

FRIEDBERG'S

COMMODITY & CURRENCY COMMENTS

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THE SILVER LINING IN STERLING

Sterling continues to firm in the foreign exchange markets, registering recently a 5-year recovery high. Admittedly, this has taken place against all odds.

In fact, the bearish factors are unusually convincing and powerful. The UK suffers the second highest rate of inflation in the OECD (after Italy), its current account has shifted to a massive deficit, and its terms of trade have moved adversely by over 7% during this past year. Furthermore, despite the UK's near self-sufficiency in oil, its trade balance continues to deteriorate, recording a new record deficit of \$7.3 billion in 1979 and a particularly meagre improvement in the first few months of 1980.

These arguments, nevertheless, could be explained away. In the first place, the UK's relatively high inflation rate is partly due to the introduction last June of a 5% excise tax and labour's slowness in reducing outsized wage demands (a factor contributing to the very severe squeeze on corporate profits). Recent monthly readings in the CPI equal U.S. rates and do not exceed significantly those rates being experienced in Japan, France and Italy. Moreover, an upward creeping unemployment rate (now at over 6%) dispels the notion of a renewed wage-push in coming months. The current account, while grossly in deficit, simply makes way for a similarly embarrassing inflow of private capital. It is here that the contrast to the tragic 1973-76 period is most visible; whereas in the earlier period current account deficits induced official monetary movements of a compensatory nature, at the present time net private capital movements, attracted by a 'squeezed' household and corporate sector, are displacing, in a compensatory fashion, current movements. This point bears further discussion.

Monetarists have long argued that excessive money balances (i.e. domestic credit expansion in excess of the economy's capacity to produce) spill over the exchanges and cause balances of payments deficit. In a rigid fixed exchange rate system, this spill over causes a loss of international reserves which, in turn, causes a contraction in the money supply. The latter phenomenon redresses the original state of excessive money balances and a new equilibrium is obtained. In a floating rate system, the 'spill over' causes a depreciation of the currency, which, in turn affects real (not nominal) monetary balances and once again redresses the original state of excessive money balances. It is clear that under either a fixed rate or a floating rate system, a self-equilibrating mechanism exists by which the 'spill over' (international outflows exceeding international inflows) can be remedied.

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Theory does not tell us which sector of the balance of payments will be most affected. Intuition tells us that less developed countries will show the greatest adjustments in their current account simply because : a) their capital markets are not sufficiently developed to absorb capital inflow and/or b) their industry is still relatively young and dynamic, and consequently able to absorb rapid changes in costs, prices and markets. Taiwan (1975), S. Korea (1975), Chile (1975) and Peru (1978) are outstanding examples of this type of adjustment. Conversely, more mature and developed industrial nations will show their greatest initial adjustment in the capital sector of their balance of payments. If the process goes unhindered, and after some lag, significant changes begin to appear in the current account. As an example, industry will shift resources away from domestic consumption and imports and towards export markets.

Adjustments occurring primarily in the capital sector, thus, carry a promise and a threat. A promise that a renewed element of competition will creep into its old and inefficient industrial structure and a threat that a failure to 'shape up' will aggravate the eventual foreign exchange crisis. Denmark is precisely in this predicament today; it has kept afloat by massive capital inflows but has failed to correct its grossly inefficient trading sector during this time (possibly as a result of excessive government intervention in the economy which has sapped the strength of the private sector).

Clearly, the UK is in just such a transitional phase. A relatively constructive contraction in domestic credit expansion vis à vis its productive capacity has 'squeezed' the money balances of the household and corporate sectors of the economy; they have had to resort to foreign funding. Given the highly developed state of the U.K.'s capital and money markets, the balance of payments adjustment has fallen almost squarely on that sector. This development can be gleaned rather clearly from the accompanying table. The 1977 improvement in the change of DCE as a percent of GNP brought about the rare result of a massive surplus in capital account accompanied by a slight surplus in current account and the subsequent spectacular increase in international reserves. This development had the effect of bloating the money supply, paralleling the workings of a fixed exchange rate system. Money balances became relatively excessive with detrimental effects on the exchange rate and overall capital movements (a substantial net private outflow) during the first two quarters of 1978 (not shown in detail). In an effort to obey rigid monetarist targets, the Bank of England abandoned its policy of heavy foreign exchange intervention designed to stop the advance of Sterling. Once again, the relatively slow rate of domestic credit expansion induced a substantial inflow of private foreign capital. Simultaneously, the current account was displaced into a negative position, almost offsetting these capital inflows. That it didn't offset it fully, however, was probably due to renewed Bank of England intervention and its efforts to keep Sterling artificially lower than what market forces intended.

	(1) Change in DCE (billions of Pounds)	(2) GNP (billions of Pounds)	(1) / (2) %	Balance for Official Financing* (billions of U.S.\$)	Current Account	Change in Total Reserves Minus Gold
1970	+1.154	12.720	9.07	+3.084	+1.759	+ .422
1971	+ .672	14.145	4.75	+7.609	+2.577	+6.513
1972	+7.629	15.775	48.36	-3.165	+ .350	-3.144
1973	+8.805	18.227	48.31	-1.891	-2.040	+ .741
1974	+7.316	18.092	40.44	-3.850	-8.441	+ .450
1975	+3.766	25.957	14.51	-3.255	-3.860	-1.441
1976	+7.881	30.950	25.46	-6.555	-1.494	-1.222
1977	+3.691	35.585	10.37	+12.849	+ .570	+16.737
1978	+5.973	40.292	14.82	-2.161	+1.988	-4.086
1979	+6.561	44.230	14.83	+3.638	-5.1(p)	+3.826

