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COMMODITY COMMENTS

May 16, 1972

N. Y. SILVER

Spot	159.40
July '72	160.20
Comex Warehouse Stocks	108,484,000 ozs unch.

Silver prices moved trendlessly this past week confining themselves to the broad consolidation base established since early March.

Silver's lackluster behavior came in spite of strongly rising gold bullion prices--the latter registering a new postwar high at \$ 55/oz. Also, a statement by Irwin Underweister president of Sunshine Mining, to the effect that silver prices may move up 10¢/oz if the company's Kellogg mine remain closed for 3 months--as presently expected--had little or no effect on the market.

The unusual drop in the open interest figures confirms our view expressed last week that the market is undergoing some tired liquidation.

Overall, one must view this market constructively until proven otherwise. The proof will come if silver prices break their seven months long uptrend; this critical point lies today at 161.50 basis December '72 and just slightly over 162.00 next week.

COPPER

Spot	50.95
July '72	51.40
London Warehouse Stocks	154,550 tons + 2,275

Copper prices firmed somewhat this past week with dealers marking up their prices by $\frac{1}{4}$ cent to 51 $\frac{7}{8}$ delivery this month.

Lending firmness to this market were reports of a force majeure declared by Chvquicamata, the giant Chilean mine, on 100 per cent of its June shipments and between 30/50 percent of July deliveries. It is believed that only deliveries of refined electrolytic bars are affected.

It was also confirmed that American Smelting and Refining Co. had declared force majeure on shipments of copper concentrates to its Hayden smelter in Arizona,

because of a technical fault last week that will take three months to repair. The company plans to cut its intake of concentrates by about 25,000 tons a month, which will mean a cutback in refined output of 5,000 tons monthly.

At the same time, 15,000 Japanese workers at six major smelters which had started a 24-hour walkout last Friday, remained off the jobs.

Remain on the sidelines.

PLATINUM

July '72	104.70
January '73	107.90

The Environmental Protection Agency's rejection of a one year delay for tough autoemission standards got the ball rolling.

We quote from the Wall Street Journal May 15, 1972 " Mr. Ruckelshaus made clear in his formal opinion and in a Washington press conference that he believes so-called noble-metal catalysts offer the best means for cars to meet the 1975 standard. And he suggested that auto companies guarantee an adequate supply of catalysts for the startup of 1975-model production by making "financial commitments to catalyst suppliers during the period May-July of this year."

Improved carburetion, a fast-release choke and other engine modifications also are considered part of the "1975 package" for obtaining the necessary 90% reduction in hydrocarbons and carbon monoxide, compared with 1970 models. But most of the cleanup would take place in the final converter containing the catalytic material, in most cases platinum, which enables the remaining hydrocarbons and carbon monoxide to break down to harmless water and carbon dioxide."

Where do we go from here? Much higher.

Continue to accumulate deferred positions on any setbacks. Initial short term target \$ 119/oz basis Spot; intermediate target \$ 165/oz basis Spot. (We still have copies available of our report: "PLATINUM: a bullish reappraisal" issued March 13th; it is available on request.)

TECHNICAL TRENDS

COCOA

July '72 27.29

Maintain long positions but raise protective stops to 26.60 basis July '72. Uncommitted funds should look elsewhere for better percentage gains.

COTTON

July '72 41.29
December '72 31.82

Long positions were stopped out today at 42.40 basis July '72 and 32.00 basis December '72.

We have a feeling that today's climatic 175 point decline signalled the end of the correction and prices will subsequently move up. However, since there are no clear-cut buy points we suggest that the average trader remain on the sideline.

Call us for further trading suggestions.

CATTLE

June '72 36.77
August '72 35.67

Cattle prices continue to make daily highs and are now at striking distance of our first target, namely 37¢ for spot.

Maintain long positions and raise protective stops to 36.50 basis June '72.

LIVE HOGS

July '72 29.15

Working out just as expected. Add to long positions established last week at 28.35 basis July '72 on any 30-point setback. Upside target remains at 31.00.

Protective stops should be placed at 28.25 basis July '72.

WORLD SUGAR #II

July '72 6.75
March '73 6.86

By waiting to buy until July crossed 7.70 on the upside we saved ourselves of an 80-point cliffhanger.

Courageous souls may try establishing long positions at these levels risking the recent lows of 6.37 basis July '72. Additions can be made on decisive moves over 7.50.

Keep in close contact.

NOTE: Next week we will be discussing the new International Monetary Market.

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