



METHANOL & DERIVATIVES

Date: April 11, 2008
Issue: 503

PLEASE MARK YOUR CALENDARS

EUROPEAN BIOFUEL CONGRESS

Location: Philharmonie Essen, Germany - June 24.-25. – 2008

We herewith invite all relevant representatives of companies and organizations involved in the traditional and alternative fuel industry. The **EUROPEAN BIOFUEL CONGRESS** will present technical, political and economical issues informing about supply security, environmental protection, competitiveness and innovation streams of alternative fuels for transportation.

For more details please go to our company website www.dewittworld.com where it will provide you with more details on the Congress.

Direct Contact in Europe Wolfgang Seuser - wseuser@t-online.de in Germany.

MARKET SUMMARIES

GLOBAL

- Chinese methanol values rebounded this week, but CFR prices remain stable for the moment. Methanol values in other parts of Asia were stable-to-weaker. Spot activity remained limited. Spot prices in Europe dropped another \$22.5/MT this week even though consumers were expecting higher spot values. Spot prices in the U.S. also plunged this week, dropping \$43/MT from last week's average.
- Update on Methanol –Fueled Home Cooking Stove (see page 6/7).

ASIA PACIFIC

- Production: Zagros was shut down for a few days from 5-7 April due to issues with cooling water supplies. The plant was restarted 8 April, but is expected to take another 10-day shutdown 2H April to resolve a technical problem. Fanavaran was also expected to be shut down from 10 or 12 April till 20 April, due to a problem in the turbine. Ar-Razi 5 is still expected to begin production in early May.
- Chinese methanol values rebounded this week, but CFR prices were assessed stable for the moment. Methanol values in other parts of Asia were stable-to-weaker. Spot activity remained limited.

WESTERN EUROPE

- Even major consumers believe that current spot is too low, however during the recent week spot was discussed further down.
- Referring to confirmed Spot deals DeWitt Spot estimation for week 15-2008 is set between 215 – 220 Euro per ton FOB T2 ROT.
- Crude oil prices in London for North Sea Brent at almost \$108/barrel, gasoline at \$945/ton in Rotterdam.
- MTBE in Rotterdam: the factor was discussed at almost 1.08 most likely a result of spot selling willingness.

UNITED STATES

- We are posting our SPOT PRICE for this week for spot barges at \$0.90/gallon (\$299/MT = Euro 189/MT) to \$0.94/gallon (\$313/MT = Euro 197/MT).
- Spot ideas jumped up to over \$1.00/gallon late in the week with no deals confirmed at press time.
- It appears that the U.S. market is again headed towards the 2004-2007 “trading range” when spot and contract pricing moved in a narrow band from 80 cpg (\$266/MT) to \$1.00/gallon (\$332.5/MT) except during two periods with major supply disruptions to the USGC (see EDITORIAL on page 3).

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GLOBAL PRICES

Chinese methanol values rebounded this week, but CFR prices remain stable for the moment. Methanol values in other parts of Asia were stable-to-weaker. Spot activity remained limited. Spot prices in Europe dropped another \$22.5/MT this week even though consumers were expecting higher spot values. Spot prices in the U.S. also plunged this week, dropping \$43/MT from last week's average.

Region	April Contract Price	Last Week's Spot Price	This Week's Spot Price
EAST ASIA	\$450/MT CFR*	\$340/MT - \$370/MT	\$340/MT - \$370/MT
EUROPE	Euro 295/MT = \$464/MT	Euro 235/245/MT = \$370/385/MT	Euro 215/220/MT = \$340/348/MT
UNITED STATES	\$505/MT - \$532/MT	\$319/MT - \$379/MT	\$299/MT - \$313/MT

*Methanex reference price

UNITED STATES SUMMARY

- We are posting our SPOT PRICE for this week for spot barges at \$0.90/gallon (\$299/MT = Euro 189/MT) to \$0.94/gallon (\$313/MT = Euro 197/MT).
- Spot prices declined the first half of the week to as low as 90 cpg.
- Spot ideas jumped up to over \$1.00/gallon late in the week with no deals confirmed at press time.
- February 2008 methanol imports totalled 496k MT.
- With domestic methanol production estimated at about 995 million MT, imports of only 5.2 million MT will be needed in 2008 (450k MT/month).
- It appears that the U.S. market is again headed towards the 2004-2007 "trading range" when spot and contract pricing moved in a narrow band from 80 cpg (\$266/MT) to \$1.00/gallon (\$332.5/MT) except during two periods with major supply disruptions to the USGC (see EDITORIAL on page 3).

MARKET ACTIVITY

Spot prices declined the first half of the week to as low as 90 cpg. Spot ideas jumped up to over \$1.00/gallon late in the week with no deals confirmed:

- The week opened with spot deals done at 94 cpg for April and May.
- Mid-week spot deals reportedly done as low as 90 cpg for May.
- However, late in the week a complete turnaround in spot ideas with spot being offered from the trade to a consumer at \$1.02/gallon for April.
- **We understand that current spot offers are over \$1.00/gallon for April and May.**
- Reports that methanol avails very currently tight "on the river" due to some vessel delays.
- Also, rumours of possible P & C spot purchases by a producer that has tightened spot avails and spot prices.

DeWitt Weekly Methanol Spot Deals Concluded during the week U.S. Gulf Coast – cents per gallon	
Week ending Apr 4	96.0 – 114.0
Week ending Apr 11	90.0 – 94.0
Week ending Apr 18	Pending
Week ending Apr 25	Pending
May 2008	90.0 –94.0
June 2008	Pending

PRICING INFORMATION (at press time)

- Very late Friday April 4, a spot barge sold intertrade at **94 cpg for April.**
- About April 4th a spot barge sold by a producer to the trade at **94 cpg for May.**
- About April 5th a spot barge sold intertrade at **93 cpg for April.**
- About April 5th a spot barge sold intertrade at **90 cpg for May.**

We are posting our SPOT PRICE for this week for spot barges at \$0.90/gallon (\$299/MT = Euro 189/MT) to \$0.94/gallon (\$313/MT = Euro 197/MT).

Reported spot volume concluded this week is a miniscule 1.68 million gallons (5k MT).

As usual, some P & C deals were done this week at prices close to what we reported.

MARKET INFORMATION:

- February 2008 methanol imports totalled 496k MT.
- Domestic methanol production for 2008 estimated at about 995 million MT. Thus, imports of only 5.2 million MT will be needed in 2008 (450k MT/month).
- YTD imports for 2008 are averaging 472k MT/month.

