

FRIEDBERG'S

COMMODITY & CURRENCY COMMENTS

347 Bay Street, Toronto Ontario Canada M5H 2R7

Telephone: (416) 364-2700

Cable: Friedco Toronto Telex: 06-23446

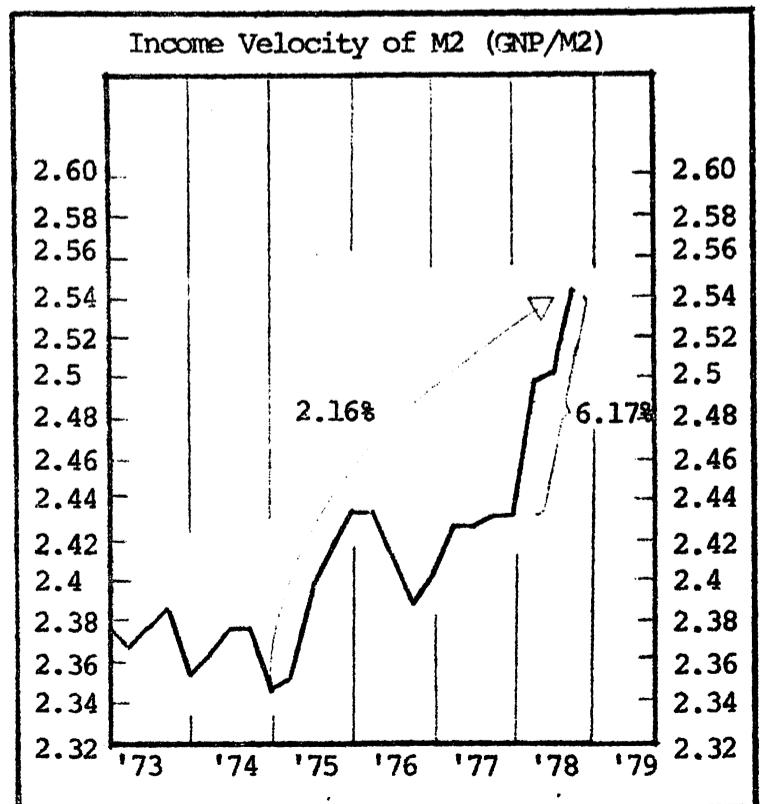
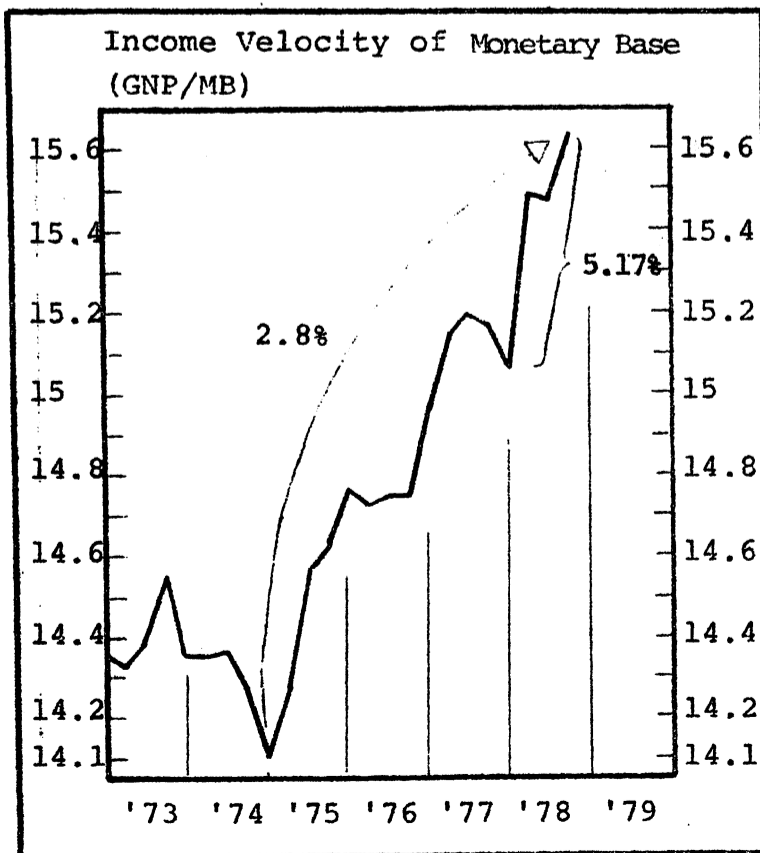
A tale of two statistics

Feb.28th/Mar.5th 1979

Increasing concern is being shown by economic seers with regards to the flattening of monetary aggregates. Assuming that M1 & M2 are meaningful measures of that term loosely called money supply, we still find little ground for anxiety. The reason lies in the little understood concept of velocity, i.e. the rate of turnover of each dollar of money supply that is required to produce one unit of output. This multiplier has been in a secular increase since 1946 and for a variety of reasons. In the first place, rising interest rates obtainable on a variety of liquid instruments such as CD's and other non-bank deposit liabilities have induced an 'economization' of low yielding balances, i.e. demand & savings deposits. Secondly, with the advent of inflationary expectations, investment objects possessing lesser degrees of liquidity, have substituted monetary instruments as wealth repositories. Finally, technological improvements in transferring funds and institutional refinements in the area of credit lines have obviated the needs to maintain large money balances.

To the extent that the U.S. economy (& the rest of the world, for that matter) has built-up increasingly higher inflationary expectations, cyclical anticipations may obtain unusually high readings in velocity. In simpler terms, consumer and business units may try to 'beat' price increases by buying now rather than later. Whereas in the past economists were reliably counting on a rise in the savings ratio once inflation 'took off', the reverse may now be taking place.

A look at the accompanying chart shows the annualized compounded rise of velocity for the period 1 Q '73 to IV Q. 1978. The sharp rebound in velocity for the first few quarters of 1975 was 'normal' as the U.S. economy emerged from the depth of the recession. The accelerated rise of velocity for the past four quarters, on the other hand, is quite atypical.



It has frustrated the Fed's attempt to slow down the economy and, in fact, may continue to do so for yet a considerable period of time. Since, for the most part, the mix of commercial banking deposit liabilities is a function of the non-banking sector asset preference, we have also computed a velocity statistic for the monetary Base or High-Powered Money, a magnitude that is believed to be more reliably controlled by the Fed, at least in the long run. The results again support the contention that velocity is offsetting whatever 'tightening' may be taking place.

How far can velocity continue to rise, let alone accelerate? Interestingly enough, the period 1949-1951, associated with the Korean War buying panic, saw an astounding increase in velocity of 20% (almost 10% compounded per annum) which came to an end, but remained at the new high level, well before the mid-1953 recession set in.

What can be inferred for the period ahead? In the first place, the simplistic notion that a flattening of money supply implies a recession is not quite correct. As we have seen, velocity increases may offset, sometimes quite significantly and for extended periods of time, lack of growth of money supply. Secondly, an end to accelerating price inflation may have a further beneficial effect on real output via the mechanism of rising real balances (money balances that enjoy greater purchasing power).

Will velocity slow down in the near future, or to paraphrase it, will accelerating inflationary expectations cool off? While in 1973, the quadrupling of oil prices led to an indiscriminate orgy of commodity buying, the market may now, more soberly, understand that localized supply shortages are rather more deflationary than inflationary via cutting into disposable incomes. In fact, the recent bear action of Cocoa, Cotton, Orange Juice, Sugar and some metals vindicate the old saying of 'once burned-twice shy'.

