Since the beginning of the U.S. economic recovery in July 2009, the nation's gross domestic product (GDP) has grown by a puny pace even though employment growth has been fairly strong. Offsetting the job expansion has been lethargic capital spending and productivity growth. Since 2009, GDP per hour worked (productivity) expanded at a compound annual rate of 0.7% which is one-third that in a typical recovery, and less than one-half of the annual pace since 1964. Tom Duesterberg of the Aspen Institute argues that the collapse of U.S. export leadership has contributed to this decline. He finds that the U.S. is party to just two of the more than 400 regional free trade agreements that have come into effect since 1995. Additionally, data from the World Bank, and Eurostat show that the U.S. share of global exports has sunk from 14% in 2000 to approximately 9% in 2013. Have exports contributed to differentials among productivity growth for the states? Since 2009, the top 25 productivity growing states experienced export growth at almost twice that of the slowest 25 productivity growth states. Over this period of time, North Dakota, the top productivity growth state, expanded exports by 34.5% during, while the bottom productivity growth state, Florida, grew exports by only 13.1%. Additional statistical analysis show a strong positive association among export growth, capital spending and productivity gains at both the state and national levels. Data provide solid support for Congress, in order to boost the nation's capital spending, economic competitiveness and productivity gains, to immediately provide President Obama with fast track trade authority so that the Trans-Pacific Partnership trade pact could be implemented. Ernie Goss.

While the Creighton University Rural Mainstreet Index for April rose slightly from March’s weak reading, it remains below growth neutral, according to the monthly survey of bank CEOs in rural areas of a 10-state region dependent on agriculture and/or energy. Overall: The Rural Mainstreet Index (RMI), which ranges between 0 and 100, climbed to 46.0 in April from 43.6 in March.

The stronger U.S. dollar continues to be a drag on the Rural Mainstreet economy. This month more than one-third, or 34.0 percent of the bank CEOs reported that the strong U.S. dollar was having a negative impact on their local economy. Gains in the U.S. dollar have made U.S. goods, especially agricultural and energy products, less competitively priced abroad.

### MAINSTREET RESULTS

April Rural Mainstreet Index Remains Negative: Farmland Prices Decline Again

<table>
<thead>
<tr>
<th>Table 1: The Mainstreet Economy</th>
<th>Apr 2014</th>
<th>Mar 2015</th>
<th>Apr 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area Economic Index</td>
<td>53.2</td>
<td>43.6</td>
<td>46.0</td>
</tr>
<tr>
<td>Loan volume</td>
<td>73.1</td>
<td>64.9</td>
<td>69.0</td>
</tr>
<tr>
<td>Checking deposits</td>
<td>65.1</td>
<td>56.4</td>
<td>50.1</td>
</tr>
<tr>
<td>Certificate of deposits</td>
<td>42.0</td>
<td>44.7</td>
<td>38.0</td>
</tr>
<tr>
<td>Farm land prices</td>
<td>42.9</td>
<td>39.4</td>
<td>39.4</td>
</tr>
<tr>
<td>Farm equipment area sales</td>
<td>36.7</td>
<td>15.2</td>
<td>15.6</td>
</tr>
<tr>
<td>Home sales</td>
<td>63.8</td>
<td>55.5</td>
<td>58.2</td>
</tr>
<tr>
<td>Hiring in the area</td>
<td>64.0</td>
<td>52.2</td>
<td>54.2</td>
</tr>
<tr>
<td>Retail Business</td>
<td>50.0</td>
<td>40.4</td>
<td>44.0</td>
</tr>
<tr>
<td>Economy 6 months from now</td>
<td>54.0</td>
<td>47.8</td>
<td>47.0</td>
</tr>
</tbody>
</table>

Survey Results at a Glance:
- The Rural Mainstreet Index remained below growth neutral for April, signaling pullbacks in economic activity.
- More than one-third of bankers reported that the strong dollar is having negative impacts on their local economy.
- Farmland prices declined for the 17th straight month.
- Agriculture equipment sales were very weak, but up slightly from March’s record low.

### Farm and ranching:
The farmland and ranchland-price index for April sank to 33.4 from March’s very weak 39.4. Even though crop prices have stabilized, demand for farmland was weak, pulling agricultural land prices down again. This is the 17th straight month the index has moved below growth neutral.

Even though farmland prices continue to decline, expected cash rents for non-irrigated agricultural land continued to rise. In January of this year, bankers estimated that average 2015 cash rents would be $214. This month an average of $227 was recorded.

