FRIEDBERG'S
COMMODITY & CURRENCY COMMENTS

347 Bay Street, Toronto Ontario Canada M5H 2R7 Telephone: (416) 364-2700 Cable: Friedco Toronto Telex: 06-23446

DECEIT

December 4th, 78

" Inflation is the haunting pestilence of the middle class; it is the hidden threat that disorganized government holds over those who try to plan, to save, to be prudent. "

Theodore White

" ... I believe that it is premature to conclude that the onset of a recession is imminent ... these predictions are an oversimplification of events; a misreading of cause and effect; and a misunderstanding of monetary policy implication. "

Henry Kaufman

On the week ending Wednesday, November 15th, U.S. Commercial banks were supposed to have scrambled frantically in an attempt to 'find' approx. $3 billion to cover increased reserve requirements on member bank time deposits of $100,000 or more and on certain other member bank liabilities. Given the present system of 'lagged' requirements, the supplemental dollar amounts were already predetermined on November 2nd, two weeks prior to 'posting' time. The mad scramble, of course, never took place. As the accompanying statement shows, the Fed accomodated the entire deficiency of $3,338 million and then some ! To the Fed's credit, and lest we sound overly alarming, the Fed 'had' to accommodate the commercial banking system because the latter could do nothing do alleviate this predetermined call for additional funds. This is true for the system as a whole, for the gain of one bank (bidding for Fed funds, or time deposits or the liquidation of existing loans) could only come from the loss of another bank. No sooner had the sensitive Fed Funds rate approached the 10% level, the Fed, guided by its interest rate target, supplied reserves through open market operations and by allowing a considerable increase in the float to stand. What is worrisome is that the Fed : a) did not force the commercial banking system to the discount window (total member bank borrowings in fact decreased for the week) where closer scrutiny of member bank's credit operations takes place; b) did not see fit to allow substantial reserve deficiencies, for which penalties are prescribed in accordance with Board policy effective Nov. 19th,1975 and c) it did not offset in the week ended November 29th, (see accompanying statement) the $3.3 billion bulge supplied, admittedly under 'duress', the prior week in spite of the fact that the commercial banking system had a full week to adjust its balance sheet position to take account of the increased reserves ! In the light of similar such contradictions of pronouncements versus actions over the past 24 months, the Federal Reserve Bank of the U.S. is hereby indicted for deceit with the purpose of luring dollar holders into financing hopeless and gargantuan deficits.

MEMBER BANK RESERVE CHANGES

	Nov. 29/78	(A)	(B)
Reserve Bank credit:			
U.S. Gov't securities —			
Bought outright	111,336	+ 1,647	+ 503
Held under repurchase agreem't	506	- 361	+ 867
Federal Agency obligations--			
Bought outright	7,918	- 14	—
Held under repurchase agreem't	142	- 269	+ 411
Acceptances —			
Bought outright	---	---	—
Held under repurchase agreem't	141	- 314	+ 455
Loans —			
Total member bank borrowing	611	+ 190	- 27
Incl. seasonal borrowing of :	180	- 3	- 6
Other borrowing	—	—	—
Float	7,649	- 642	+2,073
Other F.R. assets	2,265	+ 75	- 884
Total Reserve Bank credit	130,748	+ 309	+3,398
Gold Stock	11,642	—	—
Special Drawing Rights certif. acct.	1,300	—	—
Treasury Currency Outstanding	11,803	+ 16	+ 19
Total	155,493	+ 325	+3,417
Currency in circulation	111,882	+ 640	+ 438
Treasury cash holdings	305	+ 26	+ 32
Treasury deposits with F.R. Banks	6,468	+ 25	-1,649
Foreign deposits with F.R. Banks	298	+ 12	+ 13
Other deposits with F.R. Banks	556	+ 27	+ 8
Other F.R. liabilities and capital	4,475	+ 191	+ 277
Total	123,984	+ 923	- 882
Member bank reserves:			
With Federal Reserve Banks	31,510	- 597	+4,299
Currency and coin	9,855	+ 677	- 956
Total reserve held	41,439	+ 77	+3,338
Required reserves	41,352	+ 45	+3,544
Excess reserves	87	+ 32	- 206

(A) : Change from Nov. 22nd to Nov. 29th.
(B) : Change from Nov. 15th to Nov. 22nd.

Turning to the behavior of the aggregates, one notes the sharp slowing down of M1, which grew at a 4.9% annual rate in the three months ended Nov. 22nd,down from an almost 10% growth rate in the three months ended Oct.18th, while M2 slowed to 8.3% from 10.7% As is by now well understood in banking circles, the slowing basically reflects the recent authorization of new types of banking accounts, such as the automatic funds transfer in which banks can switch funds from a customer's interest bearing savings account (included in M2 but not in M1) to a customer's checking account, as needed. As a result, demand deposit balances (M1 or spendable money) tend to be economized; no doubt, M1 velocity takes up the slack. In the interest of monitoring as broad as possible a measure of commercial banks' deposit liabilities, so that leakages do not distort basic trends, we have insisted on using an aggregate denominated Deposits Subject to Reserve Requirements (DSRR). This proxy is published by the

Federal Reserve System, Washington, DC in form H.3 and includes all commercial banking (the creators of money) deposit liabilities. Accompanying figures indicate that the brief, gentle downtrend in the DSRR's rate of growth ended in early November, just at a time when 'restrictive' monetary policy was seen to have resulted in a sharp deceleration of money supply !

