



Friedberg & Co. Ltd.

347 Bay Street
Toronto, Ontario, Canada M5H 2R7
(416) 864-1195
Cable: Friedco Toronto
Telex: 06-23446

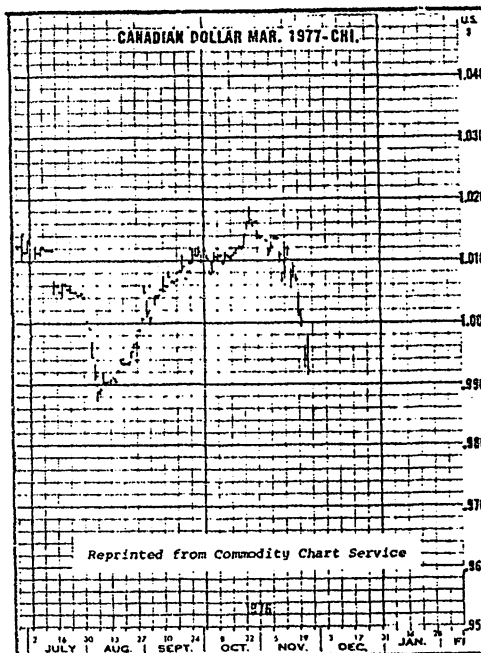
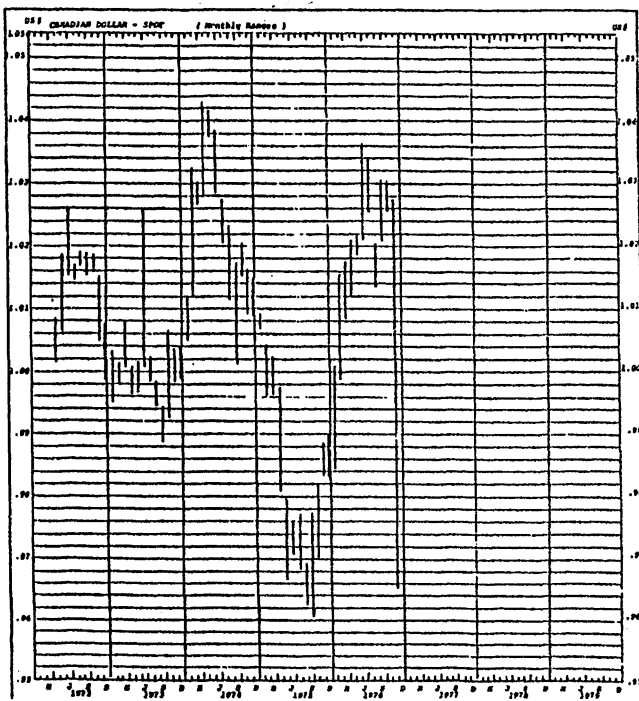
CURRENCY COMMENTS

November 30th, 1976

Canadian Dollar

is the panic over ?

Dec.76: 97.74 (Limit Down Offered)
Mar.77: 96.59 (Limit Down Offered)
June77: 95.89 (Limit Down Offered)



The PQ victory in Quebec & the drop of the bank rate finally provided the one-two combination that knocked the CD\$ down for the count. Since markets react in an anticipatory fashion and the general public has been conditioned to remain bearish on the prospects for the CD\$, the reaction was none too swift in coming. While the overall picture is not exactly rosy, as we pointed out last month, we feel that the 6% de facto devaluation that has just occurred has been excessive, considering that it has taken place within a span of just 2 weeks.

We strongly disagree with those members of the press & other academic thinkers that believe in the necessity of depreciating the external value of the CD\$. Since the end of World War II, many countries have tried to devalue 'once & for all' and discovered that such a course of action was highly detrimental to their balance of trade (contrary to conventional wisdom) & highly inflationary. Britain's once all-mighty Pound was devalued once to \$4.3, again to \$2.80, again to \$2.40 and now commands a lowly \$1.65.

