

December THE MAINSTREET ECONOMIC REPORT

2025 A monthly survey of community bank CEOs, and chief loan officers

Rural Mainstreet Economy Retreats for 9th Time in 2025: One in Three Said Rural Economy in a Recession

November-at-a-Glance:

- For the 9th time in 2025, the region's overall Rural Mainstreet index sank below growth neutral.
- Approximately 31.8% of bankers reported that the rural economy was in a recession.
- For the 18th time in the past 19 months, farmland prices sank below growth neutral.
- Approximately 58.3% of bankers expect farmland prices to fall in 2026 with an average decline of 3.1% for all survey participants.
- On average, bank CEOs expect 18.3% of farmers and ranchers in their area to record negative cash flow for 2025.
- Farm equipment sales dropped below growth neutral for the 27th straight month.
- According to trade data from the ITA, regional exports of agriculture goods and livestock for the first eight months of 2025, compared to the same period in 2024, fell by 5.9%.

(Continued next page)

(Tables on final page)



Happy Holidays, Merry Christmas and Happy Hanukkah to all. Welcome to Creighton's December Bank CEO Report covering November 2025 survey results. The overall November reading from bank CEOs and bank executives in 10 Rural Mainstreet States improved, but remained below growth neutral. Bank executive reported falling farmland prices and declining ag equipment sales. Thank you for your input. Ernie.

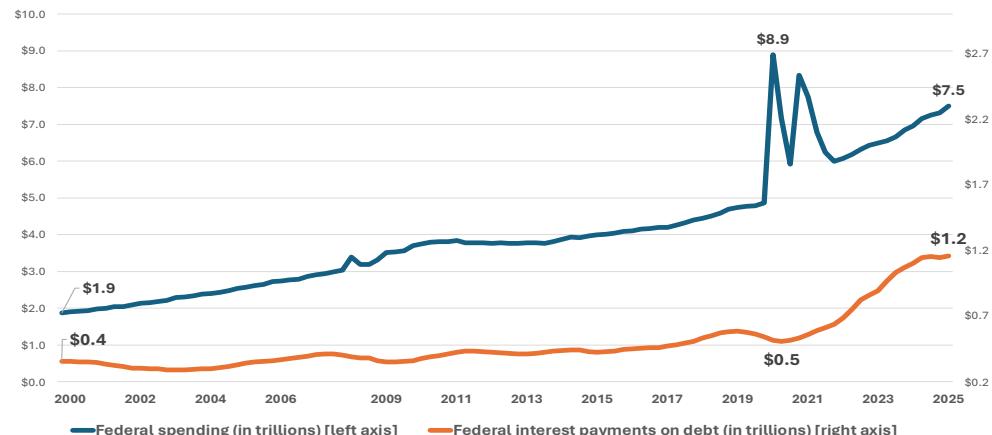
Taxes May Not Kill You, But the Inflation and Interest Rates Will

Humorist Will Rogers once quipped that "The only difference between death and taxes is that death doesn't get worse every time Congress meets." Luckily for Congress, Rogers' death in an Alaska plane crash August 15, 1935 could not be linked to an out-of-session U.S. Congress.

However, when the current Congress meets in January 2026, it will once again be wrestling with out of control spending which, in the end, will generate higher taxes, cuts in spending, or higher interest payments and inflation. But the Body is more likely to succumb to pressure and ratify supposed temporary pandemic subsidies to pay for Obamacare for low income families during the era of Covid-19.

The figure below profiles federal spending and federal interest payments on the debt. Assuming that federal spending returned to its pre-Covid-19, or 21.5% of GDP, would require the Congress and Trump Administration to cut \$952.1 billion in federal spending. History indicates this is not going to happen. Instead, Congress and the Trump Administration are more likely to incorporate Covid-19 spending boosts into 2026 and beyond spending. This action will mean, in the long run, higher interest rates and inflation. In the short to intermediate term, the Federal Reserve will begin a new Quantitative Easing program (call it Quantitative Gluttony) thus increasing the money supply and upward inflationary pressures. Without meaningful fiscal reforms, each Congressional session that passes without action only makes the ultimate reckoning more difficult. As Nixon Chief Economist Herb Stein declared, "If something cannot go on forever, it will stop." Ernie Goss

Federal spending & interest on federal debt (in trillions), 2000-25



BULLISH NEWS

- The Atlanta Federal Reserve Bank estimates a Q3 GDP growth of 3.5% (annualized).
- The New York Federal Reserve's GDP Now projects Q4, GDP growth 1.7% (annualized). Not great but O.K.
- The federal government raised \$195 billion in customs duties in Fiscal Year (FY) 2025, more than 250% of what it collected in FY 2024.
- Black Friday retail sales excluding autos rose 4.1%, Mastercard SpendingPulse said in a statement. That's stronger than last year's 3.4%.

