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Commodity Comments

August 30, 1976

Friedberg Commodity Index

End July '76 214.10
End August '76 209.60
net change -2.1%

Commodities: A delicate balancing act

The very weak retail sales figures for June and July, brought back to the fore the fear of deflation. In past issues we discussed at great lengths the meager growth of money supply and bank credit series and their effect on interest rates and commodity prices. Our own conclusions pointed to lower interest rates (Commodity Comments May, 1976) and lower commodity prices (Commodity Comments, July, 1976) despite widespread conviction the contrary. While it is true that liquidity continues to improve at the household and corporate level in the U.S. and most major industrialized countries, bank and international liquidity remain 2 potent deflationary forces.

Ryland E. D. Chase, in an article appeared in the Money Manager of August 9, arrives at an incredible \$130 billion of problem loans facing the banking system. Here, in billions of dollars, are problem loans by categories:

	<u>BILLIONS</u>
Third World Countries	\$ 37
British borrowers	20
Italian borrowers	4
Communist borrowers	5
REIT and Real Estate	11
Tankers	15
Municipalities	28
Commercial and Industrial	9
Banks	1
TOTAL	<u>\$ 130</u>

At the end of last year, the combined capital and reserves of the entire banking system was \$78.1 billion. If, for simplicity sake, only 5% of our problem list were to go into default (an entirely likely occurrence), \$6.5 billion (representing 8.3%) would be lopped off our capital base. Given the banks' recent conservatism, it would not be implausible to see them contract as much as 8% of total assets, roughly \$80 billion, to bring their capital/asset ratio back into line. This \$80 billion is a staggering sum and, by itself, could cause a massive run on the banking system. Although we do not think that this development will surface during 1976 or 1977, we should not rule out its eventual occurrence.

On the second front, international liquidity has been damaged rather badly by the recent decline in gold prices. As calculated by the Bank Credit Analyst, global reserves broadly defined to include gold at market prices, SDR's and reserve positions at the IMF plus foreign exchange reserves, began contracting in the fourth quarter of 1975 and reached a nadir (?) in early 1976 at -13% (annual rate of change). Global reserves are still contracting but at just under \$10% annually. As a result, international trade may be severely hampered in the months ahead. Although most of the industrialized world is on a floating rate system, it is worthwhile noting that intervention and monetary policies are still geared to the level of reserves (as attested by the recent French and British maneuvers). It is highly unlikely that mercantilism will die in the 20th century.

We anticipate that the next 18 months will see a period of continued but very sluggish growth. Primary commodity prices, broadly speaking, will continue to trend downwards (keep an eye on the Friedberg Commodity Index, now at 209.60). Within the major downtrend, there will be exceptions. These will be denoted with a 5 or 6 star rating.

The following numerical rating system will be placed alongside the specific commodity heading:

August 30, 1976

6 (*****)	Very Bullish
5 (*****)	Bullish
4 (****)	Neutral-Bullish
3 (***)	Neutral-Bearish
2 (**)	Bearish
1 (*)	Very Bearish

A split rating will indicate our opinion for each particular month as to its expiring value.

<u>Cocoa</u>	*****	September '76	111.50
	*****	December '76	108.50
	*****	March '77	103.40
	*****	London July '77	£1,283.50

A truly runaway market.

Nearby Cocoa is within striking distance of our first objective of \$1.15/lb. We now expect prices to head considerably higher yet.

On the supply side, pod-rot is still spreading in the Brazilian cocoa zone although at a reduced rate due to an improvement in the weather. The Bahia Cocoa Review points out that hardly a farm has been spared. The central part of the producing area has suffered very severely and much more than the northern and southern parts. It is reported that some farms have lost a very high percentage of the main crop, and now seems generally accepted it will be rather smaller than the present Temporao Crop (which should total 1.9 million bags). Total Brazilian outturn may be the smallest since 1972. It also appears unlikely that the 3 main West African crops, Ghana, Nigeria and Ivory Coast, will exceed the 1975-76 figure due to very dry weather conditions.

