August 2026

THE MAINSTREET ECONOMIC REPORT

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

Welcome to Creighton's August Bank CEO Report covering July 2026 survey results. The overall July reading from bank CEOs and bank executives in 10 Rural Mainstreet States sank below growth neutral for the 5th time in the past 6 months. Bank executives reported stronger farmland prices with ag equipment sales declining for the 35th straight month.
Thank you for your input. Ernie.

Rural Mainstreet Index Plummets for July: Majority of Banks Kept Credit Standards in Place

July-at-a-Glance:

- The region's overall reading sank below growth neutral for the fifth time in the past six months.
- For a third straight month, the farm and ranchland value index expanded above growth neutral.
- Low and negative cash flows combined with trade/tariff volatility pushed the regional farm equipment sales index below growth neutral for the 35th straight month.
- Despite weak farm and ranch net cash flows, approximately 53.7% of bankers indicated that their banks had not tightened credit standards in the last three months. The remaining 46.3% reported tightening standards "somewhat."
- More than half, or 52.0%, of bank CEOs reported that agriculture very weak commodity prices was the greatest challenge to the agriculture economy moving forward
- More than half, or 57.9% of bank CEOs indicated that their banks would use, or are using, AI for fraud detection.

(Continued next page)
(Tables on final page)

Higher Taxes, Slower Growth Push Population Out of Blue States

Recent research studies have documented net population outflows, and slower economic growth for higher tax burden states. In general, these same high tax states have voted in presidential elections for Democrat candidates (Blue), while lower tax states have supported Republican contenders (Red).

Table 1 lists differences in these parameters among the states dividing states into Blue, Purple and Red according to the state's voting in the 2020 and 2024 presidential elections. As listed, Blue states lagged both Purple and Red states between 2019 and 2024 in terms of population lost to migration, and economic growth, but surpassed in terms of taxes as percent of GDP.

Table 1: Net migration per 10,000 population, tax rates, and Gross Domestic Product (GDP) Growth by State for Blue, Purple, Red States, 2019-2024

	Net migration	Taxes as % GDP	GDP Growth
Blue States			
California	-13.3	11.2%	14.1%
Colorado	-0.5	8.5%	19.4%
Connecticut	-0.6	10.9%	6.5%
Delaware	14.5	8.0%	17.0%
DC	-11.8	6.2%	4.9%
Hawaii	0.7	13.2%	6.0%
Illinois	-13.9	9.9%	6.5%
Maine	13.4	11.5%	17.1%
Maryland	-5.0	10.3%	8.4%
Massachusetts	-9.9	9.4%	13.7%
Minnesota	-2.7	9.9%	9.8%
New Hamp.	0.7	7.7%	14.7%
New Jersey	-14.3	11.5%	11.2%
New Mexico	-3.4	12.7%	20.4%
New York	-15.6	12.1%	11.1%
Oregon	-0.1	10.0%	10.9%
Rhode Island	3.3	10.7%	6.7%
Vermont	25.8	13.0%	10.7%
Virginia	2.8	8.9%	15.3%
Washington	1.9	7.8%	21.9%
Median BLUE	-0.6	10.2%	11.2%
Purple States			
Arizona	16.0	7.8%	26.7%
Georgia	8.9	7.3%	14.4%
Michigan	-1.4	8.5%	9.2%
Nevada	18.6	8.4%	19.8%
Pennsylvania	-4.0	9.4%	6.1%
Wisconsin	4.1	8.7%	7.9%
Med. PURPLE	6.5	8.5%	11.8%

