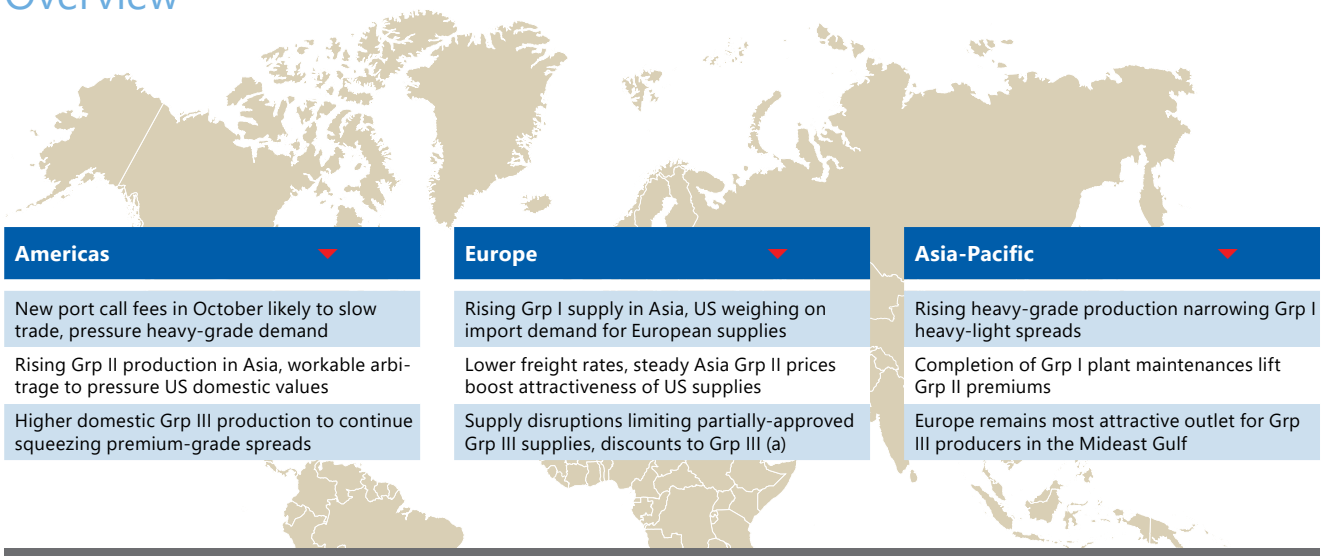
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Issue 25-09
September 2025

Argus Base Oils Outlook



Overview



Americas	Europe	Asia-Pacific
New port call fees in October likely to slow trade, pressure heavy-grade demand	Rising Grp I supply in Asia, US weighing on import demand for European supplies	Rising heavy-grade production narrowing Grp I heavy-light spreads
Rising Grp II production in Asia, workable arbitrage to pressure US domestic values	Lower freight rates, steady Asia Grp II prices boost attractiveness of US supplies	Completion of Grp I plant maintenances lift Grp II premiums
Higher domestic Grp III production to continue squeezing premium-grade spreads	Supply disruptions limiting partially-approved Grp III supplies, discounts to Grp III (a)	Europe remains most attractive outlet for Grp III producers in the Mideast Gulf

Short-term price drivers

	Support	Pressure
Fundamentals	▲ Market activity in India set to rise with end of southwest monsoon season	▼ Waning seasonal demand compounding price pressure from rising heavy-grade production
		▼ Absence of weather-related disruptions so far boosting expectations of price drop
	▲ Port congestions, supply disruptions limit Grp III supply availability	▼ Import demand wanes in Latin America because of economic woes, high inventory levels
Sentiment	▲ US interest rate cuts boost positive outlook on economic growth	▼ Crude prices steady at lower levels, to reduce cost of base oils production
		▼ Eight core Opec+ members to increase production output by 1.65mn b/d from October onwards
Macroeconomics	▲ India announced lower goods and service taxes, potentially boosting automotive demand	▼ HCOB Flash Eurozone Manufacturing PMI decreased to 49.5 in Sep, manufacturing employment extends decline
	▲ RatingDog China General Manufacturing PMI rose to 51.2 in Sep, with new export orders returning to growth	▼ Flash US Manufacturing PMI slowed to 52.0 in Sep, weighed down by drop in new orders

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Base oil price forecast												$/t
	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26	Apr 26	May 26	Jun 26	Jul 26	Aug 26	Sep 26
US												
Group I												
SN 150 fob export	726	712	686	664	673	690	717	739	753	744	730	724
SN 500 fob export	833	801	772	757	760	788	813	835	847	852	842	838
Bright stock fob export	1198	1161	1129	1105	1090	1110	1133	1153	1159	1149	1132	1129
SN 150 domestic	836	807	783	767	771	795	815	830	837	831	816	808
SN 500 domestic	1097	1059	1030	1007	994	1013	1035	1054	1065	1067	1055	1048
Bright stock domestic	1490	1450	1416	1386	1367	1379	1402	1422	1432	1424	1411	1406
Group II												
N100 fob export	749	730	701	686	697	720	740	756	765	756	740	730
N220 fob export	709	691	670	658	669	694	716	737	754	749	734	730
N600 fob export	808	783	753	736	754	787	818	845	864	875	862	856
N100 domestic	930	898	863	840	826	844	867	882	896	902	888	879
N220 domestic	805	777	747	725	740	767	787	805	818	826	810	804
N600 domestic	1099	1069	1039	1013	1005	1023	1051	1072	1086	1096	1084	1074
Group III												
4cst domestic	1069	1052	1037	1030	1042	1065	1084	1098	1111	1120	1108	1097
Europe												
Group I												
SN 150 fob export	696	672	658	660	673	705	743	767	776	757	733	720
SN 500 fob export	805	775	752	754	760	786	817	838	846	829	806	791
Bright stock fob export	1208	1167	1145	1135	1144	1169	1201	1222	1213	1194	1170	1163
SN 150 domestic	844	806	779	760	751	772	803	829	842	820	800	793
SN 500 domestic	945	908	878	855	850	874	905	930	936	922	902	891
Bright stock domestic	1322	1283	1255	1236	1226	1244	1271	1294	1294	1277	1259	1239
Group II												
N150 fca ARA	1086	1052	1013	985	966	980	1003	1018	1027	1014	998	989
N600 fca ARA	1208	1172	1137	1109	1093	1101	1121	1139	1147	1133	1116	1110
Group III												
4cst fca NWE	1408	1372	1340	1319	1309	1322	1342	1355	1364	1353	1342	1337
(a) 4cst fca NWE	1731	1695	1665	1641	1626	1638	1658	1671	1678	1663	1643	1640
(b) 4cst fca NWE	1248	1223	1200	1182	1177	1193	1210	1222	1229	1214	1204	1196
Asia												
Group I												
SN 150 fob export	694	692	688	680	693	720	737	753	749	740	723	717
SN 500 fob export	808	786	772	768	783	812	830	846	840	830	815	803
Bright stock fob export	1196	1167	1144	1131	1144	1168	1187	1202	1190	1175	1160	1146
Group II												
N150 fob export	712	708	698	700	719	742	764	774	771	766	749	737
N500 fob export	856	840	820	806	823	851	872	887	879	869	851	840
N70 cfr India	766	772	757	760	782	805	821	816	808	801	786	781
N150 cfr India	769	774	761	759	772	798	821	832	824	812	796	784
N500 cfr India	926	912	889	872	885	915	938	946	936	926	909	897
Group III												
4cst cfr Northeast Asia	967	960	948	941	948	962	973	980	973	962	947	937
4cst cfr India	1029	1012	989	970	973	985	1000	1004	999	995	980	971
4cst ex-tank UAE	1033	1022	1012	1005	1011	1022	1039	1049	1047	1041	1028	1013

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Summary

The month ahead:
Base oil prices are forecast to be lower in the month ahead.

A combination of rising inventory levels and waning seasonal demand is set to pressure prices. But several plant maintenances in Japan and the US will likely counter some of the price pressure.

Market activity in India is also expected to rise with the end of the southwest monsoon season. A 10 percentage point drop in goods and services tax on small cars and motorcycles, three-wheelers, and motor vehicles used for transport of goods is also expected to boost finished lubricants demand and demand for US and Asia base oils.

Heavy-grade prices will likely face more downward pressure. Seasonal demand for high-viscosity grades typically declines in the cooler months of the year. Higher production in Asia is expected to compound the downward pressure on prices.

The next 3-6 months:
Base oil prices in March 2026 are forecast to be lower compared with prices in October next month.