Dec. 76 : 164.90 Mar. 77: 160.50
British Pound June 77 : 156.80 Sep. 77: 153.40 Dec. 77 : 150.55

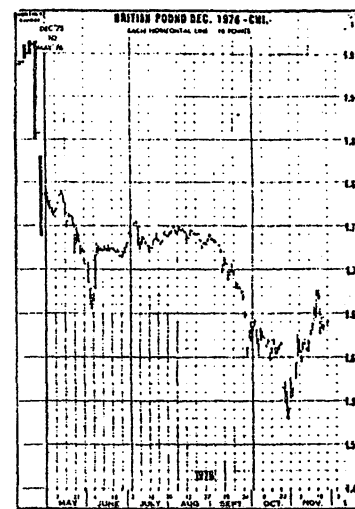
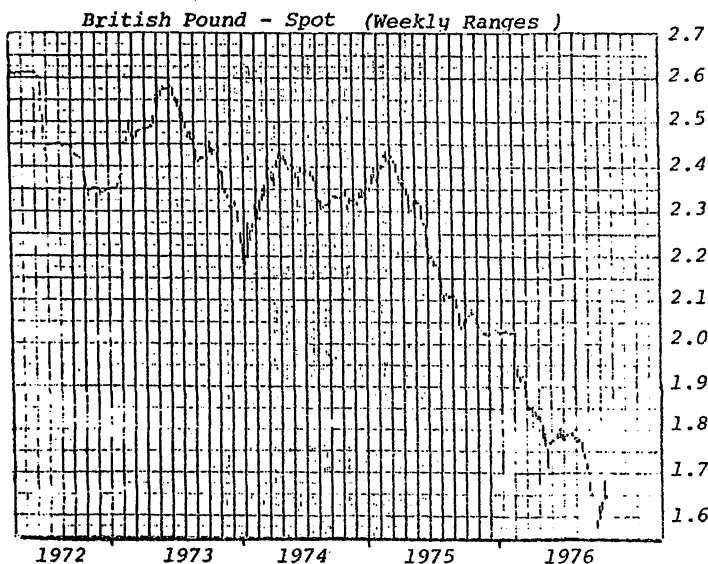
Sharply rising interest rates & the expectation that the IMF will come through with the \$3.9 billion loan, helped steady Sterling from the extreme lows of 156.00 registered in late October. Further shortcovering lifted Sterling to a high of 171.00 but second thoughts about effective budget cuts brought the rate back to the recent 164-165.

Cosmetics aside, the U.K. requires massive budget cuts (mostly coming from the spending side of the ledger rather than an increase in taxes), probably in the vicinity of £ 2.5-3.5 billion and a continued tight fist on the monetary aggregates. On this last score, it was disappointing to see a drop in the MLR to 14 3/4 % & the resultant ease in other money market rates. Present rates are no longer attractive enough to attract short term capital inflows or, for that matter retain Sterling balances.

Our guess is the IMF package will be approved with minor budget concessions & that Sterling will be a sale on the news.

Keep in close contact.

	Spot / Mar.77	Spot / June77	Spot / Sep.77	Spot / Dec.77		
Discount from Spot (annualized)	8.89 %	8.91 %	8.70 %	8.98 %		
	July 76	Aug. 76	Sep. 76	Oct. 76	** 1975	** 1976
Balance of Trade (mln Stg.)	- 527	- 293	- 376	- 360	-2,422	- 2,956
*W.P.I. %	15.60	15.30	16.00	16.26		
*Retail Price Index %	12.85	13.78	14.31	14.74		
Monthly Reserves (mln US\$)	5,370	5,029	5,158	4,703		
***	Oct. 29	Nov. 5	Nov 12	Nov 19	Nov 24	
Exchange Rate- Trade Weighted %	-45.40	-44.45	-43.89	-42.82	-43.38	
Euro Deposit %						
1 month	21 3/8	15 1/4	16 1/4	16.0	17 3/8	
3 month	20 7/8	16 5/8	15 7/8	15 1/2	16 5/8	
6 month	20 1/8	17.	16 3/8	15 1/2	16 3/8	
Open Interest (Nov 30): 957	Average Volume (Nov76): 308					
Contract Size: £25,000.00	Margin Req'd :US\$ 2,500			Round Turn Commission: 60.00		



