



CITY Cleveland DATE May 25, 1959 FOR Mr. R.D. Horner
SUBJECT GENERAL PURCHASING DEPARTMENT REPORT
ANSWERING LETTER OF

ROZA

MAY 25 1959

While many businesses continue to run at near record rates, there has been enough capacity added over the last several years that, with one or two exceptions, we are able to get as much raw material as we need. An outstanding exception is the situation we are faced with on maleic anhydride. The demand for this material has been so great that in June our suppliers have put us on allocation and we have been having a difficult time getting as much material as our paint division needs. Among other uses this material goes into polyesters and our business at Nubian has been so good on this that in four months they have used up their original estimate for the entire year. We have made considerable progress the last several weeks in lining up additional material for them and we are optimistic that we can keep our plants running through June at which time we expect to see a temporary easing up situation because the polyester business is somewhat seasonal. We are concerned, though, about the long range outlook for maleic anhydride as there are only three basic producers of the material and there is not much hope of increased capacity unless we can get someone else interested in getting into this business. We are working in several directions on this. There is also the possibility of importing this item which we are exploring.

There is also a tight situation on phthalic anhydride but it is nowhere near as critical as the maleic anhydride. Here there seems to be plenty of capacity and it is a question of business being exceptionally good at a time when most people are trying to build up their inventories in anticipation of a steel strike. Even though our sales are particularly good at this time, we have been able to increase our inventories during the month of May and feel confident that we can increase them during June so that if we have a steel strike we will have adequate inventories.

We mentioned last month that our Paint Sales Department was getting consideration by both American and Continental for some new type of can coatings which offered the can companies savings. Mr. Forbes came back from our last technical conference with the American Can people with a \$750,000 order starting in August of this year and ending June 1st, 1960 for a new beer can coating made from "C" oil. This is the culmination of several years of intensified work by a number of people in The Glidden Company ranging from our formulators up to and including Mr. Joyce. We do have a problem though in the availability of "C" oil and while we have been assured by Enjay of enough material to handle this initial order from American our paint people and Dr. Von Fisher are investigating the possibility of either manufacturing this ourselves or getting lined up with someone like Firestone.

The news from Continental is also good. The first production run of our new vinyl beer can coating made from Firestone material was very successful and if subsequent production tests are as good it looks as if we can finally get out from under Stoner Mudge's shadow and move in as the number one supplier on this type of coating.

DRYING OILS:

There is no change in the linseed price which remains at 12.5¢/lb. Soybean oil prices have been firm and have advanced to .09-7/8 lb. We are protected with .09 oil through the second quarter and will buy spot for our third quarter requirements or until such time as the market is considerably weaker than it has been in the last month. Wood oil prices are firm: Domestic oil is 22¢/lb. FOB South and imported oil is 23¢/lb. FOB Port.

NON-FERROUS METALS:

Demand for lead has been excellent during the month and as a result the price firmed up to 12¢/lb. Zinc is steady and unchanged at 11¢/lb. Copper has been firm and unchanged at 31-1/2¢ lb. There continues to be a large surplus of cadmium and the price is weak at \$1.10 lb. The nominal price for selenium is unchanged at \$7.00 lb. although we have bought some small lots of imported material for as cheap as \$6.00 lb.

PACKAGES:

The paper industry is once again going full blast. During the past year competition has squeezed profits and there is considerable talk of a general price increase July 1st. Fine paper prices have already gone up and it may be we will see higher prices soon for shipping cases, multi-wall bags, folding cartons, etc.

R. L. LOZON

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