Weaker demand and supply fundamentals in the fourth quarter of 2025 is set to outweigh the price support from rising demand from 2026.

US supply availability is set to rise with the absence of any weather-related disruptions and as market participants clear inventories ahead of the year-end tax assessment period. Muted seasonal demand during this time of year will likely exacerbate the price pressure. But any rise in exports is set to alleviate a supply overhang.

Demand for the lubricant feedstock typically rises from the first quarter of each year ahead of the spring oil-change season. But a light round of plant maintenances for 2026 so far will likely counter the price support from a rise in demand. Currently, only five plants globally are scheduled for maintenance in 2026.

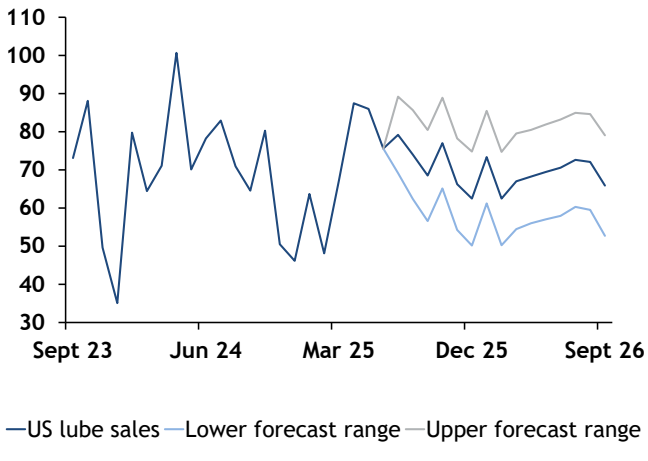
Longer term:
Base oil prices at the end of the forecast horizon in September 2026 are largely forecast to be lower compared with prices at the start of the period in October next month.

An expected slowdown in lubricant and base oils consumption in key developed countries is set to compound the price pressure from lower feedstock and competing fuel values.

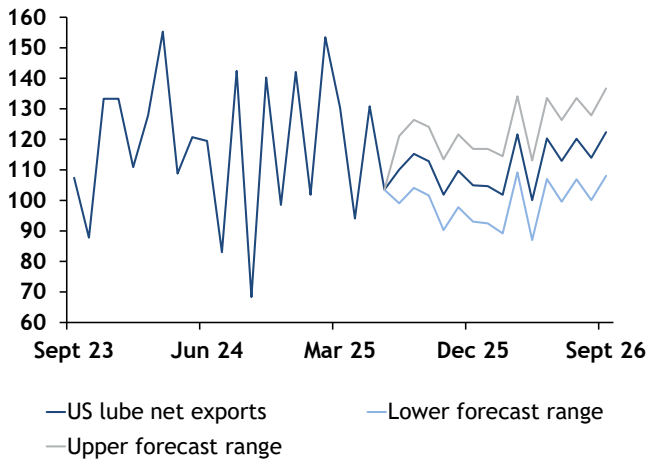
Group III prices are expected to be under more pressure. Two new Group III plants in India and the Mideast Gulf are scheduled to start by the end of 2026. More producers in the US have also sought to optimise Group III production. But higher Group III prices in Europe will likely facilitate exports to some regions more than others.

At the same time, demand for marine lubricants faces the prospect of a slowdown. China is planning countermeasures to the US Trade Representative port fees that are set to be implemented on 14 Oct 2025. Uncertainty over global trade and shipping costs could reduce shipbuilding orders, weighing on marine lubricant demand.

US lubricant sales (Base = 2017)



US net exports (Base = 2017)



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US

September forecast

US Group I base oil prices at the end of the forecast horizon in September 2026 are forecast to be lower than prices at the start of the period in October 2025. US Group II prices are generally projected to be lower at the end of the forecast period. US domestic Group III values are forecast to be higher.

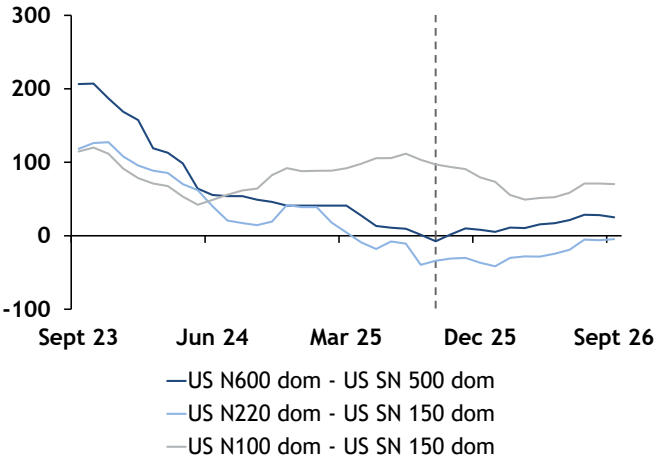
US base oil prices have extended their decline because of muted domestic demand and as inventories are deemed sufficient to cover short-term requirements. Expectations of lower prices loom because of minimal weather-related disruptions so far. Producers are also clearing surplus volumes into key export markets to reduce inventory pressure.

Domestic demand has waned following a fire outbreak at a key blending facility. The blender typically uses more re-refined base oils for their lubricant formulations. Higher availability of more competitively-priced base oils has incentivised some blenders to switch away from virgin base oils, putting more downward price pressure on those supplies.

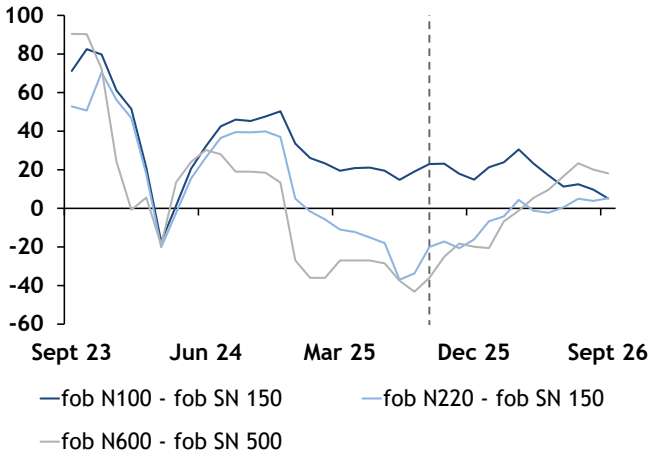
The blender has increased production at other units to reduce losses. Other blenders have also increased their run rates. But these moves are insufficient to fill the demand-supply gap.

Overseas demand is firmer. There are signs of a pickup in market activity in India as the southwest monsoon season approaches its end. US heavy grades are priced more competitively than supplies from Asia, boosting the attractiveness of these supplies. About 15,000-20,000t of Group II base oils bound for India are expected to load by early October.

US domestic Group II - Group I spreads *$/t*



US Group II - Group I spreads *$/t*



Demand in Latin America is more muted. Ample availability has prompted more buyers in that region to hold back purchases. A financial shock in Argentina has further weighed on import demand. Some traders are looking to move cargoes from the country to Europe or west Africa. Several buyers in Mexico are also facing import permit issues. But there is higher demand from the diesel extender market.

Supply availability of the lubricant feedstock remains plentiful despite an unplanned maintenance. The producer was shut for two weeks, but had sufficient inventories to cover its obligations. A key Group II refiner is scheduled for a 45-day maintenance in October. Inventory levels among other producers remain sufficient and will likely curb any supply shortfall.

US base oil supply is set to receive a boost during year end, particularly ahead of the tax assessment period and with the absence of any weather-related disruptions. Several buyers in the region and in key export outlets have already held back purchases in anticipation of such a trend.

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US

Grp I heavy grades flip to unusual premium

Base oil prices in the US also face pressure from other regions. Higher heavy-grade production in Asia has boosted competition for key export outlets. This is adding to the price pressure from muted domestic Group II demand.

US domestic Group II N600 prices are currently at a $8/t discount to US domestic Group I SN 500 values. Group II prices have not been at a discount since January 2022. They had averaged a $56/t premium over the last 10 years.

