

# NORTHWESTERN Banker Newsletter

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December 31, 1973

## Sees 1974 As Good Year for Farmers

"From a cash basis standpoint, 1974 will be an excellent year" for the farmer, Robert L. Walton, chairman of the Agricultural Bankers Division of the American Bankers Association, said in Washington, D. C., in a pre-Christmas address. In remarks prepared for delivery before the Farm Credit Panel, National Agricultural Outlook Conference, U. S. Department of Agricultural, Mr. Walton said, "Many farmers have held off selling 1973 crops, which will mean additional income in early 1974."

Mr. Walton is president of Farmers and Merchants State Bank in Bushnell, Ill. The text of his remarks follows:

In my 27 years of banking 1973 was the best year for farming. This was due to good crop yields with excellent prices plus moderate livestock profits. In our area of the Midwest the net worth of the average farmer increased \$20,000 and the good farmer \$50,000. This does not take into account the increased value of the land due to inflation. Were the farmer given credit for this, the increase would have been much greater as over the last year to eighteen months average land has doubled in market value and top land has gone up 75%.

Interest rates on farm loans increased during the year to around the 8% range, due more to increasing cost of money rather than tight money. This did not, however, moderate loan demand, as in our shop, farm purpose loans increased by 44% from

their low in January to their high in September.

Deposit trends were excellent in most country banks during 1973 with both time and demand deposits showing good growth, which in turn allowed the country banker to have available ample funds to finance the increased farm loan demand.

All of this, however, is past history. The real question is what do we, as agricultural bankers, expect to happen during the next 3 to 6 months.

From a cash basis standpoint, 1974 will be an excellent year. Many farmers have held off selling 1973 crops, which will mean additional income in early 1974. This, on top of an anticipated better-than-average year for 1974, indicates the farmer will have another good year and consequently a reasonable growth in his net worth, though perhaps not quite as good as 1973.

Loan demand should remain strong, due to higher operating expenses and continued purchase of farm machinery. Also, merchant and dealer credit of more than short term will be much harder to obtain. Interest free deals on farm machinery are almost a thing of the past and fertilizer companies have basically one set of terms — cash. I anticipate no major problem of supplying this demand as country banks are basically in a good position from a liquidity standpoint and deposit trends should remain strong.

Most banks are continuing to increase

their legal loan limits, though possibly at a slower rate than demand by individual farmers. Therefore, need for and use of overlines on the larger farmer could increase some during 1974. The aggressive country bank, however, is prepared for this and already has the arrangements made with his correspondent bank to cover the increased demand.

Interest rates of the country bank do not go up and down the ladder like a yo-yo, but tend to remain more stable and move slowly. Therefore, for 1974, especially the first half, I see no major change in farm lending rates of the rural bank.

Though 1973 was an excellent year, and 1974 appears to be headed the same way, country bankers are concerned to some extent about the middle 70's from a farm credit standpoint and consequently will be apt to judge their credit advances much more closely toward the end of 1974 than now. However, this will not be detrimental to agriculture, but instead will tend to put it on a stronger base.

Land prices will continue to increase during the first quarter of 1974, going up another 10% or so, but should begin to level out as the year goes on.

What impact will all of this have on the farmer and the agricultural lender? On the existing better than average farmer very little, though I believe he will begin to consolidate his position and slow down to some extent on his capital purchases. Also, I would expect more interest in forward selling as the year goes on. On the average or

(Turn to Page 3, please)

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## IOWA NEWS

**ADEL:** The following promotions have been announced by the Dallas County State Bank: Kenneth Hykes, a.v.p. & mgr., Dexter office, promoted to v.p.; Dennis Porter, a.c., elected a.v.p. & mgr., installment loans; Terry Wilbur promoted to a.c. & mgr., Redfield office, and Rich Hay elected a.c.

**AMES:** Alfred P. Stempel, v.p., Mutual Benefit Life Insurance Company, has been named dir. of 1st Nat'l Bank.

**BATTLE CREEK:** Controlling interest in the First State Bank will be offered for sale January 21 in the court house at Ida Grove. Included in the offering are 630 shares held by the Earl Mickelson trust plus 100 shares owned by the Michael Mickelson estate. This is 730 shares out of a total of 900 shares. The other 170 are held by people in the area. Michael Mickelson was the bank's pres. & cash.

