Since 1930, the federal government has spent a total of $71.5 trillion and collected $59.9 trillion in taxes, thus adding $11.6 trillion to the national debt, not including interest. As a share of gross domestic product (GDP), the deficit was 3.3% for the full 84-year period. In terms of party affiliation, Democrats expanded the debt by an average 3.1%, while Republicans boosted the debt by a higher 3.5% average. As a share of GDP, both Democrats and Republicans spent an average of 20.3%, but Democrats levied higher taxes at 17.2% while Republicans imposed a lower 16.8% in taxes. In all cases, it was assumed that the incoming president does not own the deficit for his first year of service. Among the 13 presidents serving during this period, the top deficit creating presidents were Roosevelt and Obama while the top surplus generating presidents were Clinton and Truman. Clinton and Carter collected the largest percentage of taxes while Roosevelt and Obama spent the most heavily among the 13 presidents. With no budget surpluses in sight and 10,000 baby boomers retiring each day, the 2015 national debt of $18.1 trillion, or 103% of GDP, presents a real challenge for younger generations. Without the 84-year average, the nation’s debt level will continue to grow as federal tax collections below average, and federal spending above. Carter collected the largest percentage of taxes while Roosevelt and Obama were Clinton and Truman. Clinton and Carter collected the largest percentage of taxes while Roosevelt and Obama spent the most heavily among the 13 presidents. With no budget surpluses in sight and 10,000 baby boomers retiring each day, the 2015 national debt of $18.1 trillion, or 103% of GDP, presents a real challenge for younger generations. Without the 84-year average, the nation’s debt level will continue to grow as federal tax collections below average, and federal spending above. Carter collected the largest percentage of taxes while Roosevelt and Obama were Clinton and Truman. Clinton and Carter collected the largest percentage of taxes while Roosevelt and Obama spent the most heavily among the 13 presidents. With no budget surpluses in sight and 10,000 baby boomers retiring each day, the 2015 national debt of $18.1 trillion, or 103% of GDP, presents a real challenge for younger generations. Without the 84-year average, the nation’s debt level will continue to grow as federal tax collections below average, and federal spending above.

The Creighton University Rural Mainstreet Index for February was unchanged from January’s weak 39.4. Even though farm income has weakened, more than one-fifth, or 22.2 percent, of farmland sales are for cash according to bankers in February. This is little changed from 23.3 percent recorded in October of 2014. Even though farm income has weakened, more than one-fifth, or 22.2 percent, of farmland sales are for cash according to bankers in February. This is little changed from 23.3 percent recorded in October of 2014.

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The February farm-equipment sales index plummeted to 19.5 from 29.5 in January. The index has been below growth neutral for 19 straight months. Farmers have become very cautious regarding equipment buying even though their purchases of seeds and other inputs have remained solid.

This month bankers were asked to estimate the 2015 change in farm equipment sales for their geographic area. On average, a 14.4 percent decline in equipment sales is expected by the bank CEOs. Approximately 60 percent of the bankers expect reductions of more than 15 percent.

Banking: The February loan-volume index plunged to 46.4 from January’s 62.1. The checking-deposit index sank to 57.3 from 64.8 in January, while the index for certificates of deposit and other savings instruments fell to a very weak 41.8 from last month’s 42.6.

Hiring: Despite weaker crop prices and pullbacks from businesses with close ties to agriculture and energy, Rural Mainstreet businesses continue to add workers to their payrolls. The February hiring index jumped to 56.5 from January’s 52.8. We have yet to measure any significant decline in employment.

THE MAINSTREET ECONOMY REPORT
“A monthly survey of community bank CEO’s”

Presidential Budget Deficits, 1930-2014: Both Parties Big Spenders: Democrats Big Taxers

MAINSTREET RESULTS
February Rural Mainstreet Index Turns Negative: Farm Equipment Sales and Farmland Prices Decline Again

Survey Results at a Glance:
- The Rural Mainstreet Index fell below growth neutral for February.
- Farmland prices sank for the 15th straight month.
- Approximately 22.2 percent of farmland sales were cash sales, almost unchanged from October 2014.
- February marked the 19th straight month that farm equipment sales declined.
- Banker’s economic outlook sank for the month.

