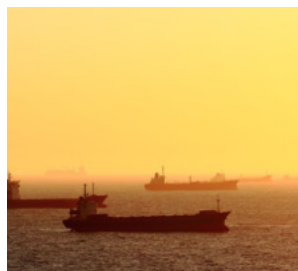


Global supply
outpaces demand
in August



Taiwan's October
base oils exports
hold firm

14/11/2025

Issue No.1

Base Oils and Lubricants

Weekly global market review



Asia lube demand set to ease

Asia's lube demand is likely to slip in the coming months amid a seasonal slowdown in consumption during winter.

The region's lube demand is likely to slip to less than 2.45 million tonnes in the fourth quarter of the year, according to the Base Oil News short-term outlook.

Demand is then likely to move closer to 2.50 million tonnes in the first three months of next year.

Asia's lube consumption of more than 2.52 million tonnes in the third quarter of this year rose by more than 10% from year-earlier levels.

Weaker demand in the coming months would give buyers more leverage to hold back in the face of lower base oils prices and healthy availability of supply.

Supply could remain readily available amid a light round of scheduled plant-maintenance work over the coming months.

Weaker demand, healthy availability of supply and squeezed margins could increase pressure on refiners to adjust output to maintain more balanced fundamentals



Global base oils supply outpaces demand in August

Global base oils supply outpaced demand in August by the largest volume in twenty months, leaving a growing volume of surplus shipments to clear over the following months.

Rising demand in key markets like Asia and especially the Americas in August far

outweighed an ongoing slowdown in consumption in Europe.

Strong demand in those markets lifted total consumption by nearly 10% in August from year-earlier levels.

The firm demand almost matched the 10% rise in global base oils supply during the

Supply rises to four-year high

same period to more than 3 million tonnes.

But a seasonal slowdown in demand in August from July contrasted with a rise in supply to a four-year high.

The month-on-month disconnect between supply and demand magnified the subsequent surge in

August from July contrasted with a rise in supply to a four-year high.

The month-on-month disconnect between supply and demand magnified the subsequent surge in surplus supply to the highest level since December 2023.

The pick-up in surplus supply in every major market increased the importance of and competition for outlets with firm demand and insufficient base oils production capacity.

BRAZIL'S OCTOBER BASE OILS IMPORTS FALL

Brazil's base oils imports slid in October for the second time in three months amid a dip in shipments from the US.

The drop in imports would have been even larger but for an unusually large rise in shipments from other

sources like South Korea and Qatar.

The drop in imports could squeeze Brazil's base oils supply at a time when stocks were already balanced-to-low.

The lower shipment volumes could also

compound the impact of unexpected production issues at a key base oils unit in Brazil.

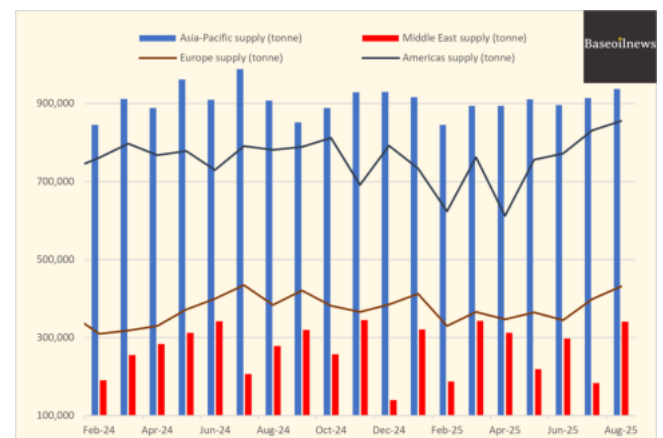
Total imports of less than 45,000 tonnes in October fell from close to 67,000 tonnes the previous month, government data showed.

The US accounted for

close to 75% of Brazil's base oils imports in the year to September. That share fell to less than 60% in October.

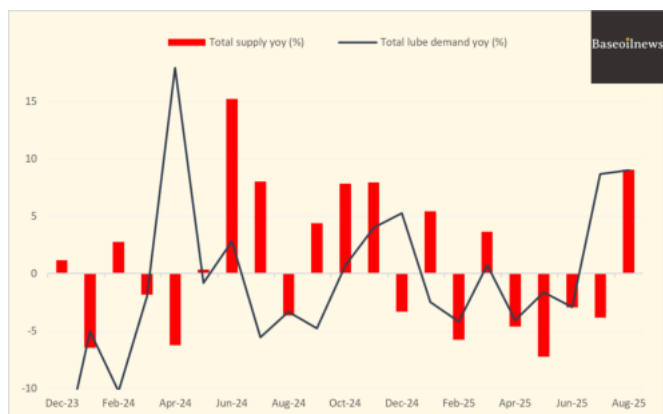
Imports from the US are likely to recover in November amid signs of a strong pick-up in US shipments to the South American country in October.

