

# FRIEDBERG & CO. LTD.

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## COMMODITY COMMENTS

January 17, 1972

### N. Y. SILVER

Spot	151.90
March '72	153.00
Comex Warehouse Stocks	115,692,000 - 140,000

After posting a sizable 340-350 points gain on Friday, silver prices continued to move ahead and registered another 300 points rise today.

The market lacks firm statistical support as production plus recoveries from secondary sources are still ample enough to satisfy consumption and, then, add to overhang in the form of speculative holdings. Outside of actuals, open interest representing close to 840,000,000 ounces of silver (combining New York and Chicago) overhangs the market and requires, at all times, evidence - or at least strong expectations that prices can rise 7 % plus from where last traded (this reasoning is implied from the 90-point monthly contango).

The market's only incentive, of late, has been the steady rise in gold bullion prices on the European continent. In the minds of the investing public, silver has been equated to gold, and, by now, daily fluctuations in the latter are being mirrored with extraordinary fidelity by the former. The persistence of the 'gold/silver ratio' myth in the face of statistical and historical evidence to the contrary makes for erratic and irrational movements in silver.

We recommended last week to begin selling long position on a scale up starting from 149.20 basis March '72. As Spot silver begins moving right under the heavy 152.00 -- 154.00 resistance area, advances will become increasingly difficult to achieve.

Continue to lighten up long position on a scale up.

### COPPER

March '72	51.00
July '72	52.20
London 3 mos Wirebars	£ 435

Once again the rising sterling-dollar ratio (now at \$2.59 basis spot) is providing the extra stimulus to the N. Y. market.

Bullish economic expectations for the year ahead and a temporary levelling off in LLE Warehouse Stocks have more than offset heavy Japanese hedge selling who reportedly are holding a surplus in excess of 90,000 tons.

From a technical point of view, prices have fully broken out of the inverted head and shoulder, going today above the last major downtrend line connecting the April-May and July highs. Rising open interest has been a positive factor but, of late, the steepness of its advance has us somewhat concerned. It seems that a (too?) great many people are jumping aboard the bandwagon.

Maintain long positions established at 50.55 basis July '72 for a possible move to 55.00 Protective stops should be raised to 50.20. Keep in close touch with us as this market is likely to become highly erratic.

#### PLATINUM

April '72  
January '73 107.00

Once again terminal prices have found support in the high nineties basis nearest contract.

News of a Danish non-platinum car exhaust catalyst device was a potent bearish influence on the market. The Technical University of Denmark said that the device, which uses an unidentified catalyst, is quite cheap, is not damaged by the lead content of exhaust fumes, does not increase fuel consumption nor reduce engine performance, and removes over 90 % of Carbon Monoxides, over 90 % of unburnt Hydrocarbons, about 80 % of Nitrogen Oxides and 50 % of lead compounds.

There are unconfirmed reports of deals made at a discount of 10 % on the producer price of \$120/oz and expectations that Rustenburg (the world's leading producer) may have something new to say when its annual report and chairman's statement is issued later this month.

Maintain short positions initiated at 109.00 basis April '72 and lower protective stops to 106.00 for a risk-free trade.

#### COCOA

March '72 24.05

News that Cocoa grindings in Holland had jumped in December to 11,230 tons against 8,060 tons in December 1970, an indication that low prices were finally encouraging consumption, sent prices soaring this past week.

Trade market from longside on any dip, risking 22.40 basis March, but don't get caught up with it as the big picture still shows an ongoing Bear Market.

MAINE POTATOES

December's disappearance of 25.1 million cwt. compared favorably with 24.9 million cwt. in December 1970 and the 5-year average for the month of 23.9 million cwt.

Continued gains in disappearance is anticipated.

Buy May '72 at the market.

COTTON

March '72 36.65  
October '72 34.65  
March '73 33.30

The USDA's revised figures failed to stimulate this market as traders had anticipated lower carryover projections.

Deferred contracts have continued to excel, particularly March '73. Continue to accumulate October '72 and March '73 contracts at present levels.

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Friedberg & Co., Ltd. conducts a brokerage business in commodities futures specializing in metals. Our U. S. Correspondent, Mocatta Metals Corporation is a clearing member of leading U. S. commodity exchanges and specialists in silver, copper, platinum, gold, and other non-ferrous metals. Through their facilities and other trade and banking sources, we maintain up to the minute information on world's latest developments that may affect the price structure of metals.

We will be glad to answer questions that you may have concerning futures trading and how you can profit through intelligent speculation.

Albert D. Friedberg, M. B. A.