

September 2025

THE MAINSTREET ECONOMIC REPORT

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

Rural Mainstreet Economy Falls into Negative Territory One-Fifth of Grain Farmers to Experience Negative Cash Flow August-at-a-Glance:

- For the sixth time in 2025, the overall regional economic index sank below growth neutral.
- For the 15th time in the past 16 months, farmland prices sank below growth neutral.
- Approximately six of ten bank CEOs support a Federal Reserve rate cut at their September meeting. Only 3.7% support a rate cut of more than 25 basis points (¼%).
- On average, bank CEOs expect one in five grain farmers to experience negative cash flow for 2025..
- Farm equipment sales dropped below growth neutral for the 24th straight month.
- According to trade data from the International Trade Association (ITA), regional exports of agriculture goods and livestock for the first half of 2025, compared to the same 2024 period, fell from \$6.2 billion in 2024 to \$5.4 billion in 2025 for a decline of 12.7%.
- For the first half of 2025, Mexico was the top destination for regional agriculture exports, accounting for 57.1% of total regional agriculture and livestock exports.

(Continued next page)



Welcome to Creighton’s September Bank CEO Report covering August 2025 survey results. The overall August reading from bank CEOs and bank executives in 10 Rural Mainstreet States sank into a range indicating that the Rural Mainstreet economy remains weak with falling farmland prices and declining ag equipment sales. Thank you for your input for our/your August survey. Ernie.

Migrants Abandon High Tax Blue States for Low Tax Red States

Recent U.S. Census estimates indicate that, as in prior years, Americans continue to move from higher-tax jurisdictions to lower-tax ones. Across the higher-tax group (the 26 states above the median plus D.C.), the median net migration rate from 2023 to 2024 was -0.6%. By contrast, the lower-tax group (25 states below the median) posted a +0.2% median net migration rate.

The divergence is even clearer when comparing no-income-tax states with all others: the nine no-tax states recorded a +0.28% median net migration gain, while the remaining 42 states and D.C. had a -0.02% median net migration loss.

Political alignment shows a similar pattern. Among states’ 2024 leanings and subsequent net migration outcomes, only one Blue state (states won

by Harris in the 2024 presidential election) ranked in the top ten for net in-migration. That was Delaware. Conversely, only one Red state, Mississippi, ranked in the bottom ten for net population loss via migration.

Chart 1 below summarizes impacts. States in the preferred quadrant (1) have both a low tax burden and higher GDP growth. Quadrant (3) is the least preferred quadrant with both a high tax burden and high net out-migration. For the high tax burden states, Q2 and Q3, the median migration rate was -0.08 while low tax burden states, Q1 and Q4, had a median migration rate of +0.25.

Of the 31 Red states, 64.5% were in Q1 and Q4, while only 30.0% of Blue states were in Q1 and Q4. Overall, Red states experienced higher in-migration rates at +0.35% compared to -0.06%, but lower GDP growth at 3.9% versus 4.4% growth for Blue states. Ernie Goss.

Chart 1: Characteristics of states according to 2023 tax burdens and 2023-24 GDP growth		
	Low Tax Burden	High Tax Burden
High GDP Growth	(1) 2023-24 net migration = +0.37% Tax burden = 9.6% GDP growth = 4.4% Percent of blue in this quadrant = 20.0% (4 of 20) Percent of no state income tax in this quadrant = 55.5% (5 of 9) AZ, CO, DE, FL, GA, ME, NV, NH, NC, SC, TN, TX, UT, WI	(2) 2023-24 net migration = -0.17% Tax burden = 12.0% GDP growth = 5.4% Percent of blue in quadrant = 50.0% (10 of 20) Percent of no state income tax in this quadrant = 11.1% (1 of 9) CA, CT, DC, IN, MD, MA, NJ, NY, RI, VA, WA
Low GDP Growth	(4) 2023-24 net migration = +0.31% Tax burden = 9.2% GDP growth = 2.9% Percent of blue in this quadrant = 0.0% (0 of 20) Percent with no state income tax = 22.2% (2 of 9) AL, AR, ID, KY, MO, MT, OK, SD, WV, WY	(3) 2023-24 net migration = -0.08% Tax burden = 10.7% GDP growth = 2.8% Percent of blue in this quadrant = 30.0% (6 of 20) Percent with no state income tax = 11.1% (1 of 9) AK, HA, IL, IA, KS, LA, MI, MN, MS, NE, NM, ND, OH, OR, PA, VT

