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Economist Sees Mid-Year Turnaround

A RECOVERY from the current recession should start slowly in the spring and continue on a moderate basis through the balance of 1982, according to Roy E. Moor, senior vice president and chief economist at The First National Bank of Chicago. He gave that estimate in his analysis presented to more than 550 bankers who attended the bank's 35th Conference of Bank Correspondents in Chicago recently.

Mr. Moor said he sees "turbulent waters from here through the end of next year." Mr. Moor made the following points:

- The current recession went through Phase 1 last spring when sales in all sectors began to weaken, production continued through July building inventories to their highest level since 1977-78, and banks benefited from loan volume associated with this buildup.

- In the current Phase 2, business is attempting cutbacks; business borrowing and demands are curbed, so there will be a softening loan demand to the end of spring.

- As the recovery starts slowly and on into the fall of '82, business loan demand will continue to weaken; as cash flow improves, businesses will tend to do internal financing.

- Other factors will offset soft

loan volume. The tremendous volume of short-term borrowing by business will have to be refinanced with short-term debt through 1982.

- Foreign banks in the United States are proving to be tough competitors.

All of the above factors will contribute to decreased commercial lending, Mr. Moor said. He sees consumer credit borrowing in the months ahead as weak; however, as the economy recovers in the spring it should be led by consumer spending. Tax cuts will induce a lot of spending and borrowing that accompany such cuts.

He pointed out two important changes: 1. Households now are saving more than in previous periods and householders are acutely interest sensitive. The supply of money is out there but banks will have to compete for it. 2. There is an improvement in household balance sheets, with little change in house values, but as spending is cut, there is an improvement in liquid assets.

Mr. Moor expects a further steady decline in rates to late summer, with the prime settling at 11%, Fed Funds at 8½% and 90-day paper at 9%, all followed by some rise through the end of '82. As loan demand softens, there will be some squeeze on spreads. Competition for loans will be fierce throughout the na-

tion, the cost of money will be a little higher and rates will be down some.

Mr. Moor says "the most realistic assumption to make about the Fed is that it will follow the same pattern in '82 as '81, month by month. By doing this, you can pinpoint coming actions. In the light of huge Treasury deficits, the Fed is not likely to repeat its 1978 mistake of pushing down the Fed Funds rate."

Mr. Moor said a rising stock market will be another attraction for people's liquid assets, and he also cautioned that MMFs won't go away. "Householders," he observed, will be unwilling to leave money in banks at less than market rates." He said mortgage rates are likely to decline less than any rate in 1982, down not more than 200 points. Consumer credit rates will remain the same.

Mr. Moor also predicts business volume will be soft in 1982 with profit margins shrinking. In the financial field, this will lead to the Fed being more concerned in 1982 about the capacity adequacy of thrifts and some banks. He closed by saying, "The outlook was never more cloudy, amid so many changes taking place associated with growth, but all signs point to expanded opportunities." □

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Conover, and a former associate of Deputy Treasury Secretary R.T. McNamar, has been nominated by the White House to a five-year appointment as Comptroller of the Currency. If he is confirmed by the Senate, he would fill the vacancy created by the resignation last May of John J. Heiman. The C of C post is currently being filled by Acting Comptroller Charles E. Lord.

Mr. Conover has extensive experience in designing banking computer and internal management systems. He was also a partner in Touche Ross and Co., where he specialized in management services and was national services director for banks. He was previously with U.S. Bancorp. of Portland, Ore., and Seattle First National Bank.

Iowa News

ANKENY: Directors of Ankeny National Bank have agreed to acquisition of the bank by Hawkeye Bancorporation, Des Moines, subject to regulatory approval. Ankeny National has \$24 million assets and, if approval is granted, would become the 29th member of the \$1.3 billion asset Hawkeye holding company. It would be Hawkeye's third bank in the metropolitan Des Moines area, joining First Federal State and Capital City State banks.

BOONE: Robert Scott, president, Boone State Bank and Trust Com-

pany, has announced the appointment of David Frieberg as head of the ag lending division. He was formerly assistant vice president at The State Bank in Fort Dodge. Mr. Scott also announced appointment of Steven P. Drennan as assistant vice president and head of the installment loan department. He was formerly assistant cashier at United Central Bank and Trust of Fort Dodge.

