NORTHWESTERN Banker Newsletter

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1984: A Banker's View

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THE GENERAL consensus is that for the full four quarters of 1984, the economy will continue to improve gradually from its present status. The rate of growth will not be as aggressive as other recoveries have been, yet, with a rather static and low rate of inflation, the sustained growth will be relatively solid. Interest rates should follow in tandem with the inflation rate, and, with a continued strong monetary policy, should fluctuate within 10%-15% of present levels, in either direction.


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The fiscal policy, wherein large budgetary deficits are planned, could have an impact on several sectors of the economy. Yet, relative to the total income and expense stream, the overall deficit burden is not considered by some to have a very strong influence. Perhaps the public's reaction to that and the rate of inflation will be a determining factor in the consumer sector as to consumer spending or saving.

Now there could be much rhetoric on each of the various component parts that give rise to the economic cycle and/or cycles. Government, and private spending, the money supply, monetary and fiscal policy, along with real gut feelings of the present and future are some of the economic areas that are receiving attention as the economists suggest what may happen in 1984.

Corporate borrowings collectively today are static and are expected to increase slowly over the next year. As corporations see the need to expand, there will be more loan demand, either term or short-term, depending on the companies' interpretations of the interest rate expectations. Industry now has unused capacity in many sectors. If technology in those sectors is already state of the art, then additional capital expenditures may not be needed in the near future. At best, with the many alternatives to financing either capital expenditures or short-term needs, bank borrowings will increase. But loan demand is not expected to be exceptionally strong. Corporate executives have found it profitable to operate at subsistence levels of inventories, receivables, bricks and mortar, equipment and machinery, and human resources. This awareness will prevail.

Unemployment will, and should, continue to show modest declines but will remain high by historical standards. The figure suggested for unemployment for late 1984 is 8%-8½%. The decline will come about as industry absorbs productive human resources which are needed only at subsistence levels of operations, and the level of unemployment will be slow in reacting during 1984.

Consumer spending will increase as the economy recovers due, in part, to real needs created by abstinence during the economic decline. Alternative and innovative consumer financing in housing and transportation will add incentives to further an increase and should be reflective—lag time considered—in those industries.

And on and on one can go—into the government and the international arenas. Any discussion of the economy for the future must be tempered with "all things being equal," and that's the scenario we've observed. One or several outside influences could cause a quick, midcourse correction in any forecast for 1984. These include, but are not limited to, an international crisis, either political or military; excessive unrest due to overseas loans and currencies; a major impact caused by a change in technology; or a complete misalignment of monetary and fiscal policy.

As stated earlier, recovery will continue. Borrowings will increase at a rate which should mirror interest rates, which will remain within certain constraints brought about by monetary control. In other words, expect more of the same for 1984 as we've experienced in 1983. □

Three Midwestern Automated Clearing Houses to Merge

Three automated clearing house associations in the Midwest—Mid-America Payment Exchange, St. Louis; Mid-America Automated Clearing House, Kansas City, and Arkansas Automated Clearing House, Little Rock—have agreed to merge, forming the sixth largest automated clearing house association in the United States.

The new organization will be known as Mid-America Payment Exchange (MPX) and will be headquartered in Kansas City, with a regional office in St. Louis.

Executives of the threee associations said they expect operational and legal aspects of the merger to be completed during 1984's first quarter. John Borden, executive director of Mid-America Automated Clearing House, will be president of the merged group and will manage its Kansas City headquarters office. C. Thomas Jeffrey, executive director of the current Mid-America Payment Exchange headquartered in St. Louis, will be executive director of the new organization and will head the St. Louis regional office.

Iowa News

Credit Life Licensing School will be held January 23-24, with examinations scheduled for the 25th, at the Iowa Bankers Insurance Services, Inc. office located in the Financial Services Building in Des Moines.

Registrations must be received by January 10. Contact Jeanette M. Ellington at 1-800-532-1423 or (515) 286-4371.

