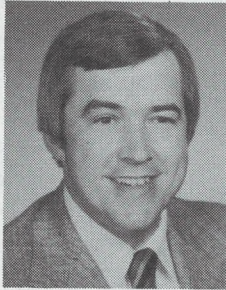


Sees Interest Rate Decline

“CURRENT economic trends are placing downward pressure on interest rates,” said Dr. Richard S. Smith, Northwestern National Bank of Minneapolis economist on the release of an appraisal of credit conditions in the bank’s economic publication, “Northwest Economic Indicators.”



R.S. SMITH

According to Dr. Smith, “interest rate volatility over the past two years has been a result of unsettled conditions on both the supply and demand sides of the credit markets. As the Federal Reserve’s policies toward money supply growth become increasingly more ingrained, future interest rate movements will be relatively more determined by the demand for credit.”

“Consumer credit demands should be moderate for the remainder of the year,” Mr. Smith said. “The main causes of this will be an unwillingness on the part of consumers to take on much additional debt, combined with an increase in their ability to finance new purchases out of current income. New mortgage credit also will remain weak despite the large pent-up

demand for housing. Record high mortgage rates will decline only slowly and many prospective home purchasers will remain unable to afford any upgrading in residence quality.”

“Business credit demands are also likely to remain moderate over the second half of 1981,” he said. “Efforts to control inventories and capital spending will continue. In addition, accelerated depreciation will improve internal cash flow.” A considerable amount of business credit demand will shift from the short to the long-term market, Dr. Smith noted.

“The Reagan Administration’s tax and budget targets through fiscal 1982 have been approved by Congress,” he said. “However, uncertainty exists regarding the inflationary impact of deficits over the near future. Particularly, interest rate levels in excess of those assumed by the Administration over the next year could have a substantial adverse impact on federal government spending.”

Regarding the financial markets, Dr. Smith said that positive factors currently outweigh negative ones for the remainder of 1981. However, market stability will stay fragile at best until confidence in the fiscal responsibility of the federal government is re-established.

In summary, Dr. Smith said, “Credit demand conditions over the remainder of this year should allow a cyclical easing in the cost of credit. Private sector credit demands should remain moderate into next year, unless a rekindling of inflationary expectations provokes a new surge of anticipatory spending. Federal government deficit trends remain the major key to this question. The financial market nervousness seen so far this year has been justified. Market stability will not be regained until actual government spending and taxation performance matches the Administration’s projections.” □

Iowa News

The Iowa Bankers Association’s first Commercial Lending Seminar will be held September 2-3 at the Hotel Ft. Des Moines. The seminar will focus on credit analysis, forecasting, loan pricing and management techniques. Its objective is to help Iowa commercial lenders better understand the dramatic changes taking place within the industry. Registration will begin at 9:30 a.m. September 2 outside the State Room. Registration fee is \$70, which includes meals, speaker fees and all handout materials.

ALLISON: The State Bank held a three-day open house recently to commemorate its 100th anniversary.



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The bank began serving the Butler County community in 1881, the same year the city of Allison was incorporated.

CAMANCHE: Paul Lindaman has joined the Camanche State Bank as assistant vice president-loans. Mr. Lindaman transferred from the Commercial State Bank in Marshalltown, where he had been since 1977.

DANVILLE: Dan P. Kelley has been elected president of the Danville State Savings Bank. Mr. Kelley has been with the bank 31 years, and was previously cashier and executive vice president. Woodrow Hale was also elected chairman of the board.

DES MOINES: Discussions that could lead to the sale of 21.5% or possibly all of the stock of Banks of Iowa, Inc., were continuing last week. Ben Schwartz, owner of 21.5% of the holding company's stock, and a prominent metals dealer headquartered in Des Moines, engaged Bear, Stearns investment bankers to sell his interests in Banks of Iowa. Newspaper reports list the purchaser as being Texas oil multi-millionaire Clint Murchison, whose interests include oil, real estate and the Dallas Cowboys. Holmes Foster, B of I president, said a person representing a buyer of the Schwartz stock met August 3 with the holding

company board "for the purpose of acquiring additional stock. No conclusions were made and there was no offer," Mr. Foster stated.

