

May  
2025

# THE MAINSTREET ECONOMIC REPORT

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

## Rural Mainstreet Economy Falls Again Bankers Support the President's Tariff Programs

### April-at-a-Glance:

- The overall Rural Mainstreet index fell below growth neutral 50.0 for the 19th time in the past 20 months.
- For the 11<sup>th</sup> time in the past 12 months, farmland prices sank below growth neutral.
- Farm equipment sales dropped below growth neutral for the 20th straight month.
- Fully three of four bankers support the President's recent substantial increase in tariffs on imports from China. Only one in four support a return to Jan. 1, 2025 tariffs levels.
- Approximately 20.8% of bank CEOs recommend that the federal government fully offset farmer losses from tariff impositions while 21.1% argue for no increase in federal support.
- Mexico began 2025 as the top destination for ag exports, accounting for 48.1% of total regional agriculture livestock exports.

(Continued next page;  
Tables on final page)



Welcome to Creighton's May Bank CEO Report covering April 2025 survey results. The overall April reading from bank CEOs and bank executives in 10 Rural Mainstreet States dropped 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 April survey. Ernie Goss

## Another Housing Crisis on the Horizon? Soaring Prices & Inventories a Growing Concern

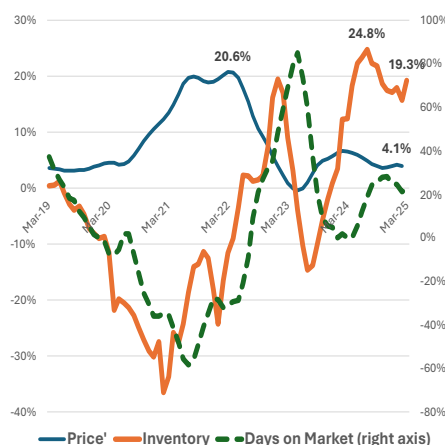
Have rocketing housing prices pushed average home buyers out of the market? As of April 2025, the national median home price was \$431,250 compared to \$258,000 in 2019 for a gain of 67.2%. During this same period-of-time median income climbed by only 9.7% while the 30-year mortgage rate soared from 3.9% in 2019 to 6.7% in 2025.

Thus, rapidly rising home prices, and slowly expanding income combined with higher mortgage rates rising homeowners' insurance premiums, escalating property taxes and utility bills to push home prices into an unaffordable range..

As a result, according to Zillow, across 233 U.S. metropolitan areas, the prices of starter homes have officially joined the millionaires club with the median age of first-time homebuyer reaching a record high 38 in 2024. While prices continue rising in constrained markets like the Midwest and Northeast, Southern and Southwest markets such as Arizona, Georgia, Texas and Florida are experiencing stagnation or decline due to overbuilding. The accompanying chart and table attest to slowing housing market and the diversity of days-on-market for 60 of the largest U.S. metros.

Over the past 12 months, housing prices have expanded by 4.1%, while inventories soared by 19.3% and average days on the market rocketed higher by 24.5%

## U.S. housing year-over-year growth in prices, days on market, and inventories, 2019-25



60 largest U.S. metro housing markets, percent change in days on market, March 2024 – March 2025

Bottom 10 metros		Top 10 metros	
	Days on market (% change)		Days on market (% change)
Columbus, OH	+34.6%	San Jose	-4.2%
Denver	+36.1%	New York	-1.5%
Dallas	+36.7%	Rochester	0.0%
Orlando	+37.3%	Tulsa	+5.2%
San Diego	+40.0%	Bridgeport	+6.5%
Miami	+40.9%	Minneapolis	+8.5%
Jacksonville	+41.0%	Philadelphia	+8.6%
Atlanta	+47.9%	San Francisco	+9.1%
Tucson	+50.0%	Portland	+10.2%
Charlotte	+52.6%	Cleveland	+12.5%

## BULLISH NEWS

- The U.S. economy added 177,000 jobs in March and the unemployment rate remained steady at a low 4.2%.
- The Case-Shiller home price index expanded by 3.9% in February 2025 from February 2024.
- Over the past 12 months, average hourly earnings have increased by 3.9%.

