

## "Best Inflation News Yet to Come"

**W**ORLD oil consumption is unlikely to revive significantly in the near term in response to lower oil prices, according to Dr. Sung Won Sohn, senior vice president and chief economist for Norwest Corporation.



DR. SUNG WON SON

Writing in Norwest's bi-monthly publication, *Economic Indicators*, Dr. Sohn pointed out that much of the previous reduction in oil consumption is permanent since it resulted from investments in energy-efficient equipment, which will remain in place. Consequently, he added, the supply of oil largely determines the future course of oil prices.

Commenting on the effects of lower oil prices, Dr. Sohn said: "The best news on inflation is yet to come, even if oil prices firm from current levels."

He said the consumer price index in the United States fell at a 4.6 percent annual rate in February, "the steepest monthly drop in more than 30 years, and the overall price level should continue to fall during the spring months of this year."

Dr. Sohn cautioned that while the overall impact of declining oil prices on the U.S. and world economy is clearly positive, sustained deflation—the overall decline in the price level—has some negative implications.

He explained: "Asset values, including real estate commodities, and other tangible assets, could fall. Not everyone's prices decline along with the overall price index. Wages are generally inflexible downward. For companies whose costs are still rising, deflation makes price increases for their products harder to stick, squeezing profits."

Additionally, he said, "deflation could also cause government policymakers to loosen monetary and fiscal policies too much."

Dr. Sohn noted that outside the United States, the deflationary trend is more pronounced. "The combination of plummeting oil prices and the depreciating dollar are causing consumer prices to fall in France, West Germany and the Netherlands. Across Europe, prices are expected to fall or barely rise for the rest of this year and well into 1987. Oil exporting nations, including Canada, Britain and Norway, will also benefit. Lower inflation and increased non-oil exports outweigh the negative effects of declining oil revenues for these countries."

## C.C. Hope to be Sworn in As a New Director of FDIC

C.C. Hope, Jr., retired North Carolina banker and president of the American Bankers Association in 1979-80, will be sworn in as a director of the Federal Deposit Insurance Corporation during a May 8 reception in his honor at the FDIC building, hosted by FDIC Chairman William Seidman.

## Prime Drops After Fed Reduces Discount Rate

Leading banks in the nation dropped their prime rate from 9% to 8.5% on April 22, the lowest level for the prime rate since June, 1978. Their action followed a cut in the discount rate by the Federal Reserve System from 7% down to 6.5% following the close of business on Friday, April 18. These were the latest in an extended series of cuts that are expected to help the economy continue on the recovery course it has pursued for the past four years. Some economists believe prime will drop to 8% without a further cut in the discount rate, while others foresee another cut in both the discount rate and the prime rate.

## Iowa News

The Senate Commerce Committee on April 22 failed to act on SF 2290,



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a bill that would have enabled First Bank System, Inc., of Minneapolis to complete its purchase of Banks of Iowa, Inc., and that would have allowed out-of-state purchase of a failed Iowa bank or distressed Iowa multi-bank holding company, if there was not a good faith, in-state bidder.

\* \* \*

The National Association of Banking Women's state convention will be held at the Holiday Inn in Iowa City on May 14-16. This year's theme is Managing for Profit-The Key to Power and will offer informative workshops, noted guest speakers, a legislative panel, receptions, and a banquet featuring as guest speaker Ronald L. Willoughby, author of "How to Laugh at Your Neurosis." The southeast Iowa chapter is hosting the convention. Registration information can be obtained through Lisa T. Walsh, per-

sonal banking officer, Farmers and Merchants Bank and Trust, P.O. Box 928, Burlington, Ia. 52601.

\* \* \*

The Iowa Bankers Insurance & Services, Inc. will sponsor its Credit Life & Disability Licensing School on May 19 and 20, at Capital Plaza Park Inn (formerly Holiday Inn) in Des Moines. The fee is \$45 for bankers and \$55 for non-bankers, and includes a Licensing Information Bulletin, study materials, two days of instruction, lunch and refreshments both days. To register, contact Jeanette Ellington, IBIS, 104 E. Locust Street, Des Moines, IA 50308.

\* \* \*

The Iowa Bankers Association will hold an Understanding Consumer Credit Regulation seminar May 13 at the Airport Hilton Inn in Des Moines, and May 14 at the Holi-

day Inn in Cedar Rapids. Thomas D. Crandall, Esq. will present the seminar. He is Professor of Law at the University of Denver Law School. Cost in advance is \$105 for members, \$135 for subscribers, and \$155 for nonmembers. At the door, cost will be \$20 more.


\* \* \*

"Meet the Regulators," a Comptroller of the Currency seminar sponsored by the Iowa Bankers Association, will be held May 15 at the Airport Hilton Inn in Des Moines. Peter C. Kraft, district administrator and members of his staff will present the program and answer participant's questions. Advanced registration fee is \$45 for members, \$55 for subscribers and \$65 for nonmembers. Cost will be \$10 extra at the door.

