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Argus Global Waxes

Incorporating WAX DATA

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MARKET SUMMARY

- Chinese paraffin wax and Thai slack wax prices rose in September, supported by higher feedstock values amid the ongoing conflict in the Middle East and lower inventories.

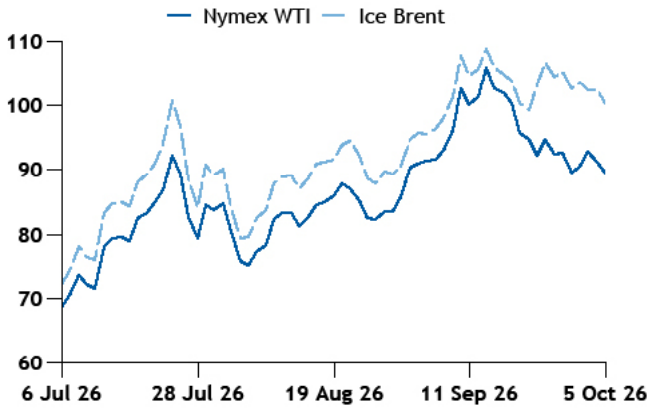
- European fully-refined paraffin wax and slack wax prices edged down in September despite feedstock disruptions as demand remained persistently weak and buyers carried high stock levels.

- US fully refined paraffin wax and slack wax prices increased in September because of tighter supplies, steady demand and pressure from competing products in the first half of the month.

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Crude *$/bl*



Prices

	06 Oct	01 Sep	±
Paraffin wax, fob north China $/t			
Fully-refined, bulk liquid	1,220.00	1,200.00	+20.00
Fully-refined, slab	1,230.00	1,210.00	+20.00
Semi-refined, slab	1,185.00	1,150.00	+35.00
Paraffin wax, fob south China $/t			
Fully-refined, slab	1,240.00	1,220.00	+20.00
Semi-refined, slab	1,195.00	1,160.00	+35.00
Paraffin wax, fob Thailand $/t			
Feedstock slack	1,600.00	1,480.00	+120.00
Paraffin wax, delivered northwest Europe $/t			
Fully-refined, low-melt	1,314.46	1,403.06	-88.60
Fully-refined, mid-melt	1,370.63	1,432.05	-61.42
Fully-refined, high-melt	1,440.85	1,507.42	-66.57
Slack, 10-20%	1,064.49	1,113.17	-48.69
Paraffin wax, fob US Gulf bulk liquid $/t			
Fully-refined, low-melt	1,907.00	1,884.95	+22.05
Fully-refined, mid-melt	1,951.09	1,929.05	+22.05
Fully-refined, high-melt	2,105.42	2,083.37	+22.05
Slack, low-melt	1,488.12	1,466.08	+22.05
Slack, mid-melt	1,554.26	1,532.21	+22.05
Slack, high-melt	1,642.45	1,620.40	+22.05
Crude oil $/bl			
Ice Brent	101.92	88.00	+13.92
Nymex WTI	95.69	82.45	+13.24
Feedstocks $/t			
VGO 2% NWE barge	835.27	788.97	+46.30
VGO 2% USGC barge	791.73	755.91	+35.82
Base oils $/t			
SN 150, Singapore ex-tank	1,486.25	1,477.50	+8.75
SN 150, Europe domestic	1,958.75	2,008.75	-50.00
SN 150, US domestic	1,975.50	1,983.00	-7.50
Europe SN 150 premium to VGO	1123	1219	-96
US SN 150 premium to VGO	1183.77	1227.09	-43.32
Singapore SN 150 premium to gasoil	165.38	314.64	-149.25
Europe SN 150 premium to ULSD, NWE	474	726	-252
US SN 150 premium to ULSD, USGC	543.69	725.91	-182.23
Oil products $/t			
Gasoil 0.005%, Singapore	1320.87	1162.86	+158.00
ULSD, NWE, German barges	1,484.80	1,282.71	+202.09
ULSD, USGC Colonial 62	1431.81	1257.09	+174.73

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OIL STATUS

Crude oil

Global crude prices were mixed as attacks on three vessels in the strait of Hormuz and Iran's renewed threats against Mideast Gulf energy infrastructure heightened supply concerns.

Atlantic basin benchmark North Sea Dated increased by $1.85/bl to $127.42/bl in the week to 1 October, while Mideast Gulf marker Dubai rose by $2.40/bl to $106.47/bl at the London close. US light sweet benchmark WTI fell by $1.74/bl to $92.87/bl over the same period.

The renewed threats of violence, the latest in a series by Tehran and Washington, came even as the two sides renew indirect talks over Iran's nuclear programme and, more broadly, a path to end their seven-month war.

Asia, the region most affected by the ramifications of the war, saw the premium of front-month to third-month Dubai fall to $10.58/bl on 1 October, down by $6.33/bl from a day earlier and its lowest since 19 August, with Mideast Gulf supplies looking abundant after a wave of recent spot offers and sales. Saudi state-controlled Aramco sold more crude originating from within the Mideast Gulf to China, in what appeared to be a third series of spot sales since the closure of the East-West pipeline for repairs.