GLOBAL SUPPLY



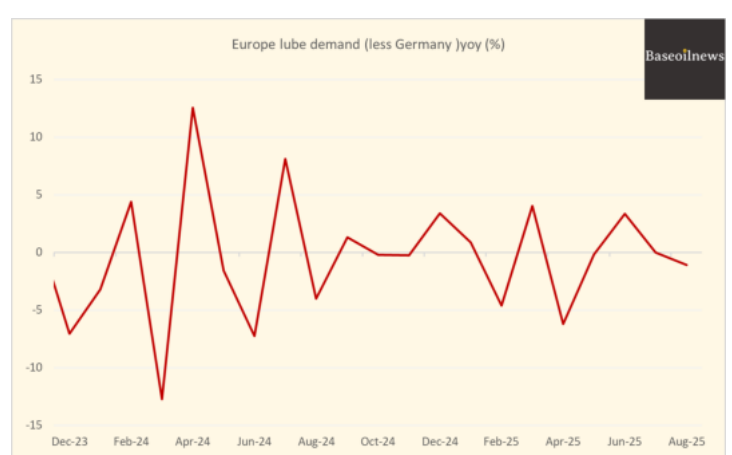
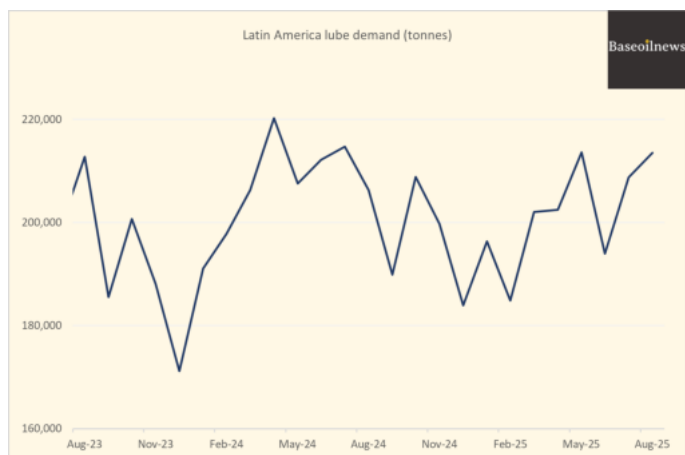
Source: EIA, BAFA, MET, Ministry of Energy, ANP, METI and other government data

GLOBAL SUPPLY VS DEMAND



Source: EIA, BAFA, MET, Ministry of Energy, ANP, METI and other government data

LATIN AMERICA/EUROPE DEMAND



Source: ANP, Ministry of Economy, INEGI and other government data

Source: CORES, MET, GUS, DGES and other government data



Supply surplus rises in Q3 to one-year high but stays much lower than year-earlier levels

Asia supply vs demand

Asia's September base oils supply surplus rises

Asia's base oils supply rose to a fourteen-month high in September as a recovery in Japan's output added to firm production levels among the region's other key refiners.

Total supply of around 980,000 tonnes in September rose from less than 940,000 tonnes the previous month and by 15% from year-earlier levels, government data showed.

The volume excluded China.

Rising supply triggered only a small increase in surplus volumes from the previous month because of a strong rise in regional demand.

The surplus of around 125,000 tonnes in September rose by less than 5,000 tonnes from the previous month.

The additional volumes lifted the surplus to more than 300,000 tonnes in the third quarter of the year.

The volume was the highest since the same period last year. But firm demand left the size of the surplus much smaller than year-earlier levels of more than 370,000 tonnes.

The firm demand and smaller surplus enabled Asia's refiners to focus on covering buying requirements within the region.

The more balanced fundamentals also curbed their need to line up shipments to more distant markets or to offer cargoes at price levels that facilitated such moves.

An open arbitrage to move base oils from Asia to India, and a closed arbitrage from Asia to the Americas reflected that dynamic.

India's October lube demand rises

Demand rises for fourth month

India's lube demand rose for a fourth month in October, keeping pressure on blenders' stocks and extending their need to procure additional base oils feedstock supplies.

Ongoing demand for additional base oils shipments would provide a welcome boost for overseas suppliers ahead of a likely pick-up in surplus volumes from the US and Asia over the coming months.

An open arbitrage to move base oils shipments to India from Asia and from the US pointed to such ongoing buying interest.

India's lube consumption of 363,000 tonnes in October rose by 5% from year-earlier levels, government data showed.