BULLISH NEWS

- Consumer spending rose by 0.5% in July.
- Driven by passive investing (i.e. ETFs), the S&P index climbed to an all time high in the first week of September. In my judgment, the risks outweigh the potential gains. I gave the same warning last month.
- The 30-year mortgage rate fell to 5.49% due to a fall in the yield on 10-year U.S. Treasury bond.

BEARISH NEWS

- The U.S. job market is showing a lot of cracks. According to the BLS, only 22,000 jobs were added in August and June job gains were revised into negative territory. Additionally, the U.S. unemployment rate rose from 4.2% to 4.3%.
- The U.S. trade deficit for July climbed to \$78 billion, up 32.5% from June.
- The U.S. budget deficit in July was up 20% from one year earlier.
- Both Creighton's regional and ISM's national survey of manufacturers remained weak in August.
- PwC, in a survey of 4,000 U.S. consumers, concluded that for the first time in 5 years, holiday spending is expected to weaken.
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Main\$trete on Your \$trete

For the sixth time in 2025, the overall Rural Mainstreet Index (RMI) sank below 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 August fell to 48.1 after rising to 50.6 in July and 51.9 in June. The index ranges between 0 and 100, with a reading of 50.0 representing growth neutral.

Weak agriculture commodity prices for grain producers continue to dampen economic activity in the 10-state region. Bank CEOs and chief loan officers expect almost one-fifth, or 19.5%, of grain farmers to experience negative cash flow from 2025. This is unchanged from January when approximately one-fifth of grain farmers were expected to experience net losses.,

According to Jeff Bonnett, President of Havana National Bank in Havana, ILL., "As current prices for corn and soybeans are still below break even, the majority of producers in our area will struggle to show operational profitability."

Farming and ranch land prices: For the 15th time in the past 16 months, farmland prices slumped below growth neutral. The region's farmland price dropped to 46.2 from 47.9 in July. Elevated interest rates, higher input costs and volatility from tariffs have put downward pressure on farmland prices.

Jim Eckert, Executive VP and Trust Officer of Anchor State Bank in Anchor, Ill. said, "Corn crop in Central Illinois is the tallest I've seen in 50+ years in a farm bank. However, rain came after prime pollenating time, so yields will not be as good as last year. Soybean crop should be better than last year."

According to trade data from the International Trade Association (ITA), regional exports of agriculture goods and livestock for the first half of 2025, compared to the same 2024 period, fell from \$6.2 billion in 2024 to \$5.4 billion in 2025 for a decline of 12.7%. For the first half of 2025, Mexico was the top destination for regional ag exports, accounting for 57.1% of total regional agriculture and livestock exports.

Farm equipment sales: The farm equipment sales index slumped to a very weak 14.6 from



16.7 in July. This is the 24th straight month that the index has fallen below growth neutral. High input costs, tighter credit conditions, low farm commodity prices and market volatility from tariffs are having negative impacts on the purchases of farm equipment

Despite weakness in the farm based economy, bankers continue to report little change in farm loan payments. delinquencies and bankruptcies. On average, bankers reported a 1.2% increase in farm loan delinquencies and bankruptcies over the past six months. This rate has changed little since 2023 when farm income began its decent.

Banking: The August loan volume index declined to 82.7 from July's record high 87.5. The checking deposit index soared to 63.5 from July's 45.8. The index for certificates of deposits (CDs) and other savings instruments rose to 59.6 from 56.3 in July. Federal Reserve interest rate policies have boosted CD purchases above growth neutral for 33 straight months.

