

China's Ministry of Foreign Trade and Economic Co-operation, Moftec, announced early December that it would extend to 7 June 2003 its investigation of alleged dumping of caprolactam by Japan, Russia, Belgium, the Netherlands, and Germany into the Chinese market. However producers believe that provisional anti-dumping duties could be announced within weeks and be in place early 2003 to protect the market while the investigation continues.

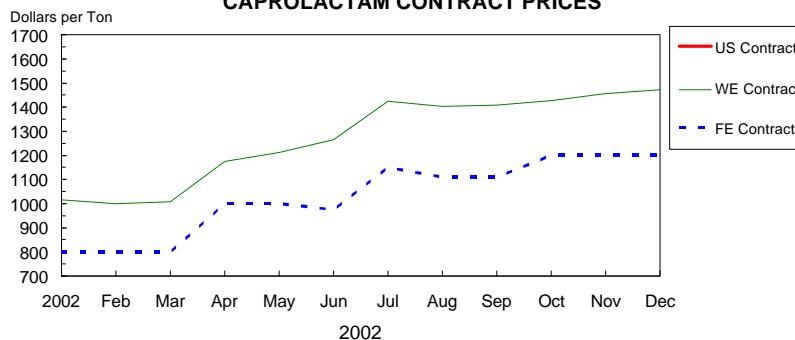
In all markets feedstock costs look likely to continue to pressure caprolactam margins. In the US the December contract at \$1.38/gal is well above November's \$1.17/gal and spot prices levels for January business are now talked above \$1.50/gal. In Europe too, benzene spot business at \$440/ton for January delivery is well above Q4 contract at Euro395/ton. Add to this the ongoing potential for hostilities in the Middle East and there is little incentive from the cost side for caprolactam producers to lower prices in Q1 2003.

However caprolactam prices have already come under pressure in Asia from reduced demand in the final two months of 2002. Fourth quarter numbers have not yet settled but producers aspirations are steadily being trimmed back and buyers aspire to price levels fairly similar to, or even below, Q3's \$1120-1150/ton. Spot numbers are talked well below \$1100/ton for January delivery. Fibre demand is seasonally weak and nylon prices have started to weaken in the last weeks of November. There is talk of production cutbacks to limit stocks. Polyester fibre prices had held up remarkably well but numbers are coming off here too, putting further pressure on nylon and therefore caprolactam pricing. In Europe dollar weakness against the Euro will have to be taken into consideration when negotiating Q1 contract pricing.

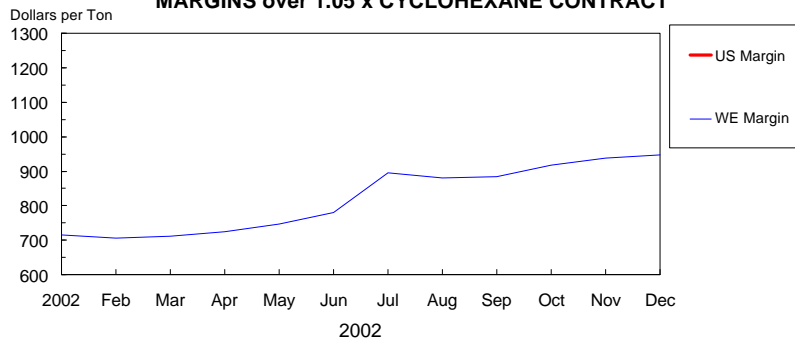
	Nov-02	Dec-02			Dec-02
<b>US PRICES</b>	¢/pound	¢/pound			\$/ton
Transaction	60-64	60-64			1323-1411
Export, Flake	49-51	46-48	FOB		1020-1050
<b>EUROPEAN PRICES</b>	€/ton	€/ton			\$/ton
Contract, Molten NW Europe§	1430-1475	1430-1475	DEL		1443-1488
Contract, Molten, Bulk	1330-1375	1330-1375	DEL		1342-1387
Export, Flake	1048-1098	1001-1031	FOB		1010-1040
<b>ASIAN PRICES</b>	\$/ton	\$/ton			
Taiwan Domestic Contract	1150*	1150*	EXW		
South Korea Domestic Contract	1150*	1150*	EXW		
Taiwan & S Korea Imp Contract	1200*	1200*	CFR		
Taiwan & S Korea Imp Spot	1120-1150	1080-1100	CFR		

§ Consumers of a few thousand tons per year \* Provisional

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



**US and WEST EUROPEAN  
MARGINS over 1.05 x CYCLOHEXANE CONTRACT**



**US and WEST EUROPEAN  
CYCLOHEXANE CONTRACT PRICES**

