

Environmentalism Starves Zimbabweans: GMOs the Latest Target of Anti-Science Zealots

The severe drought and three million starving citizens did not prevent the Zimbabwe government from rejecting food aid earlier this year. What accounts for this hazardous government policy? Zimbabwe now blocks any food aid that includes genetically-modified-organism (GMO) ingredients.

Sounding like a European Greenpeacer, Joseph Made, the Zimbabwe Minister of Agriculture declared that "The position of the government is very clear. We do not accept GMOs as we are protecting the environment from the grain point of view." But the science examining GMOs is no less certain than Mr. Made's baseless position. Since appearing in the lab three decades ago and in supermarkets in 1994, 1,700 peer-reviewed safety studies have been published focusing on human health and the environmental impact of GMOs. The scientific consensus from this research is that existing GMOs are no more or less risky than conventional crops.

Furthermore according to the U.S. Department of Agriculture, farmers using GMOs generally use less insecticide, obtain higher yields, and save farmer production time. As a result of the advantages of GMOs, GMOs accounted for almost half of total land used to grow all U.S. crops in 2013. African poli-cymakers should look to science, not European environmental luddites for food policy. To quote comedian Chris Rock, "You think anyone in Rwanda's got a f***ing lactose intolerance?" Yes Mr. Rock, it is an acquired taste, spreading from the global fashion capitals. Ernie Goss.

MAINSTREET RESULTS

Rural Mainstreet Economy Remains Very Weak for March: Farm Equipment Sales Slump to Record Low

Table 1: The Mainstreet Economy	Mar 2015	Feb 2016	Mar 2016
Area Economic Index	43.6	37.0	40.2
Loan volume	64.9	48.9	70.7
Checking deposits	56.4	44.6	55.5
Certificate of deposits	53.3	39.8	39.1
Farm land prices	39.4	29.8	22.8
Farm equipment area sales	15.2	11.3	6.7
Home sales	55.5	51.1	52.2
Hiring in the area	52.8	52.2	51.2
Retail Business	40.4	37.0	35.6
Economy 6 months from now	47.8	30.4	30.1

Survey Results at a Glance:

- For a seventh straight month, the Rural Mainstreet Index fell below growth neutral.
- Farm equipment sales decline to record low level.
- Farmland price index falls below growth neutral for 28th straight month. Farmland prices down by an estimated 6.7 percent over the past year.
- Despite much weaker farm income, bank CEOs expect farm loan defaults to rise by only 5 percent over the next 12 months. Loan restructuring more common.

Rural Mainstreet, Economic Indicators, Sept. 2014 – March 2016



While the Creighton University Rural Mainstreet Index rose for March, it remains weak, 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, increased to 40.2 from February's 37.0 and January's 34.8.

This is the seventh straight month the overall index has moved below growth neutral. Recent declines are the result of lower agriculture and energy commodity prices and downturns in manufacturing. Since June of last year, prices for farm products have fallen by approximately 11 percent, and fuel by roughly 25 percent.

Farm and ranching: The farmland and ranchland price index for March tumbled to 20.2 from February's 29.8. This is the 28th straight month the index has moved below growth neutral.

As in previous months, there is a great deal of variation across the region in the direction and magnitude of farmland prices, with prices growing in some portions of the region. On average, bankers reported an average decline of 6.7 percent over the past year. Only 4.4 percent of bankers reported an increase in farmland prices over the past 12 months, and approximately 4.6 percent detailed farmland price declines of more than 20 percent over the same period of time.

Jeffrey Bonnett president of the Havana National Bank in Havana, Illinois, reported sales of 775 acres of tillable land for \$13,000 per acre. According to Bonnett, "This is above average ground in the area we serve, but with the low interest rate environment, land values seem to be holding steady."

The March farm equipment-sales index sank to a record low of 6.7 from February's 11.3. Weakness in farm income continues to constraint the sale of agriculture equipment across the region. Reductions in farm prices have negatively affected the agriculture equipment dealers and manufacturers in the region.

Banking: The March loan-volume index soared to 72.1 from last month's 48.9. The checking-deposit index rose to 53.4 from February's 44.6, while the index for certificates of deposit and other savings instruments dipped to 38.6 from 39.8 in February.

This month, bankers were asked to estimate the change in farm loan defaults for their lending areas over the past year.

On average, bankers reported an increase of approximately 2 percent in loan defaults over the past 12 months. Bank CEOs expect farm loan defaults to expand by only 5 percent over the next 12 months.

Several bankers did report restructuring of debt due to low agriculture commodity prices. But as indicated by Bonnett of Havana National Bank, “Obviously this practice is a Band-Aid until commodity prices get back in line. Farmers will not be able to sustain in such a low price environment for too many more harvests.”

Hiring: Contrary to other economic indicators, Rural Mainstreet businesses increased hiring for the month with a March hiring gauge of 60.3, up from 48.9 in February. Even with the March upturn, the Rural Mainstreet employment is down almost 1 percent from this time last year. This contrasts to an employment gain of 1.5 percent for urban areas of the region.

In parts of the region, labor shortages were reported. For example, Dirk Meminger, CEO of Sauk Valley Bank in Sterling, Illinois, reported, “Our area businesses continue with many unfilled positions, across industries, professional as well as various levels of skill sets.”

Confidence: The confidence index, which reflects expectations for the economy six months out, moved slightly lower to 30.1 from 30.4 in February, indicating a very pessimistic outlook among bankers. As in previous months, bankers see few factors pointing to improvements for the Rural Mainstreet economy.