On the demand side, recent Belgian grindings were up 7% from a year ago and Japanese grindings in the first quarter rose to 7,117 tons from 5,785 in the like quarter of 1975.

If the present consumption trends persist through the next season (aided strongly by substantial Eastern European offtake), 1976/77 will prove to be a second deficit year, drawing down on seriously depleted world stocks. With the softening trend in Sugar prices, it is unlikely that Cocoa prices hit a consumption snag before they trade at considerably higher levels.

The technical condition of the market is firm with little or no public participation present which should keep reactions rather mild (500-600 points) and short-lived (from a few days to 2 weeks). Option buyers would do well in purchasing May or July calls at £ 160- £ 180/ton. The present forward discount make these options levels extremely 'cheap'. In addition, a double play is obtained should sterling continue to depreciate (as we fully anticipate). Option writers may write July puts @ £ 180 uncovered or July calls at £ 180 hedging it with an offsetting long position.

Remain long and add on 500-600 point reactions.

<u>Coffee</u>	*****	December '76	144.90
	*****	July '77	137.15
	*****	London (Robustas) January '77.	1,534.00

Recent import figures continue to denote active demand even at this rarefied level.

Census Bureau Statistics showed July imports as follows, with comparisons, in lbs.

	<u>CRUDE</u>	<u>ROASTED</u>
July '76	252,533,156	3,460,930
June '76	246,559,441	5,273,942
July '75	215,046,801	2,313,418
Jan-July '76	1,676,600,826	23,555,387
Jan-July '75	1,460,791,700	14,909,960

SOLUBLE COFFEE IMPORTS, IN LBS --

	<u>U.S. TOTAL</u>	<u>FROM BRAZIL</u>
July '76	6,583,383	4,937,992
June '76	6,891,961	5,310,629
July '75	3,826,323	2,646,965
Jan-July '76	43,511,133	31,889,769
Jan-July '75	25,878,019	18,057,958

We advise writing covered call options in July London Coffee at £ 300/ton for a total return (if exercised) of 90% per annum. Alternatively, uncovered puts may be written on the same position.

August 30, 1976

<u>Copper</u>	****	December '76	69.00
	****	March '77	70.80

Copper sources in Tokyo said last week that consumers who bought Copper sporadically over the past few months, have stopped buying due to a slower than expected domestic market recovery. The same can be said for the U.S. market, where normal summer doldrums came on top of dispirited demand for physicals.

Nearby contracts in New York dropped well below producer quotes of 74¢/lb and are presaging a drop in the latter.

In recent weeks, downside vulnerability has increased with the stubbornness of the open interest to contract significantly on the 10¢ decline. Chart advices have taken on a bearish overtone and a downside move to the 60-62¢/lb range for December '76 is probable.

Long positions should have been closed out at 74.50 basis December '76 in keeping with our previous stop recommendation.

Remain on the sidelines.

<u>Grains</u>	***	September '76 Corn	2.78 1/2
	***	December '76 Corn	2.79
	***	September '76 Wheat	3.05 3/4
	***	December '76 Wheat	3.19 3/4

The bear market in Wheat continues and quotes are now challenging the 1975 lows. Somewhere between \$2.80 and 3.00/bu, basis nearby, we would like to cover previously established short positions.

Remain short December '76 Corn.

<u>Interest Rate Futures</u>	****	September '76 GNMA	96.29
	****	December '76 GNMA	96.02
	****	December '76 TB	94.36
	***	March '77 TB	93.85

We are downgrading once more GNMA's and TB's and are now fairly neutral as to the profit potential on either long or short positions.

We base our views on the following: (a) money supply series are 'bumping' the high end of the Fed's ceiling (7% for M₁ and 10% for M₂) and may prompt a slightly less accommodative Bank posture. Though we do not adhere to the strictly monetarist targets in force at the present time, for, as previously discussed, strong deflationary forces are still at work, the Fed has little choice but to continue to 'play the game'. Narrowly defined money supply (M₁) growth has been held back due to the downside movement of the multiplier (ratio of M₁/Monetary base). This cozy state of affairs may be coming to an end as public demand for currency abates somewhat (The Bicentennial Summer is over) and M₁ is expected to move back up to its 'pre-determined' path of 7% plus.

