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# Argus Global Waxes

Incorporating WAX DATA

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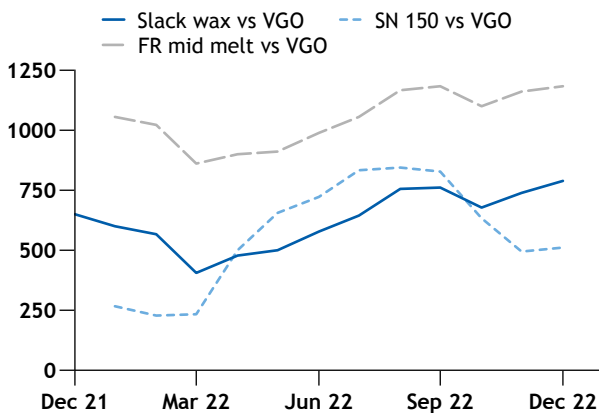
## MARKET SUMMARY

- Prices for fully-refined 58/60°C melting point liquid wax and semi-refined wax in Asia-Pacific edged lower in December as year-end holidays limited demand and trading activity.
- European wax prices fell again in the last month of the year as price competition remained at high levels with ample supply available, while demand was also pressured with little improvement in the outlook into 2023.
- US fully-refined paraffin wax and slack wax prices continued to decline in January amid ample supplies, weak demand and falling feedstock costs.

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### Slack wax v VGO, SN150 v VGO and FR wax v VGO \$/t



Prices	03 Jan	06 Dec	±
<b>Paraffin wax, fob north China \$/t</b>			
Fully-refined, bulk liquid	1,150.00	1,200.00	-50.00
Fully-refined, slab	1,130.00	1,180.00	-50.00
Semi-refined, slab	1,120.00	1,170.00	-50.00
<b>Paraffin wax, fob south China \$/t</b>			
Fully-refined, slab	1,170.00	1,220.00	-50.00
Semi-refined, slab	1,150.00	1,200.00	-50.00
<b>Paraffin wax, fob Thailand \$/t</b>			
Feedstock slack	1,140.00	1,140.00	nc
<b>Paraffin wax, delivered northwest Europe \$/t</b>			
Fully-refined, low-melt	1,623.10	1,784.78	-161.68
Fully-refined, mid-melt	1,644.18	1,805.78	-161.60
Fully-refined, high-melt	1,696.88	1,858.27	-161.39
Slack, 10-20%	1,201.52	1,396.33	-194.81
<b>Paraffin wax, fob US Gulf bulk liquid \$/t</b>			
Fully-refined, low-melt	1,840.86	1,884.95	-44.09
Fully-refined, mid-melt	1,884.95	1,929.05	-44.10
Fully-refined, high-melt	2,061.32	2,105.42	-44.10
Slack, low-melt	1,532.21	1,576.31	-44.10
Slack, mid-melt	1,598.35	1,642.45	-44.10
Slack, high-melt	1,686.54	1,730.63	-44.10
<b>Crude oil \$/bl</b>			
Ice Brent	81.34	91.41	-10.07
Nymex WTI	76.78	84.41	-7.64
<b>Feedstocks \$/t</b>			
VGO 2% NWE barge	570.36	653.77	-83.41
VGO 2% USGC barge	570.24	658.49	-88.25
<b>Base oils \$/t</b>			
SN 150, Singapore ex-tank	970.00	1,010.00	-40.00
SN 150, Europe domestic	1,111.25	1,151.25	-40.00
SN 150, US domestic	1,212.63	1,277.25	-64.62
Europe SN 150 premium to VGO	541	497	43
US SN 150 premium to VGO	642.39	618.76	23.63
Singapore SN 150 premium to gasoil	123.07	61.76	61.31
Europe SN 150 premium to ULSD, NWE	213	147	+65.76
US SN 150 premium to ULSD, USGC	320.19	264.27	+55.92
<b>Oil products \$/t</b>			
Gasoil 0.005%, Singapore	846.93	948.24	-101.31
ULSD, NWE, German barges	898.15	1,003.91	-105.76
ULSD, USGC Colonial 62	892.44	1012.98	-120.54

## OIL STATUS

### Crude oil

Oil price movements were mixed as the market faced the threat of a supply crunch at a time of renewed uncertainty about a recovery in Chinese oil demand.

Atlantic basin crude marker North Sea Dated fell by \$1.29/bl to \$80.40/bl in the week to 22 December. US light sweet WTI rose by \$1.24/bl to \$77.35/bl, while Mideast Gulf benchmark Dubai was up by \$1.52/bl to \$78.53/bl.

New Covid-19 cases in Beijing have dampened optimism about the outlook for crude demand in China. The government's decision to abruptly scrap Covid-19 restrictions earlier this month led to an initial rise in mobility, but data from Chinese search engine Baidu show that mobility has fallen sharply over the past week.

Supply concerns also abound. Russian president Vladimir Putin said he will sign a law to prevent exports of Russian crude under the terms of the G7-led price cap mechanism.

### Base oils

US Group I and Group II light- and mid-viscosity base oil prices have continued to soften as refiners offer temporary value adjustments (TVAs) to clear stocks. More refiners are seeking to clear excess supplies by offering discounts to their term buyers as spot demand wanes before the end of the year.