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Nov. 30th, 1976

Dec. 76 : 41.55 Mar. 77 : 41.66
Deutsche Mark June 77 : 41.71 Dec. 77 : 41.95

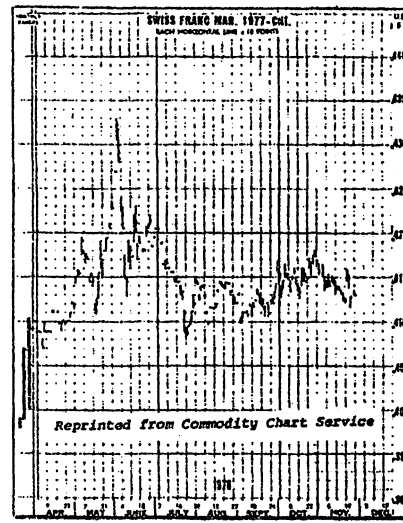
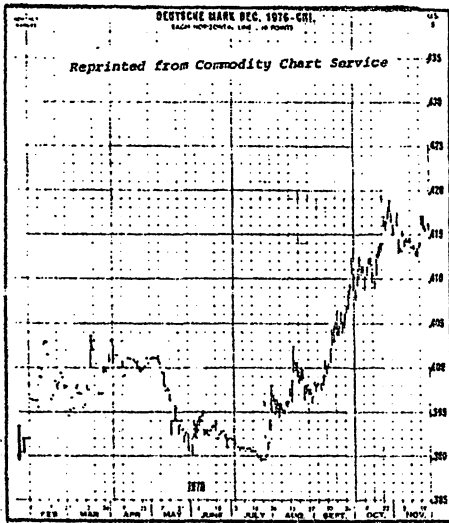
Now that the inflation rate has dropped below 4% on an annual basis, the West German government may proceed with a slight reflationary fiscal package, leaving intact, however, monetary targets.

The excessive liquidity in the U.S. system is forcing Eurodollar rates to levels well within 1/4 of 1% of the Euro-DM. This is an extremely bullish development for the DM & we fully expect the bull market to continue.

Remain long; Roll-over Dec. 76 positions into June'77. Look for eventual highs of 44.50 basis Spot. Stop long positions at 40.90 basis Spot.

	July 76	Aug. 76	Sep. 76	Oct. 76	** 1975	** 1976
Balance of Trade (mln Marks)	+2,593	+1,210	+4,660	-3,590	+30,776	+21,087
*Cost of Living %	4.22	4.59	4.04	3.81		
Net Monetary Reserves (mln Marks)		Oct. 29	Nov. 5	Nov 15	Nov 19	Nov 24
		96,300	95,700	94,200	n/a	n/a
*** Exchange Rate- Trade Weighted %		+28.03	+27.34	+27.30	+27.03	+27.45
Euro Deposit %						
1 month		3 7/8	3 1/2	3 15/16	4 3/16	4 9/16
3 month		4 9/16	4 1/4	4 5/16	4 3/8	4 5/8
6 month		4 7/8	4 5/8	4 3/4	4 11/16	4 11/16

Open Interest (Nov. 30): 1648 Average Volume (Nov 76): 179
 Contract Size :DM125,000.00 Margin Req'd: US\$2,500.00 Round Turn Commission:60.00



