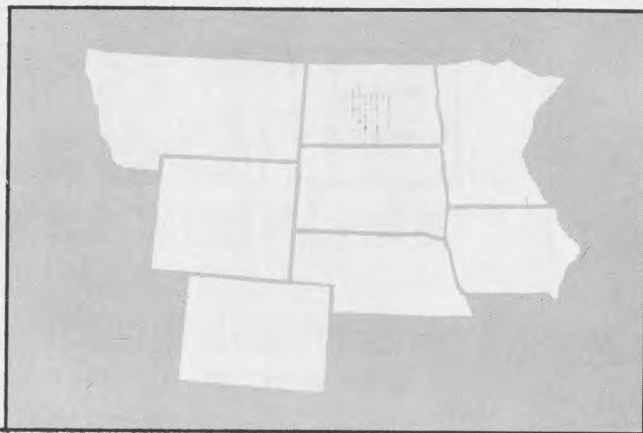


NORTHWESTERN Banker

Oldest Financial Journal West of the Mississippi



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Des Moines, Iowa

December 18, 1967

Short-Term Rates to Continue Up

We are speedily moving closer to the climax of a financial storm, warned Henry Kaufman, partner and economist of the national investment firm of Salomon Brothers & Hutzler.

Speaking at the Business Outlook Conference of the University of Washington, Dr. Kaufman said, "This trend is already reflected in the high level of long-term interest rates and will be climaxed by a further increase in short-term rates."

Long-term rates are rapidly moving close to their peaks, explained the Salomon Brothers & Hutzler economist, but because of the need to defend the dollar and prospective domestic economic and financial developments short-term rates will increase further. "I suspect that three-month bill rates may rise in the next few months to a range of 5½% to 6% as compared with nearly 5% today," he said, adding that the peak in corporate bond yields may be around 7% for call protected utility issues.

The recent increase in the Federal Reserve's discount rate from 4% to 4½% was an effort to defend the dollar and was a result of the devaluation of sterling and the failure of Congress to pass

the surtax, according to Dr. Kaufman. However, he stated, even without the new need to raise short-term rates for the defense of the dollar, it would be difficult to hold down the rise in these rates in early 1968 when a substantial increase is expected in business activity.

"Underlying these economic demands will be very substantial financial demands from business corporations, the Federal Government and municipalities. If the economic forecast is correct, the demand for bank funds will be exceptionally strong and difficult to satisfy," he said. "Consequently, the trend toward higher short-term rates seems inevitable."

This movement towards higher short-term rates, Dr. Kaufman said, will speed-up the disintermediation process in which funds normally placed in deposit institutions are invested in higher yielding securities. A perceptible moderation in savings flows to deposit institutions is now becoming evident, according to the economist who added, "savings and loan deposit flows slowed further in October and fragmentary reports of thrift institutions suggests a more decided slowing in November." In addition to this factor, the high

level of long-term rates in recent months is contributing to the substantial curtailment in mortgage financing.

Long-term rates have been subjected to considerable bearish expectations, and the push toward higher short-term rates will direct deposit funds to other long-term borrowers. Also, there may be official intervention to cut short another credit crunch.

BULLETINS...

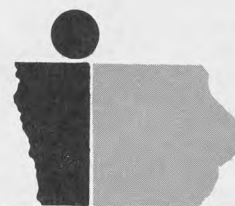
BURLINGTON, IOWA: Ernest A. Kenney, Jr., executive vice president of the Burlington Bank and Trust Company, has accepted an executive position with the Pioneer Bank of Arizona in Phoenix.

CLEAR LAKE, IOWA: Kenneth L. Bales has been named vice president of the Community National Bank. He has been with the Old Dominion Bank, Arlington, Va., for the past 10 years.

NATIONAL NEWS

CHICAGO: Included among 22 promotions at the American National Bank and Trust Company were William O. Kurtz, Jr., Milton J. Hayes and Ira Frank, Jr., named (Continued to back page)

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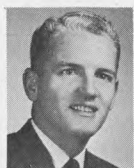
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IOWA NEWS

ADEL: Dallas County State Bank has advanced George Merriam from vice president and cashier to senior vice president. Leland Goodrich is the new cashier. Lee Struble of the Redfield office has been named an assistant vice president.

ATLANTIC: The Whitney Loan and Trust Company is constructing a new building. Completion is scheduled for next summer.

