

# FRIEDBERG & CO. LTD.

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## COMMODITY COMMENTS

July 25, 1972

<u>Cocoa</u>	September '72	28.61
	December '72	29.19

With grinding figures for the four leading countries (representing 42½% of world's usage) out of the way, one gets a pretty clear picture of the way consumption is being affected by relatively low bean prices. Since carryover positions are not believed to be excessive (anywhere between 3 & 4 months' consumption) crop forecasts are likely to play a crucial role in determining the course of prices.

Estimates place Brazilian mid-crop production figures at 1.1 million bags, down from last year's record 2 million bags. Trade sources speculated that Brazil had already sold 925,000 bags of the new crop but was finding European chocolate manufacturers too low on their bids.

The seasonal reliability of the July - November advance in cocoa prices ( a batting average of 64% in the last 14 years) coupled with the presently high sensitivity of prices to crop scares should prove beneficial in the weeks ahead.

Trading accounts should maintain long positions with stops under today's lows (29.02 December '72 & 29.50 March '73); long term accounts would do well in holding long positions as long as the main uptrend remains intact. Since London's trend has been less irregular than New York's ( a result of the currency upheavals ), keep protective stops basis London September @ £245.

<u>N.Y. Silver</u>	September '72	1.7800
	December '72	1.8070

Comex Warehouse Stocks 97,467,000- 400,900 ozs.

An artificial shortage is developing in Silver in the U.S. as a result of the misguided price ceiling @ 161.60/oz. Domestic users end up paying for round turn freight & handling charges which can amount to as much as 3 - 4 cents/oz. In the meantime, and understandably enough, domestic users resort to drawing down Comex Warehouses & foreigners run to withdraw their N.Y. Silver holdings lest it too be embargoed. This results in a drop in approved warehouse stocks & speculative buying in anticipation of such an event.

Declining tops at 185.00, 183.90 & 182.00 basis December '72 & afternoon weakness make up for a slightly "toppy" picture.

Remain on the sidelines with a view to re-enter the market on a sharp setback or on December bettering 184.00.

TECHNICAL TRENDS

Copper December '72 49.10

Remain on the sidelines. Buy only on December '72 moving over 50.00.

Cotton March '73 29.52

Initial long positions may be taken in cotton, especially in deferred months. March '73 looks like the most conservative play (place mental stops at 29.00).

Lumber September '72 124.90

Maintain long positions & raise stops to 119.90 basis September.

Platinum January '73 146.80

The steep May - June - July uptrend was broken last Thursday at 156.00 & brought about heavy speculative selling, with prices closing with daily limit losses. Long term positions were stopped out.

Remain on the sidelines & wait for some sort of consolidation. We don't believe the ultimate highs have yet been made.

World Sugar #II September '72 5.17

Our cautious approach to this market has paid off handsomely as prices plunged to 7 months' lows & lost all their previous bull market gains.

Continue to 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.