

The US contract mixed xylene price for December settled at \$0.995/gal, a decrease of 4.5 c/gal from November. After languishing in a narrow trading range from \$0.99-1.04/gal for the past several months, the spot mixed xylene price has broken sharply to a higher level. By 19 December, the spot price had reached \$1.21/gal with even higher levels possible within the next few days. Barring an unexpected collapse in the spot price, the contract mixed xylene price should push to a much higher level in January.

Several factors have contributed to the stronger mixed xylene market. Demand has increased as the paraxylene price has escalated and isomer producers have worked to maximise production. This demand increase is believed to include a restart of the BP small paraxylene plant at Decatur, Alabama, as BP has been a large buyer of spot product in recent days. Energy market strength has also been supportive of the mixed xylene price although gasoline blending is not a significant factor with current blend values far below the spot mixed xylene price. Fears of supply disruptions from Venezuela and/or Iraq tension have also been a factor. Finally, a recent operating problem at the AtoFina refinery at Port Arthur, Texas has led to a force majeure declaration affecting mixed xylene deliveries over at least the next two weeks. This is a classic supply/demand squeeze where increasing demand has occurred just as supplies have been unexpectedly reduced. Further escalation in price is a distinct possibility in the short term.

The European posted solvent price has increased slightly this past month. Further increases are anticipated in response to the escalation in price seen in the US. Product for isomer production has also increased with representative prices now thought to be around \$340/ton, up from \$300/ton last month

		end-Nov 02	end-Dec 02		end-Dec 02
US PRICES		c/gallon	c/gallon		\$/ton
Xylenes	Contract	104	99.5	FOB	302
	Spot	98-100	120-121	FOB	365-368
EUROPEAN PRICES		\$/ton	\$/ton		€/ton
Xylenes	Spot ex-Rotterdam	345-350	350-355	CIF	346-352
ASIAN PRICES		\$/ton	\$/ton		
Xylenes	Korea, Solvent	330-335	355-365	FOB	