BEARISH NEWS

- The average U.S. tariff rate climbed from 2.4% in January to 16.8% last month, highest since 1935, according to calculations by the Yale Budget Lab.
- ADP data indicated that private employers in the U.S. recorded a loss of 32,000 jobs in November.
- Both Creighton's regional and ISM's national survey of manufacturers remained weak in November.
- The Case-Shiller home price index rose for a 2nd straight month. Between September 2024 and 2025, home prices rose by 1.3%.
- Existing-home sales rose 1.2% in October 2025 according NAR.

The Rural Mainstreet Economic Report December 2025

Main\$treed on Your \$treed

For the ninth 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 November increased to a weak 44.0 from October's 34.6, its lowest level since May 2020. The index ranges between 0 and 100, with a reading of 50.0 representing growth neutral.

Approximately 31.8% of bankers reported that their local economy was in a recession. More than one in three bankers reported solid growth with no recession in sight for 2026. The remaining 30.9% of bankers report ok current conditions, but expect a recession in 2026.

Weak agriculture commodity prices and high input costs for grain producers continue to dampen economic activity in the 10-state region. On average, bank CEOs expect 18.3% of farmers and ranchers in their area to record negative cash flow for 2025.

However, livestock farmers and ranchers remain in better financial conditions. As stated by Joseph Anglin, Chief Financial Officer for Pioneer Bank and Trust in Belle Fourche, South Dakota, "We are primarily in western SD, cattle ranchers, that are "raisers of beef" so we do not see the negative cash flow of row crop farming cash flow issues."

According to Jeff Bonnett, President of Havana National Bank in Havana, Illinois, "In talking with our small business owners on main street in the communities we serve, the stories are all the same....."our customers are struggling with tight cashflows so our business suffers." This is a reality throughout rural America here in the Midwest."

Continuing Bonnett of Havana National Bank said, " We are in an Ag Crisis and relief is needed. No business can survive operating at below breakeven for 2 to 3 consecutive years. Capital and cash reserves are almost depleted for many farm operators."

Farming and ranch land prices: For the 18th time in the past 19 months, farmland prices slumped below growth neutral. The region's farmland price improved to a frail 43.2 from 37.0



in October. Elevated long-term interest rates, higher input costs and below breakeven grain prices put downward pressure on farmland prices.

Approximately 58.3% of bankers expect farmland prices to fall in 2026 with an average decline of 3.1% for all survey participants.

Jim Eckert, Executive VP and Trust Officer of Anchor State Bank in Anchor, Ill. said, "The corn crop in our area ended up similar to 2024. Soybeans were somewhat less than 2024. Low crop prices are hurting all of our producers, especially those with heavy debt loads.

According to trade data from the International Trade Association (ITA), regional exports of agriculture goods and livestock for the first eight months of 2025, compared to the same period in 2024, fell from \$7.8 billion in 2024 to \$7.3 billion in 2025 for a decline of 5.9%.

Farm equipment sales: The farm equipment sales index sank to a very weak 15.1 from 18.8 in October. This is the 27th 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 purchases of farm equipment.

Banking: The November loan volume index declined to 64.6 from October's 72.0. The checking deposit index improved to 58.3 from 52.0 in October. After 35 straight months of above growth neutral readings, the region's index for certificates of deposits (CDs) dropped below the threshold for November with a reading of 47.9 which was down from 50.1 in October. Federal Reserve interest rate policies for almost three years have boosted CD purchases above growth until this month.

Hiring: The new hiring index for November increased to 49.5 from October's 44.0. Job gains for non-farm employers have been soft for the last several months.

Confidence: Rural bankers remain pessimistic about economic growth for their area over the

GOSS EGGS

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

Boycotting President Trump Costs Chicago Taxpayers Millions

The Second City's financial chief, Melissa Conyears-Ervin, recently stated that "Chicagoans do not want to bankroll the regime of Donald Trump where he has waged a war on our city."

So she retaliates and launches a war on the city's taxpayers by boycotting the purchase of U.S. Treasury bonds to support the city's \$11 billion investment portfolio. This butterfly flapping its wings in Chicago will not be felt beyond the city limits.

