

NORTHWESTERN Banker Newsletter

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Predict Drop in Short-Term Rates

"Short-term interest rates will slip down moderately by mid-year."

This is the prediction made by Arnold C. Schumacher, consulting economist for Halsey, Stuart & Co., Inc., Chicago. Here are his views:

The very rapid rise in short-term interest rates in the past month has surprised us as much as it has most observers. A variety of explanations have been offered, but the surge in bank borrowings was probably sparked by a realization that prices in a broad range of finished goods will be moving up later in the year. Many businesses may have decided to try to push up inventories, even though borrowing costs were high and deliveries slow.

It is always difficult to forecast short-term rates, but we believe these rates may again slip down moderately by mid-year. The economy is not going to perform with much vigor in the second half. Consumer credit demands in the automobile and housing sectors will be slow probably through most of the remainder of the year. At the same time, rates of personal savings should be moving higher.

Longer term interest rates are another story. Over the next few months there is likely to be considerable cross-current in the price structure. Selected commodity prices may retreat but prices at the consumer level, on balance, will go up fairly rapidly. In any event, we see no reason for optimism regarding the overall inflation pattern. Long-term interest rates do not yet fully reflect the inflation premium likely to

be demanded by investors over the next year and a half. Therefore, it would not be surprising to see long rates continue to work higher.

The party line out of Washington is that



Arnold C. Schumacher

inflation will slow later in the year. This is an old story which few people really believe and if it happens, it is likely to be temporary. There is not much hope for a rational and consistent monetary or fiscal policy in the near future, despite the "determination" expressed by Mr. Burns. There is perhaps one favorable development as far as corporate earnings are concerned. Corporations in 1969 and 1970 showed some restraint in raising prices at a time when their costs were going up rapidly. Then they proceeded to get caught in the web of price freezes and controls. But they have learned their lesson. From now on corporate managers will increase prices as often and as much as necessary to keep up with inflation. This process will tend to restore margins and may generate some good corporate earnings figures. Except for autos

and certain industries related to housing, profits could turn out to be stronger in 1974 than are expected by some analysts.

Short-Term Rates To Drop To 6%

Short-term interest rates will trend lower in the months ahead, reaching a bottom of around 6 per cent by late summer, First National City Bank predicts.

"The trend is basically downward, despite the recent upward movement, and as the recession deepens into the second quarter, short-term rates will undoubtedly decline again," Vice President Alan Murray says.

NORTH DAKOTA NEWS

BISMARCK: Wayne D. Hatzenbuehler has been elected assistant auditor of the First National Bank and Trust Co., according to R. P. Hendrickson, president.

GRAND FORKS: Michel W. Stefanowicz has joined the trust department of the First National Bank in Grand Forks. He was associated as a law partner in the McIntee & Whisenand Law firm at Crosby.

LANGDON: Keith Armstrong has been appointed assistant vice president and timepay manager of the First Bank of Langdon.

SOUTH DAKOTA NEWS

The South Dakota Bankers Association will hold its 82nd annual convention in Sioux Falls May 16-18.

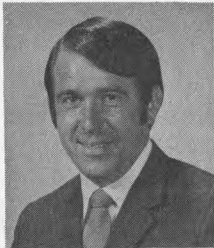
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IOWA NEWS

The Iowa School of Banking will be held June 16-21 on the campus of the University of Iowa, Iowa City. The school is sponsored by the Iowa Bankers Association in cooperation with the University of Iowa.

The course consists of two resident summer sessions of one week each. Topics of the first year course include bank operations, economics of money and banking, investment policies, bank lending, management of bank funds, financial institutions and bank law. Second year topics include bank management, bank credit, bank marketing, bank regulator and public policy and bank management simulator.

CLINTON: Reynold Jurgensen has become president of the Clinton National Bank replacing Robert Lothringer who resigned. Mr. Jurgensen was a member of the Clinton Board of Supervisors.

COUNCIL BLUFFS: Tom Whitson has become president of the Council Bluffs Chamber of Commerce. He is vice president and trust officer of Council Bluffs Savings Bank.

CRESTON: The Iowa State Savings Bank has joined Financial Computer Corporation with headquarters in Des Moines, according to Joseph G. Knock, president.

DES MOINES: Group 6 of the Iowa Bankers Association elected Dean Knudson, president, University Bank & Trust, Ames, as its new chairman. Bernard

DUBUQUE: The May Bank Administration Institute meeting will be held Wednesday, May 15, at the Chateau here. Bill Mawe is host and J. V. Rowe, well-known humorist, will be the after dinner speaker. Social hour begins at 5:30 p.m., followed by dinner at 6:30.