MEMBER BANK DEPOSITS - SUBJECT TO RESERVE REQUIREMENTS

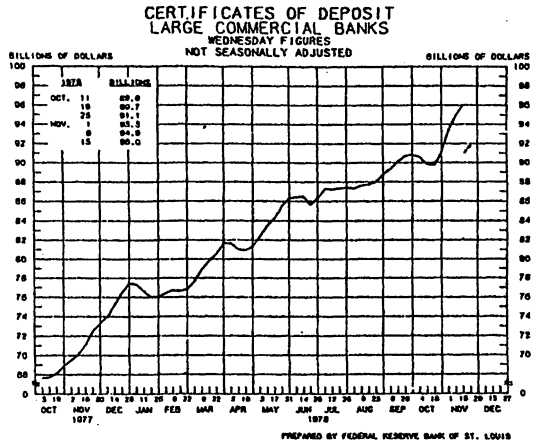
DATE	3 MO. *	6 MO. *	12 MO.**
JAN. 78	12.90	10.69	8.11
FEB. 78	9.84	10.16	8.28
MAR. 78	9.05	10.80	8.50
APR. 78	7.42	10.13	8.78
MAY 78	10.27	10.06	9.8
JUN. 78	9.6	9.53	9.61
JUL. 78	10.05	8.73	9.48
AUG. 78	6.22	8.23	9.28
SEP. 78	7.05R	8.52R	9.78
OCT. 78	5.3	7.85	8.99
NOV.8	11.78	9.61	9.37
NOV.15	11.75	9.55	9.80

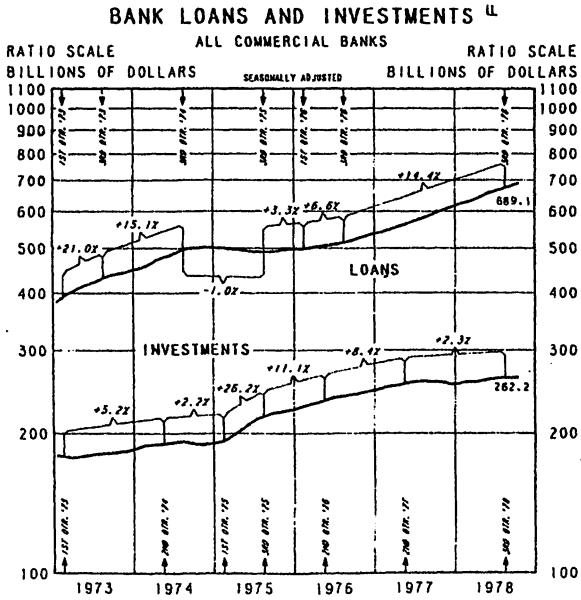
* ALL PERCENTAGE CHANGES ARE AT SEASONALLY ADJUSTED COMPOUNDED ANNUAL RATES.
** ALL PERCENTAGE CHANGES ARE AT NOT SEASONALLY ADJUSTED ANNUAL RATES.

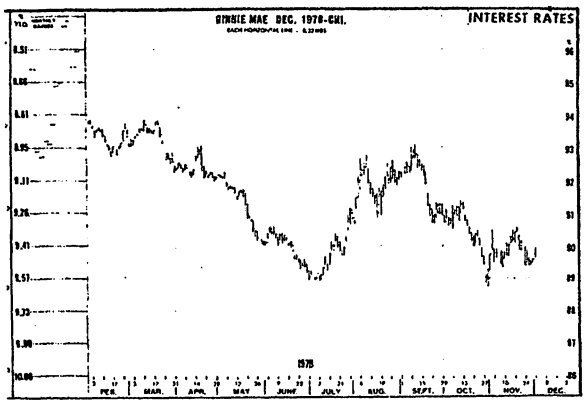
We now know that monetary policy is not tight nor is it likely to become so for yet a while longer. How about the level of interest rates ? Is it much too high and will it, therefore, produce a sharp drop in credit demands ? Hardly. Commercial banks total loans have grown at a better than 14.4% annual rate since the third qtr of 1976 while business loans have grown at 14.2% annual rate from mid-September to mid-November, a period that witnessed a dramatic rise in interest rates of over 125 basis points. By itself, and assuming no further hikes in real interest rates, credit demands will soar exponentially making inevitable the continuing rise in interest rates, <u>whether the Fed likes it or not.</u>

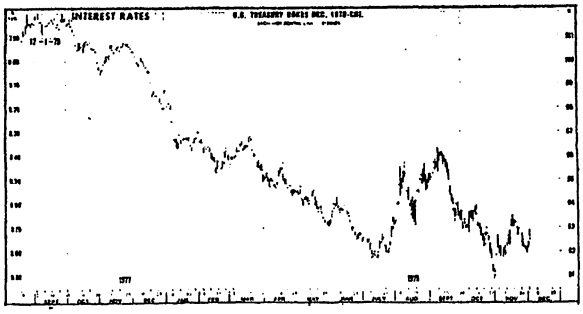
We regret our forecast of last month calling for a sharp and immediate slow-down (but no recession) in the economy. Credit figures, other significant business statistics and the very recent behavior of key industrial prices force us to rethink the issue. Barring a presently unforeseen tightening of monetary policy which should take rates up to nominal levels of 15-18% per annum (basis prime commercial paper), the U.S. economy will enter 1979 at full speed. Official perceptions of the boom will not dawn upon the politically sensitive authorities until well past the point of no return.