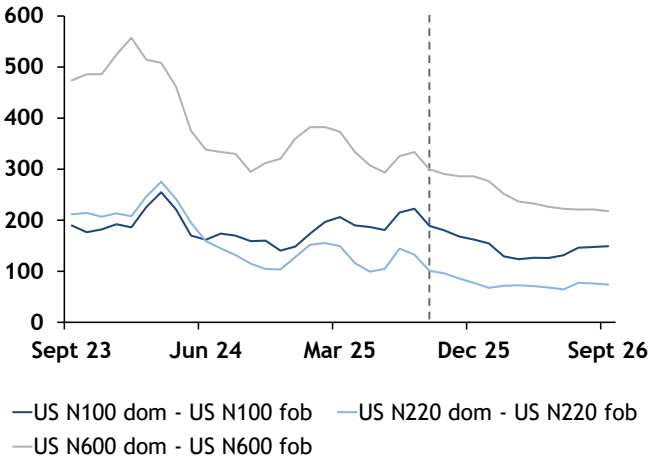
Atypical discounts reflect ample availability of US Group II heavy grades and more stable demand from the marine sector for Group I base oils. Group II base oils are less suited for lubricant formulations used in the marine sector.

A rise in Group II heavy-grade production in Asia has boosted supply availability and competition for key export outlets, resulting in a higher supply build for Group II heavy grades in the US. While Group I production in Asia has also increased, most of these supplies are exported within the region.

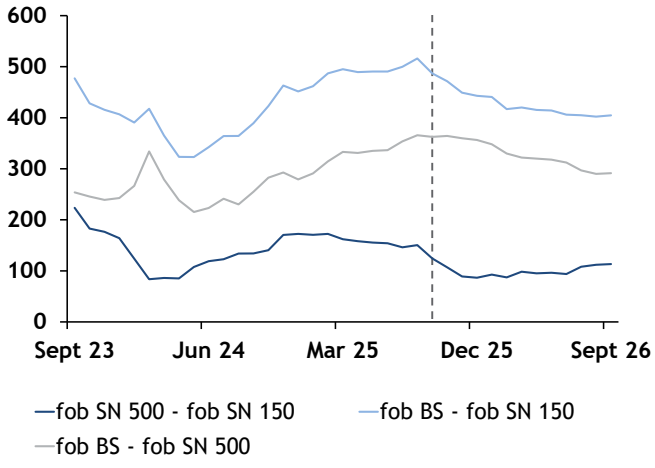
Even so, Group II discounts to Group I are unlikely to persist.

US Group II heavy grades are increasingly attractive to buyers in India as freight rates from South Korea continue to rise because of logistical congestions. Freight rates from the US to India for 5,000t cargoes are only $9/t higher than rates from South Korea to India, and US Group II N600 fob export prices are at a $55/t discount to Asia Group II N500 fob export values. More shipments from the US to India will likely curb a Group II heavy-grade supply build in the country.

US Group II domestic-export spreads *$/t*



US Group I spreads *$/t*



At the same time, new port call fees on Chinese vessels are set to come into effect on 14 October. Base oil shipments remain unaffected, and most carriers are absorbing the surcharge. Some carriers have also rotated Chinese-built vessels out of US trade routes. But any slowdown in trade will likely dampen demand for Group I heavy grades that are typically used in marine lubricant applications.

The discount of US domestic Group II N600 prices to US domestic Group I SN 500 values is forecast to flip to a $25/t premium by the end of the forecast period.

Attractiveness of domestic Grp II market rises

While overseas demand for US Group II heavy grades is set to receive a boost, an open arbitrage from Asia to US will likely weigh on domestic prices.

US domestic Group II N100 prices are currently at a $189/t premium to US Group II N100 fob export values. The premium is more than twice its 10-year average of $89/t. US domestic Group II N600 prices are at a $300/t premium to US

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US

Group II N600 fob export values. The premium is also more than double its 10-year average of $141/t.

Wider-than-usual domestic-export spreads reflect moves by US producers to divert surpluses into lower-priced export markets. This reduces the downward pressure on domestic base oil prices.

Higher premiums for heavy grades also reflect lower overseas demand for high-viscosity base oils. Key export outlets such as India and Mexico typically import more light grades for use in the diesel extender market. Light-grade base oils that are typically used in motorcycles and three-wheeler engine oils are also more prevalent in these countries.

At the same time, stricter emission standards and engine oil specifications in numerous developed countries have also reduced demand for heavy grades because of their implications on harmful emissions and fuel economy.

Us domestic-export spreads are forecast to narrow in the months ahead.

This reflects the attractiveness of US heavy-grade supplies, relative to those from Asia-Pacific. A large cargo of mid- and high-viscosity base oils is already scheduled to ship to India. More of such moves will likely support heavy-grade export prices.

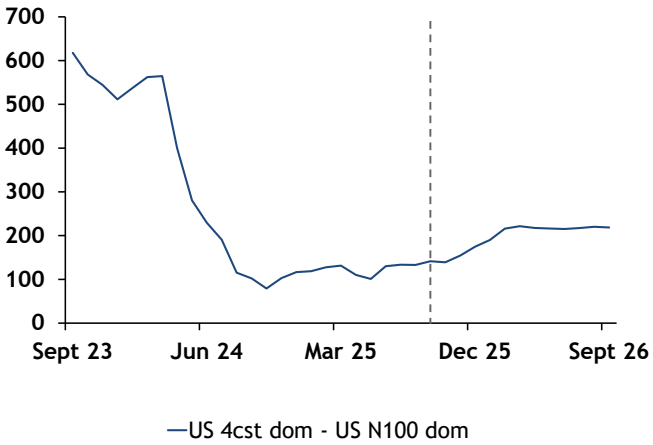
An open arbitrage is expected to incentivise producers in Asia to divert more volumes towards the US. Higher supply, following a recent plant start-up in the region will also likely facilitate more exports to the US. More competitive export markets may also prompt US producers to divert more volumes to the domestic market.

The premium of US domestic Group II N100 prices to Group II N100 fob export values is forecast to drop to $149/t by the end of the forecast period. The premium of US domestic Group II N600 prices to Group II N600 fob export values is projected to drop to $218/t by the end of the same period.

Rising imports, production weigh on Grp III values

Supply availability of Group II base oils is currently plentiful. But any more moves to optimise Group III production is expected to curb a buildup in supply.

US domestic Group III - Group II spreads ***$/t***



US domestic Group III 4cst prices are currently at a $142/t premium to US domestic Group II N100 values. The premium is less than half its 10-year average of $378/t.

Lower Group III premiums reflect more the recent weakness in Group III values rather than the strength of Group II prices. Several refiners have also sought to optimise Group III production as supply security remains paramount following geopolitical tensions surrounding key exporting regions. This also lowers the yield of Group II base oils.

Even so, Group III price premiums are forecast to remain lower than usual because of rising Group III production in the US. A key refinery has expanded its Group III production in August. It is expected to complete its expansion in 2028. Another producer is also projected to produce fully-approved Group III base oils by the fourth quarter of 2026.

But lower-than-usual premiums to Group II also incentivises the usage of more Group III base oils in formulations, should blenders have the flexibility to do so. Any such moves are expected to limit the price drop for Group III base oils.

The premium of US domestic Group III 4cst prices to US domestic Group II N100 values is forecast to rise to $219/t by the end of the forecast period.

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Europe

September forecast

European Group I base oil prices at the end of the forecast horizon in September 2026 are largely forecast to be lower compared with prices at the start of the period in October 2025. Fca Antwerp-Rotterdam-Amsterdam (ARA) Group II and fca domestic northwest Europe (NWE) Group III prices are also projected to be lower.

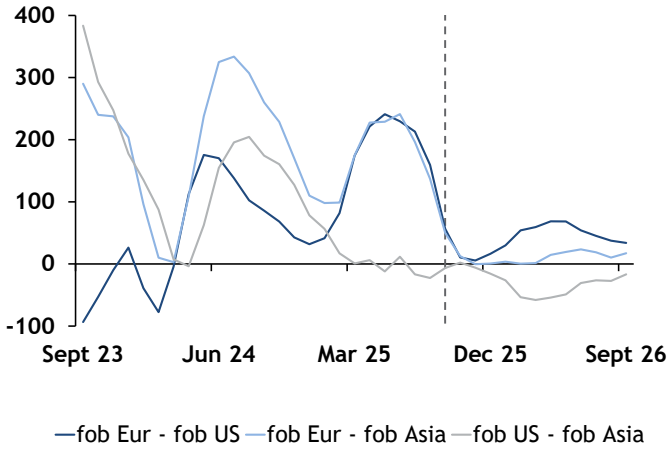
Europe base oil prices have largely extended their decline from month-ago levels, with the exception of Group III. Waning seasonal demand, an absence of plant maintenances, and lower competing fuel values are forecast to put more downward pressure on prices for the rest of 2025.

Domestic demand for base oils remains muted after the summer holidays. Blenders continue to hold back purchases because of muted finished lubricants demand and expectations of lower prices as supplies are readily available. Activity in the manufacturing sector has also slowed.

