

T. J. Desanti

Update on As₂O₃ Market and Projected Giant
Netbacks From Various Consumers of As₂O₃.

March 27, 1979

D. N. Zeraldo

DNZ, file

1. As₂O₃ Market Update

I talked with Mr. Simsonetti (not sure of spelling) at Asarco on March 27, 1979 regarding the current Arsenic Trioxide market. Simsonetti explained that the market continues to be in a situation of short supply brought on by surging demand from the wood preservative producers and steady demand from manufacturers of cotton defoliants. He added that Asarco has been allocating product to its customers for the past year and one-half and expects the market to remain tight for at least another year.

I commented to Simsonetti that Industria Minera Mexico had just raised its price for trioxide f.o.b. Laredo by 1¢/lb to 28¢/lb, and asked whether Asarco would follow this increase. Simsonetti was very tight lipped about what Asarco's price intentions were, but said that there were several factors Asarco would consider before raising prices further, namely:

- (1) Buyers' capability to absorb further increases without losing their market share to competitive non-arsenic based products.
- (2) The President's voluntary price and wage guidelines.

Simsonetti went on to say that he felt that the Mexican price increase was in lieu of the normal summer production dips which occur during hot weather. Apparently hot weather conditions impair the producers' ability to precipitate trioxide, and hence production is usually somewhat lower during the summer months. Thus Simsonetti was saying that the market normally tightens during the summer because of reduction in supply and hence the Mexican producer is already anticipating these conditions by raising its price now.

...../2.

March 27, 1979

2. Projected Giant Mine Netback(s) From As₂O₃ Consumers

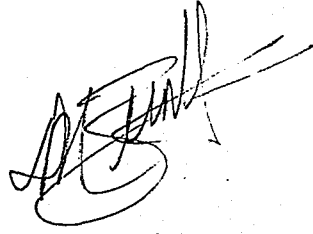
(a) Basis: 'Tacoma Price'

<u>APPROX SDT SALEABLE BY GIANT</u>	<u>CONSUMER</u>	<u>LOCATION</u>	<u>TACOMA PRICE ¢/LB</u>	<u>+</u>	<u>BULK RAIL FT TO CONSUMER</u>	<u>-</u>	<u>GIANT TRUCK COST TO CONSUMER</u>	<u>=</u>	<u>GIANT NET BACK</u>
1,000 ST	Penwalt	Texas	23.25		4.74		9.10		18.89
1,200 ST	V.P.G.	Texas	23.25		6.81		8.70		21.36
1,500 ST	Osmose	Tenn.	23.25		2.70		8.90		17.05
300 ST	J.H. Baxter	Utah	23.25		6.30		6.00		23.55
2,000 ST	Koppers	Geog.	23.25		2.70		11.00		14.95
6,000 ST					WTD. AVG. MINE NETBACK				17.84

(b) Basis: 'Laredo Price'

<u>APPROX SDT SALEABLE BY GIANT</u>	<u>CONSUMER</u>	<u>LOCATION</u>	<u>LAREDO PRICE ¢/LB</u>	<u>+</u>	<u>BULK RAIL FT TO CONSUMER</u>	<u>-</u>	<u>GIANT TRUCK COST TO CONSUMER</u>	<u>=</u>	<u>GIANT NET BACK</u>
1,000 ST	Penwalt	Texas	28.0		1.14		9.10		20.04
1,200 ST	V.P.G.	Texas	28.0		1.14		8.70		20.44
1,500 ST	Osmose	Tenn.	28.0		2.29		8.90		21.39
300 ST	J.H. Baxter	Utah	28.0		2.55		6.00		24.55
2,000 ST	Koppers	Geog.	28.0		2.29		11.00		19.29
6,000 ST					WTD. AVG. MINE NETBACK				20.433

DNZ:d1k


D. N. Zeraldo