March 1, 1946

Mr. R. E. Dwyer, Executive Vice President
Anaconda Copper Mining Company
25 Broadway
New York 4, New York

Dear Mr. Dwyer:

The following is a statement relative to the January, 1946 operations at the East Chicago plant:

LEAD REFINING DEPARTMENT

The income for the month:

Lead Refinery	$2,078.37
Bismuth Refining	789.06

The tonnage treated in January was 3,508 tons as compared with 3,248 tons in December, 1945.

The Lead Refinery income is accounted for as follows:

Inter-company materials	$1,794.01
Outside Custom Metals	3,315.35
Mixed Metal Operations	414.42
Discounts Earned	142.63
	$2,078.37

We have prepared new cost per unit of impurity figures, based on 1945 costs. These new unit costs were used in determining our January treatment costs, with the result that the bullions benefited slightly, and the costs to treat custom metals were somewhat higher. The following tabulation shows the comparative costs of treating bullion for 1945 and January, 1946:

	Average 1945	January 1946
Tooele Bullion	$20.91	$19.54
East Helena Bullion	19.98	18.38

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The income for the Mixed Metals Department of $414.42 is after deducting a selling expense of $416.75. Below is a summary of this business to date:

1945	Sales in Tons	Selling Expense	Profit
September	1	$ -	$ 16.89
October	127	-	435.06
November	296	-	994.99
December	284	744.01	1.10
1946			
January	587	416.75	414.42

ZINC OXIDE DEPARTMENT

The January income was:

Actual Cost Sheet Basis	$ 7,279.24
New Money Basis	21,687.04

Summary of Operations

Unit	Number Days Operated	Material Produced
No. 1 Muffle Furnace	28	Lead-free Zinc Oxide
No. 2 Muffle Furnace	0	Down
No. 3 Muffle Furnace	17	Leaded Zinc Oxide
No. 4 Muffle Furnace	31	Lead-free Zinc Oxide

Zinc oxide sales for January were 762 tons. This tonnage is 100 tons greater than average monthly sales for 1945 of 650 tons, which included considerable Chemical Warfare Service business.

Production of oxide in January was 773 tons as compared with an average monthly production of 684 tons during 1945.

Other factors which favorably affected the income were:

1.	Increase in average selling price due to selling 92 tons of premium grade oxide	$ 5,200
2.	Decrease in production cost due to making entire production from scrap on Muffle Furnaces	15,200

WHITE LEAD DEPARTMENT

The income for January was as follows:

Dry White Lead	$8,029.28
White Lead-in-Oil	1,992.36

Sales of dry white lead were 659 tons, as compared with an average of 420 tons per month during 1945. This high sales tonnage reduced our selling expense by $4 per ton. Production costs per ton of white lead in January were $40.29, while the average cost for 1945 was $45.70. These factors resulted in favorably affecting the income by $4,700.

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INVENTORIES

Refining Department

The amount of lead in inventory on January 31st was 8,889,501 pounds, an increase of 906,787 pounds during the month. The silver in inventory was 508,761 ounces, an increase of 115,927 ounces since December 31st.

170 tons of the lead increase is due to that much more bullion being on hand and in transit. Another reason for metal increases was due to accumulating by-products for February runs on the Residue and Blast Furnaces.

Zinc Oxide Department

The value of inventories on January 31st was $549,000, a decrease of $47,000 from the previous inventory. Our stock of electrolytic zinc amounted to $144,000 due to Great Falls shipping our First Quarter quota exceptionally early in the period.

White Lead Department

The improved sales of both dry white lead and lead-in-oil resulted in reducing the value of inventories in the White Lead Department from $190,000 on December 31st to $178,000 on January 31st, a decrease of $12,000.

LABOR

We advised you last month that the Union had agreed to extend our present contract until February 14th. Since then they requested an extension until March 14th, at which time we will meet with the Committee to renew negotiations for the new contract.

The only labor activity during the past month was a meeting on February 16th with the Union Committee concerning a minor grievance on a seniority question.

Wage Outlook

Wage increases which have been granted already by some of our neighboring industries indicate what may be expected of us. An example of what has been done by some of the industries, which have settled their labor difficulties, is shown below:

	Increase Granted	Old Rate	New Rate	Date Effective
The Superheater Co.	18-1/2¢	78¢	96-1/2¢	2-4-46
General American Transportation Co.	18-1/2	78	96-1/2	2-11-46
Universal Atlas Cement Co.	18-1/2	?	?	2-18-46*
U. S. Reduction Co.	18-1/2	78	96-1/2	2-11-46
Continental Foundry	15	78	93	2-11-46

*Employees granted back pay to January 1st at 9-1/4¢ rate.

The oil companies have granted an 18% increase with automatic increases after six months of service.

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OUTLOOK

LEAD REFINING DEPARTMENT

East Helena Bullion

The strike of the employees of the American Smelting and Refining Company will probably result in eliminating our usual intake of East Helena Bullion for at least a few months. This will not only reduce our production by about 1,000 tons per month, beginning with April; but it takes away our only means of diluting the Tooele bullion for low bismuth and copper-bearing refined leads. With our production being thus restricted to a high bismuth common lead (.25% Bi Max.) it may work a hardship on the Sales Company. If Mr. Glass would be forced to sell this high bismuth lead and thereby become obligated to certain customers, we believe that it would be best to store Tooele bullion until such time as East Helena resumes shipments.

Battery Plates

Dealers appear to be hoarding battery plates, on the theory that there will soon be an increase in the price of lead. Because of this situation the few plates that are being offered in our area have been moving at the ceiling smelting charge of $22. We feel that this price does not give the smelters enough margin, and look for the chief consumers in Chicago to increase the smelting charge by $2 or $3 in the very near future. We purchased about 500 tons in February, mostly at the $22 figure, which permits us to make only a new money profit of a few dollars.

American Smelting and Refining Company Strike

We thought you may be interested in a bit of information that has just come to our attention. The following plants of the Federated Metals Division have been shut down because of the American Smelting and Refining Company employee's strike:

Newark, New Jersey
Perth Amboy, New Jersey
Beckemeyer, Illinois
Los Angeles, California
San Francisco, California

ZINC OXIDE DEPARTMENT

General

The outlook for the Zinc Oxide Department is rather bright, due to our ability to produce zinc oxides for the paint trade from scrap. Our sales for February will be equal to the January total, which was in excess of 700 tons. Estimated sales for March are 900 tons. At this rate, we are approaching the tonnage we believed we would need to have to be on a competitive price basis.

Scrap

We are purchasing an amount of scrap equivalent to our consumption, continuing to have a 60-day supply on hand. Practically all of our purchases are Kirksite dies, for prices ranging from 4-1/2¢ to 5¢ per pound. There is considerable regular scrap in the hands of dealers, but our quotation, based on its comparative value to Kirksite, seems to be too low to bring out this type of scrap.

We hope this information will be helpful.

Very truly yours,

G. E. Johnson

GEJ/fs
cc: Mr. Frederick Laist

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