October 31, 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 September, 1945.

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

TABLE NO. 1

	1945	1944
September	728,200 Lbs.	1,721,900 Lbs.
August	1,713,190 Lbs.	1,744,750 Lbs.

Sales continued to decline in September. This was due to two reasons. One was that in August we sold CWS 714,600 pounds but had no sales in September since the contract was terminated about the middle of August. The other was that most of our customers in the rubber industry were almost entirely on war orders and when their contracts were terminated it was necessary for them to take considerable time to reconvert and they also found themselves, in most cases, with substantial stocks of zinc oxide on hand.

Due to the additional health hazards in connection with unloading and packing East Helena and Tooele fumes we have temporarily discontinued selling the Victory line of leaded zinc oxides. We have small stocks at East Chicago and in warehouses which we will liquidate to a considerable extent by October 31st. In some months the Victory line accounted for almost 200 tons of our zinc oxide sales.

During 1945 the paint industry was very hard hit by WPB restrictions. As a consequence a tremendous void has been created which it will take some time to fill. All restrictions have not been removed and paint manufacturers cannot get all the raw materials and labor they need but they are producing at a good rate at the present time. On the other hand, most of the rubber industry seems to be flooded with raw materials and production is down considerably due to reconversion.

For October sales should be about 1,000,000 pounds. Total sales for 1945 through September were 12,807,950 pounds. For the same period of 1944 they were 13,389,133 pounds.

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

TABLE NO. 2

SEPTEMBER

	1945 Pounds	1945 Value	1944 Pounds	1944 Value
Paint	484,100	$ 36,670.90	387,600	$ 29,261.60
Rubber	78,100	7,639.75	355,000	33,815.00
Miscellaneous	166,250	16,697.53	179,300	18,129.62
CWS	250	23.75	800,000	76,000.00
	728,200	$ 60,984.43	1,721,900	$ 157,206.22

AUGUST

	1945 Pounds	1945 Value	1944 Pounds	1944 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

It will be noted that some of the statements made in preceding paragraphs are borne out by the breakdown in table No. 2 inasmuch as sales to the paint industry for September were about the same as those for August but there was a very substantial falling off in sales to the rubber industry.

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

TABLE NO. 3

U.S.P. Quality	136,350 Lbs.
Seal	50,750 Lbs.
Other Lead Free and Leaded	541,100 Lbs.
	728,200 Lbs.

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

TABLE NO. 4

	September	August	July
Average Sales Price - Per Pound	8.375¢	8.944¢	8.99¢

It had been estimated that the average sales price for September would be about 8.90¢ per pound. To some extent the lower figure is accounted for by going competitive on price on September 24th which resulted in sales for the last week of the month being at prices up to 3¢ per pound less than they formerly were. The average sales price for October will very likely be in the neighborhood of 7.50¢ per pound.

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

TABLE NO. 5

	1945	1944
September	1,033,121 Lbs.	1,504,151 Lbs.
August	515,927 Lbs.	1,236,363 Lbs.

The substantial increase in sales for September was due to WPB eliminating all restrictions on the use of dry white lead on September 21st. We expect sales to continue at about the level for September. Our stocks at East Chicago are low and those in warehouses are somewhat below normal. Business is steady and sales in the last quarter should almost balance production.

Despite general conditions we feel optimistic about the paint industry. This is due to the conditions mentioned in the first part of this letter. Actually, the average dealer has practically no exterior paint on his shelves and the manufacturer has no stocks. The paint that the dealer is carrying is usually interior paints of a somewhat inferior grade. The one unfavorable factor is the container situation as strikes have been limiting production for some time. Our own position is that we have enough containers to take care of our fourth quarter oil quota and then we will have to suspend grinding of lead-in-oil as we will have no more containers. The company that supplies these has been on strike since September 15th and there does not seem to be any possibility of a settlement.

Sales for October will be approximately 1,000,000 pounds. Sales for 1945 through September were 5,853,642 pounds. For the same period of 1944 they were 9,223,358 pounds.

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

TABLE NO. 6

	September	August	July
Average Sales Price - Per Pound	8.376¢	8.389¢	8.421¢

To summarize, sales for September hit a three-year low due principally to the fact that our customers in the rubber industry were reconverting and had substantial quantities of zinc oxide in their inventories. The paint industry is going along at a good rate and the net result will be that in October our zinc oxide sales will be over those for September and should continue this trend through November although the increase will be moderate.

On the other hand, the fairly good rate of activity in the paint industry seems to assure a fairly high level of sales of dry white lead for the fourth quarter. Stocks at East Chicago are low and those in warehouses below normal. The result very likely will be that sales will be slightly under production for this period. Production will be at the rate of approximately 600 tons per month.

Very truly yours,

F.H.Hurless:hc

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

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