BELLEVUE: Andrew Savings Bank officially opened its new Bellevue office with open house celebrations December 1-4. Application was made for the charter move in April of 1982, with approval being granted in October, 1982. Temporary quarters were set up in the building next to the building site in April of this year. Over 1,800 attended the bank's open house on Sunday, December 4.

CARPENTER: Cedar National Bank received approval recently to move its main office to 345 West Fourth Street in St. Ansgar and for a branch office of the bank to be located at its original office location on main street in Carpenter.

CLARION: Warren E. Claussen recently joined First National Bank as assistant vice president and compliance officer and Doyle Van Dyne has joined as agricultural loan officer. Mr. Claussen formerly was with First National Bank in Waverly as assistant vice president. Mr. Van Dyne has been serving as branch manager of Production Credit Association in Sigourney.

DES MOINES: Warren Ferguson, 68, died December 16 of a heart attack. Mr. Ferguson served as president of Hawkeye-Capital Bank & Trust, formerly Capital City State Bank, until his retirement in 1975.

LOWDEN: Duane L. Lasack has been promoted to executive vice president and Marnell E. Scheeper to ag representative and vice president at American Trust and Savings Bank of Lowden. Mr. Lasack joined the bank in 1974 and Mr. Scheeper joined in 1961.

ONAWA: Gary L. Grote has been elected president of Onawa State Bank. He succeeds Cliff Young, who will move to chairman of the board. Mr. Grote had been serving as senior vice president in charge of loans for Hawkeye Bank & Trust of Sioux City. He has 18 years of banking experience.

SIBLEY: First National Bank of Sibley has elected Lila F. Hatting to the position of vice president. Ms. Hatting, a 20 year employee of the bank, manages the bank's investor center and real estate loan departments.

SIBLEY: D. Duane Crockett, 60, vice president and cashier of Sibley State Bank, died November 23. Mr. Crockett, who been battling cancer for the last year-and-a-half, began his career with the bank 31 years ago as a bookkeeper.

SIOUX CITY: First National Bank has announced the promotion of Doug Schmidt to vice president and commercial lender and Richard Nooney to assistant vice president and real estate department manager. Since joining the bank in 1978, Mr. Schmidt has served as correspondent banking officer. A 30 year veteran in lending, Mr. Nooney has served in previous capacities in consumer lending and consumer credit counseling.

VINTON: Douglas P. Johnson, president and chief executive officer of the State Bank of Vinton, recently announced the appointment of

Dennis P. Weiss as vice president and manager of the bank's agricultural loan department. Mr. Weiss had been serving at Hawkeye Bank and Trust in Eldora since 1977.

Nebraska News

DWIGHT: LaVern Fortik has been named president of the First State Bank of Dwight. Mr. Fortik also will continue as executive vice president of the Bank of Brainerd, which he joined in 1966. He has worked in all areas of the bank throughout his 17-year banking career. He also is a 1982 graduate of the agricultural credit school held in Ames, Iowa.

LINCOLN: First National Bank & Trust Company received approval from the Comptroller of the Currency to open a branch office at 48th & Van Dorn Streets in Lincoln.

OMAHA: Promoted to vice president at Omaha National Bank were: Stephen R. Lundholm and Jerome Schumacher. Mr. Lundholm joined the bank's estate and trust division as an assistant trust officer in 1975 and currently manages the division's business development department. Mr. Schumacher joined the bank in 1959 as an accountant and currently serves as a senior securities analyst/portfolio manager in the investment department.

Minnesota News

MINNEAPOLIS: On December 7, F&M Marquette National Bank unveiled for the first time its extensive collection of antique savings banks. The exhibition, entitled A Penny Saved: A History of Mechanical Coin Banks, 1860-1935, will run through February 4, 1984, at the Skyway Gallery, F&M Marquette National Bank, Sixth Street and Marquette Avenue. Hours are 8-5, Monday through Friday.

Wisconsin News

WAUKESHA: Earlier this month, the Waukesha State Bank opened a branch in the General Electric Medical Systems Group headquarters complex here. The branch will serve approximately 2,000 GE employees, and is the first branch opened by the bank. It is also the first branch bank to be opened in an industrial complex in the state.

