

# NORTHWESTERN Banker Newsletter

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December 27, 1976

## "Economic Recovery To Resume In 1977"

The United States economic recovery should resume in 1977, though a stimulus in the form of personal and corporate tax reductions may be needed, Bank of America said in a report released recently.

"The lull in economic expansion during the closing months of 1976 is not expected to continue," the bank states in its "Economic Outlook 1977 - U.S. Report." Consumer spending probably will climb again and business investment strengthen during 1977.

While both jobs and the cost of living will continue to be serious issues, the underlying strengths of the U.S. economy far outweigh any apparent weaknesses, says the report.

Highlights of the bank's 1977 forecast include:

- Gross National Product, the total value of all goods and services produced, will rise 4.5 to 5% in real terms. The increase, although below the 6.3% expected for 1976, will substantially exceed the growth usually expected in the U.S. economy.

- Inflation will increase slightly. The rate of price climb will average 5 to 5.5% for 1977 as a whole, compared with the 5.1% rate for

1976. But by year-end 1977, prices will be increasing at an annual rate of 6%.

- Disposable income will rise. This should cheer retailers. The average pay of Americans — after taxes and allowing for inflation — will gain by 5%.

- Unemployment will decline during the year, but will continue to be a pressing problem. By the end of 1977, the jobless rate will drop to 6.6%. The average for the full year will be 7%.

- Business investment, the major ingredient missing from the 1976 expansion, is expected to grow moderately by 12 to 14% in new plants and equipment, compared with 9% in 1976.

- Corporate profits will continue to increase by \$12 billion after taxes, a 14% hike. Most businesses will in a good position to finance needed new capacity.

- Housing starts continue to improve gradually, particularly in single-family homes, and should reach an annual rate of 1.6 million units. Auto sales, which weakened during the fall of 1976, are expected to average 10.5 million units in 1977.

- Government spending will be expanded and/or taxes reduced by

the new administration. If not overdone, this needed stimulus will help ensure a further spontaneous expansion during 1977 — without touching off an inflationary spiral.


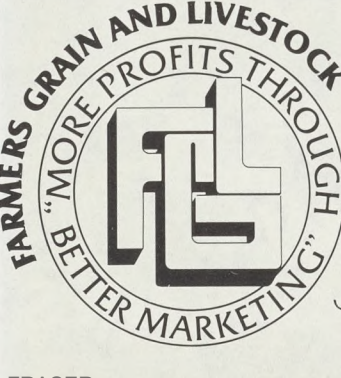
### Economic Uncertainty

The report says caution and hesitancy about the strength of the recovery have been all-pervasive during 1976. The reluctance of business to expand plant and equipment capacity, the failure of the federal government to meet target spending by \$10 billion, and the slowing of the economies of the nation's major trading partners in Western Europe have added to economic uncertainty in 1976, the report notes.

But the year ahead for both consumers and businesses will begin on a firm financial base, the report predicts. Total personal income increased during 1976 by \$126 billion. Corporate profits, after taxes, increased from \$65 billion in 1975 to \$84 billion in 1976.

Bank of America's economic outlook says consumer prices are expected to increase at a moderate rate in 1977. For the year, the Consumer Price Index will increase about 5.3%, compared with 5.8% in 1976. The report assumes that OPEC crude oil prices, "likely to be raised between an average 8 and

[Turn to page 5, please]



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## Iowa News

**CEDAR RAPIDS:** Peoples Bank and Trust Company has announced the following promotions: Gary D. Ernst, from trust officer to vice president and trust officer; Melvin J. McCalley, from assistant vice president to vice president and mortgage loan department supervisor, and James R. Schultz, assistant cashier to assistant vice president and instalment lending officer.

**CLARION:** John M. Blake has joined the Brenton Bank and Trust Co. here as vice president and cashier. He formerly was vice president of the Palo Alto County State Bank in Emmetsburg.

**ELMA:** Funeral services were held recently for Reed J. Elwood, vice president and cashier of Peoples Savings Bank.

**FORT DODGE:** Robert D. Clawson has been named executive vice president of The State Bank, in addition to being head of the agricultural loan department.

**SIOUX CITY:** Morris Peterson has joined the Morningside State Bank as an assistant vice president in the instalment loan department.

**DES MOINES:** John deJong, 86, retired vice president of the Iowa-Des Moines National Bank, died recently at the home of his daughter in Lafayette, Ind.

**DES MOINES:** Attorneys for Central National Bank & Trust Co. have filed a motion for summary judgment (dismissal) in the case brought against it and First of Omaha Service Corp. (1st National Bank) by the Iowa Attorney General. The state seeks to make BankAmericard transactions in Iowa conform to Iowa interest rate statutes, rather than to Nebraska statutes under which First of Omaha operates, since it processes all documents there. A recent appeals court favoring the banks has prompted the motion presently before the court.

