

## FRIEDBERG & CO. LTD.

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

### COMMODITY COMMENTS

November 23, 1971

#### N.Y. SILVER

Spot ( Dec. '71) 132.30  
March '72 134.90  
Comex Warehouse Stocks 112.790.000 - 285,000

The market continued to trade within a fairly narrow 300-400 points range. Wall Street's weakness and the lifting of Cerro's force majeure condition, which had been in effect on all shipments of refined silver since November 10th, had little or no bearish effect on silver prices thus providing some support to the bullish contingent. The decline in Comex Stocks has been temporarily halted but rumors persisted that Engelhard would be withdrawing "a few million ounces in the near future".

Open interest, at 49133, gave little sign of levelling off, let alone decline. In our view, a significant bottom cannot occur unless open interest undergoes a substantial decline - a sure sign of liquidation.

We would like to caution once again against taking premature bullish positions. Capital losses can be rather costly, but, less recognized and nevertheless present, is the risk associated with buying a 'premium' that disappears to the tune of roughly 80 points monthly. The premium is equivalent to the carrying charges that one incurs in holding a non-yielding asset such as silver. Were spot silver to remain at roughly the same level for the next 12 months as today's, a loss of \$1,000 would be sustained by the present buyer of one December '72 contract at 14250. Silver did not drop; the premium disappeared as Dec '72 became spot!

Remain on the shortside with protective stops at 134.30 basis March '72 (for this Friday)

#### U.S. SILVER COINS FUTURES

January '72 1120  
April '72 1135  
Premium over Jan. bullion equivalent 16.7%

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 April '72 contracts at 1105 or better should be considered by conservative investors.

### COPPER

Spot (Dec. '71) 4535  
March '72 4610

We were waiting for the other shoe to drop. And it came. On Friday evening, Phelps Dodge, a U.S. producer, reduced its price for copper  $2\frac{1}{2}$  cents a pound to  $50\frac{1}{2}$  cents from  $52\frac{3}{4}$  cents previously. Copper range followed suit today.

George Mumroe, President of Phelps Dodge, said that the decision was based on weakening copper prices overseas and on a "general appraisal of supply - demand conditions in the U.S."

In previous weeks we maintained a target of  $44\frac{1}{2}$  cents for spot as our first downside target. Today's low point of 44.55 basis December '71 fully fulfills our expectations. Contact us before initiating trading positions as the market has become extremely volatile.

### LME ZINC

3 months £135 $\frac{1}{2}$

LME Zinc warehouses continued to show a downward trend this past week, mainly as a result of delays in Korean shipments of zinc.

In the U.S. excess and uneconomic production has been shut down but we don't believe that a tight domestic supply condition is imminent given the rather sluggish state of the economy.

Continue to sell short zinc at these levels with protective stops at 140.00 First target is £120.

### PLATINUM

January '72 107.00  
April '72 108.00

Imperial Chemical Industries announced the development of a cheap new catalyst for use in auto exhaust control systems. The catalyst considerably reduces emissions of carbon monoxide, hydrocarbons, and nitrogen oxides, the last of which has been difficult to remove until now.

A slight uptrend has been formed since the recent lows and culminated Friday on a sharp \$4 move to an ~~interday~~ high of 110.00 basis April '72. The

downtrend line extending from mid-August still remains intact.

We recommend selling short on penetrating this uptrend at 105.00 - 106.00  
basis April '72 leaving protective stops at 110.50.

N.Y. COCOA

March '72 20.75

The bear market continues but our long term charts show a good support around the 19½ cents area. Consequently, do not press the short side.

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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.

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