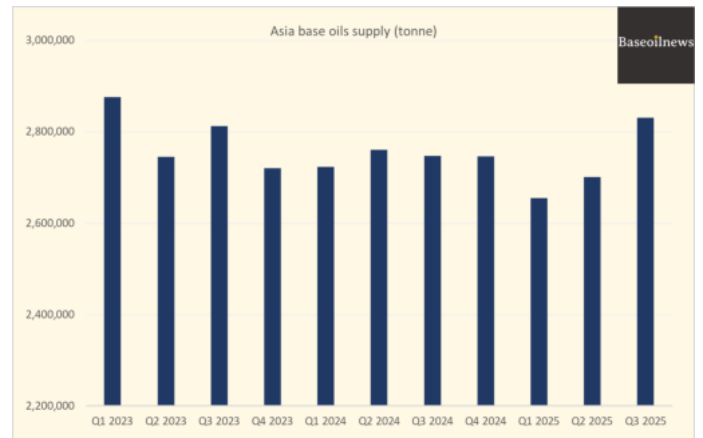
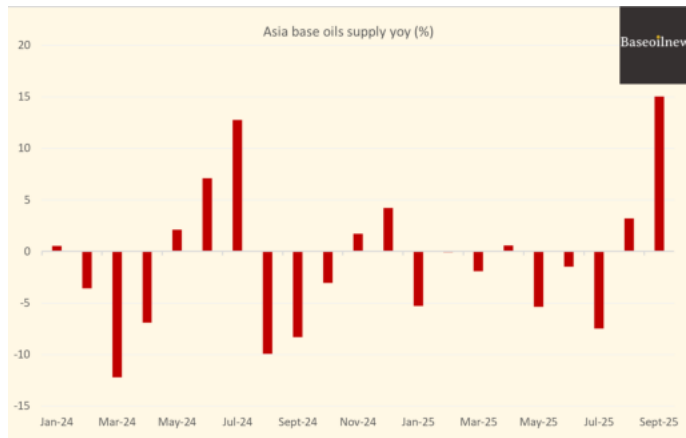
The rise in demand lifted total consumption to 3.88 million tonnes in the first ten months of the year, up 4% from year-earlier levels.

The rise in India's lube consumption could extend at least through the fourth quarter of the year as the festive season, a strong monsoon and tax-cuts spur stronger consumer demand.

India's automobile sales rose by an unusually-steep 40% in October to a record-high, reflecting the boost in demand from those various factors.

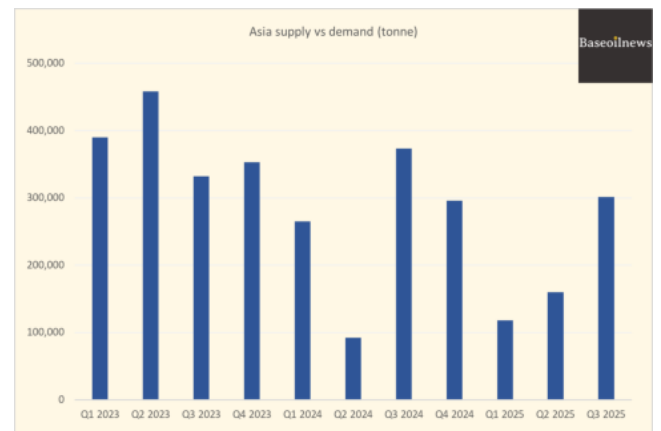
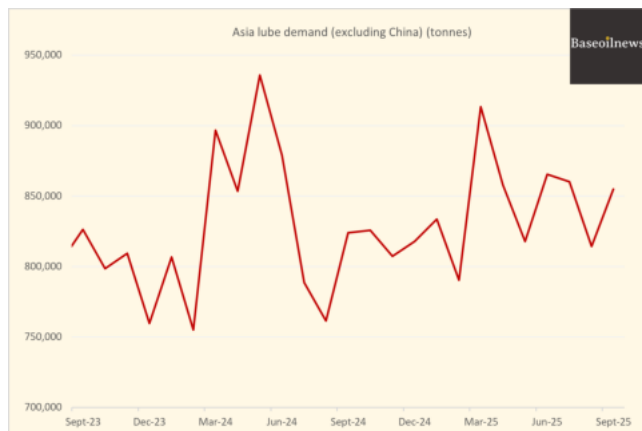
Strong lube demand raised the prospect of keeping pressure on blenders to carry on procuring additional base oils supplies.

ASIA SUPPLY



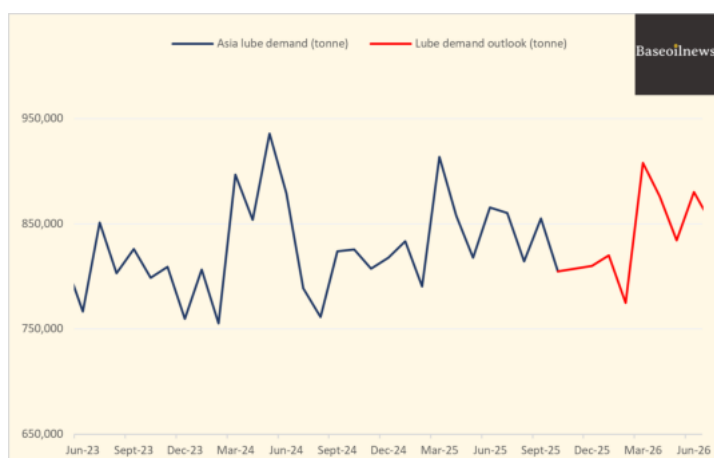
Source: Ministry of Energy, METI, MPNG, KPA and other government data

ASIA DEMAND



Source: Ministry of Energy, METI, MPNG, KPA and other government data

ASIA DEMAND OUTLOOK



Source: Base Oil News



Thailand's Sept base oils supply lags demand

Thailand's base oils supply lagged demand in September for the first time in three months as a surge in exports cleared an overhang of surplus Group I base oils from the country.

