

November 2025 THE MAINSTREET ECONOMIC REPORT

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

Rural Mainstreet Economy Falls to 5- Year Low: 7 of 10 Bankers Favor Trump's China Trade Steps

October-at-a-Glance:

- The region's overall reading fell to its lowest level since May 2020,
- For the 17th time in the past 18 months, farmland prices sank below growth neutral.
- Farm equipment sales dropped below growth neutral for the 26th straight month.
- Approximately 72% of bank CEOs gauge President Trump's approach toward Chinese trade as about right.
- Farm loan delinquency rates rose from a very low 1.1% in June of this year to 1.6% this month.
- Approximately 84.6% of bankers support President Trump's calling for \$10 billion of support for U.S. farmers.
- Regional exports of agriculture and livestock to China plummeted by 85.7% for 2025 compared to the same period in 2024.

(Continued next page)

(Tables on final page)



Welcome to Creighton's November Bank CEO Report covering October 2025 survey results. The overall October reading from bank CEOs and bank executives in 10 Rural Mainstreet States sank to its lowest level in more than five years. The Rural Mainstreet economy weakened significant with falling farmland prices and declining ag equipment sales. Thank you for your input for our/your October. Ernie.

Higher Inflation Means Higher Tax Burdens in Some States as Hidden Tax Expands

Indexing personal income tax rates (and related provisions like brackets, deductions, and exemptions) to inflation means automatically adjusting these values each year based on inflation measures. The U.S. federal income tax system has been indexed since the 1980s, but state policies vary widely as presented in Table 1. As of the writing of this essay, nine states have no personal income tax, 29 index their income tax rates, and 12 do not index.

In short, data in Table 1 show that indexing stops the silent tax increase that occurs when fixed brackets meet a rising cost of living. By keeping tax brackets aligned with inflation, indexation avoids penalizing workers for nominal wage growth. In unindexed systems, a worker who gets a raise just to keep up with higher living costs might suddenly face a higher marginal tax rate, reducing the incentive to seek raises or work extra hours (since more of the additional pay is taxed).

Furthermore, bracket creep tends to hit lower and middle incomes hardest. Thus, indexing is a progressive relief measure: since it prevents what is effectively a regressive tax increase over time. Importantly, post-pandemic surges in inflation have had significant negative impacts, labeled bracket creep, on states that do not index.

As listed in Table 1, GDP growth was highest among states with no personal income tax and weakest among states that do not index rates. Additionally, overall tax burdens were lowest among states with no income tax, and states with indexation and highest among states that do not index.

With the Federal Reserve accepting a higher inflation rate from its goal of 2% and federal government deficits exceeding \$2 trillion year putting upward pressure on inflation, this essay supports the proposition that it hurts residents of states that do not index. Ernie Goss.

Table 1: GDP Growth and Overall Tax Burden According to Indexation of Personal Income Tax Rates

