

INTER-OFFICE LETTER

FROM

Cleveland

OFFICE

General Cost

DEPT

Cleveland

OFFICE

DATE

Dec. 12, 1958

MR

L. Reese

SUBJECT

Raw Material & Trade Price Index

ANSWERING LETTER OF

DICTATED BY

Several months ago, we called to your attention that both our Raw Material and Price List indices were out of date. Our Raw Material was based on the year 1926 as 100%. Our Price Index was based on the year 1936 as 100%.

The United States Government, in their wholesale price index, and the National Paint, Varnish, and Lacquer Association have adopted the average of three years - 1947-48-49 as a new basis. We felt it advisable to rework our indices using the same base period.

We also pointed out a decided change in our Tin Plate Index. Since the raw materials used in our calculations were consumption of the Sherwin-Williams Co. only, excluding Affiliates, we reduced our Tin Plate consumption accordingly. We made a further reduction in our Tin Plate usage to eliminate plate used for processing cans sold through PC&C outlets. In averaging Tin Plate and Raw Material together for our combined index, we wanted both groups on the same basis representing only that quantity used in the production of our finished products. In the past, some of our plate (that quantity used for lithographing cans) included the lithographing cost. This additional cost has now been eliminated and our index represents the base cost of Tin Plate only.

We are attaching a summary of our calculations showing the new base period and the following years up through 1958. Detailed working papers substantiating this summary are in the General Cost Dept. if questions arise.

In addition to the historical record through 1958, we are also setting up our index for the coming year on the new basis. Copies of these are also attached and will be kept up to date monthly, the same as in the past, as soon as the General Accounting Dept. accumulates and issues their report on usage of materials.

Our new index on Trade and Institutional Product prices should be ready within the next several days.

H. F. A. Lute
Manager of Gen'l Costs

HFW:ly

cc LRS FJS AEB VM RFB

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