

April  
2025

# THE MAINSTREET ECONOMIC REPORT

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

## Rural Mainstreet Economy Solid Job Growth, Weak Farm Income: Almost Two-Thirds of Bankers Expect 2025 Farm Income Decline

### March Summary:

- The overall Rural Mainstreet index fell below growth neutral for the 18<sup>th</sup> time in the past 19 months.
- For the 10<sup>th</sup> time in the past 11 months, farmland prices sank.
- In terms of 2025 farm income, compared to 2024 farm income, only 3.7% of bankers expect an increase, while 62.9% predict a decline.
- Farm equipment sales dropped for the 19<sup>th</sup> straight month.
- According to trade data from the International Trade Association (ITA), regional exports of agriculture goods and livestock for the first month of 2025, compared to the first month of 2024, fell from \$1.1 billion in 2024 to \$964.3 million in 2025 for a decline of 13.9%.
- Mexico began 2025 as the top destination for ag exports, accounting for 44.8% of total regional agriculture and livestock exports.
- Despite weakness on the farm, solid job gains were recorded for the non-farm Rural Mainstreet Economy.

(Continued next page;  
Tables on final page)



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

## Gold Outshines Stocks But Not Bitcoin: Will the Trend Continue?

On February 24, 2022, Russia invaded Ukraine. Since that time, the price of gold has soared by 57.2%, the price of stocks (including dividends), as measured by the S&P 500, expanded by a strong 28.6% and Bitcoin skyrocketed by 105.9%. During this 37-month period, inflation, as measured by the consumer price index, climbed by 10.4%, and the yield (interest rate) on U.S. Treasury bonds, rose from 1.93% to 4.28%?

Contrary to stocks, which are generally priced according to the earnings and dividends paid by the corporation, gold does not have earnings, nor does it pay dividends. Gold is highly influenced by risks factors such as war and inflation. When tensions rise, investors buy safe- haven assets such as gold and U.S. Treasury bonds. Likewise, when inflation expands, investors seek assets that appreciate with higher

prices such as hard assets such as gold.

Another very important factor pushing gold prices has been the unprecedented central bank buying of precious metals, primarily gold, The World Gold Council reported that central banks, such as the Peoples Bank of China (PBOC) and the European Central Bank (ECB), have purchased a record high 374.1 tons of gold this year due to fears of the falling value of international fiat currencies such as the U.S. dollar.

Table 1 below presents the correlation coefficients between each factor and gold prices. According to correlation coefficients in Table 1 for the full period,

\*\*\*Bitcoin, S&P stocks, and inflation had a strong and positive relationship with gold. As expected, an uptick in inflation pushes gold prices higher.

\*\*\*The money supply, as expected, has a positive but small relationship with gold prices. It began the analysis period with the expected positive.

\*\*\*The yield on the 10-year U.S. Treasury bond had an unexpected positive relationship with gold prices. This relationship was negative as anticipated in 2022.

Table 1: Factors influencing gold prices, 2022-25 as gauged by correlation coefficients

|                                  | 2022  | 2022-23 | 2022-25 |
|----------------------------------|-------|---------|---------|
| Bitcoin prices                   | 0.76  | 0.57    | 0.92    |
| S&P 500 stock prices             | 0.70  | 0.63    | 0.95    |
| Money supply                     | 0.48  | -0.62   | 0.05    |
| 10-year U.S. Treasury Bond yield | -0.66 | 0.21    | 0.50    |
| Inflation as measured by CPI     | -0.66 | 0.40    | 0.80    |

A correlation coefficient (CC) is a statistical measure that quantifies the strength and direction of a linear relationship between two variables, ranging from -1 to +1. A CC of 0 indicates no correlation, or relationship with gold prices; A CC of +1 indicates positive, strong and perfect relationship (i.e. Fahrenheit and Centigrade); A negative CC indicates a negative or inverse relationship between gold and the factor (e.g. inflation and gold in 2022).

