

NORTHWESTERN Banker Newsletter

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November 27, 1972

Favorable Cow - Calf Outlook is Seen

"The cattle industry is in the strongest position ever known. Current prices of feeder, stocker, and breeding animals are at all-time highs. Last July, fed cattle reached their all-time highs. Sometime in 1973 finished cattle will probably make new record highs."

This was the optimistic report made by W. D. Farr, president, Farr Farms Company, Greeley, Colorado, in an "outlook presentation" at the 21st National Agricultural and Rural Affairs Conference of the American Bankers Association in Denver earlier this month. Mr. Farr elaborated as follows:

"The entire cattle industry has changed dramatically in the past twenty years and especially during the past five years. Beef has become the number one food choice of the American public. The uniform quality plus the stable weekly supply of fed beef has made this possible. USDA Choice Beef is a standard commodity traded in every major U. S. city on a daily basis. Finished cattle do not move from the feedlot to the slaughter plant unless there is demand. This direct marketing method keeps supply and demand in balance.

"Whenever any commodity sells at new high levels, there are many questions raised as to why and whether the new values will continue.

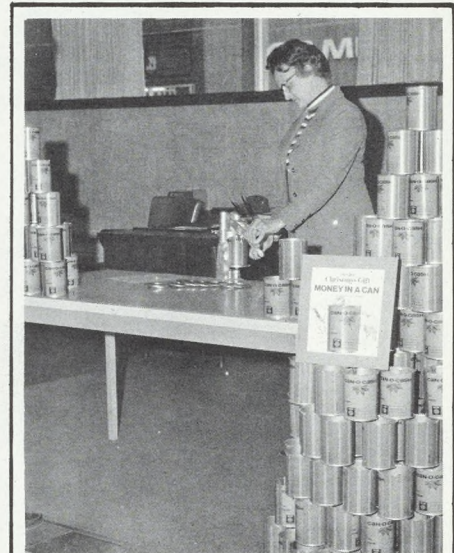
"First and probably most basic is the world's food supply. The standard of living is increasing in every country of

the world. As people have more money for food, the first demand is for more meat in the diet. Human population is increasing, world tensions are lessening, foreign trade with all nations is developing. These are the basic facts that have put pressure on world food supply and particularly world beef supply.

"There is no surplus of beef in the world. This statement is proven by the fact that last June, President Nixon removed all meat import restrictions for the balance of 1972. Beef prices, especially for imported quality, have been much higher than ever known. Prices should have attracted large quantities of beef from foreign countries. The indications are that about 35,000,000 pounds more beef will be received than the quotas allowed. Our domestic weekly beef production runs between 350 million and 400 million pounds.

"Obviously the additional 35,000,000 pounds of imports are only ten percent of one week's domestic production. It is very significant that in seven months all of the meat importing countries of the world have only been able to furnish the United States with 35 million pounds of extra beef.

"Our United States cattle inventory and supply is a debatable issue. The cow herd is supposedly growing at a yearly rate of two to three percent. Calf crops are increasing by one to two million each year. More cattle are constantly being



PICTURE OF THE WEEK — Mona Richards, asst. trust officer, Mahaska State Bank, Oskaloosa, Ia., seals a CAN-O-CASH Christmas gift. The bank is making the CAN-O-CASH program available free to its customers while the supply of Christmas-labeled cans lasts. **Ralph Lyddon**, vice president and cashier, said a customer may purchase crisp new bills of any denomination and the bank will seal them as a CAN-O-CASH for the customer to give as a Christmas gift. The sealing equipment is in the bank lobby and the entire transaction is completed while the customer waits.

fed. The October cattle on feed report shows 1,100,000 more cattle in U. S. feedlots than last year which was a record number at that time. These statements would lead you to believe that

(Continued on back page)

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retire as president and a director after nearly 50 years as a banker. No other personnel changes are planned.

SHENANDOAH: Mrs. Earl C. Fishbaugh, Jr., has been elected chairman of the board of directors of the Security Trust & Savings Bank. She succeeds the late Mrs. Robert Fishbaugh, Jr., a bank director who also served as attorney for the institution.

IOWA NEWS

Forty-two Iowa banks were added to the regional check clearing arrangement at the Omaha branch of the Federal Reserve Bank of Kansas City, effective November 15. The Iowa banks added are in Fremont, Harrison, Mills, Montgomery, Pottawattamie, and Shelby counties. Council Bluffs, Glenwood, Harlan, Missouri Valley and Red Oak are among cities in the area. The clearing arrangement already included 175 eastern Nebraska banks.

DAVENPORT: Funeral services were held recently for Jack D. Lange, 44, assistant vice president of the Davenport Bank & Trust Co. He had been employed at the bank for the past 24 years.