PRICE FORECAST

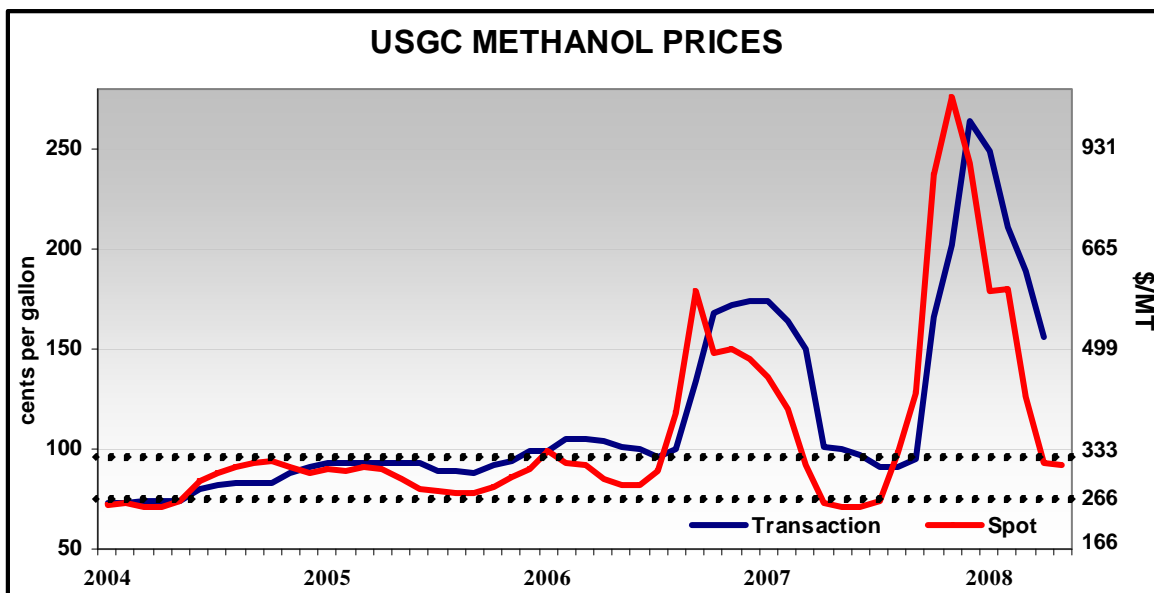
On March 27th we updated our price forecast for 2008-2011. Based upon current spot price trends and the Posted Contract Prices for April 2008, we have reduced our price forecast for remainder of 2008 but have not reduced our forecasts for 2009-2011 except for the Low Price Case.

Please call our Elsie Allphin at 281-878-7209 to obtain your private password to access the latest detailed U.S. price forecast on the DeWitt website.

EDITORIAL COMMENTS

Spot prices dropped about \$43/MT as of press time to an average spot price of \$306/MT.

- This puts the spot price at the high end of the recent historic “trading range”.
- However, spot pricing is now discussed at over \$1.00/gallon for April and May due to some vessel delays and perhaps some strong buying by a producer on a P & C basis. No spot deals at these price levels confirmed at press time.
- With methanol demand for 2008 projected at 6.3 million MT, this is 200k MT below 2007 demand.
- Presently, the arb is not open for supply from Europe or Asia.



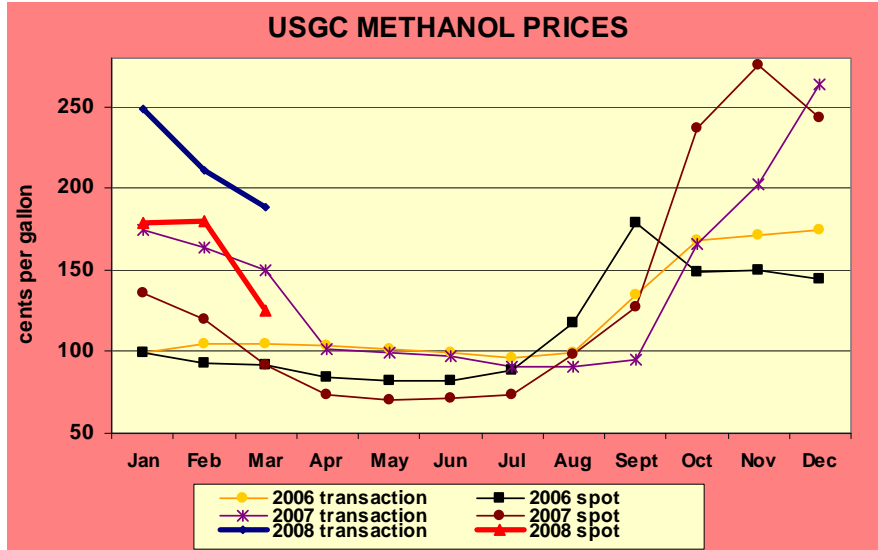
It appears that the U.S. market is again headed towards the 2004-2007 “trading range” when spot and contract pricing moved in a narrow band from 80 cpg (\$266/MT) to \$1.00/gallon (\$332.5/MT) except during two periods with major supply disruptions to the USGC.

- However, we believe that contract and spot prices could well spike above the “trading range” when there is another unscheduled prolonged outage of a mega plant.
- Also, if contract prices drop much lower, high cost plants in Central Europe and other locations could be forced to close.
- Excursions below the “trading range” are unlikely in 2008:
 - The only significant additional capacity in 2008 is the start-up of the 1.7 million MT/year Ar Raz1 # 5 plant in early May. Estimate that about 850k MT will hit the market in 2008 from this plant.
 - Petronas Methanol Labuan’s 1.7 million MT/Yr plant is now not expected to start up until the end of 2008.

MARCH 2008 SPOT & TRANSACTION PRICES

DeWitt's March 2008 Transaction Price was determined to be \$1.887/gallon (\$627.4/MT = Euro 403.7/MT) FOB USGC.

DeWitt's weighed average spot barge posting for March 2008 was calculated at \$1.256/gallon (\$417.6/MT = Euro 268.7/MT) FOB USGC.

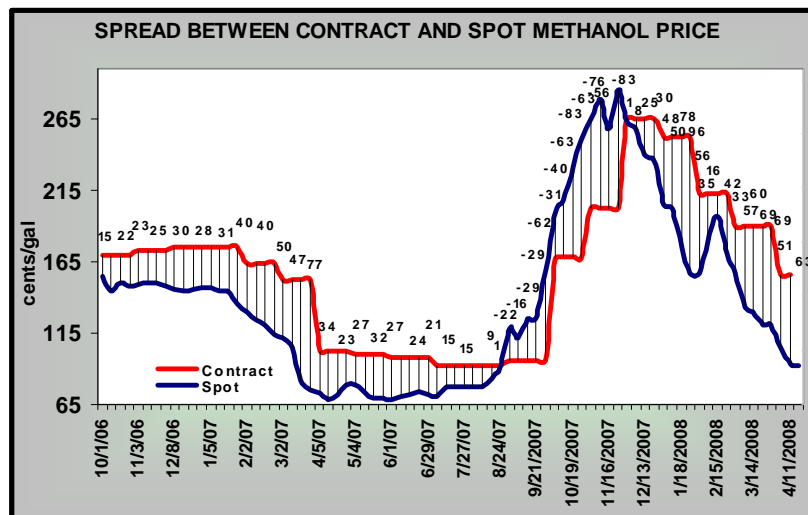


CONTRACT POSTINGS FOR APRIL 2008 AND MARCH 2008

APRIL 08 POSTING	DECREASE CPG	CPG	\$/MT	EURO/MT
Methanex Methanol	30.0	160.0	532	336
Southern Chemical	38.0	152.0	505	319
MARCH 08 POSTING	DECREASE CPG	CPG	\$/MT	EURO/MT
Methanex Methanol	20.0	190.0	632	410
Southern Chemical	25.0	190.0	632	410

METHANOL SPOT VERSUS CONTRACT PRICES

- Spot activity decreased this week with four spot barges done for April and May at decreasing spot prices.
- Spot barges done this week for April averaged 93.5 cpg.
- The average spot price of 93.5cpg is 62.5 cpg lower than the April Average Postings of 156.0 cpg.
- Spot barges done this week for May averaged 92 cpg.