## **BULLISH NEWS**

- The U.S. economy added 228,000 jobs in March and the unemployment rate remained steady at a low 4.2%.
- According to the Federal Reserve, home equity climbed by 80% since the pandemic.
- President Trump announced a 90-day pause in tariffs for all nations except China.
- The Case-Shiller home price index set a new record in January rising by 4.1%.
- Core inflation, which excludes food and energy expanded at its slowest pace in 4 years in March.

## **BEARISH NEWS**

- The stock market volatility index (^VIX) soared by 142% between Trump's tariff announcement and April 8, 2025.
- The U.S. Treasury said February's budget deficit rose \$11 billion from the same month in 2024, as outlays for debt interest, Social Security and health care benefits swamped growth in revenues.
- Interest payments for 2024 on the U.S. debt nearly tripled since 2020 and is exceeded only by Social Security.
- U.S. consumer spending adjusted for inflation rose only 0.1% in February as consumer sentiment plummeted 12%.

# Main\$tre\$et on Your \$tre\$et

**Overall:** The region's overall reading for March increased to a weak 41.1 from February's 38.0. The index ranges between 0 and 100, with a reading of 50.0 representing growth neutral

For the 18<sup>th</sup> time in the past 19 months, the overall Rural Mainstreet Index (RMI) sank below the 50.0 reading in March, according to the monthly survey of bank CEOs in rural areas of a 10-state region dependent on ag or energy.

Jeff Bonnett, President of Havana National Bank in Havana, Ill., said, "It appears that our farm operators should brace for yet another decrease in gross farm income, and I have not yet heard anyone cheering about 'cheaper' input prices for 2025."

The economic outlook for 2025 farm income remains weak according to bank CEOs. However, farm commodity prices have recently improved, but not enough for profitability among a high share of producers.

Approximately 62.9% of bankers expect 2025 farm income to be down from 2024's weak farm income. Only 3.7% of bank CEOs predict 2025 farm income to expand from 2024's level.

### **Other comments from bankers in March:**

- Jeff Bonnett, President at Havana National Bank in Havana, Ill., said, "A third year of extremely low corn and soybean prices (2025 prices are expected to remain low) continues to keep us on edge. The Federal relief coming this week for 2024 will help our farm producers but is half of what was anticipated and discussed at the end of 2024."
- Jim Eckert, Board Member, Anchor State Bank in Anchor, Ill., reported that, "Most of Central Illinois is very dry. Going into 2025 will require timely rains to raise a good crop to offset at least some of the poor grain prices."
- Terry Engelken, Vice President of Washington State Bank in Washington, Iowa, reported that, "We are noticing some leases falling through since the renters cannot obtain operating financing for 2025."

**Farming and ranchland prices:** For the 10<sup>th</sup> time in the past 11 months, farmland prices were below growth neutral. The region's farmland price index fell to 38.9 from 40.0 in February. Elevated interest rates and higher input costs, along with below breakeven prices for a



high share of grain farmers in the region, have put downward pressure on ag land prices.

According to trade data from the International Trade Association (ITA), regional exports of agriculture goods & livestock for the first month of 2025, compared to the first month of 2024, fell from \$1.1 billion in 2024 to \$964.3 million in 2025, or 13.9%. Mexico began 2025 as the top destination for ag exports, accounting for 44.8% of total regional agriculture & livestock exports.

**Farm equipment sales:** The farm equipment sales index rose to a very weak 20.8 from February's 18.2. This is the 19<sup>th</sup> straight month that the index has fallen below growth neutral. High input prices, tighter credit conditions and weak grain prices are having a negative impact on purchases of farm equipment.

**Banking:** The March loan volume index increased to 77.8 from February's 60.4. The checking deposit index plummeted to 50.0 from February's 58.7. The index for CDs and other savings instruments dropped to 55.6 from 62.5 in February. Fed interest rate policies have boosted CD purchases above growth neutral for 28 straight months.

**Hiring:** The new hiring index for March rose to 53.7 from February's 43.5. Job gains for non-farm employers more than offset weakness among farm producers.