States with No income tax	GDP Growth 2019-23	Net income tax rate	Total taxes as % GDP	States that Index income taxes	GDP Growth 2019-23	Net income tax rate	Total taxes as % GDP
Alaska	25.1%	0%	6.9%	Arizona	41.2%	1.4%	7.9%
Florida	43.3%	0%	7.6%	Arkansas	34.3%	2.3%	9.7%
Nevada	37.3%	0%	8.1%	California	24.7%	3.3%	9.4%
New Hampshire	30.2%	0%	8.0%	Colorado	34.0%	2.1%	8.1%
South Dakota	34.9%	0%	6.9%	Georgia	29.2%	1.9%	6.8%
Tennessee	37.7%	0%	6.1%	Idaho	42.8%	2.0%	8.3%
Texas	41.4%	0%	7.3%	Illinois	22.9%	1.8%	8.9%
Washington	31.7%	0%	7.6%	Indiana	29.1%	1.8%	7.6%
Wyoming	28.3%	0%	8.0%	Iowa	29.0%	2.1%	8.7%
Median	34.9%	0%	7.6%	Kentucky	28.4%	2.8%	8.5%
				Louisiana	23.5%	1.5%	8.1%
States that do not index				Maine	34.5%	2.5%	12.0%
				Massachusetts	25.5%	2.9%	8.6%
Alabama	31.8%	1.6%	7.7%	Michigan	25.1%	2.0%	8.2%
Connecticut	19.3%	3.0%	10.3%	Minnesota	25.6%	3.2%	9.9%
Delaware	31.3%	2.2%	7.3%	Mississippi	30.5%	1.7%	10.1%
Hawaii	19.8%	3.0%	11.9%	Missouri	28.1%	2.1%	7.5%
Kansas	27.7%	2.0%	8.9%	Montana	41.7%	2.7%	9.0%
Maryland	22.8%	3.1%	9.8%	North Carolina	34.2%	2.2%	7.5%
Nebraska	38.3%	1.7%	8.1%	North Dakota	27.9%	0.7%	10.7%
New Jersey	25.4%	2.1%	11.0%	Ohio	25.8%	2.2%	8.0%
New Mexico	33.4%	0.9%	10.2%	Oklahoma	24.2%	1.7%	8.1%
New York	22.1%	3.2%	11.1%	Oregon	26.6%	4.0%	9.1%
Virginia	28.7%	2.4%	8.2%	Pennsylvania	20.5%	2.4%	9.2%
West Virginia	26.5%	2.2%	10.1%	Rhode Island	21.5%	2.2%	10.3%
				South Carolina	33.4%	1.9%	8.0%
				Utah	40.7%	2.5%	7.7%
				Vermont	26.4%	2.5%	12.0%
				Wisconsin	24.5%	2.5%	8.8%
Median	27.1%	2.2%	9.9%	Median	28.1%	2.2%	8.6%

Source: Goss calculations based on U.S. Census data and U.S. Bureau of Economic Analysis

BULLISH NEWS

- The Atlanta Federal Reserve Bank estimates a Q3 GDP growth of 4.0%.
- The top 10 capital spending corporations are shelling out an average of \$37 billion in 2025 (i.e. data center spending).
- Consumer sentiment remains high for the U.S. stock owners as the S&P 500 reaches record highs in 2025.

BEARISH NEWS

- ADP data indicated that private employers in the U.S. recorded a gain of only 10,000 jobs for Sept. and Oct. combined.
- Challenger & Gray forecast that U.S. employers will hire 500,000 fewer workers in the last three months of 2025, the slowest pace since 2009.
- The Congressional Budget Office estimates a budget deficit of \$1.8 trillion for fiscal 2025.
- Both Creighton's regional and ISM's national survey of manufacturers remained weak in October.
- The University of Michigan November consumer sentiment fell to 50.3, its second lowest reading on record.
- The Case-Shiller home price index has fallen for five of the past six months.
- Farm debt is at record levels, with total farm sector debt forecast to increase to \$386.4 billion in 2025.

Main\$trete on Your Street

For the eighth 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 October fell to 34.6, its lowest level since May 2020, from 38.5 in September. 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. While tariffs are producing higher economic volatility, 72% of bank CEOs gauge President Trump's approach toward Chinese trade as 'about right' This is almost unchanged from April when the same question was asked.

According to Jeff Bonnett, President of Havana National Bank in Havana, Illinois, "We are definitely experiencing the pains of the ag crisis (defined as 'a time of intense difficulty, trouble or danger')."

Farming and ranch land prices: For the 17th time in the past 18 months, farmland prices slumped below growth neutral. The region's farmland price dropped to 37.0 from 45.8 in September. Elevated long-term interest rates, higher input costs and below breakeven grain prices pushed farmland prices lower.

Jim Eckert, Executive VP and Trust Officer of Anchor State Bank in Anchor, Ill. said, "Harvest is well under way in our area of Central Illinois. Soybean yields are similar to 2024 crop. Corn yields appear to be 5-10% lower than last year."

Farm loan delinquency rates rose from a very low 1.1% in June of this year to 1.6% this month.

Approximately 84.6% of bankers support President Trump's calling for \$10 billion of support for U.S. farmers. "Current grain prices have pushed a high share of farmer's net cash flow into negative territory. While it will not cure the problem, it will help."

Terry Engelken, Vice-President at Washington State Bank in Washington, Iowa said that, "I would prefer that Trump work out a trade deal with China rather than providing the 10 billion in relief."



According to trade data from the International Trade Association (ITA), regional exports of agriculture goods and livestock for the first seven months of 2025, compared to the same period in 2024, fell from \$6.9 billion in 2024 to \$6.2 billion in 2025 for a decline of 10.3%. Regional exports of agriculture and livestock to China for the first seven months of 2025 sank to \$131.9 million from \$915.4 million for the same period in 2024 for a downturn of 85.7%.

