

February **THE MAINSTREET ECONOMIC REPORT**

2026 A monthly survey of community bank CEOs, and chief loan officers

Rural Mainstreet Index Highest Since July 2023: More Than 1/3 of Bankers Report Local Recession

January-at-a-Glance:

- The region's overall or Rural Mainstreet Index climbed to its highest reading since July 2023,
- Almost one in four, or 23.1% of bankers, support reducing short-term interest rates by ¼% at the Federal Reserve's interest rate meeting on January 27/28.
- More than one-third of bank CEOs reported that their local economy was in a recession.
- The farm equipment sales index sank below growth neutral for the 29th straight month.
- According to trade data from the International Trade Association (ITA), regional exports of agriculture goods and livestock for the first 10 months of 2025, compared to the same period in 2024, fell from \$9.9 billion in 2024 to \$9.7 billion in 2025 for a decline of 2.4%.
- Regarding Trump's imposition of tariffs, almost four of ten of bankers support pulling back on the tariffs.

(Continued next page)
(Tables on final page)



Welcome to Creighton's February Bank CEO Report covering January 2026 survey results. The overall January reading from bank CEOs and bank executives in 10 Rural Mainstreet States climbed above growth neutral for the second time. Bank executives reported falling farmland prices. Furthermore, ag equipment sales declined for the 29th straight month. Thank you for your input. Ernie.

U.S. Manufacturing Job losses: Forced Unionization Results in Fewer Jobs & Lower Wage Growth

Since the start of the 21st century, U.S. manufacturing has undergone a sustained employment decline. Manufacturing jobs fell from 16.4 million in 2001 to 12.9 million in 2024, reducing the sector's share of total employment from 12.4% to 8.1%. These national trends, however, mask wide state-level variation. Over this period, New York lost 42.4% of its manufacturing job base, while Nevada expanded its industrial employment by 52.6%.

A key factor distinguishing states with stronger manufacturing performance from those with larger losses was the

presence of right-to-work (RTW) laws. RTW laws prohibit requiring workers to join a union or pay union dues as a condition of employment. As shown in Table 1, manufacturing outcomes differed markedly between RTW and non-right-to-work (NRTW) states. From 2001 to 2024, the median RTW state experienced a manufacturing job decline of 13.3%, compared with a much steeper 33.1% loss in the median NRTW state.

Contrary to common expectations, RTW states also recorded stronger wage growth. Median weekly manufacturing wages rose by 105.5% in RTW states, substantially outpacing the 80.7% median increase observed in NRTW states. Ernie Goss.

