

INTERNATIONAL SMELTING AND REFINING COMPANY

East Chicago, Indiana

Pigment Division



March 30, 1945

Mr. R. E. Dwyer,
Executive Vice President,
Anasconda 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, 1945.

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

TABLE NO. 1

	<u>1945</u>	<u>1944</u>
February	848,100 Lbs.	843,000 Lbs.
January	869,110 Lbs.	1,276,404 Lbs.

Sales for January and February, 1945 were about the same. Sales of French furnace zinc oxide were up substantially in February and there was a slight increase in the sales of muffle furnace zinc oxide. However, there was a substantial reduction in the sale of American process lead-free and leaded grades.

While we would like to have increased sales, the lower sales of the American process lead-free and leaded are a favorable development in that these are unprofitable items with us. The falling off in sales is due principally to the fact that the manufacture of outside paints is practically at a standstill due to the numerous restrictions on paint manufacturers that have been imposed by WFB.

It is expected that sales of French and muffle furnace zinc oxides will continue to be favorable. This is very likely due principally to the shortage of carbon black. Quite a number of rubber manufacturers are increasing the amounts of zinc oxide in their compounds because they have had to lower the carbon black content due to the increasingly tight situation in the carbon black market. Sales of muffle furnace zinc oxide will be approximately 325 tons in March, which is a high for a number of years, disregarding CWB business.

During the last week in March we made our first shipments of our Victory Line of leaded zinc oxides. This is the name we have decided to use to designate those leaded zinc oxides based on Tocoel and East Helena fume. If they work satisfactorily in the actual production of paints we expect to move a fair tonnage which should not

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only increase our sales volume but should also help our financial position.

I may explain what might appear to be an inconsistency in that while there was very little activity in the manufacture of exterior paints, we expect to sell a fair volume of the Victory Line of leaded zinc oxides. The answer is that, while the color of the Victory Lines is considerably below the accepted standard, the paint manufacturers are looking for anything with a high lead content to offset the 16% quota of white lead established by WFB as of January 1st, 1945. This is a new marketing problem for us and at this time I can only hazard a guess, but I would say that we probably could sell two or three hundred tons per month of the Victory Lines during the present emergency.

Sales for March will be approximately 1,150,000 pounds which will be a substantial increase over February. Total sales for 1945 through February are 1,717,210 pounds as compared with 2,119,404 pounds in the corresponding period of 1944. In the latter figure are included 400,000 pounds of zinc oxide sold to CWS. We have had no sales to CWS in 1945, consequently sales to the regular trade for both years are about the same.

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

TABLE NO. 2

	<u>FEBRUARY</u>			
	<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

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

The lower trend of sales to the paint industry and the higher sales to the rubber industry are indicated in the comparison for January and February of 1945. Sales of the Victory Line of leaded zinc oxides may reverse the trend in the paint industry and we expect that in the rubber industry the sales will continue to be at a comparatively

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high level.

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

TABLE NO. 3

U.S.P. Quality	183,700 Lbs.
Seal	31,200 Lbs.
Other Lead Free and Leaded	<u>633,200 Lbs.</u>
	848,100 Lbs.

The sale of U.S.P. quality zinc oxides seems to run in cycles. During the last few months of 1944 they were down considerably but this year they have been up substantially.

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

TABLE NO. 4

	<u>February</u>	<u>January</u>	<u>December</u>
Average Sales Price - Per Pound	9.297¢	8.818¢	8.958¢

The average sales price for February was up substantially over January. This was due to the increased sales of the higher priced French and muffle furnace zinc oxides and the lower sales of the low priced American process lead-free and leaded zinc oxides. During March the average sales price per pound should be about the same as for February.

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

TABLE NO. 5

February	418,634 Lbs.	554,257 Lbs.
January	2,281,266 Lbs.	855,002 Lbs.

The falling off in sales of white lead is due to the restrictions on its use imposed by WPB as of January 1st, 1945. We just received word from WPB that during the second quarter the same arrangement on the production and consumption of white lead will be in effect as for the first quarter, with minor exceptions.

Sales for March will be less than 200,000 pounds. Sales for 1945 through February were 2,699,900 pounds as compared with 1,409,259 pounds for the corresponding period of 1944.

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

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TABLE NO. 6

	<u>February</u>	<u>January</u>	<u>December</u>
Average Sales Price - Per Pound	8.499¢	8.342¢	8.331¢

To summarize, sales of French and muffle furnace zinc oxides on which we have a more favorable margin will continue to be good. Sales of our regular American process lead-free and leaded grades on which we have a lower margin of profit will continue at the lower levels. If the Victory Line of leaded zinc oxides works satisfactorily in the manufacture of paint, we should market two or three hundred tons per month of these. On the other hand, sales of dry white lead will be around one hundred tons per month as long as the present restrictions on consumption that were imposed by WFB remain in effect.

Very truly yours,



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

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