

FRIEDBERG & CO. LTD.

U.S. CORRESPONDENT, MOCATTA METALS CORPORATION
CLEARING MEMBER OF LEADING COMMODITY EXCHANGES

June 8, 1971

WEEKLY COMMODITY COMMENTS

N. Y. SILVER

December '71 -	165.50
March '72 -	169.90

New York Silver moved down this week on low volume to close yesterday at 165.50 basis December 1971. The market seems to be slightly oversold and finding support around the January lows. These lows should be broken in the next few weeks. In the meantime a trading range may be developing between 172.50 and 164.00 of which agile traders can take advantage by selling at the upper limits and buying back at the lower part of the range. In order not to miss what could turn out to be a potentially very profitable and rapid drop through the 164.00 area, traders are advised to place stop sell orders at 163.50, again basis December 1971. Our intermediate objective still remains the 143.00 - 146.00.

Comment

Silver is a market that fluctuates with very little or no news in the background. What counts is the actual supply and demand picture and the expected supply and demand picture for the metal. The first part of the equation, actual supply and demand, permeates industrial activity imperceptibly even to the statistician. This is so as the sources of supply of silver are not very well defined; there are no measurable depots or inventories from which one may conclude that stocks are getting ampler or are being depleted. The great mistake of most analysts over the past 18 months has been to look at the U. S. Treasury's stockpile of silver and, seeing it drop steadily, conclude that availability was getting increasingly restrictive. Not only can one say that U. S. Treasury was not the only source (or inventory) of silver but even the demand for that silver was, in a great many cases, speculative in itself and, therefore, liable to become, in turn, a future potential source of supply.

The second part of the equation, expected supply and demand is largely psychological and, therefore, again impossible to measure statistically.

Having said this much, the reader may ask himself, what then makes the price of silver fluctuate daily? The answer is that, more than a great many other markets, silver is a market highly influenced by technical, as opposed to fundamental, considerations. Floor traders looking for 50 points, chartists watching and acting upon long term and short term trends, laymen making value judgments as to relative cheapness or dearness of the metal, excessive build ups of open interests which must be corrected by a certain degree of liquidation, carrying charges, etc.

This, in a nutshell is the reason why we emphasize technical analysis in silver -- if we are wrong is not because technical analysis is not the right tool but because we may not be such keen technicians.

U. S. SILVER COINS FUTURES

January - \$1,235.

U. S. Silver Coins Futures remain one of the very few "investments" in the commodity area in that they offer a limited downside risk while, at the same time, affording the investor an opportunity to participate in the long term bullish outlook for silver.

This newly created contract consists of \$10,000 face amount of U. S. Silver Coins in the form of half dollars, quarters or dimes contained in ten bags of \$1,000 of face value each. Each \$1,000 in face amount of U. S. Silver Coins contains approximately 720 fine troy ounces of silver. In essence, then, an investor buying one Silver Coin Futures Contract will enjoy a limited downside risk (as the bag cannot fall below its monetary value of \$1,000 no matter how low silver goes) while at the same time he will benefit from a rise in the price of silver to the tune of \$7.20 per bag for each 1¢ per oz. of silver.

This contract, barely two months old, has awakened a considerable amount of interest on the part of the traders and investors as evidenced by the open interest of over 1200 contracts.

Exchange

N. Y. Mercantile

Contract Months

\$10,000 face amount of U. S. Silver Coins in the form of dimes, quarters or half dollars contained in ten bags, of \$1,000 face value each.

Specifications

U. S. Coins to bear a date of 1964 or earlier with gross weight of not less than 54.5 pounds for each \$1,000 face amount.

Price Fluctuation

Quoted in dollars per bag containing \$1,000 face amount of U. S. Silver Coins.

MINIMUM fluctuation is one dollar per bag (Value per contract = \$10.00).

MAXIMUM price variation in any one day is limited to \$100.00 per bag above or below the preceding day's settling price.

During the delivery month the maximum is \$150.00 per bag with no limit on the last trading day of the delivery month.

Margins

Original - \$1,500.
Maintenance - \$1,000.

Commission

Regular \$35.00; day trades (only if 2 or more contracts are done) \$17.50

COPPER

September - 48.90

As we suggested last week, the very steep downtrend line from the April high, was bound to be broken, which it did yesterday by closing at 48.90, basis September '71. A significant development Friday was the relative strength of the deferred contracts which moved up as much as 30 points as compared to a net loss of 15 points for September. As a result the copper contango (the deferred contract is higher than the nearby) widened to 220 points basis July '71 - July '72. It is interesting to notice that the last time a similar occurrence took place (i.e. contango) was last January, just before the spectacular rise to 59.50.

