Dollar in crisis on exchange markets

The value of the U.S. dollar fluctuated on the international exchange markets early this week as each European market set its own price.

As it floated fitfully up and down, the foreign exchange markets strained for a sound shoe dropping in Washington which never came.

All of them were waiting for an evidence that Europeans had talked the U.S. into "intervention," price-supporting purchases of dollars on international markets with currencies borrowed from other countries.

This expectation arose from a communique issued by central bankers from Basel Sunday night reiterating that intervention is an "appropriate" tool and that the technical arrangements for such a step have been made.

When word got around that intervention was in operation the dollar rebounded in Frankfurt to 2.32 West German marks from last week's lose to 2.25.

In Italy the dollar dropped to a low level of 571.20 and slipped to about 3.92 commerial french francs in Paris from 3.97. After opening sharply higher in Zurich, the dollar slumped, but still ended higher than last week against the Swiss franc against the Swiss franc.

On the Tokyo currency exchange, which closed for ropeans awakened. Sunday traders had a rumor of their own to propel the dollar into a sharp decline. The rumor there, which ultimately proved false, was that European exchanges would not open last Sunday.

On that account the dollar sagged Monday to about 254 yen from 262 yen last week Friday, one of the steepest declines in recent times. And the Bank of Japan did not intervene to slow the slide, traders said.

Reports reaching Washington indicate European officials generally want to stop the long decline of the dollar because the relatively higher values of their currencies could crump their exporting ability.

But they do not want to be in the embarrassing position of buying more dollars when the U.S. itself does not show enough faith in the dollar's future value to do so. American officials agree that the dollar has floated farther down than economic conditions warrant but have expressed fear that intervention could be costly flop and that it also means giving away a major bargaining point in talks on the long-run shape of the monetary system.

It is expected that the international monetary situation will be the topic of discussion when the deputies of the International Monetary Funds Committee of 20 meet in Washington this week.

Advance, Baltimore's fast growing institution

Advance Federal Savings and Loan Association received its Federal Charter Sept. 1963. It was converted from the Advance Savings and Loan Association, Inc., which received its charter from the state of Maryland in June, 1957.

Advance was founded by a group of citizens of Baltimore who felt that this institution was needed for the purposes which follow: to provide more adequate mortgage loan facilities for credit-worthy Baltimore citizens who wanted to purchase homes in the city, but who found mortgage loans unavailable to them.

To provide employment to young men and women who had been denied jobs by existing financial institutions because of the ethnic group to which they belong and to pay as high a dividendd rate to savings members as safe and sound investment procedures would permit.

Advanced was approved by the Federal Housing Administration as a mortgagee prior to its conversion to a Federal Association. It has made over $1,700,000 worth of FHA Insured mortgage loans. For eight years Advance made FHA insured mortgage loans in Baltimore City only. From 1969 to the present, FHA insured loans have been made in Baltimore City and Baltimore County.

Advance Federal was approved as a mortgage by Mortgage Guarantee Insurance Corp. in April, 1971, and began making MGIC insured mortgage loans that year. It has granted over $2¼ million worth of these 90 and 95 per cent loans during the 27 month period ending June 30, 1973.

Advance began paying dividends in June, 1958, when it paid a semi-annual dividends of $212.31. Since that time, it has paid over $2 million in dividends to its savings members

Initially, the board members of Advance served as tellers and the Association had no paid employees. It now provides employment for [illegible] It has grown from a million to an eleven million dollar institution with $8,372,892 in mortgage loans and $9,128,53 in savings accounts. This growth has made it possible for Advance to become one of the leading lenders on one to four family residents in Baltimore City.

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1 YEAR	$3,000 or more	6¼% per annum
2 YEARS	$5,000 or more	6½% per annum
3 YEARS	$5,000 or more	6¾% per annum
4 YEARS	$10,000 or more (offered only on limited basis by Federal regulations)	7% per annum
1 YEAR	$100,000 or more (offered only on limited basis by Federal regulations)	7½% per annum

Dividends on ALL accounts compounded daily, resulting in higher yields.