(b) Commercial and Industrial loan demand at weekly reporting large commercial banks appear to have flattened out recently from its year-long decline. As retail sales begin to pick up through the year-end, inventory financing needs will increase. This is particularly so in view of the halting trend in corporate profits and cash flows.

(c) The Federal Budget Deficit on a National Income Account basis fell to a seasonally adjusted annual rate of \$53,500 million in the 2nd quarter indicating that government borrowing needs are still too high for this point in the business cycle. (d) There are strong indications that 1977 will see a strong resurgence of capital spending.

In sum, the private sector's borrowing needs may begin to clash against an immovable supply target (the Fed) and still substantial government financing, setting the stage for a rise in interest rates. Should interest rates rise in the near future by 50 basis points in the short and long end of the market, the stage will be set for another subsequent large decline as the recovery is still much too fragile. If, on the other hand, interest rates stay at approximately these levels for another 3-4 months, the recovery will gain considerable momentum during 1977 and the stage will be set for sharply higher interest rates through 1977. We prefer the first alternative. We also think that the first alternative will be the most likely scenerio. Therefore, a small rally in interest rates is in store in the next 2-3 months.

Long positions in the September '76 GNMA should have been closed out just above 97 (as per previous recommendation) giving us an overall profit of slightly over \$3,000 per contract since recommended in late May. Short positions in March '77 TB at 93.75 and higher have also been established and further sales should be effected at 94.10 and 94.25.

August 30, 1976

<u>Precious Metals</u>	**	December '76 Comex Silver	417.20
	***	December '76 IMM Gold	102.90
	*****	January '77 Platinum	158.80
	*****	September '77 Palladium	55.60

We covered our short positions in Silver and initiated some modest long positions a bit too prematurely. The market penetrated the January-March uptrend and the two May reaction lows rather easily and did not stop going down until it reached the now psychological \$4/oz level.

There were no significant background news apart from the figures released by the Silver Institute indicating a further worldwide drop in refined Silver stocks of approximately 500,000 ounces. After the substantial \$1/oz-plus drop, the market reacted with a feeling of *deja vu* to news that the GSA plans to dispose of most of its remaining Silver hoard of 119 million ounces. This is a good indication of an oversold market and we prefer to remain long risking a close below 405 basis December '76.

Gold futures continued to ignore the potentially bullish South African racial riots and turned their attention to the upcoming September 15th IMF auction for 780,000 ounces.

Our long standing forecast of a drop in bullion to its intrinsic commodity value (which we calculated last year to be around \$98/oz) has been realized. From here down, gold becomes value and only timing will be necessary to make it an attractive speculation.

Since we feel that below \$100/oz gold has become a rather good investment, we are prepared to facilitate on behalf of our clients the purchase of gold at the forthcoming IMF auction. Clients interested in bidding for minimum amounts of 100 ounces (as against a IMF requirement of 1200 ounces) should contact us immediately. Valid bids will be ranked in order of descending price and awards will be made to bidders whose bids are at or above the lowest price at which the IMF decides to sell gold. Our guess is that there may be some unusual bargains.

We postpone a full discussion of Platinum as our firm will be releasing shortly a major study of this grey and dull metal. Suffice it to say that we are quite bullish about future prospects and advise accumulating aggressively deferred contracts.

The same goes for Palladium.

<u>Sugar</u>	*	September '76	9.42
	*	October '76	9.82
	*	March '77	11.52
	*	London August '77	177.25

The collapse forecast last month, has already begun.

The onslaught began when the French Sugar Beet Planter Association estimated this year's France's production at 2.3 million tons, up from the previous 2.0 million forecast. The rise was attributed to rainfall in July. The last prop from under the market had been removed and the stark supply and demand numbers were staring down the face of Mr. Speculator who was carrying an incredible load of 150,000 contracts (the combined New York and London open interest).