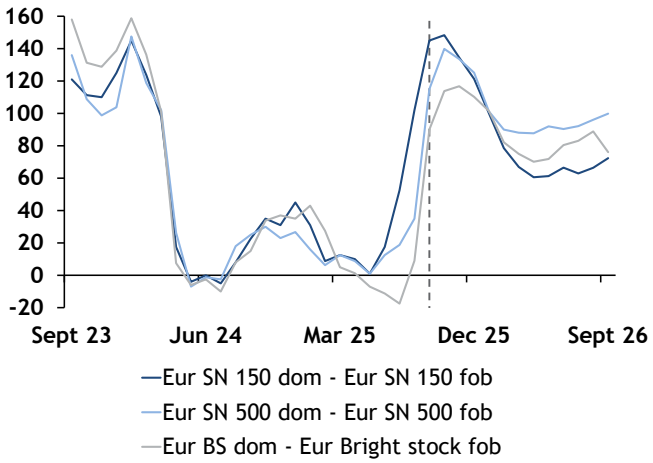
HCOB Flash Eurozone Manufacturing PMI dropped from 50.7 in August to 49.5 in September. The index was dragged by a contraction in manufacturing jobs and lower prices. Manufacturing production grew at a slower pace, supported by higher output in Germany. Germany is increasing defence and infrastructure spending, which is expected to boost finished lubricants demand in related applications.

Overseas demand is also lacklustre. Some distributors in west Africa are sourcing base oils from the Americas instead of Europe because of more competitive offers. Base oils supply in Latin America is also more plentiful because of a seasonal slowdown and muted economic activity. Some traders have also sought to divert supplies to other export outlets.

Bright stock regional spreads *$/t*



Europe Group I domestic-export spreads *$/t*



Muted demand for European supplies have prompted domestic producers to lower prices for both export and domestic markets.

This time round, an absence of plant maintenances is amplifying the supply glut. A key US producer is scheduled for a 45-day maintenance in October. But its distributor has built sufficient inventories ahead of the maintenance. Supply for Group III base oils is more limited because of vessel delays.

Ample availability of re-refined base oils is also exacerbating the price pressure on Group I base oils.

Competition for Grp I outlets rise

The absence of plant maintenances has weighed on Group I prices especially as they make up the bulk of Europe's base oil production.

Europe Group I fob export prices are currently at a $16/t premium on average to US Group I fob export values. The premium is at its lowest since March 2024, when Europe Group I prices had averaged a $54/t premium. European supplies had averaged a $2/t discount across the last 10 years.

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Europe

Europe Group I fob export prices are currently at a $38/t premium on average to Asia Group I fob export values. The premium is lowest since March 2024 and less than half its 10-year average of $107/t.

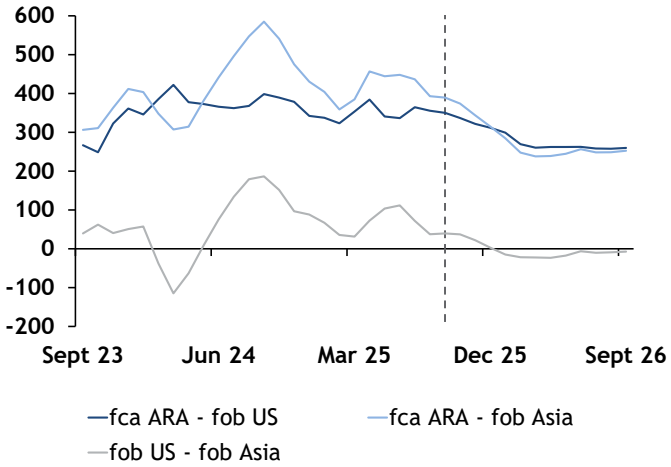
As mentioned in previous publications of the *Argus* Base Oils Outlook, European Group I prices were expected to face downward pressure as supplies were not priced competitively and as Group I production in Asia is set to rise. Latin America, a region which typically imports base oils, is also diverting small volumes of Group I base oils to other regions. Such a trend has materialised.

Even so, European Group I fob export prices are expected to face more downward pressure in the months ahead, particularly for heavy grades.

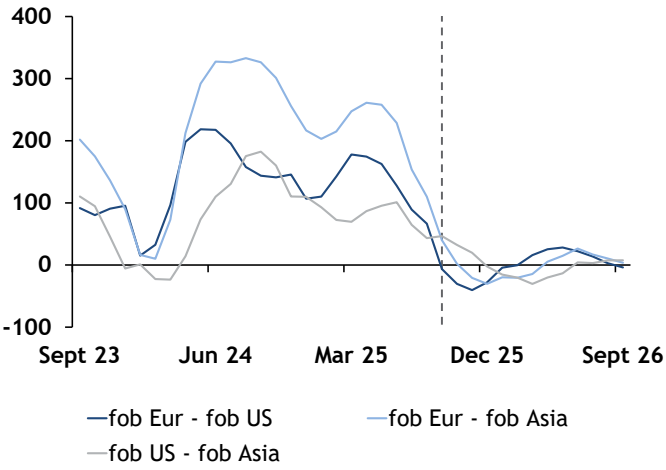
Demand for high-viscosity base oils typically wanes as temperature levels drop. Any absence of weather-related disruptions in the US is also expected to boost exports to key outlets, exacerbating the price pressure from rising supply availability from Europe.

At the same time, the new plant in southeast Asia has also started shipping base oils, including an ultra-high-viscosity grade. The grade has a higher viscosity than Group I bright stock, which can lower additive costs for some blenders. These will likely weigh on overseas demand for European cargoes further.

Group II (N100/N150) Light-Grade spreads ***$/t***



SN 150 regional spreads ***$/t***



The average premium of Europe Group I fob export prices to US Group I fob export values is forecast to flip to an average discount of $5/t by the end of the forecast period. The average premium of Europe Group I fob export prices to Asia Group I fob export values is projected to decrease to $3/t by the end of the same period.

US Grp II cargoes increasingly attractive

While domestic Group I producers face competition from Asia and the US, the region remains a key importer of Group II base oils.

US Group II N100 fob export prices are currently at a $40/t premium to Asia Group II N150 fob export values. The premium is down from its peak of $112/t in June 2025 and lower than its 10-year average of $61/t.

This underlines the attractiveness of US light-grade supplies. Freight rates from US to Europe for 5,000t cargoes are currently at $65/t, $85/t lower than freight rates from South Korea to Europe.

US Group II prices are under more downward pressure as market participants had built sufficient inventories ahead of the Atlantic hurricane season. But an absence of weather-related disruptions so far has prompted some refiners to clear surpluses into the export market. Lower demand in Latin America has exacerbated the price pressure.

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Europe

At the same time, high Group II heavy-grade premiums have incentivised refiners in Asia to optimise production for high-viscosity base oils. This has limited the availability of light grades.

Minimal supply disruptions in the US and an extended weakness in lubricant consumption will likely further pressure US Group II values in the months ahead. US market participants also typically clear inventories before the year-end tax assessment period.

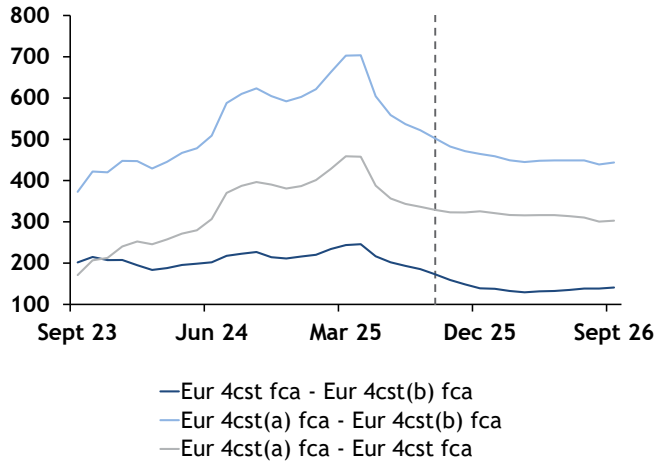
Even so, a stronger euro against the USD and a wider arbitrage will likely incentivise refiners to divert more shipments toward Europe. A plant maintenance in the Mideast Gulf from November to December is also expected to support Indian demand for US cargoes. The Mideast Gulf is a key supplier of base oils for India. Higher freight rates from South Korea to India boosts the attractiveness of US supplies.

The premium of US Group II N100 fob export prices to Asia Group II N150 fob export values is forecast to flip to a $7/t discount by the end of the forecast period.