Strategically, the investor should : a) re-enter the short side of the bond and money market, favoring GNMA's and U.S. Treasury bonds over Treasury bills (where foreign buying continues unabated); b) nibble back at the long side of the strong European currencies and the Jap. Yen; c) remain long GOLD (see next section) and add to other precious and base metals (primarily Copper and Lead) and d) move to unload non-liquid assets.









GNMA	Settle	Yield	US Treasury Bonds			Treasury Bills		
Dec 78	89-17	9.480	Dec.78	92-11	8.822	Dec 78	90-96	9.04
Mar 79	89-25	9.449	Mar 79	92-16	8.804	Mar 79	90-76	9.24
Jun 79	90-00	9.414	Jun 79	92-26	8.768	Jun 79	90-71	9.29
Sep 79	90-08	9.375	Sep 79	93-06	8.726	Sep 79	90-78	9.22
Dec 79	90-11	9.360	Dec 79	93-14	8.698	Dec 79	90-91	9.09
Mar 80	90-04	9.395	Mar 80	93-16	8.691	Mar 80	91-02	8.98
Jun 80	90-00	9.414	Jun 80	93-17	8.687	Jun 80	91-07	8.93
Sep 80	89-28	9.434	Sep 80	93-13	8.701	Sep 80	91-08	8.92
Dec 80	89-25	9.449	Dec 80	93-15	8.694			
Mar 81	89-22	9.463	Mar 81	93-15	8.694			
Jun 81	89-18	9.483	Jun 81	93-13	8.701			

THE GOLDEN UPTREND

The accompanying chart tells a remarkable story. Neither the first U.S. auction for 750,000 ounces nor the prospective heavy delivery period anticipated against the expiring December 1978 futures contract on Comex and the IMM, nor prospects for an additional 470,000 ounces and 1,500,000 ounces forthcoming at IMF and U.S. Treasury auctions of December 6th and December 19th respectively has caused the golden uptrend, extending back to late 1976, to be violated. The magic number : $190.50/oz for the week ended December 1st, 1978; the recent low: 191.40/oz on December '78 Comex.

The balance of goods, services, transfers and private capital flow accross the U.S. border continues to be heavily in deficit and is being offset (& financed) by continuous accumulation of unwanted dollars on the part of Foreign Official Institutions (Central Banks). Table I depicts this process by noting first the yearly accumulation of U.S. dollar assets (deposits at the Federal Reserve and the Treasury, holdings of marketable and non-marketable U.S. Treasury Securities) since 1975 and the monthly figures for 1978, with estimates for September, October and November. Table II shows the cumulative level of these U.S. dollar assets throughout 1978 with tentative estimates of September , October, and November.

Table I Increments of U.S. dollar assets by Foreign Official Institutions (in Million of U.S. dollars)

I	1975	1976	1977	1978 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Jan-Nov.
Total	5,532	13,062	35,415	3,856	3,004	8,089	-3,373	-1,707	- 293	3,482	1,958	-2,054E	22,290E	3,826E	39,379E

Table II U.S. dollar asset holdings of Foreign Official Institutions (in million of U.S. Dollars)

II	1975	1976	1977	1978 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov.
Total	82,572	95,634	131,049	134,905	137,909	145,998	142,625	140,918	140,625	144,107	146,065	144,011E	166,301E	170,128E

Source : Federal Reserve Bulletin
Own estimates

In keeping with a temporary lifting of pressure on the US dollar during the II Qtr. 1978, U.S. dollar holdings of Foreign Official Institutions dropped by slightly more than $5 billion. It was the first 'fooler' and, no doubt, private capital helped the process and reversed its flow thus helping these Foreign Official Institutions liquidate unwanted dollar assets. What is truly remarkable is the skepticism shown by private capital (atop a persistantly negative current account) in the recent shakeout. In fact Foreign Official Institutions have had to continue to finance the red ink during November on top of the incredible jump that took place during October. For all of 1978 to date, despite a rapidly falling dollar (which by itself should have taken some of the pressure stemming from the dollar outflow), Foreign Official Institutions had to increase their involuntary accumulation by at least $40 billion, a figure that, already now, surpasses the full 1977 year. More definite conclusions will have to await confirmation of our estimates for September, October and November. Following U.S. expected borrowing in West Germany & Japan, a greater burden of intervention may shift temporarily to the U.S. but we doubt that the amounts presently being contemplated will make a significant dent in these unwanted holdings.

And what of the composition of Foreign Official Institutions' international reserves ? Table III shows Total Reserves of World Central Banks, Gold at market related prices (both in million of SDR's) and the proportion of Gold to a Total Reserves.

