

NORTHWESTERN Banker Newsletter

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Des Moines, Iowa

September 18, 1972

Market Experts View Livestock Trends

"The optimism among people who are feeding cattle today is so far removed from the present market that it is unrealistic."

This was the opinion of Thomas D. Runyon of the National Order Buying Company, South St. Joseph, Missouri, who blamed investment clubs for prompting many of the problems in the industry today. Mr. Runyon was one of a panel of experts who gave their views at the 16th Annual Market Day at the Yards, sponsored by the First Stock Yards Bank.

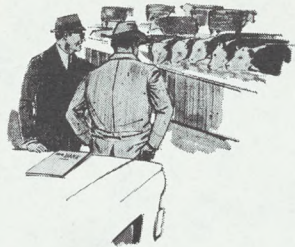
Looking at the hog market, another panel member, George S. Murray, Jr. of Lamborn, Murray, Davis Commission firm said, "It looks like a very optimistic rosy price structure for hogs for at least a year and perhaps longer."

Here are detailed comments from both panel members:

Mr. Runyon: Every time I go to an auction, it seems that feeders are about \$1 higher. Whether the beef market goes up - down - or sideways, you buy a load of 100 calves and you are talking \$22,000 to \$23,000. It is possible that you can expect to see a load of calves at \$30,000. In Colorado last week, a load of good hereford calves weighing 375 pounds per head were priced at \$.75 a pound. In Clovis, New Mexico, 450 pound calves were sold at \$.62 a pound.

"What is going on now, sure does not reflect the beef market or the supply

of cattle. Beef may be a little higher or a little lower in the next six months - but we sure are not going to run out of fat cattle.



"In recent years, you could offer \$.50 over the market price for cattle and you could "bull" the market. You go to an auction today and there will likely be at least five people buying cattle for investment or tax clubs that will absolutely blow you out of the barn.

"Investment clubs formed over the past five years have no conception of what it is like to lose money feeding cattle. Many of them started by buying 50 head each month. Today, they are buying up to 1,000 head each month. Perhaps they will lose money one of these days - but they haven't done so up to now.

"The big feed lots are fighting the same thing that the man feeding 150 to 1,000 head of cattle is fighting. They want to make money at what they are doing. They are not doing it for fun - and they never have. Investment clubs are in business for a different reason. It is

not because they want to be in the cattle business. They are doing it for a tax shelter. Originally, they just wanted to invest a little money in something besides stocks and bonds . . . and it grew on them and got so big that they can't get out of it. This is what has made the growth of the big feed lots in Texas, Kansas, and Oklahoma. If the market does break, you'll be able to buy a feed lot worth the money!"

Mr. Murray: "Several years ago, when prices were down for both cattle and hogs, we would often make the statement - 'one of these days - after they get through weeding them out, there isn't going to be enough meat to go around - not only in regard to the people in the business - but of what they produce.' It would appear that we have closely arrived on the scene in the hog business.

"We are having trouble getting used to a good hog market. We have sold and bought hogs too cheap for too many years. Perhaps we are having trouble seeing the forest for the trees!

"I have probably sold more hogs at \$30 in the last 60 days than during all of my 23 years at the Yards. Basically, it is because of the labor involved in raising pigs. Whether it is a young fellow that wants to raise some pigs or an older fellow that wants to buy feeder pigs, it looks like it is a pretty safe bet. You can bet your bottom dollar on this - if we encounter what you would call a rough

(Turn to back page, please)

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—MNB correspondents

John Mangold
Senior Vice President



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First National Bank

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IOWA NEWS

CEDAR RAPIDS: The Federal Reserve Board has denied an application by Bezanson Investments, Inc. to acquire the \$8.6 million deposit First Trust and Savings Bank, Wheatland.

The bank holding company, proposed through its subsidiary, Mor-America Financial Corporation, to acquire 76% or more of First Trust.

Bezanson now controls the \$27.7 million deposit Jackson State Bank in Maquoketa.

CENTER POINT: Controlling interest in the Iowa State Bank and Trust Company, Center Point, has been purchased by William R. Bernau from Robert H. Isensee.

Mr. Bernau is president of the Peoples Savings Bank, Crawfordville. Mr. Isensee is president of the United Home Bank and Trust Company, Mason City. Burtwin L. Day, vice president and cashier of the Center Point bank is managing officer. No changes in personnel will be made.

As of year-end, 1971, the Iowa State Bank had deposits of \$1,640,000 loans of \$880,000, and total assets of over \$2 million.

The sale was handled by Richard Newlin, president, Bank Investors, Des Moines.

DE SOTO: A hearing is scheduled by the Iowa Dept. of Banking for September 21 on an application by the Earlham Savings Bank to establish an office in DeSoto. The Department has also received an application for a new state bank charter

for a bank to be known as the DeSoto State Bank and Trust Company. Applicants include Fletcher Jennings, local real estate and insurance man.