Group III prices have extended their fall on increasing supply and weakening seasonal demand. This prompted a key supplier to reduce its Group II+ and Group III posted prices.

European Group I and Group II base oil prices have continued to fall as refiners and suppliers continue stock-clearing before the end of the year. But seasonal demand continues to slow and export outlets remain limited. Group III prices are steadier despite seasonally weaker demand.

Some refiners continue to offer discounts as they seek to run down stocks ahead of the holidays at the end of the year. Some are offering bundles of various grades at discounted prices.

More blenders are shutting down production or have already started annual maintenance, adding to the demand slowdown in Europe. Some blending plants are not expected to resume production until the middle of January.

Asia-Pacific base oil prices are mixed. Group II prices have edged lower as supplies build because of delayed shipments to China. Group I prices are steadier on more limited spot availability.

Some Chinese distributors and importers have sought to delay the delivery of some of their Group II supplies until January. These delayed shipments to China have prompted several regional producers to redirect some of their cargoes to other regions. These supplies have been offered at competitive levels to attract buying interest.

Producers are struggling to find outlets for their unplanned supply build-up because buying interest is weak in India and southeast Asia. Some producers are prioritising shipping larger cargoes for January-loading.

### VGO

Mediterranean-delivered VGO premiums against the front-month Ice Brent contract retreated on fresh indications from the market on 23 December. Outright prices made marginal gains in line with crude futures.

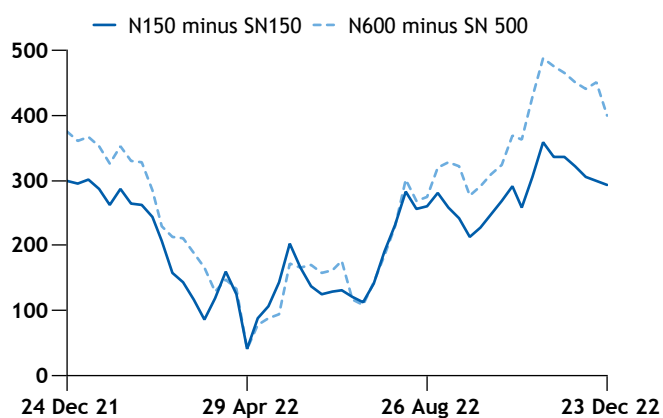
In the US the VGO market was thinly attended with no fresh deals or discussions revealed 23 December, despite multiple refinery unit suspensions due to the freezing weather in Texas.

The cold has caused some unit malfunctions at several Gulf coast, particularly in Port Arthur and Texas City.

One refinery in Port Arthur has reportedly put all units on site on circulation, which means that the units are not completely shut down but operating minimally so that they can be restarted readily when the weather turns warmer.

Other refiners in the Port Arthur area were also heard to have suspended operations at all main production units on site.

### European Group II vs Group I base oils



## BUSINESS OUTLOOK

Manufacturers shipments, inventories and orders survey												
	Shipments			New orders			Shipments			New orders		
	Sep/Oct	Aug/Sep	Jul/Aug	Sep/Oct	Aug/Sep	Jul/Aug	Sep/Oct	Aug/Sep	Jul/Aug	Sep/Oct	Aug/Sep	Jul/Aug
Durable goods	0.4	0.3	1.3	1.1	0.2	0.2	0.6	0.5	0.5	0.2	0.3	0.2
Nondurable goods	1.0	0.3	0.2	1.0	0.3	0.2	na	na	na	1.0	-0.1	-0.7

### Americas

The US economy added 263,000 nonfarm jobs in November. The figure was higher than expected and a sign the labour market remains resilient given the Federal Reserve's aggressive interest rate hikes.

The US Federal Reserve hiked its target interest rate by 50 basis points on 14 December, easing the pace of tightening at its final meeting of 2022, but it signaled that rates may ultimately move higher next year than forecast. The Federal Open Market Committee's (FOMC) increase in the federal funds target rate was the seventh in 2022 and followed four consecutive 75 basis point hikes. The string of rate increases has taken the target rate to a range of 4.25-4.5pc from near zero at the beginning of the year in the most aggressive tightening since the 1980s.

The Fed's latest economic projections signal members expect the fed funds rate to move higher next year than earlier projections, before dropping back in 2024 and 2025. They see the US economy growing slightly faster this year than before while they expect it to slow more next year than previously forecast.

The US consumer price index (CPI) – which tracks prices of a basket of finished products and services – posted a 7.1pc annual gain in November, slowing from a 7.7pc annual rise in October, the Bureau of Labor Statistics said on 13 December. The November gain was the smallest 12-month gain since the year ended in December 2021 and was down from 9.1pc in June, the highest in four decades.

### Europe

The eurozone's manufacturing sector contracted again in November, although less so than in the prior month and the recent inflationary pressures showed signs of easing.

S&P Global said the region's manufacturing Purchasing Managers Index (PMI) was 47.1 in November, compared with 46.4 in October. This was the fifth successive month of a reading below 50, which indicates contraction.

