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COMMODITY COMMENTS December 30, 1976

COMMODITY OUTLOOK 1977

Friedberg Commodity Index

November '76:	201.33
December '76:	202.90
Net Change:	+78%

The economic pause has come to an end. Corporations, banks and household units have had an extra six months to carry on their liquidity drive -- they've borrowed long, repaid short term debt, pared inventories and spent agonizing days and weeks worrying about future expansion. The base laid thus far will catapult economic activity to new pre-depression peaks, and, as usual, euphoria will re-appear. Commodity prices poised in the delicate deflation/inflation balance will resume their upward momentum, although not uniformly. Pockets of weakness still exist in the Meat Complex and Sugar. Grains and Metals, although burdened by heavy inventories, will recover somewhat and possibly attain long term equilibrium levels. Right markets will become even tighter as 1977 unfolds, particularly Cocoa, Cotton and the Wood Complex, although Coffee may prove to be the exception.

After all is said and done, it is only a close examination of microeconomic factors that will enable us to gauge the course of particular commodities. This point was emphasized in last year's outlook despite the generally bearish tone of our opening paragraphs and the results obtained were excellent.

A happy and prosperous new year!

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

Cocoa

***** March '77 \$39.65
 ***** September '77 \$23.95
 ***** Lnd July '77: \$1801/ton

The see-sawing continues but the undertone of the market remains strong as the trade appears willing to buy the dips caused by Commission House liquidation.

During December, it became generally known that Jacques Borie, an Ivory Coast based cocoa shipper, was unable to fulfill earlier sales of approximately 15,000 tons committed at prices as low as 73¢/lb. The contracts concerned covered deliveries ranging between October/March '76 and April '77. Trade sources indicated

however, that Borie may be able to supply part of the cocoa or make alternative arrangements. At this time, however, any bullish connotations associated with the default are being obscured by concern that U.S. grindings will show an unusually sharp 10% drop, a result presumably of rising consumer resistance. Grindings are a poor (although, granted an only) proxy for consumer demand as they deal rather exclusively with inventory adjustments and speculation on the part of manufacturers and do not take into consideration the rising importations of processed and semi-processed goods from producing nations (where grinding is cheaper). Our view remains that final demand has as yet not been affected by rising prices nor will be affected until much later in the 1976/77 crop season, possibly the summer of 1977.

Production prospects in Ghana continue to deteriorate as the following table indicates:

GHANA COCOA PURCHASE FIGURES

	1973-74		1974-75		1975-76		1976-77	
DATE	WEEKLY	CUMULATIVE	WEEKLY	CUMULATIVE	WEEKLY	CUMULATIVE	WEEKLY	CUMULATIVE
Oct. 11	3,060	12,294	10,523	10,523	13,700	35,212	22,597	22,597
Oct. 18	6,399	18,693	16,447	26,970	18,540	53,752	16,783	39,380
Oct. 25	14,861	33,554	23,703	50,673	23,958	77,710	22,504	61,884
Nov. 01	18,602	52,156	25,433	76,106	27,928	105,638	20,251	82,135
Nov. 08	19,667	71,823	20,730	96,836	29,762	135,400	20,150	102,285
Nov. 15	21,077	92,900	22,232	119,068	30,429	165,829	21,546	123,831
Nov. 22	19,820	112,720	24,292	143,360	29,194	195,023	22,417	146,048
Nov. 29	20,736	133,456	26,442	169,802	25,237	220,260	19,644	165,692
Dec. 06	20,330	153,786	29,697	199,499	23,772	244,032	17,887	183,579
Dec. 13	19,430	173,216	31,764	231,263	21,239	265,271	16,691	200,270
Dec. 20	N/A	N/A	20,342	251,605	21,633	286,904	17,242	217,512
Dec. 29	N/A	215,545	22,685	274,290		317,200	15,105	232,617
FINAL TOTAL		<u>335,548</u>		<u>361,379</u>		<u>388,500</u>		<u>300,000?</u>

Comparing production figures by date rather than by weeks into the harvest, one will note that 1976/77 is running a full 85,000 tons below 1975/76 and almost compares to the disastrous 1973/74 crop. Since most of the harvest should be completed by now, we estimate a maximum total outturn of 300,000 tons. If realized, it would easily add 40-50,000 tons to the potential 1976/77 deficit -- an unusually bullish development.

During January, we will be in a better position to estimate final carry-out for the 1976/77 crop. In the interim, this market remains the best bet for 1977.

Remain long and add September '77 on weakness. Call options in London July may be obtainable at \$295/ton and represent excellent value for buyers and covered writers. Our target \$1.75/lb will easily be achieved. Place stops at \$125/lb basis, March '77, close only.