Duben, executive vice president, Iowa State Savings Bank, Creston, is the new secretary.

ELDON: The Federal Reserve Board in Washington has disapproved the proposed acquisition of the First National Bank, Eldon, by Banks of Iowa. The Eldon bank is owned by Max von Schrader, Sr. and J. C. Blackford of Ottumwa.

NEBRASKA NEWS

Richard E. Adkins was named president of the Nebraska Bankers Association last week at the group's annual convention. Mr. Adkins, president of the Osmond State Bank, succeeds F. Willard Jackman, chairman and chief executive officer of the Farmers National Bank in Grant.

Elected vice president to follow Mr. Adkins was Robert E. Burkley, chairman and president of the First National Bank of Fairbury. Others proposed on the NBA committee for election were three men for the executive council: James D. Lutes, president, Scribner Bank, Group 2; Carl A. Brady, president, Douglas County Bank, representing Omaha, and Paul J. Amen, chairman, National Bank of Commerce, representing Lincoln.

Controversy erupted briefly when the Nebraskans for Independent Banking proposed an opposition slate of candidates. By secret ballot, the membership approved by a two to one margin the candidates presented by the NBA nominating committee.



Christy Armstrong



Leo Kane



Bob Scott

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The Nebraska Bankers Association will hold its 14th annual President's Golf Tournament at the Lochland Country Club in Hastings Friday, May 24 beginning at 10 a.m. Coffee, rolls and juice will be served at 8 a.m., a buffet luncheon from 11:30 a.m. to 1:30 p.m., social hour and banquet will conclude the day's activities.

ALLIANCE: Majority interest in the Farmers State Bank, Winner, S.D., is being offered for sale by The Guardian State Bank and Trust Co., Alliance, trustee. Approximate footings and deposits are respectively \$35,000,000 and \$32,000,000. Anyone interested should contact Paul M. Hefti, president, The Guardian State Bank, Alliance, or Marvin G. Schmid, attorney, 320 Kiewit Plaza, Omaha.

LINCOLN: Charles J. (Chuck) Burmeister has been elected president and chief executive officer of First Mid-America, Inc., an investment firm with major offices in Lincoln and Omaha. Dale C. Tinstman, First Mid-America president since 1968, has been elected board chairman. Mr. Burmeister previously was executive vice president.

OMAHA: The United States National Bank recently opened its new downtown teller office at 207 South Sixteenth Street. The new office replaces the bank's facility at 1612 Farnam Street.

ORD: Harlen R. Nolte, 25, has joined the staff of the Nebraska State Bank and is working at the Ord bank. He formerly worked at the Peoples State Bank in Wolbach for two years.




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ILLINOIS NEWS

The Illinois Bankers Association will hold its annual convention May 19-21 at the Peoria Hilton.

CHAMPAIGN: Association for Modern Banking in Illinois will hold an Ag Conference May 13-14 at the Ramada Inn Convention Center here. Social hour begins at 6:30 p.m. Monday.

CHICAGO: John F. Tweddale has been elected assistant vice president of Merchandise National Bank. He joined the bank's commercial loan department in 1973.

EVANSTON: Gilbert Y. Liss, 32, has been elected assistant cashier and commercial loan officer of the First National Bank of Evanston. He previously was associated with the First National Bank of Chicago.

JOLIET: H. Robert Bartell, Jr., commissioner of banks and trust companies, has issued a certificate of merger between Louis Joliet Bank, an Illinois banking corporation (The Bank) and L. J. Bank, an Illinois banking corporation (New Bank), joined in by Northern Illinois Bancorp., Inc., a Delaware corporation (Holding Company). The continuing bank will be Louis Joliet Bank located at 1812 Western Jefferson Street. The new holding company will have the same directors and executive management as Louis Joliet Bank.

CHEBANSE: An application for a permit to organize the Bank of Chebanse has been filed. Total capitalization of the new bank would be \$500,000, consisting of \$200,000 in capital, \$200,000 in surplus and \$100,000 in reserve. Applicants include Glen E. Elliot, Kenneth C. Foreman, Howard A. Meyer and Donald H. Schafer of Chebanse; Willis G. Maltby and Clarence J. Houde of Bourbonnais; Paul D. Lovell, Bradley, and Ambrose A. Perreault of Kankakee.