More balanced supply curbed domestic refiners' urgency to clear additional volumes.

It also cut their immediate exposure to downward price-pressure and increasingly squeezed margins in Asia's Group I base oils market.

Any such benefit could be short-lived if base oils output held at

firmer levels during the fourth quarter and the Asia market continued to receive offers of additional Group I volumes from northeast Asia.

Output falls

Thailand's Group I base oils output of almost 54,000 kilolitres (48,000 tonnes) in September edged down from close to 55,000 kilolitres the previous month, government data showed.

Output fell even as domestic refiner Thai Lube's Group I base oils production extended its recovery to a six-month high.

Surge in demand trims supply-surplus, cutting urgency to clear additional volumes

seven-month high in September on the back of a jump in Group I base oils exports.

Cargo goes to India

The exports included a surge in flows to Singapore and a jump in shipments to China.

They also included the first cargo to India since late last year.

Higher exports and a recovery in domestic lube consumption lifted Thailand's total demand to around 88,000 kilolitres in September.

The volume was up from a more-than-four-year low of less than 55,000 kilolitres the previous month and outpaced supply for the first time since June.

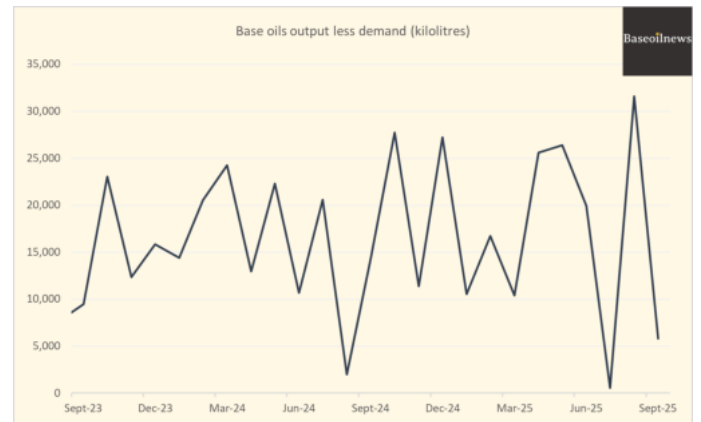
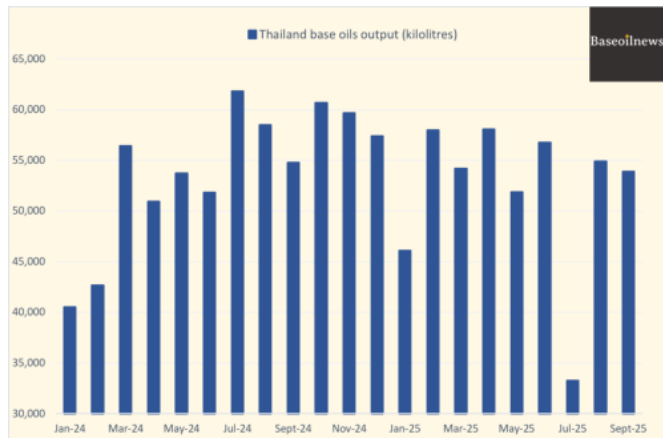
Demand rises

The refiner's output almost ground to a halt in July because of plant-maintenance work.

With imports holding firm, Thailand's total supply held steady at close to 87,000 kilolitres in September.

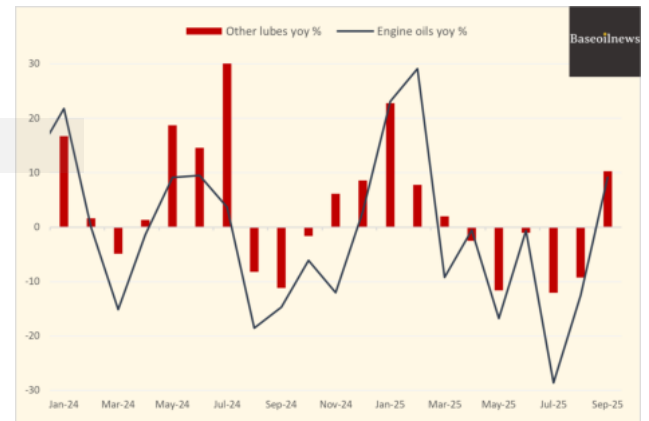
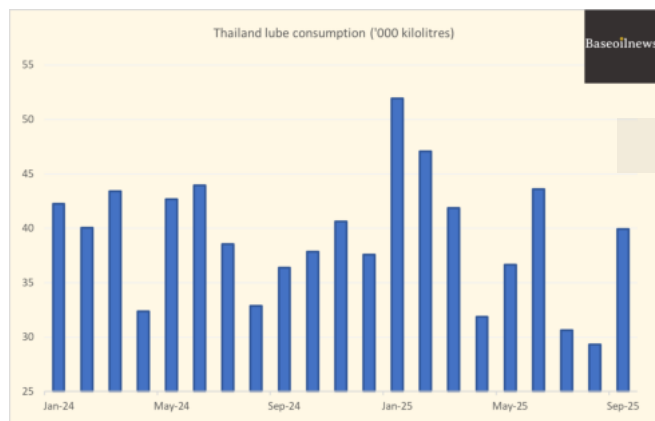
The country's demand by contrast rose to a