METHANOL IMPORT/EXPORT DATA FOR FEBRUARY 2008

Per data released by the US Census Bureau, **February 2008 methanol imports totaled 496k MT. Imports for 2008 are averaging 472k MT/month. Imports had averaged 485k MT/month for 2007:**

- Spot imports (noted in red) totaled 42.4k MT which included imports from China, Europe and from Russia.
- **The split for imports in February 2008:**
 - 417k MT to the Gulf Coast,
 - 64k MT to the East Coast
 - 8.9k MT to the West Coast
 - 6.2k MT to the Northern Tier
- Curtailed formaldehyde production due to weak housing starts **is estimated to reduce total U.S. demand to only 6.3 million MT for 2008.**
- **With domestic methanol production estimated at about 995 million MT, imports of only 5.2 million MT will be needed in 2008 (450k MT/month).**

COUNTRY	FEBRUARY IMPORTS	2008 YTD
CANADA	1937	2052
ARGENTINA	24,131	39,716
TRINIDAD	233,362	480,848
VENEZUELA	104,627	141,159
CHILE	9,079	27,630
RUSSIA	17,383	17,383
EQ GUINEA	77,167	118,963
BAHRAIN	3,713	3,713
CHINA	5,629	26,074
JAPAN	0	10,056
SAUDI ARABIA	0	22,018
OTHER	19,404	54,663
TOTAL MT	496,431	944,276

Methanol Exports in February were 34.9k MT primarily to Mexico and Central America. Exports for 2007 totaled 252.5k MT.

DERIVATIVE DEMAND

Nothing new to report:

- Formaldehyde demand is off about 10%-15% from 2007 while 2007 was off 10-15% from 2006.
- Distribution demand is holding up in certain areas:
 - Oil field applications remain strong.
 - Solvent applications remain good
- Acetic acid demand remains strong but a little off from 2007 levels.
- MTBE demand steady at 2007 rates.
- Demand for biofuels is off considerable. Suppliers will not ship “weak” companies that might close down due to weak demand and high costs for feedstocks.

MTBE DEMAND*

Notional spot MTBE prices trended marginally up and down in the \$2.93 to \$2.94/gallon range early this week (April 3-April 10) and increase substantially on April 10 due to:

- Movement in sympathy with European gasoline market and NYMEX RBOB contract pricing.
- Inventories continue balanced to being comfortable on the USGC but some spot volumes are currently available.
- **Demand from Mexico and Venezuela appears to be covered. However, Venezuela could come back into the market closer to the end of the month for incremental bbls.**
- **We also understand that Chile has started to import small parcels of MTBE from USGC about 2-3 months ago. No additional details at press time.**
- **Also, Jamaica has commenced importing about 25k bbls/month of MTBE from the USGC.**
- **Spot offers presently at about \$2.94/gallon FOB Houston and \$2.99/gallon FOB Beaumont with no bids.**
- No spot deals were reported this week.
- “Get done” price presently estimated at about \$2.97/gallon FOB USGC.

*Refer to DeWitt’s Fuels & Octane Report

MTBE PRODUCTION

Nothing new to report:

- All US plants seem to be running well.
- In December 2007, MTBE production was reported at 59k bbls/day that implies a 95% operating rate.
- Exports of 50k bbls/day represent 85% of the total production the remainder being backcracked to high purity IC4.

*Refer to DeWitt’s Fuels & Octane Report



CLEAN FUELS NEWS*

The U.S. Department of Agriculture released its **Prospective Planting Report for Corn & Soybean:**

- **Prospective planting for corn for 2008 is only 86.0 million acres** versus actual planted acres in 2007 of 93.6 million acres. This is a decrease of 9.1%.
- Private estimates for corn are about 1.4 million acres higher.
- It should be noted that 2007 corn planting was the largest since 1944 and this year's projected corn planting could still be one of the largest on record.
- **Prospective planting for soybean for 2008 increased to 74.8 million acres** versus actual planted acres in 2007 of 63.6 million acres. This is an 18% increase from last year.
- Private estimates for soybean are about 3.1 million acres lower.

Reduced Corn Planting Will Have Huge Economic Impact

- Corn prices already at record highs due to surging demand for food, feed and federally subsidized ethanol could jump even higher!
- **Corn prices now at \$6.05/bushel versus \$3.71/bushel one year ago.**
- Consumers will see higher prices for many corn-containing products including soft drinks made from high-fructose corn syrup to plastic bottles made from corn.
- Ethanol producers will also see their bottom line shrink due to higher corn prices.
- The USDA reports that corn stockpiles are lower than expected and there could be shortages with ethanol producers using about one-third of the 2008 corn crop.

*Refer to DeWitt's Fuels & Octane Report

SPECIAL REPORT ON METHANOL-FUELED HOME COOKING STOVE

Jim Crocco (Edited first DeWitt Methanol Newsletter back in 1983) and Dr. Harry Stokes have been working on this program for a number of years. If successful, as much as 20 million MT/year of methanol could be required.

**UPDATE ON THE DOMESTIC ALCOHOL-FUELED
CLEAN COOK HOME COOKING STOVE PROGRAM**

It is estimated that almost half the world's population cooks their daily meals with high polluting and potentially dangerous fuels such as wood, charcoal, leaves, dung and kerosene. Many, if not most, people cook in enclosed areas which, according to the World Health Organization, leads to some 1.6 million deaths per year, primarily women and children, from pulmonary problems. Dometic AB, a Swedish company, has been producing the *Origo* alcohol stove for approximately 30 years for recreational and marine outlets. A version of this stove has been developed to focus on the home-cooking field to reduce household air pollution and at the same time decrease the need to gather fuel wood that leads to deforestation, land erosion and flooding and also to reduce reliance on dangerous and expensive petroleum-based fuels. Converting to alcohol fuel, either ethanol or methanol including blends of the two, can go a long way in reducing these problems. Studies indicate that a typical lower income family of six would consume approximately one liter of alcohol per day or almost a third of a ton each year. **At a 10% market penetration this could amount to about 20 million tons of ethanol and/or methanol per year which would experience a rather seamless entry since no technical development is required.**

Project GAIA, for the Greek Goddess of Earth, was launched about eight years ago. Dr. Andy Stokes was a pioneer of this initiative but he passed away in September of 2003 and his efforts are being continued by his son Harry and others.

Two years ago an 800 stove pilot test program was carried out in Ethiopia with very encouraging results. Almost half of these were located in refugee camps operated by the United Nations High Commissioner for Refugees (UNHCR). UNHCR has now purchased thousands of them. Assisting in this effort has been the US EPA, the Shell Foundation, the U.S. Embassy, UNDP and various local interests. In fact, plans are now being made to manufacture the *CleanCook* stove in Ethiopia. In short, the commercial development of the stove in Ethiopia is well underway and should set the stage for other world locations as well.

Nigeria is also being targeted as a *CleanCook* stove market. This country contributes about 20% of the world's flared gas which is down from 40% some years ago. The country has a population of around 140 million

of which approximately 13 million families now use air polluting fuel wood or dangerous kerosene for cooking. With its large population, traditional cooking practices and huge quantities of available associated gas as a feed stock for methanol fuel, Nigeria is an excellent country in which to introduce the *CleanCook* stove. In fact, Project GAIA is assisting a private partner to build a 100 TPD skid mounted methanol plant to service the potential initial cooking fuel use.

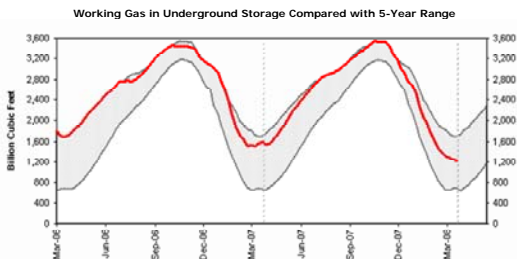
For further information please contact Jim Crocco at www.icrocco@valornet.com or in the US at 1/936/594-5939.