Swiss Franc Dec. 76 : 40.94 Mar. 77: 41.21
 June 77: 41.53 Dec. 77: 42.46

	July 76	Aug. 76	Sep. 76	Oct. 76	** 1975	** 1976
Balance of Trade (mln SFR)	+ 83	- 325	- 160	+ 294	-1,024.8	+ 179.6
*C.P.I. %	1.41	1.59	0.91	1.03		
Weekly Reserves (mln SFR)		Oct. 29	Nov 5	Nov 12	Nov 19	Nov 24
		13,200	13,310	12,312	13,453	n/a
*** Exchange Rate - Trade Weighted %		+49.72	+49.39	+49.34	+49.03	+49.03
Euro Deposit %						
1 month		1 1/4	1 3/8	1 1/4	1 3/8	1 11/16
3 month		2.	2 1/16	2 1/4	2 3/8	2 11/16
6 month		2 5/16	2 3/8	2 9/16	2 9/16	2 11/16

Open Interest (Nov 30): 1106 Average Volume (Nov 76): 108
 Contract Size :SF125,000.00 Margin Req'd:US\$2,500.00 Round Turn Commission: 60.00

Nov. 30th, 1976

French Franc Dec. 76: 19.97 Mar. 77 : 19.59 June 77: 19.22

Raymond Barre's austerity program is bursting at the seams. Massive shortages of materials & labor (i.e. strikes) are disrupting the economy which continues to operate under heavy dosages of monetary stimulation.

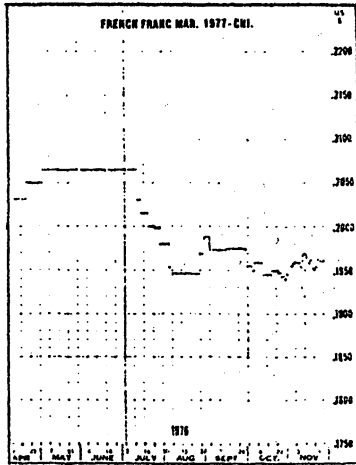
We advise selling June '77 French Franc at market with protective stops at 20.30.

	June 76	July 76	Aug. 76	Sept. 76	Oct. 76
Balance of Trade (mln FFR)	-104	-1,707	-2,460	-3,350	-4,710
* Net Change of Foreign Exch. Assets	-7.63%	-8.24%	-9.92%	-10.72%	-15.04%
*Retail Price Index %	9.5	9.42	9.49	9.73	n/a
	Oct. 29	Nov 5	Nov 12	Nov 19	Nov 24
Weekly Reserves (mln FFR)	79,570	79,422	79,408	n/a	n/a
Euro Deposit-					
1 month	12 1/2	12 7/16	11 3/4	11 7/16	10 3/4
3 month	12 11/16	12 7/8	12 1/2	12.	11 7/8
6 month	12 7/8	12 7/8	12 3/4	12 1/2	12 1/4

Open Interest (Nov. 30): 283

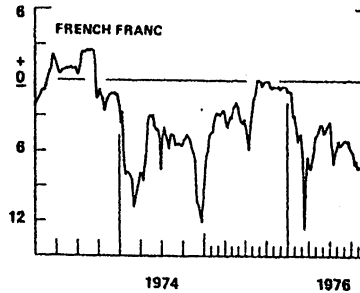
Average Volume (Nov 76): 108

Contract Size:FFR 250,000.00 Margin Req'd:US\$2,500.00 Round Turn Commission: 60.00



Reprinted from Commodity Chart Service

3-MONTH FORWARD EXCHANGE RATES
PREMIUM (+), OR DISCOUNT (-)
AVERAGES FOR WEEK ENDING WEDNESDAY



U.S. Dollar

	June 76	July 76	Aug. 76	Sep. 76	Oct. 76	** 1975	** 1976
Balance of Trade (mln \$)	-377.30	-827.10	-757.70	-778.90	-695.90	8,338	-4,107
* Money Stock%	4.2	4.5	4.5	4.3	5.7		
* Bank Loan & inv't %	5.0	5.4	5.4	5.6	5.9		
(compounded annual rates of change)							
* C. P. I. %	5.92	5.42	5.58	5.50	5.29		
		Oct. 29	Nov. 5	Nov 12	Nov 19	Nov 24	
*** Exchange Rate-Trade Weighted %		-2.39	-2.26	-2.32	-2.17	-1.77	
Euro Deposit %							
1 month		5 1/2	5 1/16	5 1/16	5.0	4 9/16	
3 month		5 3/8	5 7/16	5 7/16	5 5/16	5 1/8	
6 month		5 3/4	5 13/16	5 7/8	5 11/16	5 3/8	

* over year ago same month.