THAILAND SUPPLY



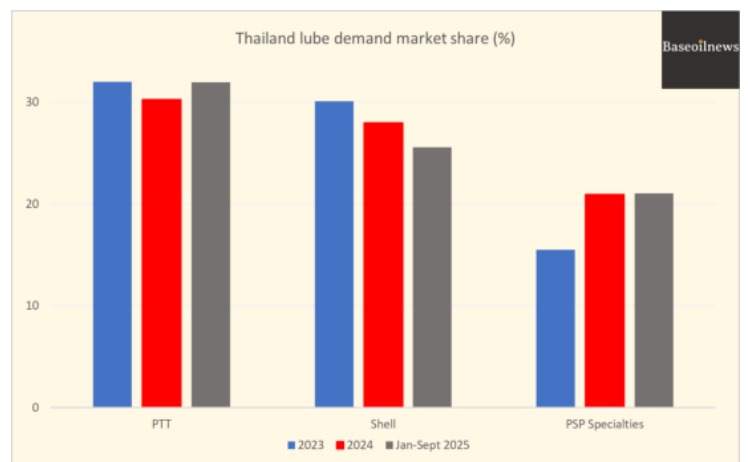
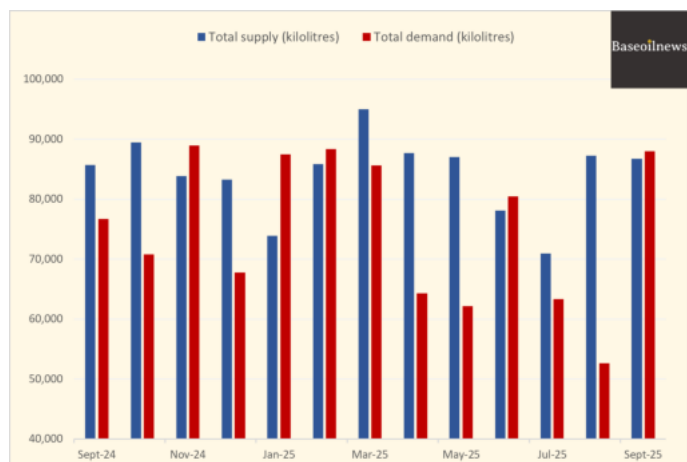
Source: Ministry of Energy

THAILAND DEMAND



Source: Ministry of Energy

THAILAND SUPPLY/DEMAND



Source: Ministry of Energy

S-Oil's Q3 base oils profit-margin recovers

South Korean refiner S-Oil's base oils profit-margin extended its recovery in the third quarter of the year amid steady feedstock costs and higher Group III base oils prices in markets like Europe.

The base oils unit's operating profit-margin of 19.0% in the three months to end-September rose from 17.5% during the second quarter and from less than 14% in the first three months of the year.

The base oil unit's profit margin in the first quarter was the lowest in more than four years and followed a sustained slide in global Group III base oils prices from around mid-2023.

Those prices steadied then began to rise from the first half of this year.

S-Oil's base oils unit saw its sales account for 8.4% of the refiner's total sales in the third quarter.

Its share of total sales held in a similar range over the past year.

The unit's operating-profit accounted for 58% of the refiner's total profit in the third quarter.



SK Enmove's Q3 base oils profit margin rises

SK Enmove, the world's largest producer of Group III base oils, saw its profit margin rise in the third quarter of the year to the highest level since the beginning of 2024.

Its profit-margin of 17.4% in the three months to end-September rose from 15.1% during the second quarter of the year. The margin was the highest since the first quarter of 2024.

SK Enmove's profit-margin extended its recovery as a 27% rise in operating profit in the third quarter from the previous three months outpaced a 10% rise in sales.

Sales got a boost from higher sales volumes. The higher profit coincided with a rise in Group III base oils prices in markets like Europe that outpaced steady feedstock prices.

SK Enmove, a unit of SK Innovation, was set to merge with SK On, SK Innovation's electric vehicle battery subsidiary, from the beginning of November.

Mexico's September base oil imports rise

Mexico's base oils imports rose in September to the second-highest level in two years, extending a strong pick-up in shipments in the third quarter of the year.

Total imports came to more than 100,000 kilolitres (92,000 tonnes) in September, government data showed.

The volume was the highest since July and second-highest since September 2023.

The rise in shipments lifted total imports to more than 300,000 kilolitres in the third quarter.

That volume was also the highest in two years.

Imports rose even as Mexico's lube demand extended its fall.

