

INTERNATIONAL SMELTING AND REFINING COMPANY

East Chicago, Indiana



Pigment Division

March 1, 1946

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, 1946.

Table No. 1 gives a comparison of zinc oxide sales for January, 1946 and December, 1945. Also a comparison for the same months for the preceding years. The latter is in the right-hand column.

TABLE NO. 1

January	1,525,000 Lbs.	869,110 Lbs.
December	1,030,565 Lbs.	1,090,400 Lbs.

Sales for January, 1946 were up substantially over those for December, 1945. This increase is accounted for mainly by American process lead free made on No. 4 muffle furnace from secondary metal. The sale of oxide made from high grade metal, leaded zinc oxide and regular muffle zinc oxide sold to the rubber trade remained at satisfactory levels but did not show substantial increases.

Table No. 2 gives the sales year to date through January for 1946 and 1945.

TABLE NO. 2

	<u>1946</u>	<u>1945</u>
Sales Year To Date - January	1,525,000 Lbs.	869,110 Lbs.

Table No. 3 gives the sale of zinc oxide by months beginning with September, 1945. It was during the latter part of this month that we became competitive on the price of lead free zinc oxide. Since then the sales for every month have been ahead of those for the preceding months.

We are hoping that February, 1946 will show at least a slight increase over January, 1946. February is a short month and in some sections of the country two holidays are recognized. In addition to this labor unrest apparently had some influence on our business as a

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few days before the first of February we noticed considerable slowing up and there was no pick-up until about the 20th of February. Business during the last week of February has been good.

We are optimistic about zinc oxide sales. It looks as though for March they will be in the neighborhood of 1,800,000 pounds. The large rubber companies are still out of the market as far as we are concerned mainly because of their large inventories. If one or two of these companies should start buying it would make a substantial improvement in the sales picture.

TABLE NO. 3

September	728,200 Lbs.
October	814,850 Lbs.
November	963,900 Lbs.
December	1,030,565 Lbs.
January	1,525,000 Lbs.
February (Probable)	1,550,000 Lbs.

Table No. 4 gives a breakdown of sales according to paint, rubber, and miscellaneous industries.

TABLE NO. 4

	<u>JANUARY</u>					
	<u>Pounds</u>	<u>1946</u>	<u>Value</u>	<u>Pounds</u>	<u>1945</u>	<u>Value</u>
Paint	742,200	\$	55,297.75	322,360	\$	23,959.31
Rubber	283,600		20,770.00	385,950		36,853.63
Miscellaneous	<u>499,200</u>		<u>40,393.86</u>	<u>160,800</u>		<u>15,827.13</u>
	1,525,000	\$	116,461.61	869,110	\$	76,640.07

	<u>DECEMBER</u>					
	<u>Pounds</u>	<u>1945</u>	<u>Value</u>	<u>Pounds</u>	<u>1944</u>	<u>Value</u>
Paint	619,000	\$	45,970.00	372,900	\$	27,746.75
Rubber	138,200		10,104.50	548,650		52,895.88
Miscellaneous	<u>273,365</u>		<u>22,372.49</u>	<u>168,850</u>		<u>17,036.89</u>
	1,030,565	\$	78,446.99	1,090,400	\$	97,679.52

Sales to the rubber industry for January were up somewhat over December but are still considerably below normal. We are expecting these sales to improve substantially in March.

While sales to the paint industry remain very good the outlook is far from encouraging. While containers and pigments such as

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titanium dioxide and lithopone are very tight the major factor is linseed oil.

I am quoting from an article that appeared in the American Paint Journal in the February 25, 1946 issue.

"Paint manufacturers who have been so fortunate as to have oil on contract now find that when these contracts expire they cannot be renewed; there are rumors that some of the paint plants may have to close, but to date we have not heard of any one actually closing. About 440,000 bushels of flaxseed are expected from the Argentine in March, which will only be a drop in the bucket; but crushers are doing their best to take care of their customers in a small way."

Table No. 5 gives the average sales price per pound for zinc oxide for the past three months.

TABLE NO. 5

	<u>January</u>	<u>December</u>	<u>November</u>
Average Sales Price - Per Pound	7.637¢	7.612¢	7.560¢

The average sales price per pound has been going up gradually. For February this very likely will be about 7.75¢ per pound due to an increase in the sale of the higher priced grades of zinc oxide made from high grade metal.

Table No. 6 gives a comparison of white lead sales for January, 1946 and December, 1945. Also a comparison of the corresponding months for a year ago. The latter is on the right-hand side.

TABLE NO. 6

January	1,478,688 Lbs.	2,281,616 Lbs.
December	955,136 Lbs.	1,537,043 Lbs.

Sales for January, 1946 are up substantially over December, 1945. This is due to some extent to timing since all the lead on order for shipment in December could not be shipped because we did not have the proper grades due to the low inventory at East Chicago. As a result some of the lead that should have been shipped in December was shipped in January.

Furthermore there is some speculative buying but most of the increase is accounted for by the shortage of leaded zinc oxide. Most paint manufacturers cannot get the amount of leaded zinc oxide they need and are purchasing white lead and lead free zinc oxide to get the equivalent, although their cost per gallon of paint is increased substantially. We restrict our sales of leaded zinc oxide to about 125 tons per month because of the shortage of lead sulphate but we could very easily sell 500 tons per month if we had it. Considerable pressure is being put upon us all the time by our regular customers to

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increase the amount of leaded zinc oxide we can furnish them which we are not in position to do.

Sales of dry white lead for February, 1946 will be about 1,300,000 pounds. Since our inventories at East Chicago are very low and production is limited by CPA to approximately 550 tons per month, it is quite likely that we will continue to sell our output of 550 tons monthly. We probably could sell considerably more if it were available.

Table No. 7 gives the sales of white lead year to date through January of 1946 and 1945.

TABLE NO. 7

	<u>1946</u>	<u>1945</u>
Sales Year To Date - January	1,478,688 Lbs.	2,281,616 Lbs.

The abnormally large volume of sales shown for January, 1945 is accounted for by the advance buying on the part of the paint industry due to probable restrictions on the production of dry white lead. These restrictions materialized but it was not foreseen that there would be restrictions on the consumption of dry white lead also. The result was that the paint manufacturers had to carry large inventories of dry white lead during most of the year 1945.

Table No. 8 gives the average sales price per pound for dry white lead for the past three months.

TABLE NO. 8

	<u>January</u>	<u>December</u>	<u>November</u>
Average Sales Price - Per Pound	8.361¢	8.353¢	8.362¢

To summarize, zinc oxide sales for January continued the upward trend which began when we went competitive on the price of lead free zinc oxide during the latter part of September, 1945. While sales for February may not be over those for January they will be at least equal which is very encouraging considering that February is a short month and we felt most of the result of the steel strike during that month. For March we expect a continuation of the upward trend and look for sales of approximately 1,800,000 pounds.

Dry white lead sales for January were up substantially. We expect them to be off somewhat in February and in March they should reach a level of about 550 tons per month which is the maximum production allowed by CPA. We expect to continue to sell the production of the white lead plant despite the unfavorable outlook for linseed oil as white lead and lead free zinc oxide are being used as a substitute

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Mr. R. E. Dwyer

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for leaded zinc oxide which is short and will very likely continue to be short for an indefinite period.

Very truly yours,



F.H. Murless:hc

cc: Mr. Frederick Laist /
Mr. F. O. Case
Mr. G. E. Johnson

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