

In the US downstream inventory build and an outage in a downstream unit led to a substantial volume of acrylonitrile, possibly as much as 20,000 tons, being sold on the spot market in the last month at prices ranging between \$870-900/ton fob USG for December and January lifting. Most was snapped up by co-producers, and is destined for the Asian contract market. US product is still on offer but buying interest is diminishing and the lack of demand has led to product being sold at numbers in the \$835-850/ton fob USG range. Bids are as low as \$810/ton but no business has been transacted at this level so far. Sterling will restart two reactors in February, followed by the startup of Shanghai Petrochemicals and Tong Suh's new capacities in March.

In Europe demand from the fibre and ABS sectors is said to have dived suddenly over the past weeks. Fibre producers are throttling back and in some cases stopping production for 2-3 weeks over the holiday season. Buyers talk of offers of acrylonitrile below \$900/ton cif

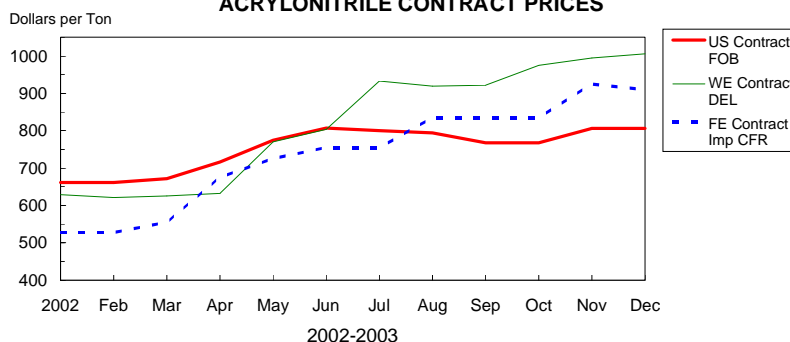
In Asia fibre stocks have built up, especially in China and this is hitting exports from fibre producers in Europe and Mexico. Weak fibre markets mean that fibre producers are well supplied with acrylonitrile for the last weeks of 2002 and beyond. China's duties on acrylonitrile imports will also move down from 7.8% in 2002 to 7.2% in 2003 and the combination of slow fibre demand and duty reductions means that Chinese buyers are not active in current markets. In Taiwan, November prices were agreed at \$920-930/ton for contract business. Producers say December prices are under discussion in the \$900-920/ton range. China's buyers say they are looking for numbers below \$900/ton for new business but so far no deals have been concluded at these levels.

	Nov-02	Dec-02			Dec-02
US PRICES	¢/pound	¢/pound			\$/ton
Contract	36.55	N.A.	FOB		N.A.
Export	40.37-40.60	37.88-38.10	FOB		835-840
EUROPEAN PRICES	€/ton	€/ton			\$/ton
Contract	975-1010	975-1010	DEL		984-1019
Spot T ₁	940-959	892-912	CIF		900-920
ASIAN PRICES	\$/ton	\$/ton			
Taiwan Contract#	920-930	900-920*	CFR		
South Korea Contract	920-930	900-920*	CFR		
Import Contract#	920-930	900-920*	CFR		
Import Spot	930-950	900-920	CFR		

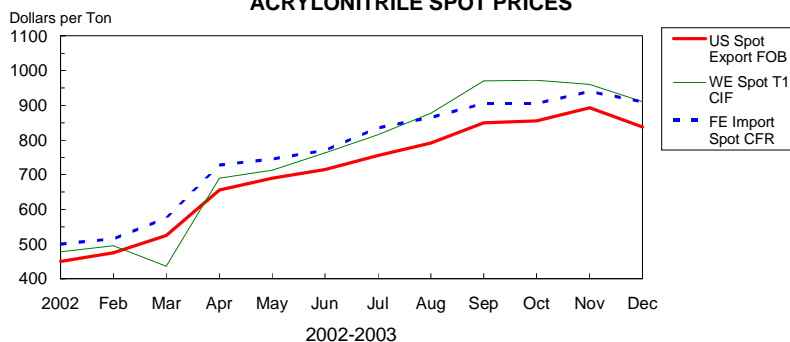
* Provisional

Excluding customer specific discounts of up to \$50/ton

**US, WEST EUROPEAN and FAR EASTERN
ACRYLONITRILE CONTRACT PRICES**



**US, WEST EUROPEAN and FAR EASTERN
ACRYLONITRILE SPOT PRICES**



**US, WE and TAIWANESE ACRYLONITRILE CONTRACT
MARGINS over 1.15 x PROPYLENE CONTRACT**