In conclusion, the real sector of the economy continues to look rather resilient with little prospects of an imminent recession. Should velocity decelerate in the near future, while still hold at present levels, it is likely that it will impact price inflation first, thus making for trendless and choppy commodity markets.

Our second set of statistics deals mostly with the increasing awareness developing in the financial world of real interest rates, a concept that we have gainfully used in the past for predicting exchange rate movements.

Real rates of return are yields on financial instruments that will compensate the saver/investor for the loss of 'purchasing' power. Since past returns are no guarantee of future returns, we must be able to estimate the investor's expected rate of inflation at the time he places funds in the money market. Innumerable and extremely esoteric formulas have been developed to estimate this expected rate of inflation. The table below summarizes our simplistic approach and provides some interesting revelations.

Real Annualized Rates of Return on 3 months Currency Deposits

Based on expected rates of inflation*

	April '78**	July '78**	October '78**	January '79**	February '79**	Average
British Pound	2.23 %	4.12 %	4.88 %	4.22 %	2.6 %	3.61 %
Canadian \$	- 0.072	- 1.61	2.57	2.82	1.96	1.13
Deutsche Marks	0.58	1.055	1.85	1.30	0.508	1.05
Swiss Francs	- 0.92	.991	- 0.353	- 1.036	0.996	.46
US\$	1.31	.14	1.25	2.08	1.41	1.23

* Linear regression used on past 3 months' year over year rates of inflation to project next 3 months.

** Projection is compared to prevailing Eurocurrency rates in 3rd week of the first month of the subsequent period.

As it can be seen, the British Pound has consistently offered higher real rates of return than either the CD\$, DM, SF or US\$. That buttresses our view that the Bank of England has been the most adroit of Central Banks in the conduct of monetary policy. It is also perhaps a reason why the British have shown the largest deceleration of price inflation in the industrialized world. Quite remarkably, the SF has shown the poorest real returns over the period under review. This puzzling result helps us isolate one interesting element, namely, currency considerations. No doubt depositors of SF disregarded potential loss of purchasing power because they expected an appreciation of the SF vis a vis other currencies.

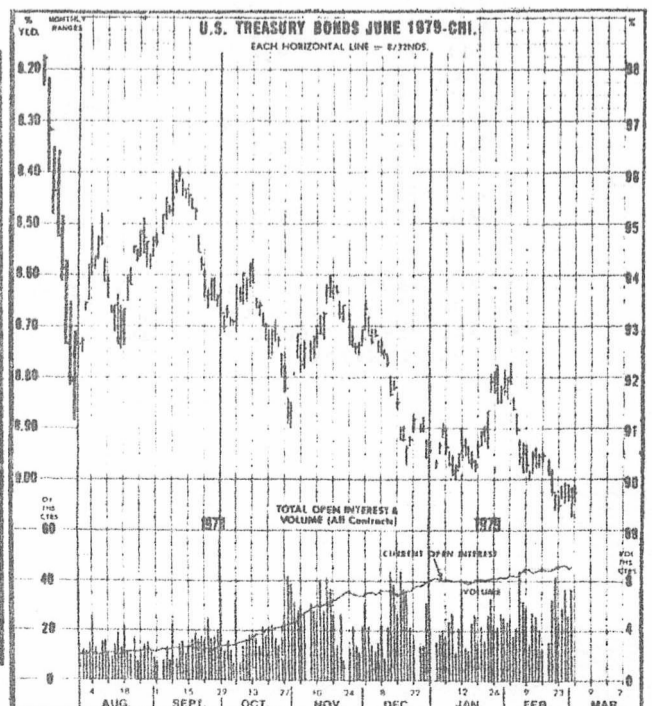
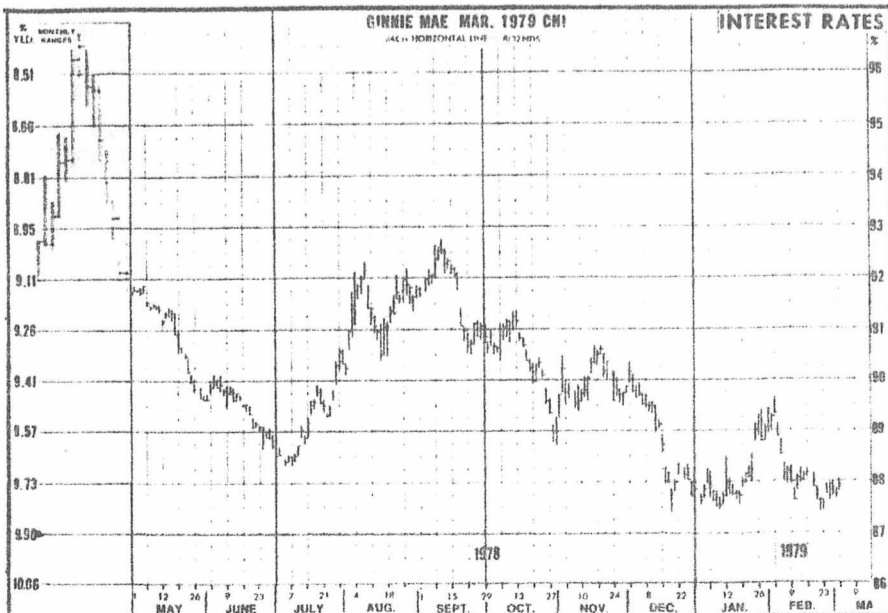
Given that markets are believed to be efficient (in the long run) such an anomaly cannot continue. Either holders of DM & SF deposits will demand and get higher nominal returns that could produce positive real rates of return or they will switch out to those currencies offering such positive rate of return. Everything else being equal, one may safely conclude that a relative currency shift will develop in favor of the BP and the U.S. While currency intervention may thwart such a shift it is unlikely that the U.S. will oppose some further appreciation. In the case of Sterling, domestic monetary considerations may also militate against massive intervention. An alternative option may be for the Bank of England to allow present interest rates to fall to the point where expected real returns disappear. In such case, forward differentials will narrow further thus offering a capital appreciation to buyers of deferred positions.

Interest Rates Futures

Short of a dramatic reversal of Fed policy - which now seems to be content with allowing a slightly positive real rate of return (see introductory comments) - or inflationary expectations, nominal interest rates have little, if any, downside potential.

Sluggish growth of bank loans can be accounted by the more competitive rates offered by commercial paper, placement of which has increased at an extraordinary pace. On a six months and one year basis, our money supply proxy - Deposits Subject to Reserve Requirement - has continued to decelerate, albeit almost imperceptibly. Perhaps more importantly, non-borrowed reserves are negative on a 13 week's basis for the first time since the recovery and continuing a distinctively downward trend begun in mid-December. Should this trend continue, banks may be forced to contract credit in the months ahead. It is unlikely that such an event should take place without some sort of a crunch. Nonetheless, the long end of the market seems to be 'looking across the valley' and a firmer tone has developed.

Protect short GNMA position by placing stops at 89 basis June, close only.