The market seems to have discounted, at least temporarily, the possibility of no strike or a short lived strike and the new record increase in London Warehouses to 98,150 tons.

We feel that 50.80 basis September should contain the initial rally and therefore advise selling there (see chart) with protective stops at 51.20. A move above 51.20 would be construed very bullishly. u

GOLD

London Second fixing - \$40.45

The two developments which we analyzed last week as being bearish, are beginning to take effect on the price of gold. South Africa's newly

announced intentions of stockpiling its gold production rather than sell it to the IMF at \$35./ oz. will have the effect of increasing the visible supply of gold potentially available to the free market. In addition Eurodollar rates in excess of 7 $\frac{1}{2}$ % tend to make the holding of gold an expensive proposition especially when one considers that it is basically a non-producing asset.

The daily offerings of dollars on the part of the Deutsche Bundesbank are not able to lower significantly the Eurodollar interest rate structure -- a sad testimony to the widely recognized depreciation of Greenbacks. At any rate, the Bundesbank's persistent selling of dollars makes its potential claim on Fort Knox less formidable. Therefore, add another argument to our bearish stance.

Traders are well advised to sell their gold holdings now. Long term investors will be rewarded for their patience when industrial demand (aside from any monetary considerations) catches up to supply. This could happen by 1974.

PLATINUM

January - 113.50

June 8/71

On Thursday, a preliminary finding of a Japanese government-sponsored research group indicating that lead free gasoline can cause serious damage to auto engines and increase emissions believed to cause smog shook the market out of its lethargic upward climb but prices managed to recover to almost the best levels of the day. Friday and Monday prices remained in a very narrow trading range of 113.50 - 115.60.

* There are reports that Ford Motor Company plans to use a platinum emission control device requiring 0.10 to 0.15 troy ounces of platinum per car in some 1974 models. If ten million cars (average annual U. S. sales) were to use this device, the potential demand would be a phenomenal 1 to 1.5 million oz. Compare this to estimated 1971 world platinum output of 1.9 million ounces and a level of 1.65 million ounces of world consumption.

Traders can purchase on dips but must place protective stops at 110 basis January 1972. Objective is a move to 130.