Table 1: Manufacturing growth 2001 - 2024

Right to work states (RTW)	Growth 2001-24			Non-right-to-work	Growth 2001-24		
	Jobs	Establishments	Wage		Jobs	Establishments	Wage
Nevada	52.6%	22.6%	85.1%	Utah	25.7%	63.4%	103.3%
North Dakota	17.4%	13.2%	191.3%	Montana	-2.8%	26.6%	119.3%
South Dakota	10.1%	4.7%	254.0%	Alaska	-4.1%	25.0%	149.4%
Idaho	9.2%	104.1%	138.1%	Washington	-14.0%	-1.3%	66.2%
Wyoming	3.1%	-1.2%	78.4%	Oregon	-17.0%	19.7%	63.0%
Florida	-1.2%	53.2%	61.2%	Minnesota	-17.3%	-6.2%	81.8%
Arizona	-3.8%	18.0%	40.2%	Colorado	-19.4%	-4.7%	109.5%
Texas	-5.4%	20.1%	80.2%	Michigan	-28.8%	9.7%	82.0%
Nebraska	-5.6%	-8.4%	129.6%	Ohio	-29.1%	-17.3%	76.8%
Iowa	-7.7%	-7.6%	106.3%	Illinois	-29.8%	-7.5%	70.5%
Kansas	-10.3%	-5.5%	108.7%	New Hampshire	-30.8%	-19.2%	69.3%
Kentucky	-11.9%	44.9%	90.2%	New Mexico	-31.1%	-7.2%	96.9%
Alabama	-12.2%	15.3%	112.8%	Median	-31.1%	-7.5%	80.7%
Georgia	-14.3%	33.3%	230.8%	California	-31.4%	-16.2%	80.7%
Indiana	-15.0%	-1.6%	139.1%	Connecticut	-32.0%	-21.8%	26.7%
South Carolina	-15.9%	71.4%	178.0%	Pennsylvania	-32.2%	-26.5%	79.3%
Missouri	-16.7%	2.5%	102.8%	Delaware	-32.5%	22.3%	93.8%
Wisconsin	-16.9%	-16.6%	75.5%	Maine	-32.7%	-10.7%	94.3%
Oklahoma	-17.2%	-14.8%	105.3%	Maryland	-32.9%	5.6%	62.2%
Louisiana	-18.5%	-0.6%	89.1%	New Jersey	-36.5%	-15.4%	22.9%
Tennessee	-20.1%	24.4%	123.2%	Vermont	-41.3%	-11.4%	73.3%
Arkansas	-20.9%	-20.9%	231.2%	Rhode Island	-41.7%	-42.2%	163.1%
Virginia	-29.4%	43.5%	63.7%	Massachusetts	-41.8%	-29.2%	30.2%
Mississippi	-29.6%	-21.5%	198.8%	New York	-42.4%	-24.8%	112.1%
North Carolina	-33.9%	-7.4%	102.8%	Median	-33.1%	-7.5%	+80.7%
West Virginia	-36.2%	-12.2%	90.7%				
Median	-13.3%	3.6%	+105.8%				

Note: wage gains not adjusted for inflation; U.S. manufacturing continued to lose jobs in 2025 with an 86,000 downturn.

Source: Goss calculations based on U.S. Bureau of Labor Statistics;

BULLISH NEWS

➤ The New York Federal Reserve estimates Q1 GDP growth to come in at an OK 2.6% (annualized).

➤ The Case-Shiller National House Price Index rose by 1.4% for the 12 months ending in November (a negative value was expected).

➤ ISM's manufacturing reading climbed above growth neutral for January.

BEARISH NEWS

- Vietnam's trade surplus with the U.S. expanded by 30% from 12 months earlier as Chinese producers routed U.S. destined sales through Vietnam.

- China's trade surplus with the U.S. climbed from \$18.7 billion in December to \$19.0 billion in January.

- According to ADP, the U.S. economy added only 22,000 private sector jobs in January.

- U.S. budget deficit for fiscal 2025 was \$1.78 trillion.

- U.S. budget deficit for December 2025 was 67% higher than that for December 2024.

- The U.S. lost 86,000 manufacturing jobs in calendar 2025.

- National Association of Realtors reported that pending home sales fell by 9.3% between November and December 2025.

Main\$street on Your Street

The overall Rural Mainstreet Index (RMI) climbed above growth neutral 50.0 for January, according to the latest 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 January climbed to 52.0, its highest reading since July 2023, and up from December's 50.1. The index ranges between 0 and 100, with a reading of 50.0 representing growth neutral.

More than one of three bankers, or 34.7% indicated that their local economy was currently in a recession. Another 26.9% expect their local economy to experience recession conditions in the first half of 2026,

Regarding Trump's imposition of tariffs, almost four of ten, or 38.4%, of bankers support pulling back on the tariffs.

Jim Eckert, Executive VP and Trust Officer of Anchor State Bank in Anchor, Ill. said, "We are still dry in Central Illinois. Probably have sufficient moisture to plant 2026 crop, but will need timely rains as subsoil is depleted."

As stated by one bank CEO in the December survey, "Low grain prices and higher input costs continue to plague our area farmers. The Trump \$12B payment to producers will help, but is not a cure."

The Federal Reserve's interest rate setting committee, the FOMC, meets next on January 27 and 28 to consider changing rates. Almost one in four, or 23.1% of bankers, recommend reducing short-term interest rates by ¼%. Approximately 73.1% advocate no change while the remaining 3.8% support a rate increase.