Bearish bits of news ensued in rapid succession: (a) Chile will not import Sugar as it will produce 100,000 tons more than last year; (b) Sugar deliveries in the U.S. for the week ended July 31 were 213,000 tons compared with 225,000 a week earlier and 262,000 in the corresponding week a year ago (c) F. O. Licht's third estimates of the 1975/76 world sugar balance put final stocks at 20.3 million tons against 17.9 million in 1974/75 and 15.8 million in 1973/74.

Recent estimates of European beet production put by F. O. Licht at 27,585,000 tons against last year's 25,932,000 tons, coupled with excellent Southern Hemisphere Cane outturn and the continued competition from corn sweeteners which are expected to continue to erode the sugar market, will increase carryover stocks for the 1976/77 season by well over 3.5 million tons. Final 1976/77 stocks may well exceed 24 million tons, or a staggering 30% of annual consumption! Allowing for the erosion of the U.S. dollar's purchasing power over the last 10 years, this sugar glut equates with a 1977 price of 6¢/lb.

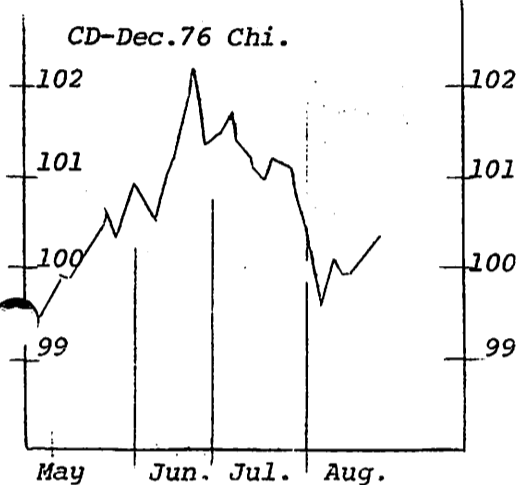
Having correctly anticipated the first downside target of 8¢/lb, we now set our target for March '77 at 6¢/lb.

Add to previously established short positions.

Option buyers should purchase August London Sugar put options @ £ 26/ton. Writers should grant uncovered August calls at same levels (be sure to hedge the £).

CANADIAN DOLLAR

	Sep.76 : 101.53	Dec.76 : 100.65				
	Mar.76 : 99.90	Jun.77 : 98.80				
	<u>Apr.76</u>	<u>May 76</u>	<u>June 76</u>	<u>July 76</u>	<u>** 1975</u>	<u>** 1976</u>
Balance of Trade (mln \$)	+24	+150	-52	-80	-544	-206
* C.P.I. %	+8.9	+8.9	+7.83	+6.8		
* Gen. Bank Loan (percentage growth)	20.26	20.53	24.89	22.25		
	<u>Jul.22</u>	<u>Jul.27</u>	<u>Aug. 6</u>	<u>Aug. 13</u>	<u>Aug. 20</u>	<u>Aug. 27</u>
* Money Supply (M1)%	+9.49	+15.53	+7.09	+6.81	+9.38	N/A
*** Exchange Rate- Trade Weighted%	+9.63	+9.53	+8.50	+8.07	+7.96	+8.19
Euro Deposit Rate:						
1 Month %	9 1/2	9.00	9 11/16	9 3/8	9 1/8	9 1/2
3 Month %	9 5/8	9 3/8	9 13/16	9 5/8	9 7/8	9 5/8



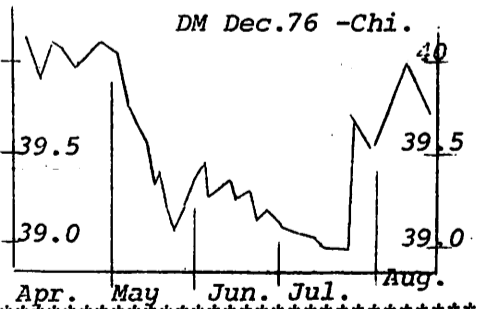
Open Interest (Aug.27): 498
 Contract Size : CD\$ 100,000.00
 Margin Required : US\$ 2,000.00
 Round Turn Commission : US\$60.00

