RLA Market Insights – Thursday, 30 October 2025

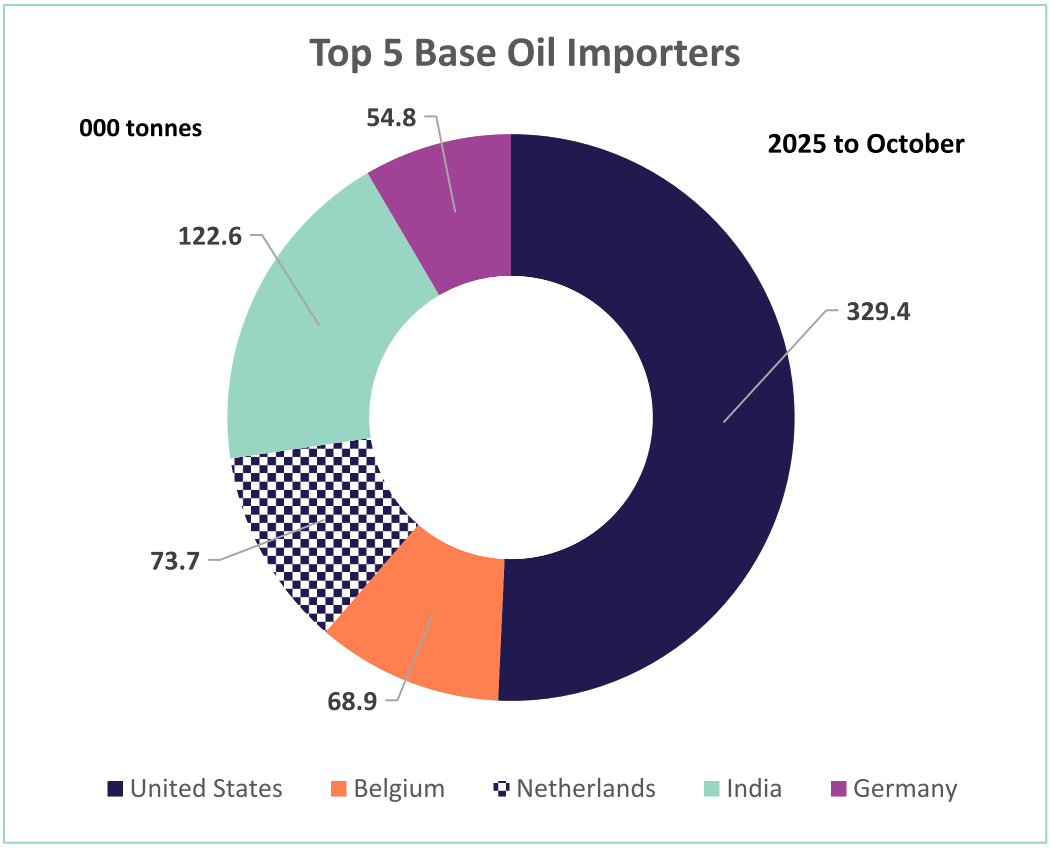
Asia Base Oils Market Strengthens on Consumption Boom and Expanding Regional Output

