INTERNATIONAL SMELTING AND REFINING COMPANY

East Chicago, Indiana

ANACONDA

Pigment Division

September 29, 1945

Mr. R. E. Dwyer,
Executive Vice President,
Anaconda Copper Mining Company,
25 Broadway,
New York 4, N. Y.

Dear Mr. Dwyer:

This is a summary of the sales position of zinc oxide and white lead for the month of August, 1945.

Table No. 1 gives a comparison of zinc oxide sales for July and August of 1945 and the corresponding months of 1944.

TABLE NO. 1

	1945	1944
August	1,713,190 Lbs.	1,744,750 Lbs.
July	2,104,050 Lbs.	1,666,415 Lbs.

The falling off of sales in August was due to the termination of our contract by CWS about the middle of August. The undelivered balance was 485,400 pounds which, if added to the August sales, would have given us a figure somewhat over that for July.

On September 24th we became competitive on price for lead-free zinc oxide. This will enable us to increase our sales but the length of time it will take to secure a substantial, tonnage is unknown.

We have also reduced our price on the East Helena and Tooele fumes which we have been selling as our Victory line of leaded zinc oxide. The reduction was approximately 3/4¢ per pound. We had been able to sell these at the regular market price due to shortages brought about by the war. The market dried up immediately after the war ended and we are uncertain as to what success we will have in the post-war period at this reduced price.

Due principally to reconversion on the part of our customers using lead-free zinc oxide, sales for September will be down to about 600,000 pounds. This is a low for approximately three years. For October they will be up substantially over this figure. Total sales for 1945 through August are 12,079,750 pounds. For the same period of 1944 they were 11,667,233 pounds.

Table No. 2 gives a breakdown according to paint, rubber, and miscellaneous industries.

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TABLE NO. 2

	AUGUST			
	1945		1944	
	Pounds	Value	Pounds	Value
Paint	486,740	$ 36,722.41	395,050	$ 29,809.91
Rubber	209,600	20,249.50	284,950	27,486.63
Miscellaneous	302,250	28,367.38	264,750	25,437.45
CWS	714,600	67,887.00	800,000	78,250.00
	1,713,190	$ 153,226.29	1,744,750	$ 160,983.99

	JULY			
	1945		1944	
	Pounds	Value	Pounds	Value
Paint	543,950	$ 39,685.63	217,350	$ 16,937.75
Rubber	195,550	18,701.13	401,250	38,483.88
Miscellaneous	164,300	16,928.53	247,815	24,584.95
CWS	1,200,250	114,023.75	800,000	77,500.00
	2,104,050	$ 189,339.04	1,666,415	$ 157,506.58

Table No. 3 gives a breakdown of zinc oxide sales for August according to the three classifications.

TABLE NO. 3

U.S.P. Quality	143,700 Lbs.
Seal	55,290 Lbs.
Other Lead Free and Leaded	1,514,200 Lbs.
	1,713,190 Lbs.

Table No. 4 gives the average sales price per pound for the past three months.

TABLE NO. 4

	August	July	June
Average Sales Price - Per Pound	8.944¢	8.99¢	9.248¢

The average sales price per pound for August was not as low as estimated, 8.75¢. For September it should be about 8.90¢.

Table No. 5 gives a comparison of white lead sales for July and August of 1945 and the corresponding months of 1944.

TABLE NO. 5

	1945	1944
August	515,927 Lbs.	1,236,363 Lbs.
July	516,878 Lbs.	1,303,060 Lbs.

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Effective September 21st WPB eliminated all restrictions on the use of dry white lead for the month of September only. We expect that on the first of October these changes will be eliminated permanently. This should substantially increase our sales.

Due to the restrictions on the use of dry white lead in producing lead-in-oil we have sold all of our limited production this year against rated orders. Now that ratings are practically out we will be in position to resume shipments to our dealers for civilian sales. We have accumulated about 600 orders since the first of the year. We are now notifying our dealers that we are in position to make shipment and are asking them what amount they want us to ship against these orders.

The white lead plant resumed operation about September 15th. All of the production for this month will be sent to the lead-in-oil department. We are running two shifts on lead-in-oil grinding in order to use up all of our third quarter oil quota but we probably will not be able to do this because of the late date on which WPB released the restrictions on the use of dry white lead for grinding lead-in-oil.

At East Chicago we have practically no dry lead in stock. Our warehouses have normal stocks. We do not have any substantial accumulation of orders for dry white lead but the oil quota for the fourth quarter was raised from 50 to 75% which will cause an increased demand for dry white lead. Our problem is that although we are producing dry white lead at a normal rate we are out of five grades and for this reason we are confronted with an inflexible position.

We have nothing definite from WPB as to what they will do about production and use of dry white lead for the fourth quarter. Although, we have been informed verbally that all restrictions on the use of dry white lead will be eliminated. It is possible that the amount of pig lead we can use to produce dry white lead will be 55% of the amount we used in the first six months of 1944 or approximately 110% annually. This will enable us to operate the white lead plant at about 20-22 tons per day for the fourth quarter which is the most satisfactory rate considering production costs and sales volume.

Sales for September will be about 900,000 pounds. Sales for 1945 through August are 4,820,521 pounds. For the same period last year they were 7,234,871 pounds.

Table No. 6 gives the average sales price per pound for dry white lead for the past three months.

TABLE NO. 6

	August	July	June
Average Sales Price - Per Pound	8.389¢	8.421¢	8.435¢

To summarize, sales of zinc oxide will hit a three-year low during September but should be up substantially in October and for the long pull they should continue to increase because we are now competitive on price. We expect to produce 20-22 tons of dry lead per day but will not build up our stocks substantially because we have no stock at East Chicago at the present time and the elimination of restrictions on the use of dry white lead and the increase in the linseed oil quota should create a greater demand. Lead-in-oil sales will be up substantially because of the removal of restrictions on the use of dry white lead in producing lead-in-oil.

Very truly yours,

F. H. Hurless

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cc: Mr. Frederick Laist
Mr. G. E. Johnson