

BUSINESS AND FINANCE

Basic materials costs increasing for farm chemical makers . . . Stocks of finished goods still above last year as new season gets under way

RISING COSTS for basic materials may prevent or at least retard any general downward movement in manufacturers' prices for pesticides, fertilizers, and other farm chemicals, according to opinions obtained in the trade. This is not merely wishful thinking. There is a chance that one of the most basic raw materials, sulfuric acid, will be advanced, and price upturns have already been scheduled for a number of items in the phosphate group.

Unless some makers decide to maintain present levels, which happened a short time ago in chlorine, sulfuric acid may be raised at the end of May or shortly thereafter. This would reflect the price upturns effected in crude sulfur. What effect an advance in sulfuric acid quotations would have on superphosphate and ammonium sulfate, two largely consumed fertilizers, is problematical and would depend on the extent of the sulfuric advance.

Higher acid costs also might disturb certain insecticides and fungicides, especially DDT which requires large quantities of sulfuric in its process. DDT has been under selling pressure in recent weeks and its market has come all the way down to around 23 cents per pound in carlots to formulators. This is 30% below last year. A rise in raw material costs would serve to stabilize the market considerably.

Phosphoric acid has been advanced 10 to 15 cents per 100 lb., establishing the 85% grade in tank cars at \$6.15. Alcohol also is higher.

Surplus Indicated In Nitrogen Supply

Even before a number of our expansion undertakings have been completed in anhydrous ammonia, it is interesting to learn that there will be a world surplus of some 145,000 tons in the production of nitrogen from all sources, U.S.S.R. excluded, during the crop year 1952-53 ending with next June. This is the estimate just issued by the nitrate authorities, Aikman Ltd. of London.

As far as ammonia is concerned, there is no nitrogen surplus here, and such an eventuality is unlikely until our expansion program is completed. The Govern-

ment's goal calls for 2,650,000 tons of synthetic and by-product nitrogen by 1955. Our estimated production during 1952-53 was 1,680,000 tons, and estimated consumption, 1,855,000 tons.

The Aikman report summarizes the world position in pure nitrogen as follows:

	PRODUCTION		CONSUMPTION	
	Agri-culture	Indus-try	Agri-culture	Indus-try
	(Thousands of metric tons)			
1947-48	2880	520	2785	520
1948-49	3440	570	3180	570
1949-50	3890	670	3525	670
1950-51	4035	770	3975	770
1951-52	4375	840	4180	840
1952-53	4745	865	4600	865
1953-54	5050	950	5975	950
1954-55	5330	1050	5395	1050

It is figured that world stocks of nitrogen on June 30, 1953, will be 1,135,000 metric tons, of which Europe and Egypt will account for 500,000 tons and the United States and other nations, 635,000 tons. Of the latter total some 400,000 will be in the United States and Canada and 235,000 tons either in or afloat to all other countries.

Pesticide Markets Turn More Active

While it is still too early to forecast the sale of insecticides and fungicides for the 1953 season, there has been an increased seasonal movement of these materials over the past week or two into farm areas. The shipments are probably not up to the activity we had in the spring of 1952, and distributors as well as farmers will likely wait for definite indications of insect activity before taking on heavier commitments.

Much attention is given currently to the cotton growing sections, particularly to indications of weevil activity. The boll weevil is said to have had a fair degree of wintering, and this might be said for insects generally in sections which experienced a mild winter. From here on out much will depend upon rainfall, of which the East has had a generous amount this spring. Another hot and droughty growing season such as we had in 1952 would be ruinous to the market.

Stocks of DDT, benzene hexachloride, other organics, as well as of arsenicals, are reported ample to take care of any sudden upsurge in demand. One manufacturer reports that stocks are 20% above normal for this time of the year, despite curtailment which has taken place in production of basic materials.

Even though the drought cut heavily into consumption, pesticide sales last year ran as high as \$400 million. With normal insect activity in crop areas, 1953 sales should approximate or surpass that total for 1953. The newer organic compounds also will dominate in this chemical war on bugs, as in 1952 when about 80% of insecticides used were new products that were not available in 1945. Prior to 1946 we used no DDT for pest control. Its use this year may exceed 100 million pounds.

As to farm purchasing power, this looks a little better; at least it shows an improvement over late last year. During March farm prices on the whole were about unchanged at 94% of parity, compared with 100% a year ago and the record level of 122% in October 1946. But farmers contend that improvement in the farm price level has been offset by increases in prices for the things they have to buy.

Insecticides, as pointed out by A. W. Mohr of CalSpray, have a short-use season, and often the entire annual requirement to meet a special problem may be limited to a single day. At best, it will not extend for more than 10 or 12 weeks.

Cotton normally comprises 20 to 30% of the national insecticide market and the crop damage is caused by the boll weevil, bollworm, leafworm, red spider, and aphid. Some 80% of this large market is applied during a six-week period. The longest use period against a widespread pest is that of DDT or lead arsenate for control of the codling moth. This may extend to 12 weeks.

Pennsalt's \$57 Million Sales In '52 Highest on Record

Pennsylvania Salt Mfg. Co.'s sales in 1952—\$57,848,298—were the highest on record and 21% above the 1951 total. Net earnings after taxes were \$3,217,942, compared with \$3,542,309 in the previous year. The 1952 earnings were equivalent to \$2.59 a share, compared with the 1951 per-share earnings of \$3.30.

Earnings were adversely affected, according to the report, by reduced sales of agricultural chemicals due to the drought, by the steel strike, by controlled prices and rising costs, and by the fact