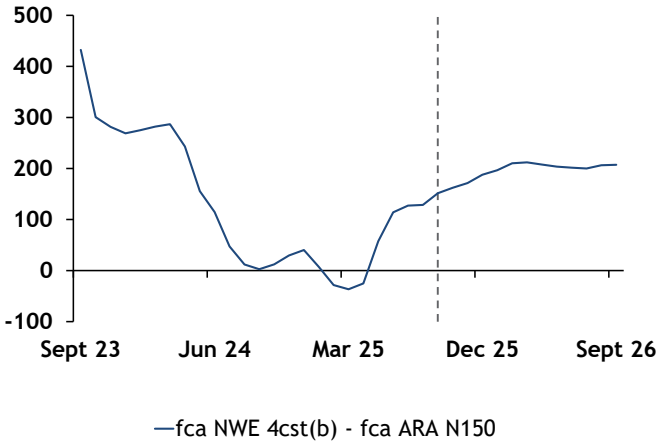
Supply disruptions to squeeze Group III spreads

While supply availability is more plentiful for Group I and Group II base oils, Group III supplies without the full set of OEM approvals are more limited because of supply disruptions in the Mideast Gulf and South Korea.

Europe Group III spreads *$/t*



Europe Group III - Group II spreads *$/t*



Fca NWE Group III (a) 4cst prices – those with the full set of OEM approvals – are currently at a $502/t premium to fca NWE Group III (b) 4cst values. The premium has declined for four consecutive months and is at its lowest since June 2024. But it remains significantly higher than its historical average of $238/t from at least April 2019.

The decline in Group III (a) premiums reflect a growing incentive among blenders to use more partially-approved Group III supplies in their formulations, should they have the flexibility to do so. Supply of Group III (b) is also more limited. A producer in the Mideast Gulf has no spot supply available. A vessel from South Korea was also delayed.

The premium for Group III supplies with the full set of OEM approvals is expected to decline further. Higher-than-usual premiums are expected to continue incentivising blenders to use lower-cost alternatives in their formulations.

At the same time, supply disruptions will likely continue supporting prices of Group III (b) base oils. Congestion in southeast Asia has increased waiting times by 4-8 days. But a workable arbitrage to Europe is set to incentivise refiners in Asia and the Mideast Gulf to divert more shipments to the region.

The premium of fca NWE Group III (a) 4cst prices to fca NWE Group III (b) 4cst values is forecast to drop to $444/t by the end of the forecast period.

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Asia

September forecast

Asia-Pacific Group I and III base oil prices at the end of the forecast horizon in September 2026 are generally forecast to be lower than prices at the start of the period in October 2025. Group II are largely projected to be higher at the end of the same period.

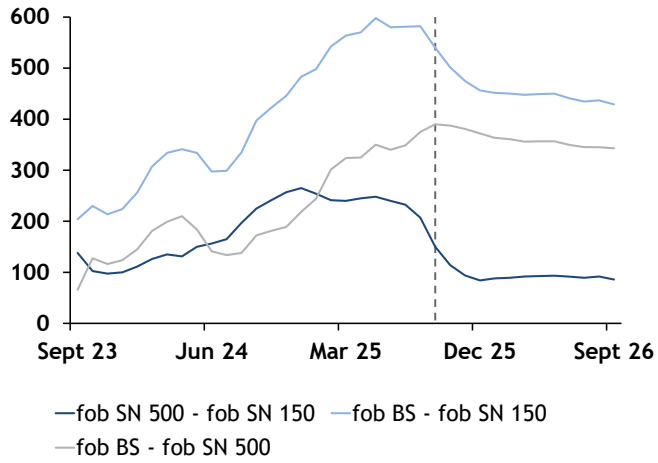
Base oil prices in the region have extended their decline as seasonal demand wanes and supply availability rises with the completion of most plant maintenances. Most buyers have also opted to hold back purchases amid expectations of a further price drop.

Chinese demand for imports remains lacklustre. Domestic producers have continued to offer large discounts across all base oil groups to boost market interest. This has incentivised more buyers to switch to competitively-priced domestic supplies instead of imported cargoes.

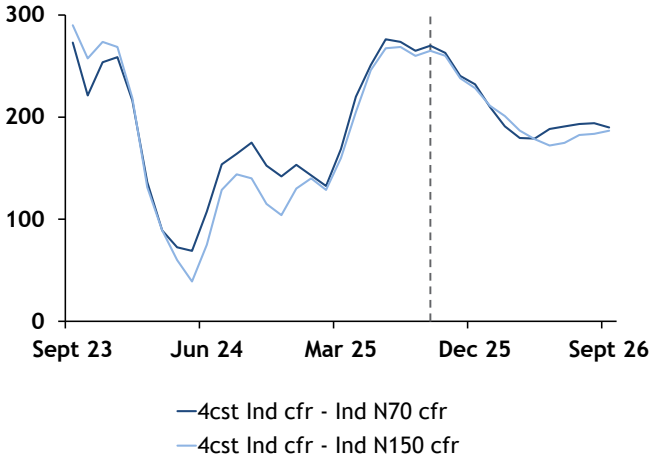
Some producers in the country have also sought to export surplus volumes. A 6,000t cargo of Group I heavy grades was sold to the Mideast Gulf. The producer has more volumes available. Another producer has offered Group III 4cst. But bids were deemed too low. China had historically been a net importer of heavy-grades supplies because of the crude slate used.

Market activity in India is also muted. The southwest monsoon season has caused severe flooding this year. Lower transport and industrial activity are expected to weigh on finished lubricants demand. A large shipment of about 20,000t of mid- and high-viscosity base oils from the US have been loaded for delivery to India. This is expected to pressure demand for Asian cargoes in October.

Asia Group I spreads *$/t*



India Group III - Group II spreads *$/t*



Even so, India's goods and services tax on motorcycles and other vehicles have been reduced from 28pc to 18pc. This is set to boost finished lubricant demand at the factory-fill point.

The completion of most plant maintenances is set to exacerbate the price pressure from muted demand. Currently, only four other plants in Asia-Pacific and the Mideast Gulf are scheduled for the rest of 2025.

A Group I re-refiner in Saudi Arabia is undergoing partial maintenance until November. A Group I plant in Japan is scheduled for maintenance from October to November. Another Group I plant in India is under maintenance until mid-October. The largest base oil plant in the Mideast Gulf will also be under a 45-day maintenance from mid-November.

Heavy-grade premiums to extend decline

While the completion of most plant maintenances has boosted supply availability, availability for some grades is more plentiful than others.

Asia Group I SN 500 fob export prices are currently at a $150/t premium to Group I SN 150 fob export values. The

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Asia

premium is at its lowest since June 2024 but remains above its 10-year average of $131/t.

Asia Group II N500 fob export prices are at a $160/t premium to Group II N150 fob export values. The premium is at its lowest in a year and higher than its 10-year average of $123/t.

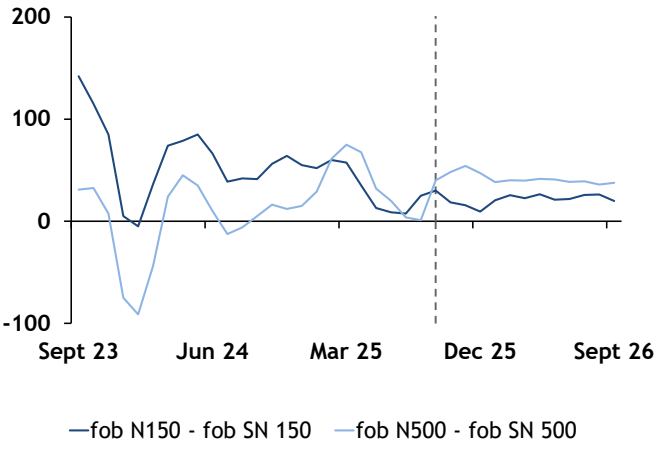
Lower heavy-grade premiums reflect moves by refiners to optimise heavy-grade production in recent months because of an unusually wide spread between heavy- and light-grade base oils. Plant maintenances have also disrupted heavy-grade supply availability especially as grades with a high viscosity typically makes up a smaller portion of a refinery's output.

The price spread between heavy- and light-grade supplies is forecast to narrow further in the months ahead.

