

FRIEDBERG & CO. LTD.

FOREIGN EXCHANGE DEALERS
COMMODITIES FUTURES BROKERS
FINANCIAL SERVICES

34 ADELAIDE ST. W.
TORONTO 1, ONTARIO, CANADA
TEL. (416) 864-1195
CABLE ADDRESS FRIEDCO TORONTO

COMMODITY COMMENTS

February 15, 1972

N. Y. SILVER

Spot 148.80
July '72 152.30
Comex Warehouse Stocks 115,908,000 -- 201,000

The quietest market in over six weeks proved to be the lull before the storm. A total of 1562 lots traded on Thursday with Spot closing up 100 points on the day. but 140 points below 154.60 a critical point in our consideration. It was becoming evident that buying interest was slowly drying up just at the level requiring maximum thrust--- the huge overhead resistance band delineated by the 1969-1970-1971 triple bottoms.

The coup de grace came on Friday with prices plunging 460 to 500 points after breaking the intermediate December - January uptrend.

Those silver bulls who cling to the hope that gold will bail them out should pay close attention to the divergence that is taking place in the precious metals complex. Since January 26th when Spot Silver closed at 150.00 and gold at \$46.60, the former has dropped by 2/3 of 1 % while the latter has risen by 3½ %.

We expect July to find some support at the 149800-15020 area and suggest taking short term profits on previously established short positions with a view to reinstating them a few cents higher. Indeed, for the next few months this market should be traded only from the shortside with an initial protective stop at 158.00 basis July '72.

COPPER

Spot 50.35
July '72 51.55
London 3 mos £433

A dull, apathetic but nevertheless upward creeping market apparently unresponsive to otherwise bearish factors is the best characterization of the red metal's action both in London and in Comex.

Neither the weakening of the sterling-dollar ratio nor the industrial semi-paralization of Great Britain, let alone the slump in British and American equities has been able to move this market down.

While we are growing a bit more bullish (for the intermediate term, at least) we still prefer to stay out for the moment.

GOLD

London's Second Fixing \$47.85

The U. S. Administration sent a formal proposal to Congress asking a rise to \$38 per ounce in the monetary price of gold. In a letter to Congress, treasury secretary Connally said that the beneficial effects of the monetary realignment on the U. S. trade and balance of payments position should begin this year. Wright Patman, chairman of the house banking committee, predicted swift congressional action on the devaluation bill and added that he hoped the legislation would not be burdened by controversial amendments. Senator Jacob Javits said that although he is one of the co-sponsors of the bill allowing U. S. citizens to own gold, he did not think it belonged as an amendment to the dollar devaluation proposal.

Japanese monetary officials applauded the presentation of the dollar devaluation bill to Congress as discouraging speculators and stabilizing Foreign Exchange markets but noted a number of problems yet to be solved, particularly that of dollar convertibility. The situation of the Belgian Franc, which has been at its ceiling for several weeks, is causing much concern, as it is feared that Belgium may refuse to continue buying unconvertible dollars, allow its currency to float, and eventually involve other currencies in a new monetary crisis.

At the moment we prefer to be without it than with it.

PLATINUM

April '72 98.90

Sir Albert Robinson, chairman of Rustenburg platinum mines said Thursday that U. S. S. R. platinum sales had moderated since the beginning of the year after reaching 550,000 ounces in 1971, up from 250,000 ounces in 1970. He said that while Rustenburg will maintain a fixed producer price as a guideline to industry, the company's new flexible marketing policy would better enable it to compete in the free market.

Continue to maintain short positions established at 109.00 basis April '72 lowering protective stops, once again, to 104.00.

COCOA

March '72 22.90
May '72 23.38

Cocoa prices tumbled over 200 points in the last few days as intermediate uptrends and minor support levels were broken with exceeding ease. The lower end of the major gap area formed in early January represents the last meaningful support in this market before it plunges into the depths of new bear market lows. As such, we expect May to hold the 2280 - 2310 area and perhaps provide nimble traders with an opportunity to scalp this market from the longside.

COTTON.

March '72 37.55
October '72 34.00

Continue to hold long positions raising protective mental stops to 3705 basis March '72.

LEAD

London 3 mos £112

A spectacular 8,325 ton decrease in LME Warehouse Stocks to 44325 confirms a positive change of trend. Indicative of the turnaround is the sharp narrowing of the contango from £2 to £ ½.

Continue to hold previously established long positions.

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.

All statements made herein, while not guaranteed, are based on information considered reliable and are believed by us to be accurate.

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 may profit through intelligent speculation.

Albert D. Friedberg, M. B. A.

All statements made herein, while not guaranteed, are based on information considered reliable and are believed by us to be accurate.