Said Conyears-Ervin, "I have managed over \$9 billion of taxpayers' money for the past six years. We know what we're doing. We can invest money in our sleep."

No! She would have more effectively selected city investments wearing an eye mask with a dart board. Last year the city earned a sub-par 3.6% on risky investments which was well below the 4.0% - 4.5% on "risk free" U.S. Treasury bonds.

For one year, her boycott amounts to rejecting a 4.1% return on risk-free 10-year U.S. Treasury bonds thereby costing the Chicago taxpayer approximately \$55 million by investing in lower yielding less safe assets.

Now the city taxpayers must not only suffer from Ms. Conyears-Ervin's lack of financial expertise, they must endure her loss of safety and investment returns due to her Trump presidential petulance (TPP).

4 OF 5 GOSS EGGS



next six months. The November confidence index sank to 32.0 from 32.7 in October. Weak grain prices and negative farm cash flows, combined with tariff retaliation concerns, pushed banker confidence lower.

Home and retail sales: November home sales improved to a weak 43.8 from October's 40.0. Regional retail sales were fragile with a reading of 41.7 which was up from 36.0 in October

Below are the state reports:

Colorado: The state's Rural Mainstreet Index (RMI) for November rose to 41.9 from 38.3 in October. The farmland and ranchland price index for November sank to 41.8 from 45.5 in October. The state's new hiring index increased to 47.9 from 47.8 in October. According to trade data from the ITA, Colorado exports of agriculture goods and livestock for 2025 year-to-date stood at \$214.5 million from \$226.7 million from the same period in 2024, or a 5.4% decline.

Illinois: The state's November Rural Mainstreet Index (RMI) increased 42.9 from 39.7 in October. The farmland price index for November fell to 42.5 from October's 48.7. The state's new hiring index for November dipped 48.7 from 49.3 in October. Illinois' year-to-date exports of agricultural goods and livestock reached \$2.0 billion in 2025, but down 33.0% from \$2.9 billion in the same period of 2024, according to data from the ITA.

Iowa: November's RMI for the state climbed to 47.0 from 37.7 in October. Iowa's farmland price index for November advanced to 45.2 from October's 43.0. Iowa's new hiring index for November rose to 51.8 from 46.7 in October. Iowa's year-to-date exports of agricultural goods and livestock reached \$1.2 billion in 2025, up 28.4% from \$967.2 million in the same period of 2024, according to data from the ITA.

Kansas: The Kansas RMI for November climbed to 45.0 from 37.1 in October. The state's farmland price index increased to 43.9 from October's 42.8. The new hiring index for Kansas sank to 43.9 from October's 46.6. Kansas' year-to-date exports of agricultural goods and livestock expanded to \$1.0 billion in 2025, up from \$883.9 million in the same period of 2024 for a gain of 13.7%.

Minnesota: The November RMI for Minnesota increased to 43.0 from October's 36.7. Minnesota's farmland price index dropped to 42.5 from October's 46.1. The new hiring index for November climbed to 48.7 from 48.1 in October. Minnesota's year-to-date exports of agricultural goods and livestock sank to \$639.5 million in 2025, down 15.2% from \$754.0 million in the same period of 2024, according to data from the ITA.

Missouri: The November RMI for the state climbed to 47.9 from 39.0 in October. The farmland price index for November dropped to 45.7 from October's 47.1. The state's new hiring gauge for November advanced to 52.4 from 48.6 in October. Missouri's year-to-date exports of agricultural goods and livestock sank to \$551.0 million in 2025, falling 9.0% from \$605.6 million in the same period of 2024, according to data from the ITA.

Nebraska: The state's Rural Mainstreet Index for November increased to 49.2 from 39.6 in October. The state's farmland price index for November fell to 46.6 from 48.4 in October. Nebraska's new hiring index climbed to 53.4 from October's 49.2. Nebraska's year-to-date exports of agricultural goods and livestock expanded to \$877.8 million in 2025, up from \$672.1 million in the same period of 2024 for a gain of 53.4%.

North Dakota: The state's overall RMI for November increased to 45.7 from October's 38.7. The state's farmland price index dropped to 44.3 from 46.1 in October. The state's new hiring index improved to 50.8 from 48.3 in October. North Dakota's year-to-date exports of agricultural goods and livestock fell to \$680.4 million in 2025 from \$704.5 million in the same period of 2024 for a fall of 3.4%.

