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COMMODITY COMMENTS

March 12th., 1973

<u>Cocoa</u>	March '73	36.30
	May '73	36.50

Cocoa prices continued to move irregularly higher over the past two weeks and established new contract highs for all months except the expiring March position.

Factors behind the uptrend include:

- a) a tightening May position in London terminal;
- b) Continued concern over Brazil's Temporao crop thought to have been damaged by 30% or more;
- c) Soviet buying;
- d) heavy continental demand for Cocoa butter;
- e) extraordinarily restrained Origin selling and
- f) a downward revision in Nigerian final outturn to 238,000 tons.

On the moderating side we find the continued currency unsettlement and its depressing effect on precious metals and the 'street' feeling that U.S. grinding figures for the first quarter of 1973 will not be something to write home about.

Positive factors easily outweigh negatives and our first objective 38¢ basis nearest contract is almost at hand.

Maintain long position and add on substantial breaks.

<u>Gold</u>	London's Second Fixing	82.875
	Winnipeg April '73	83.25

In our previous issue, we suggested that " a consolidation at present levels would signal a push to new highs in the not-too-distant future; a slow drop to below \$75/oz. may mean that the bull move may be over for the moment."

The market has consolidated rather quietly in the \$80 - \$84 range in spite of the calmer foreign markets and the suggestion being bandied about U.S. treasury sales.

Still at stake is the issue of U.S. dollar convertibility and now, the possibility of gold settlements among EEC nations at a "realistic level". These two factors will re-establish gold's unique value as an international monetary asset.

Maintain long positions established in Winnipeg April '73 at 65.44 risking a fixing below \$75/oz.

TECHNICAL TRENDS

Copper May '73 66.65

Copper continued to forge ahead on extensive Chinese and Japanese buying. The strong backwardation developed over the past week augurs well for a firm market ahead.

For those conservative players (like us) who missed the boat, we can only suggest a spread: 'long' May '73 V.S. 'short' January '74 at better than 200 pts May over January. Reward to risk ratio is estimated at 2½ - 1.

Corn May '73 1.62 3/8

We switched our long March '73 into May at a good profit but now would prefer moving to the sidelines.
Sell May '73 at market.

Coffee July '73 68.25

Last issue we described it as being highly speculative - that's an understatement for a bomb! It moved up 5¢ but has since dropped 7 daily limits.

Sell out on the next 400 - 600 points reaction.

Cotton July '73 40.10
October '73 38.66

We are long July at 39.10 and October at 37.72 as per our last issue. We plan to remain so but keep in close touch as the planting intentions are coming up March 15th.

<u>Live Cattle</u>	April '73	46.37
<u>Live Hogs</u>		
<u>Pork Bellies</u>		

Long April '73 Cattle at 45.42. Remain so with protective stops at 45.50. Remain long the rest of the meat but keep close stops.

<u>Oats</u>	July '73	.87½
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Stopped out at 88 and 87½ for a 4½¢ loss/bu. As in corn, we prefer to move to the sidelines.

<u>Platinum</u>	April '73	146.00
	July '73	149.50

In the last issue we suggested retaining long positions for a move to \$180/oz. basis nearest contract. Such a target was accomplished on March 2nd.

A new buying opportunity lies in the 140 - 148 area basis April '73.

<u>Silver</u>	March '73	2.3470
	July '73	2.4010

As expected, Silver challenged its 1968 peak of \$2.56/oz., surpassed it and, then, quickly turned down to enter into what looks like a consolidation between 2.3300 and 2.4500 basis spot.

At the moment we feel the downside is no greater than 300 - 500 points while we fully expect at least a secondary reaction back to the \$2.70 area.

Remain long, if flat accumulate a long position in the low 2.30's. basis May '73.

<u>Canadian Silver Coins</u>	spot 1230 bid - 1373 asked
	Sept '73 1379 " - 1429 "
	Mar '73 1434 " - 1484 "

At this writing, Canadian Silver Coins are the safest way to invest in Silver. Each bag consists of \$1,000.00 face amount of Canadian Silver Coins in the form of half dollars, quarters, or dimes. Each \$1,000.00 in face amount of Canadian Silver Coins contains approximately 585 fine troy ounces of Silver. In essence, then, an investor buying one bag of Canadian Silver Coins (spot or forward) will enjoy a limited downside risk (as the bag cannot fall below its monetary value of \$1,000.00 no matter how low silver goes) while at the same time he can benefit from a rise in the price.

Long term silver bulls with an aversion for high risks and a penchant for numismatic value would be well advised to consider this form of investment. Forward contracts can be purchased with a margin equal to the difference between \$1,000.00 and the ask price.

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Soybeans

March '73 6.84
November '73 4.15

Signs of 'topping out' are becoming increasingly abundant, especially in the deferred months.

Small short positions may be established now in November '73 with the balance awaiting the March 15th all-important government report.

World Sugar # 11

May '73 8.98
July '73 8.61

As suggested last, a small turnaround has taken place. Quiet trading conditions in this range for another week to 10 days, may give the final clue.

Keep in close contact.

INTERNATIONAL MONETARY MARKET

Canadian Dollar

March '73 100.275
June '73 101.020

We repeat last week's advise: buy June '73 at market if spot closes above 101.30.

Albert D. Friedberg
Vice-President
Commodity Futures

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