Aramco Trading also sold around 10mn bl of Saudi-Kuwaiti Khafji crude in a third sales tender that closed on 29 September. The increased supply and currently high freight rates may prompt Aramco to temper any potential increases to its November official formula prices for its term customers to regain market share.

Abundant availability from the Mideast Gulf also slowed Asian buyers' interest in WTI. Traders pegged the US grade at premiums of $28-30/bl to December Dubai assessments for cargoes arriving in northeast Asia in January, down from the record premiums of $30-35/bl against November Dubai that December-arrival WTI achieved in the previous cycle.

Rising freight costs to the North Sea for WTI also boosted its price on a delivered-Europe basis and helped keep demand for alternative regional light crudes strong. The cost of shipping an Aframax to Europe from the US Gulf coast has more than tripled in the past month.

But North Sea sour grades dropped in the face of increasing competition from the Americas and the Mideast Gulf. A fresh 40mn bl release from the US Strategic Petroleum Reserve that is expected to hit the market in November-December will be entirely sour crude, with much of it likely to make its way to Europe. Cargoes from Iraq and Kuwait are also increasingly making their way to Europe. Norwegian medium sour Johan Sverdrup dropped by almost $10/bl relative to North Sea Dated over the week as a result.

Base oils

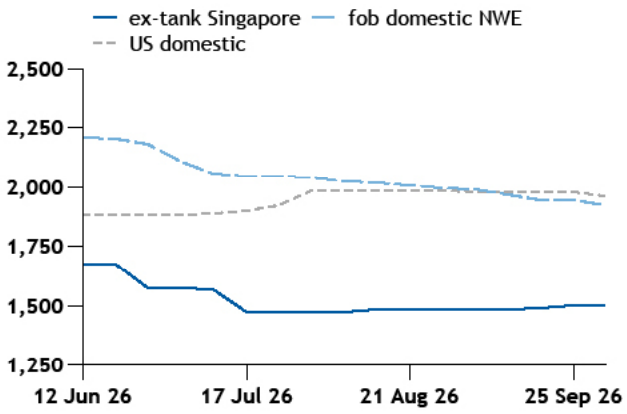
Asia-Pacific Group I prices mostly held steady on muted spot activity, except bright stock which edged up on tighter availability. Prices of Group II were stable to lower as interest from western markets waned, though this was mostly offset by a seasonal pick-up in Indian replenishment demand. And Group III prices stabilised, as blenders struggled to pass on higher raw material costs for synthetic lubricants while global supplies stay extremely curtailed.

European Group I domestic and export spot prices dropped as demand remained below seasonal norms despite a slight pickup. Group II supply was ample despite persistent logistic disruptions on the Rhine River. Some smaller buyers pushed back on Group III offers, but other larger blenders raised bid levels to secure limited volumes.

US domestic Group I and II base oil prices fell for the second time since the start of the US-Iran war in February because of increasing availability and weaker demand.

Several refiners offered spot volumes to some blenders on all grades, with heavy grades and bright stock most available. Some blenders received slight discounts while others received no discounts.The surplus is largely linked to partial release of hurricane stocks because US Gulf coast refiners are mostly through the US Atlantic coast hurricane season.

Base oils Group 1 SN 150 *$/t*



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Manufacturers shipments, inventories and orders survey												
	Shipments			New orders			Shipments			New orders		
	Jul/Aug	Jun/Jul	May/Jun	Jul/Aug	Jun/Jul	May/Jun	Jul/Aug	Jun/Jul	May/Jun	Jul/Aug	Jun/Jul	May/Jun
Durable goods	-0.30	0.90	1.00	-0.10	0.90	0.60	0.60	0.60	0.60	0.50	0.50	0.40
Nondurable goods	0.30	0.70	-0.90	0.30	0.70	-0.90	na	na	na	0.50	0.30	-0.30

BUSINESS OUTLOOK

Asia-Pacific

China's industrial output increased in August, because manufacturing activity supported steel demand despite continued weakness in the real estate sector.

China's industrial production in August rose by 5.2pc from a year earlier, National Bureau of Statistics (NBS) data show. This was higher than July's 4.5pc increase.

Manufacturing output rose by 6.1pc, while mining output fell by 1.4pc from a year earlier. Manufacturing accounts for over half of China's steel demand.

Its sub-segment auto manufacturing rose by 8.7pc against the previous year, and equipment manufacturing also rose by 9.8pc on the year. Other transportation sectors such as rail, shipbuilding and aerospace manufacturing rose by 13pc.

Europe

The UK's Bank of England kept its main lending rate unchanged at 3.75pc on 17 September despite an increase in UK inflation but warned again that energy prices remain volatile and it increased its forecasts for inflation.

The bank's Monetary Policy Committee (MPC) voted by six members to three to keep interest rates unchanged, with three members voting to increase rates by 0.25 percentage points to 4pc. The bank last changed rates in December 2025, when it cut them by 0.25 percentage points to 3.75pc.

