

# FRIEDBERG & CO. LTD.

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## COMMODITY COMMENTS

January 11, 1972

### N. Y. SILVER

Spot (January '72) 148.00  
March 1972 149.20  
Comex Warehouse Stocks 114,500,000  
182,000

During this past week silver prices forged ahead on rather heavy volume, thus, extending the recovery begun in early November from 4-year lows.

On Friday, prices managed to close above the significant April - August downtrend. Heavy commission-house buying of a rather chart-oriented nature, pushed prices up today another 200 points.

In the fundamental background one should take note of the rather feeble U. S. dollar reflow that has occurred to date. U. S. balances abroad, variously estimated at between 40 and 65 billion dollars hangs like a sword of Damocles on the Free World's financial community. The best proof of its unsettling nature is the quiet but steady rise in the price of gold that has taken place in the last few weeks.

U. S. Silver production declined 9 % to 40.9 million ounces. Silver consumption declined 2-3 million ounces based on data for the first three quarters. Total stocks of industry, Comex and Chicago Board of Trade were 189.4 million ounces at the end of the third quarter, down 20.8 million ounces from the end of 1970, and continued to fall in the fourth quarter.

We have entered the final phase of this bear market rally. Resistance to further headway will be found in the 151.00 - 154.00 area basis March 1972. In the unlikely event that prices manage to move above this overhead band one would guess that the major two-and-one-half year long downtrend line, now at 159.00 - 160.00 basis March '72, would end what has been, to date, a mere technical recovery from a deeply oversold market.

Begin selling long positions on a scale up, starting from today's closing levels.

### COPPER

Spot (January '72) 49.45  
March '72 50.00  
July '72 51.30  
London 3 months Wirebars £ 424

Heavy commission house buying in New York brought this market to a new recovery high today establishing a four months' high on deferred contracts such as July '72. London is still laboring under the heavy £428- 430 overhead area.

Total Free World producer stocks continued to rise as deliveries were somewhat under refined outturn. At 448,000 tons, stocks are more than 80,000 tons above the lows reached in July and rather high as compared to the last few years.

Another indication of the rather soft trend now prevailing in the copper picture is the modest 7,000 ton increase in fabricator deliveries to end-users that took place during November; the average monthly rate last year was 11,000 tons.

Market action has been rather intriguing. Last week we called attention to the extremely bullish inverted head and shoulder formation that appeared on the New York Copper charts. We also noted the very positive trend in the open interest and recommended purchases of July '72 copper on moves above 50.55.

Our reasoning was validated today when prices rose 135 to 160 points. We remain strongly bullish and would add to long positions on any minor setbacks. Protective stops should now be placed at 4950 basis July '72.

GOLD

London's Second Fixing \$45.85

Prices continued their steady advance and moved to new all-time highs amid rumors that (a) South Africa was curtailing gold sales in order to push prices up & (b) the U. S. might agree to increase the official gold price to \$70 or \$140 an ounce. Both rumors have been strongly denied although we suspect that the first one may have some merit.

Retain long positions established in the \$42.40 - \$43.80 area.

PLATINUM

Spot (January '72) 104.10  
April '72 104.80

Johnson Matthey, selling agents for Rustenburg Platinum, said today that the U. K. producer price of Platinum has been changed to a flat rate of £47 per ounce from a range of £46.50 for large amounts to £48.50 for small amounts. Engelhard adjusted its U. K. price soon afterward. The dollar price remains unchanged at \$120 per ounce. A Rustenburg spokesman in Johannesburg had no comment on recent rumors of a lower dollar producer price but it is believed to be unlikely as dollar devaluation has given the South Africans an edge over the Soviet Union, which bases Platinum sales on the Gold price.

Retain short positions with stops at 112.50 basis April 1972.