000 EA plan...
 However, the...
 Unofficial market...

Coffee

**** March '77 217.98
**** London Robustas January '77 £2692.50

This great bull market is in its final weeks.

Apparent consumption is still rising despite high price increases and market observers are rationalizing it as being a proof of coffee's inelasticity of demand. We have a much simpler explanation: hoarding. Hoarding at the producer level, roaster level and particularly, at the household level. Although we cannot as yet substantiate this claim statistically, we hope to issue in the next few weeks, a report to that effect. Small producing nations are leapfrogging Brazil in the hope of retaining a commodity that is forever rising; households may be accumulating many month's usage anticipating still rising quotes.

A consumer boycott, begun in New York, will not have a great effect on the market given the human being's greed propensity -- why listen to consumer advocates when one can easily buy today and beat coming price tag increases? The bubble will burst when consumers will have finally adjusted their inventory requirements to 3 or 4 times normal usage. At that point, a vacuum will appear and prices will collapse.

For the moment, we prefer cashing in our chips by liquidating all long positions. A premature short position can be fatal; we will therefore wait until we get a better "feel" for the top.

For those interested in establishing early short positions, we recommend London put options. July '77 premium traded today at £455 - 470/ton, September '77 at £455 - 490/ton and November '77 at £475 - 500/ton.

Move to the sidelines.

Copper

***** March '77 63.00
***** July '77 64.80

According to the American Bureau of Metal Statistics, world refined copper stocks (covering about 80% of the non-Communist world) on October 31, totalled 1,475,200 short tons, 17,400 tons above September 30th and up 88,300 tons from a year ago. This figure almost matches the all time high of 1,520,100 tons reached last February 28 and represents an overall surplus of possibly as much as 2,000,000 tons when considering non-reporting nations. In a more recent report, the ABMS stated that refined copper stocks of U.S. fabricators in November rose 6,300 short tons to 471,700 tons from 465,400 tons at the end of October.

The recent rise of Copper prices (and other non-ferrous metals) can be attributed to the prospects of reacceleration in economic activity. While supplies may be burdensome, open commitment figures may again indicate (as it did last year) that most of the surplus has already been absorbed by the market.

With March '77 closing at 63.00, chart patterns have turned short term bullish and we expect the advance to continue.

Buy July '77 at market, placing stops 300 points lower.

Cotton

***** July '77 77.20
***** October '77 71.70

Here are the latest USDA estimates for the current crop year - in millions of bales:

Carry in:	3.70	Consumption:	6.54
Production:	10.26	Exports:	4.50
Total Supply:	13.96	Total Demand:	11.04
		Carry out:	2.9

Our feeling is that the USDA's traditional bias in favour of larger than actual crops -- only three times in the past fifteen years have they predicted a crop that actually turned out larger -- will be no exception this time around. Thus we suggest a final crop of no more than 10 million bales.

The key supply factor is to be found in the breakdown of the various grades into staple lengths. The increase in production is weighted in favour of the shorter staple lengths. Staple lengths of 1-1/16 inches and longer will actually decrease (this is especially noteworthy because, on the New York Cotton exchange, the 1-1/16 inch is the deliverable grade). The last time the longer staple lengths decreased while the shorter staple lengths increased was 1972 -- the beginning of the greatest bull market in Cotton history.

On the demand side, we feel that the anticipated economic resurgence will be led by the textile sector. Prices for man made fibres have been raised recently, presumably to offset losses incurred from poor demand. Trade reports indicate the ratio of unfilled orders to stocks of polyester and rayon have declined precipitously in recent weeks -- and so a healthy textile sector implies, above all else, healthy cotton usage. We estimate consumption at 6.9 million bales.

Exports could be larger than the 4.5 million bales forecasted by the USDA for the simple reason that world demand is relatively high while supply is abysmally low. Other than the U.S., only the Soviet Union will have enough cotton for export this year. Recent negotiations between the U.S. and India and Indonesia, suggests that as the crop year draws to a close, American cotton may prove a surprisingly attractive buy for importing nations.

The key demand factor lies in the inventory positions of the mills. Presently standing at 881,246 bales, they are low. How low? Here's an historical comparison.

(In millions of bales)

	<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>
Invt. post. of mills on					
Nov. 27th	.88	1.04	.99	1.00	.96
Total mill consumption	6.90+	7.10	5.60	7.15	7.57
Consumption to Nov. 27th	2.18	2.69	2.01	2.38	2.63
Amount to be consumed	4.72+	4.41	5.60	7.15	7.57
Ratio of inventory positions					
to amount left to be consumed	.186	.236	.276	.209	.194
Our forecast					

The average ratio for the end of November is .229. Using that figure, we calculate that the mills are anticipating a final demand of just 6 million bales. By everyone's estimate, that is low. Undoubtedly, they will have to be large purchasers in the next few months just to keep up with their own sales.

