

# 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

**R**ISING 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

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that the company charged \$470,423 against profit for accelerated amortization.

Pennsalt is currently undertaking the largest plant expansion program in its history—\$7,280,000. Agricultural chemicals are receiving a good share of the planned expansion at Calvert City, Ky., where the company is building a large new chlorine-caustic plant, \$700,000 facilities for chlorinated organics and other chemicals. The second largest project in Pennsalt's program is installation of facilities for doubling the synthetic ammonia output at Wyandotte, Mich. Chemicals for agriculture are also involved in the enlargement being planned for Pennsalt's Tacoma, Wash., plant.

### CSC's 1952 Net Slipped to 52 Cents a Share

Commercial Solvents Corp.'s annual report shows earnings of 52 cents a common share for 1952, compared with \$2.22 a share for 1951. A sharp decline in dollar sales from over \$61 million in 1951 to about \$50.3 million in 1952 accounted for the decrease in earnings. Unit sales volume in most of the company's major product lines increased over the previous year but price declines, principally in antibiotics, caused the downturn in profits.

Earnings after taxes were \$1,368,392, against \$5,842,444 for 1951. In addition the company received a refund of \$1,107,387 for a portion of the excess profits taxes paid by the company for the years 1940 through 1943. Combined with net profits this figure increased per share earnings to 94 cents a share. CSC paid common stockholders a total dividend of \$1.00 per share during the year.

During 1952, CSC took the remaining \$15 million of a total insurance loan of \$25 million, which was arranged in 1951 to finance expansion. A total of \$11.5 million was expended during 1952 for new plant and equipment. Another \$12.3 million is expected to be spent on expansion this year for increased capacity to produce ammonia, methanol, and solid ammonium nitrate. At Sterlington, La., the company will double its present ammonia plant. Part of the increase will go into solid form as ammonium nitrate in crystalline form. The rest will be sold as nitrogen solutions.

In the field of pesticides, the annual report notes that the unusually hot, dry weather during the past cotton growing season kept infestation of boll weevils at a minimum, thus reducing demand for benzene hexachloride. The report warns that heavy inventory carry-overs by basic manufacturers and distributors may affect the market for BHC in 1953.

CSC introduced three new animal feed products in 1952—Bacigro, an antibiotic pellet implanted in baby pigs to stimulate growth and reduce mortality; Molatein, an ammoniated molasses product which serves as low-cost protein for cattle, sheep, and goats; and Penbac, a combination of penicillin and bacitracin for use in swine and poultry feeds to stimulate growth and increase feed efficiency.

### Monsanto Spent Record High \$73 Million for Expansion in '52

Monsanto Chemical Co. spent almost \$73 million on additional property investments during 1952, company president, Charles A. Thomas, told stockholders at their recent annual meeting. This is almost twice the amount Monsanto ever spent in a single previous year, he pointed out, and it does not include Monsanto's investment in the Chemstrand Corp., which is jointly owned by Monsanto and American Viscose.

A 2% decrease in sales was reported by Monsanto for 1952. Sales totaled \$266,704,442, compared with \$272,845,034 for 1951. Dr. Thomas attributes the decline to a high inventory carry-over from the 1951 scare buying, nationwide oil and steel strikes, a textile slump, and the slowing-up in detergents. Profits, however, suffered a decline of only \$288,641 or 1%, chiefly because of the anomaly of excess profits taxes.

The report blamed the drought and insect infestation for lower sales in the agricultural chemicals field, sales of which dropped from \$12,799,875 in 1951 to \$12,199,388 in 1952, remaining almost constant, however, at about 4.5% of the company's total sales. The drought affected weed growth as well as crop growth and lowered the sales of herbicides while generally low insect infestations depressed insecticide sales.

To the food industry, Monsanto sold about \$14 million worth (5.3% of total sales) of chemicals, such as coumarin, vanillin, saccharin, caffeine, phosphate baking powders, benzoic acid and sodium benzoate preservatives, and a long list of others.

New developments in these fields include the well-known soil conditioner, Krilium, which Monsanto put into production last year almost a year ahead of schedule. Another Monsanto entry is the 20-20-20 soluble fertilizer, Folium.

During the year, Monsanto spent about \$9 million on research, exclusive of development, patent, plant engineering, technical service, and control laboratory expenses. This represented almost 4% of sales and exceeded the research expenditure of 1951 by about \$2.5 million.

At the meeting, Dr. Thomas said the company expects to spend even more on research during 1953.

### Despite Steel Strike, Continental Can's Sales High

Continental Can Co.'s sales for 1952 hit a new high for the company of \$476,884,615, passing up 1951 sales by 3.5%. Earnings were down, however, to \$14,387,839 from the \$15,210,720 earned in 1951.

Of the total sales, metal cans accounted for 77.1%; paper, paper containers and fiber drums, 11.1%; crown caps and cork products, 3.5%; defense work and miscellaneous products, 8.3%.

It is hard to estimate how much larger sales might have been if the steel strike had not curtailed availability of tinplate. Earnings reduction were largely because of retroactive wage increases and delayed compensating price increases.

Continental's expenditure for capital improvements during the year amounted to over \$18 million. Included were a new fiber drum plant at Pittsburg, Calif., and a new metal can plant at Vancouver, B. C. A new 250-foot Fourdrinier paper-making machine was installed at the Hopewell, Va., paper mill.

### American Can Upped Sales 9%

American Can Co.'s sales and rentals rose 9% during 1952 to a record high of \$621,697,691, while profits dropped 9% to \$27,380,494. Also mentioned as a highlight of the year in the annual report was the company's expansion of manufacturing facilities.

During the year, American Can opened a new can-making plant at Stockton, Calif., and fiber milk container installations at Portland, Ore., and Tampa, Fla. Two new can-making facilities are scheduled for completion at Lemoyne, Pa., and Plymouth, Fla., this year.

The 53-day steel strike stopped normal receipts of raw materials during the height of the canning season and made it necessary to transship plate between plants and the cutting of plate for purposes and sizes other than those for which it was ordered.

### Cyanamid's Earnings, Sales Off

American Cyanamid Co.'s sales slipped 5% from a record high in 1951 to \$368,408,345, according to the annual report. The fall-off in volume reflected the lower rate of activity for business in general which prevailed during the first nine months of the year, Cyanamid's report pointed out.

Earnings were \$26,611,777 for 1952, compared with 1951 profits of \$34,788,084, which included a nonrecurring profit of \$5,880,000 from the accumulated earnings and sale of Cyanamid's interest in Southern Alkali Corp.