The bank warned that energy prices remain more volatile and higher than before the US-Iran conflict started. UK consumer price inflation (CPI) rose to 3.1pc in August from 2.6pc in June — pushed up by higher gasoline and diesel prices and air fares — and the bank warned that CPI is likely to rise further over the coming quarters.

It expects CPI to increase to around 3.75pc in the fourth quarter of this year — up from 3.2pc forecast in its July report— and to reach "slightly above" 4pc in the first quarter of 2027, based on energy prices on 14 September.

Americas

US Federal Reserve policymakers raised their target interest rate by a quarter point on 16 September, the first hike since late 2023, citing "elevated" uncertainty due, in part, to "geopolitical developments."

The Fed's Federal Open Market Committee raised the federal funds rate to 3.75-4pc, after holding the rate unchanged through five prior meetings this year. Officials penciled in one more likely quarter-point rate hike this year, with no hikes next year, even as eight of 18 survey participants forecast an additional hike next year.

In their median estimates, officials project inflation, as measured by the PCE index, to end the year at 3.7pc, slowing to 2.3pc next year and to 2.1pc in 2028, up slightly from their 2pc long term target. They estimate GDP growth to end the year at 2.3pc, compared with 2.2pc in the prior projections in June.

Financial markets have grown increasingly skittish this year. The yield on the US 10-year Treasury note tipped past 5pc, the highest intraday levels since 2007. The higher rates increase borrowing costs for consumers and businesses. Bond yields are surging on rising debt levels amid increases in spending on defense and artificial intelligence and concerns the energy crisis unleashed by the Mideast Gulf war will deepen.

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ASIA-PACIFIC

Paraffin wax prices, Asia-Pacific												
	¢/lb				$/t				€/t			
	Low	High	Mid		Low	High	Mid		Low	High	Mid	
fob north China												
Fully-refined, bulk liquid	54.43	56.25	55.34	+0.91	1,200.00	1,240.00	1,220.00	+20.00	1,068.12	1,103.72	1,085.92	+51.04
Fully-refined, slab	54.88	56.70	55.79	+0.91	1,210.00	1,250.00	1,230.00	+20.00	1,077.02	1,112.63	1,094.83	+51.32
Semi-refined, slab	52.84	54.66	53.75	+1.59	1,165.00	1,205.00	1,185.00	+35.00	1,036.97	1,072.57	1,054.77	+63.01
fob south China												
Fully-refined, slab	55.79	56.70	56.25	+0.91	1,230.00	1,250.00	1,240.00	+20.00	1,094.82	1,112.63	1,103.73	+51.60
Semi-refined, slab	53.75	54.66	54.21	+1.59	1,185.00	1,205.00	1,195.00	+35.00	1,054.77	1,072.57	1,063.67	+63.29
fob Thailand												
Feedstock slack	70.31	74.84	72.58	+5.45	1,550.00	1,650.00	1,600.00	+120.00	1,379.66	1,468.67	1,424.17	+147.82

Asia-Pacific

Chinese paraffin and Thai slack wax prices rose in September, supported by higher feedstock values amid the ongoing conflict in the Middle East and lower inventories.

Higher crude and gasoil values raised production costs across the value chain, while most refiners held limited inventory levels because of steady domestic and export sales.

Semi-refined paraffin wax and slack wax prices extended gains by a larger extent, reflecting higher cost pressure. A major producer raised semi-refined wax prices by as much as Yn250/t, while slack wax prices rose by Yn350/t from end-August levels. Fully-refined wax prices rose more modestly, because most refiners prioritised maintaining market share and managing inventory levels.

Export prices were also supported by the appreciation of the Chinese yuan against the US dollar. Higher logistics and packaging costs further contributed to higher offer levels. But demand remained relatively subdued, with overseas buyers largely continuing to purchase on an as-needed basis. This limited acceptance of higher offers and slowed spot trading activity.

Market participants expected paraffin wax prices to remain supported in the near term as feedstock costs remain elevated and producer inventories remained below typical levels. But weak buying interest from key export destinations may continue to cap upward momentum, particularly for fully-refined grades.

China's exports of paraffin wax containing less than 0.75pc oil rose to 68,206t in August, up by 23pc from a year earlier and 20pc from July, customs data showed. Exports reached 500,386t in January-August, up by 10pc from the same period a year earlier. Exports of other paraffin wax rose to 10,000t in August, up by 42pc on the month but down by 8pc on the year. January-August shipments rose by 40pc to 97,634t as compared with the same period in 2025.

Thai-origin feedstock slack wax prices increased for the second consecutive month, in line with feedstock price volatility driven by the ongoing Middle East conflict, which also forced Saudi Aramco's East-West crude pipeline to Yanbu to go offline temporarily.

Higher feedstock costs, combined with concerns over worsening curtailment or delays to Middle Eastern crude deliveries, likely prompted refineries to raise offers.

However, wax demand remained muted as candle-making activity eased ahead of the year-end holiday season, and buyers deemed prices too high. Higher energy prices stemming from the US-Iran war, squeezed consumer purchasing power and prompted buyers to cut back on discretionary spending and non-essential goods, which dampened demand.