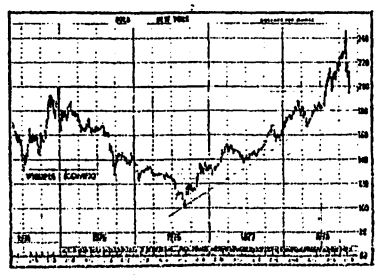
What is apparent is that Central Banks, the world over, have not allowed their gold proportion to vary significantly from an apparent minimum of 35-37%, despite the fact that they have not added any gold to their holdings. The marketplace is left to perform this equalizing task and has so far proven equal to its mission. One could conclude that despite some contemplated liquidation of gold holdings (principally by the U.S.), the marketplace will increase the value of Central Bank's gold holdings in rough proportions to their net accumulation of reserves. By extrapolating recent trends in Total reserves to the end of November 1978, gold holdings at approx. $190/oz represent just under 38%, the low end of the 'permissible' range of the past seven years.

Add to existing long positions at market.

Table III

	1972	1973	1974	1975	1976	1977
World Reserves at market related prices(mln of SDR's)	171,965	211,312	299,309	280,520	303,877	365,082
Gold Holdings at market related prices(mln of SDR's)	60,810	94,659	154,747	121,577	116,911	138,256
Proportion of gold holdings to Total Reserves	35.4%	44.8%	51.7%	43.3%	38.5%	37.9%

	1978 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
World Reserves at market related prices (mln of SDR's)	374,162	379,331	381,505	372,888	384,633	380,559	392,759	400,170
Gold Holdings at market related prices (Mln of SDR's)	146,862	150,856	159,120	141,184	152,013	149,597	160,996	166,311
Proportion of gold holdings to Total Reserves	39.3%	39.8%	39.3%	37.9%	39.5%	39.3%	41.0%	41.6%



BRITISH POUND

Adroit maneuvering by the Bank of England, including a sharp and unexpected increase in the MLR to 12.5 % helped to revive gilt sales to the non-banking public, thus injecting a significant amount of credibility to the government's stated monetary targets. PSBR for the first half of 1978/79 at £3/9 bln is well in line with earlier estimates of £8 billion for the whole of 1978/79.

The present stand by the U.K. with regards to its entry into the European Monetary System, may psychologically damage Sterling.

We expect it to weaken vis a vis the DM.

	AUG. 78	SEP. 78	OCT. 78	OCT. 77
BALANCE OF TRADE (MLN STG)				
JAN-OCT.'77: -1,624				
JAN-OCT.'78: - 866	+57	-194	+112	+46
BALANCE OF PAYMENTS(MLN STG)				
JAN-OCT.'77: -162				
JAN-OCT.'78: + 91	133	-140	+209	+191
RESERVES (MLN U.S.$)	16.40	16.51	15.97	20.21
RETAIL PRICE INDEX **	7.95	7.80	7.83	14.07
RETAIL SALES INDEX **	4.29	4.25	3.89	-1.21
W.P.I. **	7.15	7.76	....	17.89
UNEMPLOYMENT RATE (5.6 FOR NOV.78)	6.8	6.4	5.7	6.1

EURO DEPOSIT %	1978				1977
	NOV. 7	NOV 14	NOV. 21	NOV 28	NOV.30
1 MO.	11 3/4	13.	12 1/4	12 3/4	6 3/4
3 MO.	13 1/4	14 3/8	13 1/2	13 5/8	7 1/4
6 MO.	13 1/2	14 1/2	13 7/8	13 7/8	8
12 MO.	13 1/2	14 1/4	14.	14 1/8	8 1/2

OPEN INTEREST(NOV.30/78):3,429 AVERAGE VOLUME(NOV.78):1,035
CONTRACT SIZE : BP 25,000.00 (APPROX. U.S. 48,500.00)
MINIMUM FLUCTUATION : .00050 ($12.50)
DAILY LIMIT (NORMAL) : .05000 ($1,250.00)
MARGIN REQUIRED : US $2,500.00 COMMISSIONS : $60.00
TRADING HOURS : 8:45 AM - 1:10 PM (CHICAGO TIME)
DELIVERY MONTHS : MARCH, JUNE, SEPTEMBER, DECEMBER

** YEAR-OVER-YEAR % CHANGE

Spot:	194.75
Dec.78:	1.9465
Mar 79:	1.9335
Jun 79:	1.9165
Sept79:	1.9100
Dec 79:	1.9033
Mar 80:	1.9000

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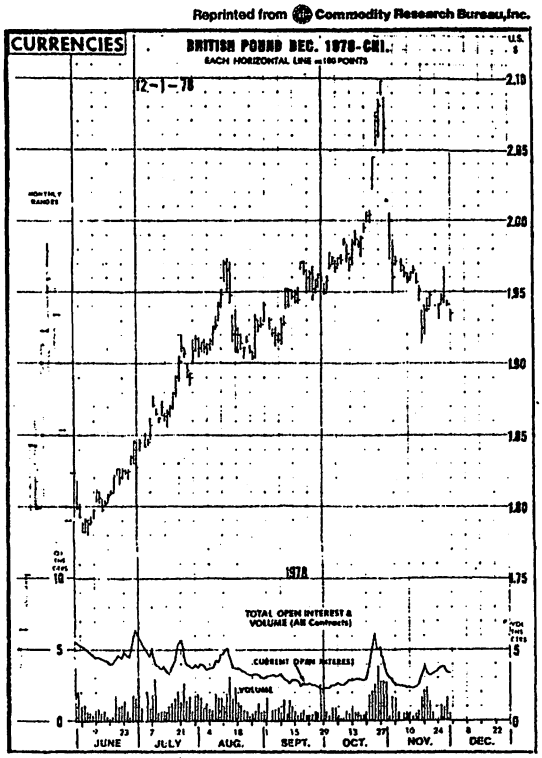


