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

COMMODITY COMMENTS

June 22, 1971

N. Y. SILVER

December '71	164.70
March '72	168.50

The moment of truth is at hand. Prices rallied all last week to reach 170.80 basis December in anticipation of the producers' meeting in Mexico City. Last week we said that in the very short run prices may be favorably affected by any form of agreement that may be reached, but suggested that traders should continue to trade from the short side by selling on rallies. The last major opportunity to do so with very minor risks was on Friday, when prices ranged from 170.10 to 169.00 at the close.

The Mexican Foreign Ministry announced that the world's five major silver producing countries (Canada, Peru, Mexico, U.S. and Australia) agreed to maintain "stable and adequate international silver prices." Furthermore, while the current demand for silver is greater than production, the difference could be covered by available stocks. This nothing statement prompted speculators to sell silver futures today and prices dropped from 380 to 450 points, December closing at 164.70.

We are still in a Bear Market as we have been saying for the past few weeks, and the question is not any longer if, but when prices will break through their January lows. We feel this could happen this week. Sell December on any rally with protective stops at 171.00. Intermediate objective remains at 143.00 -- 146.00 basis December.

U. S. SILVER COINS FUTURES

January 1226

Open interest now stands at over 1300 contracts. Undoubtedly, traders have taken a liking to this newly created contract. The reason is fairly simple, as it

is explained in the next paragraph.

The 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.

At 1226 basis January, the premium over its silver bullion equivalent is only 2.6% - a rather modest premium to pay for a limited downside risk.

We recommend the purchase of Silver Coins Futures at 1050 - 60 basis January when silver reaches our objective of 14300 - 14500 basis December, as we expect.

COPPER

September	49.80
December	50.25

We advised last week to nail down profits at the 52.70 level basis September. The market is highly erratic and volatile at the moment, but today's low volume of 750 contracts and a further drop in the open interest on Friday to 8743 from 9029 last week on the decline, suggests that, once again, prices may be firming up.

The labor situation with contracts due to expire only 9 days away remains as uncertain as ever. Warehouse stocks in London increased another notch to 99275 but seems discounted.

We tend to resume buying here with protective stops at 4900 basis September.

Be sure to keep in close touch with us as prices change very rapidly.

Exchange -	Commodity Exchange Inc.
Contract Months -	January, March, May, July, September, October, December
Contract Size-	25,000 lb. of refined copper
Price Fluctuations -	Quoted in cents per lb. (i.e. 52.70 = \$0.527) <u>Minimum</u> fluctuation is 5 points (5 tenths of one cent).

Maximum fluctuation is limited to 2 cents/lb. the equivalent of \$500 per contract, above or below the preceding day's settling price.

Margins - Original \$750
 Maintenance \$500
 Straddles \$300 .

Commission - Regular round turn \$36.50; day trades (2 or more contracts) \$18.50.

GOLD

London's Second fixing \$39.95

Gold prices found some support in the 39.60 area last week aided by a very tentative suggestion put forth by Ezra Solomon, the new nominee for the Council of Economic Advisers triumvirate. Mr. Solomon thought that that the U.S. should let the dollar drift down against other currencies if a new crisis erupted. He did say, however, that some arrangement would have to be made to isolate gold from this dollar - downdrift, so as to avoid a gold revaluation.

At any rate, gold speculators were content to detect an increasingly realistic and flexible American attitude towards foreign monetary problems.

PLATINUM

January 112.00

A very light and featureless market sprinkled with some moderate commission house buying is the best description of what happened this past week. Highest volume for the week was last Wednesday when platinum futures closed unchanged to 150 points higher on 545 lots including 200 switches.

Base building continues but we expect prices to weaken now in sympathy with silver prices.

We would regard a partial test of the April lows as a good buying opportunity for risk-conscious traders. Keep in close contact.

Friedberg & Co. Ltd. conducts a brokerage business in commodities futures specializing in metals. Our U.S. Correspondent, Mocatta Metals Corporation is a clearing member of leading U.S. commodity exchanges and specialists in silver, copper, platinum, gold and other non-ferrous metals. Through their facilities and other trade and banking sources, we maintain up to the minute information on the world's latest developments that may effect the price structure of metals.

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.