Table 1: The Mainstreet Economy

<table>
<thead>
<tr>
<th>Table 1: The Mainstreet Economy</th>
<th>Feb 2014</th>
<th>Jan 2015</th>
<th>Feb 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area Economic Index</td>
<td>48.4</td>
<td>50.9</td>
<td>46.4</td>
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<tr>
<td>Loan volume</td>
<td>50.0</td>
<td>62.1</td>
<td>46.4</td>
</tr>
<tr>
<td>Checking deposits</td>
<td>61.7</td>
<td>64.8</td>
<td>57.3</td>
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<tr>
<td>Certificate of deposits</td>
<td>42.5</td>
<td>42.6</td>
<td>41.8</td>
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<tr>
<td>Farm land prices</td>
<td>41.7</td>
<td>39.4</td>
<td>39.4</td>
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<tr>
<td>Farm equipment area sales</td>
<td>30.9</td>
<td>29.5</td>
<td>19.5</td>
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<tr>
<td>Home sales</td>
<td>53.4</td>
<td>51.7</td>
<td>50.9</td>
</tr>
<tr>
<td>Hiring in the area</td>
<td>54.3</td>
<td>52.8</td>
<td>56.5</td>
</tr>
<tr>
<td>Retail Business</td>
<td>40.1</td>
<td>48.1</td>
<td>43.7</td>
</tr>
<tr>
<td>Economy 6 months from now</td>
<td>47.4</td>
<td>43.6</td>
<td>41.5</td>
</tr>
</tbody>
</table>

Write to us at ernieg@creighton.edu
for the energy sector in the region. I expect that to change in the months ahead as lower oil prices work their way through the economy. Year-over-year job growth peaked for the region is now approximately 1.4 percent, which is unchanged from last month, but still well above the historic average.

Confidence: The confidence index, which reflects expectations for the economy six months out, slipped to 41.5 from January’s 41.6. Global economies are still in turmoil along with low energy and farm prices have negatively affected the outlook of bank CEOs in energy and agriculture-dependent portions of the region.

Home and retail sales: The February home-sales index climbed to 50.9 from January’s 45.3. The February retail-sales index inched up to a frail 43.7 from 43.6 in January.

Jeff Bonnett, president of Havana National Bank in Havana, Ill., reported that many of his customers commute to cities for employment. "The lower fuel prices here in early 2015 have been very helpful to these folks, which has helped the local restaurants and economy.”

Each month, community bank presidents and CEOs in more than 200 rural communities for the Mid-American region are surveyed regarding current economic conditions in their communities and their projected economic outlooks six months down the road. Bankers from Colorado, Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota and Wyoming are included. The survey is supported by a grant from Security State Bank in Ansley, Neb.

This survey represents an early snapshot of the economy of rural, agriculturally and energy-dependent portions of the nation. The Rural Mainstreet Index (RMI) is a unique index covering 10 regional states, focusing on approximately 200 rural communities with an average population of 1,300. It gives the most current real-time analysis of the rural economy. Goss and Bill McQuillan, former chairman of the Independent Community Banks of America, created the monthly economic survey in 2005.

KANSAS
The Kansas RMI for January plummeted to 45.1 from January’s 49.6. The state’s farmland-price index dipped to 37.2 from January’s 38.9. The new-hiring index for Kansas climbed to 53.9 from 51.9 in January. Kansas Rural Mainstreet job growth for the past 12 months was 0.1 percent.

MINNESOTA
The January RMI for Minnesota sank to 44.6 from January’s 51.6. Minnesota’s farmland-price index declined to 38.5 from 42.1 in January. The new-hiring index for the state advanced to 54.9 from January’s 54.6. Minnesota Rural Mainstreet job loss for the past 12 months was -0.4 percent.

MISSOURI
The February RMI for Missouri plummeted to 47.5 from 54.1 in January. The farmland-price index declined to 33.3 from 34.0 in January. Missouri’s new-hiring index grew to 50.7 from January’s 47.9. Missouri Rural Mainstreet job loss for the past 12 months was -0.6 percent.

