

# NORTHWESTERN

# Banker Newsletter

Vol. 5 No. 44

Des Moines, Iowa

February 28, 1977

## Farm Cash Flow Drops in 10th District

Low commodity prices and drought have hurt farmers' financial returns so much that agricultural bankers in the Tenth Federal Reserve District are seeing serious cash flow problems among many of their farm customers. According to the January 1 agricultural credit survey of the Federal Reserve Bank of Kansas City, more than half of the 172 bankers reported cash flow problems for at least half of their farm customers.

The survey of primarily agricultural banks in Colorado, Kansas, Missouri, Nebraska, New Mexico,

Oklahoma, and Wyoming revealed that the bankers expect more than half of the farmers with cash flow problems will need to have their loans renewed, extended, or restructured. However, about two-thirds of the bankers reported that no more than 25% of their customers would take out government loans on 1976 crops as an auxiliary source of credit.

According to Dr. C. Edward Harshbarger, research officer and economist, these banks reported strong loan demand at year-end 1976, relative to a year earlier. At

the same time, the bankers reported a noticeable slowdown in the rate of loan repayments in the fourth quarter and a greater use of loan renewals and extensions. Responding to the situation, 40% of the bankers surveyed have increased collateral requirements during the past year. Loan to deposit ratios at the surveyed banks averaged 61% at year-end, up from 55% a year ago.

Despite the increased loan demand, farm loan interest rates changed very little during 1976, the survey revealed. Average rates for four categories of farm loans sur-

[Turn to back page, please]

### AVERAGE INTEREST RATES CHARGED ON FARM LOANS January 1, 1977

	Feeder Cattle	Other Operating	Intermediate- Term	Farm Real Estate
Colo.	9.25	9.39	9.96	9.75
Kans.	8.81	8.90	9.14	9.21
Mo.	8.65	8.69	8.95	9.04
Nebr.	8.63	8.78	9.24	9.39
N. Mex.	9.50	9.25	9.25	9.50
Okla.	9.24	9.31	9.29	9.12
Wyo.	9.45	9.38	9.90	9.25
Tenth District	8.84	8.95	9.23	9.23
Interest for:				
3 mos. ago	8.82	8.93	9.22	9.22
Year ago	8.77	8.92	9.15	9.10

### FARM REAL ESTATE VALUES January 1, 1977

(Average Value Per Acre by Reporting Banks)

	Nonirrigated	Irrigated	Ranchland
Colo.	\$ 204	\$ 925	\$ 136
Kans.	543	913	297
Mo.	665	1,000	420
Nebr.	554	1,177	200
N. Mex.	256	769	78
Okla.	492	620	283
Wyo.	232	588	107
Tenth District	519	977	261
Per cent change from:			
Last quarter	-1.2	-1.0	0.0
Year ago	10.5	20.0	10.4

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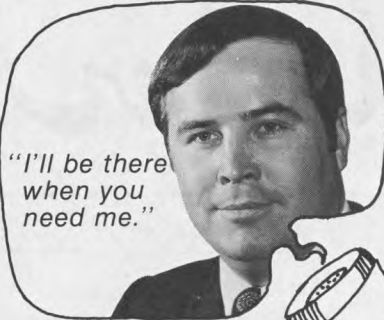
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### Banking Committee Votes To Extend Rates 1 Year

The Senate and the House will have to pass and send to the President for his signature this week the bill extending Reg Q for one year; otherwise, Reg Q expires automatically March 1. Reg Q, first passed in 1966, establishes interest rate ceilings on savings and presently carries a ¼ % rate differential favorable to savings and loans over banks. This differential will continue. Passage is expected.

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The bill also gives federal s&ls in the state of New York checking account privileges, since state s&ls in that state have them. The House committee rejected the proposal to include New Jersey and Pennsylvania, since state s&ls there do not have checking accounts.

Credit unions would have an expanded list of 22 activities granted them under the bill. These include 30-year real estate loans, instead of the present 10 years; mobile home and home improvement loans with maturities up to 15 years.

### Iowa News

**AMES:** The annual Agricultural Credit Conference, sponsored by the Iowa Bankers Association, will be held March 9-10 at the Scheman Continuing Education Center at Iowa State University. Registration begins at 9 a.m. followed by the program at 10. Some of the discussion topics include: ag policy under the new administration, new tax laws, interest rates and monetary policy, land prices, cash flow, and marketing strategies.

**BETTENDORF:** Security State Trust and Savings Bank has named James Butterfield auditor, Marilyn VanVleck assistant cashier and Jon R. Ryan director of marketing.

**CENTERVILLE:** Steven Nielsen has joined the Centerville National Bank as cashier and assistant trust officer. He formerly was with the First National Bank of Clinton.