North Dakota News

The North Dakota Bankers Association has scheduled a Bankruptcy & Collection Seminar to be held at the Ramada Inn in Grand Forks on February 8, 1984.

Registration will begin at 8:30 a.m. and the seminar will run from 9-4:30. Faculty for the seminar are William R. Mapother and Mary Kay Lush. Mr. Mapother has his doctorate of law degree from the University of Virginia and previously served as a judge in Louisville. He has written several books and articles. Ms. Lush is director of the Creditors Law Center and is a graduate of the University of Louisville.

For more information contact North Dakota Bankers Association, P.O. Box 1438, Bismarck, N.D. 58502.

Citicorp Acquires First Federal S&L, IBA Expresses Disappointment

THE LEADERSHIP of the Illinois Bankers Association expressed disappointment at the news that the Federal Home Loan Bank Board has given permission for Citicorp to acquire First Federal Savings and Loan Association of Chicago.

The acquisition of the multi-billion dollar, 61-branch institution by the nation's largest banking company marks the latest step in Citicorp's interstate expansion program.

IBA President Donald R. Lovett noted that "since bidding for ownership of First Federal began last June, our Association has vigorously supported a course of action which would permit the institution to remain locally owned. We have felt that such an outcome clearly would represent the most favorable circumstance for the community."

Mr. Lovett, president of Dixon National Bank, indicated that the IBA would pursue a dual course of action in an effort to insure that the eventual outcome will be in the best interest of the customers of First Federal and the state of Illinois. "First, our attorneys have been asked to investigate the possibility that the acquisition violates state anti-trust laws. In this regard we will be in touch with Attorney General Neil Hartigan's office. Additionally, we will stay in close communication with officials of the Federal Reserve Board, since it appears that final approval of the acquisition rests with that agency."

As first reports of the FHLBB's decision were received, the IBA began contacting various members of the Illinois Congressional delegation to express dismay over that action. Many of these individuals expressed similar feelings, and promised to make their sentiments known to Reagan Administration officials and representatives at the FHLBB and Federal Reserve.

Wishing You A Prosperous 1984

from:

Northwestern Banker

POSITION AVAILABLE

COMMERCIAL LOAN OFFICER—$30 million community bank located in the NW corner of Illinois. Minimum 5 years experience. Salary commensurate with background. Good benefit package. Send resume and salary history to file VBO, c/o Northwestern Banker. (PA)

COMMERCIAL LOAN OFFICER—Requires degree plus 3 years commercial loan experience. Some operations experience helpful. Salary open. Contact Steven L. Afdahl, E.V.P., Citizens National Bank, Boone, IA 50036. Phone 515/432-7611. (PA)

FOR SALE

NCR 775 PROOF MACHINE WITH 12 POCKETS. Under s vice maintenance agreement. Home Trust & Svgs. B Osage, IA. Phone 515/732-3763.

NCR 499 POSTING MACHINE. Presently under main ance. Phone 319/728-2226.

BANK MICRO COMPUTER PROGRAMS—Apple (tm) /I PC/Franklin Ace and other micro computers. We are di butors for over 50 bank programs. Send/Call for comp list. Phone 308/384-5995. Bankers Electronic Equipm Inc., 380 N. Walnut, Grand Island NE 68801.

BANK POSITIONS

TRUST OPERATIONS—manage all trust operations small department located in major midwestern urban a $

AGRI/COMMERCIAL LOAN—$30MM community b located within 30 miles of large metro area. Requires yrs. agri loan experience. $

COMMERCIAL LOAN—$100MM suburban bank affili with major multibank holding company. Degree and c mercial lending experience in large bank desired. $

REAL ESTATE LOAN—supervise all lending functions $200MM S&L. Ten yrs. or more experience required. O

ASST. CONTROLLER—large suburban bank desire dividual with 1-2 yrs. financial institution experience accounting or finance degree. $

Additional opportunities available in midwestern ba All inquiries confidential.

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