**Confidence:** Rural bankers remain pessimistic about economic growth for their area over the next six months. The March confidence index sank to 30.4 from February's 40.0. Weak grain prices and negative farm cash flows, combined with downturns in farm equipment sales over the past several months, continued to push banker confidence lower.

**Home and retail sales:** Home sales remained soft with a March reading of 42.6, up from February's 40.0. Regional retail sales rebounded but remained weak, much like the nation, with an index of 40.4, up February's 28.3.



# GOSS EGGS

## RECENT DUMB Economic Political Actions

Trump Says "Tariff" Is a  
Beautiful Word: Investors  
Disagree

From investors point-of-view, the beauty of tariffs is variable while their ugliness is constant. Since President Trump's tariff "Liberation Day," on April 2 until markets closed on April 8, U.S. stocks, as measured by the S&P Index, plummeted by 12.1%.

It was not until the President yelled "uncle" on April 9 did investors take the foot off of the financial brakes. On that day, Trump announced that proposed tariffs, except for those targeted on China, would be delayed for 90 days.

However on April 10, investors once again telegraphed their displeasure with tariffs by continuing to unload U.S. stocks. That is, delay is not the same as suspension. Furthermore, poking the Chinese bear with tariffs comes at a cost to the U.S. economy.

First, is the likelihood of retaliation from China. In 2024, the U.S. exported \$143.5 billion of goods to China including \$34 billion of soybeans, corn and pork. Higher priced U.S. goods via tariffs will be replaced by cheaper goods from Brazil, etc.

Second, a portion of the higher tariffs on imported goods from China will be passed on to U.S. consumers in the form of higher prices thus raising inflation and interest rates.

Third, and potentially the most important, China holds \$759 billion in U.S. Treasury securities. Chinese dumping of these securities on the global market and buying gold would reduce the price of U.S. Treasury bonds and increase U.S. interest rates, including mortgage rates.

4 OF 5 GOSS EGGS



Below are the state reports:

**Colorado:** The state's Rural Mainstreet Index (RMI) for March sank to 43.6 from 66.3 in February. The farmland and ranchland price index for March dropped to 39.5 from February's 47.3. The state's new hiring index increased slightly to 52.9 from 52.5 in February. According to trade data from the International Trade Association (ITA), Colorado exports of agriculture goods and livestock for the first month of 2025, compared to January 2024, rose by \$26.0 million, or 100.6%. Spain was the top destination to begin 2025, accounting for 39.6% of Colorado ag. & livestock exports.

**Illinois:** The state's March Rural Mainstreet Index (RMI) slumped to 30.4 from February's 34.2. The farmland price index declined to 35.8 from February's 42.5. The state's new hiring index improved to 48.3 from 42.5 in February. According to trade data from the ITA, Illinois exports of agriculture goods and livestock for the first month of 2025, compared to January 2024, fell by \$55.7 million, or 13.4%. China was the top destination to begin 2025, accounting for 25.2% of Illinois agriculture exports.

**Iowa:** March's RMI for the state improved to a weak 39.2 from 32.8 in February. Iowa's farmland price index for March sank to 33.6 from 38.1 in February. Iowa's new hiring index for March soared to 55.7 from February's 40.8. According to trade data from the ITA, Iowa exports of agriculture goods and livestock for the first month of 2025, compared to January 2024, fell by \$62.2 million, or 37.3%. Mexico was the top destination to begin 2025, accounting for 77.4% of January Iowa agriculture goods.

**Kansas:** The Kansas RMI for March decreased slightly to 36.5 from February's 36.8. The state's farmland price index dropped to 32.6 from 39.3 in February. The new hiring index for Kansas increased to 44.5 from 42.2 in February. According to trade data from the ITA, Kansas exports of agriculture goods and livestock for the first month of 2025, compared to January 2024, fell by \$22.0 million for a decline of 20.9%. Mexico was the top destination to begin 2025, accounting for 83.5% of January Kansas agriculture & livestock exports.