## Nebraska News

**GRAND ISLAND:** Richard K. Rabe has joined the Commerical National Bank and Trust as vice president and trust officer. He formerly was with the First National Bank of Lincoln for 12 years.

**OMAHA:** Although tender offers for stock in the First National Bank of Omaha do not expire until Monday, Dec. 27, it appeared at press time (Dec. 22) of this issue that John R. Lauritzen, chairman of the bank, and his son, Bruce, vice president, would have more than enough stock to have control

of the bank. Publicly expressed shareholder support in Omaha indicated a great number of shares were being tendered to the Lauritzen interests at \$47.50, and apparently could exceed the 60,000 shares sought by the Lauritzens. Their tender offer was a guarantee to buy all shares up to that amount. The other tender offer was made by Roy Dinsdale, president at State Bank of Palmer, Nebr., and chairman of 10 other Nebraska banks, and Paul Dunlap, president of Hawkeye Bancorporation, Des Moines. The original Lauritzen offer was \$31; the other tender moved the price to \$40, then to \$47.50 by both parties.

**OMAHA:** Mutual Savings Company of Omaha, a wholly owned subsidiary of NBC Co., recently opened for business in the Old Mill Shopping Center.

**SWANTON:** Funeral services were held for Adolph F. Pivonka, 79, who had been a banker in Swanton for 52 years prior to his retirement.

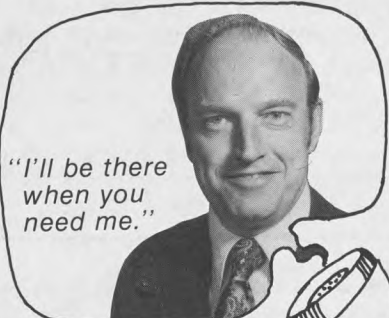
**SYRACUSE:** Don Yates has joined the First National Bank as cashier. He formerly was executive vice president and cashier at the Bank of Peru.

**TEKAMAH:** Funeral services were held last week for Herman Wragge, 86, president, First National Bank.

## Minnesota News

**BLOOMINGTON:** Dale Hayden has joined Northwestern Bank Southwest as assistant vice president, human resources director.

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**NEW ISSUE**

**MOODY'S: "Aa"**

**\$670,000**

## JASPER COUNTY, IOWA

General Obligation County Care Facility Bonds

Dated: January 1, 1977

Denomination: \$5,000

Both principal and semiannual interest (June 1 and December 1, first coupon due June 1, 1977) payable at the office of the County Treasurer, Newton, Iowa.

IN THE OPINION OF COUNSEL INTEREST ON THESE BONDS IS EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXES, IOWA FRANCHISE TAX AND ALL PROPERTY TAXATION IN THE STATE OF IOWA.

### MATURITIES

<u>4.00%</u>			<u>4.00%</u>		
\$50,000	June 1, 1978	2.80	\$70,000	June 1, 1984	3.95
60,000	June 1, 1979	3.00		<u>4.10%</u>	
60,000	June 1, 1980	3.20	75,000	June 1, 1985	4.10
	<u>3.60%</u>			<u>4.20%</u>	
65,000	June 1, 1981	3.40	75,000	June 1, 1986	4.20
65,000	June 1, 1982	3.60		<u>4.30%</u>	
	<u>3.80%</u>		80,000	June 1, 1987	4.30
70,000	June 1, 1983	3.80			

LEGALITY TO BE APPROVED BY AHLERS, COONEY, DORWEILER, HAYNIE & SMITH, ATTORNEYS, DES MOINES, IOWA.

Jasper County is located in central Iowa about 30 miles east of Des Moines. The City of Newton and twelve smaller communities are located within the County's 435,354 acres. Newton is the home of the Maytag Company (2,900 employees), one of the largest manufacturers of washing machines in the country. Other major employers located in Newton include Dun-Lap Mfg. Co. (name and identification plates), Parson Div. Koering Co. (loaders and excavators), Thombert, Inc. (plastic and plastic products), Vernon Co. (advertising specialties) and Winpower Mfg. Co. (generators). There are nine banks in Jasper County with total deposits in excess of \$135,000,000. Transportation is provided by two railroads, one interstate highway, two U.S. highways, eight Iowa highways and an excellent network of paved county roads.

These bonds were authorized at the general election held November 2, 1976, by a vote of 10,112 "Yes" to 5,606 "No". They are being issued under the provisions of Chapter 345, Code of Iowa, 1975, as amended for the purpose of erecting and equipping an addition to the existing county care facility. In the opinion of counsel, these bonds are legal and binding general obligations of Jasper County, Iowa and all taxable property located therein is subject to the levy of sufficient taxes to pay the principal of and interest on the bonds without limit as to rate or amount.

### FINANCIAL STATEMENT

Actual and assessed value of taxable property, 1976	\$556,785,930
Direct debt, including this issue	1,305,000
Total direct, overlapping and underlying debt	9,641,450
Population, 1976 estimate: 35,600	Direct debt per capita: \$ 36.66
Area: 435,354 acres	Total debt per capita: 270.83
	Direct debt per acre: 3.00
	Total debt per acre: 22.15

Tax collections have approximated 99.9% of taxes levied for the last five years.