CONRAD: The First State Bank of Conrad plans to up its capital from \$50,000 to \$100,000.

CRAWFORDSVILLE: Open house was held by Peoples Savings Bank Saturday following remodeling.

DES MOINES: Bernard Kersey, member of the computer sales staff of the Iowa-Des Moines National Bank, has been named assistant cashier.

DES MOINES: Dean R. Prichett has been elected president of the Federal Home Loan Bank board of Des Moines. He succeeds J. M. Martin, retired.

DES MOINES: The U. S. Savings Bond office has moved to the new

Federal Building. Address is now 701 Federal Building, 210 Walnut Street, Des Moines.

HUBBARD: A new addition, which will nearly double to space for Security State Bank is underway. Completion will be this spring.

ZEARING: Controlling stock in the Tri-County State Bank has been sold by W. H. Brown to Tri-County Insurance Agency, Inc. of Zeiring. Principal owner of the corporation is John G. Edge of Baxter. Mr. Edge will assume the office of president of the bank, succeeding Mr. Brown, who will continue as a director.

William E. Brown has been advanced to executive vice president from cashier. Dale E. Tisdale has resigned.

Mr. Edge will continue to live in Baxter where he is cashier of the State Savings Bank.

Negotiations were handled by Richard Newlin of Bank Investors, Des Moines.

NEBRASKA NEWS

HILDRETH: Over 150 bankers and 500 area residents visited the State Bank of Hildreth during an open house, December 8 and 9, according to George Soker, president. The bank recently completed an extensive remodeling.

KEARNEY: Application for a charter for Crossroads Bank, 2120 First Avenue has been withdrawn. Application was made September 21

and hearing was scheduled for December 14.

LINCOLN: Funeral services were held last Tuesday for Thomas J. Waldo and his wife, Mary, at Westminister Presbyterian Church in Lincoln. Mr. Waldo was vice president of the National Bank of Commerce in Lincoln. The couple was killed Friday, December 8 when their auto and another car collided on Highway 136 near Alma, Nebr. Mr. Waldo was a former president of the Republican Valley Bank, Orleans.

LISCO: William K. Vogler, former assistant cashier of the Bank of Aspen (Colo.), has joined the Lisco State Bank as cashier.

OMAHA: Jesse J. Zimmerman has joined the correspondent department of the United States National Bank and has been named an assistant cashier. He was formerly executive vice president and a director of the First National Bank, Malden, Mo.

VALENTINE: First National Bank has advanced Ralph May from vice president to executive vice president and has added Morris A. Johnson as a vice president. He was formerly an examiner in California.

WALTHILL: Construction on the new building for First National Bank is nearing completion. Jim Rossiter, president, will announce a grand opening date soon.

MINNESOTA NEWS

ADAMS: Vance Torgerson has been named president of the Farmers State Bank, succeeding his father, the late N. V. Torgerson. Robert Hanson, former cashier of the Root River State Bank, Chatfield, has joined the Adams bank as cashier. Gordon Klautt has been advanced from cashier to vice president.

ALBERT LEA: Charles H. Meislahn has been named assistant vice president and manager of the installment loan department of the

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Freeborn National Bank. He was formerly with the First National Bank, Mankato. Both banks are affiliates of the First Bank Stock Corporation.

ALEXANDRIA: Open house was held last week by the Alexandria State Bank to honor George Buscher, who has retired after 53 years in the banking business. Joining the bank in 1936, he served as its president since 1946.

BLOOMINGTON: Donald G. Pullen has been named assistant cashier and manager of the installment loan department of the First Bloomington Lake National Bank. He was previously with the First Security State Bank of St. Paul.

DULUTH: First American National Bank has produced a long-playing stereo record entitled, "The Voices of Christmas" to commemorate the 10th anniversary of its Christmas Choral series. The record features the voices of the Duluth Cathedral, and local high school choirs. Profits from the records will be distributed among the choirs.

ELY: An "oral presentation" was conducted in Washington, D.C. on December 6 on the proposal by Northwest Bancorporation to purchase First National Bank, Ely. Representatives from the Independent Bankers of Minnesota and the Independent Bankers of America contested the purchase through their attorney, Horace R. Hansen. Eldridge L. Peters, Hastings, president of the Independent Bankers of Minnesota, attended along with other prominent independent bankers. A final decision on the purchase is expected to be made by the Federal Reserve Board within the next two or three weeks.

