

US MEG producers are optimistic that the 3-c/lb price increases proposed to take effect 1 January can be achieved. Antifreeze and industrial grade customers are targeted. What worries US producers is that rising feedstock costs will prevent them from improving margins during the first quarter. Recent crude oil and natural gas price increases threaten to wipe out the benefit of higher January prices for integrated producers. Recent spot business reflects the upward trend. Mid-December prices were reported at 20 c/lb fob US Gulf Coast and higher, having fallen to a range of 18-19 c/lb fob in November.

The European market is currently in balance. On the spot market, prices of Euro430-460/ton cif Rotterdam have been mentioned. Prices in the Mediterranean started the month at Euro480/ton delivered and have since climbed, possibly as high as Euro500/ton delivered. As a result of outages, some co-producers have found it necessary to buy material on the spot market at prices rumoured to be in the region of Euro460-470/ton delivered.

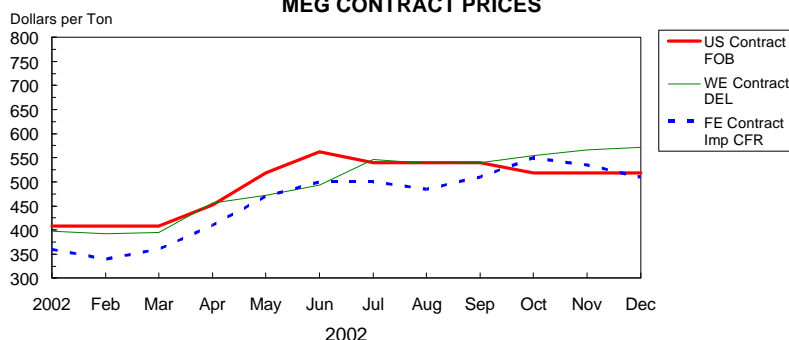
Signs of better demand and tighter supply in Asia have allowed MEG spot prices to rise since the beginning of December. Early December business is confirmed at prices in the \$470s/ton cfr Asia, and there are reports of new business at prices in the \$480s/ton cfr. Sellers appear determined to raise prices still further, offering January volumes at levels close to \$500/ton cfr Asia.

Both Sabic and Dow have announced higher price nominations for January contract business, \$510/ton and \$530/ton cfr Asia respectively, an increase of \$10/ton in each case. The nominations reflect improved spot market prices and wide anticipation of a tighter market in the first quarter.

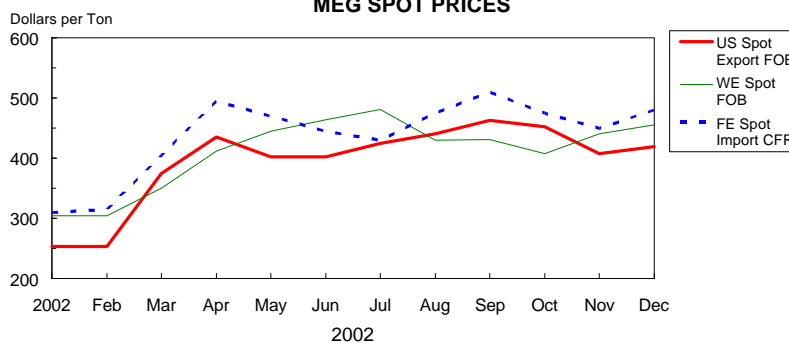
	Nov-02	Dec-02			Dec-02
US PRICES	¢/pound	¢/pound			\$/ton
FG Contract Reference	23.0-24.0	23.0-24.0	FOB		507-529
Contract Export, FG	20.45-21.11	19.57-20.22	FOB		431-446
Spot Export	18.0-19.0	18.5-19.5	FOB		408-430
Antifreeze Grade	18.0-19.0	20.0-21.0	FOB		441-463
EUROPEAN PRICES	€/ton	€/ton			\$/ton
Contract, FG	565	565	DEL		570
Spot T ₂	430-450	430-470	FOB		434-474
ASIAN PRICES	\$/ton	\$/ton			
Taiwan Contract	470-490	470-490	DEL		
South Korea Contract	520	500	DEL		
Import Contract	520-550	500-520	CFR		
Import Spot	440-460	470-490	CFR		

* Provisional

US, WEST EUROPEAN and FAR EASTERN MEG CONTRACT PRICES



US, WEST EUROPEAN and FAR EASTERN MEG SPOT PRICES



US, WE and TAIWANESE MEG CONTRACT MARGINS over 0.60 x ETHYLENE CONTRACT