South Dakota: The November RMI for South rose to 41.8 from 38.4 in October. The state's farmland price index fell to 41.8 from October's 45.7. South Dakota's October new hiring index increased to 47.9 from October's 47.9. South Dakota's year-to-date exports of agricultural goods and livestock expanded to \$108.2 million in 2025, up 10.3% from \$98.2 million in the same period of 2024.

Wyoming: The November overall RMI for Wyoming rose 43.2 from 36.8 in October. The November farmland and ranchland price index climbed to 42.6 from 42.0 October. Wyoming's new hiring index advanced to 48.9 from October's 46.3. Wyoming's year-to-date exports of agricultural goods and livestock expanded to \$5.4 million in 2025, up 152.5% from \$2.1 million in the same period of 2024.

Tables 1 and 2 summarize the survey findings. Next month's survey results will be released on the third Thursday of the month, December 18, 2025.



THE OUTLOOK. (NABE latest outlook). “NABE Panel Expects Mildly Stronger Growth and Marginally Higher Inflation Pressures in 2026; Fed Expected to Cut Rates in December, But Ease Less Next Year,” SUMMARY:

“The November 2025 NABE Outlook Survey results point to a modestly stronger economic trajectory compared to that in the October 2025 survey,” said **NABE President Gregory Daco**, chief economist, EY-Parthenon, Ernst & Young, LLP. “The panel has marked up its outlook for real GDP growth in 2025 and 2026, supported by firmer consumer spending and a more resilient investment backdrop. Inflation is expected to follow a slightly flatter path, with tariffs adding mild upward pressure.

Both headline and core PCE are projected at 2.9% by end-2025, easing toward 2.6% in 2026. Panelists anticipate a 25-basis-point Federal Reserve rate cut in December, with the fed funds rate seen near 3.6% at year-end 2025, but marginally less easing in 2026 with the fed funds rate around 3.1% by year-end, consistent with a steady view of the long-run neutral rate around 3.0%.” “Labor market expectations have also softened from those in the October 2025 survey,” added **NABE Outlook Survey Chair Yelena Maleyev, CBE**, senior economist, KPMG. “Job gains are projected to slow, dipping to roughly 23,000 per month by year-end 2025. The unemployment rate is expected to rise and hold at around 4.5% throughout 2026. The dispersion of job-growth forecasts is unusually wide, underscoring elevated uncertainty about labor demand.”

<https://tinyurl.com/2yk3bht9>

BANKER READING ROOM

Example regulations where AI language models can support the compliance process include:

Home Mortgage Disclosure Act (HMDA): A generative AI tool supports transactional testing by utilizing AI to identify the exceptions to the known answer. For example, HMDA data requires an institution to identify if the mortgage loan has a prepayment penalty. If an institution doesn't offer a mortgage loan product with a prepayment penalty, the data field should always populate as “N/A.”

Truth in Lending Act (TILA): AI can also support transactional testing in compliance with TILA, intended to protect

consumers in credit transactions. In this case, AI could automatically answer where the fee is designated as a prepaid finance charge. If at a specific institution the answer is always “yes,” there is a fee, or “yes” when applied to a specific product, AI can automatically determine that at a much more efficient pace than a human manually entering the data.

Flood Disaster Protection Act: If an institution’s flood certificate identifies the property address is within a Special Flood Hazard Area, the mortgage loan should always have flood insurance coverage – something the AI model can quickly assess, determine and apply to the data set. <https://tinyurl.com/ms9dr87r>

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 13 basis points (0.13%) signaling a slowdown or even recession.

Case-Shiller Home Price Index:

Index: On December 30, this index will be released for October. I expect the year-over-year home price change to fall to approximately 0.0%.

ADP Private Employment Report:

Report: On January 7, ADP releases its private employment report. Another negative reading for December would sink interest rates and point to another rate cut from the Fed.

STATISTIC(S) OF THE MONTH

\$15,979

Yearly cost of insurance, maintenance, and property taxes for the average U.S. home climbed to \$15,979 in 2025 from \$14,155 in 2023 according to Zillow.