**Minnesota:** The March RMI for Minnesota plummeted to 46.2 from 62.4 in February. Minnesota's farmland price index dropped to 40.3 from 46.5 in February. The new hiring index for March rose to 53.9 from February's 51.2. According to trade data from ITA, Minnesota exports of agriculture goods & livestock for the first month of 2025, compared to January 2024, fell by \$14.8 million, or 16.3%. Mexico was the top destination to begin 2025, accounting for

44.4% of January Minnesota agriculture & livestock exports.

**Missouri:** The state's March RMI climbed to 56.2 from February's 55.2. The farmland price index for March tumbled to 39.3 from February's 61.5. The state's new hiring gauge for March plunged to 44.9 from February's 69.7. According to trade data from ITA, Missouri exports of agriculture goods and livestock for the first month of 2025, compared to January 2024, fell by \$21.7 million, or 23.5%. Mexico was the top destination to begin 2025, accounting for 85.4% of Missouri agriculture exports

**Nebraska:** The Nebraska RMI for March sank to 32.6 from February's 37.0. The state's farmland price index for March fell to 36.4 from February's 39.3. Nebraska's new hiring index improved to 49.1 from 42.2 in February. According to trade data from ITA, Nebraska exports of agriculture goods and livestock for the first month of 2025, compared to January 2024, fell by \$10.9 million, or 8.7%. Mexico was the top 2025 destination accounting for 43.0% of Nebraska farm & livestock exports

**North Dakota:** The state's RMI for March dropped to 40.3 from 49.8 in February. The state's farmland price index slumped to 38.6 from 45.6 in February. The state's new hiring index expanded to 51.8 from 46.2 in February. According to trade data from ITA, the state's exports of agriculture goods for the first month of 2025, compared to January 2024, fell by \$13.4 million, or 15.1%. Mexico was the top destination to begin 2025, accounting for 43.0% of North Dakota agriculture and livestock exports.

**South Dakota:** The March RMI for South Dakota increased to 42.3 from 31.4 in February. The state's farmland price index dipped to 37.5 from 37.7 in February. South Dakota's March new hiring index expanded to 50.5 from February's 40.3. According to trade data from ITA, South Dakota exports of agriculture goods and livestock for the first month of 2025, compared to January 2024, expanded by \$18.5 million for an expansion of 239.6%. Mexico was the top destination to begin 2025, accounting for 88.7% of South Dakota agriculture and livestock exports

**Wyoming:** The March RMI climbed to 46.6 from 34.7 in February. The farmland & ranchland price index rose to 40.4 from February's 38.7. Wyoming's new hiring index climbed to 54.0 from 41.5. According to ITA trade data, Wyoming's export of agriculture goods and livestock for the first month of 2025, compared to January 2024, expanded by \$0.41 million, or 367.2%. Mexico was the top destination to begin 2025, accounting for 52.6% of January Wyoming agriculture and livestock exports.

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



## KEEP AN EYE ON

Keep an eye on the yield on the 10-yr U.S. Treasury bond. Higher yields could foreshadow expanding inflation and Chinese dumping U.S. Treasury bonds. Rates above 4.7% will be a problem.

Consumer price index (CPI). On May 13, the U.S. BLS releases its CPI for April. Rising inflation—bad for mortgage rates. I expect moderation instead due to a slowing U.S. economy.

Employment Report for April. On May, the U.S. BLS releases its job estimates for April. A significant uptick in the unemployment rate will put a dagger in the heart of future tariff increases.

Federal Reserve interest rate meetings (FOMC) meeting on May 7 will be very important. I expect no change in rates. Fed is caught between inflation and potential recession.

**THE OUTLOOK.** National Association of Business Economics. April 2025. “The March 2025 NABE Policy Survey results reflect uncertainty among panelists due to significant policy shifts set to occur in the coming years under the new Presidential administration,” said NABE President Emily Kolinski Morris, CBE, chief economist, Ford Motor Company.

