

As 2002 ends, the US consensus view seems to be that it wasn't too bad for OEM's & compounders – especially those working primarily within the automotive sector. One major auto compounder, Chem Polymer, even reports 2002 to be a record year and expects continued growth next year. Few polymer producers expect any improvement early in 2003, and there is no upward price movement in virgin resin. Although caprolactam prices have risen significantly this year, nylon 6 resin prices have hardly moved, and remain under strong downward pressure in a depressed market.

European producers are still running well below available capacity, and some have offered price concessions to reduce current inventory. “Yo-yo” pricing has been the theme of this quarter, with polymer prices frequently being increased or reduced according to plant loadings and inventory levels, but showing no longer term trend up or down. There still seems to be optimism in the UK market, though elsewhere in Europe there is little prospect of a significant improvement in demand while the possibility of war with Iraq remains. The impending entry of new members to the European Union may well stimulate growth next year, though.

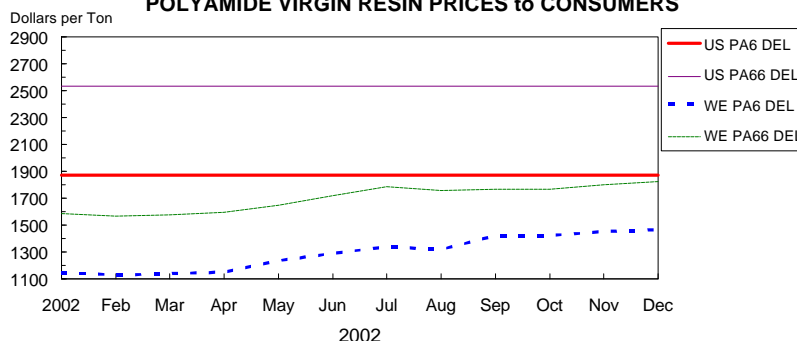
Japanese producers are stepping up their Chinese high-performance resin business, as customers in home appliance, office equipment and cars increase production and start transferring R&D activities to China. The Korea Fair Trade Commission (KFTC) has ruled that Kolon can only purchase Kohap's nylon & polyester film operations if it resells one of the two nylon production lines in the deal. The KFTC said Kolon must by the end of February have made a reasonable attempt to sell off one of the two Kohap nylon lines to its rival Hyosung, in order to retain balance in the domestic market.

		Nov-02	Dec-02			Dec-02
US PRICES		¢/pound	¢/pound			\$/ton
Resin 6 †		80-90	80-90	DEL		1764-1984
Resin 66 †		110-120	110-120	DEL		2425-2646
EUROPEAN PRICES (Germany)		€/ton	€/ton			\$/ton
Resin 6 †	Engineering polymer*	1400-1500	1400-1500	DEL		1413-1514
Resin 66 †	Engineering polymer*	1750-1850	1750-1850	DEL		1766-1866
ASIAN PRICES		\$/ton	\$/ton			
Resin 6 †	Injection Moulding	1600-1700	1650-1750	CFR		
Resin 6	Spinning Chip	1300-1400	1300-1400	CFR		
Resin 6	Fishing Net Yarn Chip	1450-1550	1500-1550	CFR		

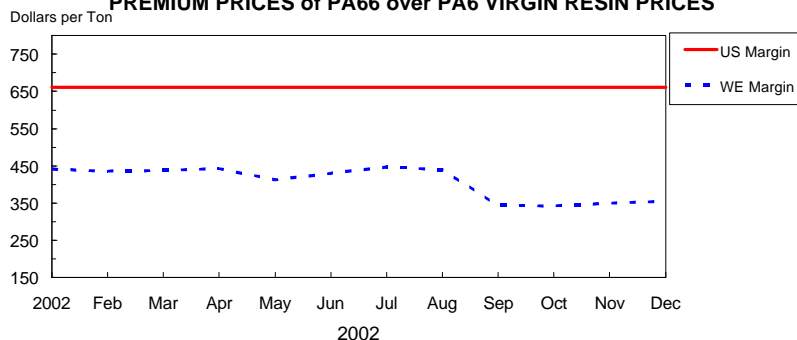
† Virgin Resin, Medium Viscosity

US prices shown are quotes as nett prices, after the volume rebates and OEM discounts typically available to large contracted suppliers to the automobile industry.

**UNITED STATES and WEST EUROPEAN
POLYAMIDE VIRGIN RESIN PRICES to CONSUMERS**



**UNITED STATES and WEST EUROPEAN
PREMIUM PRICES of PA66 over PA6 VIRGIN RESIN PRICES**



**US, WEST EUROPEAN and SOUTHEAST ASIAN
PA6 VIRGIN RESIN MARGINS over 1.02 x CAPROLACTAM**