The survey found the supply chain issues that had caused delays earlier in the year are easing, and this contributed to a lessening of input-cost inflation to its weakest in almost two years. Output price inflation was its weakest since March 2021 as the sector shifts to a buyers' market from a sellers' market at both ends of the chain.

German manufacturing output fell slightly in October from September but was higher than a year earlier. Seasonal and working day adjusted output was 0.4pc lower in October than in September and was 2.9pc higher than a year earlier. A month-on-month increase in the production of capital goods was more than offset by decreases in the production of intermediate and consumer good.

Germany's new factory orders edged up by 0.8pc month on month but were lower than a year earlier. An increase in foreign orders more than offset a fall in domestic orders. This stabilization of new orders is an indication that recession in Germany could be weaker than feared, even if the outlook for industrial activity remains subdued, according to the ministry.

### Asia-Pacific

China has announced another easing of national Covid-19 restrictions as the government continues to scale back its economically costly zero-Covid policy. The National Health Commission (NHC) on 7 December announced 10 policy changes. These included the relaxing of some quarantine and testing requirements, better targeting of lockdown measures and encouraging vaccination among the elderly. Only areas that are designated as "high risk" will be allowed to halt business or production operations.

China's zero-Covid restrictions have repressed economic growth and commodity demand this year, weighing on global markets. Chinese GDP will grow at just 3.2pc this year, consultancy Oxford Economics estimates, the slowest rate since the late 1990s.

## ASIA-PACIFIC

Paraffin wax prices, Asia-Pacific												
	€/lb				\$/t				€/t			
	Low	High	Mid	Change	Low	High	Mid	Change	Low	High	Mid	Change
fob north China												
Fully-refined, bulk liquid	51.26	53.07	52.17	-2.27	1,130.00	1,170.00	1,150.00	-50.00	1,072.14	1,110.10	1,091.12	-51.88
Fully-refined, slab	50.35	52.16	51.26	-2.27	1,110.00	1,150.00	1,130.00	-50.00	1,053.17	1,091.12	1,072.15	-51.81
Semi-refined, slab	49.90	51.71	50.81	-2.27	1,100.00	1,140.00	1,120.00	-50.00	1,043.68	1,081.63	1,062.66	-51.78
fob south China												
Fully-refined, slab	52.16	53.98	53.07	-2.27	1,150.00	1,190.00	1,170.00	-50.00	1,091.12	1,129.07	1,110.10	-51.96
Semi-refined, slab	51.26	53.07	52.17	-2.27	1,130.00	1,170.00	1,150.00	-50.00	1,072.14	1,110.10	1,091.12	-51.88
fob Thailand												
Feedstock slack	50.80	52.62	51.71	nc	1,120.00	1,160.00	1,140.00	nc	1,062.66	1,100.61	1,081.64	-4.22

Prices for fully-refined 58/60°C melting point liquid wax and semi-refined wax in Asia-Pacific edged lower in December as year-end holidays limited demand and trading activity.

Prices for fully-refined liquid paraffin wax were assessed at \$1,150/t and for semi-refined wax at \$1,120/t fob north China respectively, down by \$50/t against the previous month, despite some strength seen in crude futures through the second-half of December.

Consumption in key consumption market China was weak. The period between last quarter of 2022 and the end of Chinese new year holidays in January 2023 is the low season for candle making in China, a market participant noted. Thus, any support from the recent relaxation of Covid-19 lockdowns and restrictions in the region are expected to be countered by lacklustre activity due to the holidays, possibly keeping a check on prices.

But even though the easing of restrictions has improved expectations for robust demand post the holiday period, the rapid reversal of almost all the restrictions has increased concerns regarding resurgence in infections, and in turn economic growth.

The World Bank has forecast China's economy to grow at 2.7pc this year, recovering to 4.3pc in 2023 with a reopening of its economy from the impact of the Covid-19 pandemic. But the growth outlook faces significant risks because of an uncertain trajectory of the pandemic and the country's policy response, the bank said, while its latest forecast for Chinese GDP growth this year is lower than the 4.3pc it forecast in June.

Meanwhile, container freight rate from China to US and Europe fell to around \$3,000 per forty feet container, market participants said, which nets back to \$75/t.

Wax demand from key consumption southeast Asia was also weak in December. Fully-refined paraffin wax cargoes were discussed around \$1,130/t cfr southeast Asia, mostly unchanged from the prior month, but no transactions emerged.

Prices for Thailand's feedstock slack wax were assessed unchanged at \$1,140/t fob basis, with steady output expected as the two domestic refineries under turnaround from October were back to normal operations in December.

In the Indian market, demand for wax in December was weak, with further weakness predicted if domestic prices do not come down in January. Indian domestic wax prices are mostly in line with Chinese paraffin wax prices, a market participant said.

Listed prices in India were unchanged in December from the prior month. India's state-owned refiner IOC's (Indian Oil Corp) type 2 pellet-form 64/66°C paraffin wax prices were at around 106,160 rupees/t ex-works. CPL's (Chennai Petroleum Limited) wax prices were at 105,920 rupees/t ex-works, while Numaligarh Refinery Limited's (NRL) paraffin prices were at 108,760 rupees/t ex-works.