Jeffrey Gerhart, former Chairman of the Independent Community Bankers Association said, "Interest rate changes by the Fed should pause for the time being. The lag is 'long and variable,' meaning policymakers must act with foresight, as the economy's response isn't immediate, making it challenging to perfectly time monetary policy."

Farming and ranchland prices: After rising above growth neutral in December, the farm and ranchland index fell below the threshold for January with an index of 46.0 which was down from 52.5.



According to trade data from the International Trade Association (ITA), regional exports of agriculture goods and livestock for the first 10 months of 2025, compared to the same period in 2024, fell from \$9.9 billion in 2024 to \$9.7 billion in 2025 for a decline of 2.4%.

Farm equipment sales: The farm equipment sales index sank to a very weak 18.8, but was up from December's even weaker 15.0. This is the 29th straight month that the index has fallen below growth neutral. Lower interest rates and the impending \$12 billion of federal farm support have yet to stimulate farm equipment purchases.

Banking: The January loan volume index dropped to a solid 62.0 from December's 71.4. The checking deposit index fell to 66.0 from 69.0 in December. The region's index for certificates of deposits (CDs) improved to 54.0 from 52.4 in December.

Hiring: The new hiring index for January rose to 50.0 from December's 45.0. "Job gains for non-farm rural employers have been soft for the last several months," said Goss.

Confidence: Rural bankers remain pessimistic about economic growth for their area over the next six months. The January confidence index rose to 44.0, its highest reading since February 2023, and up from 40.9 in December. Despite \$12 billion of federal farm support, weak grain prices and negative farm cash flows, combined with tariff retaliation concerns, continue to weigh on banker confidence.

Home and retail sales: January home sales increased to a weak 48.1 from December's 42.9. Regional retail sales sank to 48.1 from 54.8 in December.

Below are December state reports:

Colorado: The state's Rural Mainstreet Index (RMI) for January climbed to 53.9 from 50.1 in December. The farm and ranchland price index for January sank to 46.2 from December's 52.1. The state's new hiring index

GOSS EGGS

RECENT DUMB

Economic Steps, Inactions, and/or Lies

“Eat My Shorts, Salem”
Oregon Voters Push Back on
a \$4.3 Billion Tax Grab

After decades of progressive economic policymaking, Oregon voters finally snapped—moving to overturn a \$4.3 billion tax increase pushed through by left-leaning Governor Tina Kotek and her big-spending allies in the legislature.

One could almost hear Oregon native and *Homer Simpson* creator Matt Groening shouting “Eat my shorts!” as nearly 200,000 residents signed petitions to put the tax hike on the November 2026 ballot.

Rather than heed these tax-weary voters, however, legislative leaders responded with procedural maneuvering. Lawmakers announced plans to repeal the tax outright—to relieve the burden, but to block a public vote. At the same time, Democratic leaders floated shifting any replacement vote from November 2026 to May 2026, when turnout is far lower. In 2024, more than 2.3 million Oregonians voted in November, compared with just 1.1 million in the May primaries.

The horse-drawn delivery of voter petitions to the Capitol could hardly have been more symbolic—Marge Simpson herself couldn’t have made the message more clear. And as the dust settled, Oregon voters might have imagined Governor Kotek murmuring in her sleep: *“The best things in life are free—but sooner or later, I’ll find a way to tax them.”*

4 OF 5 GOSS EGGS



increased to 50.2 from 45.1 in December. According to the latest trade data from the ITA, Colorado exports of agriculture goods and livestock for the first 10 months of 2025 stood at \$345.9 million compared to \$361.8 million for the same period in 2024, for a 4.4% decline.

Illinois: The state’s January Rural Mainstreet Index (RMI) declined to 50.1 from 53.4 in December. The farm and ranchland price index for January fell to 46.0 from 53.2 in December. The state’s new hiring index for January improved to 50.0 from December’s 46.9. According to the latest trade data from the ITA, Illinois exports of agriculture goods and livestock for the first 10 months of 2025 stood at \$2.8 billion compared to \$3.8 billion for the same period in 2024, for a 27.5% decline.