FORT DODGE: John R. Milroy has joined the First National Bank as a vice president. He has had 20 years experience with the American National Bank and Trust Co., Kalamazoo, Mich.

HAWARDEN: Byron Lodwick of Des Moines has sold his interest in the Hawarden Banking Company, which owns approximately 90% of the stock of the First State Bank, to the following group of individuals: Harold and David Myers, Weeping Water, Nebr.; Jess Zimmerman, chairman, and Arvon Marcotte, president, both with Security National Bank, Superior, Nebr., and Bill and Royal Lohry of Sioux City. Henry Visser, who has been president at First State for many years, succeeds Mr. Lodwick as chairman. Mr. Marcotte has been elected president and director. Dean Hunter continues as vice president, cashier and director. L. H. Williams continues as a director. Matilda Ross continues as assistant cashier.

Don DeHaan, vice president and cashier at Central Trust and Savings Bank, Cherokee, is resigning that post to become executive vice president and director of First State at Hawarden.

SIoux CITY: William E. Nelson has joined the First National Bank as senior trust officer. He has been in charge of the trust department at Aberdeen National Bank since 1965.

SIoux CITY: Security National Corp. has voted a 10 percent stock dividend which increases the capital stock of the corporation by \$226,270 to a total of \$2,488,970. Outstanding shares are now 248,970. The dividend reflects the favor-



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NEBRASKA NEWS

BEATRICE: An application has been made to the Regional Administrator of National Banks by The Beatrice National Bank and Trust Company to establish an office at 523 North 6th Street.

OMAHA: The Nebraska Bankers Ass'n. will start its annual group meetings this week as follows: Scottsbluff, Group 6, Elks Club, Sept. 19; McCook, Group 4, Elks Club, Sept. 20, and Kearney, Group 5, Holiday Inn, Sept. 21.

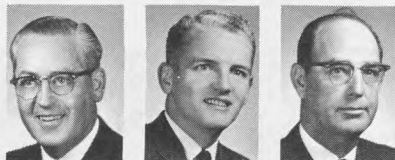
MINNESOTA NEWS

ELBOW LAKE: Willard A. Duda has resigned as v.p. of the Bank of Elbow Lake to join an Ohio insurance agency.

MINNEAPOLIS: The Minnesota Bankers Ass'n. is currently holding its district meetings as follows: Sept. 18, Gr. 8, Duluth; Sept. 19, Gr. 9, Moorhead; Sept. 20, Gr. 6, Brainerd; Sept. 21, Gr. 1, Rochester; Sept. 25, Gr. 3-4-5, Anoka; Sept. 26, Gr. 7, Montevideo, and Sept. 27, Gr. 2, Mankato. Registration starts at 2 P.M.

ST. PAUL: John W. Pulver was named v.p. by Northwestern National Bank.

ST. PAUL: Hugh A. Fitzgerald has been named v.p. in charge of commercial loans for Valley National Bank. He has been a.v.p. for First National Bank, St. Paul



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Directors & Officers Policy. Protects directors and officers from defined wrongful acts in their capacities as directors or officers. Also reimburses the bank for losses due to liabilities of directors and officers which the bank assumes in its by-laws.

Recent federal court decisions have expanded the responsibilities of corporate officers and directors. Public stockholders are now likely to file suits against them for such things as conflicts of interest, unwarranted dividend payments, mis-statements of financial position, incurrment of tax penalties, making of imprudent loans, inefficient administration resulting in needless losses, failure to pursue claims against those who have caused the corporation to suffer losses, and failure to exercise good judgement or good faith in official capacities.

Nearly 75% of all major corporations now carry this type of coverage on directors and officers. Banks are especially in need of this protection, due to the large number of decisions made by directors and officers in vulnerable areas. This policy provides high limits, low deductibles, and no participation by the insured in losses exceeding the deductible.

All-risk Physical Loss or Damage. An optional five part policy covering:

- Non existent or inadequate insurance on mortgaged or foreclosed property on a specified peril basis, as required in the bank's mortgage agreement
- Errors & omissions on taxes and V.A. & F.H.A. guarantees
- All-risk of physical loss on bank's interest in mortgaged and foreclosed property
- All-risk of physical loss or damage to bank's own property excluding perils insured specifically
- Extra expense all-risk of physical loss to bank premises

Executors' and Trustees' Errors & Omissions. Insures against negligent acts, errors and omissions of executors and trustees while functioning as administrators, executors and trustees or in other personal trust functions carried out by the trust department.

Bankers' Document Transit & Extra Expense. Insures documents while in transit including the extra expense incurred to reassemble them. Coverage can be extended to include the bank's legal liability to third parties arising out of loss of the documents.

