

March  
2025

# THE MAINSTREET ECONOMIC REPORT

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

## Rural Mainstreet Economy Falls Again: Only 9% See Positive Outcomes from Trump Trade Actions

### February Summary:

- The overall Rural Mainstreet index fell below growth neutral for the 17th time in the past 18 months.
- For the ninth time in the past ten months, farmland prices sank.
- Only 9% of bankers expect positive outcomes for Rural Mainstreet from President Trump's tariff actions.
- On average, 70.8% of bankers expect livestock ranchers to experience positive cash flow or net income in 2025. Almost half of bankers expect grain farmers to experience negative cash flow in 2025.
- Farm equipment sales dropped for the 18th straight month.
- Regional retail sales deteriorated to the lowest level since the pandemic.
- According to trade data from the International Trade Association (ITA), regional exports of agriculture goods and livestock for all of 2024 compared to 2023 rose by \$747.8 million for a 6.1% gain.
- Mexico was the number one destination for 2024 ag exports, accounting for 47.7% of total regional agriculture and livestock exports.

(Continued next page;  
Tables on final page)



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

## Corporate & Individual Income Tax Collections Soar After 2017 Trump Tax Cut

In 2017, the Trump Administration introduced and Congress passed a tax reduction program which cut income tax rates for individuals and corporations. Critics argued incorrectly that this would put a hole in tax collections and would reward billionaires at the expense of low income individuals.

Figure 1 below shows that the exact opposite occurred with tax collections growing faster than the overall economy, and tax collections for taxpayers earning less than \$75,000 declining and all other groups climbing.

While corporate taxes did fall as a percent of GDP between 2018 and 2020, they expanded briskly for each

year 2021-24 reaching a high of 1.7% in 2024. In fact, corporate taxes more than doubled during this period from \$230.3 billion in 2017 to \$493.1 billion in 2024. Individual income taxes soared from \$1.61 trillion in 2017 to \$2.39 trillion in 2024 for a 48.3% gain. As a percent of GDP, individual income taxes were flat at 8.2% in 2017 and 2024. Also, contrary to popular jargon, individuals with higher income shouldered the largest share of income tax gains over the period.

Data in this essay indicate the Congress should maintain the income tax terms of the 2017 tax program. Allowing the expiration of the tax provisions would likely slow growth and differentially punish lower income individuals. As highlighted in Figure 1, the real problem is federal overspending. Ernie Goss.

Figure 1: Federal spending, corporate & individual taxes as percent of GDP, 2017-2024

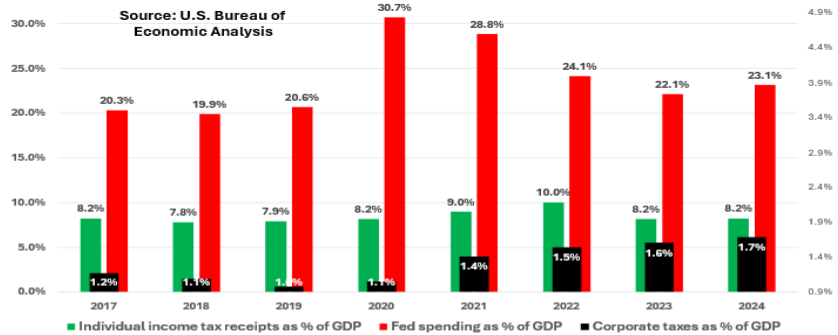


Table 1: Individual income taxes collected, 2017 and 2022 (millions of dollars)

Income bracket	Taxes collected		Tax change	Percent change
	2017	2022	2017-22	
Under \$30,000	\$20.7	\$12.2	(\$8.6)	-41.3%
\$30,000 - \$75,000	\$165.4	\$151.7	(\$13.7)	-8.3%
\$75,000 - \$100,000	\$113.0	\$113.1	\$0.1	0.1%
\$100,000 - \$200,000	\$341.0	\$397.7	\$56.7	16.6%
\$200,000 - \$1,000,000	\$512.9	\$732.4	\$219.4	42.8%
Over \$1,000,000	\$452.1	\$691.7	\$239.6	53.0%
Total	\$1,605.1	\$2,098.8	\$493.7	30.8%