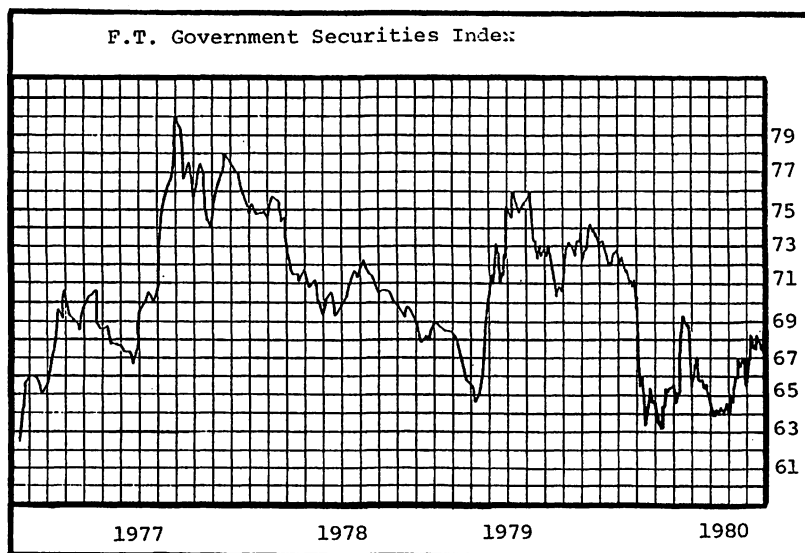
Sources: International Financial Statistics,
* CSO Financial Statistics

The challenge confronting the U.K. can thus be summed up as follows. The Bank of England has moved, correctly in our opinion, to squeeze the monetary aggregates (DCE and M3) thus forcing the economy to look outwardly for capital earnings. Provided that the Government of Mrs. Thatcher does not succumb to the temptation of either manipulating the exchange rate (i.e. holding it down to some magical, pre-determined level) or allowing some non-market intervention in the foreign trade sector, particularly imports; provided that the Government of Mrs. Thatcher withdraws more aggressively from the private sector and introduces more incentives to productivity by lowering indirect and direct tax rates across the board, one could expect a slow but steady improvement in current account over the ensuing months and years. This revitalization of UK industry should take over the burden of readjustment in the balance of payments. The transition will neither be painless nor fruitless. In the end, the British consumer should be the winner.

Remain long Sterling, place stops at 2.29 basis Spot, close only.

	Visible Balance	Current Balance	Oil Balance	Terms Trade	M1	M3	MLR	Trade Weighted b	RPI	Foods	FT Comdty
	(millions of pounds)			%	%	%	%				
1979											
1st Qtr	-1,508	-1,215	- 235	107.0	7.6	9.3	13	64.0	208.9	218.8	268.88
2nd Qtr	-486	- 310	- 229	160.4	9.7	17.2	14	67.4	216.5	225.2	293.55
3rd Qtr	-493	- 238	- 158	106.8	15.5	10.2	14	71.0	231.1	231.9	301.66
4th Qtr	-745	- 674	- 157	103.7				68.8	237.6	237.2	295.13
Dec.	-252	- 229	+ 83	102.6	5.1	12.6	17	69.7	239.4	239.9	295.13
1980											
1st Qtr	-723	- 573	- 126	100.7	-2.3	9.6	17	72.4	248.8	247.5	284.47
Jan.	-321	- 271	- 74	100.9	-8.1	8.7	17	71.4	245.3	244.8	308.69
Feb.	-226	- 176	- 52	100.6	-6.4	10.0	17	73.2	248.8	246.7	304.27
Mar.	-176	- 126	0	100.7	-2.3	9.6	17	72.6	252.2	251.1	284.47
Apr.	-264	- 214	+ 44	102.0	-2.5	5.3	17	72.6	260.8	254.1	275.67

Source : Financial Times



CURRENCIES

At first glance, U.S. trade figures indicate a substantial deterioration in the deficit to an annualized basis of \$41 billion (see accompanying table).

	Food, live animals	Beverages, Tobacco	Crude inedible Materials, Except fuels	Mineral fuels, lubricants	Oils, fats (animal, vegetable)	Chemicals and related products	Mfg. goods classified by Material	Machinery, Transport equipment	Misc. Mfg articles	Not classified elsewhere	Total
Imports											
1978	13.5	2.2	9.3	42.1	0.5	6.4	27.2	47.6	19.1	4.0	171.9
1979	15.17	2.57	10.65	60.06	0.74	7.49	30.07	53.68	21.01	4.90	206.34
1980*	17.4	2.67	11.69	88.20	0.59	9.41	35.83	62.73	22.98	6.55	257.69
Exports											
1978	18.3	2.3	15.6	3.9	1.5	12.6	12.4	59.3	10.1	5.0	141
1979	22.25	2.34	20.76	5.62	1.85	17.31	16.24	70.4	12.64	9.03	181.66**
1980*	25.50	2.75	26.73	6.34	2.16	20.36	22.28	79.84	17.49	9.19	216.58***
Trade Balance											
1978	4.8	0.1	6.3	-38.2	1.0	6.2	-14.8	11.7	-9.0	1	-30.9
1979	7.08	-0.23	10.11	-54.44	1.11	9.82	-13.83	16.72	-8.37	4.13	-24.68**
1980*	8.46	0.08	15.04	-81.86	1.57	10.95	-13.55	17.11	-5.49	2.64	-41.11***

* 1980 data are Jan.thru Apr., annualized.
 ** Incl. re-export of 3.23 billions of dollars
 *** Incl. re-export of 3.94 billions of dollars.

Source: Bureau of the Census, U.S. Department of Commerce

Upon closer examination, however, one notes that the problem lies in only one category, minerals and fuels (i.e. oil imports) with the deficit mounting to an annualized \$81 billion from \$54 billion in 1979. Rising oil prices are accountable for the entire difference.

