

OMAHA(AP)—Economic growth slowed down this month in rural areas of 10 Midwest and Plains states, according to a report issued last week.

The overall economic index for the region slipped to 55.8 in August from 57.3 in July, but was far ahead of the 47.1 in August 2012, said the Rural Mainstreet Index report, a monthly survey of rural bankers.

Creighton University economist Ernie Goss, who oversees the survey, said the drought was weighing heavily on the region last year.

“This year weaker agriculture commodity prices are having a dampening impact on the farm economy and businesses tied to agriculture,” Goss said. “Even so, the economy continues to expand at a reasonable pace, according to bank CEOs.”

The index is based on a survey of rural bankers in Colorado, Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota and Wyoming.

It ranges from 0 to 100, with 50 representing growth neutral. A score above 50 suggests economic growth in the months ahead.

The confidence index, which reflects expectations for the economy six months ahead, dropped to 53.4 in August, down 3.2 points from 56.6 in July.

Goss blamed that on weaker commodity prices and a decline in farm equipment sales.

The index on farmland prices declined in August, to 55.8 from 58.2 in July. It was the eighth drop in the past nine months.

The survey asked the bankers to estimate the share of farmland sales made to nonfarm investors.

Their answer: about 20 percent. In some states, Goss said, investor purchases were down dramatically.

Fritz Kuhlmeier, CEO of Citizens State Bank in Lena, Ill., said, local farmers “have completely driven the non-farmer investors out of the farmland market by elevating the prices over returns investors demand.”