The above certificate rates apply immediately on all new certificates and in accordance with Federal regulations. It should be noted that Federal regulations require that penalty provisions of an existing certificate must be applied if such existing certificate is converted to a new higher rate certificate prior to maturity.

Passbook Accounts will be increased to 5¼% per annum effective Aug. 1, 1973.

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1. ELECTRIC HOT TRAY Just for opening an account for $100 or more.
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Effective at once, and retroactive to July first Dividends on regular savings accounts at Augusta are paid at the rate of 5¼% per annum. Daily compounding further increases the effective annual rate to 5.39%, paid from day of deposit to day of withdrawal.

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Your SAVINGS Will Allow US to Make Home-Owners of MORE City Dwellers!

Making homeowners out of our fellow men gives them a financial stake in the community. It shows that you are willing to help with America's greatest social problem.

Money that you place in Advance Federal will assist qualified borrowers to purchase homes.

Individuals who own their homes do not burn them. But generations of prejudice have limited the efforts of inner-city dwellers to become homeowners. Today, financial institutions are becoming helpful, but only after years of saying "no."

Advance Federal is a Federally chartered savings and loan which is dedicated to providing decent housing to qualified people.

When you save at Advance Federal you get the same high dividends that you get with any other Federally chartered savings and loan association. You get the same guarantee of safety offered by the Federal Savings and Loan Insurance Corp.

But much more, you get the satisfaction of helping to solve one of America's biggest social problems.

CURRENT DIVIDEND RATES

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$50.00 AND UNDER $1,000.00	5.75%
$1,000.00 AND OVER	5.00%

CERTIFICATES

6—MONTHS	$1,000.00 MINIMUM	5.25%
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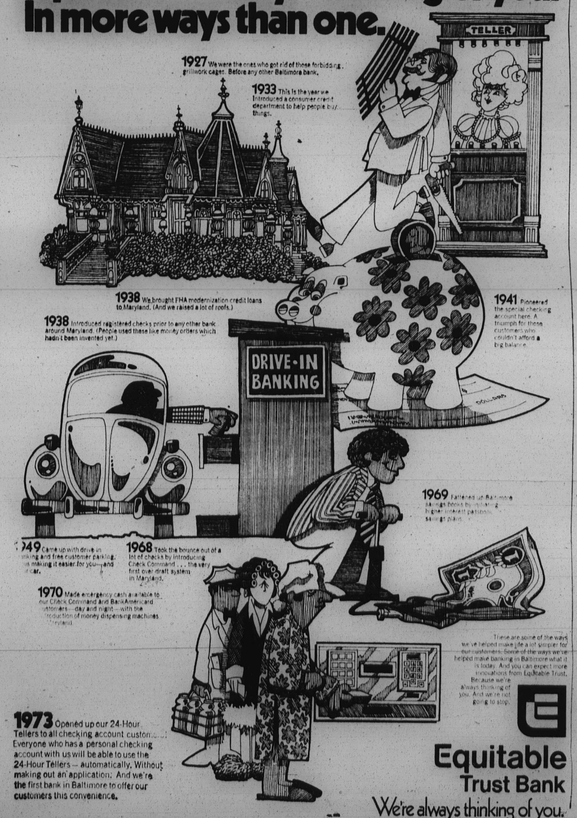

1927 We were the ones who got rid of those forbidding, grillwork cages. Before any other Baltimore bank.

1933 This is the year we introduced a consumer credit department to help people buy things.

1938 We brought FHA modernization credit loans to Maryland. (And we raised a lot of roofs.)

1938 Introduced registered checks prior to any other bank around Maryland. (People used these like money orders which hadn't been invented yet.)

