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COMMODITY COMMENTS

The abbreviated trading schedule of the past few weeks has delayed our usual month-end publication & will keep the present comments very short.

COCOA .. March '74 55.10

A 40,000 tons deficit for 1974 forecast by Gillis & Duffus may once again be on the low side. The continuous underestimation of global demand may be coupled with a serious overestimation for West African crop.

The uptrend remains intact while volume & the open interest point to speculative apathy - a sign of much higher prices to come.

Remain long.

COFFEE May '74 70.45
March '74 (Robustas) 5502.00

Brazil has joined the new economic game in town - a semi-monopolistic restriction of output with the purpose of forcing prices up. In this case, however, they're being backed by dwindling global reserves.

Continue to accumulate March & May '74 New York positions & retain London Robustas long positions.

GRAINS March '74 Wheat 5.55½ March '74 Soybean Meal 175.70
May '74 Flaxseed 10.35 March '74 Soybean Oil 22.27
March '74 Soybean 6.12½ March '74 Corn 2.73½

The overall picture continue extremely bright. To our present long positions in Wheat, Flaxseed, & Soybeans, add Soybean Meal & Oil & Corn.

PRECIOUS METALS April '74 Gold 124.60
March '74 Silver 329.00
January '74 Platinum 165.00

Our precious metals position is showing a handsome profit (see Nov. 29, 1973 Commodity Comments). If not in daily touch, enter protective stops in present positions at 110.00 Gold basis London, 3.25 March '74 Silver & 158.00 Jan. '74 Platinum.

SUGAR March '74 12.48

A slightly overbought market was not able to 'digest' the news of Brazil selling 20,000 tons of raws (later rumoured to be 100,000 tons & promptly denied) & India's intention of selling 200,000 tons in the 1974 season.

Producer selling is only realistic at scaled up prices & therefore to be expected. The 13.20 ¢/lb. sale by Brazil validated the recent terminal markets' exuberance (which had risen in quick order from 9½ ¢/lb. to 13½ ¢/lb.) The aggregate numbers continue to point to a deficit year; the terminal market's technical structure has been vastly improved by the 150 point shakeout. Patience & steadiness will see us through our first 16-18 ¢/lb. target.

Remain firmly long.

POTPOURRI - Broilers heading higher...
Plywood still a long term hold...
Orange Juice was stopped at 56.00 & should be repurchased at 51.50-52.00.

Albert D. Friedberg
Vice - President
Commodity Futures

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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.