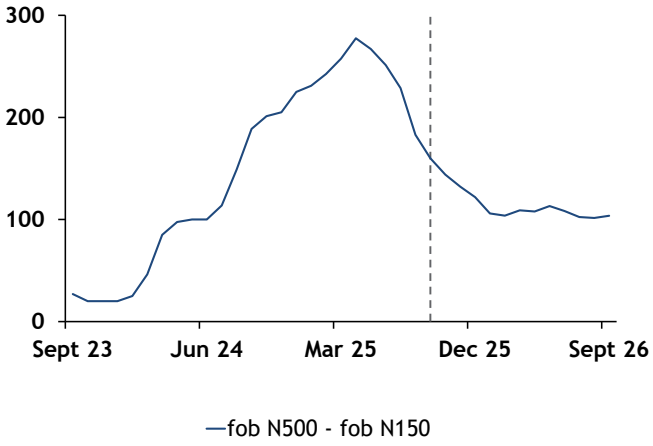
This reflects a combination of waning season demand, particularly for heavy grades, and a still-attractive spread between heavy- and light-grade base oils that incentivises heavy-grade production. At the same time, heavy-grade supplies are expected to make up the bulk of production at the new 1mn t/yr Group II unit in southeast Asia.

The premium of Asia Group I SN 500 fob export prices to Asia Group I SN 150 fob export values is forecast to decline to $86/t by the end of the forecast period. The premium of Asia Group II N500 fob export prices to Asia Group II N150 fob export values is projected to drop to $104/t by the end of the same period.

Asia Group II - Group I spreads *$/t*



Asia Group II spreads *$/t*



Grp I, II supply fundamentals diverge

The completion of most plant maintenances has also weighed on Group I base oil prices especially. The result is a wider spread between Group II and Group I prices.

Asia Group II N150 fob export prices are currently at a $30/t premium to Asia Group I SN 150 fob export values. The premium is reflective of its 10-year average of $37/t.

Asia Group II N500 fob export prices are at a $40/t premium to Asia Group I SN 500 fob export values. The premium is at its highest since April 2025 and higher than its 10-year average of $29/t.

Higher Group II premiums underline the impact of supply disruptions on base oil prices. In the first half of 2025, close to 10pc of Group I production capacity in Asia have been disrupted by scheduled maintenances. The completion of most of these plant maintenances coincided with a rise in Group I discounts to Group II.

The premium of Group II to Group I is forecast to drop further in the months ahead.

Asia's Group I nameplate production capacity has shrunk by almost 600,000 t/yr following two plant closures in Japan

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Asia

since 2022. At the same time, Asia's Group II nameplate production capacity rose by about 1 mn t/yr in 2025. These fundamentals suggest a narrower price spread between Group I and Group II base oils, especially as demand for Group I base oils is waning at a slower than expected pace.

The arbitrage to move US Group II heavy grades to India is also open. More competitively-priced US supplies are expected to weigh on Indian demand for Group II supplies from Asia. This will likely weigh on Group II values further.

The premium of Asia Group II N150 fob export prices to Group I SN 150 fob export values is forecast to drop to $20/t by the end of the forecast period. The premium of Asia Group II N500 fob export prices to Asia Group I SN 500 fob export values is projected to edge lower to $38/t by the end of the same period.

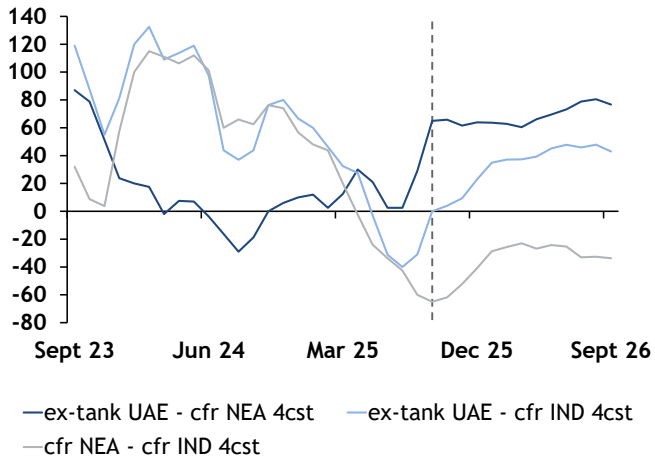
Attractiveness of Eur Grp III market rises

Unlike Group I and II, plant maintenances and supply disruptions have supported Group III base oils values.

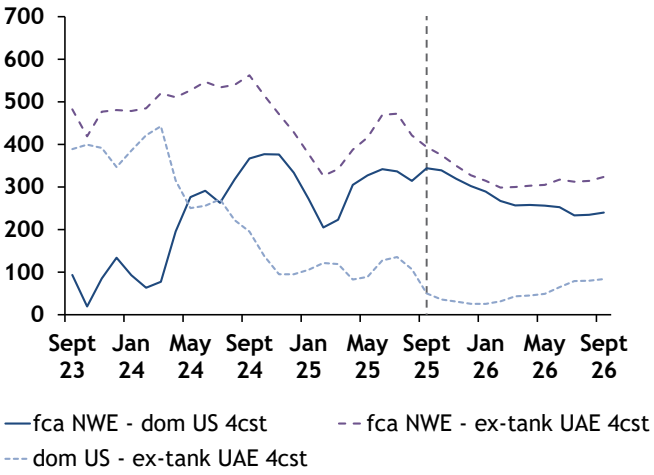
Group III 4cst ex-tank UAE prices are currently at a $63/t discount to US domestic Group III 4cst values. The discount is at its lowest since April 2020 and significantly lower than its 10-year average of $248/t.

Group III 4cst ex-tank UAE prices are at a $221/t discount to fca northwest Europe (NWE) Group III (b) 4cst values. The discount is at its lowest in four months and lower than its six-year average of $284/t.

Asia Group III spreads *$/t*



Group III 4cst arbitrage spreads *$/t*



Lower discounts reflect limited availability in the Mideast Gulf. A producer is not expected to have any spot supply until the year-end. Another producer has been diverting surplus volumes towards the Indian market.

Narrower spreads between regional Group III prices also reflect rising Group III production in the US. More Group II producers have sought to optimise Group III base oils for use in their respective downstream units. Two vessels have also arrived, further pressuring US Group III prices.

The narrower arbitrage to the US will likely prompt producers in the Mideast Gulf to divert more shipments to Europe. Parity to delivered prices in India is set to facilitate such a trend.

Demand in Europe for Group III base oils without the full set of approvals is relatively steady. Some buyers in France are seeking alternatives because of logistical disruptions from South Korea. High discounts to fully-approved Group III base oils also boost the attractiveness of Group III supplies without the full set of OEM approvals.

The discount of Group III 4cst ex-tank UAE prices to US domestic Group III 4cst values is forecast to rise to $84/t by the end of the forecast period. The discount of Group III 4cst ex-tank UAE prices to fca NWE Group III (b) 4cst values is projected to decline to $183/t by the end of the same period.