	Net migration	Taxes as % GDP	GDP Growth
Red States			
Alabama	8.3	8.4%	15.7%
Alaska	-21.4	7.7%	9.8%
Arkansas	5.3	9.6%	18.4%
Florida	8.6	7.4%	28.5%
Idaho	15.0	8.8%	25.2%
Indiana	4.8	8.4%	14.0%
Iowa	-3.6	8.4%	10.8%
Kansas	-5.3	8.8%	9.2%
Kentucky	6.1	9.0%	10.1%
Louisiana	-9.5	8.3%	5.4%
Mississippi	4.4	9.9%	12.7%
Missouri	2.6	7.7%	11.4%
Montana	0.6	9.4%	23.2%
Nebraska	0.6	7.9%	17.8%
N. Carolina	15.4	7.8%	20.1%
N.Dakota	25.4	9.3%	7.0%
Ohio	1.8	8.1%	8.9%
Oklahoma	14.2	8.2%	6.7%
S. Carolina	23.3	8.7%	20.0%
S. Dakota	-7.4	6.6%	11.4%
Tennessee	8.3	6.8%	21.4%
Texas	6.8	6.6%	26.0%
Utah	1.7	8.1%	24.9%
W. Virginia	4.6	9.6%	7.8%
Wyoming	9.3	7.3%	3.7%
Median RED	4.8	8.3%	12.7%

Blue states voted for Democrat candidates in the last two presidential elections. Red states voted Republican and Purple states split their votes.

BULLISH NEWS

- U.S. GDP growth for Q2, 2026 was an OK 1.5% (annualized and seasonally adjusted). Growth was fueled by investment in data centers but was pulled down by job losses.
- Driven by the sale of expensive houses, the Case-Shiller National House Price Index rose for a 10th straight month in May by 1.1% for the 12 months ending in May.
- The New York Federal Reserve estimates Q3 GDP growth to come in at an OK 2.2% (annualized).
- ISM's & Creighton's July manufacturing readings climbed above growth neutral into a solid growth range.
- The Consumer Price Index increased 0,1% in July from June.

BEARISH NEWS

- U.S. BLS household data indicated that the economy lost 87,000 jobs in July. The establishment data indicated that the economy lost 23,000 jobs. Neither is good or correct.
- Average hourly earnings expanded in by 3.2% in July from 12 months earlier, or below the rate of inflation.
- The July labor participation rate fell to 61.4%. This is the lowest in 50 years too many workers left the labor market.

Main$treet on Your $treet

According to the July survey of bank CEOs in rural areas of a 10-state region dependent on agriculture and/or energy, the overall Rural Mainstreet Index (RMI) sank below growth neutral for the fifth time in the past six months.

Readings range between 0 and 100 with 50.0 representing growth neutral.

Overall: The region's overall reading for July plummeted to 42.1 from June's 52.6,

More than half, or 52.0%, of bank CEOs reported that very weak commodity prices were the greatest challenge to the agriculture economy moving forward.

Farming and ranchland prices: For a third straight month, the farm and ranchland index climbed above growth neutral, but dipped to 52.8 from 55.3 in June. Though farm and ranchland values have been holding up much better than farm and ranch income, weak farm income, lower farm liquidity, and somewhat tougher credit standards have restrained growth in farmland values.

Jim Eckert, Executive VP and Trust Officer of Anchor State Bank in Anchor, Illinois, reported that, "Grain prices/cost of inputs are a major concern."

Farm equipment sales: The July farm equipment sales index sank to a very weak 27.8 from June's 28.9. "This is the 35th straight month that the index has fallen below growth neutral."The 2026 conflict in Iran and tariffs on imported steel/aluminum have created even more volatility in the agricultural sector. This volatility along with low and negative cash flows have reduced producers willingness to purchase new farm equipment.

Banking: The July loan volume index decreased to 73.7 from 76.3 in June. The checking deposit index dropped to 50.0 from June's 57.9. The region's index for certificates of deposits (CDs) rose to 52.6 from 47.4 in June**.**

Despite weak farm and ranch net cash flows, only 53.7% of bankers indicated that their banks had not tightened credit standards. The remaining 46.3% reported tightening standards "somewhat."

More than half, or 57.9% of bank CEOs indicated that their banks would use, or are using AI for fraud detection.