Farm equipment sales: The farm equipment sales index increased to a very weak 18.8 from 15.2 in September. This is the 26th 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 October loan volume index climbed to 72.0 from September's 70.0. The checking deposit index fell to 52.0 from 54.0 in September. The index for certificates of deposits (CDs) and other savings instruments dropped to 50.1 from 60.0 in September. Federal Reserve interest rate policies have boosted CD purchases above growth neutral for 35 straight months.

Hiring: The new hiring index for October sank to 44.0 from 48.0 in September. 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 next six months. The October confidence index increased to 32.7 from 27.8 in September. Weak grain prices and negative farm cash flows, combined with tariff retaliation concerns, pushed banker confidence lower.

Home and retail sales: October home sales slumped to 40.0 from September's 48.0. Regional retail sales were fragile with a reading of 36.0, but up from 34.8 in September.

GOSS EGGS

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

Will California's Wealth Tax Mistake Spread Eastward?

Attorneys at the Kaufman Legal Group introduced the 2025 California wealth tax initiative starting January 1, 2026, that would tax net worth in excess of \$50 million (or \$25 million married filing separately), with a base tax rate of 1.0%, plus an extra 0.5% surtax on net worth above \$1 billion (or \$500 million married filing separately). Contrary to other state proposal, California's targets worldwide net worth.

However, any benefits of such a measure would be overwhelmed by the negatives.

Complex to administer: Unlike income or property taxes, assessing "net worth" requires valuing illiquid assets such as privately held businesses, real estate partnerships, artwork, or intellectual property. **High compliance costs:** Taxpayers and the state must hire appraisers, auditors, and valuation experts, increasing administrative burden and costs. **Capital flight and migration:** Wealthy individuals are more mobile; even small tax differentials can prompt relocation to lower-tax states (e.g., Texas, Florida, Nevada).

Most importantly, just like the U.S. income tax, rates would very likely rise and the taxable threshold fall. In 1913 the U.S. enacted the personal income tax with a top rate of 7% which applied to taxable income over \$500,000. By 1930 the rate stood at 25% and applied to income over \$100,000. D.C. politicians raised the top tax rate to 70% for all income over \$215,400 in 1980. Tax history demonstrates that rates and wealth/income thresholds are very flexible depending on the demands of the government spending beast.

4 OF 5 GOSS EGGS



Below are the state reports:

Colorado: The state's Rural Mainstreet Index (RMI) for October fell to 38.3 from 39.5 in September. The farmland and ranchland price index for October dipped to 45.5 from September's 45.9. The state's new hiring index dropped to 47.8 from 48.8 in September. 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% fall

Illinois: The state's October Rural Mainstreet Index (RMI) increased to 39.7 from 24.8 in September. The farmland price index for October increased to 48.7 from 45.3 in September. The state's new hiring index for October rose to 49.3 from 36.8 in September. Illinois' year-to-date exports of agricultural goods and livestock reached \$1.6 billion in 2025, but down 39.6% from \$2.7 billion in the same 2024 period, according to ITA data. Agriculture exports to China **plunged 84.5%** over the same period, highlighting a stark decline in that key market. According to Jeffrey Bonnett, President of Havana National Bank in Havana, "With commodity pricing for field corn and soybeans being below break-even for a third consecutive year, our farm operators with diminishing equity in land & equipment are running out of borrowing capacity to cover operating losses."

Iowa: October's RMI for the state climbed to 37.7 from 30.3 in September. Iowa's farmland price index for October declined to 43.0 from September's 45.5. Iowa's new hiring index for October increased to 46.7 from 41.2 in September. Iowa's year-to-date exports of agricultural goods and livestock reached \$1.1 billion in 2025, up 19.4% from \$908.2 million in the same period of 2024, according to data from the ITA. This was in sharp contrast to Chinese exports which plunged 81.1% over the same period, highlighting a stark decline in that key market

Kansas: The Kansas October RMI dropped to 37.1 from 44.6 in September. The state's farmland price index declined to 42.8 from September's 45.6. The Kansas new hiring index rose to 46.6 from September's 43.8. Kansas' year-to-date exports of agricultural goods and livestock expanded to \$863.9 million in 2025, up from \$787.4 million in the same period of 2024 for a gain of 9.7%. In contrast, farm exports to China plunged 93.5% over the same period, highlighting a stark decline in this key trading partner.

