

Market Reports

WEEKLY COMMODITIES
For week ending July 12, 1980

LONDON (AFP) — Gold moved up to its highest for nearly five months this week in a flurry of activity, before falling back.

Elsewhere seasonal quietness appeared to be settling over the commodity markets, with prices fluctuating relatively sharply in this trading.

Coffee was an active exception with quotations falling to 16-month lows as mild weather continued in Brazil.

Platinum followed gold higher, while tin fell to a ten-month low before steadying.

The strength of sterling during the early part of the week, at five-year highs against the US dollar, depressed sentiment.

Attention tended to be diverted away from commodities by the initial strong rise in share prices to 12-month highs on the stock exchange.

Meanwhile, on the political front, rumors that the Soviet Union had offered to withdraw some troops from Eastern Europe also acted against fresh speculative interest.

GOLD: Irregular — The weakness of the US dollar brought further good gains with prices reaching their highest since February. But subsequently interest slackened as the US currency improved.

The decline was equally sharp in unison with New York advice, before a marginal rally developed.

COPPER: Irregular — Early currency considerations were countered by a rise in US producers' prices and the lack of progress in solving the US copper miners' strike. Reports of a strike by Peruvian copper workers gave an added boost to buying, although New York's failure to follow London's trend brought some reaction towards the end. Stocks were down 400 tons to 109,600 tons, the lowest since November 1974, with further reductions expected.

ZINC: Quiet — The decline in prices continued following the sharp fall in Penang and hedge trade selling developed. Stocks rose 100 tons to 1,915 tons, reflecting an easier supply position, with further increases predicted. Prices touched their lowest since last September, with buyers wary in front of the second offering of 500 tons from the US stockpile which is due to take place next Tuesday (July 15).

LEAD: Irregular — The unexpected rise in stocks (up 1,850 tons to 27,375 tons) encouraged early profit-taking, but sentiment was later affected by the rise in copper stock forecasts which indicated further increases to come and buyers became more reserved in consequence.

ZINC: Quiet — Prices moved comparatively narrowly in line with lead and copper. Stocks, as expected, were down 1,050 tons to 57,750 tons, with further reductions forecast.

SILVER: Easier — Having fluctuated higher at first with gold, prices turned sharply easier as selling pressure built up in New York. Stocks were reduced by 160,000 ounces to 27,840,000 ounces.

ALUMINUM: Steadier — A firmer trend developed following news that Alcoa, the world's biggest producer, was cutting output to bring production more into line with demand. Alcan's similar move made a similar week ago. Meanwhile, stocks were down 1,525 tons to 16,325 tons, although this fall is likely to be replaced very shortly. World stocks in May showed their first rise of the year, the International Primary Aluminum

Institute said. Merchants outside the London metal exchange, quoted \$1720/1740 (against \$1710/1730) a metric ton.

NICKEL: Barely steady — After early steadiness as a result of the seventh successive weekly fall in stocks (down 120 tons to 5,984 tons, bringing the fall since April to 2,500 tons), buying interest faded owing to the general weakness of other metals. Merchants quoted an unchanged \$2.80/\$3.10 per pound.

OTHER METALS: Platinum moved higher reflecting heavy investment buying mainly on Swiss account and the movement in gold, before easing back to be quoted at 293.10 (against 298.90) pounds or \$696 (against \$703) an ounce.

Cobalt eased to \$18/20 (against \$20/21.5) per pound following the removal of sales allocations by Zaire's Sozacom agency. The current oversupply situation is largely due to rising production in Zaire, although other producers have also been increasing output, industry figures showed. Wolfram was quoted at \$144/147 (against \$143/146) a metric ton (ten kilo); quicksilver at \$400/410 (against \$410/420) per pound; frank, antimony \$3250/3300 (against \$3260/3310) a ton.

SCRAP: Higher prices were quoted for copper and brass, but cheaper offers were made for white metal, some grades of lead and zinc, and, on a nominal basis, aluminum.

RUBBER: Dull — Prices drifted off, but there was a fair interest reported at the lower levels. The steadiness of the Eastern markets where Soviet and Chinese buying was reported, was not sufficient to hold sentiment steady in London, dealers said.

WOOL: Quiet — Despite the unexpected size of the increase in the floor price announced for next season's Australian auctions, Bradford topmakers left their prices unchanged after initial uncertainty. But it was reported that the cheap offers (at up to 15 pence/kilo below quoted levels) were disappearing.

Meanwhile, deliveries are beginning to slow down, reflecting the start of the summer holidays.

COTTON: Quiet but very steady — Trading in Liverpool encountered three blank days, before interest developed for Middle Eastern cottons. A rising trend in domestic old crop wheat rose. The Liverpool prices index moved up to its highest since the end of May.

SISAL: Quiet, unchanged. Prices were unchanged, but jute goods turned easier following the reduction of the Bangladesh minimum export price. Bangladesh Hessians were down 5.2% and those from India fell 2.4%, while B. Twills were 5% cheaper from Bangladesh and 0.5% lower from India.

TEA: Irregular — Assams eased between five and 10 pence/kilo with many withdrawals. African brighter qualities were generally dearer, and other grades eased. Sri Lankans were mostly firmer. Average prices (pence per kilo): quality 150 (against 149 last week); medium 97 (101) and plain 72 (70).

GRAIN: Quiet — Domestic old crop wheat rose sharply as demand built up with still at least two weeks to go before the new crop is harvested. Steady interest was reported in futures trading as a precautionary step on weaker government conditions.

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EEC bigwig endorses temporary import curbs

LONDON July 14 (Reuter) — Luxembourg Foreign Minister Gaston Thorn has said import controls may be required to help some EEC industries, but they should only be a temporary measure.