## BEARISH NEWS

- The U.S. economy contracted by 0.3% in the first quarter of 2025.
- For the first six months of the fiscal year, U.S. budget deficit widens to \$1.3 trillion, the second highest ever, as interest on public debt hits record
- Rush to beat tariffs, boosted U.S. trade deficit to record high in March.
- U.S. housing inventories for sale soared by 30.6% in April from 12 months earlier.
- U.S. consumer spending surged by 0.7% in March from one month earlier.
- Interest payments for 2024 on the U.S. debt were 15.8% of total federal of total federal spending.
- According to the Pomp Letter, the income needed to purchase a typical U.S. home has increased 79% in just 5 years.

## Main\$tre\$ on Your \$treet

**Overall:** For the 19<sup>th</sup> time in the past 20 months, the overall Rural Mainstreet Index (RMI) sank below the 50.0 growth reading in April, according to the monthly survey of bank CEOs in rural areas of a 10-state region dependent on agriculture and/or energy.

The region's overall reading for April fell to 40.0 from March's 41.1. The index ranges between 0 and 100, with a reading of 50 as growth neutral.

The economic outlook for 2025 farm income remains weak according to bank CEOs. Despite the negative fallout from tariffs, 75% of bankers support tariffs on China and 79.2% back the 90-day pause on other tariffs,

Fully 3 of 4 bankers back the President's recent substantial increase in tariffs on imports from China. Only one in four support a return to Jan. 1, 2025 tariffs on imports from China.

Approximately 20.8% of bank CEOs recommend that the federal government fully offset farmer losses from tariff impositions while 21.1% argue for no increase in federal support.

### Other comments from bankers in April:

- Jeffrey Gerhart, former Chairman of the Bank of Newman Grove in Newman Grove, Nebraska said, "We are in unknown territory with the administration. Our trade relations with Canada ca & Mexico mx were put together over many years for the benefit of the three countries. That has now been torn apart."
- Jim Eckert, Executive Vice President & Trust Officer of Anchor State Bank in Anchor, Illinois reported that, "Farmers in our area are ready to plant, but much-needed rain has held them up. Most are not too concerned so far as it is early in the season."

**Farming and ranch land prices:** For the 11<sup>th</sup> time in the past 12 months, farmland prices slumped below growth neutral. The region's farmland price index increased to 41.7 from 38.9 in March. Elevated interest rates, higher input costs and volatility from tariffs have put downward pressure on ag land prices.

According to trade data from the International Trade Association (ITA), regional exports of agriculture goods and livestock for the first two months of 2025, compared to the same 2024



period, fell from \$2.4 billion in 2024 to \$1.8 billion in 2025 for a decline of 23.8%. Mexico began 2025 as the top destination for ag exports, accounting for 48.1% of total regional agriculture and livestock exports.

Only 12.5% of bankers support returning to Jan. 1, 2025 tariff levels.

**Farm equipment sales:** The farm equipment sales index dropped to a very weak 17.4 from 20.8 in March. This is the 20<sup>th</sup> straight month that the index has fallen below growth neutral. High input prices, tighter credit conditions, and market volatility from tariffs are having a negative impact on purchases of farm equipment.

**Banking:** The April loan volume index declined to 70.8 from March's 77.8. The checking deposit index improved to 58.7 from 50.0 in March. The index for certificates of deposits (CDs) and other savings instruments rose to 58.3 from 55.6 in March. FED interest rate policies have boosted CD purchases above growth neutral for 29 straight months.

**Hiring:** The new hiring index for April plummeted to 43.8 from March's 53.7. Recent job gains for non-farm employers weakened.

**Confidence:** Rural bankers remain pessimistic about economic growth for their area over the next six months. The April confidence index increased to a weak 36.0 from March's 30.4. Weak grain prices, negative farm cash flows, combined with downturns in farm equipment sales over the past several months, pushed banker confidence lower.

**Home and retail sales:** Home sales remained soft with an April reading of 45.8, but up from 42.6 in March. Regional retail sales remained extremely weak with an index of 39.6, down slightly from 40.4 in March.

