

BUSINESS AND FINANCE

Korean truce fails to modify military demands for nitrogen . . . Seasonal buying for agriculture meanwhile is extended, with solutions leading in activity

IT IS LOGICAL to expect that the Korean truce will result in reduced demands for anhydrous ammonia and other chemicals vital to the armed services. At the close of July, however, there were no indications that the military was curtailing its requirements. The pro-rata demands previously submitted to ammonia manufacturers for August delivery to government plants were neither rescinded nor modified in any degree.

This is a very much discussed topic in the fertilizer industry today. We won't say that there is a severe shortage in agricultural nitrogen or industrial ammonia, but supplies remain in a tight position. If military needs for ammonia were scaled down 50% it would release some 100,000 tons of the basic chemical for agriculture. Defense authorities give no indication whatever of such action, and the industry has reconciled itself to the apparent fact that Washington is going right ahead with its ammonia program.

Eventually the military demands for ammonia will have to be curtailed, and the defense agencies in the meantime will probably stockpile production of explosives and munitions for an indefinite period, or at least until signatures have been inked to a peace treaty with the North Korean and Chinese Reds.

During June last the military was getting on an annual basis about 200,000 tons of ammonia. Through a series of increases this will be upped to 300,000 tons, annual basis, unless the military authorities have a change of heart. The effects of higher government demand would be felt in August and September. The requirements in June ran about 9% of the 190,000 tons produced during that month, and July needs were approximately on the same scale.

The war demand for ammonia for August and September were stepped up about 20% over the June rate, with additional increases expected for the final quarter and the spring 1954 period.

New Plants Will Add To Ammonia Production

Some manufacturers who are supplying anhydrous ammonia for military

and agricultural use are of the opinion that new plants coming between now and early 1954 will offset the increased army demands. However, if estimates put out very recently by the National Fertilizer Association are correct, the total tonnage anticipated from the new facilities will exceed military needs by a good margin.

It is figured that 10 new plants or expansions will be in production at the end of January, and that their production will be in the neighborhood of 500,000 tons of anhydrous. This will bring national production up to around an estimated 230,000 tons for the month of January, equivalent to 2,760,000 tons a year. During June 1953 anhydrous outputs amounted to 190,000 tons.

There is an excellent demand for agricultural nitrogen right now; whether it can be expanded to absorb the output from the new plants, plus tonnages which may be relinquished later by the defense agencies, is problematical. Some feel that agricultural demand for nitrogen is greatly undersupplied, at least at a price, and as evidence point to the fact that we imported some 450,000 tons of nitrogen from Europe and Canada during the 1952-53 season.

Nitrogen fertilizers at the moment are active, and in this respect the season is being extended beyond the midyear point where it usually ends. Nitrogen solutions particularly are in good demand. Foreign ammonium sulfate also is offered here at \$47 per ton, c.i.f. eastern ports, and domestic coke-oven and synthetic ammonium sulfate is far from plentiful.

The nitrogen industry, and that includes chemical firms making anhydrous ammonia, feels that the Administration is solidly behind efforts to increase crop production through nitrogen and other fertilizers. This can be seen in the appointment of another powerful group, the National Agricultural Advisory Committee, to replace the older group formed in December 1952. The new committee will be concerned with the broad field of agricultural policy and administration, including farm programs.

Pesticide Materials A Bit More Active

Due to increased weevil activity in

various parts of the cotton belt there has been an improved demand for pesticides against that insect, but activity on the whole is not much improved. Distributing outlets have shown more interest in BHC, toxaphene, and parathion, and in certain parts of the trade there appears to be a good deal of interest in malathion, one of the newer synthetics.

The market appears to be well supplied at the moment with insecticides and fungicides of large consumption. This appears to be particularly true in the instance of 2,4-D and its formulations. There have been no further changes in DDT and BHC, including lindane, with business reported in the former earlier in July at the low level of 23 cents per pound.

A government report recently said that showers had caused further replenishment of soil moisture in the cotton growing areas and were unfavorable for insect control. Most of the belt, the report stated, now needs hot, sunny weather to stimulate development and check weevil activity. But soil moisture is still inadequate in parts of the Carolinas, and in the extreme southern and western sections of Texas.

Mathieson Hits New 6-Month Highs for Profit, Sales

Sales and net profit of Mathieson Chemical reached a new high for the six months ended June 30, it is announced by Thomas S. Nichols, president. Net for the period, after taxes and preferred dividends, was \$8,828,633, compared with \$7,077,172 for Mathieson and Squibb on a proforma combined basis in 1952, and \$5,135,516 for Mathieson alone in 1952. The merger with E. R. Squibb & Sons took place on Oct. 1, 1952.