A China origin fully-refined 58/60°C liquid wax cargo was offered at \$1,150/t cif Nhava Sheva, down by about \$30/t compared to the previous month, but there was no news of related transactions.

## EUROPE

Paraffin wax prices, delivered northwest Europe bulk liquid												
	€/lb				\$/t				€/t			
	Low	High	Mid	Change	Low	High	Mid	Change	Low	High	Mid	Change
Fully-refined, low-melt	72.67	74.58	73.63	-7.33	1,602.02	1,644.18	1,623.10	-161.68	1,520.00	1,560.00	1,540.00	-160.00
Fully-refined, mid-melt	73.62	75.53	74.58	-7.34	1,623.10	1,665.26	1,644.18	-161.60	1,540.00	1,580.00	1,560.00	-160.00
Fully-refined, high-melt	76.01	77.93	76.97	-7.32	1,675.80	1,717.96	1,696.88	-161.39	1,590.00	1,630.00	1,610.00	-160.00
Slack, 10-20%	53.54	55.46	54.50	-8.84	1,180.44	1,222.60	1,201.52	-194.81	1,120.00	1,160.00	1,140.00	-190.00

European wax prices fell again in the last month of the year as price competition remained at high levels with ample supply available, while demand was also pressured with little improvement in the outlook into 2023.

Wax market participants were already looking ahead to the new year, with most expecting prices to remain under some pressure and for demand to remain subdued, at least for the first quarter of 2023.

Lower cost - and readily available - paraffin wax supply from China continued to weigh on the market and was still priced well below wax of European origin.

Availability of all grades was more than ample, with many suppliers holding significant stocks and this too was weighing on prices.

Slack wax prices were also seen much lower, with plentiful supply of that product available.

The economic climate and outlook into the early part of 2023 at least was also for many a sign of weakness, although for others the diversity of products that wax is used for, including for vehicle tyres, pharmaceutical products, food wrappings and industrial uses, meant that it should hold up better in a recession than many other applications. Candle use, which generally has a lower value, was understood to be under more pressure.

Assessments for fully refined paraffin wax grades delivered to northwest Europe dropped by €160/t in December. Slack wax price assessments also fell, but by a more significant €190/t, as it was understood to be at even greater a surplus and prices discussed in the market were lower than previously heard.

In December Chinese waxes could be available for as low as \$1,150/t delivered northwest Europe, while most European produced wax was available from around €1,500-1,700/t.

European wax consumers again reported no rush to buy as the year came to a close, with several buyers having already

already supplied from China with product on the water or loading at Chinese ports, meaning supply was secure for the next 2-3 months at least.

This has helped contribute to unusually large wax stocks held by European sellers - and they need to reduce those stocks - often with heavy discounting to keep stocks down.

High energy costs also added to cost of wax production and would typically be passed on to customers in higher costs for end products.

Volatile - and now weaker crude and feedstock prices - have also weighed on the market, with high-sulphur VGO in northwest Europe averaging \$570/t in December, against \$654/t in November and \$690/t in October. Feedstock prices peaked around June in 2022 and have since retreated significantly.

Group I base oils values have also retreated since the summer, with European domestic SN150 values falling from a peak of around \$1,700/t in June to nearer \$1,100/t in December 2022 as high levels of supply and weak demand weighed on the market.

Supply should remain adequate into the early part of 2023, but some maintenance planned could crimp output. A major wax supplier based in Hamburg has planned maintenance from the end of December until the end of January. Other plant maintenance will be expected in the spring time that could restrict base oils and wax output.

## 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	80.00	87.00	83.50	-2.00	1,763.70	1,918.02	1,840.86	-44.09	1,673.40	1,819.82	1,746.61	-48.81
Fully-refined, mid-melt	82.00	89.00	85.50	-2.00	1,807.79	1,962.11	1,884.95	-44.10	1,715.23	1,861.65	1,788.44	-48.98
Fully-refined, high-melt	90.00	97.00	93.50	-2.00	1,984.16	2,138.48	2,061.32	-44.10	1,882.57	2,028.99	1,955.78	-49.63
Slack, low-melt	66.00	73.00	69.50	-2.00	1,455.05	1,609.37	1,532.21	-44.10	1,380.55	1,526.97	1,453.76	-47.67
Slack, mid-melt	69.00	76.00	72.50	-2.00	1,521.19	1,675.51	1,598.35	-44.10	1,443.30	1,589.73	1,516.52	-47.91
Slack, high-melt	73.00	80.00	76.50	-2.00	1,609.37	1,763.70	1,686.54	-44.10	1,526.97	1,673.40	1,600.19	-48.24

US fully-refined paraffin wax and slack wax prices continued to decline in January amid ample supplies, weak demand and falling feedstock costs.

Sellers continued to work to clear inventories to avoid or limit year-end inventory tax penalties. Buyers were also working to draw down inventories, limiting demand.

There is also pressure on buyers to draw down inventories amid falling global prices and concerns about demand restoration in early 2023. Economic concerns and seasonal factors are expected to keep demand soft in January.

Ample inventories and increased availability from China are also expected to ease pressure on buyers to build inventories early in the year. Production is expected to remain firm in the first quarter, amid energy shortages driven by sanctions on Russian oil and products.