**FORT MADISON:** Leota Holland has been named a.v.p. of Fort Madison Bank & Trust Co.

**HAWARDEN:** Funeral services were held recently for Henry Visser, 73, chmn., First State Bank.

**IOWA CITY:** Alan Burr has been named ag. rep. at the Iowa State Bank & Trust.

**MALVERN:** Allan Burdic has been named exec. v.p. of the Malvern Trust & Savings Bank. Edward Mulholland has been named v.p. & cash.

**PELLA:** Pella Nat'l Bank celebrated open house in its new facility Dec. 17-21. The building is located on the s.w. corner of the city square.

## NEBRASKA NEWS

**BELLEVUE:** The Federal Reserve Bank of Kansas City has announced its approval of the application by Southroads Capital Co. for prior approval of the formation of a bank holding company through the acquisition of 95% of the voting shares of Southroads Bank.

**GRAND ISLAND:** Tom R. Collins has been named a.v.p. & loan off. and Ronald Adams a.v.p. & t.o. of the 1st Nat'l Bank. Roger Bailey has been named dir. of marketing.

**KEARNEY:** The Platte Valley State Bank & Trust Co. has received permission to establish a facility at Thirty-ninth St. and Second Ave.

**LA VISTA:** An application by the South Side Bank for a charter to engage in banking at 84th and Harrison Streets has been approved.

**LINCOLN:** Richard M. Fritz has joined the National Bank of Commerce. He was corporate relations officer of Hawkeye Bancorporation in Des Moines.

**OMAHA:** The Omaha State Bank's application for permission to establish a detached auxiliary tellers office at 2835 S. 132nd St. in the Montclair Shopping Center has been approved.

## ILLINOIS NEWS

**CHICAGO:** Roland F. Porter has been promoted to v.p. & t.o. of the Aetna State Bank. John A. Michas has been promoted to cash.; Albert Minneci and Dominic Pantano have been elected a.c.

**CHICAGO:** Charles G. Cieplak has been

appointed v.p.-mortgage banking at Standard Bank & Trust Co.

**CHICAGO:** An application to establish the Broadway Community State Bank at 1225 W. Loyola Street has been filed. Capitalization will be \$2 million. Applicants include: Sherwin Willens, Wilmette; Harry Zaidenberg and Mark A. Rubert, Chicago; Lawrence E. Warner, Lincolnwood; Lowell L. Ruffer and Leonard Leveton, Skokie.

**CHICAGO:** Ira Frank, Jr., and Ronald J. Grayheck have been named exec. v.p. at the American Nat'l Bank and Trust Company.

**OAK PARK:** Raymond E. Holm has been elected cash. of the Oak Park Trust & Savings Bank.

**WHEATON:** Carl H. Michel has been named v.p. & cash. of Wheaton Nat'l Bank.

## MINNESOTA NEWS

Lowell E. Thorson, pres., Ada Nat'l Bank, has been elected to a three year term on the state executive council of the Independent Bankers of Minnesota from district 7. James W. Bianco, pres., 1st Nat'l Bank, Cass Lake, was elected from district 8.

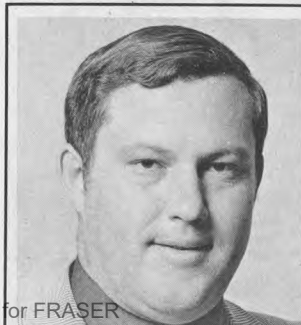
**MINNEAPOLIS:** Roland D. Sullivan, exec. v.p., First Computer Corp., was named v.p. of First Bank System for electronic banking structures and services.

**MINNEAPOLIS:** Frank A. Weaver was elected a vice president of Fifth Northwestern Nat'l Bank.

**MINNEAPOLIS:** Fourth Northwestern Nat'l Bank has named G. J. Hemingway sr. v.p.; J. Patrick Ferry v.p., and Gladys Y. Delaney, Willard E. Rohde and Paul F. Ederer a. v.p.

**MINNEAPOLIS:** John A. Moorhead, 63, was named sr. chmn. of Northwestern National Bank and was succeeded as chmn. & c.e.o. by Philip B. Harris, 62. John A. McHugh, 48, pres., Northwestern Nat'l Bank of St. Paul, was named to succeed Mr. Harris as pres. of Northwestern Nat'l. Willis F. Rich, Jr., 54, and E. Peter Gillette, Jr., 39, were promoted from sr. v.p. to exec. v.p. Vice Presidents Harry C. Benson, Henry Doerr, Peter A. Heegaard, James W. Johnson and C. Paul Lindholm were elected to sr. v.p.

