dakota:** The April RMI for South Dakota increased to 47.9 from 40.3 in March. The state's farm and ranchland price index fell to 48.0 from 49.9 in March. South Dakota's April new hiring index sank to 48.0 from 49.5 in March. According to trade data from the ITA, South Dakota exports of agriculture goods and livestock for the first two months of 2026, compared to the same period in 2025, fell by 61.3% to \$16.2 million.

**Wyoming:** The overall RMI for Wyoming for April increased to 46.5 from 39.4 in March. The April farm and ranchland price index slipped to 48.2 from 48.8 in March. Wyoming's new hiring index increased to 48.9 from March's 48.4. According to trade data from the ITA, Wyoming exports of agriculture goods and livestock for the first two months of 2026, compared to the same period in 2025, fell by 4.6% to \$1.0 million.

Tables 1 and 2 summarize the survey findings. Next month's survey results will be released on the third Thursday of the month, May 21, 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). The Fed is buying almost \$50 billion per month. These purchases support federal over-spending.

2. Keep an eye on Case-Shiller home price index to be released on May 26. I expect the year-over-year average price to be down slightly after 7 straight months of positive growth.

3. On June 3 and 5, ADP and the U.S. BLS release their jobs report for May. Both have been weaker than this same time last year. Look for investors to put a smile on the values regardless of the weakness. Keep an eye on the monthly unemployment rate released on June 5 from the U.S. BLS.

**THE OUTLOOK.** Conference Board. (May 2026). Before the start of the war, consumers were already under pressure as 2025 tariffs continued to pass into retail prices and wage growth continued to normalize from the Covid-19-era spike. An additional tax in the form of higher prices at the pump will likely dent consumer spending elsewhere. The recent surge in policy uncertainty due to the war may prevent companies from raising headcounts. This would nudge the unemployment rate higher in the coming months, even as companies abstain from laying off workers. This in turn could further cap personal income growth and restrain economic performance in 2026. Even if diplomacy prevails, the negative shock to the economy is already set in motion. Spillovers are likely to extend into the second half of the year—even if a peace agreement is reached in the coming weeks. <https://tinyurl.com/y887ymey>

National Association of Business Economics (May 2026). Recession odds tick higher. One-half (50%) of respondents puts the probability of a U.S. recession at 26% or higher, up from the 44% share in the January survey. Forty percent of panelists assess the probability of the U.S. entering a recession over the next 12 months between 26% and 50%, higher than in January’s survey. Six percent put the probability between 51% and 75% (down from January). Four percent of panelists put the odds of recession between 76% and 100%, up from zero in the January survey. Two percent of respondents say that the economy is currently in a recession. <https://tinyurl.com/3z8kdyyu>

**BANKER READING ROOM**

**AI and Cyber Risks to Banks**

Artificial intelligence is rapidly reshaping the banking industry through fraud detection, underwriting, customer service, compliance monitoring, and cybersecurity. However, AI also creates significant operational, cyber, reputational, and systemic risks for banks. Regulators including the Federal Reserve System, International Monetary Fund, and Bank for International Settlements have increasingly warned about these emerging threats.

According to a 2025 speech by Federal Reserve Governor Michael S. Barr, cybercriminals are increasingly using generative AI to facilitate attacks, while “deepfake attacks have

seen a twentyfold increase over the last three years.”

Recent reports indicate that advanced AI systems can identify and exploit vulnerabilities in banking systems at machine speed, dramatically reducing the time between discovering weaknesses and attacking them.

AI-generated or manipulated media, including images, video and audio, can be used to impersonate trusted individuals. Criminals may pose as loved ones, government officials, law enforcement personnel or even celebrities, often using fear and urgency to convince victims to send money or share sensitive information.

<https://tinyurl.com/4y8keucc>

**STATISTIC(S) OF THE MONTH**

**One-third**

**Most recent data (2024) show that less than one-third of cannabis retailers made a profit. Another 40% broke even. That means that less than one in four made a profit.**



