INTERNATIONAL SMELTING AND REFINING COMPANY

East Chicago, Indiana

Pigment Division

February 28, 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 January, 1945.

Table No. 1 gives a comparison of zinc oxide sales for January, 1945 and December, 1944. Also a comparison for the same months for the preceding years. The latter is in the right-hand column.

TABLE NO. 1

January	869,110 Lbs.	1,276,404 Lbs.
December	1,090,400 Lbs.	943,850 Lbs.

Sales for January were off due to lower sales of the U.S.P. quality and muffle furnace grades. Sales of American process oxide were down slightly in January also.

For February the sales of both U.S.P. quality and muffle furnace oxide will be up. However, sales of American process oxide will be off quite a bit which should help our income considerably. For February the total sales will be about 900,000 pounds.

In comparing sales for January of 1945 with those for January of 1944 it should be taken into consideration that last year sales for January included 400,000 pounds of zinc oxide sold to C.W.S. Taking this into consideration sales to regular customers for January of last year were practically the same as sales for January of this year.

Sales to the rubber and miscellaneous industries have been very good for February. However, the paint industry is very quiet due to the many restrictions imposed upon it and also due to the fact that the paint industry to a large extent is dependent upon civilian requirements.

At the present time the paint industry is operating on a 50% linseed oil quota. Titanium pigments and lithopone are almost impossible to get unless they are to be used in war orders. The use of lead-free zinc oxide has practically been eliminated in the use of paints for civilian requirements due to restrictions imposed by WPB. The dry white lead quota is only 16% of former use.

Leaded zinc oxide was very tight until about the first of 1945 due to the fact that demand was in excess of supply. Now it appears that the paint industry may not require all of the leaded zinc oxide that is produced. We have had much less difficulty holding down sales of leaded zinc oxide since the first of the year and our total sales volume will be down only because of this situation. Due to the fact that we lose money on leaded zinc oxides the lower volume of sales for these grades is not necessarily unfavorable. Sales will be up for those grades where we have a more favorable margin of profit.

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

TABLE NO. 2

	JANUARY 1945 Pounds	JANUARY 1945 Value	JANUARY 1944 Pounds	JANUARY 1944 Value
Paint	322,360	$ 23,959.31	344,154	$ 26,037.52
Rubber	385,950	36,853.63	323,100	30,877.26
Miscellaneous	160,800	15,827.13	209,150	20,667.54
CWS	-	-	400,000	38,000.00
	869,110	$ 76,640.07	1,276,404	$ 115,582.32

	DECEMBER 1944 Pounds	DECEMBER 1944 Value	DECEMBER 1943 Pounds	DECEMBER 1943 Value
Paint	372,900	$ 27,746.75	266,750	$ 20,435.46
Rubber	548,650	52,895.88	299,750	28,791.64
Miscellaneous	168,850	17,036.89	377,350	36,283.23
	1,090,400	$ 97,679.52	943,850	$ 85,510.33

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

TABLE NO. 3

U.S.P. Quality	76,350 Lbs.
Seal	15,510 Lbs.
Other Lead Free and Leaded	777,250 Lbs.
	869,110 Lbs.

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

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TABLE NO. 4

	January	December	November
Average Sales Price - Per Pound	8.818¢	8.958¢	9.028¢

The sales of the higher priced U.S.P. quality and muffle furnace oxides were off more than the lower priced American process lead-free zinc oxides. Hence there was a lower average sales price per pound for January. It is quite likely that for February the average sales price per pound will be higher than that for November.

Table No. 5 gives a comparison of white lead sales for January of 1945 and December of 1944. Also a comparison of the corresponding months for a year ago. The latter is on the right-hand side.

TABLE NO. 5

January	2,281,266 Lbs.	855,002 Lbs.
December	1,537,043 Lbs.	658,430 Lbs.

Sales for January reached a peak for several years. This was due to advance buying by the paint industry because they had heard of the action WPB would take to restrict the production of dry white lead.

At the time these purchases were made the paint industry did not know that the consumption of white lead would also be restricted and that most of their stock would be frozen. Nevertheless most of our customers consider that they were fortunate to get the lead because their experience in the past has been that when restrictions were imposed upon the production of a commodity it frequently is almost impossible to purchase it when the restrictions are eased or eliminated.

Sales of dry white lead as such and as lead-in-oil will total about 125 tons for February. It is very likely that sales will remain at this level until present restrictions on the production and use of dry white lead are eased or eliminated. The situation is such that the production of paints for civilian requirements is practically paralyzed and if these restrictions continue for any length of time it will very likely put a good percentage of the dealer trade out of business.

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

TABLE NO. 6

	January	December	November
Average Sales Price - Per Pound	8.342¢	8.331¢	8.313¢

To summarize, zinc oxide sales for those grades on which we have a better margin of profit will be up in February and the outlook continues to be good for them. On the other hand, the sales of those grades of zinc oxide on which we do not have a favorable margin of profit will be off and until WPB eases or eliminates some of the restrictions on the paint industry this will continue to be the case. Sales of dry white lead as such and as lead-in-oil will be off about 500 tons per month from what they have been averaging and the continuance of present restrictions on the paint industry should maintain these sales at this extremely low level.

Very truly yours,

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