Hiring: The new hiring index for July increased to 50.1 from 47.4 in June. The rural job market for farms, ranches and nonfarm rural employers has remained weak for the last several months. In July, only 10.5% of bankers reported an increase in hiring for the month.

Confidence: Rural bankers remain pessimistic about economic growth for their area over the next six months. The July economic confidence index slumped to 34.2 from June's 42.1. Weak grain prices, higher input costs and volatility stemming from the Iran war continued to weigh on banker confidence.

Home and retail sales: Weak income from grain, combined with escalating input costs, spilled over into the housing and retail sales markets. July home sales fell to 44.7 from June's 50.0. The regional retail sales index fell to 41.6 from 42.1 in June.

Below are the state reports:

Colorado: The state's Rural Mainstreet Index (RMI) for July fell to 41.5 from June's 52.3. The farm and ranchland price index for July declined to 52.3 from 54.9 in June. The state's new hiring index increased to 49.9 from 47.1 in June. According to the USDA, Colorado's top five exported agriculture products (beef, pork, corn, dairy,

GOSS EGGS

RECENT DUMB
Economic Steps, Inactions, and/or Lies

America's Student Loan Program: A Case Study in Government Expansion

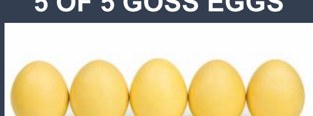
As of March 31, 2026, the federal student loan portfolio totaled approximately $1.72 trillion held by 42.6 million borrowers, averaging roughly $40,500 per debtor. Of those borrowers, approximately 9 million, representing $220 billion in loans, were in default. Another 3.5 million borrowers in active repayment were at least 31 days delinquent while 8.4 million borrowers had loans in forbearance. Among those classified as actively repaying their loans, roughly 20 percent were more than 30 days behind on payments.

in Biden v. Nebraska (2023), the U.S. Supreme Court struck down the administration's proposed student debt cancellation program. Nevertheless, the administration approved approximately $170 billion in loan relief for nearly 5 million borrowers by the end of 2024.

An important question is: Who benefits from this increasingly costly federal lending program? Between 1970 and 2025, the prices of consumer goods and services rose by approximately 394%, while college tuition and fees increased by 1,495%, or nearly four times the overall inflation rate.

This disparity indicates federally backed student lending has insulated colleges and universities from normal market pressures. Thus, these institutions should share this taxpayer burden.

5 OF 5 GOSS EGGS



soybean) fell by 10.2% for the first two fiscal quarters of 2026 compared to the same period in 2025.

Illinois: The state's July Rural Mainstreet Index (RMI) sank to 42.0 from June's 53.1. The farm and ranchland price index for July declined to 53.2 from June's 55.8. The state's new hiring index for July climbed to 50.7 from June's 47.9. According to the USDA, Illinois' top five exported agriculture products (soybean, corn, distillers grain, sugar) fell by 23.3% for the first two fiscal quarters of 2026 compared to the same period in 2025. Jim Eckert, Executive VP and Trust Officer of Anchor State Bank in Anchor, reported that, "Recent heavy rains have replenished our ground water levels from prior three years of semi-drought. Now our producers are having difficulty spaying crops for weeds. Corn is tasseling, but soybeans are way behind prior years."

Iowa: July's RMI for the state slumped to 41.4 from June's 52.3. Iowa's farm and ranchland price index for July declined to 52.3 from 54.9 in June. Iowa's new hiring index for July improved to 49.9 from June's 47.1. According to the USDA, Iowa's top **four** exported agriculture products (corn, pork, ethanol, soybean meal) expanded by 11.2% for the first two fiscal quarters of 2026 compared to the same period in 2025.

Kansas: The Kansas RMI for July fell to 43.7 from June's 55.1. The state's farm and ranchland price index dropped to 55.5 from 58.2 in June. The new hiring index for Kansas improved 52.9 from 49.9 in June. According to the USDA, Kansas's top four exported agriculture products (beef, corn, pork, corn, pork, wheat) expanded by 16.9% for the first two fiscal quarters of 2026 compared to the same period in 2025.