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**COKATO:** Donald J. Peroutka has joined the State Bank of Cokato as assistant vice president. He formerly was cashier of the LeSueur State Bank.

**KERKHOVEN:** Russell Bauman, 56, is the new president of the State Bank of Kerkhoven succeeding George L. Engh, who retired. Mr. Engh had been in banking for 60 years. Mr. Bauman, vice president, joined the bank in 1951 and recently purchased the stock of Mr. Engh and directors Kenneth R. Johnson and Melba Hough Olson, both of Minneapolis.

**ST. CLOUD:** The First American National Bank has announced the following promotions; Velda Swanson, administrative assistant, Theresa Pierskall, assistant operations officer, Mary Kay Arndt, retail banking officer, and Duane Otremba, marketing officer.

**MINNEAPOLIS:** Mildred Hansen has been named personnel officer at Second Northwestern National Bank.

**WINONA:** James E. Senske has been elected instalment officer of The First Northwestern National Bank.

**ST. PAUL:** Rollin O. Bishop, 83, retired chairman of American National Bank and Trust Company, was buried in Ft. Snelling National Cemetery recently. He was associated with American National starting in 1948 and had served as president and later as chairman.

### Illinois News

**MARINE:** First Bank of Marine, 155 North Duncan Street, has received a charter as a result of its conversion from The First National Bank of Marine.

**ROCHELLE:** Rochelle State Bank has changed its name to The Rochelle Bank and Trust Company.

### North Dakota News

**JAMESTOWN:** Myron H. Klautt has joined the Stutsman County State Bank as vice president and manager of the instalment loan department. He was vice president

and manager of retail banking at the First National Bank, Hopkins, Minn.

**LANGDON:** Darwin D. Ronngren recently was elected president and chief executive officer of the First Bank of Langdon, succeeding Myles L. Johnson who has been elected chairman. Mr. Johnson will retire in April of 1977. Mr. Ronngren formerly was president and managing officer of the First National Bank in Lidgerwood.

### Wyoming News

**CHEYENNE:** On December 31, 16 of the 17 banks affiliated with Wyoming Bancorporation will change their names to First Wyoming Bank, followed by the name of the city. Since three banks are in Cheyenne, the Cheyenne National will become First Wyoming Bank of Cheyenne. The other two will have the names East and North added behind their respect names. A suit filed by other Casper banks has stopped Security Bank and Trust Co. there from changing its name. The suit's appeal is pending in the Wyoming Supreme Court. Other banks contend the name change would be similar to those already in use in Casper.

**CHEYENNE:** Brenda F. Miller has joined the American National Bank as assistant trust officer. She recently became a member of the Wyoming Bar Association after receiving her law degree from the University of Wyoming.

**HANNA:** Robert D. Morrison has joined the Bank of Wyoming as loan and operations officer. He

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### National Bank of Waterloo

formerly was with the East Cheyenne National Bank.

**LANDER:** Mark Johnson has been named instalment loan officer at Central Bank & Trust Company. He most recently was a teller and agri-loan representative at Sprague National Bank in Caledonia, Minn.

**Economic Recovery . . . . .**  
[Continued from page 1]

10% over the year," will contribute to inflationary pressures.

### Encouragement

Encouraging developments are ahead in the money and capital markets, the report states. "Business expects to spend \$139.6 billion in 1977, a gain of \$18.5 billion over the 1976 spending level. Much of this investment will be for repair and replacement, and add-on facilities to existing plants."

Significantly, sizable 1977 gains in capital expenditures for modernization and expansion are foreseen for steel (11%), autos and parts

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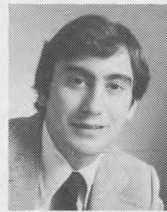
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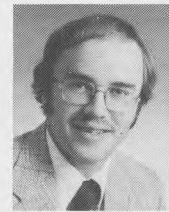
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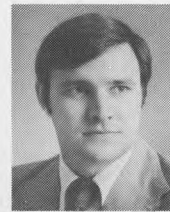
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234-2462

(17%), and fabricated metal products (14%). The petroleum industry plans to spend \$13.5 billion, 17% more than in 1976, and the chemical industry expects to spend \$8.1 billion, a 20% increase over 1976.

Within the U.S. financial sector, households and businesses provided necessary savings to fund a large volume of Treasury debt issues and to increase bank and nonbank financial liquidity in 1976, the report says.

Public and private demand for credit will increase, the report states, but interest rates are not expected to rise rapidly.

The report says the U.S. trade outlook is clouded by slackening economic recovery in Western Europe and the severe financial problems of some European — and a number of developing — countries. U.S. imports of goods and services are expected to rise at a slightly faster rate than exports, resulting in a decline in the net deficit in 1977.

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