THE DOMETIC *CLEANCOOK* STOVE



NATURAL GAS STORAGE

As of April 4, 2008 natural gas in storage was 1,234 Bcf. This represents a net withdrawal of 14 Bcf from the previous week compared to an injection of 33 Bcf for the same period in 2007. Stocks were 351 Bcf less than last year and 23 Bcf below the 5-year average of 1,257 Bcf. The withdrawal likely reflected the heating demand for natural gas as heating degree-days in the Lower 48 States were about 7% above normal levels during the report week, and almost 62% above the level reported for the same week last year. **Inventories are 1.8% below the 5-year average.**

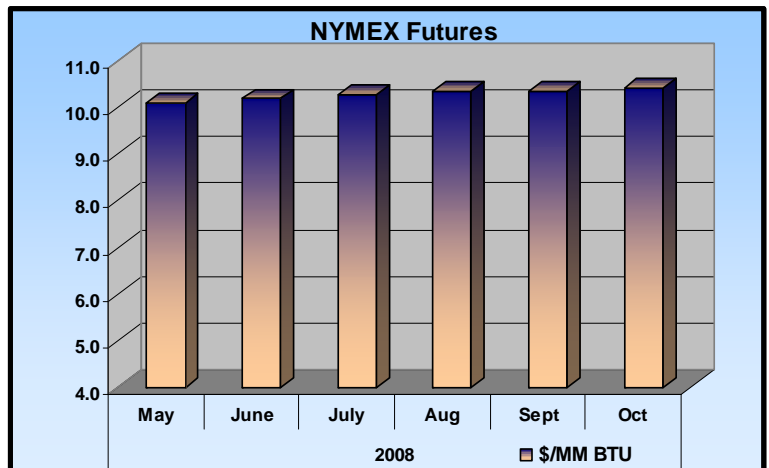


WEEKLY STORAGE REPORT – EIA Data for week ending April 04, 2008				
	Current Stocks	Prior 5 yr Avg	Year Ago	Net-change from last week
Total In Bcf	1234	1257	1585	-14 Bcf

EIA Data

NATURAL GAS PRICES

NYMEX futures prices for the May 2008 to October 2008 period closed this week at an average price of \$10.274/MM BTU for the period (at press time). This is up \$.674/MM BTU with the average price of \$9.600/MM BTU for the forward six-month period reported last previous newsletter. Temperatures throughout the U.S. were mild but prices increased due to rising crude oil prices, the resumption of industrial load, and injection demand for natural gas.



With the Inside FERC Houston Ship Channel natural gas price at \$9.25/MM BTU, the breakeven cash cost of the remaining domestic methanol producers in April is at \$1.04/gallon to \$1.07/gallon. At the present posted methanol prices domestic production is very profitable.

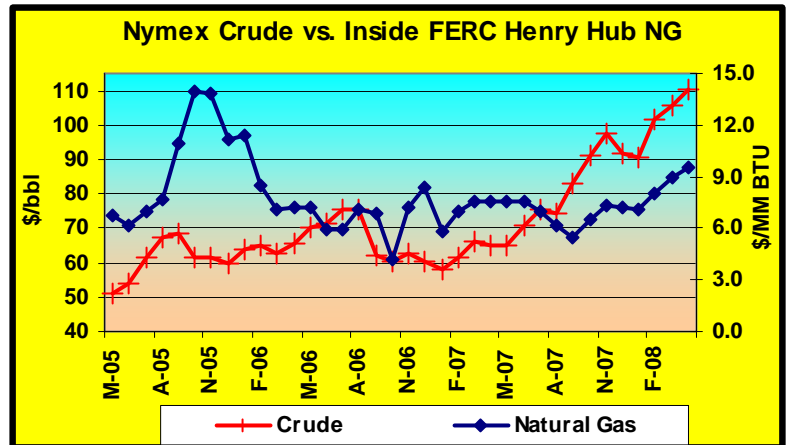
Natural gas prices could increase as the Independence Hub Platform (185 miles SE of New Orleans) had to shut down due to a leaking undersea pipeline. The platform supplies 2% of the nation's natural gas.

CRUDE OIL PRICES

Crude Prices increased to \$110.08/bbl (at press time) from \$105.49/bbl reported previous newsletter.

Crude prices rose to a new trading record of \$112.21 on Wednesday after the Energy Department said supplies fell unexpectedly last week. However prices dipped a little as the dollar strengthened against the euro, giving some investors an opportunity to take profits. **Some analysts blame the weakness of the dollar for crude prices exceeding the \$100/bbl level.**

U.S. crude inventories decreased by 3.2 million barrels to 316 million barrels. Distillate inventories decreased by 3.7 million barrels to 106 million barrels and gasoline inventories decreased by 3.4 million barrels last week to 221.3 million barrels.



At today's crude oil price, the equivalent energy value for natural gas is \$18.34/MM BTU. At current spot and futures prices, natural gas is presently trading about 45% and 44% below its equivalent crude oil energy value for spot gas and the 6-month futures price, respectively.

ECONOMICS

- **The Federal Board Meeting Minutes for March 18th (released April 8th) indicated that economic activity had continued to decelerate in recent months.** The contraction in homebuilding intensified, consumer spending appeared to be weakening, and survey measures of both consumer and business sentiment were at depressed levels. Industrial production fell in February, and private payroll employment posted a third consecutive monthly decline. After having increased in recent months through January, both headline and core inflation as measured by the consumer price index (CPI) dropped noticeably in February. In early March, however, prices of oil and other commodities rose sharply. **The Federal Open Market Committee decided on March 18th to lower its target for the federal funds rate 75 basis points to 2-1/4 percent.**
- **The U.S. trade deficit in February unexpectedly increased by 5.7% to \$62.3 billion from \$58.2 billion in January, according to the Commerce Department.** A surge in imported automobiles completely overtook a record amount of exports.
- **U.S. deficit with China was \$18.4 billion**, down from January's \$20.3 billion. Chinese imports dropped 7.8%.
- **Consumer Sentiment Index, as measured by the University of Michigan dropped to 63.2 in April following 69.5 last month. Confidence among U.S. consumers sank to a 26-year low in April** as the labor market continued to deteriorate and gasoline prices rose. The index of current economic conditions fell to 78.4.

WESTERN EUROPE EUROPEAN SUMMARY

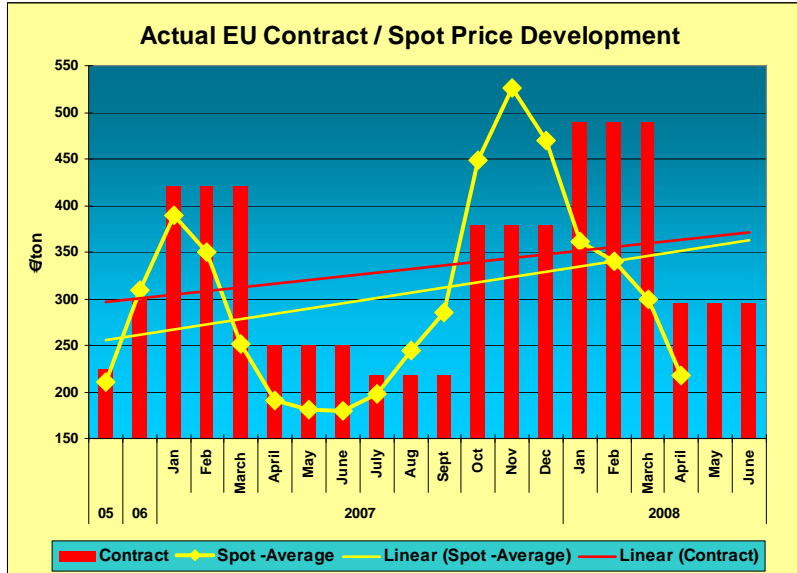
Pricing	Spot 215 – 220 Euro
Supply/Demand	relaxed
Editorial	price conflict – too low vs. too high
MTBE	gasoline at \$945/ton, MTBE factor 1.08
Plant Operation	operational update
Economics	EU GDP update
Energy	crude oil at \$108/barrel
EU Energy Supply	Gazprom gas pricing
Biofuel	D1 Oil restructuring
Announcement	Lyondell



**MARKET ACTIVITY
PRICING**

We refer to confirmed spot deals, which discussed price level further down. Deals were agreed on 215 Euro, 216 and 219 Euro.