DES MOINES: Peat, Marwick, Mitchell & Co. will sponsor its Ninth Annual Bank Seminar May 14 at the Marriott Hotel starting at 12:00 noon and concluding at 5:30 p.m. There is no charge for attendance. Richard Krumme, editor of *Successful Farming*, will be luncheon speaker. Topics to be covered include Tax Reform—Individual Provisions; Form 1099-A and Discharge of Indebtedness; Bidding on a Failed Bank; Market for D&O and Blanket Bond; Proposed Tax Changes—Bank Provisions, and Problem Loans and Lending Practices. Contact Janette Brown (515 288-7465) for registration information.


DES MOINES: Robert De Meulenaere has been appointed senior vice president/metro bank division at Brenton Banks, Inc. He succeeds Dean Duben, who has resumed full time duties as president of Brenton First National Bank of Davenport. Mr. De Meulenaere was president of Brenton Bank and Trust Company of Cedar Rapids since 1982. He is succeeded in that position by Douglas R. Hill, who formerly was executive vice president and trust officer/assisting managing officer at the Brenton National Bank-Powashiek County, Grinnell.

DES MOINES: Robert G. Millen has been elected executive vice president of First Interstate of Iowa, Inc., and has been assigned additional corporate duties for coordinating the human resources and marketing functions for all affiliates. He also has been appointed chairman of First Interstate Bank of




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# Iowa Bankers Visit Congressmen, Regulators in Washington

A TOTAL of 66 persons, including 31 spouses, took part in the Iowa Bankers Association's 1986 visitation to Washington, D.C., for conferences April 14, 15 and 16 with the Iowa Congressional delegation, federal regulators and other government staffers, and ABA officials. In addition, three college and high school students went on the trip. Photos taken during the trip appear below and on the back of this page.

The first order of business early Monday was a half-day briefing and lunch at ABA headquarters on the current status of pertinent banking legislation. That afternoon, the group had an interesting, candid question and answer period with Fed Governor Wayne Angell in the impressive Federal Reserve board room.

That was followed by a one-hour visit to the Federal Home Loan Bank Board.

The Iowa group entertained Congressman, their spouses and other officials at a banquet Monday evening.

On Tuesday the group breakfasted with FDIC officials, visited later with Comptroller of the Currency representatives, had an afternoon briefing at the White House executive building and wound up for an hour discussion at the USDA, that resulted in FmHA Administrator Vance Clark's visit to Iowa.

The visit concluded Wednesday morning with breakfast and extended visits with Iowa Congressmen on the Hill. □



LEFT—Shirley Merlwether; Bill Logan, immed. past pres. IBA and pres., The State Central Bank, Keokuk; J. Bruce Merlwether, pres. IBA and pres., First Natl., Dubuque, with Sen. Tom Harkin. RIGHT—Repr. Neal Smith; Nancy Cooper, West Des Moines Valley High School (granddaughter of Donhowes); Sen. Chuck Grassley, and Pat and Bob Donhowe, chmn., Norwalk-Cumming State.



LEFT—Repr. Jim Leach visits with Kay and Bill Bernau, Ia. supt. of banking and pres., Peoples Savings, Crawfordville. RIGHT—Clair Lensing, pres., Farmers State, Marion, and Mary; Repr. Cooper Evans, and Mae and Bill Rickert, sr. v.p., Natl. Bank of Waterloo.



LEFT—JoAnn and Jerry Lapke, pres., State Bank of Portsmouth, Panama; Repr. Jim Lightfoot, and Kay and Bill Bernau. RIGHT—Howard Logan, pres., First T&S, Merville, visits with Repr. Berkley Bedell.



LEFT—Jim Jorgensen, pres., Central State, State Center; Repr. Tom Tauke; Bill Kruse, chmn., First Natl., Dubuque, and Barb Kruse. RIGHT—Mary Lensing, Marion; Federal Reserve Governor Martha Seger, and Elaine Kout, Lone Tree.



LEFT—Russ Howard, pres.-elect IBA and chmn., Mahaska State, Oskaloosa; Repr. Jim Leach; Tom Figge, pres., Davenport B&T; Federal Reserve Governor Emmet Rice, and Jennifer Figge. RIGHT—Federal Reserve Governor Wayne Angell and Betty; Mick Gutttau, pres., Treynor State, and Judy Gutttau.



LEFT—FDIC Chmn. Bill Seldman visits at breakfast with IBA Pres. Bruce Meriwether (center), Pres.-Elect Russ Howard (right), and Bill Logan (back to camera). RIGHT—Neil Milner, exec. v.p., and IBA Pres. Bruce Meriwether (right), visit with Don Oglvie, exec. v.p. ABA during briefing session at ABA headquarters.



LEFT—A. Arthur Davis, genl. counsel IBA, and Ginger, visit with Neil and Bea Smith. RIGHT—The gloomy picture on the financial condition of the nation's s&ls, given to Iowa bankers at a briefing inside Federal Home Loan Bank headquarters, was emphasized on the outside of the building when it was noted that someone had knocked the "H" out of the FHLB!



