

NORTHWESTERN Banker

Oldest Financial Journal Serving The Central and Western States

No. 1212

Des Moines, Iowa

March 2, 1970

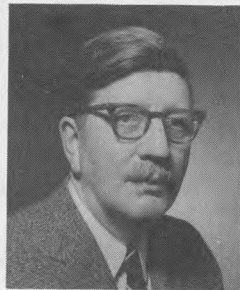
Expect Decline in Short-Term Demands

Total commercial bank credit in 1970 will expand by an estimated \$22 billion, compared to the estimated \$6.9 billion in 1969, according to the national investment firm of Salomon Brothers & Hutzler.

In its annual survey of the supply and demand for credit the firm said that monetary policy will not allow a large rise in bank credit early in the year but will encourage a sizeable increase in the second half of 1970. Overall, however, the rate of credit expansion will decline in 1970, with the demand for credit for the year declining to \$76.1 billion, from an estimated \$83.4 billion for 1969.

A decline in economic activity in real terms during the first half of the year followed by very little if any recovery is one of the basic assumptions on which the Salomon Brothers & Hutzler estimates are based. Prepared by Sidney Homer, partner; Henry Kaufman, partner and economist; and James J. McKeon, analyst, the survey also assumes that the rate of inflation will moderate late this year, that inventory accumulation should be reduced and that, as time goes by, large plant and equipment expenditures should

flatten out or decline. In addition, it was assumed that a continued gradual de-escalation of the Viet-



Sidney Homer

nam War will occur as will some increase in unemployment and a moderate Federal deficit for the calendar year.

Most of the decline in credit demands for 1970 will be in the short-term market, while the total of long-term financing is expected to increase. Total long-term corporate bond financing will increase to a record high of \$17 billion compared to an estimated \$14.6 billion in 1969. Municipal financing is also expected to increase to \$9.5 billion from the estimated \$8.6 billion for last year. The only long-term area which is expected to decline in 1970 is the volume of publicly held real estate mortgages which will be off about \$2 billion from

the estimated \$21.8 billion for 1969.

A decline in the demand for short-term funds is expected with business loan growth declining from \$15.1 billion in 1969 to an estimated \$9.3 billion for 1970 along with a drop in the growth of consumer loans from an estimated \$9.4 billion last year to \$4.8 billion in 1970. The rise in the volume of open market paper in 1970 is also expected to be about half the \$12.1 billion increase of 1969.

Although commercial bank credit will expand substantially in the latter part of 1970, business corporations will provide an estimated \$5 billion less to the credit markets in 1970 than in 1969. Similarly finance companies will supply an estimated \$5.3 billion in 1970 against \$7.9 billion during the past year. The residual to be financed by individuals and miscellaneous investors will again be large, \$18 billion, but less than the record \$29.7 billion residual in 1969. Consequently, this group will continue to be active buyers of all sorts of bonds during the early part of the year, but thereafter will resume their normal rate of deposits in savings institutions.

The various areas of net de-

(Continued on back page)

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NATIONAL NEWS

WASHINGTON, D.C.: President Nixon has stated he will nominate Frank Wille, New York state superintendent of banks, as a director of the FDIC to succeed K. A. Randall, whose term expires March 9. Mr. Randall is chairman of the three man board and Mr. Wille is expected to succeed him also in that post. The job pays \$38,000, compared to Mr. Wille's New York salary of \$37,250. Other directors of FDIC

are Comptroller of the Currency William B. Camp and Irvin H. Sprague.

IOWA NEWS

ALGONA: Gordon Hall, president, Security State Bank, and his wife have been transferred to Younkers Rehabilitation Center, Iowa Methodist Hospital, Des Moines. They suffered severe injuries in a recent auto accident.

ARLINGTON: L. H. Guthart, 47, executive vice president and cashier, Arlington State Bank, died February 14 of a sudden heart attack.

OTTUMWA: John Morrell & Co. announced February 25 it is closing down its plant here and will lay off the 2,300 employees during the next six months.