Iowa: January’s RMI for the state climbed to 52.7 from 47.6 in December. Iowa’s farm and ranchland price index for January sank to 46.1 from 51.3. Iowa’s new hiring index for January increased to 49.0 from December’s 43.7. According to the latest trade data from the ITA, Iowa exports of agriculture goods and livestock for the first 10 months of 2025 stood at \$1.3 billion compared to \$1.1 billion for the same period in 2024, for a 17.9% increase.

Kansas: The Kansas RMI for January improved to 50.7 from 49.3 in December. The state’s farm and ranchland price index slumped to 41.4 from December’s 51.8. The new hiring index for Kansas increased to 48.5 from December’s 44.6. According to the latest trade data from the ITA, Kansas exports of agriculture goods and livestock for the first 10 months of 2025 stood at \$811.9 million compared to \$883.3 million for the same period in 2024, for an 8.1% decline.

Minnesota: The January RMI for Minnesota jumped to 55.2 from December’s 52.6. Minnesota’s farm and ranchland price index declined to 46.4 from December’s 52.9. The new hiring index for January increased to 50.4 from 46.5 in December. According to the latest trade data from the ITA, Minnesota exports of agriculture goods and livestock for the first 10 months of 2025 stood at \$811.9 million compared to \$883.3 million for the same period in 2024, for an 8.1% decline.

Missouri: The January RMI for the state climbed to 56.2 from 50.9 in December. The farm and ranchland price index for January sank to 46.5 from December’s 52.4. The state’s new hiring gauge for January rose to 50.5 from 45.5. According to the latest trade data from the ITA, Missouri exports of

agriculture goods and livestock for the first 10 months of 2025 stood at \$785.1 million compared to \$789.0 million for the same period in 2024, for a 0.5% decline.

Nebraska: The state’s Rural Mainstreet Index for January declined to 49.2 from December’s regional high of 54.2. The state’s farm and ranchland price index for January sank to 44.2 from December’s 53.0. Nebraska’s new hiring index increased to 48.1 from December’s 46.4. According to the latest trade data from the ITA, Nebraska exports of agriculture goods and livestock for the first 10 months of 2025 stood at \$1.1 billion compared to \$733.1 million for the same period in 2024, for a 45.1% increase.

North Dakota: The state’s overall RMI for January climbed to 53.4 from 51.7 in December. The state’s farm and ranchland price index dropped to 44.2 from 52.7 in December. The state’s new hiring index improved to 50.2 from 46.0 in December. According to the latest trade data from the ITA, North Dakota exports of agriculture goods and livestock for the first 10 months of 2025 stood at \$875.3 million compared to \$912.6 million for the same period in 2024, for a 4.1% decline.

South Dakota: The January RMI for South Dakota rose to 54.2 from December’s 48.4. The state’s farm and ranchland price index fell to 46.3 from 51.6 in December. South Dakota’s January new hiring index increased to 50.3 from December’s 44.1. According to the latest trade data from the ITA, South Dakota exports of agriculture goods and livestock for the first 10 months of 2025 stood at \$134.7 million compared to \$123.1 million for the same period in 2024, for a 9.4% increase.

Wyoming: The January overall RMI for Wyoming was unchanged from December’s 52.5. The January farm and ranchland price index sank to 46.1 from 51.0 in December. Wyoming’s new hiring index improved to 50.1 from December’s 43.2. According to the latest trade data from the ITA, Wyoming exports of agriculture goods and livestock for the first 10 months of 2025 stood at \$12.1 million compared to \$7.7 million for the same period in 2024, for a 58.3% increase.

Tables 1 and 2 summarize the survey findings. This month’s survey results will be released on the third Thursday of the month, February 19, 2026.



KEEP AN EYE ON

1. The Federal Reserve Open Market Committee (FOMC) meets on March 17/18. Although no interest rate change is expected, listen for Powell to identify changes to the Fed's bond buying (formerly QE). Over the past month, the Fed has increased its balance sheet by approximately \$50 billion. This buying of U.S. Treasury bonds has the impact of increasing the money supply and reducing long-term interest rates.