In India, candle production for the festive season, where demand typically peaks between October to December, largely concluded in September. Candle producers shifted their focus to packaging and deliveries. Procurement of imported waxes slowed because of long delivery lead times, while firm offer levels and elevated freight costs also hampered deals. Container freight costs for the China to India route surged because of port congestion, vessel shortages and high shipping demand. Buyers preferred to source from the domestic market for shorter delivery times to meet prompt demand.

Domestic offers for type 2 pellet-form 64/66 °C were around low 140,000s rupees/t (mid-$1,400s/t) on an ex-works basis amid firm feedstock costs. Domestic refiners maintained high base oil run rates because of higher premium over competing fuels, supported wax availability.

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EUROPE

Paraffin wax prices, delivered northwest Europe bulk liquid												
	¢/lb				$/t				€/t			
	Low	High	Mid		Low	High	Mid		Low	High	Mid	
Fully-refined, low-melt	56.06	63.19	59.63	-4.02	1,235.82	1,393.10	1,314.46	-88.60	1,100.00	1,240.00	1,170.00	-40.00
Fully-refined, mid-melt	57.58	66.76	62.17	-2.79	1,269.52	1,471.74	1,370.63	-61.42	1,130.00	1,310.00	1,220.00	-15.00
Fully-refined, high-melt	60.39	70.32	65.36	-3.02	1,331.31	1,550.39	1,440.85	-66.57	1,185.00	1,380.00	1,282.50	-17.50
Slack, 10-20%	41.79	54.78	48.29	-2.21	921.24	1,207.73	1,064.49	-48.69	820.00	1,075.00	947.50	-12.50

Europe

European fully-refined paraffin wax and slack wax prices edged down in September despite feedstock disruptions as demand remained persistently weak and buyers carried high stock levels.

Several European refineries had their term crude supply cut or delayed from Saudi Arabia state-controlled Aramco for September. Several refineries have also confirmed that they will not receive term crude supply for October. This was due to an outage at Aramco's 7mn b/d East-West crude pipeline follow an attack on 10 September. Refineries started to look for feedstock on the spot market. Base oil and wax production at European refineries is expected to be affected by the disruption.

Some refineries have started prioritising diesel and other transport fuel production due to shortages and low stock levels in Europe, which could curtail Group I base oils further and in turn wax production.

However, despite tightening base oil production, wax supplies remained widely available on the European market in September. Production at Greek refiner Motor Oil Helias, Poland's PK Orlen and Hungarian oil firm Mol ran normally in September. But wax production at Repsols' refinery has not resumed since January 2026 and relied on Chinese and other imports. Production out of Moeve's refinery was also reported as limited.

Demand from the candle market has started to slowly picking up, as September marks the beginning of the heavy-candle-use season. Candle production typically begins in September so that products can reach end customers in time before Halloween, the All Saint Festival and Christmas holidays begin. But suppliers have yet to see demand rise in line with seasonal norms.

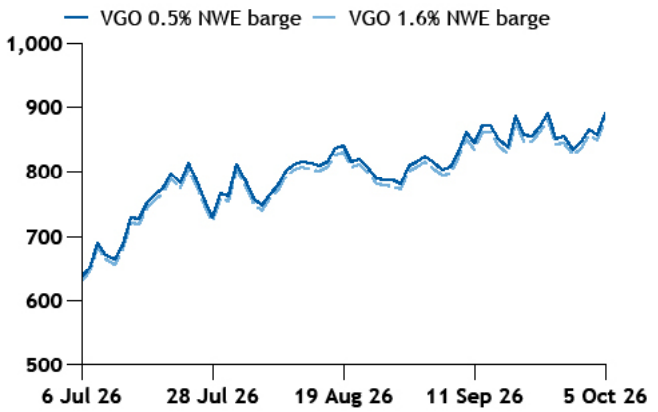
Prices for waxes out of European refineries remained at low levels, as suppliers tried to maintain market share against competitively priced exports from China.

Chinese supplies continued to be offered into the European market at discounted levels, but general buying interest was low compared to the previous year. This is because buyers already secured enough products during the first half of 2026 and they rely on existing inventories of old stock and are in no rush to secure additional volumes.

European wax imports dropped on the month and the year by 38pc and 44pc respectively to 44,789/t in July, national customs data show. Imports from China also fell sharply by 30pc and 22pc in the same period to 14,294t in July. This was probably due to persistently weak European demand, as well as longer voyage times and surging global freight rates due to disruptions associated with the US-Iran war.

Some suppliers saw higher interest of fully-refined lower-melt grades from customers, against seasonal market trends. But overall demand was mostly spread evenly across the fully-refined paraffin wax grades of varying melting points and at lower levels compared with previous years.