**CHARITON:** National Bank and Trust Company has announced the following promotions: Howard Swainey to vice president and cashier, Dale Bankus to executive vice president, and Fred Bankus and Don Anderson to vice presidents.

**ELDORA:** Gary Prodoehl has joined the Second National Bank. He formerly was plant and location manager of the Eldora and Sac City Pfizer Genetics production facilities.

**NEWTON:** Doulgas M. Kratz was elected vice president and cashier of the Newton National Bank.

**SPENCER:** Spencer National Bank has announced the promotions of Paul Albrecht to instalment banking officer, vice president and cashier; Donald Hintz to assistant cashier and operations officer, and Beverly Wilson to auditor.

**WEST UNION:** Farmers Savings Bank promoted Lorraine Weston to assistant vice president and Kathryn Weidemann to assistant cashier.

### Nebraska News

**FORT CALHOUN:** Cheryl Sudman was promoted to assistant cashier of the Fort Calhoun State Bank. She joined the bank when it opened in January, 1974.

**OMAHA:** John D. Woods, president of The Omaha National Bank, has reported that holders of the bank's 7% capital notes had tendered an aggregate principal amount of \$7,348,000 pursuant to

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**MOODY'S: "A"**

**MOORHEAD, MINNESOTA**

General Obligation Improvement Bonds of 1977

Dated: March 1, 1977

Denomination: \$5,000

Both principal and semiannual interest (March 1 and September 1, first coupon due September 1, 1977) payable at a bank to be designated.

IN THE OPINION OF COUNSEL INTEREST ON THESE BONDS IS EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXES.

### MATURITIES

<u>4.75%</u>		<u>4.75%</u>			
\$60,000	March 1, 1979	3.60	\$60,000	March 1, 1988*	4.75
60,000	March 1, 1980	3.75		<u>4.85%</u>	
60,000	March 1, 1981	3.90	60,000	March 1, 1989*	4.85
60,000	March 1, 1982	4.05		<u>4.95%</u>	
60,000	March 1, 1983	4.20	60,000	March 1, 1990*	4.90
60,000	March 1, 1984	4.35		<u>5.05%</u>	
	<u>4.50%</u>		60,000	March 1, 1991*	5.05
60,000	March 1, 1985	4.45		<u>5.15%</u>	
	<u>4.60%</u>		60,000	March 1, 1992*	5.15
60,000	March 1, 1986	4.55		<u>5.25%</u>	
	<u>4.65%</u>		75,000	March 1, 1993*	5.25
60,000	March 1, 1987	4.65			

\*Optional in inverse order beginning March 1, 1987 at 100%.

LEGALITY TO BE APPROVED BY BRIGGS AND MORGAN, P. A., ST. PAUL, MINNESOTA.

Moorhead is located in northwestern Minnesota on the Minnesota-North Dakota border and is the Clay County Seat. Clay County ranks third among all of Minnesota's counties in the production of sugar beets. Transportation is provided by Interstate highway No. 94, U.S. highways No. 75 and 10, the Burlington Northern Railroad and a commercial airport in Fargo served by Northwest Orient and North Central Airlines and Frontier Airlines. Major industries in Moorhead include American Crystal Sugar, Silverline, Inc., Fairmont Foods Company, Minn-Kota Mfg., Inc. and Northwest Oil Equipment, Inc. American Crystal Sugar, the City's largest manufacturing employer, moved its corporate headquarters from Denver, Colorado, to Moorhead in 1974 and constructed a \$1.1 million office building in the City. The firm already had a refinery located in Moorhead. A multi-million dollar ion exchange facility and a \$6.5 million research center are currently under construction. Completion is expected in nine to eighteen months. Anheuser-Busch, Inc., the St. Louis based brewing company, has started construction of the \$30 million malt plant in Moorhead. The plant site is a 157 acre area adjacent to the Moorhead Industrial Park. There are three banks and two savings and loan associations in Moorhead with total deposits in excess of \$185,000,000.

These bonds are being issued under the provisions of Sections 429 and 475 of Minnesota Statutes to finance six separate improvement projects within the City. The Bonds are primarily payable from assessments against benefited property. In the opinion of counsel these bonds are also legal and binding general obligations of Moorhead, Minnesota, and all taxable property located therein is subject to the levy of sufficient taxes to pay the principal of and interest on these bonds should the assessments prove insufficient.

### FINANCIAL STATEMENT

Market valuation, 1975-76	\$242,912,694
Assessed valuation, 1975-76	64,631,420
Gross direct debt, including this issue	10,880,000
Net direct debt, excluding self-supporting	2,865,000
Total direct and overlapping debt	7,669,665
Population, 1977 estimate: 32,202	
	Gross direct debt per capita: \$337.87
	Net direct debt per capita: 88.97
	Total debt per capita: 238.17

Tax collections have approximated 98.7% of taxes levied for the past three years.