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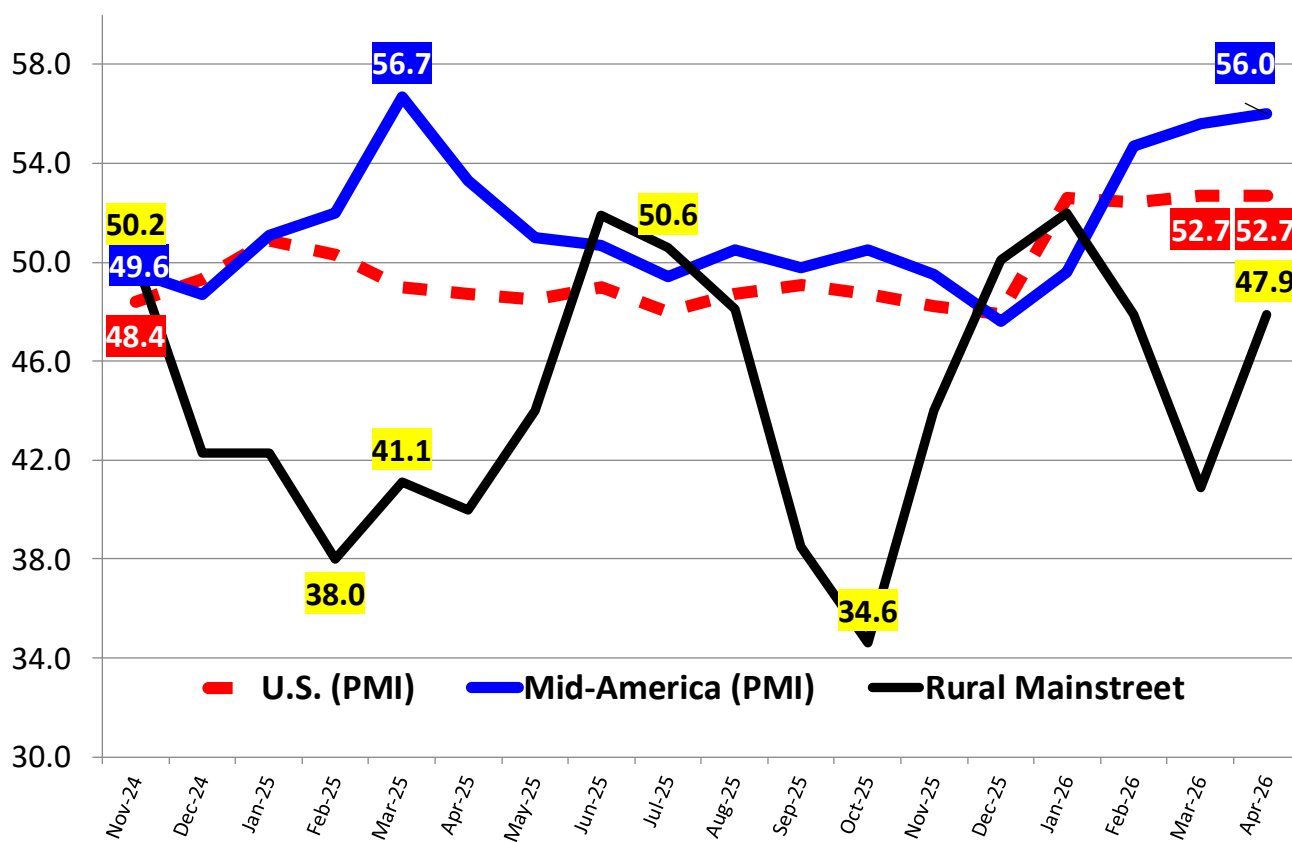
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Rural Banker Survey: [https://open.substack.com/pub/erniegoss/p/how-do-you-operate-at-a-loss-navigating?utm\\_campaign=post&utm\\_medium=web](https://open.substack.com/pub/erniegoss/p/how-do-you-operate-at-a-loss-navigating?utm_campaign=post&utm_medium=web)

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

<b>Table 1: Rural Mainstreet Economy Last 2 Months &amp; One Year Ago: (index &gt; 50 indicates expansion)</b>			
	April 2025	March 2026	April 2026
Area Economic Index	40.0	40.9	47.9
Loan Volume	70.8	78.6	65.2
Checking Deposits	58.7	64.3	60.9
Certificates of Deposit and Savings Instruments	58.3	52.4	56.5
Farmland Prices	41.7	50.2	48.0
Farm Equipment Sales	17.4	28.6	26.1
Home Sales	45.8	54.5	45.8
Hiring	43.8	49.9	50.0
Retail Business	39.6	43.2	39.1
Confidence Index (area economy six months out)	36.0	29.5	39.1

**Table 2: The Rural Mainstreet Economy, April 2026**

	Percentage of Bankers Reporting			
	Little or none	Slight positive	Positive	Significant & positive
What has been the economic impact of the Federal \$12 billion Farm Bridge Assistance Program on farmers in your area:	20.8%	41.7%	25.0%	12.5%
	Unsure or no opinion	Solid growth with no recession ahead	OK but expect recession	Current downturn
Which of the following best describes the economy in your area:	4.2%	33.3%	8.3%	54.2%
	Raise short term rates more than ¼% (25 basis points)	Cut rates by ¼% (25 basis points)	No change	
The Federal Reserve (Fed) meets April 28/29 to consider changing interest rates. The Fed should	8.2%	12.6%	79.2%	