“Respondents cite addressing budget deficits as a top policy priority for the first year of the new administration, but are split on whether the primary focus of fiscal policy should be fostering long-term economic growth or reducing the deficit.” “The outlook for growth and inflation are expected to be most impacted by more aggressive trade and immigration policies,” added NABE Policy Survey Chair Sarah Wolfe, senior economist and strategist, Thematic & Macro Investing, Morgan Stanley Wealth Management. “Most respondents do not think we will reach the 2% inflation target until 2027 or beyond. As a result, the Federal Reserve’s policy moves will remain restrictive for some time.”

“One-half of respondents views current fiscal policy as ‘too stimulative,’ down from 56% in the August 2024 NABE Policy Survey, and the smallest share in two years. Over the past seven surveys, an average 53% of panelists have held this view. Meanwhile, 10% currently consider fiscal policy as “too restrictive,” up from 8% in the previous survey, and the highest percentage in three years. Roughly one-third of the panel (34%) sees fiscal policy as “about right,” a share that has steadily declined since peaking at 45% in August 2021.” <https://tinyurl.com/cfu3pype>

## BANKER READING ROOM

### ICBA’s Position on AI

“Banks, as early adopters, have effectively integrated AI and machine learning into their operations, prioritizing safety and soundness.”

“ICBA holds that banking regulators currently possess the necessary tools to oversee AI usage in community banks.”

“ICBA believes that regulations that currently apply to the banking sector should be extended to other

industries to provide similar protections to consumer data and privacy.”

“ICBA opposes laws, regulations or guidance that could lead to the commoditization of lending and other services and products offered by community banks.”

“ICBA opposes excessively prescriptive regulations from the CFPB that could potentially impede the use of AI in developing more equitable lending models.”

<https://www.icba.org/our-positions-and-current-policies/artificial-intelligence>

### STATISTIC(S) OF THE MONTH

## \$18.04 trillion

U.S. household debt hit an all time high of \$18.04 trillion in Q4, 2024, or \$105,056 per household; Auto and Credit Card Delinquencies are at fault.

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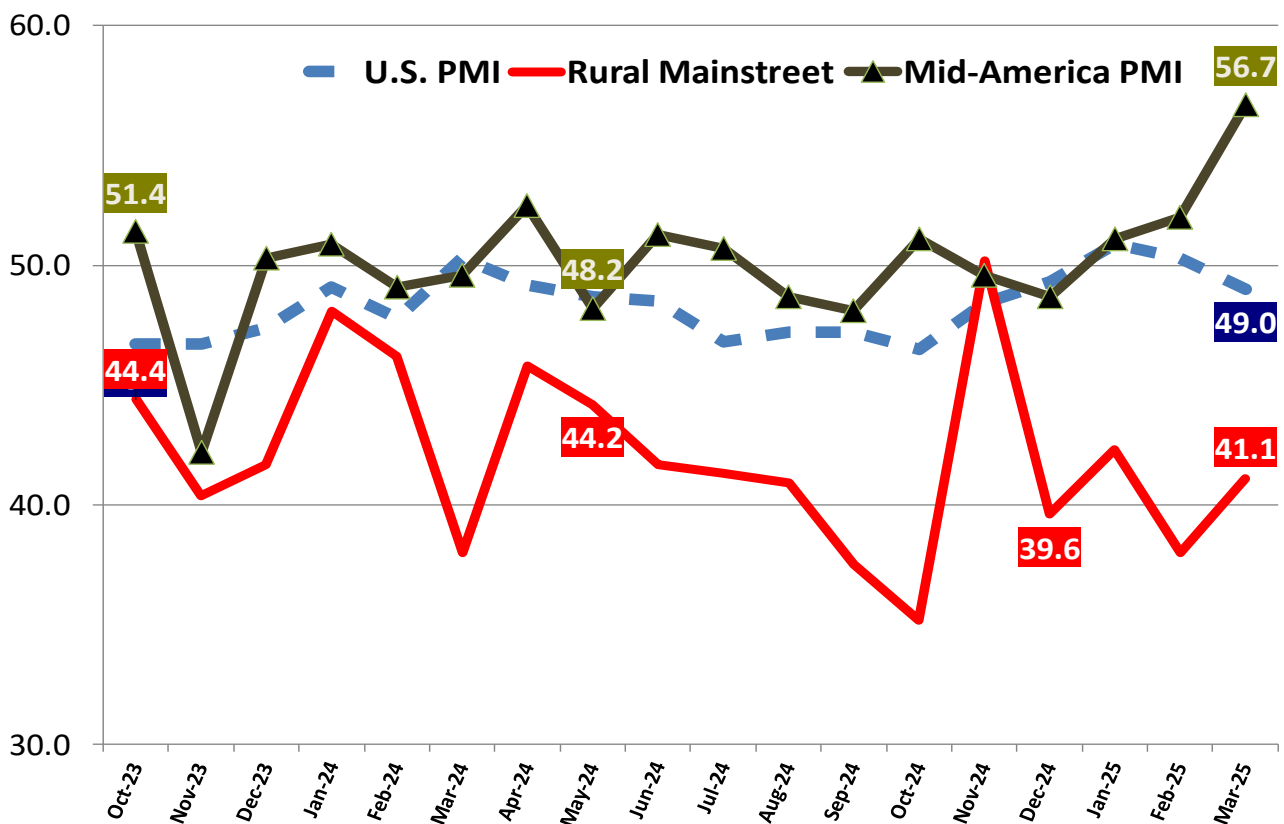
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This month's survey results will be released on the third Thursday of the month.