Source: U.S. IRS (note: 2022 is latest data available)

**BULLISH NEWS**

- The U.S. economy added 151,000 jobs in February. Not too hot! Not too cool!
- The federal government shed 10,000 jobs in Feb.
- The 30-year mortgage rate fell to a 4 months low of 6.6% due to concerns over an economic slowdown.
- Investors are far too bullish in my view with the gap between the junk bond yield and U.S. Treasury bonds at far too low 2.5%.

**BEARISH NEWS**

- The U.S. unemployment rate rose to 4.1%.
- The Atlanta Fed's GDP Now model estimates that Q1, 2025 will decline by 2.8%. This is compared to the New York's Fed GDP forecast of an expansion of 2.67% for the same time period.
- January U.S. retails sales sank by 0.9% from December.
- U.S. single-family housing annualized starts for January were 8.4% below December's number.
- In fiscal 2024, the U.S. federal budget deficit was \$1.8 trillion which was \$138 billion over the previous year and the 3<sup>rd</sup> largest on record.

**Main\$street on Your \$street**

**Overall:** For the 17th time in the past 18 months, the overall Rural Mainstreet Index (RMI) sank below the 50.0 reading in February, 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 February slumped to a weak 38.0 from 42.3 in January. The index ranges between 0 and 100, with a reading of 50.0 representing growth neutral.

Only 8% of bankers expect positive outcomes for Rural Mainstreet from President Trump's tariff actions.

Jim Eckert, CEO of Anchor State Bank in Anchor, Illinois, said, "The 'jury is still out' on the changes coming from the Trump administration, but our customers are almost universally favorable towards efforts to close the border and deport illegal aliens as well as favorable to DOGE attempts to clean up government waste/fraud and efforts to reduce the size of federal government."

Jeffrey Gerhart, former Chairman of the Bank of Newman Grove Bank of Newman Grove & former Chairman of the Independent Community Bankers of America, "We've built up good relationships with both Mexico and Canada over the years. Working together with Mexico and Canada would be a better course of action than threatening our two longtime trading partners with tariffs."

"The economic outlook for grain farmers remained weak for 2025. However, grain prices have recently improved, but not enough for profitability for many producers. On the other hand, regional livestock producers continue to experience solid prices with only 9.3% of bankers expecting negative cash flow for ranchers in 2025," said Ernie Goss, PhD, Jack A. MacAllister Chair in Regional Economics at Creighton University's Heider College of Business.

Other comments from bankers in February:

- Jim Eckert, CEO of Anchor State Bank in Anchor, Illinois, said, "Area farmers are somewhat optimistic going into the 2025 crop. Our area is somewhat "dry", but the situation is not serious yet."



• According to Jeffrey Gerhart, former chairman of Bank of Newman Grove and former chairman of the Independent Community Bankers of America, "The fallout from the actual tariffs remains to be played out but, I don't believe that it will be good for folks down on the farm".

**Farming and ranch land prices:** For the 8th time in the past nine months, farmland prices sank below growth neutral. The region's farmland price index fell to 40.0, its lowest level since October 2024, and down from 42.0 in January. Elevated interest rates and higher input costs, along with below breakeven prices for a high share of grain farmers in the region, have put downward pressure on ag land prices.

This month, bank CEOs were asked to project 2025 grain and livestock net cash flow or income. On average, 70.8% of bankers expect livestock ranchers to experience positive cash flow or net income for the year. On the other hand, only 54.2% of bank CEOs forecast grain farmers to breakeven or earn a profit for 2025.

According to trade data from the International Trade Association (ITA), regional exports of agriculture goods and livestock for all of 2024 compared to 2023 rose by \$747.8 million for a 6.1% gain. Mexico was the top destination for 2024 ag exports, accounting for 47.7% of total regional agriculture & livestock exports.