SUGAR GROVE: A charter has been issued for the organization of the Bank of Sugar Grove at the northeast intersection of Cross Street and Illinois Route No. 47. Total capitalization of the new bank will be \$650,000, consisting of \$260,000 in capital, \$260,000 in surplus and \$130,000 in reserve. Officers include G. Ward Stearns, chairman; John J. Case, president, and Fred Mason, vice president, cashier and chief executive officer of Leland. Directors are Eldon H. Hatch, Mr. Case and Mr. Stearns, Naperville; Leigh Sauer, Jr., Sugar Grove; James D. Polivka, LaFox; Russell E. Flanders, Elburn and Raymond L. Larson, Maple Park.

MINNESOTA NEWS

The central Minnesota chapter of Bank Administration Institute will meet Wednesday, May 15, at the St. Cloud Country Club. Social hour begins at 6:15 p.m. with dinner at 7:30. Entertainment will follow dinner. Officers will be elected.

BARNUM: The State Bank of Barnum recently observed its 70th birthday with an open house.

CLOQUET: Jonathan R. Carlson has been elected vice president and secretary to the board of the First National Bank. Mr. Carlson began his career in 1967 at the First National Bank of Virginia and in 1972 he transferred to First Bank System, Inc., as a credit liaison officer.

GREEN ISLE: Daniel W. Brown has been promoted to vice president and cashier of the Citizens State Bank, according to Donald J. Herd, president. Mr. Brown joined the bank in 1963 and has been cashier since 1970.

HARDWICK: The Hardwick State Bank recently held an open house to show its new quarters to the public. Built at a cost of about \$110,000, it has more than three times the floor space of the old bank.

MINNEAPOLIS: National City Bank has announced the appointment of Michael C. Duepner as an assistant vice president in the commercial banking department. Mr. Duepner has been assigned to the metropolitan division serving commercial customers.

MINNEAPOLIS: Bosworth, Sullivan & Co. of Denver will join Dain, Kalman & Quail, Inc., to form a new holding company called Inter-Regional Financial Group, Inc. The proposal was approved recently at the annual meeting of Dain, Kalman. Under the plan approved by stockholders, shares of Dain, Kalman, including the former stock of Bosworth, Sullivan will be traded for shares in Inter-Regional Financial Group and both firms will become subsidiaries of the holding company.

MINNETONKA: Construction has begun on the National Bank of Minnetonka. The 4,600 square foot, \$225,000 facility is expected to be completed by August 1.

MURDOCK: Controlling interest of the First State Bank here has been purchased by two Twin Cities area investors, Robert W. Johnson of Plymouth and Ralph P. Haas of Minneapolis. Mr. Johnson was elected president and chairman, and Mr. Haas vice president. Donald Collins was elected vice president and cashier.

ST. PAUL: Russell B. Knighton has been named director of Selby-Dale Financial Service Center. The center was established by the First National Bank of St. Paul in 1971.

WHEATON: Evonne Anderson has been named operations officer for the First State Bank. She joined the bank seven years ago.



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COLORADO NEWS

CASTLE ROCK: A charter has been approved for the Castle Rock National Bank. William P. Johnson is the agent.

DENVER: A charter has been approved for the United Bank of Monaco National Association. James C. Owen, Jr., is the agent.

DENVER: The First National Bank of Denver has promoted R. Robert Smith, vice president and head of the investment department, to senior vice president. Clayton T. Dietz, who was named director of the international division on March 25, has been named a vice president.

LAKEWOOD: William R. Frogge III has been elected president of the Lakewood Colorado National Bank succeeding Eugene Hultman whose retirement recently became effective. Mr. Frogge joined Colorado National Bank in 1969 and moved to Lakewood Colorado National in 1970 subsequently being named a vice president.

NORTHGLENN: Harry A. (Hank) Wilmer has been elected an assistant vice president of the First National Bank. He formerly was an assistant vice president of the First National Bank of Bear Valley. Both banks are members of First National Bancorporation, Inc.

WYOMING NEWS

SUNDANCE: Ruby Sager, assistant cashier at Sundance State Bank, recently retired after 16 years of service.

MONTANA NEWS

The Montana Bankers Association will hold the 1974 Real Estate Mortgage Conference Thursday and Friday, May 23-24, at the Holiday Inn in Bozeman. Registration begins at 8:30 a.m. Thursday. Topics to be discussed include appraisal of single-family residence, secondary market, acceleration, prepayment and loan assumption clauses, flood plain survey, and development of big sky.

GREAT FALLS: Trust Corporation of Montana recently became a member in the Federal Reserve Bank System, according to John F. Tierney, president and chief executive officer of the company. Trust Corporation is a state chartered trust company which specifically limits itself in its charter to pure trust functions. It is a subsidiary of Bancorporation of Montana.

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