Since oil consumption in the U.S. has begun to recede rather noticeably (see table) an argument can be made for a substantial improvement in the months ahead.

Big Seven: Inland Oil Consumption

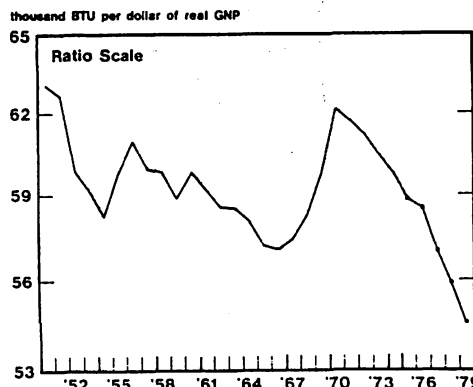
Thousand b/d

	1977	1978	1979	1978					1979			1980		
				IV	I	II	III	IV	Oct	Nov	Dec	Jan	Feb	Mar
United States ¹	18,431	18,847	18,488	19,172	20,324	17,562	17,420	18,530	18,124	18,219	19,246	18,618	18,372	17,165
Japan	5,015	5,115	5,173	5,465	5,764	4,824	4,795	5,329	4,780	5,364	5,843	5,307		
West Germany	2,478	2,596	2,664	2,661	2,731	2,615	2,615	2,699	2,846	2,763	2,489	2,665		
France	1,973	2,077	2,107	2,423	2,610	1,950	1,626	2,255	2,007	2,481	2,278	2,444	2,405	1,999
United Kingdom	1,655	1,683	1,690	1,775	1,966	1,623	1,481	1,704	1,652	1,858	1,606	1,780		
Italy ²	1,476	1,551	1,607	1,763	1,821	1,387	1,414	1,814	1,807	1,890	1,744	1,804	1,890	1,656
Canada	1,661	1,701	1,766	1,829	1,851	1,664	1,698	1,857	1,854	1,840	1,877			

¹ Including bunkers, refinery fuel, and losses.
² Principal products only.

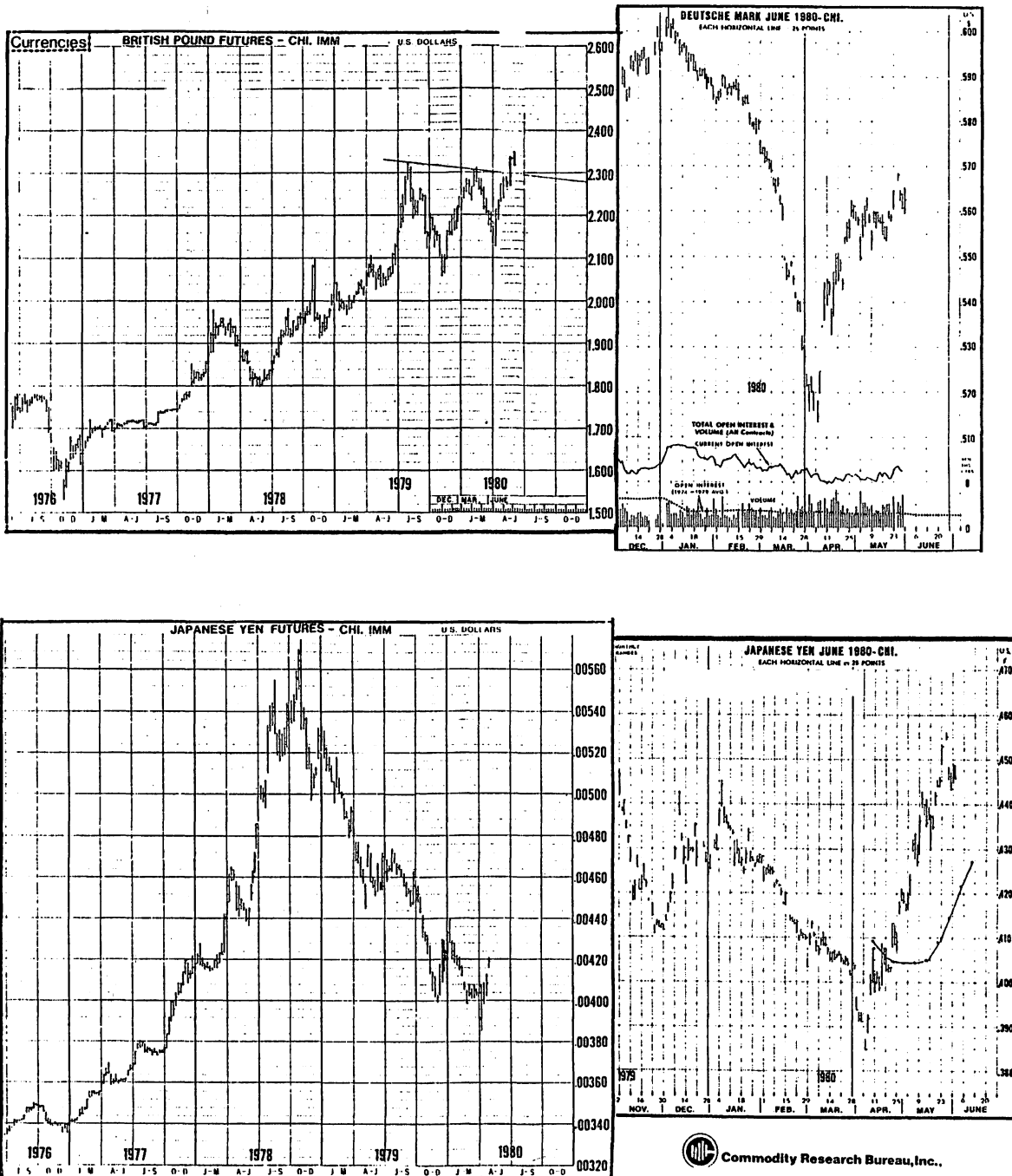
Source: Int'l Economic & Energy Statistical Review