** cumulative figures for the period Jan.-Oct.

*** appreciation or depreciation(-) from 18-12-71.

Commodity Comments

6 (*****) Very Bullish
5 (*****) Bullish
4 (****) Neutral-Bullish
3 (***) Neutral-Bearish
2 (***) Bearish
1 (*) Very Bearish

Cocoa

***** December '76 130.70
***** March '77 126.05
***** Ldn July '77 £1675.00

There has been no net change in prices since our last Comments dated November 4th. In the interim, however, spot Dec '76 Cocoa reached a new all-time high of \$1.52/lb. On the 14th of November, the market reversed course and began a decline which, at this writing, is still continuing. The sell-off has all the earmarks of another gigantic shakeout, the fifth such occurrence since the inception of the bull market, back in June 1975. Based on the spot month, the present correction of a little better than 13%, compares with the 24.1% correction experienced in July/September 1975, 13% in April 1976, 16.6% in July/August 1976 and 12.5% in September 1976.

Could this 'shakeout' turn out to be more than just a correction? More to the point, have we seen the top? We think not.

In the first place, the fundamentals still point to a very small African crop. Ghana cocoa purchases figures through the 8th week total to just 166,000 tons, almost 30,000 tons below 1975/1976. It is quite conceivable that the large purchase figures will peak out within the next 3 weeks, outturning a disastrous 310,000 tons (compared to 388,000 tons in 1975/1976). Earlier estimates of a Bahia crop of 3.7-3.8 million bags look increasingly suspect as the final figure, assuming weekly arrivals of 90,000 bags until the end of the year, extrapolates to just 3.2 million bags.

On the demand side, the deciding factor in this bull market, trade sources estimate that the recently announced increases in the price of chocolate bars will not take effect until the Spring or Summer of 1977, as retailers still remain well supplied with old stocks. The prospective drop in consumption may come too late to 'save' the 1976/1977 crop and we might well see, for all practical purposes, nil carryover into 1977/1978.

Technically, this shakeout has been accompanied by heavy speculative shortselling (a major plus) and good trade buying. In addition, as evidence that the shortage has not been relieved at all, the December '76/March '77 switch has maintained itself (and even widened) at 550-600 pts premium the nearby while there has yet to be a single delivery against the spot December '76.

Summarizing, we interpret the recent decline as another correction in a super-bull market and strongly advise retaining long position at these levels. Well-heeled accounts should continue to accumulate July/September 1977. We are raising our sights to a \$1.75/lb target for March '77.

November 30th, 1976

Coffee

***** December '76 187.75
***** March '77 186.98
***** London (Robustas) January '77 £2345.00

Remain long but raise protective stops to \$1.75/lb basis March '77 and £2100 basis London January '77.

Copper

*** December '76 56.80
**** March '77 58.10

The downtrend continues.

A move above 63.00 basis March '77 would give us a buy signal. Remain sidelined until such time.

Cotton

***** March '77 79.11
***** July '77 77.90
***** October '77 71.30

Very quiet conditions prevail in the cotton market where the recent softness in prices has induced farmers to withdraw from contracting. Total exports during the first 3 months of the current marketing season, which began August 1, amounted to 833,649 bales, up from 809,227 bales exported during the same period last season. Base building continues, particularly in the deferred July '77 and October '77 positions.

Remain firmly long; we anticipate a dramatic upturn in prices before too long.

Grains

** December '76 Wheat 254 1/4
** March '77 Wheat 265 3/4
** December '76 Corn 240 3/4
** March '77 Corn 248 3/4

The bear market is still in force.