PRAIRIE CITY: State Bank of Prairie City was closed February 23 by Colin W. Fritz, Iowa superintendent of banking. He said "unsound banking practices" that had generated a loan/deposit ratio between 85% and 90% led to the order. Mr. Fritz called in the FDIC and at press time the liquidation of the bank was in the hands of that agency, which was preparing to pay off depositors. It was estimated that fewer than 10 de-

positors had more than the \$20,000 FDIC coverage limit on deposit. Harry Soultis, 42, president of the bank, protested the closing and it was reported was seeking action to delay FDIC takeover.

STANWOOD: Carl H. Haesemeyer has resigned as president of the Union Trust & Savings Bank and William H. Davidson, a director, has taken over as president.

WILLIAMSBURG: Melvin H. Witte has resigned as president and director of Security Savings Bank at the request of the state superintendent of banking. A new president had not yet been named late last week.

NEBRASKA NEWS

FREMONT: Wm. N. (Bill) Mitten, chairman of First National Bank, will celebrate his 50th anniversary as a banker on March 15. He has spent the entire half-century with First National. He is currently vacationing in Arizona and will be feted this spring by associates upon his return to Fremont.

FREMONT: Promotions announced at Fremont National Bank include: Jim A. Hoshor from cashier to vice president and cashier; Jack F. Paulson and Dalton D. Benson to vice presidents, and James H. Wallace elected assistant cashier.

OMAHA: The Nebraska Bankers Association Bank Management Seminar will be held March 3-4 at the Prom Town House.

OMAHA: The new headquarters building for U. S. National Bank is nearing completion at 20th Street between Farnam and Douglas Streets. The bank expects to move in May.

OMAHA: At a special news conference last week in Omaha, Nebraska State Senator Clifton B. Batchelder said he will campaign actively to seek the nomination as the Republican party's candidate for Governor of Nebraska in the election this fall. Mr. Batchelder is also president of the United States Check Book Co., Omaha. He has served in the Nebraska legislature for six years. He will oppose incumbent Governor Norbert T. Tiemann, Wausau banker, for the Republican nomination for Governor.

SHELTON: The First State Bank has elected these new officers: L. F. Haug, president; Paul A. Munson, executive vice president and cash-



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ier; Thomas F. Jensen and F. C. Klein, vice presidents, and M. K. Edgehill and Marcella White, assistant cashiers. Bryan Jensen is chairman.

MINNESOTA NEWS

ALBANY: Edward H. Tetrault has resigned as vice president of the Farmers & Merchants State Bank at New Ulm and on March 1 assumed the presidency of Stearns County National Bank here. He was with the Ulm bank since 1959.

HAWLEY: Mrs. Esther Olson was promoted from assistant cashier to cashier at First National Bank. New assistant cashier is Mrs. Henry Hovelesrud.

NEW ULM: The State Bank of New Ulm has changed its name to State Bank & Trust Company of New Ulm.

ROCHESTER: William McChesney Martin, former chairman of the Federal Reserve Board of Governors, and Edward N. Cole, president of General Motors, have been elected to the Mayo Foundation board of trustees.

WINDOM: Gil Molitor was advanced to vice president and Jerry DeSutter succeeds him as cashier at Windom State Bank.

SOUTH DAKOTA NEWS

PIERRE: South Dakota Governor Frank L. Farrar signed House Bill 574 into law on February 24. This

bill increases the state's usury rate from 8% to 10%. An emergency clause makes the law effective immediately. A "suicide" clause terminates the bill on July 1, 1972. Another clause protects provisions of any contract entered into between now and July 1, 1972, so that if the rate does go down then, loans made at a rate over 8% in the interim may be continued to maturity.

PIERRE: Curtis B. Mateer, president of Pierre National Bank, has announced these executive promotions: Charles H. Burke to executive vice president and chairman of the management committee; Royal Van Camp to first vice president; Chester C. Boyle to manager, real estate loan department, and Alice H. Nickle to cashier.