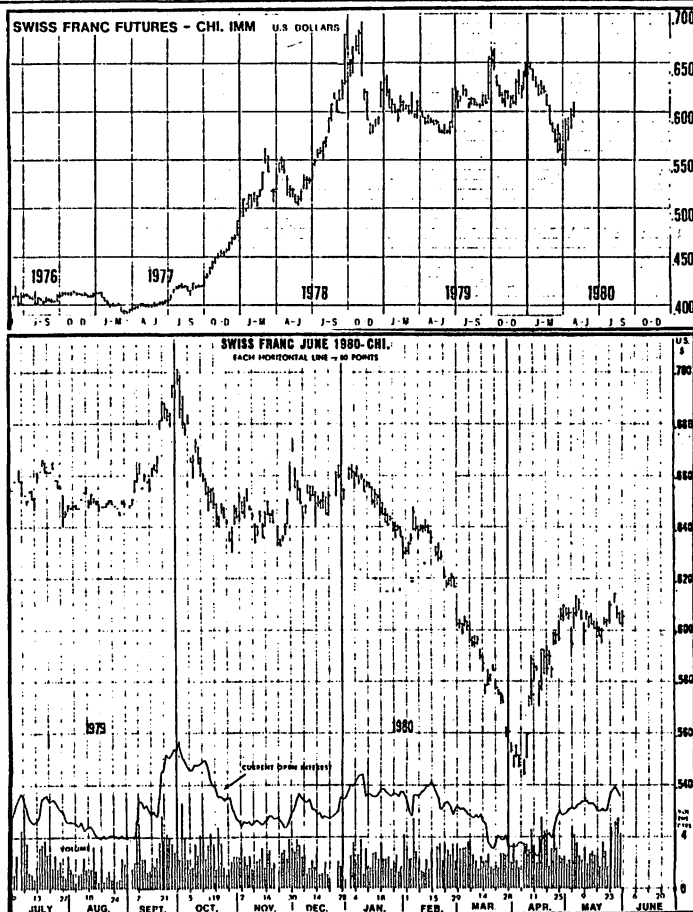
An interesting and somewhat related point is made by the Citibank economists, who have shown a continued and accelerating drop in energy usage per dollar of GNP (see chart). The study notes that the ratio of BTU's to real GNP has been declining by 1.7% annually, thus paving the way for an eventual economic recovery that will not necessarily necessitate rising imports of energy. The recent decontrol of U.S. oil prices should accelerate this favourable tendency.



As well, PIW (May 26/80) notes that 'though proved reserves are still declining (in the US) drops of less than 3% last year were the smallest since 1971.... new additions replaced 75% of the oil and gas produced.... the highest since 1970 ...' and compares favourably with production replacement of only 54% for oil and 46% for gas in the 1971/78 period. Furthermore, total additions to proved reserves of natural gas soared 35% last year, against 15% two years prior. So much for (semi) free markets and price incentives.

Although in steep uptrends, the outlook for the DM. Sf and Japanese Yen remains inconclusive and we would advise sidelined position.

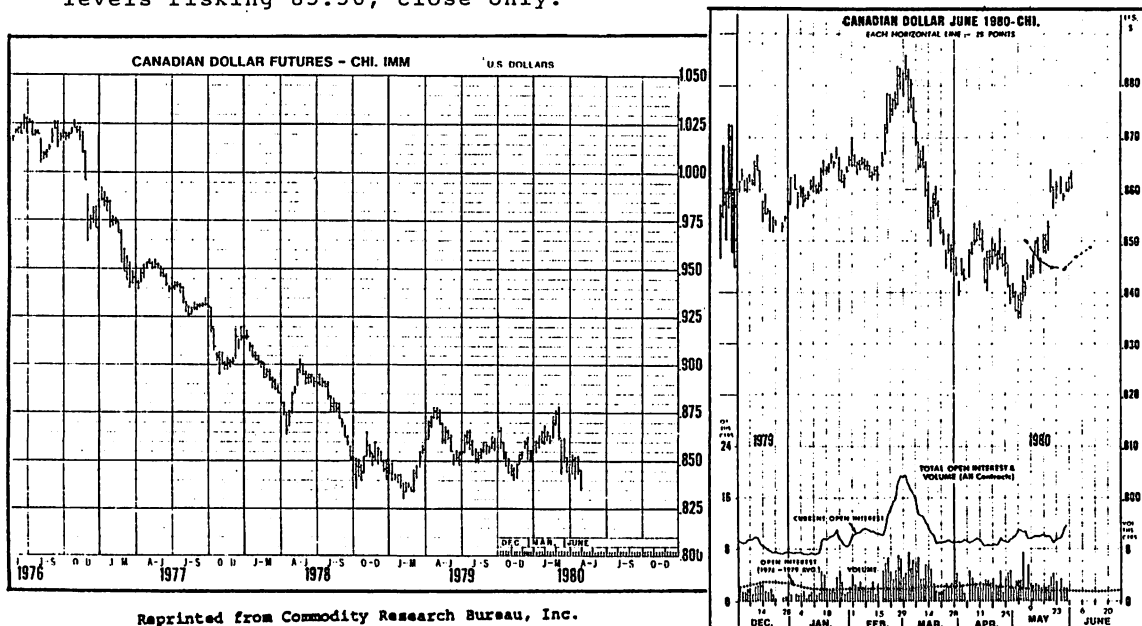




CANADIAN DOLLAR

The strong Federalist victory in Quebec removes the main negative clouding the constructive outlook for the Cdn.\$. Our 1980 Spring Review (available on written request) makes a somewhat favourable case for moving to the long side of the Cdn.\$ based on declining domestic credit expansion as a proportion of GNP and an adroit and firm handling of monetary policy on the part of the Bank of Canada.