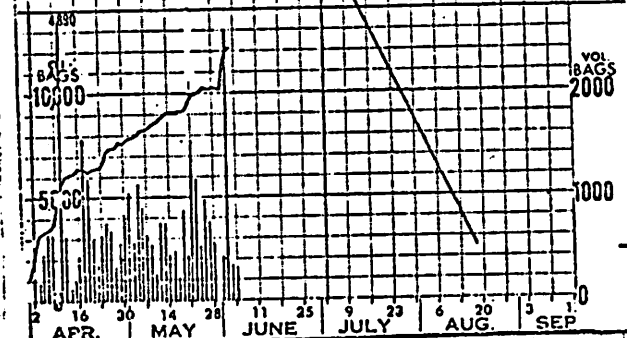
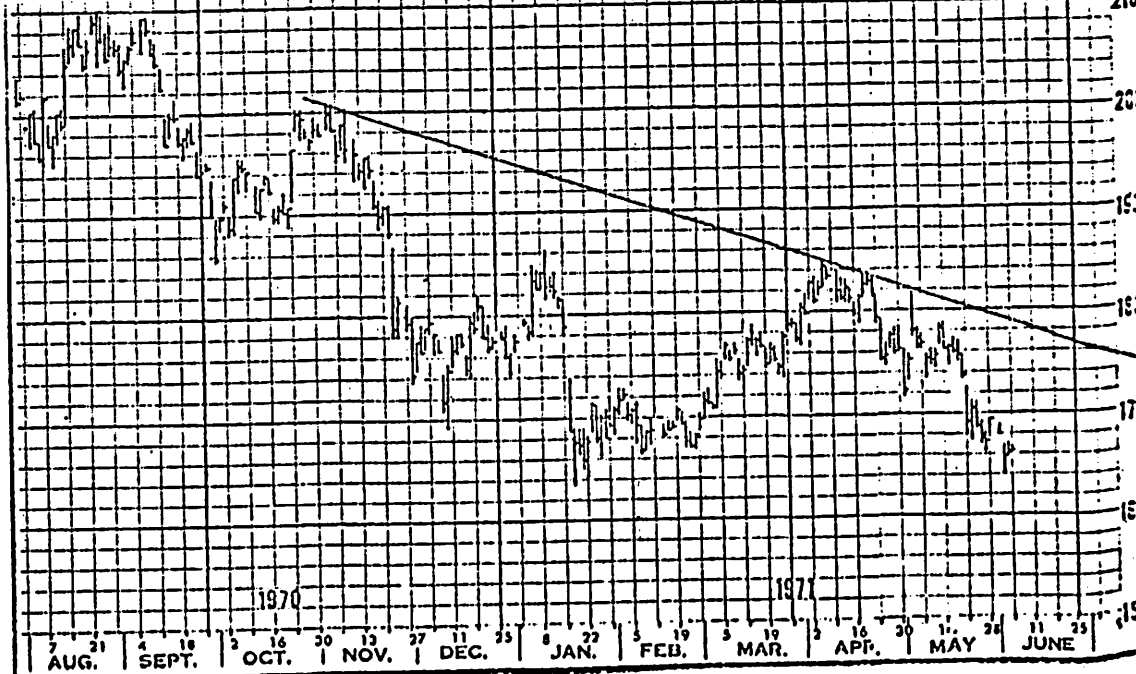
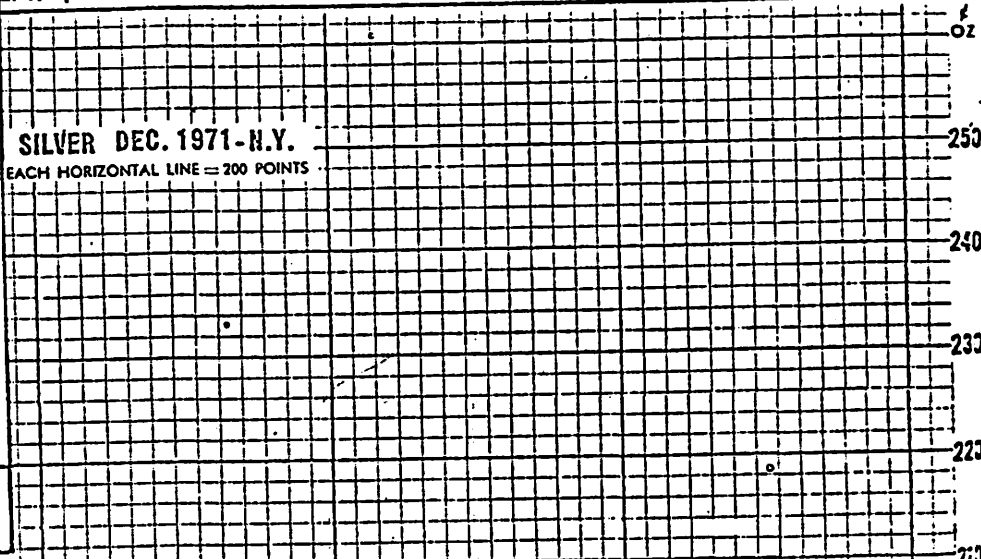
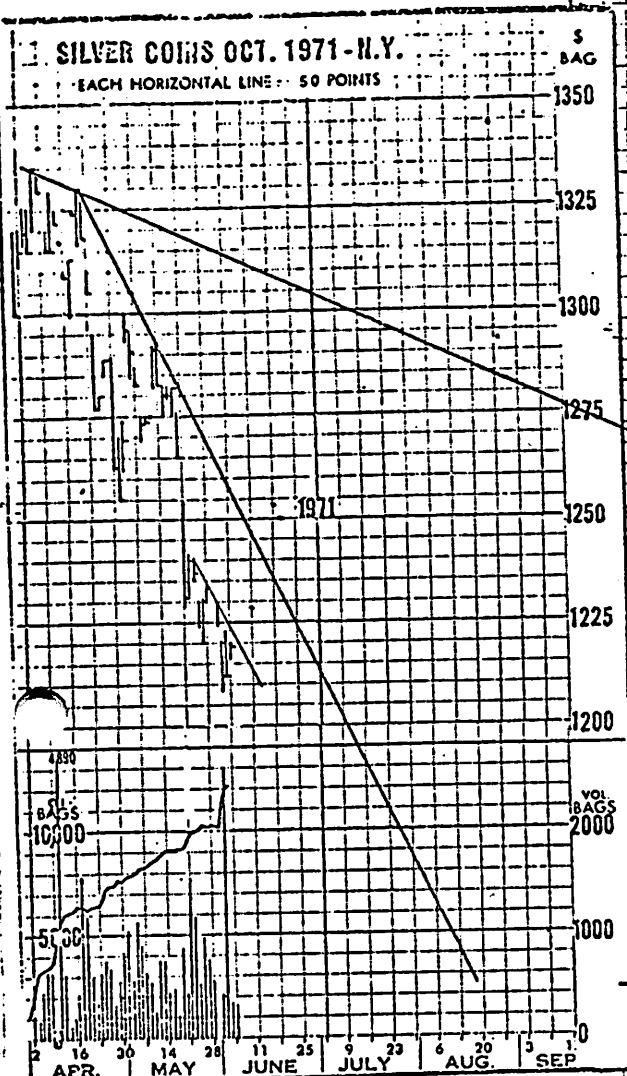
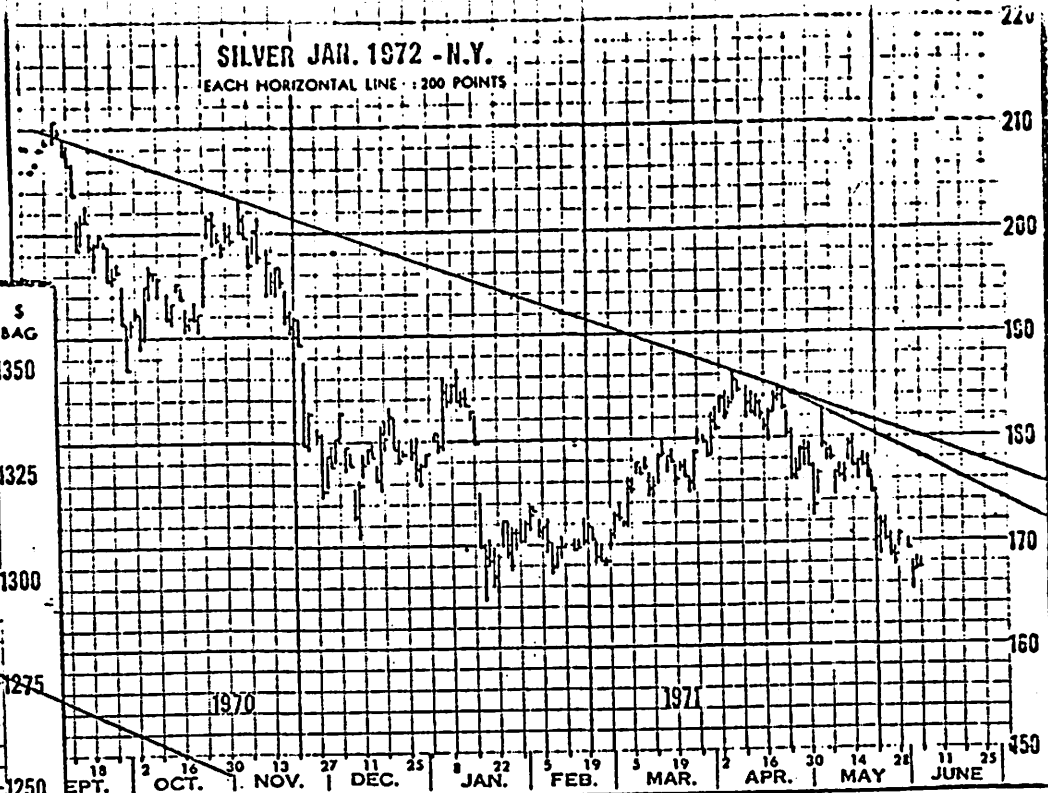