Feedstock availability for waxes is expected to remain ample in the US as several Group I base oil refiners are expected to run hard to offset a key Group II unit turnaround in January.

There is also expected to be increased demand for Group I base oils from Mexico, further boosting production and availability for feedstock.

US wax production in October fell to 130,000 bl, down by 21pc from 164,000 bl in September, according to the US Energy Information Administration (EIA). Production fell by 31pc from year-earlier levels of 189,000 bl.

This put production at its lowest since June 2021 levels of 100,000 bl.

Output declined from September as several producers began cutting production to limit inventory buildup in the fourth quarter. Production was down from year-earlier levels as refiners were working to fill back orders throughout 2021, following severe production loss in February 2021.

Wax consumption in October fell to 167,000 bl, down by 6.2pc from 178,000 bl in September. Consumption rose by 26pc from year-earlier levels of 133,000 bl.

The consumption decline put levels at their lowest since February. Demand weakened amid economic concerns tied to inflation and seasonal declines, particularly in the candle sector.

US imports of wax rose to 194,000 bl in October, up by 3.2pc from 188,000 bl in September. Volumes rose by 32pc from 147,000 bl a year earlier.

Imports increased amid efforts by producers in China to offload surplus volumes. Weaker demand in Europe added to surplus availability from Asian sellers.

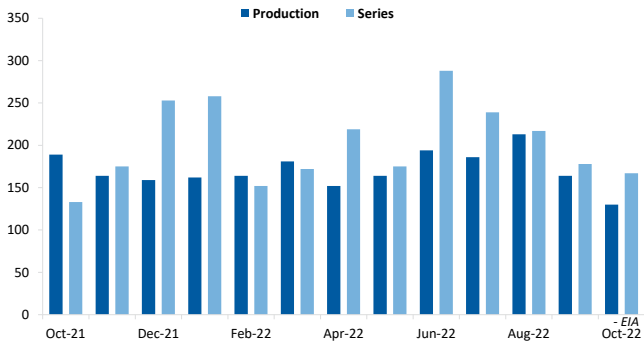
Imports from China in October rose to 72,000 bl, the highest level since March 2020. Import volumes more than doubled September and year-earlier levels.

Imports from Malaysia rose to 20,000 bl, up from 2,000 bl in September. Imports from Japan rose to 20,000 bl, doubling September levels of 10,000 bl.

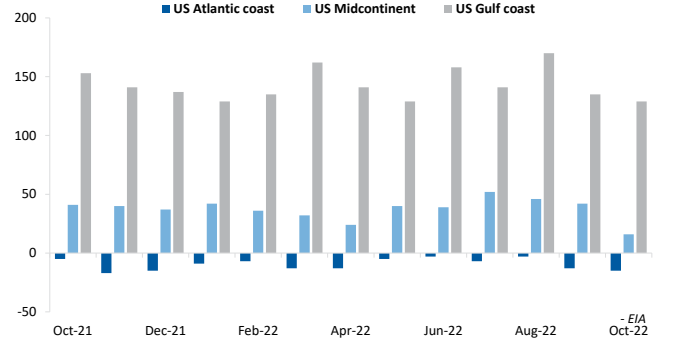
US stocks of wax rose to 570,000 bl, their highest since sitting at 576,000 bl in June 2020. The increase put stocks in October higher by 4.8pc from September levels of 544,000 bl. Stocks rose by 4.4pc from year-earlier levels of 546,000 bl.

## PRODUCTION AND SALES

US wax production, sales '000 bl



US wax production by region '000 bl

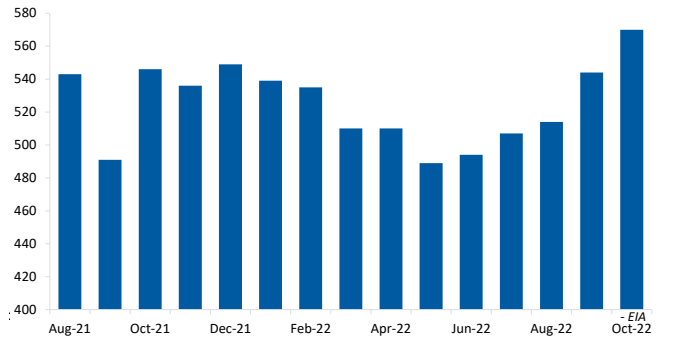


**阿格斯中国基础油周报**  
**Argus China Base Oils**

*A weekly market service published in Chinese*

Argus China Base Oils provides weekly Asia-Pacific and northeast Asia base oil spot prices, domestic ex-tank China prices and Chinese producer posted prices and market analysis for the northeast Asia base oil market.