DES MOINES: First sale of the Terrace Hill commemorative medallion was made to Gov. Robert Ray by John Chrystal, president of the Iowa Bankers Association, which is conducting exclusive sale of the medallions through more than 600 member banks statewide. Mr. Chrystal is president of the Iowa Savings Bank, Coon Rapids. Proceeds from the sales will be turned over to the Terrace Hill Commission for restoring and refurbishing Terrace Hill as a historical site and for use as the Governor's mansion. The coins picture Terrace Hill on one side, and the Great Seal of Iowa on the reverse side. There have been 33,000

coins minted to date. Silver coins sell for \$15, and bronze coins for \$2.50. The medallions go on sale December 4 statewide at the banks volunteering to handle the sales, according to James Gilruth, chairman of the IBA public relations committee and vice president. Clear Lake Bank & Trust Co. Radio and TV stations are cooperating with one-minute public service announcements promoting the sales.

FORT DODGE: Patricia Vinson has been named assistant vice president in charge of the savings and bond department at the Union Trust & Savings Bank. Marie Jordison has been named assistant vice president and head note teller.

GUTHRIE CENTER: J. I. Vandevanter and the Guthrie County State Bank recently celebrated together as the bank ended its 41 years of service. Mr. Vandevanter is an original employee of the bank and is retiring.

MT. PLEASANT: Denis T. Jones, 65, senior vice president of the Henry County Savings Bank, died November 17.

OTTUMWA: The Union Bank and Trust Company recently opened an office at North Court and Clearview.

POCAHONTAS: John J. Gordon, president of Pocahontas State Bank, has sold his interest in the bank to Robert G. Lorge, vice president of United Home Bank & Trust Company, Mason City. The contract is effective January 5, 1973, at which time Mr. Gordon plans to

NEBRASKA NEWS

AURORA: The Farmers State Bank has filed an application for trust powers. A public hearing has been set for January 16, 1973, in the office of the Department of Banking in Lincoln.

BELLEVUE: Directors of the Bank of Bellevue have announced the following promotions: James P. Barker to assistant vice president, Peggy M. Pittard to cashier, and Dennis L. Meek to assistant cashier.

BLAIR: Robert Farmer, vice president of the Washington County Bank, has resigned to accept a position with the First National Bank at Canon City, Col. Mr. Farmer will be the senior vice president in charge of commercial loans.

LINCOLN: Donald F. Dillon, manager of the computer service department, and John Westerberg of the commercial loan department, have been named vice presidents of the National Bank of Commerce. Dale Jensen of the computer service department was elected computer system officer.

MULLEN: Leonard Kime has been elected to the board of directors to fill the vacancy caused by the death of his father, J. H. Kime, in June.

ST. PAUL: Helen Svoboda of Elba has been elected cashier of the St. Paul National Bank to succeed Olga Jennings who has retired. Mrs. Svoboda has been with the bank since March, 1964.

MINNESOTA NEWS

David M. Smith, president and chairman of the board, First National Bank of River Falls, Wis., has been elected and David M. Heskett, president, Montana-Dakota Utilities Company, Bismarck, N. D., has been reelected to the board of directors of the Federal Reserve Bank of Minneapolis. Mr. Smith became president of the First National Bank of River Falls in 1964 and is past president of the Pierce-St. Croix County Bankers Association.

COON RAPIDS: Ray E. Wheeler has been elected chairman of the board and a vice president of First State Bank of



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Coon Rapids, replacing Austin Chapman who resigned. Mr. Wheeler will continue to serve as chairman of the board of the recently opened Mid America State Bank of Mendota Heights, another affiliate of Mid America Bancorporation. Mr. Wheeler is a vice president of Mid America Bancorporation.

LE ROY: After an absence of over 4 years, Art Flikki has rejoined the staff of the First National Bank. He was formerly employed as cashier for 16 years.

ST. PAUL: Donald G. Dick has been elected president and director of First Grand Avenue State Bank, effective December 1. Mr. Dick succeeds James G. Goblisch who is retiring following completion of 48 years of service with the bank.

ILLINOIS NEWS

Oscar G. Mayer, chairman of the board, Oscar Mayer & Co., Madison, Wis., has been elected and Edward Byron Smith, chairman of the board, The Northern Trust Company, Chicago, has been reelected to the board of directors of the Federal Reserve Bank of Chicago.

DES PLAINES: Five officers have been promoted at First National Bank. John W. Heddens, Jr., who is in charge of the bank's commercial loan department, was promoted from vice president to senior vice president and secretary. Bruce I. McPhee has been promoted to vice president. He was serving as assistant vice president in the bank's commercial loan department. Richard J. Lingl and Thomas J. Utzig, both assistant cashiers, were named assistant vice presidents. Egils H. Krolls, formerly assistant trust officer, has been promoted to assistant vice president and trust officer.