Over the long term: The USDA has made known its preliminary thinking on next year's plantings. It estimates that only 6.8% more acreage will be devoted to cotton. The figure seems low when taking into account this year's tight supply. The enigma was solved for us by Dr. Bird, of Agriculture Experiment Station, Texas, who explained that there has been no significant improvement in the cotton strain for 15 years. As a result, yields have not improved at all, and, in fact show declines in those areas in which substitution between cotton and/or soybeans and sorghums is traditional. Given this year's carry out of only 2.9 million bales, next year's total supply should be even smaller than this year's.

We favour purchase of the October contract, presently trading at a sizeable discount to July, particularly for hedge purposes. Speculators should buy the July. Cotton should cross the \$1.00 mark by the time that contract expires.

d.r.

Grains

**** March '77 Wheat 279½
 **** March '77 Corn 256½

Here are the most recent USDA supply/demand estimates, (in millions of bushels).

USDA SUPPLY/DEMAND ESTIMATE

Season	Begin. Stocks	Production	Imports	Total Supply	Domestic Use	Exports	Total Use	Ending Stocks
1975/76	430	2,135	2	2,567	730	1,173	1,903	664
1976/77*	664	2,147	2	2,813	795	1,000	1,795	1,018

*December crop report: Mid-point of USDA use, exports and stocks projections.

If 1976 reads like a prolonged eulogy to a dying bull, 1977 looks like it might take the form of a tedious dirge. Tedious because if prices will not be able to recover against the overwhelmingly bearish fundamentals, neither will they be able to decline much given their proximity to firming wheat prices and this year's revised loan price of 225/bu. In other words, not too much action on the prairies.

However, this year's winter wheat plantings offer a yield 8% less than last year. This reverses a six year trend of steadily increasing yields. That's one thing to consider. Here is another: traditionally farmers have a tendency to respond too slowly to changing economics, and then, when they do respond, overcommit themselves. Next year's beginning stocks will be the highest since the early 60's. Yet, we assume that the farmers, realizing at last that things do not look too good, will place more than the difference between this year's and last year's beginning stocks under the aforementioned government loan, thereby decreasing the free market supply. Recently, bullish looking chart configurations may be an indication that the market has already begun to take the loan program into account.

Corn prices should strengthen in coming months. Exports are running ahead of USDA scheduling and domestic consumption is forecast at about 7% above '75-'76. While all livestock feed/price ratios are down this year, there are, generally more animals around to be fed.

We recommend covering all outstanding short positions, at the market. Move to the sidelines.

d.r.

Precious Metals

***** April Comex Gold 136.10
 **** March '77 Silver 441.00
 ***** April '77 Platinum 152.70
 ***** September '77 Palladium 53.20

The most recent IMF auction of December 8, proved once again that the demand for gold is still alive and well. The \$137/oz price paid by the successful bidders was \$1.35/oz higher than London's 2nd fixing. The old adage that supply attracts buyers was proven true; major potential purchasers such as Saudi Arabia, Kuwait, the United Arab Emirates, Switzerland, France and possibly Japan are being offered a golden opportunity to accumulate bullion at reasonable prices and without unduly disturbing the market. The restitution to IMF member nations to take place in mid-January and the continued monthly auctions will, no doubt, find ready buyers. Also favourably, it should be pointed out that visible stocks (industry and Comex and IMM-approved depositories) in the 3rd quarter of this year declined by as much as 335,000 ounces, thus adding urgency to industrial restocking.

The economic justification for much higher levels (despite low rates of inflation in the major industrialized countries) lies in the fact that international reserves have been contracting in a strongly deflationary environment; gold represents the only autonomous and real international asset (i.e. an asset which is not someone else's liability) that can be increased and still be accepted as a payments vehicle and a

store of value. Since gold is, de facto, being remonetized by Central Bank purchases (Switzerland, France and Oman are known examples) it stands to reason that a substantial rise is to be expected.

Technically, gold prices have been consolidating in a rather narrow range forming a very bullish looking triangle. An upside breakout of the triangle would also simultaneously imply a breakout above the long term resistance area of 138-140 basis spot, signalling the beginning of a very important rise. The minimum upside target would lie somewhere around \$150/oz which, in effect, would represent a 50% correction of the 1975-76 bear move.

Add to previously established long positions by purchasing December '77; implicit carrying charges are a mere 5-1/4% per annum.