Offices in:

Atlanta

1776 Peachtree St., N.W.
Atlanta, Georgia 30309
404/875-6677

Boston

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Boston, Massachusetts 02109
617/523-5280

Chicago

175 West Jackson Boulevard
Chicago, Illinois 60604
312/427-4737

Dallas

1724 Southland Center
Dallas, Texas 75201
214/742-3638

Houston

2200 South Post Oak Road
Post Oak Bank Building
Houston, Texas 77027
713/621-2101

Los Angeles

520 South LaFayette Park Place
Los Angeles, California 90057
213/385-8441

Minneapolis

5100 Edina Industrial Boulevard
Minneapolis, Minnesota 55435
612/941-3711

New York

123 William Street
New York, New York 10038
212/227-1366
201/642-2286

San Francisco

111 Pine Street
San Francisco, California 94111
415/391-0242

St. Petersburg

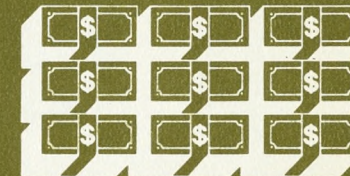
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Ransom & Extortion



Insurance Application

Ransom & Extortion Application

While this coverage was designed primarily for financial institutions, quotations will be provided for individuals or other firms. This insurance indemnifies for ransom money paid in the event of kidnapping or detention of an insured person. Coverage can protect directors, officers and employees, including their families. It can even be extended to cover extortion payments and accidental death and dismemberment of the kidnapped person arising out of kidnapping or extortion.

Applicant _____

Address of main office _____

Producer's name _____ Phone _____

Producer's address _____

General

Number of branches in addition to main office _____

Total deposits* as shown in last financial report \$ _____

Indicate the total number of officers _____. List all officers _____

Are directors who are not officers to be insured? No Yes—list all directors who are NOT officers. _____

Are other employees to be insured? No Yes—indicate the total number _____

Are the families of employees also to be covered? Yes No

Have there been any kidnap attempts on members of the staff or their immediate families? No Yes — furnish full details. _____

Limits and Deductible

The limit applies to any one loss and aggregate. Indicate the limit desired:

\$50,000 \$100,000 \$150,000 \$250,000 Other (specify) _____

Is an increased aggregate limit to twice the loss limit desired? Yes No

The standard deductible is \$1,000.

Other Options

Is extortion protection desired? Yes No

Are kidnap accidental death and dismemberment benefits desired—limits \$100,000 any one person? Yes No

*Financial Institutions—attach a copy of the latest Statement of Condition; other firms—attach the most recent financial report.

Other Specialized Bank Coverages

Lender's Protective Insurance. A Banker's Blanket Security Interest policy offering a total, comprehensive loan security insurance program for large and small banks and loan companies.

Here's a complete, up-to-date, flexible insurance program that saves a bank time and money by combining the basic protection features of several policies into one. It also eliminates most of the risk of losses due to errors in follow-up procedures.

The basic policy includes . . .

- lender's single interest coverage
- lender's errors and omissions coverage for autos, boats and appliances (other classes of chattels can also be included)
- chattel mortgage non-filing coverage

The following extensions can be added:

- Protection against losses due to physical damage of chattels after repossession
- Coverage for specific single interest on individual borrowers
- Protection against losses on loans insured by marginal companies

Additional flexibility is available to tailor the policy to the bank's exact needs.

The premium is based on either the total monthly outstanding loan balances or number of loans made. The going-in deposit will depend on the premium size and audit reporting term.

You're even protected for loans on which you failed to file a proper and complete long-form loss-payee clause.

So no matter how big your direct loan or dealer loan volume may be, this policy eliminates much of your bookkeeping and follow-up procedure and greatly reduces the risk of losses due to filing and recording. You get total coverage at a know cost.

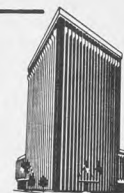
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ILLINOIS NEWS

CHICAGO: First National has authorized transfer of \$25 million from undivided profits to surplus, increasing the surplus account to \$379,141,800.

HILLSIDE: Brian R. McGregor, manager of the installment loan department at the Bank of Hillside, has been advanced to asst. v.p.

PARK FOREST: FDIC has approved insurance for First Bank of Park Forest South. Total capital accounts are \$800,000. Daniel G. Kaplan is president.

SOUTH DAKOTA NEWS

MILBANK: The new home for the Dakota State Bank has been completed. It features over 4,500 feet of floor space.

MONTANA NEWS

MALTA: Funeral services were held recently for Roy Monroe, formerly president of First State Bank, Malta, and a past president of the Montana Bankers Association.

COLORADO NEWS

LITTLETON: The Littleton National Bank will open a new 21,000 square foot building in October, according to Joseph Boyd, president.