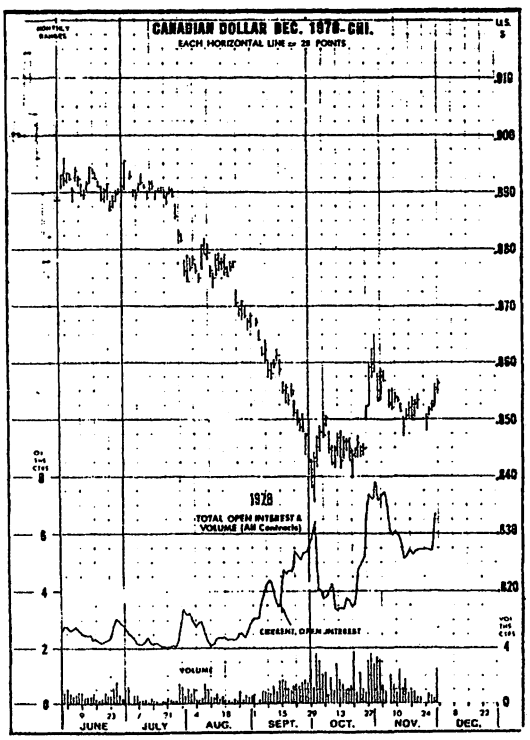
CANADIAN DOLLAR

The moderately successful completion of the CSB campaign has enabled the Bank of Canada to keep interest rates lower and monetary policy easier than warranted.

While technically the market seems well supported under 85¢ (primarily, we assume by the Bank of Canada which spent over $600 million in November to perform the trick), the fundamental picture is deteriorating. The growth of Bank of Canada assets (part of the monetary base) over the past three months, has accelerated to an 18% annual rate and may well soar in coming months, once renewed government borrowing takes place to finance a colossal (and widening) deficit.

We expect heavy downside pressure on the CD$ which may or may not be contained successfully by active Bank of Canada intervention.

Spot:	85.28
Dec.78	85.32
Mar 79	85.59
Jun 79	85.98
Sep 79	86.25



CANADIAN DOLLAR	AUG. 78	SEP. 78	OCT. 78	OCT. 77
BALANCE OF TRADE (MLN $)				
JAN-OCT.'77: +2,214				
JAN-OCT.'78: +2,583	+175	+631	+91	+469
GENERAL BANK LOANS**	11.60	11.05R	12.66	15.64
MONEY SUPPLY **				
M1	10.4RR	10.54R	12.12	9.36
M1B	10.95	8.64R	9.67	8.30
M2	11.13	10.58R	11.26	10.83
M3	14.7	13.71R	15.85	10.94
CURRENCY PLUS ALL DEPOSIT LIABILITIES**	13.82	14.04	.....	.....
INT'L RESERVES(BLN U.S.) (NOV.78: 4.48)	4.19	3.66	5.1	4.17
C.P.I.(ALL ITEMS)**	9.02	8.63	8.67	8.77
FOOD PRICE INDEX**	17.84	14.81	14.55	12.73
UNEMPLOYMENT RATE S.A.	8.5	8.5	8.2	8.3
N.S.A.	7.7	7.7	7.2	7.3

EURO DEPOSIT %	1978 NOV. 7	NOV. 14	NOV.21	NOV.28	1977 NOV.30
1 MO.	10 3/16	10 3/16	9 5/8	10 11/16	7 3/8
3 MO.	11 1/16	11.	10 5/16	11.	7 1/2
6 MO.	10 11/16	10 3/4	10 5/16	11.	7 13/16
12 MO.	10 7/16	10 5/8	10 5/16	10 3/4	8.

OPEN INTEREST(NOV.30):6,697 AVERAGE VOLUME(NOV.78): 1,254
CONTRACT SIZE : CD 100,000.00 (APPROX. U.S.$85,000.00)
MINIMUM FLUCTUATION : .00010 ($10.00)
DAILY LIMIT (NORMAL) : .00750 ($750.00)
MARGIN REQUIRED : US $2,500.00 COMMISSIONS : $60.00
TRADING HOURS : 8:45 AM - 1:10 PM (CHICAGO TIME)
DELIVERY MONTHS : MARCH, JUNE, SEPTEMBER, DECEMBER

** YEAR-OVER-YEAR % CHANGE

DEUTSCHE MARK

Buy March '79 at market, placing stop at 52.50.

