INTERNATIONAL SMELTING AND REFINING COMPANY

East Chicago, Indiana

Pigment Division

May 2, 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 March, 1946.

Table No. 1 gives a comparison of zinc oxide sales for February and March, 1946 and the corresponding months of 1945.

TABLE NO. 1

	1946	1945
March	1,893,400 Lbs.	1,164,450 Lbs.
February	1,537,350 Lbs.	848,100 Lbs.

The upward trend that began when we went competitive on price in September, 1945 continued through March. In does not appear likely that there will be a reversal of this trend in the near future.

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

TABLE NO. 2

	1946	1945
Sales Year to Date - March	4,955,750 Lbs.	2,881,660 Lbs.

It is quite likely that sales through April, 1946 will be double those for the same period of 1945.

Table No. 3 gives the sales of zinc oxide for the past six months together with the probable sales for April.

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TABLE NO. 3

October	814,850 Lbs.
November	963,900 Lbs.
December	1,030,565 Lbs.
January	1,525,000 Lbs.
February	1,537,350 Lbs.
March	1,893,400 Lbs.
April (Probable)	2,000,000 Lbs.

The upward trend in sales should continue through May. Sales for that month are estimated at 2,200,000 pounds.

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

TABLE NO. 4

	MARCH			
	1946		1945	
	Pounds	Value	Pounds	Value
Paint	801,200	$ 58,621.01	189,350	$ 14,797.26
Rubber	206,500	15,112.50	669,500	64,253.75
Miscellaneous	885,700	71,765.74	305,600	30,918.23
	1,893,400	$ 145,499.25	1,164,450	$ 109,969.24

	FEBRUARY			
	1946		1945	
	Pounds	Value	Pounds	Value
Paint	891,200	$ 67,269.13	181,200	$ 14,030.65
Rubber	312,100	22,662.50	434,450	41,791.88
Miscellaneous	334,050	29,227.00	232,450	23,027.19
	1,537,350	$ 119,158.63	848,100	$ 78,849.72

Sales to the paint industry continue at a high level despite reported shortages of containers and linseed oil. To some extent this is due to substitution of zinc oxide for other pigments which are not available, such as lithopone and titanium. Sales to the rubber industry continue to lag. To a large extent this is due to lower production of insulated wire. A large percentage of the zinc oxide we have been selling to the rubber industry has been used in insulated wire and many concerns making such products are either operating on a reduced schedule or are not operating at all.

The substantial increase in sales to miscellaneous industries is due to a lesser extent to an increased demand for zinc oxide from manufacturers of pharmaceuticals who are probably shipping the increased production abroad. To a greater extent this increase is due to sales to exporters.

We do not directly export. We sell to the exporter, the transaction being handled the same as a domestic transaction. There is a sizable market which probably will last for a year or more.

We have been selling our muffle furnace oxide at the regular domestic price of 7-1/4¢ for carlots. Beginning with the first of May, our price will be 8-1/4¢ per pound or 1¢ per pound over the domestic market. This has been cleared through the legal staff and we have been assured that we in no way would be violating OPA ceiling prices or the Robinson-Patman Act.

While our domestic price is 7-1/4¢ at the present time, our official ceiling price is 9-1/2¢. Consequently, we could charge up to 9-1/2¢ without violating OPA ceiling prices. Furthermore, since the zinc oxide is being sold for export, it is not being purchased by a consumer in this country who would be in competition with another consumer paying 7-1/4¢ and for this reason there is no violation of the Robinson-Patman Act.

We have already booked 230,000 pounds at 8-1/4¢ for shipment during May. It is quite likely that we can book at least an additional amount at the same price. This increase in revenue should be of considerable help to us at East Chicago and may favorably affect our position to a considerable extent if we can get sufficient volume of sales at this higher price.

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

TABLE NO. 5

	March	February	January
Average Sales Price - Per Pound	7.685¢	7.751¢	7.637¢

The average sales price for March was not as low as predicted, 7.50¢ per pound. For April, it should be about the same as for March, 7.685¢.

Table No. 6 gives a comparison of white lead sales for February and March of 1946 and the corresponding months of 1945.

TABLE NO. 6

	1946	1945
March	1,575,645 Lbs.	259,211 Lbs.
February	1,445,035 Lbs.	418,634 Lbs.

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Our use of pig lead in the production of dry white lead during the second quarter is limited to 38-1/2% of the amount used during the first six months of 1944 or an annual basis of approximately 77%. On the other hand, the demands upon us are tremendous due to the shortage of other pigments. We could sell twice as much dry white lead if we had it.

Dry white lead sales for April will be about 1,000,000 pounds. They reached this level only because we liquidated our stocks at East Chicago and to a considerable extent those in outlying warehouses. One day last week we had only 23 tons of all grades in stock at East Chicago. Total stocks in outlying warehouses are only about 125 tons.

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

TABLE NO. 7

	1946	1945
Sales Year to Date - March	4,499,368 Lbs.	2,959,111 Lbs.

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

TABLE NO. 8

	March	February	January
Average Sales Price - Per Pound	8.391¢	8.414¢	8.361¢

To summarize, sales of zinc oxide continued the upward trend that began when we went competitive on price in September of 1945 and this upward trend is expected to continue. The increased revenue from the sale of zinc oxide for export at a price higher than the domestic price is expected to help our position at East Chicago somewhat.

Despite the fact that the demand for dry white lead is considerably in excess of the supply, our sales will be lower due to the curtailment of production by CPA. We have no inventories to draw on as those in East Chicago and in outlying warehouses are practically depleted.

Very truly yours,

Sales Manager

F.E.Hurless:ho
cc: Mr. Frederick Laist
Mr. F. C. Case,
Mr. G. E. Johnson

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