Minnesota: The July RMI for Minnesota dropped to 42.1 from 53.1 in June. Minnesota's farm and ranchland price index declined to 53.2 from June's 55.8. The new hiring index for July increased to 50.7 from 47.9 in June. According to the USDA, Minnesota's top five exported agriculture products (dairy, soybean, pork, corn, other feed) expanded by 17.8% for the first two fiscal quarters of 2026 compared to the same period in 2025.

Missouri: The July RMI for the state fell to 41.9 from 52.9 in June. The farm and ranchland price index for July decreased to 53.0 from June's 55.6. The state's new hiring gauge for July increased to 506 from 47.7 in June. According to the USDA, Missouri's top five exported agriculture products (corn, soybean, pork, dog/cat food, other feeds) expanded by 0.3% for the first two fiscal quarters of 2026 compared to the same period in 2025.

Nebraska: The state's Rural Mainstreet Index for July fell to 42.6 from 52.2 in June. The state's farm and ranchland price index for July declined to 52.2 from 54.8 in June. Nebraska's new hiring index increased to 49.8 from 47.0 in June. According to the USDA, Nebraska's top five exported agriculture products (beef, corn, soybean, pork, soybean meal) fell by 9.9% for the first two fiscal quarters of 2026 compared to the same period in 2025.

North Dakota: The state's overall July RMI dropped to 40.1 from June's 50.7. The state's farm and ranchland price index for July decreased to 50.5 from June's 53.0. The state's new hiring index rose to 48.2 from 45.5 in June. According to USDA, the state's top 4 exported agriculture products (soybean, wheat, ethanol, corn) expanded by 13.7% for the first two fiscal quarters of 2026 compared to the same period in 2025.

South Dakota: The July RMI for South Dakota declined to 43.4 from 54.7 in June. The state's farm and ranchland price index decreased to 55.0 from June's 57.7. South Dakota's July new hiring index climbed to 52.5 from 49.5 in June. According to the USDA, South Dakota's top four exported agriculture products (ethanol, pork, dairy, distillers grain) expanded by 12.4% for the first two fiscal quarters of 2026 compared to the same period in 2025.

Wyoming: The overall RMI for Wyoming for July fell to 39.0 from 49.3 in June. The July farm and ranchland price index declined to 48.9 from 51.3 in June. Wyoming's new hiring index increased to 46.7 from June's 44.0. According to the USDA, Wyoming's top three exported agriculture products (bakery, live animals, food preparations) expanded by 207.1% for the first two fiscal quarters of 2026 compared to the same period in 2025.

Tables 1 and 2 summarize survey findings. Next month's survey results will be released on August 20, 2026.

THE OUTLOOK. **(National Association of Business Economics);** **NABE Survey Shows Improved Sentiment, Even as Cost Pressures Squeeze Profits.** The July NABE Business Conditions Survey shows business confidence has improved, but caution has not disappeared. Firms report stronger investment intentions, improved profitability expectations, and diminishing recession concerns," said NABE President Gregory Daco, chief economist, EY-Parthenon, Ernst & Young LLP. "Yet elevated costs continue to pressure margins and encourage greater price pass-through. The result is a business sector that is becoming more optimistic about the outlook while remaining disciplined in its spending and hiring decisions."

Sales softened, but the outlook improved**.** Forty-two percent of respondents report higher sales at their firms during the second quarter of 2026 (Q2 2026), down from 48% in the May survey. Another 42% indicate that sales were unchanged, while 15% report lower sales. Many firms charged higher prices in Q2 2026. While 58% of panelists report that prices were unchanged over the previous three months, 40% report that their firms charged higher prices—the largest share since October 2024—and 2% report charging lower prices. Firms' adoption of AI tools is shifting from "experimental" to "moderate" use. When asked to describe the adoption of artificial intelligence tools at their firms, 45% of respondents report "moderate use for specific functions or teams," up from 32% in the May survey.
https://tinyurl.com/mub4kw8s

BANKER READING ROOM

Inside the Bank: How Artificial Intelligence is Changing Banking Operations. MIT Management. April 2, 2026. "Discover the impact of AI on banking, from fraud detection to credit decisions, & how executives can stay ahead with strategic learning.