HINCKLEY: A majority interest in the Farmers and Merchants State Bank will change hands January 1. R. A. Nelson, president, has sold his stock to Rudell Opegard of

Twin Valley. Mr. Opegard is president of the Twin Valley State Bank.

MILACA: Robert A. Buss has been named vice president of the First National Bank. He has been executive vice president of the First National Bank, Blooming Prairie.

MINNEAPOLIS: Five officers of the First National Bank have been promoted to assistant vice president. They are: Wallace Blomquist, Warren T. Plante, George C. Pullen, Donald C. Haagenson and Ross Bartz.

OTISCO: Einer Iversen has been named to the board of directors of the Otisco State Bank.

ST. PAUL: John J. Pierson has been named resident manager of the St. Paul office of Dain, Kalman & Quail, Inc.

SOUTH DAKOTA NEWS

ABERDEEN: Ronald Sonnenfeld has been promoted to assistant cashier of the Aberdeen National Bank. He has been with the bank since March, 1964.

ALEXANDRIA: Nearly 500 area residents attended the recent open house held by the State Bank of Alexandria in its new Spencer office.

PARKSTON: Gene Schnose, a senior examiner in the state banking department from Canistota, has joined the State Bank of Parkston as cashier.

SIoux FALLS: The Comptroller of the Currency has approved the merger of the American National Bank, Rapid City with the National Bank of South Dakota at Sioux Falls.

NBSD, the charter bank for the merger, is an affiliate of First Bank Stock Corp., Minneapolis-based holding company.

The merger can be effected

any time after January 4 if the Department of Justice does not move to block it.

Total deposits for the newly merged bank would be over \$123 million.

COLORADO NEWS

COLORADO SPRINGS: Controlling stock in the Colorado Commercial Bank will be sold "around the first of the year" to Frederick M. Farrar, Colorado Springs and Pueblo business man, according to an announcement by Frank D. Arnold, president, who will continue as president.

Mr. Arnold also announced that the bank will build a new \$1 million banking structure. It will be of antique brick, featuring an arch design. The bank has deposits of \$13 million.

DENVER: A young bandit robbed the Colorado State Bank of \$4,000 December 4. Bank officials said the robbery was the fourth in 10 years for the bank.

DENVER: Nationwide Data Transmission Service, a national hook-up of compatible data-transmission equipment, will be introduced to Denver and the Rocky Mountain Area on January 1 by the Denver U. S. National Bank.

*Season's
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NATIONAL NEWS

(Continued from page one)

senior vice presidents. Robert O. Walcott, W. David Milligan and William J. Davis were named assistant vice presidents.

CHICAGO: Richard H. Wayne, vice president of the correspondent banking division of Harris Trust and Savings Bank, will retire January 31, after more than 40 years with the bank.

LOS ANGELES: Frederick G. Larkin, Jr., president of Security First National Bank, Los Angeles, and

Carl K. Schieck, president of the Pacific National Bank of San Francisco, have announced that their respective banks' shareholders have approved a merger agreement between the two institutions. Under the agreement, the merged bank will be known as Security Pacific National Bank.

NEW YORK: Jerry V. Jarrett has become vice president and officer in charge of the midwest division of Marine Midland Grace Trust Company of New York. He was previously the bank's midwestern representative with the title of assistant vice president.

ROCKFORD, ILL.: Robert J. Drexler has been elected executive vice president of the Central National Bank and Trust Company, effective January 1. Mr. Drexler comes to the bank from the Bank of Hillside, Hillside, Ill., where he is president.

WASHINGTON, D.C.: K. A. Randall, chairman of the Federal Deposit Insurance Corporation, has announced the appointment of S. Rex Lewis of Provo, Utah, as general counsel of the corporation, effective immediately.

NORTH DAKOTA NEWS

BOTTINEAU: Grand opening was

*Christmas Greetings and
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held recently by the State Bank of Bottineau in its new building. The bank operated for many years in Souris and recently moved to Bottineau.

VALLEY CITY: Dennis Dalziel, former assistant manager of the Madison branch of the Northwestern National Bank of Sioux Falls, has been named executive vice president and manager of the Farmers and Merchants State Bank. The bank was authorized to move from Dickey to Valley City on August 28, and temporary quarters will be established in Valley City early in 1968.

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