SIOUX FALLS: Directors of the National Bank of South Dakota have elected Richard D. Hess as assistant cashier at the South Branch here. Mr. Hess joined the bank in 1965 at the main office as a messenger, later serving as assistant manager of the installment loan department. He joined the South branch staff last September 15.

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NORTH DAKOTA NEWS

DICKINSON: The North Dakota Bankers Association Installment Credit Conference will be held at the Liberty National Bank March 5 and 6. Registration starts at 4:00 p.m. March 5. Social hour and smorgasbord at 6:30 p.m. will be in the First National Bank building.

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DICKINSON: The Comptroller of the Currency has approved the request of the First National Bank of Dickinson to change its official name to The First National Bank and Trust Company of Dickinson.

ELLENDALE: Franklin G. Larson, who recently purchased controlling interest in the First National Bank, has been elected chairman of the board. Other new directors include his wife, JoAndrea; his father, E. G. Larson, a Valley City attorney, and Dennis Dalziel, who has been named a vice president. Mr. Dalziel also is executive vice president of the First National Bank at Oakes, which Mr. Larson purchased about one year ago and of which he is also chairman. Mr. Dalziel will divide his time between the two banks. All other officers of the bank continue in their same positions.

GRAND FORKS: Directors of Red River National Bank have promoted James R. Winter to assistant vice president and promoted Bruce E. Rempelberg from loan officer to assistant cashier.

LANGDON: Dan Garry, assistant vice president and ag rep of First Bank of Langdon, has been promoted to vice president.

PORTLAND: Earl Nelson, Jr., was advanced from cashier to president at the First and Farmers Bank. He succeeds Wallace Haugom, who had served on the board for 35 years, the

past three as president. William D. Sorterberg was promoted from assistant cashier to cashier, and Philip M. Paulson was elected assistant cashier.

SHEYENNE: Jacob B. Lillestol has been elected vice president, cashier and a director of the Farmers and Merchants Bank, according to A. L. Garnaas, president. He was formerly assistant treasurer of Otter Tail Power Co., Fergus Falls, Minn.

COLORADO NEWS

FORT COLLINS: The Comptroller of the Currency has approved the application of Fort Collins National Bank for a charter. The agent for the bank listed on the approval is Steven K. Moise.

WYOMING NEWS

CHEYENNE: Mrs. Anna Humphrey has been promoted to assistant cashier at Cheyenne National Bank. She has been with the bank since 1961.

CHEYENNE: Harold Walters, formerly executive vice president of East Cheyenne National Bank, has been elected president. Dr. K. L. McShane formerly was president and continues as chairman. Joe Kasper, Jr., was advanced from assistant vice president to vice president and manager of the installment loan department.

LARAMIE: Max E. Fisher, president of the First National Bank since 1961 and an employee of the bank

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since 1939, has been elected chairman. Succeeding him as president is P. W. Wilke, Jr., formerly senior vice president of the Conrad National Bank at Kalispell, Mont.

Short-Term Demands ...

(Continued from front page)

mand for new credit in 1970 will be: mortgages, \$19.7 billion, down from \$21.8 billion in 1969; corporate bonds, \$17.0 billion, up from \$14.6 billion last year; state and local securities, \$9.5 billion, up from \$8.6 billion; foreign bonds, \$1.5 billion, up from \$1.1 billion; business loans, \$9.3 billion, down from \$15.1 billion; consumer loans, \$4.8 billion, down from \$9.4 billion; agricultural and security bank loans, minus \$0.8 billion, up from minus \$1.1 billion last year; open market paper, \$6 billion, down significantly from \$12.1 billion; publicly held treasury debt, no increase compared to a \$6.3 billion decline in 1969; publicly held federal agency debt, \$9.1 billion up from \$8.1 last year.

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No. 1212 Northwestern Banker is published five times monthly by the Northwestern Banker Company, 306 Fifteenth Street, Des Moines, Iowa 50309. Subscriptions 50¢ per copy, \$6 per year. Second class postage paid at Des Moines, Iowa. Address all mail subscriptions, changes of address (Form 3579), manuscripts, mail items to above address.