

INTERNATIONAL SMELTING AND REFINING COMPANY
East Chicago, Indiana

Pigment Division



May 1, 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 March, 1945.

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

TABLE NO. 1

	<u>1945</u>	<u>1944</u>
March	1,164,450 Lbs.	1,191,464 Lbs.
February	848,100 Lbs.	843,000 Lbs.

Sales during March of 1945 are up substantially over February. This is due principally to a considerable increase in the sale of muffle furnace zinc oxide during March as well as a fair increase in the sale of French furnace oxide. The sale of American process lead-free and leaded oxides was up slightly in March.

While the shortage of carbon black is causing a substitution of lead-free zinc oxide, it is possible that the cutting back of war orders may be more than offsetting this. I have no definite information on this subject but some of our largest customers who purchase muffle furnace zinc oxide have shown an inclination during the past two weeks to reduce their commitments. However, it should be pointed out that any falling off is from a peak as our sales of muffle zinc oxide during the past few months have been much better than they were previously and the present level that we are approaching is what was formerly considered normal.

We have run into some difficulty in marketing the Victory line of leaded zinc oxides which are made from East Helena and Toccoa fumes. Briefly, this is that immediately after paints containing these materials are ground and painted out they dry satisfactorily. However, upon aging two or three weeks it appears that there is some neutralization of the drier and the paints do not dry in the usual length of time although they do eventually dry to a hard film.

We do not as yet have a solution to this problem. Nevertheless, we sold approximately 125 tons of the V-line of leaded zinc

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oxides during April and we have orders for an additional 100 tons to be shipped in May. We have a definite understanding with our customers regarding this trouble and they are using the material with the understanding that it is up to them to correct it.

While this development more or less puts a cloud over the marketing of the Victory line of leaded zinc oxides, nevertheless we may be able to solve the problem. Even if we do not solve it we will continue to promote this line and it is quite possible that we may work up a fairly satisfactory volume of sales, with the customer accepting the material on a qualified basis. At least, that is the procedure we are going to adopt for the present.

Sales for May will be approximately 1,150,000 pounds to regular customers, plus a possible 900,000 pounds to CWS making a total of 2,050,000 pounds. Total sales for 1945 through March are 2,881,660 pounds. For the same period in 1944 they were 3,310,868 pounds. In the latter figure are included 400,000 pounds of zinc oxide sold to CWS. Taking this into consideration our sales to the regular trade for both periods are about the same.

CWS has mailed us a contract for 450 tons of muffle furnace zinc oxide to be shipped during the month of May. While there are still many problems to be worked out with CWS in connection with this contract, we do expect to ship the 450 tons to them during May and it is quite likely that we will ship them an equal amount during each of the months of June and July.

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

TABLE NO. 2

	MARCH			
	<u>Pounds</u>	<u>1945</u> <u>Value</u>	<u>Pounds</u>	<u>1944</u> <u>Value</u>
Paint	189,350	\$ 14,797.26	265,764	\$ 21,336.50
Rubber	669,500	64,253.75	720,300	68,600.50
Miscellaneous	<u>382,600</u>	<u>30,918.23</u>	<u>205,400</u>	<u>20,452.39</u>
	1,164,450	\$109,969.24	1,191,464	\$ 110,389.39

	FEBRUARY			
	<u>Pounds</u>	<u>1945</u> <u>Value</u>	<u>Pounds</u>	<u>1944</u> <u>Value</u>
Paint	181,200	\$ 14,030.65	250,550	\$ 19,051.02
Rubber	434,450	41,791.88	316,600	30,529.76
Miscellaneous	<u>232,450</u>	<u>23,027.19</u>	<u>275,850</u>	<u>27,406.15</u>
	848,100	\$ 78,849.72	843,000	\$ 76,986.93

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The breakdown of sales for the month of March shows a continuation of reduced sales to the paint industry while sales to the rubber industry showed an increase of approximately 50%. Miscellaneous sales were at about the same level.

As regards conditions existing in the paint industry at the present time I am quoting from the American Paint Journal, April 20th issue.

"All of the rumors concerning deals with the Argentine have now been denied by the State Department, and linseed oil crushers are facing the future with the deepest gloom. Military directives have run beyond expectations, and if this rate keeps up, not a drop of linseed oil will be left in crushers' hands in the United States, even for military use. There is hardly any now for civilian use. Military needs can then be met from the Government stockpile, but there will not be any at all for civilian use. Between now and the end of August we need 10,000,000 bushels of seed, which is the equivalent of 200,000,000 pounds of linseed oil. This amount cannot be supplied from Canada, but it is reported that 28,000,000 bushels of seed are available in the Argentine, for which export permits cannot be obtained. Unless seed is obtained within thirty days, it will be too late, and the earliest that could be hoped for from the Argentine would be sixty days."

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

TABLE NO. 3

U.S.P. Quality	265,650 Lbs.
Seal	20,700 Lbs.
Other Lead Free and Loaded	<u>878,100 Lbs.</u>
	1,164,450 Lbs.

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

TABLE NO. 4

	<u>March</u>	<u>February</u>	<u>January</u>
Average Sales Price - Per Pound	9.444¢	9.297¢	8.818¢

The average price per pound continued its upward trend during March. It is expected that in April the average price per pound will fall below 9¢ because of the lower volume of French and muffle furnace oxides as compared with March, and the substantial increase in the lower lead-free and loaded grades, which increase was due principally to the marketing of about 125 tons of the Victory line of loaded zinc oxides. While we make a satisfactory profit on the Victory line, nevertheless the price is 7¢ per pound and affects the average price per pound.

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

TABLE NO. 5

	<u>1945</u>	<u>1944</u>
March	259,211 Lbs.	1,694,289 Lbs.
February	418,634 Lbs.	554,257 Lbs.

Sales of dry white lead continue to reflect the inactivity of the paint industry, with particular regard to production of civilian paints. It is not expected that any improvement will be experienced in the near future and it is quite likely that sales for April will be about 350,000 pounds. Sales for 1945 through March are 2,959,111 pounds as compared with 3,103,548 pounds for the same period of 1944.

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

TABLE NO. 6

	<u>March</u>	<u>February</u>	<u>January</u>
Average Sales Price - Per Pound	8.654¢	8.499¢	8.342¢

The average price per pound for March was up over February due principally to the fact that practically all shipments of dry white lead in March were in less carload quantities. Less carload quantities take a price 1/4¢ per pound higher than carload quantities. In February we did have some carload business.

To summarize, our total sales should be over 2,000,000 pounds for May. About 900,000 pounds of this will be to CWS if we are successful in negotiating the contract and solving other problems in connection with producing and shipping the zinc oxide, the remaining sales to the regular trade being at about the same level as for March. On the other hand, the outlook for the paint industry is such that our sale of dry white lead will remain at its very low level for some time to come.

Very truly yours,



F.H. Harless:ho

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

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