 * COMMENTS: Having slipped from the comfortable 102.5
 * - 102.75 support, a herd instinct gripped multinational
 * companies & bank trading departments who dumped the
 * CD\$ to just under 101.0. The persistence of the wide
 * forward discount, however, sobered the bears; as much
 * as 35 pts/month is the cost of holding short positions.
 * Inevitably, a good rally developed. Governor Bouey's
 * statement to the effect that money supply growth would
 * be reined even further despite increasing sluggishness
 * evident in the economy, invigorated the ongoing rally
 * & quotes have recovered to the 101.75 level.
 * We have attempted twice, albeit unsuccessful-
 * fully, to go long Sept. 76 & Dec. 76 CD with fairly
 * close stops. We feel that the CD\$ will continue to
 * firm over the next few months & will try again rein-
 * stating long position via the Mar.77 at just under
 * par. At any rate, despite widespread bearishness, we
 * would strongly discourage short positions. Stop all
 * long position if Spot dips below 100.90.

WEST GERMAN MARK

	Sep.76: 39.60	Dec. 76: 39.71	Mar. 77: 39.82			
	<u>Apr. 76</u>	<u>May 76</u>	<u>Jun 76</u>	<u>Jul 76</u>	<u>** 1975</u>	<u>** 1976</u>
Balance of Trade (mln Marks)	2,238	3,286	2,150	2,593	23,419	18,807
* Cost of Living %	5.24	5.00	4.51	4.22		
Net Monetary Reserves(mln Marks)	<u>Jul 23</u>	<u>Jul 27</u>	<u>Aug. 6</u>	<u>Aug. 13</u>	<u>Aug. 20</u>	<u>Aug. 27</u>
Reserves(mln Marks)	89,700	89,700	90,100	94,000	93,000	N/A
*** Exchange Rate- Trade Weighted %	+25.08	+25.02	+25.93	+26.02	+26.92	+26.43
Euro Deposit Rate:						
1 Month %		4 5/16	4 3/8	4 3/16	3 15/16	4 1/4
3 Month %		4 1/2	4 1/2	4 1/2	4 1/4	4 7/16

	1975			1976		
	Budget		Provisional cutturn	Budget		
	DM '000 Million	% changes		DM '000 Million	DM '000 Million		% Changes
Expenditure	155.1	+ 9.6	156.3	164.0	+ 5.7	
Revenue	129.4	- 2.8	123.2	131.3	+ 1.4	
Net Borrowing Requirement	-25.7		-33.1	-32.7		



 * COMMENTS : The West German interest rate / inflation rate equation parallels rather
 * closely its U.S. counterpart although at a slightly lower level. On the trade performance,
 * however, these 2 nations diverge rather sharply with the U.S. heading into a \$ 3.5 bln
 * deficit & W. German expecting another massive surplus.
 * The net effect should be a gentle upward path for the DM.
 * Hold long positions raising stops to 39.25 basis Dec. 76.

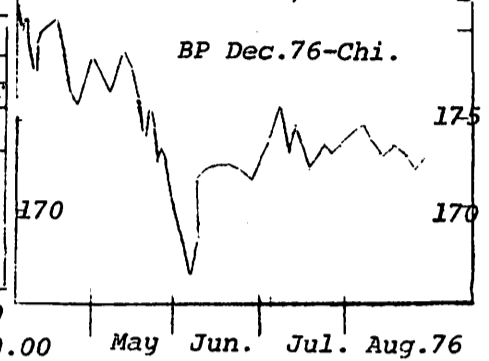
Open Interest (Aug. 27): 976 Margin Required : US\$ 2,500.00
 Round Turn Commission : 60.00 Contract Size : DM 125,000.00

* over year ago same month.
 ** cumulative figures for the period Jan.-July.
 *** appreciation or depreciation(-) from 18-12-71.

