

LEAD INDUSTRIES ASSOCIATION

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NEW YORK 17, N. Y.

THE STORAGE BATTERY OUTLOOK FOR 1952:

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The Association of American Battery Manufacturers, Inc.
Philadelphia, Pa.

Your President, Mr. Wornator, early this morning indicated that he preferred that all talks and discussions be brief. His actions at the annual business meeting of your Association after luncheon today proved that he meant what he said. Let me hasten to assure you, gentlemen, that your speaker for the Storage Battery Industry will not take 32 per cent of your time today because that industry consumes 32 per cent of your lead. He will endeavor to conform with Chairman Ruth's request that we talk only five minutes.

The Storage Battery Industry is divided into two general classifications: the Automotive (or consumer goods) field and the Industrial (or capital goods) field.

In the Industrial category are batteries for railroads; marine; switch-gear; material handling and, with a nod to Mr. Stover of Western Electric, telephones - and many other applications, some of which cannot be mentioned for security reasons. The Industrial battery field is highly competitive and most business placed on one battery supplier is well known as lost business to all others. It has been quite carefully estimated that the Industrial battery business in 1951 consumed about 10 per cent of the total lead used in storage battery manufacturing.

Although there is still a sizeable backlog of Industrial battery orders and shipments are currently running about equal to last year, it is estimated from the rate at which orders are being placed that 10 percent less lead will be required in this field in 1952 than in 1951 - a reduction in lead consumption from 37,359 tons to 33,623 tons. This, however, because Industrial batteries have a 10 percent relation to the total, affects the entire industry consumption adversely by only one per cent.

The Automotive (or consumer goods) field involves four major marketing divisions: government - original equipment - replacement export - and replacement domestic. Government requirements of Automotive type batteries are well known to all manufacturers in the business. Practically all of the business is placed as a result of open bidding and a considerable amount of competition exists for whatever business is let. In this field it is quite carefully estimated that the amount of lead required in 1952 will be 50 per cent above 1951 requirements. The 1951 requirements were, as close as we can estimate, 6,101 tons. The 1952 requirements will, therefore, be in the neighborhood of 9,152 tons.

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The original equipment field (passenger cars, trucks, off-the-high-way equipment, tractors, etc.) will, in our opinion, take about 16.8% less lead in 1952 than 1951; a reduction from 83,276 tons to 69,285 tons. This estimate is based on an expected decrease in production of passenger cars and trucks of 18.2% as reported by Motor magazine this week, and a reasonable assumption that tractor production will not be curtailed.

Now let's take a look at the third component of the automotive group - export replacement business. Last year replacement batteries exported accounted for 7,662 tons of lead. Estimates by some reliable authorities in this specialized field that I have been fortunate to have contacted, expect an approximate 10 per cent reduction in automotive batteries exported this year. On this basis we can, therefore, only expect 6,896 tons to be consumed.

Now let's take a look at the fourth component of the automotive market - the domestic replacement field, the largest consumer of lead in the storage battery industry. Last year the A. A. B. M. reports made for us by Dun & Bradstreet indicated that approximately 21,025,000 storage batteries were shipped into this market. At our association convention here in Chicago last November it was estimated by some very astute marketers in the business that 1952 domestic shipments would be between 25 and 26 million. Some work done by a market research group intimately associated with my own organization results in a figure of 25,824,000. Please remember that we had a 24,441,000 market in 1947; 23,725,000 in 1948 and 23,128,000 in 1950. So that 25 or 26 million would not be unreasonable nor over-optimistic estimating.

Currently - meaning since the beginning of this year - the domestic replacement battery market would seem to be depressed if you compare shipments for January and February of 1952 with the same period in 1951 or 1950. But let me assure you, gentlemen, that this apparent depression is not a "slough of despond". There is no pessimism in the replacement storage battery business. The general consensus of opinion seems to be that 1952 business will follow its historic monthly sales flow pattern. This of course barring international or national crises of one sort or another. Other large volume items in the automotive business, like tires for example, also seem to be falling back into their historic monthly sales flow pattern. On the assumption that the business will follow its normal historic pattern, you can project 1952 January and February shipments and you will arrive again at an approximate volume of 25-1/2 million storage batteries.

Now, knowing that I was to appear before you, I have in the past few days conferred with a large number of men in our business, who probably represented the bulk of the industry. They were men who, like myself, have spent all of their business lives in it; who have seen its ups and downs; and who have collectively their sensitive marketing "feelers" in every nook and corner of the United States. I am pleased to tell you that I found no pessimism among any of these gentlemen but I did find a desire to be prudent and conservative in the estimating we would do for you.

Practically to a man the figure of 23-1/2 million storage batteries was estimated and I think it is a very reasonable figure on which some of your determinations should be made. Twenty-three and a half million replacement storage batteries in the domestic market will require 269,091 tons of lead

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compared with 239,192 tons last year - an increase of 12-1/2 per cent. And undoubtedly this is good news to you in view of some of the other segments of our business having been estimated with decreases.

Now to sum up. Lead consumption in the Industrial field may be down as much as 10 per cent. In the automotive field, government business may be about 50 per cent up; original equipment down 16.8 per cent; export replacement down 10 per cent; domestic replacement up about 12.5 per cent - all of which indicates that lead consumption in 1952 will be about 4 per cent ahead of the 1951 figures - 388,048 tons against 373,590 tons reported last year.

I thank you gentlemen, for your time. It has been a pleasure to bring this report to you.

ESTIMATED STORAGE BATTERY
LEAD CONSUMPTION (IN TONS)
1951 - 1952

For Year 1951

Industrial.....	37,359
Automotive	
Gov't.....	6,108
Orig. Equipment.....	83,276
Replacement:-	
Export.....	7,662
Domestic.....	239,192
Total Replacement	246,854
Total Automotive.....	336,231
Industrial and Automotive Total.....	373,590

For Year 1952

Industrial.....	33,623
Automotive	
Gov't.....	9,152
Orig. Equipment.....	69,286
Replacement:-	
Export.....	6,896
Domestic.....	269,091
Total Replacement.....	275,987
Total Automotive.....	345,145
Industrial and Automotive Total.....	388,048

Percent Increase
1952 / 1951

- 10.08
+ 50.0
- 16.8
- 10.0
+ 12.5
+ 11.8
+ 5.41
+ 3.87