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Maintenance and shutdowns

Upcoming / recent base oil plant maintenance / shutdowns / closures

Refiner	Location	Timing	Capacity	Capacity affected	Cause
PBF Energy	Paulsboro, New Jersey	4Q 2026 for 1 month	11,000 b/d	All, Group I	Maintenance
Formosa	Mailiao, Taiwan	Q3 2026 for 45 days	600,000 t/yr	All, Group II	Maintenance
Petronas	Melaka, Malaysia	Mid-2026 for 45 days	280,000 t/yr	All, Group II/III	Maintenance
Luberef	Jeddah, Saudi Arabia	Mid-2026	270,000 t/yr	All, Group I	Closure
HD Hyundai Shell	Daesan, South Korea	Ely-Apr to end-May 2026 for	1.2 mn t/yr	All, Group II	Maintenance
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	1.1mn t/yr	All, Group I/II	Maintenance
Excel Paralubes	Westlake, Louisiana, US	Oct 2025 for 45 days	22,200 b/d	All, Group II/III	Maintenance
CPCL	Chennai, India	Sep to mid-Oct 2025 for 45	270,000 t/yr	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
YUNITCO	Yanbu, Saudi Arabia	Aug to Nov 2025	125,000t/yr	Partial, re-refined	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
MOL	Szazhalombatta, Hungary	Jun to mid-Jul 2025	195,000 t/yr	All	Maintenance
Huanghe New Materials	Shandong, China	Jun 2025 for 1 month	150,000 t/yr	All, Group II	Maintenance
YUNITCO	Yanbu, Saudi Arabia	1H June 2025 for 10 days	125,000t/yr	All, re-refined Grp I	Maintenance
Calumet	Shreveport, Louisiana, US	Ely-June to mid-July 2025	11,900 b/d	All heavy grades	Maintenance
Luberef	Yanbu, Saudi Arabia	2Q 2025 for 7 days	1.1mn t/yr	All, Group I/II	Unplanned outage
Luberef	Jeddah, Saudi Arabia	2Q 2025 for 7 days	270,000 t/yr	All, Group I	Unplanned outage
UNILUBE	Jubail, Saudi Arabia	End-May 2025 for 10 days	120,000 t/yr	All, re-refined Grp I	Maintenance
Idemitsu	Chiba, Japan	Mid-May to Jul 2025	305,000 t/yr	All, Group I, II, III	Maintenance
Henan Junheng	Henan, China	Mid-May 2025	400,000 t/yr	All, Group II	Maintenance
ENEOS	Kainan, Japan	May to Jun 2025	190,000 t/yr	All, Group I	Maintenance
SK Enmove	Ulsan, South Korea	From mid-May 2025 for 40	26,000 b/d	Partial, Group III	Maintenance
PKN Orlen	Plock, Poland	May 2025 for 1 month	160,000 t/yr	All	Maintenance
IRPC	Rayong, Thailand	May 2025 for 10 days	320,000 t/yr	Group I	Maintenance
Safety-Kleen	East Chicago, Indiana, US	Ely-May to late-May 2025	5,600 b/d	All Group II+	Maintenance
Ergon	Newell, West Virginia, US	Ely-May to late-Jun 2025	4,800 b/d	All, Group I/II	Maintenance
HD Hyundai Shell	Daesan, South Korea	Late-Apr to 14 May 2025	1.2 mn t/yr	Partial, Group II	Run-cut
Zibo Sintipec	Shandong, China	Ely-Apr to Ely-Jul 2025	500,000 t/yr	All, Group II	Maintenance
Bapco	Sitra, Bahrain	Ely 2Q 2025 for 45 days	400,000 t/yr	All, Group III	Catalyst change
ADNOC	Ruwais, Abu Dhabi	2H April 2025 for 3 weeks	600,000 t/yr	All, Group II/III	Maintenance
CPCL	Chennai, India	Ely Apr 2025 for 1 week	270,000 t/yr	All, Group I	Maintenance
Petro-Canada	Mississauga, Ontario, Canada	Apr 2025 for 1 month	4,000 b/d	All, Goup III	Maintenance
Luberef	Saudi Arabia, Yanbu	1Q 2025 for 15 days	1.1mn t/yr	All, Group I/II	Catalyst change
Calumet	Shreveport, Louisiana, US	2H March for 2 weeks	11,900 b/d	All light grades	Maintenance
Safety-Kleen	Breslau, Ontario, Canada	Mid-Mar to late-April 2025	2,500 b/d	All, Group II+	Maintenance
Crystal Clean	Indianapolis, Indiana, US	Mid-March for 10 days	3,200 b/d	All Group II	Maintenance
Sinopec	Gaoqiao, China	Mid-Mar to end-May 2025	600,000 t/yr	All, Group I/II	Maintenance
Chevron	Pascagoula, Mississippi, US	Mar/Apr 2025 for 3-4 weeks	25,000 b/d	All, Group II	Maintenance
Avista Oil	Peachtree City, Georgia, US	Ely-Mar 2025 for 1 week	2,500 b/d	All Group II+/III	Maintenance
HD Hyundai Oilbank	Daesan, South Korea	1-6 Mar 2025	25,000 b/d	Group II	Unplanned outage
HD Hyundai Shell	Daesan, South Korea	1-6 Mar 2025	1.2 mn t/yr	Partial, Group II	Run-cut
GFL Environmental	Columbus, Ohio, US	Late-Feb 2025 for 1-2 weeks	1,500 b/d	All, Group II+	Maintenance
HPCL	Mumbai, India	End-Feb for a month	475,000 t/yr	Partial, Group I/II	Maintenance
GS Caltex	Yeosu, South Korea	End-Feb to 2H Apr 2025	27,000 b/d	All	Maintenance
BPCL	Mumbai, India	Feb to ely-Mar 2025	450,000 t/yr	All	Maintenance

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Market fundamentals

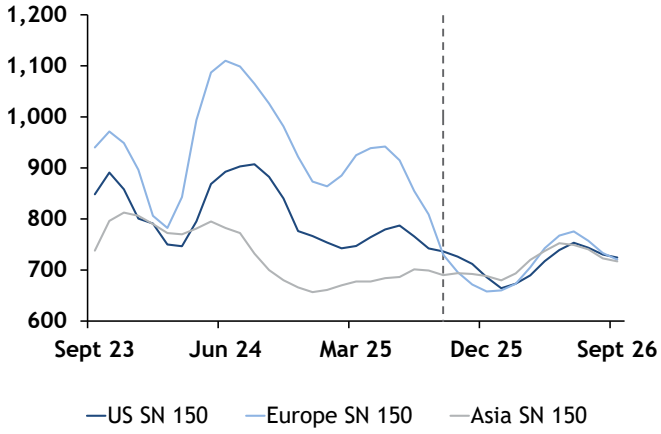
Upcoming / recent expansions / conversions / new plants

Refiner	Location	Timing	New capacity	Grade	Expansion / new plant
ReGen III	Texas City, US	NA	Up to 5,600 b/d	Re-refined Group II+/III	New
ReGen III	Alberta, Canada	NA	Up to 2,200 b/d	Re-refined Group II+/III	New
Modrica refinery	Modrica, Bosnia	NA	200,000 t/yr	Group III	Expansion
Petrobras	Rio de Janeiro, Brazil	2029	657,000 t/yr	Group II	Conversion
HPCL	Mumbai, India	2028	764,000 t/yr	Group I,II, III	Expansion
IOC	Chennai, India	2027-2028	250,000 t/yr	Group II	Expansion
YUNITCO	Cairo, Egypt	End 2027	100,000 t/yr	Re-refined Group I SN150, SN500	New
YUNITCO	Yanbu, Saudi Arabia	Dec 2027	200,000 t/yr	Re-refined Group II+ N150, N500	Conversion
HD Hyundai Shell	Daesan, South Korea	4Q 2027	Up to 6,000 b/d	Group III	New
CNOOC	Taizhou, China	2027	400,000 t/yr	Naphthenic	New
CNOOC	Taizhou, China	2027	400,000 t/yr	Group III	New
IOC	Panipat, Delhi, India	Early 2027	540,000 t/yr	Group II/III	New
Shell	Wesseling, Germany	2026-2028	300,000 t/yr	Group III	Conversion
Chevron	Pascagoula, US	4Q 2026	NA	Group III+	New
Sinopec	Jingmen, China	Jun 2026	600,000 t/yr	Naphthenic	New
Yitai	Inner Mongolia, China	Apr 2026	5,000 t/yr	PAO	New
Luberef	Yanbu, Saudi Arabia	2026	175,000 t/yr	Group III	Conversion/new
Luberef	Yanbu, Saudi Arabia	2026	100,000 t/yr	Group II	Conversion/expand
YUNITCO	Yanbu, Saudi Arabia	Dec 2025	200,000 t/yr	Re-refined Group I SN150, SN300, SN500	Expansion
IOC	Vadodara, India	Dec 2025	235,000 t/yr	Group II/III	New
ExxonMobil	Jurong, Singapore	2H 2025	1mn t/yr	Group II N150, N600, high-vis base oils	New
IOC	Haldia, India	4Q 2025	150,000 t/yr	Group III	Expansion
Avista Green	Kalundborg, Denmark	2024-2026	Up to 40pc higher	Re-refined Group I+	New
Avista Oil	Dollbergen, Germany	2024	NA	Re-refined Group III	New
SANEG (Fergana)	Fergana, Uzbekistan	2024	Up to 100,000 t/yr	Group II/III 2cst, 4cst, 6cst and 8cst	New
Pentas Flora	Selangor, Malaysia	Mid-Aug	36,000t/yr	Re-refined Group II+ N150	Conversion
IOC	Haldia, India	2Q 2024	120,000 t/yr	Group II	Expansion
PetroChina	Fushun, China	Ely-2024	100,000 t/yr	Group I, bright stock	Conversion
Hongrun Petrochemical	Weifang, China	Apr-May	Up to 500,000 t/yr	Group III; white oils	New
Chevron	Richmond, California	Jul 2023	2,500 b/d	Group III 4cst and 6 cst	Conversion
Hainan Handi Sunshine	Hainan, Yangpu, China	Jan 2023	Up to 800,000 t/yr	Group II+/III 4cst	Conversion
Xinji-Feitian	Hebei, China	Ely-Sep 2022	250,000 t/yr	Group II/III	New
Nuspec Oil	York, United Kingdom	2Q 2022	Up to 5,000 t/yr	Bio-bright stock	New
Tayras	Selimiye, Turkey	Mid-Jan 2022	40,000 t/yr	Group II+ re-refinery, N70, N110, N220	New
Hyundai Oilbank	Daesan, South Korea	Jan 2022	NA	Group II bright stock	New
BPCL	Mumbai, India	2022	450,000 t/yr	Group II N65, N150, N500, Group III 8cst	Expansion
EGEO Oil	Portugal	2022	14,000 t/yr	Group I re-refined SN 80/150/200/350	New
Hainan Handi	Hainan, China	2022	300,000 t/yr	Group II re-refinery	Cancelled
Gazpromneft	Omsk, Russia	Aug 2023	220,000 t/yr	Group II/III 2cst, 4cst, 6cst and 8cst	Expansion
Avista Green	Kalundborg, Denmark	End-2021	10-15pc higher	Group I+ re-refinery	Expansion
CNOOC/Bora Petchem	Liaoning, China	End-2021	1.2mn t/yr	Naphthenic	Expansion
Ilboc (Sk-Repsol)	Cartagena, Spain	2H 2021	Up to 50pc higher	Group II/III	Expansion
Sinopec	Yanshan, China	Jun-Jul 2021	250,000 t/yr	Group II	Expansion
Panjin Haoye	Liaoning, China	Apr 2021	200,000 t/yr	Group II N100, N150 and N350	New
Lukoil	Volgograd, Russia	Feb 2021	NA	Group II	New
Shenghong Petrochemi-	Lianyungang, China	2021	620,000 t/yr	Group II/III	Cancelled
Sasol	Louisiana, US	After 2020	NA	GTL	Cancelled
Qinghe Petrochemical	Shandong, China	Jun 2020	600,000 t/yr	Group III/II	New