### Below are the state reports:

**Colorado:** The state's April Rural Mainstreet Index (RMI) increased to 45.0 from 43.6 in March. The farmland and ranchland price index for April climbed to a weak 42.7 from 39.5 in



# GOSS EGGS

## RECENT DUMB Economic Political Actions or Inactions

### Allowing TCJA to Expire

According to the Congressional Budget Office (CBO), allowing the Trump 2017 Tax Cuts and Jobs Act (TCJA) to expire at the end of 2025, as currently scheduled, will: **\*\*force individual income tax brackets to revert to pre-2017 levels. \*\*cut the standard deduction. \*\*shrink the child tax credit. \*\*millions of taxpayers could once again face the Alternative Minimum Tax (AMT) with the number of taxpayers subject to the AMT rising from 200,000 to over 7 million.**

According to the CBO, households earning between \$20,000 and \$50,000 could see their tax liabilities increase by \$700 to \$1,000 annually.

The Tax Foundation & the Joint Committee on Taxation indicate that extending TCJA provisions could raise long-run wages by approximately 0.9% and create up to 1.5 million new jobs. These benefits depend on whether the extension is financed through spending cuts or deficit borrowing. If funded entirely through debt, gains in investment and employment could be significantly dampened by higher interest rates.

Section 199A deduction—which allows pass-through businesses to deduct up to 20% of qualified income—would vanish, disproportionately affecting small businesses & sole proprietors.

In summary, allowing the TCJA to expire results in a broad-based tax increase that disproportionately affects married couples with children, middle-income business owners, and certain retirees.

### 4 OF 5 GOSS EGGS



March. The state's new hiring index fell to 44.8 from March's 52.9. According to trade data from the International Trade Association (ITA), Colorado exports of agriculture goods and livestock for the first two months of 2025, compared to the same period in 2024, rose by \$39.2 million for a 76.5% gain. South Africa was the top destination to begin 2025, accounting for 42.1% of 2025 Colorado agriculture and livestock exports.

**Illinois:** The state's April Rural Mainstreet Index (RMI) increased to 34.6 from March's 30.4. The farmland price index for April climbed to 39.8 from 35.8 in March. The state's new hiring index sank to 41.2 from 48.3 in March. According to ITA trade data, Illinois exports of agriculture goods and livestock for the first two months of 2025, compared to the same period in 2024, sank by \$442.9 million for a decline of 45.8%. China was the top destination to begin 2025, accounting for 22.4% of 2025 Illinois agriculture and livestock exports.

**Iowa:** April's RMI for the state improved to a weak 39.8 from 39.2 in March. Iowa's farmland price index for April increased to 36.8 from 33.6 in March. Iowa's new hiring index for April slumped to 37.5 from March's 55.7. According to trade data from ITA, Iowa exports of agriculture goods and livestock for the first two months of 2025, compared to the same 2024 period, sank by \$69.5 million for a decline of 19.7%. Mexico was the top destination to begin 2025, accounting for 70.0% of 2025 Iowa agriculture & livestock exports.

**Kansas:** The Kansas RMI for April increased slightly to 37.5 from March's 36.5. The state's farmland price index increased slightly to 33.5 from 32.6 in March. The new hiring index for Kansas fell to 33.5 from 44.5 in March. According to trade data from ITA, Kansas exports of agriculture goods and livestock for the first two months of 2025, compared to the same period in 2024, sank by \$45.6 million for a decline of 18.5%. Mexico was the top destination to begin 2025, accounting for 76.2% of 2025 Kansas agriculture and livestock exports.

**Minnesota:** The April RMI for Minnesota increased to 46.7 from 46.2 in March. Minnesota's farmland price index increased to 42.8 from 40.3 in March. The new hiring index for April plummeted to 42.8 from March's 53.9. According to trade data from ITA, Minnesota exports of agriculture goods and livestock for the first two months of 2025, compared to the same period in 2024, sank by \$23.3 million for a decline of 23.3%. Mexico was the top destination to begin 2025, accounting for

14.5% of 2025 Minnesota agriculture and livestock exports.

**Missouri:** The state's April RMI slumped to 46.7 from 56.2 in March. The farmland price index for April dropped to 35.7 from March's 39.3. The state's new hiring gauge for April fell to 35.7 from March's 44.9. According to trade data from ITA, Missouri exports of agriculture goods and livestock for the first two months of 2025, compared to the same period in 2024, sank by \$41.3 million for a decline of 19.7%. Mexico was the top destination to begin 2025, accounting for 86.2% of 2025 Missouri agriculture and livestock exports.