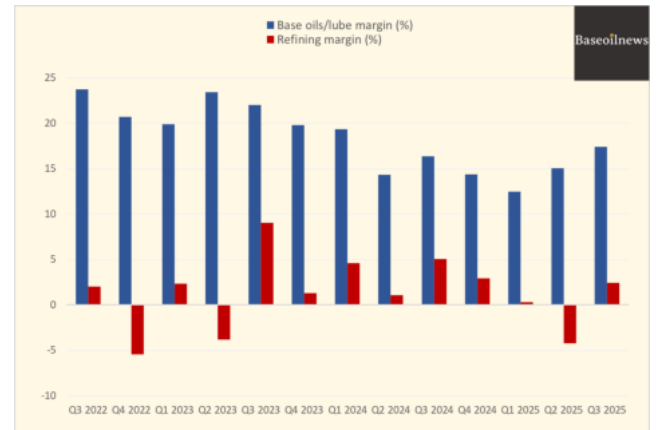
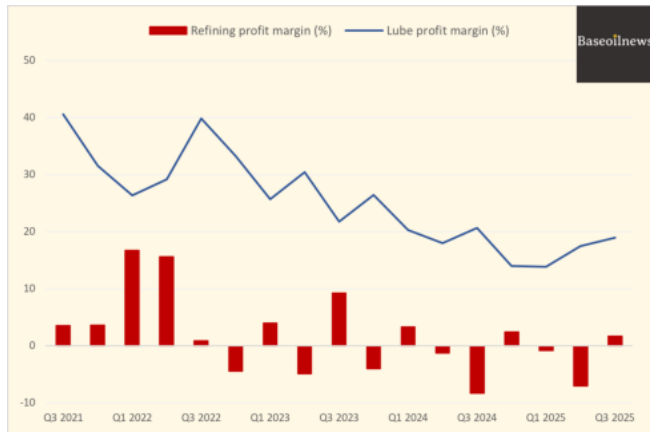
The dynamic widened the already-large surplus of base oils imports over domestic lube consumption.

Shell thermal fluid cools electrical components in BEV power train

Shell Lubricants announced its thermal fluid technology has helped to enable a significant breakthrough in battery electric vehicle (BEV) architecture.

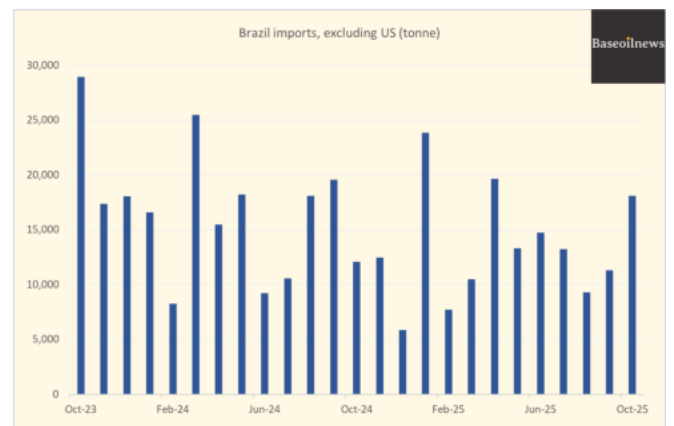
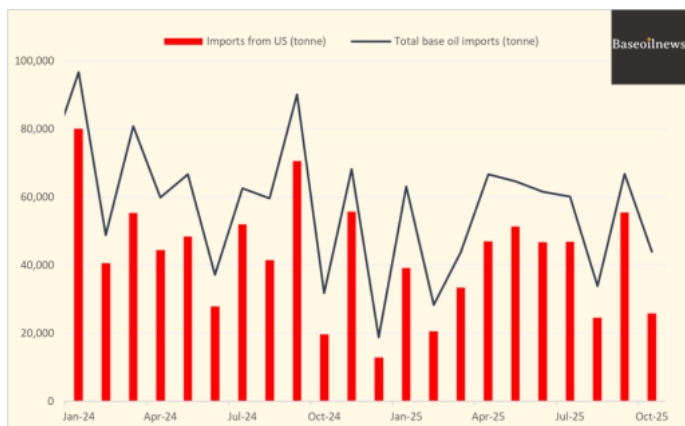
Following successful development of an immersively-cooled battery pack, extensive testing has now proven that Shell EV-Plus Thermal Fluid with PurePlus Technology, can act as an all-in-one thermal management solution for the entire BEV power train.