2. Last month the BLS estimated the U.S. added 130,000 jobs. Watch next months job report on the first Friday of March. Remember these are estimates with high margins of error that are later revised (generally lower).

3. Case-Shiller Home Price Index: On Feb. 23, , this index will be released for Dec. I expect the year-over-year home price change to fall to below 0.0% (or close to no change).

THE OUTLOOK. National Association of Business Economics. Amid Cautious Optimism, NABE Panelists See Lower Likelihood of Recession, with Businesses Embracing AI to Drive Productivity. "The January 2026 NABE Business Conditions Survey results suggest that recession concerns have continued to recede, with more than half of respondents placing the probability of a U.S. recession at 25% or lower," said NABE President Gregory Daco, chief economist, E-Y Parthenon, Ernst & Young, LLP. "Sales expectations have strengthened to their highest level since mid-2024, while capital spending expectations remain elevated. Labor constraints have eased materially, with most firms no longer facing labor shortages, yet hiring plans remain largely unchanged and a meaningful share of firms continue to delay hiring or investment. At the same time, materials costs are still rising for most firms, but profit pressures are beginning to moderate as cost pass-through improves. Demand uncertainty and policy risks remain prominent, and firms broadly expect tariff levels to stay elevated into 2026."

"Wage growth showed modest gains, and employment remained essentially steady," added NABE Business Conditions Survey Chair Martha Moore, CBE, chief economist and managing director, American Chemistry Council. "In addition, labor availability has improved compared to recent years. All firms report using artificial intelligence (AI) in some form, ranging from limited or experimental use to AI being core to their operations. Most firms expect AI to boost productivity, although employment impacts are currently uncertain. Cost reductions and greater efficiency are cited as the top impact that firms expect from AI." <https://tinyurl.com/>

BANKER READING ROOM

Letter Urging Congress to Pass Additional Farm Economic Assistance (Feb. 10, 2026)

ICBA sent a letter to members of Congress urging them to pass an additional farm economic assistance package. ICBA said it appreciates the administration's recently announced \$12 billion Farmer Bridge Assistance package for row and specialty crops, but this level of assistance is simply not sufficient given that production costs are substantially above farmers' expected revenues.

ICBA also urged lawmakers to include an increase in USDA guaranteed farm loan limits to \$3.5 million for farm real estate and \$3 million for operating loans.

A portion of the letter read:

"As you know, farmers have been stricken by high production costs, difficult trade and export markets, significant weather-related problems, and falling commodity prices. These types of problems are beyond the ability of producers to control through their own risk mitigation strategies. Community banks will continue to work with their borrowers, but many farmers may simply decide to exit agriculture altogether to preserve their operation's equity by avoiding another year of losses unless additional assistance is provided on a timely basis." <https://www.icba.org/w/letter-urging-congress-to-pass-additional-farm-economic-assistance>

STATISTIC(S) OF THE MONTH

22,000

ADP's survey of private employers for January indicated the U.S. added only 22,000 jobs in January.

FOLLOW ERNIE

Twitter: @ErnieGoss

For historical data and forecasts, visit our website:

www.gossandassociates.com

For ongoing commentary on recent economic developments, visit:

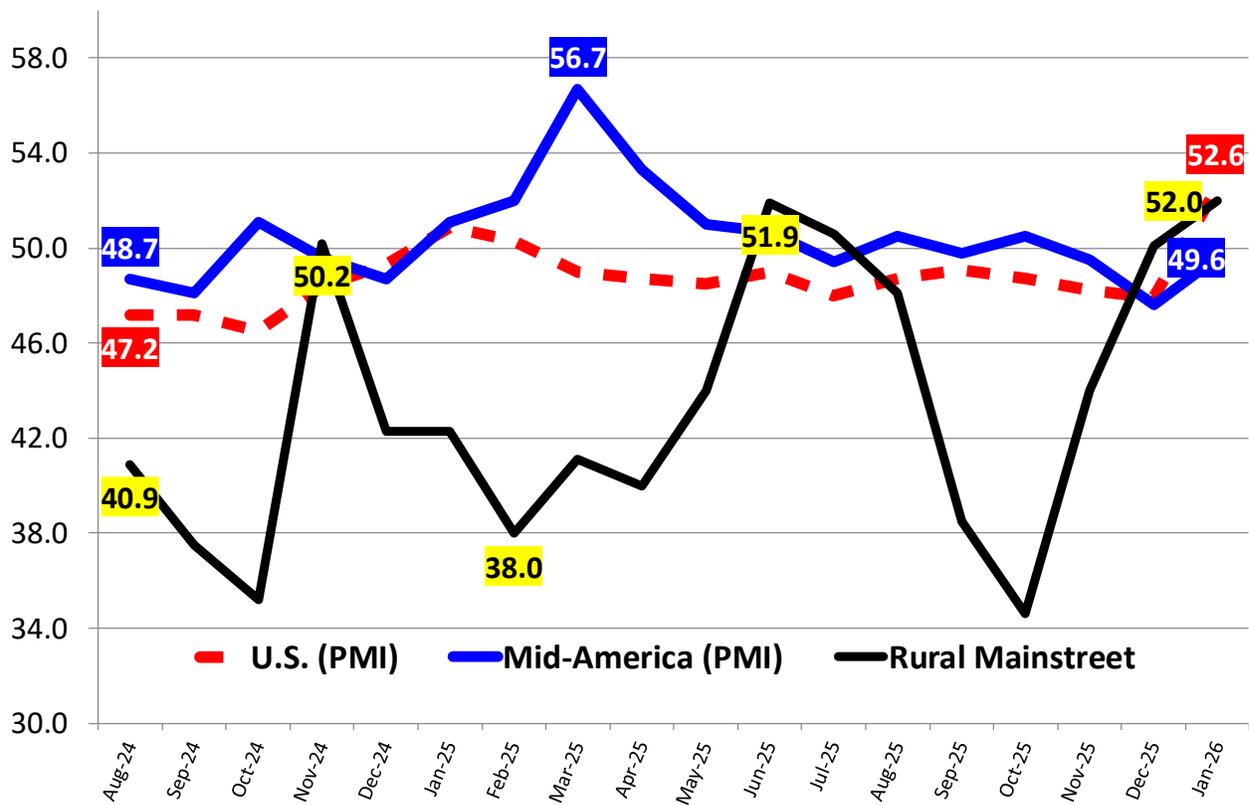
Goss monthly interview at: <https://bit.ly/MidAmericaBCIJanuary2026Video>

News media assets & headshots: <https://bit.ly/MidAmericaBCIJanuary2026Assets>

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

Table 1: Rural Mainstreet Economy Last 2 Months & One Year Ago: (index > 50 indicates expansion)			
	Jan. 2025	Dec. 2025	Jan. 2026
Area Economic Index	42.3	50.1	52.0
Loan Volume	60.0	71.4	62.0
Checking Deposits	48.0	69.0	66.0
Certificates of Deposit and Savings Instru-	58.0	52.4	54.0
Farmland Prices	42.0	52.5	46.0
Farm Equipment Sales	17.4	15.0	18.8
Home Sales	40.0	42.9	48.1
Hiring	47.9	45.0	50.0
Retail Business	44.0	54.8	48.1
Confidence Index (area economy six months	42.3	40.9	44.0

Table 2: The Rural Mainstreet Economy, January 2026				
	Percentage of Bankers Reporting			
	Current recession	OK but expect recession in first half 2026	Solid growth- No recession Ahead	Very strong growth- No recession ahead
Which of the following best describes the economy in your area:	34.7%	26.9%	34.4%	4.0%
	Percentage of Bankers Reporting			
	Reduce short term interest rates by ¼%	Leave rates unchanged	Raise short term interest rates by ¼%	
What interest rate action should the Federal Reserve take at their next meetings on Jan. 28/29?	23.1%	73.1%	3.8%	
	Percentage of Bankers Reporting			
	Tariffs should be More severe	Trump's tariff approach Is about right	Trump should pull back On tariffs	
Regarding Trump's imposition of tariffs:	3.9%	57.7%	38.4%	