1941 Pioneered the special checking account here. A triumph for those customers who couldn't afford a big balance.

1949 Came up with drive-in banking and free customer parking, thus making it easier for you—and us.

1968 Took the bounce out of a bit of check by introducing Check Command . . . the very first over-draft system in Maryland.

1969 Fathered up Baltimore's sky-high bank by introducing higher interest passbook savings plans.

1970 Made emergency cash available to our Check Command and BankAmericard customers—day and night—with the introduction of money dispensing machines (remember?).

1973 Opened up our 24-Hour Tellers to all checking account customers. Everyone who has a personal checking account with us will be able to use the 24-Hour Tellers—automatically. Without making out an application. And we're the first bank in Baltimore to offer our customers this convenience.

There are some of the ways we've helped make life a lot simpler for our customers. Some of the ways we've helped make banking in Baltimore what it is today. And you can expect more innovations from Equitable Trust. Because we're always thinking of you. And we're not going to stop.

Equitable Trust Bank
We're always thinking of you.

Weakens Economy

(Continued from Page D-11)

developments as Watergate and business scandals.

Further confusion has resulted from President Nixon's recently announced price freeze and export controls. Part of the uncertainty stems from the fact that no one knows exactly what sort of Phase 4 controls will follow the freeze. The administration has indicated that it will be tighter than Phase 3, but almost anything could fit that description.

* * *

In the first quarter of 1973, industrial prodiction in the United States registered its largest rise in any quarter since the Korean War a generation ago. Fueled by this massive business boom, the inflation rate is approaching 9 per cent, as measured by the Consumer Price Index over the past 3 months — almost triple 1972's final quarter pace.

There appears little doubt that this rate of economic growth is unsustainable. As a matter of fact there were signs this Spring that the sizable economic expansion, now about two and one half years old, was beginning to slow down. The rate of gain in personal income slowed in May for the third consecutive month to what was a more moderate 6 per cent annual rate.

Housing starts advanced in May, but again a moderating trend would seem to have been established after 3 months of decline. Retail sales were moderating as automobile sales eased. In April the leading economic Indicators registered the sharpest one month drop in 15 years. But the persistence of this expansion to continue advancing was reflected in the record automobile sales of the June 11-20 selling period, the surge in the index of leading economic indicators which rose 1.5 per cent in May and the increases in new orders for durable goods and unfilled orders.

* * *

Perhaps cogniANT OF THE inability of the controls program to slow final demand within the domestic economy, the Federal Reserve Board continues to regard monetary and fiscal policy tools as the only effective weapons against a demand — pull inflationary environMENT. Accordingly, the Board raised the discount rate to 7 per cent from 6½ per cent, putting this fee charged by district reserve banks on loans to member commercial banks at the record level of 1921.

In announcing its actions on June 29, reserve requirements were also increased, the Board explained that they are designed "to restrain continued expansion in money and credit."

So much for where we are now; a few thoughts as to where the economy may be headed assuming that the Federal Reserve Board does not create credit crunch conditions via the use of too restrictive monetary measures and the Federal budget continues to share the fiscal policy burden of restraint over the near term.

* * *

Under these conditions and based on an expected decrease in consumer spending the economy should slow, without recession, in the second half of this year.

When the business pace slows down, there should be no lack of capital expansion demand to take up any pronounced slack or any increase in the still unacceptably high rate of unemployment. All of the basic factors that help determine the demand for capital suggests an above — averate growth of plant and equipment investment between now and the late Seventies. The world today is experiencing the greatest shortage of food stuffs and other basic commodities ever seen in a relatively peaceful period.

Maintenance of price control in our economy within an environment of such worldwide demand will have the effect of producing more domestic shortages than would otherwise be the case.

It is possible that interest rates may peak by the end of summer. Swelled corporate profit should boost cash flown in 1973, and that will enable corporations to pay for a major portion of their capital additions with internal funds. However, it must be remembered that profit comparisons will be less favorable as the year wears on and price controls are likely to have to have some negative impact on corporate profits in the second half of 1973.