Remain short and lower protective buy stops once again, this time to \$2.70/bu basis March '77 Wheat and \$2.57/bu March '77 Corn.

Precious Metals

***** December '76 Comex Gold 131.50
***** April '77 Gmex Gold 133.70
**** March '77 Silver 433.60
***** January '77 Platinum 156.10
***** September '77 Palladium 54.90

The strong run-up in gold prices was turned back at the 138-141 area by heavy Russian selling. The downward correction that ensued found support at 128 and a tight trading range of 128-136 has now developed. Last month we suggested that the 126-128 figure had a certain magical property, namely, it acted, for a considerable period of time (late 1975, early 1976), as the equilibrium level that would clear the unexpected 'extra' supply of 50 million ounces of bullion to be disposed of by the IMF. We furthermore stated that future auctions (so long as there would be no additional new supplies forthcoming) would all be absorbed above this equilibrium level. Only three weeks later our theory has been vindicated.

November 30th, 1976

Precious Metals cont'd

At the forthcoming December 8, IMF auction, signs of renewed Arab buying interest will be keenly examined. Whoever the buyers turn out to be, however, the 780,000 ounces of gold will easily be absorbed at prevailing prices and should prove quite constructive to the market.

Add to previously established long positions, placing protective stops at 126.00 basis Spot. Our near term target is now \$145-155.

The present lull in economic activity has slowed down considerably platinum and palladium usage, forcing producers to lower their selling prices to a more realistic price of \$162./oz. Impala and Rustenburg seem quite determined to see prices hold in the \$150.-160. area, and to that effect have intervened sporadically in the New York market to lend some support.

We continue to envisage an unusually high rate of usage for the Platinum group of metals during 1977 and advise maintaining and adding to previously established long positions.

Sugar

* March 1977 8.51
* July 1977 9.00

In very dull trading conditions, sugar prices recovered during November and reached a high of 9.09 bais March '77 before settling back to the present 8.50-8.70 range. Recent strength has been attributed to reduced Cuban sugar prospects, a very cold October in the USSR which may have affected its sugar beet production and principally, the feeling on the part of most Commission Houses that Sugar prices have bottomed out. None of the above will, of course, have any bearings on the final outcome, namely, the complete collapse of prices to 'silly' levels, somewhere between 4-6¢/lb.

Large blocks of Raws are presently overhanging the market, particularly from Philippines and Dominican Republic. Two recent, and fairly modest, tenders by Peru have upset the delicate balance and prices have begun to erode. It was reported today that Brazil, after a prolonged absence, had re-entered the market and sold 40,000 tons of Whites.

The prospects for accelerated offers in physicals will begin putting on heavy pressure in what appears to be a gigantic stale long position. In view of this, we advise re-entering the market from the short side (if you were stopped out at 900 basis March '77, as per last month's Comments) in an aggressive way.

Sell March and July '77 Sugar at market and look for a move below 6¢/lb. Place protective stop at 9.25 basis March '77, on close only.

Wood Complex

***** January '77 Plywood 189.00
***** January '77 Lumber 179.00

The January '77 Plywood is very close to our long standing forecast of \$200 for 1000 board feet. In view of the unusually heavy bullish contingent that has jumped aboard the wood complex, we have turned from roaring to nervous bulls and prefer trailing our long positions with fairly close stops.

Stop January '77 Plywood at 179.00 and January '77 at 176.00

November 30th, 1976

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

Friedberg Commodity Index

Oct. 29/76	209.60
Nov. 30/76	201.33
net change	-3.94%

Albert D. Friedberg
Vice President
Commodities Futures

NOTE OF INTEREST: Friedberg & Co. Ltd. is making available to all clients and subscribers up to 5 sets (1 set = two \$10.00 and two \$5.00 coins) of the 1st series of OLYMPIC SILVER COINS at face value, i.e. \$30.00. The offer is good until such time as supplies are exhausted and they will be sold on a first come, first served basis