S-Oil/SK ENMOVE PROFIT MARGINS



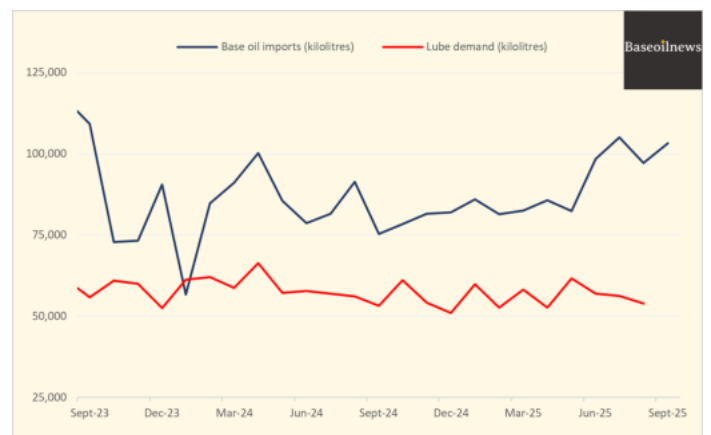
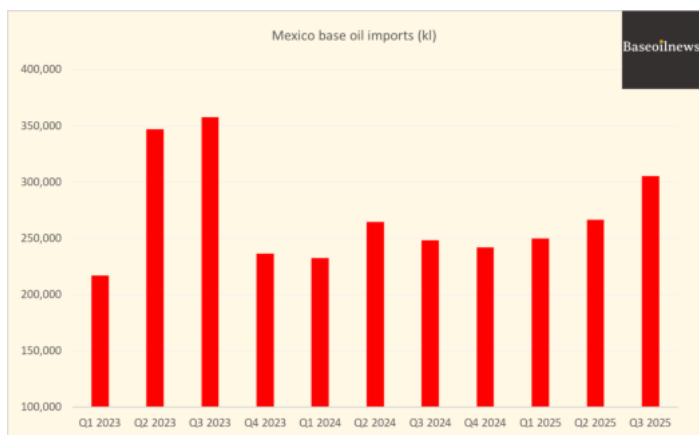
Source: S-Oil, SK Innovation

BRAZIL IMPORTS



Source: MDIC

MEXICO IMPORTS



Source: Banco de Mexico

Taiwan's October base oils exports hold firm

Exports to Middle East jump

Taiwan's base oils exports held firm in October, extending a trend of unusually high shipment volumes throughout the year.

The high volumes partially cushioned the tighter availability of supply in Asia during the first half of the year.

The firm export volumes then added to the recovery in regional supply during the second half of the year.

A pick-up in Taiwan's shipments to more distant markets like the Middle East pointed to ongoing signs of moves to diversify the number of outlets for its supplies.



It also pointed to a pick-up in surplus supply in Asia at a time of year when demand faced a seasonal slowdown during the winter months.

Taiwan's base oils exports of more than 48,000 tonnes in October were almost the same as the previous month, government data showed.

Exports held close to or above that level throughout most of the year, lifting total shipments to more than 470,000 tonnes in the first ten months of the year.

The ten-month volume was the highest since 2019.

Most of the shipments moved to southeast Asia and India.

A growing volume also moved to other outlets like the Middle East and Pakistan.

Exports of more than 13,000 tonnes combined to those two outlets in October were the highest in eleven months.

They also exceeded the volume of exports to China for the first time since 2022.

Singapore four-week exports: Domestic exports rise to one-month high

Singapore's base oils exports recovered over the last four weeks amid a rebound in shipments from domestic sources.

A sharp slump in re-exports of supplies originating from other sources slowed the pace of the recovery.

The recovery in shipments followed a slowdown in the island-state's base oils exports in recent weeks even after the start-up of new base oils production capacity at the end of the third quarter of the year.

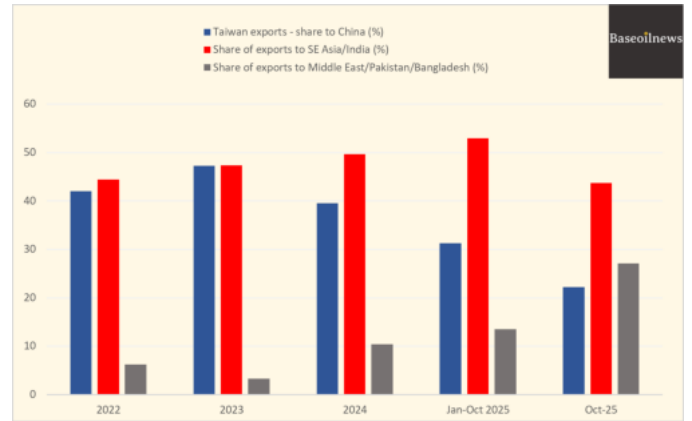
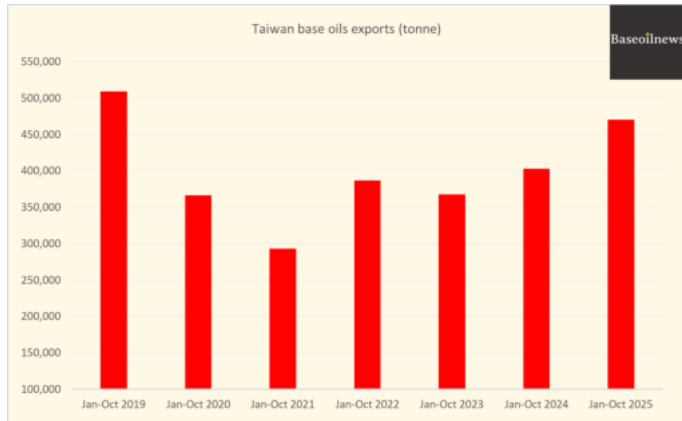
Any extension of the



recovery in shipments would coincide with signs of healthy exports from key sources like Taiwan, as well as a seasonal slowdown in demand in Asia during the winter months.