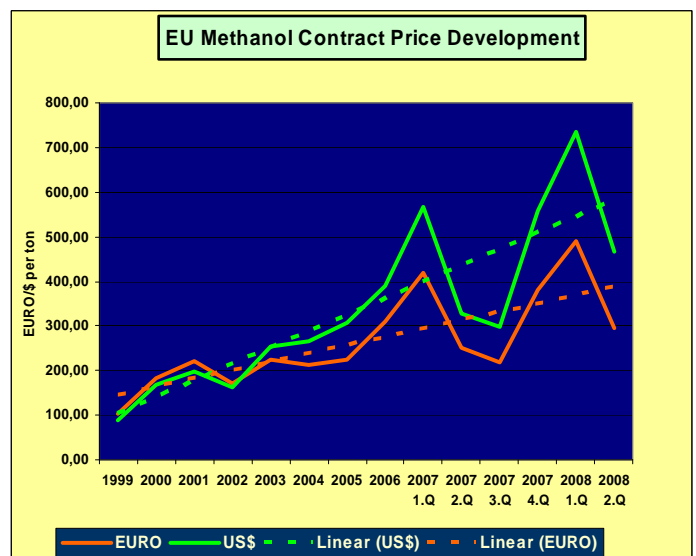
Referring to these market moves DeWitt spot price estimation is set between 215 – 220 Euro per ton FOB T2 ROT for week 15-2008.



Annual average of the Quarterly Contract Price development in Europe from 2000 to date, always used the actual exchange rate at the reported time.

X-rate for Q1-2008 - average 1,50 US-Dollar for 1,00 Euro
 X-rate for 03/28/2008 – 1,58 US-Dollar for 1,00 Euro

Annual Methanol EU Contract Price Development		
	EURO	US\$
1999	102,50	90,00
2000	183,75	167,25
2001	220,00	197,00
2002	171,50	163,83
2003	225,75	254,91
2004	212,50	264,91
2005	225,00	306,31
2006	299,50	389,00
2007	317,00	466,00
2008 1.Q	490,00	735,00
2008 2.Q	295,00	466,10



SUPPLY/DEMAND

The current quarter is too young to estimate supply and demand balance. Not in line with earlier estimation it seems to be more product available than expected.

We expect a wave of product move with the beginning of Q2 as consumers will look to refill empty tanks for proper production conditions.

Basically, we see no change in our recent estimation of supply/demand in Europe. As such, we again have to address that together with the lack of Methanol supply to the Biodiesel producers primarily reported out of Germany we clearly have a reduction in demand of Methanol in Europe.

EDITORIAL

Consumers of big volumes of Methanol expressed their concern about the current price movement of spot. Even at the level of last week (235 – 245 Euro) their shared opinion with us expecting prices higher soon. However, this week spot was discussed again lower.

Without referring to any market element usually used to explain market moves we see a copy of the year 2007. In Q1-2007, there was a CP of 420 Euro, followed by 250, thereafter came 218 Euro. But, in Q4-2007, the contract price increased at 380 Euro. Are we on the way back to higher prices by the end of 2008?

How to answer this question? In 2006/2007, a Force Majeure kicked prices up. Prices became lower because the production capacity returned to the market and became available again. By mid-to-end 2007, a similar size of production capacity stopped production, but did not return to the market place. Production was stopped because by lack of gas supply, which most likely we keep it down for ever. However, currently the market place seems to be able to live with it.

There are four units in South America with a nameplate capacity of almost 4 mio tons, from which three were closed mid -2007. Assumed in earlier times the produced volume out of the closed units was at almost 2 mio tons (to go to the possible lower end of volume estimation), such a loss reflects almost 5% of the global demand. In “normal times”, price for Methanol must logically remain high.

Another alternative may be that recessive elements have reduced demand of Methanol, which seems unlikely considering the overall reported positive indicators of business climate. However, referring to comments received out of the Formaldehyde consuming industry we heard that the recent high prices of Methanol have resulted in remarkable losses.

But rounding all angle of view we also have to consider that the volume of Methanol coming out of Chile may have been overestimated. The unit Chile IV started in mid-year 2005, which we reported in earlier newsletters that gas supply restrictions from Argentina started in 2004 already. There was only the year of 2006 in which all four units may have produced under full capacity rates. In 2006, we had Contract prices in Q1 268 Euro, in Q2 285 Euro, followed by 250 in Q4 395. For Methanol, the year 2006 was by no means a low priced year leading me to the assumption the utilization rate of the four units was most likely not at the high end. As a possible result, the final loss of three units may likely not have affected the industry as estimated.

Still left is any estimation of the affect of the bank crisis currently in all news published in regard of Methanol consumption. It is my hope that through the current “normal priced” quarter supply and demand balance will provide some more background.

DERIVATIVES

MTBE*

Factor of MTBE over gasoline increased slightly to 1.08 likely driven by sales discussion of some additional spot deals. Our contacts reported a good demand of MTBE in the Rotterdam market place. Further increased crude

Methanol Pricing History				
2008 FOB T2 ROT in EURO				
Month	Contract	SPOT	Average Month	Average Quarter
2005	225	210		
2006	299	310		
1. Q 2007	420	331		
2. Q 2007	250	183		
3. Q 2007	218	233		
4. Q 2007	380	491		
Oct 07	380	448		490,79
Nov 07	380	526		
Dec 07	380	499		
Jan 08	490	430 - 470	361,00	334,71
		350 - 390		
		300 - 335		
		330 - 340		
		325 - 340		
Feb 08	490	325 - 340	340,00	
		335 - 350		
		335 - 350		
		335 - 350		
Mar 08	490	285 - 335	303,13	
		275 - 330		
		265 - 335		
		265 - 335		
Apr 08	295	235 - 245		
		215 - 220		
May 08	295			
June 08	295			

oil prices drove gasoline to almost \$945/ton. Ethanol prices we were told have been reduced but not in a way like a crash, which was expected due to the Biofuel news out of Germany.

Please see details later in this report.