Mar. 5th, 1979

RESERVES AGGREGATES *

	TOTAL RESERVES **			NON-BORROWED RESERVES		
	13 WKS	26 WKS	52 WKS	13 WKS	26 WKS	52 WKS
AUG. 2/78						
9	11.8	7.5	8.0	9.5	3.0	5.6
16	8.3	5.8	6.9	9.4	1.9	5.3
23	7.1	5.2	6.7	7.4	0.9	6.0
30	7.3	5.5	7.0	7.4	1.6	7.2
SEP. 6	9.1	7.1	7.4	6.1	2.7	7.4
13	6.9	7.6	7.4	5.0	3.8	7.2
20	5.0	8.0	7.2	6.3	4.9	7.0
27	5.0	8.1	7.5	7.4	4.3	6.4
OCT. 5	2.0	8.2	7.4	3.8	4.1	6.4
11	6.0	9.1	8.0	6.2	3.8	7.0
18	4.1	9.1	7.9	4.5	3.4	7.5
NOV. 1	3.6	7.7	7.5	4.4	4.7	7.9
8	1.7	6.6	6.9	3.9	6.6	7.7
15	3.6	5.9	6.5	5.8	7.6	6.7
22	4.2	5.5	6.5	8.5	7.8	6.8
29	4.0	5.4	6.6	8.5	8.0	7.2
DEC. 6	3.5	5.8	6.7	8.5	7.1	7.1
13	4.1	5.0	6.7	8.3	6.2	7.1
27	0.8	2.8	5.9	3.0	4.2	5.4
JAN. 3	4.7	3.2	6.7	6.1	4.7	5.8
10	-1.4	2.1	5.6	1.5	3.6	4.6
17	-1.3	1.2	5.3	1.5	2.8	4.1
31	-0.3	1.5	4.9	2.6	3.3	3.6
FEB. 7	2.3	2.2	4.6	3.6	3.9	3.3
14	-0.1	1.7	3.9	-0.7	2.4	2.4
21	-0.1	1.7	3.7	-2.6	2.6	2.2

* ALL PERCENTAGE CHANGES ARE AT SEASONALLY ADJUSTED ANNUAL RATES, NOT COMPOUNDED.
 ** AVERAGE OF 4 WEEKS ENDED FROM 4 WEEKS AVERAGE...

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	9.45	10.80	8.50
APR. 78	7.42	10.13	8.74
MAY 78	10.27	10.06	9.8
JUN. 78	9.6	9.53	9.61
JUL. 78	10.05	8.73	9.68
AUG. 78	6.22	8.23	9.28
SEP. 78	7.45R	8.52R	9.74
OCT. 78	5.3	7.65	8.99
NOV. 78	11.2	8.73	9.43
DEC. 78	6.55	7.14	8.47
JAN. 79	8.26	6.98	7.88

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

U.S. Interest Rates Futures
 As of March 2nd, 1979

	GNMA	
	Settlement Price	Yield
Mar. 79	87-29	9.748
June	87-31	9.738
Sept.	88-01	9.728
Dec.	88-01	9.728
Mar. 80	88-01	9.728
June	87-31	9.738
Sept.	87-27	9.758
Dec.	87-25	9.768
Mar. 81	87-24	9.773
June	87-19	9.799
Sept.	87-15	9.819

U.S. T. Bonds

	U.S. T. Bonds	
	Settlement Price	Yield
Mar. 79	89-17	9.150
June	89-24	9.124
Sept.	89-31	9.098
Dec.	90-03	9.083
Mar. 80	90-05	9.076
June	90-04	9.079
Sept.	90-04	9.079
Dec.	90-03	9.083
Mar. 81	90-03	9.083
June	90-03	9.083
Sept.	90-04	9.079

U.S. T. Bills

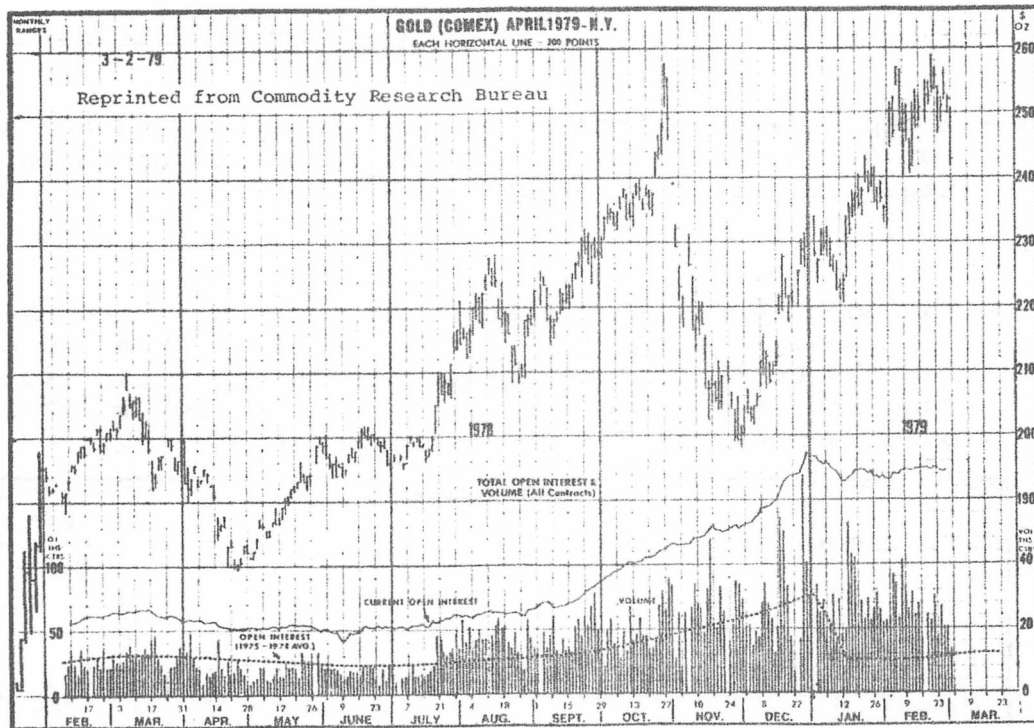
	U.S. T. Bills	
	Settlement Price	Yield
Mar. 79	90.66	9.34
June	90.55	9.45
Sept.	90.45	9.55
Dec.	90.44	9.56
Mar. 80	90.47	9.53
June	90.51	9.49
Sept.	90.53	9.47
Dec.	90.57	9.43

Metals - Technical Comments

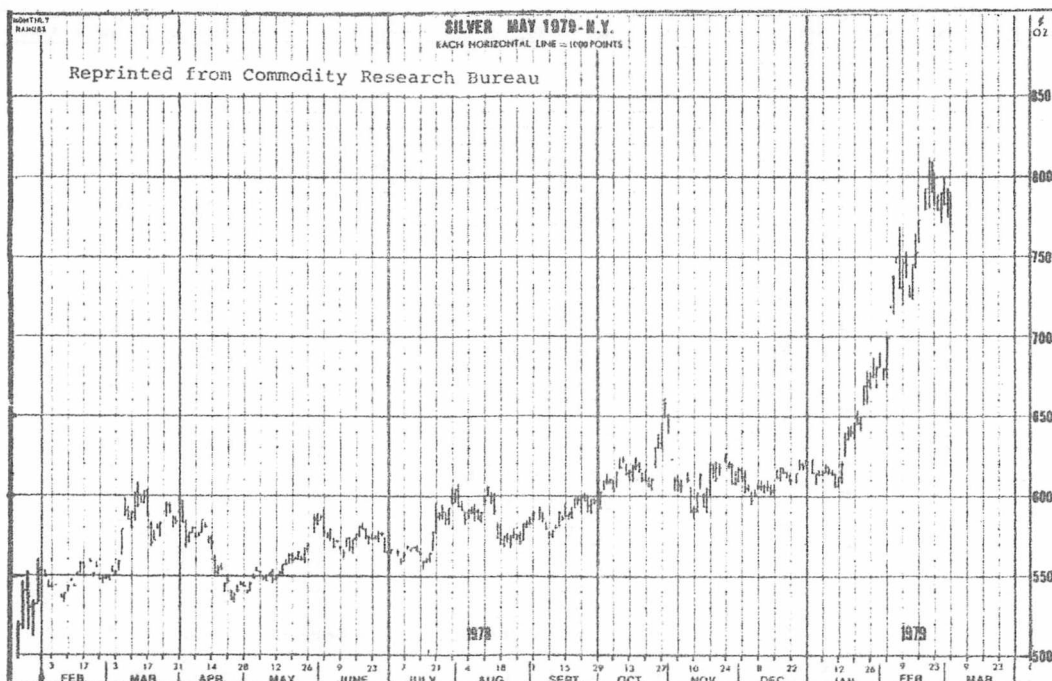
Gold - The market committed three faux pas:

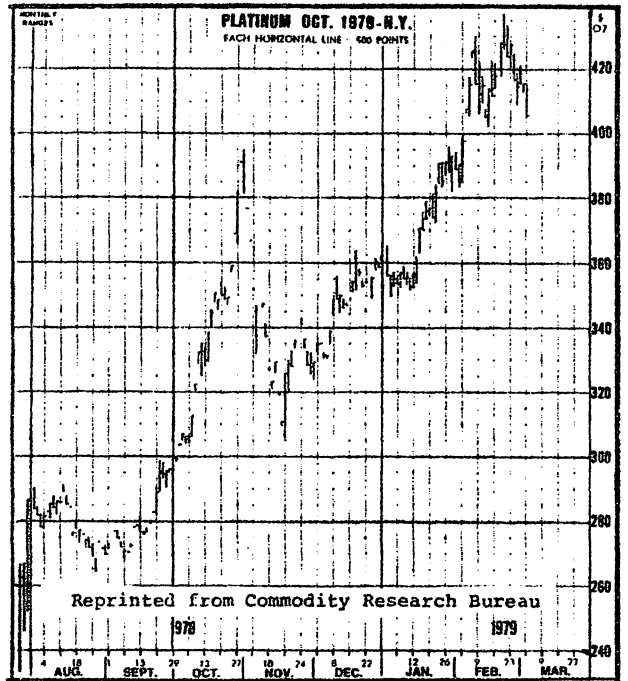
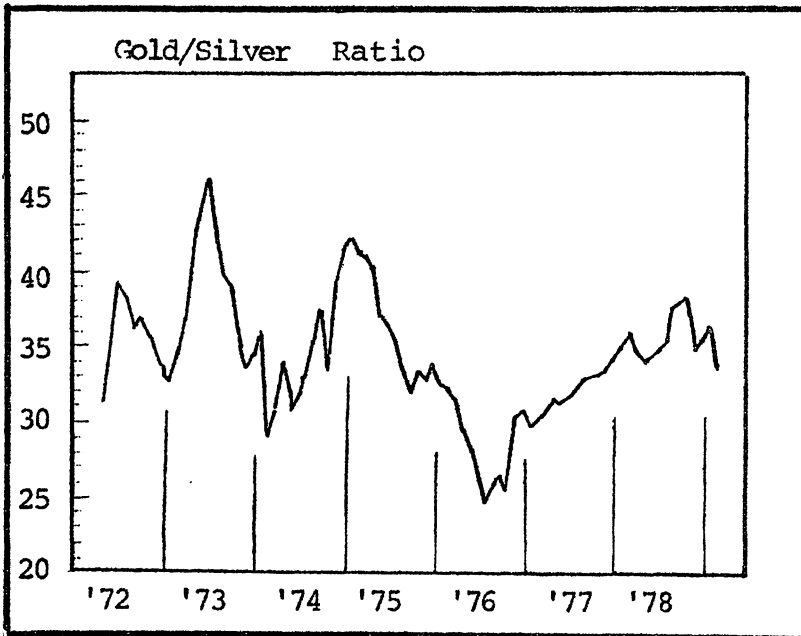
- 1) briefly made a new high but reversed itself to close at the bottom of the day's range and below the late October '78 high, in the midst of a very bullish news background;
- 2) broke the important intermediate December '78-mid January '79-early Feb. '79 uptrend (at 244 basis the April '79 contract);
- 3) 'gapped' below the February lows.

All long positions should be liquidated. A minimum downside objective lies at 225 basis Spot with the possibility of testing once again the major uptrend, going back to late 1976, at around \$210-215/oz.



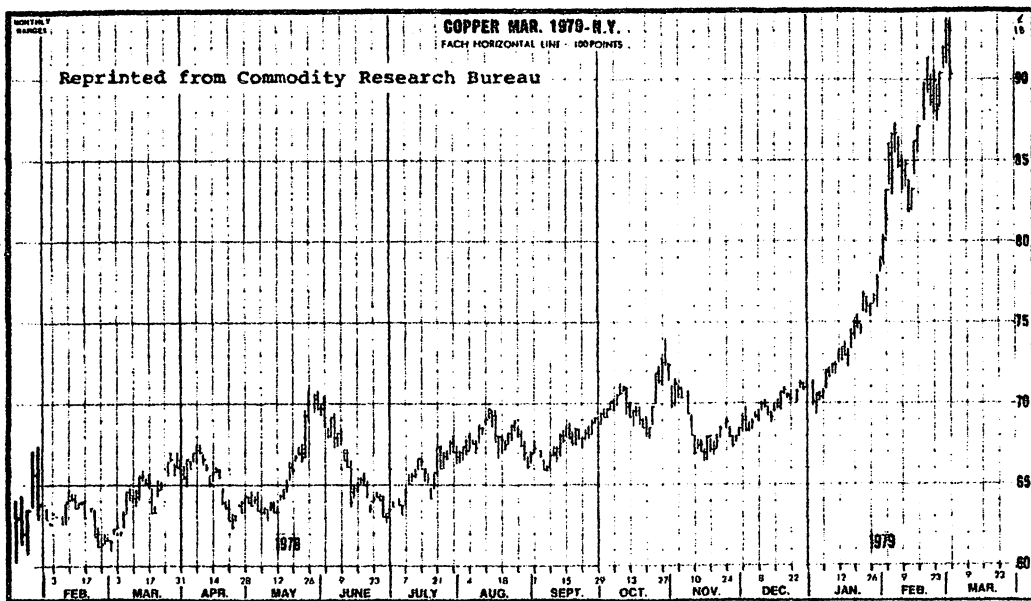
Silver - Although far more powerful than gold (as attested by the movement of the Gold/Silver ratio in recent months), this market too is vulnerable to a severe shakeout. Our minimum objective would lie somewhere around 700-710 basis May '79. It would not be unreasonable for Silver to drop to its break-out point, i.e. 660 basis May. All long position should be closed out.