In an interview with the British Broadcasting Corporation (BBC) Thorn, who is president of the EEC Council of Ministers and the expected successor next January to Britain's Roy Jenkins as president of the market's executive council, said he opposed import controls as an answer to industrial problems.

PROTECTIONISM. "Protectionism is certainly not the solution for the community as such at a time when we live on the edge," he said.

Thorn added "of course there are some sectors where occasionally, and for a short period of time, people may need to be helped and we may need to cut down on imports, but that's just for a short period," but gave no examples.

Thorn urged EEC countries to tackle their problems together and not pursue selfish interests.

"We have to convince people that national solutions are not profitable for them," he said. "We have to find common solutions for common problems."

Japan amenable

TOKYO (AFP) — Japan is ready to accept a European Community (EEC) demand for Japan to curb exports to the Common Market voluntarily in return for the removal of remaining import restrictions against this country, a government official said.

In this sense, Japan will be closely watching the EEC foreign minister's

July 22 debate on a "Japan strategy" that, drawn up by the EEC Commission, the official said.

He also said that if EEC foreign ministers approve the commission's Japan strategy draft, negotiations would probably start in autumn between the commission and the Japanese government for elimination of import restrictions.

57 ITEMS. At these negotiations, Japan will call for the removal of restrictions of 57 items (compared with 55 items, according to the EEC calculation), the official said, adding that EEC has claimed that Japan still maintains quantitative curbs chiefly on farm products from the common markets.

However, no such discrimination is actually being practised, he argued. The official forecast it would take a long time before Japan and the Common Market could reach final agreement in view of wide differences between them.

He said the 57 items in the EEC import restriction list include films, sewing machines, ball bearings, radio and television sets, passenger cars, trucks and auto parts.

CEILING. For example, Italy now sets the ceiling for auto imports from Japan at 2,200 units a year. France's ceiling on imports of television receivers from Japan is fixed at 88,000 sets and radios at 390,000 sets a year, he pointed out.

Earlier, Kyoto quoted ranking officials of the Ministry of International Trade and Industry (MITI) as saying that Japan would not accept the EEC proposal for Japan's imposition of volume control on its exports to Europe.

Iraq poised to nationalize all foreign oil companies
Plus total boycott of US

BEIRUT, July 14 (Reuter) — Iraqi Foreign Minister Saadoun Hammadi was quoted as saying his country favors nationalizing all foreign oil companies and a total boycott of the US to support the Arab cause.

In an interview with the English language weekly magazine *Monday Morning*, Hammadi also said Iraq would not be surprised if Palestinian commandos make good their threat to attack oil routes should the Arabs refuse to mobilize their resources.

Replying to a question, Hammadi said the Iraqi government fully supports the Arab cause to promote the Arabs' position in their struggle with Israel, but he would need to use that weapon unless all Arabs agree to use it as well.

When asked about using the oil weapon in the battle, we're talking about the use of an effort to stop the Iraqi oil alone would not be effective," he told the magazine.

When he told the just-concluded Arab economic and social council conference held

in Jordan the "effective use of the oil weapon in the battle" should be based on two factors.

2 FACTORS. Hammadi listed the two factors as firstly, the transfer of the ownership of the foreign companies to the national governments in other words, the nationalization of those companies...

Secondly, "the financial power represented by the Arab world in the boycott of the US economically, politically and diplomatically,

because the US position was and remains hostile to the Arab countries." Hammadi said whether the oil weapon would be used in the battle or not "depends on whether a consensus develops on these points."

He added he could understand the threat made by several Palestinian leaders to attack the Arab oil routes if Palestinian "rights" are not granted.

Asked what his government's reaction would be to the event of a possible military intervention in the Gulf to protect US interests, Hammadi said, "We can never, under any circumstances, accept the intervention of any big power, be it the US or anyone else, in the affairs of the Arabian Gulf or any other part of the Arab world."

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Miller tolerates tight money rules of European countries

WASHINGTON, July 14 (Reuter) — Treasury Secretary G. William Miller said he does not oppose the current tight monetary policies of most European countries.

"I think there is always the risk of holding (monetary policy) too tight, but I don't believe we're at that point," he told Reuters in an interview. "The prospects for growth in OECD this year and next are still there."

TECHNICAL PROBLEMS. Miller attributed the continued tight monetary policies of many foreign countries

to "technical problems." The mark is at the bottom of the European monetary system, which is the current high interest rate country to lower interest rates and meet its EMS obligations, he said.

The French franc is at the top of the EMS, but that country has the highest inflation rate on the continent, Miller said.

Miller also said, "I'm certainly not want to see the yen weaken badly again." Japan has held its discount rate steady despite a recent sharp drop in US interest rates.

The dollar has recently "performed well," al-

though it is at the lower end of its 7 to 9 mark trading range of the last 1-1/2 years, Miller said.

"But it was not long ago over 1.90 which was too high," he said.

Miller said that against most currencies, the dollar's recent trading range has been "quite comfortable."

He claimed that Republican presidential candidate Ronald Reagan's talk of other "irresponsible" tax cut weakened the dollar because the market viewed it as a sign Democrats would abandon monetary discipline.

US gold sale policy unchanged

WASHINGTON, July 14 (Reuter) — US Treasury Secretary G. William Miller said Reuters in an interview the US policy of selling gold from time to time is unchanged.

Asked under what conditions the Treasury might sell gold, Miller said the US might sell the metal if gold was attractively priced, or if the government wished to reduce its borrowing in the capital markets, to dampen speculation in the use of gold in commodities, or to help the balance of payments.