

NORTHWESTERN Banker Newsletter

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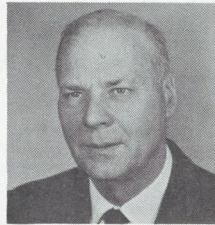
1972 Farm Income Should Improve Materially

Don Paarlberg, director of agricultural economics for the United States Department of Agriculture, addressed the "Profit Improvement Conference for Correspondents" conducted April 17 by First National Bank of St. Paul at the St. Paul Hilton Hotel. The following is his talk, "Agricultural Outlook for 1972."

"Farmers are in better financial shape than a year ago, and they can expect their 1972 incomes to improve materially over 1971. Farm receipts and realized gross farm income will show a sizable gain. Little increase is likely in the volume of farm marketings, either for livestock products or crops, although crop supplies will remain large. But expanding demand for food is causing substantial increases in prices and receipts for livestock products. For the year as a whole, gross returns to livestock producers may gain around \$2 billion over the \$29.8 billion last year.

The outlook for 1972 crops is, of course, uncertain this early in the season. But larger current supplies together with options to the 1972 grain programs, which increase payments for additional acreage set-aside for wheat and feed grains, are encouraging producers of corn, sorghum grains and wheat to reduce acreage from last year. Acreage set-asides for both wheat and feed grains were very close to Department expectations, and March planting intentions with "normal growing conditions" would result in feed grain production about in line with expected use and wheat production well under last year's record crop although above expected use.

Grain prices are lower than a year ago but cotton, soybeans and tobacco are running higher; and for the year overall crop prices may average around



Don Paarlberg

last year's levels. With little change in total marketings, crop receipts will likely be around the \$21.9 billion of last year. Government payments to growers participating in the major crop programs will probably be up around \$1-1/4 billion from the \$3.1 billion in 1971. Thus, gross farm income this year, including government payments, likely will run \$3 to \$3-1/2 billion above the record \$58.6 billion for 1971.

Farm production expenses will continue their persistent uptrend, but at a slower rate, mainly because of lower feed costs and Phase II restraints on prices and wages. The projected increase of \$1-1/2 billion in expenses this year, including wages, interest, taxes and depreciation, compares with increases of around \$2 billion in recent years. These increased costs will eat into the higher gross farm income, but still would leave a gain in realized net farm income of \$1-1/2 to \$2 billion from last year's estimated \$15.7 billion. This would be a record high, both in total and per farm.

Nonfarm earnings of farm residents will increase again, and per capita after-tax income to farm people from all sources will rise slightly relative to income of nonfarm people. Even so, per capita disposable income of farm people (\$2,692 - 1971) will average about one-fourth less than that of nonfarm people (\$3,623 - 1971).

The demand for agricultural products this year will be strengthened by an expanding economy. While the economy recovered from its 1969-70 recession last year, 1972 should be an even better year. The labor force and employment are expanding, although the relatively high unemployment rate remains a problem.

Businessmen, encouraged by gains in sales and corporate profits as well as investment tax credits, will probably increase their investments in new plant and equipment by 9 to 12 percent. Housing expenditures should continue to gain but at a slower rate than the 1971 surge. Consumers' buying potential, swollen by large personal savings, will likely bring personal consumption expenditures up around 8 percent above last year's \$662 billion. And Federal expenditures and State and local outlays will both show significant increases.

In total, the economy's gross national product is expected to increase some \$90 to \$95 billion this year from the \$1,047 billion in 1971. An anticipated gain of about 5 percent in physical output, coupled with employment increases and rising wages, will provide a substantial expansion in the after-tax income of consumers - perhaps around 8 percent - and in domestic demand for

(Continued on back page)

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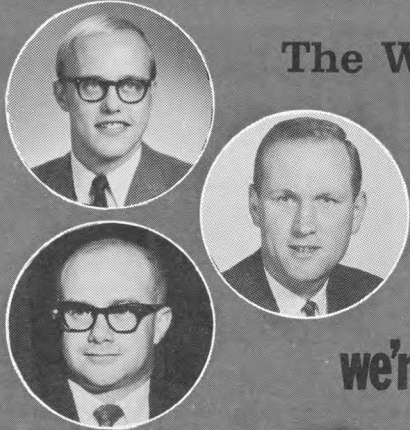
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IOWA NEWS

ALTON: E. S. Kiernan, president of the Alton Savings Bank, and Mrs. Kiernan have sold controlling interest in the Alton Savings Bank to Mr. and Mrs. Max Kiernan, of Alton. Max Kiernan is vice president and cashier of the bank.