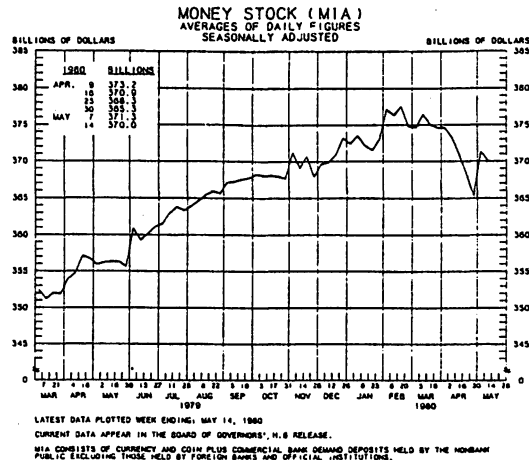
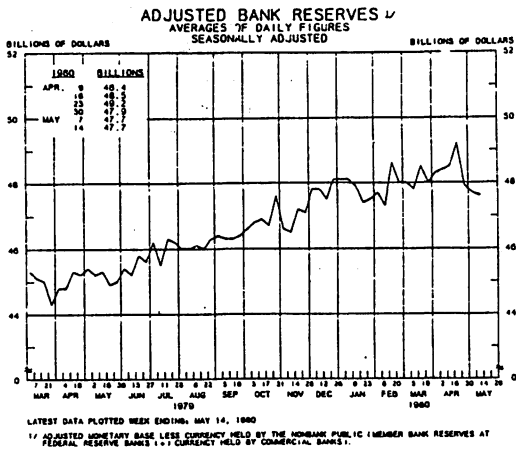
Short positions should have been covered at 84.50 (as advised last month); long position in September Cdn.\$ may be taken at these levels risking 85.50, close only.



INTEREST RATES FUTURES:

A steep contraction in the demand for money, a result of the very severe economic recession being experienced, has caused short term rates to continue their free fall. This drop, however, has not been accompanied by long term rates with the consequent reversion of the yield curve to a positive (and more normal) slope.

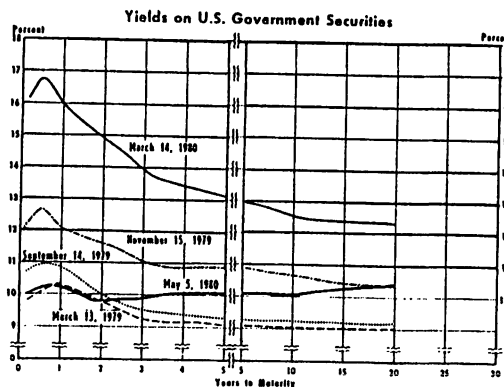
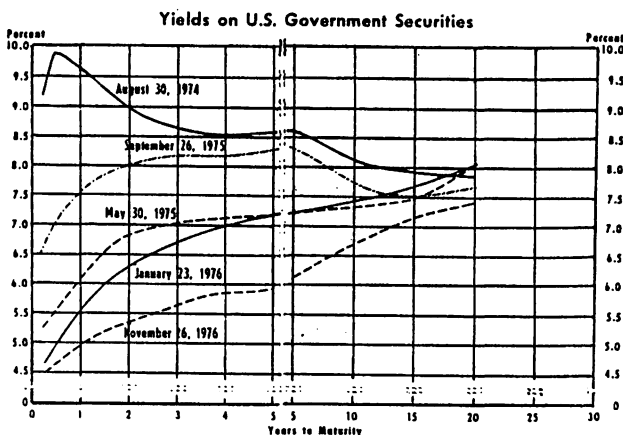
The Federal Reserve's trading desk, has considerable leeway in its operations given the recent meagre growth of bank reserves and the sharp contraction of narrowly defined money supply.



PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

Short term rates are therefore likely to fall further.

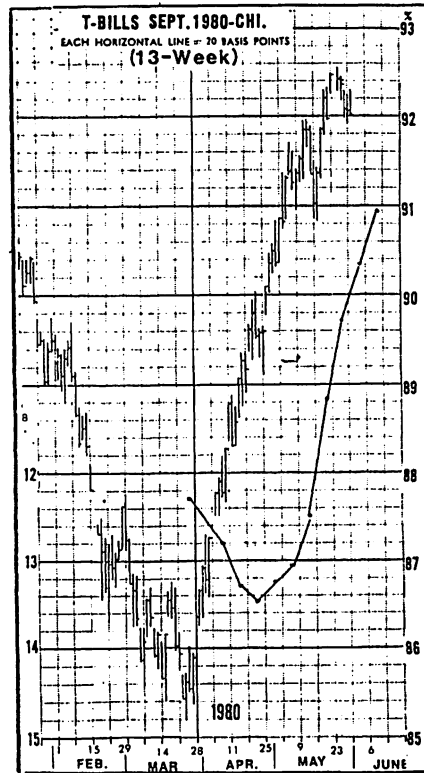
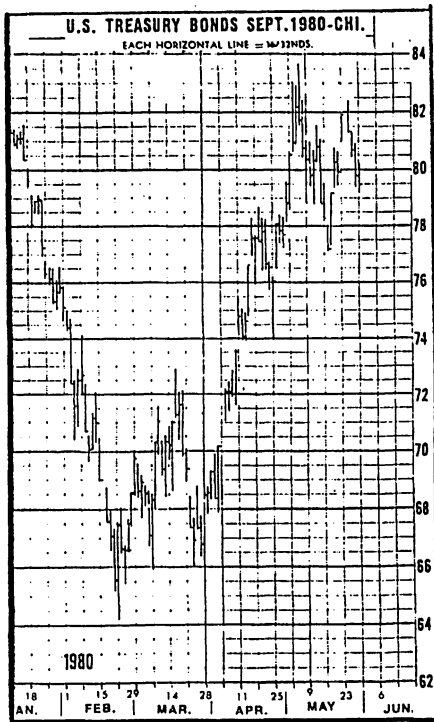
A look at past and present yield curves is quite instructive.