DES MOINES: Robert G. Millen, president and CEO of United Central Bank has announced these organizational and functional changes: Gene Loverink from vice president-operations to senior vice president to head a major function called consumer and investment services and operations. Senior Vice President and Trust Officer Jack R. Schreiber to assume responsibility for farm services in addition to trust services. Harry A. Wilmer, senior vice president and senior lending officer will continue to be responsible for commercial services. Gary L. Lasche, controller, will be responsible for finance; David L. Hansen, vice president, will be responsible for human resources, and James R. Katek, director of marketing, will continue to be responsible for marketing.

WAUKON: Richard Brown has been named vice president at Waukon State Bank. He was

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formerly manager of the Delmar office of the Jackson State Bank and Trust Co. of Maquoketa. Both banks are members of Hawkeye Bancorporation.

Nebraska News

Bill Souba, president of the David City Bank and president of the Nebraska Independent Bankers Association, sent to all NIBA members on November 24 the results of a poll of member banks last July on the issues of multi-bank holding companies and branching. Ballots were mailed to 457 banks, 366 were returned, representing opinions of 80% of the bankers in the state.

Mr. Souba said the poll indicates a majority of the banks are opposed to:

1. Unlimited multi-bank holding companies, statewide.
2. Multi-bank holding companies as encompassed in LB 376.
3. Multi-bank holding companies, statewide, limited by a percentage of deposits a holding company could control.

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NEW ISSUE

MOODY'S RATING: "A-1"

\$460,000

JEFFERSON, IOWA

General Obligation Water Bonds

Dated: December 1, 1981

Denomination: \$5,000

Both principal and semi-annual interest (June 1 and December 1, first coupon due June 1, 1982) payable at office of the City Treasurer, Jefferson, Iowa.

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

MATURITIES

	<u>11%</u>				<u>10%</u>	
\$10,000	June 1, 1983	8.00		\$35,000	June 1, 1992	10.00
15,000	June 1, 1984	8.20				
15,000	June 1, 1985	8.40			<u>10¼%</u>	
20,000	June 1, 1986	8.60		\$40,000	June 1, 1993	10.25
20,000	June 1, 1987	8.80				
	<u>9½%</u>				<u>10½%</u>	
\$20,000	June 1, 1988	9.00		\$40,000	June 1, 1994	10.50
	<u>9¼%</u>				<u>10.70%</u>	
\$25,000	June 1, 1989	9.25		\$45,000	June 1, 1995	10.70
	<u>9½%</u>				<u>10.85%</u>	
\$30,000	June 1, 1990	9.50		\$55,000	June 1, 1996	10.85
	<u>9¾%</u>				<u>11%</u>	
\$30,000	June 1, 1991	9.75		\$60,000	June 1, 1997	11.00

Jefferson, the county seat of Greene County, State of Iowa, is located in central Iowa, approximately 60 miles northwest of Des Moines. Jefferson serves as the principal manufacturing and trading center for Greene County and the surrounding area. Greene County ranks among the top agricultural producing counties in the State of Iowa. In addition to its position as a trading center and judicial center, Jefferson is the home of several sizable industries, the chief among which are Ideal Division of Ritchie Manufacturing Company, manufacturers of livestock feeding and watering equipment; the Franklin Manufacturing Company, a division of White Consolidated Industries, producers of components for home laundry and automotive industries; the American Athletic Equipment Co., a division of A.M.F., international manufacturers of trampolines and other lines of athletic and physical fitness equipment; and Parker Industries, manufacturers of wagon boxes and large machinery trailers. There are two banks in the community with combined deposits of approximately \$84,350,000 serving the financial needs of the community. Transportation facilities are furnished by U.S. Highway 30, State Highway 4, the main lines of the Chicago and Northwestern and the Chicago, Milwaukee and St. Paul Railroads and an excellent municipal airport.

These bonds are being issued to defray the costs of constructing improvements to the municipal waterworks system. The improvements include a new city well; transmission main; three monitoring wells; a temporary shallow well and repairs to the water treatment plant.

