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COMMODITY COMMENTS

January 23, 1973.

Copper

March '73 53.05
May '73 53.65

Fuelled by continued LME warehouse withdrawal (this past week in excess of 7,600 tons), uncertainty regarding Chilean supplies to West Germany and Zambian problems with Rhodesia, copper prices rose nearly 400 points since the end of 1972.

LME withdrawals are closely connected with dealers' concern over supplies coming from Chile into Hamburg and from Zambia. If the latter uncertainty were to clear up, withdrawals would most likely taper off. Merchant copper for delivery in February and March is priced substantially higher than the producers' new quote of 52 5/8¢ per lb. Demand, however, is reported to be very subdued - there is still an air of sanity around fabricator's circles who realize fully well the cost of carrying excess inventory.

Barring a major outbreak of war in Zambia or full-fledged civil war in Chile, we must conclude that copper prices have run far ahead of their equilibrium point.

Sell May '73 at market and place stops at 54.45 on close only.

Cocoa

March '73 32.75

Grindings proved to be better than expected, with the U.S. showing a 2% gain as against an expected decline of as much as 5%. German, Dutch, and U.K. figures were in line with anticipated results.

Ghana, Nigerian and Ivory Coast figures indicate that the tail of the crop is larger than expected. Still, a large reduction in carryover stocks is a certainty for the 1972-73 season.

Technically, the market still finds itself locked in a 3½¢ trading range; closes above 33.30 and, particularly, 34.00 basis March '73 would set this market back into a strong bull trend; closes below 31.50 would negate our assumption of tightening supplies and would represent the beginning of a bear move.

TECHNICAL TRENDS

Cotton

March '73 38.96

We continue long and now raise our mental stop to 37.10.

Gold (Winnipeg) April '73 65.80 b.

April '73 was bought at 65.44. Maintain long positions with sell stops at 63.00 basis the London Fixing.

Orange Juice March '73 42.75

Stopped out of our long positions at 44.70, as per December 29th. suggestion, giving us a loss of 300 points.

Platinum January '73 (expired) 140.70
April '73 135.40
July '73 137.00

Buy July '73 below 135.00.

Silver March '73 196.40

We suggested to traders to start trading this market from the shortside as bullishness had risen too much for our taste. Short positions thus established at 204.70 basis March '73 should be allowed to work their way down to the 182.00-184.00 area. Place protective stops at 200.10.

INTERNATIONAL MONETARY MARKET

Japanese Yen March '73 33852
March '74 35980

March '74 traded down to 35448 and later recovered to 35980 when the U.S. dollar fell prey to a heavy speculative attack in Zurich. Continue short.

Our spread suggestion, long March '73 at 34552 and short March '74 at 36900 shows us ahead by 220 points or the equivalent of \$550. Maintain spread.

Deutsche Marks June '73 31550

Once our favorite short, now an interesting candidate for the long side. Buy June '73 at 31520-31600.

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.