Recently released figures of Platinum usage in the U.S. indicate a continuing uptrend, with final demand for 1976 likely to exceed our conservative estimate of 820,000 ounces made last summer. Recent weakness may be attributed to a 20% drop in Japanese jewelry usage of Platinum (as much as 140,000 ounces at an annual rate). Since the Platinum/Gold ratio has once again made Platinum very "cheap", we expect Japanese jewelry demand to pick up substantially in the next few months.

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>
Automotive	99,350	132,300	130,542
Chemical	21,946	14,651	26,170
Dental & Medical	3,204	7,108	5,929
Electrical	22,826	21,803	20,917
Glass	7,065	14,545	8,622
Jewelry	4,567	7,703	5,104
Petroleum	7,085	9,519	31,213
Miscellaneous	8,469	12,725	9,346
Total	<u>174,512</u>	<u>220,354</u>	<u>237,843</u>

Source: U.S. Bureau of Mines

The Platinum-Palladium group still remains the most undervalued commodity on the "board". Sometime during 1977, it will be re-discovered -- rewarding handsomely the patient investor.

We are remaining neutral on Silver preferring to watch its listlessness from the sidelines.

Sugar

* March '77 7.78
* September '77 8.78

Just as Sugar was the last great Bull Market to die in the 1973-74 mania, it will also enjoy the distinction of being the last great Bear Market to roll over and die -- but not before it crashes to the basement.

In its second estimate issued on December 14, F.O. Licht put World 1976/77 sugar output at 88.2 million tons, a slight upward revision from the earlier forecast and up substantially from the 81.7 million tons in 1975/76.

The last quarter of 1976 was a very quiet period in sales of actuals, perhaps reflecting a lack of meaningful bids. Small sales tended to depress the market and, thus, frightened away producers, lest the inevitable collapse came to pass. As an example, Indian export availability, estimated at a staggering 1.2 million tons, represents a potential supply of 100,000 tons/month. Yet, since October 1, the beginning of the season, India has not sold practically any Sugar, awaiting a better selling opportunity. They have obviously miscalculated. Very much the same can be said about Philippines, Dominican Republic, Brazil and Peru.

The enormous outstanding open interest in the New York Sugar Market, particularly in the nearby March 1977, will wreak havoc with the speculative longs as a great deal of surplus sugar can be expected to be delivered by the sellers.

We expect prices to reach our long standing target of 5¢/lb within the next two months. The extent of the liquidation on the following drop will permit us to assess whether or not a true bottom will be seen at that particular level.

Remain short, adding on 30 point rallies from any low.

Wood Complex

**** March '77 Plywood 190.40
**** March '77 Lumber 194.30

While housing activity has stabilized at a high 1.7 million starts plateau, fundamentals point to another leap forward in the coming year. Sales of existing and new homes remain brisk and substantially ahead of 1975 levels. S & L institutions registered the largest net savings inflow ever for the month of November (at \$2.38 billion) while mortgage lending volume was up 50% from the year earlier level and commitments outstanding for future loans rose 34% from a year earlier. It should be noted that these sharp year-over-year increases in mortgage lending and commitments outstanding do not necessarily reflect a commensurate gain in housing activity as house prices have climbed in the past year as much as 15%.

The behavior of the wood markets for the past few weeks continues to puzzle us as they indicate a substantial amount of distribution at these levels. Having come very close to achieving our long-standing target of #200 per 1000 board feet (particularly in the plywood) we would now rather move to the sidelines.

Liquidate previously established long positions; re-enter the long side on a \$15 drop from these levels.

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 first 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. If these are to be mailed to you, please add \$5.00 per order for postage and handling.

Canadian Dollar Spot: 98.74 Mar. '77: 98.13 June '77: 97.42 Sep. '77: 96.88

Our Canadian Dollar forecast of last month has been vindicated. Spot CD\$ moved up from a low of 95.80 to a recent 99.04 & has since settled into a quiet range of 98.60-98.85 for the past few days.

While the recent 2 cuts in the Bank Rate have no doubt been inspired by the lacklustre course of economic activity, it is disquieting to see that they are taking effect against a background of a strongly rising pattern of loan growth. Making money easier will only accentuate the still strong (& latent) inflationary pressures in our economy with the result that a pronounced divergence will occur with the U.S. sometime in 1978.

We are beginning to feel uneasy about further recovery prospects for the CD\$ (having anticipated the recovery thus far) as money market rates & forward discounts are presaging further monetary easing. On the other hand, we are still reluctant to sell short the CD\$ into such a steep discount & therefore prefer a neutral position. On the spreads, however, we feel that the 6 months & 12 months spreads should be bought looking to capture part of all of the forward discount. Liquidate March '77 long position at market (accepting a \$2000,00 profit per contract) - sell March '77 - buy Sep. '77 at prevailing spread of 115-125 points premium the nearby. Margin is \$1,000 per spread & profit potential is as much as 100%.