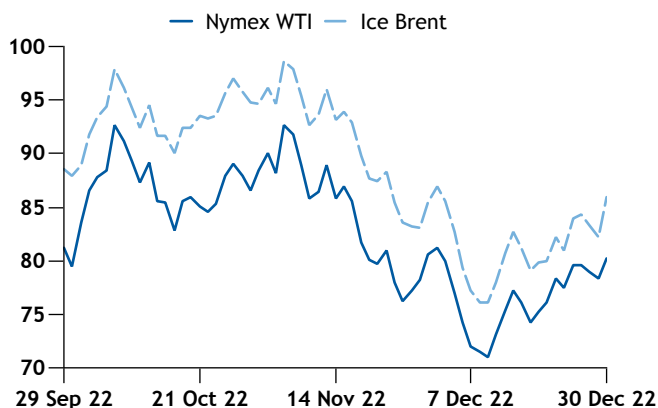
US wax stocks '000 bl



## PLANT MAINTENANCE

Group I base oil and wax plant maintenance						
Refiner	Location	Timing	Capacity	Capacity affected	Cause	
Company						
Asia-Pacific						
IRPC	Rayong, Thailand	Mid-Oct 2022 for 36 days	320,000 t/yr	Partial	Maintenance	
Thai Lube	Sriracha, Thailand	Oct 2022 for one month	275,000 t/yr	Partial	Maintenance	
Eneos	Negishi, Japan	By Oct 2022	210,000 t/yr	All	Closure	
Shell	Bukom, Singapore	July 2022	380,000 t/yr	All	Closure	
Sinopec	Gaoqiao, China	Oct to Dec 2021	600,000 t/yr	All	Maintenance	
PetroChina	Fushun, China	Early-March until end-May	420,000 t/yr wax unit	Wax	Maintenance	
Europe, FSU and Africa						
Mol	Szazhalombatta, Hungary	31 Jul to 18 Sep	195,000 t/yr	Group I	Maintenance	
Lotos	Gdansk, Poland	Mid-March for four weeks	245,000 t/yr	Group I	Maintenance	
Tupras	Izmir, Turkey	From 19 August 2022	400,000 t/yr	Group I	Maintenance	
Cepsa	Algeciras, Spain	1 June for three weeks	270,000 t/yr	Group I	Maintenance	
Eni	Livorno, Italy	15 Nov 2021 until Oct 2022	600,000 t/yr	Group I	Maintenance	
Galp	Porto, Portugal	May 2021	180,000 t/yr	All	Closure	
Total	Gonfreville, France	May 2021	240,000 t/yr	All	Closure of base oils	
Sapref	Durban, South Africa	Mar 2022	175,000 t/yr	Refinery	Closure	

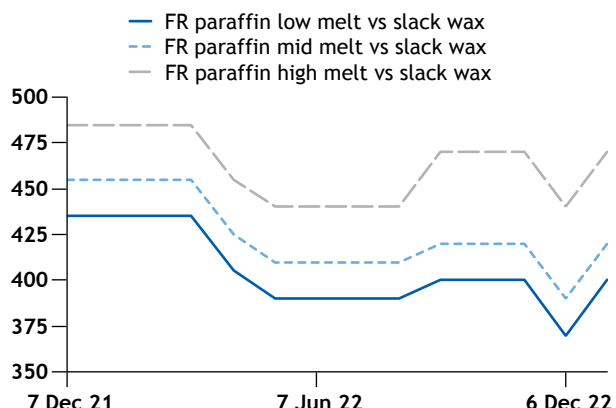
Crude



\$/bl

European fully refined premium to slack wax

€/t





## NEWS AND ANALYSIS

### US base oil exports fell in September: EIA

US base oil and lubricants exports in September fell from year-earlier levels amid a global overhang and weak demand from several key regions.

Exports totaled 2.28mn bl (76,133 b/d) in September, down by 25pc from 3.05mn bl a year earlier, according to US Energy Information Administration (EIA). Exports rose by 4pc from August levels of 2.2mn bl.

US Group II base oil prices were the highest globally in September, making material less attractive to several key export regions. Refiners in Asia were oversupplied, which pushed them to offer lower-priced material into Latin America and Mexico.

Demand in Europe also softened in September, curbing its requirements for term volumes of Group II product from the US.

Domestic refiners in the US were incentivized to keep export offers high in order to limit downward pressure in the softening domestic market. Several refiners lowered their posted prices by \$0.20-0.50/USG in September to spur steady demand. Those domestic prices were more attractive than export bids from overseas buyers.

US exports to Mexico fell to 576,000 bl in September, their lowest level since May 2020. Export volumes fell by 63pc from 1.57mn bl a year earlier.

Exports to Mexico were constrained in September as subsidies to diesel made low-viscosity base oils from the US Gulf coast (USGC) unattractive. A large portion of base oil exports to Mexico from the USGC are for the diesel extender market.

Several large import cargoes of Asian and European origin also dampened demand for USGC material.

Exports from the US to Brazil rose to 432,000 bl, the highest since May 2021. A key producer in Brazil struggled to produce Group I mid-viscosity and bright stock grades, creating more demand for US material.

Base oil exports to India in September rose to 100,000 bl, more than double the levels in August of 46,000 bl. Base oil exports to Nigeria remained flat month on month at 1,000 bl.

### Saudi Aramco to close Jeddah base oil plant

State-controlled Saudi Aramco's base oil subsidiary Luberef is to close one of its two plants in the country in 2026. The firm revealed the plan in the prospectus for its initial public offering (IPO), published on 14 December.