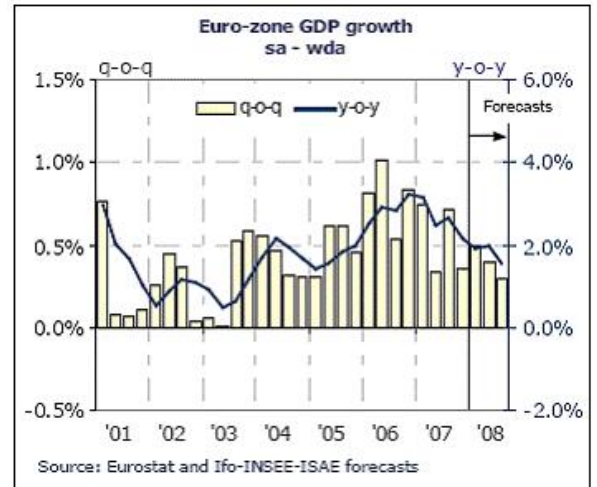
Details you can find in our Fuel & Octane report

ECONOMICS

EUROSTAT informed:

After displaying some resilience at the beginning of 2008, the Eurozone economy is set to lose momentum gradually under the influence of a worsening international environment, published by the Association of Three Leading European Economic Institutes -**the German IFO institute, the French INSEE institute and the Italian ISAE institute.**

Industrial production, after a rebound in Q1 (0.7%), will slow down in Q2 (0.5%) and Q3 (0.4%). Erosion of households purchasing power will moderate the pace of consumption growth (0.4% in Q1 and Q2, 0.3% in Q3), while business uncertainties and less conducive credit conditions will damp down investment in Q2 (0.5%) and Q3 (0.4%), following a still positive Q1 (0.7%). Overall, GDP is expected to slow down progressively in the coming quarters (0.5% in Q1, 0.4% in Q2, 0.3% in Q3).



By the third quarter, the annual growth rate is forecast to slow to 1.6%. In its latest World Economic Outlook, published today, the International Monetary Fund (IMF) forecasts Eurozone growth of 1.4% in 2008.

Provided that the oil price stabilizes within the range US\$ 97-100 per barrel of Brent and assuming a dollar/euro exchange rate around 1.50, inflation is estimated to decelerate slightly in Q2 (3.2%) and Q3 (3.1%).

ENERGY*

Oil, in London, rose nearly \$3 by beginning this week to almost \$109/barrel as a fire at Finnish Neste Oil refinery on a diesel unit at its 200,000 bpd at Porvoo stirred fresh fuel supply concerns. The refinery currently passing a repairs and maintenance activity confirmed closure would stretch through May following that fire.

Market players expect demand for gasoline and oil to fall further as prices rise.

In view of most of our contacts, the US-Economy is headed for a recession, dragging world economic growth down along with it. Normally, with bearish economic data, you would see oil pricing drop, but these days the trading relationship is: bad economic news means bullish movements in oil.

Brent crude price in London is still above \$108/barrel. Gas prices are currently above 10 USD per mmBtu.

***Refer to DeWitt's Fuels & Octane Report**

EUROPEAN ENERGY SUPPLY

Gazprom - European Gas Market

Owing to its geographical proximity to Russia and a dominant position of Russian gas, the European gas market continues playing an important role in the export policy of Gazprom. In 2006, Gazprom's natural gas sales to European countries accounted for EUR 161.5 bln giving an increase of 3.5 percent as compared to 2005.

Gazprom supplies approximately one-third of Western Europe's total gas imports. The major consumers of Russian gas are Germany, Italy, Turkey and France.

Gazprom exports gas to Central and West European countries mainly under long-term, 25-year agreements that typically derive from intergovernmental treaties. Long-term contracts underlie steady and reliable gas supplies.



Only long-term deals can guarantee returns on the producer and the exporter's multibillion dollar investments in major gas export projects and steady and reliable gas flow for the importer in the long term.

Gazprom gas prices for the supply of local consumption and for export to Europe

Source: Gazprom - Moscow

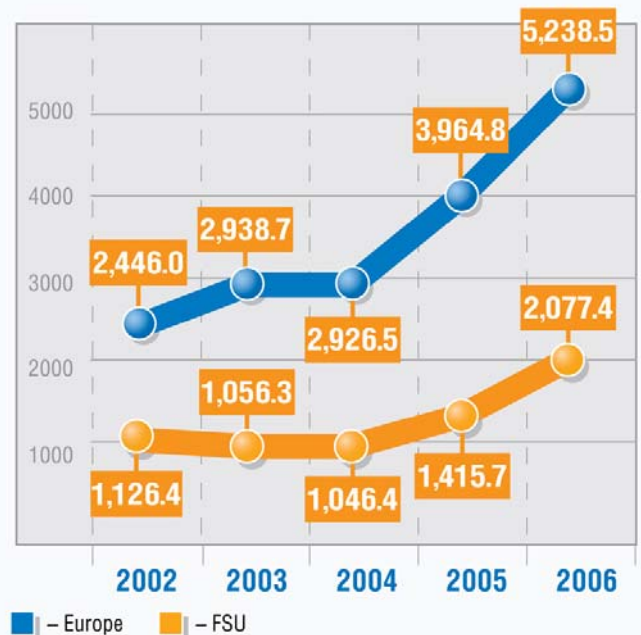
In mid-2006, the x-rate of Russian Rubel to US-Dollar 0,0387 ; 2077 Russian Rubel were at that time 80,50 USD for 1000 cbm.

The 2008 price of Russian natural gas for Belarus could be around \$125 per 1,000 cbm, 25% more than the current rate, the Russian Ministry of Industry and Energy said last week. Gazprom offered to discuss specific terms and conditions should be coordinated between the energy companies before the end of the year.

Gazprom Gas Prices for the supply of Europe at that time were at almost 203 USD for 1000 cbm.

Gazprom's CEO published last week the average price for natural gas for Europe in 2008 could reach \$400 per 1,000 cubic meters, 13% more than previously expected.

The current price in Europe exceeds \$370. Gazprom believe the average price in 2008 could be \$378 and could even reach \$400 per 1,000 cbm.



The price hike was necessitated by the weakening US-Dollar. However, basic Gazprom's belief remains the price increase would not affect the growing demand for natural gas on the European market.

Gazprom also announced plans to hold talks soon with importers of Central Asian natural gas following an announcement by regional producers that they would charge European-level prices from 2009. Uzbekistan, Turkmenistan and Kazakhstan said on Tuesday that they would begin exporting their natural gas at European-level prices from 2009.

Gazprom confirmed to currently switching to market gas contracts with the former Soviet republics, and was already using market pricing for gas supplies to the Baltic nations. Gazprom and Ukraine's state gas company Naftogaz reached an agreement ending their long-running gas dispute. Under the deal, Ukraine will pay a much higher rate of \$315 per 1,000 cu m for Russian gas supplied in the first two months of this year. Gazprom feels committed to supply Ukraine with at least 49.8 billion cbm of Central Asian gas at \$179.5 per 1,000 cu m from March until December 2008.

In regard of the domestic market, Gazprom currently is prioritizing Russian consumers. High economic growth and the influx of foreign capital into the real sector of the economy as driving forces behind Russia's energy demands.

The rise of national industries, such as producers of cement, building materials, and fertilizers and gas refineries, is also pushing up gas demands. Gazprom plans to introduce market gas prices for Russian industrial consumers in 2011.

Details you can find in our Fuel & Octane report

BIODIESEL

D1 Oils has ditched its "earth to engine" business model after the Biofuels developer announced a new share placing and the closure of two of its refineries to fund its future development and research.

The company has been hit by heavily subsidized US Biodiesel imports and sharply rising feedstock prices and will now withdraw from refining and trading and concentrate on plant science and the planting of jatropha, a tropical oilseed bearing tree. Its Middlesbrough and Merseyside refineries are to be closed and employee numbers will more than halve to 81.

D1 Oil said that because of the highly competitive market in Europe in which only very large scale operations were viable, it did not see the UK offering a viable location for refining and trading to meet domestic demand for the foreseeable future.

The timing of D1's restructuring comes ahead of the introduction of the UK's Renewable Transport Fuels Obligation, intended to underpin the UK market for Biofuels. However, D1 now believes UK demand will be met largely by US imports. Its share price has reflected recent sentiment towards Biofuels.