**Farm equipment sales:** The farm equipment sales index rose to a weak 17.4 from December's 14.3, which was the lowest reading since October 2016. This is the 19th straight month that the index has fallen below growth neutral. High input prices, tighter credit conditions and weak farm grain prices are having a negative impact on purchases of ag equipment.

**Banking:** The February loan volume index increased to 60.4 from January's 60.0. The checking deposit index climbed to 58.7 from 48.0 in January. The index for certificates of deposits (CDs) and other savings instruments climbed to 62.5 from 58.0 in January. Federal Reserve interest rate policies have boosted CD



# GOSS EGGS

## RECENT DUMB Economic Political Actions

Trump Says "Tariff" Is a  
Beautiful Word:  
Economists Disagree

President Trump recently stated that "tariff is the most beautiful word in the dictionary." But for economists, it is like listening to Rosanne Barr howl the National Anthem before the San Diego Padres' 1990 baseball game.

Economists argue that tariffs are useful in only two incidences: 1) to protect infant industries from unfair competition from abroad, and 2) to shield the U.S. from international espionage. Neither of these two factors played into President Trump's decision to expand tariffs on Canadian, Chinese, and Mexican products on April 2, 2025, one day after April Fool's Day.

Not since 1817 when British economist David Ricardo advanced his theory of comparative advantage have economists more uniformly agreed on any economic principle than this principle. By producing goods that your nation has an efficiency, weather, or cost advantage, and trading for goods for which your nation has an economic disadvantage, both nations gain economically speaking. For example, the U.S. trades Nebraska produced soybeans for Mexican grown avocados.

Every year since 1974 the U.S. has experienced a trade deficit. Moreover, trade deficits decline during recessions due to consumer's cutting purchases from abroad. Thus, one method of reducing the trade deficit is for the U.S. to enter a recession. (This is not a policy recommendation!!)

4 OF 5 GOSS EGGS



purchases above growth neutral for 27 straight months.

**Hiring:** The new hiring index for February dropped to 43.5 from January's 47.9.

**Confidence:** Rural bankers remain pessimistic about economic growth for their area over the next six months. The February confidence index sank to 40.0 from January's 42.. "Weak grain prices and negative farm cash flows, combined with downturns in farm equipment sales over the past several months, continued to push banker confidence lower.

**Home and retail sales:** Home sales softened from an already weak reading of 40.0 in January to 37.0 in February. Regional retail sales deteriorated to the lowest level since the pandemic to 28.3 from 44.0 in January.

Below are the state reports:

**Colorado:** The state's Rural Mainstreet Index (RMI) for February rose to 66.3 from 57.2 in January. The farmland and ranchland price index for February declined to 47.3 from January's 53.2. The state's new hiring index declined to 52.5 from January's 61.1. According to trade data from the International Trade Association (ITA), Colorado exports of agriculture goods and livestock for all of 2024 compared to 2023 rose by \$227.5 million for a 101.9% gain. Mexico was the number one destination for 2024 ag exports, accounting for 18.4% of total Colorado agriculture & livestock exports.

**Illinois:** The state's February Rural Mainstreet Index (RMI) plummeted to 34.2 from January's 49.2. The farmland price index declined to 42.5 from January's 43.7. The state's new hiring index sank to 42.5 from 50.1 in January. According to trade data from the ITA, Illinois export of agriculture goods and livestock for all of 2024 compared to 2023 rose by \$715.8 million for a 15.8% gain. China was the top destination for 2024 ag exports, accounting for 30.3% of total state agriculture & livestock exports.

**Iowa:** February's RMI for the state slumped to 32.8 from January's 40.7. Iowa's farmland price index for February sank to 38.1 from January's 41.3. Iowa's new hiring index for February dropped to 40.8 from January's 46.2. According to ITA trade data, Iowa exports of agriculture goods & livestock for all of 2024 compared to 2023 rose by \$30.2 million for a 2.0% gain. Mexico was the top destination for 2024 ag exports, accounting for 63.4% of total state agriculture & livestock exports.

