

FRIEDBERG & CO. LTD.

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

COMMODITY COMMENTS

Nov. 17, 1971.

N.Y. SILVER

Spot (December '71) 133.10
March '72 135.60
Comex Warehouse Stocks 113,095,000+179,000

London bullion dealer Mocatta & Goldsmid report the following:

"The silver market in October remained depressed, and although the price was supported by new buying just below the 130 cent level, rallies from this point found little support.

There has been no change in the silver situation. The market remains under the influence of the general mood of depression that has afflicted other metal and stock markets, and the effect on silver has been accentuated by the fact that the market was so heavily over advertised and over bought two years ago. Just as speculative enthusiasm carried the price to totally unrealistic levels then, it is possible that speculative disillusion will cause the market to be heavily oversold now, and as long as the current sentiment persists it will be difficult to produce any sustained upward movement.

Although it is possible that prices will fall further in the short term if it is necessary to absorb large quantities of tired liquidation, we continue to believe that there is little justification for prices below 130 cents. At present levels secondary supplies of silver from the East have dried up, and the U.S. coinage can never come on to the market, while at 125 cents the U.S. Treasury can absorb 40 million ounces a year. Substantial bullion stocks remain, but the cost of financing them is almost half of what it was a year ago. In the circumstances we remain of the opinion that price cannot stay below these levels for very long."

Cerro Sales Corporation declared (force majeure) effective last Wednesday on all shipments of refined silver. The declaration resulted from a strike since October 28th by 13,000 mineworkers at Cerro do Pasco in Peru. Cerro do Pasco produced 20.8 million ounces of silver in 1970. The strike however, ended on Friday. (See Copper, below)

We remain concerned about the continuing rise of the open interest figure, now at 48,705 an all time high. In our opinion overhead resistance is formidable at the 134.00 - 136.00 area basis December '71, 136.50 - 139.00 basis March '72 and a much more thorough liquidation should take place before a successful upside

PLATINUM

January '72 104.00
April '72 104.90

Continue to sell short on rallies and lower protective stops to 111.00 basis January '72. This market is quite weak.

ZINC

Cash - higher than future

London 3 mos. 135½

The most interesting feature of this market is the disappearance of the £ 1 backwardation. The producers' gambit of supporting free zinc at an artificially high level is beginning to turn against them and heavy liquidation can ensue.

Continue to sell short with protective stops at £140. First target £120. We will be glad to execute these orders on the LME. The contract calls for 25 tons and original margin is \$1,000.

N.Y. COCOA

March '72 21.12

New contract lows are being posted daily as the Bear Market continues. Short positions may be taken here for a move to the high teens.

N.Y. SUGAR #11

May '72 4.88

Our stops at 4.79 basis May '72 were taken and we now stand aside.

Friedberg & Co. Ltd. conducts a brokerage business in commodities futures specializing in metals. Our U.S. Correspondent, Moccata Metals Corporation is a clearing member of leading U.S. commodity exchanges and specializes 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 world's latest developments that may affect 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.

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

U.S. SILVER COINS

January '72 1115
April '72 1135
Premium over bullion, basis Jan. '72 16.1%

The defensive feature of this futures contract has been proven once again as premium over bullion equivalent moved to 16.1%. Awareness of this fact has increased public interest and open interest stands now at a new high of 2524 contracts.

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 who is buying one Silver Coin Futures Contract will enjoy a limited 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 should benefit from a rise in the price to the tune of \$7.20 per bag for each 1¢ per oz.

Selling bullion at present levels against long coin positions can prove a rewarding exercise. For the more conservative traders we recommend purchases of April '72 contracts at around the 1105 area for \$20 - 30 swings.

COPPER

December '71 47.30
March '72 47.75
London 3 mos. £422

The market weakened somewhat on news of a 2400 - ton increase in copper stocks in London warehouses to a record of 128,075 tons last week. The previous record was 128,050 tons, in the week-ended October 1 this year.

Italy is a major market for the international copper industry and for international copper merchanting organizations. Commercial Metal reports from its Italian office: "The economic position here in Italy is extremely poor, particularly so since August (of this year) and presently there is no sign of an improvement." In specific terms the report continues: "Copper scrap which is normally imported from the United States of America in large quantities is now offered and sold in Italy only in small lots. Furthermore it is possible to get offers for Wirebars in Italy at far better prices than the normal producer CIF conditions. We also have learned that many of the big companies who normally have producers contracts will only contract for 70 per cent of next year's requirements. Moreover consumer demand for Copper and brass has diminished considerably over the past six months. The impression gained is that sentiment is becoming more and more 'bearish' here in Italy."

Sluggish consumer demand in the U.S. and abroad continues to be a very depressing factor.

Much has been said recently about the high cost to the copper industry of complying with stricter anti-pollution regulations. From Canberra we have a report that Australian scientists at the National University claim to have discovered new methods of smelting copper which will reduce the problem of sulfur dioxide