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FOREIGN EXCHANGE DEALERS
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COMMODITY COMMENTS

November 7, 1972

COPPER: December '72 47.15

Owing to a sensitive political situation in Chile, copper prices temporarily detoured from their bear market course & staged a short-lived 2-cent rally. It should be understood that copper prices are travelling in an historically low region &, therefore, any "supply" scare can gather substantial speculative following.

A look at open interest will, a great many times, indicate whether an advance is well supported or whether it is merely ignited by nervous shortcovering. Two weeks ago we suggested that an increase in the open interest of 200 contracts or more on any rise would be sufficient reason to close out existing short positions; no such increase took place indicating that the rally was fuelled by nervous shortcovering.

Recent figures indicate a continuous build-up in primary crude production & refined output. Free World crude primary (mine) production of copper for September soared to 404,975 tons, 35,746 tons above August. Also, Free World refined output rose 20,097 tons over August to 416,542 tons. Total deliveries to all fabricators moved up to 430,515 (69,908 tons above August), thus making a small dent on world copper producers' stocks. At September 30, these stocks stood at 552,090 up sharply from 408,428 a year ago.

Continue short; it flat, establish short positions at these levels.

ZINC: LME 3 months £165 3/4

A weakening £, continuous rumours of an increase in the European Producer Price to £180 & a tightening world supply condition have pushed LME Zinc prices to their highest levels since the early 50's.

Purchases were made crossing £156 for 3 months. Remain long with an intermediate upside target of £168-170 for 3 months.

PLATINUM: January '73 130.50

Prices continue under pressure as nearby futures have pierced on the downside the lower end of the producer price of \$130-135/oz.

South African producers have shown great flexibility in meeting future demand. Rvstenbury Platinum Mines announced that it will open a new mine, thus expanding its production by 200,000 ounces to 1.3 million ounces platinum a year.

Warehouse Stocks are presently maintained around the 1,000 contract mark, an indication of available deliverable supply even at presently reduced levels.

We prefer to remain on the sidelines as an important downtrend still remains in effect.

TECHNICAL TRENDS

COCOA: December '73 31.90
December '72 31.80

Remain long risking September lows; remain long December '72 vs the short December '73 as a strong cocoa market should lift the nearby anywhere between 50 & 200 points over deferred.

COTTON: December '72 29.25
March '73 29.12
May '73 29.40

A 200-plus point gain (equivalent to \$1000-plus per contract) was made in cotton in a period of 10 days. (See Commodity Comments, Oct. 17, '72)

Our near term objective has already been achieved; after nailing down our profits, we move to the sidelines.

LIVE HOGS: February '73 29.32
April '73 26.62

Prices have resumed their upward climb in the sustained & stubborn 1971-72 Bull Market in Live Hogs. The 3000 contract drop in open interest that accompanied the late September - early October downside correction has paved the way for sharply higher prices. Prices, volume & open interest are now "in gear".

Buy February or April Hogs at the market for a 250 point advance; place protective stops at 2875 & 2595 respectively.

SILVER: December '72 184.90

Continue to be a trading affair within a broad bull market. Long term holders should not disturb their holdings. Consult us for daily trading suggestions & PUT & CALL options.

WHEAT: December '72 2.25 5/8
May '73 2.21 7/8

A potentially very bullish triangle appears to have been broken out on the upside indicating a possible 20-25¢/bu. move.

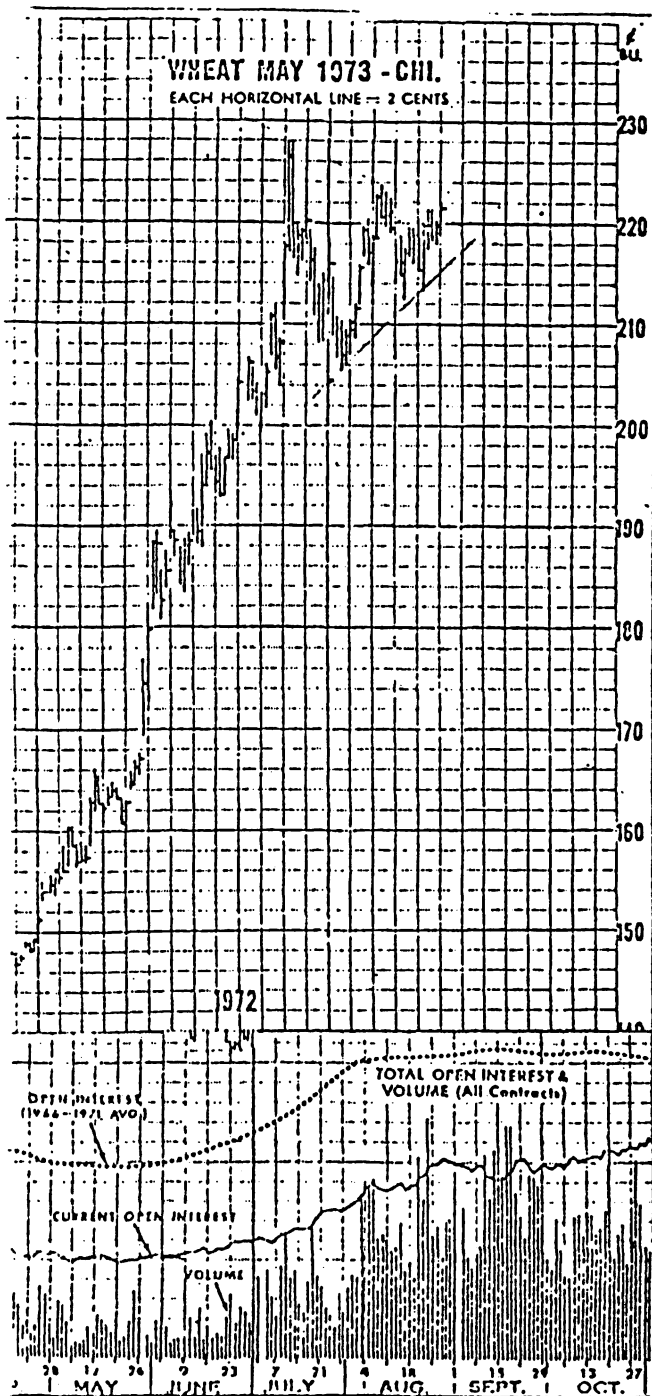
Buy December '72, March or May '73 at market risking 10¢/bu.

INTERNATIONAL MONETARY MARKET

Deutsche Marks:

December '72	31.300
March '73	31.440
June '73	31.560

Another $\frac{1}{2}\%$ like in the Bundesbank's discount rate caused a temporary firming in spot rates. Forward rates continue to lose ground as a result of the passing of time & the narrowing of the spread. Remain Short.



Albert D. Friedberg,
Vice-President,
Commodity Futures.

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