Prepared by Federal Reserve Bank of St. Louis

At the approximate trough of the 1975(May) recession, long dated maturities yielded approximately 2.7 percentage points more than the shortest maturities. Another way to look at it is to say that long rates were approximately 152% of short term rates. Today, Treasury Bonds yield approximately 2.4 percentage points more than three months Treasury Bills or 129 percent of the latter. Since it is not likely that we have, as yet, reached the trough of this recession, a potentially profitable trade is being suggested: long 7 September Treasury Bills versus short 2 September Treasury Bonds for a total margin of approximately \$35,000 (the number of positions are adjusted to conform to yield equivalents). A conservative 50 basis point move in the right direction (Bills yields down more than Bond yields) would represent an approximate profit of \$8750 per spread.

It should be noted that the yield curve flatened somewhat by September 1975 as the recessionary pressures lifted with the upward slope regaining its steepness (and even surpassing the May 75 levels) by as late as November 1976, well after the economic recovery had begun. One should therefore trade the presently suggested spread with a view to unwinding as soon as the recessionary forces lose their momentum. The surest sign of such a development would be the penetration of the very steep uptrend in Treasury Bills along the April-May line.



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Short position in T.Bonds should now be cleared out (if not already done so).

PRECIOUS METALS

In the midst of the prevailing uncertainty surrounding the gold market it seems the time is appropriate to ask the basic question: who buys gold who sells it, and why. The buyers may be broadly characterized as inflation hedgers, international political hedgers, and jewelry fabricators. Sellers include South Africa & the Soviet Union, official institutions, such as the IMF, the U.S. Treasury, and Central Banks, and public or speculative dishoarders. Rather than set out laboriously to quantify, in terms of ounces, the degree of buying and selling pressure by sector, let us just examine briefly what we think is the single greatest influence on that sector at present, and then weigh the sector by numbers from (-)5 to (+)5; (-)5 being the most bearish and (+)5 the most bullish.

BUYERS

Inflation hedgers: Though still high, the recession calls for a slowing in the rate of price increase. Further ahead, it remains to be seen whether the inflationary psychology can be broken. (+) 1

International political hedgers: Iran, Iraq and Iran, Iraq and Iran et al versus Israel, the boatpeople, financing their way out of South East Asia via gold, South Africa etc. (+) 3

Jewelry fabricators: The Industrial component will be adversely effected by the recession (-) 3

SELLERS

South Africa and the Soviet Union The former is in a favourable balance of payments position and may be able to control marketing. The latter, despite official reports to the contrary may, because of the U.S. embargo be forced to sell gold to finance grain imports from countries who lack the financial sophistication of the U.S., and demand payment in cash. (+) 2

Official Institutions: The IMF and GSA have both suspended sales thus removing an important source of supply but also removing a source of liquidity from the market which is vital for large buyers. Central banks have shown less inclination to buy as evidenced by Inter-Bank trade through London which declined from 123.7 tonnes in the first quarter last year to 56.3 tonnes this year. (-2)

Dishoarders: The gold price being high in terms of other goods, and a desire to repay loans and improve cash balances in a soft economy are negative factor which did not apply last year (-) 2.

Our balance sheet gives as a number of (-)1. The figure leaves us firmly placed within the mood of general uncertainty but with a still-slightly negative bias.

We now turn to the chart picture. However, before doing so it is important to remark that this exercise of looking to the charts is not unique. On the contrary, the gold market is probably drawn by more financial analysts than any other freely-traded market in the world. With so many traders examining the same support and resistance levels, one must allow for the inevitability of many chart buyers and sellers simply vindicating those chartists who saw the same patterns first. Ultimately the market gives way to the fundamentals and as a result bull and bear 'traps' are common. There is no doubt that, having erupted from the contracted trading ranges of the past two months, the move of today and Friday appears to be a breakout from a firm base. However, we are wary of such chart patterns and would caution against acting upon them without confirmation especially against fundamentals which we do not perceive to be bullish. Another factor to be considered from a technical point-of-view are the ten and twenty day moving averages which have both been penetrated to the upside.

STRATEGY:

Confirmation of an end to the bear market in gold would be made for us by two consecutive closes above 570.00 basis June and we would prefer to remain short until such time. Assuming the worst, i.e. that the market carries well through our risk level the next level is 630.00. The gold market today is perilous and clearly not for the small trader. That factor alone may be an argument for the bears.

