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COMMODITY COMMENTS

December 15, 1971

N.Y. SILVER

Spot (Dec. '71) 140.20
March '72 142.50
Comex Warehouse Stocks 113,352,000 + 48,700

London bullion dealers Mocatta & Goldsmid Limited report the following for November:

"After reaching new lows in the first few days of November, silver appears to have found some degree of stability just above the 130 cent level.

Opening at 51.90 P. spot, the price fell to 51.00 P. on the 2nd and 3rd before recovering to 52.10 P. on the 8th. Thereafter the metal remained above this level, closing near the highest price of the month at 53.40 P.

Although there is little immediate prospect of a dramatic rise in the silver price, the market looks a good deal more encouraging for silver holders than it did a month ago. We said that the price was only likely to fall below 130 cents on a wave of speculative liquidation, and the recent good support around that level has made such an event considerably less likely. Also the improved tone in stock markets, particularly Wall Street, has done something to dispel the depression that had affected silver.

There is unlikely to be any alteration in the basic position of silver in the near future, and the price will continue to depend on outside factors. Nevertheless it would appear that the long slide in the silver price has been halted around present levels, and that given a revival in monetary and business confidence, the market could move perhaps 10-15 cents higher over the next few months."

We remain thoroughly unconvinced that the recent rise is more than merely a bear market rally.

Recent monetary developments (including Nixon's open concession of dollar devaluation) have failed to move silver prices in any significant way. In spite of this negative development, daily average volume and open interest have increased substantially indicating perhaps excessive public participation in this market.

Do not care to follow this market on the upside.

COPPER

Spot (Dec. '71) 47.35
March '72 48.30

The settlement of the West German Metalworkers strike coming atop trade and currency negotiations, the Indo-Pakistani conflict and a 2100 ton drop in LME warehouses helped to steady the market this past week.

Very little or no change has occurred in the fundamental background to change our bearish stance. October figures indicate that fabricator's deliveries to users totaled only 140,000 tons and were running close to 10,000 tons under last year's monthly average. Fabricator's order backlog has been reduced to 141,000 tons, more than 50,000 tons under last year's figure.

Copper has penetrated its April-August-October downtrend line and has shifted our short term outlook to neutral from bearish.

Do not care to follow this market until a clearer pattern emerges.

GOLD

London's Second Fixing \$43.65

The U.S. has finally bowed to European pressure in acknowledging the need to devalue the dollar. The most popular figure bandied around is 8% or an official-gold price of \$37.80 per oz.

The free market price, at \$43.65, enjoys a better than 24% premium in recognition of (a) the U.S. \$35-per-ounce pledge has lost all its value and further mini-devaluations over the next few years are a strong probability and (b) even at \$37.80, the U.S. dollar would not be convertible. Indeed, it is only convertible at \$43.65 - a 24% discount!

We recommend purchases of gold bullion at these levels for a move to 47½.

Investors with an affinity for coins should note that gold coins have greater percentage moves (both up and down) than bullion. We maintain markets in English Sovereigns, Dutch 10 Guilders, Mexican 50 pesos; and other popular gold coins and invite your inquiries.

PLATINUM

January '72 107
April '72 107.10

The thinness of this market makes for erratic price behavior. During this past week, platinum broke the uptrend begun in early November by moving below 108.50

basis April '72.

Rustenberg Platinum Mines announced further cutbacks in production for 1972 but no figures were given. Rustenberg believes demand for platinum will not rise in 1972, and may even decline further. It is believed that the Company has stockpiled more than a million ounces of refined platinum and will now gear its output to immediate sales.

Mining sources now project 1972 production of 450,000 ounces for Fustenberg, 150,000 ounces for Impala and up to 40,000 ounces for Western platinum. Brakspruit platinum had planned earlier this year to increase 1972 production from 180,000 to 300,000 ounces but is now holding discussions with Rustenberg, which operates their mines, concerning output in light of current conditions.

Initiate once again short positions in the deferred months with stops at 112.50 basis April 1972.

COTTON

March '72 35.47
October '72 33.66

The Great Cotton Bull Market is about to be resumed. After consolidating for nearly seven months, prices broke out on the upside last week leaving behind a massive high level triangle which reads an upside of 40¢ basis March 1972.

The reserve stock on July 31, 1971, the end of the last season, was at a 20-year low of 4.2 million bales. The 1971 crop is estimated at 10.6 million bales and expected domestic and export needs at around 11 million bales. On this basis, reserve stocks are due to contract even further.

Cotton last sold at 40 cents per pound in 1967.

We recommend aggressive purchases of March 1972 contracts on any reactions.

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.

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