NEBRASKA
The Nebraska RMI for February slipped to 44.4 from 49.0 in January. The state’s farmland-price index slipped to 33.3 from 34.0 in January. Nebraska’s new-hiring index grew to 50.7 from January’s 47.9. Nebraska Rural Mainstreet job loss for the past 12 months was -0.6 percent.

NORTH DAKOTA
The Nebraska RMI for February slipped to 44.4 from 49.0 in January. The state’s farmland-price index slipped to 33.3 from 34.0 in January. Nebraska’s new-hiring index grew to 50.7 from January’s 47.9. Nebraska Rural Mainstreet job loss for the past 12 months was -0.6 percent.

SOUTH DAKOTA
The February RMI for South Dakota declined to 45.1 from January’s 49.4. The farmland-price index for February decreased to 35.3 from last month’s 36.2. South Dakota’s new-hiring index expanded to 52.3 from 49.7 in January. South Dakota Rural Mainstreet job growth for the past 12 months was 0.1 percent.

WYOMING
The February RMI for Wyoming fell to 47.1 from last month’s 50.8. The February farmland and ranchland-price index ticked up slightly to 41.7 from January’s 41.6. Wyoming’s new-hiring index climbed to 57.4 from January’s 54.0. Wyoming Rural Mainstreet job growth for the past 12 months was 0.1 percent.

ILLINOIS
The RMI for Illinois declined to 46.3 from 50.5 in January. The Illinois farmland-price index expanded to 38.7 from 38.2 in January. The new-hiring index rose to 53.0 from 51.3 in January. Illinois Rural Mainstreet job growth for the past 12 months was 1.3 percent.

ICYMA
The RMI for Illinois declined to 46.3 from 50.5 in January. The Illinois farmland-price index expanded to 38.7 from 38.2 in January. The new-hiring index rose to 53.0 from 51.3 in January. Illinois Rural Mainstreet job growth for the past 12 months was 1.3 percent.

THE BULLISH NEWS
- Total employment rose by 257,000 in January, and the unemployment rate was little changed at 5.7%. Job gains occurred in retail trade, construction, health care, financial activities, and manufacturing.
- Creighton’s leading economic indicator for the 9-state Mid-American region moved to a solid 57.0 for February.
- In the 12 months ending in Dec. 2014, the Case-Shiller index indicated that average U.S. home prices rose by 4.6%. This is good news but I am concerned that the growth in the index is coming down too fast.

THE BEARISH NEWS
- The Consumer Price Index declined 0.7% in January. Over the last 12 months the core index decreased 0.1%. Normally this might be considered good news but this is well below the Federal Reserve’s target 2.0%.
- The Producer Price Index (Wholesale prices) decreased 0.8% in January. Final demand prices moved down 0.2% in both December and November. The index for final demand was unchanged for the 12 months ended in January indicating little pricing power in the economy.
- Retail sales and food services sales for January fell by 0.8% from the previous month, and 3.3% higher than for January 2014.

WHAT TO WATCH
- CPI: On March 24, the U.S. Bureau of Labor Statistics (BLS) releases consumer prices (CPI) for February. If the reading is soft (i.e. growth of less than 0.2%), bond prices should rebound and potentially push the Federal Reserve to delay a rate hike. However, wage growth numbers will be more closely watched.
- Case-Shiller Home Price Index: On March 31, Standard & Poors will release the Case-Shiller home price index for January 2015. Growth between 4% and 5% will be a non-event. Outside this range will have major impacts.
- Wage data: On Friday April 3, the U.S. Bureau of Labor Statistics (BLS) will release hourly wage growth numbers. Another healthy monthly gain will encourage the Federal Reserve to raise short term interest rates earlier than expected. Currently the market expects a rate hike in September 2015.

THE OUTLOOK
- CPI: 1.0% inflation pace
- FOMC: 25 basis point hike
- Dollar: 1.3% lower
- Oil: $2.20/gallon
- Global risk: Europe
- Sector: Consumer
- folks will be more closely watching the CPI on March 24th to determine if the Fed will hike rates. The Fed also appears to be more closely watching the Case-Shiller home price index in March.

From Goss:
- Gaps between inflation and Fed funds expected to narrow
- Federal Reserve is expected to raise short term interest rates by 25 bps.

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