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COMMODITY COMMENTS.

Dec. 29, 1972.

March '73 32.65

December '73 32.35

COCOA:

The excellent reception given to the heavy December tenders in London along with a favorable Gill & Duffus forecast & apparent withdrawal of Origin selling, helped the March '73 Cocoa reach a new contract high at 34.70. Subsequent deliveries (including May '73) failed to penetrate October highs & this divergence finally bore against March initiating a downward correction in the midst of which we still find ourselves today.

The Gill & Duffus report indicated a potential deficit of 88,000 tons at present prices. World Cocoa production in the 1972-73 season forecast at 1,486,000 long tons & world Cocoa grindings in the 1973 calendar year at 1,559,000 tons at present prices.

Gill & Duffus forecasts the Ghana crop at 420,000 long tons, Nigeria at 275,000 tons, Ivory Coast at 180,000 tons, Camerouns at 102,000 tons & Brazil at 206,000 tons (all forecasts include intermediate crops). They further point out that " the rate of increase (in consumption) has been steadily declining as prices increase, but there is likely to be some carryover in the growth rate into 1973, in addition to the natural increase due to population & income growth."

In a report released after the closing of today's New York Cocoa session, the USDA's Foreign Agricultural Service lowered its estimate of World 1972-73 cocoa bean output to 1,509,900 tons, down from 1,547,000 tons forecast two months ago.

Following is a comparison of estimates (previous estimates in parentheses):
Ghana 425,000 tons (430,000); Nigeria 280,000 (290,000); Ivory Coast 190,000 (205,000); Cameroons 105,000 (112,000); Brazil 200,000 (185,000).

As it can be seen, with the exception of Brazil, the USDA continues to lower its estimates, emphasizing our point that " absolute levels are not totally reliable, most important is the direction....."

It production estimates are being revised downwards, what ails this market? In our opinion, market participants have turned their attention to grindings & to the possibly dampening effect that " high prices " may have on consumption. Indeed, rumours that Dutch grindings would prove to be " not too encouraging " help to send the market yesterday 100 points lower.

Will lower than anticipated grindings stop this Bull Market? We believe not. Strongly inflationary conditions, especially in the food sector, both here & abroad, have made Cocoa prices relatively cheap.

Technically, the major uptrend remains intact with March '73 holding above 31.60 & deferred contracts holding 10-70 points below today's lows.

Maintain long positions & be patient. We continue to look at an objective of 38¢ basis nearest contract.

COPPER:

March '73 50.25

Continued concern over low dealers' inventories coupled with buoyant economic figures, have moved copper prices off their lows recently. As a result of year-end adjustments, LME warehouse stocks have declined below

190,000 tons. No major change is expected this week.

World copper statistics showed minor changes during the month of November, according to figures released by the Copper Institute.

U.S. Statistics showed crude primary production of 130,120 short tons against 129,508 in October and 116,880 last year. Refined production was almost unchanged from last year at 170,821 & slightly below October's 174,154. Deliveries to fabricators stood at 172,166 as against 179,995 October & 157,536 last year. Finally, refined stocks at end of month stood at 158,181 short tons, a minor decrease from 160,972 last month but still substantially higher than last year's 106,731. Outside the U.S. refined stocks end of November stood at 421,083 & substantially higher than last year's 342,151.

Prices are likely to improve further over the near term but we do not care to follow this market up. Remain on the sidelines.

CORN:

March '73 152 5/8

The downward corrections seems to have run its course. Buy March '73 at market & place protective stops at 1.46.

TECHNICAL TRENDS

COTTON:

March '73 35.50

March '73 were bought at 32.73-32.80 for a minimum 200 point move. Our objective has been reached but we feel that prices can still move higher. Protect profits by placing mental stops at 34.50 & allow the market to work higher.

GOLD:

(Winnipeg) April '73 65.44

Our short position was stopped out at 65.50 basis April '73. For the past few weeks we have experienced a strange feeling as " Consensus " (public statements by Zurich bankers, London bullion dealers & Commission houses) has tended to favor the short side of the market.

If Gold has not knuckled down under \$ 58/oz. by now (when there is good reason for it) we suspect a short squeeze is in the making.

Buy April '73 at market.

LIVE HOGS:

February '73 32.57

April '73 28.65

Our minimum upside objective of 250-300 points has been realized. Last week, February Hogs traded as high as 33.15 & April at 30.00, 382 & 337 points higher respectively than our initial November 7. . recommendation. In dollars & cents, it represented a profit of as much as \$ 1100 on a \$ 600 investment.

Stand aside.

LUMBER:

January '73 163.60

March '73 160.70

PLYWOOD:

January '73 171.40

March '73 156.50

We went long January '73 lumber at 142.20 & January '73 Plywood at

147.90 as per our suggestion of December 6. At the time we said " it would not surprise us to see these 2 markets challenge their recent highs."

Liquidate long positions at the market as our objective has been reached.

ORANGE JUICE:

January '73	44.35
March '73	45.90

We witnessed an auspicious beginning to our long positions as January & March scored recovery highs. A severe downward correction took place this week with prices falling as much as 600 points from the highs.

Continue to maintain long positions risking Friday's lows of 44.70 basis March '73.

PLATINUM:

January '73	141.70
April '73	144.50

Contact us on January 12th for possible trading ideas.

Stand aside for the moment.

SILVER:

(expired)

December '73	204.40
March '73	204.70

The long term bull market is still in force but bullishness has risen too much for our taste.

Traders may be inclined to start trading this market from the short side. Long term investors should remain long.

INTERNATIONAL MONETARY MARKET

JAPANESE YEN:

March '73 34100

March '74 35900

The mighty Yen has begun to slip as Tanaka's strong anti-revaluation stance has begun to eat into speculators' positions. Spot dollar in Tokyo moved off from their months-long floor of 301.10 & traded as high as 301.56 before settling at 301.38 today. Forward premiums have fallen sharply & our short March 1974 position is showing us a \$ 2.500 profit already.

Our spread suggestion, long March 1973 at .34552 & short March 1974 at .36900 shows us \$ 1370 ahead.

Maintain present positions.

Albert D. Friedberg
Vice-President
Commodity Futures.

THE NEW YEAR

To live content with small means; to seek elegance rather than luxury, and refinement rather than fashion; to be worthy, not respectable, and wealthy, not rich; to study hard, think quietly, talk gently, act frankly; to listen to stars and birds, to babies and sages with open heart; to bear all cheerfully, do all bravely, await occasions, hurry never..... in a word, to let the spiritual, unbidden and unconscious, grow up through the common, This is to be my symphony.....

....William Channing

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