VGO $/bl



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AMERICAS

Paraffin wax prices, fob US Gulf bulk liquid												
	¢/lb				$/t				€/t			
	Low	High	Mid	±	Low	High	Mid	±	Low	High	Mid	±
Fully-refined, low-melt	83.00	90.00	86.50	+1.00	1,829.84	1,984.16	1,907.00	+22.05	1,628.74	1,766.10	1,697.42	+71.84
Fully-refined, mid-melt	85.00	92.00	88.50	+1.00	1,873.93	2,028.25	1,951.09	+22.05	1,667.98	1,805.35	1,736.67	+73.06
Fully-refined, high-melt	92.00	99.00	95.50	+1.00	2,028.25	2,182.58	2,105.42	+22.05	1,805.35	1,942.71	1,874.03	+77.34
Slack, low-melt	64.00	71.00	67.50	+1.00	1,410.96	1,565.28	1,488.12	+22.05	1,255.89	1,393.26	1,324.58	+60.23
Slack, mid-melt	67.00	74.00	70.50	+1.00	1,477.10	1,631.42	1,554.26	+22.05	1,314.76	1,452.13	1,383.45	+62.07
Slack, high-melt	71.00	78.00	74.50	+1.00	1,565.28	1,719.61	1,642.45	+22.05	1,393.26	1,530.62	1,461.94	+64.51

Americas

US fully refined paraffin wax and slack wax prices increased in September because of tighter supplies, steady demand and pressure from competing products in the first half of the month.

A key domestic supplier increased its September wax pricing but faced pushback throughout the month. The producer is expected to continue to push for the increase to find traction throughout October.

Some market participants reported that another key wax producer announced a $0.03/lb increase in September, but this could not be confirmed.

Market participants saw increased tightness in the US wax market because of a prolonged shortage of imported volumes from China and the rest of Asia.

Freight rates from Asia remained elevated and vessel space continued to be prioritized for higher-margin products such as strategic and transport fuels.

US wax producers faced increased pressure to raise prices in order to keep feedstock flowing into wax units.

US four-week average US Gulf coast diesel values peaked at $4.77/USG in September, tracking global shortages and rising crude oil costs.

Diesel prices fell in late September, but continued to narrow margins to wax and related Group I base oil values.

Margins for base oil, including Group I bright stock, started to decline because of increased global availability. Bright stock prices in particular faced some downward price pressure, which could start to make the production of wax feedstock less attractive to refiners.

Demand for wax was steady, although there was some limited interest to keep inventories higher than normal for the end of the year because of fears over potential shortages.

Market participants expected the consumption of wax to weaken in the fourth quarter on seasonal factors, primarily in the construction and durable goods sectors. Demand is also expected to be weaker than expected for candle usage.

US wax production in July was 199,000 bl, according to data from the US Energy Information Administration. This represented a 4.3pc decline from year-earlier levels of 208,000 bl, and a decline of 2.0pc from June output of 203,000 bl. The decreases in output came despite an increase in available production days.

US wax consumption in July was 178,000 bl, up by 6.0p from 168,000 bl a year earlier. Consumption rose by 7.9pc from June levels of 165,000 bl.

The increased demand was attributed to more willingness to keep inventory levels higher amid global supply chain uncertainty, as well as firmer-than-expected demand from the durable goods sector.

Imports of wax in July were 117,000 bl, up by 9.3pc from 107,000 bl a year earlier. Imports fell by 7.1pc from June levels of 126,000 bl.

The year over year increase in imports was attributed to a reduction in tariff restrictions, while the decline from June was the result of more difficult shipping logistics and tighter supplies.

Imports of wax from China in July were 26,000 bl, up from 6,000 bl a year earlier and 4,000 bl in June. Imports from Malaysia in July were 9,000 bl, down from 26,000 bl in June.

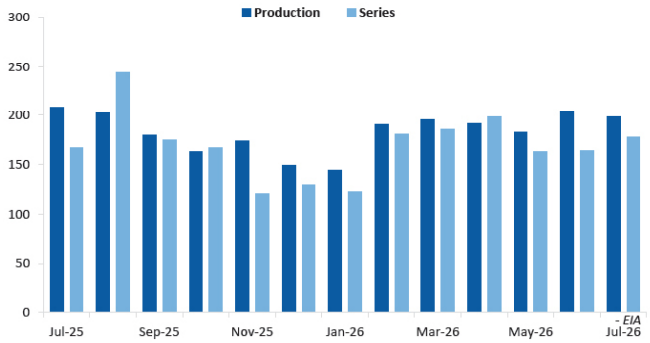
Wax stocks closed July at 587,000 bl, up by 4.3pc from year-earlier levels of 563,000 bl. Stocks fell by 2.7pc from June levels of 587,000 bl.