Aug. 30th, 1976

BRITISH POUND	Sept. 76: 177.0		Dec.76: 173.5		Mar.77 : 170.3		Jun.77: 167.5	
	Apr. 76	May. 76	Jun. 76	Jul. 76	** 1975	** 1976		
Balance of Trade (mln Stg.)	-263	-342	-360	-542	-1,443	-1,924		
* W.P.I. %	+11.04	+14.58	+14.94	+15.60				
Reserves (mln US\$)	4,848	5,423	5,312	5,370				
*** Exchange Rate-Trade Weighted %	Jul 23	Jul 27	Aug. 6	Aug. 13	Aug. 20	Aug. 27		
	-49.95	-50.10	-50.24	-50.18	-51.01	-51.08		
Euro Deposit Rate:								
1 month %		12 1/2	13 1/4	14.	12 11/16	13 3/8		
3 month %		12 3/4	13 1/4	13 7/8	13.	13 3/8		

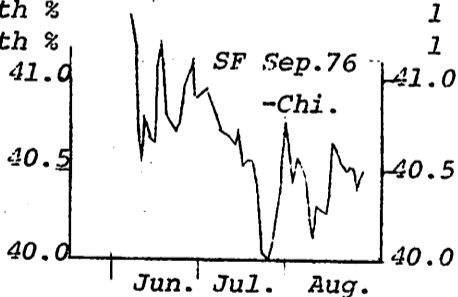
	1975/1976			1976/1977		
	ORIGINAL BUDGET		PROV'L OUTTURN	ORIGINAL BUDGET		
	£ mln	% change	£ mln	£ mln	% change	
Expenditure	43 671	+39.5	46 405	54 544	+24.9	
Revenue	35 844	+20.3	37 585	44 118	+23.1	
Net Borrowing	7 827		8 820	10 426		



Open Interest (Aug.27) : 742 Margin Req'd : US\$ 2,500
 Round Turn commission : US\$60.0 Contract Size: BP 25,000.00 May Jun. Jul. Aug.76

 * COMMENTS: The Old Lady of Threadneedle is in trouble again. Money supply has grown at a faster clip in the last 2 months than vowed by Exchequer Minister in his last Budget message. Even more worrisome is that private borrowing has surged despite overall sluggishness. This is attributed to the higher cost of imports (as a result of the de facto £ devaluation) & a desire to beat a possible import quota/tariff restriction. Interest rates are being kept artificially too low (a Democratic system's response to rising unemployment) & are no longer able to attract foreign capital. The rocky £ descent to unfathomable depths has begun anew. Add to previously established short positions by selling Jun.77 at these levels.

SWISS FRANC	Sep. 76 : 40.40		Dec.76 : 40.83		Mar.77: 41.21		Jun.77: 41.64	
	Apr. 76	May 76	June. 76	July 76	** 1975	** 1976		
Balance of Trade (mln SFR)	176.6	182	6	83	-1,278.8	+370.6		
* C.P.I. %	+2.22	+1.29	+2.20	N/A				
Reserves (mln SFR)	Jul.23	Jul 27	Aug. 6	Aug. 13	Aug. 20	Aug. 27		
	14,373	14,568	13,978	13,962	13,750	N/A		
Exchange Rate-Trade Weighted %	+44.36	+44,50	+44.94	+44.54	+44.94	+44.92		
Euro Deposit Rate:								
1 month %		1 7/16	1 5/16	13/16	15/16	13/16		
3 month %		1 5/8	1 7/16	7/8	1 3/8	1 1/4		



Open Interest (Aug. 27) : 1011
 Contract Size : SFR 125,000.00
 Round Turn Commission : US\$ 60.00
 Margin Required : US\$ 2,500.00

