

Settlement of the December US paraxylene contract price at 22.25 c/lb, sees an increase in the PTA contract price to 27.10 c/lb, from 26.93 c/lb in October and November.

A month ago, buyers of PTA in West Europe believed that PTA price weakness in Asia and a relaxation in paraxylene markets might be sufficient to win them further concessions in fourth quarter contract price negotiations. In the event, Asian PTA prices have held relatively firm and, with BP still experiencing operational difficulties at its Geel, Belgium paraxylene facility, paraxylene spot price have moved to new highs, breaching \$500/ton and moving close to \$550/ton. As a result, Q4 PTA prices have been settled at a roll-over of the Q3 level.

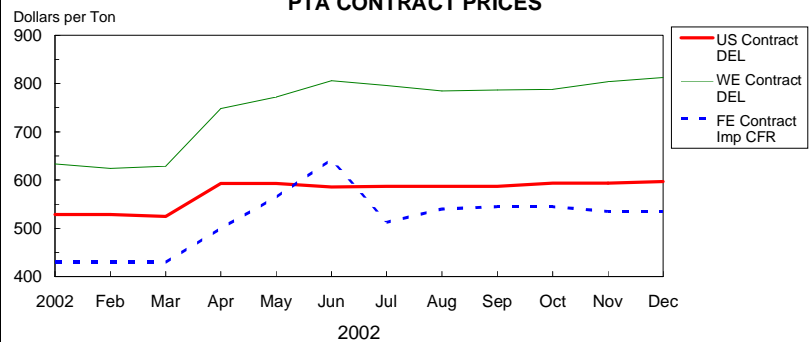
Seasonal slowness for polyester and Xiang Lu PC starting to move materials to customers in eastern China at the beginning of December has seen Chinese domestic spot PTA prices in Jiangsu and Zhejiang areas to soften to Rmb5750-5800/ton del (equivalent to an import price of \$525-530/ton cfr). Demand for imported materials for December arrival is stable, at \$525-530/ton cfr, but enquiries for January deliveries have totally stopped. This delay in enquiries may be attributed to the likelihood of China reducing import duties on most petrochemicals from the expected WTO bound rate for 2003 (11.8%) to the bound rate in 2006-2008 (6-8%). Slower polyester demand from the second half of January to the first half of February (Chinese Lunar New Year comes the end of January) should only see a mild reduction in operating rates for polyester polycondensation capacity, as the majors will continue production. In South Korea the market is very quiet. December contract export prices are around \$530-540/ton cfr China. But, buying interest appears to be weak.

		Nov-02	Dec-02			Dec-02
<b>US PRICES</b>		¢/pound	¢/pound			\$/ton
DMT	Contract, Molten	28.11-31.96	28.25-31.96	DEL		623-705
PTA	Contract	26.93	27.10	DEL		597
<b>EUROPEAN PRICES</b>		€/ton	€/ton			\$/ton
DMT	Contract, Molten	665-755	665-755	DEL		671-762
PTA	Contract, Market §	735-870	735-870	DEL		742-878
<b>ASIAN PRICES</b>		\$/ton	\$/ton			
DMT	Import Contract	590-640	590-640	CFR		
PTA	Import Contract	535	535	CFR		
PTA	Import Spot	525-540	525-530	CFR		

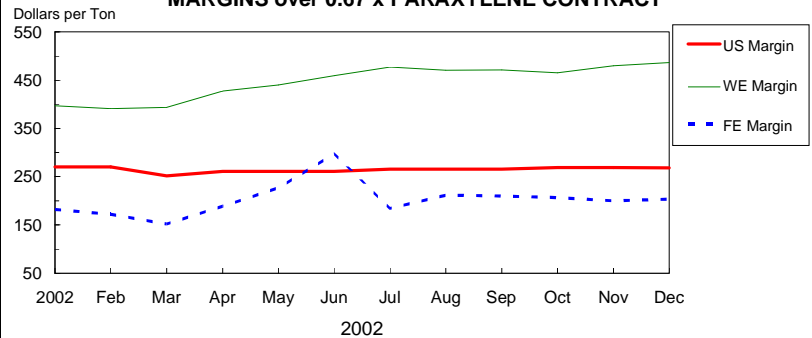
\* Provisional

§ Non-discounted

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



**US, WEST EUROPEAN and FAR EASTERN PTA CONTRACT  
MARGINS over 0.67 x PARAXYLENE CONTRACT**



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

