

NORTHWESTERN Banker Newsletter

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Two Chicago Banks Issue Forecasts

Looking ahead over the next few months, two major Chicago banks have forecast banking and business trends and the picture for the municipal market.

Comments from The Northern Trust Company are based on opinions of area bankers attending one of its recent seminars. Predictions on the municipal bond market are from the bond department of The First National Bank of Chicago.

Growing optimism about earnings was the keynote struck by correspondent bankers attending a recent symposium at The Northern Trust Company. A survey of the 66 bankers from 11 states, who participated in the Chicago bank's investment management symposium, showed a considerably brighter outlook on 1971 earnings for their banks than a similar survey taken last February.

One-fourth of the bankers expect their banks' earnings to be up this year, while only 9% foresaw rising earnings back in February. In both surveys, slightly less than half the group expected about the same performance as in 1970. Only one-third of the bankers predict lower earnings, compared with 48% of the group showing pessimism at the February symposium.

The outlook on loan demand is about the same for this group as it was among those surveyed in February. Most of the respondents, 86%, expect a rise in

loan demand on their banks for the year. In February, 82% of the bankers queried saw the demand for loans going up. In both surveys, the balance of the correspondent bankers predicted the loan level would be about the same as last year. No one in either survey looked to a decrease in their loan activity.



Savings deposits are expected to increase an average of 7.7%, while demand deposits will go up an average of 4.7%, according to the bankers surveyed by The Northern Trust.

While there is optimism about 1971 earnings, that subject remains a concern over the longer term. When asked what they see as the most critical areas for their banks in the next five years, the most prevalent answers among the group were earnings and cost control.

Municipals

The volume of municipal offerings should remain heavy during the remainder of 1971, but purchases by banks will decline, according to The First National Bank of Chicago.

Rising loan demand is expected to draw bank funds away from the municipal market. Banks are "an important

factor" in the greater fluctuation of municipal yields compared to yields of U.S. government or corporate obligations.

Banks increase or decrease their municipal purchases, depending on the availability of funds and monetary policy. With a "tight" credit policy in 1966 and 1969 banks accounted for an average of less than 17 per cent of the increase in state and local government obligations. When monetary policy was expansionary in 1967, 1968 and 1970, banks absorbed 92 per cent of the

(Continued on back page)

HOW PRESIDENT'S SPEECH AFFECTS INTEREST & DIVIDENDS

Legal counsel for the American Bankers Association has informed the NORTHWESTERN BANKER that a restrained interest and dividend policy is strictly voluntary on the part of financial institutions, following the economic message given by President Nixon this past week.

Public Law 91-151, Title 2, which is the Credit Control Act, gives the President the power to authorize the Federal Reserve Board to use stringent action, if necessary, in controlling interest rates.

The President did not specifically mention this power — but ABA advises banks to use extreme caution in raising interest or dividend rates for the next 90 days. There are obviously situations where higher rates are necessary — but the best procedure might be to voluntarily hold the line.

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17TH IOWA CONFERENCE ON INSTALLMENT LENDING

John J. Hilliard, chairman, IBA Installment Loan Comm., and sr. v. p. of the First Nat'l. Bk., Ottumwa, has announced program details for the 17th Installment Lending Conference at Hotel Savery in Des Moines, September 2-3. Program highlights are:

Thursday, Sept. 2

A.M.

- 8:45 Registration, Hotel Savery.
9:45 Call to Order — John Hilliard, chmn.
Word of Welcome — IBA Pres. James H. Redman.
10:00 Interest Limitations in Washington — Edward N. Lange, Seattle attorney.

- 11:00 Legislative Problems in Iowa — Panel composed of Sen. James Griffin, Council Bluffs; Repr. Harold O. Fischer, Wellsburg, and IBA Members John J. Hilliard, Earl Caywood, Richard Sellon and William C. Steele.

P.M.

- 12:15 Luncheon. Speaker will be Hank Kranenburg, v. p., Systems, Southern California First Nat'l. Bk. Corp., San Diego. Topic will be "The Cashless Society."
2:00 Mobile Home Financing. Speakers and subjects will be: Robert W. Jackson, v. p., Exchange Nat'l. Bk., Chicago. "How A Banker Looks At Mobile Home Financing." Edward Silbernagel, v. p., CNI Credit Ins., Inc., Madison, Wisc. "Indemnity Insur-



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ance." David Fleming, pres., Edina State Bk., Minneapolis. "The Mobile Home Industry Right Now and the High Rise Mobile Home Development." Robert Watson, pres., Nat'l. Assn. of Mobile Home Services Co., Minneapolis. "Service Aspects for Financing Institutions."

- 3:30 Different Phases of Marketing. Panel composed of Richard Walker, Walker Adv., Davenport; Dennis W. Day, mgr., Family Banking Center, Continental Bank, Chicago, and J. L. Doody, v. p., First Nat'l. Bk., Omaha.

4:30 Recess.

5:30 Social Hour, Des Moines Room.