U.S. DOLLAR	Apr. 76		May 76		June 76		July 76		** 1975	** 1976	
	Balance of Trade (mln \$)	-202.1	+395.6	-377.3	-827	+6,417	-1,875				
* CPI %	+6.05	+6.21	+5.92	+5.42							
*Money Stock (M1) Compounded annual Rates of Change	5.9	5.5	4.1								
* Bank Loan & Inv't	5.2	5.2	5.0								
*** Exchange rate-Trade Weighted %	Jul 23	Jul 27	Aug. 6	Aug. 13	Aug. 20	Aug. 27					
	-12.47	-12.47	-12.57	-12.36	-12.79	-12.86					
Euro Deposit Rate:											
1 month %		5 5/8	5 3/4	5 11/16	5 5/8	5 1/16					
3 month %		5 1/2	5 7/8	5 3/4	5 11/16	5 1/2					

* over year ago same month
 ** cumulative figures for the period Jan.-July.
 *** appreciation or depreciation (-) from 18-12-71.

MEXICAN PESO

Aug. 30th, 1976

Sep. 76 : 79.89 Dec. 76 : 77.80
 Mar. 77 : 75.28 Jun.77 : 71.72 Sep. 77 : 69.60 Dec. 77 : 67.35

	1971	1972	1973	1974	1975	Jan.	Feb.	Mar.	Apr.	May.		
W.P.I. (1970=100)	103.7	106.7	123.4	151.2	167.1	181.6	183.9	186.6	187.5	190.4		
C.P.I. (1979=100)	105.7	111.0	123.6	151.3	176.8	190.4	194.1	196.6	197.7	199.2		
Wage Index (monthly rate)	108	115	129	165	...	...	...	...	...	...
Reserves (mln U.S.\$)	-177	-210	-144	-32	-151	...	...	...	...	...
Gov't Finance (-) deficit (mln U.S.\$)	----- 1973 -----				----- 1974 -----				----- 1975 -----			
	1	2	3	4	1	2	3	4	1	2	3	4
	-198	-406	-345	-1242	-318	-278	-512	-1222	-571	-479	-754	-1558
Forward Disc. (Annual Basis)	Spot/ Sep.76		Sep.76/ Dec.76		Dec. 76/ Mar.77		Mar.77/ Jun.77		Jun.77/ Sep.77		Sep.77/ Dec.77	
	4.56 %		10.46 %		12.95 %		10.92 %		11.82 %		12.93 %	