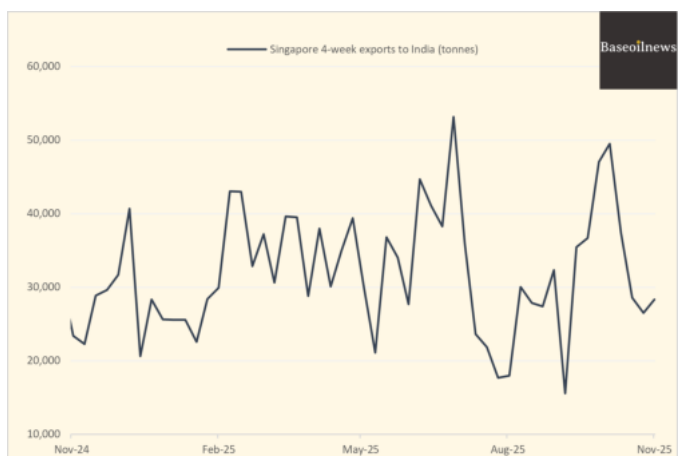
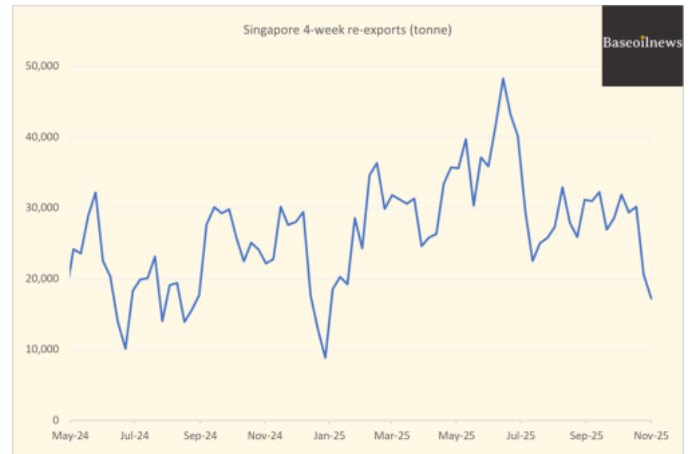
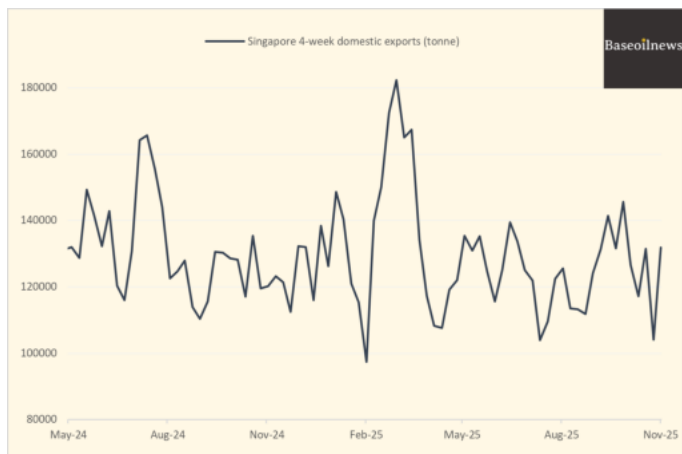
Singapore's total base oils exports recovered to close to 150,000 tonnes in the four weeks to 12 November, government data showed.

TAIWAN EXPORTS



Source: Customs Administration, Taiwan

SINGAPORE TRADE FLOWS



Source: Enterprise Singapore



Week to 14 Nov

Global base oils cargo flows

Asia

- Base oils exports from Taiwan pause over past week as typhoon halts cargo-loadings.
- Cargo of Group II base oils loads from Taiwan in early-Nov 2025 before heading to India, set to arrive in coming days.
- Singapore takes delivery in past week of first cargo from Saudi Arabia since H2 Sept.
- Several cargoes load from South Korea in H2 Oct 2025 before heading to UAE, set to arrive in H2 Nov 2025.
- Cargo of Group III base oils loads from South Korea in H1 Oct 2025 before heading to US Gulf coast, set to arrive in coming days.

Middle East

- Cargo loads from Saudi Arabia in past week before heading to Jordan.
- Cargo loads from Saudi Arabia in early-Nov 2025 before heading to northwest Europe, set to arrive in late-Nov 2025.
- Cargo of Group III base oils loads from Bahrain in past week before heading to India, set to arrive in coming days.

Europe

- Several cargoes of Group III base oils load from Spain in H1-Nov before heading to northwest Europe, set to arrive in coming days.

More cargoes head from Asia to Middle East. Cargo-loadings from Saudi Arabia gather pace ahead of plant maintenance

Americas

- Cargo loads from US in H1 Nov 2025 before heading to Middle East, set to arrive in H2 Dec 2025.

- Cargo of Group I base oils loads from US around mid-Oct 2025 before heading to South Africa, set to arrive in coming days.

- Cargo of Group II base oils loads from US around mid-Oct 2025 before heading to South Africa, set to arrive in coming days.

- Size of cargo suggests portion of shipment likely to move on to outlets like India or Pakistan.

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