

LEAD INDUSTRIES ASSOCIATION

480 LEXINGTON AVENUE

NEW YORK 17, N. Y.

THE LEAD CONSUMPTION OUTLOOK IN THE STORAGE BATTERY INDUSTRY

Robert L. Somerville, President
The Association of American Battery Manufacturers

Chairman Welch, members of the Lead Industries Association, and guests.

"The evil that men do lives after them" — and so it goes for our predictions also.

Realizing this, my only misgiving in accepting another term as President of The Association of American Battery Manufacturers was the fear that, in your thoughtful, gracious way, you might invite me again to appear before your group for the 1953 prediction and, at the same time, check up on my previous, 1952, estimate.

Well, I did a good bit of worrying about the situation until Dave Sonnenmaier of our Company told me that there seems to be quite a variance in the year end statistics of your industry. Here was my chance for a way out!

I understand the Bureau of Mines have published a preliminary figure of 351,886 tons as the estimated storage battery consumption in 1952. On the other hand, one of the very able leaders of your industry, Mr. Ince, estimates in the annual edition of the Daily Metal Reporter, 386,000 tons for 1952. If I compare my last year's prediction with the Bureau of Mines' figure, I was in error 10%. If I use Mr. Ince's figure, the error was only 1/2 of 1%. I will take some statistical license, therefore, and am glad to accept Mr. Ince's figure since I never expect to see another prediction of mine hitting a target with an accuracy of 1/2 of 1%.

Seriously, It's a distinct privilege that you afford us in the storage battery industry to appear before you and give you our best thinking on the outlook for 1953. We appreciate the opportunity and in the presentation of our data I shall endeavor to keep down the statistical detail and be as brief as I know your chairman desires.

The storage battery business, you will recall from our discussion of last year, divides itself into two major categories — industrial (capital goods) and automotive (consumer goods).

In the industrial category we have grouped not only storage batteries for railroads, marine, public utilities, material handling, telephones, and many other industrial applications, but also certain classifications of Government business, some of which cannot be mentioned for security reasons.

Opinions vary among the industrial battery producers as to the total amount of lead to be used this year as compared with last but they vary within a very close range and we have finalized on a 1953 estimate equal to the calculated consumption

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in 1952 of approximately 47,800 tons. Some categories of the industrial business are running behind last year but others are well ahead and we feel the estimate is conservative.

The automotive category involves four major marketing divisions - Government, Original Equipment, Export Replacement, and Domestic Replacement.

Government requirements of automotive type batteries are well known to all battery manufacturers and we estimate this business will involve 2300 tons of lead in 1953 - a slight increase of 1.6% over the 1952 requirements.

The Original Equipment field, which embraces passenger cars, trucks, off-the-highway equipment, tractors, etc., will, in our opinion, require approximately 83,050 tons of lead this year, contrasted with 65,878 last - an increase of 26.5%. This figure is determined from vehicle production estimates of recognized authorities which indicate that the passenger vehicle production will be approximately 5,750,000 units; trucks 1,300,000 units and tractors 462,000 units. These figures are extremely conservative since passenger car and truck totals, you will note, equal 7,050,000 vehicles, while we know that currently the industry is running at an annual rate of 8 million vehicles, the first quarter of this year having been the second best in the entire history of the automobile manufacturing business.

However, most of the statistical authorities in the vehicle production field do not feel that an 8 million vehicle year will be realized, and most expect that it probably will end closer to 7 million. However, even the 7 million figure is about a million and a half over 1952 production of 5,555,000 - a very formidable increase of 27%.

The 12-volt battery, using 30% to 40% more lead than its predecessor, will also contribute in some degree to the increased lead requirements in the original equipment field. On the other hand, slight offsets to this will occur in the tractor field and in more close design tolerances.

For the Export Replacement battery business we estimate the lead requirements to be 5,150 tons. This is the consolidated opinion of quite a few experts in this field and indicates that an increase of about 5% over actual 1952 figures is expected.

Now, let's take a look at the fourth component of the automotive market—the Domestic Replacement field. This category is the largest consumer of lead in the storage battery industry. A. A. S. M. reports of domestic shipments last year were 22,453,000 batteries. At our Association convention in Chicago last November, it was estimated by an expert firm of industrial economists that the 1953 domestic shipments would be between 23,700,000 and 26,000,000. More recent work done by a market research group intimately associated with my own organization results in a figure of 23,600,000.

A very recent poll I have made of the major battery manufacturers in the United States produced estimates between 21,000,000 on the pessimistic side and 24,900,000 on the high side. The average, which I am perfectly glad to accept and to give you as our best thinking, is 23,470,000 Domestic Automotive Replacement units for 1953. Translated into tonnage, 269,900 tons of lead will be required for this production, - an increase of 4.5% over 1952.

The total automotive requirements then become 367,400 tons.

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Adding this to the industrial tonnage of 47,800, we have the total combined tonnage for industrial and automotive storage batteries of 415,200 tons.

To sum up - in 1953:

The Industrial business is expected to be about even with last year -	47,800 tons
Automotive Government business slightly up, 1.6% over 1952.....	- 9,300 tons
▪ Original Equipment business, 26.5% over 1952.....	- 83,050 tons
▪ Export Replacement business, 5.0% up.....	- 5,150 tons
▪ Domestic Replacement business, 4.5% over 1952.....	- 269,900 tons

Total combined Industrial and Automotive business..... -415,200 tons

Or 1.5% over 1952.

Thank you, gentlemen, for your time.

It is a pleasure to again present, as we did in 1952, a slightly optimistic report.