Minnesota: The October RMI for Minnesota was unchanged from September's 36.7. Minnesota's farmland price index increased to 46.1 from September's 45.1. The new hiring index for October climbed to 48.1 from 32.6 in September. Minnesota's year-to-date exports of agricultural goods and livestock sank to \$538.9 million in 2025, down 14.8% from \$632.3 million in the same period of 2024, according to data from the

ITA. Minnesota farm exports to China plummeted 53.5% over the same period highlighting the ongoing trade dispute with China.

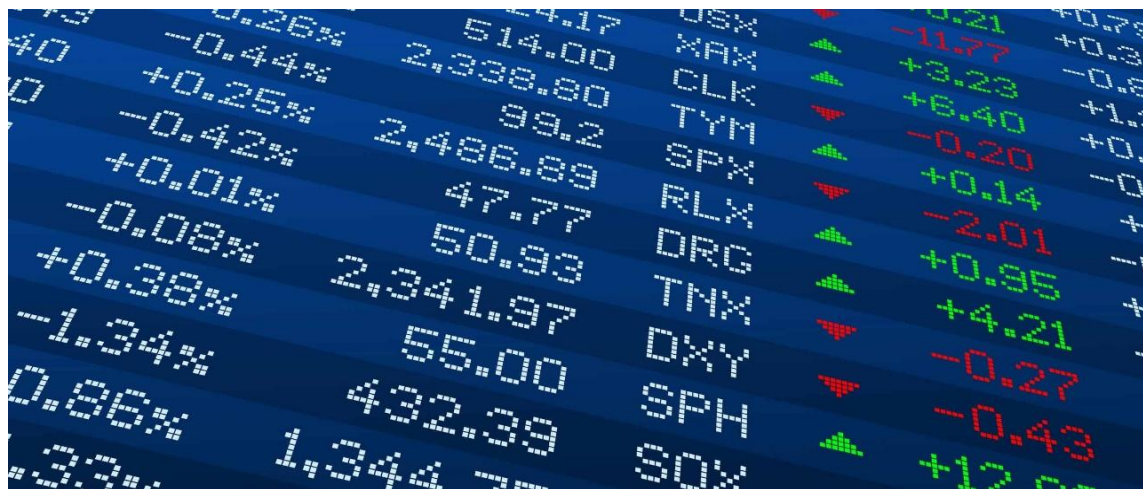
Missouri: The October RMI sank to 39.0 from September's 44.8. The farmland price index for October increased to 47.1 from September's 46.1. The state's new hiring gauge for October declined to 48.6 from September's 53.2. Missouri's year-to-date exports of agricultural goods and livestock sank to \$488.0 million in 2025, falling 9.9% from \$541.5 million in the same period of 2024, according to ITA data. Missouri farm exports to China for 2025 fell by an even deeper 85.8% from the same period in 2024.

Nebraska: The state's Rural Mainstreet Index for October increased to 39.6 from 38.5 in September. The state's farmland price index for October rose to 48.4 from 45.8 in September. Nebraska's new hiring index climbed to 49.2 from September's 48.0. Nebraska's year-to-date exports of agricultural goods and livestock expanded to \$754.7 million in 2025, up from \$510.8 million in the same period of 2024 for a gain of 47.8%. In sharp contrast, Nebraska farm exports to China plunged 92.4% over the same period, highlighting a the dispute with this important trading partner

North Dakota: The state's overall October RMI sank to 38.7 from September's 52.2. The state's farmland price index slipped 46.1 from 46.4 in September. The state's new hiring index plummeted to 48.3 from 59.4 in September. Year-to-date exports of agricultural goods and livestock fell to \$568.6 million in 2025 from \$591.5 million in the same period of 2024 for a fall of 3.9%. North Dakota farm exports to China plunged 83.5% over the same period, highlighting a stark decline in exports with this key trading partner.