**Nebraska:** The Nebraska Rural Mainstreet Index for April increased to 32.8 from 32.6 in March. The state's farmland price index for April rose to 39.3 from March's 36.4. Nebraska's new hiring index fell to 40.6 from 49.1 in March. According to trade data from ITA, Nebraska exports of agriculture goods and livestock for the first two months of 2025, compared to the same period in 2024, expanded by \$14.2 million for a gain of 6.5%. Mexico was the top destination to begin 2025, accounting for 48.0% of 2025 Nebraska agriculture and livestock exports.

**North Dakota:** The state's RMI for April dropped to 39.1 from 40.3 in March. The state's farmland price index rose to 41.0 from March's 38.6. The state's new hiring index sank to 41.0 from 51.8 in March. According to trade data from ITA, North Dakota exports of agriculture goods and livestock for the first two months of 2025, compared to the same period in 2024, sank by \$20.2 million for a decline of 12.0%. Mexico was the top destination to begin 2025, accounting for 44.1% of 2025 North Dakota agriculture and livestock exports.

**South Dakota:** The April RMI for South Dakota slumped to 37.9 from 42.3 in March. The state's farmland price index climbed to 40.7 from 37.5 in March. South Dakota's April new hiring index dropped to 42.3 from March's 50.5. According to trade data from ITA, South Dakota exports of agriculture goods and livestock for the first two months of 2025, compared to the same period in 2024, expanded by \$28.0 million for a gain of 203.6%. Mexico was the top destination to begin 2025, accounting for 88.5% of 2025 South Dakota agriculture and livestock exports.

**Wyoming:** The April RMI for Wyoming sank to 42.1 from March's 46.6. The April farmland and ranchland price index increased to 41.9 from March's 40.4. Wyoming's new hiring index dropped to 43.8 from 54.0 in March. According to trade data from ITA, Wyoming exports of agriculture goods and livestock for the first two months of 2025, compared to the same period in 2024, expanded by \$0.65 million for a gain of 179.8% gain. Mexico was the top destination to begin 2025, accounting for 39.1% of 2025 Wyoming agriculture and livestock exports.



## 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 4.8% will be a problem. Also beware of rapid increases in the yield even at low rates.

Consumer price index (CPI). On June 11, the U.S. BLS releases its CPI for May. Rising inflation—bad for mortgage rates. I expect moderation instead due to a slowing U.S. economy. Greater inflation will push the FED to the sidelines on any rate cut. Even so, I do not expect a rate hike.

Employment Report for May. On June 6, the U.S. BLS releases its job estimates for May. A significant uptick in the unemployment rate will put a dagger in the heart of future tariff increases. Also keep an eye on the number of first time claims for unemployment compensation which comes out every Thursday.

STATISTIC(S) OF  
THE MONTH  
**2.5%**

Between 2016 and 2024, Canada's GDP per capita expanded by 2.5% compared to the U.S.'s 18.7% per capita.

**THE OUTLOOK. S&P Global**. May 2025. "Economic Research: Economic Outlook U.S. Q2 2025: Losing Steam Amid Shifting Policies," "There is a high degree of unpredictability around policy implementation by the U.S. administration and possible responses--specifically with regard to tariffs--and the potential effect on economies, supply chains, and credit conditions around the world. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential and actual policy shifts and reassess our guidance accordingly."

Key Takaways: \*\*The Trump administration's shifting policy mix is altering the economic outlook, with our assumptions reflected in a likely downshift in GDP growth to a 1.6% quarterly average in 2025. The balance of risks to our growth forecast is tilted to the downside. \*\*In turn, we forecast the unemployment rate will drift higher and peak at 4.6% by midyear 2026, with the public sector likely limiting payroll expansion, in contrast to significant contributions to jobs growth in the past two years. \*\*We project inflation will remain closer to 3.0% in 2025 as tariffs increase prices along the domestic supply chain and for end consumers. \*\*As a result, we expect one 25-basis-point federal funds rate cut for 2025, ending the year at 4.00%-4.25%."