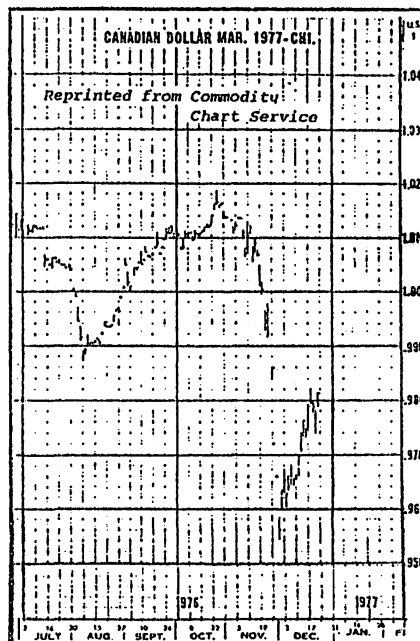
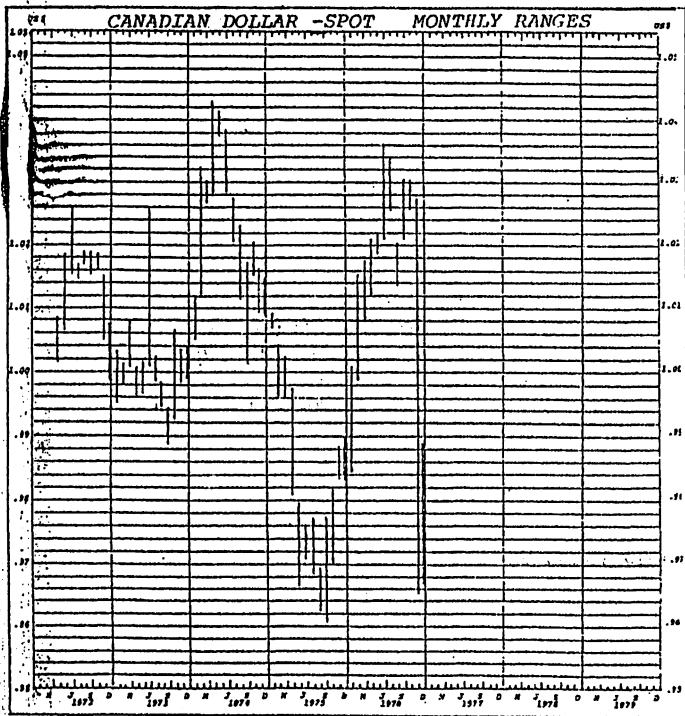
	Jul.76	Aug.76	Sep.76	Oct.76	Nov.76	** 1975	** 1976
*Money Supply %							
Narrowly Defined	8.77	7.64	7.90	5.00	1.36		
More Broadly (M2)	17.44	16.98	16.76	15.03	16.40		
M3	16.30	16.95	16.80	15.84	15.18		
Balance of Trade (mln\$)	-80	+349	+271	+190	-104	-874	+1,488
* Gen. Bank Loan %	22.25	21.16	21.23	20.95	20.23		
(Percentage Growth)							
* C. P. I. %	6.8	6.23	6.5	6.23	5.60		
* Food Price Index %	1.02	-0.53	-0.48	-0.90	-1.70		

	Nov. 26	Dec. 3	Dec. 10	Dec. 17	Dec. 24
*** Exchange Rate					
Trade Weighted	+1.36	-1.91	-1.63	-0.93	-0.56
Euro Deposit - %					
1 Month	8 3/4	8 3/4	8 7/8	8 3/4	n/a
3 Month	9.	8 3/4	8 7/8	8 3/4	
6 Month	8 7/8	8 3/4	8 7/8	8 7/8	
T-B Rate (91 Days)	8.59	8.62	8.61	8.55	8.15

Open Interest (Dec.29th): 1,789

Average Volume (Dec.76): 375

Contract Size: CD\$ 100,000.00 Margin Req'd: US\$ 2,000.00 Round Turn Commission: 60.00



British Pound

Spot: 170.58 Mar. '77: 166.80 June '77: 163.55
 Sept. '77: 160.50 Dec. '77: 157.90

The IMF agreement has had a far greater psychological effect on £ than it will have on redressing the meager payments outlook for 1977-1978. In the first place, only some \$1.15 billion will be available immediately (sometime during January), while \$1 billion will be advanced at end of 1977. That will still leave nearly \$2 billion, or half the total, for 1978. The numbers are pitifully small compared to the fact that a 'full-fledged' attack on £ may cost the Bank well over \$2 billion - as demonstrated in the past 12 months. Incidentally, the last 2 tranches are conditional on performance. One is also impressed by the smallness of the immediate increase in U.S. swap lines by \$500 million & the 'pocket-money' stand-by swap extended by the Bundesbank - \$350 million. Obviously Simon & Schmidt do not like what they see.