CENTERVILLE: A retirement luncheon was held recently at the Iowa Trust and Savings Bank honoring both the retirement and birthday of F. C. (Goldie) Orr. Mr. Orr retired from the bank at the end of 1971 but due to ill health, it had not been possible to hold the luncheon.

Also honored at the luncheon was

Peggy Roach, who retired April 1.

CLARION: Bob Davison, president of the First National Bank, has announced the promotion of Bob Bartholomaus from cashier to vice president. John Wassenaar has been employed as assistant vice president and cashier and Duane D. Ashe has been employed as an officer trainee.

COLESBURG: F. C. Grimes, past president of the Farmers State Bank, died recently. Mr. Grimes was in banking for 50 years; 10 years in South Dakota and the past 40 years with the Farmers Savings Bank.

CUMBERLAND: Ben Reed, president of Cumberland Savings Bank, announces that he has sold controlling interest in the bank to Carl Riggs and William W. Burrell. Mr. Reed is retiring from active banking and will become honorary chairman of the board. Succeeding him as president will be L. L. Marchant, who has been executive vice president at the bank. Mr. Tingley will continue as president of the Tingley State Savings Bank at Tingley, where he has been associated for a number of years. Mr. Burrell is president of the Marion County S&L at Knoxville. Dick Newlin, president of Bank Investors, Des Moines, negotiated the sale.

OTTUMWA: Perry L. Martin has been named to the board of directors of the Union Bank & Trust Co., it was announced recently by Max von Schrader, Sr., chairman.

NEBRASKA NEWS

BUSHNELL: The Kimball County Bank

honored Ralph Hammond recently for his service to the bank for the past 25 years. Mr. Hammond, vice president, will continue to work at the bank on a part-time basis.

LINCOLN: The Federal Reserve System has received notification of NBC Co. to engage in de novo activities through a subsidiary known as NBC Agency, Inc., of Lincoln.

LINCOLN: A charter application was denied recently for the Bank of Lincoln, and a charter application was approved for Lincoln Bank East, by the Nebraska department of banking.

NORFOLK: The DeLay First National Bank has been granted fiduciary powers by the Comptroller of the Currency. The name of the bank will be changed to The DeLay First National Bank & Trust Company.

OMAHA: John A. Cermak and Donald M. Miller have been promoted to second vice presidents of The Omaha National Bank. Donald F. Holst has been advanced to loan officer, Gary Thrasher to commercial loan officer, John A. Nigh to assistant correspondent bank officer, and Gordon H. Fleer to assistant credit officer.

ILLINOIS NEWS

BOLINGBROOK: A charter has been issued by H. Robert Bartell, Jr., Illinois commissioner of banks and trust, for the organization of Hermitage Bank of Bolingbrook. Michael P. Walsh is president and Joseph Martin is cashier, secretary and controller. They announced total capitalization of \$750,000, consisting of: \$300,000 capital stock, \$300,000 surplus and \$150,000 reserve for operating expenses. The bank has issued 30,000 shares having a par value of \$10.00 each.

CHICAGO: Richard H. Christiansen and I. Andrew Moore have been named executive vice presidents at Beverly Bank. These appointments follow the election of former executive vice president, Jerry C. Bradshaw, to the presidency of Gary-Wheaton Bank, Wheaton.

CHICAGO: Louis D. Brown joined the Columbia National Bank of Chicago recently as vice president.

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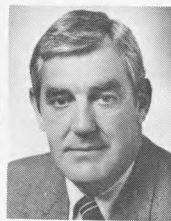
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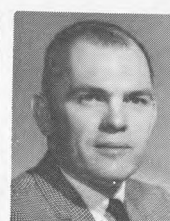
Three of our men
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Fred Coulson



Tom Cannon



Dick Muir

COMMERCE BANK of Kansas City

NEWMAN: The First State Bank of Newman has received approval from the Federal Reserve System to withdraw from membership in the Federal Reserve System without a six month notice.