Luberef's Jeddah facility, which has an approximate nameplate production capacity of 270,000 t/yr of Group I base oils, will close in mid-2026 when the current land lease expires, the firm said. The plant accounted for 20.7pc of the company's base oil production in the first half of 2022 and 22.2pc in 2021.

The company will focus on expansion projects at its Yanbu facility, which will increase nameplate capacity by 76.2pc to approximately 1.3mn t/yr of base oils by 2025. Group I and Group II base oil production will account for 270,000 t/yr and 815,000 t/yr, respectively. Group III production capabilities will be added to the Yanbu plant, with expected output capacity of 175,000 t/yr. Further expansion plans are anticipated from 2027.

Aramco owns a 70pc stake in Luberef. It also holds controlling shares in two other base oil refiners in the US and South Korea, making it among the largest base oil producers globally. Aramco owns 100pc of US producer Motiva, which that operates a base oil plant in Texas that produces about 2mn t/yr of Group II product oils. It also owns a 61pc stake in South Korean refiner S-Oil, which produces about 2mn t/yr of mostly premium grade base oils.

### Turkey's base oil production drops in 3Q

Base oil production in Turkey slowed down in the third quarter following planned maintenance work at the country's sole Group I refinery. This increased Turkey's reliance on imports.

Turkish base oil output fell by 50.1pc on the quarter and by 41.1pc from a year earlier to 15,970t in July-September, government data show. The drop was the result of a month-long planned maintenance programme at Turkish refiner Tupras' 400,000 t/yr Izmir refinery from 19 August.

Turkish blenders relied on imports from abroad to meet finished lubricant demand. Base oil imports to Turkey rose by 18.3pc from a year earlier to 137,840t in the third quarter.

Increased base oil imports from Russia offset a decline in shipments from European countries. High inflation and a weakening Turkish lira against the dollar priced Turkish buyers out of European export volumes. Argus assessed European spot prices for Group I SN 150 exports at \$1,473.57/t in the third quarter, 41.5pc above Black Sea prices for the same period.

Russian base oil exports to Turkey more than doubled in the third quarter from a year earlier to 19,955t. Shipments of premium-grade Russian base oils increased by 83.4pc over the same period to 10,100t.

## NEWS AND ANALYSIS

### Singapore's Oct base oils exports at two-year low

Singapore's base oils exports fell to their lowest level in October in more than two years, as a persistent surplus overhang weighed on already weak demand.

Base oil exports fell to 127,000t in October, 18pc lower than the previous month and 7pc lower than the same month last year. The volume was also lower than 2022's average of 165,800t/month and significantly below the five-year average of around 207,600t/month.

The drop in exports came on the back of weak global demand as buyers adopted a conservative stance and opted to procure only when necessary in anticipation of further reductions in prices.

Exports to the US fell by 98pc from 10,000t in September to only 200t in October. This follows the trend of a sustained drop in US exports which began in July 2020. Before July 2020, the three-year monthly average was 51,300t, in contrast to the 2022 average of 1,400t/month.

Base oil exports to Europe halted in October for the first time since November 2021. This coincided with demand weakness in Europe during the last quarter of 2022, with less supplement volumes required from a base oils producer in Singapore.

Exports to other key markets such as Australia declined to 12,890t in October, down by 24pc from 17,050t in September. Shipments to India also fell by 18pc to 15,830t.

Southeast Asia stood out for its stable share of shipments. Singapore exported 63,700t of base oils to the region in October. The volume accounts for half of the city state's total exports for October and was 14pc higher than the five-year average of around 55,700t/month.

### Spain's finished lube demand rose in October

Spain's finished lubricant demand edged up in October as domestic base oil prices fell and new car registrations increased.

Finished lubricant demand rose by 1.3pc on the month to 33,300t in October, according to the latest data from Spain's state-owned energy reserve agency Cores.

Base oil prices have fallen steadily since June, spurring demand. Argus assessed domestic spot prices for Group I SN 150 at \$1,312.50/t in October, down by 11pc on the month and 23pc lower than June.

A recovery in car sales may have also supported Spain's lube demand. New car registration in Spain increased by

11.7pc on the year to 65,970 units in October, according to data from European automotive industry association ACEA.

### Thailand's base oil exports fall in October

Thailand's base oil exports fell in October as a persistent surplus overhang in the region continues to hamper demand.

The southeast Asian country's base oil exports halved in October from the previous month to 13,500 kilolitres (11,900t). Maintenance works at both Group I producers in Thailand have contributed to the sharp decline in exports.

IRPC's 320,000 t/yr base oil unit was shut for refinery maintenance from October to end-November. Thai Lube's 175,000 t/yr base oil unit was also partially shut for a refinery turnaround during the same two months.