Hiring: The new hiring index for August advanced to 56.0 from 50.0 in July. Job gains for non-farm employers have been positive, but soft for the last several months.

Confidence: Rural bankers remain pessimistic about economic growth for their area over the next six months. The August confidence index weakened to 27.8 from 36.0 in July. Weak grain prices and negative farm cash flows, combined with tariff retaliation concerns, pushed banker confidence lower..

Home and retail sales: Home sales increased to 48.2 from July's 48.1 Regional retail sales, much like national retail sales for August were fragile with a reading of 46.2 from 47.8 in July.

Below are the state reports:

Colorado: The state's Rural Mainstreet Index (RMI) for August slumped to 39.4 from 53.2 in July. The farmland and ranchland price index for August fell to 39.1 from 53.3 in July. The state's new hiring index dropped to 49.6 from July's 50.8. According to trade data from the

GOSS EGGS

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

Student Debt: Who Pays?

Federal support for student loans—measured by budgeted subsidy outlays—rose from \$1.9 billion in 1992 to \$60.7 billion in 2024, a compound annual growth rate of ~11.4%. This surge coincided with rapid tuition inflation and expanding university spending.

In 2023, the Supreme Court blocked Biden's attempt at broad, one-time cancellation. Today, about 42.3 million Americans owe \$1.67 trillion in student debt; roughly 4.0 million are in late-stage delinquency and 5.3 million are in default. Student loans are generally not dischargeable in bankruptcy (except in rare undue-hardship cases).

Lawmakers will be pressed to pursue another bailout. They should resist. The institutions and borrowers who benefited from this credit expansion should bear the costs. Require universities to provide transparent, program-level disclosures on prices and outcomes, and tie federal aid more tightly to value and repayment performance.

4 OF 5 GOSS EGGS



International Trade Association (ITA), Colorado exports of agriculture goods and livestock for the first half of 2025, compared to the same period in 2024, fell by \$4.5 million for a 2.3% decline. Mexico was the top destination for 2025 exports, accounting for 23.7% of 2025 Colorado agriculture and livestock exports.

Illinois: The state's August Rural Mainstreet Index (RMI) dropped to 38.8 from 51.4 in July. The farmland price index for August declined to 38.6 from 49.3 in July. The state's new hiring index for August increased to 49.6 from 46.8 in July. According to trade data from ITA, Illinois exports of agriculture goods and livestock for the first half of 2025, compared to the same period in 2024, sank by \$981.5 million for a decline of 41.0%. Mexico was the top destination for state exports, accounting for 31.7% of 2025 Illinois agriculture and livestock exports.

Iowa: August's RMI for the state declined to 35.5 from 49.7 in July. Iowa's farmland price index for August dropped to 35.4 from 46.3 in July. Iowa's new hiring index for August rose to 46.6 from 43.0 in July. According to trade data from ITA, Iowa exports of agriculture goods and livestock for the first half of 2025, compared to the same period in 2024, climbed by \$149.8 million for an expansion of 18.1%. Mexico was the top destination for state exports, accounting for 72.6% of 2025 Iowa agriculture and livestock exports.

Kansas: The Kansas RMI for August dropped to 39.9 from 47.8 in July. The state's farmland price index decreased to 39.6 from 43.1 in July. The new hiring index for Kansas advanced to 50.7 from 39.0 in July. According to trade data from ITA, Kansas exports of agriculture goods and livestock for the first half of 2025, compared to the same period in 2024, expanded by \$28.1 million for a growth of 4.1%. Mexico was the top destination for state exports, accounting for 80.4% of 2025 Kansas agriculture and livestock exports.

