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COMMODITY COMMENTS

February 1, 1972

N. Y. SILVER

March '72 152.80
 July '72 156.50
 Comex Warehouse Stocks 115.900.000 unch.

Silver surged higher this past week reflecting primarily sharply higher gold prices. Also in the background was a report that Chender Associates, metal marketing consultants, in an independent statistical analysis had found that U.S. Silver consumption had not been declining at the rate indicated by the U. S. Bureau of Mines.

Bureau of Mines statistics show consumption falling from 183.7 million Troy ounces in 1966 to 128.4 million ounces in 1970, based on reports by silver consumers. The consultant group concludes that these figures result from inadequate reporting techniques and estimates that silver use has risen from 155.3 million ounces in 1964 to 184.9 million ounces in 1970. Here is how their figures compare with the USBM and Handy & Harman statistics: (in million of troy oz.):

	1964	1965	1966	1967	1968	1969	1970
USBM.....	162.3	170.5	183.7	171.0	145.3	141.6	128.4
H&H	123.0	137.0	150.0	145.0	145.0	142.0	135.0
CAI	155.3	173.6	198.1	195.9	191.2	202.8	184.9

Recent market behavior suggests:

- a) a long and painful 3½ year old bear market is not enough to stifle silver's charisma,
- b) chart points are almost meaningless when the populus unleashes its emotions and
- c) successful silver trading requires prudence, steadfastness, guts and money.

Continue to establish short positions at these levels, preferring deferred contracts of up to 12 months. Hedgers and sophisticated speculators should appreciate the workings of the contango, the duration of the present rally (now entering its fourth month, the average length of all previous bear rallies) and the heavy band of overhead resistance formed at the 152.00 - 154.00 area basis Spot.

COPPER

March '72 49.55
July '72 50.65
London 3 mos £ 425.5

As we suggested last week, temporary relief has been found at the late December lows (48.30 basis July '72). Where we go from here is more difficult to ascertain.

From a technical point of view, the open interest has been squeezed out of roughly 1700 contracts, a fair number when one considers that it was one week's work. Today's increase in these figures, the first in 7 days, indicates that liquidation is behind and that a new-long contingent is planning to go abroad.

On the fundamental plane, U. S. GNP figures for the fourth quarter of 1971 indicate that inventory liquidation of the order of \$3 billion annually had turned into inventory accumulation of the order of \$6 billion, an unmistakable sign of pickup in aggregate demand. IME Warehouse Stocks showed a 950 tons drop this week confirming the levelling off pattern in evidence during the past few weeks.

We would purchase July contracts on dips to the 49.50 - 49.80 area, using close stops.

PLATINUM

April '72 100.00

A pattern of slightly rising bottoms emerging from the depths of 10 year lows, turns the overall pattern from bearish to neutral.

Maintain short positions keeping protective stops at 105.00 basis April 1972.

COCOA

March '72 24.16

Ghana weekly purchases at 10,457 tons were lower than expected.

A light and featureless market after a major four-cent rise, indicates that the balance is still being held by the bulls. We are withdrawing our sale recommendation at 24.50 basis March '72 and now look for 25.60. Long positions should be protected at 23.60 basis March '72.

COTTON

March '72 36.45
October '72 33.72
March '72 32.43

Cotton futures tumbled this past week in anticipation of sharply increased planting intentions. The USAD's report, out Thursday after the close, indicated an increase of slightly more than 7 % over last year's figure, a better than expected showing.

Cash prices continue to firm and now stand at \$0.3570 per lb. for 1 1/16 inch middling cotton, a key grade.

Continue to purchase October '72 and March '73 contracts at 265 and 395 points discount from March '72.

LEAD

3 mos £106.25

A levelling off in LME Warehouse Stocks after a sustained and lengthy rise has helped buoy this otherwise depressed market. Informed sources expect heavy withdrawals from warehouses over the next few weeks which may even be accompanied by active market participation on the part of producers.

We are expecting sharply higher prices ahead. Contract is 25 tons, quoted in sterling. We require an initial margin of \$600.

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.