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Des Moines, which he will continue to serve as president and CEO. In addition, Shirley Poertner was elected vice president of human resources, planning and training at First Interstate Des Moines.

MUSCATINE: Bernard J. Lattyak will join First National Bank May 19 as senior vice president and senior loan officer, according to George A. Shepley, president and CEO. Mr. Lattyak has resigned as vice president-loans at Union National Bank, Wichita, Kan., to accept the new appointment. Previously, he was with First National Bank, Sioux City, and Marquette Bank, Minneapolis.

### Nebraska News

The Nebraska Bankers Association will present five conferences to enable member banks to gain fuller understanding of *Clear Title and Forbearance* regulations. Meetings start with 9:30 a.m. registration and conclude at 3:30 p.m. on the following dates:

May 20—Scottsbluff Country Club  
May 21—North Platte Stockman Inn  
May 22—Kearney Ramada Inn  
June 3—Norfolk Villa Inn  
June 4—Lincoln Hilton

Representatives of the Comptroller, FDIC and state banking department will discuss effects of federal and state forbearance regulations, amortization of loan losses, and FASB 15 interpretations. After lunch, NBA General Counsel Bill Brandt will discuss legislative highlights and their effect on banks, Initiative 300, Bank Tax, Clear Title and its alternatives. The fee is \$60 per person.

\* \* \*

The Nebraska Bankers Association will host its 1986 Washington Legislative Visit June 8-10. Headquarters will be at Loews L'Enfant Plaza hotel. An NBA briefing will take place Sunday evening. Bankers will meet with the ABA Monday morning and for luncheon. In the afternoon they will visit the Federal Reserve and then have dinner with the Nebraska Congressional delegation. On Tuesday, after a continental breakfast and FDIC briefing,

they will have a Comptroller of the Currency briefing, followed by luncheon and wrap-up reports before departure for Nebraska Tuesday afternoon.

\* \* \*

The Nebraska Bankers Association has notified members that Banking Director James Barbee recently implemented a capital forbearance policy that is aligned with the FDIC's announced forbearance program. Nebraska banks comply with the state director's program by filing duplicates of the FDIC filings.

### Minnesota News

BLOOMINGTON: Richard L. Parnell has been appointed president and COO of MetroBank Bloomington/Minneapolis/Airport. He formerly was vice president of First Bank Minneapolis and St. Paul, in charge of correspondent banking.

MINNEAPOLIS: Marquette Bank Minneapolis has completed the merger of three former Fidelity Bank Northeast facilities into the Marquette Bank system. The facilities will be known as Marquette Bank Northeast (Minneapolis), Marquette Bank Eden Prairie and Marquette Bank Burnsville.

MINNEAPOLIS: First Bank System, Inc. has announced several executive appointments: Gerald A. Kraut to executive vice president of capital markets; John R. Danielson to senior vice president of corporate development and strategic planning; M. Claire Canavan to vice president, funds management, and Joseph O.

Weissenborn to vice president, total compensation.

### Montana News

The Montana State Conference of the National Association of Bank Women will be held June 6 and 7 at Grouse Mountain Lodge, Whitefish. The theme will be "Managing for Profit." Speakers and workshops will focus on helping attendees learn how to enhance their contribution to profits at their banks.

### Wisconsin News

JEFFERSON: Robert L. Martin recently was elected president of the \$43 million asset Jefferson County Bank. Previously, Mr. Martin was senior vice president and senior lending officer at First National Bank in Muscatine, Ia., and also worked in Illinois banks earlier in his career.

### Illinois News

CHICAGO: First Colonial Bankshares Corp. has announced that it has agreed to purchase controlling interest in the \$170 million asset Avenue Bank & Trust Company of Oak Park, the \$35 million asset Avenue Bank Northwest, Niles, the \$20 million asset The Northlake Bank, Northlake and the \$18 million asset Avenue Bank of Elk Grove. The acquisitions will involve a cash transaction of approximately \$30 million. They are subject to regulatory approval and will bring First Colonial Bankshares' total assets to nearly \$1 billion.

MONMOUTH: David S. Burrell joined Monmouth Trust & Savings Bank April 21 as president and

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- 4 CEO. He was formerly vice president of Brenton National Bank—Poweshiek County, Grinnell, Ia., where he served the past 10 years. Mr. Burrell succeeds Mark Pingrey, who is now president of Farmers & Mechanics Bank in Galesburg, Ill. Mr. Pingrey also had been president of First National Bank of Oelwein, Ia.

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**V.P.** for northern Illinois \$100MM community bank. Minimum of 10 years lending experience, primarily commercial and real estate. The successful applicant must have excellent compliance knowledge and will work well in group management environment. Send resume and salary history to File No. WFD c/o Northwestern Banker. (PA)

**LENDING OFFICER.** Immediate opening for experienced Ag Loan Officer. \$24M bank in southern lake region of Minnesota. Excellent career opportunity for individual experienced in overall bank operations. Send resume and salary requirements to Arnie Leen, Citizens State Bank, Waterville, MN 56096. (PA)

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