SILVER

DBR

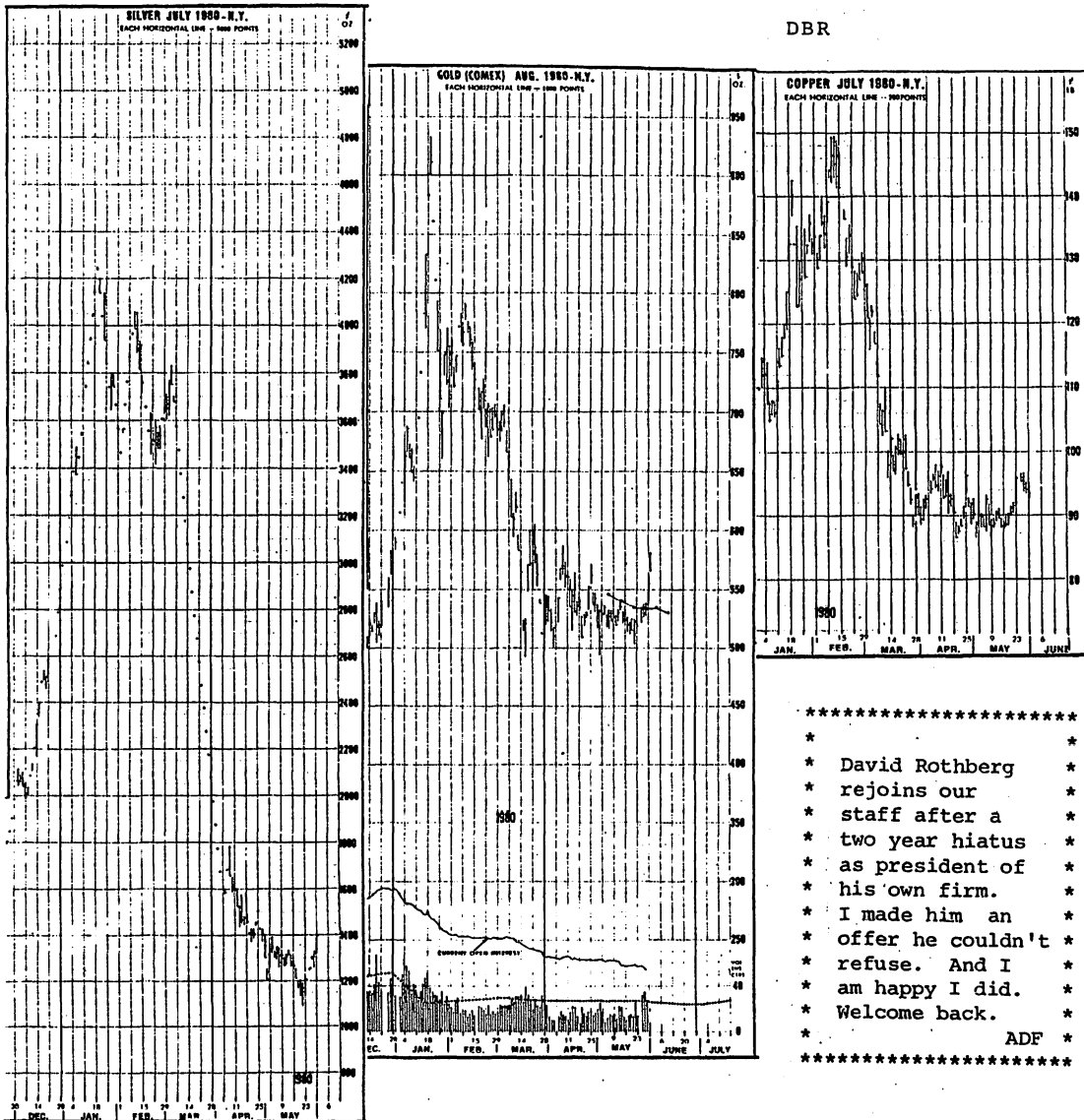
Being more industrially sensitive, and suffering under the weight of world stocks, which at 156.8 mln. ounces are nearly 20% greater than last year, we remain bearish and still short.

DBR

COPPER

The rally stopped short of the previous rally peak of 96.00 basis July. The series of declining peaks characteristic of a bear market becomes more obvious and pronounced in deferred deliveries which would be in keeping with the mood of general economic slowdown. That today's market was soft in the shadow of a strong gold and silver market and ahead of important labour negotiations leaves us unreserved bears.

Having been stopped out as per last months advice we would re-instate short positions placing a stop at 96.00 , close basis July, and press the market on a breakdown below 88.00.



DBR

 * David Rothberg *
 * rejoins our *
 * staff after a *
 * two year hiatus *
 * as president of *
 * his own firm. *
 * I made him an *
 * offer he couldn't *
 * refuse. And I *
 * am happy I did. *
 * Welcome back. *
 * ADF *

SUGAR

Last month we presented a very strong recommendation to buy sugar and the market rewarded us amply. At present we find ourselves in a bit of a quandry; majority of our outright long positions have been liquidated in New York at substantial profits however, as per last month's advice, many customers had call options in London.

Long range fundamentals remain bullish. The 1979/80 production deficit has been revised upwards once again and is now estimated as high as 7.5 mln. tonnes; we forecast a 7.0 mln tonne deficit last month. The Russian beet crop, though completely planted, has been severely hampered by cool, wet spring weather and reportedly germination has not yet occurred. The delayed crop is thus in jeopardy of suffering an early fall frost. It is still too early in the season, however, to refine expectations of next year's production deficit between the parameters of 4.0 and 7.0 mln. tonnes offered last month.

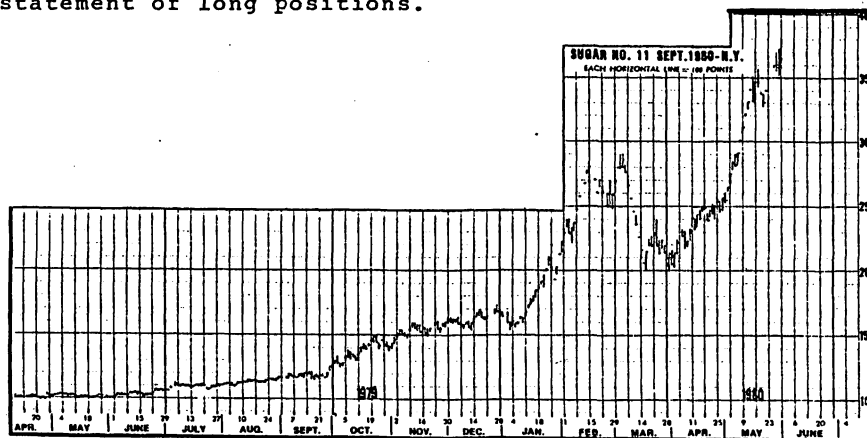
The biggest distinction between the fundamental scenario now and last month is near term. Switches on spreads between near deliveries and forward options have widened. Last month July/September was at 44 basis points. Today as July moves toward its June 30 expiration the spread has widened to 183 basis points. True, the ranks of countries normally considered exporters who have declared force majeure on their product or who have turned buyers have swelled. Nonetheless the widening switches show last month's dealer buying was perhaps overdone, and at present there exists no lack of immediate availability of sugar.