WYOMING NEWS

RIVERTON: American National Bank plans an addition which will double the floor space of the bank. John R. Toohey of Worland is the architect.

WANT TO BUY

Good used NCR Class 2000 proof machine. Farmers State Bank, Wallace, Nebraska 69169. Telephone (area code 308) 387-4377.

ABA Supports \$250 Billion Federal Debt Ceiling

The American Bankers Association has announced its support of a proposed \$250 billion ceiling on federal spending.

Allen P. Stults, president of the ABA, said legislation to impose the ceiling on fiscal 1973 expenditures was endorsed by the association's board of directors. As a second step, said Stults, the bankers proposed a four-point program to develop permanent measures to control spending:

- Adoption of multi-year budget

projections for total spending and specific programs. This will permit lawmakers to assess the ultimate costs of programs.

- Assign definite termination dates to new spending programs, and to existing programs of questionable value.

- Create a joint Congressional Committee to evaluate the federal budget as a whole.

- Subject trust fund programs to budgetary review, expenditure control, and accountability procedures applied to other tax-supported programs.



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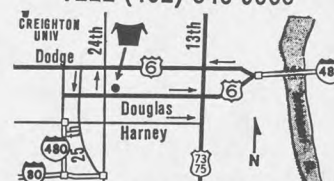
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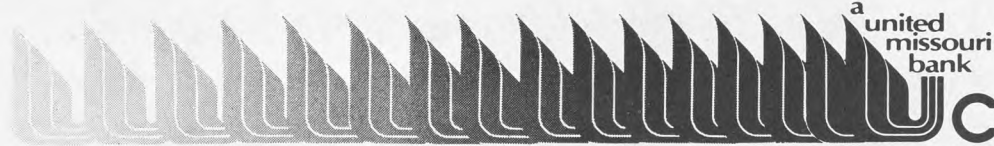
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LIVESTOCK TRENDS...
(Continued from Page 1)

period for hogs, it will be a short period of time. Within a year, hog prices will be right back up there again.

"Within a period of a few more years, there may not be quite enough pork to go around... unless something drastic happens - and I cannot see it on the production end. This shortage will be due to the average age of the farmer and the labor involved in raising pigs.

"Since the first of the year, we have bought about 15,000 pigs - and I don't think that we have bought a pig that hasn't made money. On the first of June, I gave \$36.50 per head for 95 pounders. Last week they were sold, showing a net of \$12 per head. The big money may be gone for awhile - but there is \$5 to \$10 profit in shoats during the months ahead. Prices may go higher in another 2 or 3 weeks - but after Thanksgiving they may drift down a little bit because we will be entering the period when few people want them during the winter months.

The Commodity Board is a definite asset to the Livestock business. The optimism reflected on the board is good for the industry. With December futures showing a price of over \$28, there is a profit that could well be locked in now."

**Urge Fed To Delay
Check Collection Rule**

The American Bankers Association and a group of "adversely affected banks" have petitioned the Federal Reserve Board for at least a partial and temporary stay of the speed-up in its check collection procedure scheduled to take effect September 21.

Implicit in the petition for the group of unidentified "adversely affected banks" is a threat of court action if the Fed fails to heed their warning that the new check collection procedure will "seriously" harm a number of small banks if implemented without change.

WANT ADS

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RELOCATE

Executive officer for medium sized bank. Iowa, Southern Minnesota, Nebraska area. 23 years banking. Agric. background, all loans. Resume on request. Write Box IKN, in care of the NORTHWESTERN BANKER, 306 Fifteenth Street, Des Moines, Iowa 50309.

POSITION AVAILABLE

Central Iowa bank needs manager for aggressive general insurance department. Must have insurance background, but need not have banking experience. Give complete resume in first letter. Box ICB, in care of the NORTHWESTERN BANKER, 306 - 15th St., Des Moines, Iowa 50309.

POSITION WANTED

Executive officer, age 40, employed by small community bank in Iowa for 17 years, seeks new opportunity in larger bank. Extensive experience in bank operations, agricultural, commercial, installment, and mortgage lending. Farm background. Excellent references. Write File MLC, c/o NORTHWESTERN BANKER, 306 - 15th St., Des Moines, Iowa 50309.

POSITION WANTED

7 years experience as assistant cashier in \$4.5 million bank. Experienced in insurance. Prefer Colorado or Iowa. Write Box AJM, in care of NORTHWESTERN BANKER, 306 - 15th St., Des Moines, Iowa 50309.

FACE TO FACE

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One week out of every month, Tom Roth, Jack Ramey, and Rick Anderson join our Outside Men so as to obtain a first-hand knowledge of your needs and problems. Phone Tom, Jack, or Rick at (312) 443-2774.



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Federal Reserve Bank of St. Louis