Minnesota: The August RMI for Minnesota increased slightly to 51.4 from 51.2 in July. Minnesota's farmland price index increased to 50.7 from 49.6 in July. The new hiring index for August climbed to 61.3 from 50.5 in July. According to trade data from ITA, Minnesota exports of agriculture goods and livestock for the first half of 2025, compared to the same period in 2024, sank by \$90.5 million for a decline of 16.8%. Mexico was the top destination for state exports, accounting for 39.0% of 2025 Minnesota agriculture and livestock exports.

Missouri: The August RMI for the state rose to 53.5 from July's 49.0. The farmland price index for August climbed to 52.7 from 45.2 in July. The

state's new hiring gauge for August soared to 63.2 from July's 41.7. According to trade data from ITA, Missouri exports of agriculture goods and livestock for the first half of 2025, compared to the same period in 2024, fell by \$46.9 million for a decline of 9.8%. Mexico was the top destination for state exports, accounting for 86.0% of 2025 Missouri agriculture and livestock exports.

Nebraska: The Nebraska Rural Mainstreet Index for August sank to 43.2 from 51.1 in July. The state's farmland price index for August fell to 42.8 from July's 48.8. Nebraska's new hiring index improved to 53.7 from July's 46.1. According to trade data from the International Trade Association (ITA), Nebraska exports of agriculture goods and livestock for the first half of 2025, compared to the same period in 2024, rose by \$175.6 million for a 36.2% gain. Mexico was the top destination to begin 2025, accounting for 67.5% of 2025 Nebraska agriculture and livestock exports.

North Dakota: The state's overall RMI for August declined to 50.4 from July's 52.2. The state's farmland price index increased to 49.7 from July's 46.8. The state's new hiring index rocketed to 60.3 from 48.3 in July. According to trade data from ITA, North Dakota exports of agriculture goods and livestock for the first half of 2025, compared to the same period in 2024, fell by \$24.1 million for a decline of 5.0%. Mexico was the top destination for state exports, accounting for 52.9% of 2025 North Dakota agriculture and livestock exports.

South Dakota: The August RMI for South Dakota increased to 52.6 from 52.0 in July. The state's farmland price index increased to 51.8 from 50.2 in July. South Dakota's August new hiring index climbed to 62.4 from July's 47.9. According to trade data from the International Trade Association (ITA), South Dakota exports of agriculture goods and livestock for the first half of 2025, compared to the same period in 2024, rose by \$8.9 million for a 13.4% gain. Mexico was the top destination for 2025, accounting for 77.3% of 2025 South Dakota agriculture and livestock exports.

Wyoming: The August overall RMI for Wyoming climbed to 56.4 from July's 52.7. The August ranchland price index increased to 55.5 from 51.4 in June. Wyoming's new hiring index soared to 65.9 from 49.4 in July. According to trade data from the International Trade Association (ITA), Wyoming exports of agriculture goods and livestock for the first half of 2025, compared to the same period in 2024, rose by \$3.1 million for a 174.6% gain. Canada was the top destination for 2025, accounting for 63.9% of 2025 Wyoming agriculture & livestock exports.

(Tables and chart on the last page)



THE OUTLOOK. National Association of Business Economics: “Participants in the August 2025 NABE Policy Survey expressed less confidence in the current stance of both fiscal and monetary policy than in the March 2025 survey, with fiscal policy now seen as too stimulative by a majority of panelists,” said NABE President Emily Kolinski Morris, CBE, chief economist, Ford Motor Company. “Supporting longer-term economic growth is still an important goal of fiscal policy for many survey respondents, but a slightly larger share of participants indicates that reducing the deficit should be the top priority. Most respondents expect tariff revenue to provide only a modest or minimal offset to the 10-year deficit impact from the recently passed budget legislation.” “A majority of respondents sees tariffs as one of the three largest risks to growth, as was the case in the March 2025 Policy Survey,” added NABE Policy Survey Chair Sarah Wolfe, senior economist and strategist, Thematic & Macro Investing, Morgan Stanley Wealth Management. “Fewer participants than in the March 2025 survey think that inflation will settle down to the Federal Reserve’s target of 2% before 2027. Nonetheless, most respondents expect the Fed’s Federal Open Market Committee to reduce short-term interest rates by half a percentage point or more before the end of 2025. Sixty percent of respondents now view fiscal policy as “too stimulative,” up from the 50% in the March 2025 Policy Survey who held this view, and the largest share in seven years.” <https://tinyurl.com/z9wwnpp6>