FINANCIAL STATEMENT

Actual value of taxable property, 1980	\$81,256,146.00
Assessed value of taxable property, 1980	62,066,047.00
Direct debt, including this issue	1,174,000.00
Total direct and overlapping debt	1,384,469.00
Population, 1980: 4,854	
Direct debt per capita: \$285.22	

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

The information contained herein is not guaranteed, but is derived from sources we deem reliable and is that on which our purchase of these bonds are based. Bonds of particular maturity may or may not still be available or may now be available at a price or yield different from that indicated above.

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- 4. Statewide branching.
 - 5. Branching in cities of 5,000 inhabitants or more.
 - 6. Branching in home charter and contiguous counties.
 - 7. Branching in home charter counties.
 - 8. Interstate branching.
- Details of responses to each question are compiled in the report mailed to each NIBA bank.

OMAHA: Donald G. Kirby recently joined American National Bank as assistant vice president and manager of the bank's computer center.

SUPERIOR: Farmers State Bank has received permission from Director of Banking Ual J. Amen to transact a trust company business in a trust department.

Minnesota News

HOPKINS: Jim Cory has been elected vice president, cashier and security officer at First Bank Hopkins and Kenneth Meinert and Lon Goldberg have been named assistant vice presidents.

WAYZATA: Bradley C. Krohn has been elected vice president and administrator of the commercial and installment loan portfolios at Wayzata Bank and Trust Company. He succeeds Robert M. Weiss, who on January 1 will become president & CEO of the Minnetonka State Bank. Mr. Krohn previously was a vice president with First Bank Systems.

Illinois News

ROCKFORD: An agreement in principle has been announced to estab-

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lish a multi-bank holding company, First Rockford Bancorp, Inc., to own all of the outstanding stock of these four banks—First National Bank and Trust Company of Rockford; North Towne National Bank of Rockford; First Bank of Loves Park, and First Bank of Roscoe. The holding company would become effective after January 1, 1982, when the new state law takes effect.

ROCK ISLAND: Frank P. Clarke has been appointed president and COO of First National Bank of the Quad Cities. He had been senior vice president.

ROLLING MEADOWS: Raymond J. Barber, president of Borg Warner International, has been elected chairman of Plum Grove Bank here.

Wyoming News

CODY: The Federal Reserve Board has announced approval of North Platte Corporation, Torrington, to acquire Western Bank of Cody.

Montana News

HELENA: Glacier Chapter of BAI will meet December 5 at the Heritage Inn, Great Falls, starting at 9 a.m. with "Asset and Liability Management," presented by Jennifer Freeman, assistant vice presi-

dent, Northwestern National Bank, Minneapolis. A business meeting and election of officers will follow. Afternoon speakers include Milton L. Snyder, vice president of security, First Bank System, and John E. Wynant, executive director of UMACHA.

KALISPELL: Harry E. Lattin, executive vice president of First Interstate Bank of Kalispell, will become the bank's president and CEO on December 1. He will succeed Eugene O. Gillette, currently chairman, president and CEO, who will retire February 1, 1982, after a 29-year career with the bank. Mr. Lattin, who will also become chairman, joined the bank in 1973.

South Dakota

WOONSOCKET: The Federal Reserve Bank of Minneapolis has approved application of Commercial Banshares, Inc., Mitchell, to acquire the Sanborn County Bank in Woonsocket.

North Dakota News

The Federal Reserve Bank of Minneapolis has approved formation of Drayton Bancor, Inc., Drayton, as a holding company, and its application to acquire the Drayton State Bank.

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POSITIONS AVAILABLE

CONTROLLER—\$400MM bank needs chief financial officer. Position requires CPA and financial institution experience. \$50,000

OPERATIONS OFFICER—\$25MM suburban bank affiliated with large holding company. Opportunity to learn lending and advance to second position. \$25,000

COMMERCIAL LOAN—aggressive \$80MM bank seeks addition to staff. Would be number two in department. \$30,000

TRUST OFFICER—suburban \$100MM bank offers growth opportunity to a trust generalist. Prefer 2-4 yrs. experience. \$28,000

DATA PROCESSING HEAD—\$160MM holding company desires senior systems analyst to design and implement new computer system. \$35,000

JUNIOR OFFICER—rural \$15MM bank has opening for operations officer with 1-3 yrs. experience. Will train for cashier's position. \$16,000

ALL INQUIRIES CONFIDENTIAL. Your resume and salary history requested.

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