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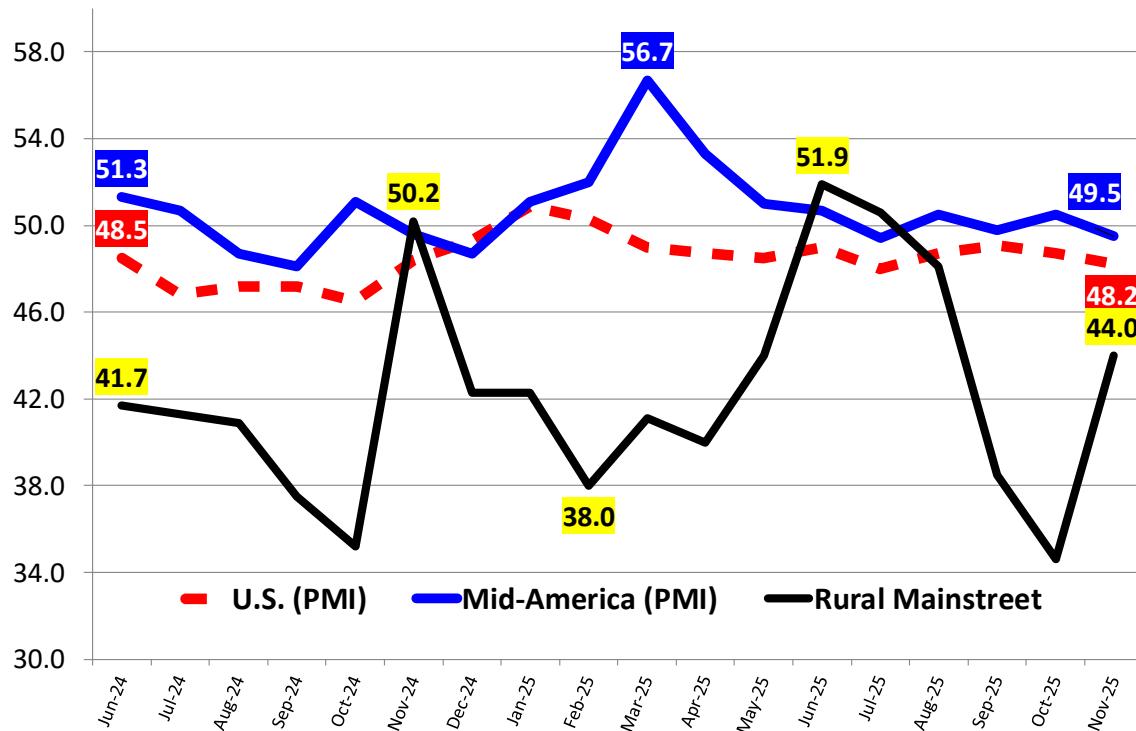
News media assets & headshots: <https://bit.ly/MidAmericaBCINovember2025NewsAssets>

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

The Rural Mainstreet Economic Report December 2025

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

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



The Rural Mainstreet Economic Report December 2025

SURVEY RESULTS

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

| | Nov. 2024 | Oct. 2025 | Nov. 2025 |
|---|-----------|-----------|-----------|
| Area Economic Index | 50.2 | 34.6 | 44.0 |
| Loan Volume | 58.9 | 72.0 | 64.6 |
| Checking Deposits | 59.3 | 52.0 | 58.3 |
| Certificates of Deposit and Savings Instruments | 53.7 | 50.1 | 47.9 |
| Farmland Prices | 44.4 | 37.0 | 43.2 |
| Farm Equipment Sales | 14.6 | 18.8 | 15.1 |
| Home Sales | 42.6 | 40.0 | 43.8 |
| Hiring | 50.0 | 44.0 | 49.5 |
| Retail Business | 42.0 | 36.0 | 41.7 |
| Confidence Index (area economy six months out) | 46.4 | 32.7 | 32.0 |

Table 2: The Rural Mainstreet Economy, November 2025

| | Percentage of Bankers Reporting | | | |
|--|-------------------------------------|---|---|-------------|
| | Down 10% to 20% | Down 1% to 9% | Little or no Change | Up 1% to 4% |
| Compared to this year, what are your expectations for farmland prices in your area in 2026? | 8.3% | 50.2% | 37.5% | 4.0% |
| Percentage of Bankers Reporting | | | | |
| | Currently downturn in local economy | OK but expect recession In first half of 2026 | Current solid growth and No recession ahead | |
| Which of the following best describes the economy in your area: | 31.8% | 30.9% | 33.3% | |
| Percentage of Bankers Reporting | | | | |
| | 0% (none) | 1% to 9% | 10% to 20% | 21% to 29% |
| What percentage of farmers & ranchers in your area will likely record negative cash flow for 2025: | 4.3% | 17.4% | 43.4% | 26.1% |