BANKER READING ROOM

“AI for Banks: A Starter Guide for Community and Regional Institutions.” “66% of banks have discussed allocating budget or resources to AI.[i] To stand out, you’ll need a clear, well-defined vision for AI. Define Your Business Goals and Vision. Before diving into AI adoption, you need to understand the fundamentals (Generative AI vs. Large Language Models vs. Machine Learning and so on). And – perhaps most importantly – you need to understand why you’re pursuing it.

Start identifying how AI can support your business objectives by asking yourself: Are you looking to improve efficiency, freeing up time for your staff to engage more deeply with customers? Do you want to grow deposits or better manage risk? Are you aiming to offer more personalized financial solutions, helping customers achieve financial health? AI isn’t just about technology. It impacts people, processes, and change management across organizations.”

<https://tinyurl.com/6kmvt42w>

KEEP AN EYE ON

Keep an eye on the yield on the 10-yr U.S. Treasury bond. Higher yields foreshadow expanding inflation and international investors dumping U.S. Treasury bonds. Rates below 4.1% point to a slowing economy. Over the last month, the yield has fallen by almost 25 basis points (¼%) signaling a slowdown or even recession.

Producer Price Index (PPI). On Oct. 16, the U.S. BLS releases its PPI estimate for Sept. Another spike of anything more than 0.5% will be bearish for both bond and stock prices (i.e. stock prices down, but bond yields up).

Employment Report for September. On Oct. 3, the U.S. BLS releases its job report for Sept. An uptick in the unemployment rate and job losses will support Fed rate cuts in Sept., Oct. and potentially Dec. That could mean as much as 1% this year (as in ‘24).

STATISTIC(S) OF THE MONTH

69%

Roughly 69% of FHA home loan borrowers last year had debt-to-income ratios that are judged “too risky.” This compares to 28% in 2012.