What did Healy offer? Cuts in Public Sector Borrowing requirement of £1 billion next year & £1.5 billion in the following year (in constant 1975 values) before the proposed sale of BP shares. There has been no new incentives (in the form of lower taxes) to the private sector who is already laboring under an enormous tax burden. Worse yet, the largest spending cuts in the second year will hit an already demoralized defense & housing industry. The promised money supply targets couched in terms of the IMF latest baby - Domestic Credit Expansion - should translate into a M3 growth of 11-13%. Giving the 'crowding out' effect of Gov't borrowings, the present (& rising) rate of inflation & the illiquidity of the private sector, such a low rate of M3 growth could translate into 20+% interest rates - a no-no for a Labor Gov't.

We think the package is ineffective & worse yet, unrealizable. The long term downdrift of the £ should continue, no later than the beginning of February.

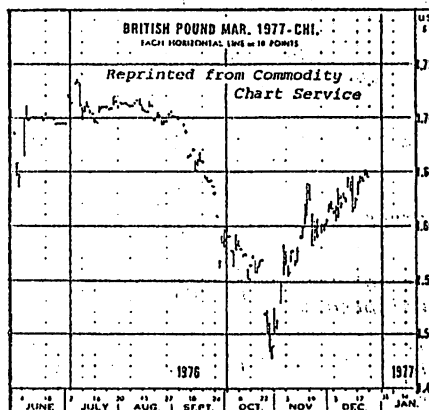
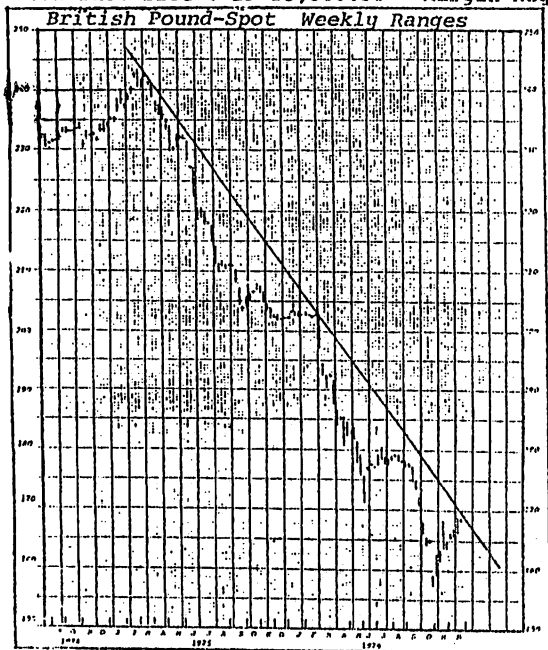
Sell December '77 BP at 158.00 or better, placing overhead stops at 163.00.

	Spot/ Mar. '77	Spot/ June '77	Spot/ Sept. '77	Spot/ Dec. '77		
% Discount from Spot (Annualized)	8.86	8.24	7.88	7.43		
Balance of Trade (mln STG)	Jul.76	Aug. '76	Sep. '76	Oct. '76	Nov. '76	** 1975 -2,529
* W. P. I. %	15.60	15.30	16.00	16.26	17.72	** 1976 -3,460
* Retail Price Index %	12.85	13.78	14.31	14.74	14.97	
Reserves (mln US\$)	5,370	5,030	5,158	4,703	5,156	
*** Exchange Rate - Trade Weighted %		Nov. 26	Dec. 3	Dec. 10	Dec. 17	Dec. 24
Euro Deposit - %						
1 month		16	16	16 3/4	15 1/2	n/a
3 month		16 1/2	16 1/4	16 3/4	15 3/4	
6 month		16 1/2	16	15 3/4	15 1/2	

Open Interest (Dec. 29): 1,030

Average Volume (Dec. 76): 195

Contract Size: BP 25,000.00 Margin Req'd: US\$ 2,500.00 Round Turn Commission: 60.00



December 29th, 1976

Deutsche Mark Spot: 42.45 Mar '77: 42.49 June '77: 42.58 Dec. '77: 42.60

The continued downdrift in U.S. interest rates coupled with prospects of a reversal to a sizeable trade deficit for 1976 (now estimated at \$ 5.5 billion) & 1977, had the effect of 'upfloating' the remains of the European Snake. The undisputed leader of this latter group, West Germany, is enjoying an extraordinarily low rate of inflation both as a result of good monetary & fiscal management &, too, the exchange rate appreciation itself.