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PRODUCTION AND SALES

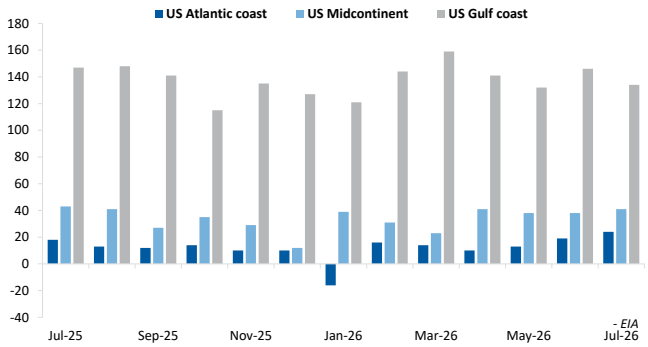
US wax production, sales

'000 bl



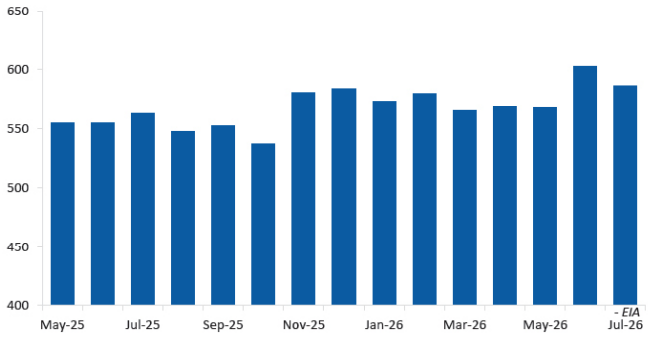
US wax production by region

'000 bl



US wax stocks

'000 bl



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PLANT MAINTENANCE

Group I base oil and wax plant maintenance					
Refiner	**Location**	**Timing**	**Capacity**	**Capacity affected**	**Cause**
Asia-Pacific and Middle East					
Luberef	Jeddah, Saudi Arabia	Jan 2026 for 12 days	275,000y/yr	All, Group I	Inspection
ENEOS	Mizushima-A, Japan	Oct to Nov 2025	200,000 t/yr	All, Group I	Maintenance
Luberef	Yanbu, Saudi Arabia	Mid-Nov/Dec 2025 for 45 days	1.18mn t/yr	All, Group I/II	Maintenance
CPCL	Chennai, India	Sep to mid-Oct 2025 - 45 days	270,000 t/yr	All, Group I	Maintenance
Panjin Northern Asphalt	Liaoning, China	Ely-Aug 2025 for 3 weeks	300,000 t/yr	All, Group I	Maintenance
Thai Lube	Sriracha, Thailand	Ely-Jul to mid-Aug 2025	267,015 t/yr	All, Group I	Maintenance
Luberef	Yanbu, Saudi Arabia	2Q 2025 for 7 days	1.18mn t/yr	All, Group I/II	Unplanned outage
Luberef	Jeddah, Saudi Arabia	2Q 2025 for 7 days	275,000 t/yr	All, Group I	Unplanned outage
Idemitsu	Chiba, Japan	Mid-May to Jul 2025	305,000 t/yr	All, Group I, II, III	Maintenance
Europe					
Repsol	Puertollano, Spain	Nov 2026	130,000 t/yr	All, Group I	Maintenance
Repsol	Cartagena, Spain	Sep to Nov 2026 for 2 months	135,000 t/yr	All, Group I	Maintenance
PK Orlen	Gdansk, Poland	Apr-May 2026 for 5 weeks	250,000t/yr	All, Group I	Maintenance
MOL	Szazhalombatta, Hungary	20 Oct 2025	195,000 t/yr	All	Fire
US					
PBF Energy	Paulsboro, New Jersey	4Q 2026 for 1 month	11,000 b/d	All, Group I	Maintenance
Ergon	Vicksburg, Mississippi, US	Sep 2025 for 45 days	25,000 b/d	All, Naphthenic	Maintenance
Calumet	Shreveport, Louisiana, US	Ely-Sep 2025 for 2 weeks	11,900 b/d	All, Group I/II	Maintenance

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NEWS AND ANALYSIS

US July base oil output slips nearly 3pc: EIA

US base oil output declined in July by 2.8pc from a year earlier, according to the Energy Information Administration (EIA)US base oil output fell to 167,260 b/d, down from 172,100 b/d in July 2025. Compared with June, base oil production increased by 16pc. Paraffinic base oil output fell on the year by 4.6pc to 141,670 b/d but rose by 19pc from a year earlier.Base oil product supplied — a proxy for demand — increased in July to 114,370 b/d, rising by 4.1pc on the year and up by 24pc from June. Demand remained elevated in July because many base oil market participants aimed to keep inventories well-stocked on supply concerns tied to the US-Iran war.

Naphthenic production in July rose on the year by 8.6pc to 25,580 b/d, but output was down by 0.4.pc from June.

Lube industry bodies key to navigating uncertainty

Industry bodies must keep the lubricants and base oils sector aware of risks and legislation changes, delegates heard at the Union of the European Lubricants Industry (UEIL) congress today.

"We have our day-to-day blending challenges, but there's a tsunami of uncertainty with changing timelines and legislation, not to mention geopolitical tensions," said Morris Lubricants' group technical director Adrian Hill.

Companies manage daily operations but the organisations are needed to help manage the risk.

"You need entire departments dedicated to things such as compliance and regulation, which many smaller independent blenders just do not have the budget for," Hill said.

Changing legislation implementation timelines and tweaks to regulations add to uncertainty and risk.

"Penalties for non-compliance do bite and there is so much confusion and uncertainty surrounding them," said WSP policy and strategy director Lorenzo Casullo.