NORTHBROOK: Harry V. Armstrong has been elected president of the Northbrook Trust & Savings Bank. Mr. Armstrong was formerly vice president of the First Bank of Oak Park, Illinois. Prior to that, he had been controller of the National Bank of Hyde Park in Chicago.

Don W. Kottmeyer has been elected to the board of directors of the bank. Mr. Kottmeyer is executive vice president and cashier.

PANA: Gordon E. McClaren has been elected president and chief executive officer of the First National Bank of Pana. Mr. McClaren joined First National in 1964 as executive vice president.

WHEATON: Jerry C. Bradshaw has been elected president and chief executive officer of the Gary-Wheaton Bank. He is the former executive vice president and chief operating officer of Beverly Bank, Chicago. Marion G. Hocker, former president of Gary-Wheaton Bank was elected vice chairman of the board of directors.

MINNESOTA NEWS

BLUE EARTH: Paul Lindholm, president of the Blue Earth State Bank, announced that Curtis Nelson, vice president, First National Bank, Valley City, N. D., has been elected vice president of the Blue Earth bank. Mr. Nelson has been in the banking field for 12 years.

BURNSVILLE: A charter has been issued to the First Burnsville State Bank and it was to be opened April 19. John A. Gargaro is president, William H. Kelly, Jr., is vice president, and Ronald L.



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COTTAGE GROVE: Donald G. Nordlie has been elected president of Park-Grove National Bank, replacing John D. Turner, who resigned to become president of Highland Park State Bank, St. Paul. Mr. Nordlie formerly was vice president of Park-Grove, a position he has held since the bank's opening in Cottage Grove early in 1970.

EDINA: Walter Bartlett, 75, a member of the Allison-Williams Co. investment-banking house for 52 years, died recently after a long illness. Mr. Bartlett had been secretary of the firm for more than 25 years.

GRAND RAPIDS: W. G. King, president of the First National Bank, has been reappointed to the National Advisory Council of the Small Business Administration for another two year post.

ST. PAUL: Plans for the Minnesota Bankers Association 10th Annual Consumer Lending Conference to be held April 25-26 at the St. Paul Hilton Hotel, were announced by MBA President William G. Kirchner, president, Richfield Bank and Trust Co. The two day conference will feature presentations on the Federal Fair Credit Reporting Act and the State Motor Vehicle Title Law on Tuesday, April 25, followed by dinner and entertainment that evening.

The Wednesday, April 26 program will include a discussion on consumer legislation and bank lending legislative proposals, noon luncheon speaker and discussions on direct and indirect lending, mobile home financing, and special loans.

ST. PAUL: John D. Turner has been elected president of Highland Park State Bank, St. Paul, replacing Edward L. Kalafat, who resigned, the bank's board of directors announced. Mr. Turner formerly was president of Park-Grove National Bank of Cottage Grove, a position he had held since the bank's inception

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FARM OUTLOOK...
(Continued from page 1)

food and fiber products.

Purchases of finished goods which use the foods, oils and fiber products of the farm made up a fourth of last year's gross national product. In rough terms this is a food and fiber market that moved an estimated \$264 billion worth of finished goods in 1971. Food expenditures accounted for nearly one-half of these outlays, with the remainder going to nonfood products, and to exports. Purchases of these goods are responsive to relative prices and to the flow of buying power to consumers. Thus, purchases this year may well increase about 6 percent, to around \$280 billion.

Total purchases of food, the biggest direct outlet for raw farm products, likely will increase about 6 percent from the \$128-1/2 billion in 1971:

Food prices will increase at a slower pace than consumer incomes. This will further reduce the percent of after-tax income spent for food, perhaps by about 1/2 point from last year's 16 percent.

Exports of farm products were valued at a record \$7.7 billion in calendar year 1971, up 6 percent from 1970. Volume was off some, but prices averaged higher. Exports are especially important for grains, soybeans, fats and oils, cotton and tobacco. In 1971, the combined volume of crop exports was equivalent to approximately a fifth of total crop output.

On balance, early season indications do not suggest any big change in exports from the 1971 level."

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Substantial eastern Iowa bank has opening for trust officer. Should be lawyer; know how business functions; have knowledge of investments in bonds, stocks and property; analytical mind; accounting talent, around age 35; good personality; Iowa or mid-west oriented. Write Box ITO, in care of the NORTHWESTERN BANKER, 306 Fifteenth Street, Des Moines, Iowa 50309.

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