**Kansas:** The Kansas RMI for February sank to 36.8 from January's 40.1. The state's farmland price index dropped to 39.3 from 41.1 in January. The new hiring index for Kansas slumped

to 42.2 from 46.2 in January. According to trade data from the ITA, Kansas exports of agriculture goods and livestock for all of 2024 compared to 2023 rose by \$3.5 million for a 0.3% gain. Mexico was the number one destination for 2024 ag exports, accounting for 71.2% of total state agriculture and livestock exports.

**Minnesota:** The February RMI soared to 62.4 from 52.5 in January. Minnesota's farmland price index dropped to 46.5 from 49.0 in January. The new hiring index for February declined to 51.2 from 55.4. According to trade data from the ITA, Minnesota exports of agriculture goods and livestock for all of 2024 compared to 2023 sank by \$200.8 million for a 16.2% decline. Mexico was the number one destination for 2024 ag exports, accounting for 39.0% of total state agriculture and livestock exports.

**Missouri:** The state's February RMI climbed to 55.2 from 54.5. The farmland price index for February increase to 61.5 from January's 61.0. The state's new hiring gauge for February declined to 69.7 from January's 70.3. According to trade data from the ITA, Missouri exports of agriculture goods and livestock for all of 2024 compared to 2023 slumped by \$249.4 million for a 20.2% decline. Mexico was the number one destination for 2024 ag exports, accounting for 83.6% of total state agriculture and livestock exports.

**Nebraska:** The Nebraska Rural Mainstreet Index for February decreased to 37.0 from 39.2 in January. The state's farmland price index for February dipped to 39.3 from January's 40.9. Nebraska's new hiring index fell to 42.2 from January's 45.9. According to trade data from the ITA, exports of agriculture goods and livestock for all of 2024 compared to 2023 rose by \$104.9 million for a 12.0% gain. Mexico was the number one destination for 2024 ag exports, accounting for 70.1% of total state agriculture and livestock exports.

**North Dakota:** North Dakota's RMI for February dropped to 49.8 from 51.2. The state's farmland price index increased slightly to 45.6 from 44.3 in January. The state's new hiring index fell to 46.2 from 50.1 in January. According to trade data from the ITA, North Dakota exports of agriculture goods and livestock for all of 2024 compared to 2023 rose by \$115.7 million for a 11.7% gain. Mexico was the number one destination for 2024 ag exports, accounting for 46.0% of total state agriculture and livestock exports.

**South Dakota:** The February RMI slumped to 31.4 from 42.0 in January. The state's farmland price index sank to 37.7 from 40.5 in January. South Dakota's February new hiring index fell to 40.3 from January's 45.4. According to trade data from ITA, South Dakota exports of agriculture goods and livestock for 2024 compared to 2023 rose by \$1.4 million for a 1.1% gain. Mexico was the top destination for 2024 ag exports, accounting for 76.9% of total state agriculture and livestock exports.



**KEEP AN EYE ON**

Keep an eye on the yield on the 10-yr U.S Treasury bond. It has fallen to 4.22% from 4.63% just one month ago.

Consumer price index (CPI). On April 10, the U.S. BLS releases its CPI for March. Rising inflation—bad for mortgage rates.

U.S. international trade in goods & services for Feb. 2025 released by the U.S. BEA on April 3. A significant uptick in the trade deficit would weigh on markets.

Employment Report for February. On April 4, the U.S. BLS releases its job estimates for March. A gain of less than 50,000 will be very tough on U.S. markets.

Federal Reserve interest rate meetings (FOMC) meeting on May 7 will be very important. I expect a rate cut due to weaker U.S. job growth.