This amounts to earnings of \$1.62 per share on the 5,463,773 shares outstanding June 30, 1953, as against \$1.63 per share on the 3,142,754 Mathieson shares outstanding June 30, 1952.

Second quarter income totaled \$4,351,238 or 80 cents per share, compared with \$2,718,733 or 86 cents per share for Mathieson alone on the lesser capitalization in 1952, and with \$3,805,944 or 70 cents per share on the proforma combined basis of Mathieson and Squibb in 1952.

In his report to stockholders, Mr. Nichols said that the \$5 million cost of rehabilitating the company's Morgantown, W. Va., plant, leased from the United States Government, to supply important civilian requirements, has been fully repaid, and earnings from the operation are now accruing to the corporation. The plant has been producing at a higher

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rate than at any time since its construction during World War II, he said.

Mr. Nichols said some increases in sales prices have occurred, principally for soda ash, chlorine, and anhydrous ammonia.

Pennsalt Reports Six Months' Earnings of \$1,888,374

Pennsylvania Salt Mfg. Co. has reported consolidated net earnings of \$1,888,374 for the first six months of 1953, as compared with net earnings of \$1,634,392 for the same period in 1952.

Net earnings for the second quarter, ended June 30, were \$955,824 as compared with earnings of \$710,356 for the same period in 1952. Earnings for the first half are equivalent to \$1.52 per share, and on the second quarter, 77 cents per share, on the 1,242,799 shares outstanding.

For comparable periods in 1952, earnings were equivalent to \$1.32 per share for the first six months and 57 cents per share for the second quarter.

Pennsalt's consolidated sales for the first six months of 1953 were \$29,839,405, the highest for any comparable period in the company's history. Sales for the same period in 1952 were \$29,280,512.

Sales for the second quarter of 1953 were \$15,665,676, as compared with sales of \$14,515,588 in the second quarter of 1952.

National Distillers Nets \$3,179,449 in 2nd Quarter;

Net earnings of National Distillers Products Corp. and subsidiaries for the second quarter ended June 30, 1953, amounted to \$3,179,449, after taxes. This is equivalent to 31 cents a share on the 8,498,973 shares of common outstanding. It compares with net earnings for the second quarter of 1952 of \$3,007,776, or 30 cents a share.

For the first six months of 1953 National Distillers' net earnings were \$5,908,940, or 57 cents a common share, compared with \$6,805,467, or 68 cents a common share for the first half of 1952.

Hercules Earns \$2.44 Per Share in 1st Half

Hercules Powder Co. reports a net income of \$6,753,996 for the six months ended June 30. The net income is equal after preferred dividends, to \$2.44 a share on 2,677,937 shares of common stock outstanding.

Net income in the first six months of 1952 was \$5,882,580, equal to \$2.12 a share on 2,672,038 shares of common stock then outstanding.

For the second quarter of 1953 net income was \$3,528,955, equal after preferred dividends to \$1.28 a share on common stock. This compares with net income in the second quarter of 1952 of \$2,822,398, equal to \$1.02 a share on common stock.

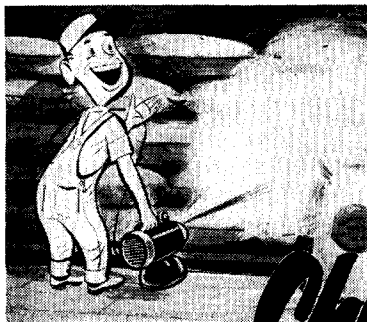
Net sales and operating revenues for the six months period were \$99,968,791, compared with \$91,724,153 for the corresponding 1952 period.

Union Carbide Reports Six Months' Sales of \$528,155,328

Union Carbide and Carbon Corp. reports record sales for the first six months of 1953 of \$528,155,328, an increase of 16% over the first half of 1952. Sales during the first six months of 1952 were \$452,875,394.

Net income for the first half of 1953 amounted to \$52,478,580, equivalent to \$1.82 a share on the 28,806,344 shares of capital stock outstanding. This compares with net income of \$46,440,458 for the first six months of 1952, equivalent to \$1.61 a share.

Net income for the second quarter of 1953 amounted to \$26,783,480 equivalent to 93 cents a share. This compares with net income of \$23,059,977 for the second quarter of 1952 equivalent to 80 cents a share and net income of \$25,695,100 for the first quarter of 1953 equivalent to 89 cents a share.

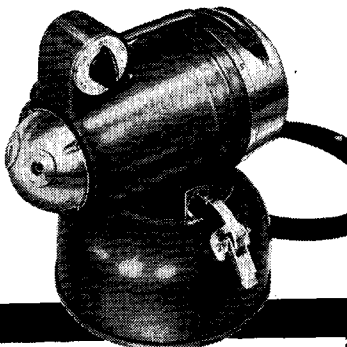


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