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

COMMODITY COMMENTS

October 20, 1971

N.Y. SILVER

Spot	132.50
December '71	133.40
Comex Warehouse Stocks	116,300,000 + 457,000

An almost two-months long downtrend was penetrated on Friday at 134.50 basis December '71 giving rise to hopes that the liquidation may have run its course. Lack of good follow through and poor action today, where the two day advance was retraced, lead us to maintain our bearish posture.

Open interest continues to rise; at 44,793 it now stands at a 10 months high. Part of this increase can be attributed to tax straddles - at this levels the chances to realize a 6-months capital gain and offset it against a loss on a short position are good. Similarly, at the end of last year a 30¢ drop in silver saw the open interest rise roughly 1,000 contracts. The bottom, however, was not completed until 9 weeks later, as open interest shrank by 12,000 contracts!

The lows of this move have as yet not been seen.

U.S. SILVER COINS FUTURES

January '72	1107
Premium over Jan. '72 bullion equivalent	14.6%

It can be noted that any improvement in the bullion market brings about sharp mark ups in these coins indicating scarce offerings and an unusual interest on the part of the investing public for a low-risk exposure to silver.

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.

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.