**STATISTIC(S) OF THE MONTH**

14.7%

Assuming the tax on U.S. imports (i.e. tariffs) are increased by 25% and there is no reduction in U.S. purchasing from abroad, \$ only 14.7% of federal spending would be covered by the tariff increase.

**THE OUTLOOK.** The Conference Board: “Concerns over Navigating Policy Uncertainty.” “The unpredictability of the current administration’s policies looms large over the outlook. While the US economy is set to start 2025 on strong footing after a year of surprisingly robust growth, a combination of proposed policies will likely weigh on growth and leave inflation elevated as the year progresses, resulting in a more patient policy stance from the Fed. The labor market strength supporting solid growth in personal income for consumers may contribute to the continuation of strong growth in H1.”

“Expect weaker economic growth in the US and for its three leading trading partners as 25% tariffs on goods imported from Mexico and Canada go into effect today. Additional 10% tariffs on China are also being implemented. Levies were originally planned to start February 4, before the White House postponed the Mexico and Canada tariffs for 30 days. Canadian energy imports are expected to face a lower 10% rate.”

“These tariffs impact a wide variety of US consumer and business goods. Together, goods from Canada, Mexico, and China make up 41% of US imports. The tariffs will have a significant impact on US grocery items, consumer packaging and building materials, automotive vehicles and parts, electronics, and manufacturing inputs including critical minerals.”

<https://www.conference-board.org/research/us-forecast>

**BANKER READING ROOM**

**CFPB raced against impending court order on 1,175 layoffs**

“The race to save 1,175 jobs at the Consumer Financial Protection Bureau on Feb. 14 – at least for now – came down to minutes, according to documents submitted Friday to a federal court in Washington.”

“A memo that Adam Martinez, the CFPB’s chief operating officer, sent to the Office of Personnel Management on Feb. 13 breaks down the number of employees the bureau aimed to cut, including 528 in supervision, 283 in enforcement and 170 in research.”

“Martinez is set to testify March 10 in the National Treasury Employees Union’s case against the bureau – specifically on how the agency has carried out its legally mandated functions throughout its monthlong stop-work order.”

But Friday’s trove of documents included one time-stamped 12:34 p.m. Feb. 14 in which Martinez indicated the intention to put all CFPB staff on administrative leave starting that day and covering the 30-day notice period when employees transitioning out of the bureau would typically transfer their duties to a successor.

<https://tinyurl.com/2mc2bsxc>

## FOLLOW ERNIE

Twitter: @ErnieGoss

For historical data and forecasts, visit our website:

<https://www.creighton.edu/economicoutlook/>

For ongoing commentary on recent economic developments, visit:

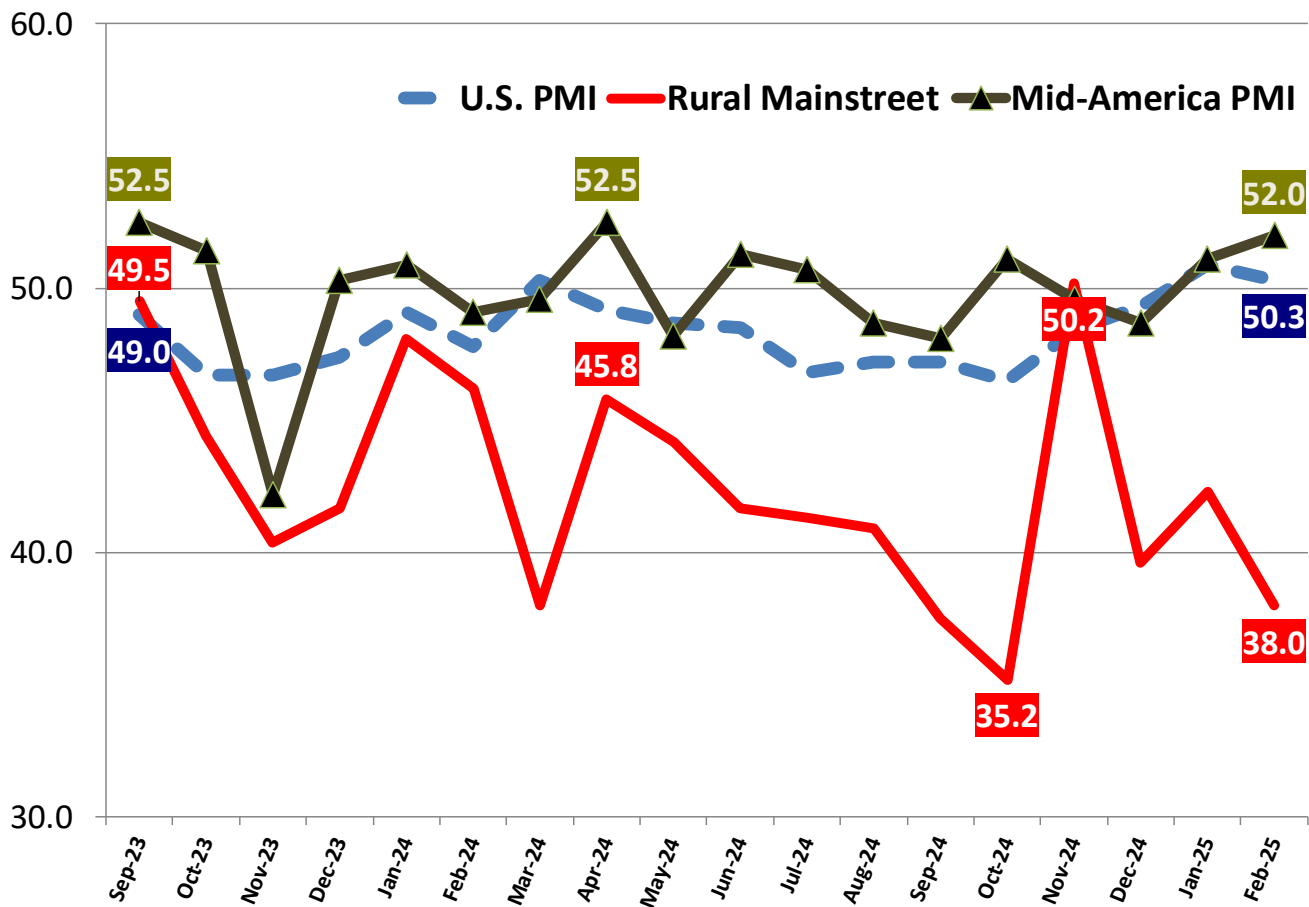
Goss monthly interview at: <https://bit.ly/Mid-AmericaBCIFebruary2025YouTube>

News media assets & headshots: <https://bit.ly/MidAmericaBCIFebruary2025NewsAssets>

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

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

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





## Summary of February Survey

	Feb. 2024	Jan. 2025	Feb. 2025
Area Economic Index	46.2	42.3	38.0
Loan Volume	66.0	60.0	60.4
Checking Deposits	48.0	48.0	58.7
Certificates of Deposit and Savings Instruments	60.0	58.0	62.5
Farmland Prices	57.7	42.0	40.0
Farm Equipment Sales	49.5	17.4	18.2
Home Sales	35.4	40.0	37.0
Hiring	49.0	47.9	43.5
Retail Business	44.0	44.0	28.3
Confidence Index (area economy six months out)	40.4	42.3	40.0

	Percentage of Bankers Reporting				
	Significant Negative	Negative	Modest Negative	Little or no	Positive
What will be the ultimate net impact of President Trump's tariffs on the Rural Mainstreet Economy	4%	8%	36%	43%	9%
	Percentage of Bankers Reporting				
	Negative		Breakeven	Positive	
Regarding 2025 cash flow from LIVESTOCK in your area, what do you expect:	8.4%		20.8%	70.8%	
	Percentage of Bankers Reporting				
	Negative		Breakeven		
:Regarding 2025 farm cash flow from GRAIN in your area, what do you expect:	45.8		54.2%		