

## FRIEDBERG & CO. LTD.

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

### COMMODITY COMMENTS

November 2, 1971

#### N.Y. SILVER

Spot	128.60
December '71	129.10
March '72	131.40

Comex Warehouse Stocks 113,834,000 - 624,700

Selling pressure continues unabated but one can hardly speak of liquidation as open interest continues to rise and has now reached 45,000 contracts. No doubt, figures have been greatly inflated by year-end tax-straddling which, incidentally, has reflected itself in the narrowing of the spread. Until September of this year, monthly spreads were valued at roughly 120 points. On October 1, 1971, a December 1971 - March 1972 spread was valued at 300 points or roughly 100 points monthly. In the past 2 weeks it has hovered around 210-230 points or 70 - 80 points monthly. Tax straddles, by selling the spreads, tend to narrow them. Also, the recent decline in short and long term interest rates has had an influence on the contango,

Indicative of the increasing rates of silver (and other precious metals) scrap recoveries are plans by Degussa, a major European refiner and fabricator of precious metals to replace its old refinery at Frankfurt with a new one at Wolfgang which will be capable of processing many thousands of tons more scrap per year when it is completed next summer. Walter Behning, Degussa's refining manager, told American Metal Market that Degussa is expanding research to improve recovery of Silver scrap, particularly from X-ray films which contain a large amount of re-usable silver.

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

#### U.S. SILVER COINS FUTURES

January '72 1100  
Premium over Jan. '72 bullion equivalent 17.6%

The premium has continued to widen and now stands at a record 17.6%. The investor can appreciate the safety feature of this contract by comparing the levels reached by bullion in the week ended September 10 (a low of 141.70 for January '72)

and Silver Coins (a low of 1100 for January '72) and today's quotes of January '72 bullion at 129.80 and January '72 Silver Coins still at 1100. In other words, while bullion dropped 12¢, the Silver Coins remained unchanged and, in the meantime, provided a few good trading profits by moving to a high of \$1134.

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.

Purchases of January '72 at 1085 or lower and April '72 at 1105 or lower are strongly recommended.

### COPPER

December '71	47.30
March '72	47.70
London 3 months	£ 422

Sixteen thousand copper workers struck at Cerro de Pasco Corporation in Peru last week demanding better working conditions and wages.

Salvador Allende, Chile's President, disclosed that Chile's cost of copper had moved up to 47 cents per pound. Copper represents 80% of Chile's foreign exchange earnings. There is no doubt, however, that a socialist-run enterprise such as the copper industry, will continue to produce even if world copper sells below 47 cents. All that Chile needs is one more drastic devaluation and internal costs and external prices will once again fall into line -- for the short term at least.

Continue to sell short aggressively as we have been doing for the past weeks, with protective stops at 48.55 basis March '72. Look for a drop to the 44-44.50 area basis spot. We repeat, long term we should see copper in the mid to upper thirties.

### PLATINUM

January '72	102.10
April '72	102.50

Our recommendation last week to initiate short positions at 109.00 basis April '72 has proven quite timely.

Some support will be found in the 98.00 - 100.00 area basis January '72.

Continue to sell on rallies or on breaking 98.00 for the nearest month. Platinum should sell in the lower 80's.

LONDON ZINC

3 months £ 138½ - ¾

The Bulls feel that zinc is consolidating at these levels for a move to £144 or higher. We the bears, feel that zinc is undergoing heavy distribution at these levels and that artificial buying in the cash market is its only momentary support.

Sell 3 months London Zinc for move to £120. Friedberg & Co. Ltd. will be glad to execute these orders on the LME.

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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 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.