D1 will now focus on the technology and services required for upstream breeding, development and planting of new varieties of commercial Biofuels crops, principally jatropha, which produces inedible oil from land unsuitable for arable agriculture.

Continuing activities include D1-BP Fuel Crops, a 50/50 joint venture with BP, the oil group. Total planting and rights to offtake from plantations in India, Africa and south-east Asia totalled 192,016 hectares at the end of March.

This D1 Oil Company restructuring process needs to be added to all the news coming from German Biodiesel and Ethanol producers. The bio-wave came along with high expectation of growth being supported by politicians and relevant framework of legislation.

Instead, the sector struggles not only to counter a wave of negative publicity by environmental organizations questioning Biofuels' impact on climate change, land use and food prices – but also with commercial challenges that during the last year have made Biofuel production uneconomic – as it was fundamentally from the beginning only surviving by the expectation of tax supportive programs.

The most important of these commercial pressures are the very high prices of vegetable oils and, crucially, the impact of imported US B99 Biodiesel. The 11p-a-litre US government subsidy borne by this imported Biodiesel has made it uneconomic to produce Biodiesel.

But the wave of new plants being constructed planned or proposed demonstrates a conviction challenges will be overcome. Crucial to this is the European Biodiesel Board which is compiling a detailed dossier soon to be submitted to the European Commission about damage caused by subsidized US imports. The result could be a countervailing duty.

Russia Announces Plans to Boost Biofuel Production

Thirty new plants producing Biofuel are to be created and existing plants will be refurbished in Russia as published by relevant local sources. Furthermore, from this year the Russian government intends to implement a programme to develop Biofuel production in Russia, and increase production to 2 mio tonnes per year.

Russia also addressed to have a programme to adopt the Euro 3 standard this year (which has partly already been done according to different sources) together with the plan to work actively in the area of Biofuel.

ANNOUNCEMENT*

LyondellBasell announced that it has completed the purchase of the Shell oil refinery and associated infrastructure and businesses at the Berre l'Etang petrochemical complex in France. The refinery, with production capacity of 105,000 barrels per day, is adjacent to a LyondellBasell polyolefins complex at Berre that includes a steam cracker, butadiene extraction unit and world-scale polypropylene and polyethylene plants. LyondellBasell also has a polyethylene plant and a site that produces propylene oxide, MTBE and ETBE nearby at Fos-sur-Mer.

The acquisition of the Berre refinery enhances raw material integration for LyondellBasell operations in France and supports our polyolefins business in Europe. Furthermore, this transaction puts the company in a better position to build upon our fuels and chemicals businesses in Europe.

LyondellBasell has been the largest customer of the Berre refinery, purchasing naphtha, vacuum gas oil (VGO) and liquefied petroleum gas (LPG) as raw material for its steam cracker. Other refined products include gasoline, diesel, jet fuel, bitumen and heating oil.

In addition, LyondellBasell produces app. 1.2 million mt p.a. Biofuels at its plants in Fos-sur-Mer, France and Rotterdam, Netherlands. The LyondellBasell plant at Fos-sur-Mer has the flexibility to produce both MTBE and bio-ETBE in support of the European Biofuels directive.

***Refer to DeWitt's Fuels & Octane Report**



ASIA PACIFIC

REGION SUMMARY

- **Production: Zagros** was shut down for a few days from 5-7 April due to issues with cooling water supplies. The plant was restarted 8 April, but is expected to take another 10-day shutdown 2H April to resolve a technical problem. **Fanavaran** was also expected to be shut down from 10 or 12 April till 20 April, due to a problem in the turbine. **Ar-Razi 5** is still expected to begin production in early May.
- Chinese methanol values rebounded this week, but CFR prices were assessed stable for the moment. Methanol values in other parts of Asia were stable-to-weaker. Spot activity remained limited.

MARKET ACTIVITY

Asian Spot Prices (in USD/mt)

	4 Apr 08	11 Apr 08	Trend/Comments
Korea*	360-370	360-370	<->
Taiwan**	340-350	340-350	<->
China	360-370	360-370	<->/up
Southeast Asia	345-355	340-350	<->/down
West Coast India	330-340	320-330	<->/down

* These are spot values, and are sometimes different from frame contract prices which are published in our price table on the last page

** These include also price settlements with term/regular buyers

Chinese domestic methanol prices rebounded this week, but CFR China prices were assessed stable for the moment.

Asian spot activity remained muted, with relatively less seen offered on a spot basis this week, perhaps in view of Chinese domestic prices strengthening again.

Spot buy interest from **China** was healthy this week, but no new deals were heard confirmed though there were rumours that a spot deal had been done at USD 380 CFR China, and one offer rumoured at USD 400 CFR China. Last-done spot business last week had been at prices in the USD 355 CFR to high USD 360s CFR range, for 2H April deliveries from the Middle East and Southeast Asia.

Exports from China remained unworkable, with domestic sales still offering better netbacks.

Local prices in East China were up to RMB 250/mt (about USD 36/mt) higher at RMB 3500/mt (roughly equivalent to breakeven prices in the high USD 390s CFR). In South China, ex-tank prices also rose to RMB 3500-3600/mt (roughly equivalent to breakeven prices in the mid USD 390s CFR to USD 405 CFR).

Chinese demand from the formaldehyde and DME sectors, as well as likely for methanol gasoline production, was strong, supporting this week's local Chinese price hikes. Higher coal prices have also been cited as a supporting factor.

There was some spot buy interest seen from **Korea**, but no new deals were heard concluded. Local Korean demand remained relatively weak. Domestic Korean pricing had also been under downward pressure in March due mainly to competition from smaller distributors distributing lower-priced Chinese spot imports, as well as an increase in spot imports from the Middle East and Southeast Asia. But this situation has eased this month due to the sharp reduction in Chinese imports to Korea, as well as fewer spot offers from other traditional supply sources.

Southeast Asian and **Taiwanese** markets remained relatively weak. There has been very little spot buy interest seen with stock levels in these markets still relatively high.

Indian methanol values were assessed weaker, with domestic prices continuing to weaken on bearish sentiment. There was also very little activity seen in this market, with few participants looking to sell or to buy.

In **Iran**, **Zagros** was **shut down for a few days from 5-7 April due to issues with cooling water supplies**. The plant was restarted 8 April, but is **expected to take another 10-day shutdown 2H April** to resolve a technical problem. **Fanavaran** was also expected to be shut down from 10 or 12 April till 20 April, due to a problem in the turbine.



In **Saudi Arabia**, the **Ar-Razi 5** was still expected to begin production in early May.

In **Qatar**, maintenance at the **Qafac** plant was completed in 10 days during 1H March. The 3000mt/day plant had initially been planned to be shut down for 14 days. It is now running at full rates.

PLANT OPERATION

Africa

- **AMPCO shut down their 1.0 million MT/year plant in EQ Guinea the weekend of January 19th to install the new compressor:**
 - The plant restarted and reached full rates over the Feb 9/10 weekend.
 - Production could increase as much as 150k MT/year.

America's

United States

- None scheduled.

Trinidad

- **MHTL has delayed the scheduled turnaround s in Trinidad as follows:**
- **M3 (550k MT/year)- shut down the end of March for 25 days**
- **M2 (550k MT/year – shut down the middle of April for 25 days**

Completed turnarounds (last 6 months)

- **M5000 was down for a 2 week turnaround to change out the reformer catalyst and to perform some outstanding maintenance work. The plant was successfully restarted about Feb 18.**
- **The 600k MT/YR Millennium/Lyondell plant shut down in early October 07 for a scheduled 5-week turnaround in conjunction with AA and VAM turnarounds. The plant returned to full rates about Nov 19th.**

Europe

BMC Netherlands in Delfzijl – one unit produces regular Methanol. Bio-reactor is installed for Bio-Methanol production on second unit. Start-up in suspense – Meanwhile glycerine – the possible feedstock – developed different from expectation due to reduced Biodiesel production.