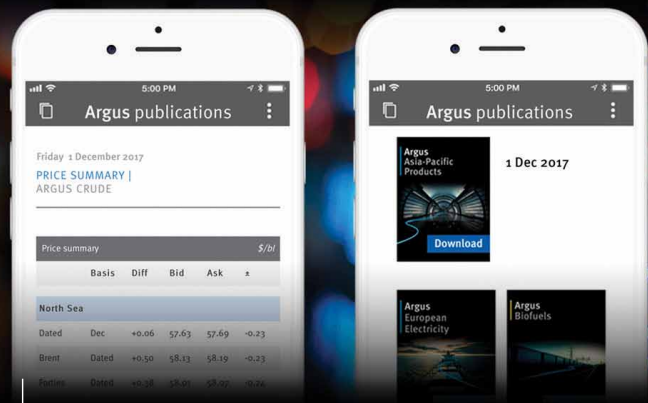
A pessimistic outlook had supported the decision of regional refineries to implement run cuts or conduct scheduled plant maintenances. The reduced production levels served to offset the persistent surplus overhang and slow down the decline in Group I prices.

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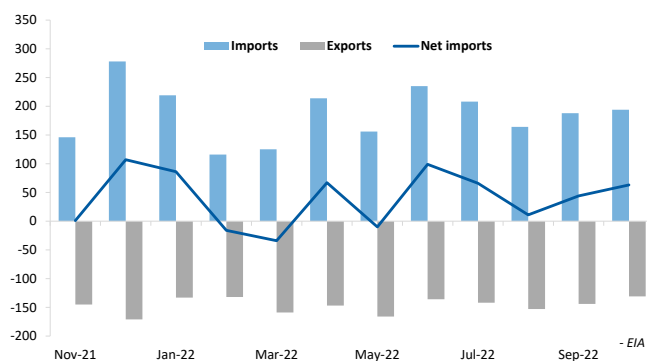


illuminating the markets

## IMPORTS AND EXPORTS

## US wax imports, exports

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## Thailand paraffin wax &lt; 0.75% oil imports, Oct

Country	Volume t	Volume %	Year-over-year %±
China	951.00	61.96	114.65
Japan	404.33	26.34	66.75
Malaysia	136.32	8.88	-64.14
Spain	30.00	1.95	na
South Africa	6.30	0.41	-10.00
India	6.00	0.39	na
Germany	0.93	0.06	-86.39
US	0.01	0.00	-99.96
Others	0.00	0.00	-100.00
Total	1,534.89	100.00	39.91

## South Korea paraffin wax &lt; 0.75% oil imports, Oct

Country	Volume t	Volume %	Year-over-year %±
China	779.47	75.52	-22.63
Japan	185.56	17.98	6.34
Malaysia	43.80	4.24	na
South Africa	12.64	1.22	468.09
Germany	5.01	0.49	-45.06
US	4.19	0.41	711.82
Netherlands	1.50	0.15	-67.50
Canada	0.00	0.00	na
Others	0.00	0.00	-100.00
Total	1,032.18	100.00	-23.50

## South Africa paraffin wax &lt; 0.75% oil exports, Oct

Country	Volume t	Volume %	Year-over-year %±
Germany	3,542.90	65.32	-18.69
US	1,555.90	28.69	-55.11
UK	179.20	3.30	-65.22
Netherlands	48.00	0.88	-83.33
India	40.77	0.75	45.62
China	23.80	0.44	-79.39
Brazil	16.90	0.31	-62.27
Saudi Arabia	14.00	0.26	-88.89
Others	2.43	0.04	-99.78
Total	5,423.91	100.00	-46.02

## Japan paraffin wax &lt; 0.75% oil exports, Oct

Country	Volume t	Volume %	Year-over-year %±
US	2,605.42	66.51	4,064.14
Thailand	708.12	18.08	1,790.50
China	187.53	4.79	8.38
Italy	103.20	2.63	na
South Korea	102.94	2.63	-60.41
Philippines	47.12	1.20	73.86
Colombia	34.94	0.89	na
#N/A	0.00	0.00	na
Others	128.19	3.27	-86.50
Total	3,917.46	100.00	159.45

## IMPORTS AND EXPORTS

US wax imports				
	Volume t	Cif value (\$/t)	Volume t	Cif value (\$/t)
	September	September	YTD-September	YTD-September
Paraffin wax < 0.75% oil	157,729.30	1,996.09	846,771.08	1,976.08
Mineral wax, other	113,036.84	1,577.70	558,524.00	1,482.62
Carnauba wax	3,432.04	6,792.52	18,369.07	7,154.59
Candelilla wax	534.69	8,387.45	2,614.79	8,476.47
Vegetable wax, other than TG	1,420.51	4,367.40	8,295.69	4,069.40
Beeswax	3,522.55	7,441.17	16,435.36	7,363.22
Montan wax	1,849.68	3,438.91	7,098.64	3,311.60
Candles	280,564.15	3,747.31	1,410,578.37	3,681.23

Data: US Census

US wax exports				
	Volume t	Cif value (\$/t)	Volume t	Cif value (\$/t)
	September	September	YTD-September	YTD-September
Paraffin wax < 0.75% oil	21,051.49	2,191.10	110,164.97	2,182.02
Mineral wax, other	165,327.18	1,752.14	871,804.91	1,684.52
Vegetable wax, other than TG	5,094.61	3,944.94	26,043.91	3,974.40
Beeswax	1,813.52	3,750.28	9,450.00	3,741.99
Candles	36,489.26	5,746.76	178,783.37	5,968.09

Data: US Census



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