Home and retail sales: Home sales remain the bright spot of the Rural Mainstreet economy with a March index of 55.8 which was an increase from 51.1 in February. The March retail-sales index fell to a very weak 30.1 from 37.0 last month. Home sales held up for the month, but rural retailers have yet to experience retail sales gains resulting from declines in fuel costs.

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 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.

MAIN\$TREET ON YOUR \$TREET

COLORADO

Colorado’s Rural Mainstreet Index (RMI) advanced to 51.9 from 43.9 in February. The farmland and ranchland price index expanded to 58.8 from February’s 56.1. Colorado’s hiring index for March rose to 63.8 from February’s 54.3.

ILLINOIS

The March RMI for Illinois increased to 37.8 from 32.5 in February. The farmland-price index sank to 16.0 from February’s 21.2. The

state’s new-hiring index climbed to 48.2 from last month’s 45.5.

IOWA

The March RMI for Iowa advanced to 50.2 from February’s 40.4. Iowa’s farmland-price index for March fell to 39.1 from 45.9 in February. Iowa’s new-hiring index for March rose to 56.6 from 54.5 in February.

KANSAS

The Kansas RMI for March sank slightly to 37.0 from February’s 37.5. The state’s farmland-price index for March slumped to 12.3 from February’s 28.1. The new-hiring index for Kansas declined to 44.9 from 48.0 in February.

MINNESOTA

The Kansas RMI for March sank slightly to 37.0 from February’s 37.5. The state’s farmland-price index for March slumped to 12.3 from February’s 28.1. The new-hiring index for Kansas declined to 44.9 from 48.0 in February.

MISSOURI

The March RMI for Missouri slumped to 25.1 from 39.2 in February. The farmland-price index tumbled to 15.8 from February’s 37.9. Missouri’s new-hiring index declined to 32.1 from February’s 51.5.

NEBRASKA

The Nebraska RMI for March expanded to 48.9 from 37.0 in February. The state’s farmland-price index grew to 38.0 from February’s 29.8. Nebraska’s new-hiring index climbed to 56.2 from 48.6 in February.

NORTH DAKOTA

The North Dakota RMI for March increased to a regional low of 14.7 from February’s 14.3, also a regional low. The farmland-price index fell to 10.7 from 15.6 in February. North Dakota’s new-hiring index expanded to 33.2 from February’s 11.8.

SOUTH DAKOTA

The March RMI for South Dakota sank to 39.2 from 40.3 in February. The farmland-price index tumbled to 15.8 from 48.9 in February. South Dakota’s new-hiring index fell to 50.0 from February’s 55.6.

WYOMING

The March RMI for Wyoming grew to 34.5 from February’s 32.1. The March farmland and ranchland-price index slumped to 10.7 from 14.6 in February. Wyoming’s new-hiring index fell to 41.5 from February’s 43.1.

THE BULLISH NEWS

- The U.S. added 215,000 jobs for March but the unemployment rate rose to 5.0% from 4.9% due to formally discouraged workers re-entering the job market.
- The U.S. labor participation rate (the share of the working age population in the workforce) climbed for a fourth straight month to a still weak 63.0%.
- Average wage growth from March 2015 to March 2016 was up 2.3%. Not great but better than forecasts and expectations.
- Both the U.S. and Creighton survey of supply managers indicate that the manufacturing economy has stabilized

in terms of overall activity even with manufacturing job losses.

- According to the latest Case-Shiller index, U.S. home prices advanced by 5.4% between January 2015 and January 2016.

THE BEARISH NEWS

- The U.S. manufacturing sector lost 29,000 jobs in March.
- The U.S. trade deficit increased to six month high of \$47 billion.

WHAT TO WATCH

- **CPI:** On May 17 and June 16, the BLS will release the consumer price indices for April and May. If the core CPI, which excludes food and energy, continues to expand, the Fed will be pushed to raise short-term interest rates before the end of the summer.
- **Supply Managers Report:** On May 2, the Institute for Supply Management and Creighton University release national and regional manufacturing reports, respectively, for April. If both overall indices rise for April, there will be upward pressures on short term interest rates.
- **The Jobs Report:** On May 6, the Bureau of Labor Statistics will report April jobs data. Another very strong report (200,000 jobs and unemployment rate below 5.0%) will push the Federal Reserve to raise rates this summer.

FROM GOSS:

- I put the likelihood of an April Federal Reserve rate hike at close to 0%. I also expect the core inflation rate, which excludes food and energy, to move a bit higher in the months ahead. This will push the Fed to raise short term rates this summer. I expect U.S. GDP growth to continue to stagger at a sub-par 1.8% for the first half of 2016.

OTHER FORECASTS:

- The Conference Board. “In 2016, the global economy will stay on a slow growth track for the fifth consecutive year, and that seems unlikely to change in the near future. We project a very modest improvement in the global economy growth rate to 2.8 percent in 2016, up from 2.5 percent in 2015, and a slight further improvement to 3.1 percent globally for the period 2016–2020. But multinational companies need to reassess their opportunities in an economy this slow, with mature economies continuing to fly at a low altitude and emerging markets continuing on their descending flight path”.

GOSS EGGS (RECENT DUMB ECONOMIC MOVES)

- U.S. Senator Sheldon Whitehouse (D., R.I.) called on the U.S. Justice Department to bring charges against climate change skeptics using the Racketeer Influenced and Corrupt Organizations Act (RICO). In September,

20 climate scientists joined Whitehouse encouraging Attorney Lynch to launch a RICO investigation targeting climate change cynics claiming that this was necessary since America’s policy response to climate change was “insufficient” due to dissenters.

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This month’s survey results will be released on the third Thursday of the month, Feb. 18th.