South Dakota: The October RMI for South Dakota dropped to 38.4 from 44.4 in September. The state's farmland price index fell to 45.7 from September's 46.1. South Dakota's October new hiring index declined to 47.9 from September's 52.9. South Dakota's year-to-date exports of agricultural goods and livestock expanded to \$101.6 million in 2025, up 24.7% from \$81.3 million in the same period of 2024, Contrary to the rest of the region, South Dakota farm exports to China advanced 48.3% over the same period.

Wyoming: The October overall RMI for Wyoming rose slightly to 36.8 from 36.4 in September. The October farmland and ranchland price index sank to 42.0 from 45.8 in September. Wyoming's new hiring index was unchanged from September's 46.3. Wyoming's year-to-date exports of agricultural goods and livestock expanded to \$5.2 million in 2025, up 162.5% from \$2.0 million in the same period of 2024. Wyoming recorded almost no exports of agriculture & livestock to China in 2024 and 2025.



THE OUTLOOK. (NABE latest outlook). The median forecasts for economic growth for 2025 and 2026 have been revised upward from those in the June NABE Outlook Survey, although nearly all panelists still expect tariffs to be a drag on activity,” said NABE President Emily Kolinski Morris, CBE, global chief economist, Ford Motor Company. “Real GDP is now expected to rise 1.8% in 2025, up from 1.3% in the June survey, while the economy is expected to grow at a similar 1.7% in 2026. Panelists look for the Federal Reserve to lower its interest rate target by another quarter of a percentage point by year-end, followed by three-quarters of a percentage-point reduction in 2026.”

“The inflation forecast for this year remains elevated, with the change in the personal consumption expenditure price index—the Federal Reserve’s preferred inflation measure—forecasted to be 3.0% from the fourth quarter of 2024 to the fourth quarter of 2025,” added NABE Outlook Survey Chair Kathy Bostjancic, chief economist, Nationwide. “While inflation is projected to cool to 2.5% by the end of 2026, this still exceeds the Fed’s 2% target.”

“The survey results also show that the business landscape remains steady, but firms are not without their challenges,” added NABE Business Conditions Survey Chair Selma Hepp, chief economist and senior vice president, “Many companies are still grappling with skills mismatches and shifts in labor market dynamics, such as changing salary expectations and the impact of remote work preferences, although the pool of labor applicants is growing. Nonetheless, the majority of respondents say their firms are not facing input shortages, and are passing along only a portion of cost increases to customers, suggesting that businesses are adapting to this evolving environment with measured responses rather than drastic changes.”

<https://tinyurl.com/fz5uzmwk>

BANKER READING ROOM

“The GENIUS Act and Stablecoins: What Banks Need to Know,”

Stablecoins were once a crypto curiosity. With the passing of the **GENIUS Act** — short for Guiding and Establishing National Innovation for U.S. Stablecoins — they’re now a legitimate threat — or opportunity, depending on your perspective. The act lays the groundwork for a new regulatory regime around these digital assets.

JPMorgan has already filed a trademark for a digital deposit token, possibly signaling its intent to create a bank-issued stablecoin product. For other banks, the act raises urgent questions: 1) Should we support the regulation? 2) How will stablecoins impact our deposits, operations, and financial risk? and 3)

Should we issue our own stablecoin?

The GENIUS Act aims to bring regulatory clarity to stablecoins by establishing licensing requirements, setting capital and liquidity standards, and placing supervision under the Federal Reserve and other regulators. Key provisions include:

- Only insured depository institutions and approved non-bank entities can issue stablecoins.
- Issuers must back stablecoins 1:1 with high-quality liquid assets—U.S. Treasuries.
- Required audits and disclosure of reserves.
- Prohibition of algorithmic or unbacked stable coins. <https://tinyurl.com/33m6vvey>

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: On November 25 this index will be released for September. I expect a seventh decline in the last eight months in the monthly index signaling real problems in the residential housing market.

ADP Private Employment Report: On December 3 ADP releases its private employment report. A negative reading for November would sink interest rates and point to another rate cut from the Fed.

STATISTIC(S) OF THE MONTH

3.03%

U.S. overall debt flow into serious delinquency was 3.03% in Q3 2025, up from 1.68% in the same quarter in 2024.