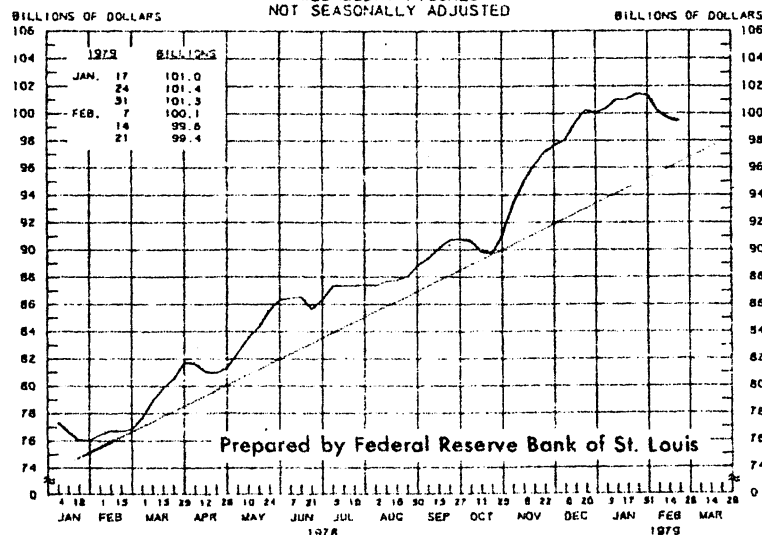


Platinum - A gap breakdown from an ominous looking head and shoulder top carries an objective of at least 360 basis April '79. Liquidate all long positions.

Copper - The most resilient of the metal markets (with the exception of Lead), prices are yet to break down from the steep Jan.-Feb '79 uptrend. We anticipate this bearish violation and suggest liquidating long positions. Look to re-instate purchases at the 80-82 ¢ level basis May '79.

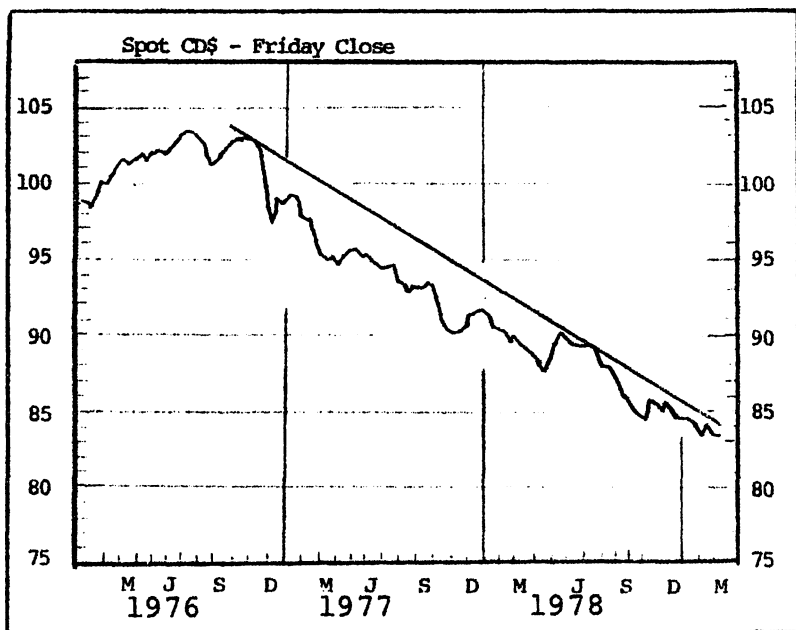


CERTIFICATES OF DEPOSIT
LARGE COMMERCIAL BANKS
WEDNESDAY FIGURES
NOT SEASONALLY ADJUSTED



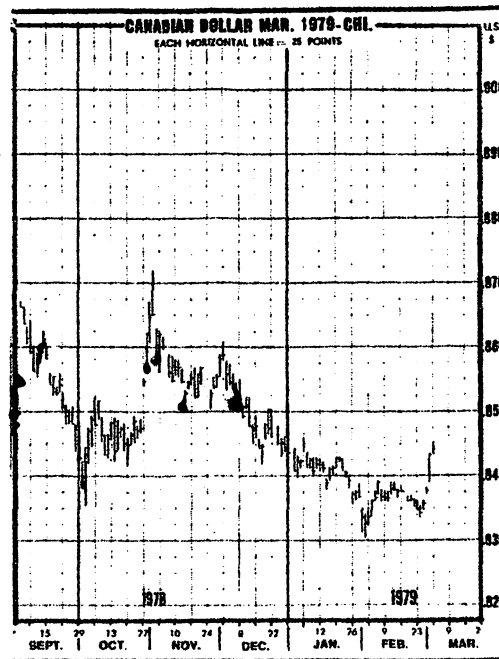
Prepared by Federal Reserve Bank of St. Louis

CANADIAN DOLLAR



Mar. 79: 84.45
 Jun. 79: 84.47
 Sep. 79: 84.58
 Dec. 79: 84.60

	NOV. 78	DEC. 78	JAN. 79	JAN. 78
BALANCE OF TRADE (MLN \$)	+423	+110 R	+386	+306
GENERAL BANK LOANS**	11.66	12.12	14.16	12.33
MONEY SUPPLY **				
M1	12.81	8.64	6.79	11.42
M1B	10.51	6.66	5.60	10.34
M2	9.94	12.49	13.23	10.91
M3	17.56	17.22R	19.40	13.01
CURRENCY PLUS ALL DEPOSIT LIABILITIES**	16.0	15.5	N/A	12.78
INT'L RESERVES(BLN U.S.)	4.48	4.57	4.4	4.40
C.P.I.(ALL ITEMS)**	8.7	8.43	8.9	9.0
FOOD PRICE INDEX**	14.01	12.79	14.09	14.88
UNEMPLOYMENT RATE S.A.	8.3	8.1	8.1	8.3
N.S.A.	7.7	7.9	9.1	9.5



Despite little change in the fundamental background, the CD\$ rallied sharply from its 83.2 lows due to:

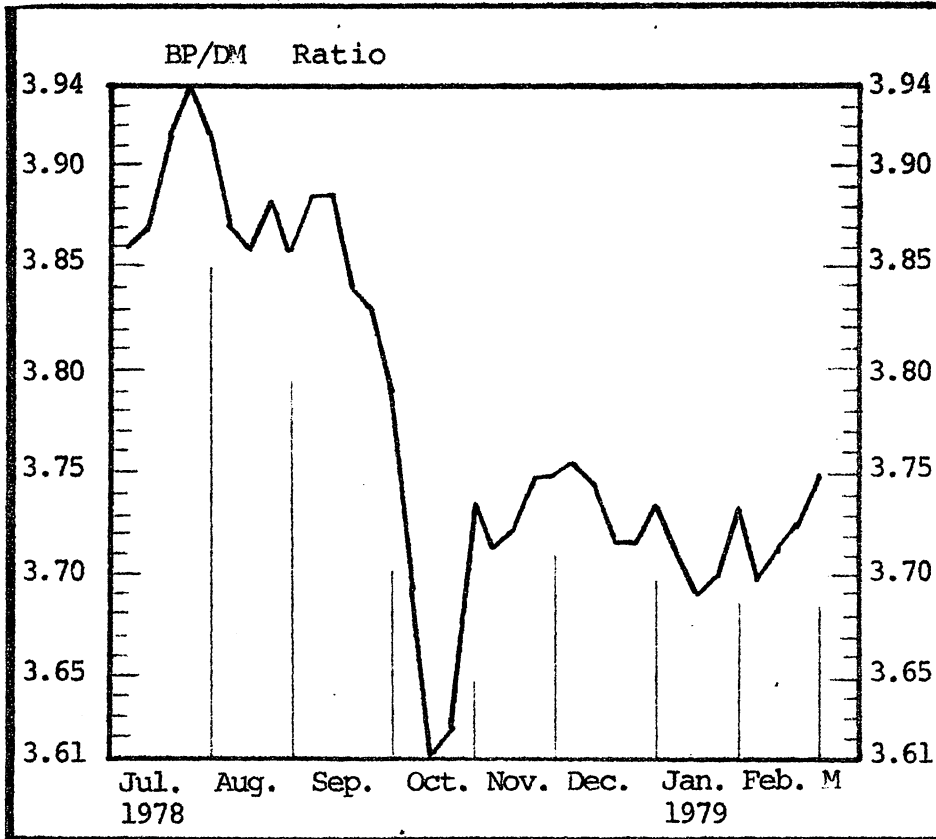
- the NEB recommendation that increased gas exports to the U.S. be allowed over the next 8 years, representing a net gain in trade of about 375 million per year;
- a continued string of borrowings in the international money markets, this time Switzerland and Japan, thus showing determination to defend the present exchange levels;
- a slightly tighter monetary posture on the part of the Bank of Canada which has been mopping up excess liquidity by way of aggressive selling of long term bonds and
- bargain hunting on the part of European traders now convinced that relative currency shift away from the supercurrencies is now developing. One might add that, in view of an imminent election, the gov't may pull no stops to hold the exchange rate from further deteriorating thus making a further speculative run much less likely.