According one survey participant, “With GPS-based yield mapping, we are seeing some of the smarter operators starting to figure out which land is making them money and which is not. So far when someone walks away from some poorer ground, there still seems to be a greater fool ready to step up and rent it.”

The April farm-equipment sales index increased to a frail 15.6 from March’s record low of 15.2. The index has been below growth neutral for 21 straight months. With farm income expected to decline for a second straight year, farmers have become very cautious regarding the purchase of agricultural equipment.
Banking: The April loan-volume index soared to 69.0 from March's 64.9. The checking-deposit index sank to 50.1 from March's 56.4, while the index for certificates of deposit and other savings instruments fell to 38.0 from March's 44.7.

According to Pete Haddadell, CEO of the First National Bank in Mahomet, Minn., "Cash rents are starting to come down. Most of our Farmers are still in good shape, but they are borrowing more this year.

This month, bank CEOs were asked to identify the greatest competitive threat for 2015. More than three-fourths, or 76.6 percent, of the bankers surveyed named Farm Credit as their chief competitive threat. Only 16.6 indicated that other commercial banks represented their greatest competitive threat.

Over the last two years, the percentage of bankers identifying credit unions as their main competitor has risen from 12.8 percent this time last year.

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 April hiring index improved to a solid 54.2 from March's 52.2. We have yet to measure any significant decline in employment for the energy sector in the region and for businesses linked to agriculture. I expect that to change in the months ahead as lower energy and agricultural prices work their way through the economy.

Confidence: The confidence index, which reflects expectations for the economy six months out, dipped to 47.0 from 47.8 in March. The negative trend in farmland prices, agricultural equipment sales and oil prices have negated a positive outlook. The oil price could be hurting the region even after the rate cuts were made.

Each month, community bank presidents and CEOs in nonurban, agriculturally and energy-dependent portions of a 10-state area 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 Anselby, 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), which reflects expectations for the economy six months out, reflects the most current real-time analysis of the rural economy.

G oss:

• Senator Rob Portman (R) from Ohio jettisoned economic principles in favor of reelection politics by campaigning against the President's “fast track” trade deals. He is insisting on an amendment that adds currency manipulation as an excuse to trigger economic sanctions against our trade partners.

• Retail trade numbers, though still not strong, to improve a bit as consumers begin to spend some of their energy savings.

• I expect a U.S. stock market downward adjustment in the near future as both weaker profits, a stronger U.S. dollar and slightly higher interest rates push downward pressures on price/earnings multiples.

OTHER FORECASTS:

• The Conference Board. (May 2015): Global Growth Is Not Gaining Much Traction. Volatility Will Prevail. The last two unemployment numbers have been increasingly challenging for the global economy, leading to some significant adjustments in the Conference Board Global Economic Outlook. The changes are to a large extent the result of greater volatility and uncertainty, and they present a higher risk for the global economy in 2015. The rapid decline in oil prices, quick adjustments in exchange rates (with the US dollar appreciating and weakening of most other currencies, notably the euro), and the new quantitative easing program of the ECB are just a few examples of the economic factors at play. In addition, there is increased geopolitical uncertainty related to the Russia-Ukraine and Middle East conflicts, as well as increased concern about the economic and political future of the Euro and European Union. As a result, we made some significant adjustments to the global economic outlook for 2015 released in November. While the overall global GDP growth rate is projected to be 3.3 percent — remaining slightly below the 3.4 percent we projected last November — the global average reflects a combination of upsides and downsides.

G O S S E G G S (R E C E N T D U M B E C O N O M I C M O V E S)

• Greek and Puerto Rico bond defaults: The next month or two will be crucial for these high risks bonds. A default by either, especially Greek bonds, would push the U.S. dollar higher and slow U.S. exports and overall U.S. growth. However, it would push U.S. interest rates lower.

• PMIs: On June 1, C reighton and the National Institute for Supply Management will release regional and national PMIs for May. Readings below 50.0 will be very bearish economic signals. Readings above April's tepid indices will be bullish.

• Wage data: On Friday May 8, the U.S. Bureau of Labor Statistics (BLS) will release hourly wage growth numbers. Another healthy monthly gain, above 0.2%, will "seal the deal" for a Federal Reserve rate hike this June.

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For ongoing commentary on recent economic developments, visit our blog at: www.economictrends.blogspot.com

This month's survey results will be released on the third Thursday of the month, May 21.