Banks of Iowa has 2,323,211 shares outstanding, of which the Schwartz interests hold 499,046, or 21.5%. On June 30, the stock traded about 31. When the Schwartz sale was announced, the price moved up, hit 44 on August 4 and has since backed off a few points.

EARLHAM: The Earlham Savings Bank plans a 50th anniversary celebration on Saturday, Sept. 12. Ralph B. Hunter, president, started the bank in 1931. The bank will set up a tent on Main street, and the Madison County Pork Producers will feature a pig roast. "Floppy" of WHO-TV and the West Des Moines Dixieland Band will be on hand. Over 2,000 people are expected.

MT. AUBURN: The Mt. Auburn Savings Bank's recent open house celebrating its 75th anniversary was attended by over 300 customers and friends.

OSCEOLA: Clarke County State Bank held an open house for area residents to view its recently remodeled facilities and updated equipment, according to Earl Curtis, president.

PERRY: Dwayne Hochhalter will join the Perry State Bank as vice president, effective September 1. He was formerly vice president and cashier of the Central Bank, State Center.

WEBSTER CITY: Joe Parrish, formerly vice president and cashier of Farmers National Bank, has returned to his position after a seven year absence. For the past year and a half, Mr. Parrish was chief executive officer of the Farmers Savings Bank at Fremont.

WEST DES MOINES: Roger Petersen has joined the First National Bank as vice president. He

was formerly vice president of the First National Bank in Sioux City. A native of Greenfield, he entered the banking business with Bank of America, N.A.

Minnesota News

BLOOMINGTON: Northwestern National Bank Southwest has named Michael McHugh senior vice president-commercial banking. He was formerly vice president and commercial banking division manager for Northwestern National Bank of St. Paul.

CAMBRIDGE: The Federal Reserve Bank of Minneapolis has approved the application by Cambridge Capital Co. to become a bank holding company through the acquisition of the Peoples State Bank here.

Nebraska News

AURORA: Glenn Rauert has been promoted to assistant vice president of the First National Bank & Trust Co.

BRULE: Dennis Schwartz has joined the Bank of Brule as assistant vice president. He was formerly with the Keith County Bank in Ogallala in a similar position.

MILLIGAN: Jeff Krupicka has been appointed assistant vice president and ag representative at Farmers and Merchants Bank.

SPRINGFIELD: Springfield State Bank and Springfield Insurance Agency were purchased by the Springfield State Bank Co., Inc., on August 3. E. Dean Kugler and Glenn M. Adair are the principal stockholders in the company. Robert D. Iske has resigned as president and director and is succeeded in those posts by Mr. Kugler, who was vice president. Mr. Adair continues as executive vice president, cashier and director. Other new directors include Karen J. Kugler, Virginia M. Adair and D.G. McDonald. Other officers remain the same.

Illinois News

A new law which allows multi-bank holding companies in this state will be the subject of a series of workshops




Dorothea Wolfe

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NEW ISSUE

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MOODY'S: MIG 2
(Underlying credit
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Dated: August 1, 1981

Denomination: \$5,000

Both principal and semiannual interest (May 1 and November 1, first coupon due on May 1, 1982) payable at American National Bank, Chicago, Illinois.

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School District Number 40, Rock Island County, Illinois, covers an area of approximately 27.88 square miles in northwestern Illinois, including Moline and Coal Valley Townships and parts of South Moline and Blackhawk Townships. The City of Moline (1980 U.S. Census - 45,709) and the Village of Coal Valley (1980 U.S. Census - 3,200) are located within the School District. Moline, with Davenport, Bettendorf (Iowa), Rock Island, and East Moline form the Quad City Metropolitan Area and are the primary cities in the Davenport-Rock Island-Moline Standard Metropolitan Statistical Area (SMSA). The preliminary 1980 Census figure for the SMSA which includes the counties of Rock Island and Henry in Illinois and Scott in Iowa was 383,017 and, in terms of population, is the second largest urban area in the States of Illinois and Iowa. The area is known for its concentration of agricultural manufacturing plants. Situated within School District No. 40 are: John Deere Company's Plow and Planter Works and Insurance and Export Facility; International Harvester; Caterpillar Tractor Co.; and J. I. Case. Another 8,080 employees work at the Federal Government installation at Arsenal Island which is the world's largest manufacturing arsenal.