<https://tinyurl.com/mpw24z83>

## BANKER READING ROOM

### Artificial Intelligence

Banks have a long history of employing machine learning and artificial intelligence (AI) to meet regulatory requirements and enhance customer service. AI has been used to detect and prevent fraud and ensure compliance with the Bank Secrecy Act, and chatbots have long been used in call centers.

Banks, as early adopters, have effectively integrated AI and machine learning into their operations, prioritizing safety and soundness. ICBA holds that banking regulators currently po over-see 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://tinyurl.com/mm2vwcfx>



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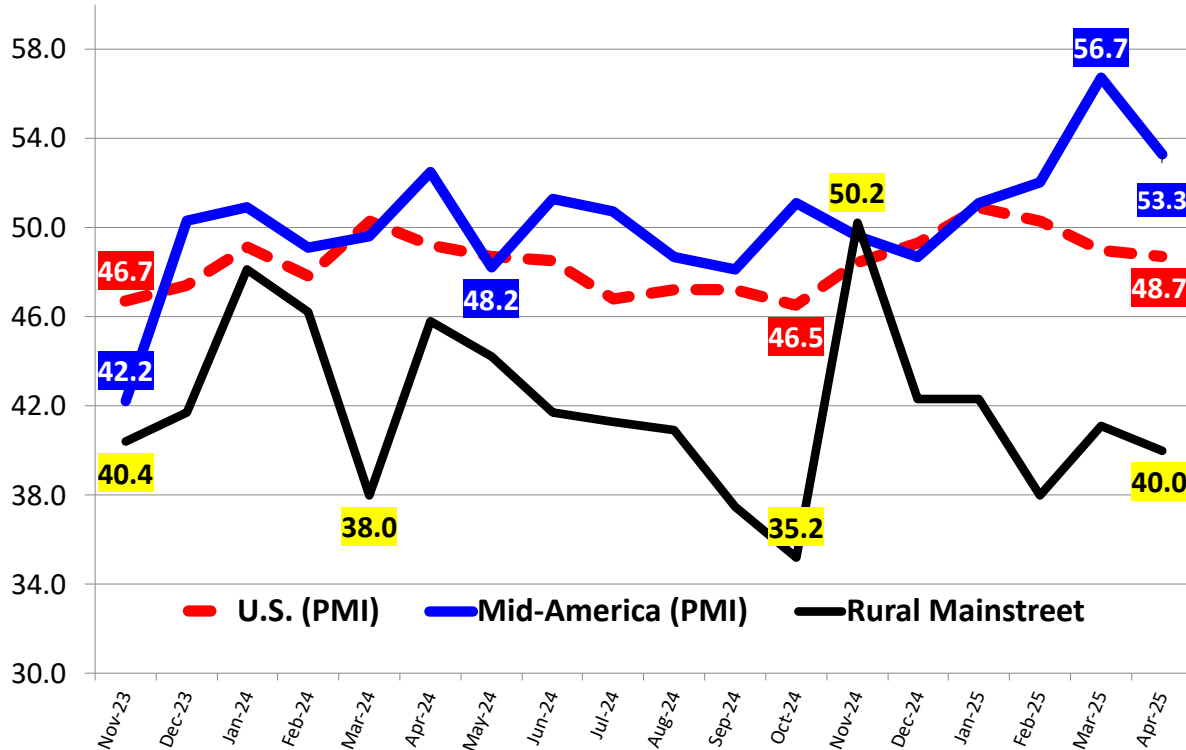
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This month's survey results will be released on the third Thursday of the month.

### The Rural Mainstreet Economic Report May 2025

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

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





## Summary of April Survey

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

	April 2024	March 2025	April 2025
Area Economic Index	45.8	41.1	40.0
Loan Volume	85.4	77.8	70.8
Checking Deposits	52.2	50.0	58.7
Certificates of Deposit and Savings Instruments	71.7	55.6	58.3
Farmland Prices	56.5	38.9	41.7
Farm Equipment Sales	47.7	20.8	17.4
Home Sales	34.8	42.6	45.8
Hiring	56.8	53.7	43.8
Retail Business	41.3	40.4	39.6
Confidence Index (area economy six months out)	37.5	30.4	36.0

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