Europe's industrial decline challenges lube sector

European de-industrialisation and Asia's narrowing technological gap with the region are the key challenges facing Europe's lubricants industry, delegates heard at the Union of the European Lubricants Industry (UEIL) congress today.

Europe accounts for 16pc of the global lubricants market, making it an important but not dominant region, UEIL president Mattia Adani said.

Europe's long-term de-industrialisation is weighing on lubricants demand, Adani said. The decline has been under way for 30 years, with industrial output in France, Germany and Italy still below 2018 levels.

Manufacturing accounts for 14pc of European employment and 14pc of its gross domestic product, with the latter share down from 18pc in 1995.

Adani also highlighted the narrowing technology gap between Europe and the rest of the world, particularly Asia, and China's rise.

"Europe and the western world are losing the technological advantage they have temporarily held for the last two centuries," Adani said.

Europe has also undergone a series of refinery rationalisations over the past decade that have affected the Group I base oils market. An estimated 55pc of European Group I production capacity has closed during that period, Adani said.

Group I base oils are predominantly used in industrial applications. The closures have made spot prices more susceptible to supply shocks.

Orlen sees new Gdansk Group II base oil output

Poland's Orlen expects to make available production from its new Group II base oils unit at Gdansk by the second half of November, it said today.

The new unit at the company's 210,000 b/d Gdansk refinery will produce Group II 100N , 220N, 600N and Bright Stock equivalent grades. The refinery will prioritise filling tanks and will make spot sales until contracts are negotiated in early 2027.

The Group II plant will run at 50-60pc capacity from start-up to the first half of 2027. It aims to reach full capacity, of between 400,000-450,000 t/yr, in second half of that year.

Engine oils face regulation challenges

Regulation, reclassification and geopolitics are the three key challenges facing the engine oils sector, delegates heard today at the Union of the European Lubricants Industry (UEIL) congress.

The EU's automotive strategy is creating uncertainty in the engine oils sector, said UEIL president Mattia Adani, as a drive towards lower emissions promotes take up of electric vehicles, which lowers finished lubricant demand.

The proposed reclassification of substituted diphenylamine (SDPA) antioxidants may cause a major fragmentation of the

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global engine oil market, Adani said, because it would lead to engine oils being classified as dangerous goods. This could mean additional costs and controls for storage and transport, and disruptions to engine oil distribution.

The global Group III base oil crisis associated with the de facto closure of the strait of Hormuz, which has cut off an estimated 2mn t/yr of supply, is also a key challenge facing the engine oils market. Group III base oils are key to synthetic engine oil production and original equipment manufacturers (OEMs) globally have not been able to supply factory fill because of this.

India's base oil imports fall in July

India imported 189,854t of base oils in July, down by 29pc on year, but up by 15pc from a near three-year low in June, data from Global Trade Tracker (GTT) show.

Lower demand during the monsoon season and a wide gap between buyer and seller price expectations kept import levels lower compared with a year earlier. A rise in imports from South Korea contributed to the month-on-month increase. Supplies increased because refineries adapted to crude supply disruptions in the Middle East and secured alternative feedstock for production. But some suppliers continued to prioritise higher-priced markets, resulting in fewer cargoes being offered to India compared with the previous year. Imports from Saudi Arabia rose by 45pc on the year and remained supported ahead of shipping disruptions by the Yemen-based Houthis' blockade from the end of July. Imports from Singapore dropped by 62pc from the previous year because base oil production in the city-state was affected by disruptions to crude supplies from the Middle East. Imports from Spain were largely in line with year-earlier levels, while imports from China increased significantly on the year because of weak domestic demand and an open arbitrage window that prompted exports to India.

Tanker on fire in Hormuz: UKMTO

The master of a tanker reported being struck by an unknown projectile in the strait of Hormuz causing a fire onboard on Monday, according to the UK Maritime Trade Operations Centre (UKMTO).

The strike occurred at 16:37 GMT and caused a fire in the engine room which the crew are fighting, according to the UKTMO. There were no casualties or environmental impact reported at the time the report was issued.

The latest strike comes amid an escalation in Iranian attacks against tankers transiting the strait of Hormuz along the US-assisted transit lane along the coast of Oman. UKMTO reported five attacks on ships in the region over the weekend, as well as the an inbound tanker turning away at the command of the Islamic Revolutionary Guard Corps.

Aramco studying two new Hormuz bypass routes

State-controlled Saudi Aramco is actively studying two new oil export routes that can bypass the strait of Hormuz, chief executive Amin Nasser said, as the energy giant looks to further boost its resilience in the face of any future disruptions to shipping through the key waterway.

The US-Iran war and the effective closure of the strait initially forced several Mideast Gulf countries to shut in a significant share of their production because of limited storage and alternative export routes.

Saudi Arabia and the UAE were best positioned to deal with the disruption, with each having a pipeline that could divert at least some of their production away from the strait. Saudi Arabia is able to divert part of its crude through the 7mn b/d East-West pipeline to the Red Sea terminal at Yanbu. Crude exports from Yanbu rose as high as 4.2mn b/d in April and again in June, more than four times levels before the start of the war.

