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COMMODITY COMMENTS

March 28, 1972

N.Y. SILVER

Spot (May '72)	157.30
July '72	158.90
Comex Warehouse Stocks	109,100,000 ozs
	- 303,000 ozs

Silver continued the firmer trend evidenced since the end of February. On a volume of slightly over 3,000 contracts, futures came to a shade of the late January highs today.

Our stance has changed from bearish to mildly bullish over the past 3 weeks due to: a) continued uncertainty in the currency world; b) a huge pile-up of U.S. dollars in the hands of foreign Central Banks and individuals, known for their precious metals predilections and c) a possibility that our N. Y. Silver charts have been distorted by the dollar depreciation that occurred since late Summer of 1971.

This last point was suggested in our Commodity Comments of March 14th when we quoted Mocatta & Goldsmid's report: "we would expect silver to reach at least the levels it held before last year's major fall, i.e., around 63 pence /165 cents for Spot during the next few months." Indeed, a case could be made that the true price of silver, if such a thing exists, cannot be expressed in U.S. dollars any longer. We are just theorizing but, be that as it may, we think it highly probable that silver will reach the mid-to-high 1.60 area within the next few weeks.

In the fundamental background, U.S. Silver production was 3.35 million ounces in January, down from 3.54 million ounces in December. Imports rose 0.90 million ounces to 6.21 million ounces and were half bullion and half ore. Canada supplied half the imports while the rest came mainly from Peru, Mexico, Australia, and Honduras. Exports fell 0.44 million ounces to 0.59 million ounces and consisted mostly of bullion. France took about half the exports with the rest destined mainly for the U.K., Japan, Brazil, Italy, and West Germany.

According to the Silver Institute letter, nine countries will mint silver coins in 1972. The U.S. will continue to mint both uncirculated and proof Eisenhower

silver dollars while France and Germany will reissue the 10-Franc piece and the 10-Mark Olympic Games, respectively. Jamaica will release the largest coin, a 45-MM sterling silver 10-dollar piece containing over an ounce of silver. Austria, Israel, Thailand, Singapore, and the Seychelles will also issue silver coins.

Add to previous long commitments for a move to 1.65 - 1.70 basis July '72.

COPPER

Spot (May '72)	52.55
July '72	53.05
London 3 months	£449.50

An increase of over 3,000 tons, brought LME warehouse stocks to a new post-war record high of 146,350 tons.

The movement in warehouse stocks is belying the much improved demand that has developed during the past month. Industry sources claim that most large U.S. producers have sold all the refined copper they expect to have available in April.

The technical picture remains quite encouraging. After a minor double top formed at the 53.90 - 53.95 area basis July '72, prices retreated to 52.25 accompanied by a sharp reduction in open interest. The end of the correction was indicated by the fact that deferred contracts such as September and December '72 held just above their November - January uptrend.

We must conclude that copper prices are due far higher and aggressive long positions are warranted at these levels. Protective stops should be maintained at 52.20 basis July '72.

PLATINUM

April '72	103.00
January '73	105.20

Platinum prices have moved steadily higher albeit at a creeping pace. Indeed, this is the kind of action we expect to see for the next few months until such time as enthusiasm becomes widespread and talk of 'shortage' fill the boardrooms. We will then be glad to dispose of our recently established long positions.

One of the finest long term situations for capital appreciation (see our special report, PLATINUM: a bullish reappraisal, March 13). BUY.

COCOA

May '72	25.69
July '72	26.13

Ghana purchases for the season ending March 16th totalled approximately 415,000 tons.

A part from a short-lived bout of profit-taking triggered by reports of 'cheap' Nigerian sales to European consumers for September-November, this market has behaved extremely well.

Prices held their uptrend and an upside breakout of considerable significance took place with July '72 selling above 27 cents, just as we have been forecasting.

Hold to long positions risking now 25.40 basis July '72.

COTTON

May '72	40.45
December '72	32.55

A government report that showed a meager 10% increase in prospective acreage to 13.53 million, signalled the beginning of a new and powerful upward thrust that took May to 10 points short of 41¢, the highest price for Spot cotton since December 1951.

Recent reports indicate that high prices are not as yet having any braking effect on consumption. Furthermore, trade sources believe that next cotton crops, after domestic and export needs are met, may add little, if any, cotton to the expected carryover of 3.5 million bales, the lowest in over 20 years.

This bull market has a long way to go and, at the moment, the best way to assure oneself of further participation in it without running undue risks, is to switch long nearby positions into October and, particularly, December '72 and March '73 options. The huge backwardation and the continued firmness in the cash market should partially guarantee a handsome profit.

CATTLE

April '72	34.90
June '72	34.05

In the face of bearish statements issued by leading economists expecting a further \$1 to \$2 drop in steers by early summer, futures moved briskly up and even managed to cross the mid-January-February downtrend before finding a bit of resistance.

Our scenario for the next few weeks calls for a further period of quiet consolidation at approximately these levels. Following this consolidation, we should see a successful attempt at the February peaks (34.40 - 45 basis June '72) and a spectacular move to new highs.

Buy on June crossing 34.50

WORLD SUGAR # II

May '72 7.77
July '72 7.89

We were much too premature on this one. Prices may bottom under 7¢ basis nearby contracts but, nevertheless, we view the market constructively.

The second F.O.Licht estimate puts expected '71-72 world production at 73.9 million metric tons slightly below the first forecast. Beet sugar production: 32.2 million tons; cane: 41.7 million. Cuban output 4.25 million tons; Russian beet crop: 8.9 million tons.

To play it safe, buy on drops to 6.50 - 6.60 basis May '72 or on July '72 crossing 8.35. Either of these 2 objectives should indicate the end of the ongoing liquidation and, thus, open the way for a more rational and orderly market.

Commodity Comments will next be published on April 12th, 1972

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.

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