These Notes are being issued in accordance with Illinois statutes as follows: \$6,420,000 for educational purposes; \$1,195,000 for operations, building and maintenance purposes; \$235,000 for transportation purposes; and \$115,000 for municipal retirement fund purposes. In the opinion of counsel, these bonds are legal and binding general obligations of School District Number 40, Rock Island County, Illinois, 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

Estimated full value taxable property, 1980	\$948,473,319
Assessed value taxable property, 1980	316,157,773
Direct debt, including this issue	9,070,000
Total direct and overlapping debt	17,828,185
Population, 1980 estimate: 54,000	
	Direct debt per capita: \$167.96
	Total debt per capita: 330.15

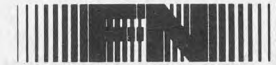
Tax collections have approximated 99.89% of taxes levied for the past three years.

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throughout Illinois in August and September.

The eight, one-day multi-bank holding company seminars will be sponsored by the Association for Modern Banking in Illinois. Another provision of that law, permitting a third limited service facility, will also be discussed.

Governor James R. Thompson signed SB 578 into law July 3, 1981. It will become effective January 1, 1982.

James B. Watt, president of AMBI, said, "Shareholders, boards of directors, chief executive officers and the legal profession will be interested in learning the effect of this new law on the banking industry."

Dates and locations are: August 26, Marriott O'Hare, Chicago area; September 2, Buckley's Ramada Inn, Fairview Heights; September 3, Buckley's Ramada Inn, Fairview Heights; September 9, Marriott Oakbrook, Chicago area; September 10, Marriott Oakbrook, Chicago area; September 15, Holiday Inn, Bloomington; September 21, Hilton, Springfield; September 23, Marriott O'Hare, Chicago area.

South Dakota News

CRESBARD: An application for federal approval by Dakotah Bank Holding Co. of Aberdeen to acquire the Bank of Cresbard has been approved.

DEADWOOD: The First National Bank of the Black Hills has opened a new office here. Dan Ondriezok is manager of the new branch.

North Dakota News

BISMARCK: The Bank of North

Dakota has again been ranked as the 34th largest agricultural lender among all of the nation's banks by the American Bankers Association. This is the same ranking as was held in 1979-1980 (July to July) dollar-wise, however, the number of loans to farmers and ranchers has increased substantially during the year. The ranking is established by official call reports submitted to the FDIC and compiled by the ABA.

For the first time, the ABA has also ranked agriculture lenders by region. The Bank of North Dakota has been ranked the 10th largest agricultural lender of the plains states, which includes Kansas, Nebraska, Oklahoma, Texas, South Dakota and North Dakota.

H.L. Thorndal, president of the Bank of North Dakota, has announced the promotions of Evelyn Zelmer to vice president and Alyce Starck and Betty Zeeb to assistant vice presidents. Ms. Zelmer joined the bank in 1955 in operations. She was promoted to assistant vice president in 1977.

HALLIDAY: The Federal Reserve Bank of Minneapolis has approved the application by Union Holding Company here to become a bank holding company through the acquisition of the Union Bank.

Wyoming News

LARAMIE: Paul J. Jacques, president of First Wyoming Bank, N.A. here, has announced the election of Dr. E.G. Meyer as chairman of the board. Dr. Meyer succeeds C.R. Fortman, who recently resigned for business reasons. Dr.

Meyer is a professor of energy at the University of Wyoming, and has been a director of the bank since 1965.

NEWCASTLE: Russell E. Knight, president of the National Bank, has announced the promotion of John J. Koller to vice president. Mr. Koller joined the bank as an assistant vice president in 1978.

ROCK SPRINGS: First Security Bank has promoted Paul Rheame to vice president. Mr. Rheame joined the bank as a loan collector, and is currently manager of the instalment loan department.

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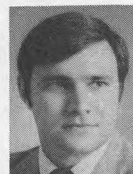
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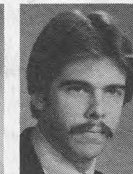
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Vice President
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Asst. Vice President
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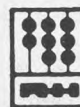
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