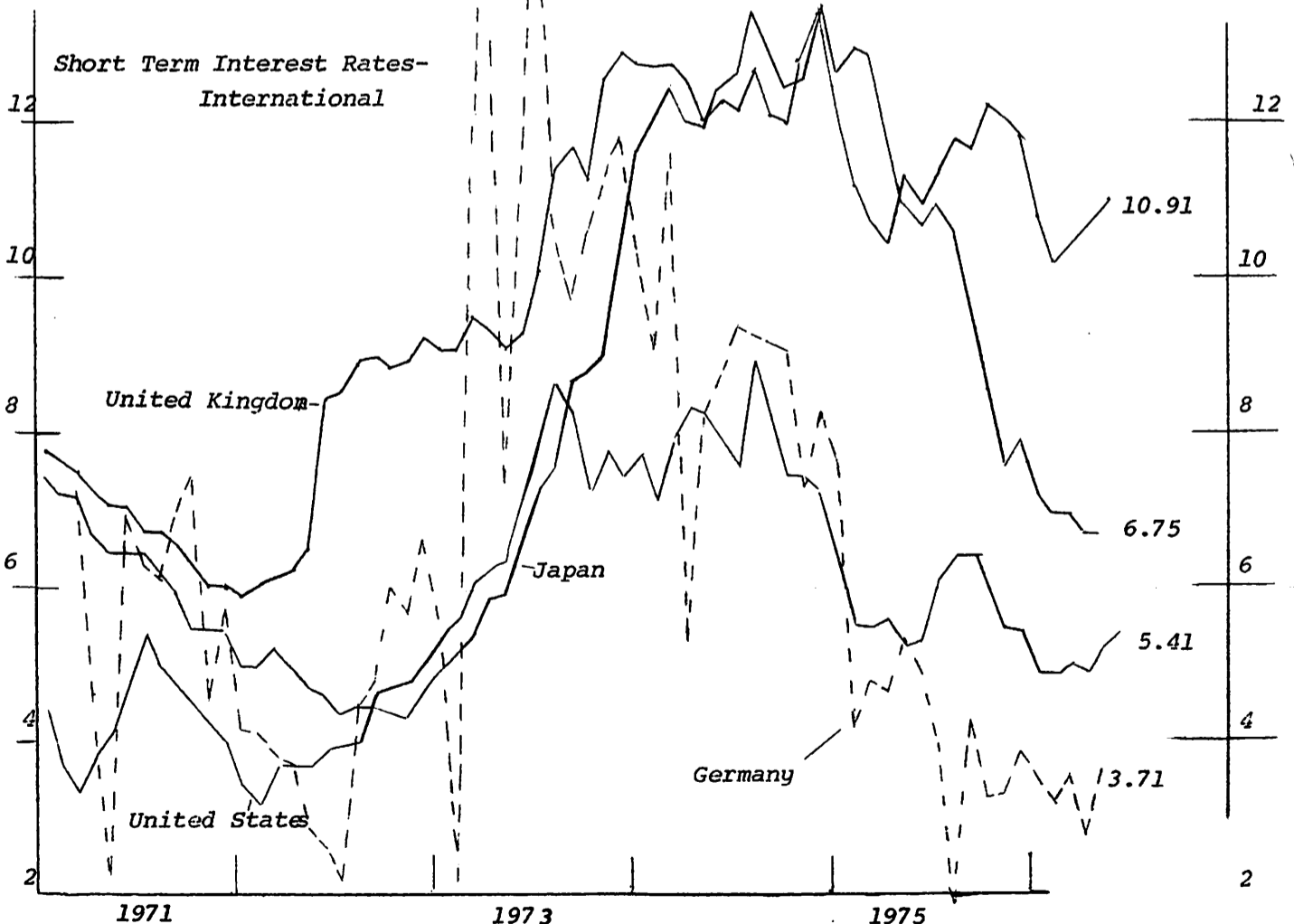
Open Interest (Aug.27): 2710

Round Turn Commission : US\$ 60.00

Contract Size : MP 1,000,000.00

Margin Required : US\$ 10,000.00

 * COMMENTS : With foreign debt approaching \$ 19 billion & the ever present threat of *
 * conversion from non-resident holders of \$6 bln of Peso term-deposits, incoming President *
 * Lopez Portillo acting as Finance Minister, has taken some strong steps to discourage *
 * speculation. He has asked banks to keep 50% of their cash as reserve requirements, *
 * place 25% in government approved special development projects such as public housing & *
 * use the rest for other purposes, including buying Federal & State paper. As a result, *
 * sales are lagging, unemployment is rising & the flight from the Peso has become *
 * increasingly expensive. On the other hand, the weight of servicing the foreign debt *
 * has become increasingly onerous. Obviously, Mexico is hoping to repay out of expected *
 * petroleum exports which may or may not grow much above last year's \$112 million *
 * (a paltry contribution to an annual balance of payments deficit running at \$ 3-3.5 bln.) *
 * Remain short Mar.77 - Long Sep. 77 until the effects of the present tight *
 * money policy can be assessed in more detail. *
 * *****



Wood Complex

*****	January '77 Plywood	152.50
*****	January '77 Lumber	153.00

Although the July pace of housing starts dropped 9% to a seasonally adjusted annual rate of 1.39 million units, permits topped 1.2 million units for the first time since April 1974, supporting a level of starts of 1.5 million before long. Furthermore, a new high for the year was reached for permits authorizing the construction of multi-family structures which augurs well for the heretofore weak link in the housing picture.

Technically, the market is now completing the second consolidation of the bull market started in the 3rd quarter of 1974. The lateral to slightly downwards correction began in February of this year at \$164 per 1000 board feet for Plywood and reached a recent low of \$142. The all-clear bullish signal will be given when November '76 breaks out of a 5-months downtrend at approximately \$156.

Add to previously established long positions of January '77 Plywood at market.

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.