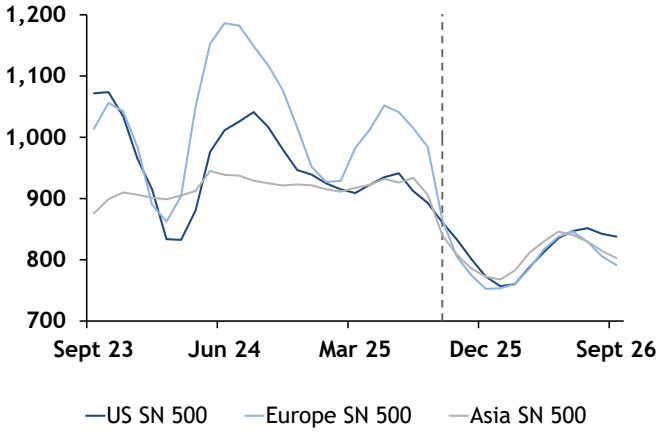
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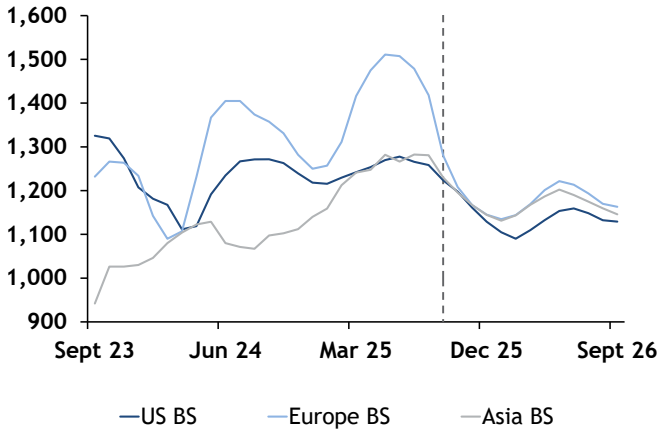
Group I SN 150 fob export $/t



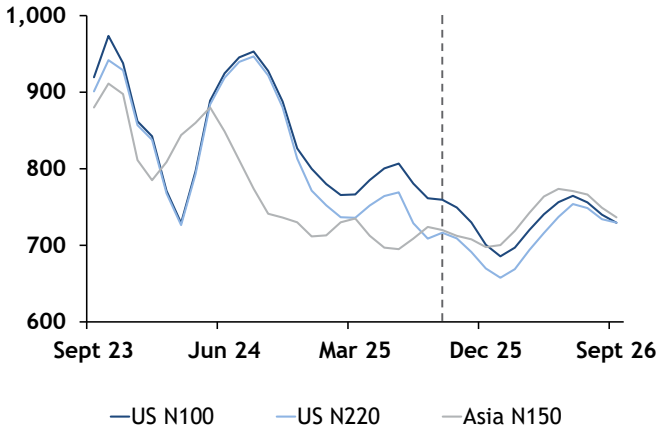
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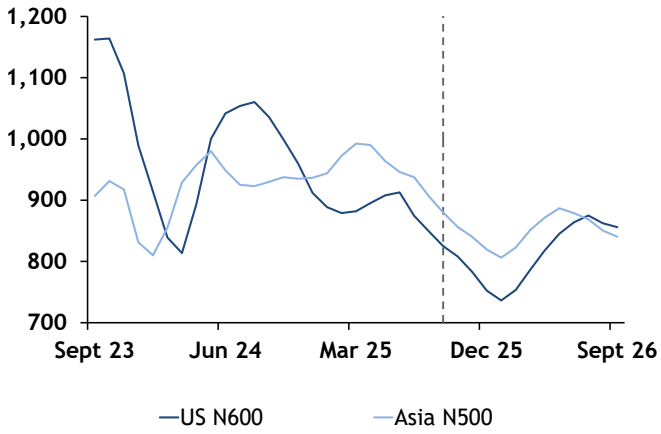
Group I bright stock fob export $/t



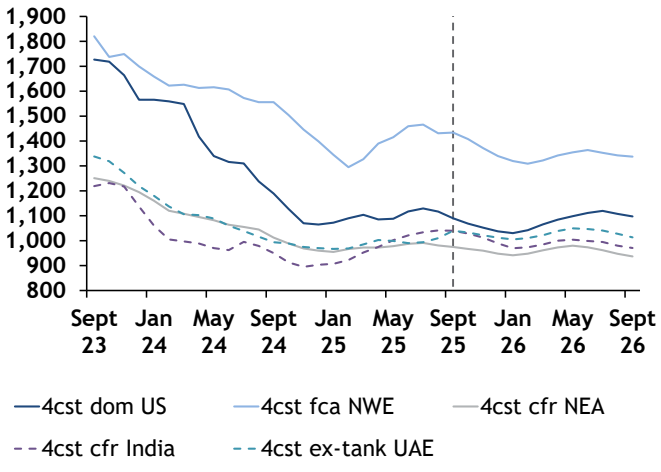
Group II N100 & N150 & N220 fob export $/t



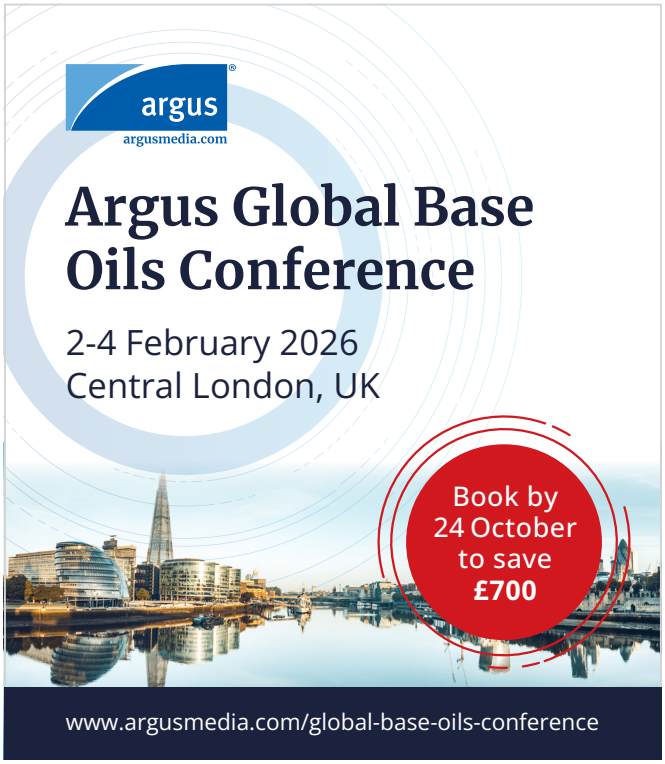
Group II N500 & N600 fob export $/t



Group III 4cst $/t



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