To summarize: near term fundamentals appear negative in that present supplies appear ample. Looking ahead, next year's supply outlook appears constructive. However, when looking ahead one faces a broader range of possibilities which could significantly alter the supply/demand balance; one factor not mentioned is the degree of resistance demand is meeting by prevailing high prices.

Technically the market has not shown any classic topping pattern. However, its inability to advance above the £ 400 level basis August in London following strong New York closings is a sign of tiredness. Last Friday's (May 30th) closing completed a downside weekly reversal for the spot July contract in New York. The fairly substantial increase in open interest from 60,000 to 70,000 contracts, coupled with an excessively high sentiment of bullish opinion, completes the gloomy technical picture.

CONCLUSION AND STRATEGY:

We believe the market has not yet topped out. However, a substantial correction is in the making. Liquidate all outstanding long positions and sell futures in London against calls. The intermediate uptrend presently at 30.00 basis July will be tested. Should it be violated, the major uptrend (22.00) may be tested as well. Stay in close contact for reinstatement of long positions.



COCOA

Effective with the December 1980 contract, prices are being quoted in dollars per metric tonne. The new contract size will be 10 tonnes or 22,046 lbs. as opposed to 30,000 lbs. in the old contracts. This is being done in order to accommodate easier arbitraging between the New York and London market which also trades in 10 tonne units.

The following rules are applicable for trading against the December 1980 and subsequent contracts.
 the minimum price fluctuation will be one dollar per tonne (\$10 per contract)
 the daily price limit shall be \$88 (\$880 per contract) the price limit is also the daily permissible range.

Conversion Table of
 Cents Per Pound To Dollar Per Metric Tonne

\$/Metric		\$/Metric		\$/Metric		\$/Metric	
¢/lb	Tonne	¢/lb	Tonne	¢/lb	Tonne	¢/lb	Tonne
.75=	1,654	1.07=	2,359	1.39=	3,064	1.70=	3,748
.76=	1,676	1.08=	2,381	1.40=	3,086	1.71=	3,770
.77=	1,698	1.09=	2,403	1.41=	3,108	1.72=	3,792
.78=	1,720	1.10=	2,425	1.42=	3,131	1.73=	3,814
.79=	1,742	1.11=	2,447	1.43=	3,153	1.74=	3,836
.80=	1,764	1.12=	2,469	1.44=	3,175	1.75=	3,858
.81=	1,786	1.13=	2,491	1.45=	3,197	1.76=	3,880
.82=	1,808	1.14=	2,513	1.46=	3,219	1.77=	3,902
.83=	1,830	1.15=	2,535	1.47=	3,241	1.78=	3,924
.84=	1,852	1.16=	2,557	1.48=	3,263	1.79=	3,946
.85=	1,874	1.17=	2,579	1.49=	3,285	1.80=	3,968
.86=	1,896	1.18=	2,601	1.50=	3,307	1.81=	3,990
.87=	1,918	1.19=	2,624	1.51=	3,329	1.82=	4,012
.88=	1,940	1.20=	2,646	1.52=	3,351	1.83=	4,034
.89=	1,962	1.21=	2,668	1.53=	3,373	1.84=	4,057
.90=	1,984	1.22=	2,690	1.54=	3,395	1.85=	4,079
.91=	2,006	1.23=	2,712	1.55=	3,417	1.86=	4,101
.92=	2,028	1.24=	2,734	1.56=	3,439	1.87=	4,123
.93=	2,050	1.25=	2,756	1.57=	3,461	1.88=	4,145
.94=	2,072	1.26=	2,778	1.58=	3,483	1.89=	4,167
.95=	2,094	1.27=	2,800	1.59=	3,505	1.90=	4,189
.96=	2,116	1.28=	2,822	1.60=	3,527	1.91=	4,211
.97=	2,139	1.29=	2,844	1.61=	3,549	1.92=	4,232
.98=	2,161	1.30=	2,866	1.62=	3,572	1.93=	4,255
.99=	2,183	1.31=	2,888	1.63=	3,594	1.94=	4,277
1.00=	2,205	1.32=	2,910	1.64=	3,616	1.95=	4,299
1.01=	2,227	1.33=	2,932	1.65=	3,638	1.96=	4,321
1.02=	2,249	1.34=	2,954	1.66=	3,660	1.97=	4,343
1.03=	2,271	1.35=	2,976	1.67=	3,682	1.98=	4,365
1.04=	2,293	1.36=	2,998	1.68=	3,704	1.99=	4,387
1.05=	2,315	1.37=	3,020	1.69=	3,726	2.00=	4,409
1.06=	2,337	1.38=	3,042				

LUMBER

Effective with the January 1981 contract and forward, the Chicago Mercantile Exchange broadened the quantity of lumber which can be deliverable against the contract. In addition the deliverable unit has been increased in size from 100,000 to 130,000 board feet in order to accommodate the loading practices of Canadian mills.

The following rules are applicable for trading against the January 1981 and subsequent lumber contracts.

The trading unit shall be 130,000 board feet minimum price fluctuation shall be in multiples of \$.10 per thousand board feet (\$13 per contract).

The daily price limit is \$5.00 above or below the previous days settlement (\$650 per contract)

Trading months are Jan. March, May, July, Sept. and Nov.

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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
 David B. Rothberg