We own and offer subject to prior sale and change in price and subject to our attorney's approving opinion.



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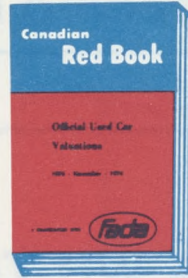
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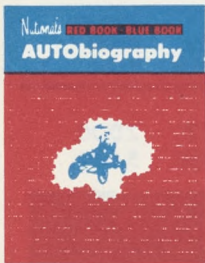
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the offer in exchange for a like aggregate principal amount of 8½% capital notes of the bank.

UTICA: Robert D. Bredwell was promoted to vice president and cashier of the First National Bank.

### Minnesota News

EDINA: The Minnesota Chapter of the Bank Marketing Association has announced plans for its second mini-convention on March 9 at the Radisson South. The one-day marketing seminar will focus on the theme of "The Great Brain Robbery" with Ray Considine of Pasadena, Calif., featured discussing new creative techniques for the seventies. Some of the topics are: positioning, non-traditional thinking, winners or losers sales techniques and personal bank selling.

BUFFALO: Controlling interest in Oakley National Bank has been sold to a group of Minnesota and North Dakota bankers. Virgil F. Hegeholz, associated with banks in Barrett, Dilworth and Kent, Minn., and Mayville, N. D., will move to Buffalo as president. Howard Luick, formerly vice president at Northwestern National Bank in Minneapolis, will be executive vice president. Mike Parker will move from Dilworth to be vice president. Jim Williams, a banker in Arthur and Mayville, N.D., will be vice president.

MINNEAPOLIS: Richard H. Vaughan, 49, president of Northwest Bancorporation, has been named to succeed Henry T. Rutledge as chief executive officer of Banco when Mr. Rutledge retires June 1. Mr. Vaughan has been president of Banco since 1971. Mr. Rutledge's position as chairman will not be filled.

NORWOOD: Citizens State Bank has elected Clinton Kurtz executive vice president.

ST. CLOUD: Thomas A. Welch was elected vice president of The St. Cloud National Bank & Trust Co.

### Illinois News

CHICAGO: The Association for Modern Banking in Illinois (AMBI) has announced its 1977 Consumer Credit Conference March 2-4 at the Hyatt Regency Hotel. Consumer Protection and the Bottom Line is the conference theme. In addition to formal presentations, there will be several informal sessions on mobile home credit, extended term financing and credit related insurance.

DOWNERS GROVE: Kenneth C. McPherson has been named president of the First Security Bank from his position as executive vice president.

NORTH AURORA: Penny Mouis was named cashier of the Bank of North Aurora.

PEORIA: Richard J. Baker was promoted to assistant vice president and William L. Jacobs to dealer finance operations officer of Commercial National Bank.

### Wyoming News

GREYBULL: First National Bank has advanced Vern E. Sorheim and Thelma Kost to assistant vice presidents and Nancy Booth to cashier.

### Colorado News

NORTHGLENN: Rodney Turner has been elected assistant vice president, real estate, for The First National Bank.

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### Montana News

BILLINGS: John C. Lyng has been named assistant vice president of Security Bank, N.A.

### North Dakota News

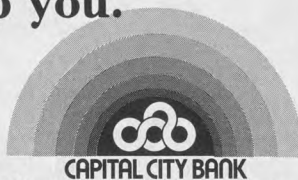
FARGO: Dakota National Bank and Trust Co. has announced the following promotions: R. E. McKnight, Vern Bolstad and S. A. Turing, senior vice presidents; Dan McKinnon vice president and cashier, and D. L. Johnson, controller.

WATFORD CITY: First International Bank has named Alvin Haas executive vice president and David A. Brendsel assistant cashier and agricultural representative.

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### South Dakota News

**RAPID CITY:** American State Bank has announced the promotions of Dean Zubke and Chuck Wendling to assistant vice presidents, and Linda Trankle to assistant cashier.

### CASH FLOW . . . . . [Continued from page 1]

veyed ranged from 8.84% to 9.23% at year-end 1976; a year earlier those rates ranged from 8.77 to 9.15%. Interest rates were typically below the average in Missouri

and Nebraska, while the higher rates were found in Colorado, New Mexico, and Wyoming.

Farm real estate values in the district posted good gains in 1976, the survey bankers reported. Non-irrigated cropland and ranchland values were about 10.5% higher, while irrigated cropland values were 20% higher than a year ago. However, year-end real estate values showed little change from third quarter 1976 values, reflecting the adversities affecting many farmers in the region in recent months.

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