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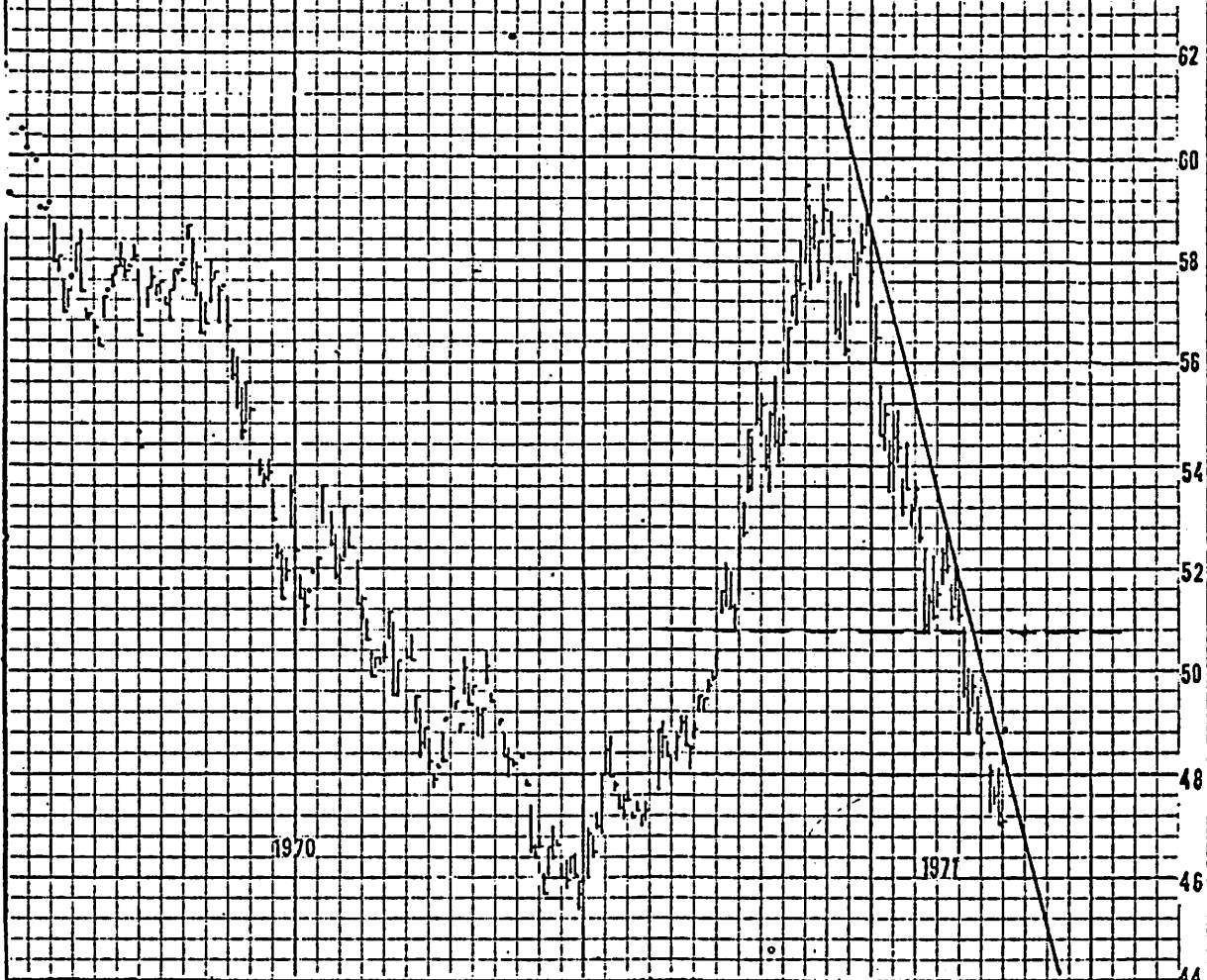
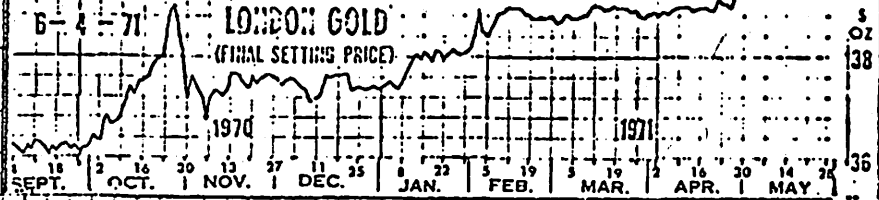
We will be glad to answer questions that you may have concerning futures trading and how you can profit through intelligent speculation.

Albert D. Friedberg, M.B.A.



COPPER SEPT. 1971 - N.Y.
EACH HORIZONTAL LINE = 40 POINTS

6-4-71 LONDON GOLD
(FINAL SETTING PRICE)



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