The financial and banking industry is at a turning point, where AI is becoming a core enabler of strategy, operational efficiency, and innovation. Banks now have unprecedented opportunities to rethink how they operate, interact with customers, and manage risk.

For executives and decision-makers in financial services, staying ahead means understanding the forces shaping the future of finance and knowing how to respond effectively. We're taking a closer look at the landscape of AI in banking and how executives are guiding organizations through this rapidly changing environment.

Large incumbent financial institutions have historically struggled to innovate at the pace of digital-native firms. Studies from McKinsey & Company have shown that major banks often lag behind newer competitors in productivity — an imbalance that has become more visible as fintech startups experiment aggressively with AI-driven services.

As these capabilities begin to mature, traditional banks face growing pressure to modernize while still maintaining the governance and risk discipline the sector demands. https://tinyurl.com/37d5388r

KEEP AN EYE ON

1. The Federal Reserve Open Market Committee (FOMC) meets Sept. 16/17. Listen for Warsh to identify changes to the Fed's bond buying (formerly QE. There will be no change in rates. Reporters focus on interest rates but should be watching the balance sheet.

2. Keep an eye on Case-Shiller home price index to be released on August 31. I expected the year-over-year average price to be falling, but that has not happened. A month-over-month gain would be an important and positive signal for the housing market. I remain pessimistic on the U.S. housing market.

3. On August 28, the U.S. BLS releases its jobs report for Q1, 2026. Unlike the monthly releases, this report covers 95% of companies in the nation. This data is used to revise and correct monthly employment data.

- **STATISTIC(S) OF THE MONTH**

$18.3 trillion

The New York Federal Reserve Bank released a report that shows total household debt decreased by $13 billion, a 0.1% decrease, in Q2 2026, to $18.8 trillion.

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Rural Banker Survey, this month with Jim Eckert, Director, Executive Vice President and Trust Officer with Anchor State Bank in Anchor, Illinois:

https://erniegoss.substack.com/p/the-rural-banker-a-conversation-with

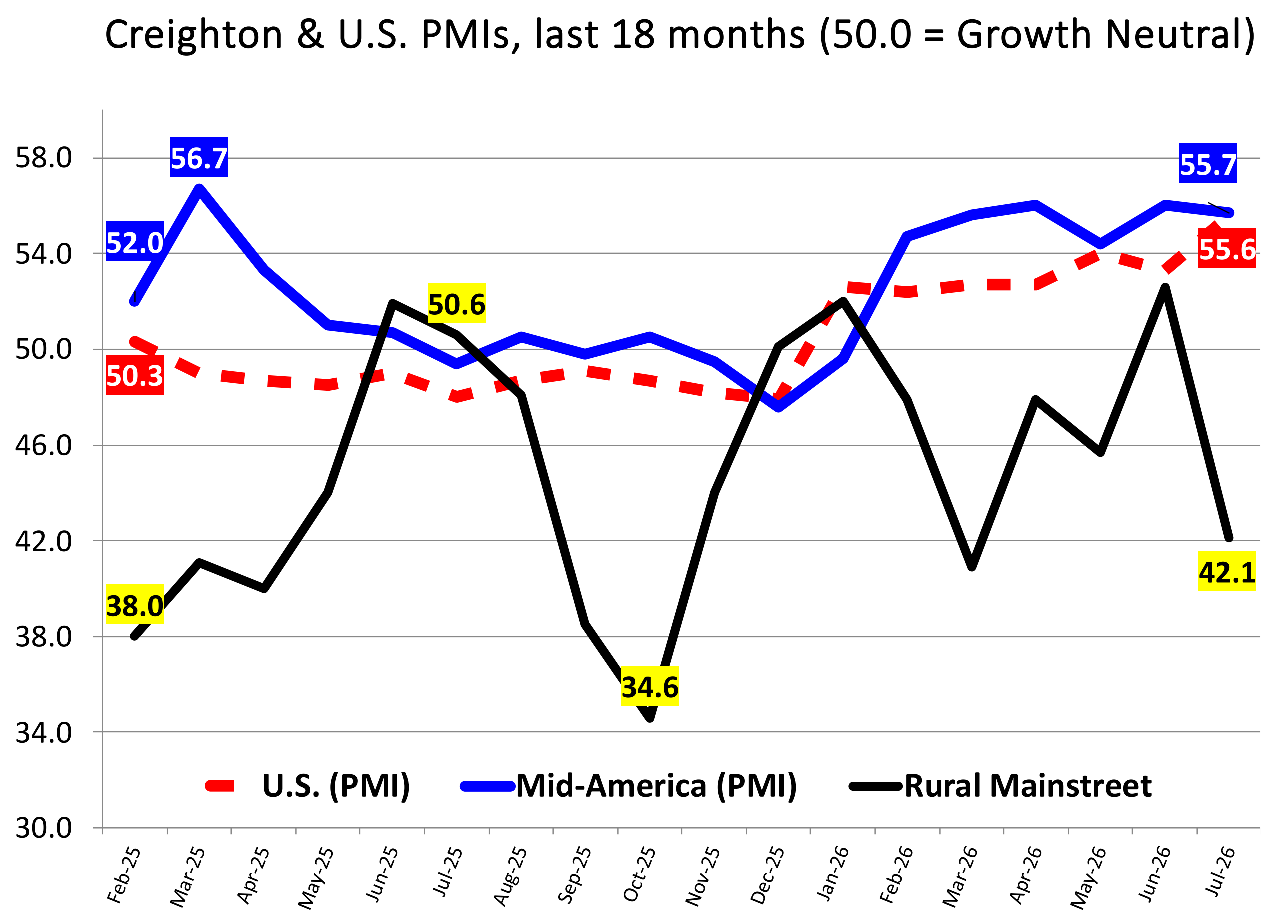
Goss monthly interviews at: Manufacturing Survey: https://youtu.be/Vwn5u-uHZcQ

Media assets: https://drive.google.com/drive/folders/1z6iKM81MdfZ6Ybn2vcEVzAhF5TjbwrD3

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

The Rural Mainstreet Economic Report August 2026

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



SURVEY RESULTS

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

	July 2025	June 2026	July 2026
Area Economic Index	50.6	52.6	42.1
Loan Volume	87.5	76.3	73.7
Checking Deposits	45.8	57.9	50.0
Certificates of Deposit and Savings Instruments	56.3	47.4	52.6
Farmland Prices	47.9	55.3	52.8
Farm Equipment Sales	16.7	28.9	27.8
Home Sales	48.0	50.0	44.7
Hiring	50.0	47.4	50.1
Retail Business	47.8	42.1	41.6
Confidence Index (area economy six months out)	36.0	42.1	34.2

Table 2: The Rural Mainstreet Economy, July 2026

	Percentage of Bankers Reporting	
	Unchanged	Tightened somewhat
Have credit standards changed during the past three months?	53.7%	46.3%

	Percentage of Bankers Reporting				
	Loan underwriting	Compliance	Customer service	Fraud detection	Other
What banking function offers the greatest potential benefit from AI?	5.3%	10.7%	15.8%	57.9%	10.3%

	Percentage of Bankers Reporting			
	Other challenges	Weather	High Input Costs	Low prices
What is currently the greatest financial challenge facing agricultural producers?	11.2%	10.5%	26.3%	52.0%