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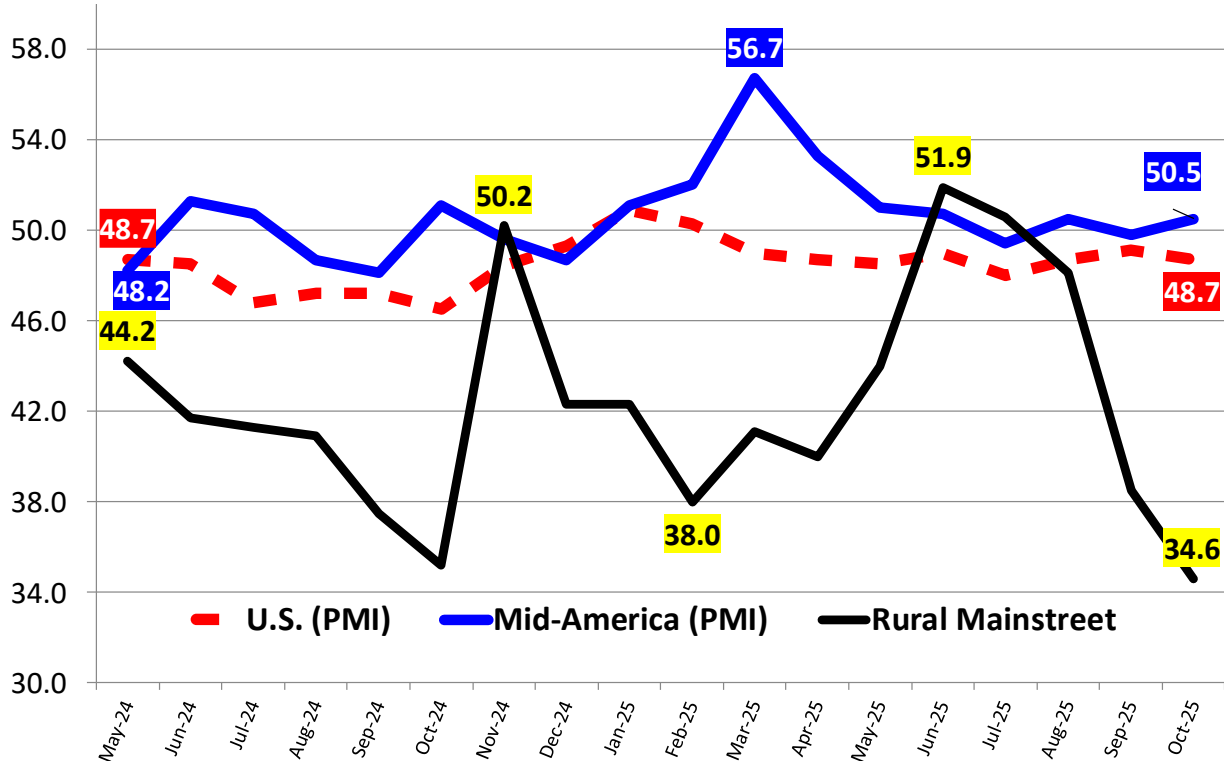
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This month's survey results will be released on the third Thursday of the month.

The Rural Mainstreet Economic Report November 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 November 2025

SURVEY RESULTS

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

	Oct. 2024	Sept. 2025	Oct. 2025
Area Economic Index	35.2	38.5	34.6
Loan Volume	73.1	70.0	72.0
Checking Deposits	63.7	54.0	52.0
Certificates of Deposit and Savings Instruments	63.5	60.0	50.1
Farmland Prices	38.5	45.8	37.0
Farm Equipment Sales	18.8	15.2	18.8
Home Sales	46.3	48.0	40.0
Hiring	50.0	48.0	44.0
Retail Business	36.0	34.8	36.0
Confidence Index (area economy six months	29.6	32.7	32.7

Table 2: The Rural Mainstreet Economy, October 2025

	Percentage of Bankers Reporting			
	The tariffs should be More Severe	Current approach is About Right		He should pull back On China tariffs
Regarding Trumps imposition of tariffs on China:	0%	72\$		28%
	Percentage of Bankers Reporting			
	Nio opinion	No		Yes
:President Trump is considering provid- ing \$10 billion for farmer support. Do you support this action?	7.5%	7.9%		84.6%
	Percentage of Bankers Reporting			
	Little or no change	1% to 4% Higher	5% to 10% Higher	Greater than 10%
Farm loan delinquency rates for your bank over the past six months are:	72,0%	20%	4.0%	4.0%