Unless 3 month Eurodollar rates can firm up to a 1% premium over its Euro DM counterpart, the rise in the DM will continue unabated. The 'quiet' appreciation that has taken place in the past few month will be the subject of public discussion very shortly; at that point, the bull move will pick up momentum, climax & blow off amidst talk of renewed monetary crisis. There is no crisis. It's just that no country can keep up with West Germany's economic performance; market forces will exact just such an admission.

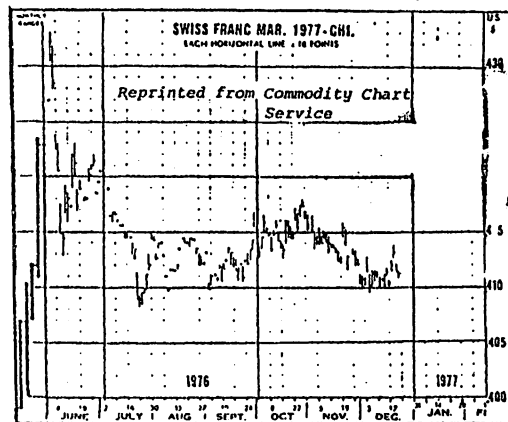
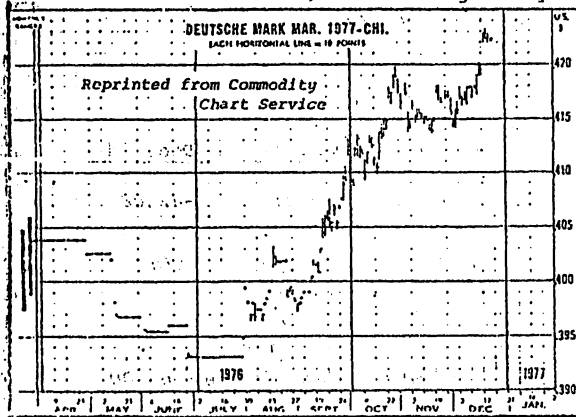
Remain long the DM, originally bought at 39.15; raise sell stops to 41.50 & look to sell into a fast move to the 45 - 46 (upward revision) range.

	July '76	Aug. '76	Sep. '76	Oct. '76	Nov. '76	** 1975	** 1976
Balance of Trade (mln Marks)	+2,593	+1,210	+4,660	-3,590	-3,000	+31,091	+18,087
* Cost of Living %	4.22	4.59	4.04	3.81	3.73		
Net Monetary Reserves (mln Marks)		Nov 26	Dec. 3	Dec. 10	Dec. 17	Dec. 24	
		93,800	93,700	93,300	92,800	n/a	
*** Exchange Rate - Trade Weighted %		+17.45	+27.61	+27.85	+28.02	+28.64	
Euro Deposit - %							
1 Month		4 1/2	5 1/8	4 15/16	4 15/16	n/a	
3 Month		4 5/8	5.	4 7/8	4 13/16		
6 Month		4 11/16	4 15/16	4 7/8	4 7/8		

Open Interest (Dec 29): 1823

Average Volume (Dec.76): 295

Contract Size: DM 125,000.00 Margin Req'd: US\$2,500 Round Turn Commission : US\$ 60.00



Swiss Franc Spot: 40.90 Mar. '77: 41.24 June '77: 41.40 Dec. '77: 42.02

	Jul. '76	Aug. '76	Sep. '76	Oct. '76	Nov. '76	** 1975	** 1976
Balance of Trade (mln SFR)	+ 83	-325	-160	+294	+242	-925	+421.6
* C. P. I. %	1.41	1.59	0.91	1.03	.90		
Weekly Reserves (mln SFR)		Nov.26	Dec. 3	Dec. 10	Dec. 17	Dec. 24	
		13,860	15,700	16,980	19,370.	n/a	
*** Exchange Rate - Trade Weighted %		+49.03	+48.69	+48.11	+47.80	+47.75	
Euro Deposit - %							
1 Month		1 11/16	1 9/16	1 11/16	1 7/8	n/a	
3 Month		2 3/4	2.	2.	2 3/16		
6 Month		2 13/16	2 3/8	2 5/16	2 1/2		

Open Interest (Dec.29): 650

Average Volume (Dec.76): 143

Contract Size: SFR 125,000 Margin Req'd: US\$ 2,500 Round Turn Commission: US\$ 60.00