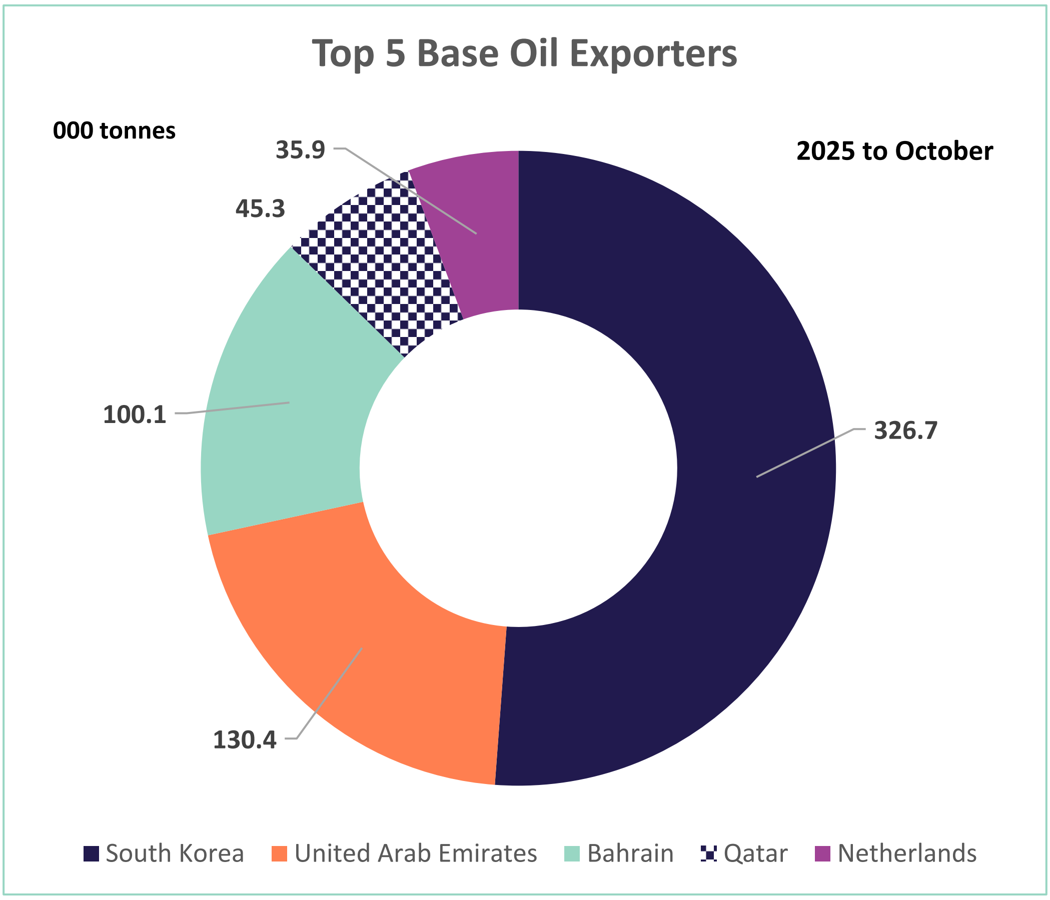
China's base oils demand rose in September 2025, marking the highest third-quarter consumption in four years. Combined domestic output and net imports reached 580,000 tonnes in September, 5% higher YoY, lifting total third-quarter demand to 1.7 million tonnes. Strong consumption absorbed higher supply as Group I and II prices in China stayed firm against Shandong diesel and international benchmarks, reflecting robust industrial activity. Imports accounted for just over 20% of demand, with a rising share of higher-grade Group I and III oils, suggesting domestic refiners increasingly met Group II needs.

Regional trade trends reinforced this strength. South Korea's base oil exports surged to 326,700 tonnes through January to October, an eleven-month high, while Taiwan and Singapore also lifted shipments. Combined exports from these three hubs exceeded 590,000 tonnes, the highest in more than a year and 85% of Asia's total exports. Sustained high production and the absence of upcoming maintenance suggest exports could stay strong, though continued high demand would be needed to absorb the surplus. Otherwise, Asian refiners might divert supplies to distant markets or adjust prices, especially given narrowing arbitrage with the US.

Conversely, Saudi Arabian shipments from Yanbu and Jeddah dropped to just over 50,000 tonnes in September from 80,000 tonnes in August, mainly due to reduced Yanbu exports. While flows to Singapore and India slowed, steady volumes to the UAE helped maintain Middle East supply. This coincided with Asia's base-oil exports to the Middle East soaring to a 31-month high of over 50,000 tonnes, fuelled by shipments from South Korea, Taiwan, Singapore, and a rare Chinese cargo. The surge highlighted the Middle East's growing importance as an outlet for Asia's surplus but also raised risks of oversupply, especially as regional logistics constraints and a year-end seasonal slowdown could dampen demand.

Overall, strong Chinese and regional demand in Q3 2025 supported prices and balanced supply growth, but rising Asian output and exports, coupled with Saudi maintenance and potential year-end slowdowns, set the stage for a more competitive and price-sensitive fourth quarter.


Top 5 Base Oil Importers
000 tonnes
2025 to October
54.8
122.6
329.4
73.7
68.9
United States
Belgium
Netherlands
India
Germany


Top 5 Base Oil Exporters
000 tonnes
2025 to October
35.9
45.3
100.1
326.7
130.4
South Korea
United Arab Emirates
Bahrain
Qatar
Netherlands

SHORT TERM OUTLOOK – OIL TANKER MARKET

A monthly report covering the next four months including trends in oil supply, demand and trade, tanker demand and supply, spot, and time charter rates for MRs up to VLCCs, comparisons with FFAs plus the latest news on developments impacting the oil and tanker sectors.

MEDIUM TERM OUTLOOK – OIL TANKER MARKET

Concise analyses of topical issues, consistent market data series and views on future trends in tanker charter rates. The report covers Oil Prices; Economic Developments; Oil Demand and Supply; Trade; Tanker Demand, Supply and Rates. Sent to clients around January, April, July and October each year

SHORT TERM OUTLOOK – VLGC MARKET

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WADE MARITIME GROUP

SINGAPORE OFFICE
10 Anson Road
#10-11 International Plaza
SINGAPORE 079903
T: +65-6950 7561

LONDON OFFICE
Terminal House
52 Grosvenor Gardens
London, UK SW1W 0AU
T: +44-20-3386 9413

INDIA OFFICE
SCO 10, First Floor
Sector - 79, Mohali,
Punjab, INDIA 140308
T: +91-172-4105887

E: info@wademaritime.com | research@richardsonlawrie.com
W: www.wademaritime.com | www.richardsonlawrie.com