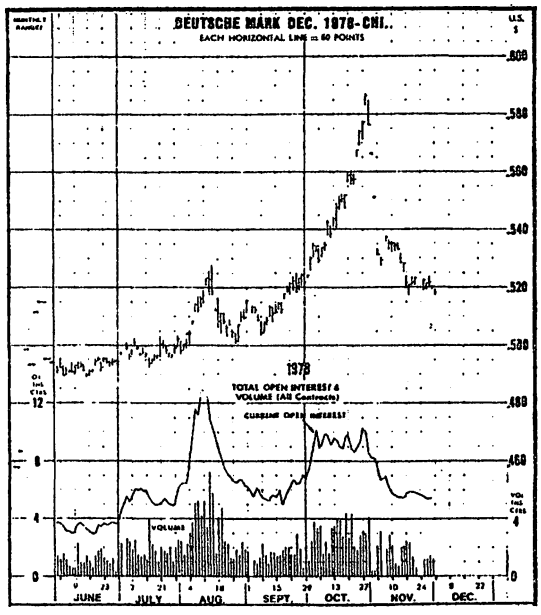
	AUG. 78	SEP. 78	OCT. 78	OCT. 77
BALANCE OF TRADE (MLN MARKS)				
JAN-OCT.'77: +29.357				
JAN-OCT.'78: +33.310	3.120	4.730	4.810	4.810
BALANCE OF PAYMENTS (BLN MARKS) CURRENT ACCT.				
JAN-OCT.'77: 4.0				
JAN-OCT.'78: +9.82	+.019	1.1	3.4	3.5
MONEY SUPPLY ** M3	20.6	.....	11.27	8.8
W.P.I.**	-0.1	-0.3	+.13	1.5
COST OF LIVING INDEX** (NOV.78) 2.24	2.38	2.25	2.18	3.8
UNEMPLOYMENT RATE	4.0	3.8	3.9	4.2

EURO DEPOSIT %	1978 NOV. 7	NOV. 14	NOV. 21	NOV. 28	1977 NOV. 30
1 MO.	3 1/4	2 7/8	3 3/16	3 1/2	4 1/4
3 MO.	3 11/16	3 1/2	3 1/2	3 13/16	4 3/16
6 MO.	3 13/16	3 3/4	3 3/4	4.	4 3/16
12 MO.	4.	4.	4 1/16	4 1/4	4 1/4

WEEKLY RESERVES
NET MONETARY
(BLN MARKS) 103.3(20/10) 105.0(27/10) 108.0 (3/11)

OPEN INTEREST(NOV.30)15,438 AVERAGE VOLUME(NOV.78):1,595
CONTRACT SIZE : DM 125,000.00 (APPROX. U.S. 66,000.00)
MINIMUM FLUCTUATION : .00010 ($12.50)
DAILY LIMIT (NORMAL) : .01000 ($1,250.00)
MARGIN REQUIRED : US $4,000.00 COMMISSIONS : $60.00
TRADING HOURS : 8:45 AM - 1:10 PM (CHICAGO TIME)
DELIVERY MONTHS : MARCH, JUNE, SEPTEMBER, DECEMBER

Spot:	52.19
Dec 78	52.30
Mar 79	53.33
Jun 79	54.26
Sep 79	55.28
Dec 79	56.14



JAPANESE YEN

Buy March '79 Yen, at market with protective stops at 50.00.

	AUG. 78	SEP. 78	OCT. 78	OCT. 77
BALANCE OF TRADE (MLN U.S.$)				
JAN-OCT.'77: +12.640				
JAN-OCT.'78: +20.730	1.990	2.630	1.040	1.800
BALANCE OF PAYMENTS (MLN U.S.$)				
JAN-OCT '77: +4.062				
JAN-SEP.'78: +7.291	853	346	-971	324
MONEY SUPPLY ** M1	+11.7	+11.58	N/A	5.4
RESERVES (MLN U.S.$) (NOV.78: 32.260)	29.200	29.240	29.390	19.580
C.P.I. **	4.23	3.66	3.31	7.47
W.P.I. **	-3.65	-3.81	-4.14	0.05
UNEMPLOYMENT RATE	2.34	2.41	2.27	2.02

OPEN INTEREST(NOV.30): 8,795 AVERAGE VOLUME(NOV.78): 1,638
CONTRACT SIZE : YEN 12,500,000.00 (APPROX.US$4,000.00)
MINIMUM FLUCTUATION : .0000010($12.50)
DAILY LIMIT (NORMAL) : .000100 ($1250.00)
MARGIN REQUIRED : US $4,000.00 COMMISSIONS : $60.00
TRADING HOURS : 8:45 AM - 1:10 PM (CHICAGO TIME)
DELIVERY MONTHS : MARCH, JUNE, SEPTEMBER, DECEMBER

** YEAR-OVER-YEAR % CHANGE

From Reuters Newswire

TOKYO — Japan's visible trade surplus in October fell to $1.07 billion from $2.62 billion in September and $1.80 billion in October last year, the Finance Ministry said in a preliminary report.

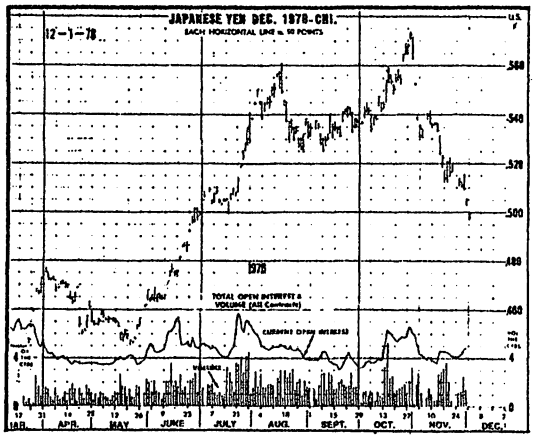
October FOB exports rose 20% from a year earlier to $8.35 billion, while FOB imports were up 42% to $7.28 billion, the ministry said.

Ministry officials said the sharp rise in imports reflected payment in advance during the month for imports under the government's emergency import programme.

