

INTERNATIONAL SMELTING AND REFINING COMPANY

East Chicago, Indiana



Pigment Division

March 29, 1946

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 February, 1946.

Table No. 1 gives a comparison of zinc oxide sales for January and February, 1946 and the corresponding months of 1945.

TABLE NO. 1

	<u>1946</u>	<u>1945</u>
February	1,537,350 Lbs.	848,100 Lbs.
January	1,525,000 Lbs.	869,110 Lbs.

Sales for February continued the upward trend that began when we went competitive on price for lead free zinc oxide on September 24, 1945. While the increase was slight it should be considered that February is a short month. Since we went competitive on price for lead free zinc oxide, sales for each month have been over those for the preceding month.

Table No. 2 gives the sales year to date through February for 1946 and 1945.

TABLE NO. 2

	<u>1946</u>	<u>1945</u>
Sales Year to Date - February	3,062,350 Lbs.	1,717,210 Lbs.

Table No. 3 gives the sale of zinc oxide for the past six months together with the probable sales for March.

TABLE NO. 3

September	728,200 Lbs.
October	814,850 Lbs.
November	963,900 Lbs.
December	1,030,565 Lbs.
January	1,525,000 Lbs.
February	1,537,350 Lbs.
March (Probable)	1,900,000 Lbs.

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It is expected that the upward trend in sales will continue during the month of April. From a short range standpoint it appears that we can continue to increase our sales by each month although as we build up our volume the upward trend will be more gradual than it has been during the past six months. If March sales are as estimated we will have increased our sales over 250% since last September.

Table No. 4 gives a breakdown of sales according to paint, rubber and miscellaneous industries.

TABLE NO. 4

	<u>FEBRUARY</u>			
	<u>Pounds</u>	<u>1946</u> <u>Value</u>	<u>Pounds</u>	<u>1945</u> <u>Value</u>
Paint	891,200	\$ 67,269.13	181,200	\$ 14,030.65
Rubber	312,100	22,662.50	434,450	41,791.88
Miscellaneous	<u>334,050</u>	<u>29,227.00</u>	<u>232,450</u>	<u>23,027.19</u>
	1,537,350	\$ 119,158.63	848,100	\$ 78,849.72

	<u>JANUARY</u>			
	<u>Pounds</u>	<u>1946</u> <u>Value</u>	<u>Pounds</u>	<u>1945</u> <u>Value</u>
Paint	742,200	\$ 55,297.75	322,360	\$ 23,959.31
Rubber	283,600	20,770.00	385,950	36,853.63
Miscellaneous	<u>499,200</u>	<u>40,393.86</u>	<u>160,800</u>	<u>15,827.13</u>
	1,525,000	\$ 116,461.61	869,110	\$ 76,640.07

Despite the fact that there is so much talk of a critical shortage of vegetable oils our sales of zinc oxide to the paint industry increased in February. This shortage is more acute on the Atlantic coast as that territory has received most of their flaxseed from Argentina. There is some talk of paint factories shutting down for several months this summer but to offset this, it is claimed that farmers are holding back between 7,000,000 and 9,000,000 bushels of flaxseed which they may put on the market at any time and the outlook for the fall crop in this country is optimistic although it is questionable how much can be determined about the fall crop at this time.

Our sales to the rubber industry continued to lag due principally to the fact that we have just begun to get started with some of the larger users of zinc oxide since we went competitive on price. The Gates Rubber Company of Denver is now purchasing a 40 ton car every other month and in April we will ship our first car to the U. S. Rubber Company since the beginning of the war, this being for 45 tons. We are hopeful that we will soon be back in with Firestone and we have been promised business from them.

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Table No. 5 gives the average sales price per pound for zinc oxide for the past three months.

TABLE NO. 5

	<u>February</u>	<u>January</u>	<u>December</u>
Average Sales Price - Per Pound	7.751¢	7.637¢	7.612¢

The average sales price for February was as predicted, 7.75¢. The gradual increase for the past several months has been due to the sale of a larger percentage of the higher priced zinc oxides. For March there very likely will be a lower figure and it should be about 7.50¢ per pound.

Table No. 6 gives a comparison of white lead sales for January and February of 1946 and the corresponding months of 1945.

TABLE NO. 6

	<u>1946</u>	<u>1945</u>
February	1,445,035 Lbs.	418,634 Lbs.
January	1,478,688 Lbs.	2,281,266 Lbs.

The sale of dry white lead is now determined by the amount of production permitted us by CPA and our stocks at East Chicago and in warehouses. We are unable to supply the demand and have been curtailing purchases of regular customers and have been turning down new business that has been offered us. Despite the shortage of vegetable oils, the shortage of other pigments plus the tremendous demand for paint has caused considerable substitution of dry white lead for these other pigments.

At East Chicago our stock of dry white lead is the lowest it has been in years. That stock for sale as dry white lead is down to about 100 tons and we have about 200 tons in commercial warehouses. Some of our warehouses are entirely out of stock and it will very likely be several weeks before we can get enough tonnage to replenish them. There is no likelihood of any increase in stocks at this time.

On March 27th I attended an emergency meeting of the Lead Pigment Manufacturers Industry Advisory Committee which was held in Washington. There very likely will be a re-issue of Order M-384 which controlled the amount of pig lead that could be used in manufacturing dry white lead. For the second quarter the quota will very likely be 38-1/2% of the base period which was the first six months of 1944. For the first quarter it was 47%. There will be no restrictions on the use of dry white lead but inventories in the hands of consumers will be limited to 30 days.

Table No. 7 gives the sales of white lead year to date through February of 1946 and 1945.

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TABLE NO. 7

	<u>1946</u>	<u>1945</u>
Sales Year to Date - February	2,923,723 Lbs.	2,699,900 Lbs.

Table No. 8 gives the average sales price per pound for dry white lead for the past three months.

TABLE NO. 8

	<u>February</u>	<u>January</u>	<u>December</u>
Average Sales Price - Per Pound	8.414¢	8.361¢	8.353¢

To summarize, zinc oxide sales continued the upward trend in February and this upward trend will be continued in March. The increase for February over January was slight but for March over February it will be substantial, March sales being approximately 1,900,000 pounds.

The volume of dry white lead sales in January and February was maintained to a considerable extent by liquidation of inventories at East Chicago and in commercial warehouses. Sale of dry white lead is now governed by the amount of production permitted by CPA. We are unable to supply the demand. March sales will be at about the level for February but for subsequent months the sale of dry white lead will be lower.

Very truly yours,

F. H. Hurlless
Sales Manager

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cc: Mr. Frederick Laist
Mr. F. O. Case
Mr. G. E. Johnson

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