Although the Quebec separatist threat has now become graver (and more likely to occur if cooler heads prevail), it would be interesting to conjecture that separation may, at this stage, be economically favorable to Canada provided free customs are established. The flight of capital from Quebec has already exacted a price: falling Provincial revenues. Quebec's Finance Minister has just announced a sharply expanded fiscal deficit (by at least 30%) for this year. If the connection is cut loose, Quebec's capital erosion may lift pressure off the CD\$, provided, of course, that Quebec adopts a separate currency.

The 84.50 - 84.75 level basis Spot is crucial as it lies exactly on the 27 months long downtrend (see accompany chart). Should it be bettered, we would advise closing out temporarily all short positions.

BRITISH POUND

The brilliantly timed and dramatic increase in the MLR to 14%, had the effect of negating the inflationary impact of the recent oversized wage settlements and of facilitating the prompt non-bank funding of Stg. 1.5 bln of Public sector borrowing requirements. Subsequently, the more modest miners' settlement of 9% coupled with the successful gov't funding operation and excessive inflow of foreign funds allowed the Bank of England to lower the MLR to 13%, more in line with prevailing open market rates.



In keeping with our introductory comments, we would add to Sterling long position via the purchase of deferred contracts. Our intermediate term objective is 3.90 DM and roughly 2.07-2.10US.

Mar. 79: 202.10
 Jun. 79: 201.35
 Sep. 79: 200.70
 Dec. 79: 200.00

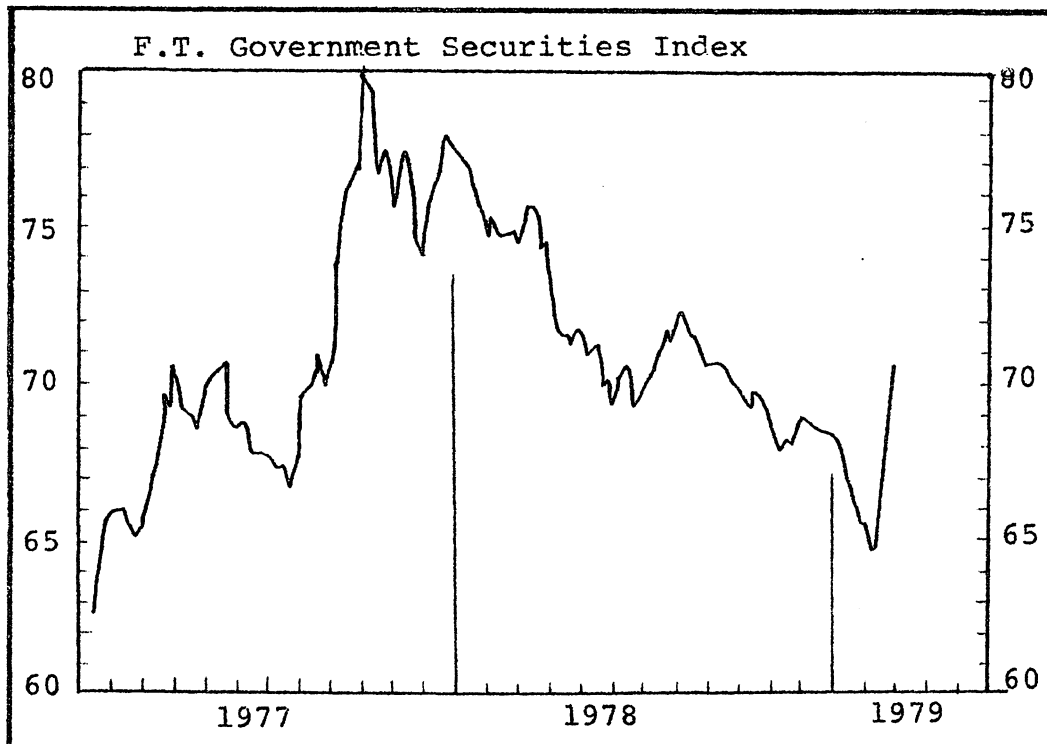
British oil

Petroleum production from the British sector of the North Sea rose to record levels in January, helping to alleviate some of the pressure placed on oil-importing nations by the Iranian cut-off. Average daily crude oil output increased to 1,458,941 barrels from 1,348,251 in December, 1,281,912 in November and 884,823 in January, 1978, the British Department of Energy said. Three new fields — Heather, Dunlin and Ninian — came on stream late last year bringing the total number in the U.K. sector to 12.

	Visible Balance	Current Balance	Oil Balance	M1 %	M3 %	DCE £m	MLR %	Basic matls.*	Foods*	FT* comdty.
1977 4th qtr	- 16	+ 580	-659	23.2	12.6	+698	7	142.2	193.3	234.2
1978 1st qtr	-590	- 361	-620	24.3	23.8	+1.811	6½	140.2	197.3	238.61
2nd qtr	-173	+ 135	-414	8.5	15.7	+3.391	10	146.3	203.8	242.27
3rd qtr	-365	- 49	-501	16.8	5.3	+534	10	144.9	206.2	253.74
4th qtr	- 1	+ 359	-480	9.7	9.7	+1.490	12½	147.1	208.0	257.69
Sept.	-216	- 111	-179					144.2	206.3	253.74
Oct.	+ 40	+ 160	-135	13.8	5.5	+541	10	145.7	205.6	265.22
Nov.	-108	+ 12	-162	12.1	10.7	+113	12½	147.3	207.9	263.63
Dec.	+ 67	+ 187	-183	9.7	9.7	+836	12½	148.2	210.5	257.69
1979 Jan.	-119	+ 1	- 60	13.6	16.5	+839	12½	150.6	217.5	260.63
Feb.							14			

* Not seasonally adjusted.