Ministry officials said the energency import payments during the month totaled about $1.2 billion, comprising $1 billion paid in advance to the U.S. for uranium enrichment services, $120 million for oil stockpiled on idle tankers and 40 million for ships, with the remainder for pelletized iron ore and other items.

Ministry officials said emergency import payments in November will be less than in October, but were unable to say how much less.

Spot:	50.58
Dec 78	50.78
Mar 79	51.94
Jun 79	52.98
Sep 79	54.05



SWISS FRANC

Buy March '79 Sfr with protective stop at 59.00

	AUG. 78	SEP. 78	OCT. 78	OCT. 77
BALANCE OF TRADE (MLN SFR)				
JAN-OCT.'77: -2,130.				
JAN-OCT.'78: - 808	-158	+125	+14.9	-97
MONEY SUPPLY	18.07	.....	.....	6.0
W.P.I.**	-3.53	-4.67	-3.96	-0.75
UNEMPLOYMENT RATE	0.3	0.3	0.3	0.3

EURO DEPOSIT %	1978				1977
	NOV. 7	NOV. 14	NOV.21	NOV.28	NOV.30
1 MO.	3/16	3/16	1/8	3/16	3.
3 MO.	7/16	5/16	3/16	7/16	3.
6 MO.	9/16	1/2	5/16	11/16	3.
12 MO.	15/16	15/16	1 1/8	1 9/16	2 15/16
WEEKLY RESERVES (MLN SFR)	26,610	27,570	27,590	27,730	

OPEN INTEREST(NOV.30):4,458 AVERAGE VOLUME(NOV.78)11,061
CONTRACT SIZE : SF 125,000.00 (APPROX. U.S.73,500.00)
MINIMUM FLUCTUATION : .00010 ($12.50)
DAILY LIMIT (NORMAL) : .01000 ($1,250.00)
MARGIN REQUIRED : US $4,000.00 COMMISSIONS : $60.00
TRADING HOURS : 8:45 AM - 1:10 PM (CHICAGO TIME)
DELIVERY MONTHS : MARCH, JUNE, SEPTEMBER, DECEMBER

** YEAR-OVER-YEAR % CHANGE

Spot:	58.38
Dec.78	58,75
Mar 79	60.33
Jun 79	62.03
Sep 79	63.55
Dec 79	65.00

FRENCH FRANC

Remain sidelined.

Spot:	22.60
Dec.78	22.59
Mar.79	22.65
Jun 79	22.90
Sep 79	
Dec 79	

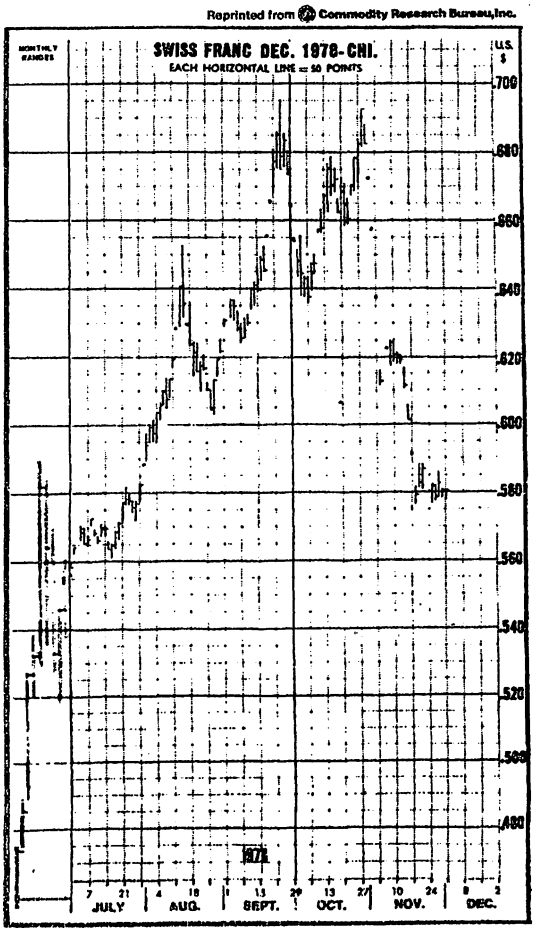
	AUG. 78	SEP. 78	OCT. 78	OCT. 77
BALANCE OF TRADE (MLN FFR)				
JAN-OCT.'77: -10,383				
JAN-OCT '78: +2,576	-1.060	+1,300	+721	+127
NET CHANGE OF FOREIGN EXCHANGE ASSETS **	18.77	19.69	19.82	19.52
RETAIL PRICE INDEX**	9.40	9.16	9.26	9.69

EURO DEPOSIT %	1978				1977
	NOV. 7	NOV. 14	NOV. 21	NOV.28	NOV.30
1 MO.	8 1/16	7 1/4	7 3/4	7 1/2	13 1/2
3 MO.	9 11/16	8 9/16	9 1/4	9 1/8	13 7/8
6 MO.	10 7/16	9 5/8	9 1/2	9 5/8	13 7/8
12 MO.	11.	10 3/4	10 3/8	10 1/2	12 7/8
WEEKLY RESERVES (MLN FFR)	116,525	116,759	117,031	117,156	