But attacks on key Saudi energy infrastructure in recent months — including on the critically important East-West pipeline, which recently took it out of commission for more than a week — underscored for Aramco the need to introduce even more capacity in its oil export system.

Speaking at the Energy Intelligence Forum, Nasser said Aramco is studying two new routes for its exports, in addition to the three it already has — via the strait of Hormuz, via the Red Sea and south through the Bab el-Mandab strait, and via the Red Sea and north through the Sumed pipeline to Egypt's Sidi Kerir on the Mediterranean.

"When this crisis happened, we said: okay — we have three routes. But is that enough? Maybe not for the future," Nasser said. "This is the responsibility of the current generation… to anticipate anything that will happen in the future. So now, we are working on a fourth and fifth [route]."

Nasser said Aramco is currently working on the feasibility and engineering studies for these two routes ▫ a process he said began in March, just weeks after the start of the US-Iran war, and the disruption to shipping through the strait.

He would not give any detail on the new routes, saying the projects would be announced only after a final investment decision is taken.

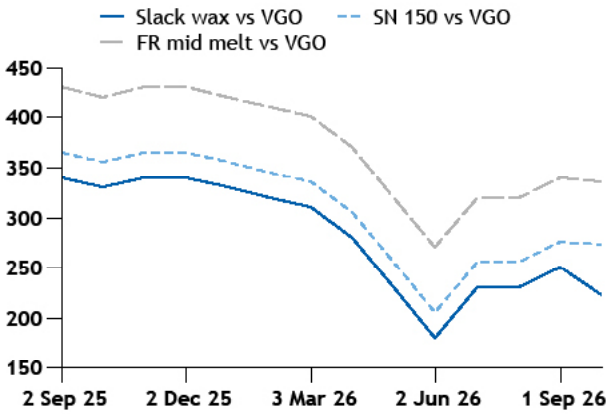
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IMPORTS AND EXPORTS

South Korea paraffin wax < 0.75% oil imports, Jul

Country	Volume t	Volume %	Year-over-year %±
China	439.16	62.54	-40.13
Malaysia	97.33	13.86	62.21
Japan	91.69	13.06	-32.23
South Africa	26.25	3.74	-10.79
Germany	19.72	2.81	-1.64
Taiwan	18.00	2.56	200.00
US	6.19	0.88	-25.86
Netherlands	3.82	0.54	4.89
Others	0.02	0.00	na
Total	702.18	100.00	-29.52

European wax and base oil premiums to feedstock *€/t*



Japan paraffin wax < 0.75% oil exports, Jul

Country	Volume t	Volume %	Year-over-year %±
US	216.70	28.75	na
China	159.59	21.17	-32.62
Thailand	149.67	19.86	-41.04
South Korea	113.53	15.06	-22.08
India	27.47	3.64	-74.65
Philippines	25.12	3.33	8,274.67
South Africa	16.02	2.13	na
Pakistan	15.68	2.08	na
Others	29.97	3.98	-47.80
Total	753.76	100.00	-6.07

South Africa paraffin wax < 0.75% oil exports, Jul

Country	Volume t	Volume %	Year-over-year %±
Germany	1,337.42	34.65	-28.33
US	1,288.00	33.36	32.51
Japan	296.45	7.68	24.93
China	219.30	5.68	207.14
Saudi Arabia	118.00	3.06	321.43
Brazil	94.50	2.45	35.00
Australia	92.00	2.38	2.91
Zambia	69.81	1.81	na
Others	344.85	8.93	-35.77
Total	3,860.34	100.00	-0.28

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IMPORTS AND EXPORTS

US wax exports

	Volume t	Cif value ($/t)	Volume t	Cif value ($/t)
	March	March	YTD-March	YTD-March
Paraffin wax < 0.75% oil	15,961.02	1,565.23	38,776.49	1,529.66
Mineral wax, other	49,398.65	1,351.38	144,756.20	1,281.16
Vegetable wax, other than TG	1,992.28	3,503.54	4,205.28	3,617.95
Beeswax	668.08	3,823.53	1,458.01	4,008.06
Candles	5,954.81	7,034.35	18,343.34	7,202.36

Data: US Census

US wax imports

	Volume t	Cif value ($/t)	Volume t	Cif value ($/t)
	March	March	YTD-March	YTD-March
Paraffin wax < 0.75% oil	33,889.84	1,605.15	65,854.35	1,529.70
Mineral wax, other	24,217.83	1,109.00	49,501.63	1,080.37
Carnauba wax	926.47	9,345.71	1,815.53	8,984.37
Candelilla wax	124.36	15,574.16	283.68	15,347.42
Vegetable wax, other than TG	641.46	3,118.63	1,160.67	3,579.79
Beeswax	716.93	6,373.40	1,589.54	6,258.64
Montan wax	1,126.05	2,748.91	2,356.59	2,796.51
Candles	88,209.67	3,543.41	175,703.14	3,493.59

Data: US Census

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