**MINNEAPOLIS:** Four new directors have been named at the Federal Reserve Bank effective Jan. 1, 1974. They are: James P. McFarland, chmn., and c.e.o., General Mills, Inc., Minneapolis; Howard R. Swearer, pres., Carleton College, Northfield; Warren B. Jones, secy.-treas., Two Dot Land and Livestock Co., Harlowton, Mont., and Charles T. Undlin, pres.,



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1st Nat'l Bank of the Black Hills, Rapid City, S.D. Also announced is the appointment of George H. Dixon, chmn. & pres., 1st Nat'l of Minneapolis, to the Federal Advisory Council of the Federal Reserve System.

Bruce B. Dayton, chmn., Dayton Hudson Corporation, has been named chmn. of the Reserve's board for 1974, succeeding David M. Lilly, chmn. The Toro Company, Minneapolis. Mr. McFarland will serve as deputy chmn. of the board.

WACONIA: Loren Noeldner has been promoted to v.p. at the 1st Nat'l Bank. Roger Wichelman has been named installment loan officer.

WINONA: G. D. (Jerry) Herman has been elected pres. of Town & Country State Bank. He succeeds S. J. Kryzski who recently retired after 51 years in active banking.

## SOUTH DAKOTA NEWS

The South Dakota Bankers Association's 1974 reception and dinner honoring the constitutional officers, House of Representatives and Senate, will be held on Tuesday, Jan. 22. The location will be the convention center of the King's Inn Motel at Pierre. It will begin at 5 p.m.

BURKE: It has been announced that three South Dakota banks: The Burke State Bank, Bonesteel, Platte and Burke; the Citizens Bank of Colome, and the Jones County State Bank, Murdo, will operate under the common name, First Fidelity Bank, effective January 1, 1974. John Lillibridge, president of the banks, said there would be no change in personnel or services.

SIOUX FALLS: Nels E. Turnquist, 48, pres., & dir., Nat'l Bank of S.D., has been named to the additional post of c.e.o. He succeeds Don W. Westbee who will reach mandatory retirement age next month, but will continue as chmn. & dir.

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SIOUX FALLS: The Western Mall office of the First National Bank recently held an open house to celebrate the opening of its newly expanded facilities.

## COLORADO NEWS

The following two applications have been filed to establish new banks: Citizens Bank of Aurora — Applicants include Richard O. Campbell and Dwight C. Rider, Denver; Duane M. Freund and Joseph D. Freund, Aurora, and Lester D. Pedicord, Littleton. Cheyenne Mountain Bank — Applicants include J. Lawrence Hamil, John W. Gray, Eugene McCleary and Grant H. Winne, Colorado Springs, and Weldon B. Hamilton, Englewood.

DENVER: Former Senator Gordon L. Allott has been elected to the board of directors of Metro National Bank.

DENVER: Marvin R. Becker has been elected comptroller of The Central Bank replacing the retired Keith Lindeman. Richard Vaughan has been promoted to assistant vice president and Ronald H. Teed has been named credit card officer.

DENVER: United Banks of Colorado, Inc., and United Bank of Denver have announced the following management promotions: United Banks of Colorado — N. Berne Hart to vice president, Frank E. Blatter to treasurer and comptroller, Jack W. Swanson to secretary, and Robert H. Shepler to senior vice president. Richard A. Kirk, Robert A. Priestler and Earl G. Wiebold have been named senior vice presidents of United Bank.

## WYOMING NEWS

CHEYENNE: Lois Thomas and Benita Thompson have been named assistant cashiers at the East Cheyenne National Bank.

LANDER: James L. Hubble has been elected vice president of the First National Bank. He was formerly with the First National Bank of Fort Collins, Colo.

1974 . . . . .

(Continued from Page 1)

below average farmer I feel the banker will and should begin to tighten his credit extensions, placing the debt in a workable position, one that could withstand lean years during the middle 70's. The individual who will take the brunt of all this and who will have the roughest time is the beginner farmer, who is starting out in a period of rising expenses, decreasing prices, and a shortage of dealer and merchant credit. He is in for a few rough years and will need all the help and advice he can get from his local banker.

However, as has always been the case in the past, the good farmer will continue to make money, the average farmer will make a living and the poorer farmer will slowly go broke.—End

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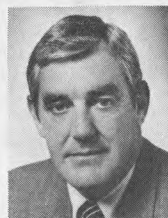
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