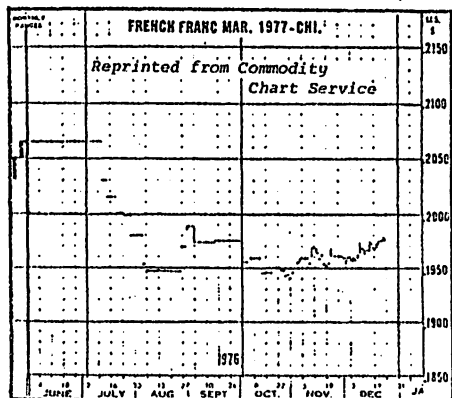
French Franc Spot: .2015 Mar '77: .1984 June '77: .1944

Unrealistic price controls are causing a consumer mini-boom, puzzling gov't officials who had expected an austerity environment. Huge trade deficits are now being compounded by a growing oil bill. Giscard has been losing popularity steadily in view of the very poor economic results thus obtained. The possibility of a majority win by the Socialist-Communist coalition in 1978 will start sending tremors thru the exchange markets sometime in 1977.

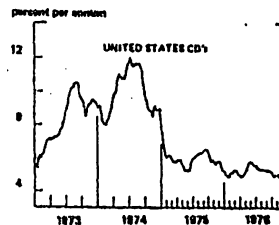
Remain short June '77 positions; sell Dec. '77 at market.

	Jul '76	Aug. '76	Sep. '76	Oct. '76	Nov. '76
Balance of Trade (mln FFR)	-1,707	-2,460	-3,350	-4,710	-3,820
* Retail Price Index	9.42	9.49	9.73	9.8	10.11
	Nov. 26	Dec. 3	Dec. 10	Dec. 17	Dec. 24
Weekly Reserves (mln FFR)	79,280	79,265	79,204	79,235	n/a
*** Exchange Rate - Trade Weighted %	-4.61	-4.51	-4.78	-4.90	-5.38
Euro Deposit - %					
1 Month	10 15/16	11 1/2	11 1/16	11 9/16	n/a
3 Month	12 1/8	12 1/4	12.	12 3/8	
6 Month	12 1/4	12 5/16	12 1/8	12 1/2	

Open Interest (Dec. 29): 225 Average Volume (Dec.76): 43
 Round Turn Commission: FFR 250,000 Margin Req'd: US\$ 2,500 Round Turn Commission: 60.00



Short-term Interest rates Weekly Figures



U.S. Dollar

	Jul '76	Aug. '76	Sep. '76	Oct. '76	Nov. '76	** 1975	** 1976
Balance of Trade (mln US\$)	-827.1	-757.7	-778.9	-695.5	-906.2	+10,360	-5,010
* Money Stock %	4.5	4.5	4.3	5.6	4.8		
* Bank Loan & Inv't (compounded annual rates of change)	5.0	5.4	5.6	5.9	6.1		
* C. P. I. %	5.42	5.58	5.50	5.29	4.95		
	Nov. 26	Dec. 3	Dec. 10	Dec. 17	Dec. 24		
*** Exchange Rate - Trade Weighted %	- 1.77	-0.13	-0.26	-0.72	-1.30		
Euro Deposit - %							
1 Month	5 1/16	5 1/16	5.	5 1/8	n/a		
3 Month	5 5/16	4 15/16	5.	5 1/8			
6 Month	5 9/16	5 1/8	5 3/16	5 7/16			

* over year ago same month. ** Cumulative figures for the period Jan-Nov.
 *** Appreciation or depreciation (-) from 18-12-71.

Albert D. Friedberg
 Vice-President
 Commodities Futures

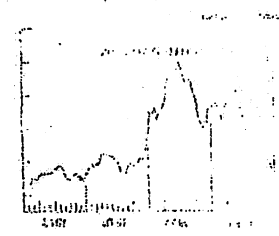
***** All statements made herein, while not guaranteed, are based on information considered reliable and are believed by us to be accurate.

When you are in a position to
offer your services to the
public, you should be prepared
to do so in a professional
manner and to the best of
your ability.

1. The first step is to
determine the needs of the
community. This can be done
by conducting a survey or
by talking to community
leaders. Once you have
determined the needs, you
can begin to develop a
plan of action.

2. The second step is to
develop a budget. This
should include all the costs
of the project, including
materials, labor, and
overhead.

3. The third step is to
obtain funding. This can
be done through grants,
loans, or donations.



4. The fourth step is to
implement the plan. This
should be done in a
systematic and organized
manner.

5. The fifth step is to
evaluate the results. This
should be done regularly
to ensure that the project
is meeting its goals.

6. The sixth step is to
report the results. This
should be done in a clear
and concise manner to the
community and funding
sources.