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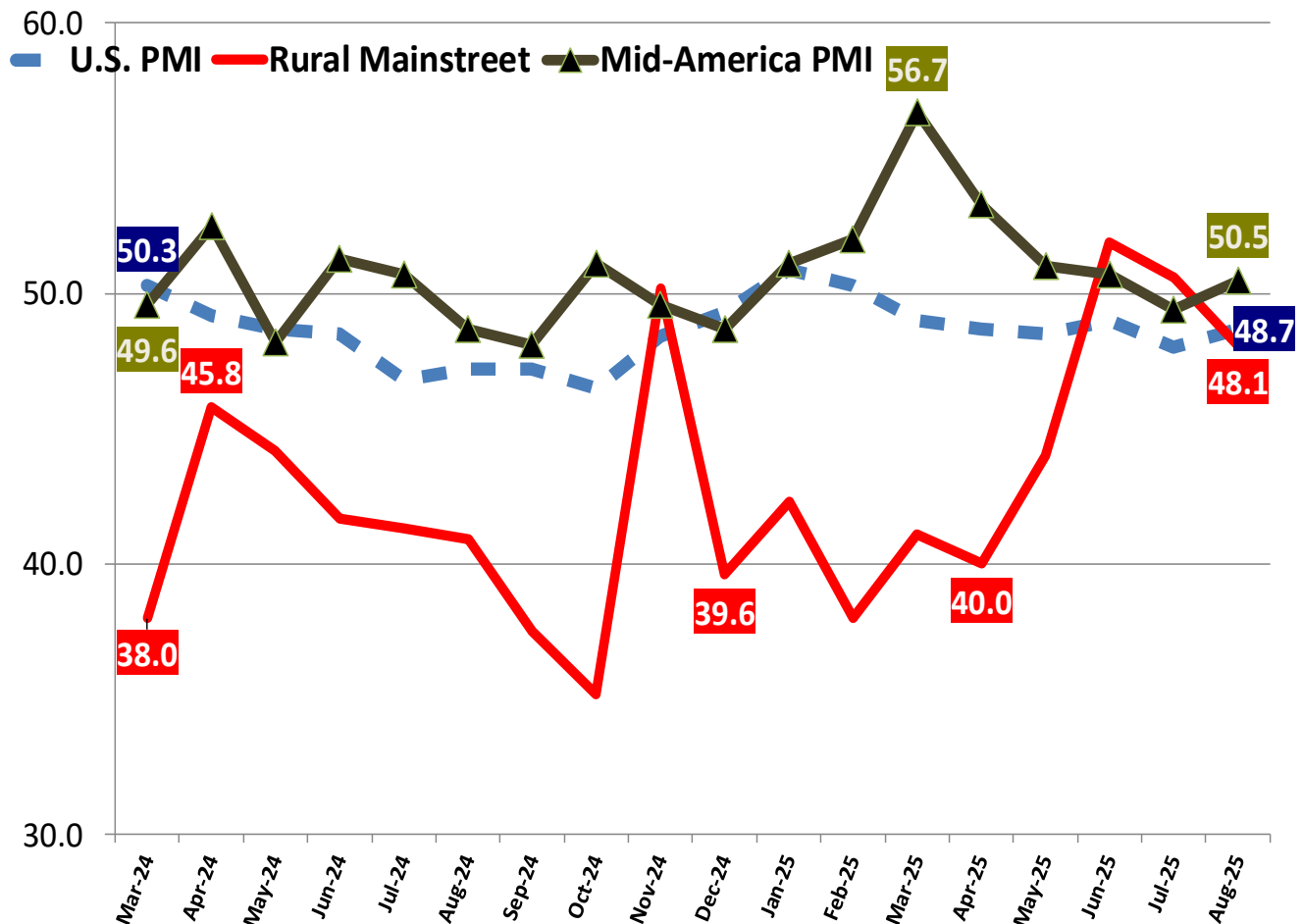
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This month's survey results will be released on the third Thursday of the month.

The Rural Mainstreet Economic Report September 2025

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

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



SURVEY RESULTS

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

	August 2024	July 2025	August 2025
Area Economic Index	40.9	50.6	48.1
Loan Volume	75.0	87.5	82.7
Checking Deposits	34.1	45.8	63.5
Certificates of Deposit and Savings Instruments	52.3	56.3	59.6
Farmland Prices	45.5	47.9	46.2
Farm Equipment Sales	16.7	16.7	14.6
Home Sales	50.0	48.0	48.1
Hiring	45.5	50.0	56.0
Retail Business	38.6	47.8	46.2
Confidence Index (area economy six months out)	27.3	36.0	27.8

Table 2: The Rural Mainstreet Economy, August 2025

	Percentage of Bankers Reporting				
	Leave rate unchanged	Reduce short-term interest rates by ¼ % (25 basis points)	Reduce short-term interest rates more than 1/2% (50 basis points)		
The Fed. interest rate setting committee (FOMC) meets next on Sept.16/17. Which of the following actions do you recommend that the FOMC undertakes:	40.7%	55.6%	3.7%		
	Percentage of Bankers Reporting				
	0%	1% to 9%	10% to 19%	20% to 29%	Over 29%
What percentage of grain farmers in your area will likely experience negative cash flow for 2025:	7.7%	7.9%	38.5%	22.9%	23.0%
	Percentage of Bankers Reporting				
	0.0% to 0.9%	1.0% to 4.0%	5.0% to 10%		
Farm loan delinquency rates & foreclosures for your bank over the past six months are:	76.9%	19.2%	3.9%		