Financial Times



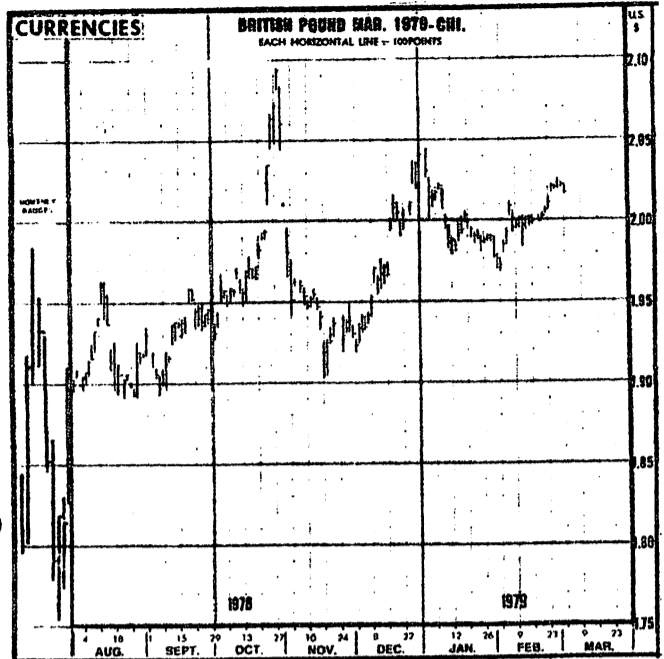
Financial Times

BP...

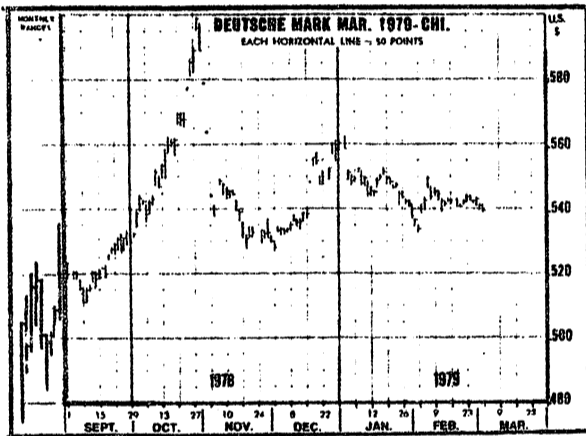
	NOV.78	DEC.78	JAN.79	JAN.78	
RESERVES (BLN U.S.\$) (FEB.79: 16.62)	15.67	15.69	16.26	20.87	
RETAIL PRICE INDEX **	8.06	8.39	9.34	9.92	
RETAIL SALES INDEX **	2.82	5.71	N/A	-2.15	
W.P.I. **	8.0	8.3	7.75	13.0	
UNEMPLOYMENT RATE (FEB.79: 5.7)	5.6	5.5	5.6	6.0	
1979					
EURO DEPOSIT %	FEB. 9	FEB.16	FEB.23	FEB.28	1978 FEB.23
1 MO.	13 5/8	13.	13	12 3/4	6 1/4
3 MO.	14.	13 1/2	12 3/4	12 3/8	6 3/4
6 MO.	14 1/8	12 3/4	12 3/4	12 3/8	7 1/4
12 MO.	13 3/4	13 5/8	13 1/4	12 3/4	8 1/4

OPEN INTEREST(FEB.28/79):3,669 DAILY VOLUME(FEB.28/79): 422
 CONTRACT SIZE : 8P 25,000.00 (APPROX. U.S. 50,000.00)
 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



DEUTSCHE MARK



Mar.79: 53.86 June 79:54.76
 Sep.79: 55.53 Dec. 79:56.25

Remain sidelined.

	NOV. 78	DEC. 78	JAN. 79	JAN. 78	
BALANCE OF TRADE (MLN MARKS)	3,550	3,830	2,050	1,900	
BALANCE OF PAYMENTS (BLN MARKS) CURRENT ACCT.	3.8	3.09	0.2	-0.3	
MONEY SUPPLY ** M3	11.13	10.65	9.91	10.87	
W.P.I.**	1.04	1.24	1.18	-0.1	
COST OF LIVING INDEX**	2.31	2.44	2.83	3.2	
UNEMPLOYMENT RATE	4.1	4.4	5.1	5.4	
1979					
EURO DEPOSIT %	FEB. 9	FEB.16	FEB.23	FEB.28	1978 FEB.27
1 MO.	3 11/16	3 5/8	3 7/8	3 15/16	3 1/4
3 MO.	3 15/16	3 15/16	4 1/16	4 1/16	3 1/4
6 MO.	4 1/8	4 3/16	4 1/14	4 5/16	3 1/4
12 MO.	4 1/2	4 1/2	4 9/16	4 5/8	3 5/16

WEEKLY RESERVES
 NET MONETARY
 (BLN MARKS) 98.7(JAN.31) 96.7(7/2) 966.0(15/2) 95.7(22/2)

OPEN INTEREST(FEB.28): 5,076 VOLUME (FEB.28): 795
 CONTRACT SIZE : DM 125,000.00 (APPROX. U.S. 67,500.00)
 MINIMUM FLUCTUATION : .00010 (\$12.50)
 DAILY LIMIT (NORMAL) : .01000 (\$1,250.00)
 MARGIN REQUIRED : US \$5,500.00 COMMISSIONS : \$60.00
 TRADING HOURS : 8:45 AM - 1:10 PM (CHICAGO TIME)
 DELIVERY MONTHS : MARCH, JUNE, SEPTEMBER, DECEMBER

** YEAR-OVER-YEAR % CHANGE.

Mar.79: 49.02 June 79: 49.86
 Sep.79: 50.65 Dec. 79: 51.52

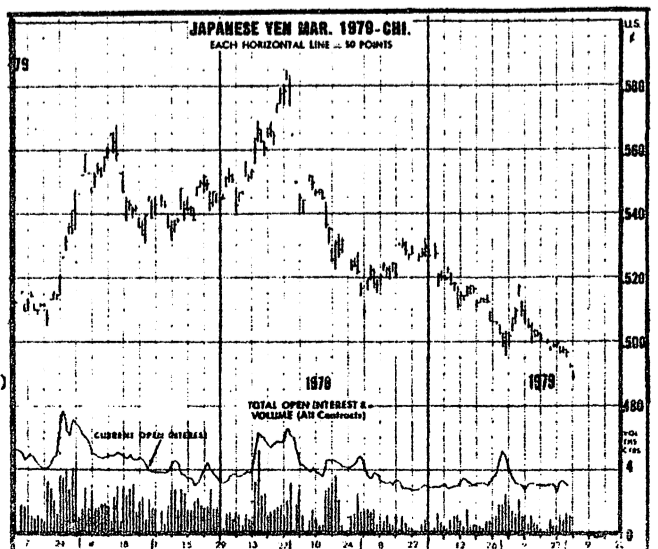
Remain sidelined.