ELMHURST: The following three officers have been promoted at the Bank of Elmhurst: Martin L. Maske has been named vice president. Mr. Maske, who is in charge of the consumer loan department,

was previously assistant vice president. Mrs. Dorothy Kimball has been promoted to assistant cashier from head bookkeeper. Duane T. Carpen, assistant cashier, has been given the additional duties of marketing officer.

WARRENSBURG: An application for a permit to establish a new Illinois state bank, American Bank of Warrensburg, has been filed. Total capitalization of the new bank would be \$400,000, consisting of: \$150,000 in both capital stock and surplus and \$100,000 in reserve for operating expense. The 10,000 shares would have a par value of \$15 per share.

Applicants are: William B. Cannon, Charles O. Stanley, Philip B. Burton, Herbert C. Fritz and Paul E. Jurgens, all of Decatur, and King V. Hostick of Springfield.

NORTH DAKOTA NEWS

BUXTON: Paul Marchell, a Langdon native, has been named president of the First State Banks of Buxton and Thompson, and Dennis Fast of Alsen has been named vice president and cashier.

Mr. Marchell was assistant cashier and agricultural representative at the First State Bank of Park River until he moved to Mayville in 1969 to serve as vice president of the Goose River Bank. Mr. Fast entered the banking field after teaching at Langdon. His most recent position was cashier at the Goose River Bank in Mayville.

HELENA: Waldon A. Jensen was elected vice president by directors of the First National Bank and Trust Company and joined the bank on December 1, according to Robert F. Burke, president.

Mr. Jensen started his banking career as an adjuster in the timepay department at the Red River National Bank of Grand Forks in June, 1956. He also served as auditor, commercial loan officer, assistant cashier, assistant vice president, and vice president at that bank before moving to the Helena bank.

SOUTH DAKOTA NEWS

RAPID CITY: John T. Vucurevich, president of the United National Bank of Rapid City, has acquired controlling interest in the Western Bank of Chinook, Mont. Owned by B. T. McClintok, the bank has footings of about \$6.6 million. There will be no immediate change in policies or personnel. Mr. Vucurevich maintains other banking interests in Montana as well as the United National group of banks in South Dakota.

PHILIP: Charles W. Ekstrum has been elected a director of the First National Bank. He is vice president agricultural credit, a post to which he was promoted in August of this year. The election of Mr. Ekstrum fills the vacancy created by the death of Scott Lovald a few months ago. Mr. Lovald was president of the bank at the time of his death.

WINNER: Bill Britton has been appointed agricultural agent and field man for the Ranchers National Bank. Previously, Mr. Britton was vocational agricultural instructor at Winner High School.



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COW-CALF OUTLOOK.... (Continued from Page 1)

there will soon be a surplus of beef and cattle.

"Again, we must analyze the facts. Cattle slaughter for the first nine months of 1972 shows an increase of 361,000 cattle. However, calf slaughter for the same period shows a reduction of 306,000 head. When cattle and calves are combined, the net slaughter increase is only 55,000 head. This is the phenomenon that most observers overlook. Our total cattle and calf slaughter has been almost level for four years, beef production per capita has increased because the calves have been placed in feedlots and grown to mature animals rather than being slaughtered as veal calves. This transition from calf slaughter to fed slaughter has been changing at a rate of about one million head per year. Finally, we are approaching the bottom of the barrel because total calf slaughter in 1972 will be less than two and one half million head.

"The significant part of the October first cattle on feed report is the fact that placements into feedlots during the third quarter were down two percent from 1971. This was a very favorable price period. Feed supplies have been ample. Why weren't more cattle placed on feed during the third quarter? In my judgment the answer is because the feeder cattle were not available.

"Bankers are interested in the total cattle industry. The January first 1973 cattle on feed report will be very signifi-

cant. The yearly cattle inventory will also be analyzed very carefully. These reports are likely to show that all surplus cattle have been consumed. Contents of the cattle on feed report will show how dependent we are on the yearly calf crop. The October report which I mentioned previously already shows a seventeen percent increase in cattle weighing less than 500 pounds. I firmly believe that the January first report will show a strong tendency to light cattle.

"If these predictions are true, then the only way that beef production can be increased is to increase the beef cow herd. Studies have been made that predict a potential of doubling our beef

cattle population. Most of the increase in beef cows will have to come in the Midwest and Southeastern States. The studies suggest that many historic cattle feeding states should shift to cow-calf producing states. They also predict more shift of cattle feeding to the Western States.

"The beef cattle industry has several segments. First is the purebred herd. Then the commercial herd, next the feeder, on to the packer, and finally to the chain store. There is not much question, that for the next many years, the cow-calf producer will be the most favored segment of the beef cattle industry."

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