

# FRIEDBERG & CO. LTD.

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## COMMODITY COMMENTS

July 18, 1972

### Cocoa

September '72	29.21
December '72	29.70

A string of very favorable grinding reports provided fresh stimulus to the ongoing bull market. First came a much lower than expected 3.1% decrease in U.S. grindings for the second quarter of the year in spite of Agnes and strikes at Hershey. On the 12th, Dutch figures showed a surprising 27% increase & German figures were up 6.4%. Finally, reports of poor outlook for the Brazilian crop and continued restraint on the part of origins totalled up a brightening picture.

Gill & Duffus estimates world carryover at 310,000 tons on October 1, 1972 - the largest since the 299,000 of 1967 but sharply below the 403,000 tons anticipated early this year.

From a technical point of view, the market has behaved extremely well: volume & open interest have expanded on the upside & contracted on the downside & more importantly, while speculation is rising, there is little evidence of "froth". Minor stakeouts, like the one experienced this morning are still able to rid the market of excessive public participation. As the price rise continues, stakeouts will become more severe & we would thus exercise caution in pyramiding positions.

Add to previously established positions and place stops at 28.40 basis December '72. We continue to look for an objective of 34¢ basis nearest contract.

### N.Y. Silver

September	1.7800
December	1.8060

Comex warehouse stocks continue to decline as metal is being switched out to cheaper storages - both in the U.S. & abroad. Also, there may be a tendency for users to withdraw silver as prices remain above the permissible sale level for producers.

The steepness & violence of the advance indicates that many long term bulls were caught napping. Setbacks have not been allowed to materialize & the usual test of the breakaway has not taken place as yet.

The nearest contract has reached the first chart target of \$1.80/oz. and therefore advise liquidating trading positions. Further buying should only be done (a) on a sizeable 7-12¢ dip from yesterday's highs or (b) in the midst of some unfavorable news.

## TECHNICAL TRENDS

### Copper

December '72	48.80
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Prices stalled just below the powerful March - May downtrend & reversed a promising move.

While we cannot rule out a further advance, the presence of the downtrend & rising open interest coupled with poor physical business militates against such an event.

Liquidate long positions & move to the sidelines.

Lumber September 120.20

On the rally to 127.00 basis September long positions were lightened up only because this market is overly "thin" (as suggested July 6, '72). Remain long September with a reduced position & place stops at 117.90.

Platinum January '73 157.50

The formidable & unusually steep May - June uptrend was tested on July 12th & the bulls came out unscathed. Prices returned to their previous consolidation range & then, took off to new highs on news of Engelhard raising the official price by \$10/oz.

The advance has remained remarkably orderly; gaps have been covered, consolidations preceded advances into new high ground, volume is fair but not explosive & finally, open interest has leveled off at slightly under 7,000 contracts, indicating a bit of shortcovering (presumably "smart professionals") & a lack of aggressive public participation.

Traders should remain on the sidelines while longer term investors should raise protective stops to 152.00 basis January '73.

World Sugar #II September 5.98

Prices refuse to crumble any further & open interest remains at a low, oversold level. We can only repeat that we remain distinctly bullish but are still adopting a wait and see attitude until September crosses 6.15 - 6.20.

Remain on the sidelines.

Albert D. Friedberg,  
Vice-President,  
Commodity Futures.

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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.