OPEN INTEREST (NOV.30): 399 AVERAGE VOLUME(NOV.78): 20
CONTRACT SIZE : FR 250,000.00 (APPROX. U.S.56,500.00
MINIMUM FLUCTUATION : .00005 ($12.50)
DAILY LIMIT (NORMAL) : .0050 ($1,250.00)
MARGIN REQUIRED : US $5,000.00 COMMISSIONS : $60.00
TRADING HOURS : 8:45 AM - 1:10 PM (CHICAGO TIME)
DELIVERY MONTHS : MARCH, JUNE, SEPTEMBER, DECEMBER

** YEAR-OVER-YEAR % CHANGE

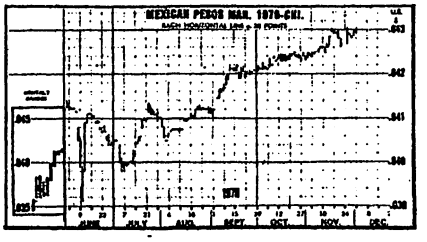
Reprinted from Commodity Research Bureau, Inc.



MEXICAN PESO

Continued enphoria about Mexico's oil wealth was given a boost last week when the Director-General of PEMEX indicated at a news conference in Chicago that a new oil field between Tampico and Poza Rica could produce "a little more that 100 billion barrels of oil in place and that it also contains 40 trillion cubic feet of natural gas.".

There is little use in fighting the tape at the present time. Cover shorts and be prepared to re-instate them if and when actual export and production estimates fall below expectations.



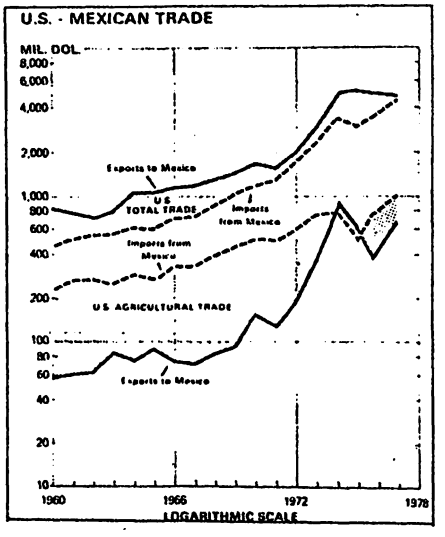
OPEN INTEREST (NOV.30):2,345 AVERAGE VOLUME (NOV/78): 86
CONTRACT SIZE : MP1,000,000.00(APPROX. U.S. 43,500.00)
MINIMUM FLUCTUATION : .00001 ($10.00)
DAILY LIMIT (NORMAL) : .00150 ($1,500.00)
MARGIN REQUIRED : US $4,000.00 COMMISSIONS : $60.00
TRADING HOURS : 8:45 AM - 1:10 PM (CHICAGO TIME)
DELIVERY MONTHS : MARCH, JUNE, SEPTEMBER, DECEMBER

** YEAR-OVER-YEAR % CHANGE

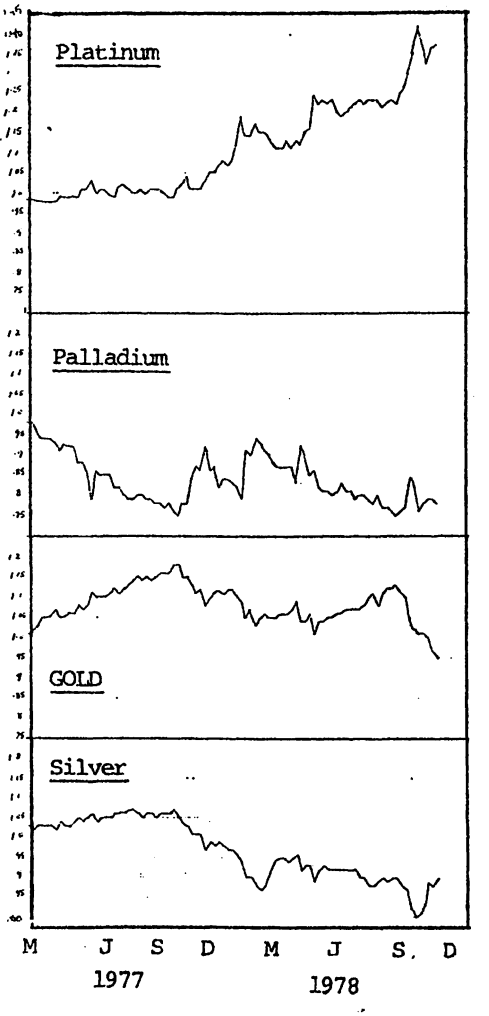
Forward Discount
Annual Basis

	Mar.79	June 79	Sep. 79	Dec. 79	Mar. 80
Spot	7.64	8.38	7.38	7.48	7.41
Mar. 79		9.13	7.25	7.42	7.36
June 79			5.40	6.57	6.77
Sep. 79				7.76	7.47
Mar. 80					7.17

Spot:	43,85
Dec 78	43.83
Mar.79	43.05
Jun 79	42,12
Sep 79	41.57
Dec 79	40.80
Mar 80	40.10



Relative Strength
Precious Metals



FCI	Nov. 78	Oct. 78	Nov. 77
Unch. from month ago +14.90% from year ago	239	239	208

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

Albert D. Friedberg