Leuna - normal production rates, but in front a maintenance lasting from 2. May – 19. June.

Russian Producers

Shchekinoazot – new plant under planning with 500kt capacity likely coming on stream by end of 2010.

Toljatti, Russia normal exports and as heard at reduced sales activity.
 Heard bigger volumes have been committed to a major global player.

RMF – Metafrax, Gubachka - no news.

Tomsk – no news.

Central Europe Production Plants

Our contacts informed about an increase of 8,5% for Gas prices for Romanian plants now paying around 300 USD/1000 cbm; this means according to our theoretical calculation only for feedstocks to pay prices of around 255 USD per ton (or almost 175 Euro/ton) of produced Methanol.

OMV Petrom, Craiova reported production rate of currently 350 tons/day stressing current sales prices do not cover costs.

Viromet, Victoria – closed for almost one month, decide on Monday about how to proceed considering market economics.

Nafta-Lendava, Slovenia – even based on so called good gas deals securing long term production currently sales prices are too low to cover costs.

Kikinda, Serbia – no news.

Asia Pacific/Middle East

Iran – Zagros was **shut down for a few days from 5-7 April due to issues with cooling water supplies**. The plant was restarted 8 April, but is **expected to take another 10-day shutdown 2H April** to resolve a technical problem.

Fanavaran was also expected to be shut down from 10 or 12 April till 20 April, due to a problem in the turbine.

Saudi Arabia – Ar-Razi 5 was still expected to begin production in early May.

Qatar – Maintenance at the **Qafac** plant was completed in 10 days during 1H March. The 3000mt/day plant had initially been planned to be shut down for 14 days. It is now running at full rates.

As reported previously:

Iran – The **Kharg Island** plant **resumed production as scheduled 15 March**. The 660kt/year plant was shut down Tuesday 26 February for a planned 2-3 week turnaround. The maintenance shutdown for this plant had initially been planned to take place 1H October 2007.

Saudi Arabia – The **Ibn Sina** plant **turnaround has been further postponed till June**. The plant had initially been expected to be shut down for 2-3 weeks of maintenance in February. This was later postponed till end-March, and now till June. The company’s MTBE plant shutdown was completed as planned 16-22 February.

Indonesia – The **Kaltim Methanol Industri** plant in Bontang **had an unplanned week-long shutdown** to repair a crack in the natural gas pipeline. The 660kt/year plant was shut down 30 March and was restarted 4 April morning. Lost production was reported to be about 15kt from this outage, but this had little impact on the market or on sentiment.

Plant Closures Since 2003

Canada

- Methanex 500k MT plant at Kitimat, BC shut down 11-1-05
- Celanese 800k MT plant at Edmonton shut down 3-31-07

Europe

- Methanor 500k MT Unit one closed Oct 1, 2005. Restarted Oct 2006
- Methanor 500k MT Unit two closed June 6, 2006

United States

- Air Products 180k MT plant at Pensacola, FL shut down 11-03
- BMC 748k MT plant at Beaumont, TX shut down 12-1-04
- Celanese 600k MT plant at Clear Lake, TX shut down 6-15-05
- Celanese 500k MT plant at Bishop, TX shut down 8-29-05
- Lyondell 780k MT plant at Channelview, TX shut down 9-16-04
- Terra 120k MT plant at Woodward, OK closed on November 21, 2005
Terra restarted the plant in Feb 2006 due to favourable natural gas and methanol prices

New Zealand

- Methanex 530k MT/year plant at Waitara Valley
- The plant was restarted in late August 2006 and will remain **a flexible asset**
- Understand that Methanex has committed for gas supply through Dec 2008
- Turnaround October 24, 2007 – restarted November 26, 2007

TRIVIA & ETCETERA

“Winning is important to me, but what brings me real joy is the experience of being fully engaged in whatever I’m doing.”

Phil Jackson

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Issue 503– DeWitt Methanol Newsletter – April 11, 2008

US Methanol	April			March		March
	USD/Ton	USD/Gal	Trend	USD/Ton	USD/Gal	Average
Barge Pricing						
* Contract Barge (GC), Net Non-Disc.	505 – 532	1.52 – 1.60	↓	632	1.90	1.90
** Contract Transaction	Pending	Pending	↓	627 – 628	1.885 – 1.889	1.887
***Spot Barges (GC) week Apr 7- Apr 11	299 – 313	0.90 – 0.94	↓	382 – 449	1.15 – 1.35	1.256
Truck/Rail Pricing						
	April	April		March	March	March
Distribution Prices: List Prices, Non-Disc.	USD/MT	USD/GAL		USD/MT	USD/GAL	USD/GAL
Truck/Railcar USGC	549 – 615	1.65 – 1.85	↓	698 – 718	2.10 – 2.16	2.13
Truck/Railcar USEC	549 – 582	1.65 – 1.75	↓	698 – 715	2.10 – 2.15	2.125
Truck/Railcar Chicago	Pending	Pending	↓	805 – 844	2.42 – 2.52	2.47
Southern Chemical, Net/Net price USGC	522	1.57	↓	333	1.95	1.95
USEC	522	1.57	↓	333	1.95	1.95
Ashland Methanol, Bench Mark USGC	NA	NA	↓	682	2.05	2.05
Chicago	NA	NA	↓	798	2.40	2.40

*Contract Barge, Net Non Disc. Includes List Prices and Contract Barge Non Discounted Ref. Price
 The contract transaction prices listed herein are DeWitt's view for large buyers (25mm gal/yr) FOB GC based on extensive industry surveys. Some contracts may contain discounts not reflected in these prices. Spot prices on this page are for current month business conducted FOB Houston, volumes of 10,000 BBL or greater. *Average prices are the weighted average for the month specified

Western Europe Methanol	April			1Q
	Euro/Ton	USD/Ton	Trend	Average
Methanol 2Q 2008 Contract FOB R'dam	295	467	<->	Euro 490
Methanol Spot - FOB R'dam T2	215.0 – 220.0	340 – 348	↓	Euro 335

1 US Dollar = 0.6315 Euro

Asia Pacific Methanol	April		March
11 April 2008	USD/Ton	Trend	USD/Ton
Korea – CFR, frame contract*	Pending	Pending	Pending
Taiwan – CFR, term/spot (nominal)	340-350	<->	350-400
China – CFR, spot (nominal)	360-370	<->/up	350-370
SEA – CFR, spot (nominal)	340-350	<->/down	350-400
WC India – CFR, spot (nominal)	320-330	<->/down	330-350
Methanex Apr 2008 APCP: USD 450/mt			
May Korea frame: USD 280 CFR			

Natural Gas Prices (\$/MM BTU)	Jun	May	Apr	Mar
Houston Ship Channel – “Inside FERC” Index	N/A	N/A	9.25	8.73
Henry Hub – Inside FERC Index	N/A	N/A	9.59	8.96
NYMEX Henry Hub Futures (contract expired at)	N/A	N/A	9.578	8.930
NYMEX Henry Hub Futures contract 4-11	10.181	10.098	N/A	N/A
Henry Hub (cash price) 4-11	N/A	N/A	10.18	N/A
Current Dollar Equivalents 4-11	Euro: 0.6315	GBP: 0.5072	Yen: 100.85	CND: 1.0222