The Rural Mainstreet Economic Report April 2025

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

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





## Summary of March Survey

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

|                                                 | March 2024 | Feb. 2025 | March 2025 |
|-------------------------------------------------|------------|-----------|------------|
| Area Economic Index                             | 38.0       | 38.0      | 41.1       |
| Loan Volume                                     | 79.2       | 60.4      | 77.8       |
| Checking Deposits                               | 62.5       | 58.7      | 50.0       |
| Certificates of Deposit and Savings Instruments | 72.9       | 62.5      | 55.6       |
| Farmland Prices                                 | 56.0       | 40.0      | 38.9       |
| Farm Equipment Sales                            | 30.4       | 18.2      | 20.8       |
| Home Sales                                      | 41.7       | 37.0      | 42.6       |
| Hiring                                          | 52.2       | 43.5      | 53.7       |
| Retail Business                                 | 39.6       | 28.3      | 40.4       |
| Confidence Index (area economy six months out)  | 36.0       | 40.0      | 30.4       |

**Table 2: The Rural Mainstreet Economy, March 2025**

|                                                                                             | Percentage of Bankers Reporting       |                                                                   |                                                       |                             |
|---------------------------------------------------------------------------------------------|---------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------|-----------------------------|
|                                                                                             | Aggressively Raise Tariffs            | Be More Flexible on Tariffs                                       | Raise Tariffs as Planned April 2                      | Return to Jan. 2025 Tariffs |
| Regarding the current tariff initiatives on Canada, China and Mexico, the President should: | 7.3%                                  | 70.4%                                                             | 14.8%                                                 | 7.5%                        |
|                                                                                             | Percentage of Bankers Reporting       |                                                                   |                                                       |                             |
|                                                                                             | Be Allowed to Expire but No New Taxes | Continue 2017 Cuts but Reduce Corporate Tax Rates to 15% from 21% | Continue 2017 Cuts and Keep Corporate Tax Rate at 21% |                             |
| Tax cuts enacted in 2017 are slated to EXPIRE at the end of 2025. These cuts should:        | 15.0%                                 | 25.7%                                                             | 59.3%                                                 |                             |
|                                                                                             | Percentage of Bankers Reporting       |                                                                   |                                                       |                             |
|                                                                                             | Fall Significantly                    | Fall Modestly                                                     | Little Changed from 2024                              | Increase Modestly           |
| Farm income in your area for 2025 will:                                                     | 18.5%                                 | 44.4%                                                             | 33.3%                                                 | 3.7%                        |