Watergate, dollar crisis: businessmen give views

Has the Watergate scandal any effect on the current crisis facing the dollar on the exchange market? Prominent businessmen are divided in opinion about this.

Some hold the view that Watergate or not, a nation's international exchange is bound to be in trouble at one time or the other and that the Watergate mess has nothing to do with fluctuation of the dollar.

However others contend that the Watergate with its attendant lost of faith in a shaky government is causing world's moneymen to behave the way they are doing.

Houston W. Murphy, a banking executive, is of the opinion that "Watergate has small effect on the stockmarket. After all, the dollar began bolstering up and down long before the Watergate affair."

* * *

Mr. Murphy stated it would be wrong to blame the decline on the Watergate because this is not the first the dollar has been in trouble. He suggested the Treasury Department move quickly to support the dollar on the stockmarket.

Differing in opinion is Charles J. Fleming, merchant banker for James W. Rouse Co. He told the AFRO:

"The moneymen of the world are probably looking at the United States as a shaky nation in terms of the government. They don't know what would become of a government entangled in such a mess and with the inflation the Watergate is making matters worse."

Mr. Fleming pointed out that only a change in leadership will restore confidence in international moneymen. Until that is done, he explained, U.S. dollar will continue to be in a bad situation.

* * *

While the U.S. will be hardly hit by the crisis, Mr. Fleming is of the opinion that it is retired American citizens and businessmen living abroad that would have the worse of the dollar devaluation.

He said their salaries will cost half of the value sent to them. He suggested the U.S. set its trained economist at work to find means to stop the rising inflation.

Union Trust, people's bank

Union Trust Company of Maryland has been serving the people of Baltimore and Maryland since 1723. During that time the bank has had a policy of offering its customers new and better services.

Union Trust was the first bank in Baltimore to offer special, low cost checking accounts for individuals, a pioneer in the promotion of consumer installment loans, the first major commercial bank in Baltimore to pay 5 per cent per year interest, compounded daily, on ESP regular savings accounts, and a leader in establishing neighborhood offices to serve their customers more conveniently wherever they lived, worked or shopped.

Union Trust is still committed to this policy of offering their customers the best banking services available in modern and convenient banking quarters.

In the past several years the bank has opened a number of new offices including one in the Erdman Shopping Center, has constructed new facilities for their offices located at North and Linden Avenues, Liberty Heights Avenue 5230 York Road and 4735 and has completely remodeled their offices at 5439 Hamilton Avenue, 3200 W. North Avenue and 2439 Frederick Avenue.

In addition to improving their own facilities, Union Trust has worked closely with the mayor's office to assist the merchants in the 2100 and 2200 blocks of East Monument Street in improving their property and in constructing a canopy over the sidewalks for the shoppers' convenience.

New, high interest rates on ESP savings accounts... plus Daily Compounding... at Union Trust give you the highest return on your money of any commercial bank

5% a year COMPOUNDED DAILY ON ESP REGULAR SAVINGS

Now your ESP Regular Savings Account earns 5% a year COMPOUNDED DAILY . . . from day of deposit to day of withdrawal . . . the highest permitted under new Federal regulations. Your savings PLUS INTEREST earn new interest every day!

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There's no passbook . . . just a convenient statement mailed each quarter showing deposits, withdrawals and the interest that has been credited each month.

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Union Trust has also been permitted by new Federal regulations to pay an even higher rate on our popular ESP Multi-Maturity Time Accounts. These ESP Savings Plans require a minimum deposit of just $300 and pay from 5½% to 6½% a year . . . COMPOUNDED DAILY . . . depending upon the length of maturity.

There's no passbook . . . no certificate. Just a quarterly statement mailed to you showing how your savings have grown at the high interest rate you choose. Here's how they work.

Annual Interest Earned	Minimum Time on Deposit	Effective Annual Yield
5.50%	3 months	5.7429%
6%	1 year	6.2845%
6.50%	2½ years	6.8289%

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