JAPANESE YEN

	NOV. 78	DEC. 78	JAN. 79	JAN. 78
BALANCE OF TRADE (MLN U.S.\$)	1,430	2,600	- 827	+ 350
BALANCE OF PAYMENTS (MLN U.S.\$) OVERALL ACCOUNT	-267	- 80	-974	- 208
CURRENT ACCOUNT	635	1,900	-1,420	-266
MONEY SUPPLY ** M1	+11.41	+10.77	N/A	6.8
RESERVES (MLN U.S.\$) (FEB.79:32,690)	32,260	33,020	33,110	23,370
C.P.I. **	3.43	3.52	3.17	4.27
W.P.I. **	-3.2	-0.46	-1.61	-1.5
UNEMPLOYMENT RATE	2.31	2.26	2.06	2.05

OPEN INTEREST(FEB.28): 3,514 VOLUME(FEB.28) : 1,291
 CONTRACT SIZE : YEN 12,500,000.00 (APPROX.US\$61,500)
 MINIMUM FLUCTUATION : .0000010(\$12.50)
 DAILY LIMIT (NORMAL) : .000100 (\$1250.00)
 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



SWISS FRANC

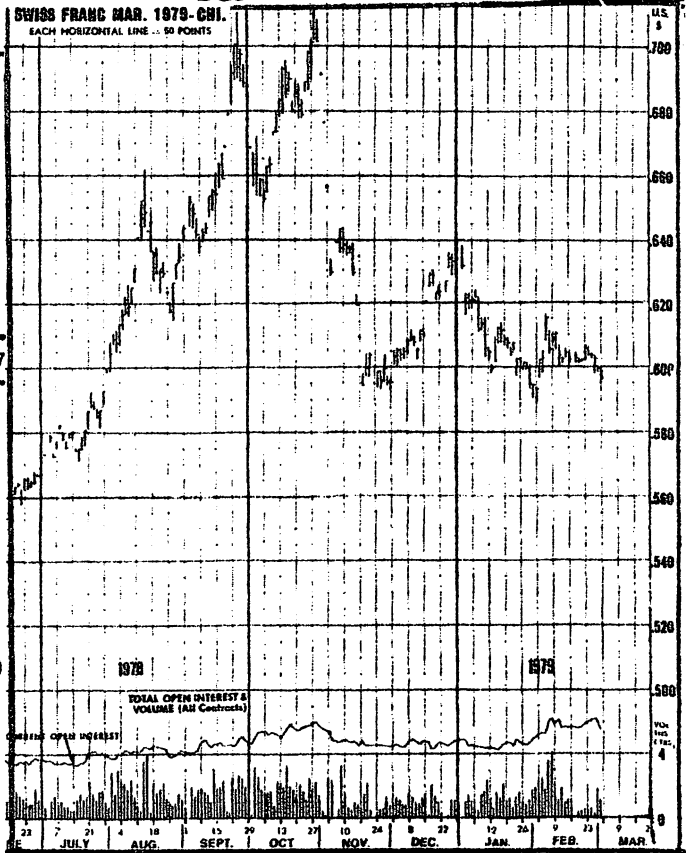
We continue neutral-negative. June 79: 61.32
 Remain sidelined. Mar. 79: 59.78
 Sep. 79: 62.87

	NOV. 78	DEC. 78	JAN. 79	JAN. 78
BALANCE OF TRADE (MLN SFR)	5.3	+284	-186	-205
MONEY SUPPLY	23.6	22.6	N/A	N/A
W.P.I.**	-2.73	-2.34	-1.17	-2.43
UNEMPLOYMENT RATE	0.4	0.4	0.5	0.5

	1979				1978
	FEB. 9	FEB. 16	FEB. 23	FEB. 28	FEB. 27
EURO DEPOSIT %					
1 MO.	1/8	3/16	3/16	3/16	1/8
3 MO.	3/16	1/4	1/4	1/4	3/8
6 MO.	3/8	7/16	1/2	9/16	5/8
12 MO.	3/8	5/8	3/4	13/16	1 1/8

WEEKLY RESERVES
 (BLN SFR) 29.26(7/2) 29.45(15/2) 29.47(23/2) 29.64(28/2)

OPEN INTEREST(FEB.28): 6,074 VOLUME(FEB.28) : 1,840
 CONTRACT SIZE : SF 125,000.00 (APPROX. U.S.74,500.00)
 MINIMUM FLUCTUATION : .00010 (\$12.50)
 DAILY LIMIT (NORMAL) : .01000 (\$1,250.00)
 MARGIN REQUIRED : US \$6,500.00 COMMISSIONS : \$60.00
 TRADING HOURS : 8:45 AM - 1:10 PM (CHICAGO TIME)
 DELIVERY MONTHS : MARCH, JUNE, SEPTEMBER, DECEMBER



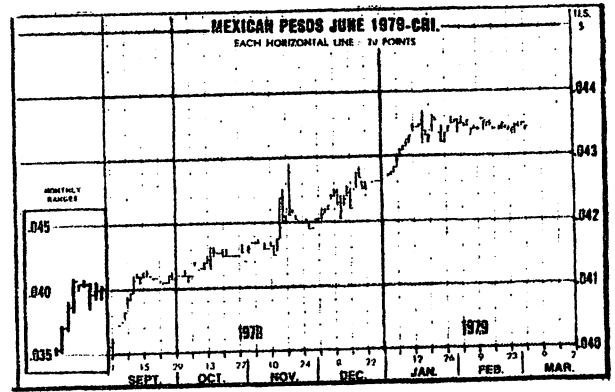
** YEAR-OVER-YEAR % CHANGE

MEXICAN PESO

Mar. 79: 43.80 June. 79: 43.44 Sep. 79: 43.09
 Dec. 79: 42.55 Mar. 80 : 42.15 Jun. 80: 41.85

Forward Discount - Annual Basis

	Jun. 79	Sep. 79	Dec. 79	Mar. 80	Jun. 80
Mar. 79	3.36	3.32	3.93	3.91	3.71
Jun. 79		3.29	4.23	4.09	3.80
Sep. 79			5.17	4.51	3.96
Dec. 79				3.85	3.57
Mar. 80					2.90



OPEN INTEREST (FEB.28): 4,111 VOLUME (FEB.28): 122
 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 \$6,000.00 COMMISSIONS : \$60.00
 TRADING HOURS : 8:45 AM - 1:10 PM (CHICAGO TIME)
 DELIVERY MONTHS : MARCH, JUNE, SEPTEMBER, DECEMBER

Remain sidelined.

** YEAR-OVER-YEAR % CHANGE

FRENCH FRANC

We remain neutral.

	NOV. 78	DEC. 78	JAN. 79	JAN. 78
BALANCE OF TRADE (MLN FFR)	+324	-871	+51	-1,850
NET CHANGE OF FOREIGN EXCHANGE ASSETS **	21.31	24.45	27.20	16.91
RETAIL PRICE INDEX**	9.42	9.71	10.19	9.18

	1979				1978
	FEB. 9	FEB. 16	FEB. 23	FEB. 28	FEB. 27
EURO DEPOSIT %					
1 MO.	7 1/8	7 3/4	7 1/8	7 1/16	13 1/8
3 MO.	8.	8 1/4	8 1/8	8	13 1/2
6 MO.	8 5/8	8 3/4	8 7/8	8 13/16	12 7/8
12 MO.	9 1/4	9 3/8	9 1/4	9 1/4	12 3/4

WEEKLY RESERVES
 GOLD & CONV. CURRENCY
 (MLN FFR) 1228,041(25/1) 128,655(1/2) 129,956(8/2)
 130,057(15/2) 130,071(22/2)

OPEN INTEREST (FEB.28): 124 VOLUME(FEB.28): 4
 CONTRACT SIZE : FR 250,000.00 (APPROX. U.S.58,000.00)
 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

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FCI	Feb. 79	Jan. 79	Feb. 78
(new high)	259.95	250.83	212.00
	+ 3.64% from month ago		
	+22.62% from year ago		

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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.

Albert D. Friedberg