- 6:45 Banquet — Terrace Room
Presiding — Richard Sellon, v. p., Iowa Des Moines Nat'l. Bk., Des Moines.

Address: Edward McFaul, noted humorist, speaking on "How To Keep Your Foot Out of Your Mouth."

Friday, Sept. 3

A.M.

- 8:30 Registration Desk Opens
9:30 Conference Called to Order — John J. Hilliard.
9:35 Word of Welcome — IBA V. P. Thomas H. Huston, vice pres., Columbus Junction St. Bk.
9:40 "The Word from Washington" — Mathew Hale, ABA general counsel.
10:30 Coffee Break.
10:50 Fair Credit Reporting Act — George Wruck, Omaha Credit Bureau.
11:30 A message from the new Iowa superintendent of banking.
11:50 Adjournment.

IOWA NEWS

ARNOLDS PARK: E. W. Maser and associates have filed a reapplication with the Comptroller of the Currency to organize a National Bank to be located at 616 Broadway in Arnolds Park. The application was originally filed with the Comptroller of the Currency as of September 9, 1970 and denied January 26, 1971 according to John W. Rogers, Deputy Regional Administrator, Tenth National Bank Region.

FORT DODGE: The appointment of James E. Peters as assistant cashier in the installment loan department was announced by James H. Redman, president of the State Bank. Mr. Redman also announced that Charles D. Farrell, manager of the department, has been elevated

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to assistant vice president.

HARCOURT: Milton Smith, who has served as director of the Harcourt Savings Bank since 1941 and as vice president since 1950, has been elected president of the bank to fill the vacancy created by the death of W. F. Adams. Mr. Smith's father, George G. Smith, was one of the original stockholders of the bank and served as a director from its beginning and as president from 1923 until his death in 1940. Robert E. Engquist, who has served as director since 1962 has filled the vacancy of vice president created by the election of Mr. Smith as president. L. E. Carlson remains executive vice president of the bank.

MINNESOTA NEWS

BEMIDJI: Paul Eugene Howe, 78, in the banking business in Bemidji for over 50 years, died recently of an apparent heart attack. He retired as vice president of the Northern National Bank in 1963 and was an active member of the board of directors at the time of his death.

HUGO: The First State Bank of Hugo announces Open House to be held Saturday, August 28, 1971 from 10:00 A.M. to 3:00 P.M., for the grand opening of its completely remodeled bank.

KARLSTAD: Stuart M. Folland, presi-



Christy Armstrong Leo Kane Bob Scott

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dent of the Karlstad State Bank, announced the election of Charles E. Olson and James F. Sherack as assistant cashiers of the bank:

LITTLE FALLS: William D. Johnson has been named cashier and Richard C. Rose, assistant cashier and manager, time-pay department, The American National Bank according to Glenn G. Howes, bank president.

MINNEAPOLIS: Benjamin S. Jaffrey has been elected treasurer of Cargill, Inc. by the company's board of directors, according to Erwin E. Kelm, chairman. As treasurer, Mr. Jaffrey succeeds Donald C. Levin, who remains financial vice president.

ROCHESTER: Ray L. Roberts, president of First National Bank of Rochester, has announced the election of James Klatke as a director of the bank at a recent stockholders meeting. He is presently general manager of Dayton's Southdale.

WORTHINGTON: Gary May has been named cashier at the State Bank of Worthington according to an announcement by Arnold Brecht, chairman, and John Troth, president.

NEBRASKA NEWS

OMAHA: Fred H. Douglas, vice president of the correspondent banking department of The Omaha National Bank, recently submitted his resignation to the board of directors and will be joining Chiles, Heider & Company effective September 15.

OMAHA: Mid City Bank has named Robert Kruger as chairman and advanced Jim Fitl from vice president to president. Mr. Kruger is also chairman of the Exchange State Bank, Adair, and heads Bank Brokers, Inc., Omaha.

OMAHA: First National Bank officials expect to occupy the new bank building

November 15. Open house for correspondent banks will be held in conjunction with the Annual Beef Cattle Conference on Monday, November 29. Tours will be conducted through the new bank quarters and business sessions, including the Forum of Finance Luncheon, will be held in the adjoining Omaha Hilton Hotel, which is part of the new First National center.

ILLINOIS NEWS

CHICAGO: The FDIC has recently approved an application of The First Pacific Bank of Chicago for FDIC insurance. The bank has total capital accounts of \$4,500,000. Tatsuo Aoki is president of the bank.

CHICAGO: Harry J. English has been elected loan officer and William H. Erbe has been named customer service officer at the Upper Avenue National Bank according to a recent announcement.

GALENA: Paul Anthony has recently been named assistant cashier of the Galena State Bank according to a recent announcement. He is a native of Dubuque, Iowa.

HARWOOD HEIGHTS: Parkway Bank and Trust has recently received approval from the FDIC to establish a motor facility in Harwood Heights.

WHEATON: The FDIC has approved an application of the Gary-Wheaton Bank for a motor facility in Wheaton.



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